Moody's ANALYTICS

News

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MOODY'S ANALYTICS LAUNCHES RISKFRONTIER™ 3.4 WITH NEW COMBINED REGULATORY & ECONOMIC CAPITAL MEASURES

NEW YORK, September 11, 2013 — Moody's Analytics, a leader in risk measurement and management, today announced the release of RiskFrontier™ 3.4, the latest version of its award-winning portfolio management and economic capital solution for banks, insurance companies, asset management firms, and corporations. RiskFrontier 3.4 adds a new risk measure that combines regulatory and economic capital into a single metric.

The model in RiskFrontier treats regulatory capital charges as a binding constraint that reduces profitability, and produces a series of unified metrics that quantify their impact. These metrics (e.g., expected return, return on risk-adjusted capital, and Sharpe Ratio) allow institutions to rank-order the instruments in their portfolio, as well as new deals, while simultaneously accounting for economic risks and regulatory charges. Users import the regulatory capital charges into RiskFrontier from other sources, including RiskAuthority™, Moody's Analytics regulatory capital solution.

"As banks continue to respond to the capital regulations proposed under Basel III, they face the challenge of reconciling their regulatory requirements with their existing economic capital infrastructure," said Dr. Amnon Levy, Head of Portfolio Research at Moody's Analytics. "Our new model provides a practical and theoretically sound approach for evaluating both information sources as part of the decision-making process."

RiskFrontier 3.4 also introduces Risk Driver Analysis, which provides transparency into variables that have the greatest impact on a portfolio's risk. This helps users to measure the incremental impact of individual risk drivers on portfolio results.

"The addition of Risk Driver Analysis was a natural next step for RiskFrontier," said Chris Shayne, CFA, Head of Portfolio Products at Moody's Analytics. "We have seen demand for a way to automate the risk attribution process, and this feature allows our clients to efficiently and accurately measure the impact of key risk factors."

RiskFrontier 3.4 includes updates to the GCorr® Sovereign Model, which helps users better assess the correlation among sovereign debt from various nations and other asset classes. The enhanced model covers 91 sovereign countries or territories and 99.5% of sovereign debt issuance in the world.

Financial institutions around the world use RiskFrontier for credit portfolio management, valuation, capital optimization, risk based pricing, performance management and stress testing. It provides granular analysis of a portfolio's risk drivers through advanced analytics and modeling methodologies.

For more information, please visit www.MoodysAnalytics.com/RiskFrontier2013.

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