Unlocking credit cycles
Wholesale credit risk over the past 30-40 years has exhibited pronounced cycles – with losses varying widely over time and across industries and regions.

Coupled with new regulations for IFRS9/CECL and Stress Testing – this creates the need for Point-in-Time (PIT) models – PIT models for PD, LGD and EAD are capable of accurately assessing credit losses (ECLs) at all points in the cycle – across all borrowers and individual exposures.

Z-RiskEngine® is an advanced solution for IFRS9/CECL and Stress Testing – developed and refined over the last 10 years – providing a single integrated customisable, Batch Analytics Solution for Wholesale, Corporate and Commercial Credit Portfolios – to successfully satisfy complex regulations.

Why use Z in Z-RiskEngine? ‘Z’ represents our notation for credit cycles. First used in our publications in 1998, Z is the key to measuring PIT risks and unlocking credit cycles.
SOLUTION ARCHITECTURE

Z-RiskEngine is a SAS® software based solution and is flexible to how SAS® is implemented within an institution. Utilising client data and existing credit and stress testing models, the solution provides full batch processing capability to apply customised industry/region credit indices and calculate credit losses.
**WHY CREDIT CYCLES MATTER**

Understanding industry-region credit cycles are paramount to converting TTC credit models into PIT ones before assessing ECLs – as can be seen in the graphic on the right – over the last 30 years using various measures like Credit Edge™ EDFs, US Loan Charge-offs and Moody’s Default rates – credit cycles are real and accurately assessing them is a key capability of Z-RiskEngine that supports IFRS9/CECL and Stress Testing in a single solution suite.
THE BUSINESS CASE:
A proven solution that can provide substantial benefits

Low Build and Operational Cost
Solution batch automation leads to low build and operational costs at a time of large regulatory changes

Accuracy
More accurate and dynamic assessment of PIT risk (default rate, losses and exposure) customised to each institution’s portfolio of customers

Compliance
Trusted approach approved by UK regulators when AAA team built Basel II suite of models for two UK based global banks

Scalable
One common scenario-based batch solution for any regional or geographic footprint and across regulator applications (Basel II/III, IFRS9/CECL and Stress Testing) but with customised models

Lower project execution risk
A business model where we can provide complementary services for implementation, process design, benchmarking and review services, reducing project execution risk

Integrated
One common solution covering all types of corporate and commercial credit models (PD, LGD and EAD) and all types of wholesale portfolio
ABOUT

Developers of world-leading Credit Analytic Solutions

Aguais And Associates (AAA) was founded in 2014 to bring Z-RiskEngine’s world leading solution to market globally to support key regulatory initiatives for IFRS9/CECL and Stress Testing. The team successfully achieved two Basel II Waivers at large UK global investment banks and has pioneered dual PIT-TTC framework, implementing the approach for the first time in 2005. This PIT-TTC solution was officially approved in these two Basel II Waivers.

The AAA management team has over 60 years combined experience developing, validating and implementing advanced wholesale credit models.

CONTACT

To find out more about Z-RiskEngine please contact:

Dr. Scott D. Aguais:  
+44 (0)7800 736587  
SAguais@Z-RiskEngine.com

Aguais And Associates Ltd  
20-22 Wenlock Road  
London N1 7GU, UK  
info@Z-RiskEngine.com  
Z-RiskEngine.com