

# 6 Key Actions to Strengthen ALM Frameworks

Focus Area	Recommended Action
Scenario Design	Broaden your rate paths. Include cuts, flat curves, and renewed hikes if inflation lingers.
EVE Sensitivity	Test balance sheet value under multiple paths, not just normalization but easing cycles.
Liability Repricing	Review timing mismatches—liabilities fixed at high rates may reprice slower than assets.
Hedging Programs	Make sure hedges can handle both rising and falling rates; model embedded options precisely.
Governance & Oversight	Keep ALCO, board, and risk functions closely engaged; review limits and stress results often.
Supervisory Readiness	Expect regulators to probe preparedness for “unfavorable surprises.” Be ready to show resilience.