

	IFRS 9	IAS 39	Dutch GAAP
<p>CLASSIFICATION OF FINANCIAL ASSETS</p>	<p>Based on business model and cash flow characteristics:</p> <ul style="list-style-type: none"> Amortized cost: Assets held to collect contractual cash flows. FVOCI: Assets held to collect cash flows and for sale. FVTPL: All other financial assets. 	<ul style="list-style-type: none"> Held-to-maturity: Assets with fixed or determinable payments and fixed maturity. Loans and receivables: Non-derivative financial assets with fixed or determinable payments. Available-for-sale: Non-derivative financial assets not classified in other categories. FVTPL: Financial assets held for trading. 	<ul style="list-style-type: none"> Similar to IAS 39, with categories including: Amortized cost: Assets held for collecting contractual cash flows. FVTPL: Assets held for trading or if designated at inception.
<p>CLASSIFICATION OF FINANCIAL LIABILITIES</p>	<ul style="list-style-type: none"> Amortized cost: All financial liabilities unless designated as FVTPL. FVTPL: Financial liabilities held for trading or if designated at inception. 	<ul style="list-style-type: none"> Amortized cost: All financial liabilities unless designated as FVTPL. FVTPL: Financial liabilities held for trading or if designated at inception. 	<ul style="list-style-type: none"> Similar to IFRS 9 and IAS 39, with financial liabilities categorized as amortized cost or FVTPL.
<p>MEASUREMENT</p>	<ul style="list-style-type: none"> Fair value for FVTPL and FVOCI. Amortized cost for assets held to collect contractual cash flows. 	<ul style="list-style-type: none"> Fair value for FVTPL and available-for-sale assets. Amortized cost for held-to-maturity and loans and receivables. 	<ul style="list-style-type: none"> Similar to IAS 39, with fair value for FVTPL and amortized cost for assets held to collect contractual cash flows.
<p>IMPAIRMENT MODEL</p>	<p>Expected Credit Loss (ECL) model:</p> <ul style="list-style-type: none"> 12-month ECL for assets with no significant increase in credit risk. Lifetime ECL for assets with significant increase in credit risk. 	<p>Incurred Loss Model:</p> <ul style="list-style-type: none"> Losses recognized only when there is objective evidence of impairment. 	<ul style="list-style-type: none"> Similar to IAS 39, using incurred loss model where losses are recognized upon objective evidence of impairment.
<p>ACCRUAL</p>	<ul style="list-style-type: none"> General Principle: Financial assets and liabilities are recorded on an accrual basis, meaning income and expenses are recognized when they are earned or incurred, not when cash is received or paid. Interest Income and Expense: Interest income and expense are calculated using the effective interest rate (EIR) method. The EIR spreads the interest income or expense over the expected life of the financial instrument. Dividends: Dividends are recognized when the right to receive payment is established. Fees and Commissions: Fees and commissions that are an integral part of the effective interest rate are deferred and recognized as an adjustment to the EIR. Other fees are recognized as services are performed. 	<ul style="list-style-type: none"> General Principle: Similar to IFRS 9, IAS 39 also requires the use of the accrual basis of accounting for financial assets and liabilities. Interest Income and Expense: Calculated using the effective interest rate method, similar to IFRS 9. Dividends: Recognized when the shareholder's right to receive payment is established, in line with IFRS 9. Fees and Commissions: Integral fees are included in the calculation of the effective interest rate and recognized over the term of the financial instrument. Non-integral fees are recognized as the related services are provided. 	<ul style="list-style-type: none"> General Principle: Dutch GAAP follows the accrual basis of accounting, similar to IFRS 9 and IAS 39, ensuring that financial performance is recorded when earned or incurred rather than when cash changes hands. Interest Income and Expense: Recognized using a method that approximates the effective interest rate method. The goal is to spread the interest income or expense evenly over the expected life of the financial instrument. Dividends: Recognized when the right to receive payment is legally established, consistent with IFRS 9 and IAS 39. - Fees and Commissions: Similar to IFRS 9 and IAS 39, with integral fees included in the effective interest rate calculation and non-integral fees recognized as the services are performed.
<p>NON-ACCRUAL</p>	<ul style="list-style-type: none"> General Principle: Financial assets are placed on non-accrual status when there is a significant increase in credit risk or impairment. This means that interest income is not recognized on these assets. Criteria for Non-Accrual: Financial assets generally go on non-accrual status when they are more than 90 days past due or there is evidence of impairment, such as a significant financial difficulty of the borrower. Interest Income Recognition: Interest income is not recognized on non-performing financial assets. Instead, any interest receipts are usually applied against the outstanding principal balance. If a financial asset is considered credit-impaired, interest income is calculated based on the net carrying amount (after impairment allowances). Returning to Accrual Status: A financial asset can return to accrual status if there is evidence of improvement in credit quality and the asset is no longer impaired or past due. 	<ul style="list-style-type: none"> General Principle: Financial assets are placed on non-accrual status when there is a significant increase in credit risk or impairment. This means that interest income is not recognized on these assets. Criteria for Non-Accrual: Financial assets generally go on non-accrual status when they are more than 90 days past due or there is evidence of impairment, such as a significant financial difficulty of the borrower. Interest Income Recognition: Interest income is not recognized on non-performing financial assets. Instead, any interest receipts are usually applied against the outstanding principal balance. If a financial asset is considered credit-impaired, interest income is calculated based on the net carrying amount (after impairment allowances). Returning to Accrual Status: A financial asset can return to accrual status if there is evidence of improvement in credit quality and the asset is no longer impaired or past due. 	<ul style="list-style-type: none"> General Principle: Financial assets are placed on non-accrual status when there is a significant increase in credit risk or impairment. This means that interest income is not recognized on these assets. Criteria for Non-Accrual: Financial assets generally go on non-accrual status when they are more than 90 days past due or there is evidence of impairment, such as a significant financial difficulty of the borrower. Interest Income Recognition: Interest income is not recognized on non-performing financial assets. Instead, any interest receipts are usually applied against the outstanding principal balance. If a financial asset is considered credit-impaired, interest income is calculated based on the net carrying amount (after impairment allowances). Returning to Accrual Status: A financial asset can return to accrual status if there is evidence of improvement in credit quality and the asset is no longer impaired or past due.
<p>DEFINITION OF DEFAULT</p>	<p>No mandate a single definition of default but allows entities to define default in a manner consistent with their internal credit risk management practices.</p> <p>Definition of default used for accounting purposes should be consistent with the definition used for internal credit risk management and regulatory purposes.</p> <p>Rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless reasonable and supportable information demonstrates that a more lagging default criterion is appropriate.</p>	<p>Objective evidence of impairment which encompasses various indicators that a financial asset may be impaired.</p> <p>These indicators include:</p> <ol style="list-style-type: none"> Significant financial difficulty of the issuer or obligor. A breach of contract, such as a default or delinquency in interest or principal payments. The lender granting to the borrower a concession that the lender would not otherwise consider. It becoming probable that the borrower will enter bankruptcy or other financial reorganization. The disappearance of an active market for the financial asset because of financial difficulties. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. 	<p>The definition of "default" typically follows a principles-based approach rather than providing a specific definition in the standards.</p> <p>Default is often associated with significant financial difficulty of the borrower, which may include:</p> <ol style="list-style-type: none"> Breach of Contractual Terms: The borrower breaches contractual terms, such as covenants or other conditions, which can trigger default clauses. Bankruptcy or Insolvency: The borrower enters bankruptcy, insolvency, or other financial reorganization procedures. Concessions Granted to the Borrower: The lender grants concessions to the borrower due to the borrower's financial difficulty that would not otherwise be considered.
<p>PROVISIONING</p>	<p>Expected credit loss (ECL) model, which requires entities to recognize ECLs at all times, updating the amount of ECLs recognized at each reporting date to reflect changes in the credit risk of financial instruments.</p> <ul style="list-style-type: none"> Accrued interest is adjusted based on the ECL model, where interest revenue is calculated on the gross carrying amount of the asset, except for credit-impaired assets where it is calculated on the net carrying amount (gross carrying amount less loss allowance). 	<p>Incurred loss model, where impairment losses are recognized only when there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset.</p> <ul style="list-style-type: none"> Accrued interest may be adjusted if an impairment is recognized. 	<ul style="list-style-type: none"> Impairment Testing: The loan must be tested for impairment to determine if there is objective evidence of impairment, which may include default or delinquency in interest or principal payments. Recognition of Impairment Loss: If impairment is identified, the loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows, discounted at the loan's original effective interest rate. Reclassification: The loan may be reclassified to reflect its impaired status, affecting its presentation in the financial statements.
<p>COLLATERAL</p>	<p>Allows for a reduction in the ECL based on the estimated recoverable amount of the collateral. This recoverable amount reflects the fair value of the collateral less any selling costs.</p> <p>Requires a detailed impairment model that considers the type and quality of collateral, as well as the likelihood of enforcement action to recover the collateral.</p>	<p>While not explicitly forward-looking, it allows for consideration of the present value of collateral when estimating the recoverable amount of a loan.</p> <p>The reduction in the impairment provision is generally less significant compared to IFRS 9 due to the historical cost focus.</p>	<p>The value of collateral is considered when determining the present value of expected future cash flows.</p> <p>The following steps outline this process:</p> <ul style="list-style-type: none"> Determine Fair Value of Collateral: The fair value of the collateral should be estimated based on current market conditions. This may involve appraisals, market comparisons, or other valuation techniques. Consider Costs to Sell: If the entity expects to realize the value of the collateral through sale, costs to sell (such as legal fees, transaction costs, and other expenses) should be deducted from the fair value to determine the net realizable value. Discount Future Cash Flows: The expected cash flows from the collateral should be discounted at the loan's original effective interest rate to determine the present value.