

TREASURY & RISK
THE FUTURE OF FINANCE TODAY

PRESENTS THE 16TH ANNUAL

ALEXANDER HAMILTON
BEST PRACTICES SUMMIT & AWARDS

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Solution of the Year

Collateral Management
- A New Trend of Risk Mitigation

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Presented by:



Background

- Since the turbulent economic environment of 2008, derivative market participants have put collateral management under a microscope ...
- Operational complexities within Microsoft's portfolio
 - \$62 billion dollar portfolio
 - 40 ISDA CSA's and over 1,000+ OTC derivative positions
 - Counterparty exposures averaging \$250 million and reaching as high as \$1 billion



Challenges of Existing Processes

- Lack of accurate valuations before CSA cutoff time
- Unable to reconcile over 1,000+ positions with counterparties daily
- Labor intensive operational processes



Solutions

Leverage Northern Trust's service and technology

- Independent OTC valuation and exposure calculations
- Daily position reconciliation
- Integrated system
- Daily Reports
- Dedicated team of professionals



Benefits of the Project

- Successful mitigation of counterparty risk
- Minimize the operational risk
- Internal resource savings
- Potentially benefit financial reform

