

SUNGARD

CAPITAL MARKETS & INVESTMENT BANKING



PROVEN TODAY,
PREPARED FOR TOMORROW
ADAPTIV: CREDIT VALUATION ADJUSTMENT



THE FULL POWER OF CVA

Risk is moving centre stage. The collection, collation and analysis of risk data, far from being a tick-box or regulatory function, is now a core business driver. Key decisions depend on the quality and timeliness of your risk numbers.

The focus on counterparty credit risk has led many institutions to adopt Credit Valuation Adjustment (CVA) as a primary measure, and direct P&L contribution, to their trading activities. Correctly pricing for CVA and managing the overall bank's CVA position is essential in maintaining both competitiveness and sound risk control.

As the focus on counterparty risk increases, so CVA has become one of the key measures for trading desks, senior management and risk professionals. A proper understanding of potential losses arising from counterparty credit deterioration on any derivative contract is now essential – for accounting standards, capital adequacy and hedging P&L volatility.

Adaptiv Analytics is a powerful calculation engine for CVA. You can generate multiple sensitivities daily or on demand and quickly explain changes to your P&L. That means better management of credit risk, lower CVA volatility and (as part of your pre-deal limits checking process) optimized counterparty selection.

Adaptiv puts fast, accurate CVA numbers to work for you.



THE SPECIALIST VIEW OF CVA

Increasingly, banks are creating dedicated teams with the mandate to monitor and hedge CVA volatility. Whether you want to manage CVA P&L, influence trader credit behavior or reduce reliance on credit limits, you need an accurate CVA charge for all trades. That means being able to run substantial calculations quickly across the entire portfolio.

Too many CVA teams are working without the fast, accurate data they need. They are without the necessary tools to provide actionable information - experience with portfolio credit data sets and simulation isn't part of normal front office systems. Meanwhile the short timelines to production and the flexibility to create your own front office tools simply aren't part of existing risk management environments. Without quick and efficient access to sensitivities and P&L of the CVA book, there can be no visibility on risk, and consequently little chance explaining or managing CVA P&L volatility.

Adaptiv has the power to assemble large quantities of complex credit data, model specialized credit exposure mitigants, and calculate CVA quickly and accurately. Adaptiv's acceleration methods allow calculation of large volume daily CVA sensitivities. Intuitive tools make it simple to aggregate sensitivities and slice and dice positions. This level of detail, instantly available, enables traders to optimize their hedges, offsetting exposures within and across asset classes and geographies.

Adaptiv lets traders manage their own portfolio credit risk.



EMPOWERING TRADERS

Like it or not, counterparty selection based on risk profile has become part of the trading decision-making process. Traders now have to factor in the cost of risk for each trade and CVA should be a key part of the daily workflow. Using CVA properly can help traders improve counterparty selection and reduce unwanted risk charges.

Adaptiv has the models to cover all front office CVA requirements. A fast calculation engine, built on grid technology, can deliver incremental Monte Carlo calculations. That means you can run meaningful credit exposure simulations in seconds and see the evolving picture of counterparty risk in real-time.

Weaving CVA seamlessly into the trading workflow, Adaptiv can give traders the clear picture they need. This results in the need to take less risk and, where risk needs to be taken, it is priced properly.

Adaptiv helps traders come to grips with counterparty risk.



THE STRATEGIC VIEW

Regulation is a moving picture: new rules are arriving and more are imminent. International regulation imposes additional capital requirements on banks while in the US, Dodd-Frank is only increasing the scrutiny on capital management and counterparty risk.

Properly managed CVA is one of the simplest and most efficient ways of maximizing capital efficiency. As well as the desk-by-desk detail, Adaptiv can give you a high-level view of CVA right across the bank.

This consolidated view of counterparty information creates a complete and real-time picture of your aggregate CVA exposure with each and every counterparty. Adaptiv can significantly improve scrutiny and oversight, delivering key data to auditors. It also ensures fewer credit and CVA surprises.

Adaptiv gives management the complete view of CVA.



TRANSPARENTLY BETTER

The shifting picture of regulation and the sheer processing power required to run complete calculations makes CVA implementations on traditional systems costly and difficult. Adaptiv delivers fast, accurate CVA calculations at lower cost, powering a more accurate and timely analysis of exposures in real-time.

Putting CVA to work for front and middle offices, Adaptiv creates a shared understanding of risk among CVA desks, traders and business heads.

Continually refined over fifteen years and in hundreds of implementations worldwide, Adaptiv is the most robust, transparent and auditable platform for understanding and controlling risk.

But it's not enough to be best-of-breed today. Crucially Adaptiv's flexible, scalable, web-based architecture ensures that you are ready for whatever the future brings.

SunGard's strength and continued investment means that Adaptiv is part of the optimal trading and risk infrastructure – today and in the future.

ABOUT ADAPTIV

SunGard's Adaptiv provides enterprise-wide credit and market risk management and operations solutions for financial services institutions. Adaptiv assists institutions of varying size and complexity to deploy technology to meet both internal and regulatory requirements for risk management and operational control. Adaptiv helps financial services institutions from the banking, hedge fund, asset management, insurance and corporate sectors with a deep understanding of risk management and operational processes.

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