

Delivering Integrated COREP and FINREP Reporting

Originally presented as a part of a Moody's Analytics webinar | April 8, 2014

Welcome PRMIA Members



Agenda

COREP & FINREP: An Overview

Robert Driver, Policy Advisor, The British Bankers Association

The Challenges of Delivering Fully Integrated COREP & FINREP Reports

A Best-practice Framework for Delivering Integrated COREP & FINREP Reports

Eric Leman, Associate Director, Solution Specialist, Moody's Analytics



The voice of banking
& financial services

COREP and FINREP: An Overview

Robert Driver

British Bankers' Association

British Bankers' Association

- **We represent 200 banks from 50 countries**
- **Which have operations in 180+ countries**
- **50 professional services members**
- **UK, EU and globally focused**
- **65 staff**

FINREP (Financial Reporting)

Objective

Comprehensive view of the risk profile“, "a view on the systemic risks posed by institutions”(art 95 CRR)

Templates

- **Standardisation of IFRS disclosure**
- **“FINREP” templates**
- **Reported on a quarterly, semi annual, or annual basis**

FINREP

Challenges

- **Practical implementation issues**
- **Differences in FINREP and annual account methodology**
- **Data gaps**
- **Consistency**

COREP (Common Reporting)

Templates

- **Own funds: Capital adequacy, group solvency, credit risk, market risk, operational risk**
- **Liquidity**
- **Leverage ratio**
- **IP losses**

COREP

Challenges

- **Consistency of implementation**
- **Availability and quality of data**
- **Timelines**
- **3rd party solutions**
- **XBRL and validations**
- **Alignment to other regulatory requirements**

Delivering Integrated COREP and FINREP Reporting

**Eric Leman, Associate Director, Solution Specialist
Moody's Analytics**

Agenda

- 1. The Challenges of Delivering Fully Integrated COREP & FINREP Reports**
- 2. A Best-practice Framework for Delivering Integrated COREP & FINREP Reports**

Increased Regulatory Reporting Demands & Challenges

» EUROPE

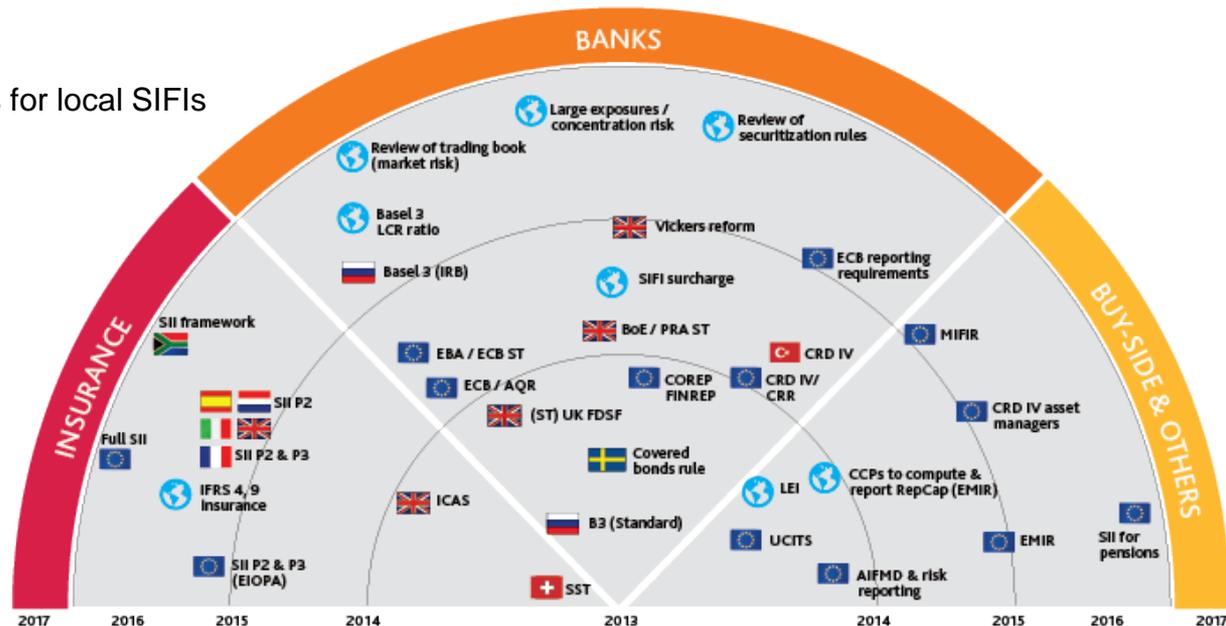
- Basel III LCR & NSFR reports on liquidity risk, plus monitoring reports
- COREP Basel III capital and leverage ratio reports
- FINREP financial reports
- Large Exposures
- Forbearance and non performing loans reports
- Unencumbered assets reports

» UK

- Actual and Forecast FDSF reports for local SIFIs
- Bank Of England reports

» USA

- Update FFIEC101, 102 for Basel III Advanced reports
- Update US call reports for Basel III Standardized
- FRY-14 CCAR monthly, quarterly and annual
- FRY-16 DFAST reports for smaller institutions
- FRY-15 systemic reports for G-SIBs
- FR2320 liquidity risk reports



Increased Regulatory Reporting Demands & Challenges

- » More and more regulations and regulatory reports to file with regulators
- » Enhanced scrutiny on consistent reporting (reconciliation when the same information is reported differently)
- » Increased granularity of reports
- » Increased reporting frequency
- » Increased transparency of Pillar 3 disclosure requirements

New Regulation and Regulatory Reporting Challenges

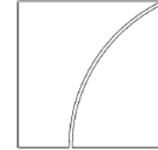
- » Collectively, Basel III and stress testing are forcing banks to invest heavily in risk management infrastructure and software. These new regulatory requirements have redefined the quantity and quality of capital and have imposed new stress testing reporting requirements that are straining existing systems and personnel to the limit.
- » To effectively manage the balance sheet and comply with stricter regulatory requirements, financial institutions must select the risk technology infrastructure and risk management tools that are appropriate for the institution's size, complexity and risk management objectives.
- » To remain competitive, banks must keep up with the latest developments in risk measurement and management.
- » Ultimately, firms that tie risk exposures to capital more effectively will be better able to integrate risk-taking decisions into their strategic and tactical decision-making.
- » Convergence between risk and finance is also one of the key challenges that institutions have to face to answer increasingly stringent regulatory reporting demands from regulators.

Data Consolidation Challenge

- » For many banks, the greatest challenge in developing a COREP & FINREP reporting infrastructure is understanding how to integrate a broad array of datasets into a single, coherent dataset, in a central repository.

BCBS 239

Basel Committee
on Banking Supervision



Principles for effective risk
data aggregation and risk
reporting

January 2013



BANK FOR INTERNATIONAL SETTLEMENTS

Accuracy

- » Accurate and consistent data management is core to integrated COREP and FINREP reporting, as well as broader Basel III regulatory compliance.

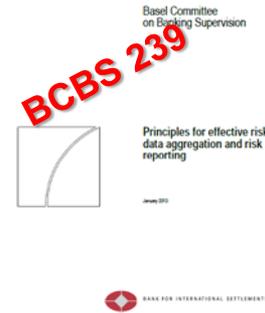
Diversity

- » The datasets that are used to calculate and populate COREP and FINREP reports are stored:
 - across a wide array of different source systems
 - in multiple formats
 - with differing standards of data quality

Reconciliation

- » The dataset must include fully reconcile transaction level risk and finance data so it can deliver fully reconciled COREP and FINREP reports.

Cleansing and Auditing the Data



Quality

- » A consolidated dataset is only as good as the quality of its data
 - It is essential that all data is validated as it is imported into the central repository, to ensure that there are no errors, no missing data and that the quality of the data, such as its age, meets banks overall COREP and FINREP reporting requirements.
 - This process should be repeated during the calculation and reporting stage as well.

Automation

- » The large number of sources that COREP and FINREP reports draw upon demand an automated approach to highlight any data quality issues:
 - Easily highlight issues
 - Fix them quickly

Auditability

- » The ability to audit these changes is central to maintaining the bank's data integrity standards. To maintain data integrity, auditors, security staff and regulators must be able to identify and manage changes applied
 - when a single cell is altered
 - when a comprehensive data patch is applied

Consistent Calculation Process

Same Sources

- » COREP and FINREP reports cover different areas. However they must share the same data source to ensure that banks report their risk and finance results with consistency
- » Therefore, calculation engines should use this data foundation to produce COREP and FINREP results.

Volumes

- » These engines need to be powerful to handle huge volumes of calculations based on the vast range of transactions they handle.

Flexibility

- » These engines need to be flexible to fully capture supervisors formulas and to maintain them as regulations evolve.

Consistent Calculation Process

Broader Scope

- » These same engines should also calculate other Basel Pillar 1 and Pillar 3 reports, leveraging the same data and the appropriate formulas for these results.
 - This ensures that the results are fully consistent across the broad range of reports that a bank must submit.
 - Leverage Ratio, Liquidity Ratio, Large Exposures calculations
- » Other local regulatory reports should use the same results.

Stress Testing

- » An additional complexity is that regulators in the US and EU are enhancing their stress testing regimes
- » This can involve financial institutions providing more granular reports.
 - For example in the UK, the Prudential Regulatory Authority's (PRA) Firm Data Submission Framework (FDSF) requires this level of detail.

Complex Reporting Requirements

Solo and Consolidated

- » In line with Pillar 1 reports, COREP and FINREP reports have consolidated and solo reporting requirements.
 - EU-headquartered banks need to report their group COREP results to their primary regulator, and individual country COREP results to the relevant regulators.
 - FINREP reports are typically submitted on a consolidated basis, except where a solo entity issues its own securities.

Alignment

- » In parallel to this, COREP and FINREP reports must be consistent and aligned with other regulatory reports banks submit to their supervisors and stakeholders:
 - Annual Reports to Shareholders
 - Local Regulatory Reports

Complex Reporting Requirements

National Specificities

- » An additional complexity is that the EBA mandates the collection of a core set of FINREP reports, while allowing national discretion over the collection of non-core reports, which varies from country to country
- » For instance, some banking groups may produce IFRS FINREP where some of their subsidiaries produce Local GAAP FINREP

Various Formats

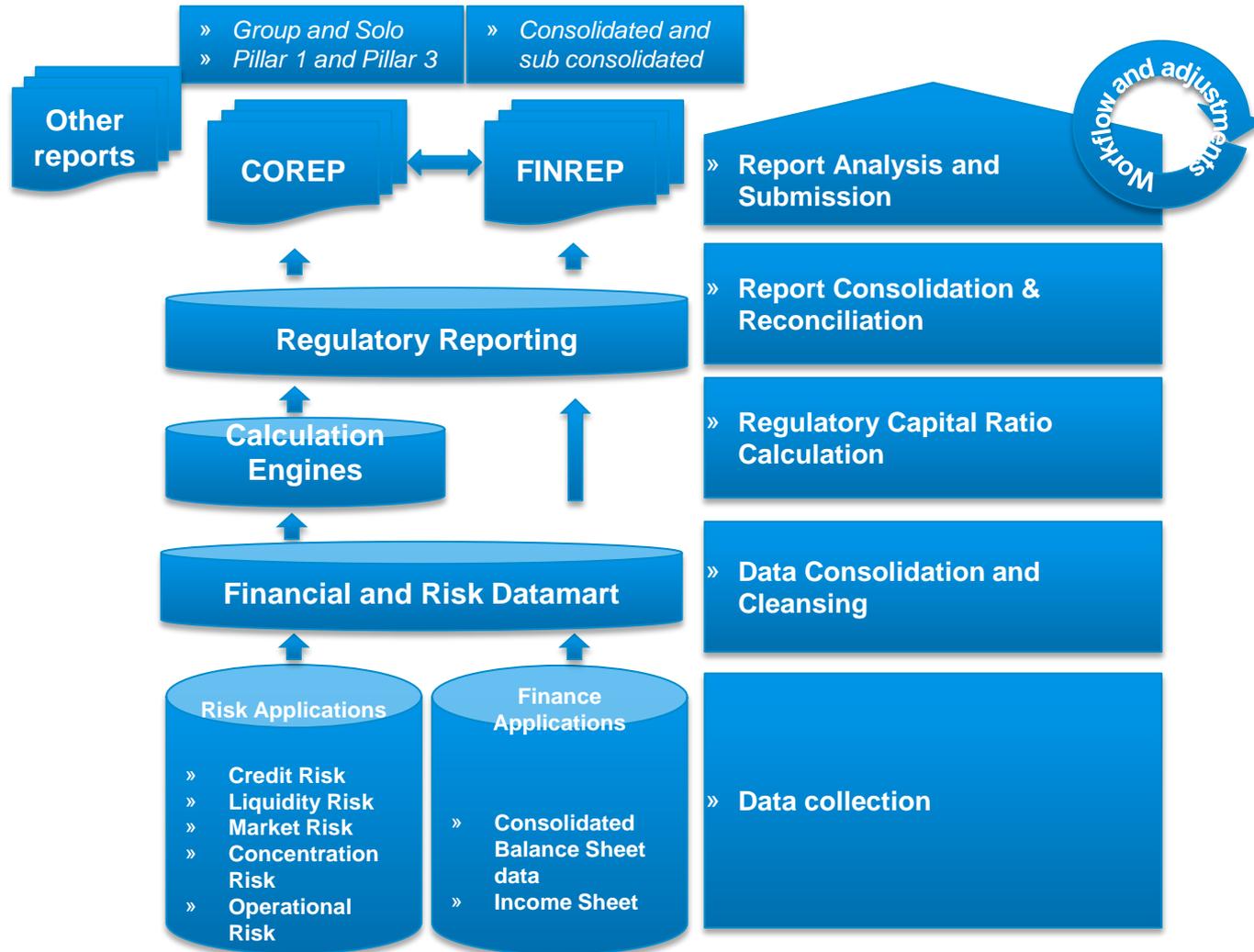
- » Furthermore, each national regulator has wide latitude over how they draw up their COREP and FINREP templates. While the core taxonomy will remain consistent there will be variation in how these results are submitted:
 - the titles used in the returns may vary to accommodate languages issues,
 - the sign off and feedback procedures may be different per country.
- » The templates must support the XBRL models, as well as other electronic formats (Microsoft Excel®, XML, ASCII, Online) as required by each of the local regulators.

While the advent of COREP and FINREP reporting present significant challenges for institutions, there are a set of best practice principles that ensure that a bank can comply fully, cost effectively and on-time.

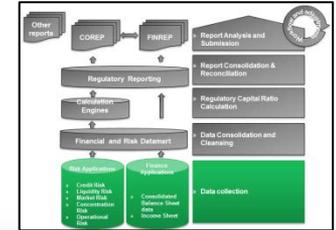
Agenda

- 1. The Challenges of Delivering Fully Integrated COREP & FINREP Reports**
- 2. A Best-practice Framework for Delivering Integrated COREP & FINREP Reports**

COREP and FINREP Reporting Framework



Leverage An Open Model

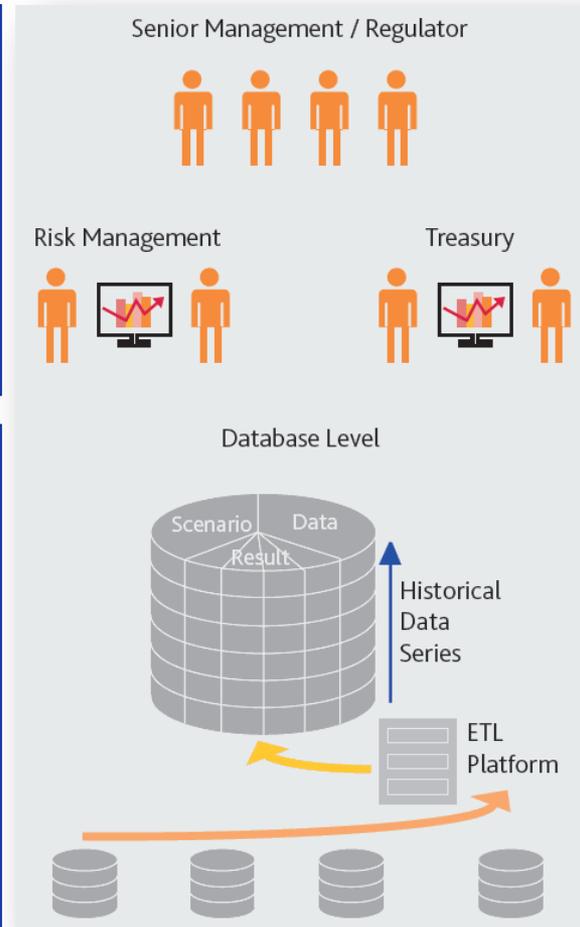


Openness

- » The data needed to populate COREP and FINREP reports will come from a wide range of source systems.
- » The solution needs to be open and flexible so that any data type can be pulled from any system with a minimum of systems integration effort, to reduce time and cost.

Modularity

- » Moreover, the solution should be flexible enough to accommodate a modular approach to data management, calculation and reporting.
 - Banks should be able to leverage their existing investment in technology, and add modules as needed to create the optimal solution to meet their needs.
 - In a changing regulatory and business environment, flexibility should be at a premium.



Risk Platform: Integrated Risk and Finance Data

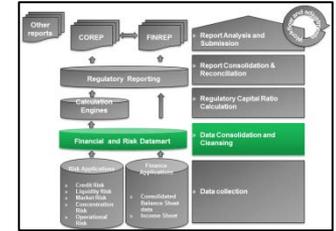
The screenshot displays the Moody's Analytics Financial & Risk Datamart interface. At the top, the header includes the user name 'CAPRICORN@ERS', navigation links for 'About', 'Help', 'Support', and 'Log Out', and the last login time '05/28/13 02:51:'. Below the header, the 'Financial & Risk Datamart' dropdown menu is set to '01/07/2004 - NATIONAL'. The main content area is divided into three tabs: 'Generated Reports', 'Report Mapping', and 'Financial Products'. The 'Financial Products' tab is active, showing a list of products categorized into four main sections: 'Wholesale and Retail Banking', 'Securities & Positions', 'Derivatives & Forex', and 'Credit Risk Mitigants'. A left-hand navigation menu is visible, listing various data categories such as 'Data', 'Data Quality', 'Tools', 'Market Data', and 'Reports'. The 'Data' section is expanded, showing sub-categories like 'Financial Products', 'Supporting Data', 'Exchange Rates', 'Interest Rates', 'Fincore Settings', 'Time Segmentations', 'Time Series', 'Groups Settings', 'Explore Companies', 'Explore Counterparties', 'Explore Dealbooks', and 'Explore Securities'.

| Wholesale and Retail Banking | Derivatives & Forex |
|------------------------------------|---|
| Loandepo | Interest Rate Swap/Svaption |
| Account | Forex |
| On/off Balance | Future |
| Facility | Cap/Floor |
| Retail Exposure | Option |
| Retail Pool | Forex Option |
| Credit Agreement | FRA |
| Documentary Credit | Credit Derivative |
| Receivable | Equity Swap |
| | Asset Swap |
| | Commodity Swap |
| | Foreign Exchange Position |

| Securities & Positions | Credit Risk Mitigants |
|-----------------------------|---|
| Securities | Collateral |
| Bond | Guarantee |
| Equity | Pledge Portfolio |
| Convertible | Mortgage Note/Real Estate |
| Fund | Credit Derivative |
| Index | |
| Commodity | |
| Codifiers | |

Comprehensive Data Model

Deploy a Centralized Data Platform



Unsiload

- » For COREP, FINREP, National Regulatory Reports, Pillar 3 Reports and Stress Testing, having the data needed to calculate the results spread across multiple silos is no longer realistic.

Data Quality

- » A centralized data platform allows for the data to be cleansed, validated and patched if necessary, ensuring that the final calculations and reports are accurate and consistent

Reconciliation

- » Importing balance sheet information into the data platform ensures that the risk and finance data is fully reconciled at the transaction level. This provides a platform for fully integrated and reconciled COREP and FINREP reports.

ERM

- » This type of centralized data approach can be leveraged further to encompass liquidity risk management, economic capital management and stress testing, to provide an end-to-end to enterprise risk management platform for a bank.

Quickly Identify and Fix Data Errors

- » More than 3,000 data quality checks built-in
- » Capacity to edit data with audit trail

DMM Browser Database Editor Check Errors

Import set: <All tables>

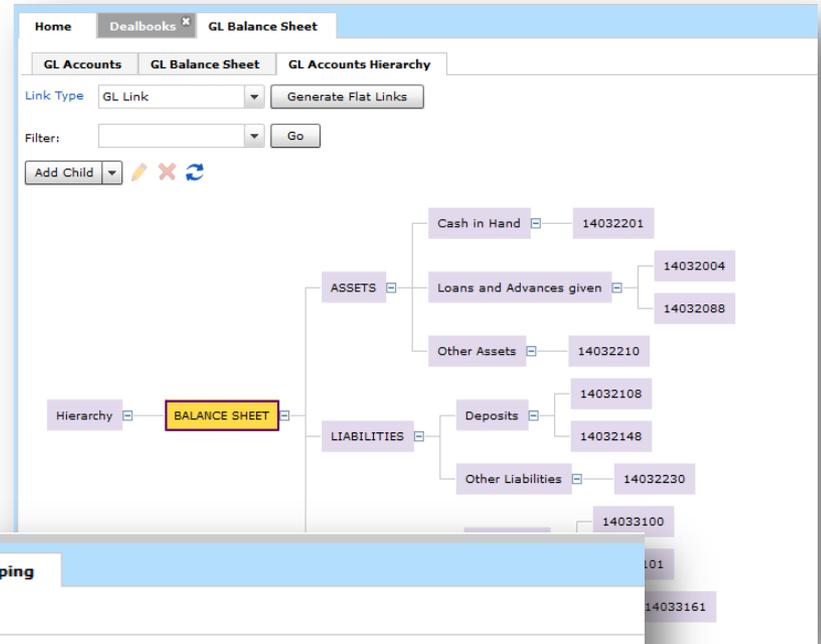
Refresh Counters Check Errors Edit... Correct Errors...

Table not like MIGRATION% Go Clear 1583 items

| Table | OK (%) | Relevant for | Table Type | Rows | OK | Not ... | KO ... | KO ... | Started | Ended | Durati... | Reche... | Reche... |
|--|----------|--------------|------------|-------|-------|---------|--------|--------|--------------------|--------------------|------------|----------|----------|
| <input type="checkbox"/> TEST_BLOCK | 100.00 % | ADM | REGULAR | 2 | 2 | 0 | 0 | 0 | 2010 Feb 12 ; 1... | 2010 Feb 12 ; 1... | less th... | Simple | All |
| <input type="checkbox"/> AMORTIZING_PROFILE_I | 100.00 % | FCE | REGULAR | 0 | 0 | 0 | 0 | 0 | 2011 Feb 10 ; 1... | 2011 Feb 10 ; 1... | less th... | Simple | All |
| <input type="checkbox"/> LDB_RECOVERY_FLOW | 100.00 % | BIS | REGULAR | 0 | 0 | 0 | 0 | 0 | 2010 Feb 12 ; 1... | 2010 Feb 12 ; 1... | less th... | Simple | All |
| <input type="checkbox"/> PROCESS_MGR | 100.00 % | RAPM or SA | REGULAR | 287 | 287 | 0 | 0 | 0 | 2010 Feb 12 ; 1... | 2010 Feb 12 ; 1... | less th... | Simple | All |
| <input type="checkbox"/> FTP_MARGIN_CONTRACT_I | 100.00 % | ALM or LR | REGULAR | 0 | 0 | 0 | 0 | 0 | 2010 Feb 12 ; 1... | 2010 Feb 12 ; 1... | less th... | Simple | All |
| <input type="checkbox"/> PARAMETERS_LINKS_TYPE | 100.00 % | FDM | REGULAR | 6 | 6 | 0 | 0 | 0 | 2010 Feb 12 ; 0... | 2010 Feb 12 ; 0... | less th... | Simple | All |
| <input type="checkbox"/> FTP_CT_MARGIN_I | 100.00 % | ALM or LR | REGULAR | 0 | 0 | 0 | 0 | 0 | 2010 Feb 12 ; 1... | 2010 Feb 12 ; 1... | less th... | Simple | All |
| <input type="checkbox"/> LDB_FACILITY_LINKS | 100.00 % | BIS | REGULAR | 0 | 0 | 0 | 0 | 0 | 2010 Feb 12 ; 1... | 2010 Feb 12 ; 1... | less th... | Simple | All |
| <input type="checkbox"/> MKR_IRR_NET_BAND_KEY | 100.00 % | MKR | REGULAR | 0 | 0 | 0 | 0 | 0 | 2010 Feb 12 ; 1... | 2010 Feb 12 ; 1... | less th... | Simple | All |
| <input type="checkbox"/> MKR_INDEX_CATEGORY | 100.00 % | MKR | REGULAR | 0 | 0 | 0 | 0 | 0 | 2010 Feb 12 ; 1... | 2010 Feb 12 ; 1... | less th... | Simple | All |
| <input type="checkbox"/> LDB_EXPOSURE | 100.00 % | BIS | REGULAR | 105 | 105 | 0 | 0 | 0 | 2010 Feb 12 ; 1... | 2010 Feb 12 ; 1... | less th... | Simple | All |
| <input type="checkbox"/> LDB_REAL_ESTATE | 100.00 % | BIS | REGULAR | 0 | 0 | 0 | 0 | 0 | 2010 Feb 12 ; 1... | 2010 Feb 12 ; 1... | 00:00:... | Simple | All |
| <input type="checkbox"/> LDB_EVENT | 100.00 % | BIS | REGULAR | 0 | 0 | 0 | 0 | 0 | 2010 Feb 12 ; 1... | 2010 Feb 12 ; 1... | 00:00:... | Simple | All |
| <input type="checkbox"/> LDB_FACILITY_COUNTERPARTY | 100.00 % | BIS | REGULAR | 0 | 0 | 0 | 0 | 0 | 2010 Feb 12 ; 1... | 2010 Feb 12 ; 1... | less th... | Simple | All |
| <input type="checkbox"/> LDB_ENTITY_LINKS_TYPE | 100.00 % | BIS | REGULAR | 0 | 0 | 0 | 0 | 0 | 2010 Feb 12 ; 1... | 2010 Feb 12 ; 1... | less th... | Simple | All |
| <input type="checkbox"/> LDB_ENTITY_LINKS | 100.00 % | BIS | REGULAR | 0 | 0 | 0 | 0 | 0 | 2010 Feb 12 ; 0... | 2010 Feb 12 ; 0... | less th... | Simple | All |
| <input type="checkbox"/> CONTEXT_SELECTION_LINE | 99.87 % | ADM | REGULAR | 3,137 | 3,133 | 0 | 4 | 0 | 2011 Jul 13 ; 0... | 2011 Jul 13 ; 0... | 00:00:... | Full | All |
| <input type="checkbox"/> IMPORT_TABLES | 93.33 % | ADM | REGULAR | 195 | 182 | 0 | 13 | 0 | 2011 Aug 25 ; ... | 2011 Aug 25 ; ... | 00:00:... | Simple | All |
| <input type="checkbox"/> LOANDEPO | 72.22 % | FDM | DATA | 18 | 13 | 0 | 5 | 0 | 2011 May 16 ; ... | 2011 May 16 ; ... | 00:00:... | Simple | All |
| <input type="checkbox"/> COUNTRY | 14.29 % | FDM | DATA | 7 | 1 | 0 | 6 | 0 | 2011 May 16 ; ... | 2011 May 16 ; ... | less th... | Simple | All |

General Ledger Reconciliation

- » Model the GL structure
- » Mapping transaction to GL Accounts
- » Check the results and find discrepancies



Home Database Editor Reports Summary Supporting Data **GL Reconciliation Mapping**

GL Mapping Dimensions GL Amount Type Mapping

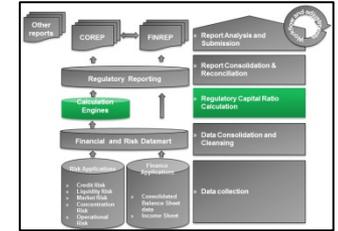
Input Table : LOANDEPO

GAAP Code contains Enter a value Go Clear

Transactions ← **GL** → **Amount to be reconciled**

| GAAP Code | Input Table | CONTRACT_REFERENCE | GL Account Code | Business Unit | Department ID | GL Amount Type |
|-----------------|-------------|--------------------|-----------------|---------------|---------------|-----------------|
| PeopleSoft GAAP | LOANDEPO | 100000225 | 16010120 | 21100 | 36577 | DEFERRED_INCOME |
| PeopleSoft GAAP | LOANDEPO | 1673798 | 14033101 | 21100 | 30795 | OUTSTANDING |
| PeopleSoft GAAP | LOANDEPO | 1673798 | 16010130 | 21100 | 30795 | ACCRUALS |
| PeopleSoft GAAP | LOANDEPO | 100000225 | 14032210 | 21100 | 36577 | OUTSTANDING |
| PeopleSoft GAAP | LOANDEPO | 1673798 | 14033100 | 21100 | 30795 | DEFERRED_INCOME |
| PeopleSoft GAAP | LOANDEPO | 100000227 | 14032230 | 21100 | 39685 | OUTSTANDING |
| PeopleSoft GAAP | LOANDEPO | 100000227 | 16010124 | 21100 | 39685 | ACCRUALS |
| PeopleSoft GAAP | LOANDEPO | 44556677 | 44444444 | 21100 | 37960 | DEFERRED_AMOUNT |
| PeopleSoft GAAP | LOANDEPO | 44667788 | 44444444 | 21110 | 37960 | ACCRUED_FEES |
| PeopleSoft GAAP | LOANDEPO | 2118-00480 | 14032148 | 22050 | 33450 | OUTSTANDING |
| PeopleSoft GAAP | LOANDEPO | 1153-00003 | 14032108 | 22050 | 33440 | ACCRUALS |
| PeopleSoft GAAP | LOANDEPO | 1153-00003 | 14032004 | 22050 | 33440 | DEFERRED_COST |

Use Automated Calculations



Automation

- » The scale and scope of COREP and FINREP reports (now with over 35,000 data points), alongside other Basel III calculations, means that manual, or even semi-automated calculations that banks might have used in the past are no longer feasible.
- » Highly automated processes, leveraging built-in calculation formulas, should be used as widely as possible to meet the demands of accurate, consistent, auditable and timely results.

Maintenance

- » The enhanced scale and scope of COREP and FINREP reporting means that maintaining the calculation formulas might best be outsourced to a third-party, to maintain accuracy.
- » Maintaining the currency of formulas is a significant overhead for banks that can prove exceptionally costly if errors and oversights find their way into the calculation process.

Built-in Basel I, II & III Rules Per Regulator

- » Out-of-the-box regulatory parameters
- » Fully auditable
- » Regulatory Maintenance

Regulatory Calculation

Supervisor Info: Capital Requirement Directive
Country: European Community

Risk | **Operational Risk**

Param Set Ref: contains Enter a value [Go] Clear

| Param Set Reference | Use Simplified Correlation Function | R Const Value | R Param1 | R Param2 | R Exp | R Firm Size Adjustment |
|--------------------------|-------------------------------------|---------------|----------|----------|-------|------------------------|
| ... ICCMCS_LFI_UFI | <input type="checkbox"/> | | 0.15 | 0.3 | (50) | |
| ... ICCMCS_SME_LFI_UFI | <input type="checkbox"/> | | 0.15 | 0.3 | (50) | |
| ... ICCMCS_HVCRE | <input type="checkbox"/> | | 0.12 | 0.3 | (50) | |
| ... ICCMCS_MORT_RETAIL | <input type="checkbox"/> | 0.15 | | | | |
| ... ICCMCS_CORP_SOV_BANK | <input type="checkbox"/> | | 0.12 | 0.24 | (50) | |
| ... ICCMCS_REV_RETAIL | <input type="checkbox"/> | 0.04 | | | | |
| ... ICCMCS SME | <input type="checkbox"/> | | 0.12 | 0.24 | (50) | |

Show Formula

Correlation:

$$R = R_{const} \text{ if } R_{const} \text{ not null}$$

or

$$R = R_{PARAM1} * \frac{1 - \exp(-R_EXP * PD)}{1 - \exp(-R_EXP)}$$

$$+ R_{PARAM2} * \frac{1 - \exp(-R_EXP * PD)}{1 - \exp(-R_EXP)}$$

$$- R_{FIRM_SIZE_ADJ_PARAM} * \frac{1 - (S - MinAnnualSales)}{(MaxAnnualSales - MinAnnualSales)}$$

R Formula:

$$R = 0.15 * \frac{1 - \exp(-50 * PD)}{1 - \exp(-50)}$$

$$+ 0.30 * \frac{1 - \exp(-50 * PD)}{1 - \exp(-50)}$$

Home | **Regulatory Calculation**

Supervisor/Regulation: CRD Basel 3 | Supervisor Info: Capital Requirement Directive
Configuration Version: v0 | Country: European Community

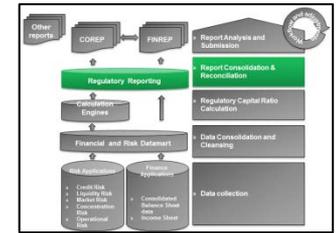
Credit Risk | **Liquidity Risk** | **Market Risk** | **Operational Risk**

Limit Type: contains Enter a value [Go] Clear

| Limit Type | Description | Partition Columns | Where Clause |
|------------|--|---------------------------------|---|
| DOA | Aggregated exposure of small and medium business group | counterparty_group | entity_type_category in ('SME') and Managed_as_ |
| EU | Aggregated exposure of small and medium business group | counterparty_group | Entity_type_category in ('SME') AND incorporation |
| UPA | Consolidated exposure of counterparty group | counterparty_group | Entity_type_category in ('RETAIL') |
| UPS | Aggregated exposure of sub portfolio | sub_portfolio_ref, counterparty | Entity_type_category in ('RETAIL') |

Limit Types
Limit Definition

Automate COREP & FINREP Reporting



End-to-end process

- » Alongside the automated data consolidation and the calculation of the results, the solution should also seamlessly integrate regulatory reporting, to create a comprehensive, automated and consistent end-to-end process.

Maintenance

- » Automatically populating the reports, by leveraging built-in reporting templates, overcomes the significant challenges of reporting COREP and FINREP results. This approach also allows the straightforward updating of reports, as regulators' requirements develop.

Perimeter

- » These templates should cover all the various COREP and FINREP reports that national regulators require, covering both core and non-core reports, on both a group and solo basis.

Group and Solo Entity Monitoring

- » Manage inter-company deals
- » Monitor Reports production for the group

The screenshot displays a software interface for monitoring reports. At the top, there are filters for Company (My Holding), Settings (COREP_REPORTS), Hierarchy (Legal Links between C), and Framework (<All frameworks>). The left sidebar shows a hierarchy of entities: My Inv Bank (selected), My Sub 1, My Sub 2, and My Ret Bank. The main area features a pie chart with a legend on the right, showing categories: Loading (blue), Report Generation (yellow), Validation (green), Sign-off (orange), Sent (red), and Supervisor Validation (purple). Below the pie chart is a table of reports with the following columns: Report, Overall Status, Loading, Report Generation, Error/Check, Approval Status (Validation, Sign-off), and Supervisor Status (Sent). The table contains 8 items, with the first row highlighted in yellow.

| Report | Overall Status | Loading | Report Generation | Error/Check | Approval Status | | Supervisor Status |
|-----------------------|----------------|---------|-------------------|-------------|-----------------|----------|-------------------|
| | | | | | Validation | Sign-off | Sent |
| COREP CRD 01 CA1 | ● | ● | ● | | ✓ | | |
| COREP CRD 02 CA2 | ● | ● | ● | | ✓ | | |
| COREP CRD 07 CR SA | ● | ● | ● | | ✓ | ✍ | ✓ |
| COREP CRD 08 CR IRB 1 | ● | ● | ● | | ✓ | ✍ | ✓ |
| COREP CRD 08 CR IRB 2 | ● | ● | ● | | ✓ | ✍ | ✓ |
| COREP CRD 09 CR GB 1 | ● | ● | ● | | ✓ | | |
| COREP CRD 09 CR GB 2 | ● | ● | ● | | ✓ | ✍ | |
| COREP CRD 09 CR GB 3 | ● | ● | ● | | ✓ | | |

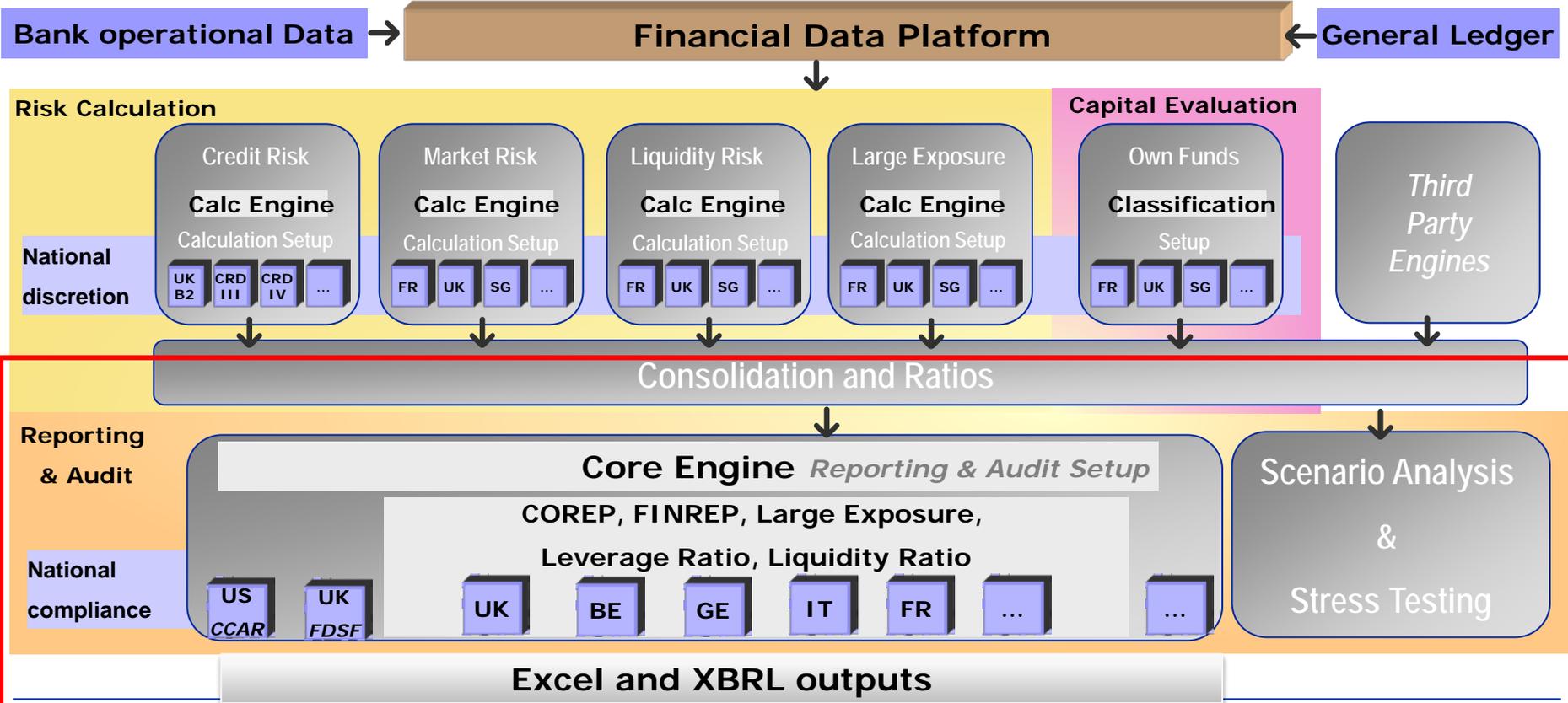
Regulatory Compliance Best Practices

Data Modeling, Capital Requirement Calculation & Regulatory Reporting

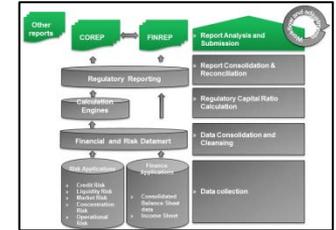
Data Platform : Gather Data from any Data warehouse

Calculation Engines: Capital requirement calculation engines for all risk types, for any national regulation

Regulatory Reporting Module: Deliver Basel III supervisory reports, drill-down audit features and reconciliation



Utilize Drill-Down and Validation Capabilities



Auditability

- » The optimal solution also needs to have drill-down capabilities, allowing managers to drill-down into the results to gain insight into the reports and the business.
- » This capability allows banks to respond quickly to enquiries from regulators about their results, reducing the compliance overhead.

Understanding The Business

- » It also allows managers to quickly and easily drill-down into the risk and finance details of the business, enhancing their insight into the business and helping them to generate strategic options for the business.

Validity Check

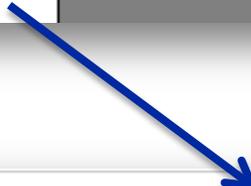
- » Validation rules should also ensure the consistency intra- and inter-reports.
 - EBA provides consistency rules for COREP and FINREP
 - Banks should also be able to create their own validity checks

Drill-Down into the Granularity

| | | |
|--|------------|---|
| TOTAL EXPOSURES | 11 500 000 | 0 |
| BREAKDOWN OF TOTAL EXPOSURES BY EXPOSURE TYPES: | | |
| On balance sheet items | 11 500 000 | |

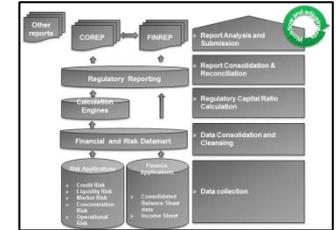


Auditing « On balance sheet items »
11,500,000



| TABLE_NAME | Formula |
|----------------------------------|------------|
| <input type="checkbox"/> ACCOUNT | 11,500,000 |
| Reserve_0001 | 2,000,000 |
| Reserve_0002 | 8,500,000 |
| Reserve_0003 | 500,000 |
| Reserve_0004 | 500,000 |

Comprehensive Change Workflow



Adjustments

- » Consolidating data, calculating results and submitting COREP and FINREP reports is highly complex, often requiring changes and amendments as issues and errors are identified and fixed.
- » The amendment process needs to be carefully controlled, so that a bank's management can be assured that what they formally submit is a true reflection of its position.

Workflow

- » Central to this is having an automated change approval process that both controls and records who can make and approve changes.
- » Automation ensures speed and accuracy, and can be leveraged to provide management control and audit capabilities to highlight what changes were made and on whose approval.
- » This audit capability is now a requirement for many regulators.

Error Detection & Correction

| Booking Company | Contract Reference | P. | Outstanding | | EAD pro | | EAD | |
|-----------------|------------------------|----|--------------|---------------|---------|----------|-------------|--------------|
| | | | Initial | Adjusted | Initial | Adjusted | Initial | Recalculated |
| My Inv Bank | DEAL_IMPORT_SWAP_MS_02 | | 0 | 0 | 0 | 0 | 252618.3... | 252618.3057 |
| My Inv Bank | SG7J27931939 | | 100000 | 200000 | 0 | 0 | 88000 | 8 |
| My Inv Bank | IR_Swap_0002 | | 15803310... | 15803310.... | 0 | 0 | 236218.7... | 236218.7100 |
| My Inv Bank | OPTIONS_0003 | | -8568646.... | -8568646.5... | 0 | 0 | 0 | |
| My Inv Bank | IR_Swap_0001 | | 63213242... | 63213242.... | 0 | 0 | 2949951.... | 2949951.314 |
| My Holding | HK0000061173 | | 21071080... | 21071080.... | 0 | 0 | 21071080... | 21071080.81 |
| My Holding | FRA_0002 | | 19474196... | 194741966... | 0 | 0 | 0 | |
| My Holding | Loan_FI_0014 | | 11500000 | 11500000 | 0 | 0 | 11500000 | 1150 |
| My Holding | Loan_FI_0013 | | 116000000 | 116000000 | 0 | 0 | 116000000 | 11600 |
| My Holding | Loan_FI_0012 | | 3000000 | 3000000 | 0 | 0 | 3000000 | 300 |

- » Adjustments may be completed manually or by Mass Update
- » Other metrics are recalculated on a pro-rata basis

Mass Update Method

Prorate Difference
 Amount of Difference

Columns to adjust

OUTSTANDING
 EAD_PRO

Approval/Submission Workflow

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RiskAuthority

Navigation search

Home | Adjustment

Entity: Reporting date: 30 Apr 2012
Last refresh: 19 Jun 2012 - 16:19:45

Entities     

| Entity ... | Adjustment Characteristics | | | Adjustment Infos | | | Adjustment Actions | |
|------------|----------------------------|-------------------------|-------|----------------------|---|---|--------------------|----------|
| Name | Identifier | Timestamp | User | Details | Errors | Warnings | Status | Selected |
| 3690CUR | 3690_LATE | 04 Jun 2012 03:54:01 PM | ALAIN | view |  |  | Rejected | |
| 3690CUR | 3690_NCOA | 04 Jun 2012 03:54:01 PM | ALAIN | view |  |  | Approved | |
| 3710 | 3710_LATE | 04 Jun 2012 03:54:01 PM | ALICE | view |  |  | Rejected | |
| 3710 | 3710_NCOA | 04 Jun 2012 03:54:01 PM | ALAIN | view |  |  | Rejected | |
| 3710 | 3710_NMIF | 04 Jun 2012 03:54:01 PM | ALICE | view |  |  | Rejected | |
| 3353 | DEMO555 | 18 Jun 2012 11:37:24 AM | ALICE | view |  |  | Rejected | |
| 3690CUR | HELLO | 19 Jun 2012 06:39:43 AM | ALICE | view |  |  | Rejected | |
| 3353 | HIIII | 19 Jun 2012 08:50:27 AM | ALAIN | view |  |  | Rejected | |

30/04/2012 - GROUP - 0

Audit

Q&A



Thank You

For More Information go to

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