

Oracle Financial Services Balance Sheet Planning



Banks have a number of very unique needs when looking ahead. They must be sensitive to economic conditions and create plans that not only forecast future performance, but also the forward risks they are assuming. Most importantly, they require tools that accurately forecast net interest margin. By accurately modeling the detailed and complex events on a bank's balance sheet for both the current book of business and forecasted new volumes, Oracle Financial Services Balance Sheet Planning enables the delivery of accurate margin forecasts and comprehensive, meaningful budgets.

KEY FEATURES

- Cash flow processing for current and new book of business
- Net Interest Margin and balance sheet forecasts using cash flow-based planning
- Hyperion Planning and Essbase features and functions
- Integration of Risk, Performance Management, Customer Insight, and Financial Compliance

KEY BENEFITS

- Accurately plan business unit level margin and profit with common cash flow engines shared with Oracle ALM and FTP applications
- Determine accurate current position due to customer relationship level details
- Develop regulatory capital requirements and capital plans based on budgeted balance sheet data
- Deliver actionable insight across multiple dimensions
- Implement as a stand-alone application or fully integrate with ALM and FPT

Comprehensive, Streamlined Planning

Oracle Financial Services Balance Sheet Planning provides a solution that encompasses all aspects of the planning process, including profit planning, budgeting and forecasting, strategy formulation, human resource planning, and capital expenditure budgeting. Oracle Financial Services Balance Sheet Planning eliminates multiple disparate and incompatible systems in the development of a complete, reconciled plan.

With an intuitive interface, the process of data dissemination, collection, and reporting is greatly simplified, and plans are produced in a remarkably efficient manner. The result is a budgeting process that provides more valuable, actionable information.

The screenshot shows the Oracle Financial Services Balance Sheet Planning interface. The window title is "BSP605 - Financial Plan Default". The interface displays a financial plan for "Mortgage 5/25 Balloon" under "Commercial Lending Center T" with "Momentum" as the forecast method and "US Dollar" as the currency. The plan is for "BU Version_1".

The main table shows columns for "Forecast Method", "Jan Value", and "Feb Value". A context menu is open over the "Calculate" option, listing various actions such as "Ledger Load", "Target Input Tools", "Calculate Options", "Synchronization", "Currency Conversion", "Unpriced Account", "Edit", "Adjust", "Comments", "Supporting Detail", "Change History", "Attachments", "Lock/Unlock Cells", and "Filter".

	Forecast Method	Jan Value	Feb Value
Balance Driver		1	1
Forecast Balance Method	Target Growth		Target Growth
Pricing Driver	Target Input Tools	0.75%	0.80%
Pricing Method	Calculate Options		New Add Market Rate Spread
Current Position Beginning Bal	Currency Conversion		2378005.34
Current Position Beginning Gr	Unpriced Account		
Current Position Beginning Net	Edit	5.000000%	5.000000%
Current Position Beginning Trs	Adjust		
Current Position Beginning Liq	Comments		
Current Position Beginning Bas	Supporting Detail		
Current Position Beginning Pric	Change History		
Current Position Beginning Ott	Attachments		
Current Position End Balance	Lock/Unlock Cells	2378005.34	2334231.54
Current Position Ending Gross	Filter		
Current Position Ending Net Rate		5.000000%	5.000000%
Current Position Ending Transfer Rate			

Figure 1. Analytical sophistication delivered in an easy to understand manner

RELATED PRODUCTS

The following products are also available from Oracle Financial Services Analytical Applications:

- Oracle Financial Services Funds Transfer Pricing
- Oracle Financial Services Profitability Management
- Oracle Financial Services Asset Liability Management
- Oracle Financial Services Pricing Management, Transfer Pricing Component
- Oracle Financial Services Analytical Applications Infrastructure
- Oracle Financial Services Enterprise Financial Performance Analytics
- Oracle Hyperion Planning

Measurement to Management

Oracle Financial Services Balance Sheet Planning provides the vital connection between your budgeting process and the day-to-day performance of your financial organization. This solution:

- Measures future performance in the same manner as historical results for consistent comparison purposes with increased relevance
- Offers the modeling sophistication required for accurate margin forecasting at both the tactical and strategic level
- Includes an easy and accessible user interface, providing quick feedback on the impact of your assumptions on profitability
- Enables the creation of distinct business strategies and precisely quantifies their influence on future performance
- Provides a planning solution pre-built from the ground up specifically for financial organizations, not a generic planning toolkit

Maximizing Productivity and Accountability

Putting together a bank's plan is a juggling act. You need to combine sophisticated analytical techniques and complex models into an extensive business process often incorporating thousands of individuals across the institution. Oracle Financial Services Balance Sheet Planning provides a unique combination of analytical sophistication with the robust workflow and business process tools needed for efficient planning. Oracle Financial Services Balance Sheet Planning leverages the strengths of Hyperion Planning to facilitate the planning and budgeting process via:

- Common task lists
- Workflow notifications
- Automatic synchronization with other planning activities, such as capital expenditure and work force planning
- Status tracking by business unit
- Seeded data entry forms, making initial budget inputs easier
- Version management

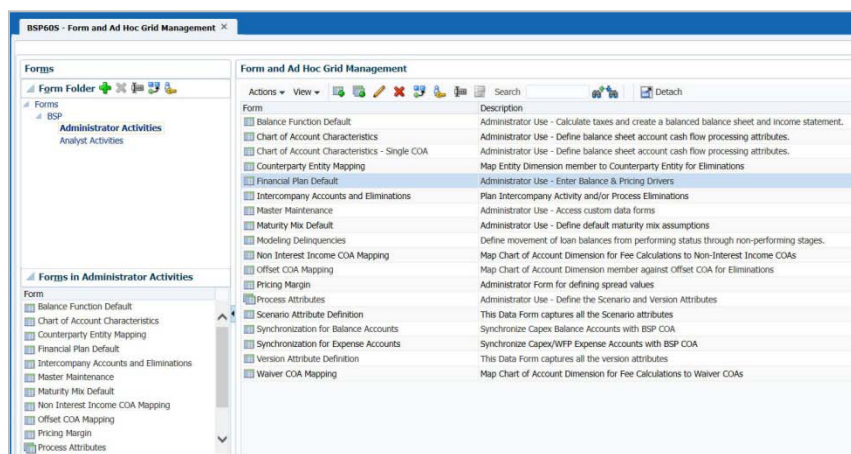


Figure 2. Workflow and predefined forms facilitate the process

Many organizations fail to establish a logical link between the budget and historical performance measurement metrics. Planners are asked to put in assumptions about

balance sheets outstanding with no clear notion of what is happening with their current books of business. Moreover, budget targets are often expressed as volume numbers or counts, without an underlying understanding of what impact those new volumes will have on margins.

With Oracle Financial Services Balance Sheet Planning, the metrics you use to measure historical performance, such as net interest margin, risk adjusted returns, spreads from transfer rates, and allocated costs and capital, are all incorporated into the planning tool. As a result, you can now compare apples with apples, and the budget information has more relevance to line units.

Multidimensional Planning, Reporting, and Analysis

Oracle Financial Services Balance Sheet Planning uses a multidimensional data model specifically designed for the planning requirements of financial organizations. It stores data in a manner that not only supports optimal performance, but also provides OLAP-based planning, reporting, and analytic capabilities.

Using the application's flexible interface, based upon Hyperion Planning, you can analyze key information across multiple dimensions, including products, account line items, business units, time periods, and strategies. It is flexible enough to even incorporate customer segments or geographies.

The foundation of Hyperion Planning allows you to update and report on plans using familiar tools such as Microsoft Office Excel, PowerPoint and Word. The planning solution allows you to take your plans offline using Excel, change plans at your convenience, and connect back to the central database to synchronize your updates and submit changes for cash flow engine processing. In addition, you can directly integrate data from the planning database into PowerPoint and Word, allowing for quick creation of highly customized reports, and automatically refresh the reports when the underlying data changes.

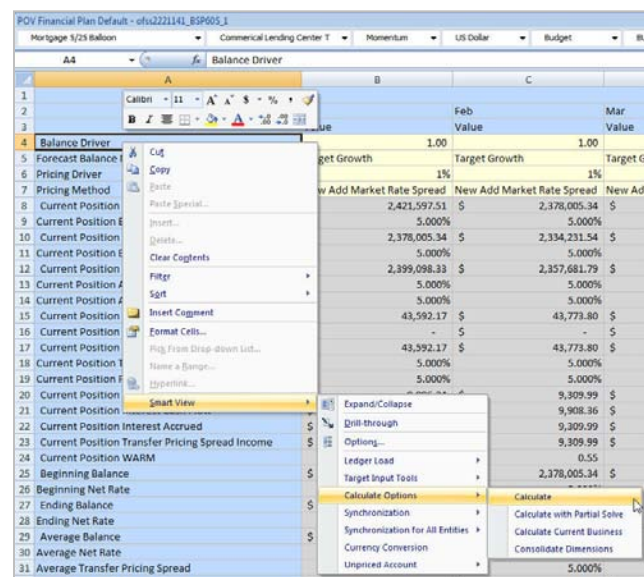


Figure 3. Offline view of Hyperion's Excel add-on, SmartView

Incorporating Fee and Operating Expense Planning

Oracle Financial Services Balance Sheet Planning is a predefined module that works with Oracle Hyperion Planning. The Oracle Hyperion Planning platform enables usage of standard planning features, functions and interfaces within the Financial Services Balance Sheet Planning module in the development of detailed plans for non-interest income and expense accounts. Other modules available for deployment with Hyperion Planning that support the development of detailed salary and benefit and capital expenditure plans include:

- Oracle's Hyperion Workforce Planning lets you quickly and efficiently plan for head count, salary, and compensation across the enterprise. By automatically connecting with your workforce data, it helps you assess the business impact of your workforce decisions in real time.
- Oracle's Hyperion Capital Expense Planning allows you to plan existing and new capital assets, maintenance, transfers, and depreciation while analyzing their impact on income, balance sheet, and cash flow.

The Oracle Financial Services Balance Sheet Planning module perfectly complements the above functionality via the ability to generate balance sheet balances and interest income/expense cash flow projections using the same cash flow engine supporting the other Oracle Financial Services Analytical Applications -- Oracle Financial Services Asset Liability Management and Oracle Financial Services Funds Transfer Pricing -- and leveraging the same detailed account level data for understanding future events, such as cash flow activity related to your current book of business. This approach maximizes accuracy for current book projections and ensures the same, common scrubbed and reliable source data is used by all of the Oracle Financial Services Analytical Applications.

The end result is an unparalleled planning solution for financial services institutions, supporting creation of complete and accurate plans in all areas of the balance sheet and income statement.

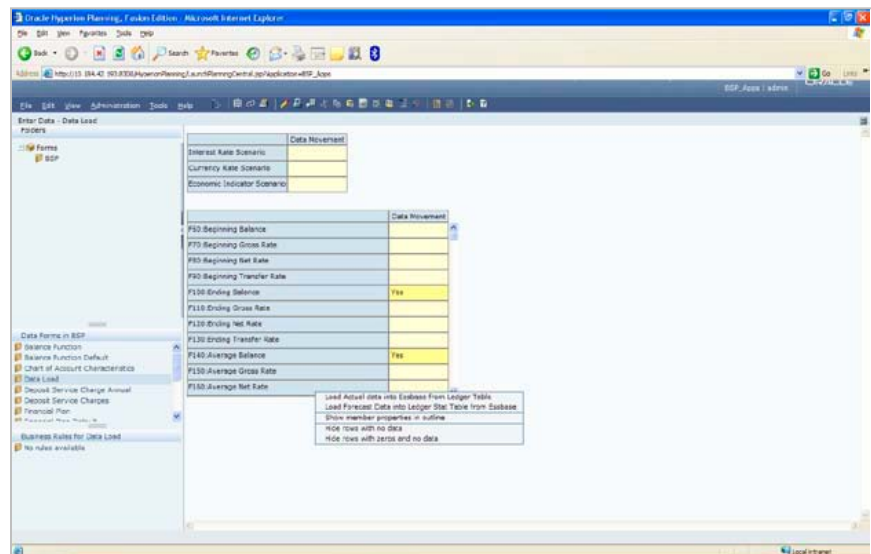


Figure 3. An underlying common data set and architecture means you are working with the same data used for Asset Liability Management, Funds Transfer Pricing, and Performance Reporting.

Integrating All Facets of Performance Management

Oracle's Financial Services Analytical Applications provide you with integrated solutions based on "industry best practice" components. You can assemble solutions with confidence because all the pieces (data, analytics, business rules, hierarchies, and reporting) fit together. Although designed for delivery on an integrated basis, each of these product components can:

- Stand on its own as a best-of-breed solution
- Undergo implementation in any order on either a simple or sophisticated basis
- Support ongoing evolution of analytical methodologies

By using Oracle's financial services applications, you can select where and when to process results, based on your combination of business processes.

The core strengths of Oracle Financial Services Balance Sheet Planning—its scalability, ability to accept data from any source, trustworthy results, multidimensional reporting, and sophisticated analysis capabilities—enable you and your organization to understand and then act upon the information to deliver real results.

Key Features Summary

Consistency and Control

- Establish a consistent, company-wide way of measuring performance, whether it be actuals or forecast
- Use customer relationship level data for the greatest possible accuracy
- Choose your own drill-down, subtotal, and aggregation levels
- Control modeling assumptions centrally or at the business unit level

Budgeting, Planning, and Forecasting for Banks

- Model financial instrument behavior both on and off the balance sheet
- Incorporate matched maturity transfer pricing into forecasts
- Forecast using interactive cells displaying both historical and projected information
- Distribute higher level forecast amounts across accounts, business units, and time periods
- Pivot and arrange the information to view information in the most convenient fashion
- Evaluate an unlimited number of "what if" scenarios
- Integrate views of business unit activity with bank-wide objectives and projected economic conditions
- Consolidate both results and assumptions to higher levels
- Evaluate the reasonableness of your forecast assumptions and results
- Provide immediate forecast feedback
- Revise forecasts as needed by modifying individual accounts, without processing all your data
- Carry assumptions forward to develop rolling forecasts

About Oracle Financial Services Analytical Applications

Oracle Financial Services Analytical Applications bring financial institutions best-of-breed capabilities to proactively manage Financial Crime, Compliance, Risk, Treasury, Finance and the Front Office. The applications are built upon a commonly available analytical infrastructure consisting of a unified financial services data model, analytical computations, a Metadata driven "R" modeling platform, and the industry-leading Oracle Business Intelligence platform.

A single, unified data model and infrastructure provides one version of the analytical "truth" to business users throughout the entire enterprise. This enables financial services institutions to confidently manage performance, governance, risk and compliance. Shared data, metadata, computations and business rules enable institutions to meet emerging business and regulatory requirements with reduced expenses and the unified platform helps financial institutions to leverage existing investments.



CONTACT US

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Hardware and Software, Engineered to Work Together

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