

Ms. Françoise Flores,  
Chair, EFRAG  
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Dear Madam/Sir,

**Income and expenses arising on financial instruments with a negative yield**

The Accounting Standards Committee (“DASC”) set up by “FSR – danske revisorer” is pleased to respond to EFRAG’s Draft Comment Letter to IFRS Interpretations Committee.

We agree with the Draft Comment Letter (and with DRSC) that the IFRS Interpretations Committee should not issue a rejection notice containing some kind of interpretation that negative yield shall be presented in “some other appropriate expense classification”. We agree with the comment letter mentioning that interest cash flows *can* be negative with the nature of interest revenue still being preserved, i.e. being part of interest (net) income.

In a technical memo on preparation of financial statements for 2012 - issued by the Danish Financial Supervisory Authority (“Finanstilsynet”) - in December 2012 to all Danish financial institutions etc. the following is stated (unofficial translation made by “FSR – danske revisorer”):

“During 2012 the interest rate on certificates of deposit in the Danish Central Bank has been negative. This situation raises the question how a negative interest is to be presented in the profit and loss statement. Considering the character of the expenses, it is the opinion of The Danish Financial Supervisory Finanstilsynet (Danish FSA) that negative interest – irrespective of the general prohibition against offsetting – can be offset in interest income if the amount is insignificant. If the amount is significant, the negative interest has to be presented in a separate line between interest income and interest expenses. Negative interest may not be presented as part of the interest expenses”.

We would be happy to elaborate further on our comments should you wish so.

Kind regards

Jan Peter Larsen  
Chairman of the Danish  
Accounting Standards Committee

Ole Steen Jørgensen  
Chief consultant  
FSR – danske revisorer