

ASSESSING IMPACT OF BASEL III ON SECURITIZATION

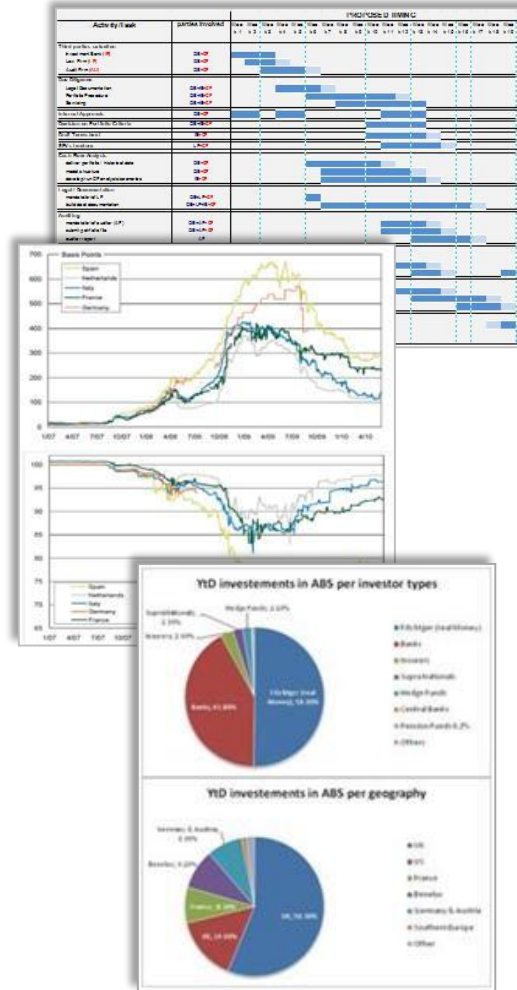
All dummy numbers & graphs for illustrative purposes only

Client Situation

- European Regional Bank funding significantly through securitization (Mortgages, SME loans, Consumer credit)
- Tough market conditions for new securitization (*lower volumes demanded and high spreads required*)
- Increasing regulatory pressure to diversify sources of funding
- Evolving regulatory framework with regard to securitization (*Basel III – CRD II*)

Issues

- The bank needs to carefully prioritize new securitization initiatives
- The bank wants to review the opportunity to use alternative funding sources
- The regulator pressures on the bank to increase the share of unsecured funding in its overall funding mix



Reacfin Contribution

- Review the different asset classes that could be securitized and benchmark those for market attractiveness & implementation process complexity
- Identify alternative funding strategies (*including unsecured options*)
- Assess estimated costs and retained risks for each alternatives under Basel III and taking into account new regulation applicable to key buyers (*e.g. nFTK, Solvency II*)
- Propose improvements in documentation & services to facilitate securities by regulated investors

Results & Benefits

- Fact-based rational assessment of funding alternatives.
- Quick-wins for efficient placement of securitized products to specific groups of institutional buyers
- Input & support for the definition of a longer term funding strategy