Lessors

In comparison to IAS 17, accounting by lessors remains under IFRS 16 unchanged.

In **IFRS 16**, one of the major challenges is related to the calculation of the "Interest rate implicit in the lease" which is for lessors the relevant discount rate.

Hence lessors need to consider, that **IFRS 9** is valid for leasing contracts, too. This leads to the situation that companies – independant if they are financial institutes – need to calculate "Probability weighted expected credit losses" in case they offer leasing against their own capital.

For **finance lease** contracts, calculating expected credit losses under IFRS 9 requires in general the same process chain as for other financial assets such as loans.

This includes segmentation, staging and applying the appropriate models for ECL calculation.

From this point of view for financial leasing contracts the IFRS process chain needs to be applied similar for loan contracts.

For **operating lease** contracts the lessor can optionally apply a simplified approach instead of the approach described above.