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RISK CONTROL

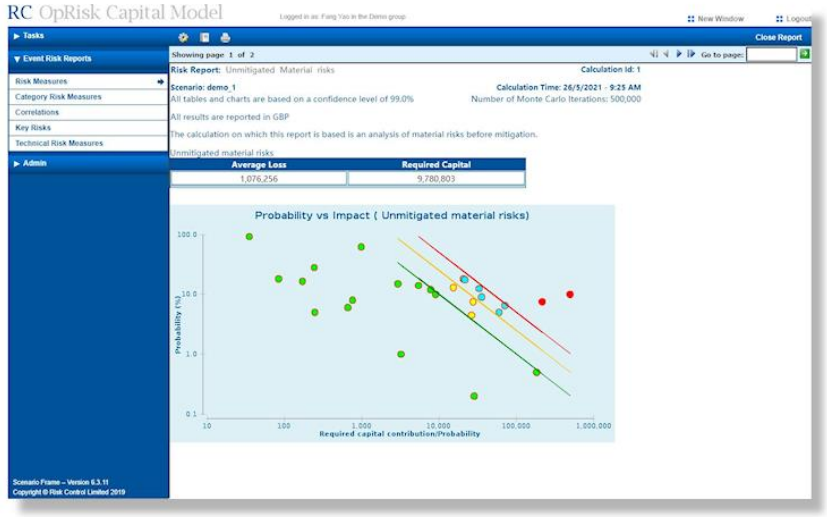
Note

RC-OpRisk Capital Model

Risk Control's RC-OpRisk Capital Model is a web-based application that assists asset managers, banks or other institutions in analysing event risks and mitigation strategies for ICAAP and risk appetite purposes. Via the interface, risk owners and risk analysts may work jointly on risk registers and perform coordinated calculations of the risk contributions of adverse events. With integrated reporting functionality, the application provides flexible ways to generate and distribute reports.

RC-OpRisk Capital Model allows users to

- Introduce likelihoods and severity parameters for each event
- Infer correlations from conditional event probabilities
- Estimate total capital and the contribution to it of individual risk categories



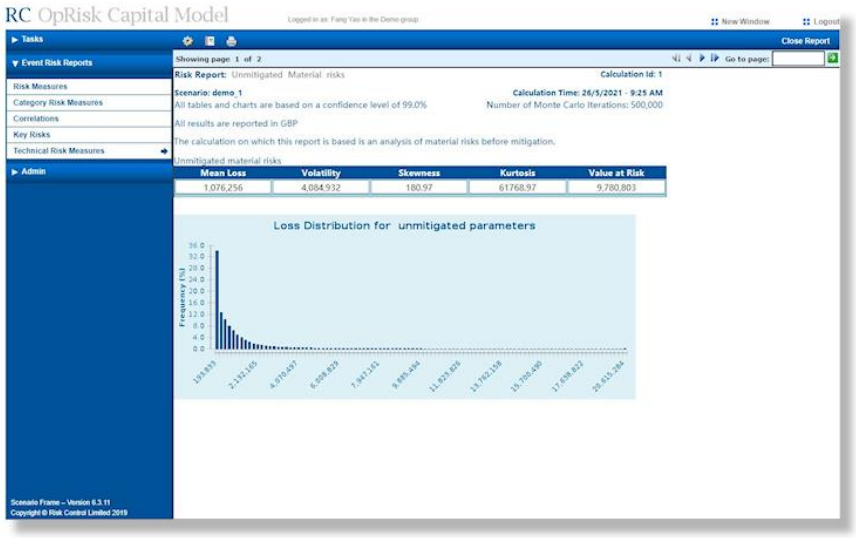
RC-OpRisk Capital Model Features

- Rigorous and flexible methodologies
- Convenient and swift calculations
- Stable, server-based data storage
- Methodologies consistent with best practice and regulator expectations
- Easy import/export: user friendly interface for importing data and parameters and exporting and distributing reports.
- Expert override: users can override data and parameters and record their reason for the overrides.
- Multiple users and data groups: scenarios and the associated data can be viewed either by a group of users or only by the users who created them
- Snapshotting: each analysis and its related data are recorded so users can easily revert to previous analyses and data.
- Friendly user interface for organizing, storing and managing event risk
- Estimate correlation between events
- Quantitative assessment of risk appetite
- Reliable and replicable results

In RC-OpRisk Capital Model, risk appetite analysis is performed in a few simple steps:

- **Create analyses**: An analysis consists of data, parameters and results associated with a particular analysis.
- **Edit parameters**: User can modify probability and severity parameters imported earlier when the analyses were created.
- **Determine correlations**: User determines the likelihood of an event happening conditional on another event happening.
- **Analyse risk frontiers**: Risk frontier can be analysed in the probability-severity or probability-stressed expected loss space.
- **Generate reports**: Flexible ways to generate and distribute reports. Users can also comment on reports before distributing them.

RC-OpRisk Capital Model offers a range of enterprise software functionalities including a multi-lingual interface, user authentication, user roles and groups, scheduling of calculations and reports, archiving and reversion to past data.



Technical Information
RC-OpRisk Capital Model is a Java-based JEE application. It is compatible with a wide variety of execution environments, including:

- Operating systems: Linux, Windows
- Application servers: Tomcat, Weblogic, WebSphere, JBoss
- Databases: Oracle, Sybase, SQLServer, MySQL

The web-based interface is built upon a lightweight JEE framework promoting systems consisting of loosely coupled components. The application can be deployed on a variety of JEE application servers, including Tomcat, Weblogic, WebSphere and JBoss.

While the application can run in a JEE container and uses aspects of the JEE specification (in particular JSP), it does not use Enterprise Java Beans (EJB). Business logic is implemented with plain java classes (POJO's), with a Spring Bean abstraction, for easy customization and adaptation. The database is accessed through the JDBC interface.

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