



**ProMS<sup>®</sup>**

**Rapid IFRS9/CECL Compliance for  
CRE Lenders**

**April 2018**

Radley Associates

# IFRS9/CECL Compliance for Commercial Property Loans

## Digitising lending and underwriting

A cost effective and proven IFRS9/CECL solution for commercial real estate (CRE) has eluded small and mid-size lenders. ProMS is the only out-of-the-box, Cloud delivered, answer for IFRS9/CECL compliance for commercial property loans. ProMS unique Rapid Deployment Technology enables CRE lenders to be IFRS9/CECL compliant within a week.

Directly import external property appraisal files or your own Excel loan proposal templates to ProMS' cloud-based analytical engine. Within seconds your lenders, underwriters and risk managers will have access to loan-by-loan, year-by-year and life-long, IFRS9/CECL compliant risk metrics for PD, LGD and EL.

ProMS digitises the loan life-cycle from enquiry to annual loan review and portfolio management with a single database and workflow. The platform produces standardised and custom IFRS9/CECL regulatory reporting.

**ProMS (c) 2018**

**Portfolio description**  
Created date  
Created by  
Scenario set  
Global assumptions set  
Sector assumptions set  
Market assumption set

Obligor Ref	Building Ref	Address	Post code	Sector	Principle use	Id	Tenure	Leasehold	Expiry Year	Current valuation	Most recent valuation date	Value
1	9711 Bldg	10000 Regression test	W1A 1AA	1	Standard Shops	2	Freehold	1,000,000	01/01/2008	1,000,000	01/01/2008	1,000,000
2	9712 FR - Ltd	10000 Regression test	W1A 1AA	1	Standard Shops	2	Freehold	1,000,000	01/01/2008	1,000,000	01/01/2008	1,000,000
3	9713 FR - Retail	10000 Regression test	W1A 1AA	1	Standard Shops	2	Freehold	1,000,000	01/01/2008	1,000,000	01/01/2008	1,000,000
4	9714 FR - gen	10000 Regression test	W1A 1AA	1	Standard Shops	2	Freehold	1,000,000	01/01/2008	1,000,000	01/01/2008	1,000,000
5	9715 Bldg	10000 Regression test	W1A 1AA	1	Standard Shops	2	Freehold	500,000	01/01/2008	500,000	01/01/2008	500,000
6	9716 2 Bldg	10000 Regression test	W1A 1AA	1	Standard Shops	2	Freehold	500,000	01/01/2008	500,000	01/01/2008	500,000
7	9716 4Bldg	10000 Regression test	W1A 1AA	1	Standard Shops	2	Freehold	250,000	01/01/2008	250,000	01/01/2008	250,000
8	9716 4Bldg	10000 Regression test	W1A 1AA	1	Standard Shops	2	Freehold	250,000	01/01/2008	250,000	01/01/2008	250,000
9	9716 4Bldg	10000 Regression test	W1A 1AA	1	Standard Shops	2	Freehold	250,000	01/01/2008	250,000	01/01/2008	250,000
10	9716 4Bldg	10000 Regression test	W1A 1AA	1	Standard Shops	2	Freehold	250,000	01/01/2008	250,000	01/01/2008	250,000
11	9716 4Bldg	10000 Regression test	W1A 1AA	1	Standard Shops	2	Freehold	250,000	01/01/2008	250,000	01/01/2008	250,000
12	9717 Post code MD	10000 Regression test	M0 1AA	1	Standard Shops	2	Freehold	1,000,000	01/01/2008	1,000,000	01/01/2008	1,000,000
13	9718 Post code BD	10000 Regression test	BD 1AA	1	Standard Shops	2	Freehold	1,000,000	01/01/2008	1,000,000	01/01/2008	1,000,000
14	9719 Shop use	10000 Regression test	W1A 1AA	11	Office Parks	2	Freehold	1,000,000	01/01/2008	1,000,000	01/01/2008	1,000,000
15	9710 Industrial	10000 Regression test	W1A 1AA	12	Standard Industrial	2	Freehold	1,000,000	01/01/2008	1,000,000	01/01/2008	1,000,000
16	9711 One A&T	10000 Regression test	W1A 1AA	18	Residential A&T	2	Freehold	1,000,000	01/01/2008	1,000,000	01/01/2008	1,000,000
17	9712 One corp	10000 Regression test	W1A 1AA	18	Residential	2	Freehold	1,000,000	01/01/2008	1,000,000	01/01/2008	1,000,000
18	9713 Leasehold	10000 Regression test	W1A 1AA	1	Standard Shops	1	Leasehold	1,000,000	01/01/2008	1,000,000	01/01/2008	1,000,000
19	9714 All cost	10000 Regression test	W1A 1AA	1	Standard Shops	2	Freehold	1,000,000	01/01/2008	1,000,000	01/01/2008	1,000,000

**CECL Report**

Loan Ref	Relationship Manager	EL			
		EL Lifetime	EL 2018	EL 2019	EL 2020
1301380C1	Charles	3.22%	0.03%	0.23%	1.03%
1303460C1	Charles	1.04%	0.04%	0.02%	0.05%
1303650C1	Charles	1.80%	0.00%	0.97%	0.73%

IFRS9/CECL compliance can be turned into a business benefit with ProMS' advanced but easy-to-use underwriting, rating and risk management tools. Bottom-line benefits include significant reductions in operational costs, re-work and errors thus freeing up staff for customer facing activities.

ProMS is cloud-delivered to your team from a certified, securely encrypted service. Lenders have the choice of opting for ProMS Prime, a Rapid Deployment solution, that is pre-calibrated and ready-to-go, or for organisations with in-house capabilities, ProMS can be calibrated and customised with internal and other sources of data.

For the Rapid Deployment ProMS Prime Service, users need only attend a one day training session and then securely log-on, via powerful encryption, to their own fully supported lending platform – in the cloud. No further IT or customisation is required.



Appraisal, construction project, property and loan data can be entered and analysed in ProMS with:

- An easy to use GUI from PC, iPad, iPhone/Android device
- Argus Enterprise files
- Excel templates
- APIs

All data imports are supported with rigorous data validation algorithms. Once the full suite of credit and market risk analysis is run (a few seconds) the output is available with standard risk analytics for

underwriting, pricing and regulatory reporting. In addition all analysis can be downloaded to Excel or a range of third party reporting tools.

Dashboard | Obligor | Property | Debt | Subjectives | Collateral | Indices | Analysis | Obligor ref: 10551

Owner: Charles ([change owner](#))  
 Status: Live

You currently have this obligor opened for editing | Change status to: Select...

Status	Last Saved	12 Month PD	12 Month EL	Description		
Draft	21-Jul-13 12.37PM	1.13%	0.01%	If unit 2 extends	Editing	>> ✓
Draft	21-Jul-13 12.37PM	7.54%	0.08%	If Unit 2 tenant defaults	View/Edit	>> ✓

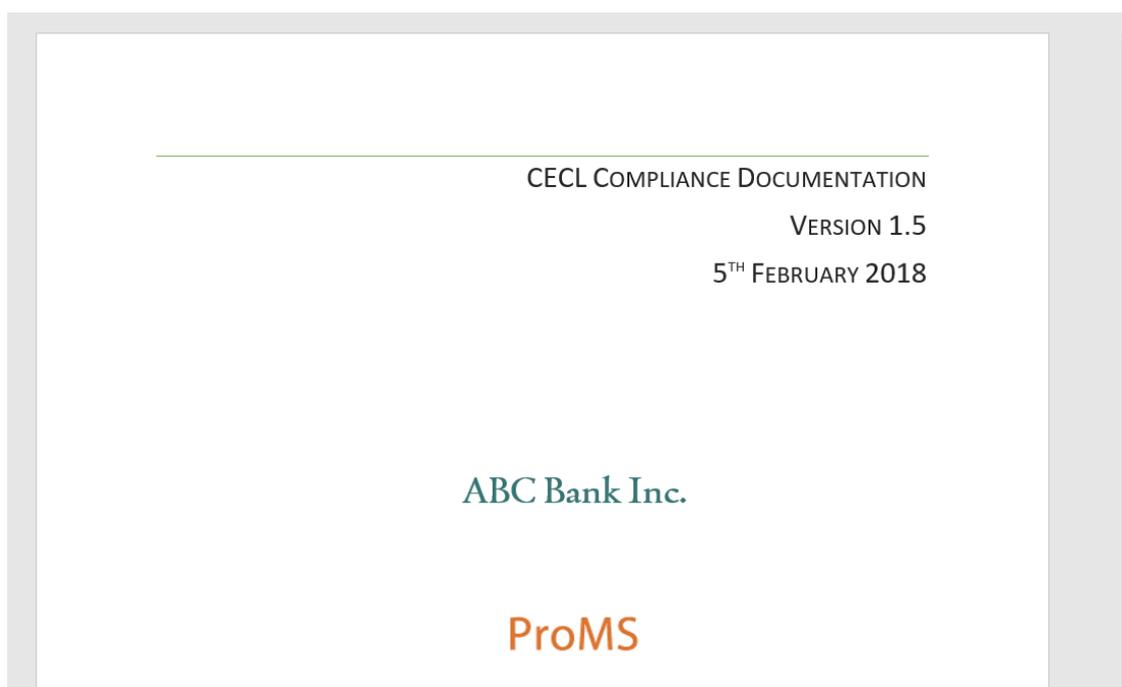
Status	Last Saved	12 Month PD	12 Month EL	Description		
Live	21-Jul-13 12.37PM	3.5%	0.04%	Proposal	View	>> ✓

Status	Last Saved	12 Month PD	12 Month EL	Description		
Live	21-Jul-13 12.27PM	3.5%	0.04%	Proposal	View	>> ☐
Credit Approved	21-Jul-13 12.24PM	3.5%	0.04%	Proposal	View	>> ☐

Release obligor (allow others to edit) | Request Absolute Control | Adjust renewals | Compare selected records

ProMS provides IFRS9/CECL compliance for all commercial backed property lending:

- projected cash-flows over the life of each loan
- estimates lifetime expected loss for each loan
- takes into account both historical experience as well as current market conditions (updated each quarter as part of the subscription)
- provides and documents reasonable and supportable assumptions either pre-loaded and based on market-wide best data and/or amended to reflect internal data
- extensive documentation for validation and compliance

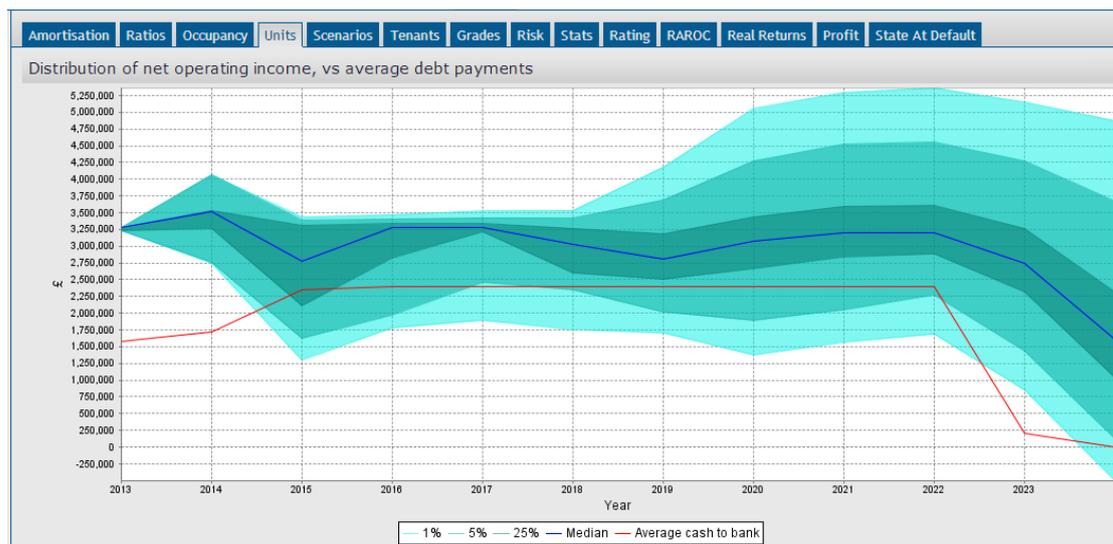


ProMS Prime service is ready-to-go for the universe of Commercial property loans:

- Stabilised and semi-stabilised
- Multifamily, office, retail, industrial, hotel and 'other'.
- All US geographies

More custom implementations of ProMS can also support:

- International lending (multi-currency)
- Full recourse, commercial mortgages and REIT lending
- Construction lending
- Customised sectors and markets
- Own data for calibration
- Securitisation structuring and analysis including CMBS
- Systems/API integration with Closer, Trepp, Yardi etc
- 'Big Data' sources and market data including US Fed, IMF, OECD, CBRE, REIS, CoStar, MSCI/IPD and CompStak



Radley Associates is an independent firm dedicated to the development of advanced simulation based analytics for the Commercial Real Estate industry. Our clients include leading banks, insurers, fund managers and REITS. We have deep expertise in property, simulation modelling, econometric analysis and risk.

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