

Successful Enterprise Risk Management with risk2value at NORD/LB

About NORD/LB

NORD/LB, a universal bank in the heart of northern Germany, has a clear focus on its core business, especially within the region. The company's headquarters in Hanover, Braunschweig and Magdeburg mark the bank's roots in its supporting states of Lower Saxony and Saxony-Anhalt.

NORD/LB operates as the Landesbank for Lower Saxony and Saxony-Anhalt and assumes the responsibilities of a central bank for savings banks in the federal states of Lower Saxony (43 savings banks), Saxony-Anhalt (13 savings banks) and Mecklenburg-Western Pomerania (10 savings banks). The NORD/LB Group also owns over 100 branches of the savings bank, Braunschweigische Landessparkasse, in the greater Braunschweig area.

As a commercial bank, NORD/LB offers an extensive range of financial services to private, corporate, institutional and public sector customers. It also offers structured financing for aircraft financing and international projects within the energy, infrastructure, industry and real estate sectors at select locations. The bank is represented globally through branches and offices in all important trading centers including London, New York, Shanghai and Singapore.

Fast Facts

- Founded: 1 July 1970
- Total assets: approx. €126.5 billion
- Employees: over 5,000

as of 2020

Reasons for risk management software

NORD/LB faced a number of challenges at the onset of the project:

- **Many manual steps** were required to **process risks** due to the lack of a central base of data in the second line of defense. The necessary information was delivered in **various formats**, which resulted in **multiple, separate workflows**.
- This same problem occurred in **data processing**. The operational risk controlling team **manually aggregated and processed** the risk data using multiple information sources.
- These individual interventions and copy/paste actions were **potential sources of error**. In a worse-case scenario, **risks could go undetected**.
- **Creating reports** was a highly **manual** process. Asynchronous processing made the information more **prone to error**. Since incorrect entries were **passed on in further processing**, risk dependencies could not be identified sufficiently.
- Manual tasks **consumed decisive resources** which, in turn, were not available for risk analysis.

The risk management software risk2value was able to address and resolve these issues.

risk2value generates added value for NORD/LB



Using risk2value provides many tangible improvements:

- Significant **reduction in processing errors** through a central pool of data
- **Accelerated processes and workflows** by automating manual workflows
- **More time for data analysis and controlling risks** through the use of professional software
- **Prevention of silos** and delivery of information in **common formats**
- **Synergistic effects** through centralization, including:
 - Pool of data
 - Input wizards
 - Reporting
 - Monitoring

Highlights of risk2value

Using avedos' custom solutions, NORD/LB individually configured the functionality in risk2value and improved its risk management through the following capabilities:

- **Workflow support:** To support the identification, assessment and evaluation of risks and activities, risk2value offers comprehensive workflow support - from creating various roles and permissions to commenting and scheduling.
- **Reporting:** Reports can be generated ad hoc at the touch of a button with risk2value.analytics. Information from the software can also be used to supplement standard reports (e.g. annual reports, quarterly GRC reports). Risk data is automatically aggregated and processed by the central OpRisk controlling team. Claims, risks, scenario analyses and risk indicators are combined, with the help of traffic-light visualizations into a total assessment that is aggregated for the entire group as well as the individual institutes in the respective report categories.
- **Monitoring:** Initiated actions and requirements can be clearly monitored and assessed through action monitoring.
- **Simulations:** Data can be exported from risk2value to an external simulation tool through an Excel interface in order to calculate the value at risk for the economic capital backing (internal model).
- **Input:** Risks and damage claims can be entered and identified through configurable input fields.

Why risk2value?

Nord/LB selected the GRC software vendor avedos because its tool risk2value **best fulfilled** various technical and business **requirements** for processing **claims, individual risks, actions and self-assessments** as well as publishing **ad hoc reports, key risk indicators and scenario analysis**. The possibility for **generating dashboards with risk2value.analytics** was another plus point. Furthermore, NORD/LB can now create a **tailored claims report**, including a plausibility report that the data consortium OP risk (DakOR) requires on a quarterly basis, at the touch of a button.