



**Strictly Private and Confidential**

EDBS/KH/C/57/2017  
29<sup>th</sup> November 2017

**The Chief Executive Officer**  
All Islamic Banks  
Manama  
Kingdom of Bahrain

Dear Sirs,

**Implementation of FAS 30 - Impairment, credit losses and onerous commitments**

As you are aware AAOIFI has published FAS 30 "Impairment, Credit Losses and Onerous Commitments" on 26<sup>th</sup> November 2017, with an effective implementation date of 1<sup>st</sup> January 2020, early adoption is permitted.

Therefore, in order to enhance the industry's financial reporting and to create an environment of a robust and timely recognition of expected credit losses, all Islamic Banks are required to implement the said standard with effect from 1<sup>st</sup> January, 2018.

All Islamic Banks are reminded to complete the testing of ECL models and data and to have adequate systems and policies in place to meet the implementation date. Additionally, Islamic Banks must disclose possible impact of the application of said standard in the annual financial statements for the year ending 31<sup>st</sup> December 2017. Moreover, Islamic Banks must also observe the ECL's general guidelines circular issued by the CBB on 28<sup>th</sup> December, 2016 (ref: EDDBS/KH/C/56/2016).

Yours sincerely,

  
Khalid Hamad