



Joint Vienna Institute (JVI)

Course on

**Asset Classification and Provisioning
from Prudential and IFRS Perspectives**

Vienna, Austria, July 20–24, 2015

Program

Monday, July 20, 2015

9:30 a.m.-10:00 a.m.	Administrative Briefing <i>By Yuriy Makovetsky, Program Officer, JVI</i>
10:00 a.m.-10:30 a.m.	Welcome and Introduction by Instructors <i>By Mr. Norbert Funke, JVI Director, By Ellen Gaston, Antonio Pancorbo, Susan Thetford, Juan del Busto</i>
10:30 a.m.–11:00 a.m.	Coffee Break—Group Photo
11:00 a.m.–12:30 p.m.	Bank Credit as Macro- and Micro-Prudential Concerns <p>This session discusses bank credit as macro- and micro-prudential concerns, presents the commonly accepted policy response, particularly from its microprudential angle, and introduces international standards on banks’ and supervisors’ expectations regarding management, classification, and provisioning of bank credit exposures.</p> <i>By Antonio Pancorbo</i>
12:30 p.m.-2:00 p.m.	Lunch Break

2:00 p.m.–3:15 p.m.	IFRS Introduction <p>Overview of ongoing IFRS projects, IAS/IFRS related to impairment loss recognition, and accounting convergence issues.</p> Overview of Supervisory Roles in Provisioning in Countries Implementing IFRS <p>Overview of supervisory roles in balancing accounting and prudential requirements, balancing provisioning and capitalization, and dealing with common provisioning issues in countries implementing IFRS (a continued discussion of these issues will take place on Thursday morning).</p> <p><i>By Ellen Gaston</i></p>
3:15 p.m.–3:30 p.m.	Coffee Break
3:30 pm–5:00 pm	Categorization of Credits: A Supervisory Approach <p>Overview of some supervisory approaches to deal with the identification of impaired assets. The presentation will be based on the European exercise of “Asset Quality Review.” The current Spanish requirements to identify troubled loans will be discussed as a particular country case.</p> <p><i>By Juan del Busto</i></p>
6:00 p.m.–7:30 p.m.	Evening City Tour

Tuesday, July 21, 2015

9:00 a.m.–10:00 a.m.	IAS 39 and IFRS 9—Classification and Measurement <p>Classification, reclassification, measurement, and comparison between the two standards. Supervisory implications will also be discussed</p> <p><i>By Susan Thetford</i></p>
10:00 a.m.–10:30 a.m.	Coffee Break
10:30 am.–12:30	Measurement of Loan Loss Provisions: A Supervisory Approach. <p>Overview of some supervisory approaches to measure the impairment of troubled assets.</p> <p><i>By Juan del Busto</i></p>
12:30 p.m.–2:00 p.m.	Lunch Break
2:00 p.m.–3:30 p.m.	IAS 39— Impairment Loss Recognition <p>Requirements for recognizing impairment, application of estimating future cash flows, implications of the effective interest method concept, impairment measurement on a collective basis, estimating losses for off-balance sheet exposures, and accounting and valuation for foreclosed assets.</p> <p><i>By Susan Thetford</i></p>
3:30 p.m.–4:00 p.m.	Coffee Break
4:00 p.m.–5:30 p.m.	IAS 39—Hands-on Exercises <p>Exercise: Impairment and interest income for restructured loans. Case Study: Part 1 – Impairment under IAS 39 for individual loans and loans assessed on a collective basis.</p> <p><i>Facilitators: Susan Thetford</i></p>

Wednesday, July 22, 2015

9:00 a.m.–10:30 a.m.	IFRS 9—Credit Loss Recognition Scope of IFRS 9 as it relates to impairment of financial assets and comparison to the scope of IAS 39. Credit losses, 12-month expected credit losses, and lifetime expected credit losses. Determining when credit risk of a loan increases ‘significantly’. Three ‘stages’ of financial assets in applying the IFRS 9 impairment model. Recognition of interest income after impairment, collective assessments of assets, and modified (restructured) loans. Loan commitments and financial guarantee contracts. <i>By Susan Thetford</i>
10:30 a.m.–11:00 a.m.	Coffee Break
11:00 a.m.–12:30 p.m.	IFRS 9—Hands-on Exercises (case studies) Exercise: Interest income on impaired loan. Case Study: Part II - Impairment under IFRS 9 for individual loans and loans assessed on a collective basis. <i>Facilitators: Susan Thetford</i>
12:30 p.m.–2:00 p.m.	Lunch Break
2:00 p.m.–3:00 p.m.	Supervisory Classification and Provisioning—International Practice Purposes and uses of a supervisory classification system. Current practices in different countries. <i>By Antonio Pancorbo</i>
3:30 p.m.–5:30 p.m.	Provisioning under a Supervisory Perspective: Hands-on Exercise A continuation of the previous sessions, regarding supervisory provisioning with hands-on exercises and practices. <i>By Juan del Busto</i>
5:30 p.m.–5:40 p.m.	The case study for the last session on Friday will be distributed and the groups set up.

Thursday, July 23, 2015

9:00 a.m.–11:00 a.m.	Supervisory Roles in Dealing with Common Provisioning Issues in Countries Implementing IFRS Participants will be divided into groups and given a set of questions on how supervisors should deal with common provisioning issues in countries implementing IFRS. Each group will present their answers before the instructor go over the issues. <i>By Ellen Gaston</i>
11:00 a.m.–11:30 a.m.	Coffee Break
11:30 a.m.–12:30 p.m.	Tour de Table—Presentations by Participants Participants should be prepared to discuss their country’s current problem loans and provisioning regime. (The discussion can be introduced by a Power-Point presentation by one of the participants). <i>Facilitator: Antonio Pancorbo</i>
6:30 p.m.	Departure to the Farewell Dinner

Friday, July 24, 2015

- 9:00 a.m.–10:30 a.m. **Wrapping up Implementation Issues of the Supervisory Approach for Asset Classification and Provisioning.**
- Some issues related to the implementation of a supervisory approach for classification and provisioning will be highlighted. Participants will also be invited to share experiences.
- By Juan del Busto*
- 10:30 a.m.–11:00 a.m. **Coffee Break**
- 11: 00 a.m.–12:30 p.m. **Final Discussion Based on the Outcomes of Country Case Study**
- In this final session, participants will be asked to present and comment by groups the results of the case study distributed on Wednesday on asset classification and provisioning which has to be resolved based on participants' own national regulatory standards.
- Facilitators: Ellen Gaston, Antonio Pancorbo, Susan Thetford, Juan del Busto*
- 12: 30 p.m.–1:00 p.m. **Closing Session/Graduation**
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