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VENN LAUNCHES INTEGRATED STRUCTURED FINANCE ANALYTICS AND VALUATION PLATFORM

VeRA enables portfolio and risk managers to analyse asset-backed securities in customisable scenarios

Venn Partners, the specialist credit advisory and investment partnership, announces the official launch of Venn Risk Analytics (VeRA), its proprietary valuation and risk analytics tool for structured finance products. With UK banks needing to trade out of billions of pounds worth of legacy portfolio positions – exacerbated by the Bank of England’s Financial Policy Committee reporting this week that they must find £25bn of fresh capital this year, which will be realisable by either issuing new shares, retaining earnings or selling assets such as RMBS, CMBS and CDOs – demand for securitisation valuation platforms such as VeRA is set to rise.

Global issuance of asset-backed securities has increased apace over the past 12 months, with data from Thomson Reuters showing that some \$68bn of asset-backed securities were issued in the year to March 8, a 28% increase on the same period last year and the strongest start to the year for these products since 2007. Spreads on CMBS, which ballooned at the height of the financial crisis, have been steadily tightening back to five-year lows as investor appetite returns to the asset class.

Amid this optimism, bankers are currently working on at least three new CMBS and new issuance, as well as increasing liquidity in existing assets, increases the need for VeRa, a tool that enables asset managers to gain insight into information and risks of their portfolios and balance the increasing search for yield with risks and other information.

VeRA has been successfully trialled in its alpha and beta stages by banks that require an unparalleled access to and understanding of asset performance data, information that plugs into the platform from comprehensive appropriate databases and which is reviewed by expert analysts. Financial institutions are able to model different economic scenarios using VeRA, and can develop forecasts depending on these variables and see how they will impact asset credit. Using information from the leading market data provider Markit, VeRA provides fundamental and market valuations of assets and can provide bond cash flow models as well as bond, sector and portfolio level risk reports.

Having been soft trialled at several financial institutions, VeRA is now being formally launched and rolled out to the broader asset management community of banks, insurers, institutional investors and alternative funds. Portfolio and risk managers will be able to make use of an integrated platform that combines a range of cutting-edge risk and valuation tools which can be customised by users and that also leverages the expertise of analysts with experience from leading buy-side, sell-side, rating agency and professional advisory institutions.

VeRA offers portfolio and risk managers a flexible suite of tools and bank of expertise where other, larger alternatives may be more restrictive. As well as providing full transparency and the ability to help investors demonstrate to stakeholders that they evaluating risk systematically across multiple portfolios, VeRA benefits from being entirely independent rather than linked to a portfolio-holding institution. Providing an end-to-end tool from fundamental analysis through to cash flow analysis and reporting, VeRA adds considerable value for risk assessors, creating greater efficiency and more informed and communicable decisions for banks and other asset holders. This value is set to be maximised as the current resurgence in structured finance products continues.

Paul House, Director at Venn Finance, commented:

“The Venn Risk Analytics tool has been used successfully in trials by a number of banks and financial institutions and we are pleased to now be making it available to a broader customer base. Being able to run the analysis of



different structured assets quickly and using transparent and customisable data allows portfolio and risk managers to weigh the search for yield against incremental risks.

The platform optimises value from legacy portfolios and is also valuable for making decisions under different assumptions about the re-emergent class of structured products, such as CMBS, which are once more beginning to be issued."

Jonathan Clayton, Managing Partner of Venn Partners, commented:

"VeRA enables financial institutions to leverage the expertise of our team of analysts as well as helping them to address the significant demands from stakeholders, including regulators, for better information on the risks of their portfolios and a demonstration that they are properly understood and valued.

Above all, the service is customised to client needs. Data, economic forecasts, asset credit analysis, bond cash flow models, analytics and valuation and risk reports can be tailored using the most appropriate databases, consistent risk framework and metrics, reviewing relationships with asset performance and using either their own forecasts or those provided by clients."

For more information contact:

Venn: Richard Morgan Evans /Elizabeth Vincent, Morgan Rossiter **T:** 0203 195 3240, **M:** (RME): 07751087291