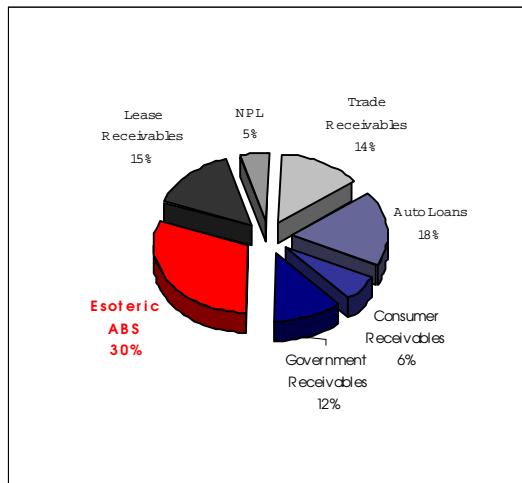


## ABS – Technical Due Diligence Services

*Reduction of ABS transaction costs via timeliness and quality of data delivery, monitoring & investor reporting.*

### Modern method of refinancing

In times of growing competition, such as may result from deregulated markets, institutions and corporations (originators) are increasingly applying new means of **refinancing** their **asset portfolios**. One of these is the sale of assets (securitization) in the capital markets as **Asset-Backed Securities (ABS)**.



*Various asset classes within the ABS market in 2001*

Following the trend in securitization of conventional assets, 'esoteric' asset classes such as utility receivables, distressed loans, royalties, franchise loans, etc. are steadily increasing in proportion to the overall ABS market. As a result, pressure on margins is here also anticipated over the medium term. Originators, however, have the opportunity to counteract margin erosion by **optimizing efficiency of their infrastructure and fit to the technological requirements** of the ABS market (most effectively when) in advance of an issuance.

In today's ABS markets, originators often mandate arrangers to place large amounts of receivables on the capital market. Consequently, a number of **technological hurdles** must be overcome particularly for an initial issuance.

Usually, originators do not operate systems compatible with those of the arranger, or are reluctant to provide all of their asset data given that only a portion of the assets are being securitized.

In addition for transactions already placed, cash flows of the underlying assets must be monitored and investor reports generated.

To minimize organizational effort and thus transaction costs, flexible and efficient **interfaces** between the systems of originator and arranger are essential. This not only increases **transaction speed** but also supports the requisite **transparency** for both sides.

Simultaneously, in order to avoid excessive soft- and hardware maintenance costs, **technological expenditures** for implementing these interfaces at the originators site must be kept to a **minimum**.

**Summary of Acrys TDD Services:** Acrys Consult offers, in close coordination with arrangers, an analysis of the (technological) systems and data structures of originators as to **compatibility** with ABS transactions. The result of this **due diligence** is an estimate of the **anticipated corrective effort** plus a set of **recommendations with tailored optimization measures**, as appropriate.

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## Our Services

### Technical Due Diligence:

Is principally an **evaluation** of the originator's technological environment in anticipation of or surrounding an ABS transaction. Of particular interest is the **history of the receivables**, which is significant for initial pricing of the securitization and secondly, in managing the critical information flows arising out of the customary **replenishments** and **repayments** affecting the asset pool over time.

In order to **minimize transaction costs**, it is important to review the IT infrastructure early in the transaction process. Acrys Consult will estimate whether an IT system is already capable of supporting an ABS transaction or whether there is a need to extend its functionality, identifying the level and adjustments required.

In optimizing **time-to-market** on the one hand and ensuring a secure transaction (quality of data, reporting) on the other, questions regarding **stability** of the IT system as well as existing procedures for rapidly implementing new functional requests are standard. The majority of the questionnaire relates to data structures used by the originator for the receivables. Structures quality eventually impacts the **efficiency** and **cost effectiveness** of the entire ABS transaction. It may also prove appropriate to consider certain organizational adjustments to assure the supply of necessary data on a transaction (e.g. for **investor reports**). Therefore, we pose as well questions and evaluate this factor.

The analysis is performed at the originator's location and usually requires only a few days. Crucial is the choice of knowledgeable contact person available to clarify details. A **questionnaire** is provided in advance.

All information is of course treated in strictest confidence and is not accessible to third parties other than the arranger, if applicable.

### Securitization Technologies:

Finally, in applying results of the due diligence, originators and arrangers can draw also on **Acrys Consult's range of expertise** in subjects such as data management (extraction, transfer, migration), inventory systems and securitization. Particularly in securitization, Acrys employs **direct experience and know-how** derived from **our responsibility for design and implementation of the first and to-date most comprehensive STP-securitization platform in Germany**.

Acrys Consult further offers following related software solutions:

- **POOLIMPORTER**, the generic standard interface, provides valuable platform-independent linking of diverse systems and an improved quality assurance.
- **POOLDESIGNER**, the advanced tool for asset selection, provides transparent, convenient and flexible yet rapid identification of assets toward a successful securitization in the capital markets.

**Please contact us with questions or for assistance. We would be pleased to assist you.**

**YOU CAN'T STAY AHEAD BY STANDING STILL**

Acrys Consult is your competent business and IT-consultancy.

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