



YORKSHIRE BUILDING SOCIETY INCREASED CONTROL OVER ALM AND GAINED SOPHISTICATED REPORTING WITH AMBIT

With the help of Ambit BancWare ALM, Yorkshire Building Society successfully gained control over the asset/liability management (ALM) environment and dramatically improved reporting capabilities.

Background:

Yorkshire Building Society (YBS) is one of Britain’s largest and most successful building societies, with a total of 134 branches throughout the UK. The organization offers a full range of savings accounts, insurance products, mortgages, loans and more.

Recognized as the third largest building society in Britain, YBS currently employs around 2300 employees and has assets summing £20.5 billion. A main policy of the society is growing the business as efficiently as possible in order to generate enhanced benefits for its members.



Challenges:

With the ultimate goal of optimizing asset/liability management, YBS set out to locate an automated solution that could assist in managing its rather intricate balance sheet, as well as provide increased scalability to support a rapidly growing quantity of data.

Prior to implementing Ambit BancWare ALM, YBS was relying heavily on Microsoft Excel spreadsheets and in-house systems to manage asset and liability data. While this process was effective at getting the job done, it did not offer users the sophistication for complex modeling that an advanced banking solution, such as SunGard’s Ambit Risk, is equipped to offer.

Generating effective reports with Excel alone was a bit of a challenge considering the inherent limitations of the program, the functionality of which is intended for more basic types of reports. Additionally, the in-house systems utilized at YBS did not offer the level of scalability that the building society needed in order to effectively handle its steadily increasing workload in a quick timeframe.

YORKSHIRE BUILDING SOCIETY (YBS)

Industry: Building Society

Environment: Centralized

Location: UK

Asset Size: £20.5 Billion

SOLUTION BENEFITS DERIVED:

- Better predict customer behavior
- Easy system adjustments with flexible interface
- Accurate and reliable modeling
- Improved productivity and accuracy with automation
- Ability to run multiple scenarios at once

YBS's balance sheet was complex, including components such as fixed-rate mortgages that required particular attention and were subject to market fluctuations. The organization required an ALM solution that could offer the flexibility to perform system changes accurately and whenever it was needed. Systems utilized at YBS prior to the Ambit BancWare ALM implementation often made the process of making adjustments a tedious and challenging task.

"We choose to implement the Ambit BancWare ALM solution because of the strong reputation that SunGard maintains in the area of asset/liability management, as well as the first-rate functionality of the solution."

*Mark Smith, Group Financial Risk Manager,
Yorkshire Building Society*

A last concern that YBS faced was the growing importance and strict nature of regulatory standards, such as Basel II, which presented a need to devise ways of leaving appropriate audit trails that would be in line with the demands of regulators. A major solution requirement outlined by YBS was therefore locating an interface that could provide the capacity to perform precise regulatory analysis.

Solution:

YBS initially implemented an early version of Ambit BancWare ALM back in 2001 and was pleased with the functionality and benefits derived, therefore in 2005, the society decided to investigate the upgraded version of the tool. Management at YBS was pleased to find that the latest edition, Ambit BancWare ALM 5.0, fit in well with its set of business objectives.

Ambit BancWare ALM is an integrated, flexible balance sheet management solution that provides comprehensive ALM, strategic planning and simulation. Its multiple user capabilities allow easy access to sophisticated and rigorous balance sheet modeling, analysis

and reporting, helping financial institutions to achieve improved analysis for better decision-making. A list of solution benefits are as follows:

- Data confidence
- Multi-dimensional analysis
- Reporting flexibility
- Controls for regulatory standards
- Flexible interface



A team comprised of the ALM manager and technical support employees at YBS, were responsible for the vendor selection. Initially YBS was considering about three to four possible technology vendors, however key decision makers quickly came to realize which solution would be the best fit for their requirements. They arrived at the decision to go with SunGard based on a number of factors, including the high recommendations they received, the large client base that SunGard supports and lastly the impressive functionality of the solution. YBS was particularly impressed by Ambit BancWare ALM because it is not simply generic risk software, but it also offers planning, multi-dimensional analysis and an interface that is malleable enough for financial institutions to tailor it to their needs and goals.

The Ambit BancWare ALM was up and running within a few months of the decision, a timeframe which YBS was pleased with. YBS was also impressed with SunGard staff's expertise and found that the training they provided offered employees a strong

foundation. The solution has been centrally deployed within the organization, allowing employees the convenience of a unified location for storing and retrieving data.

“The solution’s modeling capabilities have offered us the ability to respond to situations quicker and then plan accordingly for the future. I can’t imagine doing business without it.”

*Mark Smith, Group Financial Risk Manager,
Yorkshire Building Society*

Results:

YBS had a clearly defined set of goals that they were hoping to achieve with the newly implemented solution. These included improving fully integrated balance sheet simulations, performing forward based GAP analysis, better predicting customer behavior, improving mortgage planning and being able to drive hedging deals. Fortunately, the dynamic capabilities of Ambit BancWare ALM have made generating these types of meaningful reports both an easy and reliable process.

YBS has attained a number of positive results since implementing Ambit BancWare ALM. A main one of these is the enhanced control that the organization has gained over its ALM environment, resulting from centralization, as well as the introduction of effective balance sheet strategies, which offer user-specified algorithms, rules and pricing assumptions.

YBS has been able to achieve measurably improved scalability since putting Ambit BancWare ALM into place. The system’s robust interface has been able to efficiently support the society’s growing workflow. Users have also been pleased to find that multiple jobs

can be scheduled at once, meaning that a greater quantity of tasks can be processed and completed in a significantly reduced amount of time. SunGard has designed Ambit BancWare ALM to maximize scalability and computational throughput by working closely with strategic technology partners, Microsoft and Intel, in an effort to leverage the latest development technology, including hyper-threading and distributed compute capabilities. This unique system architecture scales efficiently to accommodate growing financial organizations, such as YBS.

Automation has allowed employees to redirect their efforts to focus on more complex analysis and away from time-consuming, manual data-entry. This organizational shift has had a measurable impact at YBS in the form of cost savings and improved data accuracy.

In order to manage risk effectively, it is essential for financial institutions to be able to model customer behavior. Ambit BancWare ALM provides insightful customer reporting, which is supporting YBS in making better business decisions that are based on customer trends. The sophisticated modeling capabilities of Ambit BancWare ALM are also helping the YBS with GAP analysis, mortgage planning and ‘what-if?’ scenarios among other essential types of reporting. As a result, management now has the tools necessary to promptly respond to events that require immediate attention and forecast appropriately.

Remaining aligned with regulatory standards is now easier for YBS, as a result of the pre-built templates and rules, which make creating audit trails a quick and reliable process. The society is assured that they will be able to achieve compliance with standards that may emerge in the future by depending on the easy customization of the Ambit BancWare ALM platform.

ABOUT AMBIT BANCWARE ALM

A proven leader in balance sheet management software, Ambit BancWare provides a range of flexible and scalable asset/liability management (ALM) solutions, allowing you to design and implement a solution to meet your enterprise risk management goals. More than 400 banks, financial institutions, mortgage and credit lenders worldwide trust Ambit BancWare to effectively deliver high-caliber, actionable intelligence.

ABOUT AMBIT

SunGard's Ambit is a banking solution suite for retail, commercial and private banks. It provides banking professionals with solutions that support front-, middle- and back-office operations, as well as solutions for financial management, risk and compliance. Ambit helps banks improve customer service management, streamline business processes, comply with regulations and capture growth opportunities. For more information, visit www.sungard.com/ambit.

ABOUT SUNGARD

With annual revenue of \$5 billion, SunGard is a global leader in software and processing solutions for financial services, higher education and the public sector. SunGard also helps information dependent enterprises of all types to ensure the continuity of their business. SunGard serves more than 25,000 customers in more than 50 countries, including the world's 50 largest financial services companies. Visit SunGard at www.sungard.com.

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