

DETECH OPTIMIZER

Strategic Financial Management Tool for Financial Institutions

Detech Optimizer is a scenario-based dynamic decision-making tool for Strategic Asset and Liability Management, Dynamic Financial Analysis and Enterprise-wide Risk Management.

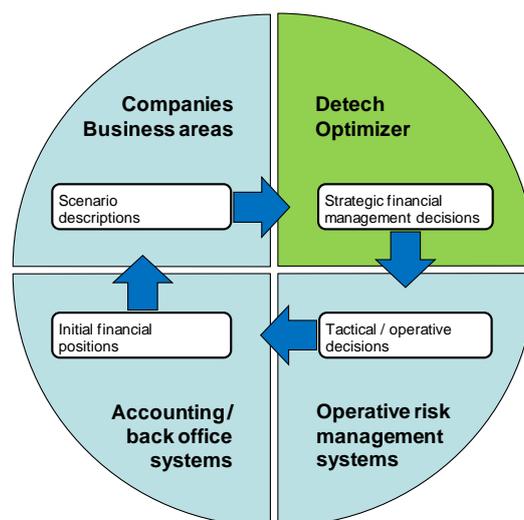
Detech Optimizer is based on a stochastic dynamic optimization approach to financial planning, which is an advanced and versatile approach for dealing with complex financial management problems under uncertainty. Detech Optimizer produces strategies which are both dynamic and optimal unlike in traditional static or simulation-based approaches.

Detech Optimizer provides a comprehensive and integrated platform for a number of institutions and applications. Standard and advanced versions are available for the following customer specific solutions.

- Banking Solution
- Insurance Solution
- Pension Fund Solution
- Asset Management Solution
- Financial Group Solution

The tool provides a link between long-term strategic decision-making and short-term operative risk management (**Figure 1**).

Figure 1: Detech Optimizer is a scenario-based optimization tool for strategic financial management



DETECH

Detech Decision Technologies Ltd
Itätuulenkujä 10 B, FI-02100 Espoo, Finland
www.dotech.fi

Scenario-based dynamic optimization

Advanced decision-making perspective

Detech Optimizer describes future uncertainty by a set of scenarios. The scenarios relate to general economic conditions, the state of financial markets, and other aspects of the operating environment relevant to the institutions.

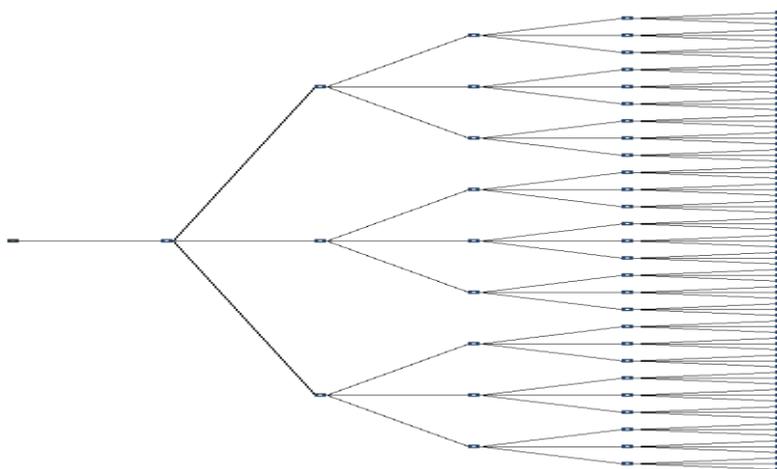
Detech Optimizer determines dynamic strategies that allow the institutions to respond to future uncertainty in an optimal way. The strategies cover multiple scenarios simultaneously, and they therefore differ from strategies that only look at one scenario development at a time (**Figure 2**).

Simultaneous consideration of multiple scenarios requires precautionary measures that would not be needed if only the requirements of one scenario development had to be fulfilled. The optimal readjustment policies lead to improved performance when compared with more traditional approaches.

The strategies give concrete guidelines for all actions under management control. The outcome of the optimization process is the financial management strategy for each of the future scenarios.

A significant benefit of using dynamic optimization is that the decisions of all subsequent periods are accounted for in making current decisions. This is an important aspect, as future benefits from current decisions depend on what can be done in the future and what the optimal readjustment measures are in the future.

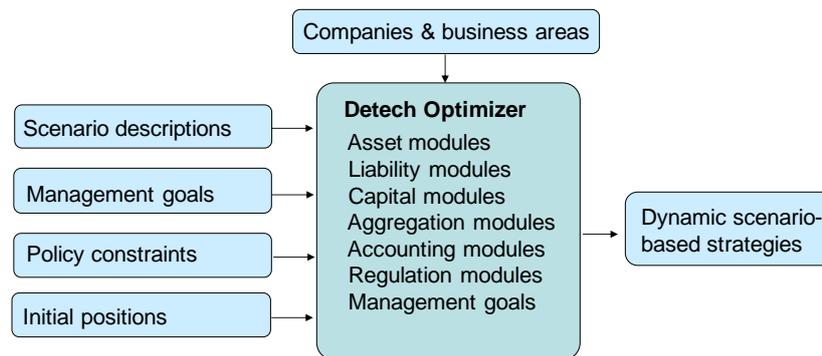
Figure 2: Detech Optimizer computes dynamic strategies that cover multiple scenarios simultaneously



Modular approach and tailored applications

The software consists of modules covering a wide range of financial instruments and contract types, accounting and aggregation issues, regulations as well as a number of management goals. The modular structure allows applications tailored to the individual needs of the user.

Figure 3: Modular approach



Detech Optimizer benefits

Optimization results in improved performance and the best overall strategy

- Multiple management goals are considered simultaneously
- The tool finds optimal strategies in a situation where the number of potential strategies is extremely large
- Forward-looking dynamic readjustment policies lead to improved performance when compared with static or simulation-based approaches
- It also allows non-financial and qualitative considerations in the analysis

Efficient control of uncertainty and extreme scenarios

- Simultaneous consideration of multiple scenarios results in efficient control of uncertainty
- Strategies also consider extreme scenarios and catastrophic events

Comprehensive and integrated approach

- All investment, funding and other measures are optimized simultaneously
- The solutions allow an integrated treatment of credit risk, interest rate risk, currency risk, equity risk, real estate risk, other investment risks, insurance risks and solvency risks
- Finance, accounting and regulation issues are covered simultaneously. Regulations cover Basel III, Solvency II & ORSA, as well as selected national regulatory frameworks
- Integrated management of financial groups
- The tool provides a link between long-term strategic decision-making and short-term operative risk management

Concrete and transparent action plans

- The tool offers concrete and detailed recommendations for managing the institutions

Easy implementation

- Easy to use SaaS-service
- Easy and fast implementation process
- Active support throughout the implementation
- Also available as a fully or partially outsourced analysis service