

POSITION PAPER



Non-Current Liabilities with Covenants Amendments to IAS 1

ESBG (European Savings and Retail Banking Group)

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ESBG welcomes the opportunity to contribute to EFRAG's Draft comment letter about ED/2021/9 Non-Current Liabilities with Covenants.

We represent the locally focused European banking sector, helping savings and retail banks in 21 European countries strengthen their unique approach that focuses on providing service to local communities and boosting SMEs. ESBG unites at EU level around 885 banks that provide retail banking services, including for certain banks the provision of insurance coverage and related services to their clients.

This letter represents the consensus view of ESBG, including the financial conglomerates that are represented.

Like EFRAG we support the work performed by the IASB in relation to the concerns on how to classify liabilities with covenants. We concur with EFRAG recommendations to the IASB in those areas of the amendments which can be improved. In our view, the proposals made by EFRAG in its draft comment letter are very helpful and adequate, and as such they should be considered by the IASB when finalising this ED.

We would like to highlight, in line with the comment mentioned in paragraph 16 by EFRAG, that the example of insurance liabilities in the paragraph 72C(b) could be confusing. ESBG believes that the distinction between current and non-current must be aligned with the methodology used in the disclosures required in paragraph 132 of IFRS 17. For this reason, our proposal is to eliminate any reference to insurance liabilities in the Exposure Draft.



About ESBG (European Savings and Retail Banking Group)

ESBG represents the locally focused European banking sector, helping savings and retail banks in 21 European countries strengthen their unique approach that focuses on providing service to local communities and boosting SMEs. An advocate for a proportionate approach to banking rules, ESBG unites at EU level some 885 banks, which together employ 659,797 people driven to innovate at 47,198 outlets. ESBG members have total assets of €5.7 trillion, provide €1 trillion in corporate loans, including to SMEs, and serve 162 million Europeans seeking retail banking service. ESBG members are committed to further unleash the promise of sustainable, responsible 21st century banking. Our transparency ID is 8765978796-80.



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