REVISION HISTORY

|  |  |  |  |
| --- | --- | --- | --- |
| **AUTHOR** | **REVISED SECTION/PARAGRAPH** | **REV** | **RELEASED** |
| **Naomi Hope** | **First draft** | **1.0** | **August 2021** |
| **Nita Jhummu** | **Second Draft** | **2.0** | **October 2021** |
| **Tabitha Lovell** | **Minor edits following SOP testing** | **2.1** |  |
| **Tabitha Lovell** | **New SOP for improved G drive process** | **3.0** | **June 2022** |
| **Joseph Bryant** | **New SOP to accommodate new SAS code** | **4.0** | **October 2022** |
| **Joseph Bryant** | **New SOP with updated SAS code** | **5.0** | **June 2023** |
| **Arjun Niranjan** | **Include WBL Arrears (Manual)** | **6.0** | **July 2023** |
| **Luke Lobato** | **Cleaned up Process** | **6.1** | **August 2023** |
| **Ben Conway** | **Clarifications and Amendments** | **6.2** | **July 2024** |
| **Brendan Tam** | **Take out 2 incorrect WBL Defaults** | **6.3** | **September 2024** |
| **Ben Conway** | **New location for DF Information** | **6.4** | **April 2025** |

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# PURPOSE

The purpose of this Standard Operating Procedure (SOP) is to outline the process used to create four arrears files: for AF, DF, SM and WBL. These files contain a summary of all accounts in arrears at the end of each reporting month. We save these in the in the G:\SHARED folder, so that all employees have access to them.

# SCOPE

# RESPONSIBILITIES

# RESOURCES

* Month Arrears Summary – Risk Reporting, WD5
* SM MI – Risk Reporting, WD3
* AF MI – Risk Reporting, WD3
* DF Core – BI, WD3
* WBL IFRS9 Extract – WBL, WD3

# PROCEDURE

The code used for creation of each of the files (SM/AF/DF only; WBL is manual) is located here:



[\\htbplc.net\users\Groups\DEPARTMENTS\RISK and COMPLIANCE\Credit Risk Analytics\Month end arrears and past due\Shared Arrears Reporting\Code](\\\\htbplc.net\\users\\Groups\\DEPARTMENTS\\RISK and COMPLIANCE\\Credit Risk Analytics\\Month end arrears and past due\\Shared Arrears Reporting\\Code)

## Preparing the files

Several files are used to get the data for the **arrears files**. Ensure each one is ready before continuing with the code.

1. First navigate to:

\\htbplc.net\users\Groups\DEPARTMENTS\RISK and COMPLIANCE\Credit Risk Analytics\Month end arrears and past due\ and go to the most recent month, which should be the reporting month.

1. For SM and DF, the Arrears summary file is used. It is located here:

\\htbplc.net\users\Groups\DEPARTMENTS\RISK and COMPLIANCE\Credit Risk Analytics\Month end arrears and past due\NN. Month YYYY\Month yyyy summary.xlsx

Check with the owner that the file is ready then follow the below steps to create the required files

|  |  |
| --- | --- |
| **File Name** | **How to create it** |
| **Arrears\_DF\_yyyymm.csv** | Go to the **mm yyyy summary** in [\\htbplc.net\users\Groups\DEPARTMENTS\RISK and COMPLIANCE\Credit Risk Analytics\Month end arrears and past due\](\\\\htbplc.net\\users\\Groups\\DEPARTMENTS\\RISK and COMPLIANCE\\Credit Risk Analytics\\Month end arrears and past due\\ ) in the **current month,** in the **Month-end Arrears and Past Dues** tab, and look down **Column** A until you get to **DF Arrears**.Then copy the **DF arrears data** in **Columns H, I, J, K (Account Number, Balance, Bucket, Arrears)** to a **new excel file** but make sure that the columns are in the following order: **Balance, Arrears, Bucket, Account number**. Also include the headers of the columns, but use **ALT + H + V + V** to just paste values and not the format. Rename the account number column to **Account\_Number.** Save this as a csv file in the **G Drive folder** using the **name on the left** where mm is the current reporting month. Ensure you only copy the **arrears** data and not the **past dues** data. |
| **Arrears\_SM\_yyyymm.csv** | **Same** as above but copying **SM Arrears** data instead. We have now split the STLs from the Term Loans in SM, so make sure to copy the **SM arrears** data into the new csv file and then the **STL arrears** data into the same file, simply appending it onto the last row. |
| **DF\_Accounts.csv** | Open the DF\_MI\_YYYYMM file in the below folder for this reporting cycle  [\\htbplc.net\users\Groups\DEPARTMENTS\RISK and COMPLIANCE\New Risk Appetite Templates\Credit Risk\](\\\\htbplc.net\\users\\Groups\\DEPARTMENTS\\RISK and COMPLIANCE\\New Risk Appetite Templates\\Credit Risk\\ )nn. Month’yy CC\Input\DF  and copy the **columns** **B**, **C** and **D (Account number, Exposure Group, Customer)** into a new **csv** file. Then copy **date loan drawn** (column **CC**). Make sure that the column headers (account number, Exposure Group etc.) are in the top row (so delete any rows above them in your file you’ve copied over to). Rename the column **Date Loan Drawn** to **inception\_date**. Deleteany rows that have dates that are **tbc** or blank, these are undrawn accounts that could not have gone into **arrears yet**. Also make sure the inception dates are in the date format. Save the file as a csv and call it **DF\_accounts**, save this in the **G Drive folder** |

There should now be **3 files** in the **G Drive** folder for this month, 2 arrears files and one df\_accounts. Ensure these are all **CSVs.**

1. For information on **Watch**, navigate to:

\\htbplc.net\users\Groups\DEPARTMENTS\RISK and COMPLIANCE\Credit Risk Analytics\Data\SAS Datasets\Watch & Recoveries

And look at the **date modified** on the **watch\_recovery** SAS dataset. If this has been updated **this month** then it is ready to be used, if not check with the **watchlist process owner** to see if the SAS dataset has been updated.

1. For defaults navigate to:

\\htbplc.net\users\Groups\DEPARTMENTS\RISK and COMPLIANCE\New Risk Appetite Templates\Credit Risk\NN. Month’YYYY CC\Input\Defaults and ensure the default List – Month YY is there. Check with the **default list process owner** that this file is ready.

1. For **AF arrears**, the **AF\_arrears\_list** SAS dataset is required. It is located here: \\htbplc.net\users\Groups\DEPARTMENTS\RISK and COMPLIANCE\Credit Risk Analytics\2 - Asset Finance\AF MI Data\Outputs\AF\_Arrears\SAS Dataset

Check with the **AF\_MI owner** that this file is ready

1. Finally, for **EML** we use the EML data in the Central Data Repository. Check with the EML process owner to see if this file is ready.
2. Once all the files are ready, the code is ready to be run

## Running the code

When running the code, ensure you run **one program at a time** as there are several checks that need to be done before the exports. The code is called **Arrears\_data** and is located here:

[\\htbplc.net\users\Groups\DEPARTMENTS\RISK and COMPLIANCE\Credit Risk Analytics\Month end arrears and past due\Shared Arrears Reporting\Code](\\\\htbplc.net\\users\\Groups\\DEPARTMENTS\\RISK and COMPLIANCE\\Credit Risk Analytics\\Month end arrears and past due\\Shared Arrears Reporting\\Code)

### Program – Macro

The macro program contains the libraries and macros that will be used throughout the code

The ***Watch* Library** contains the dataset where the **watch and recoveries** information will be kept

The ***AF\_arrs ­*library** contains the af\_arrears\_list which is the main import for the **AF arrears** file

The ***SM\_MI* library** contains the sm\_mi dataset which will be used to get the **exposure group** names for **SM**.

Ensure you update the macro variables to the most recent information.

* **Date\_input** is the last day of the report month (the month before the month you are in)
* **Arrears\_folder** is the folder that contains the **G Drive** folder with the inputs you prepared early. It should also be the report month in the format NN. Month YYYY
* **def\_list\_data** is the name of the default list excel file in the below folder where **NN. MONTH'YY CC** refers to this month

\\htbplc.net\users\Groups\DEPARTMENTS\RISK and COMPLIANCE\New Risk Appetite Templates\Credit Risk\NN. MONTH'YY CC\Input\Defaults

Ensure all these are up to date, then **run this section.**

### Program – Import

This program **imports** all of the required **datasets** and files.

1. The **AF arrears** list is imported first. **Check** that the **report\_date** matches the current **reporting month**
2. For **SM**, 2 files are imported, the **arrears\_SM** csv created previously, and the **SM\_MI** to get the exposure names.
3. For **DF**, we just import the two files created previously.
4. Ensure the above files are **imported correctly**
5. The **watchlist** is then **imported**. The watchlist file uses the start of the month as its report date, as the end of the month is used elsewhere, the **code updates** this to the **end of the month**
   1. Ensure the most recent report date is there, if it isn’t, ask the watchlist process owner.
6. The **EML** list is then **imported**. The balances file that is imported contains all the accounts which have left EML this month is well. In the file, the ones which left EML have a 0 group exposure, these are excluded in the code
   1. As a side note, new to EML cases have a 0 exposure for last month, and a positive one for this month
7. Finally the **default list** is imported. This file has different tabs for **each portfolio**, as a result, each portfolio is imported separately. Check these are **imported correctly**
   1. The code adds a default flag (**=1**) this will be joined onto the arrears files later.

### Program – AF

This program **produces** the **AF arrears list** that will be exported.

1. The code starts by keeping and renaming the relevant variables from the **AF\_arrears\_list**. It also contains a **manual adjustment** for the **1-30 days bucket** to ensure that it is the same format, add any other **manual adjustments** here **if necessary**.
2. The **columns** are then put in the **correct order**.
3. **Watch and recoveries** data is joined on, followed by **EML** and then **defaults**. This is done on both accounts numbers to ensure to capture all observations.

### Program – SM & DF

This is a very **similar** process to **AF**, the main difference is both of these programs have to **join** the **exposure group name separately** (done with **DF\_accounts** for DF and **SM MI** for SM).

One final difference is that the join is done with just **one account number**, compared to 2 for AF.

### Program – Export

Before the datasets are exported, they undergo several **checks.**

First the **column order** is checked. This is important as the files are often imported into code, where the columns must be the same. Check the 3 datasets **af, df** and **sm col\_check** to ensure the columns are in the same order.

The next check completed is that there is only **one format** for each arrears bucket. For example, sometimes **1-30 days** (lowercase d) may be formatted as **1-30 Days** (capital D), ensure that these are manually adjusted in the code.

Next, ensure the **volumes** are as **expected**, check that the number of rows match the **volume of arrears** cases for each portfolio.

The files are then exported to here:

\\htbplc.net\users\Groups\DEPARTMENTS\RISK and COMPLIANCE\Credit Risk Analytics\Month end arrears and past due\Shared Arrears Reporting

Open each of them and check for obvious errors, such as empty columns.

Send to a member of the teams for a **4-eye check**

## WBL Arrears

1. Find this reporting month’s **WBL IFRS9** extract here: [\\htbplc.net\users\Groups\DEPARTMENTS\RISK and COMPLIANCE\New Risk Appetite Templates\WBL Credit Pack\Core\_Excel](file:///\\htbplc.net\users\Groups\DEPARTMENTS\RISK%20and%20COMPLIANCE\New%20Risk%20Appetite%20Templates\WBL%20Credit%20Pack\Core_Excel)
2. Filter ‘**Days in Arrears**’ (col W) and ‘**Arrears Amount**’ (col Q) for anything APART from **negatives**, **zeroes**, or **blanks**.
3. In a new Excel file (called **WBL\_Arrears\_YYYYMM.csv**) copy in the **agreement number** (col A), the **Exposure** (col E) and the **Days in Arrears** (col W).
4. Multiply the **Exposure** by **-1** to align with **HTB reporting** (WBL reports exposures as negative where HTB reports them as positive).
5. Save this WBL Arrears file in the below folder path:

[\\htbplc.net\users\Groups\DEPARTMENTS\RISK and COMPLIANCE\Credit Risk Analytics\Month end arrears and past due\Shared Arrears Reporting](\\\\htbplc.net\\users\\Groups\\DEPARTMENTS\\RISK and COMPLIANCE\\Credit Risk Analytics\\Month end arrears and past due\\Shared Arrears Reporting)

## Save the files in the SHARED folder

1. Once the **DF/SM/AF/WBL\_Arrears\_YYYYMM.csv** files are sent to a member of the Risk Reporting team for a 4-eye check.

Once the check is complete, copy the files into [G:\SHARED\Risk Arrears Reporting](G:\\SHARED\\Risk Arrears Reporting).