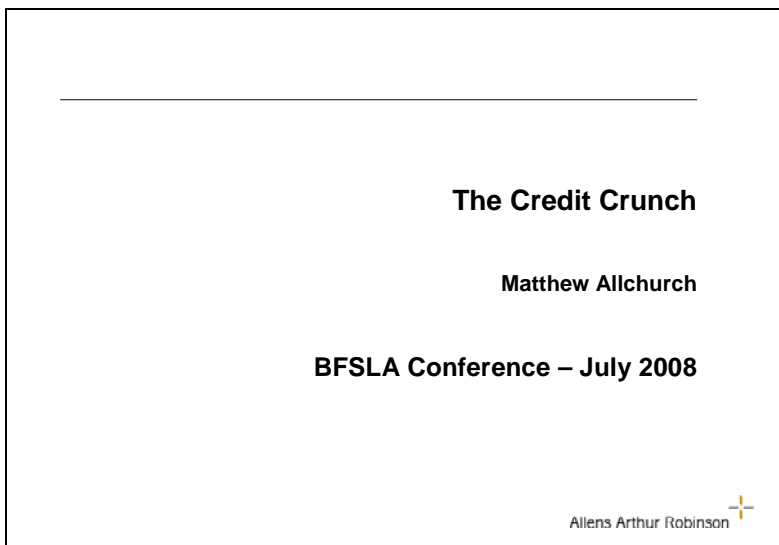


**Matthew Allchurch, Partner, Allens Arthur Robinson,
Sydney**
The Credit Crunch

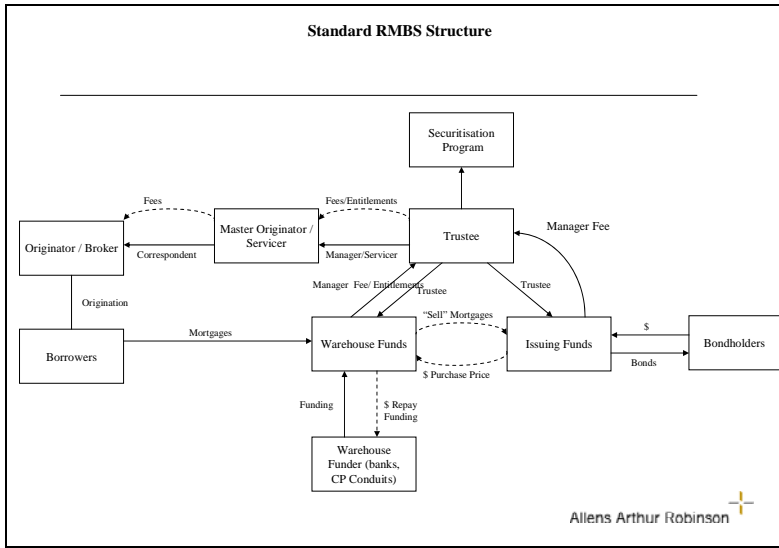
Slide 1



Slide 2



Slide 3



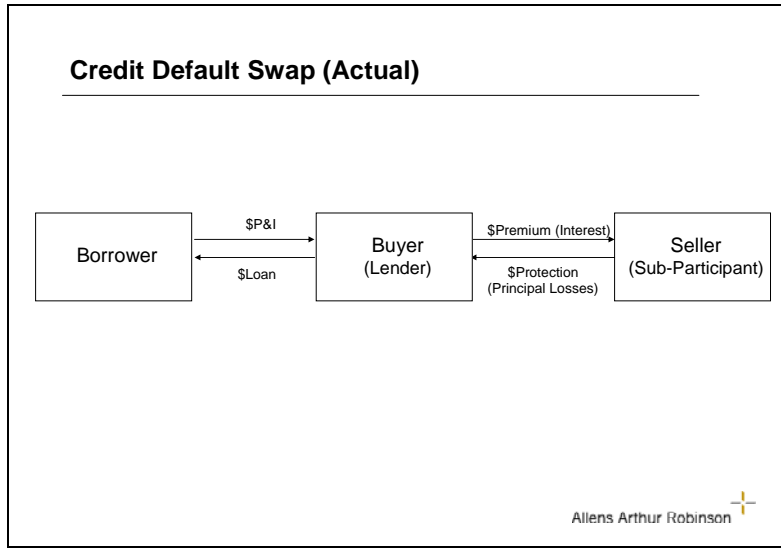
Slide 4

RMBS Term Issue – Economics – Pre Crunch

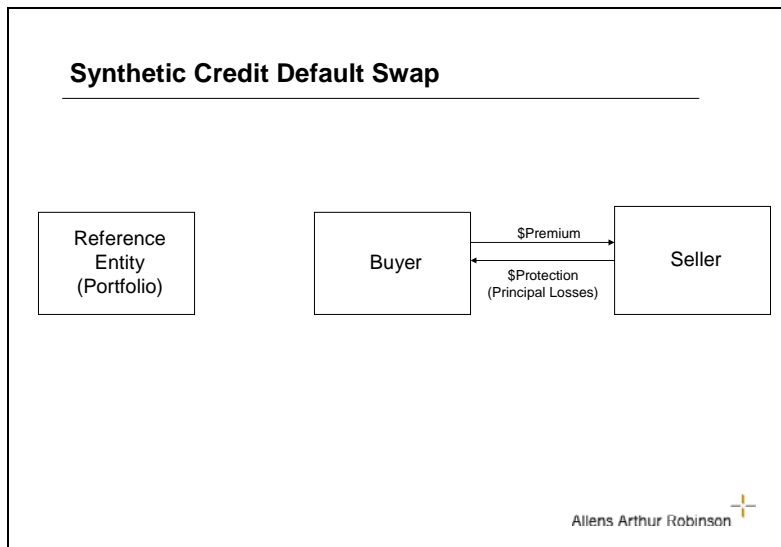
Income		
Mortgage Interest Rate		7.60%
Expenses		
Trustee Fees	0.03	
Security Trustee Fees	0.02	
Trust Manager Fees	0.02	
Servicing Fees	0.25	
Transaction Costs	0.05	
GST	0.01	
Mortgage Insurance	0.01	
Total Expenses	0.39	
Funding Costs		
BBSW	6.62	
Margin (AAA RMBS)	0.20	
Total Costs	7.21	
Excess Spread / NIM		0.38

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Slide 5




Slide 6



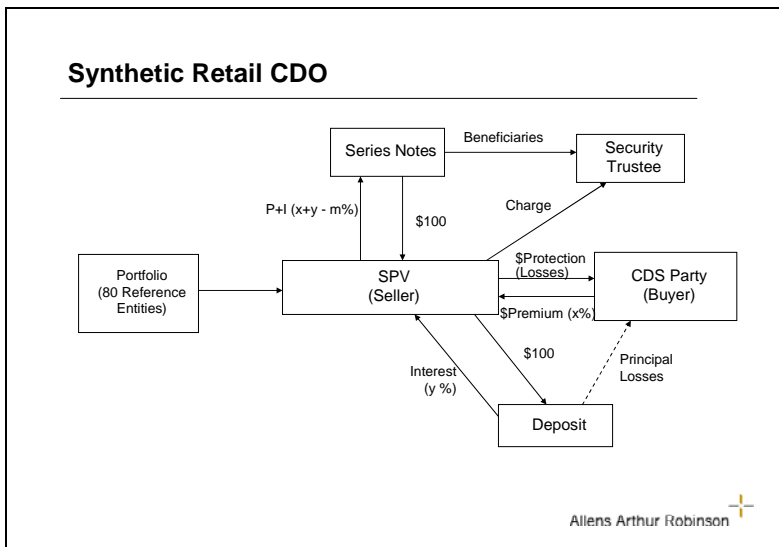
Slide 7

Credit Default Swap – Crystallisation of Losses

Credit Event -	Insolvency Failure to Pay Restructuring
Notice -	Notice of Publicly Available Information
Mark to Market -	eg 55 days later
Seller Pays -	Loss Amount (Recovery % x Notional Principal)

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Slide 8



Slide 9

Synthetic Retail CDO - Example

Commercial Features

- High Yield
- High Leverage
- High Risk
- Effect of Leverage

80 Companies

\$20 mm notional principal each Company

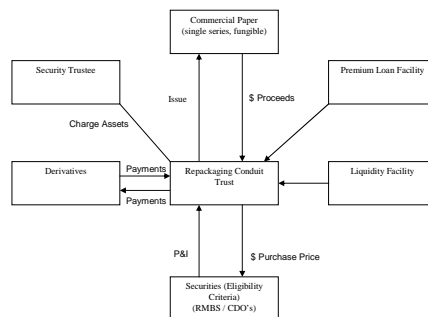
Portfolio (notional) = \$1.6 bn

Protection Amount (First Loss) = \$50 mm

Allens Arthur Robinson

Slide 10

Repackaging Conduit



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Slide 11



Slide 12

