

CONTACT INFORMATION

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A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are reflected in each other, creating a complex geometric pattern. The sky is a pale blue. In the bottom right corner, there is a dark blue rectangular box containing the text "ASSET & LIABILITY MANAGEMENT" in white.

**ASSET & LIABILITY
MANAGEMENT**

INTRODUCTION

Asset & Liability Management (ALM) is an evolving discipline. While it used to mean and cover mainly interest rate and liquidity gap analysis it soon extended to sensitivity measures such as Duration. Balance sheet forecasting also became an integral part of the discipline. Inclusion of the trading book and other risk factors such as FX-rates were natural extensions. Ariadne pushes the discipline to the next level by integrating the credit and operational side of the business. In this widest sense, ALM can be understood as the analysis of everything.

STATIC ELEMENTS

In our Consulting Services we apply our core knowledge “quantitative financial analytics” to the benefit of our client’s risk and general management activities. Having the right underlying concepts and a transparent consistent data infrastructure is key. That’s why our services are structured in three main parts:

- Gap analysis: Liquidity and interest rate gaps with freely definable time buckets
- Stress scenarios: Any risk factor can be shocked or stressed and the effects on fair or mark to model values reported
- Value at Risk and Expected Shortfall: Monte Carlo based histograms

DYNAMIC ELEMENTS

This is an especially strong feature of Ariadne. Our dynamic simulation module allows to define business strategies and combine them with expected market risk conditions. Most striking is the achieved complexity reduction without compromising the analytic accuracy. This allows to tackle more complex problems. More detail is found in the fact sheet “Dynamic Simulation”.

CREDIT AND OPERATIONAL RISK ELEMENTS

While ALM models have always been strong with respect to market risk factors, Ariadne allows now to truly integrate credit risk effects and operational strategies.

- Credit risk: Credit risk is about cash-flows that are expected to be lost. This means, we need to know the expected cash-flows first. Expected cash-flows is the prime output of classical ALM tools, making it the perfect platform for integration. Ariadne supports exposure analysis (Gross Exposure, Net exposure and Loss given Default (LGD)) and in a second stage expected loss simulation.
- Operational strategies: Operational budgets or strategies are almost unanimously defined on the basis of excel spreadsheets. The two-dimensional nature of spreadsheets makes them a natural choice for the job. We at Ariadne have taken advantage of this by integrating excel functionality into our core. Since it is stored on the data base, it also solves the downside problem of excel which is its uncontrolled nature



ABOUT ARIADNE

Ariadne is a new initiative in Finance and Risk Management. It is profiting from over 100 combined years of successful entrepreneurial and academic experience of our Ariadne founding partners. Our team combines a unique combination of skills and experience in financial and enterprise risk management, risk software development, finance and risk consulting.

Ariadne was initiated by Willi Brammertz, the lead author of “Unified Financial Analysis”. Financial experts consider Willi Brammertz to be the driving force pushing the edges of financial analytics and leading the industry forward.

GENERAL INFORMATION

Founder

Dr. Willi Brammertz

Area of Expertise

Risk Management Consulting
Risk Management Software
Data Standardisation

