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Asset portfolio agreed upon procedures



Asset portfolio agreed upon procedures

Data quality of portfolios of assets is often checked to gain evidence over its accuracy and validity. KPMG has over 20 years of experience of testing asset pools over a wide range of different asset classes. We are familiar with developing and conducting bespoke procedures tailored to clients objectives and set out below the typical testing approach we adopt, and example scenarios where agreed upon procedures testing may be relevant.

Testing approach

Sampling and Testing sheet Preparation Testing Methodology set up Originator to produce and review We select our sample of loans Depending on the sample size • The typical agreed upon the portfolio data file to identify from the full portfolio data file and the program of testing, our procedures program includes data consistency issues, missing and input details into our team would typically spend 1testing of data captured by supporting documentation, or proprietary testing model. This 2 weeks performing the agreed lenders at loan origination stage incomplete data. permits multiple user access and upon procedures. ("Static") together with checks relating to current asset status consolidation of results to enable Development of the agreed Fieldwork is performed on site or consistent testing approach and ("Dynamic") remotely - for the majority of our upon procedures considering the recording of findings. data available and their clients, our experience suggests Static data in the portfolio data capability of being tested. For pools of homogenous loans an element of on site testing is file will be checked to source we can select our sample more efficient and appropriate. documentation for example: loan Contracts to be negotiated and statistically and extrapolate our agreements, security Our models provide regular signed. results across the full population. documentation, and professional status updates on progress and valuation reports. A dry run of the procedures can Where the pool of loans contains live testing results as the work is be conducted to ensure an more varied assets, our sample being conducted, together with Dynamic data in the portfolio efficient process and iron out data file will be checked to may be selected at random or query logs for investigation whilst practical difficulties that may be selectively and the results the team is on site. lender internal systems for encountered with data quality or reported factually. example: current balance, We can draw from our global testing approach.

Transaction types

Post deal

Testing can be performed post deal to continue to monitor the asset and documentation quality.

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Sale

Testing is performed to support the seller on the representations and warranties it will make in respect of the underlying assets.

Purchase

Can be vendor initiated or directly

commissioned by the purchaser for

the purpose of evidencing the data

quality in key risk areas and to

Regulatory driven services

central bank funding requirements

and issuer attestation reports for

Testing conducted to support

support price evaluation.

regulated covered bond

programmes

Purpose and obiective

Structured transaction

Similar objectives for sale and purchase transactions can be used to support securitisation and synthetic transactions.

- resources to provide local staff led by our specialist UK team.
- arrears status and interest rates.

Finalising clearance of errors

- Our queries are analysed and remedied where possible by our team on site before sharing those which require further investigation by our client to resolve.
- We typically allow an additional week to investigate and resolve any outstanding issues. During this period clients may provide us with missing documents and explanations that we can consider on site or remotely.
- We will seek client agreement to the final error schedule.

Linked services



Our credentials Relationships with asset

originators, portfolio vendors and acquirers, and investment banks

Testing locations

Diversity of experience

including UK, Ireland, France, Germany, Italy, The Netherlands. Norway, Finland, Sweden, Denmark, and Poland

Understandi lender syster origination p including thi service platf

Sector expe Residential I BTL, Equity Consumer I Credit Cards Finance, SM Housina. Co and Corpora



Reporting

- Our bespoke reporting provides the factual findings for each procedure undertaken, with details of errors by exception and any statistical extrapolation where applicable.
- We provide draft findings at the conclusion of our testing and will issue our final report once the final error schedule has been agreed.
- Depending upon the circumstance our reports can be made available to other relevant parties where appropriate under established release mechanisms for example: rating agencies and prospective purchasing parties.

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rience in Mortgages, Release, ending, s, Asset IE, Social mmercial tte	20+ Year of experience