AD&Co SERVICES

THE LEADING PROVIDER OF RISK ANALYTICS AND CONSULTING FOR THE MORTGAGE AND ASSET-BACKED SECURITIES INDUSTRY

ANDREW DAVIDSON & CO

Turning mortgage data into investment insight

Andrew Davidson & Co., Inc. has been providing consulting services and analytics since 1992. We offer expert and independent analysis without conflict of interest, at a cost that is considerably less than an in-house staff. Think of us as your team of outside advisors. We'll be there when you need us, whether you have internal or regulatory requirements. Our state-of-the-art suite of analytics includes LoanDynamics™ (LDM), a proprietary mortgage credit model, and RiskProfiler™, a risk management and valuation system.

Market Analysis Services

AD&Co's analytics provide a wide range of information that can be readily used in portfolio management, encompassing forecasts of key market parameters in mortgage credit, portfolio performance, and valuation of RMBS.

If Your Objectives Are:	AD&Co Solutions Include:
Intrinsic Valuations/Fair Value of Illiquid Securities Agency CMOs Non-Agency RMBS MSRs Whole loans	OAS Pricing for agency RMBS using Risk-Neutral Prepayment Model Credit OAS Pricing using Monte-Carlo HPI Simulation and LDM
Sensitivity of Value to Changes in Market Spreads Liquidity Financing	Spread Durations and Pricing under multiple spread scenarios
Housing Price Forecasts Static scenarios Stochastic simulations	Proprietary HPI Model that captures volatilities and relationships to interest rates and nominal income growth
Collateral Performance Reporting By Transaction, Vintage, Mortgage Type and other dimensions Comparison to Market Aggregates and Model Projections	Historical Performance Reports: Flexible and timely graphical reports that track collateral performance, including comparisons with model projections

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VISIT US ONLINE AT: www.ad-co.com

Risk Management Services

For risk managers, oversight/control functions and asset-liability managers, AD&Co provides a wide range of services using our industry-leading models to help you manage credit and interest-rate risk. You can leverage our analytical offerings together with the broad and deep experience of our staff to turn our services into actionable risk avoidance, mitigation, hedging or risk-taking strategies.

If Your Objectives Are:	AD&Co Solutions include:
Credit Risk Limit Monitoring, Layoff and Re-Insurance	RiskProfiler™/LDM credit risk analysis including Tail, Risk, CVAR and Stress Tests
Mortgage Pipeline Hedging	Hedging strategy analysis across a range of economic scenarios
Bank/Insurer Asset Liability & Interest Rate Risk Management	Market value scenario analysis and hedge optimization
Economic Capital Budgeting and Risk/Return Analysis	RiskProfiler™-based economic capital measures incorporating model risk

Regulatory and Accounting Services

AD&Co's advanced analytics and stellar reputation have convinced dozens of companies to rely on AD&Co for independent accounting and regulatory-related valuations and risk measurements.

If Your Objectives Are:	AD&Co Solutions include:
Third-Party FASB Calculations	Calculation of accounting measures using LDM and Intex Cashflow Engine
OTTI: Credit Loss, OCI	OTTI Credit Loss Calculations using book prices and yields
Fair Value: Level-3 Pricing	Credit OAS Pricing using loss-adjusted cashflows
Managing Ratings Downgrade Risk	Breakpoint Ratio: Analytical measure of distance to default
Risk-Based Capital Calculations	Suite of risk measures of interest rate and credit risk, including customized RBC monitoring for insurance companies
Satisfying Regulatory Requests	Provide support for clients' mortgage credit related interactions with regulators

For more information, please contact Richard Ellson or Rob Landauer (rob@ad-co.com) at 212-274-9075.

