



no surprises: be in charge

asset & liability
management



The fallout from the financial crisis in recent years has forced banks, financial services institutions and large corporates to revisit the rules of Asset & Liability Risk Management.

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In the search for maximum net interest income, it is essential that investors, regulators and executives have confidence that their exposure risk is understood fully and managed at every level. This cannot be done without reliable and accurate data, insightful tools and analysis, and clear presentation.

Constantly rising pressure on liquidity, worldwide currency market volatility and the proliferation of complex new financial instruments have all coincided with intensified scrutiny, making the strategic management of financial and business risk as routine business operations considerably more challenging and difficult to discern.

When you add in the fact that the extended period of ultra-low, stable interest rates appears to be nearing its end, and that risk and compliance management have risen hugely up the agendas of regulators, it is reasonable to conclude that the challenges placed on managers will only continue to increase.

almeter from corfinancial helps senior executives meet these challenges head on, with the requisite tools and robust methodologies built right into the core of the product.

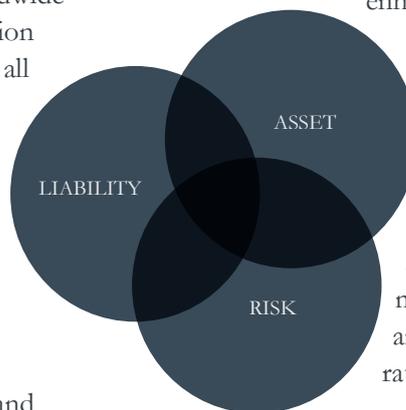
For all institutions with exposure to interest rate, exchange rate, liquidity and other financial market risks, almeter helps to strategically manage asset and liability risk by providing clearer understanding both of the threats and opportunities that may impact your portfolio.

almeter delivers rapid, reliable management information on your current financial positions, and models what will happen to them if various elements change. So you can make decisions confident in the knowledge that they are based on sophisticated “What-if?” modelling of a complex mix of fixed and variable risks, choosing the appropriate level of business risk and reward.

In some cases of course, high potential rewards may justify similarly high exposure. Armed with timely and accurate information though, risk is a matter of choice, not chance.

almeter overview

For banks, financial institutions and large enterprises, almeter examines interest-rate risk in changing environments, forecasts net interest income and earnings performance, also evaluating liquidity and interest-rate sensitivity to enhance risk profile analysis.



Invaluable to the planning, budgeting and risk management processes in a business, almeter uses systematic and automated industry-recognised methodology to evaluate on- and off-balance sheet interest-rate line items.

By projecting earnings and associated risks from future interest-rate scenarios, almeter helps organisations take a considered view of factors that may impact their business. Whether driven by regulations and compliance or by commercial imperatives, almeter delivers accurate, timely information that can help enhance performance and improve stability.

Leading from the front

Making decisions that have strategic impact on your business happens at many levels, from the board through business line management levels, and across a variety of functional roles such as

compliance, auditing, IT, marketing and others.

almeter is designed for easy use by all executives in financial institutions responsible for analysing exposure to a complex and often rapidly changing mix of fixed and variable risks. The modelling capabilities within almeter allow senior executives to examine the impact of current, predicted and exceptional, or stressed, market conditions, then present conclusions to colleagues for effective decision making on future plans.

Risk modelling can be quantified at many levels – from the board setting overall forecasts to line-of-business managers monitoring risk by product type, asset, liability, operational unit across almost any combination of business functions.

Specifically, almeter automates the data collection and analysis required to produce clear, actionable reports, so that senior managers tasked with controlling financial and business risk can assess the impact of numerous possible interest-rate, hedge, trading and currency scenarios. In so doing, almeter ensures you meet all your regulatory and compliance obligations whilst improving simultaneously overall risk management of your business.

The liquidity and market valuation modelling of almeter combined with its detailed reporting capabilities contribute directly to the maximisation of net interest income and profits.

In short, almeter is a comprehensive and cost effective solution that can be implemented rapidly alongside existing systems to positively impact your business.

Increased regulation

Increased regulation weighs heavily on business administration. New directives often present unpleasant and expensive surprises. Even though many reporting requirements and processes are now well understood, any small step to improve confidence in process, procedures and reporting is welcome – especially if it also reduces costs. almeter reduces the effort involved in meeting multiple regulatory standards, specifically those specified by:

- The Basel Committee on Banking Supervision (Basel II and III)
- The Federal Reserve System
- The Financial Conduct Authority (FSA)
- International Accounting Standards Board (IASB)
- Financial Accounting Standard Board (FASB)
- The Monetary Authority of Singapore (MAS)
- almeter is available in Spanish too, complying with Banco de España regulations

almeter has advanced automation and reporting capability to help firms meet existing and new regulatory demands easily and at low cost. Using almeter's versatile expression based reporting facilities, capital adequacy ratios and interest-rate exposures can be calculated easily and rapidly to meet regulatory requirements, with little or no impact on existing systems.

Reacting to change

Sudden changes in financial markets can generate massive shocks to corporate balance sheets. The credit crunch that followed the US subprime mortgage crisis caused little short of panic in debt markets, affecting global liquidity in a way that no-one had predicted.

Particularly in such cases, the ability to model new, unexpected market conditions rapidly adds real value to strategic balance sheet-management of asset & liability risk.

Yet reporting on and making sense of the effects of interest-rate scenarios on the balance sheet (stressing) can absorb significant management time and attention.

It makes sense to reduce this drain on management resources by automating as much of the analysis and report generation as possible.

By automating data extraction, analysis and

presentation, line-of-business managers are able to focus on core activities while financial controls are monitored and enforced. Increased efficiency and reduced cost combine with the elimination of manual errors to help drive down risk at the functional level.

almeter enables assessment of the impact of interest-rate scenarios on:

- Balance sheet structure
- Income statements (NII)
- Risk profile analysis and reports
- Market valuations
- Business planning
- Budgeting and liquidity management
- Forecasting of future performance
- Appraisal of hedge strategies
- Management and regulatory reporting
- Standards compliance and support for a complete ALCO process

almeter eliminates the delay and error introduced by the manual production of reports, and through the use of advanced data modelling provides new views of the company and the financial risks – enabling committees to convene sooner, deliberate more effectively and reach quicker conclusions.

Why almeter?

almeter’s easy-to-use and powerful modelling capabilities are implemented very quickly with minimal disruption to existing systems allowing you to operate business as usual. Time and time again we have found almeter to be both cost effective and have high impact on decision-making decisions in short order.

almeter can be integrated and customised extensively to meet the needs of a wide range of users. Its intuitive interface allows them to start

exploring prevailing positions and possibilities very quickly, and is often lauded for its user-friendliness.

There are key features that are engineered right into the heart of almeter:

INSTRUMENT AGNOSTIC: The vast number of existing instruments able to be modelled can be added to by using generic modelling blocks that enable new instruments to be replicated and created quickly and easily, negating the need for constant updating

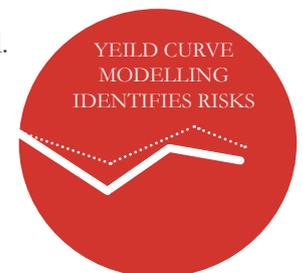
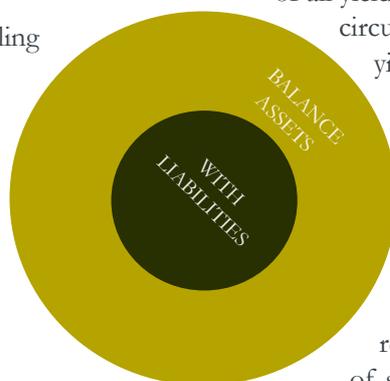
INTERNAL CASH FLOW SIMULATION: almeter’s own internal cash flow simulation on all instrument modelling types makes it very easy for you to run business planning simulations by modifying many areas of the balance sheet, without having to import cash flow records or details of underlying instrument

almeter has a comprehensive prepayment assumptions modelling tool, a growth targets area and a reinvestment strategies area. All of which affect cash flow forecasting.

HIGHLY CONFIGURABLE: Each chart item in the balance sheet has a huge range of attributes that can be modified. Settings can be applied to many of these that are time-dependent, or based on mathematical expressions that can follow changes in interest rate or other market conditions.

SOPHISTICATED MODELLING OPTIONS: Interest rate sensitivity analysis is key to almeter’s usefulness. Traditional yield curve modelling is augmented by a range of modification algorithms that can be applied to some or all yield curves to suit individual circumstances. Any number of yield curves can be applied to a model.

The usefulness of interest-rate modelling goes beyond the standard regulatory requirement of stressing the balance sheet model. As well as pricing directly from a yield curve, in almeter you can price chart items



using mathematical expressions that reference yield curves. This can be used, for example, to model a sudden unavailability of interbank lending rates and the necessary shift to more costly borrowing, with the effect that has on interest income.

FORECAST NET INCOME AND MARKET

VALUE: Simulate net income and market value over a chosen time period ranging from one day to 120 years. Categorise instruments into 'available for sale' and 'held to maturity', recognising non-interest income in these different cases as equity or profit.

PREPAYMENT ASSUMPTIONS: A wide range of prepayment assumptions may be included in the chart of accounts – from simple percentages to more involved variations, or the differential between market and instrument rates.

SIMULATE EARNINGS AT RISK (EAR) AND VALUE AT RISK (VAR):

almeter contains built-in VaR and EaR calculators that run repeated short-term income or valuation forecasts, generating a different set of random yield curves for each repetition. almeter can either use a given volatility figure for generating each curve, or it can generate curves by bootstrapping from historical yield curve data held in an accompanying database.

almeter will keep a record of every yield curve it generates and match the final VaR or EaR figure with the corresponding curves. These can then be re-applied to almeter's forecast analysis to highlight which areas of the balance sheet give rise to significant losses

TRANSFER PRICING: Examine internal cost of assets and liabilities by assigning a separate transfer rate in addition to nominal pricing - either fixed rate or derived from any yield curve. Calculate detailed income of an asset versus cost of financing it, separately to the balance sheet behaviour analysis

UNLIMITED MODELLING SCENARIOS:

almeter follows a document data model, storing its data in model files rather than a database. The number of scenarios you can use is therefore unlimited.

COMPREHENSIVE SET OF STANDARD

REPORTS: The wide range of reports for the different types of simulation can be added to by using an in built mathematical expression based reporting tool, where most data within almeter can be accessed and manipulated into custom reports

LIQUIDITY (GAP) AND DURATION

ANALYSIS: almeter features many options for maturity and sensitivity liquidity analysis, with basic, cumulative and residual reporting formats, and duration analysis is also available. For discounting rates, almeter can use either the nominal pricing yield curves tied to accounts, an entirely separate discounting strategy, or a mixture of both. Yield curve rates supplied for discounting are typically converted to a zerocontinuous yield curve before being used in the market value calculation, or this can be bypassed if desired. Duration and gap analyses can be run on any logical date.

HEDGE EFFECTIVENESS (IAS 39):

Complete support for hedge relationship between chart items. Recognise hedge income as equity or P&L, allocated to the relevant areas of the balance sheet as required, with full reports of the hedge behaviour in the forecast, in line with IAS 39.



Find out more about why our customers are enjoying the benefits of almeter. How can we help?

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 **costars.**

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 **almeter.**

Control financial and business risk by assessing the impact of varying interest rate scenarios and hedging activities.

 **kycmonitor.**

Case management solution to provide clear evidence to the relevant authorities that effective and sufficiently robust AML controls are in place.

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