Appendix 2 - Example 2 - Discounted Cash Flow Analysis - illustration.

The debt instrument is thereafter valued 1 year after its issuance for the purpose of the financial reporting as follows:

Valuation Date (Y+1)

Timing	1	2	3	4	*Commentary*
Coupons	5	5	5	5	
Principal				100	
Cash Flows	**5**	**5**	**5**	**105**	No change in stream of future Cash Flows.
Risk Free Rate	1.5	2.5	2.5	3	Prevailing market rate of interest at valuation date.
Credit Spread	2.5	2.5	2.5	2.5	Prevaling credit spread (market and entity specific) at valuation date.
Instrument Specific Spread	0.6	0.6	0.6	0.6	Same as calibration date as no change in instrument specific risk / circumstances.
Discount Rate (in %)	**4.6**	**5.6**	**5.6**	**6.1**	Sum / Build-up of the above.
Discount Factor	*1.0*	*0.9*	*0.8*	*0.8*	
Discounted Cash Flows	**4.8**	**4.5**	**4.2**	**83**	
Valuation as at Valuation Date	**96**				Valuation set at levels below below par due to increase in prevailing market rates of interest and spreads.

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