

AFP®



Annual Conference

OCTOBER 27-30, 2013 | LAS VEGAS

ORIGINAL→ESSENTIAL→UNBIASED→**INFORMATION**

Best Practices in Global Bank Risk and Relationship Management:

How Walmart Tackles Managing Bank Relationships Worldwide

Presented by

Amiee Stone, Director Global Treasury, Walmart
Troy Baak, Managing Principal, e5 Solutions Group

October 2013

Agenda

- **e5 company profile**
- **Walmart company profile**
- **Selecting partner banks – merging business needs with counterparty capabilities**
- **Evaluating counterparty risk**
- **Using technology to simplify**
- **Bank risk and relationship systems review**
- **Q&A**

e5 Solutions Group Profile

A recognized leader in solution design, implementation services and add-on software for ERP Financials and Treasury Applications, with proven expertise in all areas of Treasury and Financial Shared Service Centers.

e5 helps companies:

- maximize their return on financial investments
- reduce risk
- streamline critical finance operations
- optimize cash management
- enhance corporate performance

e5 Solutions Group Profile

Track Record

- Nearly 200 Treasury Projects
- 125 Full Lifecycle Implementations
- 125 different companies
- In over 50 different industries
- Covering North, Central and South America; Europe, Asia, Australia, the Middle East and Africa.

Introductions

Our Mission: Saving people money so they can live better



Company Profile

✧ \$466 billion total sales

✧ 2.2 million associates

✧ 10,891 stores/clubs

✧ 27 countries

Walmart U.S.

Sam's Club

Walmart International



- 59% of total sales, or \$275 billion*
- 4,049 stores



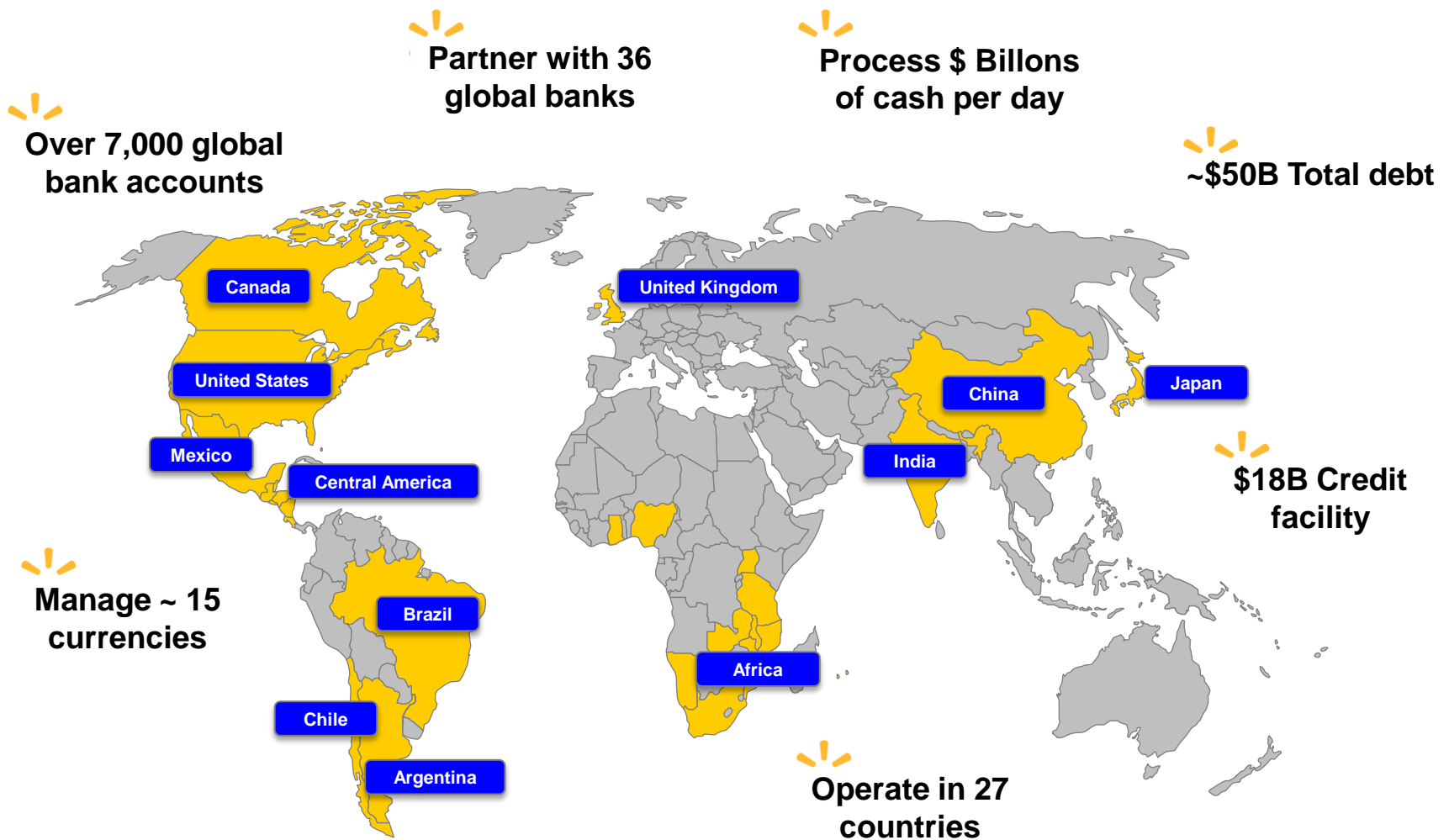
- 12% of total sales, or \$56 billion*
- 620 Clubs



- 29% of total sales, or \$135 billion*
- 6,222 stores

* Sales amounts based on fiscal 2013 reported results

Scope of Global Treasury – Worldwide

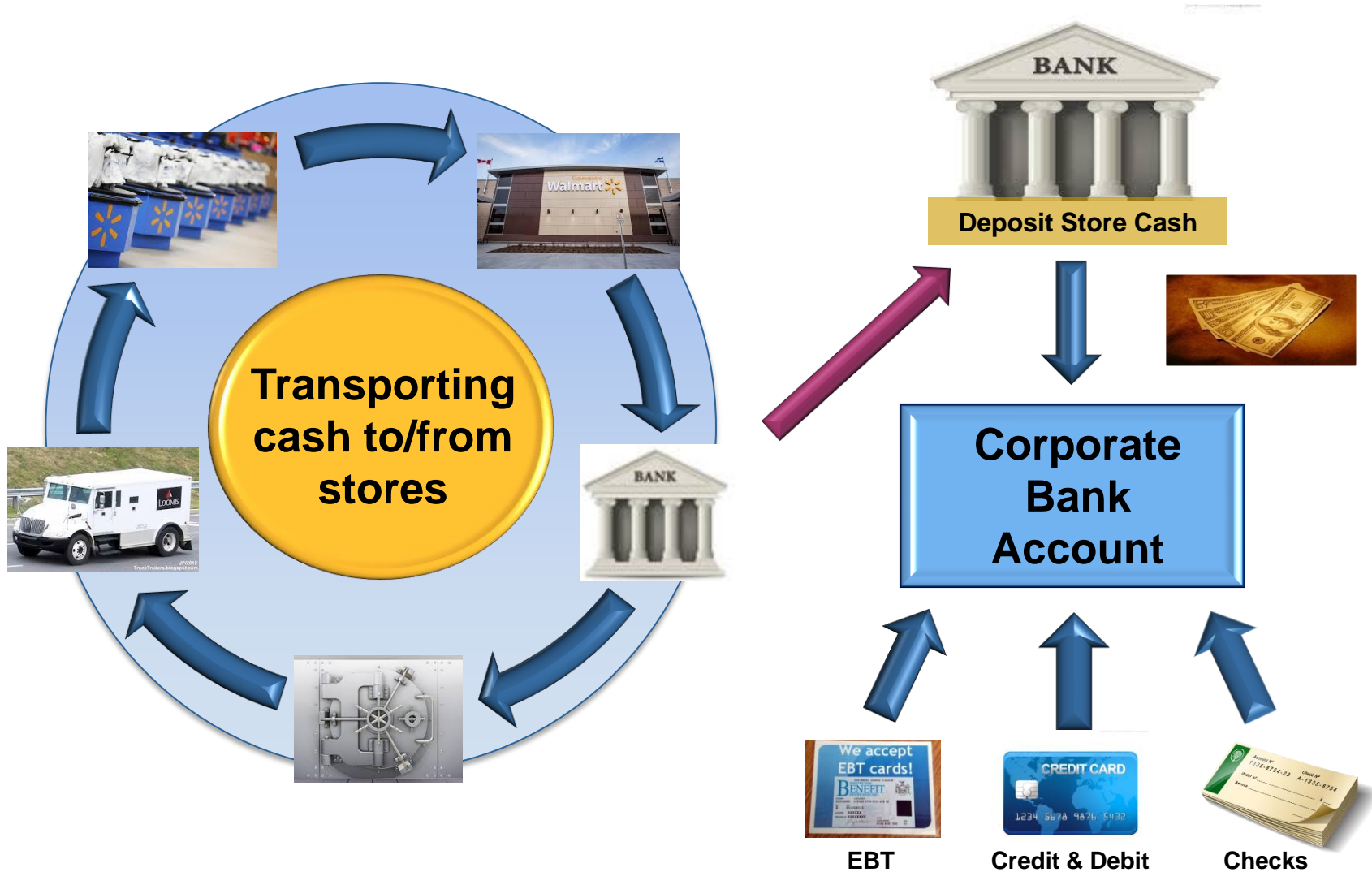


Banking Solutions Support our Global Business



We partner with banks to support global business needs

Banking Starts with Our Core Business



Counterparty Selection: Three Key Criteria



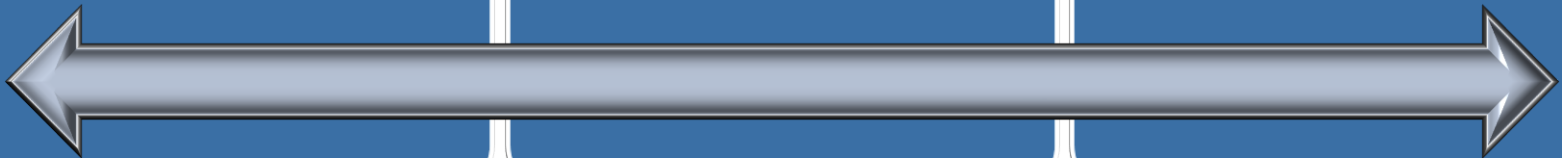
Ability to meet
global and/or
regional needs



Product
offerings that
satisfy our
business needs

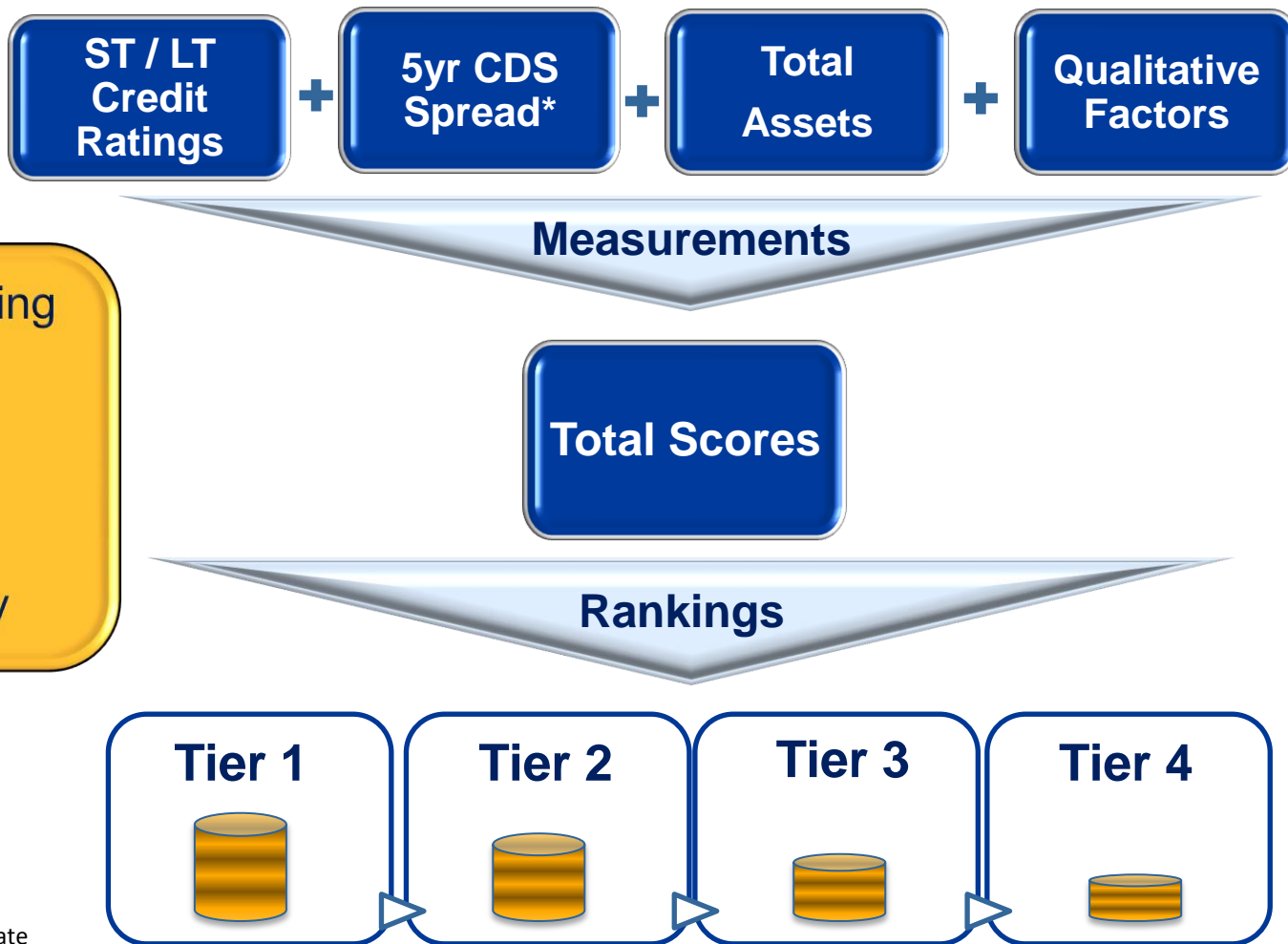


Financial
Strength and
Stability



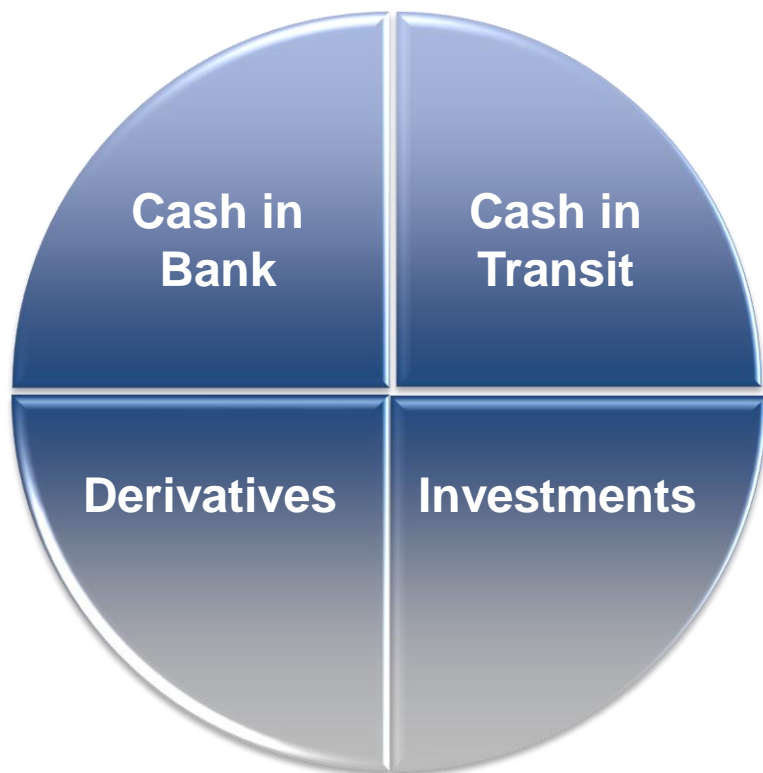
Managing Counterparty Exposure

Monitoring Strength and Stability of Counterparty to Effectively Balance Risk



*CDS Spread: Credit Default Swap rate over the treasury rate

Measuring Counterparty Exposure



Cash in bank



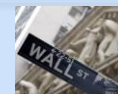
Cash in transit



Time Deposits
Money Market Funds



Commodity trading



Interest & Currency Swaps

- Policy limits are set by financial risk management committee
- Exposures are monitored & measured weekly

- Exposure reports are regularly distributed to management
- Counterparty exposure is reviewed bi-monthly with executive leadership

How We Used Technology in the Past

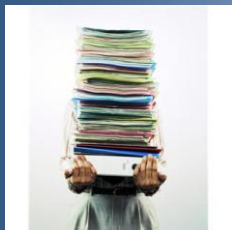
Emails



Spreadsheets



Paper Files



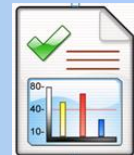
External Reports



Central Treasury Personnel

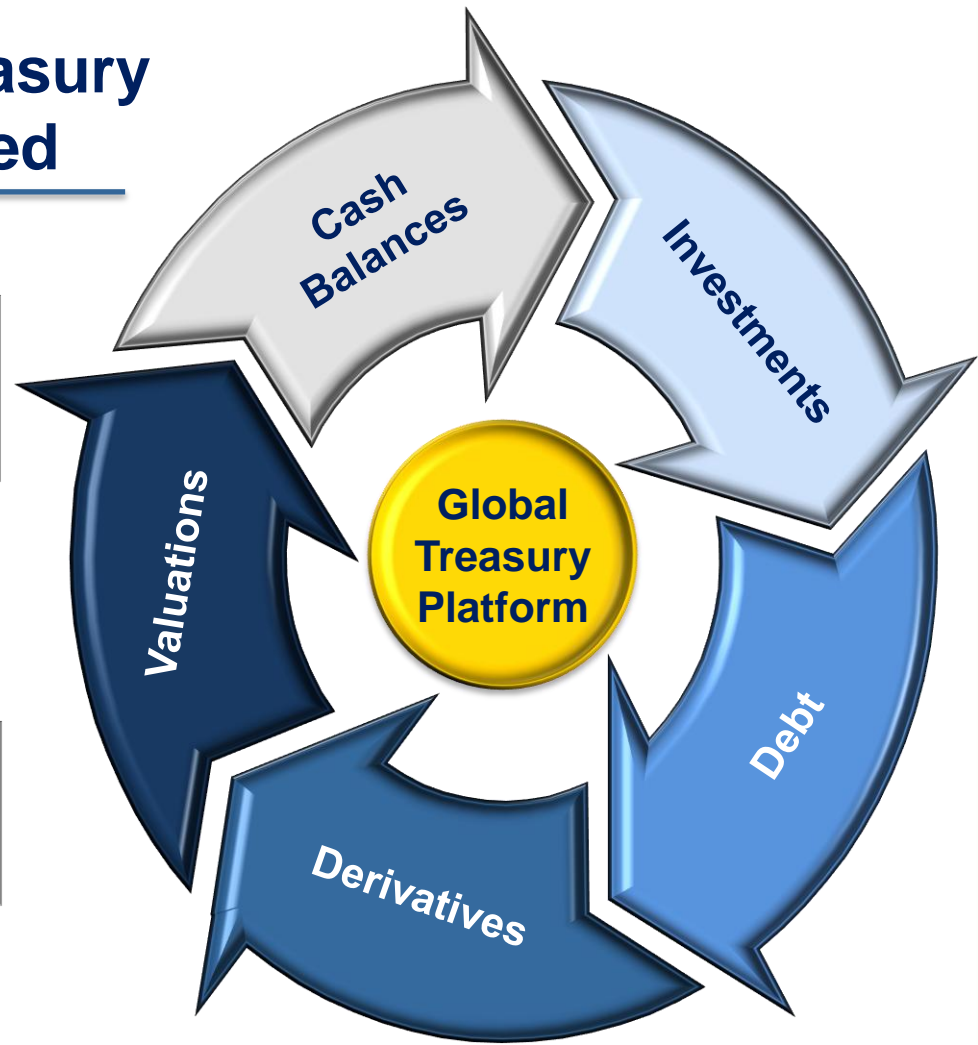


Global Reports

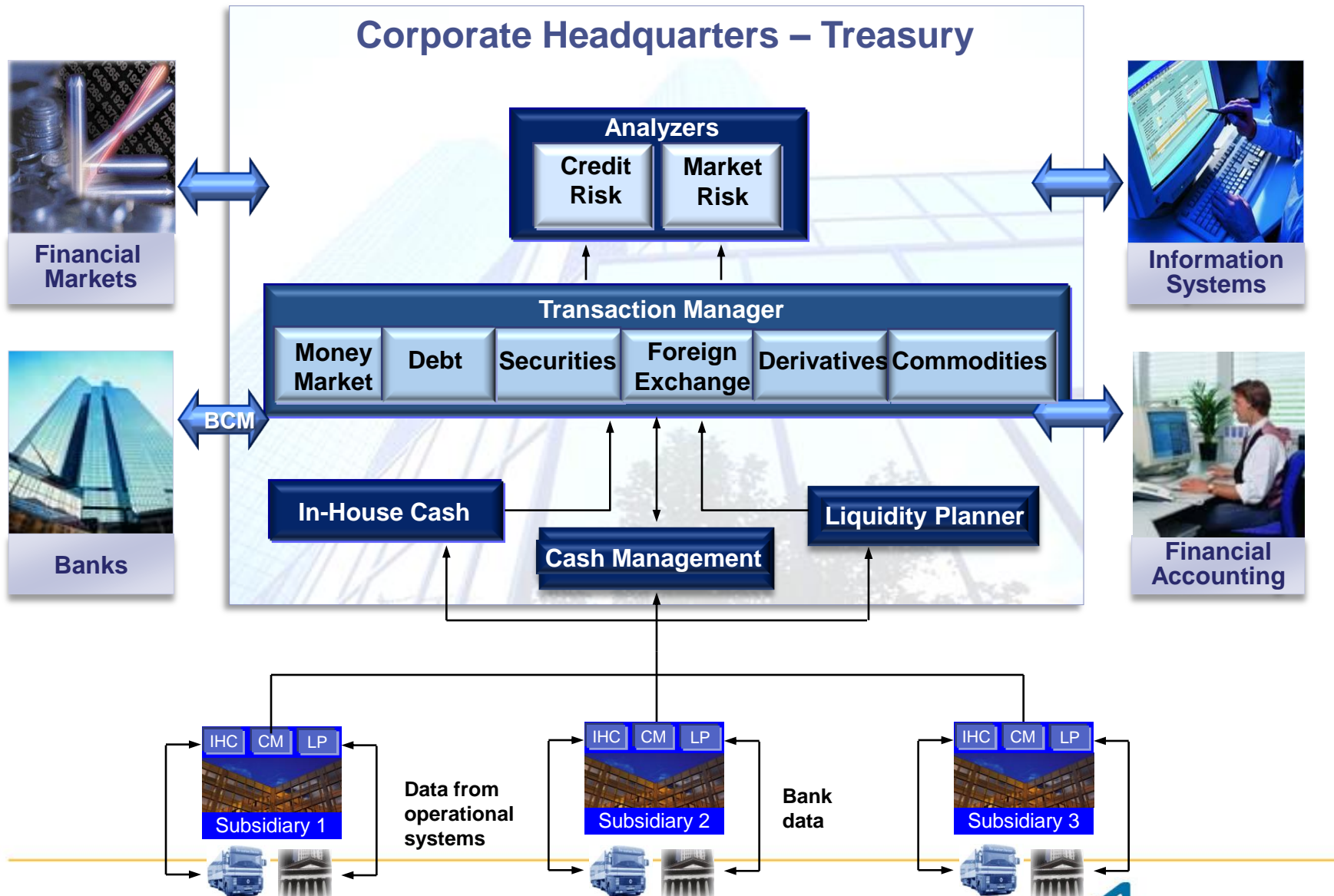


How We Use Technology Now

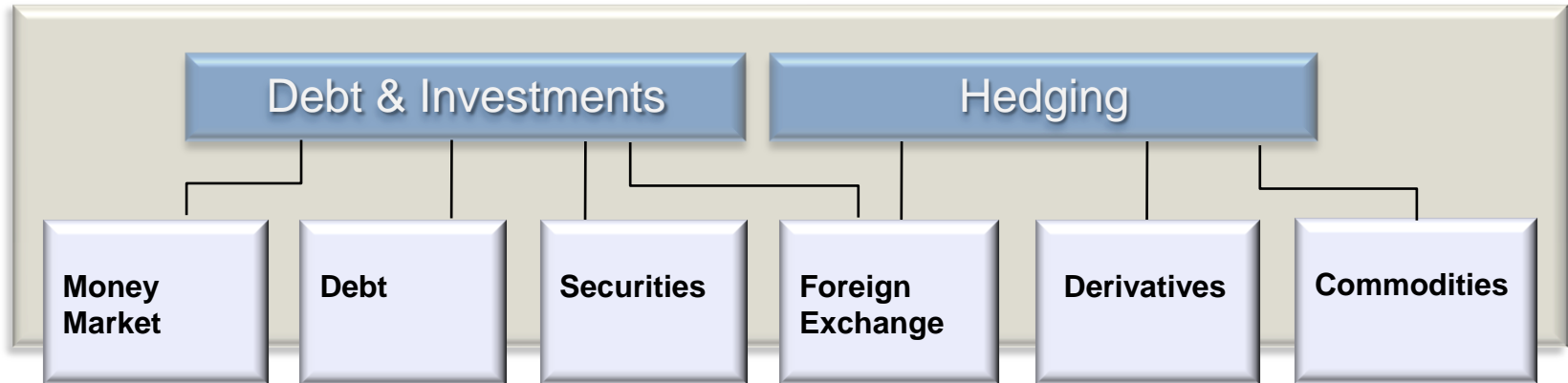
2013: Wave 1 of global treasury workstation implemented



Treasury



Treasury: Transaction Manager



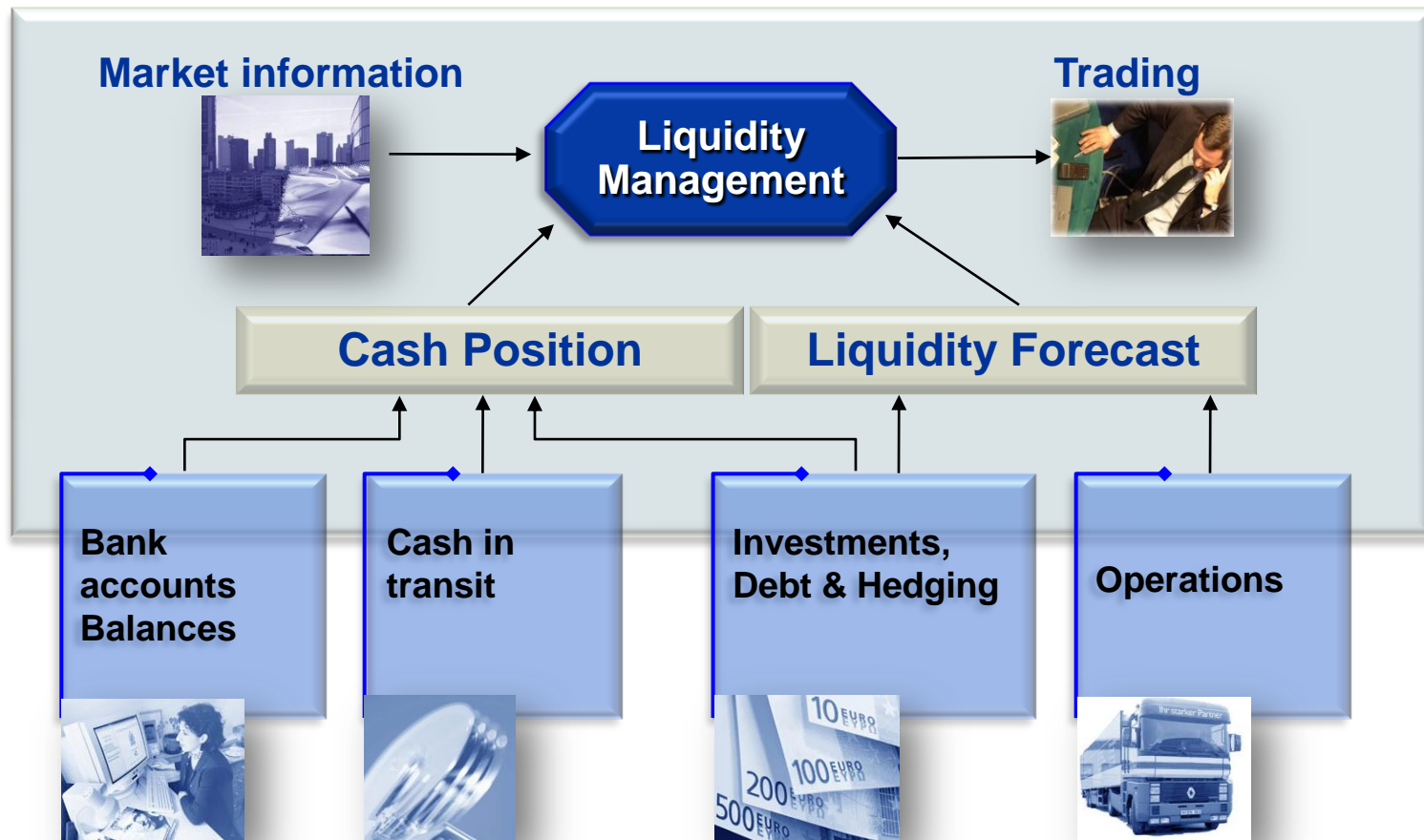
Contract Management



- Front Office
- Back Office
- Accounting



Cash Management



- ❖ Managing external cash balances and obligations
- ❖ Multi-Bank simplification and standardization
- ❖ Drill down functionality

Treasury: Transaction Reporting

CoCode	PType	Name of product type	TType	Transaction	Postg Rel.	Partner	TCurr	Σ	Amount	Interest rate	Ref.Int.Rate	Term Start	End of term	Int. total at end	A
						BOFA	USD	■ ■	4,000,000.00						
						CITIBA	AUD	■ ■	0.00						
							BRL		0.00						
							CAD		6,100,000.00						
							CHF		0.00						
							EUR		157,950,000.00						
							GBP		10,000.00						
							HKD		0.00						
							JPY		2,000,250						
							NZD		0.00						
							PLN		41,770,600.00						
							SEK		0.00						
							USD		9,737,516,774.47						
						GOLDM	CAD	■ ■	23,000,000.00						
							EUR		460,373,000.00						
							USD		2,473,232,708.35						
						KEY BA	USD	■ ■	75,000,000.00						
						RBS CI	USD	■ ■	1,200,000.00						
						WELLS	USD	■ ■	114,050,000.00						
							AUD	■ ■ ■	0.00						
							BRL		0.00						
							CAD		29,100,000.00						
							CHF		0.00						
							EUR		618,323,000.00						
							GBP		10,000.00						
							HKD		0.00						
							JPY		2,000,250						
							NZD		0.00						
							PLN		41,770,600.00						
							SEK		0.00						
							USD		12,404,999,482.82						

Treasury: Transaction Reporting

CoCode	PType	Name of product type	TType	Transaction	Postg Rel.	Partner	TCurr	Σ	Amount	Interest rate	Ref.Int.Rate	Term Start	End of term	Int. total at end	A
						BOFA	USD	■ ■	4,000,000.00						
						CITIBA..	AUD	■ ■	0.00						
							BRL		0.00						
							CAD		6,100,000.00						
						BOFA	USD	■ ■	4,000,000.00						
						CITIBA..	AUD	■ ■	0.00						
							BRL		0.00						
							CAD		6,100,000.00						
							CHF		0.00						
							EUR		157,950,000.00						
							GBP		10,000.00						
							HKD		0.00						
							JPY		2,000,250						
							NZD		0.00						
							PLN		41,770,600.00						
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							EUR		460,373,000.00						
							USD		2,473,232,708.35						
						KEY BA..	USD	■ ■	75,000,000.00						
						RBS CI..	USD	■ ■	1,200,000.00						
						WELLS	USD	■	1,200,000.00						
BND							USD	■	0.00						
CP							USD	■	0.00						
FTD							USD	■	800,000.00						
LOC							USD	■	107,800,000.00						
MMF							USD	■	4,250,000.00						
VRD							USD	■ ■	114,050,000.00						
						WELLS	AUD	■ ■ ■	0.00						
							BRL		0.00						
							CAD		29,100,000.00						
							CHF		0.00						
							EUR		618,323,000.00						
							GBP		10,000.00						
							HKD		0.00						
							JPY		2,000,250						
							NZD		0.00						

Treasury: Transaction Reporting

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						BOFA	USD	..	4,000,000.00						
						CITIBA..	AUD	..	0.00						
CoCode	PType	Name of product type	TType	Transaction	Postg Rel.	Partner	TCurr	Σ	Amount	Interest rate	Ref.Int.Rate	Term Start	End of term	Int. total at end	
						BOFA	USD	..	4,000,000.00						
						CITIBA..	AUD	..	0.00						
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						BOFA	USD	..	4,000,000.00						
						CITIBA..	AUD	..	0.00						
						BRL			0.00						
						CAD			6,100,000.00						
						CHF			0.00						
						EUR			157,950,000.00						
						GBP			10,000.00						
						HKD			0.00						
						JPY			2,000,250						
						NZD			0.00						
						PLN			41,770,600.00						
						SEK			0.00						
						USD			9,737,516,774.47						
						GOLDM..	CAD	..	23,000,000.00						
						EUR			460,373,000.00						
						USD			2,473,232,708.35						
						KEY BA..	USD	..	75,000,000.00						
						RBS CI..	USD	..	1,200,000.00						
						WELLS	USD	..	1,200,000.00						
							USD	..	0.00						
							USD	..	0.00						
							USD	..	800,000.00						
E500	MMF	Money Market Fnd	INV	1000807			USD		100,000,000.00	5.0000000		06/01/2011	12/01/2011	2,506,849.29	
E500		Money Market Fnd	INV	1000808			USD		1,000,000.00	3.0000000		03/17/2011	06/17/2011	7,500.00	
E500		Money Market Fnd	INV	1000809			USD		1,000,000.00	4.0000000		03/17/2011	03/17/2012	39,999.96	
E500		Money Market Fnd	INV	1000811			USD		5,000,000.00	2.5000000		07/07/2010	07/07/2012	250,000.07	
E500		Money Market Fnd	INV	1000816			USD		800,000.00	5.0000000		11/15/2010	11/15/2012	79,999.92	
	MMF						USD	..	107,800,000.00						
	VRD						USD	..	4,250,000.00						
						WELLS	USD	..	114,050,000.00						
							AUD	...	0.00						
							BRL		0.00						
							CAD		29,100,000.00						
							CHF		0.00						

Treasury: Market Risk Analyzer

Transaction data



Linear

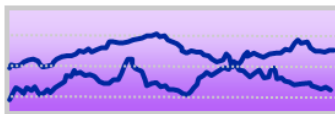
- Debts
- Assets
-



Non-linear

- Options
- Caps
-

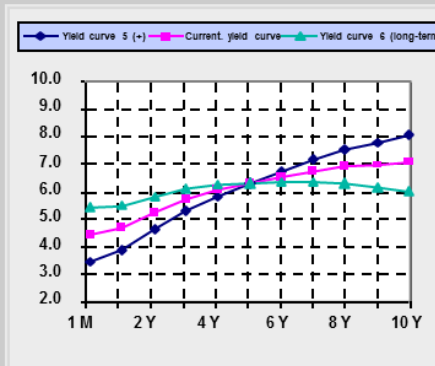
Market data



- Saved market prices
- Real-time market prices
- Flexible scenarios
- Rule shifts

Calculation

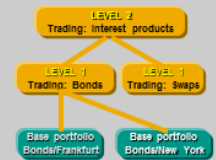
- Mark-to-market
- Sensitivities
 - Duration
 - Convexity
 - Exposure
- Crash/stress tests



Price calculator
(user exit)

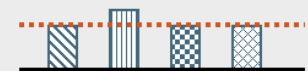
Evaluations

- Company
- Portfolio
- Profit center
- Product



Risk management

NPV



Risk



Treasury: Credit Risk Analyzer



Transaction Manager

Limit-
Check

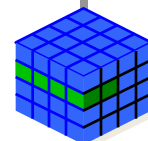
OK

Close transaction,
update limits

Features

- Control credit risks and settlement risks
- Company-wide limits
- Online transaction credit check
- Flexible limit creation & exposure calculation

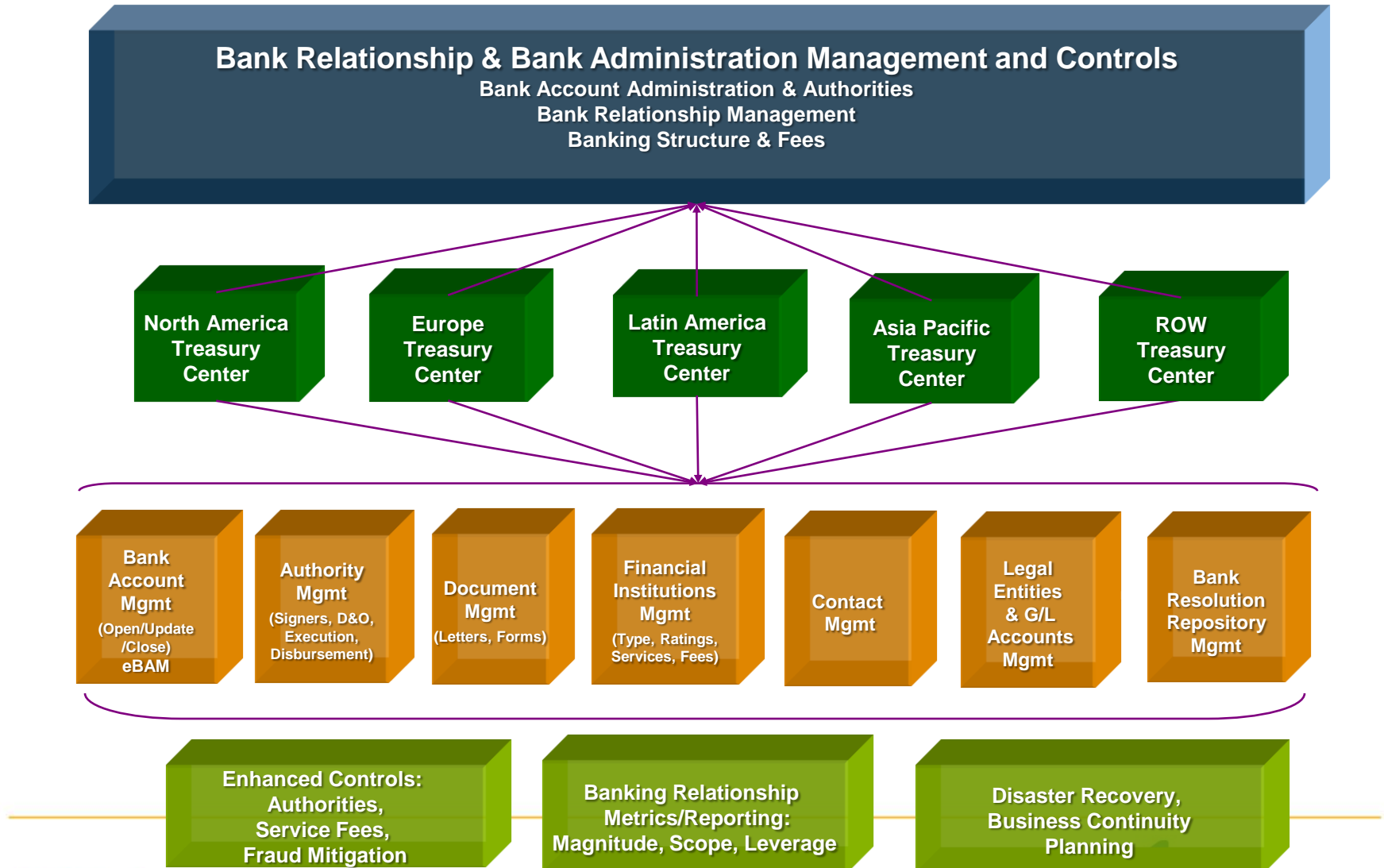
Credit Risk Analyzer



Credit Exposure

Partner	Exposure	Limit	Free	In %
Euro Bank	8.5	10.5	2.0	19.5%
NorthAm Bank	632.3	700.7	68.4	9.3%
Asia Bank	728.7	716.7	-12.0	-1.7%
SouthAm Bank	12.3	4.8	-7.5	-178%

Bank Administration & Relationship Mgmt.



Questions

