



In only 12 months BayernLB together with IRIS and Accenture implemented a structural liquidity management for the total Bayerische Landesbank, Munich based on the integrated **riskpro™** financial infrastructure

The Challenge

In answer to the agreement between the EU and the German State banks regarding the future evolution of guarantee mechanisms for German public sector banks, due to be complied by July 2005, BayernLB engaged itself in a large enhancement program of the scope and flexibility of its risk management and analysis systems. In the frame of this process BayernLB selected **riskpro™** in December 2002 as the core platform for the structural liquidity management of the entire organization.

The main criteria for the decision in favor of **riskpro™** were:

- flexibility of customized reports
- flexibility of strategies definition
- powerful portfolio replication options
- possibility to distinguish cash-flow types

This decision was preceded by the development of a comprehensive "Application Concept" in which the availability of the required data and the bank's requirements regarding expected results were accurately defined. First priority for the bank was consistent static liquidity and interest gap reports for the whole bank.

The Results

The projects Phase 1 was completed by the end of December 2003, within the time and cost frames. Production started in January 2004.

According to BayernLB's Project Manager it is above all the number and richness of the theoretical concepts implemented in **riskpro™** and their flexibility to be put into practice what makes **riskpro™** so valuable for the Bank. "A modern bank management has as an essential prerequisite the ability to analyze the situation of the whole organization from different perspectives taking into account different parameters. **riskpro™** and its ability to define different strategies combined with the Customized Reports Generator allow to represent these different perspectives in a very efficient way", stated the Project Manager.

About the riskpro™ implementation

The scope of the project was defined mainly by the controlling and the treasury divisions.

From January to December 2003 the development of the interfaces from the bank's own data warehouse (IDH) to riskpro™ as well as the implementation of riskpro™ were executed by an IT and experts team from BayernLB, IRIS and Accenture. Due to the magnitude of the project the engaged resources of the contributing parties varied over time. From the total of approximately 50 man-years, over 50% were consumed by data issues (improving data quality of delivery systems, mapping and interfacing to riskpro™). The BayernLB Project Manager mentioned as positive surprises:

- The quality of the riskpro™ interface data documentation.
- The scalability of the application.
- The growing confidence in riskpro™ as well as in the cooperation with the IRIS consultants during the implementation

BayernLB Profile

With a balance sheet of € 349.7 billion (30/06/2006) the Bayerische Landesbank (BayernLB) is one of the largest banks in Germany. BayernLB was founded in 1972 through the merger of Landesbodenkreditanstalt and Bayerische Gemeindebank. BayernLB is jointly owned by the Free State of Bavaria and the Association of Bavarian Savings Banks. In 2002, the two owners transferred their holdings in BayernLB to BayernLB Holding AG in exchange for 50% each of the shares.

BayernLB acts as principal bank to the Free State of Bavaria and as the central banking institution to the Bavarian savings banks.

Balance sheet (30.6.2006): € 34 9.7 billion

Staff: Bank: approx. 5'000; Group: approx. 9'900

BayernLB has its **headquarters** in Munich and offices in Budapest, London, Luxembourg, Milan, Paris and Zurich, as well as in America and Asia.

Start of production with riskpro™: January 2004

riskpro™ Configuration at BayernLB

Analysis Methods

- Exposure Analysis
- Value at Risk
- Credit exposure (current / potential)
- Credit loss
- Liquidity Risk
- Parts of the Dynamic Simulation (e.g. Strategy/Scenario simulation)
- Funds Transfer Pricing
- Historization
- IFRS/IAS 39 (basic, hedge relation builder, hedge optimizer)

Covered Instruments

- Defined maturities
- Symmetric derivatives
- Options / exotic options
- Replication portfolio
- Generalised black scholes

Utilities

- Customised report generator
- True multi currency
- Contract Selection/Aggregation

Architecture / Number Of Users

- Client Server
- 31 concurrent users
- 62 registered users

Contact

IRIS integrated risk management ag
Bederstrasse 1, P.O.Box
CH-8027 Zurich (Switzerland)

T +41 (0)44 388 59 59
F +41 (0)44 388 59 00
www.irisunified.com
info@irisunified.com