European Banking Federation

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Brussels, 5 July 2013

Subject: ***EBF Comment Letter on the IASB Exposure Draft - Financial Instruments: Expected Credit Losses***

Dear Mr Hoogervorst,

The EBF would like to thank you for the opportunity to provide comments on the Exposure Draft (ED). The EBF is supportive of the objective to achieve a sound expected loss provisioning approach promoting more forward looking provisioning through timely identification and recognition of credit losses. The EBF supports the IASB in developing a principle-based model which differentiates between performing assets, assets that have suffered significant credit deterioration and those which no longer perform.

The EBF believes that the IASB approach is a step in the right direction and regrets that the Financial Accounting Standards Board (FASB) has decided to develop its own expected loss model. In our view, the FASB does not meet the objectives of financial reporting as it would obscure information about credit deterioration and risk management, resulting in financial reporting which does not faithfully portray the economics of transactions. Please refer to our letter to the FASB *(see enclosed EBF_001315).*

It is crucial that the new provisioning system recognizes impairment allowances that are meaningful for different portfolios in different jurisdictions on a timely manner, permits banks to draw from their risk management systems incorporates a broader range of credit information and is operational and applicable to open portfolios.

12 months measurement

The EBF acknowledges that the loss allowance at an amount equal to 12 month expected credit losses would result in a credit loss at initial recognition even when a financial asset is priced on market terms. Whilst there is no conceptual justification for this, the EBF sees the recognition of 12 months expected credit losses as a proxy for adjustments in yield and a compromise that would achieve an appropriate balance between the benefits of faithful representation of expected credit losses and operational cost and complexity. The 12 month allowance, which can be based on existing practices, is seen as not being operationally burdensome and from an economic perspective as more than sufficient to cover the associated risk and result in a more forward looking assessment compared to IAS 39.

The EBF would strongly object to any model leading to recognition of losses for stage 1 beyond 12 months. Determining expected losses for any longer period of time, particularly an undefined period, would result in costs and complexity as well as a loss of comparability that cannot be justified.

Explicit link to the credit risk management

The EBF believes that a clear and explicit reference to the use of the entity's current credit risk management processes should be included in the body of the final standard for assessing transfer to lifetime expected loss measurement.

In order to evaluate the transfer criterion entities should use the qualitative and/or quantitative information that is relevant and used for evaluating credit deterioration in the credit management processes. Such information is either an integral part of statistical models used to calculate the movements in PDs or, if not integrated or not updated at each reporting period, is used as an indicator of significant deterioration from a credit management perspective. Those relevant indicators would imply, in themselves, a significant deterioration since initial recognition. While adverse changes in macroeconomic factors should not be ignored, these should not imply a direct transfer to lifetime measurements if they are not expected to change the credit risk management. None of the factors mentioned in paragraph B20 (f) should therefore be considered in isolation when evaluating the transfer. Using macroeconomic factors in isolation to trigger the transfer may not only be in conflict with entities' risk management but also result in inconsistent application among entities (i.e. different interpretation of the same data, heterogeneity of forecasts of different organizations).

Clarification

While the EBF supports the IASB model, it is believed some clarification would achieve a better balance between the faithful representation of the underlying economics and the implementation costs. Clarification would enhance understanding and therefore increase the likelihood of the model being accepted at global level.

The standard should also be principles based and the text of the standard should not prevent implementation that would otherwise be compliant with the principles of the standards as long as it results in outcomes that remain consistent with the objectives of the proposal. There are several methods to achieve compliant outcomes.

The EBF does not believe that paragraph 8 is necessarily reflective of what the IASB is seeking to achieve. As currently drafted, the wording implies that the tracking of PDs would provide the only means by which credit deterioration could be assessed, whereas in practice this would constitute only one of a number of methods that could be used to achieve much the same result. We would therefore firmly recommend that the paragraph be redrafted to focus more upon the principle that migration from Bucket 1 to Bucket 2 be based upon a significant deterioration in credit quality since initial recognition. While other aspects of the paragraph are important to explaining the principles, it needs to be appreciated that these are expanding upon the concept and not setting prescriptive rules. It needs to be clear, for example, that the objective is to consider changes in probability of default as opposed to changes in expected losses, and that the principle is to consider changes in credit quality over the remaining life of the financial instruments.

A further issue would be the criteria for determining that a significant deterioration had taken place. The ED correctly avoids suggesting bright lines. While B15 articulates important guidance to assist with applying the principle, the EBF is concerned that in this regard the current wording of the example in paragraph 6 could be read in conjunction with B15 as implying that a movement below investment grade credit quality could be interpreted as a bright line.

The EBF would also suggest clarification to the wording of paragraph B 11 to read: "*However an entity may use the 12-months probability of a default occurring to determine whether credit risk has increased significantly since initial recognition if there is no objective evidence that the outcome would differ*.

As acknowledged in the ED, many entities manage credit risk on the basis of information about past due status and have limited ability to assess credit quality on an instrument by instrument basis in more detail. The EBF believes the text of paragraph 9 should be clarified to allow the use of the 30 days past due rebuttable presumption together with other more forward-looking information that may be available.

Finally, the EBF believes that it will be necessary to adopt practical approaches, including the use of proxies, to achieve a timely and effective transition, in recognition of the difficulty that many entities will experience in obtaining relevant data in respect of existing business. The EBF would welcome explicit reference to practical approaches to obtaining relevant data approximating original credit quality, including, for example, use of suitable statistical approaches. In addition it should be clarified that it is possible to use the 30 days past due rebuttable presumption status for retail portfolios on transition to assist preparers with these challenges.

Please see enclosed the detailed comments to the questions raised in the Exposure Draft.

We appreciate your consideration of our comments and remain at your disposal to elaborate further on our views should you wish so.

Yours sincerely,

Guido Ravoet

EBF Response to the IASB Exposure Draft - Financial Instruments: Expected Credit Losses

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Key messages

- **The EBF supports the IASB approach**
  - **It addresses the shortcomings of the IAS 39 model and the G20 requirements**
  - **It represents a significant improvement over the 2009 Exposure Draft in terms of operational feasibility**
- **The standard should be principle based and the text of the standard should not prevent implementation that would otherwise be compliant with the principles of the standards as long as it results in outcomes that remain consistent with its objectives.**
- **Clear and explicit reference to the use of the entity's current credit risk management processes should be included in the body of the final standard for assessing transfer to lifetime expected loss measurement**
- **Practical approaches, including the use of proxies should be adopted to achieve a timely and effective transition.**
- **While regrettable, it may not be possible for the Boards to reach a converged solution. All the differences between the IASB and the FASB model need to be clearly articulated in the standard. The EBF would strongly reject the notion that disclosure could address the lack of convergence**
- **In particular, the EBF would not accept allowances for stage 1 that would go beyond 12 months.**

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EBF RESPONSE TO THE QUESTIONS LISTED IN THE EXPOSURE DRAFT

QUESTION 1

(a) Do you agree that an approach that recognises a loss allowance (or provision) at an amount equal to a portion of expected credit losses initially, and lifetime expected credit losses only after significant deterioration in credit quality, will reflect:

(i) the economic link between the pricing of financial instruments and the credit quality at initial recognition; and
(ii) the effects of changes in the credit quality subsequent to initial recognition?
If not, why not and how do you believe the proposed model should be revised?

We agree with the proposed approach.

While the credit risk is priced at initial recognition, it has to be taken into account that the link is not a one to one link as interest is based on other components than just compensation for the time value of money and credit risk and includes also a premium for liquidity risk, spread adjustments to facilitate business strategies to expand in particular market, funding costs, administrative cost and profit margin. The credit risk component is not a single amount but is likely to be within a range. This in part drove the practical problems with the original ED.
Due to the conceptual and operational difficulties with identifying in practice the portion of credit risk reflected in the pricing of financial instrument, the EBF agrees with the IASB proposal as it would achieve a reasonable balance between the operational challenges (i.e. how to make adjustments to yield) and providing a meaningful representation of the underlying economics.

(b) Do you agree that recognising a loss allowance or provision from initial recognition at an amount equal to lifetime expected credit losses, discounted using the original effective interest rate, does not faithfully represent the underlying economics of financial instruments? If not, why not?

Yes, the EBF agrees.

Recognizing a loss allowance at an amount equal to life time expected loss (LTEL) at initial recognition does not faithfully represents the underlying economics of financial instruments. Such a model obscures information about credit deterioration and is not consistent with how banks manage credit risks. It would not meet the objectives of financial reporting as it would create a day-one loss for assets originated or acquired at fair value and generate movements in profit or loss reflecting not only the credit risk but also the dynamic of volumes in the loan portfolio. Accordingly, it would not be aligned with information provided to the key management personnel about credit quality.

Recognizing LTEL at initial recognition would also result in an overstatement of expected credit losses for financial instruments and a resulting understatement of the value of any related financial asset at initial recognition of those financial instruments as the initial carrying amount of financial assets would be below their fair value.

QUESTION 2

(a) Do you agree that recognising a loss allowance (or provision) at an amount equal to 12-month expected credit losses and at an amount equal to lifetime expected credit losses after significant deterioration in credit quality achieves an appropriate balance between the faithful representation of the underlying economics and the costs of implementation? If not, why not? What alternative would you prefer and why?

The EBF agrees that the IASB proposal can achieve a reasonable balance between faithful representation of the underlying economics and the cost of implementation. To further increase the likelihood of its acceptance, the wording of the final standard should more clearly reflect the IASB intentions. In particular, it should be made clear that different methods of evaluating significant credit deterioration are possible as long as these are compliant with the principles of the standard and result in outcomes that remain consistent with its objectives.

Please see also the response to question 5 b

(b) Do you agree that the approach for accounting for expected credit losses proposed in this Exposure Draft achieves a better balance between the faithful representation of the underlying economics and the cost of implementation than the approaches in the 2009 ED and the SD (without the foreseeable future floor)?

Yes, the EBF agrees that the approach for accounting for expected credit losses proposed in this Exposure Draft achieves a better balance between the faithful representation of the underlying economics and the cost of implementation than the approaches in the 2009 ED and the SD.

(c) Do you think that recognising a loss allowance at an amount equal to the lifetime expected credit losses from initial recognition, discounted using the original effective interest rate, achieves a better balance between the faithful representation of the underlying economics and the cost of implementation than this Exposure Draft?

No, the EBF does not think recognizing a loss allowance at an amount equal to the lifetime expected credit losses from initial recognition, discounted using the original effective interest rate, and achieves a better balance between the faithful representation of the underlying economics and the cost of implementation than this Exposure Draft.

It is inappropriate to recognise lifetime expected losses on performing loans that have not experienced significant credit deterioration as there is little or no asset specific data on which to base the estimation of lifetime expected losses. Hence, such forecasts are primarily driven by macro-economic forecasts over the forecast time period rather than asset specific data.

In general, it can be difficult to identify a direct relationship between specific macro-economic factors and loss experience. Furthermore, in the absence of deterioration, some financial assets can have long contractual lives, for example mortgages often have contractual lives of 30 years, although their behavioral lives can be shorter. It is questionable if a projection of such duration can still be reasonable and supportable. Even if long periods of historical loss data are available, historical loss experience may not be representative of current or future economic conditions. It may be difficult to adjust past experience to take into account current and expected future conditions in arriving at reasonable and supportable forecasts over long periods.

In contrast to the above, there is considerable experience in assessing outcomes for assets that experienced significant credit deterioration as part of existing credit risk management practices. In addition, the lives of such assets are often shorter and the results are more predictable given the additional information available.

Therefore limiting the recognition of life time expected losses to those which have significantly deteriorated would better reflect the performance of the financial assets and be more readily understandable to investors and other users of the financial statements. Since it would provide a closer link to credit risk management practices it would also be more operational.

Recognition of lifetime expected losses for good loans will distort performance reporting, particularly for new and growing businesses where the disconnect between loss and income recognition is most evident. This distortion may have a number of unintended consequences for the financial services industry and the broader economy, and given the fundamental role which banks play in transforming the maturities of financial assets and liabilities in economies, these consequences could be profound. The effects on reported financial performance, and associated impacts on regulatory capital and funding costs, could constrain lending activities, particularly for longer-dated instruments and instruments with higher credit risk characteristics.

For the reasons explained above, the EBF does not support the FASB model and would also strongly reject the notion that disclosure could address the lack of convergence. As set out above, the EBF believes that, in some cases the measurement of life time loss is so inherently uncertain and the range of possible outcomes is so great that the information is unlikely to meet the objectives of financial reporting, whether the loss is recognised as impairment or whether it is disclosed. This, coupled with the inherent differences in acceptable methodologies between the IASB and FASB models, makes it impossible for disclosure to be used to bridge the gap.

QUESTION 3

(a) Do you agree with the proposed scope of this Exposure Draft? If not, why not?

The EBF agrees with the proposed scope. However the lease accounting and insurance contracts standards need to be taken into account when formulating final views on the scope of the ED.

(b) Do you agree that, for financial assets that are mandatorily measured at FVOCI in accordance with the Classification and Measurement ED, the accounting for expected credit losses should be as proposed in this Exposure Draft? Why or why not?

It would be appropriate to apply a consistent impairment model for AC and FVOCI assets.

QUESTION 4

Is measuring the loss allowance (or a provision) at an amount equal to 12-month expected credit losses operational? If not, why not and how do you believe the portion recognised from initial recognition should be determined?

Yes. The proposal is operational due to the synergies with Basel 2 framework even if some adjustments to prudential inputs (i.e. through-the-cycle versus point-in-time, down-turn LGD, etc.) will be required. In any case, it is more operational compared to LTEL measurement at initial recognition, particularly for long lived performing loans.

12 months EL is also a reasonable reference given that bank´s internal systems and processes are based on 1 year horizon. In the recent years, models have been calibrated and statistics collected on the basis of 12 months. It would be costly to change the existing systems and processes to adjust for different horizon for no obvious benefit.

QUESTION 5

(a) Do you agree with the proposed requirement to recognise a loss allowance (or a provision) at an amount equal to lifetime expected credit losses on the basis of a significant increase in credit risk since initial recognition? If not, why not and what alternative would you prefer?

Yes, the EBF agrees.

The EBF supports an approach based on credit deterioration, so that users of financial statement are able to distinguish “deteriorated” instruments from the others. Lifetime expected losses should be recognised only when both the credit risk of the instrument is not considered low and the same instrument has shown a significant increase in credit risk since origination. While we believe this is already written in the standard, it should be made more explicit given that some are interpreting the standard as having to build LTEL allowance once an asset moves below investment grade without experiencing significant credit deterioration.

It should also be understood that the evaluation of low credit risk is to be considered in relation to a particular portfolio and geographical area.

Finally, we would like to caution that the numerical example of B15 should not lead to establishment of any bright lines. We question whether inclusion of the numerical example is in line with the principle based character of the standard.

(b) Do the proposals provide sufficient guidance on when to recognise lifetime expected credit losses? If not, what additional guidance would you suggest?

EBF believes it is important to preserve the principle based nature of IFRS and avoid the introduction of any “bright lines”. No single threshold would be appropriate for different instruments and different markets.

The text of the final standard should not prevent different implementation approaches that are compliant with the principles of the standards and which results in outcomes that are consistent with the clearly stated objectives of the proposal. There are likely to be different methods to achieve compliant outcomes.

For example, relevant quantitative or qualitative indicators which are used in the credit management processes to evaluate credit deterioration could be used as indicators of significant deterioration (e.g. example, internal credit ratings or behavioral scores could be used). Such relevant indicators would imply, in themselves, a significant deterioration since initial recognition.

The EBF does not believe that paragraph 8 of the IASB ED is necessarily reflective of what the IASB is seeking to achieve. As currently drafted, the wording implies that the tracking of life time PDs would provide the only means by which credit deterioration could be assessed, whereas in practice this would constitute only one of a number of methods that could be used to achieve the same objective.

The EBF recommends that the paragraph be redrafted to focus more upon the principle that migration from Stage 1 to Stage 2 be based upon a significant deterioration in credit quality since initial recognition. While other aspects of the paragraph are important to explaining of the principles, it needs to be appreciated that these are expanding upon the concept and not setting prescriptive rules. It needs to be clear, for example, that the objective is to consider changes in probability of default as opposed to changes in expected losses, and that the objective is to consider changes in credit quality over the remaining life of the financial instruments.

A further issue is the criteria for determining that significant deterioration has taken place. The EBF believes that the credit deterioration model should not be based on bright lines, and understands that this is not the intention. The wording of the standard should be reviewed to ensure that the examples used to demonstrate the principles of the standard would not inadvertently lead to any bright lines.

To assess the significant credit deterioration, none of the factors mentioned in paragraph B20 (f) should be considered in isolation when evaluating the transfer. Using macroeconomic factors in isolation to trigger the transfer may not only be in conflict with entities' risk management but also result in inconsistent application among entities (i.e. different interpretation of the same data, heterogeneity of forecasts of different organizations). While adverse changes in macroeconomic factors should not be ignored, these should not imply a direct transfer to lifetime measurements if they are not expected to change the credit risk management.

To be consistent with the concept of significant deterioration, B20 (e) should also be amended to read: *"an actual or expected* ***significant*** *internal credit rating downgrade"…*

(c) Do you agree that the assessment of when to recognise lifetime expected credit losses should consider only changes in the probability of a default occurring, rather than changes in expected credit losses (or credit loss given default ('LGD'))? If not, why not and what would you prefer?

Yes, the EBF agrees that LGD should not be considered in assessing the significant credit deterioration and should only be considered for expected loss measurement. However, as explained in response to 5b, the wording of paragraph 8 should be clarified.

(d) Do you agree with the proposed operational simplifications, and do they contribute to an appropriate balance between faithful representation and the cost of implementation?

Yes, the EBF agrees with the proposed operational simplifications, however further clarifications would be helpful to ensure entities fully benefit from the operational relief.

The EBF would suggest clarification to the wording of paragraph B 11 to read: "*However an entity may use the 12-months probability of a default occurring to determine whether credit risk has increased significantly since initial recognition if there is no objective evidence that the outcome would differ."*

As acknowledged in the ED, many entities manage credit risk on the basis of information about past due status and have limited ability to assess credit quality on an instrument by instrument basis in more detail. The EBF believes the text of paragraph 9 should be clarified to allow use of the 30 days past due rebuttable presumption together with other more forward-looking information that may be available.
The EBF believes that the grossing up approach for purchased credit impaired loans as a practical expedient would provide further operational relief.

For the operational simplifications on transition, please refer to our answer to question 12b.

(e) Do you agree with the proposal that the model shall allow the re-establishment of a loss allowance (or a provision) at an amount equal to 12-month expected credit losses if the criteria for the recognition of lifetime expected credit losses are no longer met? If not, why not, and what would you prefer?

Yes, we agree.

QUESTION 6

(a) Do you agree that there are circumstances when interest revenue calculated on a net carrying amount (amortised cost) rather than on a gross carrying amount can provide more useful information? If not, why not, and what would you prefer?

Yes, we agree.

(b) Do you agree with the proposal to change how interest revenue is calculated for assets that have objective evidence of impairment subsequent to initial recognition? Why or why not? If not, for what population of assets should the interest revenue calculation change?

Yes, we agree.

(c) Do you agree with the proposal that the interest revenue approach shall be symmetrical (i.e. that the calculation can revert back to a calculation on the gross carrying amount)? Why or why not? If not, what approach would you prefer?

Yes, we agree.

QUESTION 7

(a) Do you agree with the proposed disclosure requirements? Why or why not? If not, what changes do you recommend and why?

Given the EBF's support for the principal based approach, it is important to ensure that users are provided with information that would help them to understand the entity's expected loss model and explain the amount of the risk and expected loss allowances and, on a qualitative basis, the factors that influence the movements of the allowance.

If the disclosures are driving more granular analysis than required by the measurement, this would be of concern, particularly if meeting disclosure requirements means that individual loans have to be assessed and tracked.

The implementation of the disclosures would require considerable investments in data availability. It is important that standard setters and regulators coordinate their disclosure requirements so entities can built their systems to comply with consistent and coherent disclosure framework.

Also, it should be ensured that disclosure requirements are compete and would not require revision shortly after the implementation.

The EBF would question the inclusion of the following disclosures:

<u>Illustrative examples</u>

While we agree to provide for the reconciliation between opening and closing balances sheets, the breakdown in examples are too prescriptive and do not provide relevant information to users while being overly operationally complex for the reporting entity (e.g. example interest revenue and repayments of principle and interest). We believe the examples 12 and 13 should be deleted as they are going beyond the principles of paragraphs 35 and 44.

(b) Do you foresee any specific operational challenges when implementing the proposed disclosure requirements? If so, please explain.

It is believed that the following disclosure will require material investments to ensure data availability and reconciliation within different databases.

<u>Reconciliation of opening and closing balances for gross carrying amounts of financial assets.</u>

This information is not linked to credit risk and some necessary data for its production, such as repayments, are transaction based and not necessarily stored in accounting and risk systems. The benefit for providing this reconciliation of movements during the period compared to its cost is questioned. The reconciliation of opening and closing balances for loss allowances should be sufficient to provide relevant information on credit risk and its evolution and may be compared to gross carrying amounts of financial assets in the opening and closing balances.

<u>Disclosures of assumptions</u>

It is not feasible to disclose all of the inputs and assumptions related to the disclosure requirements. Each bank may have many PD's and LGD's curves and for each credit, only a part of that curve may be relevant.

<u>Disclosures required in paragraph 37</u>

Banks may not have data to comply with the requirement in paragraph 37 to disclose the nominal amount of financial asset that is written off that are subject to enforcement activity. It is not even clear whether the nominal amount refers to the original asset (perhaps even before repayments that were made before write off) or the written off balance.

Banks generally store the amount due in each period (nominal less repayment of principal) and do not store the initial amount in accounting systems. The relevance of the original balance is not clear given that there may have been repayment of capital before write off.

<u>Disclosures required in paragraph 38</u>

The EBF has reservations with the requirement in paragraph 38 to disclose the re defaulted rate and the reporting of loans which have returned to stage 1 featuring contractual adjustments would be burdensome from the operational perspective

(c) What other disclosures do you believe would provide useful information (whether in addition to, or instead of, the proposed disclosures) and why?

Management will also want to understand the drivers of why the allowance balance have changed and also be able to making planning assumptions about the level of allowance as part of the budget processes. It may be that as management information is developed to meet these needs, it will reveal useful disclosure, however, we are not yet at a stage to suggest particular disclosure formats.

QUESTION 8

Do you agree with the proposed treatment of financial assets on which contractual cash flows are modified, and do you believe that it provides useful information? If not, why not and what alternative would you prefer?

Yes, we agree.

QUESTION 9

(a) Do you agree with the proposals on the application of the general model to loan commitment and financial guarantee contracts? Why or why not? If not, what approach would you prefer?

Yes, we agree

(b) Do you foresee any significant operational challenges that may arise from the proposal to present expected credit losses on financial guarantee contracts or loan commitments as a provision in the statement of financial position? If yes, please explain.

No, we do not foresee any significant operational challenges.

QUESTION 10

(a) Do you agree with the proposed simplified approach for trade receivables and lease receivables? Why or why not? If not, what changes do you recommend and why?

Yes we agree.

(b) Do you agree with the proposed amendments to the measurement on initial recognition of trade receivables with no significant financing component? If not, why not and what would you propose instead?

Yes we agree.

QUESTION 11

Do you agree with the proposals for financial assets that are credit-impaired on initial recognition? Why or why not? If not, what approach would you prefer?

The EBF believes that grossing up treatment for purchased credit impaired loans would be preferable given its operational simplicity

QUESTION 12

(a) What lead time would you require to implement the proposed requirements?
Please explain the assumptions that you have used in making this assessment. As a consequence, what do you believe is an appropriate mandatory effective date for IFRS 9? Please explain.

The EBF believes 3 years will be necessary, depending also on the complexity of the final text.

(b) Do you agree with the proposed transition requirements? Why or why not? If not, what changes do you recommend and why?

The IASB has recognized that the original credit quality of loans may not be retained. The Board has therefore allowed an exception based on undue cost or effort. However the determination based only on whether the credit risk is equivalent to investment grade or not is inappropriate. A consequence would be that most retail loans and many corporate loans would be measured at LTEL at transition as they are already originated below investment grade unless original quality data is available to assess the deterioration. This would have adverse consequences for the consistency of profit or loss in future periods.

The EBF believes that it will be necessary to adopt practical approaches, including the use of proxies for original credit quality, to achieve a timely and effective transition, in recognition of the difficulty that many entities will experience in obtaining relevant data in respect of existing business. The EBF would welcome explicit reference to practical approaches to obtaining relevant data approximating original credit quality, including, for example, statistical approaches. As being considered in the insurance proposals, entities should be permitted to use other information such as a statistical or portfolio approaches which result in a reasonable proxy to original credit quality to support transition. In addition, we believe that it was Board's intention that entities could use the 30 days past due rebuttable presumption for retail portfolios on transition but it would be helpful if specific reference were made to this in section C.

(c) Do you agree with the proposed relief from restating comparative information on transition? If not, why?

Yes.

QUESTION 13

Do you agree with the IASB's assessment of the effects of the proposals? Why or why not?

n/a