

Regulatory Reporting

Risk Management

Tax Compliance

Process Automation

Banking Suites



Smart Applications
for Banking on SAP.

Efficient Impairment Management in SAP ERP

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



Efficient Risk Provisioning Management for Your Credit Business Based 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 upcoming IFRS 9 regulations of the International Accounting Standards Board (IASB).

Risk Provisioning in the Credit Business – a Complex Challenge

No matter how indisputable the need for risk provisioning management, 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 SE, 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 (for example, IFRS 9, IAS 37/39) and local (including German, Austrian, Canadian) accounting principles
- **Seamless integration into the system landscape** with interfaces to relevant systems

▶ *SAP RBD models all business processes associated with risk provisioning for your credit business*

Transparent Overview at the Click of a Mouse

In RBD, the information required for the risk provision is easy to find and centrally located. This means, for example, that the employees responsible can call up the current status of credit transactions at the level of partner, financial project, or contract at the click of a mouse.

Efficient Individual Risk Provision by Means of Intelligent System Support

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.

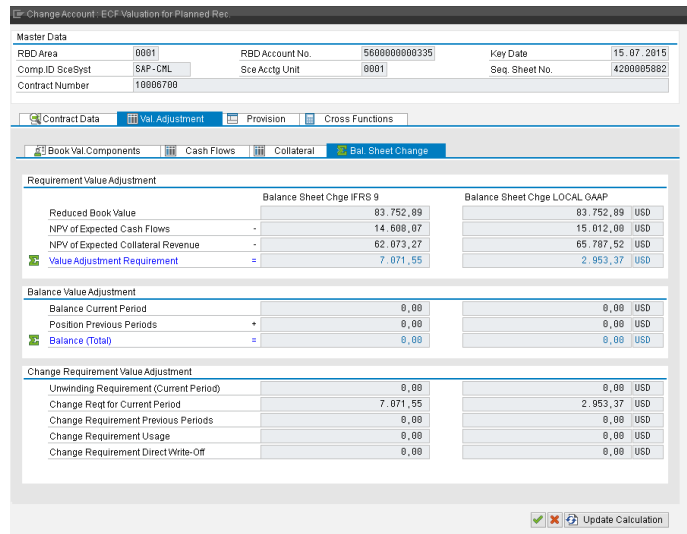
Users in institutes that are subject to IFRS also benefit from the RBD dual GAAP procedure that calculates and posts the individual risk provision simultaneously for two independent accounting principles.

Fully Automatic Flat-Rate Risk Provision

In addition to individual risk provision, RBD also supports the flat-rate value adjustment procedure. For this, credit transactions that are not included in an individual risk provision are automatically corrected by a percentage defined in the system according to their risk indicator (dunning level, for example).

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 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.



Change Account: ECF Valuation for Planned Rec

Master Data

RBD Area	0001	RBD Account No.	5600000000335	Key Date	15.07.2015
Comp.ID SiteSyst	SAP-CML	Site Acctg Unit	0001	Seq. Sheet No.	4200005982
Contract Number	10006700				

Contract Data | Val. Adjustment | Provision | Cross Functions

Book Val. Components | Cash Flows | Collateral | Bal. Sheet Change

Requirement Value Adjustment	Balance Sheet Chge IFRS 9	Balance Sheet Chge LOCAL GAAP
Reduced Book Value	83.752,89	83.752,89 USD
NPV of Expected Cash Flows	- 14.688,07	15.012,00 USD
NPV of Expected Collateral Revenue	- 62.073,27	65.787,52 USD
Value Adjustment Requirement	= 7.071,55	2.953,37 USD

Balance Value Adjustment		
Balance Current Period	0,00	0,00 USD
Position Previous Periods	+ 0,00	0,00 USD
Balance (Total)	= 0,00	0,00 USD

Change Requirement Value Adjustment		
Unwinding Requirement (Current Period)	0,00	0,00 USD
Change Req for Current Period	7.071,55	2.953,37 USD
Change Requirement Previous Periods	0,00	0,00 USD
Change Requirement Usage	0,00	0,00 USD
Change Requirement Direct Write-Off	0,00	0,00 USD

Update Calculation

◀ Intuitive and clear:
the RBD interface

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-FINSERV and is already integrated into the relevant SAP components in the standard system. Non-SAP systems can be connected using interfaces..

Purchase and Implementation

SAP RBD is developed and maintained by iBS AG on behalf of SAP SE. It is sold exclusively by SAP SE. As a solution provider, we, together with selected partners, are happy to help you implement and maintain your solution.

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

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



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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.

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