

|               |                                      |
|---------------|--------------------------------------|
| <b>Client</b> | The client is a Global Banking Group |
|---------------|--------------------------------------|

|                     |   |
|---------------------|---|
| <b>Project Name</b> | Integration of the Investment Banking Business Unit of a banking group acquired by the client – Excess Management |
|---------------------|---|

|                           |               |                         |           |
|---------------------------|---------------|-------------------------|-----------|
| <b>Project Start Date</b> | December 2009 | <b>Project End Date</b> | June 2010 |
|---------------------------|---------------|-------------------------|-----------|

|                 |  |  |
|-----------------|--|--|
| <b>Industry</b> | <input type="checkbox"/> Commercial banking            | <input type="checkbox"/> Insurance                   |
|                 | <input checked="" type="checkbox"/> Investment banking |  |
|                 | <input type="checkbox"/> Private banking               | <input type="checkbox"/> Asset and wealth management |
|                 | <input type="checkbox"/> Retail banking                |  |
|                 |  | <input type="checkbox"/> Corporate                   |

|                            |   |   |
|----------------------------|---|---|
| <b>Category of Service</b> | <input type="checkbox"/> Performance measurement and monitoring | <input checked="" type="checkbox"/> Regulatory compliance and reporting |
|                            | <input checked="" type="checkbox"/> Portfolio risk management   | <input checked="" type="checkbox"/> Business process improvement        |
|                            | <input type="checkbox"/> Specialised risks                      | <input checked="" type="checkbox"/> Training and people change          |
|                            | <input type="checkbox"/> Data Quality                           | <input type="checkbox"/> System selection and implementation            |

|                      |  |
|----------------------|--|
| <b>The Challenge</b> | <p>The merger of a centralised international banking group and de-centralised network bank with wider geographical footprint required alignment of risk operating models. The decentralised operating model meant that each country had an autonomous credit function, each serviced with its bespoke reporting locally whereas the centralised operating model had report provisioning done at the group level.</p> <p>A number of issues had arisen as a result of the integration, specifically relating to excess management. Changes in client ownership from a business and risk perspective resulted in delayed responses in managing excesses and occurrence of avoidable excesses due to challenges with communication across legal boundaries.</p> <p>Whilst excess management processes and procedures were operating as per the interim operating model, these had been of a tactical nature whilst a strategic solution was still being considered.</p> |
|----------------------|--|

|                              |  |
|------------------------------|--|
| <b>Approach and Solution</b> | <p>avantage reviewed the current excess management process as a multitude of issues started to surface as a result of the integration. avantage consultants developed a solution to manage excesses during the transition period.</p> <p>The approach focussed on assessing the issues and identifying quick wins, whilst at the same time collating challenges of a longer-term nature and handing them over to the strategic programme of work. This exercise spanned both the Banking and Trading books.</p> <p>avantage conducted working sessions and interviews with front line credit and portfolio management in all regions. The findings were collated with specific</p> |
|------------------------------|--|

|                                    |   |
|------------------------------------|---|
|                                    | <p>actions to resolve the issues identified with agreed ownership for resolution. avantage implemented an Issue Resolution Progress Monitoring and Reporting system to ensure timely communication to the Divisional Credit Risk Control Committee.</p>   |
| <p><b>Results and Benefits</b></p> | <p>Challenges of this complexity at a time of significant change require strong stakeholder management and communication. avantage's approach resulted in a focus on quick wins and interim solutions that could be implemented quickly in order to minimise any negative impact on the client.</p> |
| <p><b>Software used</b></p>        | <p>Not applicable.</p>  |