

REFINANCING APPROACHES

FINDING THE RIGHT ONE

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Executive Director, Ukrainian National Mortgage Association

Panelists:

Fritz Engelhard, Director,

European Fixed Income Strategy, Barclays

Nicholas Lindstrom,

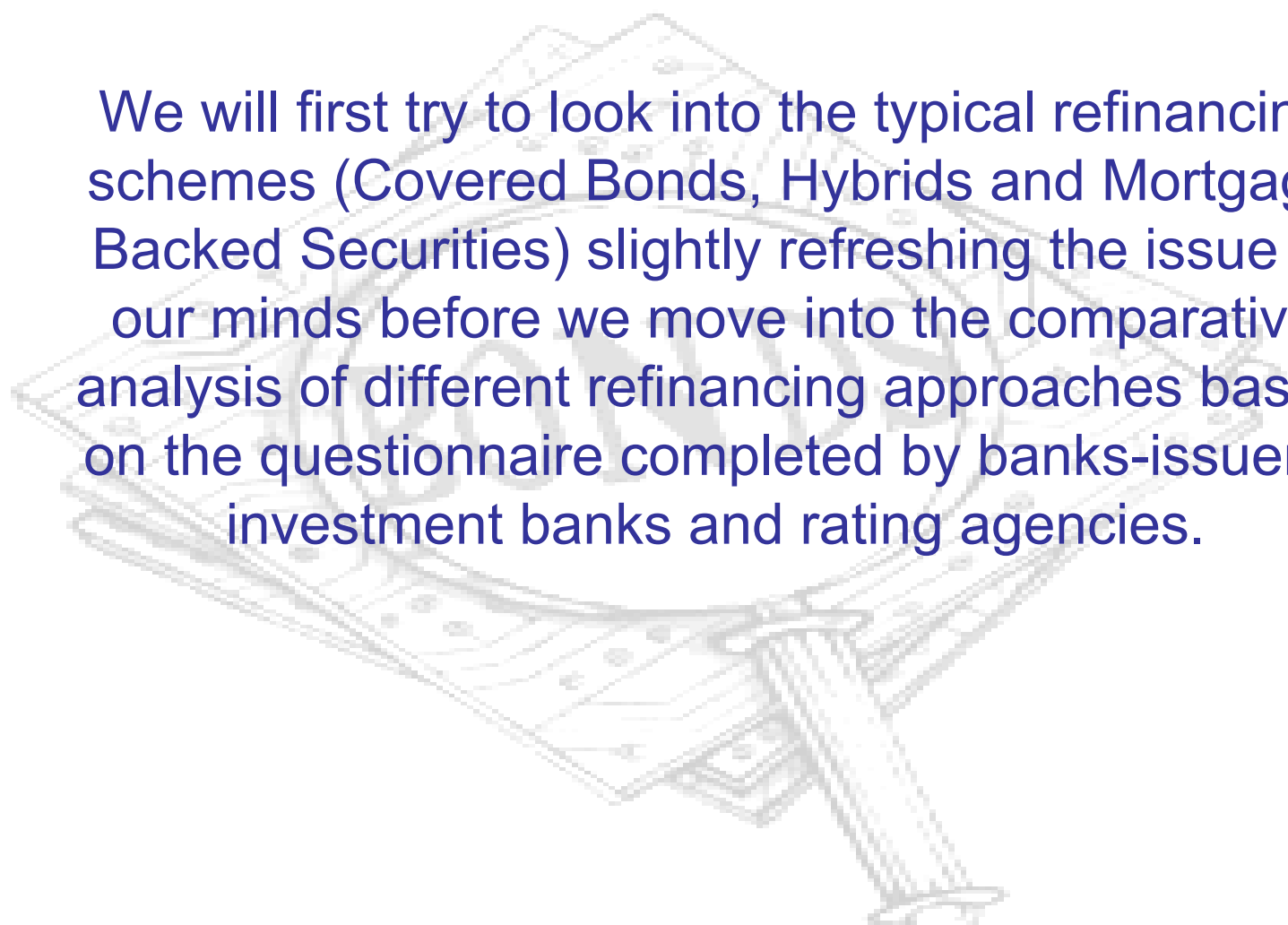
Team Leader European Covered Bond, Moody's Investor Services

Wolfgang Kälberer,

Association of German Pfandbrief Banks

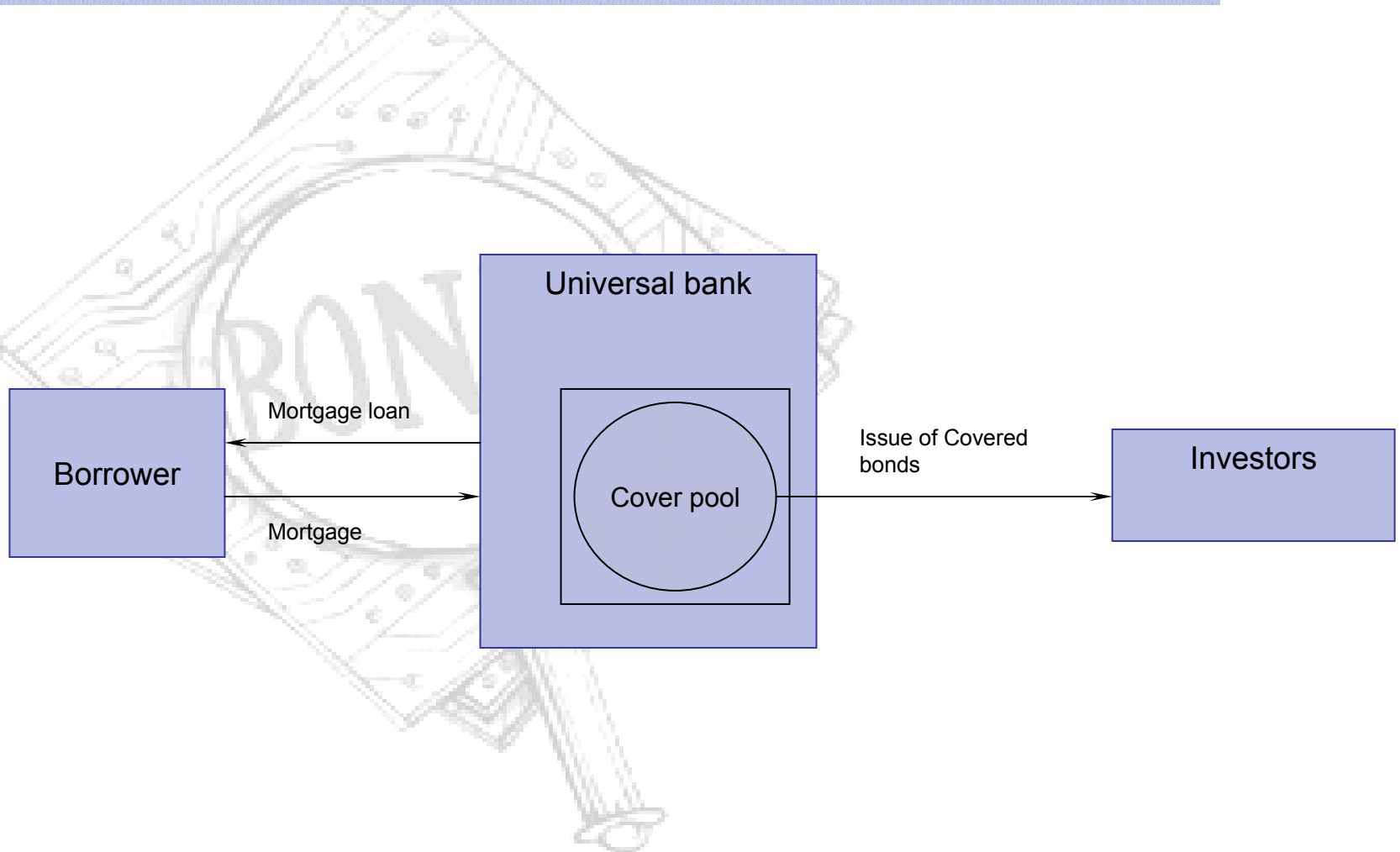
Konstantin Kuczerenko

Ukrainian National Mortgage Association

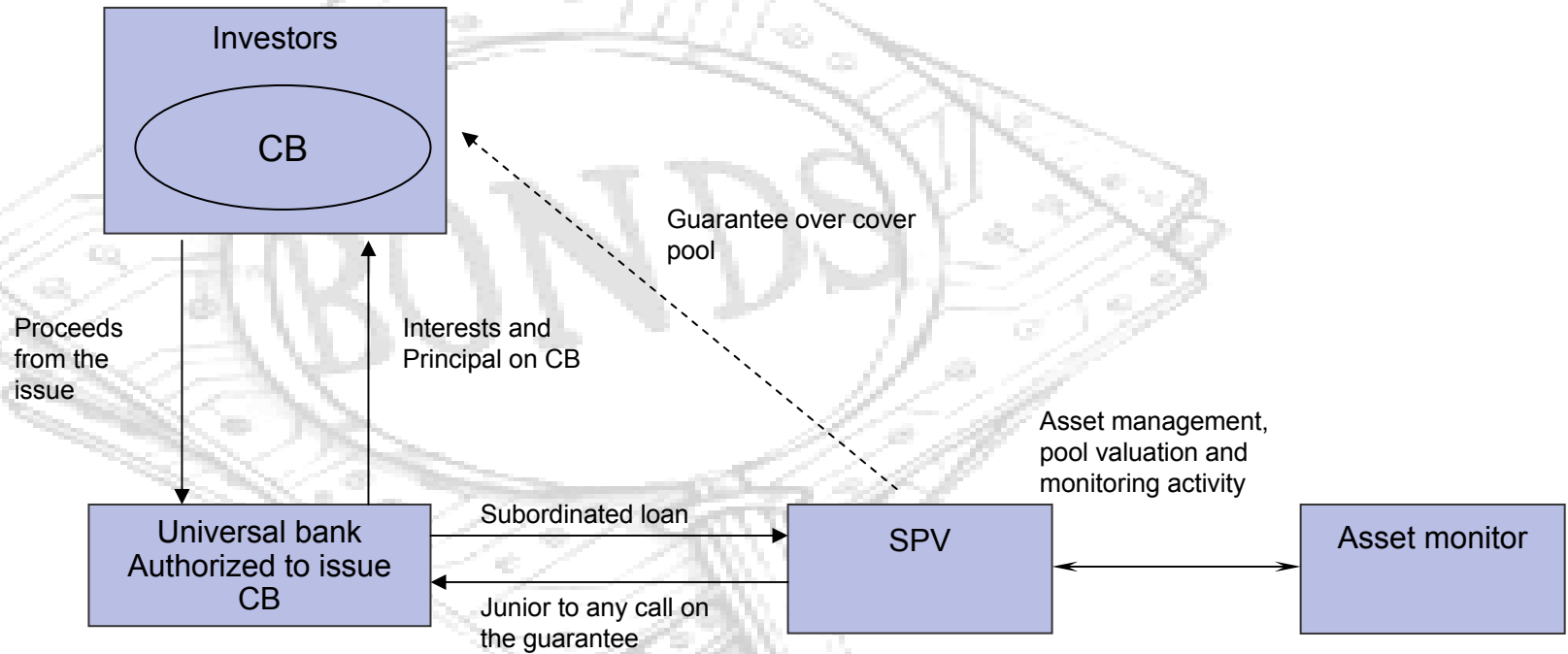


We will first try to look into the typical refinancing schemes (Covered Bonds, Hybrids and Mortgage Backed Securities) slightly refreshing the issue in our minds before we move into the comparative analysis of different refinancing approaches based on the questionnaire completed by banks-issuers, investment banks and rating agencies.

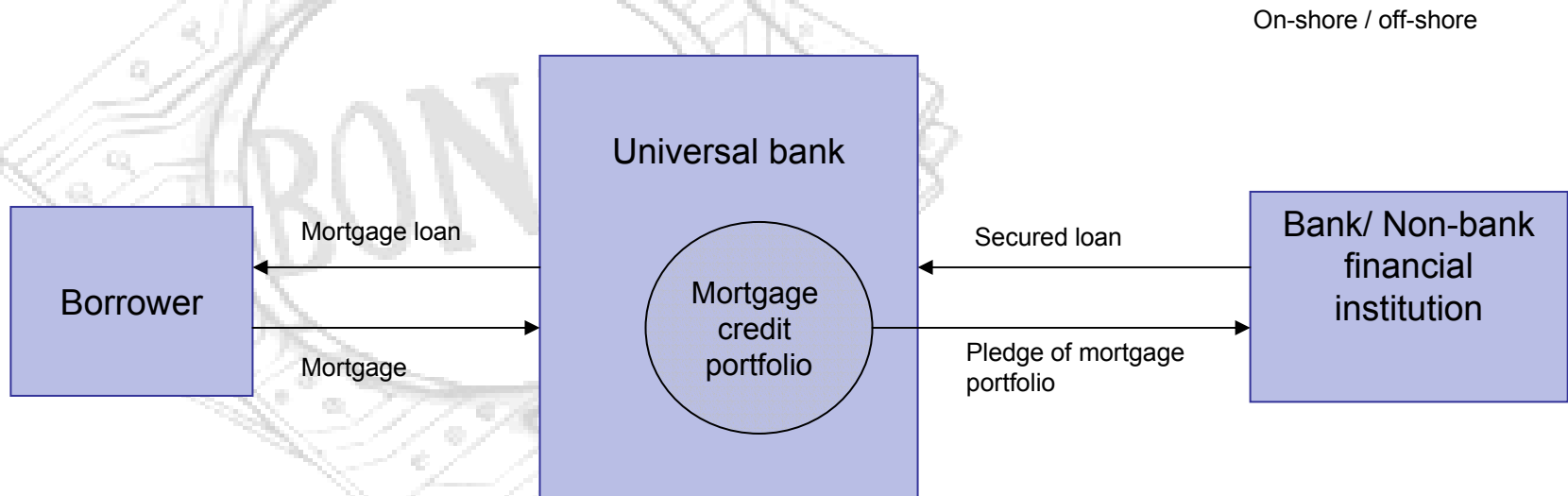
Universal bank with qualified covered bond license (German model)



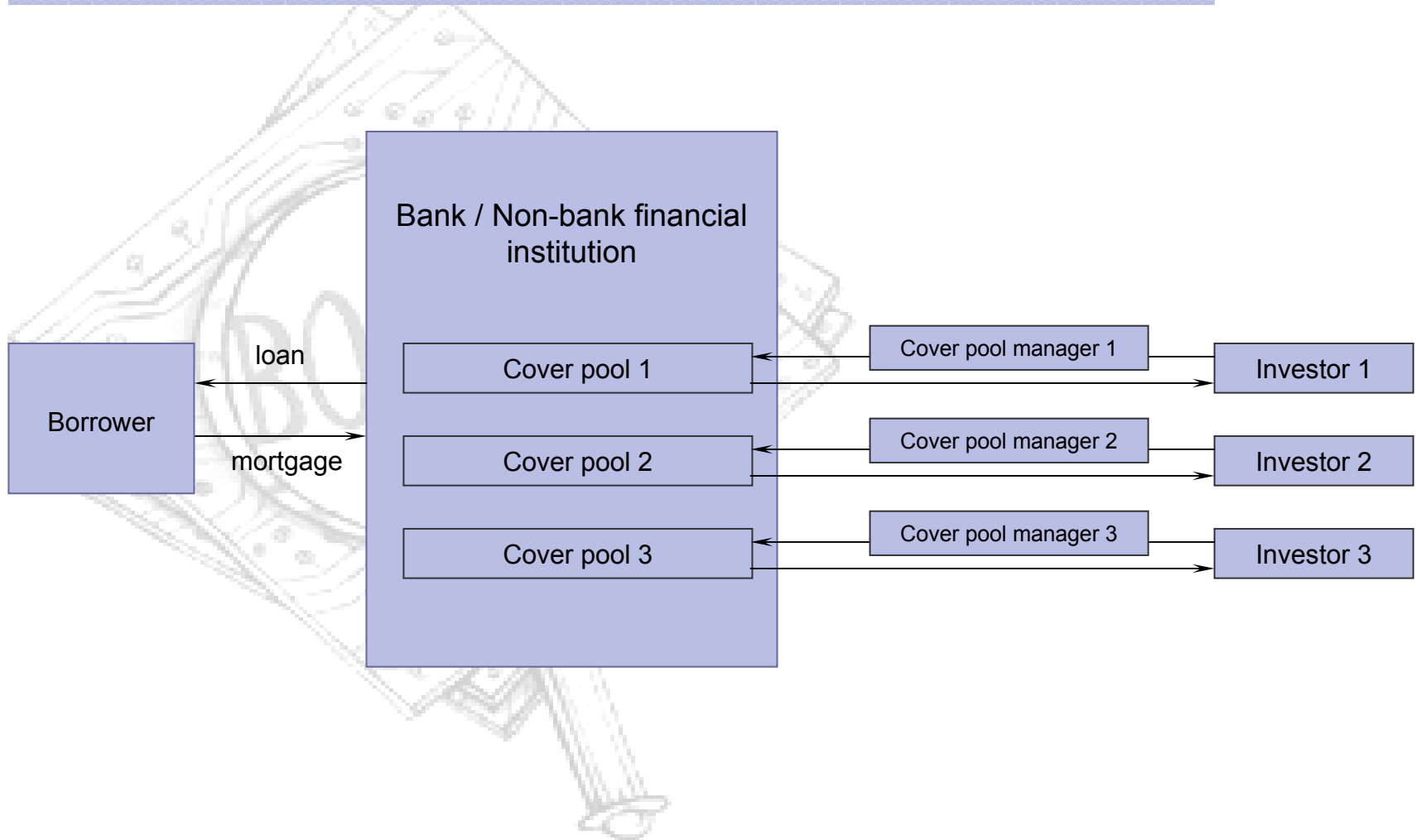
Hybrid covered bond (Italian model)



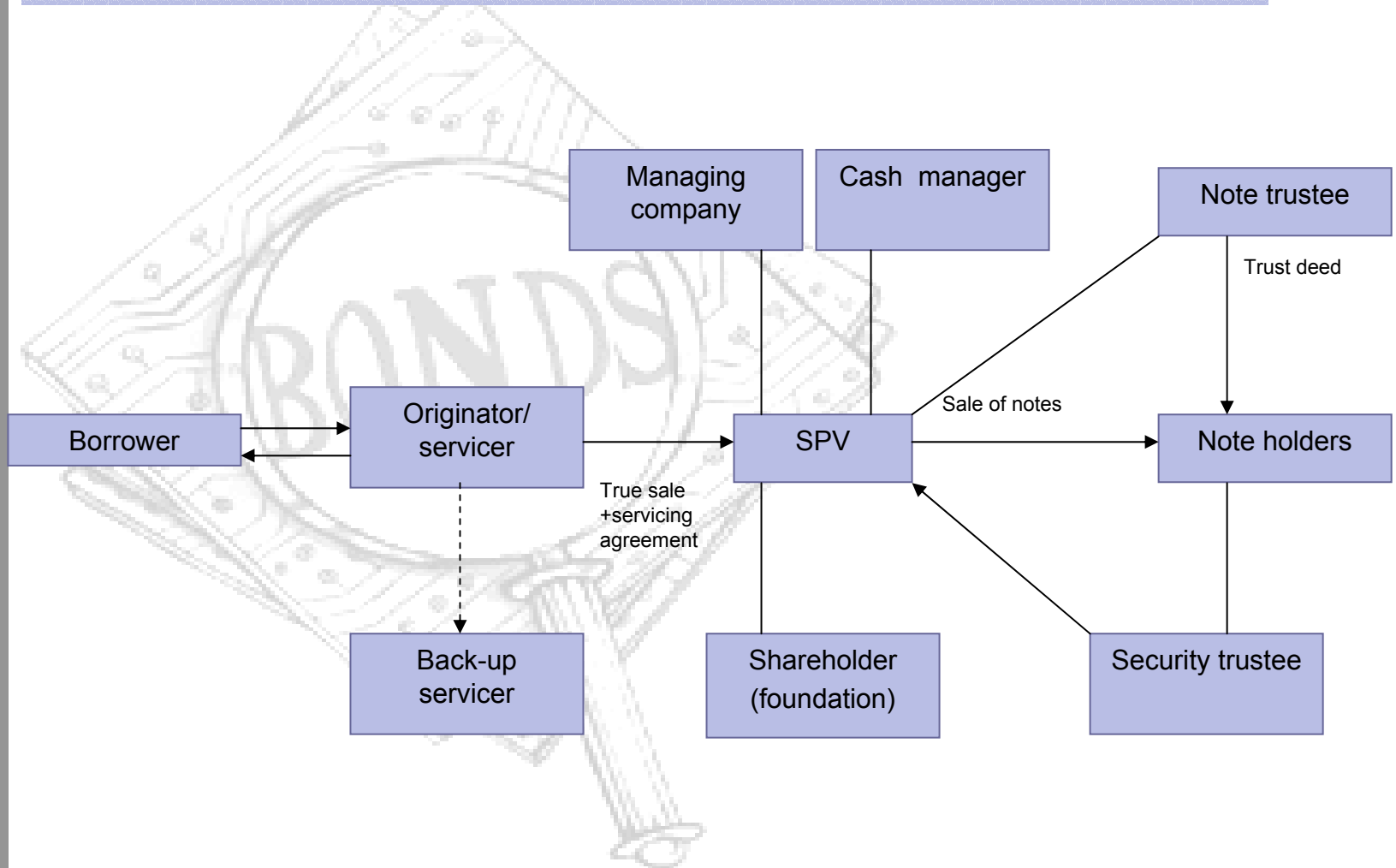
Existing refinancing model (Ukraine)



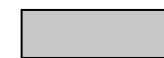

Hybrid covered bond (Ukrainian model)



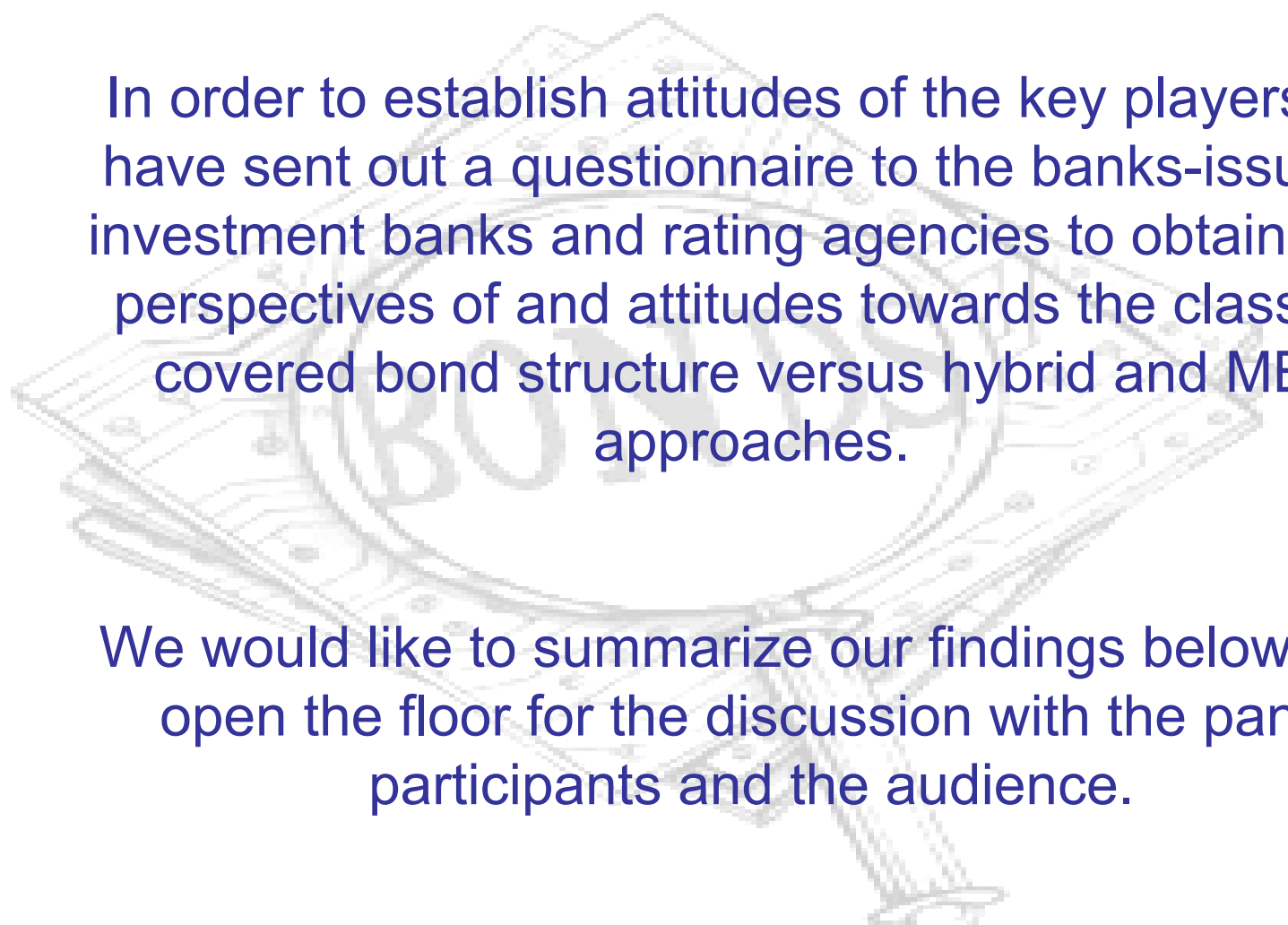
Mortgage backed securities (Russian model)





-  legislation
-  legislation + issues

This is one of the favourite maps of the Covered Bond believers. Impressive geography indeed!



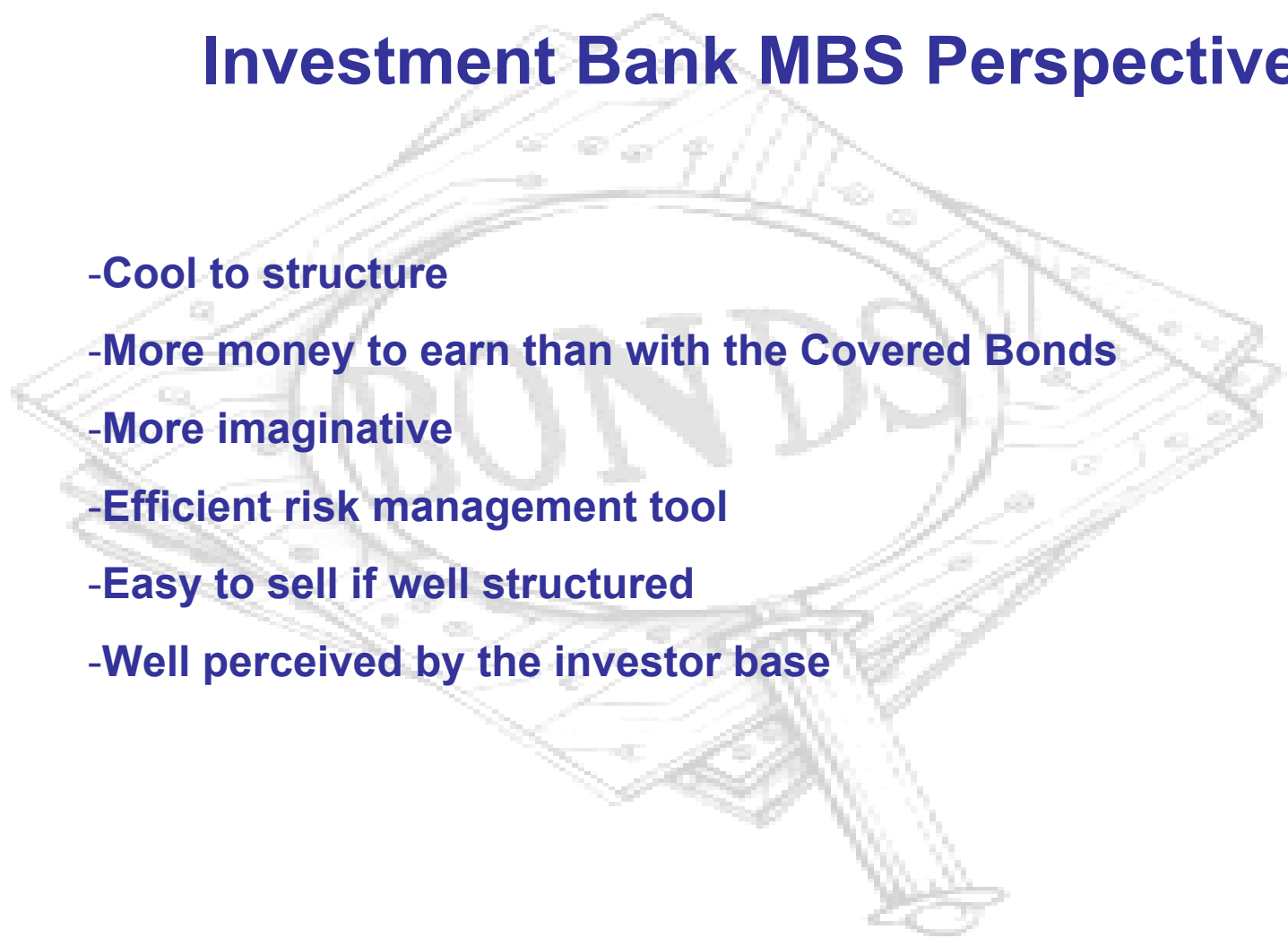
In order to establish attitudes of the key players we have sent out a questionnaire to the banks-issuers, investment banks and rating agencies to obtain their perspectives of and attitudes towards the classical covered bond structure versus hybrid and MBS approaches.

We would like to summarize our findings below and open the floor for the discussion with the panel participants and the audience.

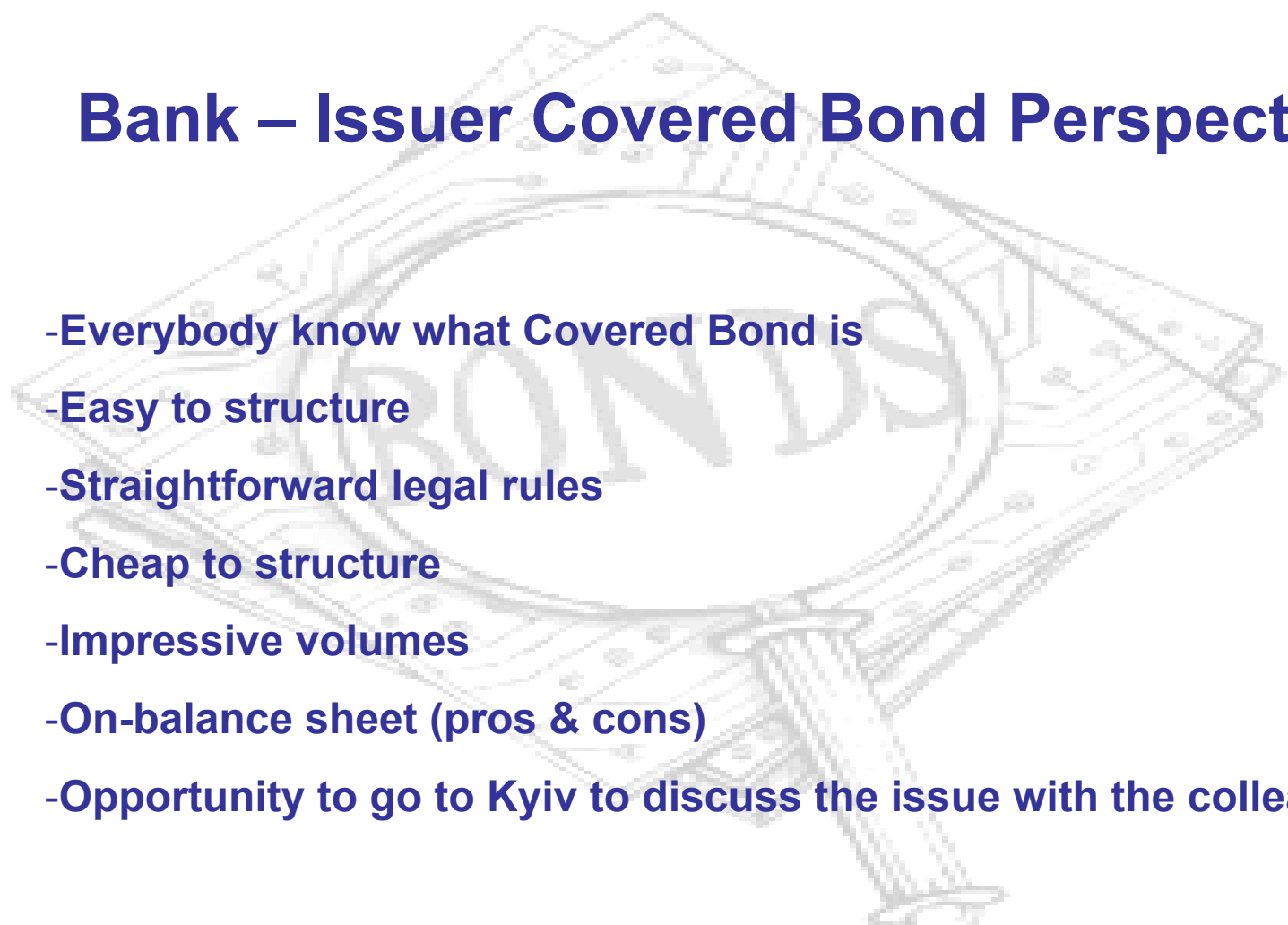
Bank-Issuer MBS Perspective

- Difficult to Structure
- Costly
- Offshore Structures Preferred
- Makes sense with the volumes above EUR 100 million
- Takes the assets off balance-sheet
- Efficient risk management tool
- Well perceived by investors and raises bank's profile
- Has an Anglo-American accent but is increasingly spoken throughout

Investment Bank MBS Perspective

- 
- Cool to structure
 - More money to earn than with the Covered Bonds
 - More imaginative
 - Efficient risk management tool
 - Easy to sell if well structured
 - Well perceived by the investor base

Bank – Issuer Covered Bond Perspective

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- Everybody know what Covered Bond is**
 - Easy to structure**
 - Straightforward legal rules**
 - Cheap to structure**
 - Impressive volumes**
 - On-balance sheet (pros & cons)**
 - Opportunity to go to Kyiv to discuss the issue with the colleagues**

Investment Bank Covered Bond Perspective

- Boring but huge
- Rating Agencies sometimes don't give the "right" ratings
- Less dependent on in-house structuring rather than on the legislation framework in bank-issuer countries
- Less money to earn or even none since this is an "easy" product
- Well known and understood by the investors
- Usually very liquid
- Has a Continental accent but is venturing into the Anglo-Saxon world and even reaching across the Ocean



**Everything you ever wanted to
know about mortgage
refinancing and was afraid to ask**

Lets talk about it!