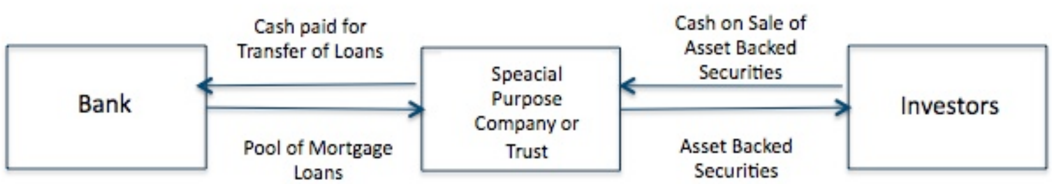
Securitization Summary

Securitization is a technique by which a long term, non-negotiable and high value financial asset is converted into tradable securities of small values.

Basic Securitization Structure



Parties involved and their roles

<u>Originator</u>: entity holding illiquid assets.

<u>Special purpose vehicle (SPV):</u> entity, which buys illiquid assets from the originator and issues securities.

<u>Credit Rating Agency</u>: rates the securities issued by SPV. Rating helps correct pricing of securities and makes them more marketable.

<u>Trustees/ guarantors</u>: independent parties to oversee the day-to-day operations and management of SPV.

<u>Investors</u>: buyers of securities.

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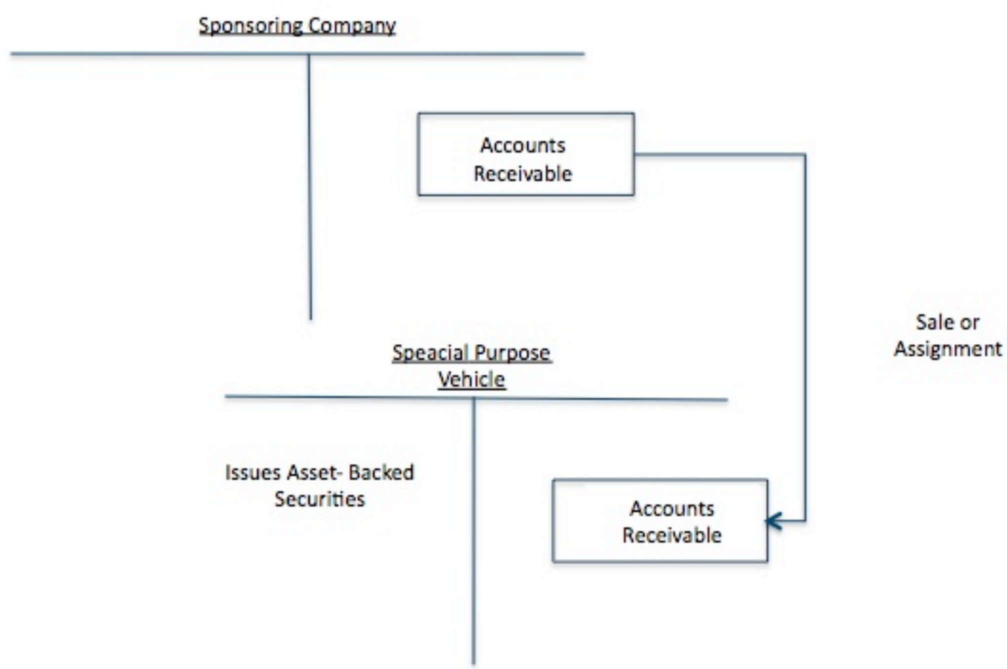
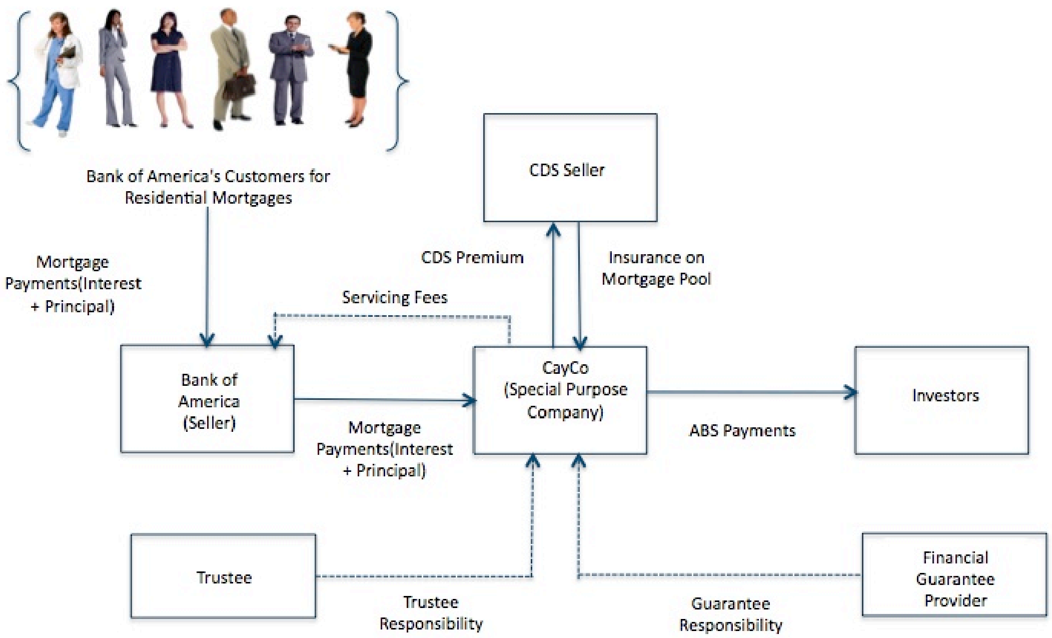
Balance Sheet impact of Securitization



Benefits of Securitization

- Separates credit risk of assets from risk of originator
- Lowers the cost of borrowing
- Provides an alternated low cost funding source to the originator
- Illiquid assets converted into marketable security.
- Remove assets from balance sheet and thus improve capital adequacy ratio.

Detailed Securitization Process



Benefits of forming Special Purpose Vehicle

- Bankruptcy remoteness: in the event of bankruptcy of the originator, assets transferred to SPV are not attached.
- Possibility of higher credit rating: because of bankruptcy remoteness
- Decreased capital adequacy ratio: risky assets are moved from the balance sheet of the originator which results in reduced capital adequacy requirements.

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