

alacra CONCORDANCE

CASE STUDY

Global Investment Bank Accelerates Credit Ratings Updates, Fulfills Basel II Reporting Requirements & Frees Capital for Lending

Project Impetus

- Enact Advanced Internal Ratings-Based (AIRB) approach to satisfy FSA risk requirements and reduce capital requirements.
- Shorten lag time for processing updated credit ratings data.
- Improve accuracy of data fed into risk models.

Existing Process

- Credit risk employee found the latest Moody's, S&P and Fitch credit ratings on Bloomberg.
- Employee manually entered three agencies' ratings information into a spreadsheet, one entity at a time.
- With a universe of 10,000 entities, the process for fully updating the spreadsheet lasted more than a month.
- Once the Bank's complete universe had been updated, the manual process immediately re-commenced.
- Lag time on upload of latest ratings data could stretch for several weeks, leaving the Bank exposed to excess credit risk and increasing capital requirements.

Alacra's Solution

- Once a week, Alacra receives a flat pipe-delimited text file from the Bank with a universe of counterparties ranging from 8,000-12,000 entities.
- Alacra processes the client's universe, maps data fields to the corresponding ratings agencies, appends the ratings data, and returns the file to the Bank in a single batch for instantaneous upload and use in risk modeling. Records that have changed since the last update are indicated for expedited processing.

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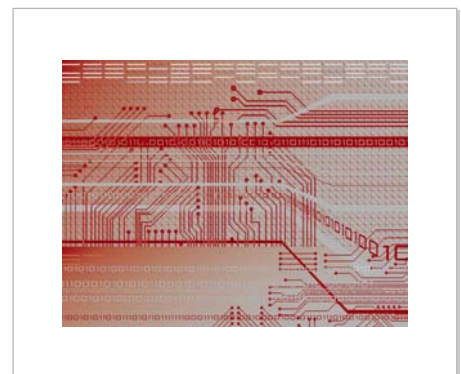
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Before: Bank employee manually entered credit ratings from three separate agencies into a spreadsheet, one at a time, for 10,000 entities. The process took over a month.



After: Once a week, Alacra receives a current entity universe from the client. All credit ratings data is refreshed and returned for input into risk models almost immediately.



- Alacra currently ensuring up-to-date credit ratings information from all three major ratings agencies for an average of 10,000 business entities weekly.

Benefits

- Ability to adapt entity universe on the fly, with corresponding credit data inputs automatically feeding into Bank databases and risk models.
- Satisfaction of FSA regulatory requirements for prompt and accurate risk exposure calculations.
- Fully extensible architecture that easily enables add-on data analysis solutions.

Client ROI

- Payback period of six months for system investment.
- Management oversight requirement significantly diminished.
- Reduction of risk modeling inaccuracies caused by reliance on outdated credit ratings.
- £380 million in capital reserves freed up for lending after satisfying regulatory requirements.



Alacra develops workflow solutions that enable 300,000 end users at financial institutions, professional services firms and corporations to search for, extract, match and analyse mission-critical business information.

Alacra has under license the largest collection of premium business information in the world and continuously collects business data and financial events from a hand-curated universe of 3,000+ web-based sources. Alacra aggregates and filters this content; each configuration offers users a single point of access to disparate information sources. Bespoke applications keep Alacra's clients up-to-date on their customers, prospects, investments, competition, partners and suppliers, driving business development and streamlining operations.

Alacra's mission is to aggregate, integrate, package and deliver business and financial content in ways that are most useful to our clients, which include nine of the top 10 global investment banks, all four major accounting firms, and nine of the top 10 consulting firms.

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