



# PowerSeller® Risk Manager

## Introduction

Are your profits as great as they have ever been? Are you able to manage your cost of hedging? Do you know your cost of hedging?

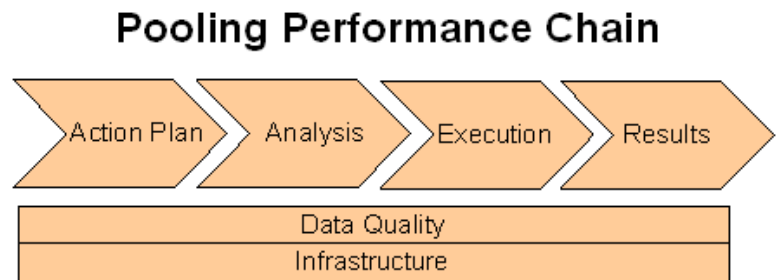
With PowerSeller Risk Manager you employ a tool to effectively manage volatility risk. Volatility risk manifests in several arenas: interest rates, resources, fallout, data quality, loan volume, etc.

Because Risk Manager was designed specifically to manage volatility risk, it provides the most complete risk management capabilities of any software system available today.

## Performance Chain

Results are only as good as the information that shapes the decision. We see data quality as the first link in the performance chain. If the data is wrong or incomplete, the best analysis tool is rendered useless. If the analyst spends the work day battling data issues, the task of improving hedge performance never takes place.

PowerSeller users implement quality control (QC) reporting to identify and manage data-related issues.



## Multiple Hedging Approaches

PowerSeller provides the flexibility to view market exposure from a vantage point that fits your risk policy guidelines. Experience has shown that risk managers have the need to view exposure in different contexts.

PowerSeller calculates exposure in a variety of ways. This allows the risk management executive to select the reports that best suit. The transparency and flexibility that is an inherent part of the modeling toolkit sets the PowerSeller Risk Manager apart from other risk management systems.

## Mark-To-Market and Position Summaries

The core of the Risk Manager is the Position Summary. On one screen, all key position components are explained including loans, products, trades, pipeline hedges, fallout, net gain/loss, impact if rates rise, impact if rates fall.

Reports with an increasing amount of detail for both the pipeline and the hedge position are included.

Logical business groups may be isolated. By isolating business segments, the Risk Manager can focus on profitability and exposure of the like-kind portions of the pipeline.

## Interactive Hedge Decision Tools

Hedge trade selection is improved by use of an interactive "What If" tool and a goal-seeking tool.

Whether you wish to model a trade or reach a performance target, PowerSeller Risk Manager has the tool.

## Loan-Level Fallout Analysis

The PowerSeller team understands that risk managers prefer fallout assumptions based on the tendencies benefiting from experience rather than using standardized fallout assumptions or standardized option models of idealized borrower behavior.

Risk Manager tackles the pitfalls that prevent a proper study from occurring. An understanding of the drivers, tendencies and volatilities that are specific to a segment of the pipeline promotes better risk modeling, better decisions, better results.

## Reporting

No matter which hedging approach you take, the Risk Manager provides a series of useful and easy-to-understand reports showing your position in summary and detail.

The reports themselves are based on report-writer templates that can be modified to suit your unique business requirements as they evolve. The templates themselves provide a wealth of good examples for future reports of your devising.

## System Requirements

The Risk Manager module requires these pre-requisites:

- PowerSeller Secondary Manager
- PowerSeller Data Manager
- Microsoft Office Professional Edition