



# Comprehensive Risk & Regulatory Reporting for an EU Significant Bank

IRRBB METRICS  
ACCORDING TO  
NEW EBA  
GUIDELINES

LIQUIDITY RISK  
METRICS  
ACCORDING TO EU  
DELEGATED ACT

NII STRESS TEST  
AND Li-ST  
ACCORDING TO  
EU  
REGULATION



## Purpose of the project

The project was aimed at implementing an **enterprise-wide risk and regulatory platform** to support **IRRBB and Liquidity Risk analyses**, according to the industry best practices and in full compliance with the SREP requirements set by the European regulator.

It is expected a potential extension of the analysis perimeter to include the **calculation and simulation of RWA, IFSR9 Provisions and Capital requirements**.

## Background

Under the direct supervision of the ECB, the bank was facing increasing regulatory pressure and therefore decided to select an **integrated Balance Sheet Risk Management solution to address both SSM requirements and specific business needs** for IRRBB, Liquidity analysis and Credit risk processes.



## Challenges

- **Manual process** for IRRBB with high effort requested in case of re-run;
- **Data quality issues** on input data feeds, analysis, model parameters;
- **Auditability requirements** to track process and changes;
- **BCBS239 (Risk Data Aggregation) requirements**, including reconciliation with accounting data and regulatory reporting;
- **Behavioural modelling** as a main improvement area, given the Bank's over-reliance on current accounts to fund its retail asset portfolio;
- **Reporting granularity** was mandatory to support in-depth investigations and quality assurance.

## Why Prometeia

Prometeia was selected thanks to its ability to combine state-of-art software solutions, on-site consulting support, and a long-term partnership approach, putting customer satisfaction as ultimate project goal

Leading commercial Bank operating in Western Europe, ranked among the top safest banks in the world:

~50bn USD of total asset.

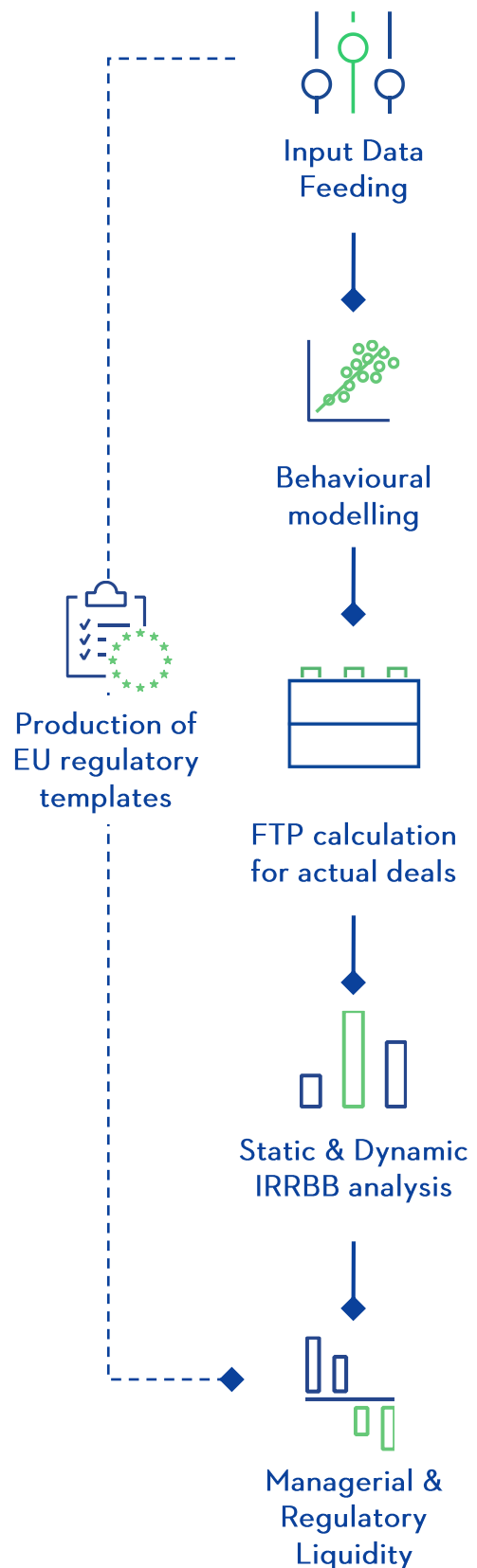
Project reference  
Chief Risk Officer  
Project sponsor  
CRO department

## Implemented architecture

- **Financial DataMart** at single deal level, supporting daily reconciliation with accounting data at granular level.
- **ERMAS Suite for Balance Sheet Management and Regulatory Compliance**, with activation of the following analysis modules:
  - Fund Transfer Pricing at single deal level for actual transactions;
  - Static and dynamic Interest Rate Risk for Banking Book exposures;
  - Regulatory & Managerial Liquidity.
- **Behavioural modelling** for ALM & Liquidity Risk analysis: NMDs, prepayments, pipelines.

## Deliverables

- **Supply and implementation of a fully integrated Balance Sheet Management and Regulatory platform** covering:
  - FTP calculation for Margin Analysis and Operational ALM support;
  - Static and dynamic IRRBB analysis, covering both EBA and STE guidelines;
  - Dynamic analysis of Balance Sheet and P&L, including ECB EU-wide Stress Testing;
  - Static and dynamic analysis of Regulatory Liquidity Risk indicators: LCR, NSFR, ALMM;
  - Managerial Liquidity Stress Testing, including ECB Li-ST.



## Achieved benefits

- **Integrated platform** supporting Risk, Treasury and Finance departments in their managerial and regulatory analyses starting from a unique input data set and common parameter configuration
- **Production of ALCO Reporting** and support to European regulatory compliance
- Implementation of the **EU-wide Net Interest Income and Liquidity Stress Testing**
- Implementation of **behavioural models for customer deposits, prepayments and pipelines** for ALM & Liquidity

## Product features

- **Flexible system setup** supporting complex and multiple departmental requirements
- **Interactive real-time forecasting tool**, integrating ALM and Liquidity risk simulations and stress tests
- **Integrated liquidity platform** for static and dynamic indicators, fully supporting European regulatory reporting
- **Scenario dependent behavioral modelling**, provided in a consistent framework for ALM & Liquidity
- **Powerful reporting** enabling drill-down up to single deal level
- **Production of XBRL files** for European Regulator

INTEGRATED  
REPORTING  
SOLUTION FOR  
IRRBB &  
LIQUIDITY

DAILY  
MANAGERIAL  
DECISION  
SUPPORT

POSSIBILITY TO  
EXPAND THE  
PLATFORM TO  
CREDIT RISK  
ANALYSIS

[www.prometeia.com](http://www.prometeia.com)

[risk.community@prometeia.com](mailto:risk.community@prometeia.com)

+44 (0) 207 786 3525