

Stellungnahmen Stellungnahme DK zu "ED/ 2013/3 Financial Instruments: Expected Credit Losses"

4. Juli 2013

The German Banking Industry Committee welcomes the proposed expected credit loss approach submitted by the IASB which fundamentally addresses the widely criticised shortcomings of the incurred loss model. In this regard, we support the IASB's credit deterioration approach, which differentiates between high quality loans and loans of lower and worsening credit quality ("good book" versus "bad book" assets).

We particularly welcome the current exposure draft for the following reasons:

- It constitutes a significant improvement on the 2009 ED; especially in terms of the model's operational feasibility
- It remedies the shortcomings of the IAS 39 model ("too little too late") and addresses the G20 revision mandate
- Compared to FASB's proposal, it takes greater account of existing risk management practices and of the economics of lending
- It sets out principle-based requirements

Overall, we thus subscribe to the IASB proposals. Please find our comments on operational details and a number of suggestions below. On the whole, we are of the opinion that these issues can be resolved in a constructive dialogue to the mutual satisfaction of all parties involved. [...]