

ZENTRALER KREDITAUSSCHUSS

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The European Commission's Consultation Paper IFRS for SMEs ZKA-Ref.: IFRS

Dear Sir or Madam,

The ZKA (Zentraler Kreditausschuss) welcomes the European Commission's Consultation Paper on IFRS for small and medium-sized enterprises and on the respective possible impact this may have on the forthcoming amendment of the European Union's accounting Directives.

The ZKA unites the five leading associations of the German banking industry. As a result, the ZKA represents some 2,000 financial institutions and 25 percent of all MFIs in the euro area.

On principle, the ZKA holds the view that an application of the IFRS for SMEs can be advantageous for certain companies that are facing international competition. At the same time, however, we should also like to emphasise that – as far as German SMEs are concerned – the German banking industry is not interested in a roll-out of the IFRS for SMEs. The rating process and the lending decisions by German banks are not tied to the respective accounting standard.

When adopting the IFRS for SMEs on a European level, we advocate in favour of a solution where the adoption of the IFRS for SMEs should be provided for in accordance with the 4th Council Directive and the 7th Council Directive. We feel that a Member State option would be a meaningful approach in this respect.

In the event of an incompatibility between the IFRS for SMEs and existing EU accounting Directives, conflicts should be resolved on a case-by-case basis. At this juncture, however, we

hold the view that Member States need to be able to preserve the gist of their accounting systems even after an amendment of the EU Directives. Changes to the EU Directives shall and must not incur any immediate follow-up changes to national accounting principles.

Please cf. the enclosed document for a more detailed response to the questions posed in the European Commission's Consultation Paper.

Yours faithfully,

For

ZKA (ZENTRALER KREDITAUSSCHUSS)

Deutscher Sparkassen- und Giroverband

For and on behalf

A handwritten signature in blue ink, appearing to read 'Pia Jankowski', with a large loop and a horizontal line extending to the left.

Pia Jankowski

Enclosure