IFRS 9 Financial Instruments: Classification, Expected Credit Loss and Hedge Accounting

9 – 13 November 2026
London - Central London four-star

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Introduction:

Financial instruments generate some of the largest estimates in a balance sheet, and weak classification decisions or unsupported expected credit loss allowances are a frequent source of audit findings and restated figures. IFRS 9 Financial Instruments: Classification, Expected Credit Loss and Hedge Accounting is a five-day, single-standard deep dive delivered by Core Concept for corporates and banks. It works through the business model and SPPI tests, effective interest calculations, the three-stage impairment model, modification, derecognition, hedge accounting and IFRS 7 disclosures. Participants build an IFRS 9 Accounting Policy and ECL Methodology File for their own portfolio.

Course Objectives:

- Classify financial assets and financial liabilities into IFRS 9 measurement categories using documented business model and SPPI assessments.
- Build effective interest rate schedules and measure instruments at amortised cost, fair value through OCI and fair value through profit or loss.
- Design an expected credit loss methodology covering staging, significant increase in credit risk, forward-looking scenarios and the simplified approach.
- Account for contract modifications, derecognition of transferred assets and basic fair value and cash flow hedge relationships.
- Prepare IFRS 7 credit risk, allowance movement and hedging disclosures that reconcile to the underlying ledgers.
- Assemble an IFRS 9 Accounting Policy and ECL Methodology File supported by judgement memos and audit evidence.

Target Audience:

- Financial reporting managers responsible for accounting policies on loans, receivables, investments and borrowings
- Technical accounting managers who issue position papers on complex instrument terms and new transactions
- Bank finance and provisioning managers accountable for impairment allowances and staging outcomes
- Credit risk managers who supply probability of default, loss given default and exposure inputs to finance
- Treasury managers who manage investment portfolios, borrowings and hedging programmes
- Internal and external audit managers who test financial instrument balances and credit loss estimates

Course Outline:

Day 1: IFRS 9 Scope, Recognition and the Measurement Category Map

- IFRS 9 Scope Boundaries: Loan Commitments, Financial Guarantee Contracts and Own-Use Exemption
- Initial Recognition, Trade Date Versus Settlement Date and Transaction Cost Treatment
- Measurement Category Map: Amortised Cost, FVOCI Debt, FVOCI Equity Election and FVTPL
- Financial Liability Classification and Own Credit Risk Changes Presented in OCI
- Instrument Inventory Template Mapping Existing Portfolios to IFRS 9 Categories

Day 2: Business Model, SPPI and Measurement Mechanics

- Business Model Assessment: Hold to Collect, Hold to Collect and Sell, and Trading Portfolios
- Portfolio Sales Log: Frequency, Value and Timing Analysis of Disposals
- SPPI Test Walkthrough: Prepayment Options, Modified Time Value and Contingent Features
- Effective Interest Rate Build: Fees, Premiums and Amortisation Schedules in Excel
- Fair Value Option, Accounting Mismatch and Embedded Derivatives in Financial Liabilities

Day 3: Expected Credit Loss Model in Practice

- Three-Stage General Approach: Twelve-Month Versus Lifetime Allowance and Interest Revenue Basis
- SICR Criteria: Lifetime Default Risk Comparison, Days Past Due Backstop and Low Credit Risk Exemption
- PD, LGD and EAD Inputs with Probability-Weighted Forward-Looking Scenarios
- Simplified Approach Provision Matrix from Aged Receivables Loss Rate History
- Credit-Impaired Assets, Default Definition and Purchased or Originated Credit-Impaired Instruments

Day 4: Modification, Derecognition, Hedge Accounting and IFRS 7

- Modified Cash Flows: Gross Carrying Amount Recalculation and Substantial Modification Tests
- Derecognition Decision Tree: Transfer of Rights, Risks and Rewards and Continuing Involvement
- Hedge Accounting Basics: Fair Value, Cash Flow and Net Investment Hedge Models
- Hedge Documentation, Economic Relationship, Hedge Ratio and Rebalancing Records
- IFRS 7 Disclosure Set: Credit Quality Tables, Allowance Reconciliation and Hedging Notes

Day 5: Corporate and Bank Implementation Case Work

- Corporate Case: Provision Matrix Model for a Distribution Business Receivables Ledger
- Bank Case: Stage Migration Analysis and Management Overlay Review for a Loan Book
- Implementation Issues Log: Data Gaps, Model Governance and Post-Model Adjustments
- Audit Evidence Pack: Judgement Memos, Sensitivity Runs and Back-Testing Results
- Peer Review of the IFRS 9 Accounting Policy and ECL Methodology File

Skills You Will Gain:

- SPPI Contract Analysis
- Business Model Documentation
- Effective Interest Modelling
- Credit Staging Judgement
- Forward-Looking Scenario Weighting
- Derecognition Assessment
- Hedge Relationship Documentation
- Financial Instrument Disclosure Drafting

Why Attend This Course:

- Return with an IFRS 9 Accounting Policy and ECL Methodology File tailored to your own receivables, loans or investment portfolio.
- Resolve contested classification and staging judgements before auditors raise them, using worked memos and sensitivity evidence.
- Build working provision matrix and effective interest models that can be reused at each reporting date.
- Compare how corporates and banks apply the same standard, working alongside peers from treasury, credit and audit functions.

Conclusion:

IFRS 9 rewards teams that document their judgements as carefully as they calculate their numbers. Over five days the course moves from scope and measurement categories, through business model, SPPI and effective interest mechanics, to the expected credit loss model and then to modification, derecognition, hedge accounting and IFRS 7 disclosures. The final day applies this work to corporate and bank cases and produces an IFRS 9 Accounting Policy and ECL Methodology File that supports the next reporting cycle and audit.