

IFRS 9

Key Changes





IFRS 9: Key Changes

Changes to what classifies as a hedged item

- Components of certain financial and non-financial items
 - i.e. Components of a commodity purchase price that is separately identifiable and measurable

Changes to hedge effectiveness testing

- More principal-based criteria for determining hedge effectiveness with no specific hedge effectiveness thresholds





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Changes to rebalancing

- If the hedge ratio* changes for risk management purposes, hedge accounting may continue
- The hedge ratio* must be revised and documented to align with the new economic relationship



*Hedge ratio is the ratio of the hedged item to the hedging instrument

Changes to accounting for time value of options, forward element of forward contracts and foreign currency basis spread

- May be recorded to equity and amortized to profit or loss over the term of the hedging instrument