

CounterpartyIQ® is an easy-to-use, web-based tool that captures, analyzes and rates counterparty exposures, helping treasury teams understand and manage their organizations' counterparty risk.

For decades, Capital Advisors Group has built its reputation upon conservative, research-driven investment strategies and solutions for its clientele. This focus on research led to the development of CounterpartyIQ®, which enabled our Credit & Research team to apply their internal credit and scoring model more efficiently for client portfolios. Realizing the value we could bring to treasury teams seeking to understand their counterparty risk, we developed CounterpartyIQ®.

After many conversations with treasury teams about their efforts to assess counterparty risk, two things became evident:

1. There are several distinct challenges facing those who have tried to implement counterparty risk analytics within their own processes.
2. Treasury teams do not use counterparty risk analysis for the same reasons.

CounterpartyIQ® Use Cases

- » Understand and monitor credit risk of various counterparty relationships
- » Build and maintain buy lists for internally managed cash portfolios
- » Facilitate relative value decisions when managing internal cash portfolios
- » Evaluate and monitor banking partners
- » Supplement internal counterparty credit processes, including:
 - Benchmarking for an internal credit model
 - Utilizing data points to build internal model
- » Aggregate all counterparty holdings to provide a portfolio level credit score
- » Track credit changes within counterparty relationships
- » Set tolerance levels for credit risk and provide alerts if counterparties fall below a certain level
- » Develop or supplement internal reports to include understandable credit metrics on counterparties



Common Counterparty Risk Analysis Challenges Facing Treasury Teams

- » Aggregation of information and what to include:
 - Counterparty information is typically housed in multiple systems making aggregation a challenge
- » Assessment of counterparty credit risk:
 - Lack of internal credit research capability
 - Lack of time to implement and continually monitor
 - Reliance on a few metrics, e.g. ratings, CDS, stock price
- » Setting tolerances:
 - Overall tolerance level with counterparty
 - Tolerance based on exposure type
 - Developing and executing policy

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