Views noted in this document from Darrel Scott and Martin Friedhoff of the IASB reflect comments made in presentations at the conference and are individual views, not official positions of the IASB on accounting matters, which are determined only after extensive due process and deliberation.
Banks are facing a number of major changes to accounting standards and regulatory reporting requirements over the coming months and years. Some in the industry have commented that they see the challenge to be at least as great as the original adoption of IFRS in 2005.

Participants at Ernst & Young’s European IFRS Banking Conference in Brussels on 10 May 2012 discussed a number of the most pervasive themes and issues. This report captures findings drawn from real-time polls taken during the conference, at which representatives from 52 different banks, standard-setters and industry bodies from across Europe were present. Participants responded to a range of polling questions throughout the day on a voluntary and anonymous basis using electronic voting technology. The results provide an interesting snapshot of the personal views of conference participants.

The conference highlighted that in certain areas, personal views of members of the International Accounting Standards Board (IASB) suggest the board is reaching the point in its joint deliberations with the Financial Accounting Standards Board (FASB) where adequate “directional consistency” between the two Boards has been established. From here, the Boards will publish separate exposure drafts and finalize new accounting standards for classification and measurement, impairment and hedge accounting under the financial instruments project. The IASB will also explore separating macro hedge accounting from the new IFRS 9 standard, to allow development of this critical and complex area over a longer period of time, and to enable finalization of the rest of IFRS 9, ideally by mid-2013.¹

Developments in regulatory reporting and capital requirements also bring major new challenges for banks. New common equity tier 1 capital requirements under Basel III will be as high as 13% for globally significant financial institutions, with liquidity reporting starting in 2013 and a minimum liquidity buffer (Liquidity Coverage Ratio, or LCR) applicable from 2015. New regulatory reporting requirements will be mandated by the European Banking Authority under its Common Reporting (COREP) regime from 1 January 2013, with Financial Reporting (FINREP) expected later in 2013 or early 2014. All of these new requirements, when combined with the extent of accounting change coming from the IASB, and taking into consideration the interaction between the two, increase the volume and complexity of issues on a chief financial officer’s and chief risk officer’s change agenda.

¹ This decision to decouple macro hedging from IFRS 9 was tentatively agreed to by the Board at its meeting subsequent to the conference.
Darrel Scott, member of the IASB, informed the conference participants of the IASB’s progress in a number of key areas for the banking industry. The Boards continue their efforts to bring the IASB IFRS 9 classification and measurement model, and that of the FASB, in line. The next stage of discussions on classification and measurement of financial instruments, will focus on whether a third business model should be introduced into IFRS 9 that would classify some financial assets as fair value through other comprehensive income (FVOCI). This is a significant amendment to IFRS 9, as previously published by the IASB, in large part driven by the IFRS 4 insurance project, and it led some conference participants to question how similar this would be to the current available for sale (AFS) category under IAS 39. Furthermore, as a result of these amendments, would IFRS 9 ultimately represent a significant improvement in accounting for financial instruments? As the IASB develops a new exposure draft, expected in the second half of 2012, banks will need to examine in detail the questions of which assets would be captured by this new third category and whether profits would be recycled to profit or loss.

The conference participants also learned that the IASB plans to propose that macro (also known as portfolio) hedge accounting should be dealt with as a separate new standard, and that the existing macro hedge accounting methods within IAS 39 are intended to be retained for use under IFRS 9 until the separate project is completed. This is a vitally important step, as it could allow IFRS 9 to be finalized by mid-2013, once the impairment phase of the project is complete. This will be welcome news to organizations who are seeking clarity in the final accounting standard before commencing implementation efforts, and hopefully will also allow the EU’s endorsement process to proceed with adequate time available prior to the mandatory adoption date of 1 January 2015.
Interactions between the new regulatory capital requirements of Basel III and changes to IFRS are a key focus area for banking organizations, as changes in measurement of financial assets and liabilities under new IFRSs will also affect regulatory capital surpluses. In polling of conference participants, 78.8% confirmed that their organizations had completed initial impact assessments under Basel III. Paul Garbutt of Ernst & Young noted that as IFRS continues to develop in areas such as financial instruments, insurance contracts and leases, those impact assessments will require updating.

Introduction of enhanced liquidity reporting from 2013, and minimum liquidity buffers under the Liquidity Coverage Ratio (LCR), from 2015, will bring increased calculation, reporting and monitoring challenges, including adaptation of existing data and systems.

The participants expressed a range of views as to which area of their businesses will bear responsibility for these new reporting requirements. It is clear that, in practice, organizations are seeing more inclusion of group treasurers and asset and liability committees (ALCOs) in reviewing and approving such reporting, which will be a broadening of responsibilities from current practices.

Who is signing off on those numbers and how will they know they are right?

<table>
<thead>
<tr>
<th>Supervisor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasurer</td>
<td>8.3%</td>
</tr>
<tr>
<td>CFO</td>
<td>38.3%</td>
</tr>
<tr>
<td>CRO</td>
<td>30%</td>
</tr>
<tr>
<td>Other</td>
<td>1.7%</td>
</tr>
<tr>
<td>Don't know</td>
<td>21.7%</td>
</tr>
</tbody>
</table>

Other new requirements that have significant implications for banks include the introduction of a leverage ratio (LR) under Basel III. There was a range of views as to what will affect the LR most. The most common view was that the liquid asset buffer would have the greatest effect, as an increased holding in liquid assets will have a greater negative effect on the LR. Balancing and meeting the needs of these two separate requirements may prove challenging in some circumstances.

What impacts leverage ratio most?

<table>
<thead>
<tr>
<th>Impact Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquid asset buffer</td>
<td>37.5%</td>
</tr>
<tr>
<td>Capital definitions</td>
<td>21.9%</td>
</tr>
<tr>
<td>Netting</td>
<td>25%</td>
</tr>
<tr>
<td>None of the above</td>
<td>15.6%</td>
</tr>
</tbody>
</table>
The European Banking Authority’s Common Reporting (COREP) regime is expected to take effect from 1 January 2013. In some jurisdictions, this will increase the volume of data submitted within regulatory reporting by up to 500%. This will need to be produced on a quarterly basis within 30 working days of each quarter-end. In some cases, new data sources and appropriate controls will need to be designed, tested and implemented within organizations during the second half of 2012 to comply.

A harmonized regime for Financial Reporting (FINREP) is also expected to be implemented, although there is currently less certainty over the effective date at this stage. FINREP is anticipated to require around 2,800 financial reporting data points which, for some organizations, will represent greater granularity of detail than currently included within external annual financial statements and reports. 82.1% of conference participants confirmed that their organizations had commenced a program to assess the needs and current gaps in meeting COREP and FINREP requirements.

The conference also reviewed how banking organizations have been seeking to redefine and optimize legal entity structures as local markets and client demands have changed in recent years. A small majority of 58.2% of conference participants noted that their organizations had assessed the optimum legal entity structure for their strategic goals, but there was a range of responses as to what are the primary drivers of those structures. Just 12.1% of respondents noted that client demand was their primary driver, with 48.5% of respondents citing internal demands such as capital efficiency, funding and operational requirements, including evolving regulatory demands, such as those from the Independent Commission on Banking (ICB).
One of the highlights of this conference was an extended panel discussion on the Boards’ proposals for a new financial instrument impairment model: the “three-bucket” approach. Five industry experts joined Darrel Scott and Martin Friedhoff of the IASB to debate responses to a range of key questions posed to the conference participants.

One of the most important discussions among banks in relation to the “three-bucket” model is the determination of the point at which loans transfer from bucket 1 to bucket 2 or 3, and furthermore, what kind of credit information is key to measuring the effect of that transfer.

For retail portfolios, what credit information are you planning to use as a threshold to transfer a loan from bucket 1 to bucket 2?

- **Days past due**: 53.9%
- **PD one year**: 23.7%
- **PD lifetime**: 17.1%
- **Behavioral scores**: 5.3%

For retail (or consumer) type loans, a majority of conference respondents expect to draw primarily upon delinquency, or “days past due” data, when determining transfers from bucket 1. This aligns with many of the impairment models used under IAS 39, but IFRS 9 will require much earlier impairment triggers. The panel debated how this type of backward-looking data will need to be supplemented by forward-looking information in order to meet the “expected loss” approach of IFRS 9. The panel also felt that US regulatory classifications, such as “good,” “special mention,” “sub-standard,” “doubtful” and “loss” would not be granular enough to be the sole basis of determination under IFRS 9. In particular, much more granular detail and analysis would be needed for loans in the “good” and “special mention” categories to determine whether the transfer criteria under IFRS 9 have been appropriately met.

For corporate portfolios, what credit information are you planning to use as a threshold to transfer a loan from bucket 1 to bucket 2?

- **PD one year**: 23%
- **PD lifetime**: 13.1%
- **Internal ratings**: 27.9%

The panel expressed a variety of views on this issue, and noted that the three-bucket approach also requires the capture of both credit deterioration and the identification of a specific level of risk. This will add greater complexity compared to current impairment models. Use of “watch lists” was agreed as being a variable practice among organizations, but this could form one input among other measures in determining which loans should transfer between buckets. The panel also felt that US regulatory classifications, such as “good,” “special mention,” “sub-standard,” “doubtful” and “loss” would not be granular enough to be the sole basis of determination under IFRS 9. In particular, much more granular detail and analysis would be needed for loans in the “good” and “special mention” categories to determine whether the transfer criteria under IFRS 9 have been appropriately met.

In terms of corporate loans, respondents held different views, the most common response being that existing risk management classifications would be the key determinant for transfers to or from bucket 1.

The panel felt that internal consistency across an organization, based on internal risk management classifications, would be more achievable than comparability across peers, and that comparability could only realistically be achieved through extensive disclosures.

Creating quantitative interpretations of the transfer point between bucket 1 and bucket 2 or 3 created much debate among conference participants.
For corporate loans, what is the appropriate threshold for a transfer from bucket 1 to bucket 2 assuming an average maturity of five years?

12-month PD: up to 0.4%/Lifetime PD: 2%-5%/BBB 8.2%
12-month PD: 0.4%-2%/Lifetime PD: 5%-20%/BB 27.9%
12-month PD: 2%-8%/Lifetime PD: 20%-45%/B 52.4%
12-month PD: >8%/Lifetime PD: >45%/CCC or below 11.5%

The panel noted that this debate is important as the IASB is not expected to include any “bright lines” for such thresholds in its exposure draft. Furthermore, thresholds alone do not capture credit deterioration, which the panel saw as an additional complexity of the IASB’s proposals.

Although a majority of conference participants felt that B-grade corporate debt should satisfy the IASB’s threshold of “at least reasonably possible” that loan cash flows will not be collected, the panel expressed views that such thresholds could, in theory, be based on different expected loss characteristics and also possibly move up or down over time as credit characteristics of loan portfolios evolve. The panel also felt that the “at least reasonably possible” criterion was likely to fall below investment grade debt, but that it is not yet clear how far below it will be interpreted in practice. These factors and judgments would necessitate extensive disclosures to allow users of financial statements to understand how credit risk is being actively managed within an organization, and would also act as a clear anti-abuse measure. The panel also indicated that much debate is expected to take place between banks’ finance and credit risk management teams before initial decisions are taken on such thresholds.

When asked how organizations would leverage existing models for use under IFRS 9, a significant majority of respondents noted that they expect to use current Basel II probability of default models for calculation of 12-month expected losses in bucket 1. The panel saw this as a useful practical expedient for banks, but would likely require further amendments and development to adequately incorporate the forward-looking aspects of IFRS 9 through this approach. The panel also commented that the responses were typical of those of large, sophisticated institutions and results may have been different had the question been asked of smaller institutions, particularly for portfolios on a standardized approach today. Responses may also be different in the US, where a single “loss rate” approach is likely to be preferred. The panel believed that simplicity in calculation of bucket 1 is an important practical point, as bucket 1 will capture the bulk of loan assets.
of increase would be attributable to the incorporation of forward-looking measures and forecasts. When asked how significant the banks think this increase could be upon implementation of IFRS 9, 46.3% of conference participants responded that the requirement could adjust provisions by up to a further 20%. The panel clarified that this would require detail field-testing, to properly understand and validate. The panel believed that simplicity in calculation of bucket 1 is an important practical point. Potentially, it could be a large adjustment that could also increase the pro-cyclicality of impairment charges recorded in the income statement.

How significant do you expect the financial impacts of the forecasting component to be compared to your expected total provisioning figures in absolute values under the new model?

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>5% to 10%</td>
<td>25.9%</td>
</tr>
<tr>
<td>10% to 20%</td>
<td>20.4%</td>
</tr>
<tr>
<td>20% to 40%</td>
<td>13%</td>
</tr>
<tr>
<td>More than 40%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Not sure yet</td>
<td>33.3%</td>
</tr>
</tbody>
</table>

IFRS 9 is expected to be effective for periods beginning on or after 1 January 2015, and with the proposed separation of the macro hedging project, this effective date now seems more likely. When participants were asked when they expect to start implementing solutions for the expected loss model, most said they believe they will start before the end of 2012. Others expect to start in 2013, or when the standard is final.

When do you think that your implementation project will start?

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between now and December 2012</td>
<td>30.6%</td>
</tr>
<tr>
<td>In 2013</td>
<td>29.1%</td>
</tr>
<tr>
<td>After 2013</td>
<td>6.5%</td>
</tr>
<tr>
<td>When the standard is final</td>
<td>29%</td>
</tr>
<tr>
<td>Not sure yet</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

The panel endorsed commencement of impact assessments and planning for implementation as soon as possible, given the scale of challenges in this area and connections to other key areas such as the impact on regulatory capital under Basel II. The panel believed that successful implementation would take at least as long as the implementation of Basel II, as the IFRS 9 proposals are currently seen as more demanding and far-reaching.

The panel also commented that implementation is actually the last part of a project, which should be preceded by understanding the implications of the proposals for the bank, performing impact assessments through simulation exercises, and discussing these results with industry peers and standard setters as appropriate.

The involvement of credit risk experts and operational functions, such as IT development, will be critical. The panel also commented on the EU endorsement of IFRS 9, which, if IFRS 9 is finalized in mid-2013, was not expected to be completed until mid-2014. That would leave too little time for banks to build and implement solutions for the IFRS 9 effective date. Therefore, waiting for EU endorsement before commencing the implementation of solutions would not seem feasible.

Last, the participants estimated what the potential overall impact of IFRS 9 would be when compared with the current impairment provision levels under IAS 39.

How much do you estimate the total impacts of IFRS 9 to be at adoption?

<table>
<thead>
<tr>
<th>Impact Percentage</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>5.7%</td>
</tr>
<tr>
<td>Increase by 1% to 25%</td>
<td>48.6%</td>
</tr>
<tr>
<td>Increase by 25% to 50%</td>
<td>15.7%</td>
</tr>
<tr>
<td>Increase by 50% to 75%</td>
<td>8.6%</td>
</tr>
<tr>
<td>More than 75%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Not sure yet</td>
<td>17.1%</td>
</tr>
</tbody>
</table>

Almost half of the respondents believe the increase in impairment provisions could be up to 25%, with some respondents estimating the increase could be more than 75%. Clearly, this will be influenced in part by organizations’ current credit risk profiles, and provisioning and write-off policies under IAS 39, which can vary significantly between organizations in practice.
The disclosure challenge

Before the requirements of IFRS 9 become effective, banks must comply with a number of new disclosure requirements that are effective for both 2012 and 2013 year-ends.

Banks face a significant disclosure challenge

<table>
<thead>
<tr>
<th>Standard</th>
<th>Mandatory effective date</th>
<th>Mandatory interim requirement?</th>
<th>Comparatives required?</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFRS 7 - Derecognition</td>
<td>1 Jul 2011</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>IFRS 7 - Offsetting</td>
<td>1 Jan 2013</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>IFRS 13 - Fair values</td>
<td>1 Jan 2013</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>IFRS 12 - Structured entities</td>
<td>1 Jan 2013</td>
<td>✗</td>
<td>✓</td>
</tr>
</tbody>
</table>

New disclosures relating to derecognition of financial instruments are effective for annual periods beginning on or after 1 July 2011. From 1 January 2013, organizations will also be required to complete new disclosures for offsetting (IFRS 7), fair value (IFRS 13) and interests in structured entities (IFRS 12).

Unusually, the new offsetting disclosures appear to be mandatory for interim financial statements in the first year of application. The offsetting disclosures will also require preparation of comparative period information, as will the IFRS 12 disclosures relating to structured entities.
Martin Friedhoff, Associate Director of Technical Activities at the IASB, provided insights on the progress of the project. He confirmed that the IASB’s main objective for the macro hedging project is to achieve better presentation of economic mismatches, while also reducing the operational burden when compared with the current requirements of IAS 39. A majority of conference participants noted that their organization’s primary objective in the use of macro (also known as portfolio) hedge accounting is stabilization of profit or loss.

What is your main objective for macro hedge accounting?

<table>
<thead>
<tr>
<th>Objective</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reducing the operational burden</td>
<td>12.3%</td>
</tr>
<tr>
<td>Better presenting economic mismatches</td>
<td>30.9%</td>
</tr>
<tr>
<td>Stabilizing profit or loss</td>
<td>56.8%</td>
</tr>
</tbody>
</table>

A key insight from the conference was the IASB’s proposal to separate the macro hedge accounting from IFRS 9, and the intention to retain existing IAS 39 macro hedging guidance until the separate project is completed. Participants were asked whether they agree that this is a good move by the IASB.

What is your view on the link between IFRS 9 and macro hedge accounting?

<table>
<thead>
<tr>
<th>View</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Should remain linked – no IFRS 9 endorsement before macro hedge accounting is finalized</td>
<td>28.6%</td>
</tr>
<tr>
<td>Agree with delinking macro hedge accounting should not hold up IFRS 9 but be given sufficient time to develop and test</td>
<td>19.5%</td>
</tr>
<tr>
<td>EU should only allow but not require IFRS 9 until macro hedge accounting is finalized</td>
<td>51.9%</td>
</tr>
</tbody>
</table>

A majority of respondents agree with delinking the projects. However, 28.6% of respondents believed that the projects should remain linked and IFRS 9 should not be endorsed by the EU until all of the elements of IFRS 9, including macro hedge accounting, are complete. This suggests that the IASB could receive a variety of responses from its constituents, if and when these proposals are released for comment. One concern expressed was that the transitional rules in such a situation would need to be carefully designed to facilitate a smooth and practical transition from established methods employed by organizations under IAS 39 to any revised requirements under IFRS 9. Avoiding unintended consequences on the move from IAS 39 to the new macro hedge accounting standard will be a high priority for IFRS reporters.
Ernst & Young’s forthcoming survey on the use of CVAs and DVAs across major banks highlights that organizations have continually refined these adjustments over time. Also, prior to the credit crisis, LIBOR was widely being used as a proxy for a risk-free discount rate, whereas now the increased collateralization of trades has led to common use of the Overnight Index Swap (OIS) rate instead.

Of the 10 IFRS reporting organizations and 6 US GAAP filers that participated in our soon to be published survey, all 16 record CVAs, whereas only 11 record DVAs. When participants were asked whether they believe that the application of IFRS 13 from 2013 would necessitate the use of DVAs, a majority believe that it would.

Do you think that the introduction of IFRS 13 next year means that all banks will need to take DVA on derivative liabilities going forward?

<table>
<thead>
<tr>
<th>Answer</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>73.6%</td>
</tr>
<tr>
<td>No</td>
<td>26.4%</td>
</tr>
</tbody>
</table>

Responses to this question highlighted that the banking industry may see further changes in valuation trends over the next year, including the increasing use of funding valuation adjustments (FVAs) for uncollateralized derivatives for the determination of accounting fair values. Our survey notes that a consistent approach to FVAs has yet to be developed across the industry.

Our survey also highlights that, whereas all banks record CVAs on collateralized trades with bilateral counterparties, only three of the banks surveyed record CVAs for exposures with clearinghouses. This highlights that the industry has a general view that clearinghouses currently pose less risk than bilateral trading with counterparties, but there is some acknowledgement that clearinghouses are not seen as totally free from risk and recording CVAs is likely to be an increasing trend across the industry.

The concept of “prudent valuation” is an area of focus for regulators, some of whom have expressed concerns that firms’ independent valuation processes are generally focused on deriving a point-estimate of price that satisfies fair value accounting standards and does not involve explicit assessment of the range of uncertainty.
Ernst & Young’s European IFRS Banking Conference in May 2012 covered a wide range of industry hot topics, from cutting-edge developments in financial instruments accounting to the implications of regulatory change. What was clear to participants at the conference was that the change agenda that banks are facing is complex, with many linkages and cross-dependencies between projects. As a result, banks must start their preparation even before all the standards are finalized. The impact of IFRS 9 on impairment processes and controls will, in particular, be significant, and with the anticipated separation of the macro hedge accounting project from IFRS 9, most organizations now expect to step up their planning and implementation efforts.
Contacts

For further information on the report or on our European IFRS Banking Conference please contact:

Publication author
Steve Robb
+44 20 7951 5055
srobb@uk.ey.com

EMEIA Financial Services Marketing Executive
Ellie King
+44 20 7951 3997
eking@uk.ey.com

EMEIA Financial Services Financial Accounting Advisory Leader
Tara Kengla
+44 20 7951 3054
tkengla@uk.ey.com

EMEIA Financial Services IFRS Leader
Michiel van der Lof
+31 88 40 71030
michiel.van.der.lof@nl.ey.com

Belgium
Nicole Verheyen
+32 2 774 98 05
nicole.verheyen@be.ey.com

Jean-Francois Hubin
+32 2 774 92 66
jean-francois.hubin@be.ey.com

Channel Islands
Chris Matthews
+44 1534 288 610
cmatthews@uk.ey.com

France
Laure Guegan
+33 1 46 93 63 58
laure.guegan@fr.ey.com

Amaury De La Bouillerie
+33 1 46 93 65 80
amaury.de.la.bouillerie@fr.ey.com

Germany
Christoph Hultsch
+49 696 996 26833
christoph.hultsch@de.ey.com

Edgar Loew
+49 696 996 29011
edgar.loew@de.ey.com

Ireland
Vincent Bergin
+353 1 221 516
vincent.bergin@ie.ey.com

Italy
Ambrogio Virgilio
+39 027 221 2510
ambrogio.virgilio@it.ey.com

Luxembourg
Aida Jerbi
+352 42 124 8614
aida.jerbi@lu.ey.com

Netherlands
Peter Laan
+31 88 40 71635
peter.laan@nl.ey.com

Switzerland
Stefan Schmid
+41 58 286 3416
stefan.schmid@ch.ey.com

United Kingdom
Sarah Williams
+44 20 7951 1703
swilliams10@uk.ey.com

Spain
Hector Martin Diaz
+34 91 572 7461
hector.martindiaz@es.ey.com

Jose Carlos Hernandez Barrasus
+34 91 572 7291
josecarlos.hernandezbarrasus@es.ey.com

John Alton
+41 58 286 4269
john.alton@ch.ey.com

Amaury De La Bouillerie
+33 1 46 93 65 80
amaury.de.la.bouillerie@fr.ey.com

Anthony Clifford
+44 20 7951 2250
aclifford@uk.ey.com
About Ernst & Young
Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 152,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit www.ey.com.

© 2012 EYGM Limited.
All Rights Reserved.
EYG no. EK0095

In line with Ernst & Young's commitment to minimize its impact on the environment, this document has been printed on paper with a high recycled content.

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global Ernst & Young organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.

ED 01/13
1237846.indd (UK) 05/12. Creative Services Group Design.