

# afme / esf

## Securitisation Data Report Q4:2010



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# 2010: Market Thaw

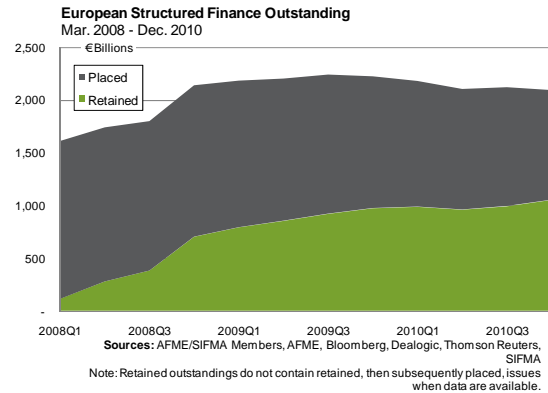
## Market Environment

### Economic Conditions

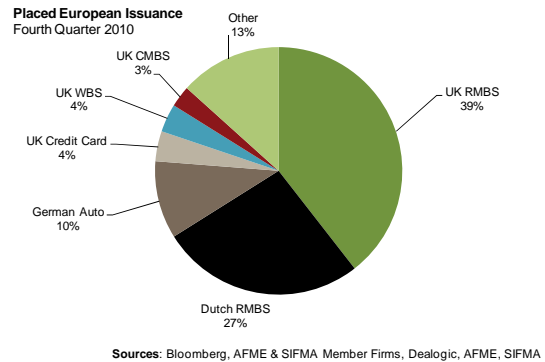
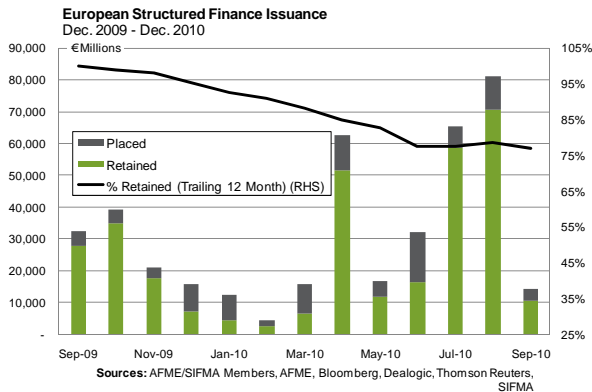
- According to Eurostat, at the end of December 2010, the unemployment levels in the Eurozone and the European Union were 10.0% and 9.6%, remaining unchanged from September 2010.

### Term Issuance and Outstanding Volumes

- EUR 160.6 billion of securitised products were issued in Europe during the fourth quarter of 2010, a 44.0% increase from the previous quarter. 87.1% of all issuance in Q4 2010 was retained, a notable improvement from Q3 2009, when nearly all issuance was retained.
- For the full year, EUR 380.0 billion of securitised products were issued, with approximately 77.0% retained. As a result, placed issuance (private and public placements) totalled approximately EUR 87.9 billion, an increase of EUR 62.6 billion from 2009. Therefore, the market has thawed considerably, with the 12-month trailing average. Placed issues continue to be focused on mainstream asset classes such as prime residential mortgages, auto loans, and leases.



- Public placements trended up in 2010, although in mainstream asset classes (e.g. Dutch prime residential mortgages, German auto, etc). Of the approximately EUR 87.9 billion placed (both public, private, and pre-placed), the majority were UK securitisations (50.7%), followed by the Netherlands (27.0%) and then Germany (11.3%).



- The overhang of retained securitised debt, however, remains significant, even with restructurings and re-marketings. As at the end of Q4, a little over a trillion Euros remain on originator or sponsor bank balance sheets.
- Also, in September 2010, EUR 488 billion of ABS was held on repo at the ECB, making up 24% share of collateral posted with the Eurosystem. The share of ABS held on repo compared to other products has increased to 24% in Q3 2010 from 11% in 2006, despite the tightening of eligibility criteria and the increase of haircuts seen in 2010; by euro amount, the increase was nearly fourfold.

- Forecasts, from AFME research, approximate 2011 placed issuance numbers to be in the range of EUR 75-150 billion. The median response was EUR 91 billion, suggesting that the market will remain relatively flat or increase to an extent in 2011 from 2010 (EUR 87.9 billion placed).

### Credit Quality

- Negative ratings migrations slowed further in the fourth quarter from the third quarter. Sovereign downgrades of peripheral eurozone countries will continue to play a factor in future securitisation downgrades, however.
- In December 2010, Standard and Poor's revised their counterparty risk criteria, which went into effect on 17 January 2011; the change impacted about 30% of all outstanding EMEA structured finance transactions rated by S&P.

### Lending

- According to the January ECB bank lending survey, banks reported, on net, no change in lending standards in the fourth quarter, although, standards were tightened slightly for small and medium enterprises (SMEs). Short-term loan credit standards continued to ease from the October survey as near-term default risk continues to remain low; long-term standards, however, remain unchanged from the October survey. Risk on collateral demand remains the paramount factor contributing to tight bank credit standards, although economic activity expectations played a strong role in the standards for SMEs; on the flip side, competition from other banks remains the primary factor contributing to easing credit standards.
- Increased loan demand from debt restructuring and working capital needs continued to play a role in the January survey; in addition, a pickup in loan demand for mergers & acquisitions (M&A) was in evidence in the January survey.

### ABCP Trends

- According to Dealogic, European ABCP issuance remained flat in Q4 2010 at EUR 38.8 billion, unchanged from Q3 2010. Multi-seller conduits remain the largest group of issuers by dollar amount (63.9%). Although issuance and outstanding has stabilized in 2010, the sector continues to face challenges.

### Major Regulatory, Legislative and Policy Initiatives

- In December 2010, the Basel Committee finalised the Basel III regulatory standards on bank capital adequacy and liquidity, which will be implemented in the upcoming CRD amendments (CRD IV). The standards provide for a Liquidity Coverage Ratio (LCR) to achieve short-term liquidity requirements, and a Net Stable Funding Ratio (NSFR) to achieve long-term liquidity requirements. Notably, ABS has not been included in the “highly liquid” asset category and therefore cannot contribute to short-term liquidity or long-term liquidity.
- CRD II Article 122a came into effect in 1 January 2011 and the CEBS guidelines were released on 31 December 2010; going forward, the implementation of the issuer 5% risk retention and investor due diligence requirements will continue to pose some uncertainty for the market.
- In December 2010, the Commission issued its MiFID review consultation paper. The consultation paper proposed new pre- and post-trade price transparency requirements for all product areas, including ABS. The Commission intends to issue a proposal to amend the MiFID Directive in 2011.
- The new schedule for the European Central Bank’s revised collateral framework went into effect on 1 January 2011; for ABS, the haircut was increased from 12%

to 16%. In December 2010, the Governing Council of the ECB decided to implement loan-by-loan reporting requirements for ABS in its collateral framework, and intends to implement these requirements over the next 18 months.

- In the fourth quarter, the SEC proposed rules regarding ABS disclosure and issuer review, which were approved shortly after the end of 2010. The rules require issuers to conduct a review; disclose their findings of assets securitised; publicly disclose repurchase history; and require rating agencies to describe and compare representations and enforcement mechanisms in each rated ABS transaction.
- The Federal Reserve, as well as the Financial Stability Oversight Board, released papers regarding risk retention requirements in the U.S., both mandates from the Dodd-Frank Wall Street and Consumer Protection Act in July 2010. In February, the U.S. Treasury released its mandated white paper on housing finance reform.

# ISSUANCE

€ BILLIONS<sup>1,3,4,5</sup>

## 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	169.5	134.1	367.6	711.1
2009	123.2	81.2	114.7	94.9	414.1
2010	75.5	32.2	111.5	160.6	379.9

## 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
2009	1,358.9
2010	1,276.7

## 1.3.a. European Issuance by Collateral

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL <sup>2</sup>
ABS <sup>3</sup>	6.5	3.9	11.8	9.1	31.3
CDO <sup>4</sup>	1.6	0.5	26.1	1.2	29.5
CMBS	1.7	1.5	0.7	2.1	6.1
RMBS	51.7	24.9	58.2	136.9	271.7
SME	13.4	1.3	12.2	10.0	36.9
WBS	0.6		2.5	1.4	4.5
Total <sup>2</sup>	75.5	32.2	111.5	160.6	379.9

2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL <sup>2</sup>
17.5	10.4	11.1	13.4	52.5
40.5	16.9	18.6	31.2	107.1
8.9	0.5	6.0	0.0	15.5
56.2	53.4	79.0	50.3	239.0
123.2	81.2	114.7	94.9	414.1

## 1.3.b. European Issuance by Retention

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL <sup>2</sup>
Placed <sup>7</sup>	16.1	18.8	32.2	20.7	87.9
Retained	59.4	13.4	79.4	139.9	292.1
Total <sup>2</sup>	75.5	32.2	111.5	160.6	379.9

2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL <sup>2</sup>
2.0	0.9	6.1	16.1	25.2
121.2	80.3	108.6	78.8	388.8
123.2	81.2	114.7	94.9	414.1

## 1.4. US Issuance by Collateral

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL <sup>1,2</sup>
ABS <sup>5</sup>	25.0	23.1	19.3	15.2	82.6
CDO <sup>6</sup>	0.4	0.9	0.1	1.2	2.7
Agency MBS	224.7	239.4	320.1	397.1	1,181.3
Non-Agency CMBS	0.0	0.2	1.3	4.5	6.0
Non-Agency RMBS	0.0	0.3	0.5	3.3	4.1
Total <sup>1,2</sup>	250.2	264.0	341.2	421.2	1,276.7

2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL <sup>1,2</sup>
12.3	35.7	34.9	20.0	102.9
0.1	1.0	0.1	0.3	1.6
259.3	419.7	310.1	241.9	1,231.0
0.0	0.2	0.1	0.9	1.2
1.7	10.3	7.3	2.9	22.2
273.5	466.7	352.6	266.0	1,358.9

Source: Bloomberg, Citigroup, Dealogic, Deutsche Bank, JP Morgan, Bank of America-Merrill Lynch, RBS, Thomson Reuters, Unicredit, AFME, 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 ABS issuance includes auto, credit card, leases, loans, receivables and other.

<sup>4</sup> European CDO issuance numbers only include issuance denominated in a European currency 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> Includes all publicly placed, privately placed, and pre-placed tranches of a security. Partial placements of tranches are considered placed if more than half the euro amount has been placed.

## ISSUANCE

€ BILLIONS<sup>1</sup>

### 1.5. Issuance by Country of Collateral

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL <sup>2</sup>
Belgium	3.7	4.3	4.3	5.3	17.7
Denmark	1.0	0.5			1.5
France	0.8	2.1			2.9
Germany	2.6	0.6	5.4	4.8	13.4
Greece	0.4	0.6			1.0
Ireland	0.3	0.8	4.5	1.0	6.6
Italy	1.2	0.9	8.0	5.9	16.0
Netherlands	28.3	13.2	35.5	61.5	138.5
Portugal	2.1	0.9	3.3	8.6	14.9
Spain	17.8	3.8	21.2	11.5	54.4
UK	13.3	9.9	23.9	55.5	102.6
PanEurope	1.2		1.4		2.6
Multinational <sup>7</sup>	0.2	0.1	1.5	0.4	2.2
European Total <sup>2</sup>	72.8	37.7	109.0	154.6	374.1
US Total <sup>1,2</sup>	250.2	264.0	341.2	421.2	1,276.7

	2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL <sup>2</sup>
	5.3	8.2		13.9	27.4
		4.4	0.6	1.9	6.9
	14.6	3.9	5.2	2.8	26.5
	9.7	5.9	6.4	0.5	22.5
	3.0	2.4	5.3	3.2	13.9
	13.9	8.8	28.7	16.4	67.9
	12.0	21.4	0.9	9.5	43.8
	8.0	1.6	1.0	2.3	12.9
	22.7	18.6	10.1	11.0	62.4
	16.2	2.8	47.0	22.4	88.4
	17.8	3.2	9.5	11.1	41.6
	123.2	81.2	114.7	94.9	414.1
	273.5	466.7	352.6	266.0	1,358.9

### 1.6. Issuance by Collateral Type and Country of Collateral<sup>2,3,4,5,6,7</sup>

2010:Q4

	ABS <sup>3</sup>	CDO <sup>4</sup>	CMBS	RMBS	SME	WBS	TOTAL <sup>2</sup>
Belgium				5.3			5.3
Denmark							
France		1.2		3.0	1.9		
Germany	4.8						4.8
Greece							
Ireland				1.0			1.0
Italy	0.2		1.7	4.1			5.9
Netherlands				61.5			61.5
Portugal				5.9	2.7		8.6
Spain	1.5			4.6	5.4		11.5
UK	2.2		0.5	51.5		1.4	55.5
PanEurope							
Multinational <sup>7</sup>	0.4						0.4
European Total <sup>2</sup>	9.1	1.2	2.1	136.9	10.0	1.4	160.6

	ABS <sup>5</sup>	CDO <sup>6</sup>	AGENCY MBS	NON-AGENCY CMBS	NON-AGENCY RMBS	TOTAL <sup>1,2</sup>
US Total <sup>1,2</sup>	15.2	1.2	397.1	4.5	3.3	421.2

Source: Bloomberg, Citigroup, Dealogic, Deutsche Bank, JP Morgan, Bank of America-Merrill Lynch, RBS, Thomson Reuters, Unicredit, AFME, 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 ABS issuance includes auto, credit card, leases, loans, receivables and other.

<sup>4</sup> European CDO issuance numbers only include issuance denominated in a European currency 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 USD-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> Multinational includes all deals, including CDOs, in which assets are originated from a variety of jurisdictions, or from countries whose total amounts are too small to display.

# ISSUANCE

€ BILLIONS<sup>1</sup>

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

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL <sup>2</sup>
AAA	54.0	25.7	92.9	140.4	313.1
AA	0.5	0.8	1.5	3.3	6.2
A	1.8	1.3	2.3	4.9	10.4
BBB & Below	1.3	0.9	6.1	3.4	11.6
Not Rated	15.2	8.9	6.2	8.6	38.9
<b>European Total<sup>2</sup></b>	<b>72.8</b>	<b>37.7</b>	<b>109.0</b>	<b>160.6</b>	<b>380.1</b>

	2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL <sup>2</sup>
	68.2	66.6	92.6	75.6	303.0
	8.5	2.0	1.2	2.2	13.8
	21.5	2.7	3.0	4.1	31.3
	4.5	2.4	3.8	3.3	14.0
	20.6	7.5	14.0	9.8	51.9
	123.2	81.2	114.7	94.9	414.1

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

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL <sup>1,2</sup>
AAA	15.9	17.8	12.1	12.5	58.4
AA	0.4	0.2	0.6	0.6	1.8
A	1.5	2.5	1.7	2.9	8.7
BBB & Below	0.2	0.6	0.6	1.3	2.8
Not Rated	7.5	3.4	6.1	6.7	23.7
Agency MBS	224.7	239.4	320.1	397.1	1181.3
<b>US Total<sup>1,2</sup></b>	<b>250.2</b>	<b>264.0</b>	<b>341.2</b>	<b>421.2</b>	<b>1276.7</b>

	2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL <sup>1,2</sup>
	8.1	29.7	28.7	15.8	82.3
	0.0		0.0	0.3	0.3
	0.0	0.4	1.0	0.8	2.2
	0.6	0.0	0.0	0.2	0.8
	5.4	17.0	12.8	7.1	42.2
	259.3	419.7	310.1	241.9	1231.0
	273.5	466.7	352.6	266.0	1358.9

Source: Bloomberg, Deutsche, JP Morgan, Bank of America-Merrill Lynch, RBS, Thomson Reuters, Unicredit, AFME, 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 issuance denominated in a European currency 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 USD-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>

2010:Q3

	INCLUDING RETAINED DEALS <sup>2</sup>			
	EUROPE		US	
	# of Issues	€Billions	# of Issues	€Billions
Less than 0.1 Billion	5%	0%	6%	1%
0.1-1.0 Billion	45%	21%	41%	26%
More than 1.0 Billion	45%	77%	12%	30%
Agency MBS	5%	2%	40%	43%
<b>Total<sup>3</sup></b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

2010: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 0.01 Billion	0%	0%	1%	0%	0%	0%	1%	0%
0.01-0.1 Billion	11%	1%	4%	0%	9%	0%	4%	0%
0.1-1.0 Billion	42%	14%	26%	12%	36%	3%	26%	13%
More than 1.0 Billion	47%	85%	4%	7%	55%	97%	4%	7%
Agency MBS	N/A	N/A	66%	81%	N/A	N/A	66%	79%
<b>Total<sup>3</sup></b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Dealogic

<sup>1</sup> The European data includes all asset classes – ABS, CMBS, RMBS, SME, WBS and CDOs denominated in a European currency. US data includes ABS, non-agency CMBS and RMBS, and USD dollar-denominated CDOs. US agency MBS, which includes agency CMBS and RMBS, is shown separately. All data except for CDOs are 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

	2010:Q1	2010:Q2	2010:Q3	2010:Q4
<b>ABS<sup>2</sup></b>	223.8	205.0	205.1	200.8
<b>CDO<sup>3</sup></b>	256.0	246.5	231.0	231.0
<b>CMBS</b>	146.3	144.2	138.7	143.4
<b>RMBS</b>	1,337.4	1,277.6	1,295.7	1,298.8
<b>SME<sup>7</sup></b>	154.3	147.5	161.8	163.4
<b>WBS<sup>4</sup></b>	49.3	49.4	51.2	52.5
<b>Total<sup>5</sup></b>	2,167.0	2,070.1	2,083.5	2,089.8

	2009:Q1	2009:Q2	2009:Q3	2009:Q4
	223.1	227.0	224.6	226.3
	284.4	283.3	286.1	265.7
	158.2	156.5	153.2	149.4
	1,305.4	1,323.1	1,367.0	1,367.5
	160.1	161.2	157.0	163.3
	48.6	48.5	49.2	48.7
	2,179.9	2,199.6	2,237.0	2,220.9

### 2.2. US Outstandings by Collateral

	2010:Q1	2010:Q2	2010:Q3	2010:Q4
<b>ABS<sup>6</sup></b>	1,749.5	1,867.1	1,616.9	1,606.4
<b>Agency MBS</b>	4,133.1	4,468.6	4,976.1	5,110.1
<b>Non-Agency RMBS</b>	1,106.7	1,171.5	1,006.8	981.6
<b>Non-Agency CMBS</b>	579.5	628.5	539.7	566.1
<b>Total<sup>1,5</sup></b>	7,568.9	8,135.7	8,139.5	8,264.2

	2009:Q1	2009:Q2	2009:Q3	2009:Q4
	1,961.2	1,805.4	1,697.0	1,695.0
	3,843.8	3,828.4	3,763.0	3,891.3
	936.5	841.0	769.8	751.3
	623.6	581.6	550.2	554.4
	7,365.0	7,056.5	6,780.0	6,892.0

Sources: Bloomberg (US & Europe), Fannie Mae (US), Federal Reserve (US), Freddie Mac (US), Ginnie Mae (US), Loan Performance (US), Thomson Reuters (US), AFME & 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 cards, loans (consumer and student), and other.

<sup>3</sup> Includes CDOs denominated in a European currency, regardless of country of 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. Certain whole business securitisation issues may be bucketed in the ABS or CMBS class based on deal particulars.

<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> 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.

<sup>7</sup> As of 2010 Q2, SME has been pulled out of the CDO parent category and will be displayed in all tables retroactively for European outstandings.



## BALANCES OUTSTANDING

€ BILLIONS<sup>1</sup>

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

2008 - 2009

	2009:Q1	2009:Q2	2009:Q3	2009:Q4
Austria	3.1	3.0	2.9	2.8
Belgium	55.4	62.4	61.7	68.6
Finland	7.0	6.5	6.2	5.8
France	30.9	35.1	33.8	33.9
Germany	132.1	131.6	134.0	105.0
Greece	30.1	35.8	41.9	42.2
Ireland	60.4	61.9	66.8	69.2
Italy	207.6	210.7	231.7	238.8
Netherlands	301.4	317.8	308.5	304.5
Portugal	47.7	48.4	49.0	49.0
Russia	3.9	3.9	5.2	4.9
Spain	307.1	311.4	305.4	302.2
Turkey	6.8	6.3	6.0	5.7
UK	683.2	665.4	684.8	685.3
Other <sup>3</sup>	6.7	6.1	5.6	5.5
PanEurope <sup>4</sup>	69.7	70.3	67.1	66.3
Multinational	226.7	222.9	226.3	231.3
European Total <sup>2</sup>	2,179.9	2,199.6	2,237.0	2,220.9
US Total <sup>1</sup>	7,365.0	7,056.5	6,780.0	6,892.0

	2008:Q1	2008:Q2	2008:Q3	2008:Q4
	3.5	3.4	3.3	3.3
	8.5	31.0	30.9	50.5
	0.1	0.1	0.1	7.7
	23.9	26.5	27.1	32.0
	91.5	90.6	88.8	133.8
	10.7	11.3	15.5	20.7
	28.1	40.6	39.7	58.0
	126.4	139.5	145.4	198.5
	235.8	253.3	246.5	293.7
	32.8	33.8	35.7	41.4
	4.2	4.2	4.2	4.4
	240.4	259.1	261.3	294.9
	6.7	6.7	6.8	6.6
	535.4	566.1	612.8	693.5
	7.6	7.5	7.3	7.0
	42.9	41.7	45.4	56.6
	209.2	221.3	225.0	232.4
	1,607.7	1,736.7	1,795.8	2,134.9
	6,167.9	6,341.0	6,984.4	7,056.3

2010

	2010:Q1	2010:Q2	2010:Q3	2010:Q4
Austria	2.7	2.6	2.5	2.5
Belgium	63.9	66.2	71.9	76.4
Finland	5.5	5.2	4.9	4.6
France	32.8	32.9	32.0	33.7
Germany	104.0	96.0	93.7	93.1
Greece	42.7	39.5	35.5	35.1
Ireland	71.5	70.0	71.2	72.1
Italy	230.8	224.5	211.7	214.2
Netherlands	318.1	294.5	300.8	319.6
Portugal	47.8	46.2	49.2	55.4
Russia	4.7	4.4	4.4	4.3
Spain	289.4	275.4	292.9	297.4
Turkey	5.0	4.7	5.1	5.1
UK	663.4	634.8	653.6	622.1
Other <sup>3</sup>	2.4	2.3	2.2	2.8
PanEurope <sup>4</sup>	64.9	62.1	49.9	58.0
Multinational	217.5	208.8	201.9	193.5
European Total <sup>2</sup>	2,167.0	2,070.1	2,083.5	2,089.8
US Total <sup>1</sup>	7,568.9	8,135.7	8,139.5	8,264.2

Sources: Bloomberg (US & Europe), Fannie Mae (US), Federal Reserve (US), Freddie Mac (US), Ginnie Mae (US), Loan Performance (US), Thomson Reuters (US), AFME & 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> Other includes countries with outstanding securities that are too small to be displayed, such as Georgia, Iceland, Ukraine, Switzerland, Sweden, and Hungary.

<sup>4</sup> As of 2010 Q2, PanEurope has been pulled out of the Multinational parent category and will be retroactively displayed for European outstandings.

## BALANCES OUTSTANDING

### 2.4. European Outstandings by Moody's Investors Service Ratings<sup>1</sup> (as a percentage of total Moody's rated securitisations)

	2010:Q1	2010:Q2	2010:Q3	2010:Q4
<b>Aaa/AAA</b>	72.87%	72.90%	73.74%	73.42%
<b>Aa/AA</b>	11.00%	10.33%	10.04%	10.63%
<b>A/A</b>	6.10%	6.51%	6.01%	5.79%
<b>Baa/BBB</b>	5.25%	5.30%	5.37%	5.45%
<b>Ba/BB</b>	1.36%	1.65%	1.57%	1.50%
<b>B/B</b>	0.84%	0.68%	0.71%	0.77%
<b>Caa/CCC</b>	1.15%	1.19%	1.22%	1.14%
<b>Ca/CC</b>	0.93%	0.92%	0.87%	0.86%
<b>C/C</b>	0.51%	0.52%	0.47%	0.44%
<b>Total<sup>2</sup></b>	100.00%	100.00%	100.00%	100.00%

	2009:Q1	2009:Q2	2009:Q3	2009:Q4
	80.71%	79.57%	78.04%	75.64%
	6.94%	8.11%	8.65%	9.81%
	4.66%	4.40%	5.03%	5.87%
	3.96%	3.52%	3.59%	3.81%
	1.27%	1.36%	1.44%	1.46%
	0.75%	0.76%	0.82%	0.87%
	0.80%	0.92%	1.06%	1.15%
	0.68%	0.92%	0.92%	0.89%
	0.23%	0.43%	0.45%	0.50%
	100.00%	100.00%	100.00%	100.00%

### 2.5. US Outstandings by Moody's Investors Service Ratings<sup>1</sup>

	2010:Q1	2010:Q2	2010:Q3	2010:Q4
<b>Aaa/AAA</b>	37.05%	35.29%	34.65%	33.71%
<b>Aa/AA</b>	10.54%	10.28%	10.06%	9.76%
<b>A/A</b>	7.53%	6.67%	6.44%	6.12%
<b>Baa/BBB</b>	7.19%	6.27%	5.94%	5.43%
<b>Ba/BB</b>	6.08%	5.14%	4.75%	3.95%
<b>B/B</b>	8.60%	7.65%	7.15%	6.14%
<b>Caa/CCC</b>	11.50%	14.64%	14.34%	15.38%
<b>Ca/CC</b>	5.79%	7.34%	9.16%	9.38%
<b>C/C</b>	5.71%	6.72%	7.51%	10.13%
<b>Total<sup>2</sup></b>	100.00%	100.00%	100.00%	100.00%

	2009:Q1	2009:Q2	2009:Q3	2009:Q4
	46.19%	41.16%	37.92%	37.78%
	7.50%	8.11%	10.06%	10.41%
	6.22%	6.87%	7.82%	7.62%
	8.00%	7.57%	7.46%	7.32%
	5.30%	6.71%	6.00%	6.04%
	7.21%	7.95%	8.60%	8.49%
	10.28%	9.93%	11.04%	11.18%
	4.93%	5.89%	5.58%	5.61%
	4.36%	5.81%	5.52%	5.55%
	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.

## BALANCES OUTSTANDING

€ BILLIONS

### 2.6. European Outstandings by Country and Collateral

2010:Q3

	ABS <sup>1</sup>	CDO <sup>2</sup>	CMBS	RMBS	SME <sup>8</sup>	WBS <sup>3</sup>	TOTAL <sup>4</sup>
Austria	0.2		0.2	2.1			2.5
Belgium	0.2		0.1	57.0	14.6		71.9
Finland				4.7	0.1		4.9
France	17.3	0.0	3.0	11.7	0.0		32.0
Germany	35.1	2.3	20.7	23.1	12.4	0.1	93.7
Greece	12.6	2.7	0.3	7.0	12.9		35.5
Ireland		2.9	0.4	67.9			71.2
Italy	53.1	5.9	3.5	143.4	4.5	1.4	211.7
Netherlands	6.9	0.6	8.3	269.7	15.3		300.8
Portugal	7.2			36.6	5.4		49.2
Russia	1.4			3.0			4.4
Spain	19.3	2.5	0.4	185.2	85.5		292.9
Turkey	5.1						5.1
UK	43.6	7.1	66.3	483.4	4.3	48.8	653.6
Other <sup>7</sup>	0.2	1.4		0.3	0.4		2.2
PanEurope <sup>9</sup>	1.1	11.9	32.6	0.2	4.1	0.1	49.9
Multinational <sup>5</sup>	1.8	193.7	3.0	0.2	2.2	0.9	201.9
<b>European Total<sup>4</sup></b>	<b>205.1</b>	<b>231.0</b>	<b>138.7</b>	<b>1295.7</b>	<b>161.8</b>	<b>51.2</b>	<b>2083.5</b>

2010:Q4

	ABS <sup>1</sup>	CDO <sup>2</sup>	CMBS	RMBS	SME <sup>8</sup>	WBS <sup>3</sup>	TOTAL <sup>4</sup>
Austria	0.2		0.2	2.1			2.5
Belgium	0.2		0.1	61.5	14.6		76.4
Finland				4.4	0.1		4.6
France	18.1	0.0	2.5	11.2	1.9		33.7
Germany	35.8	2.3	20.1	22.6	12.2	0.1	93.1
Greece	12.6	2.7	0.3	6.8	12.7		35.1
Ireland		2.8	0.4	68.9			72.1
Italy	50.2	5.2	10.3	142.7	4.5	1.4	214.2
Netherlands	6.7	0.6	8.2	289.0	15.1		319.6
Portugal	6.9			41.9	6.5		55.4
Russia	1.3			2.9			4.3
Spain	19.2	2.1	0.4	190.0	85.7		297.4
Turkey	5.1						5.1
UK	41.2	7.0	66.3	453.9	3.6	50.1	622.1
Other <sup>7</sup>	0.1	1.9		0.3	0.4		2.8
PanEurope <sup>9</sup>	1.0	20.6	32.0	0.2	4.1	0.1	58.0
Multinational <sup>5</sup>	2.2	185.7	2.6	0.2	1.9	0.9	193.5
<b>European Total<sup>4</sup></b>	<b>200.8</b>	<b>231.0</b>	<b>143.4</b>	<b>1298.8</b>	<b>163.4</b>	<b>52.5</b>	<b>2089.8</b>

Sources: Bloomberg, AFME, SIFMA

<sup>1</sup> European ABS outstanding collateral types include auto loans, credit card, loans (consumer and student), and other.

<sup>2</sup> Includes CDOs denominated in a European currency, regardless of country of collateral.

<sup>3</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. Certain whole business securitisation issues may be bucketed in ABS or CMBS based on deal particulars.

<sup>4</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>5</sup> Multinational includes all deals in which assets originate from a variety of jurisdictions. This includes the majority of CDOs denominated in a European currency.

<sup>6</sup> Other includes countries with outstanding securities that are too small to be displayed, such as Georgia, Iceland, Ukraine, Sweden, Switzerland, and Hungary.

<sup>7</sup> As of 2010 Q2, SME has been pulled out of the CDO parent category and will be displayed in all tables retroactively for European outstandings.

<sup>8</sup> As of 2010 Q2, PanEurope has been pulled out of the Multinational parent category and will be retroactively displayed for European outstandings.

## CREDIT QUALITY - RATING CHANGES

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

#### 3.1. Fitch Ratings

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL
France	0/0	0/3	1/3	0/0	1/6
Germany	0/78	10/26	7/6	6/14	23/124
Italy	3/10	0/7	3/2	1/22	7/41
Netherlands	4/10	0/1	0/0	2/5	6/16
Spain	1/58	6/31	7/38	1/14	15/141
UK	23/70	8/91	30/84	27/31	88/276
Multinational <sup>2</sup>	7/41	3/67	6/21	4/54	20/183
European Total	38/267	27/226	54/154	41/140	160/787
US	55/3455	68/4739	100/9877	46/1948	269/15753

	2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL
	0/0	0/5	0/18	0/17	0/40
	4/65	5/28	6/65	2/246	17/404
	1/17	11/2	1/7	1/21	14/47
	1/1	0/0	0/6	1/21	2/28
	0/97	2/58	3/17	1/97	6/269
	4/123	5/149	2/125	17/233	28/630
	3/354	4/340	11/62	1/34	19/790
	13/657	27/582	23/300	23/669	86/2208
	48/4001	22/14566	20/21258	108/4358	198/44183

#### 3.2. Moody's Investors Service

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL
France	0/0	0/1	0/0	0/0	0/1
Germany	0/1	0/14	7/5	3/3	10/23
Italy	0/2	1/0	0/1	2/4	3/7
Netherlands	0/15	4/0	0/0	0/5	4/20
Spain	0/20	0/3	0/0	0/30	0/53
UK	29/58	4/24	4/14	0/38	37/134
Multinational <sup>3</sup>	4/83	22/95	28/75	49/103	103/356
European Total	33/179	31/137	39/95	54/183	157/594
US	115/1104	378/11411	531/5897	735/8071	1759/26483

	2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL
	1/0	0/0	0/1	0/0	1/1
	0/5	10/36	0/4	0/14	10/59
	1/3	0/7	1/1	0/14	2/25
	0/2	0/11	4/23	0/6	4/42
	0/19	0/26	0/16	2/73	2/134
	5/80	0/65	1/121	1/76	7/342
	4/1460	7/501	30/487	12/878	53/3326
	11/1569	17/646	36/653	15/1061	79/3929
	110/33536	96/12115	213/6075	171/1817	590/53543

#### 3.3. Standard & Poor's

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL
France	1/1	0/0	0/0	1/2	2/3
Germany	2/33	17/48	5/26	0/32	24/139
Italy	5/4	0/9	0/8	1/19	6/40
Netherlands	2/16	0/0	0/6	0/0	2/22
Spain	0/46	0/30	2/25	2/34	4/135
UK	30/205	23/190	46/50	21/73	120/518
Multinational <sup>3</sup>	92/789	172/626	76/184	106/202	446/1801
European Total	132/1094	212/903	129/299	131/362	604/2658
US	28/10595	123/3662	48/2126	465/2073	664/18456

	2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL
	2/10	0/10	0/1	0/7	2/28
	1/13	1/15	0/48	0/130	2/206
	5/5	5/9	8/8	2/4	20/26
	10/18	8/1	9/1	0/12	27/32
	11/33	4/63	0/61	0/35	15/192
	23/253	3/240	3/228	5/304	34/1025
	19/884	24/969	10/840	10/854	63/3547
	71/1216	45/1307	30/1187	17/1346	163/5056
	83/6206	105/7807	126/14255	40/9671	354/37939

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> 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>3</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

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL
<b>Auto</b>	4/7	10/3	0/1	4/0	18/11
<b>Credit Card</b>	16/0	0/0	0/0	0/0	16/0
<b>Other ABS<sup>2</sup></b>	2/25	0/12	3/7	0/7	5/51
<b>CDO</b>	2/125	7/87	0/42	1/30	10/284
<b>CMBS</b>	4/44	3/72	9/34	7/44	23/194
<b>RMBS (prime)</b>	6/58	7/41	19/58	2/45	34/202
<b>RMBS (non-conforming)</b>	4/8	0/11	23/12	27/14	54/45
<b>Total</b>	38/267	27/226	54/154	41/140	160/787

	2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL
	2/7	4/0	0/8	1/1	7/16
	0/0	0/9	0/0	0/16	0/25
	1/24	5/9	7/11	3/17	16/61
	2/425	1/332	8/54	2/332	13/1143
	3/111	3/142	3/90	0/232	9/575
	2/70	12/72	0/3	7/20	21/165
	3/20	2/18	5/134	10/59	20/231
	13/657	27/582	23/300	23/677	86/2216

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

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL
<b>Auto</b>	0/0	0/6	6/0	5/0	11/6
<b>CDO</b>	4/72	22/90	28/70	47/100	101/332
<b>CMBS</b>	6/17	0/24	4/21	0/13	10/75
<b>Credit Card</b>	14/15	0/1	0/0	0/0	14/16
<b>RMBS (prime)</b>	4/56	5/25	1/29	2/30	12/140
<b>RMBS (non-conforming)</b>	9/35	4/17	0/4	0/40	13/96
<b>Total</b>	37/195	31/163	39/124	54/183	161/665

	2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL
	0/0	1/7	0/25	0/10	1/42
	4/1453	7/487	30/477	12/832	53/3249
	3/13	0/88	2/82	1/71	6/254
	0/0	0/1	0/0	0/0	0/1
	1/41	9/46	4/64	2/89	16/240
	3/73	0/27	0/85	0/78	3/263
	11/1580	17/656	36/733	15/1080	79/4049

#### 3.6. Standard & Poor's – Europe

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL
<b>Auto</b>	2/11	12/1	5/0	2/0	21/12
<b>CDO</b>	89/781	190/701	87/177	110/196	476/1855
<b>CMBS</b>	3/159	4/59	6/41	5/32	18/291
<b>Credit Card</b>	16/1	0/1	0/0	0/0	16/2
<b>RMBS (prime)</b>	10/70	0/54	2/28	0/26	12/178
<b>RMBS (non-conforming)</b>	2/16	0/13	22/6	9/13	33/48
<b>Total</b>	122/1038	206/829	122/252	126/267	576/2386

	2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL
	1/4	2/2	0/4	0/1	3/11
	12/923	25/1038	4/941	12/882	53/3784
	2/38	0/38	0/60	1/281	3/417
	0/0	0/19	0/0	0/2	0/21
	23/10	12/54	16/43	3/101	54/208
	21/150	1/78	2/60	0/14	24/302
	59/1125	40/1229	22/1108	16/1281	137/4743

#### 3.7. Fitch Ratings – US

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL
<b>Auto</b>	12/1	18/2	10/0	25/0	65/3
<b>Credit Card</b>	22/0	7/0	0/0	0/0	29/0
<b>Other ABS<sup>2</sup></b>	8/104	10/142	61/181	6/65	85/492
<b>CDO</b>	12/849	9/727	3/383	10/272	34/2231
<b>CMBS</b>	1/274	25/596	21/433	0/545	47/1848
<b>RMBS (prime)</b>	0/528	0/385	5/4365	0/146	5/5424
<b>RMBS (subprime)</b>	0/565	0/2588	0/103	0/142	0/3398
<b>Other RMBS<sup>3</sup></b>	0/1134	0/299	0/4412	5/778	5/6623
<b>Total</b>	55/3455	69/4739	100/9877	46/1948	270/20019

	2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL
	8/4	0/16	12/0	13/13	33/33
	7/0	4/7	0/4	13/1	24/12
	17/145	8/106	5/25	3/62	33/338
	7/1291	8/1020	0/157	3/635	18/3103
	9/392	2/274	0/1069	0/497	11/2232
	0/381	0/6490	0/7896	3/1268	3/16035
	0/1441	0/6056	3/2862	0/772	3/11131
	0/347	0/597	0/9245	73/1111	73/11300
	48/4001	22/14566	20/21258	108/4359	198/44184

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

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL
<b>Auto</b>	9/0	19/0	83/0	32/0	143/0
<b>CDO</b>	23/187	191/333	306/237	309/206	829/963
<b>CMBS</b>	24/721	35/753	47/673	143/2041	249/4188
<b>Credit Card</b>	59/3	0/0	0/3	0/0	59/6
<b>RMBS</b>	0/193	133/10325	95/4984	251/5824	479/21326
<b>Total</b>	115/1104	378/11411	531/5897	735/8071	1759/26483

	2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL
	21/95	7/45	13/1	31/1	72/142
	29/3913	3/1875	132/2112	62/578	226/8478
	22/2774	39/531	15/259	8/718	84/4282
	1/91	28/58	7/20	10/0	46/169
	37/26663	19/9606	46/3683	60/520	162/40472
	110/33536	96/12115	213/6075	171/1817	590/53543

#### 3.9. Standard & Poor's – US

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL
<b>Auto</b>	16/0	27/3	4/1	14/26	61/30
<b>CDO</b>	12/1927	62/1012	2/885	386/385	462/4209
<b>CMBS</b>	0/1029	9/1007	34/564	59/994	102/3594
<b>Credit Card</b>	0/0	24/36	0/0	6/1	30/37
<b>RMBS (prime)</b>	0/4353	1/1204	7/402	0/266	8/6225
<b>RMBS (subprime)</b>	0/3286	0/400	1/274	0/401	1/4361
<b>Total</b>	28/10595	123/3662	48/2126	465/2073	664/18456

	2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL
	1/49	15/24	73/14	10/0	99/87
	8/1463	13/2855	4/947	3/2849	28/8114
	16/381	2/620	12/1471	22/1494	52/3966
	56/29	74/24	35/9	4/30	169/92
	0/1606	1/2792	2/4723	1/2482	4/11603
	2/2678	0/1492	0/7091	0/2816	2/14077
	83/6206	105/7807	126/14255	40/9671	354/37939

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

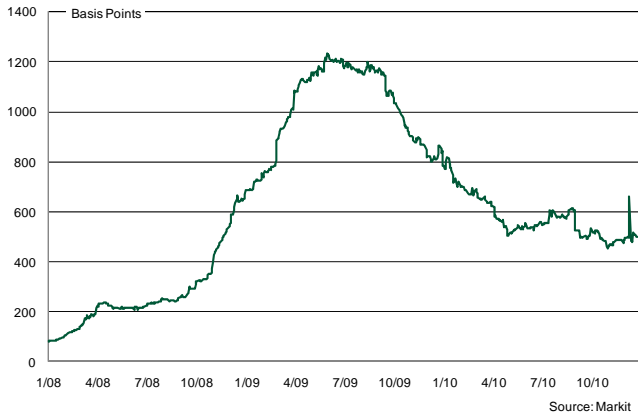
<sup>1</sup> Each box contains two numbers: Upgrades followed by Downgrades. Because the three credit rating agencies track different securities and apply slightly different rating criteria, these numbers are not directly comparable.

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

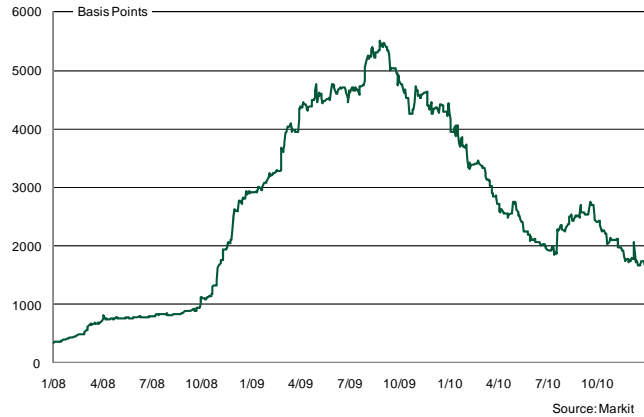
<sup>3</sup> May include other types of RMBS transactions such as ALT-A, reverse mortgages, government RMBS, etc.

# CMBS SPREADS

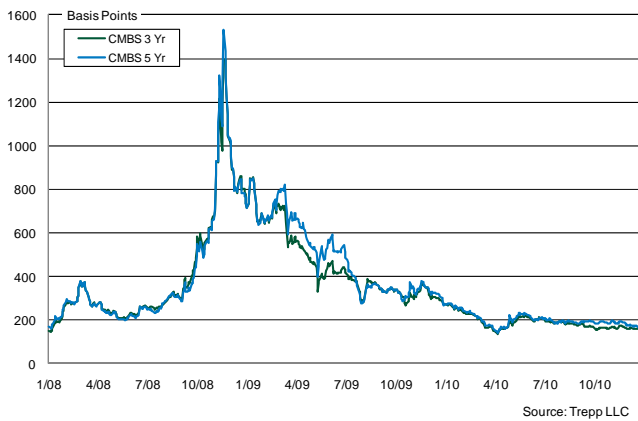
## 4.1. European 3-5 Yr AAA CMBS Spreads<sup>1</sup>



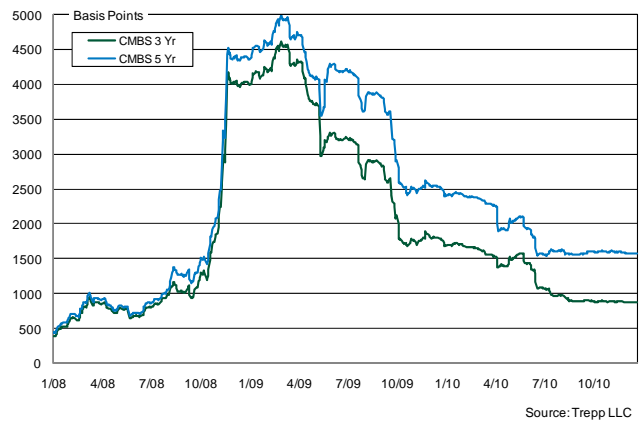
## 4.2. European 3-5 Yr BBB CMBS Spreads<sup>1</sup>



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



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



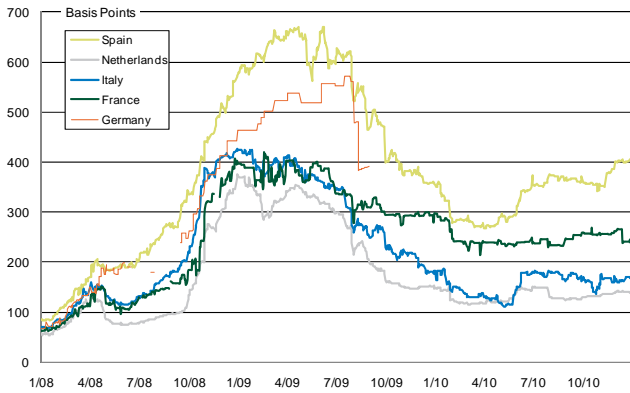
<sup>1</sup> Markit provides independent composite spread levels which are calculated from dealer contributions and are subject to multiple cleaning algorithms. These levels are equivalent to the 'discount margin' which is defined as the effective spread to maturity of a floating rate security after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

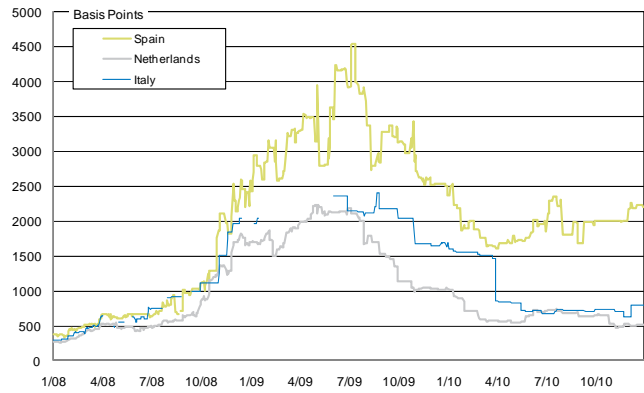
# RMBS SPREADS

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



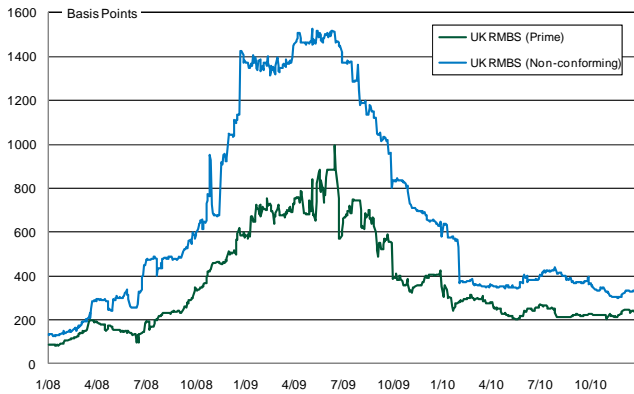
Source: Markit

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



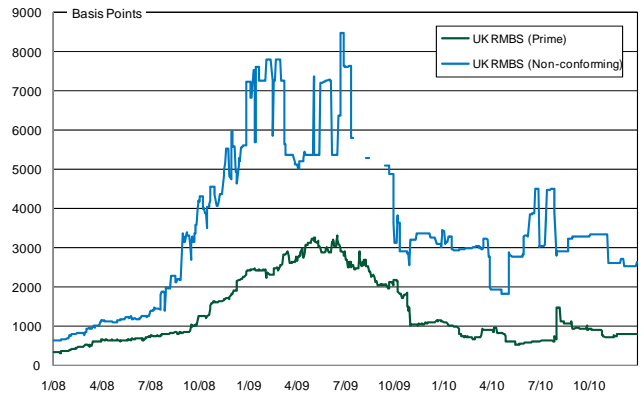
Source: Markit

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



Source: Markit

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



Source: Markit

<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.

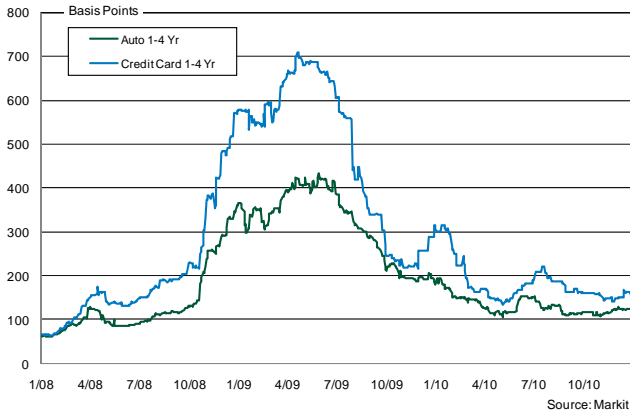
<sup>2</sup> French 3-5 year BBB RMBS credit spreads are unavailable.

<sup>3</sup> German BBB spreads are unavailable due to insufficient information at time of publication.

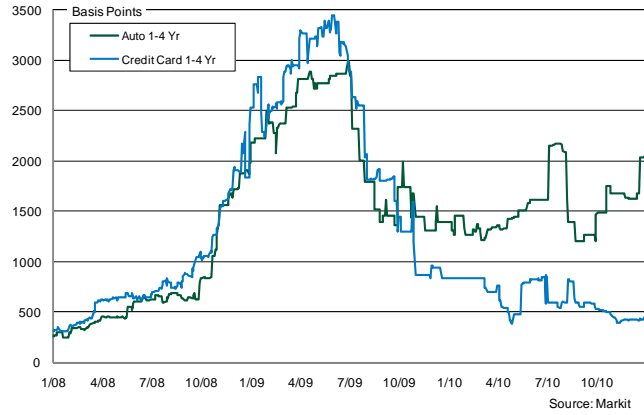
Note: Gaps in data availability occur in some places and result in linebreaks for those data series.

# ABS SPREADS

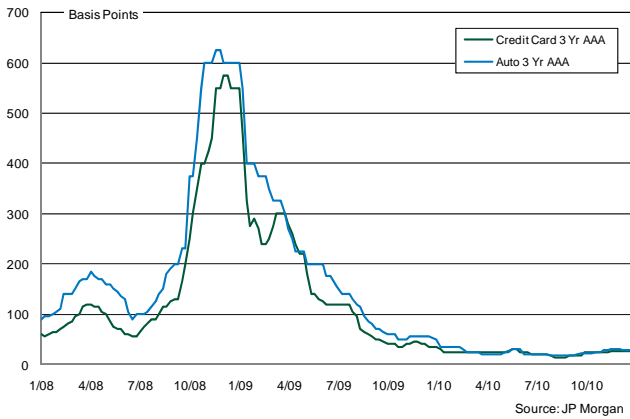
## 6.1. European 1-4 Yr AAA ABS Spreads<sup>1</sup>



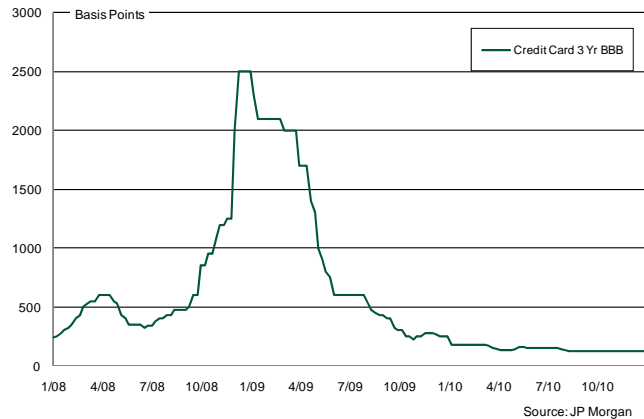
## 6.2. European 1-4 Yr BBB ABS Spreads<sup>1</sup>



## 6.3. US 3 Yr AAA ABS Spreads



## 6.4. US 3 Yr BBB ABS 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.

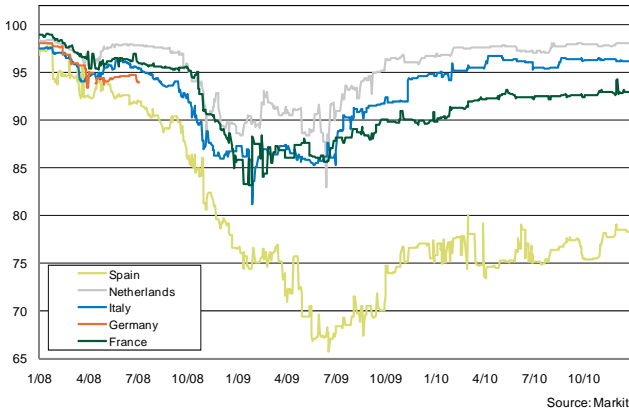
<sup>2</sup> US 3 Yr Auto ABS BBB spreads are not available.

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



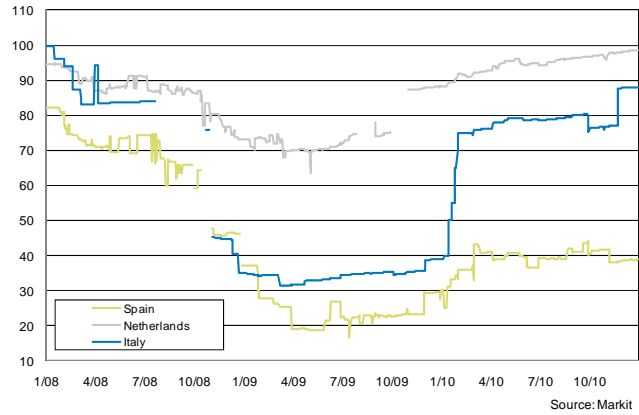
# RMBS PRICES

## 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.

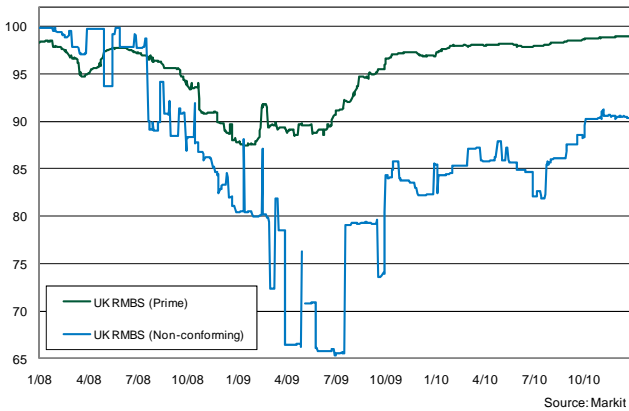
## 7.2. European 3-5 Yr BBB RMBS Prices<sup>1</sup>



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: Intra Mortgage Finance 1 S.r.l., Class 1, Series 1. ISIN# IT0003406003. EUR-denominated.

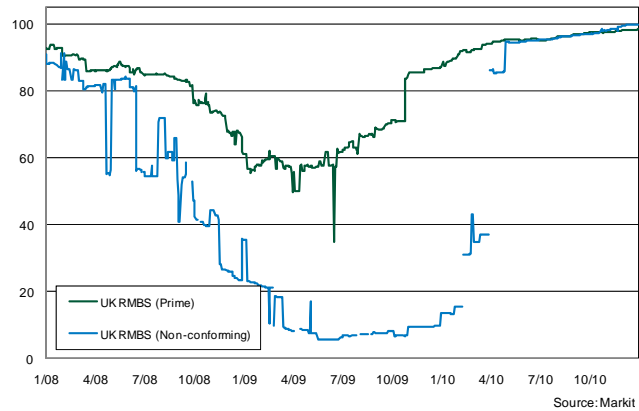
Note: French and German 3-5 Yr BBB RMBS data are not available.

## 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. 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.

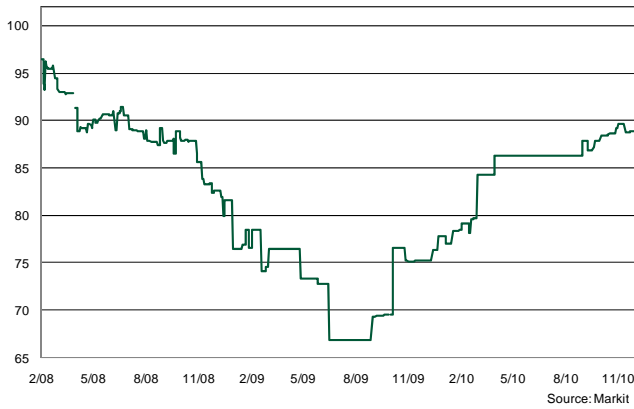
<sup>1</sup> Markit prices: Independent composite prices levels are calculated from dealer contributions which have been subject to multiple cleaning algorithms for one sample bond per sector and ratings category where possible. According to the rules we have agreed on previously, the security we have 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.

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

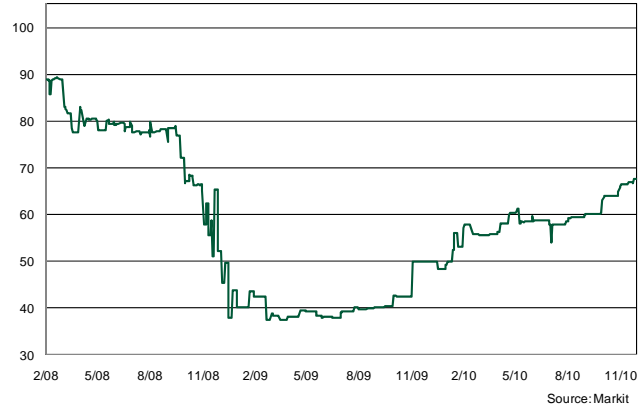
# CMBS AND ABS PRICES

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



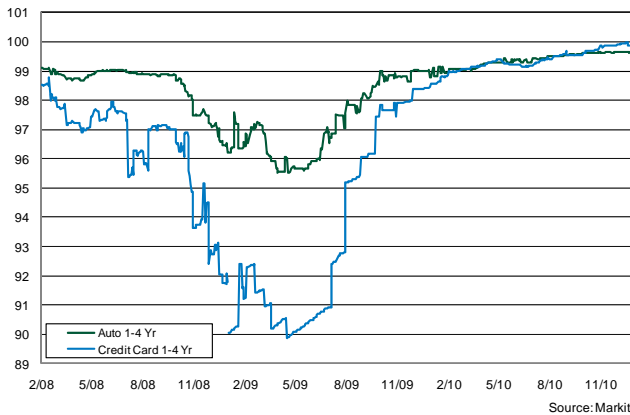
Pan-European AAA CMBS provided: Opera Finance (Metrocentre) Plc, Class A, Series 1. ISIN# XS0211548143. GBP-denominated.

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



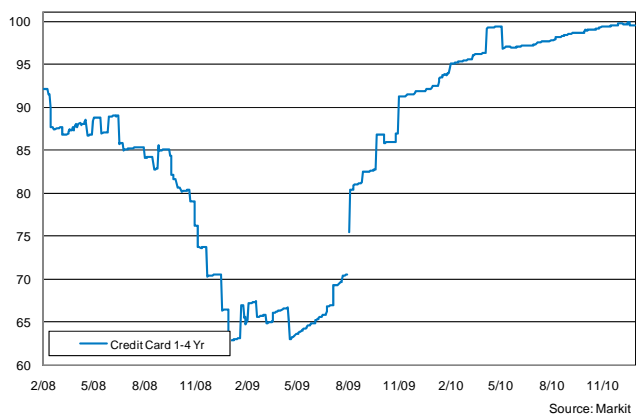
Pan-European BBB CMBS provided: German Residential Asset Note Distributor Plc, Class D, Series 1. ISIN# XS0260143101. EUR-denominated.

## 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: Arran Funding Limited 2005-B, Class A3, Series 2005-B. ISIN# XS0237919195. GBP-denominated.

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



1. Pan-European BBB Credit Card ABS provided: Arran Funding Limited 2005-B, Class C3, Series 2005-B. ISIN# XS0237922140. GBP-denominated.

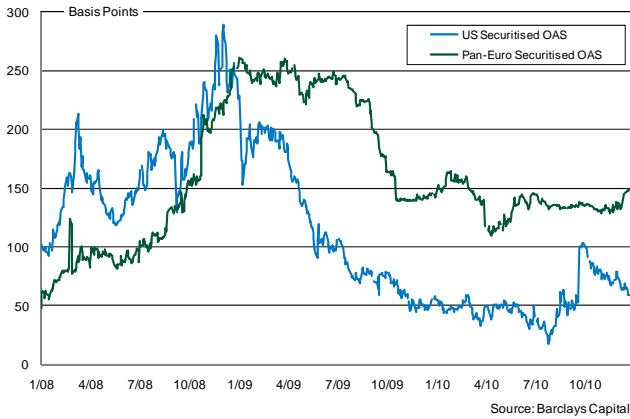
Note: Pan-European 1-4 Yr BBB Auto ABS price data are not available.

<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.

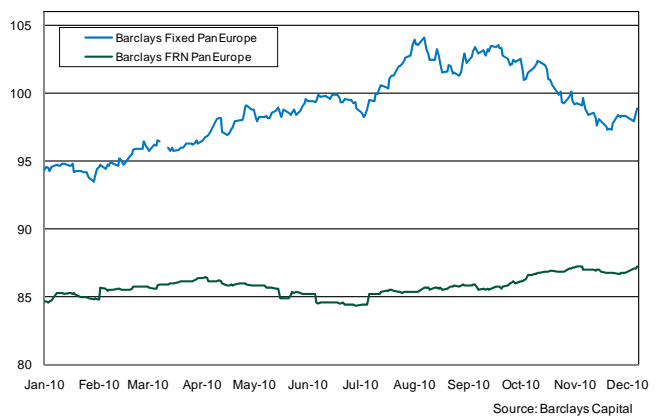
Note: Gaps in data availability occur in some places and result in linebreaks for those data series.

# INDICES DATA

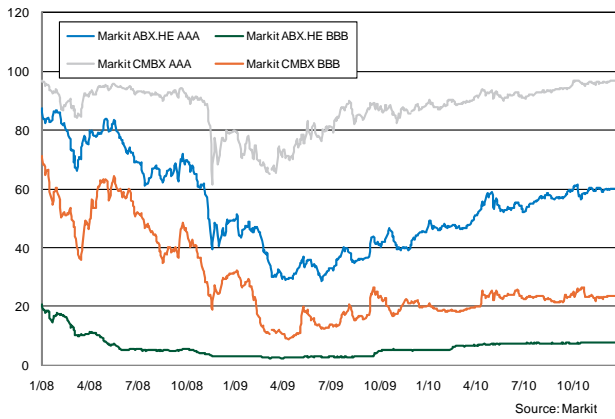
## 9.1. Securitised Index Option Adjusted Spreads



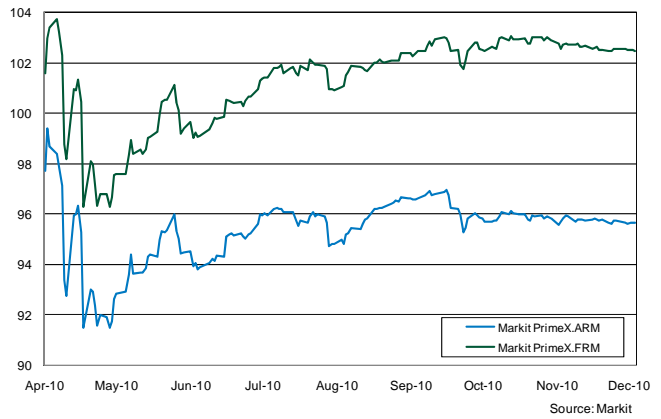
## 9.2. Barclays PanEurope Fixed and Floating Prices



## 9.3. ABX.HE and CMBX Prices<sup>1</sup>



## 9.4. PrimeX ARM and FRM Prices

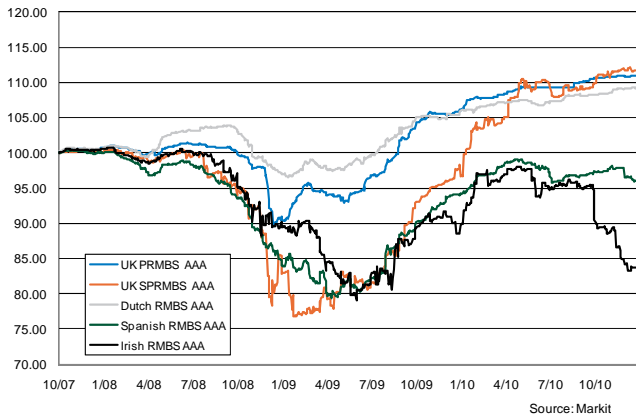


<sup>1</sup> Due to pricing convention changes occurring on 20 April 2009, ABX.HE and CMBS spreads are no longer available.

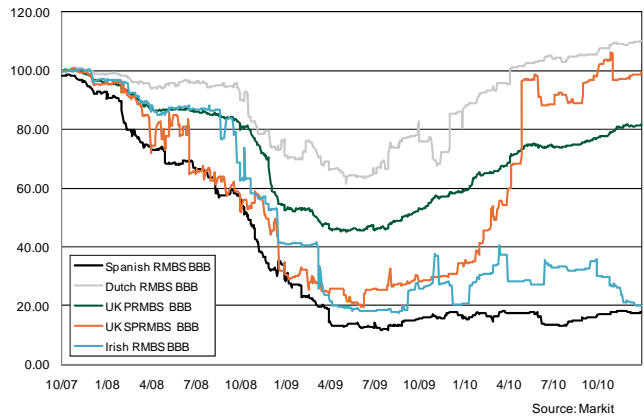
Note: Gaps in data availability occur in some places and result in linebreaks for those data series.

# TOTAL RETURN DATA

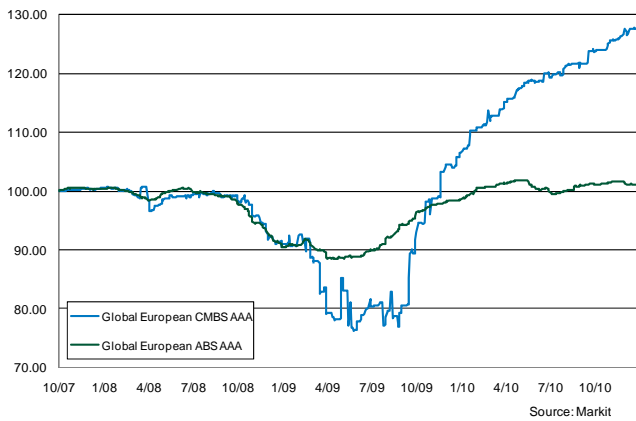
## 10.1. European Total Return RMBS AAA



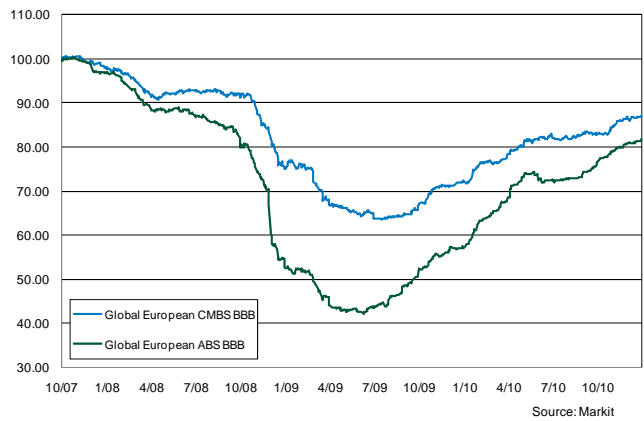
## 10.2. European Total Return RMBS BBB



## 10.3. European ABS & CMBS Total Return AAA



## 10.4. Europe ABS & CMBS Total Return BBB



# ASSET-BACKED COMMERCIAL PAPER

€ BILLIONS<sup>1</sup>

## 11.1. 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
2009	46.1	39.9	39.0	32.1	157.2
2010	32.1	35.7	38.8	38.8	145.4

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

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL <sup>2</sup>
France	5.1	6.3	7.2	7.0	25.5
Germany	0.0				0.0
Ireland	24.2	26.0	26.9	27.9	105.0
Italy	0.0				0.0
Luxembourg	0.1	0.2	0.2	0.1	0.6
Netherlands					
Spain			0.0	0.0	0.0
UK	2.6	3.3	4.5	3.8	14.2
Total <sup>2</sup>	32.1	35.7	38.8	38.8	145.4

2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL <sup>2</sup>
6.8	5.6	5.5	6.1	24.1
				0.0
31.4	26.1	25.7	22.4	105.6
	0.0	0.0	0.0	0.0
0.1	0.1	0.1	0.1	0.3
0.0	0.3	0.0	0.0	0.3
7.8	7.8	7.6	3.5	26.8
46.1	39.9	39.0	32.1	157.2

## 11.3. European ABCP Issuance by Programme Type

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL <sup>2</sup>
SIVs		0.0			0.0
Single-Seller Conduits	0.1	0.2	0.2	0.1	0.6
Multi-Seller Conduits	20.4	23.0	25.7	24.8	93.9
Unspecified	11.6	12.5	12.9	13.9	50.9
Total <sup>2</sup>	32.1	35.7	38.8	38.8	145.4

2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL <sup>2</sup>
0.4	0.3	1.3	0.3	2.2
0.1	0.1	0.1	0.1	0.3
30.7	30.5	28.6	22.9	112.6
14.9	9.1	9.1	8.9	42.0
46.1	39.9	39.0	32.1	157.2

## 11.4. ABCP Outstandings by Nationality of Issuer

	2010:Q1	2010:Q2	2010:Q3	2010:Q4
France	1.5	2.2	2.3	2.4
Germany				
Ireland	7.4	8.4	7.4	6.4
Italy				
Luxembourg	0.1	0.1	0.1	
Netherlands				
Spain			0.0	0.0
UK	1.1	1.9	1.9	1.5
European Total <sup>2,4</sup>	10.0	12.5	11.7	10.3
US Total <sup>1,2</sup>	217.9	222.8	196.1	192.8

2009:Q1	2009:Q2	2009:Q3	2009:Q4
1.5	2.1	1.4	1.6
7.8	6.6	9.2	6.8
0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0
2.3	2.3	2.6	1.2
11.6	11.0	13.1	9.7
314.8	290.1	256.1	229.7

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 are 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.

## ASSET-BACKED COMMERCIAL PAPER

€ BILLIONS<sup>1</sup>

### 11.5. European ABCP Outstandings by Programme Type

	2010:Q1	2010:Q2	2010:Q3	2010:Q4
<b>SIVs</b>				
<b>Single-Seller</b>	0.1	0.1	0.1	0.1
<b>Multi-Seller</b>	7.5	8.9	8.7	7.7
<b>Unspecified</b>	2.5	3.6	3.0	2.5
<b>Total</b>	10.0	12.5	11.7	10.3

2009:Q1	2009:Q2	2009:Q3	2009:Q4
0.1	0.1	0.1	0.0
0.0	0.0	0.0	0.0
7.7	8.5	9.5	6.4
3.8	2.4	3.5	3.2
11.6	11.0	13.1	9.7

### 11.6. US ABCP Outstandings by Programme Type<sup>2</sup>

	2010:Q1	2010:Q2	2010:Q3	2010:Q4
<b>Loan-Backed</b>				
<b>SIVs</b>				
<b>Single-Seller</b>	18.6	17.4	13.4	15.3
<b>Multi-Seller</b>	189.6	195.0	174.6	170.0
<b>Unspecified<sup>5</sup></b>	9.8	10.4	8.1	7.5
<b>Total<sup>1,3</sup></b>	217.9	222.8	196.1	192.8

2009:Q1	2009:Q2	2009:Q3	2009:Q4
1.3	1.1	0.8	0.7
40.8	34.5	28.3	25.4
248.5	235.6	215.4	194.0
24.1	18.9	11.6	9.5
314.8	290.1	256.1	229.7

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> 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.

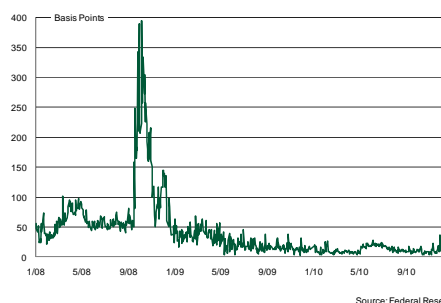
<sup>3</sup> Includes arbitrage and hybrid programme types.

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

Country	
<b>United States</b>	34.0%
<b>United Kingdom</b>	21.0%
<b>Europe<sup>3</sup></b>	6.5%
<b>Netherlands</b>	6.4%
<b>Germany</b>	6.3%
<b>Global<sup>2</sup></b>	5.4%
<b>France</b>	4.4%
<b>Others</b>	16.1%
<b>Total</b>	100.0%

Source: Moody's Investors Service

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



Source: Federal Reserve

<sup>1</sup> Percentages shown are as of June 2010; all EMEA ABCP programmes.

<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.

## GLOBAL COMPARATIVE DATA

€ BILLIONS<sup>1</sup>

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

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL <sup>1</sup>
<b>US</b>	119.5	110.1	128.1	128.8	486.4
<b>Europe</b>	15.1	17.9	25.6	13.9	72.5
<b>Asia</b>	8.7	8.3	13.9	12.8	43.7
<b>Total<sup>1</sup></b>	143.3	136.4	167.5	155.4	602.6

	2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL <sup>1</sup>
	36.9	104.5	102.2	82.6	326.2
	3.4	3.3	5.4	6.4	18.5
	9.2	9.1	11.2	11.8	41.3
	49.6	116.9	118.8	100.8	386.0

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

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL <sup>1</sup>
<b>US</b>	74.0	49.0	104.1	75.5	302.6
<b>Europe</b>	184.1	91.1	145.6	84.9	505.7
<b>Asia</b>	79.2	86.1	90.5	80.6	336.3
<b>Total<sup>1</sup></b>	337.3	226.2	340.2	240.9	1144.6

	2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL <sup>1</sup>
	194.9	127.2	82.0	57.1	461.2
	303.0	253.8	137.8	104.6	799.1
	85.4	98.8	92.8	80.9	357.9
	583.2	479.7	312.6	242.6	1618.2

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

	2010:Q1	2010:Q2	2010:Q3	2010:Q4	TOTAL <sup>1</sup>
<b>US</b>	243.3	218.5	217.1	176.1	855.0
<b>Europe</b>	181.4	99.2	112.7	59.7	453.0
<b>Asia</b>	44.8	39.1	54.5	44.5	182.9
<b>Total<sup>1</sup></b>	469.6	356.8	384.2	280.3	1490.9

	2009:Q1	2009:Q2	2009:Q3	2009:Q4	TOTAL <sup>1</sup>
	192.0	174.2	103.6	129.6	599.4
	209.3	171.0	109.9	83.0	573.2
	39.6	33.2	29.4	38.5	140.7
	440.8	378.5	242.9	251.1	1313.3

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 EUR billions. The historical issuance volume total is 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 sources 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, Thomson Reuters, and UniCredit starting from Q1 2009; and Deutsche Bank starting from Q1 2010. In prior quarters our sources were 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. Securities that fail to meet these criteria are excluded. With respect to CDOs, securities are designated as European if they are issued in any European currency, regardless of their country of collateral.

Placed and retained European issuance collateral are sourced from AFME and/or SIFMA dealer member research, Dealogic, Bloomberg, and Thomson Reuters. Placed issuance includes all tranches placed in the public market, private placements, and preplacements. Partial issuance of a tranche is considered to be placed if half or more by euro amount of the tranche is reported placed. Placed and retained issuance will not retroactively consider securities originally issued retained and then placed in the marketplace, and are estimates.

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 are generally based on the sum of securities with US collateral; agency issuance numbers do not include securitisations of existing agency securities. US CDO data are defined as USD-denominated CDOs regardless of the country of collateral. The US issuance data are converted to euros based on the USD to EUR exchange rate at each quarter-end indicated below.

Q1 2009	.7547
Q2 2009	.7126
Q3 2009	.6831
Q4 2009	.6978
Q1 2010	.7402
Q2 2010	.8172
Q3 2010	.7334
Q4 2010	.7471

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 EUR billions. 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. Almost 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 multiple data sources: Deutsche Bank and Bank of America-Merrill Lynch as of Q1 2010, Bloomberg, JP Morgan, Thomson Reuters and UniCredit starting from Q1 2009; and RBS starting from Q3 2009. In prior quarters the sources were Bloomberg, JP Morgan, Thomson Reuters and Merrill Lynch.

US CDO data are 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, are 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 are 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. Subtotals may not add to totals due to independent rounding and historical or prior period numbers are continuously revised to reflect changes in classification, refined selection methodology, or information submitted to our data sources 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 provided by Bloomberg. 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 CDOs, have collateral originated from at least one European country to the extent that a determination can be made. However, for ABS and MBS securities with collateral originated in multiple countries, or where the origin of the underlying collateral is undefined, the following selection criteria apply: securities are considered eligible as European only 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 incorporated) is 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 consider 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 these criteria.

For the CDO sector, only issuance denominated in a European currency (as specified above) is included, regardless of the country of collateral.

Beginning in Q2 2010, the CDO asset class has been further broken down into the CDO and SME asset classes. SME securities follow the same criteria application as non-CDOs. Revisions during this quarter were retroactively applied and balances outstanding from prior quarters have all been restated accordingly.

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; Federal Reserve, Bloomberg and SIFMA for non-agency CMBS. 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.

### 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 (Georgia, Iceland, Turkey, Kazakhstan and the Russian Federation). 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 European. CDOs issued in a European currency 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. Collateral from multiple European countries is now categorised under 'PanEurope' unless collateral is predominantly (over 90%) from one country.

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 are based on original issuance volumes for European and US securities, and therefore do not reflect amortised balances. Information on current ratings by outstanding volumes is not currently available. Moody's data have 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 these 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 are 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 and Standard & Poor's, the total number of European upgrades/downgrades reported by collateral type are not always comparable with the upgrades/downgrades presented by country because there may be securities that experience rating migrations that are backed by collateral originated from a country outside of those specified and will not be captured under the "Multinational" category.

## 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 are 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. - 9.3. Indices Data (p. 17)

The first graph presents daily option-adjusted spreads provided by Barclays Capital for Europe and US ABS indexes from a cross-section of securitised products. The second graph presents prices provided by Barclays for a cross-section of pan-European securitised products, broken out by fixed and floating rates.

The third graph presents daily prices 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 Total Return Benchmark Data

### 10.1. – 10.4. Total Return Data (p. 18)

These graphs represent historical return composites generated by tracking the aggregate asset value on an underlying portfolio of single name bonds. Total Return data are provided by Markit.

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

### 11.1. – 11.2. ABCP Historical Issuance; ABCP Issuance by Nationality of Issuer (p. 19)

Aggregate issuance data covers the period 2008 through 2009 for Europe and the US. 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 are provided by Moody's Investors Service. The volumes are converted from dollar to euro based on the end-of-quarter exchange rate.

### 11.3. European ABCP Issuance by Programme Type (p. 19)

ABCP data by programme type is provided by Dealogic and covers the period from 2008 through 2009 for Europe. The programme type classifications included are: SIVs, single-seller conduit, multi-seller conduit and 'unspecified'.

### 11.4. ABCP Outstandings by Nationality of Issuer (p. 19)

Outstanding quarterly data are provided from the first quarter of 2008 through 2009 for Europe and the US. The European outstanding is provided by country through the Dealogic database, and the US data are 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.

### 11.5. – 11.6. ABCP Outstandings by Programme Type (p. 20)

Outstanding quarterly data are provided from the first quarter of 2008 through 2009 for Europe and the US. The European data are provided by Dealogic and the US data are 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'.

### 11.7. ABCP Outstanding Assets Split by Country (p. 20)

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.

### 11.8. ABCP Spreads (p. 20)

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.

## 12. Global Comparative Data

### 12.1. - 12.3. Global Securitisation Issuance, Global Corporate Bond Issuance, Global Government Bond Issuance (p. 21)

These statistics are provided by Dealogic and present 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.

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