

Managing swaps worth £20bn

Demands next level accuracy, transparency and compliance

Case study



Company Overview

Company name	Leeds Building Society
Founded	1875
Headquarters	Leeds, England UK
Number of locations	51
Number of employees	1800 (31 Dec 23)
Company type	Building Society (Mutual)
Products	Mortgages, Savings
Revenue	£357.5m (31 Dec 23)

ALMIS Solutions

Customer since	2013
Solutions	Hedge Accounting

The Challenge

Leeds Building Society has been using ALMIS Hedge Accounting for over 10 years. The team have the responsibility of managing the Balance sheet whilst reducing the impact of interest rate fluctuations in unpredictable market conditions triggered by:

- Changes in central bank policies
- Global macro-economic events

Today the Hedge Accounting team manage approximately 360 swaps, made up of 300 macro asset swaps, 60 macro liability swaps and 2 micro swaps, at a total value of £20bn. Their main aim is to efficiently achieve all necessary results for each hedge. Mark Caffrey, Financial Reporting Lead and Assistant Technical Account Heather Ellison are subject matter experts (SME's) who have been using ALMIS at the society for the past three years.

Priorities include:

- Ease of use and achieve the correct results.
- Navigate the process in the most efficient manner.
- Automation.

ALMIS Hedge Accounting Solution

The Finance team use ALMIS Hedge Accounting to overcome the complex hedge accounting challenges and effectively navigate the fluctuations in interest rates. Mark is responsible for overseeing the production of the monthly hedge accounting numbers.

Key areas of the ALMIS Hedge Accounting solution used include:

- Accounting journals
- Match and reconciliation report
- Fair value and cash flow hedge accounting
- Macro portfolio and Micro hedge accounting
- Auto Hedge Item Allocation
- Yield curve and valuation features
- PV base hedge ration calculation over time

The Society identified preparation as the key to the team's success. The ability to set up ahead of their month end enables them to deliver the end of month process quicker. The masterclasses, detailed product guides and responsive specialist support have helped the team discover more features to maximise product efficiency, and in turn their results. "In the past, it would take around five days to finalise our hedging results at month end, but we have recently halved this time reducing down to two days by being able to use the ALMIS software to its full potential." Mark Caffrey

The reports are used by various internal committees including; ALCO monthly pack including a full score card. The Audit Committee who meet five times a year, requires a report on how many swaps, what is the effectiveness looking like, the swap fair values and their movement against underlying instruments.

ALMIS Hedge Accounting Solution

The team run their Hedge Accounting reports in the first week and last week of the month, taking up to a day to set up each month. With 2-3 days to run the reports.

Heather is responsible for producing the monthly hedge accounting numbers, as well as any additional requirements for half year and year end reporting. She is the main user of ALMIS Hedge Accounting software. Heather joined the team just over a year ago and found ALMIS intuitive enough to pick up within few months.

"To help train new users with the ALMIS software we maintain detailed documentation as well as attend the regular ALMIS masterclasses." Heather Ellison

- ✓ Reduces the risk of human error
- ✓ User friendly
- ✓ Improve product usage with specialist masterclasses and extensive user documentation.

"When I joined the society, I was able to pick up the ALMIS software quickly and felt confident using it's features right away thanks to the extensive documentation and training available to users. It's a sophisticated solution that is extremely user friendly and easy to navigate." Heather Ellison

Customer benefits

Improved transparency & accuracy

ALMIS helps with the auditing purposes because auditors are already familiar with the software, which streamlines the process. Similarly, the ability to drilldown into the data is essential during the audit process as it allows for full transparency.

- During independent audits there have not been any fair value differences
- Ability to check ALMIS calculation and compare against that of our counterparty.
- The ability to drill down into the cashflows if the auditors request it.

Increased efficiency

“Over the last 18 months we have improved the way we are using ALMIS which has in turn improved efficiency within our approach to Hedge Accounting .” Mark Caffrey

Would you recommend ALMIS?



“I would recommend the ALMIS solution to all financial institutions of a similar size, **as it manages all macro and micro hedge accounting requirements**. The masterclasses, support, and continual upgrades are added bonuses to an already excellent software solution”

Mark Caffrey

“Yes, for similar sized building societies. It does everything for macro and micro hedge accounting. It takes our Quantum data without the need for much manipulation.

The **masterclasses and specialist support is really great, and the upgrades keeps us up to date**. We are starting to use ALMIS Middle Office + which I know will provide me with even more opportunities to save time.”

Heather Ellison