

Know your Earnings at Risk

Get a full overview of the Earnings at Risk across your company based on market and operational risks to make more informed decisions about budget and resource allocation, create more accurate forecasting plans, and take concrete steps to reduce risk exposure



Risk assessment

Identify downside and upside risks, causes and scenarios

START

Quantify

Determine the probability and financial impact of your risk scenarios

Evaluate

Monte Carlo simulations calculate the full distribution curve of the earnings at risk for different risk scenario combinations



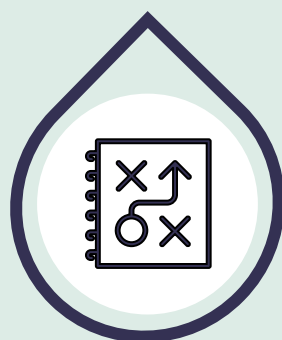
Mitigate

Determine the most cost-benefit efficient risk mitigation measures to minimize the earnings at risk



Strategy

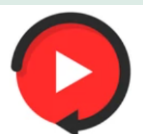
Define the Enterprise risk management policy and the risk appetite



Monitor and review

Track the effectiveness and adequacy of existing controls, risk treatment plans and the process of their implementation

END



More information

Our Earnings at Risk analysis enables the risk manager, senior management and board members to combine all relevant business information to form an overview of the company's overall earnings volatility and to develop an enterprise risk mitigation strategy serving where it hurts the most.

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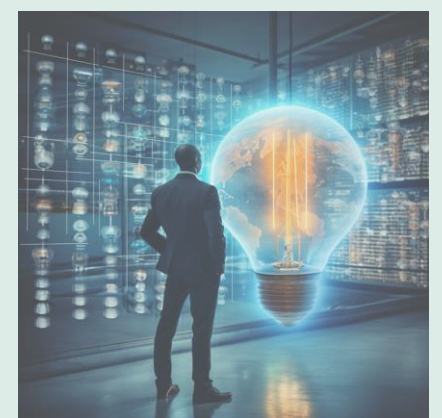
Risk management is not about risk aversion. If you want to take bigger chances than your competitors — and succeed — you need to be better prepared. Risk management should enable organizations to take the risks necessary to grow and create value.

For corporates, the earnings at risk (EaR) is a key element for the board and shareholders. The impact that market and operational risk can have on the financial volatility will impact shareholder value. Thus corporate senior management must know the amount of earnings the company is likely to lose compared to budget if the worst-case combined scenarios happen. More transparency into the risks across their portfolio can allow you to make more informed decisions about budget and resource allocation, create more accurate forecasting plans, and take concrete steps to reduce risk exposure when necessary.

We use our experience in risk management from different industry sectors to give you a different perspective and insight to your risk universe.

Input

- Financial reports (revenues, cost, outlook of future earnings)
- Desktop analysis of existing risk reports and internal risk analysis
- Evaluation of near misses and loss history (internally & industry competitors)
- Onsite assessments & interviews with relevant stakeholders



Risk assessment and quantification

- Assessment of different enterprise risk & opportunities (financial, strategic, legal, project, personnel, operational, etc.) including recommendations for relevant mitigation measures.
- Quantification of risk scenarios (frequency, distribution of losses / gains) with & without potential risk mitigation measures
- Identification of correlations between risk scenarios

Evaluation

- Monte Carlo simulations of the Earnings at Risk of full set of risk scenarios (revenues & cost)
- Monte Carlo simulations performed to calculate the full distribution curve of the earnings at risk for different risk scenario combinations

Risk mitigation

- The identification of the risks contributing to the extreme heavy tail risk allows to concentrate on the exposure that can hurt the most
- Efficient risk mitigation measures are proposed and the impact on the earnings at risk is quantified

Benefits

- Detailed overview of the current earnings distribution and target earnings in the future which can be used to define your risk appetite
- Overview of the most cost-benefit efficient risk mitigation measures to lower the earnings at risk in order to gain an advantage compared to your competitors