

STAFF PAPER

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Project	Financial Instruments: Impairment		
Paper topic	Interest revenue on credit-impaired financial assets		
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Introduction

1. This paper is relevant if the IASB decides to revisit their decision on the presentation of interest revenue as discussed in Agenda Paper 5C.
2. The staff recommend that:
 - (a) the accounting previously tentatively decided for purchased credit-impaired financial assets should be extended to financial assets subject to impairment accounting that are credit-impaired on initial recognition.
 - (b) for other financial assets subject to the general deterioration impairment model, an entity should present interest revenue calculated on the carrying amount net of the impairment allowance if the asset is credit-impaired as at the reporting date. This evaluation should be made at each reporting date and will be applicable for the following reporting period.
 - (c) financial assets should be considered to be credit-impaired if there is objective evidence of the criteria in paragraphs 59(a)-(e) of IAS 39 *Financial Instruments: Recognition and Measurement*.
3. This paper sets out an analysis of:
 - (a) the objective for interest revenue (paragraphs 4 – 8);

- (b) originated credit-impaired financial assets (paragraphs 9 – 12);
- (c) deteriorated credit-impaired financial assets (paragraphs 13 – 26); and
- (d) the definition of *credit-impaired* (paragraphs 27 – 48).

Objective for interest revenue

4. In April 2011 the boards concluded that, while calculating interest revenue on the basis of the gross carrying amount (ie not reduced for any impairment allowance) would not reflect the economic yield of impaired financial assets, doing so would alleviate some of the operational concerns regarding the application of an expected loss model. Preparers that responded to the FASB's ED noted that it would be operationally difficult to calculate interest revenue on the basis of the net carrying amount for small-balance, homogenous pooled loans for which they perform no individual cash flow analysis.
5. The anomalies illustrated in the example in Agenda Paper 5C result from a divergence between the cash flows used in determining the effective interest rate on initial recognition and the subsequent expected cash flows. An alternative presentation of interest revenue for a subset of financial assets may improve the faithful representation of interest revenue and at the same time alleviate the operational concerns raised by respondents.
6. In the staff's view, the issue addressed in this paper is similar to the issue the boards addressed previously in their discussion on the accounting for purchased credit-impaired financial assets. That is, there are some financial assets that have deteriorated in credit quality to such an extent that presenting interest revenue on the basis of the gross carrying amount reflecting the contractual yield would no longer faithfully represent the economic yield. In the staff's view, the level of credit quality that would give rise to such a concern would be a lower credit quality than the credit quality that requires recognition of a lifetime expected loss allowance. For the purpose of this paper, the staff refer to assets with that lower level of credit quality as "credit-impaired financial assets". This paper discusses what level of credit quality should be used for the definition of "credit-impaired" further in paragraphs (27 – 48).

7. The concern above resulted in the boards previously tentatively deciding that, for *purchased* credit-impaired financial assets, an entity should adjust the effective interest rate for the expected cash flows estimated at initial recognition (subsequently the impairment allowance balance represents the changes in *lifetime* expected losses from initial recognition).
8. For other assets the effective interest rate is calculated ignoring expected losses. For these assets the model reflects deterioration in credit quality by measuring expected losses based on current information and by moving from an allowance of 12 months expected loss to an allowance of lifetime expected losses for financial assets that satisfy the criteria for recognition of a lifetime expected loss allowance. Based on the tentative decisions to date for these assets, interest revenue is always calculated on an effective interest rate that is not adjusted for initial credit loss expectations and is always computed on the carrying amount without deduction of the impairment allowance. Thus the presentation of interest revenue does not reflect the deterioration in credit quality and the question arises of how the model should treat interest revenue for:
- (a) *originated* credit-impaired financial assets (paragraphs 9 – 12); and
 - (b) *deteriorated* credit-impaired financial assets. That is, financial assets that deteriorated to credit-impaired after initial recognition (paragraphs 13 – 26).

Originated credit-impaired

9. In the staff's view, while the circumstances when assets would be *originated* at this level would be rare, it is not a null set. For example, some modifications of contractual terms can result in derecognition of the original asset and recognition of a new asset under IFRS 39 – and in those circumstances, the event may be associated with financial distress so the new asset (for accounting purposes) may be credit-impaired. The same issue regarding the faithful representation of interest revenue in this case arises as for purchased credit-impaired financial assets.

10. Under the boards' tentative decisions, an impairment allowance on originated credit-impaired financial assets would be measured at 12 months expected losses if there has not been a more than insignificant deterioration in credit quality since initial recognition and interest revenue would be presented calculated on the basis of the gross carrying amount. In the staff's view, such an approach would not result in the faithful representation of the economic yield, or comparability with purchased credit-impaired financial assets. This issue could be resolved by treating *originated* credit-impaired financial assets in the same way as *purchased* credit-impaired assets (ie requiring that an entity use a credit-adjusted effective interest rate for those assets and always recognising an allowance balance for changes in lifetime expected losses from initial recognition). The advantage of this approach would be consistent accounting for purchased and originated financial assets that are credit-impaired. In the staff view, the economics of the assets are the same whether they are purchased or originated, therefore the accounting should be the same.
11. The disadvantage of such an approach would be a larger scope for the accounting treatment previously tentatively agreed for *purchased* credit-impaired financial assets to also include *originated* credit-impaired financial assets. This accounting is more complex than the accounting required in the general deterioration model because the effective interest rate is required to be calculated taking into consideration expected losses in a manner akin to the original IASB exposure draft *Financial Instruments: Amortised Cost and Impairment*. However, as noted previously, the staff think that entities would rarely originate loans beyond that level of credit risk, therefore the staff expect the additional cost and complexity to be minimal.
12. The staff note that Agenda Paper 6 for the July 2012 meeting of the IFRS Interpretations Committee discusses the scope of paragraph AG5 of IAS 39, and whether it applies to both purchased and originated assets. In that paper the staff express the view that both purchased and originated loans are within the scope of paragraph AG5. Per that staff view treating originated credit-impaired loans in the same way as purchased credit-impaired loans would in fact not be an extension of scope from IAS 39.

Deteriorated credit-impaired financial assets

13. The discussion about when to change interest revenue presentation on the basis of credit impairment is relevant for financial assets that were not credit-impaired at initial recognition but have subsequently deteriorated to (or beyond) that level (deteriorated credit-impaired financial assets). For these assets, the effective interest rate is not adjusted for initial credit loss expectations and, based on tentative decisions to date, is always computed on the carrying amount without deduction of the impairment allowance. In the staff's view, when the credit quality of these assets deteriorates below credit-impaired, an alternative interest revenue presentation approach should be required to better represent the economic yield and to maintain the boards' objective of reflecting the pattern of deterioration.
14. The staff have identified the following alternatives for calculating the interest revenue to be presented for deteriorated credit-impaired financial assets:
 - (a) **Net interest approach** - Require interest revenue to be calculated on the basis of the net carrying amount; or
 - (b) **Nil interest approach** - Reduce the interest revenue presented to nil. Under this approach an entity would be required to offset interest revenue on the subset of assets with an equal amount of impairment loss.
15. The following example illustrates the difference between the two approaches.

Example

Illustrating alternatives for the presentation of interest on loan B (same fact pattern as the example in Agenda Paper XA)

		Y1	Y2	Y3	Y4
Gross carrying amount					
Opening		1,000	1,100	1,210	1,331
Payments		-	-	-	(570)
Interest	(a)	100	110	121	133
write off					(894)
Closing		1,100	1,210	1,331	-
Impairment allowance					
Opening		-	(672)	(739)	(813)
New impairment	(c)	(611)	-	-	-
Unwind of discount	(b)	(61)	(67)	(74)	(81)
Write-off		-	-	-	894
Closing		(672)	(739)	(813)	-
Net carrying amount		428	471	518	-
Presentation alternatives					
Tentative decisions to date					
Interest revenue	(a)	100	110	121	133
Impairment (loss)	(b) + (c)	(672)	(67)	(74)	(81)
Net interest approach					
Interest revenue	(a) - (b)	39	43	47	52
Impairment (loss)	(c)	(611)	-	-	-
Nil interest approach					
Interest revenue		-	-	-	-
Impairment (loss)	(a)-(b)-(c)	(511)	43	47	52

Net interest approach

16. The advantages of calculating interest revenue on the net carrying amount are that it more faithfully represents the unwind of the present value of expected cash flows at the effective interest rate on deteriorated credit-impaired financial assets, and is more comparable with the yield on purchased (and originated per staff recommendation) credit-impaired financial assets than presenting nil interest revenue. However some difference will remain as the effective interest rate for purchased (and originated) credit-impaired assets is credit-adjusted whereas for other assets it would not be credit-adjusted.
17. Disadvantages of this alternative are that an entity would be required to adjust its interest revenue calculations. An entity would be required to identify a subset of financial assets and their related impairment allowances and apply the effective interest rate to the net amount. The additional cost will depend on the size of the subset of assets and how that subset compares to the current requirements under IAS 39 (see discussion on the definition of credit-impaired in paragraphs 27 – 48). If the IASB decides to define credit-impaired consistent with IAS 39, the additional cost is expected to be insignificant as entities are required to present interest revenue using this approach for financial assets with an impairment allowance under IAS 39.
18. The staff note that the FASB's ED *Financial Instruments* proposed calculating interest revenue on the net carrying amount and rejected a nonaccrual approach as detailed in paragraph BC203 of the Basis for Conclusions on that ED:

...the Board believes that general nonaccrual guidance could not be developed to fit all situations. The Board believes that interest income could be too high if nonaccrual policies allow entities to continue to accrue interest on nonperforming loans or on performing loans for which cash shortfalls are expected. For example, an entity may have received all contractual interest payments on a loan that requires interest-only payments for a period of time but may not expect to receive all principal amounts due. The Board believes that the entire estimated shortfall

should not be reflected as a credit impairment; rather, a portion of the expected loss should be reflected through a lower effective interest rate. Additionally, the Board believes that accruing interest on the basis of the effective rate multiplied by amortized cost without deducting the allowance for credit impairments would result in an upwardly biased number because any pool of financial assets with a single credit impairment would have an actual yield net of credit impairments at less than the effective rate. Because no individual asset would be identified as impaired when financial assets are evaluated in a pool, it would not be possible to place a financial asset on nonaccrual to prevent interest income from being overstated.

19. Respondents to the FASB ED opposed the proposed methodology for the calculation of interest income which commingles credit losses and interest revenue through the reduction of amortised cost by the allowance for credit losses. In conjunction with opposing the interest revenue recognition model proposed in the FASB ED, most respondents, including users, also opposed the proposed changes to ‘non-accrual’ accounting. These respondents believe that the current accounting and disclosures for non-performing assets and ceasing accrual of interest are well understood by users and is information they utilise in their analysis of a bank’s credit quality. This includes the additional information provided via disclosures about non-performing assets and assets for which interest accrual has ceased.
20. The staff do not agree with the view that calculating interest revenue on the basis of the net carrying amount commingles credit losses and interest revenue. In the staff’s view the opposite is true: recognising nil interest revenue on a subset of assets commingles the interest revenue on those assets within the credit loss line item (as illustrated in the example above). In the staff’s view, calculating interest revenue on the net carrying amount more faithfully represents the economic yield on the expected cash flows because the contractual effective interest rate is reduced by the unwind of the impairment allowance. Other changes to the

estimate of the impairment allowance would be presented separately in the credit loss line item.

Nil interest approach

21. The advantage of presenting nil interest revenue is the operational simplicity as the only information that an entity would need to know to apply this approach would be the interest revenue on the subset of financial assets. That is, an entity would not be required to identify the impairment allowance related to that subset of assets.
22. Disadvantages of this alternative are that it would comingle the unwind of the present value of expected cash flows with other impairment losses. Thus in the example above, the ‘gains’ in the impairment loss line that represent the unwind of the present value of expected cash flows would be obfuscated by other impairment losses.
23. In the staff’s view a nil interest approach applied to a broad set of assets will not improve the presentation of interest revenue because an entity may still receive interest, albeit at a lower amount. Whereas under the boards’ tentative decisions to date, the concern has been that interest revenue will be overstated, presenting nil interest revenue would understate interest revenue. However, such an approach may be appropriate if applied to a small set of assets, such that the economic yield for those assets would be approaching nil or be negative.

Symmetry and timing of the assessment

24. The boards have previously tentatively decided that an entity should assess whether it should recognise a 12 month expected loss or a lifetime expected loss for an asset at each reporting date, regardless of the entity’s assessment in previous reporting periods. In the staff’s view, to be consistent with that requirement, it would follow that an entity should assess whether deterioration has reached the credit-impaired level at each reporting period.
25. The assessment of whether a lifetime loss is required affects the measurement of the impairment allowance at the reporting date. The issue is slightly different for the alternative presentation of revenue, as revenue represents a period amount.

26. The staff think that, conceptually, an entity should assess whether deterioration has reached the credit-impaired level on an on-going basis, thus altering the presentation of interest revenue as the underlying economics change. However, such an approach would be unduly onerous for preparers to apply. Thus, the staff recommend that an entity should be permitted to make the assessment at the reporting date and then apply the alternative interest approach to those financial assets for the following reporting period.

Defining credit-impaired

27. As noted previously, the scope of financial assets to apply an alternative interest revenue presentation to would ideally be consistent with the scope of financial assets defined as credit-impaired on purchase or origination.
28. The IASB has previously asked the staff to keep the scope for *purchased* credit-impaired loans consistent with current IAS 39 to alleviate the operational complexity of transitioning from the current model to the proposed model and to limit the complexity of effective interest rate calculations¹. IAS 39.AG5 states that “In some cases, financial assets are acquired at a deep discount that reflects incurred credit losses. Entities include such incurred credit losses in the estimated cash flows when computing the effective interest rate.”
29. Given the above, the discussion below considers the definition of credit-impaired both in the context of :
- (a) defining the scope of purchased and originated financial assets that should be accounted for using the credit-adjusted effective interest rate; and
 - (b) defining the level of deterioration of financial assets that use an unadjusted effective interest rate that will apply the alternative presentation of interest revenue.

¹ While both boards tentatively decided that, for purchased credit-impaired financial assets, the EIR should be adjusted for credit losses expected on initial recognition, the FASB has yet to discuss the scope of purchased credit-impaired loans.

30. The staff have identified the following alternatives for the definition of credit-impaired for these purposes:
- (a) Likelihood of loss event (paragraphs 31 – 36).
 - (b) Objective evidence of an event that meets the IAS 39 criteria (paragraphs 37 – 41).
 - (c) 90 days past due (non-performing/nonaccrual) (paragraphs 42 – 48).

Likelihood of loss event

31. Under this approach, the scope would be determined using a variable consistent with the boards' tentative decisions for requiring a lifetime expected loss allowance (if the asset has experienced a more than insignificant deterioration). Under the boards' tentative decisions to date, the variable used is the likelihood that contractual cash flows may not be collected. The boards have previously decided that when considering the likelihood that contractual cash flows may not be collected, an entity should not consider the associated severity of the loss. In other words, the variable is the likelihood of a loss event occurring.
32. The boards have tentatively decided that an entity should recognise a lifetime loss allowance for deteriorated financial assets if the likelihood of a loss event is at least 'reasonably possible'. In the staff's view the credit quality of financial assets for which an alternative interest revenue presentation would be required should be lower than that used in the transfer criteria to decide when the recognition of a lifetime expected loss allowance is required, to ensure that the population of assets is smaller. This could be achieved by defining credit-impaired with a higher probability of a loss event than "reasonably possible".
33. The staff have identified the following values for the probability of a loss event that are higher than "reasonably possible":
- (a) **More probable than not** (ie above 50% that a loss event will occur in the future).
 - (b) **Consistent with the current U.S. GAAP scope** for loans and securities in Subtopic 310-30 (formerly SOP 03-3): "*financial assets for which it is probable, at acquisition, that the investor will be unable to collect all*

contractually required payments.” To the staff’s knowledge this value sits somewhere between more probable than not, and virtually certain.

- (c) **Virtually certain** (ie close to 100% that loss event will occur in the future) – this would be the highest forward looking level before an incurred loss.
34. A threshold based on “probable” would be a lower level of deterioration than “virtually certain”. The main difference between the two would be the cost, as “probable” would require an entity to apply the alternative presentation model or adjusted effective interest rate to a larger set of assets. Thus the decision would largely be based on how large the population should be in addition to when the alternative interest revenue presentation or credit-adjusted effective interest rate would provide the most relevant information.
35. Defining the level of deterioration for the purpose of requiring the alternative interest presentation based on the same variable considered for the purpose of requiring a lifetime loss allowance would maintain consistency through the model. Thus, the deterioration of credit quality, as represented by the increase in the likelihood of a loss event, would be the focus of the accounting. Further, setting the value of the threshold as “probable” or “virtually certain” would maintain the forward looking nature of the assessment.
36. The disadvantages of such an approach include:
- (a) Compounding the concerns regarding the subjectivity and complexity of the model. Setting a different threshold, but based on the same concept of credit deterioration would increase the subjectivity and complexity of the model.
- (b) The relative cost compared to other approaches as defining the subset of assets based on the likelihood of a loss event would be larger than the other alternatives. This is because the likelihood of a loss event is a forward looking variable, whereas the other alternatives are backward looking.

Objective evidence of meeting IAS 39 criteria

37. Under such an approach, the scope would be financial assets for which there is objective evidence of meeting the criteria in IAS 39 paragraph 59. This subset of financial assets would be similar to the set that an entity would identify as impaired under current IAS 39² and be the most consistent with the existing definition of purchased credit-impaired assets under IAS 39.AG5 for which an adjusted effective interest rate is required to be calculated.
38. As noted previously, defining the subset of assets on this basis would be a smaller set than one defined on the basis of the likelihood of a loss event, and thus would be less costly to apply. An advantage for IFRS preparers of the net interest presentation applied when there is objective evidence of meeting the criteria in IAS 39 are lower costs of implementation for IFRS appliers. Entities should already recognise impairment on these assets and thus be required to calculate interest on a net carrying amount or calculate an adjusted effective interest rate if such an event is extant on initial recognition. Thus, this combination of approaches would have the least effect on IFRS preparers in terms of requiring an alternative interest revenue presentation and defining credit-impaired.
39. Paragraph 59 of IAS 39 sets out the following criteria:
- (a) significant financial difficulty of the issuer or obligor;
 - (b) a breach of contract, such as a default or delinquency in interest or principal payments;
 - (c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
 - (d) it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
 - (e) the disappearance of an active market for that financial asset because of financial difficulties; or

² Excluding incurred but not reported.

- (f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including;
- (i) adverse changes in the payment status of borrowers in the group (e.g., an increased number of delayed payments or an increased number of credit card borrowers who have reached their credit limit and are paying the minimum monthly amount); or
 - (ii) national or local economic conditions that correlate with defaults on the assets in the group (e.g., an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, a decrease in oil prices for loan assets to oil producers, or adverse changes in industry conditions that affect the borrowers in the group).

40. The staff think that in the context of an expected loss model paragraph 59(f) of IAS 39 would be more applicable to a definition of credit-impaired based on the likelihood of a loss event (paragraphs 31 – 36), rather than objective evidence of its occurrence. Therefore, if the IASB decides to use objective evidence of an event as the trigger for alternative interest revenue presentation, then criteria consistent with paragraphs IAS 39(a)-(e) should be used. As noted previously, IFRS preparers would be used to applying these concepts as described above.
41. The staff note that the criteria above would be used for the purpose of determining when to apply the change in interest revenue presentation approach and the adjusted effective interest rate only. In the staff's view, the criteria above should be described independently of the criteria used in the transfer criteria to decide when the recognition of a lifetime expected loss allowance is required and the information for the measurement of the impairment allowance. However, the staff note that there is some interaction between the two concepts. The assessment of credit quality required to assess deterioration more generally could also include consideration of factors that are used in assessing the IAS 39 criteria albeit the transfer assessment is more forward looking as noted above.

Days past due approach (non-performing/nonaccrual)

42. Predominant practice for financial institutions in the US is to follow ‘non-accrual’ guidance included in regulatory reporting requirements for GAAP financial reporting purposes. The principle in that guidance is that banks shall not accrue interest, amortise deferred net loan fees or costs, or accrete discount on the following types of assets:
- (a) Assets maintained on a cash basis because of deterioration in the financial condition of the borrower.
 - (b) Assets for which payment in full of principal or interest is not expected.
 - (c) Assets for which principal or interest has been in default for a period of 90 days or more unless the asset is both well secured and in the process of collection.
43. The IASB’s 2009 ED included the following definition of ‘non-performing’ for the purposes of disclosure:
- The status of a financial asset that is more than 90 days past due or is considered uncollectible.
44. In February 2011, the IASB redeliberated the proposed definition of non-performing in the light of the views received for the purposes of *disclosure*. As noted in Agenda Paper 8 of that meeting the IASB had been informed that this 90-day criterion had increasing general acceptance. However, through outreach and comments on the original ED, several respondents said that requiring a 90-day criterion would not be appropriate in all jurisdictions, or for all instruments. Therefore, they did not think the IASB should define non-performing with a bright line of 90-days. In contrast, users liked the comparability that would result from providing a 90-day criterion in the definition.
45. The above views are consistent with that received from preparers responding to the FASB’s ED that asserted that the regulatory definition of non-accrual assets used for regulatory reporting would be suitable for use in GAAP financial reporting.

46. Both the US regulatory definition of nonaccrual status and the IFRS 2009 ED definition of non-performing are similar in that both refer to 90 days past due status and that payments are not expected. In the staff's view:
- (a) 'assets maintained on a cash basis' criteria is irrelevant for an accrual accounting model; and
 - (b) the level of security of the asset is irrelevant for the presentation of interest as it is taken into account for the purpose of measurement of the expected loss.
 - (c) uncollectability of amounts is irrelevant as the boards have tentatively decided that an amount should be written off when the entity has no reasonable expectation of recovery.
47. Therefore the criteria for non-performing and nonaccrual have been condensed to "90 days past due" for the purpose of defining this alternative.
48. In the staff's view defining credit-impaired on the basis of 90 days past due creates a bright line, and may not be appropriate for all jurisdictions or types of financial assets, and thus would not result in comparability. For example, some corporate loans may still be considered 'performing' even if 120 days past due when considering all relevant information, and the criterion would not be sensible for financial assets with balloon payments at maturity, such as zero-coupon bonds. Furthermore, a days past due criterion would be suitable for setting the scope of purchased credit-impaired assets, because information may not be available to the purchaser regarding the payment status, but this would not be the case for originated assets. However, the advantage of this approach is the relative simplicity and lower cost of application.

Conclusion and staff recommendation

49. Based on the above, the staff recommend that:
- (a) the accounting previously tentatively decided for purchased credit-impaired financial assets should be extended to financial assets

subject to impairment accounting that are credit-impaired on initial recognition.

- (b) for other financial assets subject to the general deterioration impairment model, an entity should present interest revenue calculated on the carrying amount net of the impairment allowance if the asset is credit-impaired as at the reporting date. This evaluation should be made at each reporting date and will be applicable for the following reporting period.
- (c) financial assets should be considered to be credit-impaired if there is objective evidence of the criteria in paragraphs 59(a)-(e) of IAS 39 *Financial Instruments: Recognition and Measurement*.

50. As noted previously, in the staff's view the issues regarding presentation of interest revenue for deteriorated assets are similar to the issues regarding the recognition of revenue for purchased credit-impaired assets. Thus, achieving an approach for interest revenue presentation that better represents the economic yield for deteriorated assets will improve the usefulness of that amount and improve the comparability of interest revenue for deteriorated assets, whether those assets:

- (a) were originally purchased or originated at a higher credit quality and deteriorated to that lower level of credit quality; or
- (b) were purchased or originated at that lower level of credit quality.

51. The staff acknowledge the tension of using "incurred loss" criteria in an expected loss model. In the staff's view, such an approach is justified to retain the faithful representation of interest revenue, since the boards decided that a contractual effective interest rate should be used in most cases to address operational difficulties.

Question

Does the IASB agree with the staff recommendation that:

- (a) the accounting previously tentatively decided for purchased credit-impaired financial assets should be extended to financial assets subject to impairment accounting that are credit-impaired on initial recognition?
- (b) for other financial assets subject to the general deterioration impairment model, an entity should present interest revenue calculated on the carrying amount net of the impairment allowance if, the asset is credit-impaired as at the reporting date and that this evaluation should be made at each reporting date and will be applicable for the following reporting period?
- (c) financial assets should be considered to be credit-impaired if there is objective evidence of the criteria in paragraphs 59(a)-(e) of IAS 39 *Financial Instruments: Recognition and Measurement*?

Appendix A

52. The proposed model on the basis of the staff recommendations:

