

## Asset-Liability Model Validation

Asset-Liability Management (ALM) validations assure credit union CEOs, CFOs, ALCO and Board members, and other credit union leaders that interest rate risk measurement processes accurately display the risk exposures of their credit union. It enables them to identify gaps in which ALM measurement and reporting may not fully capture true risk, and further ensures compliance with NCUA and other financial institution regulations.

Each of QuantyPhi's ALM validations are unique based on your balance sheet, parameters set forth in your ALM or interest rate risk policies, and methods of assumption setting and results reporting. During the validation, our highly trained team will review your credit union's ALM program, pinpoint areas that are not currently optimized for overall peak performance, suggest methods and practices to help improve your credit union's ALM process, and help you implement any desired changes.

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We will review critical areas of interest rate risk measurement and management including:

1. ALM program governance and controls
2. Interest Rate Risk and ALM policy review
3. Model input and balancing procedures
4. Data extraction, import, and reconciliation procedures
5. Investment portfolio validation
6. Model results validation (NEV/NII/other)
7. ALM assumptions review
8. Compliance with regulations, policies, and best practices
9. Other CU specific needs based on preliminary review

Once the review is completed, QuantyPhi will provide a detailed written report summarizing their findings, recommendations, review methodologies, and details of the review.