



Expected Credit Losses



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Course Overview

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Analyze the IFRS and US GAAP approaches to accounting for expected credit losses



Calculate **expected credit loss provisions**

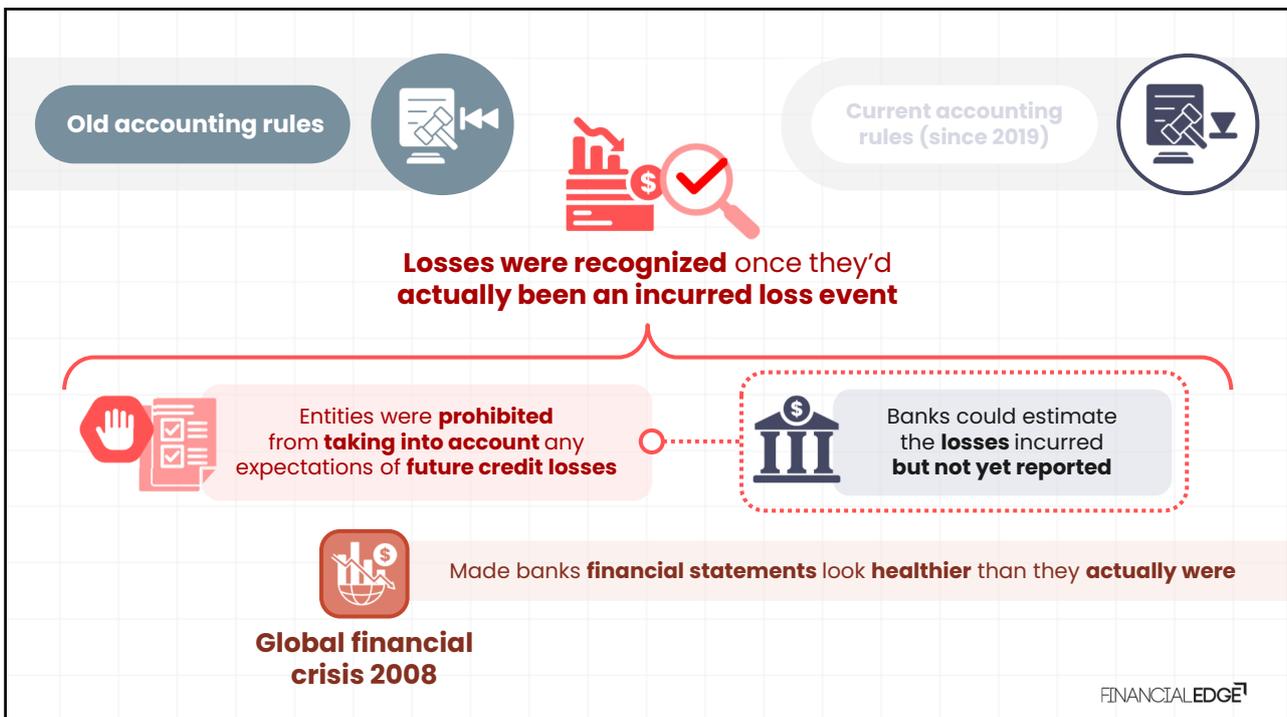
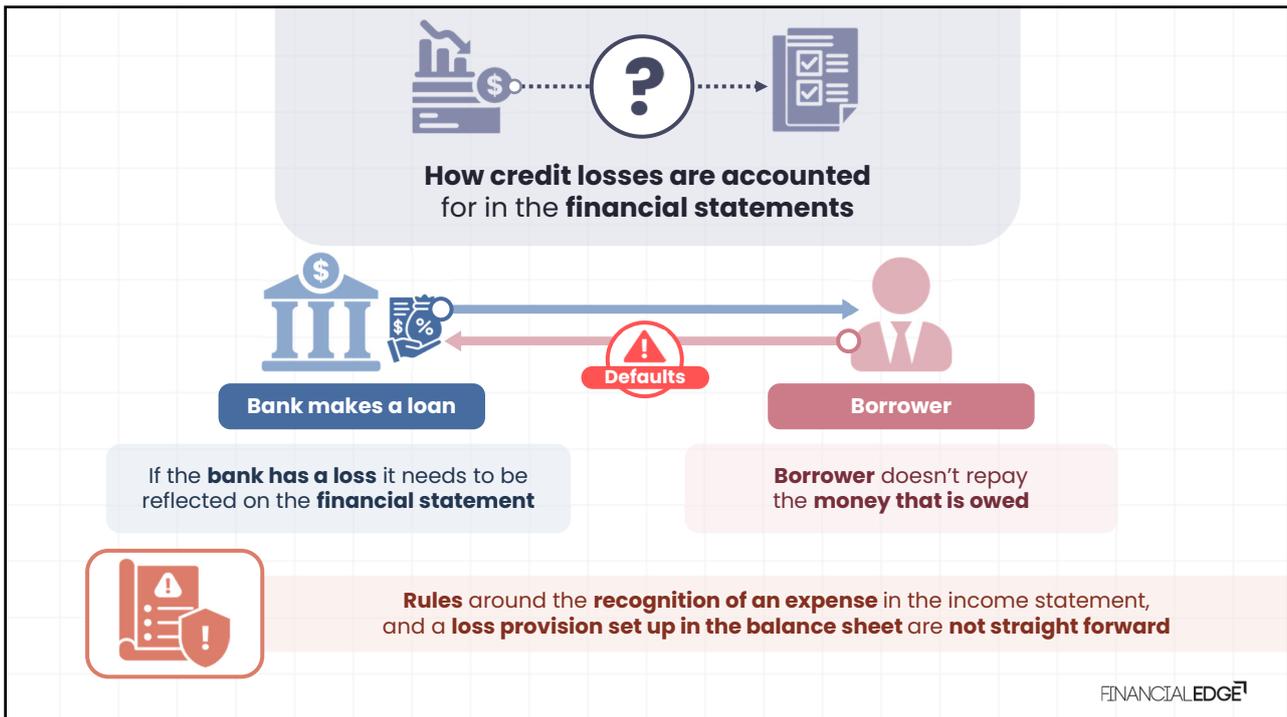


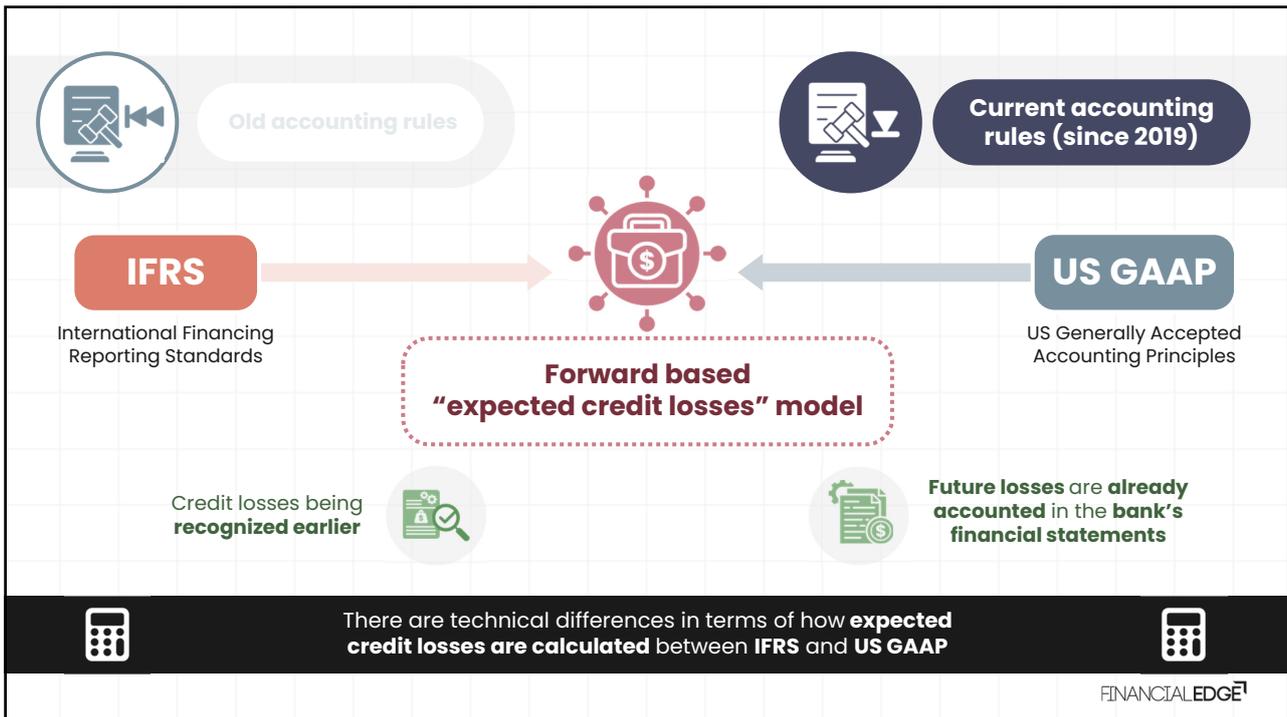
Calculate **net interest margin** after accounting for expected credit loss provisions



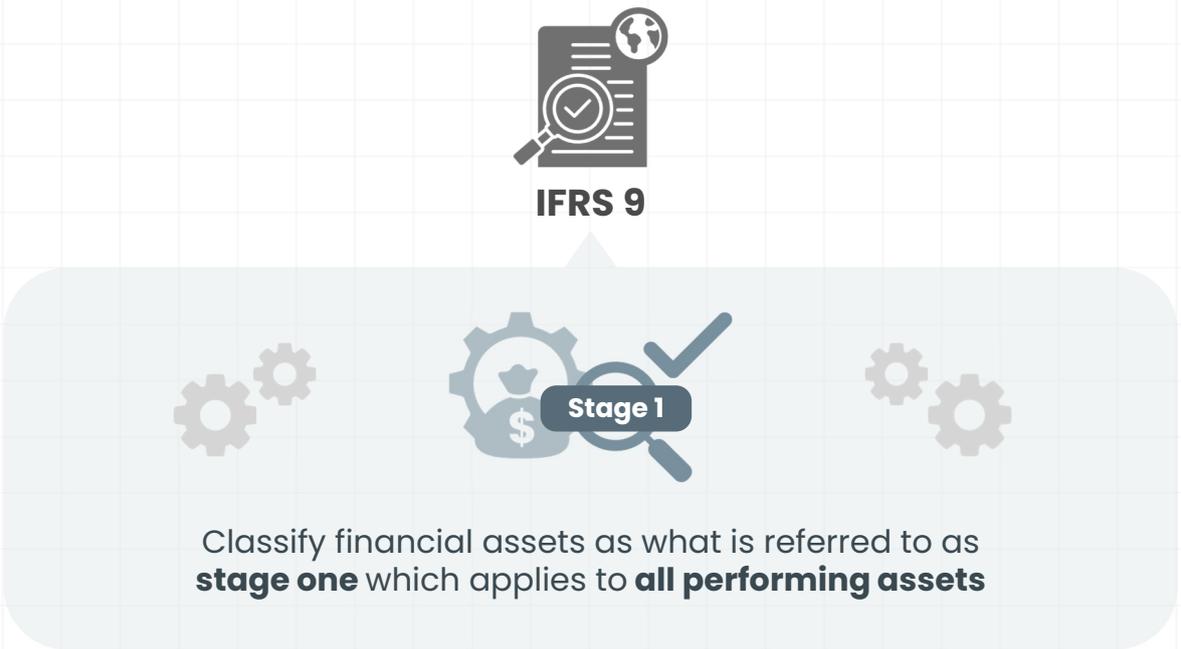
Identifying the accounting transactions required when posting expected credit loss provisions

Expected Credit Losses – Overview





IFRS Expected Credit Losses – Overview

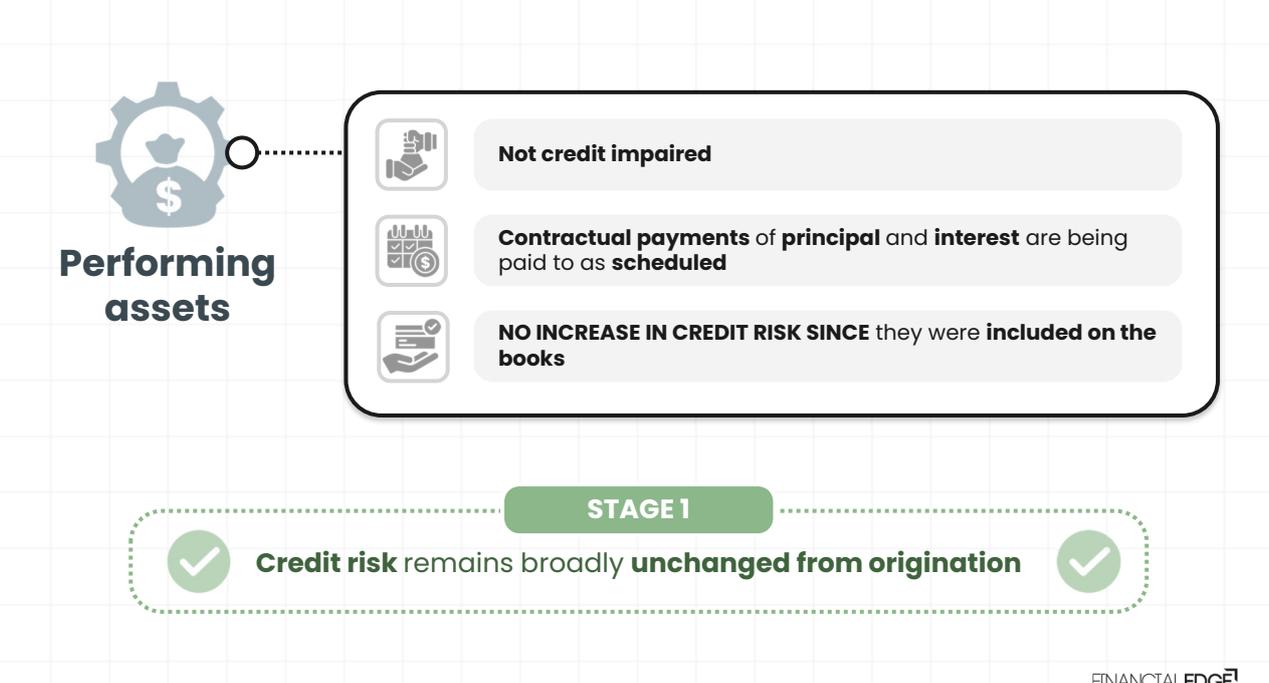


IFRS 9

Stage 1

Classify financial assets as what is referred to as **stage one** which applies to **all performing assets**

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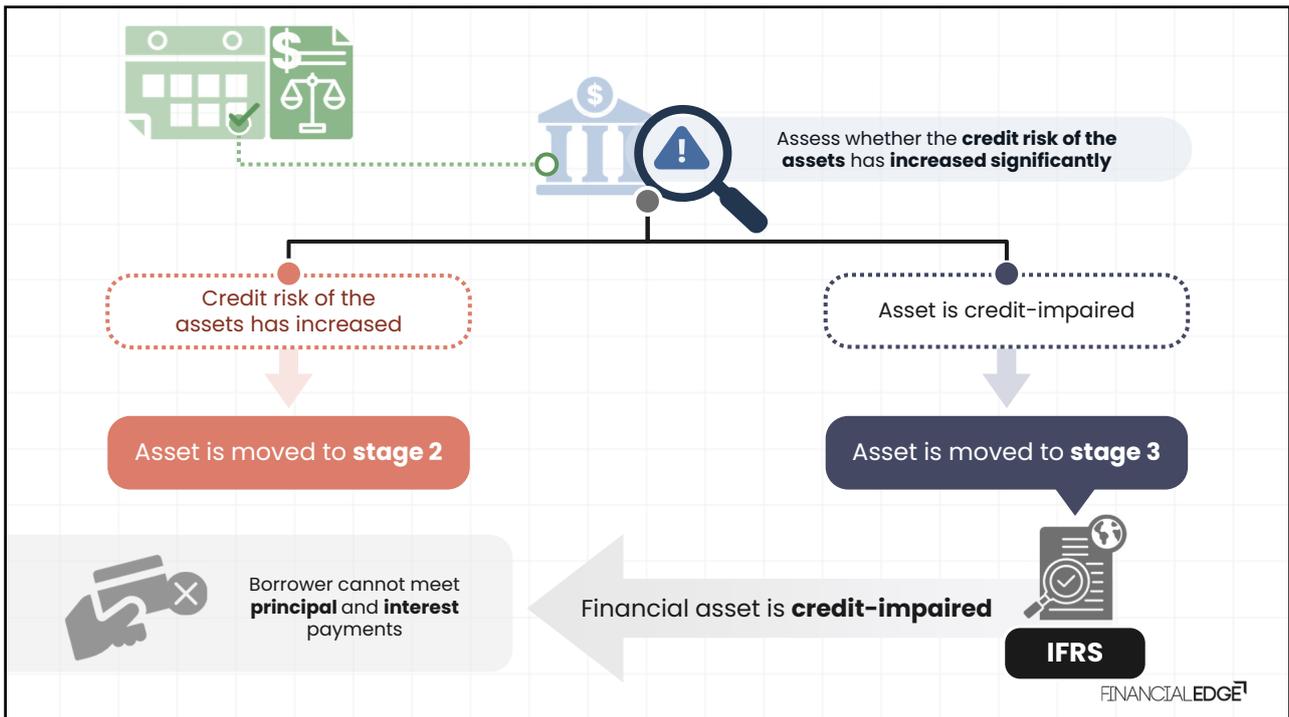
Performing assets

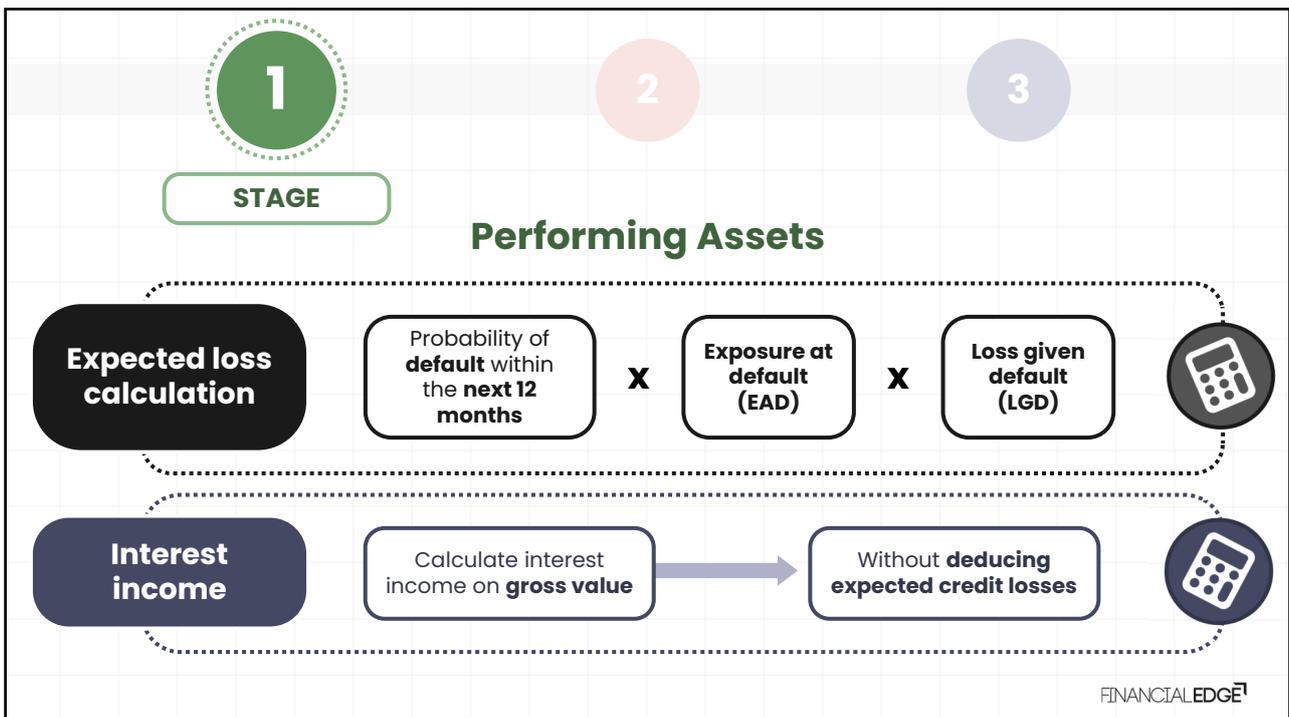
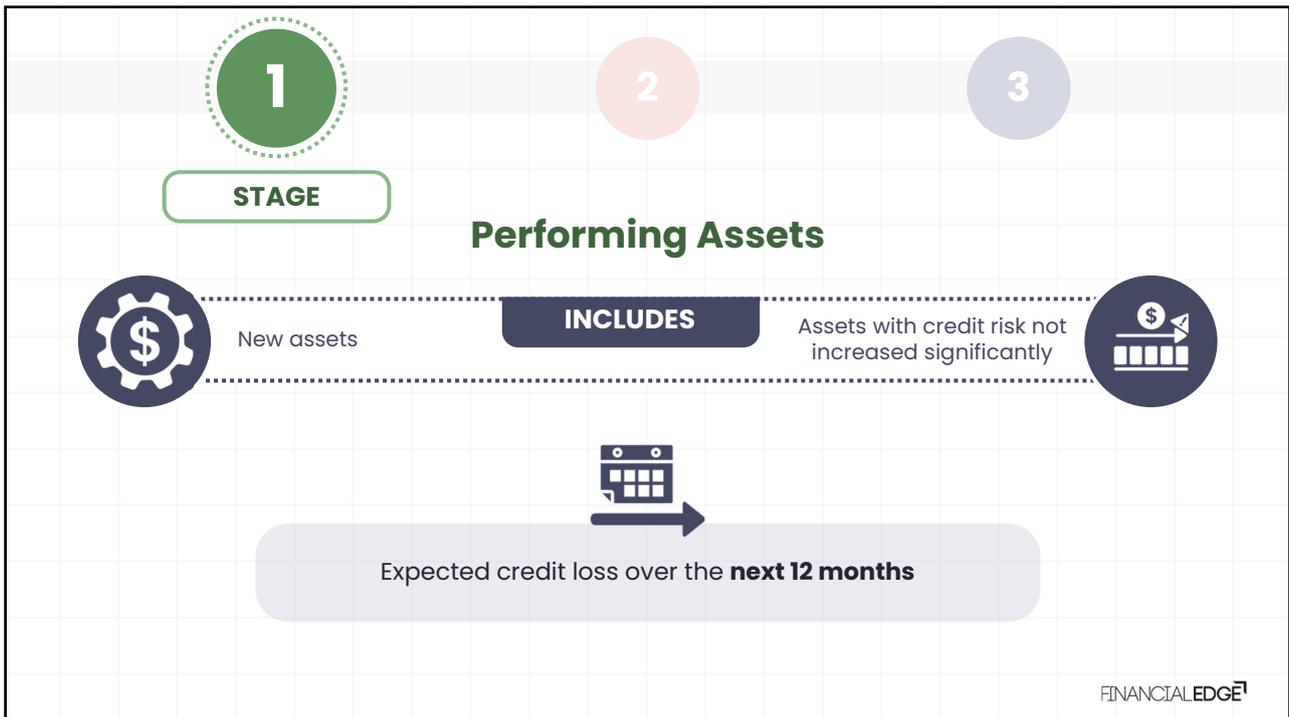
-  **Not credit impaired**
-  **Contractual payments of principal and interest** are being paid to as **scheduled**
-  **NO INCREASE IN CREDIT RISK SINCE** they were **included on the books**

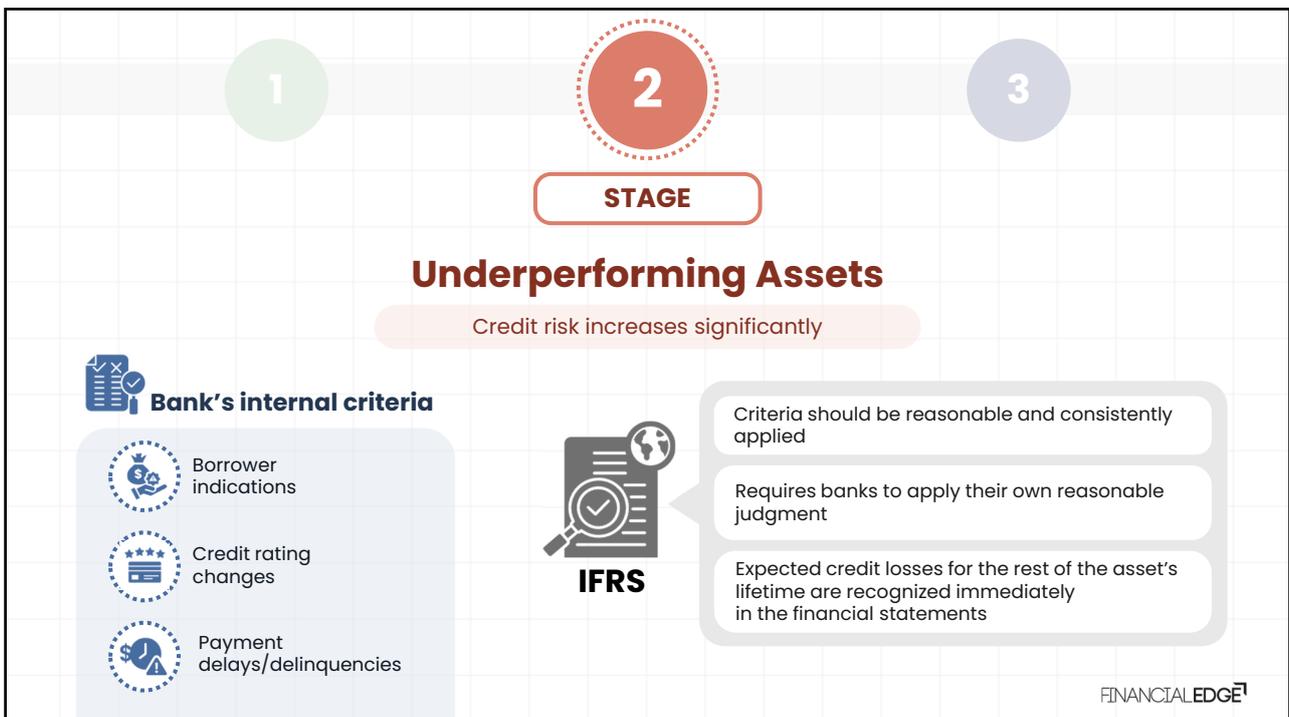
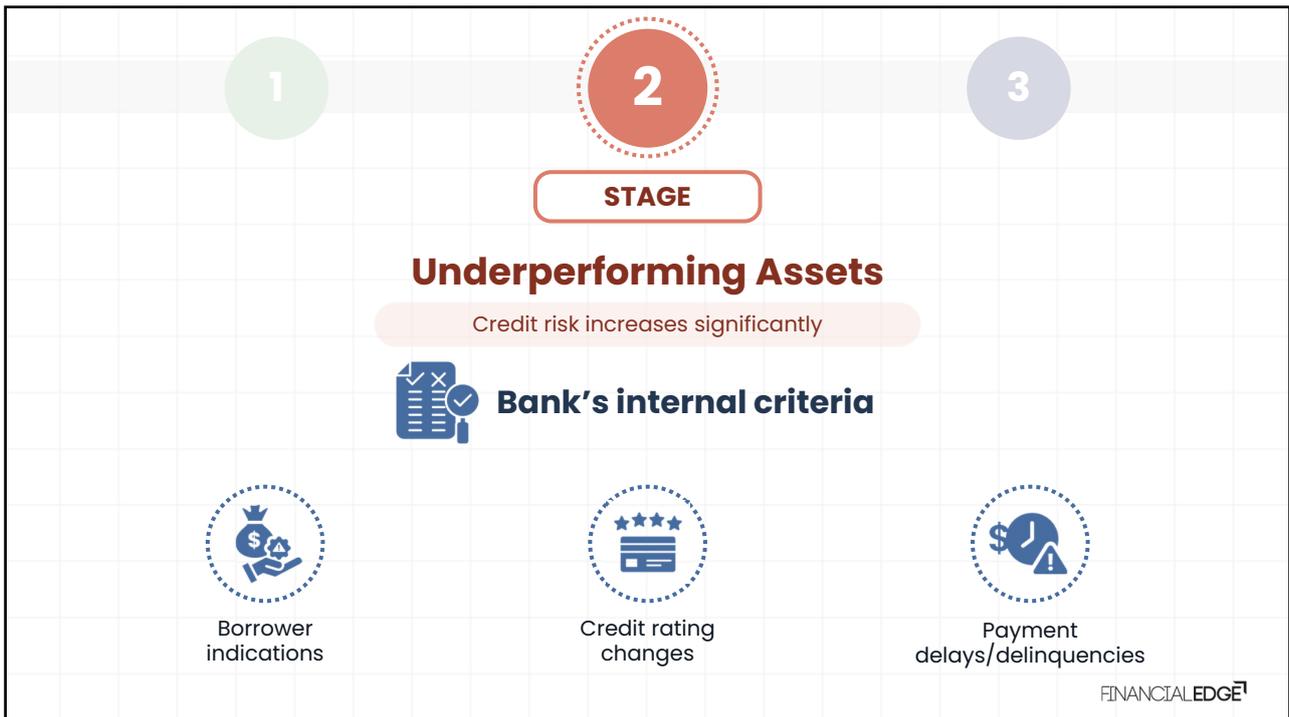
STAGE 1

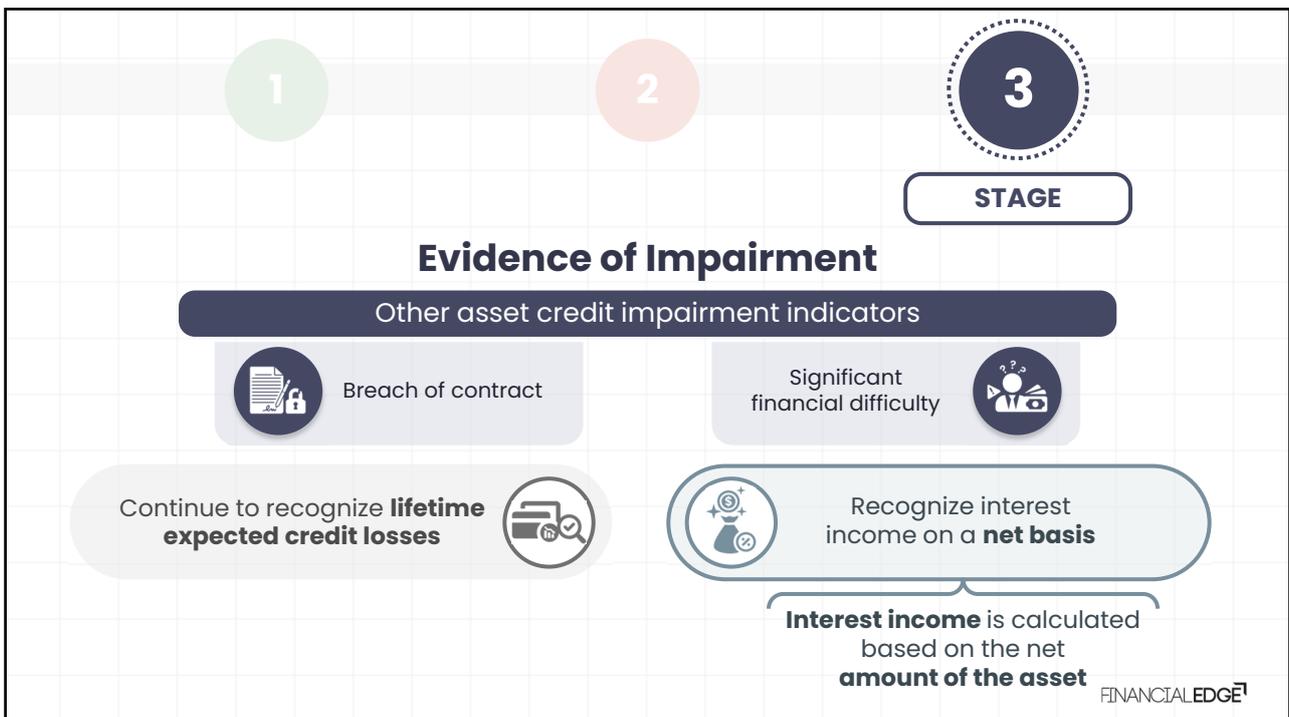
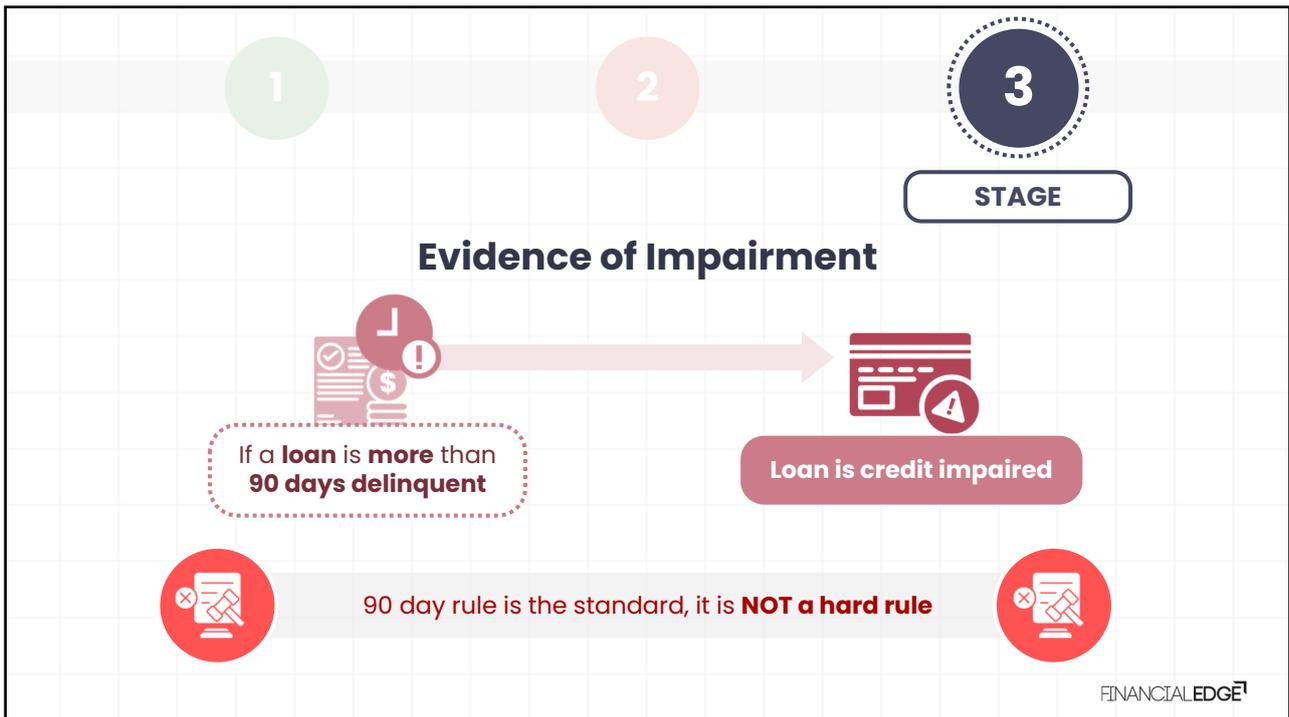

Credit risk remains broadly **unchanged from origination**


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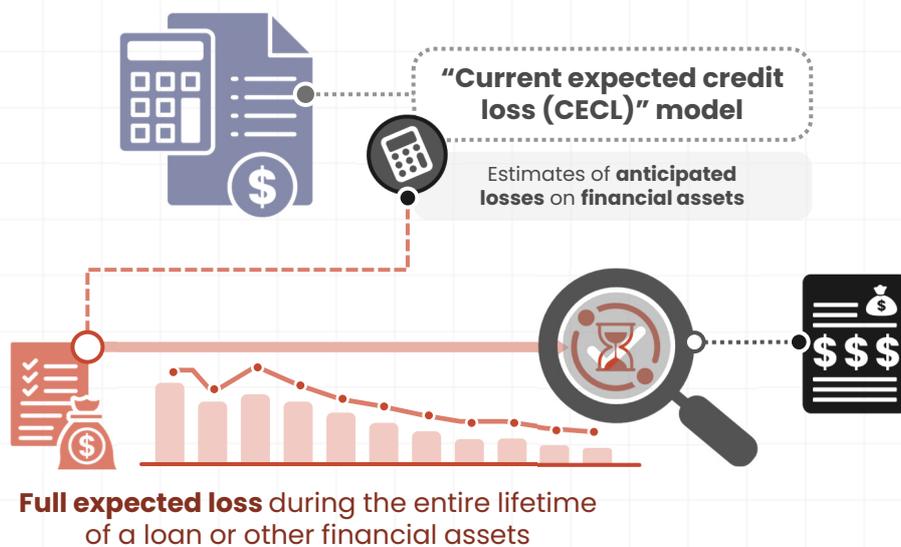


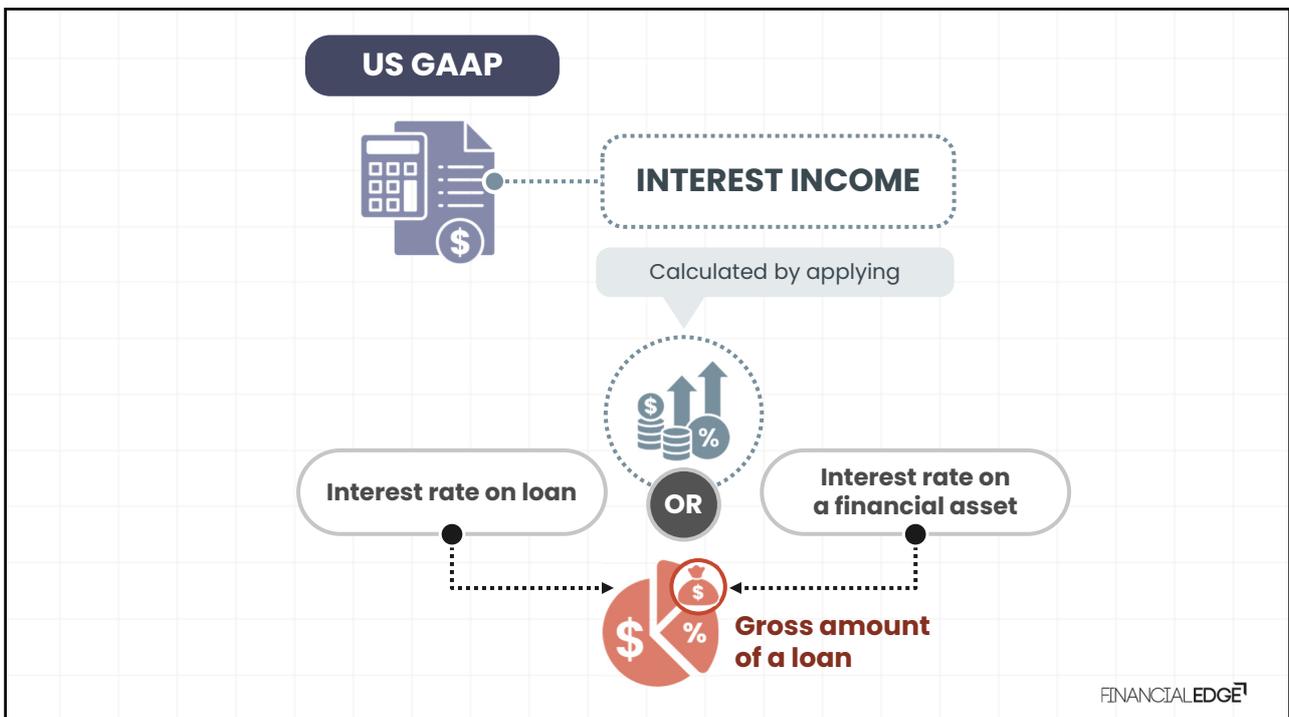
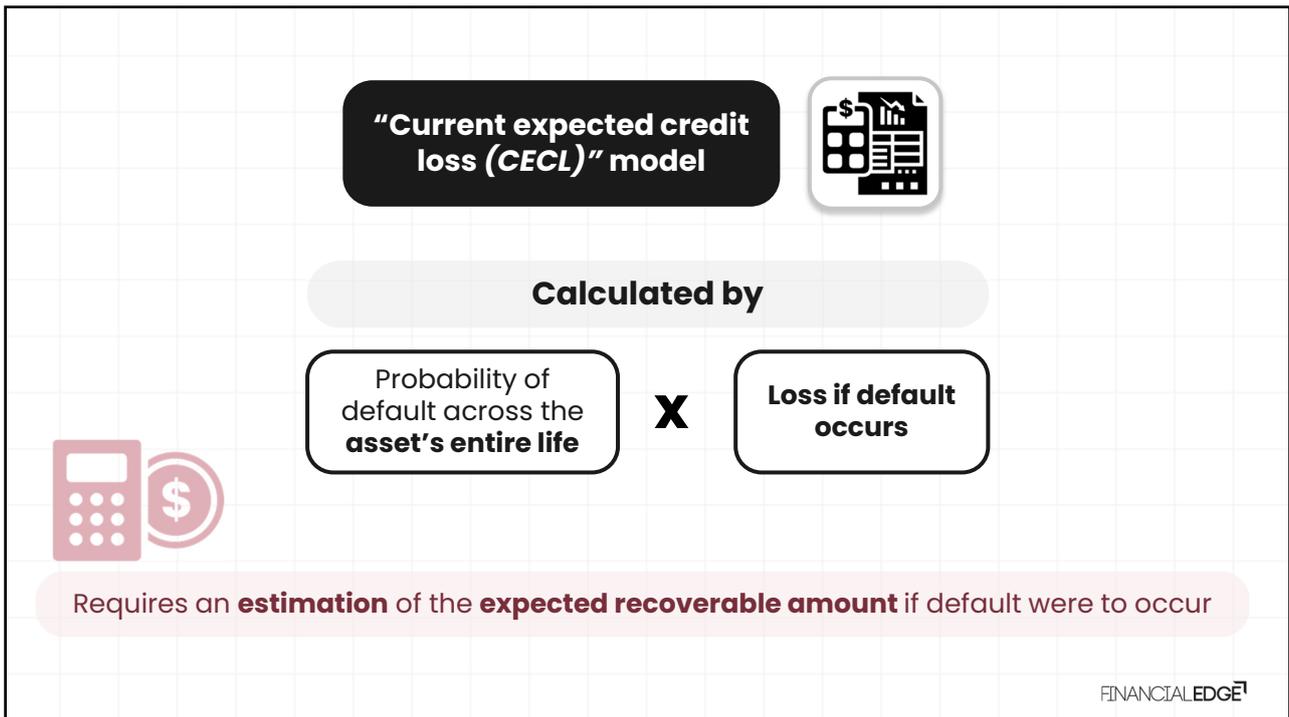




US GAAP Current Expected Credit Losses – Overview

US GAAP credit losses





US GAAP Current Expected Credit Losses – Overview

