



## Income Recognition Adoption checklist

Assessing your organisation's adoption  
of IFRS 9 interest income recognition

### Purpose:

This checklist helps finance and risk teams assess their organisation's adoption of for IFRS 9 interest income recognition. It supports the themes explored at the AFB Roundtable and provides a practical framework for reviewing the strength and consistency of existing income recognition processes.

*Each section can be rated 1 (Not in place) to 5 (Fully embedded),  
with space to capture notes or planned actions.*

## 1. Income Recognition Model Design & Policy Alignment

How well does your income-recognition model support consistent, compliant treatment across all lending activities?

All lending products are included and modelled within the solution.

Fees, costs, and behavioural assumptions are documented and reviewed regularly.

Recognition and derecognition follow IFRS 9 requirements (as in B5.4.5 and B5.4.6).

Reversions and true-ups are applied consistently and approved through governance.

Management understands and monitors key drivers of EIR adjustments.

Yield curves or reversion rates are used appropriately for effective interest rate calculation.

Notes:



## 2. Behavioural Curve Validation & Reversion Modelling

Are behavioural assumptions evidenced and updated using reliable data.

Customer behaviour is modelled separately for statistically significant borrower groups.

Actual repayment data is compared against expected curves to validate assumptions.

Reversionary periods and rates are stress-tested for material impact on income.

Yield curves or reference rates are used appropriately for reversion modelling.

Historical loan data is maintained for curve analysis and best-fit modelling.

Redemptions and product switches are managed or modelled automatically where applicable.

Notes:

## 3. Data Integrity & Calculation Controls

Do processes minimise endogenous risk from data quality and spreadsheet dependency?

Completeness checks ensure all basic financial instruments in the loan book are accounted for within the system.

Data inputs, assumptions, and outputs are reviewed and version-controlled.

Where spreadsheets are used, they are tested, documented, and resilient.

Calculation logic and true-up routines are validated periodically.

Notes:





## 4. Governance, Audit & Oversight

Is there clear accountability and challenge around income recognition assumptions and results?

Income recognition results are reviewed by Finance, Risk, and Audit Committees.

Internal and external audit queries can be addressed efficiently.

Sensitivity analyses can be produced showing income impact from key assumptions.

Governance documentation is updated when behavioural curves are revised.

The income recognition solution fulfils all MI and drill-down requirements for analysis of accounting adjustments.

Notes:

## 5. Systems, Documentation & Resilience

Is the underlying solution sustainable, auditable, and capable of detailed analysis?

Fee types and amortisation methods can be managed systematically across products.

Rate changes across multiple products and effective dates can be processed automatically.

Cohorts of loans with similar behaviour can be modelled as portfolios.

Management information and drill-down reporting meet business and audit needs.

If spreadsheet-based, controls mitigate single individual dependency.

If system-based, auditors are familiar with and satisfied by the system's operation.

Notes:





## 6. Continuous Improvement & Next Steps

Is there a plan to evolve and strengthen governance over time?

Lessons learned from audits or model validation are captured and acted upon.

Behavioural curves are reviewed and updated at least annually.

Future regulatory or system developments are monitored.

Staff responsible for income recognition are trained on behavioural modelling and IFRS 9 updates.

Notes:

### Next Step:

For further discussion or to arrange a one-to-one review, contact **Jon Sayer, Business Development Director**  
[jon.sayer@whistlebrook.co.uk](mailto:jon.sayer@whistlebrook.co.uk) +44 (0)1480 309550



[www.whistlebrook.co.uk/hedge-accounting](http://www.whistlebrook.co.uk/hedge-accounting)



+44 (0)1480 309550



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