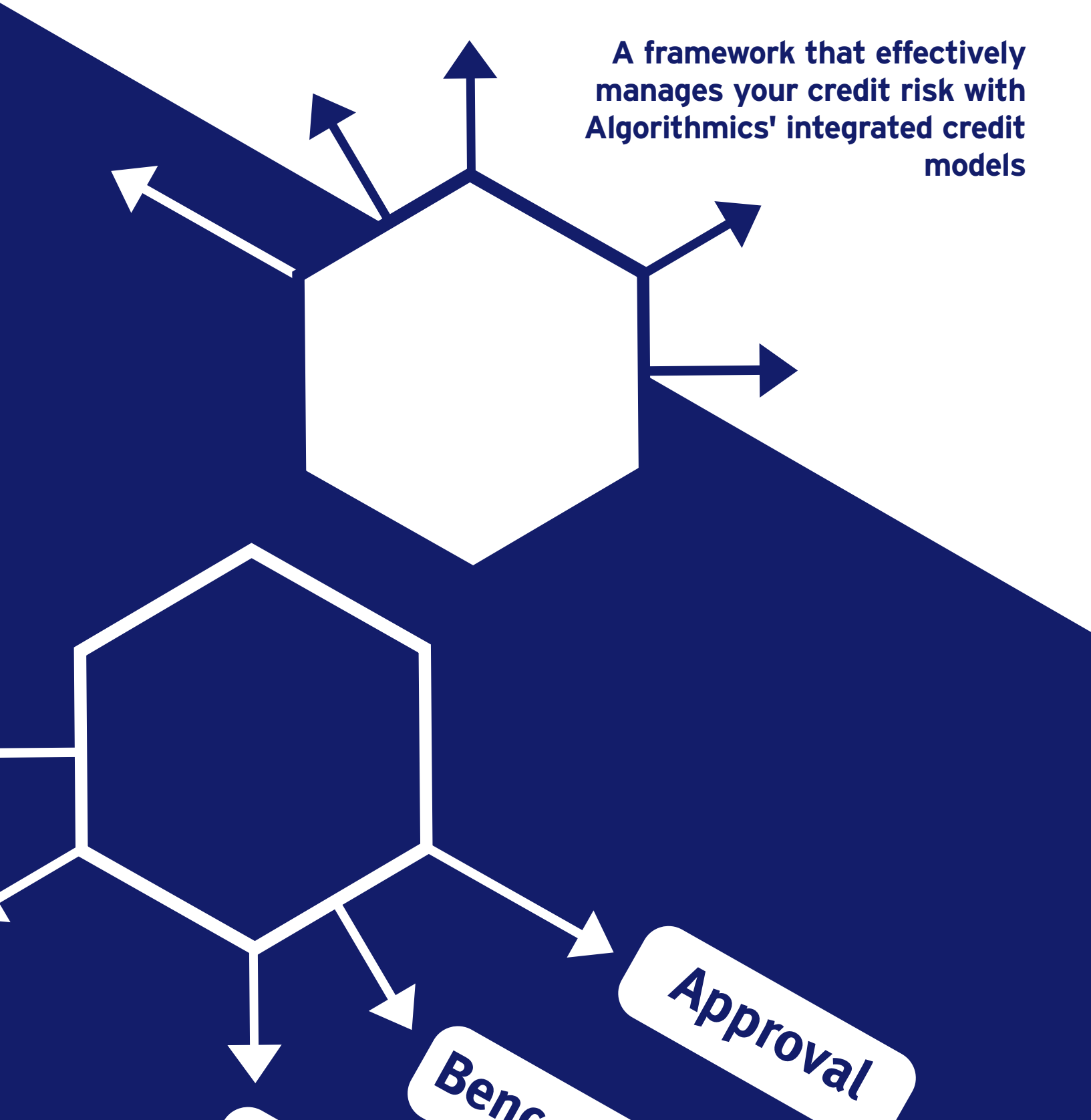




FACT-CRS

A framework that effectively
manages your credit risk with
Algorithmics' integrated credit
models



FACT-CRS is a framework that effectively manages your credit risk, with integrated models from Algorithmics. This innovative credit platform is the ideal solution to implement as part of your Basel II compliance processes as it brings far more than regulatory benefits. Because FACT-CRS brings internal and external models and data all together on the same platform it can streamline your credit processes and offer you benchmarking, archiving, workflow and approval mechanisms, plus a flexible rating system.

FACT-CRS - Apply Algorithmics' credit models to 16 million companies worldwide

FACT-CRS allows you to apply the rating models from Algorithmics to companies included on databases from Bureau van Dijk Electronic Publishing (BvDEP). The company can be public or private, a corporate or a financial institution. The models use both historic financial statement data and current equity market information, where applicable. They will generate statistically robust, "agency-like" ratings and provide a consistent, accurate base-line credit rating across many industry sectors and geographies.

Algo Global Bank Rating Model

Seven different bank models are available, each adjusted for a particular country or region. They are designed primarily for regulated commercial and retail banks whose primary business is savings and loans or commercial lending. The models produce Individual Ratings, which measure a bank's stand-alone financial strength, as well as Long-Term Ratings which also incorporate government or parental support. They perform to within two notches of rating agency ratings 91% of the time.

Algo Global Corporate Rating Model

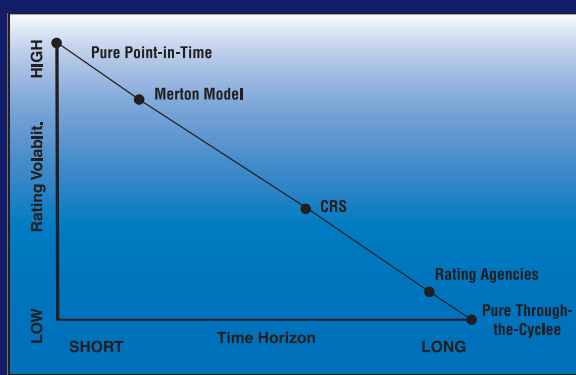
The Algo Global Corporate Rating Model is built and tested using extensive data sets of ratings and financial information for major corporations with assets in excess of 50 million USD. The ratings produced by the model are within two notches of agency ratings 83% of the time for publicly traded companies and 82% of the time for privately held companies.

Algo Global Non-Investment Grade Rating Model

Specially calibrated for companies known to be non-investment grade, the model performs to within two notches of agency ratings 91% of the time for public companies and 89% of the time for private companies.

Algo Global Utilities Rating Model

The Algo Global Utilities Rating Model is built and tested using extensive data sets of ratings and financial information for major utilities with assets in excess of 50 million USD. The ratings produced by the model are within two notches of agency ratings 81% of the time for publicly traded companies and 80% of the time for privately held companies.



FACT-CRS - Add your own qualitative factors to Algorithmics' credit models. Create your own internal rating models. Benchmark, measure and analyse portfolio risk and improve your workflow and approval processes

- **Flexible modeling** using your choice of data. FACT-CRS allows you to create your own internal rating models based on pre-defined methodologies that reflect your rating philosophy and appetite for risk.

You can choose to refer to imports from BvDEP databases to provide the drivers for your models, or you can use alternative sources. In addition, the software allows you to add companies and manually spread financial accounts in user-defined templates.

You can choose the variables to include, and the weighting the various elements should have. Quantitative, qualitative and country information can all be included in your analysis.

You are not reliant on BvDEP to develop further models. FACT wizards empower you to create sophisticated internal models that can be created quickly and efficiently.*

- **PD, LGD and EAD calculations** that are easy to perform. FACT-CRS allows you to create comprehensive credit risk calculations. You can run simulations of PD, LGD and EAD to study different scenarios to calculate the economic capital needed to cover the credit risk of your portfolio.

- **Analysis**

FACT-CRS's sophisticated functionality helps you create intricate analyses such as:

- Group reports
- Internal rating distribution reports
- Peer group distribution reports
- Rating transition matrices
- Benchmarked statistics and reports

- **Improve your workflow**

FACT-CRS can integrate risk data from internal databases and supports the workflow surrounding the rating, limit setting and the credit approval process. It's designed to adhere to your existing procedures and risk databases, reducing set up time and disturbance.

A simple to use toolbox makes it possible for you to display counterparty, limits and exposure data in a clear and logical manner. It's also quick and easy to create group reports. As FACT-CRS is using the most recent "live data", tedious updating processes are not required - data input is minimised, reducing the likelihood of error. Your credit products and authority levels can also be easily incorporated into a FACT-CRS system. Credit documentation can be archived at a click of a button and credit officers will be warned by email when limits or ratings are due for approval.

*Any complex calculations can also be programmed directly into the interface.

FACT-CRS - Web-based, fully supported and utilizing the latest technology

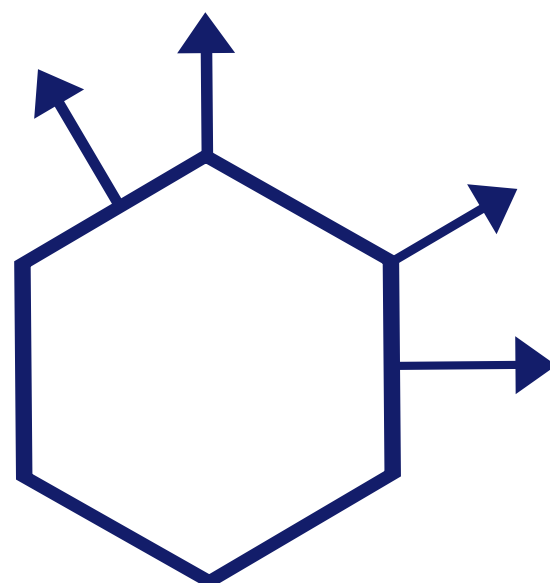
FACT-CRS can be intranet or internet-based and extensively uses the latest web technology. BvDEP can host the system for you on its secure servers, so you can avoid any updating and maintenance issues.

FACT-CRS utilizes BvDEP's software which allows you to make sophisticated multi-criteria searches using any variable available in the system. You can also create customized reports and perform complex financial analyses.

BvDEP has an experienced team of professionals with methodological, operational and technical expertise that works with you to develop, customize and support your version of FACT-CRS on an ongoing basis. BvDEP provides a comprehensive support service including telephone and field support, systems assistance and training. You will have your own dedicated project manager to oversee all aspects of the development and implementation of FACT-CRS.



FACT-CRS - the ideal solution for implementation of the advanced internal rating based (IRB) approach for Basel II adequacy requirements



This table illustrates how a FACT solution can help you comply with many of the advanced IRB requirements.

BASEL COMMITTEE RECOMMENDATIONS:	FACT MODULE	FACT FUNCTION
1) Internal model transparency	RATING	Flexible rating model editor and wizard, view line by line structure of model formulae
2) Capability to perform qualitative and quantitative assessment	RATING	Ratings can be computed using both financial and non-financial information
3) Assessment of the country in which the borrower operates	RATING	"Customization ready" country risk models
4) Comprehensive rating documentation	RATING	Full archiving capabilities for credit ratings and credit analysis documentation. Algorithmic's models fully validated and documented
1) Balanced distribution of exposure across borrower grades	ANALYSIS	Algorithmics' rating models produce 21 separate risk grades. Sophisticated portfolio analysis capabilities enable active monitoring of rating grade distributions.
2) Stress testing, validation of internal models, back testing. Robust mapping of internal grades to external rating agency scale(s)	ANALYSIS	Models are regularly validated by Algorithmics Benchmarking functionality enables comparison of external and internal methodologies
3) Determine the impact of changes in the economic environment (industry downturn etc.)	ANALYSIS	"What if" analyses Rating migration analysis
1) Optimum rating model integrity and security	MAINTENANCE	High security user authentication and full audit trail
2) Management of rating model overrides	MAINTENANCE	Ability to track, document and archive the performance of overridden grades
1) Frequent review of borrowers	WORKFLOW	Pre-defined alerts, portfolio model run and benchmarking
2) Independent review and approval processes	WORKFLOW	Full workflow functionality facilitates review, approval and archive processes
1) Full rating system reporting (rating history, analyst and model(s))	GENERAL	Rating migration analysis, portfolio level reports and statistical analyses
2) Adherence to Basel disclosure requirements	GENERAL	Online reporting available for model methodology (key inputs etc.), capital requirements and portfolio performance
3) Accurate and timely information relating to the borrower	GENERAL	Weekly updating of financial statements. Automatic batch import of borrowers
4) Robust information technology system	GENERAL	SQL based portfolio database hosted and maintained by the bank based on N-tier architecture



bvdep.com
info@bvdep.com

Brussels

Avenue Louise 250
1050 Brussels
tel: 32 2 639 06 06
fax: 32 2 648 82 30
brussels@bvdep.com

London

Northburgh House
10 Northburgh Street
London
EC1V 0PP
tel: 44 (0) 20 7549 5000
fax: 44 (0) 20 7549 5010
london@bvdep.com

New York

NY Information Technology Center
33 Whitehall Street,
New York,
NY 10004
tel: 1 212 797 3550
fax: 1 212 797 3555
newyork@bvdep.com

Amsterdam

tel: 31 (20) 5400 100

Beijing

tel: 86 (10) 6809 5685

Bratislava

tel: 421 (2) 682 86 760

Copenhagen

tel: 45 33 4545 20

Edinburgh

tel: 44 (0) 131 200 7110

Frankfurt

tel: 49 69 9636 65 0

Geneva

tel: 41 (22) 703 5143

Madrid

tel: 34 91 454 70 98

Milan

tel: 39 (02) 43 98 22 77

Moscow

tel: 7 095 681 8671

Paris

tel: 33 1 53 45 46 00

Rome

tel: 39 (06) 85 23 72 47

San Francisco

tel: 1 415 773 1107

Singapore

tel: 65 6325 1230

Tokyo

tel: 81 3 5256 6720

Vienna

tel: 43 1 606 11 96

Algorithmics
KnowYourRisk.



algorithmics.com
info@algorithmics.com

Toronto

185 Spadina Avenue
Toronto, Ontario
Canada, M5T 2C6
tel: 1 416 217 1500

London

Ivory House, East Smithfield
London
E1W 1AT
tel: 44 (0) 20 7481 3434

New York

33 Whitehall Street
New York
NY 10004
tel: 1 212 625 5260

Bridgetown

tel: 1 246 420 2344

Frankfurt

tel: 49 69 7171 81 0

Johannesburg

tel: 27 11 380 8700

Madrid

tel: 34 91 418 69 09

Mexico City

tel: 52 55 5520 4293

Paris

tel: 33 1 53 43 51 50

Philadelphia

tel: 1 856 642 6101

São Paulo

tel: 55 11 3707 3708

Singapore

tel: 65 6536 7737

Sydney

tel: 61 2 9004 7400

Tel Aviv

tel: 972 3 754 1107

Tokyo

tel: 81 3 5224 4430

Vienna

tel: 43 1 316 86

