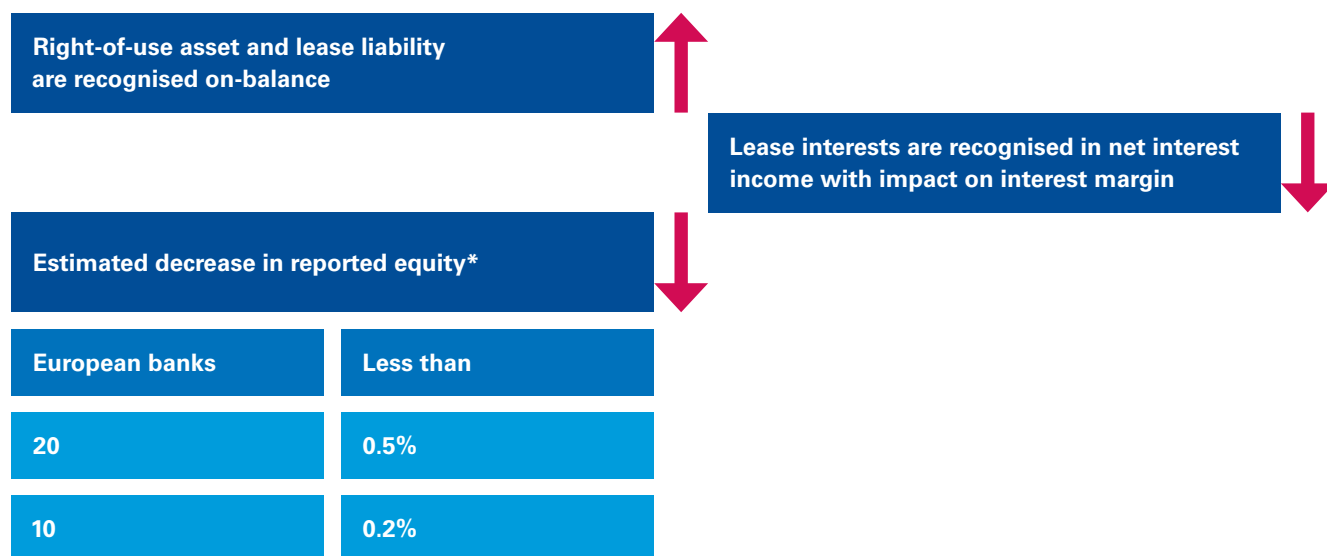




IFRS 16 – The big shift of lease contracts

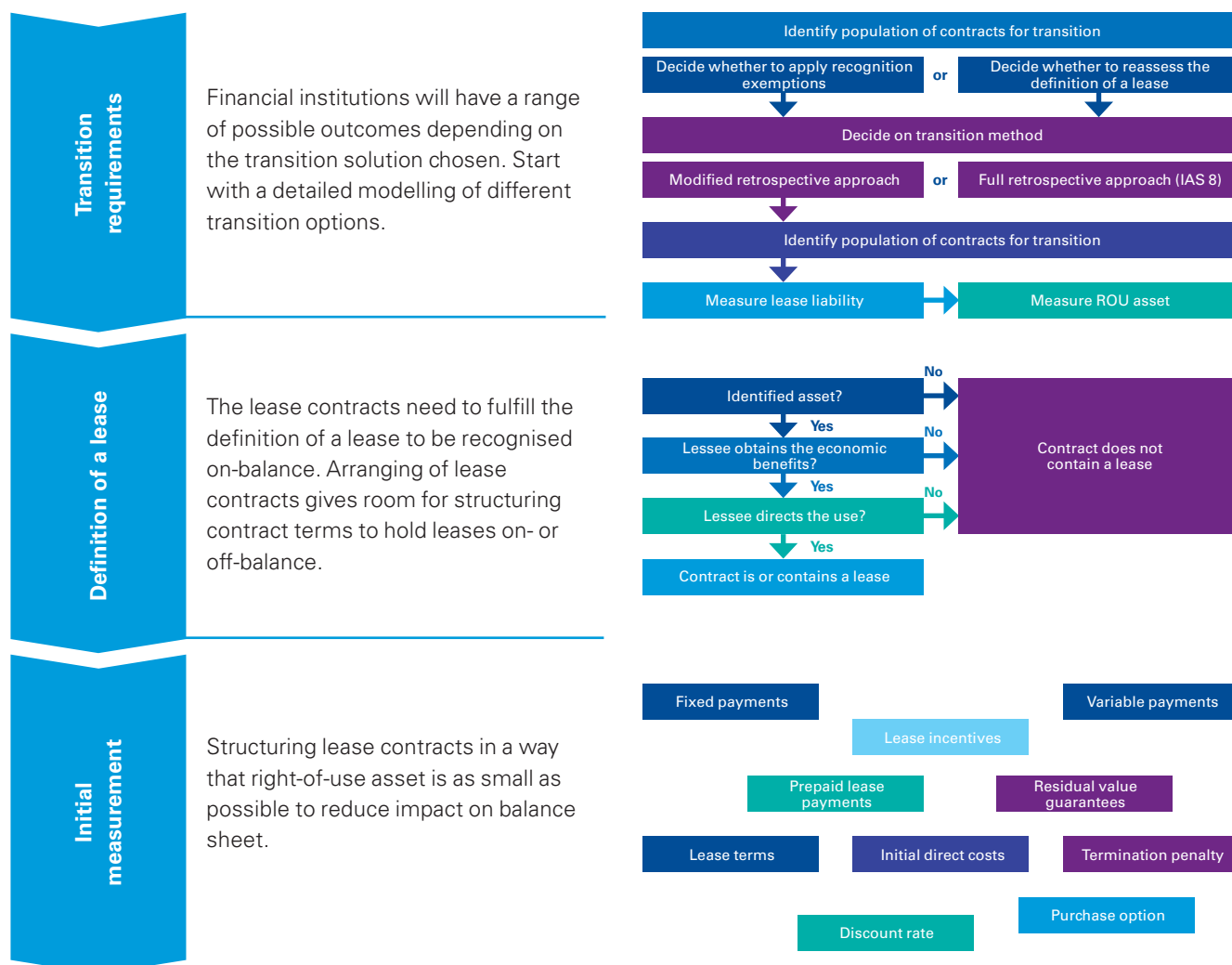
Financial Services

Issues arising with IFRS 16 for banks

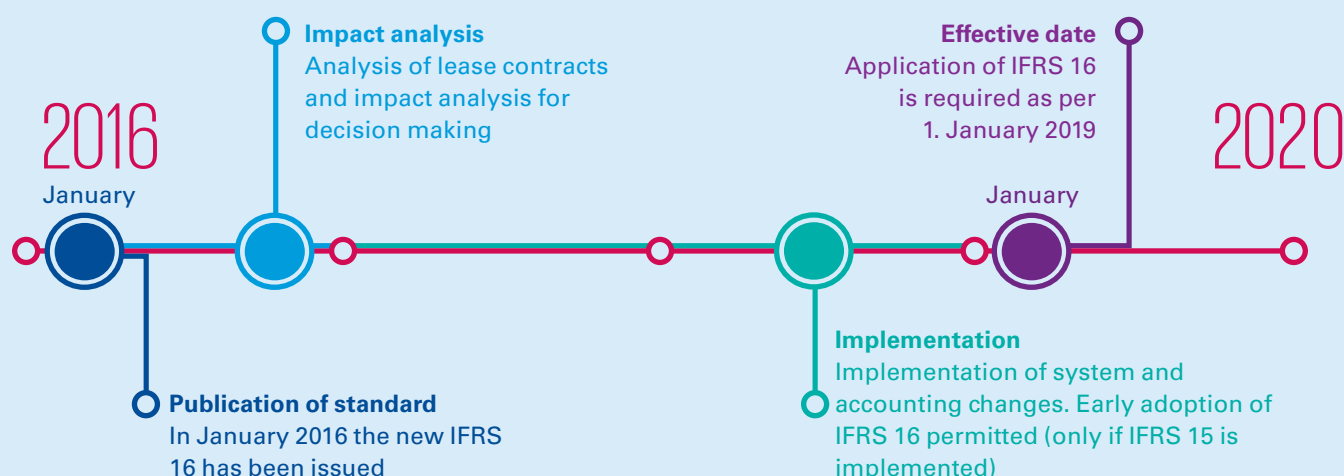


* Analysis performed by IASB on a sample of 20 European banks

How can the bank manage the impact?



Proposed project timeline



Objectives	Key activities and methodology	Outputs
<ul style="list-style-type: none"> Assess and understand potential impact on reported equity Provide decision-making basis for transition approach Early involvement of senior management that they are aware of challenges posed by IFRS 16 implementation Develop detailed plan for phase II and III 	<p>Impact on balance sheet</p> <ul style="list-style-type: none"> Identify population of contracts for transition: <ul style="list-style-type: none"> Evaluate whether to apply recognition exemption Evaluate whether to reassess definition of a lease Decision on transition method <ul style="list-style-type: none"> Population due within 12 months Practical expedient for right-of-use assets / lease liabilities Impact on balance sheet based with numbers available <p>Gap analysis</p> <ul style="list-style-type: none"> Gap analysis of available data, processes and IT systems to requirements under IFRS 16 Review of internal documentation (policies, guidelines, manuals etc.) <p>Decision</p> <ul style="list-style-type: none"> Comparison of transition approaches Structuring of lease contracts to have contracts that are not in scope of a lease or to reduce amount of right-of-use assets on-balance 	<ul style="list-style-type: none"> High-level overview of data requirements and systems impacted by changes to accounting treatment Hot spot / interdependencies on other areas, including required capital Initial quantitative analysis of opening balance sheet

Next steps: Management of design and implementation process

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Notes

Contacts

KPMG AG

Badenerstrasse 172
PO Box
CH-8036 Zurich

Patricia Biemann

Partner
Financial Services
Accounting Advisory
+41 58 249 41 88
pbiemann@kpmg.com

Petrik Leutert

Manager
Financial Services
Accounting Advisory
+41 58 249 42 07
pleutert@kpmg.com

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