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27 September 2023

602/579

Re.: IASB Request for Information: Post-implementation Review, IFRS 9 *Financial Instruments* – Impairment

Dear Mr Barckow

The IDW appreciates the opportunity to comment on the IASB's Post-implementation Review (PIR) IFRS 9 *Financial Instruments* – Impairment.

The transition from the incurred loss model of IAS 39 to an expected credit loss model was one of the most fundamental changes in connection with the introduction of IFRS 9. Although the transition costs and efforts were considerable for all parties concerned, the new impairment model largely works well in practice.

In our view, there are no fundamental issues with the IFRS 9 impairment model.

However, we have identified the need for clarification and potential improvement in individual areas of the standard with regard to ease of understanding, consistent application and usefulness of the disclosures on the impairment model. This relates in particular to the following issues (which are also explained in more detail below in our letter):

- Interaction between the requirements for modification, impairments, derecognition and write-offs of financial assets (cross-cutting issues).
- Definition of a credit loss (i.e., all cash shortfalls) and, in this context, the meaning, underlying principle and relevance of the IFRS IC agenda decision 'Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)'.

GESCHÄFTSFÜHRENDER VORSTAND:
Prof. Dr. Klaus-Peter Naumann, WP StB, Sprecher des Vorstands;
Melanie Sack, WP StB, stv. Sprecherin des Vorstands;
Dr. Torsten Moser, WP

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- Dealing with multiple scenarios and post-model adjustments.
- Financial guarantee contracts and other credit enhancements.
- Disclosures on credit risk in IFRS 7.

We would be pleased if the IASB could address these issues when the opportunity arises.

Further, we would like to comment on the specific questions of the ED as follows:

Question 1 – Impairment

Do the impairment requirements in IFRS 9 result in:

(a) more timely recognition of credit losses compared to IAS 39 and address the complexity caused by having multiple impairment models for financial instruments? Why or why not?

(b) an entity providing useful information to users of financial statements about the effect of credit risk on the amount, timing and uncertainty of future cash flows? Why or why not?

Please provide information about the effects of the changes to the impairment requirements introduced by IFRS 9, including the ongoing costs and benefits of preparing, auditing, enforcing or using information about financial instruments.

This question aims to help the IASB understand respondents' overall views and experiences relating to the IFRS 9 impairment requirements. Sections 2–9 seek more detailed information on specific requirements.

(a) The transition from the incurred loss model of IAS 39 to an expected credit loss model was one of the most fundamental changes in connection with the introduction of IFRS 9. Although the transition costs and efforts were considerable for all parties concerned, according to our experience the new impairment model generally works well in practice. As conceptually intended, the forward-looking expected credit loss model of IFRS 9 leads to a more timely recognition of credit losses in stages 1 and 2.

Furthermore, we agree that the introduction of a uniform model for the recognition of impairment losses on financial instruments has led to a reduction in complexity in this respect. On the other hand, the new impair-

ment model has led to considerably more complexity simply due to the assessment and recognition of expected credit losses and the estimates and forecasts required in this context.

(b) In the IDW's opinion, the expected credit loss model works in practice largely as intended and provides decision-useful information to users of financial statements, particularly when compared to the previous incurred credit loss model in IAS 39. We refer to our answer to question 9 in regard to our consideration of possible improvements of the disclosures on credit risk.

Question 2 – The general approach to recognising expected credit losses

(a) Are there fundamental questions (fatal flaws) about the general approach? If yes, what are those fundamental questions?

Please explain whether requiring entities to recognise at least 12-month expected credit losses throughout the life of the instrument and lifetime expected credit losses if there has been a significant increase in credit risk achieves the IASB's objective of entities providing useful information about changes in credit risk and resulting economic losses. If not, please explain what you think are the fundamental questions (fatal flaws) about the clarity and suitability of the core objectives or principles of the general approach.

(b) Are the costs of applying the general approach and auditing and enforcing its application significantly greater than expected? Are the benefits to users significantly lower than expected?

If, in your view, the ongoing costs of applying the general approach to particular financial instruments are significantly greater than expected or the benefits of the resulting information to users of financial statements are significantly lower than expected, please explain your cost–benefit assessment for those instruments.

(a) From our point of view, there are no fundamental questions (fatal flaws) about the general approach.

Irrespective of this, we would like to point out that we see a conceptual gap between stage 1 ('12-month expected credit losses') and stage 2 ('lifetime expected credit losses'), both of which by definition refer to expected credit losses from possible 'default events', and stage 3, i.e., 'credit-impaired' financial assets. The lack of consistency between the definitions of these stages regularly leads to application challenges in practice, particularly with regard to the decision on when financial instruments should be transferred from stage 2 to stage 3. We would recommend clarifying the two definitions

and their interaction, as this is particularly relevant for entities (such as financial institutions) for which a regulatory definition of 'default' exists.

Although the requirement for entities to recognise at least 12 months of expected credit losses throughout the life of the instrument and lifetime expected credit losses if credit risk has increased significantly was challenging when first applied and required fundamental adjustments to systems, we believe it has resulted in entities providing useful information about changes in credit risk and resulting economic losses.

(b) In general, the costs associated with applying and auditing the general approach to recognising expected credit losses are higher than those associated with incurred losses under the impairment model of IAS 39. However, this is the obvious consequence of the first-time introduction of a forward-looking impairment model, which generally requires more, and more comprehensive estimates and forecasts that an auditor will need to evaluate in terms of plausibility.

Question 3 – Determining significant increases in credit risk

(a) Are there fundamental questions (fatal flaws) about the assessment of significant increases in credit risk? If yes, what are those fundamental questions?

Please explain whether the principle-based approach of assessing significant increases in credit risk achieves the IASB's objective of recognising lifetime expected credit losses on all financial instruments for which there has been a significant increase in credit risk since initial recognition.

If not, please explain what you think are the fundamental questions (fatal flaws) about the clarity and suitability of the core objectives or principles of the assessment of significant increases in credit risk.

(b) Can the assessment of significant increases in credit risk be applied consistently? Why or why not?

Please explain whether the requirements provide an adequate basis for entities to apply the assessment consistently to all financial instruments within the scope of impairment requirements in IFRS 9.

If diversity in application exists for particular financial instruments or fact patterns, please explain and provide supporting evidence about how pervasive that diversity is and explain what causes it. Please also explain

how the diversity affects entities' financial statements and the usefulness of the resulting information to users of financial statements.

If you have identified diversity in application of the assessment, please provide your suggestions for resolving that diversity.

*In responding to (a) and (b), please include information about **applying judgement** in determining significant increases in credit risk (see Spotlight 3).*

(a) In our view, there are no fundamental questions (fatal flaws) about the assessment of significant increases in credit risk.

(b) The assessment of significant increases in credit risk is generally being applied consistently.

The IASB takes a principles-based approach to assessing whether there is a significant increase in credit risk. The IDW has always advocated such an approach and has objected to detailed rules and thresholds, which are prone to abuse. The nature of a principle-based approach is that financial statement preparers are granted a certain degree of leeway, which entails requiring them to make discretionary decisions. On the one hand, this leads to a degree of (expected) diversity in application and thus a certain reduction in comparability. But on the other hand, it also grants preparers a degree of flexibility, allowing for adaptability to the circumstances of the individual situation to ensure that information is decision-useful.

The IDW fully supports the IASB's principles-based approach to assessing significant increases in credit risk. In our view, despite some reduction in comparability in detail, the establishment of robust principles and guidelines enhances the informative value of the financial statements through entity-specific accounting and related disclosures, and we, as auditors, are readily able to evaluate and assess the appropriate exercise of discretion by preparers. In this context, the International Standard on Auditing 540 (Revised) 'Auditing Accounting Estimates and related Disclosures' provides a suitable basis for this and works well in practice.

Question 4 – Measuring expected credit losses

(a) Are there fundamental questions (fatal flaws) about requirements for measuring expected credit losses? If yes, what are those fundamental questions?

Please explain whether the requirements for measuring expected credit losses achieve the IASB's objective of providing users of financial statements with useful information about the amount, timing and uncertainty of an entity's future cash flows. If not, please explain what you think are the

fundamental questions (fatal flaws) about the clarity and suitability of the core objectives or principles of the measurement requirements.

(b) Can the measurement requirements be applied consistently? Why or why not?

Please explain whether the requirements provide an adequate basis for entities to measure expected credit losses consistently for all financial instruments within the scope of impairment requirements in IFRS 9.

If diversity in application exists for particular financial instruments or fact patterns, please explain and provide supporting evidence about how pervasive that diversity is and explain what causes it. Please also explain how the diversity affects entities' financial statements and the usefulness of the resulting information to users of financial statements.

If you have identified diversity in application of the requirements, please provide your suggestions for resolving that diversity.

*In responding to (a) and (b), please include information about **forward-looking scenarios** (see Spotlight 4.1), **post-model adjustments or management overlays** (see Spotlight 4.2) and **off-balance-sheet exposures** (see Spotlight 4.3), as relevant.*

(a) In our view, there are no fundamental questions (fatal flaws) with the requirements for measuring expected credit losses.

However, in our view, the following clarifications and additions would be useful:

- According to IFRS 9, Appendix A, a credit loss is defined as the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e., **all cash shortfalls**), discounted at the original effective interest rate. In practice, there are several discussions about the extent to which cash shortfalls should be taken into account when measuring expected credit losses.

  For example, we question whether and how **transfer risks** (e.g., due to the enactment of political sanctions that may affect the transfer routes of contractually agreed payments) should be considered when measuring expected credit losses.

  Moreover, in this context, the IFRS IC's agenda decision 'Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)'[1] has cre-

[1] We refer to the addendum to IFRIC Update September 2022, published in October 2022.

ated further uncertainties regarding the determination of the boundaries of credit risk. In our opinion, the IASB should clarify whether and how the term 'all cash shortfalls' should be interpreted in relation to concessions by the lender due to financial difficulties of the borrower (and potentially other situations).

- When measuring the expected credit losses of a financial instrument an entity has to evaluate a range of possible outcomes. The consideration of **multiple scenarios** is often complex and involves numerous judgements. Therefore, additional application guidance would be very useful. In our view, e.g., the results of the IFRS Transition Resource Group for Impairment of Financial Instruments (ITG) from December 2015 could be used for this purpose, as the ITG had already addressed important questions concerning the need to consider multiple scenarios and the importance of considering non-linearities.

(b) In our view, the requirements provide an adequate basis for entities to measure expected credit losses in a broadly consistent manner for all financial instruments that are within the scope of the impairment requirements of IFRS 9.

At this point we would like to refer to our answer to Question 3(b). If the IASB follows a principles-based approach, which the IDW supports, financial statement preparers will inherently be given room for judgement. This judgement has to be exercised appropriately, taking into account the entity-specific circumstances, which, in turn, can be evaluated by the auditors. Since a principles-based approach inevitably leads to a certain degree of diversity, it is the IASB's task to decide how much leeway and discretion to grant preparers with regard to the decision usefulness of the financial statements. If, with hindsight, the IASB believes there is too much diversity in practice, the Board should adjust the principles and/or develop additional application guidance. In our view, however, the Board will need to be careful to ensure that its principle-based approach does not become a rules-based approach over time.

In this context, we would like to comment on the following points:

- We can confirm that in recent years we have seen a rise in the use of (and need for) **post-model adjustments or management overlays** in the financial statements. In our view, however, post-model adjustments or management overlays do not constitute an application problem resulting from the standard. IFRS 9 sets out the objectives for the measurement of expected credit losses and – in line with a principles-based approach – leaves it to entities to choose

the most appropriate techniques to meet these objectives. Post-model adjustments or management overlays are generally appropriate when extreme events give rise to increased uncertainties (e.g., Covid 19 pandemic, war in Ukraine) that could neither be foreseen nor could preparers draw on to past experience to determine any possible impact , such that existing models cannot appropriately reflect such events. However, we believe it would be useful for the IASB to explicitly clarify that all requirements and principles in IFRS 9 and IFRS 7 equally apply to post-model adjustments or management overlays, just as they apply to any other method of estimating and disclosing expected credit losses.

- Finally, we can confirm that, in practice, there are different approaches to the subsequent measurement of **financial guarantees contracts issued** where premiums are not received in advance but over time. This may have an impact on their measurement in accordance with IFRS 9.4.2.1(c). If the Board believes a more standardised approach is desirable, supplementary application guidance would be helpful.

Question 5 – Simplified approach for trade receivables, contract assets and lease receivables

(a) Are there fundamental questions (fatal flaws) about the simplified approach? If yes, what are those fundamental questions?

Does applying the simplified approach achieve the IASB's objective of reducing the costs and complexities of applying IFRS 9 impairment requirements to trade receivables, contract assets and lease receivables?

(b) Are the costs of applying the simplified approach and auditing and enforcing its application significantly greater than expected? Are the benefits to users significantly lower than expected?

If, in your view, the ongoing costs of applying the simplified approach are significantly greater than expected, or the benefits of the resulting information to users of financial statements are significantly lower than expected, please explain your cost–benefit assessment.

(a) The IDW is not aware of any fundamental issues (fatal errors) regarding the simplified approach.

Sometimes it is challenging for the entities to collect the data needed to apply this approach. Overall, however, we believe that the simplified approach works in practice and significantly reduces the cost and complexity

of applying the impairment requirements of IFRS 9 to trade receivables, contract assets and lease receivables.

(b) We are not aware that the costs of applying the simplified approach and auditing its application are significantly higher than expected.

Question 6 – Purchased or originated credit-impaired financial assets

Can the requirements in IFRS 9 for purchased or originated credit-impaired financial assets be applied consistently? Why or why not?

Please explain whether the requirements can be applied consistently to these types of financial assets and lead to accounting outcomes that faithfully reflect the underlying economic substance of these transactions.

If there are specific application questions about these requirements, please describe the fact pattern and:

(a) explain how the IFRS 9 requirements are applied;

(b) explain the effects of applying the requirements (for example, the quantitative effect on an entity's financial statements or an operational effect);

(c) explain how pervasive the fact pattern is; and

(d) support your feedback with evidence.

Basically, the requirements for purchased or originated credit-impaired financial assets (POCI) can be applied consistently. The requirements generally lead to accounting outcomes that faithfully reflect the underlying economic substance of these transactions.

In general, it would be very helpful and desirable to have application guidance for the case of a (substantial) modification of contractual cash flows according to IFRS 9.5.4.3 and the accounting consequences arising in this context. In addition, it would be useful to have meaningful disclosure requirements that would support users in understanding these issues.

In addition, it is unclear how to recognise the impact of improvements in credit risk after the initial recognition of a POCI. Currently, some recognise the impact as a negative entry in the loss allowance for expected credit losses on the financial asset, while others recognise it as an adjustment to the gross carrying amount of the financial asset. Application guidance would also be helpful to address this issue.

According to IFRS 9.5.4.1(a), for POCIs the credit-adjusted effective interest rate shall be applied to the amortised cost of the financial asset from initial recognition. In this context, we would like to point out once again the importance of the IASB Research Project 'Amortised Cost Measurement'. As

noted by the IASB, there are some issues with the application of the effective interest rate method that should be clarified. We expect this to have a positive effect on the uniformity and consistency of the measurement of POCIs.

Question 7 – Application of the impairment requirements in IFRS 9 with other requirements

Is it clear how to apply the impairment requirements in IFRS 9 with other requirements in IFRS 9 or with the requirements in other IFRS Accounting Standards? If not, why not?

If there are specific questions about how to apply the impairment requirements alongside other requirements, please explain what causes the ambiguity and how that ambiguity affects entities' financial statements and the usefulness of the resulting information to users of financial statements. Please describe the fact pattern and:

(a) indicate the requirements in IFRS 9 or in other IFRS Accounting Standards to which your comments relate;

(b) explain the effects of applying the requirements (for example, the quantitative effect on an entity's financial statements or an operational effect);

(c) explain how pervasive the fact pattern is; and

(d) support your feedback with evidence.

In responding to this question, please include information about matters described in this section of the document.

In our view, clarification of cross-cutting issues in connection with the impairment model under IFRS 9 is the main issue that needs to be addressed by the IASB .

In this context, the **interaction between** the requirements for **modification** (IFRS 9.5.4.3), **impairment** (IFRS 9.5.5.1 et seq.), **derecognition** (IFRS 9.3.2.1 et seq.) and **write-off** (IFRS 9.5.4.4) of financial assets should be clarified as a matter of urgency. We currently observe considerable uncertainty in practice concerning the existence of the application prerequisites (e.g., the reason that causes a modification and/or a derecognition) and the order in which the aforementioned requirements of IFRS 9 must be taken into account and applied.

We would welcome clarification from the IASB on the following selected issues:

- *Interaction between the impairment requirements in IFRS 9, the application of IFRS 9.B5.4.6 and the requirements for modifications of financial assets*

  In practice, it is not always clear whether a change in estimates of future contractual cash flows should be accounted for as a modification, a change in estimate of expected credit losses or a change in estimated cash flows. For example, this may be the case, when an entity expects a reduction in future contractual receipts because of an expected modification that is unrelated to the borrower's creditworthiness.

  We therefore suggest that the IASB Research Project 'Amortised Cost Measurement' consider the interactions mentioned above.

- *Presentation of gains and losses from impairment vs. modification*

  According to IAS 1.82(ba) impairment losses (including reversals of impairment losses or impairment gains) have to be presented as a separate line-item. However, IFRS 9 does not contain any requirements on how to recognise gains or losses arising from the impairment of an asset that have caused a modification. It is unclear whether these gains or losses can be considered as 'realised' impairment, and consequently have to be presented in the impairment losses (gains) line item, or whether they have to be presented (separately) as modification gains and losses.

  In addition, cash flows can be modified for various reasons. The reasons need not be solely related to credit risk (e.g., management decisions as a result of changing market conditions). It is unclear whether gains or losses from all varieties of modifications should be aggregated into one line-item or presented separately.

- *Write-offs*

  According to IFRS 9.5.4.4, an entity shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. It is unclear how an additional impairment loss should be presented when the amount of the loss on write-off is greater than the accumulated impairment loss allowance. Some believe that the additional impairment loss should be presented as a derecognition loss in profit or loss with a direct credit to the gross carrying amount. Others believe that the additional impairment loss should first be presented as an addition to the loss allowance, which is then applied against the gross carrying amount.

- *Derecognition and loss allowance for expected credit losses*

  According to our observations, there are different views in practice regarding the accounting requirements for loan restructuring where a debtor is experiencing financial difficulties.

  For example, if a loan – measured with a loss allowance at an amount equal to the lifetime expected credit losses – is restructured, and the subsequent change in terms and conditions of the contract lead to a derecognition, then the loan (if it is not considered as a POCI) is recognised with a 12-months expected credit loss allowance. In practice, there appears to be some disagreement as to whether this requirement is appropriate. While some believe that decreasing the loss allowance from lifetime to 12 months is counterintuitive to the underlying economic circumstances (i.e., the deteriorating economics that lead to a restructuring), others are of the opinion that the fair value of the newly recognised loan already reflects the reduction in estimated future cash flows and therefore a 12-month loss allowance is warranted.

  Further, there is a lack of guidance for ‘derecognition’ of off-balance sheet credit products such as loan commitments and financial guarantees issued. This issue is relevant because the initial recognition of the newly ‘recognised’ item may require the recognition of a (further) 12-months expected credit loss (see above).

  In addition, there are apparently differing opinions in practice as to whether, the previous lifetime loss allowance should be recognised in profit or loss or used up without affecting profit or loss as part of the initial recognition of the POCI when the restructuring of the loan results in a POCI.

- *Financial guarantees and other credit enhancements*

  According to IFRS 9.B5.5.55, for the purposes of measuring expected credit losses, the estimate of expected cash shortfalls shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms and are not recognised separately by the entity.

  The interpretation of the meaning of ‘part of the terms of the contract’ causes problems in application. This issue has already been addressed with the ITG. At its December 2015 meeting, there was discussion as to whether the credit enhancement must include an explicit contractual term of the asset in question in order to be taken into account in the measurement of expected credit losses, or whether other credit enhancements that are not separately recognised can also be taken into account. However, the question as to whether and, if so, under what

conditions a financial guarantee that is not mentioned in the contractual terms of the loan is an 'integral part of the terms of the contract' remained unanswered. From our point of view, additional application guidance would be very helpful. It would also be desirable for the IASB to provide guidance on how to account for POCIs that are not considered to be an integral part of the terms of the contract.

- *Credit risk: Concessions made by the lender*

  As already mentioned in our answer to Question 4(a), the IASB should clarify whether and how the agenda decision of the IFRS IC 'Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16)' should be interpreted regarding concessions made by the lender due to financial difficulties of the borrower.

Question 8 – Transition

Were the costs of applying the transition requirements and auditing and enforcing their application significantly greater than expected? Were the benefits to users significantly lower than expected?

Please explain whether the combination of the relief from restating comparative information and the requirement for transition disclosures achieved an appropriate balance between reducing costs for preparers of financial statements and providing useful information to users of financial statements.

Please explain any unexpected effects or challenges preparers of financial statements faced applying the impairment requirements retrospectively. How were those challenges overcome?

We are not aware that the costs of applying the transition provisions and auditing were significantly higher than expected. Likewise, we are not aware of any unexpected effects or challenges faced by preparers of financial statements in the retrospective application of the impairment requirements.

Certainly, the relief in restatement of comparative information and the requirement for transition disclosures were positive in terms of cost to preparers of financial statements.

Question 9 – Credit risk disclosures

(a) Are there fundamental questions (fatal flaws) about the disclosure requirements in IFRS 7 for credit risk? If yes, what are those fundamental questions?

Please explain whether the combination of disclosure objectives and minimum disclosure requirements for credit risk achieves an appropriate balance between users of financial statements receiving:

(i) comparable information—that is, the same requirements apply to all entities so that users receive comparable information about the risks to which entities are exposed; and

(ii) relevant information—that is, the disclosures provided depend on the extent of an entity's use of financial instruments and the extent to which it assumes associated risks.

If an appropriate balance is not achieved, please explain what you think are the fundamental questions (fatal flaws) about the clarity and suitability of the core objectives or principles of the disclosure requirements.

(b) Are the costs of applying these disclosure requirements and auditing and enforcing their application significantly greater than expected? Are the benefits to users significantly lower than expected?

If, in your view, the ongoing costs of providing specific credit risk disclosures are significantly greater than expected or the benefits of the resulting information to users of financial statements are significantly lower than expected, please explain your cost–benefit assessment for those disclosures. Please provide your suggestions for resolving the matter you have identified.

If, in your view, the IASB should add specific disclosure requirements for credit risk, please describe those requirements and explain how they will provide useful information to users of financial statements.

Please also explain whether entities' credit risk disclosures are compatible with digital reporting, specifically whether users of financial statements can effectively extract, compare and analyse credit risk information digitally.

(a) Although we have not identified any fundamental problems (fatal errors) with regard to the disclosure requirements in IFRS 7 on credit risk, we believe that there is potential for improvement with regard to the clarity and informative value of the disclosures.

In our view, in principle the disclosure objectives of IFRS 7, including the disclosure requirements, do provide an appropriate basis for the disclosure of credit risk by entities. In practice, however, we see a considerable variety of disclosures with different levels of detail regarding the assumptions made, the policies of credit risk management, and the methodologies and models used. The structure of the disclosures also varies considerably. Providing just a set of quantitative information in tabular form does not necessarily contribute to better understanding. Often, additional explanations

in text form would provide users with more comprehensible and decision-useful information.

We recommend that the IASB consider the following measures in order to improve the meaningfulness of the information to be disclosed or to promote the disclosure of more entity-specific information:

- *Introduction of an explicit requirement on sensitivity disclosures in relation to expected credit losses in IFRS 7*

  In contrast to other standards, IFRS 7 does not explicitly require any sensitivity disclosures about credit risk. However, expected credit losses can lead to significant sensitivities. Not all preparers provide sensitivity disclosures concerning expected credit losses, given the general requirement of paragraph 125 of IAS 1. Therefore, including an explicit reference to IAS 1 in IFRS 7 would be helpful.

- *The introduction of minimum disclosure requirements to understand the sources of credit risk and how it changes*

  In our view, it would be useful to specify minimum requirements for disclosures in certain areas, e.g., in the case of scenario analyses or the use of post-model adjustments, in order to enable users to understand and evaluate management's assumptions and assessments.

(b) The IDW is not aware that the costs of applying and auditing the disclosure requirements are significantly greater than expected.

However, with respect to assessing the usefulness of credit risk disclosures in IFRS 7 to users, we suggest that the IASB consult extensively once more with users to determine:

- which of the information has proven to be useful;
- which information has subsequently been found not to be used; and
- whether certain information is still missing.

Question 10 – Other matters

(a) Are there any further matters that you think the IASB should examine as part of the post-implementation review of the impairment requirements in IFRS 9? If yes, what are those matters and why should they be examined?

Please explain why those matters should be considered in the context of this post-implementation review and the pervasiveness of any matter raised. Please provide examples and supporting evidence.

(b) Do you have any feedback on the understandability and accessibility of the impairment requirements in IFRS 9 that the IASB could consider in developing its future IFRS Accounting Standards?

We do not have any further comments.

We would be pleased to answer any questions that you may have or discuss any aspect of this letter.

Yours sincerely

Bernd Stibi	Kerstin Klinner
Technical Director	Senior Technical Manager
Financial & Sustainability Reporting	Financial & Sustainability Reporting