

Yield Book Prepayment model for UK RMBS

For more than 30 years, Yield Book has been a trusted source of fixed income analytics for institutional buy-and sell-side clients globally and has perfected its prepayment modelling methodology that is now introducing to the UK RMBS market. Yield Book's methodology has been a market leader in modelling RMBS prepayments and currently used to model ~\$10 trillion of securitizations annually.

Features and benefits

Macro dependent	Wide market coverage	Flexible framework
Forecast of house prices, CPI and wage inflation up to 25 years	Trained on data from over 40 UK mortgage lenders	Allows users to input their own view on the macro environment
Sensitive to rate rising environment and declining house prices	Captures most market segments including buy-to-let, prime, non-conforming with various fixed terms, and 1st and 2nd lien	Allows users to dial lender strategy assumptions (SVR, refinance cost, ERC, product switch)

Model inputs

DATA CATEGORY	Prepayment indicator	Macroeconomic variables	Loan-specific variables	Property-specific variables	Borrower-specific variables	Affordability variables
VARIABLES	<ul style="list-style-type: none"> Redemption date Overpayment date/rate 	<ul style="list-style-type: none"> SONIA Consumer and salary inflation Interest rate swaps Mortgage rates House price index 	<ul style="list-style-type: none"> Early redemption charges Loan segment Loan term Borrower type Loan repayment type Loan interest rates 	<ul style="list-style-type: none"> Property location Property value and valuation date 	<ul style="list-style-type: none"> Employment type Impaired credit history Income 	<ul style="list-style-type: none"> Net disposable income Debt service coverage ration

Model components

Yield Book offers full transparency of model composition as well as flexibility of user defined scenarios.



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For more information contact us at sales@yieldbook.com or visit our website: solutions.yieldbook.com
Americas +1 646 989 2200 | Europe +44 20 7334 8963 | Asia Pacific +886 2 8979 4966 | Japan +81 3 6441 1015

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