

Reconciliation And Workflow

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- Different views on two key topics
- From the perspective:
 - User
 - Vendors



Vendors

- Accurate Software
 - David Glover
- IBM Software Group
 - Peter Beggs
- Smartstream
 - David Meeker

- What is NBCN
 - IDA Broker
 - Performing Clearing & Brokerage services for...
 - 91 correspondents including:
 - National Bank
 - National Bank Financial
 - National Bank Trust
 - National Bank Discount Brokerage
 - External correspondents

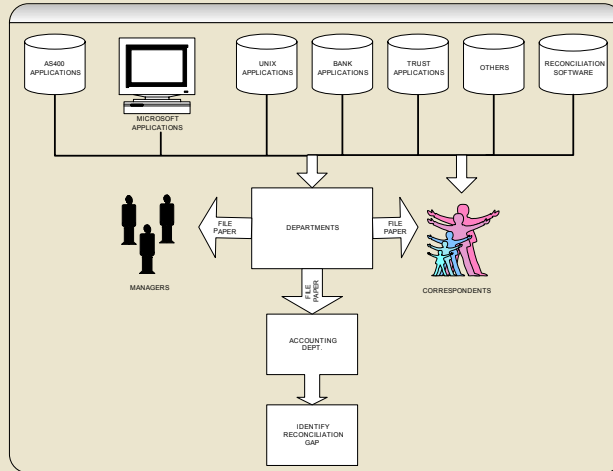
Corporate Initiative

Develop and refine standards and tools to identify, measure, monitor, control, and document operational risk.

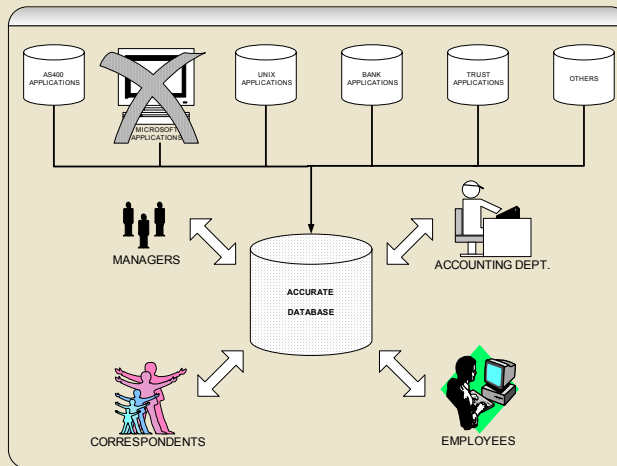
Current Situation

- Over 10,000 control accounts
- Multiple reconciliation systems
- Data
 - Various sources and formats
- Control account ownership
 - Shared responsibilities (member, firm, dept.)
- Fragmented view of unreconciled items
 - Risk
- New reconciliation types
 - I.T. involvement
- Exchange of files & paper

Current Reconciliation Flow



Future Reconciliation Flow



Project Objectives

- Assess risk at firm level
 - Custom defined aging periods
 - Increase accountability
 - Consolidated view for management
- Tracking of all control accounts
- Increase level of automated matching
- Improve exception handling

Project Objectives (cont 'd)

- Manage exceptions processing through workflow
- Ability for users to set-up business rules
- Modernize system infrastructure
- Product usable by:
 - National Bank group of companies
 - Correspondent member firms
- Rapid identification of errors
- Implementation within 6 months

Defining Requirements

- Real-time processing & reporting
- Application
 - User friendly
 - User configurable
 - Flexible business rules
 - Exception management
 - Management dashboard
 - Monitoring by management level, functional unit or company
 - Audit trail
 - Ownership of differences
 - Aging

Defining Requirements (cont'd)

- Leverage workflow application beyond reconciliation
- Integrate with internal & external systems
 - Multiple formats
- Analytic tools
 - Root cause analysis
- E-mail notification
- Internet access

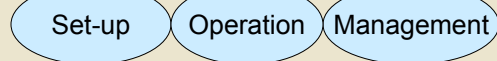
Comparing Products

- Internal team
 - Technology
 - Operations
- Proof of concept
 - Walkthrough at each vendor's site (2 days)
 - NBCN's tasks
 - Provide raw data
 - Reconciliation (complex)
 - Workflow
 - Define expected results
 - Prepare list of topics to cover
 - Process
 - Technology

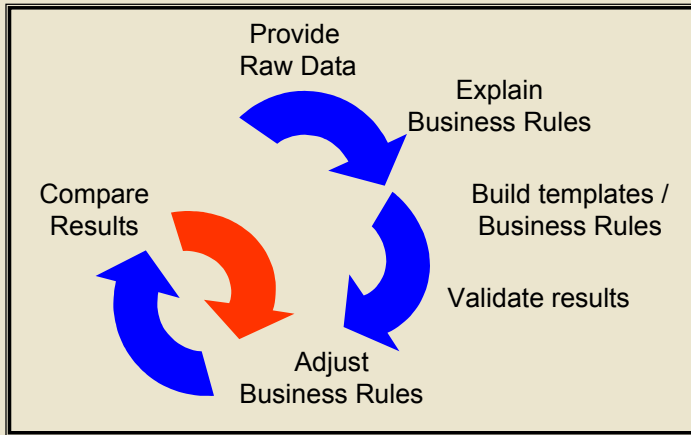
Comparing Products (cont'd)

- Vendors' tasks
 - Perform live demonstration

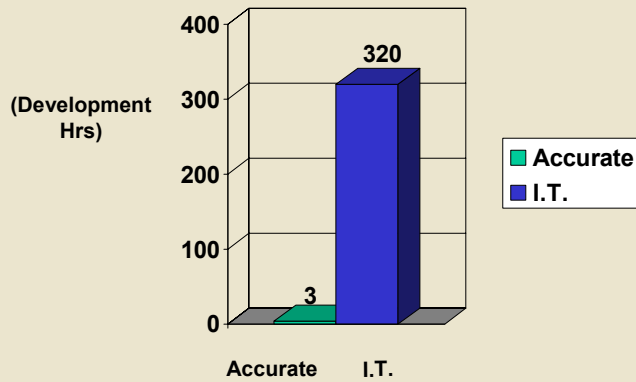
- Reconciliation / Matching engine
- Exception handling
- Workflow
- Reporting capability
- I.T. considerations



Proof of Concept Process



Effort required for new reconciliation (Complex)



Comparing Products

- Define strengths & weaknesses
 - Assistance from our service provider (IBM)
- Approach to proof of concept exercise
- Product knowledge
 - Vendor expertise

Vendor Differences

- Results
- User friendly
- Flexibility
- Approach
- Walkthrough methodology
- Responsiveness