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NATIONAL BANK OF ETHIOPIA

LICENSING AND SUPERVISION OF BANKING BUSINESS
ASSET CLASSIFICATION AND PROVISIONING DIRECTIVE NO. SBB/90/2024

Whereas, loans or advances shall be regularly reviewed and classified in a manner consistent with accepted principles of international accounting- and regulatory standards;

Whereas, exposures, which are not performing in accordance with contractual repayment terms shall be recognized and reported in a manner consistent with international accounting- and regulatory standards;

Whereas, the National Bank intends to adopt an adequate legal framework that protects banks from overstating profits by accruing uncollected interest on loans or advances, which are classified as not performing;

Whereas, timely and accurate provisions and write-off shall reflect realistic repayment and recovery expectations and, in accordance with International Financial Reporting Standards (IFRS), shall include appropriate expectations about future events based on reasonable and supportable information to accurately reflect expected credit losses;

Whereas, the National Bank has to give consistent direction to banks on the manner of exposure classification and provisioning;

Now, therefore, in accordance with Article 21(1c), 21(2) and 66(2) of Banking Business Proclamation No. 592/2008 (as Amended by Proclamation No. 1159/2019), the National Bank of Ethiopia has issued this Directive.

1. Short Title

This Directive may be cited as "Asset Classification and Provisioning Directive No. SBB/90/2024".

2. Definitions

For the purpose of this Directive, unless the context provides otherwise:

2.1 **"Bank"** means a private or state-owned entity, licensed by the National Bank to undertake banking business.

2.2 **"Capitalized Interest"** means any accrued and uncollected interest that has been added to the principal amount of loans or advances at a payment date or maturity; it also includes uncollected interest that is rolled-over into new loans or advances.

2.3 **"Cash Collateral"** means credit balances on accounts in the books of the lending bank over which customers have given the lending bank a formal letter of cession and which the bank, at its discretion, has transferred from the customer's account(s) to a specific or general cash collateral account(s) or blocked.

2.4 **"Cash Margin"** means a specified part (amount) of a transaction value that an importer is required to deposit with a bank before the opening of a letter of credit by the bank.

2.5 **"Cash-substitutes"** means security that include:

2.5.1 a security issued by the Federal Government of Ethiopia;

2.5.2 an unconditional obligation or guarantee issued in writing by the Federal Government of Ethiopia;

2.5.3 an unconditional obligation or guarantee issued in writing by a foreign bank or a foreign insurance company, with an **A** or above rating by Standard and Poor's Corporation and/or by Moody's Investor Services or other rating agencies accepted by the National Bank, in their latest ratings;

2.5.4 export credit guarantee issued in writing by an institution or agency authorized by the Federal Government of Ethiopia; and

2.5.5 other liquid and readily marketable securities, approved in writing by the National Bank and which are held in the vault of the lending bank.

2.6 **"Counterparty"** shall mean any natural or legal person to which a bank has an exposure.

2.7 "**Credit Impaired**" means when a financial asset is in a state where one or more events that have a detrimental impact on the estimated future cash flows of that financial asset has occurred (**Annex I**).

2.8 "**Credit Loss**" means the present value of the difference between the contractual cash flows that are due to a bank under the contract and the cash flows that the bank expects to receive.

2.9 **"Current"** as used in reference to "current written," or similar uses, means information or documentation having an issuance date not more than twelve (12) calendar months old.

2.10 **"Defaulted Exposure"** means an exposure that is past due for more than ninety (90) days or an exposure to a defaulted borrower, including exposures to loans and advances without pre-established repayment schedule.

2.11 "**Defaulted Borrower**" means a borrower with any of the following circumstances:

2.11.1 any credit obligation that is past due for more than ninety (90) days;

2.11.2 overdrafts shall be deemed past due once the customer has breached an advised limit or been advised of a limit smaller than current outstanding balance, and shall consider swing or frequency of credit balance and scale of utilization;

2.11.3 any credit obligation in non-accrual status, such as where the lending bank no longer recognizes accrued interest as income or, if recognized, makes an equivalent amount of provisions;

2.11.4 a write-off or account-specific provision is made as a result of a significant perceived decline in credit quality subsequent to the bank taking on any credit exposure to the borrower;

2.11.5 any credit obligation is sold at a material credit-related economic loss;

2.11.6 a distressed restructuring of any credit obligation that may result in a diminished financial obligation, caused by the material forgiveness, or postponement, of principal, interest or (where applicable, fees) is agreed by the bank;

2.11.7 the borrower's bankruptcy or a similar order in respect of any of the borrower's credit obligations to the bank has been filed;

2.11.8 the borrower has sought or has been placed in bankruptcy or similar protection where this would avoid or delay repayment of any of the credit obligations to the bank; or

2.11.9 any other situation where the bank considers that the borrower is unlikely to pay its credit obligations in full without recourse by the bank to actions such as realizing security.

2.12 **"Exposure"** means either on-balance sheet items, including loan and advance, and/or off-balance sheet items such as letters of guarantee, letter of credit, commitment by a bank to advance loans to customers.

2.13 **"Expected Credit Loss (ECL)"** means the weighted average of credit losses with the respective risks of a default representing the weights. A bank shall measure ECL in a way that reflects:

2.13.1 an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

2.13.2 the time value of money; and

2.13.3 reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2.14 **"Forbearance-restructure"** occurs when (**Annex I**):

2.14.1 a counterparty is experiencing financial difficulty in meeting its financial commitments; and

2.14.2 a bank grants a concession that it would not otherwise consider.

2.15 **"Guarantee"** means a written assurance made by a bank to a person to cover an agreed amount if another person fails to meet his obligation.

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2.16 **"In Process of Collection"** means that the collection of loans or advances is proceeding in due course, in a timely manner, through enforcement of judgments against the borrower that is reasonably assured to result in full or partial repayment of the loan or advance (principal plus accrued interest), within three-hundred-sixty (360) days from the date the loan or advance first became past due.

2.17 **"Interest Free Bank"** means a bank licensed by the National Bank to engage in interest free banking services.

2.18 **"Interest Free Banking Service"** means provision of banking service in compliance with Shari'ah principles, including non-acceptance of interest.

2.19 **"Letter of Credit"** means a contractual commitment by a bank, at the request of an importer, to pay a seller (exporter) a certain amount of money once the exporter ships the goods and specified documents are presented as proof of the supply of goods within specific time limits and the documents confirming to the terms and conditions agreed by the importer and the exporter.

2.20 **"Loan Workout"** means a process of forbearance-restructure, between the bank and a borrower, to normalize repayment of problem loans and advances.

2.21 **"Loan" or "Advance"** means any financial asset of a bank arising from a direct or indirect advance, such as, unplanned overdraft, participation in loan syndication, the purchase of a loan from another lender, and similar transactions to a person that are conditioned on the obligation of the person to repay the funds, either on a specified date or dates or on demand, usually with interest or through interest-free finance.

2.22 **"Long-term Loan"** means a loan or an advance with repayment or maturity period of more than five (5) years;

2.23 **"Medium-term Loan"** means a loan or an advance with repayment or maturity period of more than one (1) but less than or equal to five (5) years;

2.24 **"National Bank"** means National Bank of Ethiopia;

2.25 **"Net Recoverable Value"** means the most probable value of a loan or an advance, which will be realized from the sale of collateral securing the loan or advance in a competitive and open market. For purposes of this Directive, the most probable value of a loan or an advance recoverable from the sale of collateral securing the loan or advance shall be the outstanding principal balance of the loan or advance multiplied by the "average recovery rate" of a bank for loans or advances secured by collateral, provided that such average recovery rate shall not be fifteen (15) percentage points greater than "industry average recovery rate". If a bank has no information on aggregate net cash receipts or total net market value of acquired properties to compute its own average recovery rate, it shall use industry average recovery rate to determine the most probable value of a loan or an advance.

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2.25.1 "**Average Recovery Rate**" means aggregate net cash receipts from sale of collateral plus total net market value of acquired properties, divided by the aggregate outstanding principal balance of the loans or advances backed by the collateral sold or otherwise acquired by a bank calculated over the period of 18 consecutive months preceding the date of computing minimum provision requirement as laid down in this Directive. In case a loan or an advance is secured by more than one collateral, such loan or advance and the collateral securing it shall be excluded from computation of average recovery rate unless all properties backing the loan or advance are sold or otherwise acquired by the bank.

2.25.2 **"Aggregate Net Cash Receipts"** means net cash collection (after deduction of any expenses associated with the sale of the collateral, which may have been necessary to place the collateral in a saleable condition), over eighteen (18) consecutive months preceding the date of calculating minimum provision requirement, of a bank from the sale of collateral, which have been seized or foreclosed by the bank in satisfaction of loans or advances previously granted.

2.25.3 **"Total Net Market Value of Acquired Properties"** means the average of **ask** or reserve price of acquired properties and the highest offer bid amount registered at the last auction in the market that preceded the acquisition by a bank for properties which, previously were offered by borrowers as collateral against loans or advances. The highest offer bid amount for auctioned property in absence of a bidder at the last auction shall be zero.

2.25.4 **"Ask or Reserve Price"** means minimum price at which the lending bank is willing to sell foreclosed assets.

2.25.5 **"Industry Average Recovery Rate"** means aggregate net cash receipts plus total net market value of acquired properties, divided by the aggregate outstanding principal balance of the loans or advances, backed by the collateral at the time the collateral was seized, foreclosed, repossessed or otherwise acquired by all banks operating in Ethiopia calculated over the period of eighteen (18) consecutive months preceding the date of determining minimum provision requirement. In case a loan or an advance is secured by more than one collateral, such loan or advance and collateral backing it, shall be excluded from computation of industry average recovery rate, unless all properties held as collateral against the loan or advance are sold or otherwise acquired by banks. The National Bank shall compute such industry average recovery rate every calendar quarter and distribute to all banks operating in Ethiopia.

2.25.6 In determining the average recovery rate as set out under 2.25.1 herein above, the net market value of acquired property and/or the net cash receipt from the sale of collateral shall not exceed 100% of each outstanding non-performing loan backed by the collateral and used in the calculation of the average recovery rate.

2.26 **"Non-accrual Status"** means that a loan or an advance has been placed on a cash basis for financial reporting purposes. Interest on such loans or advances accrued on the books of the bank, or for which a specific reserve (such as a suspended interest account) has been established by the bank to offset the full amount of interest being accrued, shall not be taken into income.

2.27 **"Non-performing Exposures"** means:

2.27.1 "defaulted exposures"; or

2.27.2 exposures that are "credit-impaired" (in the meaning of exposures having experienced a downward adjustment to their valuation due to deterioration of their creditworthiness) according to IFRS;

2.27.3 all other exposures that are not defaulted or impaired but nevertheless: are exposures that are more than ninety (90) days past due; or where there is evidence that full repayment based on the contractual terms, original or, when applicable, modified including repayment of principal and interest is unlikely without the bank's realization of collateral, whether or not the exposure is current and regardless of the number of days the exposure is past due;

2.27.4 exposures that have been classified as sub-standard, doubtful or loss, in accordance with this Directive, and such classification shall not take collateral into account;

2.27.5 for purposes of this Directive, overdrafts and loans or advances that do not have a pre-established repayment program shall be non-performing when:

a) the debt remains outstanding for ninety (90) consecutive days or more beyond the scheduled payment date or maturity;
b) the debt exceeds the borrower's approved limit for ninety (90) consecutive days or more;
c) interest is due and uncollected for ninety (90) consecutive days or more, for overdrafts;
d) the account has been inactive for ninety (90) consecutive days or
e) deposits are insufficient to cover the interest capitalized during ninety (90) consecutive days or
f) the account shows five percent (5%) or less debit balance at least once over three hundred and sixty (360) days preceding the loan review period, which shall be end of every calendar quarter.

2.27.6 For purposes of this Directive, the entire principal balance of exposures outstanding, exhibiting the characteristics described under 2.27.1 to 2.27.5, shall be considered as non-performing.

2.28 **"Overdraft"** means a current account on the books of a bank with a debit balance.

2.29 **"Off-balance Sheet Item"** means commitment to advance loans, undrawn credit commitment, revocable or irrevocable documentary letters of credit, standby letters of credit, and guarantees issued on behalf of a borrower.

2.30 **"Past Due"** means an exposure where any amount due under the contract including interest, principal, fee, or other amount has not been paid in full at the date when it was due.

2.31 **"Provisions for Loan Losses Account"** means a balance sheet valuation account, established through charges to provision expense in the income statement, in respect of expected credit losses in the loans or advances portfolio or off-balance sheet exposures.

2.32 **"Short-term Loan"** means a loan or an advance with repayment or maturity period of one (1) year or less.

2.33 "**Significant Increase of Credit Risk"** means the difference between: the risk of a default occurring at the reporting date based on the modified contractual terms; and the risk of a default occurring at initial recognition based on the original, unmodified contractual terms. Unless proven otherwise, it is deemed that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than thirty (30) days past due (**Annex I**).

2.34 **"Suspended Interest Account"** means an account where previously accrued but uncollected interest on loans or advances required to be placed on non-accrual status is reserved out of the income of the bank.

2.35 **"Valuer"** means a person who estimates the value of a property, based on professional and accepted standards and methods, and includes internal valuer of a bank or external valuer.

2.36 **"Total Capital"** shall mean the paid-up capital, legal reserve and any other unencumbered reserve held by a bank and approved by the National Bank; and

2.37 **"Write-off"** means reduction of the gross carrying amount of a loan or financial asset when the bank has no reasonable expectations of recovering the contract cash flow in its entirety or a portion thereof.

3. Scope of the Directive

This Directive shall be applicable to commercial banks operating in Ethiopia.

4. Responsibility for Loan Review and Specific Requirements

4.1 The board of directors of each bank shall establish policies for grading, classifying, and monitoring all credit exposures, including off-balance sheet and restructured exposures, as well as, identifying and managing problem assets.

4.2 A loan review system shall:

4.2.1 establish processes and methodologies for grading, classifying, and monitoring all credit exposures, including off-balance sheet and restructured exposures;

4.2.2 recognize accurately and timely, the problem of deteriorating loans or advances;

4.2.3 assure the adequacy of the provision for expected credit losses and write- off of uncollectible loans; and

4.2.4 ensure that the borrowers are using loans or advances and overdraft facilities for the purposes(s) they negotiated with the bank; and in case of diversion from the intended purpose(s), timely measures are taken to correct the problem.

4.3 The board of directors of each bank shall ensure that a review is made of the quality of the bank's loans or advances portfolio on a regular basis, but no less than once each calendar quarter. At the end of each calendar quarter, or more frequently, if warranted, the board of directors shall require the executive officer(s) of the bank to take appropriate measures in response to the findings of the loans review function, to:

4.3.1 accurately reflect earnings by assuring that all loans or advances categorized as non-performing in accordance with the requirements laid out in this Directive are placed on non-accrual status and accrued but uncollected interest has been reversed out of the bank's income;

4.3.2 assure that the provisions and write-off for expected credit losses are adequate, and reflect realistic repayment and recovery expectations and, where relevant, include appropriate expectations about future events based on reasonable and supportable information in accordance with international financial reporting standards; and

4.3.3 correct problems, either in individual loans or advances, loan underwriting practices, compliance with prudent lending standards and the board-approved lending policy, or other credit administration weaknesses as may be identified by the loan review function, within a specified time frame.

4.4 The board of directors of each bank shall maintain adequate records supporting its evaluation of expected credit losses in the loans or advances portfolio and the entries made to reflect earnings and the adequacy of the provisions for expected credit losses; such records shall be made available to examiners of the National Bank upon request.

4.5 The loan review function shall ensure, that:

4.5.1 lending activities are in compliance with prudent written lending standards, as approved and adopted by the board of directors;

4.5.2 the borrowers are using loans or advances and overdraft facilities for the purposes(s) they negotiated with the bank; and in case of diversion from the intended purpose(s), timely measures are taken to correct the problem;

4.5.3 the board of directors is adequately informed of the risks and potential loss exposure in outstanding loans or advances;

4.5.4 problem or deteriorating loans or advances are properly and timely identified, classified, and placed on non-accrual status in accordance with the requirements laid out in this Directive;

4.5.5 appropriate provisions and write-off are made for expected credit loss in accordance with the requirements laid out in this Directive; and

4.5.6 uncollectible non-performing loans or advances are written-off as appropriate.

4.6 The loan review function shall regularly, and on an on-going basis, review all loans or advances, which are equal to or above five percent (5%) of a bank's total capital to a single counterparty, calculated in accordance with the Large Exposures Directive; all loans or advances required to be placed on non-accrual status in accordance with requirements laid out in this Directive (for banks transformed from microfinance institutions, microfinance clients loans shall be reviewed on sample basis); and a sample of the remaining loans or advances portfolio to determine that:

4.6.1 loans or advances reflected as performing on the books of the bank are in fact performing pursuant to the requirements and definitions laid out in this Directive, and

4.6.2 moreover, for loans below the five percent (5%) threshold that have not been placed on non-accrual status, the loan review function shall conduct a review at portfolio level, considering loans with homogenous characteristic.

4.7 The loan review function shall be appointed by the board of directors of each bank, among a group of individuals who are knowledgeable in credit analysis methodologies and who are not involved in the lending activities of the bank. The function shall on a regular basis, but not less than once each calendar quarter, report its findings directly to the board of directors in writing.

4.8 Banks, with non-performing exposures to total exposures ratio equal to or higher than five percent (5%), shall submit to the National Bank an action plan to improve their asset quality. The action plan, approved by the board of directors, shall identify time-bound credible and non-performing exposures reduction targets, to be achieved with multiple initiatives including provisioning, write-off, selling, work out units, restructuring, or foreclosure.

5. Placement of Loans or Advances on Non-Accrual Status

5.1 All non-performing loans shall be placed on non-accrual status.

5.2 Accrued but uncollected interest being carried on the books of a bank for loans or advances, which are required to be placed on non-accrual status in accordance with the requirements laid out in this Directive, shall be eliminated by the end of the calendar quarter in which the loans or advances are required to be placed on non-accrual status, but in no event later than the fiscal year-end of the bank, whichever is sooner.

5.3 A non-performing loan or advance placed on non-accrual status, may be re-categorized as performing and upgraded to accrual status only when all the following criteria are simultaneously met:

- 5.3.1 the counterparty has no exposure more than ninety (90) days past due;
- 5.3.2 in the case of term loans, with monthly or quarterly installment, repayments have been made when due over a continuous repayment period of at least six (6) and two (2) consecutive repayments, respectively; in the case of loans with semi-annual installment, repayments have been made for at least two (2) consecutive periods; in case of loans with annual installment, repayment has been made for at least one (1) period. These repayments have to be either made in a consecutive manner (with no upfront repayment) or the stated periods shall be observed for the purpose of re-categorization;
- 5.3.3 the counterparty's situation has improved so that the full repayment of the exposure is likely, according to the original or, when applicable, modified conditions;
- 5.3.4 the exposure is not "defaulted" or "impaired"; and
- 5.3.5 all accrued interest on the non-performing loan or advance has been fully paid.

5.4 Banks shall report to the National Bank on a quarterly basis loans and advances that are restructured; and those that have been restored from non-accrual to accrual status:

- 5.4.1 for a loan or and advance equal to or above five percent (5%) of a bank's total capital, it shall be reported on individual basis; and
- 5.4.2 for all loans and advances, it shall be reported at the aggregate level, including the loans and advances stated under sub-article 5.4.1 hereinabove.

5.5 If a bank has multiple loans outstanding to a single borrower as calculated in accordance with the Single Borrower Loan Limit, and one loan or advance, which accounts for at least 20% of the borrower's total loans with the bank, meets the criteria for non-performing loan, then all other loans or advances to the borrower shall automatically be placed on non-performing status, regardless of any requirements laid out in this Directive.

6. Classification of Exposures

6.1 For purposes of this Directive, banks shall classify all exposures, whether the exposures have pre-established repayment programs or not, into the following five classification categories using the criteria described below:

6.1.1 **Pass**

Any exposures, for which there has not been significant increase in credit risk (**Annex I**) since initial recognition shall be classified under this category. Exposures in this category are fully protected by the current financial and paying capacity of the borrower and are not subject to criticism.

6.1.2 **Special Mention**

Special Mention are exposures for which there has been a significant increase in credit risk (**Annex I**). The special mention exposures may include, but not limited to, the following:

a) exposures with pre-established repayment programs past due thirty (30) days or more, but less than ninety (90) days;
b) exposures that do not have a pre-established repayment program, if:
   i. the debt remains outstanding for thirty (30) consecutive days or more beyond the scheduled payment date or maturity, but less than ninety (90) days; or
   ii. the debt exceeds the borrower's approved limit for thirty (30) consecutive days or more, but less than ninety (90) days; or
   iii. interest is due and uncollected for thirty (30) consecutive days or more; but less than ninety (90) days; or
   iv. for overdrafts, the account has been inactive for thirty (30) consecutive days or more, but less than ninety (90) days or the account shows a debit balance of one to four percent (1% to 4%) of the approved limit at least once over three hundred sixty (360) days preceding the loan review period, which shall be end of every calendar quarter.

6.1.3 **Sub-standard**

Without prejudice to the classification criteria, the following non-performing exposures, at a minimum, shall be considered sub-standard:

a) exposures with pre-established repayment programs past due ninety (90) days or more, but less than one hundred eighty (180) days;

b) exposures including overdrafts that do not have a pre-established repayment program, if:

i. the debt remains outstanding for ninety (90) consecutive days or more beyond the scheduled payment date or maturity, but less than one hundred eighty (180) days; or

ii. the debt exceeds the borrower's approved limit for ninety (90) consecutive days or more, but less than one hundred eighty (180) days; or

iii. interest is due and uncollected for ninety (90) consecutive days or more; but less than one hundred eighty (180) days; or

iv. for overdrafts, the account has been inactive for ninety (90) consecutive days or more, but less than one hundred eighty (180) days or the account shows debit balance of five to nineteen percent (5% to 19%) of the approved limit, at least once over three hundred sixty (360) days preceding the loan review period, which shall be end of every calendar quarter.

6.1.4 **Doubtful**

The following exposures, at a minimum, shall be classified doubtful:

a) exposures with pre-established repayment programs past due one hundred eighty (180) days or more, but less than three hundred sixty (360) days;

b) exposures (including overdrafts) that do not have a pre-established repayment program, if:

i. the debt remains outstanding for one hundred eighty (180) consecutive days or more beyond the scheduled payment date or maturity, but less than three hundred sixty (360) days; or

ii. the debt exceeds the borrower's approved limit for one hundred eighty (180) consecutive days or more, but less than three hundred sixty (360) days; or

iii. interest is due and uncollected for one hundred eighty (180) days or more, but less than three hundred sixty (360) days; or

iv. for overdrafts, the account has been inactive for one hundred eighty (180) consecutive days or more, but less than three hundred sixty

(360) days; or the account shows debit balance of twenty to forty-nine percent (20% to 49%) of the approved limit, at least once over three hundred sixty (360) days preceding the loan review period, which shall be end of every calendar quarter.

6.1.5 **Loss**

The following non-performing loans and advances, at a minimum, shall be classified loss:

a) exposures with pre-established repayment programs past due three hundred sixty (360) days or more;
b) overdrafts and loans or advances that do not have a pre-established repayment program, if:
   i. the debt remains outstanding for three hundred sixty (360) consecutive days or more; or,
   ii. the debt exceeds the borrower's approved limit for three hundred sixty (360) consecutive days or more; or
   iii. interest is due and uncollected for three hundred sixty (360) days or more; or
   iv. for overdrafts, the account has been inactive for three hundred sixty (360) consecutive days or more; or the account shows a debit balance of fifty percent (50%) and above of the approved limit at least once over three hundred sixty (360) days preceding the loan review period, which shall be end of every calendar quarter.

6.1.6 **Unlikely to pay**

The classification criteria prescribed above for sub-standard, doubtful, and loss are based on the objective condition of days past due. Nevertheless, a bank shall also consider whether there is evidence that full repayment based on the original contractual terms, or in case of restructured exposures, modified contractual terms is unlikely without the bank's realization of collateral, regardless of the number of days the exposure is past due. In these cases, a bank shall classify the exposure accordingly as non-performing.

6.1.7 **Forbearance-Restructure Process of Exposures**

a) A bank shall put in place policies and procedures for forbearance-restructure. A bank shall carry out its restructure process in a prudent way that improves its credit quality.
b) A bank shall not restructure short- or medium- term loans and advances to a borrower for more than three (3) iterations, and long-term loans and advances for more than four (4) iterations; the manner

of collection of interest and/or principal in arrears by the bank and issues related to grace period (where applicable) shall also be part of the restructuring between the bank and the borrower depending on specific circumstances of the loan and capacity of the borrower.

c) Regardless of sub-Article 8.2 of the National Bank Directive No. CRB/01/2019, a bank may extend additional loans and advances to a borrower who defaulted from own bank with a view to rehabilitate loans and advances.

d) Non-performing exposures restructured for more than two (2) iterations shall automatically be classified at least as sub-standard, and they shall be classified as doubtful or loss in line with the criteria indicated under sub-articles 6.1.4 and 6.1.5 hereinabove, respectively.

e) A restructured exposure shall be identified and remain as a "restructured exposure", until it meets both of the following exit criteria:

   i. when all payments, as per the revised contractual terms, have been made in a timely manner over a continuous repayment period of not less than one (1) year for reporting (the starting date of the probation period shall be the start of payments under the revised terms, regardless of the performing or non-performing status of the exposure at the time that restructure was granted); and

   ii. the counterparty has resolved its financial difficulty.

f) Forbearance-restructure may be granted on performing or non-performing exposures.

g) Forbearance-restructure shall not be used to circumvent classification and provisioning standards. When forbearance is applied to a non-performing exposure, the exposure shall remain non-performing for at least six (6) months. Even if applying forbearance to a performing exposure result in a new exposure, the bank shall determine whether the exposure satisfies the non-performing criteria.

6.2 Policies and processes adopted by the bank on classification and provisioning shall be subject to scrutiny of the National Bank, whose examiners maintain their own discretion when conducting file review.

6.3 If policies, processes or methodologies are inadequate, or if exposure classifications are inaccurate or provisions are deemed to be inadequate for prudential purposes (e.g. if the examiner considers existing or anticipated deterioration in exposure quality to be of concern, or if the provisions do not fully reflect expected credit losses), the examiner has the power to take appropriate action.

6.4 The action includes requiring the bank to:

6.4.1 revise its policies, processes or methodologies for classification and provisioning;

6.4.2 adjust its classifications of exposures;
6.4.3 increase its levels of provisioning, reserves or capital; or
6.4.4 if necessary, impose other remedial measures.

7. Provisioning Requirements for On-Balance Sheet Exposures

7.1 All banks shall maintain a Provision for Loan Losses Account, which shall be created by charges to provision expense in the profit and loss statement and shall be maintained at a level adequate to absorb potential losses in the loans or advances portfolio. In determining the adequacy of the provisions for Loan Losses Account, provisions may be attributed to individual loans or advances or groups of loans or advances.

7.2 The Provisions for Loan Losses Account shall always have a credit balance. Additions to or reductions of the Provisions for Loan Losses Account shall be made only through charges to provisions in the profit and loss at least every calendar quarter.

7.3 Banks shall maintain the following minimum prudential provision percentages against the outstanding principal amount of each loan or advance, classified in accordance with the criteria for the classification of loans or advances as laid out under Article 6 of this Directive:

Classification Category		**Minimum Prudential Provision**
7.3.1	“Pass”	1%
7.3.2	“Special Mention”	3%
7.3.3	“Sub-standard”	20%
7.3.4	“Doubtful”	50%
7.3.5	“Loss”	100%

7.4 Where reliable information, such as, historical loan loss experience; current and forecast of future economic conditions; delinquency trends; ineffectiveness of lending policies and/or collection procedures; or lack of timeliness and accuracy in the loan review function, suggests that losses are likely to be more than the above minimum provision percentages, banks may be required to maintain larger provisions.

7.5 The minimum prudential provision requirements for each classification category, under sub-article 7.3 of this article, shall be applied against the total outstanding principal balance, not against the amount of past due payments, for each loan or advance, or portion thereof, classified regardless of whether the loan or advance is analyzed and provided for individually or as part of a group.

7.6 Before applying the minimum provision percentages laid out under sub-article 7.3 of this article, banks may deduct from the outstanding non-performing loans or advances:

7.6.1 any accrued but uncollected interest held in a suspended interest account (by debiting this account); and

7.6.2 in the case of loans secured by physical collateral, net recoverable value, or estimated collateral value (where applicable, as per Article 10 of this Directive) backing the non-performing loan, whichever is lower.

7.7 Notwithstanding deductions stipulated under sub-article 7.6 of this article, minimum provision percentage maintained by a bank for each non-performing loan or advance shall not be less than three percent (3%) of the outstanding loan or advance.

8. Provisioning Requirements for Off-balance Sheet Exposures

8.1 All banks shall maintain a Provision for Loan Losses Account, which shall be created by charges to provision expense in the profit and loss statement and shall be maintained at a level adequate to absorb potential losses from off-balance sheet exposures, including letter of credit (such as sight or acceptance letter of credit), guarantee (such as performance bond or bid bond guarantees) and commitment to loan or advance.

8.2 All banks shall maintain the prudential provisions against the total off-balance sheet exposure (amount of cash margin or value of eligible collateral shall not be deducted while computing such exposure value for provisioning purposes).

8.3 Banks shall maintain the following minimum prudential general provision percentages against the total off-balance sheet exposure amount:

8.3.1 Guarantee

a) Guarantee with no counter guarantee: 2%

b) Guarantee with counter guarantee by foreign bank or foreign insurance company with an A rating as per sub-article 2.5.3 of this Directive: 1%

8.3.2 Commitment to provide loan and advance: 2%

8.3.3 Letter of credit: 2%

8.3.4 Other off-balance sheet exposures: 2%

8.4 A bank shall maintain additional provision, over the general provision stipulated in sub-article 8.3 of this Article, in the following manner:

8.4.1 additional 2% on any type of off-balance sheet exposure, where the exposure is considered non-performing, in the case of, but not limited to:

a) the bank has cause to believe that it is unlikely to recover, in a timely manner, the full amounts it may be required to honor; and

b) in the case of commitment to advance (undrawn facility), if the creditworthiness of the counterparty has deteriorated to an extent that the timely repayment in full by the counterparty of any potential drawdown or associated interest payments or fees is unlikely.

8.4.2 additional 5%, in the in case of an off-balance sheet exposure under litigation.

8.5 Banks shall have proper monitoring system to measure and control the risks of its off-balance sheet exposures.

8.6 Banks shall review the adequacy of the provisions for off-balance sheet exposures on a continuous basis to ensure that the provisions set aside are reflective of their potential losses.

9. Eligibility of the Collateral

9.1 A bank shall evaluate the status of collateral on any loans and advances classified as at least sub-standard.

9.2 A bank may initiate procedures, which could include the realization of any collateral, once a credit facility becomes non-performing.

9.3 Collateral that can be considered for the purpose of determining levels of provisioning shall be:

9.3.1 supported by proper legal documentation, binding on all parties and legally enforceable. Banks shall conduct sufficient legal review to verify this and have a well-founded legal basis to reach this conclusion;

9.3.2 appropriately charged and registered. Banks shall have the right to liquidate or take legal possession of the collateral, in a timely manner, in the event of the default, insolvency or bankruptcy of the counterparty;

9.3.3 adequately insured;

9.3.4 valued by a valuer (as per Article 10 of this Directive);

9.3.5 free of prior liens which could reduce its value or prevent the bank from obtaining clear title; and

9.3.6 characterized by no foreseeable difficulties in actual foreclosure or disposing.

10. Valuation of Physical Collateral

10.1 When banks use external valuers, they shall establish a list of accepted external valuers from the competent authority, ensuring that valuers have relevant expertise in the segments of the property sector.

10.2 Banks shall ensure that the valuers provide an impartial, clear, transparent, and objective valuation, and each valuation shall have a final report providing:

10.2.1 the value of the collateral;

10.2.2 the approaches, methodology and key parameters and assumptions that have been used to assess the value (for example, discounting the value to reflect change in market conditions, the cost of sale, delay in realizing the proceeds, and liquidation cost);

10.2.3 a description of the collateral, including its current use or multiple uses if applicable, and the property type and quality, including age and state of preservation;

10.2.4 a description of the location of the collateral, the local market conditions, and the liquidity;

10.2.5 the legal and actual attributes of the collateral; and

10.2.6 any known circumstances that may affect the value in the short-term.

10.3 Banks shall critically review the valuation they receive from the valuer, focusing on aspects such as comprehensibility (whether the approaches and assumptions are clear and transparent), the prudence of assumptions (for example, in regards to cash flow and discount rates), and the clear and reasonable identification of comparable properties used as a value benchmark.

10.4 Banks shall ensure that a valuer carrying out the valuation tasks:

10.4.1 is professionally competent and/or meets any national or international requirements and accepted professional standards that apply to the valuer;

10.4.2 has the appropriate technical skills and experience to perform the assignment;

10.4.3 has the necessary knowledge, that is, knowledge of the subject of the valuation, the relevant property market, and the purpose of the valuation; and

10.4.4 is independent from the credit decision-making process.

10.5 Banks shall ensure that the fee or the salary of the valuer and the result of the valuation are not linked in a way that creates a conflict of interest.

10.6 Banks shall assess the performance of the valuers, in particular the accuracy of the valuations provided, by back-testing on the value of the collateral.

10.7 To mitigate any conflict of interest, banks shall take reasonable steps to ensure that valuers and their first-degree relatives are:

10.7.1 not involved in the loan application, assessment, decision or administration;

10.7.2 not guided or influenced by the borrower's creditworthiness;

10.7.3 rotated adequately;

10.7.4 not related to either the buyer or the seller of the property; and

10.7.5 not conflicted regarding the property in question, both in real terms and potentially.

11. Duty to Use Applicable International Financial Reporting Standard

11.1 Banks shall calculate expected credit losses in accordance with applicable International Financial Reporting Standards.

11.2 Where the annual (audited financial statements) expected credit losses determined using applicable International Financial Reporting Standards, are lower than minimum prudential provisions determined as per this Directive (under sub-article 7.3), the difference shall be treated as an appropriation from retained earnings and placed in a non-distributable reserve.

11.3 Where the annual (audited financial statements) expected credit losses determined under applicable International Financial Reporting Standards, are higher than those determined as per this Directive (sub-article 7.3), they shall be considered adequate for the purpose of this Directive.

12. Portfolio Composition and Review of Financial Statements of Borrowers

Banks shall review financial statements for the latest financial year of a borrower, who has been in business for a year or above, audited by external auditors, before granting loans or advances of Birr ten (10) million or above.

13. Examiner Review

13.1 Each bank shall maintain adequate records in support of its evaluation of potential loss exposure in the loans or advances portfolio and of the entries made to ensure an adequate Provisions for Loan Losses Account, which shall be made available to examining personnel of the National Bank upon request, to assess the reasonableness of the bank's loss estimation procedures, the reliability of the information on which estimates are based, and the adequacy of the Provisions for Loan Losses Account.

13.2 Should examining personnel in applying the requirements of this Directive, and after discussions with the executive officer(s) of the bank, find the Provisions for Loan Losses Account to be inadequate by more than ten percent (10%) when compared to the findings of an on-site examination, the board of directors shall within thirty (30) days of such notice by the National Bank of any deficiency in the Provisions for Loan Losses Account, require the executive officer(s) to record the appropriate entries to increase the balance of the Provisions for Loan Losses Account to a level which is within ten percent (10%) of the estimated amount of the Provisions for Loan Losses Account determined by examiners of the National Bank.

13.3 In the event of material disagreements between examining personnel of the National Bank and the executive officer(s) of the bank regarding the appropriateness of additional provisions needed to the Provisions for Loan Losses Account, the board of directors may appeal to the National Bank. Notwithstanding this appeal, it is incumbent on the executive officer(s) of the bank to attend all loan discussions and meetings during on-site examination in order to be fully apprised of examiner concerns with respect to all classified loans or advances.

14. Write-off Policy

A bank shall have sound policies and processes to ensure that write-offs of identified losses are made in a timely manner.

15. Other Provisioning or Write-off Requirements

15.1 Expenses for depreciation of fixed assets shall be made out of the annual income of a bank in accordance with the relevant law.

15.2 Operating and accumulated losses shall be provided for from the annual net profit until such losses are fully covered.

15.3 The value of any assets lodged or pledged to secure a liability, as indicated under Article 21(1)(b) of Proclamation No. 592/2008(as Amended by Proclamation 1159/2019), shall be fully provided for upon the lodging or pledging of any asset.

15.4 Preliminary expenses, representing expenses relating to organization or extension or the purchase of business or good, will and including share-underwriting commission shall be amortized fully within five (5) years.

15.5 Any uncollectible claims, other than loans or advances, shall be classified and provided for in the same manner and method laid down in this Directive for term loans with monthly repayment program or otherwise written-off as other operating expense of the bank as they are identified.

16. Interpretation of the Directive

All exposures held by a bank shall be accounted for and categorized in accordance with the requirements laid out in this Directive. No interpretation of this Directive shall be permitted unless confirmed in writing by the National Bank. In recording an exposure not covered in principle by the requirements laid out in this Directive, a bank shall make a written request to the National Bank to confirm the proper application of the requirements laid out in this Directive.

17. Reporting

17.1 Banks shall submit, to the Banking Supervision Directorate of the National Bank, as per the templates attached herein, which shall be part of this Directive, quarterly reports on:

17.1.1 on loan and advances classification and provisioning; and

17.1.2 provisioning for off-balance sheet exposures.

17.2 Banks shall also submit, to the Banking Supervision Directorate of the National Bank, as per the templates attached herein and as per sub-article 5.4 of this Directive, quarterly reports on:

17.2.1 restructured loans and advances; and

17.2.2 loans and advances re-categorized from non-accrual to accrual status.

18. Interest Free Financing

Banks engaging in interest-free banking business shall consider margin/profit, in place of interest stipulated in this Directive, as appropriate, in providing interest-free banking services and products.

19. Transition Period

A bank which is not in full compliance with the requirements of this Directive, due to the changes made, shall submit an action plan within ninety (90) days after this Directive enters into force, to fully comply within a maximum of two (2) years from the effective date of this Directive.

20. Repealed Directive

Asset Classification and Provisioning Directive No. SBB/69/2018 (5th Replacement) is hereby repealed and replaced by this Directive.

21. Effective Date

This Directive shall enter into force as of 12th of June, 2024.

Mamo Esmelealem Mihretu
Governor

ANNEX I

1. Credit Impaired

1.1 Evidence that a financial asset is credit-impaired include observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event, irrespective of the number of days past due;
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
e) the disappearance of an active market for that financial asset because of financial difficulties; or
f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

1.2 It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit-impaired.

2. Forbearance-Restructure

2.1 Financial difficulty

Example of financial difficulties includes:

a) a counterparty is currently past due on any of its exposures;
b) a counterparty is not currently past due, but it is probable that it will be past due on any of its exposures in the foreseeable future without the concession (for instance, when there has been a pattern of delinquency in payments on its exposures);
c) a counterparty's outstanding securities have been delisted, are in the process of being delisted, or are under threat of being delisted from an exchange due to noncompliance with the listing requirements or for financial reasons;
d) on the basis of actual performance, estimates and projections, the bank forecasts that all the counterparty's committed/available cash flows will be insufficient to service all of its loans or debt securities (both interest and principal) in accordance with the contractual terms;

e) a counterparty's exposures are categorized as exposures that have already evidenced difficulty in the ability to repay in accordance with the National Bank categorization scheme;
f) a counterparty is in non-performing status or would be categorized as non-performing without the concessions
g) The counterparty cannot obtain funds from sources other than the existing banks at an effective interest rate equal to the current market interest rate for similar loans for a non-troubled counterparty.

2.2 Concession

a) Concessions are special contractual terms and conditions provided by a bank to a counterparty facing financial difficulty so that the counterparty can sufficiently service its debt. The main characteristic of these concessions is that a bank would not extend loans or grant commitments to the counterparty, or purchase its debt securities, on such terms and conditions under normal market conditions. Concessions can be triggered by:

    i. changes in the conditions of the existing contract, giving considerably more favorable terms for the counterparty;
    ii. a supplementary agreement, or a new contract to refinance the current transaction; or
    iii. the exercise of clauses embedded in the contract that enable the counterparty to change the terms and conditions of its contract or to take on additional loans, debt securities or off-balance sheet items at its own discretion. These actions shall only be treated as concessions if the bank assesses that the counterparty is in financial difficulty.

b) When a borrower is assessed as experiencing financial difficulty, examples of potential concessions are:
    i. extending the loan term;
    ii. rescheduling the dates of principal or interest payments;
    iii. granting new or additional periods of non-payment (grace period);
    iv. reducing the interest rate, resulting in an effective interest rate below the current interest rate that counterparties with similar risk characteristics could obtain from the same or other institutions in the market;
    v. capitalizing arrears;
    vi. forgiving, deferring or postponing principal, interest or relevant fees;
    vii. changing an amortizing loan to an interest payment only;

viii. releasing collateral or accepting lower levels of collateralization that does not match with or cover the outstanding loan balance;
ix. allowing the conversion of debt to equity of the counterparty;
x. deferring recovery/collection actions for extended periods of time; and easing of covenants.

c) Refinancing an existing exposure with a new contract due to the financial difficulty of a counterparty could qualify as a concession, even if the terms of the new contract are no more favorable for the counterparty than those of the existing transaction.

3. Significant Increase of Credit Risk (SICR)

a) When determining whether the recognition of lifetime expected credit losses is required, an entity shall consider reasonable and supportable information that is available without undue cost or effort and that may affect the credit risk on a financial instrument.

b) The following non-exhaustive list of information may be relevant in assessing changes in credit risk:
i. an actual or expected significant change in the borrower's external credit rating by rating agencies acceptable to the National Bank;
ii. an actual or expected internal credit rating downgrade for the borrower or decrease in behavioral scoring used to assess credit risk internally;
iii. existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations, such as an actual or expected increase in interest rates or an actual or expected significant increase in unemployment rates;
iv. an actual or expected significant change in the operating results of the borrower. Examples include actual or expected declining revenues or margins, increasing operating risks, working capital deficiencies, decreasing asset quality, increased balance sheet leverage, liquidity, management problems or changes in the scope of business or organizational structure (such as the discontinuance of a segment of the business) that results in a significant change in the borrower's ability to meet its debt obligations;
v. significant increases in credit risk on other financial instruments of the same borrower;

vi. an actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations, such as a decline in the demand for the borrower's sales product because of a shift in technology;

vii. significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring. For example, if the value of collateral declines because house prices decline, borrowers in some jurisdictions have a greater incentive to default on their mortgages;

viii. a significant change in the quality of the guarantee provided by a shareholder (or an individual's parents) if the shareholder (or parents) has an incentive and financial ability to prevent default by capital or cash infusion;

ix. significant changes, such as reductions in financial support from a parent entity or other affiliate or an actual or expected significant change in the quality of credit enhancement, that are expected to reduce the borrower's economic incentive to make scheduled contractual payments;

x. expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;

xi. significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the group; and

xii. past due information, including the thirty (30) days rebuttable presumption.

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NATIONAL BANK OF ETHIOPIA

Form-BSD1/SBB/90/2024
Average Recovery Rate (ARR) Computation
For the Quarter Ended________________

Name of the Bank ______________________
Reporting Date:_____________________

Table A: Collateralized Properties Foreclosed and Sold During the Last 18 Consecutive Months
(In millions of Birr)

No.	Name of Borrower	Type of the Property	Date Sold	Outstanding Principal Balance*	Sale Value	Expenses Related to Disposal	Net Realized Value
				A	B	C	D=B-C
Total							

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NATIONAL BANK OF ETHIOPIA

Name of the Bank ___________________
Reporting Date:_____________________

Table B: Collateralized Properties Acquired During the Last 18 Consecutive Months
(In millions of Birr)

No.	Name of Borrower	Type of the Property	Date Acquired	Outstanding Principal Balance*	Ask/ Reserve Price	Highest Offered Bid Price	Average Market Value	Expenses Related to Acquisition	Net Market Value
				A	B			C	D=B-C
Total									

Backed by the collateral (property)

Average Recovery Rate (ARR) = (<u>Total Net Realized Value + Total Net Market Value</u>) X 100 =________%
(Aggregate Outstanding Principal Balance in Table A + Table B)

ARR= shall not be 15 percentage points greater than industry average to be provided by the National Bank.

Prepared by: ________________
Signature: ___________________

Approved by: __________________
Signature: ______________________

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NATIONAL BANK OF ETHIOPIA

Form — BSD2/SBB/90/2024
Loan and Advances Classification and Provisioning
For the Quarter Ended __________
(In Millions of Birr)

Name of the Bank: _________________________________
Reporting Date: ___________________________________
TABLE A: ON-BALANCE SHEET EXPOSURES

Loan Classification	Amount	Deductible Collateral			Net Loans and Advances	Provisioning Rate	Required Provisions	Accumulated Provisions Held in the Previous Period	Excess/ Shortfall in Provisions
		Cash/Cash Substitute	Net Recoverable Value*	Total					
	A	B	C	D=B+C	E=A-D	F	G=ExF	H	I=H-G
1. Pass(sub-total)				0					
1.1 Term Loans				0					
1.2 Overdrafts				0					
1.3 Merchandise				0					
1.4 Others				0					
2.Special Mention (sub-total)				0					
2.1 Term loans				0					
2.2 Overdrafts				0					
2.3 Merchandise				0					
2.4 Others				0					

3.Substandard (sub-total)									
3.1 Restructured									
3.1.1 Term loans									
3.1.2 Overdrafts									
3.1.3Merchandise									
3.1.4 Others									
3.2Not Restructured									
3.2.1Term loans									
3.2.2 Overdrafts									
3.2.3Merchandise									
3.2.4 Others									
4.Doubtful (sub-total)									
4.1 Term loans									
4.2 Overdrafts									
4.3 Merchandise									
4.4 Others									
5.Lost Loans (sub-total)									
5.1 Term loans									
5.2 Overdrafts									
5.3Merchandise									
5.4 Others									
6.Total (1+2+.....+5)									
7.Total Non-performing (3+4+5)									
8.NPLs Total loans Ration (7/6)									

* Net Recoverable Value (NRV) = Outstanding Principal Balance x ARR
ARR = shall not be 15 percent points greater than industry average to be provided by the National Bank.

Prepared by: ______________________________________
Signature ____

Approved by: ______________________________________
Signature ____

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NATIONAL BANK OF ETHIOPIA

Name of the Bank: ________________________________

Reporting Date: __________________________________

TABLE B: PROVISIONING FOR OFF-BALANCE SHEET EXPOSURES

Off Balance Sheet Item	Amount	Provisioning Rate	Required Provisions	Accumulated Provisions Held in the Previous Period	Excess/Shortfall in Provisions
	A	B	C=AXB	D	D-C
Guarantee					
Commitment to provide Loan and Advance					
Letter of Credit					
Others					

<u>Note</u>:

1. *If counterparty has multiple off-balance sheet exposures, each exposure shall be listed separately in this template.*
2. *Collateral does not apply in the provisioning calculation for all off balance exposures.*

Prepared by: ____________________________________

Signature _______________________________________

Approved by: ____________________________________

Signature _______________________________________

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NATIONAL BANK OF ETHIOPIA

Form — BSD 3/SBB/90/2024
Restructured Loans and Advances
For the Quarter Ended __________
(In Millions of Birr)

Name of the Bank: __________________________________
Reporting Date: ____________________________________

<u>TABLE A: RESTRUCTURED LOANS AND ADVANCES THAT ARE EQUAL TO OR ABOVE FIVE PERCENT (5%) OF TOTAL CAPITAL OF THE BANK (in Millions of Birr)</u>

Total Capital _______________________________

Name of the Counterparty/ Borrower	Type of Loan and Advance	Sector to which the Loan and Advance is provided	Number of Iterations made so far to the Loan and Advance	Type of Restructuring made	Original Amount of Loan and Advance	Amount of Loan and Advance after Latest Restructuring	Date of Last Restructure	Classification/Status of Loan and Advance	Type of Collateral	Value of Collateral	Loan and Advance as a percentage of Bank's Total Capital

<u>NOTE</u>: *If a counterparty has multiple loans, each loan shall be listed separately in this template.*

Prepared by: ______________________
(name and signature)
Telephone: __________________

Approved by: _________________
(name and signature)
Telephone: __________________________

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Name of the Bank: _______________________________
Reporting Date: __________________________________

TABLE B: AGGREGATE OF ALL RESTRUCTURED LOANS AND ADVANCES (in Million of Birr)

	Number of Restructured of Loan and Advances	Amount of Restructured Loan and Advances
Balance of Restructured Loans and Advances at the end of the previous quarter		
Restructured Loans and Advances during the Quarter		
Total Restructured Loans and Advances		

Prepared by: _________________________
(name and signature)
Telephone: ____________________

Approved by: ____________________
(name and signature)
Telephone: _____________________________

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NATIONAL BANK OF ETHIOPIA

Form — BSD 4/SBB/90/2024
Loans and Advances Re-categorized from Non-Accrual to Accrual Status
For the Quarter Ended __________
(In Millions of Birr)

Name of the Bank: _________________________________
Reporting Date: ___________________________________

TABLE A: LOANS AND ADVANCES RE-CATEGORIZED FROM NON-ACCRUAL TO ACCRUAL STATUS THAT ARE EQUAL TO OR ABOVE FIVE PERCENT (5%) OF THE BANK'S TOTAL CAPITAL (in Millions of Birr)

Total Capital _______________________________

Name of Counterparty/Borrower	Type of Loan and Advance	Sector to which the Loan and Advance is provided	Amount of Loan and Advance	Date of Re-categorization	Classification/Status of Loan and Advance	Collateral		Loan and Advance as a percentage of Bank's Total Capital
						Type	Value	

NOTE: *If counterparty has multiple loans, each loan shall be listed separately in this template.*

Prepared by: _____________________
(name and signature)

Approved by: _________________
(name and signature)

Telephone: _________________

Telephone: _________________________

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Name of the Bank: __________________________________
Reporting Date: ____________________________________

TABLE B: AGGREGATE LOANS AND ADVANCES RE-CATEGORIZED FROM NON-ACCRUAL TO ACCRUAL STATUS (in Millions of Birr)

	Number of Loans and Advances Re-categorized from Non-Accrual to Accrual Status	Amount of Loans and Advances Re-categorized from Non-Accrual to Accrual Status
Balance of Loans and Advances Re-categorized from Non-Accrual to Accrual Status at the end of the previous quarter		
Loans and Advances Re-categorized from Non-Accrual to Accrual Status during the quarter		
Total Loans and Advances Re-categorized from Non-Accrual to Accrual Status		

Prepared by: ______________________
(name and signature)

Telephone: __________________

Approved by: __________________
(name and signature)

Telephone: __________________________

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