

Moody's

# Credit Card Statement

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**Moody's Investors Service**

## Rating Road Maps – Dimensioning Potential Aaa Downgrades

In the last edition of the Credit Card Statement<sup>1</sup>, we introduced our Loss Zone analysis, which answered the question “How bad can things get before I take a loss?” This week, we introduce a complement to the Loss Zone analysis called “Rating Road Maps.” Rating Road Maps address the question, “What effect would a change in performance expectations have on Aaa ratings?” and dimension the issuer-specific downgrade potential along two key performance metrics — charge-offs and the principal payment rate (“PPR”).

The upshot: In the context of the current consumer-led, severe recession in which our base case forecast has unemployment and charge-offs peaking at about 9%, the propensity for downgrades of Aaa-rated senior credit card bonds will remain quite low.<sup>2</sup> The likelihood of downgrade will, of course, increase if subsequent forecasts call for an even deeper downturn in the economy. Even so, the degree of any downgrade would not likely exceed 1 to 3 notches.

The resiliency of these ratings is, in part, based on the powerful, performance-based feature of the notes (a.k.a. the “early amortization trigger”). Once triggered, available cash flows from the underlying portfolio of credit cards are paid to noteholders ahead of schedule. In this way, investors’ exposure to losses due to further degradation in the collateral are mitigated. Senior noteholders are in a particularly strong position because they are paid before the junior investors.

Exhibit 1

Capital One - COMET				
Charge Off Rate	Payment Rate			
		15.0%	12.5%	10.0%
7.5%	Aaa			
10.0%		Aa		
12.5%				Aa

Exhibit 1 shows the Rating Road Map for the Capital One Multi-execution Trust (“COMET”). Starting with the upper left-hand corner, the matrix shows the ratings that would result if our long-term expected principal payment rate and charge-offs were to worsen. For COMET, that means our **expected** charge-off rate could rise to as high as 12.5% and the **expected** PPR could drop to as low as 10% and the ratings would remain in the Aa rating category. The analysis presumes that the worsening of the payment rate and charge-offs because these parameters are correlated (i.e. the market conditions that cause a rise in charge-offs are also likely to impair cardholders’ willingness and/or ability to repay their card debt).

The rating migration shown here is generally representative of the other major issuers in the sector. We will roll out Rating Road Maps for other trusts in the coming weeks.

### The Assumptions

It is important to note that these expected parameters along the vertical and horizontal axes are merely the starting point of our analysis. Generally, our expected level for each collateral performance metric is the long-term mean through which actual performance will over- and under-perform. Also, these expected parameters are significantly stressed beyond these expected levels when analyzing the adequacy of a given capital structure to the desired rating.<sup>3</sup>

<sup>1</sup> Please see, “Credit Card Statement,” published December 17, 2008.

<sup>2</sup> Please see “Liquidity Concerns Prompt Review of Several Credit ABS Issuers,” published October 28, 2008, for a discussion of considerations beyond collateral performance that can drive rating actions.

<sup>3</sup> Please see “Moody’s Approach to Rating Credit Card-Receivables Securities,” for a more detailed account of our rating methodology.

For example, when we test the resilience of a bond's protection against credit deterioration, we typically assume that charge-off rates immediately double (and then double again over time) from expected levels. At the same time, the payment rate is typically presumed to instantaneously drop to about a quarter of the expected rate.<sup>4</sup> For these reasons, our performance expectations, and the ratings associated with them, are relatively "sticky" and robust enough to withstand the fairly broad fluctuations in the underlying collateral performance that generally coincide with economic cycles.

The payment rate, for example, could fall below our performance expectations, but so long as other key metrics and/or fundamental aspects of the credit perform within expectations, a downgrade is not likely. Similarly, if charge-offs spike above our expectations, but are expected to revert to the mean in relatively short order (i.e. less than a year), then a rating action is unlikely. If, however, the degradation in performance is deemed to be more long-term in nature, then (all other things being equal) this change for the worse would naturally lead to a riskier credit profile and, by extension, could cause a downgrade.

For purposes of this analysis, we stress credit card purchase rates in accordance with our published rating methodology. A "constant" purchase rate assumption implies a sufficient amount of purchases to maintain the trust balance from the beginning to the end of the amortization period. This assumption is generally reserved for experienced, financially strong credit card originators with large, diverse portfolios of prime receivables. On the opposite end of the spectrum, the "fully declining" pool assumption simulates no new purchases and the trust balance therefore decreases rapidly due to payments, losses, and dilutions. This assumption is generally reserved for comparatively inexperienced, weak (e.g. sub-investment grade) credit card originators that have small portfolios and limited sources of financing outside securitization. That said, there is some allowance for purchase rate degradation incorporated in the Rating Road Map analysis.

## Conclusion

Performance expectations are shaped by both historical data and forward-looking analysis. Given that we significantly stress these expectations when analyzing a given deal, the related ratings are relatively "sticky" and robust enough to withstand the fairly broad fluctuations in the underlying collateral performance that generally coincide with economic cycles.

Our current base case forecast calls for charge-offs to peak at about 9% - nearly 30% higher than the peaks of the last two recessions and more than 60% higher than the long-term mean of Moody's charge-off rate index. In and of itself, that level of stress is unlikely to result in any downgrades. Still, there are no assurances that performance won't worsen beyond that threshold. If the outlook for performance degrades past the base case (or appears imminent), the probability of a downgrade will rise.

We will be rolling out this analysis for other issuers in the coming weeks.

<sup>4</sup> Please see "[Moody's Approach to Rating Credit Card-Receivables Securities](#)," for a more detailed account of our rating methodology.

## Industry Charge-off Rate Breaks Above 7% Level as Payment Rate Slides Sharply

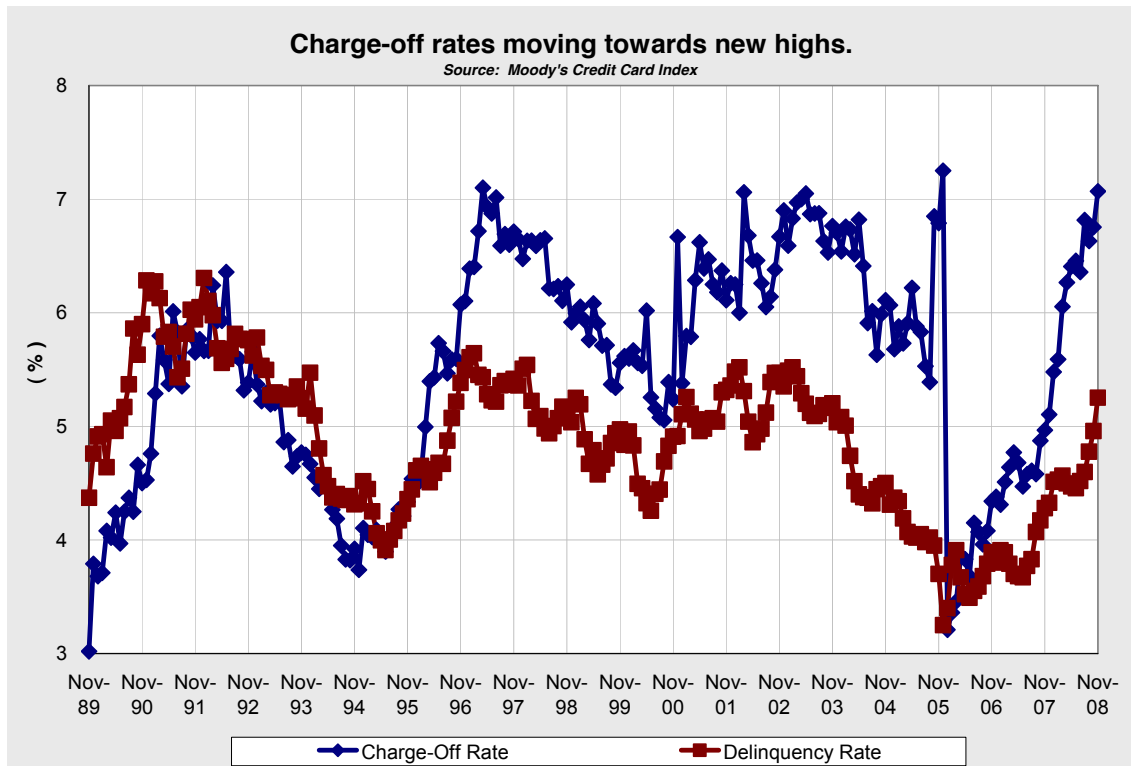
### Monthly Index

Credit Indices (in %)	Nov-08	Nov-07	% change	YTD 2008	YTD 2007	% change
Charge-off Rate**	7.07	4.97	42.29	6.35	4.64	37.05
Delinquency Rate	5.25	4.28	22.75	4.65	3.89	19.58
Principal Payment Rate	15.08	17.94	(15.95)	17.59	19.08	(7.84)
Aggregate Yield**	17.11	20.13	(15.00)	18.01	19.25	(6.46)
One-month Excess Spread**	5.92	8.70	(31.94)	6.64	7.80	(14.86)

\* Monthly historical data from inception to date are available in Excel format.

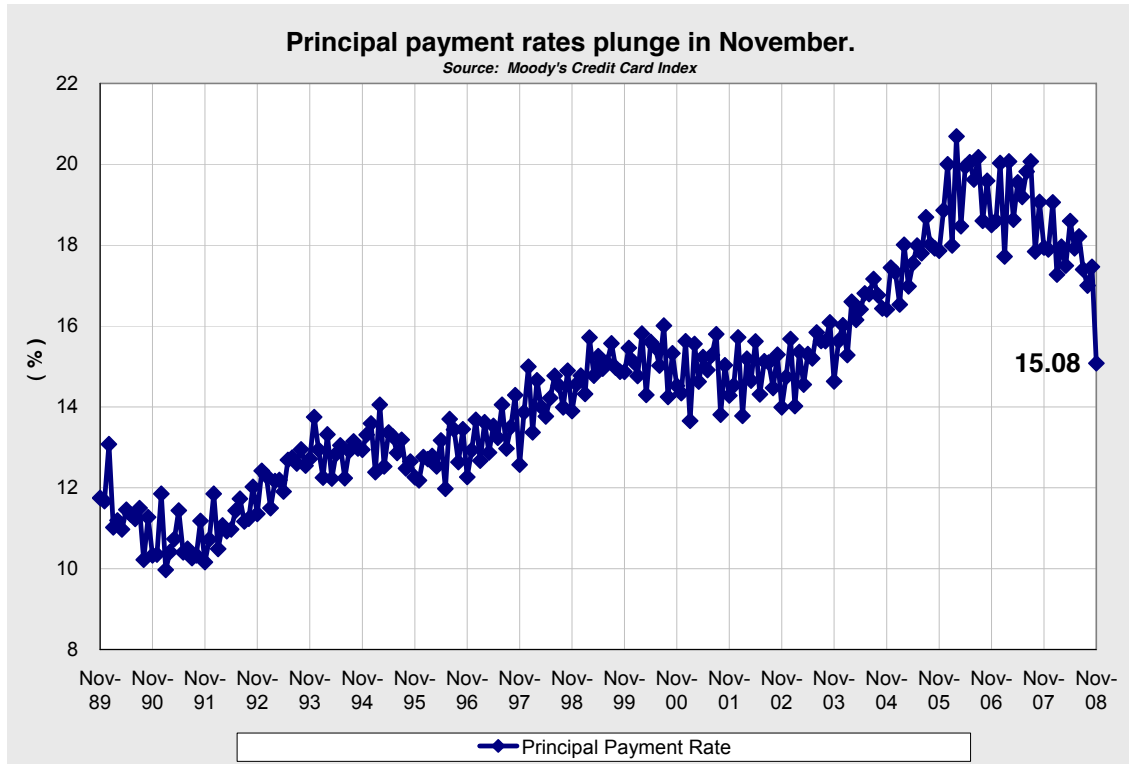
\*\* Annualized percentage rate.

Credit card performance for November deteriorated across all key metrics. Most notably, the charge-off rate index rose above 7% for the first time since December 2005, when charge-offs spiked above 7% due to a change in bankruptcy law. Before that, charge-offs peaked briefly at just above 7% in 2003 following the 2001 recession. The delinquency rate index, too, continued to rise, posting the highest reading since 2003. With unemployment rates on the rise and forecast to reach about 9% in early 2010, charge-offs and delinquencies are poised to continue their climb throughout the coming year. The charge-off rate index is expected to peak at about 9% in early 2010.



Cardholder payments dropped in November by the largest margin ever recorded by Moody's Credit Card Index. Payment rates have been sliding lower for almost two years. The sharp dip in the November principal payment rate index was, according to many card companies, due mainly to a technical "day count" issue that effectively shortened the number of collection days in the month. While much of this technical dip should

reverse itself in December, the secular trend of falling payment rates is expected to continue in the coming year.



As anticipated, the pronounced compression to excess spread in October reversed course in November.<sup>5</sup> Even so, the excess spread index narrowed appreciatively compared to a year ago. November's yield index also fell compared to both last month and a year ago. The yield index, which continued to fall in November, is may rise in the coming months due to relatively aggressive re-pricing initiatives by most of the major credit card companies.<sup>6</sup>

<sup>5</sup> Please see the article on p. 7 of the December 9, 2008 edition of the "Credit Card Statement" for a detailed description of the causes behind the compression in excess spread.

<sup>6</sup> Please see the article on p. 1 of the December 9, 2008 edition of the "Credit Card Statement" for more on card companies' re-pricing initiatives.

## Tax Cuts Lift Consumer Spending

With more tax cuts likely, the question of whether consumers will save them or spend them is important to card issuers. We believe consumers spend most of their tax rebates, despite recent claims that last year's rebates were mostly saved. How consumers use tax cuts has implications for credit card transaction volume and receivable growth.

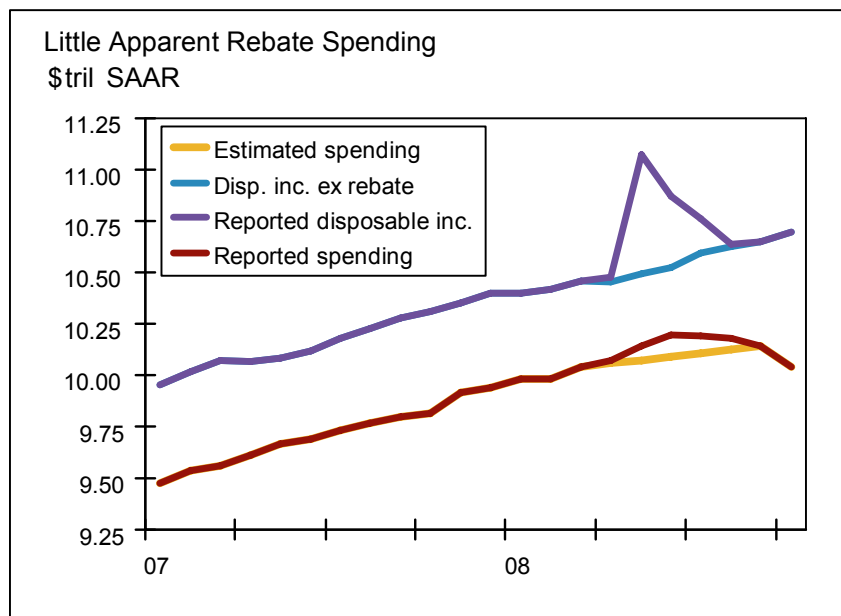
As discussion of the coming stimulus package intensifies, it is becoming clear that consumer taxes will be cut, although the form of the cut remains in doubt. While it is not clear whether the coming tax cut will come in the form of rebates, this form presents a good opportunity to analyze consumer behavior as it relates to tax cuts.

### The Case for Saving

While there seems to be a consensus that about two-thirds of rebates mailed to consumers early in this decade were spent, it is possible to make a case that consumers spent little of last year's tax rebates. For example, increases in saving last year were larger than increases in spending, even though high energy prices were driving up spending. However, this initial examination of the data overlooks the many factors that were driving spending down, particularly spending by middle and upper income households, which are most important for aggregate spending. When the declines in their spending that would have occurred in the absence of rebates are considered, the positive spending impact of the rebates is seen to be large.

Chart 1 shows the case for little spending. As measured by the Bureau of Economic Analysis in the personal income data, \$93 billion in rebates were distributed between April and August. However, a crude analysis shows only a \$27 billion increase in spending compared with the spending trend between April and September. This suggests only 30% of the rebates were spent, at least through August. By contrast, the saving rate jumped from 0.15% in the first four months of the year to 4.8% in May and remained elevated in June and July.

**Chart 1**



Further, it is not difficult to make a case that even this modest lift to spending is overstated. Surging gasoline prices should have driven up spending during the period. There is a very close correlation between gasoline prices and nominal spending growth. Consumers do not reduce other spending sufficiently to offset added gasoline costs in the near term. As a result, saving falls when energy prices rise and vice versa.



However, saving surged despite soaring gasoline prices last summer. This suggests spending should have been higher even without the rebates — possibly above the trend line in the first chart.

## The Case for Spending

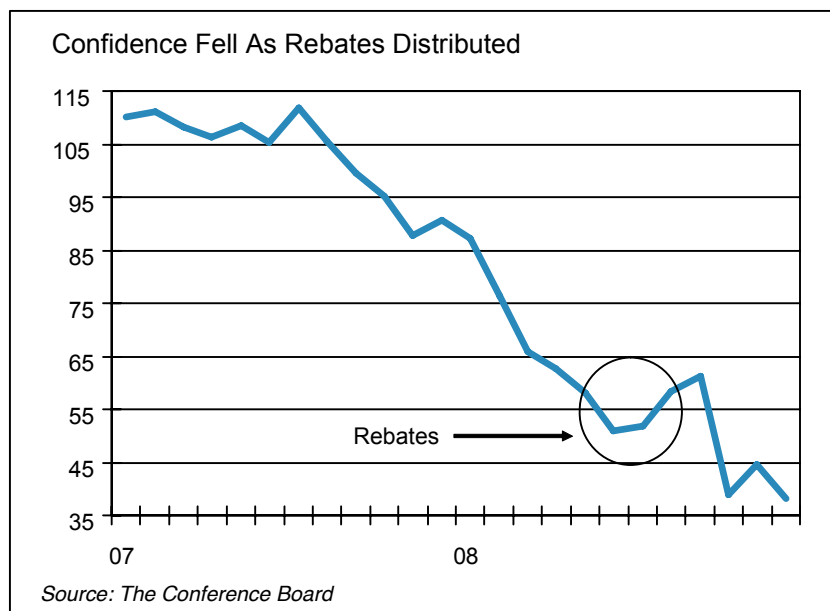
What the “saving analysis” overlooks is the multitude of weights building on consumers, and in particular higher-income consumers, last spring. Higher-income consumers are particularly important to aggregate spending data since they account for a vastly disproportionate share of spending. Less than 30% of households at the top of the income distribution account for half of all spending.

These households were feeling a significant weight from the weakening job market and, more importantly, their declining wealth. Even just through the second quarter, real estate equity had declined nearly \$3.5 trillion from its peak, having declined for six consecutive quarters and nine of the prior ten. Stock equity had also been declining sharply for three quarters.

In essence, there was a push by consumers who tend to drive aggregate spending to increase their saving to help offset their lost wealth. Saving has remained high since the impact of the rebates ended. The lowest it dropped was 0.6% in August and it moved back up to 2.4% in October and rose further in November. Lower energy prices are partially responsible for the increase in saving, but they cannot account for all of the change in saving.

Further, as shown in Chart 2, confidence was falling as rebates were distributed, suggesting consumers were becoming more concerned about their situations despite the rebates. The temporary increase in confidence came later in August and September, when energy prices began to fall. Many households, and particularly upper-income households, had already come to the realization that declining wealth was driving them further and further from meeting their savings goals. Their response was to increase their saving to try to offset some of the lost wealth.

**Chart 2**



Another reason to believe rebates were spent is the way they were distributed. Rebates early in the decade were distributed exclusively to taxpayers. However, in this case, taxpayers above a certain income threshold did not receive rebates. Further, a large number of households with too little income to pay income taxes received rebates and some taxpayers received a larger rebate than their income tax liability. Over 30% of the rebates exceeded the recipient's income tax liability according to the BEA. Since lower-income households are more likely to spend a windfall of this type, the nature of the rebate program increased the likelihood of rebates being spent.

At the high end, not only are rebates less likely to be spent by high-income taxpayers, many high-income households did not receive rebates at all. Rebates were phased out for higher income taxpayers, something also being discussed for the coming stimulus package. Household making over \$150,000 accounted for over 17% of spending in 2007 and more than 30% of saving so far this year, but received little or no benefit from last year's rebate.

This argument takes on added force in the economic environment in place last spring. Soaring gasoline prices and the weakening labor markets were severely stretching the budgets of lower-income households. They needed cash to make ends meet. They did not have the incentive to save as higher-income households had at the time.

## Conclusion

Putting all these pieces together, we come to the conclusion that the rebates were predominantly spent, by the largely lower-income households who received them. The reason this is not evident in the data is that increased saving by higher-income households dominates the aggregate data. When more complete data are available, undoubtedly many academic papers will be written trying to determine what share of the rebates was spent. However, we believe that when all evidence is in, it will be clear that spending would have fallen sharply without the rebates and they were spent at least to the extent that earlier rebates were (about two-thirds) and likely even more.

Coming tax cuts will likely generate a similar response. Further, if they are distributed over a longer time period via reduced withholding, they are less likely to be viewed as a one-time windfall and even more likely to be spent.



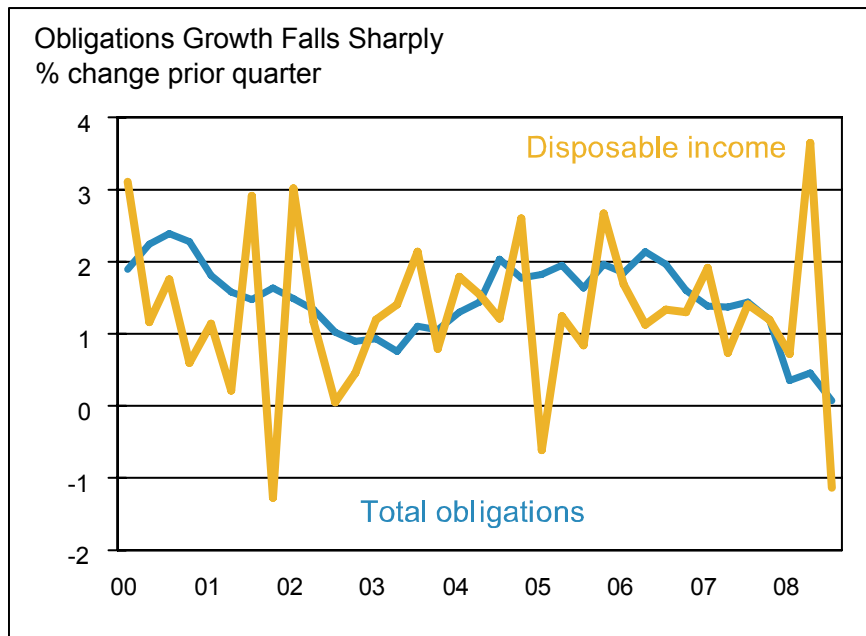
## Consumer Debt Payments Stop Growing

Household obligations remain high, but consumers are working to lower them by cutting back on the growth in required debt payments and other obligations. This will support their ability to remain current on their debts, once income growth improves.

Financial obligations and the debt service ratio rose in the third quarter according to Federal Reserve estimates. But the real story was the decline in growth in total obligations. Obligations barely rose from the second quarter and year-ago growth is dropping sharply. The increase in the financial obligations and debt service ratios came more from the decline in income because of reduced rebate payments rather than underlying growth in obligations.

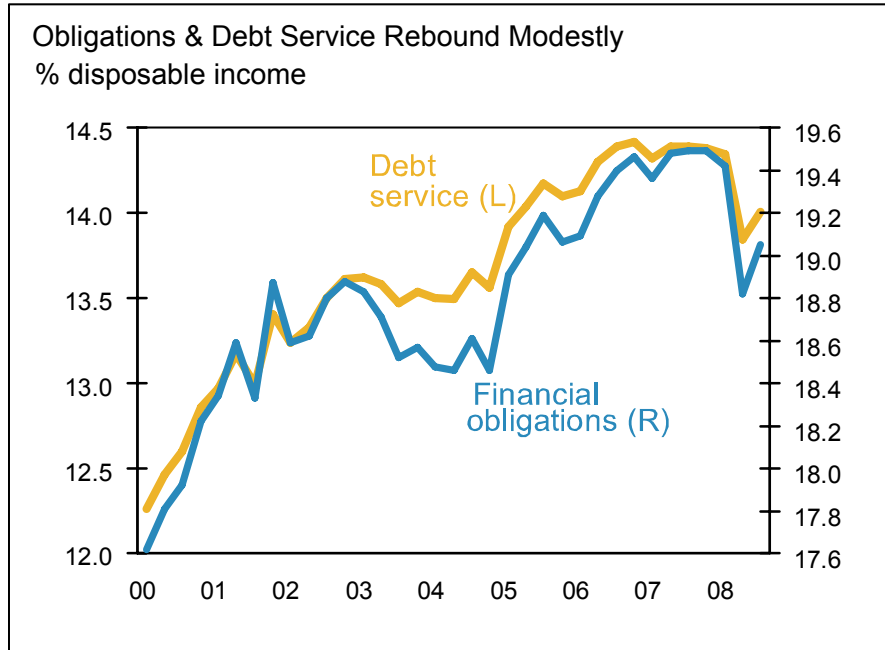
As shown in Chart 1, the financial obligations ratio rose 23 basis points to 19.05% of disposable income according to the Federal Reserve's latest estimates. However, the ratio remained 37 basis points below its first quarter level and at its lowest level since the second quarter of 2005, if the second quarter of this year is discounted as distorted by rebate payments. As also shown in Chart 1, the debt service ratio similarly rose 17 basis points to 14.01%, but other than the second quarter, it was at its lowest level since the first quarter of 2005.

**Chart 1**



As shown in Chart 2, growth in financial obligations was essentially zero in the third quarter. That was the first time obligations growth was this slow in the history of the series, back to 1980. Debt payments were essentially unchanged for the second consecutive quarter. The last time that occurred was the middle of 1993. Growth in other obligations also slowed to essentially zero in the quarter. On a year-over-year basis, growth is stronger, but slowing significantly. The slowing is led by reduced debt payments. Not only is growth in household liabilities falling dramatically, but interest rates have come down as well. Both trends will persist. The recent decline in mortgage rates would have had little impact on third quarter data; more Federal Reserve interest rate cuts are coming and consumers continue to slow their borrowing, both by choice and because of tighter lending standards. Growth in nondebt obligations is also falling as consumers look to economize in every aspect of their financial lives.

**Chart 2**



The main force that will keep the financial obligations and debt service ratios from falling further is weak income growth, also shown in Chart 2. Excluding the effects of the tax rebates last spring, disposable income growth has been slowing and, again excluding the coming stimulus, will continue to slow. Nominal income growth may even turn briefly negative early next year because rapid job losses and reduced bonus payments are not offset by stimulus.

Homeowners were responsible for the bulk of the increase in burdens from the start of the decade through the peak of burdens at the end of 2006. They have also been responsible for the bulk of the decline in debt and financial burdens in the subsequent quarters. Renters' obligations have changed little since early 2004.

Further declines in the ratios are likely. These declines could be temporarily magnified by coming fiscal stimulus to the extent it comes in the form of tax cuts or payments to households.

## Consumer Stat Dashboard

		2007	Most Recent	2008 F	2009 F	2010 F
Consumer Bankruptcy Filings	YE (000s)	822.6	1004.3	1,344.6	1,753.6	2,299.1
ABA Card Delinquency Rate	avg (\$bil)	3.9%	4.4%	5.0%	5.3%	5.7%
Financial Obligations Ratio		19.5%	19.0%	19.0%	18.4%	18.1%
Consumer Revolving Debt	avg (\$bil)	939.5	976.1	940.6	912.3	1007.9
Real GDP						
	YoY	2.0%	0.7%	1.2%	-1.5%	2.1%
Unemployment rate						
	avg	4.6%	6.7%	5.7%	8.0%	8.7%
CPI						
<i>Core</i>						
	YoY	2.3%	2.0%	2.4%	1.5%	2.0%
<i>Top Line</i>						
	YoY	2.9%	1.0%	4.2%	0.9%	2.7%
Consumer Confidence	avg	103.3	38.0	59.1	42.2	70.3
Retail Sales						
<i>Total Retail Sales</i>						
	YoY	4.1%	-7.4%	0.0%	-6.0%	5.9%
<i>Total Retail Sales ex Autos</i>						
	YoY	4.1%	0.1%	2.3%	-1.8%	2.4%
Interest Rates						
1 Month LIBOR	avg	5.2%	0.4%	2.8%	1.0%	2.3%
Prime Lending Rate	avg	8.1%	3.3%	5.0%	3.3%	5.0%
Prime/LIBOR Spread	avg	2.8%	2.8%	2.2%	2.3%	2.7%

Note: Forecasts based on Moody's Economy.com baseline expectations.

## Reductions in Consumer Credit Availability Will Continue to Negatively Impact Retailers in 2009

The reduction in consumer credit within the current recessionary environment facing the US continues to have a negative impact on the sales, earnings, cash flow, and general credit strength of key US retailers. Consumer credit availability continues to shrink, with reductions in credit from several large credit card providers, including American Express and the various Visa and Master Card issuers. The end result for the consumer is substantially less credit availability with which to purchase goods, and the end result for the retailer is lower sales and margins.

Credit card companies, seeing the writing on the wall with the slide in the overall economy and the lack of investor appetite for card securitizations, have been actively reducing unused credit availability, capping existing lines, raising rates and fees, and tightening terms for new issuance. Some suggest between \$1 and \$2 trillion of consumer credit availability will be gone at the consumer credit trough. Putting this range into perspective, this is roughly 3-6 times Wal-Mart's annual U.S. revenue.

A survey of six large retailers (Wal-Mart, Target, Sears, Lowe's, Home Depot, and Best Buy) indicates an average of roughly half of their annual sales are generated utilizing some sort of credit vehicle. Such vehicles could be either credit cards or extended purchase plans, with higher-end items generating a disproportionate level of these sales. In this sample are the four largest retailers of home appliances (Sears, Lowe's, Best Buy, and Home Depot) and four of the largest home electronics retailers (Best Buy, Wal-Mart, Sears, and Target). These represent two product segments that have seen their growth -- especially at the upper price points -- fueled by easy consumer credit.

The tightening consumer credit environment has impacted all retailers to some extent, however the big-ticket product segments have easily been the hardest hit. We expect that retailers will continue to be as aggressive as possible when it comes to the marketing and pricing of these items. However, factors beyond retailers' control, such as the credit approval process, will hamstring both top-line sales and margins as consumers are forced to either trade down, delay, or eliminate big ticket purchases. The impact on ratings is difficult to quantify at this point, however there will likely continue to be downward rating pressure on retailers of big-ticket items that require consumer credit over the next 12-15 months.

## Bank of America's Card Trust Captures Cash

In November, credit card trust cash flow normally paid to Bank of America's credit card originating subsidiary bank, FIA Card Services ("FIA"), was instead diverted to special reserve accounts and held as credit protection for the exclusive benefit of Class C noteholders. This cash-trapping mechanism, common to nearly all credit card trusts, provides meaningful credit protection. It is triggered whenever excess spread — a proxy for the profitability of the securitized credit card portfolio — falls below prescribed levels.

In fact, the lower the excess spread margin, the greater is the amount of the targeted reserve account (see Table 1). The reserves are released back to the originating bank if excess spread (usually measured on a three-month rolling average basis) rises above prescribed thresholds. This potential benefit of the reserve fund to noteholders is incorporated in our initial ratings and is detailed in our [methodology](#), so an upgrade is unlikely.

**Table 1**

BA Credit Card Trust Spread Capture Triggers		
If 3-mo. avg. excess spread is greater than or equal to	And less than	Funding Percentage
4.50%	---	0.00%
4.00%	4.50%	1.25%
3.50%	4.00%	2.00%
3.00%	3.50%	2.75%
2.50%	3.00%	3.50%
2.00%	2.50%	4.50%
—	2.00%	6.00%

*Note: Funding percentage is expressed as a percentage of the nominal liquidation amount of the BAseries notes.*

Still, in dollar terms, just over \$352 million of securitized cash flow was set aside in November — cash that would have otherwise flowed back to FIA. That figure could grow to as high as \$4.7 billion<sup>7</sup> if the trust's excess spread falls below 2.0%.

As large as this amount may appear, any consequences to FIA's fundamental ratings would not be driven by this diversion of cash. Rather, of more fundamental concern are the implications of a falling excess spread on the core profitability of the card franchise. Earnings impairment, and the related effects on other fundamental factors such as capital levels, will influence our credit opinion of the bank. FIA's Aaa rating is currently under review for possible downgrade.

<sup>7</sup> This amount assumes a BAseries nominal liquidation amount of approximately \$79 billion and a targeted funding percentage of 6.00%.

## New Version of Moody's Credit Card Data Bank is Released

We are pleased to announce the release of a new and improved Credit Card Data Bank. The latest version has significant improvements including a brand new interface, easy access to the latest Moody's reports and data published in the Credit Card Sector and two new databases: Credit Card Snapshot and Exception Report.

The **Credit Card Snapshot** provides convenient scorecards of current credit card trust performance relative to Moody's performance expectations.

Credit Card Snapshots									
September Report**									
data as of 9/30/2008									
Trust	Charge-offs			Payment Rate			Yield		
	2 mo. Prior	Last Month	Current Month	2 mo. Prior	Last Month	Current Month	2 mo. Prior	Last Month	Current Month
1st Financial Trust I*	●	●	●	○	●	●	○	○	○
1st Financial Trust II*	●	●	●	○	○	○	○	○	○
Advanta*	○	○	○	○	○	○	○	○	●
American Express - Charge Card	●	●	●	○	○	○	●	●	●
American Express - Credit Card*	○	○	○	○	○	○	○	●	●
BofA - BACCT*	●	●	●	○	○	○	○	○	○
Cabela's*	○	○	○	○	○	○	○	○	○
Capital One - COMET*	○	○	○	○	○	○	○	○	○
Charming Shoppes	●	●	●	○	○	○	○	○	○

The **Exception Report** shows recent performance trends and highlights trust performance that is beyond the boundaries of Moody's performance expectations

Moody's Credit Card ABS Exception Report															
External Copy															
Green indicates actual performance is better than expectations.															
Red indicates actual performance is worse than expectations.															
Show:	All Series	Excess Spread						Yield							
Date	Most Recent	MoM Change	YoY Change	3 Mo Avg	12 Mo Avg	Moody's Expectations Low	Moody's Expectations High	Most Recent	MoM Change	YoY Change	3 Mo Avg	12 Mo Avg	Moody's Expectations Low	Moody's Expectations High	
Discover Card Master Trust I, Series 2002-4	9/30/08	5.74	10.36	11.2	5.67	5.85	19.00	22.00	16.53	1.58	-6.32	16.71	17.23	6.00	8.50
Discover Card Master Trust I, Series 2004-2	9/30/08	9.07	-0.87	6.54	9.39	9.29	19.00	22.00	19.95	-1.77	-5.70	20.35	20.47	6.00	8.50
Discover Card Master Trust I, Series 2005-2	9/30/08	9.11	-0.87	7.15	9.43	9.15	19.00	22.00	19.95	-1.77	-5.70	20.35	20.47	6.00	8.50
Discover Card Master Trust I, Series 2005-3	9/30/08	9.12	-0.86	7.15	9.43	9.45	19.00	22.00	19.95	-1.77	-5.70	20.35	20.77	6.00	8.50
Discover Card Master Trust I, Series 2005-4	9/30/08	9.06	-0.87	7.19	9.39	9.39	19.00	22.00	19.95	-1.77	-5.70	20.35	20.77	6.00	8.50
Discover Card Master Trust I, Series 2006-1	9/30/08	9.11	-0.87	7.15	9.42	9.42	19.00	22.00	19.95	-1.77	-5.70	20.35	20.74	6.00	8.50
Discover Card Master Trust I, Series 2006-2	9/30/08	9.12	-0.87	7.16	9.43	9.44	19.00	22.00	19.95	-1.77	-5.70	20.35	20.77	6.00	8.50
Discover Card Master Trust I, Series 2006-3	9/30/08	9.11	-0.87	7.14	9.43	9.44	19.00	22.00	19.95	-1.77	-5.71	20.35	20.77	6.00	8.50
Discover Card Master Trust I, Series 2007-1	9/30/08	9.14	-0.86	7.14	9.45	9.46	19.00	22.00	19.95	-1.77	-5.70	20.35	20.77	6.00	8.50
Discover Card Master Trust I, Series 2007-2	9/30/08	9.06	-0.87	7.20	9.37	9.39	19.00	22.00	19.95	-1.77	-5.70	20.35	20.77	6.00	8.50
Discover Card Master Trust I, Series 2007-3	9/30/08	9.12	-0.87	7.15	9.43	9.31	19.00	22.00	19.95	-1.77	-5.70	20.35	20.23	6.00	8.50
First National Master Note Trust, Series 2007-1	9/30/08	6.73	11.61	40.50	6.77	6.58	15.00	18.00	16.47	6.12	-3.29	16.39	17.36	6.50	8.50
First National Master Note Trust, Series 2007-2	9/30/08	5.85	13.81	No Data	5.88	No Data	15.00	18.00	16.48	6.25	No Data	16.39	No Data	6.50	8.50
GE Capital Credit Card Master Note Trust, Series 2005-1	9/30/08	9.44	-0.72	-26.09	9.71	10.58	22.00	25.00	24.08	-0.81	-6.67	24.24	24.61	7.50	9.50
GE Capital Credit Card Master Note Trust, Series 2005-3	9/30/08	10.00	-0.51	-25.22	10.26	11.10	22.00	25.00	24.08	-0.81	-6.67	24.24	24.61	7.50	9.50
GE Capital Credit Card Master Note Trust, Series 2006-1	9/30/08	9.04	-0.91	-26.75	9.32	10.15	22.00	25.00	24.08	-0.81	-6.67	24.24	24.61	7.50	9.50
GE Capital Credit Card Master Note Trust, Series 2007-1	9/30/08	9.23	-0.93	-28.42	9.50	10.34	22.00	25.00	24.08	-0.81	-6.67	24.24	24.61	7.50	9.50
GE Capital Credit Card Master Note Trust, Series 2007-2	9/30/08	9.15	-0.84	-26.59	9.42	10.26	22.00	25.00	24.08	-0.81	-6.67	24.24	24.61	7.50	9.50
GE Capital Credit Card Master Note Trust, Series 2007-3	9/30/08	8.78	-1.03	-27.21	9.06	9.90	22.00	25.00	24.08	-0.81	-6.67	24.24	24.61	7.50	9.50
GE Capital Credit Card Master Note Trust, Series 2007-4	9/30/08	8.66	-1.07	-27.46	8.94	9.78	22.00	25.00	24.08	-0.81	-6.67	24.24	24.61	7.50	9.50
HSBC Credit Card Master Note Trust (USA) I, Series 2006-1	9/30/08	3.10	-52.25	-52.64	5.10	5.99	15.50	18.50	17.15	-4.67	-7.50	17.75	18.27	5.50	8.50
HSBC Credit Card Master Note Trust (USA) I, Series 2007-1	9/30/08	5.28	-39.25	-13.41	7.29	7.48	15.50	18.50	17.15	-4.67	-7.50	17.75	18.27	5.50	8.50
HSBC Credit Card Master Note Trust (USA) I, Series 2007-2	9/30/08	4.83	-41.38	No Data	6.95	7.08	15.50	18.50	17.15	-4.67	No Data	17.75	17.75	5.50	8.50
HSBC Private Label Credit Card Master Note Trust (USA) I	9/30/08	12.20	-11.84	-2.81	13.79	15.95	22.00	25.00	23.91	-0.88	-6.67	24.24	24.61	8.00	10.00
Metris Master Trust, Series 2002-1	8/31/08	9.30	169.57	-16.96	6.46	8.15	27.00	30.00	22.12	28.60	-27.43	20.86	26.28	13.50	15.50
Metris Master Trust, Series 2002-2	8/31/08	9.30	169.57	-16.96	6.46	8.15	27.00	30.00	22.12	28.60	-27.43	20.86	26.28	13.50	15.50
Metris Secured Note Trust 2002-1	8/31/08	9.30	169.57	-16.96	6.46	8.15	27.00	30.00	22.12	28.60	-27.43	20.86	26.28	13.50	15.50
Metris Secured Note Trust 2002-2	8/31/08	9.30	169.57	-16.96	6.46	8.15	27.00	30.00	22.12	28.60	-27.43	20.86	26.28	13.50	15.50
National City Credit Card Master Note Trust, Series 2005-1	9/30/08	6.67	-30.71	23.16	8.02	7.63	15.50	18.50	16.12	-11.05	-4.74	17.12	17.36	5.00	8.00
National City Credit Card Master Note Trust, Series 2006-1	9/30/08	6.68	-30.72	22.94	8.03	7.64	15.50	18.50	16.12	-11.05	-4.74	17.12	17.36	5.00	8.00
National City Credit Card Master Note Trust, Series 2006-2	9/30/08	6.67	-30.75	23.01	8.02	7.63	15.50	18.50	16.12	-11.05	-4.74	17.12	17.36	5.00	8.00

Moody's will update all the databases in the Credit Card Data Bank periodically as new information becomes available. In addition, the Research section of the Data Bank provides you with access to the latest card-related methodology reports, Master Trust Reports, the latest Credit Card Statement, Year-In-Reviews and other related research.



You can access the data bank from the ABS homepage on Moodys.com or through “Key Links” on the front page of this newsletter (you need to be a subscriber of ABS Research in order to view this page).

*If you have questions or would like to provide feedback on this version of the Credit Card Data Bank please reply to this message or contact client services at one of the locations listed below. We welcome your input and look forward to hearing from you.*

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## Card-Related Research

- Moody's confirms and upgrades ratings on HSBC's credit card-backed notes

On January 5, we confirmed the ratings on two classes of subordinated credit card receivables-backed notes issued by HSBC Credit Card Master Note Trust (USA) and upgraded an additional class of subordinated credit-card notes, affecting approximately \$220 million of asset-backed securities. [More.](#)

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