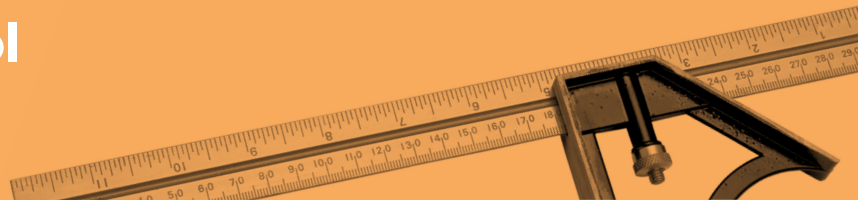


# Yield Book Structuring Tool

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"> <li>• Access the application easily via the Yield Book Add-In toolbar (Microsoft Excel® environment)</li> <li>• 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.</li> <li>• Focus on structure and pricing, while the Yield Book Structuring Tool automatically writes the tranche speak file</li> </ul>
Integrated Prepayment and OAS Models	<ul style="list-style-type: none"> <li>• Use The Yield Book's prepayment model to structure a deal incorporating OAS into the pricing</li> </ul>
Power and Efficiency	<ul style="list-style-type: none"> <li>• Handle large-volume deals and arbitrage calculations with the Yield Book Structuring Tool's Excel-based functionality</li> <li>• Perform several tasks simultaneously without heavy application memory consumption</li> </ul>
Flexible Reporting	<ul style="list-style-type: none"> <li>• Save new deals in The Yield Book's database for instant internal or buy-side access</li> <li>• After the structuring is complete, run various tests and generate agency tie-out files</li> </ul>

## 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.

Use	Curr Bal(\$)	Orig Face(\$)	Pay-Ups	GrsWAC	NetCpn	WAM	Age	Price	Yield	ISprd	WAL	OAS	EffDV01	EffDur	CPR1m	CPRLife	Accrued	Agency	PoolID	CU
<input checked="" type="checkbox"/>	10,000,000.00	10,000,000.00	0-3,-0-6	4.6	4	357	2	106-08:0	2.69493	169	5.48993	60	0.0539	5.059	4.6	16.0	0-06:3		G	

Class	Balance(\$)	Level	BondType	PrinType	CpnType	Coupon	Comment	Price	Yield	ISprd	NSprd	ESprd	ZSprd	WAL	Months	Dat
HIDPA	6,632,000	107-00:5	PAC1	REG	FIX	4		107-00:5	2.79226	148	135	98	105	6.73247	1-356	03/1
BA	1,873,000	108	PAC1	REG	FIX	4		108-00:0	-0.09029	-37	-52	-57	-58	1.99977	1-42	03/1
BB	3,011,000	107	PAC1	REG	FIX	4		107-00:0	2.70960	158	145	132	139	5.99982	42-108	08/1
BC	1,748,000	106	PAC1	REG	FIX	4		106-00:0	3.42842	124	103	98	107	13.06562	108-356	02/1
HIDSP	3,368,000	106-25:3	SUPP	REG	FIX	4		106-25:3	1.56763	115	101	77	79	2.95250	1-95	03/1
FA	3,368,000	99	SUPP	REG	FLT	0.7022		99-00:0	1.05102	64	50			2.95250	1-95	03/1
SA	3,368,000	1000	SUPP	NTL	INV	3.2978		8-00:1	11.00798	1059	1045			2.95250	1-95	03/1

	Total P&L	CMO Proceeds	Coll Proceeds	Coll Carry	Expenses	Surplus	Coll Accrued	CMO Accrued
\$	50,776	10,724,355	-10,655,000	9,546	-28,125	0	30,000	22,974
Ticks	16.2			3.1	-9.0	0.0	9.6	7.4

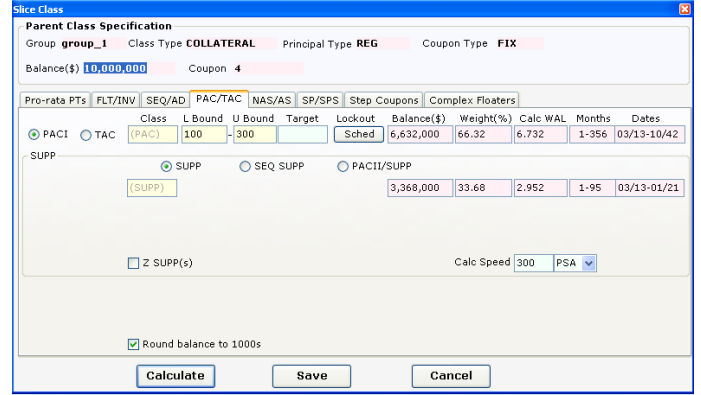
Source: FTSE Russell. For illustrative purposes only.

# 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

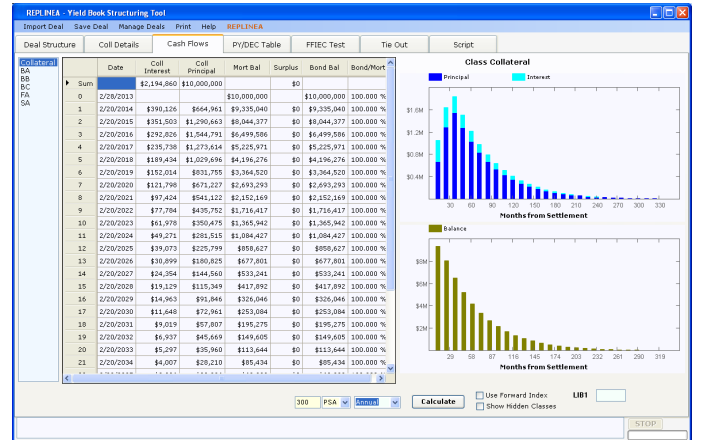
- Define the parameters for slicing the cash flows: upper and lower bounds, target average life, coupon strip, floater cap, and margin
- Based on your defined parameters, the Yield Book Structuring Tool will generate output including: tranche balance, WAL, principal window, OAS, and Effective DV01

### 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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