



Asseco RMS Support for financial institutions.

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ASSECO

RMS Basel

support system for the financial sector.

Support for financial institutions in respect of management and capital requirements calculation in accordance with the Basel III regulations, on the basis of REGULATION (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

The system supports compliance with the requirements imposed on the financial sector by the Basel III regulations concerning management, capital requirements calculation and preparation of data for reporting purposes, arising from:

- Credit risk and counterparty credit risk
- Financial leverage
- Large exposures and concentration risk
- Credit valuation risk

The primary task of the system is the preparation of data for prudential regulatory reporting.

Functionality.

RMS Basel comprehensively covers the process of capital requirements management and monitoring, starting with acquisition and processing of data from source systems, through transformation of data into a model permitting its easy parameterization in accordance with the regulatory requirements, ending up by providing the calculation results and reports for

further analyses and for ITS regulatory reporting to the European Banking Authority.

Unique features of the solution include:



Parameterizability.

The system provides an easy access to data supply processes configuration as

well as the parameterization of parameters and risk data calculation processes. This, in turn, allows for high flexibility when relevant processes are adjusted to the current regulatory requirements, and in carrying out simulations and analyses.



Efficiency.

Application of an optimized computing engine ensures high performance of calculation processes. The system is suitable for use in medium-sized and large financial institutions.



Updates.

All regulatory changes introduced by the relevant authorities as well as finan-

cial institutions' internal requirements are analyzed on an ongoing basis, and incorporated into the system in order to ensure full compliance of the system and its processes with current requirements.



Flexibility.

RMS Basel consists of processes developed to allow easy entry of modifications. This is crucial when legal changes necessitate further system adjustments.



Quality.

Calculation results can be evaluated and analyzed by the system users with the help of built-in configurable results presentation mechanisms.



Advantages:

- Single source of business data for complete ITS reporting
- Integration with other solutions developed by Asseco, in particular with Asseco CMR
- Complex parameterization enables supporting a variety of legal changes at user level
- Business-oriented data model
- Compliance with the rules on calculation of business values, including local regulator's specific rulings
- Fully auditable conversions, with access to intermediate calculations data
- User-friendly interface, accessible through a browser
- High performance of conversions, despite expanding data volume
- Transparent documentation
- Multiple datasets calculation capability, for a given reporting date

Data model:

A business-oriented data model divided into:

- Input data [several datasets can be imported for a given reporting date]
 - Transaction data [credit agreements, receipts, off-balance sheet transactions, derivatives]
 - Data regarding clients [including clients' ties]
 - Data regarding collateral
 - Miscellaneous assets
- Parameteric data:
 - Access to a variety of parameteric datasets through GUI
 - Parameterizations from predefined templates can be exported and imported
 - Additional common parametric data [ETL control]
- Result data:
 - Every conversion generates a new result data set
 - Conversions can be approved and made available for reporting

Technology:

Proven technology based on:

- An ORACLE database engine
- A Jboss application server
- Conversion processes performed by a database
- server [implementation via built-in procedures]
- A user interface made available through a web browser
- Three-tier architecture

The RMS process begins when transactional and client data are fed from external systems into the system's own structure. Data so supplied is converted according to the system parameterization and placed in the result sheets. The system permits simultaneous conver-

sion for multiple transaction datasets and for multiple parameterizations on one reporting date, thus it can be used for calculations within capital groups and for different national regulations.

System modules.

RMS CR.

Calculating the credit risk and counterparty credit risk capital requirements allows for calculation of capital requirements taking into account risk mitigation capabilities through the use of credit risk mitigation techniques, which takes into account the advanced measurement approach for recognizing financial collateral.

The module allows the accommodation of the following collateral to limit the capital requirement:

- Funded collateral (such as securities, cash authorization in the client's current account)
- Unfunded collateral (such as guarantees received)

RMS CR enables the exposure class secured by real estate to be separated by applying the mechanism of mortgage allocation, which divides exposures into sections secured by real estate and sections of the original asset class. This functionality subsequently allows the user to determine the effective and ineffective sections of the collateral. For each section there is a possibility to assign appropriate risk weights at the user interface level which depend on different parameters such as past due, efficiency of the given section, type of mortgage, information whether this is a retail client, and so forth.

The system enables the calculation of indicators necessary for the purpose of reporting, directly at the agreement level, broken down into separate collateralized and uncollateralized sections:

- Gross credit exposure
- Net credit exposure
- Credit Conversion Factor
- Reduction in the used collateral value
- Allocated collateral value
- Asset class determination (according to Basel III)
- Risk weight estimation
- Risk-weighted assets calculation
- Capital requirement calculation
- Assignment to the SME segment
- Verification whether a supporting factor due to SMEs is applicable

The system offers a possibility to verify whether an exposure is granular as well as allows for an automatic reclassification of the exposure class from retail to enterprise, due to client's exposure or annual turnover/ assets having been exceeded.

When providing support for collateral, the systems allows the user:

- to state that the collateral has been recognized in the RWA mitigation process
- to decide the order in which collateral has been assigned
- to decide the order in which exposure has been assigned, according to a defined criterion (starting from the worst exposure RW)
- to calculate the collateral value to be assigned,
- to divide exposure into sections covered by various risk mitigation instruments and the uncollateralized section
- to determine RW value for each collateralized and uncollateralized sections
- to calculate RWA value
- to independently process the on-balance and off-balance sections

Within the scope of application of credit risk mitigation techniques the Asseco RMS - BIII system supports the Financial Collateral Comprehensive Method, with a possibility of a many-to-many relationship [collateral to exposure], and taking into account currency mismatch, maturity mismatch and discounts stemming from volatility haircut, within the allocated collateral value.



RMS LE.

This module enables the calculation of figures necessary for large exposures and concentration risk reporting.

The process is based on credit capital requirement calculation that allows for a coherent use of allocated collateral and groups of connected clients.

The module stores all the information necessary for reporting, including LEI and NACE codes, information about the dominant client, client's sector, large exposures limits, unregulated financial entities.

The module enables parameterization of exemptions applied in LE reporting (Art. 400 of Regulation [EU] No 575/2013).

RMS LEVERAGE.

This module enables the calculation of figures necessary for financial leverage reporting.

Reporting data regarding the leverage is made available on the basis of converted data coming from the area of credit risk, performed using dedicated parameterization - CCF mapping and product categorization.

This process ultimately generates a separate result sheet which collects all the analytical information in the form required of reporting in this area.

Roles within the system.

1. Analyst

Reviewing and analyzing calculations, results exporting, results approval.



2. Operator

Running calculations and monitoring their progress. Logs review.



3. Repository Manager

Metadata management, importing and exporting objects.



4. Administration Console

User management, environment configuration.



Asseco RMS

Support for financial institutions.

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The logo consists of the word "ASSECO" in a bold, black, sans-serif font. The letters are stylized with a modern, geometric feel, particularly the 'A' and 'S'.