

Turning Stress Testing into a Competitive Advantage

Primatics' Stress Testing Solution provides flexibility and operational efficiencies



BMO Harris Bank (BMO) employed Primatics' Evolv Stress Testing Solution to automate and integrate accounting impacts into its stress testing process. The Evolv Stress Testing solution is designed to provide immediate insight into a bank's risk profile while enabling the bank to adapt to tomorrow's regulations.

Background

Beginning In 2011, regular annual stress testing exercises began for large financial institutions within the United States. Regulators worked each year to update the process to make it more useful for banks, in terms of capital planning and overall risk management. To accomplish this, regulators collaborated with banks to modify and enhance scenarios as well as the information required in the regulatory submissions. Given this iterative process, banks were most successful when they employed a flexible, automated system that offered transparency and provided detailed analytics. In a rapidly changing regulatory and market environment, several banks began to proactively look for partners who could eliminate the dependency on manual processes, evolve with a changing industry and help enhance their overall stress testing process.

The Solution

The Primatics approach to stress testing is to provide banks the ability to turn stress testing into a strategic advantage, while equipping them to meet regulatory requirements. The Primatics Stress Testing solution can be configured to align with a bank's specifications for valuing its loans by integrating with the bank's internal models. This provides banks the flexibility to value loans through different modeling approaches within the same controlled framework. The Evolv Stress Testing solution generates a view into loan performance and produces accounting forecasting results, which serve as input into CCAR reports like FRY-14A. Evolv's ability to process at a loan level enables a bank to perform granular attribution analysis across the various Fed scenarios, providing banks with the ability to better defend their results.

"Primatics is a strong partner that brings to the table deep subject matter knowledge and experience while leveraging its deployment of technology and services."

*—Terry Bulger, EVP/US CRO
BMO Harris Bank*



“Primatics has a proven track record of delivering against complex opportunities.”

—Lisa Hofstatter, Chief Accountant
BMO Harris Bank

Benefits

Benefits of Evolv's Stress Testing solution include:

- **Speed to Delivery**—Evolv implements its stress testing solution quickly and efficiently with a bank's existing process. In doing so, banks gain ample time to review and analyze the results as well as assess the impact of stress scenarios on allowance estimation, credit mark (for purchased-acquired loans) and asset quality. Evolv's stress testing process will reduce the time taken for generating expected cash flows and future accounting results given a change in valuation assumptions, by eighty percent, on average.
- **Controlled Process**—Evolv provides banks a controlled, scalable, transparent and repeatable stress testing process that can satisfy regulators. This process has been designed to consolidate inputs from different groups and deploy Evolv to generate loan level cash flows, resulting in analytically-sound accounting forecasts.
- **Competitive Advantage**—Primatics' stress testing clients have more time to play the role of an analyzer, interpreting the results without getting bogged down by the actual implementation and execution of the

process. This enhances a bank's overall risk management process, setting it apart from its competitors.

- **Scalability**—The Evolv platform is designed to scale with a bank's stress testing needs and can provide the bank with the capability to process hundreds of thousands of loans and millions of records.

About BMO Harris Bank

BMO Harris Bank provides a broad range of personal banking products and solutions through over 600 branches and approximately 1,300 ATMs in Illinois, Wisconsin, Indiana, Kansas, Missouri, Minnesota, Nevada, Arizona and Florida. BMO Harris Bank's commercial banking team provides a combination of sector expertise, local knowledge and mid-market focus throughout the U.S. BMO Harris Bank is part of BMO Financial Group, a North American financial organization with approximately 1,600 branches, and \$555 billion in assets (as of April 30, 2013).




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Contact us today to learn more about how we can help you evolve.

About Primatics

Primatics addresses a financial institution's most complex risk and finance challenges with EVOLV, our open platform with integrated solutions. Built by industry experts, EVOLV uniquely equips financial institutions to efficiently meet changing accounting, risk, compliance, regulatory, market and business needs.

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