

Severance Building 4th Fl.  
84-11, 5-ka Namdaemunro  
Chungku, Seoul, 100-753, Korea  
Tel : 02) 2259-0150  
Fax : 02) 2259-0170

October 2011

Exposure Draft 'Mandatory Effective Date of IFRS 9'  
International Accounting Standards Board  
30 Cannon Street, London EC4M 6XH  
United Kingdom

Dear Sir or Madam:

The Korea Accounting Standards Board (KASB) has finalized its comments on Exposure Draft 'Mandatory Effective Date of IFRS 9'.

I would appreciate your including our comments in your summary of analysis.

The enclosed comments represent official positions of the KASB. They have been determined after extensive due process and deliberation.

Please do not hesitate to contact us if you have any inquiries regarding our comments. You may direct your inquiries either to me(suklim@kasb.or.kr) or to Mr. Gun Jae Lee (gjlee@kasb.or.kr), Technical Manager of KASB.

Yours sincerely,



Mr. Suk-Sig (Steve) Lim  
Chairman, Korea Accounting Standards Board

Cc: Sungsoo Kwon, Senior Director of Research Department

We are pleased to comment on the Exposure Draft ‘Mandatory Effective Date of IFRS 9’. Our comments include views from a public hearing and responses collected from the various associations. We finalized the comment letter through the due process established in KASB.

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## **Exposure Draft ‘Mandatory Effective Date of IFRS 9’**

### ***Question 1***

***The Board proposes to amend IFRS 9(2009) and IFRS 9(2010) so that entities would be required to apply them for annual periods beginning on or after 1 January 2015. Do you agree? Why or why not? If not, what alternative do you propose?***

We agree in principle.

However, the impairment phase\* of the project to replace IAS 39 is making slow progress and its completion is expected to be delayed. So it might be better off to make the mandatory effective date adjustable depending on the progress of the remaining phases.

\* The proposed ‘expected loss model’ would require many estimates, so it would take a long time for financial institutions to establish a system which is necessary for the new impairment model.

We believe that at least 18~24 months of lead time should be given from the last issue date of the remaining phases of the project to replace IAS 39.

### ***Question 2***

***The Board proposes not to change the requirement in IFRS 9 for comparatives to be presented for entities that initially apply IFRS 9 for reporting periods beginning on or after 1 January 2012. Do you agree? Why or why not? If not, what alternative do you propose?***

We don’t agree.

We propose that the relief from providing comparatives should be extended so that an entity that adopts the IFRS for reporting periods\* beginning before one year prior to the Mandatory Effective Date of IFRS 9 need not restate prior periods.

- \* For example, if entities are to be required to apply IFRS 9 for annual periods beginning on or after 1 January 2015, an entity that adopts the IFRS for reporting periods beginning before 1 January 2014 which is one year prior to 1 January 2015 would not need to restate prior periods.

Currently, a large number of countries are delaying the adoption of IFRS 9 due to the inherent uncertainty. By the time each country actually adopts IFRS 9, there could be too little time for entities to adopt the IFRS earlier than the mandatory effective date. So we believe that it would be better off to extend the relief to enhance the practicability of adopting the new classification model within a short time frame.