

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

Simultaneously Forecast New Business Volume & Margin

Regardless of industry, most budgeting exercises focus the majority of time and effort on expense forecasting. While this is also true for banking, the nature of the banking business imposes unique and difficult planning challenges. Banks must carefully forecast:

- The balance sheet itself
- Interest income and interest expense associated with a given balance sheet over a budget horizon
- The non-interest income (fees) that the balance sheet will produce
- The non-interest expense, including both operating expenses and capital expenditures, that will be required to support the balance sheet

Oracle Financial Services Balance Sheet Planning allows product planning managers to simultaneously forecast both new business volumes and the margins. Using the Oracle Financial Services Analytical Applications cash flow engine and instrument-level data model, Oracle Financial Services Balance Sheet Planning generates detailed current position runoff data for your entire institution. From there, you can plan new product volumes and spreads at the product and planning center level and generate cash flow projections for your forecasts. Oracle Financial Services Balance Sheet Planning combines your current position runoff and spreads with your new business runoff and spreads allowing you to gain a complete picture of balances and spreads and a wealth of related cash flow information for each budgeting period per product.

Improve Balance Sheet & Margin Planning

Oracle Financial Services Balance Sheet Planning improves balance sheet and margin planning by utilizing a sophisticated cash flow engine. Oracle Hyperion Planning is used by the application to generate customized forms and business rules to leverage cash flow data in forecasting non-cash flow based planning accounts, e.g., non-interest income, non-interest expense, reserve accounts, etc. In addition, seeded forms are

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

utilized for forecasting Deposit Services Charges and Loan Fees. Oracle Financial Services Balance Sheet Planning extrapolates additional planning elements based on cash flow runoff (e.g. service fees, annual fees, origination expenses).

Leverage the Oracle Financial Services Analytical Applications Infrastructure

Oracle Financial Services Balance Sheet Planning is built on a world-class platform and is fully integrated with other Oracle applications. This margin and volume forecasting solution leverages a best-of-breed planning infrastructure, Oracle Hyperion Planning, as well as other world-class planning applications: CapEx and Workforce Planning. Deploy as a standalone product or integrate with other Oracle applications for complete multi-dimensional solutions.

As part of the Oracle Financial Services Analytical Applications suite of products, Oracle Financial Services Balance Sheet Planning uses the same cash flow engine as Oracle Financial Services Asset Liability Management and Oracle Financial Services Funds Transfer Pricing, leveraging the same 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.

By leveraging a single, transparent data model and platform, users have the ability to share component building blocks across different applications and breakdown informational silos by using common customer-level and ledger-level information for all performance and risk applications.

Oracle's Financial Services Analytical Applications are integrated solutions based on industry best practice components. Solutions can be deployed with confidence because all of the pieces fit together: data, analytics, business rules, hierarchies, and reporting. Although the suite was designed to be delivered on an integrated basis, each of these product components can:

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

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.

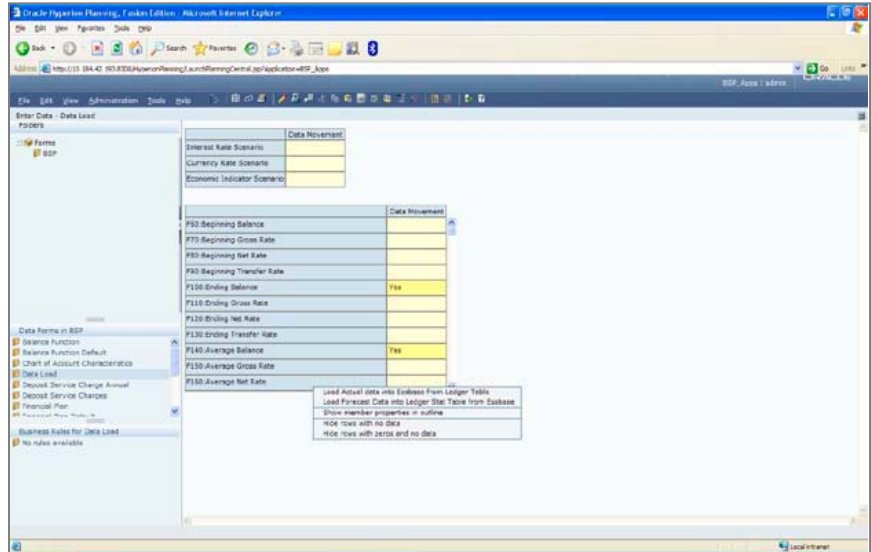


Figure 1. An underlying common data set and architecture means you are working with the same data used for Asset Liability Management, Funds Transfer Pricing, and Performance Reporting

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.

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Hardware and Software, Engineered to Work Together

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