

Comparison of different methods for the calculation of credit valuation adjustments

Client / sector	Internal project
Project description	<p>Comparison of the simplified regulatory methods (CEM, SA-CCR) with an advanced approach for the calculation of the EAD for credit value adjustments</p> <ul style="list-style-type: none"> • Prototypical implementation of the Current Exposure Method (CEM) • Prototypical implementation of the SA-CCR method • Prototypical implementation of an advanced, “best practice” approach for the calculation of the EAD for CVA (suitable for the calculation of IFRS fair value adjustments) • Comparison of the expected loss CVA present value corrections from the three implemented approaches and analysis of the results
Service	<ul style="list-style-type: none"> • Design and implementation of the three approaches (CEM, SA-CCR and the advanced “best practice” approach) for the calculation of the EAD • Calculation of the respective expected loss CVA present value corrections based on the EAD • Test calculations for sample derivatives for the purpose of comparing the resulting effects on the P&L and balance sheet • Publication of the results
Technology	Excel/VBA
Professional input	Professional knowledge about risk management, CVA and IFRS accounting methods as well as regulatory requirements
Scope	Approx. 60 person days
Tags	CVA, CEM, SA-CCR, advanced CVA approach, fair value adjustments