![David Green Advisors logo]

2-Minute ALM Quiz

How would you describe your bank's ALM Model, ALCO Process and risk and profitability management exercises which depend on earnings forecasts?

Option A	Option B
☐ Dynamic balance sheets are the basis for the calculation of risk metrics	☐ Static balance sheets are the basis for the calculation of risk metrics
☐ IRR and LR are measured using independent balance sheet forecasts	☐ IRR and LR are measured using the business units' balance sheet forecasts
☐ ALM's baseline earnings forecast is consistently more accurate than Finance's baseline forecast	☐ ALM is not asked to produce a baseline earnings forecast
☐ ALM delivers meaningful insights into balance sheet and earnings dynamics	☐ ALM is a *check-the-box* exercise that is primarily done to satisfy regulators
☐ ALM is regularly consulted by management and the business segments to validate and monitor strategies	☐ ALM is ignored by management and the business segments because they are confident that their strategies will work
☐ Earnings and margin reconciliations influence the execution of strategies	☐ Earnings and margin reconciliations are only used to identify modeling errors
☐ IRR and LR metrics and FTP rates are produced in the same model utilizing the same data and behavioral assumptions	☐ IRR and LR metrics and FTP rates are produced in different models utilizing different data and behavioral assumptions
☐ IRR and LR exposures are analyzed at a business segment and product level	☐ IRR and LR exposures are only analyzed at a consolidated level
☐ ALCO regularly analyzes the earnings and the earnings risk profile of the mismatch center	☐ ALCO does not analyze the earnings and the earnings risk profile of the mismatch center
☐ Risk and profitability management are understood to be one in the same exercise	☐ Risk and profitability are managed as if they are separate and distinct exercises

Did you choose Option B for any of your answers? If you didn't select Option A for every one of your answers, we'd like to speak with you about your ALM process and introduce you to some of our clients who would love to share their stories with you.

Organizations which recognize that risk and profitability management are the same problem design granular modeling processes to analyze and manage earnings and earnings volatility; independence and accountability are embraced.

It is possible to understand and manage earnings and earnings volatility at an exceptionally fine level. We would love to show you how. Please contact us.

david.green@davidgreenadvisors.com • davidgreenadvisors.com + almftp.com
404.966.0054 • 16900 N Bay Rd, Suite 1712, Miami, FL 33160