



riskpro™ is the new ALM analysis platform for KBC Bank, Belgium, Brussels.

The Challenge

Beginning 2001, KBC Bank Belgium evaluated the ALM-system-market in order to replace their existing system which was no longer supported. The main goal of the new system was to manage the interest and liquidity risks of the banking book by daily processing of approximately 1.6 million contracts. The ALM-, the Risk- and the ICT-departments defined the requirements and managed the evaluation process. The four main reasons for the selection of **riskpro™** were:

- Possibility for 1:1 mapping from KBC products to the **riskpro™** contract data model.
- Possibility for daily incremental feeding and processing within night batch.
- Availability of individual contract results in GADB.
- Overall modelling flexibility, specifically also in the FTP area.

After the completion of the evaluation project, including also BancWare™ and Algorithmics™, KBC contracted IRIS for a pilot project which was undertaken jointly by the bank, IRIS and Accenture.

The Results

The implementation project started in Spring 2002. The main benefits of the implementation, as stated by Mr. Marko Roelf Bolt, Business Project Manager of KBC, are:

For the Analysis:

- Daily processing
- Individual contracts in the GADB
- Net increments
- Modelling of Belgian mortgagesDynamic simulations
- Reconciliation/History/data-quality checks using GADB.

For the Reporting:

- Customized Excel™ reports
- BusinessObjects™ reports on the GADB
- Data quality reports.

As stated by the bank this new infrastructure should allow increasing the quality and efficiency of the bank's ALM function as well as reduce the total cost of analysis.

About the riskpro™ implementation

After the successful completion of the pilot project, the bank decided to manage the implementation work directly. For modelling support it contracted beside IRIS, consultants of AtosEuronext, another IRIS business partner having a large experience with **riskpro™**. Overall a 2.5 year project with an average of around 10 people working on implementing **riskpro™** (modelling, reporting and technical environment), implementing the GADB (unification enhancement and reporting in Business Objects), implementing the interface (validating new KBC data feeding project, mapping and technical environment/scheduling) and project management. The main effort was invested in creating the interfaces.

riskpro™ is fed by customer loans, investment loans, roll over loans, mortgages, discount loans, trade finance, deposits, certificates of deposits, professional loans and deposits, savings and current accounts, bonds, IRS, OIS, caps and swaptions.

riskpro™ Configuration at KBC Bank Belgium

Analysis Methods

- Exposure Analysis
- Value at Risk
- Funds Transfer Pricing
- Dynamic Simulation
- Historization

Covered Instruments

- Undefined maturities (savings, deposits)
- Defined maturities (mortgages, annuities, amortizers etc.)
- Symmetric derivatives
- Options (cap floor, swaption)
- Option pricing algorithms

Utilities

- GADB (Global Analysis Data Base)
- Selection/Aggregation
- Incremental contract loader CDS and GADB
- Contract and event viewer
- Customised report generator

Architecture / Number Of Users

- Client/Server
- 10 concurrent users
- 20 registered users

KBC Profile

KBC Bank Belgium is part of Banking & Insurance Group

Balance sheet: € 224 billion

Staff: approx. 45'000

Processed contracts (in ALM position): 1.6 million

Location: Brussels

Start of production with **riskpro™**: June 2004

Contact

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