

National Bank of Canada

Digital finance transformation journey

SAP S/4HANA

ideation to implementation

March 9, 2023

Agenda for today

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- II The digital finance transformation business case
- III Software scope selection
- IV S/4 deployment scope and top 10 key take aways
- V Finance target architecture
- VI Journey forward
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Your speakers



Christine Gagnon
NBC



Ravi Ravipati
EY

The Bank in numbers

29,509

Employees

378

Branches

939

Banking machines

2.7 million

Clients

\$616B

*Assets under management
and administration*

\$404B

Total assets

\$9.7B

Annual total revenues

\$3.4B

Annual net income

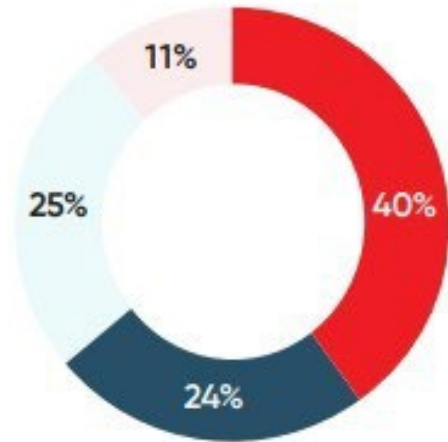
\$31.2B

Stock market capitalization

Source: nbc.ca

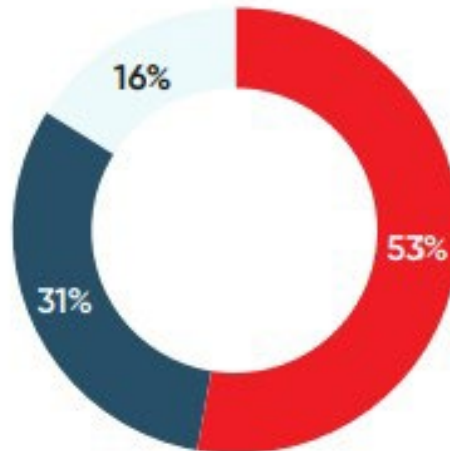
National Bank of Canada in a nutshell

NBC's business is mostly driven by Quebec-based clients from our Personal, Commercial and Wealth Management business lines and expanding beyond Quebec



2022 Total Revenues by Business Segment

- Personal and Commercial
- Wealth Management
- Financial Markets
- U.S. Specialty Finance and International



Geographic Distribution

- Province of Quebec
- Other Canadian provinces
- Outside of Canada

Our role in the community



NBC was selected for the Bloomberg Gender-Equality Index for a **fifth consecutive year**.



Our environmental, social and governance (ESG) principles demonstrate our commitment to **building a sustainable future** while representing the best interests of society.

The digital finance transformation business case

As part of the on-going transformation at National Bank of Canada and taking into account the rapidly evolving business environment, the Bank initiated a Finance digital transformation program named VINCI



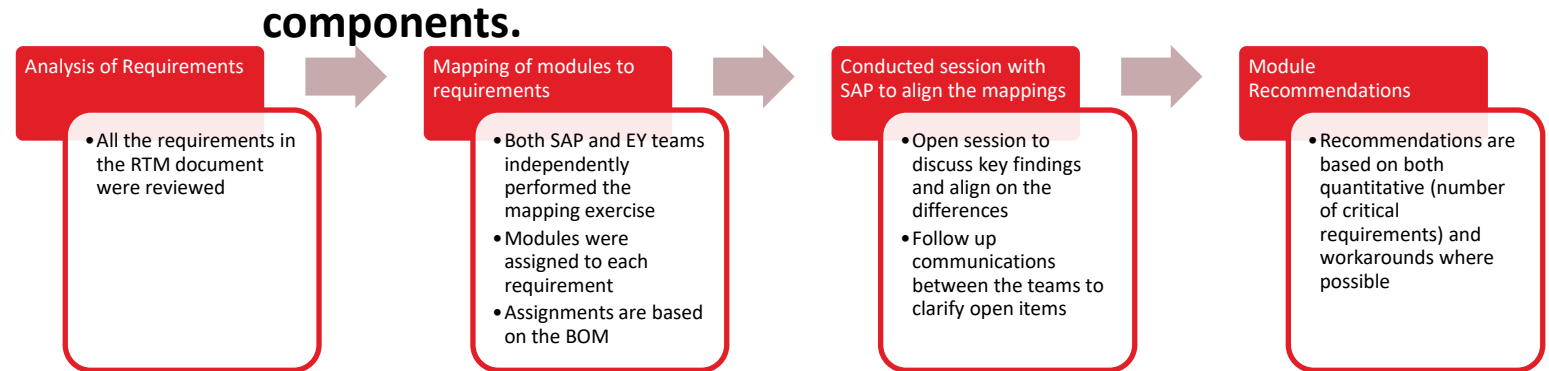
Software licencing

The team evaluated multiple options to determine the target state architecture for Finance. Upon analysis of the prioritized criteria, the joint NBC-EY team recommended a phased deployment roadmap and selected the below components.

1000+ requirements were captured covering all functions of Finance and IT.

Things to consider during licensing

- Modules
- System landscape
- Basis activities
- ETL needs
- Value assurance



Recommendations	Modules	% of requirements
Recommended for phase 1	<ul style="list-style-type: none"> • S/4HANA (S4) • Group Reporting (GrpRpt) • Financial Product Subledger (FPSL) • SAP Analytics Cloud Reporting (SAC Reporting) • HANA Runtime 	81%
Recommended for phase 2	<ul style="list-style-type: none"> • Blackline • SAP Analytics Cloud Planning (SAC Planning) • Master Data Governance (MDG) • SAP Access Control (GRC) 	15%
Need further discussions	<ul style="list-style-type: none"> • Portfolio and Project Management Standard (PPM Standard) • PPM Professional • SAP Cloud Platform (SCP) 	1%
Not recommended	<ul style="list-style-type: none"> • Real Estate Management • Advanced Compliance Reporting (ACR) • Profitability and Performance Management (PaPM) • Advanced Financial Closing (AFC) • Digital Boardroom 	2%

S/4 deployment scope and 10 key take aways

We are live since Feb 2022 with SAP as book of record. Go live has been smooth with no critical issues during ME/QE/FY close.

- Leverage SMEs representing Finance to complete mapping from legacy COA to SAP COA.
- Examine the ROI and effort of converting historical data to SAP. Conversions are expensive and often yields diminishing returns with each passing period
- Conduct impact assessment and changes to non-SAP systems, align effort, timeline and ownership. Avoid reverse mapping to reduce the technological debt.
- Pivot to MVP solutions swiftly (ADB, ICMR, SAC are the examples where we invoked MVP)
- Evaluate the need for Parallel run, depending on the extent of COA, Process and Reporting changes
- Minimize the time lag between reporting team design and development with other teams.
- Do an initial RCA on MJE and propose automation opportunities.
- During UAT, the Project Leads will transition the work to Financial Process Owners.
- In the ticket resolution process, reach out to SAP product experts as soon as possible.
- Consider the future growth and requirements while defining solutions (BW, API etc.)

- ✓ General Ledger
- ✓ Allocations
- ✓ Average Daily balance
- ✓ Multi Currency Accounting
- ✓ Inter company reconciliation
- ✓ Group reporting
- ✓ FIORI
- ✓ Analysis for Office
- ✓ SAC (SAP Analytics for Cloud)
- ✓ Solution Manager

Solution Observations

General Ledger

- Hierarchy versions only active of the report execution.
- Standard workflow with FIORI upload generally do not meet customer requirements

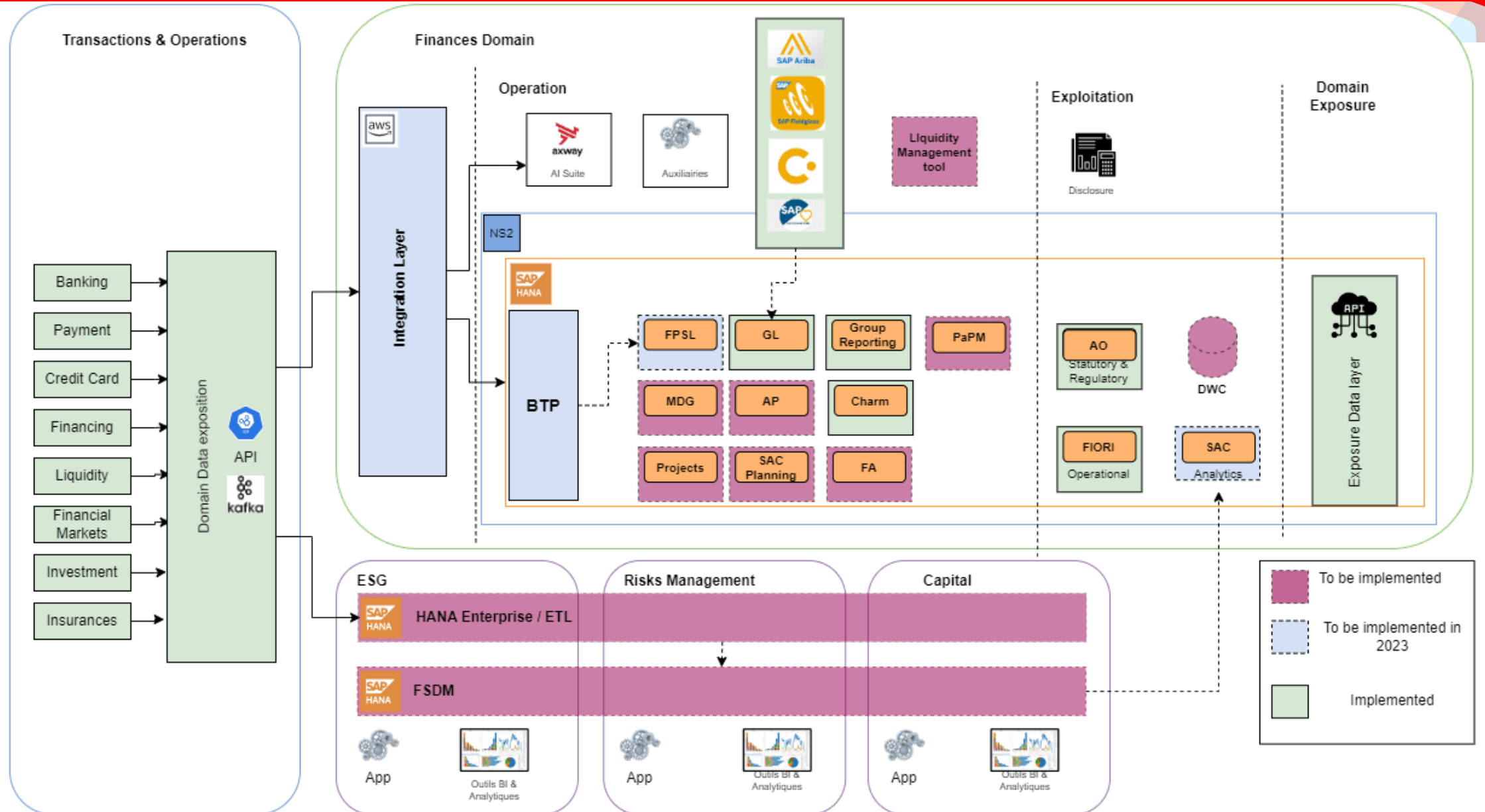
Group Reporting

- Consolidation of Average Daily Balances (Planned for 1909, and delivered in 2020)
- Group Data Analysis reporting with profit center hierarchy calculations enabled (I_Matrix CDS view)
- Intercompany Matching and Reconciliation (ICMR) configuration complexity, performance challenges, and user interface limitations

Reporting

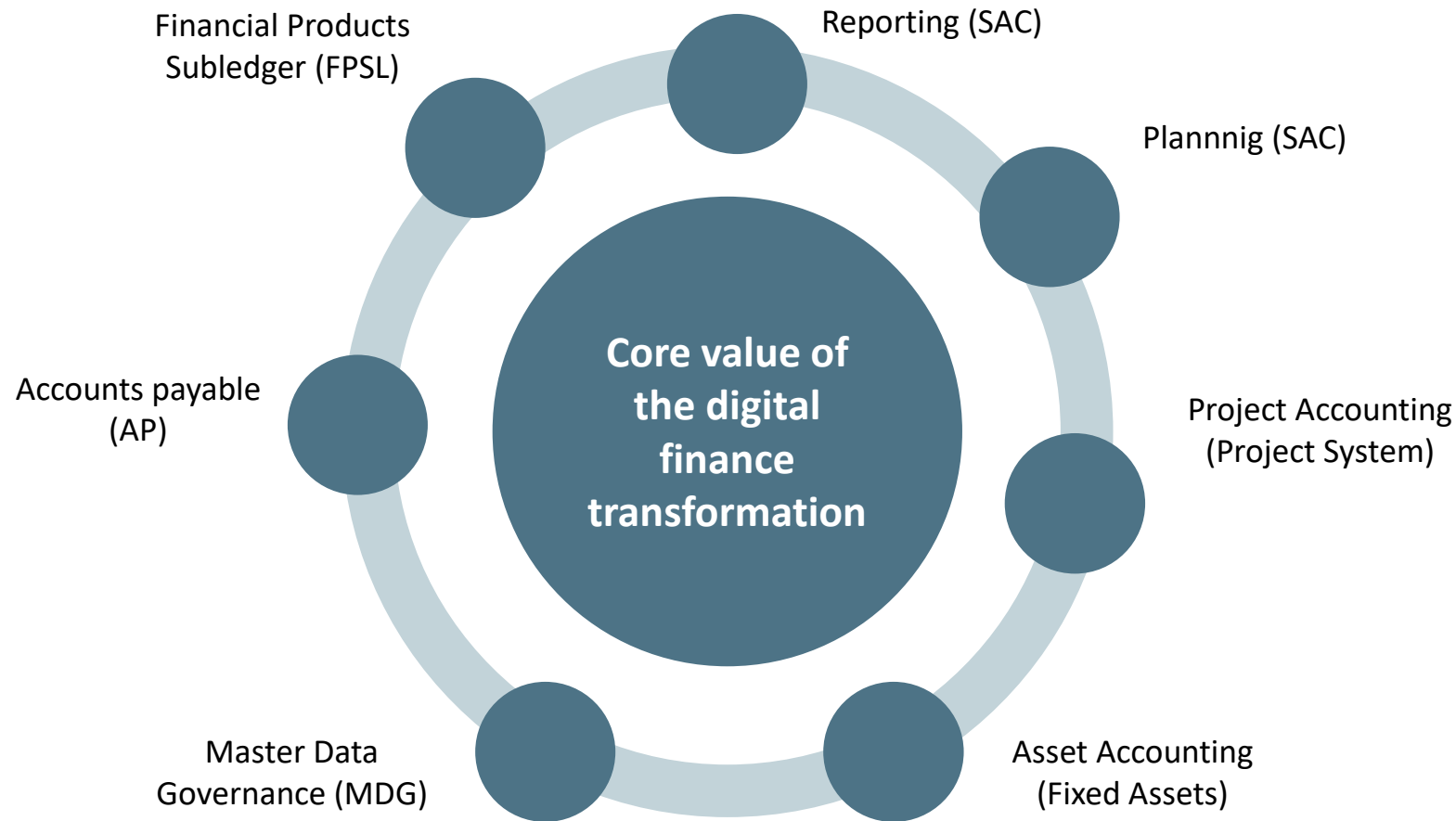
- Reporting performance, especially year on year
- SAC live data connection issues (comment on cell, export to excel, # rows)

Architecture – Finances Target

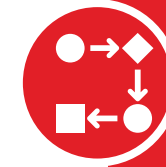


Journey forward...

We are considering the following capabilities as part of our next phase to continue our transformation journey



With a key focus on:



Process optimization



Data governance



Controls



User experience



Automation

Thank you!

Any questions?

Appendix

- Implementation methodology

Implementation methodology

We leveraged EY's Hybrid Agile ERP methodology as a basis for developing the roadmap and related sequencing.

Prototype driven design within the ERP

ERP Best Practices is the design starting point that is realized in collaboration hubs with the goal of adopting vs. customization

Early business engagement

Incorporate EY change management techniques to get organizational alignment and help ensure the business is ready to adopt ERP processes

