

## Analysis of the balance sheet structure and derivation of hedging strategies

<b>Client / sector</b>	<b>Austrian savings and loan association</b>
<b>Project description</b>	<p><b>Analysis of the balance sheet structure and derivation of hedging strategies</b></p> <ul style="list-style-type: none"> <li>• The savings and loan-specific balance sheet of an Austrian savings and loan association contains significant non-linear interest rate risks (caps, floors and termination rights). Non-linear risks are often factored out in standard ALM due to limited relevance for normal bank balance sheets. An explicit hedging strategy is often not formulated for these risks.</li> <li>• ALM for an Austrian savings and loan association therefore requires additional option expertise in order to analyse the risks and to make strategic decisions.</li> </ul>
<b>Service</b>	<ul style="list-style-type: none"> <li>• Support during the development of concrete hedging strategies which were adjusted to meet client requirements under consideration of profit and loss aspects and other (regulatory) limitations.</li> <li>• Ongoing development of optimisation and hedging recommendations.</li> </ul>
<b>Technology</b>	Valuation systems and market data for interest rate derivatives and options
<b>Professional input</b>	Professional consultation, ALM know-how, interest rate derivative expertise
<b>Scope</b>	1-2 consultants, multiple person days per quarter
<b>Tags</b>	asset liability management, interest rate derivatives, hedging, interest rate options