

IFRS 9 Overlays

Where supervisors still see weak practice

Supervisors accept overlays in principle, but only when they are evidence-based, risk-factor-specific, clearly governed and consistent with staging.

[Request the full PDF publication](#)

This brochure highlights the commercial and supervisory themes behind the Prudaris flagship publication.

Typical client triggers

persistent overlays

audit or supervisory scrutiny

need for framework redesign

Prudaris helps institutions turn complex risk and control topics into decision-ready programmes, review packs and remediation workplans.



Full PDF publication available on request

Contact Prudaris Risk Advisory for the full publication and a targeted discussion of your priorities.

Key pressure points

The recurring weak spots

Overlays often start as temporary fixes and then become embedded without a disciplined route back to controlled model methodology.



01

Umbrella overlays

Broad overlays spanning multiple risks or portfolios weaken transparency and comparability.

02

No staging linkage

If ECL goes up but SICR logic does not move, management is left with a governance contradiction.

03

Weak governance

Responsibilities, approvals and finance-business involvement are often not robust enough.

04

No sunset path

Temporary overlays can become permanent without a controlled route to recalibration or model redesign.

What good practice looks like

Full publication on request

- A complete, version-controlled overlay inventory with named owners.
- Evidence-based quantification and explicit testing for double counting.
- Clear linkage between overlay logic and staging / SICR decisions where relevant.
- Validation, monitoring and sunset criteria before overlays become business as usual.

How Prudaris can help

1

Diagnose

Clarify materiality, scope, overlap and governance gaps.

2

Redesign

Support overlay, recalibration or model-change decisions.

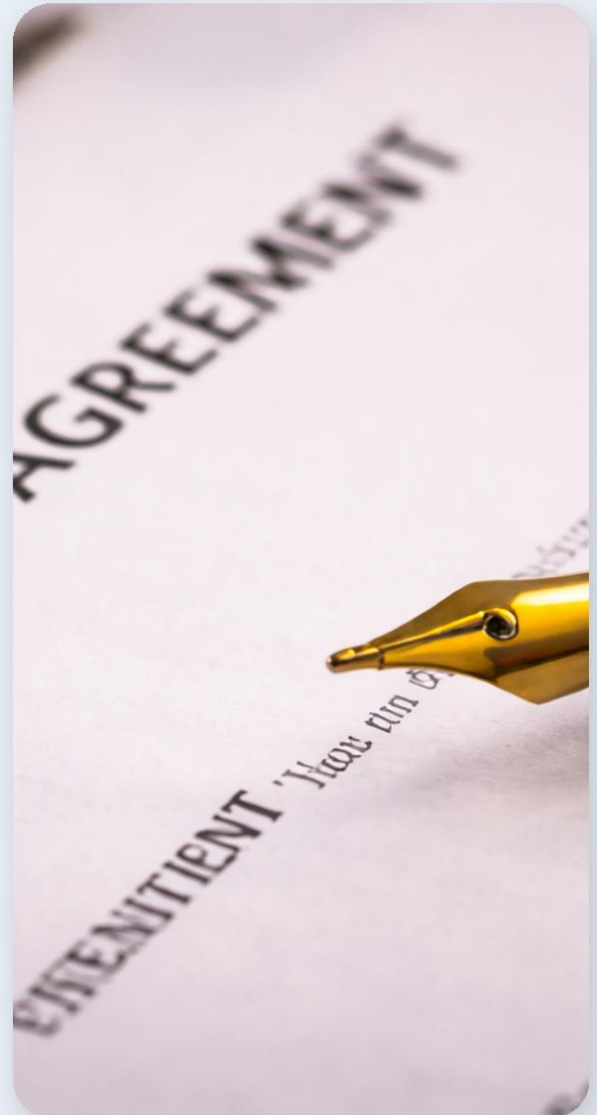
3

Embed

Strengthen staging linkage, evidence packs and controls.

Selected support areas

- Independent overlay framework reviews and materiality diagnostics.
- Inventory clean-up and overlay governance redesign.
- Overlay vs recalibration vs model-change decision support.
- Staging-linkage enhancement and control design.
- Validation, backtesting and documentation packages for review bodies.
- Accelerated remediation plans for supervisory or audit pressure.



Contact Prudaris Risk Advisory to request the full publication and discuss a focused advisory response.

Full PDF publication available from Prudaris on request

Contact Prudaris Risk Advisory to request the full IFRS 9 overlays publication and discuss a focused overlay review.

Prudaris Risk Advisory