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ASSOCIATION
OF
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香港銀行公會

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By email: commentletters@hki CPA.org.hk and by post

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

Dear Ms. Ng

Consultation on IASB Exposure Draft ED/2019/2 Annual Improvements to IFRS Standards 2018-2020

Thank you for your letter of 27 May 2019 and the related Exposure Draft attached. Our comments on the captioned topic are set out in the enclosed annex for your consideration.

Should you have any question, please contact our Manager Ms. Emily Ngan at 2526 6080 or our Officer Ms. Athena Fu at 2537 6399.

Yours sincerely



Boey Wong
Secretary

Enc.

Chairman Standard Chartered Bank (Hong Kong) Limited
Vice Chairman Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Secretary Boey Wong

主席 渣打銀行（香港）有限公司
副主席 中國銀行（香港）有限公司
香港上海滙豐銀行有限公司
秘書 黃凱儀

HKAB's Comments on IASB Exposure Draft ED/2019/2 Annual Improvements to IFRS Standards 2018-2020

Seq.	Relevant Paragraph	HKAB Comments
<i>IFRS 1 First-time Adoption of International Financial Reporting Standards</i>		
1.	Paragraph 39AG; Paragraph D1(h) and Paragraph D16 of Appendix D	We agree with the proposed amendments.
<i>IFRS 9 Financial Instruments</i>		
2.	Paragraphs B3.3.6 and B3.3.6A; Paragraph 5.4.3	We would like to seek clarification for paragraph B3.3.6 whether fee / amounts paid to cover fair value changes are excluded or not. We also suggest IASB to consider making such clarification in Paragraph 5.4.3.
3.	Paragraphs 7.1.8 and 7.2.35	We agree with the proposed amendments.
<i>Illustrative Examples accompanying IFRS 16 Leases</i>		
4.	Part 1 of Illustrative Example 13 in paragraph IE5	We suggest that instead of making the proposed deletion from Illustrative Example 13, the IASB can consider including in the Example the elaboration of the nature of the payments relating to leasehold improvements, and the reasons why they did not meet the definition of lease incentives in IFRS 16 (as stated in BC2), such that the readers can have a better understanding of the accounting standard.