



Group-wide Integrated Balance Sheet Risk Management platform

EXTENSIVE
REGULATORY &
DECISION
MAKING
SUPPORT

ADVANCED
BEHAVIOURAL
MODELLING &
SCENARIO
GENERATION

FULL
INTEGRATION OF
ALM, LIQUIDITY &
CAPITAL
MANAGEMENT



Purpose of the project

The initial project was aimed at implementing ERMAS™ for the whole perimeter of the Group, covering **IRRBB, Liquidity and Funding Risk analysis**, to support both managerial and EBA/ECB reporting.

A second phase of the project included the production of **managerial and regulatory reporting** at individual and sub-consolidated level, according to local regulatory guidance.

More recently, the perimeter has been extended to the **simulation of other risk metrics**, with the aim of covering multiple risk metrics and P&L variables.

Background

The new regulatory environment and the volatile market scenarios are rapidly changing the way in which balance sheet risks are steered.

It is necessary to implement a more active approach to balance sheet risk management, extending beyond the traditional ALM processes.



Challenges

Balance Sheet Management processes are evolving towards:

- **deeper integration between CFO and CRO reporting processes**, in terms of input data governance, methodological assumptions and simulation capabilities;
- **deeper integration between forward looking and backward looking perspectives**, both for risk and performance indicators;
- **deeper integration between regulatory and managerial views**, across all risk factors.

Why Prometeia

ERMAS™ solution offers:

- **full data management support**;
- **comprehensive reporting tools**, including dashboard generation and drill-down capabilities;
- **compliance with 20+ regulatory frameworks across EMEA**.

Global banking and financial services group with a network covering 17 countries and over 35m customers:

- ~1000bn USD of total assets;
- ~8000 branches.

Project reference

Head of Group ALM, Head of Group Validation

Project sponsor

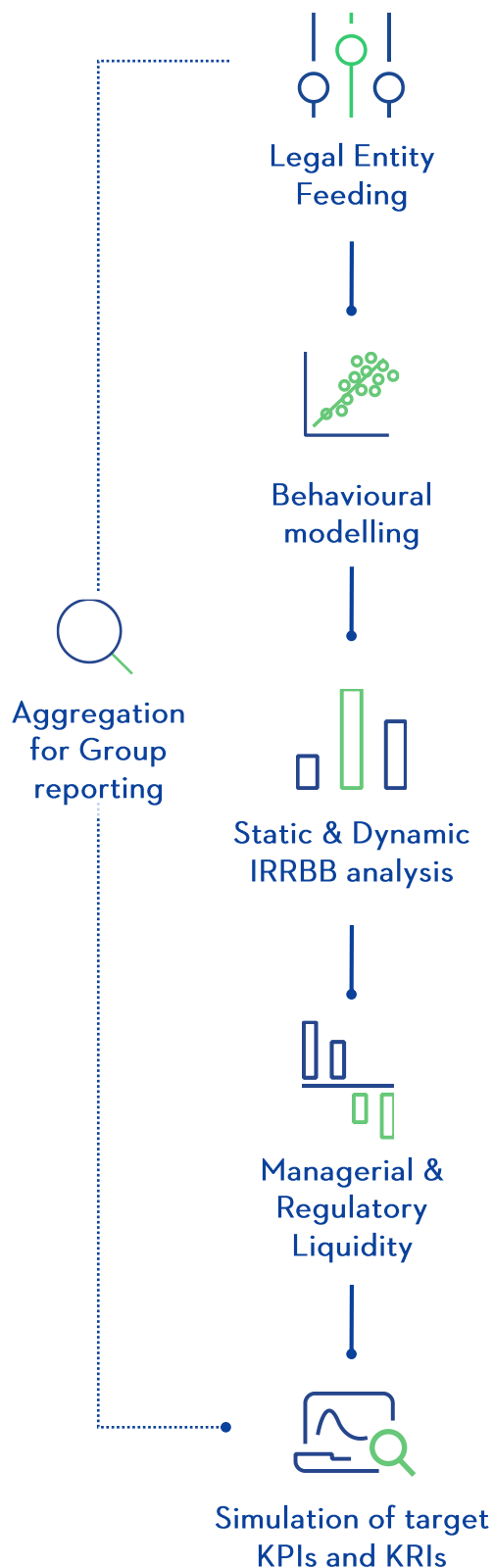
CRO and CFO departments

Implemented architecture

- **ERMAS™ Financial DataMart**, structured according to a unified model at Group level, based on the proprietary Prometeia data dictionary.
- **ERMAS™ Suite for Balance Sheet Management**, with activation of the analysis modules for:
 - IRRBB;
 - Regulatory & Managerial Liquidity;
 - Dynamic Simulation to comply with Regulatory Stress Testing.
- **Behavioural modelling for ALM & Liquidity Risk**: demand deposits, prepayment events, lines, etc..

Deliverables

- **Supply and implementation of a fully integrated Balance Sheet Management platform** covering the Group-wide perimeter:
 - Static analysis of IRRBB;
 - Dynamic analysis of Balance Sheet and P&L;
 - Static and dynamic analysis of Liquidity Risk profile, including Liquidity Stress Testing;
 - Evolution of ALM into a wider set of P&L and Balance Sheet metrics.



Achieved benefits

- Unique platform covering the Group-wide perimeter, bringing efficiency and scalability in hardware infrastructure, application management, and data governance
- Support to active balance sheet management within the Treasury Department, with focus on Operational ALM and Fund Planning
- Support to ECB and local regulatory compliance in major subsidiaries
- Implementation of the Stress Testing scenarios, according to the latest EBA guidance
- Implementation of behavioural models for customer deposits and prepayments for ALM & Liquidity

Product features

- Flexible system setup supporting group consolidation and complex divisional structures
- Interactive real-time forecasting tool, integrating ALM, Liquidity, Credit risk simulations and stress tests
- Integrated liquidity platform for static and dynamic indicators, fully supporting local regulatory reporting
- Scenario dependent behavioral modelling, provided in a consistent framework for ALM & Liquidity
- Powerful reporting enabling drill-down up to single deal level

DAILY DATA
PROCESSING
FOR OVER 17
ENTITIES
ACROSS EMEA

REPORTING
PROCESS AT
SOLO, SUB-
CONSOLIDATED
AND GROUP
LEVEL

SUPPORT TO
ALM, RISK,
TREASURY AND
PLANNING
DEPARTMENT

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