

# 6th Annual Risk Management for CRE Conference

## Mitigating Risk in the CRE Portfolio by Evaluating Market Data and Using Stress Testing to Quantify Risk Effectively

September 11-12, 2012  
Millennium Knickerbocker Hotel | Chicago, IL

“Working with **conservative appraisers** to find the correct valuation for a property.”

Evaluating recent trends in the CMBS market to determine its effect on the overall CRE market. 

### Attending This Premier **marcus evans** Conference Will Enable You To:

- **Evaluate** the potential impact of emerging market trends to avoid liquidity concerns
- **Find** clarity in murky property valuations to accurately measure the portfolio
- **Hone** your stress testing program to go beyond minimal regulatory expectations
- **Quantify** the impact the current CMBS market holds for CRE
- **Look** toward the future to determine how CRE lending can continue to grow

### Who Should Attend:

**marcus evans** invites C-Level Executives, Managing Directors, EVPs, SVPs, VPs, Directors, Heads and other Senior Executives of:

- Commercial Real Estate
- Commercial Credit Risk
- Real Estate
- Risk Management
- Loan Workouts
- Troubled Debt Restructuring
- Concentration Risk
- Mortgage Risk Management
- Portfolio Management

### Current Speakers Include:

**Martin Lifschutz**  
Managing Director,  
ICG Global Head of Real Estate  
**Citigroup Inc.**

**Hubert Roslund**  
Managing Director, Head of Strategic  
Portfolio Management  
**Royal Bank of Scotland  
Non Core Real Estate**

**James Costa**  
Executive Vice President,  
Head of Enterprise Portfolio Management  
**PNC Financial Services Group**

**Anika Khan**  
Economist  
**Wells Fargo Securities**

**Dev Strischek**  
Senior Vice President  
& Senior Credit Policy Officer  
**SunTrust**

**Darrin Benhart**  
Deputy Comptroller, Credit and Market Risk  
**Office of the Comptroller  
of the Currency**

**Kirk Booher**  
Senior Vice President  
**BB&T Real Estate Funding**

**Brian Gordon**  
Senior Professional for Wholesale Credit,  
Risk Specialists Division  
**The Federal Reserve Bank  
of Chicago**

**Suzy Gardner**  
Senior Examination Specialist  
**Federal Deposit Insurance  
Corporation**

**Larry Andow**  
Senior Vice President,  
Real Estate Industries  
**Union Bank**

**Donald Davis**  
Assistant Vice President  
**Federal Reserve Bank  
of New York**

**Chris Marrison**  
Chief Executive Officer  
**Risk Integrated**

**Anuj Gupta**  
Director, Product Management  
**Moody's Analytics**

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8:00 Registration

8:45 Opening Remarks by Chairperson

### HONING THE STRESS TESTING PROCESS TO GO BEYOND MINIMAL REGULATORY EXPECTATIONS

9:00

#### Correctly Inputting Data on the Front End of the Stress Testing Process

- Scrubbing data effectively to ensure its accuracy and prevent GIGO
- Practicing sound data management techniques to mitigate model risk
- Utilizing automation to efficiently handle paper-based data
- Solidifying the value proposition connected to data management to achieve executive level support

**Brian Gordon**, Senior Professional for Wholesale Credit, Risk Specialists Division

**The Federal Reserve Bank of Chicago**

9:45

#### Utilizing Quantitative Risk Measurement to Manage Your CRE Loan Portfolio

- Taking data mined from stress testing and making it a vital part of the decision-making process
- Utilizing Loss Given Default and Probability of Default at the portfolio management level
- Interpreting data from stress testing correctly to enhance risk management
- Applying quantitative risk measurement to make decisions at the deal level

**Chris Marrison**, Chief Executive Officer

**Risk Integrated**

10:30 Networking Break

11:00

#### Establishing Stress Testing as a Useful Part of the Business Process

- Ensuring individual business units are invested in stress testing
- Moving beyond the mentality of doing "the minimum required" by regulation
- Applying stress testing data to the business plan
- Getting non-analytical staff members to buy in to stress testing

**Anuj Gupta**, Director, Product Management

**Moody's Analytics**

### EXAMINING THE CMBS MARKET TO DETERMINE ITS IMPACT ON CRE

11:45

#### Quantifying the Impact the CMBS Loans From 2007 That Are Coming to Maturity Will Have on the CRE Market

- Projecting the amount of loans backing CMBS that will default
- Determining the refinancing cost of loans that do not default
- Assessing how long these loans will drag out
- Evaluating the potential effect a wave of refinancing would have on the CRE market

**James Costa**, Executive Vice President, Head of Enterprise Portfolio Management

**PNC Financial Services Group**

12:30 Lunch

1:30

Interactive Roundtable Discussion

#### Extrapolating the Future of the CMBS Market and Determining if it Will Ever Approach Pre-Crisis Levels

- Evaluating the swift post-crisis fall of the CMBS market
- The beginning of a shaky recovery in CMBS as the market has grown to over \$30 billion
- Determining investors' growing risk appetite for CMBS
- Evaluating the benefits liquidity from CMBS has provided the CRE market

**Moderated by Conference Chairperson**

### PRODUCER INFO

I would like to thank everyone who has assisted with the research and organization of the event, particularly the speakers for their support and commitment.  
**Jeremy Anders**, Conference Producer, [jeremya@marcusevansch.com](mailto:jeremya@marcusevansch.com).

### EXAMINING REGULATORY ISSUES IN CRE

2:15

Panel Discussion

#### Clarifying Regulatory Expectations for Risk in CRE Portfolios

- The regulatory perspective on TDRs
- Determining regulatory expectations for implementing a risk management framework
- Defining regulatory plans and expectations for stress testing
- Explaining more about capital rules and Commercial Real Estate

**Darrin Benhart**, Deputy Comptroller, Credit and Market Risk

**Office of the Comptroller of the Currency**

**Suzy Gardner**, Senior Examination Specialist  
**FDIC**

**Donald Davis**, Assistant Vice President  
**Federal Reserve Bank of New York**

3:00 Networking Break

### FINDING CLARITY IN MURKY PROPERTY VALUATIONS TO ACCURATELY MEASURE YOUR PORTFOLIO

3:30

#### Communicating Issues with Appraisers in Compliance with Regulatory Expectations

- Engaging in permissible communications with appraisers
- Avoiding inappropriate communications with appraisers
- Reviewing appraisal reports
- Resolving potential deficiencies in appraisal reports
- Considering lower than expected market values when working with borrowers

**Suzy Gardner**, Senior Examination Specialist  
**FDIC**

4:15

#### Evaluating How to Correctly Value Properties to Measure Risk Accurately

- Examining a developer's entire portfolio to measure the health of the organization
- Determining how the local economy is affecting the performance of a property
- Accurately forecasting the cash flow of individual properties
- Leveraging valuation findings to mitigate risk during refinancing

5:00 Closing Remarks

5:15 Close of Day 1

### SPONSORSHIP INFO

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8:00 Registration

8:45 Opening Remarks by Chairperson

### EVALUATING THE CURRENT STATUS OF THE CRE MARKET

9:00

#### From Global Macro Economics to Micro Portfolio Characteristics – The importance of having a house view and applying it to your portfolio (Lessons and examples from recent events in Europe, US and Asia-Pacific)

- “The bigger picture” – Reviewing the impact of events in other key economic regions
- Macro economics, politics and liquidity
- Do you need to have a view on both the macro economic and the real estate market environment?
- From macro to micro – How does your portfolio fit into the wider assessment?
- How do you take your own company's targets and restrictions into account?
- Bringing it all together – How do you combine it all to produce relevant recommendations?

**Hubert Roslund**, Managing Director, Head of Strategic Portfolio Management  
**Royal Bank of Scotland Non Core Real Estate**

9:45

#### Determining if Multi-Family Has Reached its Highest Point

- Evaluating how multi-family has soared above all other asset classes recently
- Looking at rents and other market trends to evaluate if it is becoming overheated
- Seeing what can be done to properly mitigate risk of any slowdown
- Extrapolating the impact a cool-down in multi-family could have on other asset classes

**Anika Khan**, Economist  
**Wells Fargo Securities**

10:30 Networking Break

### PROPERLY UTILIZING TROUBLED DEBT RESTRUCTURING AND LOAN WORKOUTS TO MANAGE RISK

11:00 Interactive Roundtable Discussion

#### Working to Clarify the Continued Frustration of What Constitutes a Troubled Debt Restructuring

- Evaluating the progress banks have made in understanding what a TDR is
- Hearing about successful TDRs that have worked for the borrower and lender
- Determining when it is best to avoid a TDR and foreclose instead
- Looking at the usefulness of the designation itself – is it still necessary?

**Moderated by Conference Chairperson**

11:45

#### Examining How Capital Requirements Impact CRE Portfolios

- The added importance of the accurate quantification of risk because of new capital rules
- Evaluating the effects of Basel II and III on banks of various sizes
- Determining how Basel rules affect CRE lending in particular
- Quantifying economic capital and its importance to CRE

12:30 Lunch

### MAINTAINING SOUND UNDERWRITING STANDARDS AS THE MARKET BOUNCES BACK

1:30

#### Ensuring Underwriting Standards Remain Consistent in an Increasingly Competitive Environment

- Evaluating how the market has begun to loosen since the crisis
- Examining how underwriting standards have begun to shift as a result
- Having the discipline to pass up deals that were acceptable prior to 2008
- Making sure that the organization is not too risk averse

**Martin Lifschutz**, Managing Director, ICG Global Head of Real Estate  
**Citigroup Inc.**

2:15

#### Evaluating How Underwriting and Risk Criteria Have Changed Since the Downturn

- Reflecting back on how bad standards became leading up to the financial crisis
- Gauging the impact greater post-crisis emphasis on risk management has had on CRE practices
- Demonstrating how underwriting standards are beginning to ebb and flow
- Reflecting on how a comprehensive approach to risk management has helped banks

**Dev Strischek**, Senior Vice President & Senior Credit Policy Officer  
**SunTrust**

3:00 Networking Break

### LOOKING TOWARD THE FUTURE TO DETERMINE HOW CRE LENDING CAN CONTINUE TO GROW

3:30

Panel Discussion

#### How Can Banks Maintain CRE Portfolios Profitably in the Future?

- What can banks take from before the crisis and continue to apply to portfolio management
- Creating a framework to manage risk appetite
- Continuing to develop stress testing to refine and improve risk management
- Becoming more selective about which deals to take without being too risk averse

**Larry Andow**, Senior Vice President, Real Estate Industries  
**Union Bank**

**Chris Morrison**, Chief Executive Officer  
**Risk Integrated**

4:15

#### Determining Why the Fallout From the Crisis Was Not as Dire as Some Forecast

- Many predictions were worse than what ended up happening
- Evaluating how CRE was able to cushion the blow
- Assessing why CRE did better as an asset class than residential real estate
- Explaining why CRE has begun to come back while home prices stay depressed

**Kirk Booher**, Senior Vice President  
**BB&T Real Estate Funding**

5:00 Closing Remarks by Conference Chairperson

5:15 Close of Conference

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