



# ESF Securitisation Data Report

Autumn 2001

www.europansecuritisation.com

## Highlights

- New issuance of European securitised debt totaled a record €82.5 billion during the first three quarters of 2001, surpassing the amount issued in all of 2000.
- New issues in the asset-backed securities (ABS) sector more than doubled to €45.6 billion through September, up from €21.9 billion in the same period last year.
- Mortgage-backed securities (MBS) volume increased to €36.9 billion during the first nine months, an 18 percent increase over last year's volume.

## European Securitisation Issuance Reaches a Record €82.5 Billion Through September 2001

Issuance was strong in the first quarter, as deals that were delayed from the fourth quarter of 2000 and several large collateralised loan obligation (CLO) deals came to market. Volume was strongest in the second quarter when issuance rose to an unprecedented €42.3 billion. New issue activity slowed sharply in the third quarter, partly as a result of the seasonal summer slowdown and, to a lesser extent, as a result of the tragic events of 11 September, which delayed the launch of several new issues.

The European securitisation market continues to grow, as issuers increasingly utilise structured vehicles to finance their capital needs. The first three quarters were characterised by fairly stable spreads in the ABS market, and stable, but narrowing spreads in the MBS market. Securitisation of UK and Italian assets accounted for nearly 60 percent of European issuance through the first nine months of 2001. By sector, CLOs and collateralised bond obligations (CBOs) accounted for one-third of the ABS new issue volume.

The upward trend in securitisation is supported by positive factors on both the supply and demand sides.

On the supply side, issuers can often obtain a higher credit rating for securitised debt, which leads to a lower cost of funds. In addition, securitisation moves the assets off the issuer's balance sheet, thus reducing the issuer's leverage. On the demand side, investors have shown a strong appetite for securitised debt as world equity markets and economic uncertainty have led investors to seek the relative safety of fixed-income instruments. Strong demand has also been supported by the existence of a liquid secondary market, which reflects the issuance of larger-size issues and increasing use of master trust structures which enable issuers to place numerous issues through a single program.

### Country of Collateral

New issues of ABS and MBS securitised by collateral from the United Kingdom totaled €31.1 billion through September 2001, an increase of 44 percent over the €21.6 billion issued in the first three quarters of 2000. Italian securitisation surged to €17.7 billion in the first three quarters of 2001, more than double the €7.2 billion issued

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### EUROPEAN SECURITISATION FORUM

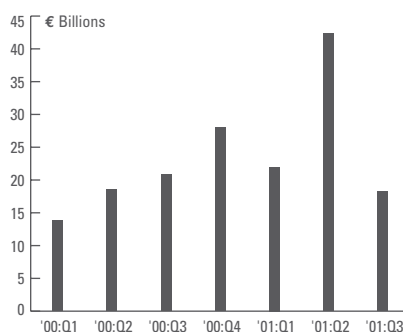
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### European Securitisation Issuance\*

2000:Q1–2001:Q3

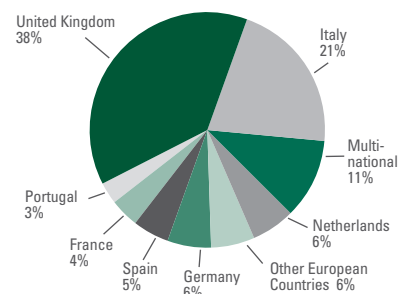


\*European issues consist of ABS and MBS issues placed in the Euromarket or in European domestic markets having underlying collateral from Europe.

Sources: Dealogic Bondware, Thomson Financial Securities Data

### European Securitisation

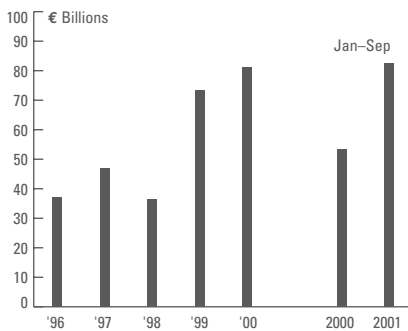
Through 3Q 2001 by Country of Collateral



Sources: Dealogic Bondware, Thomson Financial Securities Data

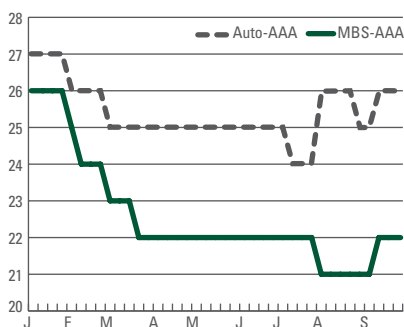
## Historical European Securitisation

1996–2001:Q3



Sources: J.P. Morgan Securities Inc., Dealogic Bondware, Thomson Financial Securities Data

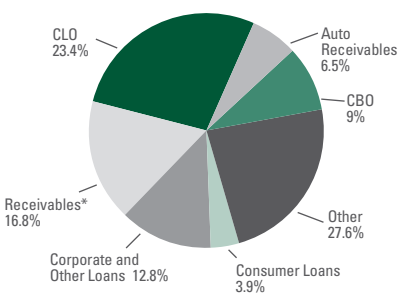
## European ABS/MBS Spreads to Euribor-2001



Source: J.P. Morgan Securities Inc.

## European ABS Issuance by Collateral Type\*

Through 3Q 2001

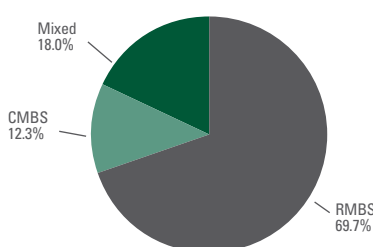


\*Includes Aircraft, Healthcare, Property Lease, Public House, and Rent Receivables

Source: Dealogic Bondware, Thomson Financial Securities Data

## European MBS Issuance by Collateral Type

Through 3Q 2001



Sources: Dealogic Bondware, Thomson Financial Securities Data

in the same period last year. Securitisation has been increasing in Italy since the 1999 passage of a securitisation law. The volume of securitisation also increased in France, Portugal, and Luxemburg. (See the Autumn Issue of *European Securitisation News* for more information on legal developments.) In contrast, the volume of securitisation decreased in Belgium, Spain, Switzerland, and Sweden. Securitisation volume in Germany and Ireland were essentially unchanged from last year's levels through the third quarter, as increases in ABS issuance were largely offset by decreases in MBS issuance.

## Collateral Types

CLOs and CBOs were the most widely securitised types of collateral. Securitisation of receivables—including aircraft, healthcare, rent, leases, and public hous-

es—accounted for nearly 17 percent of the market. Auto receivables and consumer loans have been increasingly securitised in 2001, together accounting for 10 percent of the market.

In the MBS sector, residential mortgages accounted for 70 percent of MBS securitisations through the third quarter. Commercial mortgages backed 12 percent of the new issues and the remaining 18 percent of securitisations consisted of a mix of both commercial and residential mortgages.

The European Securitisation Forum plans to publish the next *ESF Securitisation Data Report* in March 2002. The information provided in this report can be downloaded from the ESF website [www.europeansecuritisation.com](http://www.europeansecuritisation.com) under the statistics and data section. Pfandbriefe data are also available from the website.

## European Securitisation by Country of Collateral

	ASSET-BACKED SECURITIES				MORTGAGE-BACKED SECURITIES		
	BILLIONS	2000:Q3	2001:Q3	YTD-to-YTD % CHANGE	2000:Q3	2001:Q3	YTD-to-YTD % CHANGE
BELGIUM	€ 0.3 \$ 0.2	0.1 0.1		-76% -75%	— —	— —	— —
CHANNEL ISLANDS	€ 0.2 \$ 0.2	0.0 0.0		-100% -100%	— —	— —	— —
FRANCE	€ 1.6 \$ 1.5	2.8 2.5		79% 64%	0.0 0.0	0.3 0.3	100% 100%
GERMANY	€ 1.2 \$ 1.1	2.1 1.9		74% 65%	3.4 3.2	2.5 2.2	-28% -31%
IRELAND	€ 0.0 \$ 0.0	1.2 1.1		100% 100%	2.6 2.4	1.2 1.0	-54% -56%
ITALY	€ 4.8 \$ 4.4	10.7 9.5		125% 114%	2.4 2.3	7.0 6.2	192% 171%
LUXEMBURG	€ 0.0 \$ 0.0	2.0 1.7		100% 100%	— —	— —	— —
NETHERLANDS	€ 1.2 \$ 1.1	0.6 0.6		-49% -49%	2.5 2.2	4.8 4.2	92% 84%
PORTUGAL	€ 0.5 \$ 0.4	2.5 2.2		447% 409%	— —	— —	— —
SPAIN	€ 2.7 \$ 2.6	2.9 2.6		5% 0%	3.5 3.4	1.5 1.2	-58% -64%
SWEDEN	€ — \$ —	— —		— —	1.0 1.0	0.0 0.0	-100% -100%
SWITZERLAND	€ 0.3 \$ 0.3	0.2 0.1		-37% -42%	— —	— —	— —
UK	€ 7.2 \$ 6.7	14.1 12.6		95% 86%	14.4 13.4	17.0 15.0	18% 12%
MULTINATIONAL	€ 2.1 \$ 1.9	6.7 6.0		221% 210%	1.5 1.3	2.7 2.4	84% 76%
TOTAL	€ 21.9 \$ 20.5	45.6 40.6		108% 98%	31.3 29.2	36.9 32.5	18% 11%

Sources: Dealogic Bondware, Thomson Financial Securities Data