

COMMENT LETTER OF THE AUSTRIAN BANKERS' ASSOCIATION
REGARDING THE EXPOSURE DRAFT: MANDATORY EFFECTIVE DATE OF
IFRS 9

The Austrian Bankers' Association, representing the Austrian commercial banks and private limited banking corporations, thanks the IASB for the opportunity to comment on the Exposure Draft: Mandatory Effective Date of IFRS 9 (ED/2011/3). Please find our comments below:

General remarks

We welcome the proposed deferral of the effective date of IFRS 9 as we think that IFRS 9 should have a single adoption date in order to maintain comparability between different entities.

Based on the current timetable, we do not believe that IFRS 9 will be finished before mid 2012 and full application as of 1 January 2013 will not be possible. The deferred effective date will allow preparers of financial statements to analyse the consequences of IFRS 9 as a whole and to adjust and develop business processes and IT systems. We would like to highlight, that the implementation of the systems necessary to collect the required data and to calculate the amounts recognized in the balance sheet, in comprehensive income and presented in the notes, will need at least 24 months. Any delay in the proposed IASB work plan on IFRS 9 will result in a short implementation period for preparers of financial statements and might impact the quality of financial accounts as entities might not be in a position to adjust their IT landscape until the effective date. As a consequence, the effective date of IFRS 9 should be further delayed, if IFRS 9 cannot be finalised in 2012.

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 with the proposed amendment to IFRS 9 (2009) and IFRS 9 (2010) that requires entities to apply the revised financial reporting standards on annual periods beginning on or after 1 January 2015. We want to highlight that we

believe IFRS 9 as a whole (including impairment, hedge accounting and asset and liability offsetting) should have a single adoption date in order to maintain comparability between entities.

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 do not agree. As mentioned above, we believe that IFRS 9 as a whole (including impairment, hedge accounting and asset and liability offsetting) should have a single effective date. IFRS 9 will only be finished in 2012 and for periods beginning on or after 1 January 2012 only parts of IFRS 9 can be adopted. Financial statements of entities that apply IFRS 9 (2009) and IFRS 9 (2010) as of 1 January 2012 will not show a complete picture of IFRS 9 because major parts will not be finalised. It is not clear, how entities that apply IFRS 9 (2009) and IFRS 9 (2010) as of 1 January 2012 will have to account for those parts of IFRS 9 that are not finalised as of 1 January 2012 (e.g. impairment, hedge accounting and offsetting). As we think that IFRS 9 will not be finished before mid 2012, reporting entities will not be in a position to fully implement IFRS 9 in 2012 as they have no chance to adjust internal processes and IT systems.

Based on our expectation that IFRS 9 is completed in 2012 and that adaptation of processes and systems will take up to 24 months, we would encourage the Board to extend the period in IFRS 9, that exempts entities from presenting comparatives, to all entities that initially apply IFRS 9 for reporting periods beginning on or after 1 January 2014 (i.e. comparatives should only be required for periods beginning on or after 1 January 2015).

Yours sincerely,

Maria Geyer
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