



# ESF Securitisation Data Report

## Highlights

- New issuance of European securitised debt slowed to a total of €60.7 billion in the first half of 2002.
- Asset-backed securities (ABS) issuance decreased to €32.3 billion in the first half of 2002, down 19.4 percent from the €40.1 billion during the same period last year.
- New issues in the mortgage-backed securities (MBS) sector totaled €28.4 billion in the first half of 2001, an increase of 15.0 percent over the €24.7 billion issued in the same period of 2001.
- Pfandbrief issuance increased 9.2 percent to €103.1 billion in the first half of the year.

Summer 2002

www.europeansecuritisation.com

## European Securitisation Issuance Decreases in the First Half of the Year

Issuance in the European securitisation market decreased to €60.7 billion in the first half of 2002, down 6.3 percent from the €64.8 billion issued during the same period last year. The decline can be attributed to a decrease in the non-mortgage asset-backed securities (ABS) sector, where issuance totaled €32.3 billion, down 19.4 percent from the €40.1 billion issued in the first two quarters of 2001. In contrast, mortgage-backed securities (MBS) issuance totaled €28.4 billion this year, an increase of 15.0 percent from the €24.7 billion issued during the first half of 2001. The European securitisation market was strong in the second quarter totaling €37.6 billion. Issuance increased nearly 60 percent from the €23.1 billion issued in the first quarter.

The European securitisation market continues to be considered a safe haven as investors remain concerned by volatile world equity markets and global economic uncertainty. Also, regulatory and accounting concerns that have plagued the U.S. markets may have influenced European market activity in the first part of the year. Furthermore, several transactions have

been delayed until the second half of the year contributing to the slower securitisation pace.

The two largest sectors of the European securitisation market in the first two quarters of 2002, residential mortgage-backed securities (RMBS) and collateralised debt obligations (CDOs), accounted for nearly half of the new issuance volume. United Kingdom assets accounted for 36.3 percent of the securitisation market. ABS yield spreads over benchmarks narrowed considerably in the first four months of the year, and stabilised in the latter part of the second quarter. MBS spreads have been relatively stable since the second quarter of 2001, with the exception of the first two months of 2002.

### Country of Collateral

Issuance of securitised debt consisting of UK assets accounted for the largest volume decrease, totaling €22.1 billion in the first half of the year, down 14.6 percent from the €25.8 billion issued during the same period last year. MBS accounted for nearly 70 percent of all the UK securitisation issuance in the first two quarters of the year.

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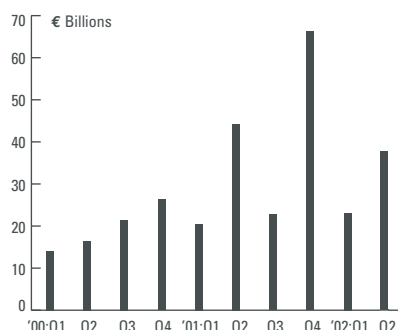
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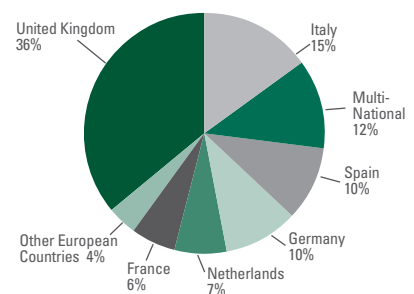
European Securitisation Issuance\*  
2000:Q1–2002:Q2



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

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

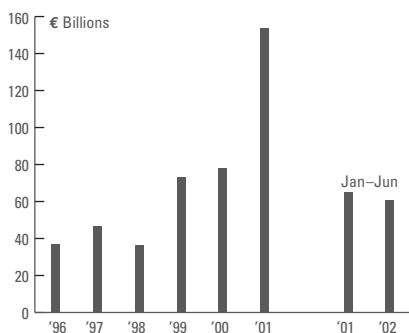
European Securitisation  
by Country of Collateral Through Q2 2002



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

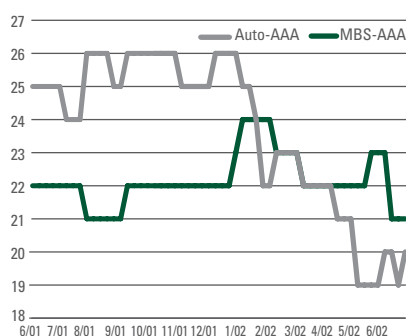
## Historical European Securitisation

1996-2002:Q2



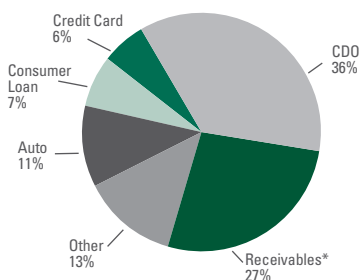
Sources: Dealogic Bondware, Thomson Financial Securities Data J.P. Morgan Securities Inc., EuroWeek

## European ABS/MBS Spreads to Euribor



Source: J.P. Morgan Securities Inc.

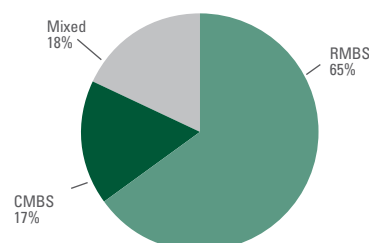
## European ABS Issuance by Collateral Type Through Q2 2002



\*Includes Property lease, Public house, Rent, Lease, and Shipping Receivables

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

## European MBS Issuance by Collateral Type Through Q2 2002



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

Furthermore, RMBS accounted for 46.4 percent of UK's MBS market. Securitisation of Italian assets also decreased, totaling €8.9 billion, down 29.4 percent from the €12.6 billion issued in the first half of 2001. Non-mortgage collateral continues to dictate the Italian securitisation market, with two-thirds of total issuance coming from non-mortgage collateral. Issuance of securitised debt of collateral from multiple countries decreased 13.7 percent, to €7.5 billion in the first half of the year, when compared to the €8.7 billion issued during the same period last year. Multinational securitisation was dominated by CDOs issuance, which accounted for 42.6 percent of all multinational securities. Securitised debt issuance backed by collateral from Ireland, Luxemburg, and Portugal also decreased in the first half of the year. German securitisation had the largest percentage increase in issuance in the European securitisation market, totaling €5.8 billion in the first two quarters of 2002, up more than three-fold the €1.9 billion issued in the same period last year. CDOs accounted for over half of securitisation in Germany. The volume of securitisation from Spain totaled €6.3 billion in the first half of the year, an increase of 38.9 percent from the €4.5 billion issued during the same period last year. Securitisation of assets from Netherlands and France increased 19.7 percent and 13.0 percent, to €4.5 billion and €3.6 billion, respectively. Securitisation of assets from Belgium, Denmark, and Switzerland were absent in the first half of 2001. However, assets from all three countries were securitised in the first half of 2002.

### Collateral Type

In the ABS sector, CDOs accounted for 36.2 percent of securitised issuance in the first two quarters of the year. Securitisation of receivables-including property, public houses, rent, lease, and shipping-was the second largest asset type, accounting for 27.1 percent of the market. Securities backed by auto loans,

consumer loans, and credit card receivables accounted for 11.5 percent, 6.5 percent, and 6.1 percent respectively.

In the MBS sector, RMBS accounted for 65.1 percent of MBS in European securitisation market for the first half of the year. Commercial mortgage-backed securities (CMBS) accounted for 17.0 percent of new issue volume and issues based on a mix of both commercial and residential mortgages accounted for 17.9 percent of new issues. The UK securitisation market continues to dominate the MBS market in the first half of the year, accounting for 38.2 percent of the RMBS market, and more than two thirds of the CMBS market.

### Pfandbrief

New issues of Pfandbrief totaled €103.1 billion in the first half of the year, up 9.8 percent from the €93.9 billion issued in the same period last year. However, on a quarter-to-quarter basis, Pfandbrief issuance decreased 34.4 percent, to €41.2 billion in the second quarter of 2002, down from the €62.8 billion issued in the first quarter. Bank consolidations toward the end of 2001 continued to influence the decrease in quarterly issuance. German Pfandbrief issuance increased to €90.3 billion during the first two quarters, up 9.1 percent from the €82.8 billion issued in the same period last year. However, German Pfandbrief decreased on a quarter-to-quarter basis in 2002. France, which was the second largest Pfandbrief market, decreased issuance to €5.9 billion in the first half of the year, down 11.6 percent from the €6.7 billion issued in the same period last year. Issuance of Austrian, Swiss Pfandbrief and Pfandbrief from multiple countries also decreased. Luxemburg and Spain increased Pfandbrief issuance in the first half of the year when compared to the same period last year.

The information provided in the report can be downloaded from the ESF website [www.europeansecuritisation.com](http://www.europeansecuritisation.com) under the statistics and data section.

# European Securitisation by Country of Collateral

	ASSET-BACKED SECURITIES			MORTGAGE-BACKED SECURITIES			TOTAL*			
	BILLIONS	2001:Q2	2002:Q2	ANNUAL CHANGE	2001:Q2	2002:Q2	ANNUAL CHANGE	2001:Q2	2002:Q2	ANNUAL CHANGE
BELGIUM	€	-	0.09	0.09	-	-	-	-	0.09	-
	\$	-	0.09	0.09	-	-	-	-	0.09	-
DENMARK	€	-	0.14	0.14	-	-	-	-	0.14	-
	\$	-	0.13	0.13	-	-	-	-	0.13	-
FRANCE	€	2.84	2.44	-0.40	0.38	1.19	0.82	3.22	3.63	0.42
	\$	2.45	2.33	-0.12	0.34	1.11	0.78	2.79	3.44	0.65
GERMANY	€	1.40	5.37	3.97	0.51	0.45	-0.06	1.91	5.82	3.91
	\$	1.26	4.83	3.57	0.47	0.41	-0.05	1.73	5.24	3.51
IRELAND	€	1.15	-	-1.15	1.18	-	-1.18	2.33	-	-2.33
	\$	1.06	-	-1.06	1.04	-	-1.04	2.10	-	-2.10
ITALY	€	8.50	5.90	-2.59	4.06	2.96	-1.09	12.55	8.87	-3.69
	\$	7.48	5.34	-2.13	3.63	2.61	-1.03	11.11	7.95	-3.16
LUXEMBURG	€	0.58	0.27	-0.31	-	0.17	0.17	0.58	0.44	-0.13
	\$	0.49	0.25	-0.24	-	0.15	0.15	0.49	0.40	-0.08
NETHERLANDS	€	0.98	1.34	0.36	2.78	3.17	0.39	3.77	4.51	0.74
	\$	0.92	1.22	0.30	2.42	2.85	0.34	3.34	4.07	0.73
PORTUGAL	€	1.42	0.96	-0.47	-	0.25	0.25	1.42	1.21	-0.22
	\$	1.25	0.87	-0.38	-	0.23	0.23	1.25	1.10	-0.15
SPAIN	€	3.13	3.55	0.42	1.40	2.75	1.35	4.53	6.30	1.76
	\$	2.81	3.29	0.48	1.20	2.53	1.33	4.02	5.82	1.80
SWITZERLAND	€	-	0.16	0.16	-	-	-	-	0.16	0.16
	\$	-	0.15	0.15	-	-	-	-	0.15	0.15
UK	€	12.52	6.77	-5.74	13.29	15.28	1.99	25.81	22.05	-3.76
	\$	11.26	6.03	-5.23	11.73	13.87	2.14	22.99	19.90	-3.09
MULTINATIONAL	€	7.55	5.29	-2.26	1.13	2.20	1.07	8.68	7.49	-1.19
	\$	6.68	4.81	-1.86	1.01	2.04	1.03	7.68	6.85	-0.83
TOTAL	€	40.07	32.28	-7.79	24.72	28.42	3.70	64.78	60.70	-4.08
	\$	35.65	29.32	-6.33	21.84	25.80	3.96	57.49	55.12	-2.36

\*Totals may not add due to rounding

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

## Pfandbriefe Issuance By Country of Collateral

Through Q2, 2002

	Euro (Billions)			Dollar (Billions)		
	2001:Q2	2002:Q2	CHANGE*	2001:Q2	2002:Q2	CHANGE*
AUSTRIA	0.10	0.08	-0.02	0.08	0.07	-0.01
FRANCE	6.66	5.89	-0.77	6.12	5.28	-0.84
GERMANY	82.76	90.28	7.52	75.60	80.62	5.02
LUXEMBURG	1.17	2.73	1.56	1.08	2.44	1.36
SPAIN	1.50	2.50	1.00	1.34	2.16	0.82
SWITZERLAND	1.72	1.62	-0.10	1.56	1.45	-0.11
MULTINATIONAL	0.03	-	-0.03	0.03	-	-0.03
TOTAL	93.94	103.10	9.16	85.81	92.02	6.21

\*Figures may not add due to rounding