

GUIDE TO YOUR ALM DELIVERABLES

WHAT YOU MIGHT RECEIVE AND WHY

There are many different angles when looking at the future and we can provide a lot of helpful information to ensure your institution is better prepared. This guide is meant to help you simplify the distinction between various c. myers ALM deliverables. Below you will find a list of common deliverables you could receive and why. High-level descriptions are provided for your convenience, accompanied by the file name.

ALM Deliverables	
<p>Key Decision Information (KDI)</p> <p>Book 1 of 2</p>	<p>FILE c. myers – KDI – Credit Union Name – MM-DD-YY.pdf</p> <p>The KDI book shows key return and risk results of your simulation through multiple windows. The Results Dashboard summarizes the different answers on one page. There are additional reports at the enterprise level for showing the potential profitability, risks to net worth, and net economic value (NEV) when applicable. Additionally, the potential earnings needs from new business are displayed. The KDI can also include What-If scenarios that were run as part of your simulation, and at least once a year, includes stress tests of key assumptions.</p>
<p>Reference Database (Reference DB)</p> <p>Book 2 of 2</p>	<p>FILE c. myers – Reference DB – Credit Union Name – MM-DD-YY.pdf</p> <p>The Reference DB book is the nuts and bolts behind your simulation. It allows your institution and examiners to review assumptions, audit results, and shows details that went into calculating the results. This can be considered the paper trail behind your KDI.</p> <p>Note: The Reference Database is typically quite large, as it has an enormous amount of information. To help with navigation, it is bookmarked, and we also provide the file <i>Independent Assessment Quick Reference.pdf</i>, accompanied by a <i>Verification of Data Accuracy</i>, for you to review and sign.</p>
<p>Gaining Insights</p>	<p>FILE c. myers – Gaining Insights – Credit Union Name – MM-DD-YY.pdf</p> <p>The Gaining Insights book has select reports to help management see sources of performance and find areas of opportunity to support with balance sheet optimization. Reports in this book help you answer questions such as, <i>What are the institution's most profitable asset categories over a range of rates?</i> or <i>What are the details behind the profitability profiles by asset category?</i> This book is meant to be used by decision-makers within the institution during strategic conversations and meetings.</p>
<p>Liquidity Analysis</p>	<p>FILE c. myers – Liquidity Analysis – Credit Union Name – MM-DD-YY.pdf</p> <p>The Liquidity Analysis helps decision-makers easily see how well the institution is positioned to meet their strategic liquidity requirements, and balance external stressors over the next 12 months. It contains 3 different views, which often include: the base liquidity position (in light of the institution's forecast), a stressed liquidity scenario, and a contingency solution to that stress scenario so decision-makers can see ahead of time what it may take to manage liquidity in a stressed environment</p>

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Results Summary	<p>FILE c. myers – Results Summary – Credit Union Name – MM-DD-YY.pdf</p> <p>The Results Summary is a high-level document that makes the simulation results easier to understand for ALCOs and boards. It shares what other institutions are currently testing, explains how to read the results dashboard, summarizes the main changes in the risk profile, and then shows how the results are performing against risk limits/guidelines and the NCUA NEV test (if applicable), as well as the longer trend of risks to net worth.</p>
Back Testing and Sensitivity to Key Assumptions Testing	<p>FILE c. myers – Back Testing and Sensitivity to Key Assumptions Testing – Credit Union Name – MM-DD-YY.pdf</p> <p>This is an easy-to-navigate document that compares key ratios and simulation assumptions to various historical data to support the overall simulation results. The comparison includes recent performance along with comparisons to alternate environments, to evaluate the reasonableness of simulated risk of the historic environments. This provides perspective not only to decision-makers, but also examiners that may want a back test of the information and results captured in the KDI and Reference DB.</p>
Loan Prepayment Speed Analysis	<p>FILE c. myers – Loan Prepayment Speed Analysis – Credit Union Name – MM-DD-YY.pdf</p> <p>The Loan Prepayment Speed Analysis captures the prepayment behavior your loans have experienced. The deliverable analyzes each of the institution’s loans from 1 year ago, calculating how much of the runoff was due to prepayments. The analysis then compares the experience to the assumptions. This research can also be used as a foundation for prepayment assumptions going forward.</p>
Non-Maturity Deposit Behavior and Pricing Analysis	<p>FILE c. myers – Non-Maturity Deposit Behavior and Pricing Analysis – Credit Union Name – MM-DD-YY.pdf</p> <p>The Non-Maturity Deposit Behavior and Pricing Analysis compares historical pricing of the institution and balance movement of key deposit categories in various historical rate environments to inform and support those key assumptions used in your simulation. This analysis goes beyond simplistic linear “betas” and standard “decay rates” – incorporating the dynamic relationship between your institution’s pricing, the level of market interest rates, and depositor behavior.</p>
Assumptions Documentation of Rationale	<p>FILE c. myers – Assumptions Documentation of Rationale – Credit Union Name – MM-DD-YY.pdf</p> <p>The Assumptions Documentation of Rationale explains your reasoning and support for each key assumption in the model. This includes historically based data to evaluate your institution’s position on assumptions, including deposit pricing and withdrawals, loan prepayment speeds, net operating expense ratios, NEV, etc. Stress testing of key assumptions is also included.</p>