Bonds are treated as fixed-term liabilities. They are recognized in the financial statements at their nominal value. The amortization of the discount or the imputation of the accrued interest is recognized over the term of the bond.

2. Convertible Bonds:

Convertible bonds are treated as a combination of a bond and a share. They are recognized in the financial statements at their nominal value. The accrued interest is recognized as an expense over the term of the bond. The conversion value is recognized as a liability under the equity section of the financial statements. The conversion value is adjusted for the market value of the underlying share. If the market value of the underlying share is below the nominal value of the convertible bond, the convertible bond is recognized at its nominal value. If the market value of the underlying share is above the nominal value of the convertible bond, the convertible bond is recognized at its market value.

In summary, bonds are recognized at their nominal value with the amortization of the discount or the imputation of the accrued interest recognized over the term of the bond. Convertible bonds are recognized as a combination of a bond and a share, with the accrued interest recognized as an expense over the term of the bond, and the conversion value adjusted for the market value of the underlying share. If the market value of the underlying share is below the nominal value of the convertible bond, the convertible bond is recognized at its nominal value. If the market value of the underlying share is above the nominal value of the convertible bond, the convertible bond is recognized at its market value.
Answer 2:
In the FINMA Circular 2016/5 for insurers, bonds and convertible bonds are treated with specific guidelines to ensure they meet the investment criteria for safety, profitability, and liquidity. Here's how they are generally treated:

1. **Types of Bonds and Convertible Bonds**: