Risk Advisory for Banks

Zanders has extensive experience in designing and implementing ALM and risk frameworks at banks:

Challenges faced by banks:

1. Current interest rate environment and inflation
2. Active Balance Sheet Management
3. Pressing regulatory requirements

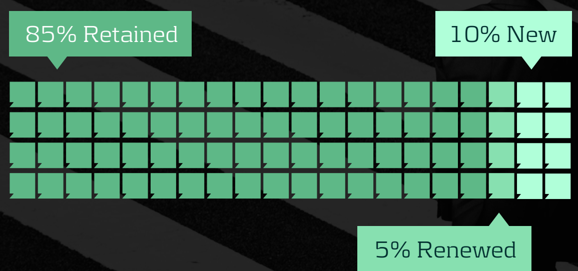
Our expertise:

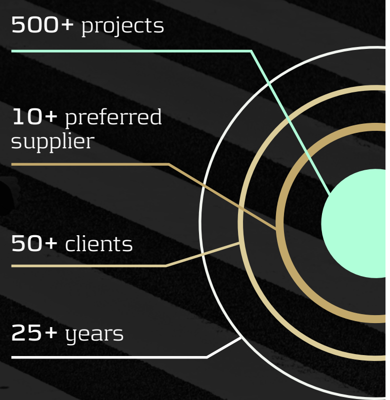
- Strategic ALM and Balance Sheet Management
- RRBB Modelling
- Client Modeling (deposits and prepayments)
- Stress Testing

Regulatory landscape:

- Basel III / CRD IV
- IRRBB
- SREP / ICAAP / ILAAP
- TLAC / MREL

WITH A STRONG AND LOYAL EUROPEAN CLIENT BASE





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ZANDERS

PERFORMANCE WHEN IT COUNTS

Zanders' Risk Advisory Team Part of a leading consultancy firm.

Zanders is a consultancy firm specialized in treasury, risk and finance. Since 1994, the company has grown to employ 300+ professionals in 9 countries. Zanders has an extensive track record with corporate financial and public sector clients.

ZANDERS IS HOME TO ONE OF EUROPE'S LARGEST TEAMS OF QUANTITATIVE RISK MANAGEMENT PROFESSIONALS

Our Risk Advisory Team is dedicated to supporting the financial sector in the area of **quantitative risk management**. It consists of 60+ consultants, mostly with backgrounds in Econometrics, Physics and Mathematics.

Our consultants are **goal-oriented**. By combining their theoretical knowledge with extensive practical experience they always deliver **pragmatic solutions**. Our advisory services are objective and unbiased.

Our consultants can support your idea to **implementation**. As everybody is involved the execution of projects, from junior to partner, we are all aware of best market practice and business context.

Our fields of expertise in Credit Risk

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PD, LGD and EAD Models

Development of probability of Default (PD), Loss-Given-Default (LGD) and Exposure-at-Default (EAD) models for the purpose of:

1. Provision calculation
2. Capital calculation
3. Credit acceptance

Expected Credit Loss Models

Model components should be Point-in-Time and Forward Looking and Dynamic provisioning requires provisions to be taken before actual payment difficulties arise. The current macroeconomic conditions introduce challenges for dynamic provisioning models and particularly the loss attribution.

Stress Testing Models

Banks are subject to regulations that requires stress testing capabilities, such as the EBA Stress Test or the ICAAP. Depending on the portfolio and exercise, banks may require credit portfolio models or may need to extend their existing modelling suite.

Risk Governance and Credit Monitoring

The Risk Governance framework defines the functioning of the Risk Management function whereas the Risk Appetite Statement (RAS) defines the amount of risk that the bank is willing to take. The Credit Risk Monitoring should be aligned with the RAS and take into account the regulatory requirements (e.g. guidelines on loan origination and monitoring).

Machine Learning and other innovations

With the trend towards increasing computational resources and larger datasets, the application of Machine Learning in finance has gained attraction. The challenge that comes with the implementation of Machine Learning is interpretability. Although Machine Learning techniques can show better performance, it is not always straightforward to interpret the dependency between the explanatory and target variable.

Model Data

The sudden and independent shock of COVID-19 has its implications on credit risk models. Government support has kept firms standing that would otherwise go into default. Data gathered during the COVID-19 crisis are therefore biased; which introduces a challenge for the recalibration of the credit risk models.