

Asset-Backed Securities

**Case Study:
Hong Kong Card Master Trust**

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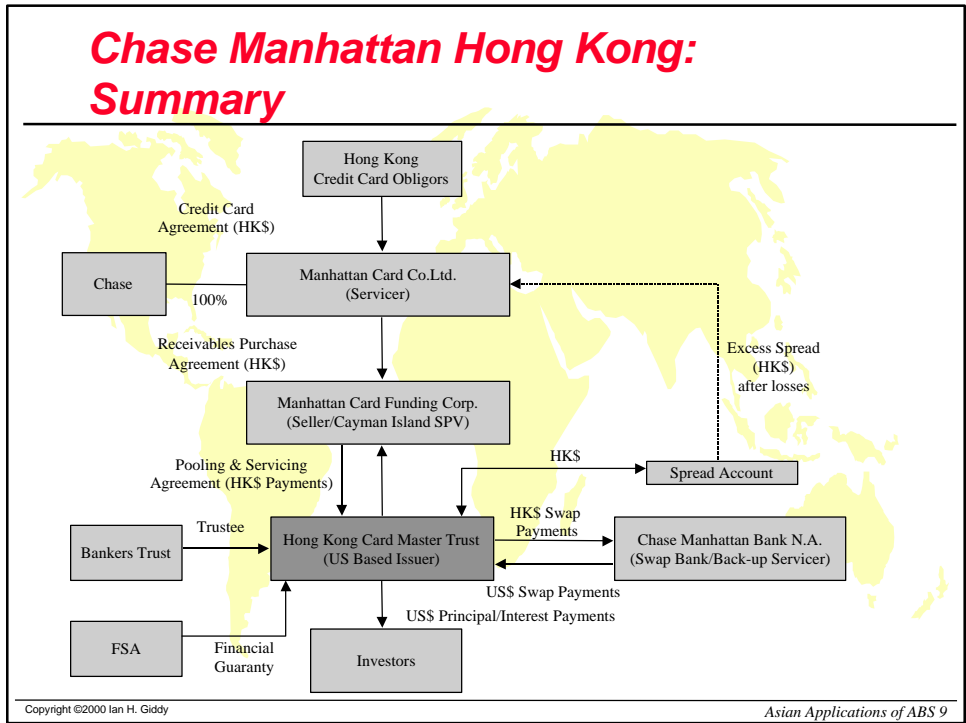
**Case Study:
Hong Kong Card Master Trust**

- What is the relationship among the parties in this deal? (Draw a diagram)
- How are investors protected? And FSA?
- How are the interest rate and currency risks managed?
- Can you quantify the costs and benefits to Chase?

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Chase Manhattan Hong Kong: Summary



Summary of Terms

Issuer	Hong Kong Card Master Trust
Amount	US\$200mm
Paydown	4-7 years
Calls	5% Clean-up
Rate	Libor+0.25%
Collateral	\$255mm HK credit card receivables pool
Rating	AAA/Aaa (FSA guarantee)

The Assets: Credit Card Receivables

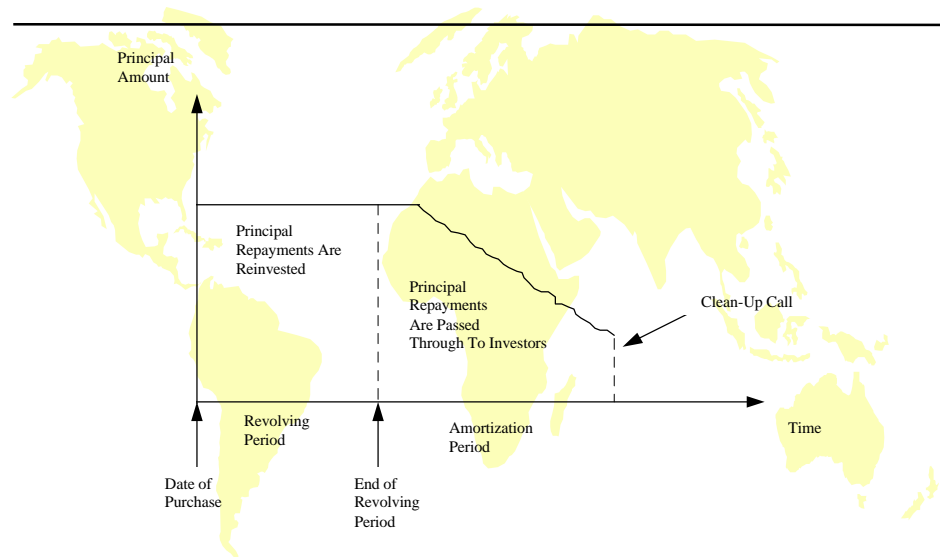
What is the credit quality of the assets?

- Diversified: 281,352 accounts
- Charge-offs (0.74%-2.70%)
- Delinquencies (2.2%-4.0%)
- Balance/Limit ratio 47%
- Age: 43% over 3 years
- Fraud: partial insurance from Visa/MC
- 25% overcollateralization
- Servicing: high quality

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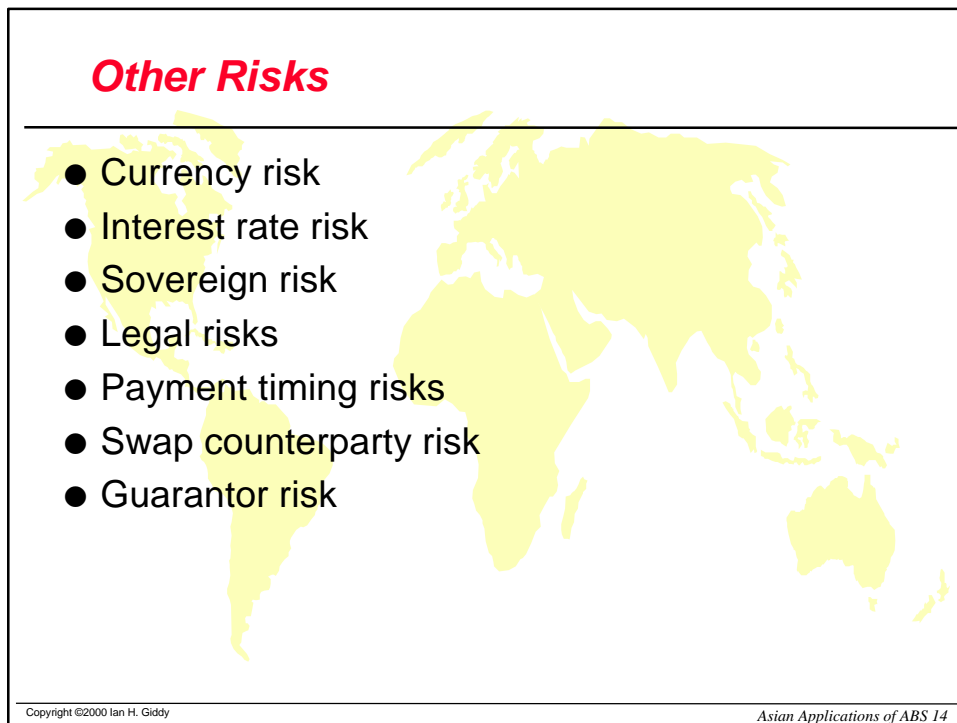
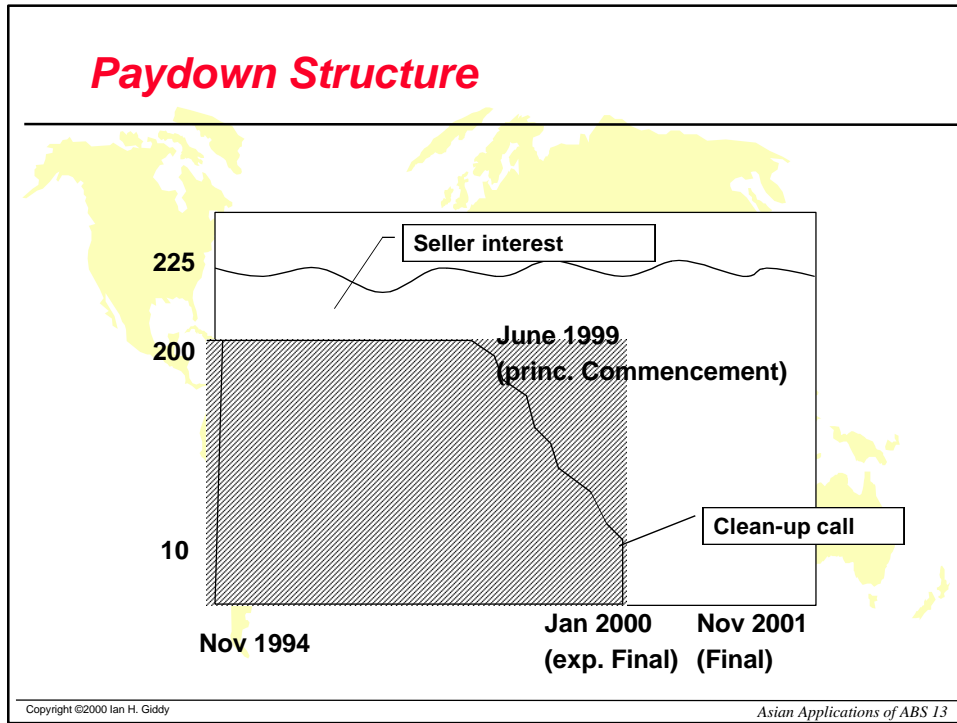
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Paydown Structure



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The Economics



Average revenue yield	HK\$ 25.25%
Less charge-offs (2x average)	HK\$ -1.50%
Less rate paid	US\$ -5.31% (Libor+0.25%)
Other costs (est.)	-2.50%
Net revenue (est.)	+/-16.00%