

EFRAG European Financial
Reporting Advisory Group
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30 March 2007

**Discussion paper of Pro-active Accounting Activities in Europe (PAAinE)
"The performance reporting debate - What (if anything) is wrong with the good old income
statement?"**

Comments of
Bundesverband der Deutschen Volksbanken und Raiffeisenbanken and
Deutscher Sparkassen- und Giroverband

Ladies and gentlemen,

We would like to thank you for your initiative on behalf of an in-depth discussion on the future development of the so-called Performance Reporting. This profound debate was triggered by the discussion paper "The performance reporting debate - What (if anything) is wrong with the good old income statement?" published in November 2006 by Pro-active Accounting Activities in Europe (PAAinE).

PAAinE invited a discussion and objective review of the various aspects for future performance reporting and we fully endorse this initiative. We feel that these timely discussions - now already underway - provide us with a suitable platform from which to influence IASB's work during the forthcoming standard setting process.

Your discussion paper touches upon a host of individual issues that highlight the strengths and weaknesses of the various presentation types concerning performance reporting and lend themselves to a subsequent analysis. In order to facilitate the development of a second paper, you would be most grateful if we could provide you with answers to said questions. Unfortunately, at the present time point in time we, ourselves, cannot comment on the individual questions that

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have been raised. Whilst we regret this, we would still like to reiterate our endorsement and support for this initiative as well as its timely start.

In our comments to IASB on the "Exposure Draft of Proposed Amendments to IAS 1 Presentation of Financial Statements: A revised Presentation", we have already stressed the fact that the future development of performance reporting is of utmost importance. In order to convey our basic attitude towards the further development of performance reporting, we would like to briefly summarise the following key aspects that present the essence of our comments sent IASB.

Due to the fact that the income statement is an important source of information for measuring a company's performance and since it has stood the test of time as an independent reporting element, we feel that a phase-out or relegation thereof would be inappropriate. The result of the period shown in the profit and loss account is a widely recognised performance indicator and constitutes the basis for the calculation of numerous financial ratios which are highly important both for corporate management and also for the purposes of financial analyses and ratings. Thus net income is a necessary key line.

Our comment letter to IASB highlights our reservations over any mandatory obligation to add income statement items which are posted under income (or, moreover, mandatory addition of their balance, i.e. period profit), to items that are recognised under equity which do not have any effect on the result of the period.

Feel free to contact us for any questions or if you would like to discuss this matter further.

Yours sincerely

For the Associations specified above
Deutscher Sparkassen- und Giroverband
i. V.

Pia Jankowski

A handwritten signature in black ink, appearing to be 'Pia Jankowski', written over the printed name.