



GLOBAL FINANCIAL SERVICES

Addressing the current market turmoil

26 September 2008

Helping You Address Market Turmoil Issues

Issue	Selected Items for an 'Urgent Issues Agenda'	
Governance	<ul style="list-style-type: none"> • Profile of Board experience for recession • Risk / Audit Committee agenda • Board delegated authorities 	<ul style="list-style-type: none"> • Business appraisal – good book / bad book • Product set re-evaluation • Board and Executive communication
Capital	<ul style="list-style-type: none"> • Difficulty in raising additional capital • Volatility in capital utilisation • New capital requirements • Capital adequacy and stability 	<ul style="list-style-type: none"> • Impact of wider shareholder base • Investor relations • Share price volatility
Funding and Liquidity	<ul style="list-style-type: none"> • Reduced interbank liquidity • Increased cost of funding 	<ul style="list-style-type: none"> • Depositor confidence • Wholesale funding outlook
Risk Management	<ul style="list-style-type: none"> • Risk appetite appraisal – conservatism shift • Consumer debt levels and defaults • Property portfolio exposure • Bank rescues – combined exposure 	<ul style="list-style-type: none"> • Changed creditworthiness of counterparties • Corporate customer failure • Robustness of valuations • Tax authority focus
Profitability / Cost Management	<ul style="list-style-type: none"> • Quality business growth / margins • Staff reductions • Cost reduction initiatives • Availability and treatment of tax losses 	<ul style="list-style-type: none"> • Budget restrictions and control • Business / operating model strategy • Cost savings / synergies realisation • Competition
Corporate Strategy, Acquisitions & Disposals	<ul style="list-style-type: none"> • Impact of acquisitions / nationalisations • Post acquisition integration (for acquirers) • Impact of Regulator / Central Bank interventions • Under-performing businesses • Economic outlook re-appraisal • Legal entity management • SPVs – capital, funding and valuation 	<ul style="list-style-type: none"> • Quality of budgeting / forecasting • Quality of advice • Tax capacity • Tax loss optimisation
Staff and Remuneration	<ul style="list-style-type: none"> • Regulatory focus on bonuses • Talent retention / attraction 	<ul style="list-style-type: none"> • Conduct of business standards • Integrity
Fraud and Investigations	<ul style="list-style-type: none"> • Trader / employee fraud in volatile markets • Valuation manipulation • Conduct of business / compliance breaches 	<ul style="list-style-type: none"> • Internal control systems and quality • Reputation management • Culture
Regulation	<ul style="list-style-type: none"> • Geographical power shift • Back to basics – political imperatives • Focus on liquidity • Reputation management 	<ul style="list-style-type: none"> • Likelihood of significant regulatory change • Temporary suspension of short selling • Impact of 'bail-out' funds • Regulation of incentive schemes
Counterparty ownership change / bankruptcy	<ul style="list-style-type: none"> • Counterparty consolidated exposures • Implications of counterparty legal entities • Collateral and security • Ranking of debt / instruments 	<ul style="list-style-type: none"> • Netting and legal jurisdiction • Settlement of open trades • Impact of future acquisitions of businesses under administration / bankruptcy

Selected capabilities from KPMG member firms

<ul style="list-style-type: none"> • Corporate and risk governance • Internal Audit strategy / plan • Special investigations 	<ul style="list-style-type: none"> • Internal Audit co-sourcing • Executive compensation • Board / management information
<ul style="list-style-type: none"> • Collateral management • Capital adequacy • Financial products accounting • Economic capital / actuarial management • Capital / regulatory reporting 	<ul style="list-style-type: none"> • Regulatory risk and regulatory capital • Capital planning management • Hedging policy and management • Regulatory status / authorisation • Valuation
<ul style="list-style-type: none"> • Collateral management • Liquidity risk management • Tax and regulation of intra-group funding 	<ul style="list-style-type: none"> • Securitisations • Treasury governance / structure
<ul style="list-style-type: none"> • Valuation support and analysis • Model review and validation • Single view of risk and return • Business continuity and resumption planning 	<ul style="list-style-type: none"> • Cultural risk assessment • Programme management / QA • Credit portfolio management • Mortgage book analysis
<ul style="list-style-type: none"> • Cost transparency / optimal budgeting • Business process efficiency optimisation • Entity rationalisation • Indirect taxation and employee tax planning 	<ul style="list-style-type: none"> • Outsourcing strategy and support • Target operating model design • Change transformation • Tax efficiency / transfer pricing
<ul style="list-style-type: none"> • Asset disposals / sell side assistance • Pre and post acquisition due diligence • Valuations – for accounts and tax • Integration programme management • HR impact of mergers / acquisitions • Group / legal entity structure and taxation • Employee re-deployment and re-skilling • Governance and taxation of SPVs 	<ul style="list-style-type: none"> • Corporate strategy formulation • Finance transformation • IT platform rationalisation • Leadership alignment and transition • Transfer pricing • Industrial relations strategy • Organisation re-design • Liquidations and exit planning
<ul style="list-style-type: none"> • Tax efficient remuneration strategy and planning • Talent management / retention strategy 	<ul style="list-style-type: none"> • People skills assessment • Low cost recognition schemes
<ul style="list-style-type: none"> • Fraud / compliance investigations • Expert witness / litigation support • Financial crime 	<ul style="list-style-type: none"> • Fraud risk assessments • e-Discovery tools • Valuations / model validation
<ul style="list-style-type: none"> • Regulatory compliance • Corporate governance • Incentive scheme re-design • Regulatory reporting 	<ul style="list-style-type: none"> • Technical updates • Training
<ul style="list-style-type: none"> • Administration and insolvency • Liquidations • Market practice and collateral management • Credit risk management 	<ul style="list-style-type: none"> • Hedge accounting • Investigations • Expert witness assistance • Valuations



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