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# 2008: Unprecedented Market Turbulence Poses Challenges for Securitisation

## Market Environment

### Economic Conditions

- Conditions in the fourth quarter, and all of 2008, were characterised by deleveraging, low liquidity, tight credit markets, and reduced appetite for risk. According to Eurostat, the Eurozone officially entered into a recession in Q4 2008, after two consecutive quarters of zero or negative GDP growth.
- Central banks around the world continue to slash rates. Both the European Central Bank (ECB) and the Bank of England (BoE) continued to cut their rates in early 2009 by 50 and 100 basis points respectively, to 2% and 1%.
- According to Eurostat, the unemployment rate in the EU was 7.4% in December, with the Eurozone unemployment up to 8%. The highest unemployment rates were in Spain (14.4%) and Latvia (10.4%).
- Housing prices in the Eurozone continue to fall. According to Nationwide, housing prices in the United Kingdom fell a further 4.4% in Q4 2008, for a 14.7% total decline in 2008. Housing prices also declined in Sweden and Germany in Q4.

### Term Issuance and Outstanding Volumes

- The primary issuance market remained closed in the fourth quarter, with over 95% of all issuance in Europe for 2008 retained for repo purposes, notably with the ECB and the BoE, according to RBS.
- Financial institutions pledged a total of £287 billion face value in securities to the Bank of England's Special Liquidity Scheme in order to borrow £185 billion in funding. While the Special Liquidity Scheme ended on 30 January 2009, the United Kingdom announced several additional measures early in Q1 2009 to support the UK residential mortgage-backed securities (RMBS) and asset-backed securities (ABS) markets, including the extension of a discount window to swap eligible assets.
- The ECB recently tightened the ABS eligibility criteria for repo, requiring an original AAA rating (but still eligible if downgraded to a minimum of A-) for ABS issued after 1 March 2009. ABS issued before 1 March 2009 will be exempted from this new requirement until 1 March 2010.
- Due to the nature of securitisation-for-repo, Unicredit noted that the structure of securitised assets has shifted significantly to accommodate such schemes, trending

toward transactions of significantly larger size and use of assets previously seen as problematic.

### Credit Quality & Lending

- Credit quality continued to deteriorate as the Eurozone swung into recession, with credit rating agencies continuing to downgrade European securities in Q4. Collateralised debt obligations remain the weakest asset class, followed by RMBS, both prime and non-conforming. Credit cards continue to remain relatively resilient, both in Europe and the United States.
- According to the ECB, lending to the private sector fell sharply in Q4, falling €47 billion in December from November as credit standards tightened and unemployment rose. Lending to households fell by €20 billion in December, for a total drop of €37 billion in Q4; in the nonfinancial sector, lending in December fell by €15 billion. New securitisation issuance will be affected by the decline in lending volumes. Likewise, tightened credit standards, reduced lending and lower consumer demand was also seen in the United States in Q4, according to the Federal Reserve's primary lending survey.

### Spread and Price Changes

- Spreads in the secondary markets continued to widen in Q4 as delinquencies and foreclosures in the Eurozone mounted. According to Unicredit, RMBS spreads widened the most in the UK and Spain. Some spread tightening was seen in January as several governments announced initiatives to sustain structured finance markets.

### ABCP Trends

- Asset-backed commercial paper (ABCP) issuance fell significantly in Europe in 2008 in the absence of an investor base. According to Dealogic, European ABCP issuance declined by a third in 2008 from 2007, with €14.3 billion outstanding at the end of 2008.
- Unicredit noted that ABCP issuance is no longer placed widely in Europe due to the lack of broad investor interest, but instead is taken on to the balance sheets of the conduits' sponsoring banks. Due to efforts in the US to support its commercial paper markets through the Federal Reserve's Commercial Paper Funding Facility (CPFF), European conduits have found it more attractive to refinance via issuance through the US ABCP market rather than in Europe.

## Major Regulatory and Policy Initiatives

- Pursuant to HM Treasury's request to review and recommend options to improve the function of the UK mortgage finance markets, Sir James Crosby released his final analysis in late November. His report offered three recommendations:
  - Further government intervention in the form of auctioning guarantees of up to £100 billion that could be attached to newly issued AAA-rated tranches of mortgage-backed securities;
  - Adoption of new standards of standardisation and transparency; and
  - Active encouragement of the International Accounting Standards Board to review the application of its fair value accounting principles.
- The UK government moved to support the market in December and January through several measures, including:
  - The Homeowner Mortgage Support Scheme, allowing homeowners experiencing a significant and temporary loss of income to defer a portion of their interest payments on their home for a period of up to two years;
  - The Asset Protection Scheme, a new guarantee scheme for ABS to support lending; and
  - The Asset Purchase Facility, allowing the Bank of England to purchase up to £50 billion in high quality assets such as paper issued from the Credit Guarantee Scheme, corporate bonds, commercial paper, syndicated loans and certain ABS.
- In Spain, the Financial Asset Acquisition Fund (FAAF) began purchasing assets in Q4, with two auctions completed in 2008 for a total of €9.3 billion. Under FAAF, highly rated (AAA for outright purchase, AA for repurchase) covered bonds and certain securitisations from Spanish credit institutions are eligible for purchase.
- In December, the securitisation industry advanced several initiatives:
  - The American Securitization Forum (ASF), the Australian Securitisation Forum (AuSF), the ESF, and SIFMA released "Restoring Confidence in the Securitization Markets", an in-depth review of the state of those markets in face of the current market dislocation. Numerous action items, many of them currently underway, were outlined in full.
  - EFAMA, the ESF, and IMA published "Asset Management Industry Guidelines to Address Overreliance On Credit Ratings", providing guidance to asset managers on the responsible use of ratings for securitisation, structured finance, and structured credit products.

# ISSUANCE

€ BILLIONS<sup>1</sup> 2006/7

## 1.1. European Historical Issuance

	Q1	Q2	Q3	Q4	TOTAL <sup>2</sup>
2000	14.1	16.4	21.4	26.3	78.2
2001	20.5	43.2	22.7	66.2	152.6
2002	24.3	42.6	35.7	55.1	157.7
2003	43.3	51.9	39.7	82.4	217.3
2004	55.8	59.0	53.2	75.5	243.5
2005	47.8	94.4	41.5	143.3	327.0
2006	69.0	114.3	112.8	184.9	481.0
2007	128.7	152.0	98.3	74.7	453.7
2008	40.0	169.4	134.1	367.6	711.1

## 1.3. European Issuance by Collateral

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL <sup>2</sup>
ABS <sup>3</sup>	10.1	12.7	11.6	38.6	73.0
CDO <sup>4</sup>	2.0	10.0	14.0	21.9	47.9
CMBS	0.7	0.7	3.4	0.1	4.9
RMBS	27.2	146.0	105.0	307.1	585.3
Total <sup>1,2</sup>	40.0	169.4	134.1	367.6	711.1

## 1.4. US Issuance by Collateral

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL <sup>1,2</sup>
ABS <sup>5</sup>	32.6	40.0	14.2	1.9	88.7
CDO <sup>6</sup>	12.4	15.0	9.1	3.6	40.1
Agency MBS <sup>7</sup>	204.9	239.8	181.0	153.3	779.0
Non-Agency CMBS	3.5	4.8	0.1	0.0	8.4
Non-Agency RMBS	7.6	8.7	0.9	0.1	17.4
Total <sup>1,2</sup>	261.0	308.3	205.4	158.9	933.6

## 1.2. US Historical Issuance

	TOTAL <sup>1,2</sup>
2000	1,088.0
2001	2,308.4
2002	2,592.7
2003	2,914.5
2004	1,956.6
2005	2,650.6
2006	2,455.8
2007	2,147.1
2008	933.6

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL <sup>2</sup>
9.8	21.1	14.1	12.8	57.8
25.9	28.1	25.0	9.7	88.7
11.9	25.0	6.0	4.7	47.6
81.1	77.8	53.2	47.5	259.7
128.7	152.0	98.3	74.7	453.7

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL <sup>1,2</sup>
133.4	127.9	60.3	49.8	371.4
124.7	132.6	65.0	29.7	352.0
198.3	213.6	226.0	220.1	857.9
43.0	67.9	36.4	19.3	166.6
159.2	145.7	67.8	26.6	399.2
658.6	687.6	455.4	345.5	2,147.1

Source: Bloomberg, JP Morgan, Merrill Lynch, Thomson Reuters, SIFMA & Bond Market Association

<sup>1</sup> All volumes are denominated in euro. The US volumes were converted from dollar to euro based on the \$/€ exchange rates as of quarter-end.

<sup>2</sup> Numbers may not add due to independent rounding. Historical or prior period numbers are revised to reflect changes in classification, refined selection methodology, or information submitted to our data source after the prior period cut-off dates.

<sup>3</sup> European ABS issuance includes auto, credit card, leases, loans, receivables and other.

<sup>4</sup> European CDO issuance numbers only include euro-denominated issuance regardless of the country of collateral. A substantial percentage of CDOs are backed by multi-jurisdictional collateral. Historical CDO issuance totals have been revised due to periodic updates of the sector.

<sup>5</sup> US ABS issuance includes auto, credit card, home equity, student loan, equipment leases, manufactured housing, and other. Historical ABS issuance totals have been revised due to periodic updates of the sector.

<sup>6</sup> US CDO issuance numbers only include US-denominated issuance regardless of the country of collateral and may include European transactions which are denominated in US dollars. Historical CDO issuance totals have been revised due to periodic updates of the sector.

<sup>7</sup> Agency MBS includes RMBS and CMBS.

# ISSUANCE

€ BILLIONS<sup>1</sup>

## 1.5. Issuance by Country of Collateral

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL <sup>2</sup>
Belgium		15.1		19.7	34.9
Denmark					0.0
Finland				7.5	7.5
France		3.5		10.8	14.2
Germany	3.8	1.3	3.3	41.7	50.1
Greece	1.0	0.8	3.7	7.2	12.7
Iceland			0.2		0.2
Ireland	2.5	14.0	4.6	19.6	40.7
Italy	5.9	15.2	17.1	44.0	82.2
Kazakhstan					
Luxembourg					
Netherlands	2.8	10.0	9.6	50.1	72.6
Portugal	2.0	2.6	3.5	6.7	14.8
Russia	0.5	0.4			0.9
Spain	9.8	22.7	9.1	39.1	80.7
Switzerland					
UK	8.8	73.8	79.6	109.7	271.9
Ukraine		0.1			0.1
Multinational <sup>8</sup>	2.9	10.1	3.4	11.4	27.7
European Total <sup>2</sup>	40.0	169.6	134.1	367.6	711.2
US Total <sup>1,2</sup>	261.0	308.3	205.4	158.9	933.6

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL <sup>2</sup>
	0.2	3.9		4.0
0.1	0.4			0.5
1.3	1.9		0.8	3.9
3.5	8.2	1.8	5.1	18.5
	1.6	1.3	2.5	5.3
3.0	3.1	2.3	2.0	10.4
6.7	14.1	3.1	2.5	26.4
0.1	0.4		0.5	1.0
		0.1		0.1
5.8	10.5	11.5	12.9	40.8
2.8	2.5	2.6	2.9	10.8
	1.0	0.1		1.1
16.5	14.5	14.5	15.6	61.1
0.4	0.3			0.7
62.5	62.1	30.2	17.8	172.6
0.1				0.1
25.9	31.3	26.9	12.1	96.2
128.7	152.0	98.3	74.7	453.7
658.6	687.6	455.4	345.5	2,147.1

## 1.6. Issuance by Collateral and Country<sup>2 145678</sup>

2008:Q4

	ABS <sup>5</sup>	CDO <sup>6</sup>	CMBS	RMBS	TOTAL <sup>2</sup>
Belgium				19.7	19.7
Finland				7.5	7.5
France	3.9			6.9	10.8
Germany	6.3		0.1	35.4	41.7
Greece	3.3	1.7		2.2	7.2
Ireland	0.1			19.5	19.6
Italy	9.3			34.7	44.0
Netherlands	0.7			49.4	50.1
Portugal	0.2	3.1		3.4	6.7
Spain	3.5	5.5		30.2	39.1
UK	11.1	0.4		98.2	109.7
Multinational <sup>8</sup>	0.2	11.2			11.4
Total <sup>2</sup>	38.6	21.9	0.1	307.1	367.6

	ABS <sup>5</sup>	CDO <sup>6</sup>	AGENCY MBS <sup>7</sup>	NON-AGENCY CMBS	NON-AGENCY RMBS	TOTAL <sup>1,2</sup>
US Total <sup>1,2</sup>	1.9	3.6	153.3	-	0.1	158.9

Source: Bloomberg, JP Morgan, Merrill Lynch, Thomson Reuters, SIFMA & Bond Market Association

<sup>1</sup> All volumes are denominated in euro. The US volumes were converted from dollar to euro based on the \$/€ exchange rates as of quarter-end.

<sup>2</sup> Numbers may not add due to independent rounding. Historical or prior period numbers are revised to reflect changes in classification, refined selection methodology, or information submitted to our data source after the prior period cut-off dates.

<sup>3</sup> European ABS issuance includes auto, credit card, leases, loans, receivables and other.

<sup>4</sup> European CDO issuance numbers only include euro-denominated issuance regardless of the country of collateral. A substantial percentage of CDOs are backed by multi-jurisdictional collateral. Historical CDO issuance totals have been revised due to periodic updates of the sector.

<sup>5</sup> US ABS issuance includes auto, credit card, home equity, student loan, equipment leases, manufactured housing, and other. Historical ABS issuance totals have been revised due to periodic updates of the sector.

<sup>6</sup> US CDO issuance numbers only include US-denominated issuance regardless of the country of collateral and may include European transactions which are denominated in US dollars. Historical CDO issuance totals have been revised due to periodic updates of the sector.

<sup>7</sup> Agency MBS includes RMBS and CMBS.

<sup>8</sup> Multinational includes all deals, including CDOs, in which assets are originated from a variety of jurisdictions.

# ISSUANCE

€ BILLIONS<sup>1</sup>

## 1.7. European Issuance by Rating<sup>3</sup>

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL <sup>2</sup>
AAA	27.8	145.2	115.2	266.5	554.7
AA	3.5	2.4	1.4	21.4	28.7
A	0.9	3.2	7.1	46.9	58.1
BBB & Below	1.1	4.1	2.4	3.6	11.2
Not Rated	6.7	14.6	8.0	29.1	58.4
European Total <sup>2</sup>	40.0	169.4	134.1	367.6	711.1

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL <sup>2</sup>
86.1	104.7	61.7	56.2	308.7
5.5	7.2	2.5	2.0	17.2
19.4	18.9	12.6	7.0	57.9
6.3	7.0	5.8	3.4	22.5
11.4	14.2	15.6	6.1	47.3
128.7	152.0	98.2	74.7	453.7

## 1.8. US Issuance by Rating<sup>4</sup>

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL <sup>1,2</sup>
AAA	39.0	46.2	16.2	2.5	103.9
AA	0.5	1.9	1.1	0.4	4.0
A	0.8	1.9	1.1	0.5	4.4
BBB & Below	0.7	1.3	0.8	0.0	2.8
Not Rated	15.1	17.2	5.0	2.1	39.5
Agency MBS	204.9	239.8	181.0	153.3	779.0
US Total <sup>1,2</sup>	261.0	308.3	205.4	158.9	933.6

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL <sup>1,2</sup>
105.6	141.1	77.9	54.0	378.5
8.5	7.9	3.3	1.4	21.0
8.7	6.2	3.1	2.5	20.5
7.3	6.8	2.7	3.2	20.0
294.7	312.1	142.5	64.4	813.7
198.3	213.6	226.0	220.1	857.9
623.1	687.6	455.4	345.5	2111.7

Source: Bloomberg, JP Morgan, Merrill Lynch, Thomson Reuters, SIFMA

<sup>1</sup> All volumes are denominated in euro. The US volumes were converted from dollar to euro based on the \$/€ exchange rates as of quarter-end.

<sup>2</sup> Numbers may not add due to independent rounding. Historical or prior period numbers are revised to reflect changes in classification, refined selection methodology, or information submitted to our data source after the prior period cut-off dates.

<sup>3</sup> European CDO issuance numbers only include euro-denominated issuance regardless of the country of collateral. A substantial percentage of CDOs are backed by multi-jurisdictional collateral. Historical CDO issuance totals have been revised due to periodic updates of the sector.

<sup>4</sup> US CDO issuance numbers only include US-denominated issuance regardless of the country of collateral and may include European transactions which are denominated in US dollars. Historical CDO issuance totals have been revised due to periodic updates of the sector.

## 1.9. Securitisation Issuance by Deal Size<sup>1</sup>

2008:Q3

INCLUDING RETAINED DEALS <sup>2</sup>				
	EUROPE		US	
	# of Issues	€Billions	# of Issues	€Billions
Less than 0.1 Billion	2%	0%	2%	0%
0.1-1.0 Billion	52%	8%	28%	23%
More than \$1.0 Billion	46%	92%	6%	19%
Agency MBS	N/A	N/A	64%	58%
Total <sup>3</sup>	100%	100%	100%	100%

2008:Q4

EXCLUDING RETAINED DEALS <sup>2</sup>					INCLUDING RETAINED DEALS <sup>2</sup>			
	EUROPE		US		EUROPE		US	
	# of Issues	€Billions	# of Issues	€Billions	# of Issues	€Billions	# of Issues	€Billions
Less than 0.1 Billion	14%	0%	9%	2%	9%	0%	9%	2%
0.1-1.0 Billion	46%	17%	20%	23%	31%	4%	20%	30%
More than \$1.0 Billion	39%	82%	2%	9%	60%	96%	2%	8%
Agency MBS	N/A	N/A	70%	66%	N/A	N/A	70%	60%
Total <sup>3</sup>	100%	100%	100%	100%	100%	100%	100%	100%

Source: Dealogic

<sup>1</sup> The European data includes all asset classes – ABS, CMBS, RMBS and euro-denominated CDOs. US data includes ABS, non-agency CMBS and RMBS, and US dollar-denominated CDOs. US agency MBS, which includes agency CMBS and RMBS, is shown separately. All data except for CDOs is included based on the country of collateral.

<sup>2</sup> Dealogic provides data for retained deals based on available market information, sourcing further details from a wide base of syndicate desks wherever possible. Further statistics on retained deals are added based on intelligence from other market participants.

<sup>3</sup> Percentages may not sum to 100% due to independent rounding. Historical or prior period numbers are revised to reflect changes in classification, refined selection methodology, or information submitted to our data source after the prior period cut-off dates.



## BALANCES OUTSTANDING

€ BILLIONS<sup>1</sup>

### 2.1. European Outstandings by Collateral

	2008:Q1	2008:Q2	2008:Q3	2008:Q4
ABS <sup>3</sup>	177.9	183.8	176.1	192.0
CDO <sup>4</sup>	254.2	272.6	284.0	297.9
CMBS	141.5	141.5	139.2	138.4
RMBS	660.1	789.2	848.4	1069.8
WBS <sup>5</sup>	39.8	39.8	39.7	39.5
<b>Total<sup>6</sup></b>	<b>1273.5</b>	<b>1426.9</b>	<b>1487.5</b>	<b>1737.5</b>

2007:Q1 <sup>2</sup>	2007:Q2 <sup>2</sup>	2007:Q3	2007:Q4
		178.2	172.9
		273.2	255.4
		146.8	143.8
		685.2	682.1
		40.4	39.3
		<b>1323.8</b>	<b>1293.5</b>

### 2.2. US Outstandings by Collateral

	2008:Q1	2008:Q2	2008:Q3	2008:Q4
ABS <sup>7</sup>	1705.6	1828.9	1982.8	1911.9
Agency MBS	3002.6	3105.5	3534.9	3631.8
Non-Agency RMBS	912.2	862.4	931.6	917.3
Non-Agency CMBS	416.9	413.1	406.2	450.3
<b>Total<sup>1,6</sup></b>	<b>6037.3</b>	<b>6209.9</b>	<b>6855.6</b>	<b>6911.4</b>

2007:Q1	2007:Q2	2007:Q3	2007:Q4
1678.7	1792.8	1737.1	1679.7
3070.6	3125.7	3082.8	3156.2
1037.2	1089.2	1045.5	1010.2
350.3	384.7	413.5	420.7
<b>6136.8</b>	<b>6392.4</b>	<b>6278.9</b>	<b>6266.7</b>

Sources: Bloomberg (US & Europe), Fannie Mae (US), Federal Reserve (US), Freddie Mac (US), Ginnie Mae (US), JP Morgan (JPM), Loan Performance (US), Thomson Reuters (US), SIFMA Estimates (US & Europe)

<sup>1</sup> All volumes are denominated in euro. The US volumes were converted from dollar to euro based on the \$/€ exchange rates as of quarter-end.

<sup>2</sup> European outstandings were first calculated for the third quarter of 2007. Data for 2007 Q1 and Q2 is unavailable.

<sup>3</sup> European ABS outstanding collateral types include auto loans, credit cards, loans (consumer and student), and other.

<sup>4</sup> Includes euro-denominated CDOs issued after July 2007, regardless of country of collateral, and prior to this, only CDOs confirmed by market participants with known European collateral.

<sup>5</sup> Whole Business Securitisation: a securitisation in which the cashflows derive from the whole operating revenues generated by an entire business or segmented part of a larger business.

<sup>6</sup> Numbers may not add due to independent rounding. Historical or prior period numbers are revised to reflect changes in classification, refined selection methodology, or information submitted to our data source after the prior period cut-off dates.

<sup>7</sup> US ABS outstanding collateral types include auto loans, credit cards, loans (home equity, equipment and student loans), CDOs, and other. CDOs outstanding cannot be broken out within the ABS outstanding collateral type but represents dollar-denominated issues.



## BALANCES OUTSTANDING

€ BILLIONS<sup>1</sup>

### 2.3. Outstandings by Country of Collateral<sup>2</sup>

2007

	2007:Q1 <sup>3</sup>	2007:Q2 <sup>3</sup>	2007:Q3	2007:Q4
Austria			3.6	3.6
Belgium			7.3	7.1
Denmark			6.8	6.1
France			28.9	27.5
Germany			74.1	69.6
Greece			9.9	9.5
Ireland			18.6	18.6
Italy			117.6	112.0
Netherlands			131.5	145.8
Portugal			29.1	27.1
Russia			3.3	2.8
Spain			173.1	177.5
Sweden			0.8	0.9
Turkey			3.1	3.1
UK			492.6	468.8
Other <sup>4</sup>			0.5	0.3
Multinational			223.0	213.3
European Total <sup>2,3</sup>			1,323.8	1,293.5
US Total <sup>1</sup>	6,136.8	6,392.4	6,278.9	6,266.7

2008

	2008:Q1	2008:Q2	2008:Q3	2008:Q4
Austria	3.5	3.4	3.3	3.2
Belgium	6.9	22.0	21.8	41.4
Denmark	7.7	7.6	7.4	7.3
France	24.9	27.9	27.2	26.9
Germany	70.1	69.9	70.1	87.3
Greece	9.2	9.9	14.1	21.2
Ireland	18.4	33.2	32.3	48.8
Italy	109.2	119.3	125.5	161.3
Netherlands	143.2	158.3	152.2	202.5
Portugal	26.1	27.3	29.4	35.2
Russia	4.6	4.9	5.1	5.1
Spain	174.6	194.4	198.4	229.2
Sweden	0.9	0.9	0.9	0.7
Turkey	3.1	3.1	3.1	2.9
UK	456.5	513.3	565.1	615.5
Other <sup>4</sup>	0.3	0.4	0.5	8.1
Multinational	214.1	231.1	231.1	240.9
European Total <sup>2</sup>	1,273.5	1,426.9	1,487.5	1,737.5
US Total <sup>1</sup>	6,037.3	6,209.9	6,855.6	6,911.4

Sources: Bloomberg (US & Europe), Fannie Mae (US), Federal Reserve (US), Freddie Mac (US), Ginnie Mae (US), JP Morgan (JPM), Loan Performance (US), Thomson Reuters (US), SIFMA Estimates (US & Europe)

<sup>1</sup> All volumes are denominated in euro. The US volumes were converted from dollar to euro based on the \$/€ exchange rates as of quarter-end.

<sup>2</sup> Numbers may not add due to independent rounding. Historical or prior period numbers are revised to reflect changes in classification, refined selection methodology, or information submitted to our data source after the prior period cut-off dates.

<sup>3</sup> European outstanding was first calculated for the third quarter of 2007. Data for 2007 Q1 and Q2 is unavailable.

<sup>4</sup> Other includes countries with outstanding securities that are too small to be displayed, such as Georgia, Iceland, China, Ukraine, Switzerland, and Hungary.

## BALANCES OUTSTANDING

### 2.4. European Outstandings by Moody's Rating<sup>1</sup>

(as a percentage of total Moody's rated securitisations)

	2008:Q1	2008:Q2	2008:Q3	2008:Q4
Aaa/AAA	85.45%	84.13%	84.29%	81.09%
Aa/AA	5.22%	5.75%	5.41%	6.54%
A/A	4.37%	4.82%	4.87%	5.58%
Baa/BBB	3.85%	3.63%	3.63%	4.18%
Ba/BB	0.84%	1.10%	1.04%	1.21%
B/B	0.10%	0.20%	0.22%	0.44%
Caa/CCC	0.05%	0.13%	0.26%	0.57%
Ca/CC	0.03%	0.12%	0.11%	0.17%
C/C	0.07%	0.13%	0.17%	0.21%
Total <sup>2</sup>	100.00%	100.00%	100.00%	100.00%

### 2.5. US Outstandings by Moody's Rating

	2008:Q1	2008:Q2	2008:Q3	2008:Q4
Aaa/AAA	81.76%	73.69%	70.43%	62.98%
Aa/AA	5.37%	7.26%	8.32%	8.67%
A/A	3.95%	5.69%	6.55%	6.75%
Baa/BBB	4.82%	4.69%	5.09%	7.57%
Ba/BB	1.41%	2.13%	2.40%	3.06%
B/B	1.09%	2.71%	2.51%	2.71%
Caa/CCC	0.66%	1.56%	1.25%	3.00%
Ca/CC	0.47%	1.26%	2.15%	2.61%
C/C	0.45%	1.00%	1.30%	2.66%
Total <sup>2</sup>	100.00%	100.00%	100.00%	100.00%

Source: Moody's Investors Service

<sup>1</sup> The rating distribution is based on current rating and original issuance size. Unrated and defaulted securities are included.

<sup>2</sup> Percentages may not add to 100% due to independent rounding.

## CREDIT QUALITY - RATING CHANGES

€ BILLIONS<sup>1</sup>

### 2.6. Outstandings by Collateral and Country

2008:Q3

	ABS <sup>2</sup>	CDO <sup>3</sup>	CMBS	RMBS	WBS <sup>4</sup>	TOTAL <sup>5</sup>
Austria	0.8		0.2	2.3		3.3
Belgium	0.3	0.0	0.1	21.4		21.8
Denmark	1.6	5.5		0.3		7.4
France	9.2	0.9	3.5	13.6		27.2
Germany	32.6	13.7	17.8	5.9	0.1	70.1
Greece	1.3	6.1		6.7		14.1
Ireland	0.0	3.3	1.6	27.3		32.3
Italy	49.7	4.2	3.8	65.4	2.4	125.5
Netherlands	2.7	11.5	7.6	130.5		152.2
Portugal	2.0	1.4		26.0		29.4
Russia	2.0			3.1		5.1
Spain	18.4	43.3	1.5	135.2		198.4
Sweden	0.1			0.7		0.9
Turkey	3.1					3.1
UK	43.7	3.3	74.8	406.9	36.5	565.1
Other <sup>8</sup>	0.1	0.2		0.2		0.5
Multinational <sup>6</sup>	8.5	190.6	28.3	2.9	0.7	231.1
Total <sup>5</sup>	176.1	284.0	139.2	848.4	39.7	1487.5

	ABS <sup>7</sup>	AGENCY MBS	NON-AGENCY RMBS	NON-AGENCY CMBS	TOTAL <sup>1</sup>
US Total <sup>1</sup>	1,982.8	3,534.9	931.6	406.2	6,855.6

2008:Q4

	ABS <sup>2</sup>	CDO <sup>3</sup>	CMBS	RMBS	WBS <sup>4</sup>	TOTAL <sup>5</sup>
Austria	0.8		0.2	2.2		3.2
Belgium	0.2	0.0	0.1	41.0		41.4
Denmark	1.6	5.4		0.3		7.3
France	9.9	0.6	3.5	12.9		26.9
Germany	35.6	13.6	17.7	20.3	0.1	87.3
Greece	4.6	7.8		8.7		21.2
Ireland		3.3	1.5	43.9		48.8
Italy	56.0	4.4	3.8	94.7	2.4	161.3
Netherlands	2.6	11.0	7.5	181.4		202.5
Portugal	2.2	4.3		28.7		35.2
Russia	1.8			3.3		5.1
Spain	19.2	46.1	1.3	162.5		229.2
Sweden	0.1			0.6		0.7
Turkey	2.9					2.9
UK	45.6	3.2	74.5	455.8	36.4	615.5
Other <sup>8</sup>	0.1	0.2	0.0	7.8	0.0	8.1
Multinational <sup>6</sup>	8.7	197.8	28.1	5.5	0.7	240.9
Total <sup>5</sup>	192.0	297.9	138.4	1069.8	39.5	1737.5

	ABS <sup>7</sup>	AGENCY MBS	NON-AGENCY RMBS	NON-AGENCY CMBS	TOTAL <sup>1</sup>
US Total <sup>1</sup>	1,911.9	3,631.8	917.3	450.3	6,911.4

Sources: Bloomberg (US & Europe), Fannie Mae (US), Federal Reserve (US), Freddie Mac (US), Ginnie Mae (US), JP Morgan (JPM), Loan Performance (US), Thomson Reuters (US), SIFMA Estimates (US & Europe)

<sup>1</sup> All volumes are denominated in euro. The US volumes were converted from dollar to euro based on the \$/€ exchange rates as of quarter-end.

<sup>2</sup> European ABS outstanding collateral types include auto loans, credit card, loans (consumer and student), and other.

<sup>3</sup> Includes euro-denominated CDOs issued after July 2007, regardless of country of collateral, and prior to this, only CDOs confirmed by market participants with known European collateral.

<sup>4</sup> Whole Business Securitisation: a securitisation in which the cashflows derive from the whole operating revenues generated by an entire business or segmented part of a larger business.

<sup>5</sup> Numbers may not add due to independent rounding. Historical or prior period numbers are revised to reflect changes in classification, refined selection methodology, or information submitted to our data source after the prior period cut-off dates.

<sup>6</sup> Multinational includes all deals in which assets originate from a variety of jurisdictions. This includes the majority of euro-denominated CDOs.

<sup>7</sup> US ABS outstanding collateral types include auto loans, credit cards, loans (home equity, equipment and student loans), CDOs, and other. CDOs outstanding can not be broken out within the ABS outstanding collateral type but represents dollar-denominated issues.

<sup>8</sup> Other includes countries with outstanding securities that are too small to be displayed, such as Georgia, Iceland, China, Ukraine, Switzerland, and Hungary.

## CREDIT QUALITY - RATING CHANGES

### Upgrades/Downgrades by Country<sup>9</sup>

#### 3.1. Fitch Ratings<sup>2</sup>

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL
France	0/0	0/2	0/10	0/2	0/14
Germany	4/1	7/17	3/8	3/10	17/36
Italy	2/10	0/3	11/8	1/9	14/30
Netherlands	0/0	14/0	2/0	11/18	27/18
Spain	0/0	0/13	12/10	4/18	16/41
UK	22/40	8/8	27/190	26/656	83/894
Multinational <sup>2</sup>	8/10	4/116	8/0	7/15	27/141
European Total	36/61	33/159	63/226	52/728	184/1174
US	335/4901	165/5763	123/6000	94/11005	717/27669

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL
3/0	0/0	0/1	0/0	3/1
0/0	3/9	11/4	20/8	34/21
7/1	6/0	5/0	19/0	37/1
10/0	12/0	27/0	13/0	62/0
2/0	7/0	0/0	22/2	31/2
91/18	45/3	70/38	72/129	278/188
3/0	5/0	11/1	17/0	36/1
116/19	78/12	124/44	163/139	481/214
654/221	637/643	335/2053	132/3099	1758/6016

#### 3.2. Moody's Investors Service

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL
France	0/0	0/1	0/0	0/1	0/2
Germany	0/2	2/5	0/14	0/22	2/43
Italy	0/1	0/6	0/2	0/6	0/15
Netherlands	0/0	0/0	0/2	0/3	0/5
Spain	1/0	0/5	0/0	0/49	1/54
UK	10/7	6/82	0/13	0/109	16/211
Multinational <sup>3</sup>	11/247	59/556	8/328	1/1009	79/2140
European Total	22/257	67/655	8/359	1/1199	98/2470
US	111/4751	223/16563	413/9545	116/18706	863/49565

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL
0/0	0/0	0/0	0/0	0/0
2/0	1/0	0/0	1/0	4/0
0/0	0/0	0/2	1/2	1/4
17/0	3/0	0/0	0/0	20/0
0/0	0/0	0/0	0/0	0/0
3/2	4/0	5/1	9/8	21/11
79/36	54/42	33/73	70/84	236/235
101/38	62/42	38/76	81/94	282/250
447/158	279/380	562/1619	315/7498	1603/9655

#### 3.3. Standard & Poor's

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL
France	1/2	0/6	0/0	1/10	2/18
Germany	1/7	5/12	5/31	7/13	18/63
Italy	10/0	1/7	5/0	11/8	27/15
Netherlands	0/0	6/0	0/0	0/5	6/5
Spain	6/1	0/0	0/7	0/57	6/65
UK	6/52	32/107	19/74	8/263	65/496
Multinational <sup>3</sup>	27/432	21/519	72/374	11/1557	131/2882
European Total	51/494	65/651	101/486	38/1913	255/3544
US	215/8904	106/4860	125/8842	136/7081	582/29687

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL
2/0	0/0	0/0	1/0	3/0
17/0	5/2	3/3	9/0	34/5
4/0	6/5	3/1	7/0	20/6
12/0	4/0	0/0	1/0	17/0
0/0	4/0	9/0	3/0	16/0
22/12	11/5	17/4	27/1	77/22
69/53	51/60	60/69	35/144	215/326
126/65	81/72	92/77	83/145	382/359
418/194	414/372	407/1230	292/4741	1531/6537

Source: Fitch Ratings, Moody's Investors Service, Standard & Poor's

<sup>9</sup> Each box contains two numbers: Upgrades followed by Downgrades. Because the three credit rating agencies track different securities and apply slightly different rating criteria, these numbers are not directly comparable.

<sup>10</sup> Fitch's "Multinational" classification includes cross-jurisdictional CMBS issues as well as the aggregated sum of rating actions in other EMEA countries, namely Austria, Belgium, Greece, Ireland, Portugal, and the Russian Federation. Fitch assigns CDO issues to the country in which the majority of the underlying assets are located.

<sup>11</sup> "Multinational" for Standard & Poor's and Moody's ratings is defined as all issues with collateral located in multiple countries. All CDOs are also included in this category.

## CREDIT QUALITY - RATING CHANGES

### Upgrades/Downgrades by Collateral<sup>1</sup>

#### 3.4. Fitch Ratings – Europe<sup>2</sup>

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL
Auto	1/0	0/0	0/0	3/6	4/6
Credit Card	0/0	0/0	0/0	0/9	0/9
Other ABS <sup>2</sup>	3/21	1/6	6/7	2/7	12/41
CDO	0/10	3/117	7/179	2/391	12/697
CMBS	5/12	8/4	3/24	3/35	19/75
RMBS (prime)	12/0	16/27	22/10	23/30	73/67
RMBS (non-conforming)	15/18	5/5	25/6	19/250	64/279
Total	36/61	33/159	63/226	52/728	184/1174

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL
0/0	3/0	1/0	2/0	6/0
0/0	0/0	0/0	0/0	0/0
0/0	13/0	14/9	4/8	31/17
26/18	23/2	23/32	20/128	92/80
23/1	8/6	19/3	16/0	66/10
50/0	19/4	40/0	91/2	200/6
17/0	12/0	27/0	29/1	85/1
116/19	78/12	124/44	162/139	480/214

#### 3.5. Moody's Investors Service – Europe

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL
Auto	1/0	1/0	0/0	0/4	2/4
CDO	11/247	57/556	8/325	1/1006	77/2134
CMBS	2/0	9/34	0/7	0/36	11/77
Credit Card	3/0	0/0	0/0	0/22	3/22
RMBS (prime)	0/3	0/10	0/7	0/54	0/74
RMBS (non-conforming)	5/7	0/55	0/27	0/82	5/171
Total	22/257	67/655	8/366	1/1204	98/2482

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL
0/0	0/0	0/0	1/0	1/0
74/36	48/42	28/73	65/84	215/235
10/2	14/0	10/3	8/1	42/6
0/0	0/0	0/0	0/0	0/0
17/0	0/0	0/0	1/1	18/1
0/0	0/0	0/0	6/8	6/8
101/38	62/42	38/76	81/94	282/250

#### 3.6. Standard & Poor's – Europe

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL
Auto	4/0	0/0	4/0	4/10	12/10
CDO	25/475	16/550	68/387	12/1647	121/3059
CMBS	4/0	10/21	1/15	0/67	15/103
Credit Card	0/0	0/0	0/0	0/0	0/0
RMBS (prime)	7/2	6/0	16/35	10/51	39/88
RMBS (non-conforming)	0/1	25/4	0/28	4/90	29/123
Total	40/478	57/575	89/465	30/1865	216/3383

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL
0/0	1/0	0/0	1/0	2/0
67/55	46/60	56/72	38/144	207/331
14/10	13/4	9/1	10/0	46/15
0/0	0/0	0/0	0/0	0/0
26/0	8/3	17/3	16/0	67/6
1/0	0/0	2/0	13/0	16/0
108/65	68/67	84/76	78/144	338/352

#### 3.7. Fitch Ratings – US

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL
Auto	8/34	6/26	13/0	9/4	36/64
Credit Card	0/3	0/1	0/18	1/0	1/22
Other ABS <sup>2</sup>	242/467	10/248	10/39	8/21	270/775
CDO	0/155	18/486	8/771	2/293	28/1705
CMBS	69/39	132/69	67/78	29/287	297/473
RMBS (prime)	11/100	0/26	2/1961	0/9	13/2096
RMBS (subprime)	0/3683	0/2939	0/30	0/4209	0/10861
Other RMBS <sup>3</sup>	5/420	0/1974	23/3103	45/6182	73/11679
Total	335/4901	166/5769	123/6000	94/11005	718/27675

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL
26/0	35/0	29/0	5/0	95/0
0/0	14/2	0/0	0/0	14/2
10/25	40/5	32/10	43/20	125/60
16/18	103/29	81/228	18/905	218/1180
284/6	265/13	172/11	55/40	776/70
110/2	38/1	18/0	11/20	177/23
139/128	127/501	1/1746	0/1354	267/3729
69/42	15/92	2/58	0/760	86/252
654/221	637/643	335/2053	132/3099	1758/6016

#### 3.8. Moody's Investors Service – US

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL
Auto	0/49	26/79	0/4	3/123	29/255
CDO	3/1637	2/3227	69/1326	17/2552	91/8742
CMBS	93/76	142/47	188/128	26/188	449/439
Credit Card	0/1	0/6	0/34	0/5	0/46
RMBS	15/2988	53/13204	156/8053	70/15838	294/40083
Total	111/4751	223/16563	413/9545	116/18706	863/49565

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL
0/0	52/0	1/0	40/0	93/0
74/29	20/7	2/103	15/1387	111/1526
259/30	161/17	294/18	163/12	877/77
68/0	0/0	0/0	0/0	68/0
46/99	46/356	265/1498	97/6099	454/8052
447/158	279/380	562/1619	315/7498	1603/9655

#### 3.9. Standard & Poor's – US

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL
Auto	6/80	6/74	2/1	12/12	26/167
CDO	40/3231	31/1655	62/2501	120/3035	253/10442
CMBS	84/54	35/216	55/571	15/103	189/944
Credit Card	0/0	0/1	0/19	0/0	0/20
RMBS (prime)	80/85	31/637	7/677	39/88	157/1478
RMBS (subprime)	6/5433	3/2320	0/5083	29/123	38/12959
Total	216/8883	106/4903	126/8852	215/3361	663/26010

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL
15/0	58/0	23/0	28/2	124/2
80/42	104/142	41/340	79/1168	304/1692
133/29	216/31	174/16	125/52	648/128
40/0	0/3	26/0	2/0	68/3
106/8	35/5	140/16	51/15	332/44
44/115	1/191	3/858	7/3504	55/4668
418/194	414/372	407/1230	292/4741	1531/6537

Source: Fitch Ratings, Moody's Investors Service, Standard & Poor's

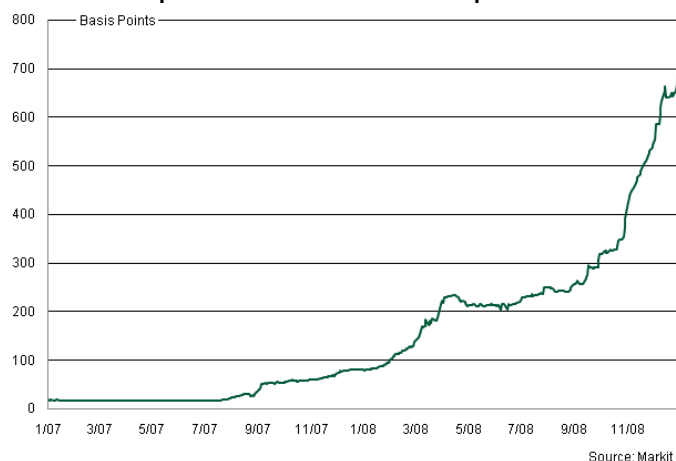
<sup>1</sup> Each box contains two numbers: Upgrades followed by Downgrades. Because the three credit rating agencies track different securities and apply slightly different rating criteria, these numbers are not directly comparable.

<sup>2</sup> May include student loans, equipment leases, home equity, and other.

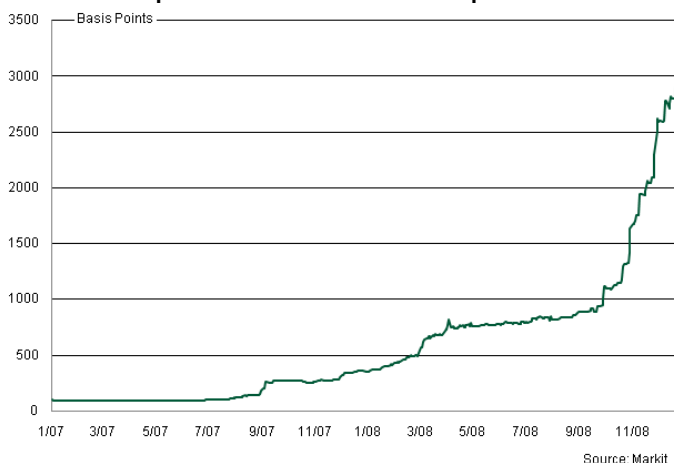
<sup>3</sup> May include other types of RMBS transactions such as ALT-A, reverse mortgages, government RMBS, etc.

## CMBS SPREADS

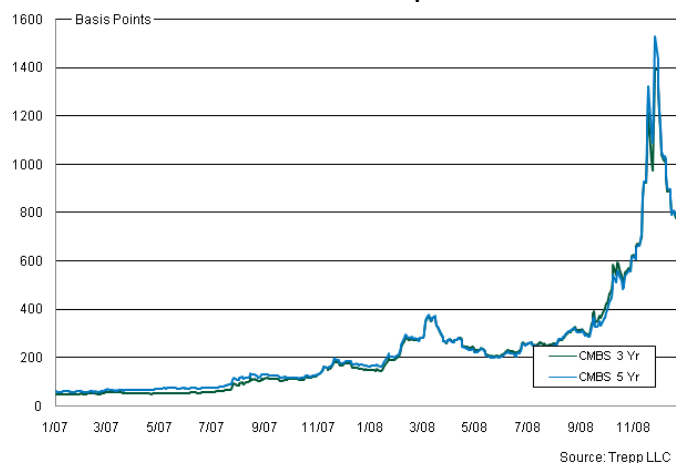
### 4.1. European 3-5 Yr AAA CMBS Spreads<sup>1</sup>



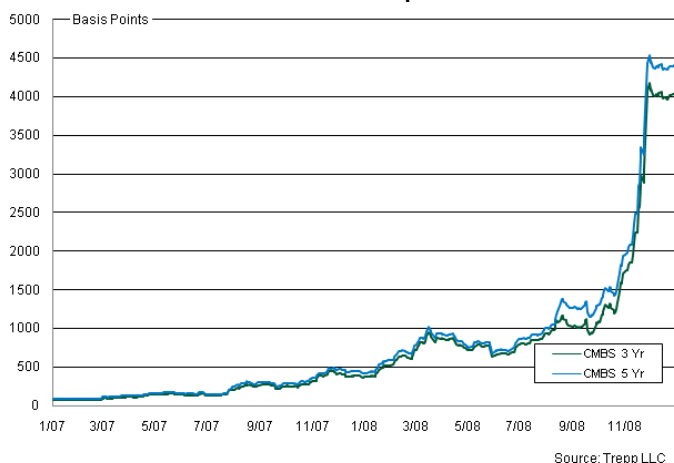
### 4.2. European 3-5 Yr BBB CMBS Spreads<sup>1</sup>



### 4.3. US 3 & 5 Yr AAA CMBS Spreads<sup>2</sup>



### 4.4. US 3 & 5 Yr BBB CMBS Spreads<sup>2</sup>



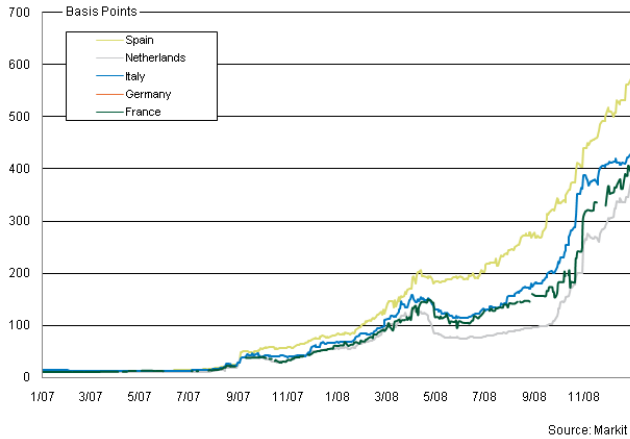
<sup>1</sup> Markit provides independent composite spread levels which are calculated from dealer contributions and are subject to multiple cleaning algorithms. These levels are equivalent to the 'discount margin' which is defined as the effective spread to maturity of a floating rate security after discounting the yield value of a price other than par over the life of a security.

<sup>2</sup> US CMBS spreads are quoted for fixed rate bonds as the spread to the yield on US Treasury Bonds with the same average life as the CMBS bond.

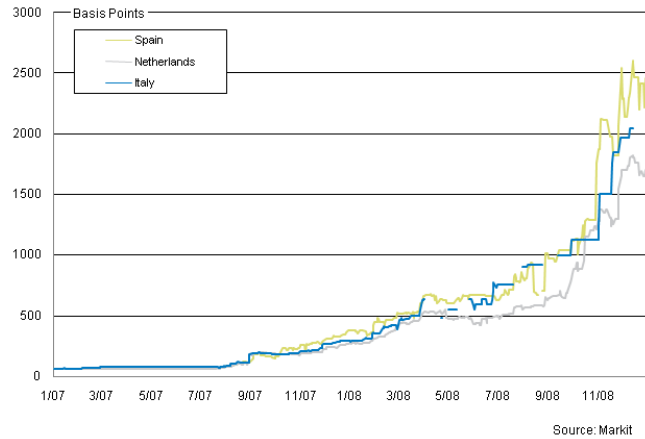
Note: Gaps in data availability occur in some places and result in linebreaks for those data series.

## RMBS SPREADS

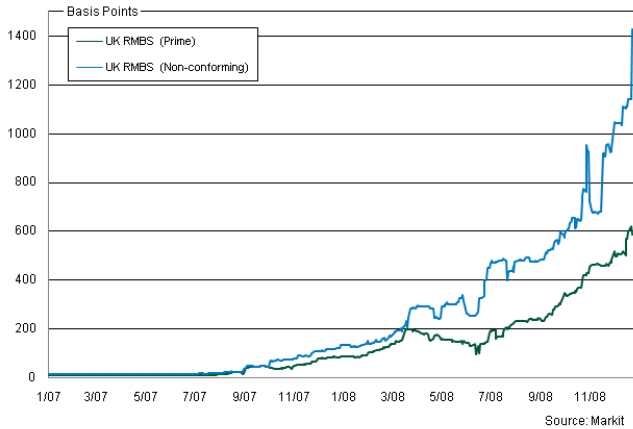
### 5.1. European 3-5 Yr AAA RMBS Spreads<sup>1</sup>



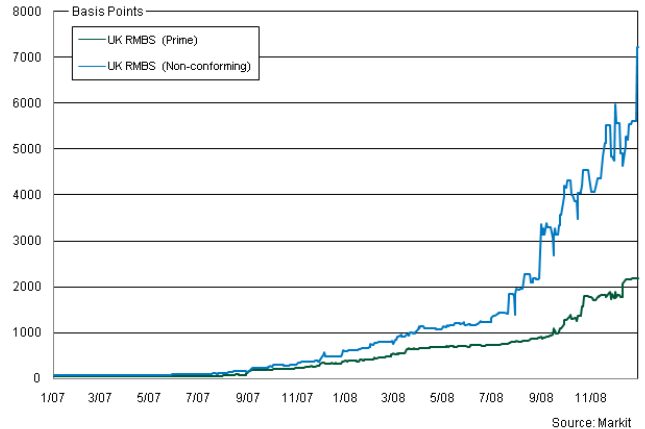
### 5.2. European 3-5 Yr BBB RMBS Spreads<sup>1,2</sup>



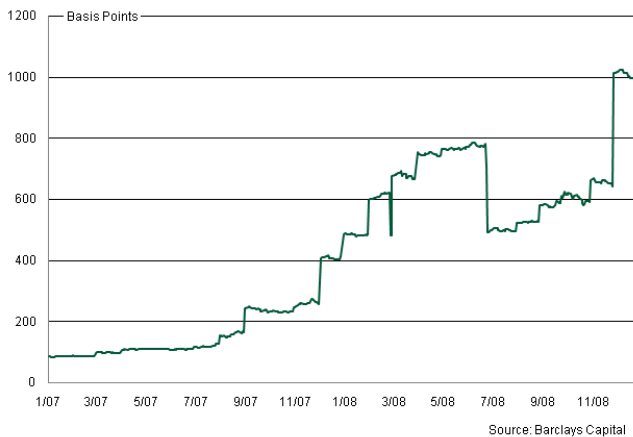
### 5.3. UK 3-5 Yr AAA RMBS Spreads<sup>1</sup>



### 5.4. UK 3-5 Yr BBB RMBS Spreads<sup>1</sup>



### 5.5. US AAA Subprime Home Equity Spreads<sup>3</sup>



<sup>1</sup> Markit provides independent composite spread levels which are calculated from dealer contributions and are subject to multiple cleaning algorithms. These levels are equivalent to the 'discount margin' which is defined as the effective spread to maturity of a floating rate security after discounting the yield value of a price other than par over the life of a security.

<sup>2</sup> French 3-5 year BBB RMBS credit spreads are unavailable.

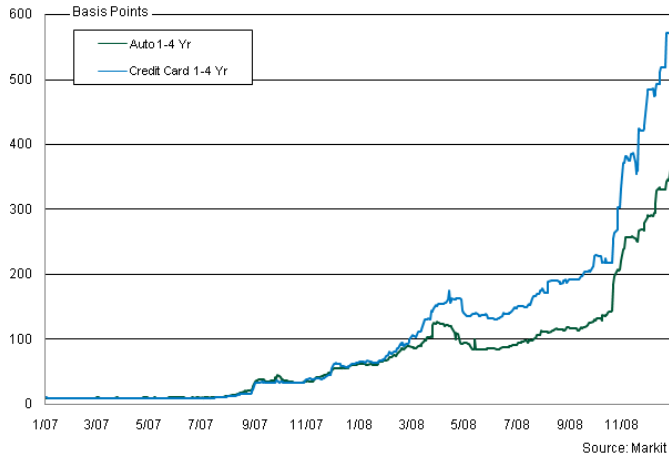
<sup>3</sup> Spread data is calculated over LIBOR. Fifty-five bonds in the US ABS HE Aaa Index (approximately 28% of the index) were downgraded from Aaa on 24 June 2008 and therefore exited the Aaa-rate index on the close of business that day. The average OAS of the 55 downgraded bonds was 1,240 bps, while the average OAS of the remaining Aaa-rated bonds was 494 bps. Therefore, as those higher OAS downgraded bonds exited the index, there was significant tightening in the index on 25 June from 24 June; however, the average OAS of the remaining Aaa-rated bonds in the index did not move between those two days.

Note: Gaps in data availability occur in some places and result in linebreaks for those data series.

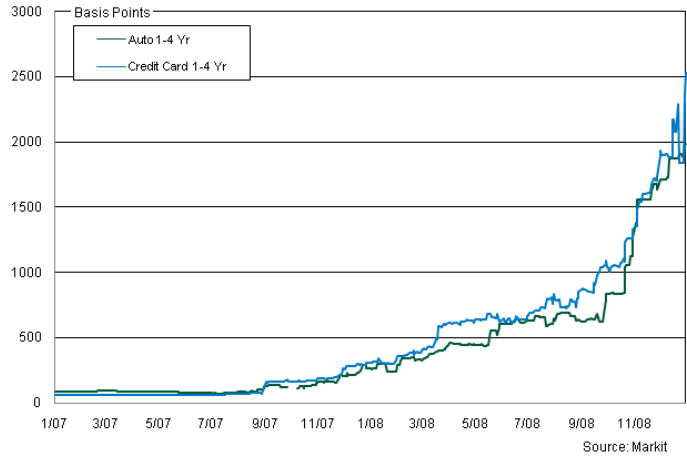


## ABS SPREADS

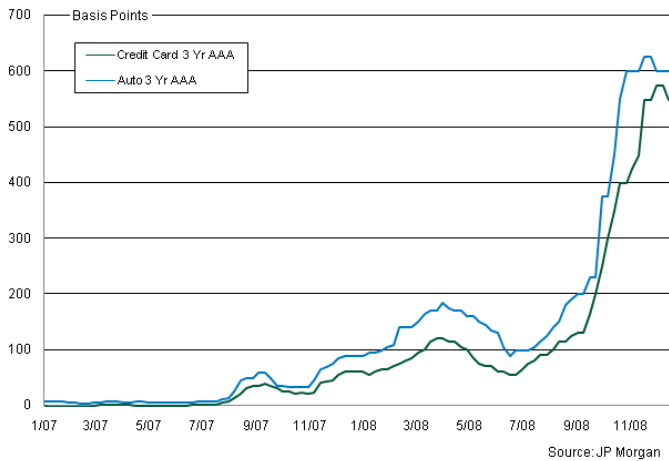
### 6.1. European 1-4 Yr AAA ABS Spreads<sup>1</sup>



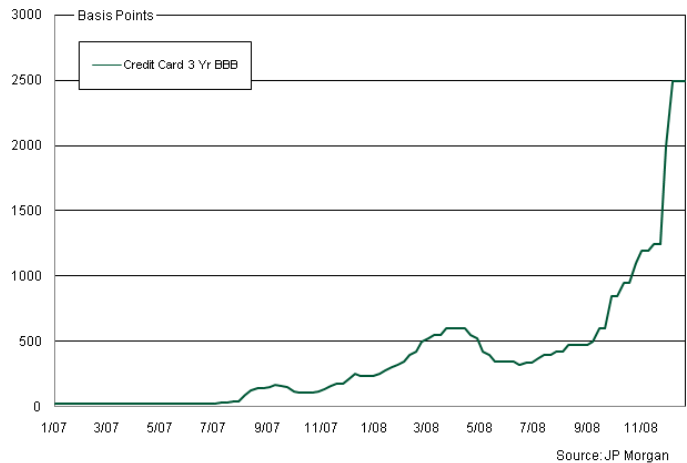
### 6.2. European 1-4 Yr BBB ABS Spreads<sup>1</sup>



### 6.3. US 3 Yr AAA ABS Spreads<sup>2</sup>



### 6.4. US 3 Yr BBB ABS Spreads



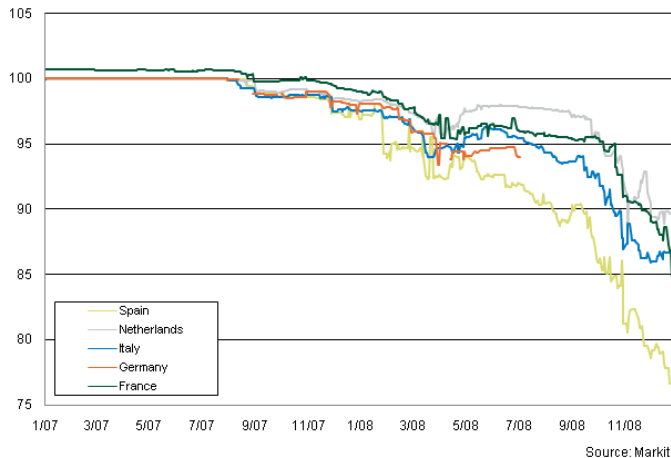
<sup>1</sup> Markit provides independent composite spread levels which are calculated from dealer contributions and are subject to multiple cleaning algorithms. These levels are equivalent to the 'discount margin' which is defined as the effective spread to maturity of a floating rate security after discounting the yield value of a price other than par over the life of a security.

<sup>2</sup> US ABS spreads have been replaced with data sourced from JP Morgan for this data report as well as for future releases. US 3 Yr Auto ABS BBB spreads are not available.

Note: Gaps in data availability occur in some places and result in linebreaks for those data series.

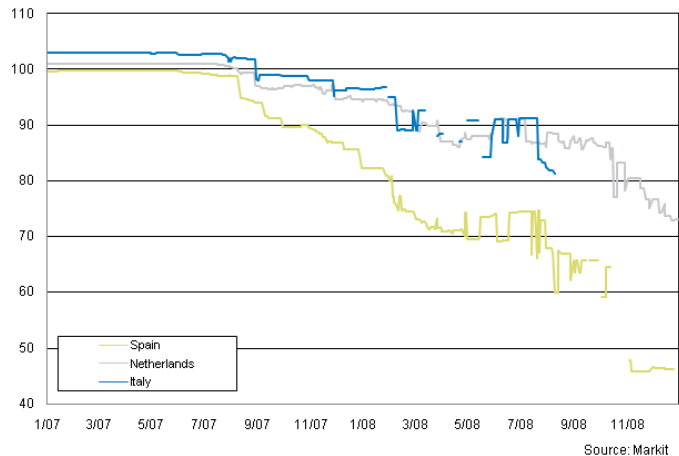
## RMBS PRICES

### 7.1. European 3-5 Yr AAA RMBS Prices<sup>1,2</sup>



1. Spanish AAA RMBS provided: IM Pastor 3, Fondo de Titulizacion Hipotecaria, Class A, Series 3. ISIN# ES0347862007. EUR-denominated.
2. Dutch AAA RMBS provided: Saecure 5 B.V. Class A, Series 1. ISIN# XS0217032738. EUR-denominated.
3. Italian AAA RMBS provided: Vela Home S.r.l. 3, Class A, Series 3. ISIN# IT0003933998. EUR-denominated.
4. German AAA RMBS provided: Hallam Finance plc, Class A, Series 1. ISIN# XS0206470865. EUR-denominated.
5. French AAA RMBS provided: FCC Loggias Compartment 2003, Class A, Series 1. ISIN# FR0010029231. EUR-denominated.

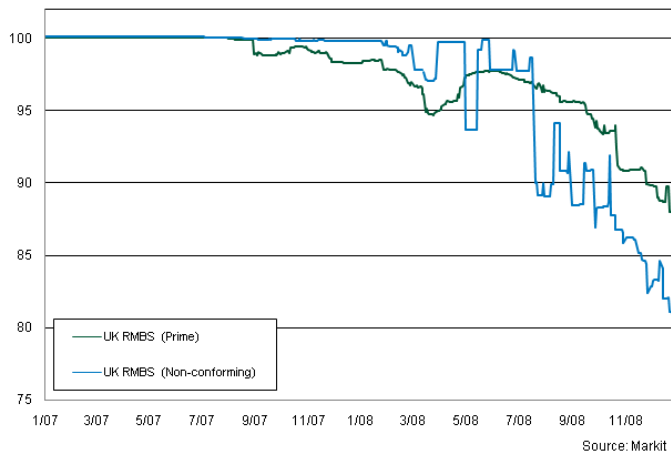
### 7.2. European 3-5 Yr BBB RMBS Prices<sup>1,3</sup>



1. Spanish BBB RMBS provided: Hipocat 8, Fondo de Titulizacion Activos, Class D, Series 1: ISIN# ES0345784047. EUR-denominated.
2. Dutch BBB RMBS provided: Dutch Mortgage Portfolio Loans IV B.V., Class C, Series 1. ISIN# XS0194097670. EUR-denominated.
3. Italian BBB RMBS provided: IntesaBci Sec. 2 S.r.l., Class C, Series 1. ISIN# IT0003428635. EUR-denominated.

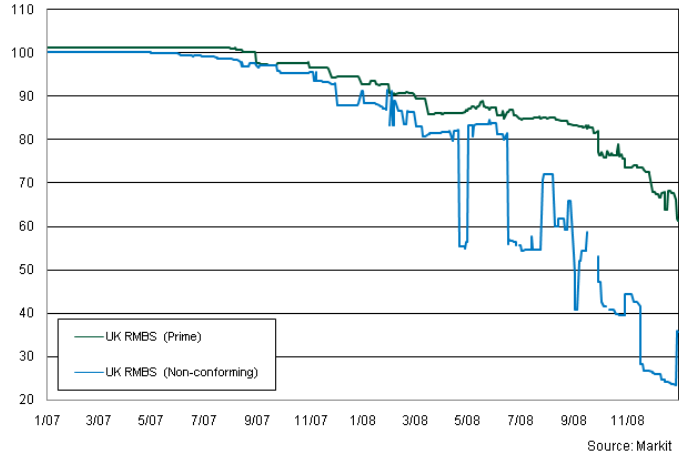
Note: French and German 3-5 Yr BBB RMBS data are not available.

### 7.3. UK 3-5 Yr AAA RMBS Prices<sup>1</sup>



1. UK AAA prime RMBS provided: Permanent Financing (No. 9) PLC, Class 4A, Series 9. ISIN# XS0248264060. EUR-denominated.
2. UK AAA subprime RMBS provided: First Flexible No. 4 Plc, Class A, Series 1. ISIN# XS0132692384. GBP-denominated.

### 7.4. UK 3-5 Yr BBB RMBS Prices<sup>1</sup>



1. UK BBB prime RMBS provided: Permanent Financing (No. 5) PLC, Class C, Series 5. ISIN# XS0197070831. GBP-denominated.
2. UK BBB subprime RMBS provided: Leek Finance Number Sixteen Plc, Class Cc, Series 1. ISIN# XS0232829332. EUR-denominated.

<sup>1</sup> Markit prices: Independent composite prices levels are calculated from dealer contributions which have been subject to multiple cleaning algorithms for one sample bond per sector and ratings category where possible. According to the rules we have agreed on previously, the security we have chosen receives the greatest number of contributions for a bond matching the criteria and must receive at least 3 individual contributions. We have included data from the start of 2007 to present.

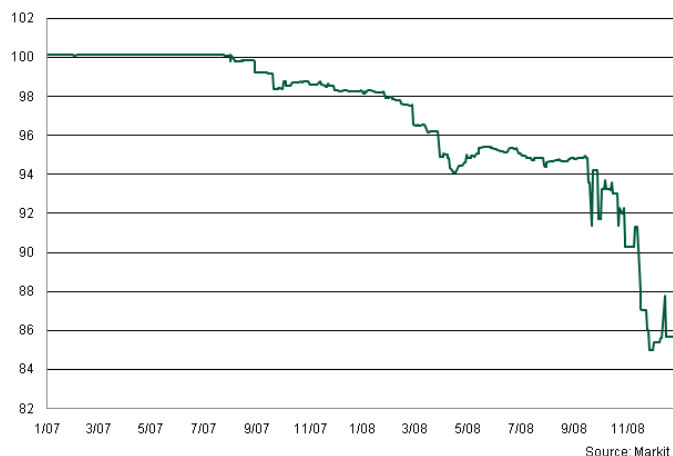
<sup>2</sup> A composite level of prices for Germany 3-5 year AAA RMBS could not be formed after 7 July 2008.

<sup>3</sup> A composite level of prices for Italy 3-5 year BBB RMBS could not be formed for after 11 August 2008.

Note: Gaps in data availability occur in some places and result in linebreaks for those data series.

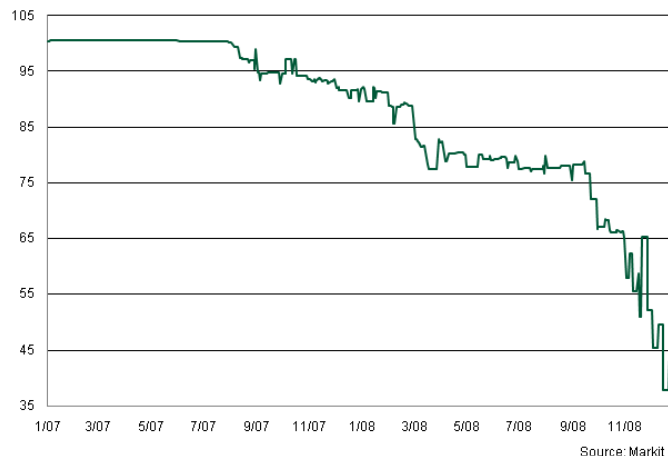
## CMBS AND ABS PRICES

### 8.1. Pan-European 3-5 Yr AAA CMBS Prices<sup>1</sup>



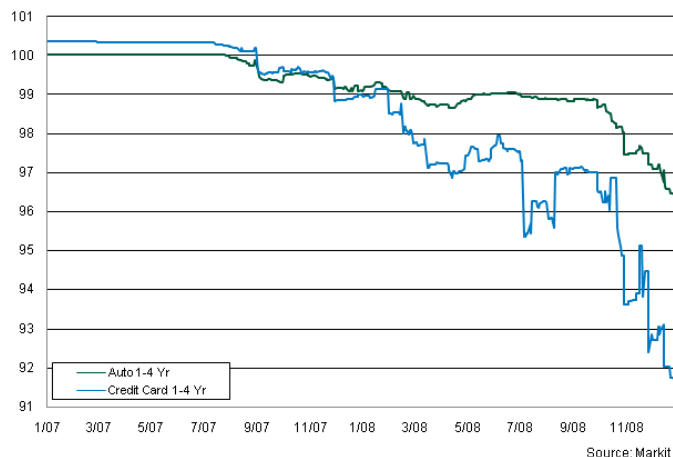
Pan-European AAA CMBS provided: Opera Finance (Lakeside) Plc, Class A, Series 1. ISIN# XS0198555202. GBP-denominated.

### 8.2. Pan-European 3-5 Yr BBB CMBS Prices<sup>1</sup>



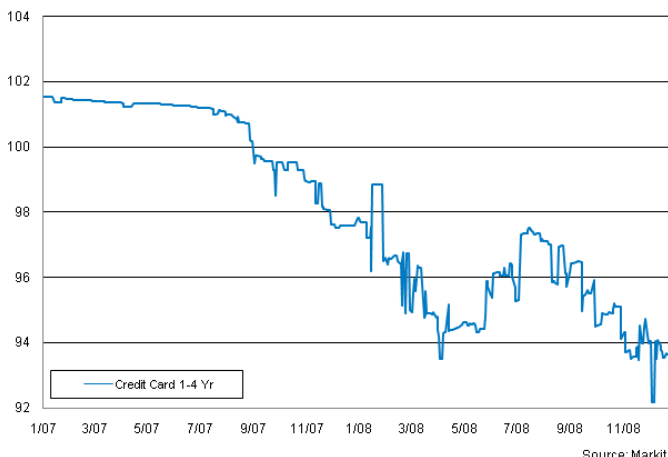
Pan-European BBB CMBS provided: German Residential Asset Note Distributor Plc, Class D, Series 1. ISIN# XS0260143101. EUR-denominated.

### 8.3. Pan-European 1-4 Yr AAA ABS Prices<sup>1</sup>



1. Pan-European AAA Auto ABS provided: Driver Two GmbH, Class A, Series 1. ISIN# XS0228171673. EUR-denominated.
2. Pan-European AAA Credit Card ABS provided: Chester Asset Receivables Dealings 2003-C PLC, Class A, Series UK2003-C. ISIN# XS0178090162. EUR-denominated.

### 8.4. Pan-European 1-4 Yr BBB ABS Prices<sup>1</sup>



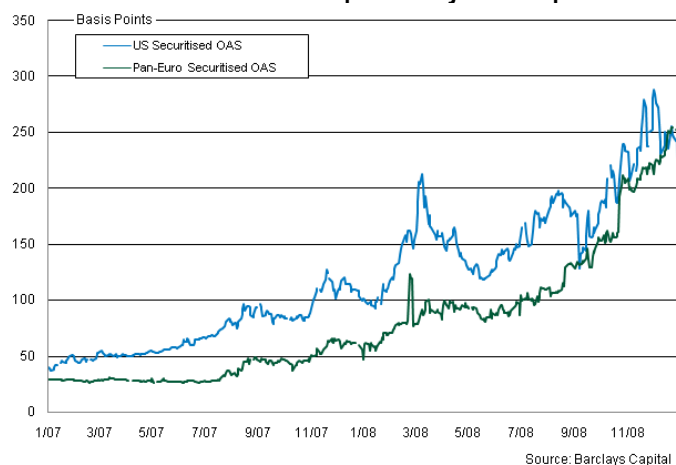
1. Pan-European BBB Credit Card ABS provided: Chester Asset Receivables Dealings 2002-A Plc (CARDS No. 02-A), Class C, Series UK2002-A. ISIN# XS0148915282. EUR-denominated.

Note: Pan-European 1-4 Yr BBB Auto ABS price data is not available.

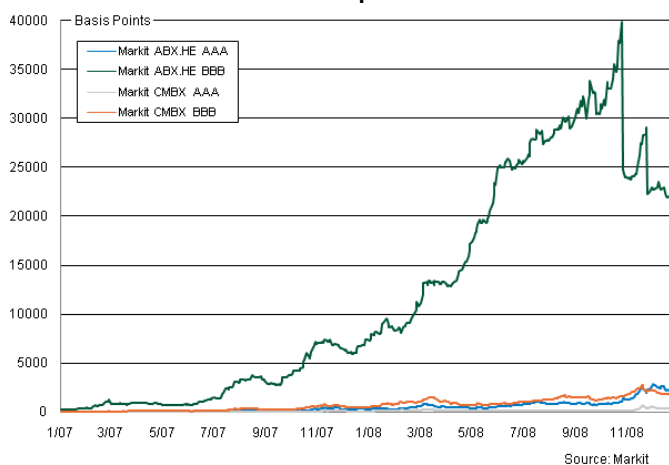
<sup>1</sup> Markit prices: Independent composite price levels are calculated from dealer contributions which have been subjected to multiple cleaning algorithms for one sample bond per sector and ratings category where possible. According to the rules we have agreed on previously, the security we have chosen receives the greatest number of contributions for a bond matching the criteria and must receive at least 3 individual contributions. We have included data from start of 2007 to present.

Note: Gaps in data availability occur in some places and result in linebreaks for those data series.

## 9.1. Securitised Index Option Adjusted Spreads



## 9.2. ABX.HE and CMBX Spreads



Note: Gaps in data availability occur in some places and result in linebreaks for those data series.

## ASSET-BACKED COMMERCIAL PAPER

€ BILLIONS<sup>1</sup>

### 10.1. European ABCP Historical Issuance

	Q1	Q2	Q3	Q4	TOTAL <sup>2</sup>
2004	28.2	29.7	35.8	37.8	131.5
2005	44.9	52.4	51.2	46.6	195.1
2006	61.6	65.8	76.1	84.7	288.2
2007	111.0	108.5	100.9	129.9	450.2
2008	75.0	66.8	73.8	86.2	301.8

### 10.2. European ABCP Issuance by Nationality of Issuer<sup>3</sup>

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL <sup>2</sup>
France	5.1	8.4	13.4	30.0	56.9
Germany	7.8	9.0	7.1	9.9	33.8
Ireland	34.8	32.5	28.7	24.3	120.3
Luxembourg	0.3	0.3	0.2	0.2	1.0
Netherlands	6.3	1.4	0.6	0.8	9.1
UK	20.7	15.4	23.8	20.9	80.8
Total <sup>2</sup>	75.0	66.8	73.8	86.2	301.8

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL <sup>2</sup>
5.9	5.4	5.9	5.4	22.7
8.6	8.8	10.4	9.7	37.5
63.4	60.0	42.2	62.1	227.7
1.4	1.0	0.7	0.3	3.4
7.0	7.9	8.3	27.7	50.9
24.7	25.4	33.3	24.7	108.1
111.0	108.5	100.9	129.9	450.2

### 10.3. European ABCP Issuance by Programme Type

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL <sup>2</sup>
SIVs	6.6	4.6	0.6	0.6	12.5
Single-Seller Conduits	0.5	0.3	0.2	0.2	1.2
Multi-Seller Conduits	41.5	46.4	54.7	68.7	211.3
Unspecified	26.4	15.5	18.3	16.6	76.9
Total <sup>2</sup>	75.0	66.8	73.8	86.2	301.8

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL <sup>2</sup>
3.3	6.0	5.4	11.7	26.4
5.3	4.6	1.7	0.3	11.8
43.0	47.1	55.3	50.7	196.1
59.5	50.8	38.5	67.2	216.0
111.0	108.5	100.9	129.9	450.2

### 10.4. ABCP Outstandings by Nationality of Issuer

	2008:Q1	2008:Q2	2008:Q3	2008:Q4
France	2.3	2.3	3.0	1.6
Germany	3.7	3.3	4.0	3.0
Ireland	10.1	10.1	8.9	8.1
Luxembourg	0.1	0.1	0.1	0.1
Netherlands	0.8	0.6	0.3	0.2
UK	9.6	5.9	6.5	1.4
European Total <sup>2,4</sup>	26.7	22.3	22.7	14.3
US Total <sup>1,2,5</sup>	318.4	327.0	392.7	

2007:Q1	2007:Q2	2007:Q3	2007:Q4
2.8	2.4	2.6	1.1
3.7	3.7	4.9	4.3
30.7	26.5	21.7	12.4
0.5	0.4	0.2	0.1
4.6	4.5	3.6	2.5
15.8	15.7	13.4	9.0
58.1	53.1	46.3	29.4
507.3	532.2	470.6	392.1

Source: Dealogic, Moody's Investors Service

<sup>1</sup> All volumes are denominated in euro. The US volumes were converted from dollar to euro based on the \$/€ exchange rates as of quarter-end.

<sup>2</sup> Numbers may not add due to independent rounding. Historical or prior period numbers are revised to reflect changes in classification, refined selection methodology, or information submitted to our data source after the prior period cut-off dates.

<sup>3</sup> Dealogic provides the issuer's nationality as the country in which the SPV is domiciled. This data does not represent the seller-servicers of the underlying assets or the bank conduits for ABCP deals.

<sup>4</sup> Outstanding data is restricted to nationality of the issuer to determine the country of collateral. Dealogic provides the issuer's nationality as the country in which the SPV is domiciled.

<sup>5</sup> US ABCP outstanding data is not available for 4Q 2008.

## ASSET-BACKED COMMERCIAL PAPER

€ BILLIONS<sup>1</sup>

### 10.5. European ABCP Outstandings by Programme Type<sup>2</sup>

	2008:Q1	2008:Q2	2008:Q3	2008:Q4
<b>SIVs</b>	1.9	1.0	0.6	0.5
<b>Single-Seller</b>	0.2	0.1	0.1	0.1
<b>Multi-Seller</b>	15.2	15.1	16.3	9.9
<b>Unspecified</b>	9.4	6.1	5.8	3.8
<b>Total</b>	26.7	22.3	22.7	14.3

2007:Q1	2007:Q2	2007:Q3	2007:Q4
1.9	1.1	3.0	2.4
4.5	4.7	2.4	0.4
20.6	19.8	21.9	15.2
31.1	27.4	19.0	11.4
58.1	53.1	46.3	29.4

### 10.6. US ABCP Outstandings by Programme Type<sup>4,6</sup>

	2008:Q1	2008:Q2	2008:Q3	2008:Q4
<b>Loan-Backed</b>	1.9	2.0	2.2	
<b>SIVs</b>				
<b>Single-Seller</b>	34.3	38.8	47.0	
<b>Multi-Seller</b>	257.2	256.6	304.1	
<b>Unspecified<sup>5</sup></b>	25.0	29.7	39.5	
<b>Total<sup>1,3,5</sup></b>	318.4	327.0	392.7	

2007:Q1	2007:Q2	2007:Q3	2007:Q4
2.8	2.6	2.4	2.2
			0.3
112.7	111.4	74.8	40.7
300.5	333.8	319.6	291.2
91.5	84.3	73.8	57.6
507.3	532.2	470.6	392.1

Source: Dealogic, Moody's Investors Service

<sup>1</sup> All volumes are denominated in euro. The US volumes were converted from dollar to euro based on the \$/€ exchange rates as of quarter-end.

<sup>2</sup> Dealogic classifies ABCP programmes as European based on the nationality of SPVs.

<sup>3</sup> Numbers may not add due to independent rounding. Historical or prior period numbers are revised to reflect changes in classification, refined selection methodology, or information submitted to our data source after the prior period cut-off dates.

<sup>4</sup> Based on US ABCP programmes rated by Moody's NY office ABCP Program Index, regardless of market. Therefore, some euro-denominated ABCP may be included in this figure.

<sup>5</sup> Includes arbitrage and hybrid programme types.

<sup>6</sup> US ABCP outstanding data is not available for 4Q 2008.

### 10.7. ABCP Outstanding Assets Split by Country<sup>1</sup>

Country	
<b>United States</b>	28.3%
<b>United Kingdom</b>	18.5%
<b>Global<sup>2</sup></b>	11.8%
<b>Netherlands</b>	10.6%
<b>Germany</b>	6.8%
<b>Europe<sup>3</sup></b>	5.0%
<b>France</b>	4.4%
<b>Others</b>	14.5%
<b>Total</b>	100.0%

Source: Moody's Investors Service

<sup>1</sup> Percentages shown are as of July 2008.

<sup>2</sup> Refers to ABCP with assets originating from multiple countries, at least one of which is outside Europe.

<sup>3</sup> Refers to ABCP with assets originating from multiple European countries.

### 10.8. US ABCP to AA Non-financial CP Spread



Source: Federal Reserve

## GLOBAL COMPARATIVE DATA

€ BILLIONS<sup>1</sup>

### 11.1. Global Securitisation Issuance<sup>2</sup>

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL <sup>1</sup>
<b>US</b>	74.6	82.7	39.3	8.0	204.6
<b>Europe</b>	12.3	8.1	6.8	27.8	55.0
<b>Asia</b>	7.6	8.5	7.4	7.0	30.5
<b>Total<sup>1</sup></b>	94.4	99.3	53.5	42.8	290.0

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL <sup>1</sup>
440.3	435.3	187.1	101.2	1164.0
123.2	125.9	60.1	24.1	333.3
18.8	26.6	9.2	12.4	67.1
582.4	587.9	256.5	137.6	1564.4

### 11.2. Global Corporate Bond Issuance<sup>3</sup>

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL <sup>1</sup>
<b>US</b>	102.7	139.3	36.7	126.2	404.8
<b>Europe</b>	122.0	268.0	113.5	132.5	636.1
<b>Asia</b>	40.6	62.4	52.2	56.9	212.0
<b>Total<sup>1</sup></b>	265.3	469.7	202.4	315.6	1252.9

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL <sup>1</sup>
164.4	145.9	113.4	91.3	515.0
228.4	209.3	85.6	111.6	634.9
46.4	49.2	36.8	50.5	182.9
439.2	404.4	235.8	253.4	1332.8

### 11.3. Global Government Bond Issuance<sup>4</sup>

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL <sup>1</sup>
<b>US</b>	179.7	145.7	68.6	50.2	444.2
<b>Europe</b>	83.6	80.3	38.2	39.7	241.8
<b>Asia</b>	16.2	17.9	17.3	26.8	78.1
<b>Total<sup>1</sup></b>	279.4	244.0	124.1	116.7	764.1

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL <sup>1</sup>
94.4	105.4	85.8	111.8	397.3
81.9	67.7	28.2	32.4	210.2
16.6	16.0	12.5	14.6	59.8
192.8	189.1	126.6	158.9	667.3

Source: Dealogic

<sup>1</sup> US and Asian volumes were converted to euro based on the average exchange rate of the currency of issue to euro over each given quarter. Historical or prior period numbers are revised to reflect changes in classification, refined selection methodology, or information submitted to our data source after the prior period cut-off dates.

<sup>2</sup> Global securitisation issuance includes ABS & MBS, both public and private placements, but excludes any retained volumes. Asia numbers include Japan.

<sup>3</sup> Global corporate bond issuance is for investment grade bonds, public placements only. Asia numbers include Japan.

<sup>4</sup> Global government bond issuance includes all agency and non agency issuances and does not include supranationals. Asia numbers include Japan.



# Summary of the Methodologies Adopted for this Report

## 1. Issuance

### 1.1. – 1.2. European and US Historical Issuance (p. 3)

The tables covering historical issuance in Europe and the US are denominated in euro. The historical issuance volume is the total calculated by adding all transactions in different asset classes including, among others, asset-backed securities (ABS), collateralised debt obligations (CDOs), commercial mortgage-backed securities (CMBS), and residential mortgage-backed securities (RMBS). Please note that numbers may not add due to independent rounding and that historical or prior period numbers are revised to reflect changes in classification, refined selection methodology, or information submitted to our data source after the prior period cut-off dates.

### 1.3. - 1.4. Issuance by Collateral (p. 3)

The European issuance volumes are determined based on the review of four data sources: Bloomberg, JP Morgan, Merrill Lynch and Thomson Reuters. RMBS, CMBS and ABS are defined as European by having underlying assets located in a European country. European securities included in the calculation are the ones for which there is a specific match in terms of size, name, country of collateral and collateral type from at least two sources. Those securities that fail to meet this criteria are excluded. With respect to CDOs, securities are designated as European if they are issued in euro, regardless of their country of collateral, due to the limited amount of CDOs denominated in European currencies other than the euro. The data is provided by Thomson Reuters.

The US non-agency RMBS, CMBS, ABS and CDO issuance data source is Thomson Reuters. Agency mortgage-backed securities (MBS) are defined as securities issued by Fannie Mae, Freddie Mac, and Ginnie Mae and are acquired from company statements. US issuance data is generally based on the sum of securities with US collateral; agency issuance numbers do not include securitisations of existing agency securities. US CDO data is defined as USD-denominated CDOs regardless of the country of collateral. The US issuance data is converted to euros based on the USD to EUR exchange rate at each quarter-end indicated below.

The end-of-quarter USD to EUR exchange rates used were 0.7488 for the first quarter of 2007, 0.7422 for the second quarter of 2007, 0.7012 for the third quarter of 2007, 0.6794 for the fourth quarter of 2007, 0.6333 for the first quarter of 2008, 0.6347 for the second quarter of 2008, 0.7096 for the third quarter of 2008, and 0.7156 for the fourth quarter of 2008. These same conversion rates, sourced from Bloomberg, are used on all US issuance and outstanding volume data.

### 1.5. Issuance by Country of Collateral (p. 4)

The tables covering issuance in the US and Europe are presented in euro. For Europe the information is segmented by country of collateral.

The European issuance is segmented by country to the extent that a determination can be made. Securities with the underlying collateral originating from more than one jurisdiction are categorised as Multinational. All CDOs are classified under this Multinational group due to the complexity involved in identifying origin of collateral for each specific tranche. The European issuance volumes are determined based on the review of four data sources: Bloomberg, JP Morgan, Merrill Lynch and Thomson Reuters.

US CDO data is defined as USD-denominated issues regardless of country of collateral.

### 1.6. Issuance by Collateral Type and Country of Collateral (p. 4)

Issuance information is further specified by country of collateral for European issuance only and by asset class. CDO classification is the same as above.

### 1.7. – 1.8. Issuance by Rating (p. 5)

Issuance is presented by credit rating classification (AAA; AA; A; BBB and Below; and Not Rated) on a quarterly basis for 2007 and 2008. The credit rating assigned is the lowest of the ratings provided by Fitch Ratings, Moody's Investors Service and/or Standard & Poor's. These ratings are intended to represent their corresponding equivalent at each agency; e.g., an AAA rating is equal to an Aaa Moody's rating, AA equal to Aa1, etc. Securities are classified 'Not Rated' if none of the credit rating agencies have provided an opinion on the underlying credit quality of a particular tranche, or if the ratings are unknown. US agency MBS issues are generally not rated and therefore grouped separately under Agency MBS.

### 1.9. Issuance by Deal Size (p. 5)

European and US securitisation issuance volume is segmented by transaction size based on data provided by Dealogic. The European data covers all asset classes and EUR-denominated CDOs. US non-Agency data includes ABS, non-agency CMBS and RMBS, and USD-denominated CDOs. US agency MBS, which includes agency CMBS and RMBS, is shown separately.

All data, except for CDOs, is included according to the country of collateral. The number of issues refers to the number of deals, not the number of tranches within each deal.

Dealogic data for retained deals is based on available information from both European and US dealers' syndicate desks. Further statistics on retained deals are added based on

intelligence from other market participants such as regulatory bodies and newswires across Europe.

## 2. Balances Outstanding

### 2.1. – 2.2. Outstandings by Collateral (p. 6)

The outstanding volumes are reported by asset class. Please note that subtotals may not add to totals due to independent rounding and that historical or prior period numbers are revised to reflect changes in classification, refined selection methodology, or information submitted to our data source after the prior period cut-off dates.

For Europe, balances outstanding are calculated by the principal balance outstanding on structured product transactions including public, private, rated, unrated, listed and unlisted securities derived from the Bloomberg database. Balances outstanding are determined by multiplying eligible securities by their pool factor for the quarter and sorted accordingly. Tranches that are non-EUR-denominated are converted to EUR by Bloomberg based on the exchange rate at the time of the pricing date (as specified by the lead manager/arranger), or, if missing, the issue date as specified in each security's original offering documentation. Securities included in the calculations, except for some CDOs, have collateral originating from at least one European country to the extent that a determination can be made. However, for ABS and MBS securities with collateral originating from multiple countries, or where the origin of the underlying collateral is undefined, the following selection criteria will apply: securities will only be considered eligible as European if they are denominated in a European currency, as defined below, and the country of issuer (considered to be the country in which the issuing SPV is registered) falls within Europe. In certain limited cases, the Channel Islands and the Cayman Islands are considered eligible as European jurisdictions for ABS and MBS products if underlying collateral is derived from a variety of jurisdictions and the original currency of issue is EUR only.

For our selection criteria, European currencies include the euro (EUR) and all predecessor currencies, as well as the Turkish lira (TRY), the Danish kroner (DKK), the Swedish krona (SEK), the British pound (GBP), and the Russian ruble (RUB).

Furthermore, our selection criteria considers Europe to include all European Economic Area (EEA) countries and certain non-EEA countries located on the geographic European continent. We have included Turkey, Kazakhstan, Iceland, Georgia and the Russian Federation in this criteria.

For the CDO sector, only EUR-denominated issuance is included, regardless of the country of collateral, due to the limited amount of CDOs denominated in European currencies other than the euro. However, the majority of US-issued, EUR-denominated CDOs with known non-European collateral have been excluded from consideration based on consultation with market participants at the time of the Q3 2007 Data Report production. Subsequent to this time, all

EUR-denominated CDOs are included irrespective of the country of collateral, in order to maximise the consistency of the deal selection criteria for inclusion.

CDO information does not include the notional amount of transactions referenced to bespoke portfolios of credit default swaps, which are called “single tranche” or “synthetic arbitrage CDOs” which can be found at [www.creditflux.com](http://www.creditflux.com).

The US outstanding calculations are based on information derived from Bloomberg for ABS; agency balance statements for agency MBS; Loan Performance for non-agency RMBS; and Federal Reserve and JP Morgan for non-agency CMBS. Specific assumptions are developed for prepayment and amortisation frequency based on consultations with the US dealer community. The following asset classes are segmented: agency MBS, non-agency RMBS, non-agency CMBS, and ABS. The agency MBS figures include both RMBS and CMBS. The ABS classification for the US includes CDOs, which contains USD-denominated CDOs regardless of the country of collateral. Non-agency CMBS does not include multifamily housing, which is included among outstanding MBS numbers.

### 2.3. Outstandings by Country of Collateral (p. 7)

The European outstanding volumes are segmented by country of collateral based on the above methodology. For our selection criteria, Europe is considered to include all European Economic Area (EEA) countries and certain non-EEA countries located on the geographic European continent. We have included Georgia, Iceland, Turkey, Kazakhstan and the Russian Federation in this criteria. In certain limited cases, the Channel Islands and the Cayman islands are considered eligible for ABS and MBS products if underlying collateral is derived from a variety of jurisdictions and the original currency of issue is EUR only. CDOs issued with collateral from non-European jurisdictions but issued in euro are included under the country category ‘Other’ for the purpose of determining outstanding balances by country. CDOs issued in EUR with either collateral from multiple jurisdictions or for which the underlying location of collateral is undefined are categorized under ‘Multinational’ for the purpose of determining outstanding balances by country. However, the majority of US-issued, EUR-denominated CDOs with known non-European collateral have been excluded from consideration based on consultation with market participants at the time of the Q4 2007 first Data Report production. Subsequent to this time, all EUR-denominated CDOs are included irrespective of the country of collateral, in order to maximise the consistency of the deal selection criteria for inclusion.

The US outstandings include both agency and non-agency securities.

### 2.4. – 2.5. Outstandings by Moody's Rating (p. 8)

The percentage rating distribution for Europe and the US is based on Moody's Investors Service data for balances

outstanding. The data provides current ratings as of the end of the quarter. The data presented is based on original issuance volumes for European and US securities, and therefore does not reflect amortised balances. Information on current ratings by outstanding volumes is not currently available. The Moody's data has been converted to percentages based on the original issuance size to make it easily comparable with the outstanding volumes provided in this report. Defaulted and unrated issues are excluded from this data.

## 2.6. Outstandings by Country and Collateral (p. 9)

Outstanding volumes are further specified by asset class and, for Europe only, by country of collateral. CDO selection criteria is the same as above.

## 3. Credit Quality – Rating Changes

### 3.1. – 3.3. Upgrades/Downgrades by Country (p. 10)

These tables present the aggregate number of upgrades and downgrades for securitisation (including CDOs) by country of collateral for European deals and in total for US deals. The information is based on data provided by Fitch Ratings, Moody's Investors Service and Standard & Poor's. The upgrade number is shown first followed by the downgrade number. The upgrades and downgrades of each of credit rating agency is shown in separate tables and presented as the number of rating changes. Because the credit rating agencies track different securities and apply different credit rating methodologies, these numbers are not directly comparable.

According to Moody's Investors Service, a security is classified as European or American based on if it is monitored out of Moody's office in Europe or the US. More specifically, European securities are classified within a particular country if all of its assets are located within that country.

The Multinational category includes CDOs and all other cross-jurisdictional securitisations for both Moody's Investors Service and Standard & Poor's. The Fitch Ratings Multinational classification includes cross-jurisdictional CMBS as well as the aggregated sum of rating actions in other countries including Austria, Belgium, Greece, Ireland, Portugal and the Russian Federation. Fitch Ratings assigns CDO issues to the country in which the majority of the underlying assets are located.

### 3.4. – 3.9. Upgrades/Downgrades by Collateral (p. 11)

These tables present aggregate upgrades and downgrades for securitisation and CDO issues by securitised product type for Europe and the US. The upgrade number is shown first followed by the downgrade number. The upgrades and downgrades of each agency are shown in separate tables and presented by number rating changes. For Fitch Ratings, the category Other RMBS includes other categories of RMBS transactions such as ALT-A, Reverse Mortgage, Government RMBS, etc. The category 'Other ABS' may include student loans and the whole business securitisations (WBS). For Moody's Investors Service, the total number of European upgrades/downgrades reported are not comparable with the

data presented by country because there may be securities that experience rating migrations that are backed by collateral originated from a country outside of those six specified.

## 4 - 6 Spreads

### 4.1. - 4.4. CMBS Spreads (p. 12)

These graphs present credit spread data for European and US AAA and BBB 3-5 Yr CMBS. European 3-5 year AAA & BBB CMBS data is provided by Markit. Composite spread levels are calculated from dealer contributions which have been subjected to multiple cleaning algorithms. Spread levels are equivalent to the discount margin. The discount margin is defined as the effective spread to maturity of a floating rate security after discounting the yield value of a price other than par over the life of the security. The spread calculation is based on data provided by dealer trading desks.

US CMBS 3 and 5 year spreads are provided by Trepp LLC. US CMBS spreads are quoted as fixed rate bonds based on the yield of US treasury bonds with the same average life.

### 5.1. - 5.5. RMBS Spreads (p. 13)

European RMBS credit spreads are provided for 3-5 year AAA and BBB securities based on data provided by Markit. European credit spreads cover Spain, Netherlands, Italy, Germany and France. The UK RMBS spreads are provided for both prime and non-conforming transactions. Markit spread calculations are based on data provided by dealer trading desks.

US subprime AAA home equity credit spreads are calculated over LIBOR and provided by Barclays Capital.

### 6.1. - 6.4. ABS Spreads (p. 14)

European ABS credit spreads are provided for 1-4 year AAA and BBB securities based on data provided by Markit based on the same calculations described above.

US spreads reflect levels for AAA autos, AAA credit cards, and BBB credit cards; spreads are fixed against swaps and are provided by JP Morgan.

## 7 - 8 Prices

### 7.1. – 7.4. RMBS Prices (p. 15)

These graphs represent price data for specific European and UK RMBS selected as benchmarks in the respective jurisdictions. The price calculations are provided by Markit and are based on data provided by dealer trading desks.

### 8.1. - 8.4. CMBS and ABS Prices (p. 16)

These graphs represent price data for specific pan-European CMBS and ABS selected as benchmarks in the respective jurisdictions. The price calculations provided by Markit and are based on data provided by dealer trading desks.

### 9.1. - 9.2. Indices Data (p. 17)

The first graph presents daily spreads provided by Barclays Capital for Europe and US ABS indexes from a cross-section of securitised products.



The second graph presents daily spreads provided by Markit for the benchmark AAA- and BBB-rated US ABX and CMBX derivative indices. The ABX (ABX.HE) is an index from reference obligations issued by twenty issuers of RMBS that meet the criteria specified in the ABX.HE Index Rules. The majority of the mortgages backing the security underlying must be first-liens. The index calculation is based on the Markit proprietary methodology calculating the contributed prices from dealers. The CMBX follows a similar methodology as an index for credit derivatives of US CMBS issues. The ABX and CMBX are widely followed benchmarks in the securitised marketplace for subprime RMBS and CMBS market sectors, respectively.

## 10. Asset-Backed Commercial Paper (ABCP)

### 10.1. – 10.2. ABCEP Historical Issuance; ABCP Issuance by Nationality of Issuer (p. 18)

Aggregate issuance data covers the period 2007 through 2008 for Europe and the US. ABCP by country of collateral data is presented quarterly from the first quarter of 2007 through 2008 for Europe.

European issuance is provided by Dealogic, which identifies the issuer's nationality as the country in which the SPV is domiciled. These data do not represent the seller-servicers of the underlying assets or the bank conduits for the ABCP deals. The US data is provided by Moody's Investors Service. The volumes are converted from dollar to euro based on the end-of-quarter exchange rate.

### 10.3. European ABCP Issuance by Programme Type (p. 18)

ABCP data by programme type is provided by Dealogic and covers the period from the first quarter 2007 through 2008 for Europe. The programme type classifications included are: SIVs, single-seller conduit, multi-seller conduit and 'unspecified'.

### 10.4. ABCP Outstandings by Nationality of Issuer (p. 18)

Outstanding quarterly data is provided from the first quarter of 2007 through 2008 for Europe and the US. The European outstanding is provided by country through the Dealogic database, and the US data is provided by Moody's Investors Service. Dealogic identifies the issuer's nationality as the country in which the SPV is domiciled. The dollar volumes were converted to euro based on the end-of-quarter exchange rate.

### 10.5. – 10.6. ABCP Outstandings by Programme Type (p. 19)

Outstanding quarterly data is provided from the first quarter of 2007 through 2008 for Europe and the US. The European data is provided by Dealogic and the US data is provided by Moody's Investor Service. The volumes are converted from dollars to euro based on the end-of-quarter exchange rate. The programme type classifications included are: loan-backed, SIVs, single-seller conduit, multi-seller conduit and 'unspecified'.

### 10.7. ABCP Outstanding Assets Split by Country (p. 19)

Global outstanding ABCP assets percentages are presented by country as of June 2008. The information is provided by Moody's Investors Service. The asset percentage represents the actual amount of assets funded via ABCP and other sources, not including cash and short-term investments. Therefore the asset percentage is not necessarily equal to the ABCP outstanding amount.

### 10.8. ABCP Spreads (p. 19)

The US ABCP spread information is based on data collected and developed by the Federal Reserve. The spread is defined as the difference between AA ABCP and AA nonfinancial CP.

## 11. Global Comparative Data

### 11.1. - 11.3. Global Securitisation Issuance, Global Corporate Bond Issuance, Global Government Bond Issuance (p. 20)

These statistics are provided by Dealogic. It presents issuance volumes for securitisation, corporate bonds and government bonds in Asia, the US and Europe. Securitisation and government bond figures represent gross issuance; corporate bond issuance is provided on a gross, not net, basis. All types of securitisation are included; CDOs are included based on the region of the currency in which they are denominated. The issuance volumes are provided quarterly for 2007 and 2008. These statistics do not correspond to the issuance numbers provided elsewhere in this report as different sources and selection methodologies are used to determine both the European and US securitisation issuance. In terms of geographical description, Europe represents the European, the Middle East and African (EMEA) countries while Asia includes the Pacific countries and Japan.

## Disclaimer

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