

EFRAG Short Discussion Series
THE STATEMENT OF CASH FLOWS
ISSUES FOR FINANCIAL INSTITUTIONS



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EFRAG, while encouraging debate on the issues presented in the paper, does not express any opinion on those matters at this stage.

Copies of the Discussion Paper are available from the EFRAG website. A limited number of copies of the Discussion Paper will also be made available in printed form, and can be obtained from EFRAG.

We welcome views on any of the points addressed in the paper. Specific questions are given in the section 'Questions to constituents'. Such comments should be sent by email to:

commentletters@efrag.org or by post to:

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*so as to arrive no later than **31 March 2016**. All comments received will be placed on public record, unless confidentiality is requested.*

Our Proactive Work in Europe

It is important to set the project within the broader context of EFRAG's proactive work. EFRAG aims to influence future standard-setting developments by engaging with European constituents and providing timely and effective input to early phases of the IASB's work. This proactive work is carried out in partnership with National Standard Setters in Europe to ensure resources are used efficiently and to promote stronger coordination at the European level. Four strategic aims underpin proactive work:

- Engaging with European constituents to ensure we understand their issues and how financial reporting affects them;
- Influencing the development of global financial reporting standards;
- Providing thought leadership in developing the principles and practices that underpin financial reporting; and
- Promoting solutions that improve the quality of information, are practical, and enhance transparency and accountability.

More detailed information about our proactive work and current projects is available on the EFRAG website.

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THE ISSUE WE CONSIDER IN THIS DISCUSSION PAPER

- ES1 The *Conceptual Framework* states that existing and potential investors need information to help them assess an entity's prospects for future net cash inflows. While it is acknowledged that accrual accounting best depicts past and present performance, it is important for users to understand how an entity obtains and spends cash. Therefore, the statement of cash flows has been for a long time one of the primary statements.
- ES2 IAS 7 *Statement of Cash Flows* applies to all entities reporting under IFRS. However, there have been claims that its relevance for financial institutions, such as commercial banks and insurance companies, is limited, due to the particular nature of their business activities.

THE ALTERNATIVES WE EXPLORE IN THIS DISCUSSION PAPER

- ES3 Chapter 1 illustrates the general requirements in IAS 7 and the intended benefits of the statement of cash flows. Chapter 2 illustrates the requirements that more specifically apply to financial institutions and investigates the arguments in favour and against the relevance of the statement in its current form for banks and insurance companies.
- ES4 Chapter 3 assesses how the nature of the business activities of some entities may affect the statement of cash flows, identifies a defined population of entities and for these entities discusses two alternatives:
- (a) To replace the statement of cash flows with other disclosures – paragraphs 3.14 to 3.37; or
 - b) To modify some of the requirements in IAS 7 – paragraphs 3.38 to 3.47.

Questions to constituents



EFRAG invites comments on all matters in this Discussion Paper (the 'DP'), particularly in relation to the questions set out below. Comments are more helpful if they:

- a) Address the question, as stated;
- b) Indicate the specific paragraph reference to which the comments relate; and/or
- c) Describe any alternative approaches EFRAG should consider.

All comments should be received by **31 March 2016**.

Question 1 - Usefulness of the statement of cash flows

The DP discusses the claim that, for some entities, the statement of cash flows in its current format has limited relevance. Do you think the claim is legitimate? If so, do you think that paragraph 3.12 appropriately identifies these entities?

Question 2 - Possible alternatives

Chapter 3 discuss two alternatives: replacing the statement of cash flows for the identified entities with other requirements, or retain it with targeted improvements. Do you support any of these two proposals? If not, do you have other suggestions?

Question 3 - Replacing the statement of cash flows

Assuming the statement is replaced by the identified entities, do you support the introduction of the new disclosures discussed in paragraphs 3.14 to 3.37? If not, what other requirements would you suggest to replace the statement of cash flows with?

Question 4 - Targeted improvements

Assuming that the statement is retained for the identified entities, do you support the targeted improvements in paragraphs 3.38 to 3.47?

Question 5 - Separate financial statements

The DP discusses general issues with the statement of cash flows for the identified entities. Do you think that there are other issues specific to their separate financial statements? If so, what are they?

Chapter 1: IAS 7 - summary of requirements and intended benefits



- 1.1 The IASB is currently bringing forward its *Disclosure Initiative* project to improve and bring together the principles for determining the basic structure and content of financial statements. The *Disclosure Initiative* includes different work streams, one of which will address performance reporting. In this context, the IASB intends to review the general requirements of IAS 7 *Statement of Cash Flows* and identify possible improvements.
- 1.2 The staff of the UK Financial Reporting Council (FRC) is working with the IASB *Disclosure Initiative* team, analysing general issues relating to cash flow statements and related disclosures. The FRC has presented at different meetings (IASB, ASAF and IFASS, among others) a paper¹ with a preliminary analysis of its review.

GENERAL REQUIREMENTS

- 1.3 The statement of cash flows is one of the primary statements in financial reporting, along with the statement of comprehensive income, the balance sheet and the statement of changes in equity. It presents the generation and use of 'cash and cash equivalents' by category (operating, investing and finance) over a specific period of time.
- 1.4 Operating activities are the entity's revenue-producing activities. Investing activities are the acquisition and disposal of long-term assets, including business combinations, and investments that are not cash equivalents. Financing activities are changes in equity and borrowings.
- 1.5 Essentially, IAS 7 requires an entity to:
 - a) Reconcile the change over the period of cash and cash equivalents - the item that is reconciled;
 - b) Report the change over the period between operating, investing and financing activities - the categories of the reconciliation;
 - c) When an entity uses the indirect method - which occurs frequently - reconcile a measure of performance to the cash flows from operating activities.
- 1.6 IAS 7 neither identifies a different objective for financial institutions, nor exempts these entities from presenting it. However, paragraph 3 states that entities, regardless of the nature of their activities and irrespective of whether cash can be viewed as a product of an entity, as may be the case with a financial institution, need cash to conduct their operations, pay their obligations and provide returns to their investors.

¹ The paper discussed at the 2014 IASB meeting is available at <http://www.ifrs.org/Meetings/MeetingDocs/IASB/2014/December/AP11B-Disclosure-Initiative.pdf>

FUNCTIONS OF THE STATEMENT OF CASH FLOWS

- 1.7 The following paragraphs illustrate what are the intended benefits of the statement of cash flows according to IAS 7 for entities in general. The Standard notes that users are interested in how the entity generates and uses cash and cash equivalents. Paragraph 4 states that a statement of cash flows, in conjunction with the rest of the financial statements, provides information that enables users to evaluate the changes in net assets of an entity, its financial structure (including liquidity and solvency) and its ability to affect the amounts and timing of cash flows.



Liquidity and solvency

- 1.8 The notion of liquidity risk is also mentioned in IFRS 7 Financial Instruments: Disclosures where it is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.
- 1.9 The Basel Committee defines liquidity as the *ability of a bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses*.
- 1.10 Based on the definitions above, liquidity appears to be a notion that concerns an entity's future ability to meet its obligations. The liquidity position of an entity is linked to the assets and liabilities existing at the reporting date, as well as its fixed commitments. A statement of cash flows over the period ended at a reporting date cannot therefore provide sufficient information, in isolation, on the liquidity position and exposure to liquidity risk.
- 1.11 However, a statement of cash flows may provide indirect information on this, by highlighting the changes in the liquidity and the reasons for these changes. This, in turn, can provide insight about how the entity's business model is conducive to generating cash.



Changes in net assets

- 1.12 Another benefit is to provide some information on how certain assets and liabilities have changed over the reporting period. However, the statement does not provide comprehensive information in a direct way because changes may be also caused by changes in the structure of the reporting entity or non-cash movements such as:
- Fair value changes;
 - Foreign exchange rate changes;
 - Commencement of a lease.
- 1.13 Some IFRS require entities to provide a reconciliation table for classes of non-financial assets (tangible and intangible assets, biological assets, investment properties) and defined benefit plans.
- 1.14 The IASB is currently proposing to amend IAS 7 and introduce a disclosure that requires a reconciliation of balances for items whose flows would be classified in the financing section.



Ability to affect amount and timing of cash flows

- 1.15 Entities have different cash conversion cycles, and for some entities it may take a long time to convert activity or revenue into cash. This is the case for instance of entities that operate on long construction contracts. The statement of cash flows can provide some insights into the entity's ability to convert revenue into cash.
- 1.16 A significant divergence between the timing of recognition of revenue and the collection of cash may point to:
- A business model that is characterised by an extended cash conversion cycle. These entities have a limited capacity to finance their own growth with the cash from their operation, so they are dependent on finding external sources of financing; and
 - A deterioration of the entity's ability to collect its receivables and an increase in the collectability risk the entity is exposed to.



1.17 Therefore, it would seem that the information in the statement is used as follows:

- a) To understand how an entity is making money from its operations – a measure of performance from operational activity;
- b) To present financial strength from investment activity;
- c) To understand how the entity obtains sources of financing – funding from financial activity; and
- d) To understand if the entity is likely to generate sufficient cash to settle its liabilities as they become due – assess liquidity.

1.18 In the following chapters, the DP assesses if the statement of cash flows is an effective tool to fulfil these benefits for financial institutions. As discussed more in detail below, financial institutions are a special case in the sense that they do not convert non-financial inputs into cash, but they rather manage the maturity transformation between their assets and liabilities (i.e., timing mismatch of their assets and liabilities).

Chapter 2: The statement of cash flows for financial institutions



REQUIREMENTS IN IAS 7 SPECIFICALLY RELEVANT TO FINANCIAL INSTITUTIONS

- 2.1 The following requirements in IAS 7 are more specifically relevant to banks and insurance companies:
- a) Cash receipts from commissions are indicated among operating items;
 - b) Cash receipts and payments of an insurance entity for premiums and claims, annuities and other policy benefits are indicated among operating items;
 - c) Cash advances and loans made by financial institutions, and cash flows from the purchase and sale of trading financial instruments are indicated as operating items;
 - d) Cash receipts and payments for derivatives that are not held for trading are indicated as financing items;
 - e) Cash proceeds from issuing bonds and notes are indicated as financing items; and
 - f) Interest paid, and interest and dividends received, are usually classified as operating cash flows for a financing institution. This is not a requirement for other entities.
- 2.2 IAS 7 requires, as a general rule, that payments and receipts are reported on a gross basis, because gross cash flows give users more detailed information about the effects of the activities on a business. However, the Standard allows these to be netted in a number of instances. All of them are especially relevant for financial institutions.
- 2.3 The reporting of gross cash flows for operating activities does not apply when the indirect method is used, as commonly done by financial institutions.
- 2.4 Some of these exceptions are aimed at eliminating the impact of those movements in cash that do not affect the financial position of an entity - because they derive from the management of cash on behalf of third parties. This is the case, for instance, when an entity runs a payment system for a third party.
- 2.5 In other cases, netting is intended to lessen the burden of tracking down the impact of transactions with a quick turnover, short maturity and with movements over the period that are much larger than opening and closing balances.



- 2.6 The number of submissions about IAS 7 to the IFRS Interpretations Committee has been fairly limited over the years. The submissions that could be relevant for financial institutions are illustrated in Appendix 2. Based on the above, we are not aware that there are widespread IAS 7 application issues for banks. One study² published in the US considered a sample of fifteen of the largest, independent and publicly-traded U.S. commercial banks and concluded that banks were generally consistent in their cash flow classification practices, although they found some classification differences. For example, while most firms report purchases and sales of federal funds in *financing and investing*, at least one bank reported these transactions in *operating*.
- 2.7 The study, however, noted that banks can perform transactions that have no explicit current cash flow effect, but significantly impact operating cash flows reported in future periods. For instance, business combinations originate cash outflows presented as investing (or even no cash outflows, when the acquisition is paid in shares) but the financial assets of the acquiree generate operating cash flows; likewise, the purchase of some financial assets can be presented as investing outflows, but if these investments are transferred to a different category, their ultimate sale or redemption is presented as an operating cash flow. The study concluded that this may lead to questioning the relevance of the reported operating cash flows.

³ Cash flow reporting of Financial Companies: a look at Commercial Banks, Mulford, C. and Comiskey E. (2009).

VIEWS ON THE USEFULNESS OF THE STATEMENT FOR FINANCIAL INSTITUTIONS



The rationale from standard setters

- 2.8 IAS 7 does not include a Basis for Conclusions. However, FAS 95 *Statement of Cash Flows* includes a discussion about why the FASB decided not to exempt financial institutions from the application of the Standard - which is noteworthy because the decision was quite close with a 4-3 vote, with consequences that still apply 30 years later. It is reasonable to assume that similar arguments were considered by the IASB.
- 2.9 The Basis for Conclusions notes that many financial institutions, particularly commercial banks, that responded to the ED published in 1986, had asserted that a statement of cash flows would be meaningless. Many of the arguments were similar to the ones that were raised during the discussion on the IASB's *Financial Statement Presentation* projects that are presented below in paragraph 2.18 and onwards. The FASB decided not to scope out financial institutions.
- 2.10 The FASB noted that, while a bank is unique in the sense that cash can be viewed as its product, a bank needs cash for essentially the same reasons a manufacturer does, and has to generate positive (or at least neutral) cash flows from its total activities over the long run.
- 2.11 The FASB noted that a bank's net cash flow from operating activities may differ significantly from its net income, because of non-cash revenue and expense items, such as interest accruals, depreciation, amortisation of goodwill, provision for probable credit losses, and deferred income taxes. While the cash flows of a bank may be larger, the turnover faster, and the reliance on borrowed funds greater than for a non-financial enterprise, the FASB decided that the substance of a bank's cash flows is similar to that of a non-financial enterprise.
- 2.12 The FASB also considered the argument that the solvency of a bank depends more on maintaining an adequate spread between the cost of funds and interest received than on adequate cash flows. The FASB noted that the maintenance of an adequate gross margin is essential to the viability of all enterprises.
- 2.13 Finally, the FASB agreed that other information is more useful in assessing a bank's liquidity and financial flexibility, but rejected the argument for substitution, noting that the statement was not supposed to provide all information necessary for the assessment.



Criticism from the industry

2.14 A revision to IAS 7 requirements was discussed in the context of the IASB Discussion Paper *Preliminary Views on Financial Statements Presentation* published in October 2008. The main proposals relating to the statement of cash flows were to:

- a) Maintain the requirement to disaggregate cash flows into operating, investing and financing;
- b) Present cash flows in a manner consistent with the classification of the related asset, liability or equity in the statement of financial position and the related item of income expense in the statement of comprehensive income (the cohesiveness principle);
- c) Maintain the requirement to present a reconciliation between the profit or loss from operating activities and the cash flow from operating activities;
- d) Present cash flows using the direct method; and
- e) Present cash flows on a gross basis, with some exceptions similar to those currently in IAS 7.

2.15 It is important to note that the IASB also required entities to disclose analyses of changes between the opening and closing balances of those asset or liability line items (or group of line items) that management regards as important for understanding the current period change in the entity's financial position; and to separate in the reconciliation the changes due to cash inflows and outflows from changes due to non-cash transactions. This would have introduced a new requirement for financial institutions to present a reconciliation of the main classes of financial assets and liabilities.

2.16 The debate at the time was focused on the method of presentation rather than on whether it should be required from all IFRS preparers. Academic studies were looking at the value relevance of the different presentations; while there was evidence that the direct method was chosen by very few preparers, some of the studies supported the IASB's proposal to require a direct method - although these studies were not targeting financial institutions specifically.

2.17 Financial institutions in particular objected to the proposals and laid out a number of arguments against the proposals, but also more generally about the requirement to present a statement of cash flows. The following comments are taken from comment letters of banks and insurers.

Banks do not use the statement of cash flows as a managing tool

2.18 *It should be noted that, internally, the management of a bank does not view the statement of cash flows as an indicator or tool to assess the bank's liquidity risks and analyse the bank's ability to generate cash and create value for shareholders; and therefore, it is questionable how much information external users derive from them.*

The statement is not relevant to assess liquidity risk

2.19 *When it comes to a bank, however, the cash flow statements do not provide a particularly useful means of assessing its economic future. Future cash flows cannot be forecast only on the basis of accounting information, as they result from the assets and liabilities that compose a balance sheet as of a specific date, but also from the future production of loans and its appropriate funding.... the cash flow statement provides historical information but gives little idea of banks' liquidity risk exposure.*

The statement does not provide information on the value-creating process

2.20 *The business of banks is a business of intermediation. Their performance is often based on their ability to manage the transformation of short term deposits into longer term credits... Cash flow statement gives information on the type of past transactions that provide or use cash. It therefore presents a restrictive view of the processes that create value in banks since the proportion of transactions settled by cash or via current account of customers is arbitrary between periods.*

The disaggregation between operating, investing and financing is not meaningful

2.21 *A distinction between investing, financing, and operating activities is not meaningful for financial entities...due to the nature of financial institution operations, where assets and liabilities are largely fungible and the interrelationships of the balance sheet items significant, we do not believe that the presentation of information according to categories and sections will enhance the financial statements.*

The direct method does not provide relevant information

2.22 *In our view, presenting a direct method statement for a bank is not meaningful and not useful to users as it does not provide information regarding the change in net assets of a bank, its financial structure (including its liquidity and solvency) or its ability to affect the amounts and timing of cash flows in order to adapt to changing circumstances and opportunities...one of the main reasons is because, for a bank there are numerous cash transactions on a daily basis that are not under the control the bank but are controlled by customers of the bank who decide on the amounts and timing of payments and receipts.....In our view, it is difficult to understand what information users will obtain from this mass of data.*



- 2.23 Similar messages were given in the discussion with the EFRAG Insurance Accounting Working Group (IAWG) and Financial Instruments Working Group (FIWG) in November 2014. Some EFRAG IAWG members believed that the cash flow statement was not very useful, because:
- a) The split between investing, financing and operating is not useful;
 - b) There is not such a link between the entity's valuation and the cash flows, because the discounted cash flows methodology is only one of the possible valuation techniques; and
 - c) Analysts ask for the 'recurring' cash flows that the companies generate; this information cannot be deduced from the statement of cash flows.
- 2.24 Providing information on the free surplus could be a useful development. However, some noted that analysts are interested not only in the free surplus emerging but also on how it is utilised - how much is available to pay dividends, how much is used to meet central costs and how much is invested in new businesses.
- 2.25 EFRAG FIWG members generally also agreed with the limited usefulness of the statement. Some of them did not consider it important for a bank to show a reconciliation between a measure of performance and cash flows, because for banks the performance is not the main driver for the change in cash. Also, cash and cash equivalents is not a relevant indicator of liquidity. Prudential regulations ask for more complete information on liquidity.



Views from users

- 2.26 In the feedback on the Financial Statement Project, many users of financial institutions noted that they do not currently use the statement prepared under the indirect method that is the preferred method for most banks and insurers.
- 2.27 Analysts pointed out that the categorisation in subtotals of operating, financing and investing was not particularly meaningful for financial institutions. Also, their focus was more on the changes of specific items in the balance sheet rather than the sources and uses of the cash on the balance sheet.

2.28 Users noted that they would be interested in obtaining a range of information that they do not currently get. In particular, these users mentioned:

- a) Cash interest paid and received (that under IAS 7 would be presented under the direct method only);
- b) Cash from loan originations and cash collection from repayment of principal (that under IAS 7 could be presented on a net basis).

2.29 This would not mean that these users would require a full direct method or to eliminate all netting opportunities within the Standard, as the comments referred to specific items. In general, views were split about the merits of a direct and indirect method, with U.S. users seemingly more in favour of the former and European users of the latter.

2.30 EFRAG User Panel members noted that information about regulatory capital and liquidity was more relevant. They thought it would be relevant to portray how capital has changed over the period and how much is available to the equity holders. It is organic capital generation that drives the dividend yield.



Academic studies

2.31 Academic studies have mostly focused on comparing the direct and indirect method; while there was evidence that the direct method was chosen by very few preparers, some of the studies supported the proposal of the IASB to require a direct method. These studies were not addressing finance institutions in particular.

2.32 Very few studies are available on the topic of the DP. One study looked at the informativeness of the statement for U.S. commercial banks in relation to two principal potential uses of banks' statement of cash flows, namely valuation and distress prediction; and concluded that there was little support for the predictive ability of the information³. Another study claimed that the information is important to assess the financial health of banks, but called for perceived deficiencies to be addressed, such as lack of detail and key flows netted off⁴.

³ *The informativeness of US Banks' statement of cash flows*, Gao Z., Li W. and O'Hanlon J. (2015).

⁴ *Bank cash flows – A source of new insight?* Klumpes P., Reibel A. and Welch P. (2009).



IASB's follow-up on the comments from constituents

- 2.33 Following the analysis of the comments, in January 2010, the IASB staff presented a paper to discuss the remarks from financial institutions. The staff noted that the objections went beyond the application of the direct method and were more concerned, in general, with how cash flow information was presented in the statement.
- 2.34 The IASB staff noted that the cash available to the banks and its investors may not be affected by certain payments and receipts; while it may be affected by transactions that do not involve cash movements. For instance:
- a) A payment of a mortgage with funds already in deposit at the bank does not change the cash position of the bank, as it only decreases both the receivable from and the liability to the client;
 - b) Fees received by banks from their customers are deducted from a balance on the customer's deposit with the bank or, in case of loan origination, are added to the balance of a loan.
- 2.35 The IASB staff noted that the relevance would be increased if banks had to present inflows and outflows by reflecting the substance of the transactions - i.e., as if they were settled by external funds. However, the IASB staff noted that this may imply significant costs, as the entities would have to track down manually the 'character' of the cash on hand, that is whether the cash had transferred from the entity's availability to the client's availability and vice versa.
- 2.36 Following further discussion, in February 2010, the IASB tentatively decided that financial institutions should be required to prepare a statement under the direct method like other entities, and that entities that had funds held on deposit from their customers should report cash flows between entity and depository accounts. The Financial Statement Presentation project was later suspended.



THE IMPACT OF THE BUSINESS MODEL

- 3.1 Generally, the appropriate classification of items between the different categories is affected by the entity's business model. Paragraph 11 of IAS 7 indicates that an entity should present its cash flows in a manner which is most appropriate to its business. For example, the acquisition and sale of equipment to be used by the entity or leased out generally is included in investing activities. However, equipment may be acquired or produced to be used by the entity for a short period and then sold. In those circumstances, the acquisition or production and subsequent sale of those assets would be considered operating activities.
- 3.2 An essential feature of the commercial or industrial entity's business model is how it converts non-cash inputs into cash. Users look at this to assess the entity's ability to settle its obligations and fund its organic growth, or generate funds that can be distributed to equity holders as a return on their investment.
- 3.3 For many industrial companies, the ability to grow their business is linked to 'hard' (equipment) or 'soft' (training of personnel) investments that need to be employed to generate performance. From a conceptual perspective, these entities go through a cycle of raising funding/ purchasing input/ employing input in their operation/ collecting cash from customers. The statement of cash flows is useful to assess how effective the entity has been in managing the funds obtained, and how effective it is in converting its performance into cash.
- 3.4 This cash conversion feature is different for financial institutions. For a bank, the main attribute is its ability to manage the transformation of deposits into longer term credits to customers. A financial institution does not use the funds obtained to purchase input that are subsequently used to generate 'outputs'. For banks, cash flows are largely disconnected from value-creating transactions, since these transactions are normally settled through the accounts of customers.
- 3.5 Also, many argue that for a bank the distinction between operating, financing and investing is not very meaningful. For a bank, it may be argued that purchasing and either holding or selling investments is part of its principal revenue-producing activities. Similarly, raising funds from issuing equity or borrowings is not dissimilar to receiving deposits from customers. In a way, it could be argued that very few assets and liabilities in a bank are not part of its operating activities.
- 3.6 Another implication of this is that the notion of 'operating capacity' is difficult to apply to a financial institution. Paragraph 50 of IAS 7 encourages entities to disclose separately the aggregate amount of cash flows that represent increases in the operating capacity from those that are required to maintain operating capacity; and there have been suggestions that the latter should be classified within operating activities. This discussion does not seem to be relevant for a financial institution.



- 3.7 Finally, financial institutions can access markets to trade most of their assets with sufficient ease. Alternatively, they can use many of their assets as collateral to refinance themselves with central banks. The length of the period needed to convert these assets is much shorter than for industrial companies, so the distinction between ‘cash and cash equivalents’ and the other assets of the entity is less meaningful.
- 3.8 Paragraph 7 of IAS 7 states that cash equivalents are held for the purpose of meeting short-term cash commitments, rather than for investment purposes. It states that for an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash, and therefore it qualifies as such only when it has a short maturity from the date of acquisition. Since a bank is an institution that routinely transacts on financial markets, the residual value at maturity has probably less impact on a bank’s ability to readily convert the instrument into cash.
- 3.9 This view could be confirmed by the fact that, when the industry and the regulators decided to establish rules to ensure an effective management of liquidity, they used other characteristics to identify high quality liquid assets (‘HQLA’) on the basis of other characteristics, such as low duration, ease and certainty of valuation, low volatility and size of the market. As a result there is only a partial correspondence between HQLA and ‘cash and cash equivalents’ under IFRS.



What entities are we looking at?

- 3.10 In the next section of the paper, we will investigate possible changes to the current requirements in IAS 7. However, the first step is to define the population of entities that could be affected by the changes. The paper so far has referred to financial institutions, but normally standards are set for all entities reporting under IFRS, although some requirements are mostly or almost exclusively relevant only to some preparers. For instance, IFRS 6 *Exploration for and Evaluation of Mineral Resources* refers to exploration and evaluation expenditures and IFRS 14 *Regulatory Deferral Accounts* to rate-regulated activities; this shows that the IASB usually defines the scope of requirements by reference to the nature of the activity, transaction or item, and not of the entity undertaking it.
- 3.11 Part of the reason is that there is not a generally accepted taxonomy of industries, and even for regulated industries there may be different definitions in different legislations, so this could lead to divergence in application. Another reason is the existence of conglomerates that include different types of entities - having exemptions or different requirements would create application problems. Would the group apply different requirements for different entities? Or would the group as a whole follow the requirements applicable to its main entity? The former approach results in additional complexity and disclosure of information that would not be reconciled to the consolidated primary statements - imagine for instance a car producer that excludes its own captive leasing entity; the latter requires a definition of the ‘main entity’ with the risk of creating bright lines.

3.12 Following the IASB approach, the entities that may be interested by the proposals in the next section could be defined as those entities that engage in deposit-taking and/or in underwriting life-insurance. We think that this criterion could in most cases be of practical application, although on occasions it will involve a degree of judgment.

Possible alternatives

3.13 Once the population of entities in play is identified, the next step is to decide if the statement of cash flows is the most appropriate way to provide relevant information on those entities. As discussed above, some are not persuaded that this is the case. In paragraphs 3.14 to 3.37 below, we assume a fundamental change under which the statement is replaced by some (or all) requirements for other information. Others, including the IASB, believe that it is fully relevant because generating cash from operations is a relevant objective for all entities. In paragraphs 3.38 to 3.47, it is assumed that the statement is retained and possible amendments to improve it are discussed.

Information on liquidity

3.14 A bank that has adequate capital levels may run into liquidity problems if it does not hold sufficient assets that can be converted into cash when needed. On the other hand, adequate capital contributes to the trustworthiness of a bank, which makes access to refinancing easier and helps avoid liquidity issues.

3.15 There are concerns that the requirements in IAS 7 may not be sufficiently granular; for instance, paragraph 17 indicates as an example of financing cash flow ‘cash proceeds from issuing debentures, loans, notes, bonds, mortgages and other short-term and long-term borrowings’. While the Standard does not prevent further disaggregation, the minimum content is high-level.

3.16 If the objective is to provide useful information on liquidity, some enhanced disclosures have been already developed outside IFRS. For instance, the Basel Committee has introduced two new requirements and their related disclosure: the Liquidity Coverage Ratio (‘LCR’) and the Net Stable Funding Ratio (‘NSFR’) on the basis of a common template. In addition, it has noted that there is no single metric that can comprehensively quantify liquidity risk. These disclosures could be used as a starting point to develop alternative requirements in IFRS.

3.17 The following paragraphs illustrate three sets of disclosures inspired by the metrics used or recommended for regulatory purposes. These disclosures present the following enhanced characteristics:

a) The balance sheet is only a snapshot at the reporting date and the cash flows illustrate the changes over the past period. Information such as maturity tables are future-oriented;



- b) This information incorporates the effect of stress scenarios and illustrates how resilient the entity can be, in case of disruption in the markets; and
- c) The statement does not provide, in isolation, information on the entity's strategy in managing liquidity risk.

Information on highly liquid assets

3.18 The notion of cash and cash equivalents as defined by IAS 7 may not correspond to what commercial banks use to manage their liquidity. They rather focus on highly liquid assets (i.e. the liquidity reserve) for which the IAS 7 requirement for a short maturity and insignificant risk of changes in value may not be decisive. For example, long-term government securities available as a collateral for refinancing transactions with a central bank would be considered as a liquidity reserve by most banks.

3.19 A ratio such as the LCR⁵ provides information on the stock of assets held by an entity that can be used to meet its liquidity needs for a given period of time. A similar synthetic ratio could be supplemented by information on the breakdown and changes in the stock of highly liquid assets. The information on changes could be presented as a full reconciliation - although this may present some of the same issues discussed above for the statement of cash flows - or through qualitative explanations.

3.20 To prevent abuse, the liquidity reserve could be restricted only to financial assets. If an entity used its own definition of liquidity reserve (for example, due to different views on what it considers as highly liquid assets) it should explain these differences, as opposed to the regulatory definition, unless the entity was not subject to regulation.

Information on maturities

3.21 Paragraph B11E of IFRS 7 requires an entity to disclose a maturity analysis of financial assets it holds for managing liquidity risk (for example, financial assets that can be readily sold or expected to generate cash inflows to meet cash outflows on financial liabilities), if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk. Disclosing the maturity of liabilities would also allow the assessment of maturity mismatches.

3.22 A ratio such as the NSFR provides information on the sustainable maturity structure of assets and liabilities⁶. A similar synthetic ratio could be supplemented by a breakdown of contractual and/or expected maturities of financial assets and liabilities, prepared according to maturity buckets with sufficient sensitivity. Many banks already provide such information on a voluntary basis. An example is attached in Appendix 5.

⁵ The LCR is calculated as the ratio between the value of the stock of liquid assets and the total net cash outflows. It aims to ensure that a bank maintains an adequate level of high-quality liquid assets that can be converted into cash to meet its liquidity needs for a 30 calendar day-time horizon under a significantly severe liquidity stress scenario specified by supervisors.

⁶ The NSFR is defined as the amount of available, stable funding relative to the amount of required stable funding. The available stable funding is the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The stable funding required is a function of the liquidity characteristics and residual maturities of the various assets held by that institution, including its off-balance sheet exposures.

Information on encumbered assets

- 3.23 Disclosures of encumbered and unencumbered assets by main category provide additional insight into the liquidity position. IFRS 7, paragraph 14(a) already requires disclosure of the carrying amount of financial assets pledged as collateral for liabilities or contingent liabilities. Similar information is required in other Standards for non-financial assets, such as inventories, tangible and intangible assets and investment property.
- 3.24 Banks may access the liquidity by pledging their assets as collateral in transactions such as refinancing with the central bank, repo-transactions or issuing covered bonds - i.e. bonds collateralised by specific assets such as mortgages. Assets which are potentially available for such refinancing transactions are referred to as unencumbered. Unencumbered assets are a broader category and some of them, for example, loans usable for covered bonds, are not an immediate source of liquidity. However, they may be made available to help solve structural liquidity issues. The proposed encumbered assets disclosure would show a broader perspective, because it would also cover collateral received (coming from reverse repo-transactions) which is available for further encumbrance or has been encumbered.

Information on changes in assets and liabilities

- 3.25 As mentioned above, one of the intended benefits of IAS 7 is to provide information on the changes in assets and liabilities over a period. However, the statement of cash flows achieves it only partially and there are no requirements to provide reconciliation for material classes of financial assets and liabilities.
- 3.26 Since banks manage assets and liabilities in a coordinated way, looking into changes of individual classes of assets and liabilities may not provide a comprehensive picture. The question then is whether banks should provide a statement of changes of some other aggregation of assets rather than cash and cash equivalents. For instance, one alternative could be to present a reconciliation, or a qualitative explanation of changes, of highly liquid assets as discussed above in 3.19.
- 3.27 Another suitable alternative might be a reconciliation of flows to capital. Capital creates trust in the business of financial institutions. Banks with abundant capital normally have easy access to refinancing which may overcome potential structural liquidity issues of their loan and deposit business. It may mitigate the issues even from a longer-term perspective. Capital is a key indicator for solvency of banks. Reconciliation of the capital and information on flows would provide useful insights into the amount, structure and sources of growth in capital. Some information on capital is already provided according to IAS 1 *Presentation of Financial Statements*, paragraph 135.
- 3.28 Financial institutions may create internal buffers and target a higher level of capital than the regulatory one. Furthermore, the amount of capital at a specific time may exceed the long-term targeted level. As a result, the reconciliation of the capital should also identify the portion of the regulatory, targeted and excess capital.



- 3.29 Furthermore, information on flows to capital might be useful from the perspective of providing inputs for the valuation of financial institutions. A common way to value entities is the free cash flows to equity model. It identifies cash flows generated by the entity which are distributable to the owners. Earnings may serve as a suitable substitute for the cash flows. However, due to regulatory capital requirements, a part of the earnings always has to be retained to sustain entities' future organic growth. Flows to capital disclosures should be prepared in a way that assists the provision of information that identifies distributable earnings.
- 3.30 To fulfil the objective of providing useful information on flows to capital, a disclosure template has already been developed outside IFRS. For instance, the Enhanced Disclosure Task Force has suggested a template for a flow statement for regulatory capital (see Appendix 4 to this paper).
- 3.31 For insurers, some entities indicate that free surplus gives a better indication of the generation of cash in excess of that needed to support liabilities and required capital.

Specific aspects relevant to insurance companies

- 3.32 The discussion above may apply to all financial institutions, but there are differences between the business model of banks and insurance companies. For both, an important objective is to match the maturity of assets and liabilities, but insurance companies do not hold funds on behalf of the clients and cannot create credit for their clients.
- 3.33 The business model of insurance entities is liability-driven. Insurance companies collect cash upfront from their customers and their ability to grow their business is not strictly related to finding additional sources of funds from external lenders or equity holders.
- 3.34 Most insurance businesses have a life cycle that is longer than one year. In an insurance company, the cash profile of an individual contract in a given period would only record an inflow, but no outflow. For example, entering into a 50-year life insurance contract means that the insurer will collect the premiums over the contract term, but payments might arise only after 50 years. As a consequence, the change in cash and cash equivalents over a one-year period may provide little indication of the ability of the entity to generate cash from its operations.
- 3.35 Insurance companies can accumulate a surplus in a number of ways. Examples include interest and dividends earned on investments, lower claims pay-outs than anticipated, and so on. A large surplus is often a sign that an insurance company is profitable and in good financial health. Some insurance companies will use a surplus to reward shareholders or policyholders in the form of dividends or bonuses. It could even elect to lower premiums as a way to attract and retain policyholders.

3.36 Some analysts would also prefer to see a split of the cash flows between policyholders and shareholders in order to predict future shareholders' cash flows. In their current re-deliberations on the insurance contracts II project, the IASB is considering how changes in the entity's share of return (in the cases of contracts with participating features) should be reported so as to provide transparent information to the user. A split on how changes in estimates in future asset returns impact policyholder and shareholder cash flows would be a way of providing the user of the financial statements with transparent information on an entity's expected future profit.

3.37 At this stage, it may be premature to suggest changes for insurers since it is still unclear what disclosures will be required for insurance contracts.

Narrower amendments

3.38 The discussion above may apply to all financial institutions, but there are differences between the business model of banks and insurance companies. For both, an important objective is to match the maturity of assets and liabilities, but insurance companies do not hold funds on behalf of the clients and cannot create credit for their clients.

3.39 The suggestions above imply either the removal of IAS 7 or a fundamental change to it for a certain class of entities. However, there are narrower amendments that could be discussed to improve the statement of cash flows for these entities.

Removing the categories

3.40 A common claim is that for financial institutions, most flows belong to the operating activities - items that clearly belong to other categories, such as purchases of property, plant and equipment or intangible assets are usually not significant compared to the total.

3.41 While it is true that the classification follows the way the business is managed, in the case of the entities defined in paragraph 3.12, the requirement to separate investing and financing flows from operating does not have a significant impact. If anything, different judgments may impair comparability. It could be argued that, if the classification was removed, there would not be a significant loss of information.

Reporting separately tax cash flows

3.42 Paragraph 35 of IAS 7 requires that cash flows arising from taxes on income are disclosed separately and presented within operating activities, unless they can be specifically identified with financing or investing activities. This default classification may be justified by the fact that taxable income - the basis to determine the tax cash flows - is a net result of the entity's total operations.



- 3.43 In its paper on *Issues Relating to Cash Flow Statements and Related Disclosure*, the FRC draws on the IASB's staff draft of the Financial Statements Presentation project to suggest that all cash flows related to income should be presented in a separate tax section. This could also apply to financial institutions - management has a limited ability to impact the amount and timing of these types of cash flows.
- 3.44 For this same reason, we consider that this separate classification could be extended more generally to all taxes levied on the entity. In recent years, many European governments have introduced levies over banks, for instance in the context of Deposit Guarantee Schemes. The amount and timing of these levies may change over time, in a way that has little or no correlation to the level of operation of the entity; a separate classification would eliminate an element of noise from the operating cash flows.

Requiring some flows on a gross basis

- 3.45 It is debatable if users lose relevant information because of the option to present these flows on a net basis. As reported above, users have noted that more information on a gross basis could be useful in relation to some items. For instance, gross information on cash payments for loans made to other parties, and cash receipts for repayment of loans would allow users to understand the rate of growth of the loan business of the entity.
- 3.46 This information could be provided as a part of the statement or, alternatively, in the notes to the financial statements by explaining the changes in the balance over the period. This was partially addressed by the consequential amendments to IFRS 7 introduced by IFRS 9 *Financial Instruments* in relation to qualitative and quantitative information about amounts arising from expected credit losses.
- 3.47 New paragraph 35I of IFRS 7 requires entities to explain how significant changes in the gross carrying amounts of financial instruments during the period, contributed to changes in the loss allowance, including, for instance, changes because of financial instruments originated or acquired during the reporting period. Paragraph IG20B provides an example including this information in the form of a reconciliation of the gross carrying amount.

Appendix 1 - History of the statement of cash flows in accounting standards



- 1 In 1961 the American Institute of Certified Public Accountants (AICPA) recognised the importance of the funds statement by publishing Accounting Research Study No.2 *Cash Flow Analysis and the Funds Statement*. The FASB's predecessor, the Accounting Principles Board (APB), responded in 1963 by issuing APB Opinion No.3 *The Statement of Source and Application of Funds* and later Opinion No.19 *Reporting Changes in Financial Position* in 1971. Opinion No.19 permitted, but did not require, enterprises to report cash flow information in the statement of changes in financial position.
- 2 Later, the International Accounting Standards Committee, (the 'IASC', IASB's predecessor) published the Exposure Draft E7 *Statement of Source and Application of Funds* in June 1976. In October 1977, the IASC published the standard *Statement of Changes in Financial Position*. It was commonly referred to as the 'Funds Flow Statement' (FFS), with the term funds referring to 'cash, to cash and equivalents, or to working capital'.
- 3 In the FFS, funds from operation were normally shown separately and items which did not relate to the ordinary activities of an enterprise were referred to as 'unusual items'. Entities were not required to classify the changes among operating, investing and financing, but needed to show separately changes other than the funds provided from, or used in, the operations. Examples of transactions that had to be separately presented included issues of shares, proceeds from sale and outlays from the purchase of long-term assets, and issues and repayments of long-term debt.
- 4 In the FFS, two different forms of presentations were allowed. A method commonly used was to show the net income (or loss) and to make adjustments for those revenues or expenses that did not involve a movement of funds in the current period (for example, depreciation). An alternative method was to begin with revenues that provided funds during the period and deduct the costs and expenses that involved a movement of funds. The resulting amount was described as funds from operations.
- 5 In 1986, the FASB issued the Exposure Draft *Statement of Cash Flows* that led to the publication in 1987 of FAS 95: *Statement of Cash Flows* that superseded APB Opinion No. 19. It required a statement of cash flows as part of a full set of financial statements for all business enterprises in place of a statement of changes in financial position. It also required classifying cash receipts and payments according to whether they stem from operating, investing, or financing activities.
- 6 The Basis for Conclusions of FAS 95 explains that the FASB observed a trend in practice toward statements of changes in financial position that focused on cash flows. It also states that an overwhelming majority of respondents to the ED and to the Discussion Memorandum agreed with that focus. Many made negative comments on the usefulness of working capital as a concept of funds, generally questioning its relevance since positive working capital does not necessarily indicate liquidity, nor does negative working capital necessarily indicate illiquidity.
- 7 A few years later, in 1991, the IASC published the Exposure Draft E36 *Cash Flow Statements* which appeared to be based on FAS 95. It proposed to replace the statement of funds with a statement of cash flows. IAS 7 was issued in 1992.

Appendix 2 - Application issues



- 1 The present appendix illustrates the main submissions about application of IAS 7 to the IFRS Interpretations Committee.
- 2 One submission concerned the gross or net presentation of indirect taxes, such as VAT, that an entity collects from customers on behalf of government authorities and that are not part of the entity's revenue. Another submission concerned the notion of 'cash equivalents' and whether specific financial instruments meet the definition, in particular, units of money market funds and redeemable fixed-term deposits. The Interpretations Committee did not add the submissions to its agenda.
- 3 Similarly, the extracts from the ESMA database of enforcement decisions report a limited number of issues around IAS 7, and none specific to a financial institution.
- 4 However, there a number of issues that may cause problems. For instance, interest on bank deposits are normally settled by crediting the customers' account and therefore modify the balance of deposits from customers. Under the direct method, it is not clear if they should be presented as interest paid and then offset by the change in the operating liabilities; or considered as a non-cash movement. This is mitigated by the fact that the use of the direct method in Europe is infrequent.
- 5 Also, while dividends and interests are presented in the same section of cash flows, regardless of the nature of the investment, the flows for the purchase or sale can be classified as operating or investing depending on whether the investments are part of the trading position, or either a held-to maturity, available-for-sale security, or equity-accounted. This raises issues when assets are moved between the banking and trading books.
- 6 The distinction between interest and principal may result in different presentation of cash flows that appear to be quite similar in nature. Consider two instruments:
 - a) A bond with a nominal amount of 100CU and a 5-year term with a 5% interest coupon;
 - b) A zero-coupon bond with a face value of 105CU and a 5-year term issued at 82.2CU.
- 7 At redemption, the issuer presents 5CU outflows in operating activities and 100CU in financing for the first instrument, and 22.8CU and 82.2CU for the second. In both cases, the issuer in the final year is paying a cash flow that represents a repayment of a financial obligation. The distinction between interest and principal is relevant in depicting the performance of the entity and the return paid on the original amount, and certainly plays a role in other contexts, including legal protection or tax implications. However, given the objectives the statement is expected to meet, it seems less relevant for classification.



- 8 In some cases, regulators or local authorities have stepped in to provide guidance - for instance, the Italian Central Bank issues instructions for the preparation of the financial statements of banks, and specifies that, under a direct method, 'interest paid' and 'interest received' also include interest debited or credited on the customers' accounts; and that dividends are classified within operating activities, except for dividends from equity-accounted investments that are classified within financing activities.

Appendix 3 - Interaction between IAS 7 and other IFRS



- 1 When the IASB issued IFRS 7, it noted that the techniques used to measure and manage exposure to risks arising from financial instruments have evolved, and that users need information about an entity's exposure to risks and how these risks are managed.
- 2 In the development of IFRS 7, the IASB discussed if the scope of the Standard should be limited to financial institutions, or if entities that undertake specific activities - deposit taking, lending or activities in securities - face unique risks that would require a Standard specific to them. However, the IASB decided that it could not satisfactorily define those activities, and in particular it could not differentiate between entities with securities' activities and entities that hold portfolios of financial assets for investment and liquidity management purposes.
- 3 While there is no strict equivalence between 'entities that are exposed to risks arising from financial instruments' and 'financial entities', it is clear that these two notions overlap substantially and that disclosure objectives of IFRS 7 will be generally both more relevant for financial institutions than for non-financial institutions and more relevant for financial institutions than disclosure requirements in other Standards.
- 4 IFRS 7 includes extended disclosure requirements for liquidity risk, which mostly focus on the maturity analysis of its financial liabilities that are required to be settled in cash and the way it manages its exposure. The latter can be achieved by providing information on the maturity analysis of the financial assets held for managing liquidity risk, or the additional sources of financing that are available to the entity.
- 5 In relation to explaining the changes in assets and liabilities, a number of Standards require a reconciliation of the opening and closing balances of items, including tangible and intangible assets, investment property, biological assets, defined benefit plans and provisions.
- 6 The reconciliations complement the information about changes in the balances that is missing from the statement of cash flows; for assets it is usually required to disclose separately purchases, acquisitions in business combinations and other non-cash movements (such as net exchange differences, revaluations or impairment and reclassification to assets held for sale). However, the reconciliation does not fully replace the information from the statement of cash flows in relation to changes of balances, because entities are not required to separately indicate the cash movements.
- 7 There is no reconciliation requirement for financial assets and liabilities in IFRS. In the context of the Leases project, the 2013 Exposure Draft proposed to require entities to provide a reconciliation of the opening and closing lease liabilities. Ultimately, the IASB eliminated the requirement mostly on cost-benefit concerns.

Appendix 4 - Example of a flow statement for regulatory capital



| | Year X | Year X-1 |
|-----------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Core tier 1 (CET1) capital | | |
| Opening amount | 1,000 | 931 |
| New capital issues | 20 | 10 |
| Redeemed capital | (10) | (15) |
| Gross dividends (deduction) | (21) | (16) |
| Shares issued in lieu of dividends (add back) | 1 | 1 |
| Profit for the year (attributable to shareholders of the parent company) | 100 | 80 |
| Removal of own credit spread (net of tax) | (40) | (14) |
| Movements in other comprehensive income | 30 | 20 |
| - Currency translation differences | 10 | 10 |
| - Available-for-sale investments | 10 | 4 |
| - Other | 10 | 6 |
| Goodwill and other intangible assets (deduction, net of related tax liability) | (5) | (5) |
| Other, including regulatory adjustments and transitional arrangements | 25 | 8 |
| - Deferred tax assets that rely on future profitability (excluding those arising from temporary differences) | 10 | 2 |
| - Prudential valuation adjustments | 10 | 4 |
| - Other | 5 | 2 |
| Closing amount | 1,100 | 1,000 |
| Other 'non-core' tier 1 (additional tier 1) capital | | |
| Opening amount | 295 | 300 |
| New non-core tier 1 (Additional tier 1) eligible capital issues | 5 | 30 |
| Redeemed capital | (15) | (35) |
| Other, including regulatory adjustments and transitional arrangements | - | - |
| Closing amount | 285 | 295 |
| Total tier 1 capital | 1,385 | 1,295 |
| Tier 2 capital | | |
| Opening amount | 500 | 440 |
| New tier 2 eligible capital issues | 100 | 120 |
| Redeemed capital | (20) | (15) |
| Amortisation adjustments | (15) | (35) |
| Other, including regulatory adjustments and transitional arrangements | (15) | (10) |
| Closing amount | 550 | 500 |
| Total regulatory capital | 1,935 | 1,795 |

Appendix 5 - Example of a maturity table of assets, liabilities and off-balance sheet commitments



| | Up to 1 month | 1-6 months | 6-12 months | 1-2 years | 2-5 years | Over 5 years | Unspecified maturity | Total |
|-----------------------------------------------------------------------------------------|---------------|------------|-------------|-----------|-----------|--------------|----------------------|-------|
| Cash and balances with central banks | | | | | | | | |
| Interest-bearing securities eligible as collateral with central banks | | | | | | | | |
| Bonds and other interest-bearing securities | | | | | | | | |
| Loans to credit institutions | | | | | | | | |
| of which reverse repos | | | | | | | | |
| Loans to the public | | | | | | | | |
| of which reverse repos | | | | | | | | |
| Other | | | | | | | | |
| of which shares and participating interests | | | | | | | | |
| of which claims on investment banking settlements | | | | | | | | |
| Total assets | | | | | | | | |
| Due to credit institutions | | | | | | | | |
| of which repos | | | | | | | | |
| of which central banks | | | | | | | | |
| Deposits and borrowing from the public | | | | | | | | |
| of which repos | | | | | | | | |
| Issued securities | | | | | | | | |
| of which covered bonds | | | | | | | | |
| of which certificates and other original maturity of less than one year | | | | | | | | |
| of which senior bonds and other securities with original maturity of more than one year | | | | | | | | |
| Subordinated liabilities | | | | | | | | |
| Other | | | | | | | | |
| of which short positions | | | | | | | | |
| of which investment banking settlement debts | | | | | | | | |
| Total liabilities | | | | | | | | |
| Off-balance-sheet items | | | | | | | | |
| Financial guarantees and unutilised commitments | | | | | | | | |



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