

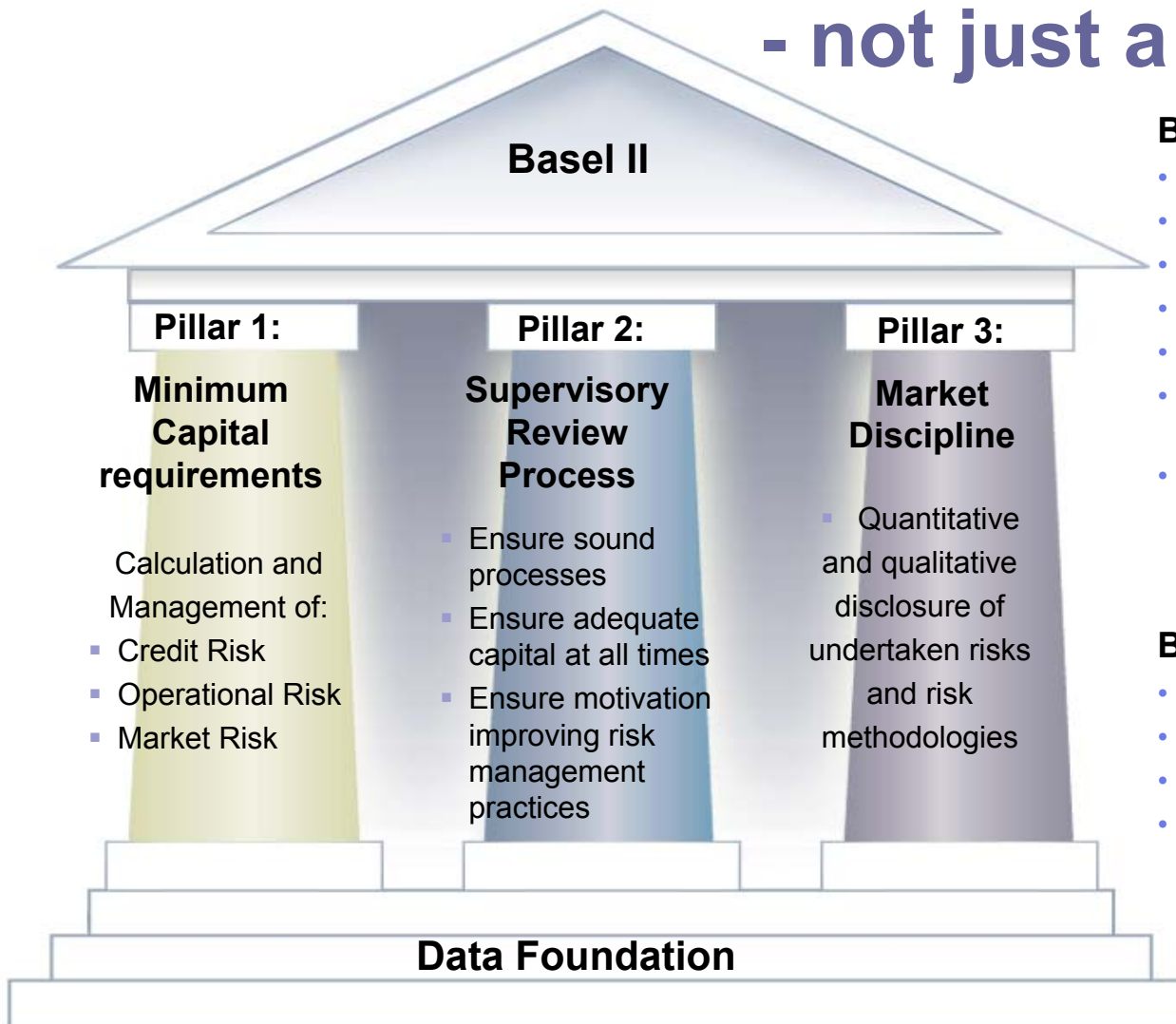


XBRL in the Banking Industry

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Basel II is an Opportunity - not just a Mandate



Basel II Opportunities:

- Improve shareholder value
- Economic capital savings
- Improve/maintain credit rating
- Improve risk management strategy
- Alignment of Risk & Finance
- Cost reduction through organizational process improvement
- Identify potentially dangerous portfolio positions and other risk sources

Basel II Challenges:

- Setting up Basel II program
- Data management
- Systems management
- Establishing Risk Framework

Mandate

A data model for the common framework for the solvency ratio reporting* has been designed with the aim of remaining neutral in regard to independent information systems. The recommended solution is based on the XML/XBRL (eXtensible Mark-up Language/eXtensible Business Reporting Language) protocol which will allow banks to take full advantage of the framework.

All the required information will be brought together within a data model and templates provided by CEBS. The intention is to complete an XML/XBRL coding for this framework before June 2005.

(*) own funds and Pillar I capital requirements, credit risk, operational risk and market risk

Committee of European Banking Supervisors.

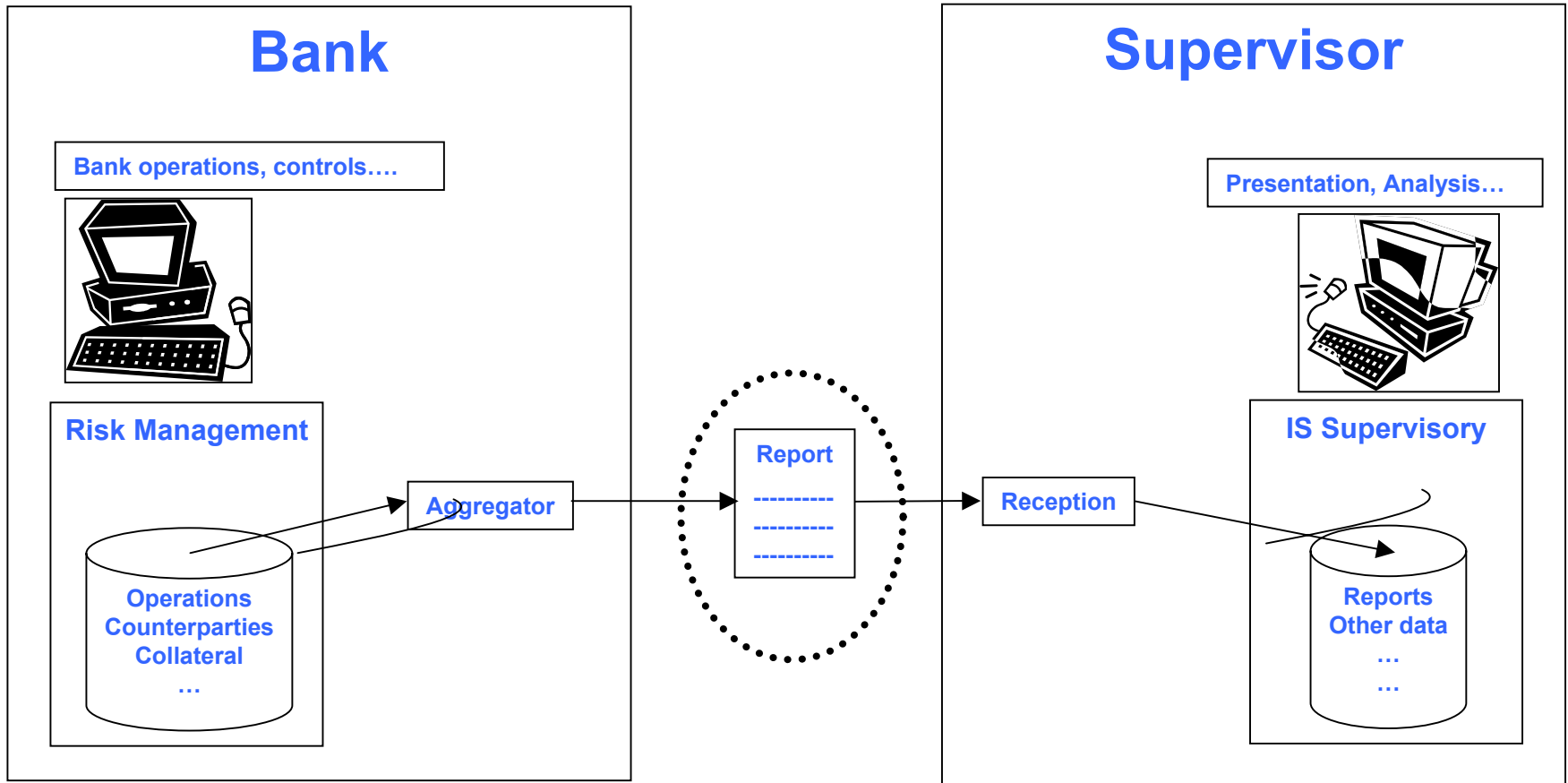
Press release 26 January 2005

COREP Business Requirements

The common technology protocol based on XML/XBRL should:

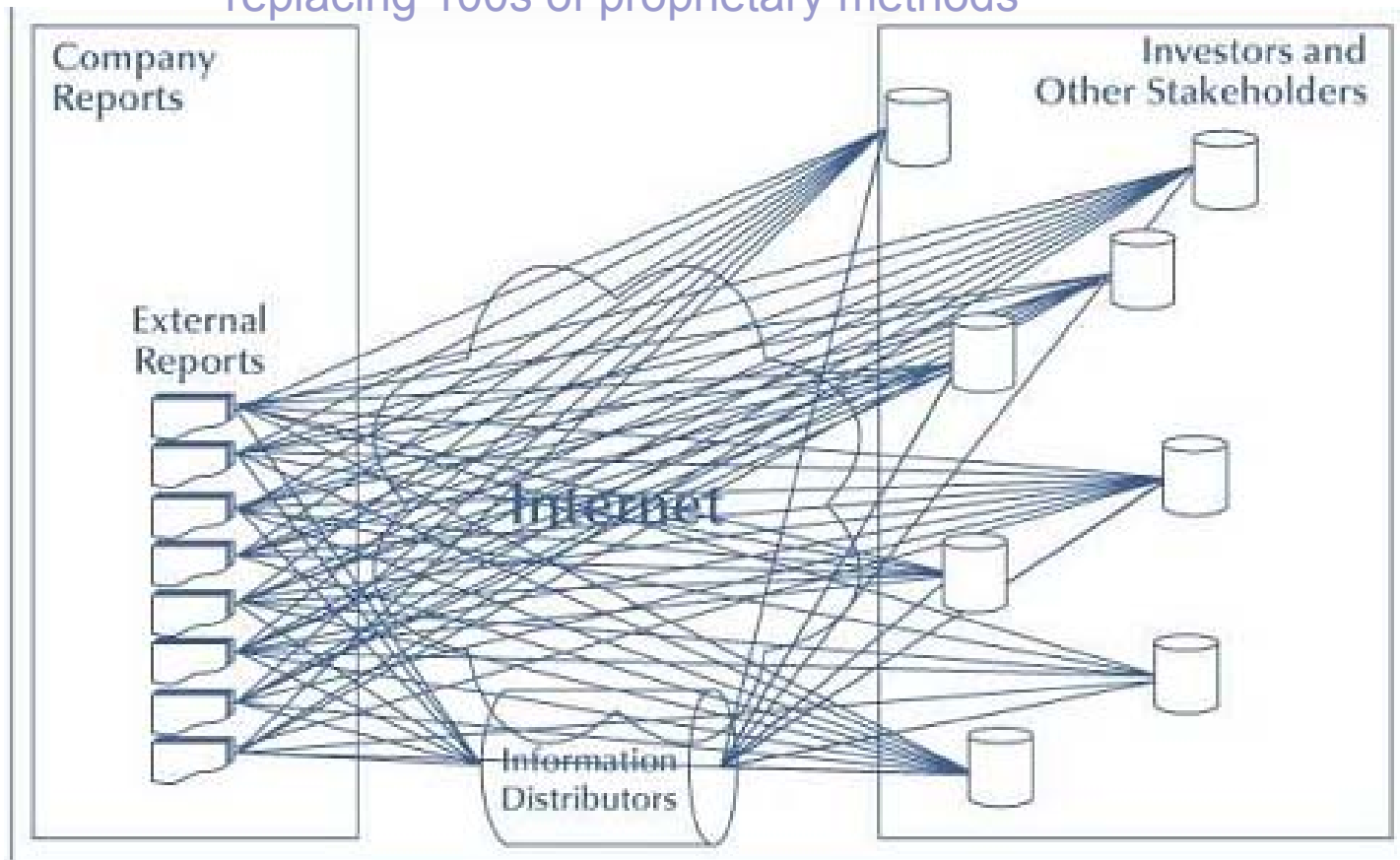
- Be flexible enough so that each supervisor can choose the scope as well as the level of aggregation of information.
- Provide concepts and a terminology that can be used by the supervisors as far as possible.
- Be simple enough to customize and extent it.
- Be compatible with the existing reporting systems.
- Take full advantage of the data model's functionality.
- Provide the references to the relevant directives.

Mandate



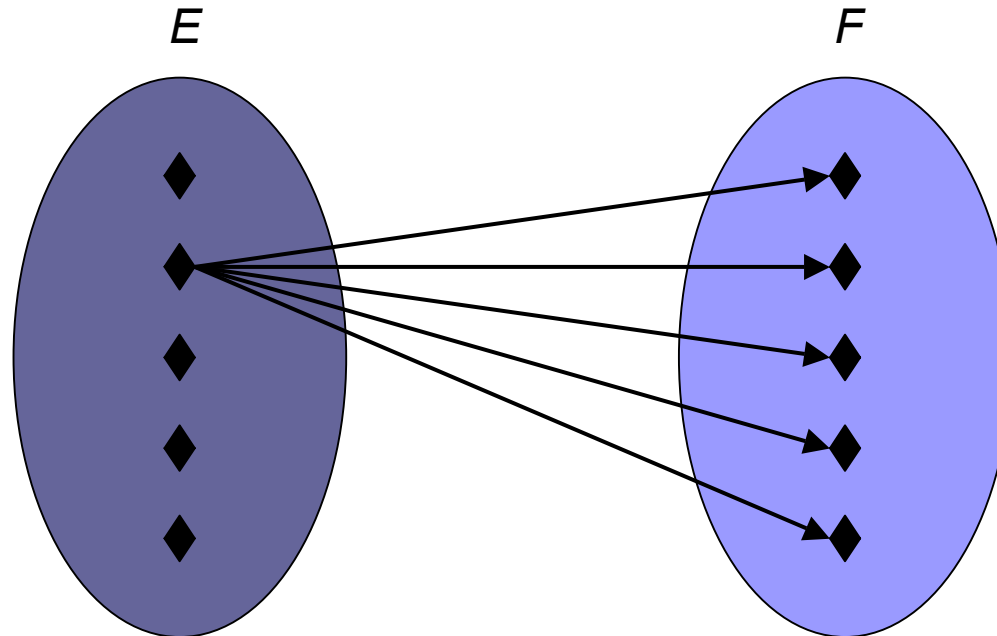
Current Model

- What problem XBRL is solving ?
- The following graphic explains why XBRL is needed ; the 'replacing 100s of proprietary methods '



Mathematical relations

Application or mapping of a set E into a set F

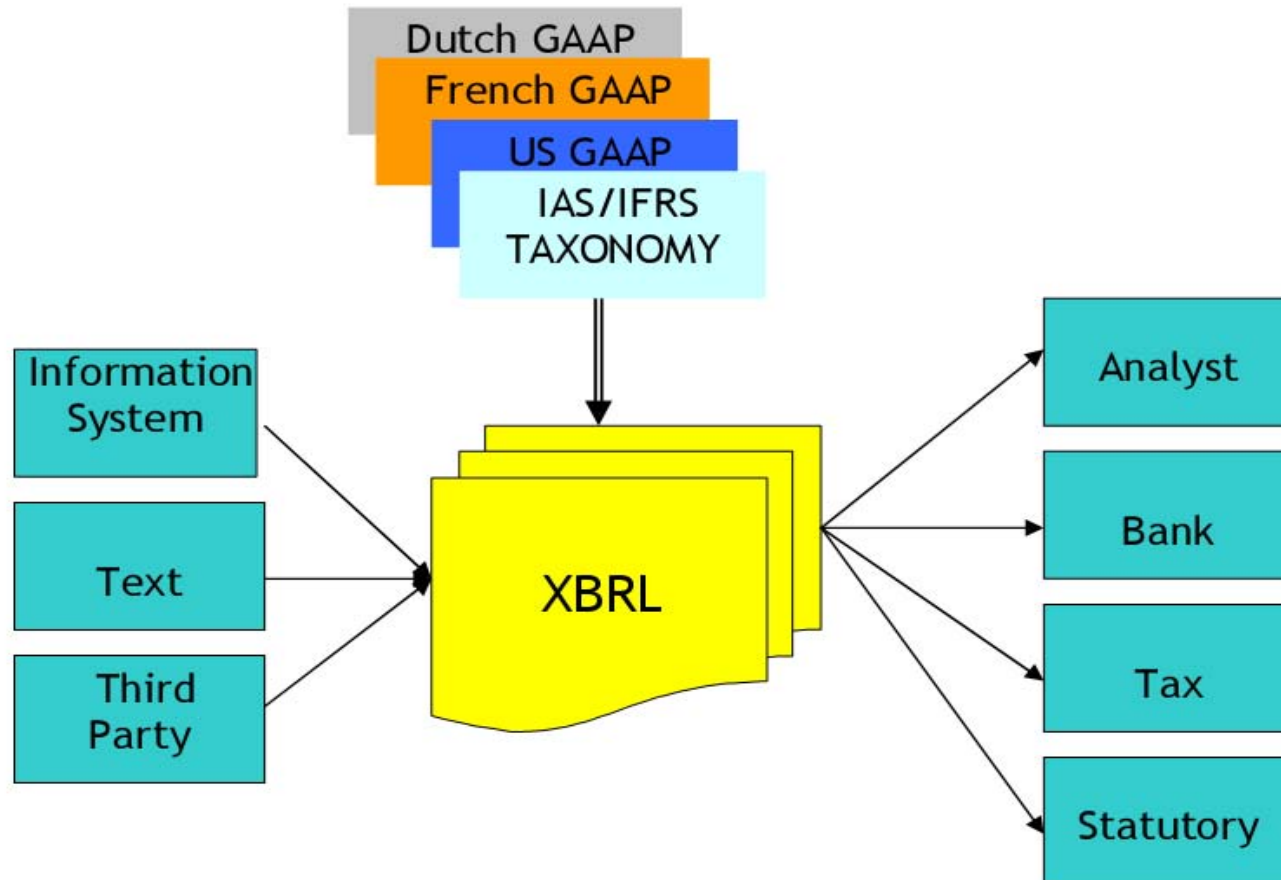


The cardinality of an application of a set E into a set F with respectively ' m ' and ' n ' elements is equal to n^m .

The effect of XBRL is to linearise this cardinality : transform ' n^m ' in ' n '.

The Solution

- Any business reporting information
- Any software application



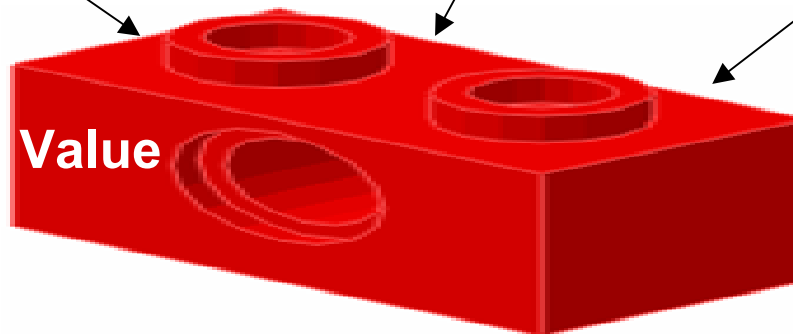
Meta-data adds information value

Linkbases

Attributes

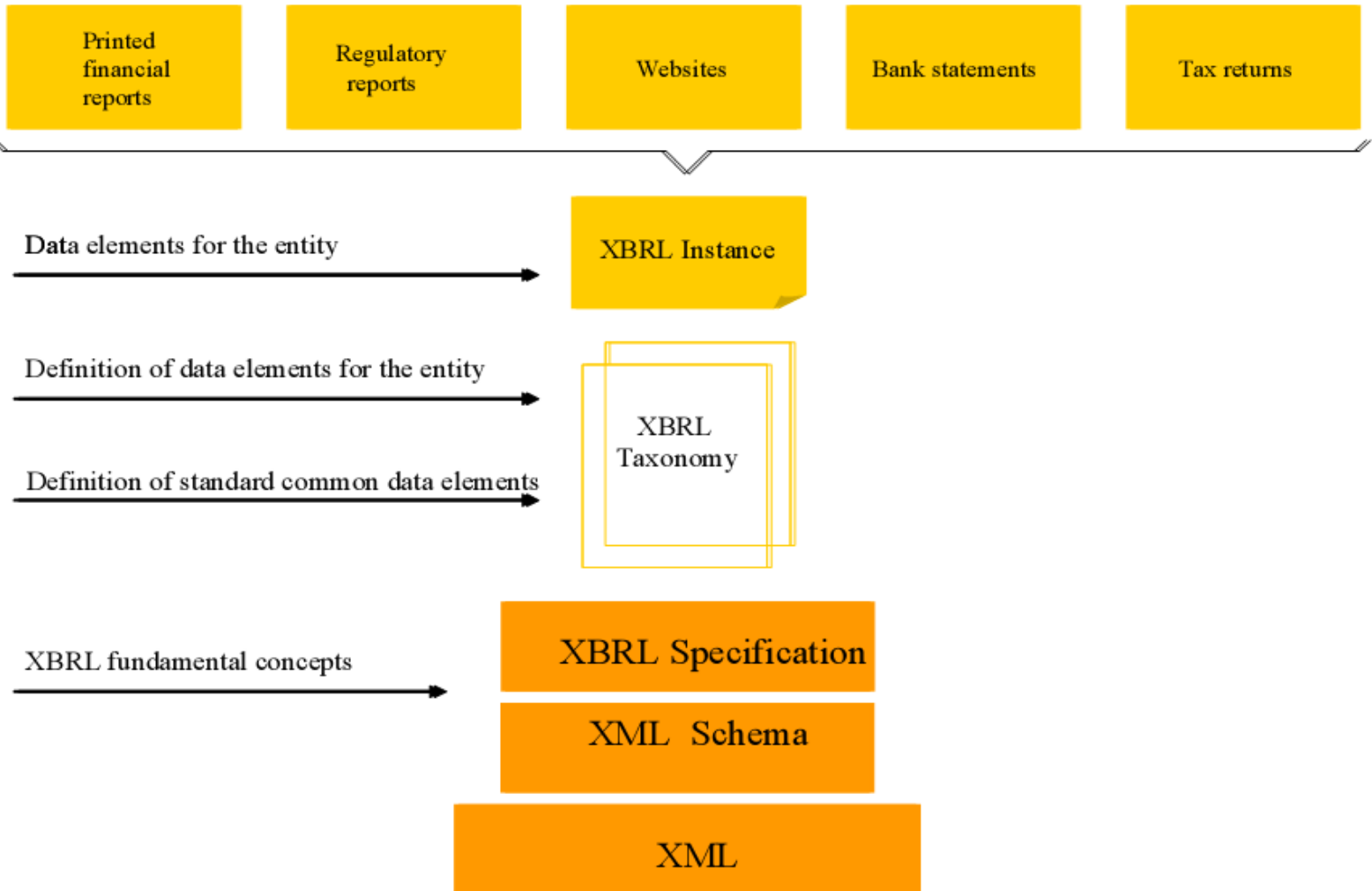
Context

Presentation
Calculation
Reference
Label
Definition



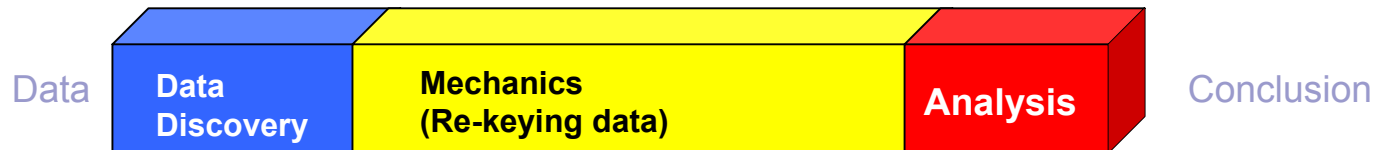
XML valid
Construction

XBRL Components



Components of information analysis

Now – majority of cost relates to data discovery and re-keying



With XBRL – cost can be re-directed to analysis

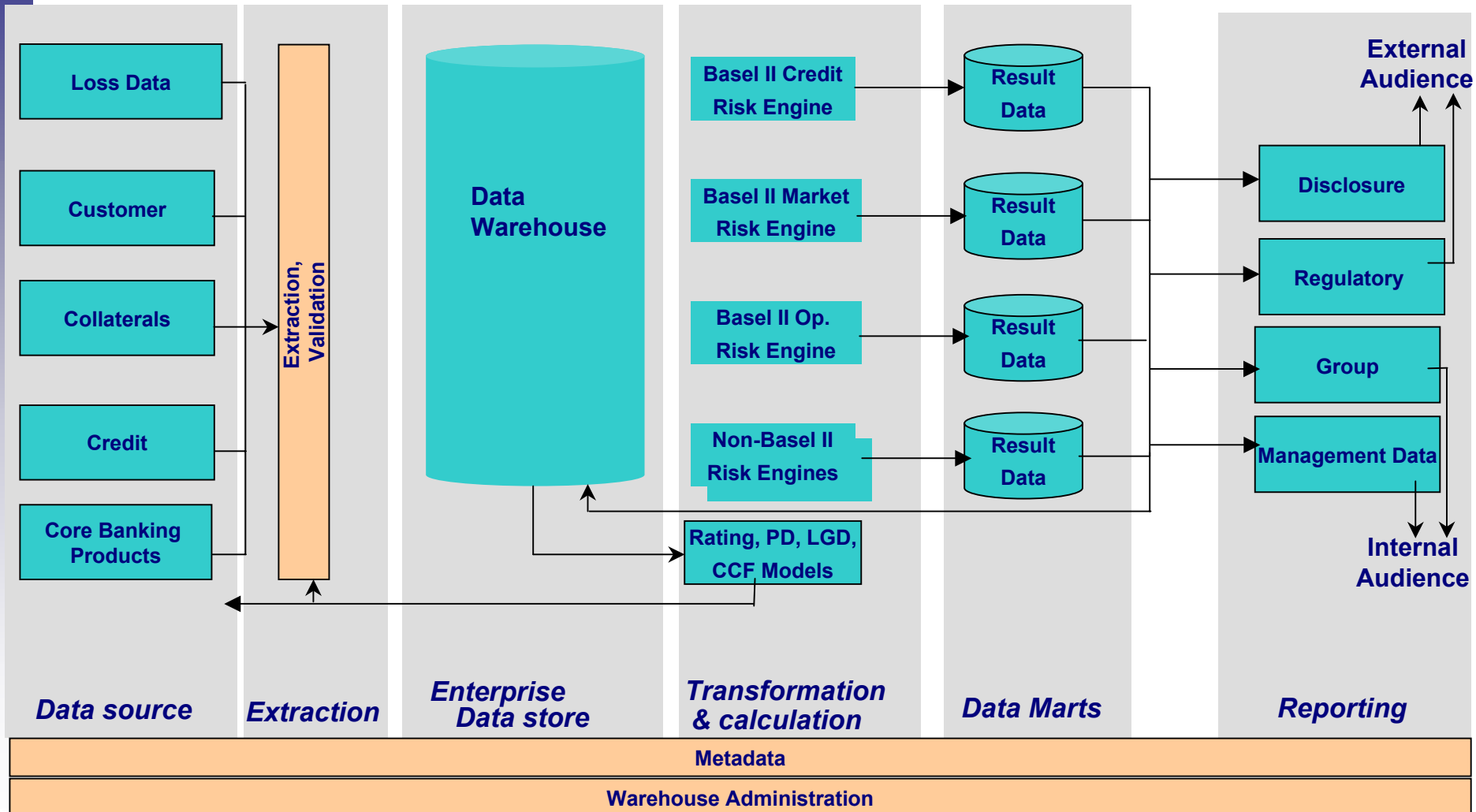


With XBRL, Intelligent Agents – total cost are reduced, analysis enhanced

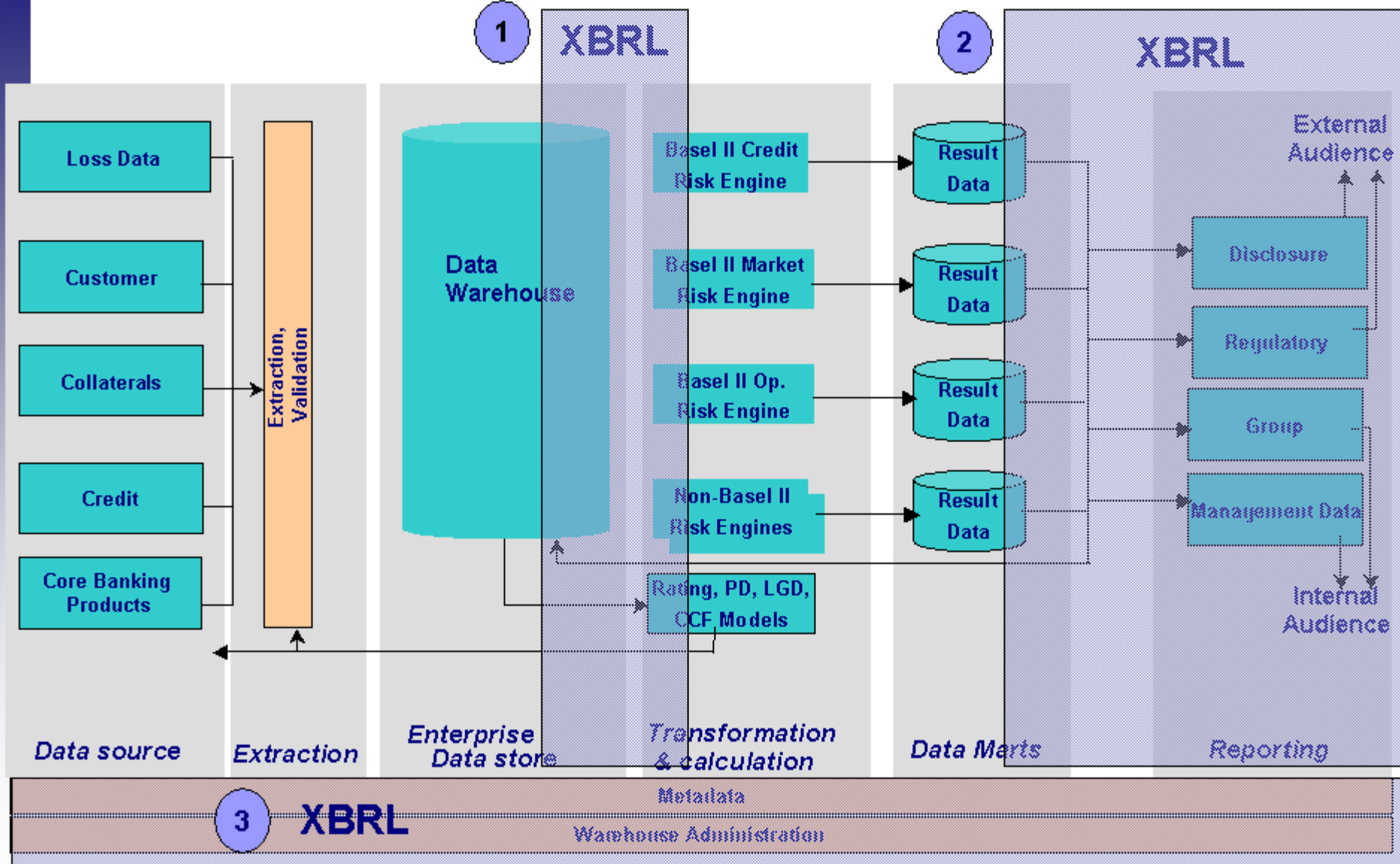


Bars represent components cost, total bar length represents total costs

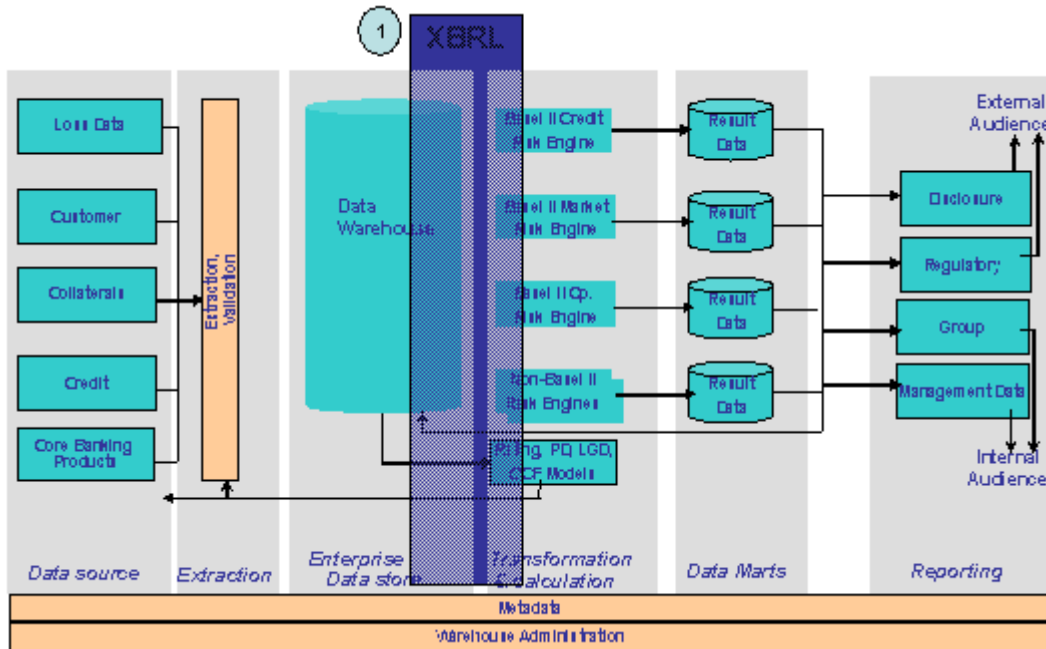
Current Process



Where does XBRL fit?



XBRL for Basel II analytics



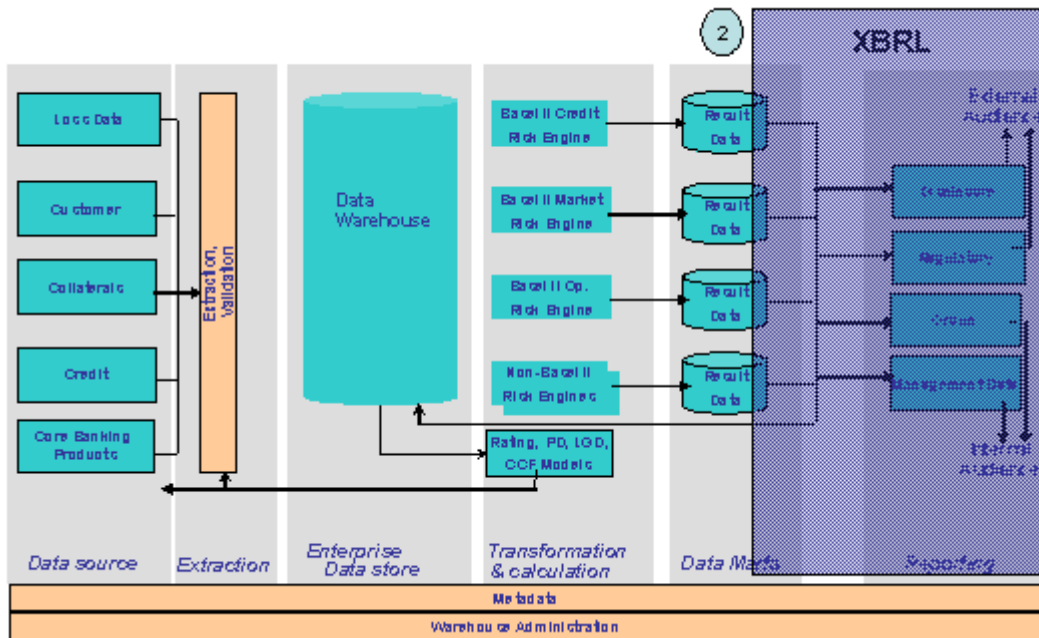
Many Analytics requirements

- Credit Risk Profile
- Credit Risk Assessment
- Credit Risk Mitigation Assessment
- Operational Risk Assessment
- Portfolio Credit Exposure
- Security Analysis
- Liquidity Risk
- Collections Analysis
- Involved Party Exposure
- Location Exposure
- Non Performing Loan

Aggregate data for analytics

- Multiple Sources
- Different periods
- Different rules

XBRL for Basel II reporting



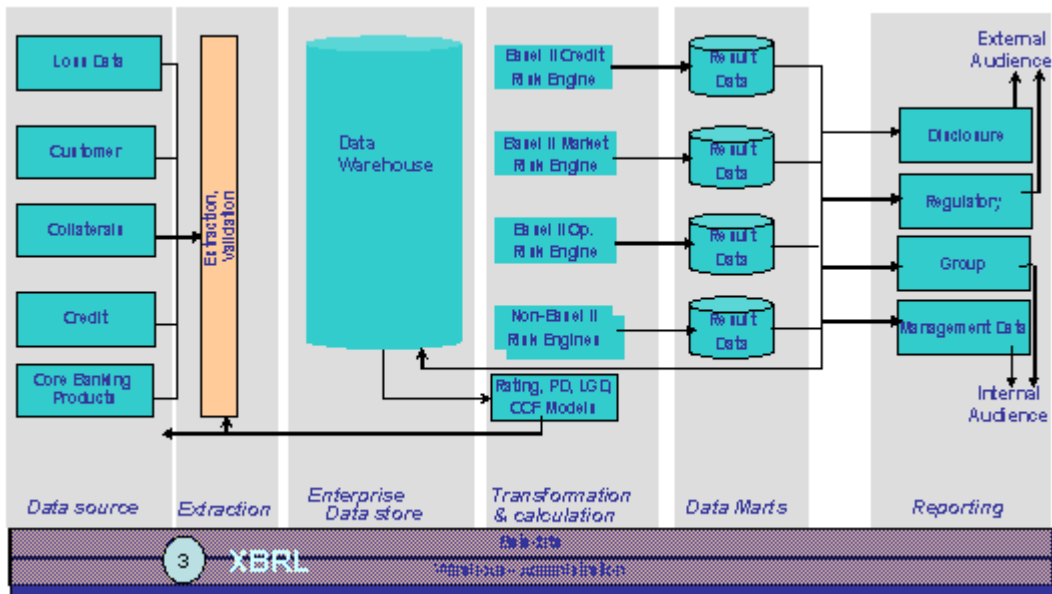
Many reporting requirements

- External
 - Disclosures
 - Regulatory
- Internal
 - Group
 - Subsidiary
 - Management reporting
- Integration with other reporting requirements
 - IAS

Aggregate data for reporting

- Multiple Sources
- Different periods
- Different rules

Common definition using XBRL

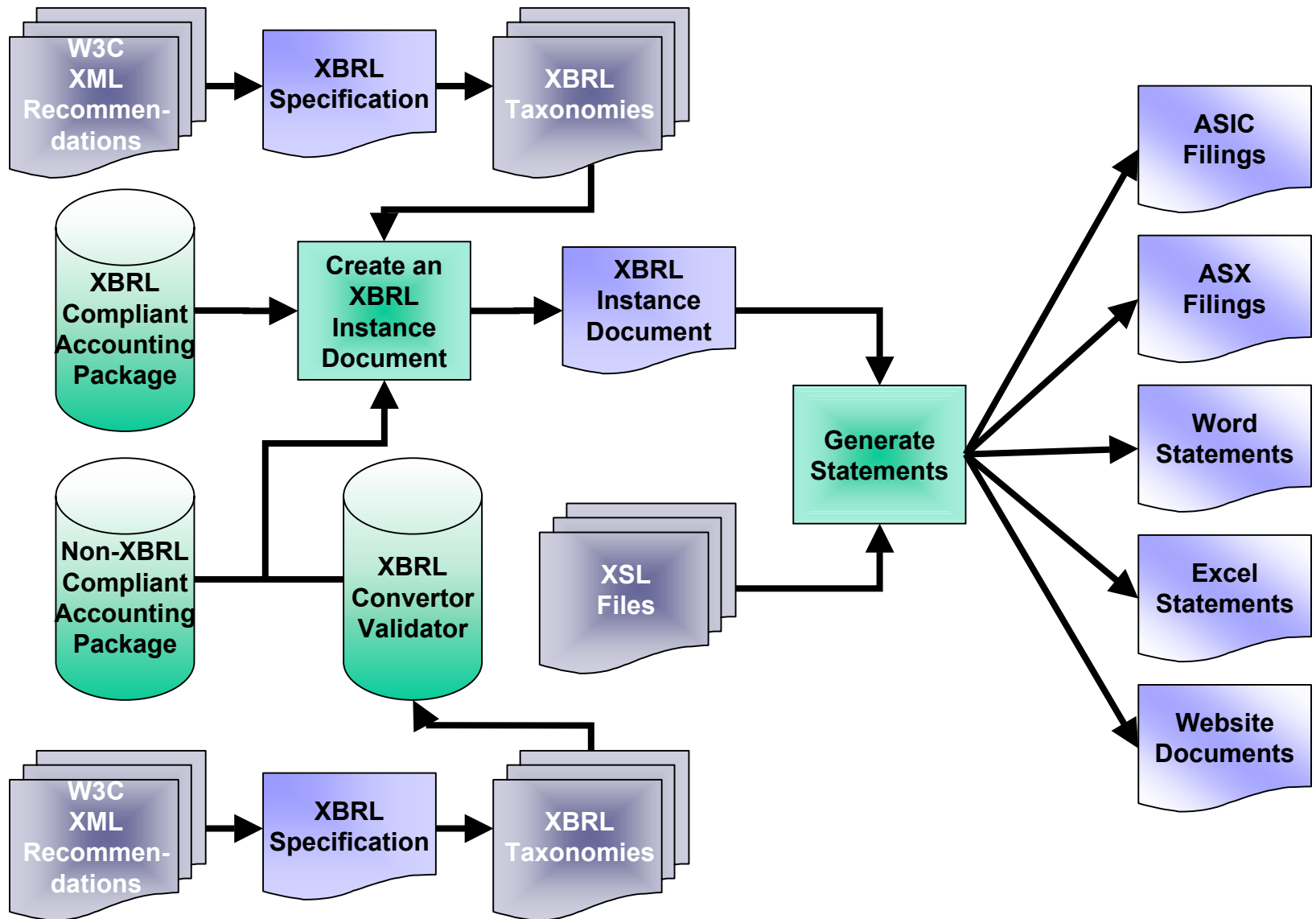


Definition of Internal Basel II taxonomies:

- Define an organizational metadata layer
- Traceability back to transactions
- Common repository for changes and updates to requirements
- Enhance group ability to consolidate data
- Improve data quality

Basel II is an opportunity for banks to force its subsidiaries and business units into following a common understanding of data, driving common standards into the organisation . XBRL can be THE standard

An Overview of the XBRL Process



Questions ?

