

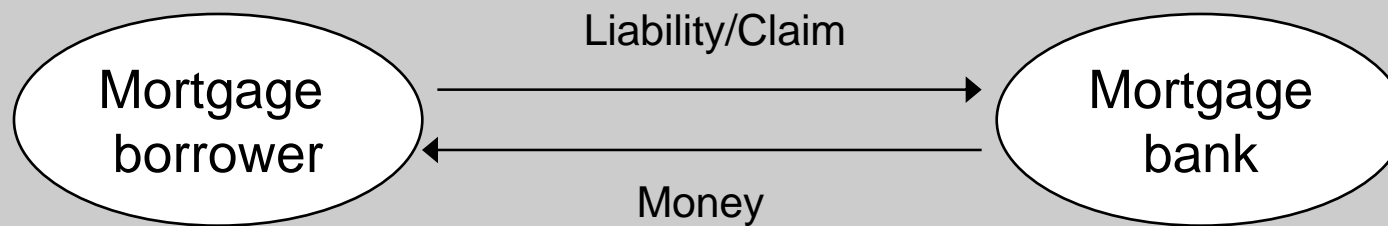
# ***Berliner VGR-Kolloquium 2011***

## **Subprime Crisis and National Accounts**

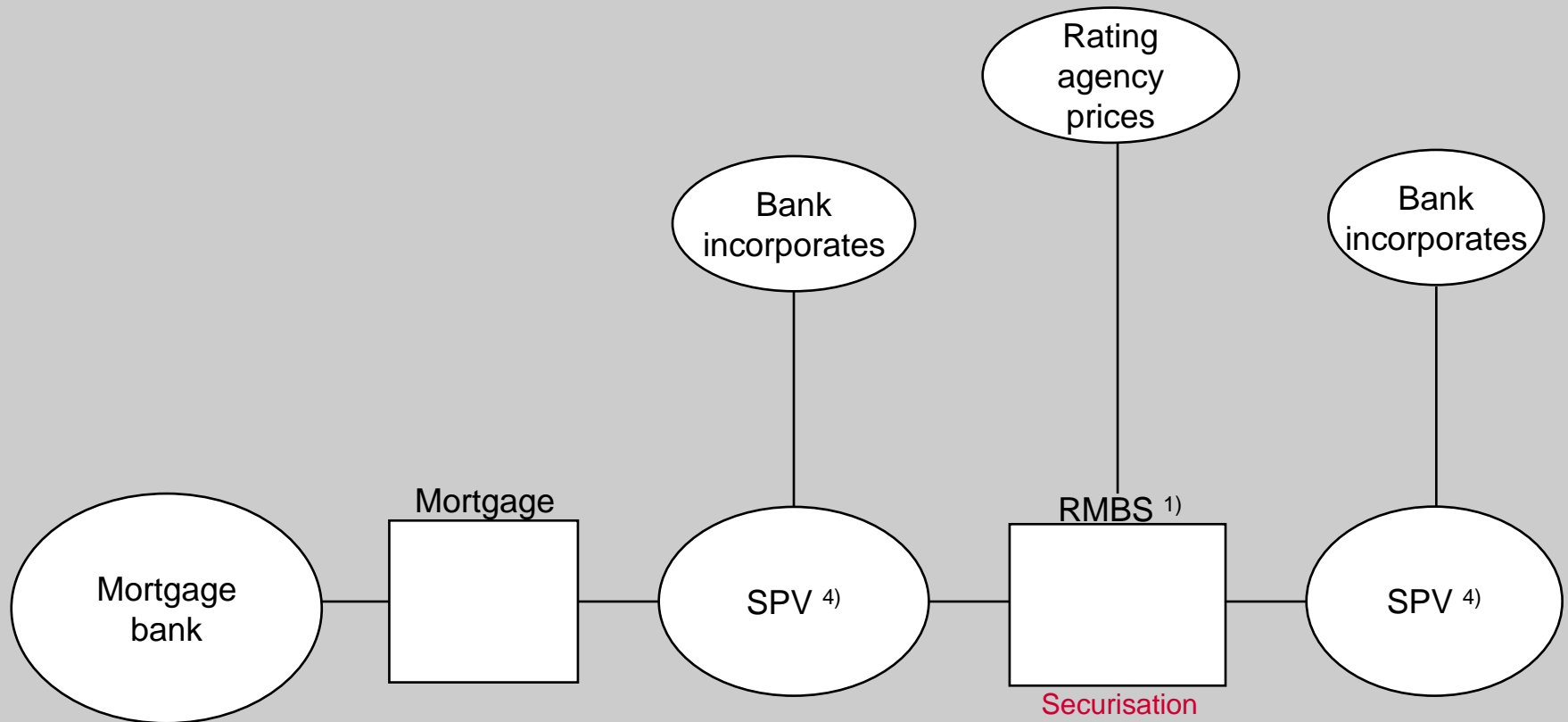
- Mechanics
- Presentation in National Accounts

by Wolfgang Eichmann

## 1. Step: Normal mortgage business



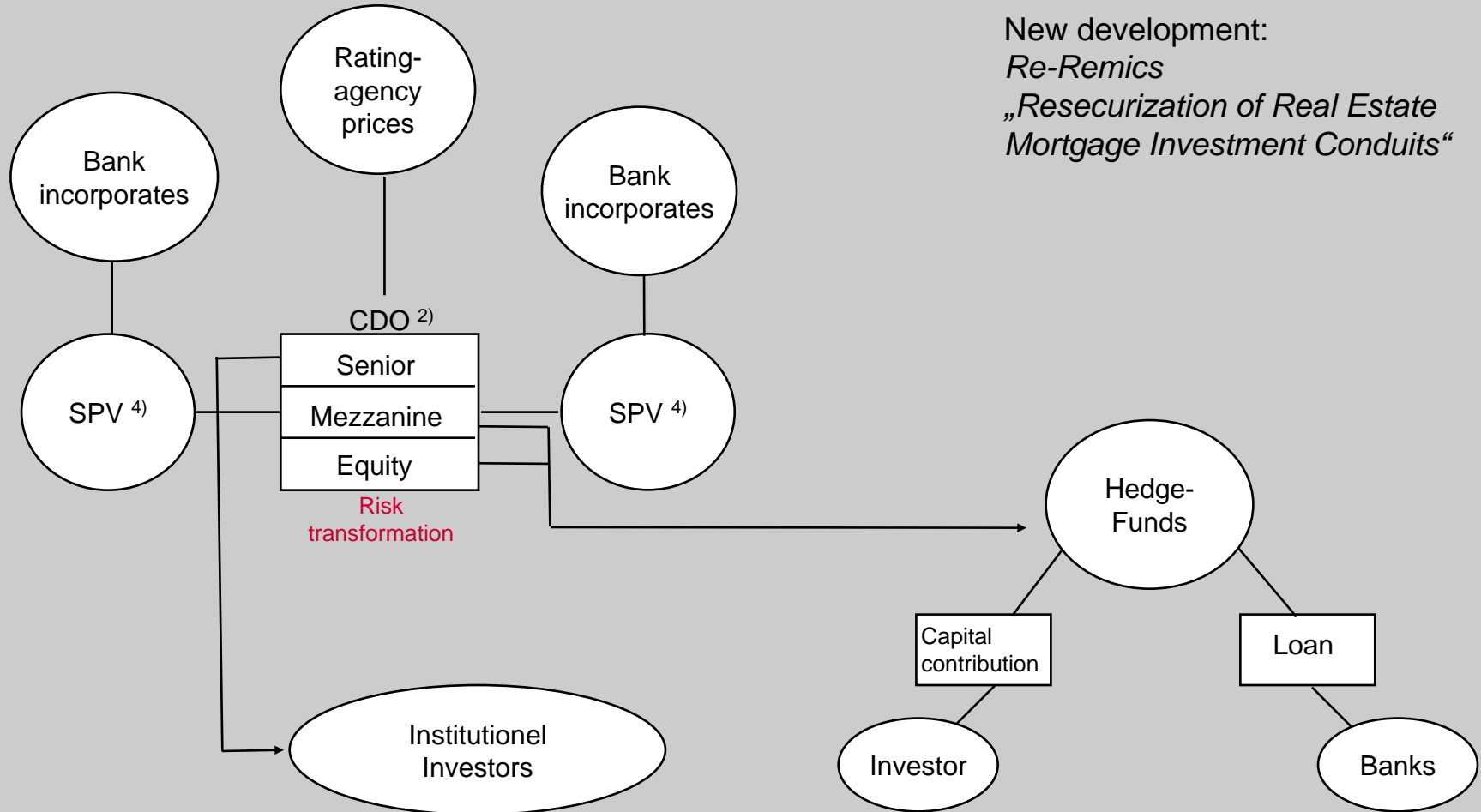
## 2. Step: Securisation



1) Residential Mortgage Backed Securities

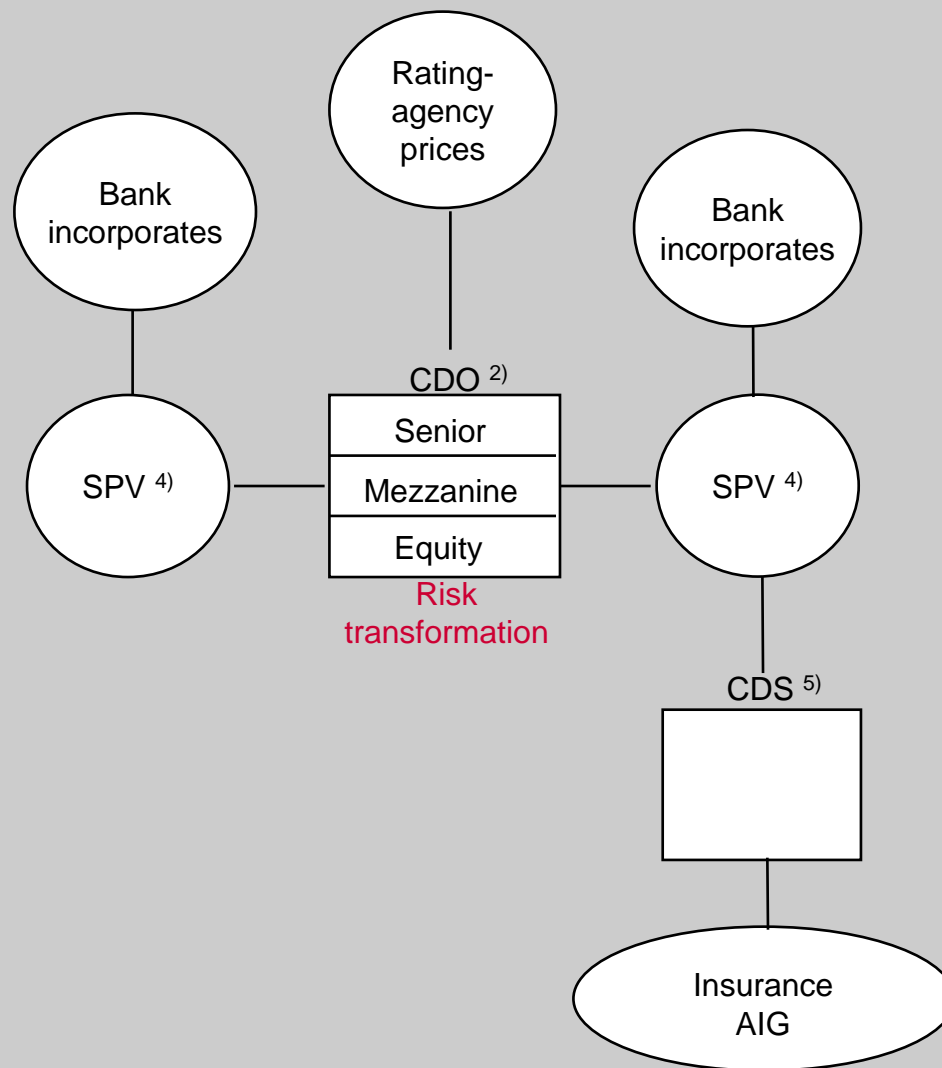
4) Special Purpose Vehicle

### 3. Step: Structuring (Risk transformation)



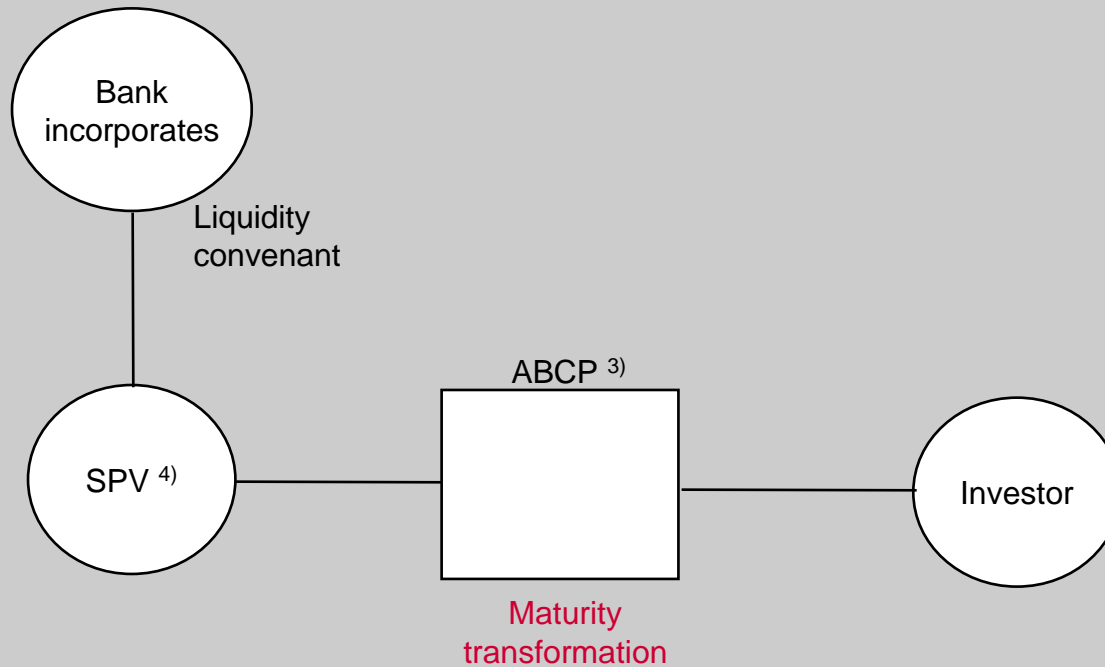
2) Collateralized Debt Obligations  
4) Special Purpose Vehicle

### 3a: Synthetic Securitisation by Credit Default SWAPS



2) Collateralized Debt Obligations  
4) Special Purpose Vehicle  
5) Credit Default SWAP

## 4. Step: Maturity transformation

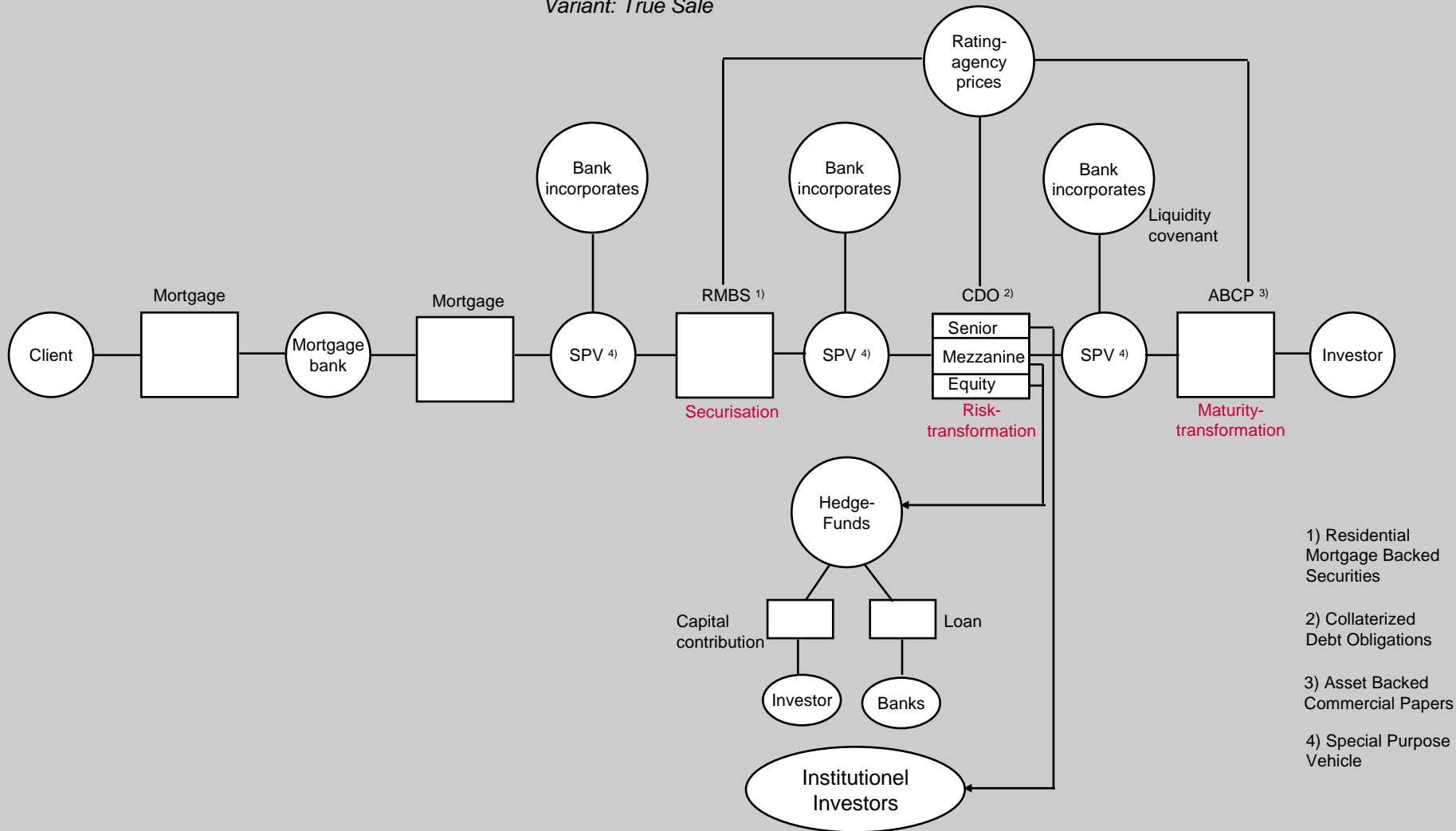


3) Asset Backed  
Commercial Papers

4) Special Purpose  
Vehicle

# Mechanics subprime - market

- Stylised presentation-  
Variant: True Sale



1) Residential Mortgage Backed Securities

2) Collateralized Debt Obligations

3) Asset Backed Commercial Papers

4) Special Purpose Vehicle

### Business Accounting

Balance sheet	
Assets	Liabilities
	Own funds

Gain- and loss account	
Expenditures	Proceeds
Of which: holding losses	Of which: holding gains
Gain/ loss	

Balance sheet	
Assets new	Liabilities new
	Own funds new

### National Accounting

Sequence of accounts	
Intermediate consumption	Output (turnover etc.)
	⋮
Net lending/ borrowing	

Balance sheet	
Assets	Liabilities
	Own funds

Financial accounts	
Change in assets	Net lending/ borrowing
	Change in liabilities and net worth

Revaluation	
holding gains/ losses	holding gains/ losses
Assets	Liabilities
	Change in net worth due to nominal holding gains/losses

Balance sheet	
Assets new	Liabilities new
	Change in net worth total

(no gross fixed capital formation)