

ORACLE REVELEUS INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS ANALYTICS

ORACLE® FINANCIAL SERVICES

Oracle's financial services analytics enable institutions to measure and meet risk adjusted growth objectives, promote a risk management culture and mitigate the costs of regulation through the lowest possible TCO

KEY FEATURES

- Pre-configured reports covering Pillar I and Pillar II reporting
- Enables tabular as well as graphical reporting
- Drill-through functionality allows for detailed analysis
- Risk measures and capital numbers displayed as point-in-time values, trends, heat maps, distributions etc.
- Metrics displayed across multiple levels and risk categories

KEY BENEFITS

- Provides an enterprise-wide view of risk to the top management
- Compliance with ICAAP requirements of Pillar II of Basel II Accord
- Enables capital allocation decisions based on risk profile
- Improves decision making ability by providing timely and accurate information

The increasingly interdependent nature of financial risk has rendered the traditional approach of managing these risks in separate silos, nearly obsolete. The current global economic crisis has underlined the need for financial institutions to have a view of risk that is not only enterprise-wide, but directly integrated with a sound capital management strategy. Oracle Reveleus ICAAP Analytics enable institutions to make effective operational and strategic capital decisions by providing extensive reporting and dashboards covering all aspects of Pillar II requirements of Basel II.

Comply with Pillar II requirements of Basel II Accord

The Basel II Accord has stressed the need for financial institutions to develop suitable internal procedures and systems in order to improve risk management practices. Oracle Reveleus ICAAP Analytics provides extensive reports covering risk identification, materiality assessment, risk quantification and capital planning. These analytics are compliant with the Internal Capital Adequacy Assessment Process (ICAAP) prescribed under Pillar II of Basel II Accord.

View risk across multiple levels in the organization

Oracle Reveleus ICAAP Analytics recognizes the need for delivering the right information to the right person, thus enabling institutions to view risk across multiple levels and roles within the organization. Tailor-made dashboards deliver custom views and reports specific to the needs of each user precisely when needed; to manage risks and optimize capital more effectively than before.

Provide pervasive and actionable insight to C-level management

Oracle Reveleus ICAAP Analytics delivers a comprehensive set of reports to the CFO and CRO in a manner that provides an enterprise-wide integrated view of risk. It enables them to view the emerging trends in key metrics and drill-through the reports to analyze these in detail. The on-demand information provided through the analytics enables the C-level management to make informed and timely risk and performance-based decisions.

Bring all material risks on to the organizational radar

ICAAP mandates each institution to identify all risks it faces and determine the associated materiality. Oracle Reveleus ICAAP Analytics provides reports, charts and heat maps that helps institutions identify and assess multiple risks. It provides the assessment criteria for each risk and displays the respective scores. Each risk is

categorized as immaterial, low, medium, high, and very high which enable institutions to take suitable action to manage risks, based on their materiality levels. Comparison of risk assessment score is enabled across risk categories as well as across time.

Risk Materiality Assessment of <Group-LOB1> - Trend Analysis		
Risk Category/Sub-Category	31.03.07	31.03.08
I. Credit Risk	Medium	Low
(i) Credit Concentration Risk	Low	Low
(ii) Residual Risk	Low	Low
(iii) Counterparty Credit Risk	High	Low
(iv) Securitization Risk	Low	Low
II. Market Risk	High	Medium
(i) Interest Rate Risk	High	Low
(ii) Equity Risk	Medium	Low
(iii) Commodity Risk	Low	Low
(iv) Foreign Exchange Risk	High	High
III. Operational Risk	Low	Medium
IV. Strategic/Business Risk	Medium	High
V. Reputational Risk	Low	Medium
VI. Liquidity Risk	Low	High
VII. IRRBB	Medium	Medium

Figure 1: Assessment of Risk Materiality

Quantify risk across multiple categories

Oracle Reveleus ICAAP Analytics has a comprehensive set of pre-configured reports covering credit risk, market risk, operational risk, strategic risk, liquidity risk, interest rate risk in the banking book, and reputational risk. These reports are designed to cater to the regulatory and the internal risk management needs of an institution.

Regulatory and economic capital numbers can be viewed and compared which enable the reconciliation of ICAAP with Pillar I. Metrics such as Value-at-Risk, Earnings-at-Risk, PD, LGD, Re-pricing Gap, Economic Value of Equity, Liquidity Ratios; Component VaR, etc. are reported at multiple levels within the organization. In addition, interim reports such as frequency and severity analysis in case of operational risk, “allocate cash flow” report in case of market risk and so on are displayed. These risk metrics can be viewed in the form of point-in-time values, trends and comparisons. The drill-through functionality of the application enables a detailed analysis of the various metrics.

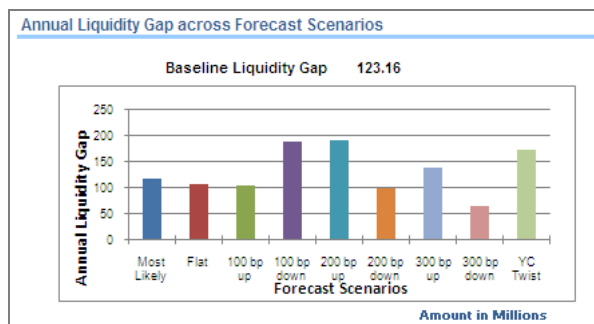


Figure 2: Comparison of Annual Liquidity Gap across Forecast Scenarios

Estimate risk under extreme scenarios

Oracle Reveleus ICAAP Analytics allows banks to assess risk under extreme scenarios of economic conditions. Institutions can view the impact of a single scenario across multiple risks thereby recognizing the effects of the overlap of risk

RELATED PRODUCTS AND SERVICES

The following solutions are also available from Oracle Reveleus:

- Oracle Reveleus Economic Capital Advanced
- Oracle Reveleus Market Risk
- Oracle Reveleus Retail Credit Risk
- Oracle Reveleus Corporate Credit Risk
- Oracle Reveleus Operational Risk Economic Capital
- Oracle Reveleus Operational Risk
- Oracle Reveleus Basel II
- Oracle Reveleus Asset Liability Management
- Oracle Reveleus Advanced Analytics Infrastructure
- Oracle Reveleus Enterprise Risk Infrastructure

factors that are common to multiple risks. The application estimates key risk and capital measures under adverse scenarios and allows for comparison between the effects of multiple scenarios. It also displays the distribution of the change in key measures on applying the stress scenario.

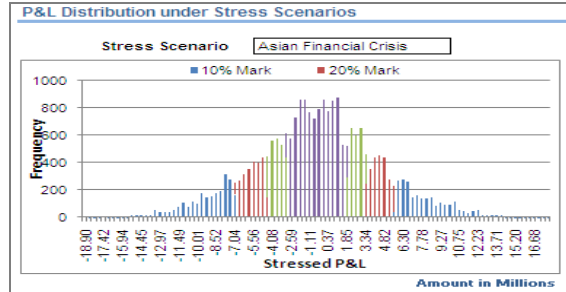


Figure 3: P&L Distribution under Stress Scenario

Achieve sound capital planning

Sound capital planning and management are the ultimate aims of every organization. Oracle Reveleus ICAAP Analytics provides robust capital planning to ensure that banks possess adequate capital to meet their current and future regulatory and economic capital requirements under baseline and stressed scenarios. This is enabled through reports forecasting profit and loss, balance sheet and capital, trend analysis of capital requirements and availability and comparison of target and actual capital.

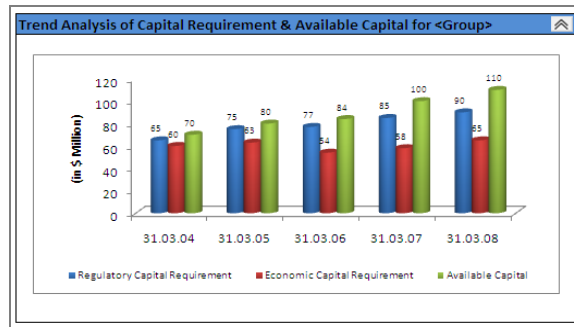


Figure 4: Comparison between Capital Requirement and Available Capital

Contact Us

For more information about Oracle Reveleus ICAAP, please visit oracle.com/financialservices or email us at financialservices_ww@oracle.com.

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