Optimise Capital Floors with Finalyse RWA SmartCheck

CRR3 requires all institutions to calculate the Standardised Approach across the full portfolio, even where IRB models are in place.

Finalyse RWA SmartCheck supports this transition by providing a controlled environment to analyse, trace, and explain RWA outcomes under CRR3. The tool enables banks to identify which drivers—exposure characteristics, methodological assumptions, or portfolio composition—are materially impacting RWA levels and capital requirements, allowing targeted and defensible optimisation actions.

Built as an open-source, Python-based solution, RWA SmartCheck integrates smoothly into existing banking systems and data infrastructures. Delivered with expert support for setup, data ingestion, and configuration, it provides a practical and auditable framework for continuous CRR3 RWA analysis and optimisation.

RWA SmartCheck is built for:

- Heads of Credit Risk
- Regulatory & Capital teams
- Model Validation
- Finance / CFO functions
- CRR3 / Basel IV program leads

Used when:

- Assessing output floor impact and monitoring
- Responding to supervisory findings
- Designing RWA optimisation strategy

Turn CRR3 into a controlled, explainable, and optimisable process.
Request a demo at banking@finalyse.com

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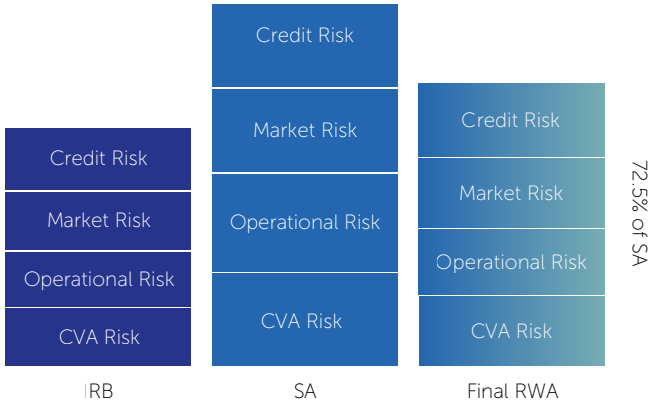
Basel IV/CRR3 overview:

The guidelines aim to reduce complexity and harmonise the calculation techniques from Basel III.

Reduce Complexity	*Improve Transparency*	*Avoid model and measurement error*
• Revised Standardised Approach • Foundation-IRB for large corporates and institutions • Removal of the advanced measurement approach (AMA) for Operational Risk	• Disclosure of both standardised RWA's and Internal Model RWA's	• Update of PD floors for IRB approach • LGD and EAD floors to ensure minimum level of capital • Introduction of capital floor



Calculate Full SA

All banks need to calculate RWA on their entire portfolio using the standardised approach (for the output floors).

Granular Data and Test Cases

More focus needed on granular data for CRR SA approach (ex: transactions, specialised lending)

Prepare exhaustive test cases to address the complexities related to CRR and D424 guidelines

CRR3 Aftercare: What does it mean for banks?

- *Heightened Portfolio Monitoring.* Ensure constant monitoring of key metrics pertaining to the Standardised and IRB approach
- *Impact Assessment*. Banks must be able to identify key metrics leading to RWA differences in a traceable way.
- *Ensure Compliance.* The complexity in CRR3 rules and mandatory Standardised approach calculations mandate sharpened focus on accuracy
- *RWA optimisation Techniques.* Strategise the portfolio in an optimal manner and explore optimisation techniques such as Securitizations/SRT.

Finalyse RWA SmartCheck
Performance

Focus on CRR3 exposure classes

Corporates

Check on different dimensions with respect to:

- Specialised Lending products (project, object, commodity finance with operations phase changes)
- SME and Infrastructure supporting factor

Retail

- Assess the impact of "Transactions" in the portfolio
- Capture product dimensions of pensioners and their impact in the retail portfolio

Mortgages

- Retail estate "Whole Loan" vs "Split Loan" impact
- Income producing real estate application
- Check the impact of third-party liens

Be fully audit and validation-ready

Fully Transparent

- Get a complete view of all the calculation rules as specified in the regulations
- Traceability for audit/validation purposes

Actively Optimise RWA

- Perform allocation of credit risk mitigations to simulate RWA reduction
- Gauge specific dimentionas contributing to RWA optimisation for strategic decision-making

Customise as you need

Run SA on entire portfolio

- Business rules defined as per CRR3 and Basel IV Standardised Approach
- Removes the effort on user-defined test cases
- Benchmarking for output floor

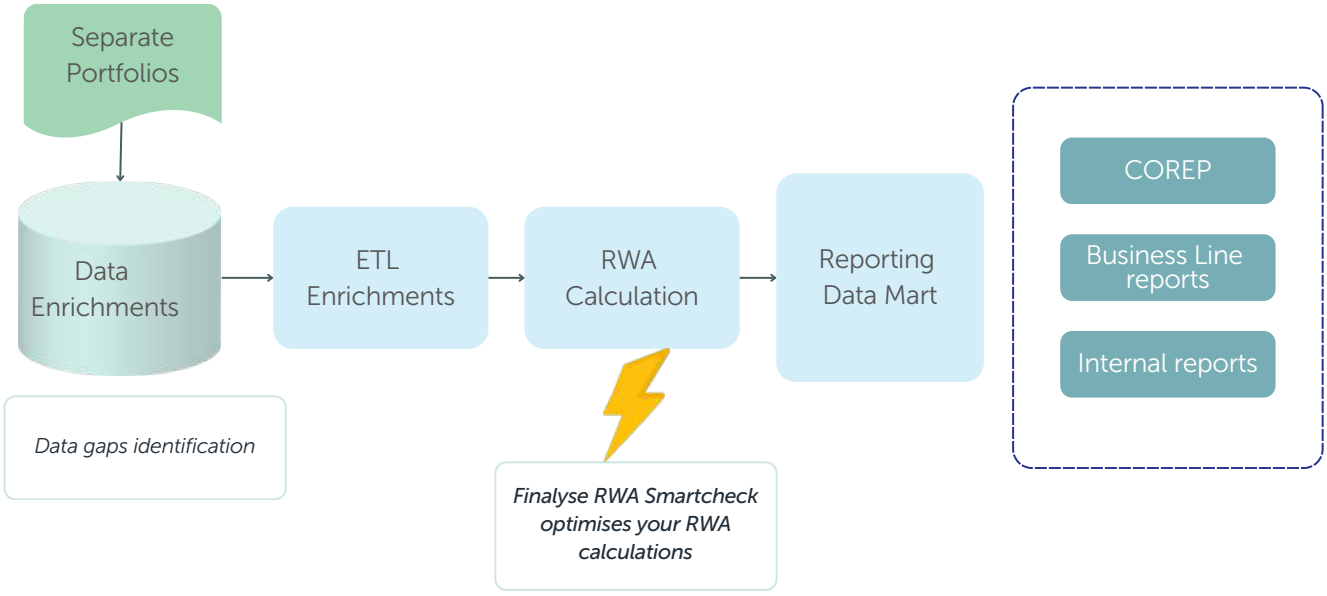
Leverage Test Cases Simulator

- Open source (R based) test cases generator for easier modifications
- Asset class specific dimentions can be added easily
- Skew the number of test cases based on the bank's actual portfolio

Finalyse RWA SmartCheck
Inside-Out

At different stages of the bank's architecture, Finalyse can support with its knowledge and experience.

Ingest & Enrich	*Calculate & Simulate*	*Decide & Document*
• Exposures, collateral, ratings • Automatic identification of data gaps and inconsistencies • Easily adaptable input data model	• CRR3-compliant SA calculations • CRM allocation & impact simulations • Scenario-based RWA analysis	• Clear RWA deltas • Portfolio-level and exposure-level insights • Outputs tailored for COREP, internal steering, and audits



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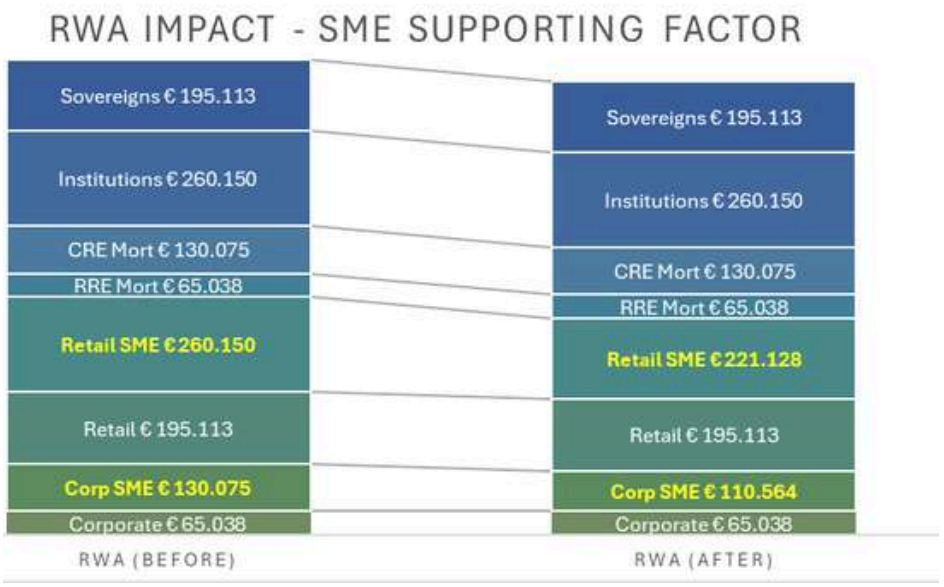
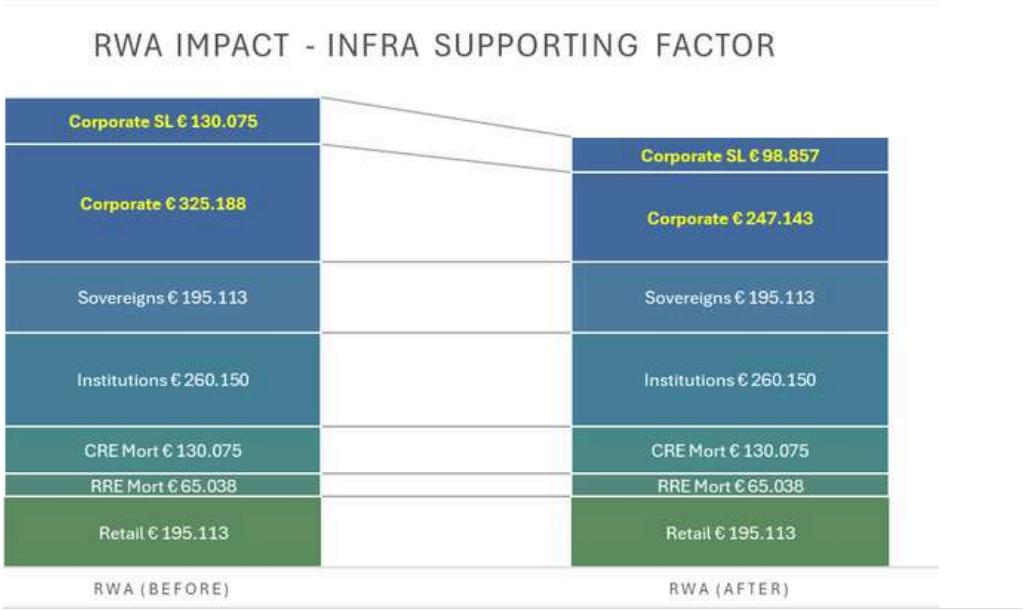
Finalyse RWA SmartCheck shows the euro impact of your choices





These graphs are illustrative examples based on sample data and do not reflect actual portfolio results

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