



pALMs

In-House ALM Solution

In today's increasingly challenging economic environment, community banks need quick and unimpeded access to accurate and detailed asset-by-asset and liability-by-liability information. This is a critical requirement to enable them to rapidly and accurately aggregate and analyze risk across portfolios. To remain competitive banks must identify the optimal balance sheet positions that match their risk profile and strategic objectives.

pALMs is an ALM system that manages and reports unlimited what-if simulations based on user defined interest rate, liquidity and market risk scenarios.

A SaaS solution, pALMs provides detailed analysis to evaluate the impact of a specific asset or liability on your bank's balance sheet. The easy to use software allows you to review reports on-demand from your desktop, perform real-time simulations to predict the effects of new products or rate and volume changes prior to making investment decisions. The flexibility of user-defined rate shocks provides analysis of risk in any potential market condition.

pALMs is a solution for all your ALM requirements:

- ▶ Balance Sheet Composition
- ▶ Project Income at Risk
- ▶ Market Value at Risk
- ▶ Liquidity Analysis
- ▶ Capital Adequacy
- ▶ "What-if" Simulations
- ▶ Rate Shocks
- ▶ Historical Performance Analysis

+ Maximize NII
+ Manage Risk

Fully optimize your balance sheet through easily importing your general ledger, loan deposit and investment systems. Guidelines are user defined, allowing you to input your ALCO guides. Includes user-defined rate shock scenarios, swap scenarios and simulations.

ALCO and Investment Policy Guidelines			
Guidelines are to be entered as whole numbers unless noted otherwise.			
Data for Processing Period	Current	Latest Period Processed	June, 2011
Maximum Percent Change in Net Interest Income	25	Minimum Net Interest Margin	0
Minimum Return on Assets	0	Minimum Return on Equity	0
Minimum Net Portfolio Value Ratio	6	Maximum Net Portfolio Value Ratio	15
Minimum Liquidity Ratio	10	Minimum Liquidity Ratio Net of Cash & Due	8
Maximum Dependency Ratio	30	Maximum Availability Ratio	50
Maximum Percent Change in Book Value of Equity	25	Last Modified: 5/14/2015 2:46:34 PM Modified By: demo	
Borrowing Limits (Used for Availability Ratio in the Liquidity Report)			
Fed Funds Purchased (000's)	0	Fed Reserve Discount Window (000's)	52907
Federal Home Loan Bank (000's)	87098	FRB Borrowing Line (000's)	0

Assess the impact to your balance sheet under adverse conditions with "What-if" simulations to help deploy effective A/L management strategies.

On-demand analytics, including detailed accounting, management summary, budget planning and market valuation reports.

Liquidity Ratio		Liquidity Ratio Net of Cash & Due	
Cash & Due From	\$2,120	Securities @ Market Value	\$18,521
Securities @ Market Value	\$18,521	Fed Funds Sold	\$0
Fed Funds Sold	\$0	Federal Home Loan Bank	\$547
Federal Home Loan Bank	\$547	Federal Reserve Bank	\$72
Federal Reserve Bank	\$72	FCCCU Checking	\$8,653
FCCCU Checking	\$8,653	First Carolina MCSD	\$130
First Carolina MCSD	\$130	First Carolina PIC	\$750
First Carolina PIC	\$750	First Carolina PSA	\$0
First Carolina PSA	\$0	First Carolina Corp CD	\$0
First Carolina Corp CD	\$0	Total Marketable Assets	\$28,673
Total Marketable Assets	\$30,793		
Less:		Less:	
Pledged Securities	\$0	Pledged Securities	\$0
Net Cash & Marketable Assets	\$30,793	Net Marketable Assets	\$28,673
		CD's \$100M & Greater	\$23,297
CD's \$100M & Greater	\$23,297	Fed Funds Purchased	\$0
Fed Funds Purchased	\$0	Total Volatile Liabilities	\$23,297
Total Volatile Liabilities	\$23,297		
		Core Deposits	\$109,358
Core Deposits	\$109,358	Time Deposits not listed above	\$23,633
Time Deposits not listed above	\$23,633	Total Other Deposits	\$132,991
Total Other Deposits	\$132,991		
Total Deposits & Short Term Liabilities	\$156,288	Total Deposits & Short Term Liabilities	\$156,288
Less:		Less:	
Pledged Securities	\$0	Pledged Securities	\$0
Net Deposits & Short Term Liabilities	\$156,288	Net Deposits & Short Term Liabilities	\$156,288
LIQUIDITY RATIO	19.70%	LIQUIDITY RATIO NET OF CASH & DUE	18.35%
ALCO Guideline/Status	>10% OK	ALCO Guideline/Status	>10% OK
Dependency Ratio		Borrowing Availability Ratio	
Total Volatile Liabilities	\$23,297	Corporate Credit Union	Outstanding Line Limit
Less: Short Term Investments	\$12,431	Federal Reserve Discount Window	\$0 \$16,000
Net Volatile Liabilities	\$10,866	Federal Home Loan Bank	\$0 \$15,000
		Total	\$0 \$31,000
Total Earning Assets	\$156,033		
Less: Short Term Investments	\$12,431		
Net Earning Assets	\$143,602		
		BORROWING AVAILABILITY RATIO	0.00%
DEPENDENCY RATIO	7.57%	ALCO Guideline/Status	<25% OK
ALCO Guideline/Status	<20% OK		

NMD Measurement & Modeling Service

Core deposits are a major funding source for financial institutions. Their size, growth, stability and composition are key factors that directly impact the institutions' interest rate risk profile, earnings at risk and economic value.

Knowing what factors drive deposit growth and deposit retention is essential to help financial institutions maintain a stable deposit base. Yet, very few allocate the resources required to identify and understand the factors driving their growth, retention and decay.

CetoLogic's Non-Maturity Deposit (NMD) Measurement and Modeling service assists your institution to identify the growth and stability of non-maturity deposits and provides insights as to how the projected increases in interest rates may affect your institution's risk profile, liquidity and profitability.

NMD Measurement and Modeling service:

- ▶ Measures the impact of changes in deposit growth, deposit mix and retention rates on profitability and liquidity.
- ▶ Assesses the impact of increases in interest rates on an institution's funding profile.
- ▶ Measures the influence of increases in interest rates on deposit growth, deposit retention, profitability, liquidity and risk profile.
- ▶ Develops predictive model to incorporate institutions' historical deposit data to assess if deposits are stable or temporary.

A stable deposit base is essential to drive sustainable and profitable growth. Given the projected, imminent increases in the interest rate, it is critical for financial institutions to understand the impact of these changes on their risk profile, liquidity and profitability.

Identifying the factors that drive deposit growth is a fundamental requirement to manage a stable deposit base.