

Oracle Financial Services Basel Regulatory Capital



Lending and investment practices are getting more complex and more innovative day by day, which poses a challenge of unique and varied exposures across operations. In addition, it adds to the challenge of calculating capital and solvency requirements on top of global and local regulations. Oracle Financial Services Basel Regulatory Capital helps streamline Basel regulatory capital calculations throughout the enterprise to gain a unified, enterprise-wide view of various risks faced by the organization.

KEY FEATURES

- Single, unified data model and infrastructure
- Complete and pre-built solution covering requirements across Basel II and Basel III
- Complies with standardized and advanced approaches and risk data aggregation, with full auditability
- Pre-built, unified analytical reporting environment with comprehensive coverage
- Out-of-the-box, pre-configured reports and templates
- Ensures compliance through a transparent and complete audit trail for supervisory review

KEY BENEFITS

- Quickly react to regulatory updates in multiple jurisdictions with an industry proven, scalable solution
- Meet regulatory audit requirements & quickly uptake regulatory changes
- Gain a unified, enterprise-wide view of regulatory risk by applying Basel Regulatory Capital calculations
- Provide one version of the analytical "truth" to business users
- Gain a complete understanding of the bank's capital, risk, and liquidity position and empower strategic decision making

Enables Compliance with Basel Committee Regulations

Oracle Financial Services Basel Regulatory Capital is an out-of-the-box, scalable solution covering Pillar I requirements across Basel II and Basel III guidelines including RWA, Capital Ratios, Capital Buffers, Leverage Ratio, CVA computations, and supplementary leverage ratio of the bank. The application enables RWA computation across risk categories, portfolios, asset classes using Standardized, FIRB or AIRB regulatory approaches and capital adequacy computations at solo/consolidated levels.

Oracle Financial Services Basel Regulatory Capital is designed to support both standardized and advanced approaches while enabling financial institutions to meet regulatory audit requirements and uptake regulatory changes quickly, with full auditability.

Pre-configured Pillar 3 reports in the required formats are available out-of-the-box. Oracle Financial Services Basel Regulatory Capital allows users to manage home-host issues confidently by configuring different rules for consolidated calculations across geographic boundaries (according to local supervisory guidelines).

Estimate Regulatory Capital Requirements under Stress Scenarios

Oracle Financial Services Basel Regulatory Capital integrates with a stress testing framework that enables banks to assess their regulatory capital requirements under both baseline and stress scenarios. This approach facilitates strategic and capital planning to ensure that banks possess adequate capital to meet their regulatory capital requirements. The stress testing framework allows users to define shocks, maintain scenario libraries and create stress runs.

RELATED PRODUCTS

- Oracle Financial Services Basel Regulatory Capital Analytics
- Oracle Financial Services Enterprise Risk Assessment
- Oracle Financial Services Credit Risk Management
- Oracle Financial Services Model Risk Management
- Oracle Financial Services Liquidity Risk Management
- Oracle Financial Services Asset Liability Management
- Oracle Financial Services Market Risk
- Oracle Financial Services Economic Capital Advanced
- Oracle Financial Services Operational Risk Economic Capital
- Oracle Financial Services Price Creation and Discovery
- Oracle Financial Services ICAAP Analytics
- Oracle Financial Services Enterprise Modeling Framework

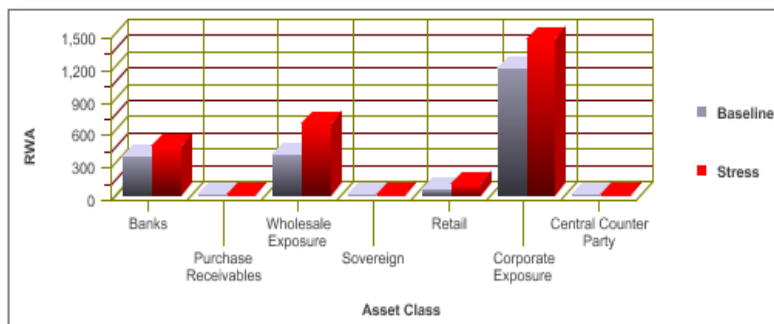


Figure 1: Credit RWA : Stress Scenario vs. Baseline

Provides Analytical Insights through Attribution Analysis

Oracle Financial Services Basel Regulatory Capital features attribution analysis for senior management providing in-depth review of cross-time changes in risk weighted assets and capital adequacy ratio. Attribution analysis aids in identifying changes in key parameters over time (such as RWA and CAR), drivers of change (e.g. market factors like foreign exchange rate, interest rate, etc.) and the quantifiable change attributed to each driver.

Leverage a Built-in Exhaustive Modeling Framework

Oracle Financial Services Basel Regulatory Capital seamlessly integrates with the Oracle Financial Services Enterprise Modeling Framework, encompassing a comprehensive set of statistical techniques including linear regression, logistic regression, decision tree analysis, clustering techniques, time series analysis, etc. The users can develop models to calibrate risk parameters like probability of default or Loss given default etc. or host models calibrated externally.

Out-of-the-Box Jurisdictional Coverage

The OFSAA solution for Capital Adequacy covers global jurisdictional requirements ensuring financial institutions only require one solution to address their global regulatory requirements for the Reserve Bank of India, the European Union, The Federal Reserve, and the Bank for International Settlements.

Ensures Data Integrity with Full Transparency and Auditability

Oracle Financial Services Basel Regulatory Capital ensures completeness of data via GL reconciliation and allows users to pass adjustment entries along with default values in the product processors. In addition, Oracle Financial Services Basel Regulatory Capital comes with exhaustive pre-configured data quality checks (data integrity checks, list of values checks, null value checks, blank value checks, referential integrity checks, custom checks, etc.) for validating the data and thus ensures the quality of data. This supports BCBS 239, now allowing financial institutions to strengthen the banks' risk data aggregation and reporting practices and drive more timely information to management and regulators.

Oracle Financial Services Basel Regulatory Capital is built on unified metadata-driven business definitions of rules with mapping to Basel II and III guidelines. The Pillar 3 provides exhaustive drill-down, drill through and drill across capabilities, thus enabling traceability of the results to individual exposures and sub-exposures. This enables supervisory and internal audit requirements of Basel II and III computations.

Provides Actionable Information for Strategic Decision Making

Oracle Financial Services Basel Regulatory Capital analytics comes with exhaustive, pre-configured dashboards that provide thorough Point-in-Time and Across-Time Analysis of regulatory capital requirements across various dimensions including Legal Entity, Line of Business, Asset Classes, Risks etc. With an easy-to-use user interface, senior management now has the ability to gain a complete understanding of the bank's capital, risk, and liquidity position with the ability to drill down to the most granular level to provide data lineage and graphical reports and charts to empower strategic decision making. Users can select and interchange between approaches and national discretion, giving them on-demand access to all required information for strategic decision making.

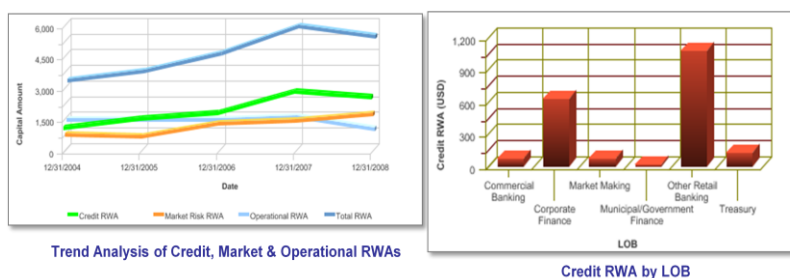


Figure 2: Across Time and Point in Time Analyses for Regulatory Capital Requirements

Enables Ready Compliance with IFSB Regulations for Islamic Banking

Using Oracle Financial Services Basel Regulatory Capital, Islamic banks and financial services institutions offering Islamic banking products, can facilitate compliance with Islamic Financial Services Board (IFSB) guidelines and standardize their approach to identifying and measuring risk-based capital under Basel guidelines.

Oracle Financial Services Basel Regulatory Capital supports the capital adequacy compliance requirements for Islamic banking products based on Sharia law. Fully transparent and auditable, Oracle Financial Services Basel Regulatory Capital eases supervisory review.

Achieve Pillar II and Pillar III Reporting Compliance

Oracle Financial Services Basel Regulatory Capital Analytics has comprehensive reporting capability across Pillar 1, Pillar 2 and Pillar 3. Financial Institutions can analyze, review the capital computation across multiple dimension and drill through it to view granular most level calculation. Oracle Financial Services Basel Regulatory Capital support Pillar 3 reports like concentration analysis, risk materiality analysis, etc. Oracle Financial Services Basel Regulatory Capital analytics has out-of-the-box reports covering the entire gamut of Pillar 3 reporting areas.

About Oracle Financial Services Analytical Applications

Oracle Financial Services Analytical Applications bring financial institutions best of breed capabilities to proactively manage Risk, Treasury, and Finance. The applications are built upon a commonly available analytical infrastructure consisting of a unified financial services data model, analytical computations, a Metadata driven "R" modeling

platform, and the industry-leading Oracle Business Intelligence platform. This provides one version of the analytical "truth" throughout the enterprise.





Oracle Financial Services Enterprise Risk Management spans all areas of risk, including credit, market, operational, liquidity, fixed asset, business, and reputational risk. This solution enables financial institutions to establish a single measure of risk across the organization and obtain a comprehensive and consistent view of risk and performance. Oracle Financial Services Enterprise Risk Management helps manage all risk and provides necessary feeds for compliance-based reporting. The capabilities of Oracle Financial Services Analytical Applications for finance and risk help institutions address compliance issues that demand a close operational synergy between finance and risk functions.



CONTACT US

For more information about Oracle Financial Services Basel Regulatory Capital, visit oracle.com or call +1.800.ORACLE1 to speak to an Oracle representative.

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Hardware and Software, Engineered to Work Together

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