Internal Risk Rating Systems for Structured Securities

Client Profile: Hedge/Pension Fund with over $50 billion Assets Under Management

Q: What Moody's Analytics products can clients use?

Clients can license many products from Moody's Analytics including RiskFrontier™, RiskCalc™, CMM™ (Commercial Mortgage Metrics), scorecards, etc. to facilitate internal risk ratings systems for structured securities. One particular client licensed our Application Programming Interface (API) for US RMBS, CMBS, ABS and CLO, as well as the underlying credit model products (Mortgage Portfolio Analyzer, Portfolio Analyzer – ABS, and CMM) that provide collateral projections for their deals. In order to run their portfolio, they use a custom web application that we built to schedule their portfolio runs and view results.

Q: What challenges was the client facing prior to using Moody's Analytics products?

The client had a regulatory mandate from the Fed to build an internal risk rating process for their large structured securities portfolio. This typically involves combining loan data with macroeconomic forecasts, credit models and deal cashflows to produce expected losses and implied ratings for each security. It would have been very difficult and expensive for the client to build all the models and a centralized system to run everything internally.

Q: How does the client use Moody's Analytics products within their business?

The client uses the custom web application we built to assess the risk of their structured portfolio. They run their entire portfolio on a monthly basis and also perform ad-hoc runs/analysis. The output from our models is then consumed by more of the client's downstream systems/databases to provide holistic reporting to their risk management team.

Q: What value has Moody's Analytics provided to the client?

The client is able to run their entire structured portfolio through a robust analytic process to assess the risk on each of their securities. This allows the client to satisfy specific regulatory requirements from the Fed and have a better understanding of the risk of their structured portfolio. In order to accomplish this using internal resources, they would have had to incur considerably more cost and maintain a large team of analysts, modelers and developers.

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 US

www.moodysanalytics.com/microsites/structured-finance-solutions

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