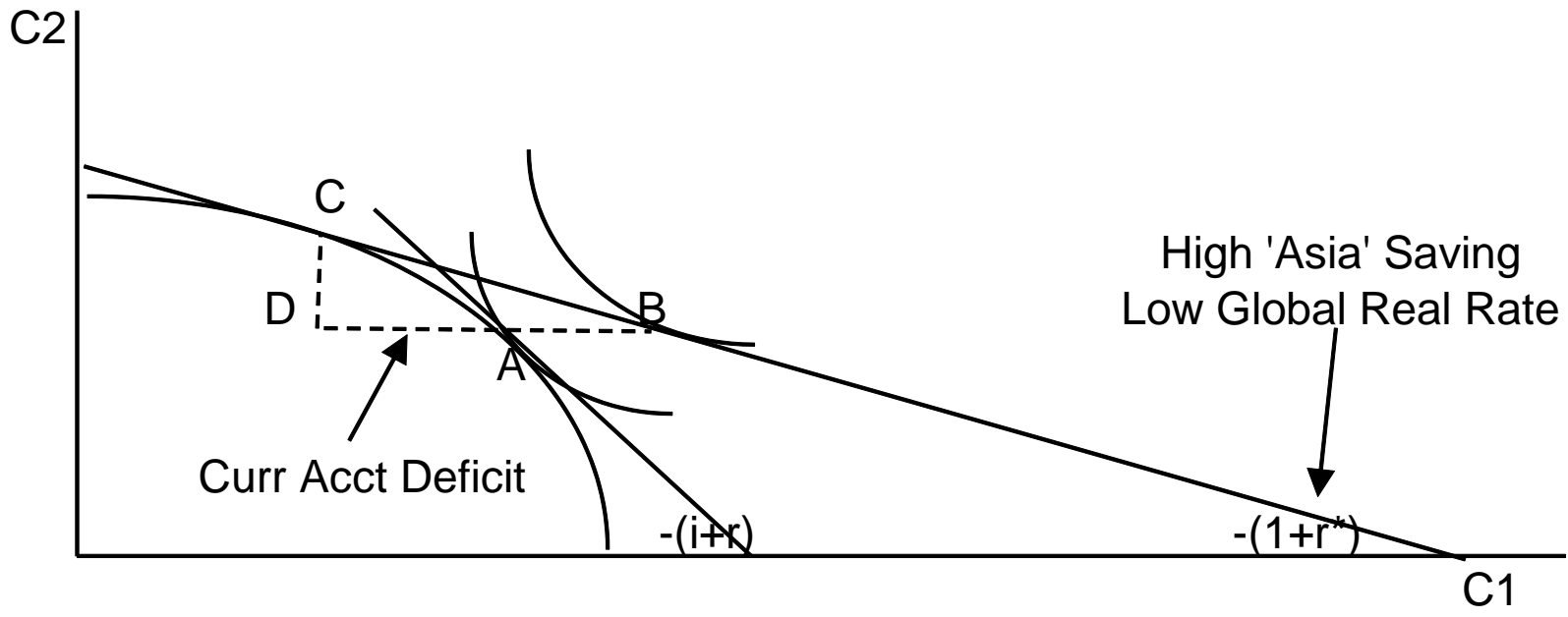




The Structured Products Financial Crisis: Lessons For Asia

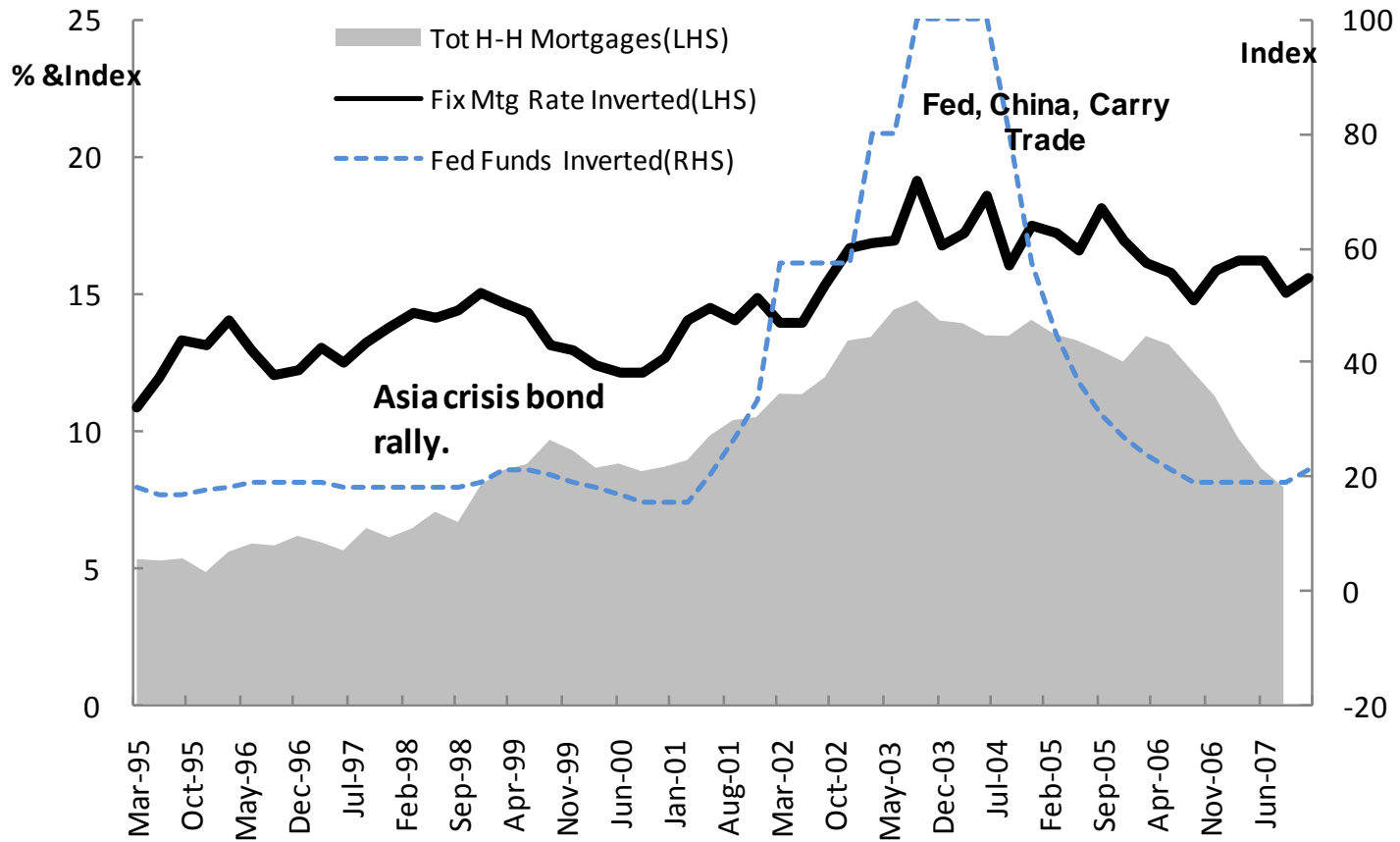
Adrian Blundell-Wignall

The Global Savings Investment Issue



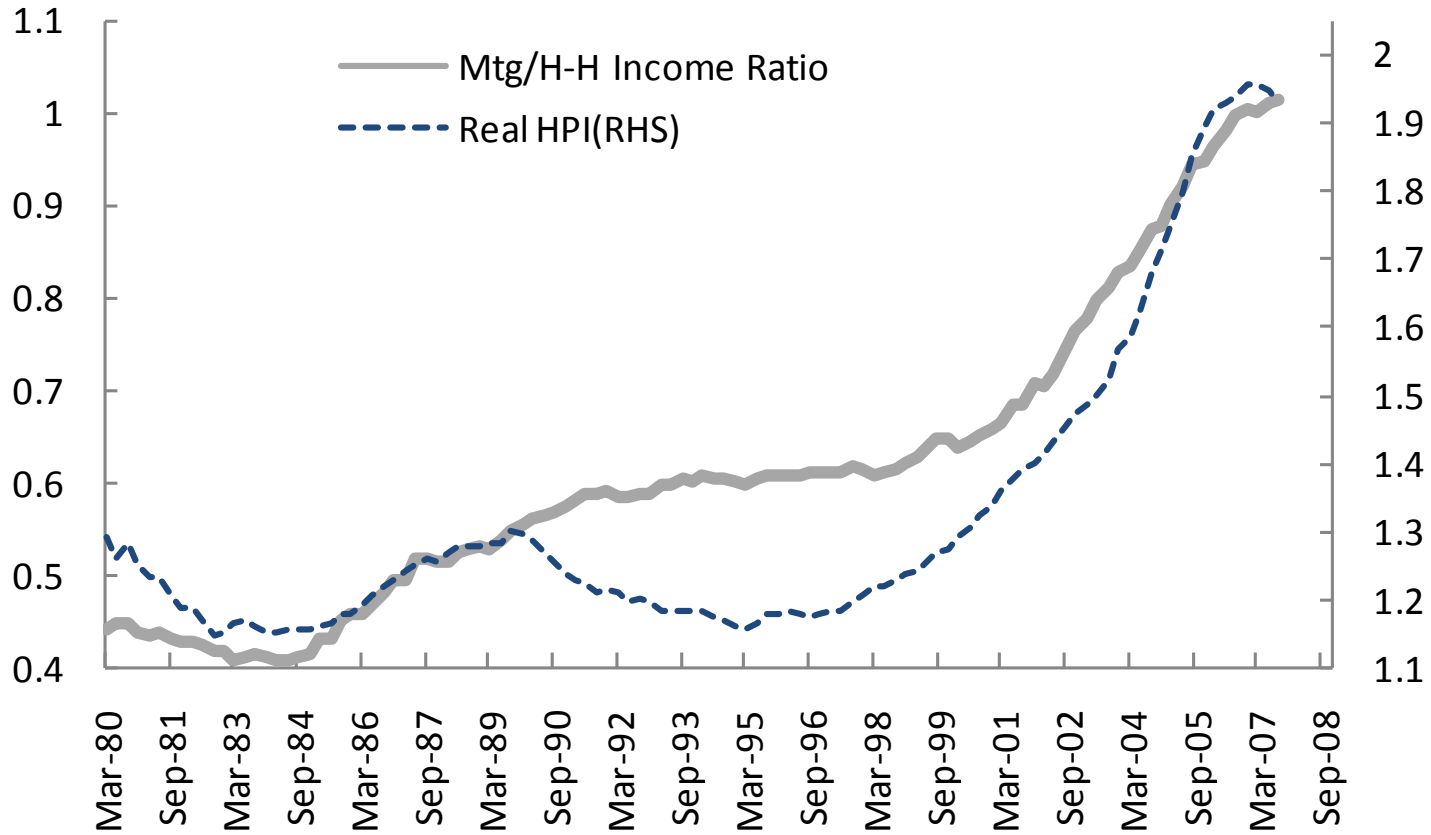
Source: Datastream, OECD

US Mortgages and Fixed & Floating Interest Rates



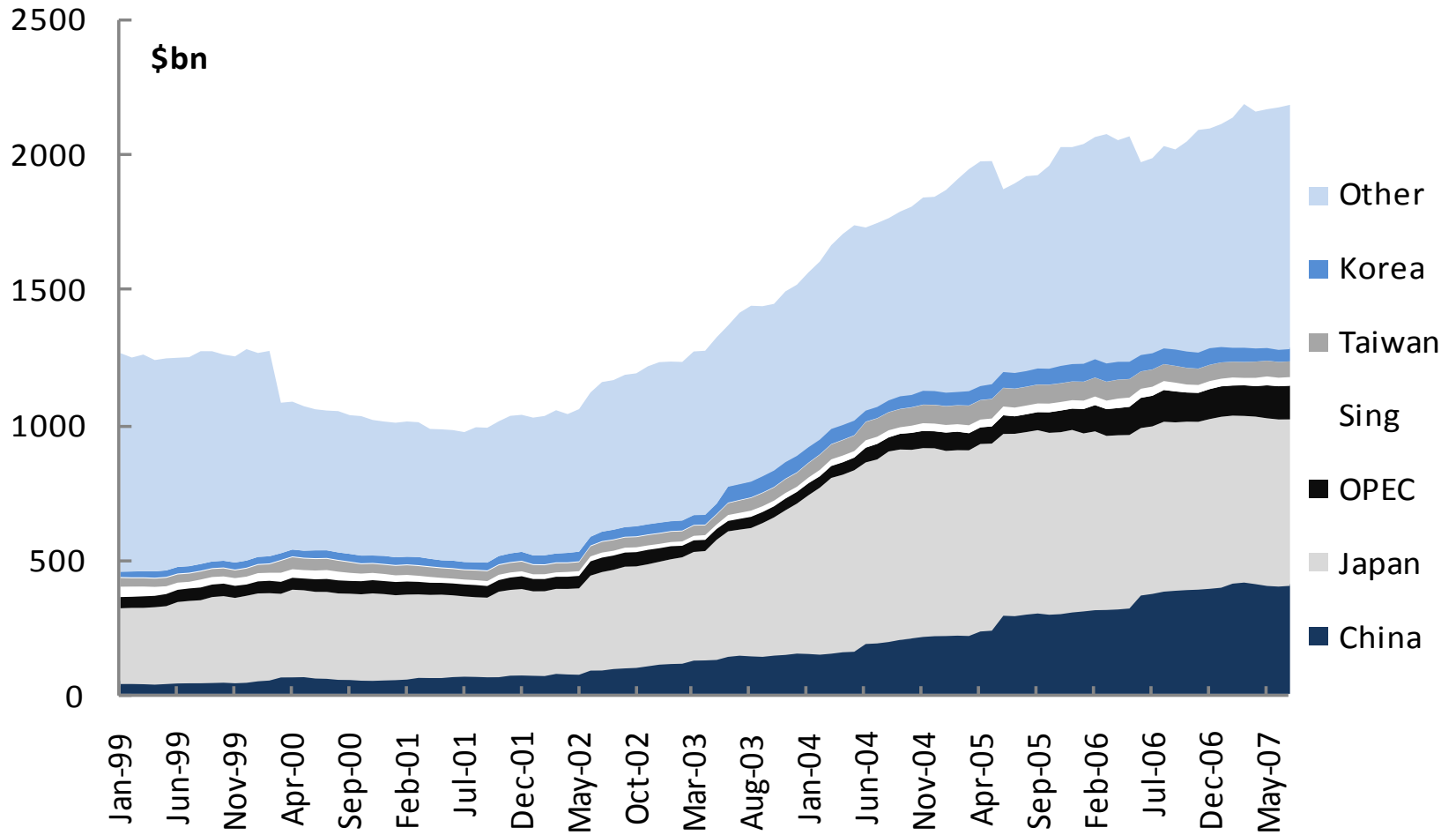
Source: Datastream

US Real House Price and Mortgage/Income Ratio



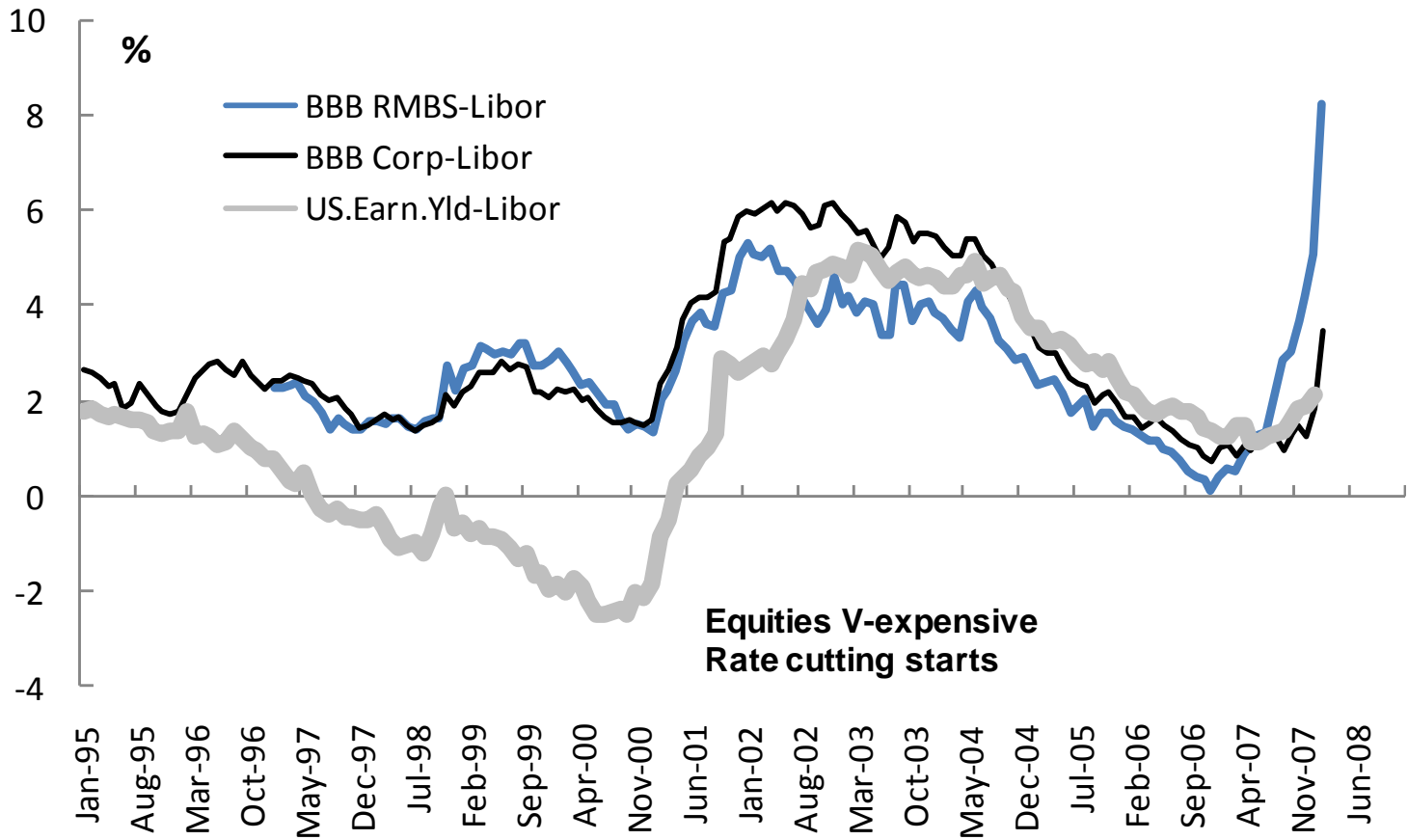
Source: Datastream.

Holdings of US Treasury Securities

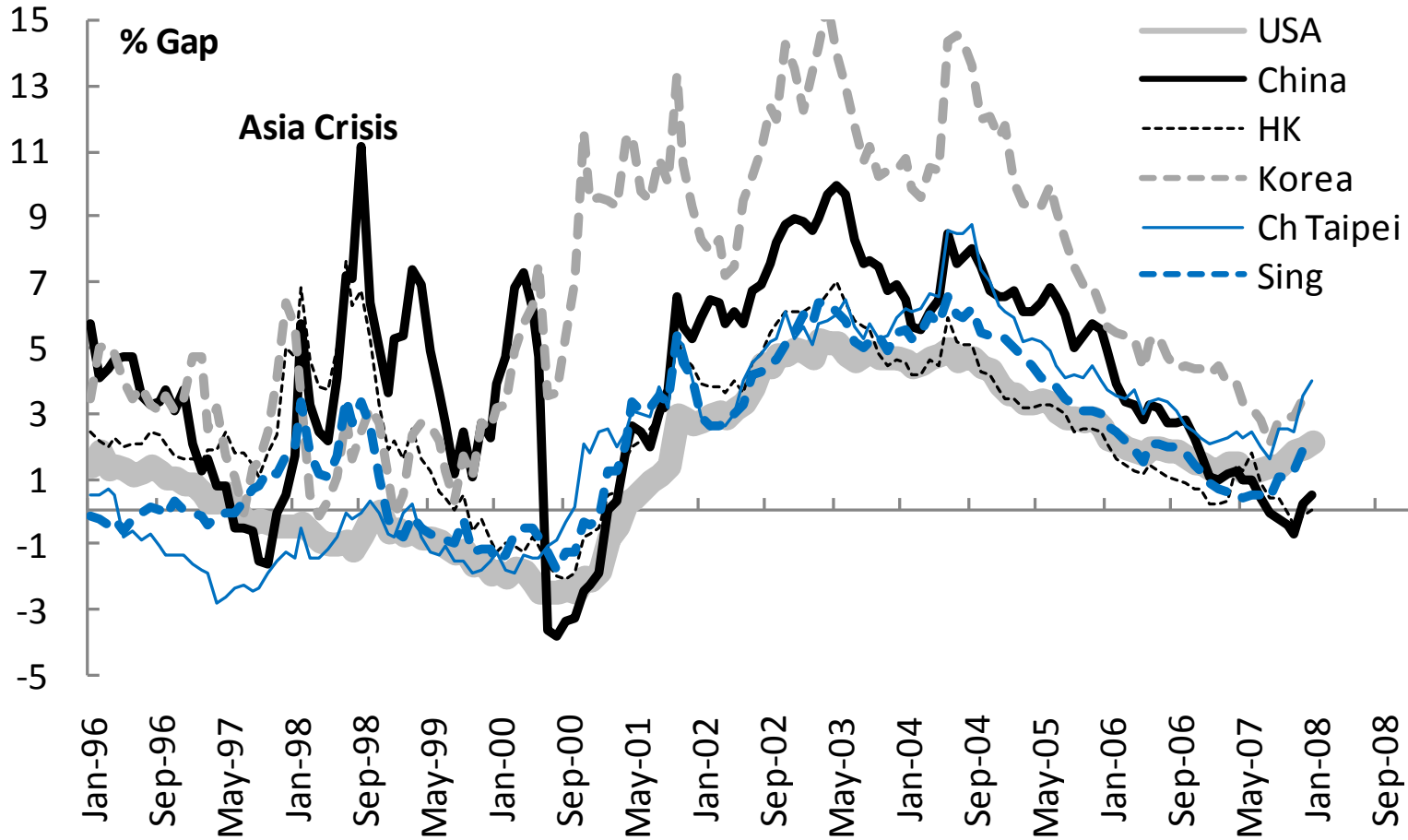


Source: Datastream, OECD

OECD The Arbitrage Opportunity, the Rally and the Problem Emerges

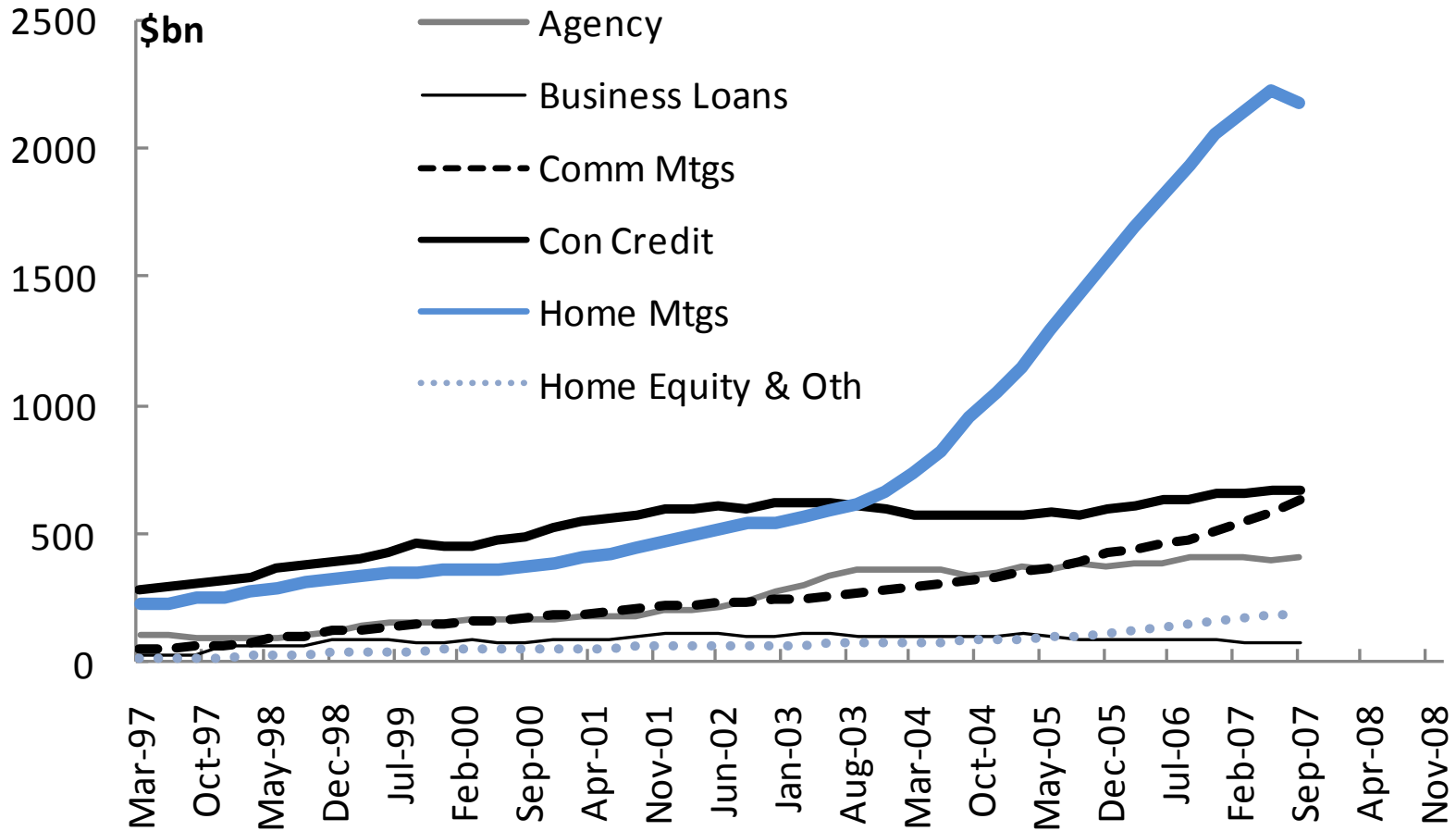


Equity Yield Gaps to Libor: Low is Expensive



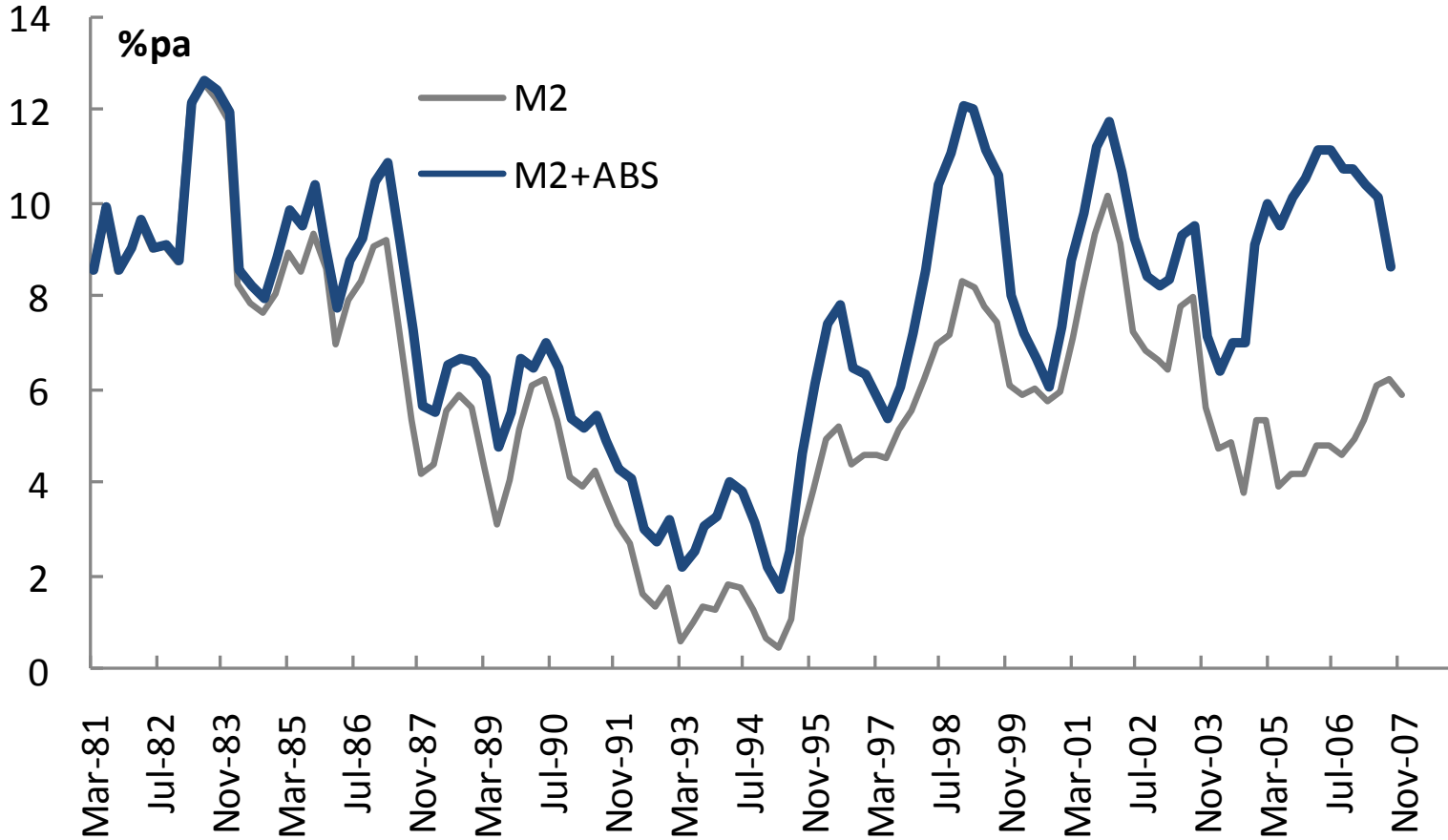
Source: Datastream, OECD

US Asset Backed Securities



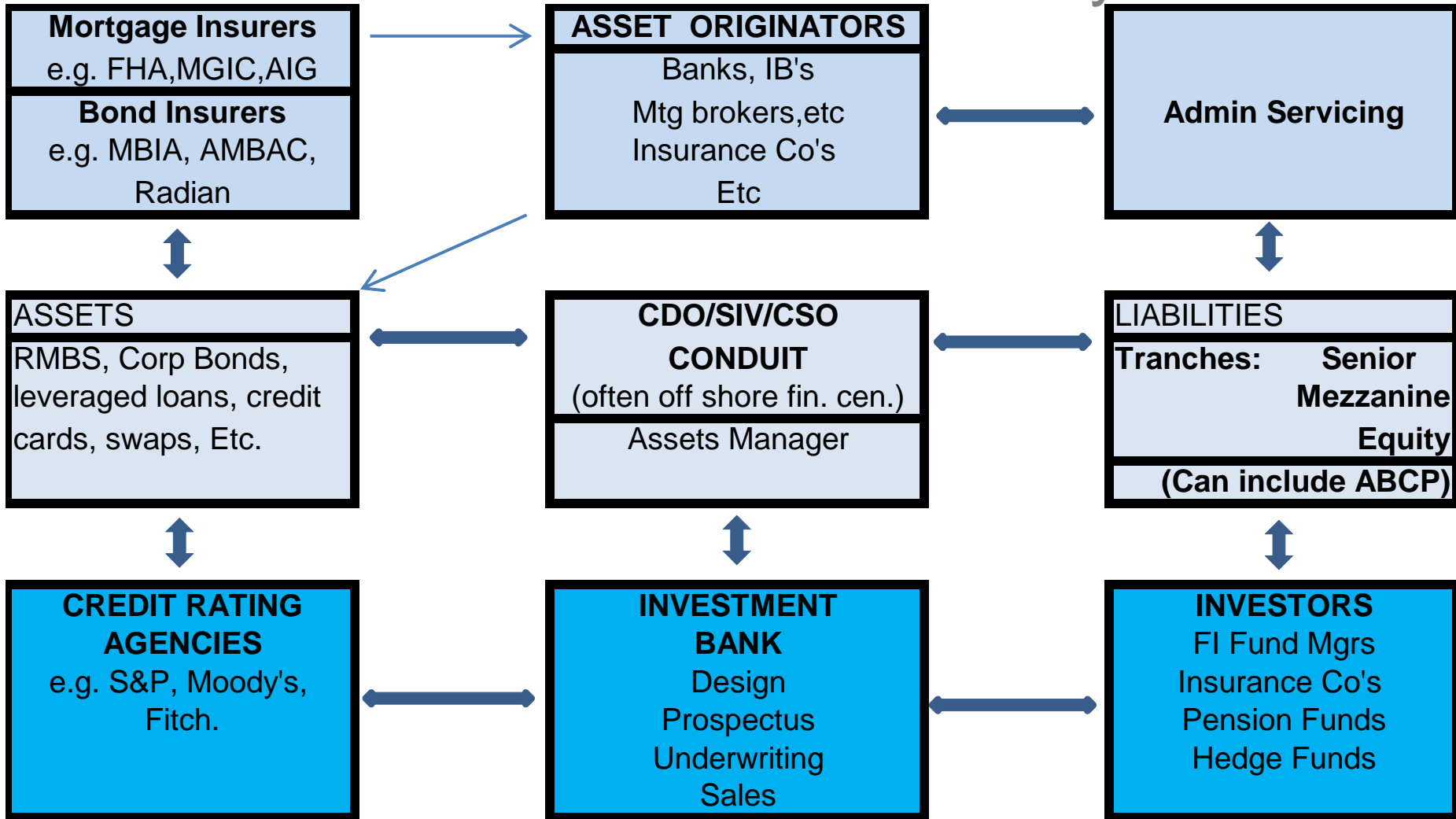
Source: Datastream, OECD

US M2 & M2+ABS

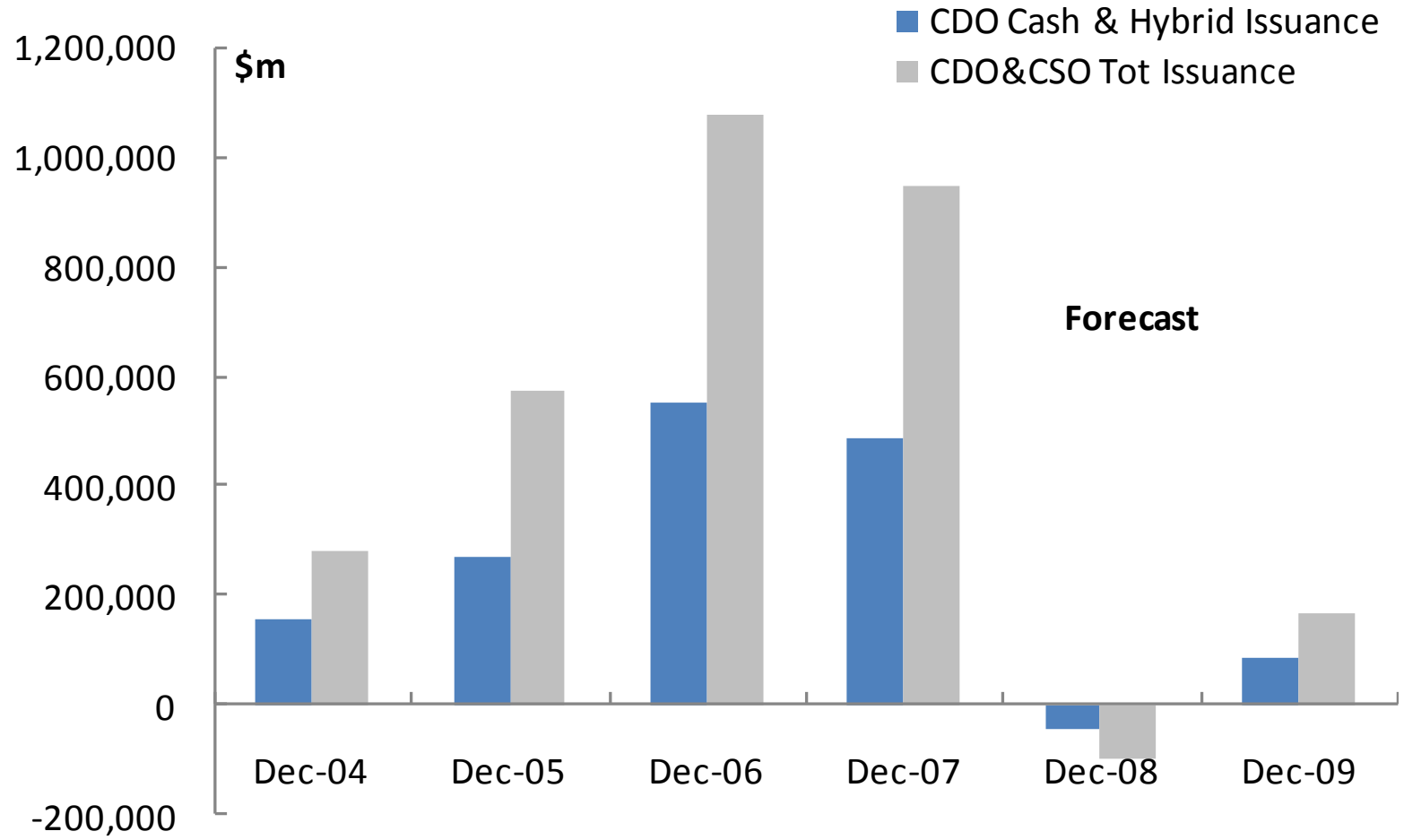


Source: Datastream, OECD

CDO Structure and Main Players



Structured Credit Issuance by Type



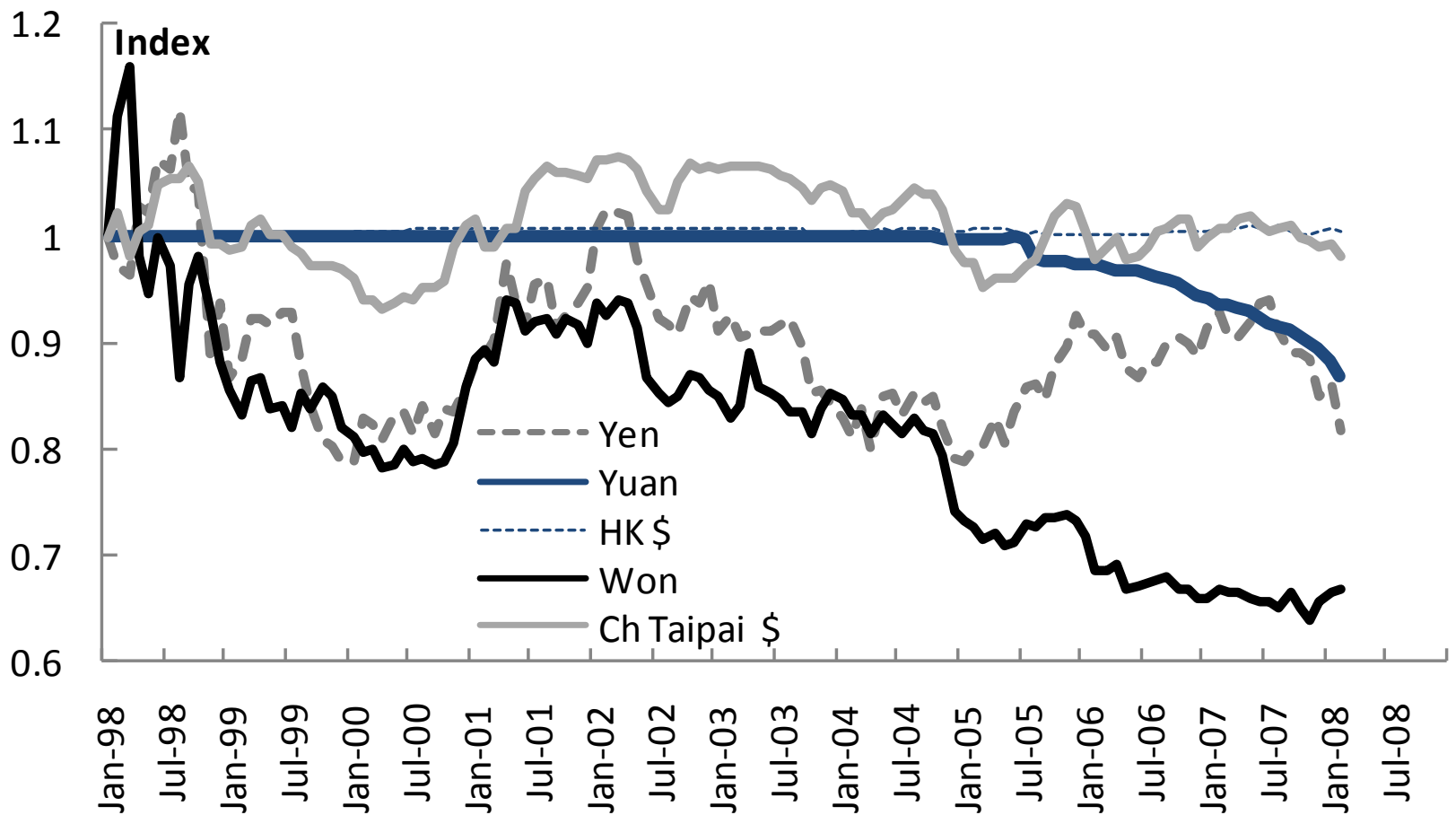
Source: SIFMA, OECD

Estimate of Losses that can be Sustained at Each Rating Grade

| Rating | Approx Losses That Can be Sustained | As Multiple of 2000 Losses | % of 2006 Rated Volume |
|---------------|--|---------------------------------------|-----------------------------------|
| Aaa | 26-30% | 4.3x | 80.8 |
| Aa | 18-21% | 3.0x | 9.6 |
| A | 13-15% | 2.2x | 5 |
| Baa | 10-11% | 1.7x | 3.5 |
| Ba | 7-8% | 1.2x | 1.1 |

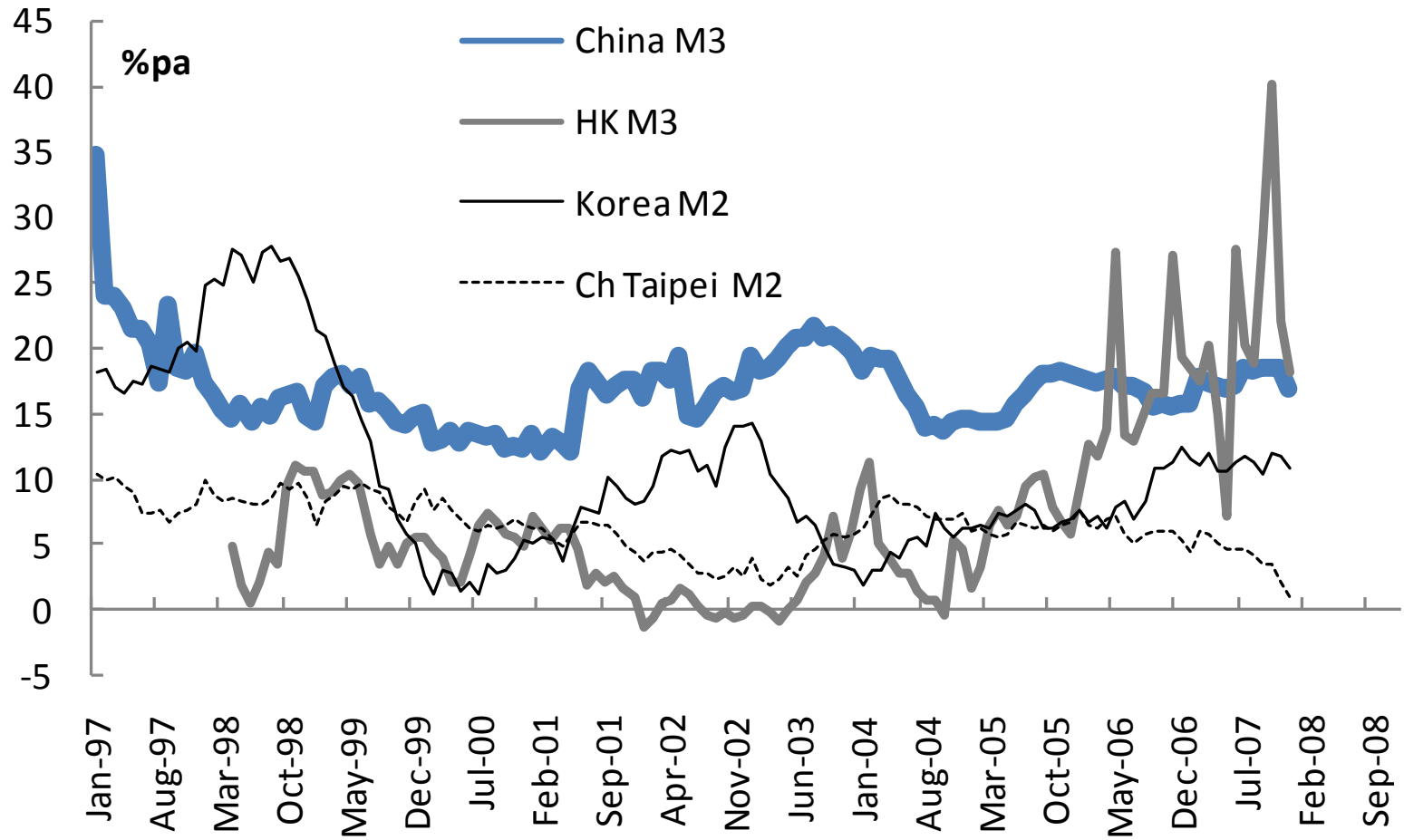
Source: Moody's/ Morgan Stanley

Exchange Rates



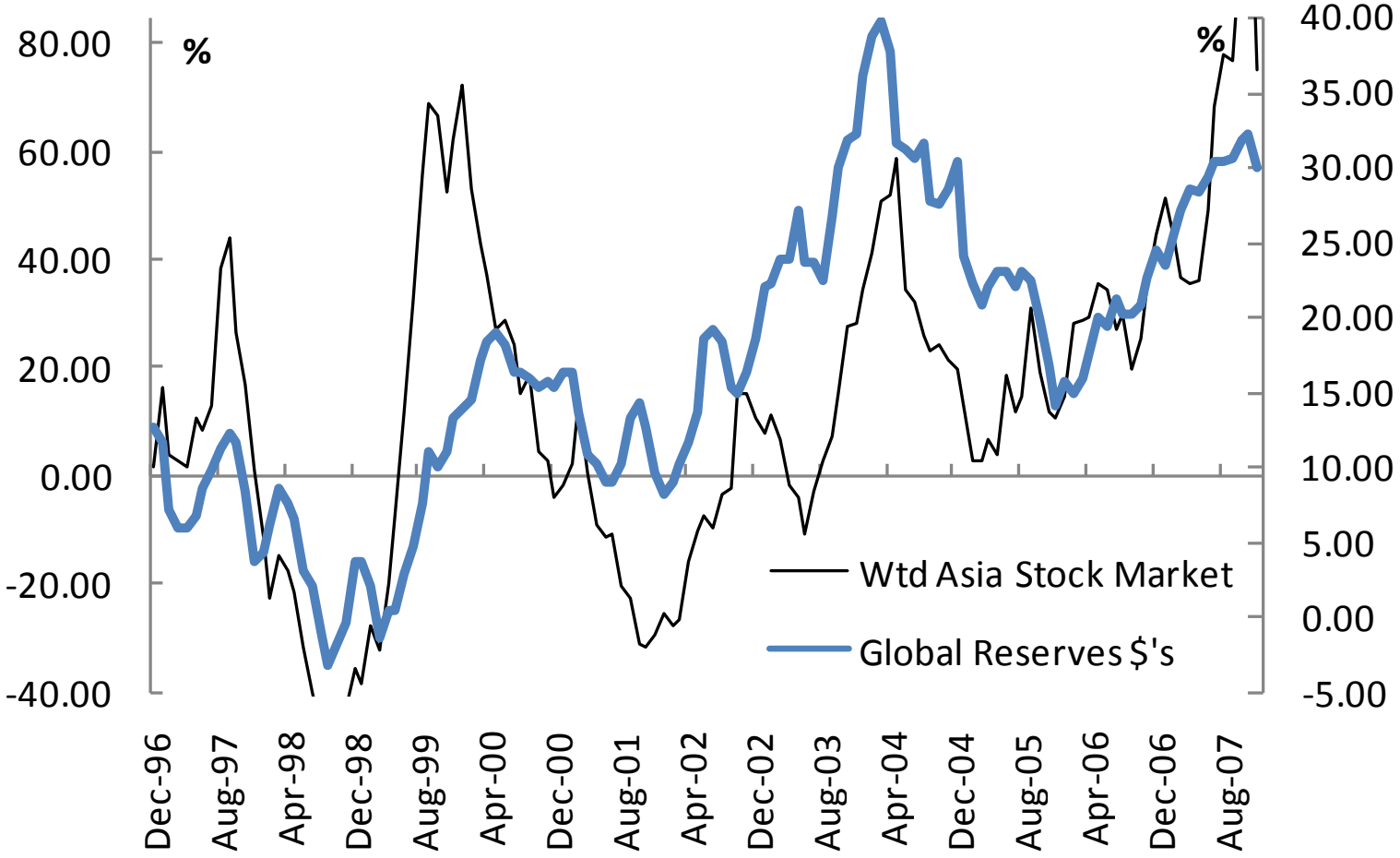
Source: Datastream, OECD

Asian Money Supply



Source: Datastream, OECD

Global Reserves Growth & Wtd Stock Markets of Asia



Source: Datastream, OECD