

CL & Fronting Risk workshops: main objectives

1. Product Set Up

- Required **attributes** for booking a RCF and TermB as commitment letter
- Determination of **product codes** to be created (MISCO, Partenon...)
- Specs for the **set-up** of the **new partenon** contract
- **Business events**
- For **Commitment Letters**:
 - Design the **financial position**
- For **Fronting Risk**:
 - Booking **ring fencing**
 - Fronting outstanding **control**

2&3. Finance & Capital

- Identification of the new **chart of accounts** for both products
- Determine **ALCO requirements**
- Additional **fields** for **extracontable**
- Specific requirements for reporting **capital credit**
- Additional requirements for **BDR**
- Any other **special consideration** for **Finance & Capital**

4. Credit Risk

- Methodology to calculate **credit exposure** for **underwriting risk**
- Methodology to calculate **credit exposure** for **settlement risk**
- Based on above's findings, identification of **new fields** required for **Cream**
- Any other **special consideration** for **Credit Risk**

5. Market Risk

For **commitment letters**:

- **Valuation** model for the **tactical** solution.
- Methodology of the **valuation** model for the **strategical** solution

For **fronting risk**:

- **Valuation** model for the **tactical** solution.
- Methodology of the **valuation** model for the **strategical** solution

For both:

- **Additional requirements** for reporting purposes
- Any other **special consideration** for **Market Risk**

6. IT Session

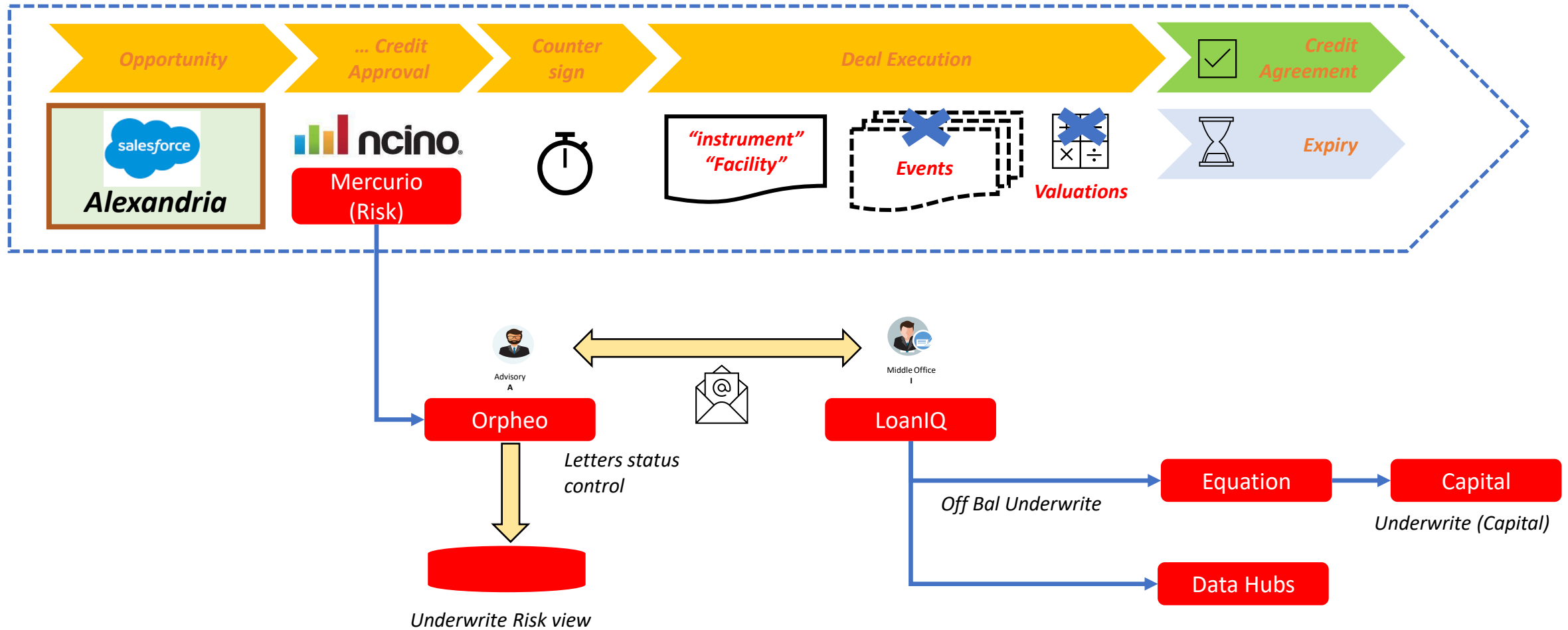
Based on the previous sessions:

- **Financial position** design and **feeding to BDH3**, potential **changes** identified in the **current DNA**
- **Accounting attestation** between the accounting generated from OneStopShop and BDH3 (RETO)
- **Solutions** for specific **requirements** raised by users and consumers during the workshops
- Set the **target architecture** and **intermediate phases** of implementation.

Credit Letters and Deal Execution

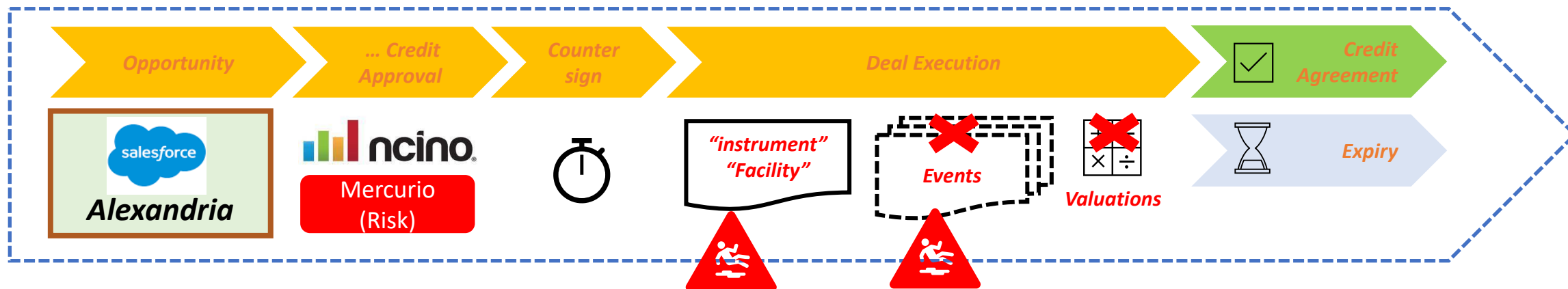
Mid Term

Internal use only



Credit Letters and Deal Execution

Mid-term challenges.... Scenario around 20 deals in execution simultaneously



Data points to ensure a proper scalable solution:

- Commitment letters:
 - average 2/week,
 - busy week up to 4
- Simultaneous deals in execution:
 - up to 20.
- Deals events:
 - Average 2-3 per week,
 - pick 6-10.

Highlights

Events recording and tracking:



no system for events and associated documentation recording.

Underwrite exposure:



2 sources of information for Risk and Capital calculation.



Risk information 100% reliant on FO updating Orfeo – no 4 eyes validation by independent function.

MO Loan IQ booking and reporting 100%:



reliant on FO/Advisory providing timely and precise updates of the events

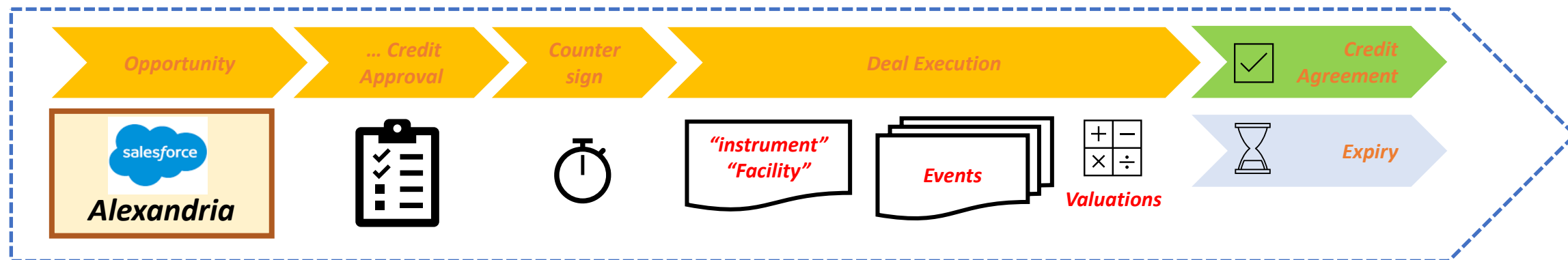


FO-MO communication: based on emails.

Valuations (FVPL): understood as fair value, are not part of the current scope

Credit Letters and Deal Execution

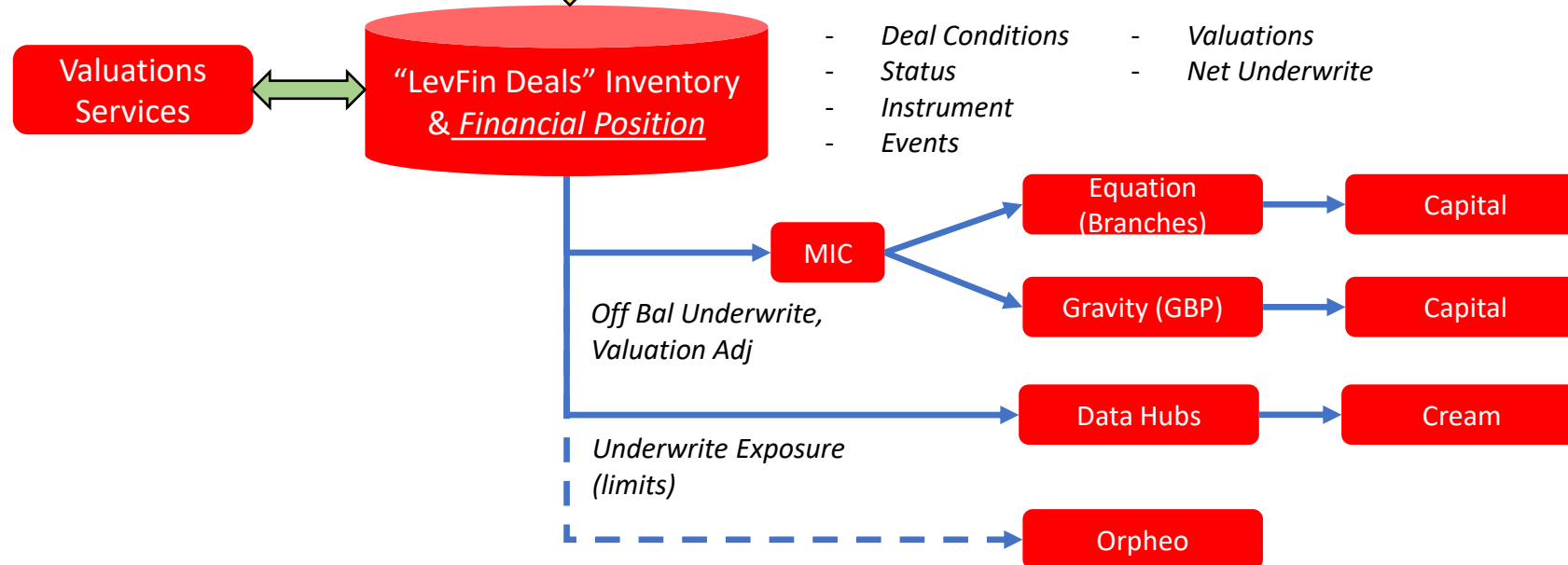
Long Term proposal



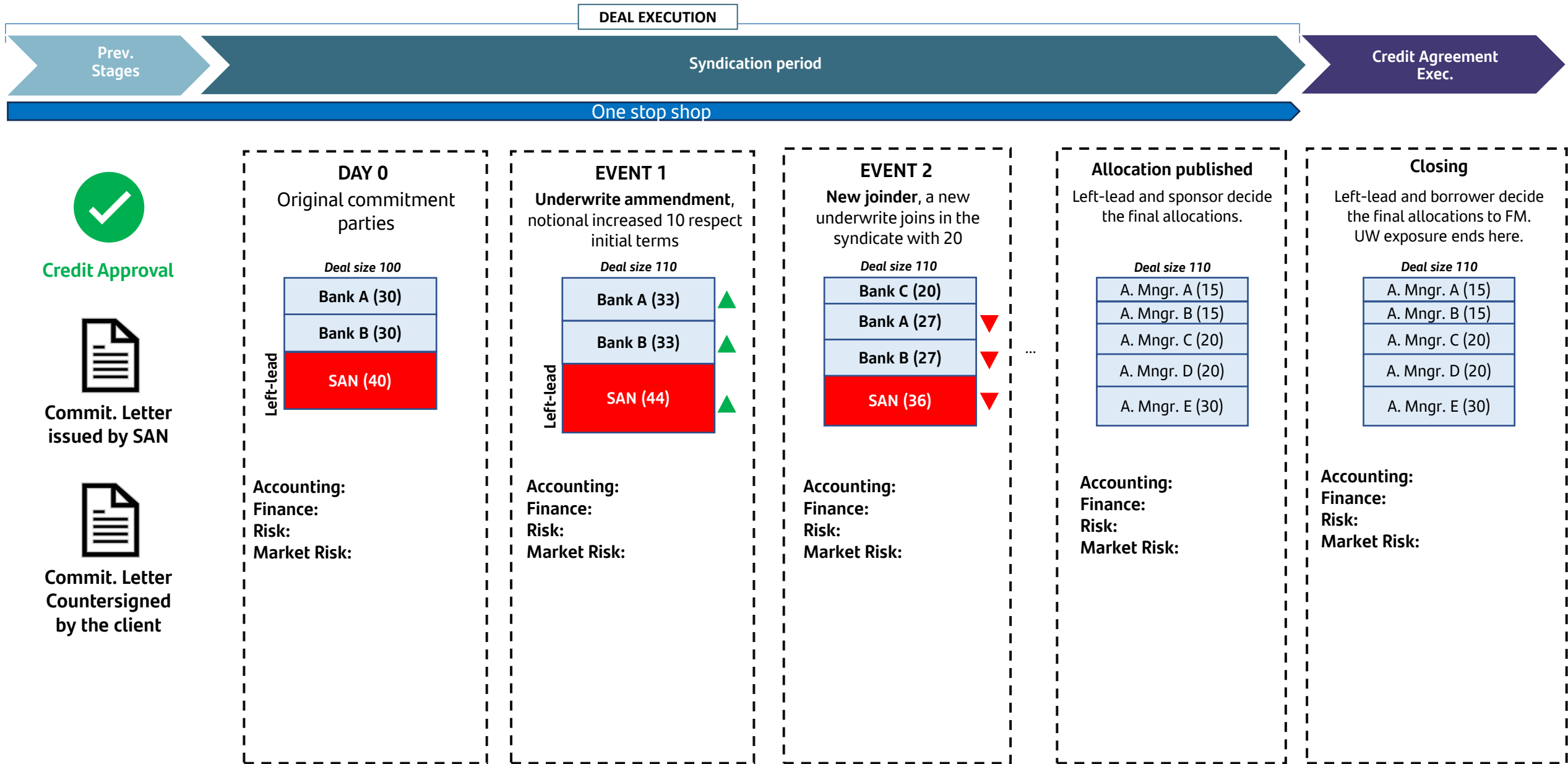
One stop shop

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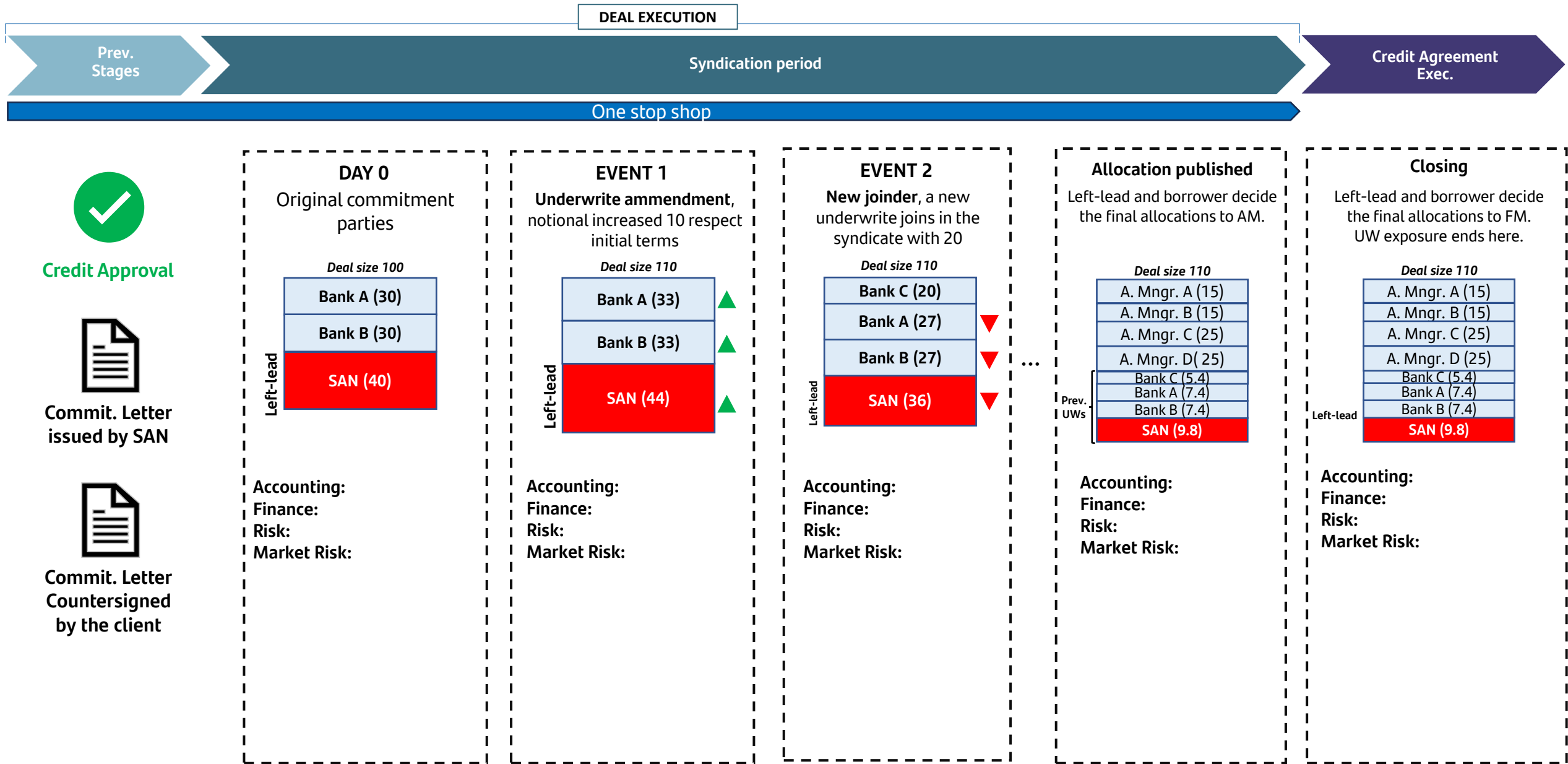
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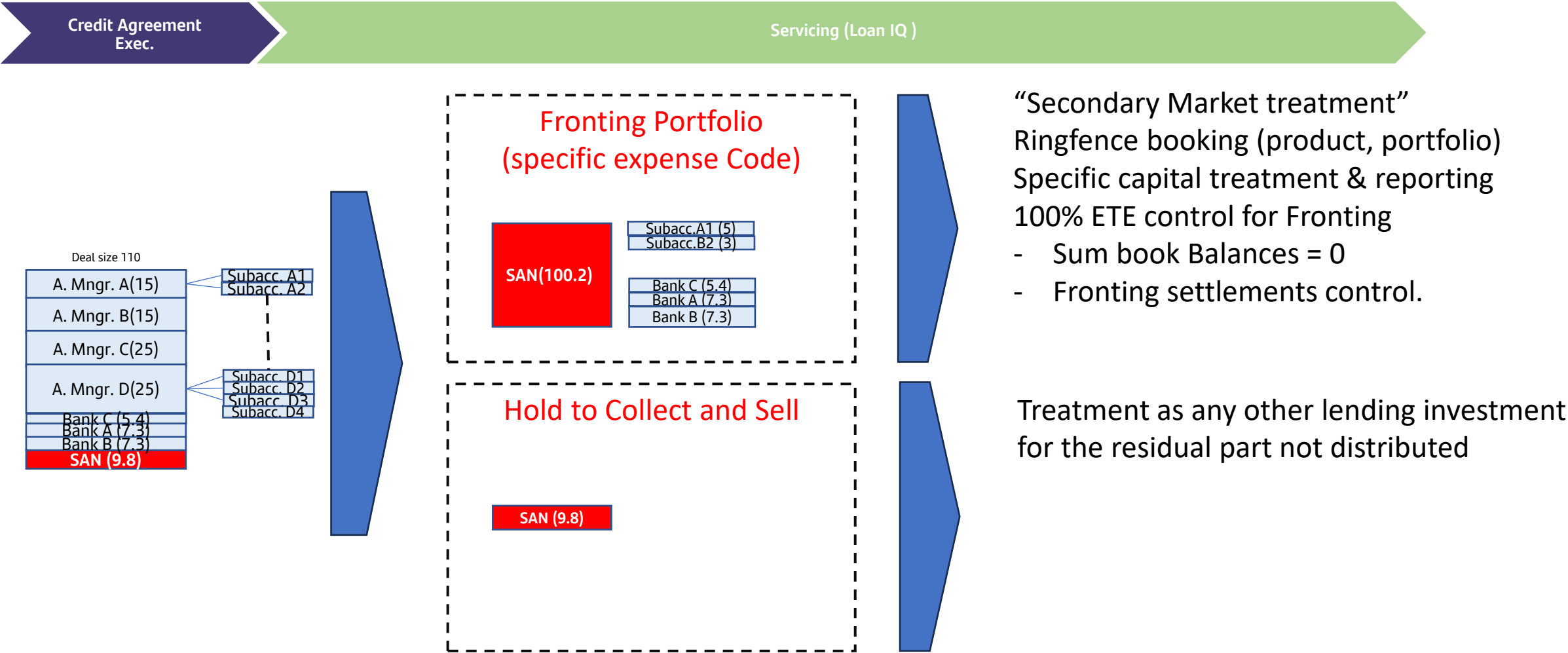
Leverage Finance: Deal Execution term B fully distributed



Leverage Finance: Deal Execution term B partially distributed



Leverage Finance: Term B - Fronting general booking proposition



Leverage Finance: Fronting over a term B fully distributed

Credit Agreement Execution

Fronting Risk

