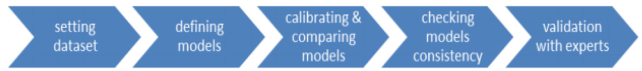
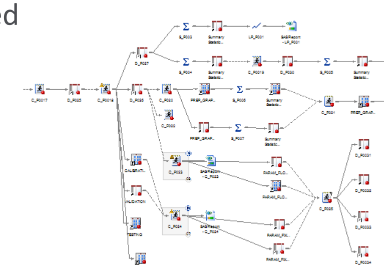
MORTGAGES PREPAYMENT MODEL

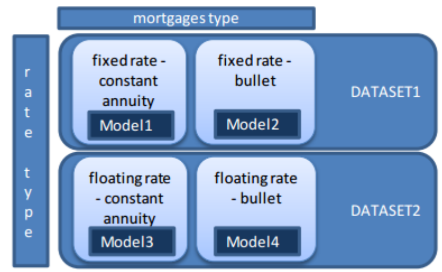
All dummy numbers & graphs for illustrative purposes only

Client Situation

Following NBB remarks and other internal considerations, a Belgian insurer requires improvements for its mortgage model, specifically regarding the granularity and the calibration process which have to be materially improved or re-constructed

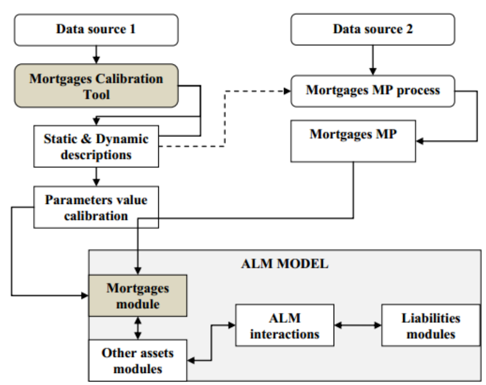






Issues

- Following the NBB remarks, a deep review of the current model was needed
- Gross client database: data cleaning and mining needed
- Large amount of data to treat



Reacfin Contribution

- Model calibration based on the historical prepayment data of the client with a higher granularity
- The whole calibration process was reviewed
- Development in SAS Enterprise Guide to calibrate the model because of its user-friendly characteristics added to the power of SAS to treat large amount of data
- Automatisation and flexibility were important drivers during the tool development

Results & Benefits

- SAS Enterprise guide project delivered
- => Robust and as automated as possible process for future calibration
- Hands-on documentation for model users and model developers
- Answers to NBB remarks at project end