



HELLENIC BANK ASSOCIATION

Ref. No. 930

Athens, 25th May 2018

Dear Sir/Madam,

Subject: HBA comments on the EFRAG Discussion paper: Equity instruments – Impairment and Recycling

The Hellenic Bank Association (HBA) is pleased to have the opportunity to comment on the EFRAG Discussion Paper (DP) on Equity Instruments – Impairment and Recycling.

We are in favor of re-introducing recycling for equity instruments. In particular, we believe that classification categories of financial assets that under IFRS 9 were expanded to 4 categories (amortised cost, FVTPL, FVOCI with recycling and FVOCI without recycling) should revert to 3 categories (amortised cost, FVTPL, FVOCI with recycling) for reasons of simplicity and consistency of treatment of FVOCI instruments. In this manner, recycling should also apply for equity instruments measured at FVOCI as this is the case for debt instruments measured at FVOCI. Additionally, we agree that PL is the primary performance indicator and realized gains and losses should be recognized in PL instead of equity.

We are also of the view that the recycling should be complemented with impairment that would be reversed if no longer justified. As far as the impairment models suggested by EFRAG is concerned, the re-evaluation model, that dictates only the recognition of losses in PL below the acquisition cost (and their subsequent recovery), is not consistent with the general requirements of IFRS and essentially repeals the FVOCI classification.

In order to overcome the subjectivity of impairment, as experienced under IAS 39, we also believe that a common methodology widely accepted for the determination of recoverable amount should be implemented. In particular, it is important to be able to make a distinction of the total revaluation loss between impairment (i.e. the cost of investment may not be recovered) and a fair value decline.

We remain at your disposal should you need any additional information.

Kind regards,

Vasilis Panagiotidis
Director

Anna Vasila
Special Advisor