

**Oracle® Financial Services Financial Accounting
and Reporting Standards (IFRS and CECL)**

Release Notes

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Oracle Financial Services Financial Accounting and Reporting Standards (IFRS and CECL), 8.0.5.1.0.

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Contents

Preface	v
Audience	v
Documentation Accessibility	v
Related Documents	v
Conventions	vi
1 Introduction to OFS Financial Accounting and Reporting Standards (IFRS and CECL) Pack	
1.1 Oracle Financial Services Loan Loss Forecasting and Provisioning (OFS LLFP)	1-1
1.2 Oracle Financial Services Hedge Management and IFRS Valuations (OFS HM)	1-1
2 OFS Financial Accounting and Reporting Standards (IFRS and CECL)	
8.0.5.1.0	
2.1 New Features	1-1
2.1.1 Oracle Financial Services Loan Loss Forecasting and Provisioning	1-1
2.1.2 Oracle Financial Services Hedge Management and IFRS Valuations	1-2
2.2 Prerequisites	1-3
2.3 How to Apply this Maintenance Release?	1-3
2.4 Post Installation Steps	1-3
2.5 Bugs Fixed in this Release	1-3
2.5.1 Oracle Financial Services Loan Loss Forecasting and Provisioning	1-4
2.5.2 Oracle Financial Services Hedge Management and IFRS Valuations	1-4
2.6 Known Issues/Limitations in This Release	1-4
2.6.1 Common Limitations	1-4
2.6.2 Oracle Financial Services Loan Loss Forecasting and Provisioning	1-5

Preface

This Preface provides supporting information for the Oracle Financial Services Financial Accounting and Reporting Standards (IFRS and CECL) Pack - Release 8.0.5.1.0 Release Notes and includes the following topics:

- Overview of OFSA
- Purpose of This Document
- Intended Audience
- Documentation Accessibility
- Related Documents

Audience

This document is intended for users of Oracle Financial Services Financial Accounting and Reporting Standards (IFRS and CECL) Pack Release 8.0.5.1.0.

Documentation Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at <http://www.oracle.com/pls/topic/lookup?ctx=acc&id=docacc>.

Access to Oracle Support

Oracle customers have access to electronic support through My Oracle Support. For information, visit <http://www.oracle.com/pls/topic/lookup?ctx=acc&id=info> or visit <http://www.oracle.com/pls/topic/lookup?ctx=acc&id=trs> if you are hearing impaired.

Related Documents

This section identifies additional documents related to Oracle Financial Services Financial Accounting and Reporting Standards (IFRS and CECL) Pack Release 8.0.5.1.0. You can access Oracle documentation online from the [Oracle Help Center Documentation Library](#) (OHC).

- *Oracle Financial Services Financial Accounting and Reporting Standards (IFRS and CECL) Pack Installation Guide Release 8.0.5.1.0*
- *Oracle Financial Services Analytical Applications Technology Matrix*
- *Oracle Financial Services Loan Loss Forecasting and Provisioning (OFS LLFP) User Guide Release 8.0.5.0.0*

- *Oracle Financial Services Hedge Management and IFRS Valuations (OFS HM) User Guide Release 8.0.5.0.0*

Conventions

The following text conventions are used in this document:

Convention	Meaning
boldface	Boldface type indicates graphical user interface elements associated with an action, or terms defined in text or the glossary.
<i>italic</i>	Italic type indicates book titles, emphasis, or placeholder variables for which you supply particular values.
monospace	Monospace type indicates commands within a paragraph, URLs, code in examples, text that appears on the screen, or text that you enter.

Introduction to OFS Financial Accounting and Reporting Standards (IFRS and CECL) Pack

Oracle offers a unified IFRS 9 solution that is compliant with IASB's standards and features a modularized design approach. This allows for easier integration and enables financial institutions to leverage existing investments in data management and analytical applications. The International Financial Reporting Standards (IFRS) are a set of accounting standards that are being implemented by different countries across the world and which are gradually replacing the old International Accounting Standards (IAS). Their introduction heralds a major change in accounting procedures for financial institutions.

Product Features:

- Single, comprehensive IFRS solution with a common results area.
- Exhaustive techniques and models for expected credit loss reconciliation/attribution analysis and amortization of deferred balances.
- Common application infrastructure and data model/source.

OFS IFRS Pack includes the following applications:

1.1 Oracle Financial Services Loan Loss Forecasting and Provisioning (OFS LLFP)

International Financial Reporting Standards (IFRS) guidelines have set out new requirements on classification and measurement of financial assets and liabilities. It specifies two approaches for the measurement of assets namely Amortized Cost and Fair Value approach. The scope of Oracle Financial Services Loan Loss Forecasting and Provisioning is to focus only on the amortized cost approach.

1.2 Oracle Financial Services Hedge Management and IFRS Valuations (OFS HM)

To help financial institutions grow, manage risk, and optimize shareholder value, Oracle delivers a comprehensive, integrated suite of financial services analytical applications for enterprise performance management (EPM).

More than ever, financial institutions, their regulators as well as their shareholders are focused on the need to measure and meet risk-adjusted performance objectives, price products to reflect their true risk, and better understand how their institution is impacted by threats to liquidity, capital adequacy, and exposure to market rate volatility.

OFS Financial Accounting and Reporting Standards (IFRS and CECL) 8.0.5.1.0

Oracle Financial Services Financial Accounting and Reporting Standards (IFRS and CECL) Application Pack (OFS IFRS) Release 8.0.5.1.0 is a separately licensed product.

Patch **26959155** - OFS IFRS Pack Release 8.0.5.1.0 is cumulative of all enhancements and bug fixes done since v 8.0.5.0.0 release.

This chapter includes the following topics:

- [New Features](#)
- [Prerequisites](#)
- [How to Apply this Maintenance Release?](#)
- [Post Installation Steps](#)
- [Bugs Fixed in this Release](#)
- [Known Issues/Limitations in This Release](#)

OFS IFRS Pack includes the following applications:

2.1 New Features

International Financial Reporting Standards (IFRS) guidelines have set out new requirements on classification and measurement of financial assets and liabilities. It specifies two approaches for the measurement of assets namely Amortized Cost and Fair Value approach. The scope of Oracle Financial Services Loan Loss Forecasting and Provisioning is to focus only on the amortized cost approach.

The list of features that are part of this release are the following:

2.1.1 Oracle Financial Services Loan Loss Forecasting and Provisioning

OFS LLFP bundles all the features and enhancements released since IFRS 8.0.5.0.0, along with the following new features:

- **Computation and Amortization of Cost of Interest Subvention:** OFS LLFP application is enabled to compute and amortize the Cost of Interest Subvention. To calculate this, as the first step, the cost involved is identified by subtracting Original Fair Value from Original Outstanding Amount.
- **Multiple Rating Treatment for IFRS 9 and CECL:** Rating is a key dimension that is required for OFS LLFP application to compute various outputs and for other specific processing, such as Expected Credit Loss, Stage Determination, HTM, and

so on. All the processing within LLFP is performed at Account Level granularity and hence it is required for each account to be mapped to a specific Rating. Currently, every account is mapped with the Counterparty's Rating as of the given date. At the same time, the Counterparty's Rating valid as of the Account Start Date is mapped as the inception rating for a given account.

- **Scenario based ECL Computation:** In Scenario based ECL Computation, Probability of Default, Loss Given Default, and Forward Exposures (through stage management forecasts) are provided for multiple scenarios. As the first step, you need to add the required additional scenarios in Expected Credit Loss Scenarios table and modify the Probability Weights in such a way that the cumulative of all the weights is 100.

OFS LLFP bundles all the features and enhancements released since IFRS 8.0.5.0.0, in this release. These include the following:

1. Patch number - **26611949** - LLFP ONE-OFF PATCH: 8.0.5.0.1
2. Patch number - **26832305** - LLFP ONE-OFF PATCH: 8.0.5.0.2
3. Patch number - **27034331** - OBIEE 12C RPD & CATALOG FILES FOR LLFP 8.0.5.0.0

For more information on these one-off patches, see the Readme files of respective releases from Patches & Updates tab in [My Oracle Support](#).

For detailed information on usage of the application features, see *Oracle Financial Services Loan Loss Forecasting and Provisioning User Guide* and *Oracle Financial Services Hedge Management and IFRS Valuations User Guide* Release 8.0.5.0.0 from OHC Documentation Library.

For more information on the OFS AAI requirements, see *OFS Advanced Analytical Applications Infrastructure Application Pack 8.0.5.1.0 Readme* in OHC Documentation Library.

2.1.2 Oracle Financial Services Hedge Management and IFRS Valuations

Following are the new features available as part of this release:

- **Scenario Based Effectiveness Testing:** OFS HM application enables you to calculate Economic Relationship based on Scenarios, in addition to the existing Retrospective and Prospective methods.
- **Hypothetical Derivatives:** In the case of Hedging Instruments being cross currency interest rate swaps, it is required to compute the Basis Cost. This cost arises due to the presence of basis spread in the discount curve. The OFS HM application computes two different Fair Values using the two discount curves defined in the application. The first Fair Value is the actual Fair Value of the Instrument, whereas the second the Fair Value is the Fair Value of the Hypothetical Derivative. Basis Cost is computed as the difference between these two Fair Values.
- **Disclosure Reports:** OFS HM application introduces the Disclosure Reports which display the effectiveness details of various Hedges as on the selected Effectiveness Date.
- **Currency Conversion:** OFS HM application enables you to select the reporting currency during Fair Value Run definition.

OFS HM bundles all the features and enhancements released since IFRS 8.0.5.0.0, in this release. These include the following:

1. Patch number - **26617007** - IFRS HEDGE MANAGEMENT AND VALUATIONS [HM] ONE-OFF PATCH: 8.0.5.0.1
2. Patch number - **26791052** - IFRS HEDGE MANAGEMENT AND VALUATIONS [HM] ONE-OFF PATCH: 8.0.5.0.2

For more information on these one-off patches, see the Readme files of respective releases from Patches & Updates tab in [My Oracle Support](#).

For detailed information on usage of the application features, see *Oracle Financial Services Loan Loss Forecasting and Provisioning User Guide* and *Oracle Financial Services Hedge Management and IFRS Valuations User Guide* Release 8.0.5.0.0 from OHC Documentation Library.

For more information on the OFS AAI requirements, see *OFS Advanced Analytical Applications Infrastructure Application Pack 8.0.5.1.0 Readme* in OHC Documentation Library.

2.2 Prerequisites

The prerequisite software that must be installed for this release are the following:

- OFS IFRS 8.0.5.0.0 Minor Release patch **26374993**.
- Oracle Financial Services Analytical Applications Infrastructure (OFSAAI) 8.0.5.1.0 (patch **27094265**).
- If you have installed any other OFSAA applications, then you need to apply the relevant security patches of the respective applications.

2.3 How to Apply this Maintenance Release?

For detailed instructions on installing this Maintenance Level Release, see *Oracle Financial Services Financial Accounting and Reporting Standards (IFRS and CECL) Installation Guide* Release 8.0.5.1.0 in [OHC Documentation Library](#).

2.4 Post Installation Steps

Perform the post installation steps mentioned in the Post Installation Configuration section in *Oracle Financial Services Financial Accounting and Reporting Standards (IFRS and CECL) Installation Guide* Release 8.0.5.1.0 in [OHC Documentation Library](#).

2.5 Bugs Fixed in this Release

The bug numbers of the fixes as part of OFS IFRS Release 8.0.5.1.0 are the following:

2.5.1 Oracle Financial Services Loan Loss Forecasting and Provisioning

Table 2–1

Component	Sub Component	Bug Number	Subject
User Interface		27354368	REFLECTIVE CROSS SITE SCRIPTING IN LLFP
		27366977	SQL INJECTION ISSUES IN LLFP
Install and Upgrade Issues		27380246	ECO SCENARIOS AND HIST TRANSITION MATRIX- UI IN 11G DB

2.5.2 Oracle Financial Services Hedge Management and IFRS Valuations

Table 2–2

Component	Sub Component	Bug Number	Subject
Calculation Engine	-	27148607	BONDS CAN'T BE HEDGED BY IRSS IN HM805
	-	27264100	"PROFIT/LOSS ACCOUNTING" EXECUTED BUT NO RESULTS GENERATED (11G DB)
	Effectiveness Calculations	27165646	UNEXPECTED NEGATIVE RATIO FOR AN EFFECTIVENESS TEST
		27027808	ERROR: ORA-00904 AND NO RESULT IN "FAIR VALUE DETERMINATION RUN" PROCESS
User Interface	-	27151122	ISSUE WHILE EXECUTING HM BATCH THROUGH ICC
		27367047	SECURITY VULNERABILITY SQL INJECTION ISSUE IN HEDGE MANAGEMENT APPLICATION
		27362550	REFLECTIVE CROSS SITE SCRIPTING ISSUES IN HM

2.6 Known Issues/Limitations in This Release

The list of Limitations or Known Issues/Limitations in this release are the following:

2.6.1 Common Limitations

The following characters are restricted and are not allowed to be used in the OFS LLFP and OFS HM applications:

- Single-quotes [']
- Double-quotes ["]
- Ampersand [&]
- Tilde [~]
- Plus [+]
- At-rate [@]

2.6.2 Oracle Financial Services Loan Loss Forecasting and Provisioning

Table 2-3

Component	Sub Component	Bug Number	Subject
Analytics - Reporting and Dash		26575126	ALLOWANCE & PROVISION REPORT-FORMULA FOR %VOLUME VARIANCE TO BE UPDATED
		25588857	TREND ANALYSIS REPORT SHOULD PICK UP PREVIOUS FIC_MIS_DATE IRRESPECTIVE OF FREQ

