

DZ BANK on Joint Arrangements

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Dear MS. Orobello,

On behalf of DZ BANK I am writing to comment on EFRAG's draft comment letter on the IASB's exposure draft number 9 Joint Arrangements.

As we understand from EFRAG's letter, the option of proportionate consolidation is vital for some industries with extensive joint activities. The proposed elimination of the option to consolidate joint arrangements proportionately would not cause problems for DZ BANK. This is due to the fact that we already account for our existing joint arrangements under the equity method of consolidation today.

Assuming the option of proportionate consolidation was deleted, EFRAG asks for even more disclosures than proposed by ED 9. We do, however, consider the proposed disclosure requirements as excessive already. To implement these disclosure requirements would cause extra work for us to generate and bring together the required data. This extra effort would not be weight out by a relevant information surplus for the users of our financial reports.

Furthermore, the disclosure requirements implicitly assume that all joint arrangements account for their activities under IFRSs. In case a joint venture uses another gaap, additional reconciliations become necessary to calculate the required data. The comparability of data would become more difficult. Especially, the separate description of each possible type of joint arrangements – joint operations, joint assets and joint ventures - required by paragraph 36 of the ED would go beyond a reasonable scope of disclosure in the notes. Therefore disclosures should be limited to such joint arrangements

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that are significant to the business activities of the reporting group as a whole, which would normally not be the case in our business environment.

Our final comment relates to question 6 of ED 9. In question 6 the IASB asks, whether it would be preferable for users if current and non-current assets and liabilities of joint arrangements were disclosed, rather than just total assets and liabilities. Financial institutions do present their assets and liabilities in increasing or decreasing order of liquidity, rather than in a current/non-current format (IAS 1.54). A requirement to make disclosures with a current/non-current differentiation should therefore be limited to such joint arrangements that account on a current/non-current basis. We would welcome EFRAG to add this point to its letter.

Yours faithfully,
Rainer Krauser
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