

Abstract

Avantage Reply assisted a non-significant Private Bank based in Luxembourg in preparing its first Recovery Plan in the required time and in line with the EBA Technical Standards and Guidelines.

The project included the development of all of the components of the Recovery Plan and enhancement of the client's risk management framework. Avantage Reply leveraged its experience in the preparation of Recovery Plans, providing expertise both on- and off-site.



Preparation of a Recovery Plan

THE CLIENT

Avantage Reply assisted a client in the preparation of a Recovery Plan. The client is based in Luxembourg and specialises in Private Banking. As a non-significant institution, the client was required to prepare its first Recovery Plan in 2015.

THE CHALLENGE

Avantage Reply was mandated to assist the client in the preparation of its Recovery Plan, in line with the Bank Recovery and Resolution Directive ("BRRD") and the European Banking Authority ("EBA") Guidelines and Technical Standards. Starting from the beginning, all the components needed to be prepared, validated and incorporated in the client's new Recovery Plan.

The Recovery Plan preparation challenges were numerous, including:

- Involvement of Risk, IT, Finance, Business and the Board of Directors;
- Scope: Liquidity, Capital, Operations and Profitability; and
- Identification (and validation) of viable recovery options

APPROACH AND SOLUTION

Leveraging its experience in the preparation of Recovery Plans, and knowledge obtained through the organisation of dedicated events in Luxembourg and France, Avantage Reply assisted the client in the development of its Recovery Plan.

In particular, Avantage Reply worked with the client on:

- Establishment of dedicated governance related to recovery;
- Development of recovery indicators;
- Identification of core business lines and critical functions;
- Identification, evaluation and validation of recovery options; and
- Design and conduct of Stress Tests.

RESULTS AND BENEFITS

The Recovery Plan was prepared in time and in line with the EBA Technical Standards and guidelines. The client's needs were met, and the process enabled it to identify its potential recovery options and to provide for its recoverability and restoration of financial and economic stability.

The preparation of the Recovery Plan and the review of the organisation as part of that process strengthened the client's risk management framework.

For more information on Avantage Reply's approach in the preparation of Recovery Plans, see

<http://www.reply.eu/en/topics/risk-regulation-and-reporting/Shared%20Documents/The-bank-recovery-and-resolution-directive-Jan15.pdf>

Avantage Reply, part of the Reply Group, is specialised in Financial Services with a focus on Compliance, Risk, Treasury and Capital and Financial Performance Management. With offices in Amsterdam, Brussels, Frankfurt, Hamburg, London (head office), Luxembourg, Paris, Milan, Munich and Rome, Avantage Reply counts some of the world's most significant financial groups among its clients, including well-known and respected organisations in the Banking, Insurance, Investment Management and Services, and Post Trading Services sectors. The firm's delivery capabilities cover advisory services (Compliance/Risk/Finance/Treasury Subject Matter Expertise), Program and Project Management, Business, Functional, and Data Analysis. For further information: www.avantagereply.com

Reply [MTA, STAR: REY] is a multinational consulting company specialising in the design and implementation of solutions responding to a rapidly changing business environment, including regulation and new communication channels and digital media. From its offices across Europe, Reply supports clients across the major industries: retail; banking and insurance; telecommunications and media; manufacturing and services; and the public sector. For further information: www.reply.eu