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# ESF SECURITISATION DATA REPORT-Q2:2008

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# Drought Continues in Public Securitisation Markets

## Market Environment

### Economic Conditions

- Although the economic outlook at the beginning of the year was for moderate growth, we are witnessing instead the negative impact of ongoing market dislocation as the effects of the credit crisis continue to move through the real economy. Eurostat announced that the 27-country EU economy contracted by 0.1% in Q2 of 2008 and central banks have revised their growth forecasts downward and inflation forecasts upwards for the remainder of this year and for 2009.
- Systemic factors such as the declining housing market, in terms of prices and volume, tightening lending standards, liquidity constraints, and rising commodity prices have made a strong economic impact on individuals and financial institutions. Employment rates and consumer spending are both decreasing.

### Market Conditions

- Several key European housing markets continue to decline. As of June, Lehman reports an 8% year-over-year drop in UK house prices. Delinquencies and repossessions are rising in the UK, although not yet at the levels seen in the 1990s. While continental Europe as a whole does not currently face the same level of housing price decline, the Spanish housing market, for example, is experiencing rising arrears. According to RBS data, Spanish mortgage arrears for 2006 and 2007 vintages are approaching 1%, which is higher than historical experience.
- Current secondary market securitisation pricing trends are under stress due, in part at least, to the unwinding of structured investment vehicles (SIVs) and continued housing market weakness on both sides of the Atlantic. According to Deutsche Bank, European and US SIV assets actively under management have fallen from an estimated €297 billion at the mid-2007 peak to roughly €102 billion (excluding defaulted vehicles) at the end of the second quarter 2008.

### Term Issuance and Outstanding Volumes

- European securitisation issuance was €169.4 billion for Q2, compared to €140 billion in the previous quarter. The vast majority of newly created securitised products are being retained by originators primarily for funding purposes through central bank liquidity facilities, with only very small volumes being sold in the primary market. According to Royal Bank of Scotland estimates, roughly 91% of all securitisations and 99% of RMBS have been retained in the first half of this year.

- Bank of England's Special Liquidity Scheme (SLS) differs from the European Central Bank's collateral framework, with the SLS facility accepting AAA-rated collateral as determined by at least two rating agencies (including mortgages originated prior to 2008), denominated in a variety of currencies, for one up to three years. The ECB accepts collateral down to single A-rated as determined by one rating agency for senior tranches. Lastly, the ECB only accepts EUR-denominated paper and for shorter durations than the SLS.
- In terms of collateral class, RMBS remains the largest form of issuance, followed by ABS and CDOs. New issues have come predominantly from the UK, followed by Spain, Italy, Belgium, Ireland and lastly, the Netherlands.

### Credit Quality

- While credit deterioration persisted in the second quarter, European assets continued to show resilience relative to US assets with the exception of CDOs, which have suffered numerous downgrades. Against the backdrop of global market deleveraging, the US subprime mortgage crisis continued to prompt large numbers of downgrades; in the US, Moody's Investors Service downgraded approximately 13,000 RMBS issues and 3,000 CDOs in Q2.

### Spread and Price Changes

- In 3-5 year AAA RMBS, Spain, the UK, and Germany experienced marked spread widening, while Italy, France and the Netherlands all experienced a 30 to 50 basis point tightening. In Italy, the effects of the Tremonti decree on loan modifications will be fully priced into secondary market RMBS spreads once the impact on cash flows and the potential mismatches with the interest rate paid to the notes are quantified.

### ABCP Trends

- The European ABCP market - including conduits, SIVs and single-seller programmes - continued to contract in Q2 along with investor interest due to ongoing financial market concerns and aversion to risk, combined with the decline in SIVs, which have undertaken alternative strategies to protect senior note holders. Such strategies include: sponsors bringing SIV assets back on balance sheet and providing wraps and/or 100% liquidity support funding agreements; shrinking via asset sales and maturing paper; and finding alternative funding through repurchase transactions. However, at the end of Q1 2008, Moody's Investors Service reported that assets in traditional European bank multi-seller conduits have actually

increased slightly since the beginning of the credit crunch.

### Major Regulatory and Policy Initiatives

- The Sir James Crosby Group, formed to review and recommend options to the UK Treasury, released an interim analysis of the UK mortgage finance situation in July. A final report, which may include specific recommendations to improve the functioning of the primary and secondary markets in UK RMBS and covered bonds, is expected later this year.
- In July, SIFMA released 12 recommendations to enhance the ability of market participants to understand structured credit ratings and to incorporate ratings properly in their own independent risk assessments. The recommendations are aimed at strengthening investor confidence in securitisation and address specific issues identified as having played a significant role in the current crisis.

# ISSUANCE

€ BILLIONS<sup>1</sup> QM&TB

## 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			209.4

## 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	2,404.9
2008	739.9

## 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			22.8
CDO <sup>4</sup>	2.0	10.0			12.0
CMBS	0.7	0.7			1.4
RMBS	27.2	146.0			173.2
Total <sup>1,2</sup>	40.0	169.4			209.4

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

## 1.4. US Issuance by Collateral<sup>8</sup>

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL <sup>1,2</sup>
ABS <sup>5</sup>	37.6	66.0			103.6
CDO <sup>6</sup>	4.6	6.2			10.8
Agency MBS <sup>7</sup>	236.0	365.8			601.8
Non-Agency CMBS	3.0	6.6			9.6
Non-Agency RMBS	4.0	10.1			14.1
Total <sup>1,2</sup>	285.2	454.7			739.9

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL <sup>1,2</sup>
245.9	243.9	100.7	76.4	666.9
94.8	102.4	37.6	17.7	252.5
237.5	282.4	240.7	223.9	984.5
43.6	67.7	37.0	19.8	168.1
125.7	115.1	65.6	26.5	332.9
747.5	811.5	481.6	364.3	2,404.9

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. The US \$/€ exchange rates were 0.75 at the end of Q1 07, 0.7422 for Q2 07, 0.7012 for Q3 07, 0.6794 for Q4 07, 0.6333 for Q1 08, and 0.63472 for Q2 08.

<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.

<sup>5</sup> European CDO issuance in 2006 and 2007 totalled €88.1 billion and €88.7 billion respectively. Historical CDO issuance totals have been revised due to periodic updates of the sector.

<sup>6</sup> US ABS issuance includes auto, credit card, home equity, student loan, equipment leases, non-jumbo mortgages, and other.

<sup>7</sup> US CDO issuance numbers only include US-denominated issuance. US dollar transactions may include European transactions which are denominated in US dollars. US CDO issuance in 2006 and 2007 totalled €337.28 billion and €252.5 billion respectively. Historical CDO issuance totals have been revised due to periodic updates of the sector.

<sup>8</sup> Agency MBS includes RMBS and CMBS.

<sup>9</sup> US non-agency MBS and ABS currency conversion is based on euro-denominated volumes for each security provided by Thomson Reuters. For agency MBS, end-of-quarter currency exchange rates were used.

# 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			15.1
Denmark					
France		3.5			3.5
Germany	3.8	1.3			5.1
Greece	1.0	0.8			1.8
Ireland	2.5	14.0			16.5
Italy	5.9	15.2			21.1
Kazakhstan					
Luxembourg					
Netherlands	2.8	10.0			12.8
Portugal	2.0	2.6			4.6
Russia	0.5	0.4			0.9
Spain	9.8	22.7			32.5
Switzerland					
UK	8.8	73.8			82.6
Ukraine		0.1			0.1
Multinational <sup>8</sup>	2.9	10.1			13.0
European Total <sup>2</sup>	40.0	169.4			209.4
US Total <sup>1,2</sup>	285.2	454.7			739.9

	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
	747.5	811.5	481.6	364.3	2,404.9

## 1.6. Issuance by Collateral and Country<sup>2,4,5,6,7,8</sup>

2008:Q2

	ABS <sup>3</sup>	CDO <sup>4</sup>	CMBS	RMBS	TOTAL <sup>2</sup>
Belgium				15.1	15.1
Denmark					0.0
France	3.5				3.5
Germany	1.3				1.3
Greece				0.8	0.8
Ireland				14.0	14.0
Italy	5.3			10.0	15.2
Kazakhstan					0.0
Luxembourg					0.0
Netherlands				10.0	10.0
Portugal	2.6				2.6
Russia	0.1			0.3	0.4
Spain	2.4			20.3	22.7
Switzerland					0.0
Ukraine	0.1				0.1
UK	0.1		0.7	72.9	73.8
Multinational <sup>8</sup>		10.0			10.0
Total <sup>2</sup>	15.3	10.0	0.7	143.4	169.4

	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>	66.0	6.2	365.8	6.6	10.1	454.7

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. The US \$/€ exchange rates were 0.75 at the end of Q1 07, 0.7422 for Q2 07, 0.7012 for Q3 07, 0.6794 for Q4 07, 0.6333 for Q1 08, and 0.63472 for Q2 08.

<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.

<sup>5</sup> European CDO issuance in 2006 and 2007 totalled €88.1 and €88.7 billion respectively. Historical CDO issuance totals have been revised due to periodic updates of the sector.

<sup>6</sup> US ABS issuance includes auto, credit card, home equity, student loan, equipment leases, non-jumbo mortgages, and other.

<sup>7</sup> US CDO issuance numbers only include US-dollar denominated issuance. US dollar transactions may include European transactions which are denominated in US dollars. US CDO issuance in 2006 and 2007 totalled €337.28 billion and €252.5 billion respectively. Historical CDO issuance totals have been revised due to periodic updates of the sector.

<sup>8</sup> Agency MBS includes RMBS and CMBS.

<sup>9</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			173.0
AA	3.5	2.4			5.9
A	0.9	3.2			4.1
BBB & Below	1.1	4.1			5.2
Not Rated	6.7	14.6			21.3
<b>European Total<sup>2</sup></b>	<b>40.0</b>	<b>169.4</b>			<b>209.4</b>

	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	37.2	65.6			102.8
AA	0.9	1.0			2.0
A	2.4	4.7			7.1
BBB & Below	1.2	1.8			3.0
Not Rated	7.4	15.7			23.1
Agency MBS <sup>5</sup>	236.0	365.8			601.8
<b>US Total<sup>1,2</sup></b>	<b>285.2</b>	<b>454.7</b>			<b>739.8</b>

	2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL <sup>1,2</sup>
	124.0	127.2	76.2	51.5	378.9
	13.9	10.8	8.3	1.3	34.3
	72.1	76.3	10.4	11.2	170.0
	8.9	8.6	6.6	3.1	27.2
	291.1	306.3	139.4	73.3	810.0
	237.5	282.4	240.7	223.9	984.5
	747.5	811.5	481.6	364.3	2404.9

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. The US \$/€ exchange rates were 0.75 at the end of Q1 07, 0.7422 for Q2 07, 0.7012 for Q3 07, 0.6794 for Q4 07, 0.6333 for Q1 08, and 0.63472 for Q2 08.

<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 include only euro-denominated issuance regardless of country of collateral. A substantial percentage of CDOs are backed by multi-jurisdictional collateral. European CDO issuance in 2006 totalled €88.1 billion and €88.7 billion in 2007. Historical CDO issuance totals have been revised due to periodic updates of the sector.

<sup>4</sup> US CDO issuance numbers include only dollar-denominated issuance. US dollar transactions may include European transactions which are denominated in US dollars. US CDO issuance in 2006 and 2007 totalled €337.28 billion and €252.5 billion respectively. Historical CDO issuance totals have been revised due to periodic updates of the sector.

<sup>5</sup> US non-agency MBS and ABS currency conversion is based on euro-denominated volumes for each security provided by Thomson Reuters. For agency MBS, end-of-quarter currency exchange rates were used.

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

2008:Q1

	INCLUDING RETAINED DEALS <sup>2</sup>			
	EUROPE		US	
	# of Issues	€ Billions	# of Issues	€ Billions
Less than 0.1 Billion	7%	0%	4%	0%
0.1-1.0 Billion	35%	9%	26%	21%
More than \$1.0 Billion	58%	91%	15%	35%
Agency MBS	0%	0%	55%	44%
<b>Total<sup>3</sup></b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

2008:Q2

	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	4%	1%	1%	0%	3%	0%	2%	0%
0.1-1.0 Billion	83%	68%	39%	24%	47%	8%	38%	24%
More than \$1.0 Billion	13%	31%	14%	38%	50%	92%	15%	40%
Agency MBS	0%	0%	46%	38%	0%	0%	46%	35%
<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 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
<b>ABS</b> <sup>3</sup>	177.9	183.8		
<b>CDO</b> <sup>4</sup>	254.2	272.6		
<b>CMBS</b>	141.5	141.5		
<b>RMBS</b>	660.1	789.2		
<b>WBS</b> <sup>5</sup>	39.8	39.8		
<b>Total</b> <sup>6</sup>	1273.5	1426.9		

2007:Q1	2007:Q2	2007:Q3	2007:Q4
		178.2	172.9
		273.2	255.4
		146.8	143.8
		685.2	682.1
		40.4	39.3
		1323.8	1293.5

### 2.2. US Outstandings by Collateral

	2008:Q1	2008:Q2	2008:Q3	2008:Q4
<b>ABS</b> <sup>7</sup>	1570.8	1827.4		
<b>Agency MBS</b>	3860.0	3953.5		
<b>Non-Agency MBS</b>	837.2	841.3		
<b>Total</b> <sup>1,6</sup>	6267.9	6622.2		

2007:Q1	2007:Q2	2007:Q3	2007:Q4
1678.7	1792.8	1737.1	1679.7
4028.0	4138.3	4030.4	4040.9
976.5	981.6	944.4	897.4
6683.2	6912.6	6712.0	6618.0

Sources: Bloomberg (US & Europe), Fannie Mae (US), Freddie Mac (US), Ginnie Mae (US), Thomson Reuters (US), SIFMA (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. The US \$/€ exchange rates were 0.75 at the end of Q1 07, 0.7422 for Q2 07, 0.7012 for Q3 07, 0.6794 for Q4 07, 0.6333 for Q1 08, and 0.63472 for Q2 08.

<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

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
Hungary			0.1	0.1
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
Switzerland			0.4	0.2
Turkey			3.1	3.1
UK			492.6	468.8
Multinational			223.0	213.3
European Total <sup>2,3</sup>			1,323.8	1,293.5
US Total <sup>1</sup>	6,683.2	6,912.6	6,712.0	6,618.0

2008

	2008:Q1	2008:Q2	2008:Q3	2008:Q4
Austria	3.5	3.4		
Belgium	6.9	22.0		
Denmark	7.7	7.6		
France	24.9	27.9		
Germany	70.1	69.9		
Greece	9.2	9.9		
Hungary	0.1	0.1		
Ireland	18.4	33.2		
Italy	109.2	119.3		
Netherlands	143.2	158.3		
Portugal	26.1	27.3		
Russia	4.6	4.9		
Spain	174.6	194.4		
Sweden	0.9	0.9		
Switzerland	0.2	0.2		
Turkey	3.1	3.1		
UK	456.5	513.3		
Ukraine		0.1		
Multinational	214.1	231.1		
European Total <sup>2,3</sup>	1,273.5	1,426.9		
US Total <sup>1</sup>	6,267.9	6,622.2		

Sources: Bloomberg (US & Europe), Fannie Mae (US), Freddie Mac (US), Ginnie Mae (US), Thomson Reuters (US), SIFMA (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. The US \$/€ exchange rates were 0.75 at the end of Q1 07, 0.7422 for Q2 07, 0.7012 for Q3 07, 0.6794 for Q4 07, 0.6333 for Q1 08, and 0.63472 for Q2 08.

<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.

## BALANCES OUTSTANDING

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

	2008: Q2
Aaa/AAA	84.13%
Aa/AA	5.75%
A/A	4.82%
Baa/BBB	3.63%
Ba/B B	1.10%
B/B	0.20%
Caa/CCC	0.13%
Ca/C C	0.12%
C/C	0.13%
Total <sup>2</sup>	100.00%

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

	2008: Q2
Aaa/AAA	73.69%
Aa/AA	7.26%
A/A	5.69%
Baa/BBB	4.69%
Ba/B B	2.13%
B/B	2.71%
Caa/CCC	1.56%
Ca/C C	1.26%
C/C	1.00%
Total <sup>2</sup>	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 rounding.

## BALANCES OUTSTANDING

€ BILLIONS<sup>1</sup>

### 2.6. Outstandings by Collateral and Country

2008:Q1

	ABS <sup>2</sup>	CDO <sup>3</sup>	CMBS	RMBS	WBS <sup>4</sup>	Total <sup>5</sup>
Austria	0.9		0.2	2.3		3.5
Belgium	0.3	0.0	0.1	6.5		6.9
Denmark	1.6	5.9		0.3		7.7
France	6.2	0.8	3.7	14.2		24.9
Germany	31.0	14.3	18.2	6.6	0.1	70.1
Greece	1.3	2.3		5.7		9.2
Hungary				0.1		0.1
Ireland	0.0	2.1	1.8	14.5		18.4
Italy	51.0	4.3	3.9	47.8	2.3	109.2
Netherlands	2.8	10.5	8.2	121.7		143.2
Portugal	2.1	1.3		22.7		26.1
Russia	1.9			2.7		4.6
Spain	17.4	37.1	1.7	118.4		174.6
Sweden	0.1			0.7		0.9
Switzerland		0.2				0.2
Turkey	3.1					3.1
UK	49.5	3.2	74.2	293.0	36.7	456.5
Multinational <sup>6</sup>	8.5	172.3	29.6	3.0	0.7	214.1
<b>Total<sup>5</sup></b>	<b>177.9</b>	<b>254.2</b>	<b>141.5</b>	<b>660.1</b>	<b>39.8</b>	<b>1273.5</b>

	ABS <sup>7</sup>	AGENCY MBS	NON-AGENCY MBS	Total <sup>1</sup>
<b>US Total<sup>1</sup></b>	<b>1,570.8</b>	<b>3,860.0</b>	<b>837.2</b>	<b>6,267.9</b>

2008:Q2

	ABS <sup>2</sup>	CDO <sup>3</sup>	CMBS	RMBS	WBS <sup>4</sup>	Total <sup>5</sup>
Austria	0.9		0.2	2.3		3.4
Belgium	0.3	0.0	0.1	21.6		22.0
Denmark	1.6	5.7		0.3		7.6
France	9.5	0.9	3.7	13.7		27.9
Germany	31.0	14.2	18.1	6.5	0.1	69.9
Greece	1.3	2.3		6.3		9.9
Hungary				0.1		0.1
Ireland	0.0	3.3	1.8	28.1		33.2
Italy	53.9	4.2	3.9	55.0	2.4	119.3
Netherlands	2.7	10.4	8.1	137.1		158.3
Portugal	2.0	1.4		23.8		27.3
Russia	1.8			3.1		4.9
Spain	19.4	36.6	1.6	136.8		194.4
Sweden	0.1			0.7		0.9
Switzerland		0.2				0.2
Turkey	3.1					3.1
Ukraine	0.1					0.1
UK	47.1	3.4	75.4	350.9	36.5	513.3
Multinational <sup>6</sup>	8.9	190.0	28.5	3.0	0.7	231.1
<b>Total<sup>5</sup></b>	<b>183.8</b>	<b>272.6</b>	<b>141.5</b>	<b>789.2</b>	<b>39.8</b>	<b>1426.9</b>

	ABS <sup>7</sup>	AGENCY MBS	NON-AGENCY MBS	Total <sup>1</sup>
<b>US Total<sup>1</sup></b>	<b>1,827.4</b>	<b>3,953.5</b>	<b>841.3</b>	<b>6,622.2</b>

Sources: Bloomberg (US & Europe), Fannie Mae (US), Ginnie Mae (US), Freddie Mac (US), Thomson Reuters (US), SIFMA (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. The US \$/€ exchange rates were 0.75 at the end of Q1 07, 0.7422 for Q2 07, 0.7012 for Q3 07, 0.6794 for Q4 07, 0.6333 for Q1 08, and 0.63472 for Q2 08.

<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.

## CREDIT QUALITY - RATING CHANGES

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

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

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL
France	0/0	0/2			0/2
Germany	4/1	7/17			11/18
Italy	2/10	0/3			2/13
Netherlands	0/0	14/0			14/0
Spain	0/0	0/13			0/13
UK	22/40	8/8			30/48
Multinational <sup>2</sup>	8/10	4/116			12/126
European Total	36/61	33/159			69/220
US	335/4901	165/5763			500/10664

	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			0/1
Germany	0/2	2/5			2/7
Italy	0/1	0/6			0/7
Netherlands	0/0	0/0			0/0
Spain	1/0	0/5			1/5
UK	10/7	6/82			16/89
Multinational <sup>3</sup>	11/247	59/556			70/803
European Total	22/257	67/655			89/912
US	111/4751	223/16563			334/21314

	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			1/8
Germany	1/7	5/12			6/19
Italy	10/0	1/7			11/7
Netherlands	0/0	6/0			6/0
Spain	6/1	0/0			6/1
UK	6/52	32/107			38/159
Multinational <sup>3</sup>	26/450	21/525			47/975
European Total	50/512	65/657			115/1169
US	216/8883	106/4903			322/13786

	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>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<sup>2</sup>

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL
Auto	1/0	0/0			1/0
Credit Card	0/0	0/0			0/0
Other ABS <sup>2</sup>	3/21	1/6			4/27
CDO	0/10	3/117			3/127
CMBS	5/12	8/4			13/16
RMBS (prime)	12/0	16/27			28/27
RMBS (non-conforming)	15/18	5/5			20/23
<b>Total</b>	<b>36/61</b>	<b>33/159</b>			<b>69/220</b>

	2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL
Auto	0/0	3/0	1/0	2/0	6/0
Credit Card	0/0	0/0	0/0	0/0	0/0
Other ABS <sup>2</sup>	0/0	13/0	14/9	4/8	31/17
CDO	26/18	23/2	23/32	20/128	92/80
CMBS	23/1	8/6	19/3	16/0	66/10
RMBS (prime)	50/0	19/4	40/0	91/2	200/6
RMBS (non-conforming)	17/0	12/0	27/0	29/1	85/1
<b>Total</b>	<b>116/19</b>	<b>78/12</b>	<b>124/44</b>	<b>162/139</b>	<b>480/214</b>

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

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL
Auto	1/0	1/0			2/0
CDO	11/247	57/556			68/803
CMBS	2/0	9/34			11/34
Credit Card	3/0	0/0			3/0
RMBS (prime)	0/3	0/10			0/13
RMBS (non-conforming)	5/7	0/55			5/62
<b>Total</b>	<b>22/257</b>	<b>67/655</b>			<b>89/912</b>

	2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL
Auto	0/0	0/0	0/0	1/0	1/0
CDO	74/36	48/42	28/73	65/84	215/235
CMBS	10/2	14/0	10/3	8/1	42/6
Credit Card	0/0	0/0	0/0	0/0	0/0
RMBS (prime)	17/0	0/0	0/0	1/1	18/1
RMBS (non-conforming)	0/0	0/0	0/0	6/8	6/8
<b>Total</b>	<b>101/38</b>	<b>62/42</b>	<b>38/76</b>	<b>81/94</b>	<b>282/250</b>

#### 3.6. Standard & Poor's – Europe

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL
Auto	4/0	0/0			4/0
CDO	25/475	16/550			41/1025
CMBS	4/0	10/20			14/20
Credit Card	0/0	0/0			0/0
RMBS (prime)	7/2	6/0			13/2
RMBS (non-conforming)	0/1	25/4			25/5
<b>Total</b>	<b>40/478</b>	<b>57/574</b>			<b>97/1052</b>

	2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL
Auto	0/0	1/0	0/0	1/0	2/0
CDO	67/55	46/60	56/72	38/144	207/331
CMBS	14/10	13/4	9/1	10/0	46/15
Credit Card	0/0	0/0	0/0	0/0	0/0
RMBS (prime)	26/0	8/3	17/3	16/0	67/6
RMBS (non-conforming)	1/0	0/0	2/0	13/0	16/0
<b>Total</b>	<b>108/65</b>	<b>68/67</b>	<b>84/76</b>	<b>78/144</b>	<b>338/352</b>

#### 3.7. Fitch Ratings – US

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL
Auto	8/34	6/26			14/60
Credit Card	0/3	0/1			0/4
Other ABS <sup>2</sup>	242/467	10/248			252/715
CDO	0/155	18/486			18/641
CMBS	69/39	132/69			201/108
RMBS (prime)	11/100	0/26			11/126
RMBS (subprime)	0/3683	0/2939			0/6622
Other RMBS <sup>3</sup>	5/420	0/1974			5/2394
<b>Total</b>	<b>335/4901</b>	<b>166/5769</b>			<b>501/10670</b>

	2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL
Auto	26/0	35/0	29/0	5/0	95/0
Credit Card	0/0	14/2	0/0	0/0	14/2
Other ABS <sup>2</sup>	10/25	40/5	32/10	43/20	125/60
CDO	16/18	103/29	81/228	18/905	218/1180
CMBS	284/6	265/13	172/11	55/40	776/70
RMBS (prime)	110/2	38/1	18/0	11/20	177/23
RMBS (subprime)	139/128	127/501	1/1746	0/1354	267/3729
Other RMBS <sup>3</sup>	69/42	15/92	2/58	0/760	86/252
<b>Total</b>	<b>654/221</b>	<b>637/643</b>	<b>335/2053</b>	<b>132/3099</b>	<b>1758/6016</b>

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

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL
Auto	0/49	26/79			26/128
CDO	3/1637	2/3227			5/4864
CMBS	93/76	142/47			235/123
Credit Card	0/1	0/6			0/7
RMBS	15/2988	53/13204			68/16192
<b>Total</b>	<b>111/4751</b>	<b>223/16563</b>			<b>334/21314</b>

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

#### 3.9. Standard & Poor's – US

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL
Auto	6/80	6/74			12/154
CDO	40/3231	31/1655			71/4886
CMBS	84/54	35/216			119/270
Credit Card	0/0	0/1			0/1
RMBS (prime)	80/85	31/637			111/722
RMBS (subprime)	6/5433	3/2320			9/7753
<b>Total</b>	<b>216/8883</b>	<b>106/4903</b>			<b>322/13786</b>

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

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

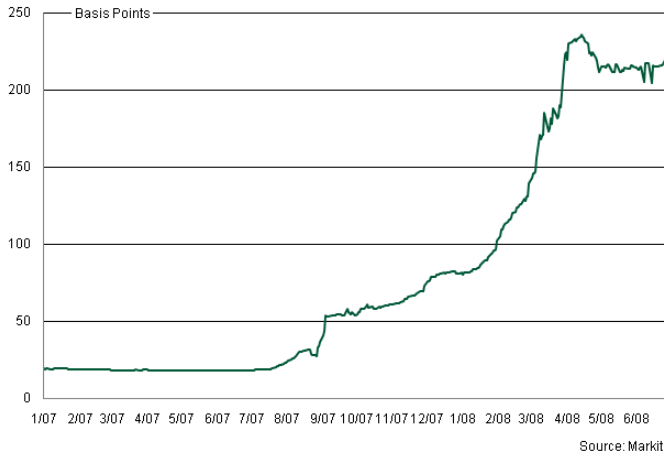
<sup>1</sup> Each box contains two numbers: Upgrades followed by Downgrades. Because the three credit rating agencies track different securities and apply slightly different rating criteria, these numbers are not directly comparable.

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

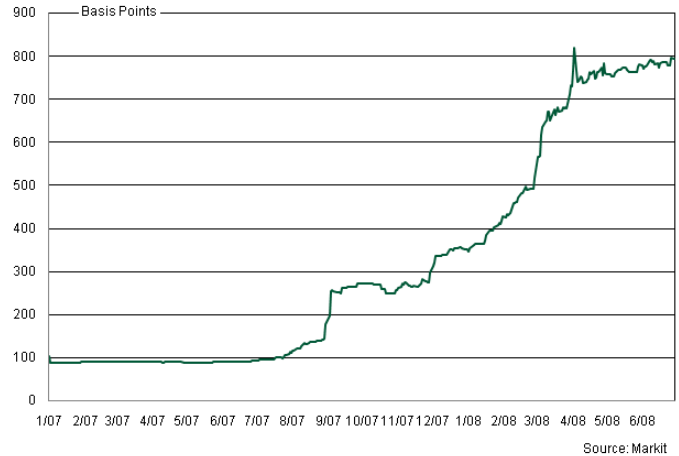
<sup>3</sup> May include other types of RMBS transactions such as ALT-A, reverse mortgages, government RMBS, etc.

# CMBS CREDIT SPREADS

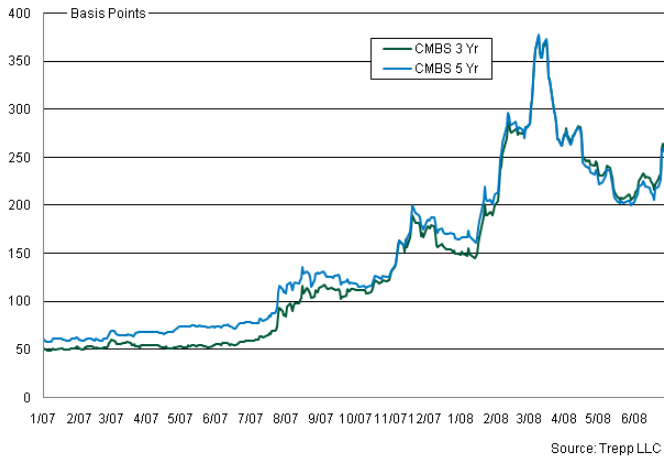
## 4.1. European 3-5 Yr AAA CMBS Credit Spreads<sup>1</sup>



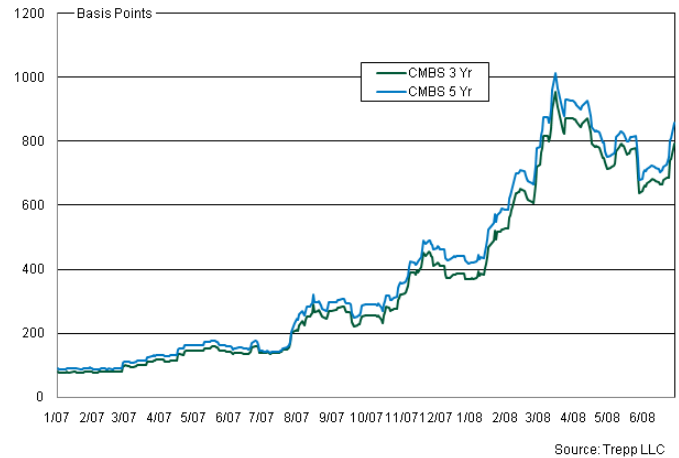
## 4.2. European 3-5 Yr BBB CMBS Credit Spreads<sup>1</sup>



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



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



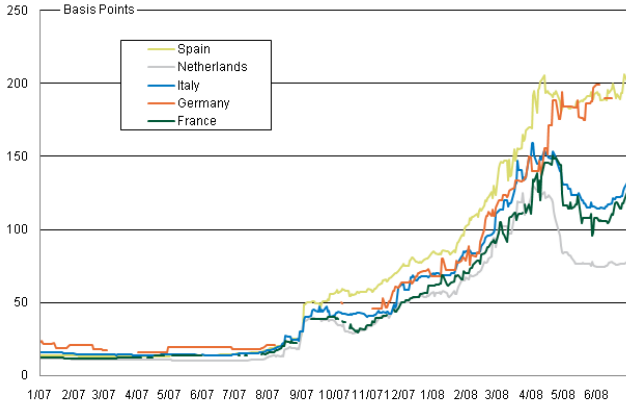
<sup>1</sup> Markit provides independent composite spread levels which are calculated from dealer contributions and are subject to multiple cleaning algorithms. These levels are equivalent to the 'discount margin' which is defined as the effective spread to maturity of a floating rate security after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

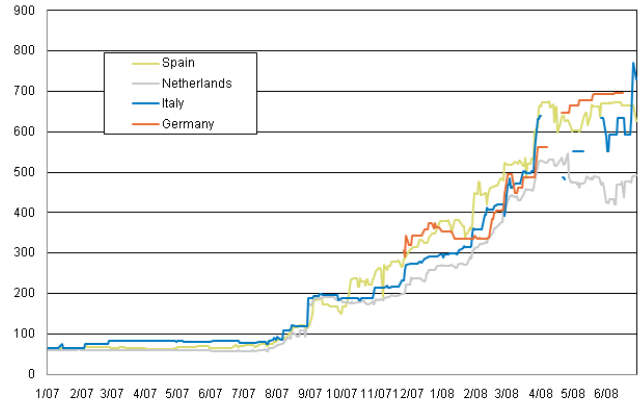
# RMBS CREDIT SPREADS

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



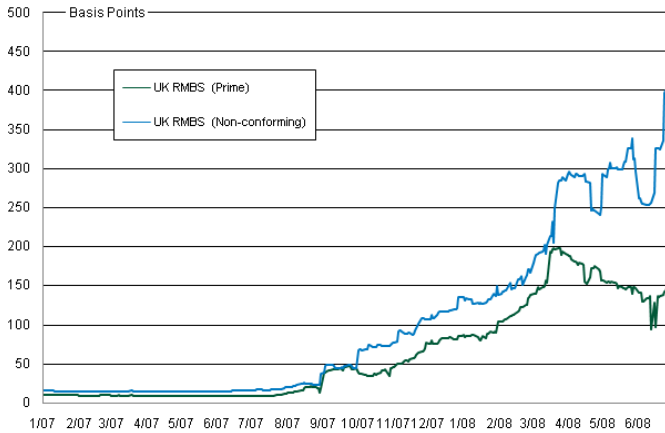
Source: Markit

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



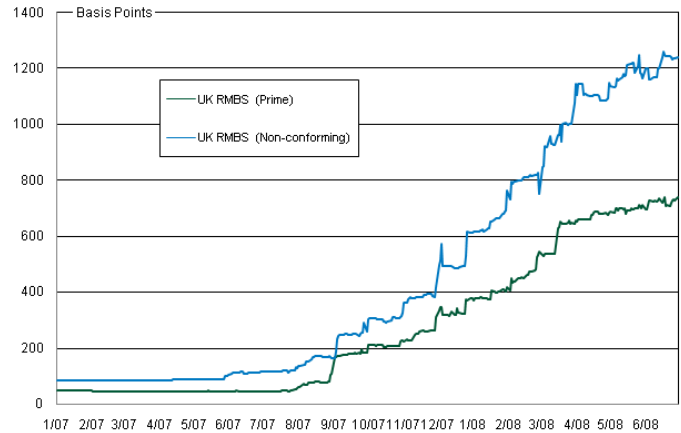
Source: Markit

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



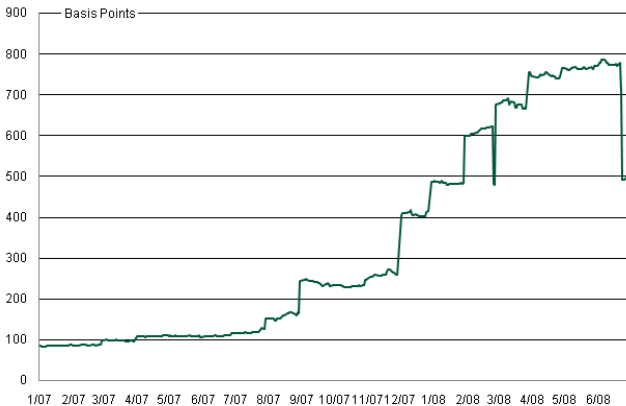
Source: Markit

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



Source: Markit

## 5.5. US AAA Subprime Home Equity Credit Spreads<sup>2</sup>



Source: Lehman Brothers

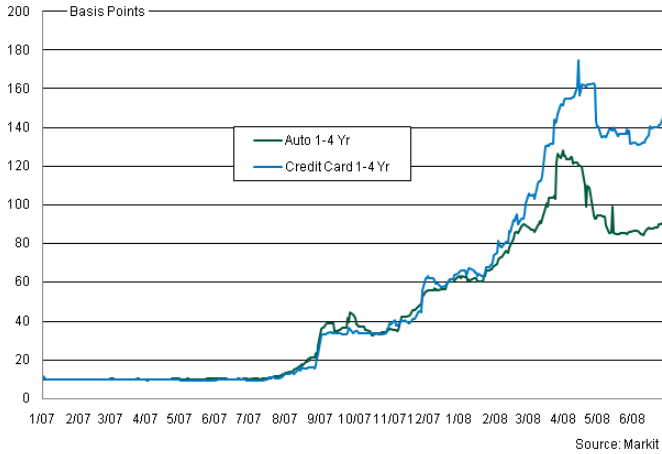
<sup>1</sup> Markit provides independent composite spread levels which are calculated from dealer contributions and are subject to multiple cleaning algorithms. These levels are equivalent to the 'discount margin' which is defined as the effective spread to maturity of a floating rate security after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

<sup>2</sup> 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.

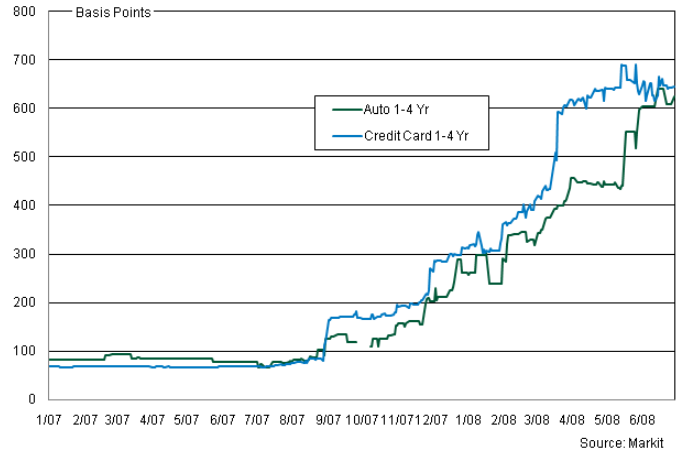
Note: Gaps in data availability occur in some places and result in linebreaks for those data series.

# ABS CREDIT SPREADS

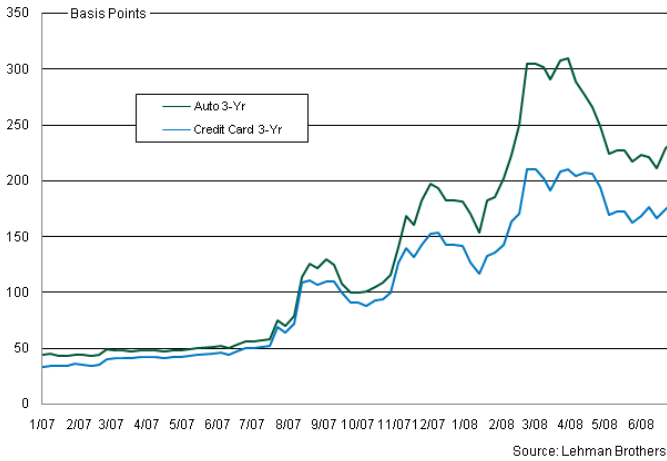
## 6.1. European 1-4 Yr AAA ABS Credit Spreads<sup>1</sup>



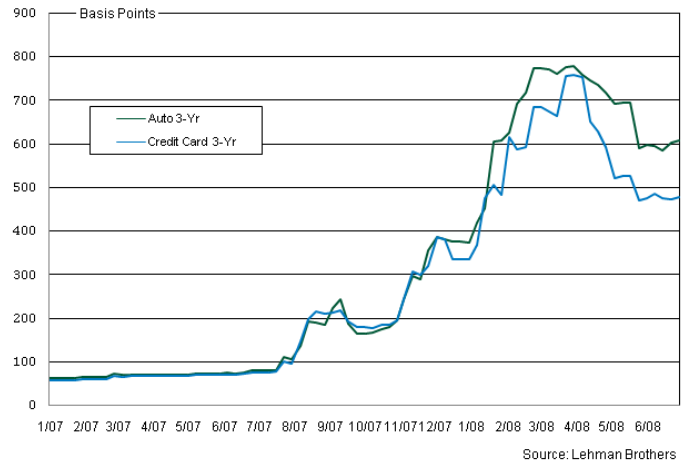
## 6.2. European 1-4 Yr BBB ABS Credit Spreads<sup>1</sup>



## 6.3. US 3 Yr AAA ABS Credit Spreads



## 6.4. US 3 Yr BBB ABS Credit Spreads



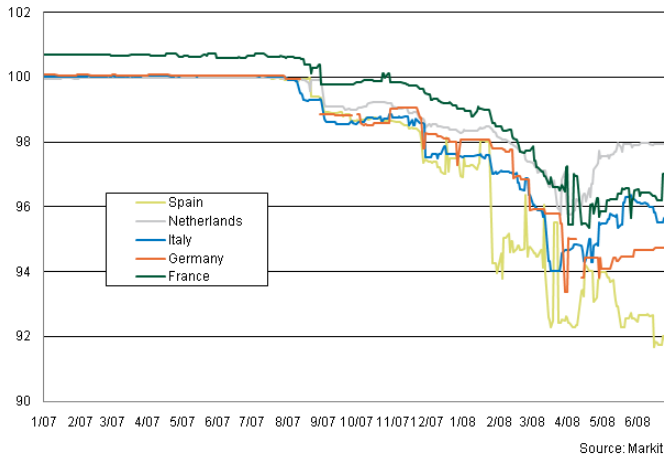
<sup>1</sup> Markit provides independent composite spread levels which are calculated from dealer contributions and are subject to multiple cleaning algorithms. These levels are equivalent to the 'discount margin' which is defined as the effective spread to maturity of a floating rate security after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

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



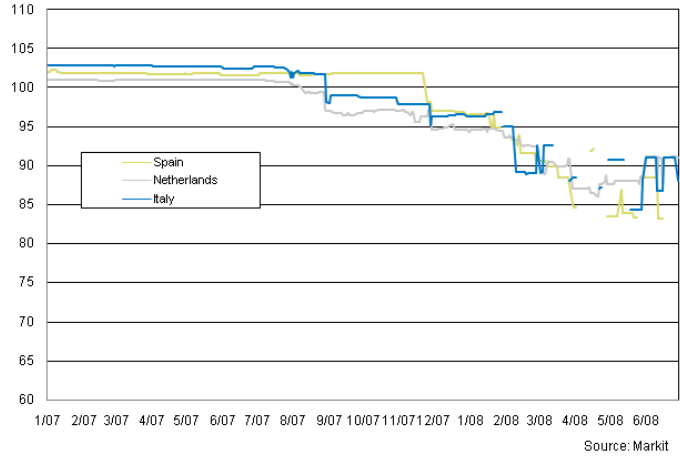
# RMBS CREDIT PRICES

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

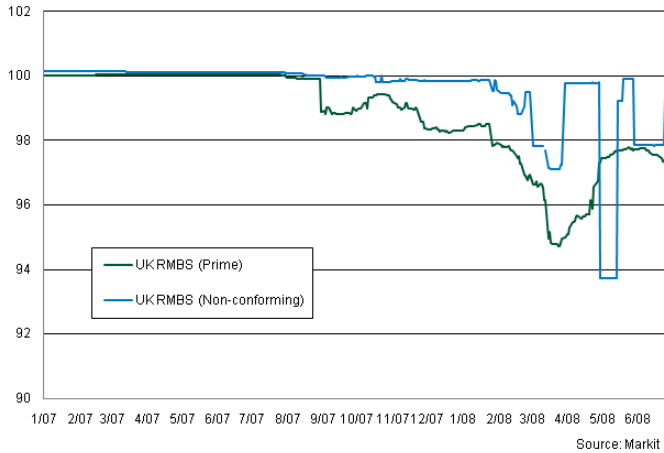
## 7.2. European 3-5 Yr BBB RMBS Credit Prices<sup>1</sup>



1. Spanish BBB RMBS provided: Bancaja 6, Fondo de Titulización de Activos, Class C, Series 1. ISIN# ES0312885033. 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.

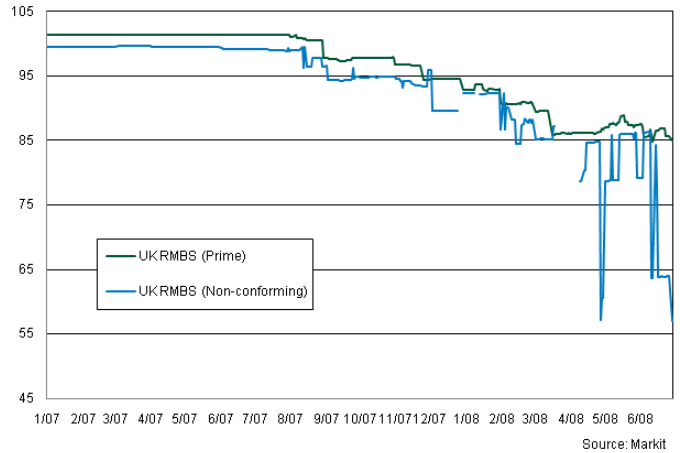
Note: French and German 3-5 Yr BBB RMBS data are not available.

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



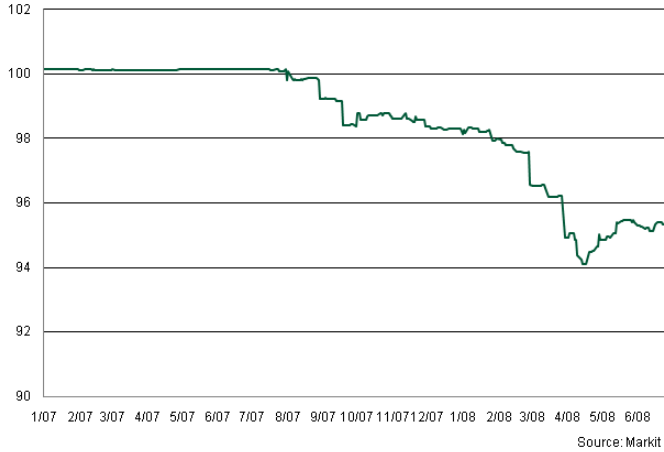
1. UK BBB prime RMBS provided: Permanent Financing (No. 5) PLC, Class C, Series 5. ISIN# XS0197070831. GBP-denominated.
2. UK BBB subprime RMBS provided: Leek Finance Number Fifteen Plc, Class Cc, Series 1. ISIN# XS0216901552. EUR-denominated.

<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.

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

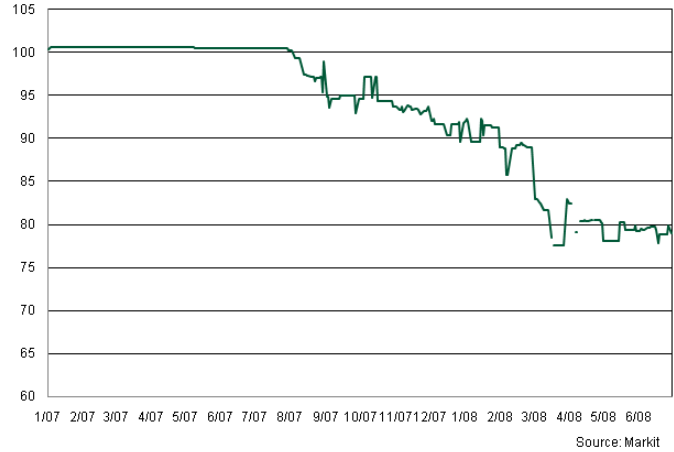
# CMBS AND ABS CREDIT PRICES

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



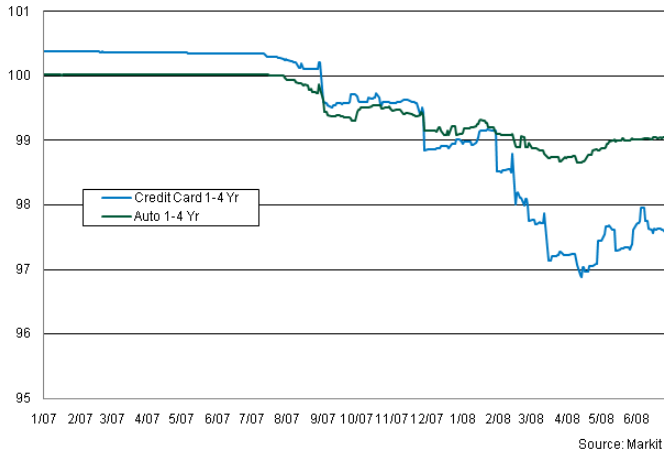
Pan-European AAA CMBS provided: Opera Finance (Lakeside) Plc, Class A, Series 1. ISIN# XS0198555202. GBP-denominated.

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



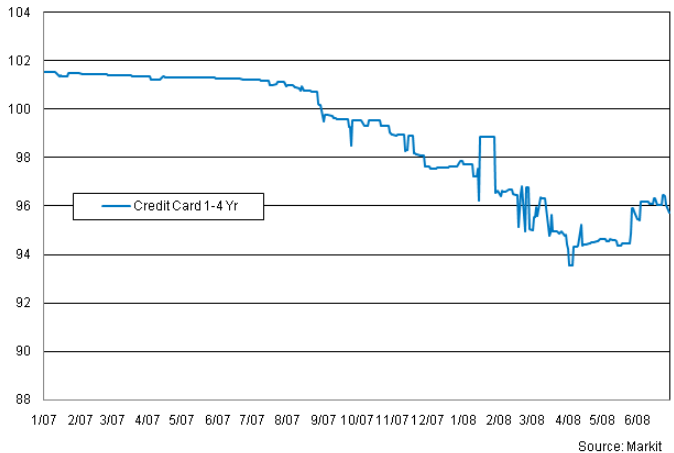
Pan-European BBB CMBS provided: German Residential Asset Note Distributor Plc, Class D, Series 1. ISIN# XS0260143101. EUR-denominated.

## 8.3. Pan-European 1-4 Yr AAA ABS Credit 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 Credit 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.

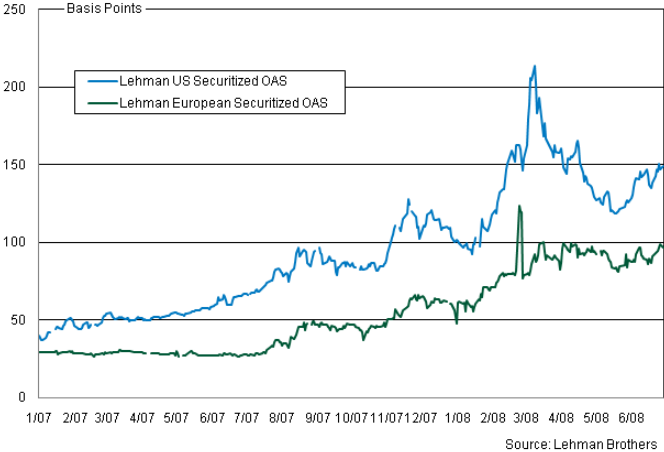
Note: Pan-European 1-4 Yr BBB Auto ABS price data is not available.

<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.

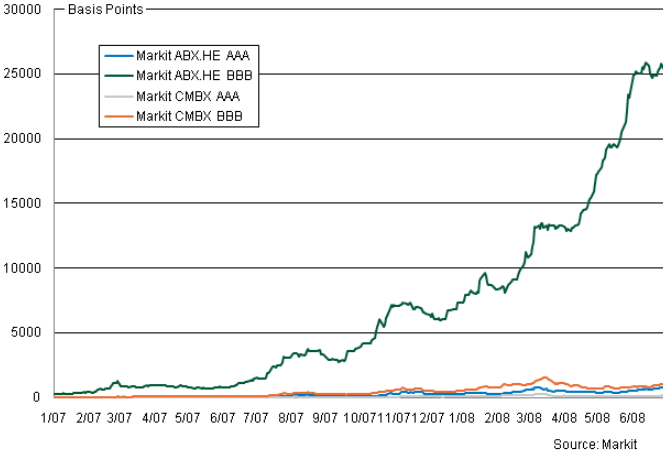
Note: Gaps in data availability occur in some places and result in linebreaks for those data series.

# INDICES DATA

## 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.

## EUROPEAN TERM PRIMARY DISTRIBUTION

### 10.1. Term Primary Distribution by Investor Type<sup>1</sup>

	2008:Q1				2008:Q3 <sup>4</sup>			
	RMBS	CMBS <sup>2</sup>	CONSUMER ABS	OTHER <sup>3</sup>	RMBS	CMBS <sup>2</sup>	CONSUMER ABS	OTHER <sup>3</sup>
Bank	67.8%	63.3%	40.6%	59.5%				
Insurance Co.	3.7%	4.0%	2.4%	1.8%				
Money Mkt & Fund Mgr.	21.1%	21.9%	37.0%	27.1%				
Hedge Fund	1.3%	5.3%	4.3%	7.8%				
Other	6.1%	5.5%	15.7%	3.8%				
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>				

### 10.2. Term Primary Distribution by Investor Location<sup>34</sup>

	2008:Q1				2008:Q3 <sup>4</sup>			
	RMBS	CMBS <sup>2</sup>	CONSUMER ABS	OTHER <sup>3</sup>	RMBS	CMBS <sup>2</sup>	CONSUMER ABS	OTHER <sup>3</sup>
Benelux	11.8%	7.4%	25.1%	25.1%				
France	10.2%	3.2%	10.4%	15.2%				
Germany	23.4%	14.5%	24.4%	17.9%				
Ireland	5.5%	12.9%	5.8%	2.0%				
Italy	5.2%	0.4%	2.4%	6.5%				
Spain	1.3%	4.5%	3.6%	3.4%				
UK	27.5%	52.9%	23.5%	24.7%				
Other	15.1%	4.2%	4.8%	5.2%				
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>				

Source: ESF Survey of dealer firms. Data prepared by SIFMA.

<sup>1</sup> Dealers were surveyed about the primary distribution of new term securitisation issues by product type for the second half of 2007, for both by investor type and location. The responses were provided in percentage form and weighed. This survey is produced semiannually.

<sup>2</sup> Note that CMBS primary issuance declined significantly in the second half of 2007 through the first quarter of 2008. Therefore, this data represents extremely reduced issuance volumes.

<sup>3</sup> Includes CDOs.

<sup>4</sup> The ESF will be conducting the next European term primary distribution survey following the conclusion of Q3. Results will appear in the 2008 Q3 Securitisation Data Report.

# 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	111.4	105.1	109.8	127.6	453.9
2008	76.5	67.3			143.8

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

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL <sup>2</sup>
France	5.2	8.2			13.5
Germany	7.8	9.0			16.8
Ireland	35.7	32.8			68.5
Luxembourg	0.2	0.3			0.5
Netherlands	6.9	1.3			8.3
UK	20.7	15.5			36.2
Total <sup>2</sup>	76.5	67.3			143.8

	2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL <sup>2</sup>
	5.8	5.4	6.3	5.2	22.7
	8.6	8.2	11.6	9.2	37.6
	63.5	57.9	46.5	61.7	229.6
	1.4	0.9	0.8	0.3	3.4
	7.0	7.8	9.2	26.7	50.7
	25.1	24.8	35.5	24.5	109.8
	111.4	105.1	109.8	127.6	453.9

## 11.3. European ABCP Issuance by Programme Type

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL <sup>2</sup>
SIVs	6.7	5.0			11.6
Single-Seller Conduits	0.5	0.3			0.7
Multi-Seller Conduits	41.4	46.2			87.6
Unspecified	28.0	15.8			43.8
Total <sup>2</sup>	76.5	67.3			143.8

	2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL <sup>2</sup>
	3.3	5.3	6.6	11.9	27.0
	5.4	4.5	1.8	0.3	12.0
	42.8	45.1	59.8	49.2	196.8
	59.9	50.2	41.7	66.3	218.0
	111.4	105.1	109.8	127.6	453.9

## 11.4. ABCP Outstandings by Nationality of Issuer

	2008:Q1	2008:Q2	2008:Q3	2008:Q4
France	2.3	2.3		
Germany	3.7	3.3		
Ireland	10.1	10.1		
Luxembourg	0.1	0.1		
Netherlands	0.8	0.6		
UK	9.6	5.9		
European Total <sup>2,4</sup>	26.7	22.3		
US Total <sup>1,2</sup>	350.5			

	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
	508.2	528.9	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. The US \$/€ exchange rates were 0.75 at the end of Q1 07, 0.7422 for Q2 07, 0.7012 for Q3 07, 0.6794 for Q4 07, 0.6333 for Q1 08, and 0.63472 for Q2 08.

<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.

## ASSET-BACKED COMMERCIAL PAPER

€ BILLIONS<sup>1</sup>

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

	2008:Q1	2008:Q2	2008:Q3	2008:Q4
<b>SIVs</b>	1.9	1.0		
<b>Single-Seller</b>	0.2	0.1		
<b>Multi-Seller</b>	15.2	15.1		
<b>Unspecified</b>	9.4	6.1		
<b>Total</b>	26.7	22.3		

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

### 11.6. US ABCP Outstandings by Programme Type<sup>4</sup>

	2008:Q1	2008:Q2	2008:Q3	2008:Q4
<b>Loan-Backed</b>	2.0			
<b>SIVs</b>				
<b>Single-Seller</b>	41.9			
<b>Multi-Seller</b>	271.4			
<b>Unspecified<sup>5</sup></b>	35.2			
<b>Total<sup>1,3</sup></b>	350.5			

2007:Q1	2007:Q2	2007:Q3	2007:Q4
2.8	2.6	2.4	2.2
			0.3
112.8	111.4	74.8	40.7
300.9	333.8	319.6	291.2
91.6	81.1	73.8	57.6
508.1	528.9	470.6	392.0

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. The US \$/€ exchange rates were 0.75 at the end of Q1 07, 0.7422 for Q2 07, 0.7012 for Q3 07, 0.6794 for Q4 07, 0.6333 for Q1 08, and 0.63472 for Q2 08.

<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.

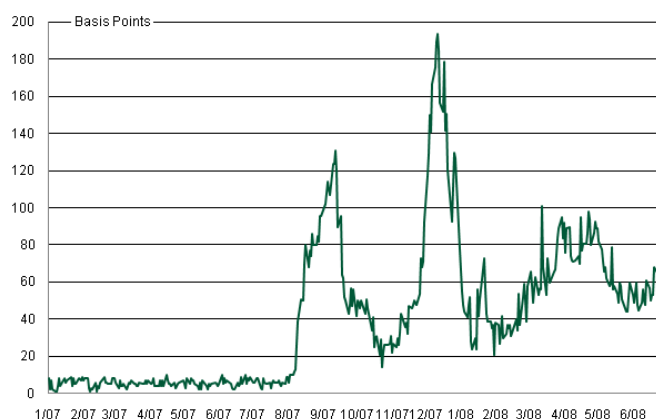
<sup>5</sup> Includes arbitrage and hybrid programme types.

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

Country	
<b>United States</b>	29.3%
<b>United Kingdom</b>	19.0%
<b>Global<sup>2</sup></b>	11.9%
<b>Netherlands</b>	9.6%
<b>Germany</b>	8.3%
<b>Europe<sup>3</sup></b>	4.7%
<b>France</b>	4.0%
<b>Italy</b>	3.1%
<b>Others</b>	2.8%
<b>Australia</b>	2.0%
<b>Belgium</b>	1.2%
<b>Ireland</b>	1.2%
<b>Spain</b>	1.1%
<b>Turkey</b>	0.7%
<b>South Korea</b>	0.6%
<b>South Africa</b>	0.6%
<b>Total</b>	100.0%

Source: Moody's Investors Service

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



Source: US Federal Reserve

<sup>1</sup> Percentages shown are as of 31/03/2008.

<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.

## ABECP PRIMARY DISTRIBUTION BY INVESTOR TYPE AND LOCATION

### 11.9. ABECP Primary Distribution by Investor Type<sup>1</sup>

	2008:Q1		2008:Q3 <sup>3</sup>	
	CONDUITS	SIVs	CONDUITS	SIVs
Bank	12.75%	58.18%		
Corporation	6.87%	24.18%		
Insurance Co.	1.27%	0.00%		
Money Mkt & Fund Mgr.	71.10%	10.46%		
Hedge Fund	0.30%	0.00%		
Sovereign/Supra	4.33%	7.18%		
Other	3.37%	0.00%		
<b>Total<sup>2</sup></b>	<b>100.00%</b>	<b>100.00%</b>		

### 11.10. ABECP Primary Distribution by Investor Location

	2008:Q1		2008:Q3 <sup>3</sup>	
	CONDUITS	SIVs	CONDUITS	SIVs
Benelux	10.84%	3.36%		
France	2.09%	0.00%		
Germany	2.03%	0.00%		
Ireland	2.46%	1.03%		
Italy	0.00%	0.00%		
Spain	0.00%	0.00%		
Switzerland	1.83%	1.30%		
UK	64.30%	62.97%		
Other European	5.22%	0.00%		
Rest of World	11.24%	31.34%		
<b>Total<sup>2</sup></b>	<b>100.00%</b>	<b>100.00%</b>		

Source: ESF Survey of dealer firms, in cooperation with ICMA. Data prepared by SIFMA.

<sup>1</sup> Dealers were surveyed about the primary distribution of outstanding ABECP by program type for both investor type and location. Outstandings were given as of 31/12/2007. The responses were provided in euro volume, given weighted averages and converted to percentage form. This survey is produced semiannually.

<sup>2</sup> Numbers may not add due to independent rounding.

<sup>3</sup> The ESF will be conducting the next ABECP primary distribution survey following the conclusion of Q3. Results will appear in the 2008 Q3 Securitisation Data Report.

## GLOBAL COMPARATIVE DATA

€ BILLIONS<sup>1</sup>

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

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL <sup>1</sup>
<b>US</b>	224.4	283.0			507.4
<b>Europe</b>	36.5	179.3			215.8
<b>Asia</b>	18.6	12.8			31.4
<b>Total<sup>1</sup></b>	279.5	475.2			754.6

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL <sup>1</sup>
586.8	570.6	355.8	270.4	1783.6
136.2	149.9	86.4	118.7	491.3
22.4	32.4	16.8	18.3	89.9
745.4	752.9	459.0	407.4	2364.8

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

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL <sup>1</sup>
<b>US</b>	83.0	71.1			154.1
<b>Europe</b>	56.8	142.2			199.0
<b>Asia</b>	1.5	0.9			2.4
<b>Total<sup>1</sup></b>	141.2	214.2			355.4

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL <sup>1</sup>
76.4	90.8	101.6	115.1	384.0
45.4	58.8	37.1	51.2	192.6
6.6	9.0	2.5	2.8	20.9
128.4	158.6	141.2	169.2	597.4

### 12.3. Global Government Bond Issuance<sup>2</sup>

	2008:Q1	2008:Q2	2008:Q3	2008:Q4	TOTAL <sup>1</sup>
<b>US</b>	101.2	124.3			225.5
<b>Europe</b>	52.0	114.2			166.2
<b>Asia<sup>4</sup></b>	116.6	131.2			247.8
<b>Total<sup>1</sup></b>	269.8	369.7			639.5

2007:Q1	2007:Q2	2007:Q3	2007:Q4	TOTAL <sup>1</sup>
130.9	119.2	61.8	101.2	413.2
197.4	144.7	71.2	31.5	444.9
137.1	95.8	179.3	136.9	549.1
465.4	359.8	312.4	269.6	1407.1

Source: Merrill Lynch Research based on Dealogic data

<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.

<sup>2</sup> Includes CDOs, RMBS, ABS, CMBS and WBS. Region of issue is determined by the currency denomination of each security.

<sup>3</sup> Data is for public placements only.

<sup>4</sup> As of Q2 2008, Japan is included in Asian government bond issuance and previous numbers have been revised to reflect this change.



# 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-back 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 information published is based on data 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, Federal Home Loan System and Ginnie Mae and is acquired from company statements. US issuance data is generally based on the sum of securities with US collateral. 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 dollar to euro exchange rate at each quarter-end indicated below.

The end-of-quarter dollar to euro exchange rates used were 0.75 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, and 0.63472 for the second 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 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 the first half of 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. 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 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.

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 euro 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 euro (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 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 agency MBS and Thomson Reuters for other asset classes (non-agency MBS and ABS). 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 MBS, and ABS. The MBS figures include both RMBS and CMBS for both Agency and non-Agency. 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. We have included 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 euro (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 euro 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 (p. 10) 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 Credit Spreads

### 4.1. - 4.4. CMBS Credit 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 Credit 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. Unfortunately, French 3-5 year BBB RMBS spreads were unavailable at the time of publication. 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 data is calculated over LIBOR and is based on statistics provided by Lehman Brothers.

### 6.1. - 6.4. ABS Credit 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 criteria described above.

US spreads for 3-year AAA and BBB autos and credit card ABS are provided by Lehman. The spreads, which are fixed rate, are against treasury bills.

## 7 - 8 Credit Prices

### 7.1. – 7.4. RMBS Credit Prices (p. 15)

These graphs represent price data provided by Markit for specific European and UK RMBS selected as benchmarks in their respective jurisdictions. The prices are based on composite price levels provided by dealer trading desks, and have been subjected to multiple cleaning algorithms.

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

These graphs represent price data provided by Markit for specific pan-European CMBS and ABS selected as benchmarks in each respective jurisdiction. The prices are based on composite price levels provided by dealer trading desks, and have been subjected to multiple cleaning algorithms.

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

The first graph presents daily spreads provided by Lehman 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.

#### 10.1. – 10.2. European Term Primary Distribution by Investor Type and Location (p. 18)

Dealers were surveyed on the primary distribution of new term securitisation transactions by product type and were requested to provide information on distribution by investor type and investor location on a semi-annual basis. ‘Investor location’ is the jurisdiction where the buyer is domiciled. Responses are based on the last three public and non retained transactions for each asset class. The responses were provided in percentage form and averaged.

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

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

Aggregate issuance data covers the period 2004 through to the first half of 2008 for Europe and the US. ABCP by country of collateral data is presented quarterly from the first quarter of 2007 through the first half of 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.

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

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

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

Outstanding quarterly data is provided from the first quarter of 2007 through the first half of 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.

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

Outstanding quarterly data is provided from the first quarter of 2007 through the first half of 2008 for Europe and through the first quarter of 2008 for the US. The European data is provided by Dealogic and the US data is provided by Moody’s Investor Service. Second quarter US ABCP data was not available at time of publication. 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.

#### 11.9. – 11.10. ABCEP Primary Distribution by Investor Type and Location (p. 21)

With the support of the International Capital Markets Association (ICMA), dealers were contacted and surveyed about the primary distribution of outstanding asset-backed European commercial paper (ABCEP) by programme type for both investor type and location. Investor location represents the jurisdiction in which the buyers are domiciled, not the country in which the conduits or SIVs are registered in. Outstandings were given as of 31 December, 2007. The responses were provided in euro volumes, given weighted averages and converted to percentage form.

### 12. Global Comparative Data

#### 12.1. - 12.3. – Global Securitisation Issuance, Global Corporate Bond Issuance, Global Government Bond Issuance (p. 22)

These statistics are provided by the Merrill Lynch Structured Finance, Credit and Index research departments and is derived from Dealogic data. 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 which could include outstanding volumes for some countries. 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 the first half of 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. The issuance volume is based on public deals unless otherwise indicated. It should be noted that private placements are a major feature of the Asian market compared to the European and US market. For example, public placements of Asian corporate bonds for the first quarter of 2008 was €1.5 billion; including private placements, this figure is €1.1 billion. By comparison, the European corporate bond issuance figures for the first quarter of 2008 are €6.8 billion excluding private placements and €12.19 billion inclusive; US corporate bond issuance for 2008 Q1 was \$3.0 billion excluding private placements and €15.17 billion inclusive. In terms of geographical description, Europe represents the European, the Middle East and African (EMEA) countries while Asia includes the Pacific countries and Japan. As of Q2 2008, Japan is included in Asian government bond issuance and previous numbers have been revised to reflect this change.

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