IFRS 9
Enterprise solution of the year
ECL modelling solution of the year

Moody's Analytics

The credit loss and impairment analysis demanded by the International Financial Reporting Standard (IFRS) 9 and Current Expected Credit Loss (CECL) accounting standards requires appropriate data, risk parameters and models, and a platform to perform the calculations in an automated manner. The parameters include default, recovery, market scenarios and forecasts, while the models must represent the institution's portfolio asset coverage. Moody's Analytics integrates comprehensive data, models, economic forecasts and scenarios, supported with advisory services, to provide an enterprise-wide solution for IFRS 9 and CECL.

Granular data provided by the platform includes extensive private and public firm coverage (listed and unlisted), credit risk recovery and default data for different asset classes including project finance and commercial real estate, loan-level consumer credit and structured credit data, economic, demographic and financial data for 180 countries and sub-regions, and detailed economic forecasts and scenarios for more than 70 countries, updated monthly.

The suite of models covers agriculture, sovereign, commercial/wholesale, retail/consumer, structured credit/cashflow portfolios and public firms. Based on industry best practices, the models are transparent, auditable and flexible. Users can create hybrid models based on their own and Moody's Analytics' data, while the company's risk and finance consultants can develop custom models for specific asset classes. All

Cristian deRitis, Moody's Analytics

Moody's Analytics models and data are covered by governance and validation frameworks. Backtesting and data quality checks are fully documented with each update of the data or model.

Moody's Analytics' ImpairmentCalc solution for IFRS 9 offers multiple upside and downside scenarios that are probability weighted based on the company's understanding of the global economy and potential threats. The scenarios extend through long-time horizons to satisfy IFRS 9 lifetime requirements. Forecasts and alternative scenarios are available for more than 70 countries, based on an integrated global forecast model. The company provides a fully documented methodology and scenario narrative assumptions, and IFRS 9 scenarios can be linked to other business analyses, such as stress testing and the Internal Capital Adequacy Assessment Process, for consistency and commonality across an organisation.

A new web-based feature allows clients to create custom scenarios for IFRS 9. Data is provided for developing and running new scenarios without requiring customer support assistance, with extensive documentation for clarity and auditability.

Moody's Analytics provides a methodology for the staging of assets according to their exposure to credit loss as required by IFRS 9. The methodology helps clients assess the quality of deals in their portfolios and assign them to stages 1, 2 or 3 as appropriate. Multiple levels of analysis and assessment are performed to provide consistency and manage volatility.

ImpairmentCalc is a robust and flexible solution for IFRS 9 that can accommodate the size and needs of most financial institutions. Users range from small firms with 20 names in their portfolios to large Tier 1 firms. Clients can transition from a more manual solution for small portfolios to an automated solution as their firm or portfolio grows, with information and tools for the transition provided as part of the customer service programme.

The platform can be implemented either standalone or integrated with a client's infrastructure, including internal accounting systems. Installation can be on-premises or cloud-based. ImpairmentCalc will accept custom inputs along with data and models provided with the platform. For example, a client can take its own default data and expand it with data from Moody's Analytics to create custom models for each asset class. Reporting for business intelligence, attribution analysis and financial disclosures is supported, with automated analysis of allowance volatility over multiple reporting dates.

ImpairmentCalc can also be integrated with other Moody's Analytics solutions to provide wider business usage. Examples include integration with RiskFrontier for the assessment of earnings volatility while analysing internal risk capital, or with Capital Risk Analyser for conducting IFRS 9 forecasting and stress testing, or with RiskConfidence for asset and liability management.

Judges said:

"There are lots of challenges in IFRS 9 compliance. Moody's Analytics attempts to address each of them."

"A comprehensive solution to IFRS 9 and expected credit loss."

"Moody's Analytics offers global coverage with jurisdictional nuances well documented, which is attractive to clients with broad geographic footprints."

Cristian deRitis, deputy chief economist at Moody's Analytics, says:

"With new accounting compliance standards in place, financial institutions need tools to effectively measure and report on the future performance of their portfolios and business. Moody's Analytics solutions and advisory services strengthen firms' ability to generate and measure their expected credit losses. To meet the unique needs of institutions of all sizes, we provide a comprehensive suite of modular and flexible solutions. Our data, forecasts, economic scenarios, models and portfolio management platforms enable clients to apply the IFRS 9 and CECL standards, while managing risks more effectively and improving the performance of their business." ■

Thank You

Your confidence in Moody's Analytics recently earned us six wins in the 2019 Risk Technology Awards:

» Bank ALM System of the Year

» Credit Data Provider of the Year

» Wholesale Credit Modelling Software of the Year

» Enterprise Wide Stress-Testing Product of the Year

» IFRS 9 – Enterprise Solution of the Year

» IFRS 9 – ECL Modelling Solution of the Year

Visit us today at moodysanalytics.com to find out more.

Risk Technology Awards 2019 **Winner** | Moody's Analytics Bank ALM system of the year

Risk Technology Awards 2019 **Winner** | Moody's Analytics Credit data provider of the year

Risk Technology Awards 2019 **Winner** | Moody's Analytics IFRS 9 ECL modelling solution of the year

Risk Technology Awards 2019 **Winner** | Moody's Analytics IFRS 9 Enterprise solution of the year

Risk Technology Awards 2019 **Winner** | Moody's Analytics Enterprise-wide stress-testing product of the year

Risk Technology Awards 2019 **Winner** | Moody's Analytics Wholesale credit modelling software of the year

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