

June 2013

International Financial Reporting Standards

Limited Amendments to IFRS 9

Classification and Measurement

The views expressed in this presentation are those of the presenter, not necessarily those of the IASB or IFRS Foundation.

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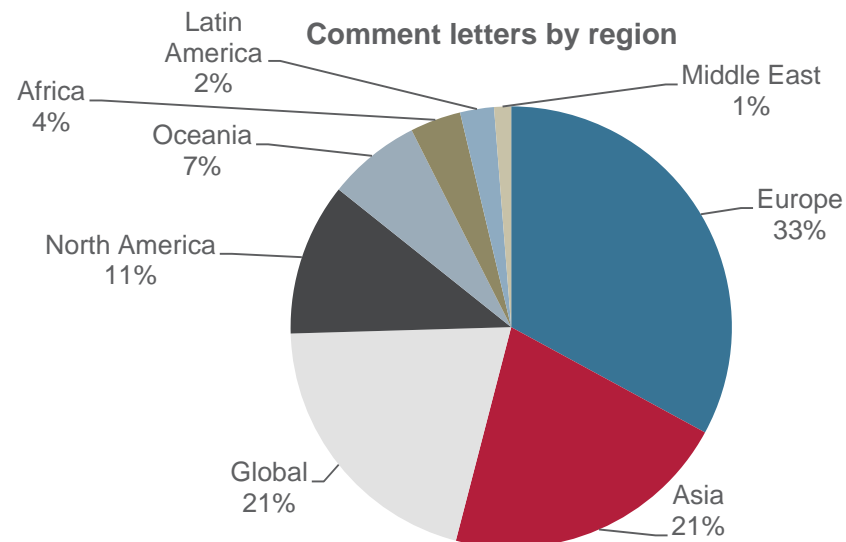
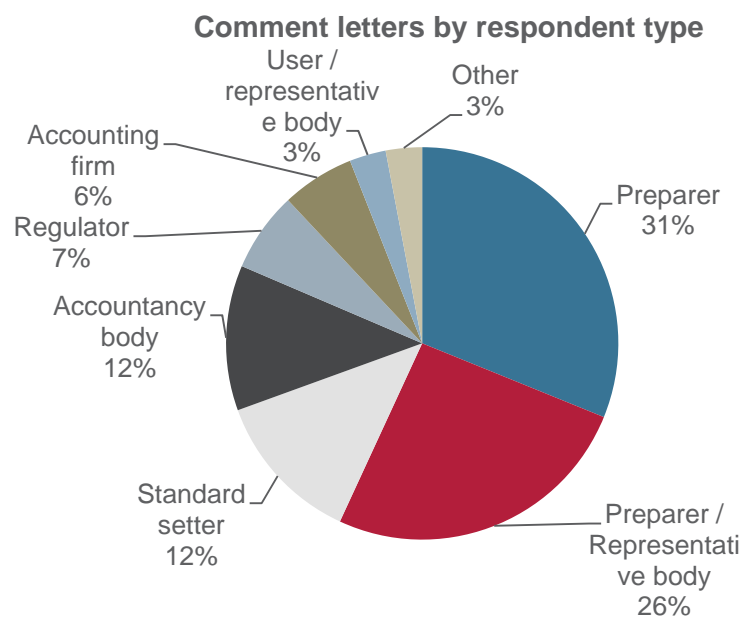
Reminder of the key proposals

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- Clarifying the notion of ‘solely principal and interest’ (P&I)
- Clarifying the ‘hold to collect’ business model
- Proposed introduction of the FVOCI category for
 - ‘simple’ debt instruments
 - ‘hold to collect and sell’ business model
- Transition proposals
 - ‘own credit’ available for early application in isolation

Feedback statistics

- 168 comment letters
- More than 60 outreach meetings
 - Including jointly with the FASB
- Online user survey – Over 40 responses from users



Clarifying solely P&I

- Nearly all welcomed the proposals and agreed ‘modified economic relationship’ can be solely P&I

BUT

- Questions about proposed application guidance
- Proposals do not go far enough
- Regulated rates
- Comments on topics outside the scope of the proposals

Proposed FVOCI category

- The majority of respondents supported FVOCI category
- Views broadly equally split between
 - Support FVOCI category as proposed
 - Support FVOCI with a variation
 - Do not support FVOCI
- Questions about clarity of distinction between business models
- Some questioned whether holding to sell or collect is really a business model

Clarifying 'hold to collect'

- Many respondents agreed 'hold to collect' is clearer BUT
 - Some disagreed with the outcome
 - Many challenged particular details of the proposals
- Questions on business model assessment
 - Most notably, the emphasis on selling activity
 - Treatment of sales to meet regulatory requirements and for credit risk concentration

Transition

- Nearly all supported early application of just ‘own credit’ requirements BUT
 - Requested it to be available before IFRS 9 is completed e.g. by incorporating in IAS 39 or IFRS 9 (2010)
- Many asked the IASB to confirm the deferral of the mandatory effective date of IFRS 9 as soon as possible
 - Currently 1 January 2015

Other key themes

- Complexity
 - Many noted increased complexity
 - Some stated added complexity is justified, others stated it contradicts the original objective of reducing complexity
- Convergence
 - Many welcomed greater alignment with the FASB's model
 - Some encouraged convergence in application guidance
 - Some emphasised changes should only be made if they improve IFRS

Next steps

- FASB's feedback summary
- Update on the IASB's user outreach activities
- Joint re-deliberations to commence in July
- Target completion of deliberations 2013
- Project news and information is available on the project page (<http://go.ifrs.org/Limited-Amendments-to-IFRS-9>)

Thank you

