

Parallel Modeling Analysis

Could your credit union benefit from another set of eyes to review the asset/liability management (ALM) modeling your credit union is using for making strategic decisions? Would you like assistance to validate the strengths of your current modeling system, and perhaps expose potential vulnerabilities? Using your credit union's input data and results obtained from our proprietary Share Sensitivity Analysis (SSA), Balance Sheet Solutions generates ALM modeling reports for comparison. These reports include Gap, Net Interest Income (NII), and Net Economic Value (NEV) sensitivity. We then compare these reports to your credit union's modeling results, note differences, and summarize the analysis – while including important and influential share sensitivity results.

The SSA identifies the duration of liabilities (including non-maturing items), determines historical pricing behavior at your credit union, and reviews historical funds flow movement as market rates change. This one-time statistical analysis can reveal potential weaknesses within various market and economic scenarios, and consequent member behavior potentially impacting share deposits. Balance Sheet Solutions views this analysis as an important step as part of any credit union's ALM modeling process.

On one hand, Parallel Modeling Analysis can reinforce the modeling and assumptions your credit union is using as a valid approach. On the other, it can provide the insight and documentation you may need if a shift in course is warranted.

Ease of Use

For modeling purposes, Balance Sheet Solutions obtains raw data from your credit union. However, instead of requiring your credit union to install new software, we process data your credit union already possesses. We extract this data from typical, easily obtainable credit union data files to ensure the reporting and model comparison inputs remain constant.

Staff Expertise

Our team includes experienced investment advisory representatives and asset/liability analysts who bring their broad experience in the financial industry to the credit unions they serve. These individuals will populate the models, develop the analysis, and guide you in understanding the reports. View our team's biographies online at www.balancesheetsolutions.org.

Advantages

- **Accuracy.** Since data is extracted from typical, easily obtainable credit union data files, reporting and model comparison inputs remain constant.
- **Simplicity.** The file transfer of your credit union's data, needed to build an accurate parallel model, is executed with ease and convenience electronically.
- **Flexibility.** Our Parallel Modeling Analysis can accommodate the size and complexity of any balance sheet. Our range of clients include small- to mid-size credit unions comparing models for the first time, to credit unions with assets in the billions, seeking an alternative model for comparison purposes.

Getting Started

To learn more, simply contact an Investment Advisory Representative at Balance Sheet Solutions or call 888-796-6389.