

Swedish Bankers' Association

Svenska Bankföreningen

POSITION PAPER

16 September 2002

IASB

30 Cannon Street, London EC4M 6XH
United Kingdom

EXPOSURE DRAFT OF PROPOSED IMPROVEMENTS TO INTERNATIONAL ACCOUNTING STANDARDS

IAS 27

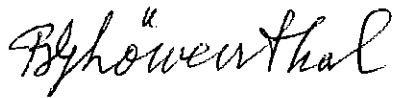
In paragraph 13 it is proposed that a subsidiary shall be excluded from consolidation when control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal within twelve months from acquisition.

Swedish Bankers' Association finds the proposal regarding a time limit of twelve months to harsh. We are therefore in favour of the old wording in paragraph 13 which said "in the near future" instead of the proposed wording "within twelve months from acquisition".

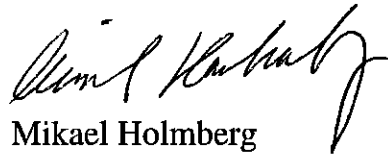
The background to our position is that it is common procedure that counter parties of banks pledge shares as collateral for their debts. In the event of bankruptcy banks take charge over the pledged shares. In some cases such a procedure might lead to the fact that a bank gets control over a certain company. The shares are held exclusively with a view to subsequent disposal but the situation in the market or in the economic environment might however be unfavourable for a disposal at the time. We all know that this normally is the case in times when default rates are high. Swedish Bankers' Association therefore believes that the standard should be more flexible in this area.

Banks will otherwise find themselves in the position of consolidating such holdings described above.

SWEDISH BANKERS' ASSOCIATION



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