



Federation of European Accountants  
Fédération des Experts comptables Européens

# INFO

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## FEE and EFRAG highlighting the debate on “Impairment of Financial Assets – The Expected Loss Model”

**Brussels, 9 December 2009** – FEE (Fédération des Experts comptables Européens – Federation of European Accountants) and EFRAG publish today a paper informing the debate on the IASB’s proposals for the impairment of financial assets.

‘Impairment of Financial Assets – The Expected Loss Model’ has been prepared jointly by FEE and EFRAG as part of their pro-active work to provide European stakeholders with a perspective on the proposals of the International Accounting Standards Board (IASB) for the impairment of financial assets. It is intended to promote discussion and debate on these proposals. The paper describes the proposals but does not represent the views of either FEE or EFRAG.

Further to the recent financial crisis, aspects of financial reporting have been put under the spotlight and calls for change have been raised. The financial reporting of losses on financial assets held at amortised cost is one such principal area and the IASB has reacted by proposing a new impairment model. Given the complexity involved in accounting for the impairment of financial assets, both FEE and EFRAG felt that both European constituents and also other interested parties may benefit from having an additional, educational resource to assist them in understanding and analysing the new impairment proposals.

The aim of the paper is to provide general characteristics of the expected loss model, highlight the potential complexities and challenges and stress the key differences from other models rather than provide the assessment of its suitability, which would be provided in the comment letters to IASB by both FEE and EFRAG next year.

FEE has also developed a paper that will be published shortly on Bank Provisioning and Reserving, that can assist the readers in understanding the debate by providing an explanation of the key terms used and to compare and contrast the features and challenges of the different approaches and models.

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## NOTES FOR EDITORS

### About the paper

This paper has been prepared jointly by FEE and EFRAG as part of their pro-active work to provide European stakeholders with a perspective on the IASB's proposals for the impairment of financial assets. It is intended to promote discussion and debate on these proposals. The paper describes the proposals but does not represent the views of either FEE or EFRAG.

The paper has been written to be read in conjunction with the IASB's recently issued Exposure Draft: Financial Instruments: Amortised Cost and Impairment.

Each organisation will consider and formulate a response to the IASB's Exposure Draft under their due process and governance requirements.

Copies of the paper 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)). Copies of the Exposure Draft are available from the IASB's website ([www.iasb.org](http://www.iasb.org)).

FEE will also publish shortly a paper on Bank Provisioning and Reserving. The paper will be available from the FEE website [www.fee.be](http://www.fee.be).

### 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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