



**ALM** PARTNERS

Bridging the gap between IFRS 9 standard & ALM activities

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## Full consultancy and tailored solutions for balance sheet management and IFRS 9 ECL

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Asset and Liabilities Management (ALM) means enhancing balance sheet profitability by efficient management of market risks that affect firm's liquidity, funding, interest rate or currency positions. Risk managers job is to enable their department's functionality to correspond to the demands of managerial decision making but also to the challenges that arise from tightening regulatory requirements. Currently, banks are facing new challenges in managing their IRRBB (Interest Rate Risk in the Banking Book) while the IASB (International Accounting Standards Board) has introduced a new, expected loss impairment model (IFRS 9 ECL).

*Today, our mission is to simplify asset and liabilities management and bridge the gap between risk- and accounting departments.*

As a FIS preferred partner, we help our clients in improving their interest rate risk identification, modeling and reporting. Our risk management solutions evolve along with the concurrent regulatory changes in the European banking sector and the products flexibly correspond to the business specific needs that banks have. For example, many of our clients have recently developed sophisticated parameters for customer credibility and expected future earnings. *We provide our clients a dynamic ALM solution that utilizes their own estimates for IFRS 9 ECL framework* including probability of default (PD), loss given default (LGD) and earnings at default (EAD). Risk managers are then able to accurately measure balance sheet profitability adequately with respect of new accounting standards.

Our wide experience in Nordic banking sector, technically practiced consultants and partnership with one of the world's top financial system vendors FIS Global (<http://www.fisglobal.com/>) is a combination that enables us to deliver simple solutions for complex problems, all the way from planning to implementation.

## IFRS 9 ECL stand-alone module in Ambit Focus ALM

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Ambit Focus solution is a comprehensive balance sheet management tool that offers banks the functionality they need to address growing market and regulatory pressures. It helps our customers to optimize their risk/return profile, helping to give them a significant competitive advantage. Institutions that already have working ALM system may purchase the IFRS 9 ECL module without overlapping with current system portfolio.

### *IFRS 9 Expected Credit Loss module*

We bring comprehensive IFRS 9 ECL – module to asset and liabilities management framework. With the module, risk managers can take into account new rules for the classification and measurement of financial assets and liabilities. This enables different income and profit & loss reports to be consistent with new accounting standards.

The IFRS 9 Expected credit loss module in [Ambit Focus ALM](#) includes following functionality:

- Allows bank to use its own sophisticated parameters for
  - PD (Probability of Default)
  - LGD (Loss Given Default)
  - EAD (Exposure at default)
  - CCF (Credit Conversion Factor)
- G/L entries
- Allows for simulation of different stress scenarios and shocks for ECL parameters
  - Reports to banking authorities
  - Utilization as a part of ICAAP – processes
- Credit Adjusted ALM
  - Net Interest Income and Liquidity reports that take into account expected credit losses

## ALM Partners - core services, products & customers

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ALM Partners offers its customers strategic partnership and consultation on the areas of asset and liability management. Our goal is to improve customer profitability and balance sheet effectiveness together with our customer, and to support key business decisions. We are providing our products and services with high expertise and cost effectiveness.

What we do?

1. ALM and IFRS9 ECL services
  - **consultation projects** on the areas of ALM and IFRS9 ECL
  - **solution implementation**, technical maintenance and training services
    - We deliver full support in system implementation projects including
      1. Project planning
      2. Project management
      3. System installation and configuring
      4. User training and support
      5. System updates (including IFRS 9 ECL)
  - risk management support services (support and outsourcing)
    - support services
    - outsourced risk reporting
    - outsourced risk analysis and consultation services
2. Treasury management system implementation ([Ambit Quantum](#))
3. We provide project management and skilled workforce to support business transformation and development projects.

## Contact us

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In order to discuss about our products and services in more detail, please contact our people:

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Base your decisions on expert knowledge

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