

ORACLE REVELEUS CORPORATE CREDIT RISK

ORACLE®

FINANCIAL SERVICES

DELIVERING A FULL SET OF BUSINESS DIMENSIONS AND PERFORMANCE METRICS FOR MEASURING RISK IN BANKING.

KEY FEATURES

- Regulatory capital analysis
- Customer concentration analysis
- Facility concentration analysis
- Risk mitigation analysis
- Rating migration analysis
- Aging, classification, and default analysis

KEY BENEFITS

- Comply with Basel II regulatory standards.
- Provide consolidated analysis of risk exposure across banking and trading books.
- Enable proactive control of credit portfolio risk.
- Provide tight integration with other Oracle Reveleus Basel, Enterprise Risk and Analytics solutions.
- Allow customers to easily and quickly adapt to complex credit scenarios.

At the same time that increasingly customized products and services are making it more challenging to judge the risk of credit decisions, heightened competition is minimizing margins and cutting the time available for making such decisions. Yet traditional approaches to managing credit risk deliver neither the insight nor the agility to meet the demands of this complex credit environment. Oracle Reveleus Corporate Credit Risk solves this problem by delivering targeted, actionable credit risk-related analytics for informed and timely business decisions.

Managing Corporate Credit Risk

With so much uncertainty in the credit market, regulatory compliance has become mandatory, and more staff in a variety of roles are being required to access, use, and leverage decision support facilities. The challenge, then, becomes matching the information content, detail, format, mode, and periodicity to the needs and knowledge of potential decision support users. Credit managers need simple, flexible analytical tools that can help them provide answers to questions such as

- In which lines of business are the major credit risks being assumed?
- Is there enough economic capital to cover potential losses?
- What risk control mechanisms can be implemented to help control credit risks in the form of operating limits?
- How do risk mitigation instruments such as collateral, guarantees, and credit derivatives impact the overall credit portfolio of the bank?
- How is the loan book quality changing over time?
- What systemic factors (such as eventual defaults and recovery rates) can be observed from historical data?

Providing Credit Risk Analytics for the Banking Industry

Developed and tested by bankers for bankers, Oracle Reveleus Corporate Credit Risk provides a full set of business dimensions and performance metrics for measuring risk in banking. In addition, predefined reports, baseline analyses, key performance indicators, and event alerts all contribute to users' understanding of their credit problems, allowing them to address unresolved issues more effectively and to exploit previously unrecognized business opportunities.

Ensuring Compliance with Regulatory Standards

Using Oracle Reveleus Corporate Credit Risk, credit professionals can easily compute the regulatory capital needed to take care of both expected and unexpected losses associated with their bank's credit portfolios. Oracle Reveleus Corporate Credit Risk supports

- Credit risk mitigation (collateral, guarantees, credit derivatives, and netting) analytics per the Basel II Standardized Approach
- Effective probability of default, loss given default, and exposure at default computations under the Basel II Advanced Approach
- Analytics for risk-weighted assets under the Basel II Standardized and Foundation approaches
- Basel II regulatory reports and internal management reports

Facilitating Consolidated Analysis of Risk Exposure Across Banking and Trading Books

By offering an integrated framework that can be applied across the enterprise, Oracle Reveleus Corporate Credit Risk allows financial institutions to enhance their decision support. The result is more-effective risk measurement and control through counterparty credit exposure measurement.

Oracle Reveleus Corporate Credit Risk helps compute potential future exposure, including all the effects of netting.

Enabling Proactive Risk Control for Credit Portfolios

By providing practical and actionable insights into the management of credit risk, Oracle Reveleus Corporate Credit Risk helps banks improve their lending practices, by monitoring credit limits against netted exposures, and to better their collateral tracking and policies, by comparing recovery data for loss accounts with the latest collateral values.

Improving Credit Risk Management Practices

Because of its flexible design, users of Oracle Reveleus Corporate Credit Risk can constantly refine and extend the ways in which they monitor their credit portfolios. Unlike credit risk systems with closed, proprietary credit risk models, Oracle Reveleus Corporate Credit Risk permits users to continuously add new data dimensions and performance and risk measures—without requiring custom programming or disrupting production applications.

Integrating evolving user insights with data drawn from legacy systems and third-party data feeds, Oracle Reveleus Corporate Credit Risk provides a compelling picture of a bank's total credit risk.

Providing Keen Insights Through a Range of Analyses

Oracle Reveleus Corporate Credit Risk provides a range of analyses to deliver the credit risk-related analytics that inform better business decisions.

- **Regulatory capital analysis.** Under the Basel II Standardized Approach, Oracle Reveleus Corporate Credit Risk provides
 - Analytics for risk-weighted assets along dimensions such as geography, industry, collateral, guarantee, and counterparty
 - The impact of credit mitigation (collateral, guarantees, credit derivatives, and netting) on the credit portfolio

Under the Basel II Foundation and Advanced approaches, Oracle Reveleus Corporate Credit Risk provides

 - Computation of probability of default (PD), loss given default (LGD), and exposure at default using bank- or vendor-supplied data
 - Analytics for risk-weighted assets along dimensions such as PD grade range, LGD intervals, and time
- **Concentration analysis.** Oracle Reveleus Corporate Credit Risk provides the following types of concentration analysis:
 - Concentration analysis along dimensions such as customer ratings, customer demographics, and time
 - Facility concentration analysis along dimensions such as product, exposure size, currency, geography, industry, and time
 - Analysis for products, including loans, letters of credit, commitments, foreign exchange forwards, swaps, and options, belonging to both the banking and trading books
 - Exposure tracking against facility and customer limits
 - Exception reports for breaching of group, portfolio, and industry limits
- **Risk mitigation analysis.** Oracle Reveleus Corporate Credit Risk provides the following types of risk mitigation analysis:
 - Segmentation of collateral into physical and financial collateral as specified under Basel II norms
 - Measurement of concentration risk of collateral along dimensions such as issuer, market, and collateral
 - Collateral value computation using bank- or vendor-supplied haircut data
 - Recognition and treatment for credit derivatives and guarantees as suggested by Basel
 - Measurement of concentration risk for guarantees and credit derivatives
- **Migration analysis.** To provide migration analysis, Oracle Reveleus Corporate Credit Risk
 - Captures internal rating data across different time periods
 - Captures vendor-supplied ratings and probability of default statistics
 - Analyzes rating changes on exposure and collateral levels

- **Aging, classification, and default analysis.** Oracle Reveleus Corporate Credit Risk provides the following types of aging, classification, and default analysis:
 - Aging analysis of accounts in the banking book based on number of days past due
 - Assessment of the effectiveness of the bank's provisioning strategy over periods of time
 - Capture of recovery rate data across time for corporate accounts

Providing a Consistent View of Data Through a Tightly Integrated Solution

As a part of the Oracle Reveleus analytical applications for financial services, Oracle Reveleus Corporate Credit Risk provides a consistent view into an organization's data, allowing bank credit divisions to demonstrate the effect their risk management practices are having on the financial statements of the organization as a whole.

What's more, this ability to extend credit risk analytics to effective organization-wide performance measurement demonstrates that Oracle Reveleus solutions are able to apply dimensions of analysis from one application into another, depending on the business context. It's fast and simple to reuse data resources across the entire Oracle Reveleus business analytics family, thanks to its shared metadata foundation.

Contact Us

For more information about Oracle Reveleus Corporate Credit Risk Management, please visit www.oracle.com/industries/financial_services or email us at marketing@iflexsolutions.com.

RELATED PRODUCTS AND SERVICES

Oracle Reveleus Corporate Credit Risk is a component of the Oracle Reveleus analytical applications suite—a comprehensive suite of solutions targeting all areas of risk, including credit, market, and operational risk.

RELATED PRODUCTS

- Oracle Reveleus Retail Credit Risk
- Oracle Reveleus Market Risk
- Oracle Reveleus Asset Liability Management Solution
- Oracle Reveleus Basel II
- Oracle Reveleus Economic Capital Advanced

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