

THE IFRS9 CHALLENGE:

HML'S BIG DATA-DRIVEN SOLUTION PROVIDES MORTGAGE PORTFOLIO OWNERS WITH PROVISIONING CERTAINTY



THE CHALLENGE FOR LENDERS AND SPVS

- There could be a 50% increase in impairment charges as a result of IFRS9 – and potentially more (Deloitte survey, 2014)
- Historic mortgage data will be required to carry out the new calculations
- New systems, scorecards and processes will need to be developed
- IFRS9 requires constant monitoring and reporting
- Your people may need to be upskilled



HML: A TRUSTED AND CERTAIN SOLUTION

- ✓ Our unique data pool and powerful advanced analytics mean we can provide you with an accurate view of each mortgage account's probability of default
- ✓ Our advanced analytics and historic data pool containing more than one million accounts mean we have everything we need to complete the calculations – quickly and affordably
- ✓ HML will do all of the hard work – meaning you won't need to develop new systems or processes
- ✓ All you need to do is submit a monthly account file to us



WHAT IS IFRS9?

IFRS9 is a new international accounting standard that will affect mortgage lenders and Special Purpose Vehicles (SPVs) from January 2018. It will replace IAS39.

At present under IAS39, mortgage lenders need to calculate an expected loss value for just those accounts that are impaired.

Under IFRS9, a lender must reassess the probability of any of their customers defaulting and the resulting expected losses for *all exposures* – and this will need to be carried out each reporting period.



WHY YOU NEED TO ACT NOW

- It's a big task – new data, calculations, skills, systems and processes are all needed
- Advisors suggest it could take around *three years* to get ready for the January 2018 implementation date

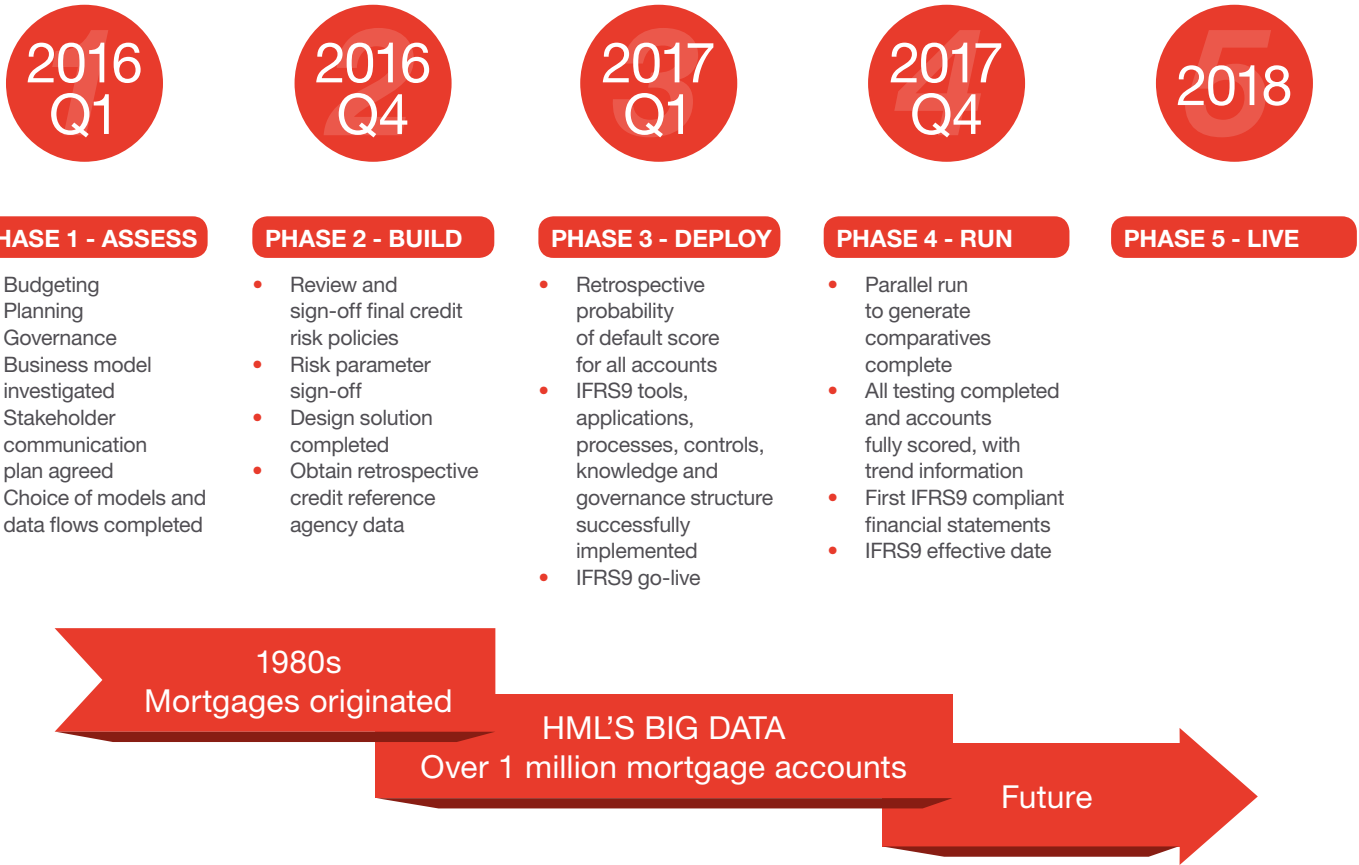
“ The new world of IFRS9 presents considerable data and operational challenges to the way assets are originated and evaluated. The mind-set shift from an incurred loss model to an expected loss model is potentially very complicated and should not be underestimated. ”

Mark Rhys, Partner, Banking and Capital Markets team at Deloitte, March 2015

To find out how HML can help you meet your IFRS9 requirements, **contact us on info@hml.co.uk or 01756 776729**

www.hml.co.uk
www.hml.ie

IFRS9 preparation timeline



HML'S BIG DATA POOL

- Over one million mortgage accounts
- 300,000 live accounts
- More than 20 years of transactional data
- Prime, near-prime and sub-prime accounts
- Proven to provide certainty of mortgage performance forecast

“ In order to have sufficient information to measure changes in asset quality, a history of measured risk is required. Advisors are suggesting a retrospective exercise could take up to *three years*. HML's data-driven solution removes this administrative headache for mortgage lenders, SPVs and other portfolio owners. ”

Damian Riley,
director of business
intelligence at HML



Computershare is a global market leader in financial administration and is already an established player in the mortgage servicing market in the US, following its acquisition of Specialised Loan Servicing.

- Established in Melbourne in 1978
- Listed on the Australian Stock Exchange since 1994
- Operates in 22 countries
- Employs 15,000 people

HML (part of the global Computershare group) is the UK and Ireland's leading third-party mortgage administration company, with over 25 years' experience. Through advanced analytics, market-leading risk and regulatory frameworks and award-winning customer service, HML can manage mortgage portfolios and maximise their value in line with changing regulation – generating positive returns for investors.

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