

## Risk Adjusted Performance Management (RAPM)

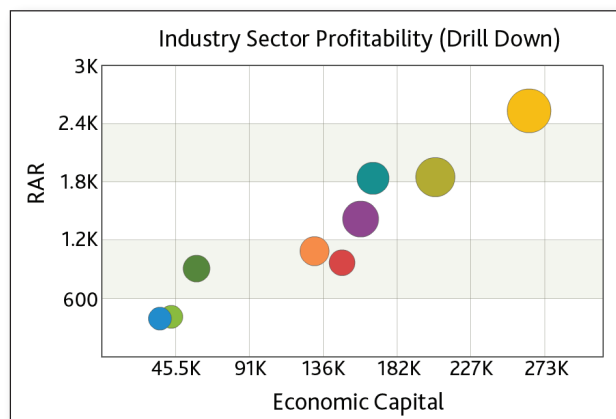
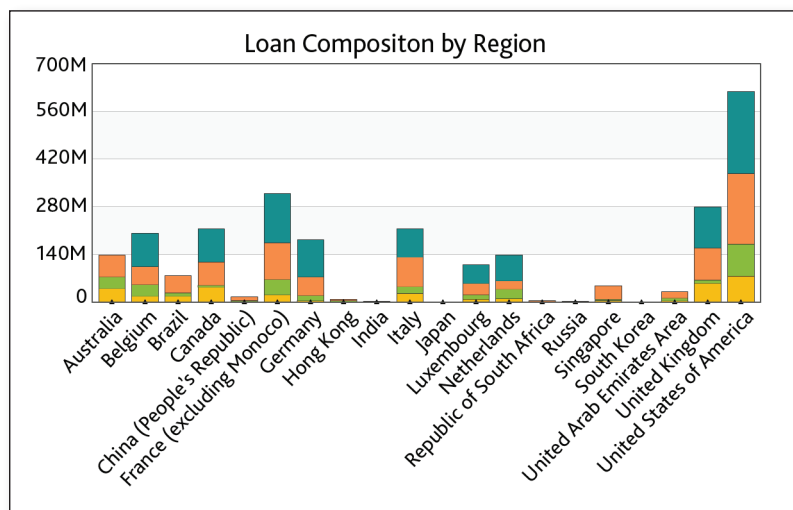
Fermat RAPM is an easy-to-use profitability solution designed for managing a bank's risk and performance across various dimensions by computing the profitability of the bank's customers, products, channels and business units. It provides a broad set of key performance indicators (KPIs) giving an accurate view of profitability and performance data gathered on a single risk-adjusted performance management platform.

### Challenges of Achieving a Risk-Adjusted View of Businesses

It is important to consider all risks when you are planning your bank's finances and forecasting your businesses. To maximize the profitability and performance of your businesses, income, costs and risks throughout the organization must be assessed. Most enterprise performance management solutions assess only a single perspective of business performance and typical risk management solutions calculate siloed risks and do not fully consider profits and losses, leaving an incomplete view of a bank's risks and performance. The best performance management systems should incorporate clean, single sourced data solutions with targeted analyses of income, costs and risks at a customer, product or business-line level.

### Holistic Risk and Performance Management for Decision-Making

RAPM is a holistic profitability solution that provides a risk and performance data mart specifically designed for banks, based on years of best practices. It brings together and manages all performance related information from various source systems to ensure quality data, and provides a single view of the bank's risk and performance. By allocating operating costs and non-financial revenues at the finest granularity level, the solution provides the bank with a comprehensive understanding of its risk-adjusted performances and risk-adjusted return on capital, allowing an objective assessment of the portfolio optimization opportunities. By integrating risk-adjusted metrics into financial planning, budgeting and forecasting, the solution helps to build actionable, accurate and transparent profitability systems for performance analysis and decision-making.



RAPM provides a single point of view for finance, risk, portfolio and relationship managers, bridging the gap between various functional departments.

## Effectively Measure and Manage Your Business Performance

With RAPM, you will be able to:

- » View income, costs and risks holistically within an interactive dashboard, which allows you to drill into granular details and generate visually appealing reports
- » Easily allocate costs using Activity Based Costing (ABC) to the activities that consumes them and then roll-up to a customer or product
- » Integrate your risk, customer relationship management and origination systems to improve your operational effectiveness
- » Compute KPIs such as economic profit, risk-adjusted return on capital (RAROC) and economic value added (EVA) across various dimensions by allocating risks, income and capital to underlying deals
- » Measure and monitor profitability and performance of customers, products and business units or other dimensions to understand the true profitability of individual, geographic or departmental performance, allowing efficient allocation of budget and resources

## Fully Integrated for Effective RAPM

RAPM is fully integrated with Moody's Analytics products, which are built on years of experience collaborating with major financial institutions globally. The solution is integrated with the products to calculate economic and regulatory capital for unexpected loss and capital charges, and asset and liability management tools to determine funds transfer pricing (FTP) based on past, current and future revenue, and economic provisioning computations. It also integrates with the Moody's Analytics scenario analysis tool for forecasting of capital. RAPM is pre-configured and directly applicable to a bank's business thus reducing the time to implement the solution.

## The Product Family

Moody's Analytics offers the following products which can be integrated with Fermat RAPM.

- » **Fermat CAD:** Calculates Basel regulatory capital over your entire portfolio
- » **Fermat SA:** Quickly and efficiently assesses and reports the impact of changing market conditions or new business strategies on key risk and performance indicators
- » **RiskFrontier:** Portfolio management tool used to analyze credit risk across diverse asset classes and for economic capital assessment
- » **Fermat GEM:** Monitors your global exposures across all business units and sets, manages and monitors limits
- » **Fermat ALM:** Monitors balance sheet across a wide range of assets and liabilities

## About Moody's Analytics

Moody's Analytics provides strategic solutions for measuring and managing risk. We put the best practices of the entire world of credit, economics and financial risk management at your fingertips, helping you compete in an evolving marketplace. In addition to distributing the credit ratings and proprietary research of Moody's Investors Service, we offer training and risk management support services as well as leading-edge software that is tuned to your business challenges and powered by sophisticated models.

We encourage you to try Fermat RAPM for yourself. Please contact Moody's Analytics to learn more, arrange a trial or schedule a personal demonstration. E-mail us at [clientservices@moody.com](mailto:clientservices@moody.com) or use one of the numbers below:

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