

# Leveraging Integrated Balance Sheet Management to Better Respond to the Current Market Turmoil

# Challenges faced by financial institutions over the last 4-6 months

In a fast changing environment Financial Institutions have to adapt quickly to

1. The development of the pandemic
2. Collateral « unexpected » decisions

The Financial Sector being stimulated to limit economic impact of the crisis has to cope with multiple risk assessment at the same time and in a timely manner (Credit, Market, Liquidity...)

People in charge of production are working remotely with increasing demand from the business, from top management or from supervisors directly.

# Agenda

1. Using an integrated balance sheet management solution and building synergies across silos
2. Flexibility for building and updating scenarios to adapt quickly to fast changing environments
3. Leveraging the latest technologies to supply business with more elasticity

1

Using an integrated  
balance sheet management  
solution and building  
synergies across silos

# There is a lot to share across disciplines

Regulation

Planning

FTP



ECL

IRRBB

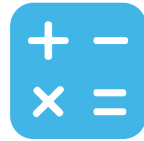
Liquidity

# Integrating across disciplines

A great opportunity for alignment across silos and better risk management



Integrated reporting framework



Intuitive formula builder for more flexibility



Unlimited number of simultaneous users



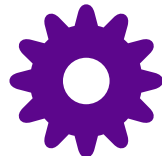
Shared models between teams



FTP for better risk-based pricing



Analytics forecasting and Balance Sheet optimization



More granularity required to manage future requirements



Business reporting and intelligence



Regulatory maintenance and reporting



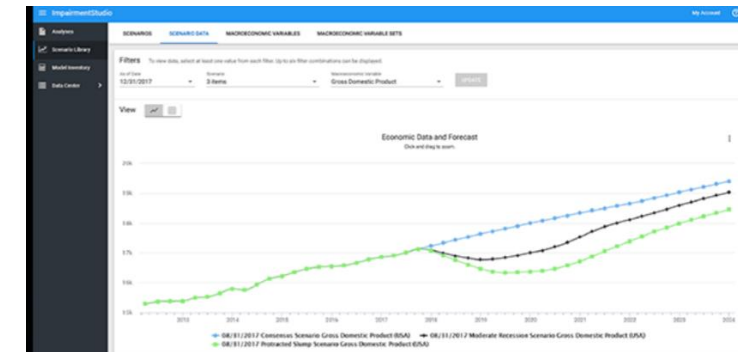
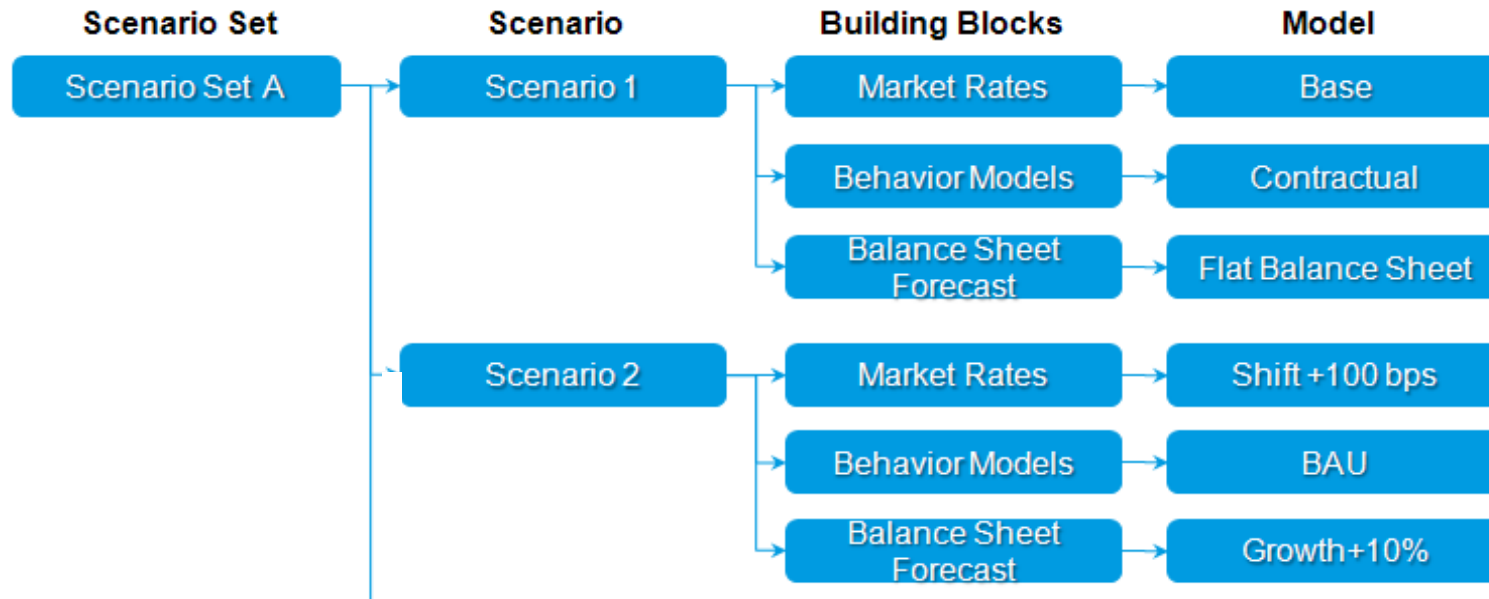
Historical Analysis for audit and backtesting

2

Flexibility for building and updating scenarios to adapt quickly to fast changing environments

# User to build and launch easily their simulations

» Scenarios being defined as a combination of risk factors (and their dependencies)

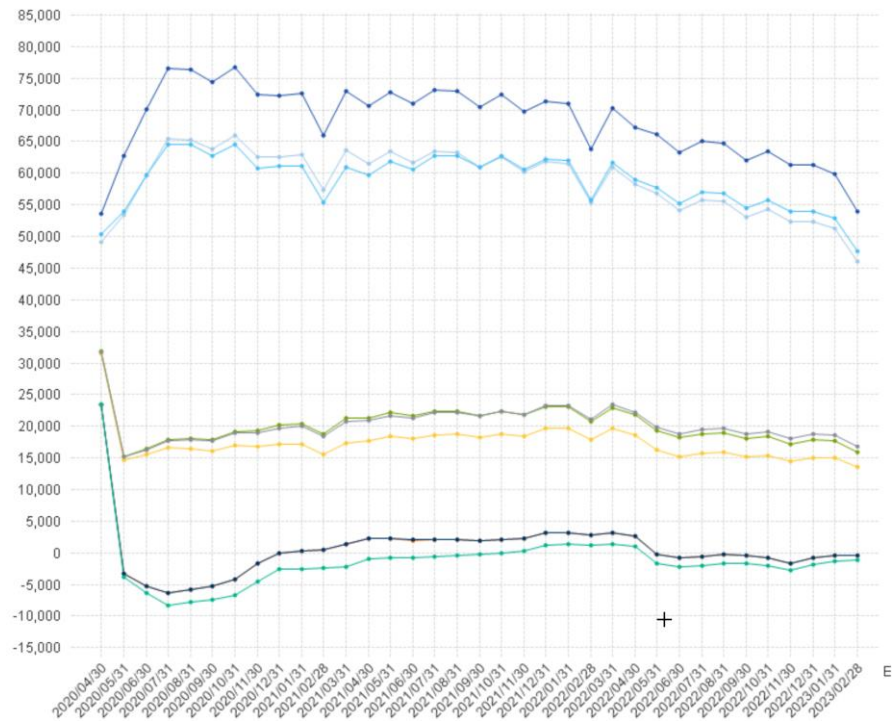


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<input type="checkbox"/>	Behavior Models	PS	In Progress	Input	Scenario		
<input type="checkbox"/>	Balance Sheet Forecast	USD	In Progress	Input	Scenario		
<input type="checkbox"/>	Market Rates	PS	Validated	Input	Scenario		
<input type="checkbox"/>	Behavior Models	PS	Validated	Input	Scenario		
<input type="checkbox"/>	Balance Sheet Forecast	USD	Validated	Input	Scenario		
<input type="checkbox"/>	Market Rates	USD	Validated	Input	Scenario		
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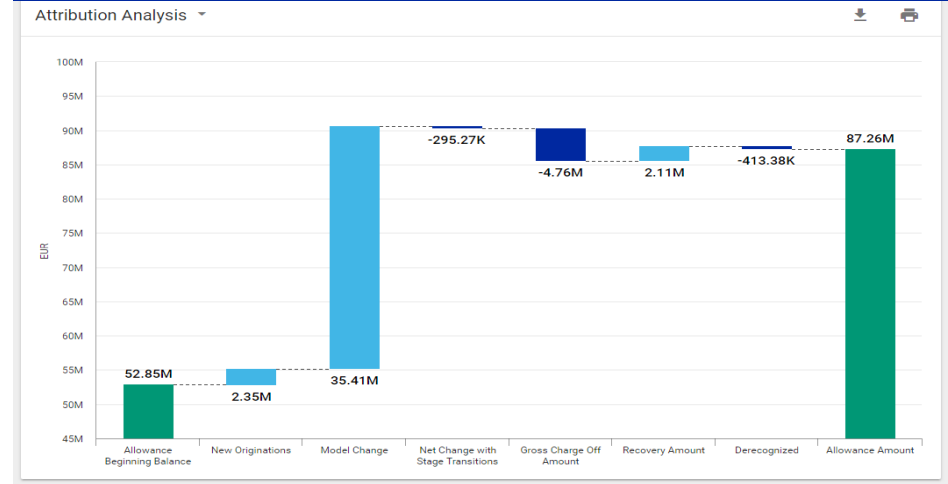


# And review results in greater details to adjust

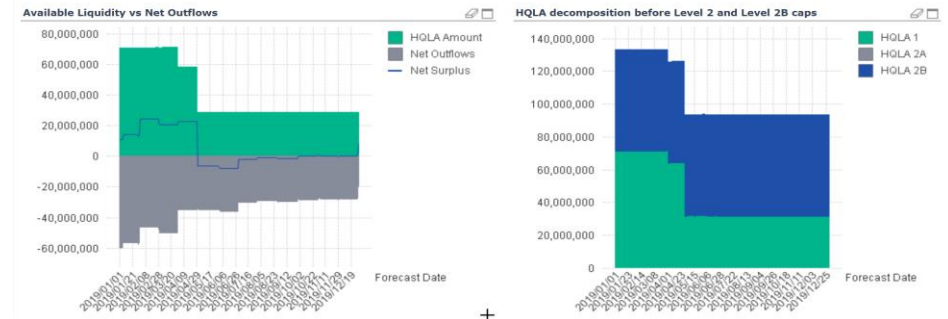
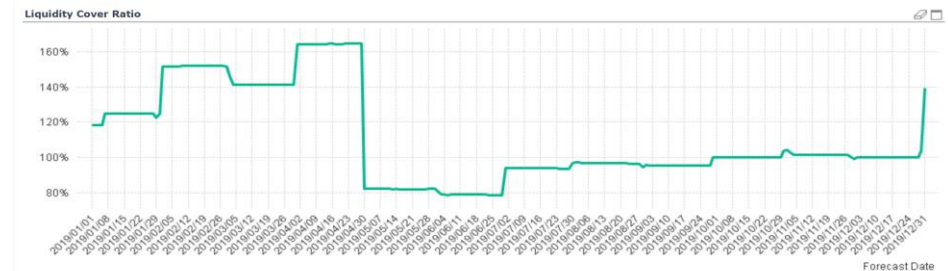
## Performance: forecasted NII



## Cost of risk and attribution per factor



## Forecasted liquidity metrics (e.g. LCR)

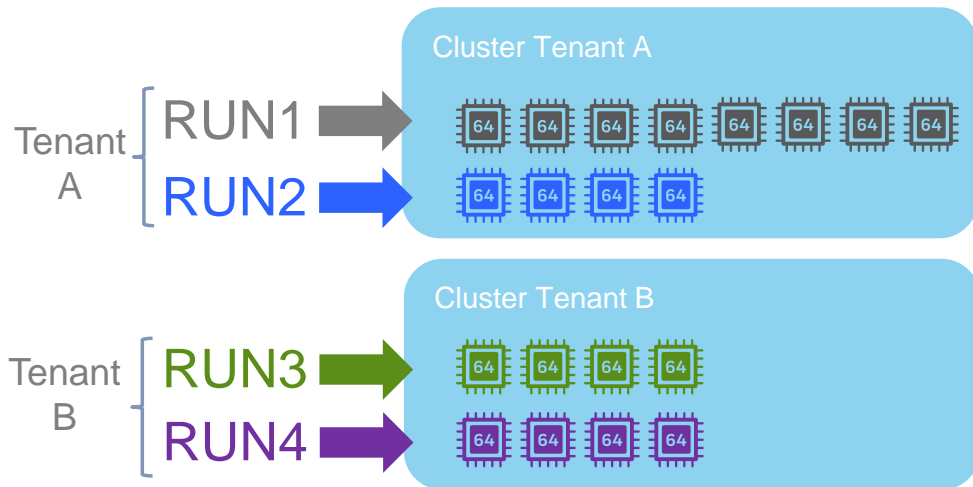


3

Leveraging the latest technologies to supply business with more elasticity

# Elastic & scalable calculation resources

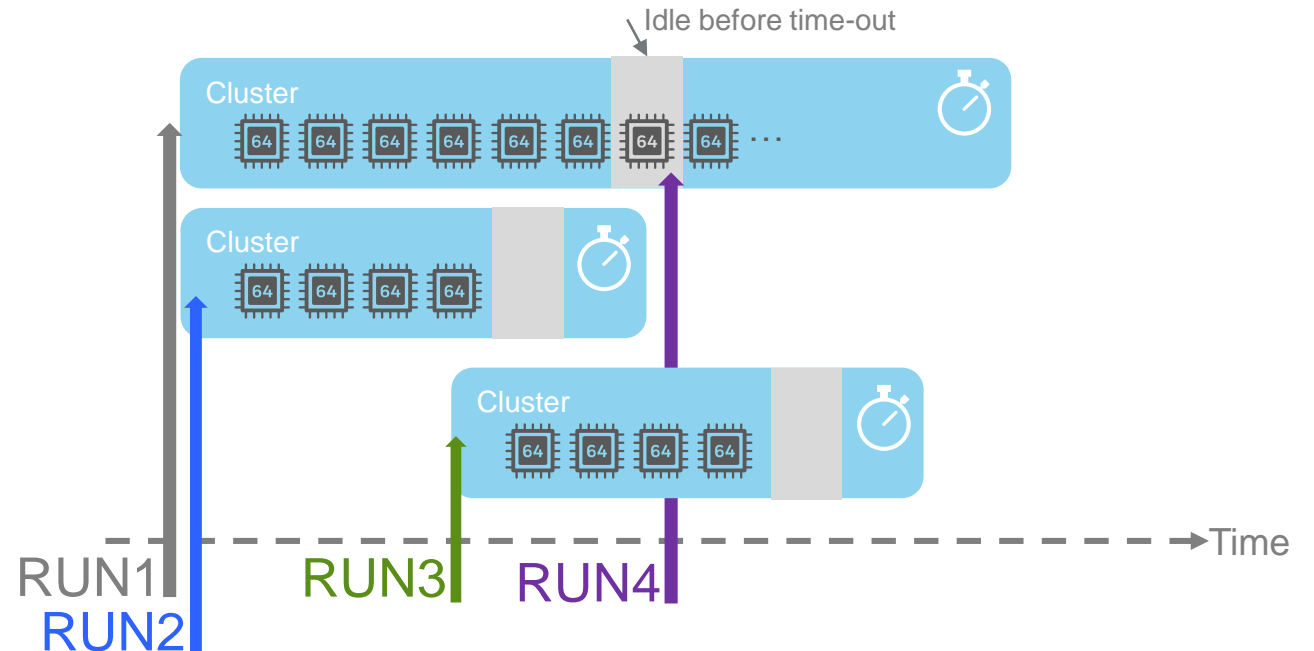
## On prem architectures



Cluster always available and sized to its maximum cpu capacity.

Each run uses a subset of the cluster.

## Architecture V2



Cluster are ephemeral or either reused.

There is no maximum cpu capacity, a bigger cluster will either process faster or more data.

The Limit is the number of input data processed.

# Cloud approach, incl. supporting non-functional requirements

Service Level Agreements aligned with business requirements



99%

Uptime



12h

To reestablish service  
after disaster



3 h

To perform full calculation  
and generate reports



3 Months

Regulatory maintenance:  
software upgraded to comply  
with updated regulation  
at least 3 months before  
its enforcement date



**Data security**  
**Data residency**

High IT security standard  
Data stored encrypted  
Local datacenter  
GDPR compliance

# Integrating across disciplines

A great opportunity for better risk management



## Cost saving

Having one single system to manage different types of risks for different teams will help save a lot of money for the Bank.



## Regulatory Compliance

Banks need to be prepared for new regulatory requirements and must be able to forecast accurately the regulatory analytics.



## Optimization

Regulatory constraints in business simulations is key to forecast and optimize your balance sheet



## True Risk-adjusted pricing

Models need to be shared by the Bank and be consistent for all risks. The price of each transaction must reflect the variety of these risks.

**Thank You**

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