IFRS 9 Disclosure Checklist

Including EDTF recommendations and BCBS guidance

February 2017

Building a better working world

Index

Introduction and instructions

In July 2014, the International Accounting Standards Board (IASB) issued IFRS 9 *Financial Instruments* (IFRS 9), which replaces IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39). IFRS 9 introduces new rules for financial instruments on classification and measurement, impairment (with a new expected credit loss impairment approach) and hedge accounting and is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

IFRS 9 does not introduce new disclosure requirements, although the IASB made a number of amendments to other standards when it finalised IFRS 9, including amendments to IFRS 7 *Financial Instruments: Disclosures* (IFRS 7), which introduce new disclosure requirements in connection with the introduction of IFRS 9. These amendments, which are described in Appendix C of IFRS 9, have been incorporated into the text of the relevant Standards (e.g., IFRS 7). This checklist addresses these new disclosure requirements only and does not replace a full IFRS checklist to be used to assist in the preparation of a full set of financial statements in accordance with International Financial Reporting Standards (IFRS).

In addition to the disclosure requirements of IFRS, this checklist aims to assist users in addressing guidance and recommendations issued by other bodies and organisations that does not constitute authoritative guidance, as further described below. It should be noted that such guidance and recommendations are specific to banks, although other users may consider assessing whether some (or all) of them could be addressed as part of their disclosures.

To promote high quality implementation of IFRS 9, the Basel Committee on Banking Supervision (BCBS) issued, in December 2015, *Guidance on credit risk and accounting for expected credit losses* (G-CRAECL or the Basel Guidance), applicable exclusively to lending exposures. The Basel Committee has significantly heightened the supervisory expectations that "internationally active banks" will deliver high-quality implementation of the expected credit loss (ECL) accounting framework, including the related guidance on disclosures.

Additionally, the Financial Stability Board (FSB) requested the Enhanced Disclosure Task Force[1] (EDTF) to consider the disclosures that may be useful to help the market understand the upcoming changes resulting from the use of ECL approaches (whether under US Generally Accepted Accounting Principles (US GAAP) or IFRS) and to promote consistency and comparability. Following such request, in December 2015, the EDTF issued a report on the *Impact of Expected Credit Loss Approaches on Bank Risk Disclosures* (the EDTF ECL Guidance[2]).

The EDTF has developed its recommendations with large international banks in mind. However, the recommendations and considerations should be equally applicable to other banks that actively access the major public equity or debt markets. Some of the recommendations, therefore, are likely not to be applicable, or to be less relevant, to smaller banks and some subsidiaries of listed banks. As such, the EDTF would expect such entities to adopt only those aspects of the recommendations that are relevant to them. The EDTF also states that, although its recommendations have not specifically been developed for other types of financial services organisations, such as insurance companies, the considerations contained therein may provide some appropriate guidance.

It should be noted that, although EDTF is not a standard setter and its recommendations are not mandatory, regulators (including those in the UK, Switzerland, Italy, Spain and the Netherlands) have strongly encouraged the implementation of some or all of the recommendations.[3] Ultimately, users will have to exercise judgement to establish, based on specific facts and circumstances, the extent to which each recommendation is relevant and applicable to them.

This checklist is designed to assist you in the preparation of disclosures in accordance with IFRS 7 (as amended in accordance with the introduction of IFRS 9), the EDTF recommendations and the Basel Guidance.

If a disclosure is required by IFRS 7 and the same, or a comparable, disclosure requirement is included in the EDTF recommendations and/or the Basel guidance, the checklist indicates that, by complying with the IFRS 7

---

[1] The Enhanced Disclosure Task Force (EDTF) was established by the Financial Stability Board (FSB) in May 2012. The EDTF aims to improve the quality, comparability and transparency of risk disclosures by bringing together a broad spectrum of private sector participants including banks, investors, analysts and auditors.

[2] "Impact of expected credit loss approaches on bank risk disclosures", Report of the Enhanced Disclosure Task Force, 30 November 2015.

[3] See EDTF 2014 Progress Report, 5 September 2014, page 6.

disclosure requirement(s), users also comply with the relevant (part of the) EDTF recommendation(s) and/or the Basel Guidance which addresses the same (or comparable) requirement. In such case, the wording of the IFRS 7 disclosure requirement (or paraphrase of it, in some instances) is included in the checklist and the EDTF recommendation and/or Basel Guidance wording is not included.

It should be noted that an IFRS 7 disclosure requirement may relate to one or more EDTF recommendations and/or disclosures included in the Basel guidance and vice versa. It should also be noted that the allocation of the IFRS 7 disclosures to the EDTF recommendations and the Basel Guidance (and vice versa) represents purely the view of EY and does not reflect any view of the IASB, the FASB, the FSB, the EDTF, the Basel Committee and/or any other entity or organisation.

The checklist is applicable to annual financial statements and interim financial statements for annual periods beginning on or after 1 January 2016 and does not apply to condensed interim financial statements prepared in accordance with IAS 34 *Interim Financial Reporting*.

The checklist does not explain other accounting requirements, nor does it reflect the requirements of IFRS for Small and Medium-Sized Entities (SMEs) or the *IFRS Practice Statement for Management Commentary*.

The checklist has been prepared assuming that the user will adopt IFRS 9 in 2018, but it may also be used by users adopting IFRS 9 early. Noted that the EDTF disclosures in the "Pre-transition disclosures" section assume an adoption date as of 1 January 2018.

In some instances, to simplify the use of the checklist, disclosure requirements have been summarised and/or paraphrased. In these instances, reference should be made to the IFRS/EDTF Report/Basel Guidance for full details.

Materiality and judgement

The checklist does not address the appropriateness or clarity of the disclosures, for instance, the format and the structure of the notes and the tailoring of the information. These are matters of judgement, based on the individual facts and circumstances of the entity.

IFRS 7 sets out the minimum disclosure requirements. However, the minimum disclosure requirements only apply to the extent that the transaction, event or item to which the disclosure requirement applies, is material to the entity, as clarified in paragraph 31 of IAS 1 *Presentation of Financial Statements*. Therefore, in applying the checklist, the user should carefully assess the materiality of the information. The inclusion of disclosures of immaterial information may, in some circumstances, reduce the relevance of the financial statements. In such circumstances, it is appropriate to exclude the information.

Scoping and general considerations

The amendments to the IFRS 7 disclosure requirements made in connection with IFRS 9 (as described in Appendix C to IFRS 9) need not be applied to comparative information provided for periods before the date of initial application of IFRS 9 (IFRS 7.44Z).

Classification and measurement

The table below sets out the types of financial instruments that are scoped into the IFRS 7 disclosure requirements relevant to the classification and measurement of financial instruments.

IFRS Reference	Description
IFRS 7.3	IFRS 7 must be applied by all entities to all types of financial instruments, except: a. Those interests in subsidiaries, associates or joint ventures that are accounted for in accordance with IFRS 10 *Consolidated Financial Statements*, IAS 27 *Separate Financial Statements* or IAS 28 *Investments in Associates and Joint Ventures*. However, in some cases, IFRS 10, IAS 27 or IAS 28 require or permit an entity to account for an interest in a subsidiary, associate or joint venture using IFRS 9. In those cases, entities shall apply the requirements of this IFRS. Entities must also apply this IFRS to all derivatives linked to interests in subsidiaries, associates or joint ventures unless the derivative meets the definition of an equity instrument in IAS 32 b. Insurance contracts as defined in IFRS 4 *Insurance Contracts* are scoped out of IFRS 7 and IFRS 9. However, they apply to derivatives that are embedded in insurance contracts if IFRS 9 requires the entity to account for them separately. Moreover, an issuer must apply IFRS 7 to financial guarantee contracts if the issuer applies IFRS 9 in recognising and measuring the contracts, but must apply IFRS 4 if it elects, in accordance with paragraph 4(d) of IFRS 4, to apply IFRS 4 in recognising and measuring them c. Also excluded from scope are financial instruments, contracts and obligations under share-based payment transactions to which IFRS 2 Share-based Payment applies, except that this IFRS applies to contracts within the scope of IFRS 9
IFRS 7.4	IFRS 7 applies to recognised and unrecognised financial instruments. Recognised financial instruments include financial assets and financial liabilities that are within the scope of IFRS 9. Unrecognised financial instruments include some financial instruments that, although outside the scope of IFRS 9, are within the scope of this IFRS (e.g., some loan commitments).
IFRS 7.5	IFRS 7 applies to contracts to buy or sell non-financial items that are within the scope of IFRS 9.
IFRS 7.B1	Paragraph 6 of IFRS 7 requires an entity to group financial instruments into classes that are appropriate to the nature of the information disclosed and that take into account the characteristics of those financial instruments. The classes described in paragraph 6 are determined by the entity and are, thus, distinct from the categories of financial instruments specified in IFRS 9 (which determine how financial instruments are measured and where changes in fair value are recognised).

IFRS 7 requires disclosure of the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements. For financial instruments, such disclosure requirements are set out in the table below.

				Disclosure made		
Item #	IFRS Reference	EDTF/BCBS Reference	Description	Yes	No	N/A
1			Does the entity disclose measurement basis (or bases) used in preparing the financial statements	☐	☐	☐
			Does the entity disclose the accounting policies used that are relevant to an understanding of the financial statements. Such disclosures may include:			
			► For financial liabilities designated as at fair value through profit or loss:			
			► The nature of the financial liabilities the entity has designated as at fair value through profit or loss	☐	☐	☐
			► The criteria for so designating such financial liabilities on initial recognition	☐	☐	☐
			► How the entity has satisfied the conditions in paragraph 4.2.2 of IFRS 9 for such designation	☐	☐	☐
	IFRS 7.B5	-	► For financial assets designated as measured at fair value through profit or loss:			
			► The nature of the financial assets the entity has designated as measured at fair value through profit or loss	☐	☐	☐
			► How the entity has satisfied the criteria in paragraph 4.1.5 of IFRS 9 for such designation	☐	☐	☐
			► Whether regular way purchases and sales of financial assets are accounted for at trade date or at settlement date (see paragraph 3.1.2 of IFRS 9)	☐	☐	☐
			► How net gains or net losses on each category of financial instrument are determined (see paragraph 20(a) of IFRS 7), for example, whether the net gains or net losses on items at fair value through profit or loss include interest or dividend income	☐	☐	☐
	IFRS 9.4.2.2		An entity may, at initial recognition, irrevocably designate a financial asset or financial liability as measured at fair value through profit or loss if doing so eliminates or significantly reduces an "accounting mismatch" that would otherwise arise from measuring assets, or liabilities or recognising the gains and losses on them on different bases or if designation will result in more relevant information.			
	IFRS 9.3.1.2		"A regular way purchase or sale" of financial assets must be recognised and derecognised, as applicable, using trade date accounting or settlement date accounting.			

Impairment

The table below sets out the various types of financial instruments that are scoped into the disclosure requirements relevant to the impairment of financial instruments.

IFRS Reference	EDTF/BCBS Reference	Description
IFRS 7.5A	-	The credit risk disclosure requirements in paragraph 35A–35N[4] of IFRS 7 apply to those rights that IFRS 15 Revenue from Contracts with Customers specifies are accounted for in accordance with IFRS 9 for the purposes of recognising impairment gains or losses. Any reference to financial assets or financial instruments in these paragraphs must include those rights unless otherwise specified.
IFRS 7.35A	-	An entity must apply the disclosure requirements in paragraphs 35F–35N of IFRS 7 to financial instruments to which the impairment requirements in IFRS 9 are applied. However: a. For trade receivables, contract assets and lease receivables, paragraph 35J applies to those trade receivables, contract assets or lease receivables on which lifetime ECL are recognised in accordance with paragraph 5.5.15 of IFRS 9, if those financial assets are modified while more than 30 days past due (refer to the note below) b. Paragraph 35K(b) of IFRS 7 does not apply to lease receivables
IFRS 9.5.5.15		An entity must always measure the loss allowance at an amount equal to lifetime ECL for trade receivables or contract assets that do not contain a significant financing component. For all lease receivables and any trade receivables and contract assets that do contain a significant financing component the entity may choose, as its accounting policy, to measure the loss allowance at an amount equal to lifetime ECL.
IFRS 7.35C	-	An entity need not duplicate information that is already presented elsewhere, provided that the information is incorporated by cross-reference from the financial statements to other statements, such as a management commentary or risk report that is available to users of the financial statements on the same terms as the financial statements and at the same time. Without the information incorporated by cross-reference, the financial statements are incomplete.
IFRS 7.35D	*BCBS Principle 8.75 and 82*	To meet the objectives in paragraph 35B of IFRS 7, an entity must (except as otherwise specified) consider how much detail to disclose, how much emphasis to place on different aspects of the disclosure requirements, the appropriate level of aggregation or disaggregation, and whether users of financial statements need additional explanations to evaluate the quantitative information disclosed.
IFRS 7.35E	-	If the disclosures provided in accordance with paragraphs 35F–35N of IFRS 7 are insufficient to meet the objectives in paragraph 35B, an entity must disclose additional information that is necessary to meet those objectives.

Hedge accounting

Refer to pages 38-43 for the hedge accounting disclosures.

[4] Refer to the subsequent sections of the disclosure checklist for the details of the credit risk disclosure requirements.

Pre-transition disclosures

Impairment

The EDTF has extensively discussed the timing of providing disclosures in the years prior to adopting an ECL approach and believes that a gradual and phased approach would be most useful to users. This means that:

a. The initial timing of information being provided, whether qualitative or quantitative, should be weighed against reliability

b. The nature and extent of disclosures will develop over time, i.e., the granularity and specificity to an entity of the explanations provided will increase as the date of adoption of an ECL approach gets nearer. The EDTF indicates that the initial focus should be on qualitative disclosures. The quantitative disclosures should be added as soon as they can be practicably determined and are reliable but, at the latest, in the 2017 annual reports.

The EDTF encouraged banks to take these considerations into account for annual reports for 2015 and subsequent years and has provided guidance on the chronology of implementation. Nevertheless, a revised "calendar of EDTF disclosure implementation" is provided below, based on industry insights.

In the pre-transition period, banks should clarify that disclosures anticipating the impact of ECL before the requirements are adopted are an indicative application of the new methodology to current portfolios rather than an estimate of the future transition impact at the reporting date, based on the information currently available, including current economic conditions. Therefore, the disclosures should be accompanied by meaningful cautionary statements identifying important factors that could cause actual results at transition to differ materially from those disclosed.

Permanent disclosures

Permanent disclosures are related to the period before and upon transition to IFRS 9 and should continue to be made following adoption of IFRS 9 (and, therefore, are repeated in the sections "Transition disclosures – Impairment" and "Post-transition disclosures – Impairment" of this checklist).

				Disclosure made			
Item #	IFRS Reference	EDTF/BCBS Reference	Description	Yes	No	N/A	Expected by[5]
1	-	*EDTF 2*	Does the entity describe how it interprets and applies key concepts within the ECL approach, including:				
			► Definition of default				
			► Comparison with the definition of default used for internal credit risk management purposes and the regulatory definition	☐	☐	☐	2016-2017
			► Description of whether the 90-day rebuttable presumption is intended to be used and in what circumstances	☐	☐	☐	
			► Credit impaired				
			► How the concept of "credit-impaired exposures" relates to the definition of default used under IFRS 9	☐	☐	☐	

[5] Expected date by which the disclosure should be provided, based on EY's view of the EDTF timeline included in the "EDTF ECL Guidance", assuming a 2018 adoption date. When the years 2016-2017 are indicated, this means that granularity of disclosures will develop over time, i.e., the level of detail will be lower in the first year (2016) and higher in the following year (2017). Also, disclosures are expected to be mostly qualitative in 2016, whereas quantitative disclosures are generally expected in 2017.

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Disclosure made: Yes	No	N/A	Expected by[5]
			► Significant increase in credit risk				
			► How a significant increase in credit risk (and its reversal) is determined, implemented, distinguishing between individual assessments, portfolio assessments, and the application of any temporary collective adjustments	☐	☐	☐	
			► Description of the risk indicators applied, including the interpretation of "significant increase in credit risk" at an appropriate level of segmentation and granularity	☐	☐	☐	
			► Disclosure of the entity's policies and procedures for incorporating forward-looking information to assess significant deterioration and the type of information used	☐	☐	☐	
			► When a portfolio assessment is applied to identify significant increase in credit risk, explanation of how the entity will identify exposures to be moved to Stage 2	☐	☐	☐	2016-2017
			► Credit risk at initial recognition				
			► For exposures where it may be difficult to determine credit risk at initial recognition (such as current accounts, revolving facilities and renewable exposures), description of the approach to determining significant increase in credit risk	☐	☐	☐	
			► Modifications				
			► Policies for circumstances that lead to de-recognition of loans as a result of modification of contractual terms and recognition of new loans	☐	☐	☐	
			► How forbearance is treated under IFRS 9 including, where such exposures are transferred to Stage 2, the procedures for transfer of exposures back to Stage 1, including any specific criteria defined	☐	☐	☐	
			► Circumstances in which forborne exposures are considered credit-impaired and the criteria used to assess whether they are no longer credit-impaired	☐	☐	☐	
			► When specific regulatory pronouncements exist around modifications (e.g., BCBS or European Banking Authority Guidance), how these are reflected in the IFRS 9 approach	☐	☐	☐	
			► For types of contracts where a specific interpretation is required (such as current account (overdraft) or revolving credit facilities), the time horizon over which ECL is measured	☐	☐	☐	

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Disclosure made Yes	No	N/A	Expected by[5]
			Does the entity explain the credit loss modelling techniques developed to implement the ECL framework, including:				
			► Techniques for determining credit risk measures (PD, LGD, EAD, Credit Conversion Factors[6]) used in ECL calculations, where relevant. This includes types of input used, most relevant assumptions and judgements made, and uncertainty involved, where applicable	☐	☐	☐	
			► Forward-looking information				
			► Type of forward looking information used and how the impact on ECL is determined	☐	☐	☐	2016-2017
			► Leveraging existing sources				
			► For portfolios where advanced Basel models are used as starting point, the extent of reliance on such models and how the methodology is adapted to comply with IFRS 9	☐	☐	☐	
			► For portfolios not based on Basel models, the techniques developed to arrive at the ECL for accounting purposes	☐	☐	☐	
			► Additional adjustments				
			► The entity's use and nature of material additional adjustments used to capture factors not specifically embedded in the models used	☐	☐	☐	
2	-	*EDTF 5*	Does the entity disclose how the risk management organisation, processes and key functions have been organised to implement the ECL approach, including:				
			► How credit practices and policies form the basis for implementation of ECL requirements	☐	☐	☐	2016 - 2017
			► The impact of the new approach on existing processes and changes required to governance practices and processes	☐	☐	☐	
3	-	*EDTF 26*	Does the entity provide a disclosure of vintage analysis, where it aids understanding of the credit risk exposures, particularly when there is a lending portfolio with heightened credit risk, and the period in which it was originated has a bearing on the extent of that credit risk and the resulting ECL	☐	☐	☐	2017
4	-	*EDTF 27*	Does the entity define non-performing and credit-impaired loans, including when financial assets are no longer considered to be non-performing or credit-impaired	☐	☐	☐	2016-2017

[6] Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD).

Temporary disclosures

The following disclosures relate to both the period before and upon transition to IFRS 9 (and therefore are also included in the section "Transition disclosures – Impairment" of this checklist) and are not required following adoption of IFRS 9.

				Disclosure made			
Item #	IFRS Reference	EDTF/BCBS Reference	Description	Yes	No	N/A	Expected by
1	-	*EDTF 3*	Does the entity provide a comparison of concepts applied and modelling techniques used, between the current impairment approach and the ECL approach, including:				
			▶ A description of the differences between collective assessment approach and ECL approach	☐	☐	☐	
			▶ An explanation of how individual triggers and consequent loss measurement under IAS 39 compare with the treatment of "credit-impaired exposures" under IFRS 9	☐	☐	☐	
			▶ A disclosure of any changes in the scope of financial assets subject to impairment requirements as a result of classification and measurement changes	☐	☐	☐	
			▶ A disclosure of changes in the timing of recognition losses	☐	☐	☐	
			▶ A disclosure of the impact of forward-looking information, including any anticipated increase in volatility in provisions and earnings as compared to the incurred loss approach	☐	☐	☐	
			▶ An indication of portfolios significantly affected by the transition to IFRS 9, including the key characteristics that could affect ECL, absolute level of credit risk of portfolios, and how any wider development expected in the entity's strategy or portfolio composition might affect the expected impact of IFRS 9	☐	☐	☐	
			▶ A description of techniques that will be used for the measurement of ECL under IFRS 9	☐	☐	☐	2016 - 2017
			▶ When entities use aspects of EL based measures to comply with existing standards, how these operate and what changes to make to comply with ECL requirements	☐	☐	☐	
			▶ A qualitative discussion on expected effects of an ECL approach on the quantum of credit losses as compared to allowances determined under an incurred loss approach	☐	☐	☐	

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Disclosure made Yes	No	N/A	Expected by
2	-	*EDTF 4*	Once the applicable rules are finalised, does the entity outline plans to meet each new key regulatory ratio (i.e., how the business will be run differently) in order to meet each new key regulatory ratio e.g., the net stable funding ratio, liquidity coverage ratio and leverage ratio and, once the applicable rules are in force, provide such key ratios.	☐	☐	☐	2016 - 2017
			Does the entity disclose the quantitative impact that the revised accounting allowance for credit losses may have on regulatory capital (under current regulatory rules)	☐	☐	☐	
	-	-	Under the current regulatory framework, increased credit losses affect capital in different ways depending on the approach. Under the internal ratings-based approach, where the balance of allowances determined for accounting purposes is less than the one-year regulatory expected loss amount, the difference is taken as a deduction from Common Equity Tier 1 capital. Where the balance of accounting loan impairment allowances is greater than the EL, the surplus over the EL is allowable to count towards capital resources as a Tier 2 item, subject to a ceiling.				
3	-	*EDTF 5*	Does the entity describe the intended implementation strategy of IFRS 9 including:				
			► The current timeline for the implementation	☐	☐	☐	
			► How implementation is being governed, including:				
			► Description of main implementation steps	☐	☐	☐	2016
			► Methodologies to be determined	☐	☐	☐	
			► Models to be built and tested	☐	☐	☐	
			► Business and functions involved in the implementation efforts	☐	☐	☐	
4	-	*EDTF 8*	Does the entity describe the relationship, if any, between stress testing programs and implementation of the ECL accounting requirements including any links between the stress testing approach, assumptions, processes and the implementation of an ECL methodology	☐	☐	☐	2016

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Disclosure made Yes	No	N/A	Expected by
5	-	*EDTF 12*	Does the entity qualitatively and quantitatively discuss its capital planning, including:				
			▶ An explanation of how ECL requirements are anticipated to have an impact on capital planning	☐	☐	☐	
			▶ Any strategic changes expected by management to the extent the impact is material (in particular, in meeting capital adequacy requirements)	☐	☐	☐	2016 - 2017
			▶ For unclear or not yet fully determined regulatory requirements, the effects of such uncertainty	☐	☐	☐	
			As the regulatory requirements become clearer and entity's implementation efforts progress, this is an area where disclosure is expected to develop over the transition period				
		EDTF 26	An entity should consider whether existing segmentation for credit risk disclosure purposes is sufficiently granular to appropriately understand credit risk under the ECL approach. On initial application of IFRS 9, an entity should revisit it existing disclosure segmentation and note whether it continues to be appropriate. On an ongoing basis, disclosures could break down portfolios by geography, line of business, product, credit quality and vintage. As specific risks emerge, an entity should consider providing separate disclosures segmented for the affected lending and highlighting relevant risks. As risks diminishes, such disclosures are removed.				
6	IAS 8	*EDTF 26*	Once practical and when disclosures would be reliable (reasonably estimable), does the entity provide a quantitative impact on financial statements of applying the ECL approach, with sufficient granularity to allow users to understand how the adoption of the ECL approach contributes to a change in the allowance balance compared to the previous incurred loss approach and how the impact varies across the entity's portfolios	☐	☐	☐	2016-2017
			Where quantification is not yet possible, does the entity indicate when they is expected to be able to provide initial impact assessments based on current portfolios	☐	☐	☒	

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Disclosure made			Expected by
				Yes	No	N/A	
	-	*EDTF 26*	The quantitative disclosures of the impact on financial statements of applying the ECL approach should be added as soon as practicable and reliable impacts can be determined and, at the latest, in 2017 annual reports. The extent and nature of quantitative disclosures provided will be dependent upon progress and milestones reached in the entity's implementation project. The assessment can only be based on current portfolios and information. Businesses, portfolios and economic conditions will continue to evolve but such changes cannot be fully anticipated prior to transition. It should therefore be made clear that any quantitative assessment disclosed ahead of transition is not an estimate of the future transition impact but rather an indicative application of the new methodology to current portfolios based on current circumstances and available forecasts as at a particular date. The reliability of the information should be assessed and understood on this basis.				

Transition disclosures

An entity must apply IFRS 9 for annual periods beginning on or after 1 January 2018, but earlier application is permitted.

Entities will consider this section exclusively in the year of initial application. Note that this section includes also the pre-transition disclosures on impairment which, as per the EDTF guidance, are applicable both in pre-transition and on transition.

Note that in the year of initial application users must complete both the transition disclosures and post-transition disclosures in this checklist.

Year of initial application - Exemption

In accordance with paragraph 7.1.1 and 7.2.2 of IFRS 9, depending on the entity's chosen approach to applying IFRS 9, the transition can involve more than one date of initial application i.e., for annual periods beginning before 1 January 2018, an entity may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 7. Therefore, the paragraphs outlined in this section may result in disclosure on more than one date of initial application.

Classification and measurement

			Disclosure made		
Item #	IFRS Reference	Description	Yes	No	N/A
1	*IFRS 7.42I*	In the reporting period that includes the date of initial application of IFRS 9, does the entity disclose the following information for each class of financial assets and financial liabilities as at the date of initial application:			
		a. The original measurement category and carrying amount determined in accordance with IAS 39 or in accordance with a previous version of IFRS 9	☐	☐	☐
		b. The new measurement category and carrying amount determined in accordance with IFRS 9	☐	☐	☐
		c. The amount of any financial assets and financial liabilities in the statement of financial position that were previously designated as measured at fair value through profit or loss, but are no longer so designated, distinguishing between those that IFRS 9 requires an entity to reclassify and those that an entity elects to reclassify at the date of initial application	☐	☐	☐
2	*IFRS 7.42J*	In the reporting period that includes the date of initial application of IFRS 9, does the entity disclose qualitative information to enable users to understand:			
		a. How it applied the classification requirements in IFRS 9 to those financial assets whose classification has changed as a result of applying IFRS 9	☐	☐	☐
		b. The reasons for any designation or de-designation of financial assets or financial liabilities as measured at fair value through profit or loss at the date of initial application	☐	☐	☐
3	*IFRS 7.42L*	Does the entity disclose the changes in the classifications of financial assets and financial liabilities as at the date of initial application of IFRS 9, showing separately:			
		a. The changes in the carrying amounts on the basis of their measurement categories in accordance with IAS 39 (i.e., not resulting from a change in measurement attribute on transition to IFRS 9). This will include the effect of the new impairment requirements	☐	☐	☐
		b. The changes in the carrying amounts arising from a change in measurement attribute on transition to IFRS 9	☐	☐	☐

Item #	IFRS Reference	Description	Disclosure made Yes	No	N/A
4	*IFRS 7.42M*	Does the entity disclose the following for financial assets and financial liabilities that have been reclassified so that they are measured at amortised cost and, in the case of financial assets, that have been reclassified out of fair value through profit or loss so that they are measured at fair value through other comprehensive income, as a result of the transition to IFRS 9:			
		a. The fair value of the financial assets or financial liabilities at the end of the reporting period	☐	☐	☐
		b. The fair value gain or loss that would have been recognised in profit or loss or other comprehensive income during the reporting period if the financial assets or financial liabilities had not been reclassified[7]	☐	☐	☐
5	*IFRS 7.42N*	Does the entity disclose the following for financial assets and financial liabilities that have been reclassified out of the fair value through profit or loss category as a result of the transition to IFRS 9:			
		a. The effective interest rate determined on the date of initial application	☐	☐	☐
		b. The interest revenue or expense recognised	☐	☐	☐
	IFRS 7.42N	If an entity treats the fair value of a financial asset or a financial liability as the new gross carrying amount at the date of initial application (see paragraph 7.2.11 of IFRS 9), the disclosures in this paragraph must be made for each reporting period until derecognition. (Note that this applies only when it is impracticable, as defined in IAS 8, for an entity to apply retrospectively the effective interest method, which, in our view, should be limited to rare circumstances). Otherwise, the disclosures in this paragraph need not be made after the annual reporting period in which the entity initially applies the classification and measurement requirements for financial assets in IFRS 9.			
6	*IFRS 7.42O*	When an entity presents the disclosures set out in paragraphs IFRS7.42L-42N (see items 3-5 above), do those disclosures permit a reconciliation between:	☐	☐	☐
		a. The measurement categories presented in accordance with IAS 39 and IFRS 9: and			
		b. The class of financial instrument as at the date of initial application			
	IFRS 7.42Q	In the reporting period that includes the date of initial application of IFRS 9, an entity is not required to disclose the line item amounts that would have been reported in accordance with the classification and measurement requirements (which includes the requirements related to amortised cost measurement of financial assets and impairment in Sections 5.4 and 5.5 of IFRS 9) of: a. IFRS 9 for prior periods b. IAS 39 for the current period			

[7] Note that, in order to provide these disclosures, users may need to keep some of the systems used for IAS 39 running in 2018.

Item #	IFRS Reference	Description	Disclosure made Yes	No	N/A
7	*IFRS 7.42R*	In accordance with paragraph 7.2.4 of IFRS 9, if it is impracticable (as defined in IAS 8) at the date of initial application of IFRS 9 for an entity to assess a modified time value of money element, based on the facts and circumstances that existed at the initial recognition of the financial asset, it must assess the contractual cash flow characteristics of that financial asset, based on the facts and circumstances that existed at the initial recognition of the financial asset without taking into account the requirements related to the modification of the time value of money element in paragraphs B4.1.9B–B4.1.9D of IFRS 9 (modified time value of money element).			
		Does the entity disclose the carrying amount, at the reporting date, of financial assets whose contractual cash flow characteristics have been assessed based on the facts and circumstances that existed at the initial recognition of the financial asset without taking into account the requirements related to the modification of the time value of money element in paragraphs B4.1.9B–B4.1.9D of IFRS 9, until those financial assets are derecognised	☐	☐	☐
8	*IFRS 7.42S*	In accordance with paragraph 7.2.5 of IFRS 9, if it is impracticable (as defined in IAS 8), at the date of initial application for an entity to assess whether the fair value of a prepayment feature was insignificant based on the facts and circumstances that existed at the initial recognition of the financial asset, an entity must assess the contractual cash flow characteristics of that financial asset based on the facts and circumstances that existed at the initial recognition of the financial asset without taking into account the exception for prepayment features in paragraph B4.1.12 of IFRS 9.			
		Does the entity disclose the carrying amount at the reporting date of financial assets whose contractual cash flow characteristics have been assessed based on the facts and circumstances that existed at the initial recognition of the financial asset without taking into account the exception for prepayment features in paragraph B4.1.12 of IFRS 9, until those financial assets are derecognised	☐	☐	☐
9	*IFRS 7.44ZA*	In accordance with paragraph 7.1.2 of IFRS 9, for annual reporting periods prior to 1 January 2018, an entity may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements in IFRS 9.			
		If an entity elects to apply only those paragraphs of IFRS 9, does the entity disclose that fact and provide, on an ongoing basis, the related disclosures set out in paragraphs 10–11 of this IFRS (as amended by IFRS 9 (2010)[8]	☐	☐	☐

[8] Refer to the disclosure requirements of paragraphs 10 and 11 of IFRS 7 in the section on *Financial assets or financial liabilities at fair value through profit or loss*.

Impairment

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Yes	No	N/A
1	-	*EDTF 2*	Does the entity describe how it interprets and applies key concepts within the ECL approach, including:			
			► Definition of default:			
			► A comparison with the definition of default used for internal credit risk management purposes and regulatory definition	☐	☐	☐
			► A description of whether the 90 day rebuttable presumption is intended to be used and in what circumstances	☐	☐	☐
			► Credit impaired			
			► An explanation of how the concept of "credit-impaired exposures" relates to the definition of default used under IFRS 9	☐	☐	☐
			► Significant increase in credit risk			
			► A description of how a significant increase in credit risk (and its reversal) is determined, implemented, distinguished between individual assessments, portfolio assessments, and the application of any temporary collective adjustments	☐	☐	☐
			► A description of the risk indicators applied and the interpretation of "significant increase in credit risk" at an appropriate level of segmentation and granularity	☐	☐	☐
			► A description of the entity's policies and procedures for incorporating forward-looking information to assess significant deterioration and the type of information used	☐	☐	☐
			► A disclosure of when a portfolio assessment is applied to identify a significant increase in credit risk, explaining how the entity will identify exposures to be moved to Stage 2	☐	☐	☐
			► Credit risk at initial recognition			
			► For exposures where it may be difficult to determine credit risk at initial recognition (such as current accounts, revolving facilities and renewable exposures), a description of the approach to determining significant increase in credit risk	☐	☐	☐
			► Modifications			
			► A description of policies for circumstances that lead to de-recognition of loans as a result of modification of contractual terms and recognition of new loans	☐	☐	☐
			► An explanation of how forbearance situations are treated under IFRS 9 including, where such exposures are transferred to Stage 2, the procedures for transfer of exposures back to Stage 1, including any specific criteria defined	☐	☐	☐
			► An explanation of circumstances in which forborne exposures are considered credit-impaired (i.e., Stage 3) and the criteria used to assess whether they are no longer credit-impaired	☐	☐	☐

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Yes	No	N/A
			► When specific regulatory pronouncements exist around modifications (e.g., BCBS or European Banking Authority Guidance), an explanation of how these are reflected in the IFRS 9 approach	☐	☐	☐
			► For types of contracts where a specific interpretation is required (such as current account (overdraft) or revolving credit facilities), a disclosure of the time horizon over which ECL is measured	☐	☐	☐
			Does the entity describe the credit loss modelling techniques developed to implement the ECL framework, including:			
			► A description of the techniques for determining credit risk measures (PD, LGD, EAD, Credit Conversion Factors[9]) used in ECL calculations, where relevant. This includes types of input used, most relevant assumptions and judgments made, and uncertainty involved, where applicable	☐	☐	☐
			► Forward-looking information			
			► A description of the type of forward-looking information used and how the impact on ECL is determined	☐	☐	☐
			► Leveraging existing sources			
			► For portfolios where advanced Basel models are used as starting point, an explanation of the extent of reliance on such models and how the methodology is adapted to comply with IFRS 9	☐	☐	☐
			► For portfolios not based on Basel models, a description of the techniques developed to arrive at the ECL for accounting purposes	☐	☐	☐
			► Additional adjustments			
			► An explanation of the use and nature of material additional adjustments used to capture factors not specifically embedded in the models used	☐	☐	☐
2	-	*EDTF 3*	Does the entity provide a comparison of concepts applied and modelling techniques used, between the current impairment approach and the ECL approach, including:			
			► A description of the differences between collective assessment approach and ECL approach	☐	☐	☐
			► An explanation of how individual triggers and consequent loss measurement under IAS 39 compare with the treatment of "credit impaired exposure" (i.e., Stage 3) under IFRS 9	☐	☐	☐
			► A disclosure of any changes in the scope of financial assets subject to impairment requirements as a result of classification and measurement changes	☐	☐	☐
			► A disclosure of changes in the timing of recognition ~of losses	☐	☐	☐
			► A disclosure of the impact of forward-looking information, including any anticipated increase in volatility in provisions and earnings as compared to the incurred loss approach	☐	☐	☐

[9] Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD).

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Yes	No	N/A
			► An indication of portfolios significantly affected by transition to IFRS 9, including disclosure of the key characteristics that affect ECL, absolute level of credit risk of portfolios, and how any wider development in the entity's strategy or portfolio composition affect the impact of IFRS 9	☐	☐	☐
			► A description of techniques that will be used for the measurement of ECL under IFRS 9	☐	☐	☐
			► When entities use aspects of expected loss (EL) based measures to comply with existing standards, a disclosure of how these operate and what changes to make to comply with ECL requirements	☐	☐	☐
			► A qualitative discussion on effects of an ECL approach on the quantum of credit losses as compared to allowances determined under incurred loss approach	☐	☐	☐
3	*IFRS 7.42P*	*EDTF 26*	On the date of initial application of the impairment requirements of IFRS 9, does the entity disclose information that permits the reconciliation of the ending impairment allowances in accordance with IAS 39 and the provisions in accordance with IAS 37 to the opening loss allowances determined in accordance with IFRS 9. For financial assets, this disclosure must be provided by the related financial assets' measurement categories in accordance with IAS 39 and IFRS 9, and must show separately the effect of the changes in the measurement category on the loss allowance at that date	☐	☐	☐
4	-	*EDTF 4*	Once the applicable rules are finalised, does the entity outline plans to meet each new key regulatory ratio (i.e., how the business will be run differently) in order to meet new ratios e.g., the net stable funding ratio, liquidity coverage ratio and leverage ratio and, once the applicable rules are in force, provide such key ratios	☐	☐	☐
			Does the entity disclose the quantitative impact that the revised accounting allowance for credit losses have on regulatory capital (under current regulatory rules)	☐	☐	☐
	-	-	Under the current regulatory framework an increased credit losses affect capital in different ways depending on the approach. Under the internal ratings based approach, where the balance of allowances determined for accounting purposes is less than the one-year regulatory EL amount, the difference is taken as a deduction from Common Equity Tier 1 capital. Where the balance of accounting loan impairment allowances is greater than the EL, the surplus over the EL is allowable to count towards capital resources as a Tier 2 item, subject to a ceiling.			
5	-	*EDTF 5*	Does the entity disclose how the risk management organisation, processes and key functions have been organised to run the ECL approach:		`	
			► Consider highlighting how credit practices and policies form the basis for implementation of ECL requirements	☐	☐	☐
			► Describe impact of new approach on existing processes and changes required to governance practices and processes	☐	☐	☐
6	-	*EDTF 8*	Does the entity describe the relationship, if any, between stress testing programs and implementation of the ECL accounting requirements, including any links between the stress testing approach, assumptions, processes and the implementation of an ECL methodology	☐	☐	☐

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Yes	No	N/A
7	-	*EDTF 12*	Does the entity qualitatively and quantitatively discuss capital planning, including:			
			► An explanation of how ECL requirements are anticipated to have an impact on capital planning			
			► Any strategic changes expected by management to the extent the impact is material (in particular, in meeting capital adequacy requirements)	☐	☐	☐
			► For unclear or not yet fully determined regulatory requirements, the effects of such uncertainty	☐	☐	☐
			As the regulatory requirements become clearer and entities' implementation efforts progress, this is in area where disclosure is expected to develop over the transition period			
8	-	*EDTF 26*	Does the entity provide a disclosure of vintage analysis, where it aids understanding of the credit risk exposures, particularly when there is a lending portfolio with heightened credit risk, and the period in which it was originated has a bearing on the extent of that credit risk and the resulting ECL	☐	☐	☐
9	IAS 8	*EDTF 26*	Does the entity describe the quantitative impact on financial statements with sufficient granularity to allow users to understand how the adoption of the ECL approach contributes to a change in the allowance balance compared to the previous incurred loss approach and how the impact varies across the entity's portfolios	☐	☐	☐
			On initial application, entities should assess whether the existing disclosure segmentation continues to be appropriate. On an ongoing basis, entities should provide a breakdown of portfolios by geography, line of business, product, credit quality and vintage. As specific risk emerges, entities should consider providing separate disclosures segmented for the affected lending and highlighting relevant risk. As risk diminishes, such disclosures are removed			
10	-	*EDTF 26*	Does the entity provide the following transition disclosures by measurement category:			
			► Stage allocation – a description of the stage allocation (Stage 1, 2 or 3) at the date of initial application and which exposures were considered impaired under IAS 39, whether on an individual or collective basis	☐	☐	☐
			► By product and portfolio – a disclosure of any changes in the allowance balance resulting from the introduction of the new standard	☐	☐	☐
			► A disclosure of any simplified approached used on transition that would not be applicable permanently, i.e., recognising a lifetime ECL for all instruments unless they were low credit risk	☐	☐	☐
			► If accounting comparatives are provided in compliance with the transition provisions of IFRS 9, a clarification of the basis of measurement (as the application of the transition provisions of IFRS 9 requires the information for comparative periods to be prepared on a mixed basis, with some financial assets measured under IFRS 9 and some under IAS 39)	☐	☐	☐
			► If restated comparative figures that do not fully comply with the transition requirements of IFRS 9 are provided outside the financial statements, an explanation of the underlying assumptions used for non-GAAP restated comparatives	☐	☐	☐
11	-	*EDTF 27*	Does the entity define non-performing and credit-impaired loans (i.e., Stage 3) including when financial assets are no longer considered to be non-performing or credit-impaired	☐	☐	☐

Post-transition disclosures

An entity must **apply this section for annual periods beginning on or after 1 January 2018,** unless earlier adoption was elected. All of the disclosures are intended to be applied permanently, both in the year of transition and post-transition.

Classification and measurement

Item #	IFRS Reference	Description	Disclosure made Yes	No	N/A
General					
1	*IFRS 7.8*	Does the entity disclose, either in the statement of financial position or in the notes, the carrying amounts of each of the following categories, as specified in IFRS 9:			
		a. Financial assets measured at fair value through profit or loss, showing separately:			
		i. Those designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1[10] of IFRS 9	☐	☐	☐
		ii. Those mandatorily measured at fair value through profit or loss in accordance with IFRS 9	☐	☐	☐
		b. Financial liabilities at fair value through profit or loss, showing separately:			
		i. Those designated as such upon initial recognition or subsequently in accordance with paragraph 6.7.1 of IFRS 9	☐	☐	☐
		ii. Those that meet the definition of held for trading in IFRS 9	☐	☐	☐
		c. Financial assets measured at amortised cost	☐	☐	☐
		d. Financial liabilities measured at amortised cost	☐	☐	☐
		e. Financial assets measured at fair value through other comprehensive income, showing separately:			
		i. Financial assets that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A[11] of IFRS 9	☐	☐	☐
		ii. Investments in equity instruments designated as such upon initial recognition in accordance with paragraph 5.7.5 [12] of IFRS 9	☐	☐	☐
2	*IFRS 7.42N*	Does the entity disclose the following, for financial assets and financial liabilities that have been reclassified out of the fair value through profit or loss category as a result of the transition to IFRS 9:			
		a. The effective interest rate determined on the date of initial application	☐	☐	☐
		b. The interest revenue or expense recognised	☐	☐	☐

[10] A credit derivative that is measured at fair value through profit or loss to manage the credit risk of all, or a part of, a financial instrument (credit exposure).

[11] Financial assets whose cash flows meet the SPPI test (i.e., Solely Payments of Principle and Interest) and which are held under a business model to achieve both collecting the contractual cash flows and selling financial assets.

[12] Irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

Item #	IFRS Reference	Description	Disclosure made Yes	No	N/A
	IFRS 7.42N	If an entity treats the fair value of a financial asset or a financial liability as the new gross carrying amount at the date of initial application (see paragraph 7.2.11 of IFRS 9), the disclosures in this paragraph must be made for each reporting period until derecognition (note that this applies only when it is impracticable, as defined in IAS 8, for an entity to apply retrospectively the effective interest method, which, in our view, should be limited to rare circumstances). Otherwise, the disclosures in this paragraph need not be made after the annual reporting period in which the entity initially applies the classification and measurement requirements for financial assets in IFRS 9.			
Financial assets or financial liabilities at fair value through profit or loss					
3	*IFRS 7.9*	If the entity has designated as measured at fair value through profit or loss, a financial asset (or group of financial assets) that would otherwise be measured at fair value through other comprehensive income or amortised cost, does the entity disclose:			
		a. The maximum exposure to credit risk[13] (see paragraph 36(a) of IFRS 7) of the financial asset (or group of financial assets) at the end of the reporting period	☐	☐	☐
		b. The amount by which any related credit derivatives or similar instruments mitigate that maximum exposure to credit risk (see paragraph 36(b) of IFRS 7)	☐	☐	☐
		c. The amount of change, during the period and cumulatively, in the fair value of the financial asset (or group of financial assets) that is attributable to changes in the credit risk of the financial asset	☐	☐	☐
		d. The amount of the change in the fair value of any related credit derivatives or similar instruments that has occurred during the period and cumulatively since the financial asset was designated	☐	☐	☐
4	*IFRS 7.10*	*Presentation in other comprehensive income* If the entity has designated a financial liability as at fair value through profit or loss in accordance with paragraph 4.2.2 of IFRS 9 and is required to present the effects of changes in that liability's credit risk in other comprehensive income, does the entity disclose:			
		a. The amount of change, cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that liability (see paragraphs B5.7.13–B5.7.20 of IFRS 9 for guidance on determining the effects of changes in a liability's credit risk)	☐	☐	☐
		b. The difference between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation	☐	☐	☐
		c. Any transfers of the cumulative gain or loss within equity during the period including the reason for such transfers	☐	☐	☐
		d. If a liability is derecognised during the period, the amount (if any) presented in other comprehensive income that was realised at derecognition	☐	☐	☐
	IFRS 9.4.2.2	An entity may, at initial recognition, irrevocably designate a financial asset or financial liability as measured at fair value through profit or loss, if doing so eliminates or significantly reduces an "accounting mismatch" that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases or if designation will result in more relevant information.			

[13] See Item 34 of the section "Post-transition disclosures – Impairment" in this checklist.

Item #	IFRS Reference	Description	Disclosure made Yes	No	N/A
5	*IFRS 7.10A*	*Presentation in other profit or loss* If an entity has designated a financial liability as at fair value through profit or loss in accordance with paragraph 4.2.2 of IFRS 9 and is required to present all changes in the fair value of that liability in profit or loss (including the effects of changes in the credit risk of the liability, see paragraphs 5.7.7 and 5.7.8 of IFRS 9 for further guidance), does the entity disclose:			
		a. The amount of change, during the period and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk of that liability (see paragraphs B5.7.13–B5.7.20 of IFRS 9 for guidance on determining the effects of changes in a liability's credit risk)	☐	☐	☐
		b. The difference between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation	☐	☐	☐
6	*IFRS 7.11*	Does the entity disclose:			
		a. A detailed description of the methods used to comply with the disclosure requirements in paragraphs 9(c), 10(a) and 10A(a) of IFRS 7 (refer to items 3, 4 and 5 of this section) and paragraph 5.7.7(a) of IFRS 9 relating to designating financial liabilities at fair value through profit or loss attributable to changes in credit risk, including an explanation of why the method is appropriate	☐	☐	☐
	IFRS 9.5.7.7.(a)	If the entity has designated a financial asset or financial liability as measured at fair value through profit or loss, it must disclose the amount of change in the fair value of the financial asset that is attributable to changes in the credit risk in other comprehensive income unless it is required to present all changes in the fair value of that liability (including the effects of changes in the credit risk of the liability) in profit or loss.			
		b. If the entity believes that the disclosure it has given, either in the statement of financial position or in the notes, to comply with the requirements in paragraph 9(c), 10(a) or 10A(a) of IFRS 7 and paragraph 5.7.7(a) of IFRS 9 does not faithfully represent the change in the fair value of the financial asset or financial liability attributable to changes in its credit risk, the reasons for reaching this conclusion and the factors it believes are relevant	☐	☐	☐
		c. A detailed description of the methodology or methodologies used to determine whether presenting the effects of changes in a liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. If an entity is required to present the effects of changes in a liability's credit risk in profit or loss as a result of an accounting mismatch (see paragraph 5.7.8 of IFRS 9[14]), the disclosure must include a detailed description of the economic relationship described in paragraph B5.7.6 of IFRS 9[15]	☐	☐	☐
Investments in equity instruments designated at fair value through other comprehensive income					
7	*IFRS 7.11A*	If the entity has designated investments in equity instruments to be measured at fair value through other comprehensive income, as permitted by paragraph 5.7.5[16] of IFRS 9 (irrevocable election), does the entity disclose:			
		a. Which investments in equity instruments have been designated to be measured at fair value through other comprehensive income	☐	☐	☐

[14] If the requirements in paragraph 5.7.7of IFRS 9 would create or enlarge an accounting mismatch in profit or loss, an entity shall present all gains or losses on that liability (including the effects of changes in the credit risk of that liability) in profit or loss.
[15] An entity must recognise in profit and loss dividends from an investment which they have elected to present the changes in fair value in other comprehensive income.
[16] Irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

Item #	IFRS Reference	Description	Disclosure made Yes	No	N/A
		b. The reasons for using this presentation alternative	☐	☐	☐
		c. The fair value of each such investment at the end of the reporting period	☐	☐	☐
		d. Dividends recognised during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period	☐	☐	☐
		e. Any transfers of the cumulative gain or loss within equity during the period, such as transfers from OCI to retained earnings, including the reason for such transfers	☐	☐	☐
8	*IFRS 7.11B*	If an entity derecognised investments in equity instruments measured at fair value through other comprehensive income during the reporting period, does the entity disclose:	☐	☐	☐
		a. The reasons for disposing of the investments			
		b. The fair value of the investments at the date of derecognition	☐	☐	☐
		c. The cumulative gain or loss on disposal	☐	☐	☐
9	*IFRS 7.12B*	If, in the current or previous reporting periods, an entity has reclassified any financial assets in accordance with paragraph 4.4.1 (changes in business model) of IFRS 9, does the entity disclose:	☐	☐	☐
		a. The date of reclassification			
		b. A detailed explanation of the change in business model and a qualitative description of its effect on the entity's financial statements	☐	☐	☐
		c. The amount reclassified into and out of each category	☐	☐	☐
10	*IFRS 7.12C*	For each reporting period following reclassification until derecognition, for assets reclassified out of the fair value through profit or loss category so that they are measured at amortised cost or fair value through other comprehensive income in accordance with paragraph 4.4.1 (changes in business model) of IFRS 9, does the entity disclose:			
		a. The effective interest rate determined on the date of reclassification	☐	☐	☐
		b. The interest revenue recognised	☐	☐	☐
11	*IFRS 7.12D*	If, since its last annual reporting date, an entity has reclassified financial assets out of the fair value through other comprehensive income category so that they are measured at amortised cost or out of the fair value through profit or loss category so that they are measured at amortised cost or fair value through other comprehensive income, does the entity disclose:			
		a. The fair value of the financial assets at the end of the reporting period	☐	☐	☐
		b. The fair value gain or loss that would have been recognised in profit or loss or other comprehensive income during the reporting period if the financial assets had not been reclassified	☐	☐	☐
12	*IFRS 7.14*	Does the entity disclose:			
		a. The carrying amount of financial assets it has pledged as collateral for liabilities or contingent liabilities, including amounts that have been reclassified in accordance with paragraph 3.2.23(a) of IFRS 9 (transferor provides a non-cash collateral to the transferee and the latter has the right by contract to sell)	☐	☐	☐
		b. The terms and conditions relating to its pledge	☐	☐	☐
13	*IFRS 7.16A*	Does the entity disclose the amount of the loss allowance in the notes to the financial statements	☐	☐	☐

Item #	IFRS Reference	Description	Disclosure made Yes	No	N/A
	IFRS 7.16A	The carrying amount of financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A[17] (held to collect and sell business model, and meet the SPPI test) of IFRS 9 is not reduced by a loss allowance and an entity must not present the loss allowance separately in the statement of financial position as a reduction of the carrying amount of the financial asset.			
14	*IFRS 7.20*	Does the entity disclose the following items of income, expense, gains or losses either in the statement of comprehensive income or in the notes:			
		a. Net gains or net losses on:			
		i. Financial assets or financial liabilities measured at fair value through profit or loss, showing separately those on financial assets or financial liabilities designated as such upon initial recognition or subsequently, in accordance with paragraph 6.7.1[18] of IFRS 9, and those on financial assets or financial liabilities that are mandatorily measured at fair value through profit or loss in accordance with IFRS 9 (e.g., financial liabilities that meet the definition of held for trading in IFRS 9). For financial liabilities designated as at fair value through profit or loss, an entity must show separately the amount of gain or loss recognised in other comprehensive income and the amount recognised in profit or loss	☐	☐	☐
		ii. Financial liabilities measured at amortised cost	☐	☐	☐
		iii. Financial assets measured at amortised cost	☐	☐	☐
		iv. Investments in equity instruments designated at fair value through other comprehensive income in accordance with paragraph 5.7.5[19] of IFRS 9 (irrevocable election)	☐	☐	☐
		v. Financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of IFRS 9, showing separately the amount of gain or loss recognised in other comprehensive income during the period and the amount reclassified upon derecognition from accumulated other comprehensive income to profit or loss for the period	☐	☐	☐
		b. Total interest revenue and total interest expense (calculated using the effective interest method) for financial assets that are measured at amortised cost or that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of IFRS 9 (showing these amounts separately); or financial liabilities that are not measured at fair value through profit or loss	☐	☐	☐
		c. Fee income and expense (other than amounts included in determining the effective interest rate) arising from:			
		i. Financial assets and financial liabilities that are not at fair value through profit or loss; and	☐	☐	☐
		ii. Trust and other fiduciary activities that result in the holding or investing of assets on behalf of individuals, trusts, retirement benefit plans, and other institutions	☐	☐	☐
15	*IFRS 7.20A*	Does the entity disclose an analysis of the gain or loss recognised in the statement of comprehensive income arising from the derecognition of financial assets measured at amortised cost, showing separately gains and losses arising from derecognition of those financial assets. This disclosure must include the reasons for derecognising those financial assets	☐	☐	☐

[17] Financial assets whose cash flows meet the SPPI test (i.e., Solely Payments of Principle and Interest) and which are held under a business model to achieve both collecting the contractual cash flows and selling financial assets.
[18] Credit derivative that is measured at fair value through profit or loss to manage the credit risk of all, or a part of, a financial instrument (credit exposure).
[19] Irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

Impairment

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Disclosure made Yes	No	N/A
Credit risk management practices						
1	*IFRS 7.35B*	*EDTF 2, 3, 5 26* *BCBS Principle 8.78*	The credit risk disclosures made in accordance with paragraphs 35F–35N of IFRS 7 shall enable users of financial statements to understand the effect of credit risk on the amount, timing and uncertainty of future cash flows. To achieve this objective, does the entity provide credit risk disclosures which include:			
			a. Information about an entity's credit risk management practices and how they relate to the recognition and measurement of ECL, including the methods, assumptions and information used to measure ECL	☐	☐	☐
			b. Quantitative and qualitative information that allows users of financial statements to evaluate the amounts in the financial statements arising from ECL, including changes in the amount of ECL and the reasons for those changes	☐	☐	☐
			c. Information about an entity's credit risk exposure (i.e., the credit risk inherent in an entity's financial assets and commitments to extend credit) including significant credit risk concentrations	☐	☐	☐
2	*IFRS 7.35F(a)*	*EDTF 2*	Does the entity explain credit risk management practices and how they relate to the recognition and measurement of ECL. To meet this objective, an entity must disclose information that enables users of financial statements to understand and evaluate how an entity determined whether the credit risk of financial instruments has increased significantly since initial recognition, including, if and how:			
			a. Financial instruments are considered to have low credit risk in accordance with paragraph 5.5.10 of IFRS 9[20], including the classes of financial instruments to which it applies	☐	☐	☐
			b. The presumption in paragraph 5.5.11 of IFRS 9, that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has been rebutted	☐	☐	☐
	IFRS 9.5.5.11		If reasonable and supportable forward-looking information is available without undue cost or effort, an entity cannot rely solely on past due information when determining whether credit risk has increased significantly since initial recognition. There is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due which an entity can rebut if it has reasonable and supportable information that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due.			

[20] An entity may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. Further guidance on the definition of "low credit risk" for the purposes of paragraph 5.5.10 of IFRS 9 is provided in IFRS 9.B5.5.22 – B5.5.24.

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Disclosure made Yes	No	N/A
3	-	*EDTF 7*	Does the entity describe the key risks that arise from the entity's business models and activities, the entity's risk appetite in the context of its business models and how the entity manages such risks[21]	☐	☐	☐
4	-	*EDTF 26*	Does the entity provide a disclosure of the vintage analysis, where it aids understanding of the credit risk exposures, particularly when there is a lending portfolio with heightened credit risk, and the period in which it was originated has a bearing on the extent of that credit risk and the resulting ECL	☐	☐	☐
5	-	*EDTF 27*	Does the entity define non-performing and credit-impaired loans (i.e., Stage 3), including when financial assets are no longer considered to be non-performing or credit-impaired	☐	☐	☐
Inputs, assumptions and estimation techniques						
6	*IFRS 7.35G(a)*	*EDTF 2, 27* *BCBS Principle 8.81 and 8.78*	Does the entity explain the inputs, assumptions and estimation techniques used to apply the requirements in Section 5.5 of IFRS 9 ("Impairment"). For this purpose, an entity shall disclose: a. The basis of inputs and assumptions and the estimation techniques used to:	☐	☐	☐
			i. Measure the 12-month and lifetime ECL			
			ii. Determine whether the credit risk of financial instruments have increased significantly since initial recognition	☐	☐	☐
			iii. Determine whether a financial asset is a credit-impaired financial asset	☐	☐	☐
	IFRS 7.B8C	*EDTF 2*	Paragraph 35G (a) of IFRS 7 requires the disclosure of information about the basis of inputs and assumptions and the estimation techniques used to apply the impairment requirements in IFRS 9. An entity's assumptions and inputs used to measure ECL or determine the extent of increases in credit risk since initial recognition may include information obtained from internal historical information or rating reports and assumptions about the expected life of financial instruments and the timing of the sale of collateral.			
7	*IFRS 7.35G(b)*	*EDTF 2* *BCBS Principle 8.79*	Does the entity explain the inputs, assumptions and estimation techniques used to apply the requirements in Section 5.5 of IFRS 9. For this purpose an entity must disclose how forward-looking information has been incorporated into the determination of ECL, including the use of macroeconomic information	☐	☐	☐

[21] In order to enable users to understand how risk measures relate to line items in the balance sheet and income statement, entities may have to adapt their descriptions to reflect any changes resulting from revisions to accounting requirements.

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Disclosure made Yes	No	N/A
8	-	*EDTF 2*	Does the entity explain how key concepts are implemented and describe the credit risk modelling techniques used:			
			► Leveraging existing sources:[22]			
			► For portfolios where advanced Basel models are used as starting point, the extent of reliance on such models and how the methodology is adapted to comply with IFRS 9			
			► For portfolios not based on Basel models, the techniques developed to arrive at the ECL for accounting purposes	☐	☐	☐
			► Additional adjustments[23]			
			► The use and nature of material additional adjustments used to capture factors not specifically embedded in the models used	☐	☐	☐
9	*IFRS 7.35G(c)*	*EDTF 2, BCBS Principle 8.81*	Does the entity explain the inputs, assumptions and estimation techniques used to apply the requirements in Section 5.5 "Impairment" of IFRS 9. For this purpose, an entity must disclose any changes in the estimation techniques or significant assumptions made during the reporting period and the reasons for those changes	☐	☐	☐
10	-	*EDTF 3*	Does the entity provide quantitative disclosures around the key drivers of change in credit losses, but only where they are meaningful and relevant to understanding material changes:			
			► Top and emerging risks and their impact (or not) on ECL calculation, either quantitatively or qualitatively as appropriate	☐	☐	☐
			► Sensitivity disclosures, which can provide useful quantitative information when they are meaningful and relevant to understanding how credit losses can change materially. Examples include:			
			► Variables that impact on an ongoing basis, i.e., house price indices on residential mortgages	☐	☐	☐
			► Changes that emerge at a point in time for specific lending portfolios, i.e., an economic shock to a specific country or industry	☐	☐	☐
			Quantitative disclosures may be less appropriate for some risks, notwithstanding that they are relevant. This could be where it is concluded that such information cannot be included in ECL. Such risks could include potential economic or political developments. For these risks, it may be more appropriate to provide qualitative disclosures			

[22] Entities could consider providing an explanation of the use and nature of material additional adjustments, i.e., post-modelling adjustments to reflect macro-economic or other factors which are not adequately addressed by the current models.

[23] For portfolios where advanced Basel models are used as the starting point, entities could consider explaining the extent to which they rely on these models and how they adapt the methodology to comply with the requirements of the new accounting standards.

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Disclosure made Yes	No	N/A
11	-	*EDTF 15*	Does the entity tabulate credit risk in the banking book, showing average probability of default (PD) and loss given default (LGD) as well as exposure at default (EAD), total Risk-Weighted Assets (RWA) and RWA density for Basel asset classes and major portfolios within the Basel asset classes at a suitable level of granularity based on internal ratings grades. For non-retail banking book credit portfolios, internal ratings grades and PD bands should be mapped against external credit ratings and the number of PD bands presented should match the number of notch-specific ratings used by credit rating agencies	☐	☐	☐
			Applying this recommendation in the new ECL framework would require consideration of the following disclosures:			
			a. Whether credit quality disclosures can be made that are similar to those used for regulatory capital purposes (see Figure 3 of recommendation 15 of the EDTF 2012 report, reproduced in the Appendix 1 to this checklist)	☐	☐	☐
			b. PDs, LGDs and EADs might not be used by entities for measuring ECL for all their portfolios. Where other approaches to measuring ECL are used, consideration should be given to how best to describe and analyse calculations using other approaches. It would be helpful to analyse the balance sheet total between the different approaches used. Where material additional adjustments to the ECL are applied, these could also be described and analysed as appropriate	☐	☐	☐
12	-	*EDTF 2*	Does the entity provide clear disclosures defining all significant terms used in the calculations of ECL, with a focus on explaining the differences between definitions as applied in determination of EL within the regulatory capital framework (for example, as used in Pillar 3 disclosures) and those used in determining ECL for accounting purposes	☐	☐	☐
13	-	*EDTF 2*	Does the entity provide an explanation of the use and nature of material additional adjustments which are used to capture factors not specifically embedded in the models used. While many adjustments are part of the normal modelling process (e.g., to adjust PDs as defined for capital purposes to accounting requirements or to incorporate forward-looking information), management may determine that additional, post-modelling adjustments are needed to reflect macro-economic or other factors which are not adequately addressed by the current models. Such adjustments would result in an increase or decrease in the overall allowance on a collective basis	☐	☐	☐
Credit-risk concentration						
14	*IFRS 7.35M*	*EDTF 26* *BCBS Principle 8.76*	To enable users of financial statements to assess an entity's credit risk exposure and understand its significant credit risk concentrations, does the entity disclose, by credit risk rating grades, the gross carrying amount of financial assets and the exposure to credit risk on loan commitments and financial guarantee contracts. This information must be provided separately for financial instruments:			
			a. For which the loss allowance is measured at an amount equal to 12-month ECL	☐	☐	☐

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Disclosure made Yes	No	N/A
			b. For which the loss allowance is measured at an amount equal to lifetime ECL and that are:			
			i. Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets	☐	☐	☐
			ii. Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired)	☐	☐	☐
			iii. Trade receivables, contract assets or lease receivables for which the loss allowances are measured in accordance with paragraph 5.5.15 of IFRS 9 (lifetime ECL)	☐	☐	☐
			c. That are purchased or originated credit-impaired financial assets	☐	☐	☐
	IFRS 9.5.5.15		An entity must always measure the loss allowance at an amount equal to lifetime ECL for trade receivables or contract assets that do not contain a significant financing component. For all lease receivables and any trade receivables and contract assets that do contain a significant financing component, the entity may choose, as its accounting policy, to measure the loss allowance at an amount equal to lifetime ECL.			
15	*IFRS 7.B8H*	*EDTF 26*	Does the entity provide information that enables users of financial statements to understand whether there are groups or portfolios of financial instruments with particular features that could affect a large portion of that group of financial instruments such as concentration to particular risks. This could include, for example, loan-to-value groupings, geographical, industry or issuer-type concentrations	☐	☐	☐
	IFRS 7.35M		Paragraph 35M of IFRS 7[24] requires the disclosure of information about an entity's credit risk exposure and significant concentrations of credit risk at the reporting date. A concentration of credit risk exists when a number of counterparties are located in a geographical region or are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The number of credit risk rating grades used to disclose the information in accordance with paragraph 35M of IFRS 7 must be consistent with the number that the entity reports to key management personnel for credit risk management purposes.			
16	*IFRS 7.B8I*		If past due information is the only borrower-specific information available and an entity uses past due information to assess whether credit risk has increased significantly since initial recognition in accordance with paragraph 5.5.10 of IFRS 9[25], does the entity provide an analysis by past due status for those financial assets	☐	☐	☐

[24] IFRS7 Appendix A: Rating of credit risk based on the risk of a default occurring on the financial instrument.
[25] An entity may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Disclosure made Yes	No	N/A
17	-	*EDTF 26* *BCBS Principle 8.77*	Does the entity provide the following disclosures, also considering whether existing segmentation is sufficiently granular to appropriately understand credit risk under an ECL approach: ► Break down portfolios by geography, line of business, product, credit quality and vintage	☐	☐	☐
			► Highlights of specific emerging risks, i.e., territory, industry, type of lending, etc.	☐	☐	☐
Collective assessment						
18	*IFRS 7.35F(c)*	*EDTF 2, 5* *BCBS Principle 8.80*	Does the entity explain its credit risk management practices and how they relate to the recognition and measurement of ECL To meet this objective, an entity must disclose information that enables users of financial statements to understand and evaluate how the instruments were grouped if ECL were measured on a collective basis	☐	☐	☐
19	*IFRS 7.B8J*	*EDTF 26* *BCBS Principle 8.76*	When an entity has measured ECL on a collective basis, the entity may not be able to allocate the gross carrying amount of individual financial assets or the exposure to credit risk on loan commitments and financial guarantee contracts to the credit risk rating grades for which lifetime ECL are recognised. In that case, does the entity apply the requirement in paragraph 35M of IFRS 7[26] to those financial instruments that can be directly allocated to a credit risk rating grade and disclose separately the gross carrying amount of financial instruments for which lifetime ECL have been measured on a collective basis	☐	☐	☐
Modified assets						
20	*IFRS 7.35F(f)*	*EDTF 2, 27*	Does the entity explain its credit risk management practices and how they relate to the recognition and measurement of ECL. To meet this objective, an entity must disclose information that enables users of financial statements to understand and evaluate how the requirements in paragraph 5.5.12 of IFRS 9 for the modification of contractual cash flows of financial assets have been applied, including how an entity: i. Determines whether the credit risk on a financial asset that has been modified while the loss allowance was measured at an amount equal to lifetime ECL, has improved to the extent that the loss allowance reverts to being measured at an amount equal to 12-month ECL in accordance with paragraph 5.5.5 of IFRS 9	☐	☐	☐
			ii. Monitors the extent to which the loss allowance on financial assets meeting the criteria in (i) is subsequently remeasured at an amount equal to lifetime ECL in accordance with paragraph 5.5.3 of IFRS 9	☐	☐	☐

[26] IFRS7 Appendix A: Rating of credit risk based on the risk of a default occurring on the financial instrument.

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Disclosure made Yes	No	N/A
21	*IFRS 7.B8B*	*EDTF 2, 27, 28*	Paragraph 35F(f)(ii) of IFRS 7 requires the disclosure of information about how an entity monitors the extent to which the loss allowance on financial assets previously disclosed in accordance with paragraph 35F(f)(i) are subsequently measured at an amount equal to lifetime ECL in accordance with paragraph 5.5.3 of IFRS 9. To assist users in understanding the subsequent increase in credit risk of modified financial assets, does the entity include information about modified financial assets meeting the criteria in paragraph 35F(f)(i) of IFRS 7 for which the loss allowance has reverted to being measured at an amount equal to lifetime ECL (i.e., a deterioration rate)	☐	☐	☐
22	*IFRS 7.35J*	*EDTF 2, 28*	To enable users of financial statements to understand the nature and effect of modifications of contractual cash flows on financial assets that have not resulted in derecognition and the effect of such modifications on the measurement of ECL, does the entity disclose:			
			a. The amortised cost before the modification and the net modification gain or loss recognised for financial assets for which the contractual cash flows have been modified during the reporting period while they had a loss allowance measured at an amount equal to lifetime ECL	☐	☐	☐
			b. The gross carrying amount at the end of the reporting period of financial assets that have been modified since initial recognition at a time when the loss allowance was measured at an amount equal to lifetime ECL and for which the loss allowance has changed during the reporting period to an amount equal to 12-month ECL	☐	☐	☐
Default definition						
23	*IFRS 7.35F(b)*	*EDTF 2*	Does the entity explain its credit risk management practices and how they relate to the recognition and measurement of ECL To meet this objective an entity must disclose information that enables users of financial statements to understand and evaluate an entity's definitions of default, including the reasons for selecting those definitions	☐	☐	☐
24	*IFRS 7.B8A (a), (b) and (c)*	*EDTF 2, 27*	In accordance with paragraph 5.5.9 of IFRS 9, the determination of whether lifetime ECL should be recognised is based on the increase in the risk of a default occurring since initial recognition. Does the entity disclose the following Information about its definitions of default, in order to assist users of financial statements in understanding how an entity has applied the ECL requirements in IFRS 9:			
			a. The qualitative and quantitative factors considered in defining default	☐	☐	☐
			b. Whether different definitions have been applied to different types of financial instruments	☐	☐	☐
			c. Assumptions about the cure rate (i.e., the number of financial assets that return to a performing status) after a default occurred on the financial asset	☐	☐	☐

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Disclosure made Yes	No	N/A
Credit-impaired						
25	*IFRS7.35F (d)*	*EDTF 2, 5, 27*	Does the entity explain its credit risk management practices and how they relate to the recognition and measurement of ECL To meet this objective, an entity must disclose information that enables users of financial statements to understand and evaluate how an entity determined that financial assets are credit-impaired financial assets	☐	☐	☐
Write-offs						
26	*IFRS 7.35L*	*EDTF 28*	Does the entity disclose the contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity	☐	☐	☐
27	*IFRS 7.35F(e)*		Does the entity explain its credit risk management practices and how they relate to the recognition and measurement of ECL To meet this objective, an entity must disclose information that enables users of financial statements to understand and evaluate an entity's write-off policy, including the indicators that there is no reasonable expectation of recovery and information about the policy for financial assets that are written-off but are still subject to enforcement activity	☐	☐	☐
Trade receivables						
28	*IFRS 7.35N*	*EDTF 26*	For trade receivables, contract assets and lease receivables to which an entity applies paragraph 5.5.15 of IFRS 9 (see item 14 above), does the entity provide the disclosure required by paragraph 35M of IFRS 7 (see item 15 of this Section). Note that for trade receivables, the disclosure may be based on a provision matrix (see paragraph B5.5.35 of IFRS 9)	☐	☐	☐
	IFRS 9.B5.5.35		IFRS 9 allows the use of practical expedients when measuring ECL such as a provision matrix for trade receivables. A provision matrix might, for example, specify fixed provision rates depending on the number of days that a trade receivable is past due (for example, 1 per cent if not past due, 2 per cent if less than 30 days past due, 3 per cent if more than 30 days, but less than 90 days past due, 20 per cent if 90–180 days past due, etc.). Per BCBS Appendix A45 -46, practical expedients should have limited use by entities and justification for the use of such practical expedients should be clearly documented.			
Reconciliation disclosures						
29	*IFRS 7.35H*	*EDTF 28*	To explain the changes in the loss allowance and the reasons for those changes, does the entity provide, by class of financial instrument, a reconciliation from the opening balance to the closing balance of the loss allowance, in a table, showing separately the changes during the period for: a. The loss allowance measured at an amount equal to 12-month ECL	☐	☐	☐

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Disclosure made Yes	No	N/A
			b. The loss allowance measured at an amount equal to lifetime ECL for:			
			i. Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets	☐	☐	☐
			ii. Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired)	☐	☐	☐
			iii. Trade receivables, contract assets or lease receivables for which the loss allowances are measured in accordance with paragraph 5.5.15[27] of IFRS 9	☐	☐	☐
			c. Financial assets that are purchased or originated credit-impaired	☐	☐	☐
			In addition to the reconciliation, an entity must disclose the total amount of undiscounted ECL at initial recognition on financial assets initially recognised during the reporting period	☐	☐	☐
30	*IFRS 7.35I*	*EDTF 28*	To enable users of financial statements to understand the changes in the loss allowance disclosed in accordance with paragraph 35H of IFRS 7 (see item 29 above), does the entity provide an explanation of how significant changes in the gross carrying amount of financial instruments during the period contributed to changes in the loss allowance. The information must be provided separately for financial instruments that represent the loss allowance as listed in paragraph 35H(a)–(c) and must include relevant qualitative and quantitative information. Examples of changes in the gross carrying amount of financial instruments that contributed to the changes in the loss allowance may include:			
			a. Changes because of financial instruments originated or acquired during the reporting period	☐	☐	☐
			b. The modification of contractual cash flows on financial assets that do not result in a derecognition of those financial assets in accordance with IFRS 9	☐	☐	☐
			c. Changes because of financial instruments that were derecognised (including those that were written-off) during the reporting period	☐	☐	☐
			d. Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime ECL	☐	☐	☐
31	*IFRS 7.B8D*	*EDTF 28*	In addition to the reconciliation from the opening balance to the closing balance of the loss allowance, does the entity provide a narrative explanation of the changes. This narrative explanation may include an analysis of the reasons for changes in the loss allowance during the period, including:	☐	☐	☐
			a. The portfolio composition			
			b. The volume of financial instruments purchased or originated	☐	☐	☐
			c. The severity of the ECL	☐	☐	☐

[27] An entity must always measure the loss allowance at an amount equal to lifetime ECL for trade receivables or contract assets that do not contain a significant financing component. For all lease receivables and any trade receivables and contract assets that do contain a significant financing component the entity may choose, as its accounting policy, to measure the loss allowance at an amount equal to lifetime ECL.

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Disclosure made Yes	No	N/A
32	*IFRS 7.B8E*		Does the entity disclose information about the changes in the loss allowance for financial assets separately from those for loan commitments and financial guarantee contracts (for which the loss allowance is recognised as a provision)	☐	☐	☐
	IFRS 7.B8E		If a financial instrument includes both a loan (i.e., financial asset) and an undrawn commitment (i.e., loan commitment) component and the entity cannot separately identify the ECL on the loan commitment component from those on the financial asset component, the ECL on the loan commitment must be recognised together with the loss allowance for the financial asset. To the extent that the combined ECL exceed the gross carrying amount of the financial asset, the ECL must be recognised as a provision.			
33	-	*EDTF 28*	Does the entity provide a reconciliation of opening to closing balances of non-performing or impaired loans in the period, and the allowance for loan losses. Disclosure should include an explanation of the effects of loan acquisitions on ratio trends and qualitative and quantitative information about restructured loans	☐	☐	☐
			The reconciliation and explanation should disclose and discuss separately:			
			a. Transfer to lifetime ECL	☐	☐	☐
			b. Transfer to credit-impaired financial assets	☐	☐	☐
			c. Transfer to 12-month ECL	☐	☐	☐
			d. Financial assets that have been derecognised during the period (including write-off)	☐	☐	☐
			e. New financial assets originated or purchased (or another measure of increase in book size such as net increase/decrease)	☐	☐	☐
			f. Changes to models used for ECL calculation	☐	☐	☐
			g. Changes in credit risk parameters (model inputs)	☐	☐	☐
			h. Changes due to modification that did not result in derecognition	☐	☐	☐
			i. Others	☐	☐	☐
			See Figure A of recommendation 28 of the EDTF ECL Guidance, reproduced in the Appendix 2 to this checklist, for an illustrative example of the reconciliation			
		EDTF 28	Given the nature of the process by which banks make model changes, it might not always be feasible to provide a precise split between the impact of model changes and the impact of credit or economic risk parameter changes. If an entity is able to distinguish this split at the reporting date, then changes in risk parameters and models should be separately disclosed in the allowance reconciliation. Where an entity is unable to do this, separate disclosures on the impact of material model changes should be provided based on the information available, which may not be at the reporting date. The disclosures around any material model changes should explain the nature of the change and why management chose to make the change.			

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Disclosure made Yes	No	N/A
Collateral disclosures						
34	*IFRS 7.35K*	-	To enable users of financial statements to understand the effect of collateral and other credit enhancements on the amounts arising from ECL, does the entity disclose by class of financial instrument: a. The amount that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (e.g., netting agreements that do not qualify for offset in accordance with IAS 32)	☐	☐	☐
	IFRS 7.B9 – B10	-	For a financial asset, the maximum exposure to credit risk is typically the gross carrying amount, net of any amount offset in accordance with IAS 32 and any loss allowance recognised in accordance with IFRS 9. Activities that give rise to credit risk and the associated maximum exposure to credit risk include, but are not limited to: (a) granting loans to customers and (b) placing deposits with other entities. In these cases, the maximum exposure to credit risk is the carrying amount of the related financial assets.			
			b. A narrative description of collateral held as security and other credit enhancements, including: i. A description of the nature and quality of the collateral held	☐	☐	☐
			ii. An explanation of any significant changes in the quality of that collateral or credit enhancements as a result of deterioration or changes in the collateral policies of the entity during the reporting period	☐	☐	☐
			iii. Information about financial instruments for which an entity has not recognised a loss allowance because of the collateral	☐	☐	☐
			c. Quantitative information about the collateral held as security and other credit enhancements (for example, quantification of the extent to which collateral and other credit enhancements mitigate credit risk) for financial assets that are credit-impaired at the reporting date	☐	☐	☐
	IFRS 7.B8F	-	Paragraph 35K of IFRS 7 requires the disclosure of information that will enable users of financial statements to understand the effect of collateral and other credit enhancements on the amount of ECL. An entity is neither required to disclose information about the fair value of collateral and other credit enhancements nor is it required to quantify the exact value of the collateral that was included in the calculation of ECL (i.e., the loss given default).			
35	*IFRS 7.B8G*	-	Does the entity provide a narrative description of collateral and its effect on amounts of ECL, including information about: a. The main types of collateral held as security and other credit enhancements (examples of the latter being guarantees, credit derivatives and netting agreements that do not qualify for offset in accordance with IAS 32)	☐	☐	☐

Item #	IFRS Reference	EDTF/BCBS Reference	Description	Disclosure made Yes	No	N/A
			b. The volume of collateral held and other credit enhancements and its significance in terms of the loss allowance	☐	☐	☐
			c. The policies and processes for valuing and managing collateral and other credit enhancements	☐	☐	☐
			d. The main types of counterparties to collateral and other credit enhancements and their creditworthiness	☐	☐	☐
			e. Information about risk concentrations within the collateral and other credit enhancements	☐	☐	☐
36	*IFRS 7.36*	-	For all financial instruments within the scope of this IFRS, but to which the impairment requirements in IFRS 9 are not applied, does the entity disclose by class of financial instrument:			
			a. The amount that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements (e.g., netting agreements that do not quality for offset in accordance with IAS 32); this disclosure is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk	☐	☐	☐
			b. A description of collateral held as security and other credit enhancements, and their financial effect (e.g., quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect of the amount that best represents the maximum exposure to credit risk (whether disclosed in accordance with (a) or represented by the carrying amount of a financial instrument)	☐	☐	☐

Hedge accounting

Note that, when an entity has adopted IFRS 9 for classification and measurement, it must provide the updated IFRS 7 hedge accounting disclosures even if it continues to apply IAS 39 for hedge accounting, as permitted under IFRS 9.7.2.21.

Item #	IFRS Reference	Description	Disclosure made: Yes	No	N/A
General					
1	*IFRS 7.21A*	Does the entity apply the hedge accounting disclosure requirements included in paragraphs 21B–24F of IFRS 7 for those risk exposures that an entity hedges and for which it elects to apply hedge accounting. Hedge accounting disclosures must provide information about:			
		a. An entity's risk management strategy and how it is applied to manage risk	☐	☐	☐
		b. How the entity's hedging activities may affect the amount, timing and uncertainty of its future cash flows	☐	☐	☐
		c. The effect that hedge accounting has had on the entity's statement of financial position, statement of comprehensive income and statement of changes in equity	☐	☐	☐
	IFRS 7.21B	An entity must present the required disclosures in a single note or separate section in its financial statements. However, an entity need not duplicate information that is already presented elsewhere, provided that the information is incorporated by cross-reference from the financial statements to some other statement, such as a management commentary or risk report that is available to users of the financial statements on the same terms as the financial statements and at the same time. Without the information incorporated by cross-reference, the financial statements are incomplete.			
	IFRS 7.21C	When paragraphs 22A–24F of IFRS 7 require the entity to separate by risk category the information disclosed, the entity must determine each risk category on the basis of the risk exposures an entity decides to hedge and for which hedge accounting is applied. An entity must determine risk categories consistently for all hedge accounting disclosures.			
	IFRS 7.21D	To meet the objectives in paragraph 21A of IFRS 7, an entity must (except as otherwise specified below) determine how much detail to disclose, how much emphasis to place on different aspects of the disclosure requirements, the appropriate level of aggregation or disaggregation, and whether users of financial statements need additional explanations to evaluate the quantitative information disclosed. However, an entity must use the same level of aggregation or disaggregation it uses for disclosure requirements of related information in this IFRS and IFRS 13 *Fair Value Measurement*.			
The risk management strategy					
2	*IFRS 7.22A*	Does the entity explain its risk management strategy for each risk category of risk exposures that it decides to hedge and for which hedge accounting is applied. This explanation should enable users of financial statements to evaluate (for example):			
		a. How each risk arises	☐	☐	☐
		b. How the entity manages each risk; this includes whether the entity hedges an item in its entirety for all risks or hedges a risk component (or components) of an item and why	☐	☐	☐
		c. The extent of risk exposures that the entity manages	☐	☐	☐

Item #	IFRS Reference	Description	Disclosure made Yes	No	N/A
3	*IFRS 7.22B*	To meet the requirements in paragraph 22A of IFRS 7, does the entity provide at least a description of:			
		a. The hedging instruments that are used (and how they are used) to hedge risk exposures	☐	☐	☐
		b. How the entity determines the economic relationship between the hedged item and the hedging instrument for the purpose of assessing hedge effectiveness	☐	☐	☐
		c. How the entity establishes the hedge ratio and what the sources of hedge ineffectiveness are	☐	☐	☐
4	*IFRS 7.22C*	When an entity designates a specific risk component as a hedged item (see paragraph 6.3.7 of IFRS 9), does it provide, in addition to the disclosures required by paragraphs 22A and 22B of IFRS 7, qualitative or quantitative information about:			
		a. How it determined the risk component that is designated as the hedged item (including a description of the nature of the relationship between the risk component and the item as a whole)	☐	☐	☐
		b. How the risk component relates to the item in its entirety (for example, the designated risk component historically covered on average 80 per cent of the changes in fair value of the item as a whole)	☐	☐	☐
The amount, timing and uncertainty of future cash flows					
5	*IFRS 7.23A*	Unless exempted by paragraph 23C of IFRS 7, does the entity disclose by risk category quantitative information to allow users of its financial statements to evaluate the terms and conditions of hedging instruments and how they affect the amount, timing and uncertainty of future cash flows of the entity	☐	☐	☐
6	*IFRS 7.23B*	To meet the requirement in paragraph 23A of IFRS 7, does the entity provide a breakdown that discloses:			
		a. A profile of the timing of the nominal amount of the hedging instrument	☐	☐	☐
		b. If applicable, the average price or rate (for example strike or forward prices, etc.) of the hedging instrument	☐	☐	☐
7	*IFRS 7.23C*	In situations in which an entity frequently resets (i.e., discontinues and restarts) hedging relationships because both the hedging instrument and the hedged item frequently change (i.e., the entity uses a dynamic process in which both the exposure and the hedging instruments used to manage that exposure do not remain the same for long — such as in the example in paragraph B6.5.24(b) of IFRS 9), does the entity disclose:			
		i. Information about what the ultimate risk management strategy is in relation to those hedging relationships	☐	☐	☐
		ii. A description of how it reflects its risk management strategy by using hedge accounting and designating those particular hedging relationships	☐	☐	☐
		iii. An indication of how frequently the hedging relationships are discontinued and restarted as part of the entity's process in relation to those hedging relationships	☐	☐	☐
		Note that in the above circumstances, the entity is exempt from providing the disclosures required by paragraphs 23A and 23B of IFRS 7			
8	*IFRS 7.23D*	Does the entity disclose, by risk category, a description of the sources of hedge ineffectiveness that are expected to affect the hedging relationship during its term	☐	☐	☐
9	*IFRS 7.23E*	If other sources of hedge ineffectiveness emerge in a hedging relationship, does the entity disclose those sources by risk category and explain the resulting hedge ineffectiveness	☐	☐	☐

Item #	IFRS Reference	Description	Disclosure made Yes	No	N/A
10	*IFRS 7.23F*	For cash flow hedges, does the entity disclose a description of any forecast transaction for which hedge accounting had been used in the previous period, but which is no longer expected to occur	☐	☐	☐
The effects of hedge accounting on financial position and performance					
11	*IFRS 7.24A*	Does the entity disclose, in a tabular format, the following amounts related to items designated as hedging instruments separately by risk category for each type of hedge (fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation):			
		a. The carrying amount of the hedging instruments (financial assets separately from financial liabilities)	☐	☐	☐
		b. The line item in the statement of financial position that includes the hedging instrument	☐	☐	☐
		c. The change in fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness for the period	☐	☐	☐
		d. The nominal amounts (including quantities such as tonnes or cubic metres) of the hedging instruments	☐	☐	☐
12	*IFRS 7.24B*	Does the entity disclose, in a tabular format, the following amounts related to hedged items separately by risk category for the types of hedges as follows:			
		a. For fair value hedges:			
		i. The carrying amount of the hedged item recognised in the statement of financial position (presenting assets separately from liabilities)	☐	☐	☐
		ii. The accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item recognised in the statement of financial position (presenting assets separately from liabilities)	☐	☐	☐
		iii. The line item in the statement of financial position that includes the hedged item	☐	☐	☐
		iv. The change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period	☐	☐	☐
		v. The accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses in accordance with paragraph 6.5.10of IFRS 9[28]	☐	☐	☐
		b. For cash flow hedges and hedges of a net investment in a foreign operation:			
		i. The change in value of the hedged item used as the basis for recognising hedge ineffectiveness for the period (i.e., for cash flow hedges, the change in value used to determine the recognised hedge ineffectiveness in accordance with paragraph 6.5.11(c) of IFRS 9[29])	☐	☐	☐
		ii. The balances in the cash flow hedge reserve and the foreign currency translation reserve for continuing hedges that are accounted for in accordance with paragraphs 6.5.11 and 6.5.13(a) of IFRS 9	☐	☐	☐
		iii. The balances remaining in the cash flow hedge reserve and the foreign currency translation reserve from any hedging relationships for which hedge accounting is no longer applied	☐	☐	☐

[28] The hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item (if applicable) and be amortised to profit or loss if the hedged item is measured at amortised cost.
[29] Any remaining gain or loss on the hedging instrument (or any gain or loss required to balance the change in the cash flow hedge reserve calculated in accordance with paragraph 5.5.11(a) of IFRS9) is hedge ineffectiveness that shall be recognised in profit or loss.

Item #	IFRS Reference	Description	Disclosure made Yes	No	N/A
	IFRS 9.6.5.11	The cash flow hedge reserve is adjusted to the lower of either the cumulative gain or loss or the cumulative change in fair value (present value) of the hedged item from inception of the hedge. The portion that is offset by the change in the cash flow hedge reserve must be recognised in other comprehensive income with any hedge ineffectiveness recognised in profit or loss.			
	IFRS 9.6.5.13(a)	Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment shall be accounted for similarly to cash flow hedges in that the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge must be recognised in other comprehensive income and the ineffective portion must be recognised in profit or loss.			
13	*IFRS 7.24C*	Does the entity disclose, in a tabular format, the following amounts separately by risk category for the types of hedges as follows:			
		a. For fair value hedges:			
		i. Hedge ineffectiveness i.e., the difference between the hedging gains or losses of the hedging instrument and the hedged item—recognised in profit or loss (or other comprehensive income for hedges of an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income in accordance with paragraph 5.7.5 of IFRS 9[30])	☐	☐	☐
		ii. The line item in the statement of comprehensive income that includes the recognised hedge ineffectiveness	☐	☐	☐
		b. For cash flow hedges and hedges of a net investment in a foreign operation:			
		i. Hedging gains or losses of the reporting period that were recognised in other comprehensive income	☐	☐	☐
		ii. Hedge ineffectiveness recognised in profit or loss	☐	☐	☐
		iii. The line item in the statement of comprehensive income that includes the recognised hedge ineffectiveness	☐	☐	☐
		iv. The amount reclassified from the cash flow hedge reserve or the foreign currency translation reserve into profit or loss as a reclassification adjustment (see IAS 1) (differentiating between amounts for which hedge accounting had previously been used, but for which the hedged future cash flows are no longer expected to occur, and amounts that have been transferred because the hedged item has affected profit or loss)	☐	☐	☐
		v. The line item in the statement of comprehensive income that includes the reclassification adjustment (see IAS 1)	☐	☐	☐
		vi. For hedges of net positions, the hedging gains or losses recognised in a separate line item in the statement of comprehensive income (see paragraph 6.6.4 of IFRS 9[31])	☐	☐	☐
14	*IFRS 7.24D*	When the volume of hedging relationships to which the exemption in paragraph 23C applies is unrepresentative of normal volumes during the period (i.e., the volume at the reporting date does not reflect the volumes during the period), does the entity disclose that fact and the reason it believes the volumes are unrepresentative	☐	☐	☐

[30] Irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.
[31] The line item that relates to the hedged item itself (for example, revenue or cost of sales) remains unaffected.

Item #	IFRS Reference	Description	Disclosure made Yes	No	N/A
15	*IFRS 7.24E*	Does the entity provide a reconciliation of each component of equity and an analysis of other comprehensive income in accordance with IAS 1 that, taken together:			
		a. Differentiates, at a minimum, between the amounts that relate to the disclosures in paragraph 24C(b)(i) and (b)(iv) of IFRS 7[32] as well as the amounts accounted for in accordance with paragraph 6.5.11(d)(i) and (d)(iii) of IFRS 9[33]	☐	☐	☐
		b. Differentiates between the amounts associated with the time value of options that hedge transaction related hedged items and the amounts associated with the time value of options that hedge time-period related hedged items when an entity accounts for the time value of an option in accordance with paragraph 6.5.15 of IFRS 9; and	☐	☐	☐
		c. Differentiates between the amounts associated with forward elements of forward contracts and the foreign currency basis spreads of financial instruments that hedge transaction-related hedged items, and the amounts associated with forward elements of forward contracts and the foreign currency basis spreads of financial instruments that hedge time-period related hedged items when an entity accounts for those amounts in accordance with paragraph 6.5.16 of IFRS 9	☐	☐	☐
	IFRS 9.6.5.1.15	For transaction related hedged items the cumulative change in fair value is either removed and included directly in the initial cost or other carrying amount of the asset or the liability, reclassified to profit or loss in the same period during which the hedged expected future cash flows affect profit or loss or, if all or a portion of that amount is not expected to be recovered in one or more future periods, the amount that is not expected to be recovered must be immediately reclassified into profit or loss. For time-period related hedged items the amortisation amount must be reclassified from the separate component of equity to profit or loss unless the hedge accounting is discontinued, in which case, the net amount that has been accumulated must be immediately reclassified into profit or loss.			
	IFRS 9.6.5.1.16	When an entity separates the forward element and the spot element of a forward contract and designates as the hedging instrument only the change in the value of the spot element of the forward contract, or when an entity separates the foreign currency basis spread from a financial instrument and excludes it from the designation of that financial instrument as the hedging instrument.			
16	*IFRS 7.24F*	Does the entity disclose the information required in paragraph 24E of IFRS 7 separately by risk category. This disaggregation by risk may be provided in the notes to the financial statements	☐	☐	☐

[32] The amount reclassified from the cash flow hedge reserve or the foreign currency translation reserve into profit or loss as a reclassification adjustment.
[33] The cash flow hedge reserve is adjusted to the lower of either the cumulative gain or loss or the cumulative change in fair value (present value) of the hedged item from inception of the hedge. The portion that is offset by the change in the cash flow hedge reserve must be recognised in other comprehensive income with any hedge ineffectiveness recognised in profit or loss.

Item #	IFRS Reference	Description	Disclosure made Yes	No	N/A
Option to designate a credit exposure as measured at fair value through profit or loss					
17	*IFRS 7.24G*	If an entity designated a financial instrument, or a proportion of it, as measured at fair value through profit or loss because it uses a credit derivative to manage the credit risk of that financial instrument, does the entity disclose:			
		a. For credit derivatives that have been used to manage the credit risk of financial instruments designated as measured at fair value through profit or loss in accordance with paragraph 6.7.1of IFRS 9, a reconciliation of each of the nominal amount and the fair value at the beginning and at the end of the period	☐	☐	☐
		b. The gain or loss recognised in profit or loss on designation of a financial instrument, or a proportion of it, as measured at fair value through profit or loss in accordance with paragraph 6.7.1 of IFRS 9	☐	☐	☐
		c. On discontinuation of measuring a financial instrument, or a proportion of it, at fair value through profit or loss, that financial instrument's fair value that has become the new carrying amount in accordance with paragraph 6.7.4of IFRS 9 and the related nominal or principal amount (except for providing comparative information in accordance with IAS 1, an entity does not need to continue this disclosure in subsequent periods)	☐	☐	☐
	IFRS 9.6.7.1	An entity may designate the financial instrument to the extent that it is so managed (i.e., all or a proportion of it) as measured at fair value through profit or loss if the name of the credit exposure matches the reference entity of the credit derivative and the seniority of the financial instrument matches that of the instruments that can be delivered in accordance with the credit derivative.			
	IFRS 9.6.7.4	When an entity discontinues measuring the financial instrument that gives rise to the credit risk, or a proportion of that financial instrument, at fair value through profit or loss, that financial instrument's fair value at the date of discontinuation becomes its new carrying amount.			
18	*IFRS 7.28*	In some cases, an entity does not recognise a gain or loss on initial recognition of a financial asset or financial liability because the fair value is neither evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) nor based on a valuation technique that uses only data from observable markets (see paragraph B5.1.2A[34] of IFRS 9). In such cases, does the entity disclose, by class of financial asset or financial liability:			
		a. Its accounting policy for recognising in profit or loss the difference between the fair value at initial recognition and the transaction price to reflect a change in factors (including time) that market participants would take into account when pricing the asset or liability (see paragraph 5.1.2A(b) of IFRS 9)	☐	☐	☐
		b. The aggregate difference yet to be recognised in profit or loss at the beginning and end of the period and a reconciliation of changes in the balance of this difference	☐	☐	☐
		c. Why the entity concluded that the transaction price was not the best evidence of fair value, including a description of the evidence that supports the fair value	☐	☐	☐

[34] The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price. However, if an entity determines that the fair value at initial recognition differs from the transaction price, the entity must account for the instrument at either the quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets.

Appendix 1

The table below is an example of how an entity could provide credit quality disclosures for accounting purposes on a similar basis to those in recommendation 15 of the EDTF 2012 report (*see item 11 of the Impairment section of the post-transition disclosures on page 29*). The example is taken from the EDTF ECL Guidance (page 17).

Using the same number of PD bandings as in the entity's implementation of Figure 3 would allow sufficient granularity of an individual entity's loan portfolios by credit quality to facilitate comparison between entities (as envisaged with the original EDTF recommendation) for their lending portfolios. Entities should determine the appropriate bandings as necessary in order to convey the differences in credit quality across their lending portfolios at a reporting date.

Figure 3. Example of advanced IRB credit exposures by internal PD grade (reproduced from EDTF 2012 report)

Internal ratings grade (or band of grades)	PD range	Exposure at default	Average PD	Average LGD	RWAs	Average risk weighting	External rating equivalent
	0.000%	US$m	%	%	US$m	%	
1	0.000 to 0.010	500	0.010	21	25	5	AAA
2	0.011 to 0.020	1,000	0.018	22	90	9	AA+
3	0.021 to 0.030	500	0.029	21	55	11	AA
4	0.031 to 0.040	2,000	0.035	26	300	15	AA
5	0.041 to 0.050	100	0.047	28	18	18	A+
6	0.051 to 0.070	500	0.061	33	100	24	A
7	0.071 to 0.110	800	0.078	41	200	25	A–
8	0.111 to 0.180	750	0.122	38	210	28	BBB+
9	0.181 to 0.300	1,000	0.292	45	310	31	BBB
10	0.301 to 0.500	1,250	0.400	48	475	38	BBB–
11	0.501 to 0.830	1,500	0.650	47	780	52	BB–
12	0.831 to 1.370	1,750	1.112	46	1,033	59	BB
13	1.371 to 2.270	500	2.001	51	370	74	BB–
14	2.271 to 3.750	100	2.500	57	94	94	B+
15	3.751 to 6.190	250	4.011	42	280	112	B
16	6.191 to 10.220	150	7.020	47	204	136	B–
17	10.221 to 16.870	750	12.999	55	1,312	175	CCC+
18	16.871 to 27.840	500	20.020	49	1,560	312	CCC
19	27.841 to 99.999	200	75.020	75	1,282	641	CCC–
20	100.000	200	100.000	75	100	50	Default
Total		14,300			8,798		

Note:

The above Figure is for illustrative purpose only, as the number of internal rating grades, the PD range for each grade and the respective external rating equivalent will differ for each institution.

Appendix 2

The table below is an example of how an entity could provide a reconciliation of gross carrying amounts and loss allowances in accordance with recommendation 28 of EDTF ECL Guidance (*see item 33 of the Impairment section of the post-transition disclosures on page 35*). The example is taken from the EDTF ECL Guidance (page 22).

The table is modelled on the example provided in IFRS 7.IG20B and therefore includes the gross carrying amount of financial assets as part of the illustration in IFRS 7 and is not mandatory.

Movement table

Financial assets at amortised cost	Not credit-impaired				Credit-impaired				Total	
	Subject to 12-month ECL		Subject to lifetime ECL		Subject to lifetime ECL - Excluding purchased/ originated credit-impaired		Purchased/ originated credit-impaired			
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m
As at 1 January	X	X	X	X	X	X	X	X	X	X
Transfer to lifetime ECL (N1)	(X)	(X)	X	X	(X)	(X)	(X)	(X)	-	X
Transfer to credit-impaired financial assets (N1)	(X)	(X)	(X)	(X)	(X)	(X)	-	-	-	X
Transfer to 12-month ECL (N1)	X	X	(X)	(X)	(X)	(X)	-	-	-	(X)
Financial assets that have been derecognised during the period (including write-off)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)
New financial assets originated or purchased	X	X	-	-	-	-	X	X	X	X
Changes to model used for ECL calculation	-	X	-	X	-	X	-	X	-	X
Changes to risk parameters (model inputs)	-	X	-	X	-	X	-	X	-	X
Changes due to modification that did not result in derecognition	X	X	X	X	X	X	X	X	X	X
Others	X	X	X	X	X	X	X	X	X	X
Foreign exchange	X	X	X	X	X	X	X	X	X	X
As at 31 December	X	X	X	X	X	X	X	X	X	X
Carrying amount as at 31 December		X		X		X		X		X
Total amount of undiscounted ECL for financial assets initially recognised during the year								X		
Contractual amounts outstanding written off that are still subject to enforcement activities (N2)	X		X		X		X	-	X	

N1 –Depending on the disclosure policy, the amounts disclosed in these transfer lines could differ depending on whether transfers are disclosed before any re-measurement or whether transfer and re-measurement are included in the same row. Therefore transfer may or may not have an impact on profit or loss. Similarly the re-measurement effect arising from changes in stages could be shown separately from the effect of changes in estimation of cash flows.

N2 –Depending on the disclosure policy loans in stages 1 and 2 could be written-off before any deterioration or all loans or loans may all be reclassified in stage 3 before write off.

Key contacts

Fabio Fabiani

Direct Tel: +44 20 7783 0816
Email: ffabiani@uk.ey.com

Tara Kengla

Direct Tel: +44 20 7951 3054
Email: tkengla@uk.ey.com

Tony Clifford

Direct Tel: +44 20 7951 2250
Email: aclifford@uk.ey.com

Michiel van der Lof

Direct Tel: +31 88 407 1030
Email: michiel.van.der.lof@nl.ey.com

Catherine Tuazon

Direct Tel: +44 20 7806 9106
Email: ctuazon1@uk.ey.com

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

About EY's International Financial Reporting Standards Group

A global set of accounting standards provides the global economy with one measure to assess and compare the performance of companies. For companies applying or transitioning to International Financial Reporting Standards (IFRS), authoritative and timely guidance is essential as the standards continue to change. The impact stretches beyond accounting and reporting, to key business decisions you make. We have developed extensive global resources — people and knowledge — to support our clients applying IFRS and to help our client teams. Because we understand that you need a tailored service as much as consistent methodologies, we work to give you the benefit of our deep subject matter knowledge, our broad sector experience and the latest insights from our work worldwide.

© 2017 EYGM Limited.
All Rights Reserved.

EYG No. checking 00495-173Gbl

EY-000020850-01 (UK) 02/17. Artwork by CSG London.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax or other professional advice. Please refer to your advisors for specific advice.

ey.com