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ANALYTICS

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Decisions

RiskCalc™ ScoreCard Suite

New PD Scorecards for Non-Bank Financial Institutions

21st September 2020

Welcome

Roberta Cristino
Senior Director
Enterprise Risk Solutions

Our team today

Andreas Kalenterides

Moderator
EMEA Single Obligor Sales

Kulvinder Panesar

Speaker
EMEA Risk Advisory

Andreas is part of our EMEA Sales group and he is a specialist of credit risk modelling.

He is covering Single Obligor clients and has a deep understanding of the risk management market and our clients' needs.

Kulvinder has been supervising the development of the NBFI models .

On top of her modeling skills, she has an extensive experience managing risk advisory engagements and she benefits from a deep understanding of our clients' needs and requirements regarding their NBFI Credit Portfolios.

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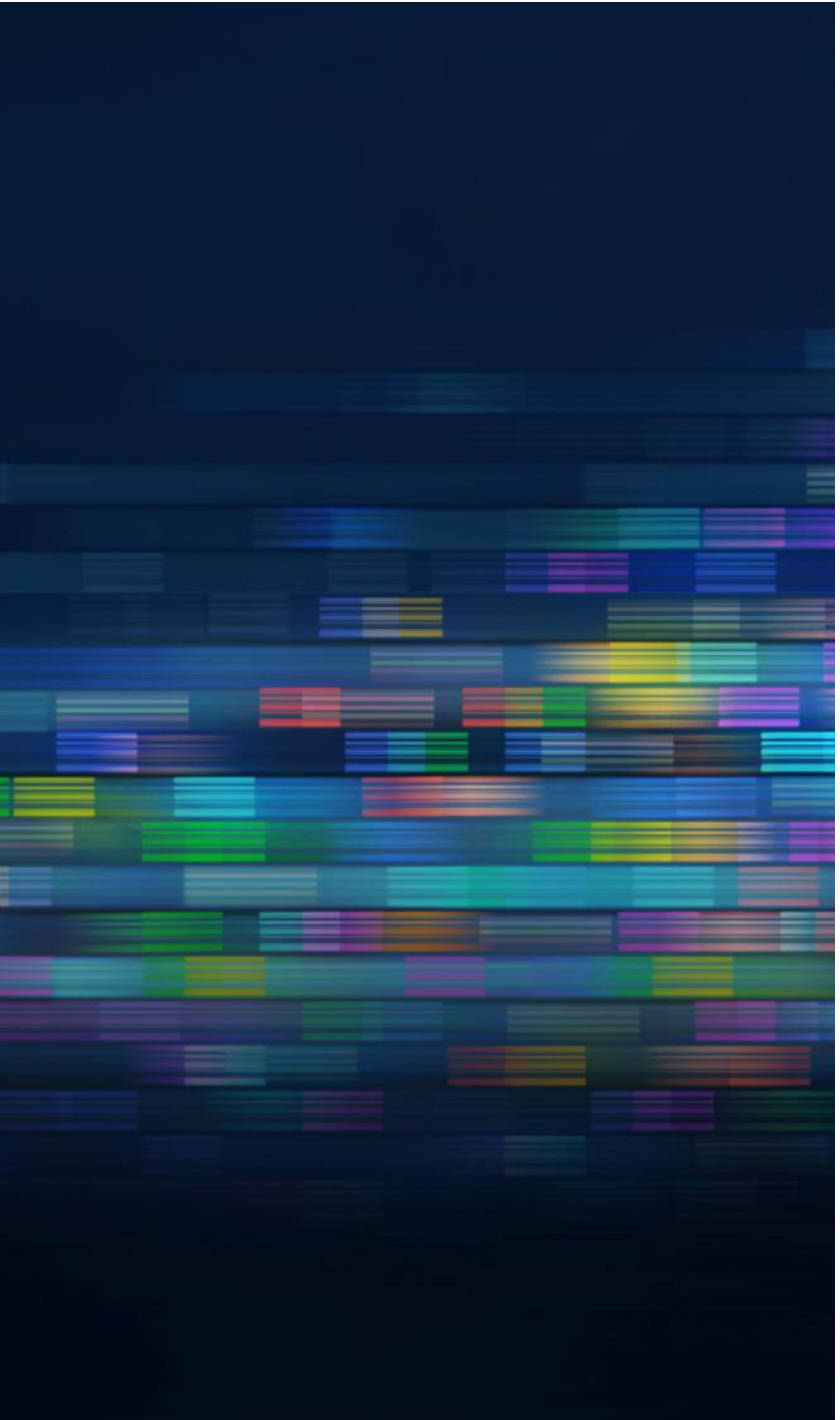
Agenda

1. Our approach for the NBFI asset class
2. Case Study
3. Our new RiskCalc Scorecard Suite solution
4. Q&A



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Our approach to NBFIs

RISKCALC SCORECARD SUITE - NBFI

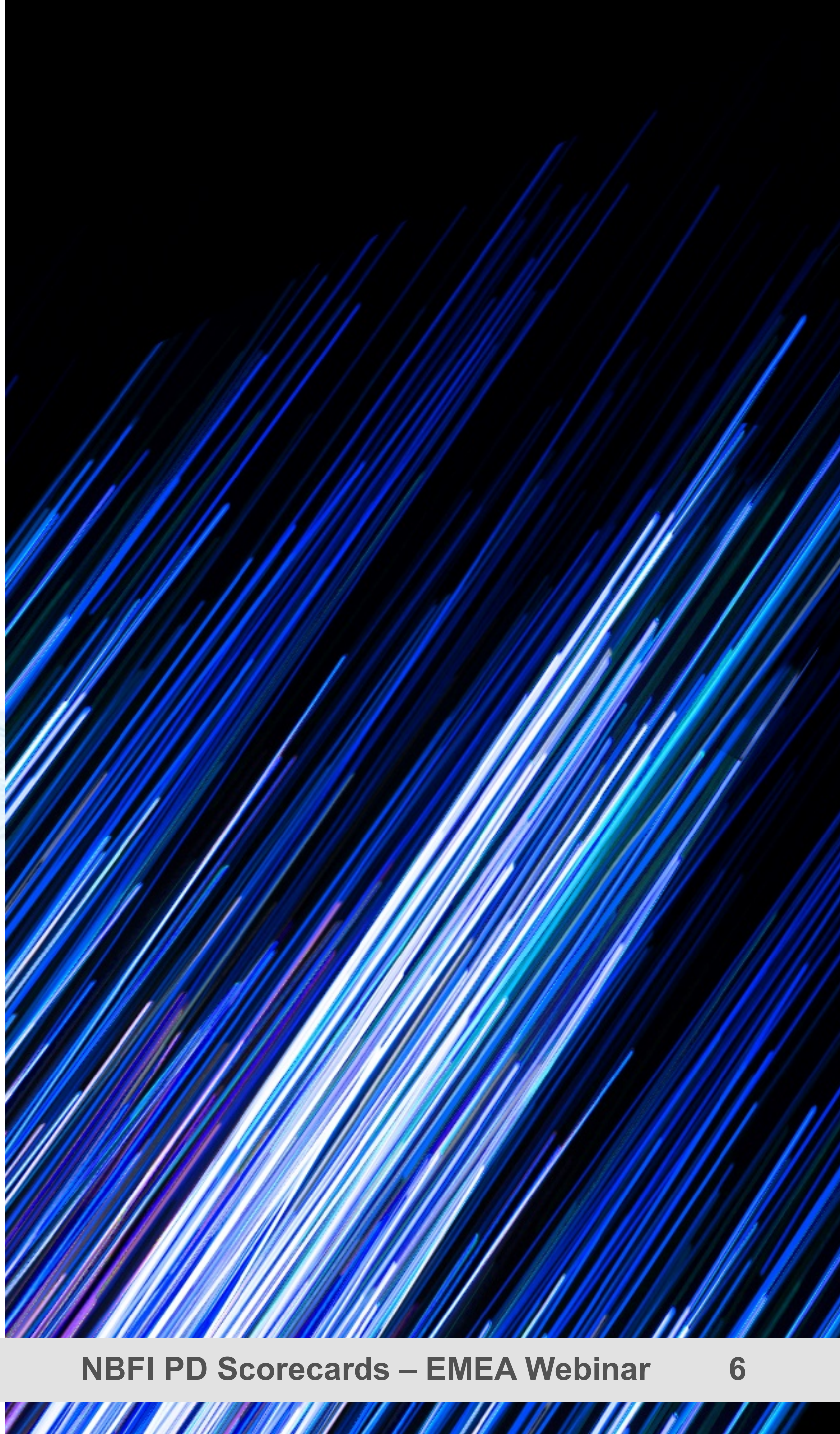
RiskCalc™ Scorecard Suite

Scalable and accurate framework for evaluating the default risk of niche asset classes

Our Vision:

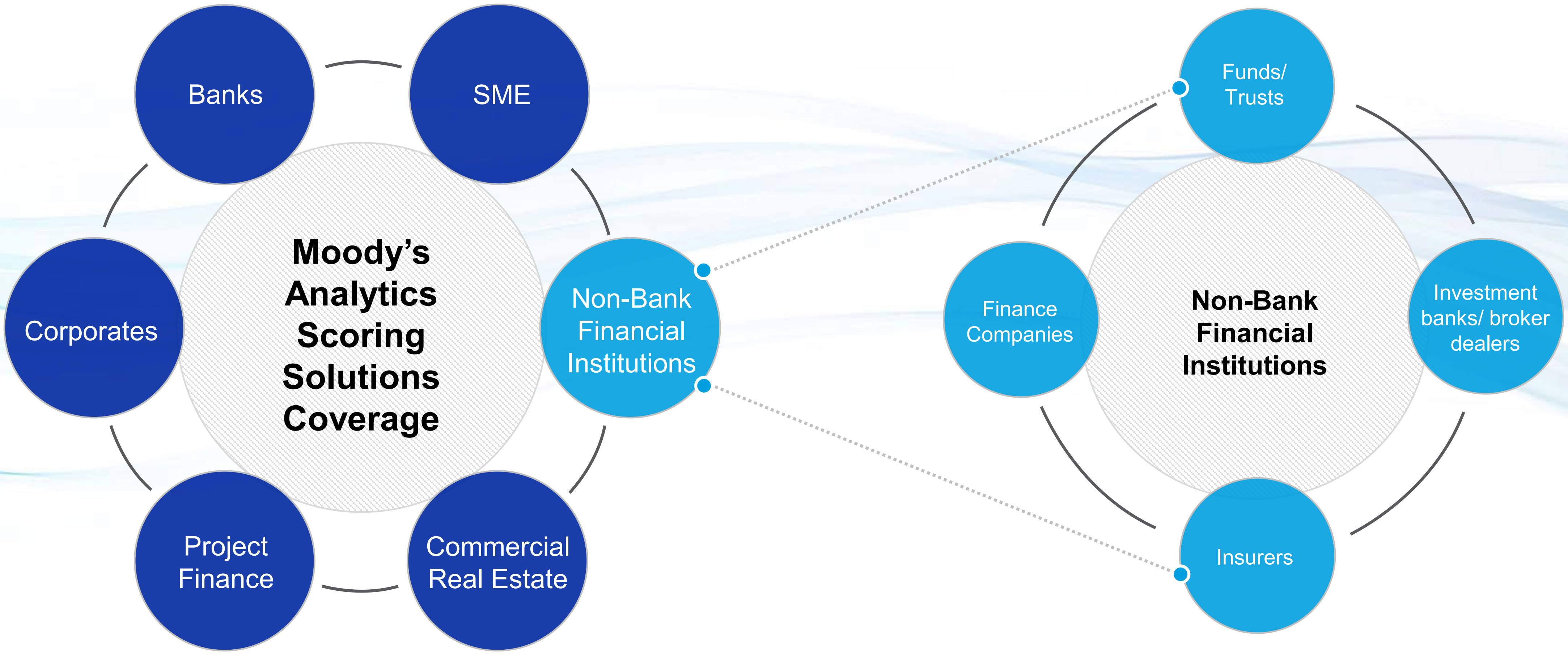
“To provide easy to use, repeatable, intuitive and accurate risk assessment given any available information”

RiskCalc Scorecard Suite is a library of expertly developed scorecards that provides customers the ability to score niche asset class; particularly the asset classes where data availability limits the potential to create an efficient statistical model



Extended Asset Class Coverage

Moody's Analytics has developed a suite of NBFI scorecards to cover this segment



Our Approach for the NBFI Asset Class

NBFI

Off-the-shelf
PD Model Suite

Comprehensive Solution

Leveraging our rating agency experience, our proprietary tools and models, our engagements with clients and our internal team of modeling experts to deliver the NBFI suite

Calibrated Models

Our models are calibrated and tested against data and/or external ratings. Moody's Analytics offer the option of receiving updated scorecards that are validated against a sample of public rating updates

"One-Stop Shop" Bundled Solution

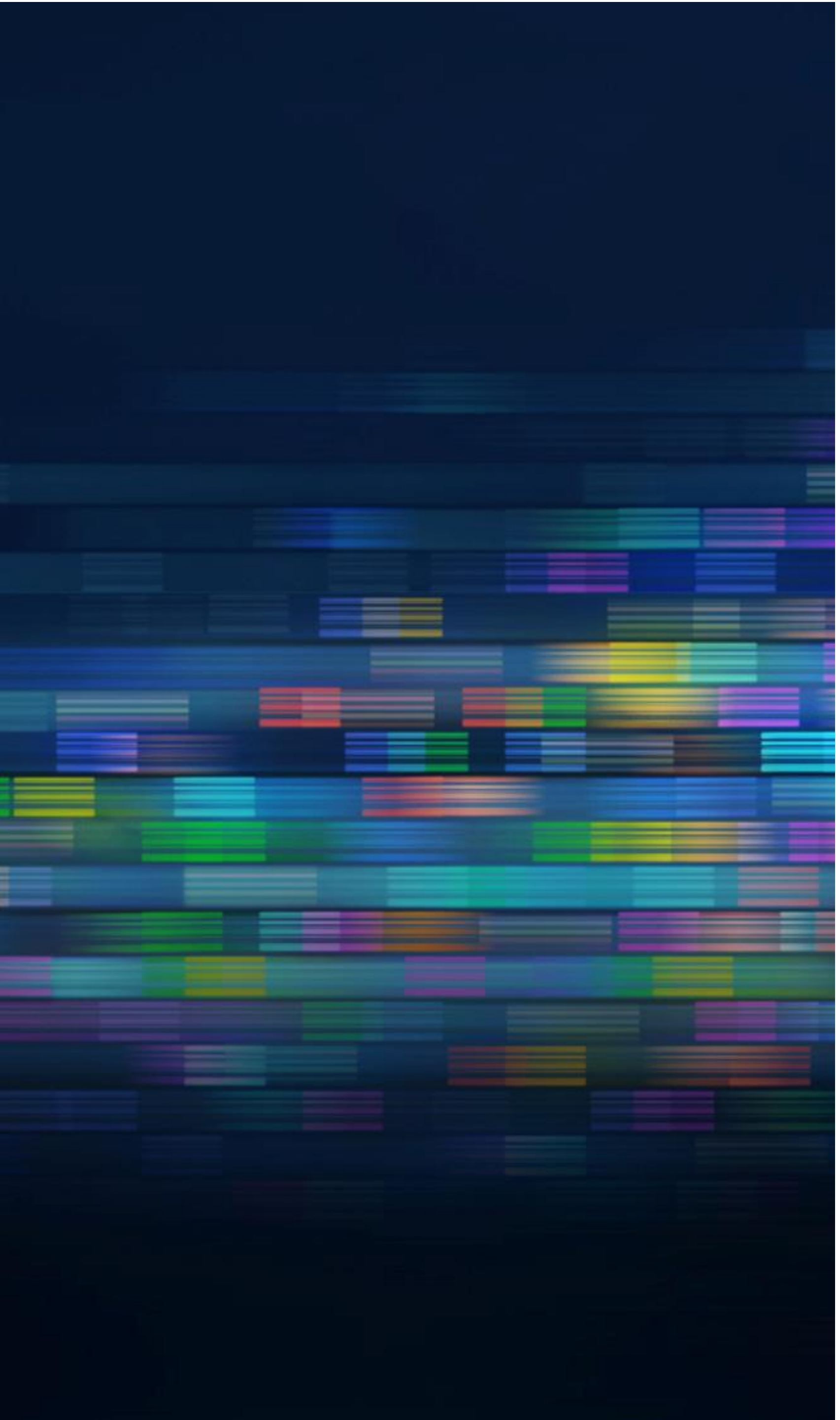
Models can be bundled with BvD financial data (depending on client portfolio coverage and availability), our modeling origination platform, model deployment platform and regular validation

Encompass PIT and Term Structure Elements

The Moody's Analytics solution incorporates PIT and term structure elements to meet the IFRS 9 requirements. Created for each sub-segment model based on CreditEdge and RiskCalc credit cycle adjustment

Build Expertise/Experience/Data Alliance

We offer a gateway solution to expand upon our existing expertise and experience in these sectors, as well as collect data from clients through our Data Alliance



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Case Study

RISKCALC SCORECARD SUITE - NBFI

Client Requirements

Technologically-savvy solution to manage large exposure to NBFIs and meet IFRS 9 requirements

Development of four NBFI Probability of Default Scorecards:

- Funds & Trusts
- Finance Companies
- Broker-Dealers
- Global Insurance Companies

Forward-looking view of risk to manage IFRS 9 requirements

Automated end-to-end solution where scorecard inputs are automatically populated with data, reducing manual entry

Deployment platform for hosting scorecard

Automated monitoring and validation capabilities to maintain scorecards over time

Our Solution

Comprehensive solution that enabled client to focus on results

Integrated Solution

Scorecards integrated with BvD databases to enable automated population of scorecard factors, and deployed in Moody's CAP deployment platform.

Satisfied Regulatory Requirements

PIT term structure elements to meet accounting / impairment calculation requirements.

Moody's Expertise

Designed scorecards based on many years of successful engagement with clients and experience in this area.

Model Validation & Maintenance

Scorecards integrated with Validation APP to allow regular validation and monitoring to keep them relevant.

Client Outcome

Seamless and efficient end-to-end solution that met regulatory requirements

Captured variations in economic cycle by adopting forward-looking views of risk

Improved efficiency across the organization and reduced time-consuming processes

Overcame modelling challenges with end-to-end solution integrated within Bank's existing risk management framework

Extensive training and support provided by our Moody's expert team

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Our new solution: RiskCalc™ Scorecard Suite

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Solution Features

Two modes that serve different client needs.

» Batch Mode: Process multiple entities quickly.

» Single Firm Analysis Mode:

Point-in-Time Term Structure Metrics

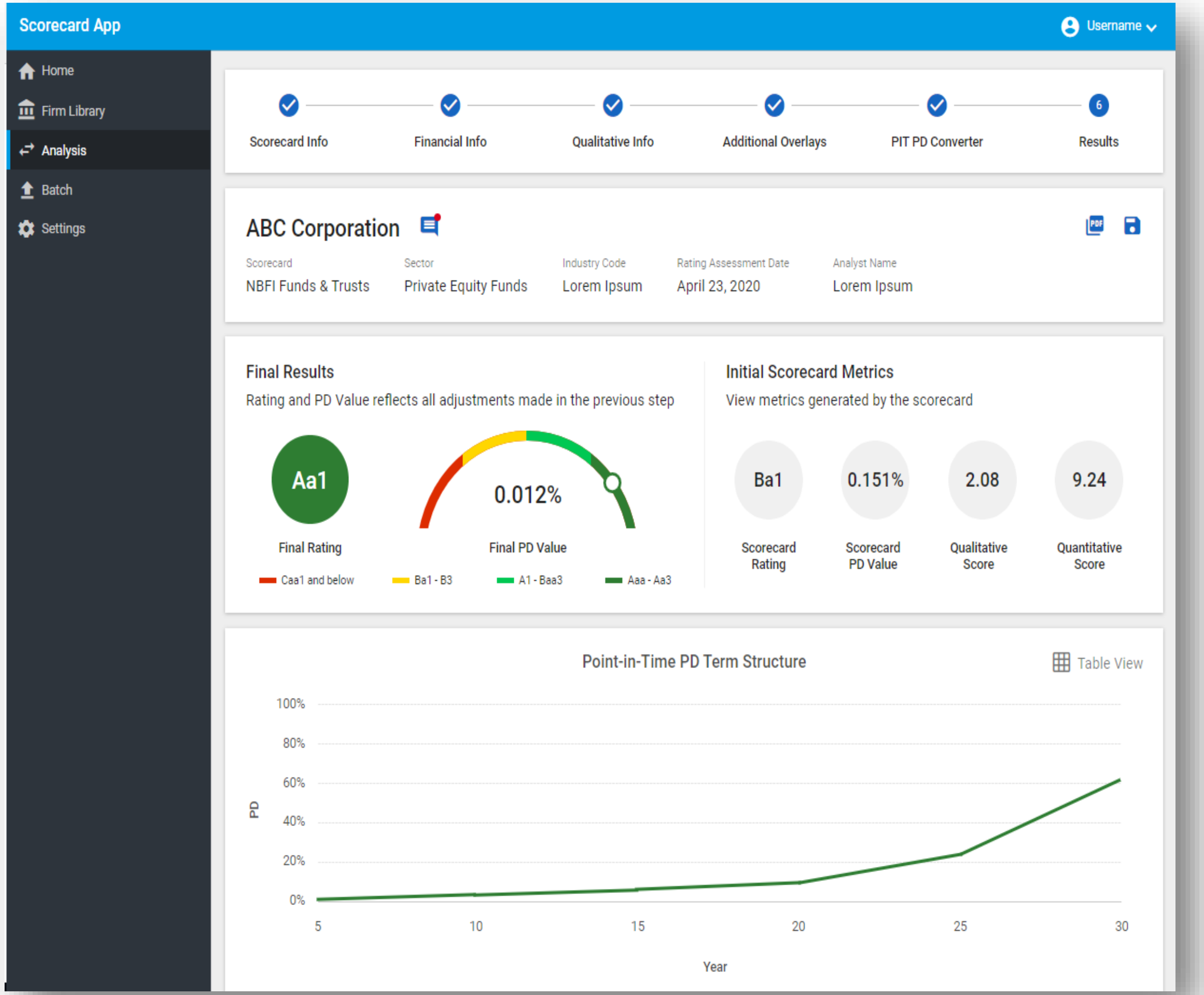
» Incorporates MA Public Firm TTC to PIT PD Converter that utilizes Credit Cycle Adjustments from CreditEdge

Save / Export your analysis

» User-friendly interface that ensure the process is repeatable and meets reporting standards

Ability to customize

» Tailor scorecards to capture risk drivers relevant to client's environment, portfolio & lending practices



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Questions & Answers

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Thank You

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For any more questions or details on our solutions, please contact:

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