



PUBLIC

SAP Treasury and Risk Management, Impairment Accounting Extension for Expected Losses for SAP S/4HANA
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Product Assistance for SAP Treasury and Risk Management, Impairment Accounting Extension for Expected Losses for SAP S/4HANA

SAP S/4HANA 2022

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1 SAP Treasury and Risk Management, Impairment Accounting Extension for Expected Losses for SAP S/4HANA

The SAP Treasury and Risk Management, impairment accounting extension for expected losses for SAP S/4HANA allows you to handle impairment based on the expected loss model.

The accounting standard IFRS 9 (International Financial Reporting Standards) released by the International Accounting Standards Board (IASB) consists of the following three phases:

- Phase 1: Classification and measurement
- Phase 2: Impairment
- Phase 3: Hedge accounting

The main objective of phase 2 of the accounting standard IFRS 9 is to shift from the incurred loss model to the recognition of expected losses. The SAP Treasury and Risk Management, impairment accounting extension for expected losses for SAP S/4HANA solution focuses on covering the accounting requirements of IFRS 9 phase 2.

Product Information

Product Available as of Release and Feature Package Stack (FPS)

SAP S/4HANA 2022

Help Portal Documentation Based on Release and Feature Package Stack (FPS)

SAP S/4HANA 2022 Support Package Stack 04

🕒 Note

We recommend that you use the latest release and feature package stack. If you want to know which other releases are supported, check the available releases in the dropdown list at the top of this page.

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2 About this Document

This document describes the features of the impairment accounting extension for expected losses. It provides information you need to navigate through this application.

This document addresses the following target audience:

- Key users
- End users
- Decision makers

3 Glossary

Refer to the following table for some of the most common terms used within the solution.

Term	Definition	More Information
amortized cost	<p>A method used for valuation and position management of bonds.</p> <p>This derived position component specifies the amortized cost (in position currency). You can use it in the <i>Transaction Manager</i> when you run reporting for a particular date or when you run an evaluation of positions for a key date.</p> <p>The amortized cost is calculated by adding the following values:</p> <ul style="list-style-type: none"> • Amortized acquisition value • Loss allowance • Foreign exchange (FX) loss allowance 	Components [page 47]
loss allowance	<p>A monetary reserve that is used to protect a financial asset against credit risk.</p> <p>The loss allowance consists of impairments and provisions that you can use if a potential loss occurs. This position component specifies the loss allowance (in position currency).</p> <p>You can use it in the <i>Transaction Manager</i> when you run reporting for a particular date or when you run an evaluation of positions for a key date.</p>	Loss Allowance [page 26]
loss given default	An expected loss (in percent) that is due to payment defaults.	Loss Allowance Calculation [page 27]
offset loss allowance	The reversal of the loss allowance in a balance sheet-neutral way (book value remains unchanged).	Loss Allowance [page 26]

Term	Definition	More Information
position stage	<p>A value that is used to classify positions within a valuation area.</p> <p>Example</p> <p>You can use position stages to classify financial instruments according to the accounting standard IFRS 9 (International Financial Reporting Standards).</p> <p>Use the <code>TRPA_TRANSFER</code> transaction to transfer stages of positions from one stage value to another according to IFRS 9.</p>	Position Classification Using Stages [page 17]
stage transfer	<p>A process according to IFRS 9 that changes the assigned stage of a position.</p>	Running a Stage Transfer [page 20]
write-off	<p>The calculation of depreciation of a financial asset based on an incurred loss.</p> <p>A write-off is part of the key date valuation.</p> <p>A write-off decreases the loss allowance position component and increases the impairment position component.</p>	Applying a Write-Off [page 33]
12-month probability of default	<p>The likelihood in per cent that an initial purchase of a financial asset loses part of its value over the next 12 months.</p> <p>This probability of default is used to calculate the exposure.</p>	

4 Business Function TRM: Expected Loss Impairment

Use

Technical Data

Technical Name of Business Function	Example: Z_FIN_TRM_EXP_LOSS_IMPMT
Type of Business Function	Enterprise Business Function
Release and Feature Package Stack (FPS)	SAP S/4HANA 2022 Support Package Stack 04
Technical Usage	Financial Services
Application Component	Treasury and Risk Management (FIN-FSCM-TRM)
Directly Dependent Business Function Requiring Activation in Addition	Financial Services (EA-FS)

Note

We recommend that you use the latest release and feature package stack. If you want to know which other releases are supported, check the available releases in the dropdown list at the top of this page.

Caution

This business function is not reversible. You cannot deactivate it once you have activated it.

Prerequisites

You have installed the following components and versions:

Type of Component	Component
Software Component	S4CORE 107

Features

Migration

The migration to IFRS 9-compatible security positions either within an existing valuation area or from the existing to a new valuation area is supported.

Valuation Class

The activation of single position management can be customized on the level of the valuation class.

Purchase

- When you buy a financial asset, the corresponding position of a valuation area that is relevant to IFRS is set to the initial stage according to the Customizing settings.
- When you purchase a security with the standard transaction `FTR_CREATE`, you can assign a divergent initial stage.

Stage Handling

- In the context of IFRS 9, the following stages are introduced:
 - External stage: This stage is according to IFRS 9.
 - Internal stage: This staging can subdivide the external stage into several internal stages.
- You can classify a position by an external and internal stage. As this classification is based on the level of the position, you can only change it for the whole position. This classification concept introduces a flexible solution to cover the stage requirements of IFRS 9.
- You can change the stage of a position by the using the stage transfer transaction `TRPA_STAGE_TRANSFER`.

Key Date Valuation

- The key date valuation contains all new components.
- The defined PD/LGD values are part of the exposure calculation in valuation areas relevant for IFRS 9.
- You can define additional valuation steps for the key date valuation.

New Master Data

You can use the following master data functions:

- Loss given default (LGD)
- 12-month probability of default and lifetime probability of default

Write-Off

- A write-off is applied when there is no reasonable expectation of recovering of (a portion of) the asset.
- The impairment component (1201) is reused for write-off.
- A write-off takes place during the key date valuation when you have a corresponding valuation step defined.
- You define a write-off in stage Customizing. Only positions that have a stage that is marked as relevant for write-off are considered for write-off.
- The write-off decreases the loss allowance component and increases the write-off component.

Position Outflow (Example: Selling)

You can execute a valuation for securities during position outflow using the sales price.

New Components

You can use the following components:

Name	Description
Loss Allowance (1306)	The component value is calculated during the key date valuation for the IFRS 9 valuation area when the corresponding valuation step is maintained. The calculated value depends on the probability of default (PD) and loss given default (LGD).
Loss Allowance FX (1307)	The component value is calculated during the key date valuation for the IFRS 9 valuation area. It covers the FX effects of the loss allowance component.
Offset Loss Allowance (1308)	The component value is calculated during the key date valuation for the IFRS 9 valuation area when the corresponding valuation step is maintained. The calculated value resets the loss allowance component value so that the book value is not changed by the loss allowance.
Offset Loss Allowance FX (1309)	The component value is calculated during the key date valuation for the IFRS 9 valuation area. It covers the FX effects of the offset loss allowance component.
OCI Offset Loss Allowance (1312)	The component value is calculated during the key date valuation for the IFRS 9 valuation area when the corresponding valuation step is maintained. The calculated value represents an OCI account to which the loss allowance amount of the books is transferred.
OCI Offset Loss Allowance FX (1313)	The component value is calculated during the key date valuation for the IFRS 9 valuation area. It covers the FX effects of the OCI offset loss allowance component.
Contractual Change (1310)	The position value of the contractual change position component is calculated based on the gains and losses caused by contract modifications.
Contractual Change FX (1311)	The component value is calculated during the key date valuation for the IFRS 9 valuation area. It covers the FX effects of contractual change component.

Name	Description
Amortized Cost (9005)	<p>Amortized cost is a derived component as defined in IFRS 9 that is sometimes also referred to as net carrying amount. The value can be calculated by adding up the following values:</p> <p>Amortized acquisition value, loss allowance, and loss allowance FX.</p>

Integration into Standard Reporting Functions

The following reporting functions are enhanced:

- List of position values (transaction TPM12)
- List of the position flows (transaction TPM13)
- Logical database (LDB):
 - FTI_TR_POSITIONS
 - FTI_TR_PERIODS
- Simulated valuation
- CFM position extractors for SAP Business Information Warehouse

Reporting: Display Treasury Position Values for Expected Losses

With this SAP Fiori app, you can display a list of positions in the treasury subledger and their position component values on any selected key date. Examples of position component values include information about expected losses and the stage assignment of a position.

More Information

For more information about creating and activating the customer-defined business function, see SAP Note [2586180](#).

5 About this Solution

The impairment accounting extension includes the following features:

Key Features

Key Feature	Use
Migrating Financial Instruments [page 14]	This solution helps you to migrate existing financial instruments.
Position Classification Using Stages [page 17]	<p>You can classify financial instruments into stages. The classification is done on the level of the treasury position.</p> <ul style="list-style-type: none">• If you purchase a security, you can change the initial stage assignment during the purchase.• If there is a significant change in credit risk, the stage assignment of financial instruments may be changed. Typically, the stage assignment is changed during the period closing activities on the day of the period closing. The business transaction to change the stage assignment is processed before the key date valuation.
Changing the Initial Stage Assignment of a Position [page 18]	When you purchase a financial asset and have activated the classifier functionality for the relevant valuation area, the system assigns an initial stage to the financial asset. If you purchase a security, you can change the initial stage assignment during the purchase.
Running a Stage Transfer [page 20]	<p>It is assumed that the asset manager checks the credit risk of the financial assets during the whole life cycle of the financial instruments. If there is a significant change in credit risk, the stage assignment of financial instruments may be changed. Typically, the stage assignment is changed during the period closing activities on the day of the period closing.</p> <p>The solution supports the stage assignment on the level of the treasury position. The business transaction to change the stage assignment is processed before the key date valuation.</p>

Key Feature	Use
Loss Allowance Calculation [page 27]	<p>The key date valuation is enhanced by additional steps to calculate a loss allowance and the foreign exchange (FX) effect for the loss allowance. The loss allowance can be posted to the general ledger and thus helps to show the expected losses for a financial instrument.</p> <p>Depending on your Customizing for the stage assignment of the financial asset, either the 12-month probability of default or the lifetime probability of default is used to calculate the loss allowance. As exposure, the amortized acquisition value is used as default. For credit-impaired financial instruments, you can calculate an interest correction, which expresses the difference if the effective interest rate is applied to the gross or net carrying amount of a financial instrument. You can also define a customer-specific calculation logic.</p>
Applying a Write-Off [page 33]	<p>For credit-impaired financial instruments, you can apply a write-off if there is no reasonable expectation of recovering (a portion) of the financial asset.</p>
Key Date Valuation when Selling a Financial Asset [page 37]	<p>When a financial instrument is sold, you can trigger the automatic valuation of the position.</p>
Calculating Profits or Losses After Contract Modification [page 39]	<p>You can handle contract modifications that require the realization of modification gains or losses according to IFRS 9. This is a manual process step. The fair value and effective interest rate before a contract modification are determined. After applying the contract modification, the old effective interest rate is applied to the new cash flow and the resulting fair value is compared with the old fair value.</p>
Components [page 47]	<p>The new components and flows are integrated in the standard reporting functions of SAP Treasury and Risk Management. Example: You can use the TPM13 (<i>Subledger Cash Flow</i>) transaction to display the corresponding flows or the TPM12 (<i>Subledger Positons</i>) transaction to display the new components.</p>
Display Treasury Position Values for Expected Losses [page 60]	<p>You can display treasury position values for expected losses in the treasury subledger and their position component values on any selected key date. Examples of position component values include information about expected losses and the stage assignment of a position.</p>

5.1 Migrating Financial Instruments

To use existing financial instruments in the impairment accounting extension according to IFRS 9, migrate them by executing different process steps. The number of process steps you must execute depends on how you use the extension.

Procedure

1. Initialize a new valuation area:

If you want to use the impairment accounting extension within a new valuation area, initialize it by executing the Customizing activity *Initialization of Parallel Valuation Area* in Customizing for *Financial Supply Chain Management* under *Treasury and Risk Management*, choose ► *Transaction Manager* ► *General Settings* ► *Accounting* ► *Organization*. ►

If the new components of the impairment accounting extension are already entered in the valuation area that is used as a basis for the new one, the system transfers the components to the new valuation area.

Prerequisites

Before you can initialize a new valuation area, in Customizing for *Financial Supply Chain Management* under *Treasury and Risk Management*, choose ► *Transaction Manager* ► *General Settings* ► *Accounting* ► *Organization* ► *Define Valuation Areas and Assign Accounting Codes and Valuation Areas*. ►

Note

If you want to use an existing valuation area, you can ignore this step.

2. Optional: You can adjust the initial classifier of subledger positions so that no stage transfer is required.

Note

You can only adjust the initial classifier of a position if no posted flows or stage transfers exist for the position.

3. Apply a valuation class transfer to change the valuation class and assign the initial stage.

The valuation class keeps accounting-relevant information. It is assumed that if you change from the existing accounting principle to IFRS 9, you process a valuation class transfer. During the valuation class transfer, the initial stage can be determined. You can also use the valuation class transfer to move from average accounting to single position management.

If you have activated the classifier function in Customizing for *Financial Supply Chain Management* under ► *Treasury and Risk Management* ► *Transaction Manager* ► *General Settings* ► *Accounting* ► *Settings for Position Management* ► *Position Classifier* ► *Activate Position Classifiers by Accntg Cde and Valuat. Area* ►, the system automatically assigns a stage to the target positions that are created in single position management.

Note

If you want to migrate from average positions to single position management during the valuation class transfer, make the following Customizing activity as prerequisite: Enter a single position

management procedure for the relevant valuation class transfer in Customizing for *Financial Supply Chain Management* under [Treasury and Risk Management](#) > [Transaction Manager](#) > [General Settings](#) > [Accounting](#) > [Settings for Position Management](#) > [Define and Assign Differentiations](#).

1. Use transaction `TPM15M`, enter a company code, ID number, and your security account to select a position to be transferred from average to single position management.
 2. Deselect the *Test Run* checkbox.
 3. Execute the report.
 4. In the displayed list, select the position that you want to transfer, and enter the new valuation class.
4. Calculate the initial loss allowance.
- To calculate the loss allowance and skip all other valuation steps, use the `TRPA_LA_VAL` transaction.
5. Optional: You can initialize loss allowance-specific components during a data transfer:
 - Loss Allowance
 - FX Loss Allowance
 - Contract Modification
 - FX Contract Modification
 1. Use transaction `TPM63B` or `TPM63C` and enter values for the loss allowance-specific components.
 2. Use transaction `TMP36` to execute a legacy data transfer with your entered values.

Related Information

[Loss Allowance Calculation \[page 27\]](#)

[Adjusting Initial Classifiers \[page 19\]](#)

5.2 Supported Product Categories

The impairment accounting extension supports the following product categories:

Product Category	Text
10	Stock
20	Investment Certificate
30	Subscription Right
40	Bond
41	Drawable Bond
42	Bond with Instalment Repayment

Product Category	Text
60	Warrant Bond
70	Convertible Bond
111	Index Warrant
112	Equity Warrant
113	Currency Warrant
114	Bond Warrant
160	Shareholding
300	Mortgage
310	Borrower's Note Loan
320	Policy Loan
330	General Loan
510	Fixed-Term Deposit
520	Deposit at Notice
530	Commercial Paper
540	Cash Flow Transaction
550	Interest Rate Instrument
570	Fiduciary Deposits
580	Current Acct-Style Instrument
730	Repos
740	Forward Securities Transaction
790	Forward Loans

5.3 Position Classification Using Stages

According to IFRS9, financial instruments should be classified. The impairment accounting extension allows you to classify financial instruments by assigning them to stages.

About Stages and Classifiers

A stage is a category that classifies a position within a valuation area. It's described by a classifier (which is a time-dependent attribute of a position) and a classifier value.

Example

You use classifier 1 with a 12-month probability of default to describe the likelihood in per cent that the financial instrument loses part of its value over the next 12 months.

You define classifiers and their values in Customizing. In this solution, you can use internal and external classifiers that meet different aspects of IFRS 9 requirements:

1. Classifier 1 is used as so-called “external stage”. The external stage can influence the key date valuation of a position.
2. Classifier 2 is used as so-called “internal stage”. You only use an internal stage if you apply stage transfers within a period and want to mark the time between the stage transfer and the period closing. This may be the case if you want to use a different amortization procedure for the time between the stage transfer and the period closing, or if you want to start with the calculation of an interest correction after period closing. The internal stage can be used to trigger additional classifier transfer flows.

Related Information

[Triggering a Stage Transfer with Internal Stages \[page 21\]](#)

5.3.1 Displaying the Stage of a Position

You can display the assigned stage of a position as well as the history of assigned stages of a position.

Context

This how-to video shows how you display the assigned stage of a position in the subledger position indicator in the TS06 transaction.

[Open this video in a new window](#)

Procedure

1. In the *SAP Menu*, choose ► *Accounting* ► *Financial Supply Chain Management* ► *Treasury and Risk Management* ► *Transaction Manager* ► *Securities* ► *Trading* ► *Display (TS06)*. ►
2. Enter an existing security transaction. Choose *Enter*.
3. Choose ► *More* ► *Environment* ► *Position Indicator* ► *Display*. ►
4. In the subledger position indicator, choose *Change Layout* and add the *Classifier* to the list of displayed columns.
5. Choose *Classifier*.

The assigned stage of the position and the history of assigned stages of the position is displayed.

5.3.2 Changing the Initial Stage Assignment of a Position

When you purchase a financial asset (security), you can manually change the initial stage (stage 1) that the system assigns to the corresponding position.

Procedure

1. To change the initial stage, use the `FTR_CREATE` transaction.
2. On the *Administration* tab page, change the value in the *Initial Stage* field.
3. Choose *Save*.

ⓘ Note

To edit the position classifier, choose ► *Environment* ► *Position Indicator* ► *Display or Change or Create*. ►

- Choose the *Change Layout* button, and add the *Classifier* column to the displayed columns.
- If you choose *Classifier*, the system shows all relevant lot positions and the corresponding history of external and internal stages.

5.3.3 Defining Target Stages for the Stage Transfer

You can define target values for the stage transfer in table TRPAT_TARGET_STA so that you don't have to enter them manually.

Context

You must define target stages if you want to use the *From Table* option for the stage transfer (transaction TRPA_TRANSFER).

Procedure

1. In the *SAP Menu* menu, choose **Accounting > Financial Supply Chain Management > Treasury and Risk Management > Transaction Manager > Securities > Accounting > Position Classifier > Stage Transfer > Define Target Stages for Stage Transfer**, or use transaction TRPA_TARGET_STAGE.
2. Enter a key date and additional differentiation values for each target stage.
3. Select a target stage value.
4. Save your entries.

5.3.4 Adjusting Initial Classifiers

You can adjust classifiers *01*, *02*, *03*, and *04* of positions that have an assigned classifier, but don't have fixed flows and a stage transfer in the future.

Context

Note

You can only adjust the initial classifier of a position if no posted flows or stage transfers exist for the position.

Prerequisites

Make sure that you've created entries for classifiers *01*, *02*, *03*, and *04* in the Customizing activity *Make Settings for the Adjustment of Initial Classifiers*.

When you adjust initial classifiers, the entries that are defined in this Customizing activity are processed without an existing timestamp. When the system has processed a table entry successfully, the timestamp is updated with the time of processing.

Procedure

1. In Customizing for *Financial Supply Chain Management* under *Treasury and Risk Management*, choose **Transaction Manager > General Settings > Accounting > Settings for Position Management > Key Date Valuation > Position Classifier > Initialization > Adjust Initial Classifiers.**
2. Define the positions based on the level of the company code, valuation area, and valuation class.
3. Choose *Execute*.
4. Optional: You can execute the adjustment of initial classifiers in test mode.

5.3.5 Running a Stage Transfer

An asset manager checks the credit risk of the financial assets during the whole life cycle of the financial instruments. If there is a significant change in credit risk, the stage assignment of financial instruments may be changed. Typically, the stage assignment is changed during the period closing activities on the day of the period closing.

If you transfer stages of positions from one stage value to another stage, the stage information is available for reporting purposes and in subsequent systems.

Procedure

1. In the *SAP Menu* menu, choose **Accounting > Financial Supply Chain Management > Treasury and Risk Management > Transaction Manager > Securities > Accounting > Position Classifier > Stage Transfer > Execute Stage Transfer**, or use transaction TRPA_TRANSFER.
2. Enter selection criteria to find the positions for which you want to execute a stage transfer.
3. In the *Data Selection* area, define how to select positions for the stage transfer:
 - *New Stage Transfer*: Use this option to select positions, for which a stage transfer has not been scheduled yet.
 - *Scheduled Stage Transfer*: Use this option to select positions, for which a stage transfer has already been scheduled.
 - *File Upload*: Use this option to upload an Excel file with positions for the stage transfer.
 - *From Table*: Use this option to select positions, for which target stage entries have been defined.

Note

If you select this option, you must enter a position value date in the *Classifier Transfer Data* screen area.

Make sure that you've defined target stage entries in transaction TRPA_TARGET_STAGE.

4. Optional: Select the *Test Run* checkbox to run the report in simulation mode.
5. Choose *Execute*.
6. Enter a target stage in the displayed list of positions.

7. Select the positions for the stage transfer.
8. Optional: Download this list as Excel file, and enter target stages. You can upload this file to run this report (Option [File Upload](#)).
9. Choose [Execute Stage Transfer](#).

Note

You can also implement the Business Add-In (BAI) [TPM_TRPA_CLASSIFIER_MANIPULATE](#) to make customer-specific changes to the target external stage.

More Information

For more information about the stage transfer, see the report documentation in the system.

You can also reverse a stage transfer: Execute the `TRPA_TRANSFER_REV` transaction. For more information, see the system documentation.

Related Information

[Defining Target Stages for the Stage Transfer \[page 19\]](#)

5.3.5.1 Triggering a Stage Transfer with Internal Stages

Internal stages are optional. You only use an internal stage (also called classifier 2) if you apply stage transfers within a period and want to mark the time between the stage transfer and the period closing. This may be the case if you want to use a different amortization procedure for the time between the stage transfer and the period closing, or if you want to start with the calculation of an interest correction after period closing.

Prerequisites

Make sure that you've made the relevant settings in the Customizing activity [Define the Position Classifier Order](#).

The system uses the settings from this Customizing activity: If the current entry for the internal stage (classifier 2) isn't defined as default value in this Customizing activity, the system schedules a stage transfer to the default entry at the end of a period according to the Business Add-In (BAI) method `DETERMINE_END_OF_PERIOD` of the BAI `TPM_TRPA_CLASSIFIER_MANIPULATE`.

Restriction

Please remember that the second classifier is designed to be used as internal classifier only. Don't use it for other purposes. Otherwise, problems in other operations occur.

Procedure

1. You trigger a stage transfer within a period manually:

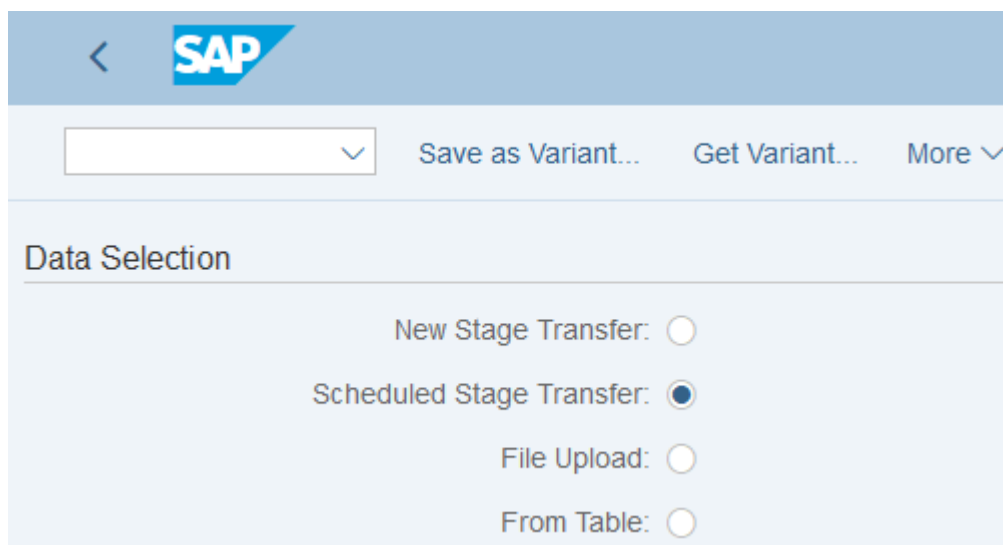
Open the TRPA_TRANSFER transaction and select the *New Stage Transfer*, *File Upload*, or *From Table* checkbox.

2. At the end of the period, you execute a scheduled stage transfer:

In the TRPA_TRANSFER transaction, select the *Scheduled Stage Transfer* checkbox.

Note

Please note that only the internal stage is changed.



The screenshot shows the SAP TRPA_TRANSFER transaction interface. At the top, there is a blue header with the SAP logo and a back arrow. Below the header is a search bar and three buttons: 'Save as Variant...', 'Get Variant...', and 'More'. The main section is titled 'Data Selection' and contains four radio button options: 'New Stage Transfer', 'Scheduled Stage Transfer', 'File Upload', and 'From Table'. The 'Scheduled Stage Transfer' option is selected, indicated by a filled blue circle.

Scheduled Stage Transfer Checkbox

Example

The following show the different scenarios for using internal and external stages.

Example 1

The following example shows the stage assignment for an asset if a stage transfer is executed during the reporting period, no internal stage (classifier 2) is used.

Date	External Stage (Classifier 1)
01.01.2018	1
20.02.2018	2
31.03.2018	3

Example 2

The following example shows the stage assignment for an asset if a stage transfer is executed during the reporting period and internal stages (classifiers 2) are used.

In this case, the reporting period is from January 1 to March 31, 2018. A manual stage transfer takes place on February 20, 2018. With the help of the internal classifier, you can see that it happened within this period. On March 31, 2018, the scheduled stage transfer takes place, which changes the internal stage. Based on the combination of external stage and internal stage, you can, for example, define different amortization procedures.

Date	External Stage (Classifier 1)	Internal Stage (Classifier 2)
01.01.2018	1	1G
20.02.2018	3	3G
31.03.2018	3	3N

5.3.5.2 Assigning Stage-Dependent Amortization Procedures

You can assign amortization procedures that overwrite the amortization procedure that you have specified in the position management procedure.

Context

The amortization procedures depend on the position classifiers of the position indicator.

Procedure

1. In Customizing for *Financial Supply Chain Management*, choose [Treasury and Risk Management](#) [Transaction Manager](#) [General Settings](#) [Accounting](#) [Settings for Position Management](#) [Position Classifier](#) [Assign Amortization Procedure to Stage](#).
2. To assign amortization procedures to stages, create new entries. Here, you have the following options:
 - Create entries with a position management procedure.
 - Create entries without a position management procedure.

The system first searches for an entry with a position management and runs some checks. If it doesn't find an entry with a position management procedure, it searches for a general entry without a position management procedure. If you've created such an entry, this entry is used.

3. Make amortization-relevant settings:

- If you don't enter an amortization procedure, select the *No Amort* checkbox. In this case, the system doesn't execute an amortization, but skips the amortization step during the valuation or creation of derived flows.
- If you leave this checkbox empty, enter an amortization procedure.

Example

Sample Customizing Settings

Position		External		Internal		Amortization	
Management Procedure.	Stage	Description	Stage	Description	No Amortization	Procedure	Description
AC01	1	12-months				1000	Linear Amortized Cost (LAC) Net
AC01	2	lifetime			X		
AC01	3	credit-impaired			X		
	3	credit-impaired				1000	Linear Amortized Cost (LAC) Net

5.3.6 Classifier Takeover from Derivatives to Underlyings

Depending on the product category, the classifiers from a derivate are taken over to the relevant underlying position.

Forward Loans/Forward Securities

Prerequisites

A forward loan (product category [790](#)) or a forward security (product category [740](#)) has been created.

Processing

If you deliver the forward using the *Deliver* functionality of the `FTR_EDIT` transaction, all classifiers from the forward position are taken over to the relevant underlying position.

❖ Example

If the position of a forward is assigned to stage 2, the stage of the underlying position is changed to stage 2 after the delivery.

Listed Options/OTC Options

Prerequisites

A listed option (product category [750](#)) or an OTC option (product category [760](#)) has been created.

Processing

If you exercise the rights for a listed option or an OTC option using the [Exercise](#) functionality of the `FTR_EDIT` transaction, the classifiers from the position of the option are **not** taken over to the underlying position.

❖ Example

The position of the option is assigned to stage 2 and the underlying position has initial stage 1. After exercising the option, the stage of the underlying position remains stage 1.

Related Information

[Supported Product Categories \[page 15\]](#)

5.4 Key Date Valuation of a Financial Asset

You perform key date valuations for financial assets so that the results are calculated according to the IFRS 9 requirements.

With the impairment accounting extension, you can execute the following additional steps within the key date valuation:

- Calculating a loss allowance
The valuation step for the loss allowance is part of the loss allowance component, which is part of the book value.
To use a loss allowance valuation step, you must make sure that a position management procedure with the following position management categories is defined:
 - [1 Sec./Loans/M.Mkt/List.Opts Norm.Style.\(w/o index-link.bonds\)](#)
 - [2 Index-Linked Bonds](#)
 - [6 Forwards/Repos](#)
 - [8 Securities/Loans with Installment Repayment \(Without Index-Linked Bonds\)](#)
- Performing an FX valuation of a loss allowance
- Applying a write-off
To use a write-off valuation step, you must make sure that a position management procedure with the following position management categories is defined:
 - [1 Sec./Loans/M.Mkt/List.Opts Norm.Style.\(w/o index-link.bonds\).](#)
 - [2 Index-Linked Bonds](#)
 - [8 Securities/Loans with Installment Repayment \(Without Index-Linked Bonds\)](#)

Learn more about these steps in the following sections.

5.4.1 Loss Allowance

The loss allowance is a monetary reserve you can use to protect a financial asset against different risks. You can use this reserve if a potential loss occurs. The loss allowance is fully integrated into the Treasury and Risk Management processes so that you have a good view of the current loss allowance.

Options for Using a Loss Allowance

You can calculate the loss allowance during the key date valuation for each position.

Note

To calculate the loss allowance, you can use transaction TPM1 (*Run Valuation*) or transaction TRPA_LA_VAL (*Execute Loss Allowance Valuation*), which you use to calculate an initial loss allowance, for example, during migration. However, you can only use **one** of these transactions on one day.

You can create a loss allowance with or without offset flows. If you use a loss allowance with offset flows, the system creates flows with the same amount. The offset flows are also part of the book value and have the opposite direction of loss allowance flows.

You can also suppress the reset flows for the loss allowance effects even for valuations with reset. Accountants who don't want to reset the loss allowance values can use this option.

Sequence for Determining the Loss Allowance

In the loss allowance step, the system runs the following checks to determine the loss allowance:

1. Check whether a specific loss allowance value for the valuation key date is specified (in transaction TRPA_WROLAVALS)
2. Check whether a loss allowance can be calculated based on default rates
3. Check whether a loss allowance can be retrieved from an active Business Add-In (BAI) implementation

Check Results

- If the system can't find a loss allowance during any of these checks, and no loss allowance value from an earlier key date valuation exists on the *Loss Allowance* component, an error message is displayed. As a result, the key date valuation can't be completed.
- If the system finds a loss allowance value from an earlier key date valuation on the *Loss Allowance* component, but can't find a loss allowance value for the current key date, the loss allowance isn't updated. The key date valuation is continued.

Example

You can use a loss allowance with offset flows for financial instruments that are measured at fair value through OCI (FVOCI). These flows offset the effect of the loss allowance flow. You can use this option if you want to see the loss allowance, but record the whole effect in the security valuation. For more information about the calculation logic, see the [Components](#) section.

Related Information

[Loss Allowance Calculation \[page 27\]](#)

[Entering a Specific Loss Allowance and Write-Off-Value \[page 28\]](#)

[Components \[page 47\]](#)

5.4.2 Loss Allowance Calculation

You can calculate the loss allowance during the key date valuation for each position. It is a separate key figure that is recorded as a negative amount, which is relevant for profit and loss (P/L).

The system calculates the loss allowance as follows:

Loss allowance = probability of default × loss given default × exposure

For financial assets in stage 1, the system calculates the expected loss using the 12-months probability of default. For financial assets in stage 2 and 3, the lifetime probability of default is relevant for the expected loss calculation.

The amortized acquisition value (in position currency) is used as exposure.

If the target loss allowance in position currency is zero after you've executed a loss allowance valuation step for a position in foreign currency, the system creates an adjustment flow so that the foreign exchange (FX) component of the loss allowance is also set to zero.

You define different default groups in Customizing.

To do so, in Customizing for *Financial Supply Chain Management*, choose ► *Treasury and Risk Management* ► *Transaction Manager* ► *General Settings* ► *Accounting* ► *Settings for Position Management* ► *Position Classifier* ► *Assign Default Types to Default Groups.* ►

Example

You can define a default group that uses the 12-months probability of default and one that uses the lifetime probability of default.

More Information

- To enter default rates, use the `TRPA_DRATES` transaction. To create default rates for the probability of default (PD) and loss given default (LGD), you can use this transaction or function module `TPM_TRPA_CREATE_DEFAULT_DATA`.
- To execute the loss allowance valuation step and skip all other valuation steps, use the `TRPA_LA_VAL` transaction. For more information, see the system documentation.
- To reverse the loss allowance valuation step, use the `TRPA_LA_VAL_REV` transaction. For more information, see the system documentation.

5.4.3 Entering a Specific Loss Allowance and Write-Off-Value

You can enter a specific loss allowance value for the loss allowance step of a key date valuation and a specific write-off value for the write-off step of the key date valuation. Both values can be defined in position currency, valuation currency or in both currencies.

Procedure

1. In the *SAP Menu*, choose ► *Accounting* ► *Financial Supply Chain Management* ► *Treasury and Risk Management* ► *Transaction Manager* ► *Securities* ► *Accounting* ► *Position Classifier* ► *Loss Allowance Valuation* ► *Define Write-Off and Target Loss Allowance Value* ►, or use the `TRPA_WROLAVALS` transaction.
2. In the *Field Selection* dialog box, select the *Key Date for Valuation* checkbox.
3. To further define the differentiation criteria for the position, select additional checkboxes.
4. Choose *Continue* and make settings in the relevant fields.
5. Enter a target loss allowance value.

Note

Please remember that the loss allowance amount must be **negative**.

If you don't enter a target loss allowance value, the system calculates the loss allowance value according to your Customizing settings for the loss allowance.

6. Optional: If you want to enable a write-off, select the *Write-Off* checkbox.
7. Enter a write-off amount.
8. Save your entries.

Related Information

[Examples for Defining the Loss Allowance \[page 29\]](#)

[Applying a Write-Off \[page 33\]](#)

5.4.3.1 Examples for Defining the Loss Allowance

These examples illustrate the various options for defining the loss allowance value for the key date valuation.

Entering a Specific Target Loss Allowance

If you want to use a target loss allowance value for a particular key date, valuation area, company code, security ID, and security account, see the following possible options:

Option 1: Entering a Target Loss Allowance in PC

1. Create an entry for the differentiation values.
2. Add a **negative** target loss allowance amount in position currency only.
3. Leave the loss allowance amount in valuation currency empty.

Target Loss Allowance in PC

Field Name	Field Value
<i>Key Date</i>	31.12.2018
<i>CoCd (Company Code)</i>	0001
<i>Valuation Area</i>	001
<i>ID Number</i>	BOND_01
<i>Security Acct</i>	SEC_ACC_01
<i>Loss Allowance in PC</i>	-10,000
<i>Position Currency</i>	USD
<i>Loss Allowance in VC</i>	
<i>Valuation Currency</i>	
<i>Write Off in PC</i>	
<i>Write Off in VC</i>	
<i>Write-Off</i>	Checkbox not selected

Option 2: Entering a Target Loss Allowance in VC

1. Create an entry for the differentiation values.
2. Add a **negative** target loss allowance amount in valuation currency only.

3. Leave the loss allowance amount in position currency empty.

Target Loss Allowance in VC

Field Name	Field Name
<i>Key Date</i>	31.12.2018
<i>CoCd (Company Code)</i>	0001
<i>Valuation Area</i>	001
<i>ID Number</i>	BOND_01
<i>Security Acct</i>	SEC_ACC_01
<i>Loss Allowance in PC</i>	
<i>Position Currency</i>	
<i>Loss Allowance in VC</i>	-10,000
<i>Valuation Currency</i>	USD
<i>Write Off in PC</i>	
<i>Write Off in VC</i>	
<i>Write-Off</i>	Checkbox not selected

Note

If you don't enter a loss allowance amount in position currency, the system calculates the loss allowance amount in position currency based on the loss allowance amount in valuation currency by using the key date exchange rate.

Option 3: Entering a Target Loss Allowance in PC and VC

1. Create an entry for the differentiation values.
2. Add a **negative** target loss allowance amount in position currency.
3. Add a **negative** target loss allowance amount in valuation currency.

Note

If you enter the loss allowance amount of the loss allowance in position and valuation currency, the system uses these values to calculate the write-up/write-down amount in position and valuation currency.

Target Loss Allowance in PC and VC

Field Name	Field Name
<i>Key Date</i>	31.12.2018

Field Name	Field Name
<i>CoCd (Company Code)</i>	0001
<i>Valuation Area</i>	001
<i>ID Number</i>	BOND_01
<i>Security Acct</i>	SEC_ACC_01
<i>Loss Allowance in PC</i>	-11,000
<i>Position Currency</i>	USD
<i>Loss Allowance in VC</i>	-10,000
<i>Valuation Currency</i>	EUR
<i>Write Off in PC</i>	
<i>Write Off in VC</i>	
<i>Write-Off</i>	Checkbox not selected

Calculating the Loss Allowance and Applying a Write-Off

If you want to execute the write-off in the key date valuation step, but want to have the target loss allowance calculated, see the following example. In this case, the calculated loss allowance is transferred to the impairment component.

Write-Off with Target Loss Allowance Calculation

Field Name	Field Name
<i>Key Date</i>	31.12.2018
<i>CoCd (Company Code)</i>	0001
<i>Valuation Area</i>	001
<i>ID Number</i>	BOND_01
<i>Security Acct</i>	SEC_ACC_01
<i>Loss Allowance in PC</i>	
<i>Position Currency</i>	
<i>Loss Allowance in VC</i>	
<i>Valuation Currency</i>	
<i>Write Off in PC</i>	

Field Name	Field Name
<i>Write Off in VC</i>	
<i>Write-Off</i>	Checkbox selected

Related Information

[Examples for Defining the Write-Off Value \[page 34\]](#)

5.4.4 Interest Correction for a Loss Allowance

When an asset is not credit-impaired, the interest revenue is calculated by applying the effective interest rate (EIR) to the gross carrying amount. When an asset becomes credit-impaired according to IFRS 9, the interest revenue is calculated by applying the effective interest rate to the amortized cost (net carrying amount) of the asset. The gross carrying amount reduced by the loss allowance represents the net carrying amount.

In the system, according to the impairment transition group, this can be reflected by applying the EIR to the gross carrying amount (amortized acquisition value) and applying the same EIR to the loss allowance. That means an interest correction is calculated.

Example

On September 30, 2018, key date valuation without reset takes place that increases the loss allowance to 20,000 USD.

On December 31, 2018, key date valuation without reset takes place that increases the loss allowance to 30,000 USD.

On December 31, 2018, the interest correction for the existing loss allowance is calculated for the period after the last amortization. That means for the period from September 30, 2018 to December 31, 2018, the interest correction is calculated for the loss allowance of 20,000 USD.

Loss allowance (LA): 20,000 USD

Calculation period: 91 days

Base days: 360

Internal effective interest rate for the security position: 2.0060254%

The formula for calculating the interest correction is as follows:

$LA * (1 + \text{Int.Eff.Int.})^{(\text{Calculation period}/\text{base days})} - LA$

In this example: $20,000 * 1,020060254^{(91/360)} - 20,000 = 106,66 \text{ USD}$

5.4.5 FX Valuation of a Loss Allowance

You can perform an FX valuation for a loss allowance. If you calculate an offset loss allowance during the loss allowance valuation, the system also performs an FX valuation of the offset loss allowance.

5.4.6 Write-Off

A write-off is an additional step in the key date valuation. It decreases the loss allowance component and increases the impairment component. You apply a write-off for financial assets that are classified into stage 3 when there is no reasonable expectation of recovering (a portion of) the asset. The write-off is always the last step of the key date valuation. It has no impact on the contractual cashflow of the subledger position.

Options for Using a Write-Off

- You can calculate the write-off value by entering a loss allowance value without entering a write-off value: In the write-off step of the key date valuation, the amount from the loss allowance component is transferred to the impairment component.
- You can also enter a specific write-off value: In the write-off step of the key date valuation, the provided write-off value is used as target value for the impairment component.

5.4.7 Applying a Write-Off

To apply a write-off, you can calculate the write-off value or enter a specific write-off value in position currency or in position and valuation currency.

Procedure

1. In the *SAP Menu*, choose ► *Accounting* ► *Financial Supply Chain Management* ► *Treasury and Risk Management* ► *Transaction Manager* ► *Securities* ► *Accounting* ► *Position Classifier* ► *Loss Allowance Valuation* ► *Enter Loss Allowance Value* ►, or use the TRPA_LAVALS transaction.
2. In the *Field Selection* dialog box, select the relevant checkboxes to define the differentiation criteria for the position.
3. In the displayed table, enter values and make settings in the relevant fields.
4. Select the *Write-Off* checkbox.
5. Optional: Enter a loss allowance amount.

ⓘ Note

If you enter a loss allowance amount, please remember that it must be **negative**.

- Optional: Enter a write-off amount.

Note

If you enter a write-off amount, please remember that it must be **negative**.

- Valuate the whole position.

In the *SAP Menu*, choose ► *Accounting* ► *Financial Supply Chain Management* ► *Treasury and Risk Management* ► *Transaction Manager* ► *Securities* ► *Accounting* ► *Valuation Execute Valuation* ►, or use transaction TPM1.

The system executes all valuation steps and adjusts the loss allowance according to the default rates or entered value. It executes the write-off, creates flows to clear the loss allowance and post it to the write-off.

Related Information

[Entering a Specific Loss Allowance and Write-Off-Value \[page 28\]](#)

[Examples for Defining the Loss Allowance \[page 29\]](#)

5.4.7.1 Examples for Defining the Write-Off Value

The following examples illustrate the various options for defining the write-off value for the key date valuation:

Entering a Specific Write-Off Value

Option 1: Entering Separate Loss Allowance and Write-Off Values in PC

If you want to enter a specific write-off value in addition to a specific loss allowance value, see the following example:

- Create an entry for the differentiation values.
- Add a **negative** target loss allowance value in position currency.
- Select the *Write-Off* checkbox.
- Add a **negative** target write-off value in position currency.

→ Remember

Make sure that the absolute value of the loss allowance is higher than the absolute value of the increase of the write-off component.

- In the write-off step of the key date valuation, your entered value is used as target amount in the write-off position. In the following example, after executing the write-off step, the write-off amount is -5,000 EUR and the loss allowance amount is -5,000 EUR.

Separate Loss Allowance and Write-Off Values in PC

Field Name	Field Name
<i>Key Date</i>	31.12.2018
<i>CoCd (Company Code)</i>	0001
<i>Valuation Area</i>	001
<i>ID Number</i>	BOND_01
<i>Security Acct</i>	SEC_ACC_01
<i>Loss Allowance in PC</i>	-10,000
<i>Position Currency</i>	EUR
<i>Loss Allowance in VC</i>	
<i>Valuation Currency</i>	
<i>Write-Off in PC</i>	-5,000
<i>Write-Off in VC</i>	
<i>Write-Off</i>	Checkbox selected

Note

Please note that if a write-off amount already exists, the system only posts the delta amount to the impairment component and the loss allowance amount is reduced by the delta amount.

Example

Let's assume that the existing write-off position is -1,000 EUR and you enter a target write-off amount of -5,000 EUR and a loss allowance amount of -10,000 EUR as shown in the table above.

If you then execute the write-off step, the system only posts the delta amount of -4,000 EUR to the impairment component. Thus, after executing the write-off step, the write-off amount is -5,000 EUR and the loss allowance amount is -6,000 EUR.

Option 2: Entering Separate Loss Allowance and Write-Off Values in PC and VC

1. Create an entry for the differentiation values.
2. Add a **negative** target loss allowance value in position currency.
3. Add a **negative** target loss allowance value in valuation currency.
4. Select the *Write-Off* checkbox.
5. Add a **negative** target write off value in position currency.
6. In the write-off step of the key date valuation, your entered values are used as target amounts in the write-off position.

Separate Loss Allowance and Write-Off Values in PC and VC

Field Name	Field Name
<i>Key Date</i>	31.12.2018
<i>CoCd (Company Code)</i>	0001
<i>Valuation Area</i>	001
<i>ID Number</i>	BOND_01
<i>Security Acct</i>	SEC_ACC_01
<i>Loss Allowance in PC</i>	-10,000
<i>Position Currency</i>	EUR
<i>Loss Allowance in VC</i>	-11,000
<i>Valuation Currency</i>	USD
<i>Write-Off in PC</i>	-5,000
<i>Write-Off in VC</i>	-6,000
<i>Write-Off</i>	Checkbox selected

Calculating the Write-Off Without Entering a Specific Value

If you want to calculate the write-off without entering a specific target write-off value, see the following example:

1. Create an entry for the differentiation values.
2. Add a **negative** target loss allowance amount in position currency.
3. Select the *Write-Off* checkbox.
4. Leave the *Write-Off in PC* and *Write-Off in VC* fields empty.
5. In the write-off step of the key date valuation, the value from the loss allowance component is transferred to the impairment component. In the following example, after executing the write-off step, the impairment component is -10,000 EUR.

Write-Off Calculation Without Specified Write-Off Value

Field Name	Field Name
<i>Key Date</i>	31.12.2018
<i>CoCd (Company Code)</i>	0001
<i>Valuation Area</i>	001

Field Name	Field Name
<i>ID Number</i>	BOND_01
<i>Security Acct</i>	SEC_ACC_01
<i>Loss Allowance in PC</i>	-10,000
<i>Position Currency</i>	EUR
<i>Loss Allowance in VC</i>	
<i>Valuation Currency</i>	
<i>Write Off in PC</i>	
<i>Write Off in VC</i>	
<i>Write-Off</i>	Checkbox selected

Related Information

[Examples for Defining the Loss Allowance \[page 29\]](#)

5.4.8 Key Date Valuation when Selling a Financial Asset

You run the key date valuation during the sale of a financial asset.

Context

This feature supports the following product categories:

Supported Product Categories

Product Category	Product Category Description
10	Stock
20	Investment Certificate
40	Bond
42	Bond with Instalment Repayment
60	Warrant Bond

Product Category	Product Category Description
70	Convertible Bond
160	Shareholding
510	Fixed-Term Deposit
550	Interest Rate Instrument

Procedure

1. Create the sale of a position using transaction `FTR_CREATE`.
2. Make your entries to sell the position.
 - If you have selected the *Execute Valuation for Securities During Position Outflow* checkbox for your position management procedure in the Customizing activity *Define Position Management Procedure* under ► *Financial Supply Chain Management* ► *Treasury and Risk Management* ► *Transaction Manager* ► *General Settings* ► *Settings for Position Management*], the system automatically executes the valuation for the relevant position including the valuation for securities during position outflow.
 - If you've activated `BAdI TPM_TRL_MANIPULATE`, the BAdI method `MANIPULATE_VALUATION_FLOW` is called.
 - If the stage of the position corresponds to the stages that are relevant according to the Customizing settings, the system executes the loss allowance valuation.

5.5 Calculating Profits or Losses After Contract Modification

A contract modification leads to a change of a loan, a money market, or the security master data of a financial instrument. The changes affect all valuation areas. Gains or losses due to contract modifications are created for the valuation area related to IFRS 9 and are recognized on a new component.

Context

To make sure that the effective interest rate is constant after a contract modification (required according to IFRS 9), proceed as follows:

Procedure

1. Optional: Before changing a contract and calculating the profits or losses, you can check the used effective interest rate for your selected position in the *Subledger Cash Flow* (transaction TPM13).
2. Start a key date valuation for the security, money market, or loan for which you want to change the contractual data.

By running the key date valuation, you make sure that the subledger position is fixed before the contract modification.

In the *SAP Menu*, choose ► *Accounting* ► *Financial Supply Chain Management* ► *Treasury and Risk Management* ► *Transaction Manager* ►

- ► *Securities* ► *Accounting* ► *Valuation* ► *Run Valuation* ►, or use transaction TPM1.
- ► *Money Market* ► *Accounting* ► *Valuation* ► *Run Valuation* ►, or use transaction TPM1.

3. Change to the contract, for example, change the end of the contract.

The used effective interest is changed after the contract modification date.

4. Calculate a profit or loss correction flow after the contract modification.

In the *SAP Menu*, choose ► *Accounting* ► *Financial Supply Chain Management* ► *Treasury and Risk Management* ► *Transaction Manager* ► *Securities* ► *Accounting* ► *Position Classifier* ► *Contract Modification* ► *Calculate Profit/Loss after Contract Modification* ►, or use the TRPA_CMF transaction.

5. Optional: You can also manually enter the profit or loss values that should be used during the calculation of profits and losses after a contract modification. To do so, use the TRPA_CMFVALS transaction.

Note

If you have mortgage-backed securities (MBS) and asset-backed securities (ABS) and have executed a valuation for the position and then create a new redemption schedule with an effective-from date that is one day after the valuation key date, the new redemption schedule is used to calculate the profits or losses if you execute a contract modification on the valuation key date.

Results

If you now check your selected position in the *Subledger Cash Flow*, you'll see the calculated or entered profit or loss adjustment flow value and that the used effective interest is constant over time.


Related Information

[Entering Profit or Loss Values \[page 40\]](#)

5.5.1 Entering Profit or Loss Values

You can enter externally calculated profit or loss values for the calculation of profits or losses after a contract modification (transaction `TRPA_CMF`), for example, if the system can't calculate these values because the position management procedure of the relevant position doesn't have an amortization step defined.

Procedure

1. In the SAP Menu, choose **Accounting > Financial Supply Chain Management > Treasury and Risk Management > Transaction Manager > Securities > Accounting > Position Classifier > Contract Modification > Enter Values for Profit/Loss Calculation after Contract Modification** , or use the `TRPA_CMFVALS` transaction.
2. Choose *New Entries*.
3. Enter the date of the contract modification.
4. Enter the differentiation values for the relevant positions.
5. Enter the profit or loss values. You can enter these values in position currency and valuation currency. If you only enter a value in position currency, the solution automatically calculates the value in valuation currency and vice versa.
6. Choose *Save*.

Results

If you now execute the `TRPA_CMF` transaction, the solution updates the relevant positions with your entered values.

If you now check the relevant positions in the *Subledger Cash Flow* (transaction `TPM13`), you can see your entered values as profit or loss adjustment flow amounts.

Related Information

[Calculating Profits or Losses After Contract Modification \[page 39\]](#)

5.6 Reversal of Calculation of Profits or Losses After Contract Modification

You can reverse the calculation of profits or losses after a contract modification.

To do so, first reverse the corresponding business transactions, and then undo the changes of the loan, money market, or the security master data manually.

To reverse business transactions, in the SAP Menu, choose **Accounting > Financial Supply Chain Management > Treasury and Risk Management > Transaction Manager > Securities/Money Market > Accounting > Position Classifier > Contract Modification > Reverse Calculation of Profit/Loss after Contract Modification** or use the TRPA_CMF_REV transaction.

For more information, see the documentation of the TRPA_CONTRACT_MODIFICATION report in the system.

5.7 Defining a Business Model

According to IFRS 9, financial assets are classified based on their contractual cash flow characteristics, and the business model, which describes how they are managed to achieve a business objective. In the impairment accounting extension, you use the valuation class of a position to classify a position into a category, such as:

- Fair value through OCI (FVOCI)
- Fair value through profit or loss (FVPL)
- Amortized cost

According to IFRS 9, the category validity for a position depends on the SPPI (solely payments of principal and interest) criteria, and the business model assessment. With the impairment accounting extension, you can use the following business models:

- A business model that holds a financial asset to collect contractual cash flows (*Held to collect contractual cash flows*)
- A business model that holds a financial asset to collect contractual cash flows and sell financial assets (*Held to collect contractual cash flows and for sale*)
- A business model with another objective, for example, trading of financial assets (*Other business models*)

Note

The definition of a business model is optional. You only need to define a business model if only certain combinations of valuation class, business model and SPPI criterion are allowed for the purchase of a financial asset.

Procedure

1. Define your business model. It's based on the following sequence and combination of your entered data.
 1. Company code, product type, bond classification, portfolio, security account group
 2. Company code, product type, bond classification, portfolio, security account
 3. Company code, product type, portfolio, and security account group
 4. Company code, product type, portfolio, and security account
 5. Company code, product type, bond classification and security account group
 6. Company code, product type, bond classification, portfolio and security account
 7. Company code, product type, bond classification, portfolio and security account group
 8. Company code, product type, bond classification and portfolio
 9. Company code, portfolio, and security account group
 10. Company code, portfolio, and security account
 11. Company code, product type, and security account group
 12. Company code, product type, and security account
 13. Company code, product type, and portfolio
 14. Company code, product type, and bond classification
 15. Company code and security account group
 16. Company code and security account
 17. Company code and portfolio
 18. Company code and product type
 19. Company code
 20. Product type, bond classification
 21. Product type
 22. No data restriction

In the *SAP Menu*, choose ► *Accounting* ► *Financial Supply Chain Management* ► *Treasury and Risk Management* ► *Transaction Manager* ► *Securities* ► *Accounting* ► *Position Classifier* ► *Enter Business Model* ►, or use transaction TRPA_BM_ASSIGN.

2. Define valid combinations of valuation area, valuation class, business model, and SPPI criteria in Customizing for *Financial Supply Chain Management* under ► *Treasury and Risk Management* ► *Transaction Manager* ► *General Settings* ► *Accounting* ► *Settings for Position Management* ► *Position Classifier* ► *Define Valid Parameter Combinations for the Position Creation*. ►
3. You can display the business model of a position by using the transaction TPM12.

5.8 Managing Purchased or Originated Credit Impaired (POCI) Financial Assets

Purchased or Originated Credit Impaired (POCI) receivables are receivables that are already impaired when they're purchased or originated. For these contracts, it's assumed that the capital returns don't meet the requirements of the contractually agreed cash flow.

The expected loss ratio for cashflows of a financial instrument that is classified as POCI is expressed by the POCI expected loss ratio, a time-dependant percentage value. It's applied to the cashflow during the

calculation of amortization and during accrual/deferral calculation. It doesn't impact the contractual cashflow for the subledger position. Please note that the POCI expected loss ratio only supports bonds with product category *040 (Bond)*, *041 (Drawable Bond)*, and *042 (Installment Bond)*.

Note

The POCI expected loss ratio can change in both directions. As the POCI ratio impacts the amortization, the effective interest rate (EIR) is also changed.

Since the purchase amount already considers the credit adjustment, no loss allowance is applied during the purchase. Please note that a write-off isn't applied for POCI receivables.

Prerequisites

To identify POCI receivables, you must define a POCI classifier in the Customizing activity *Define the Position Classifier Order* in Customizing for *Financial Supply Chain Management* under **Treasury and Risk Management > Transaction Manager > Transaction Management > Accounting > Settings for Position Management > Position Classifier.**

Note

Only use the external stage (classifier 1) available in Customizing. The internal stage (classifier 2) isn't supported for POCI receivables.

If you select the *POCI* checkbox for an entry, you must leave the internal classifier *02* and all other checkboxes empty.

Example

Sample POCI Classifier

External Stage	Description	Internal Stage	Description	Default Type Group	Select Initial/Target Classifier	Write-Off	Loss Allowance Valuation During Sale	Interest Correction During Amortization	POCI
4	POCI								X

Features

Defining the POCI Expected Loss Ratio

Create the time-dependent POCI expected loss ratio on the level of the security. In the *SAP Menu* under *Financial Supply Chain Management*, choose **Treasury and Risk Management > Transaction Manager > Securities > Accounting > Position Classifier > Loss Allowance Calculation > Enter Default Rates** (transaction TRPA_DRATES):

1. Choose *New Entries* and then the default type *POCI Expected Loss Ratio*.
2. Enter the required data.
3. Save your entries.

Example

Sample POCI Expected Loss Ratio

Contract Type	Contract Number	Default Type	Valid From	Default Rate for PD, LGD, or POCI	Source of Value
Securities	SAMPLE_BOND	POCI Expected Loss Ratio	01.01.2021	75.0000000	Manual

Purchasing a Security Classified as POCI

1. You purchase a security that's classified as POCI in the *SAP Menu* under **Accounting > Financial Supply Chain Management > Treasury and Risk Management > Transaction Manager > Securities > Trading > Create Financial Transaction** (transaction *FTR_CREATE*).
2. Enter the required data and choose *Create*.
On the screen for creating a security transaction, make sure that on the *Administration* tab, you choose the customized POCI classifier (for example, *4*) as initial stage.

The screenshot shows the SAP FTR_CREATE transaction screen. At the top, the Company Code is 0001 (SAP SE) and the Transaction is 109243. The Security Class is SAMPLE_SECURITY (Sample Security) and the Transaction Type is 100 (Purchase). The Activity is 2 (Contract Settlement). The Administration tab is selected, showing the Position Assignment section with Portfolio and Gen. Valn Class (1 Short-term Invest (&Curre...)). The Additional Fields section includes Assignment, Internal Reference, Characteristics, and Initial Stage (4) POCI.

3. Save your entries.

Applying the POCI Expected Loss Ratio During Amortization

During amortization, the system determines the relevant POCI expected loss ratio based on the key date of the amortization. Then, the determined POCI expected loss ratio is applied to cut every flow - except for the inflow.

Example

The following table shows the cashflows of a security class:

Position Date	Flow Category	Position Value in PC	Calc. from	Calc. to
01.01.2014	Purchase	100,000.00	01.01.2014	
31.12.2014	Nominal Interest	5,000.00	31.12.2014	01.02.2015
31.12.2015	Nominal Interest	5,000.00	01.02.2015	31.12.2015
31.12.2016	Nominal Interest	5,000.00	01.02.2015	31.12.2016
31.12.2016	Final Repayment	100,000.00	01.02.2015	31.12.2016

In the following table, the POCI expected loss ratio (75.0000000%) is applied to all flows except the inflow, which is a purchase flow.

Position Date	Flow Category	Position Value in PC	Calc. from	Calc. to
01.01.2014	Inflow (Generic)	-87,000.00	01.01.2014	01.02.2015
01.01.2014	Accrued Interest Adjustment	-3.47	01.01.2014	01.02.2015
31.12.2014	Nominal Interest	1,250.00	31.12.2014	01.02.2015
31.12.2015	Nominal Interest	1,250.00	01.02.2015	31.12.2015
31.12.2016	Nominal Interest	1,250.00	01.02.2015	31.12.2016
31.12.2016	Final Repayment	25,000.00	01.02.2015	31.12.2016

Applying the POCI Expected Loss Ratio During Accrual/Deferral

When you process the accrual/deferral (transaction TPM44), the system determines the POCI expected loss ratio (defined in transaction TRPA_DRATES) and uses the amount adjusted by the POCI for the interest accrual/deferral.

Changing the POCI Expected Loss Ratio

You can change the time-dependent POCI expected loss ratio, for example, if expectations change, as follows:

1. Use transaction TRPA_DRATES and add a new entry.
2. Choose default type *POCI Expected Loss Ratio*.
3. Enter a valid-from date for the new entry.
The changed POCI expected loss ratio is valid as of your entered date.

Running a Stage Transfer

If you want to run a stage transfer for a position with a stage classified as POCI, make sure that the target stage is also classified as POCI. You can only run a stage transfer if the source and target stages are both classified as POCI.



5.8.1 Calculating Profits or Losses After Change of POCI Expected Loss Ratio

For securities that are classified as (Purchased or Originated Credit Impaired), you can calculate the profits or losses after the POCI expected loss ratio has changed. This feature enables you to make sure that the effective interest rate is constant after the change.

Prerequisites

- The POCI expected loss ratio has changed.
- The financial assets are classified as POCI.
- Check the Customizing of the position management procedure that's assigned to the selected positions:
 - If an amortization step is defined in the position management procedure, run a key date valuation (transaction `TPM1`) for the affected positions to update the amortization.
 - Make sure that the change date of the POCI expected loss ratio you enter in this report is the same as the date of the key date valuation.

Procedure

1. Start a key date valuation for a security with product category *040 (Bond)*, *041 (Drawable Bond)*, or *042 (Installment Bond)* for which you want to change the POCI expected loss ratio.
By running the key date valuation, you make sure that the subledger position is fixed before changing the POCI expected loss ratio.
In the *SAP Menu*, choose **Accounting > Financial Supply Chain Management > Treasury and Risk Management > Transaction Manager > Securities > Accounting > Valuation > Run Valuation** , or use transaction `TPM1`.
2. Change the POCI expected loss ratio for the given key date by using transaction `TRPA_DRATES`.
3. Calculate a profit or loss correction flow after the change of the POCI expected loss ratio.
In the *SAP Menu*, choose **Accounting > Financial Supply Chain Management > Treasury and Risk Management > Transaction Manager > Securities > Accounting > Position Classifier > Purchased or Originated Credit Impaired (POCI) Financial Assets > Calculate Profit/Loss After POCI Change** , or use the `TRPA_POCI_CHANGE` transaction.

Results

If you now check your selected position in the *Subledger Cash Flow* (transaction TPM13), you'll see the adjustment flow with the calculated profit or loss value and that the used effective interest is constant.

For more information, see the documentation of the TRPA_POCI_CHANGE report in the system.

Note

If you have mortgage-backed securities (MBS) and asset-backed securities (ABS) and have run a valuation for the position and then create a new redemption schedule with an effective-from date that is 1 day after the valuation key date, the new redemption schedule is used to calculate the profits or losses on the valuation key date.

5.8.2 Reversing the Calculation of Profit/Loss After Change of POCI Expected Loss Ratio

For securities classified as (Purchased or Originated Credit Impaired), you can reverse the calculation of profits or losses that has been run because of a changed POCI expected loss ratio.

To reverse the calculation, in the SAP Menu, choose **Accounting > Financial Supply Chain Management > Treasury and Risk Management > Transaction Manager > Securities > Accounting > Position Classifier > Purchased or Originated Credit Impaired (POCI) Financial Assets > Reverse Calculation of Profit/Loss After POCI Change**, or use the TRPA_POCI_CHANGE_REV transaction.

For more information, see the documentation of the TRPA_POCI_CHANGE_REV report in the system.

5.9 Components

The impairment accounting extension introduces new components and uses existing ones, which are impairment-relevant. The components correspond to an account and the granularity is that all account-relevant postings can be derived from changes of components. A change of a component is triggered by a flow, which leads to a decrease or an increase of a component.

According to the IFRS 9 requirements, you can use the following components:

- Loss Allowance
- FX Loss Allowance
- Offset Loss Allowance
- Offset FX Loss Allowance
- OCI Offset Loss Allowance (unrealized and not part of book value)
- OCI Offset FX Loss Allowance (unrealized and not part of book value)
- Modification of Gains/Losses of Contract Modifications

- Amortization Adjustment of Loss Allowance (not part of book value)
- FX Amortization Adjustment of Loss Allowance (not part of book value)
- Existing Impairment Component Used for Write-Off
- Gross Carrying Amount (new IFRS 9-specific figure)
- Amortized Cost as defined in IFRS 9 (also referred to as Net Carrying Amount)

The following figure shows how the derived components are calculated based on the original components:

Existing System Logic		Position Currency	New Possible IFRS Logic					
	Purchase Value	950,00		Purchase Value	950,00			
+	Capitalized Costs	0,00	+	Capitalized Costs	0,00			
+	Repayment	0,00	+	Repayment	0,00			
=	Acquisition Value (AV)	950,00	+	FX Acquisition Value	0,00		X	
+	Amortization	11,89	=	Acquisition Value (AV)	950,00			
+	Impairment Write-Off	0,00	+	Amortization	11,89			
+	Impairment FX Write-Off	0,00	+	Write-Off (Impairment)	0,00	X		
			+	Write-Off FX (Impairment)	0,00	X		
+	FX on AAV	-	+	Contract Modification Gain/Loss	0,00	X	X	
=	Amortized Acquisition Value	961,89	+	FX on AAV	0,00			
			=	Gross Carrying Amount (Amortized Acquisition Value)	961,89	X		
			+	Loss Allowance (Stage 1 - 3)	-10,00		X	
			+	FX Loss Allowance	0,00		X	
			=	Amortized Cost	951,89		X	
			+	Offset Loss Allowance	10,00		X	
			+	Offset FX Loss Allowance	0,00		X	
+	Security Valuation	8,11	+	Security Valuation	8,11			
+	FX Valuation	0,00	+	FX Valuation	0,00			
=	Book Value	970,00	=	Book Value	970,00			

Logic for the Calculation of Derived Components

5.10 Analytics

5.10.1 Enhanced Position Initialization

Technical Name: 0CFM_INIT_POSITIONS

The 0CFM_INIT_POSITIONS DataSource is enhanced by impairment key figures.

Use

This DataSource loads the initial values for the position key figures and the impairment key figures.

In addition to the key fields for position-differentiating *characteristics*, evaluation key date, and the posting status, it extracts the associated *units* local currency, position currency, and valuation currency. Moreover, this DataSource loads the lot *attributes*.

As actual *key figures*, the initial position values reflect the accounting view of the positions for the key date.

The following impairment-relevant fields of origin for the extract structure have been added:

Added Fields of Origin for the Extract Structure

Added Fields in the Extract Structure	Description of the Added Field in the Extract Structure	Table of Origin	Field in Table of Origin
PURCH_IDXCL_PC	Purchase Value, Index-Clean, in Position Currency		
AQU_VAL_IDXCL_PC	Acquisition Value, Index-Clean, in Position Currency		
BOOK_VAL_IDXCL_PC	Book Value, Index-Clean, in Position Currency		
CHARGE_IDXCL_PC	Costs, Index-Clean, in Position Currency		
BOOK_VAL_EX_IDXCL_PC	Book Value Excluding Costs, Index-Clean, in Position CrCY		
VAL_TI_IDXCL_PC	Security Valuation, Index-Clean, in Position Currency		
AMORT_IDXCL_PC	Amortization, Index-Clean, in Position Currency		
AMAQU_VAL_INDXCL_PC	Amortized Acquisition Value, Index-Clean, in Position CrCY		
IMPMNT_IDXCL_PC	Impairment in Position Currency, Index Clean		
DISAGIO_IDXCL_PC	Cleared PD Deferral/Tax Compensation in PC: Index-Clean		
VAL_TI_NPL_IDXCL_PC	Security Valuation, Not Affecting P/L, Index-Clean, in PC		
VAL_CH_TI_NP_IDXCL_PC	Val.of Cap.Costs, SE, Not Aff.P/L, Index-Clean, in Pos.CrCY		
HADJ_IDXCL_PC	Hedge Adjustment in Position Currency, Index-Clean		
LS_AL_PC	Loss Allowance in Position Currency		
LS_AL_LC	Loss Allowance in Local Currency		
LS_AL_VC	Loss Allowance in Valuation Currency		

Added Fields in the Extract Structure	Description of the Added Field in the Extract Structure	Table of Origin	Field in Table of Origin
LS_AL_IDXCL_PC	Loss Allowance in Position Currency: Index-Clean		
LS_AL_FX_LC	Loss Allowance FX in Local Currency		
LS_AL_FX_VC	Loss Allowance FX in Valua- tion Currency		
AA_LS_AL_PC	Amortization Adjustm. of Loss Allowance in Position Currency		
AA_LS_AL_LC	Amortization Adjustm. of Loss Allowance in Local Cur- rency		
AA_LS_AL_VC	Amortization Adj. of Loss Allowance in Valuation Cur- rency		
AA_LS_AL_IDXCL_PC	Amort. Adj. of Loss Allow- ance in Position CrCY (Index- Clean)		
AA_LS_AL_FX_LC	Amortization Adjustm. of Loss Allowance FX in Local Currency		
AA_LS_AL_FX_VC	Amortization Adjust. of Loss Allowance FX in Valuation CrCY.		
OF_LS_AL_PC	Offset Loss Allowance in Po- sition Currency		
OF_LS_AL_LC	Offset Loss Allowance in Lo- cal Currency		
OF_LS_AL_VC	Offset Loss Allowance in Val- uation Currency		
OF_LS_AL_IDXCL_PC	Offset Loss Allowance in Po- sition Currency: Index-Clean		
OF_LS_AL_FX_LC	Offset Loss Allowance FX in Local Currency		
OF_LS_AL_FX_VC	Offset Loss Allowance FX in Valuation Currency		
OCI_OF_LA_PC	OCI Offset Loss Allowance in Position Currency		
OCI_OF_LA_LC	OCI Offset Loss Allowance in Local Currency		
OCI_OF_LA_VC	OCI Offset Loss Allowance in Valuation Currency		

Added Fields in the Extract Structure	Description of the Added Field in the Extract Structure	Table of Origin	Field in Table of Origin
OCI_OF_LA_IDXCL_PC	OCI Offset Loss Allowance in Position Currency: Index-Clean		
OCI_OF_LA_FX_LC	OCI Offset Loss Allowance FX in Local Currency		
OCI_OF_LA_FX_VC	OCI Offset Loss Allowance FX in Valuation Currency		
CN_CG_PC	Contractual Change in Position Currency		
CN_CG_LC	Contractual Change in Local Currency		
CN_CG_VC	Contractual Change in Valuation Currency		
CN_CG_IDXCL_PC	Contractual Change in Position Currency: Index-Clean		
CN_CG_FX_LC	Contractual Change FX in Local Currency		
CN_CG_FX_VC	Contractual Change FX in Valuation Currency		
AM_COST_PC	Amortized Cost in Position Currency		
AM_COST_LC	Amortized Cost in Local Currency		
AM_COST_VC	Amortized Cost in Valuation Currency		
AM_COST_IDXCL_PC	Amortized Cost in Position Currency: Index-Clean		

5.10.2 Enhanced Delta Position

Technical Name: 0CFM_DELTA_POSITIONS

The 0CFM_DELTA_POSITIONS DataSource is enhanced by impairment key figures.

Use

This DataSource loads the delta values for the position key figures and the impairment key figures.

In addition to the position-differentiating *characteristics*, position value date, and the posting status, it extracts the associated *units* local currency, position currency, and valuation currency. It also loads the number of

the security or futures transaction, the counterparty reference, the update type, the business transaction category, the ID of the distributor business transaction, and the number of the treasury ledger (TRL) flow. These *attributes* are needed for BW updates. This InfoSource also uploads the lot *attributes*.

The delta position values are the actual *key figures* that reflect the accounting view.

The following impairment-relevant fields of origin for the extract structure have been added:

Added Fields of Origin for the Extract Structure

Added Fields in the Extract Structure	Description of the Added Field in the Extract Structure	Table of Origin	Field in Table of Origin
D_PURCH_IDXCL_PC	Delta Purchase Value, Index-Clean, in Position Currency		
D_AQU_VAL_IDXCL_PC	Delta Acquisition Value, Index-Clean, in Position Currency		
D_BOOK_VAL_IDXCL_PC	Delta Book Value, Index-Clean, in Position Currency		
D_CHARGE_IDXCL_PC	Delta Costs, Index-Clean, in Position Currency		
D_BOOK_VAL_EX_IDXCL_PC	Delta Book Value Excl. Costs, Index-Clean, in Position CrCY		
D_VAL_TI_IDXCL_PC	Delta Security Valuation, Index-Clean, in Position Currency		
D_AMORT_IDXCL_PC	Delta Amortization, Index-Clean, in Position Currency		
D_IMPMT_IDXCL_PC	Delta Impairment, Index-Clean, in Position Currency		
D_AMAQU_VAL_IDXCL_PC	Delta Amortized Acquisition Value, Index-Clean, in Pos.Crcy		
D_DISAGIO_IDXCL_PC	Delta Cleared PD Def./Tax Compensation, Index-Clean, in PC		
D_VAL_TI_NPL_IDXCL_PC	Delta Sec. Valuation, Not Aff. P/L, Index-Clean, Pos. CrCY		
D_VAL_CH_TI_N_IDXCL_PC	Delta Val.of Cap.Costs, Sec., Index-Clean, in Position CrCY		
D_HADJ_IDXCL_PC	Delta Hedge Adjustment, Index-Clean, in Position Currency		

Added Fields in the Extract Structure	Description of the Added Field in the Extract Structure	Table of Origin	Field in Table of Origin
D_LS_AL_PC	Delta Loss Allowance in Position Currency		
D_LS_AL_LC	Delta Loss Allowance in Local Currency		
D_LS_AL_VC	Delta Loss Allowance in Valuation Currency		
D_AA_LS_AL_IDXCL_PC	Delta Amort. Adjust. Loss Allow, Index-CI., in Pos. Currency		
D_LS_AL_FX_LC	Delta Loss Allowance FX in Local Currency		
D_LS_AL_FX_VC	Delta Loss Allowance FX in Valuation Currency		
D_AA_LS_AL_PC	Delta Amortization Adjustment Loss Allow. in Pos. Currency		
D_AA_LS_AL_LC	Delta Amortization Adjustment Loss Allow. in Local Currency		
D_AA_LS_AL_VC	Delta Amortization Adjustment Loss Allow. in Valuation Crcy.		
D_AA_LS_AL_IDXCL_PC	Delta Amort. Adjust. Loss Allow, Index-CI., in Pos. Currency		
D_AA_L_A_FX_LC	Delta Amortization Adjustment Loss Allow. FX in Local Crcy.		
D_AA_L_A_FX_VC	Delta Amortization Adjustment Loss Allow. FX in Val. Crcy.		
D_OF_LS_AL_PC	Delta Offset Loss Allowance in Position Currency		
D_OF_LS_AL_LC	Delta Offset Loss Allowance in Local Currency		
D_OF_LS_AL_VC	Delta Offset Loss Allowance in Valuation Currency		
D_OF_LS_AL_IDXCL_PC	Delta Offset Loss Allow., Index-Clean, in Position Currency		
D_OF_LS_AL_FX_LC	Delta Offset Loss Allowance FX in Local Currency		

Added Fields in the Extract Structure	Description of the Added Field in the Extract Structure	Table of Origin	Field in Table of Origin
D_OF_LS_AL_FX_VC	Delta Offset Loss Allowance FX in Valuation Currency		
D_OCI_OFLA_PC	Delta OCI Offset Loss Allowance in Position Currency		
D_OCI_OFLA_LC	Delta OCI Offset Loss Allowance in Local Currency		
D_OCI_OFLA_VC	Delta OCI Offset Loss Allowance in Valuation Currency		
D_OCI_OFLA_IDXCL_PC	Delta OCI Offset Loss Allow., Index-CI, in Position Currency		
D_OCI_OFLA_FX_LC	Delta OCI Offset Loss Allowance FX in Local Currency		
D_OCI_OFLA_FX_VC	Delta OCI Offset Loss Allowance FX in Valuation Currency		
D_CN_CG_PC	Delta Contractual Change in Position Currency		
D_CN_CG_LC	Delta Contractual Change in Local Currency		
D_CN_CG_VC	Delta Contractual Change in Valuation Currency		
D_CN_CG_IDXCL_PC	Delta Contractual Change, Index-Clean, in Position Currency		
D_CN_CG_FX_LC	Delta Contractual Change FX in Local Currency		
D_CN_CG_FX_VC	Delta Contractual Change FX in Valuation Currency		
D_AM_COST_PC	Delta Amortized Cost in Position Currency		
D_AM_COST_LC	Delta Amortized Cost in Local Currency		
D_AM_COST_VC	Delta Amortized Cost in Valuation Currency		
D_AM_COST_IDXCL_PC	Delta Amortized Cost, Index-Clean, in Position Currency		

5.11 Information System

5.11.1 Enhanced Logical Database FTI_TR_POSITIONS

The output structure of the logical database FTI_TR_POSITIONS, which you can use to evaluate positions in the *Transaction Manager* for a given key date, is enhanced by the following impairment key figures.

Features

Supported Fields in Extract Structure	Description of Field in Extract Structure
S_AM_AD_LS_AL_PC	Amortization Adj. of Loss Allowance in Position Crcy. (Sim.)
S_AM_AD_LS_AL_VC	Amortiz. Adj. of Loss Allowance in Valuation Crcy. (Sim.)
S_AM_AD_LS_AL_LC	Am. Adj. of Loss Allowance in Local Crcy. (Sim.)
S_AM_AD_LS_AL_DC	Amortization Adj. of Loss Allowance in Display Crcy. (Sim.)
S_AM_AD_LS_AL_FX_LC	Amortization Adj. of Loss All. FX in Lcl. Crcy. (Simulation)
S_AM_AD_LS_AL_FX_VC	Amortization Adj. of Loss All. FX in Val. Crcy. (Simulation)
S_OF_LS_AL_PC	Offset Loss Allowance in Position Currency (Simulation)
S_OF_LS_AL_VC	Offset Loss Allowance in Valuation Currency (Simulation)
S_OF_LS_AL_DC	Offset Loss Allowance in Display Currency (Sim.)
S_OF_LS_AL_LC	Offset Loss Allowance in Local Currency (Simulation)
S_OF_LS_AL_FX_LC	Offset Loss Allowance FX in Local Currency (Simulation)
S_OF_LS_AL_FX_VC	Offset Loss Allowance FX in Valuation Currency (Simulation)
S_OCI_OF_LS_AL_PC	OCI Offset Loss Allowance in Position Currency (Simulation)
S_OCI_OF_LS_AL_DC	OCI Offset Loss Allowance in Display Currency (Simulation)
S_OCI_OF_LS_AL_LC	OCI Offset Loss Allowance in Local Currency (Simulation)
S_OCI_OF_LS_AL_VC	OCI Offset Loss Allowance in Valuation Currency (Simulation)
S_OCI_OFFS_LOSS_ALLOW_FX_LC	OCI Offset Loss Allowance FX in Local Currency (Simulation)
S_OCI_OFFS_LOSS_ALLOW_FX_VC	OCI Offset Loss Allowance FX in Valuation Currency (Sim.)

Supported Fields in Extract Structure	Description of Field in Extract Structure
S_CN_CG_PC	Contractual Change in Position Currency (Simulation)
S_CN_CG_VC	Contractual Change in Valuation Currency (Simulation)
S_CN_CG_LC	Contractual Change in Local Currency (Simulation)
S_CN_CG_DC	Contractual Change in Display Currency (Simulation)
S_CN_CG_FX_LC	Contractual Change FX in Local Currency (Simulation)
S_CN_CG_FX_VC	Contractual Change FX in Valuation Currency (Simulation)
S_AM_COST_PC	Amortized Cost in Position Currency (Simulation)
S_AM_COST_VC	Amortized Cost in Valuation Currency (Simulation)
S_AM_COST_DC	Amortized Cost in Display Currency (Simulation)
S_AM_COST_LC	Amortized Cost in Local Currency (Simulation)
ZERO_POSITION	Zero Position on Key Date
.INCLUDE	PD and LGD values for LDB positions
12M_PD	12-Month Probability of Default
LIFETIME_PD	Lifetime Probability of Default
LGD	Loss Given Default
12M_PD_ORG_AQU_DAT	12-Month Probability of Default Lot Position
LIFETIME_PD_ORG_AQU_DAT	Lifetime Probability of Default Lot Position
LGD_ORG_AQU_DAT	Loss Given Default for Lot Original Pos Acquisition Date
CLASSIFIER_01	External Stage Value
CLASSIFIER_02	Internal Stage Value
CLASSIFIER_03	Position Classifier Value
CLASSIFIER_04	Position Classifier Value

More Information

For more information about the 0CFM_INIT_POSITIONS DataSource, see the product assistance for SAP S/4HANA on SAP Help Portal at <http://help.sap.com/s4hana>. Open the product page for your SAP S/4HANA release and search for "Logical Database FTI_TR_POSITIONS".

5.11.2 Enhanced Logical Database FTI_TR_PERIODS

The output structure of the logical database FTI_TR_PERIODS, which you can use to evaluate positions in the *Transaction Manager* for given periods, is enhanced by the following impairment key figures.

Features

Supported Fields in Extract Structure	Description of Field in Extract Structure
LOSS_ALLOW_PC_A	Loss Allowance in Position Currency / Start of Period
LOSS_ALLOW_PC_E	Loss Allowance in Position Currency / End of Period
LOSS_ALLOW_LC_A	Loss Allowance in Local Currency / Start of Period
LOSS_ALLOW_LC_E	Loss Allowance in Local Currency / End of Period
LOSS_ALLOW_VC_A	Loss Allowance in Valuation Currency / Start of Period
LOSS_ALLOW_VC_E	Loss Allowance in Valuation Currency / End of Period
LOSS_ALLOW_DC_A	Loss Allowance in Display Currency / Start of Period
LOSS_ALLOW_DC_E	Loss Allowance in Display Currency / End of Period
LOSS_ALLOW_FX_LC_A	Loss Allowance FX in Local Currency / Start of Period
LOSS_ALLOW_FX_LC_E	Loss Allowance FX in Local Currency / End of Period
LOSS_ALLOW_FX_VC_A	Loss Allowance FX in Valuation Currency / Start of Period
LOSS_ALLOW_FX_VC_E	Loss Allowance FX in Valuation Currency / End of Period
OFFS_LOSS_ALLOW_PC_A	Offset Loss Allowance in Position Currency / Start of Period
OFFS_LOSS_ALLOW_PC_E	Offset Loss Allowance in Position Currency / End of Period
OFFS_LOSS_ALLOW_LC_A	Offset Loss Allowance in Local Currency / Start of Period
OFFS_LOSS_ALLOW_LC_E	Offset Loss Allowance in Local Currency / End of Period
OFFS_LOSS_ALLOW_VC_A	Offset Loss Allowance in Valuation Currency/ Start of Period
OFFS_LOSS_ALLOW_VC_E	Offset Loss Allowance in Valuation Currency / End of Period
OFFS_LOSS_ALLOW_DC_A	Offset Loss Allowance in Display Currency / Start of Period
OFFS_LOSS_ALLOW_DC_E	Offset Loss Allowance in Display Currency / End of Period

Supported Fields in Extract Structure	Description of Field in Extract Structure
OFFS_LOSS_ALLOW_FX_LC_A	Offset Loss Allowance FX in Local Currency / Start of Period
OFFS_LOSS_ALLOW_FX_LC_E	Offset Loss Allowance FX in Local Currency / End of Period
OFFS_LOSS_ALLOW_FX_VC_A	Offset Loss Allowance FX in Valuation Curr / Start of Period
OFFS_LOSS_ALLOW_FX_VC_E	Offset Loss Allowance FX in Valuation Curr / End of Period
OCI_OFFS_LOSS_ALLOW_PC_A	OCI Offset Loss Allowance in Position Currency / Start of Period
OCI_OFFS_LOSS_ALLOW_PC_E	OCI Offset Loss Allowance in Position Currency/End of Period
OCI_OFFS_LOSS_ALLOW_LC_A	OCI Offset Loss Allowance in Local Currency / Start of Period
OCI_OFFS_LOSS_ALLOW_LC_E	OCI Offset Loss Allowance in Local Currency / End of Period
OCI_OFFS_LOSS_ALLOW_VC_A	OCI Offset Loss Allowance in Valuation Currency / Start of Period
OCI_OFFS_LOSS_ALLOW_VC_E	OCI Offset Loss Allowance in Valuation Currency / End of Period
OCI_OFFS_LOSS_ALLOW_DC_A	OCI Offset Loss Allowance in Display Currency / Start of Period
OCI_OFFS_LOSS_ALLOW_DC_E	OCI Offset Loss Allowance in Display Currency / End of Period
OCI_OFFS_LOSS_ALLO_FX_LC_A	OCI Offset Loss Allowance FX in Local Currency / Start of Period
OCI_OFFS_LOSS_ALLO_FX_LC_E	OCI Offset Loss Allowance FX in Local Currency / End of Period
OCI_OFFS_LOSS_ALLO_FX_VC_A	OCI Offset Loss Allowance FX in Valuation Currency / Start of Period
VAL_FX_AQU_VAL_VC_A	FX Valuation of Acquisition Value in Valuation Currency / Start of Period
VAL_FX_AQU_VAL_VC_E	FX Valuation of Acquisition Value in Valuation Currency / End of Period
AMORT_COST_PC_A	Amortized Cost in Position Currency / Start of Period
AMORT_COST_PC_E	Amortized Cost in Position Currency / End of Period

Supported Fields in Extract Structure	Description of Field in Extract Structure
AMORT_COST_LC_A	Amortized Cost in Local Currency / Start of Period
AMORT_COST_LC_E	Amortized Cost in Local Currency / End of Period
AMORT_COST_VC_A	Amortized Cost in Valuation Currency / Start of Period
AMORT_COST_VC_E	Amortized Cost in Valuation Currency / End of Period
AMORT_COST_DC_A	Amortized Cost in Display Currency / Start of Period
AMORT_COST_DC_E	Amortized Cost in Display Currency / End of Period
AM_AD_LS_AL_PC_A	Amortization Adjustment of Loss Allowance in Position Currency / Start of Period
AM_AD_LS_AL_PC_E	Amortization Adjustment of Loss Allowance in Position Currency / End of Period
AM_AD_LS_AL_LC_A	Amortization Adjustment of Loss Allowance in Local Currency / Start of Period
AM_AD_LS_AL_LC_E	Amortization Adjustment of Loss Allowance in Local Currency / End of Period
AM_AD_LS_AL_VC_A	Amortization Adjustment of Loss Allowance in Valuation Currency / Start of Period
AM_AD_LS_AL_VC_E	Amortization Adjustment of Loss Allowance in Valuation Currency / End of Period
AM_AD_LS_AL_DC_A	Amortization Adjustment of Loss Allowance in Display Currency / Start of Period
AM_AD_LS_AL_DC_E	Amortization Adjustment of Loss Allowance in Display Currency / End of Period
AM_AD_LS_AL_FX_LC_A	Amortization Adjustment of Loss Allowance FX in Local Currency / Start of Period
AM_AD_LS_AL_FX_LC_E	Amortization Adjustment of Loss Allowance FX in Local Currency / End of Period
AM_AD_LS_AL_FX_VC_A	Amortization Adjustment of Loss Allowance FX in Valuation Currency / Start of Period
AM_AD_LS_AL_FX_VC_E	Amortization Adjustment of Loss Allowance FX in Valuation Currency / End of Period

6 App for the Impairment Accounting Extension

The following app is available with this solution.

Business Group	App	SAP Fiori ID / Transaction
Reporting	Display Treasury Position Values for Expected Losses [page 60]	F3123

6.1 Display Treasury Position Values for Expected Losses

With this app, you can display a list of positions in the treasury subledger and their position component values on any selected key date. Examples of position component values include information about expected losses and the stage assignment of a position.

App ID: F3123

Key Features

This app supports the following features:

- Shows detailed information on selected treasury positions with the possibility of further navigation, for example, navigation to position management procedure and to the following apps:
 - Display Treasury Position Flows
 - Manage Position Indicator
- Enables navigation to master data; for example, business partner, futures account, securities account, security class
- Enables sorting, grouping, and subtotals
- Provides readily the count of positions in the content area header
- Enables triggering of emails and exporting of results to a Microsoft Excel spreadsheet
- Displays expected credit losses, FX effects for expected credit losses, and position stage

Selecting Position Flows

To restrict the number of position flows in the result list, you can enter the following selection criteria:

Product Group If you choose one or more product groups, the app shows the positions for these groups.

General Selections

You can use the following general selection criteria when selecting positions:

- Key date
- Product type
- Company code
- Valuation area
- Business area
- Position Stage
- Choose *Adapt Filters* to change the standard selection criteria.

Displaying Treasury Position Values for Expected Losses

1. Call the app.
2. Remove any selections in the product groups that are not applicable. This speeds up the response times for all subsequent operations since only the transactions from the components you have selected are included.
3. Enter your criteria to select the transactions you require and their related flows.
4. Choose *Go*.
5. The system displays a list of the transactions you selected.

By selecting a position from the list and choosing *Position Management Procedure*, you can branch to the detailed data on the relevant position management procedure for that position.

Supported Device Types

- Desktop

Extensibility

Note

This app is not suitable to be extended.

More Information

App-specific implementation information is included in the SAP Fiori apps reference library: <https://fioriappslibrary.hana.ondemand.com/sap/fix/externalViewer/index.html?appld=F3123>

For additional implementation information, see also the administration guide on SAP Help Portal at <https://help.sap.com/impairment>.



For implementation information about finance apps, see the product assistance for SAP S/4HANA on SAP Help Portal at <http://help.sap.com/s4hana>. Open the product page for your SAP S/4HANA release and search for "Additional Implementation Activities for All Finance Apps".

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