



# BBVA

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Hans Hoogervorst  
Chairman  
International Accounting Standards Board (IASB)  
30 Cannon Street  
London EC4M 6XH  
United Kingdom

[commentsletters@iasb.org](mailto:commentsletters@iasb.org)

Re: Exposure draft on mandatory effective date of IFRS 9

Dear Mr Hoogervorst,

Banco Bilbao Vizcaya Argentaria, S.A. appreciates the opportunity to provide you with our comments on the Exposure draft on mandatory effective date of IFRS 9.

We are very supportive of the Board's deferral of the mandatory effective date of IFRS 9 to periods commencing on or after 1 January 2015, assuming that the project will be completely finished in 2012. BBVA welcomes the IASB recognition that preparers will need to carefully plan and manage the change to the new standards. From a banking perspective, IFRS 9 is expected to heavily impact our financial statements. Although it is difficult to forecast accurately all the costs involved without knowing the changes for the remaining phases of IFRS 9, we anticipate significant changes to IT and reporting systems as well as important personnel education and training costs. We identify a need for a commensurate development period in order to fully understand the standards and be able to implement them.

On the other hand, we are concerned about the Board's decision of retaining the transition method which provides relief from restating comparatives only for those entities adopting IFRS 9 for reporting periods beginning before 1 January 2012. The relief was provided very much in the context of enabling entities to early adopt IFRS 9 quickly. However, the European Commission's decision about postponing the debate about the endorsement of IFRS 9 has prevented European Banks from its early application.

For this reason, we believe that with the deferral of the mandatory effective date, any transitional relief should also be extended. The forthcoming changes to impairment and hedge accounting, although they are not finished yet, are expected to be significant in terms of IT and reporting systems. Moreover, we believe that restatement of comparatives for hedging would not be relevant. On the other hand,

the Board is developing other key standards for the financial industry as leases and insurance which effective date would probably be 1 January 2015 and consequently, we anticipate more significant changes in IT and reporting systems for these issues.

Therefore, taking into account the significance of the changes foreseen for 2015 and to avoid undue cost for entities it would be preferable not to require comparative amounts. Consequently, we advocate for an approach where the new requirements in IFRS 9 should be applied for the existing operations as of the beginning of the year in which the standard is adopted, without restatement of comparative amounts.

We would be pleased to discuss our comments or answer any questions that you or your staff could have. Please contact Jaime Vázquez Castro (+34 91 5378197) or myself.

Yours faithfully,

