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IFRS® Standard 7 Financial Instruments: Disclosures

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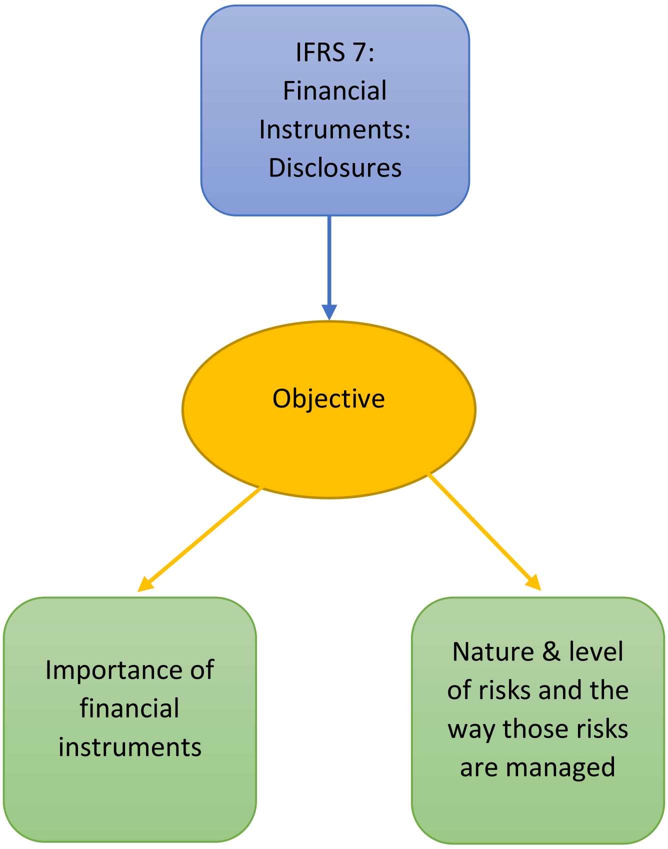
IFRS® Standard 7 Financial Instruments: Disclosures

The International Accounting Standards Board concluded that users of financial statements should be aware of the risks associated with financial instruments of reporting entities and how they manage these risks. The purpose of this standard is to ensure that entities provide the necessary information about financial instruments to financial statement users. Thanks to the information presented, it will be possible for financial statement users to evaluate some issues.

SCOPE AND KEY DEFINITIONS

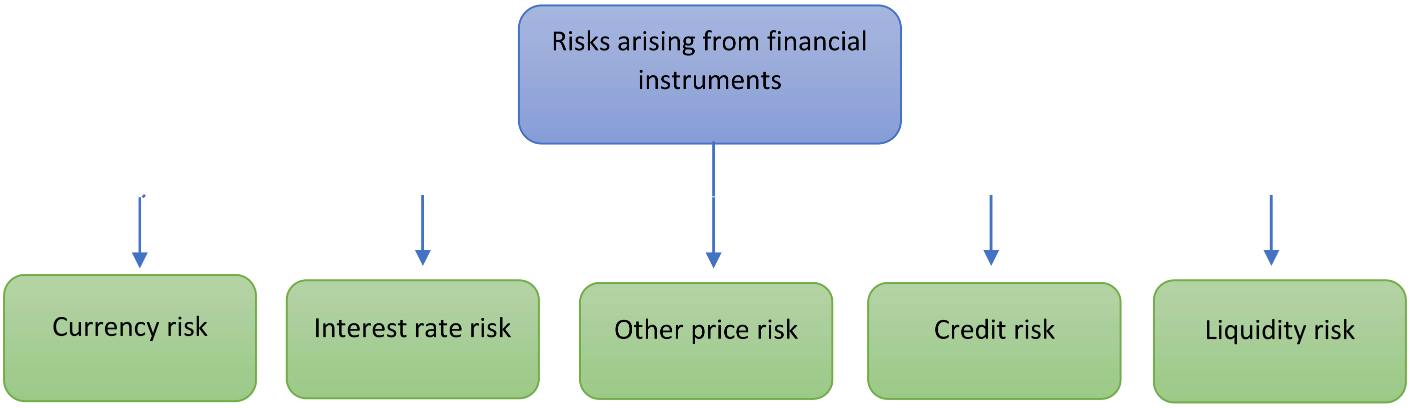
The first of these issues is the importance of financial instruments in terms of the financial position and performance of the entity. The second is the nature and level of the risks that the entities are exposed to due to financial instruments during and at the end of the period and the way entities manage the risks (IFRS 7. 1). Objectives of IFRS 7 are presented in Figure 1.

Figure 1. Objectives of IFRS 7



Risks arising from financial instruments can be classified as currency risk, interest rate risk, other price risk, credit risk and liquidity risk. Currency risk is the risk that arises in the value of the financial instrument depending on the exchange rate. The interest rate risk is the risk arising from the fluctuations in the value of the financial instrument due to the changes in the interest rates in the market. Other price risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate due to reasons specific to the financial instrument or for reasons affecting all financial instruments traded in the same market. Credit risk is the risk arising from losses that may occur due to the failure of one of the parties to the financial instrument to fulfill its obligations. Liquidity risk is the risk arising from the failure of the entity to fulfill its obligations regarding its financial liabilities (IFRS 7, Par. 32). Risks arising from financial instruments are presented in Figure 2.

Figure 2. Risks Arising From Financial Instruments



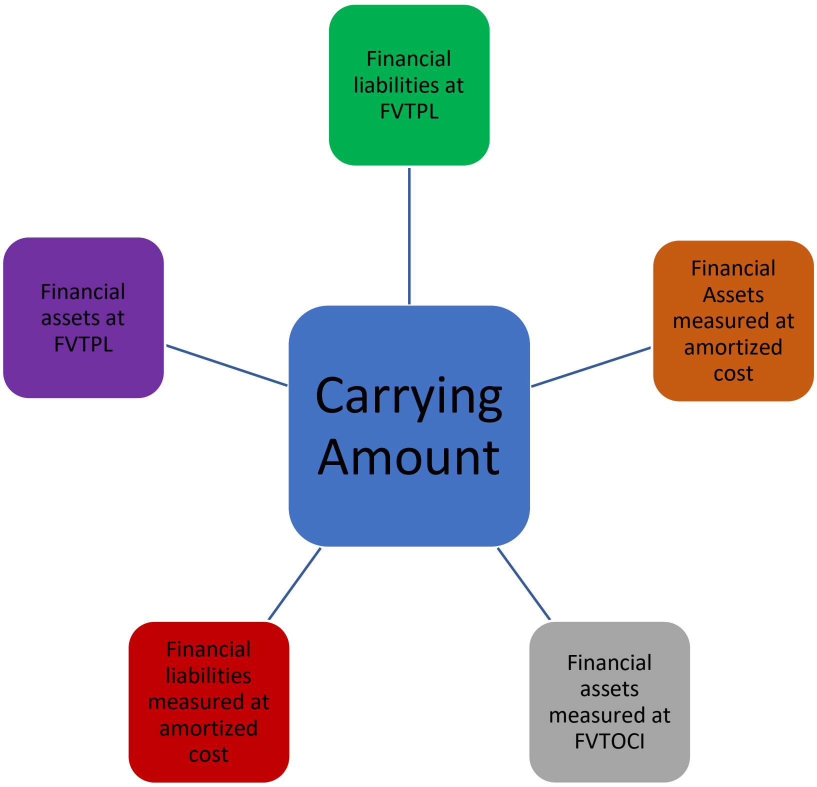
Necessary disclosures in terms of financial position and financial performance

For each category of financial instruments in IFRS Standard 9 Financial Instruments, the carrying amount should be disclosed in the statement of financial position or in the notes as follows (IFRS 7, Par. 8):

- Financial assets at Fair Value Through Profit and Loss (FVTPL)
- Financial liabilities at FVTPL
- Financial assets measured at amortized cost
- Financial liabilities measured at amortized cost
- Financial assets measured at Fair Value Through Other Comprehensive Income (FVTOCI)

These categories can be seen in figure 3:

Figure 3. Categories of Financial Instruments



Below is the presentation of financial assets measured at fair value through other comprehensive income in the disclosures of a bank.

	Current Period (CU)	Prior Period (CU)
Debt securities	X	x
● Quoted on stock exchange	X	x
● Not quoted	X	-
Share certificates	X	x
● Quoted on stock exchange	-	x
● Not quoted	X	-
Impairment allowance (-)	(x)	(x)
Total	**X**	**x**

Below is the presentation of financial assets measured at amortized cost in the disclosures of a bank.

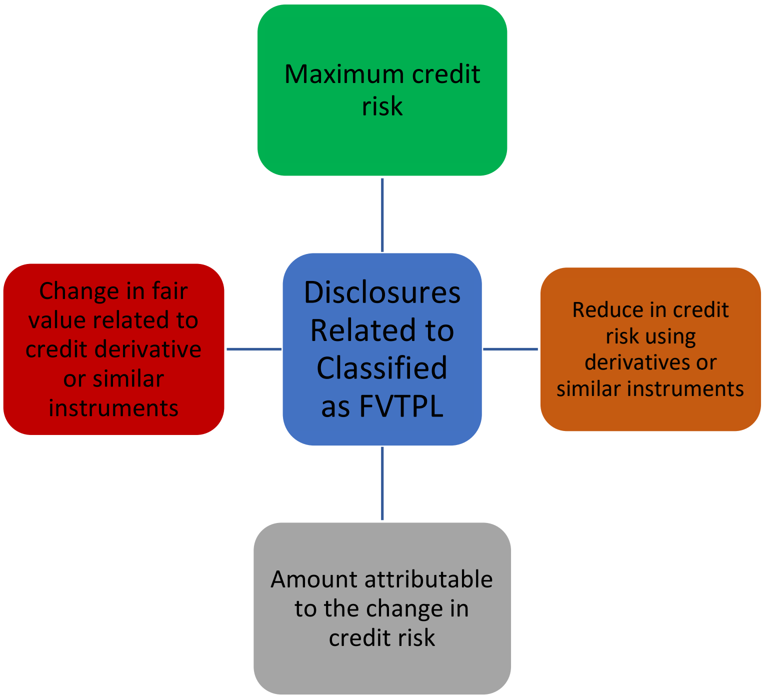
Public sector debt securities measured at amortized cost	**Current Period (CU)**	**Prior Period (CU)**
Government bonds	x	x
Treasury bills	x	x
Other debt securities	x	x
Total	**x**	**x**
Financial assets measured at amortized cost	**Current Period (CU)**	**Prior Period (CU)**
Debt securities	x	x
Quoted on stock exchange	x	x
Not quoted	x	x
Impairment allowance (-)	x	x
Total	**x**	**x**
Movement of financial assets measured at amortized cost within the period	**Current Period (CU)**	**Prior Period (CU)**
Beginning balance	**x**	**x**
Foreign currency differences on monetary assets	x	x
Purchases during the year	x	x
Disposals through sales and redemptions	x	x
Impairment allowance (-)	x	x
Period end balance	**x**	**x**

There are specific disclosures that the entity must make regarding financial assets and liabilities that it designates as FVTPL. These explanations are (IFRS 7, Par. 9):

- The maximum credit risk to which loans and receivables are exposed on the reporting date,
- The portion of the maximum exposure to credit risk that can be reduced by any credit derivative or similar instrument,
- The amount attributable to the change in credit risk that occurs in the fair value of the financial asset, determined by one of the following:
  - The amount of change in fair value that cannot be attributed to market conditions giving rise to market risks or
  - Through an alternative method that is considered to more accurately reflect the change in the fair value of an asset that is attributable to changes in the asset's credit risk.

Disclosures related to financial assets and liabilities classified as fair value through profit or loss can be seen in figure 4:

Figure 4. Disclosures for Financial Assets and Liabilities Classified as Fair Value Through Profit or Loss

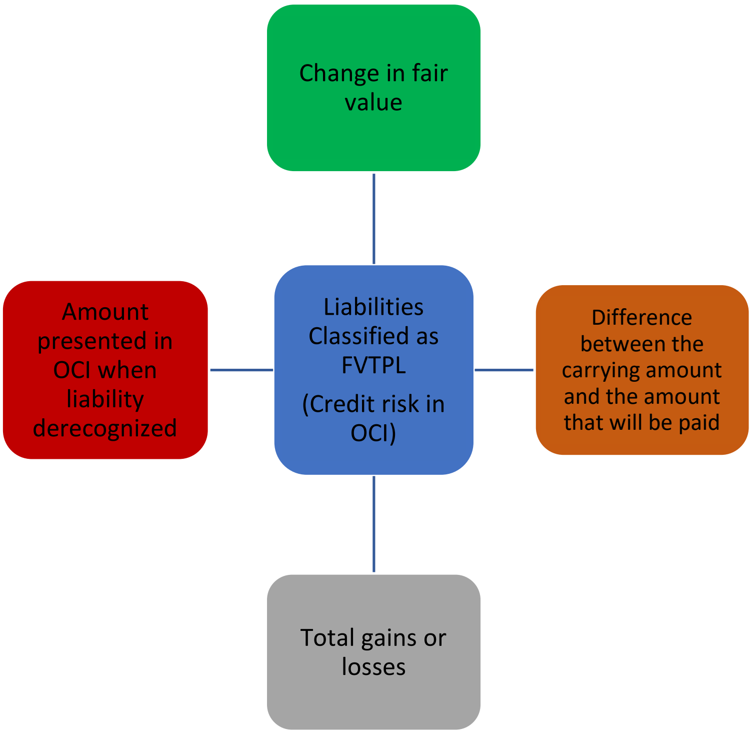


If a financial liability is classified as reported at fair value through profit or loss, disclosures about the effect of changes in credit risk on other comprehensive income are required. The following are to be explained (IFRS 7, Par. 10):

- The change in the fair value of the financial liability (the portion attributable to the credit risk),
- The difference between the carrying amount of the financial liability and the amount due to the creditor,
- Total gains or losses in equity (with reasons for the transfers),
- The amount realized and presented in other comprehensive income if the liability was derecognized during the period.

Disclosures related to financial liabilities classified as fair value through profit or loss (credit risk in other comprehensive income) can be seen in figure 5.

Figure 5. Disclosures related to financial liabilities classified as fair value through profit or loss (credit risk in OCI)

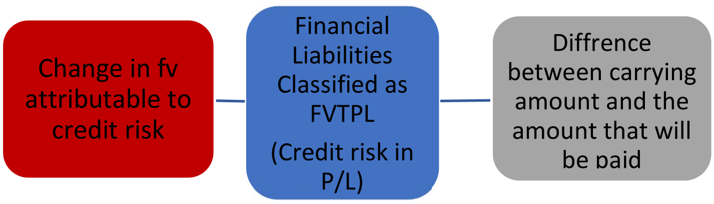


When the financial liability is classified as fair value through profit and loss if presenting the changes attributable to credit risk create or enlarge an accounting mismatch all changes in fair value must be reported at profit or loss (including changes in credit risk). Required disclosures are as follows (IFRS 7, Par. 10A):

- The amount of the change in fair value during the period that is attributable to the change in credit risk and total amount of change in fair value attributable to the change in credit risk,
- The difference between the carrying amount of the financial liability and the amount the entity must pay the creditor at maturity.

Disclosures related to financial liabilities classified as fair value through profit or loss (credit risk in other P/L) can be seen in figure 6.

Figure 6. Disclosures related to financial liabilities classified as fair value through profit or loss (credit risk in P/L)

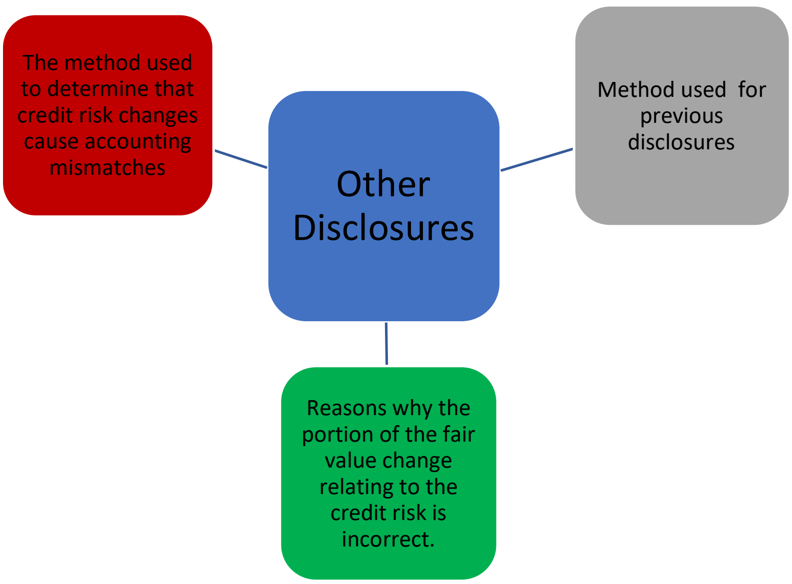


The entity should also explain the following (IFRS 7, Par: 11):

- The method (including details of the method) used to comply with the requirements of the previously mentioned disclosures,
- The entity may believe that the change in the fair value of the financial asset or liability, and the portion of that change attributable to credit risk, is not presented correctly in the statement of financial position or in the notes. The reasons why the entity drew this conclusion and the factors it considers relevant,
- It is necessary to determine whether presenting the credit risk changes related to the financial liability in other comprehensive income creates (or increases) an accounting mismatch in profit or loss. A detailed description of the method and methods used to determine this.

Other disclosures are presented in Figure 7.

Figure 7. Other Disclosures

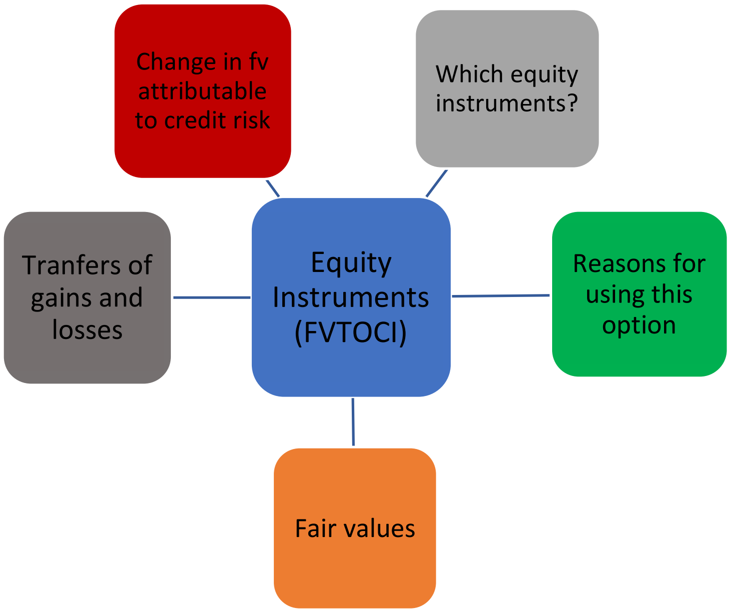


If the entity has invested in equity instruments that are classified as at fair value through other comprehensive income, the following disclosures are required (IFRS 7, Par. 11A):

- Which equity instrument investments are defined as measured at fair value through other comprehensive income,
- The reason for using this alternative presentation option,
- The fair value of such investments on the reporting date,
- Dividends recognized during the period (reported separately from those that were derecognized during the reporting period and those held at the end of the reporting period),
- Transfers of total gains and losses in equity (with the reasons for transfers).

Disclosures related to equity instruments' fair value through other comprehensive income can be seen in figure 8.

Figure 8. Disclosures Related to Equity Instruments' Fair Value Through Other Comprehensive Income

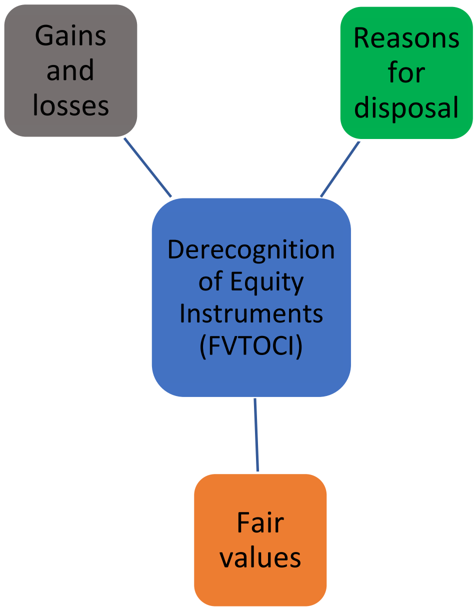


If investments in equity instruments at fair value through other comprehensive income are derecognized, the following disclosures shall be made (IFRS 7, Par. 11B):

- The reasons for disposal of the investment,
- Fair value of investments on the date of recognition,
- Total gains and losses on disposal.

Disclosures related to derecognition of equity instruments' fair value through other comprehensive income can be seen in figure 9.

Figure 9. Disclosures Related to Derecognition of Equity Instruments' Fair Value Through Other Comprehensive Income

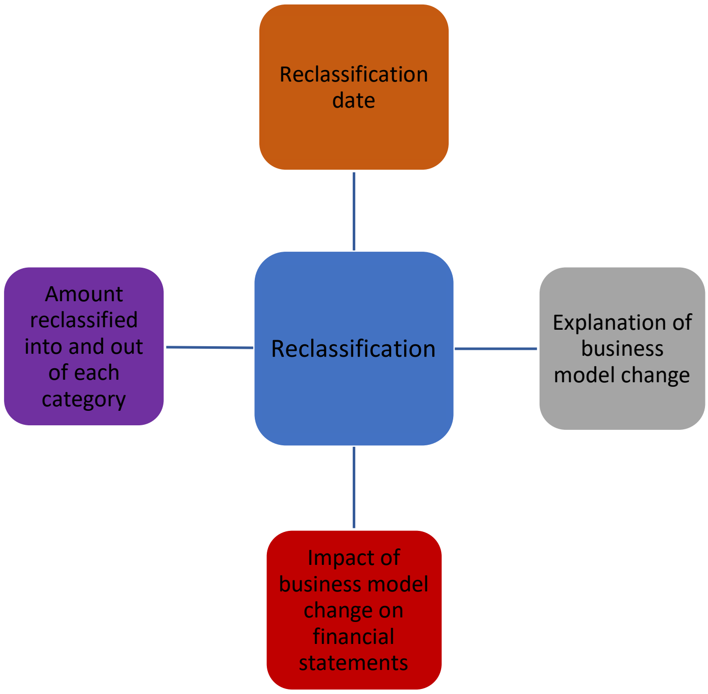


Entities can reclassify their financial assets. An entity has disclosures to make if it reclassifies its financial assets. These disclosures are (IFRS 7, Par. 12B):

- Reclassification date
- Detailed explanation of the business model change
- A qualitative description of the impact of business model change on entities' financial statements
- The amount reclassified into and out of each category

Disclosures related to reclassification can be seen in figure 10.

Figure 10. Disclosures Related to Reclassification

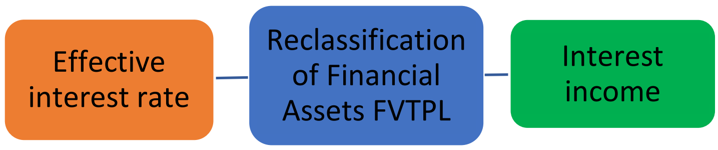


If an entity reclassifies a financial asset that is measured at fair value through profit or loss, it shall disclose the following (IFRS 7, 12C):

- Effective interest rate on the reclassification date and
- Interest income recognized in the financial statements

Disclosures related to reclassification of financial assets measured at fair value through profit or loss are presented in figure 11.

Figure 11. Disclosures Related to Reclassification of Financial Assets Measured at Fair Value Through Profit or Loss



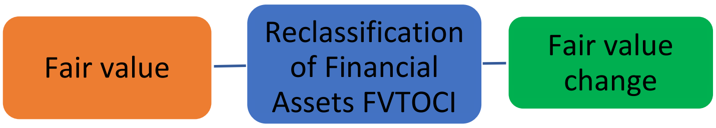
If an entity reclassifies a financial asset that is measured at fair value through other comprehensive income, it shall disclose the following (IFRS 7, 12D):

- The fair value of financial assets at the end of the reporting period and

- The fair value change that would be recognized (in profit or loss or in the statement of comprehensive income) if the financial asset had not been reclassified.

Disclosures related to reclassification of financial assets measured at fair value through other comprehensive income are presented in figure 12.

Figure 12. Disclosures Related to Reclassification of Financial Assets Measured at Fair Value Through Other Comprehensive Income

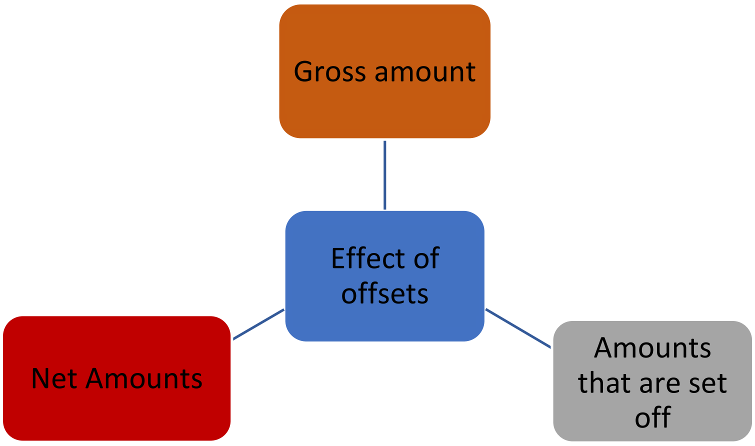


The entity should disclose the effect of offsets on the financial statements. Therefore, an entity should disclose the effect or potential effect of offsetting rights on recognized financial assets and financial liabilities. Some of the quantitative information required to be disclosed by the entity are (IFRS 7, Par. 13C):

- The gross amounts of such financial assets and financial liabilities included in the financial statements.
- Amounts that are set off in accordance with the criteria in paragraph 42 of IAS 32 when determining the net amounts presented in the statement of financial position.
- Net amounts presented in the statement of financial position.

Disclosures related to effects of offsets are presented in figure 13.

Figure 13. Disclosures Related to Effects of Offsets

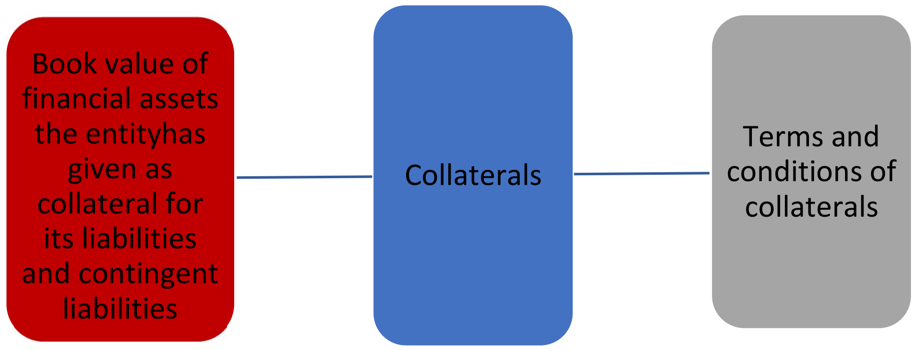


Another issue that entities need to disclose is the collaterals. Disclosures that entities should make in this regard are (IFRS 7, Par. 14):

- Book value of the financial assets that the entity has given as collateral for its liabilities and contingent liabilities (Including financial assets reclassified in accordance with IFRS 9).
- Terms and conditions regarding the collaterals given.

Disclosures related to collaterals are presented in figure 14.

Figure 14. Disclosures Related to Collaterals

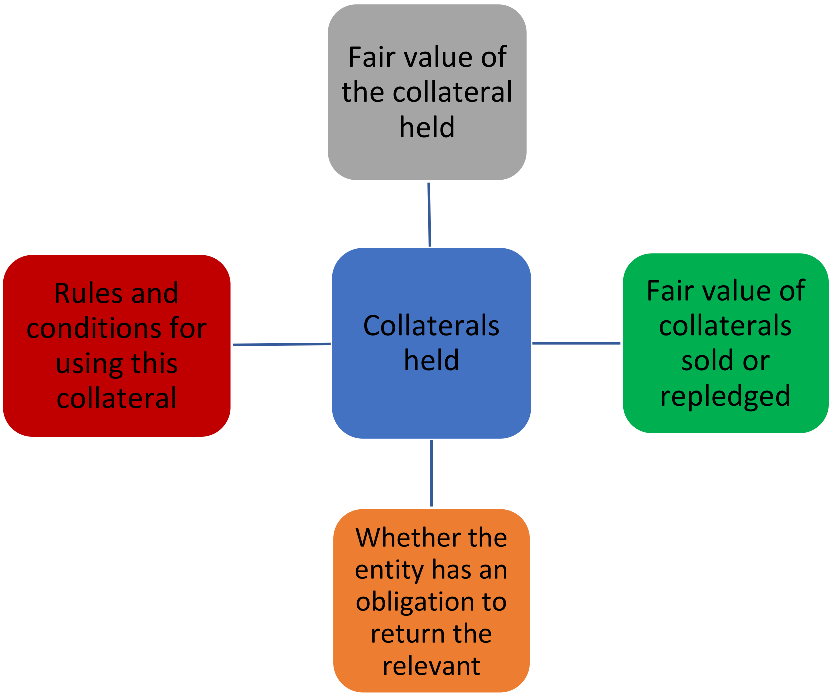


On the other hand, entities may have financial or non-financial collaterals. If the collateral holder has the right to sell the collateral or repledge the collateral/pledge without default, the entity should make the following disclosures (IFRS 7, Par. 15):

- Fair value of the collateral held
- Fair value of collaterals sold or repledged
- Whether the entity has an obligation to return the relevant collateral
- Rules and conditions for using this collateral

Disclosures related to collaterals held are presented in figure 15.

Figure 15. Disclosures Related to Collaterals Held



The distinction and fair value information made by a bank in the disclosures regarding the collaterals are shown below:

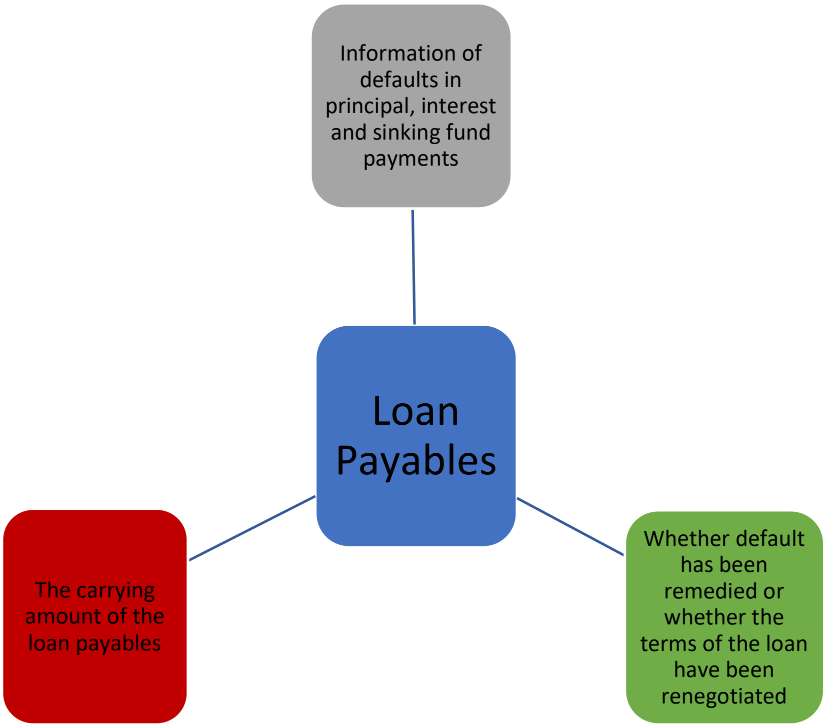
Current Period	**Corporate, commercial and other loans (CU)**	**Consumer Loans (CU)**	**Credit Cards (CU)**	**Financial Leasing (CU)**	**Factoring (CU)**	**Total (CU)**
Watch List	x	x	x	x	-	x
Loans under legal follow-up	x	x	x	-	x	x
Total	**x**	**x**	**x**	**x**	**x**	**x**
Prior Period	**Corporate, commercial and other loans (CU)**	**Consumer Loans (CU)**	**Credit Cards (CU)**	**Financial Leasing (CU)**	**Factoring (CU)**	**Total (CU)**
Watch List	x	x	x	x	x	x
Loans under legal follow-up	x	x	x	-	x	x
Total	**x**	**x**	**x**	**x**	**x**	**x**

If the financial statements include loan payables, the entity should make disclosures about it. These disclosures are (IFRS 7, Par. 18):

- Detailed information on defaults in principal, interest and sinking fund payments during the period or amortization conditions of the said debts.
- The carrying amount of the loan payables in default at the end of the period.
- Before the financial statements are authorized for issue; whether the default has been remedied or whether the terms of the loan debts have been renegotiated.

Disclosures related to loan payables are presented in figure 16.

Figure 16. Disclosures Related to Loan Payables



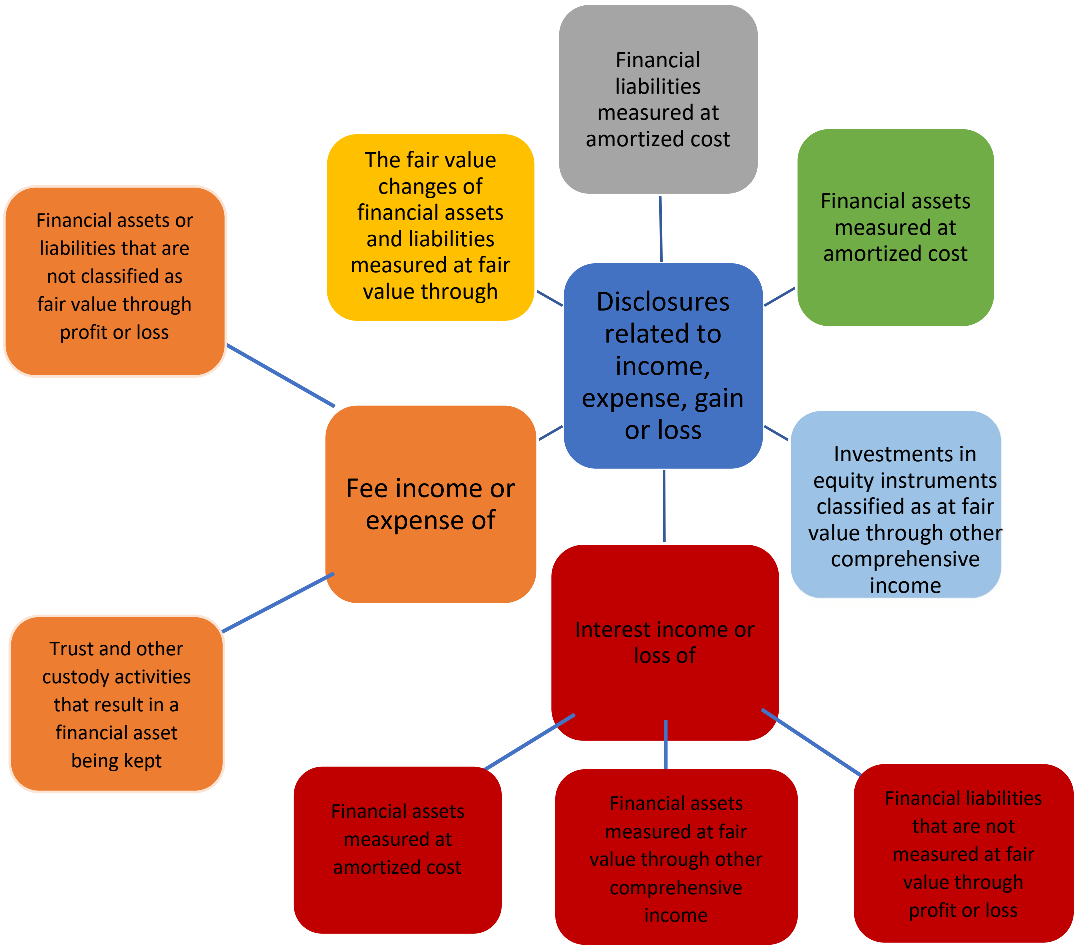
There are disclosures that the company should make regarding income, expense, gain and loss items. These are (IFRS 7, Par. 20):

- The fair value changes of financial assets and liabilities measured at fair value through profit or loss.
- Financial liabilities measured at amortized cost.
- Financial assets measured at amortized cost.
- Investments in equity instruments classified as at fair value through other comprehensive income.
- Interest income or loss of:
    - Financial assets measured at amortized cost.
    - Financial assets measured at fair value through other comprehensive income.
    - Financial liabilities that are not measured at fair value through profit or loss.
- Fee income or expense of:
    - Financial assets or liabilities that are not classified as fair value through profit or loss.

- Trust and other custody activities that result in a financial asset being kept on behalf of individuals, foundations, retirement benefit plans and other institutions or considered as an investment.

Disclosures related to income, expense, gain and loss are presented in figure 17.

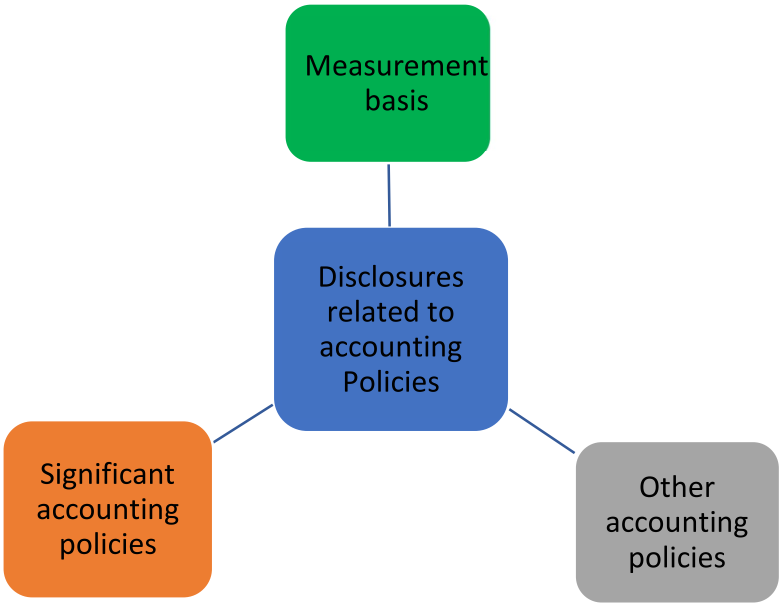
Figure 17. Disclosures Related to Income, Expense, Gain and Loss



In accordance with IAS 1, an entity shall disclose significant accounting policies for financial instruments, the measurement bases used in the preparation of the financial statements, and other accounting policies necessary for an understanding of the financial statements (IFRS 7, 21).

Disclosures related to accounting policies are presented in figure 18.

Figure 18. Disclosures Related to Accounting Policies

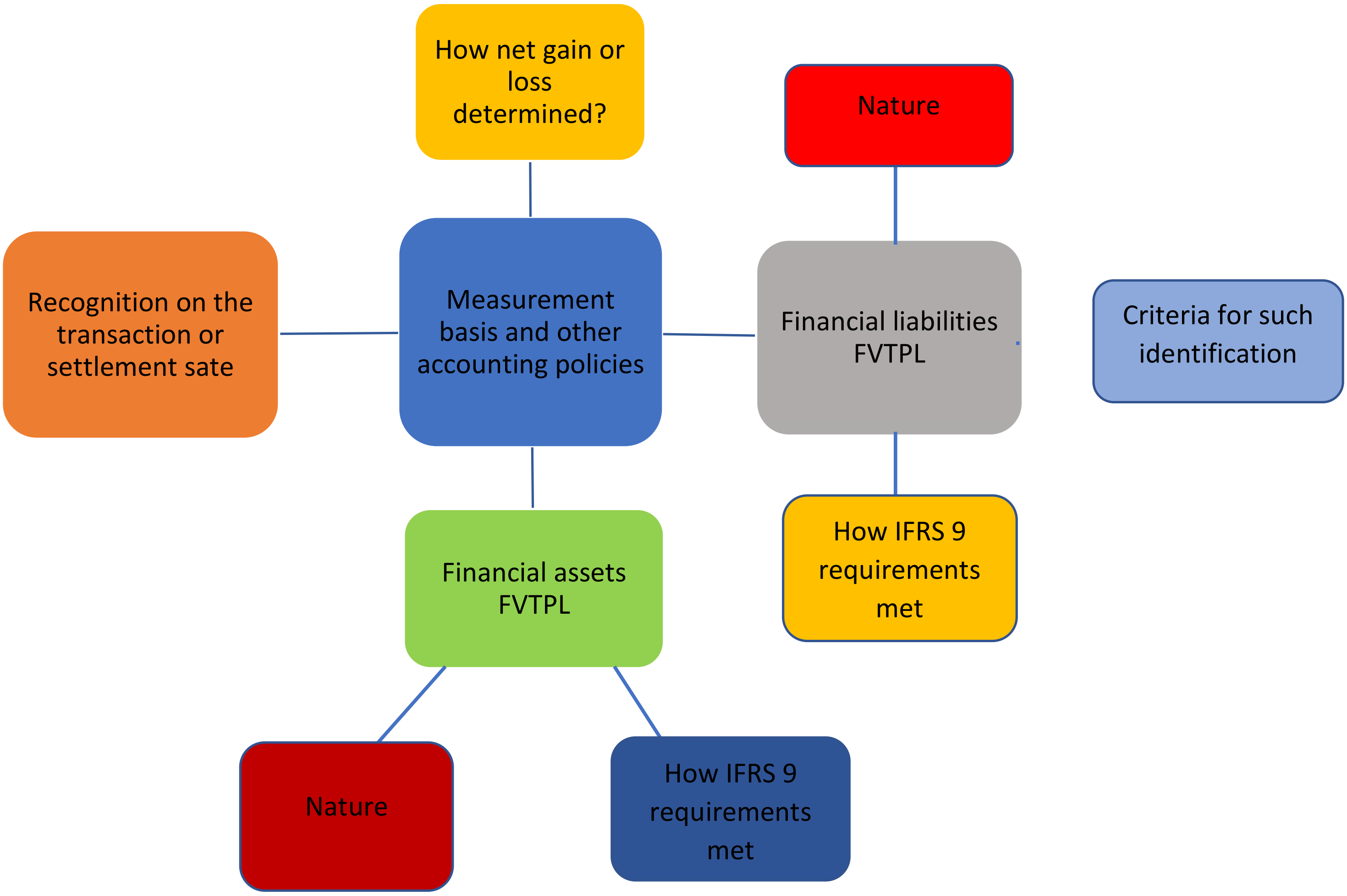


Disclosure of measurement bases and other accounting policies used in the preparation of financial statements for financial instruments may include (IFRS 7, B5):

- For financial liabilities at fair value through profit or loss:
    - Nature of financial liability,
    - Criteria for such identification of financial liabilities at initial recognition and
    - How IFRS 9 requirements are met to make such a designation.
- For financial assets at fair value through profit or loss:
    - Nature of financial assets,
    - How IFRS 9 requirements are met to make such a designation.
- Whether purchases or sales of financial assets are recognized on the transaction date or the settlement date,
- How the net gains and losses are determined by each class of financial instruments.

Disclosures related to measurement basis and other accounting policies are presented in figure 19.

Figure 19. Disclosures Related to Measurement Basis and Other Accounting Policies

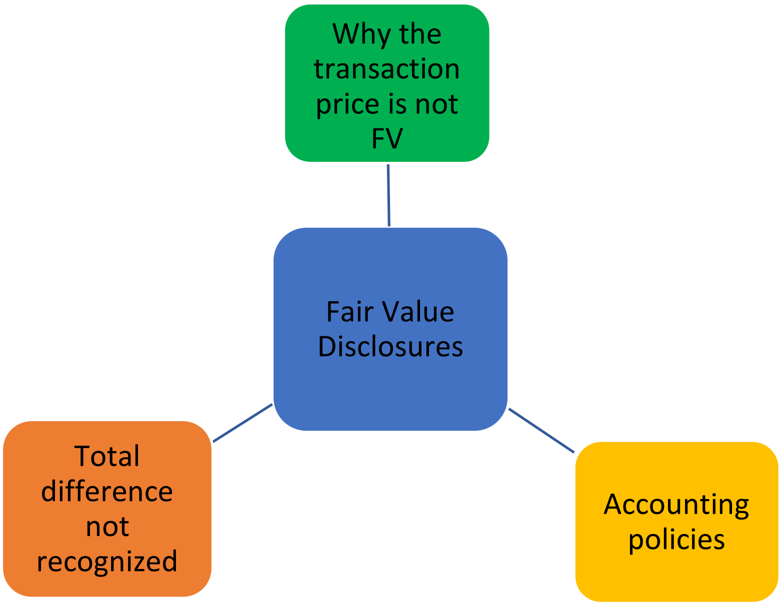


An entity is not required to make a fair value disclosure for financial instruments (short-term trade receivables and payables, lease liabilities) the carrying amount of which is close to the fair value. The fair value of each class of financial assets and liabilities other than these shall be disclosed by way of comparison with the carrying value (IFRS 7, 25,29). Fair value may not be determined using a valuation technique that uses market information or the quoted price of a similar asset or liability. In such cases, when the financial asset or financial liability is initially recognized, profit or loss is not reflected in the financial statements. The entity that encounters such a situation shall disclose the following information in terms of financial asset and liability classes (IFRS 7, 28):

- Accounting policies for recognizing the difference between fair value and transaction price at initial recognition in profit or loss,
- The total difference not yet recognized in profit or loss at the beginning and end of the period and a reconciliation of changes in the account balance caused by this difference,
- The reason why the transaction price is not considered by the entity to be the best evidence of fair value.

Disclosures related to fair value disclosures are presented in figure 20.

Figure 20. Disclosures Related to Fair Value Disclosures



For example, below are the fair value disclosures that a bank should present in the disclosures of its financial statements regarding its financial assets and liabilities.

	Carrying Value		Fair Value	
	Current Period (CU)	Previous Period (CU)	Current Period (CU)	Previous Period (CU)
Financial Assets	**X**	**x**	**x**	**x**
• Due from money market	X	x	x	x
• Banks	X	x	x	x
• Financial assets at fair value through other comprehensive income	X	x	x	x
• Financial assets measured at amortised cost	X	x	x	x
• Loans	X	x	x	x
Financial liabilities	**X**	**x**	**x**	**x**
• Bank deposits	X	x	x	x
• Other deposits	X	x	x	x
• Funds borrowed from other financial institutions	X	x	x	x
• Financial liabilities at fair value through profit and loss	X	x	x	x
• Subordinated loans	x	x	x	x
• Marketable securities issued	x	x	x	x
• Miscellaneous payables	x	x	x	x

Current Period	**Level 1 (CU)**	**Level 2 (CU)**	**Level 3 (CU)**	**Total (CU)**
Financial assets where fair value change is reflected in the income statement	x	x	x	x
Financial assets where fair value change is reflected on other comprehensive income statements	x	x	x	x
Derivative financial assets	x	x	x	x
Total assets	**x**	**x**	**x**	**x**
Derivative financial liabilities	x	x	x	x
Financial liabilities at fair value through profit or loss	x	x	x	x
Total liabilities	**x**	**x**	**x**	**x**
Prior Period	**Level 1 (CU)**	**Level 2 (CU)**	**Level 3 (CU)**	**Total (CU)**
Financial assets where fair value change is reflected in the income statement	x	x	x	x
Financial assets where fair value change is reflected in other comprehensive income statements	x	x	x	x
Derivative financial assets	x	x	x	x
Total assets	**x**	**x**	**x**	**x**
Derivative financial liabilities	x	x	x	x
Financial liabilities at fair value through profit or loss	x	x	x	x
Total liabilities	**x**	**x**	**x**	**x**

Necessary disclosures about the nature and level of risks arising from financial instruments

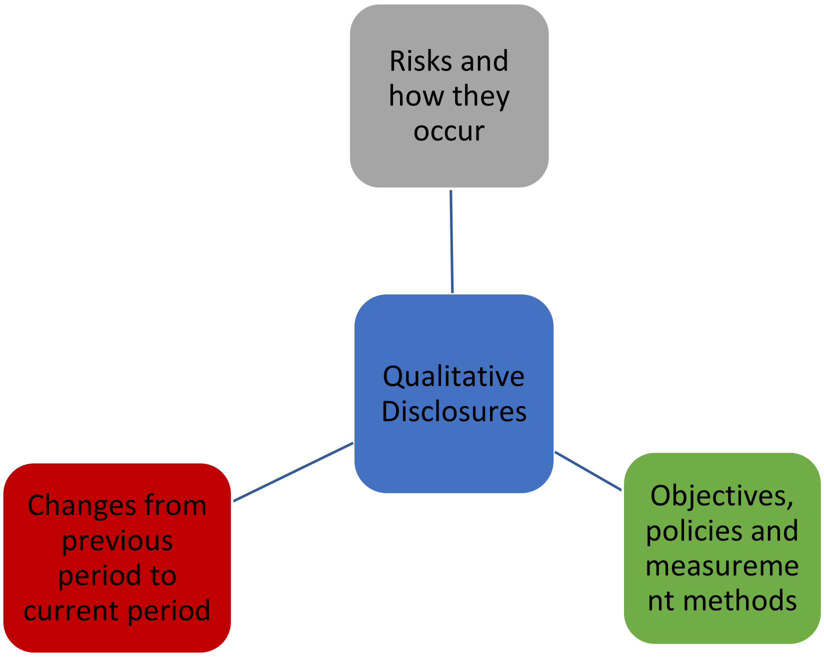
The entity should disclose the nature and level of risks arising from financial instruments to users of its financial statements. These risks generally include credit risk, liquidity risk and market risk. The entity is required to disclose risks, both quantitatively and qualitatively.

Qualitative disclosures that the entity should make regarding financial instruments are (IFRS 7, Par. 33):

- Risks and how they occur
- Objectives, policies, processes and measurement methods for the management of risks
- Changes in the items listed above from the previous period to the current period.

Disclosures related to qualitative disclosures are presented in figure 21.

Figure 21. Disclosures Related to Qualitative Disclosures

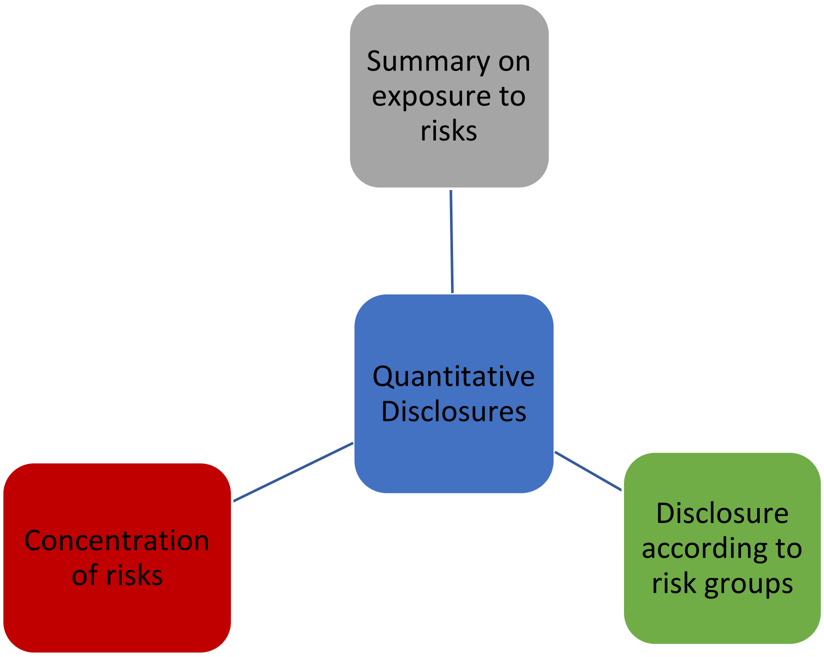


Regarding the risks arising from financial instruments, the entity should make quantitative disclosures. These disclosures are (IFRS 7, Par. 34):

- Summary quantitative data on exposure to risks
- If disclosure is not made according to the first line, disclosures according to risk groups (credit risk, liquidity risk, market risk, etc.)
- If the disclosures made according to the first and second lines are not clear, the disclosures according to the concentration of risks.

Disclosures related to quantitative disclosures are presented in figure 22.

Figure 22. Disclosures Related to Quantitative Disclosures

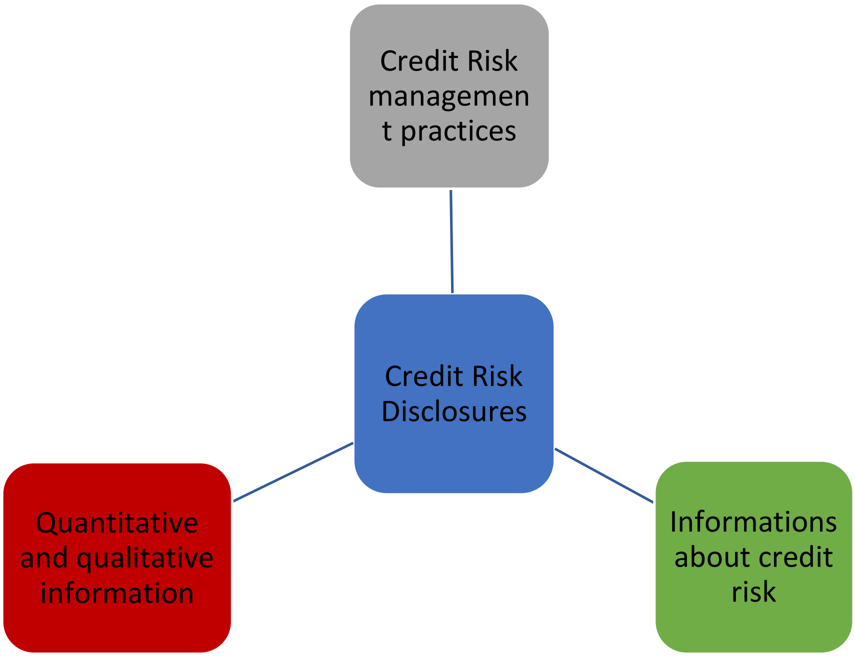


The effect of credit risk on amount, timing and uncertainty of future cash flows should be disclosed to users of financial statements. The credit risk disclosures to be made must include the following (IFRS 7, Par. 35B):

- The entity's credit risk management practices (including the method, assumptions and information used to measure credit losses). How these practices relate to the recognition and measurement of expected credit losses.
- Quantitative and qualitative information to enable assessment of the amounts resulting from expected credit losses (including changes in the amount of expected credit losses and their causes).
- Information about the entity's exposure to credit risks (including significant concentrations of credit risk).

Disclosures related to credit risk are presented in figure 23.

Figure 23. Disclosures Related to Credit Risk



The entity should disclose the following information regarding its credit risk management practices (IFRS 7, Par. 35F):

- The entity shall disclose how it has determined whether credit risk has increased significantly after initial recognition. When explaining them, it shall specify the following points:
    - How the evaluation is made if low credit risk is determined in financial instruments and
    - How the presumption of a significant increase in credit risk is rebutted even though the financial asset is past due 30 days.
- Definition of default of the entity,
- If the expected credit loss is measured on a collective basis, how the financial instruments are grouped,
- How the entity identifies credit impaired financial assets.
- Entity's write-off policy (including the reasons why there is no expectation of recovery and and information about the policy for financial assets that are written off but are still subject to enforcement activity),
- How the contractual cash flows of financial assets are restructured, including:
    - How the entity determines whether the credit risk of a restructured financial asset measured at the lifetime expected credit loss is adjusted to be measured at an amount equal to the 12-month expected credit loss and
    - How the entity monitors the extent to which the loss allowance for financial assets meeting the above condition is subsequently remeasured over lifetime expected credit losses.

Disclosures related to credit risk management practices are presented in figure 24.

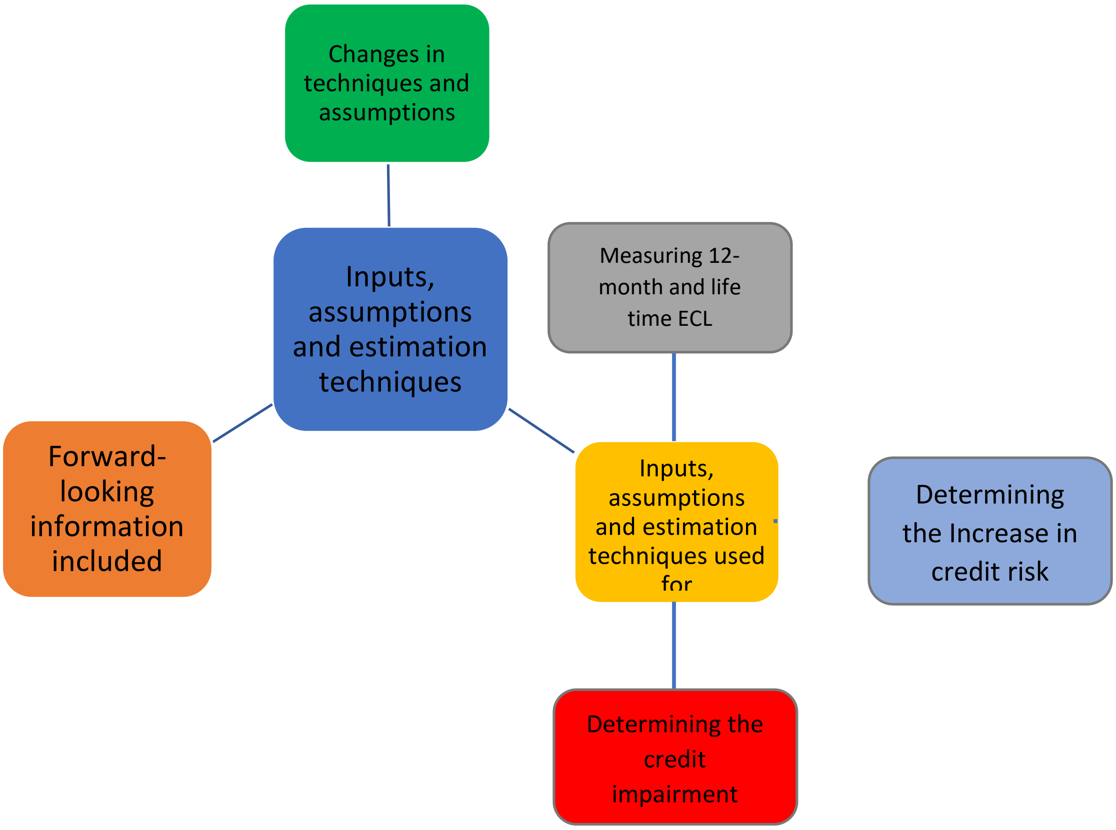
Figure 24. Disclosures Related to Credit Risk Management Practices

An entity shall disclose the inputs, assumptions and estimation techniques of the model it uses to meet IFRS 9's impairment requirements. The necessary explanations are as follows (IFRS 7, 35G):

- Inputs, assumptions and estimation techniques used for:
  - Measuring 12-month and lifetime expected credit losses,
  - Determining whether the credit risk on financial instruments has increased significantly since initial recognition,
  - Determining whether a financial asset is a credit-impaired financial asset.
- How forward-looking information is included in the measurement of expected credit loss (including macroeconomic information),
- Changes to estimation techniques and key assumptions and the reasons for these changes.

Disclosures related to inputs, assumptions and estimation techniques are presented in figure 25.

Figure 25. Disclosures Related to Inputs, Assumptions and Estimations

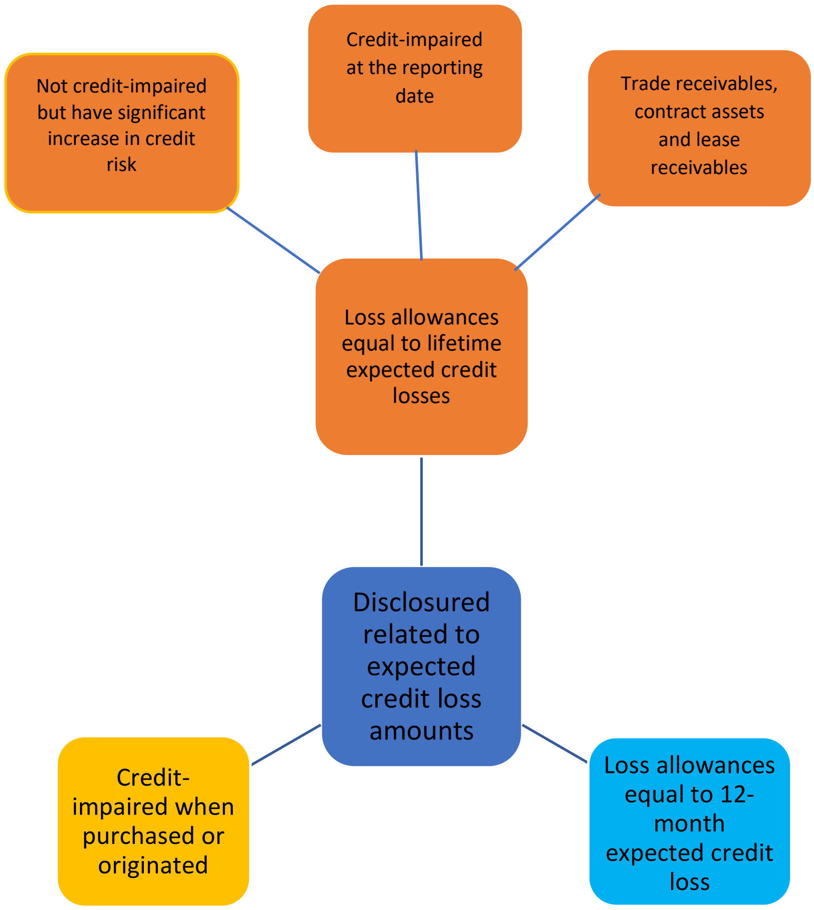


The entity is required to make qualitative and quantitative disclosures about the amounts resulting from expected credit losses. For these purposes, the entity must present a reconciliation of the opening and closing balances of the loss allowances by class of financial instruments. The table to be prepared should present the following changes (IFRS 7, Par. 35H):

- Measured loss allowances equal to 12-month expected loss allowances,
- Measured loss allowances equal to lifetime expected credit losses for:
  - Financial instruments that have experienced a significant increase in credit risk after initial recognition but that are not credit-impaired financial assets.
  - Financial assets that were not credit-impaired when purchased or created but were credit-impaired on the reporting date and
  - Trade receivables, contract assets and lease receivables, the loss allowance of which are measured under IFRS 9.
- Financial assets that are credit-impaired when purchased or originated.

Disclosures related to expected credit risk loss amounts are presented in figure 26.

Figure 26. Disclosures Related to Expected Credit Loss Amounts

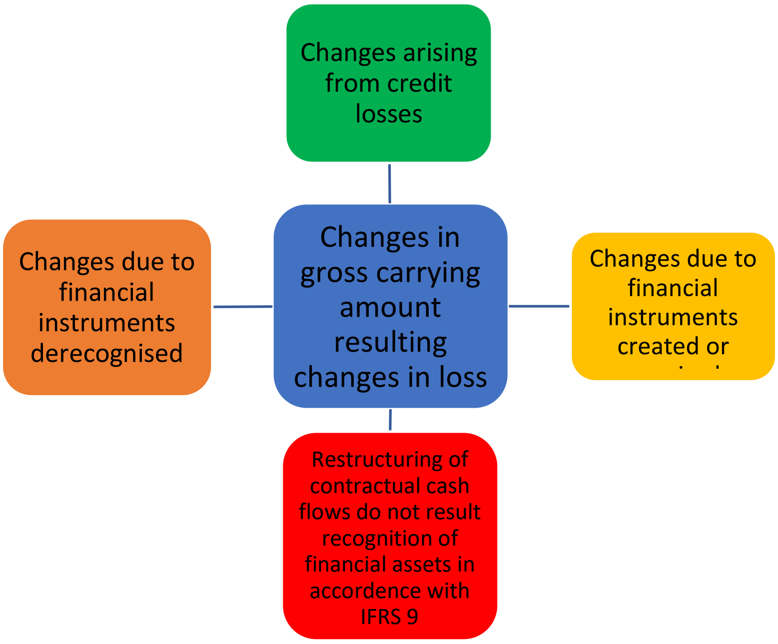


In order to understand the changes in loss allowance, the entity should disclose the extent to which significant changes in the gross carrying amount of financial instruments during the period resulted in a change in the loss allowance. The information shall be provided separately for financial instruments that represent the loss allowance and include relevant qualitative and quantitative information. Examples of these include (IFRS 7, 35I):

- Changes due to financial instruments created or acquired during the reporting period,
- Restructuring of contractual cash flows that do not result in derecognition of financial assets in accordance with IFRS 9,
- Changes due to financial instruments (including write-offs) derecognised during the reporting period; and
- Changes arising from whether allowances for losses are measured at 12-month expected credit losses or lifetime expected credit losses.

Disclosures related to changes in gross carrying amount resulting in changes in loss allowances are presented in figure 27.

Figure 27. Disclosures Related to Changes in Gross Carrying Amount Resulting in Changes in Loss Allowance

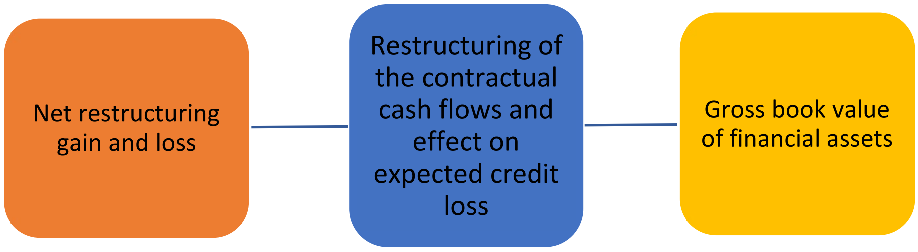


The entity should disclose the nature and impact of the restructuring of the contractual cash flows (which do not require derecognition of the financial asset) and the effect of that restructuring on the measurement of expected credit losses. For these purposes, the following explanations are made:

- Net restructuring gain and loss (financial assets measured at amortized cost and lifetime expected loss provision before restructuring)
- Gross book value of financial assets at the end of the reporting period (financial assets measured with 12-month expected loss allowance instead of lifetime expected loss allowance as a result of restructuring)

Disclosures related to restructuring of contractual cash flows and effect on expected credit loss are presented in figure 28.

Figure 28. Disclosures Related to Restructuring of Contractual Cash Flows and Effect on Expected Credit Loss

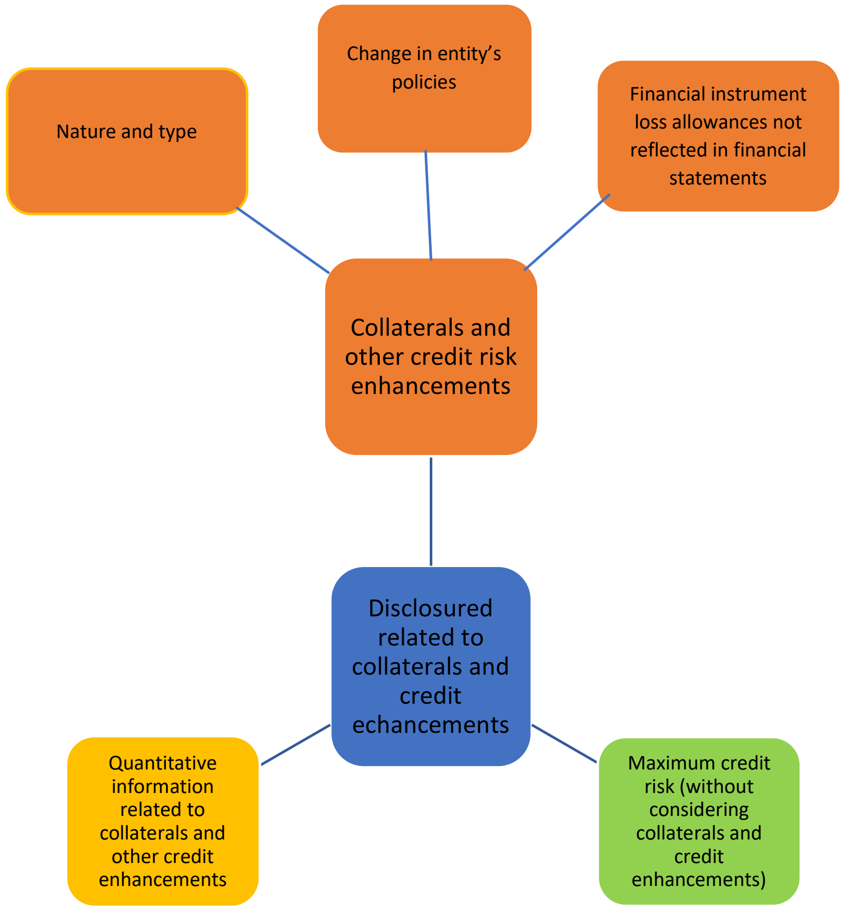


The entity should disclose the effect of increases in collateral and credit enhancements on expected credit loss by financial instrument groups. The information to be disclosed is as follows (IFRS 7, Par. 35K):

- Maximum credit risk at the end of the reporting period, without taking into account collaterals and other credit enhancement instruments.
- Collaterals and other credit enhancement instruments and the following explanations:
    - Nature and type of collaterals,
    - Changes in the entity's collateral policies,
    - Financial instruments that are not reflected in the financial statements as a loss allowance due to the presence of the collateral.
- Quantitative information related to the collateral held and other credit enhancements for financial assets that are credit impaired.

Disclosures related to collaterals and credit enhancements are presented in figure 29.

Figure 29. Disclosures Related to Collaterals and Credit Enhancements



An entity shall provide information to users of its financial statements about its exposure to credit risk and its concentrations of credit risk. For this purpose, the entity shall disclose the gross book values of financial assets and credit commitments and credit risk (with credit rating) in financial guarantee contracts. This information is presented separately for the financial instruments listed below (IFRS 7, Par. 35 M):

- For which loss allowances are measured at an amount equal to 12-month expected credit losses.
- Loss allowances are measured by an amount equal to lifetime expected credit losses and
    - Financial instruments that are exposed to significant credit risk but not impaired after initial recognition,
    - Financial assets that are credit impaired at the reporting date and
    - Trade receivables, contract assets and lease receivables whose credit loss as measured by IFRS 9.
- Financial assets that are credit-impaired when purchased or originated.

Disclosures related to exposure to credit risk concentration are presented in figure 30.

Figure 30. Disclosures Related to Exposure to Credit Risk Concentration

For example, below are the aging analysis of a bank for overdue receivables and information related to expected credit losses for loans:

	Current Period (CU)	Prior Period (CU)
1-30 days overdue	x	x
31-60 days overdue	x	x
61-90 days overdue	x	x
91-180 days overdue	x	x
Total	**x**	**x**

	Stage 1 (12 Month Expected Credit Losses) (CU)	Stage 2 (Lifetime expected credit losses) (CU)	Stage 3 (Lifetime expected credit losses-default) (CU)	Total (CU)
Beginning of the period (January 1, 202X)	**x**	**x**	**X**	**x**
Additions	x	x	X	x
Disposals	(x)	(x)	(x)	(x)
Non-Performing loan sales	(x)	(x)	(x)	(x)
Write offs	(x)	(x)	(x)	(x)
Transfer to stage 1	x	x	(x)	x
Transfer to stage 2	(x)	x	x	x
Transfer to stage 3	x	(x)	x	x
End of the period	**x**	**x**	**x**	**x**
Beginning of the period (January 1, 202X-1)	**x**	**x**	**x**	**x**
Additions	x	x	x	x
Disposals	(x)	(x)	(x)	(x)
Non-Performing loan sales	(x)	(x)	(x)	(x)
Write offs	(x)	(x)	(x)	(x)
Transfer to stage 1	x	x	(x)	(x)
Transfer to stage 2	x	(x)	x	x
Transfer to stage 3	x	x	x	(x)
End of the period	**x**	**x**	**x**	**x**

Below is the overall information that a bank should provide regarding credit risk mitigation techniques.

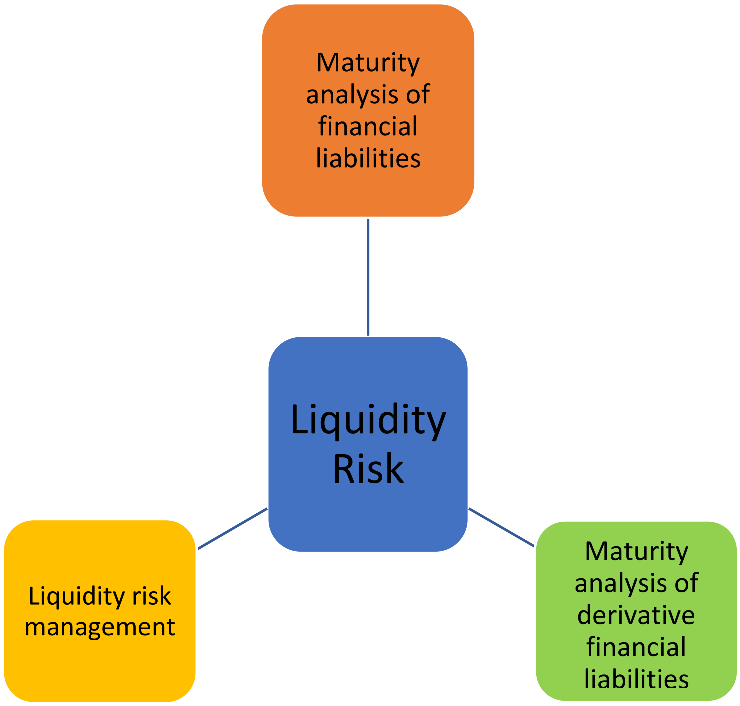
Current Period	**Exposures unsecured: carrying amount as per IAS (CU)**	**Exposures secured by collateral (CU)**	**Collateralized amount of exposures secured by collateral (CU)**	**Exposures secured by financial guarantees (CU)**	**Collateralized amount of exposures secured by financial guarantees (CU)**	**Exposures secured by credit derivatives (CU)**	**Collateralized amount of exposures secured by credit derivatives (CU)**
Loans	x	x	x	x	x	x	x
Debt securities	x	x	x	x	x	x	x
TOTAL	**x**	**x**	**x**	**x**	**x**	**x**	**x**
Of which defaulted	x	x	x	x	x	x	x
Prior Period	**Exposures unsecured: carrying amount as per IAS (CU)**	**Exposures secured by collateral (CU)**	**Collateralized amount of exposures secured by collateral (CU)**	**Exposures secured by financial guarantees (CU)**	**Collateralized amount of exposures secured by financial guarantees (CU)**	**Exposures secured by credit derivatives (CU)**	**Collateralized amount of exposures secured by credit derivatives (CU)**
Loans	x	x	x	x	x	x	x
Debt securities	x	x	x	x	x	x	x
TOTAL	**x**	**x**	**x**	**x**	**x**	**x**	**x**
Of which defaulted	x	x	x	x	x	x	x

The entity shall disclose the liquidity risk associated with the financial instruments it holds. These disclosures shall include the following information (IFRS 7, Par. 39):

- Maturity analysis of non-derivative financial liabilities and
- Maturity analysis of derivative financial liabilities,
- Liquidity risk management method of derivative and non-derivative financial liabilities.

Disclosures related to liquidity risk are presented in figure 31.

Figure 31. Disclosures Related to Liquidity Risk



The remaining maturities of financial liabilities presented by a bank regarding liquidity risk in its disclosures are presented below.

Current Period	**Demand and up to 1 month (CU)**	**1-3 months (CU)**	**3-12 months (CU)**	**1-5 years (CU)**	**Above 5 years (CU)**	**Total (CU)**
Liabilities	x	x	x	x	x	x
Deposits	x	x	x	x	x	x
Borrowings	x	x	x	x	x	x
Financial liabilities fair value through profit and loss	x	x	x	x	x	x
Funds from money market	x	x	x	x	x	x
Subordinated loans	x	x	x	x	x	x
Marketable securities issued	x	x	x	x	x	x
Total	**x**	**x**	**x**	**x**	**x**	**x**
Prior Period	**Demand and up**	**1-3 months**	**3-12 months**	**1-5 years**	**Above 5 years**	**Total**

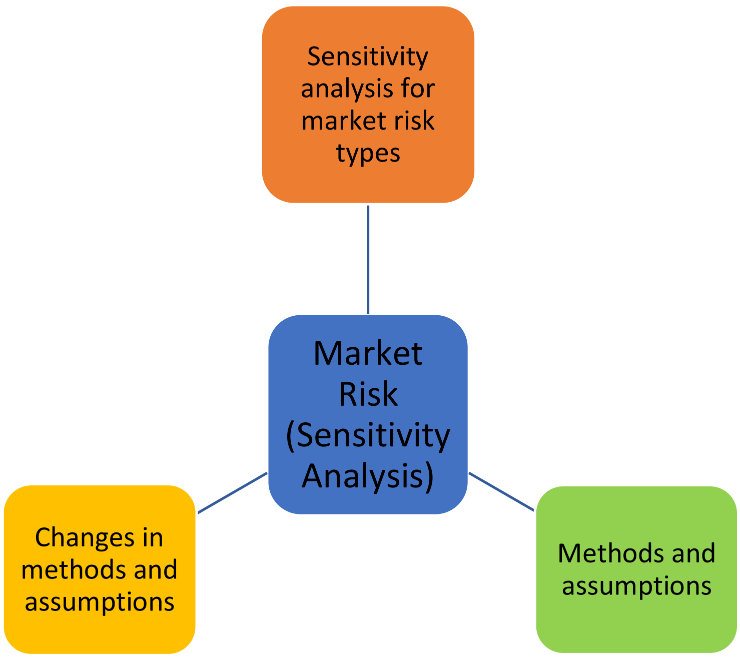
	to 1 month (CU)	(CU)	(CU)	(CU)	(CU)	(CU)
Liabilities	x	x	x	x	x	x
Deposits	x	x	x	x	x	x
Borrowings	x	x	x	x	x	x
Financial liabilities fair value through profit and loss	x	x	x	x	x	x
Funds from money market	x	x	x	x	x	x
Subordinated loans	x	x	x	x	x	x
Marketable securities issued	x	x	x	x	x	x
Total	**x**	**x**	**x**	**x**	**x**	**x**

Another type of risk that an entity must disclose to users of financial statements is market risk. Disclosures related to the market risk are sensitivity analysis and other market risk disclosures. The entity shall disclose the following information regarding the sensitivity analysis (IFRS 7, Par. 40):

- Sensitivity analysis for each type of market risk exposure at the end of the reporting period (These disclosures shall show the impact of risk changes on profit or loss and equity),
- Methods and assumptions used in sensitivity analysis and
- Changes in methods and assumptions and reasons for such changes.

Disclosures related to market risk (sensitivity analysis) are presented in figure 32.

Figure 32. Disclosures Related to Market Risk (Sensitivity Analysis)

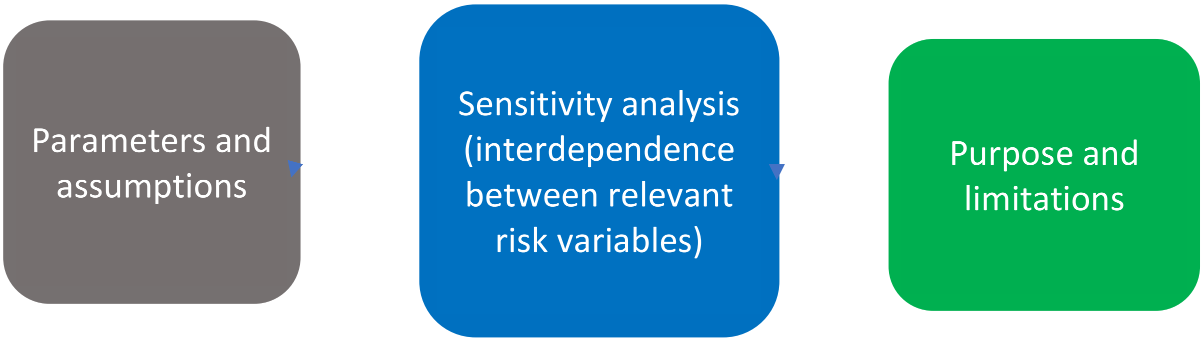


If the entity has established a sensitivity analysis that reflects the interdependence of relevant risk variables (such as interest rates and foreign exchange rates) and uses this analysis in the management of financial risks, it may use this analysis in place of the sensitivity analysis mentioned earlier. In such a case, the company shall also make the following disclosures (IFRS 7, Par. 41):

- The parameters and assumptions on which the data obtained by the method used in preparing the sensitivity analysis in question are based and
- The purpose of the method used and the limitations that may prevent the method from reflecting the fair value of assets and liabilities.

Disclosures related to sensitivity analysis are presented in figure 33.

Figure 33. Disclosures Related to Sensitivity Analysis



Below is the currency risk sensitivity analysis presented by a bank in its disclosures. The table below represents the sensitivity of the bank to 15% change of currency exchange rates (USD and EUR). 15% change is the assumption of parity change that may be faced in a possible fluctuation used in the bank's stress test scenarios.

	Current Period	Prior Period
Change in currency exchange rates	Profit/loss effect	Profit/loss effect
(+) 15%	**x**	**x**
(-) 15%	**(x)**	**(x)**