

CVA trading desk  
including functional and  
technical IT-processes

# Reference

## Background

- Implementation of a CVA-Trading-Desk for the treasury department as internal service unit, including functional and technical IT-processes as well as the selection of an appropriate third-party software.

## Challenges

- Ensure an adequate price and margin calculation by taking internal and external requirements into consideration (risk-adjusted pricing of standard and exotic derivatives, including CVA, DVA and FVA)
- Enable real time portfolio management and pre-deal checks to quickly react to market changes
- Consideration of collaterals, break clauses, rating triggers, funding costs as well as clearing by central counterparty to mitigate risk
- Keep balance between regulatory requirements and economic reality

## Strategy

- Project management and elicitation of the business requirements
- Technical design, support of software selection process and conception of outstanding adjustments
- Analysis and definition of the input mapping from the internal source systems to the third-party software, definition of the requirements for the data management and data quality
- Design of the limit systematic and the supporting IT-system, support of the system implementation
- Calculation of regulatory and economic capital requirements, projection of future capital requirements
- Establishment of business processes for hedging on transaction and portfolio level, as well as, active (credit-) portfolio-management, support of the roll-out and the operative launch

## Results

- Successful integration of the key figures CVA, DVA and FVA in the controlling of the bank
- Efficient allocation of the regulatory and economic capital and utilisation of pre-settlement limits
- Efficient collateral management and effective mitigation of derivative exposures
- Optimization of profitability on transaction and portfolio level

-  Data Value Chains
-  Business Analytics
-  Application Ecosystems
-  Managed Services