



AUSTRALIAN SECURITISERS **September 1998**

(Catalogue No. 5232.0.40.001)

Enclosed are the asset and liability tables for Australian securitised
as at 30 September 1998.

If you have any questions about these statistics,
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AUSTRALIAN SECURITISERS

(ABS Cat. No. 5232.0.40.001)

Changes to this issue - Sept 98

The ABS has recently reviewed the scope of the securitisers collection. Previously, companies registered under the Financial Corporations Act (FCA), Banking Act or Life Insurance Act have been excluded from this survey.

Recent developments in the securitisation industry have led to the registration of some special purpose companies which issue securities offshore as financial corporations under the FCA. Their FCA registration effectively placed them outside of the scope of the ABS securitisers survey.

Following discussions held between the ABS, securitisation industry participants and the Reserve Bank of Australia (RBA), the decision was made to exempt such companies from reporting to the RBA under the FCA.

From September quarter 1998, the scope of the ABS securitisers collection has been revised to include those companies which are registered under any of the above Acts, but have been exempted from reporting because they are mainly engaged in raising funds for securitisation purposes.

The enclosed table has been revised to incorporate the change in scope.

Australian Securitisers (Issuers of asset backed securities)

**Total assets as at the end of the quarter
(\$ millions)**

Quarter	Cash & deposits	Holdings of short term securities	Holdings of asset backed bonds	Holdings of other long term securities	Mortgages residential	Mortgages non- residential	Credit card loans	Other loans & placements	Other assets	Total assets
Dec 88					769	534	-	463	-	2,055
Mar 89					1,036	633	-	559	-	2,404
Jun 89					1,620	752	-	731	-	3,212
Sep 89					1,872	845	-	651	-	3,717
Dec 89					2,634	967	-	612	-	4,461
Mar 90					3,043	1,023	-	787	-	4,963
Jun 90					3,623	1,171	-	845	-	5,734
Sep 90					3,598	1,193	-	875	-	6,356
Dec 90	n.a.	n.a.	n.a.	n.a.	4,744	1,263	-	828	-	7,199
Mar 91					5,282	1,101	-	827	-	7,510
Jun 91					5,765	1,122	180	919	-	8,233
Sep 91					5,321	1,124	180	781	-	8,768
Dec 91					6,412	1,099	180	734	-	8,911
Mar 92					6,567	1,019	180	675	100	9,145
Jun 92					6,263	1,000	380	616	100	8,968
Sep 92					5,030	835	380	610	100	8,702
Dec 92					5,706	749	381	653	100	8,628
Mar 93					5,437	685	380	660	100	8,492
Jun 93	300	n.p.	422	n.p.	5,380	576	252	689	6	8,685
Sep 93	456	n.p.	493	n.p.	4,803	433	252	737	-	8,318
Dec 93	73	352	573	1,080	4,584	408	276	833	-	8,179
Mar 94	62	475	569	696	4,551	339	276	850	-	7,818
Jun 94	129	344	774	693	4,602	339	276	1,748	98	9,003
Sep 94	105	497	741	806	4,455	230	301	1,334	98	8,567
Dec 94	322	247	731	724	4,674	213	300	1,381	98	8,690
Mar 95	200	652	739	924	5,391	197	325	1,359	150	9,937
Jun 95	184	401	886	957	5,171	187	526	1,384	149	9,845
Sep 95	258	728	906	951	4,945	179	549	1,346	150	10,012
Dec 95	456	497	969	1,077	6,422	177	357	1,704	185	11,844
Mar 96	262	700	1,018	1,167	7,349	177	414	1,694	197	12,978
Jun 96	211	525	1,246	1,094	8,247	105	451	2,417	242	14,538
Sep 96	332	665	1,252	687	9,710	118	279	2,605	399	16,047
Dec 96	445	n.p.	1,601	n.p.	10,670	84	321	2,390	476	17,132
Mar 97	326	n.p.	1,787	n.p.	11,931	130	333	2,419	467	18,524
Jun 97	243	859	1,815	471	13,767	145	375	3,058	179	20,912
Sep 97	233	n.p.	2,071	n.p.	17,453	236	389	3,028	415	25,492
Dec 97	299	n.p.	2,808	n.p.	19,022	245	435	3,307	182	27,717
Mar 98	448	n.p.	2,997	n.p.	19,798	244	416	3,638	189	29,527
Jun 98	482	1,706	3,487	518	23,060	284	496	3,439	456	33,928
Sep 98	459	2,416	3,581	554	24,441	132	430	3,992	412	36,417

n.a. - not available

n.p. - not publishable

Australian Securitisers (Issuers of asset backed securities)

**Total liabilities as at the end of the quarter
(\$ million)**

Quarter	Asset backed securities issued overseas	Asset backed securities issued in Australia short term	Asset backed securities issued in Australia long term	Loans & placements	Other liabilities	Total liabilities
Dec 88	50	225	1,780			2,055
Mar 89	50	292	2,062			2,404
Jun 89	50	421	2,679			3,212
Sep 89	50	384	3,283			3,717
Dec 89	150	412	3,899			4,461
Mar 90	150	533	4,214			4,963
Jun 90	140	636	4,894			5,734
Sep 90	282	677	5,353			6,356
Dec 90	213	597	6,261	n.a.	n.a.	7,199
Mar 91	224	635	6,424			7,510
Jun 91	188	725	7,098			8,233
Sep 91	184	646	7,678			8,768
Dec 91	211	657	7,613			8,911
Mar 92	222	753	7,604			9,145
Jun 92	111	937	7,376			8,968
Sep 92	153	919	6,931			8,702
Dec 92	133	1,344	6,747			8,628
Mar 93	126	1,346	6,613	166	241	8,492
Jun 93	863	926	6,488	179	229	8,685
Sep 93	894	1,144	5,940	221	119	8,318
Dec 93	992	1,305	5,595	223	64	8,179
Mar 94	692	1,197	5,666	170	93	7,818
Jun 94	863	1,410	6,377	229	124	9,003
Sep 94	1,190	905	6,210	174	88	8,567
Dec 94	1,215	979	6,073	324	99	8,690
Mar 95	1,363	1,077	6,809	563	125	9,937
Jun 95	1,401	1,091	7,228	29	96	9,845
Sep 95	1,214	1,646	7,030	3	119	10,012
Dec 95	1,322	1,720	8,469	4	329	11,844
Mar 96	1,143	2,260	8,929	270	376	12,978
Jun 96	1,667	2,318	9,803	268	482	14,538
Sep 96	1,140	3,074	10,955	243	635	16,047
Dec 96	1,183	2,974	12,015	422	538	17,132
Mar 97	2,168	3,217	12,519	n.p.	n.p.	18,524
Jun 97	2,158	4,018	13,920	400	416	20,912
Sep 97	2,908	4,977	16,219	869	519	25,492
Dec 97	4,304	4,801	16,900	1,035	677	27,717
Mar 98	5,034	4,977	16,714	1,200	1,602	29,527
Jun 98	7,179	4,974	18,127	1,919	1,729	33,928
Sep 98	8,356	5,362	18,007	2,178	2,514	36,417

AUSTRALIAN SECURITISERS

(Issuers of asset backed securities)

Explanatory Notes

Introduction

1. The securitisation process is a means of creating a liquid market for assets, such as mortgages and credit card loans, which are illiquid. In addition the process can be used to improve the liquidity of assets such as bonds.
2. In its simplest form a securitisation program can operate in the following way:
 - (a) The manager of the program arranges for the creation of a special purpose vehicle (SPV) which is usually a trust.
 - (b) The manager then arranges for the SPV to buy a specific pool of assets from a financial enterprise or arranges the creation of assets through credit assessment and loan approval processes by agents (called originators). The assets are usually reasonably homogeneous (eg. good-quality, fixed-term, fixed-rate mortgages) which should provide a steady income stream.
 - (c) The SPV finances the initial purchase of assets by using a line of credit (sometimes from a parent or associated company). The SPV then issues debt securities which can be short or long term in nature. Money raised from the issue is used to repay any line of credit and to purchase more assets to securitise. The investors receive the income and repayment of principal from the assets (via the SPV) over the lifetime of the securities. To ensure maximum marketability for the issue, managers usually arrange enhancement facilities (e.g. guaranteed credit lines, asset insurance, etc) and have the issue rated by at least one of the major rating agencies.
 - (d) The manager can arrange for the SPV to issue securities, provided there is a specific and separate pool of assets backing each issue.
3. For the purposes of these statistics, securitisers are those legal entities which issue short or long term debt securities, or both, using specifically selected assets to back them and generate the payment streams necessary to fulfil interest and principal requirements of investors.
4. A securitisation program must have:
 - (a) a specifically created SPV - usually a trust - which is resident in Australia and which is not required to provide data under the Banking Act, the Financial Corporations Act or the Life Insurance Act.

(b) specifically selected assets (e.g. mortgages, receivables, etc) backing its liabilities in the form of debt securities. In the case of mortgages, these may be on the balance sheet of the SPV or that of the originator. If the latter, the SPV will have a lien over them.

Classification

5. Australian securitisers are classified to the *Other Financial Institutions* sector of the Financial Accounts (ABS Cat. No. 5232.0). The securities issued - asset-backed securities - are classified as either *Short-term debt securities* (subcategory *promissory notes*) or *Long-term debt securities* depending on their original term to maturity.

Scope

6. The scope of these statistics is all resident SPVs which securitise any type of asset (including mortgages, credit-card receivables, lease receivables, short and long term debt securities) and which are not required to report under the Banking Act, Financial Corporations Act or Life Insurance Act.

Coverage

7. Coverage is limited to those SPVs which are independently rated by a recognised rating agency.

Basis of valuation and consolidation

8. Data are at face of nominal values. Any holdings of asset backed securities issued by other programs within the same group have been eliminated on consolidation from both assets and liabilities aggregates.

Definitions and descriptions of data items

Assets:

9. *Cash & deposits* refers to all types of deposits (including those denominated in foreign currency) with Australian banks and all non-bank financial intermediaries such as merchant banks, finance companies and cash management trusts.

10. *Holdings of short term securities* refers to holdings of money market instruments. It includes securities such as certificates of deposit of Australian banks, bills of exchange and promissory notes.

11. *Holdings of asset backed bonds* refers to holdings of asset backed securities issued by securitisers outside the group.

12. *Holdings of other long term securities* refers to holdings of interest bearing securities, other than asset backed bonds, which have an original term to maturity greater than one year. It includes debentures, secured and unsecured notes and bonds.

13. *Other loans & placements* refers to all loans other than loans secured by mortgages and credit card loans. It includes operating lease and lease finance receivables and secured loans to originators.

14. *Other assets* refers to non-financial assets and sundry financial claims.

Liabilities:

15. *Asset backed securities issued in Australia, short term* refers to asset backed securities which have an original term to maturity of one year or less.

16. *Asset backed securities issued in Australia, long term* refers to asset backed securities which have an original term to maturity of more than one year.

17. *Loans and placements* refers to loans and advances from Australian banks, non-bank financial intermediaries (eg. money market corporations), and from other sources such as related companies.

18. *Other liabilities* refers to other sundry amounts payable.

Related publications

19. Users may wish to refer to the following publications which are available on request:

Australian National Accounts, Financial Accounts (5232.0) --- issued quarterly.

Managed Funds: Australia (5655.0) --- issued quarterly.

Current publications produced by the ABS are listed in the *Catalogue of Publications and Products, Australia* (1101.0). The ABS also issues, on Tuesdays and Fridays, a *Publications Advice* (1105.0) which lists publications to be released in the next few days. The Catalogue and Publications Advice are available from any ABS office.

Symbols and other usages

20. - nil, or rounded to zero
n.a. not available
n.p. not publishable

Where figures have been rounded, discrepancies may occur between sums of the component items and totals.

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