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February 6, 2017

**LETTER TO ALL BANKS AND THEIR EXTERNAL AUDITORS**

**APPLICATION OF INTERNATIONAL STANDARD ON AUDITING (ISA) 701  
(COMMUNICATING KEY AUDIT MATTERS IN THE INDEPENDENT AUDITOR'S  
REPORT) IN THE BANKING SECTOR**

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The attention of all banks and their external auditors is hereby drawn to the Rule 9 (Application of International Standard on Auditing (ISA) 701 - Communicating Key Audit Matters in the Independent Auditor's Report) of the Financial Reporting Council of Nigeria (FRCN) which requires independent auditors of listed and unlisted entities to comply with the requirements of ISA 701 for audit of financial statements for periods ending on or after December 15, 2016 and June 30, 2017, respectively.

In order to create a level playing field for the implementation of ISA 701 in the Nigerian banking industry, the CBN has obtained the concurrence of the FRCN for external auditors of all banks (both listed and unlisted) to comply with the requirements of the new standard for audits of financial statements for periods ending on or after December 15, 2016.

Accordingly, the auditors' reports accompanying audited financial statements of all banks for the applicable periods should be compliant with ISA 701.

Please be guided accordingly.

Yours faithfully,

**K. O. BALOGUN**  
**FOR: DIRECTOR OF BANKING SUPERVISION**