

Requirements for the Preparation of financial statements in compliance with IFRS 9

- i. The notes to the financial statements, as required in Para 2(a) of BPRD Circular No. 4 dated October 23, 2019, should include a separate note, showing the impact of IFRS 9 implementation on regulatory capital requirement as a result of additional provisioning.
- ii. The pro forma statements shall be reconciled to the statutory financial statements, giving details of IFRS 9 adjustments made (including details of changes in classification, changes in specific and general provisions and other adjustments).
- iii. The financial statements shall state key assumptions used, details of business model assessments, cash flow characteristics test carried out to determine classification of financial assets under IFRS 9, details of models used for determination of Expected Credit Loss including sourcing of inputs to models and the potential impact on the Minimum Capital Requirements and the Capital Adequacy ratio of the FI.
- iv. The financial statements shall also include Board of Director's Committee review report, which should include (but not limited to) the status of FI's progress on IFRS 9 implementation, the status of resolution plan for IFRS 9 implementation challenges, review of data, methodologies, policies, systems, governance, controls and reporting.