

Risk Data Aggregation



An Opportunity to transform Processes

Roberto Monachino, Group Data Office

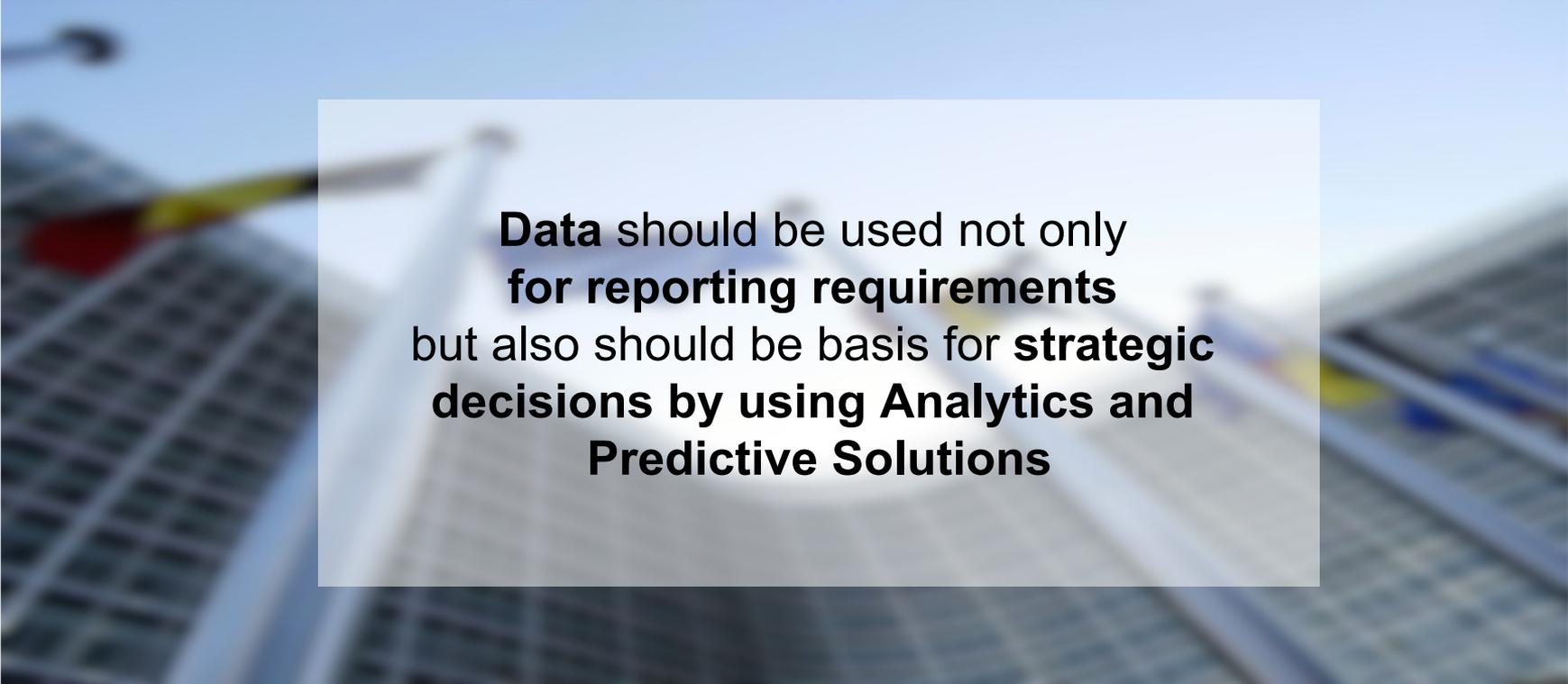
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Welcome to
UniCredit

- European Authorities Expectation about Data
- My Understanding of Regulator Approach
- What we are doing on **BCBS239**

Agenda



Data should be used not only
for reporting requirements
but also should be basis for **strategic**
decisions by using Analytics and
Predictive Solutions

Key Point

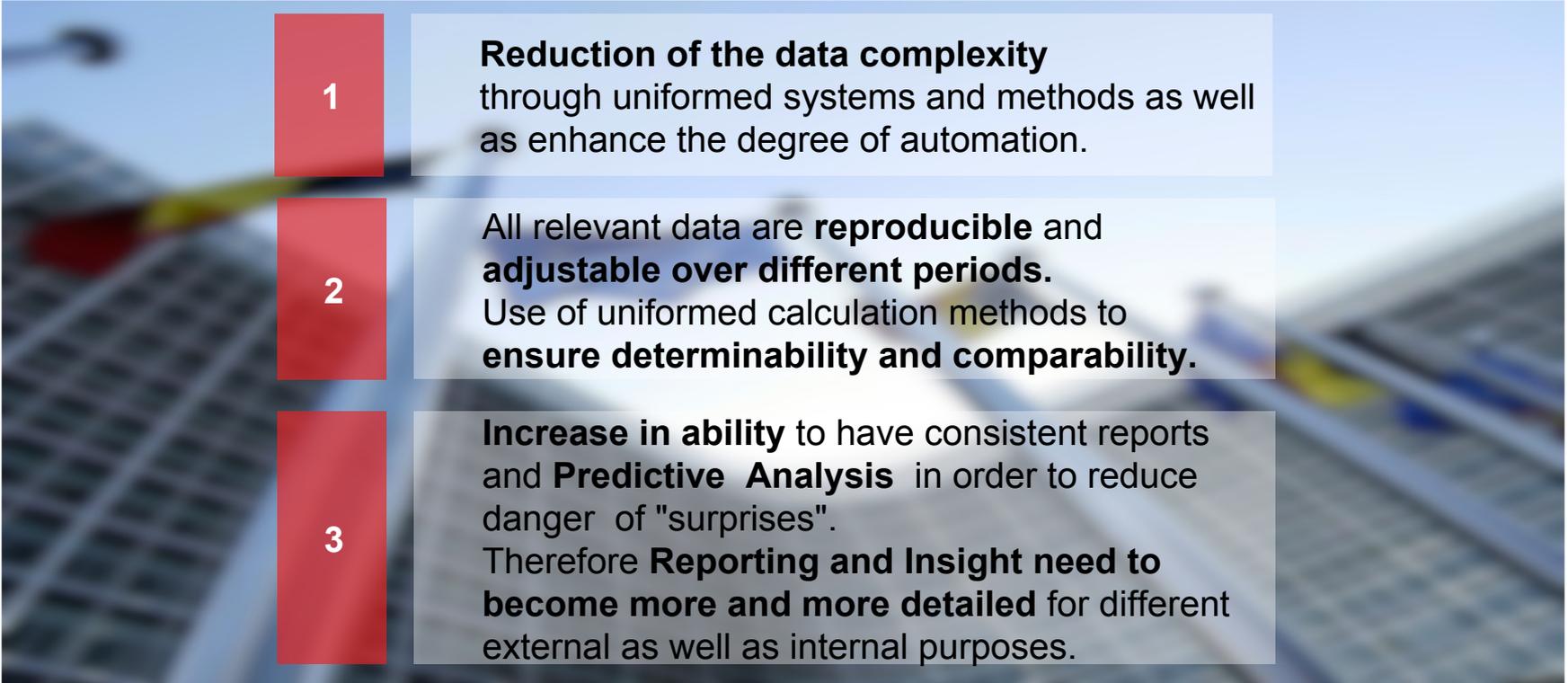


European authorities have clearly defined expectations

on data quality and reporting capabilities (e. g. SREP, BCBS 239, ILAAP, ICAAP).

Furthermore ECB **will assesses** Financial institution on their **sustainability of Business Model and Strategy** by Scoring Banks into Peers Group (from 2016 on)

European Authorities Expectation (1/2)



1

Reduction of the data complexity through uniformed systems and methods as well as enhance the degree of automation.

2

All relevant data are **reproducible** and **adjustable over different periods**.
Use of uniformed calculation methods to **ensure determinability and comparability**.

3

Increase in ability to have consistent reports and **Predictive Analysis** in order to reduce danger of "surprises".
Therefore **Reporting and Insight need to become more and more detailed** for different external as well as internal purposes.

European Authorities Expectation (2/2)

Data Lineage



GOVERNANCE

All information in a controlled environment

WEB PORTAL

CORE ANALYSIS

"We want to have a clear and standard view of the bank on an ongoing basis"

INSIGHT & PREDICTION

We want to check the impact of the crisis on banks and on the spending capacity of the family of the client, and to fine tune the business model

OUR CORPORATE FEDERATED DATA

All the information relevant for us and for the Regulators, to be properly modeled when supporting standard processes, when requiring time depth and when enrichments with internal methods are requested

STANDARD MODELED BANKING DATA

Our core business, as represented and modeled in our business applications

EXTERNAL INTERNET INFORMATION

Any information moving around our world, that could potentially impact the decisional capabilities

My Understanding of Regulator Approach

*...with the Holding company providing Group's coordination and steering on **Governance, Data Aggregation and Reporting Processes.***

- **Governance processes:** all Legal entities relevant for risk management purposes have to apply the **same framework based on common procedures for collecting and aggregating risk data**, as well as on shared practices for risk **taxonomies** and **reporting**. The overarching framework, defined in the GP "*Risk Data Aggregation and Risk Reporting practices*", has been progressively integrated with **operative guidelines** (Group process regulations), risk taxonomies, validation procedures as well as Data Quality and Data Management principles.
- **Data Aggregation processes:** group-wide IT platforms have been gradually enriched in terms of geographical coverage, in order to have granular cross-Legal Entities risk data and attributes necessary for the group risk consolidation purposes.
- **Reporting processes:** The identification of "BCBS239-relevant reports" has been completed to those produced at Holding Company level to monitor and manage risks from a consolidated perspective. These are based on **homogeneous risk metrics** throughout the Group, coherently **with the Group's risk taxonomies**.

What we are doing on BCBS 239

Organizational set up and Group Legal Entities included in the Perimeter

GOVERNANCE & RISK MANAGEMENT PROCESSES

Key pillars covering the 87 BCBS239 Principles

Compliance Key deliverables 2015 YE

Additional Activities

1 RDA&R GLOBAL PRINCIPLES	Issuance of a Group risk data aggregation and risk reporting framework at HC level	Implementation of the Framework by all relevant Group's subsidiaries
2 STANDARDS OF RDA & REPORTING	Issuance of Group standards describing the phase of the risk reporting production process for the relevant risk reports	Implementation of Group standards , by all relevant Group's subsidiaries
3 GROUP RISK DATA TAXONOMIES	Definition of Group Risk Taxonomies for each risk area. Mapping of Credit Risk Critical Data Elements vs. Golden Sources	Implementation of Group Risk Data Taxonomies by all relevant Group subsidiaries. CDE Mapping vs Golden Sources for Liquidity Risk and IRR
4 CERTIFICATION PROCESS & DQ CONTROLS	Issuance of a Policy defining overarching Principles of Data Quality	Issuance of a Group Process Regulation (GPR) defining Data Quality processes. Implementation of Data quality framework, for relevant risks, at local level
5 INDEPENDENT VALIDATION	Issuance of a Risk Reporting Validation Framework , to be applied to the relevant risk reports.	Roll out of the framework in order to cover all the reports in scope

BCBS239 Compliance Model (1/2)

Key pillars covering the 87 BCBS239 Principles

Compliance Key deliverables 2015 YE

Additional Activities

RISK DATA MANAGEMENT

6 FLEXIBILITY

Enhancements of the existing risk information base thus allowing to retrieve data at a higher level of granularity for Credit Risk

Development of the Group application (in order to retrieve Interest Rate Risk granular data) and of Liquidity Reporting Tool

7 COMPLETENESS

Increased coverage of credit risk information base (geographies and dataset). Group-wide liquidity risk platform implemented allowing official reporting as requested by Basel III

Enhancement of the risk information base for credit risk, CCR and IRR

8 RECONCILIATION

Reconciliation activities Credit Risk vs COREP and diagnostic COREP vs FINREP

Reconciliation of Credit Risk vs Balance Sheet. Reconciliation of IRR and Liquidity Risk with official accounting sources

9 TIMELINESS

Timely availability of needed risk granular/aggregated data within the source systems and in line with requirements defined in the standards of RDA & reporting (in normal and stress conditions)

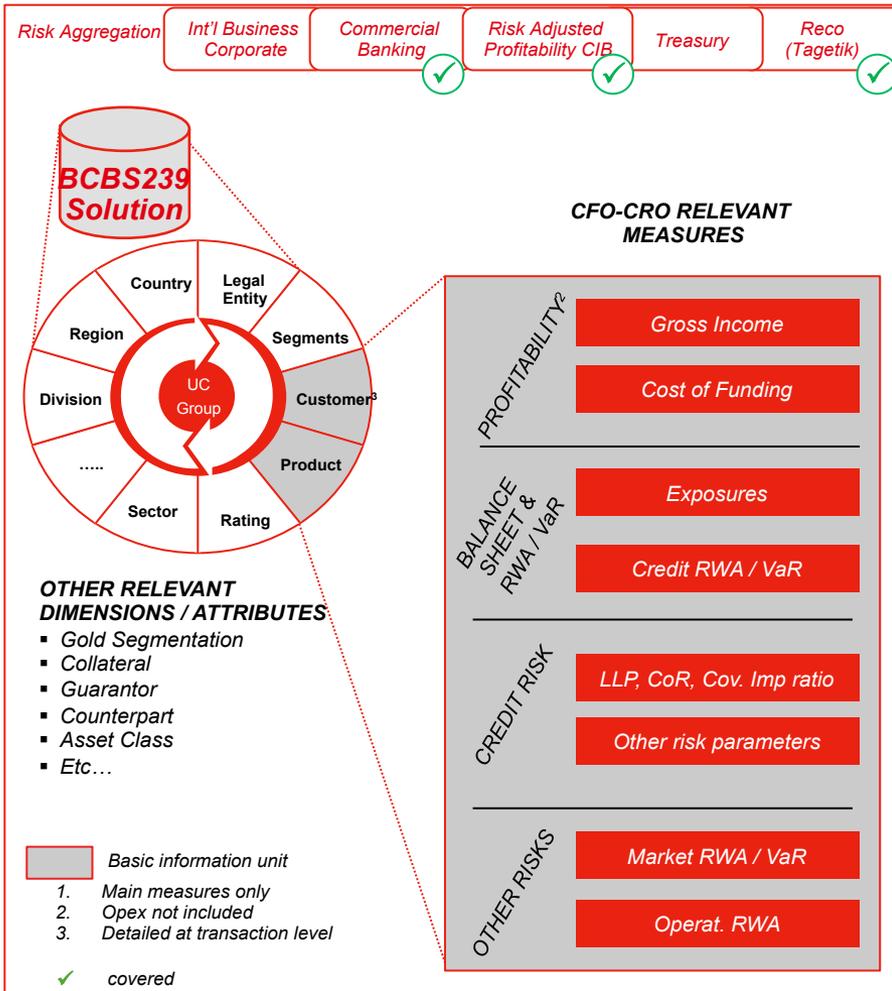
10 RISK INTEGRATION

Definition of integrated risk reporting process; Granular integration of risk where relevant (credit, issuer, CCR); Set up of reporting layer

Enhancement of the Integrated risk reporting process. Increased usage of Reporting Layer for Credit and Liquidity risks.

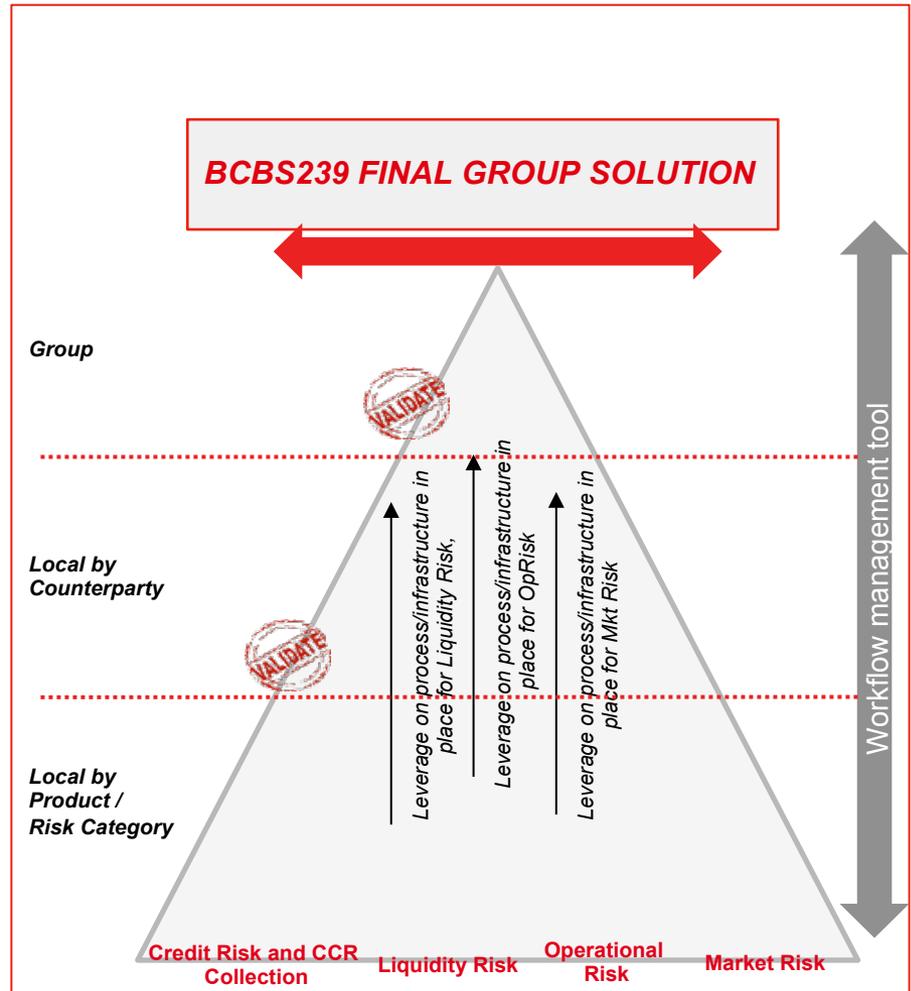
BCBS239 Compliance Model (2/2)

MAIN MEASURES AND DIMENSIONS AVAILABLE



Shared and aligned views (same dimensions) for consistency of coordinated and integrated F&R reporting

CERTIFICATION PROCESS FROM LEs TO GROUP



Multi-layer certification process where Legal Entities are in charge to contribute certified/reconciled data

BCBS239 Process Overview

Data Orchestration criteria: Credit Risk Platform, Local MIS and Group MIS

- Data Perimeter related to business line, product line, recasting, Risk adjusted profitability in **Local MIS / Group MIS**
- Data Perimeter of credit risk portfolio in **Credit Risk Platform**



Consolidation Tool



Integrated Reporting Layer

Data Orchestration

Example for BCSB239 Credit Risk Stream

**The "compliant zone" is an
never-ending journey.**

Thank you!