FEDERATION OF ACCOUNTING PROFESSIONS
UNDER THE ROYAL PATRONAGE OF HIS MAJESTY THE KING

Aug 18, 2026

Dr. Jia Wei
AOSSG Chair Secretariat Accounting Standards Board
The Australian Accounting Standards Board,
PO Box 204
Collins St West
VIC 8007
Australia

Dear Dr. Jia Wei,

Response on IFRS Accounting Standards Exposure Draft ED/2025 – Risk Mitigation Accounting (Proposed amendments to IFRS 9 and IFRS 7)

The Federation of Accounting Professions would like to show our appreciation on the opportunity to response on **IFRS Accounting Standards Exposure Draft ED/2025 – Risk Mitigation Accounting (Proposed amendments to IFRS 9 and IFRS 7)**. Overall, we support the revision of the proposed amendment standards. However, we have some minor suggestions and small concerns on the proposed changes which should be considered.

Please find our responses to the specific survey raised in **IFRS Accounting Standards Exposure Draft ED/2025 – Risk Mitigation Accounting (Proposed amendments to IFRS 9 and IFRS 7)** in an attachment. We believe that these responses will help the practitioners in the future and that our response will contribute positively to the IASB's due process. Should you need more information, please kindly contact the Federation of Accounting Professions.

The Federation of Accounting Professions avails itself of this opportunity to the International Accounting Standards Board the assurances of its highest consideration.

Yours sincerely,

Associate Professor Dr. Vorasak Toommanon
Chairman of Thai Accounting Standards Board
Federation of Accounting Professions
Bangkok, Thailand

133 SUKHUMVIT 21 (ASOK) ROAD, KLONGTOEI NUA, WATTHANA DISTRICT, BANGKOK 10110
THAILAND TEL: 0-2685-2500 FAX: 0-2685-2501 http://www.tfac.or.th

Aug 18, 2026

Linda Mezon Hutter
Chairman
International Accounting Standards Board (IASB)
Columbus Building
7 Westferry Circus, Canary Wharf,
London E14 4HD, United Kingdom

Dear Linda Mezon Hutter,

Response on IFRS Accounting Standards Exposure Draft ED/2025 – Risk Mitigation Accounting (Proposed amendments to IFRS 9 and IFRS 7)

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Associate Professor Dr. Vorasak Toommanon
Chairman of Thai Accounting Standards Board
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IFRS Accounting Standards Exposure Draft ED/2025 – Risk Mitigation Accounting (Proposed amendments to IFRS 9 and IFRS 7)

Question 1—Objective and scope of risk mitigation accounting (Section 7.1)
The IASB proposes that: (a) the objective of risk mitigation accounting be for financial statements to represent the economic effect of an entity's risk management activities if the entity manages repricing risk on a net basis. (b) risk mitigation accounting be applied on a voluntary basis. However, an entity would be permitted to apply risk mitigation accounting if, and only if, the entity mitigates repricing risk on a net basis and the entity's business and risk management activities have the characteristics specified in paragraph 7.1.4. (c) an entity be required to document formally how it will apply risk mitigation accounting. Paragraphs BC11–BC37 of the Basis for Conclusions explain the IASB's rationale for these proposals. Do you agree with these proposals? Why or why not? If you disagree with any of these proposals, please explain what you would suggest instead and why.

TFAC:

We agree with the IASB's proposal that the objective of risk mitigation accounting should be to represent the economic effects of an entity's risk management activities when repricing risk is managed on a net basis. We also support the voluntary nature of the model, subject to entities meeting the eligibility criteria set out in paragraph 7.1.4 and preparing formal documentation accordingly.

However, in practice, banks commonly raise funding or originate loans in currencies other than their functional currency due to lack of market liquidity in their functional currencies. For risk management purposes, these financial assets or financial liabilities denominated in foreign currencies are not necessarily assessed separately when managing repricing risk.

For example, a bank may raise funds in its functional currency and originate loans in another currency and then enter into a single derivative such as foreign exchange swap or cross-currency interest rate swap, to manage both foreign exchange and interest risk simultaneously on a portfolio basis not one-on-one hedge. It is therefore unclear how the risk mitigation accounting model applies where risk management is performed on a combined basis at a portfolio level rather than by risk type.

Accordingly, limiting the scope to repricing risk in isolation may not reflect current asset and liability management practices. We believe further clarification and illustrative example would be helpful to demonstrate how the risk mitigation accounting model would apply to multi-risk strategies such as strategies involving both foreign exchange risk and interest risk managed at a portfolio level, where one-on-one hedging may not be practical.

Question 2—Underlying portfolios (paragraphs 7.2.1–7.2.4)
The IASB proposes that risk mitigation accounting be applied based on underlying portfolios—that is, portfolios of financial instruments that expose an entity to repricing risk. The IASB proposes that financial instruments be eligible for inclusion in underlying portfolios only if they are: (a) financial assets classified as subsequently measured at amortised cost or fair value through other comprehensive income (in accordance with paragraphs 4.1.2 or 4.1.2A of IFRS 9 *Financial Instruments*); (b) financial liabilities classified as subsequently measured at amortised cost (in accordance with paragraph 4.2.1 of IFRS 9); or (c) future transactions that could result in the recognition or derecognition of financial instruments specified in (a) or (b). The IASB is also proposing that an entity apply risk mitigation accounting only to its exposure to repricing risk that is not otherwise mitigated. However, if a financial instrument is designated as a hedged item for a risk other than repricing risk, the hedged exposure would be eligible for inclusion in underlying portfolios. Paragraphs BC38–BC63 of the Basis for Conclusions explain the IASB's rationale for these proposals. Do you agree with these proposals? Why or why not? If you disagree with any of these proposals, please explain what you would suggest instead and why.

TFAC:

We agree with the IASB's proposals on the types of financial instruments eligible for inclusion in underlying portfolios, as they are broadly consistent with how entities manage repricing risk in practice.

Question 3—Determining the net repricing risk exposure (paragraphs 7.2.5-7.2.10)
The IASB proposes that an entity determine the net repricing risk exposure by aggregating the repricing risk arising from underlying portfolios by repricing time bands based on expected repricing dates. The expected repricing date is the earlier of the dates on which financial instruments in the underlying portfolios are expected to be settled or to reprice. The IASB also proposes that the entity determine the net repricing risk exposure in a manner that is consistent with how it makes risk management decisions, including with regard to: (a) the basis on which the entity aggregates the repricing risk arising from underlying portfolios and determines the repricing time bands (based on expected repricing dates); and (b) the measure the entity uses to quantify the repricing risk exposure in each repricing time band. Paragraphs BC64-BC69 of the Basis for Conclusions explain the IASB's rationale for these proposals. Do you agree with these proposals? Why or why not? If you disagree with any of these proposals, please explain what you would suggest instead and why.

TFAC:

We generally support the proposed method for calculating net repricing risk exposure by combining repricing risks from underlying portfolios according to repricing time bands based on expected repricing dates. We also agree with the suggestion that entities should determine net repricing risk exposure in a way that aligns with their risk management practices, including how they group repricing risks from portfolios and define repricing time bands using expected repricing dates, as well as the approach used to measure repricing risk exposure within each repricing time band.

However, the proposals do not state whether entities should factor in credit risk when determining if credit-impaired assets can be included in underlying portfolios or when distributing cash flows from these assets across time buckets. Since varying interpretations may occur, we recommend that the IASB clarify whether credit risk needs to be considered.

We also have concerns about how to appropriately account for changes in the underlying portfolio overtime, for example loans that are subject to prepayment or the addition of new loans. In practice, portfolios may change on an ongoing basis due to prepayments, refinancing, or reinvestment activities. We therefore suggest that the IASB provide illustrative examples demonstrating best practices for modelling for such changes, particularly in relation to prepayments, refinancing, or reinvestment within the underlying portfolio.

Question 4—Designated derivatives (Section 7.3)
The IASB proposes that only interest rate derivatives with a party external to the The IASB proposes that only interest rate derivatives with a party external to the reporting entity that are used to mitigate the entity's repricing risk in accordance with its risk management strategy be eligible to be included as designated derivatives. Paragraphs BC70–BC77 of the Basis for Conclusions explain the IASB's rationale for these proposals. Do you agree with these proposals? Why or why not? If you disagree with any of these proposals, please explain what you would suggest instead and why.

TFAC:

We agreed that only interest rate derivatives with external parties, used to manage an entity's repricing risk according to its risk management strategy, should qualify as designated derivatives.

We suggest that the IASB provide an illustrative example for cross-currency interest rate swaps on how the foreign exchange spread should be accounted for. In particular, clarification is needed on whether the foreign exchange spread should be recognised in profit or loss on day 1, and whether it should also be included as part of the benchmark derivative when determining the hypothetical derivative.

Question 5—Risk mitigation objective and benchmark derivatives (paragraphs 7.4.1–7.4.7)
The IASB proposes that an entity: (a) specify a risk mitigation objective that is consistent with the amount of repricing risk the entity mitigates using designated derivatives, but does not exceed the amount of net repricing risk exposure in each repricing time band; (b) construct benchmark derivatives to replicate the timing and amount of repricing risk as specified in the risk mitigation objective; and (c) adjust the amount of repricing risk represented by the benchmark derivatives if unexpected changes in financial instruments included in underlying portfolios reduce the net repricing risk exposure to an amount below the risk mitigation objective specified at the beginning of the period. Paragraphs BC78–BC87 of the Basis for Conclusions explain the IASB's rationale for these proposals. Do you agree with these proposals? Why or why not? If you disagree with any of these proposals, please explain what you would suggest instead and why.

TFAC:

We generally support specifying a risk mitigation objective aligned with the repricing risk managed by designated derivatives, constructing benchmark derivatives to match this risk, and adjusting for changes in net repricing risk exposure during the period.

However, we have identified certain practical implementation challenges and provide the following recommendations for consideration.

1. with reference to paragraph 7.4.5, which requires benchmark derivatives to start with a fair value of zero using the mitigated rate, but paragraph B7.2.11 permits option in underlying portfolios. If an entity designates options as derivatives, it is unclear whether benchmark derivatives must model option similarly. If consistency with risk mitigation is necessary, how does the zero fair value requirement apply, and how can an entity calibrate a benchmark derivative with option at zero fair value? We recommend specific guidance on constructing benchmark derivatives when option is present.
2. To mitigate repricing risk of net repricing risk exposure to an acceptable risk limit level, the Bank usually enters interest rate derivatives on gradual basis for a period. In practice, benchmark

or hypothetical derivatives can be constructed based on 3 methods. May we propose to treat it as policy choice given that it will be applied on a consistent basis:

a. Using the exact pricing as the designated derivatives or
b. Using an average pricing of the designated derivatives or
c. Assume all designated derivatives are done on the beginning or mid date of that month and use the pricing on that date for benchmark derivatives.

3. To get more clarification how the bank identifies and measure unexpected changes in the net repricing risk exposure after benchmark derivatives have been constructed. When there is any change in financial market which is not factored in net repricing risk exposure estimation it is understood that this would lead to have unexpected change in net repricing risk exposure. Therefore, it would be helpful if IASB could provide illustrative examples and implementation guidance on this.
4. net repricing risk exposure adjustment to align with the limit takes time as it is up to market situations. Hence, we propose having a lag or grace period for the exceeding limit should be allowed as bank's own policy.
5. While the concept of continuous alignment is important, it might create burden to perform frequent recalibration. Therefore, it is recommended that entities should have more flexibility to define an appropriate monitoring and rebalancing frequency within the risk mitigation objective, provided that appropriate monitoring, threshold-based triggers, and governance controls are in place to ensure that any significant deviations are identified and addressed in a timely manner.
6. To confirm that the risk mitigation objective can be changed even if there is no change in net repricing risk exposure to accommodate the changing interest rate view. This requires further adjustment on the size of designated derivative.

Question 6—Recognising and measuring the risk mitigation adjustment (paragraphs 7.4.8-7.4.14)
The IASB proposes that an entity: (a) recognise the risk mitigation adjustment in the statement of financial position based on the lower of: (i) the cumulative gains or losses on the designated derivatives; and (ii) the cumulative change in the fair value (present value) of the benchmark derivatives; (b) recognise in profit or loss the amount accumulated as the risk mitigation adjustment in the same periods during which the repricing differences arising from the financial instruments in the underlying portfolios affect profit or loss; (c) assess, at each reporting date, whether there is an indication that the risk mitigation adjustment might not be realised in full over the mitigated time horizon; and (d) recognise immediately in profit or loss a reduction in the amount accumulated as the risk mitigation adjustment if it exceeds the present value of the net repricing risk exposure as at the reporting date. Paragraphs BC88-BC116 of the Basis for Conclusions explain the IASB's rationale for these proposals. Do you agree with these proposals? Why or why not? If you disagree with any of these proposals, please explain what you would suggest instead and why.

TFAC:

We broadly support the proposals to defer fair value changes on designated derivatives using risk mitigation adjustment, releasing them to profit or loss when repricing differences impact profit or loss. We also support applying the lower-of method to prevent over-recognition, as well as assessing whether the risk mitigation adjustment accumulated exceeds the present value of the net repricing risk exposure at the reporting date.

However, in order to have a comprehensive understanding, would IASB provide illustrative end-to-end examples of risk mitigation accounting treatment for banks, throughout risk mitigated time horizon, including rebalancing the net repricing risk exposure from unexpected changes in underlying portfolio or from entering new designated derivatives and including benchmark derivative adjustment

We also seek clarification on how the proposed requirements are intended to operate when an insurer applies the IFRS 17 other comprehensive income option, particularly in circumstances where accounting mismatches may arise. When an insurer chooses the IFRS 17 other comprehensive income option, any changes in interest rates affecting liabilities are reflected in other comprehensive income and added to equity. Meanwhile, the risk mitigation accounting delays recognising derivative gains, keeping them on the balance sheet. We suggest that the IASB clarify whether risk mitigation accounting is inappropriate when using other comprehensive income, or if there should be a way for derivative gains to be recorded in other comprehensive to match changes in liabilities.

Question 7—Discontinuation of risk mitigation accounting (Section 7.5)
The IASB proposes that an entity discontinue risk mitigation accounting prospectively from the date on which the entity's risk management strategy changes that is, when the entity changes how it manages repricing risk, including a change to the mitigated rate. The IASB also proposes that an entity that discontinues risk mitigation accounting recognise the amount accumulated as the risk mitigation adjustment in profit or loss: (a) on a systematic and rational basis over the mitigated time horizon, if the repricing differences arising from the financial instruments in underlying portfolios are still expected to affect profit or loss; or (b) immediately, if the repricing differences arising from the financial instruments in underlying portfolios are no longer expected to affect profit or loss. Paragraphs BC117–BC126 of the Basis for Conclusions explain the IASB's rationale for these proposals. Do you agree with these proposals? Why or why not? If you disagree with any of these proposals, please explain what you would suggest instead and why.

TFAC:

We agree with the proposals to discontinue risk mitigation accounting when there is a change in an entity's risk management strategy, as this is consistent with established principles on the discontinuation of hedge accounting.

However, with reference to Paragraph B7.5.3, which provides examples of changes that would trigger discontinuation, we seek clarification on whether all changes, including those of a limited or incremental nature such as a reduction in the mitigated time horizon by one year, would necessarily be regarded as a change in risk management strategy requiring discontinuation, particularly when compared with more significant changes illustrated in the Basis for Conclusions.

Question 8—Effective date and withdrawal of IAS 39 (Section C1 of Appendix C to IFRS 9)
The IASB proposes that an entity be permitted to apply the requirements for risk mitigation accounting from the beginning of the annual reporting period starting on or after [the date the requirements are issued]. The IASB also proposes that an entity discontinue applying the hedge accounting requirements in IAS 39 *Financial Instruments: Recognition and Measurement* at the earlier of: (a) the date on which the entity first applies the requirements for risk mitigation accounting; and (b) annual reporting periods beginning on or after [the date on which IAS 39 is withdrawn]. Paragraphs BC127–BC128 of the Basis for Conclusions explains the IASB's rationale for these proposals. Do you agree with the proposal to withdraw IAS 39? Why or why not? If you disagree, please explain what you would suggest instead and why. If the IASB decides to withdraw IAS 39, do you have any information for the IASB to consider in determining the withdrawal date, for example the time that is likely to be needed to transition from IAS 39?

TFAC:

We generally agree with the IASB's proposal to permit early application of risk mitigation accounting and, ultimately, to withdraw the hedge accounting requirements in IAS 39. We also acknowledge the IASB's objective of achieving a consistent accounting model for managing open portfolio interest rate risk under IFRS 9.

Question 9—Transition (Section C2 of Appendix C to IFRS 9) (คุณณัฐา IFRS 9)
The IASB proposes that: (a) an entity apply the proposed requirements for risk mitigation accounting prospectively; (b) an entity be permitted to revoke its previous designation of financial assets or financial liabilities as measured at fair value through profit or loss, if those financial instruments will be included in underlying portfolios that the entity uses to determine the net repricing risk exposure; (c) an entity making the transition from IAS 39 discontinue hedge accounting for all hedging relationships and apply paragraphs 6.5.10 and 6.5.12 of IFRS 9 to the related hedge adjustments; (d) an entity making the transition from the hedge accounting requirements in Chapter 6 of IFRS 9 be permitted to discontinue hedge accounting for hedging relationships in which the hedged items are financial instruments that will be included in the underlying portfolios in accordance with paragraph 7.2.1; and (e) an entity be exempt from disclosing the quantitative information required by paragraph 28(f) of IAS 8 *Basis of Preparation of Financial Statements* in the reporting period in which the entity first applies the amendments. Paragraphs BC129–BC147 of the Basis for Conclusions explain the IASB's rationale for these proposals. Do you agree with these proposals? Why or why not? If you disagree with any of these proposals, please explain what you would suggest instead and why.

TFAC:

We generally support the transition proposals, especially applying risk mitigation accounting prospectively.

However, the risk mitigation accounting model requires benchmark derivatives to start with a fair value of zero based on the mitigated rate, but its transition rules do not address the "reset to zero" concept at the initial application date. Banks often enter risk mitigation accounting with a large number of existing derivatives, which typically have non-zero fair values at transition. If benchmark derivatives are set up with an initial fair value of zero while designated derivatives have positive or negative fair values, this can lead to ongoing fair value differences between the two until the legacy derivatives mature or expire. We recommend that IASB consider amending or adding transitional provisions to address this issue.

Question 10—Disclosure requirements (proposed amendments to IFRS 7)
The IASB is proposing new presentation and disclosure requirements to be included in IFRS 7 *Financial Instruments: Disclosures*. Paragraph 30E would require an entity to present separately from other line items: (a) the risk mitigation adjustment, either as part of the entity's assets (when it has a debit balance) or as part of its liabilities (when it has a credit balance) in the statement of financial position; and (b) the amount of the risk mitigation adjustment recognised in profit or loss during the period in the statement of comprehensive income. Paragraphs 30F–30P would require an entity that applies risk mitigation accounting to disclose information that enables users of financial statements to understand: (a) how the entity manages repricing risk according to its risk management strategy; (b) how the entity's risk management activities could affect the amount, timing and uncertainty of its future cash flows; and (c) how risk mitigation accounting has affected the entity's statement of financial position and its statement of comprehensive income. Paragraph 33A would apply to entities whose business and risk management activities have the characteristics specified in the proposed paragraph 7.1.4 of IFRS 9 but that choose not to apply risk mitigation accounting. Such entities would be required to provide a qualitative explanation of how they manage repricing risk. Paragraphs BC148–BC171 of the Basis for Conclusions explain the IASB's rationale for these proposals. Do you agree with these proposals? Why or why not? If you disagree with any of these proposals, please explain what you would suggest instead and why.

TFAC:

We agree with the proposed amendments as these proposals would enhance transparency and improve users' ability to understand how entities manage repricing risk, as well as the effects of applying risk mitigation accounting on an entity's statement of financial position and its statement of comprehensive income. However, we note that, in smaller or less diversified markets, certain disclosures may give rise to commercial sensitivity concerns.

Moreover, we have identified certain practical implementation challenges and provide the following recommendations for consideration.

1) we suggest adding a definition of the term "repricing differences" to Appendix A: Defined Terms of IFRS 7, to further enhance clarity for users."

2) Referring to IG14A, how to calculate the average fixed rate? Does it have to be weighted average based on the nominal amounts?

3) Referring to IG14B, could it be clarified how to calculate the 'changes in the mitigated rate (xxx bps)' used in the sensitivity analysis? Specifically, please clarify whether these basis points represent an entity-specific assumption, a market rate, or other reference values for these shock scenarios.

4) Referring to IG14E, could the distinction be clarified between 'continued' and 'discontinued' items within the risk mitigation accounting table—specifically, for both 'the gains/losses on designated derivatives' and 'the effects of unexpected changes'? Could you **explain the necessity and/or useful information of presenting separately between the gains/losses on designated derivatives and the effects of unexpected changes**? In our view, presenting only the 'total misalignment for the year' would provide sufficient information for users of financial statements.

5) For the entities that choose not to apply RMA, the current disclosure requirement on how to manage market risk including interest risk of IFRS 7 should be sufficient for users to understand what the interest risks the company expose and manage.

Question 11—Risk management strategy
The questions below relate specifically to entities that issue insurance contracts as defined in IFRS 17 *Insurance Contracts*. When answering these questions, respondents should assume that insurance contract assets and liabilities are eligible to be included in underlying portfolios in accordance with paragraph 7.2.1. Based on the proposals in this Exposure Draft: (a) please describe the extent to which your risk management strategy and activities align with, or differ from, the descriptions in paragraphs 7.1.1–7.1.2; and (b) please describe the extent to which your business and risk management activities align with, or differ from, the characteristics described in paragraph 7.1.4. Would the proposals for risk mitigation accounting in this Exposure Draft achieve the IASB's objective of better representing in the financial statements the economic effects of your activities for managing repricing risk compared with the currently available accounting options? Please explain why or why not, and what you would suggest instead.

TFAC:

The proposals may not fully achieve the IASB's objective for insurers without further clarification and adaptation to IFRS 17 and prevalent industry risk management practices. In practice, insurers manage net repricing risk across IFRS 17 insurance contract balances and IFRS 9 assets using a combination of options and strategies.

As discussed in our response to Question 6, we ask the IASB to clarify the interaction between risk mitigation accounting and the IFRS 17 other comprehensive income option, specifically, whether risk mitigation accounting would be unavailable when the other comprehensive income option is applied, or whether the risk mitigation adjustment could be presented in other comprehensive income to avoid presentation mismatches. In addition, we recommend that the IASB consider targeted amendments (or a separate project) to:

(i) clarify whether IFRS 17 reinsurance contracts held can be included in underlying portfolios;

(ii) assess whether selected non-interest rate derivatives (for example, inflation-linked or index-linked derivatives) should be eligible as mitigated instruments;

(iii) ensure clear presentation and measurement linkages between IFRS 17 insurance finance income or expenses, other comprehensive income and the risk mitigation adjustment, to avoid creating new accounting mismatches.