Workbenches for risk provisioning



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 detailled analyses, for example:

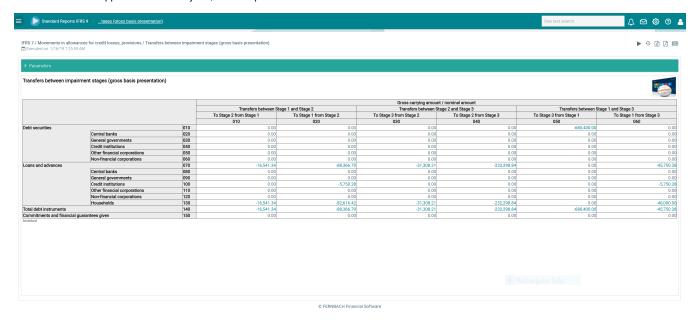


Figure: Transfers between impairment stages (gross basis presentation)



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Figure: Movements in allowances and provisions for credit losses

