



# Derivative and Hedge Accounting

KYRIBA FACT SHEET

**Kyriba delivers exposure management, mark-to-market and hedge accounting solutions to support corporate hedging programs and better facilitate regulatory compliance.**



## OVERVIEW

With Kyriba, regulatory compliance for FASB, IAS, ASC and IFRS derivative accounting standards are no longer an issue. Kyriba offers a comprehensive solution that delivers the depth and complexity modern organizations require to effectively manage hedging programs and complying with regulatory standards.

Kyriba employs a team of hedging and derivative accounting experts so that your compliance requirements are met. The collective knowledge from our subject matter experts helps you meet regulatory standards.

Kyriba is the only treasury and finance solution to offer hedge accounting, cash management, payments, global connectivity and comprehensive reporting on a single platform. Other providers offer multiple technologies to achieve what Kyriba delivers in a single cloud portal. Kyriba's solution simplifies the support for your hedging program, but offers premium product performance, managed upgrades and eliminates IT dependencies.

## Risk Management Modules

- Foreign exchange
- Foreign exchange valuations
- Foreign exchange accounting
- Foreign exchange hedge accounting
- Interest rate derivatives
- Interest rate valuations
- Interest rate derivatives accounting
- Interest rate hedge accounting



## Kyriba's valuation engine allows clients to mark-to-market their entire portfolio without performance degradation, even when running at peak times.

### Hedge Definition

Kyriba offers a step-by-step workflow to define the hedge for accounting purposes, including:

- Linking exposure and derivative
- Hedge type
- Hedged risk
- Effectiveness testing methods
- Assessment frequency
- Regulatory standards

### Upload Documentation

Kyriba supports the drag and drop upload of hedge documentation to increase efficiency, reduce the risk of error, and simplify audit compliance by having all hedging documentation in a central repository. This is especially useful for organizations with 10, 20 or 100-page hedging policy documents.

### Valuations

Kyriba automates the mark-to-market process to calculate valuations for all derivatives. Kyriba's valuation engine allows clients to mark-to-market their entire portfolio without performance degradation, even when running at peak times. Valuations use market rates and curves from Kyriba's Market Data service, while market information can also be accessed from third-party platforms. Kyriba's audit logs and information storage offer complete transparency to the valuation process.

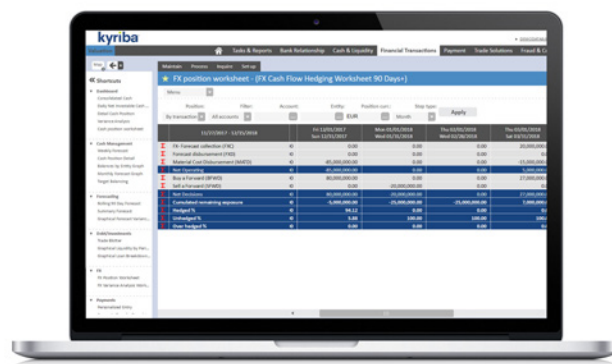
### Derivative Accounting

Kyriba developed a powerful accounting engine embedded within our solution to generate structured accounting entries, a full audit trail and financial controls, as well as more flexibility to support local GAAP requirements without customization.

If you don't elect to pursue hedge accounting, Kyriba's integrated accounting engine will calculate and journalize the change in fair value to your income statement accounts.

### Effectiveness Testing

If you pursue hedge accounting, Kyriba supports multiple methodologies for both prospective and retrospective testing, including regression and statistical tests. Clients determine their assessment methods, tolerances, and frequencies so that Kyriba can automate the process.



### Hedge Accounting

The results of effectiveness testing will determine the appropriate gains and losses to be deferred to either balance sheet accounts (e.g. OCI or CTA) and to P&L accounts. Kyriba's accounting engine automatically creates the accounting entries with straight through process to the general ledger with the appropriate controls in place.

### De-designation Events

Kyriba fully supports de-designation events, including OCI reclassification, change in accounting treatment for dual purpose hedges, and early de-designation of hedging relationships.



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## KYRIBA HEDGE ACCOUNTING CAPABILITIES

### Hedge Types

- Cash flow hedges
- Fair value hedges
- Net investment hedges

### Risk Types

- Foreign exchange
- Interest rate
- Commodities (Chatham integration)

### Effectiveness Testing

- Prospective and retrospective
- Critical terms match
- Shortcut
- Dollar offset
- Regression analysis

### Workflow Features

- Hedge definition
- Designate risk and regulatory standard
- Uploading hedge documentation
- Hypothetical derivative (optional)
- Hedge effectiveness testing
- Mark-to-market valuation
- Automated accounting entries
- De-designation events
- OCI reclassification

### Compliance

- FASB133
- IAS39
- ASC815
- IFRS 9

