Loans Management (TR-LO)

HELP.TRLO

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SAP™

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Icons

Icon	Meaning
⚠	Caution
💬	Example
💡	Note
🧭	Recommendation
SYN	Syntax

Contents

Loans Management (TR-LO)

Purpose

The Loans Management component offers functions for mapping the complete loan process for loans given and loans taken, from entering data on a potential contract right through to contract disbursement and the data transfer to Financial Accounting. It incorporates complex collateral management functions, support for decision-making and a range of options for tailoring your contracts.

> Flexible structures for conditions, transaction processes, collateral and loan partners allow you to represent all the main forms of loan. Besides traditional loan forms, the system also supports borrower's note loans, a special form of loan common on the German market.

Integration

Loans Management is fully integrated in SAP Treasury, allowing you to measure the effects of loan activities on your liquidity or interest rate risk directly. Cross-application functions, such as central business partner management or the Treasury Information System provide you with a comprehensive overview of the business relationships maintained with your loan partner.

Features

Product Types

The following product categories are available in the system for representing the various loan forms:

- Mortgage loan

- Borrower's note loan

- Policy loan

- General loan (for managing any other loans)

Depending on your company's requirements, you can subdivide your loan transactions into product types, which you can use to define specific forms of loan or business areas. You [define the product types [Ext.]](#) in Customizing for *Loans* according to your individual requirements and assign each product type to a product category and condition group. These settings apply across all company codes.

Transaction Management

You can enter rudimentary data from prospective customers or concrete inquiries for specific contract conditions. The flexible condition structure allows you represent complex interest and repayment terms. The task of drawing up standard contracts is supported with predefined condition tables and reference loans. Once you have calculated the credit standing, assigned collateral and objects, and, where appropriate, calculated the collateral value, you can add any missing information before you conclude the contract. You can then disburse the contract fully, or make a number of partial disbursements. Additional process security can be incorporated by linking release requirements to the process steps. A filed documents facility is available for managing all the documents relating to a loan. For processing purchases and sales of traded borrower's notes, there is a special order processing function.

Loans Management (TR-LO)

Portfolio Management

Portfolio management offers functions for processing existing contracts, such as contract changes, unscheduled operations or automatic generation of rollover offers.

Integrated Financial Accounting

The accounting processes for loans are supported within Loans Management. There are manual and automatic functions for generating debit items, and functions for transfer postings and portfolio valuation. In addition to keeping the subledger, the component offers open item management. The relevant posting information is transferred to Financial Accounting via an interface. Incoming payments the system is unable to assign to an appropriate customer account are posted to rejection accounts, while advance payments and overpayments are posted to the relevant customer account. You can then process these payments manually using the incoming payment postprocessing functions.

Reporting

The information system allows you to monitor deadlines and evaluate positions and revenues. The business partner information gives you detailed overview of your loan partner's total commitment. You can use the drilldown reporting tool to make use of predefined standard reports and to generate and edit your own reports.

Basic Principles of Loans Management

Contract conditions form the basis for the contractual relationship. The conditions are used to generate planned records, which are required for processing loan receivables and payables later on.

Loans Management uses the **status concept** to reflect the various stages of the contract process (prospective customer through to conclusion of a contract).

In the loans area, **central business partner management** offers functions for assigning business partners to loans in specific roles (for example, main borrower or lender, guarantor, issuer) You maintain the business partners in the same way as for the other Treasury areas.

Furthermore, you can enter details for important **real estate objects** and **other collateral** in the system, including guarantees, pledged securities and encumbrances.

The following diagram summarizes the relationships in Loans Management, taking mortgage loan business as an example:
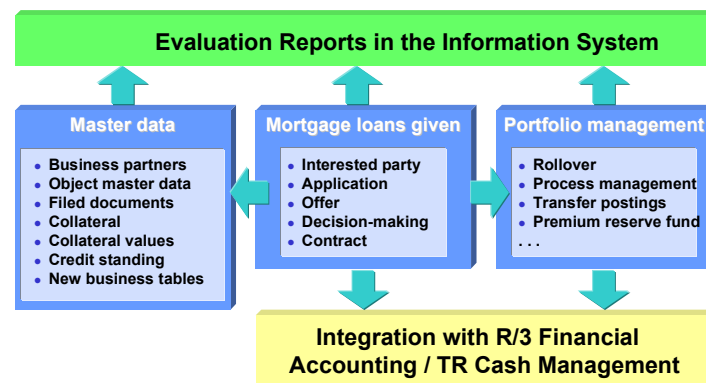
Transaction Management

Purpose

Transaction management offers functions for processing new loan transactions, from the first contact with the interested party (loans given), to conclusion of the contract and disbursement.

Before you can create a transaction, you must define your product types and number ranges. You can opt for internal or external number assignment.

The main types of loan are:

- Mortgage loans
- Borrower's note loans
- Policy loans (advance payments on insurance policies)
- General loans

When you enter new loans, you can represent the following loan statuses:

Information System Reports			
Interested party	**Application**	**Contract offer**	**Contract**
• Mortgage loans	• Mortgage loans • General loans	• Mortgage loans • General loans • Policy loans	• Mortgage loans • General loans • Policy loans

Borrower's not loans: Reservation / Order / Contract

Integration with R/3 Financial Accounting / TR Cash Management
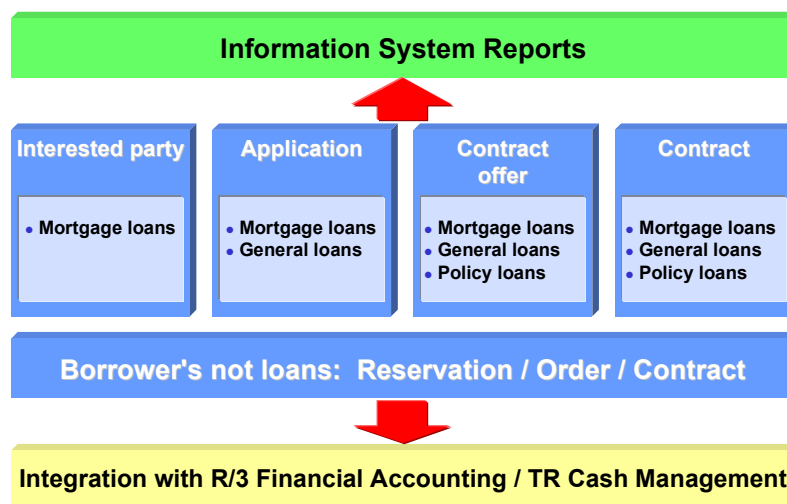
Status Concept

The status concept enables you to map different processes for the various forms of loan. You can define corresponding statuses for each product type. This allows you to represent the exact processing status of your loans in the system.

For example, a mortgage loan might pass through the statuses application, contract offer and contract, while the procedure for a policy loan could be represented using the statuses contract offer and contract. For borrower's note loans, you can define the statuses reservation, order and contract.

Transaction Management

In an application you record the requirements of a prospective customer. In offer status, you can send one or several offers to a prospective customer. When you transfer the loan to contract status, the loan transaction becomes legally binding for both parties.

You can complete or change the data for an existing loan at a later stage.

Status management also extends to activities such as loan waivers, rejections, reactivation and disbursement.

The status concept does not apply to interested party management. Interested party management lets you enter basic information about potential customers and their requirements (such as the capital required) before you enter the actual loan process.

The following diagram illustrates the different ways you can enter a loan transaction in the system:
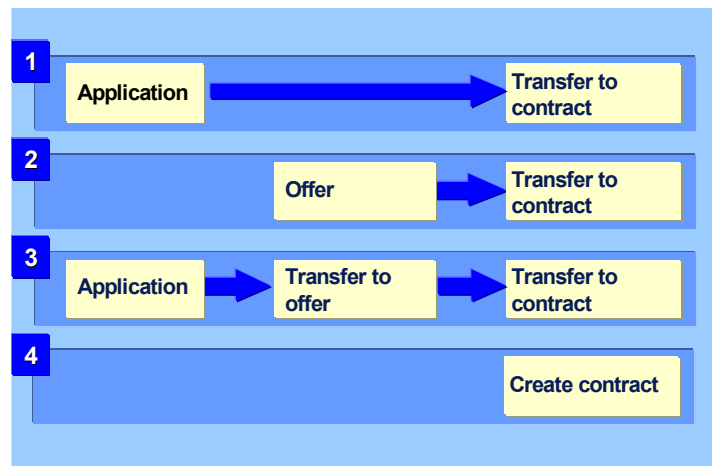
Status Transfers

You control the processing sequence for loan transactions by defining status transfers. They let you define alternatives for the series of processing steps you pass through from acquisition through to the contract stage.

In the case of a mortgage loan, for example, you can enter the loan as an application, and then make offers to the business partner in contract offer status. Upon conclusion of the contract, you can convert the corresponding offer into a contract. Alternatively, you can convert an existing application directly into a contract. You can also enter a loan transaction as a contract offer and then convert it into a contract, or enter the transaction as a contract from the start.

By linking the product types to processing activities, you can set up fixed processing sequences at application level. This helps you to standardize your loan processes and integrate other organizational factors, such as release requirements.

Prerequisites

You define the corresponding statuses for each product type and company code in Customizing for *Loans* by choosing Company Code-Dependent Settings for Product Type [Ext.]. Here, you also define the status transfers you require.

Mortgage Loans

Definition

The product category mortgage loans is used to classify long-term loans secured by a charge over property. You can represent the different types of mortgage loan relevant in your company by defining product types. Object management is available for loans created with this product category.

Structure

The system assigns a status to mortgage loans, which indicates the stage a loan has reached in the contract process. You can start or continue processing a loan in any status. This depends on the settings you have made in Customizing for *Loans* under Company Code-Dependent Settings for Product Type [Ext.]

Possible statuses:

- *Application*

- *Offer*

- *Contract*

The following diagram illustrates the different ways you can enter loan transactions in the system (mortgage loans given). The *Decision-making* function supports the decision to create an offer or contract on the basis of a mortgage loan application. It allows you to consider the results of credit standing and collateral value calculations you can carry out in the system.
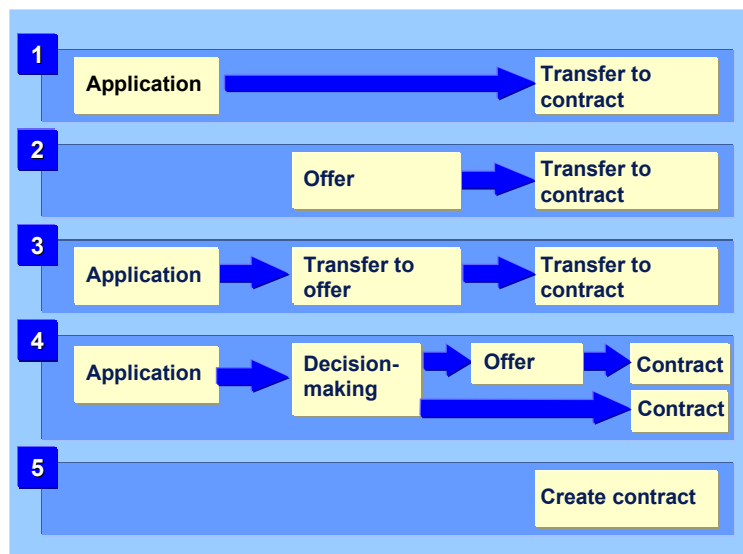
Interested Party: Mortgage Loans

Use

You can use these functions for mortgage loans given to enter information about a potential borrower without creating a contract. The status concept does not apply for interested party management.

Features

Main features of interested party management:

- You can only enter a potential borrower as an *interested party* once. However, after the application has been converted into an offer, you can create the same customer as an *interested party* again.

- You enter the interested party as a business partner [Ext.] (BP) in the role of interested party (110) and enter the basic data about the potential mortgage loan.

- The system automatically assigns a contact person (in the role of clerk with role category 0990) to the interested party, provided that you have entered the external partner ID and the user name in the clerk's administrative data.

   You can use `F4` to assign any clerk with role category 0990.

- When you create an application, offer or contract, the system automatically uses the data you have already entered for the interested party, such as the loan capital requested, the purpose of the loan and other application data.

- You can use the *Correspondence* function generates letters to the potential customer.

- The *Resubmission* function lets you resubmit a loan to a specific clerk on a certain date.

- You can enter extra details using the *Memo pad*.

- You can display the user who entered the data and the user who last changed the data by choosing *User data*.

Creating an Interested Party

Procedure

1. Choose *Transaction Management → Mortgage Loan → Interested Party → Create.*

2. The *Choose Partner: Initial Screen* appears. Select an existing business partner [Ext.] and create the role of interested party. Alternatively, create a new business partner in this role.

    a. To display the list of all existing partners, choose *Enter* twice.
        Select the relevant loan partner. The *Change Business Partner: Name* screen appears.

    b. To create a new partner, enter the name of the partner in the *Choose Partner: Initial Screen* dialog box. Choose *Enter*. The following selection buttons appear at the bottom of the box:

        Person / Organization / Assign customer

        Choose the relevant function. The *Create Business Partner: Name* screen appears.

3. Enter the relevant partner data, or make any necessary changes to existing data.

    If the potential borrower already exists in the role of interested party, a message appears. Otherwise, role category 0110 is assigned to the interested party.

4. Choose *Save*.

5. The *Interested Party: Create* screen appears. Enter the company code and the capital requested by the potential borrower.

6. From here, you can access the *Correspondence* and *Resubmission* functions.

7. To create the interested party, choose *Save*.

    When you create an interested party as a business partner, you need to save the business partner separately.

    If processing is terminated after you save the interested party as a business partner, the business partner remains in the system, but no interested party is created.

Changing an Interested Party

Procedure

1. Choose *Transaction management* → *Mortgage* → *Interested party* → *Change.*

2. The *Choose Interested Party: Initial Screen* appears. Select an existing business partner (BP) in the role of interested party.

3. Confirm your entries.

4. The *Interested Party: Change* screen appears. Make the necessary changes.

    🔦 You can change the business partner either in loans management by choosing *Master data* (application '0015': interested party) or in the general Treasury functions for business partner management.

5. From here, you can access the *Correspondence* and *Resubmission* functions.

6. Save your changes.

Displaying an Interested Party

Procedure

1. Choose *Transaction management* → *Mortgage* → *Interested party* → *Display.*

2. The *Choose Interested Party: Initial Screen* appears. Select an existing business partner (BP) in the role of interested party.

3. Confirm your entries.

4. The *Interested Party: Display* screen appears with the corresponding data for the selected partner.

5. From here, you can access the *Correspondence* and *Resubmission* functions.

Deleting an Interested Party

Use

The *Delete* function allows you to deactivate a query from an interested party. The interested party is then removed from the normal loan process. To make changes, you must reactivate the interested party.

Procedure

1. Choose *Transaction Management → Mortgage Loan → Interested Party → Delete.*

2. The *Choose Interested Party: Initial Screen* appears. From here, you can choose an existing business partner.

3. Confirm your entries.

4. The *Interested Party: Delete* screen appears, displaying the data on the interested party you selected.

5. From here, you can access the *Correspondence* and *Resubmission* functions.

6. Choose *Save.* This sets a deletion flag for the selected dataset and means that the data for this interested party is not transferred when you create an application, offer or contract.

    You can reactivate an interested party which you have deleted.

    For more information, see Reactivating an Interested Party [Page 22].

Reactivating an Interested Party

Use

An interested party you have deleted can be reactivated using this function.

Procedure

1. Choose *Transaction Management* → *Mortgage Loan* → *Interested Party* → *Reactivate.*

2. The *Choose Interested Party: Initial Screen* appears. From here, you can choose an existing business partner.

3. Confirm your entries.

4. The *Interested Party: Reactivate* screen appears, displaying the data on the interested party you selected.

5. From here, you can access the *Correspondence* and *Resubmission* functions.

6. Choose *Save.* This removes the deletion flag for the selected data set.

    The data for this interested party can now be transferred when you create an application, offer or contract

Mortgage Loan Processing

Purpose

Create

You can use the *Application/Contract Offer* → *Create* function to enter all the data required for a potential contract in the system, without creating a contract.

For loans given, the *Application* function allows you to enter concrete inquiries from potential borrowers, including the terms and conditions of a potential loan contract. Alternatively, you can choose to enter only the customer's basic borrowing requirements (such as the capital applied for). When you create an application, you can also enter data relating to a collateral object or assign an existing object to the application.

In offer status for loans given you can define and save several contract versions with different condition values. An offer can comprise various alternatives for a potential borrower, who can then choose the relevant version for concluding the contract.

You can use the *Contract* → *Create* function to enter all the contract data relating to a loan given or a loan taken. In addition to the basic data and conditions, you can also enter master data for the partner, object and other collateral, as well as regulatory reporting data for a loan.

Transfer to Offer/Contract, Contract Acceptance

By defining status transfers, you can enter a concrete inquiry by a customer (for example, as an application) and use the *Transfer to Offer* function to convert the application into an offer. From here, you can send loan offers to the customer, and then use the *Contract Acceptance* function to convert the offer the customer has accepted into a contract. Alternatively, you can convert the application into a contract directly using the *Transfer to Contract* function, or start the loan process by entering a contract offer or contract directly. Status transfers let you adjust the loan processing steps to reflect your own company procedures.

Decision-making

The *Decision-Making* function allows you to review mortgage loan applications with respect to the collateral value and prime costs of the collateral objects and the credit standing of the borrower, and to convert an application into one or more corresponding offers or contracts.

The results of the collateral value calculation for the objects and the credit standing calculation for the partner form the basis for decision-making. When you enter the relevant application, the system displays this information automatically on the *Decision-Making* screen. If you have not yet calculated the collateral value for the object entered or the credit standing for the partner, you can make the calculations from the decision-making screen. From the decision-making function, you can only access the short version for calculating the collateral value (see also Collateral Value Calculation: Short Version [Page 320]; for the long version, see Collateral Value Calculation [Page 306]).

If the decision-making function is included in the release procedure, the initial release status is set to "released". Before you can enter contract offers or contracts using this function, you must set the release status to "not released". Once all the loans that have been created have been released, the loan officer with the appropriate authorization can release the decision-making process.

Mortgage Loan Processing

Decision-making is a specific type of application transfer. It allows you to create one or several contract offers or contracts on the basis of one application. The underlying application is kept in the system, allowing you to trace the history.

Change, Display, Waive, Reactivate, Disburse

You can complete the data for an existing loan, enter additional data or display the loan at a later stage. Status management also extends to activities such as loan waivers, reactivation and disbursement.

Process Flow

Function	Procedure
Create	Lets you create an application, contract offer or contract. See also: Creating a Mortgage Loan [Page 25]
Transfer to offer	Lets you convert an application directly into a contract offer if the decision-making process has not been set to active. See also: Transfer to Offer [Page 75]
Transfer to contract	Lets you convert an application directly into a contract if the decision-making process has not been set to active. See also: Transfer to Contract [Page 76]
Decision-making	Lets you review an application by looking at the collateral values and prime costs of the object and the credit standing of the partner. On the basis of the results, you can make an internal decision about the loan commitment and create on or several contract offers based on the application. See also: Decision-Making [Page 78]
Contract acceptance	Lets you convert a contract offer directly into a contract. If several offer versions are assigned to a contract offer, you must select one of them. See also: Contract Acceptance [Page 77]
Change	Lets you change the data for an application, contract offer or contract. See also: Changing a Mortgage Loan [Page 80]
Display	Lets you display, but not change, the application, offer or contract data that has been entered in the system. See also: Displaying a Mortgage Loan [Page 82]
Waive	Lets you cancel further processing for an application, contract offer or contract. You can waiver the loan capital for a contract offer or contract partially or fully. See also: Waiving a Mortgage Loan [Page 93]
Reactivate	Lets you reactivate an application, contract offer or contract that you have previously removed from processing. See also: Reactivating a Mortgage Loan [Page 95]
Disburse	Lets you carry out full disbursements or partial disbursements for a contract. See also: Disbursing a Mortgage Loan [Page 83]

Creating a Mortgage Loan

Use

You can create a mortgage loan application, contract offer or contract in the system.

For more information, see Mortgage Loan Processing [Page 23].

Procedure

1. Choose *Transaction Management → Mortgage Loan → Application/Contract Offer/Contract → Create.*

    The *Create Application/Contract Offer/Contract: Initial Screen* appears.

    When creating an application, contract offer or contract, you have the following options:

    a. Enter new master data for the application, offer or contract.

    b. Copy the relevant master data from an application, offer or contract created previously.

    Choose *Copy from... .* In the *Copy Contract* screen, enter the details for the loan you want to copy. The following master data can be copied:

    i.   Conditions

    ii. Collateral

    iii. Loan partners

    iv. Objects

    v.   Encumbrances

    c. You can copy the data for the application, offer or contract from a sample loan. In this case, you copy predefined settings. These settings can then be adapted to meet specific customer requirements.

    On the *Reference data* section, enter the number of the sample loan. Choose *Enter.*

    You can only transfer data from a sample loan if a sample loan has been defined. (You create sample loans by choosing *Sample loan*.)

2. Enter the company code and product type. Depending on your Customizing settings, either the system or the user assigns the *Loan number.* Choose *Enter.*

    a. The *Choose Partner: Initial Screen* appears. Here, you can enter search criteria for existing partners. A list of partners corresponding to your selection appears.

    Alternatively, choose *Enter* twice to call up a list of all existing business partners.

    Select the relevant loan partner. The *Change Business Partner: Name* screen appears.

    b. To create a new partner, enter the name of the partner in the *Choose Partner: Initial Screen* dialog box. Choose *Enter*. The following selection buttons appear at the bottom of the box:

Creating a Mortgage Loan

> Person / Organization / Assign customer
>
> Choose the relevant function. The *Create Business Partner: Name* screen appears.

3. Enter the relevant partner data, or make any necessary changes to the existing data.

4. Choose *Save*. The *Role* dialog box appears. Assign the role of *Main borrower* or *Main loan partner* to your business partner.

5. The *Create Application/Contract Offer/Contract* screen appears. Here, you can enter the following loan information:

    a. Basic data [Page 27]: Key data, organization data, data relating to syndicates/assignments, reference data

    b. Conditions [Page 36]: Basic data, contract/effective interest, offer/acceptance, notice

    > 💡
    >
    > You can define one or several offers under each contract offer number. Each offer corresponds to a draft contract with a specific set of conditions, commitment capital, repayment type and interest calculation method. This allows you to present the borrower with various alternative contract offers.
    >
    > On the *Conditions* tab, choose *Next offer* to create additional offers.

    c. Objects [Page 62]: Create object, assign object, encumbrances (basic data, additional data and special arrangements)

    d. Collateral [Page 66]: Create collateral, assign collateral

    e. Correspondence [Page 67]: File number, dunning, external account statement, interest certificate

    From the screen for creating an application, contract offer or contract, you can also branch to the following screens:

    f. Partner overview [Page 68]

    g. Payment details [Ext.]

    h. Regulatory reporting [Page 69]

    i. Calculate cash flow [Page 70]

    j. Total commitment [Page 368]

    k. Generate correspondence [Page 92]

    l. File [Page 329]

6. Save your entries. The loan has the corresponding status (*application, contract offer* or *contract*).

Basic Data

Definition

The basic data classifies and describes a loan (for example, loan type, loan class, application date, application capital) and provides information used for drilldown reporting (such as the balance sheet indicator or group key).

Use

You can enter different types of basic data when you create or change an application, contract offer or contract.

Structure

The following basic data can be entered:

- Basic data: Key data [Page 28]

- Basic Data: Analysis data [Page 31]

- Basic data:: Organization [Page 32]

- Basic data: Syndicate/Assignment [Page 33]

- Basic data: Reference data [Page 34]

For most of these fields you can define field selections in Customizing that are dependent on the product type and loan status (for example, under *Company Code-Dependent Settings for Product Type*). You can also enter default values in Customizing for several of the fields according to product type.

Basic Data: Key Data

Use

You use this function to enter the basic attributes that describe a loan.

Procedure

On the screen for creating or changing an application, contract offer or contract, choose the *Basic data.* tab followed by the *Key data* tab.

The *Key data* tab is divided into several parts:

1. In the *Classification* section, you specify the loan type, loan class and the main collateral.

2. You can make additional basic settings in the *Grouping* section. By entering a finance project number, you can group several loans to one main borrower under one number. The finance project number can be applied to incoming payment distribution and dunning.

   You can also specify which variant is used for controlling the distribution of incoming payments.

3. In the *Application/Approval* section you enter the application date, approval date or commitment date, depending on the loan status. You also enter the capital amount applied for and the currency of the loan.

4. In the *Posting rules* section you specify the method to be used for discount deferrals. The system fills the *Account assignment reference* automatically.

5. In the section headed *Interest calculation capital acc. to,* you determine whether the interest calculation capital should be calculated according to the plan principle or the actual principle. For more information, see Planned/Actual Principle [Page 29].

6. In the *Capital amounts* section, the system displays the contract capital, value dated capital, disbursement commitment and remaining capital on the basis of the posted debit items. You cannot make entries in these fields.

   In the loan statuses *change contract* and *display contract* you can display and print the capital amounts [Page 73] for a loan in position currency by choosing *Cap.amnts.* The capital amounts displayed only take into account flows that have already been saved. In the processing status *display contract*, you can also analyze certain flow records for a specific calculation key date according to due date or posting date by choosing *Change calculation parameters.*

Planned/Actual Principle

Definition

The following aspects differ between the various principles (planned principle, actual principle 1, actual principle 2):

–   The posted repayment flows used for the cash flow calculation (repayment debit positions or incoming payments for repayments) - in other words, which repayment flows reduce the interest calculation capital

    and

–   The date on which the posted repayments are cleared in the cash flow (planned clearing date or payment date) - in other words, the date on which the interest calculation capital is reduced

Structure

When you create a contract, choose one of the principles on the *Basic Data / Key data* tab in the section headed *Interest calculation capital acc. to.* Your choice of principle affects how the interest calculation capital is determined for loans paid in instalments or annuities. The following principles are available:

Planned principle

If you use the planned principle, posted repayment receivables lead to a reduction in the interest calculation capital on the respective settlement date. The corresponding incoming payments and payment dates are not taken into account.

The following changes are made in the cash flow:

–   The repayment posting (in other words, the postings for scheduled repayments) reduce the remaining balance as at the specified settlement date. The remaining balance is used as the calculation base for the condition-based repayment receivables that follow.

–   The repayment receivables reduce the current interest calculation capital on the settlement date.

Actual principle

If you use the actual principle, the system reduces the interest calculation capital on the basis of the incoming payments for the repayments (rather than on the basis of the repayment debit positions) as at the respective settlement date. If the *Immediate settlement* indicator is set in the repayment condition, the payment reduces the interest calculation capital as at the actual payment date.

The following changes are made in the cash flow:

–   The repayment debit positions reduce the remaining balance as at the specified calculation date.

–   Only the actual incoming payments for the repayments reduce the interest calculation capital (by the payment amount). The interest calculation capital is reduced as at the payment date, which can be the planned settlement date or a later date.

If a repayment is reduced, the interest calculation capital is higher for all the periods that follow.

Planned/Actual Principle

Actual principle 1

Even if the incoming payment is late, the annuity instalment remains constant.

If the repayment for a period has not yet been made, the interest and repayment components of the annuity instalment payment remain the same for the next period.

If the repayment portion is reduced, the interest and repayment components of the annuity repayment instalment are adjusted for the following period. The reduced instalment payment results in a higher interest charge. Since the instalment repayment remains constant, this means that the repayment portion is lower.

Actual principle 2

If the repayment is late or the repayment amount is less than planned, the annuity instalment payment changes. The increase in the interest calculation capital increases the interest charge for the next period. However, since the repayment charge corresponds to the schedule originally calculated (according to the planned principle), the instalment payment increases.

If a repayment is reduced, this only affects the instalment calculation for the subsequent period. In the periods that follow the system assumes (until the debit position is generated for the current period) that the remainder of the payment will have been made by this time. The system allows for this in the calculation by simulating an internal incoming payment for the remaining amount as at the next due date.

Basic Data: Analysis Data

Use

The basic data you enter here is used for drilldown reporting.

Procedure

On the screen for creating or changing an application, contract offer or contract, choose the *Basic data* tab followed for the *Analysis data* tab.

The *Analysis data* tab is divided into two parts:

1. The data you enter in the *Information* section forms the basis for evaluations (such as the maturity or the asset grouping indicator) and assignments in the balance sheet (for example, balance sheet indicator). You define the indicators in Customizing for *Loans* by choosing *Indicators.*

2. The *Regulatory reporting* section is designed to meet German reporting requirements. Here, you can enter regulatory reporting data required by the German Banking Act.

Basic Data: Organization

Use

On this tab you can add organizational data, such as the agent and the loan clerk.

This information can also be used for evaluations.

Procedure

On the screen for creating or changing an application, contract offer or contract, choose the *Basic data* tab followed by the *Organization* tab.

The *Organization* tab is divided into several parts:

1. In the *Clerk Assignment* section, you assign each activity type you have selected for this loan (for example, rollover or dunning) to a clerk.

2. In the section headed *Other organizational data* you can control whether and how the lender can create a fixed contract after the fixed period has expired. You can also assign an authorization group to the loan.

3. Under *Agent data* you can enter the sales region, branch office, organizational district and district in which the agent negotiated the loan or advised the borrower.

4. In the *Default values for disbursem.* section you can specify the house bank and bank details for the disbursement.

Basic Data: Syndicate/Assignment

Use

You can enter details relating to syndicate business and assignments.

Procedure

On the screen for creating or changing an application, contract offer or contract, choose the *Basic data* tab followed by the *Syndicate/Assignm.* tab.

5. If the loan is a syndicated loan you can enter the related data under *Syndicate business*.

6. If the receivables are assigned, you can enter the corresponding details under *Assignment*.

These entries are only used for information purposes.

Basic Data: Reference Data

Use

On this tab you can make entries to create links between transactions and define group keys and other references.

Procedure

On the screen for creating or changing an application, contract offer or contract, choose the *Basic data.* tab followed by the *Ref. data* tab.

1. Under *Group keys* you can enter groups for generating user-specific selections or reports. You define the groups in Customizing for *Loans* by choosing *Group Keys.*

2. Under *Additional fields* you can, for example, make entries relating to the structure of references between Treasury transactions. For more information, see <u>Reference [Page </u>340<u>]</u>.

3. You enter other references, such as the guarantee number, in the *Other references* section. You can also enter an alternative number, in other words, a number relating to the number in the legacy system.

Under *User fields* there are four sections in which you can enter general data, numeric values or dates and use checkboxes. You define the names of the user fields in Customizing for *Loans* by choosing *User Fields*.

User Exit 14

Use

User Exit 14 is a screen enhancement that allows you to design a reserved part of the contract data screen yourself. In this area, which appears as a tab, you can define functional fields for each product type. You can then enter data in this tab or display additional information.

Integration

If you activate User Exit 14, a tab appears next to the *Basic data* tab on the contract data screen hen you create, change or display an application, contract offer or contract.

Prerequisites

To make the tab appear in the contract data, you must activate User Exit 14 for each product type in Customizing (*Define Product Types).* You can use User Exit 14 for all product types.

You must define the name you want to appear on the tab. In Customizing, choose *Define Name for Function Key for User Exit 14.* This name then appears for all product types.

Activities

1. In the application, choose *Tools → ABAP Workbench → Utilities → Enhancements → Definition.* The *SAP Enhancements* screen appears. In the *Enhancement* field, enter the screen enhancement *F67A0014* (Screen Enhancement in Loans Syndicated Data). You can display the *attributes*, the *components* and the *documentation* for User Exit 14.

2. In order to be able to use User Exit 14, you must create and activate a project. Choose *Tools → ABAP Workbench → Utilities → Enhancements → Project Management*.

    For more information on the procedure, see the documentation for the R/3 enhancement concept [Ext.].

Conditions

Definition

Condition

A condition is a contractually agreed element of a financial transaction or financial instrument. It describes the structure of the transaction in terms of the period and amount (interest, repayment, and so on).

Condition Type

You define conditions using condition types. You assign flow types to condition types in Customizing by choosing *Define Condition Types*. These flow types display changes to the payment flows and are part of the cash flow. You assign the flow categories and calculation categories which are predefined in the system to the flow types you define in Customizing. The flow category controls how the flow is processed in accounting, while the calculation category controls how the cash flow is processed.

> SAP delivers flow types for the common business operations. You can use these flow types without making changes to them.

Examples of condition types are interest, and final repayment.

Condition Group

A group of condition types.

Each product type requires only a selection of condition types. You create various condition groups and assign different condition types to them in Customizing for *Loans* by choosing *Define Condition Groups*. You then assign these condition groups to individual product types by choosing *Define Product Types.*

Use

Conditions include all data that is relevant for generating condition-based flows in the cash flow. The different entries for the individual condition types determine exactly how the flows are calculated.

Conditions in the loans area are usually "individual" conditions. This means that a condition cannot exist independently of a transaction. You can define conditions in advance using new business tables [Page 336]. This function allows you to predefine conditions for different periods (variants) centrally before you create the individual contracts. The values can then be copied to a contract offer or contract.

You enter the conditions for loans given and loans taken with the other contract data as part of transaction management.

You can make changes to the conditions until the loan is disbursed. Once the loan has been disbursed, you require special authorization to change the conditions. You can still change condition details that do not affect the financial structure of the loan, such as payer/payee data and posting data in the *condition items* and *application data, contract data* and *notice data* in the *condition header* without special authorization.

Initially, you can fix the conditions for a limited period (fixed period). When this period has elapsed, the existing conditions are no longer effective and the loan has to be rolled over. In other words, you need to define new conditions for the contract.

Rollover

All the regular conditions are rolled over.

One-time conditions are only transferred if the *Eff. from* date falls within the new fixed period.

Example: Rollover of zero conditions and statistical conditions

The following rules apply:

1. If the *Eff. from* date is before the rollover date, zero conditions are transferred to the rollover if there is no condition of the same condition type with a later *Eff. from* date.

2. If the *Eff. from* date is after the start of the new fixed interest period, zero conditions are transferred to the rollover.

3. Regular statistical conditions are transferred.

4. One-time conditions are transferred if the *Eff. from* date is after the start of the new fixed interest period.

The *Eff. from* date assigned to statistical conditions is the "rollover date + 1 day".

Conditions

Rollover Scenarios:

Scenario 1:

Zero condition / Nominal interest — Nominal int. 6% — Zero condition / Nominal interest

10/15   12/15   01/01 Rollover   01/15   t
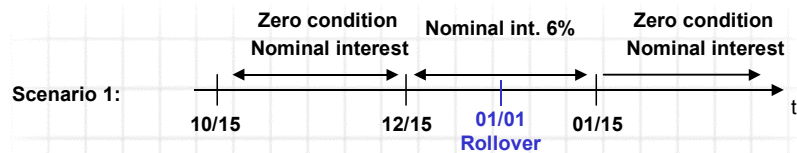
What happens during the rollover?

- The zero condition (*Valid from* 10/15) is not transferred.
- The nominal interest condition (*Valid from* 12/15) is transferred and assigned the *Valid from* date 01/01 in the new fixed interest period.
- The zero condition (*Valid from* 01/15) is transferred.

Scenario 2:

Zero condition / Nominal interest — Nominal int. 6%

10/15   01/01 Rollover   01/15   t
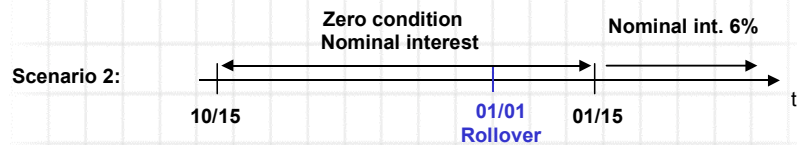
What happens during the rollover?

- The zero condition (*Valid from* 10/15) is transferred and assigned the *Valid from* date 01/01 in the new fixed interest period.
- The nominal interest condition (*Valid from* 01/15) is transferred.

Scenario 3:

Statistical condition / Nominal int. 6%

10/02   01/01 Rollover   t
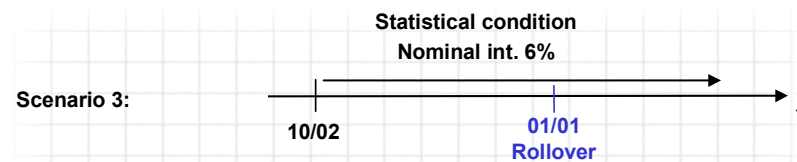
- The statistical condition (*Valid from* 10/02) is transferred
- The *Valid from* date in the new fixed interest period is 01/02.

Note: The system identifies statistical conditions via the indicator for statistical conditions (3) and only compares them to other statistical conditions with the same condition type.

See also:

Structure

When you create or change a loan, choose the *Conditions* tab.

General data

The upper part of the master data screen tells you which loan the conditions are for. It displays the following data:

- *Company code*
- *Product type*
- *Loan number*
- *Loan partner*

Tabs

- *Basic Data*

    The condition header contains the basic condition data, such as the capital amount, the disbursement rate and the method for calculating the discount. In the *Term/Fixed period* section you specify the current fixed period. In the *Interest calculation* section, you can enter details for the effective interest method, for example.

- *Contract / Effective interest*

    The information you can enter on this tab includes data about contract creation, the special interest indicator for calculating interest on arrears, a comparative effective interest rate and details for the internal effective interest rate.

- *Offer / Acceptance*

    Here you can enter information about the progress of an offer, such as how long the conditions of the offer apply and the date an offer was accepted.

- *Notice*

    On this tab you enter the date on which the borrower cancels a loan as well as the earliest date at which the lender can cancel the loan unilaterally.

This data applies for all the condition items.

In some cases, you can use the field selection function in Customizing for loans to define whether entries can be made in a particular field (*Company Code-Dependent Settings for Product Type*)*.*

Condition Items

You can choose from several condition types for each product type according to the settings you made in Customizing.

A condition item comprises the various details (dates and amounts) for the respective condition type. For the condition type "nominal interest", for example, these details would include the *Eff. from* date, *Calculation date*, *Due date*, *Percentage rate*, and so on.

You can set most entry fields for each condition type as optional, required or display fields using the field selection function in Customizing by choosing *Define Condition Types.*

You define default values for the fields in Customizing by choosing *Company Code-Dependent Settings for Product Type.* These values also apply for hidden fields.

    You should display (rather than hide) the fields with default values.

Condition Detail Screen

You can branch to the detail screens for conditions by double-clicking on a condition item or by selecting a condition item and choosing *Details for item.* The details in the *Condition Details* screen show you exactly how the conditions are structured. The screen contains additional fields to those on the *Conditions* screen, depending on your field selection controls for the condition.

Besides general details for the loan, such as the company code, product type or loan number, there is a *Condition form* field. The three values for this field affect how the flows are generated for the condition item in the cash flow:

- *Zero condition*

Conditions

You can end the validity of a condition item at any date by entering a zero condition. To do this, enter a new condition item of the same condition type, enter the required *Effective from* date and flag it as a zero condition. This allows you to represent suspended repayments in the system. To reactivate calculations for this condition type, you enter a subsequent condition item.

- *Fixed condition*

    Condition items with values which should remain unchanged for the financial mathematics calculations are "fixed" for alternative calculations such as the calculation of the nominal interest rate on the basis of a specified effective interest rate.

- *Statistical condition*

    This type of condition item is ignored. In other words, no flow records are generated in the cash flow. Statistical conditions are usually used as an aid for the condition overview. They allow you to display rollover payments or charges that are not effective for the contract.

The *Date preview* button enables you to display a list of dates for the flows of the relevant condition type. The list includes the due date, the payment date, the calculation period and the resulting number of days (interest days), as well as the interest calculation method.

The *Condition Details* screen contains three tabs:

- *Amounts*

    Here you can enter details relating to the amount(s) for a condition type. For the *Nominal interest* condition type, these are more detailed entries about the interest calculation. You also see the *Interest reference* field here when you enter a variable interest rate.

- *Dates*

    On this tab, for example, you specify the *calendar* to be used if you shift the due date to a working day (such as the SAP standard factory calendar).

    The *Calculation date* is the last day of the current interest period. The *Due date* is the day the interest payment is due. This area also contains fields for determining the calculation date and due date of the condition item more precisely. You can, for example, define the calendar rule according to which a due date is postponed if it does not fall on a working day and the method according to which the next calculation date and/or due date is calculated.

    You can set up defaults for these fields for each condition group and condition type in Customizing for *Loans* by choosing *Define Condition Groups.*

- *Payment data / Other*

    If alternative bank details for the main borrower are to be used for a condition item, you make the relevant entry in the *Part.bank type* field.

    If a condition item is to be paid by an alternative payer, enter the other business partner assigned to the contract (for example, other loan partner with customer account), the related bank details (partner bank type) and a payment method. You can also enter alternative payees, for example, for an agent's commission.

Save the contract. A dialog box appears prompting you to check your entries. Here you decide whether the bank details defined in the *Partner overview* or the alternative bank details in the *Condition* should to be used for paying the condition.

You use the *Posting control* field to determine whether the planned records generated by entering the conditions are to be created manually or automatically.

If you defined several dunning areas per company code when setting up the dunning program in Financial Accounting, you can use the *Dunning area* field to determine the area to which the related FI document should be sent. Any dunning letters will then be created for the specified dunning area.

The entry fields in the detail screen differ according to the condition type.

For more information about entering conditions see:

Editing Loan Conditions

Procedure

Basic Data

In the condition header, you enter the basic condition data for the current fixed-interest period:

1. Commitment capital (**required entry**)

2. Disbursement rate, in percent (**required entry**)

    You vary the disbursement rate to enter a discount or premium.

3. Discount determination (**required entry** if the disbursement rate is not 100%)

    You define the point at which the discount is calculated: The following options are available:

    a. Determine total amount with first disbursement

    b. Proportionate determination per partial disbursement

    c. Determine total amount with last disbursement

4. Term

    Period for which the loan is valid.

5. Fixed period

    Required for generating the cash flow, the interest scale for the effective interest calculation and the interest and repayment schedule. It also fixes the effective period for the condition items.

    To ensure that the cash flow calculations for a loan are meaningful, make sure that you enter the loan term.

    If you enter the fixed period end, the system only generates the cash flow up to this date. Otherwise, the cash flow is generated up to the end of the loan term (for a maximum of 20 years).

    Only the data that falls within the cash management update period (*CM*) is stored on the database. You define the duration of the *CM* in Customizing for *Loans* by choosing *Company Code-Dependent Settings for Product Type.* The setting is made per company code and product type.

6. Repayment type

    Repayment type 3 (annuity) considers all partial disbursements in the correct periods. By contrast, repayment type 6 (imputed annuity) assumes that the full contract capital is disbursed at the beginning of the annuity repayment. Repayment type 6 does not consider unscheduled repayments either.

    Repayment type 4 (perpetual annuity) is not supported.

      See also: Imputed Annuity Repayment Calculation [Ext.]

7. Effective interest method (**required entry**)

      There is a choice of 5 methods.

8. Interest calculation method (**required entry**)

There is a choice of 7 methods.

Interest calculation method 7 (360/360) never considers the 31st of a month. If an interest period ends at the end of a month with 31 days, the system sets the period-end date back to the 30th, regardless of the inclusive ID chosen. This means that movements on the 31st of a month are only included in the following interest period.

See also: Interest Method 7 versus Interest Method 1 [Ext.]

Use interest calculation method 1 instead of method 7.

You can define default values for the effective interest method and interest calculation method in Customizing for *Loans*, by choosing *Company Code-Dependent Settings per Product Type.* However, these default values can be overwritten.

Contract / Effective Interest

Here you enter the special interest ID for calculating interest on arrears, for example, or an alternative effective interest rate.

Offer / Acceptance

Here you enter data about the progress of an offer, such as the date an offer was accepted.

Notice

In this section you enter the date on which the borrower cancels a loan as well as the earliest date at which the lender can cancel the loan unilaterally.

Condition Items

The following sections describe how to enter the individual condition types for loans.

The Customizing settings delivered with the system allow you to enter the condition types described.

Nominal interest [Page 47]

Interest rate adjustment [Page 50]

Commitment interest [Page 52]

Repayment [Page 54]

Repayment settlement [Page 57]

Processing charges [Page 59]

Editing Loan Conditions

Condition Tables

The *Condition table* function allows you to assign predefined interest and repayment conditions to a loan. To create condition tables, choose *Master Data → New Business Table → Create*. See also: New Business Tables [Page 336]

To use an existing table:

1. Click on the *Cond. table* button at the bottom of the screen.

2. The *Condition tables* dialog box appears. Enter the table ID (*Table)*, the table version (*TableYYYYMM)* and the sequential number for the table version (*Table number)*.

3. The system displays another list with corresponding condition variants. Choose a variant. The system copies this variant to the conditions.

Notes for Processing

- When you create a new loan, the system displays different condition items according to the entries you made in Customizing for the condition group. If a condition type was set to *Hide* in Customizing, it is not displayed, and you have to call it up by choosing *Insert additional items.*

- If a condition item is not filled, it is no longer displayed in change mode. You can, however, insert the condition again by choosing *Insert additional items.*

- Condition items always have the same currency as the contract.

- A condition item is effective from the *Eff. from* date.

    The effect of a condition item depends on the calculation category it is based on. Nominal interest, for instance, is not due until the first value date.

    The validity of a condition item ends with the *Eff. from* date of the following condition item of the same condition type, or at the latest, at the end of the fixed period.

    The first condition item is valid until the *Eff. from* date of the second position item.

    If the *Eff. from* date is before the start of the fixed period, a message appears.

    To enter a staggered interest rate, position the cursor on the corresponding condition item and choose *Insert additional items.* Enter the data for the following interest period.

    To suspend an interest payment one year before the final repayment, for example, you might enter a new condition item with the same condition type as a zero condition. Enter the *Eff. from* date for the zero condition and set the *Condition form (CF)* indicator to *Zero condition*.

- Choose the *Calculate cash flow* button in the upper part of the screen to check your entries. In the cash flow you can see whether the entries result in the required flows.

- When you save the loan, the system always checks whether the repayment conditions contain payment settlement information. For repayment conditions, activate the *IS* (immediate settlement) indicator, or enter an additional settlement condition (such as *Ann.rep.sttl.*).

- If you want to enter a variable-interest loan, you need to enter both the condition item for nominal interest and a condition for interest rate adjustment. The interest rate adjustment condition determines when the interest rate is adjusted (by the *Update Planned Records* function).

> In order to generate the current values for foreign currency loans, loans based on reference interest rates or loans with incoming payments before you use certain application functions (such as *Post Planned Records* or *Accrual/Deferral*), you must update the planned records for these loans. You should run the planned record update before each debit position run, possibly even on a daily basis.

- Once a loan has been disbursed, you need special authorization to change the conditions using the *Change Contract* function. After disbursement you can only change condition details that do not affect the financial structure of the loan without special authorization.

Payment Advice Data

Choose *Edit → Payment advice data* to enter payment advices.

This function is often used to simulate a disbursement planned record to calculate the commitment interest due before the disbursement is made. This allows you to create various scenarios without having to trigger the disbursement function.

1. Enter the *Flow type*, the *Due date* and an *Amount*.

2. Choose *Copy*.

3. Choose *Cash flow*.

4. In the following dialog box, confirm that you want to use the payment advice data as the basis for the cash flow.

> If you choose *No*, the cash flow is displayed according to the conditions and the advice data is not considered. If records have already been written to the database, the system prompts you to specify whether the data should be read from the database. Let the system recalculate the cash flow.

5. The system displays the planned records for the disbursement and the commitment interest.

Payment Schedule

To display or print a list of the loan payments, choose *Extras → Payment schedule.*

The payment schedule comprises the scheduled repayments and interest payments. The header contains general data relating to the loan and the individual condition items. The list displays all the interest payments, repayments, other repayments within the fixed interest period, as well as the outstanding balance.

Editing Loan Conditions

Cash Flow

The cash flow contains all flow records (planned and actual records) in chronological order that are generated by the conditions of a financial transaction.

By calling up the cash flow, you can check whether your entries produce the desired flow records.

Nominal Interest

Use

You can use this condition type to enter fixed and variable nominal interest. If you use variable interest rates, you also require the condition type for Interest Rate Adjustment [Page 50]. Here, you define the frequency of the interest rate adjustment.

Procedure

1. Enter the *Eff. from* date for the interest item.

   This date is the first date of the calculation period for the interest payment.

2. Enter the interest rate.

   If you want link a variable interest rate to a reference interest rate by adding to the reference interest rate or by simple multiplication, you can enter a percentage rate in the *Percent* field and then branch to the *Condition Details* screen. You can select the reference interest rate on the *Amounts* tab.

   Variable interest rate = reference interest rate (DEM_06_M_M) + 2%

   Enter the value '2' in the *Percent* field. Select the interest reference 'DEM_06_M_M' and enter the '+' sign in the field next to it.

   To define more complicated formulas for calculating variable interest, choose the *Formula* button at the top of the *Amounts* tab.. In the next screen, select a formula and specify the values for the variables.

   You define the intervals for the interest rate adjustment and interest fixing in the condition type Interest Rate Adjustment [Page 50].

3. You can enter the frequency for the interest payments in two ways:

   a. Enter the frequency in months manually in the *Frq* field.

      Via the *PF* field (payment form), you can specify whether the interest payment is due at the start of the period, mid-period or at the end of the period. In this case, you do not need to enter a calculation date or due date. These dates are calculated automatically by the system.

   b. Choose a value for the *PE* field (exact payment form).

      The payment forms delivered in sample Customizing result in the following payment dates:

Short name	Long name	Resulting payment date(s)
JM	Mid-year	06/30
JN	Yearly at end of period	12/31
JV	Yearly at start of period	01/01.

Nominal Interest

MM	Middle of the month	01/15, 02/15, 03/15, 04/15...
MN	Monthly at end of period	01/31, 02/28, 03/31, 04/30...
MV	Monthly at start of period	01/01, 02/01, 03/01, 04/01If...

> You can define your own payment forms in Customizing for *Loans* by choosing *Define Payment Form.*

4. *Calc.date* (calculation date = last day of the current interest period)

> If you enter staggered interest rates, make sure there are no gaps or overlaps between the individual condition items. To avoid an overlap, for example, check that the *Eff. from* date of the next interest item is not the same as the calculation date of the previous item.

5. *Due date* (= date of the first interest payment)

6. You flag fields *MC* and *ED* to determine whether you want the calculation date or the due date to fall on the last day of the month. If you select these fields, the respective day is always the last day of the month, even if you enter another date somewhere else.

7. Field *CR* enables you to choose whether to shift the calculation date or the due date to a working day if the date entered is not a working day. If you opt to shift the due date, you have to select an appropriate calendar on the *Dates* tab*.*

> Since the calculation date is used as a basis for calculating financial mathematical transactions, you should leave this field blank or enter 0.

8. Currency (of the interest payment)

9. If you activate the *IS* indicator (immediate settlement), the interest is capitalized.

10. In the *CF* (condition form) field, you can define the condition as a zero condition, statistical condition or fixed condition.

    a. *Zero condition*

    > You can end the validity of a condition item for any date by entering a zero condition. To do this, enter a new condition item of the same condition type, enter the required *Eff. from* date and flag it as a zero condition. This enables you to represent, for example, the suspension of interest payments one year before the final due date. To reactivate calculations for this condition type, you can enter a subsequent condition item.

    b. *Fixed condition*

    > Condition items with values which should remain unchanged for the financial mathematics calculations are "fixed" for alternative calculations such as the calculation of the nominal interest rate on the basis of a specified effective interest rate.

    c. *Statistical condition*

This means that the condition item is ignored. It is used to generate flow records in the cash flow. Statistical conditions are usually used as a memo item in the condition overview.

Notes for Processing

You can display the due date, payment date, calculation period and the resulting number of days for the interest calculation by choosing the *Date preview* button in the *Condition Details* screen.

Interest Rate Adjustment

Use

To map variable interest rates you need to make two types of entries.

1. In condition position *Nominal interest* you define the underlying reference interest rate and the calculation method for the variable interest rate.

2. In condition item *Interest adjustment* you define the frequency with which you want the variable interest rate to be recalculated or become effective, and the date you want to establish the reference interest rate value for determining the variable interest rate.

Prerequisites

It is recommended that you maintain the reference interest rate table regularly so that current data is available for interest rate fixing.

Procedure

1. Enter the *Eff. from* date.

2. Branch to the *Condition Details* screen.

    The screen is divided into two areas: *Interest rate adjustment* and *Interest rate fixing rate*:

3. In the **Interest rate adjustment** area, you enter the frequency with which you want the variable interest to be recalculated or become effective. The following alternatives are available:

    a. At start of period

    b. Frequency with fixed date

    c. Single dates

        You use the *Single dates* option to represent interest rate adjustments that recur annually. and which you cannot display via *At start of period* and *Frequency with fixed date.*

        Interest rate adjustment takes place **annually** on 03/15 and 10/15.

        You can only show this irregular sequence of interest rate adjustment dates via *Single dates.*

    d. For each table entry

        Each time you change the reference interest rate, the interest is adjusted.

4. In the **Interest rate fixing date** section, you define when you want to determine the interest rate value for calculating the new variable interest rate. You can choose from the following:

    a. Relative to interest rate adjustment date

    b. Relative to start of period

    c. Relative to end of period

    d. Relative to due date

       In the field below, enter how many days beforehand the interest rate fixing is to take place.

       Also define which calendar you want to use for determining the date.

5. You can use the *Dates* button to display the interest rate adjustment dates. The system displays the following dates per interest rate adjustment:

    a. *Eff. from* date of the new interest rate (interest rate adjustment date)

    b. Interest fixing date

    c. *Percentage fixing date* (this can differ from the interest fixing date, if no entry has been made in the reference interest rate table. The system therefore chooses the previous entry).

    d. New interest rate

Commitment Interest

Use

Commitment interest is calculated for the current disbursement obligation from the *Eff. from* date.

Prerequisites

Loan commitment interest has been saved to the database as planned records before the loan disbursement and can thus be posted.

In Customizing for *Loans*, choose *Company Code-Dependent Settings for Product Type →
Define Status per Product Type.* Set the *CG* indicator (cash flow generation in contract status before disbursement).

Procedure

1. Fetch a condition item for the condition type *Commitment interest* by choosing *Insert additional items.*

2. Enter the *Eff. from* date.

3. Enter the interest rate.

4. You can enter the payment frequency in two ways:

   a. Enter the frequency in months manually in the *Frq* field.

      Via the *PF* field (payment form), you can specify whether the interest payment is due at the start of the period, mid-period or at the end of the period. In this case, you do not need to enter a calculation date or due date. These dates are calculated automatically by the system.

   b. Choose a value for the *PE* field (exact payment form).

      The payment forms delivered in sample Customizing result in the following payment dates:

Short name	Long name	Resulting payment date(s)
JM	Mid-year	06/30
JN	Yearly at end of period	12/31
JV	Yearly at start of period	01/01
MM	Middle of the month	01/15, 02/15, 03/15, 04/15...
MN	Monthly at end of period	01/31, 02/28, 03/31, 04/30....
MV	Monthly at start of period	01/01, 02/01, 03/01, 04/01...

      You can define your own payment forms in Customizing for *Loans* by choosing *Define Payment Form.*

5. *Calc.date* (calculation date = last day of the current interest period)

6. *Due date* (= date of the first interest payment)

7. You flag fields *MC* and *ED* if you want the calculation date or the due date to fall on the last day of the month. If you select these fields, the respective date is always the last day of the month, even if you enter another date somewhere else.

8. Via the *CR* field you define how to shift the calculation date or the due date if the date entered is not a working day. If you enter a shift rule for the due date, you must select a corresponding calendar in the *Condition Details* screen.

   Do not enter a shift rule for the calculation date, since this date is used as a basis for financial mathematics.

9. Currency (of the interest payment)

10. In the *Condition Details* screen, select *Disbursement obligation* for the *Base reference* field.

11. You use the *Basis fixing* indicator to define when the base reference is calculated for each period.

    The following options are available:

    a. For each entry

    b. At start of period

    c. At end of period

    d. At start of calculation

    e. At end of calculation

12. If you activate the *Percent.calc.* indicator, the system ignores the interest calculation method and calculates the percentage independent of a specific period.

Repayment

Use

You map loan repayments in the system by assigning a repayment type in the condition header for the loan and entering the corresponding condition type.

The following repayment types are available:

Repayment type	Short text	Remarks
1	Maturity	Repayment at the end of the term
2	Instalment	Equal repayment amounts distributed over the full term
3	Annuity	The sum of interest payment and repayment amounts (annuity) is constant. Over time, the structure of the annuity changes. The interest amount falls, while the repayment amount increases. The exact structure depends on the arrangements for repayment settlement. All partial disbursements and repayments are considered for the correct period.
4	Perpetual annuity	Not supported for loans.
5	Others	
6	Annuity (imputed)	Neither partial disbursements nor repayments are included for the annuity calculation. See also: Imputed Annuity Repayment Calculation [Ext.]

The resulting condition type are as follows:

- Final repayment

- Instalment repayment

- Annuity repayment

- Unscheduled repayment

- Repayment settlement

  If you do not want to settle the repayment as at each repayment due date, you can use the Repayment Settlement [Page 57] function to make different settings relating to when repayments actually reduce the interest calculation capital.

Procedure

If you have not selected a repayment type in the condition header, no repayment entries are required. As soon as you have selected a repayment type, you must enter the corresponding condition item.

Final Repayment

1. In the condition header, choose repayment type 1 (maturity).

2. You do not need to enter a condition item. When you save the condition data, the system creates the condition item *Final repayment* automatically using the date from the condition header (end of term).

Instalment repayment

1. In the condition header, choose repayment type 2 (instalment).

2. Choose *Insert additional items* and select the condition type *Instalm.repmnt.*

3. Enter the *Eff. from* date.

4. Enter a percentage rate or an amount.

   If you enter a percentage rate, the system calculates the repayment amount on the basis of the percentage rate, the repayment frequency and the loan amount. This instalment amount is calculated once and remains constant throughout the term of the loan.

   If you enter an amount, this amount is taken to be the instalment.

   🔍

   This instalment is seen in the context of the specified frequency. The instalment payment is effective from 08/01 and you want to make monthly repayments of 1,500 USD. The first calculation date and due date is 09/01. The first instalment amount is therefor 1,550 USD.

5. Enter the frequency.

6. Enter the *calculation date* and the *due date*.

7. If you activate the *IS* (immediate settlement) indicator, the system settles each repayment flow as at the payment date (due date).

   If you do not activate this indicator and have not entered a separate condition item for *repayment settlement*, the system prompts you to enter the relevant data.

Annuity repayment

1. In the condition header, choose repayment type 3 or 6 (annuity).

2. Choose *Insert additional items* and select the condition type *Ann.repmnt sttlmnt.*

3. Enter the *Eff. from* date.

4. Enter a percentage rate or an amount.

   If you enter a percentage rate, the system calculates the annuity on the basis of the percentage rate, the frequency and the loan amount. The annuity repayment amount is calculated by deducting the interest payment from the annuity.

5. Enter the frequency.

6. Enter the *calculation date* and the *due date*.

7. If you activate the *IS* (immediate settlement) indicator, the system settles each repayment flow as at the payment date (due date).

   If you do not activate this indicator and have not entered a separate condition item for *repayment settlement*, the system prompts you to enter the relevant data.

Unscheduled repayment

Repayment

If part or all of the loan is paid back before it is due, you can use the condition type *unscheduled repayment*.

In most cases, unscheduled repayments are entered using the manual posting function.

1. Choose *Insert additional items* and select the condition type *Unsched. repayment*.

2. Enter the *Eff. from* date.

3. Enter the repayment amount, the calculation date and the due date.

Repayment Settlement

Use

You can use the condition type *Repayment settlement* to enter variations for repayment settlement that differ from immediate settlement.

> You can also use the condition type for immediate settlement. Alternatively, you can activate the *IS* flag in the repayment condition item.

The following repayment condition types are available for repayment settlement:

- Annuity repayment settlement

- Instalment repayment settlement

- Repayment settlement

Prerequisites

- You have entered a condition item for repayment.

- The *IS* indicator is not activated in the repayment item.

Procedure

1. Choose *Insert additional items* and select the condition type *Repayment settlement..*

2. Enter the *Eff. from* date.

3. Enter the frequency and the first calculation date.

Result

The incoming repayments reduce the interest calculation capital at the intervals you specified.

Example

Loan data:

- Loan capital 10,000.00 DEM

- Interest rate 0.5% per month

- Interest payments monthly

- Disbursement rate 100%

- Monthly instalment repayment 1,000.00 DEM

- Repayment settlement every 2 months

Resulting flows for the first 6 months:

Repayment Settlement

Period	Repayment per period	Interest payment per period	Method for interest calculation (Interest calculation capital * 5/1,000)
1st month	1,000 DEM	50 DEM	10,000 DEM * 5/1,000
2nd month	1,000 DEM	50 DEM	10,000 DEM * 5/1,000
3rd month	1,000 DEM	40 DEM	8,000 DEM * 5/1,000
4th month	1,000 DEM	40 DEM	8,000 DEM * 5/1,000
5th month	1,000 DEM	30 DEM	6,000 DEM * 5/1,000
6th month	1,000 DEM	30 DEM	6,000 DEM * 5/1,000
...	...	...	...

Processing Charges

Use

You can use this condition type to enter one-time or recurring processing charges.

If you want the processing charges to be dependent on certain events, you need to make the corresponding settings in Customizing. For more information, see Event-Based Condition Items [Page 60].

Procedure

1. When you create the loan in the application, fetch a condition item for the condition type *Processing fee* by choosing *Insert additional items.*

2. Enter the *Eff. from* date.

3. Enter a percentage rate or an amount.

   If you enter a percentage rate, you can define which amount is the basis for the percentage calculation in the *Condition Details* screen*.* The contract capital is set as the default value.

4. Enter the calculation date and the due date.

5. If you want to levy recurring charges, enter the frequency. If you only want to levy the charge once, leave the frequency field blank.

   Like loan commitment interest, processing charges can be saved to the database as planned records and consequently posted before the loan disbursement, depending on the Customizing settings.

   In Customizing for *Loans*, choose *Company Code-Dependent Settings for Product Type* → *Define Status per Product Type.* Set the *CG* indicator (cash flow generation in contract status before disbursement).

Event-Based Condition Items

Use

You can link a condition type to a certain event.

Procedure

1. In Customizing for *Loans*, enter the settings for the condition type by choosing *Event control*. For a particular company code and product type, enter the event and the date applicable for the condition.

   Set the *Active* indicator.

2. When you create the loan in the application, fetch a condition item for the corresponding condition type by choosing *Insert additional items.*

3. Enter the *Eff. from* date.

4. Enter the percentage rate or amount.

   Do not enter a payment form, frequency, calculation date or due date.

5. If you have entered a percentage rate, branch to the *Condition Detail Screen 1* and select the required *Base reference.* Also activate the *Percentage calc.* indicator. Also refer to the F1 field help.

Example

For each partial disbursement for a mortgage loan, you want to levy a processing charge of 1% of the disbursement amount

Proceed as follows:

1. Create the condition type *Proportional charges* and assign it to the condition group for mortgage loans.

2. In Customizing for *Loans,* choose *Event Control*. For product type 30A (mortgage loans), enter the following data for the condition type *Proportional charges*.

   a. Field *Event flow:* 02 Disbursement

   b. Field *Flow adj.:* 01 Due date/payment date on date of event

   c. Set the *Active* indicator.

3. Enter the condition item *Proportional charges:*

   a. Enter the *Eff. from* date.

   b. Enter the required percentage rate (1%).

   c. Leave the fields for the payment form, frequency, calculation date and due date blank.

   d. Branch to the *Condition Details* screen*.*

   e. Select the *Base reference* 225 (disbursement amount).

   f. Activate the *Percentage calc.* indicator.

4. *Save* your entries.

Objects

Use

You can use this function to enter the details for objects provided as loan collateral by a loan partner. Alternatively, you can create the object master data first and assign the object to the loan at a later stage.

You can also create encumbrances or assign existing encumbrances to the object.

Procedure

On the screen for creating or changing an application, contract offer or contract, choose the *Objects* tab.

If you have not yet created the object, proceed as follows:

1. Choose *Create object*.

2. The remaining steps are described in the documentation for Creating an Object [Page 302] (from step 2).

To assign an existing object:

1. Choose *Assign object.*

2. The remaining steps are described in the documentation for Changing an Object [Page 304] (from step 2.).

Among all the objects you assign, there must be one main object. In the case of joint liability objects, the reference object must be the main object. You can change the object class of an object, until an encumbrance has been entered for the object.

Encumbrance

In the lower part of the screen you can enter encumbrances [Page 63] or assign existing encumbrances to the object. For more information, see Editing Encumbrances [Page 64].

For more information about *Objects,* see *Master Data* → Objects [Page 300].

Encumbrances

Use

Please note that these functions are primarily designed to meet German requirements and may not be relevant to your country.

Encumbrances are claims on real estate that are independent of the property owner. They serve as loan collateral, in other words, the lender can use encumbrances to secure his claims if the borrower cannot meet his obligations (repayments, interest). There are three types of encumbrance:

- Mortgage

- Land charge

- Annuity charge

Integration

Whereas a mortgage depends on the corresponding liability position and therefore expires upon repayment, a land charge is not tied to the personal claims of the creditor. Thus, the land charge still serves as collateral after repayment. The annuity charge is a regular annuity that presumes income based on the use of the property, and is hardly suitable as loan collateral.

The encumbrance is secured by means of an entry in the land register, Section III, at the land registry responsible.

Under Loans Management you can manage your own encumbrances and also enter third-party rights. This section covers creating, changing, displaying and deleting your own encumbrances. For information on entering third-party rights in Section III of the land register, refer to the *Land register* section of the IS-RE Real Estate documentation.

> For more information, see *IS-RE Real Estate → Master Data →* Land Register [Ext.].

Prerequisites

Before you can enter an encumbrance, you must have created a loan and assigned at least one object to the loan. You must also have assigned each object to a land register (see the relevant chapter).

When you have entered the encumbrance information, the system stores it directly in Section III of the relevant land register entry. To ensure that you obtain a realistic picture of the current land register entries, you should wait until you have the land register extract from the land registry before you enter encumbrances.

Editing Encumbrances

Please note that these functions are primarily designed to meet German requirements and may not be relevant to your country.

Prerequisites

Before you can create an encumbrance, you must first have entered the collateral object, including the main land register data (land registry, volume, page, real estate register).

Procedure

On the screen for creating or changing an application, contract offer or contract, choose the *Objects* tab.

To enter an encumbrance, you must first assign the object(s) to the loan contract. The system displays all the objects assigned to the contract. Before you can create an encumbrance, you need to enter a value for the object class ("main object", "additional object" or "joint liability object"), which in turn depends on whether you want to enter a single encumbrance or part of a total encumbrance.

Before you can create an encumbrance, you need to enter a value for the object class ("main object", "additional object" or "joint liability object"), which in turn depends on whether you want to enter a single encumbrance or part of a total encumbrance. A total encumbrance comprises a main object or additional object and several joint liability objects. Create the object classes accordingly.

Creating an Encumbrance

1. Select an object.

2. Choose *Create encumbrance.* Enter the collateral type for the encumbrance. On the *Basic data* tab, enter the land register data for Section III of the land register (mortgage, land charge, annuity charge, ...).

3. On the *Addit. data* tab, you can enter additional information, such as the certificate number or issue date*.*

4. Save your entries.

   The system automatically stores the encumbrance data you enter here in Section III of the land register.

   You can display all the encumbrances for a selected object in an overview table.

Assigning an Encumbrance

1. Select an object.

2. If this object has already been assigned to a different contract and encumbrances have been created for that contract, you can assign the same encumbrances to this object. Choose *Assign encumbrance.*

3. Save the selected encumbrances.

Changing an Encumbrance

1. Select the relevant object and choose *Encumbrances for object.*

2. Select the required encumbrance. Choose *Encumbrance details* or *Enter* and make your changes.

3. Save your changes.

    If you delete an encumbrance (*Delete encumbrance*) or make a new entry, the system revises Section III of the land register automatically.

    In the *Change Land Register: Section III Encumbrances* screen, you can only make changes relating to third-party encumbrances. The changes you make here do not affect the encumbrance data in the *Encumbrances* area.

Deleting an Encumbrance

1. To delete an encumbrance, select the relevant object.

2. Select the encumbrance you wish to delete.

3. Choose *Delete encumbrance*. Confirm that you wish to delete the encumbrance.

    To delete an encumbrance for a main object for which joint-liability objects exist, you must first delete all encumbrances for the joint-liability objects and then delete the encumbrance for the main object.

Collateral

Use

Using this function, you can enter collateral for a loan which is not based on real estate objects or properties, such as a guarantee or insurance policy. Alternatively, you can assign existing collateral. You can enter the collateral data at an earlier stage in the process, via master data.

Procedure

On the screen for creating or changing an application, contract offer or contract, choose the *Collateral* tab.

Creating a new collateral item:

1. Choose *Create collateral*.

2. For the rest of the procedure, see creating collateral [Page 323] (from step 2.).

Assigning an existing collateral item to a contract:

1. Choose *Assign collateral*.

2. For the rest of the procedure, see changing collateral [Page 324].

> For more information about collateral, see the documentation for master data under Collateral [Page 322].

Correspondence

Use

In this area you can enter information relating to the dunning procedure, the external account statement and the interest certificate. In addition, you can create a file for managing the documents related to a loan or assign an existing file to the loan.

Procedure

On the screen for creating or changing an application, contract offer or contract, choose the *Correspond.* tab.

1. Under *File number* you can assign a loan to a file by entering the file number. To create a new file, double-click the file number or choose *Master data → Filed documents → Create.*

2. Under *Dunning*, you can specify dunning parameters for the borrower. Depending on your Customizing settings, there are up to five sections:

    a. The *Manual dunning level* field can be used when you select the dunning run and for evaluations in drilldown reporting.

    b. Via the field *Dunning per* (loan contract / finance project / main borrower) you control how open items are grouped (summarization level for dunning letters).

    c. If you select the *Post contract charges* field, the dunning charges and interest from the dunning run are posted to this contract.

    d. If you select the *No dunning* field, the loan is excluded from the dunning run.

    e. The *Dunning history* box displays the dunning run history per *dunning area* and *dunning date*. In a dunning area, you group dunning letters according to certain criteria. This lets you assign different dunning procedures to them.

        For example, you can group dunning letters according to:

        *   Clerks

        *   Customers

        *   Mortgage loans

        *   Borrower's notes

        In the *Last dunned* column, you see when the last dunning letter was created. In Customizing you can define whether or not the dunning history can be changed by the user.

        The dunning section is only active if you have flagged the *Dunning active* field in the Loans Customizing step *Company Code-Dependent Settings for Product Type.*

3. You can specify how often an *External account statement* should be generated and enter a processing type for the *Interest certificate*.

Partners

Use

You can use this function to create a partner directly when you enter a loan transaction. You also have the option of creating partners using the general Treasury business partner management function, or within Loans Management (under *Master Data → Business Partner*).

When you create an application, offer or contract, you can call up all the data for the various business partners by choosing *Partner overview*.

From the partner overview, you can branch directly to the data defined using the general Treasury business partner management function and to display or change partner data in the various screens.

Procedure

1. Choose *Partner overview.*

2. The system displays the partners for the contract in a *Partner list.* If several partners are listed for a loan you have granted, such as main borrower or alternative payer, you need to maintain the bank details of each partner for future payments.

   a. The field *BnkT* (partner bank type) tells the system which of the partner's banks to use. In business partner management, you assign a unique name to each set of your partner's bank details. Choose the relevant set of bank details.

   b. To define this partner as alternative payer for the dunning charges and interest, select the *Dunn.payer* field. The main borrower is the legal recipient of the dunning letter. Alternative payers or payees can, for example, be other people that pay the dunning charges and dunning interest.

   c. Via the *Dunn.lett.* field you control which type of dunning letter is sent to the main borrower or alternative payer for loans given (for example, original dunning letter to borrower and copy of dunning letter to alternative payer).

3. Double-click on a partner to call up the screen for editing the partner's basic data in the general Treasury business partner management function.

4. Save the data you have entered and changed.

     For more information on *Business partners*, see the documentation for master data under Business Partner [Page 289].

Regulatory Reporting

Use

These functions are designed to meet German reporting requirements and are not relevant for other countries.

Cash Flow

Definition

The cash flow lists all the actual and planned flow records relating to a loan in chronological order, including records still to be released and simulated records.

Use

By calling up the cash flow, you can check whether your entries produce the desired flow records. Flow records can be generated in several ways:

- Flow records generated on the basis of conditions

- Flow records entered manually. These include unscheduled repayments, disbursements, and additional charges or costs that are not defined as conditions.

- Accrual/deferral flows resulting from the periodic allocation of interest, charges and discount

- Valuation flows resulting from valuation of foreign currency loan positions on a certain key date.

Structure

The cash flow is displayed with the ABAP List Viewer [Ext.].

You can display the following predefined variants by choosing *Settings → Display variant → Choose*:

- Basic view

- Due date view

- Calculation view

- Local currency view

- Payment view

- Posting view

- Customer payment view

- Total for flow type

- View for manual changes

Functions

Calculation Base

Select a flow record in the cash flow. Double-click the flow record to display information on how the selected record was calculated.

Loan Document

Select a posted record (actual record) in the cash flow. Choose *Goto → Loan document* to display the loan document for the selected flow.

Changing Flows

Once you have disbursed a contract, you can make manual changes to the following data for condition-based flows (planned records only) within the fixed period by choosing *Change contract* → *Calculate cash flow*:

- Due date

- Payment date

- Amount in position currency

- Payer/payee and payment details

> You can only make changes to condition-based flows after contract disbursement if you have special authorization.

The manually changed flows are protected when the cash flow is generated. Depending on how you fix a flow, it is fully or partially protected (in other words, not changed automatically). The following fixing options are available:

- Flow is not fixed

- Whole flow is fixed

- Due date and payment date are fixed

The system selects the appropriate fixing option automatically, depending on which data has been changed. However, you can also specify the fixing option yourself in the detail screen.

Select one or several flow records in the cash flow. Choose *Extras* → *Change flows*. The *Change Flows in Cash Flow Manually* screen appears.

1. In this screen you can change the due date, the payment date and the amount which changes the loan position. Depending on which fields you change, the system determines the fixing type automatically. Two icons in the *Fixing* field display the fixing type used. To see this information directly in the cash flow, choose the display variant *View for manual changes.*

   In the *Change* field you can see whether the data for the flow has been changed (icon) or not (empty).

   To reset a manual change, select the changed flow and choose *Undo change* or *Undo all changes.* If you want to retain the change, but remove the fixing setting, choose *Unfreeze flow* or *Unfreeze all*. If you unfreeze the flow, manual changes may be lost when the cash flow is recalculated (for example, when you carry out a planned record update).

2. Select a flow. Choose *Other fields.* The *Changing Flows Manually: Detail Screen* appears. From here, you can also change the flow data under *Date fields* and *Amount fields.* In the section headed *Other*, you can, for example, change the payment method or assign a different payer/payee to the flow. You can also enter the fixing type directly.

Changing the +/- Sign for the Flow Amounts

You can change the +/- sign for the amounts in accordance with the debit/credit indicator for the flow type (debit: '+' / credit: '-') by choosing *Extras* → *Switch sign (+/-)*.

Cash Flow

Currency

To switch the currency, choose *Extras → Currency* or *Switch currency.* The following options are available:

- Settlement currency

- Position currency

- Local currency

Payment schedule

To display or print the payment schedule, choose *Extras → Payment schedule → Display* or. *Print*.

Effective Interest

To display the reconciliation account based on the flows in the cash flow and the resulting effective interest, choose *Extras → Effective interest*.

Capital Amounts

Definition

Capital amounts characterize a contract as at a certain calculation key date.

The system differentiates between contract-based capital amounts, flow-based capital amounts and derived capital amounts. Contract-based capital amounts result from the conditions and the loan data. Flow-based capital amounts are calculated using the flows. Derived capital amounts result when you total flow-based and contract-based capital amounts or calculate the difference between them.

Structure

Contract-based capital amounts

- **Contract capital**

  Commitment capital for the first fixed period

- **Current contract capital**

  Contract capital minus the reduction for all fixed periods

- **Commitment capital**

  Capital for the current fixed period - the total of the remaining capital and the disbursement commitment at the start of the fixed period

- **Reduction**

  Total partial waivers for the commitment capital in the current fixed period

Flow-based capital amounts

- **Value-dated capital**

  Total posted disbursements, taking any capital transfers into account

- **Unscheduled repayment**

  Unscheduled repayment for which a debit position has been generated - an unscheduled repayment can be generated as a condition or entered manually using an application function

- **Unscheduled repayment IP**

  An unscheduled repayment with a corresponding incoming payment - an unscheduled repayment can be generated as a condition or entered manually using an application function

- **Scheduled repayment**

  Condition-based loan repayment for which a debit position has been created - the repayment can be an annuity repayment, instalment repayment or payment of the full amount upon maturity

- **Scheduled repayment IP**

Capital Amounts

Condition-based loan repayment with a corresponding incoming payment - the repayment can be an annuity repayment, instalment repayment or payment of the full amount upon maturity

Derived capital amounts

- **Disbursement commitment**

    Current contract capital minus the value-dated capital

- **Remaining capital debit position**

    Value-dated capital minus all the repayment debit positions, plus the capitalized interest

- **Nominal remaining capital**

    Debit position for the remaining capital without price gains and discount (for example borrower's note loans with net posting)

- **Effective capital**

    Value-dated capital minus all the repayment incoming payments, plus the incoming payments for capitalized interest

Transfer to Offer

Use

If the decision-making function is not set to active for loans given, you can use the *Transfer to offer* function to convert an application directly into a contract offer. Once you have converted an application into an offer, the application itself is no longer kept in the system. This means that you cannot trace the contract back.

For more information, see

Procedure

1. Choose *Transaction Management* $\rightarrow$ *Mortgage* $\rightarrow$ *Application* $\rightarrow$ *Transfer to Offer.*

   The *Transfer Application to Offer: Initial Screen* appears.

2. Enter the *Company code* and the *Loan number* and choose *Enter*. If you do not know the number of the loan, you can use the *F4* possible entries function to search for the application (matchcode search).

3. The *Transfer Application to Offer* screen appears. Conditions which you entered when you created the relevant application now appear as the first contract offer.

   From here, you can make changes to all other relevant screens, for example *Basic data, Conditions, Objects, Collateral* or *Correspondence.*

4. Choose *Save.* The application is converted automatically into a contract offer. The system displays the status change at the bottom left-hand corner of the screen.

Transfer to Contract

Use

If the decision-making function is not set to active for loans given, you can use the *Transfer to contract* function to convert an application directly into a contract. Once you have converted an application into a contract, the application itself is no longer kept in the system. This means that you cannot trace the contract back.

See also: Mortgage Loan Processing [Page 23]

Procedure

1. Choose *Transaction Management → Mortgage → Application → Transfer to Contract.*

   The *Contract Acceptance from Application: Initial Screen* appears.

2. Enter the *Company code* and the *Loan number* and choose *Enter*. If you do not know the number of the loan, you can use the *F4* possible entries function to search for the application (matchcode search).

   The *Contract Acceptance from Application* screen appears.

3. Make any necessary changes.

   If you did not enter data in specific fields when the loan was in application status and if these fields are defined as mandatory fields for contracts, then the system automatically indicates that data has to be entered in these fields. The application cannot be converted into a contract unless these fields have been filled.

4. Choose *Save.* The application is converted automatically into a contract. The system displays the status change at the bottom left-hand corner of the screen.

Contract Acceptance

Use

You use the *Contract acceptance* function to convert the contract offer selected by the borrower into a contract. If you have defined only one offer within the contract offer, this offer is automatically converted into a contract. If you have defined several sets of offer conditions (offers) within a contract offer, the system displays a list of the offers and you have to select the relevant offer.

See also: Mortgage Loan Processing [Page 23]

Procedure

1. Choose *Transaction Management → Mortgage Loan → Contract Offer → Contract Acceptance.*

   The *Contract Acceptance: Initial Screen* appears.

2. Enter the *Company code* and *Loan number*. If you do not know the number of the loan, you can search for the contract via the *F4* possible entries function (matchcode search).

3. If you have only defined one offer, the *Contract Acceptance* screen appears. If you have defined several offers within a contract offer, the *Contract Acceptance: Offer Overview* screen appears.

   This screen displays all the versions for the contract offer. Select the version of the contract offer to be used as a basis for the contract and choose *Choose*. Alternatively, you can double-click on the corresponding offer version. The *Contract Acceptance* screen appears.

   At this stage, you can still make any necessary changes or add any additional data required for the contract on this screen (see Changing a Mortgage Loan Contract [Page 80]).

4. Save your entries. The loan has *Contract* status.

Decision-Making

Use

You can use the *Decision-Making* function for loans given to create one or several contract offers or contracts from a loan application. It represents a special form of application transfer. The original application is kept in the system, allowing you to trace the transaction.

If the *Decision-Making* function is active, you can review mortgage loan applications with respect to the collateral value and the purchase price of the object as well as the credit standing of the borrower. This then forms the basis for creating the contract offer(s) or contract.

See also: Mortgage Loan Processing [Page 23].

Procedure

To convert applications into offers or contracts using this function:

1. Choose *Transaction Management* → *Mortgage Loan* → *Application* or *Decision* → *Decision-Making.*

    The *Decision-Making* screen appears.

2. In the *Application* section, enter the company code and the number of the application you want to make a decision on.

    Choose *Enter*. The information you entered about the requested capital and the collateral object in the application is displayed on the *Decision base* and *Object data* tabs. If you have already carried out the collateral value calculation and the credit standing check for the partner, the system also displays the results to support the decision process. If you have not yet performed these calculations, choose *Environment* → *Credit standing calculation* or *Change object*.

    You can also change the collateral value and prime costs calculated by the system by entering a certain percentage rate.

3. If you have set the release procedure for decision-making to active, you can only create offers or contracts when the release indicator is set to *Changed, not released.* This is only a display field.

    If necessary, choose *Decision-making* → *Cancel release.*

4. In the *Loan for applicat.* section, you can enter the individual offers or contracts resulting from the application. Enter the product type, loan type and commitment capital and choose *Create contract* or *Create offer.* The *Create Contract* or *Create Contract Offer* screen appears. See also: Creating a Mortgage Loan [Page 25] from step 5.

    Enter the required data for the contract offer or contract and save the loan. The system returns to the decision-making function. Depending on your Customizing settings, the contract offers or contracts you create using the decision-making function are assigned an internal loan number by the system, or an external number by the user.

    To convert a contract offer into a contract, select the corresponding offer and choose *Change loan.* The *Change Contract Offer* screen appears. From here, you can transfer the offer to a contract by choosing *Loan* → Contract acceptance [Page 77].

5. If the release procedure for decision-making is set to active, and the release procedure for loan master data is also active, you should only release the decision when the loans you

have created have also been released (in other words, when the release indicators for the loans are set to *Released*).

Choose *Decision-making → Release.* The *Business Workplace* screen appears. If you have the appropriate authorization, you can release the loans you have created and the decision-making process from this screen. For more information, see Release [Page 344].

If the decision-making function is activated, you cannot convert an application into an offer or a contract using the functions *Application → Transfer to offer* or *Application → Transfer to contract*.

Changing a Mortgage Loan

Use

You make any changes you wish to an application, contract offer or contract that has not yet been disbursed.

You can also make changes to a contract that has been disbursed. However, you require special authorization to make changes to the conditions. If you do not have the appropriate authorization, the system merely displays the conditions when you call up the functions to change them. You can still change condition details that do not affect the financial structure of the loan, such as payer/payee data and posting data in the *condition items* and *application data, contract data* and *notice data* in the *condition header* without special authorization.

> If you back-date changes to conditions that affect the cash flow, the system only takes changes to planned records into account. If the postings have already been made (actual records) the changes have no effect. In order to apply the back-dated condition changes to the condition-related flows that have already been posted, you must reverse the actual records. The reversal turns the actual records into planned records, which are automatically adjusted when you make changes.

See also: Mortgage Loan Processing [Page 23].

Procedure

1. Choose *Transaction Management* → *Mortgage Loan* → *Application/Contract Offer/Contract* → *Change.*

    The *Change Application/Contract Offer/Contract: Initial Screen* appears.

2. Enter the *Company code* and *Loan number*. If you do not know the number of the loan, you can search for the application, contract offer or contract using the `F4` possible entries function (matchcode search).

    The Change Application/Contract Offer/Contract screen appears.

3. You can now make changes or additions to any existing data for the application, contract offer or contract on all the tabs under *Basic data, Conditions, Objects, Collateral* and *Correspond.*

    You can also branch to the following:

    a. Partner overview [Page 68]

    b. Payment details [Ext.]

    c. Regulatory reporting [Page 69]

    If a loan has already been disbursed and you have activated *Regulatory Reporting* for loans given for the contract, you can only make changes to the premium reserve fund list by means of a balance sheet transfer. This allows you to reconstruct which loan was included in which premium reserve fund in the past.

    d. Display/calculate cash flow [Page 70]

    e. Account statement

f.   [Total commitment [Page 368]](#)

g.   Loan summary

h.   [Generate correspondence [Page 92]](#)

i.   [File [Page 329]](#)

j.   Change documents

k.   [Release history [Page 344]](#)

l.   Object links

4.   Save your changes.

> The steps for changing an application, contract offer or contract are the same as for creating an application, contract offer or contract. For more information, see [Creating a Mortgage Loan [Page 25]](#).

Displaying a Mortgage Loan

Use

Lets you display, but not change, the application, offer or contract data that has been entered in the system.

See also: Mortgage Loan Processing [Page 23].

Procedure

1. Choose *Transaction Management → Mortgage Loan → Application/Contract Offer/Contract → Display.*

   The *Display Application/Contract Offer/Contract: Initial Screen* appears.

2. Enter the *Company code* and *Loan number*. If you do not know the number of the loan, you can search for the application, contract offer or contract using the F4 possible entries function (matchcode search).

3. The *Display Application/Contract Offer/Contract* screen appears.

4. From here, you can display all other relevant screens such as *Basic data, Conditions, Objects, Collateral* and *Correspondence.*

Disbursing a Mortgage Loan Contract

Use

You enter disbursements for loans given and loans taken using the *Disbursement* function.

For loans taken, you use the disbursement function to enter the expected or received incoming payment. The actual disbursement amount is not transferred to the borrower's bank account until later, when the amount is transferred using either payment program (if the disbursement is posted to a customer account) or the account is processed manually (if the posting is not made to a customer account). In the second case, the posting is usually made to a bank clearing account. Contracts that are not managed on the basis of customer accounts are mainly to borrower's note loans, while other loan types are generally posted to customer accounts (open item management).

Interest on a loan is calculated once the first disbursement is posted, in other words, when the first disbursement is saved.

You can post a loan completely (full disbursement) or in several partial disbursements. If several partial disbursements are made within the same interest period, you can specify whether interest is to be calculated for each disbursement on a pro rata basis (interest per disbursement) or on the basis of the balance of the current interest calculation capital (balance method). You specify this in Customizing for *Loans* by choosing *Define Product Types*.

If you use the balance method, no interest flows are generated for posted interest periods in which partial disbursements are entered.

When you create the first disbursement for a loan, you call up the entry screen for disbursement data. If you have already created one or more disbursements, the system displays an overview screen of these disbursements, including the payment and calculation dates as well as their status.

When you disburse a contract, the process involved usually comprises several steps depending on the release procedure you have selected If you have activated the release procedure, disbursements cannot be posted directly once they are entered in the system The disbursement is initially saved in status F (to be released). The clerk responsible has to release the disbursement before it can be posted. Once released, the disbursement has planned status P and can actually be posted.

If you make changes to a disbursement which has already been released, the disbursement needs to be released again.

The following restrictions apply for each loan contract:

- You can only change the last disbursement you entered in the system.

- Only one disbursement can exist with status *to be released*.

- You can entered an unlimited number of partial disbursements in *planned* status.

- You can only enter one disbursement per payment date.

- You cannot enter a disbursement with an earlier payment date than the payment date of the disbursement you last entered.

- You can post disbursements in a different order than they were entered. You cannot change earlier disbursements.

Disbursing a Mortgage Loan Contract

If you want to use a release procedure for loan disbursements, you can use the dual control principle, involving either two, three or four employees. A disbursement can only be released if every clerk responsible has released the loan individually.

When you post a disbursement, a dialog box appears in which you can change the proposed posting date, where applicable. The system defaults to the payment date of the disbursement. Confirm the entries in this dialog box to make the posting.

You can still change the disbursement before you make the posting.

The posting activity automatically generates the corresponding posting in Financial Accounting (FI) and in the loans subledger If the posting is made to a customer account, the open items in accounts receivable are also generated. The system generates and displays a log of the related posting.

See also:

Procedure

1. Choose *Transaction Management* → *Mortgage Loan* → *Contract* → *Disburse.*

2. The *Disburse Contract: Initial Screen* appears.

3. Enter the *Company code* and *Loan number*. If you do not know the number of the loan, you can search for the contract via the **F4** possible entries function (matchcode search).

4. The *Create Disbursement: Settlement* screen appears if this is the first disbursement you are entering for the loan. If you have already entered disbursements, they are displayed in the overview. In this case, specify whether you want to enter a new disbursement or whether you want to change or post an existing disbursement.

5. If you enter a new disbursement, the basic data relating to the contract is displayed in the top part of the screen.

6. Under *Disbursement basic data* enter the flow type of the disbursement. You can enter a text which then appears as an item text on the related FI document. Depending on your settings in Customizing, you use the *Payment* field to indicate whether this disbursement represents a payment activity or not. In other words, you specify whether the posting is made via a customer account or via clearing accounts.

7. The date fields give you the following options:

    a. *Payment date:* Date of disbursement. No disbursements can be entered if the payment date is earlier than or the same as the date of a disbursement which has already been entered.

    b. *Interest value date*: Indicates the date from which interest is to be calculated for this disbursement. You can also specify whether this date is included in the interest calculation and whether it is to be calculated as the end of the month (e.g. on 28th February).

    c. Lead date for withholding amounts: All receivables related to this contract with a due date earlier or the same as this date and for which debit positions have not yet been created are displayed under *Incidental costs* as proposals for withholding (also refer to item 10). Debit positions will only be created for these receivables if you flag the withholding indicator. The receivables due are then cleared when the loan is disbursed.

8. Via the *Posting control* field, you determine whether a planned disbursement (status P) is allowed to be posted using the automatic debit position function or whether the posting can

only be made (manually) via the disbursement function. Choose "01" for automatic debit position or "21" for manual posting.

9. Enter the payment method, partner bank type of the main borrower and the house bank to be used for the disbursement.

10. Under *Capital data* you can enter the amount of the disbursement either as a percentage or as an amount. You use the indicators, *Gross payment amount* and *Net payment amount* to specify which disbursement amount is fixed. If you select *Gross payment amount*, the amount debited to the customer account is fixed and any withholding amounts are deducted from the amount to be disbursed to the borrower. If you select *Net payment amount*, the amount to be transferred to the borrower is fixed and any withholding amounts are added to the amount to be debited to the customer account.

11. For foreign currency loans, you can also enter the gross amount in local currency as well as the exchange rate for the disbursement amount.

12. From the *Create Disbursement: Settlement* screen, you can access the following functions:

    a. Post [Page 87]

    b. Save

    c. Incidental costs [Page 88]

    d. Drawings [Page 89]

    e. Overview of drawings [Page 90]

    f. Overdue items [Page 91]

    g. Correspondence [Page 92]

13. Once you have entered all the data you can either save the data (as planned records) or you can post the disbursement directly (actual record).

    The system automatically saves, posts and clears incidental costs which are based on conditions (receivables) if you have set the *Withholding* flag in Customizing for the relevant flow type. This happens even if you do not branch to the *Incidental Costs* screen. In the *Create Disbursement: Settlement* screen, you can see that the *Withholding* flag is set, if the gross and net payment amounts under *Capital data* are different.

14. After you post or save the disbursement, the *Create Disbursement: Initial Screen* appears again. The loan related to the disbursement is set as the default value.

15. Choose *Enter* to post a disbursement saved as a planned record. *The Disburse Contract: Disbursement Overview* screen appears. Select the disbursement to be posted and choose Post.

16. From this screen, you can call up the cash flow, the payment schedule and the contract master data. You can display more information by choosing *Extras* and:

    a. Memo pad

    b. User data

    c. *Status text* (current contract status)

17. Under *Correspondence* you can generate the correspondence you defined in Customizing (such as notification of disbursement for loans given).

Disbursing a Mortgage Loan Contract

18. From *Environment* you can call up the *Filed documents.* In Customizing you have the option of specifying whether documents are to be checked for completeness (for example, as a prerequisite for loan disbursement).

Disbursing a Mortgage Loan Contract

Posting

Use

You can use the *Disburse contract* function to trigger the posting for a disbursement.

The posting of the actual payment for loans given cannot be made until the disbursement has been released, depending on the settings made in Customizing for the release procedure.

See also: Release [Page 344].

If different authorizations are assigned for posting and release, these functions have to be carried out by different clerks.

Procedure

To post the disbursement:

1. Choose *Post*. The *Posting data* screen appears.

2. The system uses the payment date as the posting date. If required, you can overwrite it.

3. The text you enter appears later in the FI posting document.

4. Choose *Print log* to print the posting log.

5. Choose *Simulation* to carry out a test run before any actual postings are made.

6. Choose *Copy* to make the posting.

    The system makes the posting and displays the posting log.

Incidental Costs

Use

You can use this function to enter one-time charges related to the disbursement or to enter condition-based payables and receivables that have not yet been posted (such as interest and repayments). You can use the *Withholding* flag to specify whether incidental costs are to be withheld from the disbursement and therefore cleared. (see Disbursing a Mortgage Loan Contract [Page 83], items 7 and 10). If you have entered a discount for the contract, it is displayed here.

If you enter incidental costs manually, you can also enter the flow type, due date, amount and payment method. These values are predefined for condition-based flows.

Procedure

1. On the *Create Disbursement: Settlement* screen, choose *Incidental costs*. The *Create Disbursement: Incidental Costs* screen appears.

2. The system displays the condition flows that are due in accordance with the lead date in the *Lead withh.amts* field. You determine which condition-based flows are displayed by choosing *Define Flow Types* in Customizing for *Loans*. (see also Disbursing a Mortgage Loan Contract [Page 83], step 13.)

3. If you want to enter several flows manually, you can add new lines by choosing *Insert additional items.*

4. If you want to enter a proportionate amount instead of a fixed amount, choose *Calculation base*. The system displays the basis on which you can determine the annual amount which is to be deducted as incidental costs from the disbursement amount.

    If you change condition-based flows in this way, the flows will not be updated or recalculated in future.

5. If you activate the withholding flag (*With*) for incidental costs, the system automatically offsets the incidental costs against the disbursement amount, depending on the method you have chosen (gross or net payment amount).

Drawings

If you do not want the disbursement payment (or part of it) to be made to the main borrower, but instead to a third-party (such as a tradesman), you use this function to enter the drawings on the disbursement. You can enter relevant amount as well as the personal data, address data and bank data of the person authorized to draw.

> You can only use this function is the disbursement is to be posted to a customer account. You can enter data for disbursements which are not posted to customer accounts, but the data is ignored in later processing steps.

Procedure

1. Choose *Drawings*.

    The *Create Disbursement: Drawing* screen appears.

    If you have created a business partner in the role of *person authorized to draw* for the relevant contract, you can copy the partner's data into the dialog box by choosing *Authorized to draw*.

    > In Customizing you can specify that only a partner who has been defined in the contract data as a person authorized to draw can be copied using this function. This means persons authorized to draw cannot be entered manually.

2. Choose *Edit → Drawings → Next drawing* if you want to enter more than one drawing. In the next screen, the amount remaining after deducting previous drawing amounts from the net disbursement amount is shown.

3. If there is an amount remaining after deduction of all drawings, it is disbursed to the main borrower.

4. Choose *Account entry* to transfer the personal, address and bank data of the person authorized to draw, provided this partner exists in the system as a customer or vendor.

5. The posting is always made using the main borrower as the customer, which is displayed in the *Create Disbursement*: *Settlement* screen. The data related to the person authorized to draw is defined in the document under alternative payee and is evaluated during the payment run.

    > The field *alternative payee in document* has to be activated in the customer master record of the main borrower.

Overview of Drawings

Procedure

1. Choose *Overview of drawings*.

2. The *Create Disbursement: Overview of Drawings* screen appears.

   The system displays a list of the drawings made for this loan, including information on the total payment amount, total drawing amount as well as the amount and recipient of each drawing.

3. To call up information on an individual drawing, position the cursor on the relevant drawing and choose *Choose*.

Overdue Items

Use

This function allows you to take account of open items related to the same customer and the same contract when disbursing a loan (loans given only). A debit position is created for the receivable and a withholding amount equal to the open item amount is generated. The open item is cleared when the disbursement is posted and the selected open items are deducted from the disbursement amount.

Prerequisites

The open item must fulfill the following conditions:

- The item must not be blocked for payment. The payment block prevents the item from being considered for withholding several times, for instance if you make several partial disbursements.

  If you decide not to withhold an open item after you have started processing, you may need to reset the payment block on this item manually. You can do this, if you are authorized, by choosing *Customer line item*. This calls up the FI function *Display customer line item.*

- The current contract number is saved in the item. Only items with the current contract number are displayed. Depending on your Customizing settings, there may be cases where the contract number is not maintained in the open item which is to be assigned to the contract. In this case, you need to enter the contract number in the FI document.

- The item must contain the correct contract type and a valid flow type.

- The item belongs to the customer account of the main borrower displayed in the *Create Disbursement*: *Settlement* screen and comes from the same contract.

- The item may not be a disbursement which has not yet been disbursed to the customer by the payment program and is therefore still open.

Procedure

1. Choose *Overdue items*.

2. The *Create Disbursement: Overdue Items* screen appears.

   You can use this function to take account of open items related to the same customer during the disbursement. In other words, you can withhold an amount due and subsequently clear the open items. The selected open items are deducted from the disbursement amount.

3. If the item is flagged to be withheld, a payment block is set for the item and the net disbursement amount is reduced by the relevant amount (or the gross amount is increased).

Generating Correspondence

Use

As part of the disbursement procedure, you can let the system generate the related correspondence. This applies in particular to loans given.

Procedure

From the overview screen, you can call up the correspondence relating to a specific disbursement by positioning the cursor on the relevant disbursement and choosing *Edit → Generate correspondence.*

If you are currently processing a disbursement, proceed as follows:

1. Choose *Correspondence*.

2. The *Document Selection* dialog box appears. Under *Execution parameters*, the system defaults to the current date (today's date) for the letter date. Where applicable, enter a different date for the document.

3. Specify whether the correspondence should be generated online (immediately) or whether you want to schedule correspondence processing for a later date (batch).

4. Under *Document structure* the correspondence ready for processing is listed (depending on your Customizing settings).

5. Choose a document and choose *Continue*.

If you schedule correspondence processing for a later date, a dialog box appears, in which you enter the corresponding start date.

Waiving a Mortgage Loan

Use

This function lets you discontinue processing of an application, contract offer or contract, either completely or in part.

If you carry out a **full waiver**, the entire loan is removed from the normal loan process and no more changes can be made to it. If necessary, you can reactivate the contract offer or contract.

If you carry out a **partial waiver**, only part of the disbursement amount can still be processed. If, of course, the loan was fully disbursed from the start (=100%), you can no longer carry out a partial waiver.

For more information, see <u>Mortgage Loan Processing [Page 23]</u>.

Procedure

1. Choose *Transaction Management → Mortgage Loan → Application/Contract offer/Contract → Waive.*

2. The *Waive Application/Contract Offer/Contract: Initial Screen* appears.

3. Enter the *Company code* and *Loan number*. If you do not know the number of the loan, you can search for the application, contract offer or contract using the F4 possible entries function (matchcode search).

    a. In the case of a **contract offer or contract**, you can choose between a *Full waiver* and a *Partial waiver*.

        If you choose *Full waiver*, the *Waive Contract Offer/Contract: Basic Data* screen appears.

        If you choose *Partial waiver*, the *Waive Contract Offer/Contract: Partial Waiver Basic Data* screen appears.

    b. In the case of an **application**, the *Delete Application: Basic Data* screen appears when you enter the application to be waived.

4. If you waive an application, or carry out a full waiver for a contract offer or contract, the basic data screen is divided as follows:

    a. At the top of the screen you see the general data relating to the loan. This data cannot be changed.

    b. Under *General,* you can enter the *Non-acceptance reason,* the *Date of the rejection/waiver* and the *Deletion indicator*.

    c. In the area below, the system displays data such as the remaining *disbursement obligation*, the *commitment capital* for the contract and the *value-dated capital*. This data cannot be changed.

    d. The change in status resulting from the waiver is displayed in the *Status* section. You cannot change the status setting.

5. If you choose *Partial waiver* for a contract offer or contract, you can enter the partial waiver amount and the date from which the change affects interest calculations on the *Partial Waiver Basic Data* screen. This partial waiver appears automatically in the contract as a condition item *capital reduction* and also appears in the cash flow.

Waiving a Mortgage Loan

6. Choose *Save.* The application, contract offer or contract has *completed/deleted* status*.*

Reactivating a Mortgage Loan

Use

An application, contract offer or contract you have removed from the loan process can be reactivated using this function. The system resets the loan to application, contract offer or contract status and you can resume processing.

For more information, see .

Procedure

1. Choose *Transaction Management* → *Mortgage Loan* → *Application/Contract Offer/Contract* → *Reactivate.*

   The *Reactivate Application/Contract Offer/Contract: Initial Screen* appears.

2. Enter the *Company code* and *Loan number*. If you do not know the number of the loan, you can search for the contract via the *F4* possible entries function (matchcode search).

   The next screen contains the following data:

   a. At the top of the screen you see the general data relating to the loan. This data cannot be changed.

   b. Under *General* you see the details for the waiver, such as the *Non-acceptance reason*, the *Date of the rejection/waiver* and the *Deletion indicator.*

   c. In the area below, the system displays data such as the remaining *disbursement obligation*, the *commitment capital* for the contract and the *value-dated capital*.

   d. The change in status resulting from the cancellation of the waiver is displayed in the *Status* section. You cannot change the status setting.

   A dialog box appears asking if you really want to reactivate the loan.

3. Choose *Yes* to confirm. The system reactivates the application, contract offer or contract.

   The system automatically saves the loan, which returns to application, contract offer or contract status.

Borrower's Notes

Please note that these functions are primarily designed to meet German requirements and may not be relevant to your country.

Overview

Borrower's note loans are long-term, large-scale loans that are similar to bonds. For example, large companies might take out borrower's note loans with insurance companies and other institutional investors.

The following graphic gives you an overview of the basic procedure for borrower's note loans.
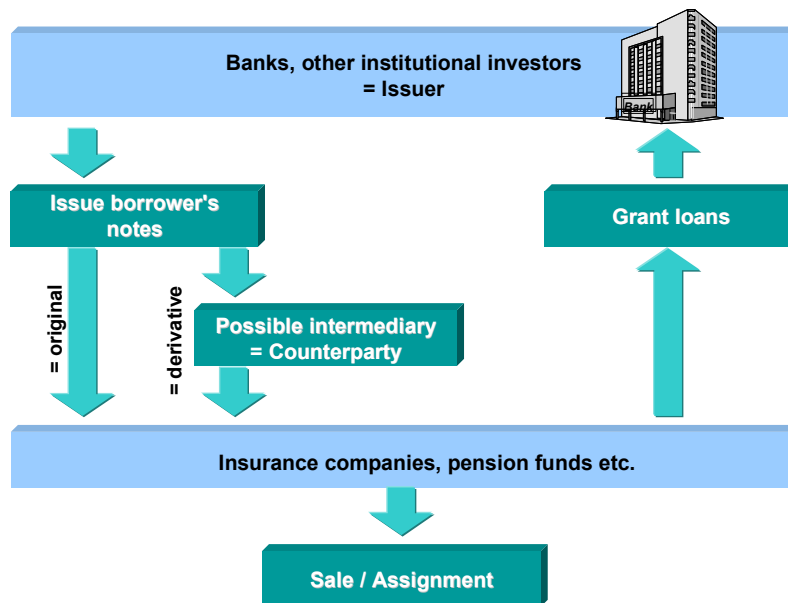
In Loans Management (TR-LO), you can map borrower's note loans given against receipt of the borrower's note (purchase). You can also enter assignments and resale of part of the amount or the whole amount (sale). Issues of borrower's note loans are not supported. You can, however, map borrower's note loans taken within the product category *general loans.*

Purpose

You can manage borrower's note loans as loan contracts in Loans Management (TR-LO) with or without postings to customer accounts. Alternatively, you can use order management in the Loans component to process borrower's note loans without postings to customer accounts.

If you use order management, you can process both purchases and sales for borrower's notes. It is therefore advisable to use this option for traded borrower's notes.

If you do not use order management, you must use the disbursement function to enter purchases and the manual posting function to enter sales.

Advantages of order management:

– You can use the payment request function for purchases

- The system calculates the deferral amounts for the premium/discount automatically for sales

- Simplified handling (such as fast entry for master data)

- You can define preemption conditions

If, by contrast, you use the disbursement function, you can manage borrower's note loans using customer accounts. The following customer-based functions are available:

- Payment program

- Manual and automatic incoming payments

- Incoming payment postprocessing

- Dunning program

- Calculation of interest on arrears

Implementation Considerations

To use order management, set order management to active in Customizing by choosing *Loans → Transaction Management → Product Types → Define Product Types*.

If order management is set to active, you can enter reservations, orders and contracts. You can also use the collective processing functions to perform follow-up activities for the order.

If order management is not set to active, you can only create contracts.

You define whether borrower's note loans are managed on the basis of customer accounts or without customer accounts in Customizing (IMG step: *Company Code-Dependent Settings for Product Type*).

Integration

In order management, the data for non-customer-based borrower's note loans is transferred to Financial Accounting when you post the order. There is no automatic link to the payment program used in Financial Accounting (FI). However, you can use the payment request function to generate a payment document for a borrower's note purchase or sale.

See also: .

If you manage the borrower's note loan on the basis of customer accounts without using order management, you trigger disbursement of the capital amount defined in the contract by choosing *Contract → Disburse.* As for other types of loan, you have a direct link to the FI payment program.

If you do not manage the borrower's note loan on the basis of customer accounts, the system posts the flows via bank clearing accounts when you choose *Contract → Disburse*.

Features

You can use the order management functions in the *Loans* area to:

- *Create*, *change*, *display* and *activate* a reservation

- *Create*, *change*, *display* and *delete/reverse* an order

- Process several borrower's notes using the *collective processing* function

Borrower's Notes

You can purchase borrower's note loans directly from the issuer (original) or indirectly from a counterparty (derivative). When you create an order, you assign the role of issuer or counterparty to your business partner accordingly. You must assign an issuer to each borrower's note.

With the *Order → Create* function, you can either create a new borrower's loan contract (lending), sell an existing contract or purchase an additional part of the borrower's note in question.
You can also create the contract first, an then create a related order.

The *Collective processing* function allows you to manage your transactions more efficiently. You can use this function to list transactions according to certain selection criteria in a flexible sort sequence. From this processing list, you can branch to the individual transactions.

If you do not use order management, you can *create, change, display, disburse, waive* and *reactivate* a borrower's note loan contract.

Trading: Borrower's Notes

Use

If order management is set to active in Customizing, you can use the *Reservation* function to enter the key contract data, the *Order* function and *Collective processing*.

Reservation

Use

Please not that these functions are primarily designed to meet German reporting requirements and may not be relevant to your country.

In borrower's note loan processing, a reservation is a preliminary dealing slip. You can enter the main contract data in a reservation without actually creating a contract. If a you conclude a contract, you transfer the data from the reservation by choosing *Reservation* → *Activate* and enter the additional contract data.

Creating a Reservation

Use

You use this function to enter the key contract data in advance.

Procedure

1. Choose *Transaction Management → Borrower's Note → Trading → Reservation → Create.*

   The *Create Reservation: Initial Screen* appears.

2. Enter the company code and the product type. If automatic number assignment has been defined in Customizing for the product type, the loan number is assigned by the system.

   The *Create Reservation: Basic Data* screen appears.

3. The upper part of the screen contains the data entered in the initial screen and the loan number assigned by the system. In the lower part of the screen, you enter the following basic data:

   a. *Issuer* and *Counterparty*

      You can assign the business partners for the borrower's note loan to the reservation by entering the partner name. If you do not know the name of the partner, use *F4* to call up a selection list and select the relevant partner. To create a new partner in the system as an issuer or counterparty, choose *Environment → Counterparty/Issuer → Create*. For more information on the other options for creating partners, see *TR - Treasury → Treasury Management (TR-TM) → Basic Functions → Business Partner* in the SAP Library.

   b. *Classification* and *Postings*

      Under *Classification* you enter the *Loan type* (this can be used for evaluations) and the key for the posting system (gross or net).

      Under *Postings* enter the *Account assignment reference* required for posting and the *Portfolio.* If you do not enter the account assignment reference with the reservation, the system generates it automatically when you maintain the contract data.

   c. *Capital* and *Term*

      Under *Capital*, enter the commitment capital. You can use any currency known to the system (in other words, defined in the currency table). You can also enter the purchase rate (for example, above or below par).

      Under *Term* enter the start and the end of the contract term.

   d. Interest data (*Interest calculation* and *Effective interest rate*)

      Enter the nominal interest rate, the data required for the interest payment, the calculation methods and the due date.

4. Save your entries.

   The system creates the reservation and displays the (automatically assigned) loan number in the status bar.

5. To display the cash flow for the conditions you have entered, choose *Simulate cash flow*.

Changing a Reservation

Use

You can change the data for a reservation as long as it has not been activated and converted to a contract.

Procedure

1. Choose *Transaction management* → *Borrower's note* → *Trading* → *Reservation* → *Change.*

   The *Change Reservation: Initial Screen* appears.

2. Enter the C*ompany code* and the *Loan number*. If you do not know the number of the loan, you can search for the reservation via the *F4* possible entries function (matchcode search).

   The *Change Reservation: Basic Data* screen appears.

3. Make the necessary changes or add any additional data required for the reservation.

   The steps involved in changing a reservation are similar to those for creating a reservation. For more information, see Creating a Reservation [Page 101].

4. Save your changes.

Displaying a Reservation.

Procedure

1. Choose *Transaction management* → *Borrower's note* → *Trading* → *Reservation* → *Display*.

    The *Display Reservation: Initial Screen* appears.

2. Enter the C*ompany code* and the *Loan number*. If you do not know the number of the loan, you can search for the reservation via the *F4* possible entries function (matchcode search).

    The *Display Reservation: Basic Data* screen appears.

3. You see the data that has been entered for the reservation.

4. Via *Goto* and *Extras*, you can display the condition data and the total commitment, simulate the cash flow and process correspondence.

Activating a Reservation

Use

You use this function to transfer the data entered in a reservation to a contract. This contract has the same number as the reservation. To change data after the reservation has been activated, choose *Order → Change* or *Contract → Change*. You can use the *Order → Change* function to enter contract data or to enter order data separately. The *Contract → Change* function allows you to change all the contract master data. Once the contract has been purchased, you cannot change the relevant transaction data.

Procedure

1. Choose *Transaction Management → Borrower's Note → Trading → Reservation → Activate.*

   The *Activate Reservation: Initial Screen* appears.

2. Enter the company code and the loan number and choose *Enter*. If you do not know the number of the loan, you can search for the contract via the *F4* possible entries function (matchcode search).

   The *Activate Reservation: Basic Data* screen appears.

   At this stage, you can still enter the basic data before the reservation is converted into a contract.

3. Choose *Save*. The loan has *contract* status.

Order for Contract

Use

A borrower's note loan can be granted on the basis of a purchase order, or sold on the basis of one or several purchase orders. You would usually create a contract as a purchase or sale order using the *Order → Create* function. You can *Display*, *Change* and *Delete/reverse* existing orders.

You can also create additional purchase orders for existing contracts or sell borrower's notes in part or in full.

Creating an Order

Use

You can use this function to create a new borrower's note loan contract or to enter an order for an existing contract.

You can enter the order in *execution* status. If you are creating a new contract with the order, you also enter the contract data here. You can calculate and display the cash flow on the basis of the data you have entered. When you save the data, however, the system does not create planned records. As a result, the data is not transferred to Cash Management.
You can also enter the data in *settlement* status. In this status you can post the order data and therefore settle the order. When you save the data, the system generates planned records, which are transferred to Cash Management.

In addition to purchase and sale orders, you can also enter preemptions in the system. This data is used as the basis for calculating refinancing interest and prices for an order for alternative calculation periods.

Procedure

Creating a new borrower's note loan (purchase/contract)

Since a borrower's note purchase is usually coupled with conclusion of a contract, the system allows you to create the purchase order and the contract in one step.

1. Choose *Transaction Management* → *Borrower's Note* → *Trading* → *Order* → *Create*. The *Create Order: Initial Screen* appears. Enter the *company code* and the *product type.*

2. In the *New contract* section, choose *Purchase/contract*.

3. If you have defined corresponding status transfers in Customizing, the *Select Status - Order* dialog box appears. Select the subsequent status and choose *Continue*.

4. In the *Create Order: Basic Data* screen, enter the basic data for the contract order. For more information, see <u>Creating a Reservation [Page </u>101<u>]</u>.

    From here, you can branch to *Order data*, *Preemption* data and the *Cash flow*.

    a. The *Order data* contains the flow type required for account determination, the order date, the payment date and the payment amount.

    b. If you choose *Preemption*, the *Create Order: Preemption* screen appears. In this screen, you can enter preemption conditions by choosing *Create preemption* and *Delete preemption*.

        You can use the *Refi.int*. and *Price* functions to enter the refinancing prices and interest rates.

    c. Choose *Cash flow* to display the individual flows for the borrower's note loan in acquisition currency.

5. Choose *Save.* The system creates the contract.

Editing an existing contract: Purchase

You use this function to enter an additional purchase order for an existing contract. This contract may have been created using the *Contract* → *Create* function or result from an activated reservation.

1. Choose *Transaction Management* → *Borrower's Note* → *Trading* → *Order* → *Create*. The *Create Order: Initial Screen* appears. Enter the *company code*, the *loan number* of the existing contract and the *product type.*

2. In the *Existing contract* section, choose *Purchase*.

3. Enter the order data as described above under **Creating a borrower's note loan (purchase/contract)**. You can also branch to the contract data, cash flow and preemption screens.

4. Save your entries.

Payment requests

The payment request function allows you to generate a payment document without using a customer account.

To use the payment request function, you need to define the clearing account for payment requests in Customizing.

The system creates one payment request per transaction for the net payment amount.

If you choose *Payment details* in the *Create Order: Basic Data* screen, the *Payment Request* dialog box appears.

- Set the *Payment request* field.

- In the *Payee* section, choose the *partner bank type* and the *payment method.* To do this, you must have defined bank details for your business partner in the master data. If you want the system to insert the account details for the business partner automatically, you must activate the *standing instructions* in Customizing by choosing *Treasury Management* → *Basic Functions* → *Organization* → *Define Company Code Additional Data.*

  You can then define the payment details for the payment requests for each business partner in the application. Choose *Treasury Management* → *Basic Functions* → *Master Data* → *Business Partner* → *Standing Instructions* → *Payment Details.*

- Enter the data for the house bank account from which you want to make the payment.

  The house bank details cannot be determined automatically.

- Save your entries for the payment request. The system sets a flag for the payment request.

- If you then post the order, the system generates the payment request.

- As a result, the FI program *Automatic Payment Transactions for Payment Requests* generates a payment medium.

If the order is deleted and the payment program has not been run, the system also deletes the payment request. If the payment program has already been run and the data medium generated, you must monitor the outgoing payment manually.

Creating an Order

Editing an existing contract: Sale

You use this function to enter an additional sale order for an existing contract. This contract may have been created using the *Contract → Create* function or result from an activated reservation.

- The procedure is the same as for **Editing an existing contract: Purchase**.

- Enter the contract data as described above under **Creating a new borrower's note loan (purchase/contract)**.

- When you post the sale, the system automatically generates and posts the flows for the price gain or loss and the extraordinary write-back of the premium or discount.

Changing an Order

Use

The processing steps and screens are similar to those for creating an order. If there are several orders for the contract you enter, an additional *Order Selection* dialog box appears.

Procedure

1. Choose *Transaction Management* → *Borrower's Note* → *Trading* → *Order* → *Change.*

2. Enter the *Company code* and the *Loan number*. Also select the editing details (*Order data*, *Display contract data*, *Change contract data*).

3. In the *Order Selection* dialog box, select the relevant order. This dialog box only appears if there are several orders for the contract you have selected.

    At the bottom of the screen, the system displays a list of the orders assigned to the contract. For each order, the system displays the order number, the order date, the nominal amount, the flow type (this tells you whether the order is a purchase order or a sale order), the counterparty and a flag indicating whether the order has already been settled.

    Choose the relevant order. In the *Select Status: Order* screen, select the follow-up status (execution or settlement). The *Change Order: Basic Data* screen appears.

4. If there is only one order, the system branches directly to the *Select Status: Order* screen and on to the *Change Order: Basic Data* screen.

5. Edit the basic data and choose *Contract data* to edit the contract data.

6. *Save* your changes.

Displaying an Order

Use

This function allows you display, but not to change an order. The processing steps and screens are similar to those for changing an order.

Procedure

1. Choose *Transaction Management* → *Borrower's Note* → *Trading* → *Order* → *Display.*

2. Enter the *Company code*, the *Loan number*. Also select the details you want to see (*Order data* or *Display contract data*).

3. In the *Order Selection* dialog box, select the relevant order. This dialog box only appears if there are several orders for the contract you have selected.

   At the bottom of the screen, the system displays a list of the orders assigned to the contract. For each order, the system displays the order number, the order date, the nominal amount, the flow type (this tells you whether the order is a purchase order or a sale order), the counterparty and a flag indicating whether the order has already been settled.

   Choose the relevant order. The *Display Order: Basic Data* screen appears.

4. If there is only one order, the system branches directly to the order.

5. On this screen and the *Contract Data* screen, you see the data entered for the contract.

Deleting/Reversing an Order

Use

You can delete orders you have created, but not yet posted.

To delete orders that have been posted, you must first delete the corresponding posting document.

Procedure

Deleting an order

1. Choose *Transaction management → Borrower's note → Trading → Order → Delete/Reverse.*

2. Enter the *company code* and *loan number*.

3. In the *Order Selection* dialog box, select the relevant order. The *Delete Order: Basic Data* screen appears.

4. On this screen and the *Contract Data* screen, you see the data entered for the contract. You can also display the cash flow for the contract.

5. To delete the selected order for this contract, choose *Save*.

Reversing an order

1. To reverse the posting document, choose *Accounting → Reverse → Manual*. Enter the *company code* and the *contract number*. Choose *Disbursement*. Enter the reversal reason and post the reversal. See also: Manual Posting [Page 272])

2. Choose *Transaction management → Borrower's note → Trading → Order → Delete/Reverse.*

3. Enter the *company code* and *loan number*.

4. In the *Order Selection* dialog box, select the relevant order. The *Delete Order: Basic Data* screen appears.

5. On this screen and the *Contract Data* screen, you see the data entered for the contract. You can also display the cash flow for the contract.

6. To delete the selected order for this contract, choose *Save*.

Collective Processing

Use

The collective processing function allows you to display a list of orders and reservations from a certain order date. You can restrict the selection according to company code, loan and portfolio.

Procedure

1. Choose *Transaction management → Borrower's note → Trading → Collective processing.*

2. Enter the selection intervals for the company code, the loan number and/or the portfolio and specify the date from which orders and reservations should be displayed.

    In the middle of the screen, you enter the status of the orders and reservations to be displayed (for example, reservations, executions, planned settlements) The system only displays the orders and reservations you have flagged.

    The bottom of the screen contains selection criteria for the sort sequence, such as order type, issuer and posting system. You determine the sort sequence by assigning a number to each field.

3. Choose *Execute*.

4. From the list that is displayed, you can select and process the relevant orders and reservations.

    For more information about the procedure, see Reservation [Page 100] and Order for Contract [Page 105]

Contract: Borrower's Note Loans

Use

In the Loans area, you can create a borrower's note loan contract in three different ways:

1. Create reservation → Activate reservation (Change contract)

You can activate a reservation created at an earlier stage. The system transfers the data entered in the reservation. You can then make additional entries in the more comprehensive screens for the contract.

2. Create purchase order/contract (Change contract)

To save time, you can create a purchase order (and hence a contract) with a reduced dataset. You can then use the *Contract → Change* function to make additional entries in the more comprehensive screens for the contract.

3. Create contract

You can enter a borrower's note contract directly without a corresponding order. This function allows you to enter all the data for the contract.

If order management is set to active in Customizing, you can use all three options. If order management is not set to active, you can only use option 3.

For more information on the first two options, see *Reservation* and *Order*. This section describes the third option in more detail.

Creating a Borrower's Note Loan Contract

Documentation not available in English.

Changing a Borrower's Note Loan Contract

Documentation not available in English.

Displaying a Borrower's Note Loan Contract

Documentation not available in English.

Disbursing a Borrower's Note Loan Contract

Procedure

1. Choose *Transaction management → Borrower's note → Contract → Disburse.*

2. The *Disburse Contract: Initial Screen* appears.

   The rest of the procedure is identical to the procedure for [Disbursing a Mortgage Loan Contract [Page 83]](#).

Waiving a Borrower's Note Loan Contract

Use

You can use the *Waive* function to carry out a full or partial waiver. If you fully waive the contract before disbursement, the entire loan is removed from the normal loan process. The contract is assigned *completed* status. Once you have waived the contract, no changes can be made to it. If necessary, you can then reactivate the contract.

If you partially waive the contract, the contract capital is reduced. The system inserts a condition for the capital reduction in the contract.

Procedure

1. Choose *Transaction Management* → *Borrower's Note* → *Contract* → *Waive.*

2. The *Waive Contract: Initial Screen* appears.

   The rest of the procedure is identical to the procedure for <u>Waiving a Mortgage Loan Contract [Page 93]</u>.

Reactivating a Borrower's Note Loan Contract

Use

A contract that you have waived can be reactivated using this function. The system resets the loan to contract status and you can resume processing.

Procedure

1. Choose *Transaction Management → Borrower's Note → Contract → Reactivate.*

2. The *Reactivate Contract*: *Initial Screen* appears.

   The rest of the procedure is identical to the procedure for Reactivating a Mortgage Loan Contract [Page 95].

Policy Loan

Definition

A policy loan is a loan offered by an insurance company at the going interest rate on the capital markets. A redeemable life insurance or accident insurance policy held by the borrower serves as the loan collateral.

Structure

The standard system provides the statuses *offer* and *contract* for granting policy loans. The functions available for policy loans are very similar to those for mortgage loans. As for mortgage loans, transaction management offers functions for entering the main information relating to policy loans including the related terms and conditions. You can also maintain master data on the business partners and collateral involved in policy loans. You record the underlying insurance policy for the loan in the collateral master data.

You can also enter master data relating to business partners and other collateral (for more information, see *Master data*).

When you maintain master data, customer accounts are automatically created in R/3 Financial Accounting. Each customer account belongs to exactly one partner/address relationship and the open items of the related loan are managed on this customer account. In addition to the bank details specified in partner management for loans, you can also define master data related to payment transactions in the customer account.

Policy Loan Processing

Purpose

Create

You can use the *Offer → Create* function to enter all the data required for a potential contract in the system, without creating a contract.

For loans given, you can check and save several different sets of terms and conditions under one loan number (in other words, draft versions of a contract). An offer can comprise various alternatives for a potential borrower, who can then choose the version which meets his requirements.

You can use the *Contract → Create* function to enter all the contract data relating to a loan given or a loan taken. In addition to the basic data and conditions, you can also enter master data for the partner and collateral and maintain details for generating correspondence.

Contract Acceptance

By defining status transfers you can send loan offers to the business partner in offer status, and then use the *Contract acceptance* function to convert the offer the customer has accepted into a contract. This function lets you adjust the loan processing steps to reflect your own company procedures.

Change, Display, Waive, Reactivate, Disburse

You can complete the data for an existing policy loan, enter additional data or display the loan at a later stage. Status management also extends to activities such as loan waivers, reactivation and disbursement.

> The procedure for contract acceptance, as well as for creating, changing, displaying, waiving, reactivating and disbursing a policy loan is the same as for mortgage loans.

Process Flow

Function	Procedure
Create	1. Choose *Transaction management → Policy loan → Offer/Contract → Create.* 2. The *Create Offer/Contract: Initial Screen* appears. For more information, see Creating a Mortgage Loan [Page 25].
Contract acceptance	1. Choose *Transaction management → Policy loan → Offer → Contract acceptance.* 2. The *Contract Acceptance: Initial Screen* appears. For more information, see Contract Acceptance [Page 77].

Policy Loan Processing

Change	1. Choose *Transaction management → Policy loan → Offer/Contract → Change.*
	2. The *Change Offer/Contract: Initial Screen* appears.
	For more information, see <u>Changing a Mortgage Loan [Page 80]</u>.
Display	1. Choose *Transaction management → Policy loan → Offer/Contract → Display.*
	2. The *Display Offer/Contract: Initial Screen* appears.
	For more information, see <u>Displaying a Mortgage Loan [Page 82]</u>.
Waive	1. Choose *Transaction management → Policy loan → Offer/Contract → Waive.*
	2. The *Waive Offer/Contract: Initial Screen* appears.
	For more information, see <u>Waiving a Mortgage Loan [Page 93]</u>.
Reactivate	1. Choose *Transaction management → Policy loan → Offer/Contract → Reactivate.*
	2. The *Reactivate Offer/Contract: Initial Screen* appears.
	For more information, see <u>Reactivating a Mortgage Loan [Page 95]</u>.
Disburse	1. Choose *Transaction management → Policy loan → Contract → Disburse.*
	2. The *Disburse Contract: Initial Screen* appears.
	For more information, see <u>Disbursing a Mortgage Loan [Page 83]</u>.

General Loans

Definition

You can use the product category *General loans* to map loans given and taken that are not covered by the other product categories, such as loans to employees or borrower's note loans taken (with the role category *main borrower*).

Structure

General loans can have the statuses *application*, o*ffer* and *contract.* The functions available for general loans are very similar to those for mortgage loans. As for mortgage loans, the transaction management menu offers functions for entering the main information relating to loans given and taken, including the related terms and conditions. You can also enter master data about the business partners and collateral involved in the loan contract.

General Loan Processing

Purpose

Create

You can use the *Application/Offer → Create* function to enter all the data required for a potential contract in the system, without creating a contract.

For loans given, the *Application* function allows you to enter concrete inquiries from potential borrowers, including the terms and conditions of a potential loan contract. Alternatively, you can choose to enter only the customer's basic borrowing requirements (such as the capital applied for).

In offer status for loans given you can check and save several contract versions with different terms and conditions under one loan number. An offer can comprise various alternatives for a potential borrower, who can then choose the version which meets his requirements.

You can use the *Contract → Create* function to enter all the contract data relating to a loan given or a loan taken. In addition to the basic data and conditions, you can also enter master data for the partner and collateral and maintain details for generating correspondence.

Transfer to Offer/Contract, Contract Acceptance

By defining status transfers, you can enter a general loan as an application, for example, and use the *Transfer to offer* function to convert the application into an offer. In offer status, you can generate loan offers for the customer, and then use the *Contract acceptance* function to convert the offer the customer has accepted into a contract. Alternatively, you can convert the application into a contract directly using the *Transfer to contract* function, or start the loan process by entering an offer or contract directly. These functions let you adjust the loan processing steps to reflect your own company procedures.

Change, Display, Waive, Reactivate, Disburse

You can complete or change the data for an existing general loan at a later stage. Status management also extends to activities such as loan waivers, reactivation and disbursement.

> The procedures for transferring loans to offer or contract status, for contract acceptance, and for creating, changing, displaying, waiving, reactivating and disbursing a general loan are the same as for mortgage loans.

Process Flow

Function	Procedure
Create	1. Choose *Transaction Management → General Loan → Application/Offer/Contract → Create*. 2. The *Create Application/Offer/Contract: Initial Screen* appears. For more information, see Creating a Mortgage Loan [Page 25].

Transfer to offer	1. Choose *Transaction Management → General Loan → Application → Transfer to Offer.*
	2. The *Transfer Application to Offer: Initial Screen* appears.
	For more information, see Transfer to Offer [Page 75].
Transfer to contract	1. Choose *Transaction Management → General Loan → Application → Transfer to Contract.*
	2. The *Contract Acceptance from Application: Initial Screen* appears.
	For more information, see Transfer to Contract [Page 76].
Contract acceptance	1. Choose *Transaction Management → General Loan → Offer → Contract Acceptance.*
	2. The *Contract Acceptance: Initial Screen* appears.
	For more information, see Contract Acceptance [Page 77].
Change	1. Choose *Transaction Management → General Loan → Application/Offer/Contract → Change.*
	2. The *Change Application/Offer/Contract: Initial Screen* appears.
	For more information, see Changing a Mortgage Loan [Page 80].
Display	1. Choose *Transaction Management → General Loan → Application/Offer/Contract → Display.*
	2. The *Display Application/Offer/Contract: Initial Screen* appears.
	For more information, see Displaying a Mortgage Loan [Page 82].
Waive	1. Choose *Transaction Management → General Loan → Application/Offer/Contract → Waive.*
	2. The *Waive Application/Contract Offer/Contract: Initial Screen* appears.
	For more information, see Waiving a Mortgage Loan [Page 93].
Reactivate	1. Choose *Transaction Management → General Loan → Application/Offer/Contract → Reactivate.*
	2. The *Reactivate Application/Offer/Contract: Initial Screen* appears.
	For more information, see Reactivating a Mortgage Loan [Page 95].
Disburse	1. Choose *Transaction Management → General Loan → Contract → Disburse.*
	2. The *Disburse Contract: Initial Screen* appears.
	For more information, see Disbursing a Mortgage Loan [Page 83].

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Portfolio

Purpose

This section contains information on managing your loan positions and covers the following functions:

- Functions for processing contract data for mortgage loans, borrower's note loans, policy loans and general loans.

- Functions for entering and posting *business operations*, such as disbursements or unscheduled repayments.

- The *Rollover* function automatically adjusts the conditions for loans given at the end of the current fixed period. The system also manages and monitors the related business operations. You can adjust conditions at any time during the term of the loan.

- For loans taken, you must use the *Individual rollover* function.

- The *Capital transfer* functions allow you to group or split contracts.

- Mass processing functions to support loan administration and processing.

- The *Premium reserve fund* function is only relevant for Germany.

- Staggered release procedure for loan master data and business operations according to the multiple control principle. For more information, see Release [Page 344].

Portfolio: Contract

Use

You can use the functions in the *Portfolio* area for processing master data and conditions for the product categories *Mortgage loan, Borrower's note loan, Policy loan* and *General loan.* From here, you can change, display, waive, reactivate or roll over an existing loan contract.

You can only make changes to conditions and flows after contract disbursement if you have special authorization. If you do not have the appropriate authorization, the system merely displays the conditions when you call up the functions to change them. You can still change condition details that do not affect the financial structure of the loan, such as payer/payee data and posting data in the *condition items* and *application data, contract data* and *notice data* in the *condition header* without special authorization.

Business Operations for a Contract

Use

You use this function to enter all flow records that are not generated by contract conditions (for example, unscheduled repayments or lawyer's fees). A business operation can comprise one flow record or a group of flow records. For example, a business operation *Unscheduled repayment* might consist of an unscheduled repayment and a processing charge.

This function also lets you post flows that are not based on conditions (including disbursements) without making retrospective additions to the master data.

Features

The following business operations are available for a contract:

- Disbursement [Page 83]

- Unscheduled Repayment [Page 131]

- Enter Charges in Business Operation [Page 132]

- Enter Charges Individually [Page 135]

The *Disbursement* function is also a business operation. However, because it is so complex, it is treated as an independent function in the system and not covered by the business operation concept.

You use the functions *unscheduled repayment* and *enter charges in business operation* to enter complex business operations. The flows generated for each business operation can only be activated, posted and reversed simultaneously as a whole.

By contrast, flows entered using the function *Enter Charges Individually* can be activated, posted and reversed individually. In this case, a document is generated for each flow.

A business operation can pass through three statuses, in other words, it is first *entered*, then *activated* and then *posted.* Alternatively, you can activate or post a business operation immediately, or post business operations that have been entered without activating them first.

The following statuses are possible:

1. *Entered* status:

   Initially, when the data is entered and saved, no planned records are generated. However, you can simulate the effect of the flow records on the cash flow calculation by choosing *Simulate cash flow.* In *Entered* status, you can still change the data or delete the business operation. If you do so, the history of the business operation cannot be traced.

2. *Activated* status:

   When you activate a business operation, the system writes the flows to the database as planned records. The flow records are fixed and can no longer be changed. You can make a copy of the business operation by choosing *Copy business operation.* The copy has *entered* status and the flows in the copy can be changed again. If you delete a business operation that has been activated, its history can be traced.

3. *Posted* status:

Business Operations for a Contract

When you post a business operation, records are saved on the database as actual records. In this status, the business operation cannot be deleted, but only reversed.

Flows entered using the function *Enter Charges Individually* (and condition-based planned records with the posting control key *21*) can be posted using the *Post individual records* function.

The business operations are linked to a staggered release procedure based on the principle of multiple control. If the release procedure is activated, business operations must be released between the statuses *entered* and *activated*. In other words, if a business operation has *entered* status, it must be activated before it appears in the Business Workplace inbox for release. After the release, the business operation has *activated* status. *Activated* status is a prerequisite for posting.

For more information, see .

Unscheduled Repayment

Use

You use this function to enter complex business operations (a business operation for an unscheduled repayment can comprise the unscheduled repayment itself, an early repayment penalty and a processing charge). Such business operations may also include derived flows (for example rate gains, accrual/deferral records) or incidental costs (such as taxes).

You can only carry out an unscheduled repayment if the contract has already been disbursed. If only planned disbursements exist for a contract, you can only enter planned unscheduled repayments. In this case, the *Posting* function is hidden.

See also: Business Operations for a Contract [Page 129].

Prerequisite

You define the permitted flow types in Customizing for *Loans* by choosing *Define Condition Groups* → *Assign Flow Types to Cond. Groups per Application*.

Procedure

1. Choose *Portfolio* → *Business Operations for Contract* → *Unscheduled Repayment.* The *Unscheduled Repayment: Initial Screen* appears. Enter the company code and the loan number and choose *Change* or *Display.*

2. The *Unscheduled Repayment: Edit* screen appears*.*

    The remaining procedure and the fields are described in the documentation for entering charges as business operations [Page 132].

    Additional Fields

    The *Available capital* field in the header data contains the maximum amount that can be repaid on the key date. If the available capital is less than the repayment planned record you have generated, a corresponding system message appears.

    In the first table you enter the *Effect* of the unscheduled repayment on the loan master data using the F4 help function. Once you have saved and activated or posted the business operation, the system automatically displays the reduction amount in position currency.

    For product types with rate gains (such as borrower's note loans), you enter the nominal amount and the security price in the second table. The system then calculates the settlement amount automatically. You can only make enter or change values in the *Security price* field for the relevant product types. When a corresponding product type is used, the default value is 100%.

    Set the *Inclusive* flag if you want the current date to be included in the calculation (for instance, for interest calculations).

Entering Charges as a Business Operation

Use

You use this function to enter complex business operations (such as dunning and processing charges) that also involve derived flows (for example, rate gains or accrual/deferral flows) or incidental costs (for example, taxes). A business operation can comprise one or several flow records.

See also: Business Operations for a Contract [Page 129].

Prerequisite

You define the flow types to be used here in Customizing for *Loans* by choosing *Define Condition Groups → Assign Flow Types to Cond. Groups per Application*.

Procedure

1. Choose *Portfolio → Business Operations for Contract → Enter Charges as Business Operation.* The *Enter Charges as Business Operation: Initial Screen* appears. Enter the company code and the loan number and choose *Change* or *Display*.

2. The *Enter Charges as Business Operation: Edit* screen appears, which contains header data and two tables.

   a. The general loan master data appears at the top of the screen (header data).

   You also see the values for the available capital and the value-dated capital as at the specified key date. No changes can be made to this data.

   b. You create the business operations in the first table by choosing *Create bus. operation.* Enter a *Name* for the business operation. You can enter your own text.

   Once you have filled the second table (described in step c.), you save, activate or post the business operation. The system automatically displays the status and the entry or change details. No changes can be made here.

   > 💡
   >
   > The system only displays the business operations with the statuses *entered* or *activated.* However, you can include the business operations that have been posted, deleted or reversed by choosing *Display all bus. operations.*

   Select a business operation. To display the individual flows for a business operation in the second table, choose *Choose business operation.*

   If the business operation has the status *entered* or *activated*, you have the option of deleting it.

   c. The *Flows for business operation* table contains the input fields for creating the flow records or planned records:

   – Flow type (**required entry**)

   Certain flow types have an impact on the capital. For example, an unscheduled repayment reduces the capital, while a processing charge does not.

   – Settlement amount (**required entry**)

Enter the settlement amount. The system displays the position currency. If the loan currency is identical to the company code currency, the two amounts displayed are the same. If the company code currency differs from the currency of the loan, the system expresses the settlement amount in the currency of the company code (local currency).

– The default entry for the *Payment date* is the current date. You can overwrite it if necessary. If you do not make any entries for the *Due date* or *Calculation date*, the system automatically fills these fields with the due date.

However, if you change the payment date for a flow in *entered* status, the system does not copy the new date to the due date and calculation date. You must make any changes manually.

– In the *Inc. pmnt* field you can specify whether the system should generate the incoming together with the posting. In the case of an employee loan, this method can be used to offset a repayment directly against the employee's salary, since there is no real incoming payment.

– In the *Partner* field, you can enter an alternative payer/payee for the flow.

– In the *BnkT* field (partner bank type) you specify which set of bank details should be used for the partner.

– You can only enter data in the *Exchange rate* field if the loan is a foreign currency loan.

– You can also enter the *Payment method* to be used for making the payment. You must always enter a payment method if the payer/payee is not the main loan partner.

– You can assign various data to the posting, such as a *Payment block, Dunning block, Dunning area* or a reference *Allocation* for the line item. This information is transferred to FI when the flow is posted.

– The *Pmnt activity* indicator controls whether the flow is posted to a customer account or a G/L account.

– You can also enter your own posting *Text.* This text is displayed in the posting document.

Detail Screen

You can also branch to a detail screen, which gives you an overview of all the fields for a flow. Select a flow record and choose *Choose flow record.* The *Enter Charges as Business Operation: Edit* screen appears. Once the business operation has been activated or posted, you can longer make changes. The system merely displays the data. By contrast, if the business operation has *entered* status, you can still make changes or enter additional data.

In this screen you can also assign or create a different partner, and specify or change the *Partner bank type* and *Payment method*.

– You can use the *Next flow* function to page between the detail screens for the individual flows in a business operation.

– To display the data on when data for a business operation was created or changed, choose *User data… .*

Other Functions

Entering Charges as a Business Operation

- If you have entered a flow type that is relevant for accrual/deferral, a dialog box appears. Enter the relevant period for the flow.

  You can also call up this calculation dialog box by choosing *Calculation bases.* This calculation aid allows you to determine the interest amount for a specific base amount and interest rate. You can either calculate the absolute interest on the base amount or restrict the calculation to a certain period. You can specify the *Interest calculation method*, the *Calendar rule*, the calculation dates (*Calculation from, Calculation to*) and the *Month-end* indicator.

  At the bottom of the dialog box, the system displays the *Value-dated capital, Commitment capital, Effective capital* and *Disbursement obligation* as proposals for the base amount. To use one of these values, double-click on the corresponding amount field.

- You can calculate a new flow on the basis of an existing flow (for example charges for the unscheduled repayment or taxes). Select the relevant flow and choose *Percentage surcharge.* The system generates a new flow record. You can change this default value. To make the necessary settings in Customizing for *Loans*, choose *Define Tax Rates.*

3. Once you have entered the data you can save, activate or post the business operation.

From the *Enter Charges as Business Operation: Edit* screen you can branch to the following functions:

- By choosing *Simulate cash flow* you can include simulated records (flows that have been entered but not activated) in the cash flow calculation (displayed as 'S' records). All the business operations entered in the upper table are incorporated in the simulated cash flow.

- You can call up additional data for the contract by choosing *Display contract.*

  For more information, see Creating a Mortgage Loan Contract [Page 25].

- You can also branch to the *Account statement* to see the balance for the contract.

  To display the open items, choose *Display Open Items.*

  You can also select a document item and branch to the *FI document* for the posting. You can also access the FI document by double-clicking on a document item.

  You use the *Correspondence* function to generate letters.

Entering Charges Individually

Use

You use this function to enter simple business operations (such as dunning charges and processing charges). The business operation is made up of only one flow.

See also: Business Operations for a Contract [Page 129].

Prerequisite

You define the permitted flow types in Customizing for *Loans* by choosing *Define Condition Groups* → *Assign Flow Types to Cond. Groups per Application*.

Procedure

3. Choose *Portfolio* → *Business Operations for Contract* → *Enter Charges Individually.* The *Line Items: Initial Screen* appears. Enter the company code and the loan number and choose *Change* or *Display.*

4. The *Line Items: Edit* screen appears.

    For the rest of the procedure, see Entering Charges as a Business Operation [Page 132] from step 2c.

Rollover

Purpose

The *Rollover* function automatically adjusts loan conditions at the end of the current fixed period. It also manages and monitors loan transactions coming up for renewal. The function also allows you to adjust conditions at any time during the term of the loan.

You can only roll over loans taken with the individual rollover function. (*Rollover → Individual rollover).*

No differentiation is made between scheduled condition adjustments (at the end of the fixed interest period) or unscheduled condition adjustments (which may be made at any time).

Process Flow

When a *Rollover* is made, the system generates a new condition header and new entries for the fields to be changed in the condition items. This means that the original values can be documented in the condition history. The other fields (contract master data) are not affected by the rollover and continue to appear in the condition items. At the same time, the system makes some automatic adjustments, such as deleting conditions which have expired.

The various condition headers that can be created by the rollover function are defined as follows:

	Type of condition header	Definition
Offer	20	Document that would be used for the rollover containing the new conditions for the next fixed interest period. The borrower can accept the offers (which are not yet legally binding) by phone or letter.
Contract Offer:	21	An offer which has been signed by the borrower and therefore legally binding. In other words, the borrower has concluded a *new* contract with the lender. The lender had signed the contract offer in advance.
Contract	01	Contract entered directly or generated on the basis of an offer accepted by the borrower. This documents becomes legally binding when both parties have signed.
Rollover contract	03	Contract generated by the rollover function and signed by the lender before it is sent to the borrower.
Fixed contract	02	Contract that is legally binding upon creation and does not require the signature or approval of the borrower.

The condition header type identifies the kind of condition header and is assigned by the system.

The above condition header types were defined when the system was originally developed. At present, the system only recognizes *offers* and *contracts.* The procedures for processing are based on this distinction.

Rollover is performed for one company code at a time.

You can use the individual rollover function to roll over loans with specific conditions and to roll over loans taken.

Rollover comprises the activities involved in automatically renewing contracts prior to or upon expiry of contractual conditions. Automatic rollover allows you to automatically renew a large number of expiry contracts at one time. The rollover function also generates offers which are automatically dispatched to customers.

Automatic rollover covers the following areas:

- Creating rollover tables

- Editing files, main files and general files, which contain contracts to be rolled over in various processing statuses.

Within the rollover function, you can *change, create* and *display* both tables and files.

File Processing

Use

This section covers the functions for rollover processing. After being processed, a loan can be moved either manually or automatically to a different register (representing a different task), which indicates the status of the contract. When the contract is rolled over, an offer or contract is generated by the system.

Features

You can process loans at various levels:

- Process an individual files

- Process the main file

- Process the general file

- Update a file

- Individual rollover (for a loan given or a loan taken)

The distribution of tasks depends on the organizational structure of your company.

Rollover: Files

Use

The following sections describe how to edit and display files.

Features

The rollover file is comparable to a document file. It contains various registers which reflect the processing status of the loans in it. Each loan can appear in a maximum of one rollover file at any one time.

To organize work more effectively, files are managed in a hierarchy:

- A **main file** can be subdivided into files which can, for instance, be assigned to the responsible clerk and which contain the contracts managed by this clerk.

- A loan can only be located in one of the **files,** but can also be called up from the related main file.

- On the hierarchical level above the main file, there is one **general file**, which contains all main files including all the related files. This general file is generated automatically as a virtual file by the system.

The files are structured as follows:
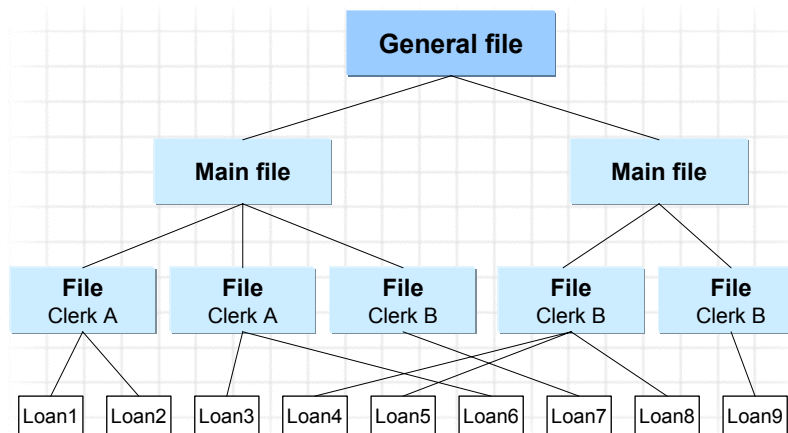
Editing a File

Procedure

1. Choose *Portfolio → Rollover → File Processing → File → Edit.*

2. Enter the *Company code*, values for the *Main file ID* and the *File name* of the file you want to display.

3. Choose *Enter.*

4. On the selection screen, under *Register overview* choose the register of the file you want to edit.

   Choose one of the following functions:

   a. Register content

   b. File object content

5. Choose *Register content* to display the loans in the register you selected. These loans can now be processed.

   The *File/Register Overview* screen appears. It comprises the following areas:

   a. *File/register information*

   b. *Loans overview*

   c. Direct selection

   ### File/register information

   This section of the screen displays the details relating to the file and the register. You cannot change this data.

   ### Loans overview

   The middle section of the screen lists all the loans assigned to the selected file and register, including the related rollover data. You can edit the loan from this screen, in other words you can suspend loans, reassign them (change register status) or remove loans.

   d. Choose *Restore* to return a contract you have suspended to its original register.

   e. Position the cursor on a loan and choose *Goto → Details* to call up information on the individual loans.

   f. You can also insert other loans which do not appear in the register overview. If you do this, they automatically appear in the *not processed* register.

      To do this, return to the *File Overview* screen. Choose *Insert loan* or, if you want to reset the last rollover, choose *Reinsert loan*.

      Enter the *Contract number* in the dialog box which appears. Choose *Continue.* The loan is inserted in the file.

      If this contract has already been assigned to another file, confirm that you require the file to be changed. The loan is then entered in the register to which it was previously assigned in the other file. At the same time, it is removed from the original file.

g. To facilitate processing of large data volumes, you can restrict the selection of loans. Choose *Choose.* The *Select Options* screen appears. You can restrict the selection of loans to be processed here. Only the loans you have selected are flagged for processing in the *Loans Overview.*

To group loans that are to be processed in the same way, you can flag the checkboxes for each loan on the left-hand side of the screen. You can also choose *Select all* or *Deselect all.* When you call up the relevant processing functions, all the selected loans are incorporated in one processing activity.

h. Choose *Functions* to process a loan contract. The *Select Edit Function* dialog box appears. Choose the relevant function, depending on whether you want to process several loans at once (N) or only one single loan (1). Some of the functions are dialog functions and some are automatic processing steps (report programs), for which you need to enter parameters. Double-click on the function you have selected to execute it.

i. There are two different types of non-dialog functions for loans given. For create functions (such as *Create rollover offer*) you need to enter the rollover table [Page 162] and the *rollover date* as start parameters. For print functions, you only need to specify which documents are to be printed. For both functions, you need to enter the execution parameters (online, batch). If you choose online processing, the system displays a log after processing is complete. If you choose batch processing, the processing status is set to *X* (flagged for processing).

Depending on the processing activity you have carried out, the contract automatically appears in a new register in the file. The system also makes register changes automatically, for instance if certain deadlines are exceeded. The system informs you of these changes via a dialog box.

j. In the *Loans overview,* you can double-click on an entry to call up the default function defined in Customizing. When the system is delivered by SAP to the customer, the default function is the individual conversion function for loans (in other words, *Roll Over Contract: Condition Header Overview*).

Individual rollover:

Double-click on an entry in the *Condition Header Overview* to call up the processing screen for conditions. If necessary, edit the conditions and save your changes.

You will always need to enter the conditions for loans taken.

Direct selection

Here you can access loans directly, even though they are not in the file which you are currently processing.

You can make entries in the following fields:

i. *Register*

ii. *Contract number*

iii. *Activity number*

You can select contracts and activities from all files. The system searches for the corresponding loan. You then have the option of switching the file. If you switch the file, a dialog box appears requiring confirmation.

6. Choose *File object content* to edit loans across all registers at the same time.

The same functions are available as for step 5.

Editing a File

7. Choose *Edit <->Disp.* to change from processing mode to display mode and vice versa.

Displaying a File

Procedure

1. Choose *Portfolio → Rollover → File Processing → File → Display.*

2. Enter the *Company code*, values for the *Main file ID* and the *File name* of the file you want to display. Choose *Enter.*

3. On the selection screen, under *Register overview* choose the register of the general file you want to display.

   Choose one of the following functions:

   a. *Register content*

   b. *File object content*

4. Choose *Register content* to display the loans in the register you selected.

   If you have defined the relevant functions in Customizing for display mode, choose *Functions* to select the display functions.

5. Choose *File object content* to display loans across all registers at the same time.

6. Choose *Edit <->Disp.* to change from display mode to processing mode and vice versa.

Rollover: Main Files

Use

The following sections describe how to edit and display main files.

Editing a Main File

Procedure

1. Choose *Portfolio → Rollover → File Processing → Main File → Edit.*

2. Enter the *Company code* and the *Main file ID*.

3. Choose *Enter.*

4. On the selection screen, under *Register overview* choose the register of the main file you want to edit.

   Choose one of the following functions:

   a. Register content

   b. File object content

5. The rest of the procedure is the same as for editing a File [Page 140].

Displaying a Main File

Procedure

1. Choose *Portfolio → Rollover → File Processing → Main File → Display.*

2. Enter the *Company code* and the *Main file ID*.

3. On the selection screen, under *Register overview* choose the register of the main file you want to display.

    Choose one of the following functions:

    a. *Register content*

    b. *File object content*

4. The rest of the procedure is the same as for displaying a file [Page 143].

Rollover: General File

Use

The following sections describe how to edit and display general files.

Editing a General File

Procedure

1. Choose *Portfolio → Rollover → File Processing → General File → Edit.*

2. Enter the *Company code*. Choose *Enter*.

3. On the selection screen, under *Register overview* choose the register of the general file you want to edit.

    Choose one of the following functions:

    a. *Register content*

    b. *File object content*

4. The rest of the procedure is the same as for <u>editing a file [Page 140]</u>.

Displaying a General File

Procedure

1. Choose *Portfolio → Rollover → File Processing → General File → Display.*

2. Enter the *Company code*. Choose *Enter.*

3. On the selection screen, under *Register overview* choose the register of the general file you want to display.

    Choose one of the following functions:

   a. Register content

   b. File object content

4. The rest of the procedure is the same as for .

Rollover: Updating a File

Use

This function updates the capital amounts in the rollover file structure on a specified calculation date. If required, it also reassigns the loans with remaining capital (or planned capital) equal to zero to the relevant registers.

This update has to be run separately since the capital fields cannot be updated automatically because of performance and architecture.

Features

Selection Criteria

- *Company code*

   Enter a company code. If you do not enter a company code, the rollover file structure is updated across all company codes.

- *Activity category, Main file, Version YYYYMM, Version no., File, Register*

   Here, you can specify which loans should be updated. Since all the entries are optional, you can choose to only update certain registers, regardless of which rollover file the loans are in.

- *Loan number*

   If you only wish to update a single loan, you enter the loan number here.

- *Calculation date*

   Date as of which the capital amounts should be calculated.

- *Reassign if paid back?*

   Flag this field if you want the loans to be reassigned to a different register on the basis of the newly-calculated capital amounts. If you use this option, you also need to enter the corresponding target registers.

   The loans are reassigned as follows:

   – *Planned remaining capital* = 0 and *Actual remaining capital <> 0*

      Loan is reassigned to the *Planned repayment* register.

   – *Planned remaining capital* = 0 and *Actual remaining capital <> 0*

      Loan is reassigned to the *Is repaid* register.

   The automatic reassignment function allows you to put loans which do not need to be rolled over (because the remaining capital is zero) into a separate register. This is necessary if the remaining capital has been reduced to zero since the files were filled (due to a manually posted repayment, for example).

- *Simulation*

   If this indicator is set, no changes are made to the database.

- *Log*

If this indicator is set, the system generates a log.

Activities

To update the files:

1. Choose *Portfolio* → *Rollover* → *File Processing* → *Update File.*

2. Enter the *Company code,* the file data and the loan data.

   The default date for the *Calculation date* is the current date. Overwrite this date, if necessary.

   To reassign loans, set the *Reassign if paid back?* flag and enter the corresponding register indicators.

   Flag the *Simulation* field if you want to carry out a test run.

   Flag the *Log* field to generate a log.

3. Choose *Execute*.

Individual Rollover

Use

This function allows you to perform the following manual rollover activities loans given and taken:

- Select an offer and convert it into a contract.
- Create a new contract for the next fixed interest period.
- Enter other offers.
- Deactivate existing offers/contracts.

Procedure

1. Choose *Portfolio* → *Rollover* → *Individual Rollover*.

2. Enter the *Company code* and *Loan number*.

3. Choose *Enter*.

   The *Roll Over Contract*: *Condition Header Overview* screen appears.

4. The fixed interest periods and the other main data related to the original loan, offer, and contract rollovers are displayed.

   You can edit the loan to be rolled over here. Decide if you want to create a new contract (rolled over or fixed/one-sided contract) or an offer (offer or contract offer).

   Use the following functions for the rollover:

   a. *Create contract*

   b. *Create rollover offer*

   c. *Create rollover contract offer*

5. Choose the relevant function. The *Enter file* dialog box appears.

   Enter the *company code,* the file and main file data. Choose *Continue*.

   The *Roll Over Contract: Conditions* screen appears. This screen is identical to the *Create Contract: Conditions* screen.

   Specify the conditions for each rollover offer or contract. These conditions form the basis for creating and printing the rolled over contract.

6. If necessary, edit the conditions [Page 36] and save your changes.

   If you extend the contract automatically, the end of the term is determined by the system.

   If you roll over an individual loan, you have to run the calculation for the end of the term manually. In the *Roll Over Contract: Conditions* screen, choose *Edit* → *Altern.calc.nom* → *End of term.* Confirm your choice with *Yes (Copy end of term?).* The system uses the newly-calculated value for the end of the term.

Periodic Processing

Use

The following sections describe the file structure and how to fill a file.

For more information, see Rollover: Files [Page 139].

File Structure

Use

The following sections describe how you create, change and display files.

Creating a File Structure

Procedure

1. Choose *Portfolio → Rollover → Periodic Processing → File Structure → Create*.

   The Rollover: *Create* Main File screen appears.

2. Enter the *Company code*, the *Main file* and the *Version*.

   Under *Reference* you can enter the values of an existing main file which are then used as default values in the new main file.

3. Choose *Enter.* All files which exist in the selected main file are listed. The list remains empty if the reference you have specified contains no default values.

4. Choose *Insert file* to create a new file. Choose *Edit main selection* (main selection condition) and *Edit selection* (selection condition) to enter the corresponding selection options.

   Specify how you want the files within the main file to be filled. If required, you can specify a clerk preference for distribution. You can also assign one of the following distribution methods:

   Equal [Ext.]

   Sequential [Ext.]

   Assigned [Ext.]

   See also: Filling a File [Page 158])

5. Choose *Save*. All newly created and changed files are saved in the main file.

Changing File Structure

Use

You can only change or delete main files if they are empty.

Procedure

1. Choose *Portfolio → Rollover → Periodic Processing → File Structure → Change*.

    The *Rollover: Change Main File* screen appears.

2. Enter the *Company code,* the *Main file* and the *Version.*

3. Choose *Enter.* All files which exist in the selected main file are listed.

4. Choose *Edit main selection* (main selection criterion) and *Edit selection* (selection condition) to enter new selection options or to change existing options.

    You can delete a main selection condition or a selection condition in the *Select Options* screen.

5. Choose *Insert file* to create a new file.

6. Choose *Edit → Delete file* or *Edit → Delete all files* to delete files*.*

7. Choose *Save.* All changed files are saved in the main file.

Displaying a File Structure

Procedure

1. Choose *Portfolio* → *Rollover* → *Periodic Processing* → *File Structure* → *Display*.

    The *Rollover*: *Display Main File* screen appears.

2. Enter the *Company code,* the *Main file* and the *Version.*

3. Choose *Enter.* All files which exist in the selected main file are listed.

4. Choose *Edit main selection* (main selection condition) and *Edit selection* (selection condition) to display the corresponding selection options for a selected file.

Fill Main File

Purpose

This section describes how loans are distributed to files on the basis of various criteria.

Process Flow

For rollovers, the capital fields for each loan are calculated and saved as at the end of the fixed period. For all other loans, the current date is used.

💡 This function is only carried out when you choose *Rollover → Periodic Processing → Fill Main File.*

The system checks that all loans to be distributed fulfill the main selection criteria of the main file.

It also checks whether the loans have already been saved in a file with the same activity type. If a loan exists in a file already, it is flagged and excluded from further processing.

The system checks each loan against the selection criteria defined for the file. If a clerk preference exists for the loan, the system checks that the clerk defined for an individual file matches the clerk defined for the loan. If the data matches, the loan is flagged to be entered in this file.

A complex process follows which ensures that each loan/file combination can be classified as one of the following possibilities, in order of priority:

- Clerk and selection criteria match
- Clerk match
- Selection criteria match

Lower priority matches are excluded from further processing. The remaining loans are distributed equally [Ext.] or sequentially [Ext.], or assigned [Ext.], depending on the parameters you entered when you configured your files.

Example

You have defined the main selection criterion Q for the main file.

Assignment of clerk and selection criterion to the individual files:

File	Clerk	Selection criterion
1	John	X
2	Sue	-
3	John	Y
4	Robert	Z

Existing loans (in this example, loans A to D) are checked first. The check is made as follows:

Loan	Match with files	Match on the basis of:
A	1 and 3	Clerk

A	4	Selection criterion
B	1	Clerk
B	1 and 3	File and selection criterion
B	1 and 4	Selection criterion
C	1, 3 and 4	Selection criterion
D	-	-
E	-	-

No match is found for loans D and E.

Loans for which a match is found are distributed as follows:

- The system first searches for a loan that is valid for the file with the least entries. Once a corresponding loan has been found, the number of entries in this file is updated and the loan is assigned to this file. Any other files for which there is a match are no longer considered for this loan.

  In this example, Loan A matches File 1 and is put into this file. It is no longer relevant that Loan A would also have been valid for File 3. File 1 is no longer the file with the least entries.

  - The system now moves on to the next file with the least entries (in this example, File 2). It searches the remaining loans for a match with File 2. Since there is no match, this file is left out of the distribution.

  - When it gets to File 3, the system finds a match with Loan C.

  - No loan is found for File 4. Processing for the loans still to be distributed (here, Loan B) begins again with File 1.

  - Loan B is assigned to File 1 and processing is completed.

  - The remaining loans that cannot be assigned (loans D and E) are distributed according to the parameters defined during file configuration (*equally, sequentially, assigned*).

  The files could be distributed as follows:

Distribution	Loan	File
Equally	D	2
	E	4
Sequentially	D	1
	E	2
Assigned	D, E	3 (specification for distribution)

After checking the matches for files and loans, the system would assign the loans to corresponding files as follows (assuming *equal* distribution):

- File 1 contains Loan A and Loan B

- File 2 contains Loan D

- File 3 contains Loan C

- File 4 contains Loan E

Fill Main File

For more information about the procedure, see Filling a main file [Page 161].

Filling a Main File

Procedure

1. Choose *Portfolio* → *Rollover* → *Periodic Processing* → *Fill Main File.*

2. In the *Fill Main File* screen, enter the *Log level* under *Print parameters - Log*. Choose *Print/spool param. log* to make the entries for print and spool control.

3. Enter the *Execution parameters* for filling the main file. If you choose *Test run,* the data is not updated.

   You can schedule a background job (*Schedule batch)*, run a background job immediately (*Backgr.Immed.*) or fill the file online (*Online execution*). If you choose *Online execution*, the system displays a list with all the data relevant to the loan and file.

   If you choose *Schedule batch,* you can execute the *Fill main file* function according to your own *Start time* parameters.

4. Enter the basic data for the main file under *Rollover main file*.

5. Choose *Execute*.

   The system fills the file on the basis of the parameters you specified and displays the resulting assignments.

Rollover Tables

Definition

You use a rollover table to define the current conditions for creating rollover offers and contracts automatically.

A table comprises different variants and modifications, which each make up a condition package for a certain fixed interest period. The tables determine which variants are applied to the selected loan positions. They are used to automate standard procedures.

This function is only supported for loans given.

Structure

A table is made up of a table header, table and version keys, the effective period and reservation period for the table and links to any number of variants and modifications.

The variants, which you can display or create in a variant screen, contain the most important conditions used by lending institutions. You can group loans due for rollover using various selection criteria, such as loan number, amounts, remaining term or contract currency. This lets you determine the types of loan for which a particular variant may be used.

Sequence of the variants

When you create a **contract**, the system uses the first valid variant for the new contract conditions. The other variants are ignored. You must therefore pay special attention to the order in which the variants are created.

However, if you first want to send the borrower all the possible **offers**, the sequence is irrelevant. In this case, offers are created for all the variants that are valid for the loan.

Plus/Minus Tolerances for Variants

If you define a **minus tolerance** for a variant, the variant can be used for a shorter fixed interest period. A variant for four years without minus tolerance can only be used for loans with a remaining term of four years or more. If you add a minus tolerance of six months, the variant can also be used for loans with a remaining term of 3½ - 4 years.

If you define a **plus tolerance** for a variant, the variant can be used for a longer fixed interest period. If a rollover offer were to be made for a period of 4 years and the remaining term of the loan is 4½ years, the loan would have to be rolled over again shortly before the end of the term. With a plus tolerance of six months, the variant could be used for the full remaining term. The plus tolerance only affects loans for which the end of the term is within the next 4 - 4½ years.

Integration

You can change the conditions in the contract due to be rolled over by creating a variant. The following condition fields can be changed:

Fields in the condition header

- Fixed interest period (**required entry**)
  Determines the new fixed interest period.

- Disbursement rate (**required entry**)

- Effective interest method (**required entry**)

- Effective interest method (**required entry**)

  💡 **Effective interest**

  The effective interest is calculated automatically by the rollover function. The effective interest rate is the rate calculated for the new fixed period at the start of the new period.

  The condition field *Effective interest* within a variant is only an information field.

Fields related to nominal interest condition items

- Nominal interest (**required entry**)

  💡

  If you enter a '0' in this field, and you have a fixed nominal interest rate, the nominal interest rate remains unchanged.

- Payment form

- Exact payment form

- Payment frequency

- Reference interest rate

- +/- sign for reference interest rate

Fields related to repayment condition items

- Payment form

- Exact payment form

- Repayment frequency

- Immediate settlement

Fields related to repayment settlement condition items

- Payment form

- Exact payment form

- Payment settlement frequency

Example 1

Examples for creating tables

Rollover Tables

Your organization wants to roll over all loans with current fixed periods of three years that are due to expire in the next two months.

The new fixed period is defined for four years with interest fixed at 6%. Loans which mature in less than two and a half years are to have the rate of 5% valid for 2½ years. All other loans (remaining term > 2½ years) will be given the four-year rate (6%).

Two variants are defined for the table:

1. The first variant uses the interest rate valid for four years. The minus tolerance for this variant is 18 months, since you want to use it for all loans with a remaining term of more than 2½ years.

2. The second variant is to be used for loans which mature within the next 2½ years. Here, you can define tolerances to capture the loans with a remaining term of less than 2½ years and apply the 5% rate up to maturity.

When you configure the main file, you use the main selection criterion to specify that all loans with a defined *start of fixed period* and *end of fixed period* are to be selected.

The main file structure is then filled for the rollover process. Having selected all loans to be processed, you can trigger the *Create Contract* function with the new table.

Example 2

Your organization wants to roll over all loans with current fixed periods of three years that are due to expire in the next two months. You intend to send offers to your borrowers, in accordance with the table below:

Product type	Disbursement rate (discount)	Remaining capital >500,000	Offer
Mortgage loan	100%	yes	3, 5 and 10 years
Mortgage loan	100%		3 and 5 years
Mortgage loan	< 100%	yes	3, 5 and 7 years
Mortgage loan	< 100%		3 and 5 years
Special-purpose loan	Not important	yes	3, 5, 7 and 10 years
Special-purpose loan	Not important		3 and 10 years

Possible variants when creating the table:

1. 3 years, no selection criteria (applies for all loans)

2. 5 years, product type "mortgage loan" as the selection criterion.

3. 5 years, product type "special purpose loan" and remaining capital > 500,000 as the selection criteria.

4. 10 years, product type "mortgage loan" as the selection criterion.

5. 10 years, product type "mortgage loan", disbursement rate 100% and remaining capital > 500,000 as the selection criteria.

6. 7 years, product type "mortgage loan", disbursement rate < 100% and remaining capital > 500,000 as the selection criteria.

7. 7 years, product type "special purpose loan" and remaining capital > 500,000 as the selection criteria.

Only the first variant assumes that the conditions for the product types mortgage loan and special-purpose loan are the same. If they are different, you need two variants for the three-year period.

When you configure the main file, you use the main selection criterion to specify that all loans where the *end of fixed period* falls between the current date and the current date + 2 months are to be selected.

The following sections describe how to create, change and display tables for the rollover process.

Creating a Rollover Table [Page 166]

Changing a Rollover Table [Page 167]

Displaying a Rollover Table [Page 168]

Creating a Rollover Table

Use

You use this function to create rollover offers and contracts.

It is only supported for loans given.

Procedure

1. Choose *Portfolio* → *Roll over* → *Table* → *Create.*

2. Enter the following values:

   a. *Company code*

   b. *Table ID*

   c. *Table version*

   d. Under *Reference* you can enter values for an existing table which are then used in the new table.

3. Enter the name of the table, the dates for the effective period and the reservation period.

   a. The *effective period* tells you how long a table is valid for.

   b. The *reservation period* tells you the date by which an offer has to be returned.

4. To enter information relating to the conditions, choose *Goto* → *Variants*.

   a. Choose *Edit* → *Item* → *Insert* to create a condition variant. The system displays certain condition fields for each variant. Some of the entries in the condition fields are mandatory, while others are optional. When you enter conditions here, the condition item fields originally defined in the contract that is being rolled over are replaced. Condition items which you do not change and which are still effective are taken from the contract being rolled over.

   b. Position the cursor on the relevant variant and choose *Edit* → *Selection condition* → *Edit* to call up the *Select Options* screen. Define which loans are to be rolled over using this variant. The loans which fulfill the selection criteria you specify here will be rolled over automatically using the values defined for this variant .

5. Choose *Goto* → *Modifications* to enter information about the modifications.

   a. Choose *Edit* → *Item* → *Insert* to create a new modification. The fields which can be modified are displayed in a dialog box. Select the relevant modification fields. The fields you select appear automatically in the screen. You can define an unlimited number of modifications for a table.

   b. Position the cursor on the relevant variant and choose *Edit* → *Selection condition* → *Edit* to call up the *Select Options* screen. Define which loans are to be rolled over using this modification. The loans which fulfill the selection conditions you specify here will be rolled over automatically using the values from this modification.

6. Save your entries.

Changing a Rollover Table

Procedure

1. Choose *Portfolio → Roll over → Table → Change.*

2. Enter the *Company code*, *Table ID, Table version* and *Version number* of the table you want to change.

3. You can change the name of the table and the dates for the effective period and the reservation period

   a. The *effective period* tells you how long a table is valid for.

   b. The *reservation period* tells you the date by which an offer has to be returned.

4. Choose *Goto → Variants* to change information about the conditions.

   The rest of the procedure is the same as for creating a table [Page 166].

5. Choose *Goto → Modifications* to change information about the modifications.

   The rest of the procedure is the same as for creating a table [Page 166].

6. Save your entries.

Displaying a Rollover Table

Procedure

1. Choose *Portfolio* → *Roll over* → *Table* → *Display.*

2. Enter the following values:

   a. Company code

   b. Table ID

   c) Table version

   d. Version number

   The system displays the details for the table you have selected.

3. Choose *Goto* → *Variants* and *Goto* → *Modifications* to display additional information about the conditions.

Rollover: Analysis

Use

The following sections describe how to evaluate rollover statistics and file contents.

Evaluating Rollover Statistics

Use

This function provides information about rollovers within a given period.. The evaluation does not depend on the rollover file structures. It takes all loans into account, regardless of whether or not they are in a rollover file.

The program runs the evaluation for one company code at a time. The main selection criterion is the interval for the end of the fixed interest period. By default, the system calculates all the capital amounts related to a loan at the end of the fixed period. If required, you can enter a different calculation date.

In addition to the overall statistics, you can call up a list of the individual loans due to be rolled over. You can also display the main borrower and the rollover file (if the loan has already been assigned to one).

If you define an interval of one year or less, you can generate statistics for the year. This lists the commitment capital of loans for each month.

Features

Selection Criteria

- *Company code*

  You need to run the evaluation separately for each company code.

- *End of fixed period*

  The system only evaluates loans that correspond to the selection criteria (for example, loans with rollovers scheduled in the first quarter of the year).

- *Product type, Contract number., Loan type, Loan category, Repayment type*

  Via these fields, you can narrow down the selection further.

- *Currency*

  Enter the currency. You need to run the evaluation separately for each currency.

- *Calculate other than fixed period end (FPE), Calculation date*

  If this field is not flagged, the system calculates the capital amounts as at the loan fixed period end date. If you want to use a different calculation date, you flag this field and enter a calculation date. This can be appropriate, for example, if postings (such as repayments) exist after the end of the fixed period.

- *Individual list*

  You set this flag if you want to display all the selected loans individually.

- *Display file*

  If you set this flag, the system sorts the loans by rollover file and displays the corresponding rollover file for each loan.

- *With main borrower*

If you set this flag, the system displays the main borrower for each loan.

- *Annual statistics*

   If the evaluation period (end of fixed period from - to) is less than or equal to a year, you can print out the statistics for the year. These statistics give you a visual overview of the due dates for individual loans by displaying the commitment capital in the column for the month in which the rollover occurs.

   If there is more than one rollover for a loan in the reporting period, each rollover is listed separately.

Output

- Header

   The header area contains the selection criteria entered for the company code, currency, product types and evaluation period.

- Overall statistics

   The system displays the full statistics for each product type/loan type.

   There are three main columns: *Total, Rolled over several times* and *Adjusted*. In each column you see the number of rollovers and the total remaining capital at the time of the rollover.

   The *Total* column includes all the loans due for rollover in the evaluation period (for example, 1st quarter). If a loan is due several times within the evaluation period, in other words, if the loan has already been rolled over, it is also included several times. Multiple rollovers are displayed in the *Rolled over several times* column. The difference between the first two columns is displayed in the *Adjusted* column, which then contains the total number of loans due to be rolled over.

   The *Repaid* row shows the number of loans that have been paid off according to plan and their remaining capital. For repaid loans, the *Plan.rem.capital after* and *Plan.rem.capital before* values must both be zero. These loans do not appear in the following rows.

   The *Pending* row displays all the loans for which the end of the fixed period falls within the evaluation period (= 100%), except for the loans which have been repaid. The loans pending are grouped as follows:

   Loans rolled over

   Loans that have already been rolled over in the evaluation period. Technically, these cover all condition headers for which there is a previous condition header in the evaluation period. This category also includes the last condition header of the evaluation period if the end of the fixed interest period is the end of the evaluation period and a further condition header exists after the evaluation period.

   Loans that have been rolled over appear in two rows. The *Rollover before unscheduled repayment* row contains the remaining capital before a possible unscheduled repayment as part of a rollover. The *Rollover after unscheduled repayment* contains the remaining capital after an unscheduled repayment. Transfer postings and unscheduled repayments are disclosed separately.

   Loans paid pack (row: *Paid back*)

Evaluating Rollover Statistics

For loans paid back, the *Plan.rem.capital after* must be zero and the *Plan.rem.capital before* values must be greater than zero. A loan is regarded as "repaid" (according to plan) when the remaining capital of a disbursed loan is zero (no extraordinary repayment or transfer posting). By contrast, a loan is "paid back" if the remaining capital has been brought down to zero by an extraordinary repayment or transfer posting.

Outstanding loans to be rolled over (row: *Outstanding*)

A loan is regarded as outstanding if the end of the fixed period for the last condition header is before or the same as the end of the evaluation period and the loan has not been paid back (see above).

- Annual statistics

  The statistics for the year display the product type, the loans type and the remaining capital for the individual rollovers. The remaining capital (divided by 1000) appears in the column for the month in which the rollover is due.

- Individual list

  The following data is displayed for each loan:

  – Contract number

  – Valid from (start of fixed interest period)

  – End of fixed interest period

  – End of term (= end of contract term)

  – Remaining capital before unscheduled repayment

  – Ntyp (notice type)

  – Status (*Paid back, Outstanding, Rolled over, ...*)

  – Main borrower

  By default, the list of individual loans is sorted by loan number. However, if you have set the *Display file* indicator, the loans are sorted by file name and then sorted by loan number within the file.

Activities

1. Choose *Roll over → Evaluation → Rollover statistics.*

2. The *Rollover: Evaluations* screen appears.

3. Enter your selection criteria for evaluating the relevant loans.

   Overwrite any fields which contain default values, where necessary.

4. Choose *Execute*.

   The system displays the list according to your selection criteria.

Evaluating File Contents

Use

This function provides information about the contents of files. You can run the evaluation per general file, main file, file or for any register. You can also run the report across all company codes at one time.

The following information is displayed for the selected loans:

- Capital amounts and number of loans per register

- If you have made the selection according to loan number or file structure, the system displays a list of the all the loans in the selected file structure.

Procedure

1. Choose *Roll over → Evaluation → File contents.*

2. The *File Evaluation* screen appears.

   Enter your selection criteria.

3. To sort the list by loan number or by file structure, choose:

   a. *Individual list by loan no.*

   b. *Individual list by file structure*

4. Choose *Execute*.

Capital Transfer

Use

The following sections describe how you can group several contracts to create one contract or how to split a contract into several contracts. These functions are only supported for loans given. When you group contracts, you can transfer any number of source loans to a single target loan. When you split a contract, you split a single source loan into any number of target loans.

Prerequisites

You must make the following settings in Customizing for *Loans*:

- You must define the necessary flow types for the capital transfer (IMG step: *Define Flow Types*).

- You must assign an offsetting flow type to the respective flow type for each company code (IMG step: *Assign Offsetting Flow*).

- You must assign the corresponding flow type to the application function. You make this setting for each product type according to company code and condition group (IMG step: *Define Condition Groups* → *Assign Flow Types to Condition Groups per Application*).

- You must define account determination for both the flow types and the corresponding offsetting flow types (IMG step: *Define Account Determination*).

You can only use the capital transfer functions if the following circumstances apply:

- The source loan(s) to be transferred has/have been disbursed.

- The disbursement obligation of the target loan(s) is greater than or equal to the amount to be transferred.

- All the loans affected have the same contract currency and product type.

- No postings exist after the transfer key date that are relevant for the cash flow and not based on conditions (such as unscheduled repayments). This applies for both source and target loans.

- No balance sheet transfers exist after the transfer key date.

- The system takes scheduled postings (such as repayments) into account when it calculates the capital available for transfer.

Features

Grouping contracts

The *Group Contracts* function allows you to create one contract from several contracts for accounting purposes or to transfer parts of several contracts to another contract. The outstanding capital (remaining debt) of one or more contracts is transferred either fully or in part to another contract. This is necessary, for example, when a different borrower takes on the remaining debt of a loan.

When you enter the transfer data, you enter a transfer flow type. Depending on the system settings for this flow type in the IMG step *Define Flow Types*, the capital amounts in the source contract are treated in one of two ways:

- If you use the default settings that are delivered with the system, the outstanding capital (in other words, the amount to be transferred) is removed from the source loan. The amount transferred is treated as a "repayment" of the source contract and the receivable is moved to the new contract.

- If you opt for a "revolving loan" the outstanding receivable of the source loan is also transferred to the new contract (target contract). However, in this case the transfer regenerates a disbursement obligation in the source loan equivalent to the transfer amount. The source loan can then be disbursed again.

Splitting a contract

The *Split Contract* function allows you to split up a contract into one or more contracts for accounting purposes or to transfer parts of one contract to one or more other contracts. The outstanding capital (remaining debt) of one contract is transferred either fully or in part to one or more other contracts. The contract capital remains the same.

Grouping Contracts

Use

You use this function to group several contracts into one contract for accounting purposes, or to transfer parts of a contract or several contracts to a different contract.

You can use the *Group Contracts* function for both loans given and loans taken.

You can only carry out a retrospective capital transfer for loans given that are managed on the basis of customer accounts (in other words, loans for which payments are not processed using the *Payment Request* function).

Prerequisites

See: Capital Transfer [Page 174]

Procedure

1. Choose *Portfolio → Capital Transfer → Group Contracts*. Enter the *company code* and the *loan number* of the target loan. The target loan is the loan to which you want to transfer the capital.

2. Choose *Enter.* The *Group Contracts: Transfer* screen appears.

   a. In the *Target loan: Contract information* section the system displays data relating to the target loan, such as he borrower, the status and the product type. No changes can be made to this data.

   b. The *Capital amounts* section contains financial details for the target loan, such as the available capital (on the basis of the debit positions), the remaining capital (exclusively on the basis of the posted incoming payments), the discount and the transfer amount. The total of the transfer amounts must not be greater than the disbursement commitment of the target loan. The individual amount for each source loan must not be greater than the remaining debt for the corresponding source loan. No changes can be made to this data.

   c. In the *Control parameters* section, enter the key date for the transfer (value date or due date). This field serves two purposes:

      i. If you carry out retrospective transfer postings, the system automatically reverses all the flows posted since the transfer key date (such as debit positions and incoming payments). and adjusts them to reflect the new calculation bases.

      ii. This date is used to recalculate receivables (such as interest) using the new calculation bases.

      iii. It also determines the amount to be transferred for the proportional premium/discount.

      When you post the transfer, the system prompts you to enter a posting date, which is independent of the transfer date (see step 6).

   Enter a flow type for the transfer. This determines the procedure used and controls automatic account determination.

You use the *Source loan inclusive* / *Target loan inclusive* fields to specify whether the transfer date should be included in the interest calculation for the source loan or the target loan.

If you set the *Distribute cash receipts* indicator, the system automatically reverses incoming payments received after the transfer key date, recalculates them and distributes them to the source and target contracts in proportion to the respective capital amounts. If you do not set the indicator, the incoming payments are also reversed, but are still assigned to the source loan(s) as an overpayment. You can clear overpayments automatically. Debit positions are also reversed and automatically adjusted to reflect the changed calculation bases.

If you set the *Disc.prem.def.not to revenue* indicator, the deferred portion of the premium/discount is not written back to the P&L account when you carry out a contract transfer. If do not set the indicator, the deferred portion of the premium/discount is written back to the P&L account.

d. In the bottom part of the screen enter the number of the *Source loan* and the *Trans. amnt* (the individual amount to be transferred to the target loan). By setting the *Discount/premium indicator (DPI)*, you can specify whether a remaining premium/discount should be transferred on a pro rata basis. You can enter several source loans with the corresponding transfer amounts.

3. Choose *Enter.* The system displays the capital data for the source and target loans.

4. Choose *Account statement* to display the actual postings relating to the source or target loan (position the cursor on the relevant loan). The system displays the account statement with the data for the selected loan.

5. Choose *Display contract* to branch to the general contract data for the selected loan.

6. Choose *Transfer* to make the postings for grouping the contracts. At this stage, you can enter a posting date in the posting dialog box. This posting date must be after the posting date of the last flow posted for any of the loans affected. It does not need to be the same as the transfer key date.

    a. If you have activated the release procedure, the system tells you that the transfer has been saved and still needs to be released. For more information, see: Release [Page 344]

    b. At least two documents are created automatically when the posting is made: one document for the target loan and a document for each source loan. The balance sheet account transfers are posted via a clearing account.

7. If necessary, you can reverse the entire transfer activity. However, if postings have already been made for the contracts involved since the transfer date, these postings must be reversed first.

Splitting a Contract

Use

You use this function to split a contract between one or several contracts for accounting purposes or to transfer parts of a contract to one or several other contracts.

You can use the *Split Contract* function for both loans given and loans taken. You can only carry out a retrospective capital transfer for loans given that are managed on the basis of customer accounts (in other words, loans for which payments are not processed using the *Payment Request* function).

Prerequisites

See: Capital Transfer [Page 174]

Procedure

1. Choose *Portfolio → Capital Transfer → Split Contract*. Enter the *company code* and the *loan number* of the source loan. The source loan is the loan you want to split between several target loans.

2. Choose *Enter*. The *Split Contract: Transfer* screen appears.

    For more information on the procedure, see the documentation for grouping contracts [Page 176].

    The total of the transfer amounts must not be greater than the remaining debt of the source loan. The individual transfer amount must not be greater than the disbursement commitment of the relevant target loan.

    If you set the *Transfer proportionate discount* indicator, the system transfers the unused portion of the premium or discount in proportion to the capital amount to be transferred. If you leave the *Disc.prem.def.not to revenue* field empty, the system also carries out a deferral run for the discount one day before the transfer key date.

Converting the Contract Currency to the Euro

Prerequisites

The changeover to the euro involves certain preparation and cleanup activities, in addition to the conversion itself.

> In the central euro documentation, see: Contract Currency Changeover (TR-LO) [Ext.]

Procedure

Currency Changeover

1. To convert a loan to the euro, choose *Portfolio → Contract Currency Changeover to the Euro → Currency Changeover*.

2. Under *Selection parameters*, enter the *Company code* and the *Loan number*.

3. Under *Control parameters*, enter the *Posting date* and specify whether a *Planned record update* should be carried out.

4. To run the conversion, choose *Execute.*

Reset Currency Changeover

1. To reset the contract currency changeover, choose *Portfolio → Contract Currency Changeover to the Euro → Reset Currency Changeover*.

2. Enter the selection and control parameters.

3. To reset the changeover, choose *Execute*.

Process Management

Use

This section describes the functions involved in process management.

In process management, an activity [Ext.] groups a number tasks.

- You first define an activity by creating an **activity type** (in Customizing).

- You then assign individual **tasks** to this activity (in Customizing).

Features

The functions described here allow you to track and monitor the manual processing tasks involved in loans management. After being processed, a loan can be moved either manually or automatically to a different register (representing a different task), which indicates the status of the contract.

You can process loans at various levels:

- Process the individual files

- Process the main file

- Process the general file

- Update a file

The distribution of tasks depends on the organizational structure of your company.

◼◤ SAP AG   Loans Management (TR-LO)

Process Management: Configuring a File

Process Management: Configuring a File

Use

The following sections describe how you create, change and display file configurations.

Configuring a File

Procedure

1. Choose *Portfolio → Process management → File configuration → Create*.

    The *Application: Create Main File* screen appears.

2. Enter the *Company code*, the *Activity type,* the *Main file* and the *Version*.

    For more information, see <u>Configuring a File [Page</u> 155<u>]</u>.

Changing File Configuration

Procedure

1. Choose *Portfolio → Process management → File configuration → Change*.

    The *Application: Change Main File* screen appears.

2. Enter the *Company code*, the *Activity type,* the *Main file* and the *Version*.

    💡 For more information, see <u>Changing File Configuration [Page 156]</u>.

Displaying the File Configuration

Procedure

1. Choose *Portfolio → Process management → File configuration → Display*.

    The *Application: Display Main File* screen appears.

2. Enter the *Company code*, the *Activity type,* the *Main file* and the *Version*.

    For more information, see <u>Displaying the File Configuration [Page 157]</u>.

Process Management: Filling a File

Use

This section describes how loans are distributed to files on the basis of various criteria.

The capital fields for each loan are calculated and saved on the reference date.

Prerequisites

The system checks that all loans to be distributed fulfill the main selection conditions of the main file.

It also checks whether individual loans have already been saved in a file. If a loan exists in a file already, it is flagged and excluded from further processing.

The system checks each loan against the selection conditions defined in the file. If a clerk preference exists for the loan, the system checks that the clerk defined for an individual file matches the clerk defined for the loan. You have to create the clerk for the loan on the *Basic Data III* screen. If the data matches, the loan is flagged to be entered in this file.

A complex process follows which ensures that each loan/file combination can be classified as one of the following possibilities, in order of priority:

- Contract clerk and selection condition match

- Contract clerk match

- Selection condition match

Lower priority matches are excluded from further processing. The remaining loans are distributed equally [Ext.] or sequentially [Ext.], or assigned [Ext.] according to the parameters you entered when you configured your files.

Procedure

1. Choose *Portfolio → Process management → Fill file.* The *Fill File* screen appears.

2. Enter the *Activity category*.

3. Enter the *log level* under *Print parameters log*. Choose *Print/spool param. log* to enter your print and spool parameters.

4. Enter the *Execution parameters* for filling the main file. If you choose *test run,* the data is not updated.

    You can schedule a background job (*Schedule batch)*, run a background job immediately (*Backgr.Immed.*) or fill the file online (*Online execution*). If you choose *online execution*, the system displays a list with all the data relevant to the loan and file.

    If you choose *schedule batch,* you can execute the *Fill file* function according to your own *start time* parameters.

5. Enter the basic data for the main file under *Main file*.

6. Choose *Execute*.

Process Management: General File

Use

The following sections describe how to edit and display general files.

Process Management: Editing a General File

Procedure

1. Choose *Portfolio* → *Process Management* → *General File* → *Edit.*

2. Enter the *Activity type* and the *Company code*.

3. Choose *Enter*.

For more information, see Editing a General File [Page 148].

Process Management: Displaying a General File

Procedure

1. Choose *Portfolio → Process Management → General File → Display.*

2. Enter the *Activity type* and the *Company code*.

    For more information, see [Displaying a General File [Page 149]](#).

Process Management: Main Files

Use

The following sections describe how to edit and display main files.

Process Management: Editing a Main File

Procedure

1. Choose *Portfolio* → *Process Management* → *Main File* → *Edit.*

2. Enter the *Company code*, *Activity type* and *Main file ID*.

3. Choose *Enter*.

   For more information, see [Editing a Main File [Page 145]](#).

Process Management: Displaying a Main File

Procedure

1. Choose *Portfolio* → *Process Management* → *Main File* → *Display.*

2. Enter the *Company code*, *Activity type* and *Main file ID*.

3. Choose *Enter*.

   For more information, see [Displaying a Main File [Page 146]](#).

Process Management: Files

Use

The following sections describe how to edit and display files.

Features

The file is comparable to a document file. It contains various registers which reflect the processing status of the loans in it. Each loan can appear in a maximum of one file of an activity type at one time.

To organize work more effectively, files are managed in a hierarchy:

- A **main file** can be subdivided into files which can, for instance, be assigned to the responsible clerk and which contain the contracts managed by this clerk.

- A loan can only be located in one of the **files,** but can also be called up from the related main file.

- The fact that a loan is in a file has no impact on normal loans processing, in other words, the loan can still be disbursed, manually posted, dunned and so on.

- On the hierarchical level above the main file, there is one **general file** per activity type, which contains all main files including all the related files. This general file is generated automatically as a virtual file by the system.

  For each activity type, a loan can only be assigned to one register or file within a general file. This means that a loan may be in a *New contract* but it may also be in a *Correspondence* file.

The files are structured as follows:
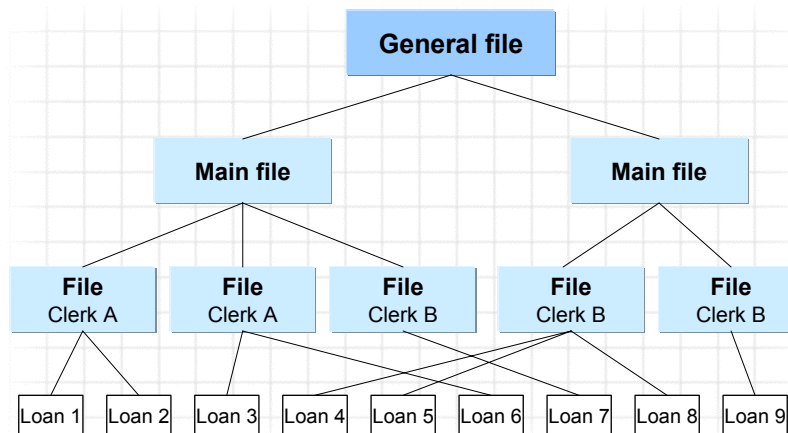
Process Management: Editing Files

Procedure

1. Choose *Portfolio → Process Management → File → File Processing.*

2. Enter the *Company code*, *Activity type, Main file ID* and the *File name* of the file you want to edit.

3. Choose *Enter*.

4. On the selection screen, under *Register overview* choose the register of the file you want to edit.

    Choose one of the following functions:

    a. Register content

    b. File object content

5. Choose *Register content* to display the loans in the register you selected.

    The *File/Register Overview* screen appears. It comprises the following areas:

    a. File/register information

    b. Loans overview

    c. Direct selection

    File/register information

    This section of the screen displays the details relating to the file and the register. You cannot change this data.

    Loans overview

    The middle section of the screen lists all the loans assigned to the selected file and register. You can edit the loan from this screen, in other words you can suspend loans, reassign them (change register status) or remove loans.

    a. Choose *Restore* to return a contract you have suspended to its original register.

    b. Choose *Goto → Details* to call up information for individual loans (loan selected).

    🔦 The capital fields are calculated for the key date specified for filling the file.

    c. You can also insert other loans which do not appear in the register overview. If you do this, they automatically appear in the *not processed* register.

    To do this, return to the *File Overview* screen and choose *Insert loan*.

    Enter the *Contract number* in the dialog box which appears. Choose *Continue.* The loan is inserted in the file.

    If this contract has already been assigned to another file, confirm that you require the file to be changed. The loan is then entered in the register to which it was previously assigned in the other file.

    d. To facilitate processing of large data volumes, you can restrict the selection of loans. Choose *Choose.* The *Select Options* screen appears. You can restrict the selection of

Process Management: Editing Files

loans to be processed here. Only the loans you have selected are flagged for processing in the *Loans Overview.*

Loans which are to be processed in the same way can be selected by flagging them in the checkbox for each loan on the left-hand side of the screen. You can also choose *Select all* or *Deselect all.* When you call up the relevant processing functions, all the flagged loans are incorporated in one processing activity.

e. Choose *Functions* to process a loan contract. The *Select Edit Function* dialog box appears. Choose the relevant function, depending on whether you want to process several loans at once (N) or only one single loan (1). Some of the functions are dialog functions and some are automatic processing steps (report programs), for which you need to enter parameters. Double-click on the function you have selected to execute it.

f. For print functions, you need to specify which documents are to be printed. You need to enter the execution parameters (online, batch). If you choose online processing, the system displays a log after processing is complete. If you choose batch processing, the processing status is set to *X* (flagged for processing).

Depending on the processing activity you have carried out, the contract automatically appears in a new register in the file.

g. In the *Loans overview,* you can double-click on an entry to call up the default function defined in Customizing.

Direct selection

Here you can access loans directly, even though they are not in the file which you are currently processing.

Make entries in the following fields:

a. Register

b. Contract number

You can select contracts from all files. The system searches for the corresponding loan. You then have the option of switching the file. If you switch the file, a dialog box appears requiring confirmation.

6. Choose *File object contract* to edit loans across all registers at the same time.

The processing steps involved are the same as those described under step 5 above.

7. Choose *Edit <->Disp.* to change from processing mode to display mode and vice versa.

Process Management: Displaying a File

Procedure

1. Choose *Portfolio* → *Process Management* → *File* → *File Processing* → *Display.*

2. Enter the *Company code*, *Activity type, Main file ID* and the *File name* of the file you want to display.

3. Choose *Enter*.

   For more information, see Displaying a File [Page 143].

Evaluating a File

Use

This function provides information about the contents of files. You can run the evaluation per general file, main file, file or for any register. You can also run the report across all company codes at one time.

The evaluation provides the following information on the loans you selected:

- Total of all loans in the selected file/register.

- A list of all loans in the selected file/register.

Procedure

1. Choose *Process management → File evaluation.*

2. The *File Evaluation* screen appears.

    Enter your selection criteria.

3. Choose *Execute*.

Periodic Processing

Definition

Periodic Processing covers functions that are carried out on a regular basis.

Structure

Periodic activities include the following functions:

- Summarization/Reorganization [Page 198]

- Update Planned Records [Page 213]

- Deadline Monitoring [Page 203]

Summarization / Reorganization

Use

During the term of a loan contract, the system usually generates a large number of individual flows (loan document items). The system must have efficient access to these posted flows for calculating capital amounts and the cash flow, even if there are a large number of loan contracts in the portfolio.

The summarization function summarizes regular condition-based document items. For each flow type, it generates summarized records from the start of the term up to the summarization date. Application functions now only need to access a few summarized records and no longer have to process numerous individual flows.

Particularly when you have a large number of loan contracts for which a large number of condition flows are posted at short intervals, this improves performance. Otherwise, evaluating all the document items is very time-consuming.

Integration

The following application functions can process summarized records:

- *Update planned records*

- *Accrual/deferral* of expenses and revenues

- *Loans for the partner*

Prerequisites

You can only use the summarization function if flows have been posted. In other words, regular condition-based loan document items must exist.

Features

1. The following criteria are available for selecting the contracts for which you want the loan document items to be summarized:

   - Company code
   - Contract number

   You can restrict the search further under *General selections*:

   - Product category
   - Product type
   - Contract currency

   Under *Further selections* you can also limit the search according to the summarization status of a loan.

   - Loans with valid summarization
   - Loans with deleted summarization
   - Loans with invalid summarization

2. In the *Execution parameters* section you specify the summarization key date. The summarization key date should be at least three payment instalment periods **before** the current date. This is to ensure that the summarization does not overlap with the current repayment settlement periods. All flows posted between the summarization key date and the current date (delta information) are considered on an individual basis again.

    Hence, the application function accesses the summarized records generated on the summarization key date and the individual records since the summarization. This ensures that all the relevant document items for the current key date are included in the evaluation.

    To ensure that the system performance when you evaluate loan document items is optimized in the long term, you should run the summarization at regular intervals. Due to the runtime for the summarization and lock problems, you should schedule the summarization as a background job for a time when the system is not being used online.

3. Under *Call type* you have the following options:

    Carry out summarization:
    The system summarizes the selected loan data as at the key date you entered.

    Invalidate summarized records:
    The summarized records for the selected loans are flagged as invalid, but remain on the database. The application function now reads the individual loan document items, which are no longer cumulated. You can summarize this data again.

    If you have already summarized the flows for a certain period, and then make an unexpected posting (such as a reversal) within the summarization period, the summarized records that have been created are no longer up-to-date. In this case, the application invalidates the summarized records automatically.

    Delete summarized records:
    The summarized records for the selected loans are not just set to invalid, but actually deleted. As for invalidated records, the application function now reads the individual loan document items, which are no longer cumulated. You can summarize this data again. Deleting the summarized records takes longer than invalidating them.

    Display information:
    The system displays the summarization status of the selected loans. You see how many loans have valid summarization records, invalidated summarization records or have not been summarized, as well as how many summarization records have been deleted. You can use this function to check your loans.

4. Under *Output control* you can specify the type if list display using the F4 function (for example, as a short text or a detailed list).

5. You can further improve the performance during the summarization by making entries in the section headed *Details for parallel processing for call type summarization*. You can use

Summarization / Reorganization

parallel processing to carry out the summarization for a server group on different instances using remote function call (RFC).

Activities

1. Choose *Portfolio → Periodic Processing → Summarization/Reorganization*. The *Loans: Summarization of Document Data* screen appears.

   a. Enter the selection criteria for the loan document items to be summarized and the summarization key date.

   b. Choose the *Call type*, and choose the list format under *Output control.*

   c. If you want to use parallel processing to improve performance during the summarization, select the *Parallel processing required* indicator and enter the necessary details.

2. If you want to save your selection details, choose *Save as variant… .* If you have already saved one or several variants, you can call them up by choosing *Get variant*. You can then make any necessary changes before executing the summarization.

3. Once you have made your entries or activated the required variant, choose *Execute.*

   Directly before or immediately after a local currency changeover, you must delete all summarized records for the loans in the company codes affected. This is necessary to ensure that the functions *Update planned records*, *Accrual/deferral* of expenses and revenues and *Loans for the Partner* continue to work correctly.

Planned Record Update

Use

The planned record update function regenerates the cash flow on the basis of the defined conditions and the postings that have been made, and writes the planned records to the database.

Prerequisites

You must define the Cash Management update period (*CM period*) in Customizing for the product type and company code (IMG step: *Company Code-Dependent Settings for Product Type*).

Features

You use this function:

1. To update planned records:

    When you create a contract, the system only saves the (mainly condition-based) planned records to the database for a certain update period (CM period) and not beyond the end of the fixed period for the loan. This helps to improve performance. This is the period for which the cash flow is generated and displayed.
    To ensure than all loans have the same end date, the system automatically shifts the end of the CM period to the end of the next half-year. In other words, the CM period always ends on 06/30 or 12/31.

    In order to make the full CM period available for evaluations, you should run a planned record update for all loans every six months on 01/01 and 07/01. The system then automatically updates the existing planned records for all loans into the future on the basis of the CM period.

2. To update the planned records after changes:

    In order to generate the current values for foreign currency loans, loans based on reference interest rates or loans with incoming payments before you use certain application functions (such as *Post Planned Records* or *Accrual/Deferral*), you must update the planned records for these loans. You should run the planned record update before each debit position run, possibly even on a daily basis.

    a. Calculation of the cash flow: Changes to market data

        *   In the case of foreign currency loans, the local currency amounts are updated on the basis of the current exchange rates in the currency table.

        *   Amounts that depend on reference interest rates are adjusted on the basis of the current reference interest rates.

    b. Calculation of the cash flow: Incoming payments

        *   If the actual principle is applied to the loan, the system adjusts the relevant data when incoming payments are posted.

        *   If the conditions for a loan are based on the effective capital, the system updates the amounts affected when incoming payments are posted.

Planned Record Update

If you make changes to conditions, the system updates the planned records automatically when you save the changes.

Activities

1. Choose *Accounting → Execute Posting: Mass Processing → Preparation → Update Planned Records.* You can also access this function by choosing *Portfolio → Periodic Processing → Update Planned Records.*

    The *Update Planned Records for Loans* screen appears.

2. You can use the following selection criteria to narrow down the scope of the update run:

    a. Company code

    b. Product type

    c. Loan number

3. Enter the selection criteria for updating the loans, such as:

    a. Only disbursed loans

    b. Local currency loans with reference interest rate

    c. Local currency loans with other interest calculation

    d. Foreign currency loans with reference interest rate

    e. Foreign currency loans with other interest calculation

    f. Loans according to plan principle

    g. Loans according to actual principle

    You can also opt to only display loans that have not been updated.

4. Choose *Execute.*

Deadline Monitoring

Use

This functions checks and logs deadlines resulting from dates entered in the loans management system (e.g. end of fixed period).

Activities

1. Choose *Portfolio → Periodic Processing → Deadline Monitoring.*

   The *Loans Deadline Monitoring* screen appears.

2. You can restrict the loans to be monitored by entering intervals for the *company code* and *loan number*.

3. Choose *Program → Execute.*

   The system monitors the deadlines for the selected loans.

   To make sure that the clerk is informed of important deadlines, you must also subsequently run report RFVVMAIL.

Premium Reserve Fund (Germany only)

This function is primarily designed to meet German reporting requirements and is not relevant for other countries.

Premium Reserve Fund Information (Germany only)

This function is primarily designed to meet German reporting requirements and is not relevant for other countries.

Premium Reserve Fund Transfer (Germany only)

This function is primarily designed to meet German reporting requirements and is not relevant for other countries.

Accounting

Purpose

The following sections describe the functions supported for loans accounting and the interface between contract management and Financial Accounting.

The main functions are:

- Manual and automatic preparation and posting of planned records

- Various payment processing options

- Transferring loans between balance sheet accounts

- Accruals/deferrals of expenses and revenues / discount and premium

- Valuation of foreign currency loans

- Reversing various posting activities

- Posting evaluations

- Release procedure

Features

The conditions you enter when creating contracts, such as interest payments and principal repayments, discount and so on, form the basis for generating planned records.

These planned records and additional planned records resulting from other activities (such as disbursement, manual postings) form, in turn, the basis for subsequent postings. Depending on the character of the loan (loan given, loan taken), the system generates debit or credit postings.

You post planned records which are already generated using the functions *Post Individual Loan*, *Post Individual Records*, or *Post Planned Records* on the basis of the settings defined in account determination. At this point the planned records turn into actual records. You can now make the incoming or outgoing payments for loans given based on these actual records using the functions under *Generate Payments* (SAP's payment program) or *Incoming Bank Statement*.

You use the payment program to make disbursements for loans given and to process direct debit payment transactions.

A distribution function is used for incoming payments for loans given. Depending on the distribution rules you have defined in Customizing, the system determines the open items to be cleared, assigns the incoming payments and creates advance payments or overpayments.

Before you can start using these functions, you must already have made the Customizing settings at product type level to determine how transactions are to be posted. You can make postings for loans given either **with a customer account**, in other words using the customer subledger or **without a customer account** (G/L account level).

You use the *Balance sheet transfer* function if you want to assign loan to a different balance sheet account. You enter the balance sheet transfer by changing certain loan master data (such as the term) and hence the account assignment reference.

In order to recognize revenues and expenses in the appropriate accounting period, you need to carry out accrual/deferral runs on a specific key date. You can also run accruals/deferrals for loan discounts/premiums using the difference procedure.

Accounting

You use the *Valuation* function to value loans denominated in foreign currencies on a specific key date. You can simulate the valuation run before you start the actual update run.

The *Reversal* function lets you reverse postings (such as disbursements, debit positions, incoming payments) made for a specific loan in a company code. You can also reverse returned debit memos and accrual/deferral runs.

The *Accounting Evaluations* give you an overview of all your posting activities. You can also evaluate the reconciliation between the FI general ledger and subledger for a specified reporting period.

You can apply the release procedure to various accounting activities by making corresponding settings in Customizing (for the *Reversal* or *Payment Postprocessing* functions, for example). For each activity, you can specify whether the release procedure should be active and the control principle to be used (either two, three or four employees). For more information, see Release [Page 344].

⚠ The release procedure for payment postprocessing is not supported for loans taken (see Payment Postprocessing [Page 237]).

Execute Posting: Mass Processing

Use

This function processes all the selected planned records for which automatic posting is permitted (posting control key *01*).

The planned records are posted according to the settings in account determination and converted to actual records, which correspond to the posting documents. The resulting posting is displayed in posting log and the planned records are deleted.

The posting run skips any contracts which produce errors and lists them in an error log.

The following sections describe how you use the mass processing function (preparations and posting run).

Prerequisites

Before you can start an automatic posting run, you must make the following preparations:

- Update condition-based planned records.

    Choose *Execute Posting*: *Mass Processing* → *Preparation* → *Update Planned Records.* You should do this at least every six months. Planned records are generated for the CM period but not beyond the end of the fixed interest period.

- If you have foreign currency loans or use reference interest rates, you should run the planned record update before the automatic posting run to ensure that the current values are posted.

Features

Automatic posting activities

You can only execute the automatic posting run on the basis of planned records. Planned records are flows flagged for posting.

The following types of planned record exist:

- Condition-based planned records (for the loan position)

    Condition-based planned records are generated at a certain stage in the loan process (or loan status, usually with the first disbursement) for a defined CM period (usually 2 years) according to the settings in Customizing. To update the planned records later on, you must trigger the update yourself.

    Planned records resulting from conditions can only be posted with the automatic posting function if the posting control key is *01* for the condition item. In most cases, the mass processing function would be used to post the condition flows.

    Examples of condition-based planned records:

    - Interest

    - Charges (periodic)

Execute Posting: Mass Processing

- Repayments

- Other planned records (from posting applications for individual contracts)

    You can use the automatic posting function to process planned records saved by other posting applications.

    Alternatively, you can use the respective posting applications to post other planned records for individual contracts (immediately, or at a later point in time).

    Examples of other planned records:

    - *Payables* and *receivables* that do not result from conditions (such as unscheduled repayments entered with the manual posting function)

    - *Disbursements* and *withholdings for overdue items* (planned records from the disbursement)

    - *Waivers* and *write-offs* (planned records from open item processing)

Other automatic posting activities involve generating and posting additional planned records. This depends on the following contract conditions and special indicators in the planned record:

- Clear receivables

- Clear advance payments

- Split receivables to post subsidies

    For more information, see .

If you only create planned records for automatic posting when you disburse the loan, the following planned records may need to be generated and posted by the during the automatic posting run:

- Drawings on disbursement

- Withholdings

- Withholdings for overdue items

    For more information, see .

Activities

Starting the program

You usually start the automatic posting run as a background job. Depending on the size of your loan portfolio, the program runtime can be very long. You should therefore avoid using the mass processing function when the system is in use. You can also run the program online, particularly for individual contracts. During the run, these contracts must not be processed.

Simulation run

The automatic posting function also lets you perform a simulation run. The posting log for the simulation run does not contain document numbers.

Postprocessing

After the automatic posting run, you need to clear any overpayments (choose *Execute Posting: Mass Processing → Postprocessing → Clear Overpayment*) and run the payment program to collect the receivables by direct debit (loans given).

You must ensure that you clear any overpayments *before* you carry out the direct debit run.

Other payments (for example, by bank transfer) are posted to the general ledger and subledger via the FI bank statement (choose *Incoming Bank Statement → Enter Manually* or *Import*).

For loans taken, you use the *Payment Request* function.

Mass Processing: Preparations

Use

This section describes the *planned record update* and the *simulation of the debit position list* in the *Loans* area.

Planned Record Update

Use

The planned record update function regenerates the cash flow on the basis of the defined conditions and the postings that have been made, and writes the planned records to the database.

Prerequisites

You must define the Cash Management update period (*CM period*) in Customizing for the product type and company code (IMG step: *Company Code-Dependent Settings for Product Type*).

Features

You use this function:

3. To update planned records:

> When you create a contract, the system only saves the (mainly condition-based) planned records to the database for a certain update period (CM period) and not beyond the end of the fixed period for the loan. This helps to improve performance. This is the period for which the cash flow is generated and displayed.
> To ensure than all loans have the same end date, the system automatically shifts the end of the CM period to the end of the next half-year. In other words, the CM period always ends on 06/30 or 12/31.

> In order to make the full CM period available for evaluations, you should run a planned record update for all loans every six months on 01/01 and 07/01. The system then automatically updates the existing planned records for all loans into the future on the basis of the CM period.

4. To update the planned records after changes:

> In order to generate the current values for foreign currency loans, loans based on reference interest rates or loans with incoming payments before you use certain application functions (such as *Post Planned Records* or *Accrual/Deferral*), you must update the planned records for these loans. You should run the planned record update before each debit position run, possibly even on a daily basis.

    c. Calculation of the cash flow: Changes to market data

        • In the case of foreign currency loans, the local currency amounts are updated on the basis of the current exchange rates in the currency table.

        • Amounts that depend on reference interest rates are adjusted on the basis of the current reference interest rates.

    d. Calculation of the cash flow: Incoming payments

        • If the actual principle is applied to the loan, the system adjusts the relevant data when incoming payments are posted.

        • If the conditions for a loan are based on the effective capital, the system updates the amounts affected when incoming payments are posted.

Planned Record Update

If you make changes to conditions, the system updates the planned records automatically when you save the changes.

Activities

5. Choose *Accounting → Execute Posting: Mass Processing → Preparation → Update Planned Records.* You can also access this function by choosing *Portfolio → Periodic Processing → Update Planned Records.*

    The *Update Planned Records for Loans* screen appears.

6. You can use the following selection criteria to narrow down the scope of the update run:

    a. Company code

    b. Product type

    c. Loan number

7. Enter the selection criteria for updating the loans, such as:

    a. Only disbursed loans

    b. Local currency loans with reference interest rate

    c. Local currency loans with other interest calculation

    d. Foreign currency loans with reference interest rate

    e. Foreign currency loans with other interest calculation

    f. Loans according to plan principle

    g. Loans according to actual principle

    You can also opt to only display loans that have not been updated.

8. Choose *Execute.*

Due Date List for Planned Records

Use

The debit position function lets you select planned records to be posted manually or automatically. You can post the planned records displayed individually.

Procedure

1. Choose *Accounting → Execute Posting: Mass Processing → Prepare → Due Date List for Planned Records.*

    The *Loans: Due Date List for Planned Records* screen appears.

2. Enter your selection criteria for the list. For example, you can enter one company code, or a if the selection is to apply to several company codes, a company code interval.

3. Enter the due date.

4. Set the appropriate indicators for formatting the list.

5. Choose *Execute*.

    The system displays a list of existing planned records using the ABAP List Viewer [Ext.]. The list includes records to be posted manually and automatically.

6. Select a planned record and choose *Post.* This takes you to the corresponding posting applications.

Mass Processing: Posting

Use / Features

The automatic posting function works through all the planned records existing on a certain key date and selects all items due for contracts which have posting control key **01**.

 Planned records are usually generated when the first disbursement on a loan is made. You can alter the settings in Customizing if you want the planned records to be generated at an earlier point in time (for example, for commitment interest). You must ensure that the planned records for a loan have already been generated if you want a loan to be posted automatically.

The items due are posted on the basis of the settings defined in account determination.

The posting run also:

- **Clears receivables**

  If you have set the *Incoming payment* field for the flow type in Customizing for loans (*Define Flow Types*), the automatic posting function clears the receivables generated immediately. Parallel to the receivable, the system generates a corresponding incoming payment posting (in the case of loans given, it posts *bank clearing* to *customer*). This incoming payment clears the receivable.

- **Clears advance payments**

  If planned records for receivables have references to advance payments (loans given), the automatic posting function clears these receivables when they become due. In addition to the receivable item, the system generates and clears the following postings:

a. Clear advance payment

b. Incoming payment from advance payment

- **Splits receivables to post subsidies**

  The automatic posting function also takes account of subsidies for loans given. If the conditions defined in the contract specify that the payments relating to a receivable are to be made by different parties, the system splits the automatic posting into the respective parts for the main borrower and the subsidy offices. In the subledger, these postings are assigned to the loan, and hence to the main borrower. In the general ledger, the main borrower's part is managed on the corresponding customer account (for loans given), while the subsidizer's part(s) are managed on separate customer accounts.

If you only create planned records for automatic posting when you disburse the loan, the system also creates and posts the following planned records:

- **Drawings on disbursement**

  If drawings are saved with the disbursement, the system generates the following planned records for each drawing:

a. Disbursement reduction

b. Credit memo from drawing

  Drawings do not appear in the loan subledger and the account statement.

- **Withholdings**

If you have specified that the planned records should be withheld from the disbursement amount, the following postings are created automatically for the disbursement (in addition to the receivable):

a. Disbursement reduction

b. Withholding from disbursement (as incoming payment)

The receivable is cleared with the incoming payment from the disbursement.

- **Withholdings for overdue items**

  If you have created an additional planned record for a withholding for an overdue item with the disbursement, the system generates the posting for the disbursement reduction automatically. The disbursement reduction does not appear in the subledger or in the account statement, but the amount withheld is disclosed.

If any errors occur during the automatic posting run, none of the planned records for the related contract are processed. The system skips the contract producing the errors. The error log lists contracts which contain errors and which have to be processed again.

Posting Planned Records

Use

The automatic posting function performs the update run for the debit and credit positions. You generate both debit and credit positions for the contracts you select.

Procedure

1. Choose *Accounting → Execute Posting: Mass Processing → Post Planned Records.*

2. The *Loans: Post Planned Records* screen appears. Enter the relevant selection values for the automatic posting program:

   a) *Company code*

   b) *Contract number*

   c) *Partner*

   d) *Product type*

   e) *Payment method*

   f) *Debit position date*

   g) *Posting date* (where different to due date)

3. All planned records for the above contracts with a due date smaller than or equal to the *debit position date* you enter are changed into debit or credit positions.

   > The automatic posting run may require a very long runtime. We therefore recommend that you do not run it during everyday operating business. Contracts that are being processed or posted elsewhere are not processed during the posting run.

4. The *Document text* is proposed by the system. The *Posting date* field contains the current date (see also Posting an Individual Contract Automatically [Page 222]. You can change these proposals.

5. If you do not require a log, deactivate the *Log* indicator (default setting: active).´

6. You can simulate the automatic posting run to check the results by selecting the *Test run* field. In this case, the system does not actually post payables, receivables or disbursements.

7. Choose *Execute* to start the posting run.

Payment Postprocessing: Clearing Overpayments

Use

You use this program for loans given to clear qualified overpayments against debit positions at unit level (contract, finance project, customer).

The system clears the overpayments using the priorities you defined in Customizing for incoming payment processing.

Procedure

1. Choose *Accounting* → *Execute Posting: Mass Processing* → *Postprocessing* → *Clear Overpayment.*
   You can also access the function by choosing *Accounting* → *Payment Postprocessing* → *Clear Overpayment.*

2. Enter the relevant selection parameters in the *Automatic Clearing for Overpayments* screen.

3. Choose *Execute*.

Due Date List for Posted Documents

Use

This function gives you a detailed overview of the debit items that have been generated. In other words, you see which planned records have been posted and the remaining planned records after posting.

You can restrict the contracts covered and the evaluation period.

By contrast, the debit position log (displayed after the positions are generated) provides an overview of the current debit position run.

Prerequisites

Debit items must have been generated.

Activities

1. Choose *Accounting* → *Execute Posting: Mass Processing* → *Postprocessing* → *Due Date List for Posted Documents*.
   You can also access the report by choosing *Accounting* → *Accounting Evaluations* → *Due Date List for Posted Documents.*

2. The *Loans: Due Date List for Posted Documents* screen appears.

   a. Enter your selection criteria. The following selections are available:

   b. Company code

   c. Contract number

   d. Partner

   e. Product type

   f. Payment method

   g. Posting date

   h. General daybook number

3. To define specific intervals for each selection criterion, choose *Selection options.*

4. Choose *Execute*. The system displays the debit position list.

Execute Posting: Per Contract

Use

You can use the Post Individual Loan [Page 222] function to post the planned records due for a single loan online.

The Post Individual Records [Page 223] function lets you select and post individual condition-based planned records as well as flows entered using the function *Enter Charges Individually*.

While automatic posting for mass processing is usually run as a background job, you should carry out the individual postings online.

Posting an Individual Loan

Use

You use this function to post individual mortgage loans automatically.

Procedure

1. Choose *Accounting → Execute Posting: Per Contract → Post Individual Loan*.

2. The *Post Individual Loan* screen appears. Enter the company code, the contract number and the due date.

3. The *Document text* is proposed by the system. The *Posting date* field contains the current date. You can change these proposals.

   If you leave the *Posting date* field blank, the system uses the due dates of the planned records as the posting date.

4. If you do not require a log, deactivate the *Log* indicator (default setting: active).

5. To simulate the posting, select the *Test run* field.

6. Choose *Execute* to start the posting run or the test run.

Posting Individual Records

Use

You use this function to post flows that have been generated using the function Post Charges Individually [Page 135] and have *activated* status or condition-based planned records (such as interest and repayments) manually.

Prerequisites

You can only post condition-based planned records using this function if the posting control key is set to 21 (manual debit position).

Procedure

1. Choose *Accounting → Execute Posting: Per Contract → Post Individual Records*.

2. The *Post Indiv. Records: Initial Screen* appears. Enter the company code, the loan number and, where required, an interval for the due date. Choose *Change* (or *Display*).

3. The screen *Control Program for Manual Entry of Business Operations* appears. The activated and condition-based planned records for the loan are displayed. Select the relevant flow and choose *Post.* The *Posting date* field contains the due date of the planned records. However, you can change this value.

   The system displays a posting log.

Generating Payments

Use

In the *Loans* area, two payment programs are available for processing international payment transactions with your business partners.

- The standard FI payment program

  You can use this payment program to process payment transactions for loans managed on the basis of the customer accounts.

- The payment program for payment requests

  You can use this payment program to process payment transactions for simple loans that are not managed on the basis of the customer accounts.

Integration

- You access the 'standard payment program' by choosing *Accounting → Generate Payments → Open Items*.

- You access the 'payment program for payment requests' by choosing *Accounting → Generate Payments → Payment Request*.

Features

For more information about the standard FI payment program, see Open Items [Page 225]. For more information about using the payment program for payment requests, see Payment Program for Payment Requests [Page 227].

Open Items

Use

You can use the standard payment program to process domestic and international payment transactions with debtors and creditors.

> For information on payment transactions in euros, refer to the IMG documentation (choose *Cross-Application Components → European Monetary Union - Euro*) and the euro documentation in the SAP Library (European Monetary Union: Euro (CA-EUR). [Ext.]).

Integration

The payment program is used by the following components:

- Accounts Receivable (FI-AR)
- Accounts Payable (FI-AP)
- Treasury (TR)
- Bank Accounting (FI-BL)

Prerequisites

For information about how to set up the payment program, choose *AC - Accounting → FI - Financial Accounting → Accounts Receivable* or *Accounts Payable → FI Accounts Receivable and Accounts Payable → Payments →* Customizing the Payment Program [Ext.] in the SAP Library.

Features

You can use the payment program to process incoming and outgoing payments. You can define the payment environment (such as payment methods, payment forms or payment media) flexibly to reflect all national variations.

For each country, the common payment methods and corresponding forms are delivered with the standard system.

Standard payment methods include checks, bank transfers and bills of exchange. Country-specific payment methods, such as the POR procedure, bill of exchange payment requests and the PBC procedure, have also been defined.

Other special features:

- Open items between customers and vendors are cleared
- Payment across company codes - one company code processes payments centrally for other company codes
- Payment or clearing of any open items, such as advance payments
- You can assign authorizations to restrict the use of the payment program

Open Items

⚠️

This function is not supported for loans taken.

If you want to generate payment media for loans taken, you can use the payment program for payment requests.

See also: Payment Requests [Page 227]

Activities

1. Choose *Accounting → Generate Payments → Open Items.*

2. For information about the subsequent steps, choose *AC - Accounting → FI -Financial Accounting → Accounts Receivable* or *Accounts Payable → FI Accounts Receivable and Accounts Payable → Payments →* Executing the Payment Program [Ext.] in the SAP Library.

Payment Requests

Use

This function enables you to call up the *Payment program for payment requests*. This is an additional option for automatic payment in the R/3 System. Unlike the standard payment program, the payments are not based on open items (customer items) but on payment requests.

In the *Loans* area, you can generate payment requests [Ext.] for simple loan transactions (loans given and loans taken) that are not posted on the basis of customer accounts. The system generates the payment requests when you post flows that are relevant for payment.

💡 For more information, see *AC - Accounting → TR - Treasury → Treasury Management (TR-TM) →* Payment Program for Payment Requests [Ext.].

Integration

The *Payment program for payment requests* can be used for the Treasury components *Money Market, Foreign Exchange, Derivatives, Securities* and *Loans*.

There is a link to the payment details. The system can therefore use the house bank specified in the payment details to update the payment data in Cash Management.

Prerequisites

Before you can use the *Payment program for payment requests*, you are required to make certain settings in Customizing for Treasury in addition to settings in the payment program.

1. To enable the system to generate payment requests for the money market, foreign exchange, derivatives, securities and loans areas, make the following general settings in Customizing for *Treasury*.

   a. In Customizing for *Basic Functions,* choose *Define Number Ranges for Payment Requests* and enter a number range for assigning number keys to payment requests.

   b. In Customizing for *Cash Management*, set up the planning levels for payment requests by choosing *Define Levels in Payment Requests*.

   c. In the chart of accounts, define the *Clearing account for payment requests* and then assign it to the company code in Customizing for Treasury basic functions by choosing *Define Clearing Account for Payment Requests*.

2. Make the following settings in Customizing for *Loans*.

   a. Activate the *Payment details* indicator for the relevant product types in Customizing for *Loans* by choosing Company Code-Dependent Settings for Product Type [Ext.]. When you create a loan with these product types, you can use the payment details defined for the partner in the standing instructions or enter them individually.

   b. In Customizing for *Loans,* make the flow type settings for payment requests by choosing Define Flow Types [Ext.].

      i. Direction: The system uses the payment details that correspond to the direction of the flow. If you do not enter a direction, the system does not transfer the payment details.

Payment Requests

      ii. <u>Payment request allowed</u>: You must activate this indicator to generate payment requests. If this indicator is not set, payment requests cannot be generated.

      iii. <u>Individual Payment Required</u>: You use this indicator to control whether or not flows with this flow type can be netted with other flows.

  c. Under *Define Account Determination* you can you can define a replacement rule for the house bank if the value of the *Payment activity* indicator is '2'. The system uses this value when postings for the product type are not made on the basis of customer accounts, a house bank account has been specified for the flow to be posted, and the posting category is '3' (Bank). If the value of the *Payment activity* indicator is '1' or 'X', you must assign the house bank account to the account symbol.

In addition to the *Payment activity* setting, also allow for the following:

If you post flows for interest, repayments and charges, such as 'bank clearing to interest revenue' or interest expense to bank clearing', without using a corresponding receivables account (or payables account for loans taken), you must make special settings in Customizing for the withholding flows. Withholding flows are required to withhold discounts, interest and charges from a disbursement or borrower's note purchase order. They are used to reduce the payment amount (generated on the basis of the nominal disbursement amount) by the withholding amounts. Example: If you generate a payment request for a disbursement and want to post the payment without using payables and receivables accounts, you must define account determination for the withholding flow 'clearing to bank clearing' and for the reduction 'bank clearing to clearing'. The system generates two payment requests; one for the gross payment amount and one for the payment reduction (or increase). The system ensures that both payment requests are netted during the payment run and that a payment medium is only generated for the net payment amount.

Example

Disbursement: 100,000 EUR at a rate of 98% = 2% discount

Posting records:

Withhold discount - no posting to accounts receivable

Disbursement	100,000 EUR	Position to bank clearing
Discount	2,000 EUR	Bank clearing to accrual/deferral
Discount withholding	2,000 EUR	Clearing to bank clearing
Disbursement reduction	2,000 EUR	Bank clearing to clearing

Withhold discount - posting to accounts receivable

Disbursement	100,000 EUR	Position to bank clearing
Discount	2,000 EUR	Receivables to accrual/deferral
Discount withholding	2,000 EUR	Clearing to receivables
Disbursement reduction	2,000 EUR	Bank clearing to clearing

The system checks the payment methods before the flows are netted in the payment program. Thus, if you make a disbursement with a reduction, you must also specify a payment method that has the direction of the reduction when you enter the disbursement. The system copies the disbursement payment methods to the reduction, which means there is always an appropriate payment method for the direction of the reduction. This allows the system to net the payment requests.

Therefore, you cannot save a disbursement or purchase order that contains a reduction unless you have specified the appropriate payment method.

This payment method is never used in the payment run, since the disbursement amount is always greater than the reduction. As a result, the net amount always has the direction of the disbursement.

In Customizing for the flow type, define a direction for the reduction flow type. This enables the system to generate the payment request.

d.   If you define payment details in the standing instructions for the business partner, the system proposes these values for the payment request when you create a loan.

3.   You also configure the payment program for payment requests. These settings include your house banks, your bank accounts and the required payment methods and payment forms.

In the R/3 library, see: *AC - Accounting → TR - Treasury → Treasury Management (TR-TM) → Payment Program for Payment Requests →* Customizing of the Payment Program [Ext.].

Features

- Entry of the payment details:

  – Payment details as standing instructions for the business partner

    You can define payment details in the standing instructions for the business partner. The system defaults to these values when you create a loan.

    See also: Create Standing Instructions for Payment Details [Ext.]

  – Payment details in the loan

    You can enter or change payment details in the loan itself.

    If standing instructions for payment details have been defined for the business partner, the system defaults to these values. You can adopt or change the proposed values. The system always assigns the default values to the loan, even if you do not call up the payment details screen when you create the loan.

    For borrower's note loans, the system defaults to payment details for the most recent counterparty. If there is no counterparty, the issuer is used. For all other product categories, the system assigns the most recent alternative payer/payee. If there is no alternative payer/payee, the main loan partner is used. If there are several payers/payees, you can choose the one you require in a selection screen.

  – Payment details in a borrower's note order

    For product types with order management, the payment details defined in the loan apply for all flows except purchase and sale flows. For purchases and sales, you enter the payment details for the particular purchase or sale in order management. These payment details also apply for the related flows (premium/discount, reduction/increase).

- You can display the payment details for the flows in the cash flow. A standard display variant for this is delivered with the system ('1ZAHLVERBDG').

- Generation of payment requests:

Payment Requests

When a posting is made, the system looks at the flow to determine whether or not a payment request should be generated.

• Reversal of flows with payment requests:

Case1: The payment has not been made.

The payment request is reversed when you reverse the posting.

Case 2: The payment has been made.

A corresponding message appears when you carry out the reversal, but reversal is possible. The system generates a worklist in the payment clearing account and you must process the transaction from there.

• You can only transfer a contract if you do not need to reverse any postings that have generated payment requests. If you need to reverse any postings, you must carry out the reversal before you transfer the contract.

Activities

To start a payment run:

1. Choose *Accounting → Generate Payments → Payment Request*. The *Automatic Payment Transactions for Payment Requests* screen appears. Enter a date and payment run ID.

    All information relating to the payment run is stored for these values.

2. Choose *Edit → Parameters → Maintain.* The *Automatic Payment Transactions: Parameters* screen appears. Enter the values for the parameters.

3. The *Dynamic selections* function gives you the option of using other fields for selecting payment requests.

4. You can create an additional log by choosing *Additional log*.

5. You can include report programs for printing payment media and creating lists in the payment run by choosing *Edit → Print programs.* In the *Automatic Payment Transactions: Print Programs* screen, enter the required programs and variants.

6. Save the parameters for the payment run.

7. You now have the option of generating a proposal run or a payment run. Choose *Edit → Proposal → Schedule payments...*

8. Specify a starting time (or immediate start) and a computer, if required.

9. If you create a proposal, you can display the log, payment list and exception list. You can also edit or delete the payment proposal. If you are satisfied with the payment proposal, execute the update run by choosing *Edit → Payments → Schedule payments...*

10. At the end of the payment run the system generates the posting documents, the payment and exceptions lists and the payment media. This concludes the payment run.

    For more information, see *AC - Accounting → TR - Treasury → Treasury Management (TR-TM) →* Execution of the Payment Program [Ext.] in the R/3 Library.

Incoming Bank Statements

Purpose

You use this function for:

- Processing and distributing automatic and manual incoming payments
- Displaying incoming payments
- Postprocessing incoming payments

Process Flow

Incoming payment distribution assigns incoming payments to open items.

Open items are assigned on the basis of settings made in Customizing for incoming payments management as follows:

- Open items related to a contract
- Open items related to a finance project
- Open items related to a customer

If there are no open items or if the incoming payment is higher than the total of open items, advance payments or overpayments are created, depending on your settings in Customizing.

Unlike an overpayment, an advance payment is assigned to a specific planned record and is cleared automatically when the planned record becomes a debit position. Overpayments have to be cleared separately. Qualified overpayments can be cleared either manually or automatically, while other overpayments can only be cleared manually.

If the incoming payment cannot be assigned to a customer/finance project/loan contract, the incoming payment is posted to the rejection account.

The following functions exist for entering incoming payments:

- Electronic bank account statement
- Manual bank account processing
- *Payment Request* for loans taken

For more information see:

AC - Accounting → FI -Financial Accounting → Bank Accounting (FI-BL) → Electronic Bank Statement (FI) [Ext.]

AC - Accounting → TR - Treasury → TR - Cash Management → Input → Manual Bank Statement [Ext.]

Entering Bank Statements Manually

Use

You use this report program to enter and process incoming payments for loans given manually.

See also: *AC - Accounting → TR - Treasury → Cash Management → Input →* Manual Bank Statement [Ext.].

Activities

To start the program, choose *Accounting → Incoming Bank Statement → Enter Manually*.

Importing Bank Statements

Use

You use this report program to import bank statements into the R/3 System and generate batch input sessions for the G/L and subledger postings.

Prerequisites

The program checks whether the business transaction codes (external transactions) used by the bank were allocated to an "internal transaction" within the default settings. This is necessary because the update on the G/L accounts and the subsidiary accounts is carried out via posting rules that are stored for an internal transaction.

If the report encounters an external transaction that is not maintained in the corresponding table, the report aborts after having imported the account statement and outputs a list with the missing entries (error log).

🔦 This function is not supported for loans taken.

Activities

To start the program, choose *Accounting → Incoming Bank Statement → Import*.

You can specify whether both sessions should be created in one run or only the session for G/L accounting first. The batch input session names are generated by the program. You can choose between two rules:

- House bank ID and account ID (for example, CITIBANK-GIRO)

- House bank ID and number of bank statement (for example, CITIBANK-034)

The batch input session name for subsidiary ledger always begins with *I*.

Interpretation of the 'Note to Payee' Fields

For incoming payments, the notes to payee lines of the account statement can be searched either for document numbers or reference document numbers by specifying the selection field (BELNR or XBLNR). This information can then be used for clearing customer payments.

If you do not specify a selection field, the note to payee fields are not considered.

For outgoing payments, the system always searches for the document number.

You can narrow down the search for document numbers or reference document numbers, and thus speed up processing, by entering a number interval for the selection field. Values which fall outside the specified number interval are not recognized by the report and hence not used for clearing.

An individual "User Exit" can be programmed for a specific interpretation of the note to payee fields (feasible for insurance, for example).

The missing entries must be maintained so that the update transactions can be created in the corresponding sessions. Then the program must be restarted. This time, make sure that the *Import data* field is not selected, since the bank statement is already in the R/3 System.

Importing Bank Statements

When the program is restarted, it searches in the buffer for all line items not yet characterized as updated in the respective posting area. A line item is regarded as updated only when a posting is put into a session.

Result

The posting log lists all the postings transferred to the batch input session according to posting area. In addition, the external business transaction codes and the internal transactions controlling the update are listed.

The processing statistics tell you:

- How many postings were created per session

- How many postings could not be created due to error

- For how many line items no postings could be created by definition

For more information, see FI - Electronic Bank Statement [Ext.].

Displaying an Incoming Bank Statement

Activities

1. Choose *Accounting → Incoming Bank Statement → Display*.

2. For the rest of the procedure, see *AC Financials → FI - Financial Accounting → Bank Accounting (FI-BL) → Electronic Bank Statement (FI) → Using the Electronic Bank Statement →* Displaying Bank Statements [Ext.] in the SAP Library.

Postprocessing an Incoming Bank Statement

Activities

1. Choose *Accounting → Incoming Bank Statement → Postprocess*.

2. For the rest of the procedure, see *AC Financials → FI - Financial Accounting → Bank Accounting (FI-BL) → Electronic Bank Statement (FI) → Using the Electronic Bank Statement →* Postprocessing Bank Statements [Ext.] in the SAP Library.

Payment Postprocessing

Use

For loans given, this function lets you process incoming payments that could not be assigned and have therefore been posted to the customer account as an advance payment or overpayment or posted to the rejection account. You can use the incoming payment to:

- Clear open items

- Create advance payments, overpayments

- Carry out refunds by bank transfer

- Post discount advance payments

- Make revenue postings

Payment Postprocessing: Rejections

Use

This function lets you manually postprocess incoming payments for loans given which could not be assigned to open items and were therefore posted to the rejection account.

Procedure

1. Choose *Accounting* → *Payment Postprocessing* → *Rejections.*

2. Enter the *Company code* and the *G/L account* being used as the rejection account.

   Under *Other selection options* you can also enter the key date for open items and a range for the amount in local currency.

3. Choose *Execute*.

   A list of rejected incoming payments for processing appears. The list is arranged in descending order by amount.

4. Select an entry and choose *Document display* to call up the corresponding accounting document.

5. Choose *Display IP* to display the incoming payment document with all the information available (such as the note to payee, the bank account number of the payer and so on).

6. Choose *Choose* to edit an item. Make your selections via *Partner* or *Contract*.

   a) If you choose *Partner,* the system branches to partner management.

   b) If you choose *Contract*, you need to enter a valid contract number which the system uses to find the corresponding customer.

7. Choose *Open items* and *Advance payment* to call up a list of the open items or planned records related to a customer. Select the items to be transferred. The corresponding fields of the screen are filled automatically.

   You can also clear parts of open items.

8. Choose *Refund by bank transfer* to post the incoming payment from the source account (in this case the rejection account) to the customer account. The amount can be refunded to either the main borrower's customer account or the customer account of an alternative payee.

   The payment program processes the generated posting.

9. If more than one contract exists for a customer, choose *Loan selection* to restrict the contracts you want to check for open items and planned records.

   As a default, all contracts are selected.

   You can also display the complete set of data on the contract at this point.

10. You need to enter data manually for:

    a) Overpayments

    b) Discount advance payments

    c) Revenue postings

You can only make the related posting if the amount to be assigned results in zero.

Payment Postprocessing: Customer Accounts

Use

You can use this function if you want to process incoming payments on the basis of customer accounts (loans given only).

It generates a list of the open credit items for one or several customers. Items are only included if they have been posted to a loan contract with the flow type *overpayment, other overpayment* or *qualified overpayment.*

Procedure

1. Choose *Accounting → Payment Postprocessing → Customer Accounts.*

    The *Initial Screen for Customer IP Postprocessing* appears.

2. Select the relevant incoming payments via the selection parameters. A list of the related incoming payments appears.

    The list is summarized according to contract number and customer. You can call up the following functions from the list:

    a) *Document display*

    b) *Choose*

    If you enter both a flow type and a report type, the system ignores the report type.

3. To display a document, select the relevant document and choose *Document display.*

4. Choose *Choose* to process the selected incoming payment. The *Incoming Payments Postprocessing* screen appears. From here, carry out the relevant steps as described under steps 7 to 10 of Postprocessing Incoming Payment Rejections [Page 238]

Payment Postprocessing: Clearing Overpayments

Use

You use this program for loans given to clear qualified overpayments against debit positions at unit level (contract, finance project, customer).

The system clears the overpayments using the priorities you defined in Customizing for incoming payment processing.

Procedure

4. Choose *Accounting* → *Execute Posting: Mass Processing* → *Postprocessing* → *Clear Overpayment.*
   You can also access the function by choosing *Accounting* → *Payment Postprocessing* → *Clear Overpayment.*

5. Enter the relevant selection parameters in the *Automatic Clearing for Overpayments* screen.

6. Choose *Execute*.

Receivables

The following sections describe how to process open items which are to be waived or written off for loans given.

Open item postprocessing is not supported for loans taken.

Open Item Waivers

Use

You can waive open items (in other word relinquish all claims to them) if you use loans accounting with accounts receivable in FI and the related open item management. This function is available for loans given and loans taken.

You can waive the amounts receivable either in part or in full. If you waive only part of the amount due, the system automatically calculates the outstanding amount. This function uses the principle of manual posting. You have to set up separate flow types in Customizing (don't forget the table of offsetting flow types).

The display screens correspond to the screens for editing manual debit positions.

Waiving Open Items

Use

You can only waive open items for loans given if postings have already been made for the loan. You cannot waive planned records.

When you waive open items, the accounting function sets a payment block. This means that records can be offset against each other after clearing and the waiver only comes into effect at that point.

Procedure

1. Choose *Accounting → Receivables → Waive → Execute.*

2. The *Waiver Debit Position: Edit* screen appears. Enter the *Company code* and the *Loan number* and choose *Enter.*

    The *Waiver Debit Position: Execute* screen appears. It is similar to the *Manual Debit Position* screen, the main difference here being the *Overdue items* function.

    The functions *Calculation base, Generate taxes* and *Correspondence* are the same as for the *Manual Debit Position*.

3. Choose *Overdue items* to call up a list of open items for the loan.

    The list shows the open items from the accounting point of view. Select the item you want to waive. This is only possible if the check box on the left is ready for input. You cannot, for instance, waive a disbursement (see reversal).

4. After selecting the item, return to the loans processing screen by choosing *F3.* The system generates a waiver record. The flow type of this record cannot be changed.

5. The open items are waived when you save (or, if required, release) the posting.

    Choose *Save* to generate a planned record.

6. Choose *Save/Post* to generate an actual record and have it posted immediately.

Displaying Open Item Waivers

Procedure

1. Choose *Accounting → Receivables → Waive → Display.*

2. The *Waiver Debit Position: Display* screen appears. Enter the *Company code* and the *Loan number* and choose *Enter.*

   The *Waiver Debit Position: Display* screen appears. It is similar to the *Manual Debit Position* screen, the main difference here being the *Overdue items* function.

3. The display screens correspond to the processing screens. You can only display data here, you cannot make any changes.

Writing Off Open Items

The functions for writing off open items are identical to those for waiving open items. The difference is that other authorizations are defined. When you write off open items, a payment block is set on the open items in the general ledger and a posted record generated in the subledger. This function is only supported for loans given.

The procedure for writing off open items is analogous to that for waiving open items. For more information, see Waiving Open Items [Page 244]

The display screens correspond to the processing screens. Here, you can view the items to be written off, but not make any changes.

Writing Off Open Items

Procedure

1. Choose *Accounting* → *Receivables* → *Write Off* → *Execute.*

2. The *Debit Position Write-Off: Edit* screen appears. Enter the company code and loan number
    and choose *Enter*.

    The following screen is similar to the screen for manual debit positions. The main difference
    between the two is the *Overdue items* function.

    The individual functions are the same as for .

Displaying Open Item Write-Offs

Use

1. Choose *Accounting* → *Receivables* → *Write Off* → *Display.*

2. The *Debit Position Write-Off: Display* screen appears. Enter the company code and loan number and choose *Enter*.

   The following screen is similar to the screen for manual debit positions. The main difference between the two is the *Overdue items* function.

3. The display screens correspond to the processing screens. Here, you can display the manual debit items, but not make any changes.

Calculating Interest on Arrears

Use

For loans given, the *Loans* component uses the standard interest calculation program for accounts receivable.

This standard program has been enhanced to allow the interest to be transferred to the *Loans* component.

> For more information about the interest calculation functions, see *AC - Financials → Accounts Receivable and Accounts Payable →* Interest Calculation [Ext.] in the R/3 Library.

Interest on Arrears for Overdue Items

Prerequisites

The posting control functions of the standard interest calculation program have been enhanced to incorporate the function *Interest to Financial Assets Management* (for loans given).

This means that interest can be calculated on the basis of contract conditions in the *Loans* area. This option can only be used if the loan has the condition item *Interest on arrears.*

To calculate interest on arrears for overdue items, set the *Interest indicator* to the *interest calculation type* **P**. This indicator controls whether the interest is calculated on the basis of loan conditions.

To ensure that interest only calculated once for each open item, activate the *Maintain master records* indicator. In this case, a batch input session is created with the name specified in the *Batch input session name* field. When you process the session, the key date of the last interest run is entered in the customer master record. When you carry out the next interest run, the system ensures that interest is not calculated again for open items up to this key date.

Procedure

1. Choose *Accounting → Receivables → Interest on Arrears → Overdue Items.*

2. The *Calculation of Interest on Arrears* screen appears.
   Enter your selection criteria, including

   a. Calculation period

   b. Method for interest calculation

   c. The form and print options for the letters

   > For more information about the interest calculation functions, see *AC - Financials → Accounts Receivable and Accounts Payable → * Interest Calculation [Ext.] in the R/3 Library.

3. Once the interest on arrears has been determined, you need to generate the corresponding debit items in the *Loans* component. The postings to accounts receivable are only made with this debit position run.

4. Process the batch input session for entering the key date for the interest calculation in the customer master.

Interest on Arrears for Overdue Balances

Procedure

For loans given, interest on arrears is posted directly at customer account level, rather than for loan condition items. The interest calculation is not controlled by the *Loans* component.

1. Choose *Accounting → Receivables → Interest on Arrears → Balance Interest.*

2. The *Customer Interest Scale* screen appears.
   Enter your selection criteria, including

      a) Calculation period

      b) Method for interest calculation

      c) The form and print options for the letters

      For more information about the interest calculation functions, see *AC - Financials → Accounts Receivable and Accounts Payable →* Interest Calculation [Ext.] in the R/3 Library.

Posting Interest on Arrears

Prerequisites

The functions for printing *dunning notices* and *postings related to dunned items* are separate functions for loans given.

To post items related to dunning you must have executed a dunning run. You then run the *dunning charges/interest on arrears* program, so that the data resulting from the dunning run can be posted.

The special interest function and the posting function for this special interest are also considered as separate functions.

To post special interest, you first need to run the *special interest* program (make sure to set the posting flag). Then run the *dunning charges/interest on arrears* program, which actually makes the posting. Interest on arrears is calculated by program RFDUZI00.

The *dunning charges/interest on arrears* function can only be used for the following:

- *Dunning charges*
- *Dunning interest*
- *Interest on arrears*

Procedure

1. Choose *Accounting → Receivables → Interest on Arrears → Post Interest on Arrears.*

2. The *Post Interest on Arrears* screen appears. Enter your selection criteria.

    Your entries in the fields *Posting date*, *Document date* and *Text* are transferred to the FI document.

    If you do not make an entry in the *Due on* field, the system uses the date of the dunning/interest run.

    The system defaults to the current date for the date fields. You can overwrite them.

    Enter the relevant flow type. The flow type ensures that the postings are made automatically to the correct account.

    When you make the posting, all the data is transferred to Financial Accounting.

    The *Delete entries up to* field means that you can save posted dunning charges, dunning interest or interest in arrears for some time, so that you still have access to the posting data should there be any posting errors.

3. Choose *Execute* to post the dunning charges and interest on arrears. Posted dunning charges, dunning interest or interest on arrears appear in the dunning letter as open items.

Dunning

Use

For loans taken, the *Loans* component uses the standard dunning program for Financial Accounting (FI). This program has been enhanced to incorporate the requirements for loans.

Basic procedure:

- Determine overdue items

- Edit dunning proposal list

- Print and send dunning letters, and post dunning charges and interest (optional)

> For more information about the interest calculation functions, see *AC - Financials →
> Accounts Receivable → Accounts Receivable and Accounts Payable →* Dunning
> [Ext.] in the SAP Library.

Integration

The standard dunning program in Financial Accounting is based on accounts receivable. This means that the loans must also be managed on the basis of customer accounts. On the basis of the receivable accounts, the system generates *open items.* These open items form the basis for the dunning program.

Prerequisites

To use the standard dunning program in the loans area, you must make the following settings under *Dunning* in Customizing for *Loans*.

You can only send reminders if a valid dunning procedure has been defined for the business partner. You can define a corresponding default value in Customizing for *Loans*.

Procedure

To run the dunning program:

1. Choose *Accounting → Open Items → Dunning.*

   The *Dunning* selection screen appears.

2. For more information about the rest of the procedure, choose *AC - Financials → Accounts Receivable → Accounts Receivable and Accounts Payable →* Executing the Dunning Program [Ext.] in the SAP Library.

3. On the *Dunning: Parameters* screen, enter the dunning date and the posting date up to which you want all posted documents to be considered. You can enter the following selection criteria for the dunning run:

   – Company code

   – Customer account (mandatory entry)

Dunning

In addition, you can restrict the customers selected by entering loan-specific criteria. From the *Parameters* screen, choose *Environment → Treasury loans* to branch to the *Maintain dunning parameters for TR loans* screen. The screen is divided as follows:

a. *Debit pos. for dunning charges/interest*

   Here you enter the a posting date, due date and value date for calculating the dunning charges and/or dunning interest.

b. *Limit selected customer interval*

   You can narrow down the interval of customers selected further on the basis of the following criteria:

   - General selections:

   - Product type

   - Contract currency

   - Processing indicator

   - Manual dunning level

   - Select contract number

   - Select finance project

   - Select borrower (partner number)

   In addition, you restrict the intervals according to the summarization levels *Loan*, *Finance project* and/or *Borrower.* If you do this, the system only generates dunning letters for loans that were assigned a dunning level on the *Correspondence* tab under *Dunning* when the loan was created or changed.

   You enter the finance project number on the *Basic data: Key data* tab when you create or change a loan.

Balance Sheet Transfer

Use

You assign loans given to different positions according to criteria you define yourself, such as 1a loans and 1b loans. Alternatively, you might want to group your loans according to the origin of the main borrower.

You define the positions using a set of master data fields in Customizing. You can only perform balance sheet transfers for loans given.

Prerequisites

Loan positions are mapped using the account assignment reference and assigned when the loan is created.

The account assignment reference used depends on certain loan data. You define the settings in Customizing. The account assignment reference determines the accounts to which flows (receivables, incoming payments, and so on) are posted.

The balance sheet transfer function lets you change the assignment of a loan to a balance sheet account. You do this by changing the relevant data in the contract. When you change an account assignment reference, the balance sheet account transfer is not made automatically. The system only informs you that the account assignment reference has changed. You need to enter the key date on which the balance sheet transfer is to be effective. This data is saved in a table and used when you call up the balance sheet transfer function.

If the change to the account assignment reference results from a change in the partner data, the system only flags the contract that is currently active for the transfer. This also applies if the partner has several contracts.

If postings already exist for the contract to be transferred, these postings are reversed as at the key date you specify and posted to the new balance sheet accounts. The existing postings are reversed when you choose the *Balance sheet transfer* function.

If no postings have yet been made for the contract, the system does not flag the contract for transfer. In this case, only the account assignment reference for the contract is changed.

Executing a Balance Sheet Transfer

Procedure

1. Choose *Accounting* → *General Ledger* → *Balance Sheet Transfer.*

2. The *Loan Balance Sheet Transfer* screen appears.

3. Restrict the selection of records to be transferred by entering the relevant selection parameters:

    a. *Company code*

    b. *Product type*

    c. *Account assignment reference*

    d. *Contract number*

    If you set the indicator '*Delete transfer flag if account assignment reference has not changed',* the system removes the record from the table if there has been no change to the account assignment reference. If the account assignment reference has changed, the record is flagged and remains in the table.

4. Choose *Execute*.

Result

The balance sheet transfer program determines the following:

*   Old and new account assignment references, on the basis of the master data and the actual records.

*   The related balance sheet accounts, using the account assignment reference table.

*   The balance of the old balance sheet account, on the basis of the actual records.

*   Flow type from:

    This flow type represents the account assignment "Clearing account" to 50 "Old balance sheet account"

*   Flow type to:

    This flow type represents the account assignment "New balance sheet account" to 40 "Clearing account".

If you have already entered the key date for the balance sheet account transfer, this date is used for the following calculations:

*   Determination of balance sheet account balance

*   Determination of subsidiary receivables to be transferred

Accrual/Deferral

Use

You can carry out accrual/deferral runs for interest and premiums/discounts using the reset procedure or the difference procedure. If you use the reset procedure, you must reset the accrual/deferral run separately.

Features

The following accrual/deferral functions are available:

- **Accrual/deferral**

    Accruals/deferrals are part of the income calculation. The function recognizes expenses and revenues related to the accounting period just ended (such as the last fiscal year).

    To reflect expenses and revenues correctly in the balance sheet, they have to be assigned to the correct accounting period, regardless of when they are due for payment. Expenses and revenues are therefore accrued/deferred on a specific key date (e.g. end of a fiscal year).

    Loans management provides a program which determines the accrual/deferral amounts and generates the corresponding posting records for interest payments, discounts and premiums.

    The system calculates the accrual/deferral flows on the basis of the capital amounts and calculation bases as at the accrual/deferral key date. Flows after this key date are not considered.

    As a result deferral items [Ext.] and accrual [Ext.] items are created.

    There are two procedures:

    – *Reset procedure*:

      This procedure is used for accruals/deferrals of interest payments and charges. The accrual/deferral amount is calculated and posted for the period between the start of the accrual/deferral period and the key date (accruals) and between the key date and the end of the accrual/deferral period (deferrals) for the related item (for instance, interest payment). At a later date (generally on the following working day) this posting is reset via the corresponding reset posting, in order to make the corresponding adjustment to the related income statement accounts. You must carry out the reset posting separately.

    – Difference procedure

      This procedure is used for accruals/deferrals of discounts and premiums. The premium/discount is generally withheld when a loan is disbursed and is posted to the related accounts for prepaid/deferred items. This item is then written back on a pro rata temporis basis or pro rata interest basis. The accrual/deferral amount is based on the period between the last accrual/deferral run and the key date. If the accrual/deferral is made on a pro rata interest basis, the calculation is based on the interest amount in the period. In this case, there is no reset posting.

      Unscheduled write-backs as a result of unscheduled repayments or partial sales (of borrower's note loans) are disclosed separately.

You have withheld a discount of USD 10,000 for a loan term of 10 years. Using the pro rata temporis calculation method, USD 1,000 of the original amount is posted each year from the prepaid/deferred items account to revenue.

- **Accrual/deferral reset**

  You use this function to reset an accrual deferral run, or part of an accrual deferral run performed on a certain key date using the reset procedure.

  You must reset all accruals and deferrals made using the reset procedure before the next accrual/deferral run.

  The reset posting is a reverse posting for the accrual/deferral.

You can reverse one or several accrual/deferral record(s), including premium/discount accruals/deferrals, interest accruals/deferrals and accrual/deferral reset postings. For more information, see .

Performing Accruals/Deferrals

Use

You use this function to accrue/defer interest and premiums or discounts as at a certain key date using the reset procedure of the difference procedure.

Prerequisites

In Customizing, you must define the flow types to be accrued/deferred for each company code and assign accrual/deferral flow types to these flows (IMG step: *Define Accrual/Deferral*). For each flow type to be accrued/deferred, you can specify the method for calculating the amounts to be accrued/deferred (*linear* or *proportional to interest* for premium or discount accruals/deferrals, *linear* for other accruals/deferrals). The accrual/deferral method *Financial mathematics* is only relevant for flow types in the *Securities* area.

You must define account determination for the corresponding accrual/deferral flow type (IMG step: *Define Account Determination*).

Procedure

1. Choose *Accounting* → *Period-End Closing* → *Accrual/Deferral.*

2. In addition to the *company code* and *loan number* you can enter the following selection criteria for the accrual/deferral run in the *General selections* area:

- Product type

- Loan type

- Account assignment reference

- Contract currency

- Flow types

3. In the *Control parameters* area, you specify the flows to be accrued/deferred (*Discount/Premium* or *Other accruals/deferrals*), which in turn determines the accrual/deferral procedure. Accruals and deferrals for discounts and premiums are calculated according to the difference procedure. The accruals/deferrals for the other flows (such as interest) are calculated on the basis of the reset procedure. For more information, see Accrual/Deferral [Page 258].

   If you set the *Update planned rec. price gain* indicator, the system updates the planned records for borrower's note loans in the cash flow to adjust the record for the price gain or loss (for deferral of the premium/discount).

   The *accrual/deferral key date* determines the accrual/deferral period. This is the period between the last accrual deferral run and the date you specify. The system defaults to the current date (today's date), but you can overwrite it.

4. If you do not want the postings to be made on the accrual/deferral key date, you can enter the relevant date in the *Posting date* field in the *Posting control* area. The posting date must not be before the accrual/deferral key date, and not later than the current system date.

   The *document date* is transferred to the subledger and general ledger documents.

   You can also enter a *posting period* and a *posting text*.

Use the *Test run* field to specify whether you want to carry out a simulation or update run for the accruals/deferrals. If you set the *Test run* indicator, the system displays an accrual/deferral list, but does not make any postings.

5. In the *Output control* section you can select the variants for the list display:

If you do not select any of the fields, the system displays the standard log.

If you only want to display the totals, set the *Summarized totals display* indicator. If you set this indicator, the system summarizes all the amounts for a contract within the calculation period.

If you select the *Variable list output* field, the system displays the log for the accrual/deferral run using the ABAP List Viewer [Ext.], which allows you to change the list display online.

By double-clicking on a contract in the variable list, you can branch to the cash flow.

If you select the *Variable list output* field together with the *Monthly discount forecast* or *Yearly discount forecast* field, you can display a premium/discount forecast. To do this, choose *Back* in the accrual/deferral list for premiums/discounts.

6. Choose *Execute*.

Resetting Accruals/Deferrals

Use

You use this function to reset an accrual/deferral run. The reset posting is a reverse posting for the accrual/deferral. The posting date of the reset must be at least one day later than the posting date of the accrual/deferral.

You must carry out the reset before you perform the next accrual/deferral run.

Prerequisites

In Customizing, you must define the accrual/deferral reset flow types for each company code (IMG step: *Define Accrual/Deferral*).

You must define account determination for the corresponding accrual/deferral reset flow type (IMG step: *Define Account Determination*).

Procedure

1. Choose *Accounting → Period-End Closing → Reset Accrual/Deferral.*

2. Enter your selection parameters in the initial screen.

   a. Enter the *accrual/deferral key date* and the posting date for the reset.

   b. You can also enter the *posting period* and specify a posting text in the *Reset posting text* field.

   c. Use the *Test run* field to specify whether you want to carry out a simulation or update run for the accruals/deferrals. If you set the *Test run* indicator, the system displays a reset list, but does not make any postings.

3. Choose *Execute*.

Foreign Currency Loans

Definition

Foreign currency loans are all loans given or taken for which the contract currency is different to the local currency (balance sheet/company code currency).

Use

Foreign currency valuation for a (balance sheet) key date

You can use the function for valuing foreign currency loans [Page 267] to value the remaining capital for loan positions as at any key date (including dates in the past). You can run the valuation for both loans given and loans taken.

For each of the selected loans, the system determines the acquisition value, book value and current value in contract currency and local currency. As a result of exchange rate fluctuations, the book value in the system differs the current value in local currency, producing an unrealized rate gain or loss (write-up or write-down amount). The system generates and posts a flow record for this unrealized gain or loss

The way the amount to be written up/down is calculated depends on the valuation principle you have chosen (such as *Key date value appr./depr.*). A valuation method comprises the valuation method and the rules for the write-up/write-down.

- To value loan positions, you must choose the one-step valuation method in Customizing (IMG: *Treasury Management → Basic Functions → Accounting → Valuation → Define One-Step Valuation Principles*). You use this method because only one value (the exchange rate) is used to calculate the write-up or write-down, and not several (as would be the case for foreign securities valuations where both the exchange rate and security price are taken into account).

- Once you have chosen the valuation method, you define the rules for calculating the valuation gain or loss (for example, *no valuation loss, valuation loss up to key date value, valuation gain up to acquisition value, valuation gain up to key date value*). You can define several valuation principles using the different combinations.

  > A reduction in the position due to a revaluation (write-down) represents a rate loss for loans given and a rate gain for loans taken. An increase in the position due to a revaluation (write-up) represents a rate gain for loans given and a rate loss for loans taken.

Calculation of rate gain/loss for position outflows

In the case of a position outflow (such as a repayment), the system automatically calculates the rate gain or loss for foreign currency loans when it generates the cash flow. It determines the realized gain or loss by calculating the difference between the book value in local currency (proportionate to the position outflow) and the value of the actual position outflow in local currency. This gain or loss then appears in the cash flow.

If a foreign currency valuation was carried out before the position outflow, the system not only calculates the rate gain or loss, but also the translation amount (in other words, the valuations

Foreign Currency Loans

already carried out for position in proportion to the position outflow). In the cash flow, the system generates flow records for both the rate gain or loss and the translation amount.

The "effective" rate gain or loss on the original acquisition value is calculated by adding the translation amount to the rate gain.

Example

Valuation of a loan given

Time sequence	Data	Explanation
Loan position as at MMDDYY	100 $/180 DM	Book value in foreign and local currency
Valuation as at MMDDYY Current exchange rate Book value - current value = valuation result	 1.70 DM/$ 100$/180 DM - 100$/170 DM = 0$/10 DM	The valuation leads to a reduction in the loan position (**write-down**); there is an unrealized **rate loss** amounting to 0$/10 DM.
Valuation as at M+1DDYY Current exchange rate Book value - current value = valuation result	 1.90 DM/$ 100$/170 DM - 100$/190 DM = 0$/-20 DM	The valuation leads to an increase in the loan position (**write-up**); there is an unrealized **rate gain** amounting to 0$/20 DM.

Valuation of a loan taken

Time sequence	Data	Explanation
Loan position as at MMDDYY	100 $/180 DM	Book value in foreign and local currency
Valuation as at MMDDYY Current exchange rate Book value - current value = valuation result	 1.70 DM/$ 100$/180 DM - 100$/170 DM = 0$/10 DM	The valuation leads to a reduction in the loan position (**write-down**); there is an unrealized **rate gain** amounting to 0$/10 DM.
Valuation as at M+1DDYY Current exchange rate Book value - current value = valuation result	 1.90 DM/$ 100$/170 DM - 100$/190 DM = 0$/-20 DM	The valuation leads to an increase in the loan position (**write-up**); there is an unrealized **rate loss** amounting to 0$/20 DM.

Valuation followed by position outflow (loan given)

Time sequence	Data	Explanation
Loan position as at MMDDYY	100 $/180 DM	Book value in foreign and local currency

Valuation as at MMDDYY Current exchange rate Book value - current value = valuation result	 1.70 DM/$ 100$/180 DM - 100$/170 DM = 0$/10 DM	The valuation leads to a reduction in the loan position (**write-down**); there is an unrealized **rate loss** amounting to 0$/10 DM.
Repayment as at M+1DDYY Current exchange rate Proportionate: Book value - position outflow = rate gain/loss	20 $ 1.90 DM/$ 20 $/34 DM - 20 $/38 DM = 0 $/-4 DM	As a result of the repayment at the current exchange rate there is a **position outflow** amounting to 20 $/38 DM. The realized **rate gain** is 4 DM.
Balance of valuations already carried out Proportion of valuation balance for the position outflow of 20 $.	0 $/10 DM 0 $/2 DM	The **translation amount**, which represents a **rate loss**, amounts to 2 DM.

Valuation followed by position outflow (loan taken)

Time sequence	Data	Explanation
Loan position as at MMDDYY	100 $/180 DM	Book value in foreign and local currency
Valuation as at MMDDYY Current exchange rate Book value - current value = valuation result	 1.70 DM/$ 100$/180 DM - 100$/170 DM = 0$/10 DM	The valuation leads to a reduction in the loan position (**write-down**); there is an unrealized **rate gain** amounting to 0$/10 DM.
Repayment as at M+1DDYY Current exchange rate Proportionate: Book value - position outflow = rate gain/loss	20 $ 1.90 DM/$ 20 $/34 DM - 20 $/38 DM = 0 $/-4 DM	As a result of the repayment at the current exchange rate there is a **position outflow** amounting to 20 $/38 DM. The realized **rate loss** is 4 DM.
Balance of valuations already carried out Proportion of valuation balance for the position outflow of 20 $.	0 $/10 DM 0 $/2 DM	The **translation amount**, which represents a **rate gain**, amounts to 2 DM.

You can calculate the **effective rate gain/loss** (= rate gain or loss for the position outflow in relation to the acquisition value) in two ways:

- Calculate the acquisition value in local currency (exchange rate 1.80 DM/$). The proportionate acquisition value in relation to the position outflow of 20 $ is:
  100 $/180 DM → 20 $/36 DM.

Foreign Currency Loans

The position outflow at the current exchange rate (1.90 DM/$) is 20 $/38 DM.

The difference between the position outflow in local currency and the acquisition value in local currency (proportionate to the position outflow) is an effective gain/loss amounting to 2 DM:
38 DM - 36 DM = 2 DM.

- The total balance of the rate gain or loss and the translation amount produces an effective rate gain/loss amounting to 2 DM:
4 DM - 2 DM = 2 DM.

Valuing Foreign Currency Loans

Use

You use this function to value the remaining capital of loan positions for which the contract capital differs from the local currency. You can run the valuation for both loans given and loans taken.

For more information, see .

Prerequisites

You must make the following settings in Customizing:

- Define the flow types for the valuation, such as the write-up, write-down, exchange rate gain, exchange rate loss, translation and valuation reset (IMG step: *Define Flow Types*).

- Assign the corresponding flow categories to the flow types you have defined (IMG step: *Assign Flow Types to Flow Category*).

- Define account determination for the corresponding flow type (IMG step: *Define Account Determination*).

- Define the valuation principles you require (IMG: *Treasury Management* → *Basic Functions* → *Accounting* → *Valuation* → *Define One-Step Valuation Principles*).

Procedure

1. Choose *Accounting* → *Period-End Closing* → *Valuation of Foreign Currency Loans.*

    The *Balance Sheet Valuation of Foreign Currency Loans* screen appears.

2. In addition to the *company code* and *contract number(s)* you can enter the following selection parameters for the valuation:

    a. *Product type*

    b. *Loan type*

    c. *Contract currency*

    d. *Account assignment reference*

    e. *Entered by*

3. In the section headed *Parameters for foreign currency valuation* you must enter the *key date* for the valuation of the selected loans. The system defaults to the current date, but you can overwrite it.

    Enter the following control parameters:

    a. *Valuation principle*

        Enter the valuation principle to be used (for example, lowest value principle).

        If you are valuing foreign currency loans as part of the contract currency changeover to the euro, you must use a valuation principle that takes the full valuation gains and losses into account (*Valuation loss* field: "Valuation loss up to key date value", *Valuation gain* field: "Valuation gain up to key date value).

Valuing Foreign Currency Loans

> b. *Rate calculation*
>
>> Enter the *rate calculation* indicator, which determines the rate type to be used for foreign currency translation (for example, standard translation using the middle rate).
>
> c. *Simulation/Test*
>
>> The *Simulation/test* indicator gives you the following options:
>
> i. If you leave the field blank, the system performs the standard evaluation run (including postings to FI).
>
> ii. If you enter the value **S**, the system simulates the valuation (no postings are made). You would only use this list for evaluation purposes.
>
> iii. If you enter the value **T**, the system also performs a test run (no postings are made). In this case, however, the system also outputs a (test) posting log.
>
> d. *Reset valuation*
>
>> If you set the *Reset valuation* indicator, the valuation that is performed for the selected loans on the specified key date is reset on the following day by means of a second posting. You use this procedure when you generate internal interim balance sheets during the fiscal year. As a result of the reset posting, the original book value at the start of year is restored as a basis for the balance sheet at the end of the fiscal year.
>
>> If this indicator is not set, a valuation run is carried out for all the selected loans for the specified key date. In this case, you can only reset the valuation using the reversal function.

4. You have three options for running the valuation:

- If you choose *Program → Execute*, the system performs the evaluation online.

- If you choose *Program → Execute and print*, the system carries out the valuation and prints the valuation list in one step. You can also print the valuation list out separately after running the evaluation.

- If you choose *Program → Execute in background*, the system runs the valuation as a background job.

Result

The system displays the valuation list and, where applicable, the posting log.

The **valuation list** (*Balance Sheet Valuation of Foreign Currency Loans*) for the specified key date contains the following information:

The first line for each loan valued contains the *company code, loan number* and *product type*. The following data is displayed for each loan:

- *Currency*

   Contract currency

- *Remaining capital*

Balance of all flows that affect the loan position (such as disbursements, repayments, valuations) in contract currency.

- *Valuation gain/loss*

    The write-up/write-down amount in local currency calculated by the valuation that represents an unrealized gain or loss (difference between the old book value and the current value).

- *Acquisition value*

    Disbursement amount in local currency

    If there are several disbursements, the acquisition value is the total of the disbursement amounts in local currency.

- *Acquisition rate*

    Exchange rate for the disbursement

    If there are several disbursements, the acquisition exchange rate is a computed rate between the total foreign currency amounts for the disbursements and the corresponding local currency amounts.

- *Current value*

    Remaining capital in local currency at the current exchange rate

- *Current exchange rate*

    The exchange rate applicable on the key date. The system takes this rate from the general rate tables in Customizing (*General Settings → Currencies*).

- *Old/new book value*

    Remaining capital in local currency before and after the valuation run

- *Old/new book exchange rate*

    Computed rate between the book value in foreign currency and the book value in local currency after the valuation run.

- *Hedged items*

Result of the valuation in local currency

The system displays the total valuation gain and the total valuation loss for all the loans selected in local currency. For each company code and product type, you see the totals for each loan currency. In addition, you see the total valuation gain and the total valuation loss in local currency for each company code and product type.

Due to the time lapse between the debit position posting and the incoming payment, there may be exchange rate gains and losses that result from fluctuations in the exchange rate during this period. The system only clears the exchange rate

Valuing Foreign Currency Loans

difference automatically in Financial Accounting. It is not cleared in the *Loans* component.

Reversals

Use

Reversing an Individual Activity

The manual reversal function lets you reverse debit positions, incoming payments, disbursements, capital transfers and other postings. You can use this function to reverse all posted transactions (actual records) provided they have no significant impact on the cash flow (for instance, the reversal of a repayment receivable, upon which subsequent interest records are based).

If you reverse postings that were generated on the basis of conditions, the actual records are converted back into planned records. All other reversed actual records no longer appear in the cash flow.

You are only allowed to reverse documents from the *Loans* area using this function. You cannot reverse them from Financial Accounting. If you reverse a document in *Loans Management*, the document in Financial Accounting (FI) is reversed automatically.

Reversal of returned debit memos/incoming payments

You can reverse incoming payments posted using the direct debit procedure (returned debit memos). This function is only available for loans given.

Reversal of accruals/deferrals

This function allows you to reverse individual accrual/deferral runs or several accrual deferral runs for a certain key date using various selection criteria.

The system distinguishes between accruals/deferrals for premiums and discounts, interest accruals/deferrals and accrual/deferral resets.

- When you reverse accruals/deferrals for discounts or premiums, the system checks whether other accrual/deferral postings have been made since the posting you want to reverse. If such postings exist, the accrual/deferral is not reversed, since accruals/deferrals according to the difference procedure are based on past accrual/deferral postings.

- When you reverse interest accruals/deferrals, the system checks whether the accrual/deferral posting has been reset. If this is the case, the accrual/deferral is not reversed. To reverse the accrual/deferral, you must first reverse the reset posting by selecting *Reset.*

Prerequisites

In order to be able to reverse documents, you must define reasons for reversal in Customizing (IMG step: *Define Reasons for Reversal*).

You must assign the various activity categories for each product type to the reversal transactions in Customizing (IMG step: *Assign Activity Category to Group Reversal Transaction*). This allows you to display the documents to be reversed when you use the reversal function.

Reversing an Individual Activity

Use

You use this function to reverse individual disbursements, debit positions, incoming payments, capital transfers or other postings for a particular contract.

Prerequisites

See: Reversals [Page 271]

Procedure

1. Choose *Accounting → Reversal → Reverse Individual Activity.*

2. Enter the *company code* and the *contract number*.

3. In the *Postings displayed* section, enter a period to restrict the postings available for reversal. Select the activity you want to reverse:

   a) *Disbursement*

   b) *Debit position*

   c) *Incoming payment*

   d) *Capital transfer*

   e) *Other posting*

4. Choose *Enter.* The *Loans: Reversal* screen appears, which displays the documents for the functions you selected for the contract using the ABAP List Viewer [Ext.].

   The top line contains information about the contract, such as the company code, product type, contract number, status and business partner.

   The rows for the documents selected contain information on the document number, the value date or posting date, the FI document number, the debit/credit indictor, the flow type and the amount in contract currency.

   You can branch to the loan document, the FI document and the bank statement for each document.

5. To reverse debit positions, for example, you select the debit positions you want to reverse and choose *Post.* In the *Additional Posting Data* dialog box, enter the posting date and the reason for the reversal. The system automatically defaults to the posting date for the document selection, but you can overwrite it.

   You can also enter a text for the reversal document. If you select the *Log* field, the system displays a posting log. If you select the *Simulation* field, the system carries out a test run.

   Documents cannot be reversed in the following cases:

- If documents that are based on the document you want to reverse have already been posted (relevant for the cash flow)

- If planned records have been changed manually

  Debit position

- If an incoming payment has already been posted for a debit position, reversal of the debit position results in an overpayment, which then has to be cleared.

  Capital transfer

- If you reverse a capital transfer, the system reverses all the postings that belong to the capital transfer. This applies regardless of whether you have entered the number of the source or the target contract in the initial screen.

- If you have made postings since the capital transfer, you must reverse these postings before you reverse the capital transfer.

- After the reversal of the capital transfer, incoming payments are posted as overpayments and have to be cleared.

Reversing Accruals/Deferrals

Use

This function allows you to reverse one or more accrual or deferral records. You can reverse accruals/deferrals for premiums and discounts, interest accruals/deferrals and accrual/deferral reset postings.

If you have already reset interest accruals/deferrals, you must reverse the reset postings before you can reverse the interest accrual/deferral postings.

If you have carried out a series of accrual/deferral runs using the difference procedure, the program can only reverse the last accrual/deferral run.

Prerequisites

See: Reversals [Page 271]

Procedure

1. Choose *Accounting* → *Reversal* → *Reverse Accrual/Deferral.*

2. Enter your selection criteria.

3. In the *Control parameters* section, select one of the following accrual/deferral types for reversal:

   a) *Discount/premium*

   b) *Interest accruals/deferrals*

   c) *Reset*

   If you select the *Update planned rec. price gain*, the system updates the planned record for the rate gain in the database immediately upon reversal. If you leave this field blank, the planned record for the rate gain is not updated until you next use the *Update Planned Records* function.

   Enter the key date of the accrual/deferral to be reversed (*Accrual/deferral key date*). If you are reversing an accrual/deferral reset, you still enter the key date for the accrual/deferral itself in this field.

4. In the *Posting control* section, enter the *Posting date of the reversal.*

   You use the *Posting period* field to determine the fiscal month to which the posting is assigned.

5. Use the *Test run* field to specify whether you want to carry out a simulation or update run.

6. Choose *Execute.*

Processing Returned Debit Memos

Use

You use this function to carry out mass reversals of incoming payments (as opposed to reversing individual activities manually).

Prerequisites

See: Reversals [Page 271]

Procedure

1. For loans given, choose *Accounting → Reversal → Process Returned Debit Memos.*

2. The *Reversal of Incoming Payments / Returned Debit Memos* screen appears. In addition to general data (such as the *company code*), you can enter a range of selection criteria (for example, *payment document number, customer, contract number*).

3. The system defaults to the current date in the fields *Posting date: reversal posting* and *value date*, but you can overwrite it.

4. Enter the reversal charges in the *Ext. charges: Amount* field. If you do not want to post the charges, deactivate the default selections in the fields *Post external charges* and *Post own charges.*

5. In the *Payment method for charges* field enter the payment method (such as bank transfer, direct debit, ...) to be used for charges in automatic payment transactions.

6. Choose *Execute* to start the posting run.

7. Documents cannot be reversed in the following cases:

   a. If documents that are based on the document you want to reverse have already been posted (relevant for the cash flow)

   b. If planned records have been changed manually

Accounting Evaluations

Use

This section describes the functions available for making various evaluations in loans accounting.

Account Statement

Use

This function shows you all the postings related to one or several contracts, such as interest payments and principal repayments.

Activities

Displaying all the postings for several contracts:

1. Choose *Accounting → Accounting Evaluations → Account Statement.*
    You can also access this function by choosing *Information System → Accounting → Accounting → Loans: Account Statement.*

2. The *Account Statement for Contract Display* screen appears. In addition to the *company code* and *loan number* you can make the following selections in the *General selections* area:

   a. *Product type*

   b. *Loan type*

   c. *Contract currency*

   d. *Account assignment reference*

   e. *Entered by*

   To define specific intervals for each selection criterion, choose *Selection options.*

   Under *Display period* you enter the posting date interval for which you want to generate the account statement. The system defaults to the interval 01/01 to 12/31 for the current year. You can overwrite these entries.

   In the *Output control* section you can hide postings with selected flow types. You define the flow types to be hidden in Customizing (IMG step: *Assign Offsetting Flow*).

   If you set the *Display open debit items* and *Display open credit items* indictors, the system displays all the open items for the contract.

   You can display the amounts for the account statement in local currency or contract currency.

3. Choose *Execute.* The system displays the account statement.

4. To call up details relating to a posting, position the cursor on the item and choose the relevant function (*Loan document*, *FI document*, *Cash flow*, *Open items on customer account*). To sort the postings according to specific criteria, position the cursor on an entry on the required column and choose one of the sort symbols. If postings have been generated for this contract in the mean time in a different session, choose *Refresh* to display the up-to-date data.

Displaying all the postings for a contract:

1. Open a contract in display or change mode and choose *Extras → Account statement.*

    The system displays all the postings for the contract. The postings are listed using the ABAP List Viewer [Ext.].

Account Statement

2. You can suppress reversal postings and postings with selected flow types to improve the layout of the information.

3. To call up details relating to a posting, position the cursor on the item and choose the relevant function (*Loan document*, *FI document*, *Cash flow*, *Open items on customer account*). To sort the postings according to specific criteria, position the cursor on an entry on the required column and choose one of the sort symbols. If postings have been generated for this contract in the mean time in a different session, choose *Refresh* to display the up-to-date data.

Due Date List for Posted Documents

Use

This function gives you a detailed overview of the debit items that have been generated. In other words, you see which planned records have been posted and the remaining planned records after posting.

You can restrict the contracts covered and the evaluation period.

By contrast, the debit position log (displayed after the positions are generated) provides an overview of the current debit position run.

Prerequisites

Debit items must have been generated.

Activities

5. Choose *Accounting → Execute Posting: Mass Processing → Postprocessing → Due Date List for Posted Documents*.
   You can also access the report by choosing *Accounting → Accounting Evaluations → Due Date List for Posted Documents.*

6. The *Loans: Due Date List for Posted Documents* screen appears.

    a. Enter your selection criteria. The following selections are available:

    b. Company code

    c. Contract number

    d. Partner

    e. Product type

    f. Payment method

    g. Posting date

    h. General daybook number

7. To define specific intervals for each selection criterion, choose *Selection options.*

8. Choose *Execute*. The system displays the debit position list.

Balance List

Use

This report determines certain balances for all the selected loans and displays the totals in a list, which you can also print out. You use the balance list to reconcile the general ledger and the subledger and to determine open items.

Features

Selection criteria

1. In addition to the *company code* and the *loan number* you can restrict the selection using the following criteria in the *General selections* area:

   - Product type

   - Loan type

   - Contract currency

   - Account assignment reference

   - Entered by

2. In the *Output control* area, you must enter the *key date* for which the balances should be calculated. The report only considers flows that were posted before or on the specified key date. The system defaults to the current date, but you can overwrite it.

   If you leave the *Display currency* field empty, the system calculates and displays the balances for the selected loans in the contract currency. If you enter a valid currency, the system first calculates the balances in the contract currency and then translates them into the required display currency using the exchange rate for the specified key date.

   Even if the display currency is the local currency, the system does not use the local currency amounts in the flows. Instead, the system translates the balances for the key date into the display currency using a uniform exchange rate. As a result, the balances displayed in the balance list are not necessarily the same as the local currency amounts in the general ledger.

   You can also restrict the balance list display. In other words, you can specify how the balances that have been calculated should actually appear in the list.

   a. If you select the *Only display balances <> 0?* field, the system only includes the calculated balances in the display if at least one of the balances (repayment, interest, various, overpayments) contains a value greater than or less than zero. Likewise, only contracts that have balances greater than or less than zero are included in sum totals. This means that contracts with zero balances are not considered, which also applies to the totals for the **planned capital** and the **effective capital**.

   Selection of the *Only display balances <> 0?* field has no effect on the display if you also select the *Only display totals?* field. In this case the system only displays the

totals, and not the individual balances. However, if the *Only display balances <> 0?* field is selected, it still affects the way the totals are calculated. Only contracts with balances greater than or less than zero are included in the totals.

b. The field *Also totals for balances = 0?* must always be seen in conjunction with the field *Only display balances <> 0?*.

Selection of the field *Also totals for balances = 0?* has no effect if the field *Only display balances <> 0?* is not selected.

If the *Only display balances <> 0?* and the *Also totals for balances = 0?* fields are both selected, contracts with zero balances are included in the sum totals, even though they do not appear in the list. As a result, these contracts are also included in the totals for the planned capital and effective capital.

c. If you select the *Only display totals?* field, the system displays the totals for the balances of all the selected loans. No data is displayed for the individual loans.

Output

The balance is divided into several sections:

- The header of the balance list contains details relating to the product type, the key date and the display currency of the balances that have been calculated.

- For each loan, the system displays the balances you have selected in one row. If you have selected the *Only display totals?* field, this section does not appear.

    The following data and balances are displayed:

a. *Loan number*

b. *Planned capital* (= contract capital)

c. *Effective capital* (of the contract)

d. *Repayment*

The total of the open repayment amounts, in other words, repayment amounts for which debit positions have already been created but for which no incoming payment has been posted.

e. *Interest*

Total open interest amounts (as for repayments)

f. *Various*

Total of all the other open items (as for repayments)

g. *Overpayments*

Total of the overpayments that have not yet been assigned to a loan item

h. *Cur (Currency)*

Display currency: If you did not specify a display currency, this currency key is the contract currency.

- The system displays subtotals and sum totals for the individual balance items, sorted according to contract currency, product type and company code:

a. *Contract currency*

Balance List

At the lowest level, you see the subtotals per contract currency for each product type. If there is more than one contract currency within a product type, each contract currency begins on a new page.

b. Product type

There are subtotals for each product type in the company code. The subtotals are also listed for each contract currency.

c. Company code

At the top level you see the sum totals for each company code, listed according to contract currency.

- In the last section, the system displays details relating to the selection criteria:

  a. The total number of contracts selected for the balance list

  b. The number of contracts with remaining balances (at least one of the balances must be greater than or less than zero)

  c. Information on the field *Also totals for balances = 0?*

Activities

1. Choose *Accounting → Accounting Evaluations → Balance List.*
   You can also access this function by choosing *Information System → Accounting → Loans: Balance List.*

2. The *Balance List* screen appears.

   Enter the relevant selection criteria to call up the balance list you require.

   Specify the *key date* to be used for generating the balance list.

3. Choose *Execute*.

Posting Journal

Use

You can use this function to generate the posting journal for the Loans area according to your own specifications.

Activities

1. Choose *Accounting* → *Accounting Evaluations* → *Posting Journal*.
   You can also access the report by choosing *Information System* → *Accounting* → *Loans: Posting Journal.*

2. The *Loans Posting Journal* screen appears.

   Enter the relevant selection criteria to call up the posting journal you require:

   a) *Company code*

   b) *Product type*

   c) *Contract number*

   d) *Posting date*

   e) *Activity date*

   f) *Date of journal*

   g) *Start date of journal*

   h) *Repeated run*

      If you want to repeat the posting run, select the *Repeated run* field.

3. Choose *Execute*.

   The system displays the posting journal.

   It contains all the data related to the selected postings, such as Activity date, Posting date, Flow type, Contract number, Document number, Amount in local currency, Amount in foreign currency.

4. To print the posting journal, choose *Print*.

5. To send the posting journal via email, choose *List* → *Save* → *Office*.

6. To archive the posting journal, choose *List* → *Save* → *Report tree.*

7. To save the posting journal to a file, choose *List* → *Save* → *File...* . The following formats are available:

   a) Unconverted

   b) Spreadsheet

   c) Rich text format

   d) HTML format

Customer Accounts

Use

For information about the evaluations you can run for accounts receivable, choose *AC - Financials → Accounts Receivable and Accounts Payable →* Account Analysis for Customers [Ext.] and Account Line Items [Ext.] in the R/3 Library.

This documentation covers all the relevant evaluations for accounts receivable.

The *Loans* component differentiates between the evaluations for customer accounts and account line items

Loan management on the basis of accounts receivable is supported for loans given. Since the payment programs (such as *manual bank statement, payment program, payment postprocessing)* require that loans are managed on the basis of customer accounts, these functions are not available for loans taken.

You can process payment transactions for loans taken using the *payment request* function.

Customer Account: Displaying Line Items

Use

In order to be able to run customer evaluations for specific contracts, you must define a corresponding line layout (including contract number display).

Activities

1. Choose *Accounting → Accounting Evaluations → Customer Account → Display Line Items*.

2. For more information about the rest of the procedure, choose *AC - Financials → Accounts Receivable and Accounts Payable → Account Balances and Line Items →* Account Line Items [Ext.] in the SAP Library.

   This function is only available for loans given.

Customer Account: Analysis

Activities

To run the analysis:

1. Choose *Accounting* → *Accounting Evaluations-* → *Customer Account* → *Analysis*.

2. For more information about the rest of the procedure, choose *AC - Financials* → *Accounts Receivable and Accounts Payable* → *Account Balances and Line Items* → Account Analysis for Customers [Ext.] in the SAP Library.

   This function is only available for loans given.

Master Data

Purpose

Master data management is divided into the following areas:

- In **partner management** you create, change and display business partner data. The system also supports different types of business partner relationships and roles.

- In **object management** you create, change and display your real estate collateral objects.

- You can create an object as part of a loan transaction (when you enter the contract data) or independent of a concrete transaction.

- Under **collateral value** you calculate the collateral value of your objects and the encumbrances.

- In **collateral management** you create, change and display your collateral. This includes assignments of life insurance policies, mortgages and savings, as well as securities pledges.

- The **credit standing calculation** covers the material credit standing check and collateral value checks.

- The documents required from the borrower to process a loan are recorded and tracked under **filed documents**.

- You can manage standard conditions for new business in **new business tables**.

- In the **release** section you release your business partners, objects and tables. For more information, see .

Business Partners

Definition

In the loans area, a business partner is any legal or natural person who can be represented in the system in one or several roles.

Use

There are two ways of creating a business partner:

- in a role, such as "borrower" or "lender"

- independent of a role (centrally)

For more information, see *AC - Financials → TR - Treasury → Treasury Management (TR-TM) → Basic Functions →* Business Partner [Ext.] in the R/3 Library.

 If a business partner comprises more than one person (for example, married couples or partnerships), you can enter the partner as a person or an organization.

Creating a Business Partner in a Role

Procedure

1. Choose *Master data → Business partner → Create in role.*

2. On the *Create Partner: Application Area* screen, enter the application area.

3. In the *Role* dialog box, choose the role in which you want to create the business partner in the system.

4. The *Choose Partner: Initial Screen* appears. Here, you can enter search criteria for the partner and address data of an existing partner you want to create in a new role. The *Partner* field contains a unique key which allows you to identify the partner across the system.

   If you want to enter a new business partner, you enter search criteria here to check if the partner already exists.

5. The *Business Partner* dialog box appears, which contains a list of the partners which correspond to the search criteria specified in the previous dialog box.

   If the partner you require is in the list, you can assign the role you selected at the beginning to this partner without re-entering the partner details (such as name, address or bank details). You can thus assign new roles to existing partners. If the chosen role has already been assigned to the partner, a corresponding message appears. In both cases, the *Change Business Partner: Name* screen appears.

6. If the partner you require is not in the list, leave the business partner list and return to the *Select Main Borrower: Initial Screen* dialog box. To create a new partner with the role you have specified, choose *Person* or *Organization* in the lower half of the screen. To assign an FI customer to the partner, choose *Assign customer*.

   The *Create Business Partner: Name* screen appears.

7. Enter the general partner data in the *Name* section and the address data in the *Address* section.

   Choose *Next screen* to call up screens for entering additional data. These screens vary, depending on whether you have defined the partner as a natural or legal person (organization). They include:

   a. *Address overview*

   b. *Bank details*

   c. *Personal data or legal data*

   d. *Employment data or fiscal data*

   e. *Relationships*

   f. *Role overview and role data*

   g. *Company code data*

8. If you fill a business partner field on the *Bank details*, *Fiscal data, Account information* or *Automatic payment transactions* screen, the system creates a cross-company code customer master record in Financial Accounting when you save the business partner data.

If you fill a field on the *Account information*, *Account interest*, *Automatic payment transactions*, *Payment data* or *Dunning Data* screens, the system creates a customer master record in the company code you are currently editing when you save the business partner data.

9. Save your entries.

Changing a Business Partner in a Role

Use

This function allows you to change the partner data and relationships created previously in the system. To do this, you must know the application area and the role in which the business partner was created.

Procedure

1. Choose *Master data → Business partner → Change in role.*

2. On the *Change Partner: Application Area* screen, enter the application area.

3. In the *Role* dialog box, choose the role in which the partner was created in the system.

4. The *Choose Partner: Initial Screen* appears. The *Partner* field contains a unique key which allows you to identify the partner across the system.

5. The *Business Partner* dialog box appears, which contains a list of the partners which correspond to the search criteria specified in the previous dialog box.

6. Select the business partner from the list.

   The *Change Business Partner: Name* screen appears.

   See also: Creating a Business Partner in a Role [Page 290] (steps 7 and 8).

Displaying a Business Partner in a Role

Procedure

1. Choose *Master data → Business partner → Display in role.*

2. On the *Create Partner: Application Area* screen, enter the application area.

3. In the *Role* dialog box, choose the role in which the partner was created in the system.

4. The *Choose Partner: Initial Screen* appears. Here, you can enter search criteria to restrict the selection. The *Partner* field contains a unique key which allows you to identify the partner across the system.

5. The *Business Partner* dialog box appears, which contains a list of the partners which correspond to the search criteria specified in the previous dialog box.

6. Select the business partner you want to display from the list.

7. The *Display Business Partner: Name* screen appears, which contains the basic name and address details.

8. Via *Next screen* you reach screens for displaying additional data, such as

a. *Address overview*

b. *Bank details*

c. *Personal data or legal data*

d. *Employment data or fiscal data*

e. *Relationships*

f. *Role overview and role data*

g. *Company code data*

> The additional screens available vary, depending on whether the business partner is a natural person or legal person (organization).

Use of Customer Payment Details

Use

This report program displays the following data for a partner, where the partner is defined as the customer:

- Loans
- Planned records not based on conditions
- Pending records
- Open items

You can further restrict the records selected according to partner bank type, payment method and company code.

Features

Selection Criteria

The system compiles the list of payment details on the basis of the following selection criteria:

- Partner number (you can use *F4* to find the partner number via partner selection)
- Partner bank type
- Payment method
- Company code

Output

For each partner and contract, the system displays the following data:

- Bank type
- Payment method
- Amount/currency
- Record type

If you select a record, the system branches to the corresponding editing function, where you can change the payment details. When you return to the list, the record you have edited is highlighted in a different color.

Activities

To display the list:

1. Choose *Master Data → Business Partners → Payment Details → Use of Customer Payment Details.* The *Overview of Payment Details Used for Partner* screen appears.

2. Enter the selection criteria.

3. Choose *Execute*. The system lists the payment details used for the partner as records per contract.

4. Select a record. If you double-click on the entry, the *Change Contract* screen appears. From here, you can branch to the screens for *Basic data, Conditions, Partners, Objects* and *Collateral*. When you have changed the payment details, you return to the list. The record you have changed is highlighted in a different color.

Credit Standing Calculation

Use

Before you grant a loan to a customer, you need to check the customer's financial and personal credit standing.

Features

The system supports the financial credit standing calculation for loans given, allowing you to assess whether the borrower is in a position to meet the obligations arising from the loan on the basis of income, outgoings and financial situation.

A simple calculation form [Ext.] allows you to set the monthly outgoings against the income and determine a debt service factor [Ext.]. You can define which items make up the form in Customizing.

You access the credit standing check via the corresponding business partner, since the credit standing data is saved for a business partner.

The credit standing surplus (or deficit) and the debt service factor are transferred to the decision.

> For more information about the *Resubmission*, *Memo pad*, *User data* and *Total commitment* functions, see Interested Party Management [Page 17].

Creating a Credit Standing Calculation

Procedure

1. Choose *Master Data → Business Partner → Credit Standing Calculation → Create.*

2. The *Choose Partner: Initial Screen* appears. Here, you can select an existing [business partner [Ext.]](business partner [Ext.]) or create a new partner.

3. Confirm your entries.

   The system displays the business partner data. If necessary, you can make changes to the data.

   Save the data.

4. If you have defined more than one form type in Customizing, a dialog box for selecting the form type appears.

   Select a form type and confirm your selection. The *Create Credit Standing Calculation* screen appears.

5. If no calculation forms or only frozen calculation forms exist, the system branches directly to the *Create Credit Standing Calculation* screen.

   Otherwise, a message appears requiring you to freeze forms not yet frozen. The system displays an overview of the calculations to date.

   The header data for business partner is copied from the business partner master (if available).

6. Enter the data for the individual items (you define the items themselves in Customizing).

   To recalculate the debt service in %, choose *Enter.*

7. To fix a provisional calculation, select the provisional calculation and enter the freeze date in change mode. Choose *Save*.

8. Choose *Save*. The *Select Partner: Initial Screen* dialog box appears (see Step 2.)

9. Choose *Exit* to leave the transaction.

Changing a Credit Standing Calculation

Procedure

1. Choose *Master Data → Business Partner → Credit Standing Calculation → Change.*

2. The *Choose Credit Standing Calculation: Initial Screen* appears. Select a business partner [Ext.].

   If no partner is found, the system exits the *Change Credit Standing Calculation* transaction automatically.

   Otherwise, the *Form Type* dialog box appears. Any existing calculations appear in the form overview. If no calculations or only frozen calculations exist, the system branches directly to the transaction for creating a new credit standing calculation.

3. If you have selected a form which is already frozen, the detail screen only appears in display mode.

   To make changes to the data, choose *Edit → Cancel freeze*.

4. Choose *Save*. The *Select Partner: Initial Screen* dialog box appears (see Step 2.)

5. Choose *Exit* to leave the transaction.

Displaying a Credit Standing Check

Procedure

1. Choose *Master Data → Business Partner → Credit Standing Calculation → Display.*

2. The *Choose Credit Standing Calculation: Initial Screen* appears. Select a business partner [Ext.].

3. If no partner is found, the system exits the *Display Credit Standing Calculation* transaction automatically.

    If no credit standing calculation exists for a partner, the message *No form data exists yet* appears and the system exits the transaction.

4. Once you have entered a form type, enter the data you know and choose the required file from the selection list that appears.

    The basic data screen appears (as for creating a file), but now also contains the lending data relating to the file.

5. Make the necessary changes.

6. Save your changes.

or:

1. In the screen for changing a loan, choose *Edit → File*.

    The *File: Display Basic Data* screen appears.

2. Choose *Change/Lend*.

3. Make the necessary changes.

4. Save your changes.

Objects

Use

The objects managed in the system are real estate collateral objects.

Within object management, you can create, change and display an object. You can also create an object as part of a loan transaction when you enter the contract data. The system assigns a unique object number to each object you enter.

Features

You can create building parts relating to a particular object. The building part contains descriptive information such as area and measurements. By assigning a usage type (such as 'apartment' or 'warehouse') to a building part, you can differentiate between the property yields from commercial and private usage when you calculate the collateral value.

A *short version* and a *long version* are available for calculating the collateral value.

- The *long version* is described in the section on Collateral Value Calculation [Page 306].

- You reach the *short version* via object management (for more information, see Collateral Value Calculation: Short Version [Page 320]).

You must assign an address to each object. If the address you require has not been entered previously in the system, you must create it when you enter the object. You can also assign partners in various roles to the object (such as tenant, janitor). However, this does not apply to the land registry, which is a special case. You enter the land registry as part of the land register data.

> 💡 For more information, see *IS-RE - Real Estate Management → Master Data → Land Register [Ext.]* (Germany only)

You can assign land register data to each object. When you create an object, the entry in the land register is optional. However, it must be added when you enter an encumbrance in the system.

If an object has already been created in the system, you can call it up by entering the object number on the initial screen. If you do not know the object number, you can search for it via the object address or parts of the object address (such as country ID, postal code, city and street). This is a matchcode search, which allows you to fill one or all of the fields, or to only part-fill the fields (for example, the first figure of the postal code). Depending on how precise your search criteria are, the system displays a list containing 1 to n addresses. To choose the address you require, double-click on the corresponding line in the list.

> 💡 You can group several objects via a master number. Such a grouping is only intended for information purposes, and is not used elsewhere in the *Loans* application. The master number function is only available to the user if the following settings have been made in Customizing for *Loans*:

– Under *Define Number Components*, you create a number component with the internal processing key **C** (for example, **OMN** for object master number).

– Under *Assign Number Components to Product Type*, you need to assign the number component you have defined to a product type. In the

Number range field, you enter a number range interval that has already been defined in the *Collateral Object Number* Customizing step. The system uses the interval to assign the object master number.

Example

Examples for the processing key:

Name	Processing key
Number component:	**OMN**
Product type:	**30A**
Number range:	**01**

Creating an Object

Procedure

To create a collateral object:

1. Choose *Master Data → Objects → Create.*

   If number assignment for objects has been set to active, the *Create Collateral Objects: Initial Screen* appears. Here, you can search for an existing master number or create a new one.

   The *Choose Address: Initial Screen* dialog box appears. Before you can save an object in the system, you must enter an address, or assign an existing address to the new object.

2. Assigning an existing address to the object:

   Choose *Enter.* In the *Choose Address: Initial Screen* dialog box, enter the parts of the address you know. Choose the address you require from the list of addresses found (dialog box: *Choose Address: Overview*).

3. Creating a new address:

   In the *Choose Address: Initial Screen* dialog box, enter the new address data. To complete the address details, choose *Create address* in the same dialog box. The system transfers the data you have entered to the *Create Address* screen. When you save the address, it is assigned to the object.

4. On the screen *Create Collateral Object: Object* screen, the following data entry tabs are available:

   a. *Basic Data*

   Here you enter the basic object data, the land register data and the valuation bases. The object number is assigned automatically by the system.

   If the land register details are not available when you first enter the object, you can still create the object. The specific land register fields then remain empty.

   In the *land registry* field, you enter the city in which the registry is located rather than the name of the registry. If a land registry has been defined in the business partner data for the city you have entered, the system assigns the land registry to the object automatically.

   b. *Additional data*

   In the *Object dates* section you can enter other dates for the object, such as the construction year or the completion date. In the *Object attributes* section you can enter additional technical information, such as the type of area and the transport connection.

   c. *Parts of building*

   In the *Basic data* section you can make general entries for the building parts, such as the type of building part or the co-ownership share. The *Usage type* controls whether a particular building part is included as a commercial or residential unit in the collateral value calculation. You can also enter details for the units and areas of the building parts.

   Choose *Enter.* The system assigns a sequential number to the building part. You can overwrite this number.

To enter other building parts, choose *Create build. part* or *Next building part.*

You can copy existing building parts and then change them.

The section headed *Totals for all build. parts* contains an overview of the totals of all the entries made for the individual building parts. These are display fields which cannot be overwritten.

In the upper part of the tab, the system displays a summary of all the entries made for the individual building parts.

−   *Partner*

    You can also assign a partner to the object. Choose *Partner.* The *Collateral Object: Partner* screen appears. The upper part of the screen contains the object number and the address. In the lower part of the screen, the partners assigned to the object and their roles are listed (when you create an object, this list is empty).

    To assign a new partner to the object, choose *Create in role*.

    Select the relevant role. The *Choose Partner: Initial Screen appears.* Select and existing partner or create a new partner and save your entries.

−   *Real estate register*

    The *Real estate register* function takes you to the *Change Land Register: Real Estate Register* screen. For more information, see [Editing the Land Register [Ext.]](#).

Changing an Object

Procedure

1. Choose *Master data → Objects → Change.*

    The *Change Collateral Object: Initial Screen* appears.

2. Enter the *Object number.*

    If you do not know the object number, you can search for the object via the object data. Choose *Find*, and enter the known object data in the dialog box. The system displays a list of the objects that match the selection criteria. Choose the object you require by double-clicking on the corresponding line (this also applies if only one matching object was found).

3. The screen for changing an object is the same as the screen for creating an object. For more information about the various screens, see Creating an Object [Page 302].

4. Make the necessary changes.

5. Save your changes.

Displaying an Object

Use

This function allows you to display, but not change, the object data that has been entered in the system.

Procedure

1. Choose *Master data → Objects → Display.*

2. The *Display Collateral Object: Initial Screen* appears.

3. You call up the object by entering the *Object number*. Alternatively, you can search for the objects by entering the address data you know.

4. For information on the rest of the procedure, see Changing an Object [Page 304].

Collateral Value Calculation

Use

You use the collateral value calculation to assess the value of real estate collateral objects and hence the value of the encumbrances that secure a mortgage loan.

Features

A *short version* and a *full version* are available for calculating the collateral value. For information on the short version, see Objects [Page 300]. In the menu, choose *Environment* → Collateral value short version [Page 320].

This section describes the full calculation.

The building value is calculated using the markdown procedure on the basis of the fair building costs minus a risk discount (collateral markdown).

> When you create a new collateral value calculation, the object data (such as building parts and the real estate register) is copied to the calculation and saved in parallel to the original object data. This means that any changes made to the object data do not affect the collateral value. When you change the object data, you need to create a new collateral value calculation.

You use the *Collateral value* function to *create*, *change*, *display*, *copy* and *fix* the collateral value. You can only determine the collateral value for a building you have already created in the system (see Creating an Object [Page 302]).

You can calculate as many collateral values as you wish for a particular object and save all of these values in the system. This can be useful if you want to value a building at different times.

You can determine the collateral value on the basis of the asset value and/or the revenue value, and then fix the collateral value as required.

Collateral value components
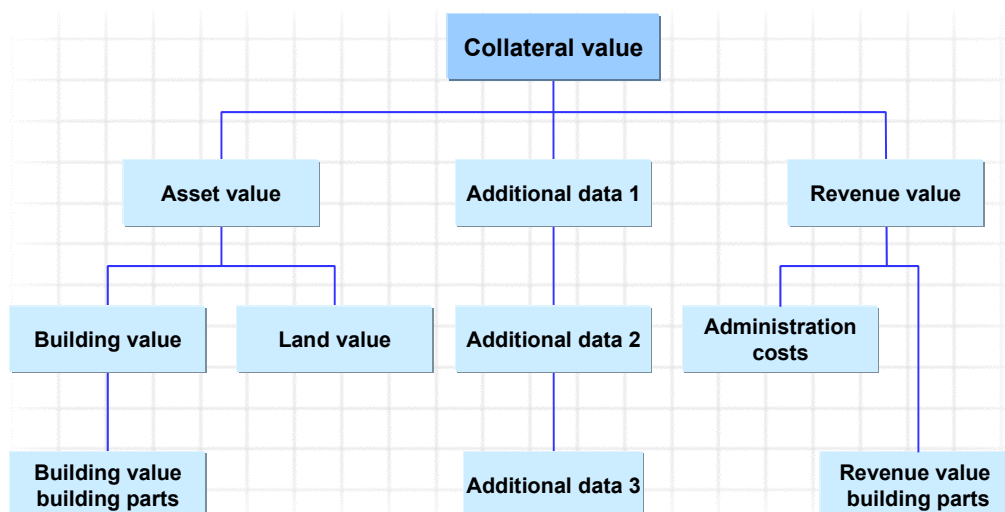
On the basis of the values calculated by the system or provided by outside information sources (third-party expert opinion), you can enter the asset value, the revenue value, the selling value and the market value, and fix the collateral value.

Creating a Collateral Value

Use

Here, you enter all the data required to calculate the collateral value. You must first specify the corresponding object for which you want to create a collateral value.

Once you have entered the relevant details, the system calculates the asset value and revenue value automatically.

Procedure

1. Use one of the following procedures:

   Procedure 1:

   a. Choose *Master data → Collateral value determination → Create.*

   b. Enter the object number or choose Find to search for the object by entering related selection criteria.

   Procedure 2:

   a. Choose *Master data → Objects → Change.*

   b. Enter the object number or choose *Find* to search for the object by entering related selection criteria. The basic data screen appears.

   c. To branch to collateral value management, choose *Environment → Collateral values.*

   d. Choose *Collateral value → Create.*

2. The *Create Collateral Value: Details* screen appears, giving you an overview of the object data and the collateral values (to be calculated).

   a. Enter the *Valuation type* (such as preliminary valuation) and the *Valuation status* (provisional, final). You can only set the status as 'fixed' by choosing *Collateral value → Fix.*

   b. The system displays the collateral values still to be calculated at the bottom of the screen.

3. You can access the following functions using the buttons at the top of the screen:

   a. Building value [Page 310]

   b. Land value [Page 311]

   c. Revenue value [Page 312]

   d. Additional data [Page 313]

   e. Assign/remove expert [Page 314]

4. Depending on the value in the *Accommodation ownership/part ownership* field (**0** or **1**), which you define as part of the *Valuation basis* for the object, you can use the following functions:

   a. If the value is **1**, choose *Goto → Asset value → Residential property/part ownership* to process the functions:

      i. *Asset value*

        ii.   Asset value building parts

   b.   If the value is **0**, choose *Goto → Asset value → Other objects* to process the functions:

        i.   *Asset value*

        ii.   *Land value*

        iii. *Building value*

        iv. *Asset value building parts*

5.   To copy prices from an existing collateral value calculation for the same object, choose *Collateral value →* Valuation model [Page 315].

Calculating the Building Value

Procedure

1. On the *Create Collateral Value: Details* screen, choose *Building value*.

2. At the top of the next screen, you can enter the prices and depreciation rates for each garage and parking space.

3. To enter building values for individual building parts, choose *Ass.val.build.parts*.

4. For each building part, enter the price per unit and the depreciation allowance in %, and return to the building value screen.

5. The system calculates the base costs (in other words, the total new value, the total depreciation allowance and the total current market value) for all building parts, garages and parking spaces.

6. Alternatively, enter absolute values or surcharges for building parts, grounds and construction incidental costs, and a collateral markdown in percent.

    The system calculates the building value.

Calculating the Land Value

Use

The land value is determined on the basis of the area recorded in the land register.

Procedure

1. On the *Create Collateral Value: Details* screen, choose *Land value*.

2. In the *Land Value of Other Objects* screen, enter the relevant values.

Calculating the Revenue Value

Procedure

1. This function allows you to enter the revenue values for the grounds, garages and parking spaces. The system differentiates between commercial and residential usage, depending on the usage type specified when the building parts were created.

2. To enter the revenue values for the individual building parts, choose *Rev.val.build.parts*.

   A screen appears with a list of the building parts. If this list is incomplete, you need to create new building parts in object management and then create a new collateral value calculation.

3. For each building part, enter the rent price per area unit.

4. To enter the administration costs, choose *Admin. costs*.

   Enter the base percentage rates required for calculating the administration costs in the appropriate column, depending on whether the building part is used for commercial or residential purposes. Return to the *Revenue Value* screen.

5. The system calculates the revenue value (or property yield) automatically. The result is displayed at the bottom of the *Revenue Value* screen.

   As an alternative to making detailed entries for the administration costs in the *Revenue Value Administration Costs* screen, you can enter flat rates (in percent) for administration costs for residential and commercial purposes in the *Revenue Value* screen. The system calculates the administration costs on the basis of the gross yearly revenue.

   🔦 If you have already entered details in the *Administration Costs* screen, the system ignores any flat rates you enter for administration costs in the *Revenue Value* screen.

6. On the top part of the screen, enter the rent prices per area unit for the grounds, garages and parking spaces

7. In the fields for *Interest C/R,* enter the capitalization interest rates for commercial and residential building parts.

   The capitalization interest rate is required to calculate the revenue value on the basis of the yearly net profit.

Creating Additional Data

Use

This function lets you to enter the following additional data relating to your collateral value calculation in three different screens:

Screen	Additional entries
Additional data 1:	Long-standing encumbrances and construction encumbrances and any resulting reductions in value
Additional data 2:	Assessment of the location and the condition of the building and the object (with inspection date).
Additional data 3:	Value calculation check and assessment of purchase price (purchase price too high or low) by an expert. Details of development and renovation activities, such as renovation expenses or whether work has been started.

Procedure

1. Enter your additional data and return to the *Create Collateral Value: Details* screen.

2. On the basis of the calculated asset and revenue values, taking any expert assessments into account, enter a proposal for the collateral value and, if appropriate, a deduction amount.

   The system calculates the collateral value proposal.

3. Save the collateral value.

Assigning and Deleting an Expert

Use

You use this function to assign an expert to a collateral value or delete an existing assignment.

Procedure

1. Choose *Assign expert*.

    This takes you to partner management. You can enter a new partner as an expert and assign this partner to the collateral value, or assign an existing partner to the collateral value.

2. To delete the link between the partner and the collateral value, choose *Remove expert*.

Valuation Model

Use

This function allows you to copy the prices from existing collateral value calculations for the same object (if the fields correspond). This is useful if parcels of land and/or building parts have been added to the object, making a new collateral value calculation necessary, but the prices entered for an existing collateral value calculation still apply.

Procedure

1. On the *Create (or Change) Collateral Value* screen, choose *Collateral value → Valuation model.*

2. Select the collateral value calculation you want to copy. The system copies the data from the valuation model to the corresponding application function (such as *Building value* or *Land value*) automatically. You can then edit the values as required.

Changing a Collateral Value

Use

You can display and change the collateral value data that has been entered in relation to a particular object.

Procedure

1. Choose *Master Data → Objects → Collateral Value Calculation → Change.*

2. Enter the collateral number. The *Change Collateral Value: Details* screen appears.

    You can display and change all the data that was entered into the system with the *Collateral value → Create* function. You cannot change the display data that comes from the collateral object, the land register or the partner. You can only change this data with the corresponding functions (such as change object, change partner).

3. *Save* your changes.

Displaying a Collateral Value

Use

You can display all the available collateral value data which has been entered in relation to a particular object.

Procedure

1. Choose *Master Data* → *Objects* → *Collateral Value Calculation* → *Display*.

2. Enter the *Collateral number.*

   The *Display Collateral Value: Details* screen appears.

Copying a Collateral Value

Use

Instead of creating a new collateral value for an object, you can copy an existing collateral value created for that object and then modify the values by choosing *Collateral value → Change*. Some data is not copied, such as structural changes to building parts (see also Valuation Model [Page 315]).

Procedure

1. Choose *Master Data → Objects → Change.*

2. Enter the object number or choose *Find* to search for the object by entering related selection criteria. The basic data screen appears.

3. To branch to collateral value management, choose *Environment → Collateral values.*

4. In the *Overview of Collateral Values for Object* screen, select a collateral value data record and choose *Copy*.

Fixing the Collateral Value

Use

This function allows you to fix one of the collateral value proposals as the final collateral value.

Procedure

1. Use one of the following procedures:

    Procedure 1:

    a. Choose *Master Data* → *Objects* → *Collateral Value Calculation* → *Change.*

    b. Enter the collateral number. The Change Collateral Value: Details screen appears.

    c. Choose *Collateral value* → *Fix.*

    Procedure 2:

    a. Choose *Master data* → *Objects* → *Change.*

    b. Enter the object number or choose Find to search for the object by entering related selection criteria. The basic data screen appears.

    c. To branch to collateral value management, choose *Environment* → *Collateral values.*

    d. On the Overview of Collateral Values for Object screen, select a collateral value data record.

    e. Choose *Fix*.

2. Enter the amount for the final collateral value and the rating base.

3. *Save* your entries. The system sets the valuation status to **3**.

Collateral Value Calculation: Short Version

Use

You can only call up the short version for the collateral value calculation from within object management (choose *Environment → Collateral value short version*).

If you are only in display mode in object management, you can only display the collateral values.

If you are in change mode, you can create and change collateral value calculations.

The asset value or appropriate prime costs are calculated using a calculation form. The building value can be calculated using the index procedure.

> No object data, such as land parcels or parts of buildings, is transferred.

Editing a Collateral Value Calculation

Use

If more than one calculation form has been defined in Customizing for the collateral value calculation (short version), a dialog box appears requiring you to select the form type when you create the first collateral value for an object.

Procedure

1. In the Creating an Object [Page 302] section, carry out steps **1.** and **2**.

2. In the *Create Collateral Object: Basic Data* screen, choose *Environment* → *Collateral value short version.*

Create:

1. Choose *Collateral value* → *Create* and choose the corresponding *Form type* in the dialog box.

    The system displays an overview of the available forms.

    If no forms have been defined, the system branches directly to the *Collateral Value - Entries: Create* screen.

2. Enter the calculation data. *Save* your entries.

Change:

To make changes to the calculation data on the detail screen, choose *Collateral value* → *Change* and select the relevant collateral value.

Display:

To display the calculation data on the detail screen, choose *Collateral value* → *Display* and select the relevant collateral value.

Collateral

Use

In addition to the functions for managing real estate collateral objects, there are comprehensive functions for managing all the other types of collateral related to loan contracts.

In collateral management you create, change and display other collateral. 'Other collateral' refers to non-real estate collateral, such as the assignment of life insurance policies, savings or pledged securities and guarantees.

You can enter other collateral either as part of a loan (at application or contract stage) or directly via *Master data → Collateral.*

Creating Collateral

Procedure

1. Choose *Master data → Collateral → Create.*

2. Enter the required *Collateral type*.

   If you do not know the collateral type, you can use the `F4` function key (possible entries) to select the collateral type.

   You can set up the collateral types according to your own requirements in Customizing.

3. The basic data screen appears for the collateral type you have selected (for example, *Endowment policy, stock, savings book*)

4. Enter the relevant data for the collateral type. Save your entries.

5. Via additional screens, you can record maturity data for collateral, as well as special agreements relating to specific partners. You can also branch to partner management:

   a. *Partner*

      The Partner function allows to assign one or more partners (which you have created in partner management) to collateral in different roles (such as beneficiary or insurer).

   b. *Special arrangements*

      You use this function to enter special arrangements which apply to a certain business partner in relation to the collateral type selected.

      When you choose the *Special arrangements* function, the system first branches to partner management. Once you have selected the corresponding partner or created a new partner, the screen for entering the data relating to the special arrangement appears.

      If a special arrangement has already been entered for the collateral in question, the system branches directly to the overview screen for the arrangement. To define a new arrangement, choose *Special agreement → Create.*

      When you exit this function, the system asks you whether you want to change the special arrangement for the business partner. Choose *Yes*. The system displays an overview of all the special arrangements entered in relation to the collateral in question.

      To return to the basic data screen for filed documents, choose *Back*.

   c. *Maturity data*

      You can also enter maturity data relating to life insurance policies.

Changing/Displaying Collateral

Procedure

1. Choose *Master data* → *Collateral* → *Change* or *Display.*

2. The *Display* or *Change Collateral: Initial Screen* appears. Enter the selection criteria for the required collateral type you wish to change or display.

   In the upper part of the dialog box you can enter general selection criteria which apply to all collateral.

   In the areas relating to the collateral groups, you can enter special criteria for a group. If you do not set the indicator, the system does not select collateral in the corresponding group.

   This takes you to the basic data screen for the collateral type you have chosen.

3. Change the corresponding data and save your entries, or view the data displayed.

4. The procedure for changing and displaying data on the additional screens is the same as for *creating collateral* (step 5).

Filed Documents

Use

The *Filed documents* function allows you to manage documents relating to loans given.

You can specify the documents you require from the borrower. The documents you receive are usually grouped in a file. Missing documents must be requested from the borrower.

Before you can create a document using the *Filed documents* function, you need to assign a file to the loan. You do this by entering the *File number* on the *Correspondence* tab when you create or enter a loan.

Features

You can assign any number of loans to a file (for example, all the loans in a particular finance project). However, you can only assign one file to each loan. You can only assign a loan file to a loan in the loan itself.

Activities

Choose *Master Data* → *Filed Documents* → *Change/Display*. To display all the loans which have been assigned to the file, choose *Environment* → *Loans in file*.

In a file you can collect all the documents that are required for processing a loan contract. You determine which documents should be collected via the product type and the status of the loan. For example, for a mortgage loan **application**, you want to request the following documents from the borrower and register them in the system:

- Loan application
- Cost sheet
- Financing plan
- Personal voluntary disclosure for co-applicant
- Salary printout for the last three months
- Salary printout for the previous year
- Income tax assessment for the previous year

If you then want to transfer the loan to **offer** status, you might then need the following documents:

- Past balance sheets and P&L accounts
- Rental agreements
- Blueprints
- Building specification

Filed Documents

In Customizing you can define whether all the documents must have been received before disbursement, or whether the loan can be disbursed without running the check. You make the corresponding settings in Customizing for *Loans* by choosing *Define Plausibility Checks.*

Creating a File

Prerequisites

This section describes how to define the basic data for a file (for example, *File name*, *Date created*, *Storage location*).

You enter file management via the *File number*, which uniquely identifies a file.

Procedure

1. Choose *Master data* → *Filed documents.*

2. In the initial screen, enter the (new) file number and choose *Create*.

    Continue as described in step 4.

    or:

1. Enter a new *File number* in the *Basic Data I* screen when you create a loan.

2. In the menu of the Loans *Basic Data I* screen, choose *Environment* → *Filed documents*.

3. The *Create file* dialog box appears with the message:
    File does not exist. Do you want to create it?
    Choose *Yes*.

4. The *File: Create Basic Data* screen appears. Here, you enter file master data, such as:

    –   File name

    –   Type of file

    –   Creation date

    –   File storage location

        You can only use the other functions, such as editing documents, when you have saved the file.

5. Enter your basic data and choose *Save*.

Changing/Lending a File

Procedure

1. Choose *Master data* → *Filed documents.*

   The *File: Initial Screen* appears.

2. Enter the *File number* of the file you want to change and choose *File* → *Change/Lend.*

   If you do not know the number of the file, you can use **F4** (possible entries) to branch to the matchcode search. Here, you can enter the data you know and choose the required file from the selection list that appears.

   The basic data screen appears (as for creating a file), but now also contains the lending data relating to the file.

3. Make the required changes and choose *Save.*

or:

1. In the menu of the *Change Contract: Basic Data I* screen for a loan, choose *Environment* → *Filed documents*.

   The *File: Display Basic Data* screen appears.

2. Choose *Change/Lend*.

3. Make the required changes and choose *Save*.

Displaying a File

Procedure

1. Choose *Master data → Filed documents*. The *File: Initial Screen* appears.

2. Enter the *File number* or search for it using the possible entries function (matchcode search) as described under 'Changing a File'. Choose *Display*.

3. You can go through the same screens as for creating or changing a file.

       or:

1. In the menu *Basic Data I* screen for creating, displaying or changing a loan, choose *Environment → Filed documents*.

2. The *File: Display Basic Data* screen appears.

3. You can go through the same screens as for creating or changing a file.

Deleting a File

Prerequisites

You can only delete a file if no loans are assigned to it.

Procedure

1. Choose *Master data → Filed documents*. The *File: Initial Screen* appears.

2. Enter the *File number* of the file you want to delete. Choose *Change/Lend.*

3. Choose *File → Delete*.

    A dialog box appears prompting you to confirm that you want to delete the file.

4. Choose *Yes*.

Displaying Loans in the File

Procedure

To list all the loans assigned to a file and then display the data for one of the allocated loans, proceed as follows:

1. In the basic data screen for the file, choose *Environment → Loans in file.*

2. A dialog box appears in which all the loans assigned to the selected file are listed.

3. Select the loan you want to display and confirm your selection.

   The *Basic Data I* screen (display mode) for your chosen loan appears.

   From this screen, you can branch to the other data screens for the loan (display mode).

4. To return to the basic data screen for filed documents, choose *Back*.

Creating a Document

Prerequisites

You can only create documents if loans have already been assigned to the file.

Procedure

1. To process documents assigned to a file, choose *Master data* → *Filed documents.*

    The *File: Initial Screen* appears. Enter the file number and choose *Change/Lend*.

    The *File: Display Basic Data* screen appears.

2. Choose *Edit* → *Documents* → *Create*. The system displays a list of all the loans assigned to the file. Select the required contract number.

3. On the *Selection of documents to create for status* screen, select the status for the required document type.

    To assign a document directly to a loan, flag the *Assign contract* field. If you do not flag this field, the document applies to all loans assigned to the file.

4. To create other documents defined in Customizing (such as rental agreements) and assign them to a file, choose *Create other documents*.

5. Select the required document and choose *Save*. The system displays all the documents assigned to the file in the *Document Overview* screen.

6. The *Sort* function allows you to sort the list according to different criteria.

    In the dialog box that appears, select the sort criterion you want to use and confirm your selection. The system displays the sorted document list.

7. You can use the *Missing documents* function to display all incomplete or missing documents relating to the loan you have selected in the respective status.

Changing a Document

Procedure

1. In the *File: Change/Lend Basic Data* screen, choose *Edit → Documents → Overview.*

    The system displays a list of the existing documents.

2. Select a document from the list and choose *Document → Change.*

    The *Change document* screen appears which contains the document details.

3. Overwrite the fields or make new entries. Choose *Save*.

Displaying a Document

Procedure

1. In the *File: Display Basic Data* screen, choose *Edit → Documents → Overview.*

   The system displays a list of the existing documents.

2. Select a document from the list and choose *Document → Display.*

   The *Display document in detail* screen appears.

3. You can display the missing documents for the loan you have selected as follows:

   – In the *Document Overview* screen select the loan and choose *Missing documents.* The system displays the missing documents for the current contract status.

   or:

   – In the basic data screen for the file, choose *Edit → Documents → Missing documents.* Select the loan. The system displays the missing documents.

   This document list can also be printed.

Deleting a Document

Prerequisites

When you delete a document, it is no longer assigned to the file. You cannot reassign a deleted document to a file. If you set the document status to *Documents not available*, the document is kept and the status can be changed again.

Procedure

1. In the File: Change/Lend Basic Data, choose *Edit → Documents → Overview.*

   The system displays a list of the existing documents.

2. Select a document from the list and choose *Document → Delete.*

3. The *Delete document* dialog box appears.

4. Choose *Yes* to confirm that you want to delete the document.

   The system removes the document from the file and from the list of available documents or documents to be created.

New Business Tables

Use

You can use new business tables to define your general conditions for loans given. By predefining the condition structure, you simplify and speed up the entry of conditions when you enter new loans.

Features

The tables contain conditions that are valid for fixed periods (variants).

Example

Possible new business tables:

Table for 1A mortgage loans with two possible variants:

	Fixed interest period	Nom. int.rate	Repayment
Variant 1:	5 years	6%	2%
Variant 2:	2 years	5,5%	3%
Table for 1B mortgage loans with two possible variants:			
Variant 1:	4 years	7%	1%
Variant 2:	2 years	6%	2%

Predefined tables for new business can be copied to the offer or the contract.

Advantages of defining the conditions centrally:

- You no longer need to search for current interest rate information in other systems.

- You avoid errors in the entries.

Creating a New Business Table

Procedure

1. Choose *Master data → New business tables → Create.*

2. Enter the *Company code,* the *Table* and the *Table version*.

   In the *Reference* section, you can specify an existing new business table. The values of this table are then copied to the new business table you are creating.

3. Choose *Enter.*

4. On the selection screen, enter a name for the new business table and the period during which the conditions are to apply.

   To enter information relating to the conditions, choose *Goto → Variants*.

   Possible condition details:

Condition variants	Short text
Fxd int	Fixed interest period
Repmnt	Repayment percentage rate
Nom.int.	Nominal interest rate
PF	Payment form
etc.	

5. Save your entries.

Changing a New Business Table

Procedure

1. Choose *Master Data → New Business Table → Change.*

2. Enter the *company code*, the *method*, the *table* and the *table version* for the new business table you want to change.

3. Choose *Enter.*

4. On the change screen you rename the table and redefine the validity period.

   To enter the condition data, choose *Variants*.

   Possible condition details:

Condition variants	Short text
Fxd int	Fixed interest period
Repmnt	Repayment percentage rate
Nom.int.	Nominal interest rate
PF	Payment form
etc.	

5. Save your entries.

   Function: *Table → Deactivate*: The table is deactivated. This means that the table cannot be used, except as a reference for copying new tables. You cannot reactivate deactivated tables.

   Function *Table → Delete*: You can delete a table in the following cases:

- The table is not linked to the release procedure

- The release procedure for new business tables is set to active and the table has not yet been released.

   If a table has been released, it can be deactivated, but not deleted. Deactivated tables cannot be deleted.

Displaying a New Business Table

Procedure

1. Choose *Master data* → *New business tables* → *Display*.

2. Enter the *Company code*, the *Table*, the *Table version* and the *Version number* for the new business table you wish to display.

3. Choose *Enter*.

4. The system displays the details for the new business tables you have selected.

   To display information relating to the conditions, choose *Goto* → *Variants*.

Reference

Use

A reference between Treasury transactions records a relationship between any number of transactions. The reference category defines the meaning of a reference.

References are supported in the money market, foreign exchange, derivatives, securities and loans areas. In the securities and loans areas there is a *General reference* category, which you can use to represent relationships between transactions in these areas. In other words, you can use this reference category to link any transactions you choose in these areas.

Features

Some references are created automatically when a certain activity is carried out. Others have to be created by the user. Reference categories, which are created automatically when you enter a transaction, can also be created manually.

Reference category	Description	Comments
BID	Offer	Generated automatically
CON	SWIFT confirmation files	Generated automatically
EUR	Euro transaction currency changeover	Generated automatically
MIR	Mirror transaction - link	Not supported
KMP	Netting	Create manually using the Netting [Ext.] function.
OPT	Option reference - derivatives	Generated automatically
PRL	Rollover of forex transactions	Generated automatically
REF	General reference	Create manually
SWP	Forex swap	Generated automatically

You can also use the reference function to process existing references as well as create references for reference categories that are normally generated automatically. This is the only function you can use, however, to create and process references manually. (**Exception**: You use the netting function to create and process references from reference category *KMP* (netting). You can, however, also use the *Collective processing* function for references to edit existing references from this category).

The following functions are available for references:

1. Creating a new reference

> You can create a reference between two or more transactions that are related to one another.

> The system performs an internal check when you create references for the *Option reference - derivatives*, *Rollover of forex transactions* and the *Forex swap* categories*.*

> You can create a general reference between any transactions you choose.

2. Editing existing references

You can change, display or undo existing references.

Only in exceptional circumstances is it necessary to manually edit a reference that was created automatically. For example, if an option belonging to an option spread had to be reversed and you have to assign the new option to the other option again.

3. **Collective processing**

The collective processing report program enables you to display a list of references in one or several application areas. You can restrict your selections according to the following criteria:

a. Reference category

b. Reference

c. Status

d. Company code

e. Transaction

f. Order number

g. Loan number

h. Other selection parameters for netting transactions:

   i. Business partner

   ii. Due date

An overview list is generated which displays the transactions selected for each reference.

From here you can jump to the detailed screen for the transaction you want to edit by positioning your cursor on the transaction and choosing *Reference → Change/Display/Undo*. You can add individual transactions to a reference, or remove them.

To obtain an overview of all netting transactions with particular business partners involved in money market transactions:

   a. Choose the *Money market* application.

   b. Choose the *KMP (netting)* reference category.

   c. Restrict your selections to one or several partners.

   d. *Execute* the report program.

To obtain an overview of all references for a particular transaction:

   a. Do **not** enter a reference category.

   b. Enter the *Company code* and the *Order number* of the transaction.

   c. *Execute* the report program.

Information System

Purpose

This section describes how to perform various analyses in the loans information system.

Transaction

Release

Release

Use

You can apply a multiple-level release procedure to the main functions involved in processing master data and flow data. The release procedure is based on the dual control principle, and can be set up differently for individual areas. For example, you can require two employees to release loan master data but three employees to release disbursements. A release status is used to determine the release levels.

Prerequisites

You must set the relevant release objects to active in Customizing for *Loans* by choosing *Maintain Active Indicators.* You must also define how many employees will be required to release each object under *Define Release Status Parameters.*

Features

If the release object has been set to active, you can use the release workflow to process and release the following:

- *Loan master data*

- *Business partners*

- *Objects*

- *Decision-making*

- *New business tables*

- *Unscheduled repayments*

- *Charges entered as business operations*

- *Charges entered individually*

- *Capital transfers*

- *Reversals*

- *Incoming payment postprocessing*

- *Disbursements*

Interdependencies

One feature of the release procedure is that all the master data for a loan has to be released before further activities can be carried out (such as postings, or generating planned records). The loan master data includes the data for the loan itself, for the collateral object and for all the partners assigned to the loan. Flow data relates to accounting activities, such as disbursement, the individual business operations, incoming payment processing, capital transfers and reversals.

> Before you release the data, you can make changes. If you make changes to the data after it has been released, you have to release it again. The release status changes back to the initial status.

Moreover, you cannot enter a new flow record for a loan if an existing flow for the same posting application or a different posting application still has to be released. For example, the system will not let you enter a processing charge if a disbursement created previously has not yet been released.

Triggering the Release Procedure

Each time you create a new release object or change an existing one, the system generates a new work item [Ext.], thus starting the release procedure. The work item appears automatically in the Business Workplace inbox of the person authorized to release the object. From here, the authorized employee can process and release the object.

For decision-making, the release procedure must be triggered manually. This is a special case. For more information, see Decision-Making [Page 78].

Release using the Business Workplace

1. Choose *Office → Workplace → Inbox.* The system displays the objects to be released in a table using the ABAP List Viewer [Ext.].

2. Select a work item and choose *Execute.* The system displays the **release history** for the object, where you can see the changes to the release status. The release history is split into several parts:

   a. You see the *Date* and *Time* at which the object was created or changed.

   b. The person who created or changed the object is identified in the *First name*, *Last name* and *User* fields. You also see details for the *Telephone* (area code and number), the *Extension*, and the *Department*.

   c. The release procedure assigns a *release status* to the objects to be released. The release status tells you the current status of the data record. The first digit represents the number of employees required in the release procedure. The second digit is the number of releases still to be made.

   A data record is subject to the dual control principle involving two employees. In other words, two users have to release the record. When you create a record, the system assigns the initial status 22. After the first release, the release status is 21, and after the second release 20. The status 20 indicates that the record has been fully released.

   d. The *Release indicator* tells you whether the object has been created for the first time ('I') or has already been changed ('U'). This field remains empty when you release the object.

   e. The release principle applied (in other words, the number of employees required to release the object) is displayed in the *Description* field, which corresponds to the numeric *Release status*.

   You can also display the *Release history* when you create or change a release object. From here, however, you cannot process or release the object.

3. To change data for an existing object, choose *Change release object.* Once you have saved your changes, the system returns automatically to your business workplace inbox. As a result of the change, the system replaces the existing work item with a new one. You can then process and release the object by choosing *Execute.*

Release

4. To display the object data, choose *Display release object.* The system automatically opens a new session, which allows you to compare the displayed object data with the change documents. To view the change documents, choose *Display change documents for object.* The *Display change documents for object* function is only supported for loan master data, business partners and collateral objects.

5. To release an object, choose *Release.* Once an object has been fully released, in other words, the second digit of the release status is 0, the effect varies according to the type of object:

   Loan master data, collateral objects, business partners, new business tables

   The data for these objects is released.

   Disbursement, unscheduled repayment, enter charges as business operation, enter charges individually

   Upon release of the records, the system generates planned records, which are written to the database. These planned records can now be posted.

   Capital transfers, incoming payment postprocessing, reversals

   When you execute the release, the system posts the data (actual records).

6. You can also reject a release object. If you choose *Reject release* the system returns the release object to the person who initiated the release workflow (it appears as a work item in the person's business workplace inbox). You should specify the rejection reason in an attachment.

   For more information, see *BC-Basis* → *SAP Business Workflow (BC-BMT-WFM).*

Transaction Release: Work Items for Loans

Use

This report lets you search for certain release objects, particularly for those objects that are not in your business workplace inbox.

For more information, see Release [Page 344].

Features

Selection Criteria

You can find the required release objects using the following selection criteria:

- Release object

- Text of release object

- Status of release object

You can enter additional restrictions under *Workflow*:

- Work item status

- Created by

- Last agent

- Date created

Output

The system displays an overview of the release workflow for the release objects you have selected for the current date. The data is displayed using the ABAP List Viewer [Ext.]. You see the corresponding loan and company code, as well as other details, such as the release status and processing status of the work item, the work item ID and type, data about object creation and the priority of the work item.

Activities

1. Choose *Information system → Transaction → Transaction Release → Transaction Release: Work Items for Loans*. The *Loans - Release: List of Work Items and Status of all Release Objects* screen appears.

2. Enter your selection criteria.

   The system makes a default entry of two weeks for the creation date, which you can change as required. To ensure satisfactory performance when you run the report, you should always enter a date.

3. Choose *Execute.* The system displays the work item overview.

Portfolio / Portfolio Trend

Use

You can use the portfolio analysis functions to obtain an overview of your loan transactions. Sort and output sequences give you different views of the loan data. You define the sequences during system configuration.

New Business Statistics

Use

You can run new business evaluations, for example, for a region or target group.

Features

The report generates a list of loan contracts for a specified period. The list can be summarized according to various criteria.

Contracts are always summarized according to contract status. The possible statuses are *Application*, *Approval*, or *Rejection*. These statuses are predefined in the system.

Selection Criteria

You can select the following summarization levels:

- Product type
- Sales region
- Branch office
- Country/Federal state
- Target group

You can specify the company code, the product type and the values for the above summarization levels via the selection options.

You can also scale the amounts and display the list with or without line items.

Output

The individual list and the totals list both display the total contract capital and the number of contracts in each summarization level.

For the summarization level *Approval* in the totals list, the system also displays the number of new disbursements, the corresponding totals and the total number of disbursements.

Activities

1. Choose *Information System → Portfolio/Portfolio Trend → Loans: New Business Statistics*.

2. The *New Business Statistics* screen appears.
   Enter the selection criteria.

3. Choose *Execute*.
   The system displays the list of totals or line items.

Master Data Summary

Use

You can use this report program to display the main contract data for one or several loan contracts according to company code.

Features

Selection Criteria

The system selects the contracts on the basis of the following criteria:

- Company code
- Contract number
- Alternative number 1
- Created on
- Product category
- Product type

You can display the following data for the loans selected:

- Partner data (with/without additional data)
- Basic data
- Conditions
- Objects/encumbrances
- Collateral
- Regulatory reporting data
- Notes
- User data

Suppress blank entries?

If you select this field, blank entries are hidden when you display the master data summary.

Output

The system displays the selected master data per loan contract.

Activities

1. Choose *Information System → Portfolio/Portfolio Trend → Loans: Master Data Summary.*
   The *Report for Loans Master Data* screen appears.

2. Enter your selection criteria.

3. Choose *Execute.*
   The system displays the list of contract data.

Loans: General Overview

Use

This function gives you an overview of the main data for a loan contract and allows you to display the open items per contract. The following loan data is included:

- *Contract data*
- *Capital amounts*
- *Dunning data*
- *Bank data*
- *Payment data*
- *Contract conditions*

Features

Output

The system displays a summary of the loan with all the relevant contract data.

Activities

1. Choose *Information system* → *Report selection* → *Position* → *Loans: General Overview.*

   The *Loan Summary* screen appears.

2. Enter the *Company code* and the *Contract number*.

   You can also specify whether open items should be displayed, and whether the applications, offers and contracts should be listed by main loan partner or by finance project.

3. Choose *Execute*.

   The system displays a summary of the loan with all the relevant contract data.

Planning List

Use

You can use this report to print a list of disbursement commitments or details relevant for disbursement planning for one or several loan contracts.

Features

Selection Criteria

You select the disbursement commitments and planned amounts for a certain key date on the basis of the following criteria:

- Company code
- Loan number
- Contract currency
- Product type
- Account assignment reference
- Entered by
- Loan type

Output

There are several options for displaying individual or totaled disbursement commitments or planned amounts. The *Display list selection* field offers a choice of four lists.

For each currency, the system displays the commitment capital, the amounts disbursed so far and the remaining disbursement commitment.

Activities

1. Choose *Information System* → *Portfolio/Portfolio Trend* → *Planning List for Loans.*

2. The *Print Planning List* screen appears.
   Enter the selection criteria.

3. Choose *Execute.*
   The system displays the planning list with the individual disbursement amounts and the total.

Loan Assets

Use

This report displays the commitment capital, the value-dated capital and the book value for each company code, position/transaction currency, contract number, partner, account assignment reference and remaining term (years, months or days). Only loans given are considered.

Features

Selection criteria

In the *Control parameters* section, the *translation type* entry has no effect.

In the *Report selections* section, you enter the required *company code(s)* and the *key date reference.* The key date reference determines whether the loan position is selected according to the posting date, the due date or the position value date.

You also need to enter a *key date*. The report only considers flows that were posted before or on the specified key date. The system defaults to the current date, but you can overwrite it.

In addition, you can narrow down the evaluation using the following selection criteria:

- Product type(s)
- Contract number(s)
- Business partner number(s)

Output

You can display the position list in various formats:

- Graphical display
- Classical drilldown report
- Object list (several lead columns) using the ABAP List Viewer [Ext.].

The system displays the positions for the selected loans given. The following values are listed in position currency for each company code, position/transaction currency, partner, product type, account assignment reference and remaining term (years, months or days).

- Asset: Commitment capital

    Capital for the current fixed period on the key date

- Asset: Value-dated capital

    Total posted disbursements, taking any capital transfers into account

- Asset: Book value

    Remaining capital (the repayment commitment of the borrower)

The report displays the total balance for each of the respective items.

Activities

1. Choose *Information system → Portfolio/Portfolio Trend → Loan Assets.*

2. In the *Accounting Assets* screen enter your selection parameters and choose *Execute.* The system displays the position list, which you can also print out.

Loan Liabilities

Use

This report displays the commitment capital, the value-dated capital and the book value for each partner, company code, position/transaction currency and contract number. Only loans taken are considered.

Features

Selection criteria

In the *Control parameters* section, the *translation type* entry has no effect.

In the *Report selections* section, you enter the required *company code(s)* and the *key date reference.* The key date reference determines whether the loan position is selected according to the posting date, the due date or the position value date.

You also need to enter a *key date*. The report only considers flows that were posted before or on the specified key date. The system defaults to the current date, but you can overwrite it.

In addition, you can narrow down the evaluation using the following selection criteria:

- Product type(s)

- Contract number(s)

- Business partner number(s)

Output

You can display the position list in various formats:

- Graphical display

- Classical drilldown report

- Object list (several lead columns) using the ABAP List Viewer [Ext.].

The following balances for loans taken are listed in position currency for each partner, company code, position/transaction currency, product type and contract number:

- Liability: Commitment capital

    Capital for the current fixed period on the key date

- Liability: Value-dated capital

    Total posted disbursements, taking any capital transfers into account

- Liability: Book value

    Remaining capital (the repayment commitment of the borrower)

The report displays the total balance for each of the respective items.

Activities

1. Choose *Information system → Portfolio/Portfolio Trend → Loan Liabilities.*

2. In the *Accounting Liabilities* screen enter your selection parameters and choose *Execute.*
    The system displays the position list, which you can also print out.

Borrower's Note Loans

Use

This report displays the nominal value, the nominal remaining capital and the nominal effective capital for each partner, contract number, product type, direction (purchase/sale), account assignment reference, term-end, loan type and loan class.

Features

Selection criteria

In the *Control parameters* section, the *translation type* entry has no effect.

In the *Report selections* section, you enter the relevant position/transaction currency(ies) and company codes(s) and specify a *key date reference.* The key date reference determines whether the loan position is selected according to the posting date, the due date or the position value date (calculation date).

You also need to enter a *key date*. The report only considers flows that were posted before or on the specified key date. The system defaults to the current date, but you can overwrite it.

In addition, you can narrow down the evaluation using the following selection criteria:

• Assets/Liabilities (= purchase/sale)

    You can opt to include only purchases or only sales. If you leave this field empty, the system considers both borrower's note loan purchases and sales.

• Product type(s)

• Contract number(s)

• Business partner number(s)

Output

You can display the position list in various formats:

• Graphical display

• Classical drilldown report

• Object list (several lead columns) using the ABAP List Viewer [Ext.].

The system displays the positions that have the same contract currency as the specified position currency. The following values are listed in position currency for each partner, contract number, product type, direction (purchase/sale), account assignment reference, term-end, loan type and loan class:

• Nominal value

    The nominal value is equivalent to the nominal remaining capital, but calculated in a different way.

• Nominal remaining capital

    This is the value-dated capital after all repayment debit positions have been deducted and capitalized interest has been added (without price gains and discount).

- Nominal effective capital

    This is the value-dated capital after all incoming payments for repayment have been deducted and incoming payments for capitalized interest have been added (without price gains and discount).

The report displays the total balance for each of the respective items.

Activities

1. Choose *Information system → Portfolio/Portfolio Trend → Borrower's Note Loans.*

2. In the *Borrower's Note Loans* screen enter your selection parameters and choose *Execute.* The system displays the position list, which you can also print out.

Position Analysis for Loan Premiums/Discounts

Use

This report displays premium and discount amounts and write-backs for the selected loans for a given period. Both loans given and loans taken are considered.

Features

Selection criteria

In addition to the *company code(s)* and *contract number(s)* you can enter the following selection criteria in the *General selections* area:

- Product category

- Product type

- Contract currency

In the *Control parameters* section you have the option of selecting the premium/discount amounts according to due date or posting date.

You must enter a period for the position analysis. The system only includes flows in the evaluation if the due date or posting date falls within this period.

Output

To display the evaluation using the ABAP List Viewer [Ext.], select the *Variable list output* field in the *Output control* area.

The system displays the total of the premium/discount amounts and the total of the premium/discount write-backs in contract currency and local currency for the selected period. The totals are listed according to flow type (such as discount debit position, or discount withheld) for a certain company code, product category, product type, contract currency and flow category.

Activities

1. Choose *Information system → Portfolio/Portfolio Trend → Position Analysis for Loan Premiums/Discounts.*

2. The *Loans: Portfolio Analysis Discount/Premium* screen appears. Enter your selection criteria.

3. Choose *Execute.*

Portfolio Trend List

Use

This report lists the inflows, outflows, write-ups, write-downs and transfer postings for a given period. For each loan, it shows the position trend from the beginning of the fiscal year up to the specified key date.

Features

Selection criteria

In addition to the *company code(s)* and *loan number(s)* you can enter the following selection criteria in the *General selections* area:

- Product type

- Loan type

- Contract currency

- Account assignment reference

- Entered by

In the *Further selections* section, you can also select positions by *G/L account*.

In the *Output control* area, you must enter the *key date* for which you want to determine the positions and translate them into the required display currency. The report only considers flows that were posted before or on the specified key date. The system defaults to the current date, but you can overwrite it.

You must also enter a *display currency.* The system calculates the positions in the respective contract currency first and then translates them into the required display currency using the exchange rate effective on the specified key date.

> Even if the display currency is the local currency, the system does not use the local currency amounts in the flows. Instead, the system translates the positions for the key date into the display currency using a uniform exchange rate. As a result, the balances displayed in the portfolio trend list are not necessarily the same as the local currency amounts in the general ledger.

Output

The portfolio trend lets you view the position movements over a certain period. The capital amount, book values and depreciation amounts at the beginning of the year are set against the inflows, outflows, write-ups, write-downs and transfer postings. The report also displays the capital commitments and utilizations.

Activities

1. Choose *Information system → Portfolio/Portfolio Trend → Loans: Portfolio Trend.* The *Portfolio Trend* screen appears.

2. Enter the selection criteria.

Portfolio Trend List

3. Choose *Execute*.
    The system displays the portfolio trend list for the specified key date.

Inflow/Outflow List

Use

This report lists the inflows, outflows, transfer postings and repayments for the money market, foreign exchange and loans areas for a given period.

The following options are available:

- Include planned records

- Detail display of transactions and positions

- Include book value totals with incidental costs

Activities

1. Choose *Information System → Portfolio/Portfolio Trend → Inflow/Outflow List.*

   The *Inflow/Outflow List* screen appears.

2. Enter the selection criteria.

   Define the sort sequence for the display.

3. Choose *Execute*.

   The system displays the inflow/outflow list according to the fields and sort sequence you have specified. You can also generate subtotals.

Commitments

Use

You use the functions described in this section to display information about the loan positions of your loan partners.

You can display the loan commitment in position currency or display currency for each position/transaction currency, main borrower and contract number.

You can also look at the total commitment for individual business partners or several business partners in conjunction with the partner role.

Features

- Loan Commitment in Display Currency [Page 365]

- Loan Commitment in Position Currency [Page 367]

- Generating the Total Commitment [Page 368]

Total Commitment in Display Currency

Use

This report displays the positions for the loans you have selected in display currency. The positions are listed for a certain key date for each position/transaction currency, main borrower and contract number. Only loans given are considered.

Features

Selection criteria

In the *Control parameters* area, you choose a translation type (such as "mean rate, as of today") to specify how you want the currency to be translated into the chosen display currency. The starting point for currency translation of the positions is the contract currency.

The following selection criteria are available in the *Report selections* area:

- Company code(s)

- Product type(s)

- Status (if you choose the status *Contract offer*, the system only takes the offer version with the highest commitment capital into account)

- Contact person

You must enter the *key date* for which the positions should be calculated and translated into the required display currency. The report only considers flows that were posted before or on the specified key date.

You must also enter a *display currency.* The system calculates the positions in the respective contract currency first and then translates them into the required display currency using the exchange rate effective on the specified key date.

> Even if the display currency is the local currency, the system does not use the local currency amounts in the flows. Instead, the system translates the positions for the key date into the display currency using a uniform exchange rate. As a result, the amounts displayed in the loan commitment report are not necessarily the same as the local currency amounts in the general ledger.

Output

You can display the commitment in various formats:

- Graphical display

- Classical drilldown report

- Object list (several lead columns) using the ABAP List Viewer [Ext.].

The system displays the contract capital, the value-dated capital and the effective capital in the specified display currency for each transaction/position currency, partner and contract number. The report displays the sum total for each of the respective items.

Total Commitment in Display Currency

Activities

1. Choose *Information System → Portfolio/Portfolio Trend → Commitments → Loan Commitment Display Currency.*

2. In the *Loan Commitment in Display Currency* screen enter your selection parameters and choose *Execute.* The system displays the commitment, which you can also print out.

Loan Commitment in Position Currency

Use

This report displays the positions for the loans you have selected where the contract currency is the same as the specified position currency. The positions are listed for a certain key date for each position/transaction currency, main borrower and contract number. Only loans given are considered.

Features

Selection criteria

In the *Control parameters* section, the *translation type* entry has no effect.

The following selection criteria are available in the *Report selections* area:

- Company code(s)

- Product type(s)

- Status (if you choose the status *Contract offer*, the system only takes the offer version with the highest commitment capital into account)

- Partner

You must enter the *key date* for which the positions should be calculated in the required position currency. The report only considers flows that were posted before or on the specified key date.

You must also specify the *position/transaction currency.*

Output

You can display the commitment in various formats:

- Graphical display

- Classical drilldown report

- Object list (several lead columns) using the ABAP List Viewer [Ext.].

The system displays the contract capital, the value-dated capital and the effective capital in position currency for each transaction/position currency, partner and contract number. The report displays the total balance for each of the respective items.

Activities

1. Choose *Information System → Portfolio/Portfolio Trend → Commitments → Loan Commitment Position Currency.*

2. In the *Loan Commitment in Position Currency* screen enter your selection parameters and choose *Execute.* The system displays the commitment, which you can also print out.

Total Commitment for Loans

Use

You use this function to obtain an overview of the loan positions for individual business partners in conjunction with the business partner role for a certain key date. You can display several partners in one list. When you generate the total commitment, the system takes the positions for both loans given and loans taken into account.

Features

Selection criteria

You can enter *company code(s)* and *contract number(s)* as selection parameters for the total commitment. To display the list, you must enter one or several *business partner(s)*.

You can narrow down the selection using the following criteria (in the *General selections* area):

- Product category

- Product type

- Contract status

- Contract currency

In the *Control parameters* section, you must enter the *evaluation key date* up to which the data for generating the total commitment should be considered. The system defaults to the current date, but you can overwrite it.

Using the *Flows relevant for evaluation* field you can specify whether only posted flows (actual records) should be considered for the total commitment, or whether both posted records and planned flows (actual and planned records) should be taken into account.

In the *Evaluation parameters* field you specify whether only contracts should be included in the evaluation, or whether applications and offers (all offers or only the offer variant with the highest commitment capital) should also be considered.

Output

In the *Output parameters* section you can choose whether to display the total commitment in the form of an ALV list or as ALV Control. For more information, see ABAP List Viewer [Ext.].

The total commitment report displays all the key contract data for the specified key date (such as contract number, product type or role) for each business partner. The following data is displayed in position currency for individual contracts and partners:

- Commitment capital

- Value-dated capital

- Remaining capital

- Effective capital

- Disbursement commitment

The sum total for each partner (totaled for all roles) is shown at the end of each section.

By double-clicking on an entry, you can branch to the underlying contract.

Activities

1. Choose *Information System → Portfolio/Portfolio Trend → Commitments → Total Loan Commitment per Partner for all Roles*.

2. The *Loans: Total Commitment* screen appears. Enter your selection criteria and choose *Execute.* The system displays the total commitment.

Balance List in Display Currency

Use

This report displays the balances for the loans in the company code(s) you have selected in display currency. The balances are listed for each position/transaction currency, product type and contract number as at a certain key date.

You use the balance list to reconcile the general ledger and the subledger and to determine open items.

Features

Selection criteria

In the *Control parameters* area, you choose a translation type (such as "mean rate, as of today") to specify how you want the currency to be translated into the chosen display currency. The starting point for currency translation for balances is the contract currency.

In the *Report selections* area, you must enter the *key date* for which you want to determine the balances and translate them into the required display currency. The report only considers flows that were posted before or on the specified key date. The system defaults to the current date, but you can overwrite it.

You must also enter a *display currency.* The system calculates the balances in the respective contract currency first and then translates them into the required display currency using the exchange rate effective on the specified key date.

> Even if the display currency is the local currency, the system does not use the local currency amounts in the flows. Instead, the system translates the balances for the key date into the display currency using a uniform exchange rate. As a result, the balances displayed in the balance list are not necessarily the same as the local currency amounts in the general ledger.

You must also enter the required *company code(s).*

Output

You can display the balance list in various formats:

- Graphical display

- Classical drilldown report

- Object list (several lead columns) using the ABAP List Viewer [Ext.].

The following balances are listed in display currency for each position/transaction currency, product type and contract number:

- Contract capital

- Effective capital

- Total repayments

The total of the open repayment amounts, in other words, repayment amounts for which debit positions have already been created but for which no incoming payment has been posted.

- Total interest payments

  Total open interest amounts (as for repayments)

- Total remaining postings

  Total of all the other open items (as for repayments)

The report displays the total balance for each of the respective balance items.

Activities

1. Choose *Information System → Portfolio/Portfolio Trend → Balances → Balance List in Display Currency.*

2. In the *Balance List in Display Currency* screen enter your selection parameters and choose *Execute.* The system displays the balance list, which you can also print out.

Balance List in Position Currency

Use

This report displays the balances for all the loans in the company code(s) you have selected for which the contract currency is the same as the specified position currency. The balances are listed for each loan partner, product type or contract number as at a certain key date.

You use the balance list to reconcile the general ledger and the subledger and to determine open items.

Features

Selection criteria

In the *Control parameters* section, the *translation type* entry has no effect.

In the *Report selections* section, you must enter the *key date* for which the balances in the selected position currency should be calculated. The report only considers flows that were posted before or on the specified key date. The system defaults to the current date, but you can overwrite it.

You must also enter the *position/transaction currency* and the *company code(s).*

Output

You can display the balance list in various formats:

- Graphical display

- Classical drilldown report

- Object list (several lead columns) using the ABAP List Viewer [Ext.].

The following balances are listed in position currency for each partner, product type or contract number:

- Contract capital

- Effective capital

- Total repayments

   The total of the open repayment amounts, in other words, repayment amounts for which debit positions have already been created but for which no incoming payment has been posted.

- Total interest payments

   Total open interest amounts (as for repayments)

- Total remaining postings

   Total of all the other open items (as for repayments)

The report displays the total balance for each of the respective balance items.

Activities

1. Choose *Information System* → *Portfolio/Portfolio Trend* → *Balances* → *Balance List in Position Currency.*

2. In the *Balance List in Position Currency* screen enter your selection parameters and choose *Execute*. The system displays the balance list, which you can also print out.

Revenue Analysis

Use

The cross-Treasury revenue list provides you with earnings data for the following areas:

- *Money Market*
- *Foreign Exchange*
- *Derivatives*
- *Securities*
- *Loans*

Sort and output sequences give you different views of earnings data. You define the sequences during system configuration.

The *sort sequence* determines the line structure of the revenue list.

The *output sequence* defines the column structure.

Procedure

To generate the revenue list:

1. Choose *Information System → Revenue Analysis → Loans: Revenues*.

2. Enter your selection criteria for the revenue list.

3. Choose *Program → Execute*.

   The system generates a revenue list based on your selections.

Revenue List

Use

- The cross-Treasury revenue list displays any expenses and revenues that have incurred in Treasury between two key dates specified by the user.

  The performance data is divided up according to the Treasury functional areas.

  The report is designed for use at the top controlling level or accounting level. It focuses much less on the operative aspects of business.

  The report serves as a standard list that you can use as it is or as a template for creating your own reports.

- In addition to analyzing the revenue across the whole of Treasury, the revenue list can also be used in the individual areas: Money Market, Foreign Exchange, Securities, Derivatives (OTC interest rate instruments), and Loans.

Integration

You can branch to the following operative transactions from the report by choosing *Goto* → *Call up report.*

Money market	Collective processing
Foreign exchange transactions	Collective processing
OTC interest rate instruments	Collective processing
Listed derivatives	Display order
Securities	Collective processing
Securities	Position information
Loans	Create

Prerequisites

You must have created transactions from the various TR functional areas in the system.

Features

Selection

In the *Control parameters* area, you specify how the currency should be translated to the chosen display currency by selecting a *Translation type* (such as mean rate, as of today).

Enter the *Reference date* (for more information, see the F1 help for the field).

Report selections

- *Company code*

- *Product type*

- *Financial transaction*

- *Contract number: Loan*

Revenue List

- *Security ID number*

- *Securities account*

- *Business partner*

- *From date*

- *To date*

> If you perform the revenue analysis for a particular area, you can also enter more specific selection criteria.

Output

Select the *Output type* you
require:

• Graphical report output	Corresponds to the classic drilldown report, but also offers other navigation options (drag-and-drop).
• Classic drilldown report	The system defaults to the output type classic drilldown report. However, you can also select a different output type.
	For more information on the options provided by drilldown reports, see the sections on Drilldown Reporting [Ext.] (in the *SAP Library: Cross-Application Components → CA-Drilldown Reporting*). See the following chapters in particulars: How to Process Report Links [Ext.], Overview: Report/Report Interface [Ext.], Saving, Printing, Exporting, Sending Graphics [Ext.].
• Object list (more than one lead column)	If you select this output type, the report is output using the ABAP List Viewer [Ext.].

It displays the flow key figures from Treasury Management. The following key figures are delivered for the period between the start and end date:

Profit and loss according to TR functional areas:

- Loans: Profit/loss in P/L currency

- Securities: Profit/loss in P/L currency

- Foreign exchange: Profit/loss in P/L currency

- Derivatives: Profit/loss in P/L currency

- Total profit/loss amount in P/L currency

- Total profit/loss amount in local currency

Accruals/deferrals

- Revenue accrued/deferred in P/L currency

- Revenue accrued/deferred in local currency

Payment-relevant flows

- Payment amount of period in payment currency

- Payment amount of period in local currency

For more information on using the drilldown reporting tool, see Drilldown Reporting [Ext.] in the *SAP Library* by choosing *Cross-Application Components* → *CA - Drilldown Reporting)*. See the following sections in particular: How to Process Report Lists [Ext.], Overview: Report/Report Interface [Ext.], Saving, Printing, Exporting, Sending, Graphics [Ext.].

.Accounting

Use

This node in the report trees includes all the posting reports for the respective applications.

Due Date List for Planned Records

Use

The debit position function lets you select planned records to be posted manually or automatically. You can post the planned records displayed individually.

Procedure

7. Choose *Accounting → Execute Posting: Mass Processing → Prepare → Due Date List for Planned Records.*

   The *Loans: Due Date List for Planned Records* screen appears.

8. Enter your selection criteria for the list. For example, you can enter one company code, or a if the selection is to apply to several company codes, a company code interval.

9. Enter the due date.

10. Set the appropriate indicators for formatting the list.

11. Choose *Execute*.

    The system displays a list of existing planned records using the ABAP List Viewer [Ext.]. The list includes records to be posted manually and automatically.

12. Select a planned record and choose *Post.* This takes you to the corresponding posting applications.

Due Date List for Posted Documents

Use

This function gives you a detailed overview of the debit items that have been generated. In other words, you see which planned records have been posted and the remaining planned records after posting.

You can restrict the contracts covered and the evaluation period.

By contrast, the debit position log (displayed after the positions are generated) provides an overview of the current debit position run.

Prerequisites

Debit items must have been generated.

Activities

9. Choose *Accounting* → *Execute Posting: Mass Processing* → *Postprocessing* → *Due Date List for Posted Documents*.
   You can also access the report by choosing *Accounting* → *Accounting Evaluations* → *Due Date List for Posted Documents.*

10. The *Loans: Due Date List for Posted Documents* screen appears.

    a. Enter your selection criteria. The following selections are available:

    b. Company code

    c. Contract number

    d. Partner

    e. Product type

    f. Payment method

    g. Posting date

    h. General daybook number

11. To define specific intervals for each selection criterion, choose *Selection options.*

12. Choose *Execute*. The system displays the debit position list.

Loans: Account Analysis

Use

You use this report to analyze the subledger document in Loans Management for each company code. The program totals the documents for each account and currency for both debit and credit postings, and displays the balances for each account and currency.

The report does not evaluate accounting documents from Financial Accounting (FI).

Prerequisites

The system checks for the following:

- Does the contract exist in the company code?

- Is the account in the chart of accounts?

- Are the documents consistent (account number)?

Features

Selection criteria

You can use the following selection criteria:

- Company code (required field)

- Contract number(s) (required field)

- Posting date

- Loan document number(s) (*Loans* subledger)

> If you enter a posting date and document numbers, the system only takes document numbers up to the specified posting date into account.

Output

The account balances are displayed in the format "debit to credit". If the evaluation involved foreign currency documents, the first line for each account displays the total of all currency amounts in the local currency (currency of the company code). The lines below then display the totals for each currency (contract currency).

By double-clicking on an account row you can display the documents for the account. If you double-click on a totals row, the system lists all the documents. The document display is sorted according to document number and currency.

Activities

1. Choose *Information System → Accounting → Loans: Account Analysis*. The *Loans: Account Analysis* screen appears.

2. Enter your selection parameters and choose *Execute.*

Account Statement

Use

This function shows you all the postings related to one or several contracts, such as interest payments and principal repayments.

Activities

Displaying all the postings for several contracts:

5. Choose *Accounting* → *Accounting Evaluations* → *Account Statement.*
   You can also access this function by choosing *Information System* → *Accounting* → *Accounting* → *Loans: Account Statement.*

6. The *Account Statement for Contract Display* screen appears. In addition to the *company code* and *loan number* you can make the following selections in the *General selections* area:

   a. *Product type*

   b. *Loan type*

   c. *Contract currency*

   d. *Account assignment reference*

   e. *Entered by*

   To define specific intervals for each selection criterion, choose *Selection options.*

   Under *Display period* you enter the posting date interval for which you want to generate the account statement. The system defaults to the interval 01/01 to 12/31 for the current year. You can overwrite these entries.

   In the *Output control* section you can hide postings with selected flow types. You define the flow types to be hidden in Customizing (IMG step: *Assign Offsetting Flow*).

   If you set the *Display open debit items* and *Display open credit items* indictors, the system displays all the open items for the contract.

   You can display the amounts for the account statement in local currency or contract currency.

7. Choose *Execute.* The system displays the account statement.

8. To call up details relating to a posting, position the cursor on the item and choose the relevant function (*Loan document*, *FI document*, *Cash flow*, *Open items on customer account*). To sort the postings according to specific criteria, position the cursor on an entry on the required column and choose one of the sort symbols. If postings have been generated for this contract in the mean time in a different session, choose *Refresh* to display the up-to-date data.

Displaying all the postings for a contract:

4. Open a contract in display or change mode and choose *Extras* → *Account statement.*

   The system displays all the postings for the contract. The postings are listed using the ABAP List Viewer [Ext.].

5. You can suppress reversal postings and postings with selected flow types to improve the layout of the information.

6. To call up details relating to a posting, position the cursor on the item and choose the relevant function (*Loan document*, *FI document*, *Cash flow*, *Open items on customer account*). To sort the postings according to specific criteria, position the cursor on an entry on the required column and choose one of the sort symbols. If postings have been generated for this contract in the mean time in a different session, choose *Refresh* to display the up-to-date data.

Posting Journal

Use

You can use this function to generate the posting journal for the Loans area according to your own specifications.

Activities

3. Choose *Accounting → Accounting Evaluations → Posting Journal*.
   You can also access the report by choosing *Information System → Accounting → Loans: Posting Journal.*

4. The *Loans Posting Journal* screen appears.

   Enter the relevant selection criteria to call up the posting journal you require:

   i) *Company code*

   j) *Product type*

   k) *Contract number*

   l) *Posting date*

   m) *Activity date*

   n) *Date of journal*

   o) *Start date of journal*

   p) *Repeated run*

      If you want to repeat the posting run, select the *Repeated run* field.

4. Choose *Execute*.

   The system displays the posting journal.

   It contains all the data related to the selected postings, such as Activity date, Posting date, Flow type, Contract number, Document number, Amount in local currency, Amount in foreign currency.

8. To print the posting journal, choose *Print*.

9. To send the posting journal via email, choose *List → Save → Office*.

10. To archive the posting journal, choose *List → Save → Report tree.*

11. To save the posting journal to a file, choose *List → Save → File...* . The following formats are available:

   e) Unconverted

   f) Spreadsheet

   g) Rich text format

   h) HTML format

Balance List

Use

This report determines certain balances for all the selected loans and displays the totals in a list, which you can also print out. You use the balance list to reconcile the general ledger and the subledger and to determine open items.

Features

Selection criteria

3. In addition to the *company code* and the *loan number* you can restrict the selection using the following criteria in the *General selections* area:

- Product type
- Loan type
- Contract currency
- Account assignment reference
- Entered by

4. In the *Output control* area, you must enter the *key date* for which the balances should be calculated. The report only considers flows that were posted before or on the specified key date. The system defaults to the current date, but you can overwrite it.

If you leave the *Display currency* field empty, the system calculates and displays the balances for the selected loans in the contract currency. If you enter a valid currency, the system first calculates the balances in the contract currency and then translates them into the required display currency using the exchange rate for the specified key date.

Even if the display currency is the local currency, the system does not use the local currency amounts in the flows. Instead, the system translates the balances for the key date into the display currency using a uniform exchange rate. As a result, the balances displayed in the balance list are not necessarily the same as the local currency amounts in the general ledger.

You can also restrict the balance list display. In other words, you can specify how the balances that have been calculated should actually appear in the list.

d. If you select the *Only display balances <> 0?* field, the system only includes the calculated balances in the display if at least one of the balances (repayment, interest, various, overpayments) contains a value greater than or less than zero. Likewise, only contracts that have balances greater than or less than zero are included in sum totals. This means that contracts with zero balances are not considered, which also applies to the totals for the **planned capital** and the **effective capital**.

Selection of the *Only display balances <> 0?* field has no effect on the display if you also select the *Only display totals?* field. In this case the system only displays the totals, and not the individual balances. However, if the *Only display balances <> 0?*

field is selected, it still affects the way the totals are calculated. Only contracts with balances greater than or less than zero are included in the totals.

e.　The field *Also totals for balances = 0?* must always be seen in conjunction with the field *Only display balances <> 0?*.

Selection of the field *Also totals for balances = 0?* has no effect if the field *Only display balances <> 0?* is not selected.

If the *Only display balances <> 0?* and the *Also totals for balances = 0?* fields are both selected, contracts with zero balances are included in the sum totals, even though they do not appear in the list. As a result, these contracts are also included in the totals for the planned capital and effective capital.

f.　If you select the *Only display totals?* field, the system displays the totals for the balances of all the selected loans. No data is displayed for the individual loans.

Output

The balance is divided into several sections:

- The header of the balance list contains details relating to the product type, the key date and the display currency of the balances that have been calculated.

- For each loan, the system displays the balances you have selected in one row. If you have selected the *Only display totals?* field, this section does not appear.

    The following data and balances are displayed:

i.　*Loan number*

j.　*Planned capital* (= contract capital)

k.　*Effective capital* (of the contract)

l.　*Repayment*

The total of the open repayment amounts, in other words, repayment amounts for which debit positions have already been created but for which no incoming payment has been posted.

m.　*Interest*

Total open interest amounts (as for repayments)

n.　*Various*

Total of all the other open items (as for repayments)

o.　*Overpayments*

Total of the overpayments that have not yet been assigned to a loan item

p.　*Cur (Currency)*

Display currency: If you did not specify a display currency, this currency key is the contract currency.

- The system displays subtotals and sum totals for the individual balance items, sorted according to contract currency, product type and company code:

d.　*Contract currency*

At the lowest level, you see the subtotals per contract currency for each product type. If there is more than one contract currency within a product type, each contract currency begins on a new page.

e. *Product type*

There are subtotals for each product type in the company code. The subtotals are also listed for each contract currency.

f. *Company code*

At the top level you see the sum totals for each company code, listed according to contract currency.

- In the last section, the system displays details relating to the selection criteria:

    d. The total number of contracts selected for the balance list

    e. The number of contracts with remaining balances (at least one of the balances must be greater than or less than zero)

    f. Information on the field *Also totals for balances = 0?*

Activities

4. Choose *Accounting → Accounting Evaluations → Balance List.*
   You can also access this function by choosing *Information System → Accounting → Loans: Balance List.*

5. The *Balance List* screen appears.

   Enter the relevant selection criteria to call up the balance list you require.

   Specify the *key date* to be used for generating the balance list.

6. Choose *Execute*.

Balance Reconciliation List

Use

This function allows you to reconcile G/L accounts in the subledger and the corresponding general ledger accounts for loans.

The program generates a list of the flows related to a loan, for each separate G/L account, for a specified reporting period of one fiscal year.

For each G/L account, the flows determined in the subledger for the loans area are compared to the postings made over the specified period in summated form in the corresponding general ledger.

Activities

1. Choose *Accounting → Accounting Evaluations → Balance List*.

    You can also access the report by choosing *Information system → Accounting → Loans: Balance List.*

2. The *Loans Management: Balance List* screen appears. Enter the relevant *Company codes* and *Accounts.*

    The system defaults to the current *fiscal year* including all the *reporting periods*. You can overwrite these values.

3. You determine the format of the list using the *accumulated balances per account* field.

    List display options:

Value	Description
1	Display single contracts
2	Accumulated balances per account
3	Accumulated balances per account for differences (G/L - subledger)

    Specify the currency in which the list should be displayed using the *Currency key*.

    List display options:

Value	Description
1	Display in foreign currency
2	Display in local currency
3	Display in foreign and local currency

4. Choose *Program → Execute*.

    The system displays the list of balances based on your entries.

Customer Accounts

Use

For information about the evaluations you can run for accounts receivable, choose *AC - Financials → Accounts Receivable and Accounts Payable →* Account Analysis for Customers [Ext.] and Account Line Items [Ext.] in the R/3 Library.

This documentation covers all the relevant evaluations for accounts receivable.

The *Loans* component differentiates between the evaluations for customer accounts and account line items

Loan management on the basis of accounts receivable is supported for loans given. Since the payment programs (such as *manual bank statement, payment program, payment postprocessing)* require that loans are managed on the basis of customer accounts, these functions are not available for loans taken.

You can process payment transactions for loans taken using the *payment request* function.

Customer Account: Displaying Line Items

Use

In order to be able to run customer evaluations for specific contracts, you must define a corresponding line layout (including contract number display).

Activities

3. Choose *Accounting → Accounting Evaluations → Customer Account → Display Line Items*.

4. For more information about the rest of the procedure, choose *AC - Financials →
    Accounts Receivable and Accounts Payable → Account Balances and Line Items →*
    Account Line Items [Ext.] in the SAP Library.

    🔦 This function is only available for loans given.

Customer Account: Analysis

Activities

To run the analysis:

3. Choose *Accounting → Accounting Evaluations- → Customer Account → Analysis*.

4. For more information about the rest of the procedure, choose *AC - Financials →
    Accounts Receivable and Accounts Payable → Account Balances and Line Items →*
    Account Analysis for Customers [Ext.] in the SAP Library.

    This function is only available for loans given.

Risk Settings

Limits: Overview

Use

You get an overview of limits for the selected limit types by running the *Limits: Overview* report.

Prerequisites

You have already created limits.

See also: Edit limits [Ext.]

Features

Selection

Area	Selection
General access options	*Limit types*
	Currencies (these currencies are used to manage limits in the system)
Either	
Entry selections per key date	*Limits key date*
	The limits selected are effective for a period covering the key date entered.
or	
Selection via direct entry of validity ranges	
	Start of limit validity
	End of limit validity

Output

The overview list displays all limits selected according to limit type.

From this overview, you can branch to the Overview of Limit Utilizations [Page 395] of the individual limits.

You can also branch to the business partner data from here.

You can display the overview containing data present in the system in different ways. Refer to the ABAP List Viewer [Ext.] documentation for information on editing the lists.

Limits: Display Changes

Use

Use this report to get an overview of the changes made to the limits for the limit types you have specified, depending on the change date and the changing user name you enter.

Features

Selection

Selection ranges	What you should know
Limit type	
Date	Period for which you want change documents to be displayed.
User	The *User* whose change documents you want to see.

Output

The SAP R/3 System displays a list of *Changes To Limits*, sorted by limit type in ascending date order. In this list, you can look at old and new entries for limits, the person who made the changes, the change document and further information.

Via *Edit* → *Search For...* you can search for terms in comprehensive lists.

Activities

1. Choose *Limit Management* → *Limits* → *Display changes.*

2. Enter the following ranges as selection criteria for the changes to limits:

   − Limit type

   − Date

   − User

3. Choose *Execute*.

Limit Utilizations: Overview

Use

Via the *Utilizations*: *Overview* function,you get an overview of limits and limit utilizations for the limit types selected relating to the key date specified.

Prerequisites

Generate limit utilizations [Ext.]

Features

Selection

Area	Selection
General access options	Limit types
	Currencies
Selection of limit utilizations	Key date of limit utilizations from...to

Output

You use the ABAP list viewer to output a list. This list contains the totals records for the limit utilizations sorted according to limit type and limit characteristics.

Limits which have been exceeded are shown in red.

Via *Goto* $\rightarrow$ *Partner*, you can branch to the partner data if the partner has been assigned to the limit type as a limit characteristic.

Via *Goto* $\rightarrow$ *Individual utilizations*, you can branch to the individual utilizations for totals records. You can see the individual transactions here from which the utilizations originate. Via *Goto* $\rightarrow$ *Transaction details*, you can branch to the transactions display from here.

You can display the overview containing data present in the system in different ways. Refer to the ABAP List Viewer [Ext.] documentation for information on editing the lists.

Activities

1. Choose *Limit management* $\rightarrow$ *Utilizations* $\rightarrow$ *Overview.* This takes you to the screen entitled *Overview of Limit Utilizations (Totals Records).*

2. Enter the range for the limit type, the currencies and the key date of the evaluation as selection criteria for the limit utilizations.

3. Choose *Execute*.

Master Data

The Information System contains the following reports for analyzing the business partner data. You find them by choosing *Master Data*.

- Business Partner Roles [Page 398]

- Business Partner Data [Page 399]

- Business Partner Relationships [Page 401]

- Standing Instructions [Page 402]

- Changes to Business Partners [Page 403]

The *Securities* area also includes reports for the Class Information [Ext.] and the Securities Account List [Ext.].

The *Money Market* area also includes the following reports for the master agreement:

- Limits/Utilization of Master Agreement [Ext.]

- Changes to Master Agreement [Ext.]

Business Partner Data Analysis

Use

A business partner is an organization or a natural person in which a business interest exists. The importance of the business partner in Treasury as a whole is reflected in the information system by the many reporting functions offered for analyzing the business partner data.

Integration

The *ABAP List Viewer* enables you to adapt the reports according to the information you require.

To call up the individual reports in the securities area, choose *Information system → Master data → Business partner.*

Features

- The following reports are available for analyzing the business partner data:

  Business partner roles

  This report displays the various functions (roles) assigned to a business partner. For example, a business partner can be assigned the roles of issuer, counterparty or payment bank.

  You can group and display the data in the report according to different criteria.

  Business partner data

  This report lists all the business partners according to the selection criteria entered. You can then call up detailed information for each partner, such as address details, credit data or bank data.

  Business partner relationships

  This report shows you all the business partner relationships on a particular date at any selection level you choose (number of levels displayed in a relationship hierarchy).

  Standing instructions

  This report enables you to display the standing instructions (authorizations, payment details, correspondence or derived flows) that are defined for the business partners you have selected.

  Changes to business partners

  This report allows you to call up the change documents for the master data of the business partner.

- You can print out the reports and/or download them.

- You can branch from the lists to the master data for the business partner.

Business Partner Roles

Use

This report displays the various functions (roles) assigned to a business partner. For example, a business partner can be assigned the roles of issuer, counterparty or payment bank.

Features

- The report provides business partner information about the role categories, role types and the availability of deletion flags.

- You can restrict the list to certain business partners and/or role categories, or you can use the fields in the business partner master (general data) to restrict it by choosing *Edit* → *Dynamic selections*.

- You can branch from the list to the business partner data.

Activities

1. Choose *Information System* → *Master Data* → *Business Partner* → *Business Partner Roles.*

    The *Business Partner: Overview* screen appears.

2. You have the option of restricting the list to certain business partners and/or role categories.

3. By choosing *Edit* → *Dynamic selections*, you can make further selections in the business partner master (general data).

4. Under the heading *Sort by*, you can define the structure of the overview list. You can use the following criteria to list the business partner data:

    a. Partner number

    b. Grouping

    c. External partner number

    d. Role category

5. *Execute* the report program.

    The screen *Business Partner: Overview* appears (three columns).

6. To branch to the business partner data, position your cursor on the business partner number and choose *List* → *Choose,* or double-click on the business partner number.

    The *Business Partner Display: Role Overview* screen appears.

    You can navigate in the business partner data in the usual way.

Partner Data

Use

This report first displays all the partners according to the selection criteria you enter. You can then call up detailed information for each partner, for instance, address details, credit data or bank data.

Features

- This report allows you to display all the data for a business partner in a list containing the field names, the short text and the contents of the field.

- You can restrict the list to certain business partners and/or company codes, or you can restrict it by choosing *Edit → Dynamic selections* and use the fields in the business partner master (general data).

- You can branch from the list to the business partner data.

- You can print out the report and/or download it.

Activities

1. Choose *Information System → Master Data → Business Partner → Business Partner Data.*

   The *Evaluation Report: Business Partner Data* screen appears.

2. You have the option of restricting the list to certain business partners and/or company codes.

3. By choosing *Edit → Dynamic selections*, you can choose from a further selection of fields in the business partner master (general data).

4. *Execute* the report program.

   The system displays the *Business Partner Data* list.

5. Using the buttons at the top of the screen, you can display the business partner data in lists.

   You can use the buttons to branch to the following areas:

   a. *Master data*

   b. *Role data*

   c. *Address data*

   d. *Bank data*

   e. *Dunning data*

   f. *Credit standing data*

   g. *Fiscal data*

   h. *Relationship data*

   i. *Employment data*

   By choosing the *Complete list* button, you can display the data for a business partner in one list. Here, you can define precisely which data you want to include in the list. You

Partner Data

also have the option of displaying additional data to the data you can display using the other buttons.

The *Choose* button enables you to branch to the business partner data.

The *Business Partner Display: Role Overview* screen appears.

You can navigate in the business partner data in the usual way.

Partner Relationships

Use

The report displays all the business partner relationships on a given date at any selection level you choose (number of levels displayed in a relationship hierarchy).

Integration

The incoming relationships of a business partner are all the relationships that were created in the master data of the other business partner.

The outgoing relationships are all the relationships with other business partners that were maintained in the master data for the relevant business partner.

Features

- You can display the incoming or outgoing relationships of one or several business partners. This enables you to restrict the depth to which you expand the relationships.

- Choose *Edit → Dynamic selections* and use the fields in the business partner master data (general data) to restrict the list.

Activities

1. Choose *Information system → Report Selection → Master Data → Business Partner → Partner relationships*. The *Business Partner: Report Relationships of Several Business Partners* screen appears.

2. You have the option of restricting the list to certain business partners.

3. Choose *Edit → Dynamic selections* and use the fields in the business partner master data (general data) to restrict the list.

4. Select whether you want to display the incoming or the outgoing relationships.

5. Define the *Selection date* and the *Selection depth*. The current date and selection depth 5 are the default values here, but you can overwrite them.

6. *Execute* the report program.

   The system displays the *Incoming* or *Outgoing Relationships* list for the business partner.

Standing Instructions

Use

This report enables you to display the standing instructions (authorizations, payment details, correspondence or derived flows) that are defined for the business partners you have selected .

Features

Depending on the standing instruction, you can make selections using the following data:

- Company code

- Business partner

- Contract type

- Product category

- Product Type

- Transaction type

You can also display the business partner which is marked with a deletion flag.

> You only see the partners which you are also authorized to display by the relevant standing instructions.

Displaying Changes

Use

This report allows you to call up the change documents for the master data of the business partner.

Features

Selection Criteria

You can select data according to particular business partners and/or according to the data you want to change (date, user).

Output

From the change documents list, you can see when a change was made, who made it, and exactly what was changed (the old and new value is displayed for each field changed).

Environment

Purpose

You can branch to other modules of the SAP Treasury System via *Environment*. The other modules are described in separate chapters.

- External data transfer

- Market data

Market Data

Use

You can use the *Market Data* function to branch directly from the application to functions that are normally stored in Customizing, but which the user also has to access outside the implementation project.

Prerequisites

To display the market data, you must generate an enterprise IMG in Customizing.

Features

The Customizing activities you can access using *Market Data* function are different for each application area:

Loans:

- *Enter Reference Interest Rates*
- *Enter Exchange Rates*

Money Market:

- *Enter Exchange Rates*

Foreign Exchange:

- *Enter Foreign Exchange Swap Rates*
- *Enter Exchange Rates*

Securities:

- *Enter Security Prices*
- *Enter Index Values*
- *Enter Reference Interest Rates*
- *Enter Exchange Rates*

Derivatives:

- *Enter Reference Interest Rates*
- *Enter Exchange Rates*

Market Risk Management:

- *Define Net Present Values of OTC Transactions*

Currency:

- *Enter Exchange Rates*
- *Enter Foreign Exchange Swap Rates*

Interest:

- *Enter Reference Interest Rates*

Market Data

- *Evaluate Yield Curve*

Security and Index:

- *Enter Security Prices*

- *Enter Index Values*

Statistical Data:

- *Enter Interest Rate Volatilities*

- *Enter Interest Rate Volatility Curve*

- *Enter Exchange Rate Volatilities*

- *Enter Security Volatilities*

- *Enter Index Volatilities*

- *Enter Correlations*