

IFRS 9 for banks – 10 focus questions for audit committees

These questions will help audit committees focus their discussions with management on IFRS 9 implementation

Key decisions and interpretations of IFRS 9

1. What plans are in place to conclude on **key decisions**, build and test necessary **models and infrastructure**, execute **dry/parallel runs** and deliver high quality implementation by 2018?
2. What are the **key accounting interpretations and judgements** and why are they appropriate?
3. How will **implementation decisions** be **monitored** to ensure they remain appropriate?

Transparency

4. What **KPIs and management information** will be used to monitor drivers of ECLs and support **effective governance** over key judgements?
5. How will the **IFRS disclosure requirements** be met and how will those disclosures facilitate **comparability**?



Expected credit loss modelling

6. What are the **planned levels of sophistication** for different portfolios and **why are these appropriate**?
7. How will a '**significant increase in credit risk**' be identified and **why are the chosen criteria appropriate**?
8. How will a representative range of **forward-looking scenarios** be used to capture non-linear and asymmetric impacts?

Systems and controls

9. Has the bank identified all **changes to existing systems and processes**, including data requirements and internal controls, to ensure they are appropriate for use under IFRS 9?
10. How will **reporting processes and controls** be documented and tested, particularly where systems and data sources have not previously been subject to audit?