



Federation of European Accountants  
Fédération des Experts comptables Européens

# INFO

*Standing for trust and integrity*

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## FEE explains the terminology on bank provisioning and reserves as used in the financial instruments debate

**Brussels, 12 January 2010 – FEE (Fédération des Experts comptables Européens – Federation of European Accountants) publishes today a paper clarifying the particular terminology used nowadays in the day-to-day vocabulary in respect of bank provisioning and reserves.**

FEE publishes a paper under the title “Bank Provisioning and Reserving: A comparison of Alternatives”. The purpose of this paper is to help clarify and explain the meaning of particular terms used in the day-to-day vocabulary of policy makers, banks, regulators, accountants and others in respect of bank provisioning and reserving, since there is not yet a common understanding of what these terms are meant to cover.

In particular in the current environment of crisis or first signs of recovery from the crisis this terminology is often used in relation to impairment of financial instruments. The paper aims to compare and contrast the features and challenges of employing the different approaches or models, to assist interested parties without a deep technical knowledge of the issues by ensuring a common understanding of the various terms used and to assist debates on this topical subject.

The paper is aimed to be educational and factual in nature. FEE does not express any opinion in this paper on the different models discussed.

The paper is also intended to assist the readers of the recently issued joint EFRAG/FEE paper “Impairment of Financial Assets: The Expected Loss Model” by providing background information and an outline of the key terms of the various approaches and models that are currently being debated. It may also help to better understand the current discussions on impairment in relation to the proposals of the International Accounting Standards Board (IASB) for the impairment of financial assets.

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## NOTES FOR EDITORS

### About the paper

This paper is available from the FEE website

([http://www.fee.be/publications/default.asp?library\\_ref=4&content\\_ref=1199](http://www.fee.be/publications/default.asp?library_ref=4&content_ref=1199))

Copies of the joint FEE and EFRAG paper "Impairment of Financial Assets – The Expected Loss Model" are available free of charge from the FEE and EFRAG websites ([www.fee.be](http://www.fee.be); [www.efrag.org](http://www.efrag.org)).

### About FEE

**FEE (Fédération des Experts comptables Européens - Federation of European Accountants) represents 43 professional institutes of accountants and auditors from 32 European countries, including all 27 EU Member States.**

In representing the profession, FEE recognises the public interest. FEE has a combined membership of more than 500.000 professional accountants working in different capacities in public practice, small and larger firms, business, public sector and education, who all contribute to a more efficient, transparent, and sustainable European economy.

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