IFRS NEWSLETTER

IFRS 9 IMPAIRMENT

Issue 1, April 2015

cutting through complexity

The ITG has begun its discussions on implementation issues. While there appeared to be agreement on many interpretative issues, the debate highlighted practical challenges.

ITG discussions under way

This *IFRS Newsletter* highlights the ITG's discussions on the impairment requirements of IFRS 9 *Financial Instruments* in April 2015.

The new expected credit loss model for the impairment of financial instruments represents a fundamental change to current practice.

To help stakeholders with implementation issues, the IASB has established the IFRS Transition Resource Group for Impairment of Financial Instruments (the ITG).

The ITG held its first substantive meeting in April 2015, discussing eight topics submitted by stakeholders. The issues generating most conceptual debate related to:

- applying the guidance on adjusting post-balance sheet events in IAS 10 *Events after the Reporting Period* to forecasts of future economic conditions that become available after the reporting date but before the financial statements are authorised for issue (Agenda Paper 2); and
- incorporating the impact of credit risk management actions in determining the period over which the entity is expected to be exposed to credit risk on revolving credit facilities (Agenda Paper 4).

On other issues, members of the group generally appeared to agree on the interpretation of the standard. In some cases, they highlighted the operational challenges of implementing the requirements.

For each issue submitted, the IASB will consider what action – if any – is required.

The ITG's next meeting is planned for 16 September 2015.

ITG DISCUSSIONS UNDER WAY

The story so far

The new expected credit loss (ECL) model for the impairment of financial instruments to be introduced by IFRS 9 *Financial Instruments* will have a significant impact on the way banks account for credit losses on their loan portfolios, and on the related systems and processes.

To help stakeholders with implementation issues, the IASB has established the IFRS Transition Resource Group for Impairment of Financial Instruments (the ITG).

In April 2015, the ITG held its first substantive meeting, which is the subject of this newsletter. Two further meetings are planned: on 16 September and 11 December 2015. Currently, no further meetings are planned beyond the end of 2015.

About the ITG

The purpose of the ITG[1] is to:

- solicit, analyse and discuss stakeholder implementation issues;
- inform the IASB about those implementation issues, which will help the IASB determine what, if any, action will be needed to address those issues; and
- provide a public forum for stakeholders to learn about the new impairment requirements from others involved with implementation.

The ITG does not have standard-setting authority, and its purpose is to advise the IASB. ITG members include representatives from banks and audit firms.

Certain IASB Board members and representatives from the Basel Committee on Banking Supervision and from the International Organization of Securities Commissions are also observers at the meetings. The meetings are chaired by an IASB Board member.

The ITG's agenda papers, prepared by the IASB staff, are publicly available and all meetings are held in public. Minutes of the meeting will also be made publicly available.

What happened in April 2015?

The following agenda papers submitted to the ITG were discussed at the April meeting.

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The IASB staff informed the meeting that they had received 14 submissions before the cut-off for the April meeting, and two submissions afterwards. Out of the 14 issues submitted, six were deemed not to meet the criteria for discussion by the ITG.

In addition to detailed discussions of the issues submitted, some ITG members observed that a number of papers referred in places to materiality. It was suggested that such references should be removed because materiality applies to all aspects of financial statements, and mentioning it in some papers in relation to some issues but not others may create an impression that the concept is applied differently for these issues.

1. The IASB website provides further details on the purpose and activities of the ITG.

Next steps

ITG members appear to have agreed on many of the issues discussed. Some issues proved to be more challenging, and we expect the IASB staff to give greater consideration to possible next steps on these issues and whether more guidance and/or examples should be provided. This includes consideration of:

- how to apply the guidance on adjusting post-balance sheet events in IAS 10 to information that becomes available after the reporting date but before the financial statements are authorised for issue (Agenda Paper 2); and
- how to incorporate the impact of credit risk management actions in determining the period over which the entity is expected to be exposed to credit risk on revolving credit facilities (Agenda Paper 4).

For each issue submitted, the IASB will consider what action – if any – is required.

Descriptive and summary statements in this newsletter are based on notes that have been taken in observing the IFRS Transition Resource Group for Impairment of Financial Instruments (the ITG). They are not intended to be a substitute for the final texts of the relevant records or the official summaries or minutes of ITG discussions which may not be available at the time of publication and which may differ. Entities should consult the texts of any requirements they apply and the official summaries of Board meetings and ITG meetings, and seek the advice of their accounting and legal advisors.

1. THE MAXIMUM PERIOD TO CONSIDER WHEN MEASURING ECLs

What's the issue?

Under IFRS 9, the maximum period over which ECLs are measured is generally the maximum contractual period (including extension options) over which the entity is exposed to credit risk. It is not a longer period, even if that longer period is consistent with business practice.

However, an exception applies for financial instruments:

- that contain both a loan and an undrawn commitment component; and
- for which the entity's contractual ability to demand payment and cancel the undrawn commitment does not limit its exposure to the contractual notice period (paragraph 5.5.20 of IFRS 9).

For such instruments – and *only* for such instruments – an entity is required to measure ECLs over the period during which it is exposed to credit risk, even if that period extends beyond the maximum contractual period. This exception is often discussed in the context of revolving credit facilities such as credit cards – see Section 4.1 of this newsletter.

The issue submitted to the ITG included a fact pattern whereby a bank makes loans that have a short stated maturity date – e.g. six months – but which are automatically rolled over unless either the lender or the borrower decides otherwise. In practice, many of these loans continue for a very long time – e.g. 30 years. The loans are managed by banks on a portfolio basis.

For internal risk management purposes, these loans are considered to be exposures for a period longer than the contractual period. The question posed to the ITG was as follows: What is the maximum period that a bank should consider when measuring ECLs under IFRS 9, if the contractual extension option is subject to the lender's non-objection?

ITG members appeared to agree that the appropriate period to consider is the contractual period, rather than a longer period based on expectations.

What did the ITG discuss?

Issue	What the ITG discussed
What is the appropriate period to consider?	ITG members appeared to agree that: • the appropriate period for the fact pattern given is the contractual period – i.e. to the next stated maturity date – rather than a longer period based on expectations; and • the fact pattern does not fall within the narrow exemption in paragraph 5.5.20 of IFRS 9 relating to certain financial instruments that contain both a loan and an undrawn commitment; this is because the exemption is intended for revolving facilities.
Why does the exemption in paragraph 5.5.20 not apply?	The Chair of the meeting explained that the exemption was meant for revolving facilities where the amount that is drawn down fluctuates over the life of the facility – e.g. a facility of 100 where a borrower can draw between zero and 100 and the amount can move up and down. In such cases, it does not matter whether a facility is fully drawn down or whether there is no balance outstanding – as long as this can subsequently change. However, in the fact pattern considered, the amount borrowed does not fluctuate.

Issue	What the ITG discussed
Considering whether the stated contractual period of the instrument is substantive	ITG members felt that further analysis may be needed to determine whether the stated contractual period of the instrument is substantive – e.g. if the lender is unable to enforce the stated contractual maturity due to regulatory or legal requirements, then it would not be substantive. ITG members believed that the stated maturity should be considered to be the maximum only if it is substantive.
What constitutes an extension option?	Some ITG members also noted that IFRS 9 is not explicit on whether the 'extension options' that are relevant when determining the maximum contractual period are borrowers' options only, or also lenders' options. However, ITG members appeared to agree that, because IFRS 9 refers to "the maximum contractual period over which the entity is exposed to credit risk", and because lenders' options do not impact the period over which the lender is exposed to credit risk, then only borrowers' options should be considered to be extension options for this purpose.
Possible disconnect for instruments with significantly longer expected life	Some ITG members considered the case where a shorter contractual period may be used to measure ECLs for instruments whose expected life is significantly longer. They noted that this may result in a disconnect between the period considered for risk management and the period considered for the measurement of ECLs.

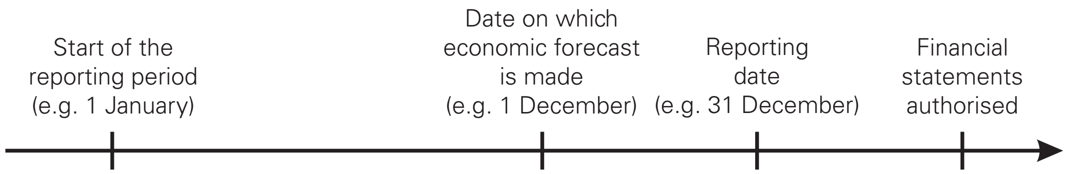
2. FORECASTS OF FUTURE ECONOMIC CONDITIONS

ITG members acknowledged that the treatment of information that becomes available after the reporting date (but before the financial statements are authorised for issue) is a difficult and judgemental area.

What's the issue?

Under IFRS 9, an entity considers forecasts of future economic conditions when determining significant increases in credit risk and when measuring ECLs. But what if events and new information arise after the date on which the measurement of ECLs is modelled? New information may become available either:

- between the date on which the measurement of ECLs is modelled – i.e. the date on which the economic forecast is made – and the reporting date; and
- between the reporting date and the date on which the financial statements are authorised.



IFRS 9 requires the measurement of ECLs to reflect information that is available at the reporting date. IFRS 9 does not change the general guidance in IAS 10 that distinguishes between adjusting and non-adjusting events based on whether they provide information about conditions that existed at the reporting date.

What did the ITG discuss?

Issue	What the ITG discussed
The role of new information in measuring impairment losses	Some ITG members observed that impairment loss is an estimate based on evaluating different potential outcomes and assigning probabilities to those outcomes. If new information does not change management's view on those estimates, then previous forecasts are not adjusted. ITG members noted that it is important for entities to have a formal, robust process and controls for monitoring new information and authorising any changes needed to the previous forecasts.
Information that becomes available between the date of forecast and the reporting date	ITG members appeared to agree that information that becomes available between the date on which economic forecasts were made and the reporting date has to be taken into account if it impacts management's evaluation of different potential outcomes and the related probabilities. This is because IFRS 9 requires the use of information that is available at the reporting date.
Information that becomes available after the reporting date	The treatment of information that becomes available between the reporting date and the date on which the financial statements are authorised for issue was acknowledged as a more difficult question. Some members emphasised that entities will have to determine whether the related uncertainty or matter to which the new information related was considered in their evaluation of different potential outcomes and their assessment of the related probabilities. If that matter *was* appropriately considered on the basis of evidence available at the reporting date, then it is unlikely that adjustment would be required. Entities will have to exercise judgement, taking into account the requirements of IAS 10.

Issue	What the ITG discussed
Information that becomes available after the reporting date (continued)	One ITG member noted that the examples in IAS 10 were originally made for an incurred loss model – e.g. the example about bankruptcy of a borrower – and suggested that IAS 10 could be improved by adding examples that align more with the ECL model. An IASB member present responded that the Board will consider whether educational material in this area may be helpful. Some ITG members cautioned against requiring banks to 'monitor everything'. The importance of appropriate disclosures was acknowledged.

3. LOAN COMMITMENTS – SCOPE

What's the issue?

The impairment requirements of IFRS 9 apply to all loan commitments, other than loan commitments measured as at fair value through profit or loss or those used to provide a loan below market rate. The term 'loan commitment' is not defined in IFRS, but the basis for conclusions to IFRS 9 states that: "loan commitments are firm commitments to provide credit under pre-specified terms and conditions".

IFRS 9 explicitly excludes from its scope certain transactions that are in the scope of IFRS 15 *Revenue from Contracts with Customers* and IAS 17 *Leases*.

The stakeholders who submitted questions to the ITG wanted to know whether the impairment requirements of IFRS 9 apply to:

- the lessor's commitment during the period between inception and commencement of a finance lease; and
- an agreement by a retailer, through the issue of a store card, to give a customer credit when the customer buys goods or services from the retailer in the future.

ITG members appeared to agree that only loan commitments that are financial instruments can be in the scope of IFRS 9.

What did the ITG discuss?

Issue	What the ITG discussed
How to determine whether a commitment to extend credit is in the scope of IFRS 9's impairment requirements	ITG members appeared to agree that, to determine whether a transaction is a loan commitment that is in the scope of IFRS 9's impairment requirements, an entity has to answer the following questions. • Is it a loan commitment? • Is the definition of a financial instrument met? • Is the contract specifically excluded from the scope of IFRS 9?
Is a lessor's commitment during the period between inception and commencement of a finance lease subject to IFRS 9's impairment requirements?	ITG members appeared to agree that a lessor's commitment between inception and commencement of a finance lease is *not* a loan commitment that is in the scope of IFRS 9's impairment requirements. This is because there is no financial instrument until the commencement date, since the lessor has not yet supplied the leased property to the lessee. Some ITG members also noted that: • IFRS 9 excludes from its scope rights and obligations under leases to which IAS 17 applies, except for certain specific items that are not scoped out of IFRS 9; and • the commitment described in the submission was not one of these items.
Is an agreement by a retailer, through the issue of a store card, to give a customer credit subject to IFRS 9's impairment requirements?	ITG members appeared to agree that an agreement by a retailer to grant a customer credit when the customer buys goods or services from the retailer in the future is *not* a loan commitment that is in the scope of IFRS 9's impairment requirements. Again, this is because the contract is not a financial instrument until the retailer has supplied goods or services to the customer. In addition, there is no firm commitment if the retailer has no obligation to sell goods or services.

4. REVOLVING CREDIT FACILITIES

4.1 Determining the appropriate life to be used when measuring ECLs

What's the issue?

Under IFRS 9, an exception[2] (referred to in Section 1 of this newsletter) applies for revolving credit facilities whereby ECLs are measured over the period for which the entity is exposed to credit risk, even if that period extends beyond the maximum contractual period.

The stakeholder submitting this issue provided the example of a portfolio of credit cards for which, at the reporting date, 75% of the instruments are in Stage 1[3], 20% in Stage 2[4] and 5% in Stage 3[5]. The submitter asked how to estimate the lives of the instruments in each stage in order to calculate ECLs.

ITG members discussed a conceptual distinction between the 'expected life' and the 'period over which an entity is expected to be exposed to credit risk'.

What did the ITG discuss?

Issue	What the ITG discussed
When does the life of a revolving credit facility end?	Some ITG members noted that, to estimate an instrument's expected life, an entity needs to consider when the life of a revolving facility ends. Is it when: • the account is closed; • the product changes – e.g. from a student credit card to a standard one; or • the terms and conditions change? The derecognition criteria in IFRS 9 have to be considered – see Section 4.2 of this newsletter.
Which distinct periods are relevant in the analysis?	Some members noted a distinction between: • the period over which draw-downs should be estimated for the purposes of estimating exposure at default (this would be limited to 12 months for instruments in Stage 1); • the period over which the probability of default is considered for the purposes of measuring ECLs – i.e. 12 months or the period of exposure to credit risk, in accordance with paragraph 5.5.20 of IFRS 9; and • the period over which cash shortfalls are considered in the measurement – i.e. all cash shortfalls, whenever they arise, that are associated with possible default events during the period identified in the previous bullet.

2. Paragraph 5.5.20 of IFRS 9.
3. i.e. subject to a loss allowance equal to 12-month ECLs in accordance with paragraph 5.5.5 of IFRS 9.
4. i.e. subject to a loss allowance equal to lifetime ECLs in accordance with paragraph 5.5.3 of IFRS 9.
5. i.e. credit-impaired as defined in Appendix A of IFRS 9.

Issue	What the ITG discussed
Estimating the period over which an entity expects to be exposed to credit risk	ITG members noted that applying paragraph 5.5.20 of IFRS 9 requires an entity to estimate the period over which: • it is expected to be exposed to credit risk; and • ECLs would not be mitigated by credit risk management actions. This requires that an entity takes into account the credit risk management actions that it expects to carry out once the credit risk on a financial instrument has increased. Some believed that this could lead to a period different from the expected life of an exposure, because they thought that if an entity has an opportunity to review and terminate a facility on a certain date – e.g. because the credit system flags a loan as requiring attention – then that date is the end of the maximum exposure period. Others, however, could not see a conceptual distinction between the 'expected life' and the period specified in paragraph 5.5.20 of IFRS 9. This is because they believed that the period should reflect the credit risk management actions that the entity actually expected to take in practice. It was noted that this was an operationally challenging area. Some members thought that it would benefit from more guidance and/or examples.

4.2 Determining the date of initial recognition for the purposes of assessing significant increase in credit risk

What's the issue?

Assessing whether there has been a significant increase in credit risk since initial recognition of a financial instrument requires an entity to have an assessment of the credit risk at its initial recognition – and hence to have identified the date on which the financial instrument was initially recognised.

For loan commitments and financial guarantee contracts, the date of initial recognition is the date on which the entity became a party to the irrevocable commitment.

For the purpose of the impairment requirements, a financial asset that is recognised following a draw-down on a loan commitment is treated as a continuation of that commitment instead of a new financial instrument.

Application issues may arise in identifying the date of initial recognition of revolving credit facilities, because changes to the facilities' terms during their life may require their derecognition and the recognition of a new instrument. Examples of changes in terms include:

- changes to a different type of product – e.g. from a student card to standard card, or from a standard card to a premium card; and
- changes in credit limit.

ITG members appeared to agree that the requirements of IFRS 9 were clear, and that the challenges concerned their operationalisation in practice and the application of judgement.

What did the ITG discuss?

Issue	What the ITG discussed
Examining historical data	This area poses a considerable operational challenge, as it may involve examining data going back many years. However, it was acknowledged that entities may take advantage of a relief on transition. For example, IFRS 9 allows entities, on transition, to approximate the credit risk on initial recognition by considering all reasonable and supportable information that is available without undue cost or effort.
Clarity of the existing requirements	ITG members appeared to agree that: • the requirements of IFRS 9 were clear – i.e. that the date of initial recognition is the date on which the facility agreement was signed, unless the instrument was derecognised as a result of significant modification (although determining whether derecognition of a modified facility is appropriate requires the exercise of judgement); and • the challenge was operational in nature – e.g. tracking changes over long periods.

5. ASSESSMENT OF SIGNIFICANT INCREASE IN CREDIT RISK FOR GUARANTEED DEBT INSTRUMENTS

What's the issue?

Under IFRS 9, the assessment of whether there has been a significant increase in credit risk is made on the basis of changes in the risk of default rather than changes in the amount of estimated credit losses.

This means that the availability of collateral is irrelevant unless changes in collateral value are expected to reduce the borrower's economic incentive to make contractual payments when due.

The issue submitted to the ITG concerned a debt instrument that is subject to a financial guarantee contract that is integral to its contractual terms. The stakeholder submitting this issue asked whether the expected recoveries under the guarantee should be considered in assessing whether there has been a significant increase in such an instrument's credit risk.

IFRS 9 does not discuss the concept of a guarantee that is 'integral' to the contractual terms of an instrument.

ITG members appeared to agree that expected recoveries under a guarantee are not taken into account when assessing whether credit risk on a guaranteed instrument has increased significantly.

What did the ITG discuss?

Issue	What the ITG discussed
Should the guarantee be taken into account when assessing significant increase in credit risk?	ITG members appeared to agree that IFRS 9 is clear that expected recoveries under a guarantee are *not* taken into account when assessing whether the credit risk on an instrument has increased significantly because the assessment is based on changes in the risk of the borrower defaulting. However, a guarantee is considered to the extent that it affects the probability of the borrower making payments when due. For example, this could be the case where a parent guarantees the debt of a subsidiary because it may be in the parent's interest to provide funds to the subsidiary enabling it to make payments on the debt, rather than let the subsidiary default and make a payment under the guarantee.

6. MEASUREMENT OF ECLs FOR AN ISSUED FINANCIAL GUARANTEE CONTRACT

ITG members appeared to agree that cash flows from premiums receivable under a financial guarantee contract should not be included in the measurement of ECLs.

What's the issue?

The issue submitted to the ITG asked about an issued guarantee on which premiums are payable to the issuer over the life of the guarantee. The submitter wanted to know whether the issuer of the guarantee should include future premiums receivable in measuring ECLs on the guarantee.

What did the ITG discuss?

Issue	What the ITG discussed
Should cash flows from premiums receivable under a financial guarantee contract be included in the measurement of ECLs?	ITG members appeared to agree with the conclusion in the ITG's agenda paper that expected cash flows from premiums receivable under a financial guarantee contract should *not* be included in the measurement of ECLs. It was noted that the expected life of a financial guarantee contract may depend on the receipt of the premiums – e.g. the guarantee may lapse if the premiums are not paid when due.

7. ECLs – MEASUREMENT DATE

ITG members appeared to agree that there is no requirement to measure ECLs at initial recognition, but that ECLs have to be measured at the date of derecognition of a financial instrument.

What's the issue?

IFRS 9 contains an explicit requirement that an entity measures ECLs at the reporting date. In addition, it requires that, on derecognition of a financial asset, an entity recognises in profit or loss the difference between:

- its carrying amount, measured at the date of derecognition; and
- the consideration received.

This would imply that ECLs are also measured at the date of derecognition of a financial asset.

The stakeholder submitting this issue asked whether IFRS 9 requires ECLs to be measured at the following dates:

- the date of initial recognition of a financial instrument; and
- the date of derecognition of a financial instrument.

What did the ITG discuss?

Issue	What the ITG discussed
Frequency at which impairment models are run	Some ITG members noted that there was a practical aspect to the question of how often impairment models should be run. They explained that sophisticated banks may run models on a monthly basis, but others may only do it once or twice a year. Some ITG members noted that running impairment models less frequently would affect the profit or loss line item in which the amounts are recognised but would not affect net income.
Measurement on initial recognition	ITG members appeared to agree that IFRS 9 *does not* require the measurement of ECLs at initial recognition of a financial instrument. This is because IFRS 9 requires a financial asset to be measured at fair value (plus transaction costs) at initial recognition.
Measurement on derecognition	ITG members appeared to agree that IFRS 9 *does* require the measurement of ECLs at the date of a financial instrument's derecognition.

8. MEASUREMENT OF ECLs IN RESPECT OF A MODIFIED FINANCIAL ASSET

What's the issue?

IFRS 9 requires that, when the terms of a financial asset are modified but the modification does not result in derecognition, an entity recalculates the financial asset's gross carrying amount and recognises a modification gain or loss in profit or loss. 'Gross carrying amount' is defined by IFRS 9 as the amortised cost before adjusting for any loss allowance.

IAS 1 *Presentation of Financial Statements* requires impairment losses and reversals to be presented in a separate line item in profit or loss. However, there are no specific presentation requirements for modification gains or losses.

The stakeholder submitting this issue asked the following questions:

- how to calculate the modification gain or loss;
- how to measure ECLs for a financial asset that has not been derecognised;
- how to present the modification gain or loss, and the movement on the ECL allowance; and
- which modifications should be included in the disclosures required by paragraph 35J of IFRS 7 *Financial Instruments: Disclosures*.

The submission discussed a specific example in which the lender reduces the contractual cash flows to take into account the amounts that it expects the borrower to be able to repay.

ITG members appeared to agree that, after modification, a financial asset would continue to attract a loss allowance.

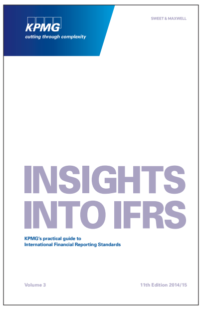
What did the ITG discuss?

Issue	What the ITG discussed
Are ECLs considered for modification gains and losses?	ITG members appeared to agree that modification gains and losses result from a recalculation of the gross carrying amount, and so ECLs are not considered.
Writing off a portion of an asset	Some ITG members noted that it may, however, be appropriate to write off a portion of an asset before the modification gain or loss is recognised. IFRS 9 requires that the gross carrying amount of a financial asset is reduced when the entity has no reasonable expectations of recovering a portion of the financial asset. This criterion may be met if a lender plans to forgive a portion of an asset because of the debtor's inability to pay.
What happens to the loss allowance after modification?	ITG members appeared to agree that, after the modification, a financial asset would continue to attract a loss allowance – i.e. the loss allowance would not simply be nil. In the example submitted, although the lender has renegotiated the contractual cash flows in a way that reflects its best estimate of how much the borrower will be able to repay, it is possible that those new contractual cash flows may not be fully paid when due. Through modification, the lender has crystallised the modification gain or loss by reducing the contractual cash flows, but continues to be exposed to a risk that cash flows may be less than the best estimate at the time of modification. Under IFRS 9, when measuring ECLs an entity considers both the possibility that no credit loss occurs and the risk that a credit loss occurs – even if the possibility of a credit loss occurring is very low.

Issue	What the ITG discussed
Separate presentation of impairment losses and gains or losses on modification	ITG members appeared to agree that paragraph 82(ba) of IAS 1 requires the separate presentation of impairment losses, and that there is no guidance as to the line item in the statement of profit or loss and other comprehensive income in which an entity should present gains or losses on the modification of financial assets. Some ITG members believed that separate presentation would help users to understand the entity's performance. Some thought that, if modification was credit-related, then net presentation – i.e. netting the impairment loss against the modification gain or loss – would provide better information, together with separate disclosure of gross amounts.
Disclosures under IFRS 7	ITG members appeared to agree that *all* modifications of contractual cash flows should be included in the disclosures required by paragraph 35J of IFRS 7.

YOU MAY ALSO BE INTERESTED TO READ …

Insights into IFRS: Volume 3 – IFRS 9 (2014)



Builds on previous publications to bring you our first complete work of interpretative guidance based on IFRS 9 (2014).

April 2015

First Impressions: IFRS 9 *Financial Instruments*

Provides our detailed analysis on the complete version of IFRS 9 *Financial Instruments*.

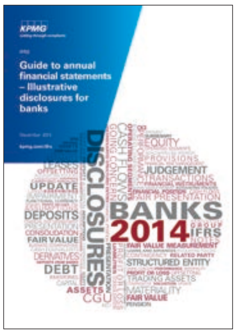
September 2014

IFRS Newsletter: Financial Instruments – Issue 22

Follows the IASB's deliberations on other amendments to financial instruments accounting, including macro hedge accounting.

March 2015

Guide to annual financial statements – Illustrative disclosures for banks



Illustrates one possible format for financial statements based on a fictitious bank and helps to identify which disclosures may be required.

December 2014

IFRS Newsletter: Revenue – Issue 13

Examines the latest developments on the new revenue standard.

March 2015

IFRS Newsletter: Insurance – Issue 44

Summarises the IASB's recent discussions on the insurance contracts project.

March 2015

IFRS Newsletter: Leases – Issue 17

Highlights the recent discussions of the IASB and the FASB on their lease accounting proposals published in 2013.

March 2015

Breaking News

Brings you the latest need-to-know information on international standards in the accounting, audit and regulatory space.

KPMG CONTACTS

Americas

Michael Hall
T: +1 212 872 5665
E: mhhall@kpmg.com

Tracy Benard
T: +1 212 872 6073
E: tbenard@kpmg.com

Asia-Pacific

Reinhard Klemmer
T: +65 6213 2333
E: rklemmer2@kpmg.com.sg

Kazuhide Niki
T: +81 3 3548 5107
E: kazuhide.niki@jp.kpmg.com

Europe, Middle East and Africa

Colin Martin
T: +44 20 7311 5184
E: colin.martin@kpmg.co.uk

Venkataramanan Vishwanath
T: +91 22 3090 1944
E: vv@kpmg.com

Acknowledgements

We would like to acknowledge the efforts of the principal authors of this publication: Hiroaki Hori and Arevhat Tsaturyan.

We would also like to thank Ewa Bialkowska for her input.

KPMG International Standards Group is part of KPMG IFRG Limited.

Publication name: *IFRS Newsletter: IFRS 9 Impairment*

Publication number: Issue 1

Publication date: April 2015

kpmg.com/ifrs

***IFRS Newsletter: IFRS 9 Impairment* is KPMG's update on discussions on the impairment requirements of IFRS 9 *Financial Instruments*.**

If you would like further information on any of the matters discussed in this Newsletter, please talk to your usual local KPMG contact or call any of KPMG firms' offices.