



31 May 2023

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

INVITATION TO COMMENT ON IASB REQUEST FOR INFORMATION
Post-implementation Review of IFRS 9 – Impairment

Comments to be received by 18 August 2023

The Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (Institute) is seeking comments on the IASB Request for Information (RFI) Post-implementation Review (PIR) of IFRS 9 *Financial Instruments – Impairment*. The RFI is available on the Institute's website: <https://www.hkicpa.org.hk/en/Standards-setting/Standards/Open-for-comment-documents/fred>

The International Accounting Standards Board (IASB) is undertaking a PIR of IFRS 9 on impairment. A PIR is part of the IASB's due process, and helps the IASB assess the effects of a new Standard after it has been effective for some time.

The review of IFRS 9 is being conducted in three parts. The first part which covered the classification and measurement requirements was concluded in December 2022. This RFI seeks feedback on the second part which covers the impairment requirements of IFRS 9 and related disclosures. The final part on the hedge accounting requirements will be reviewed at a later stage.

The impairment requirements in IFRS 9 was developed in response to the global financial crisis and stakeholders' calls for more timely recognition of loan losses and a forward looking impairment model. The 'expected credit loss' model in IFRS 9 replaced the previous 'incurred credit loss' model in IAS 39 *Financial Instruments: Recognition and Measurement*, which only allowed credit losses to be recognised when a loss event occurred. Under the expected credit loss model in IFRS 9, companies are required to recognise and update expected credit losses throughout the life of a financial asset, factoring in the losses they expect based on relevant available information. Companies are also required to disclose information about expected credit losses in the financial statements.

The FRSC invites your comments on the RFI by **18 August 2023** to allow your comments to be considered in developing its response to the IASB. Comments should be supported by specific reasoning and should be submitted in written form.

Comments may be sent by mail, fax or e-mail to:

Standard Setting Department
Hong Kong Institute of Certified Public Accountants
37th Floor, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

Fax number (+852) 2865 6603
E-mail: commentletters@hkicpa.org.hk

Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.