



CLIENT REPORT in CIB Bank

using SAS[®] Data warehouse

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June 27, 2002

TOPICS



- What is client profitability measurement?
- What are the main elements of the client report ?
- How can you utilize SAS Data warehouse ?
- DEMO



*„A MARINER WITHOUT A COMPASS
CAN END UP SAILING IN CIRCLES.“*

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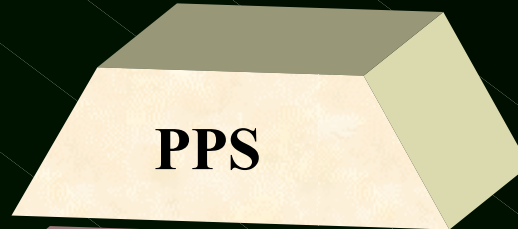
Structure of the MIS



Client Profitability



Product Profitability



Organisational Profitability



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Client profitability measurement – What ?

The logo for CIB BANK, featuring a stylized white icon of a building or structure above the text "CIB" and "BANK" in a bold, sans-serif font. The logo is set against a dark green background with a circular light effect.

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- Customer profitability means analysing and identifying the incomes and costs of customers and customer groups.
- Previously banks paid little attention to customer profitability calculation, but in the late 90's it came into prominence due to the development of maintaining customer relationships.

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Client profitability measurement – Why ?

The logo for CIB BANK, featuring a stylized 'C' icon above the text 'CIB' and 'BANK' stacked vertically.

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- You need a tool to identify the most valuable customers (80/20 rule);
- It's helping the pricing decisions and cross selling;
- Provide information on the behaviour of different client segments (demographical, business, ect.);
- Through top and bottom reports the bank is able to recognize its most and the least profitable clients;
- CPS supports both strategic and operative steps toward the bank's clients;

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Client profitability measurement – How ?



- It should be the integrated part of the MIS.
- It has to have a client focus
- It has to be very flexible & fast in terms data access.

Client profitability measurement—for Who ?

The logo for CIB BANK, featuring a stylized white icon of a person or a wave above the text "CIB" and "BANK" in a bold, sans-serif font. The logo is set against a dark green background with a circular glow effect.

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- Business line executives
- Middle management
- Relationship managers
- Branch managers
- Analysts

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What are the main elements ?

- Interest type earnings
- Commission type earnings
- Expected loan loss
- Operating expense
- Cost of capital
- Asset balances
- Liability balances
- Off BS items
- Turnover (card, c/a)
- Other information



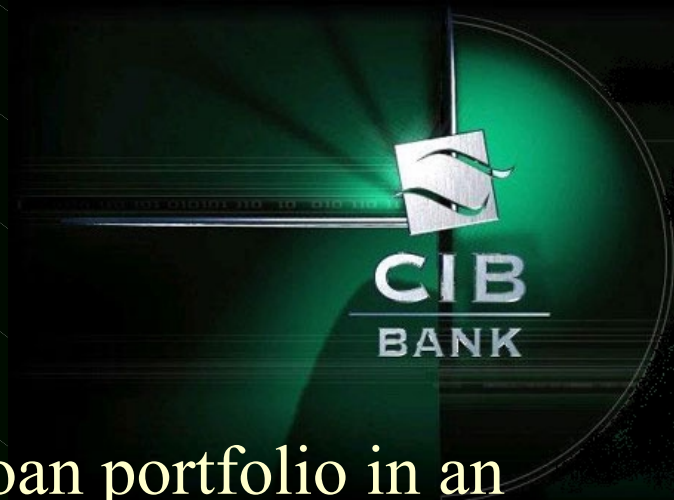
Calculating net interest income using Funds Transfer Pricing & SAS[®]



- Divides the net interest income into smaller parts.
- Transfer the elements to the actual risk bearers.
- Funding centre.
- Matched funding concept.

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Calculating expected loan loss using SAS®



- The loss that is generated on the loan portfolio in an average business year.
 - Since this loss is expected, it doesn't mean risk and therefore it should be priced
-
- Calculation is based on historical and benchmark rates by customer debt rating
 - Allocation to clients is made on deal level depending on the coverage ratio and debt rating

Calculating operating expenses using Organisational Profitability System & SAS®



- Allocation of general expenses to departments



Using statistical data

- Allocation of all department costs to products (direct, indirect)



Based on simplified activity based costing

- Allocation of product v costs to customers



Using product specific customer data (volumes items, etc)

How SAS[®] helps the process ?



- Calculating average balances, average interest rates
- Match the transfer rates (calculated else) to every deal and account.
- Allocating incomes to clients which are not booked directly
- Modelling and calculate expected loan losses
- Carry out cost allocations for products and clients

Advantages of using SAS®

- Allows completely integrated database
- Data from different sources can be easily joined
- Can use data from other connected systems
- Powerful tool for carrying out calculations
- Better transaction identification



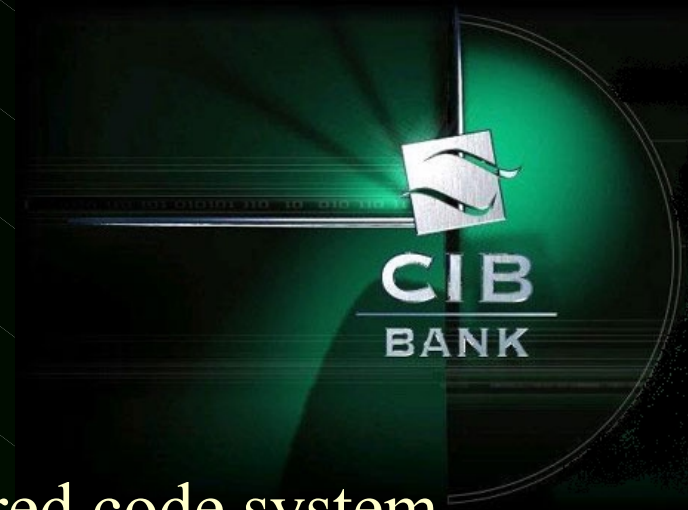
Advantages of using SAS[®] 2.

- Flexible reporting facility
- Easy report definitions
- Easy analysis with powerful functionalities
- Results can be easily justified by analytics



Challenges

- Transparent and well structured code system
- Appropriate data on customers
- Handling many data in a user friendly environment
- Appropriate knowledge of business needs
- Communication



Future

- Customer Profitability System could be the base of a complex CRM system.





Structure of the Client report

Summary table

➤ Provide flash view of the overall profitability on the required level of aggregation. Includes incomes, expected loan loss and expenses for the following main categories :

- loans
- deposits
- current accounts
- cashier transactions
- documentary business
- FX
- bankcards

Structure of the Client report 2.



Detailed tables

- Provide more detail information on the individual modules

- Contains also non P&L elements, like :
 - ending and average balances,
 - spread on deals, current accounts
 - data on volume and transaction numbers.

Structure of the Client report 3.



Filtering :

- General customer characteristics : customer type, branch, business officer, residence country, etc;
- Corporate characteristics : field of activity, size, debt rating, etc.
- Retail characteristics : age, gender, monthly income



DEMO

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