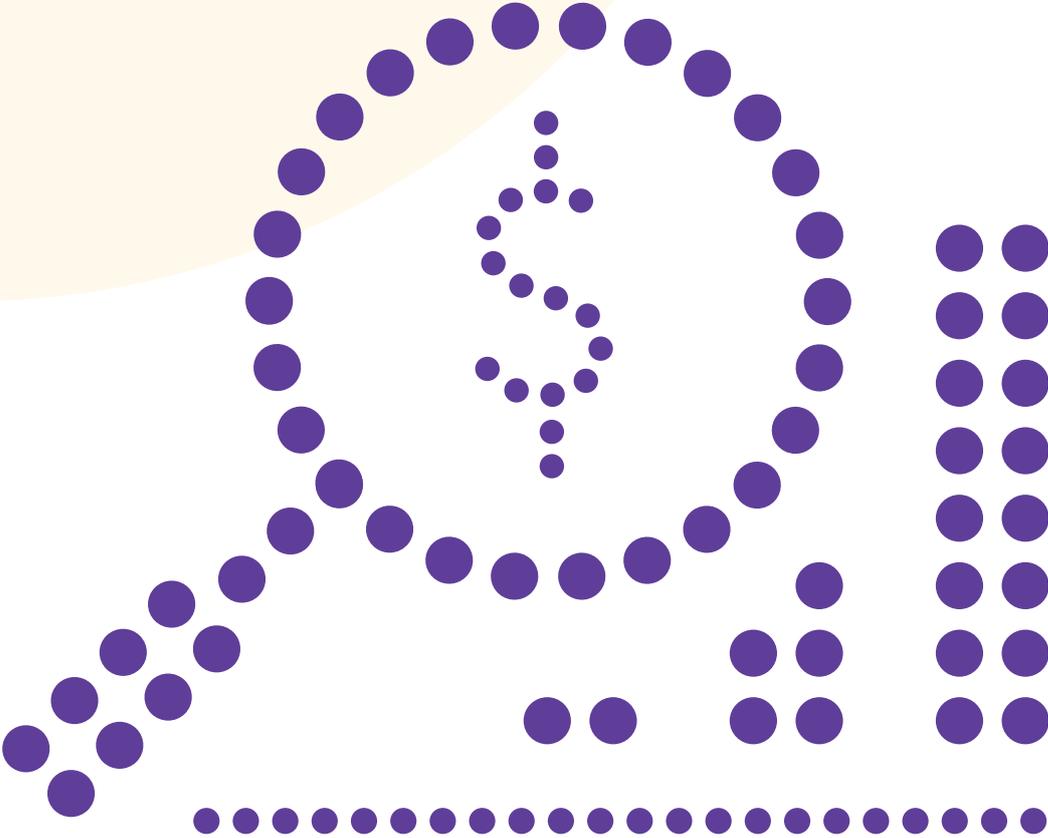

Credit Risk

With high volatility in the energy and commodity markets and stricter regulation being forced on firms, counterparty credit risk management is critical.



BRADY.



World class credit risk management and mitigation

Brady Credit Risk (BCR) is a web based and specialised energy and commodity credit risk management solution. It proactively helps the credit department to manage and mitigate counterparty credit risk through credit limits, exposure calculation, margining workflow, internal credit scoring, legal contract management and reporting.



Credit static data is easily managed for counterparty details, netting agreements, and CSAs. Additionally for credit mitigation tools such as guarantees, credit insurance and letters of credit. It can be delivered on premise or hosted in the cloud.



Brady's credit risk software is suitable for use by any sized company, from the smallest start up to large multi-nationals with a global presence. With a small footprint, BCR can be delivered out of the box with best of breed functionality or easily tailored using our configuration tools.



Delivering targeted user information

Our BCR product provides pro-active alerts and tailored credit information and is selectively fed to different users within the credit team, allowing them to be aware of critical information that requires urgent action.

Each user can define which information and data they wish to prioritise and create business intelligent views of this data to streamline their daily workflow activities.

Modular design

BCR has a modular design, this means that you choose which elements of the system you wish to use and add functionality as the need arises.

Core module

This comprises the interfacing of trade data, interest rates and foreign exchange rates as well as the management of credit risk static data. This includes counterparty information, such as external ratings, credit limits, industry classification, counterparty type and country of risk. Guarantees, netting agreements and CSAs can also be set up and managed.

All credit risk static data can be comprehensively captured and managed with full audit control.



Exposure module

This flexible module allows users to see counterparty exposure at an overall level or broken down into definable silos or portfolios.

- Aggregated counterparty exposure from all trades taking the netting rules into account
- Calculates limit availability and limit utilisation and shows limit excesses where the overall limit has been broken
- Breaks counterparty exposure into Mark to Market (MTM) and settlement risk
- Calculates Expected Credit loss (ECL)
- Allows portfolios to be created for reporting purposes
- Allows drill down of counterparty exposure into the underlying deals
- Shows exposure at the portfolio level for industry sectors, country exposure, Moody's external ratings and S&P ratings
- Rolls exposure up through either the parent guarantee (PCG) hierarchy or through the legal hierarchy
- Calculates issuer risk (secondary exposure)
- Calculates obligation exposure (your exposure as seen by your counterparty)
- Calculates collateral adjusted exposure

Analytics

Our Potential Future Exposure (PFE) analytics engine can use parametric models or Monte Carlo simulation to show worst case scenarios at defined confidence levels.

Liquidity forecasts show the impact of simulated credit rating downgrades for OTC margining.

Scoring

A configurable scoring module facilitates the internal scoring of counterparties based on a configurable set of quantitative and qualitative questions.

Counterparty financial information can be imported electronically or manually entered, where key financial ratios are calculated and analysed to recommend an internal credit score and set of credit limits for the counterparty.

Collateral

Margining is fully automated through credit support annexes and the associated netting structures, with user workflow initiated at critical stages of the margining process.

Margin letters are sent out to counterparties, requesting delivery or the return of collateral, while incoming collateral demands from counterparties are validated for accuracy. Margin disputes are recorded for regulatory reporting.

Highlights include:

- Credit Support Annex (CSA) administration
- Collateral requirements calculations
- Call memo generation
- Collateral workflow
- Collateral deal capture
- Dispute tracking
- What-if collateral requirements
- Split the difference margin calculation

Reporting

A comprehensive reporting suite is connected to Power BI and Tableau for improved data visualisation across the whole credit suite.

The BCR reporting suite comes with a standard set of credit risk reports that can be emailed to specific users each night or viewed on-demand during the day.

With many organisations deploying specialist platforms for capturing energy and commodity trades, the credit risk database is one of the few places that contains every trade. This superset of trades offers new opportunities for additional analysis and wider management reporting. Many Brady Credit Risk customers are increasingly utilising this information to create management dashboards that report metrics across all trading activities.

Legal

This is a contract management tool that provides key functionality for the legal team that manage and negotiate trading and credit related agreements such as netting and margining. Powerful search capabilities and comparison tools allow users to search for specific clauses and compare standard text to terms that are being negotiated.

Additionally, integration with MS Outlook enables allocation of responsibilities and tracking of all correspondence related to the negotiation process.

About Brady plc

Brady plc is the largest European-headquartered provider of trading and risk management software to the global commodity and energy markets. Brady combines fully integrated and complete solutions supporting the entire commodity and energy trading operation, from capture of financial and physical trading, through risk management, handling of physical operations, back office financials and treasury settlement and credit risk.

With over 30 years' expertise and 10,000 users at over 200 companies worldwide, Brady's software solutions deliver vital business transactions across its clients global operations. Brady clients include many of the world's largest financial institutions, trading companies, miners, refiners, scrap processors, producers, tier one banks, London Metal Exchange (LME) Category 1 and 2 clearing members, leading European energy generators, traders and consumers.

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Credit Risk

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