



**International  
Accounting Standards  
Board**

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*Board positions are set out in Standards.*

*These notes are based on the staff papers prepared for the IASB. Paragraph numbers correspond to paragraph numbers used in the IASB papers. However, because these notes are less detailed, some paragraph numbers are not used.*

## **INFORMATION FOR OBSERVERS**

**Board Meeting: February 2009, London**

**Project: Derecognition**

**Subject: Illustrations of some of the proposed disclosure requirements  
(Agenda paper 2CA)**

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## **INTRODUCTION**

- 1 Agenda paper 2C presents the proposed disclosure requirements to be included in the derecognition exposure draft and the reasons for proposing such disclosures. This paper illustrates some of the quantitative disclosures proposed in agenda paper 2C.
- 2 The first three illustrations relate to transferred financial assets that have been derecognised; they apply to both Approach 1 and Approach 2. The last illustration relates to transferred financial assets that are not derecognised; it applies only to Approach 2. It should be noted that some of the captions in the first three illustrations might not appear for Approach 2—for example, continuing involvement in the form of a senior beneficial interest in securitisations might not be relevant for Approach 2 because transactions involving this type of continuing involvement might fail the derecognition criteria.

**Illustration of proposed disclosure requirements in paragraph 17(a), (b) and (c), and paragraph 19(a) and (b) of agenda paper 2C (at the entity's reporting date)**

**Entity X's continuing involvement with transferred financial assets that have been derecognised**

CU million Type of continuing involvement	Fair value of transferred (derecognised) assets	PV of cash outflows to repurchase transferred (derecognised) assets	Carrying amount of continuing involvement in statement of financial position		Fair value of continuing involvement	Maximum exposure to loss*
			Assets	Liabilities		
Repurchase agreements	144,600	(147,000)	250	(2,550)	(2,300)	147,000
Written put options	15,500	(14,500)	1,150	0	1,150	14,500
Purchased call options	8,000	(9,500)	35		35	35
Securities lending	25,500	(25,000)	750	(200)	550	25,000
Guarantees/credit enhancement	45,000			(1,350)	(1,350)	6,000
Senior beneficial interests in securitisations	15,000		600		600	600
Servicing	20,000		80		70	80
<b>Total</b>			<b>2,865</b>	<b>(4,100)</b>	<b>(1,245)</b>	<b>193,215</b>

**Carrying amount of continuing involvement in the statement of financial position**

CU million Class of asset or liability	Total	
	Assets	Liabilities
Intangible assets	80	
Held for trading	2,185	
Available for sale financial assets	600	
Financial liabilities at fair value through profit or loss		(4,100)
<b>Total</b>	<b>2,865</b>	<b>(4,100)</b>

\* We would expect the maximum exposure to loss to be calculated as follows:

- for repurchase agreements and written put options, the maximum exposure to loss is the strike price.
- for purchased call options, it is the carrying amount of the option.
- for guarantees or other forms of credit enhancement, it is the maximum amount that the entity could be required to pay according to the terms of the guarantee agreement.
- for beneficial interests in assets or securitisations and for servicing activities, it is the carrying amount of that interest or servicing asset.

**Illustration of proposed disclosure requirements in paragraph 17(d) of agenda paper 2C  
(at the entity's reporting date)**

**Maturity of continuing involvement**

CU million		Maturity of continuing involvement					
Type of continuing involvement	Total	<1 month	<3 months	<6 months	<1 year	1-2 years	>2 years
<b>Undiscounted cash outflows to repurchase transferred assets</b>							
Repurchase agreements	148,500	12,000	76,300	31,500	24,000	4,700	
Written put options	15,200		600	3,400	6,200	5,000	
Purchased call options	10,000			1,500	4,600	2,800	1,100
Securities lending	25,000	19,750	5,250				

**Illustration of proposed disclosure requirements in paragraph 19(c) of agenda paper 2C  
(at the date of transfer)**

**Transfer of financial assets that are derecognised with which Entity X has continuing involvement**

For the year ended 20X9 CU million Type of continuing involvement	At the date of transfer			
	Carrying amount of original assets	Carrying amount of other assets obtained (liabilities incurred)	Cash received	Gain / (loss) on derecognition*
Repurchase agreements	150,000	150	151,000	1,150
Written put options	15,000	(50)	15,200	150
Purchased call options	8,000	200	7,700	(100)
Securities lending	25,000	20,000	5,120	120
Guarantees/credit enhancement	20,000	(250)	21,500	1,250
Senior beneficial interests in securitisations	22,000	340	21,800	140
<b>Total</b>	<b>240,000</b>	<b>20,390</b>	<b>222,320</b>	<b>2,710</b>

\* the gains and losses on derecognition are recognised in the statement of comprehensive income within 'income from the sale of financial assets' or 'losses from the sale of financial assets'.

**Illustration of proposed disclosure requirements in paragraph 28(b) and (e) of agenda paper 2C (at the entity's reporting date) – Approach 2 only**

**Transfers of financial assets that are not derecognised**

CU million	Class of financial asset			
	Financial assets at fair value through profit or loss	Held for trading	Loans and receivables	Available for sale financial assets
Carrying amount of assets	23,000	45,000	52,000	15,000
Carrying amount of associated liabilities	(22,500)	(46,500)	(60,000)	(14,800)

**For those liabilities that have recourse only to specific assets:**

Fair value of assets	12,000	5,200	32,000	0
Fair value of associated liabilities	(11,750)	(5,150)	(31,850)	0
Fair value of net position	250	50	150	0