

# Overview of Regulatory Reporting System (RRS)

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## 1. Introduction

Surya's Regulatory Reporting System framework helps banks to automate the generation of regulatory reports on Credit Risk, Liquidity Risk, Market Risk, Liquidity Risk, Operational Risk and Interest Rate Risk. This framework allows regulatory report generation for multiple jurisdictions, adhering to country wise specifics as formulated by the regulatory body of that country. RRS framework interacts with multiple transaction systems like core banking and treasury to extract data required to generate the reports. Data extraction tool is configured to automatically fetch end of day data on a daily basis.

## 2. Advantages of an automated system

RRS combines a framework which can automate regulatory reports. Following points talk about the benefit of implementing a system which helps to automate generation of regulatory reports.

- An automated system ensures integrity in operations giving a true picture of an institution's financial health.
  - Reporting most granular piece of information so that an institution can analyze the stress areas and take corrective actions.
  - Automate reports generation process at a given frequency (e.g. Daily, Weekly, Fortnightly, Monthly, Quarterly, Half Yearly, Annually) as required by Regulatory Authority.
  - Allows establishment of proper process, thus
    - o Minimizing loss of information
    - o Detecting anomalies early enough
    - o Helping in Audits and Surveillance
  - Improve maintenance of data by storing them in a most rational format, thus
    - o Reducing on the report generation time
    - o Improve quality of data
  - Reduced cost over a period of time, thus
    - o Allowing institution to redirect resources on profitable pursuits
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- Bring down the cost of compliance
- Avoid any unwanted reputational hazard
- Gain confidence on regulatory processes and stay ahead
- Easily comply with changing Regulatory requirements

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### 3. RRS is a regulatory reporting tool

RRS is a comprehensive package using which Banks and Financial Institutions can automate the generation of Regulatory reports. Following are the most important aspects of RRS:

**Interface:** An interface consists of layer that can interact with different transaction systems that Banks and Financial Institutions may be using to store financial data. RRS has interfaces built to extract data specific to the need, of a module, which may be used to generate analysis and reports. E.g. Data pertaining to ALM module is required to generate Liquidity Reports.

**Risk Calculations:** RRS framework has an embedded calculation engine that calculates Liquidity and Interest Rate gap, Liquidity Ratios, Risk Weighted Assets, Liquidity Ratios, Capital Charges, Top 20 Depositors, and Non-Performing Assets etc.

**Reporting Framework:** RRS has a reporting framework which can be configured to generate analysis and reports across different jurisdictions. The framework can be adjusted to the reporting needs of the Regulator. Report can be exported to MS Excel, PDF, XML and XBRL formats.

## 4. Sample Reports

Some of the sample reports included as part of RRS

### Capital Risk

The following reports are included as a part of Capital Risk:

Capital Risk	
1. Report of Conditions for Commercial Banks and Other Financial Institutions	4. Specification of All Other Liabilities
2. Report of Comprehensive Income for Commercial Banks and Other Financial Institutions	5. Specification of All Other Assets
3. Consolidated Return On Capital Adequacy Ratio	6. Investment in Unconsolidated Subsidiaries
	7. Leverage Ratio

### Credit Risk

The following reports are included as a part of Credit Risk.

Credit Risk	
1. Risk-Weighted Assets For Credit Risk: Standardized Approach	7. Non-Performing Credit Facilities (Loans And Advances)
2. Write-offs and Recoveries on Loans and Leases	8. Loans Restored to Accrual Status
3. Distribution of Loans and Advances	9. Changes in provisions and interest in suspense for Loan and Lease Losses
4. Distribution of Loans and Advances by Type	10. Distribution of Non-Performing Loans, Provisions and Interest in suspense by Sector
5. Overdue And Nonaccrual Loans, Leases And Other Assets by Sector	11. Off-Balance Sheet Items
	12. Large Loan Exposures

6. Distribution of Non-Performing Loans, Provisions and Interest in Suspense for Loans by Sector	13. Insider Lending Exposures 14. Overdue And Nonaccrual Loans, Leases And Other Assets by Type 15. Exposures To Directors Of Other Financial Institutions
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## Liquidity Risk

The following reports are included as a part of Liquidity Risk.

Liquidity Risk	
1. Liquidity Ratio Computations	4. Liquidity Risk
2. Details of Deposit, Bills and Borrowed Funds by Sector	5. Liquidity Coverage Ratio
3. Detail of 20 Largest Depositors	6. Net Stable Funding Ratio
	7. Leverage Ratios

## Market Risk

The following reports are included as a part of Market Risk.

Market Risk	
1. Market Risk Capital Summary Report	8. Foreign Exchange Lending : USD
2. Interest Rate Risk	9. Foreign Exchange Lending : ZAR
3. Equity Exposures (Trading Book)	10. Foreign Exchange Lending : OTHER
4. Foreign Exchange Risk	11. Worksheet For Computing Average FCDA Balances
5. Interest Rate Sensitivity	12. Distribution of REPO by Sector (Assets)
6. Foreign Exchange Lending : EUR	13. Distribution of REPO by Sector (Liabilities)
7. Foreign Exchange Lending : GBP	14. Distribution of Securities by Sector

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## Operational Risk

The following reports are included as a part of Operational Risk

Operational Risk	
1. Operational Risk - Basic Indicator and Standardized Approach	3. Return of Unclaimed Funds by Commercial Banks and Other Financial Institutions
2. Frauds, Forgeries and Losses Incurred by Commercial Banks and Other Financial Institutions	4. Operational Risk Losses

## Sample Report Screen Shots

### 1. Consolidated Return on Capital Adequacy Ratio

( All amounts to be rounded off to the nearest MK'000)

Line No.	CONSTITUENTS OF CAPITAL	Amounts
1.	<b>TIER 1 CAPITAL</b>	
2.	Paid-up ordinary shares	0.04
3.	Share premium	0.06
4.	Retained profits/(accumulated losses)	0.08
5.	Current year profits (80%) if loss (100%)	0.10
6.	General reserves	0.12
7.	<b>Sub-Total (sum of line items 2 to 6)</b>	<b>0.14</b>
8.	Deduct: Goodwill	0.16
9.	Deduct: Investments in unconsolidated banking & financial subsidiary companies	0.18
10.	Deduct: Investment in the capital of other banks & financial institutions and significant and minority investments in other financial entities.	0.20
11.	Deduct: Deferred Tax Assets	0.22
12.	Deduct: Minority interest	0.24
13.	<b>NET-TOTAL TIER 1 CAPITAL (line item 7 less line items 8 to 12)</b>	<b>0.26</b>
14.	<b>TIER 2 CAPITAL</b>	
15.	Eligible subordinated term debt (limited to 50% of total Tier 1 capital)	0.30
16.	Asset revaluation reserves	0.32
18.	<b>Sub-total (sum of line items 15 to 16 )</b>	<b>0.34</b>
19.	<b>TOTAL QUALIFYING CAPITAL (sum of line items 13 and 17)</b>	<b>0.36</b>
20.	<b>COMPUTATION OF RISK-WEIGHTED ASSETS</b>	
21.	Credit Risk: Standardised Approach	
22.	<b>Total Risk-weighted Amount for Credit Risk</b>	<b>0.42</b>
23.	Operational Risk:	
(a).	Basic Indicator Approach: Calibrated risk-weighted amount	0.46
(b).	The Standardised Approach: Calibrated risk-weighted amount	0.48
	<b>(a) Calibrated Risk-weighted Amount for Operational Risk*</b>	<b>0.50</b>
	(b) Market risk: Standardised Approach'	
26.	<b>Calibrated Risk-weighted Amount for Market Risk</b>	<b>0.54</b>
27.	<b>AGGREGATE RISK-WEIGHTED ASSETS (sum of line items 21; 23; and 25)</b>	<b>0.56</b>
28.	<b>TOTAL RISK-WEIGHTED CAPITAL RATIO (line item 18 divided by line item 26) (Minimum of 16%)</b>	<b>0.58</b>
29.	<b>TIER 1 RISK-BASED CAPITAL RATIO (line item 13 divided by line item 26) (Minimum of 10%)</b>	<b>0.60</b>
30.	<b>TIER 2 RISK-BASED CAPITAL RATIO (line item 17 divided by line item 26)</b>	<b>0.62</b>
31.	<b>ADDITIONAL CAPITAL SPECIFIED BY THE REGULATOR</b>	<b>0.64</b>
32.	<b>Total risk-weighted capital ratio (including additional capital specified)</b>	<b>0.66</b>



## 2. Risk Weighted Assets for Credit Risk- Standardized Approach

Line no	PART A: RISK-WEIGHTED AMOUNTS (ON-BALANCE SHEET EXPOSURES)	Exposure Amounts	Specific Provisions for Past Due Exposures	Credit Risk Mitigation (CRM)	Exposure Amounts after CRM	Risk-weights (%)	Risk-weighted Amounts
	Nature of Item						
1.	<b>Portfolio I: Exposures to Sovereign or Central Banks</b>						
2.	Exposures to the Malawi Government or RBM	0.00	0.00	0.00	0.01	7.00%	0.01
3.	Exposures to Sovereigns rated AAA to AA-	0.00	0.00	0.01	0.01	8.00%	0.01
4.	Exposures to Sovereigns rated A+ to A-	0.00	0.01	0.01	0.01	9.00%	0.01
5.	Exposures to Sovereigns rated BBB+ to BBB-	0.01	0.01	0.01	0.01	10.00%	0.01
6.	Exposures to Sovereigns rated BB+ to B- or unrated.	0.01	0.01	0.01	0.01	11.00%	0.01
7.	Past Due Exposures	0.01	0.01	0.01	0.01	12.00%	0.01
8.	Sub-total	0.01	0.01	0.01	0.01		0.02
9.	<b>Portfolio II: Exposures to Public Sector Entities (PSEs)</b>						
10.	Exposures to Parastatals or Statutory Corporations	0.01	0.01	0.01	0.01	15.00%	0.02
11.	Exposures to Central Government Departments e.g. Immigration and MRA	0.01	0.01	0.01	0.01	16.00%	0.02
12.	Exposures to Local Assemblies	0.01	0.01	0.01	0.02	17.00%	0.02
13.	Exposures to other Government related entities not included in 11 and 12 above e.g. NAC, SFFRM	0.01	0.01	0.02	0.02	18.00%	0.02
14.	Exposures to PSEs rated A+ to A-	0.01	0.02	0.02	0.02	19.00%	0.02
15.	Exposures to PSEs rated BBB+ to BBB-	0.02	0.02	0.02	0.02	20.00%	0.02
16.	Exposures to PSEs rated BB+ to B- or unrated.	0.02	0.02	0.02	0.02	21.00%	0.02
17.	Past Due Exposures	0.02	0.02	0.02	0.02	22.00%	0.02
18.	Sub-total	0.02	0.02	0.02	0.02		0.03
19.	<b>Portfolio III: Exposures to Multilateral Development Banks (MDBs)</b>						
20.	Exposures to MDBs that meet eligibility criteria specified in RBM Guidance Note	0.02	0.02	0.02	0.02	22.00%	0.02
21.	Exposure to MDB assigned a Credit Assessment Rating of AAA to AA-	0.02	0.02	0.02	0.02	23.00%	0.03
22.	Exposure to MDB assigned a Credit Assessment Rating of A+ to A-	0.02	0.02	0.02	0.02	24.00%	0.03
23.	Exposure to MDB assigned a Credit Assessment Rating of BBB+ to BBB- or unrated MDBs	0.02	0.02	0.02	0.02	25.00%	0.03
24.	Exposure to MDBs assigned a credit assessment rating of BB+ to B-	0.02	0.02	0.02	0.02	26.00%	0.03
25.	Past Due Exposures	0.02	0.02	0.02	0.03	27.00%	0.03
26.	Sub-total	0.02	0.02	0.03	0.03		0.03
27.	<b>Portfolio IV: Exposures to other Banks</b>						
28.	Exposures to local banks with original contractual maturity of less than three months	0.02	0.02	0.02	0.03	27.00%	0.03
29.	Exposures to local banks with original contractual maturity of more than three months	0.02	0.02	0.03	0.03	28.00%	0.03