



CASE STUDY

Asset and Liability Management



Asset and Liability Management Customer Case by Analytics Bulgaria

Background

The need of the Bank to have an integrated framework for instrument pricing, advanced financial analyses and regulatory reporting (LCR/NSFR) were among others the main objectives of the project.

The client

Tier-1 the Largest Bank in Bulgaria (The Bank).

The challenge

The implement SAS Asset and Liability Management provides the following capabilities to the Bank:

- Enables valuation of traditional balance-sheet instruments, such as loans and deposits and their associated (off-balance) hedges, factoring in embedded options – for example, prepayment and withdrawal, credit risk, liquidity risk, and so on;
- Assesses fund transfer rates – with or without risk-based spreads, such as credit and liquidity spreads and option-adjusted spreads – and calculates economic value;
- Performs advanced analysis across risk types, stress testing and modelling of liquidity risk, net interest income, and economic value.

The solution

SAS Asset and Liability Management solution data input is provided through a dedicated staging data mart in Bank's DWH. An environment built on this input data and a predefined SAS Risk Dimensions environment automatically define risk variables, register pricing and other analytical models, and create and register data sets. These analyses use preconfigured functions, models, and analysis flows. The solution generated an automatic regulatory reports as per EBA taxonomies for liquidity coverage ratios, net stable funding ratios, and cash flow mismatches.