Dimensions of Optimal Credit Risk Management

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STAGE	MOODY'S KMV APPROACH	BENEFITS	SOLUTIONS
Active Portfolio Management 4	Moody's KMV insight and solutions allow clients to form efficient strategies and actively manage credit risk across the portfolio.	▪ Establish portfolio strategy to maximize returns and minimize credit risks ▪ Risk-based pricing at the portfolio level ▪ Reduce credit concentration using credit derivatives	▪ RiskFrontier ▪ DealAnalyzer ▪ Portfolio Manager ▪ Professional Services
CREDIT RISK ASSESSMENT: Portfolio Risk Measurement and Reporting 3	Moody's KMV enables clients to measure, value and monitor credit risk at the portfolio level across multiple asset classes.	▪ Understand portfolio risk/return characteristics ▪ Calculate, allocate and monitor economic and regulatory capital ▪ Mark-to-market and transfer pricing	▪ Portfolio Manager ▪ CreditMark ▪ Professional Services
CREDIT RISK ASSESSMENT: Single Risk Management 2	Moody's KMV solutions measure and identify key risk drivers for borrowers, allowing clients to identify strategies for risk-based pricing, limit setting and risk tracking.	▪ Utilize leading-edge quantitative default probabilities and loss given default measures ▪ Implement risk-based pricing from origination through repayment ▪ Enhance internal ratings systems by blending quantitative and qualitative factors ▪ Track credit risk migration: early warning tools provide alerts to high-risk borrowers	▪ CreditEdge Plus ▪ RiskCalc ▪ LossCalc ▪ RiskAnalyst ▪ Professional Services
Data Foundation 1	Moody's KMV helps connect essential data sources and deliver critical information throughout the firm to ensure proper risk measurement and management.	▪ Build uniform infrastructure across entire firm ▪ Collect, organize and store borrower data and financial statements at one single source ▪ Develop internal ratings framework ▪ Test efficacy of internal ratings over time	▪ RiskAnalyst ▪ MappingEdge ▪ Credit Research Database ▪ Professional Services

Solutions for Optimal Credit Risk Management

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SOLUTIONS DETAIL

CREDIT RISK ASSESSMENT

Active Portfolio Management	**Credit Dashboard** ▪ Stress testing and scenario analysis **DealAnalyzer** ▪ Risk-based pricing ▪ Transaction analysis	**Portfolio Manager** ▪ Credit portfolio analysis ▪ Risk transfer services ▪ CDO analysis	**Professional Services** ▪ Customization and integration ▪ Advisory and consulting
Portfolio Risk Measurement and Reporting	**Portfolio Manager** ▪ Credit portfolio analysis and reporting ▪ Economic capital allocation	**CreditMark** ▪ Mark-to-Market valuation ▪ Transfer pricing	**Professional Services** ▪ Customization and integration ▪ Advisory and consulting
Single Risk Management	**CreditEdge Plus** ▪ Public firm EDF model ▪ EDFs updated daily ▪ Daily updated independent source of credit spreads ▪ Data File Service ▪ Web services **LossCalc** ▪ Loss Given Default model	**RiskAnalyst (ratings package)** ▪ Expert internal rating system ▪ Deploys PD and LGD models **RiskCalc** ▪ Private firm EDF model ▪ Monthly updates of default risk ▪ 24 models including 18 country-specific models	**Professional Services** ▪ Customization and integration ▪ Advisory and consulting
Data Foundation	**RiskAnalyst (financial package)** ▪ Data collection and analysis ▪ Financial spreading & scorecard deployment **MappingEdge** ▪ Cross reference client data from multiple sources ▪ Data cleansing	**Credit Research Database** ▪ Largest global collection of clean private firm data ▪ More than 170,000 private firm defaults covering 22 countries	**Professional Services** ▪ Rating model validation and calibration ▪ Customization and integration ▪ Advisory and consulting