

Risk and Compliance Case Study **AMBIT LIQUIDITY RISK MANAGEMENT**

Achieve More Through Liquidity Management and Balance Sheet Forecasting: Metro Bank

Overview

Metro Bank needed a robust liquidity management and balance sheet forecasting solution to support its retail banking business.

Metro Bank, the first new U.K. high street bank in more than 100 years, launched in July 2010 with a focus on providing the best in service and convenience to customers. Since opening its doors, Metro Bank has significantly grown its customer deposits, lent to retail and business customers, participated in the funding for lending scheme, raised significant capital through private and institutional investment, and opened 27 stores across London and the South East. Of course managing and measuring liquidity, risk and capital is extremely important.

In addition, the flat interest rate environment, reduced capital market activity and the need to establish a positive tenor mismatch strategy made delivering consistent net interest income, value to shareholders and reduced volatility of earnings ever more important.

Metro Bank needed robust systems and controls to manage interest rate risk, liquidity risk and financial planning/projected earnings. Key requirements for the solution included the ability to analyze risk adjusted return on assets and equity, comprehensive management oversight, and management information reporting functionality.

Metro Bank chose FIS' Ambit Focus solution for ALM and balance sheet forecasting. Ambit Focus assists Metro Bank with Individual Liquidity Adequacy Assessment and Basel III's liquidity coverage ratio while offering a user-friendly solution that can scale to handle the bank's future needs.

Business challenges

- Metro Bank needed to launch its business while complying with numerous regulations.
- The bank had to manage consumer and shareholder demands, changing regulatory landscapes and a new U.K. bank branch network strategy.

Our solution

- FIS' Ambit Focus solution enables Metro Bank to accurately manage its net interest income and margin, economic value of equity and smooth earnings volatility through a forecasted balance sheet.
- FIS' Ambit Focus solution offers transparent, accurate and consistent data for FSA 017, 47, 48, 52 and 54 regulatory reports.
- FIS' Ambit Focus solution assists with Asset-Liability Committee decision-making and financial planning.
- FIS' Ambit Focus solution helps ensure that Metro Bank accurately measures and manages asset liability gaps, basis risk and liquidity buffer requirements.
- FIS' Ambit Focus solution helps the bank perform multi-dimensional analysis of the balance sheet, run stress tests and create reports.

The results

- Metro Bank has the accurate data and robust controls that it needs to meet regulatory requirements.
- Metro Bank can maximise its net interest income.
- The bank can more easily identify and simulate strategies that minimize the cost of and exposure to liquidity risk.
- FIS' Ambit Focus solution makes it easier for Metro Bank to avoid undesirable volatility in earnings through effective simulation techniques.

ABOUT METRO BANK

Metro Bank is Britain's first new High Street bank in over 100 years. We offer banking focused on the customer through unparalleled levels of service and convenience. With our unique, customer-focused retail business we reinvent the rules of retail banking, making every effort to remove all stupid bank rules from our day to day services to offer simpler and more convenient banking to you.

About FIS' Ambit risk and performance

The Ambit Risk and Performance helps retail and commercial banks to gain a centralized view of risk, liquidity, capital and profitability across the enterprise so banks can be prudent in their decision making, yet **strategic for maximized returns**. The solution suite offers modular solutions for asset liability management, liquidity risk, capital management, operational risk and credit risk management. For more information, please visit www.fisglobal.com/ambit

About FIS

FIS is a global leader in financial services technology, with a focus on retail and institutional banking, payments, asset and wealth management, risk and compliance, consulting and outsourcing solutions. Through the depth and breadth of our solutions portfolio, global capabilities and domain expertise, FIS serves more than 20,000 clients in over 130 countries. Headquartered in Jacksonville, Florida, FIS employs more than 55,000 people worldwide and holds leadership positions in payment processing, financial software and banking solutions. Providing software, services and outsourcing of the technology that empowers the financial world, FIS is a Fortune 500 company and is a member of Standard & Poor's 500® Index. For more information about FIS, visit www.fisglobal.com

