

*M*anaging your interest rate risk just got easier. IRR-Solutions® is FinSer's dynamic interest rate risk management software. The system gives you the tools you need to get meaningful information about your interest rate risk position and the reports requested by regulators.

IRR-Solutions® includes:

- Shock - Earnings Simulation
- Economic Value of Equity (EVE)
- Static Gap

IRR-Solutions® captures data directly from your Jack Henry & Associates' (JHA) General Ledger and application files and downloads them to asset/liability accounts. This host-based system is menu driven using conventions similar to your other Jack Henry systems. Little effort is required to use the system effectively. The interface to the application files is the key to providing efficient yet accurate forecasting of your interest rate risk position. IRR-Solutions® also helps you monitor changes in your CD, Loan, and DDA accounts.

Management reports highlight key data, including:

- Current number of accounts.
- The number of new, renewed or closed accounts.



- The dollar amounts and weighted average interest rate in each account category.

## The Interface & Reports

IRR-Solutions® uses a detailed interface into your JHA database to give you the complete picture:

- Provides stratification by current balances, rates, and other key information.
- Pulls balances from the general ledger, loans, DDA, and CD applications.
- Shows month-to-date, quarter-to-date, and year-to-date information, along with the income and expenses associated with the assets and liabilities in those time frames.
- Provides parameter-driven, flexible time frames that allow you to project out 15 years for your Call reports.
- Includes investments as integral components in the reporting structure (when you have JHA's Bond System or FinSer's Investment Portfolio Accounting software or are on our service bureau).
- Shows detail on your branches.
- Standard reports include rate and maturity gaps, which show static gap position as well as showing your projected income.

## Expand Your Analytical Capabilities

*Shock - Earnings Simulation and Economic Value of Equity (EVE)* help expand your analytical capabilities.

### *Shock - Earnings Simulation*

Shock - Earnings Simulation functions are parameter-driven, and provide you with asset/liability shock income simulation. Shocking your income stream lets you forecast annual earnings based on current balance sheet and prepayment volumes. Because this package is parameter driven, you can see the effects of slight changes, such as 25 or 50 basis points, in

interest rates on your balance sheet position, as well as  $\pm 300$  basis points, which helps fulfill the requirements for managing interest rate risk.

#### Shock - Earnings Simulation:

- Attaches volatility factors to each account and each rate shock, allowing you to designate your accounts as more or less rate sensitive than the market as a whole.
- Uses flexible time definitions to look at the impact of a rate change at various future time frames.
- Shows the whole earnings picture and the expected change in your earnings should rates move.
- Allows prepayment speeds to vary the prepayment assumptions on your mortgages and securities.
- Enters reinvestment rates.
- Allows you to enter spreads affecting the callability of bonds in different rate shock scenarios.

#### *Economic Value of Equity*

Interest rate risk is inherent in your role as financial intermediaries. However, if your financial institution has an excessive level of interest rate risk, you may face diminished future earnings, impaired liquidity and capital positions, all of which jeopardize your solvency. Developed in response to section 305 of the FDIC Improvement Act of 1991 (FDICIA), this model:

- Applies a series of IRR risk weights to reported pricing and maturity balances.
- Uses risk weights to approximate price sensitivity of reported balances  $\pm 200$  basis points in interest rates.
- Estimates net change in economic value from an instantaneous 200 basis point change in market interest rates.

- Provides Banking Agencies' risk weights as default settings; you can change interest rate base levels based on your institution's unique factors.
- Uses separate risk weights for rising and falling interest rates to account for the asymmetrical price behavior of various instruments.

### The Type of Support You Need...and Deserve

You're not alone. We provide installation, training, and support.

**INSTALLATION** includes on-site set up and crossreference of the accounts in your General Ledger and current applications. Once installed, you have minimum maintenance to perform. **TRAINING** is personalized to fit your needs. It is provided during installation and through regional training sessions. You also receive a comprehensive manual.

**SUPPORT** is as close as your telephone. Our staff is available to answer questions about both the software and interest rate risk issues. Support is more than just software. We also help you to interpret results.

### FinSer: The Right Choice

FinSer developed and maintains IRR Solutions®, ensuring the system integrates with your JHA software. As developers and users of our software, we provide you with the features that simplify the tasks associated with managing interest rate risk. FinSer is dedicated to providing you with the best quality in every service and product we offer.

# **FinSer**

106 S. St. Mary's Street, Suite 600  
San Antonio, Texas 78205-3607  
(210) 224-5492 • [www.fnser.com](http://www.fnser.com)