

RISKCentre

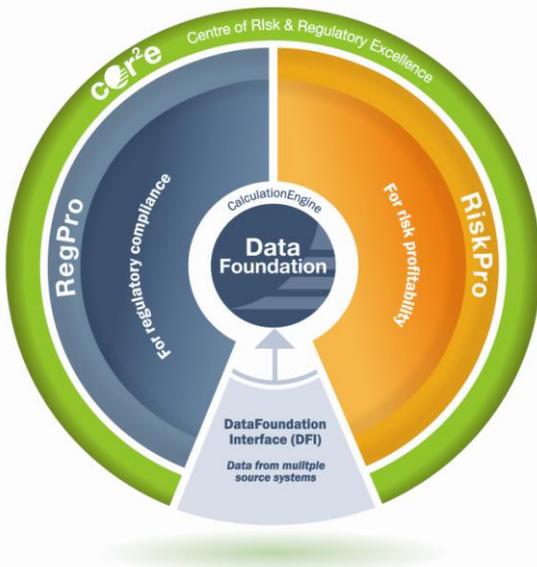
local knowledge global solutions

This datasheet describes the FRSGlobal RISK modules

FRSGlobal solutions

FRSGlobal provides global risk and regulatory compliance solutions with a range of products from its REPORTING and RISK centres, all fully supported by its Centre of Risk and Regulatory Excellence (CoR²E).

- The **REPORTINGCentre** modules are designed to meet global regulatory reporting requirements
- The **RISKCentre** modules are designed to meet risk management and profitability analysis and operational risk requirements



FRSGlobal solutions share a unified platform.

RiskProfessional

In August 2008 FRSGlobal acquired IRIS integrated risk management and incorporated riskpro™ into the FRSGlobal product range as **RiskProfessional**.

RiskProfessional provides unified risk and profitability analysis. It covers a broad scope and depth of financial analysis, ensuring consistency of results and reducing the cost of analysis. **RiskProfessional** has extensive financial product coverage, from saving accounts, complex loans, insurance instruments to exotic options and structured products.

RiskProfessional covers value and exposure analysis for all types of methods (fair value, nominal, NPV, observed value, amortised cost, various discounting methods etc), duration, key rate duration, sensitivity measures, various types of gap analysis, price and volatility shift, and VaR (parametric, historical simulation, Monte Carlo).

It can be used as an independent, stand alone solution, or in combination with all other **RISKCentre** products.

RiskProfessional solutions provide the user with the power of dynamic simulation – which allows evaluating potential decisions in a “*what-if*” environment, and as a consequence enables highly quantified strategic decisions to be made with confidence.

RiskProfessional modules

Basel II compliance, regulatory capital

The Basel II requirements are based on a three-pillar approach for market risk, credit risk and operational risk.

FRSGlobal’s solutions cover all these risk areas:

- Market risk: standardised, internal
- Credit risk: IRB foundation, advanced, standardised
- Operational risk: basic indicator, standardised, operational risk management (ORM) solution to support advanced measurement approach (AMA)

The solution also addresses Pillar II requirements:

- Liquidity risk
- Interest-rate risk in the banking book
- Stress testing and scenario analysis
- Capital planning

Asset liability management (ALM)

Banking book oriented analysis (nominal, net present value, fair value, book value, and amortised cost) for assets and liabilities including interest sensitivity and liquidity gap

analysis. A dynamic simulation allows forecasting the future using several scenarios for risk factors.

Market risk analysis

Trading book oriented value and exposure analysis, including several valuation methods such as net present value, fair value and the calculation of sensitivities with respect to exogenous market risk factors (duration, key rate duration, convexity and option Greeks) and their stress testing. Value at Risk can be calculated using the parametric, historical or Monte Carlo approach.

Credit risk analysis

Covers the calculation of current and potential exposure taking into account collaterals, guarantees and recovery rates. The exposure can be *'what-if'* or Monte Carlo based. The expected loss module simulates and calculates the effects of rating migrations, defaults and recovery dynamically.

Fund transfer pricing and profitability

A framework allowing the implementation of several types of performance measures such as the Sharpe ratio, RORAC, RAROC, EVA and many others. For FTP, opportunity rates can be directly assigned to financial contracts within RiskProfessional.

Dynamic simulation and strategic enterprise planning

Based on the ongoing concern approach it enables simulations of the whole balance sheet and profit and loss using *'what-if'* scenarios of market prices, client behaviour and business strategies. It is fully contract based and can include econometric analysis.

Limit management

Comprises the definition of nominal, fair value or Value at Risk limits for counterparties, countries, industries, rating categories etc. Each limit has a time dimension, and every change is historised. A flexible reporting enables dashboard representations and alerts.

Economic capital allocation

Based on a Value at Risk approach, it covers market risk (variance-covariance, VaR historical simulation and VaR Monte Carlo), credit risk (CVaR and CreditRisk+) and operational risk (historical simulation, variance-covariance and Monte Carlo).

IAS 32/39 and IFRS 7

Financial contracts are classified and valued either at amortised cost or at fair value. A hedge relationship builder allows designating hedges by testing homogeneity and effectiveness. A hedge optimiser determines optimal hedges over large numbers of financial contracts. IFRS specific book entries can be created if required.

Liquidity risk and GAP analysis

Covers the analysis of funding and market liquidity risk. It distinguishes between cash flows which are fully contract-determined, market-dependent or contingent on assumptions of the client behaviour. It can include static positions and/or new products. More advanced analyses calculate the liquidity at risk based on Monte Carlo simulations. This module also allows visualising the settlement risk grouped by exchanges, payment types, counterparties etc.

ORM

FRSGlobal provides an Operational Risk Management (ORM) solution from their approved partner.

This ORM solution is a highly configurable enterprise software that provides a unified, consistent framework for defining, measuring and managing risks, internal controls, key risk indicators, loss events, and compliance mandates, while enabling institutions to reduce their operational losses.

It is easy to use, and provides clarity, total coverage and effective ORM and is highly adaptable and can support new regulations and initiatives as they arise such as SOX, Basel II, Solvency II, COBIT and others.

This enables you to easily accommodate new requirements and avoid the duplication of frameworks and records across your organisation. Risk records can be linked to business objectives, ensuring total risk coverage and a seamless operational risk process.

FRSGlobal operational risk management solution comprises four integrated modules:

- Risk and control self-assessment
- Loss and event-assessment
- Oversight
- Active guidance framework

This operational risk management solution empowers your institution to achieve sustained compliance with multiple and overlapping regulations, and simultaneously manage operational risks, controls and losses across all business lines.

More details are available on request info@frsglobal.com

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FRSGlobal's offering and guarantee

This document is produced by the FRSGlobal Centre of Risk & Regulatory Excellence (CoR²E) team.

FRSGlobal is the only supplier of regulatory risk and compliance reporting, with coverage for 40+ countries. We provide over 1500 financial organisations – including 41 of the top 50 banking institutions – with enterprise risk and regulatory compliance reporting solutions that enable them to increase operational efficiency reduce costs and mitigate risks.

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