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Basel IV: Accelerating the implementation of the new Standardised rules for Credit Risk

Banks will soon be required to utilise a standardised approach to their credit risk capital calculation, by applying the regulations set out in the Basel Committee (BCBS) Basel IV framework, in addition to any Credit Risk Internal Ratings Based (IRB) approaches that may be in place. This implementation presents a challenge for financial institutions.

The introduction of these new rules concerning the calculation of risk-weighted assets and the capital ratios of all banks will have a fundamental impact on the development of your strategies and the shaping of your progressive business models.



| BBD's Basel toolkit

With a more granular approach to risk calculation, the Basel IV guideline as a revision of Basel III, aims to simplify the application of a standardised credit risk approach to existing IRB approaches when calculating credit risk and ultimately standardise banking outputs.

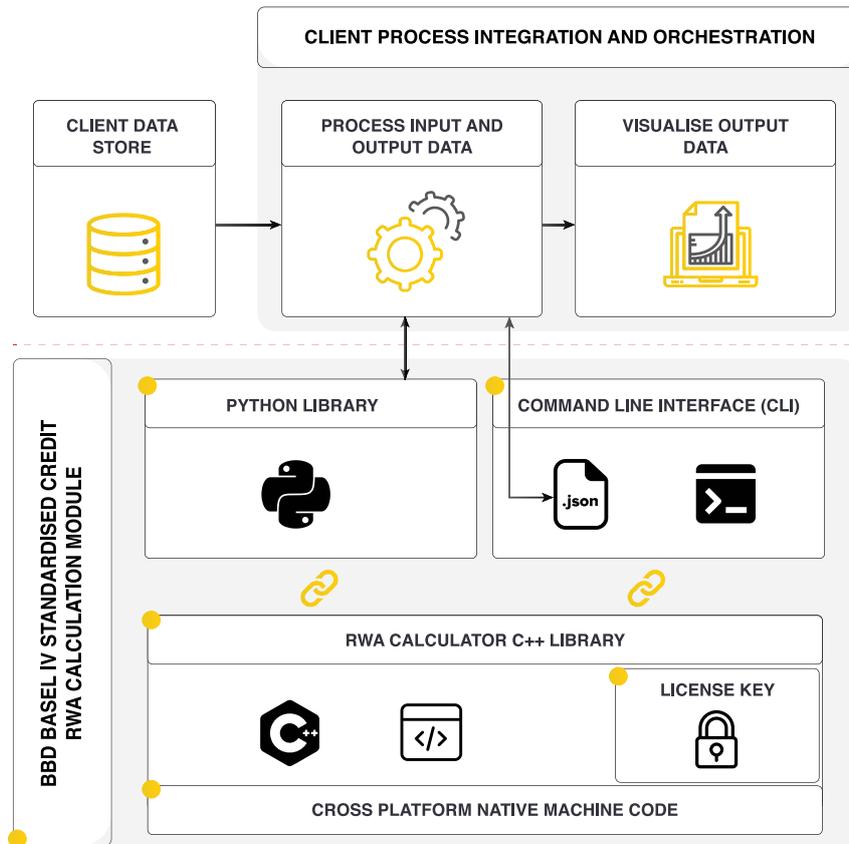
However, the successful implementation of Basel IV regulations depends on the sourcing of accurate and complete data, and timely calculations of credit risk using both the Basel IV regulations and internal ratings-based approaches to ensure the submission of accurate requirements to central banks within deadline. Through the use of latest technology and parallel processing, BBD's toolkit brings our clients rapid execution power.

BBD has deep industry knowledge specific to the intricate requirements of all relevant Basel credit risk regulations and the associated technology implications for both macro- and micro-sized banks.

| The power of our solution

In order to accelerate the implementation of a scalable solution that addresses the revised calculations required to comply with Basel IV, BBD has created a toolkit that enables seamless implementation into existing banking systems, while providing:

- World-renowned expert knowledge of all Basel guidelines and risk regulations, which extends to the identification of new and additional data requirements under Basel IV
- Standardised frameworks for data input requirements
- A Basel IV standardised credit calculation engine that is able to:
 - Perform the calculations required for all asset class RWAs
 - Integrate seamlessly into existing architecture
 - Identify data elements to facilitate all regulatory and management reporting requirements
 - Be reviewed and audited as required by internal / external teams
- System integration and implementation into existing frameworks within a bank
 - The acquisition of a suitable software solution to address the regulatory requirement means that banks' internal teams are able to focus resources on other areas of the regulatory project requirement, whilst being confident that the required data flows and calculation aspects have been addressed
 - We are able to integrate the Basel IV calculator into any operating system and with any mainstream programming language (Python, Java, C# etc.)
 - The Basel IV calculator is made available to clients on a licensed usage basis which includes upgrades and modifications.
 - BBD can assist customers with the integration of the Basel IV calculator into the client's existing or new processes. These services are separate from the Basel IV calculator licensing on a project engagement basis



| We make Basel compliance quick and effective

With our Basel toolkit, we can streamline the capital requirement calculation process using your internal approaches as well as Basel IV requirements, to ensure your RWA output is Basel compliant. Calculations such as these typically take a bank upwards of twelve hours to run, with much room for inaccuracy in data sourced and inputted. Our standardised data framework provides you with a clearly defined data contract, removing any unnecessary guesswork and effort as to what data is required for Basel compliance and resulting in a reduction in time and cost which previously would have been spent on analysis.

By way of example, the Calculator can calculate a million input data records in approximately 5.8 seconds. The Calculator's C++ library framework accounts for this speed, as well as its seamless integration into existing systems.

| We make Basel compliance efficient

BBD's specialist credit risk knowledge and extensive technical knowledge underpin our powerful Basel toolkit comprising the Standardised Risk Calculator, standardised data framework and effortless integration into existing systems. Our experience working with credit risk and creating sought-after technical solutions that manage this risk have resulted in the BBD Basel toolkit that:

- swiftly calculates your capital requirements
- optimises your credit risk calculation environments
- continues to deliver valuable data insights that can help you strategically manage your risk – all while making the time and resources available to do so efficiently



Expert knowledge equals optimised client environments

As technology solutionists who deeply understand the fast-evolving relationship finance has with technology, we strive to create unparalleled technical solutions that make banking more efficient and ultimately, more customer friendly.

This sound technical ability is complemented by expertise in not only credit risk, but also in risk calculation and management coupled with a depth of knowledge into Basel requirements and compliance regulations. Our robust insights give you access to a knowledge base broad enough to understand any problem, and niche enough to provide effective solutions.

Problem

Solution

Basel regulations now require a combined risk calculation approach for IRB banks, including the enhanced standardised equivalent

BBD's expertise in risk calculation and Basel requirements overall ensure all requirements are accounted for

Standardised banking outputs level the playing field between bank tiers – what benefit can we gain?

BBD's Basel IV Standard Risk Calculator significantly reduces data processing time – freeing up time for strategic risk management and crucial analyses, ultimately leading to the creation of additional value and consistent timely submission to the SARB

For the successful implementation of Basel IV, accurate and complete data needs to be sourced for a correct calculation

Our standardised data framework provides you with a clearly defined data contract, removing any guesswork as to what data is required for Basel compliance

Existing technology frameworks that are not set up to apply Basel IV regulations to ensure compliance

BBD's Basel IV Standard Risk Calculator's is built around a C++ framework that is cross-platform compatible, infinitely faster and can consume data from most mainstream languages, making integration into existing systems effortless