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Sir David Tweedie
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Subject: NVB comment to exposure draft Investments in Debt
Instruments

E mail Holdtgrefe@nvb.nl

Dear Sir Tweedie,

Thank you for the opportunity to comment on the exposure draft on "Investments in Debt Instruments proposed amendments to IFRS 7". In reply to this exposure draft the Netherlands Bankers' Association (NVB) wishes to inform you that our members find the proposal undesirable and unrealistic.

The proposal is undesirable

The NVB does not agree with the content of this proposal. We do not believe that when for example an entity measures debt instruments at amortized cost or as available for sale that an entity should be required to recalculate profit or loss as though all investments in debt instruments (other than those classified as at fair value through profit or loss) had been classified as at fair value through profit or loss.

Although we believe that the impairment rules should be adjusted, we do not believe that additional disclosure requirements concerning investments in debt instruments other than those classified as at fair value or through profit or loss will be useful for users of financial statements. More disclosures using a full fair value model will not contribute to a better comparison of investments in debt instrument. In general, we do not support a full fair value measurement model.

The proposal is unrealistic

The NVB feels that due process has not been taken into account:

- The Board proposes an effective date of annual periods ending on or after 15 December 2008. Apart from the fact that we disagree with the content, it is unheard of that an exposure draft has a retrospective effect. In our view changes in reporting practices must be properly consulted and institutions should be given time to prepare for a change-over. We find it unrealistic to expect that changes in reporting practices can or will be executed in retrospect.
- Furthermore we noted that the exposure draft was published during the holiday, which limits the effective consultation period too much. We advice you, in similar future occasions, to extend the consultation period.

Future steps

We strongly suggest to reconsider and withdraw the entire exposure draft. As a more general closing remark we would like to point out that as a sector, we have asked for adjustment of the impairment rules. The points raised by Mr. Holmquist of the European Commission in his letter of the 27th of October are of the utmost importance in this respect. We would appreciate to be informed when further change of the impairment rules as referred to in the Commission letter will occur.

We would like to inform you that this letter will also be sent to the European Banking Federation and the Dutch Accounting Standards Board.

For more information or questions you can contact Koen Holdtgrefe, holdtgrefe@nvb.nl

Kind regards,



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