



Asset Liability Management Services

The Capital Markets Group (CMG) of Commerce Bank is committed to providing a comprehensive array of industry-leading Asset Liability Management (ALM) services. Analysis derived from our ALM simulation model serves to enhance management's ability to effectively manage current balance sheet strategies, not just meet regulatory compliance. Our team combines their industry experience with the robust capabilities of the ZM Desk software platform to provide services that support our clients' ability to manage their institution most effectively.

ALM Reporting Package

CMG's ALM report package has been developed by two former bankers with over 40 years combined ALM experience. It was designed with our clients in mind and contains purposeful analysis for each targeted audience. At the highest level, risk and performance dashboard reports with early warning indicators allow you to quickly assess the direction and magnitude of balance sheet risk and performance. The report then drills down to provide a detailed analysis of forecasted earnings, values at risk and liquidity. Each report is then concluded with a review of your institution's current risk profile with specific recommendations on ways to increase earnings and/or mitigate risk. Our standard report package includes:

- **Executive summary** – Dashboards comparing results to internal policy limits and current strategic initiatives.
- **Income simulation and value at risk** – GAAP and FASB compliant reporting using both standard rate shocks and non-parallel rate scenarios.
- **Gap reporting** – Includes both repricing gap and liquidity gap.
- **Static and Dynamic Liquidity Reporting** – Shifting from static measures of liquidity risk to dynamic measurements, our Forecasted Liquidity Analysis with its varying degrees of stress (Mild, Medium and Severe) allows institutions to shift their liquidity risk management approach from reactive to proactive.
- **Backtesting** – Provides comparisons of projected to actual income and expenses on both a time-specific and annual basis. Additionally, these reports provide reassurance regarding earnings calculations and highlight areas requiring attention.
- **Balance Sheet Strategies** – Our ALM team leverages their combined community bank knowledge, capital markets background and hands-on ALM experience to provide wholistic investment, lending and funding strategies based on your balance sheet objectives.

Additional ad-hoc services include:

- **What If Analysis** – CMG's simulation model allows clients to create customized "what if" scenarios to project the impact of prospective business strategies on the balance sheet and earnings.
- **Sensitivity Testing** – Sensitivity testing of key ALM model assumptions analyzes the soundness of those assumptions to demonstrate results are valuable.
- **Bond Swap Analysis** – Taking our reporting one step further, our ALM team can analyze your investment portfolio to identify potential opportunities to better align with your balance sheet objectives.

Regulatory Exam Preparation

CMG can assist clients in preparing for the ALM portion of safety and soundness exams. Prior to the exam, we will help prepare you for ALM discussions with regulators. Additionally, our ALM team is available to interact with regulators and auditors regarding more detailed ALM reporting content.

Asset Liability Committee Consulting

CMG's Asset Liability Committee (ALCO) Consulting Service is a comprehensive ALM solution that provides a more detailed review of your current risk profile and customized balance sheet strategies to enhance earnings and mitigate risk. Whether it is facilitating the ALM discussion as part of your ALCO meeting or compiling your ALCO reporting package, we tailor our level of involvement to meet your needs.

Let's talk.

Let the Capital Markets Group help you find the right investment products and/or services to enhance your business. Contact us at 816.760.3636 or CapitalMarketsGroup@commercebank.com.

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Challenge Accepted.

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