Our solution supports functionality for:

**Transfer rate assignment**
FTP rates are based on available historical yield curves or defined rates of the analyst. During an assignment, the terms chosen take into account contractual attributes. Methods supported include:

- Par Rate Method
- Duration Method
- Sensitivity Method
- Strip Funding Method

The rate assignment methodologies can be applied to all types of retail instruments. It takes amortizations, interest capitalizations, step-ups and other contract-specific rules into account. It also takes into account the impact of prepayments and fees.

**Spread assignment**
Apart from assigning transfer rates, the solution also allows the assignment of spreads. This includes liquidity risk spreads, credit risk spreads or any other spread to cover specific costs incurred by the Treasury. Standard out-of-the-box solutions or user-defined algorithms for more sophisticated use may be invoked.

In the liquidity spread definition, the following methodologies can be selected out-of-the-box:

- Par Rate Approach
- Principal-Weighted Spread
- Strip Balance Spread

**Replication portfolio modeling**
The replication of non-maturing contracts is based on moving average with the modelling of the stable and volatile parts of deposits and ad-hoc replication models. The replication of non-maturing FRSGlobal contracts may be deterministic or contingent and may use standard money market, capital market and option instruments as required by the business case.
Behavioral assumptions
The impact of prepayments can be taken into account using fair, nominal and book value concepts. Prepayment fees can be defined using flexible expression language.

Stress testing
As our solution offers integrated stress testing capabilities, stresses can be applied to the FTP output in the same way as the ALM module.

Dynamic simulation
To assess potential profitability, various combinations of what-if market assumptions, behavioural assumptions, as well as strategies for new volume and rollovers, are configurable.

Internal views
Having the transfer rate functionality running in the same platform as our ALM and Liquidity Risk Management solution allows us to calculate Net Present Values (NPV), sensitivities, as well as cash flows, using the internal rates. The NPV, key rate duration, liquidity gap and sensitivity reports gap.

Margin analysis
Accrual-based profitability is calculated and stored at the single contract level. Furthermore, it is possible to define margin splits between funding and responsibility centres. The calculation of income is seamlessly taken into account over time and can be decomposed across business units, products and customers.

Performance measures
Fair values of every financial contract are stored in the system to measure performance on a daily basis. Amortizations, prepayments, drawings and new investments are taken into account.

Integration with OneSumX for Performance Management
FTP output can be integrated into OneSumX for Performance Management, which enables additional functionality for: Customer and product profitability analysis, cost allocation, P&L Explain and risk-adjusted performance solutions.

About Wolters Kluwer
Wolters Kluwer (WKL) is a global leader in professional information, software solutions, and services for the healthcare; tax and accounting; governance, risk and compliance; and legal and regulatory sectors.

Wolters Kluwer reported 2019 annual revenues of €4.6 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 19,000 people worldwide. Wolters Kluwer shares are listed on Euronext Amsterdam (WKL) and are included in the AEX and Euronext 100 indices.

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