

ORACLE TRANSFER PRICING ONLINE

GREATER BUSINESS INSIGHT

AN ENTERPRISE SOLUTION

- Integrated with Oracle's financial services applications
- Scalable for any size organization
- Multidimensional modeling and profitability analysis
- Open to data from any source
- OLAP reporting capabilities

Oracle Transfer Pricing Online (TPOL) is an interactive, Web-based application that provides real-time transfer rate indications in support of pricing loan transactions. TPOL methodologies are tightly integrated with the transfer pricing methodology and prepayment assumptions used in Oracle Transfer Pricing, and they incorporate current interest rate and transfer rate data maintained through Oracle Rate Manager. Oracle Transfer Pricing Online provides a quick and reliable way for lending personnel in the field to measure transaction profitability.

Web-Based User Interface

From an interface in their Web browsers, users can access current-day transfer rate indications for predefined standard products, or calculate transfer rates by specifying instrument cash flow and payment characteristics.

The self-service user interface is designed to support query and response, which is the functionality required by lending personnel in the field. Any user familiar with the products of the institution can quickly find the required transfer pricing information. The information is returned quickly and efficiently, so the loan officers can react to customer inquiries as fast as possible.

The user interface supports two types of users—administrators and end users. The administrative functions are displayed only if the user has administrative privileges. Functional (“atomic”) security, in which any user can be assigned partial administrative or end user privileges, is also available.

Flexible System Configuration

Oracle Transfer Pricing Online provides a flexible configuration system with search capabilities that are configurable to specific product offerings for each institution.

A system administrator can define and modify transfer pricing assumptions, methodologies, and product properties, such as default cash flow characteristics including a product's payment, repricing, and term attributes.

Standard Product Definitions

The TPOL administrator is responsible for defining instruments that represent a standard set of products that the organization offers to its customers, and for which transfer rates could be calculated and made available for queries by TPOL users.

Oracle Transfer Pricing provides nine methodologies to ensure that the correct level of precision is set for each account. These methodologies are available in Transfer Pricing Online and they can generate transfer rate indications for standard products. These

methodologies incorporate centrally defined transfer pricing yield curves and customized prepayment expectations into the final transfer rate. Product characteristics are defined by selecting predefined products from the drop-down list or by using the system default settings.

The screenshot shows a software interface for configuring product properties. At the top, there is a text field for 'Product Name' containing 'Conv Adj: actual/actual - 50007'. Below this are three tabs: 'Pricing Assumptions', 'Main', and 'Terms', with 'Main' currently selected. A large box titled 'Select Product Properties' contains several dropdown menus and a text field:

- Amortization Type: Conventional Adjustable
- Adjustable Type: Other Adjustable
- Accrual Basis: Actual/Actual
- Compounding Basis: Quarterly
- Interest Payment Timing: In Arrears
- Rate Rounding Type: Round to the Nearest Higher ...
- Rate Rounding Factor: 0.1250

At the bottom right of the 'Select Product Properties' box are two buttons: 'Reset' and 'Set Defaults'.

Figure 1. Specifying main product properties

Each record modeled under each product requires that users specify a unique term combination and individual instrument characteristics, such as the attributes defining a note rate on an instrument.

The screenshot displays the 'Terms' tab of the Oracle Transfer Pricing Online interface. At the top, the 'Product Name' is 'Conv Adj: actual/actual - 50007'. Below this, there are three tabs: 'Pricing Assumptions', 'Main', and 'Terms', with 'Terms' being the active tab. The interface is divided into two main sections: 'Define Key Terms' and 'Define Additional Attributes'. The 'Define Key Terms' section includes a note 'This combination must be unique per record.' and three fields: 'Original Term' (5 Years), 'Payment Frequency' (12 Months), and 'Repricing Frequency' (3 Months). The 'Define Additional Attributes' section includes seven fields: 'Amortization Term' (5 Years), 'Interest Rate Code' (IRC 149 for Implied Fwd - 149), 'Margin' (0.5000), 'Rate Set Lag' (0 Months), 'Tease Period' (0 Months), and 'Tease Discount' (0.0000). At the bottom, there are three buttons: 'Delete Record', 'Reset', and 'Set Defaults'. Below the buttons, it shows 'Record 2 of 2' with navigation arrows.

Figure 2. Specify key terms and other attributes for each instrument record

Scheduled Transfer Rate Calculations

Based on a frequency of occurrence specified by the TPOL administrator, Oracle Transfer Pricing Online automatically calculates new transfer rates for standard product instruments. The transfer pricing engine used for calculations is the same engine employed by Oracle Transfer Pricing, guaranteeing consistent results.

Fast Queries of Transfer Rates

Oracle Transfer Pricing Online assigns a transfer rate to each modeled instrument by applying the transfer pricing technique specified for that instrument.

Once scheduled calculations are processed, the user can generate a query on the transfer rates database by product(s) and date(s). The user then defines the set of standard products to include in the query, the query runs, and it quickly returns data as a spreadsheet in a new browser window. Results can be printed and retained for future reference, and the query can be saved for the next time the user needs current transfer rate indications.

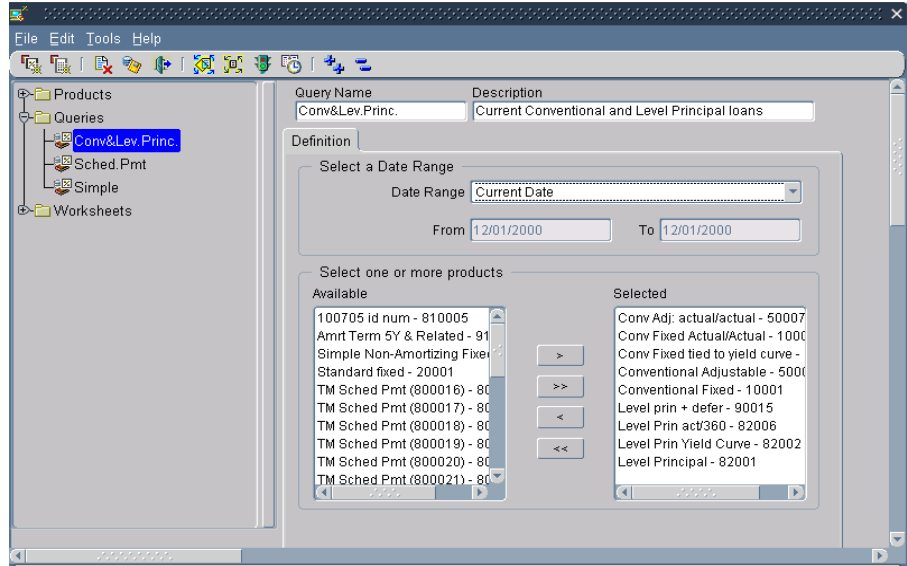


Figure 3. Retrieving current transfer rates for the prespecified set of products

Flexible Transfer Pricing for Customized Instruments

Oracle TPOL worksheets allow users to create customized instruments by using nonstandard term, payment, and repricing characteristics. The user can define cash flow properties and let TPOL generate payment amounts, or directly input a payment schedule along with other relevant properties. Based on this information, the system will calculate the cash flows and resulting transfer rate and present the information to the user.

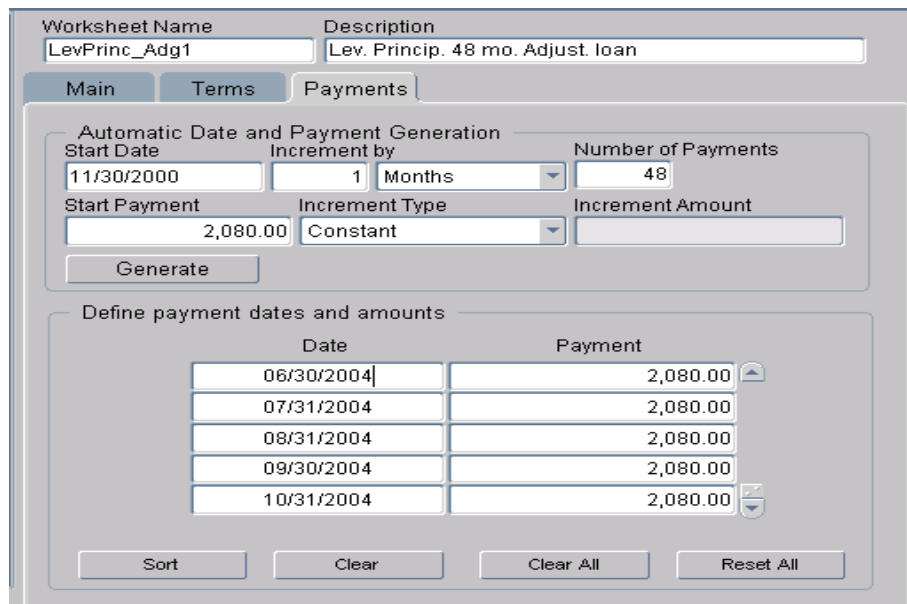


Figure 4. Automatically generating a payment schedule

Integrated Architecture

Oracle's financial services applications is an integrated solution based on "industry best practices" components. Solutions can be assembled with confidence knowing that all the pieces fit together: data, analytics, business rules, hierarchies, and reporting. Although it was designed to be delivered on an integrated basis, each of these product components can

- Stand on its own as a best-of-breed solution
- Be implemented in any order
- Be implemented on either a simple or sophisticated basis, and support ongoing evolution of analytical methodologies.

Oracle's three-tiered architecture is also designed to take advantage of emerging network technology. While using Oracle's financial services applications, you can choose where and when to process results, based on your combination of business processes, data volumes, and technology infrastructure. The database and applications are "globally enabled" with multibyte support.

KEY FEATURES**ORACLE TRANSFER PRICING ONLINE**

Oracle Transfer Pricing Online is designed to take you beyond traditional transfer pricing systems by pushing results out to the front line. It is a proven solution that can be deployed in any size organization and in any geography.

RELATED PRODUCTS

Oracle's financial services applications include

- Oracle Performance Analyzer
- Oracle Risk Manager
- Oracle Budgeting and Planning
- Oracle Transfer Pricing
- Oracle Financial Data Manager

RELATED SERVICES

The following services are available from Oracle

Consulting:

- Implementation engagements
- Modeling analysis and solution prototyping
- Migration assistance

The core strengths of Oracle Transfer Pricing Online—its scalability, ability to accept data from any source, trustworthy results, multidimensional reporting, and sophisticated analysis capabilities—enable you and your organization to understand and then act upon the knowledge to deliver real results.

Web-Based User Interface

- **Easy to use:** The required transfer pricing information is fast and easily found by users
- **Responsive:** The transfer pricing information is returned quickly in spreadsheet format
- **Flexible:** The system configuration can be adjusted to specific product offerings of each institution

Multiple Transfer Pricing Methods

- Queries use the same methodology and prepayment assumptions as in Oracle Transfer Pricing
- Worksheets use instrument-sensitive, cash flow–based transfer pricing methods for customized transaction modeling

Automatic Transfer Pricing Calculations

- Scheduled transfer pricing for predefined standard set of instruments
- User-defined frequency of calculation
- Results available for queries by product(s) and date(s)

Flexible, On-the-Fly Transfer Pricing

- Direct cash flow and payment schedule definitions input for nonstandard instruments
- Full cash flow information output along with transfer rates

Integration Architecture

- Integrated with Oracle: Transfer Pricing
- Integrated with Oracle:Rate Manager

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