



Risk-Enterprise

RiskE™ - Expect Success

Why Now's the Time for RiskE™ Platform

RiskE™ Platform IFRS 9 Solution: Delivers The Main Key Components

- Recognises credit risk already being managed and stressed
- Analytically consistent with Basel II and commences with Basel PD rating
- Compliments, leverages and extends the work for Basel II - not starting a new with a whole different view on the same credit risk

Do you meet the Regulatory Requirements?

You know the markets and regulations are changing. It is no longer sufficient to be complaint with just Basel II, you need to also be looking at compliance with IFRS 9.

Consistency

Institutions are required to comply with several sets of regulations (such as Basel and IFRS 9) it is inevitable that analytical consistency of results under those separate regulations will need to be demonstrated.

Why wait?

It makes sense to have the tools today to make better risk assessments.

Win the Competitive Edge Today

If these are your questions we have the answers, to:

- Create internal model results, which are justifiable to external and internal stakeholders
- Deliver a transparent benchmarking model that is glass-box and not black-box
- Provide a benchmarking model that adds value to your internal assessment
- Reduce the credit risk
- Show what factors drive the risks

Rate Your Borrower – Quantify Your Risk

All your information will need to be treated in accordance with IFRS 9. This has an impact on the decision of your bank about the possibility that the rating of your borrower can be changed at any reporting date. You need, as a base for IFRS9, a consistent model for PD and LGD. The RiskE™ Platform provides a model for conformity with the Basel II regulations.

If there is a downgrade of the borrower comes into force, the decision of IFRS9 - expected credit losses (ECL) are calculated at the reporting date (i.e. 12 months, the lifetime ECL). Consequently, your bank requires a consistent model of PD and LGD for observation ratings of borrowers (i.e. compliant with Basel II).

Why Use the Risk-Enterprise RiskE™ Platform?

Our IFRS 9 methodology is a ratings-based led approach that leverages and builds on the analysis performed as a matter of course for Basel-compliance purposes and – importantly – retains analytical consistency with an institution's framework for Basel. In particular, a robust IRB (internal ratings based) approach already means that internal ratings are assigned and reviewed taking into consideration: past, current and prospective economic conditions; a prospective view of the borrower's credit quality; and market information including external indicators and market prices.

RiskE™ Platform IFRS 9 Solution

Our IFRS 9 methodology focuses on: the borrower's latest TTC (through-the-cycle) PD (probability of default) rating; past observed default experience; and prospective in-house economic information (or sector GDP) and partitions the TTC PD rating into analytically-consistent prospective PIT (point-in-time) PD rates as a function of these inputs. Expected Credit Loss (ECL) is then computed as a function of those PIT PD rates and prospective LGD (loss-given-default) scores

Consistent Calculation

Using Risk-Enterprise models, across all corporate asset classes will serve you as the consistent basis for calculation in accord with the Basel II and IFRS 9 regulations. The fundamental requirement is that potential losses (LGD) in the case of default (PD), per IFRS 9 should be "analytically consistent" with those used for Basel II. This also assists in producing a consistent and profitable pricing policy.

Industry Best Practice

Institutions are already required to comply with existing credit risk regulations (such as Basel) and conduct stress testing of their portfolios. Furthermore, IFRS9 also envisages that ECL (expected credit loss) calculations are supported by "reasonable and supportable information available without undue cost or effort".

The Next Step

Beat the competition

Let us demonstrate the power and ease of use of the RiskE™ package.

Contact us today, by emailing our expert representatives at info@risk-enterprise.com

Contact Us

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