

## Property Resiliency Assessment Report with RMS Analytical Services

### KEY FEATURES AND BENEFITS

#### Financial Implications

Assess financial implications of identified risks and the cost-effectiveness of proposed adaptation strategies

#### Enhanced Property Value

Resilient Properties that have implemented recommended adaptation measures may see an increase in their market value, as they are perceived as lower-risk investments

#### Risk Management

Understanding the specific risks a property faces allows for the implementation of targeted mitigation strategies, reducing potential damage and associated costs in the event of a disaster

#### Insurance Advantages

Properties that adhere to recommended resilience measures may benefit from potentially lower insurance premiums due to reduced risk profiles

**The Property Resiliency Assessment Report evaluates a property's ability to withstand and recover from risks like natural disasters, climate change, and vulnerabilities, recommending improvements for resilience**

#### Physical And Operating Characteristic

Moody's RMS conducts a detailed review of primary and secondary attributes for properties, cataloging physical details obtained through research, catastrophe models, and the comprehensive Moody's RMS® Exposure Source Database (ESDB)

#### Climate Change Risk Analysis

Moody's RMS evaluates a facility's vulnerability to climate change-induced hazards, providing risk scores, loss costs, and standard deviations for seven categories: Tropical Cyclone, Inland Flood, Wildfire, Coastal Flood, Heat Stress, Water Stress, and Earthquake. It quantifies climate risks under two scenarios, RCP 4.5 and RCP 8.5, for the years 2030, 2040, 2050, 2075, and 2100

#### Sensitivity Analysis Of Secondary Modifiers

Moody's RMS provide analysis of existing and alternative secondary modifiers of subject property, which includes comparison of existing & recommended secondary modifiers based on average annual damage the facility could expect

#### Cost-benefit Analysis

Detailed analysis of a single property attribute which includes existing condition of the attribute, recommendation and cost benefit analysis

#### Climate Change Scenario Analysis

Climate Change scenario analysis using probabilistic modelling provides change in AAL's, change in effective downtime with respect to different time zones and RCP scenarios. It also shows future view of risk measured by the Return Period

#### Hazard Details

Hazard assessments for property, detailing risks from various natural events including windstorms, floods, wildfires, and earthquakes. It specifies that these evaluations offer present and future climate risk scores, accompanied by detailed hazard descriptions

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### RMS Property Risk Assessment Reports

#### LOSS DETAILS – WINDSTORM (with Surge)

The average annual expected damage to the properties from wind events is \$121,328

Statistics	Value
Average Expected Damage	121,328
Standard Deviation	2,035,445
Coefficient of Variation	17

Critical Probability	Return Period	Expected Damage (\$)	Expected Damage (%)	MM	Flood Depth
0.1%	1000	24,672,917	10%	0	0
0.2%	500	14,214,588	6%	0	0
0.4%	250	6,863,426	3%	0	0
1%	100	1,750,150	1%	0	0

#### LOSS DETAILS – WINDSTORM (Wind only)

The average annual expected damage to the properties from wind events is \$121,317

Statistics	Value
Average Expected Damage	121,317
Standard Deviation	2,034,985
Coefficient of Variation	17

Critical Probability	Return Period	Expected Damage (\$)	Expected Damage (%)	MM	Flood Depth
0.1%	1000	24,671,723	10%	0	0
0.2%	500	14,214,083	6%	0	0
0.4%	250	6,863,290	3%	0	0
1%	100	1,750,116	1%	0	0

Helps identify physical damage risk for specific properties.

- Hurricane
- Wind Risk
- Wildfire Risk
- Earthquake Risk
- Flood Risk

Can be customized to have data presented the way your bank wants.

### Borrower Use Case

- Understand physical damage risk to right-size insurance coverage and property performance impact.
- Impact on overall investment decision to acquire or keep the property.
- Insights valuable in lease negotiations with tenants.

### Bank Use Case

- Ability to aggregate physical damage data into portfolio-level physical risk exposure.
- New level of analysis to concentration risk.
- Ensure that real collateral is properly covered, minimizing likelihood of insurance-driven default or payment disruption.
- Differentiating Service to Borrowers.
- Fee Income

### Deal Economics

- Reports cost \$2,500. Is paid for at closing by borrower like an appraisal or survey.
- Bank subscribes to certain volume of reports, subscription discounts increase with wider adoption. Bank earns spread between retail price and bank price as fee income.
- 5,000 reports annually generates ~\$4,000,000 in fee income.

### RMS Best Practices

- All real estate secured loans over \$5MM valuation.
- All real estate secured loans over \$1MM valuation in a High Risk Geographies.
- Jumbo Mortgages

### Standard Onboarding

- RMS models evaluate bank footprint to determine relevant High Risk Geographies.
- 12-month tranche of loans are evaluated to come up with estimate for annual anticipated usage.
- Users are onboarded to RMS portal where reports are requested, received, and Q&As can occur with RMS analysts.

**MOODY'S**