

THE IBM-COGNOS RISK-ADJUSTED PROFITABILITY BLUEPRINT



A WEB-BASED
PERFORMANCE
MANAGEMENT
APPLICATION

IMPLEMENTATION GUIDE

INTRODUCTION

This implementation guide demonstrates a Web-based planning and reporting process for the banking industry, specifically focused upon risk analysis with profitability planning, using Cognos 8 Planning and Cognos 8 Business Intelligence.

Performance management systems make it easy to communicate goals and to measure, track, and get feedback on performance against goals. The IBM-Cognos Risk-Adjusted Profitability Blueprint ensures that a bank can manage such items as exposure, risk, profitability and RAROC. At the regional manager level, managers make decisions to optimize efficiency and profitability as well as control risk and exposure.



BLUEPRINT OBJECTIVES

The *IBM-Cognos Risk-Adjusted Profitability Blueprint* meets a number of objectives:

- Risk-adjusted planning and forecasting at the industry, product, and regional level
- Involvement of the Chief Risk Officer or Risk Manager in the forecasting process
- Ability to change risk assumptions and see their impact through to the P&L and Risk-adjusted Return on Capital (RAROC) calculations
- Establishes clear P&L and exposure targets for each regional manager at a product and region level
- Calculates revenues and loan losses based on account balances and account levels
- Uses activity based costing to calculate activity volumes from historical activity intensity rates driven by forecasted account activity by product and transaction
- Uses derived volume activity to calculate assigned expenses using shared services rates
- Provides the ability to enter direct expenses associated with the segment
- Allows alternative revenue planning scenarios and a process for choosing the best alternative to meet needs and expectations
- Enables users to plan as many as three unique initiatives for each industry, and then select which initiative(s) to include in the final current forecast
- Provides immediate feedback on planning decisions
- Allows reporting and analysis by industry, product and region.

KEY COGNOS PLANNING BENEFITS

For organizations looking to improve both operational and financial planning, Cognos 8 Planning provides unprecedented power and flexibility to turn sophisticated strategy into discrete plans, budgets, and forecasts.

Benefits include:

- Powerful, flexible model development using Cognos 8 Planning Analyst to customize the *Blueprint*
- Web-based deployment of models for process workflow, data collection, and consolidation
- Real-time workflow
- Real-time consolidation
- Real-time browser-based calculations for immediate results
- Scalable architecture with proven deployments to thousands of line managers
- Linking functionality to ensure collaboration between all areas of the enterprise
- Form-based planning with selection boxes to drive application logic and calculations
- Flexible analysis and report development using industry-leading Cognos 8 Business Intelligence Representative Workflow.

REPORTS, ANALYSIS, DASHBOARDS, AND SCORECARDS

The *IBM-Cognos Risk-Adjusted Profitability Blueprint* provides a hierarchy of dashboards and reports that guide users through increasingly deeper levels of understanding. Portals were tailored specifically to the various users involved in the forecast, the Senior Vice President, the Vice President, the Chief Risk Officer or Risk Manager, and Product Managers.

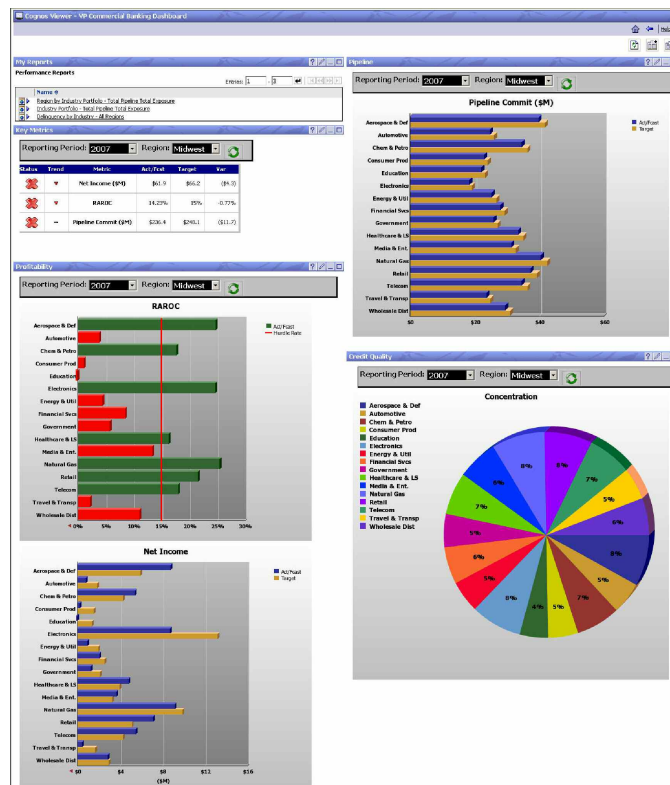
The *Blueprint* begins with the Senior Vice President's portal. The SVP is responsible for the performance of the entire company and must view data at a high level, in this case by region and total company for the entire forecast year. Relevant reports include:

- A full-year forecast and targets for net income, RAROC, pipeline commit, and trend (upward or downward) of these items through the year. This gives a quick view of whether profitability targets are being met for the company as a whole
- A full-year forecast and targets for RAROC and net income by region. The RAROC bar shades red for any region not achieving the hurdle rate for the year
- A pipeline commit forecast vs. target. Since the pipeline drives future revenues, this is an important report for senior executives
- The final SVP report shows the forecast and target concentration of business across the different regions and the volume of delinquencies over time.



The second portal associated with the *Blueprint* is the Regional Vice President portal. This portal allows further analysis by drilling into the detail of a single region.

The reports are the same as the ones on the Senior Vice President’s dashboard, but also include results for a single region, broken out by industry. The Vice President can then drill through this report to the product level for further analysis.



Other reports associated with the *Blueprint* include the Regional – Industry Segment Performance Summary. This report is used to analyze exposure and pipeline across the different industries for a given region or the whole company. This report helps analyze which industries have the most upside pipeline and revenue potential and room for increasing exposure (increasing loan balances).

Midwest - Industry Segment Performance Summary

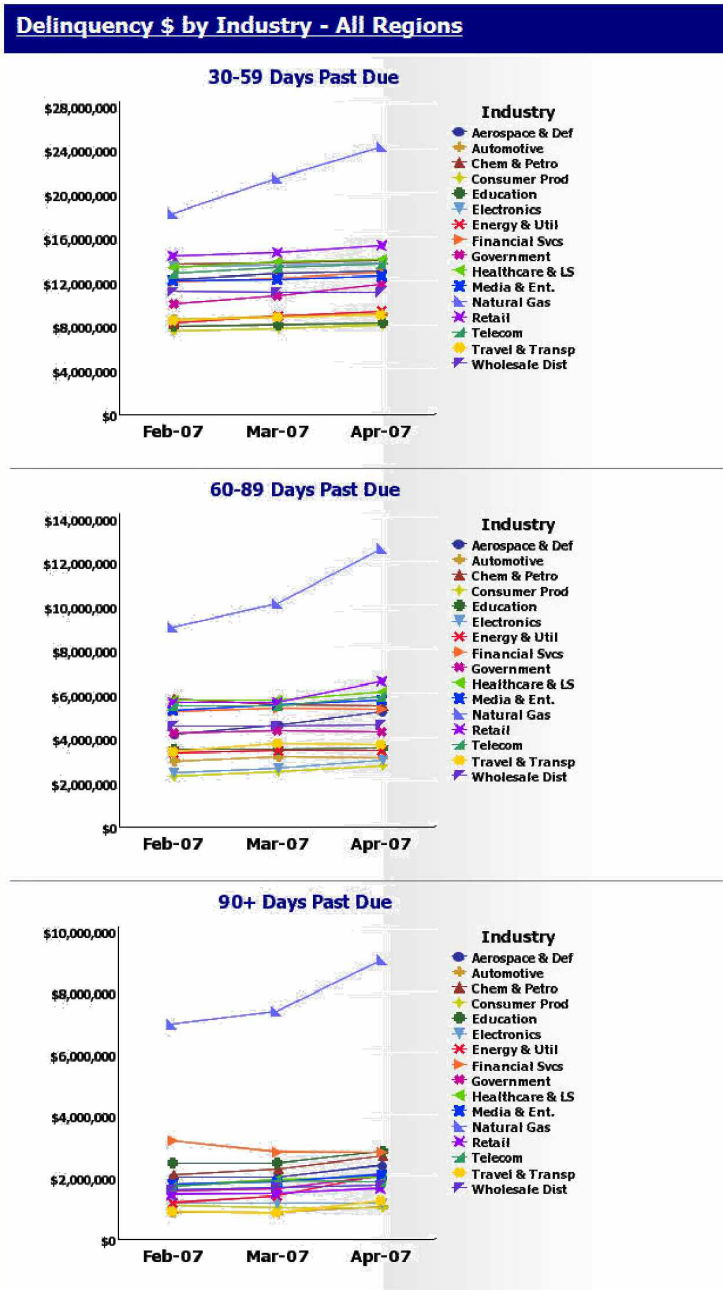
	Exposure (\$M)	Pipeline Commit (\$M)	Probability of Close	Pipeline Upside (\$)
Aerospace & Def	\$176.7	\$19.9	72%	\$113.4
Automotive	\$108.0	\$12.4	45%	\$43.1
Chem & Petro	\$152.7	\$17.3	63%	\$85.1
Consumer Prod	\$99.8	\$11.5	42%	\$36.8
Education	\$96.2	\$11.1	40%	\$34.3
Electronics	\$176.7	\$9.2	87%	\$145.0
Energy & Util	\$110.2	\$12.6	46%	\$44.8
Financial Svcs	\$122.4	\$14.0	51%	\$55.1
Government	\$113.1	\$13.0	47%	\$47.2
Healthcare & LS	\$147.6	\$16.8	61%	\$79.7
Media & Ent.	\$138.0	\$15.7	57%	\$69.8
Natural Gas	\$179.8	\$20.2	74%	\$117.4
Retail	\$165.6	\$18.7	68%	\$99.9
Telecom	\$152.7	\$17.3	63%	\$85.1
Travel & Transp	\$103.4	\$11.9	43%	\$39.5
Wholesale Dist	\$129.5	\$14.8	54%	\$61.5
Total	\$2,172.5	\$236.4	57%	\$1,103.3

The Industry Segment Performance Summary is a report that shows exposure, delinquency, and pipeline information by customer within an industry, along with RAROC and Net Income data. This report provides insight into which customer has the most upside potential and would make the best target for additional revenue.

Natural Gas Industry Segment Performance Summary

	Exposure	Delinquency %	Pipeline Commit (\$)	Probability of Close (%)	Pipeline Upside (\$)	RAROC	Net Income
Illinois Natural Gas	\$71,934,513	2.37%	\$8,099,956	88.3%	\$56,340,380	10.2%	\$3,666,215
OKNEAK, LLC	\$17,983,628	1.98%	\$2,024,989	22.0%	\$3,518,880	2.3%	\$916,553
Ozark Gas & Light	\$44,959,070	2.30%	\$5,062,472	55.2%	\$22,010,953	6.4%	\$2,291,384
Wisconsin Energy	\$44,959,070	2.10%	\$5,062,472	55.2%	\$22,010,953	6.4%	\$2,291,384
Total	\$179,836,281	2.19%	\$20,249,889	55.16%	\$88,031,843	6.4%	\$9,165,536

The Delinquency by Industry Report shows delinquencies over time, broken out by days delinquent and by industry. This report helps users determine where credit issues may exist, reallocate future business investments, and make adjustments to the risk characteristics of that industry in the forecast, if necessary.



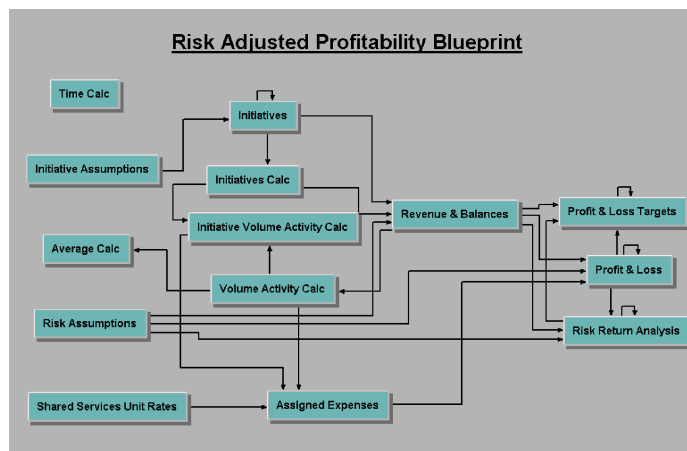
PLANNING OVERVIEW

The *IBM-Cognos Risk-Adjusted Profitability Blueprint* is designed for collaborative use by executives, regional and industry managers, financial planners, financial analysts, risk managers and product managers to help managers align decisions with corporate goals.

The following describes basic workflows in which an individual contributor would:

- Review corporate targets for an industry
- Plan new initiatives by region and product to influence forecasted revenues, profitability, and risk-adjusted returns
- Forecast revenue and accounts to align baseline plans and corporate targets
- Assess impacts on industry/region/product revenue, expenses, and profitability
- Monitor key performance indicators
- Generate reports and analyses.

The following chart highlights the high-level work and information flows through the *Blueprint*:



The *Risk-Adjusted Profitability Blueprint* uses as its e-list a list of industries, (Aerospace and Defense, Automotive, Chemical and Petroleum ...) that rolls up to Total Commercial and then to Total Company. The hierarchy includes a review level for the Chief Risk Officer (CRO) or Risk Manager to allow input of corporate risk assumptions across all industries.

RISK-ADJUSTED PROFITABILITY APPLICATION

Time Calc

The first tab in the *Blueprint* is the **Time Calc** tab. This is an assumption tab that would be pre-populated before the forecast process begins. The **Time Calc** tab is used to flag months as Actual and Forecast months. The flags are used to allocate data through the model and help determine the three most recent actual months in to enable historical three month average calculations.

Time Calc	Risk Assumptions	Initiative Assumptions	Initiatives	Initiatives Calc	Initiative Volume Activity Calc	Revenue & Bala			
Actual Months Indicator(Hide)	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07
Actual Months	1	1	1	1	0	0	0	0	0
Forecast Months	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07
Current Month(Hide)	0	0	0	0	1	0	0	0	0
Lag C1(Hide)	0	0	0	1	0	0	0	0	0
Lag C2(Hide)	0	0	1	0	0	0	0	0	0
Lag C3(Hide)	0	1	0	0	0	0	0	0	0
Month (ID)(Hide)	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07
Months for Average	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Actual/Fcst	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Actual Months Cumm (Hide)	1	2	3	4	4	4	4	4	4

Risk Assumptions

The second tab in the *Blueprint* is **Risk Assumptions**. This tab allows the CRO or Risk Manager to provide data for each industry. The tab is populated before the planning cycle begins. Data inputs include Total Target Credit Portfolio, Target Concentration Limit by industry (the previous two items allow target exposure for each industry to be calculated). Also in this tab are inputs for Hurdle Rate, PD (probability of default), LGD (loss given default), EAD (exposure at default), Risk Based Capital Ratio, Credit Risk %, Operational Risk %, and Market Risk. EL (estimated loss) is a formula (PD*EAD*LGD) that can later be applied against balances to get the Provision for Loan Losses in the **Profit and Loss** tab.

Time Calc	Risk Assumptions	Initiative Assumptions	Initiatives	Initiatives Calc	Initiative Volume Activity Calc	Revenue &
Jan-07						
	Total	Aerospace and Defense	Automotive	Chemical and Petroleum		
Total Target Credit Portfolio	6,000,000,000	6,000,000,000	6,000,000,000	6,000,000,000		
Target Concentration Limit	100%	6%	6%	6%		
Target Exposure	6,000,000,000	360,000,000	360,000,000	360,000,000		
Hurdle Rate (Required Return on Capital)	15%	15%	15%	15%		
PD	0.03	0.03	0.03	0.03		
LGD	0.75	0.75	0.75	0.75		
EAD	100%	100%	100%	100%		
EL %	0.0225	0.0225	0.0225	0.0225		
Risk Based Capital Ratio	0.08	0.08	0.08	0.08		
Credit Risk % (as a % of Total Exposure)	0.20	0.20	0.20	0.20		
Operational Risk % (as a % of Total Revenue)	0.05	0.05	0.05	0.05		
Market Risk	0	0	0	0		

Initiative Assumptions

The third tab in the *Blueprint* is **Initiative Assumptions**. This tab is pre-populated with historical revenue per account, expense per account, and life of account information based on past initiatives that were offered. This information is used in the **Initiatives** tab and what links forward is dependent on the selections made there.

	Revenue / Unit / Month	Assigned Expense / Unit / Month	Life of Account (Months)
Asset Management	45.00	34.00	60
Benefits and Retirement Services	167.50	56.00	60
Cash Management	168.00	45.00	60
Commercial Credit Cards	172.00	13.00	60
Correspondent Banking	102.70	68.00	60
Foreign Exchange	172.00	32.00	60
Trade Services	102.70	68.00	60
Lending and Financing	55.00	44.00	60
Merchant Services	102.70	68.00	60
Risk Management	435.94	64.00	60
Sales and Trading	141.68	45.00	60

Initiatives

The fourth tab in the *Blueprint* model is the **Initiatives** tab. It allows the user to input several initiatives for their industry and compare the Net Profit and RAROC of these initiatives over the entire life of the initiative (always shown). It also allows the same comparison over a shorter period of months that is selected by the user in the Select # of periods for profitability analysis field (optional). If a choice is made in this field, the calculated result (for the number of months selected) is linked back into this tab after being calculated in the **Initiatives Calc** tab. The user is required to select an initiative type, product type and region, and these selections determine how the initiatives data will flow through the rest of the model. Start and end dates are also required inputs. Revenue per account per month is an assumption that links in and is based on historical initiatives, but the user does have the ability to enter an override if this initiative is expected to generate a unique value for revenue per account.

	Scenario 1	Scenario 2	Scenario 3	Scenario Used
INITIATIVE COST				
Initiative Type	SPIF for Lending Products			SPIF for Lending Products
Initiative Product	Lending and Financing			Lending and Financing
Marketing Media (per initiative)				
TV Advertising	0	0	0	0
Radio Advertising	0	0	0	0
Direct Mail	0	0	0	0
Print Advertising	0	0	0	0
Local advertising	0	0	0	0
e-mail	0	0	0	0
Sales Person Incentive Payments per account	100	0	0	100
Total Targeted Initiative Acquisition Costs	1,750,000	0	0	1,750,000
Targeted Acquisition Cost/Account	100	0	0	100
Initiative Start Month	Jun-07			Jun-07
Initiative End Month	Dec-07			Dec-07
Region	Midwest			Midwest
Target # of Accounts	2,500	0	0	2,500
Revenue per account, per month	55	0	0	55
Revenue per account per month - Override	250	0	0	250
Life of Account	60	0	0	60
Average Account Balance	4,500	0	0	4,500
Assigned Expense	44	0	0	44
PROFITABILITY - SELECT # OF PERIODS				
Select # of periods for profitability analysis	7			
Final Month for profitability analysis	Dec-07			
Revenue for selected # of periods	17,500,000	0	0	17,500,000
Initiative Acq Costs for selected # of periods	1,750,000	0	0	1,750,000
Assigned Expenses for selected # of periods	3,080,000	0	0	3,080,000
Initiative Net Profit for selected # of periods	12,670,000	0	0	12,670,000
Initiative ROI for selected # of periods	262.32%			262.32%
PROFITABILITY - LIFETIME OF INITIATIVE				
Lifetime Revenue	262,500,000	0	0	262,500,000
Lifetime Initiative Acquisition Cost	1,750,000	0	0	1,750,000
Lifetime Assigned Expenses	46,200,000	0	0	46,200,000
Initiative Net Profit	214,550,000	0	0	214,550,000
Initiative ROI	447.45%			447.45%
Choose Scenario	1st Scenario			1st Scenario
Risks				
Warnings (Business Rules)				
Notes				
Target # of Accounts / Week	357.143	0.000	0.000	357.143

Other inputs include any media expenses associated with the initiative (TV advertising, radio advertising, direct mail, etc.), Sales Person Incentives per Account, Target # of Accounts and the Average Account Balance. While several initiative scenarios can be compared on this screen, in order to select an initiative and add it to the forecast, the Choose Scenario field must be filled in with the Scenario to be added to the forecast. This initiative will then show up in the Scenario Used column and will also link through the model and be added to the Revenue and Balances tab and the Profit & Loss tab.

If a reviewer of several industries opens all of his review nodes at the same time, he would be able to enter and compare initiatives across industries to determine the most profitable industry/initiative for reaching corporate targets. That view would appear as follows (note the Industries as columns and Scenarios as pages):

Time Calc	Risk Assumptions	Initiative Assumptions	Initiatives	Initiatives Calc	Initiative Volume Activity Calc
Scenario 1					
	Education	Electronics	Natural Gas		
INITIATIVE COST					
Initiative Type		SPIF for Lending Products	SPIF for Fee Based Products		
Initiative Product		Lending and Financing	Cash Management		
Marketing Media (per initiative)					
TV Advertising	0	0	0		
Radio Advertising	0	0	0		
Direct Mail	0	0	0		
Print Advertising	0	0	0		
local advertising	0	0	0		
e-mail	0	0	0		
Sales Person Incentive Payments per account	0	100	100		
Total Targeted Initiative Acquisition Costs	0	1,750,000	1,050,000		
Targeted Acquisition Cost/Account	0	100	100		
Initiative Start Month		Jun-07	Jun-07		
Initiative End Month		Dec-07	Dec-07		
Region		Midwest	Midwest		
Target # of Accounts	0	2,500	1,500		
Revenue per account, per month	0	55	168		
Revenue per account per month - Override	0	250	225		
Life of Account	0	60	60		
Average Account Balance	0	4,500	3,500		
Assigned Expense	0	44	45		
PROFITABILITY - SELECT # OF PERIODS					
Select # of periods for profitability analysis		7	7		
Final Month for profitability analysis		Dec-07	Dec-07		
Revenue for selected # of periods	0	17,500,000	9,450,000		
Initiative Acq Costs for selected # of periods	0	1,750,000	1,050,000		
Assigned Expenses for selected # of periods	0	3,080,000	1,890,000		
Initiative Net Profit for selected # of periods	0	12,670,000	6,510,000		
Initiative ROI for selected # of periods		262.32%	221.43%		
PROFITABILITY - LIFETIME OF INITIATIVE					
Lifetime Revenue	0	262,500,000	141,750,000		
Lifetime Initiative Acquisition Cost	0	1,750,000	1,050,000		
Lifetime Assigned Expenses	0	46,200,000	28,350,000		
Initiative Net Profit	0	214,550,000	112,350,000		
Initiative ROI		447.45%	382.14%		
Choose Scenario					
Risks					
Warnings (Business Rules)					
Notes					
Target # of Accounts / Week	0.000	357.143	214.286		

Initiatives Calc

The fifth tab in the *Blueprint* model is the **Initiatives Calc** tab. This tab is used to calculate monthly revenue, expenses, and account activity for initiatives. This data then feeds back into the Initiatives tab to populate the revenue and expense fields if Select number of periods for profitability analysis information was filled in. This data also feeds the **Revenue and Balances** tab and the **Profit and Loss** tab to be combined with other revenues and expenses if the Choose Scenario field was filled in on the **Initiatives** tab.

	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08
Initiative Start Month	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08
Initiative End Month	Dec-07	Dec-07	Dec-07	Dec-07	Dec-07	Dec-07	Dec-07	Dec-07	Dec-07
Current Month	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08
Life of Account	60	60	60	60	60	60	60	60	60
Initiative Revenue	0	625,000	1,250,000	1,875,000	2,500,000	3,125,000	3,750,000	4,375,000	4,375,000
Cumulative Initiative Revenue	0	625,000	1,875,000	3,750,000	6,250,000	9,375,000	13,125,000	17,500,000	21,875,000
Initiative Accounts	0	2,500	5,000	7,500	10,000	12,500	15,000	17,500	17,500
Average Initiative Account Balance	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Average Initiative Account Balance Calc	0	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Initiative Acquisition Costs	0	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Cumulative Initiative Acquisition Costs	0	250,000	500,000	750,000	1,000,000	1,250,000	1,500,000	1,750,000	1,750,000
Assigned Expense	0	110,000	220,000	330,000	440,000	550,000	660,000	770,000	770,000
Cumulative Assigned Expense	0	110,000	330,000	660,000	1,100,000	1,650,000	2,310,000	3,080,000	3,850,000
Closed Initiative Accounts (Hide)	0	0	0	0	0	0	0	0	0
Total Change in Accounts (Hide)	0	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Total Initiative Accounts (Hide)	0	2,500	5,000	7,500	10,000	12,500	15,000	17,500	17,500
Average Initiative Accounts (Hide)	0	1,250	3,750	6,250	8,750	11,250	13,750	16,250	16,250
Revenue per account per month Historical (Hide)	55	95	95	95	95	95	95	95	95
Revenue per account per month - Overage (Hide)	250	250	250	250	250	250	250	250	250
One time Acquisition Costs	0	0	0	0	0	0	0	0	0
Assigned Expense per Account per Month	44	44	44	44	44	44	44	44	44
Scenario Used	1st Scenario	1st Scenario	1st Scenario	1st Scenario	1st Scenario	1st Scenario	1st Scenario	1st Scenario	1st S

Initiative Volume Activity Calc

The sixth tab in the *Blueprint* model is the **Initiative Volume Activity Calc** tab. This tab is used to calculate assigned expenses related to new initiative accounts. It uses the activities and associated costs from historical activity based costing data to calculate expenses associated with new initiatives.

	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
Accounts	0	2,500	5,000	7,500	10,000	12,500	15,000	17,500	17,500	17
Activity Intensity Rate	4.09	4.00	4.75	3.75	3.30	4.19	1.98	4.23	2.76	
Activity Volume	0	10,007	23,754	28,134	33,022	52,315	29,667	73,974	48,222	60

Revenue & Balances

The seventh tab in the *Blueprint* model is the **Revenue & Balances** tab. This tab is used to collect and calculate revenue, balance, and account data by month, product and region for each industry. Inputs required on this tab include Planned Runoff, Pipeline Commit, Probability of Close, (Attrition) Balances, New Accounts, and (Attrition) Accounts. This cube then calculates a roll forward of balances and accounts and calculates Net Interest Margin, Fees, and the Provision for Loan Losses. Any initiative revenue and accounts show up in a separate section towards the bottom of this tab. Revenue and balances that are generated by initiatives are separated from ‘business as usual’ revenue and balances to allow an easy review of the revenue impact of initiatives.

Initiative Volume Activity Calc	Revenue & Balances	Average Calc	Volume Activity Calc	Shared Services Unit Rates	Assigned Expenses	Profit & Loss	Profit & Loss	
Electronics	Lending and Financing	Midwest						
	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07
EXISTING REVENUE AND ACCOUNTS								
Balances								
Opening Balances/Exposure	96,328,332	97,518,798	96,688,402	95,784,009	92,830,637	89,566,643	95,547,797	102,484,128
Planned Runoff	381,284	379,740	369,355	409,537	382,005	407,063	411,761	428,111
Pipeline Commit	386,587	385,530	275,311	120,058	39,770	47,474	46,325	58
Probability of Close	86.6%	86.6%	86.7%	86.7%	86.6%	87.5%	87.5%	87
New Business (including Initiatives)	317,432	317,401	235,960	109,763	34,454	11,291,540	11,292,806	11,294,111
(Attrition) Balances	746,182	769,056	790,959	2,853,598	2,936,443	3,203,323	3,844,544	3,397,111
Ending Balances/Exposure	97,518,798	96,688,402	95,784,009	92,830,637	89,566,643	95,547,797	102,484,128	109,318,111
Average Balances/Exposure	97,923,865	97,103,600	96,236,205	94,307,323	90,698,640	92,097,220	99,015,396	105,951,111
% Balance Growth	(0.82%)	(0.85%)	(0.94%)	(3.08%)	(4.53%)	7.88%	7.26%	6.7
Accounts								
Opening Accounts	390	393	396	398	397	397	396	
New Accounts	3	4	2	1	1	1	1	
(Attrition) Accounts	0	0	1	1	2	2	2	
Closing Accounts	393	396	398	397	397	396	396	
% Account Growth	0.83%	0.83%	0.31%	(0.04%)	(0.18%)	(0.16%)	(0.14%)	(0.1)
Planned Margin %	5.897%	5.895%	5.893%	5.946%	5.945%	5.944%	5.989%	5.9
Net Interest Margin	461,191	477,023	472,617	467,419	449,419	400,296	438,747	473,111
\$ Fees per New Account	1,496.99	1,485.38	1,475.31	1,474.33	1,473.04	1,482.50	1,486.12	1,48
Average \$ Fees per Account	343,839	310,340	305,858	304,613	305,062	305,769	306,180	306,111
Fees as % of Balance	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%	1.1
Fee Waives as % of Fees	13.31%	13.43%	13.95%	13.66%	13.77%	13.68%	13.84%	14
Fees	139,754	127,662	124,017	122,600	122,491	122,716	122,777	122,111
EL %	0.0225	0.0225	0.0225	0.0225	0.0225	0.0225	0.0225	0.0
Provision for Loan Losses	183,607	182,863	180,443	176,826	170,860	172,607	185,655	190,111
Existing Revenue	620,345	604,685	596,634	590,019	571,911	523,011	561,525	596,111
% Revenue Growth	0.00%	(2.62%)	(1.33%)	(1.11%)	(3.07%)	(8.55%)	7.36%	6.1
NEW INITIATIVE REVENUE AND ACCOUNTS								
Initiative Revenue	0	0	0	0	0	625,000	1,250,000	1,875,000
Initiative Acquisition Costs	0	0	0	0	0	250,000	250,000	250,000
New Initiative Accounts	0	0	0	0	0	2,500	2,500	2,500
Average Initiative Accounts	0	0	0	0	0	1,250	3,750	6,250
Total Initiative Accounts	0	0	0	0	0	2,500	5,000	7,500
Average Initiative Account Balance	0	0	0	0	0	4,500	4,500	4,500
New Initiative Account Balances	0	0	0	0	0	11,250,000	11,250,000	11,250,000
Total Initiative Account Balances	0	0	0	0	0	11,250,000	22,500,000	33,750,000
TOTAL REVENUE AND ACCOUNTS								
TOTAL REVENUE	620,345	604,685	596,634	590,019	571,911	1,148,011	1,811,525	2,471,111
TOTAL AVERAGE ACCOUNTS	392	395	397	398	397	1,646	4,146	6,111

To facilitate data entry, the tab may be reoriented as needed. For example, it may be re-oriented to view Planned Runoff (or any of the other inputs) by product and by month.

Initiative Volume Activity Calc	Revenue & Balances		Average Calc	Volume Activity Calc	Shared Services Unit Rates	Assigned Expenses	Profit & Loss	Profit & Loss Targets	Risk R				
Electronics	Planned Runoff			Midwest									
	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	2007
Asset Management	102,234	103,460	102,701	103,242	107,336	111,269	115,113	118,334	114,869	122,007	125,910	124,710	1,296,146
Benefits and Retirement Services	67,192	64,593	65,146	71,146	69,431	70,367	74,146	59,653	71,636	79,632	73,271	83,959	968,730
Cash Management	157,801	158,029	159,023	189,603	162,828	160,751	163,368	166,453	177,129	173,695	176,866	182,927	2,009,730
Commercial Credit Cards	70,014	71,781	72,552	71,846	73,937	74,825	74,836	76,484	80,242	79,697	80,886	81,856	995,346
Correspondent Banking	0	0	0	0	0	0	0	0	0	0	0	0	1
Foreign Exchange	0	0	0	0	0	0	0	0	0	0	0	0	1
Trade Services	0	0	0	0	0	0	0	0	0	0	0	0	1
Lending and Financing	387,394	379,740	389,386	409,537	382,330	407,063	411,764	428,459	425,863	430,226	442,763	447,523	4,945,827
Merchant Services	0	0	0	0	0	0	0	0	0	0	0	0	1
Risk Management	0	0	0	0	0	0	0	0	0	0	0	0	1
Sales and Trading	20,726	21,839	21,407	22,770	22,335	21,073	22,239	22,260	24,236	25,243	25,007	25,394	275,068
Total Commercial Products Types	799,971	798,885	814,203	854,146	828,904	845,157	861,410	877,663	893,916	910,169	926,422	942,675	10,353,500

Average Calc

The eighth tab in the *Blueprint* model is the **Average Calc** tab. This tab is used to calculate an average of the number of times a specific activity has occurred during the three most recent actual months for each product, region, and industry. These averages will then be applied against current activity to calculate assigned expenses for forecast periods. This tab requires no input from the user and may be hidden by the administrator.

Initiative Assumptions	Initiatives	Initiatives Calc	Initiative Volume Activity Calc	Revenue & Balances	Average Calc	Volume Activity Calc	Shared S								
Electronics	Customer Relationship Calls	Lending and Financing	Midwest												
Months for Avg	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08
Three Month Total	0	395	397	398	0	0	0	0	0	0	0	0	0	0	0
Average	0	132	264	396	396	396	396	396	396	396	396	396	396	396	396

Volume Activity Calc

The ninth tab in the *Blueprint* model is the **Volume Activity Calc** tab. This tab is where the activity-based costing portion of the model is executed. In other tabs planning was conducted at the product level, however we plan at the product and associated activity level in this tab. The number of accounts linked in from the **Revenue and Balances** tab, while the Activity Intensity Rate has been determined using historical data. The Activity Intensity Rate is the number of times that activity would occur per account in any given month. For example, if the average account holder makes two customer service calls each month, the Activity Intensity Rate for customer service calls would be two. The activity intensity rate is then multiplied by the number of accounts to get the expected number of times an activity will occur each month. Once we know the number of times each activity will occur each month, we link this information over to the **Assigned Expenses** tab to calculate the cost of these activities for each industry, product, and region.

Initiative Assumptions	Initiatives	Initiatives Calc	Initiative Volume Activity Calc	Revenue & Balances	Average Calc	Volume Activity Calc	Shared S						
Electronics	Customer Relationship Calls	Accounts	Midwest										
	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	2007
Cash Management	352	361	363	363	363	362	362	361	360	360	359	359	359
Commercial Credit Cards	93	102	105	105	105	104	103	103	102	102	101	101	101
Foreign Exchange	0	0	0	0	0	0	0	0	0	0	0	0	0
Trade Services	0	0	0	0	0	0	0	0	0	0	0	0	0
Lending and Financing	392	395	397	398	397	396	396	395	395	394	394	393	393
Merchant Services	0	0	0	0	0	0	0	0	0	0	0	0	0
Correspondent Banking	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk Management	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales and Trading	8	12	14	15	14	13	13	12	12	11	10	10	10
Asset Management	98	101	104	104	104	103	103	102	101	101	100	100	100
Benefits and Retirement Services	44	48	50	50	50	49	49	48	48	47	46	46	46

Shared Services Unit Rates

The tenth tab in the *Blueprint* model is **Shared Services Unit Rates**. This is an assumptions tab that contains both historical and forecast rates. These rates are then used in the Assigned Expenses tab and multiplied by activity volume to get the total cost for each activity. When developing these rates, management would take into account historical rates and expected changes in processes and efficiency. No input is required on this tab and the administrator may elect to hide this tab from the users.

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	2007	Jan-08
Customer Relationship Calls	4.02	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.14	4.34
Customer Support Calls	4.34	4.34	4.34	4.34	4.34	4.34	4.34	4.34	4.34	4.34	4.34	4.34	4.34	4.34
Statement Generation	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04
Mailing & Postage	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53
Online Banking	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65
Multi Channel Issue resolution	9.55	9.55	9.55	9.55	9.55	9.55	9.55	9.55	9.55	9.55	9.55	9.55	9.55	9.55
Program Administration	7.53	7.53	7.53	7.53	7.53	7.53	7.53	7.53	7.53	7.53	7.53	7.53	7.53	7.53
Accounts Setup	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
Financs Transfer	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15
Settlement	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84
Lockbox	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Check processing	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
ACH Transfer	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68
Facsimile Transfer	7.08	7.08	7.08	7.08	7.08	7.08	7.08	7.08	7.08	7.08	7.08	7.08	7.08	7.08
Check Image ID Creation	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22
FEI (Financial Electronic Data Interchange)	3.39	3.39	3.39	3.39	3.39	3.39	3.39	3.39	3.39	3.39	3.39	3.39	3.39	3.39
EDI (Electronic Depository Transfers) Clearing	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20
ATM Transactions	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
Rate Quotation	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88
Online Administration	4.96	4.96	4.96	4.96	4.96	4.96	4.96	4.96	4.96	4.96	4.96	4.96	4.96	4.96
Free Processing	3.26	3.26	3.26	3.26	3.26	3.26	3.26	3.26	3.26	3.26	3.26	3.26	3.26	3.26
Administration and Servicing	2.19	2.19	2.19	2.19	2.19	2.19	2.19	2.19	2.19	2.19	2.19	2.19	2.19	2.19
SWIFT Transaction	13.45	13.45	13.45	13.45	13.45	13.45	13.45	13.45	13.45	13.45	13.45	13.45	13.45	13.45
Currency Derivatives	28.17	28.17	28.17	28.17	28.17	28.17	28.17	28.17	28.17	28.17	28.17	28.17	28.17	28.17
Trade or Commercial Letters of Credit (L/Cs)	7.13	7.13	7.13	7.13	7.13	7.13	7.13	7.13	7.13	7.13	7.13	7.13	7.13	7.13
Documentary Bankers Acceptance	9.43	9.43	9.43	9.43	9.43	9.43	9.43	9.43	9.43	9.43	9.43	9.43	9.43	9.43
Document Generation	7.54	7.54	7.54	7.54	7.54	7.54	7.54	7.54	7.54	7.54	7.54	7.54	7.54	7.54
Document Collection	2.56	2.56	2.56	2.56	2.56	2.56	2.56	2.56	2.56	2.56	2.56	2.56	2.56	2.56
Revolving	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.05
Credit Insurance	2.74	2.74	2.74	2.74	2.74	2.74	2.74	2.74	2.74	2.74	2.74	2.74	2.74	2.74
Collectors	8.71	8.71	8.71	8.71	8.71	8.71	8.71	8.71	8.71	8.71	8.71	8.71	8.71	8.71
Loan Application	36.92	36.92	36.92	36.92	36.92	36.92	36.92	36.92	36.92	36.92	36.92	36.92	36.92	36.92
Loan Closing	43.12	43.12	43.12	43.12	43.12	43.12	43.12	43.12	43.12	43.12	43.12	43.12	43.12	43.12
Loan Setup	10.80	10.80	10.80	10.80	10.80	10.80	10.80	10.80	10.80	10.80	10.80	10.80	10.80	10.80
Revolving Capacity	4.73	4.73	4.73	4.73	4.73	4.73	4.73	4.73	4.73	4.73	4.73	4.73	4.73	4.73
Account Maintenance	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42
Payment Processing	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Packaging and Marketing	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66
Financs Disbursement	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68
Securities Settlement	28.63	28.63	28.63	28.63	28.63	28.63	28.63	28.63	28.63	28.63	28.63	28.63	28.63	28.63
Deposit Account management	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22
Exposure Identification	11.59	11.59	11.59	11.59	11.59	11.59	11.59	11.59	11.59	11.59	11.59	11.59	11.59	11.59
Exposure measurement	25.63	25.63	25.63	25.63	25.63	25.63	25.63	25.63	25.63	25.63	25.63	25.63	25.63	25.63
Monitoring Exposure and Evaluation of RM Strategy	58.33	58.33	58.33	58.33	58.33	58.33	58.33	58.33	58.33	58.33	58.33	58.33	58.33	58.33
Financial Instruments Disclosure	8.81	8.81	8.81	8.81	8.81	8.81	8.81	8.81	8.81	8.81	8.81	8.81	8.81	8.81
Hedging	25.30	25.30	25.30	25.30	25.30	25.30	25.30	25.30	25.30	25.30	25.30	25.30	25.30	25.30
Speculation	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Arbitrage	19.94	19.94	19.94	19.94	19.94	19.94	19.94	19.94	19.94	19.94	19.94	19.94	19.94	19.94
Process Bill Payments	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Claims administration	22.59	22.59	22.59	22.59	22.59	22.59	22.59	22.59	22.59	22.59	22.59	22.59	22.59	22.59
Underwriting services	28.69	28.69	28.69	28.69	28.69	28.69	28.69	28.69	28.69	28.69	28.69	28.69	28.69	28.69

Assigned Expenses

The eleventh tab in the *Blueprint* model is the **Assigned Expenses** tab. It calculates expenses based on account activity. Volumes are fed in from the **Volume Activity Calc** and **Initiative Volume Activity Calc** tabs. The planned unit price is linked in from the **Shared Services Unit Rates** tab. The planned unit prices would be set at a corporate level based on historical prices and adjusted for any expected efficiency changes that would impact unit prices. The volumes are then multiplied by price to get cost data which is then consolidated appropriately and linked to the **Profit and Loss** tab.

	Jan17	Feb17	Mar17	Apr17	May17	Jun17	Jul17	Aug17	Sep17	Oct17	Nov17	Dec17	2017
Customer Relationship Calls	3,323	1,217	1,300	1,465	1,626	11,534	26,025	33,816	34,325	53,954	8,445	76,718	268,647
Volumes	4,953	4,115	4,115	4,115	4,115	4,115	4,115	4,115	4,115	4,115	4,115	4,115	4,115
Planned Unit Price	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67	0.67
Cost	3,323	2,757	2,757	2,757	2,757	2,757	2,757	2,757	2,757	2,757	2,757	2,757	2,757
Customer Support Calls	4,341	4,234	4,234	4,234	4,234	4,234	4,234	4,234	4,234	4,234	4,234	4,234	4,234
Volumes	4,889	7,018	6,308	6,281	7,659	50,321	111,394	120,567	143,010	234,264	132,167	328,342	1,165,231
Planned Unit Price	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Statement Generation	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04
Volumes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planned Unit Price	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04
Cost	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04
Mailing & Postage	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Volumes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planned Unit Price	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Cost	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Online Banking	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65
Volumes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planned Unit Price	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65
Cost	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65	8.65
Multi Channel Issue resolution	9.95	9.95	9.95	9.95	9.95	9.95	9.95	9.95	9.95	9.95	9.95	9.95	9.95
Volumes	11,281	15,435	15,259	13,969	15,524	110,691	244,141	282,751	327,110	515,206	290,669	722,107	2,564,631
Planned Unit Price	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88	0.88
Cost	9,950	13,583	13,423	12,307	13,656	97,308	214,740	249,621	287,857	453,371	256,589	635,454	2,256,815
Program Administration	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81
Volumes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planned Unit Price	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81
Cost	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81	2.81
Account Setup	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95
Volumes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planned Unit Price	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95
Cost	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95
Funds Transfer	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15
Volumes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planned Unit Price	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15
Cost	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15
Sell/Adv	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84
Volumes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planned Unit Price	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84
Cost	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84
Lockbox	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Volumes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planned Unit Price	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Cost	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Check processing	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12
Volumes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planned Unit Price	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12
Cost	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12
ACH Transfer	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68
Volumes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planned Unit Price	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68
Cost	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68
Fed/Adv Transfer	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88
Volumes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planned Unit Price	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88
Cost	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88	7.88
Check Image CD Creation	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22
Volumes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planned Unit Price	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22
Cost	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22	22.22
FEI (Financial Electronic Data Interchange)	3.28	3.28	3.28	3.28	3.28	3.28	3.28	3.28	3.28	3.28	3.28	3.28	3.28
Volumes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planned Unit Price	3.28	3.28	3.28	3.28	3.28	3.28	3.28	3.28	3.28	3.28	3.28	3.28	3.28
Cost	3.28	3.28	3.28	3.28	3.28	3.28	3.28	3.28	3.28	3.28	3.28	3.28	3.28
EDI (Electronic Depositary Trustees) Clearing	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20
Volumes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planned Unit Price	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20
Cost	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20

Current owner: CFO

Profit & Loss

The twelfth tab in the *Blueprint* model, the **Profit & Loss** tab, consolidates all data collected and calculated in the model up to this point in order to display the full income statement along with key performance indicators. The Profit & Loss tab also contains finance, executive and human resources overhead expense information that can be adjusted and FTE information loaded from an external source. The **Profit & Loss** tab may be viewed by industry, region, or product. A reviewer would be able to view the consolidated **Profit & Loss** for the current forecast and drill-down into the detail to examine industry, region, or product trends.

Commercial Banking Risk Adjusted Performance Contributions Electronics - Cognos Planning - Contributor													
Initiative Assumptions Initiatives Initiatives Calc Initiative Value Activity Calc Revenue & Balances Average Calc Volume Activity Calc Shared Services Unit Rates Assigned Expenses Profit & Loss													
Lending and Financing													
	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	2007
Net Interest Margin	133.24	127.82	124.07	122.00	122.49	122.716	122.777	122.728	122.884	122.858	122.838	122.808	1,495,325
Fees	138,754	127,862	124,017	122,000	122,491	122,716	122,777	122,728	122,884	122,858	122,838	122,808	1,495,325
Initiative Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenues	620,945	694,665	506,634	508,019	511,311	1,148,011	1,763,405	2,471,011	3,214,808	4,014,897	4,821,712	5,361,927	26,402,817
Provision for Loan Losses	183,607	182,363	160,443	176,036	170,690	172,607	186,203	246,846	301,586	393,474	501,463	630,508	3,334,688
Interest Acquisition Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
Assigned Expenses													
Lending and Financing Assigned Expenses	40,859	58,871	58,740	52,307	55,159	43,761	52,526	1,177,276	1,249,857	1,363,065	1,107,503	2,751,414	9,722,586
Total Assigned Expenses	40,859	58,871	58,740	52,307	55,159	43,761	52,526	1,177,276	1,249,857	1,363,065	1,107,503	2,751,414	9,722,586
Revenue Less Assigned Expenses	580,086	645,874	538,494	536,719	512,759	726,250	850,879	1,393,856	1,964,951	2,651,832	3,824,192	3,116,524	16,637,411
Total Controllable Expenses	40,859	58,871	58,740	52,307	55,159	43,761	52,526	1,177,276	1,249,857	1,363,065	1,107,503	2,751,414	9,722,586
Contribution Margin	398,479	363,895	358,951	359,892	342,639	53,643	154,677	652,889	1,153,562	1,158,357	2,622,729	1,508,016	3,982,738
Overhead													
Finance	13,804	13,882	11,552	12,036	14,939	14,363	15,807	14,230	15,441	15,461	18,277	17,426	179,481
Executive	14,177	14,392	14,562	15,117	16,656	15,901	18,820	18,233	21,816	18,975	24,704	18,227	209,259
Human Resources	8,224	8,094	11,369	9,036	9,750	10,103	10,189	10,789	11,262	11,867	11,867	11,869	130,804
Net Income	360,603	327,176	321,368	322,074	301,882	13,379	112,842	688,520	1,118,822	1,113,454	2,768,570	1,503,264	9,294,838
Risk Metrics:													
Average Electronic Exposure	97,853,865	97,163,660	96,235,268	94,307,333	95,086,640	92,697,220	104,640,956	120,485,232	163,914,266	209,982,300	327,441,819	336,270,722	140,208,233
RAROC	22.00%	20.10%	20.01%	20.46%	19.94%	0.97%	6.43%	28.29%	40.56%	31.68%	61.03%	34.34%	31.24%
Ratio (Loan/Invested Return on Capital)	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Overhead (Shortfall)	7.08%	5.18%	5.01%	5.48%	4.94%	(14.12%)	(8.97%)	13.29%	25.56%	16.83%	48.85%	19.34%	16.24%
Key Performance Indicators:													
% Revenue Growth	(0.82%)	(0.95%)	(0.94%)	(1.08%)	(4.95%)	7.88%	19.63%	25.88%	28.42%	28.27%	28.73%	24.93%	17.94%
% Balance Growth	(3.9%)	(2.62%)	(1.35%)	(1.13%)	(3.07%)	8.95%	1.95%	11.74%	19.25%	24.69%	22.73%	26.85%	11.67%
% of Income from Fees	22.5%	21.1%	20.8%	20.8%	21.4%	23.5%	23.8%	20.6%	17.2%	15.8%	18.4%	8.2%	14.5%
Profitability Movement Indicator	0.00%	(5.90%)	(1.35%)	(0.23%)	(4.46%)	41.64%	17.16%	63.78%	41.08%	4.36%	86.30%	(16.86%)	18.71%
Efficiency Ratio (costs / revenue)	41.88%	45.89%	46.14%	45.41%	47.22%	38.89%	33.68%	75.97%	65.45%	72.27%	43.86%	67.62%	64.81%
% Controllable Expense Growth	0.00%	43.93%	(1.14%)	(0.22%)	10.86%	1,079,484%	26.86%	12.25%	12.91%	40.67%	(18.86%)	121.10%	38.44%
Revenue per Employee	148,288	145,259	143,077	141,474	137,861	129,342	127,579	150,825	179,584	223,415	296,577	372,768	181,485
Net Income per Employee	86,766	78,617	77,066	77,226	72,347	3,206	26,351	153,175	279,262	279,541	694,834	484,646	185,384
Number of FTE's	4	4	4	4	4	4	4	4	4	4	4	4	4

Profit & Loss Targets

The thirteenth tab in the *Blueprint* model, the **Profit & Loss Targets** tab, allows the user to input targets for revenue, net income, and several key performance indicators. The current forecast (or Actuals for past months) is linked into this tab for these same line items. The variance between the two, or **Gap** as it is called in the model, helps users evaluating performance against goals. A monthly trend analysis on the **Gap** can help determine whether they are moving closer to or further away from targets. It can also guide the user on the necessary adjustments needed to the current forecast to help meet targets.

Commercial Banking Risk Adjusted Performance Contributions Electronics - Cognos Planning - Contributor									
Initiative Volume Activity Calc Revenue & Balances Average Calc Volume Activity Calc Shared Services Unit Rates Assigned Expenses Profit & Loss									
Lending and Financing									
	Act/Fcst	Target	Gap	Act/Fcst	Target	Gap	Act/Fcst	Target	Gap
Net Income	13,379	526,712	(513,334)	112,682	479,386	(366,704)	690,620	477,648	130,973
Revenues	1,148,011	572,383	575,618	1,783,405	561,630	1,221,775	2,471,011	552,572	1,918,439
Expense	95,547,797	78,387,147	17,160,649	113,734,195	78,684,866	35,049,328	143,168,389	85,236,702	57,931,687
Key Performance Indicators:									
Pipeline Commit	47,474	50,382	(3,508)	48,926	51,458	(2,532)	50,905	51,933	(1,028)
% Balance Growth	7.3%	(0.9%)	8.7%	19.0%	(0.9%)	19.3%	25.3%	(0.9%)	26.8%
% Revenue Growth	(8.2%)	(0.5%)	(7.95%)	2.0%	0.1%	1.9%	11.7%	(0.5%)	12.4%
% of Income from Fees	23.5%	22.5%	1.0%	23.0%	22.5%	0.5%	20.6%	22.7%	(2.1%)
Profitability Movement Indicator	41.64%	0.26%	41.37%	17.16%	(5.68%)	22.85%	63.78%	(1.03%)	64.82%
Efficiency Ratio (costs / revenue)	38.8%	37.5%	1.3%	33.7%	63.4%	30.3%	75.4%	64.5%	10.9%
Revenue per Employee	129,342	0	129,342	127,579	0	127,579	150,825	0	150,825
Net Income per Employee	3,206	0	3,206	26,351	0	26,351	153,175	0	153,175
Number of FTE's	4	4	0	4	4	1	4	4	0

Risk Return Analysis

The fourteenth and final tab in the *Blueprint* model is the Risk Return Analysis tab. This tab consolidates data by industry and region. It provides a high level look at profitability, risk metrics, and risk concentrations at a consolidated level by industry or region. There is a system link in the model that will recalculate concentration at the regional and industry level for comparison again the target risk concentrations that were set in the Risk Assumptions tab.

2007				
	Electronics			
	Northeast	Southeast	Midwest	Total Regions
Average Balances/Exposure	116,342,152	201,380,598	242,348,115	560,070,866
Total Portfolio Exposure	6,191,152,006	6,191,152,006	6,191,152,006	6,191,152,006
Target Exposure	114,981,218	199,062,490	236,828,267	550,871,975
Risk Based Capital Ratio	0.08	0.08	0.08	0.08
Regulatory Capital	9,307,372	16,110,448	19,387,849	44,805,669
Credit Risk % (as a % of Total Exposure)	0.20	0.20	0.20	0.20
Credit Risk	23,268,430	40,276,120	48,469,623	112,014,173
Operational Risk % (as a % of Total Revenue)	0.05	0.05	0.05	0.05
Operational Risk	56,589	85,108	150,721	292,418
Market Risk	0	0	0	0
Economic Capital	23,325,020	40,361,228	48,620,344	112,306,592
Net Income	8,061,792	12,532,634	14,583,927	35,178,354
EL %	0.0225	0.0225	0.0225	0.0225
RAROC	34.56%	31.05%	30.00%	31.32%
Hurdle Rate (Required Return on Capital)	15%	15%	15%	15%
Overage/(Shortfall)	19.56%	16.05%	15.00%	16.32%
Target Concentration Limit	2%	3%	3%	8%
Actual Concentration Limit	2%	3%	4%	9%

Another way to look at the data is by month.

2007							
	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	2007
Average Balances/Exposure	516,222,290	535,255,750	565,524,592	607,034,165	659,810,655	723,840,171	560,070,866
Total Portfolio Exposure	6,116,157,994	6,064,139,449	6,028,505,492	6,009,230,552	6,006,631,982	6,020,532,711	6,191,152,006
Target Exposure	555,660,000	569,382,066	583,443,000	597,851,170	612,615,150	627,743,728	550,871,975
Risk Based Capital Ratio	0.08	0.08	0.08	0.08	0.08	0.08	0.08
Regulatory Capital	41,297,783	42,820,461	45,241,975	48,562,733	52,784,852	57,907,214	44,805,669
Credit Risk % (as a % of Total Exposure)	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Credit Risk	103,244,458	107,051,152	113,104,938	121,406,833	131,962,131	144,768,034	112,014,173
Operational Risk % (as a % of Total Revenue)	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Operational Risk	271,851	307,807	346,980	392,718	439,472	487,824	292,418
Market Risk	0	0	0	0	0	0	0
Economic Capital	103,516,309	107,358,959	113,451,919	121,799,551	132,401,683	145,255,859	112,306,592
Net Income	2,216,270	2,751,256	3,342,909	3,426,784	5,165,023	4,295,233	35,178,354
EL %	0.0225	0.0225	0.0225	0.0225	0.0225	0.0225	0.0225
RAROC	25.69%	30.75%	35.36%	33.76%	46.81%	35.48%	31.32%
Hurdle Rate (Required Return on Capital)	15%	15%	15%	15%	15%	15%	15%
Overage/(Shortfall)	10.69%	15.75%	20.36%	18.76%	31.81%	20.48%	16.32%
Target Concentration Limit	8%	8%	8%	8%	8%	8%	8%
Actual Concentration Limit	8%	9%	9%	10%	11%	12%	9%

The following drop-down would be available for this view:

Electronics	Northeast
Electronics	Southeast
Electronics	Midwest
Electronics	Total Regions

Using this view, the Senior Vice President would be able to review this cube for all regions in order to drill into any variances from targets. The Senior Vice President view would look as follows, showing total industries by region and then a breakout of each industry by region across the columns.

Revenue & Balances	Average Calc	Volume Activity Calc	Shared Services Unit Rates	Assigned Expenses	Profit & Loss	Profit & Loss Targets	Risk Return Analysis
2007							
Total							
Average Balance/Exposure							
Total Portfolio Exposure							
Target Exposure							
Risk Based Capital Ratio							
Regulatory Capital							
Credit Risk % (as a % of Total Exposure)							
Credit Risk							
Operational Risk % (as a % of Total Revenue)							
Market Risk							
Economic Capital							
Net Income							
EL %							
RAROC							
hurdle Rate (Revised Return on Capital)							
Average/Shortfall							
Target Concentration Limit							
Actual Concentration Limit							

The view could also be reoriented to show a single region. In the following example we are looking at total industries for the Midwest region by month. With this view we can examine trends across the months and determine if any shortfalls are occurring and target our reforecasting efforts, initiatives, and sales strategies to counteract the shortfall.

Revenue & Balances	Average Calc	Volume Activity Calc	Shared Services Unit Rates	Assigned Expenses	Profit & Loss	Profit & Loss Targets	Risk Return Analysis
2007							
Total							
Average Balance/Exposure							
Total Portfolio Exposure							
Target Exposure							
Risk Based Capital Ratio							
Regulatory Capital							
Credit Risk % (as a % of Total Exposure)							
Credit Risk							
Operational Risk % (as a % of Total Revenue)							
Market Risk							
Economic Capital							
Net Income							
EL %							
RAROC							
hurdle Rate (Revised Return on Capital)							
Average/Shortfall							
Target Concentration Limit							
Actual Concentration Limit							

SUMMARY

Over 1,000 retail, corporate, and investment banking institutions trust Cognos software to increase customer, product, and channel profitability, manage and reduce risk, address compliance issues, and improve the predictability of financial performance. For them we offer:

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