

## ENTERPRISE RISK REPORTING FOR BANKING

### DEVELOP A SINGLE VIEW OF BUSINESS RISK ACROSS YOUR ENTERPRISE

Banks face critical challenges that amplify their risks in today's dynamic marketplace. Continuous innovation is creating new sources of data and measurement requirements, while evolving regulations require greater transparency, agility, oversight, and accountability.

Within this challenging environment, you need to increase awareness of all risks and enable transparency enterprise-wide. These capabilities are critical to retain the confidence – and the business – of clients and investors, while meeting the requirements of regulators around the world.

SAP can help. The SAP® BusinessObjects™ Enterprise Risk Reporting for Banking application, designed for banking institutions like yours, enables you to control enterprise risks and achieve a rapid return on your risk management investments.

#### Accelerate Risk Reporting and Analysis

Our analytic application provides more than 70 banking-specific key performance indicators (KPIs) and preconfigured templates for reports and dashboards that speed integrated risk reporting and analysis. It combines our expertise from over 30 years' experience working with banking institutions with the business intelligence functionality of the SAP BusinessObjects portfolio. This analytic application attaches and maps to your data by leveraging the data integration and metadata management functionality of SAP BusinessObjects

solutions. To speed time to value, it includes preconfigured "semantic layers," or business representations of your risk data.

The application includes the key risk indicators (KRIs) most commonly requested by banks. Its design objectives, based on real-world input from our banking customers, include:

- Provide comparative information to lines of business
- Deliver key performance indicators and drivers via prebuilt templates of visual dashboards along with advanced predictive and unstructured data analytics
- Give management a clear view of where you stand and where you are going
- Integrate reporting and ad hoc query functionality, supported by a data model that lets you quickly incorporate additional sources of data and analysis
- Present accurate, up-to-date information that lets you weigh and manage risk factors, find new ways to cut costs, and capitalize on emerging opportunities

With the risk-reporting functionality of this application, you can identify, analyze, respond to, and view your enterprise risk. Real-time visibility helps you weigh new opportunities against related financial, legal, and operational risks to minimize exposure. Visibility into the full risk management lifecycle gives you the information to make risk-adjusted decisions in the context of your strategies and objectives.

The SAP® BusinessObjects™ Enterprise Risk Reporting for Banking application helps banks manage risk, increase enterprise transparency, and ensure compliance. This application rapidly provides accurate, up-to-date information, enabling your organization to make sound decisions and outpace the competition.



The SAP BusinessObjects Enterprise Risk Reporting for Banking application's prebuilt dashboards provide an enterprise view of:

- Enterprise risk
- Credit risk summary
- Credit risk detail (economic)
- Credit risk detail (regulatory)
- Operational risk summary
- Operational risk detail
- Liquidity risk

### Link Your Strategic Plan to Key Risk Indicators

SAP BusinessObjects Enterprise Risk Reporting for Banking links your strategic plan with KRIs for optimal operational reporting and analysis – providing banking-specific dashboards and reports in a template format to increase clarity into your risks.

The application supports an enterprise-wide approach to identifying, valuing, and mitigating risk. You can monitor the overall risk portfolio and immediately alert management when high-impact and high-probability risks exceed company-specific thresholds. Dashboards can feature visual objects such as traffic lights that serve as alerts to monitor utilizations and limit breaches.

### Report and Analyze Credit Risks

The analytical functionality in SAP BusinessObjects Enterprise Risk Reporting for Banking centralizes processes for credit-risk governance and provides consistent, highly granular data. This enables compliance with credit-risk standards and regulations, such as the Basel II framework. By leveraging this functionality and

interconnecting with other banking-specific analytical SAP software, SAP BusinessObjects Enterprise Risk Reporting for Banking lets you determine the minimum capital requirement for credit risk by calculating risk-weighted assets. The applications also facilitate supervisory review with audit functionality and promote market discipline with a flexible reporting structure.

Support for credit risk management includes credit exposure calculations with collateral distribution, economic capital and credit portfolio management, and limit management. You can incorporate regulatory requirements into internal risk strategies to provide a sound basis for managing all areas

### SAP BusinessObjects analytic applications enable you to aggregate, cleanse, manage, and visualize data at the speed of business.

of credit risk. The applications also support required stress scenarios and let you flexibly manage limits on the level of granularity required by your organization.

The analytic functionality of SAP BusinessObjects Enterprise Risk Reporting for Banking provides a risk-adjusted view of your credit underwriting. You can read and analyze unstructured data from multiple sources via automated data collection and organization functionality. You can also perform detailed predictive analysis with powerful workbench functionality.

The enterprise risk-reporting functionality of the analytic application utilizes the robust and highly granular data generated by the analytical engines of SAP BusinessObjects solutions. Preconfigured extractors and a unified data model support full integration between the analytic application and the underlying SAP BusinessObjects solutions.

### Minimize Operational Risks

Currently, operational risk reporting is usually reduced to highly aggregated numbers that allow only a small window for decision making by management. Rarely is it integrated into enterprise risk reporting. SAP BusinessObjects Enterprise Risk Reporting for Banking provides the visibility into enterprise data to quantify the impact of different types of losses specifically and accurately, so you can enforce and document regulatory compliance. This is achieved by following the loss distribution approach with underlying risk matrices in the dimensions “risk category,” “organizational unit,” and “time.” Time series analysis of this data is supported to deliver critical information to management together with recommended decision alternatives.

SAP BusinessObjects analytic applications enable a unified, flexible, extensible approach to risk management, strategy development, and regulatory compliance. You can promote business viability by unifying corporate strategy with operational initiatives and loss mitigation practices across the extended enterprise. With better data visibility, you can conduct sophisticated predictability and performance analytics.

## Handle Liquidity Risks

The recent financial crisis triggered new regulations, which require greater reporting and analysis of liquidity risk. SAP BusinessObjects Enterprise Risk Reporting for Banking supports these regulations by providing reports on liquidity scenarios, contingency funding plans (per scenario), information on the liquidity asset buffer, and details on the diversification of funding sources. The software also lets you readily generate daily reports in a crisis and perform detailed stress tests and calculations.

## Analyze and Distribute Key Information

SAP BusinessObjects Enterprise Risk Reporting for Banking offers greater visibility into accurate, integrated data. You can drill down into underlying risk numbers and perform sophisticated analysis with ad hoc query and intelligent search functionality. Powerful visualization and user-friendly, role-based dashboards give all stakeholders access to the information they need, when they need it.

## Software for Enterprise Risk Management

The following SAP BusinessObjects software can help you manage and aggregate enterprise risk:

- SAP BusinessObjects enterprise performance management solutions
- SAP BusinessObjects enterprise information management solutions
- Banking-specific enterprise risk-reporting functionality in SAP BusinessObjects Enterprise Risk Reporting for Banking application

To facilitate enterprise risk management, SAP BusinessObjects Enterprise Risk Reporting for Banking supports a consistent architecture that consists of a unified data model and connectors to operational systems. They speed the development of dashboards and reports based on measures including KPIs and KRIs for primary hierarchies (such as business unit, product, geography, industry, risk type, and counterparty) and risk semantic layers with unique attributes. This unified approach is made possible by the SAP NetWeaver® technology platform, which extends the full functionality of SAP BusinessObjects software across your enterprise and beyond.

## Business Benefits

Based on a foundation of accurate, up-to-date enterprise data, SAP BusinessObjects analytic applications enable you to control, prevent, and manage risk by providing comprehensive reporting and analysis functionality. You can reduce the costs and burdens of compliance by aligning risk-based processes with corporate strategies and continuously monitoring controls. You can increase your competitive advantage by aggregating, understanding, and mitigating risk factors; improving efficiency; and giving all stakeholders the information to make sound decisions and act with agility.

### Find Out More

To learn more, contact your SAP representative or visit us online at [www.sap.com/businessanalytics](http://www.sap.com/businessanalytics).

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## SAP: Delivering IT-Powered Business Innovation

SAP delivers products and services that help accelerate business innovation for our customers. We believe that doing so will unleash growth and create significant new value – for our customers, SAP, and ultimately, entire industries and the economy at large. Today, customers in more than 120 countries run SAP applications – from distinct solutions addressing the needs of small businesses and midsize companies to suite offerings for global organizations. SAP defines business software as comprising enterprise resource planning, business intelligence, and related applications such as supply chain management, customer relationship management, product lifecycle management, and supplier relationship management.

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## Summary

SAP® BusinessObjects™ Enterprise Risk Reporting for Banking application lets you aggregate, cleanse, manage, analyze, and report on risk-related data at the speed of business. You can verify and integrate data, increase transparency, and view your firm's risk situation across all risk types and business entities. With accurate, up-to-date information, you can weigh and manage risk factors to cut costs and capitalize on opportunities.

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## Business Challenges

- Connect disparate processes to improve transparency and understand enterprise risk
- Leverage large volumes of data, often isolated in disconnected silos
- Comply with a host of regulations and standards

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## Key Features

- **Data integration** – Manage data in an enterprise data warehouse; provide a single version of the truth; and improve visibility by drilling down from an aggregated enterprise level to a single transaction level
- **Compliance and transparency** – Enable compliance with state, national, and international regulations
- **Liquidity risk** – Scenario analysis support and reporting
- **Credit risk reporting and analysis** – Centralize processes for credit risk governance and provide consistent, granular data
- **Operational risk reporting and analysis** – Take a unified, flexible, extensible approach to risk management

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## Business Benefits

- **Immediately view and report risks** with a foundation of trusted, integrated data
- **Reduce the costs and burdens of compliance** by aligning risk-based processes with strategies and by reporting and analyzing enterprise risks
- **Increase competitive advantage** by aggregating, understanding, and mitigating risk factors
- **Improve efficiency** with fast, enterprise-wide access to critical information

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## For More Information

To learn more, contact your SAP representative or visit

[www.sap.com/businessanalytics](http://www.sap.com/businessanalytics).

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