IFRS 9 Solutions for Structured Finance

Moody's Analytics provides solutions to help firms address the challenges presented by International Finance Reporting Standard (IFRS) 9. Leveraging **performance data**, **waterfall models**, and **asset credit models** combined with **macro-economic scenarios** our solution addresses IFRS 9 classification and the forward-looking impairment calculations.

Moody's Analytics Structured Finance Portal – SPPI Test

To classify structured finance securities under the IFRS 9 guidelines, institutions must first determine if the cash flows generated from the securities are 'Solely for Payments of Principal and Interest' (SPPI).

Run an SPPI Test to Instantly Generate Pass/Fail Result

Moody's Analytics Structured Finance Portal allows users to run the SPPI test for any structured finance ISIN before purchase to **instantly obtain a pass or fail result** for more than **80,000** global securities from Moody's Analytics deal library covering ABS, RMBS, CLO and CMBS, with full transparency on supporting data and methodology.

Solely for payments of Principal and Interest (SPPI) Metrics

(7)

Get SPPI Metrics

As-Of Date 2018-08-31

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ISIN	SPPI Test Result	Number of Failures	Asset Class	Tranche vs Pool Credit Risk Test	Tranche vs Pool Credit Risk Explanation	BOND Interest on Arrears Test	BOND Interest on Arrears Explanation	BOND Remarketing Test	BOND Remarketing Explanation	BOND Equity Test	BOND Equity Explanation	BOND Index Test	BOND Index Test Explanation	BOND Leverage Test	BOND Leverage Test Explanation
-	FAIL	1	RMBS (MBS)	PASS	0%, 1.23706%	FAIL	No IntArrears Payments	PASS	N/A	PASS	JUNIOR	PASS	LIBOR 3MO	PASS	1
-	FAIL	1	RMBS (MBS)	PASS	0%, 0.494952%	FAIL	No IntArrears Payments	PASS	N/A	PASS	JUNIOR	PASS	LIBOR 3MO	PASS	1
-	FAIL	1	RMBS (MBS)	PASS	0%, 1.15222%	FAIL	No IntArrears Payments	PASS	N/A	PASS	MEZZANINE	PASS	LIBOR 3MO	PASS	1
-	PASS	0	CDO	PASS	0%, 2.09694%	PASS	IntArrears Payments	PASS	N/A	PASS	SENIOR	PASS	LIBOR 3MO	PASS	1
-	PASS	0	RMBS (MBS)	PASS	0%, 0.0371574%	PASS	IntArrears Payments	PASS	N/A	PASS	MEZZANINE	PASS	LIBOR 3MO, LIBOR 3MO	PASS	1, 1

Moody's Analytics Structured Finance Portal includes all results for each of the identified criteria for the **qualitative tests** (characteristics of the tranche, the waterfall, and the underlying collateral) and results for the **quantitative test** including loss percentage comparison for liabilities and underlying collateral.

Moody's Analytics provides clients with the methodology used, including IFRS 9 identified criteria, and interpretations. Results can be integrated through an Application Programming Interface (API) to an existing platform.

Moody's Analytics Structured Advisory for Classification – SPPI Test

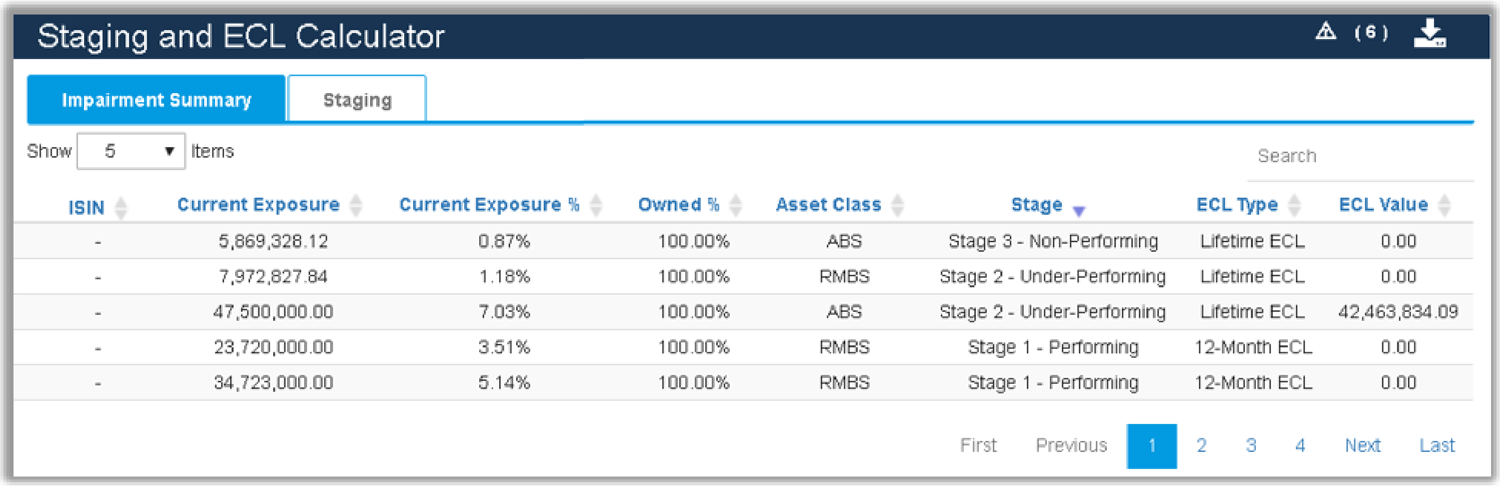
Classification of structured deals can be challenging due to their complexity including the use of triggers, reserve accounts, and liquidity facilities. Moody's Analytics Advisory experts offer **individualized client support**, and can help provide an in-depth analysis of a client's portfolio, including **benchmark tests**, for their SPPI test results for any structured finance ISIN in their portfolio. Our expert analysis includes a report of results and a **detailed explanation** on both the liabilities and underlying assets.

Our Moody's Analytics regulatory experts can model almost every structured deal, with the option of **primary deal analysis** upon request.

Impairment Modeling: Staging and Expected Credit Loss Estimations

Moody's Analytics provides its clients with a granular, **forward-looking methodology for staging**, using **waterfall models** and **asset credit models** to estimate the credit risk of the security.

Moody's Analytics develops macroeconomic scenarios customized to clients' unique macroeconomic views and seamlessly integrates its credit models, simulation engine, and waterfalls to estimate **12-month or lifetime expected credit loss** (ECL), based on each security's stage. The user also has the ability to project future staging of the security according to their views on macroeconomic scenarios.


Staging and ECL Calculator

Impairment Summary | Staging

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ISIN	Current Exposure	Current Exposure %	Owned %	Asset Class	Stage	ECL Type	ECL Value
-	5,869,328.12	0.87%	100.00%	ABS	Stage 3 - Non-Performing	Lifetime ECL	0.00
-	7,972,827.84	1.18%	100.00%	RMBS	Stage 2 - Under-Performing	Lifetime ECL	0.00
-	47,500,000.00	7.03%	100.00%	ABS	Stage 2 - Under-Performing	Lifetime ECL	42,463,834.09
-	23,720,000.00	3.51%	100.00%	RMBS	Stage 1 - Performing	12-Month ECL	0.00
-	34,723,000.00	5.14%	100.00%	RMBS	Stage 1 - Performing	12-Month ECL	0.00

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Find out more information about Moody's Analytics award winning structured finance products and solutions.

Evaluated Pricing Solutions: Calculate end-of-day prices for structured finance securities based on various pricing recipes across global structured asset classes

Investor and Issuer Solutions: Our end-to-end solution includes 500+ enhanced metrics, a sophisticated cash flow engine, global coverage, and advanced comparative analytics

Portfolio Analytics & ALM Solutions: Access structured cash flows models and data via APIs to calculate and report assets and liabilities under various economic scenarios

Risk & Regulatory Solutions: Leverage our proprietary interest rate, economic, credit and cash flow models to calculate advanced market risk measures and to assist with your regulatory needs, such as for CCAR, DFAST, IFRS9, and CECL

CONTACT DETAILS

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