



RiskAnalyst™ Commercial Real Estate Module

The RiskAnalyst Commercial Real Estate (CRE) Module streamlines commercial real estate credit decisions by standardizing the collection of property data and improving the accuracy and consistency of commercial property analysis.

The Challenge: Inconsistent Analysis in Commercial Real Estate Lending

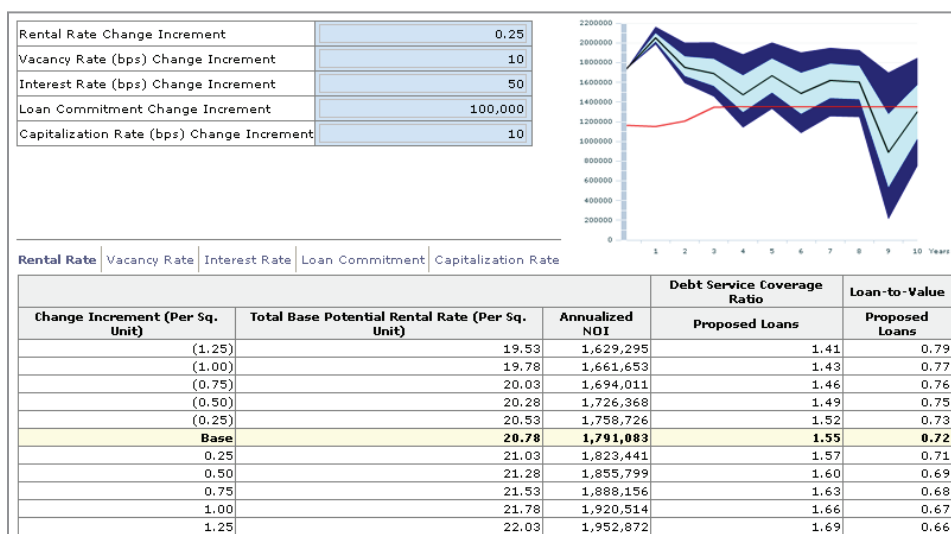
Commercial real estate loans can represent a significant proportion of a financial institution's portfolio. History has shown that market cycles can inflict large credit losses on institutions that are ill-equipped to handle fluctuations within a specific segment like commercial real estate.

Assessing risk in this cyclical and volatile industry is made more complex by the variety of unique property types and development projects. Compounding the difficulty is the issue of analyzing credit risks associated with a property at different phases within its life cycle.

Institutions that do not analyze their commercial real estate exposures using a consistent, standardized approach are left at a distinct disadvantage in both loan origination as well as monitoring the changing credit risks within their portfolio.

The Solution: Real Estate Data Templates

The RiskAnalyst CRE Module includes three data templates that allow users to collect, analyze and store historical and pro-forma property information in a consistent manner. The templates include Income Producing Real Estate (IPRE), Land Development, and Home Builder. These data templates allow users to centrally analyze property-level information such as net operating statements, appraisal data, rent and vacancy rates, loan exposure details, debt service coverage, loan-to-value, sensitivity analysis, tenant rent rolls and market factors.



The IPRE template allows users to sensitize the key debt service coverage ratio and loan-to-value drivers. By integrating with Commercial Mortgage Metrics (CMM), you can project property income over the next 10 years and compare it to debt service. CMM uses this projection as a driver for probability of default (PD) and loss given default (LGD) values.

RiskAnalyst CRE Module empowers you to:

- » Meet your organizations' credit risk assessment goals for commercial real estate including regulatory requirements, internal policies and central oversight
- » Perform sensitivity analysis of key drivers to assess the risk of commercial real estate loans
- » Analyze different types of loans in detail, including amortizing, interest-only, fixed or adjustable rate
- » Improve regulatory compliance with stress testing and reporting at the portfolio level
- » Enhance your monitoring process after origination by identifying potential issues

The Difference: Integration with RiskAnalyst and Commercial Mortgage Metrics

The IPRE Data Template is fully integrated with Moody's Commercial Mortgage Metrics software, the standard for assessing risk in commercial mortgage loan portfolios. This allows users to respond to regulatory pressure and easily calculate real estate risk metrics such as probability of default, loss given default and expected loss.

CRE is an integral part of the RiskAnalyst platform. For example, property data collected using the RiskAnalyst CRE Data Templates can be combined with existing company financial statement data from the same organization to create one system of record. Institutions can also create and deploy internal rating models for real estate assets and other asset classes using a consistent internal risk rating methodology.

The Product Family

The Moody's Analytics Professional Services team creates and customizes CRE models to suit your organization and implements them in RiskAnalyst. Our training team also offers a course specific to CRE data templates for end users.

Moody's Analytics RiskFrontier™ provides a comprehensive methodology for measuring and benchmarking credit portfolio risk and covers a wide range of asset types, including commercial real estate. RiskFrontier also supports CRE specific correlations and analytics.

About Moody's Analytics

Moody's Analytics, a fast-growing subsidiary of Moody's Corporation, is rapidly expanding its product offerings and global reach. In addition to distributing the credit ratings and proprietary research of Moody's Investors Service, we offer training and consulting services as well as award-winning software that is tuned to your business challenges and powered by sophisticated models. We reach over 5,000 institutions around the globe, putting the best practices of the entire world of credit, economics and financial risk management at your fingertips, helping you compete in an evolving marketplace.

We encourage you to try RiskAnalyst for yourself. Please contact Moody's Analytics to learn more, arrange a trial or schedule a personal demonstration. E-mail us at clientservices@moody.com or use one of the numbers below:

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