

Regulatory Reporting

Risk Management

Tax Compliance

Process Automation

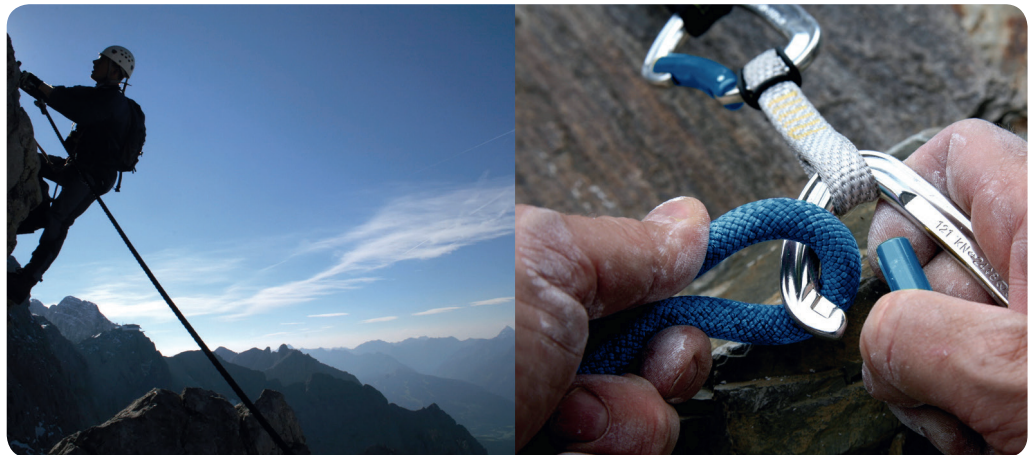
Banking Suites



Smart Applications
for Banking on SAP.

Efficient Impairment Management in SAP

SAP Reserve for Bad Debts (SAP RBD) – the Market Standard for
Credit Risk Provisioning in SAP ERP + HANA.



iBS - SAP Software and Development Partner since 2001.

SAP® Certified
Enterprise Support Integration

Efficient Risk Provisioning Management for Your Financial Instruments on SAP for Banking

Private and corporate lending belongs to the core business activities of financial service providers. It is also one of the greatest sources of risk. That is why comprehensive risk provisioning and monitoring is essential. This is underlined by the stipulations of supervisory authorities such as Basel Committee on Banking Supervision or the International Accounting Standards Board (IASB).

Risk Provisioning for Financial Instruments – a Complex Challenge

No matter how indisputable the need for risk provisioning management is, the task of implementing it is both complex and laborious. For instance, the data that is relevant for creating and evaluating risk portfolios has to be collected from different systems responsible for position management.



Changes resulting from risk provisioning that are relevant for the balance sheet have to be transferred to financial accounting in real time. Furthermore, all changes have to be recorded in transparent, audit-compliant documentation and data has to be made available for internal and external reporting (e.g. regulatory reporting) purposes.

Formation and Evaluation of Risk Portfolios

- Identify and evaluate individual risks, for example based on arrears
- ▶ Creation of risk provisioning proposals

Posting of Risk Provisioning

- Initial appropriation
- Additional appropriations in the event of outgoing payments or increase of risk
- Resizing/clearing in the event of incoming payments or reduction of risk
- ▶ Adjusted risk provision portfolio

Accounting for Bad Debt Losses

- Usage of value adjustments respectively write-off of outstanding receivables
- ▶ Adjusted credit positions

SAP RBD – the Market Standard for Impairment Management on SAP Banking

The *SAP Reserve for Bad Debts (SAP RBD)* solution, developed by iBS AG on behalf of SAP, gives you a professional tool that facilitates this task and keeps the manual effort required to a minimum.

As a key part of the SAP for Banking industry solution, SAP RBD meets all the requirements of a modern risk provisioning application:

- **Central management** of all risk provisioning activities in one application
- **Daily overview** of your risk provisioning positions and their development
- **Significant reduction of the manual effort** required for setting up and managing risk provisions
- **Real-time transfer** of all changes that are relevant for the balance sheet to financial accounting
- **Automatic provision** of all data that is relevant for internal and external reporting
- **Multi-GAAP support** for international (IFRS 9) and local (including German, Austrian, Canadian) accounting principles
- **Seamless integration into the system landscape** with interfaces to relevant systems

SAP RBD models central business processes associated with risk provisioning for financial instruments

Transparent Overview by Mouse Click

In RBD, the information required for the risk provision is easy to find and centrally located. In this way, users can view the current status of credit transactions at any time, both for individual risk provisioning and for the flat-rate procedure.

Efficient Individual Risk Provisioning

Creation of the individual risk provision is made significantly easier by RBD. For example, RBD automatically submits proposals to the processor regarding appropriation, write-off, unwinding, consumption, and direct write-off. These values, created on the basis of predefined rules that can be parameterized in an institute-specific manner, can be expertly adjusted by the processor and processed further.

As part of the ECF approach, RBD supports the department by providing an extensive range of functions for modeling expected cash flows based on contractual cash flows, special payments, and the expected revenue from the liquidation of collateral. Various scenarios can be modeled in accordance with IFRS9 requirements.

Fully Automatic Flat-Rate Risk Provision

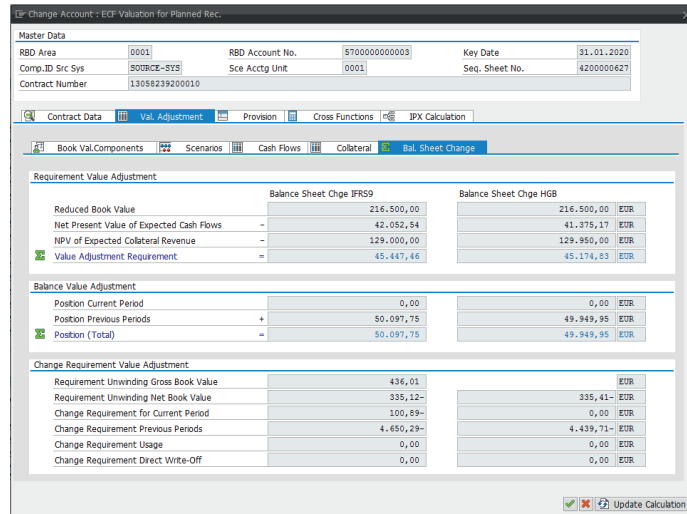
In addition to individual risk provision, RBD also supports flat-rate individual risk provisioning for mass data processing. Here, financial instruments are classified into various impairment categories according to their default risk (e.g. DPD, default indicator) and risk provisions are calculated fully automatically on the basis of risk parameters such as probability of default (PD) and the loss given default (LGD). Thanks to parallelization, even very large data sets can be processed with high performance.

Parallel portfolio management of two standards

Users in institutes that are subject to IFRS also benefit from the RBD dual GAAP procedure that calculates and posts the individual risk provision simultaneously for two independent accounting principles.

Real-Time Connection of Financial Accounting and Reporting

When the risk provision is posted, all transactions that are relevant for the balance sheet are transferred to the



| Master Data | | | |
|-----------------|----------------|-----------------|---------------|
| RBD Area | 0001 | RBD Account No. | 5700000000003 |
| Comp.ID Sic Sys | SOURCE-BIS | Key Date | 31.01.2020 |
| Contract Number | 13058239200010 | Seq. Sheet No. | 4200000627 |
| | | See Acctg Unit | 0001 |

| Requirement Value Adjustment | | | |
|--|--------------------------|------------------------|------------|
| | Balance Sheet Chge IFRS9 | Balance Sheet Chge HGB | |
| Reduced Book Value | 216,500,00 | 216,500,00 | EUR |
| Net Present Value of Expected Cash Flows | 42,052,54 | 41,375,17 | EUR |
| NPV of Expected Collateral Revenue | 129,000,00 | 129,950,00 | EUR |
| Value Adjustment Requirement | 45,447,46 | 45,174,83 | EUR |

| Balance Value Adjustment | | | |
|---------------------------|------------------|------------------|------------|
| | | | |
| Position Current Period | 0,00 | 0,00 | EUR |
| Position Previous Periods | 50,097,75 | 49,949,95 | EUR |
| Position (Total) | 50,097,75 | 49,949,95 | EUR |

| Change Requirement Value Adjustment | | | |
|--|----------|----------|-----|
| | | | |
| Requirement Unwinding Gross Book Value | 436,01 | | EUR |
| Requirement Unwinding Net Book Value | 335,12 | 335,41 | EUR |
| Change Requirement for Current Period | 100,89 | 0,00 | EUR |
| Change Requirement Previous Periods | 4,650,29 | 4,439,71 | EUR |
| Change Requirement Usage | 0,00 | 0,00 | EUR |
| Change Requirement Direct Write-Off | 0,00 | 0,00 | EUR |

◀ Intuitive and clear:
the RBD interface

financial accounting system (for example, SAP FI-GL) in real time. At the same time, the data is made available for internal and external reporting.

For the evaluation, RBD provides reporting functions with which you can analyze the risk provision position and its development over time according to individual criteria. This allows you to react promptly to changes in risk situations.

Seamless Integration

RBD is part of the SAP for Banking component EA-FIN-SERV and S4CORE and is already integrated into the relevant SAP components in the standard system. Non-SAP systems can be connected via interfaces.

Purchase and Implementation

iBS develops and maintains RBD on behalf of SAP, which sells the software exclusively. As the manufacturer, we are happy to support you in implementation and maintenance.

For more information about SAP Reserve for Bad Debts or if you have any questions, just contact us. We would be happy to help.

Innovative Banking Solutions AG

Christian Häntsch
Delivery Manager SAP RBD
T: +49.611.34 10 130
christian.haentsch@ibs-banking.com

For more information and product reports on other iBS solutions, please visit www.ibs-banking.com



Smart Applications
for Banking on SAP.

Regulatory Reporting

Risk Management

Tax Compliance

Process Automation

Banking Suites

iBS - Innovative Banking Solutions AG

iBS - Innovative Banking Solutions AG is one of the global market leaders in the design, development, and implementation of SAP-based standard software for banks and insurance companies.

At the heart of our portfolio, we offer solutions for meeting regulatory requirements, managing risks, ensuring tax compliance and automating business processes as well as software suites for specialized banks. iBS solutions are successfully used worldwide by more than 50 banks, insurance companies and organizations.

We design our products in close collaboration with our customers, partners and SAP SE, for whom we develop and maintain core components of the industry solution SAP for Banking. This proximity to the market results in products that set standards.

www.ibs-banking.com

iBS - Innovative Banking Solutions AG
Bahnhofstr. 27-33
65185 Wiesbaden
Germany
T: +49.611.34 10 100
info@ibs-banking.com



Get in touch:
Simply scan the QR code to save the iBS contact information on your smartphone.



SAP Software
Partner since 2001.