



A reporting system for the future

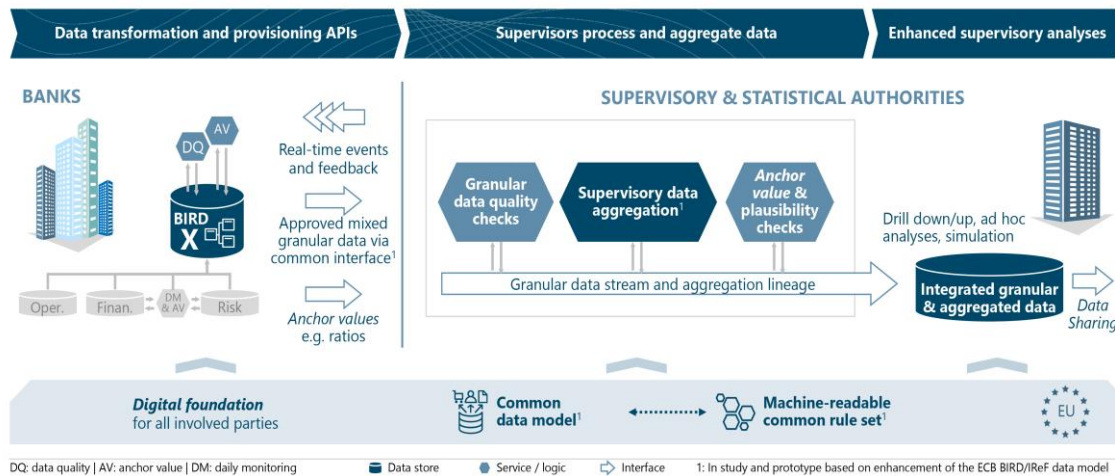
Commerzbank's view on the results of the BaFin study
„Redesign for Regulatory Reporting“

Main takeaways from the discussions and prototype



Usage of an integrated (granular) data model - covering supervisory as well as statistical requirements - seems feasible

- Templates/ datapoints delivered by banks can be reduced
- Granular data strengthens analytic capabilities of authorities, but cannot exist alone; some datapoints or “anchor values” are still necessary!
- Usage of an integrated (granular) data model requires a high level of semantic integration
- Initial investment will be significant



Source: BaFin

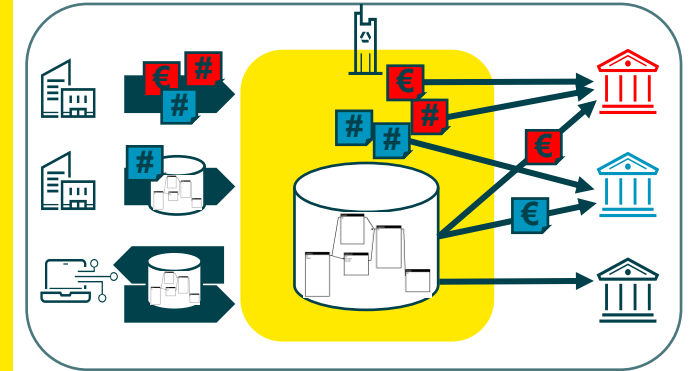
The study describes a vision, that is based on fully granular data for all levels of consolidation



Where we come from...



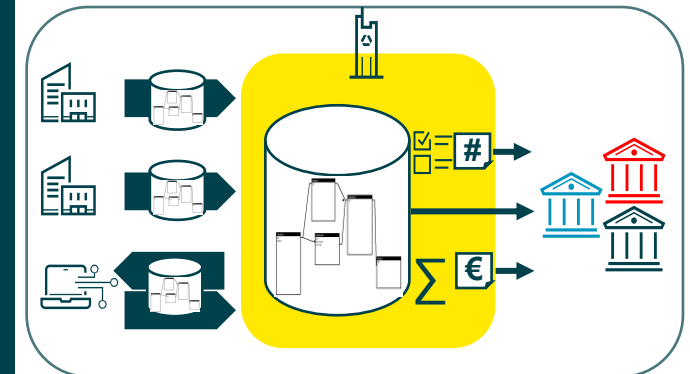
- Data is only available on required level (Group or Solo) due to waiver agreements
- Collection layer to Bundesbank is only partly granular, therefore data **collection from subsidiaries is template based in many cases**
- Internal models (e.g. market risk) calculate results on portfolio level and allocate figures back by reporting dimensions
- **Banks central regulatory data store is used to combine aggregated / template based and granular data to fill external templates / data points in various frameworks**
- Validations / checks and **corrections are possible on template level**



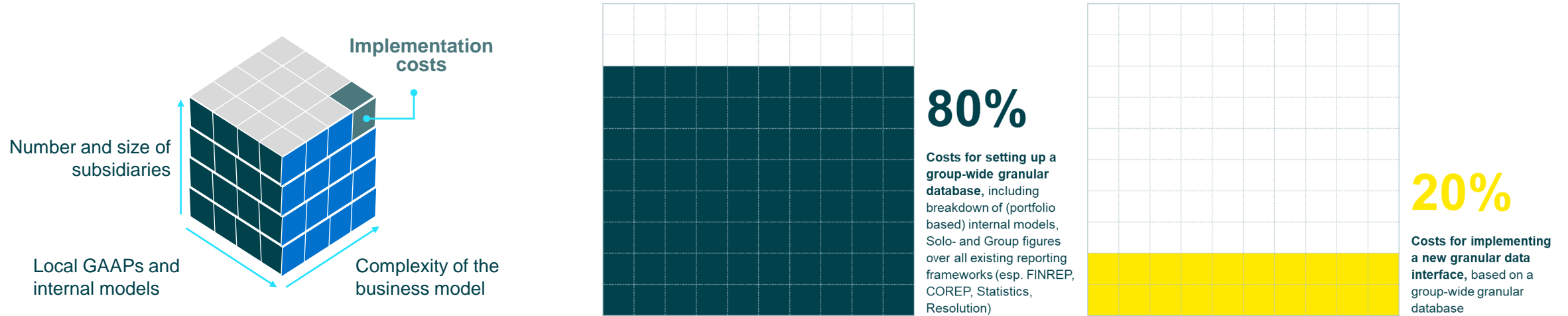
Where we go to (northstar scenario)...



- **Report once approach:** “one dataset is only delivered once with all necessary information to cover all reporting requirements of different frameworks/ recipients”
- **Templates / data points reduced to some “anchor values”**
- **Fully granular data for group & solo-level** needs to be available in banks central regulatory data store; no room for template based data collection anymore
- Calculations need to be performed on solo (local GAAP) and group level (IFRS)
- Calculations on portfolio level need to be allocated on granular input data level
- Validations / checks and **corrections to be done on granular level**



Initial investment of the banks is mainly driven by the complexity business model and group structure



Significant cost drivers



1. 100% „single-deal“ granular data
2. Full group coverage
3. Provide full datasets on solo and group level
4. Sum of all single data sets always equals the total

Potential for savings



1. Focus on areas of interest; mixture of single deal and aggregated data (e.g. aggregated value and single deal level in one data-model)
2. Allow aggregated data for non-significant subsidiaries
3. Stay with status quo and report results only on the level and GAAP, where they exist today (waiver)
4. Accept high-level adjustments and portfolio effects and find a smart way to integrate them

A fully granular reporting changes the way of working substantially



Data quality becomes a key success factor

Report once approach requires robust data quality processes in terms of consistency, completeness & accuracy. Late and top level adjustments should be reduced as much as possible and need to be integrated in granular reporting.



Regulators get own database for deep analysis

Granular data enable regulators to do own detailed data analysis. This could reduce ad-hoc data-requests but also requires cross-checks to validate results.

High expectations on timeliness and frequency

Strong demand for near-time but quality assured data. Trade-off between speed and quality lead to discussion about materiality aspects.



Integrated granular reporting



Skill-profiles in regulatory reporting changes

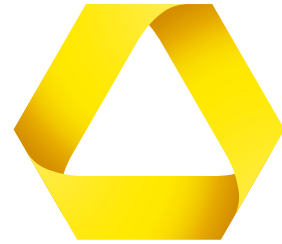
Switch from template based reporting to data driven reporting requires new skills to work efficiently with large data volumes. Report-once-approach also supports cross-topic thinking / knowledge.

High implementation effort



Large impact on processes and IT-systems. Partially integrated solutions (EBA DPM + IReF) and long parallel / transition periods (would) increase costs additionally.

A high level of semantic integration of the reporting requirements, standardized and automated E2E-processes and good data-quality are the key success factors for implementation and potential long-term cost savings.



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