



MOODY'S

BALANCE SHEET RISK MANAGEMENT

Investment Management Use Case:

Enhancing Bank
Balance Sheet
Optimization

USE CASE:

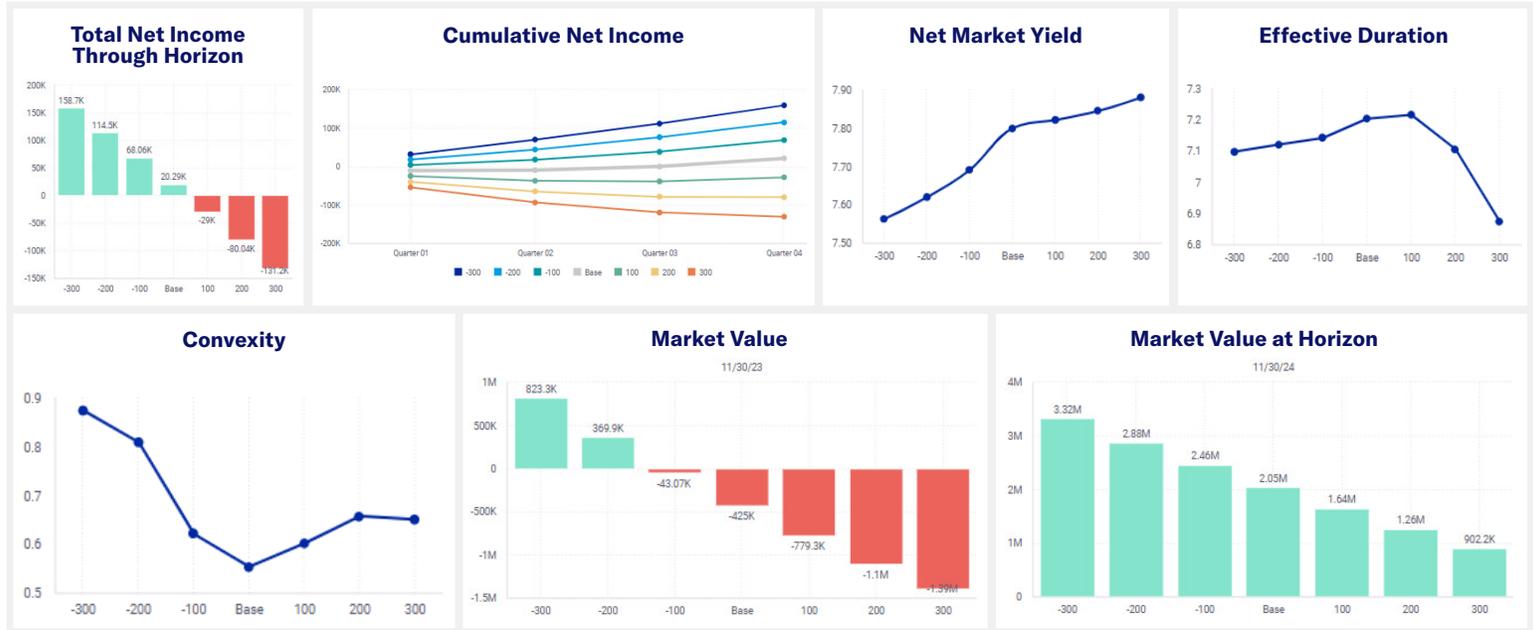
A regional bank aims to enhance profitability while maintaining regulatory compliance and effectively managing risk.

THE PROCESS:

The Bank's assets include Treasury securities, municipal bonds (munis), and mortgage-backed securities (MBS), while liabilities consist of certificates of deposit (CDs), money market accounts, and other non-maturity deposit (NMD) accounts.

The bank utilizes the Investment Management solution for a comprehensive balance sheet assessment, evaluating asset and liability performance by simulating various economic scenarios. Through the optimization process the bank identifies strategies to optimize risk-reward profile, such as reallocating assets to higher-yielding investments, adjusting liability structures to reduce costs, and using derivative instruments to mitigate interest rate risk and help maintain the duration of equity near target.

This approach ensures regulatory compliance for capital and liquidity management, maintaining sufficient capital buffers and the ability to meet short-term obligations. By leveraging Moody's Investment Management solution, the bank achieves a more resilient and profitable balance sheet, aligning with strategic objectives and stakeholder expectations.



The Investment Management dashboard displays the simulated optimal balance sheet risk profile and financial performance across various rate shock scenarios.

Visit us here and get in touch

For more information on Moody's
Balance Sheet Risk Management
or the Investment Management
module specifically click [here](#).

