

**Deloitte.**

# Securitisation.

Views from a financial advisor

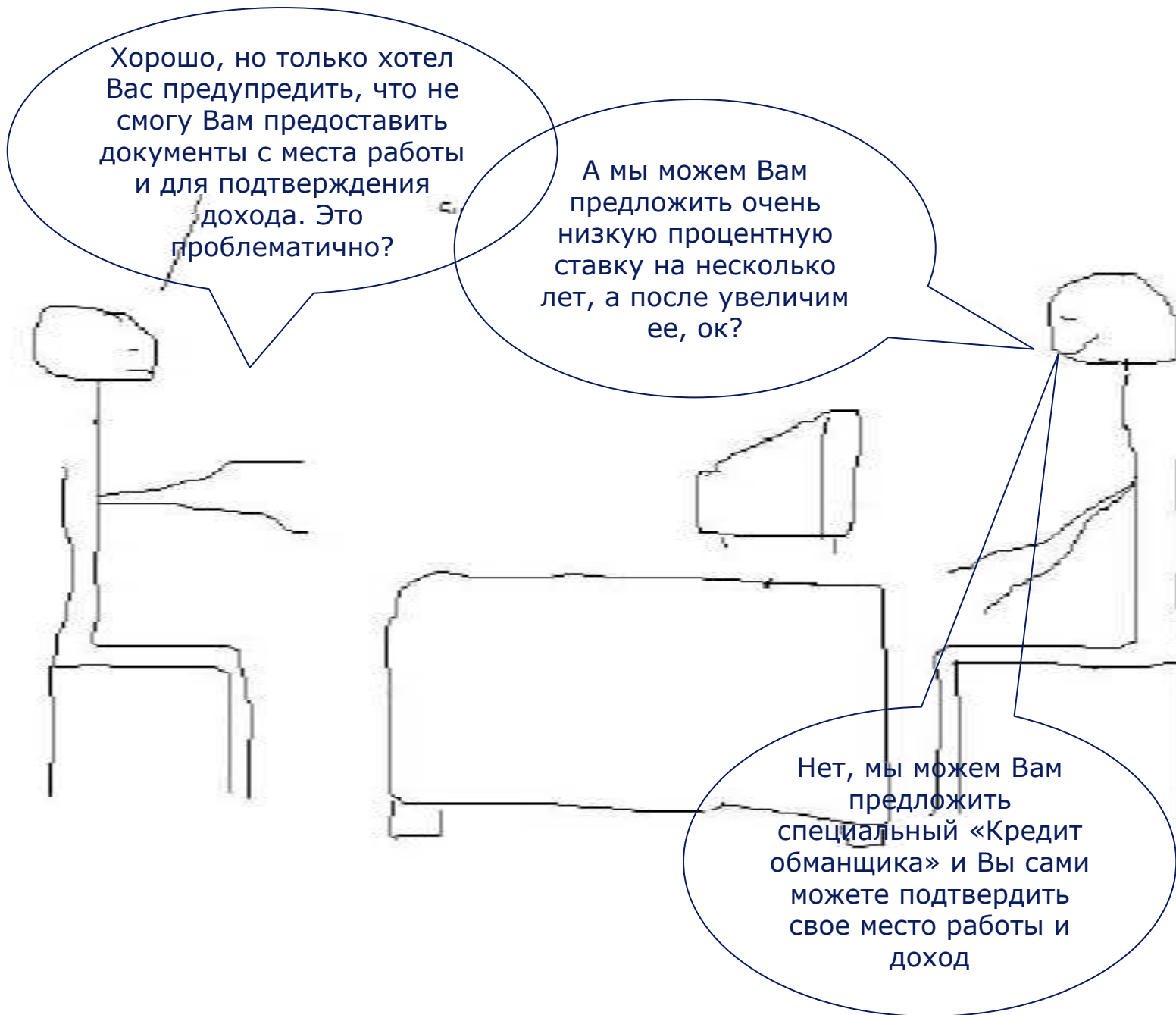
# История “The Good, The Not So Good and the Ugly”

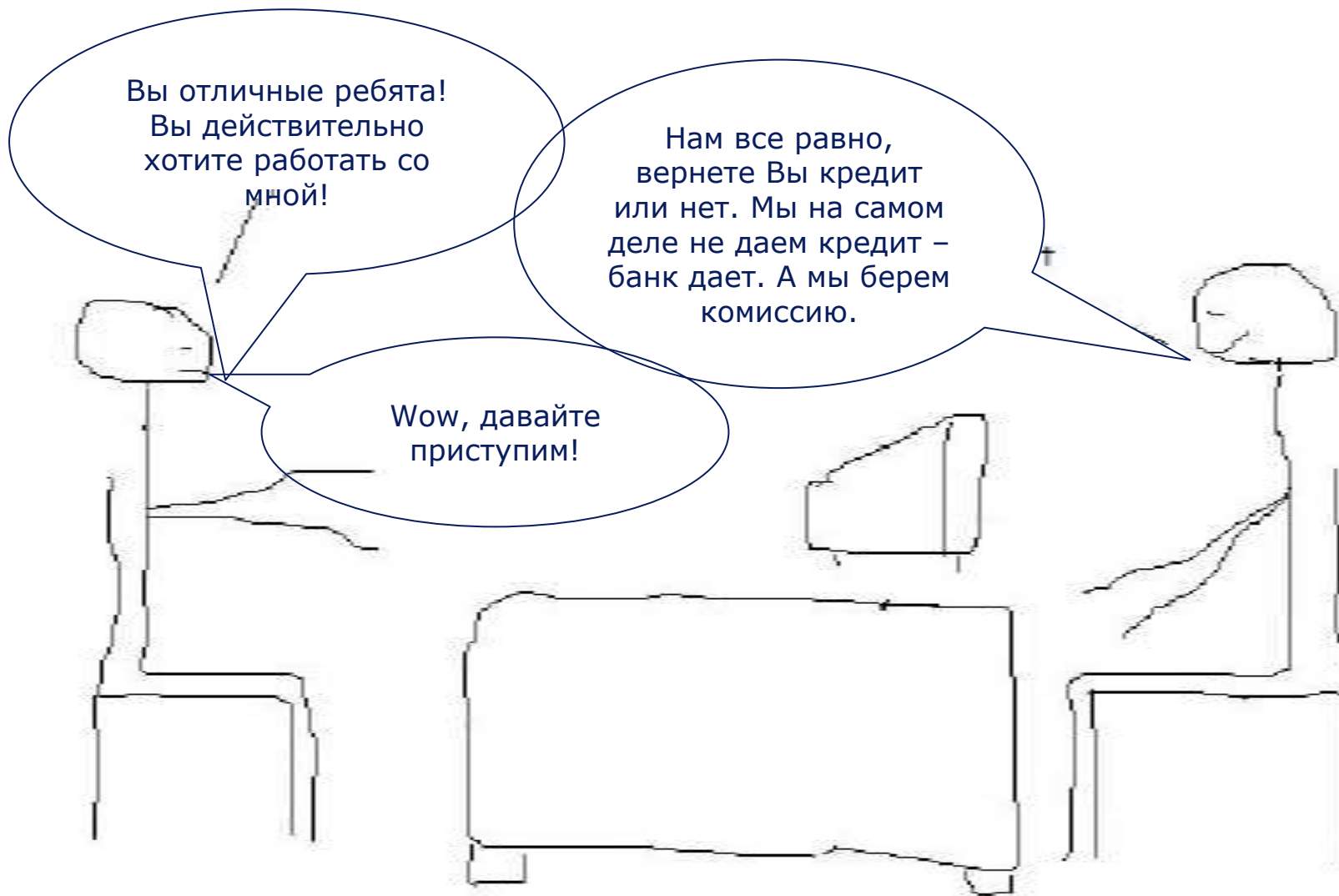
# У Ипотечного Брокера



Я хотел купить дом но у меня нет денег, чтобы сделать первоначальный платеж, и я не смогу себе позволить осуществлять ежемесячные платежи. Можете ли Вы мне помочь?

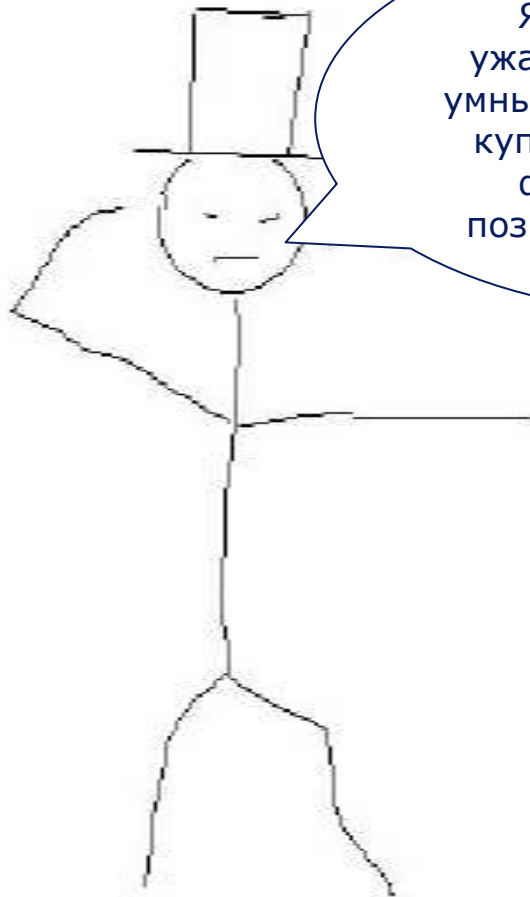
Конечно, поскольку стоимость Вашего дома всегда будет расти, нам уже не нужен первоначальный платеж



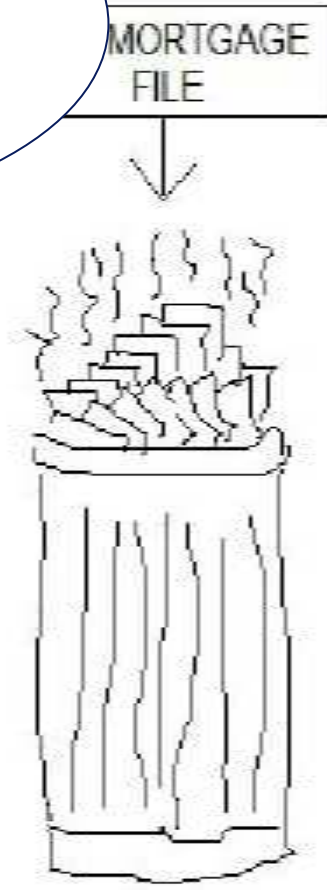


Несколькими неделями позже – в Банке

# FIRST BANK OF BANKLAND INC



Я лучше продам эти ужасные кредиты. Благо, умные ребята из Нью-Йорка купят их и сотворят свое финансовое чудо! Я позвоню им прямо сейчас



# Давайте, посмотрим, что делают Умные Ребята (Smart Guys)

# RSG INVESTMENT BANK OF NEW YORK

Фу, нам лучше быстро  
продать эти ужасные  
ипотечные кредиты

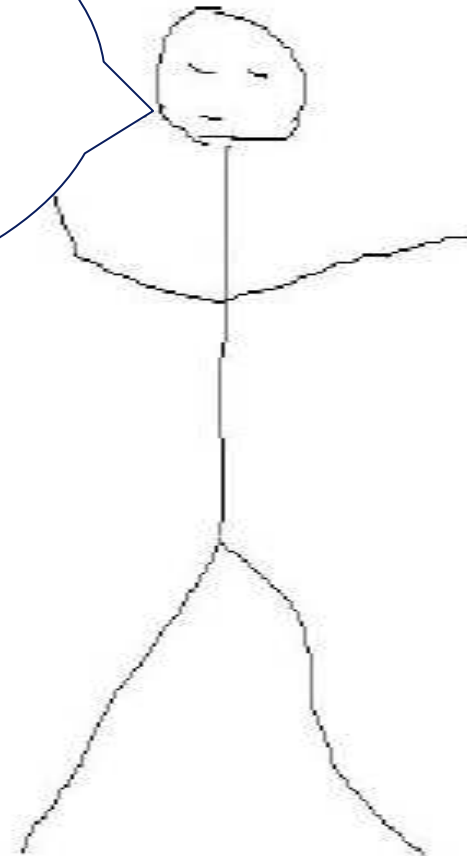
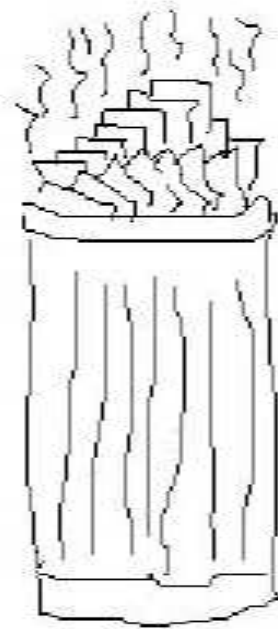


# RSG INVESTMENT BANK OF NEW YORK



# RSG INVESTMENT BANK OF NEW YORK

Я понял, сначала мы создадим новую ценную бумагу и используем эти ужасные ипотечные кредиты в качестве залога. И назовем их RMBS. Мы можем их продать инвесторам и пообещаем выплатить их, когда будут выплачены кредиты

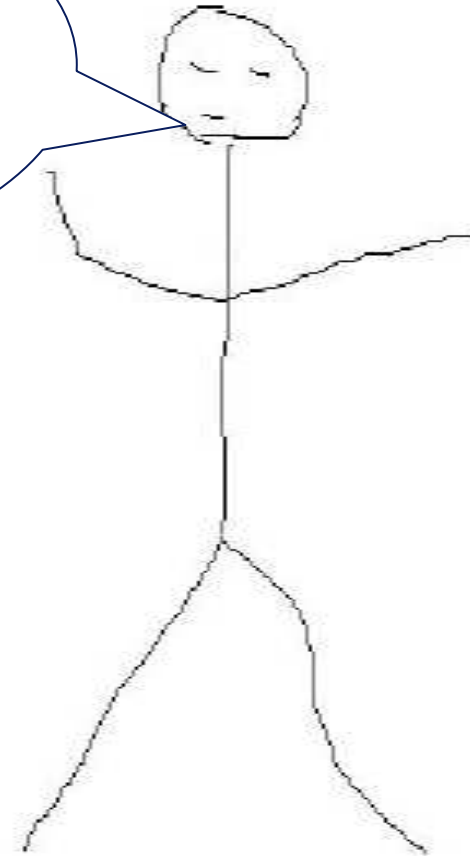
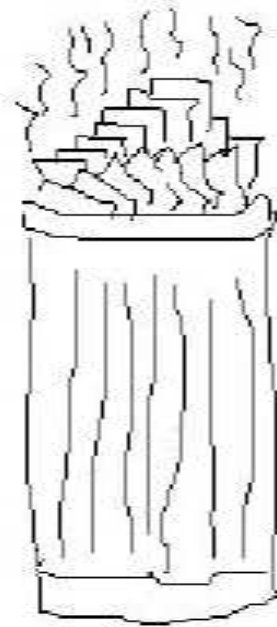
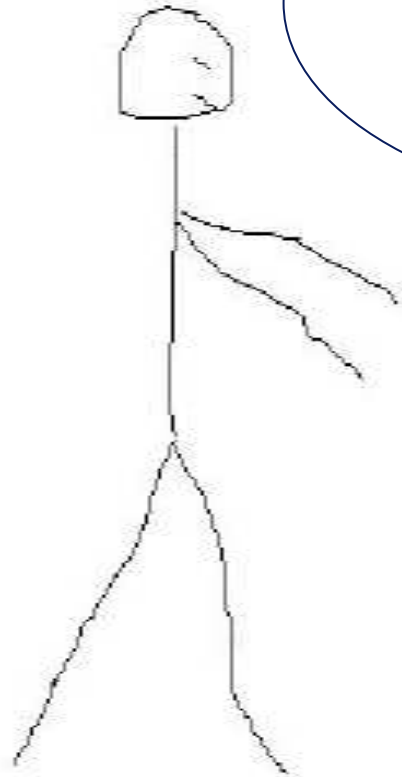


# RSG INVESTMENT BANK OF NEW YORK



## RSG INVESTMENT BANK OF NEW YORK

Конечно, в отдельности они -  
очень ужасные кредиты, но в  
портфеле только некоторые  
из них будут неплатежными,  
но не все! И поскольку цены  
на недвижимость ВСЕГДА  
растут, нам не о чем  
беспокоиться

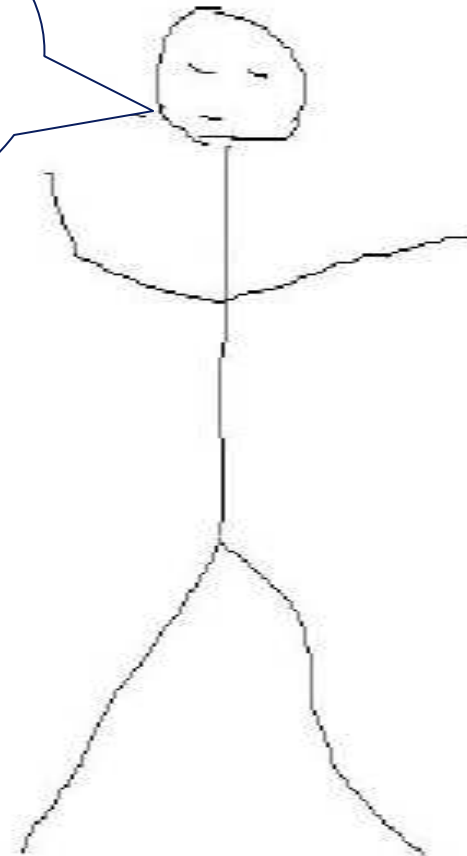
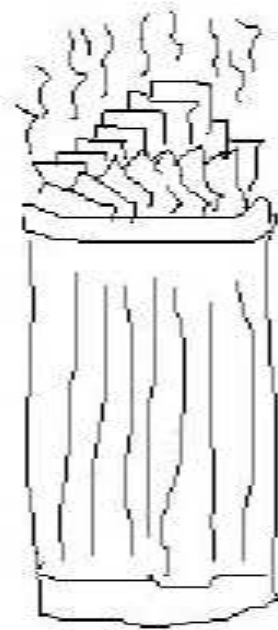
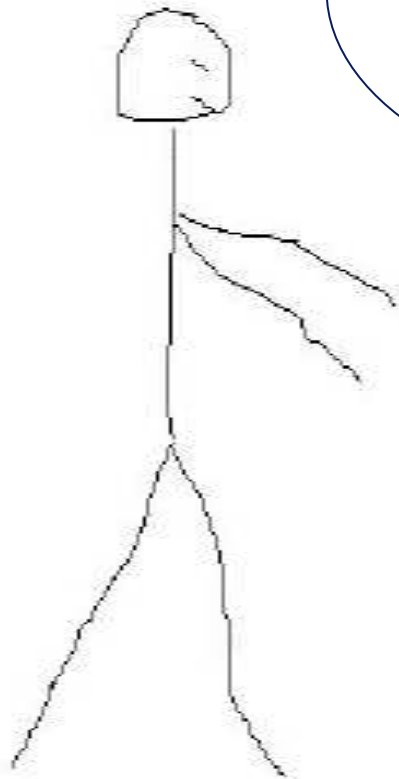


# RSG INVESTMENT BANK OF NEW YORK



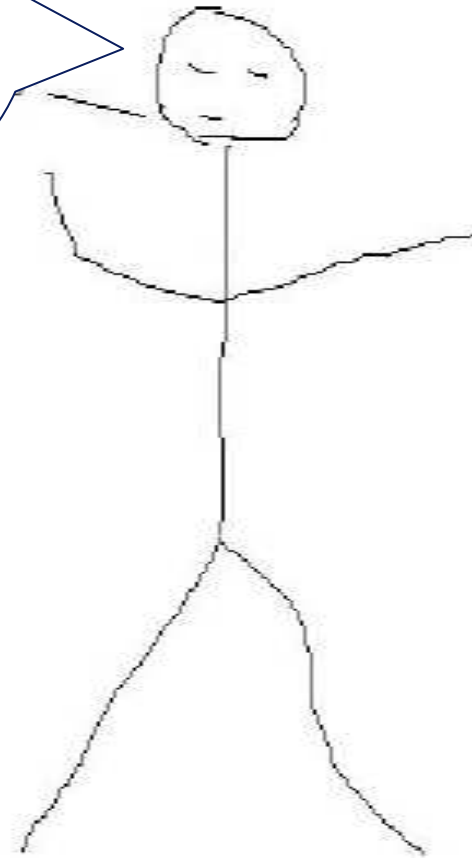
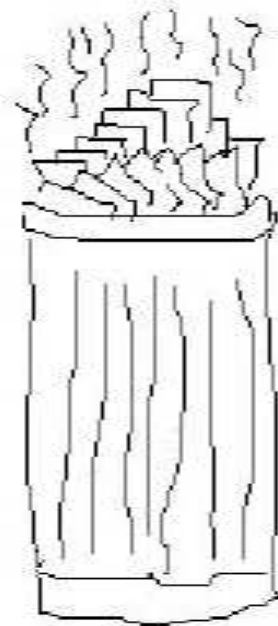
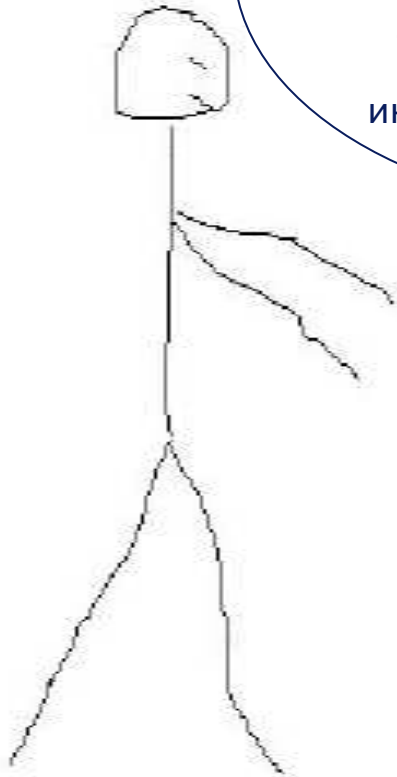
# RSG INVESTMENT BANK OF NEW YORK

Новый RMBS будет  
работать так – будет  
состоять из трех траншей  
и мы назовем их:  
THE GOOD, THE NOT-SO-  
GOOD and THE UGLY.



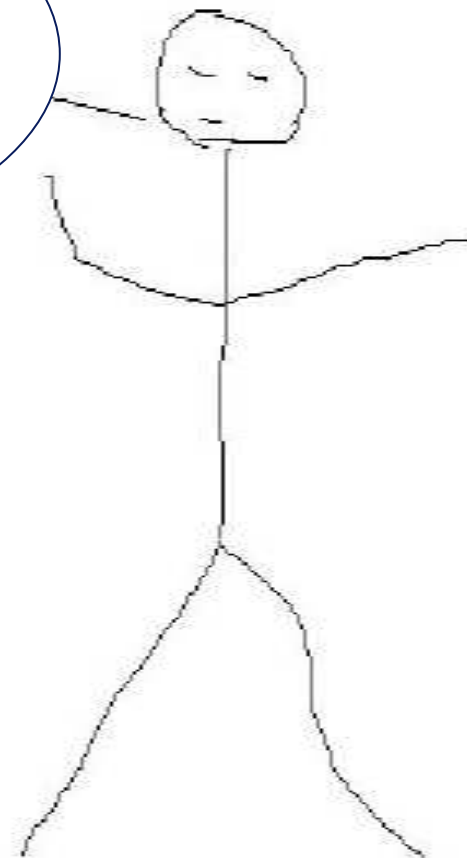
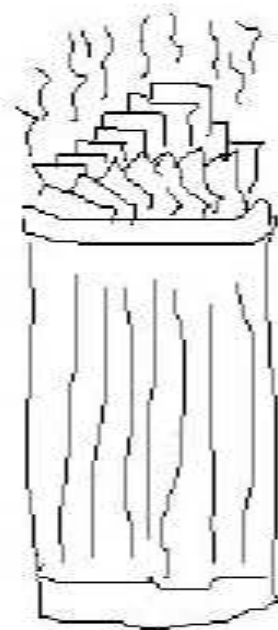
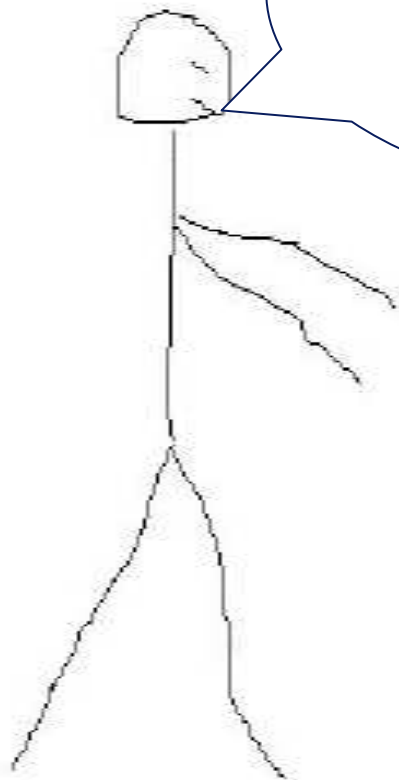
# RSG INVESTMENT BANK OF NEW YORK

Если некоторые кредиты  
окажутся не платежными, мы  
пообещаем инвесторам,  
которые держат транш  
GOOD, заплатить первым. Мы  
заплатим инвесторам NOT-  
SO-GOOD вторым, а  
инвесторам UGLY - последним



# RSG INVESTMENT BANK OF NEW YORK

Я начинаю понимать.  
Поскольку GOOD имеет  
меньший риск, мы будем  
платить инвесторам по более  
низкой ставке, правильно?  
NOT-SO-GOOD – получат  
лучшую процентную ставку,  
и UGLY – получат высокую  
ставку



# RSG INVESTMENT BANK OF NEW YORK



# RSG INVESTMENT BANK OF NEW YORK



И так, получилось создать  
AAA и BBB ценные бумаги  
из очень рискованных  
ипотечных кредитов. Босс,  
ВЫ - ГЕНИЙ!

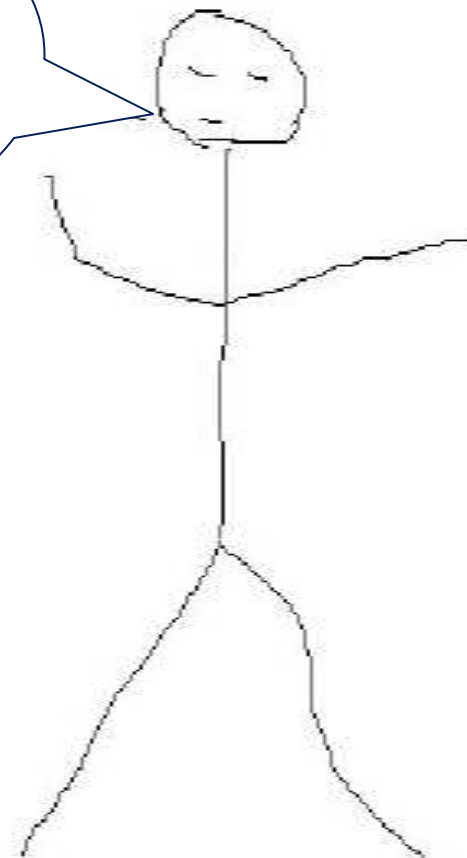
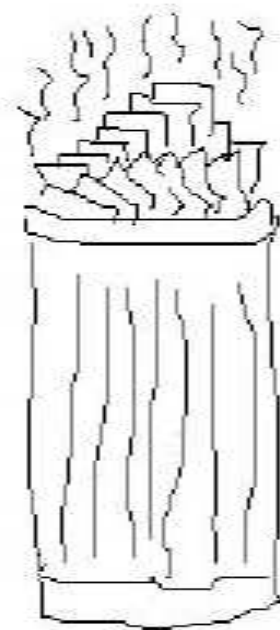
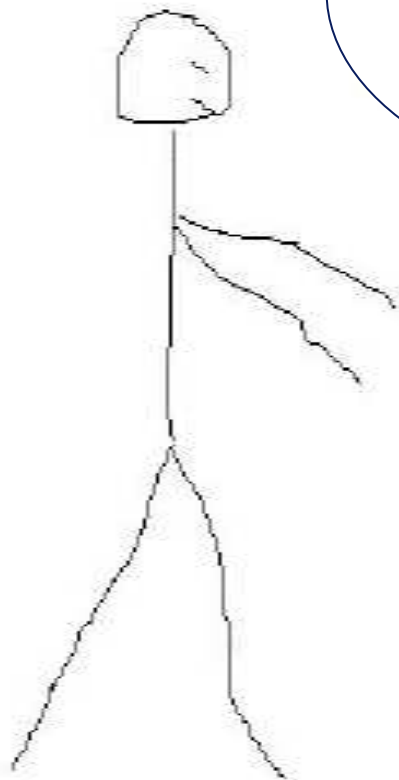
Да, я знаю

# RSG INVESTMENT BANK OF NEW YORK



# RSG INVESTMENT BANK OF NEW YORK

Мы эти ценные бумаги  
продадим нашим  
институциональным  
клиентам (хедж-фондам,  
пенсионным фондам и  
т.п.)



# RSG INVESTMENT BANK OF NEW YORK



# RSG INVESTMENT BANK OF NEW YORK



# RSG INVESTMENT BANK OF NEW YORK



Эх, мы никогда не ожидали этого!!!

## Norwegian Pension Fund

## RSG Investment Bank

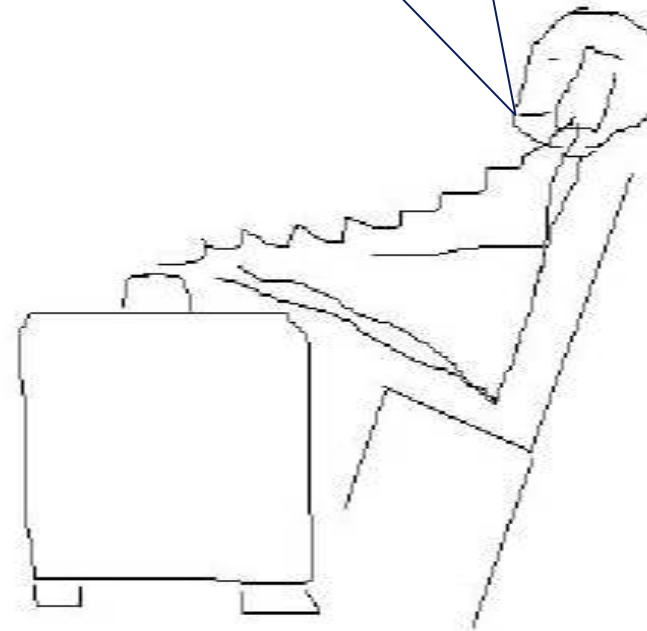


## Norwegian Pension Fund



## RSG Investment Bank

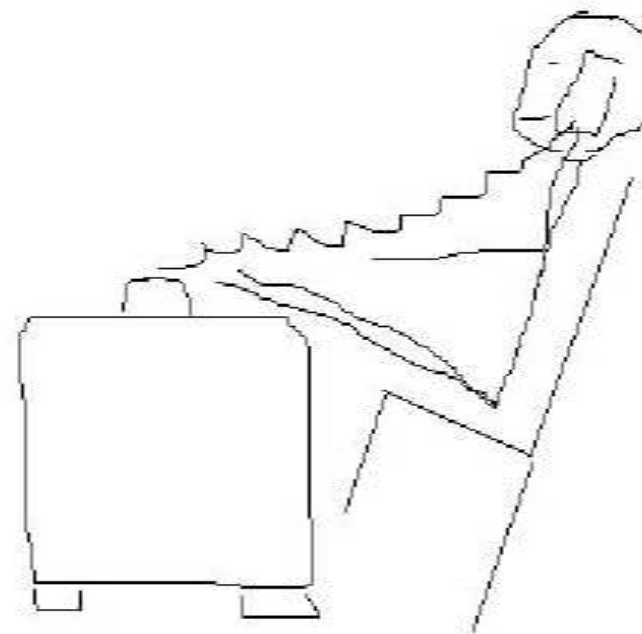
Я хотел Вам позвонить,  
ну все здесь сошли с  
ума. Похоже, что  
заемщики, которые  
обеспечивали Ваш  
RMBS, не могут платить  
по ним



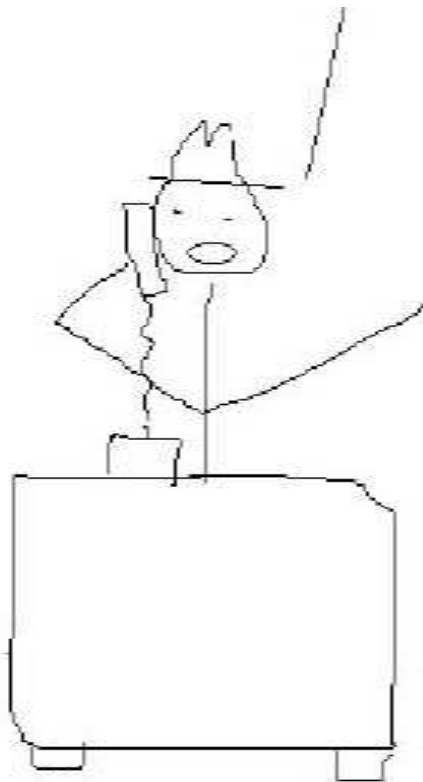
## Norwegian Pension Fund



## RSG Investment Bank

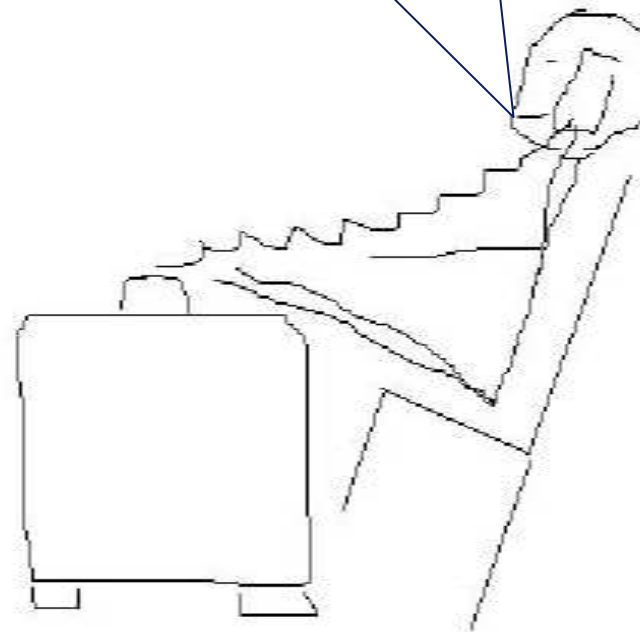


## Norwegian Pension Fund



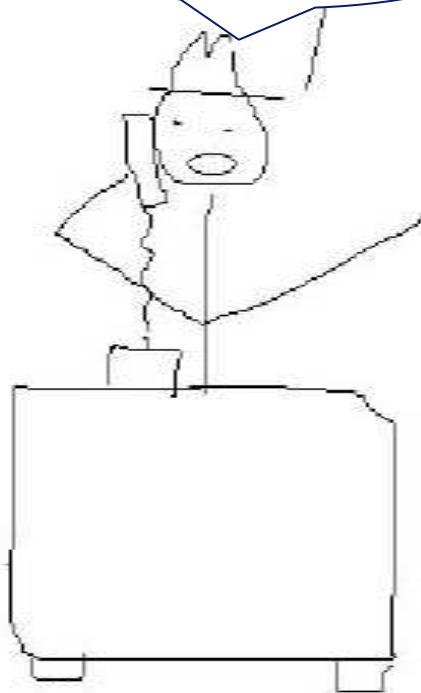
## RSG Investment Bank

К сожалению, кредиты были  
намного хуже, чем мы  
предполагали, и поступает  
очень маленький денежный  
поток. Уверяю Вас, что мы  
также разочарованы, как  
Вы.

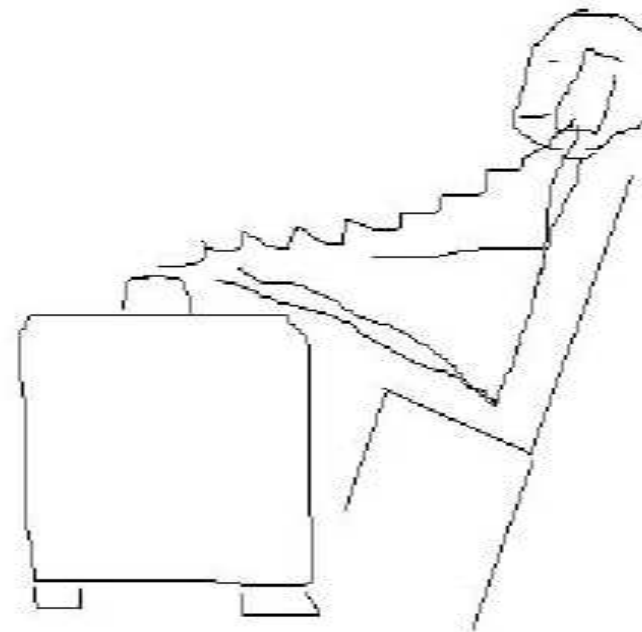


## Norwegian Pension Fund

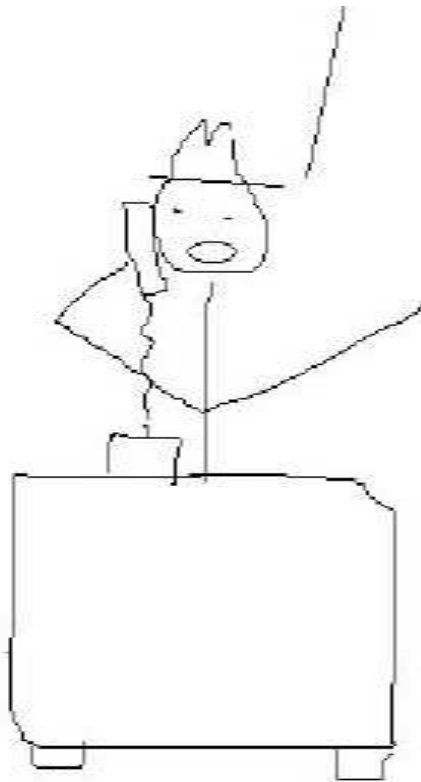
И Вы сказали, что цены на недвижимость ВСЕГДА растут, а Ваши заемщики всегда могут рефинансировать свои кредиты!



## RSG Investment Bank



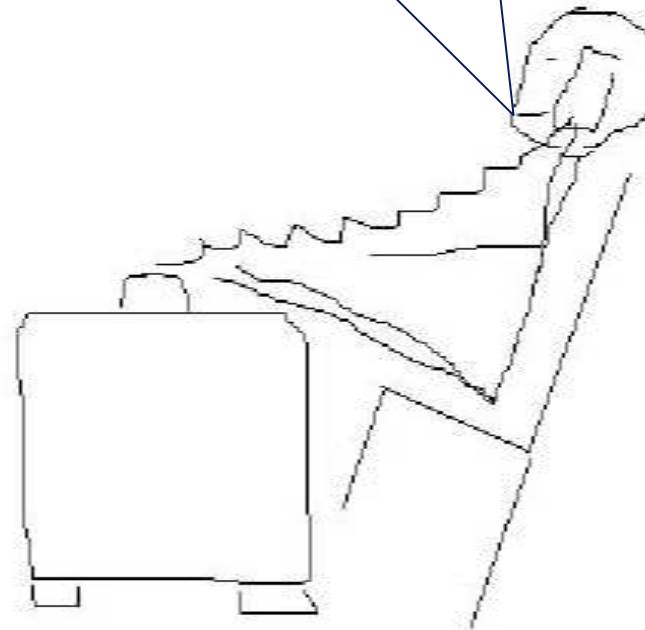
## Norwegian Pension Fund



## RSG Investment Bank



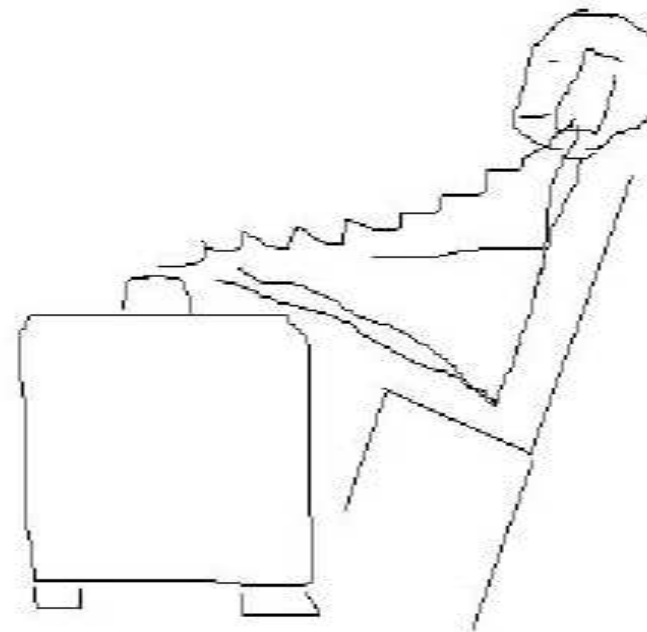
Да, это было плохое предположение. Мы ошиблись, извините.



## Norwegian Pension Fund

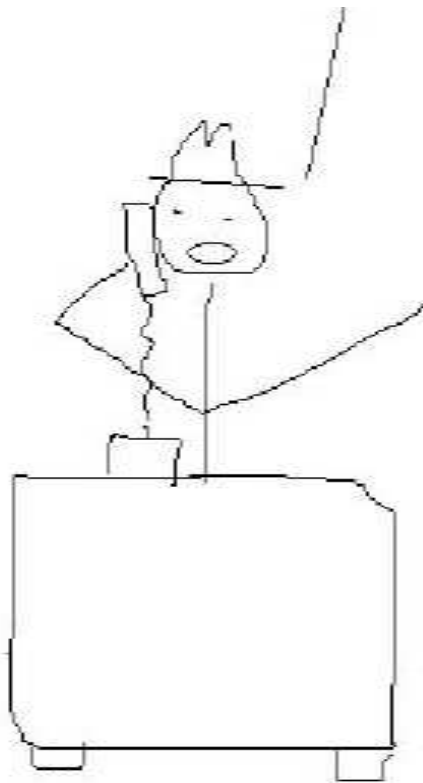


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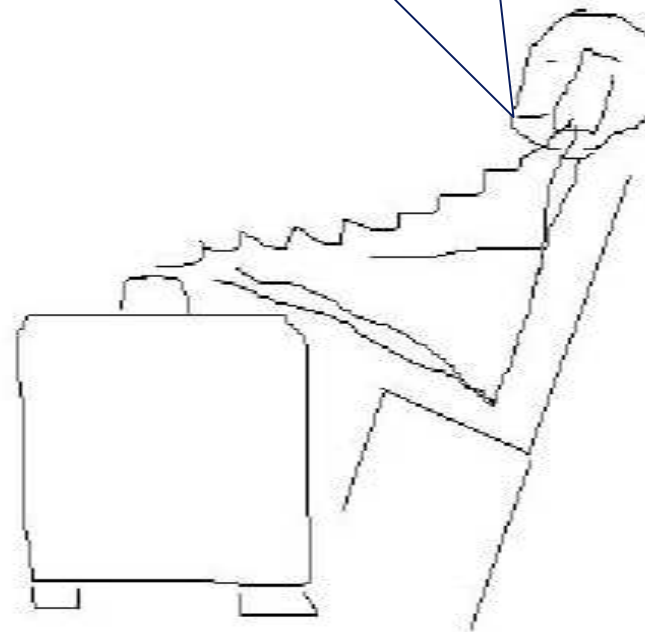


## Norwegian Pension Fund

## RSG Investment Bank



Они тоже ошиблись



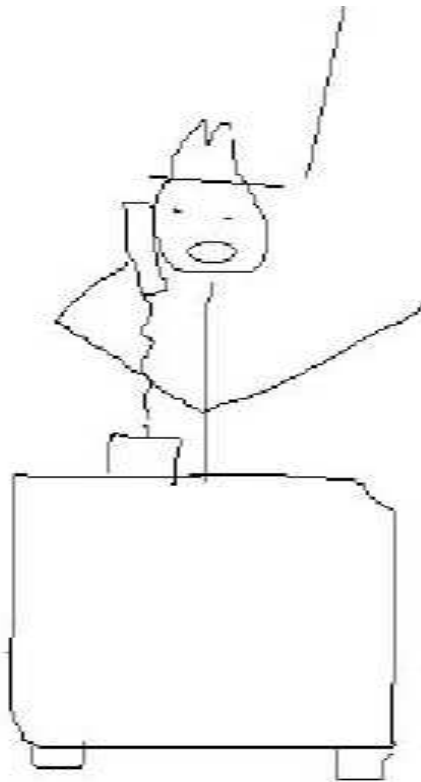
## Norwegian Pension Fund

## RSG Investment Bank

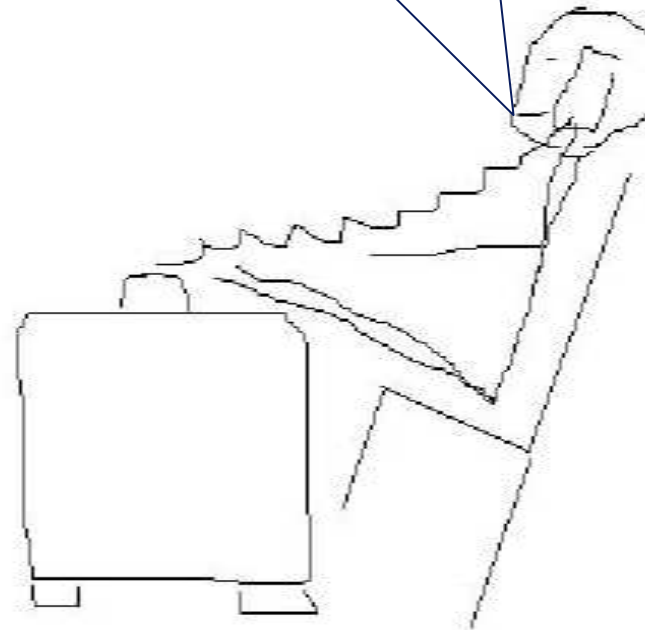


## Norwegian Pension Fund

## RSG Investment Bank

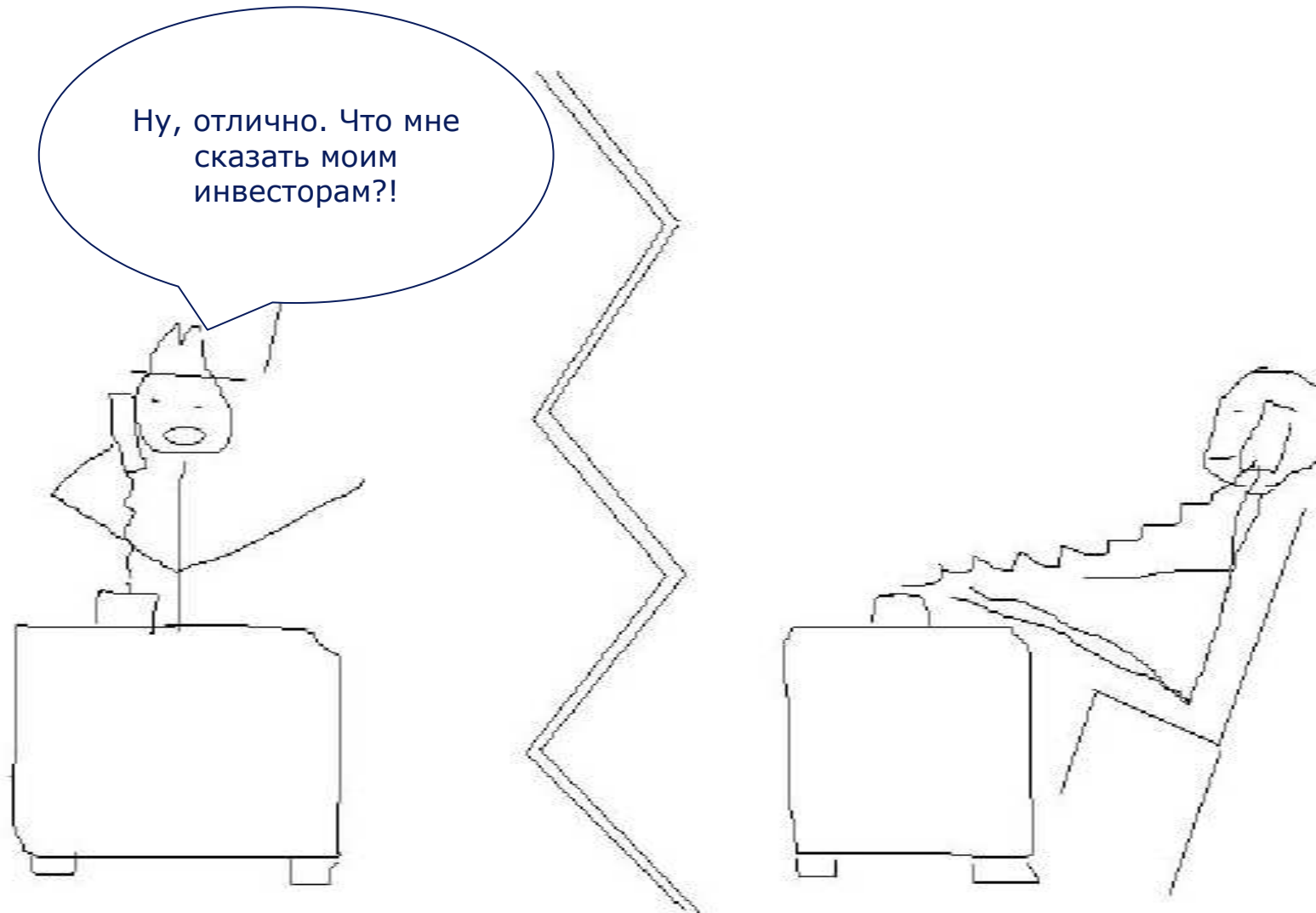


Вы шутите?! У них не достаточно средств, чтобы покрыть эти убытки. Они тоже ошиблись



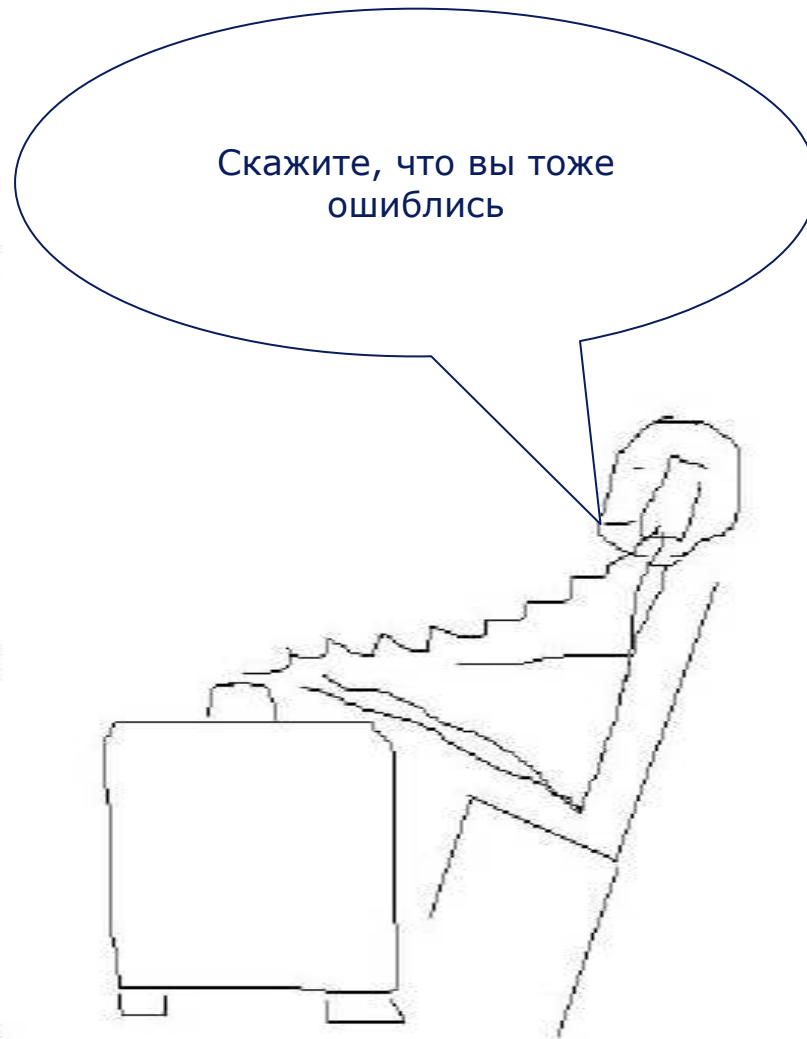
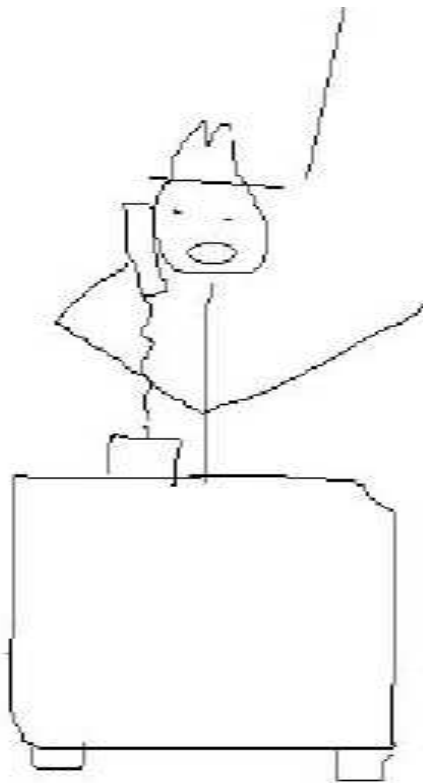
## Norwegian Pension Fund

## RSG Investment Bank

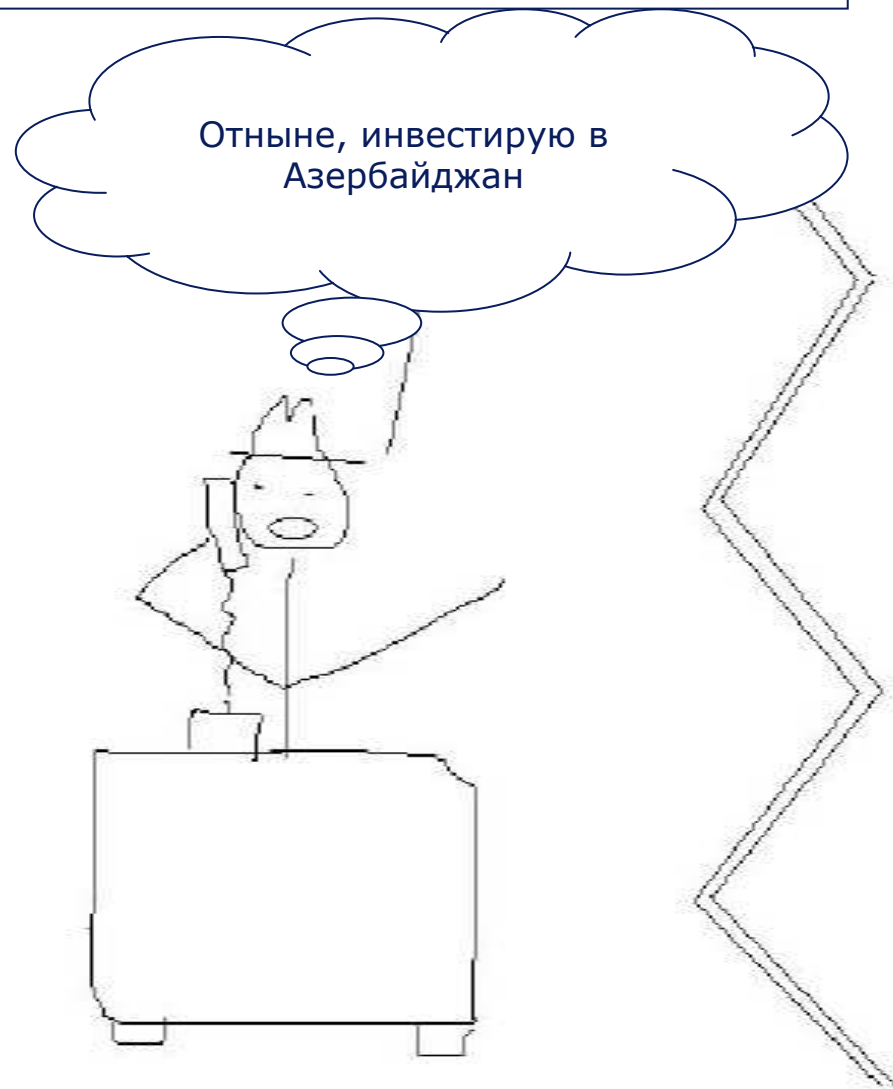


## Norwegian Pension Fund

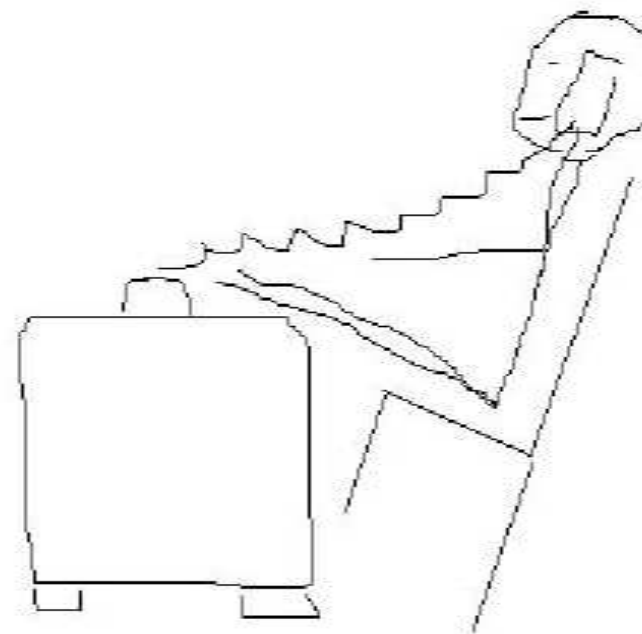
## RSG Investment Bank



## Norwegian Pension Fund



## RSG Investment Bank



**THE END**

# Market Developments

- US Credit Crunch will continue until end of 2008
- Why?
  - Monoline insurers are being down-graded which is affecting the ratings of CDO's
  - Shortterm funding through SIV and commercial paper has dried up
- The effects on CIS
  - Spreads for all types of debt have risen dramatically
  - Market has turned around" Good Deals are chasing shortage of funds"
  - Investors can chose and will therefore;
    - Focus on established names, repeat issues
    - Simple straightforward transactions
    - Invest in assets that are well understood
- Other issues
  - Rating Agencies have become more stringent in their assessments
  - Deals will require more than one rating

# Mechanics

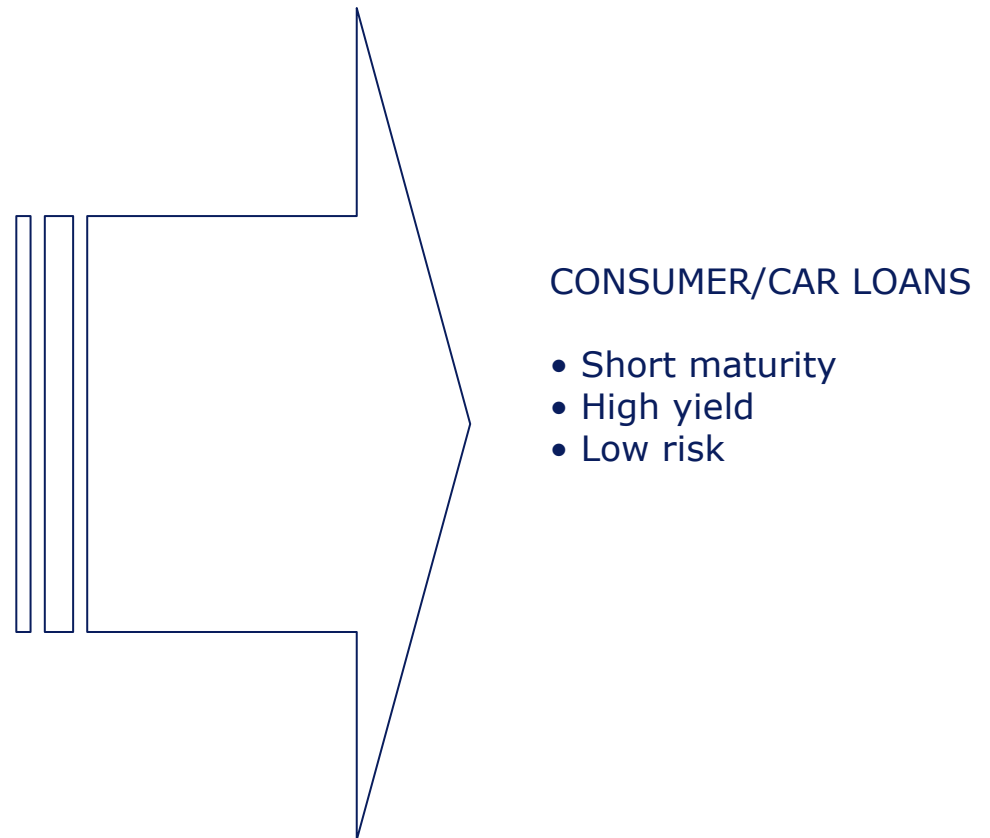
- **Selling a pool of assets with a regular and predictable cash flow to an independent vehicle which places marketable securities**

- Requirements

- Standard
- Regular
- Granular and diversified
- Historical data
- Volume

- Types

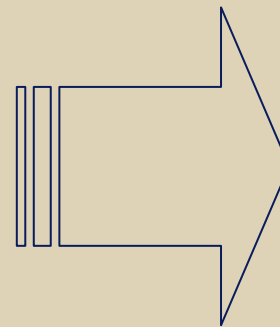
- Future flows
- Existing assets with collateral
- Existing assets without collateral



# Mechanics

- **Securitisation provides benefits over traditional funding alternatives by giving investors what they want, “transparency”**
  - Isolating (high) quality assets
  - Tranching
  - Credit enhancement

- **Strict procedures with back-up in place**
- **Transparency and reporting**



**BANKS TYPICALL  
WEAKNESS IN  
EMERGING  
MARKETS**

# Mechanics

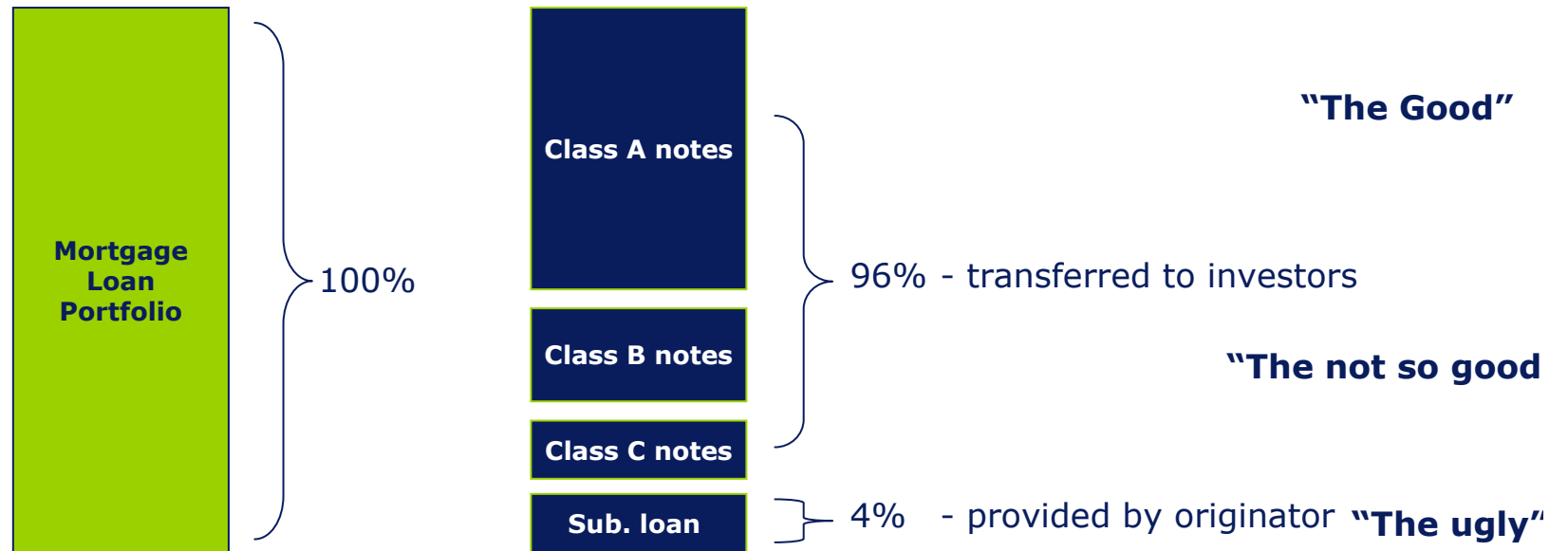
- **Securitisation in emerging markets poses additional structuring efforts and risks compared to developed markets**
  - **Sovereign risks**
  - Exchange rate risks
  - **Legal risks**
  - Commingling risks
  - Servicing risks
  - **Performance History**

# Drivers

- **What does securitisation offer next to attractive funding rates?**
  - Capital relief
  - Access to the capital markets and reputation
  - Diversification of funding sources
  - **Better credit risk management**
  - **Improved systems and procedures**

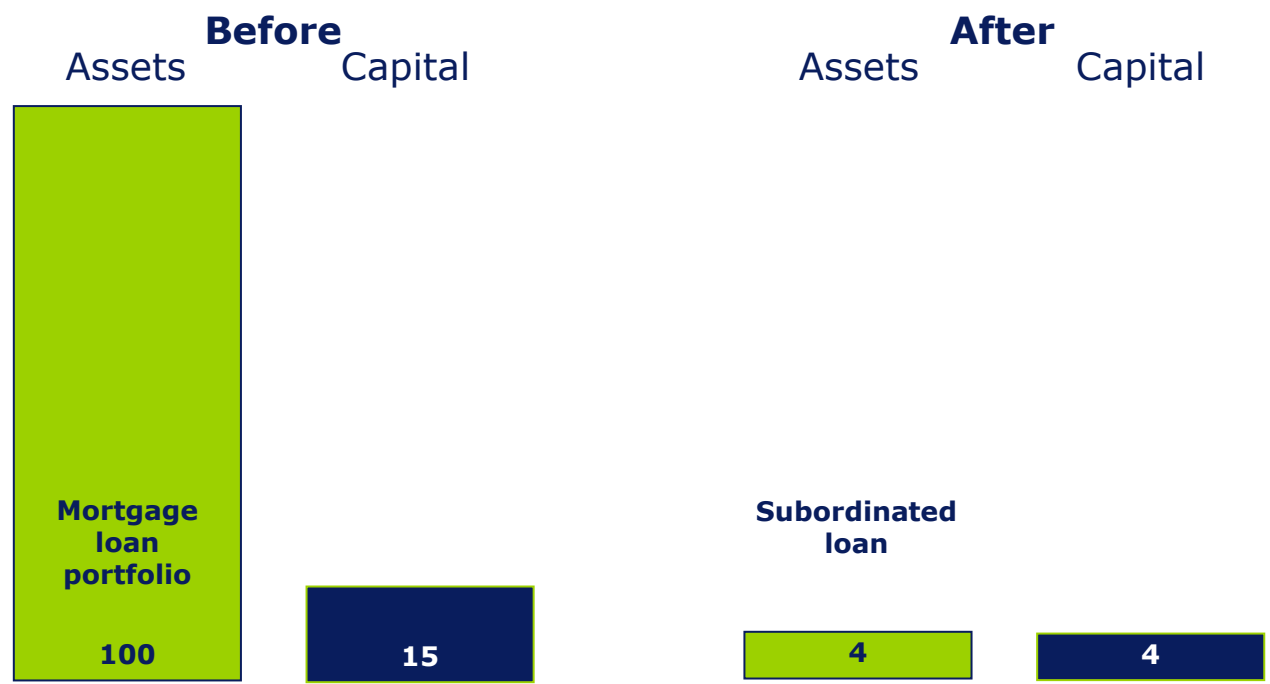
# Drivers

- **Securitisation provides risk transfer from originator to ABS investors**



# Drivers

- **Less capital is to be allocated to asset pool than before securitisation**



# Drivers

- **The funding rates are dependent on the asset performance, the originator rating, the structure and the market, amongst other factors**
  - Size does matter
  - Optimal capital structure
  - Sound legal structure
  - Margin on the notes

# Drivers

- **The lower the rating of the originator, the higher the potential benefits – an example:**

Capital structure						
Class	Currency	Rating	Percentage	Amount	WAL	Margin
Class A	USD	BBB	86%	215,000,000	3.42	160.0 bps
Class B	USD	BB	10%	25,000,000	4.31	375.0 bps
Sub. loan	USD	Not Rated	4%	10,000,000	4.31	
Total			100.0%	250,000,000	3.54	175.1 bps

350 - 450

Transaction costs				
	Upfront USD	Upfront %	Ongoing USD	Annual in %
Total upfront fees	4,300,000	172.0 bps		53.2 bps
Total ongoing fees			150,000	6.0 bps
Total all-in transaction costs				59.2 bps

All-in cost of fund				
Average margin on notes				175.1 bps
Transaction costs				59.2 bps
All-in cost of fund over 1m Euribor				234.3 bps

# Parties

- **Main transaction parties**
  - Originator / Seller
  - Issuer SPV
  - Bond holders / investors
  - Swap and liquidity providers
  - Servicer and standby Servicer
  - Security and Note Trustee

# Parties

- **Main transaction advisors**
  - Financial advisor
  - Lead arranger / manager (and possible co-managers)
  - Originator legal counsel
  - Transaction legal counsel
  - Accounting advisor and auditor
  - Tax advisor

# Parties

- **Originator involvement prior and during the securitisation**
  - Top and middle management
  - IT department
  - Accounting, tax and legal departments
  - Sales, underwriting and servicing departments
  - Arrears management and collection departments

# Process

- **Structuring a securitisation is a complex, intensive and time consuming process**

<b>Phase 1 Strategy/assessment</b>	<b>Phase 2 Preparation</b>	<b>Phase 3 Execution</b>
<ul style="list-style-type: none"><li>• Objectives and strategy</li><li>• Review / assessment</li><li>• Define structure</li><li>• Benefits</li><li>• Key issues</li><li>• Key recommendations</li><li>• Project plan</li><li>• Educate employees</li></ul>	<ul style="list-style-type: none"><li>• Project office</li><li>• Data gathering</li><li>• Review procedures</li><li>• Collateral analysis</li><li>• Prepare PIM</li><li>• Prepare Term sheet</li><li>• Party selection</li><li>• Project plan</li></ul>	<ul style="list-style-type: none"><li>• Structure transaction</li><li>• Rating agency process</li><li>• Documentation</li><li>• Pool selection</li><li>• Marketing and pricing</li><li>• Closing &amp; settlement</li><li>• Set-up reporting</li><li>• Train employees</li></ul>
<b>1 – 2 months</b>	<b>2 – 4 months</b>	<b>4 – 6 months</b>

# Process

- **The 5 Ds... Most efforts of the originator are linked to preparing, providing and discussing information**
  - Legal Due Diligence
  - Organisational and procedures Due Diligence
  - Accounting and tax Due Diligence
  - Rating agency Due Diligence
  - Asset pool Due Diligence

# Process

- **Data, data, data... To be able to produce reliable, standardised data and timely reports is critical in a securitisation**
  - More data types
  - Reliable data
  - More frequent and timely reporting
  - Automation of procedures

# Deloitte

- **Why Deloitte?**

- Deloitte's reputation is built on achieving success for our clients; An Investment Bank's reputation is built on doing a successful transactions
- Deloitte's is independent and its strengths is a multidisciplinary approach
- Deloitte has contacts and working relationships with all the key securitisation players in the CIS market and International market
- We have extensive securitisation experience in CIS markets and Worldwide we are the Nr 1. Securitisation advisor
- In Kazakhstan, we combine local expertise with our specialist international securitisation teams

# Process

- **Stating the obvious... The asset pool has to be securitisable so it is very important to conduct a first assessment**
  - What are your funding goals and objectives?
  - Is securitisation feasible and more importantly, sensible?
  - Can you provide all data required and is it reliable?
  - Are the loan contracts transferable and standardised?
  - Are all procedures well defined and complied to?
  - Is the IT infrastructure adequate?

# Conclusions

- **Securitisation is complex and a first transaction takes much efforts, however can be very rewarding and repeat issuance easier**
    - CIS markets are seeing more and more securitisation activity which leads to standardisation, experienced advisors an more interest from investors
    - A successful securitisation can be highly rewarding in financial and organisational terms
- However, **securitisation is an investment in costs and time and requires careful strategic and operational evaluation and planning**
- Engaging an experienced advisor to support you in a first assessment will pay off in the preparation and execution phase

# Deloitte

- **What does Deloitte as financial advisor offer?**
  - Strategy and feasibility
  - Project plan set-up, coordination and management
  - Preparation and coordination of information and data collection
  - Data and pool analysis
  - Review and enhancement of procedures, automation and IT systems
  - Preparation a term sheet and information memorandum
  - Party selection and negotiation
  - Securing client's interests and providing objective and independent view
  - Cash flow programming
  - Structuring
  - Coordination of the rating agency and documentation process
  - Assisting in the set-up of ongoing transaction reporting
  - Education and training of employees

# Deloitte.

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