

Case Study – Profit and Loss Attribution

Context

- The client was a G-SIB whose investment banking division required a significant overhaul of **P&L attribution (PLA)** procedures due to an MRIA raised by regulators.
- Vox was elected to provide subject matter **expertise and guidance** on P&L attribution methodology to the project team.

Issue

- The main challenge was to ensure that the PLA reported in the database reflected the correct attributions from the risk systems, and that they were **consistent across all asset classes**.

Approach

- Vox business analysts first **worked with front, middle and back-office** personnel to map and document each one of the flows and calculations, from PLA risk engine source to trader workflow signoff.
- Vox **reviewed the product methodologies** to ensure their compliance with the new standard and compiled a list of remediation items for IT teams where development was necessary to change the calculation method.
- To compensate for exceptions, Vox **prepared a materiality analysis** for the bank's Central Methodology Governance team and ran a **gap analysis** of Required PLA versus Actual PLA from the product's source risk system.
- In cases where PLA was unavailable in the risk engine system, Vox prepared **development requirements for IT teams**, then coordinated **remediation steps** and **resource priorities** with the Finance, Market Risk, and Product Control stakeholders.
- Vox business analysts completed the **discovery, materiality, and gap analyses** within the allotted time frames and prepared full documentation of each asset class for audit and regulatory review. Additionally, numerous ad-hoc analysis stemming from adjacent work streams were provided throughout the project.

Results

- The analysis provided by Vox in collaboration with bank stakeholders **was approved by the Audit team**, as were the remediation plans for execution by IT.