March 16, 2015

To the International Accounting Standards Board

Japanese Bankers Association

Comments on the International Accounting Standards Board's Exposure Draft
"Disclosure Initiative (Proposed Amendments to IAS 7)"

We, the Japanese Bankers Association ("JBA"), are an organization that represents the banking industry in Japan, and our members comprise banks and bank holding companies operating in Japan.

We took this opportunity to collect and compile comments on Exposure Draft "Disclosure Initiative (Proposed amendments to IAS 7)" issued by the International Accounting Standards Board ("IASB").

We respectfully expect that the following comments will contribute to your further discussion on this issue.

○ Our Comments to the Questions

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| Question 1----- Disclosure Initiative amendments<br>This Exposure Draft of proposed amendments to IAS 7 forms part of the Disclosure Initiative. Its objectives are to improve:<br>(a) information provided to users of financial statements about an entity's financing activities, excluding equity items; and<br>(b) disclosures that help users of financial statements to understand the liquidity of an entity.<br>Do you agree with the proposed amendments (see paragraphs 44A and 50A)? Do you have any concerns about, or alternative suggestions for, any of the proposed amendments? |

(Summary of Our Comment)

We do not agree with the proposed amendments.

If the proposed additional disclosures are to be required, it would be necessary to first define the term "net debt" and then to consider the expansion of the guidance, relationship with the existing disclosures and consistency with the Disclosure Initiative.

(Basis)

To our understanding, the objective of the additional disclosures proposed in this Exposure Draft is to improve information about the liquidity of an entity by requiring the entity to provide a net debt reconciliation to investors. The term “net debt” however is not defined, and it is uncertain whether the provision of the net debt reconciliation meets the objective of all industries.

In particular, banks and financial holding companies are providing their investors with liquidity information, including the liquidity coverage ratio (“LCR”) and the net stable funding ratio (“NSFR”) required to be disclosed as part of the liquidity rules, and such information is considered as more appropriate for investors to analyze the liquidity risk. In light of this, the proposed additional disclosures should not be required.

Even if the term “net debt” is defined and the net debt reconciliation is deemed to be useful for all entities, the IASB is requested to take a cautious approach in deciding whether to require the proposed additional disclosures by giving due consideration to the following:

(1) While a detailed analysis of movements in liabilities (e.g. loans) will be required, it would be difficult to calculate which portion of the movements is attributable to, for example, foreign exchange unless assumptions are applied to a certain extent. If such assumptions vary across entities, the comparability may be undermined. Therefore, the methodology to analyze the movements in liabilities needs to be explicitly provided in guidance or by other means and a framework to ensure the comparability needs to be established.

(2) It is considered that “restrictions that affect the decisions of an entity to use cash and cash equivalent balances (paragraph 50A of IAS7)” are already being disclosed pursuant to paragraph 48. Given this, it is necessary to clarify the definition and content of additional quantitative information required under 50A, in addition to the necessity of its disclosure, and to also specify the difference from the disclosure requirements under paragraph 48 of IAS 7[1].

(3) As described in paragraph AV2 of the section “Alternative view of Mr Takatsugu Ochi” in the Exposure Draft, the IASB needs to consider whether the proposed additional disclosures are consistent with a clear vision of future overall improvements to IAS 7 “Disclosure Initiative”.

[1] An entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the group.