BLACKBIRD FOR TRAINING

Financial Instruments Accounting and IFRS S1 & S2 Sustainability Reporting for Central Banks

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Orlando, Florida (USA)

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Introduction

Central banks operate in a highly sensitive financial environment that connects financial stability, monetary policy, reserve management, regulatory oversight, and public accountability. As international standards continue to evolve and sustainability and climate-related disclosures become increasingly important, professionals in central banking need a strong understanding of financial instruments accounting alongside emerging sustainability reporting requirements.

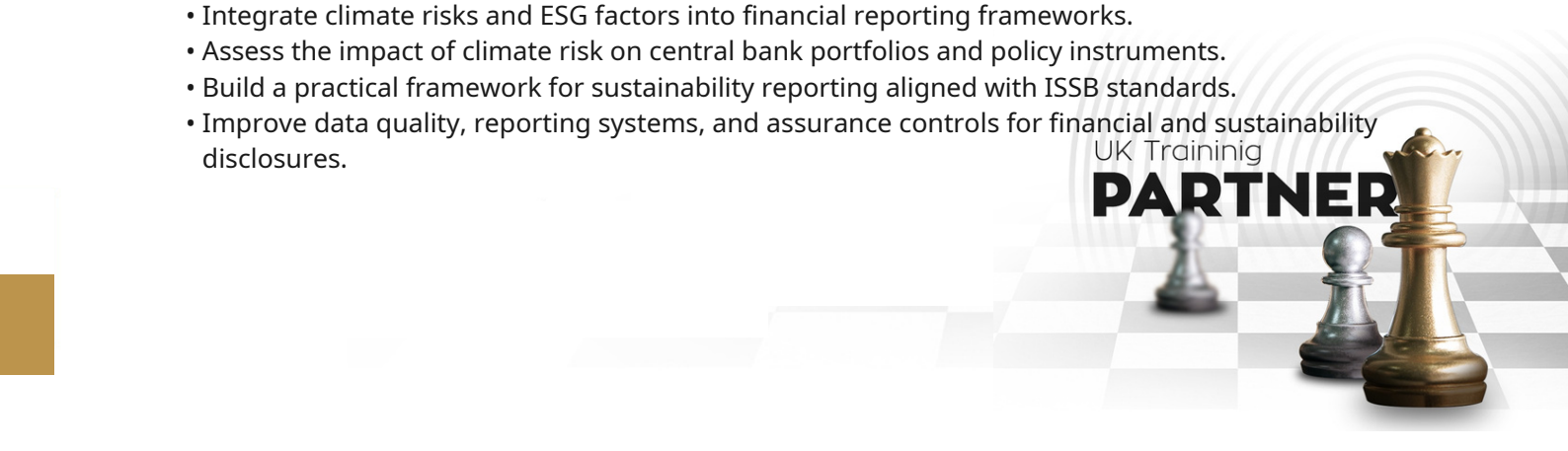
This course focuses on financial instruments accounting under IFRS frameworks, particularly classification, measurement, impairment, and risk disclosures. It also covers IFRS S1, which addresses general requirements for sustainability-related financial information, and IFRS S2, which focuses on climate-related disclosures.

The course is designed to bridge traditional financial reporting with sustainability reporting. Participants will examine how climate-related risks and ESG factors may affect central bank portfolios, monetary policy instruments, risk models, disclosures, and reporting systems. The program also supports practical alignment with global reporting frameworks, strengthening transparency, disclosure quality, and regulatory compliance.

Course Objectives

By the end of this course, participants will be able to:

- Understand the role of central banks in financial reporting, financial stability, and public accountability.
- Apply IFRS principles related to financial instruments.
- Understand recognition, classification, measurement, and derecognition of financial instruments.
- Analyze financial asset classification using business model assessment and cash flow characteristics.
- Apply subsequent measurement, fair value, and amortized cost principles.
- Understand the Expected Credit Loss model and its application in central banking contexts.
- Analyze disclosure requirements related to liquidity risk, market risk, and credit risk.
- Interpret IFRS S1 sustainability-related financial disclosure requirements.
- Apply IFRS S2 climate-related disclosure requirements.
- Integrate climate risks and ESG factors into financial reporting frameworks.
- Assess the impact of climate risk on central bank portfolios and policy instruments.
- Build a practical framework for sustainability reporting aligned with ISSB standards.
- Improve data quality, reporting systems, and assurance controls for financial and sustainability disclosures.



Course Outlines

Day 1: Foundations of Financial Reporting in Central Banks.

- The role of central banks in financial stability and institutional transparency.
- The relationship between financial reporting, monetary policy, and reserve management.
- Overview of the IFRS framework.
- The role of the IASB in developing international accounting standards.
- Introduction to financial instruments used in central banking operations.
- Key differences between IFRS and public sector reporting frameworks.
- Evolution of sustainability reporting from ESG disclosures to IFRS S1 and IFRS S2.
- Importance of linking financial reporting with sustainability reporting in public financial institutions.

Day 2: IFRS 9 Financial Instruments Classification.

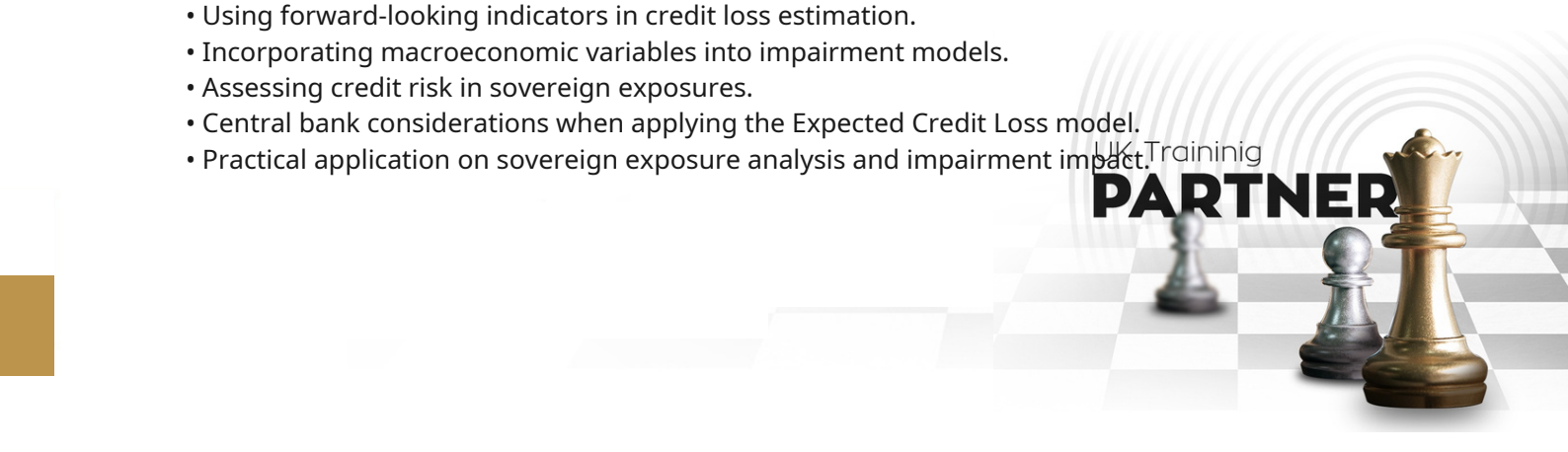
- Classification of financial assets at amortized cost.
- Classification of financial assets at fair value through other comprehensive income.
- Classification of financial assets at fair value through profit or loss.
- Business model assessment for central bank portfolios.
- Solely Payments of Principal and Interest test.
- Reclassification rules and restrictions.
- Impact of classification on financial statements and risk measurement.
- Practical applications for sovereign bonds and monetary instruments.

Day 3: Measurement Principles for Financial Instruments.

- Initial recognition of financial instruments in financial statements.
- Subsequent measurement models based on instrument type and classification.
- Fair value hierarchy and input sources.
- Use of Level 1, Level 2, and Level 3 inputs in valuation.
- Amortized cost calculations using the effective interest method.
- Valuation challenges in sovereign and monetary policy instruments.
- Differences between carrying value and fair value.
- Practical cases on measuring financial instruments in a central bank environment.

Day 4: Impairment and the Expected Credit Loss Model.

- Overview of the Expected Credit Loss framework.
- Stage 1, Stage 2, and Stage 3 impairment model.
- Measuring significant increases in credit risk.
- Using forward-looking indicators in credit loss estimation.
- Incorporating macroeconomic variables into impairment models.
- Assessing credit risk in sovereign exposures.
- Central bank considerations when applying the Expected Credit Loss model.
- Practical application on sovereign exposure analysis and impairment impact.



Day 5: Financial Instrument Disclosures and Risk Reporting.

- IFRS disclosure requirements for financial instruments.
- Reporting liquidity risk in financial statements.
- Market risk disclosure and sensitivity analysis.
- Credit risk disclosure and asset quality reporting.
- Risk concentration analysis in central bank portfolios.
- Linking financial disclosure with governance and transparency.
- Misstatement risks in financial instrument reporting.
- Preparing a simplified risk disclosure model for a financial portfolio.

Day 6: IFRS S1 Sustainability Reporting.

- Objectives of IFRS S1.
- Scope of sustainability-related financial disclosures.
- Role of the ISSB in sustainability disclosure standards.
- Governance and accountability in sustainability reporting.
- Materiality assessment in sustainability-related disclosures.
- Integrating sustainability disclosures with financial reporting systems.
- Relationship between financial and non-financial information.
- Practical application on identifying material sustainability information for central banks.

Day 7: IFRS S2 Climate-related Disclosures.

- Objectives of IFRS S2.
- Climate-related risks and opportunities in financial institutions.
- Distinguishing between physical risks and transition risks.
- Scenario analysis and climate stress testing.
- Overview of emissions measurement and scopes.
- Climate risk governance in central banks.
- Impact of climate risks on financial portfolios and monetary policy instruments.
- Case study on preparing an initial climate-related disclosure for a financial institution.

Day 8: Integration of Financial and Sustainability Reporting.

- Linking financial instrument risk models with ESG factors.
- Incorporating climate risk into credit risk models.
- Preparing sustainability-adjusted financial disclosures.
- Data challenges in sustainability and climate risk reporting.
- Building reporting infrastructure that connects financial and non-financial data.
- Assurance and audit considerations for sustainability data.
- Data quality and integrity in financial and sustainability disclosures.
- Workshop on integrating financial and climate indicators into one report.



Day 9: Regulatory and Policy Implications for Central Banks.

- The role of central banks in ESG-related regulation.
- Integrating climate risk into prudential supervision.
- Aligning disclosures with Basel frameworks and ISSB standards.
- Stress testing under different climate scenarios.
- Global regulatory developments in sustainability reporting.
- International best practices in central bank reporting.
- Impact of climate disclosures on policy and financial supervision.
- Applied analysis of climate risk impact on supervisory or policy decisions.

Day 10: Implementation, Reporting Systems, and Strategic Roadmap.

- Designing a reporting framework aligned with IFRS S1 and IFRS S2.
- Building a data structure that supports financial and sustainability reporting.
- Integrating financial reporting systems with climate risk management systems.
- Reviewing case studies of sustainability reporting models in central banks.
- Common implementation challenges in new reporting requirements.
- Practical solutions to improve disclosure quality and compliance.
- Final review of key concepts and practical applications.
- Preparing a strategic roadmap for financial instruments and sustainability reporting implementation within a central bank.

Why Attend this Course: Wins & Losses!

- Gain advanced understanding of financial instruments accounting in central bank environments.
- Improve the ability to apply classification, measurement, and impairment requirements.
- Strengthen understanding of credit, market, and liquidity risk disclosures.
- Build practical knowledge of IFRS S1 and IFRS S2 sustainability reporting requirements.
- Develop the ability to integrate climate-related risks into financial reporting.
- Support transparency and comparability in financial and sustainability disclosures.
- Improve reporting systems and data quality within central banks.
- Understand the impact of ESG factors on financial portfolios and policy instruments.
- Strengthen readiness for modern regulatory and compliance requirements.
- Support decision-making through reporting that connects finance and sustainability.
- Improve institutional readiness for assurance over financial and non-financial data.
- Prepare a practical implementation roadmap for modern disclosure requirements.

Conclusion

This course provides a specialized framework that connects financial instruments accounting, sustainability reporting, and climate-related risks within the context of central banks. The program focuses on IFRS requirements for financial instruments, alongside IFRS S1 and IFRS S2 sustainability disclosure requirements.



The course covers classification, measurement, fair value, impairment, and risk disclosures before moving into sustainability and climate-related reporting. It also explains how ESG factors affect financial portfolios, policy instruments, risk models, and reporting systems inside central banks.

Through practical sessions and case studies, participants will understand the relationship between traditional financial reporting and modern sustainability reporting. They will also develop a clearer view of how to build an integrated reporting framework that supports transparency, compliance, and public accountability.

By the end of the course, participants will be better prepared to apply financial instruments accounting requirements, understand sustainability and climate-related disclosures, integrate climate risk into financial reporting, and develop a practical roadmap for improving disclosure quality within central banks.

