

Mortgage Securitisation

The client

One of the Top 5 Mortgage Banks in the UK

The Business Challenge

The customer wished to diversify its funding sources and make better use of its capital by moving mortgages off balance sheet whilst retaining the customer relationship. It was the only one of the top-10 UK mortgage providers that did not have such a capability.

The challenge was to establish a programme at Initiation phase and manage that programme to a successful delivery.

The Solution

The eacg team was established located in the subsidiary HQ. The team was formed using people with expertise in the financial services sector (retail, treasury & investment). The programme team consisted of eacg people and were engaged in the programme through to benefits realisation stage. The team led the Programme and implemented a packaged solution which was used to identify and produce the mortgage pools. In addition, it implemented an appropriate reporting system and target operating model to support the activity on an ongoing basis.

As well as standard reporting, controls and quality processes it also involved identifying and managing all necessary financial, legal and regulatory requirements as well as dealing with Rating Agencies, Investment Banks and investors

The Results

The issue was originally planned to be for £5bn, however, the market reaction was so positive that a second issue (also of £5bn) was made 6 weeks later. These issues were so highly rated that they therefore were accorded the finest-priced in the history of the UK Retail Mortgage Backed Securities market. The bank then followed this with a further £3bn issue 5 months later. The collateral that the Project team left behind included detailed plans (and staff trained in the activities) enabling the Bank to move from decision to issuance in 8 weeks. This provided the Bank with significant flexibility in their financing options. The external lawyers, investment bank and Rating Agency all stated (independently) that the project team were the most thorough, conscientious and professional that they had dealt with in this field.

Since the issuance, the Bank has won best UK mortgage securitisation three times – in every competition that it has been eligible for.