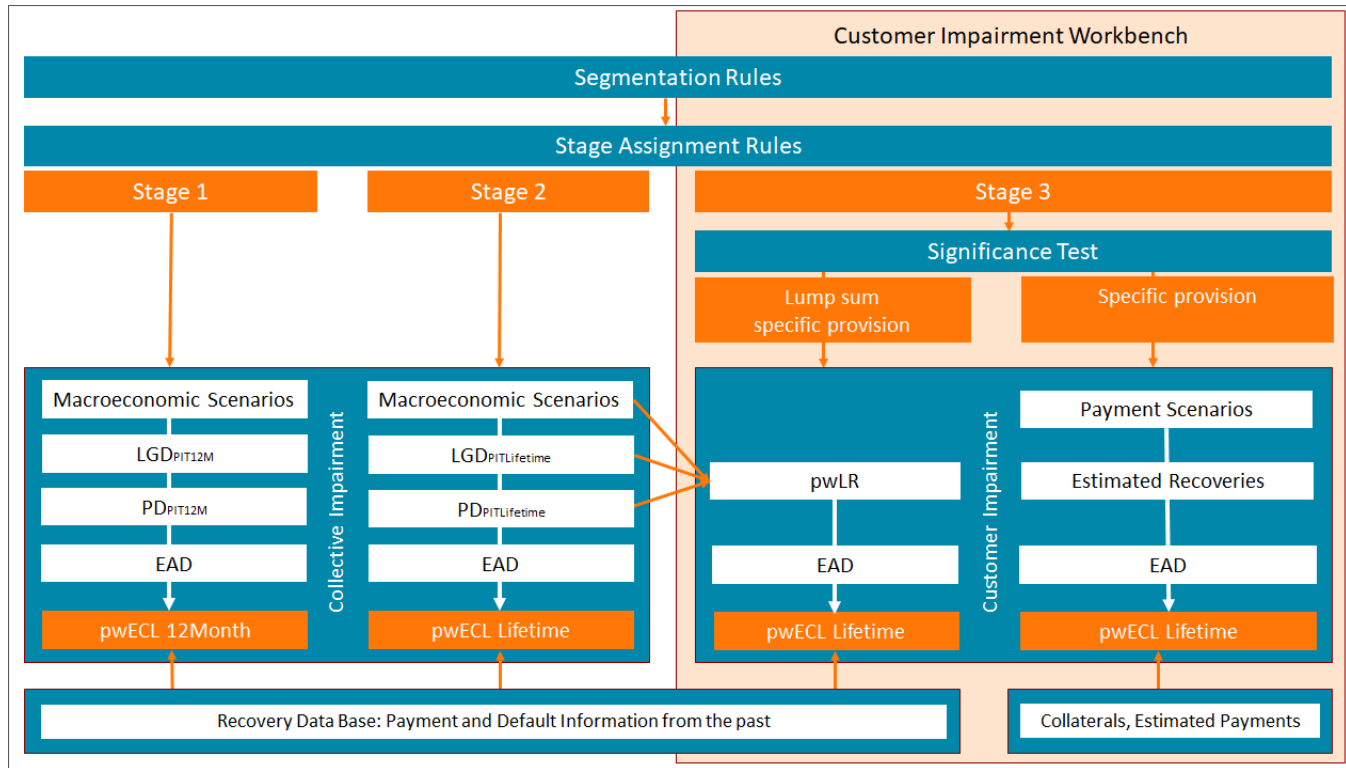# Customer Impairment Workbench

The component **Customer Impairment Workbench** can be used for

- Collateral management (**refer to** Collateral)
- For **non-significant deals** assigned the impairment type "Lump-sum Specific Provision": Calculation and journalisation of lifetime ECLs, taking collateral recoveries into account
- For **significant deals** assigned the impairment type "Specific Provision": Calculation and journalisation of lifetime ECLs, taking recoveries of collateral, regular and irregular recoveries into account

The Customer Impairment Workbench covers all requirements related to **specific provision of significant financial assets** and for **lump-sum specific provisioning of non-significant financial assets**.

The Customer Impairment Workbench needs to be fed in general on individual deal level with the following information

- Information about of objective evidence impairment. For this purpose FlexFinance supports the automatic identification based on rule sets, Import from a source as well as manual capture of impairment trigger in FlexFinance.
- Test of Significance

For **lump sum specific provisioning** of non-significant deals it expects the delivery of a probability weighted lossrate (pwLR). This pwLR can be provided by the Collective Impairment Workbench or imported from a source.

In general, the Customer Impairment Workbench provides **fully automated** support for significant and non-significant deals:

- Calculation of risk provision on the basis of lifetime expected credit losses:
  - Automatic calculation of risk provisions comparing the actual gross carrying amount (GCA) and the sum of expected recoveries discounted with the original effective interest rate (EIR)
  - Calculation of unwinding for subsequent measurement of impaired deals
  - Analysis of calculation runs for specific risk provisions
  - Access to calculation results for lifetime expected credit losses (ECL) at customer level, drilldown to individual deal level and to scenarios entered for recoveries
- Generation of journal entries at individual deal level:

- Generation of debit/credit entries to reflect risk provisions in the balance sheet and profit and loss account

In addition, the **Customer Impairment Workbench** supports for **significant deals**:

- **Capture and maintenance of individual deal specific recovery data for significant deals:**
  - Recoveries from different sources are supported: In addition to collateral, irregular and regular recovery expectations about future payments can be captured and maintained
  - Recovery cashflows can be
    - Automatically imported from a source
    - Uploaded manually in the UI from a source
    - Captured in the UI
    - Automatically generated based on collateral data
  - Probability-weighted scenarios support the consideration of various expectations about future payment behaviour of the custome

- **Simulation of specific risk provisions**
  - For significant deals assigned to stage 3, calculation of risk provisions used to figure out how validity and allocation rules impact risk provisioning without posting

- **Documentation of objective evidence of impairment for significant deals:**
  - Capture and maintenance of information on reasons for the objective evidence of impairment and related impairment triggers
  - Addition of documents and individual notes

-

Figure: Customer Impairment Workbench: documentation of objective evidence for significant deals

- **Support of organisational processes for significant deals:**
  - Intra- and inter-departmental processes can be organised using workflows and roles
  - Process notes and notifications to simplify daily work
  - Various watch lists can be configured to reflect the importance of following up a possible deterioration in the credit quality of portfolios of financial assets:
    A watch list shows individual financial assets that are to be monitored closely.
    A task list shows financial assets that are part of an active workflow.

Customer Impairment Workbench

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Customer Impairment — free text search

Stage 3 by Customer | Specific Provisions | Lump Sum Carrying Amount | Lump Sum Specific Provisions | Watchlist | Task List

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Customer ID	Cu Ra	Deal ID	Deal Type	Officer	Outstanding Payment	Unwin... (EUR)	Deal Remaining Capital	Cu	Deal Remaining Capital (EUR)	Da p..	1.. T..	Impairment Type	Portfolio	Risk Provisioning (EUR)	S..
Adele Scheele	AA	LN-BMR-BASIC-014_1	EMPL LN	JOSE	0.00		0.00	JPY	0.00	0		STAGE1		0.00	0
Adelle Fera	AA	LN-PR-COL-RELATION-002	CONS LN	GABRIEL	0.00		10,000,000.00	USD	7,560,000.00	0		STAGE1		228,807.13	0
Adidas	D	LN_Annuity_CUSTIMP_4	CONS LN	KAYLA	93,910.18	45,220.60	1,638,791.90	USD	1,238,926.68	275		SPECIFIC_PROV		0.00	1
Adidas	D	AC_IMPWB_3	C-CACC	PIETER	300,000.00	0.00	300,000.00	EUR	226,800.00	0		SPECIFIC_PROV		0.00	1
Adidas	D	AC_IMPWB_4	C-CACC	PIETER	250,000.00	0.00	250,000.00	EUR	189,000.00	0		SPECIFIC_PROV		0.00	1
AdriantStark	D	LN_Annuity_CUSTIMP_1	CONS LN	KAYLA	33,448.21	0.00	422,730.75	EUR	422,730.75	275		SPECIFIC_PROV		33,448.21	1
AdriantStark	D	COM_Test_IMPWB_1	COMMIT	KAYLA	1,832,844.57	0.00	1,500,000.00	GBP	1,832,844.57	0		SPECIFIC_PROV		1,832,844.57	1
AdriantStark	D	AC_IMPWB_1	C-CACC	KAYLA	150,000.00	0.00	150,000.00	GBP	113,400.00	0		SPECIFIC_PROV		0.00	1
Akita-Bank	AAA	LN-EARLY-REPAY-PREPAY-CPR-012_4	CORP LN	JOSE	0.00		170,000,000.00	GBP	207,722,385.14	0		STAGE2		11,541,546.12	0
Andreas Krivot	D	20170818_f	CONS LN	KAYLA	3,711,689.46	0.00	3,676,475.07	EUR	3,676,475.07	0		SPECIFIC_PROV		3,711,689.46	1
Apple	D	LN_Annuity_CUSTIMP_new_4	CONS LN	KAYLA	85,867.58	13,083.08	1,264,000.00	USD	955,584.00	275		SPECIFIC_PROV		0.00	1
Bank of Japan	AAA	105 Annuity Loan	CORP LN	KAYLA	0.00		500,000.00	USD	378,000.00	0		STAGE1		94,912.25	0
Bank of Japan	AAA	117 Annuity Loan	CORP LN	KAYLA	0.00		500,000.00	USD	378,000.00	0		STAGE1		94,912.25	0
Bank of Japan	AAA	215 Forward Project Finance Loan - unexp.	CORP LN	GABRIEL	0.00		50,000.00	EUR	50,000.00	0		STAGE1		1,084.08	0
Bank of Japan	AAA	214 Forward Project Finance Loan - exp.	CORP LN	GABRIEL	0.00		50,000.00	EUR	50,000.00	0		STAGE1		1,337.26	0
CocaCola	D	LN_Annuity_CUSTIMP_new_2	CONS LN	KAYLA	25,886.56	8,899.68	415,466.42	EUR	415,466.42	275		LUMP_SPEC_PROV	RISK PROV LUMP SUM COLL CALC	0.00	0
DZ's Bank	AAA	LN-IMPAIRMENT-BNR-019	CORP LN	GABRIEL	0.00		80,000,000.00	JPY	798,201.24	0		STAGE1		25,324.19	0
Daisy Duck	C-	LN-CUSTIMP-DAI-COLL-01	CONS LN	KAYLA	102,000.91	713.56	100,000.00	EUR	100,000.00	0		SPECIFIC_PROV		44,530.23	1
Daisy Duck	C-	LN-CUSTIMP-DAI-COLL-02	CONS LN	KAYLA	306,002.73	0.00	300,000.00	EUR	300,000.00	0		SPECIFIC_PROV		306,002.73	1
Daisy Duck	C-	CRE-CARD-DAISY	C-CACC	PIETER	2,000.00	0.00	2,000.00	EUR	2,000.00	0		SPECIFIC_PROV		2,000.00	1

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