

ENTERPRISE RISK MANAGEMENT FOR FINANCIAL SERVICES

LEVERAGE YOUR EXISTING DATA AND ILLUMINATE RISKS

Insurance firms, banks, and investment companies face critical challenges that amplify the risks in today's dynamic marketplace. The complexity of investment vehicles such as mortgage derivatives contributes to large volumes of business data, often isolated in disconnected silos. Compliance at the state, national, and international levels requires greater transparency, oversight, and accountability, while scandals and historic market losses are driving increased regulatory scrutiny.

Within this challenging environment, financial services firms like yours need to better assess and manage risk to enable accurate asset valuation, prevent data loss and fraud, increase transparency, and optimize compliance. Only then can you win the confidence – and the business – of investors around the world. But effective risk management requires a foundation of trusted enterprise data. To this end, leading financial firms are adopting advanced risk management and data integration solutions to manage market, credit, and operational risks across the disparate silos of enterprise data and applications.

SAP® BusinessObjects™ solutions deliver the functionality to aggregate, cleanse, manage, and visualize your data at the speed of business. You can rapidly verify and integrate data, increase organizational transparency, and improve your understanding of risks across the enterprise. With accurate, up-to-date information, your organization can weigh and manage risk factors to find new ways

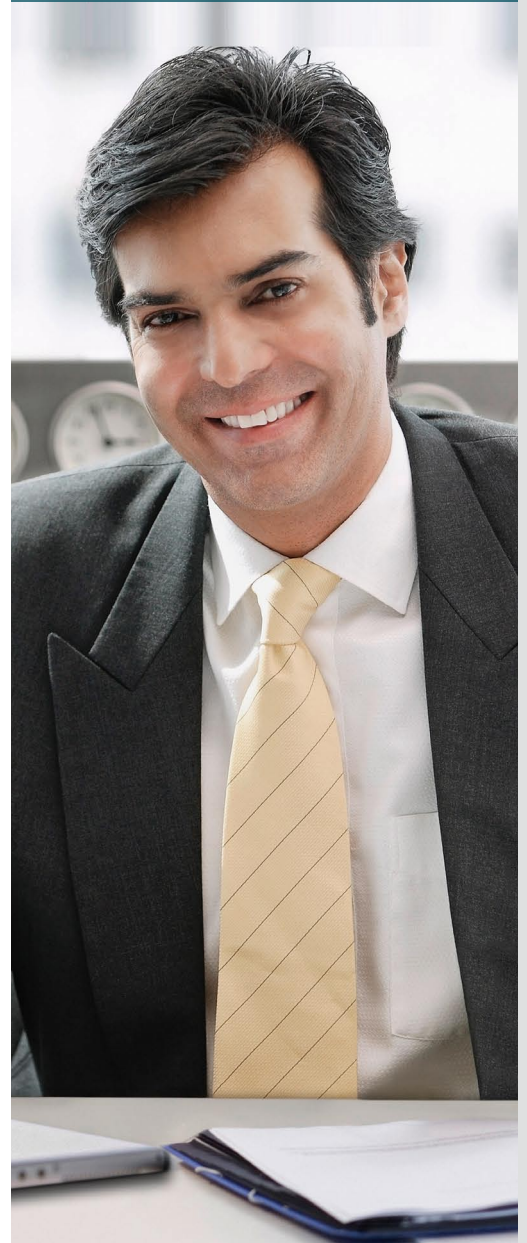
to cut costs while moving with agility to recognize and capitalize on opportunities and beat the competition.

SAP Software Adds Up

Financial services firms must comply with a host of regulations and standards, such as the Troubled Asset Relief Program and Basel II accords. But traditional risk management and compliance practices within lines of business do not provide the comprehensive transparency to understand organizational risk. Your company requires enterprise-wide transparency to give stakeholders access to all necessary data and processes. Competitive success also requires agility and rapid responses along the value chain. Incompatible information locked in disparate silos and line-of-business transactional systems can hinder your ability to make good decisions fast.

To manage risk properly, you must consolidate and integrate data to create a single version of the truth. SAP BusinessObjects solutions let you achieve that objective by enabling data integration, data quality, and the management of master data, metadata, and unstructured data. You can normalize different types of data using your metadata model, scale risk processes to serve the entire enterprise, and hold all stakeholders accountable to the same compliance and risk standards. The solutions include powerful functionality to support data cleansing, life-cycle management, security, reconciliation, and standardization processes.

The SAP® BusinessObjects™ solution portfolio helps financial firms manage risk, increase enterprise transparency, and ensure compliance. The solutions rapidly provide accurate, up-to-date information, enabling your organization to make sound decisions and outpace the competition.



You can deploy SAP BusinessObjects solutions on an enterprise-wide scale to fully interconnect data and processes, or implement modular components to suit your business needs and budget constraints. Regardless of the deployment approach you choose, SAP BusinessObjects solutions provide sophisticated functionality delivered with a robust, user-friendly, role-based interface to calculate and aggregate market, credit, and operational risks.

Manage Market Risks

SAP BusinessObjects solutions provide data management functionality that allows you to increase visibility into market risks and aggregate them accurately. With powerful visualization and reporting functionality, you can better understand and share data. The solutions enable large financial organizations to integrate proprietary models into enterprise risk management solutions. Meanwhile, smaller firms employing point solutions can integrate these tools into their enterprise-wide risk management approach.

Control Credit Risks

The analytical functionality in the SAP for Banking solution portfolio centralizes processes for credit-risk governance and provides consistent, highly granular data. This enables compliance with complex credit-risk standards and regulations, such as Basel II accords. By interconnecting with this analytical functionality and other core banking engines, SAP BusinessObjects solutions let you determine the minimum capital requirement for credit risk by calculating risk-

weighted assets. SAP for Banking solutions also facilitate supervisory review with audit functionality and promote market discipline with a flexible reporting structure.

The support for Basel II compliance within SAP for Banking solutions includes limit and credit portfolio management related to regulatory and capital requirements. You can incorporate regulatory requirements into internal risk strategies to provide a sound basis for managing all areas of credit risk. To suit your specific requirements, you can also augment the software's standard reporting functionality with offerings from partners including Moody's Investors Service and SunGard Data Systems Inc.

SAP BusinessObjects solutions also leverage the analytical functionality of the SAP for Banking solution portfolio to improve the granularity of your credit underwriting. This is done by adding the ability to 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.

Minimize Operational Risks

With traditional risk management practices, financial services firms can only categorize losses due to employee or external fraud, systems failure, or regulatory fines at a very general level. SAP BusinessObjects solutions provide the visibility into enterprise data to quantify the impact of different types of losses specifically and accurately, so you can

adequately enforce and document regulatory compliance.

SAP BusinessObjects solutions 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. This unified approach is made possible by the SAP NetWeaver® technology platform, which extends the full functionality of SAP BusinessObjects solutions across your enterprise and beyond.

Risk management functionality enables you to identify, analyze, respond to, and monitor enterprise risk. Real-time visibility helps you weigh new opportunities against the related financial, legal, and operational risks to minimize exposure. Visibility into the full risk management life cycle gives you the information you need to make risk-adjusted decisions in the context of your strategies and objectives.

The solutions support a process approach to identifying, valuing, and mitigating risk. As a result, they allow continuous control to help manage business process and performance risk across key financial activities and compliance initiatives. You can monitor the overall risk portfolio and immediately alert management when high-impact and high-probability risks exceed company-specific thresholds.

Gain Access Control

Embedded access control functionality enables you to identify and control violations through continuous, automated monitoring of financial applications and business processes. You can manage by exception with automated alerts, notifications, and escalation procedures. You can also identify and remediate potential risks, such as conflicting authorizations within a single user's access profile, and actual risks, including business functions executed in conflict with segregation-of-duties mandates.

Enable Process Control

You can implement automated controls for key risks with control monitoring, manual control tests, and self-assessment functionality. You can also control libraries and monitor critical configurations, business transactions, and IT controls across applications. By enabling process control, SAP BusinessObjects solutions help you increase efficiency, reduce costs, and speed time to value.

You can employ and integrate SAP partner solutions to manage the filtering of sensitive data through routers and corporate firewalls, protecting social security numbers, credit card numbers, and other sensitive data from exposure. This enables you to manage the complete life cycle of client data and provide secure, trustworthy service to your customers. SAP BusinessObjects solutions also include process engine functionality to help design and automate mitigation strategies to enhance your agility in responding to business risks and opportunities.

Analyze and Distribute Key Information

SAP BusinessObjects solutions give your enterprise greater visibility into accurate, integrated data. You can drill down into underlying risk numbers for granular insight and perform sophisticated analysis with ad hoc query and intelligent search functionality. Powerful visualization and user-friendly, role-based dashboards give stakeholders across your organization access to the information they need when they need it.

Solutions for Enterprise Risk Management

The following SAP BusinessObjects solutions can help you manage and aggregate enterprise risk and enable compliance across your organization:

- SAP BusinessObjects governance, risk, and compliance solutions including the SAP BusinessObjects Risk Management application, SAP BusinessObjects Access Control application, and SAP BusinessObjects Process Control application
- SAP BusinessObjects information management solutions
- SAP BusinessObjects enterprise performance management solutions

Business Benefits

Based on a foundation of accurate, up-to-date enterprise data, SAP BusinessObjects solutions enable you to predict, prevent, and manage risk. With these solutions, you can reduce the costs and burdens of compliance by aligning risk-based processes with

SAP BusinessObjects solutions enable you to aggregate, cleanse, manage, and visualize data at the speed of business. You can verify and integrate data, increase transparency, and improve your understanding of enterprise risks.

corporate strategies and continuously monitoring controls. You can increase your competitive advantage by aggregating, understanding, and mitigating risk factors in detail; improving efficiency; and giving stakeholders throughout the organization the information they need to make decisions and act with agility.

Find Out More

To learn more about how SAP BusinessObjects solutions can help your financial services firm manage risk, increase transparency, and enable compliance, contact your SAP representative or visit us online at www.sap.com/usa/solutions/sapbusinessobjects/large/governance-risk-compliance/index.epx and www.sap.com/solutions/sapbusinessobjects/large/enterprise-performance-management/index.epx.

Summary

SAP® BusinessObjects™ solutions enable you to aggregate, cleanse, manage, and visualize your data at the speed of business. You can verify and integrate data, increase transparency, and improve your understanding of enterprise risks. With accurate, up-to-date information, you can weigh and manage risk factors to cut costs and capitalize on opportunities.

Business Challenges

- Connect disparate processes and silos of data to improve transparency and better understand enterprise risk
- Assess and manage risk to enable asset valuation, prevent fraud, and optimize compliance
- Leverage large volumes of business data, often isolated in disconnected silos
- Comply with a host of regulations and standards

Key Features

- **Data integration** – Gather, integrate, and manage data to provide a single version of the truth and improve visibility
- **Compliance and transparency** – Enable and demonstrate compliance with state, national, and international regulations
- **Market risk management** – Increase visibility into market risks
- **Credit risk control** – Centralize processes for credit risk governance; provide consistent, granular data; and enable compliance with credit risk standards and regulations
- **Operational risk control** – Take a unified, flexible, extensible approach to risk management, strategy development, and regulatory compliance
- **Access and process control** – Automatically identify and control access violations and controls for key risks

Business Benefits

- **Predict, prevent, and manage risk** with a foundation of trusted, integrated data
- **Reduce the costs and burdens of compliance** by aligning risk-based processes with strategies and monitoring controls
- **Increase competitive advantage** by aggregating, understanding, and mitigating risk factors in detail
- **Improve efficiency** with fast, enterprise-wide access to critical information

For More Information

Call your SAP representative, or visit

www.sap.com/usa/solutions/sapbusinessobjects/large/governance-risk-compliance/index.epx
and
www.sap.com/solutions/sapbusinessobjects/large/enterprise-performance-management/index.epx.

50 093 986 (09/03)

©2009 by SAP AG.

All rights reserved. SAP, R/3, SAP NetWeaver, Duet, PartnerEdge, ByDesign, SAP Business ByDesign, and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP AG in Germany and other countries.

Business Objects and the Business Objects logo, BusinessObjects, Crystal Reports, Crystal Decisions, Web Intelligence, Xcelsius, and other Business Objects products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of Business Objects S.A. in the United States and in other countries. Business Objects is an SAP company.

All other product and service names mentioned are the trademarks of their respective companies. Data contained in this document serves informational purposes only. National product specifications may vary.

These materials are subject to change without notice. These materials are provided by SAP AG and its affiliated companies ("SAP Group") for informational purposes only, without representation or warranty of any kind, and SAP Group shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP Group products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.