



Building trust in your RWA

PwC Consulting Vietnam



www.pwc.com/vn



Circular 41 - the new generation of RWA




With the aim of moving towards the Basel standards implementation, SBV has issued Circular 41, a new capital adequacy regulation that provides a more prudent measurement of capital requirement by enhancing the risk sensitivity. Unlike the previous prudential regulation that only focuses on credit risk, Circular 41 provides a comprehensive framework for standardised approach capital measurement of Pillar 1 Risks, including Credit Risk, Market Risk, Operational Risk, and Counterparty Credit Risk. The regulation on Credit Risk RWA, a large section of the Circular, has taken its essence from the Basel IV Credit Risk Standardized Approach while the RWA for other types of risks mainly followed the Basel II standards.

We believe that Circular 41 will bring about a major Risk Transformation to the Vietnam banking sector as banks need to adopt a new generation of Risk Weighted Assets ("RWA") and the RWA results are subsequently integrated into a new method of risk based capital planning and business strategy setting, as a new way of working.



Your challenges



There are various challenges faced by Vietnamese banks in the implementation of this new regulation:

01 Challenge of setting up optimised RWA methodology

- How to tailor complex RWA calculation rules appropriately to fit your assets portfolio and data granularity while achieving capital optimisation

02 Challenge of meeting qualitative requirements

- How to meet qualitative requirements of Circular 41 by improving Risk policies and procedures

03 Challenge of enhancing data quality and implementing RWA system

- How to integrate data from multiple systems to achieve the single view of the customer
- How to ensure data quality to avoid forced risk weights
- How to build a robust and reliable RWA system

04 Challenge of setting up new capital management framework

- How to integrate RWA into capital planning and management
- How to optimise the asset structure to ensure sustainable growth and achieve capital saving

As such, the next steps for efficient implementation must be planned and managed at an early stage.

Our approach

We propose a holistic approach, phased out into modules not only to meet your needs but also to support you in identifying and managing the strategic impacts at an early stage.



1

PwC provides a comprehensive end-to-end RWA service from business consulting to IT solution implementation. We have an experienced team of experts to assist you in setting up your RWA calculation capability covering all aspects from methodology, data, business requirements, and system implementation.

2

Our approach typically begins with an assessment of your current business process, RWA data and source systems and other interdependent initiatives. Based on the result of the assessment, we will put together a tailored and focused plan for the RWA methodology development, data mapping, and system implementation.

3

We believe this holistic approach will help you to best prepare yourself to cope with the complexity and challenges in this area.



As-is
assessment

Data
requirement &
mapping

RWA Handbook &
Business Requirement
Document development

System
implementation

Assess current status of your business process, RWA data & source systems and RWA interdependency factors

Provide data requirements & support in data mapping, assess the availability of data and recommend enhancements

Develop an RWA methodology that is tailored to fit the bank's assets portfolio and data granularity and document in RWA handbook

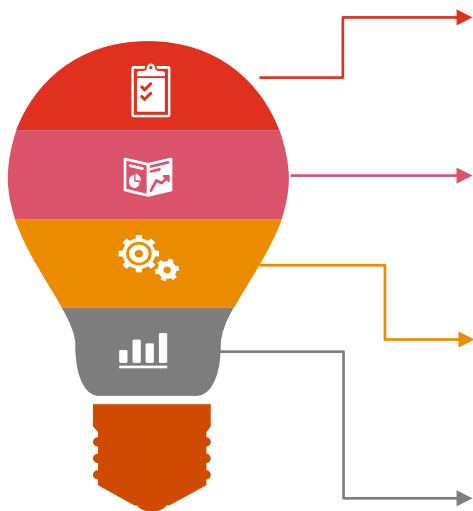
Develop a detailed Business Requirement Document covering functional and technical requirements

Conduct system configuration, support in UAT and go-live

About resolve's Basel Solution



“ We believe that building a robust and reliable RWA system solution upheld by a sound RWA methodology is critical to ensure the integrity of your RWA number and boost your confidence in driving capital planning.”



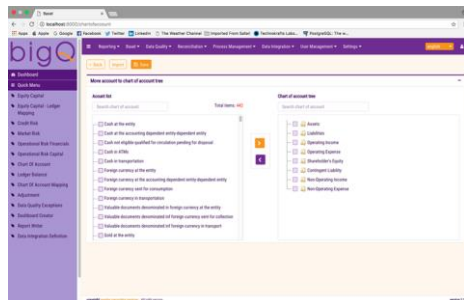
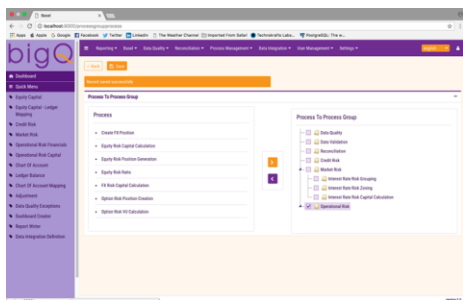
Founded in Hanoi by experienced software professional with international banking risk and finance solution implementation, Vietnam in September 2015

Focused on developing custom solutions and implementing software solutions to the banking sector in Vietnam

Provides BI solutions and service offerings in the area of Risk management, Finance and Customer management

Offers packaged application **'Basel solution'** for Vietnam banks to meet requirements in SBV's Circular 41 with a joint partnership with PwC Vietnam

About resolve's Basel Solution



Solution's features

Specifically built to help banks to comply with SBV's Circular 41 supported by **relevant robust and efficient data model**.

Product built **partnering with PwC utilising on their best practices and the Basel expertise**, thereby ensuring that all the SBV's circular stipulations with regard to RWA calculations are addressed.

Scalability to cater for upcoming SBV's ICAAP and IRB requirement.

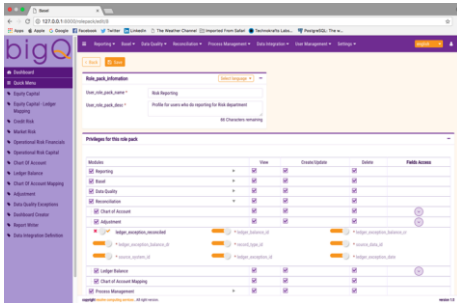
All future SBV circulars related to Circular 41 will be updated as product functionality where appropriate for clients under annual maintenance support.

Bilingual application that provides the user with the ability to choose between the local language and English instantly. The user can maintain their own translations and terminologies as appropriate for their organization needs.

Scenario analysis functionality to aids decision making by providing the user with the ability to simulate significant transaction scenarios and analyse their impact on capital on their existing portfolio before taking in more risks.

RWA calculation optimised through pre-built process of efficient allocation of limits and collateral to the exposures.

About resolve's Basel Solution



Data quality functions allows users to define rules to identify data quality, classify them as critical and non-critical and apply rules to fix the issue either temporarily or permanently before accepting the data for calculation.

Data completeness with check against ledger and detection fixing of data quality issues with ease ensures accuracy of RWA calculation. The reconciliation function allows users to maintain their organization chart of account as a tree structure, define tolerances in the event of reconciliation differences, reconcile transactions, make adjustments of reconciliation differences.

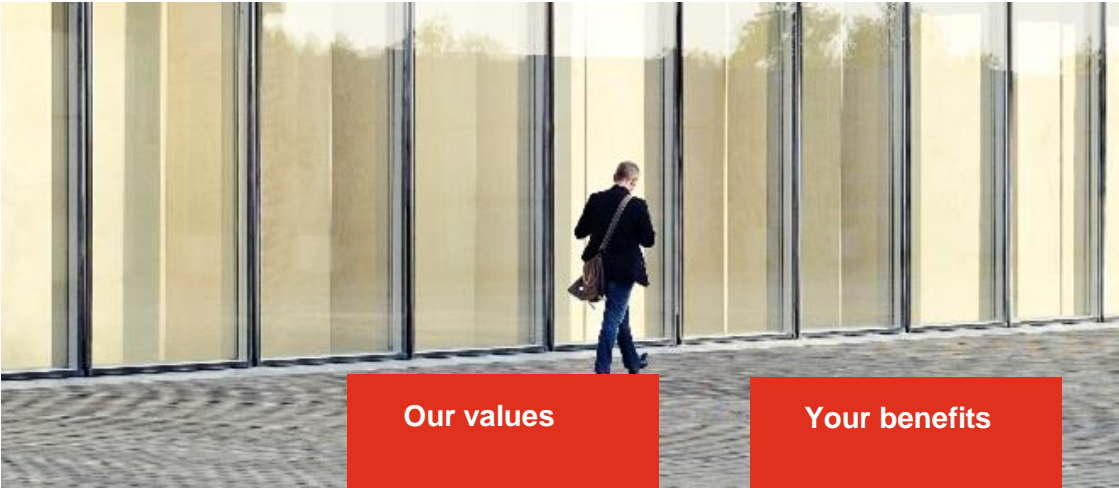
Dashboard and reports functions allows users to create their own Dashboards, charts and drill-down analysis reports. The user can create from seven different chart types (Pie, Scatter, Line, Bar, Histogram, Box, Area etc.).

Data integration functions to load data from multiple data sources in the form of standard CSV format or database tables (like MySQL, PostgreSQL, Oracle).

Audit log function records all application activities for security issue tracking and monitoring.

Application user and data access control functions allows administrator to **manage user access to application and data at any level of granularity** to reflect the organization's control structure.

Why PwC can help you?



Our values

Your benefits

Insights of regulatory and industry practices

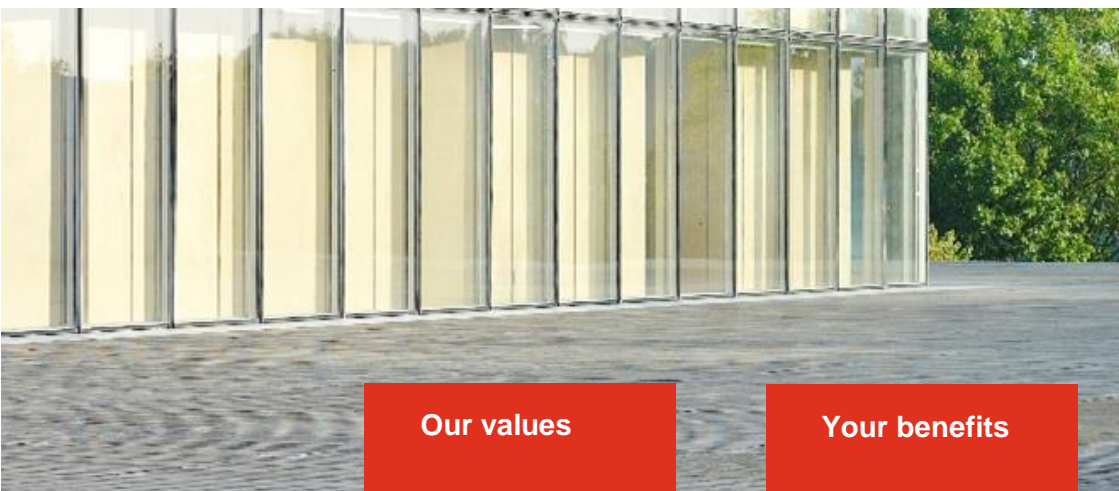
- We are the **first consulting firm** in Vietnam successfully implementing **RWA calculation under Circular 41** for a major bank.
- We have **deep understanding of Basel standards on RWA** from successfully delivering a large number of RWA projects to global and regional banks.
- We have implemented more than **15 banking risk consulting projects in Vietnams.**

- **Provide banking good practices and how your peers are implementing regulatory requirements**
- **Build trust in your RWA numbers**
- **Provide a sound basis for your capital planning and optimisation**

End-to-end Service Offering

- Leveraging our deep experience and expertise in risk consulting combining with Resolve, an innovative technology firm , we are able to provide our clients **E2E RWA service from business consulting to IT solution implementation**

- Provide you with a **complete solution** once
- **Realise the benefits faster**



Our values

Your benefits

A combination of strong international and local expertise

- Our team is made up of professionals who have **extensive banking industry experience** and **RWA / risk management expertise**
- We offer **strong local banking market experience** in combination with **our RWA Subject Matter Experts** with successful RWA delivery experience in international banks.
- **Get it done fast and met your implementation timeline**
- Provide you with **practical advice** to manage the challenges in implementing RWA

Proven methodologies with an emphasis on knowledge transfer

- **The consulting methodology has been tailored to fit the Vietnam banking.**
- We place a **great emphasis on knowledge transfer** to your team to ensure sustainable and long lasting benefits.
- **Work together closely with you to maximise knowledge transfer**
- **Build up a strong RWA team for future development**

Our contacts



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