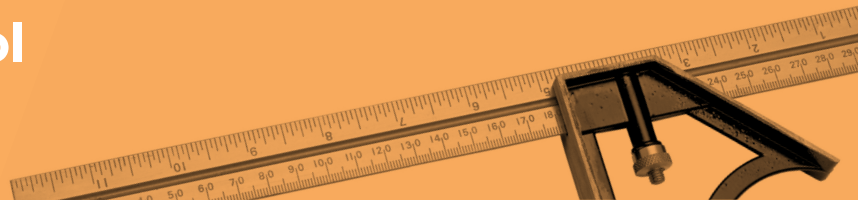


Yield Book Structuring Tool

Pre-market Agency CMOs



The Yield Book Structuring Tool is an application designed for traders who wish to structure new Agency Collateralized Mortgage Obligation (CMO) deals in the primary market.

This tool allows users to group collateralized securities, cut the collateral into tranches, evaluate each tranche's price, and identify any deal arbitrage opportunities using The Yield Book's trusted analytics.

Your Requirement	Our Solution
Ease of Use	<ul style="list-style-type: none"> Access the application easily via the Yield Book Add-In toolbar (Microsoft Excel® environment) Specify generic collateral or import mortgage pools or REMICs. Slice up the cash flows into individual CMO tranches, based on waterfall rules, in an intuitive "point-and-click" interface. Focus on structure and pricing, while the Yield Book Structuring Tool automatically writes the tranche speak file
Integrated Prepayment and OAS Models	<ul style="list-style-type: none"> Use The Yield Book's prepayment model to structure a deal incorporating OAS into the pricing
Power and Efficiency	<ul style="list-style-type: none"> Handle large-volume deals and arbitrage calculations with the Yield Book Structuring Tool's Excel-based functionality Perform several tasks simultaneously without heavy application memory consumption
Flexible Reporting	<ul style="list-style-type: none"> Save new deals in The Yield Book's database for instant internal or buy-side access After the structuring is complete, run various tests and generate agency tie-out files

Creating new Agency CMO deals in four steps

Step 1

Import the collateral. Enter generics, specified pools, or REMIC tranches in the Yield Book Structuring Tool.

Step 2

Slice up cash flows into tranches and define each tranche's characteristics, such as coupon, pay order, notional, and more.

Step 3

Price these tranches using your own prepayment assumptions (CPRs or PSAs) or use The Yield Book's prepayment model.

Step 4

Create reports and share the output instantly both with colleagues internally and with the buy-side.

The screenshot displays the 'DEALA - Yield Book Structuring Tool' interface. At the top, there are menu options like 'Import Deal', 'Save Deal', 'Manage Deals', 'Print', and 'Help'. Below this, there are tabs for 'Deal Structure', 'Coll Details', 'Cash Flows', 'PY/DEC Table', 'FFIEC Test', 'Tie Out', and 'Script'. The main area shows deal parameters such as 'Coll Settle 12/20/18', 'Fin Rt 2.455', 'Pay 01/25 24', 'Vol Model LMMDD', 'Deal Mode AGENCY', and 'Deal Issue 12/28/18'. There are also 'Calculate' and 'Resize' buttons. Below the deal parameters, there are three main tables: 'Collateral', 'Classes', and a summary table at the bottom.

Use	Grp	PoolID	Curr Bal(\$)	Orig Face(\$)	Pay-Ups	Int PP	GWAC	Cpn	WAM	Age	Price	Yield	ISprd	WAL	OAS	EFFDV01	EFFDur	EFFCV01	EFFConv	CPR1m	
<input checked="" type="checkbox"/>	1		100,000,000	100,000,000			4.716	4	105	67	101-00.0000	0-00	3.52253	81	2.71734	71	0.0290	2.868	-0.0023	-0.230	10.0

Grp	CollType	Curr Bal(\$)	Orig Face(\$)	TBA Prc	Pay-Ups	GWAC	Cpn	WAM	Age	Price	Payup	Yield	ISprd	WAL	\$Sprd01	OAS	EFFDV01	EFFConv	CurrLnSz	OrigLnSz
1	FNMA15	100,000,000	100,000,000	101		4.716	4	105	67	101-00.0000	0-00	3.52253	81	2.71734	20,918	71	0.029	-0.230		

Class	%Group	Balance(\$)	Level	BondType	PrintType	CpnType	Coupon	Price	Yield	WAL	OAS	ISprd	NSprd	ESprd	ZSprd	DM
HIDPC1	83.8	83,777,000	101-21.5594	PAC1	REG	FIX	4	101-21.5594	3.33232	3.02908	48	63	50	44	49	
BA	62.5	62,485,000	99	PAC1	REG	FIX	3	99-00.0000	3.44618	1.98998	59	73	58	56	60	
BI	62.5	62,485,000	3d	PAC1/IO	NTL	FIX	1	3-00.0000	-25.83509	1.98998	-2789	-2855	-2870	-2908	-2869	
BB	21.3	21,292,000	100s	PAC1	REG	FIX	4	100-22.9197	3.84832	6.07848	100	109	102	93	101	
HIDSP1	16.2	16,223,000	105-23.4667	SUPP	REG	FIX	4	105-23.4667	-2.07449	0.97050	-35	-474	-493	-485	-494	
FA	16.2	16,223,000	99	SUPP	REG	FLT	2.705	99-00.0000	3.79503	0.97050	13	113	94		93	
SA	16.2	16,223,000	7d	SUPP	NTL	INV	1.295	7-00.0000	-109.35943	0.97050	-1097	-11203	-11222		-11223	

Deal Arb	CMO Proceeds	Coll Proceeds	Coll Carry	Expenses	Surplus	Coll Accrued	CMO Accrued	Coll Paydown
\$ 1,365,991	102,632,320	-101,300,000	33,671	0	0	300,000	256,738	0
Ticks 43.7			1.1	0.0	0.0	9.6	8.2	0.0

Source: FTSE Russell. For illustrative purposes only.

Yield Book Structuring Tool



Creating a New Agency CMO Deal

Step 1: Importing securities

- Input data manually (by ticker name) or import specified pools or REMICs directly from your spreadsheet
- Handle large volumes of data thanks to the Yield Book Structuring Tool's spreadsheet-based functionality
- Get an individual and summarized display of security-related characteristics such as coupon, WAC, LTVs, and FICO scores, all in one screen. Security-related information is pulled directly from The Yield Book's database.

Step 2: Slicing up cash flows into tranches

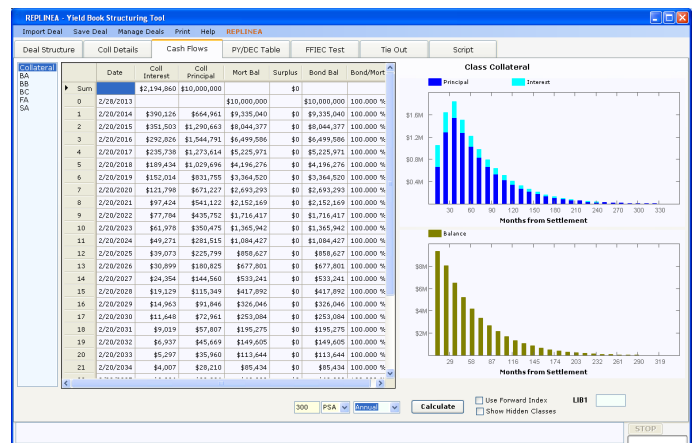
- Define the parameters for slicing the cash flows: upper and lower bounds, target average life, coupon strip, floater cap, and margin
- Based on your defined parameters, the Yield Book Structuring Tool will generate output including: tranche balance, WAL, principal window, OAS, and Effective DV01

Step 3: Pricing tranches

- Insert your own prepayment assumptions (CPRs or PSAs) to price the deal tranches and use The Yield Book's prepayment models to calculate price and risk measures
- Select from a range of options regarding the volatility model and prepayment model speed
- Get prices that incorporate OAS in the calculations

Step 4: Reporting and sharing

- Easily share the newly created deals both internally with colleagues and externally with the buy-side, by saving the deals to The Yield Book's database
- Generate cash flows, Price/Yield, and Decrement Tables, as well as Agency XML tie-out files



Source: FTSE Russell. For illustrative purposes only.

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