

Mortgage Risk Model

PORTFOLIO INTELLIGENCE AND SCENARIO-BASED FORECASTING SOFTWARE

Strategic Analytics' Mortgage Risk Model Provides
Unparalleled Accuracy in Mortgage and Home Equity
Portfolio Forecasting



PRODUCT INFORMATION

Strategic Analytics' Mortgage Risk Model (MRM) provides unparalleled accuracy in Mortgage and Home Equity portfolio forecasting. MRM technology captures product lifecycles, macroeconomic impacts and adverse selection – that other software models relying on scores or roll-rates alone – cannot accomplish.

Combining one of the most comprehensive national repositories of loan-level mortgage data with Strategic Analytics' leading-edge technology provides retail lending managers with the same innovative and proven forecasting that made Strategic Analytics the only commercially available forecasting solution to predict the 2007 Mortgage Crisis.

Mortgage Risk Model

Portfolio Intelligence and Scenario-based Forecasting Software

REVOLUTIONIZING YOUR PORTFOLIO VISIBILITY THROUGH:

Advanced Software Applications:

Successfully proven through a decade of financial crises

Customized Mortgage Configurations:

Covering account and balance delinquency, default, CDR and CPR

Access to Millions of Product Segments:

For Mortgage and Home Equity

Unique quarterly updates of Lifecycle, Environment, and Originations Quality by Segment:

Any industry reporting service can give you performance – MRM can tell you WHY

Quarterly Economic Scenario Updates:

Integrated into the Forecasts

MRM is backed by Strategic Analytics' experienced team of analysts and consultants modeling experience through financial crises on four continents.

Advanced Software Applications

Strategic Analytics' advanced end-user modeling engine automatically separates and quantifies the core drivers of portfolio performance: vintage maturation effects, outside impacts from macroeconomics and competition, seasonality and originations quality.

Portfolio managers, risk managers, traders – anyone responsible for mortgage performance – can utilize scenarios for future origination, trading or capitalization plans including segment mix, target origination levels and account quality. Completed scenarios are then quickly run to simulate future key portfolio behavior that can project significantly further into the future than roll rates possible can.

Since the process is robust and reproducible, scenarios may be used as a tool across business units and between groups such as Risk and Finance in order to reinforce enterprise goals in portfolio decisions.

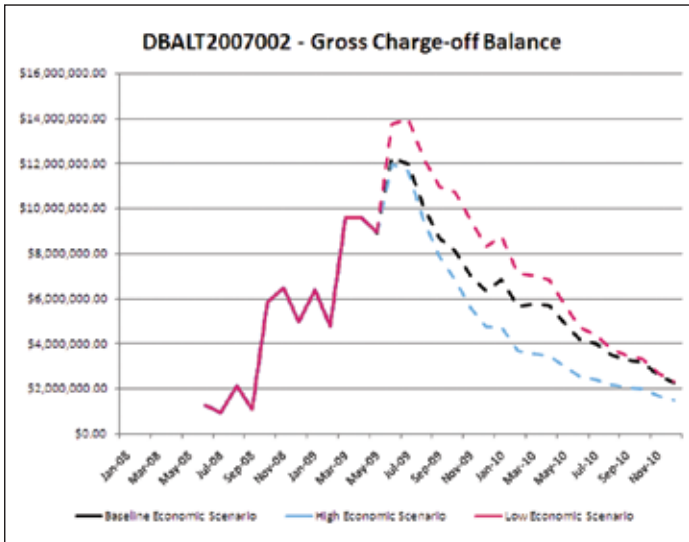


Customized Mortgage Configurations

These customized modeling capabilities drive significant functionality to address your most pressing information needs including: Delinquent Accounts and Balances, Loss Severity, Prepayment and Default rates. Data-cube infrastructure, pivot-type tables and report design tools allow end users to configure their own data view for history and to forecast across all portfolio variables.

Product analysts can utilize pre-loaded curve libraries of account, balance delinquency and charge-off with economic scenarios designed to provide cutting-edge analysis and real-time evaluation. One-click industry overlays instantly answer the question, “is it our company or is it the industry?”

Illuminating the unique performance measures that drive Risk and Return allow you to identify better pricing from refined maturation curves and economic scenarios.



“The biggest change in retail credit management in the last seven years has been the introduction of Strategic Analytics.”

– CapitalOne Member of RMA, RMA Retail Risk Conference, July 2006

Segmentation Dimensions							
Loan Product	Score	LTV	Geography	Occupancy	Asset Type	Jumbo	Doc Type
15yr/30yr/... Fixed	<660	<80	Top 30 CSA's	Primary	Single Family	Jumbo	Full
2yr/3yr/... ARM	660 to 720	80 to 90	50 States	Other	Condo	Non-Jumbo	Low/No
Hybrid ARM	>720	90 to 100					
IO		>100					
⋮							

Access to Millions of Product Segments

Because MRM is fueled by one of the largest repositories of loan-level mortgage data within the global financial industry, containing more than more than 92% of the RMBS market, your forecast will generate the highest degree of industry accuracy.

MRM's Unique Segmentation Dimensions: The MRM platform is updated quarterly to reflect portfolio and industry behavior and economic scenarios. Clients may incorporate management scenarios into the model.

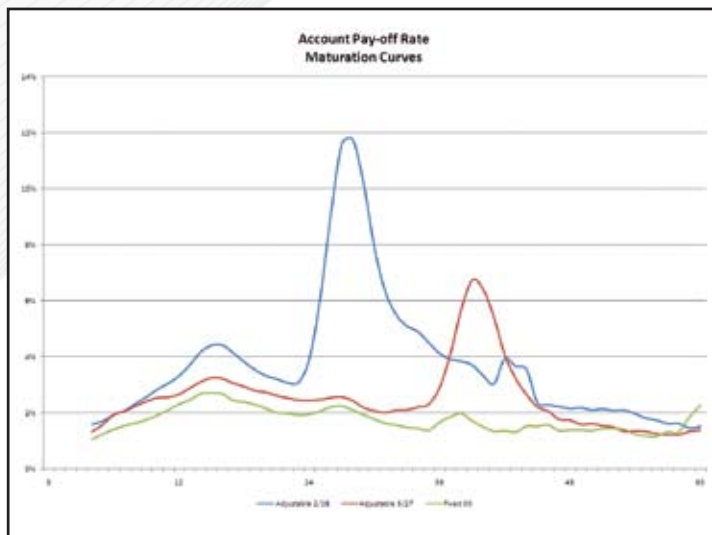
MRM not only provides an exceptional solution for managers to better forecast the real-world performance of their portfolios, it also generates a fully described and transparent approach to meet regulatory and compliance mandates.

Fast Turnaround: Performance data will be available within several days following trustee information updates.

MRM Software was successfully applied to international financial crises in 1997, 2001, 2003, 2007 and 2008.

Strategic Analytics Inc.

P R O V E N P E R F O R M A N C E



Strategic Analytics has successfully applied their advanced modeling technology for more than ten years in 25 countries and through multiple national and international financial crises.

Leading institutions worldwide use Strategic Analytics' software and services to analyze more than \$1 trillion across all retail lending products.

Strategic Analytics' software and services are used by eight of the top ten banks with the largest U.S. consumer loan portfolios as ranked by American Banker.

Strategic Analytics' mortgage risk model was the only commercially available forecasting solution to predict the US Mortgage Crisis. In 2005, analysis of industry-wide U.S. mortgage data utilizing Strategic Analytics' LookAhead™ software showed that the quality of new originations was deteriorating even though the economy was relatively unchanged and credit scores had not moved. By 2006 and 2007, new originations were of dramatically worse quality and Strategic Analytics' analysis indicated that the mortgage market was heading for an enormous collapse. While virtually all other commercial modeling platforms showed no visible stress until 2007 when housing price depreciation was evident, Strategic Analytics' approach provided accurate predictions of loan losses two years earlier.

DALE CLINE
Director, Mortgage Risk Analytics
dcline@strategicanalytics.com
O: +1 505.995.4756
C: +1 505.603.0997
F: +1 505.995.4721

ERIC CHRISTENSEN
SVP, Sales and Marketing
echristensen@strategicanalytics.com
O: +1 505.995.4726
C: +1 505.603.1990
F: +1 505.995.4721

STRATEGIC ANALYTICS INC.
2935 Rodeo Park Drive East
Santa Fe, NM 87505
www.strategicanalytics.com
O: +1 505.995.4720
F: +1 505.995.4721