

PROFITING FROM INFORMATION

BREAKTHROUGH
REPORTING FOR
FINANCIAL SERVICES



COGNOS®

THE NEXT LEVEL OF PERFORMANCE™

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PROFITING FROM INFORMATION – ESSENTIALS FOR ENTERPRISE REPORTING FOR FINANCIAL SERVICES

Never before has it been so pressing for financial services institutions (FSIs) to shore up their business and IT strategies to meet new challenges. For several years, professionals in this sector have dealt with volatile markets, a lack of investor confidence, and a change in the competitive landscape from emerging players and newly merged financial service giants.

And now, with Basel II, the US Patriot Act, and Sarbanes-Oxley, their reporting requirements are more stringent than in any other industry. In fact, according to Michael Grebb, reporter for *US Banker* magazine, financial service legislation has “strapped the banking industry with potentially more paperwork, obligations and record-keeping requirements than at perhaps any time in its history”¹.

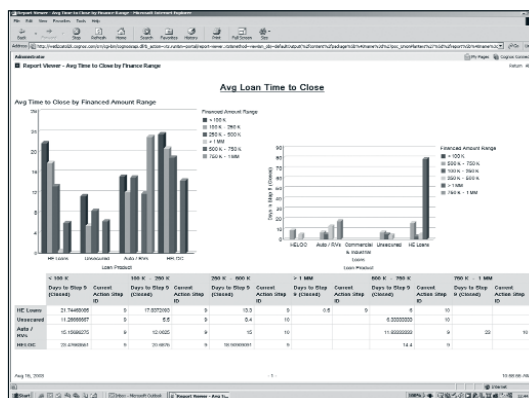
In order to tackle these challenges, financial services organizations are increasingly turning to business intelligence (BI). According to a recent *Datamonitor* article, FSIs spend on business intelligence and analytics will hit \$4.8 billion by 2006, fuelled by the need to tackle fraud, money laundering and Basel II². Increasingly, they are making Cognos ReportNet™ their business intelligence solution of choice.

With hundreds of financial services customers worldwide, including eight of the top 10 banks in the United States and all of the top 10 banks in Europe, Cognos understands the challenges that financial services com-

panies face. These challenges include:

- Distributed branches, brokers, and agents that necessitate secure, flexible extranet reporting
- Multiple delivery channels (branch, Web, telephone, ATM) and data silos that can prevent an accurate and total customer view
- A high degree of report complexity that can lead to lengthy and costly report production
- Requirements for multiple report types, which in the past required multiple reporting solutions, leading to a complex, expensive multi-tool environment
- The need for reporting that utilizes and extends the information found within existing data stores, including ingrained legacy and ERP systems.

Cognos ReportNet addresses these challenges and more. It allows FSIs to implement solutions that build shareholder value, tap the potential of rich and varied data sources, build seamless operations, enhance customer relations, reduce the burden on IT, and turn compliance requirements into a competitive advantage.



With Cognos ReportNet, FSIs can unite data, technology, and people to help outperform the competition.

¹ Struggling with the Most Vital Information, Michael Grebb, *US Banker*, April 2003

² FSIs Spend on Business Intelligence and Analytics, *Datamonitor*, October 2, 2003

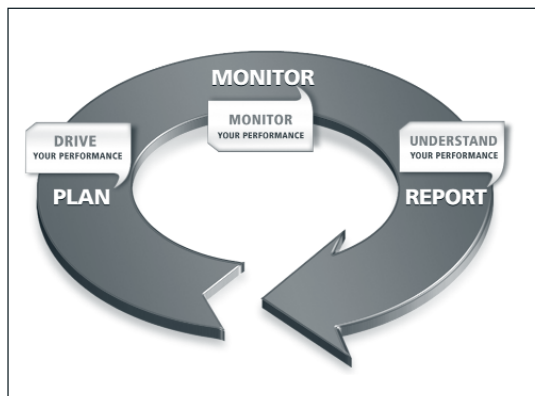
SEVEN REASONS WHY FINANCIAL SERVICES ORGANIZATIONS PREFER COGNOS

Cognos ReportNet is the first all-in-one reporting software that lets you create, modify, and distribute any report your company requires—statements, weekly sales updates, loan portfolio reports, and more. You can standardize all enterprise reporting not simply with one vendor—with *one product and architecture*. It is the new standard in financial services reporting and here's why:

1. Cognos ReportNet Offers the Most Comprehensive Reporting Coverage in the Industry—

~Meeting all reporting needs in one product is a wise IT investment—now and in the future~

Cognos ReportNet is a solution that can grow with your organization. Since it covers the whole spectrum of reporting needs, from ad hoc query, managed reports, and business reports, to statements and collections, it is the logical solution for FSIs who wish to lower total cost of ownership through standardizing their reporting platform. In addition, since it is part of the most comprehensive business intelligence and corporate performance management suite in the market, FSIs can add key components such as planning, scorecarding, event notification, and extraction, transformation and load capabilities without the need to add more vendors and more incompatible software to their technology mix.



“Cognos ReportNet will nicely round-out Cognos’ BI platform with a complete enterprise reporting system built on a pure Web architecture,” said Madan Sheina, Principal Analyst at ComputerWire. “If Cognos gets the integration right, it stands a great chance of providing the industry’s first truly seamless stack of BI technologies that cover all aspects of the decision lifecycle—from ad hoc query, OLAP analysis, and now production reporting”

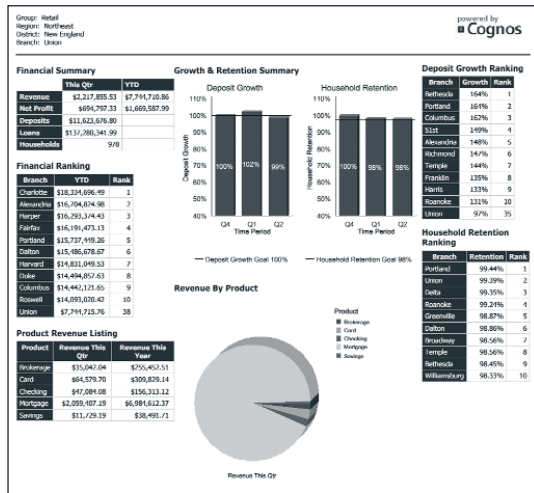
2. Cognos ReportNet Makes Creating Complex Reports Simple

~Simple report generation and modification saves time—in an industry where time is money~

Cognos ReportNet makes report authoring simple so that even the most novice user can create influential, professional reports that incorporate complex information. This is the money-saving value of Cognos ReportNet: better reports at lower costs and in less time.

The industry-leading functionality of Cognos ReportNet lets users create reports containing any number of report objects—charts, cross tabs, and lists—as well as non-BI components such as images, logos, and live embedded applications that can be linked to the information. Queries can draw data from any database or a combination of databases and be linked together, or left as independent. This is a sophisticated capability made simple, allowing your brokers, agents, and banking officers to focus on the business of financial services.

The Management Cycle: by linking the core functions of the management cycle—planning, monitoring, and reporting—Cognos solutions enable a closed-loop, co-ordinated approach to managing performance.



With Cognos ReportNet, FSIs can quickly create reports that provide a true picture of profitability.

With Cognos ReportNet, users can arrange report objects on the page simply by dragging and dropping them into the report-authoring window. The adaptive report authoring environment automatically arranges report objects in the window each time one is added or removed. These combined factors allow FSIs to create reports that are professional, insightful, and thorough. These are the kind of reports that instill trust and confidence with clients, and reinforce the professional image a company holds as a reliable, trusted advisor and leader.

3. Cognos ReportNet is Compatible with Existing IT

~ Open standards allow inexpensive integration, embedding, or extension by your IT staff~

Cognos ReportNet easily integrates with your existing IT environment. It delivers an open, Web standards-based reporting environment that enables you to take full advantage of your existing IT infrastructure and

skills investments—a crucial benefit given the financial services industry’s reliance on stable, proven legacy systems. It helps you generate return from your technology investments by extending IT capabilities to include total enterprise reporting. It gives your users breakthrough reporting capabilities, while reducing and simplifying your IT reporting resource requirements, and lowering your total cost of ownership.

After an exhaustive competitive evaluation of the leading enterprise reporting solutions, Bear Stearns chose Cognos ReportNet for its ability to address the reporting requirements of its high-traffic global Extranet and Intranet decision support sites. With its mission-critical performance, scalability and multilingual support, Cognos ReportNet will be used by more than 12,000 users on the Extranet site and more than 10,000 users internally. Displacing a number of existing reporting solutions, Cognos ReportNet creates a true self-service reporting environment against a number of information systems, including IBM DB2.

4. Extranet Secure

~BI that conforms to your security decreases costs and mitigates risk~

Providing key customer and account information to customers via an extranet is a key capability for FSIs. The problem is that many BI solutions force companies to re-invent the wheel when it comes to securing data for extranets. They force financial services companies to adhere to the built-in security they offer and not vice-versa. This can cost money and add unacceptable gaps in security for an industry whose reputation lies in their ability to keep data safe.

Cognos ReportNet was built to conform to your existing security. Whether Cognos ReportNet is functioning in-house, on an intranet site, or accessible via an extranet site, companies can leverage the security they already trust to keep their confidential information safe. Knowing data is safe means FSIs can really leverage the extranet to open new markets, cross-sell, manage accounts, and communicate with customers.

5. Cognos ReportNet is Zero-Footprint

~A zero-footprint solution is less costly to deploy and maintain~

Most business intelligence solutions require the installation of software on every user's desktop—dramatically increasing both the time and costs associated with deployment. It also makes it difficult for IT to maintain and support the system, and add new functionality, upgrades, and innovative features to the system. Cognos ReportNet is one of the few solutions that is completely zero-footprint, saving your institution time and money, and freeing up your IT resources for more value-added activities.

6. Cognos ReportNet is the Industry Leader in Ease of Use

~User self-service allows faster access to information while unburdening IT~

For business intelligence software to be effective, it must champion usability at all turns. By offering a solution that is easy to use, FSIs can open themselves up to a user self-service environment for reporting. Users get the information that they need—from customer profitability to credit risk to loan processing efficiency—when they need it, and in a format that best suits their purpose.

By giving all departments intuitive, easy-to-use software, it frees IT to focus on strategy rather than software. They can reduce reporting backlogs and the time-consuming tasks associated with babysitting report generation. “Cognos ReportNet is a major breakthrough for BI and reporting convergence. It brings a completely new level of simplicity in the design and use of reporting and analysis for large sets of users with varying needs,” said Mark Smith, CEO and SVP Research, Ventana Research.

7. Cognos ReportNet is Truly Global Reporting Solution

~Reduces costs for sending reports around the corner, or around the world~

In order for financial services companies to implement a truly global BI solution, their software must be Web-ready, it must be scalable, and it must have multilingual capabilities. In the past, multilingual reporting required multiple servers, multiple metadata models, the re-creation of multiple reports, and the need to test reports and models for each language. This added substantial costs and labor to the reporting process of multi-

tional FSIs, but money was not the most critical issue. The cost in terms of time spent meant information was already out-of-date by the time reports were finished. To add to this pain, there was no ability for users to query on-the-fly. If a report needed a change it had to go back to IT, resulting in an unacceptable backlog.

“Where previously multiple report instances and server instances were required to support multiple languages, now Cognos ReportNet can accomplish the same task with one report from one server,” said, Eric Rogge VP & Research Director—Business Intelligence & Performance Management of Ventana Research. “The ownership cost savings implications for multi-national companies are potentially large with this feature.”

Another key element to a global solution is its ability to grow with your company. Cognos ReportNet has been proven scalable to 100,000’s of users, meaning that it can grow as a company’s global audience expands, and can handle changes in user population due to mergers and acquisitions. In addition, its Web-ready format means that it is perfect for extranets, a key element as financial services companies expand into new markets.



With Cognos ReportNet, delivering reports in different languages is as fast and simple as a few mouse clicks.

THE COGNOS REPORTNET RESULT FOR FINANCIAL SERVICES INSTITUTIONS

A Truly Customer-centric View

~Quick and easy insight into customer profitability and cross-selling opportunities~

With Cognos ReportNet, companies strengthen and streamline their ability to unite data, analyze it, and understand it. They can create a customer-centric, 360° view that incorporates the full scope of a customer's relationship, including retail accounts, cash management or investment accounts, life insurance policies, loans and leases, and more.

The reports generated give financial services staff key insights into customer profitability, as well as opportunities to cross-sell services, anticipate future needs, and devise marketing programs that offer well-aligned products and services to retail or wholesale customers. With Cognos software, FSIs can see the whole picture and, in doing so, build on their image as a trusted, strategic partner with their clients.

“Cognos ReportNet gives us a powerful new tool to increase efficiency and better serve our customers,” said LaQuita Hudson, vice president of decision support at First Citizens Bank. “Among its many features, Cognos ReportNet allows us to produce customized reports from various databases that will identify additional products and services to meet customers’ needs.”

Portfolio	Value			Concerns					
	RDA	Average Loan Size	Number of Loans	Portfolio Size	Avg Loan Val	Delinquency Rate	Foreclosure Rate	Repossession Rate	Weighted Avg Coupon
Auto	1.84%	\$974,718	11,812,719	\$238,489,161,828	22,161	0.92%		0.37%	3.62%
Credit Card	1.70%	\$201,040	88,108,251	\$21,188,276,168		1.12%			8.82%
Lease	2.13%	\$74,898	74,273,888	\$43,226,648,707		0.43%			3.57%
Sole	2.02%	\$84,774	28,288,179	\$18,822,740,440		0.86%			3.73%
Vehicle	1.88%	\$122,897	18,474,002	\$7,244,488,022		0.88%			2.62%
WELDC	1.70%	\$5,418,852	22,845,722	\$477,178,828,828	48,246	0.75%	0.27%		4.07%
Interest Only	0.29%	\$475,054	8,139,440	\$191,183,222,024	14,339	0.23%	0.07%		1.20%
Mortgage	0.88%	\$480,044	23,648,277	\$197,222,228,471	14,824	0.28%	0.04%		1.41%
New	0.85%	\$448,852	2,338,261	\$165,194,335,500	13,765	0.28%	0.07%		1.28%
Investment	1.84%	\$444,282	22,851,368	\$247,885,923,128	17,463	0.74%		0.39%	3.78%
Mortgage Portfolio	1.22%	\$24,487,288	11,348,258	\$1,218,818,242,148	148,288	0.28%	0.07%		14.13%
1 Year Adjustable Rate Mortgage	1.76%	\$19,242,848	2,746,464	\$18,859,129,264	42,786	0.75%	0.07%		4.82%
15 Year Fixed Rate Mortgage	1.01%	\$11,205,488	8,799,821	\$128,206,817,841	49,889	0.74%	0.07%		4.80%
1st time homebuyer	0.89%	\$1,483,288	877,184	\$42,124,488,440	19,226	0.24%	0.12%		1.87%
Conventional	0.91%	\$2,261,847	818,388	\$176,248,188,020	88,780	0.28%	0.08%		1.98%
jumbo	0.81%	\$7,288,284	288,800	\$197,222,221,278	10,719	0.23%	0.07%		1.57%
30 Year Fixed Rate Mortgage	1.88%	\$11,888,841	8,027,211	\$88,417,147,884	30,779	0.76%	0.07%		4.68%

Cognos ReportNet empowers FSIs to provide the most comprehensive and up to date information to staff and customers.

Lower Operational Costs

~Increasing the efficiency and effectiveness of processes company-wide~

Cognos ReportNet makes reporting easy, intuitive, and fast for even the most novice users. This means IT can focus on strategy, and not on repetitive report generation. In addition, it works with disparate systems, which means less troubleshooting for IT.

For internal business users, Cognos ReportNet provides a faster route to better understanding of operational processes such as loan processing or claims management. It offers self-service business and production reporting from a single environment. This can be distributed via secure extranet to branches, brokers, and agents across the globe.

With Cognos ReportNet, financial services customers have quick and easy access to managed reports, such as customer and account information, production reports such as statements, and ad-hoc reports for self-guided analysis. The lower operational costs resulting from automating these processes means FSIs can keep staff costs low while increasing the efficiency of everyone company-wide.

“Cognos ReportNet gives us a powerful new reporting solution to increase efficiency and better serve our internal customers,” said Ed Leveille, vice president and chief information officer, Providence Washington Insurance Company. “Among its many features, Cognos ReportNet allows us to produce standard and customized reports from our warehouse that show our profitability results at virtually any level of applicable data.”

Reduced Risk

~Turning risk management into competitive advantage~

According to industry experts, technology spending for risk management in 2004 will account for nine percent of the average IT budget in financial services. Financial services companies use Cognos to produce global, timely, consolidated reports on risk positions and capital requirements as mandated by Basel II. With Cognos ReportNet, they have the ability to produce a

consolidated report on risk, manage commercial and corporate loan portfolios, and provide timely risk information to loan officers and risk managers in the field.

With the ability to collect information and report off the data store in real-time, FSIs take a huge step forward in their ability to manage risk. They have the ability to view a customer, an investment, or even a whole economy in clear, concise terms, and receive the timeliest information on which to base a decision.

Adherence with Compliance Requirements

~Incorporate compliance into overall corporate performance management~

Compliance reporting alone could exhaust an FSI’s reporting resources, particularly if disparate reporting solutions are used for Sarbanes-Oxley, the US Patriot Act, Basel II, and the myriad of additional compliance requirements in the industry. But it doesn’t have to. Cognos ReportNet allows compliance reporting in conjunction with the other financial services reporting, across the enterprise—leading to the transparency, accuracy, disclosure, and speed that regulators and shareholders demand.

Cognos software is unique because it also offers FSIs an opportunity to pursue Sarbanes-Oxley (SOX) compliance, not as a tactical, expense-based exercise, but as a longer-term investment in improving corporate performance. “Instead of simply layering on new processes and systems to comply with SOX requirements, companies need to assure that they have transparency of core business performance,” says Steven Ehrenhalt, Partner, Deloitte Consulting LLP. “This is not only necessary for improving management of the business itself, but is core to sustainable compliance with Sarbanes’ disclosure and control requirements. Far-sighted companies have recognized that better information to support performance management reinforces compliance capabilities.” This is the promise of Cognos ReportNet.

Local Entity	Internal Rating	Last R and P Rating	Current R and P Rating	Change	MTD Loans (USD)	MTD Exposure (USD)	Lines in Exposure Ratio
ABC Corp	AAA	AA+	BB	Downgrade	542,119	628,127	91.6%
XYZ Financial Services Inc.	AAA	BBB	B-	Downgrade	11,451	1,809	16.7%
DEF Bank	AAA	AA-	AA-	Stable	145,357	1,127	2.8%
GHI Trust	AAA	AA+	BB	Downgrade	113,884	9,124	7.7%
JKL Insurance	BBB	A-	AAA	Upgrade	98,888	3,920	5.7%
MNO Real Estate	AAA	AA	AAA	Upgrade	487,867	10,106	2.3%
PQRS Investment & Services	AAA	BBB	BBB	Stable	487,000	7,028	1.2%
RST Energy	AAA	AA	AAA	Upgrade	1,083,168	5,141	0.5%
UVW Tech	AAA	AA	AAA	Upgrade	1,008,178	8,911	0.7%
XYZ Financial Corp	BB	BB-	BBB+	Upgrade	854,158	2,138	0.4%
ABC Bank	AAA	AA+	AA+	Stable	1,010,000	7,988	0.8%
DEF Bank of International	B	BBB	BB	Downgrade	1,143,100	11,971	0.5%
GHI Bank	CCC	BBB	CCC	Downgrade	0	10,042	

With Cognos ReportNet, compliance can be transformed into more strategic processes company-wide.

22,000 OTHER REASONS TO PICK COGNOS

~Our track history as the BI leader makes Cognos a wise investment~

Top BI analysts name Cognos as the leader in reporting. Choosing the market leader is one of the safest ways for you to make the best BI investment. At a time when a number of industry experts are predicting that the BI market is likely due for consolidation, the intelligent bet is to go with the market leader, who combines vision with superior execution. That means Cognos, particularly for financial services organizations.

In the last year, META Group, IDC, Forrester, and SPEX (a division of META), have all recognized Cognos as a leader in the BI industry. In January 2003, Gartner declared Cognos a leader in its BI Magic Quadrant, both in terms of its completeness of vision and ability to execute. Our vision for tomorrow is what keeps our software ahead of the competition today. Our depth of experience is also unmatched—with over 30 years experience serving over 22,000 customers in over 135 countries.

Not only are we the marketplace leader, but we are also the leading organization within the financial services sector, with eight of the top 10 banks in the United States and all of the top 10 banks in Europe. In addition, Cognos has experience with almost 1,000 financial services organizations across banking, insurance, and investments.

Competing in today's banking world is not easy. The rewards can be great, but so can the risks. Cognos ReportNet helps you put crucial information into the hands of those who need it. It makes your data work for you, rather than making you work to get the data. It has demonstrated value through return on investment time and time again. With Cognos solutions, you can improve operations and fine-tune your business strategy. With Cognos ReportNet you can take your business to the next level with better reporting, smarter use of IT resources, and easy customer care capabilities that will distinguish your company from the competition.

ABOUT COGNOS

Cognos is the world leader in business intelligence and enterprise planning software. Our solutions for corporate performance management let organizations drive performance with planning and budgeting, monitor it with scorecarding, and understand it with enterprise business intelligence reporting and analysis. Cognos is the only vendor to support all of these key management activities in a complete, integrated solution.

Founded in 1969, Cognos today serves more than 22,000 customers in over 135 countries. Cognos enterprise business intelligence solutions and services are also available from more than 3,000 worldwide partners and resellers.

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