Credit Risk

FlexFinance provides data marts that contain information required for credit risk management. This information has been called for by the **BCBS** (= **Basel Committee on Banking Supervision**) in order to define capital requirements.

The procedure to calculate credit risk according to BCBS guidelines overlaps with that for the calculation of risk provisions according to IFRS in many cases.

The data marts contain all the information required to differentiate between financial products and counterparties as well as all the individual components needed for reporting purposes or credit risk management.

- Calculated results
  - RWA (Risk-weighted assets)
  - PD (Probability of Default)
  - LgD (Loss Given Default)
  - CF (Conversion Factor) products with drawing risks
  - FX haircut
  - Maturity mismatch
  - Hc (coll) or Hc (claim) haircut for collateral or claim
  - Correlation

FlexFinance allows parallel calculations to be made in accordance with various regulatory approaches (standard, IRB, CAD), the use of which for reporting purposes has to be approved by the national authorities in each case.

Below is an example of a credit risk report in FlexFinance based on these data marts:

Total

		Original exposure pre conversion factors	(-) Value adjustments and provision associated with the original exposure	Exposure net of value adjustments and provisions	CREDIT RISK MITIGATION (CRM) TECHNIQUES WITH SUBSTITUTION EFFECTS ON THE EXPOSURE – Unfunded credit protection: adjusted values (Ga) – (-) Guarantees	(-) Credit derivatives	Funded credit protection – (-) Financial collateral: simple method	(-) Other funded credit protection	Substitution of the exposure due to CRM – (-) Total Outflows	Total Inflows (+)	Net exposure after CRM substitution effects pre conversion factors	Credit risk mitigation techniques affecting the amount of the exposure: funded credit protection. Financial collateral comprehensive method – Volatility adjustment to the exposure	(-) Financial collateral: adjusted value (Cvam)	(-) of which: Volatility and maturity adjustments	Fully adjusted exposure value (E*)
		010	030	040	050	060	070	080	090	100	110	120	130	140	150
TOTAL EXPOSURES	010	2,412,515,817.50		2,412,515,817.50	70,000.00		57,345.00				1,412,515,017.50		-175,996,000.05	-1,658,542.96	1,436,519,016.73
of which: Defaulted exposures	015	235,524.96		235,524.96							235,524.96				
of which: SME	020	55,555.00		55,555.00	3,453.00		4,553.00				55,555.00				
of which: exposures subject to SME-supporting factor	030	242,521.34		242,521.34							242,521.34				
of which: Secured by mortgages on immovable property - Residential property	040	6,000.00		6,000.00							6,000.00				
of which: Exposures under the permanent partial use of the standardised approach	050														
of which: Exposures under the standardised approach with prior supervisory permission to carry out a sequential IRB implementation	060														
BREAKDOWN OF TOTAL EXPOSURES BY EXPOSURE TYPES: On balance sheet exposures subject to credit risk	070	2,460,807,499.56		2,460,807,499.56							1,460,807,499.56		-145,558,335.90	-1,070,430.38	1,315,249,163.66
Off balance sheet exposures subject to credit risk	080	82,771,270.79		82,771,270.79							82,771,270.79		-2,290,982.54	-252,402.64	80,480,288.25
Exposures / Transactions subject to counterparty credit risk: Securities Financing Transactions	090														
Of which: Centrally cleared through a QCCP	100														
Derivatives & Long Settlement Transactions	110	48,937,047.23		48,937,047.23							48,937,047.23		-20,146,682.41	-335,629.94	48,790,364.82
Of which: Centrally cleared through a QCCP	120														
From Contractual Cross Product Netting	130														
BREAKDOWN OF TOTAL EXPOSURES BY RISK WEIGHTS: 0%	140	2,077,475,397.69		2,077,475,397.69											1,077,456,813.57
2%	150														
4%	160														
10%	170	127,140,454.42		127,140,454.42											127,140,454.42
20%	180	262,535,895.38		262,535,895.38											109,841,882.77
35%	190														
50%	200														
70%	210														
75%	220														
100%	230	145,364,070.09		145,364,070.09											122,080,665.97

The following standard functions are also available for reports defined in FlexFinance:

- extensive drilldown possibilities
- possibility to compare the report for different posting days
- proof of rule for reporting contents
- manual editing combined with consistency check