IMPLEMENTING IFRS 9 IN FINANCIAL INSTITUTIONS

PRACTICAL, GRANULAR INSIGHTS FOR MANAGING THE TRANSITION

September 25, 2017 • Toronto

Seminar Faculty from KPMG

Chairman: Dilshad Hassen, Accounting Advisory

Presenters:
- Abhimanyu Verma, Audit and Advisory
- Claudia Brand, Accounting Advisory
- Clever Ngorima, Accounting Advisory
- Corina Deaconu, Financial Risk Management
- Jeff King, Accounting Advisory
- Raghuvir Rajagopalan, Accounting Advisory
- Sandeep Patkar, Accounting Advisory
- Yvonne Chan, Department of Professional Practice (Audit)
- Zachary Bonomo, Audit

Seminar Agenda

9:00 a.m. – 10:30 a.m.
Classification and Measurement - Practical Issues for Implementation

- Lessons learned from implementation projects regarding
  - Solely Payments of Principal and Interest (SPPI) and Business models criteria
  - Identifying financial liability versus equity (IAS 32) – a critical decision
  - Application of IFRS 9 classification model
  - Amortized cost vs. Fair value Through Other Comprehensive Income (FVOCI)
- Application to specific types of financial instruments including
  - Loans (retail and non-retail)
  - Derivatives
  - Investments in equity instruments
  - Other complex instruments (e.g. redeemable preferred shares and puttable instruments)
- Examination and effects of modifications of financial assets and financial liabilities
- Ongoing issues for subsequent valuation and measurement
- Update on recent IASB financial instrument discussions and potential changes to IFRS 9
- Implications of revised IFRS 13 definition of fair value for classification and measurement
- Practical issues to consider for transition

10:30 a.m. – 10:45 a.m. – Morning Networking Break

10:45 a.m. – 12:00 p.m.
Life of Exposures for Staging Assessment and ECL Measurement

- Determining the period of exposure
  - for revolving credit facilities
  - for other exposures
- Factors to consider
  - Starting point for measuring life
  - Ending point for measuring life
  - Effect of factors such as prepayments and risk management actions

Significant Increase in Credit Risk/Staging Assessment

- Assessing assets at the individual and group level
- Establishing criteria for identifying product or portfolio quality deterioration over time
- Applying credit deterioration triggers
- Leading vs lagging indicators
- Balancing quantitative and qualitative thresholds in staging
- How to assess the staging thresholds
- Stage 1 – Stage 2 transfer
- When must an asset move to Stage 3?
- Expected credit losses (ECL)
  -measurement date
- Lifetime forward looking recognition of credit losses on the balance sheets
- Measuring loss allowance for credit impaired financial assets
- Practical insights on data requirements and data availability
- Examining issues specific to
  - Guaranteed debt instruments
  - Financial guarantee contracts
  - Modified financial assets
  - Collateral and related credit enhancements

12:00 p.m. – 1:00 p.m. – **Luncheon**

1:15 p.m. – 2:00 p.m.
Macro-Economic Factors, Forward-Looking Factors and Scenario Probabilities – Lessons Learned

- Forward looking information
  - How to identify?
  - How many forward looking factors are needed?
  - What is reasonable and supportable?
  - How to work out number and type of scenarios to implement
- Forward looking recognition of credit losses on the balance sheets
- Considerations for stage 2 allocation
- Quantitative evaluations and qualitative overlays
- Macroeconomic scenarios
  - Macro factors and credit factors to incorporate
  - Multiple scenarios vs. multiple outcomes
- Determining an unbiased probability-weighted outcome
  - Median vs. mean outcome
  - What must be considered and modelled?
  - Issues for different portfolios
  - How to achieve unbiased assessment required by IFRS 9?
- Macroeconomic Scenarios and probability

- Avoiding bias in relationships between credit losses and the macroeconomy
- Through the cycle vs. PIT measures
- Linking macroeconomic forecasts to PIT measures
- Transitional considerations

2:00 p.m. – 2:30 p.m.
Disclosure Requirements – IFRS 7/IFRS 9

- New disclosures for impairment under IFRS 9
  - credit risk
  - asset quality
- Interaction with IFRS 7 and other standards
- Consequential amendments to IFRS 7 on financial instrument disclosures
- Disclosures not required by IFRS 7 but recommended for effective reporting
- IASB disclosure initiative – considerations for IFRS 9 impairment disclosures
- How new requirements create processes subject to rigors of financial reporting/disclosure
- Implementation process and considerations
- Transition disclosures
- Regulatory expectations

2:30 p.m. – 3:00 p.m.
IASB Update on IFRS 9 Implementation Issues

- Examination of adjustments and amendments to facilitate implementation of IFRS 9
- Review of relevant discussion of the IFRS 9 Transition Group

3:00 p.m. – 3:15 p.m. – Afternoon Networking Break

3:15 p.m. – 3:45 p.m.
Practical Issues for Implementing IFRS 9 Hedge Accounting

- Lessons learned from organizations applying the hedge accounting rules
- Changes experienced in moving from IAS 39
- Benefits realized vs. new challenges
- Impact on financial statements
- New disclosures

3:45 p.m. – 4:30 p.m.
IFRS 9 Expected Credit Losses – Audit Challenges

- Identification of significant risks
- Forward-looking information requirements
  - governance over setting of assumptions
  - back testing
  - corroboration with external data
  - completeness
  - reasonable and supportable information
- Judgmental considerations
  - range of estimation uncertainty
  - granularity of decisions
  - quality of credit risk data
  - practical expedients and accounting judgments
- Dealing with estimates not addressed by existing auditing standards
- Adequacy of systems and controls
- Use of experts
- Auditor's involvement in implementation planning

SAVE UP TO $250
REGISTER BY
August 25, 2017!

Acumen Information Services
Priority Registration

Implementing IFRS 9 in Financial Institutions

September 25, 2017 • Toronto

Reserve your place **now!** Fax us this pre-registration form **by August 25, 2017** and we will invoice you later.

Registration Fees

Registration Options		Before August 25, 2017	Before September 1, 2017	After September 1, 2017
	Implementing IFRS 9	$ 849.00 + HST	$ 899.00 + HST	$1,099.00 + 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 (   ) ____________________

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 September 11, 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.