

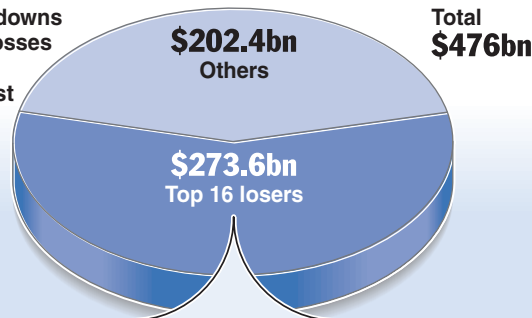
# Credit crunch – one year on

A year ago the U.S. sub-prime mortgage crisis hammered the global banking system, forcing writedowns of \$476 billion of bad debts. Economists predict that a further \$900 billion will have to be written off before the crisis comes to an end



U.S. Treasury secretary Henry Paulson, European Central Bank head Jean-Claude Trichet, U.S. Federal Reserve chairman Ben Bernanke

Writedowns and losses since August 2007



Citigroup	\$46.40bn	Morgan Stanley	\$11.70bn
Merrill Lynch	\$36.80bn	Ambac	\$9.22bn
UBS	\$36.70bn	Credit Suisse	\$9.17bn
AIG	\$20.23bn	Wachovia	\$8.90bn
HSBC	\$18.70bn	MBIA Inc	\$8.41bn
RBS	\$16.50bn	Washington Mutual	\$8.10bn
IKB	\$14.73bn	Deutsche Bank	\$7.35bn
Bank of America	\$14.60bn	HBOS	\$6.09bn

■ **Sep-Dec:** Banks start writing off billions in losses. Merrill Lynch chief executive **Stan O'Neal** and Citigroup's **Chuck Prince** resign

■ **Jan 2008:** U.S. Federal Reserve chairman **Ben Bernanke** announces emergency interest rate cut. Fed has slashed target rate by 225 basis points to 3% since start of crisis

■ **Feb:** British chancellor **Alistair Darling** nationalises Northern Rock, admitting his efforts to find buyer for stricken bank have failed

■ **Mar:** Bear Stearns sold to JP Morgan for \$2 a share with Fed agreeing to fund up to \$30bn of riskiest debt

■ **Jun:** Number of U.S. homes repossessed in past year passes 500,000

■ **Jul:** U.S. Treasury secretary **Henry Paulson** announces rescue plan for mortgage giants **Fannie Mae** and **Freddie Mac** – biggest lenders in world's largest single capital market



■ **Aug:** HSBC warns that credit crunch is spreading to Asia. FTSE 100 has lost 20% of its value in past year



■ **Feb 2007:** HSBC, Europe's biggest bank, warns of looming credit crisis in sub-prime mortgage market

■ **Jul:** Credit rating agency Standard & Poor's downgrades \$12 billion of sub-prime debt

■ **Aug 9:** European Central Bank chief **Jean-Claude Trichet** sends shock waves around world, injecting 94.8bn EUR into banking system in desperate effort to free up lending



■ **Sep 13:** British mortgage lender **Northern Rock** seeks emergency financial support from Bank of England, sparking first run on UK bank in 149 years