

Business opportunity Analysis of the Global environment & New business

Profit and Loss

Reduce return on equity (ROE)
- Return on Assets
- US 2%

Balance sheet

Key points to note:
- What if on a scale
- Commercial, Investment, political environment

Financial Risk

Reduce return on equity (ROE)
- Return on Assets
- US 2%

SWOT analysis

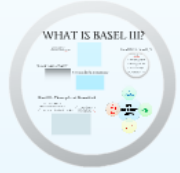
Strengths
Weaknesses
Opportunities
Threats

Key points to note

1. Current levels of investment (and) lead to uncertainty in future
2. Number of different asset classes

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1. Current levels of investment (and) lead to uncertainty in future
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Basel III

and its implication to financial institutes around the world

Implications to Supranational banking bodies

Credit rating agencies



Central banks

Key points to note:
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Europe Overview

- Long capital history (Basel II)
- Funding sources affected (Basel III)

Return on Equity
Return on Assets

Germany

Key points to note:
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U.S. & U.K.

Key points to note:
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China

Key points to note:
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Japan

Key points to note:
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Banking philosophy

Different tiers of banks

- Commercial banks
- Universal banks
- Investment banks

Commercial banks (1.8% - 2.0%)

Universal banks (1.8% - 6.2%)

Investment banks (0.2% - 2.8%)

Relation with Basel III...

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Special Purpose Vehicle

Key points to note:
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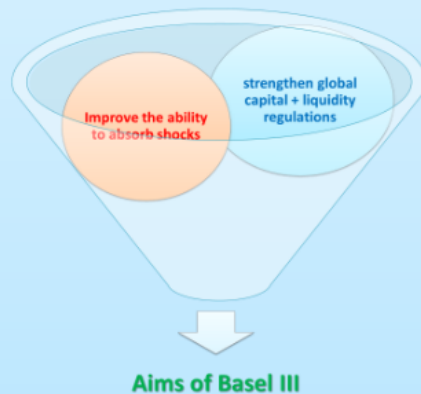


Basel III

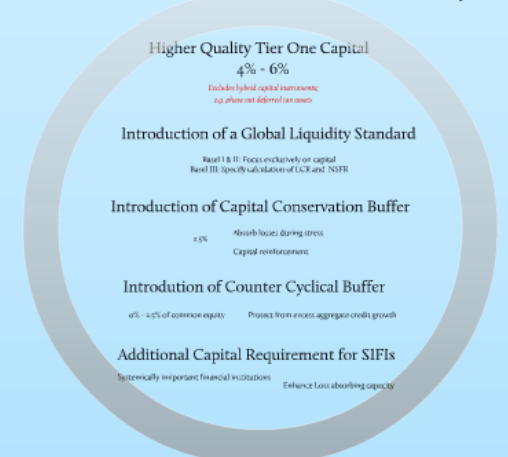
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WHAT IS BASEL III?

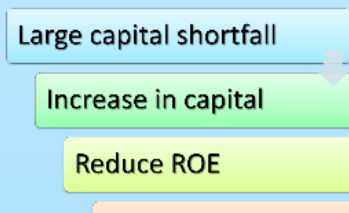
Regulatory framework for banks
 Basel Committee on Banking Supervision (BCBS)
Jan 1, 2009



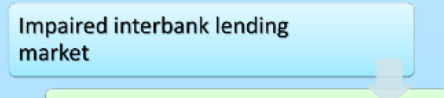
Basel III V.S. Basel I, II



General Impact of Basel III



Unintended consequences



Regulatory framework for banks

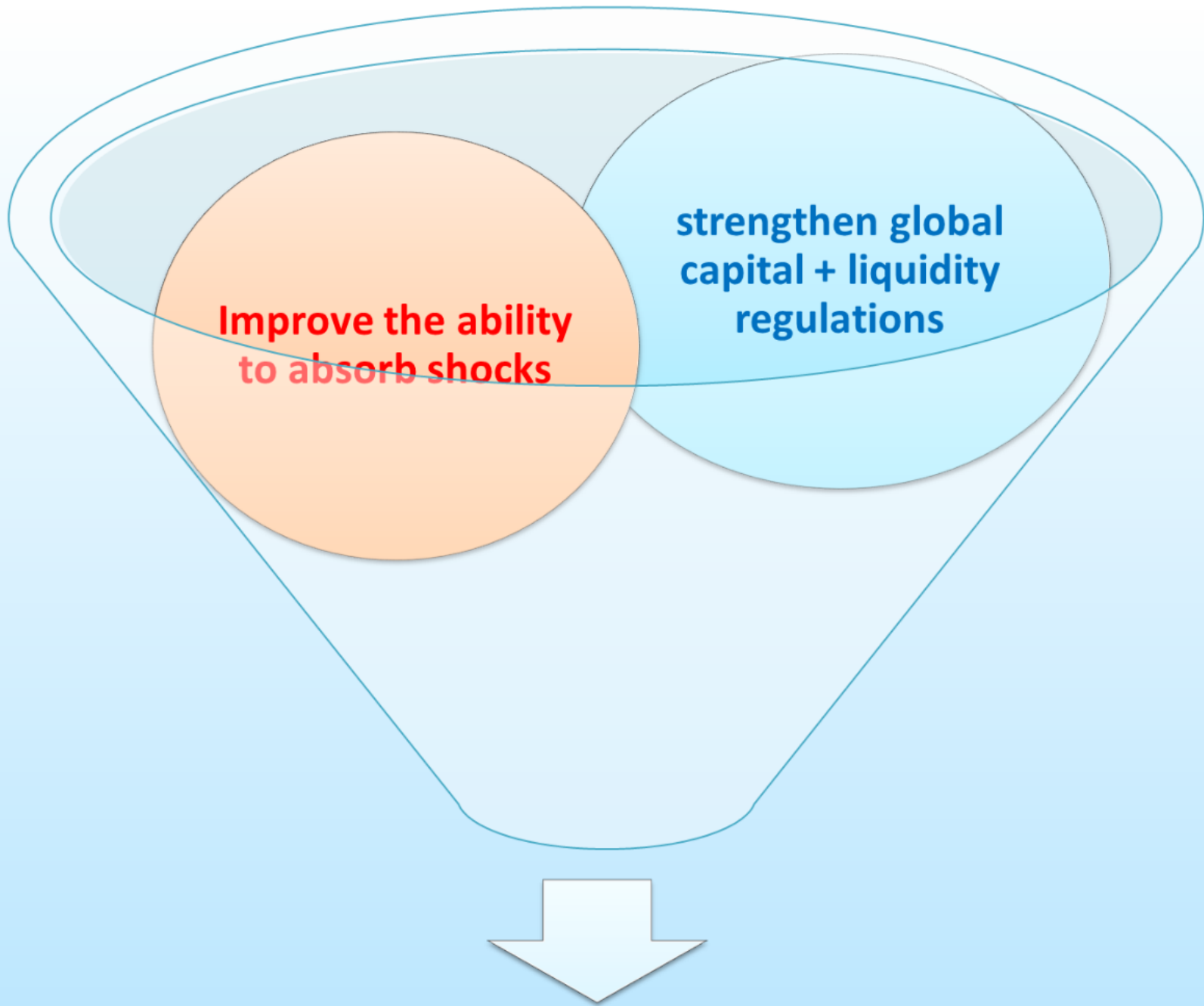
Basel Committee on Banking Supervision

Jan

Regulatory framework for banks

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Aims of Basel III

Unintended consequences

Increase in capital

Reduce ROE

Lower profitability

Impaired interbank lending market

Reduce lending capacity

Decline in financial system's stability

Basel III - Three-pillared Framework

Pillar 1: Capital Reform

Calculate the minimum capital requirement - 8% of total assets

Pillar 2: Liquidity Reform

Liquidity Coverage Ratio (LCR) *Short*

Net Stable Funding Ratio (NSFR) *Long*

Pillar 3: Systematic risk and Market Discipline

Pillar One
Capital
Reform

- calculate the min capital req.
- 8% of total assets

Pillar Two

- Liquidity Coverage Ratio ("LCR")

Basel III - Three

Pillar I: Capital Reform

Calculate the minimum capital requirement - 8% of total a

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