IFRS 9 ECL report

Illustrative Company – June 2021

Trade Receivables
Reference - MA00006
Name/Code - ABC001

mαela
accounting measurement experts

Copyright

The contents of this report are the copyright of maela and the relevant suppliers of any calculation engines and data feeds used in calculating the ECL's. The contents of the report, its proprietary methodology and data may not be re-used by any party or copied or distributed in any form without our written permission.

Disclaimer

This report is for the sole use of the company and its auditor and is for the express purpose of preparation of the company's annual financial statements and the audit thereof.

These Expected Credit Losses were calculated based on IFRS 9 and commonly adopted credit practices and use unverified information supplied to us.

Index

Executive summary

Introduction

maela was engaged to perform IFRS 9 Expected Credit Loss (ECL) calculations for the Trade Receivables for [Entity ref a5722e] for the 12 month financial reporting period to DD Month 20YY. This exercise was solely for the measurement of these values and no IFRS advice regarding classification or otherwise was provided nor did we calculate any other provisions.

These Expected Credit Losses were calculated based on IFRS 9 and commonly adopted credit practices and use unverified information supplied to us.

Summary results

Refer to the Annexure for the detailed results.

The ECL percentages are as follows:

Trade Receivables - External							Division / BU #1	
	Indicative Balance sheet Total at 30 Jun 2021 (EUR)	Measurement approach	Probability of Default or Rating	Loss Given Default	Through the cycle loss before forward adjustment	ECL% (Pre Sovereign adjustment)	ECL% at 30 Jun 2021 (> of ECL% or Sov%)	Indicative ECL amount (EUR)	Indicative Net balance (EUR)
30 Jun 2021									
Net trade receivables	99,999,999								
Accounts with Credit balances	8,765,432								
Gross trade receivables	108,765,431								
Assessed as follows:									
Accounts subject to specific provisions and not ECLs									
XYZ Mining (Brazil)	680,954		100.00%	100.00%	N/A	100.00%	**100.00%**	(680,954)	-
LKJ Healthcare	1,256,096		100.00%	100.00%	N/A	100.00%	**100.00%**	(1,256,096)	-
Inter-company balances									
Company 1	8,888,888	PD and LGD - Moodys RiskCalc	3.61%	34.30%	1.24%	1.98%	**1.98%**	(176,000)	8,712,888
Company 2	7,777,777		6.81%	38.93%	2.65%	4.24%	**4.24%**	(329,778)	7,447,999
Company 3	6,666,666	Moodys RiskCalc	36.18%	40.13%	14.52%	18.15%	**18.15%**	(1,210,000)	5,456,666
Government									
Government of Albania (Dept of Health)	10,407,399	Moody's rating	Bx	35.00%		3.54%	**3.54%**	(368,422)	10,038,977
Selected material exposures									
ABC Retail	21,087,654	Adjusted rating	Bxx1	35.00%	4.32%	7.71%	**7.71%**	(1,625,858)	19,461,796
General book	**51,999,997**						**10.35%**	**(5,381,377)**	**46,618,620**
Not yet due	29,999,999		1.11%	11.11%	0.12%	2.22%	**2.22%**	(666,000)	29,333,999
1-30 days overdue	6,666,666	Empirical historical data with judgemental overlay	2.22%	11.11%	0.25%	3.33%	**3.33%**	(222,000)	6,444,666
31-60 days overdue	2,222,222		5.55%	11.11%	0.62%	11.11%	**11.11%**	(246,889)	1,975,333
61-90 days overdue	1,111,111		6.66%	11.11%	0.74%	22.22%	**22.22%**	(246,889)	864,222
91+ days overdue	11,999,999		8.88%	11.11%	0.99%	33.33%	**33.33%**	(3,999,600)	8,000,399
Rounding difference	-								-
Gross trade receivables	**108,765,431**						**10.14%**	**(11,028,485)**	**97,736,946**
Specific provision	1,937,050						100.00%	(1,937,050)	-
ECL (General) Provision	106,828,381						8.51%	(9,091,435)	97,736,946

Terminology

Technical terms and abbreviations used in IFRS 9 have been use in this report. Their meanings are consistent with those of IFRS 9. The following abbreviations are used:

PD   Probability of Default

LGD   Loss Given Default

TTC   Through-the-cycle

PIT   Point-in-time

ECL   Expected Credit Losses

Ratings refer to credit ratings issued by Moody's Investor Service, S&P Global, and Fitch Ratings. The Moody's ratings scale has been used with ratings from the other agencies mapped to the equivalent on the Moody's scale. All ratings are global, long-term, senior unsecured ratings unless otherwise stated. Where only national scale ratings are available, these have been mapped to an equivalent global rating.

Expert team

Maela's technical leadership team

The 4 members of maela.biz's IFRS 9 technical leadership team have a combined experience of more than 14 years performing IFRS 9 Expected Credit Loss measurements as well as 30 years in credit risk at major financial institutions and Moody's Analytics. The team's skills include credit risk measurement, actuarial risk, quantitative and modelling (at PwC), auditing and provision of audit methodologies and software.

The team have built their methodologies and tools over this time on over 80 major assignments and 1000's of measurements, many for listed companies and subsidiaries of multi-national Fortune 500 companies audited by Big 4 firms. They have worked as sub-contractors for Big 4 and Global Network firms as leads and technical experts on IFRS 9 measurement projects including at a national Reserve Bank.

They have been committee members at National guest speakers and publication contributors on IFRS 9 measurement in Europe and South Africa.

Details of our team members can be viewed on www.maela.biz

Moody's Analytics

https://www.moodysanalytics.com/

maela.biz and i9 Partners use the Moody's Analytics Credit Loss and Impairment Analysis Suite which provides solutions for the most crucial aspects of the impairment calculation process. Their solutions support the different approaches taken by small and large institutions for estimating losses under IFRS 9.

https://www.moodysanalytics.com/solutions-overview/regulatory-accounting/international-financial-reporting-standard-ifrs

We also use Moody's Analytics quantitative research, economic forecasts and scenarios under license.

https://www.moodysanalytics.com/solutions-overview/economic/economic-data

https://www.moodysanalytics.com/quantitative-research

We are supported out of Moody's Analytics San Francisco and London offices and their extensive team of experts.

Methodology for calculating Expected Credit Losses

This section contains a high-level overview of the methods we have used for calculating Expected Credit Losses for each financial asset type. The methodologies and assumptions are described fully in the relevant sections.

The methods for calculating Expected Credit Losses for each financial asset type depends on the underlying assets and their properties. Sometimes several techniques and models may be used within a single asset class. Calculation methods and models may differ from company to company based on the types of assets in each category.

The following methods were used for this measurement:

For individually material trade receivables and inter-company accounts

Ratings or Moody's Analytics RiskCalc SA financial statement PD and LGD models, adjusted for such items as implied group support.

For the remainder of trade receivables

Analysis of empirical evidence of historical defaults and losses with a judgemental overlay which generally includes benchmark data where possible. Measured per risk pool where such information was provided.

Judgmental adjustments are made to model derived calculations on occasion. The rationale behind any such adjustments are documented in this report.

Items for which an ECL cannot be calculated

Where the measurement techniques of history, use of annual financial statements or comparison to a peer group fail, it may not be possible to measure an ECL.

Sovereign risk adjustments

Foreign counterparties, where their country has a lower credit rating than that of the company or are sub-investment grade, are attributed the higher of their ECL and that of their Country.

Conditioning of historical through-the-cycle losses into ECL

Calculated through-the-cycle loss rates are converted into point-in-time (PIT) losses and then into ECL percentages using Moody's Analytics ImpairmentCalc product and their GCorr economic forecasts and scenarios.

https://www.moodysanalytics.com/product-list/credit-loss-impairment-analysis-suite

Introduction to Moody's Analytics tools

We frequently refer in the report to the use of the Moody's Analytics toolsets, models, macro-economic data, forecasts and scenarios. This section provides context and reference for later sections to avoid duplication.

We use the RiskCalc product (including its LossCalc module) to calculate PD's and LGD's based on the input of financial statements of a counterparty. Where reliable financial statements (which may include management accounts) are not available we use alternative techniques to calculate PD's and LGDs. Where a company is rated we may use that rating instead of the RiskCalc PD.

RiskCalc uses a very comprehensive multi-decade historical database of company financial information and default events to calculate PD and LGD.

The output from RiskCalc is a through-the-cycle measure of PD and LGD, which have to be converted to Point-in-time measures (at measurement date) and then conditioned into a forward looking measure, using forward looking indicators and scenarios to arrive at an IFRS 9 compliant Expected Credit Loss (ECL).

We use the ImpairmentCalc product to convert (or condition) through-the-cycle PDs and LGDs as well as ratings into ECLs through the use of forward-looking information. ImpairmentCalc uses the Moody's multi-

factor GCorr credit risk model, validated historic macro-economic data and forecast macro-economic data and scenarios with recommended weightings.

The output of ImpairmentCalc is a term ECL (i.e. 12 months, Lifetime or a specific period in between).

A flowchart outlining how the tools interact is included in "Annexure : Toolsets used to deliver IFRS 9 ECL's"

Conversion of ratings and historic PD and LGD into an ECL

Ratings, measured PD and LGD's are converted from TTC to PIT measures using Moody's Analytics ImpairmentCalc product. ImpairmentCalc then converts (or "conditions") these historic or point-in-time measures into forward looking measures that constitute the ECL. This conditioning utilises their proprietary models, their database of validated historic macroeconomic and default data and forecast scenarios and recommended weightings of scenarios.

Moody's Analytics produces a sets of macroeconomic forecasts for countries or regions that consider the historical accuracy of various forecasters to identify reliable sources. These are incorporated into their GCorr macroeconomic forecast set. Based on research conducted by Moody's Analytics they recommend the use of their Baseline, Stronger Near-Term Rebound (S1) ("Bullish"), and Moderate Recession (S3)("Bearish") forecast sets weighted 40%, 30%, 30% respectively for a forward looking adjustment for the purposes of IFRS 9. They consider both public and private company defaults in this research. The methodology does consider the industry of the asset and includes in the calculations likely volatility of that industry to the average impact of their country's economy.

Sovereign ratings

We have shown sovereign ratings for all countries that are sub-investment grade. Where the trade receivables of, or loan from, a foreign subsidiary are consolidated into group financial statements, the impact of the sovereign risk should be considered and the higher is normally applied. We have added these sovereign ECL's to all the relevant schedules and also shown the higher of the ECL and sovereign ECL.

We have used the ratings of Moody's Investor Services where available. For countries not rated by Moody's, we have used those of S&P Global or Fitch Ratings and mapped them to the equivalent Moody's rating. Where the country is not rated by any of the major international rating agencies, we have estimated the rating based on risk assessments produced by COFACE or the Economist Intelligence Unit.

We have used Moody's Analytics ImpairmentCalc tool to convert ratings into ECL percentages.

Trade receivables

Results and comments

The detailed results are set out in the Annexures.

[Analyst comments are included here for High Assurance service]

Basis of valuation

Trade receivable ECL's were measured under the simplified approach.

Key estimates and assumptions

All the estimates and material assumptions we have made are documented in the various sections of this report.

Methodology

Overall approach

We start with the total trade receivables book and then assess it as follows, where possible:

Total book (per age analysis) (illustrative)	**990,000**
Add: Accounts with credit balances	9,999
Gross exposure	**999,999**
Inter-company balances	111,111
Items subject to specific provision (determined by management)	66,666
Individually material balances (where possible to measure)	222,222
General book (Split into ageing and segments where appropriate)	600,000
Not yet due	
1 – 30 days past due	
31 – 60 days past due	
61 – 90 days past due	
90+ days past due (defaulted)	

Inter-company balances

The measurement of the ECL's on inter-company balances is covered in a separate report.

Inter-company balances should be excluded from the general book as their repayment is often irregular and they carry a different credit risk to that of external customers.

Individually material balances

We recommend that the company identifies all customer accounts that could separately materially impact the ECL or large accounts that can be reliably measured through either ratings or their financial statements.

We recommend using a benchmark of accounts that exceed 10% of the value of the book at the time of performing the measurement or where management expect the balance to be material at year end. Where these accounts cannot be reliably measured separately without undue effort, they should be included together with the general book.

The measurement of ECL's on individual balances is based on a combination of ratings or calculated PD's and LGD's using Moody's Analytics' RiskCalc and then conditioned into ECLs using ImpairmentCalc, unless otherwise stated.

Where such a balance cannot be reliably measured separately, or requires undue cost or effort, it is included in the general book.

Government balances

[Where appropriate]

Balances owing by central and provincial government may be separately assessed and their ECL is generally based on the sovereign credit risk of their country. These ratings are conditioned into ECLs using Moody's Analytics' ImpairmentCalc.

Balances owing by state owned enterprises should not be considered to carry the same risk as their government.

Where these amounts are less than 10% of the total book, or where the receivable is not risk free, they may be included in the general book.

General book

We use the company's internal history to measure the ECL on the general book. Our preference is to use a 60 month history to obtain a through-the-cycle (TTC) measure of PDs and LGD.

We measure a TTC PD for each age bucket of the book and a single average TTC LGD. The methods used to measure the PDs and LGD and the conditioning into the ECL are described in the section below.

General book

Data used

Management provided us with the following information (where relevant):
- monthly, per customer, aged balances [or monthly aggregate aged balances, split between the abovementioned categories]
- aggregate annual write-offs in the debtors' ledger
- aggregate annual post write-off recoveries through either subsequent cash or asset recovery
- amounts that reduce the expected cashflows, including collection and associated legal costs as well as insurance costs

Loss models are sensitive to actual write-offs being identified (and not provisions). In the case of credit losses on trade receivables, it is important that all amounts written-off customer accounts, due either to unwillingness or inability to pay, are identified so that where this happens a reduction in a customer's account balance isn't mistaken as resulting from a payment, which would understate losses.

Management are responsible for the data provided to us, in that it agrees to their accounting records and is complete and accurate. We did not audit or verify any of the data.

Identification of separate risk buckets within the book

Where a book has material categories of customers that are likely to display significantly different credit risk characteristics, they should be considered separately.

Where it is impractical to measure a risk bucket separately, often due having an insufficient number of customers, a judgemental overlay may be applied or it should be included in the general book.

Definition of default

We have used a rebuttable presumption that a default is a credit sale that is uncollected after 90 days ("Default gate") or where we have been provided with a Not-Yet-Due ageing bucket, more than 90 days past due.

Techniques used to calculate empirical default and loss rates

The amount showing in the current age bucket for a customer is tracked throughout its life. This is performed every month and for every customer account. Once the amount ages through the default point it is flagged as

having defaulted. A single account may have more than 1 default. Payments made on an account are allocated first to the oldest amount owing.

A run-off triangle is built to model the ageing characteristic of the book. Some of the outputs of this are fully recalculated monthly ageing for the life of the data as well as a model of the expected losses for every month of ageing. The resultant loss curve provides a deep insight into the expected losses.

PDs are calculated per age bucket. They are calculated per year and in aggregate.

A loss amount for the entire period is calculated, i.e. a through-the-cycle loss. Losses are based on actual amounts written off over the period as well as the unpaid amounts at measurement date that have been outstanding for a considerable period of time. Further detail is described under "Rule based losses".

At measurement date we determine the portion of each default that has been cured (paid), is still in collection or has been written-off.

There may be items in the book at measurement date that are objectively uncollectable and should be written-off. If they remain in the book at measurement date, these items should be provided for in a specific provision. The TTC cycle loss rates apply to the balance of the book.

Sample reports and a methodology flowchart are contained in the Annexures.

Determination of loss rates

The loss rate is determined judgmentally by considering:
- the actual write-off history over the full period
- rule-based loss estimation (i.e. actual write-offs plus amounts still in collection for more than n months)

Consideration is also given to the length of available default and recovery data history, company practice on when losses are actually written off, size of the book (number of debtors and amounts), data quality and the variations between the measures over time.

Debt collection and associated legal costs as well as relevant insurance costs are added to losses.

Rule based losses

Amounts that have defaulted but not have not yet been written-off are classified as still in collection. These amounts may be collected or written off in future. The longer these amounts are in collection, the riskier they become and the higher the probability of loss on them. The best estimate of historical through-the-cycle losses is to include a portion of in collection amounts as losses.

For trade receivables, the decision to write off amounts considered to be uncollectable is not regulated and is subject to management's judgement and operating procedures. The point at which an amount is considered to be uncollectable varies significantly from organisation to organisation and even within different business units within an organisation.

[Details and Impact]

Benchmarking to downside expected loss

[Where appropriate]
Our standard methodology incorporates a benchmarking process on the LGD where possible and appropriate. The benchmarks include a downturn rule-based loss estimate as well as a comparison to the LGD's reported by ABC Bank in its Pillar 3 reporting.

The decision to moderate the calculated loss rates depends on various factors including the quality and quantity of data (more likely to moderate where quality is poor or there are small books or a limited history). We also consider the loss rates experienced and are more likely to moderate where there are extremely low historical rates that could be significantly impacted by a small number of credit events.

www.abcbank.com/baselpillar3/

Conversion of historic PD and LGD into ECLs

The resultant PD and LGD's were then converted or conditioned into ECL's using the methods described in the section of the report "Methodology for calculating Expected Credit Losses".

Other

Time value of money

No discounting of cashflows was performed as the effective interest rate (EIR) was zero.

Impact of VAT recoveries on losses

[Details and Impact]

Risk Mitigation

The book is [is not] covered by credit insurance.

[Details and Impact]

Determination of total amount at risk at the reporting date and indicative amounts shown in the Annexures

The ECL percentages in the Annexures are important. Any amounts shown are indicative and may not reflect the total at-risk amounts at the reporting date.

[Details and Impact]

ECL to be calculated on gross risk

The ECL percentage should be applied to the gross amounts at risk and should exclude certain credit balances.

[Details and Impact]

VAT

[Where appropriate]

All ECLs have been calculated gross of VAT. To the extent that each company is able to reclaim the VAT on bad debts and provided it regularly does so, the ECL percentage and amount can be reduced by the reduction in loss that can be attributed to the expected VAT recovery.

[Details and Impact]

Calculation of Not-Yet-Due amounts

Where we have presented a Not-Yet-Due (NYD) bucket ECL%, this relates to all the transactions that are still within credit terms.

Assumptions

Assumptions are included in the various sections of this asset class.

Multi-factor correlations of macroeconomic variables to defaults are acknowledged to be difficult to identify on this sample size and the identification process is very costly. We used the correlations provided by Moody's Analytics' ImpairmentCalc which are based on their study and statistical assessment of a limited number of suitable factors that have provided the highest correlation across an entire economy. These factors are not separately identified in their model.

The major assumptions relating to the model, macro-economic forecasts and scenarios used in the Moody's Analytics ImpairmentCalc forward looking conversions are described in the section "Conversion of ratings and historic PD and LGD into an ECL".

The through-the-cycle LGD treats balances that are older than X months in default as losses.

Assumptions and reasoning relating to individual companies are included in the "Company specific notes" section below.

Types of provisions

IFRS 9 requires that a valuation of any financial asset needs to take into account expected credit losses. We have not calculated any "Credit note" or similar provisions to cater for product returns etc.

Specific provision

Accounts that are objectively irrecoverable, due to events like liquidation or business rescue or where recovery is not being pursued and are effectively bad debts, should be written off.

[Details and Impact]

ECL provision

This ECL is a general provision and applies to all balances that are not subject to a specific provision.

Company specific notes

We performed an ECL measurement on data between:

Start date: MM YYYY

End date: MM YYYY

We were unable to reliably use the company's debtors ageing data prior to Month 20XX [due to a change in accounting system]

Insurance

The company does insure some balances, subject to a deductible of 10% per claim.

LGD basis

We based the LGD percentage % on the mid-point between the result of rule-based losses and the benchmark.

The write-offs and costs provided to us were:

Write-offs and costs					ABC Co
Calendar year	Write-offs (per Debtors Ledger)	Post write-off recoveries	Collection costs (Excl VAT)	Insurance costs (excl VAT)	Notes
2017	-	-	-	-	
2018	-	-	-	-	
2019	-	-	-	-	
2020	-	-	-	-	
2021	-	-	-	-	
Total	-	-	-	-	

Annexure : Sovereign ratings - ECL percentages

Sovereign ratings have been calculated as at 31 March 202X. Refer to the methodology section in the main report.

Sovereign Ratings & ECL	Rating Source	Rating	Country Sovereign LGD	ECL%
Albania	Moody's Investor Services	Bx	35%	2.57%
Azerbaijan	Moody's Investor Services	Bx2	35%	1.45%
Barbados	Moody's Investor Services	Cx1	35%	5.70%
Brazil	Moody's Investor Services	Bx2	35%	1.19%
Greece	Moody's Investor Services	Bxx	35%	1.65%
Oman	Moody's Investor Services	Bx2	35%	1.75%
Pakistan	Moody's Investor Services	Bxx	35%	4.29%
Suriname	Moody's Investor Services	Cxx	35%	11.04%
Vietnam	Moody's Investor Services	Bxx	35%	1.67%
Yemen	Judgmental	Cxx	35%	7.77%

Annexure : ECL percentages Format 1

Trade Receivables - External								Division / BU #1

	Indicative Balance sheet Total at 30 Jun 2021 (EUR)	Measurement approach	Probability of Default or Rating	Loss Given Default	Through the cycle loss before forward adjustment	ECL% (Pre Sovereign adjustment)	ECL% at 30 Jun 2021 (> of ECL% or Sov%)	Indicative ECL amount (EUR)	Indicative Net balance (EUR)
30 Jun 2021									
Net trade receivables	99,999,999								
Accounts with Credit balances	8,765,432								
Gross trade receivables	108,765,431								
Assessed as follows:									
Accounts subject to specific provisions and not ECLs									
XYZ Mining (Brazil)	680,954		100.00%	100.00%	N/A	100.00%	**100.00%**	(680,954)	-
LKJ Healthcare	1,256,096		100.00%	100.00%	N/A	100.00%	**100.00%**	(1,256,096)	-
Inter-company balances									
Company 1	8,888,888	PD and LGD - Moodys RiskCalc	3.61%	34.30%	1.24%	1.98%	**1.98%**	(176,000)	8,712,888
Company 2	7,777,777		6.81%	38.93%	2.65%	4.24%	**4.24%**	(329,778)	7,447,999
Company 3	6,666,666	Moodys RiskCalc	36.18%	40.13%	14.52%	18.15%	**18.15%**	(1,210,000)	5,456,666
Government									
Government of Albania (Dept of Health)	10,407,399	Moody's rating	Bx	35.00%		3.54%	**3.54%**	(368,422)	10,038,977
Selected material exposures									
ABC Retail	21,087,654	Adjusted rating	Bxx1	35.00%	4.32%	7.71%	**7.71%**	(1,625,858)	19,461,796
General book	**51,999,997**						**10.35%**	**(5,381,377)**	**46,618,620**
Not yet due	29,999,999		1.11%	11.11%	0.12%	2.22%	**2.22%**	(666,000)	29,333,999
1-30 days overdue	6,666,666		2.22%	11.11%	0.25%	3.33%	**3.33%**	(222,000)	6,444,666
31-60 days overdue	2,222,222	Empirical historical data with judgemental overlay	5.55%	11.11%	0.62%	11.11%	**11.11%**	(246,889)	1,975,333
61-90 days overdue	1,111,111		6.66%	11.11%	0.74%	22.22%	**22.22%**	(246,889)	864,222
91+ days overdue	11,999,999		8.88%	11.11%	0.99%	33.33%	**33.33%**	(3,999,600)	8,000,399
Rounding difference	-								-
Gross trade receivables	**108,765,431**						**10.14%**	**(11,028,485)**	**97,736,946**
Specific provision	1,937,050						100.00%	(1,937,050)	-
ECL (General) Provision	106,828,381						8.51%	(9,091,435)	97,736,946

Annexure : ECL percentages Format 2

Trade Receivables - External										Business Unit #1	
	Indicative amount at 30 Jun 2020 (EUR)	Measurement approach	Probability of Default or Rating	Sovereign Rating	Loss Given Default	Through the cycle loss before forward adjustment	ECL % prior to adj for sovereign risk	ECL% on Sovereign	ECL% at 30 Jun 2021	Indicative ECL amount (EUR)	Indicative Net balance (EUR)
						30 June 2021					
Net trade receivables	99,999,999										
Accounts with credit balances	8,765,432										
Other reversals (eg Interest)	-										
Gross trade receivables	108,765,431										
Assessed as follows:											
Accounts subject to specific provisions and not ECLs											
XYZ Mining (Brazil)	680,954		100.00%		100.00%	N/A	100.00%		100.00%	(680,954)	-
LKJ Healthcare	1,256,096		100.00%		100.00%	N/A	100.00%		100.00%	(1,256,096)	-
Inter-company balances											
Company 1	8,888,888	PD and LGD - RiskCalc	3.61%		34.30%	1.24%	1.98%		1.98%	(176,000)	8,712,888
Company 2	7,777,777	PD and LGD - RiskCalc	6.81%		38.93%	2.65%	4.24%		4.24%	(329,778)	7,447,999
Company 3	6,666,666	PD and LGD - RiskCalc	36.18%		40.13%	14.52%	18.15%		18.15%	(1,210,000)	5,456,666
Government											
Government of Albania (Dept of Health)	10,407,399	Moody's rating	Bx		35.00%		2.57%	3.54%	3.54%	(368,422)	10,038,977
Selected material exposures											
None											
Refer schedule											-
ABC Retail	21,087,654	Estimated rating	Bxx1		x.xx%	xxx			0.00%	-	21,087,654
General book	51,999,997									(5,682,232)	46,317,765
Not yet due - Total	29,999,999								1.32%	(395,350)	29,604,649
General book	27,670,776	Empirical - Note 1	1.00%		25.00%	0.25%	1.00%		1.00%	(276,708)	27,394,068
Balances in higher risk foreign countries											
Albania	451,223	> Sov rate & Empirical		Bx	35.00%		1.00%	2.57%	2.57%	(11,596)	439,627
Barbados	1,878,000	> Sov rate & Empirical		Cx1	35.00%		1.00%	5.70%	5.70%	(107,046)	1,770,954
1-30 days past due - Total	6,666,666								2.97%	(197,994)	6,468,672
General book	4,523,549	Empirical - Note 1	2.00%		25.00%	0.50%	2.00%		2.00%	(90,471)	4,433,078
Balances in higher risk foreign countries											
Albania	467,567	> Sov rate & Empirical		Bx	35.00%		2.00%	2.57%	2.57%	(12,016)	455,551
Barbados	1,675,550	> Sov rate & Empirical		Cx1	100.00%		2.00%	5.70%	5.70%	(95,506)	1,580,044
31-60 days past due - Total	2,222,222								3.00%	(66,667)	2,155,555
General book	2,086,766	Empirical - Note 1	5.00%		25.00%	1.25%	3.00%		3.00%	(62,603)	2,024,163
Balances in higher risk foreign countries											
Albania	135,456	> Sov rate & Empirical		Bx	35.00%		3.00%	2.57%	3.00%	(4,064)	131,392
Barbados	-	> Sov rate & Empirical		Cx1	100.00%		3.00%	5.70%	5.70%	-	-
61-90 days past due - Total	1,111,111								20.00%	(222,222)	888,889
General book	976,544	Empirical - Note 1	30.00%		25.00%	7.50%	20.00%		20.00%	(195,309)	781,235
Balances in higher risk foreign countries											
Albania	134,567	> Sov rate & Empirical		Bx	35.00%		20.00%	2.57%	20.00%	(26,913)	107,654
Barbados	-	> Sov rate & Empirical		Cx1	100.00%		20.00%	5.70%	20.00%	-	-
90+ days past due - Total	11,999,999								40.00%	(4,800,000)	7,199,999
General book	5,476,890	Empirical - Note 1	100.00%		25.00%	25.00%	40.00%		40.00%	(2,190,756)	3,286,134
Balances in higher risk foreign countries											
Albania	6,523,109	> Sov rate & Empirical		Bx	35.00%		40.00%	2.57%	40.00%	(2,609,244)	3,913,865
Barbados		> Sov rate & Empirical		Cx1	100.00%		40.00%	5.70%	40.00%	-	-
Rounding difference	-										
Gross trade receivables	108,765,431								8.92%	(9,703,482)	99,061,949
Specific provision	1,937,050								100.00%	(1,937,050)	-
ECL (General) Provision	106,828,381								7.27%	(7,766,432)	99,061,949