Benchmarking

What is a benchmark?

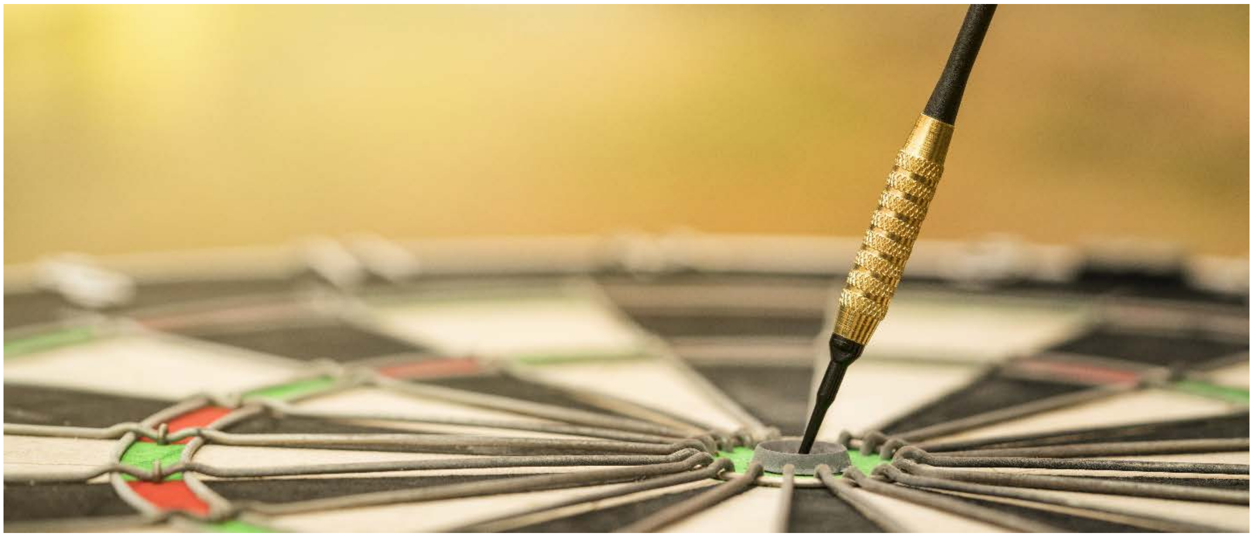
A benchmark is a standard against which the performance of the investment portfolio of the balance sheet can be measured. Since credit unions' risk limits are bound by the liabilities currently on the balance sheet, benchmarking measures the limits against the current IRR of the balance sheet and optimizes the exposure. The benchmark is mathematically derived, and can be used to measure any portfolio, investment, loan, or liability. By understanding the commitments of the loan portfolio and the constraints of the liabilities, we know what the investment portfolio needs look like *before* we put our members capital at risk.

Why is benchmarking important?

Your credit union is unique. It has its own goals, financial constraints, and member composition. It serves a unique geographical area, has a distinct pallet of products and services, and individually evolves as times change and member needs change. The information gained from benchmarking allows credit unions to instantly determine how efficient their investment decision-making is relative to the amount of risk they are incurring. Benchmarking is usually an ongoing process in which credit unions continuously seek the improvement of their net risk position. Mapping out an ideal position before making investment decisions provides credit union managers a clear pathway to success. By calculating the portfolio benchmark before looking at potential investments, we can make decisions founded on analysis rather than inappropriate comparisons. In addition to offering credit union leaders performance guideposts, benchmarking helps determine when it's time to commit excess funds and/or take on more risk. Whether your credit union needs more income, or less interest rate risk, benchmarking can help you determine how the portfolio should be positioned to meet those individual needs.

QuantyPhi
Balance Sheet Optimization for Credit Unions

Benchmarking



Who does benchmarking help?

Benchmarking helps CEOs, CFOs and other credit union leaders define optimal investment strategies for their credit union. It enables them to identify where investment decisions lead, lag or remain at par with optimal portfolio performance. In addition, benchmarking provides the basis by which credit unions can judge investment options, as benchmarks help leaders identify which types of securities enhance their portfolios, and which are no longer adding to balance sheet performance.

Why QuantyPhi?

QuantyPhi will help your credit union create performance targets specific to your unique goals, and then help you develop and execute portfolio strategies that provide optimum levels of return with a given level of interest rate risk (IRR). Our performance optimization experts use high-powered technology that can analyze changing market data quickly, run "what-if" scenarios, and generate reports that help set appropriate, achievable benchmarks. At QuantyPhi, we have the technology to constantly crunch the numbers, so you don't have to. We have the experts needed to interpret that mathematical data and show you how to meet/pass your benchmarks with flying colors. Our mission is to make your credit union a continual peak performer.

QuantyPhi
Balance Sheet Optimization for Credit Unions