

Valuation

Valuation in times of Brexit - How does Great Britain's exit from the EU affect the world of finance?

The tension on the financial market has been increasing since before 23 June 2016 owing to the low interest rate environment and intense competition. So to preserve the ability to generate income, alternative investments in addition to traditional asset classes as well as a consistent perspective on risk and performance factors play a more and more important role. For this purpose, we offer you a software system that can be tailored to your individual needs, to assist you in your everyday work and ensure compliance with the regulatory requirements.

Key Benefits

- ◇ Fully integrated front-to-back system
- ◇ State-of-the-art valuation methods that also take the negative interest rate environment into account
- ◇ Covers all key asset classes (including Interest Rates, Fixed Income, FX, Equities, Inflation, Mortgaged Backed Securities, Commodities and Structured Credit)
- ◇ Independent and accurate valuation of derivatives based on our multi-curve framework (OIS discounting, takes netting, collaterals, XVA into account)
- ◇ Supports "What if" scenarios
- ◇ Stress tests and scenario analyses
- ◇ Delta, model and market data sensitivity calculation
- ◇ Flexible calibration methods
- ◇ Reconciliation with the prices of the counterparty and support in case of dispute
- ◇ Full transparency plus audit trail to ensure traceability/reproducibility
- ◇ Flexibility in creating and providing reports online via "Price-it", by email, FTP or Web Services
- ◇ Expert support provided in the method and valuation context

Risk Estimation and Hedging

Our Portfolio and Risk Management System (**PMS**) provides a variety of models and methods that enable a comprehensive valuation of a wide range of instruments, structured products and certificates, including the following models for example: Bachelier, Hull-White, Libor Market, Black Scholes.

Our system incorporates regulatory, finance-mathematical, process-controlled, data and software-technological aspects which are updated on an ongoing basis. Based on this, our solution offers a multitude of functionalities and key figures for portfolio and risk management.

Our software allows you to model any type of position by means of term sheets and offers automatic valuations and risk measurements.

Our PMS application assists our customers in the development and analysis of new investment strategies. Our consulting team provides professional advice and support to customers, ranging from an individual conception of the valuation models, the structure of the system implementation up to the final production.

Turn to the next page to find an example from practice.

Customer Satisfaction is our Benchmark

The **Helaba Landesbank Hessen-Thüringen Girozentrale Berlin** (which was formerly known as Dexia Kommunalbank Deutschland AG and which was renamed as KOFIBA Kommunalfinanzierungsbank GmbH in between) is one of our satisfied customers ever since they decided for much-net AG in 2012.

We participated in a challenging evaluation process where our valuation service offer was selected amongst a number of well-known competitors: Helaba decided for us due to our profound valuation expertise and our dedicated and flexible team of mathematicians, developers and consultants.

Helaba Berlin settles complex financial transactions which are valued using various mathematical models. We provide intensive support for their result analysis and for any content-related questions.

The migration of structured swap and credit positions was done in two steps and in continuously close consultation with the customer. We are in charge of Helaba Berlin's position keeping and reporting which have been outsourced to us on a BPO (Business Process Outsourcing) basis and in which we are supported by our consulting team.

“much-net is characterised by its highly qualified, committed and target-oriented staff which develops and implements flexible problem solutions in close cooperation with the customer. In specific, we successfully migrated a heterogeneous portfolio of highly structured positions from an external valuation system to PMS”, says Sven Schneider.

In 2018 Dexia Crédit Local S.A., the parent company in Paris at that time, demanded a comprehensive validation procedure of the applied models where much-net was able once again to convince with their valuation software and expertise.

Excerpt of the services provided to Helaba by much-net:

Valuation of structured swap and credit positions and of single positions with different discounting; sensitivity calculation; dynamic stress tests / scenario analyses; daily valuation service and reporting; monthly special reports on scenarios and sensitivities

Sven Schneider is the Deputy Head of Data Migration (OE Migration Management KOFIBA, Asset/Liability Management) at the Helaba Landesbank Hessen-Thüringen Girozentrale Berlin and former Deputy Head of Risk Controlling at the Dexia Kommunalbank Deutschland AG.

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