

# Overview – expected loss considerations

ISSUE	◀ TO BE CONSIDERED ▶			
Which <b>expected losses</b> ?	Over the life or shorter?	All EL or only 'more-likely-than-not' to occur (for single instruments)		Through-the-cycle or not
When are <b>initial loss expectations</b> recognised?	◀ Allocate over life ▶			Upfront (likely be same treatment for changes in estimates)
	Integrated in EIR	Separately as an annuity	Separately straight-line	
How are <b>changes</b> in loss estimates treated?	Full catch-up to profit or loss in period of change	Partial catch-up to profit or loss	No catch-up (adjust prospectively)	Combination based on good/bad book
Allowance account floor?	No floor	Floor (eg 'incurred' losses)		