IFRS 9 –
Modelling for Expected Credit Losses

A Complete Course for IFRS 9 Loan Loss Provisioning

June 6 - 7, 2017 • Toronto

CPE Credit – 12 Hours

Course Outline

In this course, you will learn about IFRS 9, its requirements, implementation challenges and the range of approaches that can be used to determine the loan loss parameters and cyclicality adjustments. You will also learn about the interplay of IFRS 9 with other standards and challenges emanating from the lack of a modelling infrastructure, especially at Standardized Approach banks.

The course takes place over two days, from 9:00 a.m. to 4:30 p.m. Lunch will be provided on both days. In addition, there will be a continental breakfast each morning and two breaks during each day (morning and afternoon).

Course Objectives

- Understand key concepts discussed in IFRS 9 including Cycle-adjusted Lifetime Expected Credit Losses and take stock of Stage-based Assessment of loans
- Understand the differences between IFRS 9, Basel 2 IRB and IAS 39
- Learn more about the sensitivity of asset classes relative to the business cycle and how IFRS 9 addresses the variance caused in credit worthiness by the business cycle
- Design and implement modelling options and ascertain their data requirements
- Develop a view of adoption and implementation challenges, including strategies to address these challenges
- Using a 360-degree lens, understand the notion of 'fair provisioning' What does it mean for the
  - -CRO and the CFO
  - -regulator
  - -accountant
  - -corporate banker
- Plan for post-IFRS 9 audit engagement and regulatory examination
- Learn to design IFRS 9 models using raw data and utilizing a spectrum of approaches
  - -vintage & roll-rate analysis
  - -default rate estimation
  - -PD method
  - -scorecard approach using PD mapping and calibration
  - -gain insights into developing term structure of PIT PDs using Markovian approach, Loss distribution and Merton models
- Interpret the modelling results in conjunction with existing risk metrics and loan loss provisioning frameworks
  - -how to mobilize an IFRS 9 project
  - -how to overcome low default portfolio challenges
  - -how to design management reporting dashboard
  - -what validation approaches to use
  - -anticipate and develop responses to meet audit and regulatory requirements

Course Leaders

Sohail Farooq, Managing Director, Nexx Consultants

Sohail Farooq is Managing Director, Consulting Practice Leader at Nexx. He is a banking book risk expert, specializing in assisting financial institutions with the implementation of regulations.

With over 20 years of risk advisory and management experience, has also been an advisor to a few mid-sized financial institutions in EMEA, where he led the implementation of Risk & Finance development programs.

Prior to joining Nexx, Sohail worked at Oliver Wyman, where he led and contributed to several high profile risk and regulatory compliance engagements. He began his career at Scotiabank's Global Risk Management in 1997 and then moved to CIBC in 1999. In 2004, he switched to FS consulting and has since assisted clients across North America and EMEA.

Howard Hao, Consulting Practice Leader, Nexx Consultants

Howard Hao is Consulting Practice Leader at Nexx, focusing on scorecard design and stress testing. Howard has 15+ years of treasury, credit risk model development and validation, and capital management experience

Howard's has extensive experience with

- Credit risk modeling and validation
- Stress testing, ICAAP/ORSA/CCAR
- Treasury, capital market, and securitization
- Capital management, planning, and optimization

Before Nexx, he was Head, Capital Management at Canada Mortgage and Housing Corporation. In addition to capital management, he was leading development and implementation of stress testing (ST) and economic capital (EC) models for mortgage insurance and securitization business. Prior to CMHC, he worked with another two leading Canadian financial institutions. He was responsible for development and validation of credit risk models (ST, AIRB PD/LGD/EAD, EC, and adjudication models)

Course Agenda

Qualitative Factors

- How does it interplay with existing provisioning and capital standards?
- How does IFRS 9 address pro-cyclicality risk?
- Principles of IFRS 9 loan loss estimation
  - -Stage-based migration of loans and advances under IFRS 9
- Theoretical underpinnings of IFRS 9 approach
- Challenges of IFRS 9
  - -IFRS 9 loan loss parameters and their definitions
  - -Lifetime Expected Credit Losses parameters
  - -Survival probability
  - -Conditional Probability of default and its term structure
  - -Determination of Conditional Loss Given Default and LGD term structure
  - -Exposure at Default and its mapping with the taxonomy of loans
  - -Stage-based migration approach
  - -Portfolio segmentation challenges

-Treatment of low default portfolios

- Preparing for IFRS 9 using impact assessment delta
- Strategic view
- External view
- Internal view, including impact on business, risk, finance and IT

Quantitative Factors

- Probability of default
  - -Deriving Point in Time Probabilities of Default from Through-the-Cycle
  - -Deriving Probability of Default using Default Rates
  - -Term structure of probability of defaults and varying approaches
    - -Merton's approach
    - -Markovian approach
    - -Loss distribution approach
    - -Pros and cons of each approach
- Loss Given Default (LGD)
  - -Loss Given Defaults and the concept of Economic Loss
  - -Deriving Loss Given Defaults using work-out approach
  - -Deriving Loss Given Default using Distance to Default Approach
  - -Term structure of LGD using bootstrapping method
- Exposure at Default
  - -Prepayment modelling
  - -Utilization modelling
  - -Modelling on and off-balance sheet exposure, including the use of Credit Conversion Factors
- Survival Probability Modelling
- Business Cycle Modelling
  - -Scenario development and design
  - -Business Cycle sensitivity analysis
  - -Rules of thumb approach
  - -Indexation of business cycle
- Forecasting
  - -Macroeconomic forecasting
  - -Maturity and pre-payment modelling
  - -Loan book growth and attrition
- IFRS 9: Modelling for Lifetime Expected Credit Losses
  - -Top-down
  - -Bottom-up
  - -Hybrid
- Expected credit losses modelling approaches from basic to best practice
  - -Pre-requisites for best-in-class IFRS 9 modelling
  - -Integration of macroeconomic data with expected credit loss parameters and development of the probability-weighted scenarios
  - -Development of business requirements for data and modelling – institution-specific alignment
  - -Design of reporting dashboards and integration with pre-existing reporting frameworks including risk appetite
  - -Upgrading Risk IT applications and Financial IT applications to meet IFRS 9 challenges
  - -IFRS 9 one-off challenges and business-as-usual alignment
- IFRS 9 governance
  - -Developing a post-IFRS 9-first cut roadmap
  - -Key strategic decisions and managing regulatory expectations
  - -Process governance and modelling governance
  - -Role of compliance, policy and the requisite credit documentation
  - -Preparing for audit engagement and supervisory examination

SAVE UP TO $300
REGISTER BY
May 15, 2017!

Acumen Information Services
Registration Form

IFRS 9 - Modelling for Expected Credit Losses

June 6 - 7, 2017 ● Toronto

Reserve your place **now!** Fax us this pre-registration form **by May 15, 2017** and we will invoice you later.

Registration Fees

Registration Options	Before May 1, 2017	Before May 15, 2017	After May 15, 2017
IFRS 9 – Modelling for Expected Credit Losses	$2,099.00 + HST	$2,199.00 + HST	$2,299.00 + HST

Pre-registration fees include all documentation, continental breakfasts, lunches and refreshments. Parking and accommodation are not included. Please make all cheques payable to **Acumen Information Services**.

❑ I cannot attend but please keep me informed of future events

Mr./Ms./Mrs. ______________________________Title _____________________ E-mail:_______________

Mr./Ms./Mrs. ______________________________Title _____________________ E-mail:_______________

Mr./Ms./Mrs. ______________________________Title _____________________ E-mail:_______________

Company ____

Address ____

City ___________________________ Province _______________ Postal Code ______________________

Telephone ( ) ____________________Extension _________ Fax ( ) _____________________________

Priority Code (from attached letter) ____

Register Now!

- Fax your completed registration form to **(416) 504-6978**; or
- Mail your completed registration form to **Acumen Information Services, Suite 1100, 151 Yonge Street, Toronto, Ontario, M5C 2W7**; or
- @ E-mail your registration to **info@acumeninformation.com**; or
- ☎ Call **(416) 504-6952** for registration assistance and additional information.

Payment Options: ❑ **Please invoice me** ❑ **Payment enclosed**
❑ Charge to my ❑ Visa ❑ Mastercard

Card number:______________________________Expiry date: ________ Security No. _______

Signature: ____

Travel Information: ❑ Yes, please send me a **free** Toronto and Area Information Package **HST No. R862562543**

Location and Timing
The conference will be held at a convenient location in downtown Toronto. Venue information and special conference pricing details will be provided upon confirmation of the venue.

Delegates can register at the Acumen service desk beginning at 8:00 a.m. on the morning of the first day of the conference.

Registration fees do not include hotel accommodation.

The Acumen Guarantee
If you find that this event does not meet the high quality standards you expect from Acumen, we will issue you a letter of credit equal to the value of your fees. The individual delegate or any member of his or her company may use this letter of credit for two years from date of issue. Write us a letter describing why you were dissatisfied and direct it to the General Manager.

Cancellations
Substitutions may be made at any time. If you are unable to attend, please make cancellations in writing and fax to (416) 504-6978 **prior to 5 p.m. on May 9, 2017**. A credit voucher will be issued to you for the full amount, redeemable against any other Acumen conference. You may request a refund of fees paid less an administration fee of $250.00. Registrants who cancel after the above date will not be eligible to receive any credits or refunds and are liable for the entire registration fees.