



# Protect the balance sheet

## Capital & liquidity management

Reaction | Resilience | Recovery | New Reality  
COVID-19

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# Capital & liquidity management



## Why strong capital & liquidity management is crucial in time of Corona?

- We see historically high volatilities in financial markets and customer behaviour (surge in liquidity need) result in high balance sheet volatility at our clients, thereby potentially significantly impacting capital & liquidity ratios. Overestimating losses may exacerbate the capital impact.
- Governments, regulators and supervisors offer relief and flexibility yet active management is required to fully recognise it. Actively adding liquidity to the market place requires detailed and timely information.



## Key challenges faced

- ✗ Need to control increased volatility in financial markets – including automatic mechanic effects from rating triggers
- ✗ Uncertainty in capital & liquidity positions combined with having reasonable forecasts under different scenarios
- ✗ How to keep lending capacity in line with demand given surge in immediate liquidity need of bank obligors by optimally making use of relief measures
- ✗ Consolidation of impact arising from different sources (trading book, revaluation assets, lower credit quality obligors and jurisdictions)



## How to respond

- ✓ Identify potentially high impact areas, create focused insights and decision-making
- ✓ Structured, flexible & swift COVID-19 scenario development, thereby considering more adverse scenarios
- ✓ Design close-to-real time liquidity reporting and high frequency capital reporting
- ✓ Review and accelerate strategies to free up capital

Staying informed in times of high volatility

# How we can help

## Operational support

We offer operational support to ensure you have the most actual insights to guide the bank through this crisis and weather the storm.

## Sound methodologies from different perspectives

We have the relevant expertise from different areas to identify high impact areas, translate COVID-19 scenarios into capital and liquidity impact and create focused insights. We bring the economic, regulatory and accounting perspective to the table.

## Recovery and contingency planning

We can leverage our experience on recovery and contingency planning to help you prepare for the most adverse scenarios by reviewing suitability of existing plans in light of this crisis, develop playbooks and strategic options to mitigate capital and liquidity impact.



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