

# Oracle Financial Services Asset Liability Management Cloud Service



Managing balance sheet risk is paramount—in both good and unsettled times. For best practice risk management, the treasury department needs a consistent framework for gathering data, measuring risks, monitoring changes, and making informed decisions. However, banks often face persistent information silos, fractured data flows, and aging reporting tools that prevent them from meeting today's rigorous business and regulatory requirements. They're also looking to reduce IT operating and management costs, while ensuring scale and effortless access to the latest application functionality.

Oracle Financial Services Asset Liability Management Cloud Service solves these challenges. It empowers you with an accurate and actionable view of profitability, earnings stability, and overall risk exposure of your balance sheet. The versatile solution enables you to:

- Measure and monitor interest rate risk, liquidity risk, and foreign currency risk with a single integrated solution
- Gain a clear, full view of profitability, earnings and overall exposure of the balance sheet that enables you to actively incorporate risk into decision-making with current- and future-state risk and profitability scenarios
- Model every instrument on and off the balance sheet for the most granular detail and precision, using either deterministic or stochastic methods, contractual or behavioral adjusted.
- Promote a transparent risk management culture with verifiable, timely, and actionable results and insights

A true software-as-a-service application (SaaS), Oracle Financial Services Asset Liability Management Cloud Service features a microservices architecture, robust APIs, and a single, transparent data model that enables financial institutions to embrace a component-based approach to modernization. Further, its intelligent, award-winning interface delivers a superior user experience with reduced maintenance.

## Key Features

- Full balance sheet and income statement modeling, expressed in an intuitive, visual structure
- Capability to model any financial instrument in any currency down to the transaction level via a high-performance, scalable, common cash flow engine
- Ability to calculate market values, incomes, equity, and capital as well as liquidity levels, trends, and ratios in a variety of scenarios
- Full income simulation with profitability via funds transfer pricing margin calculations
- Income simulation with interest rate gap and liquidity in a single forecasting concept
- Integration of risk, performance management, customer insight, and financial compliance
- Enterprise scale in the cloud



## Key Benefits

- Actively incorporate risk into decision-making
- Promote a transparent risk management culture
- Deliver actionable customer and product profitability insight
- Deliver pervasive intelligence throughout the enterprise

## Reduce complexity with a complete solution

Oracle Financial Services' data model, the foundation for Oracle Financial Services Asset Liability Management Cloud Service, provides a common repository for capturing the true financial characteristics of each customer relationship, which, in turn, drives the modeling and behavior of these relationships. Assumptions about ongoing business activities, such as behavioral models and prepayment assumptions are stored independently to separate today's risks from tomorrow's actions.

The solution provides advanced analytics to meet all your risk management goals, including deterministic and stochastic modeling, market value, duration and convexity calculations, liquidity, and interest rate gap modeling. You control the levels at which you aggregate results, in terms of time frequency (modeling buckets) and product categorization.

## Master multicurrency challenges

Oracle Financial Services Asset Liability Management Cloud Service equips you to address the operational and analytical complexities of multicurrency operations. Rapidly and simply, configure unique structural product characteristics, pricing methods, valuation, and new volume projections for every product and currency combination.

## Optimize insight with diverse output options

Oracle Financial Services Asset Liability Management Cloud Service calculates and stores a wide variety of financial risk indicators for deep and accurate insight. These include:

- VaR, EaR, and probability distributions
- Static and dynamic market value, duration, dvo01, and convexity
- Static and dynamic gap (based on both repricing and liquidity)
- Income simulation

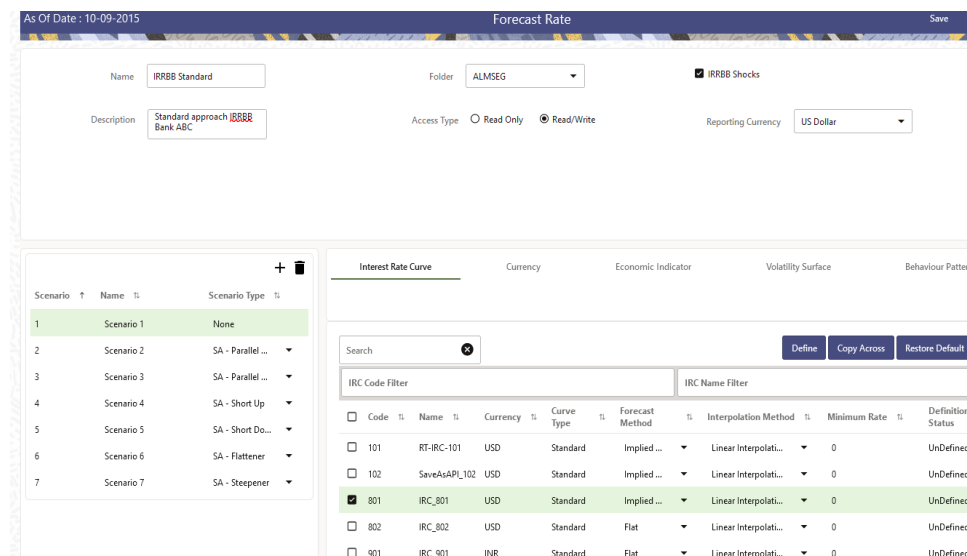
The system generates a wide range of results, from the VaR of the entire organization to detailed daily cash flows on a single customer relationship. You can calculate income (NII) based off the attributes of the instrument, or include base and add on rate transfer pricing assumptions for Net interest margin (NIM) reporting. Income cash flows are available on an actual as well as a transfer priced basis for any number of predefined rate paths. Gap results include principal runoff, repricing runoff, interest cash flows, valuation, and interest accruals.

## Oracle Cloud Service Impact

- Gain deeper and timely insights with advanced analytics and AI
- Reduce costs on hardware and physical facilities
- Easily integrate with existing solutions, anywhere, anytime
- Ensure extreme scale and reliability
- Continuously innovate, eliminate the cost, time, and risks for upgrades
- Achieve a highly personal user experience to boost productivity and effectiveness
- Ensure the highest levels of security

## Versatile Modeling Horizon

Oracle Financial Services Asset Liability Management Cloud Service delivers flexible time horizon modeling where time buckets are configured independently for NII, Interest Rate (IR) and Liquidity Risk (LR) gap reporting, and can be run in a single process. Bucketing can be defined in daily, monthly, or yearly terms, and includes the ability to stub to end of the month or year for reporting purposes. Dynamic start dates are used to see forecasted IR and LR gap exposure, as well as future market values.



## Related Cloud Service Products

- Oracle Financial Services Profitability Management Cloud Service
- Oracle Financial Services Funds Transfer Pricing Cloud Service
- Oracle Financial Services Profitability Analytics Cloud Service
- Oracle Financial Services Cash Flow Engine Cloud Service
- Oracle Financial Services Balance Sheet Planning Cloud Service

## Advanced Market Features

Define your interest rate curves (IRC's) relative to a desired currency with any number of desired term points to ensure accuracy and proper smoothing. Assign IRC attributes at the term point level for greatest accuracy when combining short and long-term rates. Term points can be defined using a term and tenor, or date based term points for modeling specific yields. Create hybrid curves for capturing unique rates like moving average, spread or merging two or more curves together. Additionally configure economic indicators for use in forecasting the balance sheet.

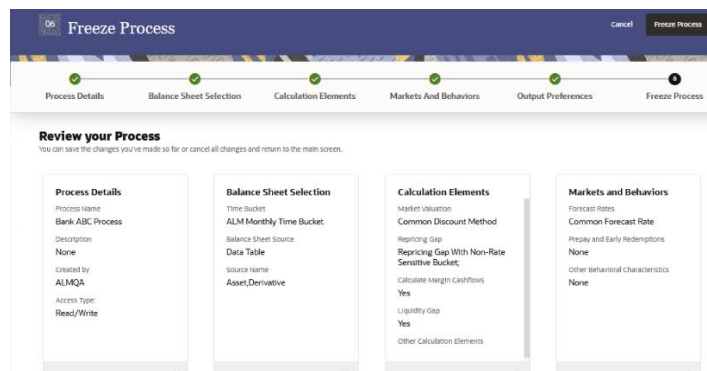
Oracle Financial Services Asset Liability Management Cloud Services defines any number of rate forecast scenarios to perform “what-if” analysis and compare results side by side to identify sensitivities to changes in interest rates. It uses daily rate forecasting in its simulations, which means each cashflow date gets a unique rate. Combine currency and economic indicator forecasts with similar methods to fully capture and simulate dynamic balance sheet growth and currency gains and losses when consolidating.

## Capturing Behavioral Characteristics

Easily incorporate multi-factor prepayment, early redemption, default, recovery and non-maturity assumptions and models into you balance sheet simulations. Use one of the applications several methods, or alternatively create your own models using a prescribed set of key dimensions. For the advanced users, the bank's own historical data can be brought in to create custom models specific to their products.

## Gain precision in simulations

Oracle Financial Services SaaS applications are engineered to scale for performance, allowing you to use customer account level data. As a result, you gain the most precision into your cashflow simulations whether you are running monte-carlo or deterministic simulations.



## Achieve assumption management agility

Each assumption is saved separately and distinctly, and you can create an unlimited number of assumption rules to provide a comprehensive review and thorough understanding of all likely rate risk situations.

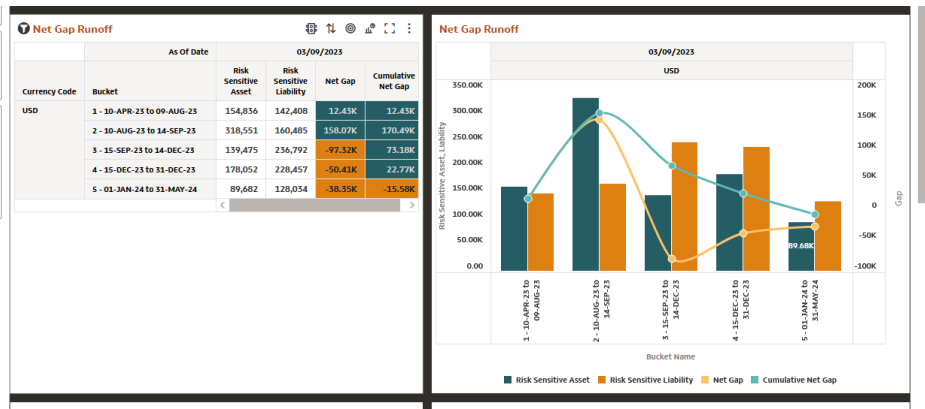
## Build confidence with reliable, verifiable results

Oracle Financial Services Asset Liability Management Cloud Service shares a common data model and cashflow engine that supports the Profitability and Balance Sheet Management suite of applications, allowing users to spend more time analyzing and less time reconciling data integrity. A common cash flow engine provides consistent and verifiable results that are difficult to capture in any other model on the market today.

Further, auditing capabilities within the processing engines enable you to clearly understand the model's behavior for greater transparency, avoiding the black box "take it or leave it" feel of many other application frameworks.

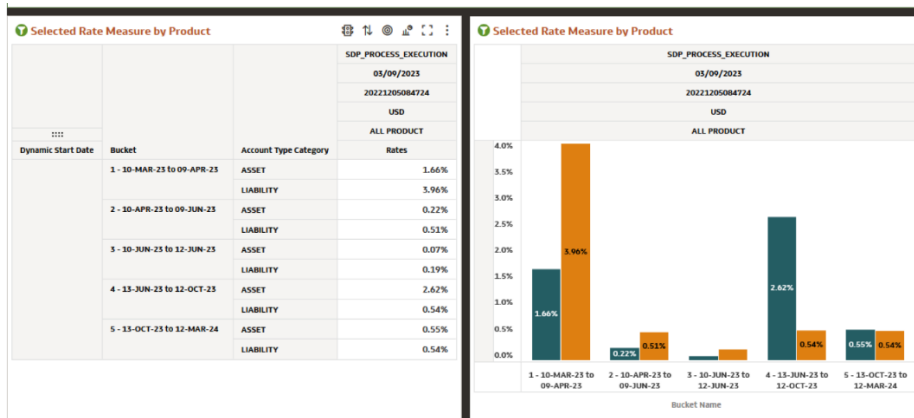
## Simplify compliance

Oracle Financial Services Asset Liability Management Cloud Service helps you navigate fluid regulatory environments, as well as various legal and business compliance frameworks, with preconfigured and configurable input parameters, modeling, and reporting dashboards. It supports interest rate risk in the banking book (IRRBB) standardized approach and enhanced approach out of the box.



## Amplify insight with enterprise-wide analysis and reporting

Leveraging Oracle Analytics, Oracle Financial Services Asset Liability Management Cloud Service gives you a full insight into your balance sheet risk reporting instantaneously, without need to run multiple data transformations. Simply run a process and immediately view results. There are predefined canvases that cover all risk areas such as interest rate and liquidity risk, balance sheet, income statement and audit. Users can customize existing reports or easily create new reports tailored to their needs. Seamlessly drill from top of the house results all the way to product/contract level for best insights.



## Elevate the user experience, boost productivity

Oracle Financial Services Asset Liability Management Cloud Service incorporates Oracle's award-winning Redwood interface design to ensure a modern and elevated user experience. The solution includes a transparent, intuitive design, simplifying rule creation, maintenance and overall navigation, providing business users with critical time to spend on analyzing results and making informed business decisions.

## Experience the Oracle Cloud Service advantage

Oracle Financial Services Asset Liability Management Cloud Service is a true Software-as-a-Service (SaaS) application that combines industry-leading functionality, rapid implementation, extreme scalability and performance, and Oracle's commitment to world-class security.

The solution is engineered for the cloud and is built on Oracle Microservices Architecture—a platform-first model that incorporates a domain-driven

microservices fabric; is true cloud-native, API-first, and ecosystem aware; and supports persona-driven intuitive user journeys. As a result, it can deliver infinite scale, simplify integration with other business critical applications, and accelerate innovation.

Oracle's autonomous cloud infrastructure enables autoscaling and self-healing that improve availability and reduce management burden.

Built on Oracle's highly elastic, reliable, and secure cloud platform, you can rapidly deploy new technology and extend business insight, while meeting complex and dynamic compliance requirements.

Learn more about the benefits of [Oracle Financial Services Profitability and Balance Sheet Management Cloud Services applications](#).

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