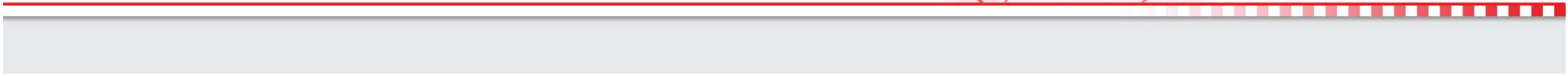
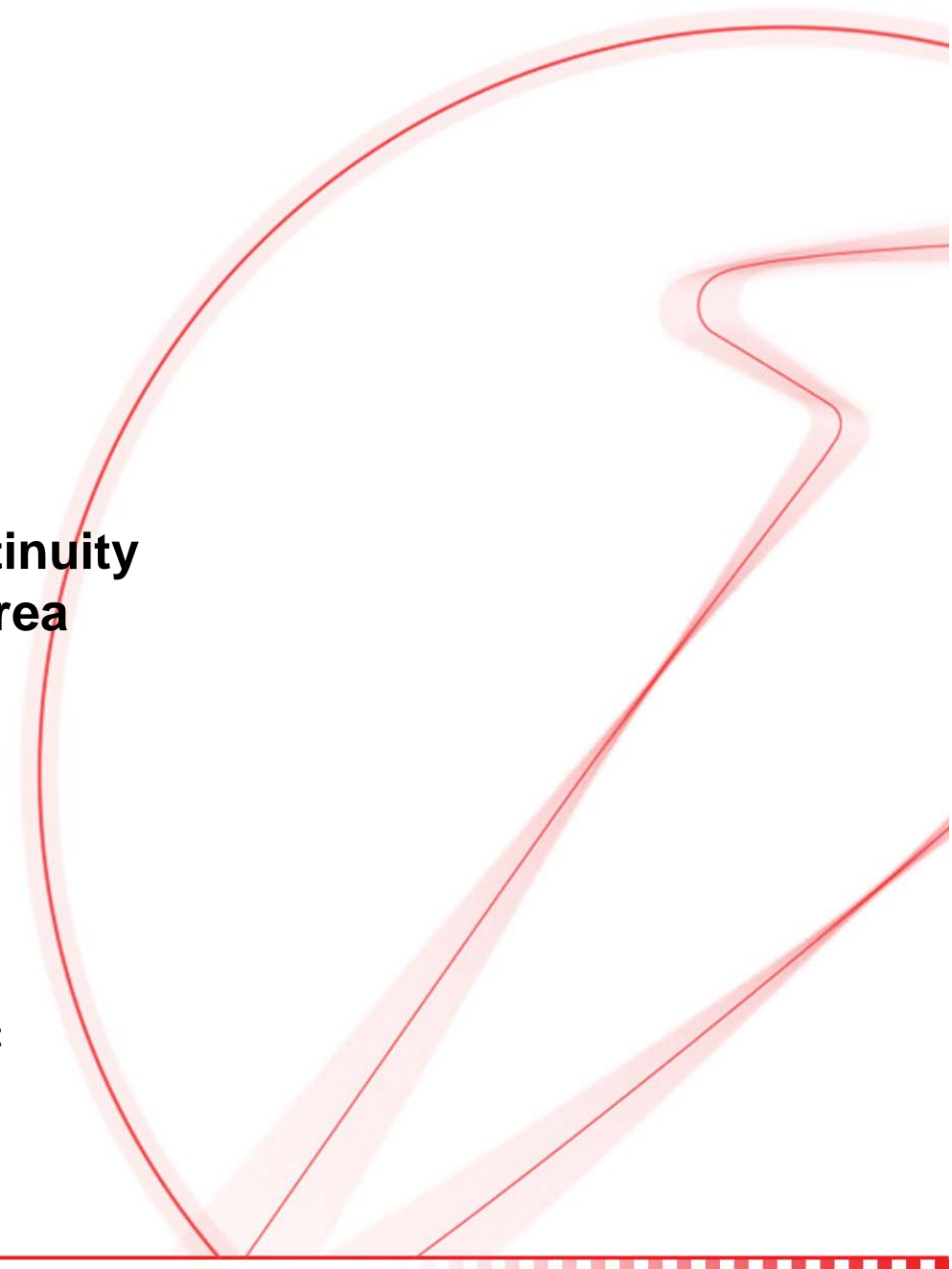




Market infrastructures' Business Continuity arrangements in an integrated Euro Area

Mirco Brisighelli
Group Liquidity Risk and Settlement Risk Management

Frankfurt, 25-26 September 2006





Agenda

- **A European Group**
- **Which Group approach to BCP?**
- **What is critical for the Banking System and what for the Group?**
- **Vital & Critical Processes: which scenarios and which continuity solutions?**
- **Which is an effective solution for the Group?**
- **Expectations**

A European Group



16th bank world-wide in terms of Market Capitalization⁴

MAIN STRUCTURAL FIGURES¹

- **Employees²: 133,868**
- **Customers: ~ 28 million**
- **Branches³: 7,320**
- **Deposits and debt securities in issue: €468 billion**
- **Loans: €424 billion**
- **Banking operations in 19 European countries**
- **Global player in Asset Management: €232 bn AuM (with coverage in 5 continents)**

(1) Data as at 31 March 2006

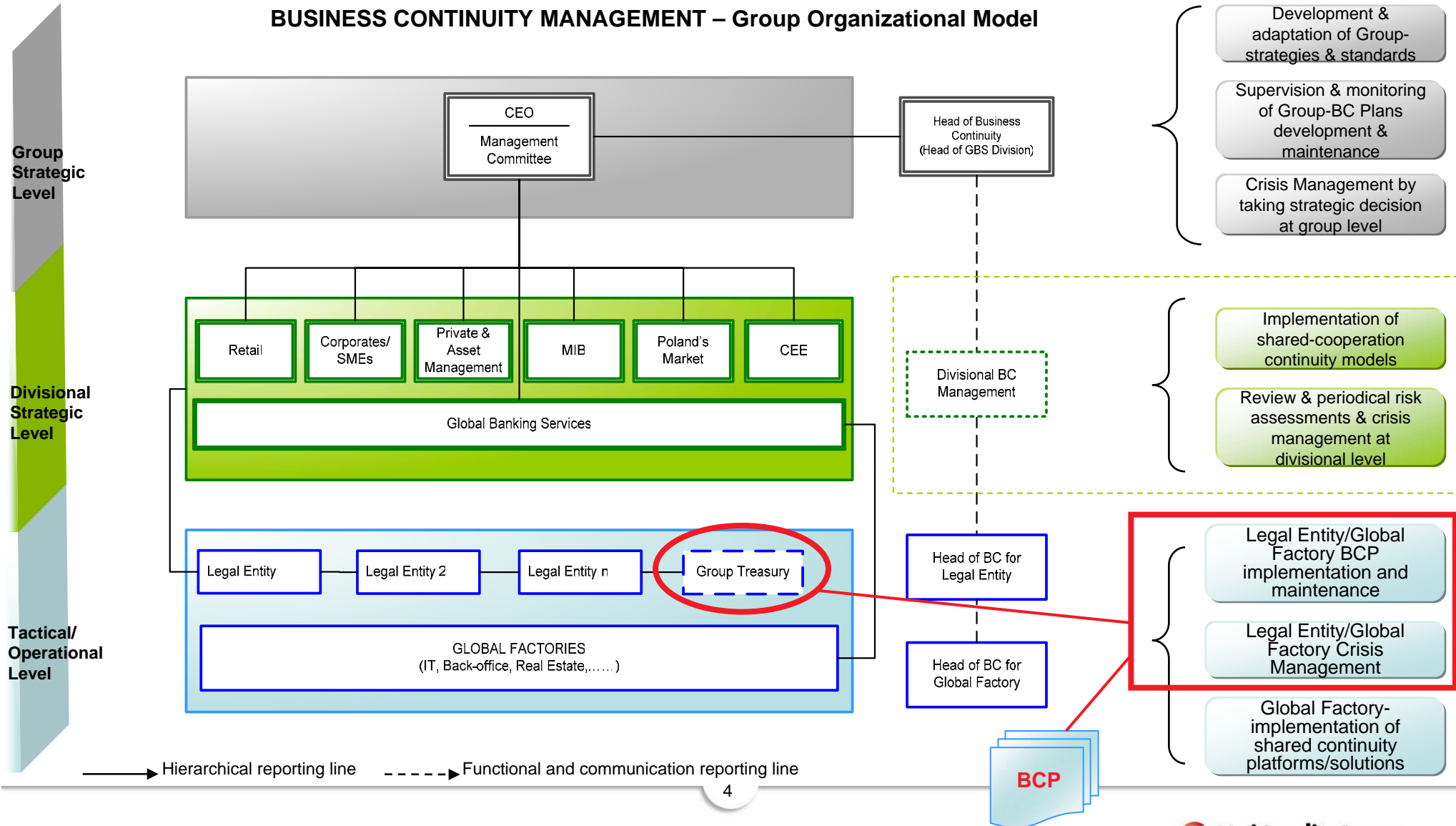
(2) "Full time equivalent". Koç Group (including Yapi) is consolidated proportionally

(3) Koç Group considered at 100%

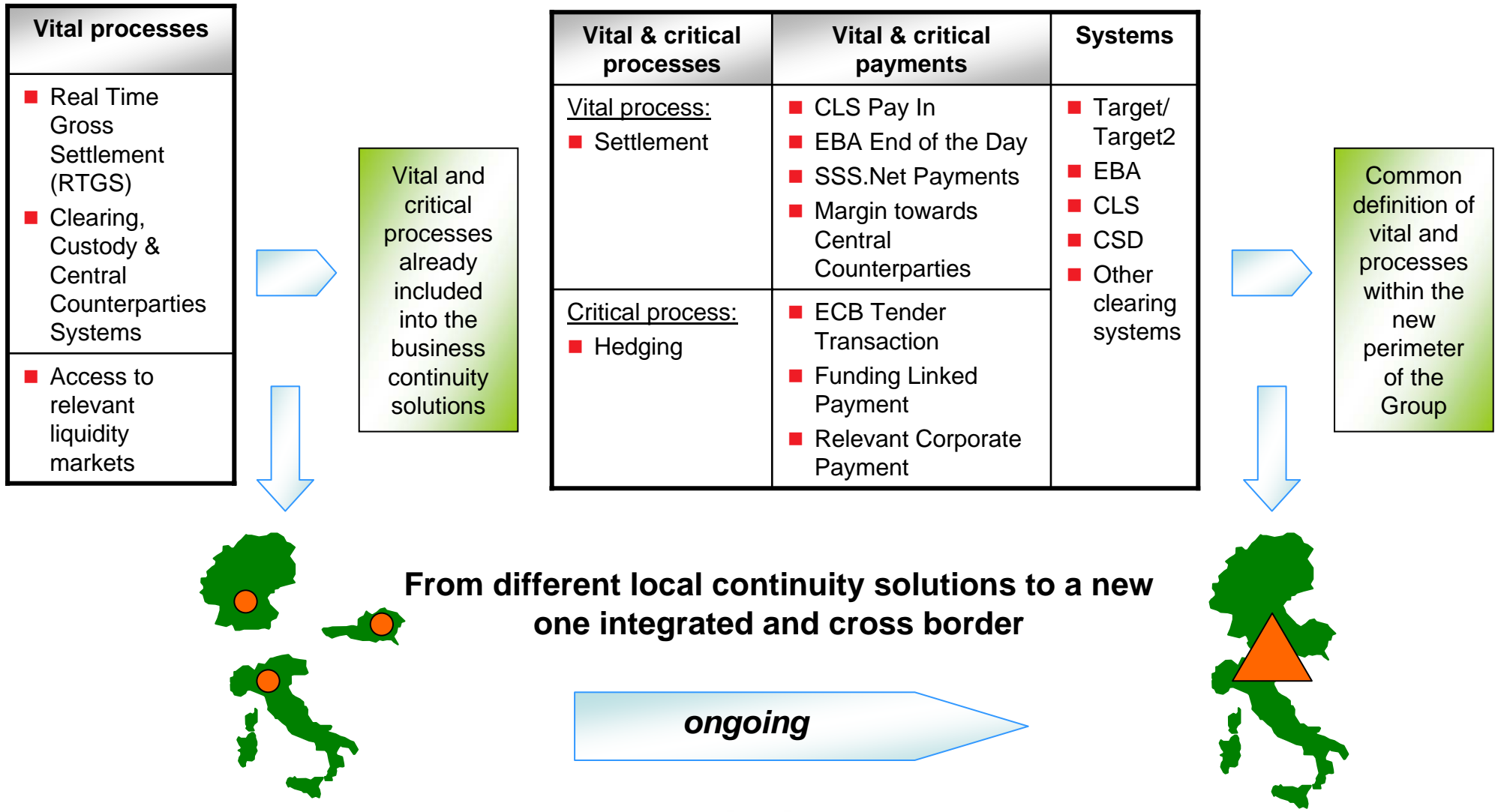
(4) Source: FT Global 500 – June 2006

Which Group approach to BCP?

BUSINESS CONTINUITY MANAGEMENT – Group Organizational Model



What is critical for the Banking System and what for the Group?



Vital & Critical Processes: which scenarios and which continuity solutions?

Crisis Scenarios



Building Unavailability



Human Resources Unavailability

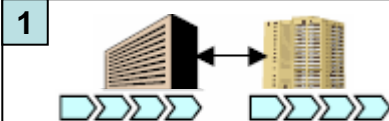


Information Systems Unavailability



Infrastructure/utilities Unavailability

Continuity Solutions



1 Reciprocal back-up: processes already carried out in multiple sites or by outsourcers



2 Relocation of critical human resources to equivalent site (processes, technologies, facilities)



3 Relocation of critical human resources to a pre-equipped site



1 Reciprocal back-up: processes already carried out in multiple sites or by outsourcers



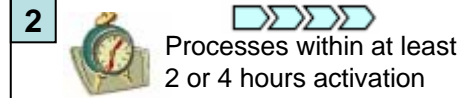
2 Backup by HR of different Unit/Bank, who carry out similar activities



3 Organizational Solutions: training plans, rotation plans, body rental, etc..



1 Processes with immediate activation
Organizational contingency procedures



2 Processes within at least 2 or 4 hours activation
Fully Disaster Recovery Solution provided by UGIS



1 Prevention equipment and redundancy



2 Contractual verification, SLA monitoring and Test participation with External primary counterparties

“ Minimum service level of critical functions through combination of predetermined manual procedures and paper based processing” (*)

(*) Source: ECB – Business Continuity oversight expectations for SIPS – June 2006

Which is an effective solution for the Group? - currently -



Treasury Activities

Business As Usual

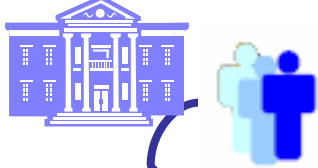
Resumption Time → 0

Recovery Time <4h

Business as Necessary

Front/Middle Office Activities

Primary site



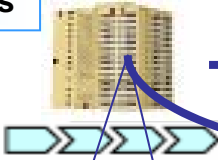
Secondary Site



Market Access Support Site

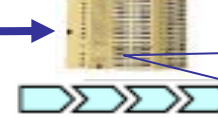
Back Office Activities

Site 2



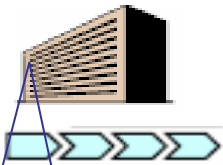
Percentage of activity carried out in Site 2
60%

Site 3



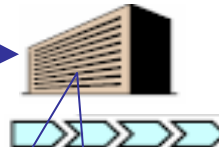
Percentage of activity carried out in Site 3
~ 30%

Site 1



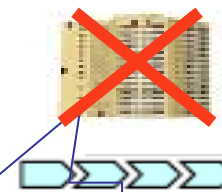
Percentage of activity carried out in Site 1
40%

Site 1



Percentage of activity carried out in Site 1
~ 70%

Site 2



Percentage of activity carried out in Site 2
0%



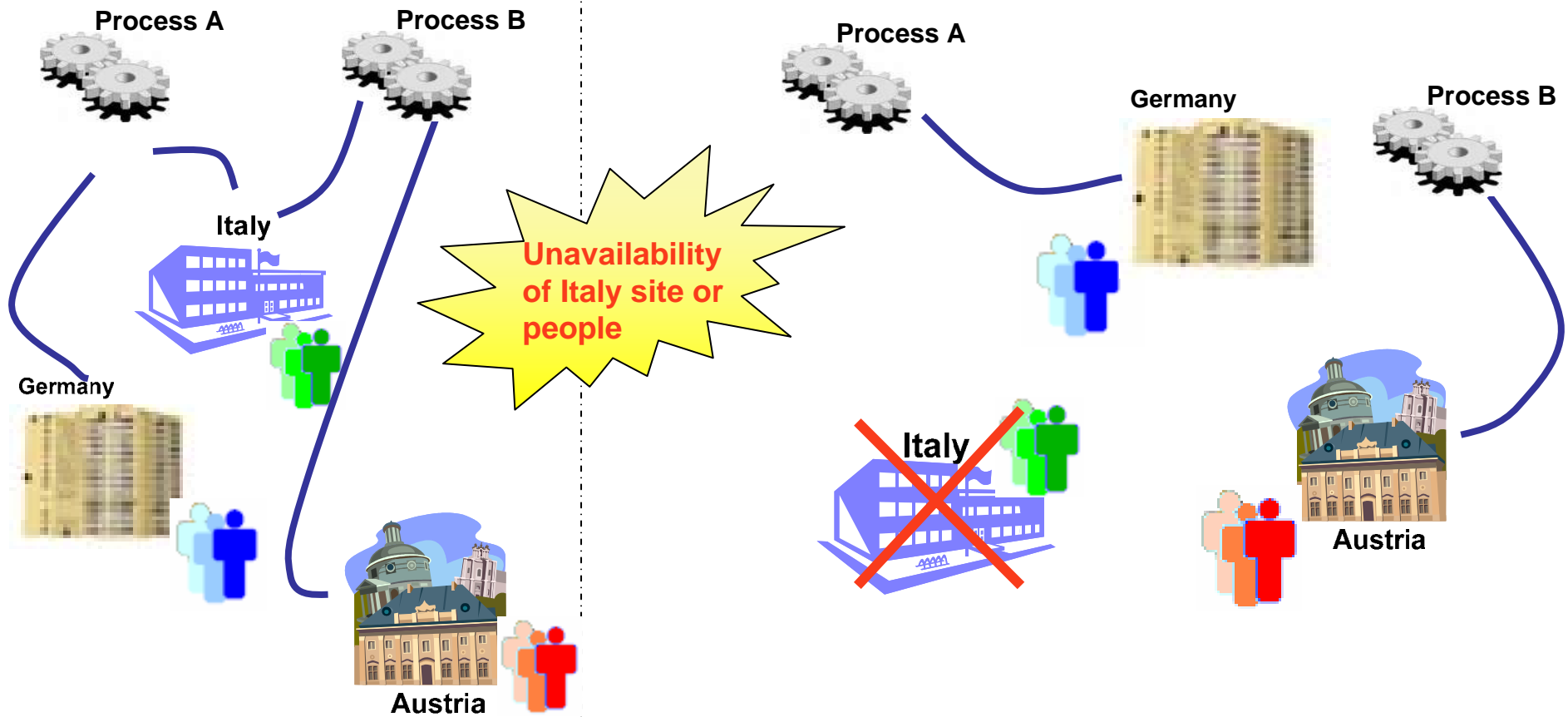
Which is an effective solution for the Group? - on going -



Italy, Germany, Austria, Central Eastern Europe

Business As Usual

Business as Necessary





ISSUES AND EXPECTATIONS

- **Define a common concept of “critical players” based on European shared principles in order to identify in the same way the financial institution that for their activity can be declared “critical players” and to avoid fragmentation in BC planning due to the local regulations**
- **Some guidelines (e.g. the recovery time objective – RTO) should be established according to the specific role of each participant, its responsibilities and its potential impact in case of disruption on the whole system**
- **Common guidelines for “critical banking players” harmonising the local central bank regulations**
- **Full system crisis management and test plan: national/geographical levels**
- **Clear view of critical utilities providers intervention and response plan**