

EMEA Structured Finance Chart Book

April 2025

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This report does not constitute a rating action



Highlights—News

- Credit conditions.** Trade tensions are threatening what has been a favorable credit environment for most borrowers. The April 2 tariff announcements by the U.S. (and the subsequent escalation in the trade conflict between the U.S. and China) went far beyond what financial markets had imagined and exceeded our previous assumptions. If the paused U.S. tariffs are implemented in full, the economic and credit fallout would be broad and deep. The prevailing uncertainty is likely to further undermine business and consumer confidence, heightening concerns about corporate investment, employment, consumer spending, and overall economic activity. The most imminent risk to credit in this environment is market volatility and increasing investor risk aversion. While borrowers entered this period with solid credit fundamentals, some lower-rated corporate could be shut out of the capital markets until more clarity appears.
- Issuance.** Investor-placed securitization issuance in March 2025 was €11 billion--down 18% compared with the volume in March 2024. While the CLO and CMBS sectors continued to see issuance growth, ABS and RMBS activity decreased. This brings year-to-date securitization issuance to €31 billion, up 53% on 2024. European benchmark covered bond issuance in March was €9 billion--down 39% compared with last year. Year-to-date covered bond issuance to the end of March 2025 was €50 billion, down 31% on 2024.
- Rating actions.** In March 2025, we raised 29 of our ratings on European securitization tranches in a mix of sectors, including U.K. RMBS, CLOs and Portuguese auto ABS. There were also seven downgrades, mostly in a single Irish nonconforming RMBS transaction.

Q2 2025 Global Credit Conditions Risks

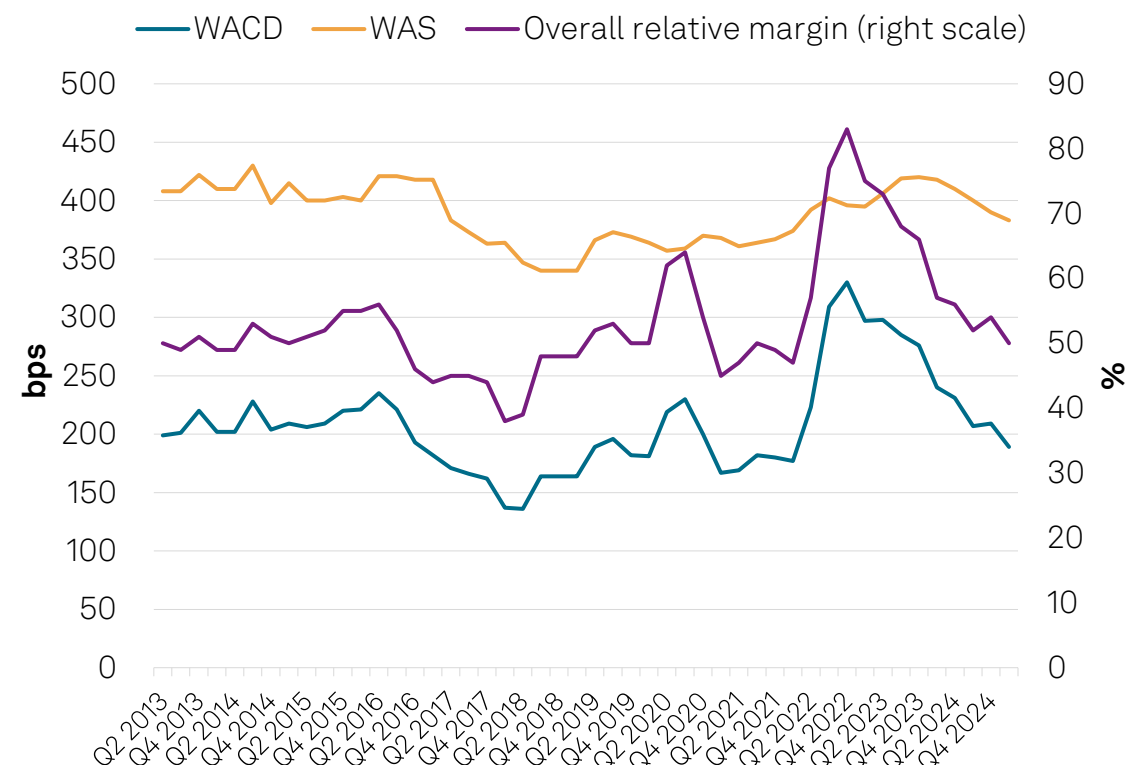
Top risks	Risk level	Risk trend
Tariffs escalate in number and severity, hurting economies and supply chains	Very high	Unchanged
Increased volatility amid historically elevated rates could see much tighter financing conditions	High	Unchanged
Geopolitical tensions threaten supply chains, market sentiment, and budgets	High	Unchanged
A sharper global economic slowdown would lead to greater credit stress	Elevated	Worsening
Global real estate markets are facing multiple challenges	Elevated	Unchanged
Structural risks		
Cyber attacks and the potential for rapid technological change threaten global business and government infrastructure	Elevated	Worsening
Climate risks intensify; energy transition focus shifts	Elevated	Worsening

For more details, see "[CreditWeek: How Will Credit Conditions Evolve Amid Market Volatility And Investor Risk Aversion?](#)" published April 17, 2025.
Source: S&P Global Ratings.

Highlights—CLO Margin Shocks And Recoveries Are Guides To The Future

- Analysis of historical new issue pricing for European collateralized loan obligations (CLOs) indicates that during economic shocks and subsequent recoveries, the coupon margins for investment-grade tranches at issuance are relatively more sensitive than for more junior tranches.
- The data also suggests that speculative-grade CLO tranches generally pay a spread premium relative to the underlying collateral pool, while tranches rated 'A' (or higher) generally pay a lower spread than the collateral.
- In our analysis, we introduce the concept of "relative margin", which we define as the liability margin divided by (relative to) the portfolio weighted-average spread.
- Increased competition and investor participation, reflecting CLOs' emergence as a mainstream asset class, could deliver more balanced pricing across the European CLO spectrum through 2025, though geopolitical risk could prompt CLO investors to reassess risks and put upward pressure on CLO margins.

European CLO liability pricing versus collateral spreads



WACD--Weighted-average cost of debt. WAS--Weighted-average spread. bps--Basis points. Source: S&P Global Ratings. For more details, see ["European CLO Margins: Shocks And Recoveries Are Guides To The Future,"](#) published April 3, 2025.

Highlights—ABS Frontiers: Sharia-Compliant Mortgages And RMBS Explained

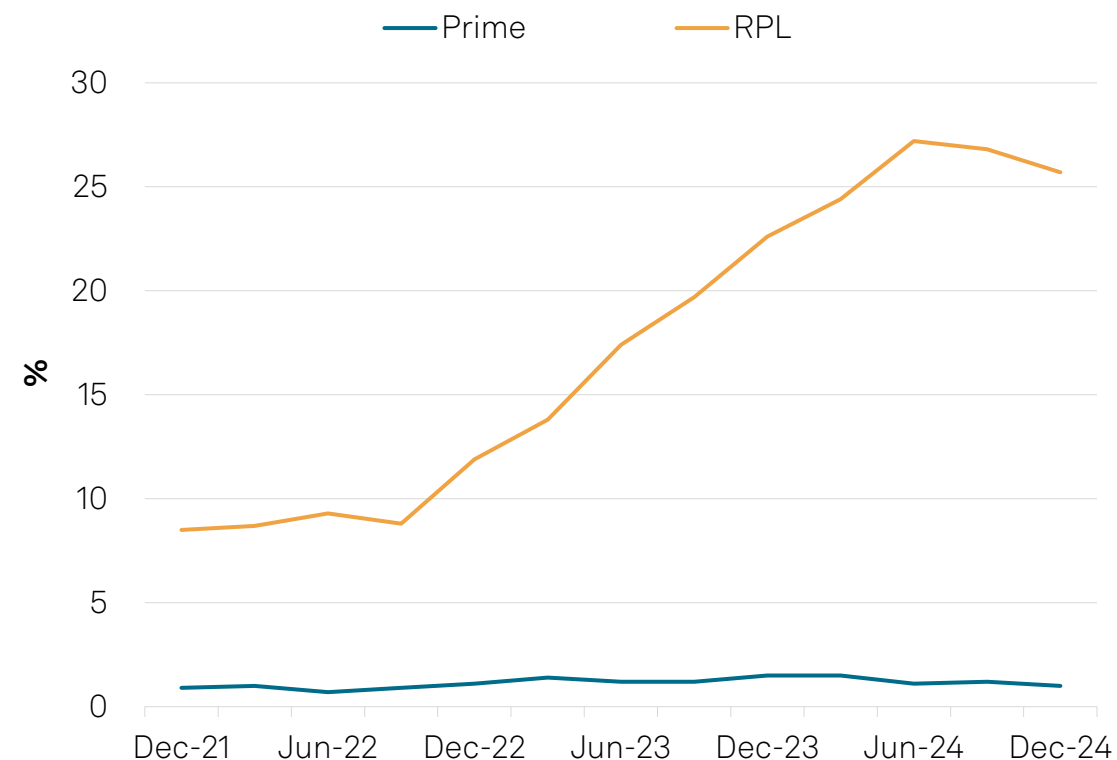
- Sharia-compliant mortgages are becoming increasingly common. There is also potential scope for Sharia-compliant securitizations, backed by these arrangements. In a recent Credit FAQ, we presented responses to common questions about the sector and set out the main features of Sharia-compliant mortgages in the U.K. and Saudi Arabia.
- **What are Islamic or Sharia-compliant mortgages and how do they differ from conventional mortgages?**
 - The principles of Islamic finance and Sharia law prohibit "riba"--the practice of earning interest and making money solely from money. Therefore, Sharia-compliant mortgages are not technically mortgages in the conventional sense. In certain structures, they are better classified as joint participation in a property between two parties with ongoing lease payments, which is also referred to as rent. This arrangement replaces the concept of mortgage interest.
- **Who determines whether a product is Sharia-compliant?**
 - This is typically done by a bank's Sharia supervisory board, which usually comprises suitably qualified Islamic scholars. The board opines on the compliance of products on a case-by-case basis. Thus, different Sharia supervisory boards can have different opinions on a product's compliance with the Sharia.
- **Do Sharia-compliant RMBS structures differ notably from standard RMBS structures?**
 - Examples of public Sharia-compliant RMBS are limited. However, in general, the concept of tranching might not be Sharia-compliant. This potential non-compliance centers on the fact that junior tranches in structured finance carry a higher risk than senior tranches, meaning the profits shared could be disproportionate to the risks they relate to.

Source: S&P Global Ratings. For more details, see "[ABS Frontiers: Sharia-Compliant Mortgages And RMBS Explained](#)," published April 14, 2025.

Highlights—Explaining Irish RMBS Diverging Performance

- Average total arrears in Irish reperforming loan (RPL) RMBS increased to 25.7% in December 2024 from 8.4% in January 2022, whereas prime RMBS arrears increased to only 1.1% from 0.8% over the same period.
- In a sample of prime RMBS that we rate, 44% of borrowers refinance their mortgage before the end of their fixed-rate term, while another 24% are granted a product switch to re-fix with their existing lender. For remaining borrowers, their loan rolls onto a variable rate product. Refinancing activity has increased prepayments in prime RMBS and accelerated deleveraging of their pools. RPL RMBS mainly comprise more seasoned collateral originated pre-2008, with most borrowers on variable rate mortgages.
- There appears to be no material difference in prime RMBS arrears, regardless of whether borrowers take a product switch or not. Our analysis shows that 1.3% of loans which exited a fixed-rate mortgage are in arrears, compared with 1.1% for those that did not.

Irish RMBS total arrears indices, by subsectors



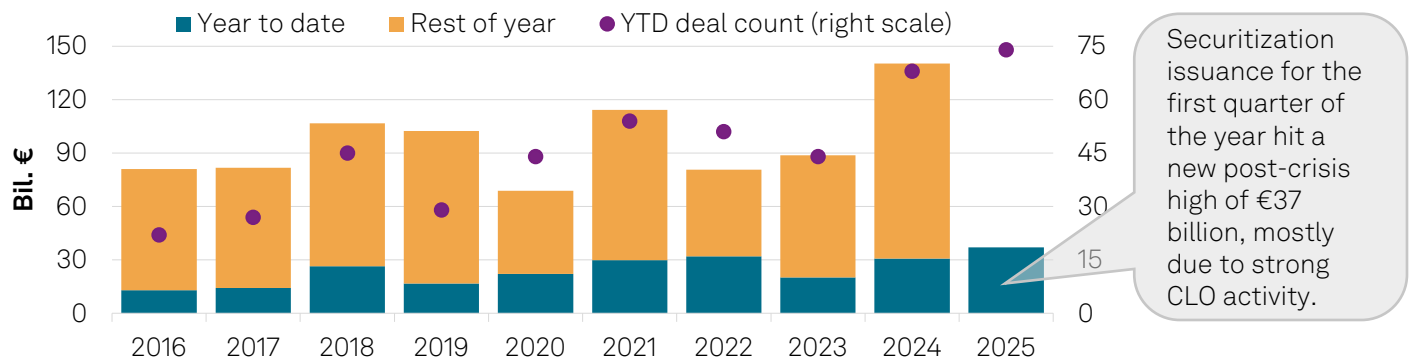
RPL--Reperforming loans. Source: S&P Global Ratings. For more details, see "[Explaining Irish RMBS Diverging Performance](#)," published April 15, 2025.

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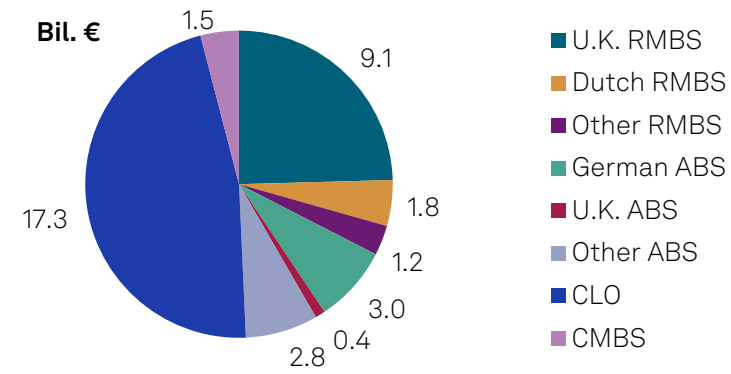
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Issuance—Securitizations

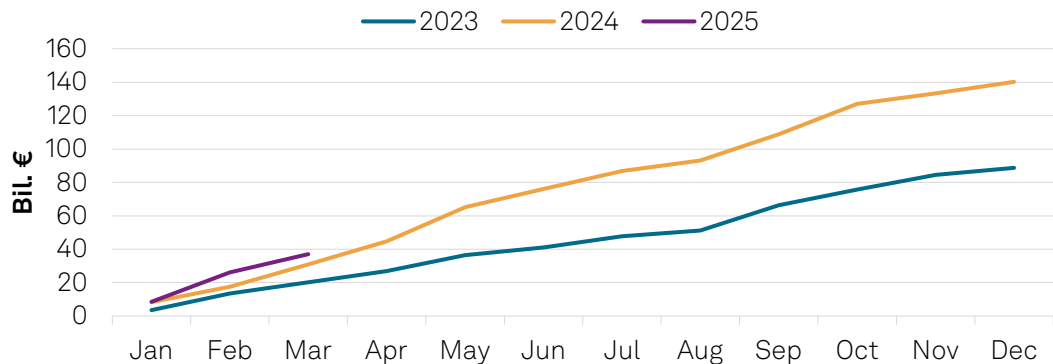
1. Investor-placed securitization issuance



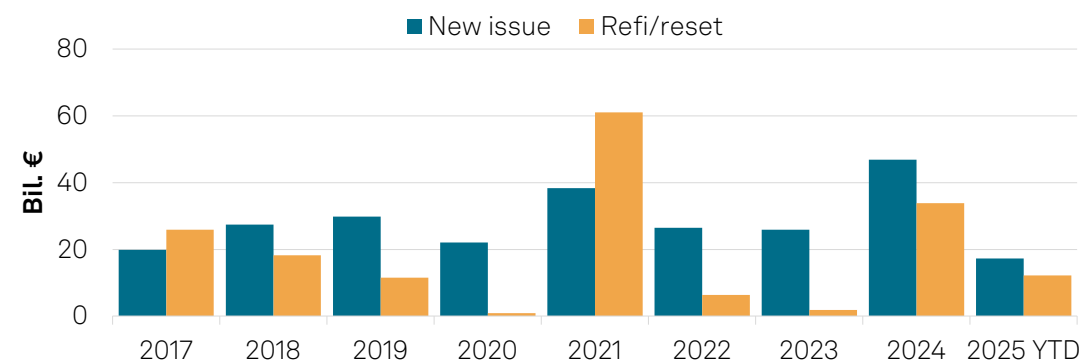
2. 2025 YTD investor-placed securitization issuance, by sector



3. Cumulative investor-placed securitization issuance



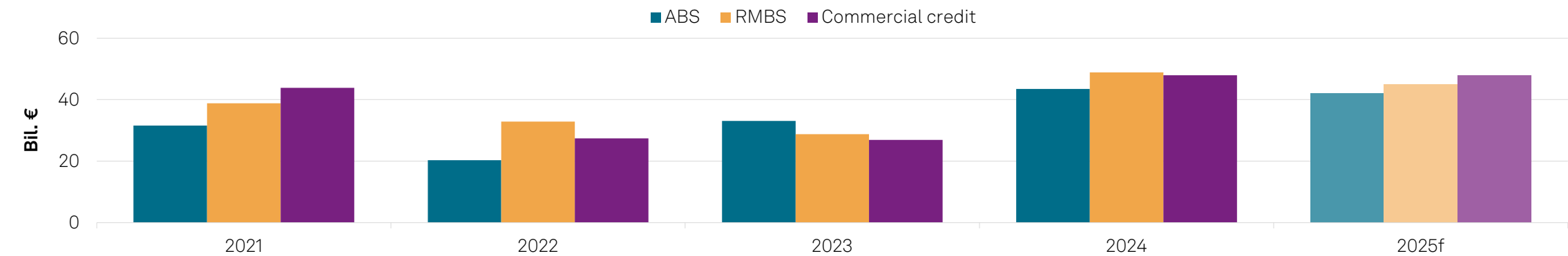
4. CLO refinancing and reset issuance



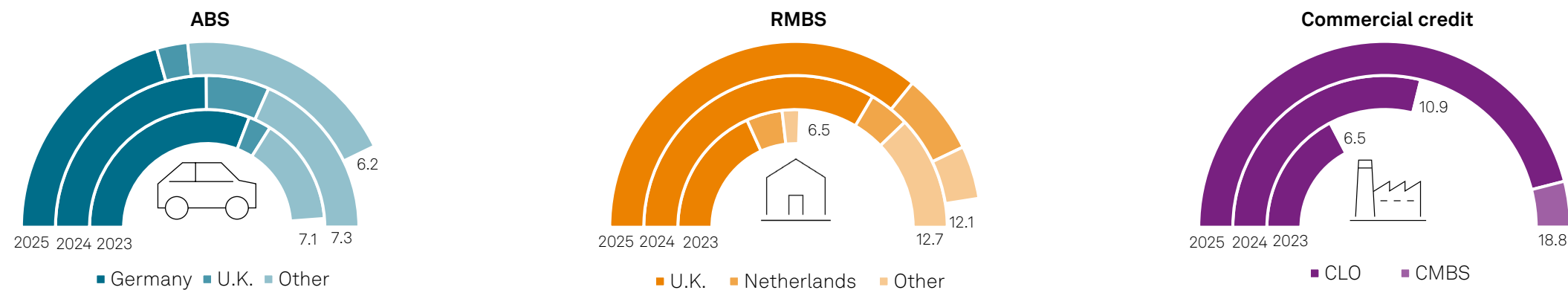
1-3. Year-to-date (YTD) figures as of end-March each year. Excludes CLO refinancings and resets. Source: S&P Global Ratings. 4. Sources: S&P Global Ratings, Pitchbook LCD.

Issuance—Securitizations

Annual investor-placed securitization issuance



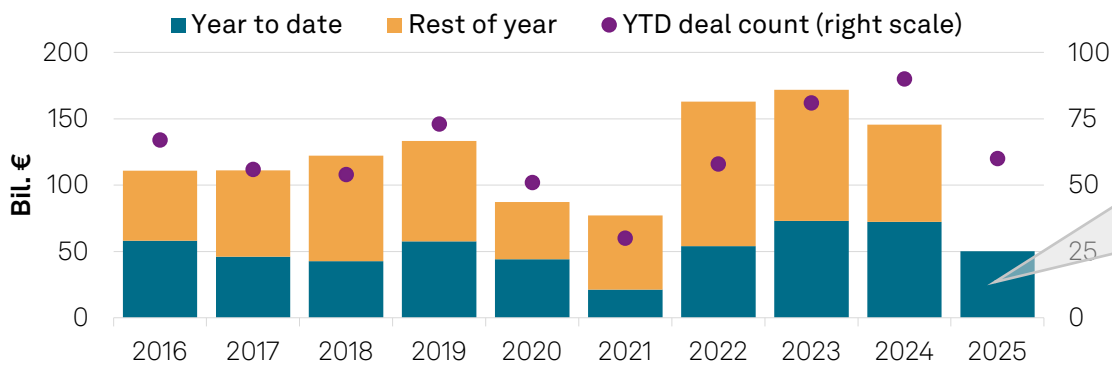
YTD investor-placed securitization issuance, by subsector (bil. €)



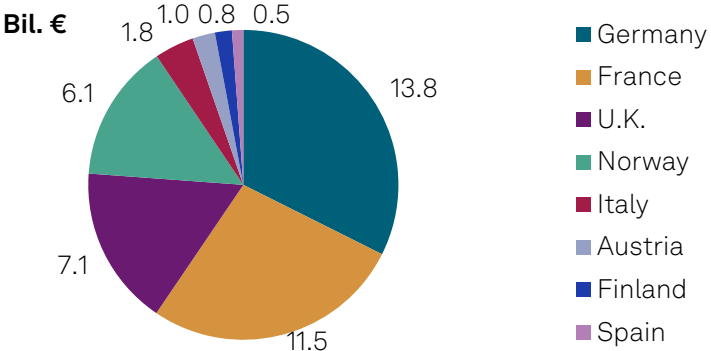
f--Forecast. Year-to-date (YTD) figures as of end-March each year. Commercial credit includes CLOs and CMBS. Excludes CLO refinancings and resets. Source: S&P Global Ratings.

Issuance—Covered Bonds

1. Benchmark covered bond issuance

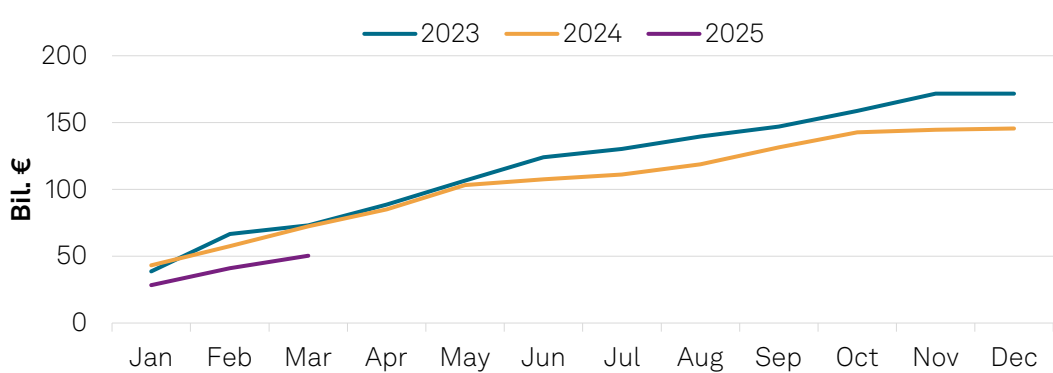


2. 2025 YTD benchmark covered bond issuance, by country

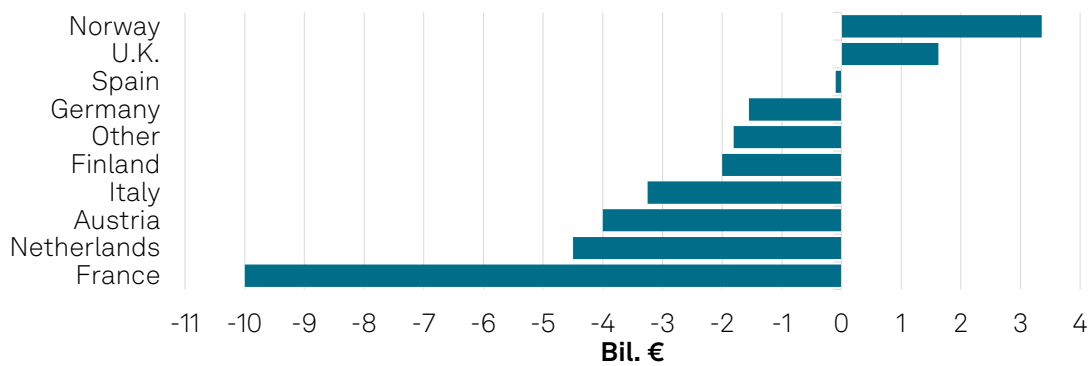


Benchmark covered bond issuance in the first quarter of the year was down, at €50 billion, but still close to the 10-year average.

3. Cumulative benchmark covered bond issuance



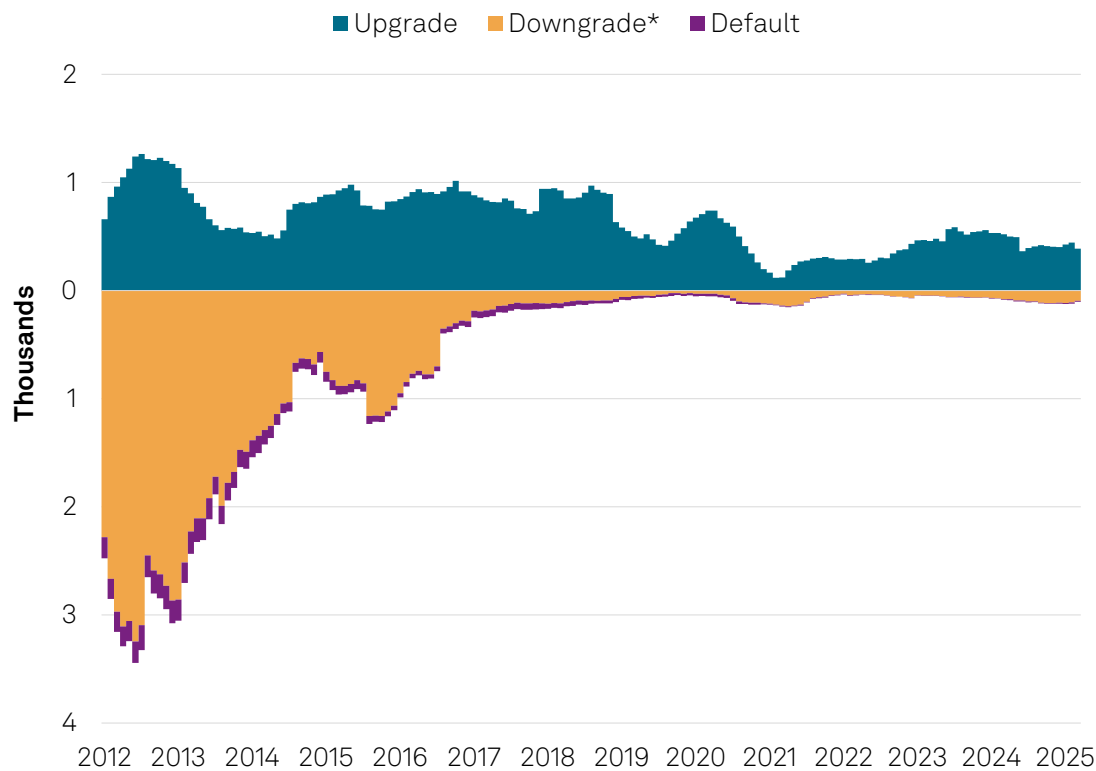
4. Change in YTD issuance, 2025 vs. 2024, by country



1-4. Year-to-date (YTD) figures as of end-March each year. Source: S&P Global Ratings.

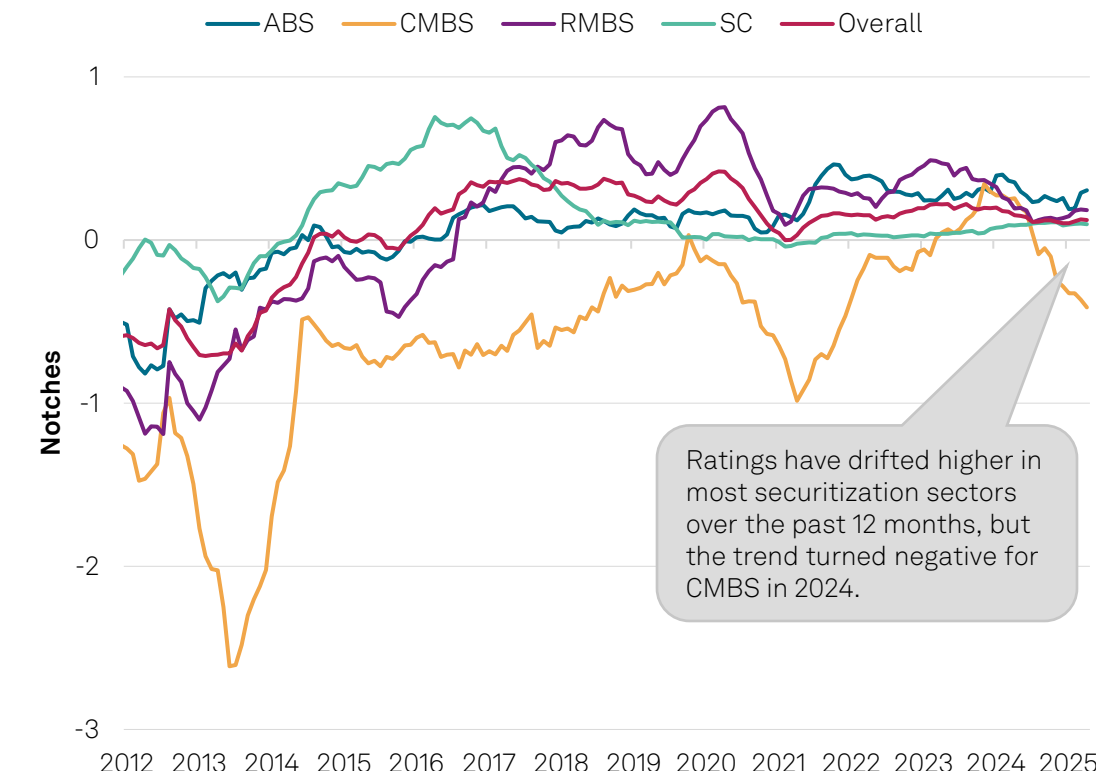
Credit Performance—Long-Term Ratings Drift

Rating action count, 12-month rolling



*Excluding defaults. Excludes covered bonds. Source: S&P Global Ratings.

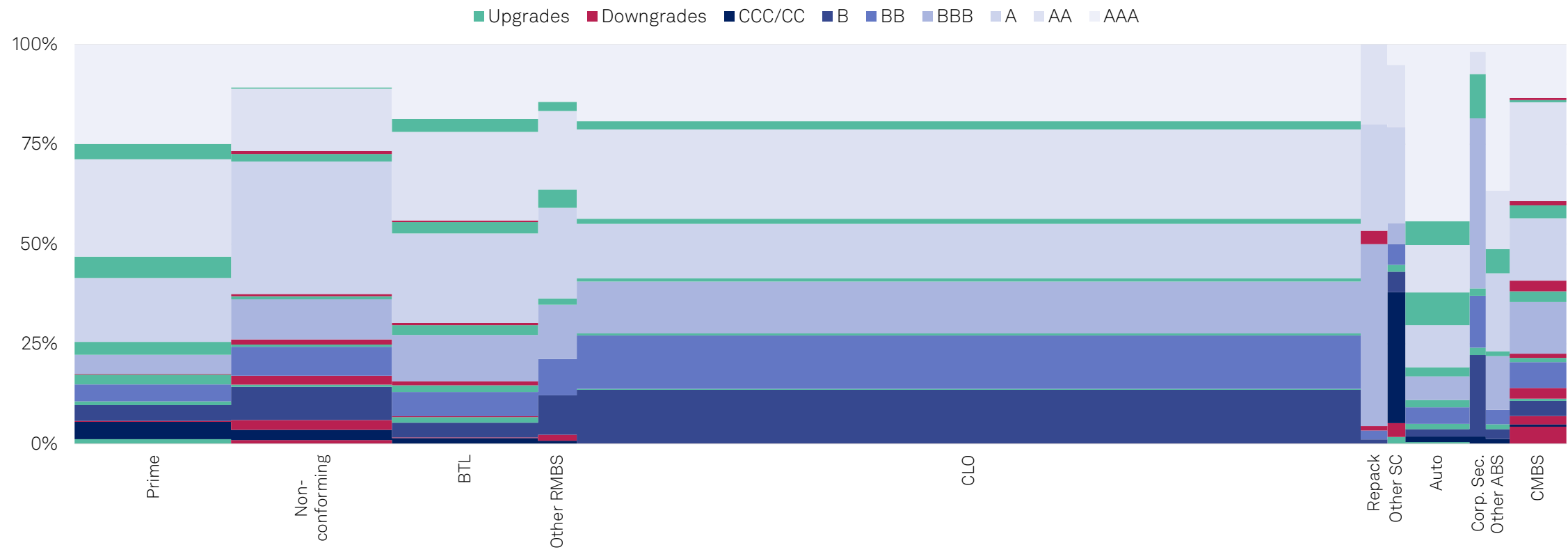
12-month trailing average change in credit quality



As of end-March 2025. SC--Structured credit. Securities whose ratings migrated to 'NR' over the period are classified based on their rating prior to 'NR'. Source: S&P Global Ratings.

Credit Performance—Ratings Heatmap

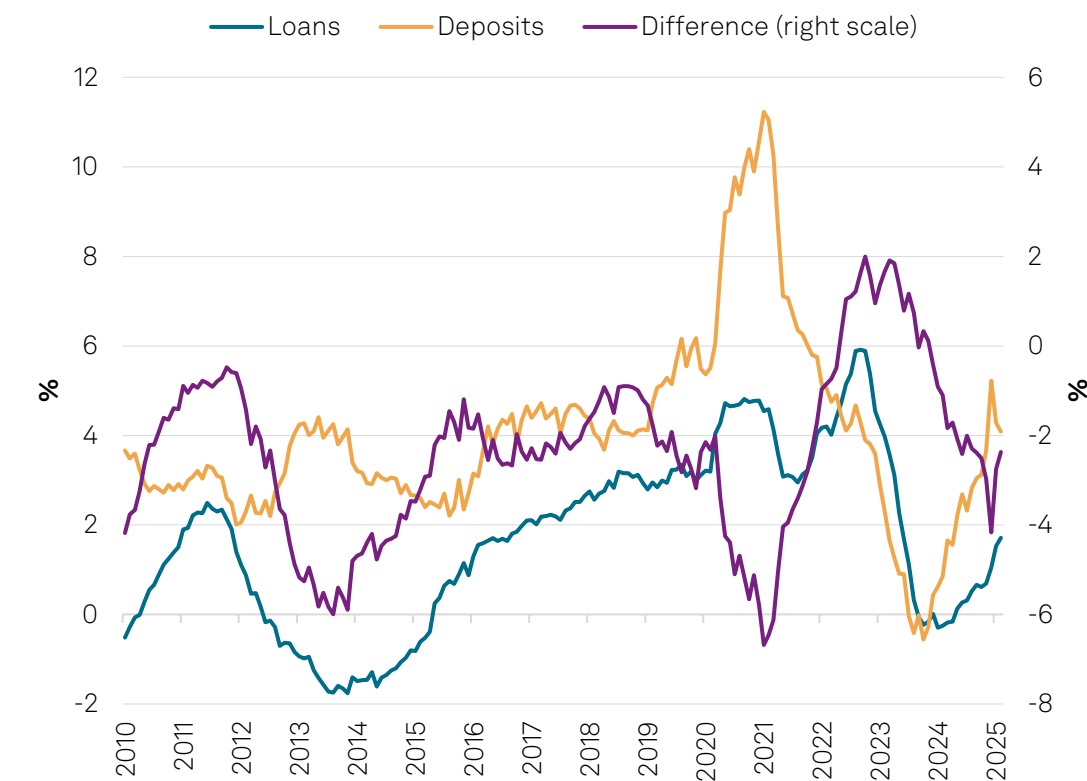
Distribution of ratings and 12-month transitions



BTL--Buy-to-let, SC--Structured credit. Based on rating transitions over the previous 12 months as of end-March 2025. Excludes confidential ratings and covered bonds. Source: S&P Global Ratings.

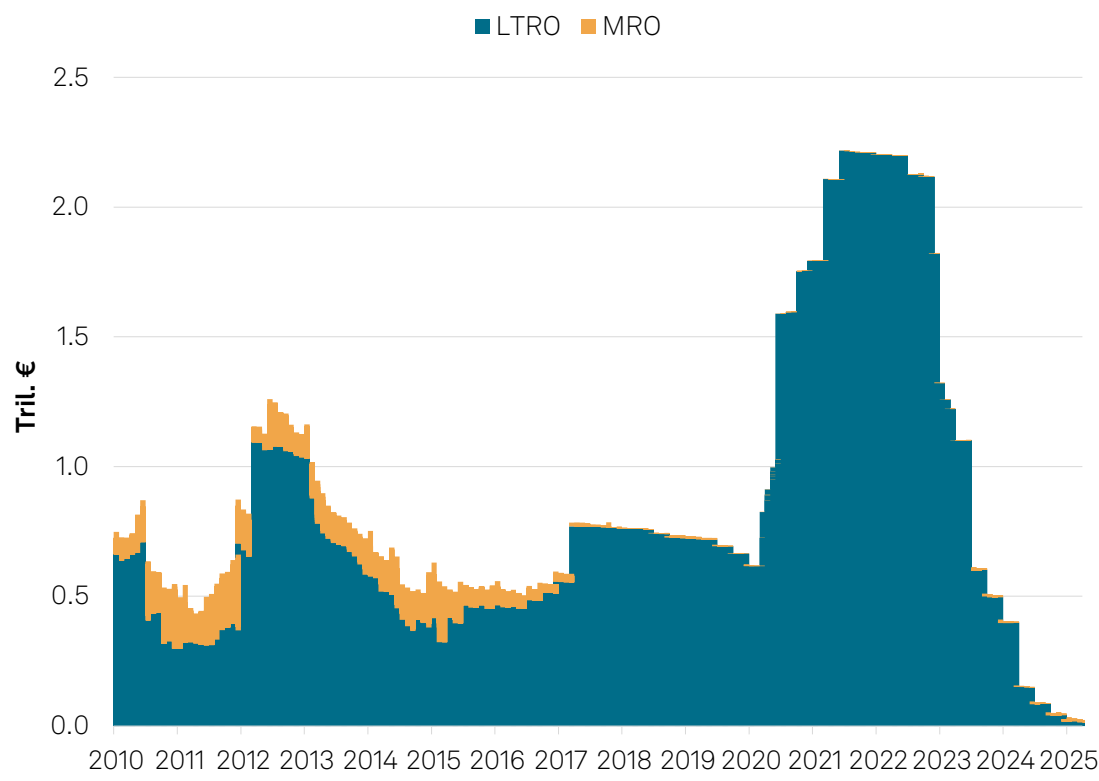
Fundamentals—Issuance Drivers

12-month lending/deposit growth, eurozone real economy



Difference is loan book growth minus deposit growth. Real economy includes households and nonfinancial corporates.
Source: European Central Bank.

Eurozone credit institutions' use of central bank funding



LTRO--Long-term refinancing operations. MRO--Main refinancing operations. Source: European Central Bank.

RMBS



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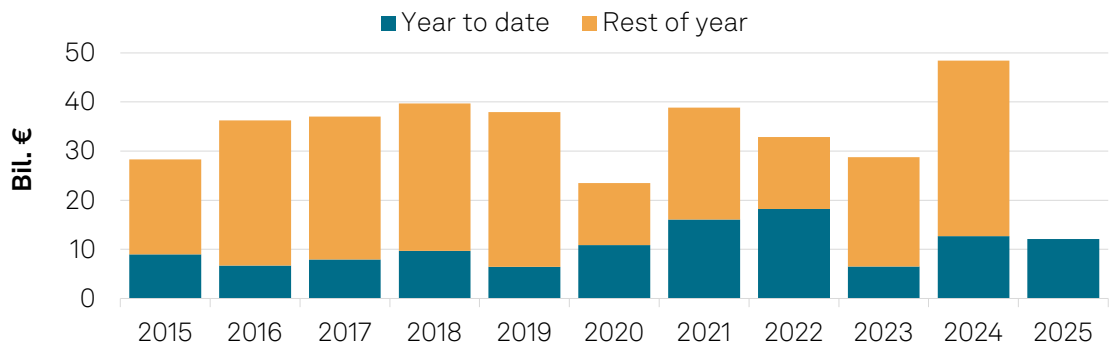
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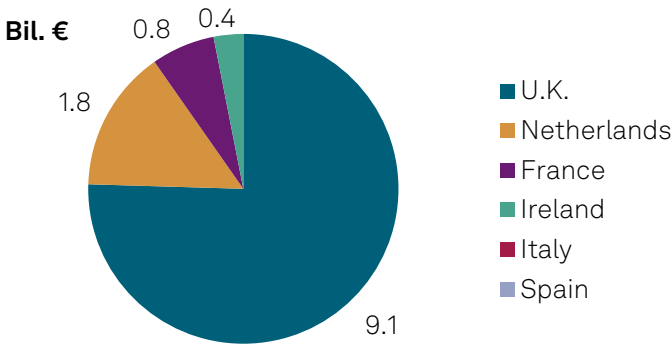
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RMBS—Issuance

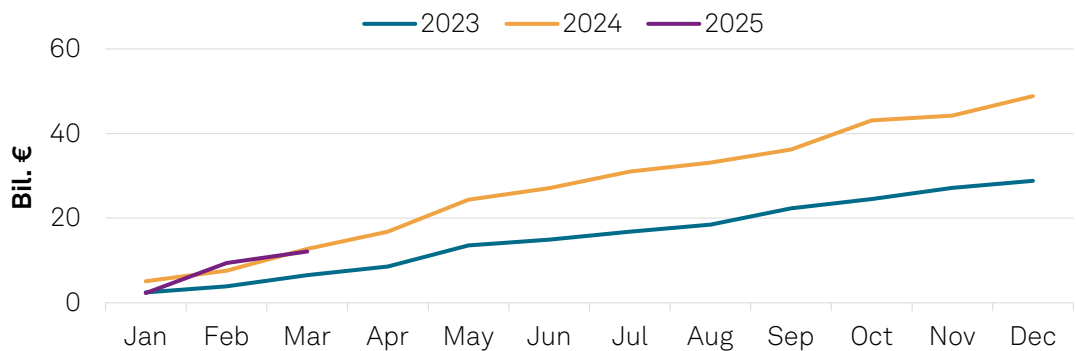
Investor-placed RMBS issuance



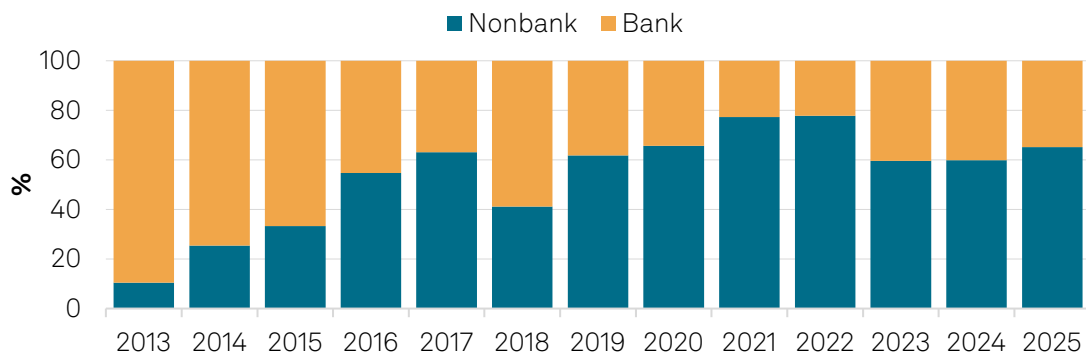
2025 YTD investor-placed RMBS issuance, by country



Cumulative investor-placed RMBS issuance



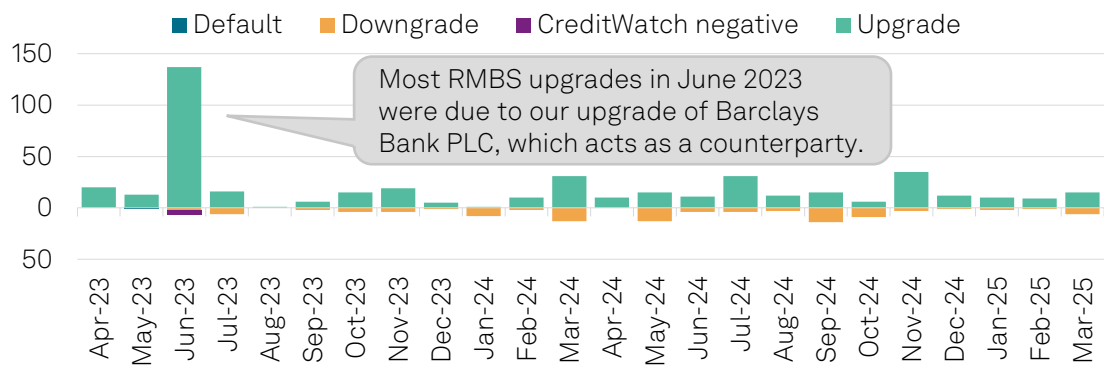
RMBS issuance mix, by originator type



Year-to-date (YTD) figures as of end-March each year. Source: S&P Global Ratings.

RMBS—Rating Actions And Performance Metrics

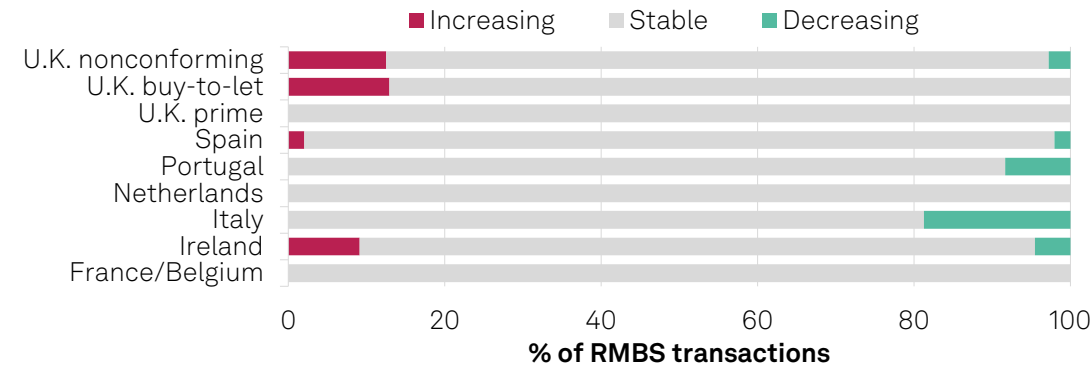
1. Monthly rating actions count, last 24 months



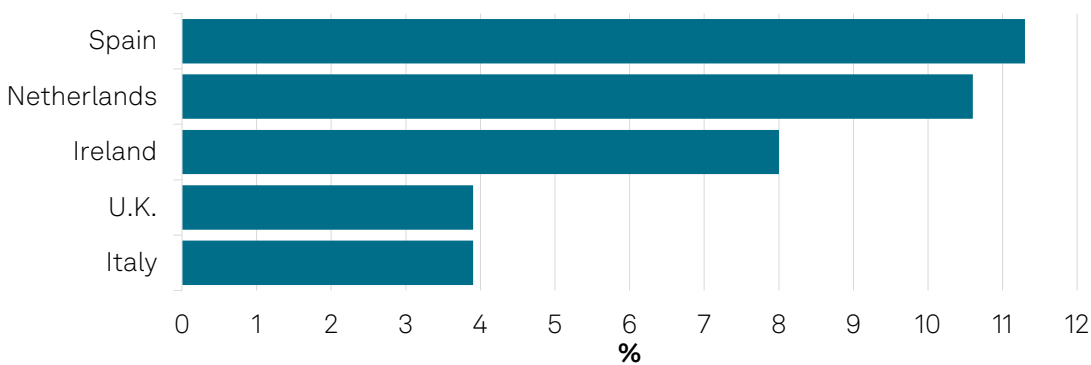
2. Cumulative rating actions count, last 12 months

	Prime	Nonconforming	BTL	Other RMBS
Upgrade	90	23	57	11
CreditWatch neg.	0	0	0	0
Downgrade	2	44	12	2
Default	0	0	0	0

3. Prevalence of increasing/decreasing total arrears rate



4. Latest annualized house price growth



1. Excludes confidential ratings. Source: S&P Global Ratings. 2. BTL--Buy-to-let. Excludes confidential ratings. Source: S&P Global Ratings. 3. Transaction arrears classified as increasing/decreasing if quarter-on-quarter change in total arrears rate is greater than/less than two percentage points. Source: S&P Global Ratings. 4. Latest data available between November 2024 and March 2025. Sources: National statistical offices, Nationwide (U.K.).

ABS



Doug Paterson

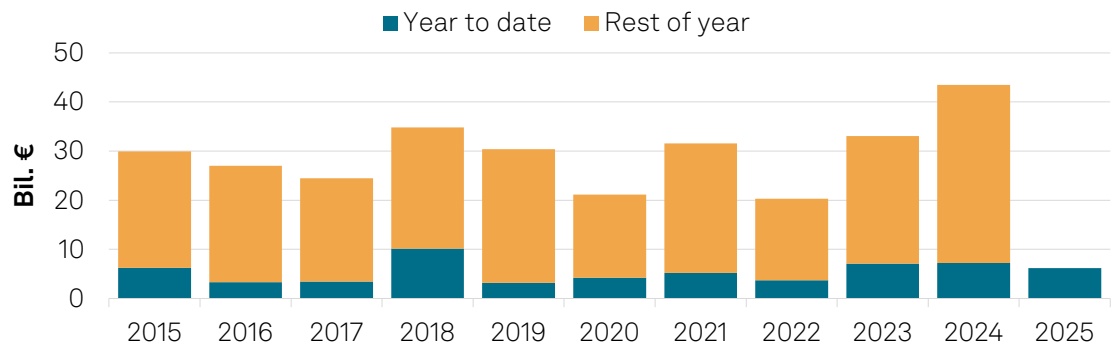
Director

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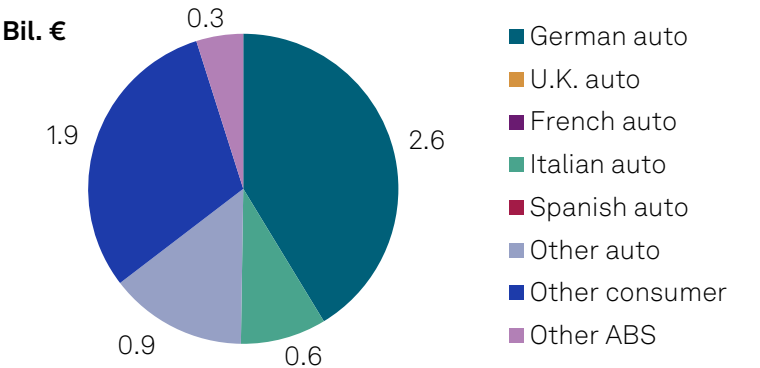
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ABS—Issuance

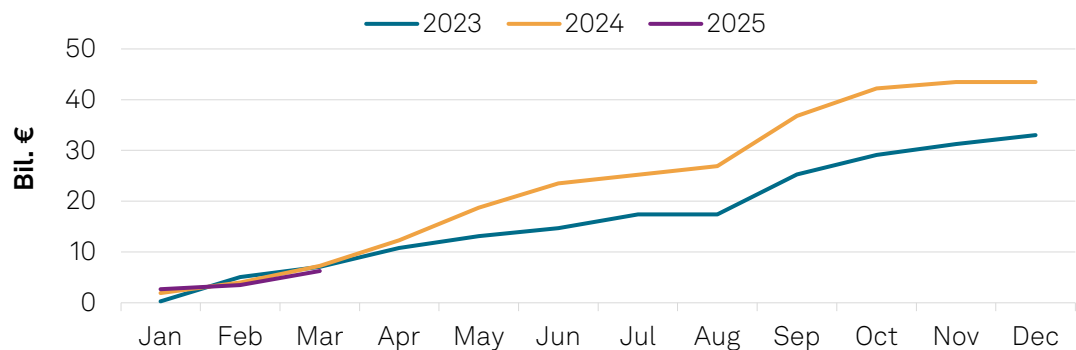
Investor-placed ABS issuance



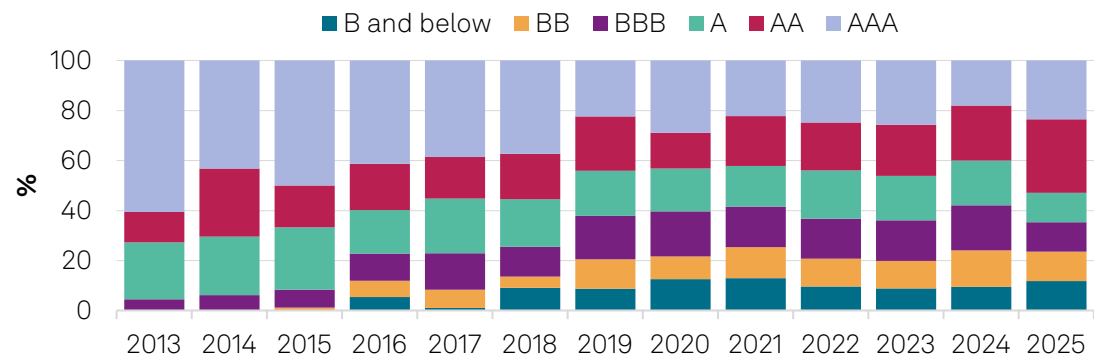
2025 YTD investor-placed ABS issuance, by subsector



Cumulative investor-placed ABS issuance



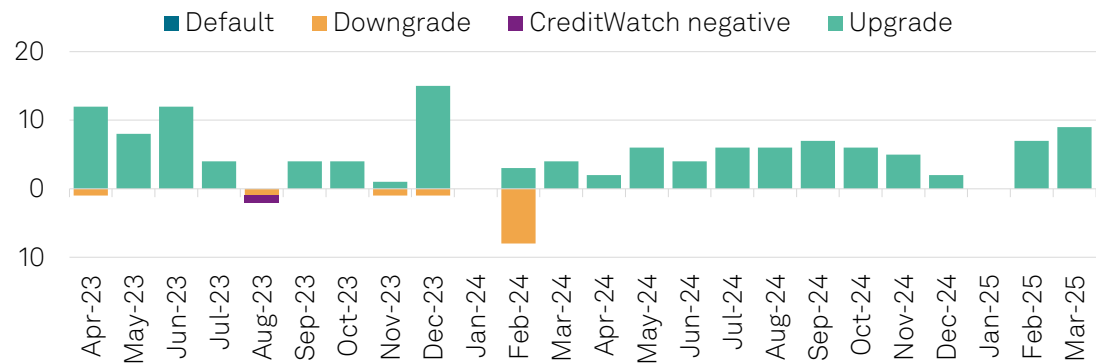
ABS issuance mix, by tranche rating category count



Year-to-date (YTD) figures as of end-March each year. Source: S&P Global Ratings.

ABS—Rating Actions And Performance Metrics

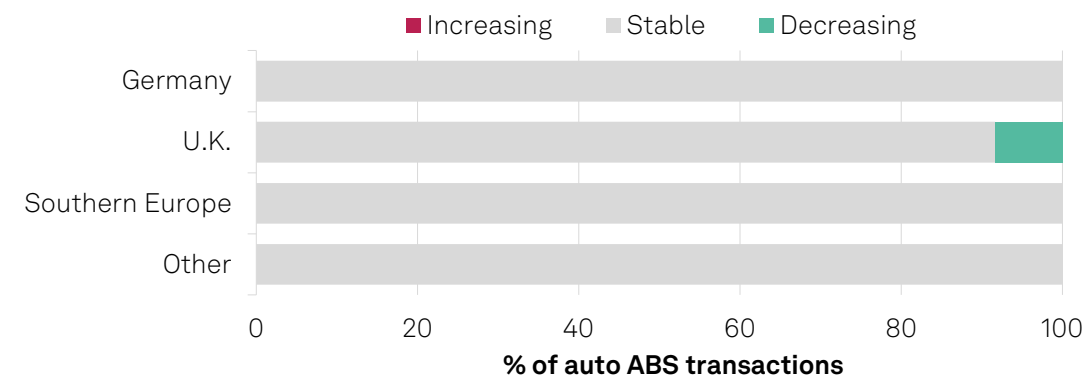
1. Monthly rating actions count, last 24 months



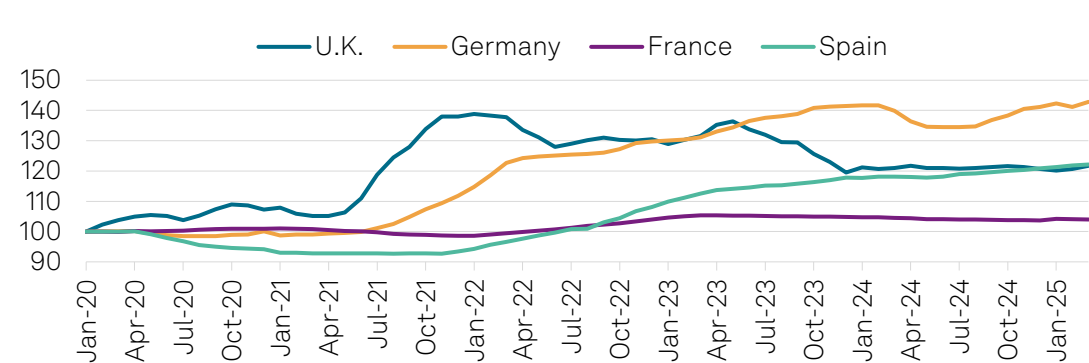
2. Cumulative rating actions count, last 12 months

	Auto/ consumer	Credit cards	Corp. sec.	Other ABS
Upgrade	46	0	9	5
CreditWatch neg.	0	0	0	0
Downgrade	0	0	0	0
Default	0	0	0	0

3. Prevalence of increasing/decreasing 30+ day arrears rate



4. Used car price index



1. Excludes confidential ratings. Source: S&P Global Ratings. 2. Excludes confidential ratings. Source: S&P Global Ratings. 3. Transaction arrears classified as increasing/decreasing if month-on-month change in 30+ day arrears rate is greater than/less than 50 basis points. Source: S&P Global Ratings. 4. Source: National statistical offices.

Structured Credit



Sandeep Chana

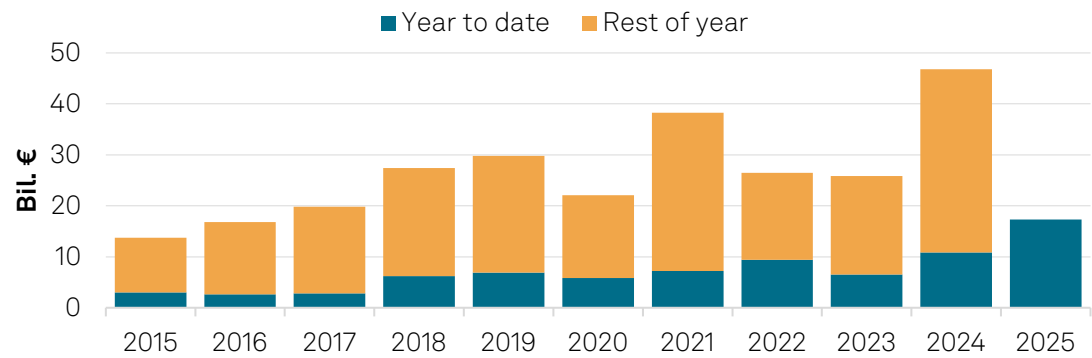
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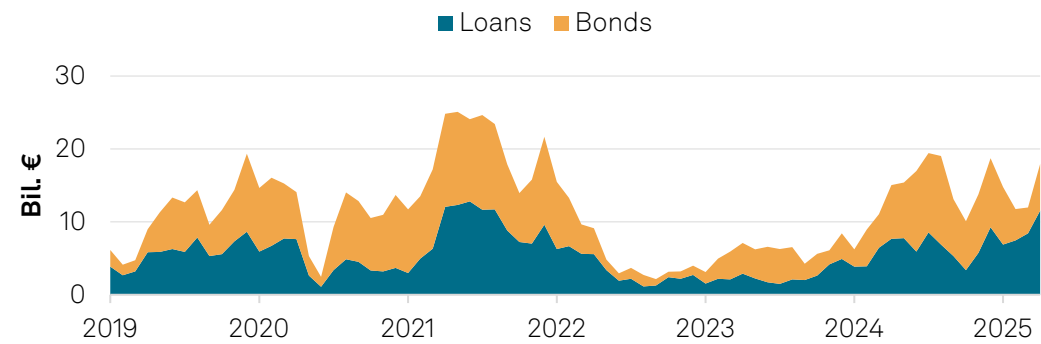
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CLO—New Issuance

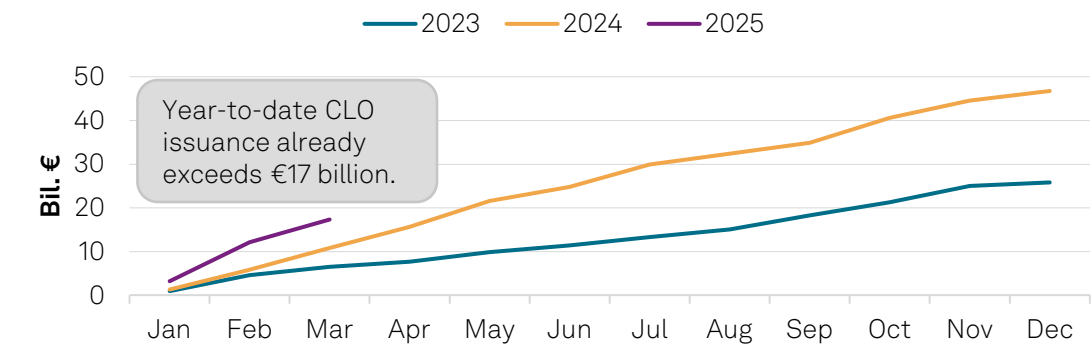
1. Investor-placed CLO new issuance



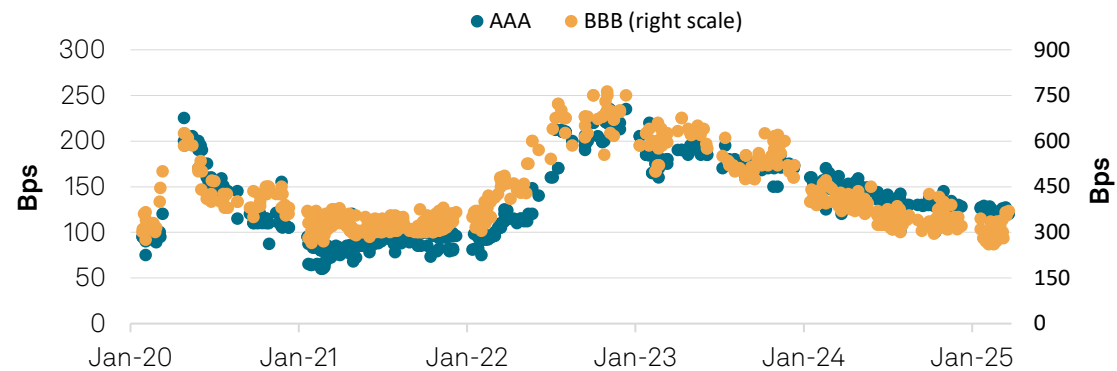
2. Monthly European leveraged finance origination volumes



3. Cumulative investor-placed CLO new issuance



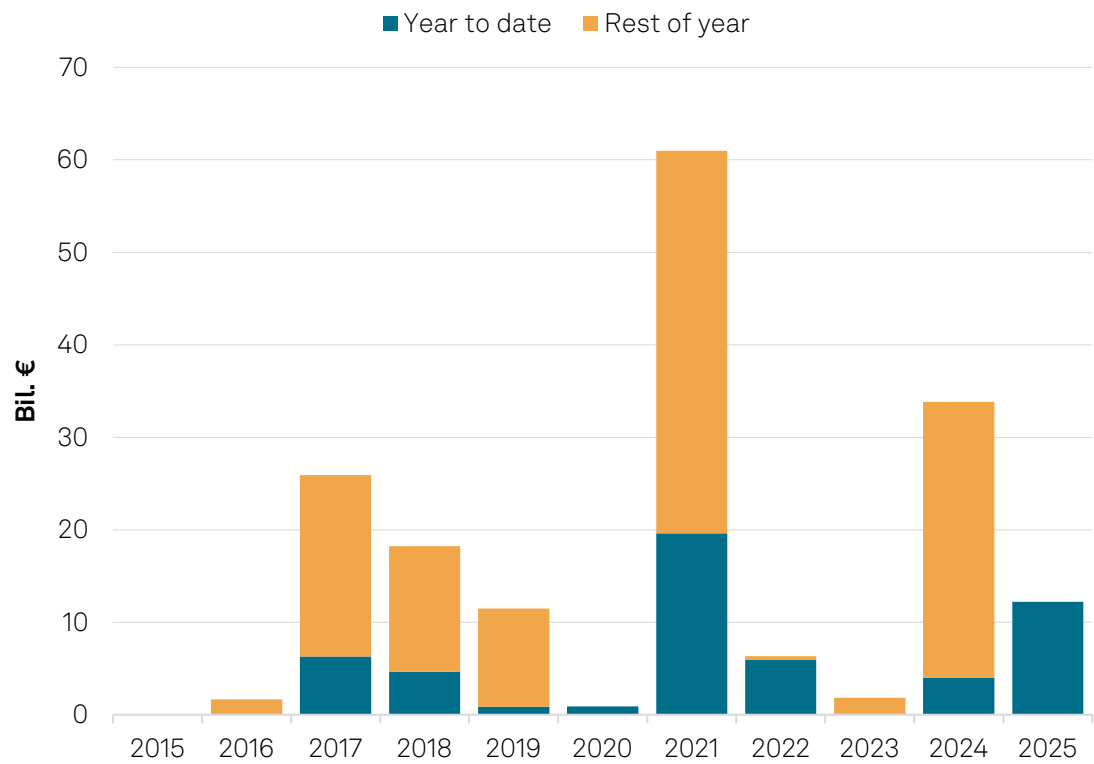
4. European new issue CLO tranche discount margins



1. Year-to-date (YTD) figures as of end-March each year. Source: S&P Global Ratings. 2. Three-month rolling average. Loan figures are institutional only. Sources: Pitchbook LCD, S&P Global Ratings. 3. Source: S&P Global Ratings. 4. Bps--Basis points. Source: Pitchbook LCD.

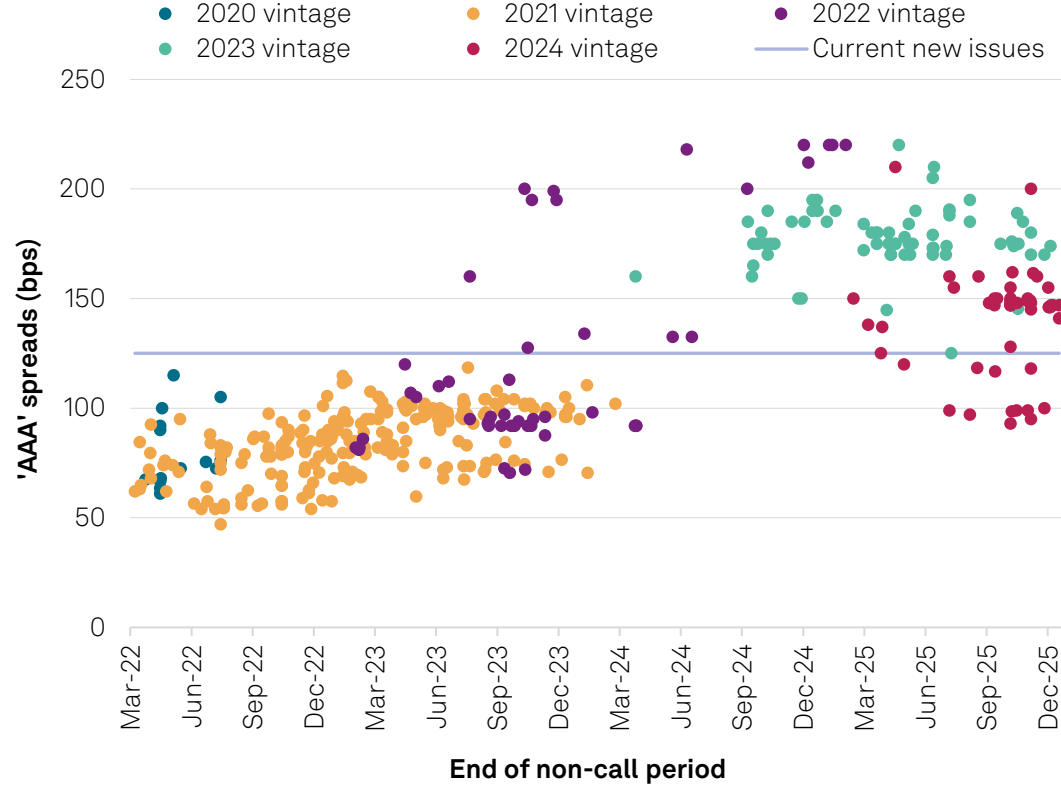
CLO—Refi/Reset Issuance

Investor-placed CLO refi/reset issuance



Year-to-date (YTD) figures as of end-March each year. Sources: S&P Global Ratings, Pitchbook LCD.

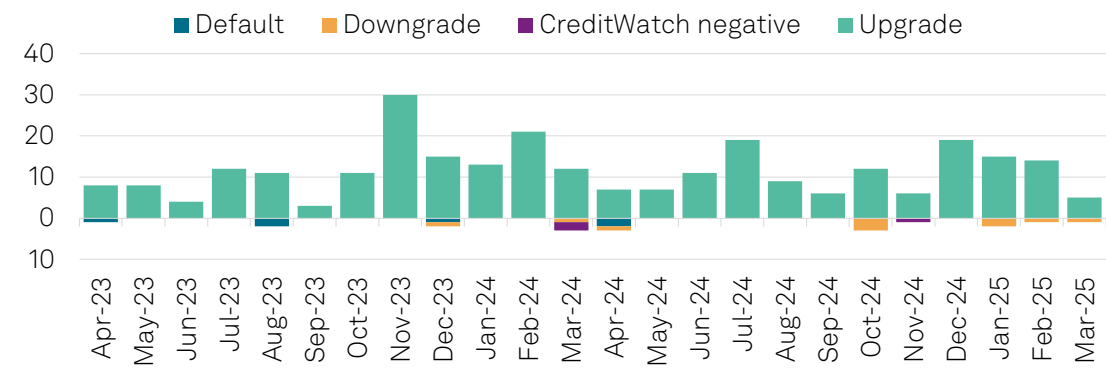
Refi/reset candidates: existing versus current 'AAA' spreads



bps--Basis points. Sources: Pitchbook LCD, S&P Global Ratings.

CLO & Structured Credit—Rating Actions And Performance Metrics

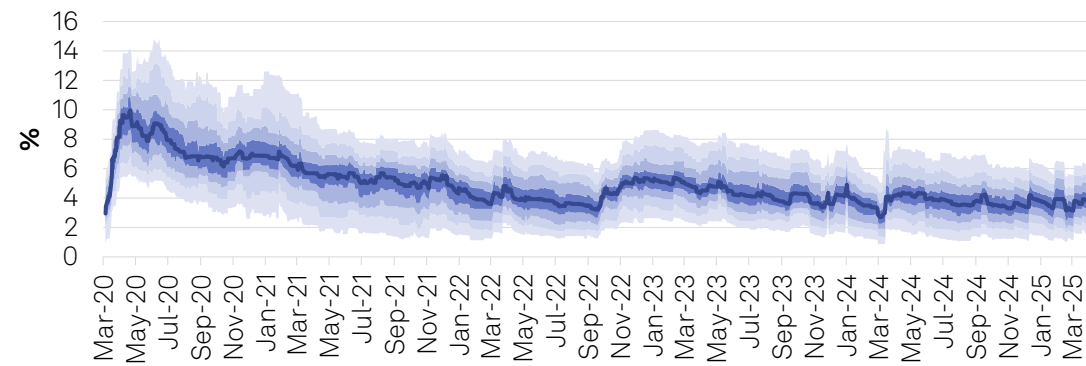
1. Monthly rating actions count, last 24 months



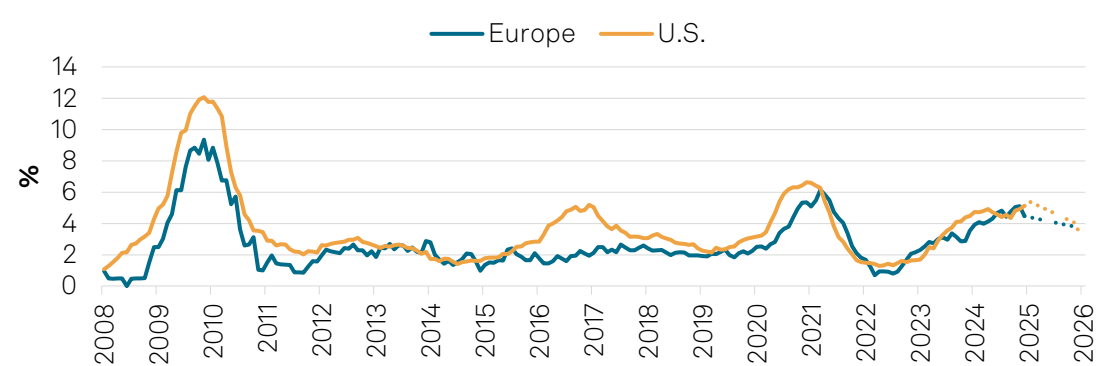
2. Cumulative rating actions count, last 12 months

	CLO	SME	Repack	Other SC
Upgrade	127	2	1	0
CreditWatch neg.	0	0	1	0
Downgrade	1	0	7	0
Default	0	1	0	1

3. European CLO exposure to 'CCC' category corporate obligors



4. Speculative-grade corporate default rate



1. Excludes confidential ratings. Source: S&P Global Ratings. 2. SME—Small and midsize enterprises. SC—Structured credit. Excludes confidential ratings. Source: S&P Global Ratings. 3. Solid line is the median, with each band representing a decile, from 10th to 90th percentiles. Estimates based on portfolios from latest available trustee reports, with ratings updated. Source: S&P Global Ratings. 4. Dashed lines represent forecasts. Source: S&P Global Ratings.

CMBS



Mathias Herzog

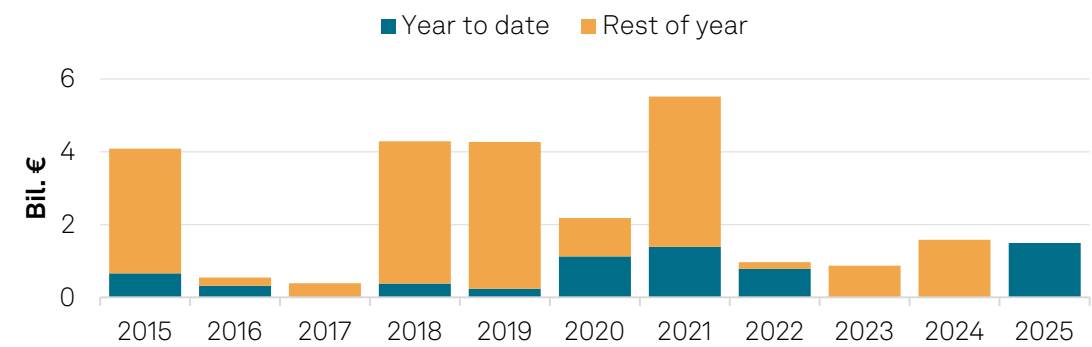
Director

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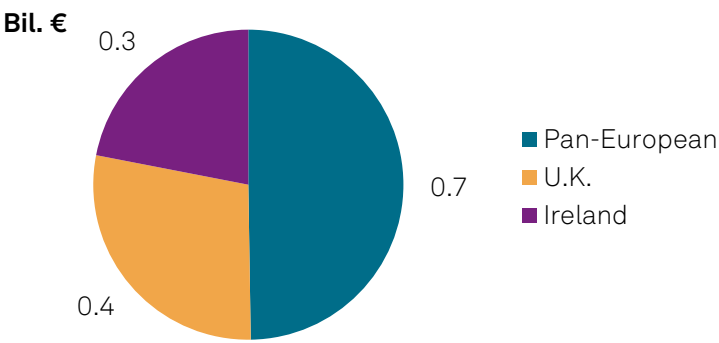
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CMBS—Issuance

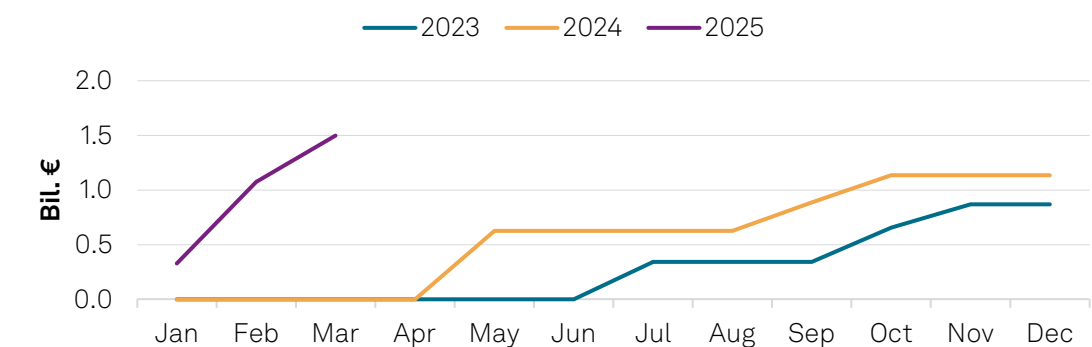
Investor-placed CMBS issuance



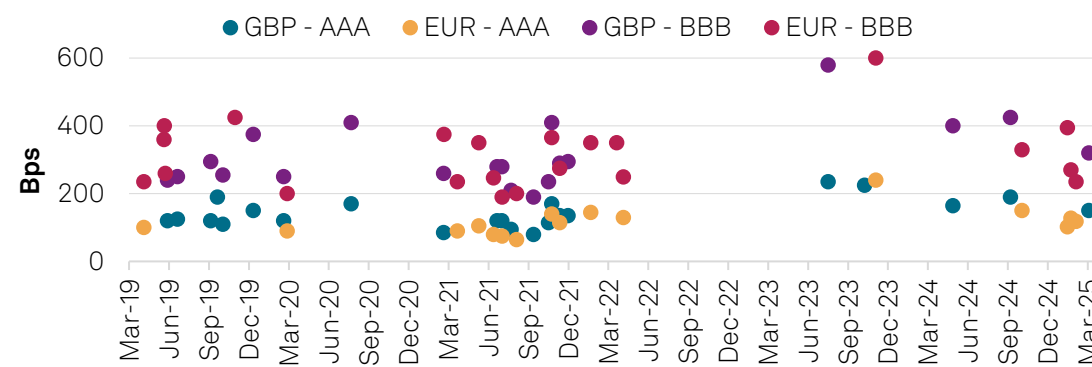
2025 YTD investor-placed CMBS issuance, by country



Cumulative investor-placed CMBS issuance



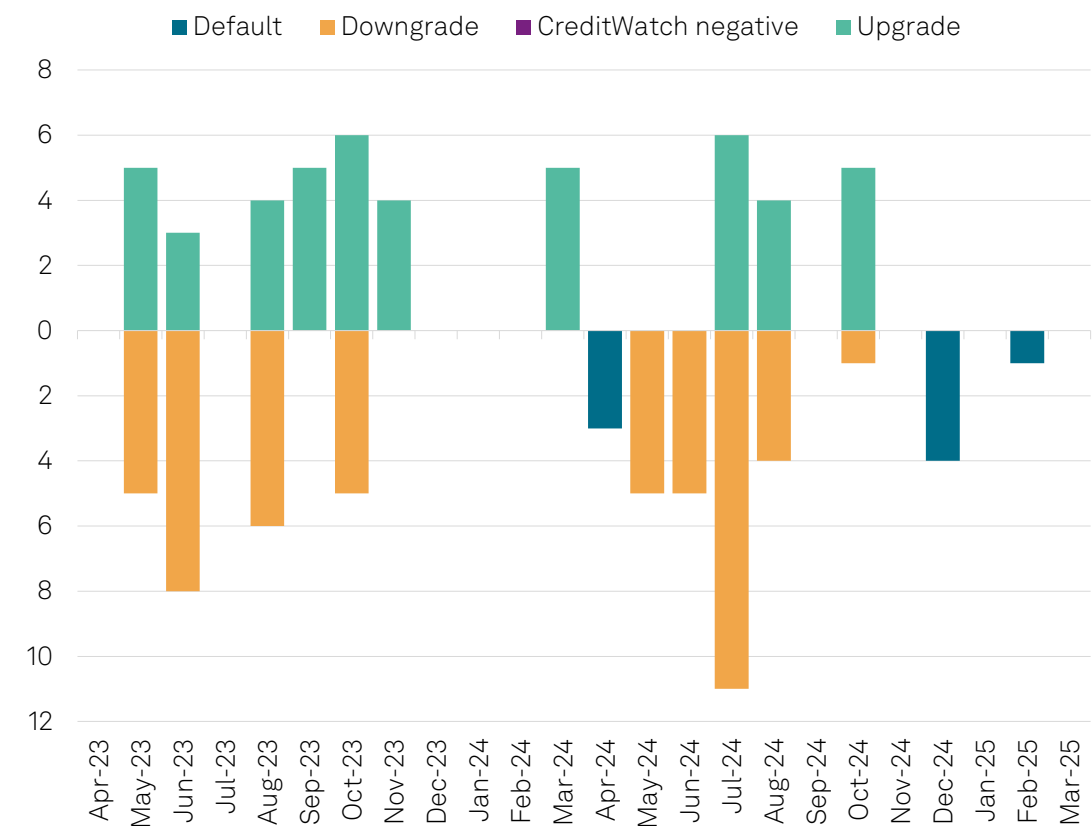
Primary spreads on European CMBS issuance



Year-to-date (YTD) figures as of end-March each year. Bps--Basis points. Sterling spreads are over three-month LIBOR before 2020 and subsequently over Sterling Overnight Index Average (SONIA). Source: S&P Global Ratings.

CMBS—Rating Actions

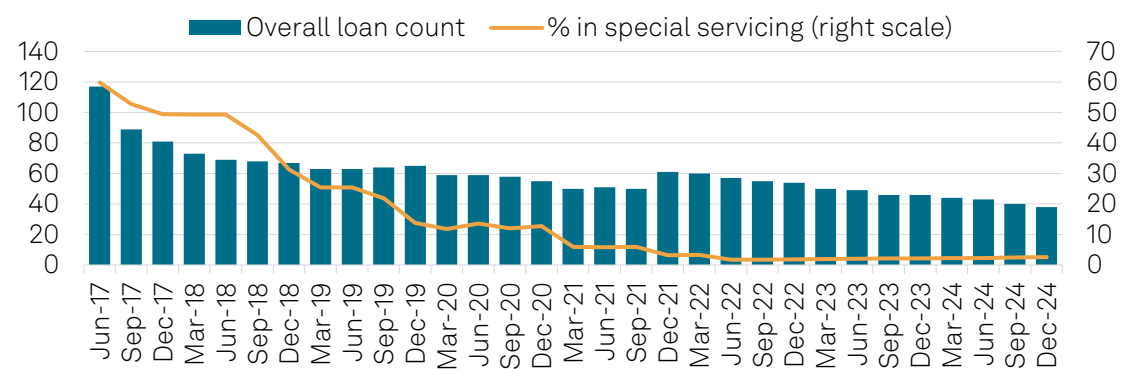
1. Monthly rating actions count, last 24 months



2. Cumulative rating actions count, last 12 months

	Hotel	Retail	Mixed	Other CMBS
Upgrade	0	8	4	3
CreditWatch neg.	0	0	0	0
Downgrade	0	0	17	9
Default	0	3	5	0

3. European CMBS loans in special servicing



1. Excludes confidential ratings. Source: S&P Global Ratings. 2. Excludes confidential ratings. Source: S&P Global Ratings. 3. Based on loans backing European CMBS rated by S&P Global Ratings. Source: S&P Global Ratings.

Covered Bonds



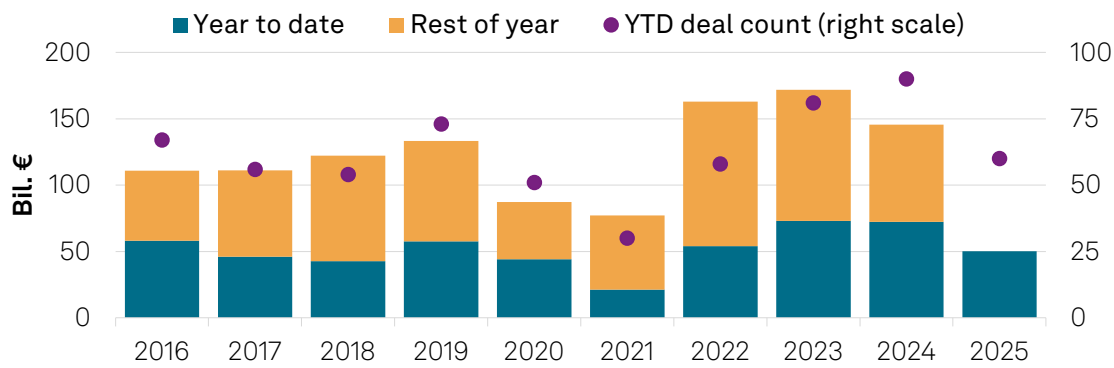
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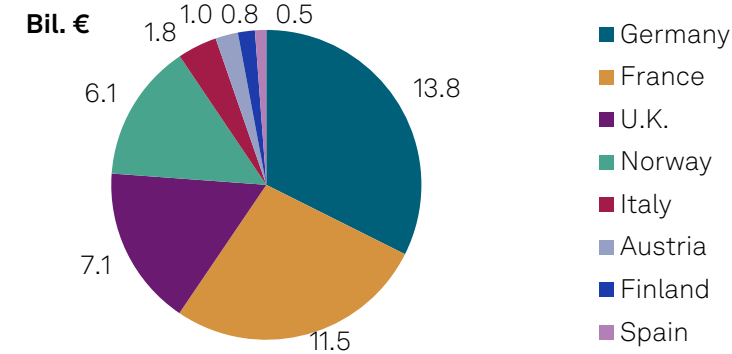
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Covered Bonds—Issuance

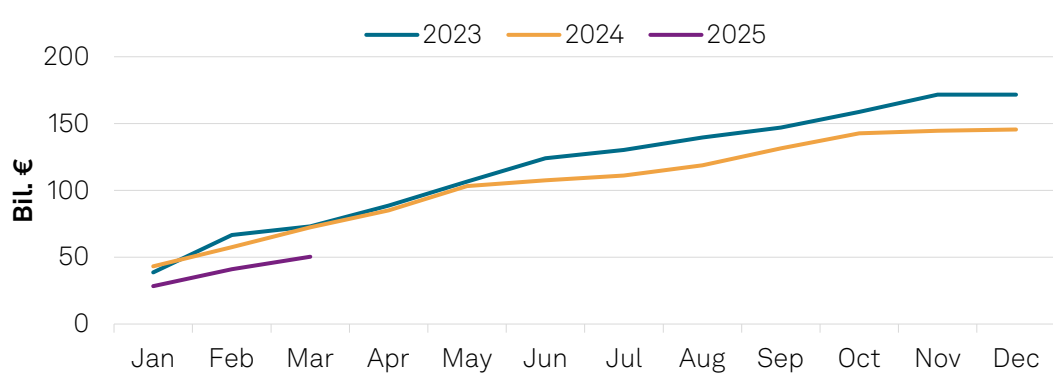
Benchmark covered bond issuance



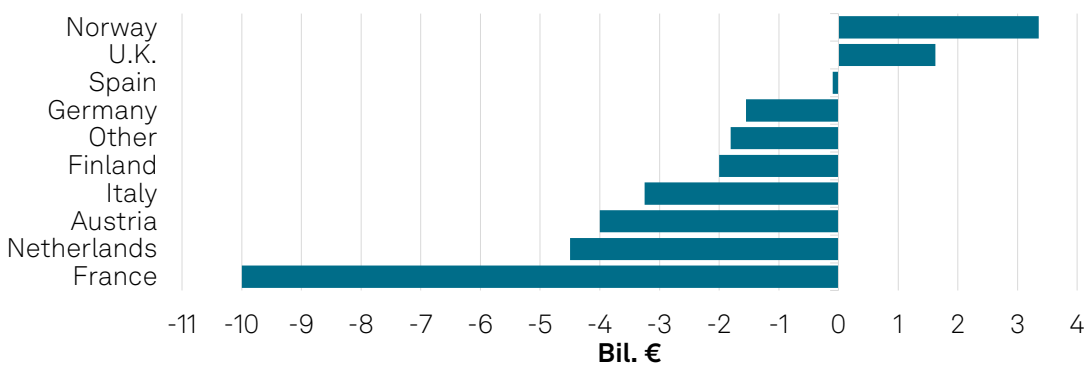
2025 YTD benchmark covered bond issuance, by country



Cumulative benchmark covered bond issuance



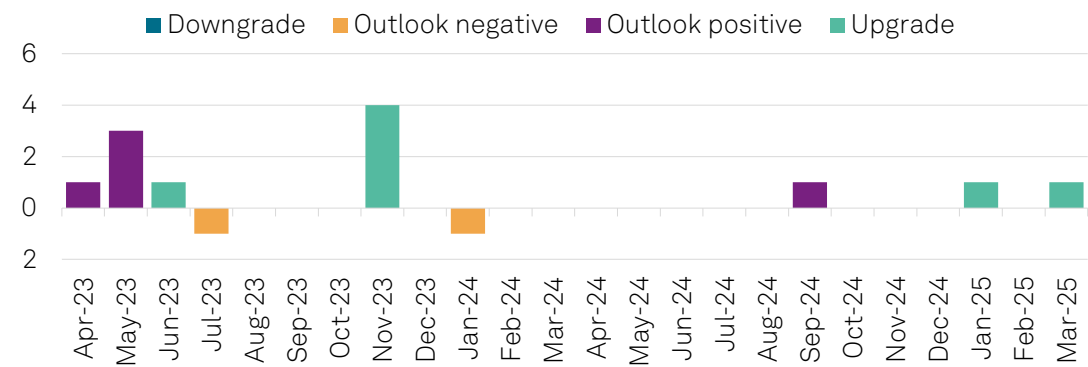
Change in YTD issuance, 2025 versus 2024, by country



Year-to-date (YTD) figures as of end-March each year. Source: S&P Global Ratings.

Covered Bonds—Rating Actions And Performance Metrics

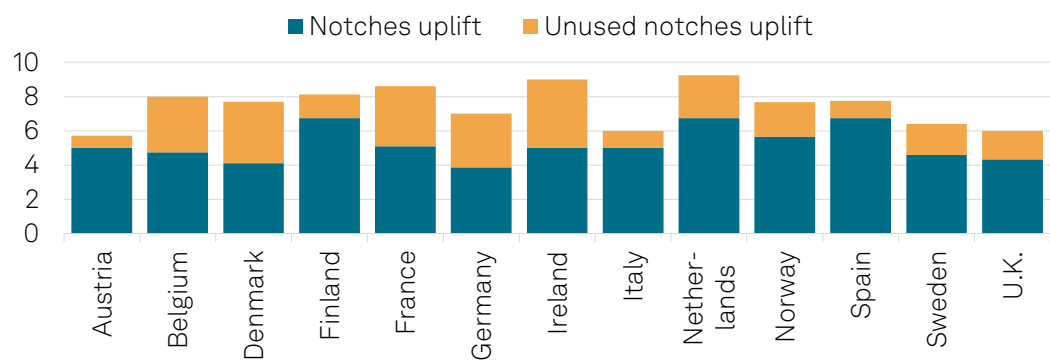
1. Monthly rating actions count, last 24 months



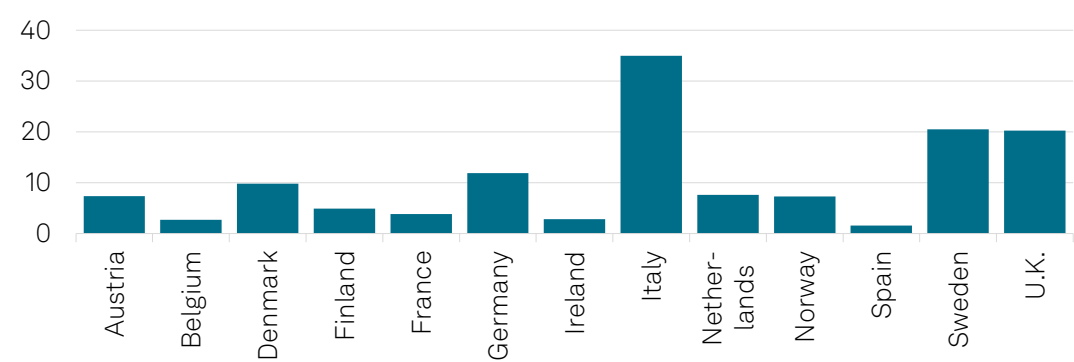
2. Cumulative rating actions count, last 12 months

	Northern Europe	Southern Europe	Central & Eastern Europe	Other CB
Upgrade	1	0	1	0
Outlook positive	0	0	1	0
Outlook negative	0	0	0	0
Downgrade	0	0	0	0

3. Average notches of uplift



4. Average overcollateralization multiple



1. & 2. Based on count of issuers with covered bond rating actions in the time period. Excludes confidential ratings and Spanish multi-cedulas. CB—Covered Bonds. Source: S&P Global Ratings. 3. As of Q2 2025. Source: S&P Global Ratings. 4. Multiple of credit enhancement available over that required for the current rating. As of Q2 2025. Excludes programs with available overcollateralization exceeding 100%. Source: S&P Global Ratings.

Recent Research (1)

- [Explaining Irish RMBS Diverging Performance](#), April 15, 2025
- [ABS Frontiers: Sharia-Compliant Mortgages And RMBS Explained](#), April 14, 2025
- [European CLO Margins: Shocks And Recoveries Are Guides To The Future](#), April 3, 2025
- [Norwegian And Finnish Covered Bond Market Insights 2025](#), March 21, 2025
- [Global Covered Bond Insights Q2 2025: Issuance Holds Steady Amid Market Volatility](#), March 18, 2025
- [Dutch Covered Bond Market Insights 2025](#), March 11, 2025
- [Credit FAQ: Israel's Public RMBS Market Takes Off](#), Feb. 25, 2025
- [ABS Frontiers: Asset-Based Finance Funds Are In Vogue](#), Feb. 24, 2025
- [2024 Annual Global Structured Finance Default And Rating Transition Study](#), Feb. 21, 2025
- [European RMBS Index Report Q4 2024](#), Feb. 20, 2025
- [European Auto ABS Index Report Q4 2024](#), Feb. 14, 2025
- [European And U.K. Credit Card ABS Index Report Q4 2024](#), Feb. 14, 2025
- [CLO Brief: Limited Repercussions From Altice Downgrade](#), Feb. 12, 2025
- [European CLO Monitor 2024](#), Feb. 11, 2025
- [Credit FAQ: Germany's First Solar ABS Leads The Way For Europe](#), Feb. 4, 2025
- [European Annual CMBS Monitor 2024](#), Feb. 4, 2025

Recent Research (2)

- [European CMBS Monitor Q4 2024](#), Feb. 3, 2025
- [House Price Overvaluation Moderates For Europe's RMBS And Covered Bond Markets](#), Jan. 20, 2025
- [EMEA RMBS And ABS Monitor Q4 2024](#), Jan. 20, 2025
- [EMEA ABS And RMBS Counterparty Monitor Q4 2024](#), Jan. 15, 2025
- [European CLO Monitor Q4 2024](#), Jan. 7, 2025
- [Danish Covered Bond Market Insights 2024](#), Dec. 18, 2024
- [European Structured Finance Outlook 2025: Up In The Air](#), Dec. 11, 2024
- [Covered Bonds Outlook 2025: Lower Rates, Higher Uncertainty](#), Dec. 6, 2024
- [Credit FAQ: How We Rate ABS And RMBS Transactions In Non-Established Markets](#), Dec. 3, 2024
- [U.K. Legacy RMBS Arrears To Be Higher For Longer](#), Nov. 28, 2024
- [Blockchain Meets Covered Bonds](#), Nov. 27, 2024
- [A Primer On Portugal's RMBS Market](#), Nov. 25, 2024
- [Banking Brief: Barclays And Santander Lead European Banks' SRT Activity](#), Nov. 7, 2024
- [U.K. Second-Lien Monitor Q3 2024](#), Nov. 7, 2024
- [Dutch Buy-To-Let RMBS Withstand Rate Hikes And Tighter Regulations](#), Oct. 21, 2024
- [Credit FAQ: Solar ABS Trends: Partially Cloudy Skies](#), Oct. 17, 2024

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