



Webinar: 2015 Liquidity Risk Survey

2015: “Waiting & Evaluating”

2014: “The Delay Factor”

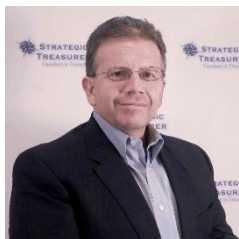
2013: “Surprising Complacency to Bank Exposures”

2012: “Cautious, But Ready to Act”

2011: “Caution & Conservatism – Retrenching”

May 2015

Presenting companies



- ❑ Consulting firm advising on treasury, financial risk and risk technology issues
- ❑ 11 years serving corporate, government, education and not-for-profit institutions
- ❑ Craig Jeffery, Founder & Managing Partner



- ❑ Institutional investment advisor specializing in cash investments, credit and counterparty risk management and debt financing
- ❑ 23 years delivering research-driven risk management solutions for corporations
- ❑ Ben Campbell, CEO

Agenda

➤ Introductions

- Strategic Treasurer
- Capital Advisors Group

➤ Context of Survey Environment

➤ Survey Findings

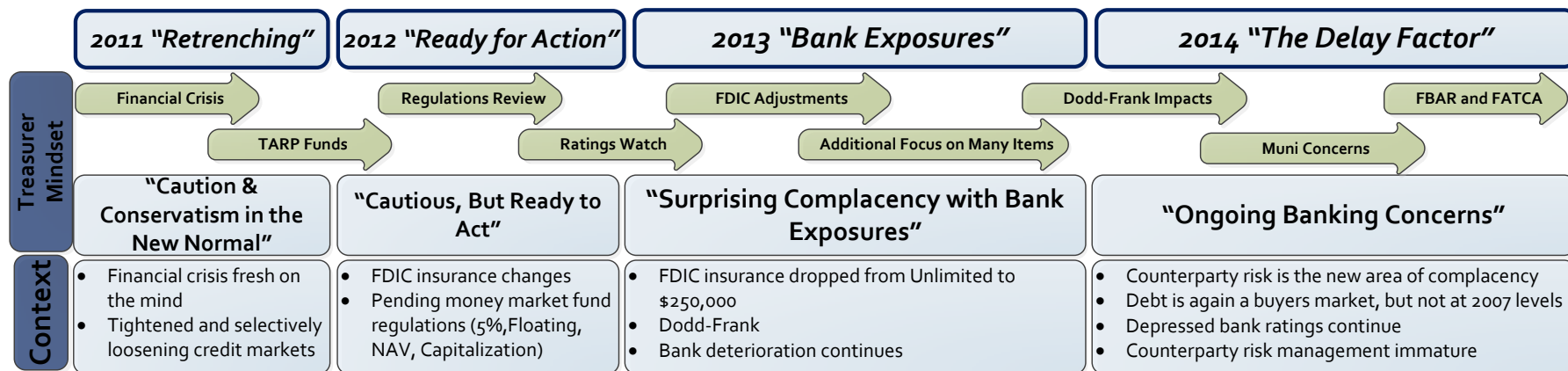
- Census information
- Investments
- Counterparty Risk Monitoring or Management
- Debt & forecasting

➤ Q&A

Survey goal

To shed light on treasury departments' efforts to mitigate liquidity risk in short-term cash investment, debt and forecasting practices and changes over time.

Context: Previous Years

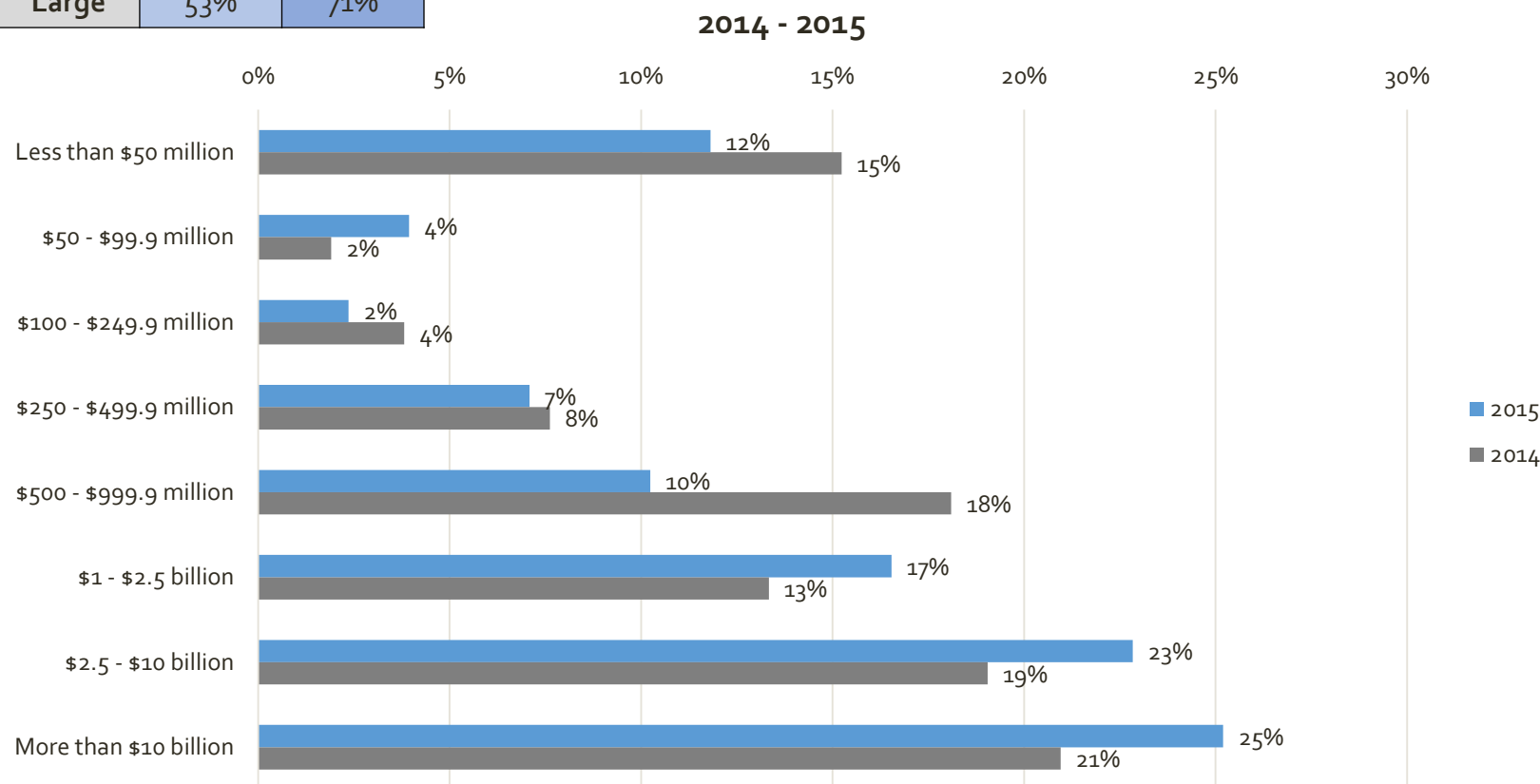


What we've learned in 2015

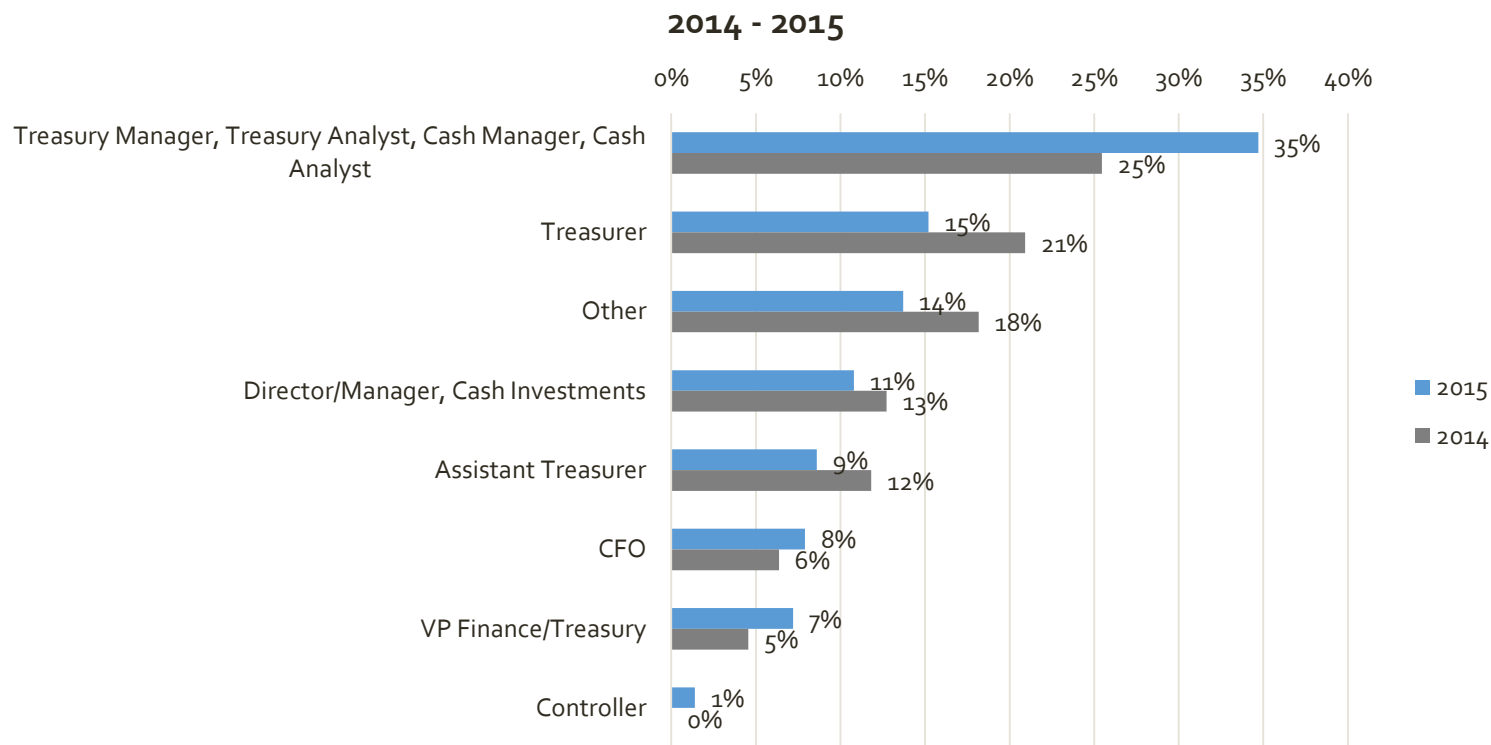
- Treasury and financial professionals appear to have begun to control bank exposures
 - Decrease in bank deposits
- Survey results indicate while Money Fund usage is down Treasurers indicate no clear plans yet in anticipation of money fund reform
- Firms seem to have increased the pace at which they negotiate and renegotiate credit facilities and to have structured debt and credit facilities with multiple maturity dates
- Investment policy latitude continues to expand in an environment of continued investment supply contraction
- Ongoing calibration of investment policies
 - 61% of firms have updated their investment policy within the past two years
 - More firms are setting limits for uninsured bank deposits
- Organizations do not appear to have formal counterparty risk exposure policies or frameworks in place
 - Apparent difficulties aggregating, analyzing and monitoring counterparty exposure

What are your company's annual revenues?

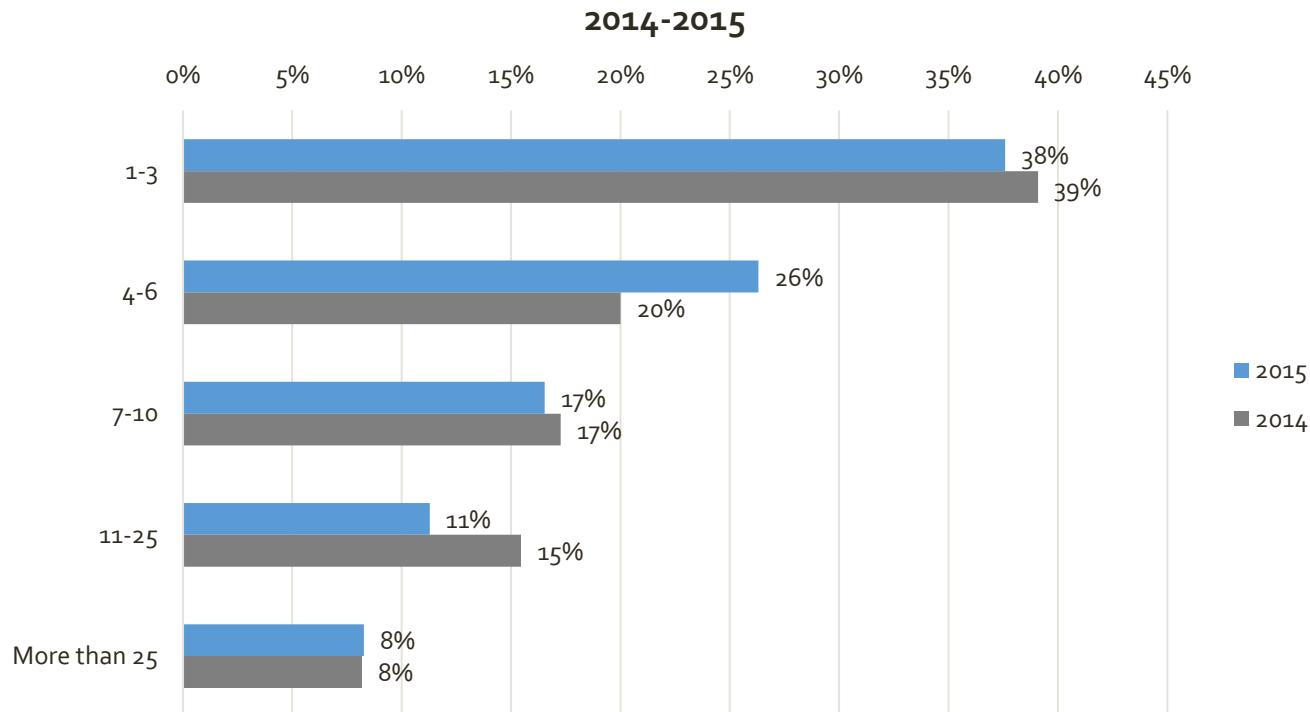
	2014	2015
Small	47%	29%
Large	53%	71%



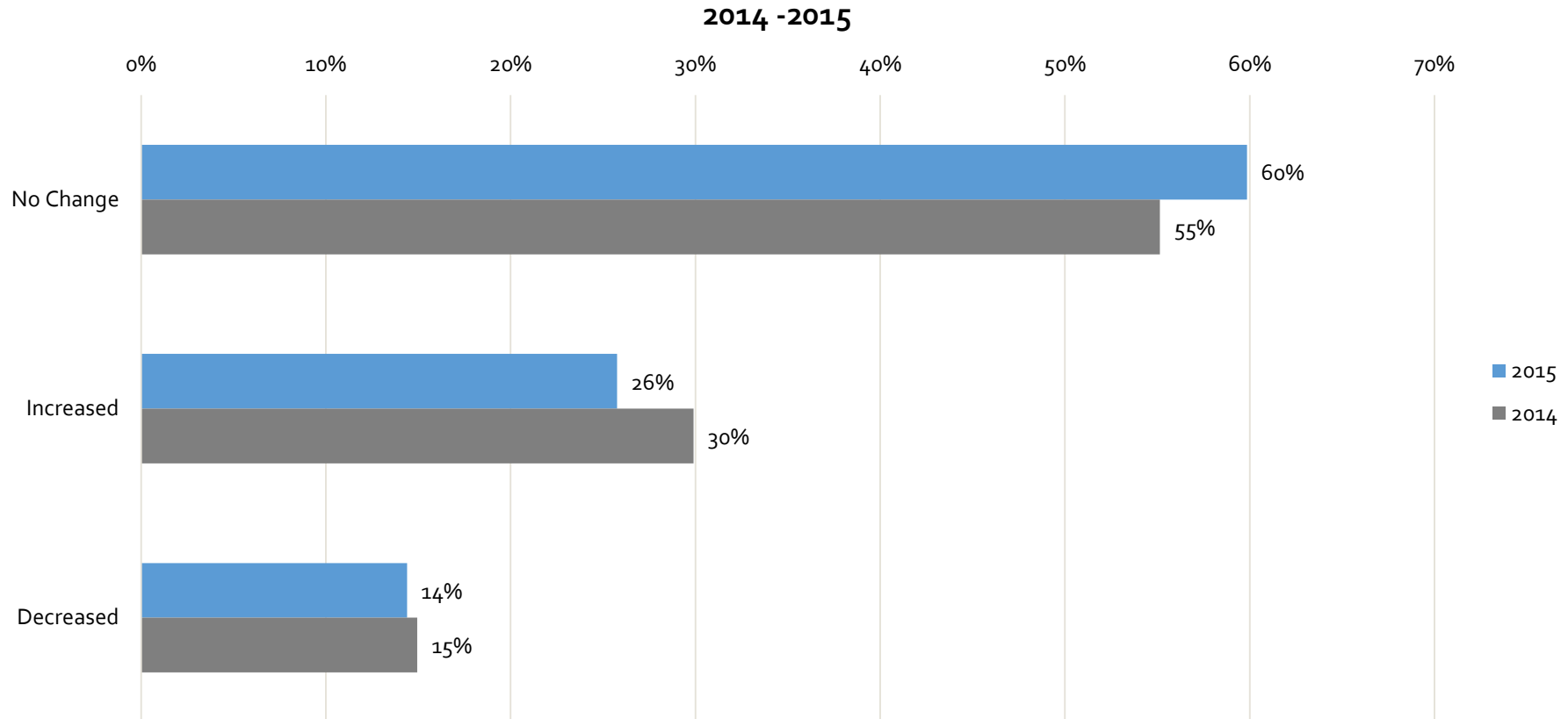
What is your job title?



How many people are in your treasury department?

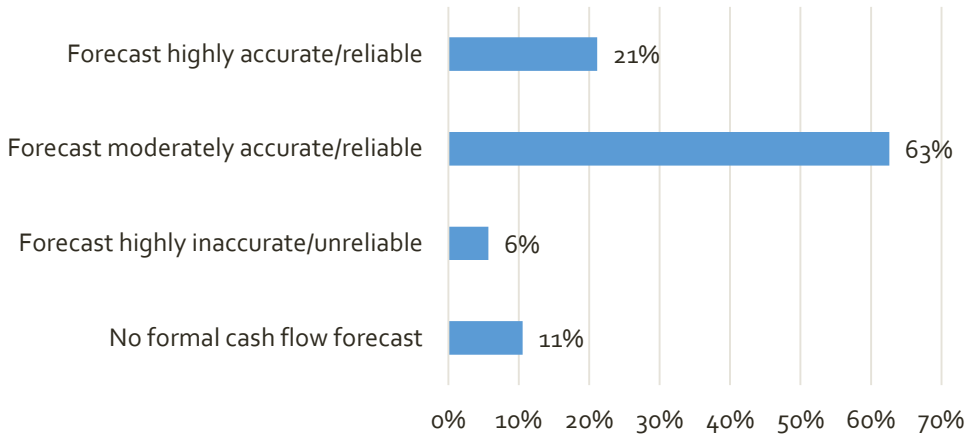


Has the staffing in your treasury department changed in the past two years?

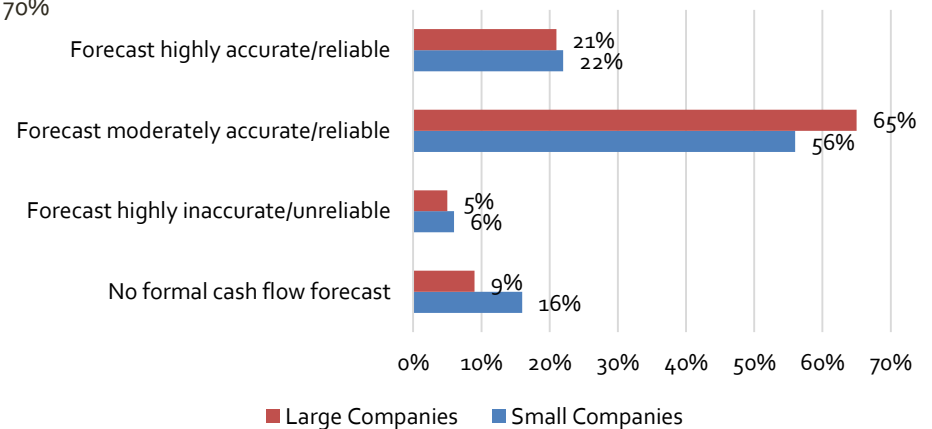


Which answer best describes the ability to forecast short-term cash?

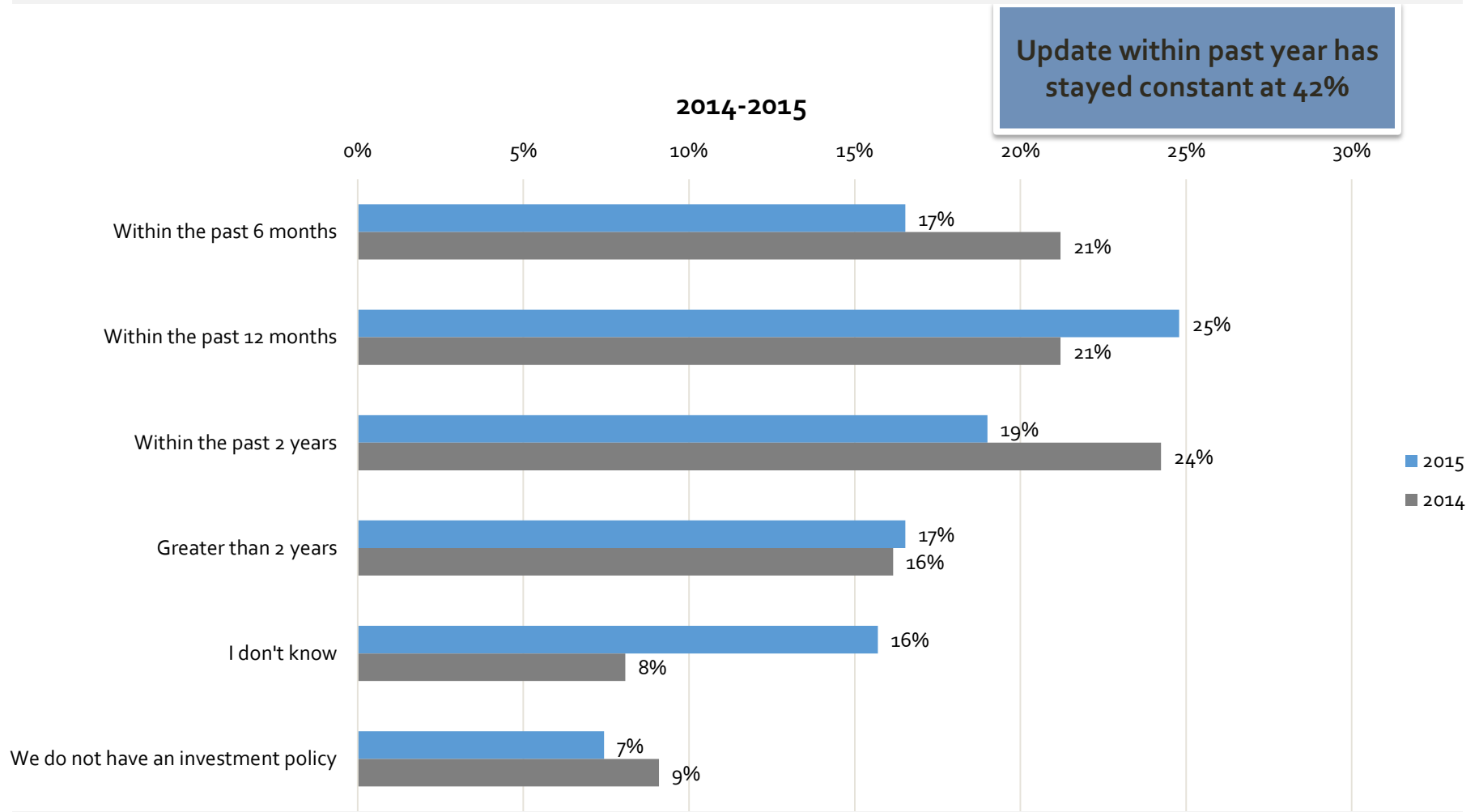
2015



Small/Large Breakout 2015

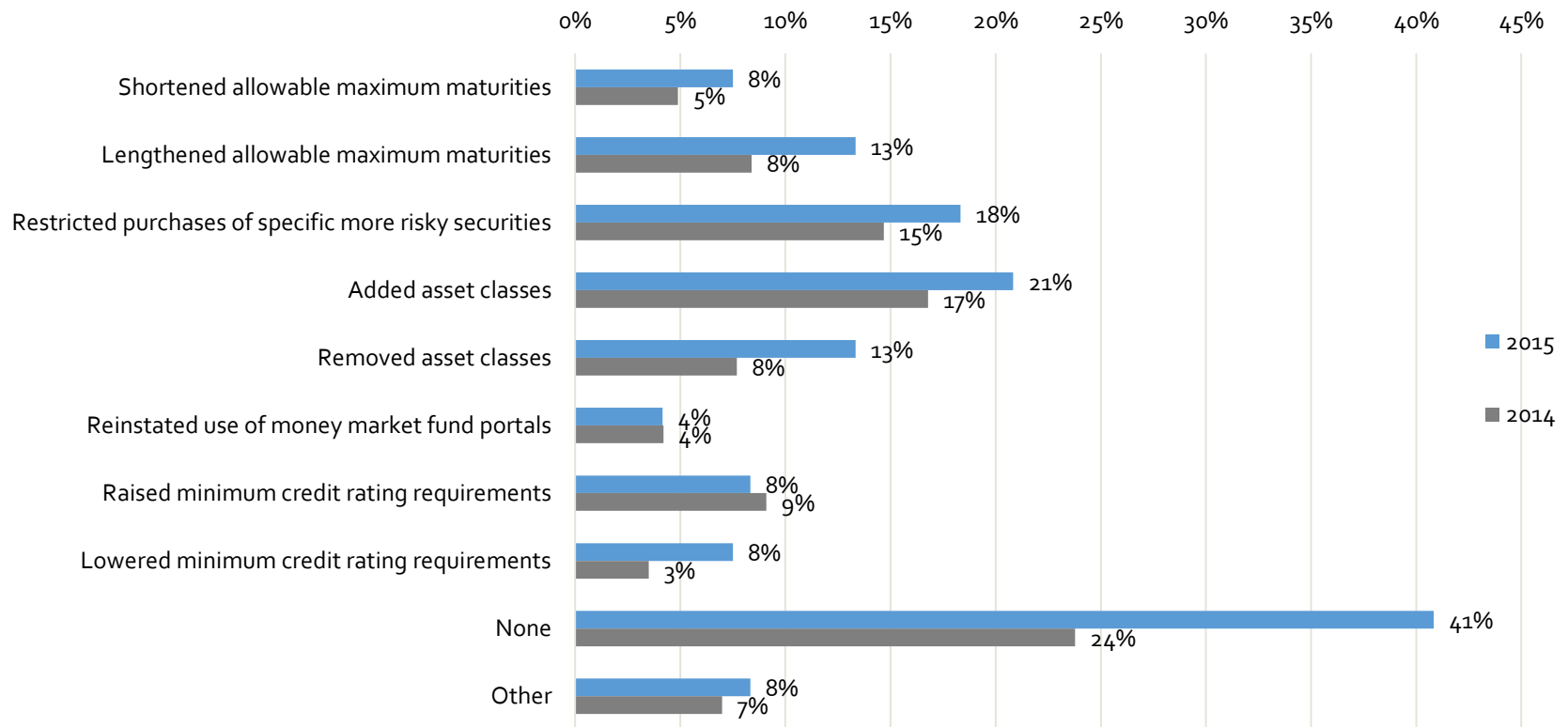


When did you last update your corporate investment policy?

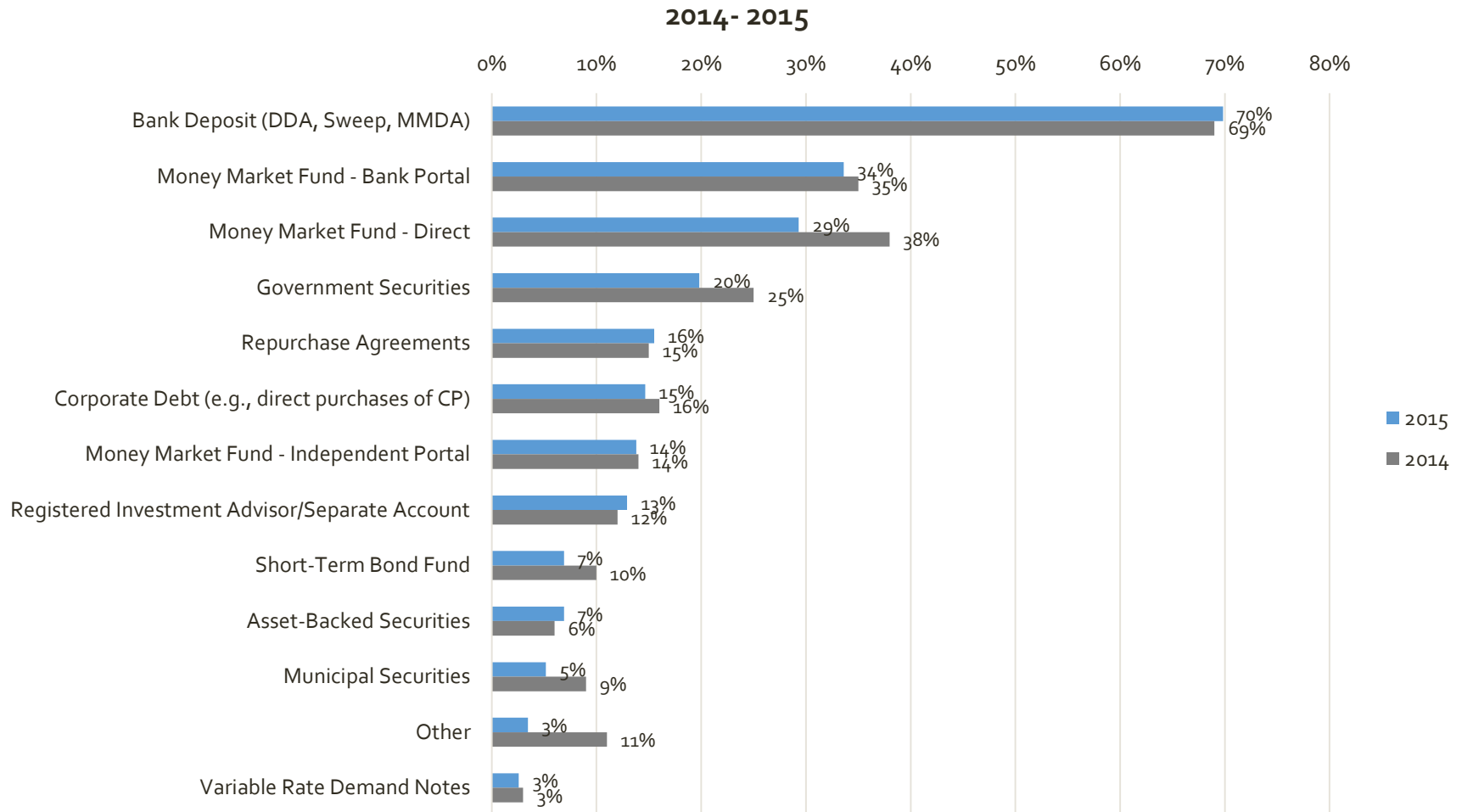


If updated in the past two years, how was your policy revised? (Select all that apply)

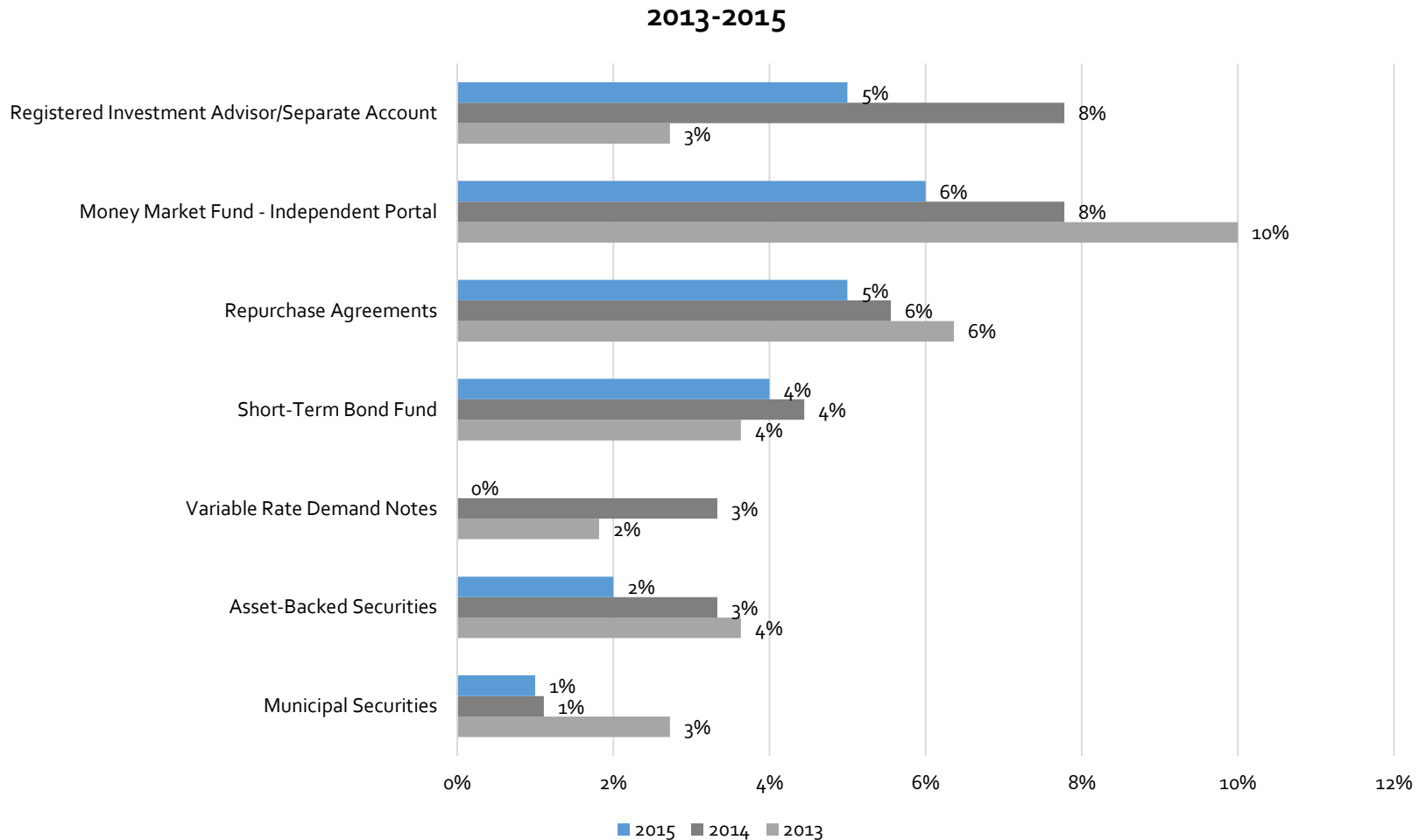
2014- 2015



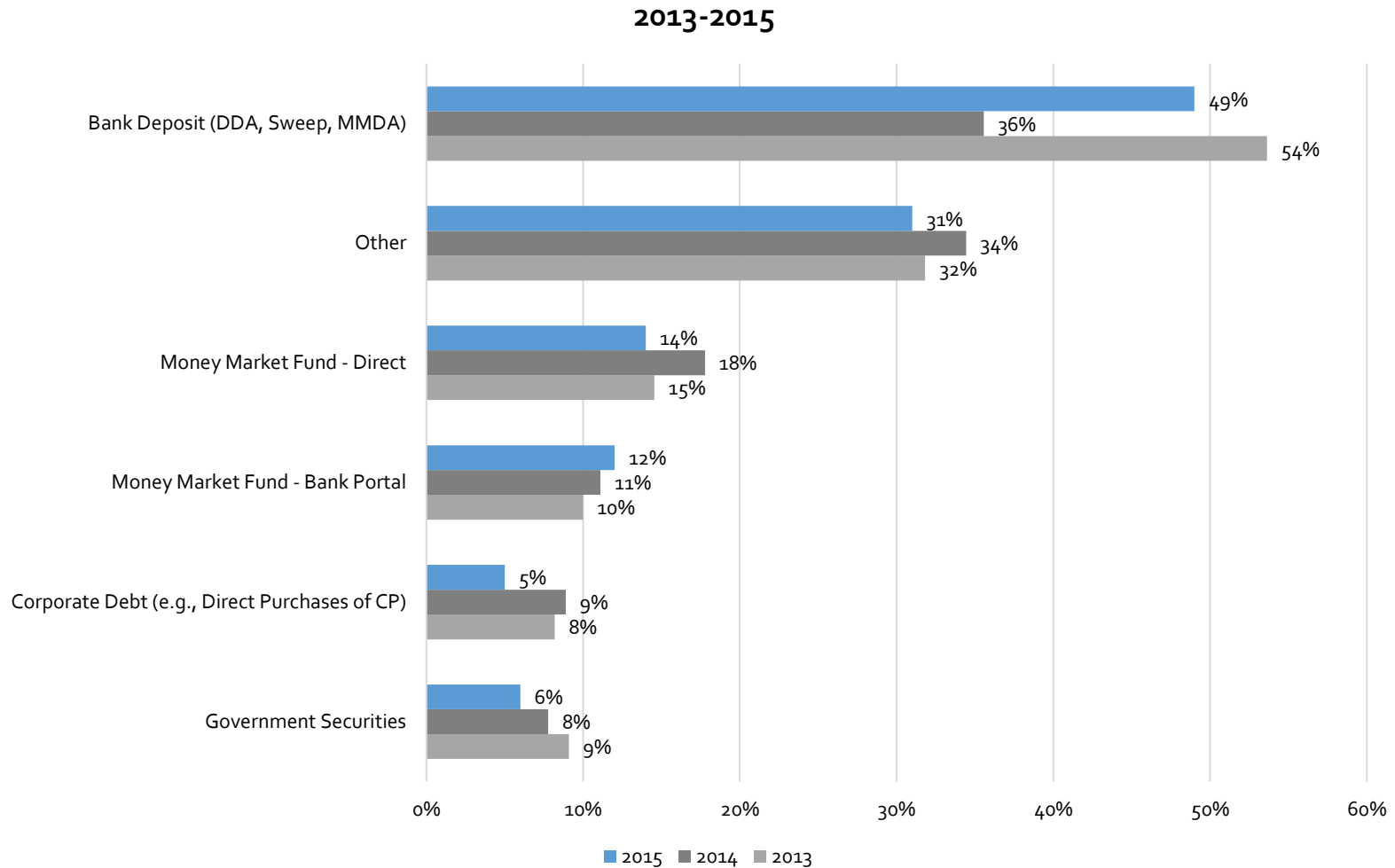
What U.S. investment channels are used for short-term funds? (Select all that apply)



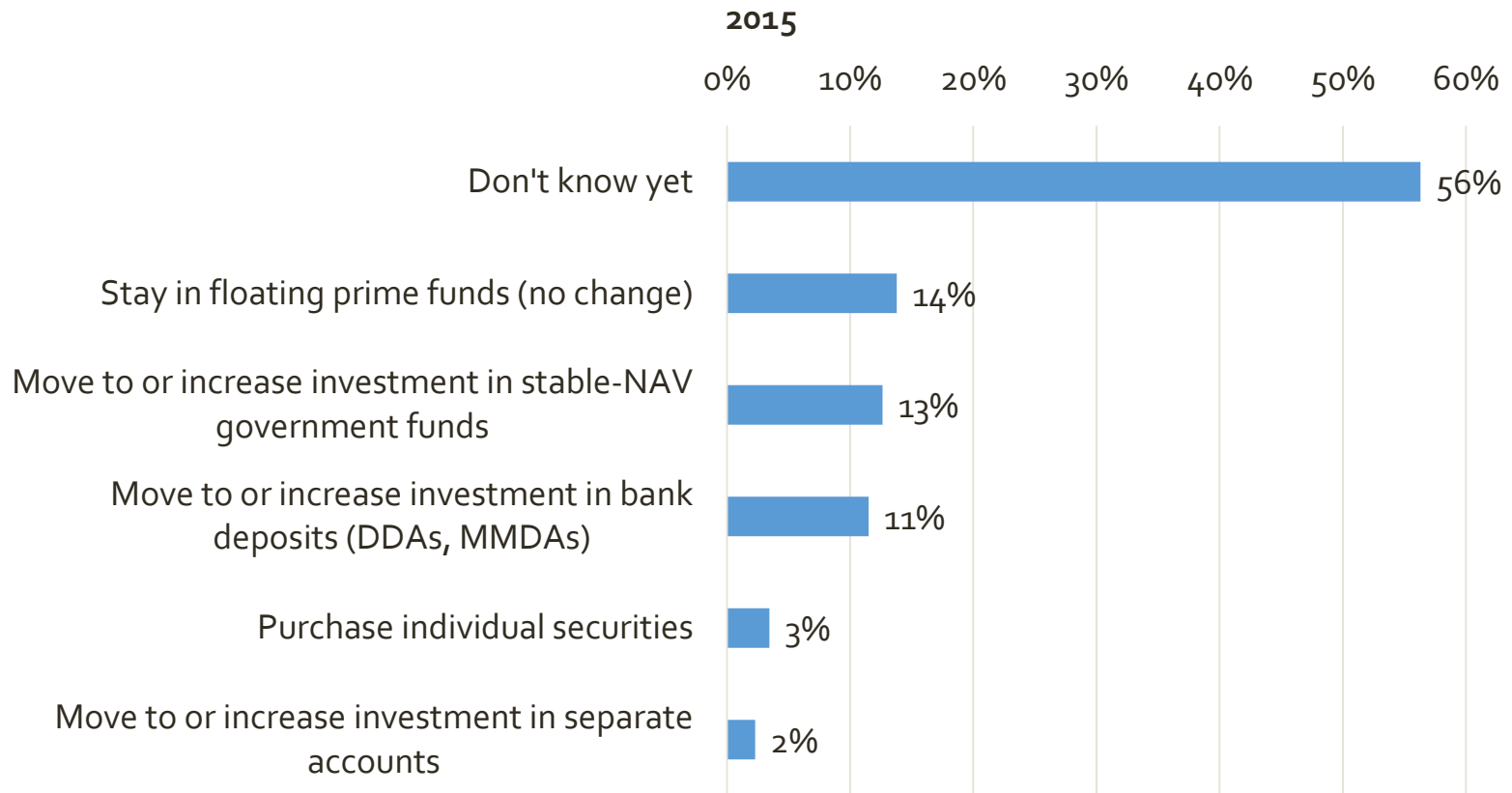
What off-shore investment channels are used for short-term funds? (Select all that apply)



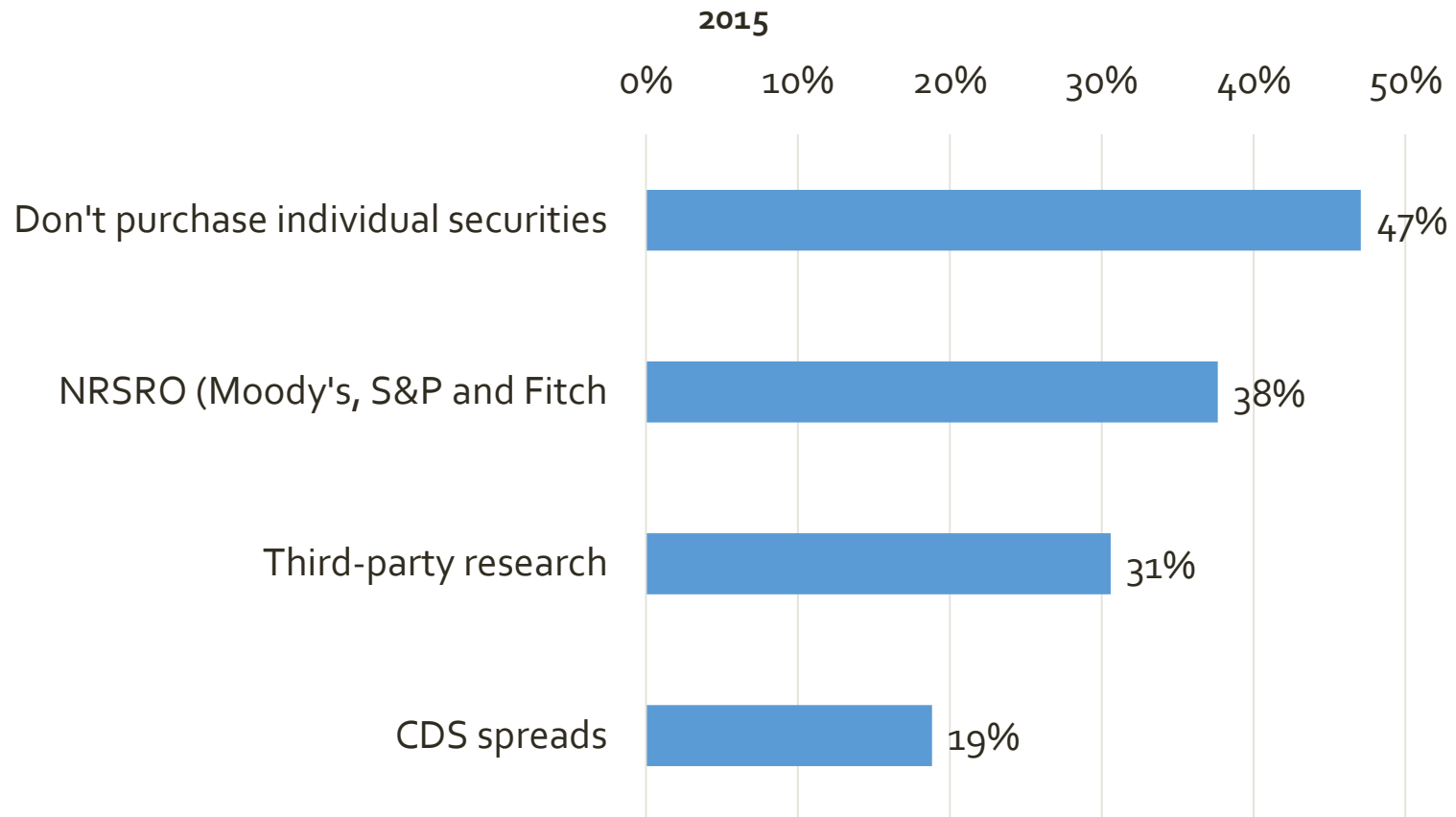
What off-shore investment channels are used for short-term funds? (Select all that apply)



With the pending change to institutional prime money market funds to floating NAVs and the adoption of fees and gates on withdrawals in times of stress, how will your current investment channels change?

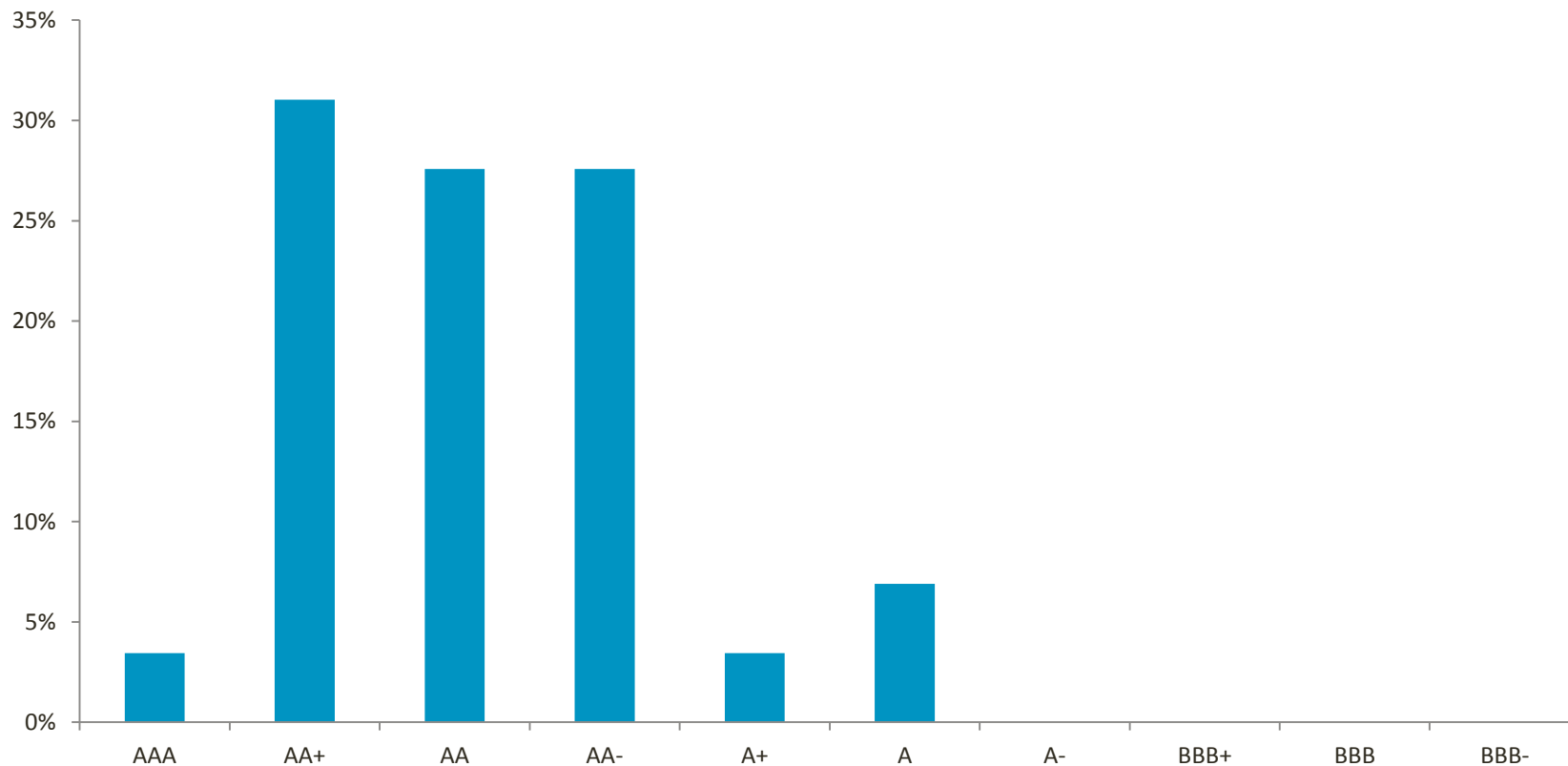


If you purchase individual securities for your portfolio, what data do you use to track and manage risk of those securities? (Check all that apply)



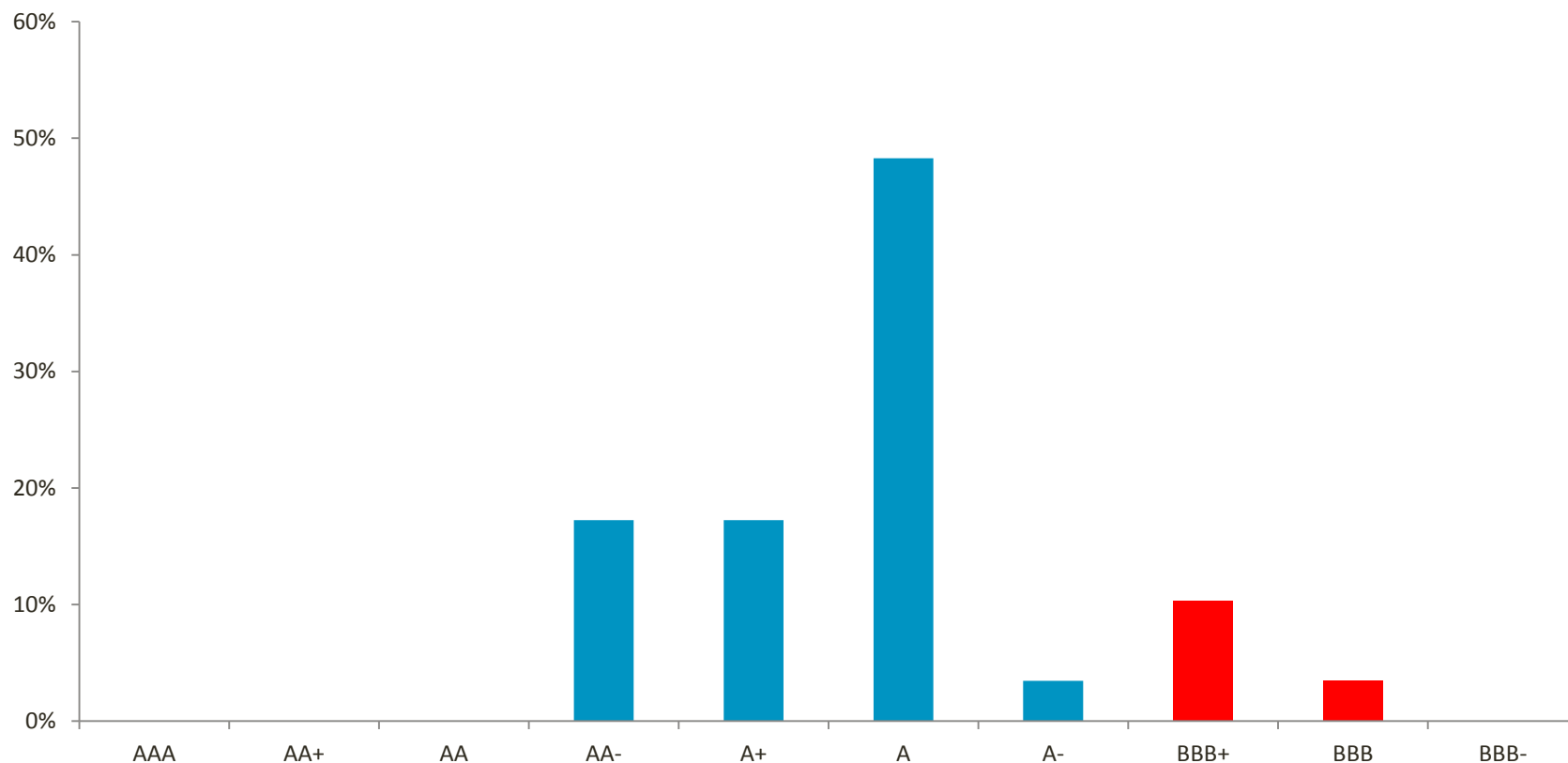
Surprising complacency to bank exposures

2007 Average Deposit Ratings
G-SIBs

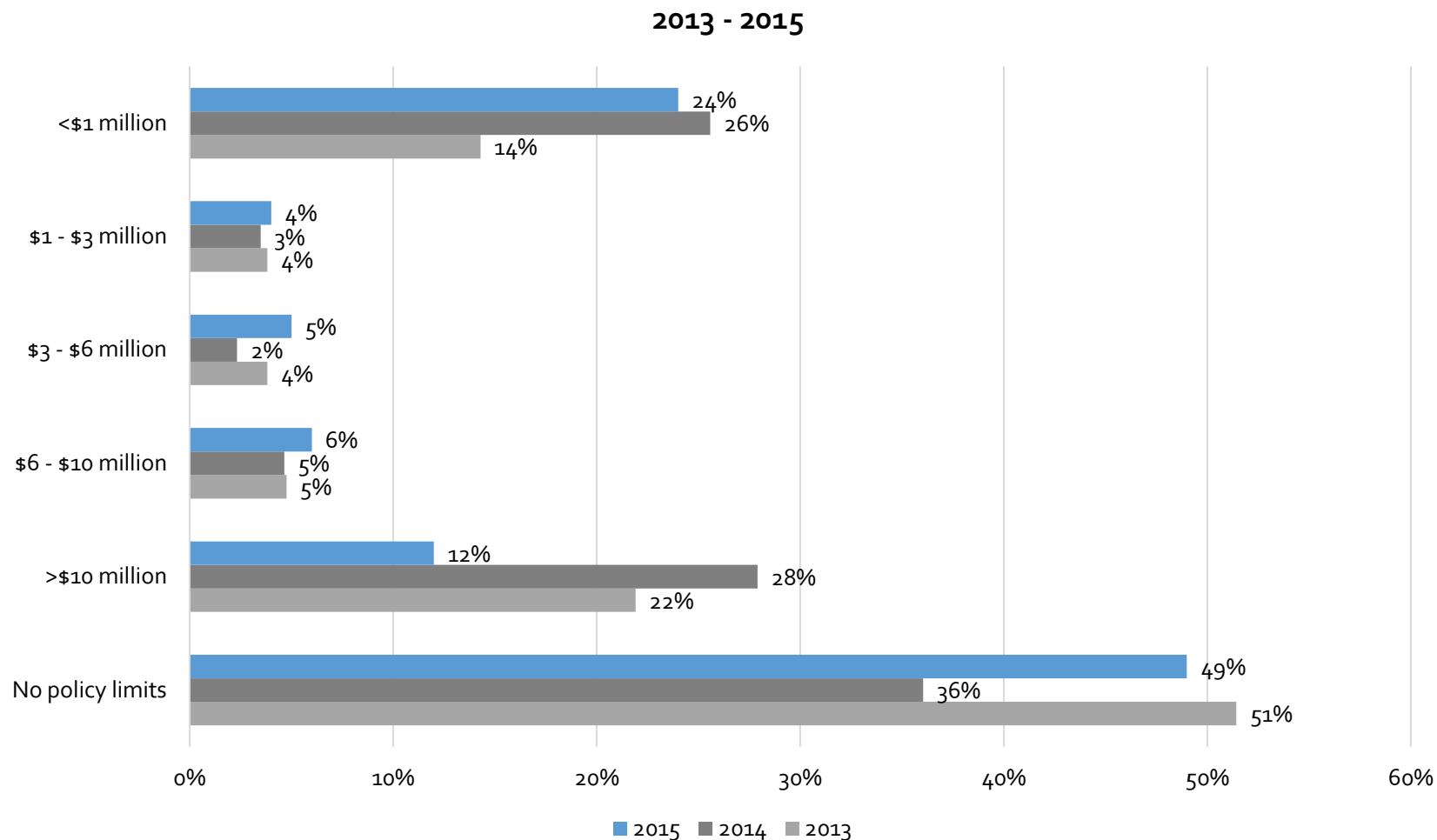


Surprising complacency to bank exposures

2015 Average Deposit Ratings
G-SIBs

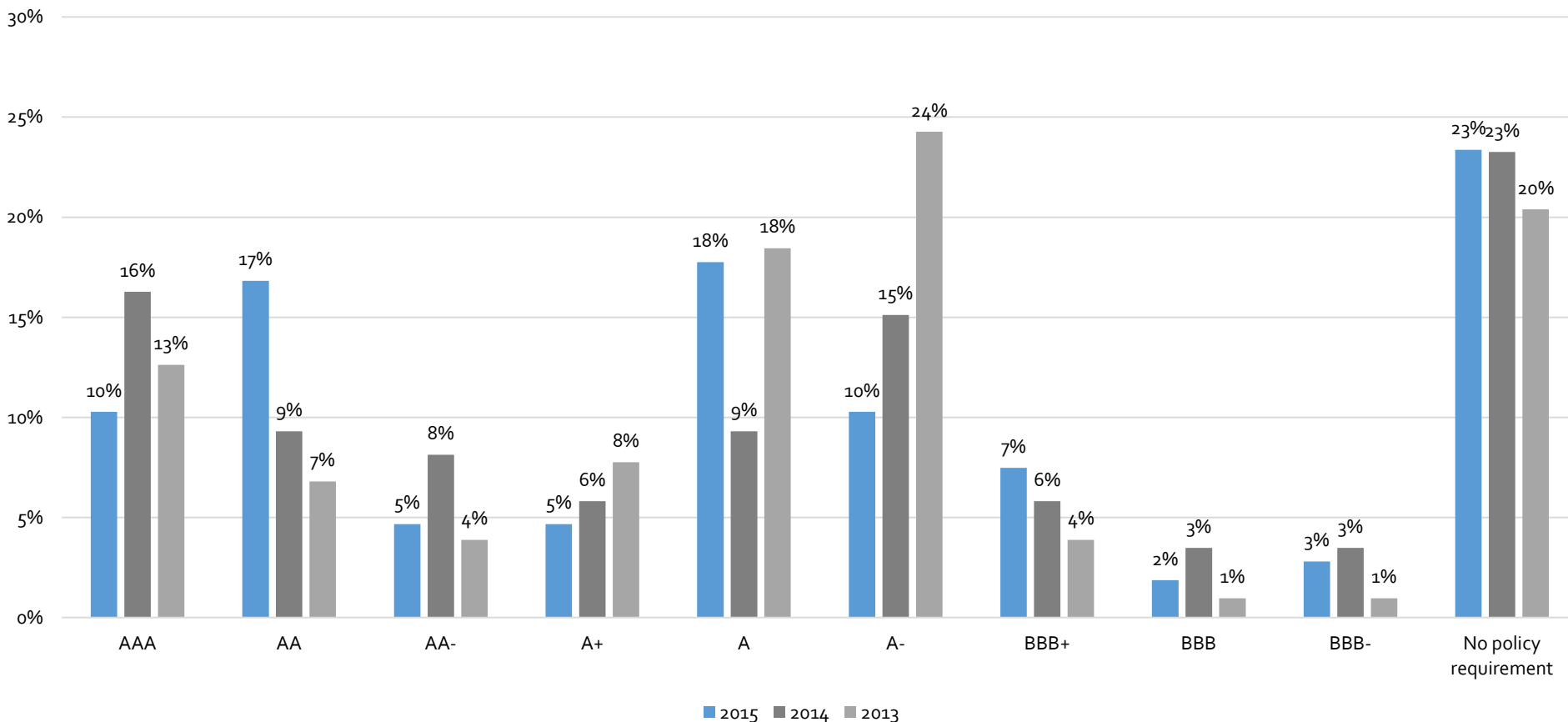


What is the maximum dollar value exposure your investment policy allows for uninsured bank deposits?



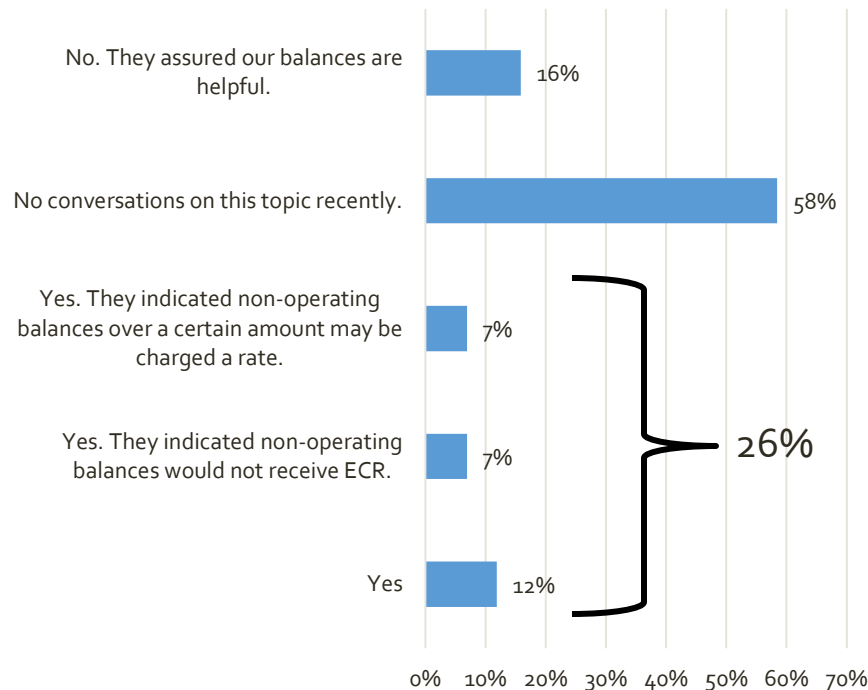
What is the minimum credit rating your investment policy allows for uninsured bank deposits?

2013 - 2015

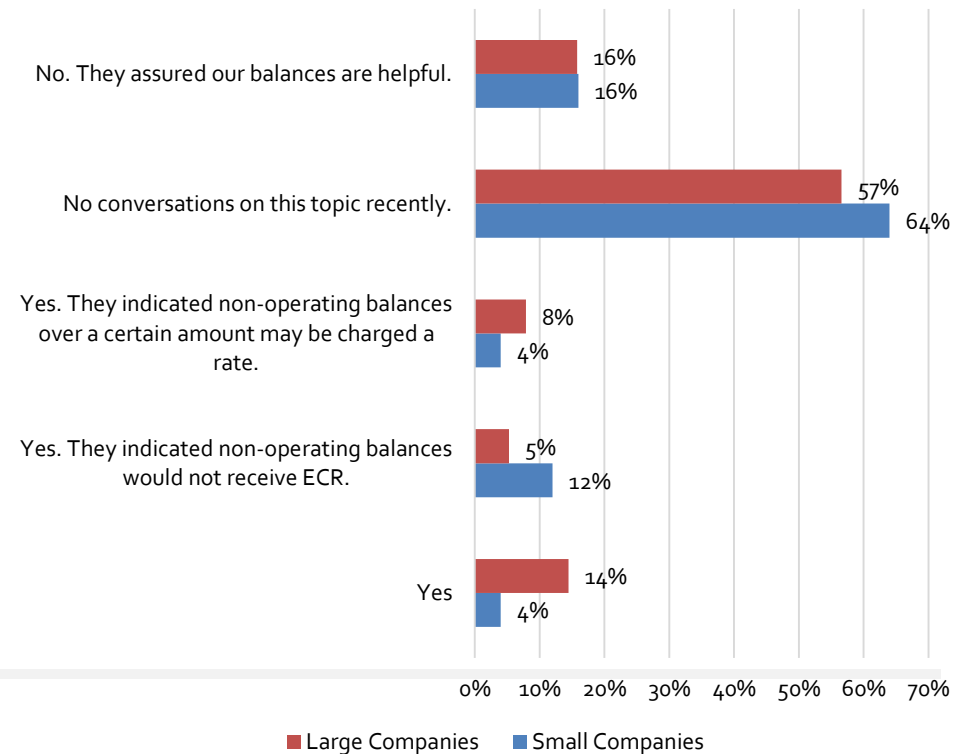


Have any of your bankers talked to you about reducing your balances?

2015

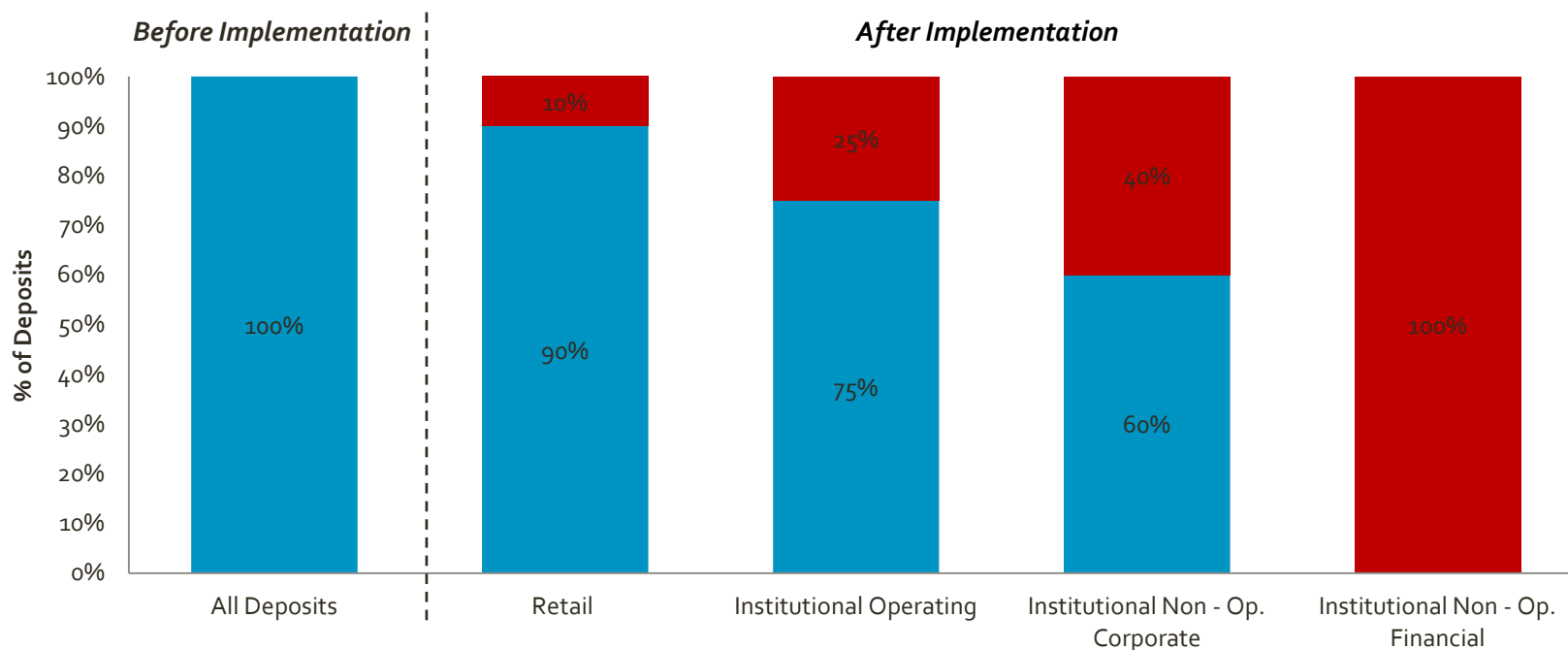


Small vs. Large 2015



Bank Deposits – LCR Outflow Assumptions

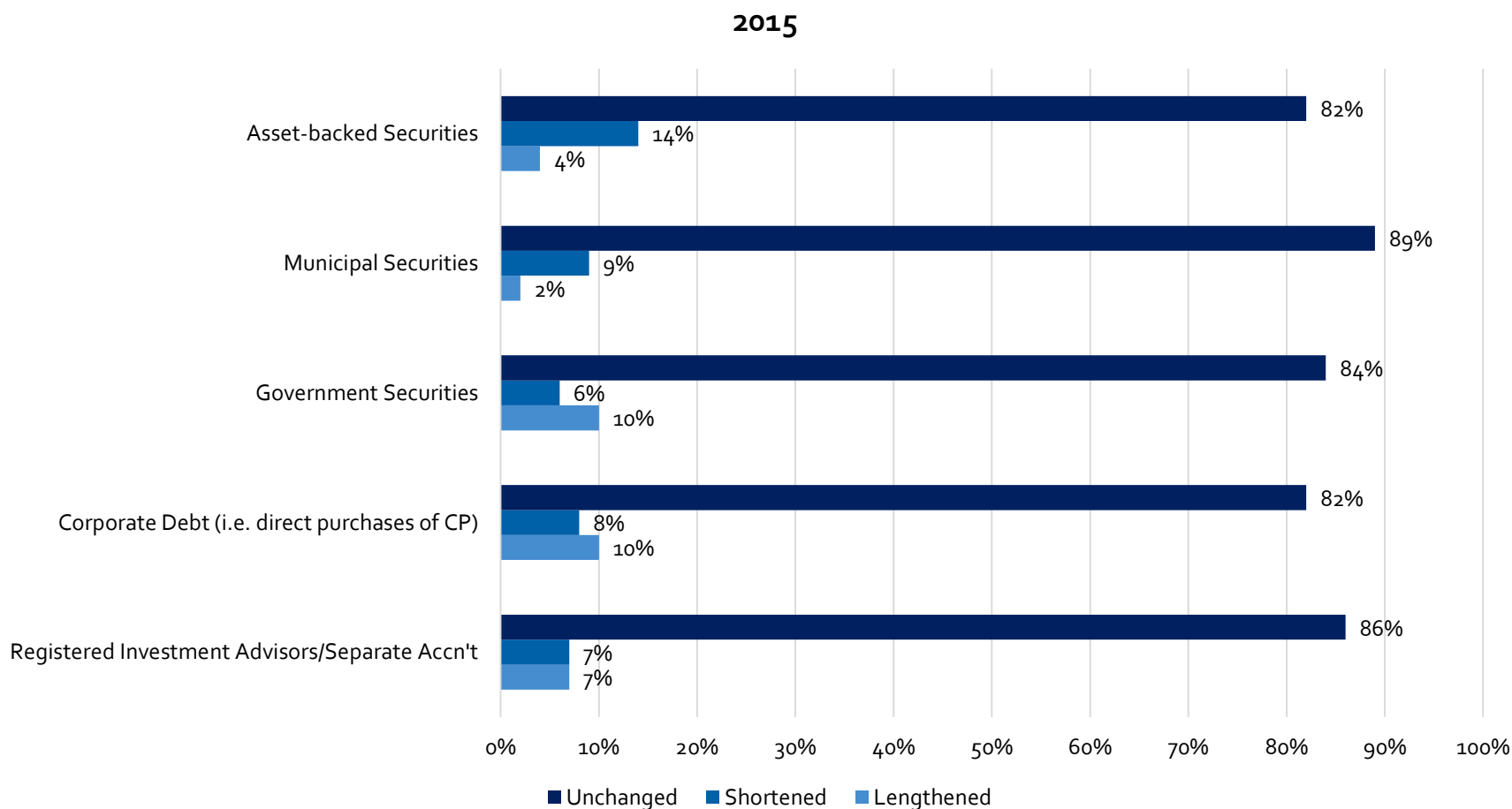
Assumed 30-Day Deposit Flows*



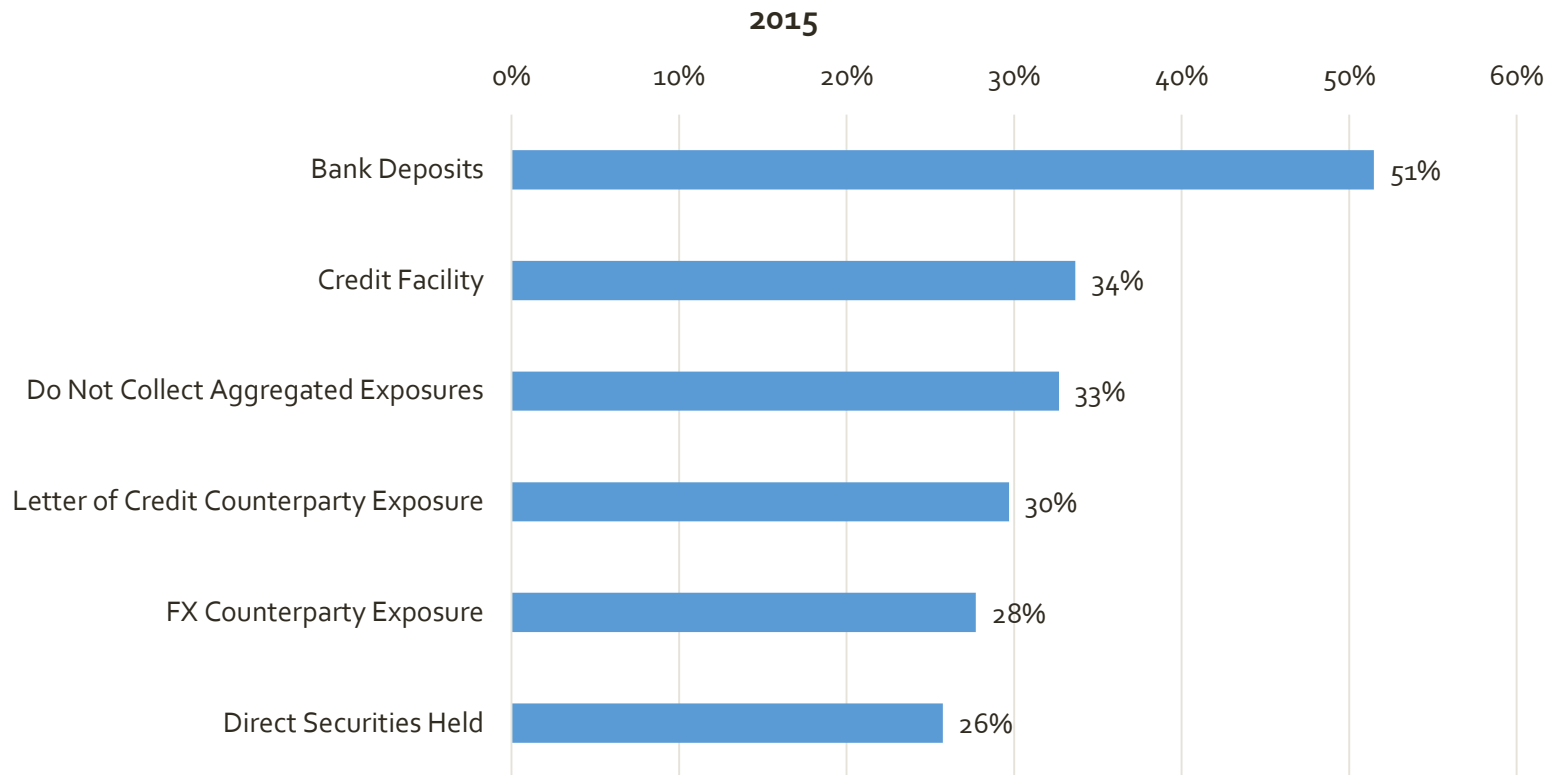
➤ Total Non-Operating Deposits - \$2.5trn **

- 72% at top 4 banks - \$1.8trn
- Potential outflow to Gov't MMFs – 25% or **\$450bln**
- JPMorgan Chase plans to reduce NODs by \$100B in 2015, other G-SIBs may follow

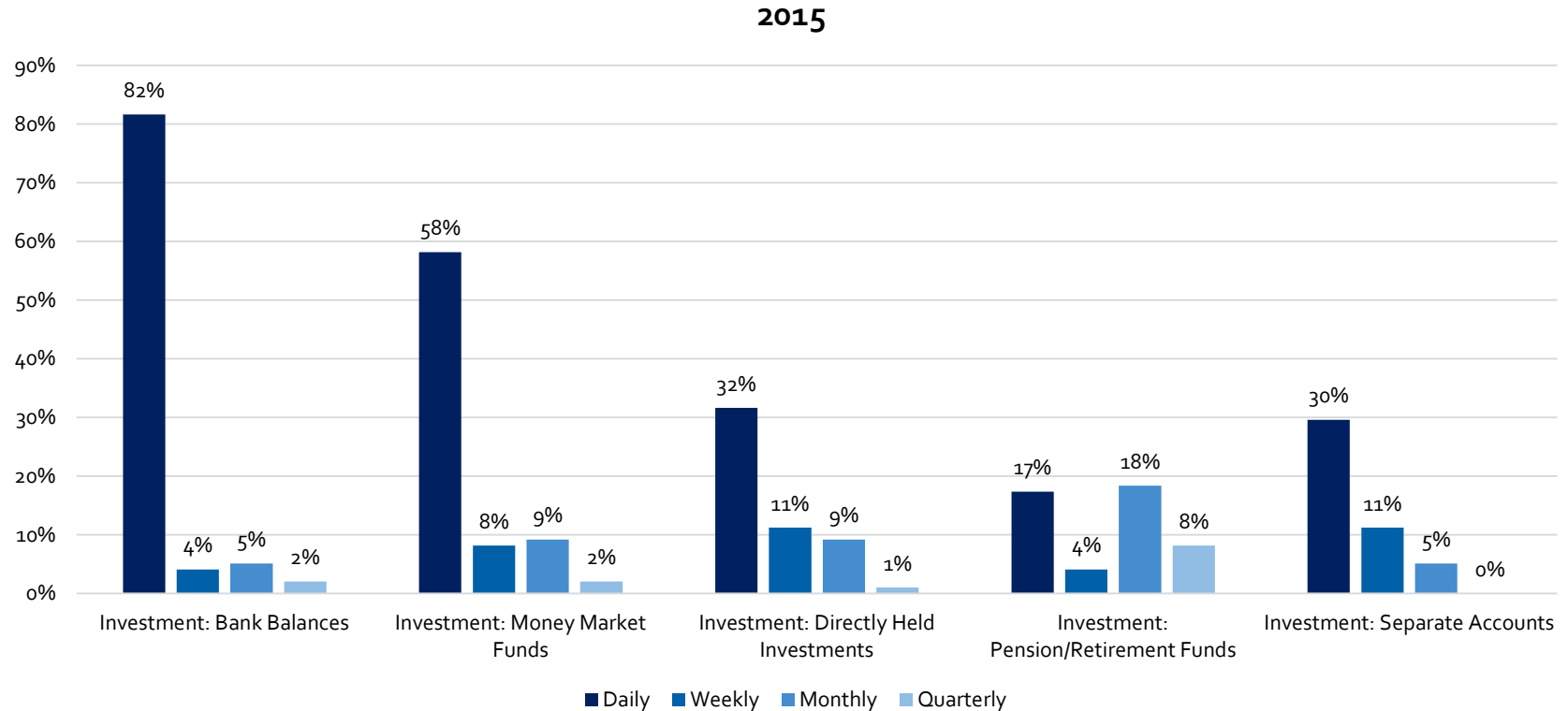
For each of the following investment channels, indicate whether the average maturity has lengthened, shortened, or remained unchanged. (Select all that apply)



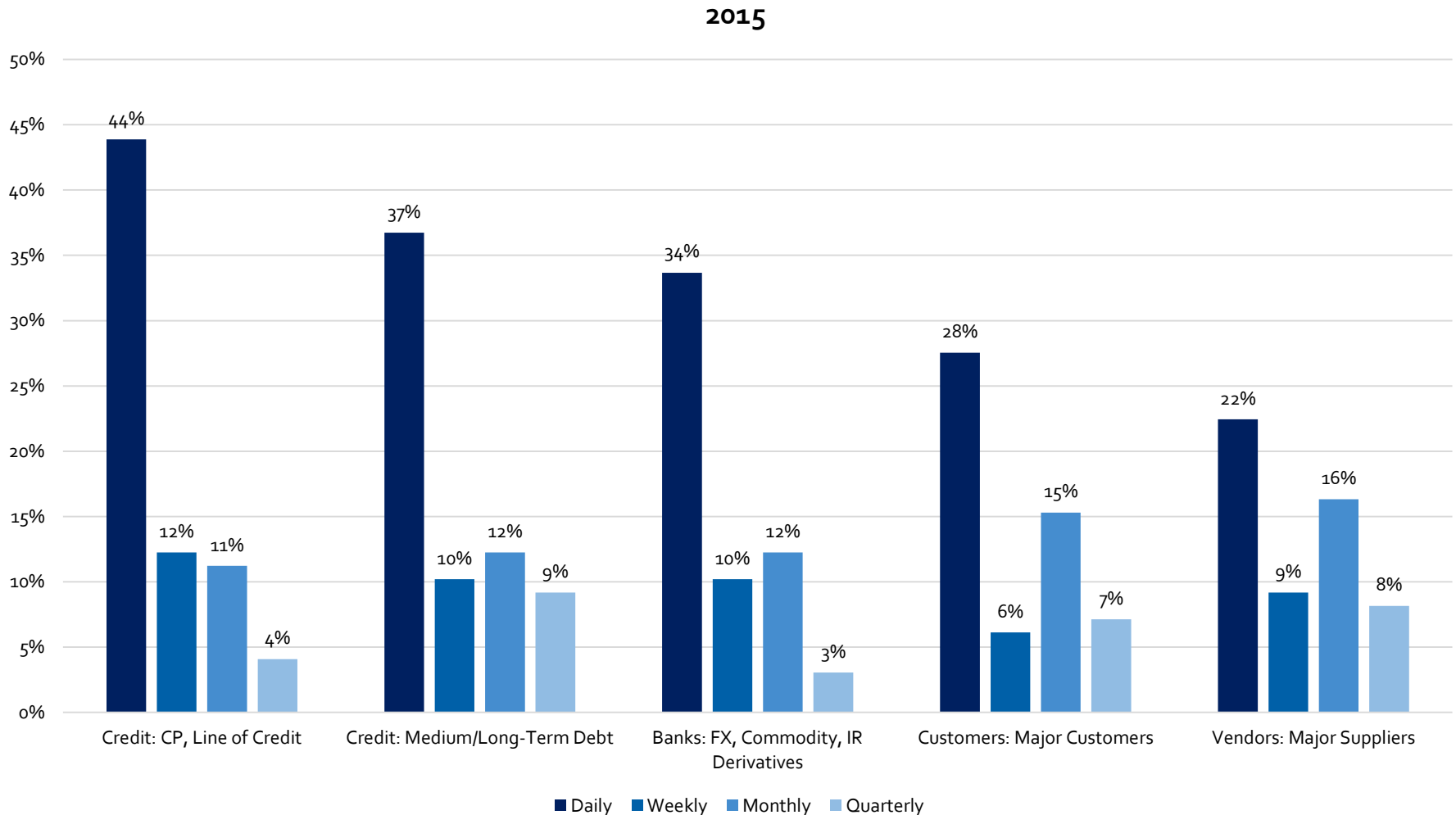
From which of the following possible channels does your company collect and review total counterparty exposures in aggregate? (Select all that apply) Money Market Funds plus...



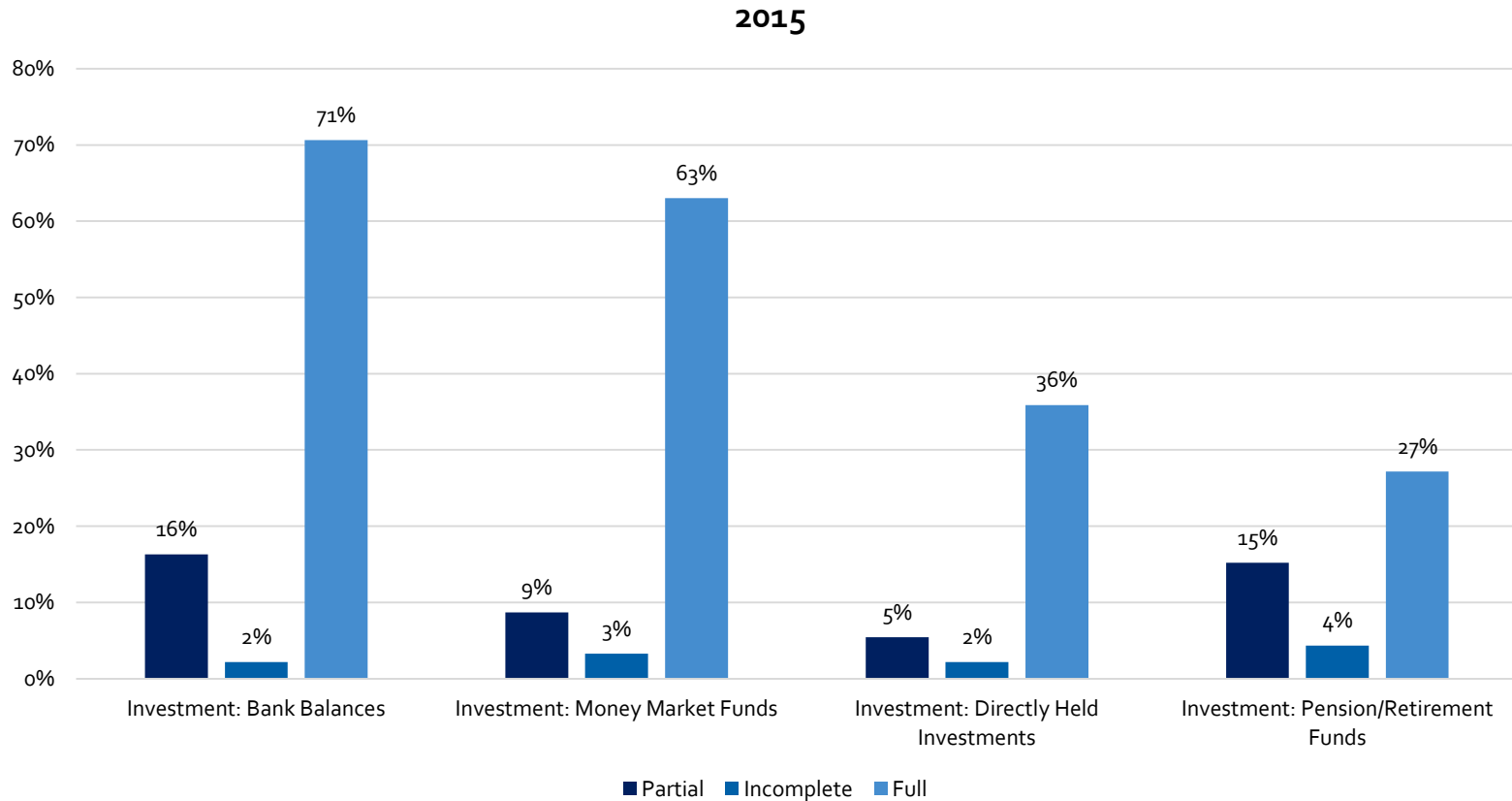
Indicate the level of *frequency* for which you have visibility (systematically) to various counterparties



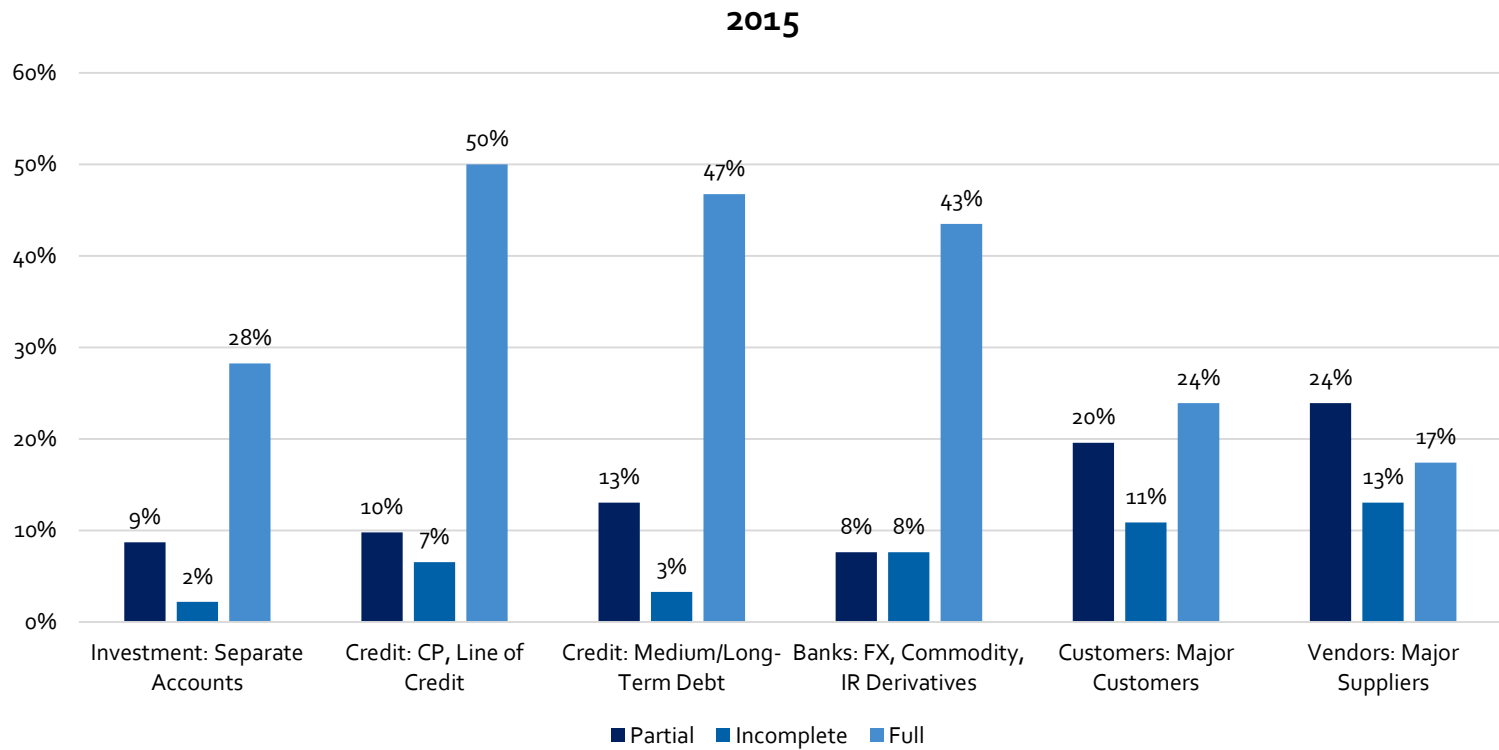
Indicate the level of *frequency* for which you have visibility (systematically) to various counterparties



Indicate the level of *detail* for which you have visibility (systematically) to various counterparties.

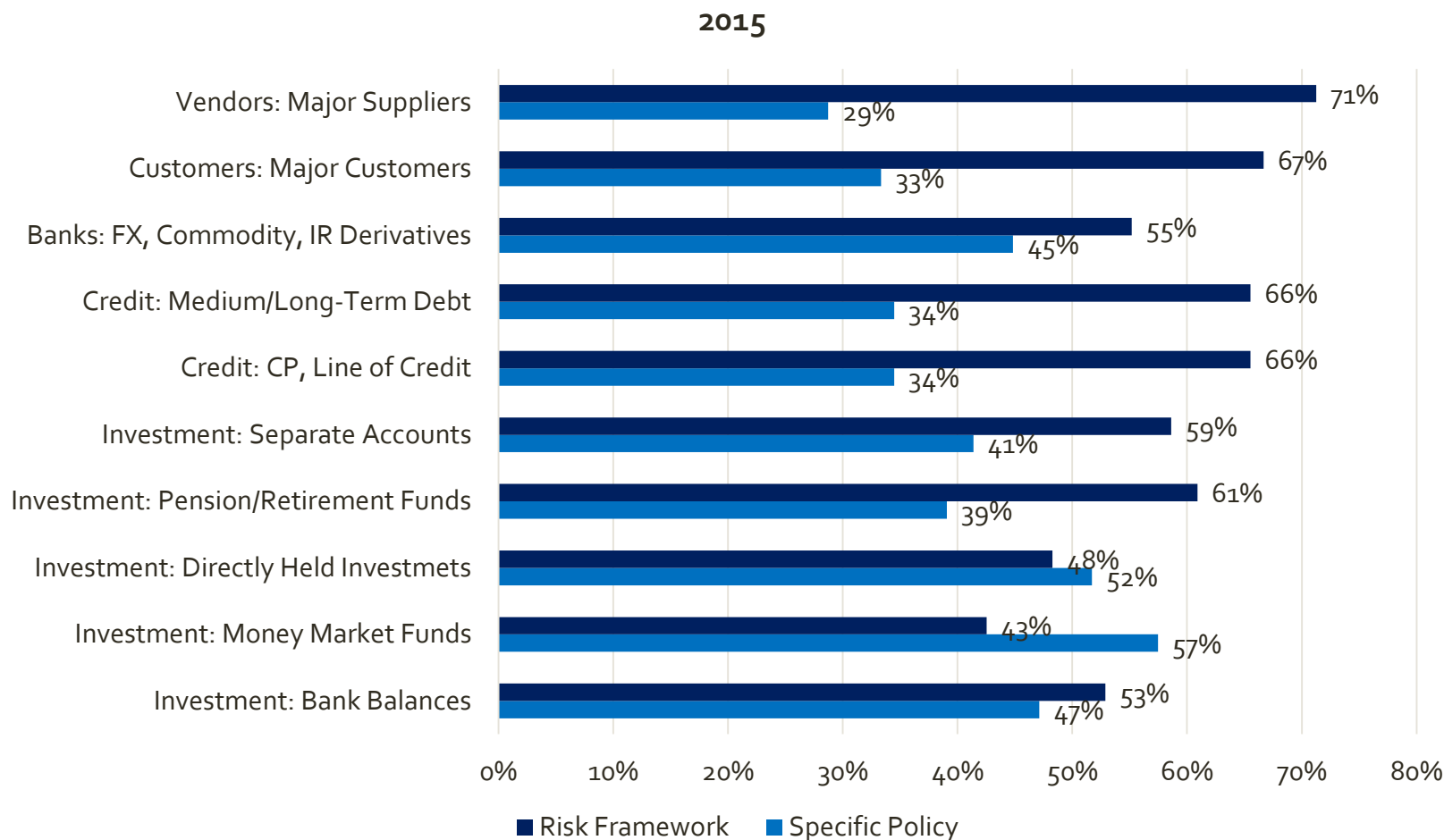


Indicate the level of *detail* for which you have visibility (systematically) to various counterparties.

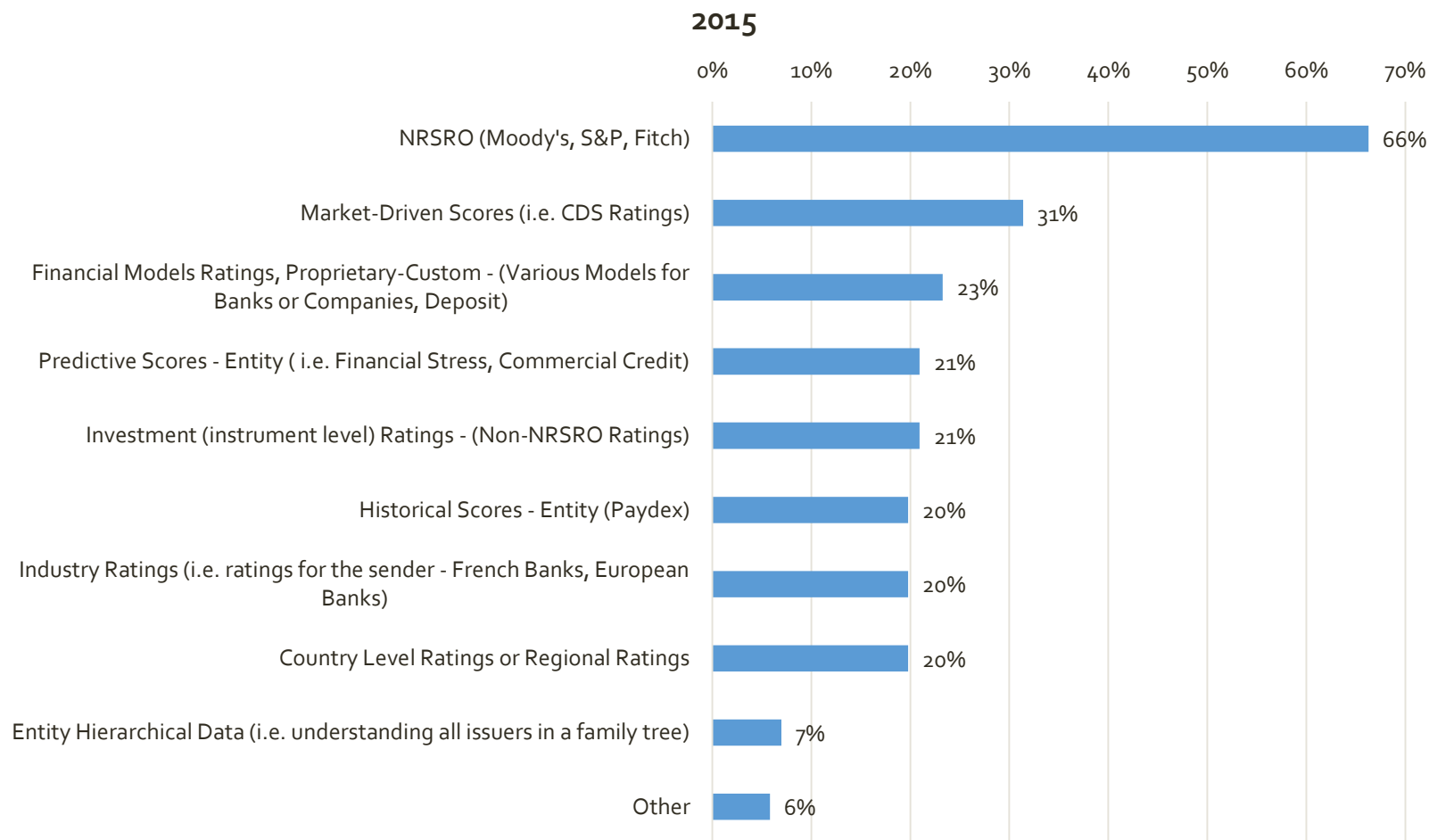


Which counterparty exposures are governed by a specific exposure policy and/or a risk framework?

(Select all that apply)

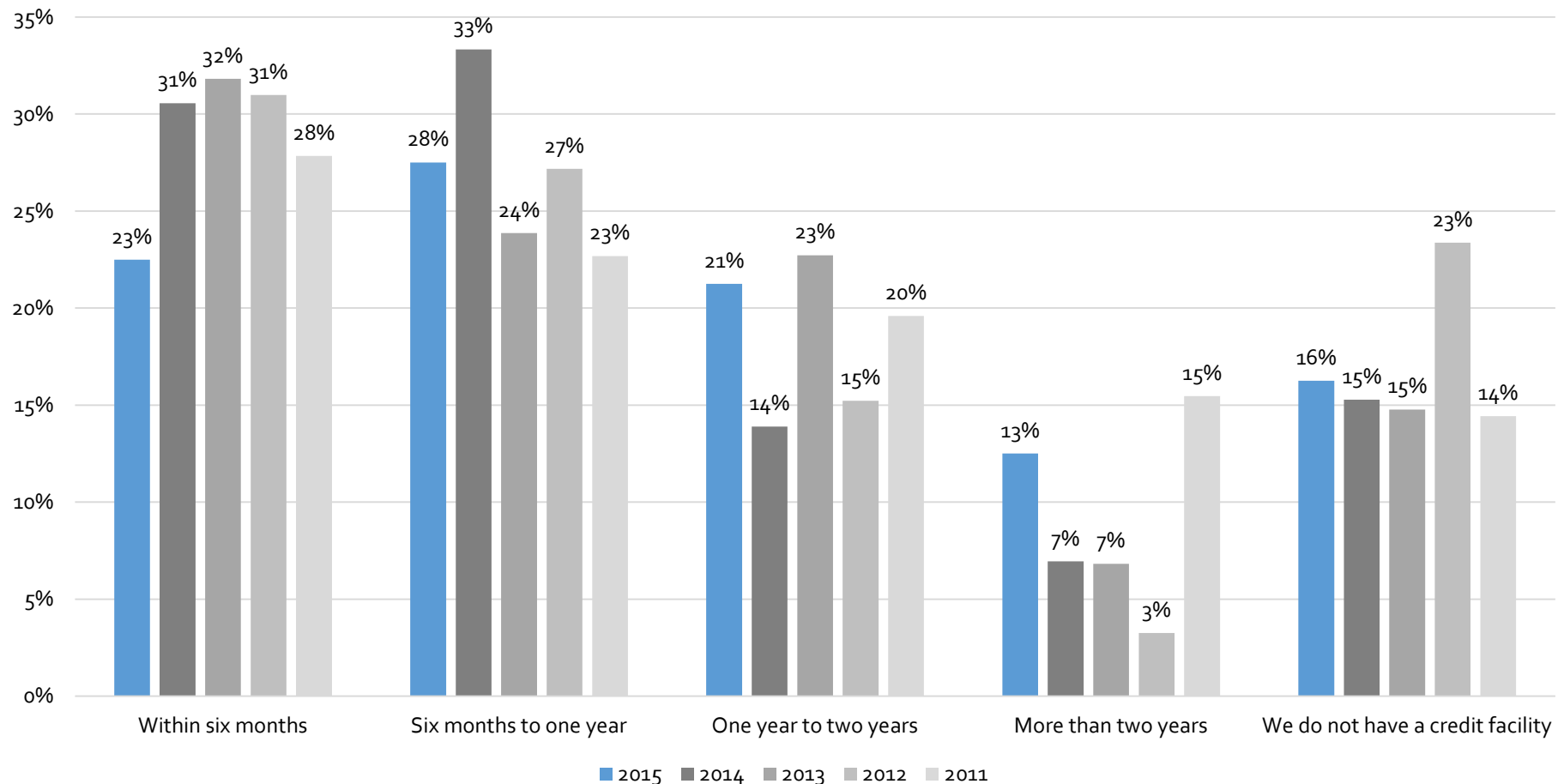


What types of data do you use to calibrate counterparty risks? (Select all that apply)



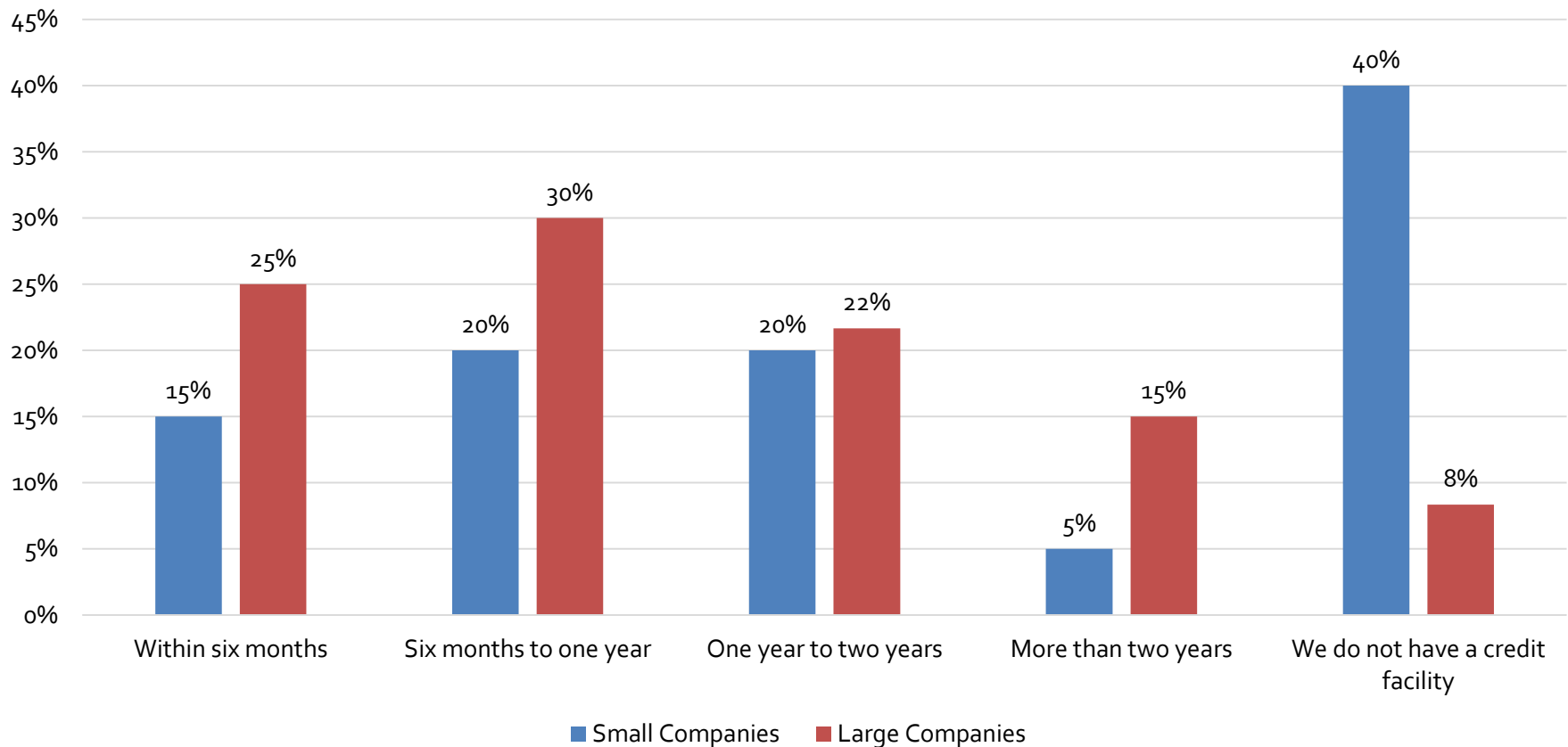
When was your most recent negotiation or renegotiation of your credit facility?

2011-2015



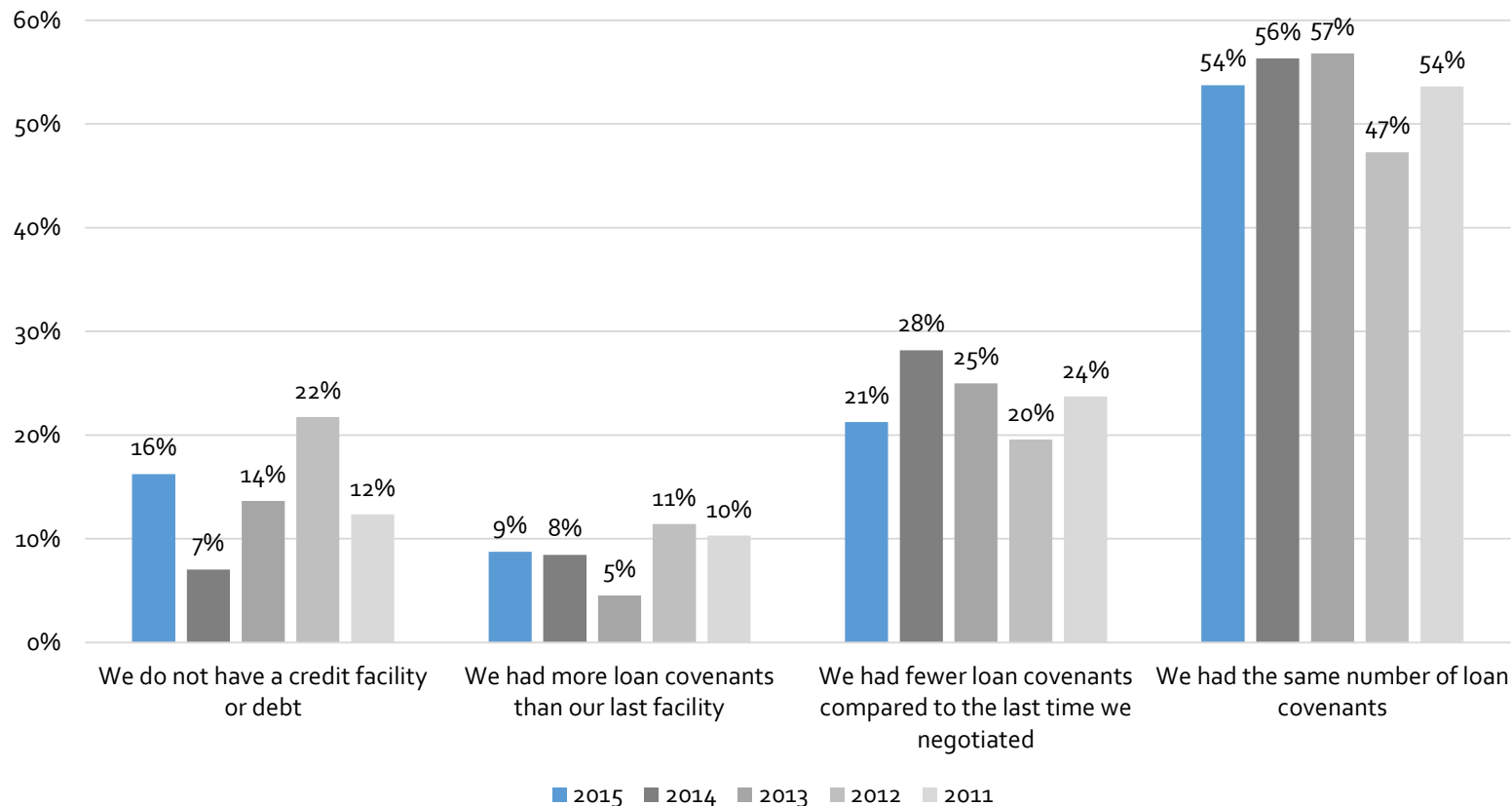
When was your most recent negotiation or renegotiation of your credit facility?

Small vs. Large Companies 2015



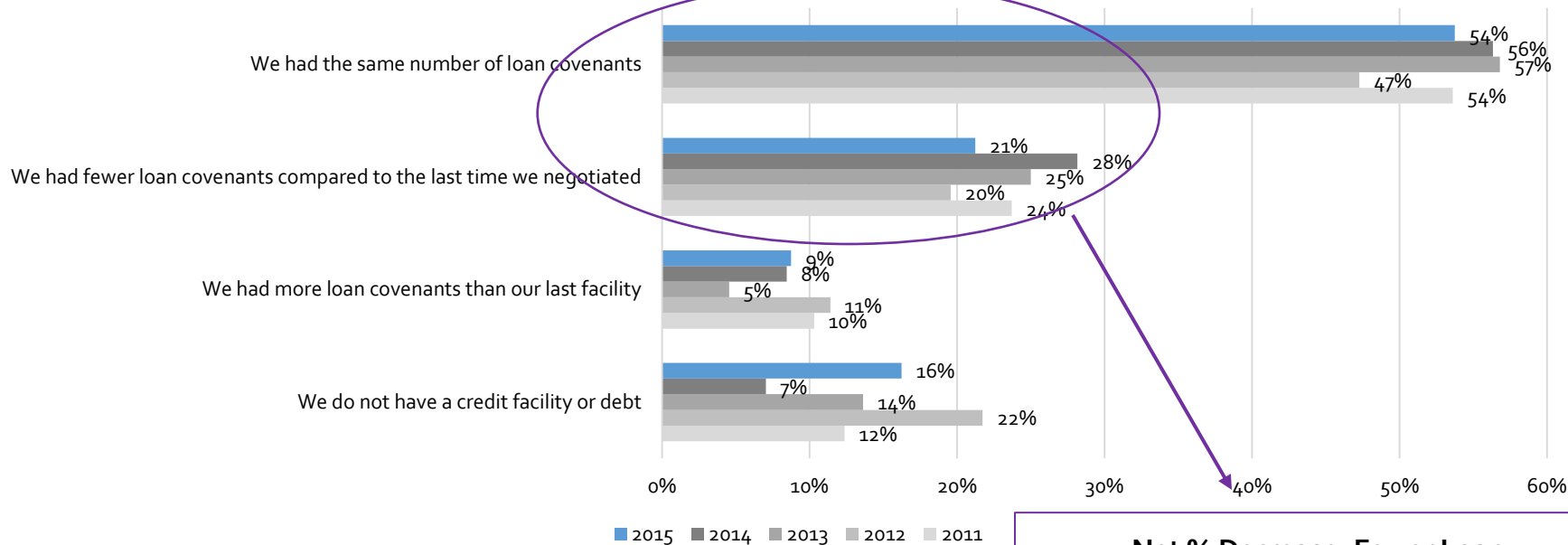
With regard to loan covenants, did you have:

2011 - 2015

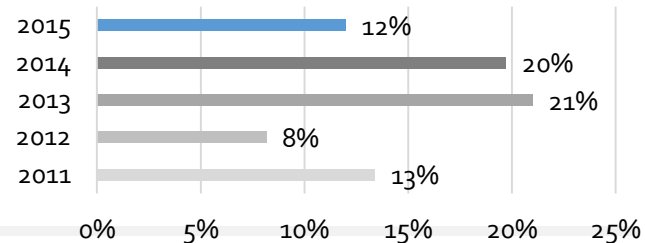


With regard to loan covenants, did you have:

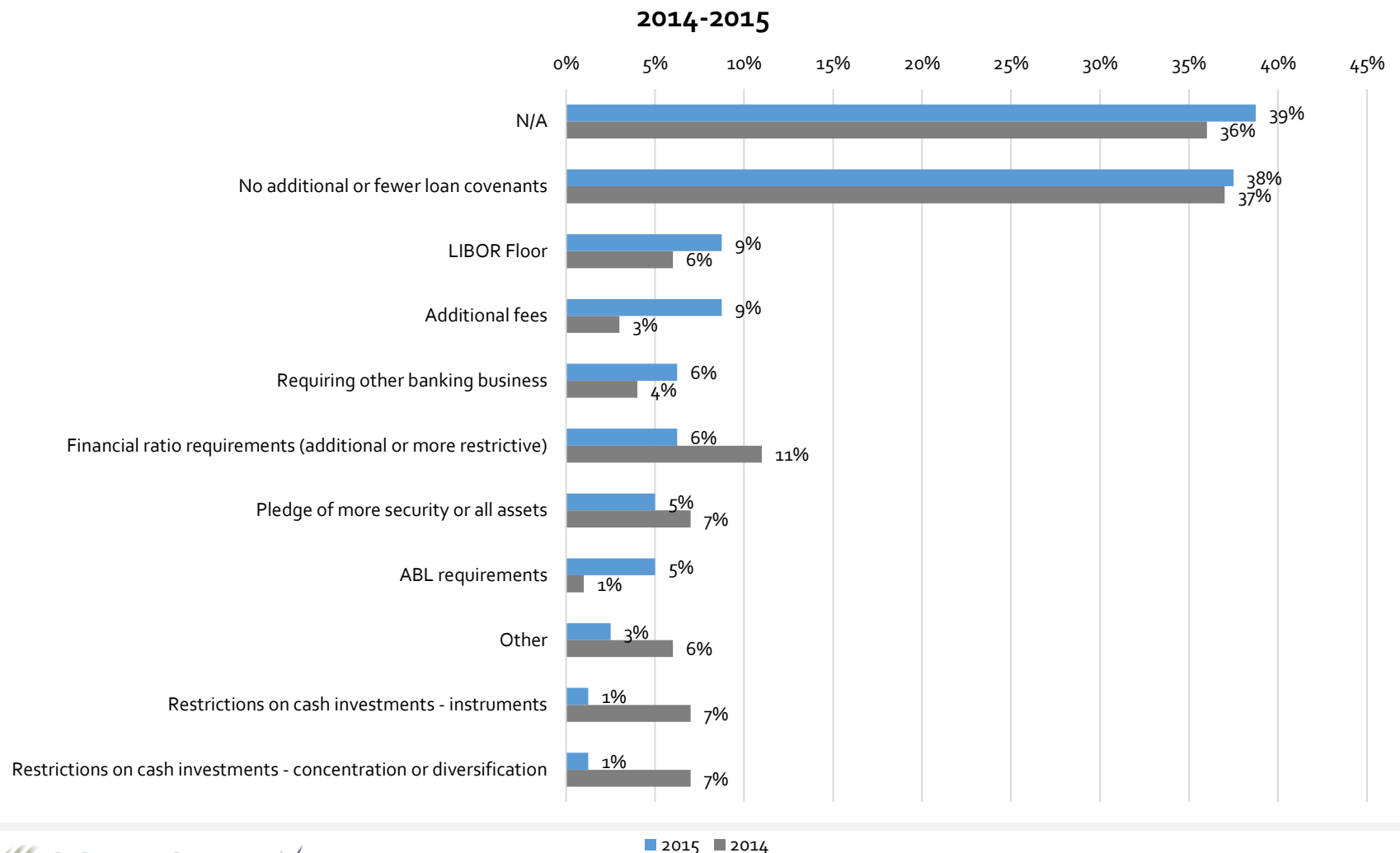
2011-2015



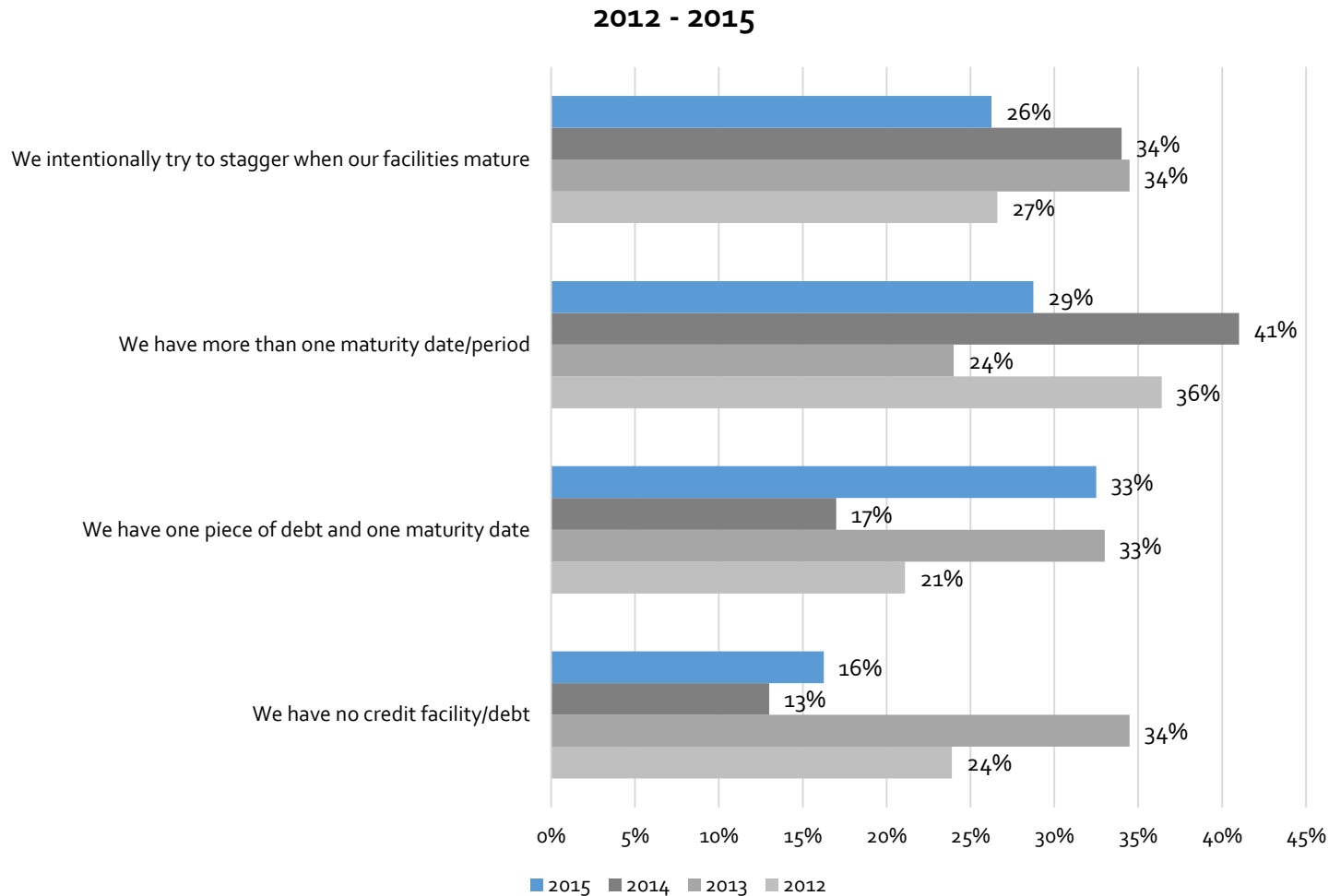
Net % Decrease: Fewer Loan Covenants vs. More Loan Covenants



What types of loan covenants were added or changed in your most recent debt/credit facility?



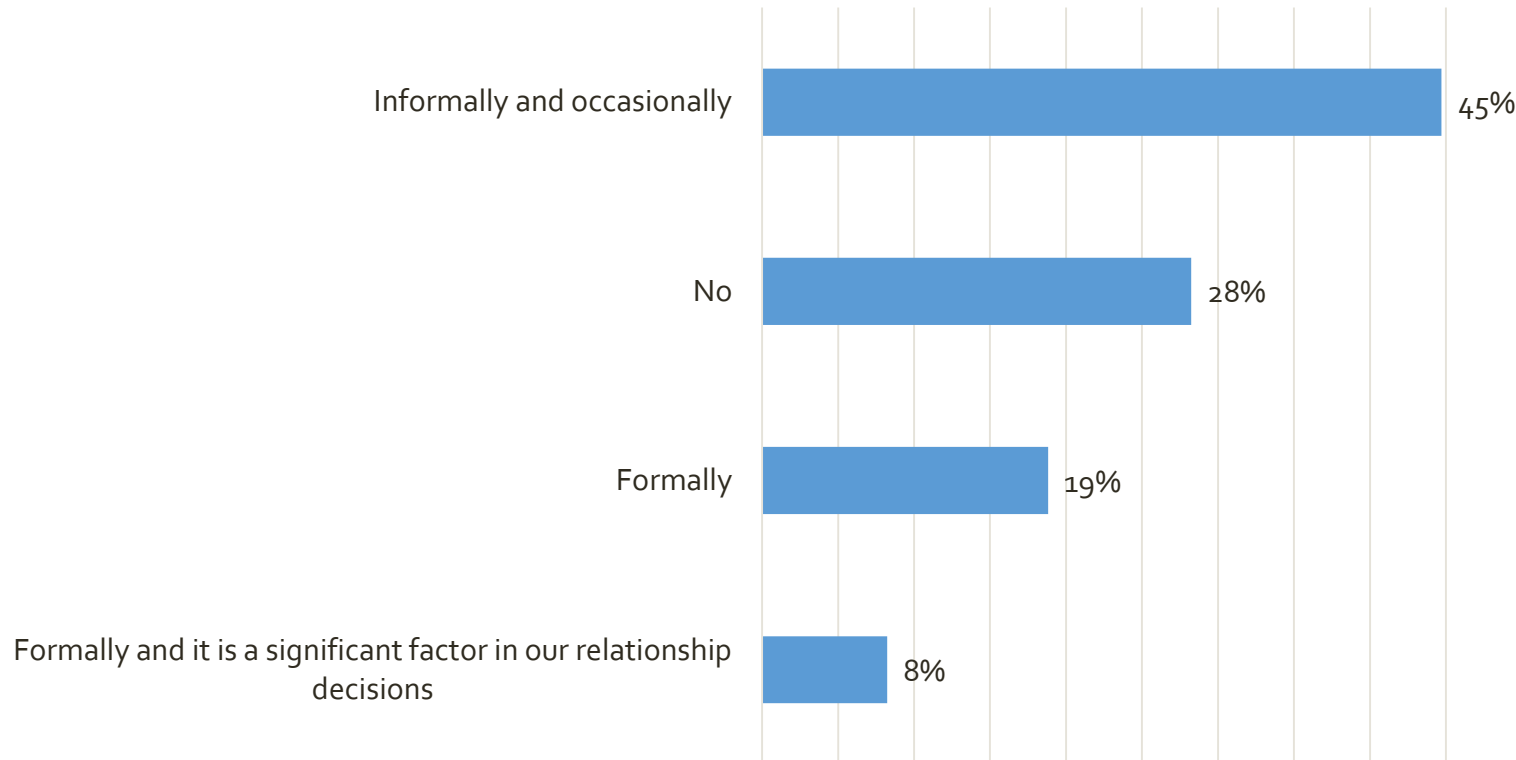
Which answer best describes the maturity dates of your credit facilities and other types of debt?



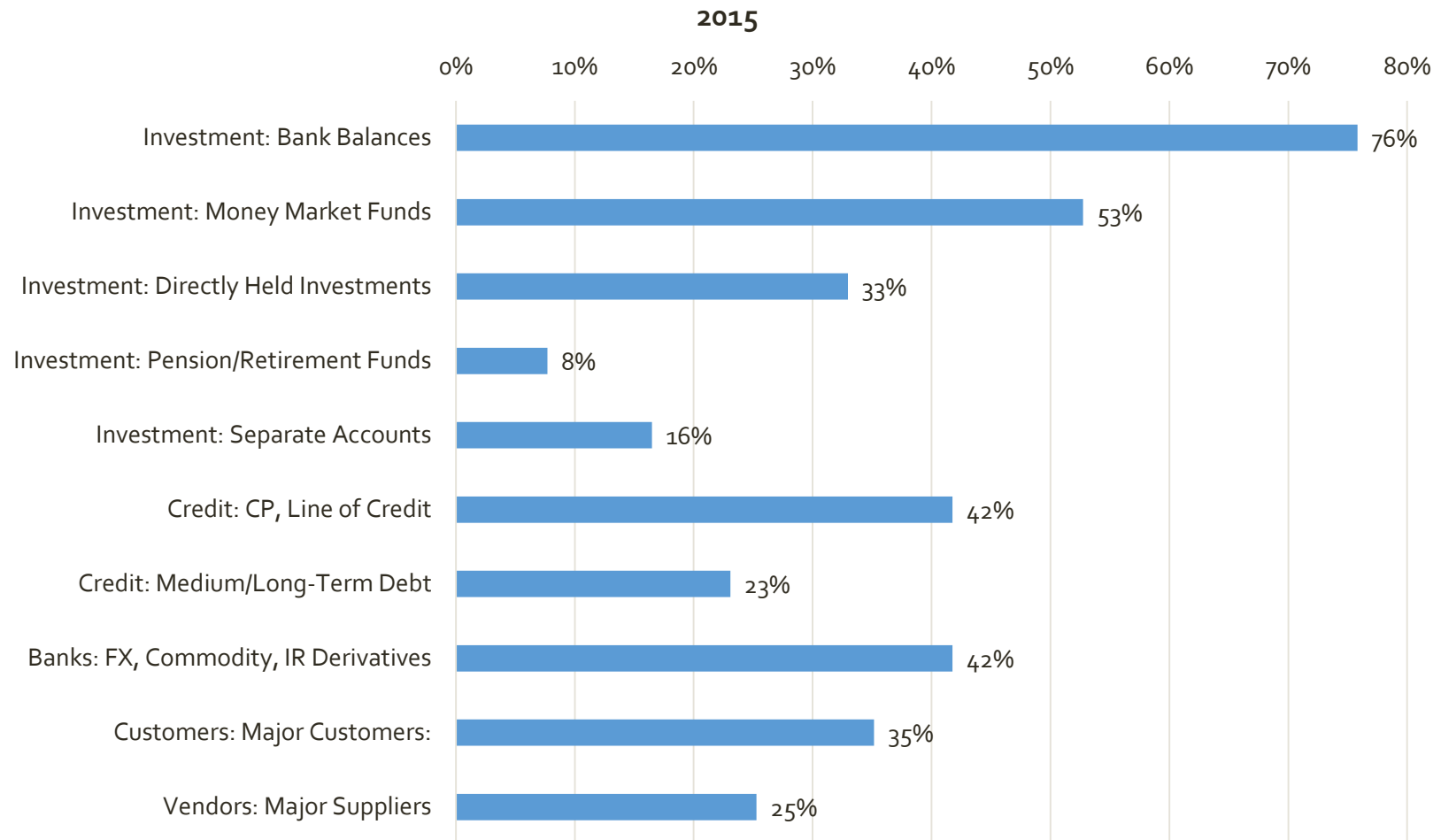
Do you actively monitor your credit counterparties (debt, consolidations)?

2015

0% 5% 10% 15% 20% 25% 30% 35% 40% 45% 50%

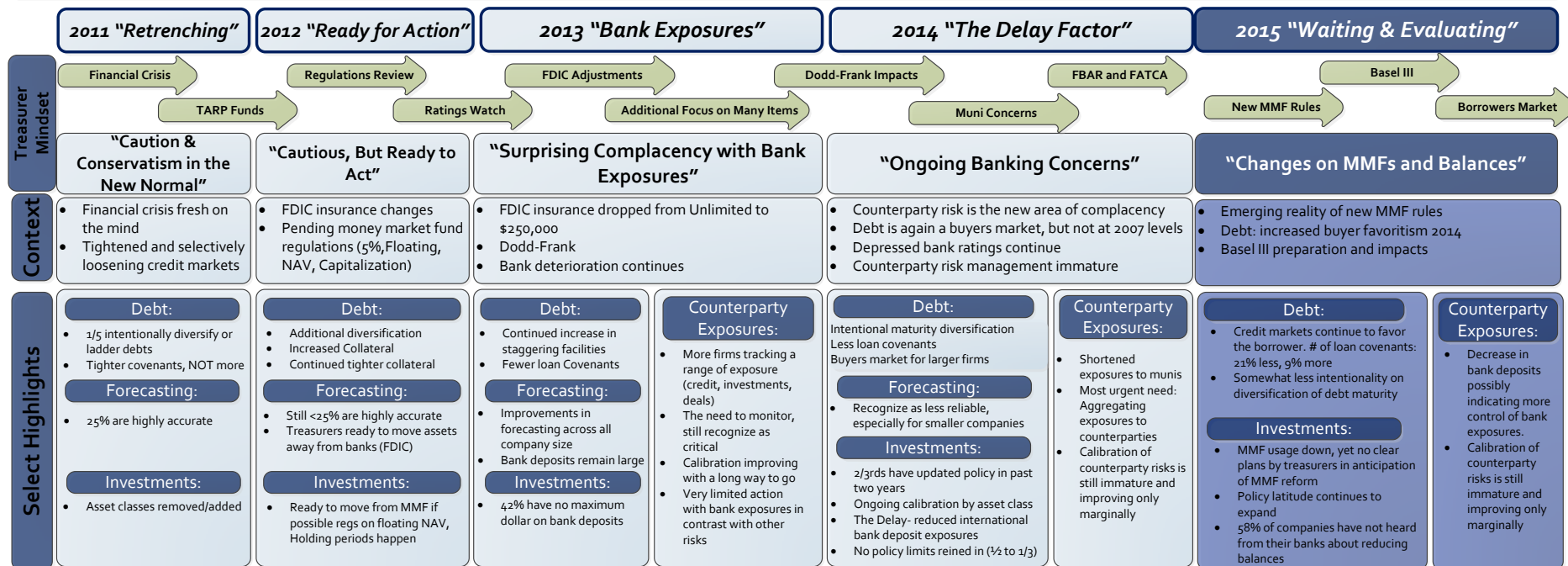


For which of the following do you monitor counterparty exposure? (Select all that apply)



Summary of 2015 Survey

2015 Liquidity Risk Survey



Prize Winners

Thank you for your participation in this year's Liquidity Risk Survey!

Donald Gladwell - Hilton

Q&A

Webinar: 2015 Liquidity Risk Survey Results

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