



ORCHESTRADE

CASE STUDY

Delivering a holistic view of risk at Mizuho Bank

Streamlining market risk aggregation and scaling for growth



Executive Summary

The Challenge

Trade and risk data being generated by multiple systems, lacking granularity and consistency.

The Solution

Orchestrade - one solution delivering a near real-time view of risk and exposure across multiple entities.

The Results

Higher quality data, increased flexibility to reflect market changes, reduction in manual processing, lower running costs, intraday risk measures and a more robust risk management culture.

Net Income

¥448,893 MILLION (2018)

Firm Type

CORPORATE AND INVESTMENT BANK

Previous Architecture

MULTIPLE LEGACY SYSTEMS

Solution


ORCHESTRADE



The Challenge

Mizuho Bank needed a risk engine that could straddle multiple legal entities and provide a consolidated picture of activities as the bank looked to expand its agency derivatives business. Mizuho had invested heavily over time in tools and tactical fixes, but its business remained largely siloed.

Mizuho Bank was keen to drive continued growth across the business, but the Chief Risk Officer echoed the broader concerns about the effectiveness of the incumbent risk management architecture. A proposed expansion of the agency derivatives business placed the subject under particular scrutiny as it became necessary to have a near real-time view of risk and exposure that could span multiple entities across Mizuho group.



Our valuation and risk processes have seen significant improvement and we have enjoyed the added operational benefit of being able to sunset a number of downstream legacy systems as we unleash more of Orchestrade's capabilities.

**David Blake, Managing Director, Risk Management
Department EMEA, Mizuho Bank**



The Solution

In common with the majority of financial institutions, trade and risk data at Mizuho Bank was being generated from multiple systems. Whilst largely effective in the day-to-day management of discrete business lines, this operating model raised particular challenges when a more holistic view of risk and exposure was required. Typically, this aggregation of data from multiple sources often involved extensive manual intervention.

As a result, risk reporting lacked the granularity and consistency needed by the risk team. The significant time delays often experienced when compiling reports raised obvious questions as to the validity of the data itself. In short, risk data was not always delivered in a manner that kept pace with either the business or regulatory demands, especially at times of heightened market activity.

As a result, Mizuho Bank elected to conduct an extensive review of external vendor solutions as well as consider an internal development initiative.

Mizuho looked primarily to external vendors to meet the challenges identified, with prerequisites for success being cost effectiveness, time to market and comprehensive out-the-box instrument coverage that ensured future compatibility with its planned growth strategy. Orchestrade was able to demonstrate compliance with all these requirements. Its solution offered everything Mizuho needed in terms of product coverage and risk management capabilities.



The Results

The implementation of Orchestrade has delivered critical benefits to Mizuho Bank, including:

- On demand, intraday risk analysis and valuation across multiple legal entities
- Increased confidence that business activities are being accurately assessed and reported, creating a more robust risk management culture
- Data that is of a consistently higher standard in terms of both accuracy and granularity, resulting in improvements across the business in areas such as regulatory reporting and valuation
- Reduction in time spent in manual processing and reconciliation
- Lower running costs through operational simplification and automation
- Increased flexibility in representing risk measures to different businesses and front office users

**Commenting on the success of the project,
David Blake said:**

“In the end, Orchestrade delivered on all fronts. The quality and speed of the implementation has exceeded our expectations and we view Orchestrade as a strategic part of our trading and risk architecture going forward.”

“The entire project from selection to production was accomplished in just nine months, on schedule and within budget.”



The Transition from Mizuho's Perspective

Before

EOD Financial & Risk
P&L + Sensitivities

IR Booking System

FX Booking System

FX Option
Booking System

Inflation Spreadsheet

Exotic IR Option EUC

SABR for Swaptions

Intraday Risk P&L,
Sensitivities & VaR

Infinity

"In 2017 we had valuations for our EOD Risk and Financial PL being produced directly from the trade booking systems. Single/multi forecasting and single LIBOR discounting setup. Where necessary this was complicated with EUC's especially for IR product."

After

Financial P&L

IR Booking System

FX Booking System

FX Option
Booking System

EOD Risk P&L,
Sensitivities & VaR

 ORCHESTRADE

Temporary limited
intraday capability

Infinity

"Whilst not fully in place, this is the picture as we expect it to complete in 2020. Orchestrade Risk EOD PL and Sensi's, including VaR across all our Treasury asset classes."



Why Orchestrade?

Orchestrade is the only institutional-grade, cross-asset capital market platform launched after the financial crisis. It is designed to dramatically reduce IT dependency during implementation and operation by delivering a native, cross-asset, end to-end solution that is connected to the broader capital market ecosystem out-of-the-box.

Orchestrade offers an unparalleled opportunity to deliver business process transformation at an enterprise level.

Its open, flexible and agile architecture can be deployed across operational hotspots to provide a rapid response to emerging business challenges.

Whether you need to consolidate across the front office to provide a unified platform to conserve costs and drive efficiency, or deliver a truly global, aggregated view of market risk to improve investment decision making, or simply be able to monitor liquidity on an intraday basis to more effectively manage business in these challenging times, Orchestrade is the solution.



About Orchestrade Financial Systems

Founded in 2009, Orchestrade Financial Systems delivers the most modern technology for cross asset, front-to-back trading and risk management. Its award-winning capital markets platform has been implemented by leading financial institutions in North America, Europe and Asia. Orchestrade is headquartered in Silicon Valley with offices in Paris, London and New York.

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