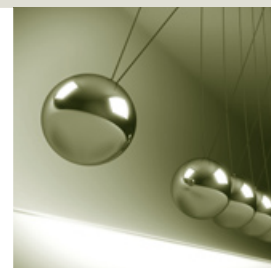


**SUNGARD**

CAPITAL MARKETS & INVESTMENT BANKING



PROVEN TODAY,  
PREPARED FOR TOMORROW  
ADAPTIV: ADVANCED SIMULATION  
CREDIT RISK MANAGEMENT



## THE MOST ADVANCED SIMULATION

Measuring risk accurately is central to financial institutions today. Dealers and risk professionals have to work together towards a shared understanding of risk and an optimal use of capital. Only a real-time, accurate, and auditable risk picture can reconcile the imperatives of control and profitability.

Too many counterparty exposures are still measured via crude methodologies. This is a double risk: the price of credit risk (and the resulting capital requirements) may be overstated, while inflated credit limits don't represent the true credit appetite with each counterparty.

Dealers trying to enter what they know to be risk-reducing deals can find themselves blocked by credit systems because a limit has been reached. This hurts the credit department's credibility.

Adaptiv puts the most powerful advanced simulation tools in the hands of traders and risk professionals alike. A shared accurate, real-time view of exposures creates a solid foundation for further credit portfolio risk measures, such as economic capital, credit VaR and credit valuation adjustments (CVA).

Adaptiv puts you in control of credit risk.



## ONE VIEW, ONE ENGINE

The standardized approach is already putting real constraints on credit risk capital. New regulations around CVA, wrong-way risk and stress testing are only increasing the complexity and the pressure. Many banks wish to gain regulatory approval to measure counterparty exposures via the Internal Models Method, but most don't have the systems to cater for this.

Adaptiv is a proven, unified engine capable of performing both market risk and credit risk calculations. Giving you consistent methodologies across both credit and market risk empowers you to measure counterparty exposures analytically, with full recognition of risk dynamics such as wrong-way risk and portfolio risk mitigation effects like netting and collateralisation.

For banks with large volumes of OTC derivative transactions, putting Adaptiv to work on your internal models can deliver a more efficient use of economic and regulatory capital.

Adaptiv gives you a consistent view.



## THE TRUE PICTURE, FASTER

Credit exposure models need to work and they need to work quickly, because dealers rely on them for pre-deal limit checking. Running Monte Carlo simulations to measure counterparty exposures is the right approach, but too many banks still rely on cumbersome batch-processed calculations. Exposures are updated once a day and simulations take hours to complete, stretching beyond the end-of-day processing window and resulting in an outdated view of exposure.

Without real-time processing, intra-day deals (and pre-deal checks) are added 'gross' to the portfolio; a much too conservative approach. To gain expediency, exposures are only calculated at fixed date points, meaning the roll-off of exposure is not reported at the right times – at maturity, for instance. Spikes in exposure can be missed and the true picture obscured.

Adaptiv is built to a low latency design. Distributing calculations across a grid of computers and using latest technologies such as 64-bit, .NET and multi-threading, enhances power while optimizing throughput. The result is a system that can calculate incremental Monte Carlo and give you consolidated exposures in real-time. Adaptiv uses a dynamic time-grid approach, which means exposures are simulated at all relevant date points in the portfolio, hence providing a fully accurate profile of risk.

Adaptiv gives you the power and speed you need.



## SCALE FOR THE FUTURE

Banks are looking to grow trading volumes substantially and sustainably. Acquisitions can double your trading volumes overnight – you don't want business opportunities to be constrained by the credit exposure engine. At the same time new regulations are on the horizon: you need flexible systems that can grow and adapt with your changing business.

Adaptiv's modular and scalable architecture helps make sure that you are ready for whatever the future brings. Choosing from an extensible 'palette' of models (covering pricing, market risk and credit risk) lets you design your individual calculation framework. It's simple to incorporate new products and models, while grid computing lets you add computational power as you need it.

Adaptiv delivers risk control today – and tomorrow.

TAKE CONTROL WITH A TRUSTED PARTNER



## SIMPLY BETTER SIMULATIONS

Adaptiv is the fast, unified and extensible engine for advanced credit simulations. Creating a shared transparency between dealers and risk professionals, Adaptiv puts real-time data and intuitive tools to work for front and back offices.

But the risk picture is constantly changing. SunGard's strength and continued investment means that Adaptiv can help create the optimal 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 our deep understanding of risk management and operational processes.

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