

Global financial crisis erupted 10 years ago

The collapse of Lehman Brothers investment bank in September 2008 triggered a crisis that plunged economies around the world into the worst recession since the 1930s

2007

Subprime mortgages (loans to borrowers with little means to repay) are repackaged with traditional mortgages and sold to investors who are left with worthless assets as foreclosures rise. Damage reaches top **Wall Street** institutions



■ **Oct 3:** Revised rescue package signed into law

■ **Nov:** **IMF** approves loans to stabilise countries with crumbling economies



■ **Nov 23:** Treasury and Federal Reserve step in to rescue **Citigroup**



■ **Feb 27:** Mortgage lender **Freddie Mac** stops buying most risky subprime loans

■ **Apr-Aug:** Two major U.S. mortgage lenders file for bankruptcy. **Bear Stearns** bank liquidates investments backed by subprime mortgage loans

■ **Aug 9:** French bank **BNP Paribas** suspends funds invested in U.S. mortgages

■ **Sep 14:** First run on UK bank since 1866 after **Northern Rock** requests government bailout. Bank later taken into public ownership

■ **Mar 16:** **Federal Reserve** guarantees \$30 billion of assets in sale of Bear Stearns to **JPMorgan Chase**



LEHMAN BROTHERS

■ **Sep 15:** **Lehman Brothers** files for bankruptcy – with over \$600bn in assets it is largest filing in U.S. history



■ **Sep 7:** Government takes over mortgage giants **Fannie Mae** and **Freddie Mac**



CHRYSLER



■ **Nov-Dec:** As crisis deepens, **Ford**, **Chrysler** and **General Motors** request and receive federal bailouts

2008

U.S. economy enters recession as subprime crisis infects credit markets

■ **Jan 11:** **Bank of America** agrees to buy **Countrywide Financial** – which finances 20% of all U.S. mortgages – for \$4bn

■ **Sep 15:** Bank of America agrees to buy **Merrill Lynch** for \$50bn

■ **Sep 16:** **AIG**, world's largest insurer, accepts \$85bn federal bailout

■ **Sep 21:** **Goldman Sachs** and **Morgan Stanley**, last two independent investment banks, become bank holding companies subject to greater regulation by Federal Reserve

■ **Sep 25:** Regulators close **Washington Mutual Bank** in biggest ever U.S. bank failure

■ **Sep 29:** Congress rejects \$700bn Wall Street rescue package. **Dow Jones** industrial average plummets 778 points – worst ever one-day drop at time

2009

■ **Dec 2008 – Jan 2009:** Global economies start going into recession. Central banks cut rates to try to stem crisis

■ **Jun 2009:** U.S. emerges from worst recession in post-war history

AFTERMATH

■ Global recession mainly affects developed economies in North America and Europe. Emerging economies like China and India suffer less impact and grow substantially in following years

