

# Case Studies

## Financial Services



## Simplified Supervisory Formula Approach in CCAR

### Challenges

A CCAR bank needed to calculate the Simplified Supervisory Formula Approach (SSFA) for Risk Weighted Assets (RWA) in their banking book securities portfolio.

The calculation for each security was required at each forecast quarter across both Federal Reserve and internal bank economic forecasts.

Exequor was asked to develop a transparent calculation for the performance of the underlying collateral for each security under each scenario.

# Streamlining Calculations for a CCAR Bank

## Strategy & Solutions

Working with the client team, Exequor developed reporting and calculation detail for each security, which forecast collateral performance and default, consistent with each specified scenario over a 13-quarter horizon.

Exequor we provided a calculation of the attachment and detachment points for each security over the forecast horizon, by applying contractual, prepay, and credit cash flows within the structure of each security.

The team also developed the documentation and reporting packages needed to support the calculations and methodologies for internal model validation and CCAR submission.

In launching and executing the program, Exequor developed the following components:

- Detailed cash flow and calculation detail for each security for each specified scenario.
- Documentation of the model approach linking collateral default with each specified scenario.
- Rollup spreadsheets consolidating the portfolio for reporting purposes.
- Security structure detail for each forecast point across each scenario.
- Extensive detail behind the calculation of each SSFA element
- Application of both bank supplied and internally developed prepayment vectors for each scenario

## Components

# Compliance



## Results

The organization now has the detailed data and processes in place to support their SSFA calculation with defensible forecasts. This allows them to demonstrate consistency with forecast base and stress scenarios, avoiding adverse regulatory findings in this area.

**Defensible  
forecasts**