

Highlights:

- Support of specific approaches depending on the deterioration of credit quality and significance of a financial asset
- Separate workbench to cope with requirements of probability-weighted approaches and individual recovery-based approaches
- Risk provision traceable to individual deal level including calculation details and underlying data
- Consideration of scenarios
- Simulation before journalisation

Risk provision is an important topic in all GAAPs.

Nonetheless each GAAP answers the following questions in a different way:

- At which point in time should a risk be considered in the balance sheet and income statement?
- How much provision should be considered?

FlexFinance provides the following components as instruments for the configuration, simulation and consideration of risk provisions in financial statements:





- [Collective Impairment Workbench](#)
- [Customer Impairment Workbench](#)
- [Collateral](#)

For GAAP-specific usage, please refer to the specific sections. For IFRS 9 please refer to [IFRS 9 Blueprint Impairment](#).

The result of the risk provision process in FlexFinance are

- Debit/credit entries and
- Data marts

These data marts support detailed analyses, for example:

Standard Reports IFRS 9 [_stages \(gross basis presentation\)](#)    

IFRS 7 / Movements in allowances for credit losses, provisions / Transfers between impairment stages (gross basis presentation)
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Parameters

Transfers between impairment stages (gross basis presentation)

		Gross carrying amount / nominal amount					
		Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3	
		To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 2 from Stage 3	To Stage 3 from Stage 1	To Stage 1 from Stage 3
		010	020	030	040	050	060
Debt securities	010	0.00	0.00	0.00	0.00	-680,400.00	0.00
	Central banks	020	0.00	0.00	0.00	0.00	0.00
	General governments	030	0.00	0.00	0.00	0.00	0.00
	Credit institutions	040	0.00	0.00	0.00	0.00	0.00
	Other financial corporations	050	0.00	0.00	0.00	0.00	0.00
Loans and advances	060	0.00	0.00	0.00	0.00	0.00	0.00
	070	-16,541.34	-88,366.70	-31,308.21	-232,298.84	0.00	-45,750.28
	Central banks	080	0.00	0.00	0.00	0.00	0.00
	General governments	090	0.00	0.00	0.00	0.00	0.00
	Credit institutions	100	0.00	-5,750.28	0.00	0.00	-5,750.28
Total debt instruments	110	0.00	0.00	0.00	0.00	0.00	0.00
	Other financial corporations	120	0.00	0.00	0.00	0.00	0.00
	Households	130	-16,541.34	-82,616.42	-31,308.21	-232,298.84	-40,000.00
Total debt instruments		140	-16,541.34	-88,366.70	-31,308.21	-232,298.84	-45,750.28
Commitments and financial guarantees given		150	0.00	0.00	0.00	0.00	0.00

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Figure: Transfers between impairment stages (gross basis presentation)

Report: Movements in allowances and provisions for credit losses

IFRS 7: Movements in allowances for credit losses, provisions / Movements in allowances and provisions for credit losses

2023-01-01 to 2023-12-31

Monetary

Movements in allowances and provisions for credit losses

		Opening balance	Decrease due to impairment and provision	Decrease due to revaluation	Changes due to changes in credit risk	Changes due to revaluations without designation	Changes due to updates in the credit risk methodology for evaluation	Decrease to allowance account due to write-offs	Other adjustments	Closing balance	Reversals of previously written off amounts recorded directly in the statement of profit or loss	Amounts written off directly to the statement of profit or loss
Allowances for financial assets without increase in credit risk since initial recognition (Group 1)	Debt securities	15,748,883.72	1,143,811.41	17,892,695.13	26,143,812.46	0.00	15,000.00	0.00	0.00	33,046,507.59	27,141,251.13	0.00
	General basis	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	General provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Special provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Non-financial corporations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Loans and advances	15,748,883.72	1,143,811.41	17,892,695.13	26,143,812.46	0.00	15,000.00	0.00	0.00	33,046,507.59	27,141,251.13	0.00
	General basis	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	General provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Special provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Non-financial corporations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Allowances for debt instruments with significant increase in credit risk since initial recognition but not credit-impaired (Group 2)	Debt securities	1,500,000.00	0.00	1,500,000.00	0.00	0.00	0.00	0.00	0.00	1,500,000.00	0.00	0.00
	General basis	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	General provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Special provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Non-financial corporations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Loans and advances	1,500,000.00	0.00	1,500,000.00	0.00	0.00	0.00	0.00	0.00	1,500,000.00	0.00	0.00
	General basis	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	General provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Special provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Non-financial corporations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Of which: non-performing	Debt securities	1,500,000.00	0.00	1,500,000.00	0.00	0.00	0.00	0.00	0.00	1,500,000.00	0.00	0.00
	General basis	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	General provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Special provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Non-financial corporations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provisions for credit-impaired debt instruments (Group 3)	Debt securities	1,500,000.00	0.00	1,500,000.00	0.00	0.00	0.00	0.00	0.00	1,500,000.00	0.00	0.00
	General basis	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	General provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Special provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Other provisions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Non-financial corporations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total allowance for debt instruments		18,748,883.72	1,143,811.41	20,892,695.13	26,143,812.46	0.00	15,000.00	0.00	0.00	34,546,507.59	27,141,251.13	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments		3,000,000.00	0.00	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00	0.00
Total provisions on credit-impaired debt instruments												

Figure: Movements in allowances and provisions for credit losses