
IASB® meeting

Date	May 2024
Project	Post-implementation Review of IFRS 9—Impairment
Topic	Summary of the IASB’s response to the PIR feedback and next step
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Introduction

1. In July 2022, the IASB began the first phase of the post-implementation review (PIR) of the impairment requirements in IFRS 9 *Financial Instruments*, which resulted in the publication of the [Request for Information Post-implementation Review of IFRS 9—Impairment](#) (the RFI) in May 2023.
2. During the comment period on the RFI, the IASB and staff continued consulting with a wide range of stakeholders, including preparers and users of financial statements, auditors, regulators and national standard-setting bodies.
3. In November 2023, the IASB started the second phase of the PIR when it received a summary of feedback on the RFI. From February 2024, the IASB began its deliberations by considering responses to the RFI, along with information gathered through other consultative and research activities, to determine whether further action is needed on any of the matters identified.

Purpose of this paper

4. The purpose of this paper is to provide a summary of the IASB’s response to feedback received during the second phase of the PIR.

5. At this meeting, the IASB will be asked to decide whether to conclude the Post-implementation Review of IFRS 9—Impairment.

This paper is structured as follows:

- (a) [reminder of the due process requirements](#);
- (b) [reminder of the requirements for assessing feedback raised in a PIR](#);
- (c) [staff analysis of the work undertaken](#);
- (d) [next step](#); and
- (e) [summary of staff recommendation and questions for the IASB](#).

Reminder of the due process requirements

6. Paragraphs 6.56 to 6.59 of the [IFRS Foundation Due Process Handbook](#) (Due Process Handbook) set out the due process requirements following publication of a request for information. In particular, paragraph 6.56 of the Due Process Handbook states that the IASB:

...considers whether it is necessary to supplement the responses to the request for information with other information or evidence, such as by undertaking:

- (a) an analysis of financial statements or of other financial information;
- (b) a review of academic and other research related to the implementation of the IFRS Standard being reviewed; and
- (c) surveys, interviews and other consultations.

7. Paragraph 6.58 of the Due Process Handbook states that the IASB:

...considers the comments that it has received from the request for information along with the evidence and information that it has obtained from any additional analysis. When the Board has completed its deliberations, it presents its findings in a public report.

Reminder of the requirements for assessing feedback raised in a PIR¹

8. The IASB considers whether to take any action on matters identified in PIRs if there is evidence that:
 - (a) there are fundamental questions (ie ‘fatal flaws’) about the clarity and suitability of the core objectives or principles in the new requirements;
 - (b) the benefits to users of financial statements of the information arising from applying the new requirements are significantly lower than expected (for example, there is significant diversity in application); or
 - (c) the costs of applying some or all of the new requirements and auditing and enforcing their application are significantly greater than expected (or there is a significant market development since the new requirements were issued for which it is costly to apply the new requirements consistently).

9. The prioritisation of matters as high, medium or low would depend on the extent to which evidence gathered during the PIR indicates:
 - (a) the matter has substantial consequences;
 - (b) the matter is pervasive;
 - (c) the matter arises from a financial reporting issue that can be addressed by the IASB or the IFRS Interpretations Committee; and
 - (d) the benefits of any action would be expected to outweigh the costs. To determine this, the IASB would consider the extent of disruption and operational costs from change and the importance of the matter to users of financial statements.

¹ For further detail refer to the description of [IASB post-implementation reviews](#).

Staff analysis of the work undertaken

10. Following the publication of the RFI, the IASB members and the staff have:
- (a) undertaken outreach activities with a wide range of stakeholders and other consultative bodies (paragraph 6.56(c) of the Due Process Handbook);²
 - (b) performed an [academic literature review](#) (paragraph 6.56(b) of the Due Process Handbook); and
 - (c) [summarised feedback on the RFI](#) from 79 comment letters (paragraph 6.58 of the Due Process Handbook).³

Questions in the RFI that did not require decisions by the IASB

Impairment

11. Question 1 in the RFI aimed to help the IASB understand respondents' overall views about, and experiences with, applying the IFRS 9 impairment requirements.
12. As reported in paragraphs 2–6 of [Agenda Paper 27](#) of the IASB's November 2023 meeting, overall, the PIR feedback is very positive. Almost all respondents said that the requirements work as intended with no fundamental questions ('fatal flaws') and result in more timely recognition of credit losses compared to IAS 39 *Financial Instruments: Recognition and Measurement*. They said applying the requirements helped resolve the 'too little, too late' problem identified during the financial crisis.
13. The PIR feedback also largely provided the same views and issues as the feedback the IASB has received previously through extensive dialogue with stakeholders both before and after IFRS 9 was issued. However, in many cases the PIR feedback provided further details on the application of the requirements, such as real-life examples and common practices. Feedback on specific areas of the impairment requirements was considered in the responses to questions 2 to 10 of the RFI.

² See [Agenda Paper 27](#) of the February 2023 meeting and Agenda Paper 27B of this meeting for a summary of the outreach activities carried out in phase 1 and phase 2 of the PIR.

³ Included in this total is one comment letter which was received after the comment period deadline.

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14. There were no application questions that required decisions by the IASB in relation to this question of the RFI.

Transition

15. Question 8 in the RFI aimed to help the IASB understand whether the transition requirements worked as intended and the transition disclosures achieved an appropriate balance between reducing costs for preparers of financial statements and providing useful information to users of financial statements.
16. As reported in paragraphs 51–52 of [Agenda Paper 27](#) of the IASB’s November 2023 meeting, respondents did not provide a significant amount of feedback on this topic. Most respondents that provided feedback shared the view that the combination of the relief from restating comparative information and the requirement for transition disclosures achieved an appropriate balance between reducing the costs for preparers and providing useful information to investors. The requirement to disclose the reconciliation of impairment allowances under IAS 39 and IFRS 9 was considered particularly useful. A few respondents suggested that a similar approach be considered in the future for major amendments to IFRS Accounting Standards.
17. The IASB was not asked to make any decisions in relation to this topic since almost all respondents acknowledged that the requirements and reliefs provided on transition to IFRS 9 achieved a good balance between costs for preparers and benefits for users.

Other matters

18. The IASB was not asked to make any further decisions in relation to question 10 of the RFI relating other matters because the matter relating issued financial guarantee contracts raised by some stakeholders in response to this question was covered in [Agenda Paper 27A Loan commitments and financial guarantee contracts](#).

Questions in the RFI that required decisions by the IASB

19. At its meetings between February 2024 and April 2024 the IASB considered whether to take any action on most matters identified in the PIR. At this meeting the IASB will consider the remaining matters.
20. The table below summarises the IASB’s response to feedback received on the questions asked in the RFI:

Topic	Agenda Paper	IASB decision
The general approach to recognising ECL	Agenda Paper 27A General Approach—February 2024 Agenda Paper 27C of this meeting	In February 2024, the IASB decided to take no standard-setting action on matters relating the general approach. Following consultation with members of the IFRS Interpretations Committee and Accounting Standards Advisory Forum, the IASB will discuss at this meeting whether non-standard setting actions are needed (see Agenda Paper 27C of this meeting).
Determining significant increases in credit risk (SICR)	Agenda Paper 27B Significant Increases in Credit Risk—February 2024	No further action needed.
Measurement		
a. Measuring ECL	Agenda Paper 27A Measuring ECL—March 2024	No further action needed.
b. Loan commitments and financial guarantees	Agenda Paper 27A Loan commitments and financial guarantee contracts—April 2024	No further action needed for loan commitments. The IASB decided to classify as low priority matters relating financial guarantee contracts.
Purchased or originated credit-impaired (POCI)	Agenda Paper 27B POCI financial assets—April 2024	No further action needed.

Topic	Agenda Paper	IASB decision
Application of the impairment requirements in IFRS 9 with other requirements	Agenda Paper 27C Interaction of impairment requirements with other requirements—April 2024 Agenda Paper 6A Applying IFRS 15 with IFRS 9—April 2024	<p>The IASB decided to take no additional action on the matters that arise from applying the impairment requirements in IFRS 9 with other requirements.</p> <p>In July 2022, the IASB had already decided to consider matters that arise from applying the impairment requirements in IFRS 9 with the requirements for modification, derecognition and write-off of financial assets as part of its pipeline project on Amortised Cost Measurement.</p>
Credit risk disclosures	Agenda Paper 27B of this meeting	Subject to IASB decision on Agenda Paper 27B of this meeting.
Simplified approach	Agenda Paper 27C of this meeting	Subject to IASB decision on Agenda Paper 27C of this meeting.

Supporting material

21. Throughout discussions with stakeholders about the deliberations of the feedback raised in this PIR, some internal and external stakeholders (such as IASB members, members of the Accounting Standards Advisory Forum or the IFRS Interpretations Committee) have noted that they found the analysis in some staff papers particularly helpful to help them understand the objective of the requirements, how requirements and related application guidance work together in particular areas and ultimately, why clarifications or other standard-setting activities were not needed in those areas.
22. They said that although such analyses only remind entities about the applicable IFRS 9 principles, requirements, and other available guidance, they nonetheless provide useful explanatory material which could support greater understandability of the requirements. For example, some ASAF members said that [Agenda Paper 27B](#) of

the February 2024 meeting contained helpful reminders about the requirements to assess SICR as well as the related application guidance and basis for conclusions.

23. These stakeholders acknowledged that details of such analysis do not necessarily fit well within the feedback statement that would be published by the IASB on conclusion of this PIR. Therefore, they suggested that the IASB consider how it could communicate such explanatory material through other communication channels.
24. We acknowledge that supporting the feedback statement with additional material that would communicate the IASB's considerations in response to particular themes of PIR feedback might provide useful explanatory material for stakeholders.
25. We, therefore, agree that the IASB could consider developing some supporting material for particular themes of commonly raised feedback in the PIR—for example, the IASB could consider developing a series of short webcasts or other material for a selection of common feedback themes.

Next step

26. The staff will prepare a Project Report and Feedback Statement (the Project Summary) on the PIR which will be reviewed by the IASB. The Due Process Oversight Committee (DPOC) will also be provided with a draft of the Project Summary. Once the DPOC is satisfied that the IASB has completed the review satisfactorily, the Project Summary will be published.

Summary of staff recommendation and questions for the IASB

27. Subject to the IASB's decision on the staff recommendations in agenda papers 27B–27C of this meeting, the staff are of the view that sufficient work has been completed to conclude the PIR in accordance with paragraphs 6.56 to 6.59 of the Due Process Handbook.

Questions for IASB

1. Does the IASB agree that sufficient work has been completed to conclude the PIR and for the staff to prepare the Project Report and Feedback Statement of this project?
2. Do IASB members have any questions or comments in relation to the potential supporting material discussed in paragraphs 21–25 of this paper?