

# Hedge Accounting Services

At Actualize Consulting we deliver solutions to address the myriad of challenges presented by complex financial instruments. From Hedge Accounting to Securitization to Impairment to Fair Value, today's financial manager is challenged on many fronts by the complexity of the products as well as the accounting and regulatory standards.

Specifically, Actualize Consulting has deep expertise with regards to all aspects of Hedge Accounting. Hedge Accounting is a complex but powerful tool in risk and financial volatility management. We assist our clients with the development and execution of successful Hedge Accounting programs. We have experience working with all derivative asset classes and both vanilla and complex derivative structures. Additionally, our team of experts provides consulting services in selecting and implementing Hedge Accounting systems as well as valuation services on financial instruments utilized in Hedge Accounting programs.

## OUR SERVICES

### Development of New Hedge Accounting Programs

- › Review and recommendation of appropriate hedging strategies based on risk management objectives
- › Internal Hedge Accounting policies and operational procedures documentation
- › Simulation of hedging strategies to test hedge effectiveness and financial data integrity
- › Industry best practice review in organizational and cross-departmental set-up
- › Operational processes and procedures recommendation and implementation
- › Establishment of accounting procedures with robust controls and exception handling
- › Development of management and regulatory disclosure and reporting package

## OVERVIEW

### RISK TYPES

- › Rates
- › Credit/Structured Finance
- › Foreign Exchange
- › Commodities

### ACCOUNTING EXPERTISE

- › Experts in both U.S. & International Accounting Standards
- › Deep subject matter expertise in SFAS 133 and 161 (ASC 815), SFAS 157 (ASC 820), SFAS 52 (ASC830), and IAS 39 and IFRS 7 guidance

### INSTITUTIONS

- › Financial Institutions
- › Corporate Treasury Departments

### Outsource Hedge Accounting Operations

Fully outsource your Hedge Accounting operations to Actualize Consulting. Actualize will provide all data required to support hedge accounting:

- › Trade Entry, At Inception and On-going Documentation
- › Valuation Results
- › Interest Accruals and Payments Analysis
- › Hedge Effectiveness Assessment and Measurement package
- › Journal Entries
- › Monthly/Quarterly Reporting Packages (Inclusive of SEC reporting and disclosure requirements, regulatory reporting and management reporting)
- › Support for questions from internal management and external auditors
- › Training of Client Staff - Smooth transfer of knowledge

### Valuation Derivatives and Other Financial Instruments

- › Validation of derivative valuation models or third party pricing services
- › Validation of other financial instruments utilized in hedge accounting
- › Creation or update of models used for complex derivative transactions to improve accuracy and reduce operational or model risks
- › Determination of treatment for embedded derivatives requiring bifurcation and subsequent calculations
- › Integration of transparent valuation best practices into existing internal processes
- › Integration of SFAS 157 specifications

### Evaluate and Implement Software Applications

- › Full life cycle assistance from choosing vendor through successful implementation
- › Hands on experience with leading software vendors providing Hedge Accounting solutions
- › Comprehensive development of requirements needed to ensure a best of breed solution
- › Proven scorecard methodology to evaluate vendors for best fit based on client's needs
- › Total cost of ownership analysis and business case to ensure a cost effective result
- › Implementation assistance to gain the most value from the selected application



### Special Areas of Expertise

- › Embedded Derivatives
- › Fair Value Measurement
- › Statistical Analysis Tools/Regression
- › GAAP/IFRS Conversion
- › Dynamic Hedging Programs
- › Effective Yield Calculations



### BENEFITS

- › Leverage Actualize's Industry Expertise
- › Reduce Time to Market and Costs for New Strategies
- › Ensure Regulatory Compliance
- › Reduce Risk of Restatement
- › Transfer of Knowledge to Your Staff
- › Extensive Industry Coverage
- › Interface with Auditors, Senior Management and Risk Functions
- › Drive Consensus Among Cross Departmental Teams
- › Client Driven Service