

**Submission Date**

28/05/2020

# ESMA\_QA\_1416

Status: Answer Published

## **Additional Information**

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### **Level 1 Regulation**

Securitisation Regulation (EU) 2017/2402

### **Topic**

Securitisation Disclosure Templates

### **Subject Matter**

Annex 11: Underlying Exposures - ABCP - Current Loan-To-Value

### **Question**

How should this field be completed where none of the underlying exposures of the same type are secured by collateral, or where only some but not all of the underlying exposures of the same type are secured by collateral?

## ESMA Answer

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28-05-2020

Original language

[ESMA 33-128-563 Securitisation Q&A, Q&A 5.13.8]

Where none of the underlying exposures of the same type are secured by collateral, ND5 should be entered into this field. Where at least one underlying exposure of the same type is secured by collateral, the current loan-to-value should be calculated by dividing the Current Principal Balance (i.e. the value entered into IVAL11) by the sum of the value of the collateral.

For example, imagine a pool consisting of 2 loans of the same type (Loan A and Loan B), each with a current principal balance of € 100,000. Loan A is secured by a collateral item with an appraised value of € 100,000. Loan B is unsecured. In that case the current loan-to-value should be calculated as follows:

$$(\text{Loan A } € 100,000 + \text{Loan B } € 100,000) / (\text{Collateral Loan A } € 100,000 + \text{Collateral Loan B } € 0)$$

= current principal balance € 200,000 / combined value of collateral in pool € 100,000

= LTV: 200%