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Berlin, 7 August 2026

Dear Bruce,

IFRS IC's tentative agenda decisions in its June 2026 meeting

On behalf of the Accounting Standards Committee of Germany (ASCG), I am writing to comment on the Tentative Agenda Decisions (TADs) taken by the IFRS Interpretations Committee (IFRS IC) as published in the June 2026 IFRIC *Update*. We appreciate the opportunity to comment on the IFRS IC's tentative agenda decisions.

As regards the TAD on IFRS 18 *Classification of Income and Expenses when an Entity Has a Main Business Activity of Providing Financing to Customers*, we disagree with the IFRS IC's view and the respective conclusions reached on question 2 in the TAD. In our view, paragraph 66 of IFRS 18 can also be read that it applies only to the portion of liabilities that arise from transactions that involve only the raising of finance for which an entity cannot distinguish between those that relate to providing financing to customers and those that do not (i.e., 'View B' on Question C as described in the submission). Otherwise, if an entity cannot distinguish, for a portion of its liabilities that arise from transactions that involve only the raising of finance, whether (or not) they relate to providing financing to customers, this would result in a tainting of all its liabilities that arise from transactions that involve only the raising of finance (including those for which the entity can demonstrate that they are not related to providing financing to customers).

Furthermore, we believe that the approach described as 'View B' in the submission also results in more useful information, if the entity elects to classify in the operating category income and expenses from liabilities only to the extent those liabilities relate to providing financing to customers. In this regard, we note that according to paragraph BC185, it was the IASB's intention when introducing an accounting policy choice, to allow entities to classify in the operating category income and expenses from liabilities that arise from transactions that involve only the raising of finance to the extent those liabilities relate to providing financing to customers. However, the IASB acknowledged that in some cases it is difficult to allocate income or expenses between the operating and financing categories, and therefore concluded that such an allocation is not required (ref. paragraph BC184 of IFRS 18).

We have received feedback from large multinational conglomerates within our jurisdiction indicating that, in practice entities can largely distinguish between liabilities that relate to providing of financing to customers (and those that do not). However, for these entities, it is not possible (depending on the structure of the entity's treasury function) to distinguish in all cases whether a liability is related to providing financing to customers or not (e.g., in the case of a group-wide refinancing loan). Applying the IFRS IC's TAD would result for these entities in income and expenses from all liabilities that arise from transactions that involve only the raising of finance being classified to the operating category. From the perspective of these entities, such a presentation would result in less useful information for users (when compared to the accounting outcome of 'View B' as described in the submission) and would need to be explained in the notes to the financial statements.

For the reasons above, we recommend the IFRS IC revisit its TAD and consider whether also 'View B' (as described in the submission) is an appropriate interpretation of paragraph 66 of IFRS 18.

As regards all other TADs taken by the IFRS IC in its June 2026 meeting, we have no comments.

If you would like to discuss our views further, please do not hesitate to contact Ilka Canitz (canitz@drsc.de) or me.

Yours sincerely,

Sven Morich

Vice President