



PCS Setting the standard for securitisation

Press Release –28th November, 2012

NEW ERA FOR SECURITISATION- THE FIRST PCS LABEL

PCS today announces the granting of its first quality label to Bilkreditt 3, a securitisation of Norwegian auto-loans originated by Santander Consumer Bank.

The award marks the beginning of a new era for European securitisation: an era where the increasingly understood need for a strong securitisation market to fund the real economy is balanced with the imperative to maintain a European market that is safe, strong and transparent.

This launch is not a singular event but part of a growing acknowledgement by policy makers and industry alike that a strong securitisation industry is essential for a strong economy, as indicated by:

- The recent publication of the report on securitisation by the International Organization of Securities Commissions (IOSCO) – where PCS is explicitly mentioned.
- The publication of the consultative document on securitisation from the Financial Stability Board (FSB) on the need to assess and align the incentives associated with securitisation.
- The launch last week in the Netherlands of the Dutch Securitisation Association (DSA) to standardise Dutch securitisation issuance and disclosure.
- Support for PCS from senior figures such as Baudouin Prot, Chairman of the Board of BNP Paribas in his speech to the Autorité des Marchés Financiers.

Indeed there is a clearer and clearer realisation that, if securitisation is not the solution for a robust and effective financial market for Europe, it is going to be a necessary component of any solution. This is why this first label is the starting point for a securitisation market that will fulfill its necessary role within the new financial architecture of Europe.

We are proud that this first label has been awarded to a transaction originated by Santander whose commitment both to the PCS initiative and to a strong European securitisation market is unwavering.

Ian Bell, Head of the PCS Secretariat commented:

“We are very proud to be able to announce the first PCS Label and that it has been awarded to a transaction from Santander – one of the truly European banks. For me, this really marks a new beginning for securitisation. To abuse a well known quote from a European statesman, in the task of rebuilding a strong and safe securitisation market, this is not the end, this is not the beginning of the end, but it may be the end of the beginning.”

Steve Gandy, Head of Securitisation for Santander Global Banking & Markets commented:

“As an early sponsor of the PCS initiative, spearheaded by our CEO, Santander is committed to using the label as a demonstration of our commitment to best practices in our securitisation programmes. It has also been encouraging to see the positive feedback of potential investors towards the new label,”

-ENDS-

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Notes:

1. The PCS label, awarded by Prime Collateralised Securities (PCS), identifies asset-backed securities that comply with a set of published eligibility criteria that are indicative of simplicity, asset quality and transparency and reflect some of the best practices available in the European securitisation market. Awarded at the request of financial institutions that issue asset-backed securities, the PCS Label focuses on securitisations that fund the real economy and are compatible with good liquidity.

The governing body of the PCS initiative is the Board of the PCS Association, a Belgian not-for-profit association with its seat in Brussels. The most important ways in which the PCS initiative will fulfil its mission of reinforcing asset-backed securities as a sustainable investment and funding tool to strengthen the European economy is in the awarding of the PCS label to specific asset-backed securities.

More information can be found on PCS at www.pcsmarket.org.

2. Bilkreditt 3 is a Norwegian auto loan asset backed transaction with a total issuance size of Euro 670m and Norwegian Krone 2.15bn (equivalent to Euro 960m).

The first two senior AAA rated tranches (A1 and A2) of respectively Euro 670m and NOK1096.1m were awarded the PCS Label.

The assets securitised represent over 41,000 auto loans advanced in Norway by Santander Consumer Bank.

3. In its Final Report on “Global Developments in Securitisation Regulation (FR09/12)” (16th November, 2012) IOSCO stated:

“Securitisation, when functioning properly, is a valuable financing technique contributing to economic growth and an efficient means of diversifying risk. Securitisation played this role in the past. As also acknowledged by the FSB SRC in its request, IOSCO believes that these benefits of securitisation remain unchanged” (page 8).

“The focus of regulatory initiatives should be on ensuring securitisation markets develop, but on a sound and sustainable basis” (page 9).

“IOSCO believes that securitisation markets can play a role in supporting economic growth” (page 9).