

News

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MOODY'S ANALYTICS ENHANCES STRESS TESTING AND CUSTOMIZATION IN MORTGAGE PORTFOLIO ANALYZER (MPA)

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NEW YORK, NY – MAY 2, 2012 – Moody's Analytics, a leader in credit risk measurement and management, today announced it has enhanced Mortgage Portfolio Analyzer (MPA), its powerful risk management and capital allocation tool, to help retail portfolio managers better analyze and manage the credit risk in their mortgage portfolios. The updated tool has an enhanced framework for modeling stressed macroeconomic scenarios, defaults, prepayments and severities.

"As banks respond to increased regulatory and economic uncertainty, they are seeking ways to accurately measure and manage their exposure to risk related to RMBS and whole loan residential mortgages," says Ashish Das, Managing Director of Research at Moody's Analytics. "The updated MPA will help banks to quickly run their mortgage portfolio under stressed scenarios, delivering greater transparency into the risk drivers and enhanced flexibility of use."

Institutions can run their mortgage portfolios under the following scenarios with the updated MPA: the U.S. Federal Reserve's Comprehensive Capital Analysis and Review (CCAR), user-defined and Moody's Analytics' macroeconomic scenarios.

MPA provides enhanced flexibility and customization by allowing users to input their own models for prepayments, defaults, loss given defaults (LGDs), and recovery lags. Institutions can obtain loss distributions that are consistent with their customized baseline forecasts of macroeconomic variables. MPA provides loan-level expected loss, probability of default and LGDs estimates corresponding to a specified tail scenario, such as VaR or credit enhancement levels of a tranche.

Now updated to take advantage of multi-threading technology, MPA can run analyses of very large loan portfolios quickly and efficiently. It now allows users to run analyses of mixed portfolios of mortgage loans including prime, subprime, Alt-A, HELOCS, and NegAm, and automatically classify loans into prime or subprime categories. MPA's

collateral-level output is formatted for use with a number of leading cash flow waterfall products.

For more information, visit www.moodyanalytics.com/MPA.

ABOUT MOODY'S ANALYTICS

Moody's Analytics helps capital markets and risk management professionals worldwide respond to an evolving marketplace with confidence. The company offers unique tools and best practices for measuring and managing risk through expertise and experience in credit analysis, economic research and financial risk management. By providing leading-edge software, advisory services and research, including the proprietary analysis of Moody's Investors Service, Moody's Analytics integrates and customizes its offerings to address specific business challenges. Moody's Analytics is a subsidiary of Moody's Corporation (NYSE: MCO), which reported revenue of \$2.3 billion in 2011, employs approximately 6,400 people worldwide, and has a presence in 28 countries. More information is available at www.moodyanalytics.com.