



LICENSING AND SUPERVISION OF BANKING BUSINESS

Risk Assessment Model and Early Warning System Directive No.
SBB/xx/2025

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PREAMBLE

Whereas, it is found essential to upgrade and modernize the supervisory practice of the National Bank in a manner that will allow a more forward-looking view and assessment of risk exposures, risk management and internal control of banks through introducing risk assessment and rating supervisory tools.

Whereas, taking prompt corrective actions on banks that exhibit deteriorating performance and high-risk profile requires use of tools that enable early identification of vulnerabilities in banks.

Whereas, Risk Assessment Model, as a supervisory tool, ensures that supervision of banks follow the highest-level of standards and robust patterns to achieve convergence on the risk assessment and consistency on the supervisory actions resulting from the supervisory risk assessment.

Whereas for this purpose, the highest level of clarity, accuracy and transparency is expected from banks while providing data and information to the National Bank of Ethiopia about their risk profile, governance and risk management frameworks.

Now, therefore, in accordance with Articles 85 and 91(2) of Banking Business Proclamation No.1360/2025 (hereinafter referred to as the “Proclamation”) the National Bank of Ethiopia has issued this Directive.

1. Short Title

This Directive may be cited as “**Risk Assessment Model and Early Warning System Directive No. SBB/xx/2025**”.

2. Definitions

For the purpose of this Directive, unless the context requires otherwise, the term:

- 2.1 “**Bank**” means a private or state-owned entity licensed by the National Bank to undertake banking business.
- 2.2 “**Early Warning System**” means a set of advanced indicators monitored by the National Bank that would help to proactively detect situations of stress, inherent risks, deteriorating performance and other supervisory concerns in banks that could potentially trigger the National Bank for an early intervention or to take prompt corrective action.
- 2.3 “**Early Intervention**” means supervisory actions, as provided in the National Bank Directive on prompt corrective actions, and is to be taken by the National Bank, before any breach of prudential or regulatory requirements, on banks exhibiting high level of risk and/or deteriorating performance that could threaten the soundness of a bank or the banking sector.
- 2.4 “**National Bank**” refers to the National Bank of Ethiopia.
- 2.5 “**Prompt Corrective Action**” means supervisory actions, as provided in the relevant National Bank Directive and Banking Business Proclamation No. 1360/2025, and is to be taken by the National Bank on banks whose condition is violating prudential or regulatory requirements.
- 2.6 “**Rating**” means the numerical assessment score of the Risk Assessment Model of the National Bank on a bank’s inherent risks (risk profile), quality of risk management and governance, and net/residual risk, on a scale of one to four, wherein , a score of one (1), represents the highest level of risk

,designating first priority level of intervention by the National Bank, and a score of four (4), represents lowest level or not significant level of risk, designating the last level of priority of intervention.

- 2.7 **“Report on Governance and Risk Management”** refers to a report submitted by banks to the National Bank, both on a quarterly and yearly basis, detailing the evolution of their governance, risks and risk management frameworks, in a comprehensive manner.
- 2.8 **“Risk Assessment Model”** (RAM) refers to a supervisory tool of the National Bank that has a set of quantitative and qualitative rules, calibrated in accordance with the specific features of the Ethiopian banking sector, and is used by the National Bank to assess and rate the inherent risks (risk profile), quality of risk management and governance, net/residual risk, and overall risk for all the risks borne by a bank, as defined by the Internal Control and Risk Management Directive.
- 2.9 **“Risk-Based Supervision”** (RBS) means the supervisory approach, consisting of assessment of the inherent risks (risk profile) of banks, the quality of risk management of banks and the residual/net risk; and focus of supervisory resources based on risk characteristics of the banks. RBS principles are the basis on which the RAM model of the National Bank has been established.

3. Scope of Application

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

4. General Principles

- 4.1 A risk-based supervision approach is applied by the National Bank as its risk assessment methodology in supervision of banks, which is implemented in line with the National Bank’s Risk-Based Supervision Framework.
- 4.2 In line with the provisions of the respective National Bank Directives and the Banking Business Proclamation No.1360/2025, the full supervisory process of the National Bank includes:

4.2.1 Risk Assessment and Risk Rating

4.2.2 Early Warning System

4.2.3 Escalated Supervision

4.2.4 Early intervention and Prompt Corrective Action

4.2.5 Recovery Planning

4.2.6 Resolution

4.3 The Risk Assessment Model is an integral part of the National Bank's Risk-Based Supervision framework and the supervisory process conducted by the National Bank throughout the year on individual banks.

5. Outputs of the Risk Assessment Model

The outputs of the Risk Assessment Model are:

5.1 ratings of individual components of a bank in respect of inherent risks; risk management; and net/residual risk; and

5.2 overall RAM rating of a bank's risk profile.

6. Application of the Risk Assessment Model

The National Bank applies the Risk Assessment Model and its outputs, stated under Article 5 of this Directive, in the following manner:

6.1 to identify, monitor and assess a bank's risk profile and risk management practices in a forward-looking manner;

6.2 as an early warning system, which shall complement the risk-based supervision approach of the National Bank that may potentially be the basis for the National Bank to take early interventions and prompt corrective actions in the supervisory process; and

6.3 a bank, whose overall RAM rating meets the conditions stated in the National Bank's Prompt Corrective Action Directive, shall be subjected to the supervisory measures prescribed by this Directive and the Banking Business Proclamation No.1360/2025.

7. Reporting Requirement

7.1 A bank shall submit to the Banking Supervision Directorate of the National Bank:

7.1.1 quarterly quantitative data as per the list and corresponding definitions under Annex IA and Annex IIA of this Directive, respectively, in twenty (20) calendar days after end of each quarter;

7.1.2 annual quantitative data as per the list and corresponding definitions under Annex IB and Annex IIB of this Directive, respectively, on or before July 31 of each year;

7.1.3 quarterly report on governance and risk management, as per the format/template to be provided in line with Sub-Article 7.2 of this Directive, in twenty (20) calendar days after end of each quarter; and

7.1.4 annual report on governance and risk management, as per the format/template to be provided in line with Sub-Article 7.2 of this Directive, on or before July 31 of each year.

7.2 The reporting templates/format referred to under Sub-Articles 7.1.3 and 7.1.4 of this Directive (which are developed in line with the definitions and provisions of the Internal Control and Risk Management Directive and other relevant Directives of the National Bank) will be provided to banks by the National Bank quarterly and annually, at least five (5) days before end of the reporting period, after updating/revision for each reporting period, as needed.

7.3 A bank shall ensure that the quantitative data and qualitative information/report to be submitted in line with Sub-Article 7.1 of this

Directive are relevant and accurate, depicting the actions undertaken during the reporting period by the bank, in terms of financial position, governance and risk management.

- 7.4 The reports to be submitted to the Banking Supervision Directorate of the National Bank in line with Sub-Article 7.1 of this Directive shall be independently reviewed by the bank's risk management and compliance and the internal audit functions, of the bank before submission to the National Bank.

8. Supervisory Meetings

The National Bank examiner(s) assigned to the respective bank (s) may call for supervisory meeting/engagement, with senior executive officers and/or heads of departments of a bank, to discuss reports submitted by the bank and/or any issue relating to the outputs of the Risk Assessment Model, without the need for a formal letter of request for such meeting.

9. Penalty

Starting from the effective date of this Directive, stipulated under Article 10 of this Directive, a bank that:

- 9.1 is found to wrongly and against the requirements of this Directive report quantitative data and qualitative information or is delayed in submitting the reports stipulated under Article 7 of this Directive, shall be penalized Birr 50,000; and
- 9.2 is not in compliance with any other Articles of this Directive, shall be penalized in line with the applicable Directive of the National Bank.

10. Effective Date

This Directive shall be effective as of the.....xx....Day of.....xx.....2025.

ANNEX I: Data Reporting Format

ANNEX 1A: RAM Data Reporting Format – Quarterly

Name of Bank:

Reporting Quarter:

(Amount to be reported Millions of Birr)

| No | Data Item | As at end of the reporting Quarter (Q) | As at end of the same Quarter of Last Year (Q-4) |
|-----------|--|---|---|
| 1. | Total Operating Income | | |
| 2. | Non-Interest Income | | |
| 3. | EBITDA | | |
| 4. | Net Income before taxes and provisions | | |
| 5. | Interest Income | | |
| 6. | Interest Paid Out (interest expenses) | | |
| 7. | Interest Earning Assets | | |
| 8. | Total Assets (including off-balance sheet x CCF) | | |
| 9. | Total Assets (excluding off-balance sheet assets) | | |
| 10. | Total Equity/Capital | | |
| 11. | Total Operating Expenses (excluding interest and provisions expenses) | | |
| 12. | Total Risk Weighted Asset for credit risk | | |
| 13. | Total Outstanding Loans | | |
| 14. | Total Rescheduled Loans | | |
| 15. | Total Loans Classified "Pass" | | |
| 16. | Total Loans Classified "Special Mention" | | |
| 17. | Total Loans Classified "Sub-Standard" | | |
| 18. | Total Loans Classified "Doubtful" | | |
| 19. | Total Loans Classified "Loss " | | |
| 20. | Total Secured Loans | | |
| 21. | Total Exposures on Commercial Real Estate and Trade and services Finance | | |
| 22. | Total Unprovisioned Net NPL (Sub-Standard, Doubtful and Loss) | | |
| 23. | Total Provisions on Exposures Sub-Standard, Doubtful and Loss | | |
| 24. | Total Deposits Birr | | |
| 25. | Total Deposits of Top 10 Customers Birr | | |
| 26. | Total Deposits in FCY | | |

| No | Data Item | As at end of the reporting Quarter (Q) | As at end of the same Quarter of Last Year (Q-4) |
|-----|--|--|--|
| 27. | Total Deposits of Top 10 Customers in FCY | | |
| 28. | Top 20 Exposures | | |
| 29. | Treasury Bills | | |
| 30. | Government Bonds | | |
| 31. | Exposures to State-Owned Entities | | |
| 32. | Total Term Deposits/Certificates of Deposits (Birr+FCY) | | |
| 33. | Total Retail deposits | | |
| 34. | Total High Quality Liquid Asset in Birr | | |
| 35. | Total High Quality Liquid Asset in FCY | | |
| 36. | Total liabilities in Birr | | |
| 37. | Total liabilities in FCY | | |
| 38. | MLT loans | | |
| 39. | MLT funding | | |
| 40. | Liquidity Coverage Ratio (LCR) | | |
| 41. | Net FX Position | | |
| 42. | Total Assets Held for Trading | | |
| 43. | Operational Losses | | |
| 44. | Interest Rate Sensitive Assets (in Birr) | | |
| 45. | Interest Rate Sensitive Liabilities (in Birr) | | |
| 46. | Interest Rate Sensitive Assets (in FCY) | | |
| 47. | Interest Rate Sensitive Liabilities (in FCY) | | |
| 48. | Total (Gross) Loans to Related Parties | | |
| 49. | Total assets in Birr (including off-balance sheet x CCF) | | |
| 50. | Total assets in FCY (including off-balance sheet x CCF) | | |

ANNEX 1B: RAM Data Reporting Format – Annually

Name of Bank:

Reporting Year:

(Amount to be reported Millions of Birr)

| No | Data Item | As at end of Fiscal Year |
|-----|---|--------------------------|
| 1. | Total Operating Income | |
| 2. | Non-Interest Income | |
| 3. | Dividends Paid Out | |
| 4. | EBITDA | |
| 5. | Asset Size Objective of the Board Year N+1 | |
| 6. | Asset Size Objective of the Board Year N+3 | |
| 7. | Total Assets (including off-balance sheet x CCF) at the end of the year | |
| 8. | Total Assets (excluding off-balance sheet x CCF) at the end of the year | |
| 9. | ROA reporting year | |
| 10. | ROA Objective of the Board Year N+1 | |
| 11. | ROA Objective of the Board Year N+3 | |
| 12. | Average ROA during Y-1, Y-2 and Y-3 | |
| 13. | Total Equity (Capital) | |
| 14. | ROE reporting year | |
| 15. | Average ROE during Y-1, Y-2 and Y-3 | |
| 16. | ROE Objective of the Board-Year End N+1 | |
| 17. | Amount of Fines | |
| 18. | Number of Fines | |
| 19. | Total number of Employees | |
| 20. | Number of Branches | |
| 21. | Number of Staff with a Training During the Year | |
| 22. | Number of Staff having left the bank during the Year | |
| 23. | Number of Customers Complaints during the Year | |
| 24. | Total Operating Expenses (excluding interest and provisions expenses) | |

ANNEX II: Data Definition for RAM Data Reporting Formats under Annex I

ANNEX IIA: Definitions of the Quarterly Data listed in Annex 1A

| No. | Quarterly Data Item | Data Definition / Specification |
|-----|---|--|
| 1. | Total Operating Income | Gross income of the bank which is the sum of both Non-Interest Income and Interest Income (defined in items 2 and 5 below). |
| 2. | Non-Interest Income | All income earned by the bank excluding Interest Income (defined in item 5 below) |
| 3. | EBITDA - Earnings Before Interest, Tax, Depreciation and Amortization | Gross income of the bank which is the sum of both Non-Interest Income and Interest Income (defined in items 2 above and item 5 below) minus Total General/administrative Expenses. Note:- Provisions, Interest Expenses, Tax, Depreciation and Amortization are excluded from deductions. |
| 4. | Net Income before taxes and provision | Income of the bank after deduction of all Expenses excluding Provisions and Taxes. |
| 5. | Interest Income | Income from Loans and advances, bond, Treasury Bill, NBE Bill and deposits in other banks (local and foreign) which are calculated at a specified percentage rates on the Interest Earning/bearing Assets (defined in item 7 below) of the bank. |
| 6. | Interest Paid Out (interest expenses) | Payments made, at a specified percentage rate, on deposits of the bank's customers and other interest-bearing liabilities/borrowings of the bank. |
| 7. | Interest Earning Assets | Total of the Assets of the bank [both in Birr and Foreign Currency] that generate Interest Income to the bank [as defined in Item 5 above]. |
| 8. | Total Assets (including off balance sheet x CCF) | Sum of all asset accounts reflected on the Balance Sheet of the Bank and off-balance sheet items after being converted using the credit conversion factor. Loans and advances are netted for Provisions. |
| 9. | Total Assets (excluding off balance sheet items) as at of reporting quarter | Sum of all asset accounts reflected on the Balance Sheet of the Bank. Loans and advances are netted for Provisions. |
| 10. | Total Capital/Equity | Total Equity/Capital of the bank includes only the Paid-Up Capital, Legal Reserve and Retained Earning. |
| 11. | Total Operating Expenses (excluding interest & provision expense) | The bank's all Non-Interest Expenses (General and Administrative Expenses) excluding Provisions for loans and advances. |

| No. | Quarterly Data Item | Data Definition / Specification |
|-----|--|---|
| 12. | Total Risk Weighted Asset (for Credit Risk) | Risk Weighted Asset of the bank as calculated in line with NBE Directives Number SBB/9/95. |
| 13. | Total Outstanding Loans | Includes Principal and Accrued Interest on all loans and advances and investments in Government and Corporate Bonds. Note: Inter-bank loans/lending are not included. |
| 14. | Total Rescheduled Loans | Includes the total amount of the Principal and Accrued Interest on all loans and advances whose loan terms and conditions has been changed/negotiated from the original terms and conditions at the time of loan approval/disbursement. |
| 15. | Total Loans Classified "Pass" | Outstanding balance of Loans classified as Pass in line with NBE Directive No. SBB/90/2024. |
| 16. | Total Loans Classified "Special Mention" | Outstanding balance of Loans classified as Special Mention in line with NBE Directive No. SBB/90/2024. |
| 17. | Total Loans Classified "Substandard" | Outstanding balance of Loans classified as Substandard in line with NBE Directive No. SBB/90/2024. |
| 18. | Total Loans Classified "Doubtful" | Outstanding balance of Loans classified as Doubtful in line with NBE Directive No. SBB/90/2024. |
| 19. | Total Loans Classified "Loss " | Outstanding balance of Loans classified as Loss in line with NBE Directive No. SBB/90/2024. |
| 20. | Total Secured Loans | Principal and Accrued Interest balance of Loans which are secured by a physical Collateral, Financial Assets or Cash deposits. |
| 21. | Total Exposures on Commercial Real Estate and Trade and Services Finance | Exposures on Commercial Real Estate are those loans and advances granted for the construction of commercial buildings excluding constructions for residential buildings/houses. Exposures on Trade and Services Finance - are those loans and advances granted for domestic and foreign trade financing - Import and Export credits/financing. |
| 22. | Total Unprovisioned Net NPL (Substandard, Doubtful and Loss) | Total outstanding balance of loans and advances risk classified under Substandard, Doubtful and Loss minus/netted for provisions held for these loans and advances. |
| 23. | Total Provisions on Exposures Substandard, Doubtful and Loss | Provisions held by the bank for loans and advances risk classified as Substandard, Doubtful and Loss in line with NBE Directives No. SBB/90/2024. |
| 24. | Total Deposits Birr | Deposit balances in saving accounts, current accounts and time/certificate deposits of the bank's customers excluding deposits |

| No. | Quarterly Data Item | Data Definition / Specification |
|-----|--|--|
| | | in foreign currency denominated accounts. |
| 25. | Total Deposits of Top 10 Customers Birr | Deposit balance of the top 10 depositors/customers of the bank as selected by highest deposit balances from the depositors list under Item 24 above. |
| 26. | Total Deposits in FCY | Deposit balances in saving accounts, current accounts and time deposits of the bank's customers which are denominated in foreign currency and are opened and operated in line with applicable NBE Directives. |
| 27. | Total Deposits of Top 10 Customers in FCY | Top 10 customers/depositors as selected by highest deposit balances from the depositors list under Item 26 above. |
| 28. | Top 20 Exposures | The 20 borrowers/customers of the bank with the highest total outstanding balance of loans, advances and off-balance sheet exposures (guarantee, LC, loans approved but not disbursed). Credit Conversion Factor is applied for Off-Balance Sheet Exposures in line with NBE Directive No. SBB/9/95. |
| 29. | Treasury Bills | The bank's Investments in Treasury Bill of the NBE. |
| 30. | Government Bonds | The bank's Investments in bonds issued by the Federal and Regional governments of Ethiopia. |
| 31. | Exposures to State-Owned Entities (SOE) | Total exposures is the sum of the outstanding balance of loans and advances granted to enterprises, which are owned by the federal and/or regional government of Ethiopia; investments in Treasury bills and bonds ; and off-balance sheet items/commitments to SOEs multiplied by the credit conversion factor/CCF in line with NBE Directive No. SBB/9/95 |
| 32. | Total Term/Certificate of Deposits (Birr+FCY) | Deposits collected from the bank's customers (in local or foreign currency) for which the terms and condition (Interest rate, withdrawal date, etc) are specified/contractually agreed upon. [Note: If the terms "Time Deposits" and/or Certificates of Deposits are interchangeably used by a bank, all such deposit liabilities of the bank shall be included here.] |
| 33. | Total Retail Deposit | Deposit balances in saving accounts and term/certificate deposits held by natural persons (individuals) excluding deposits from legal persons (companies). |
| 34. | Total High Quality Liquid Asset (HQLA) in Birr | Assets denominated/held in local currency (Birr) that can be easily and immediately converted into cash at little or no loss of value which includes banknotes, placements in other local banks, unencumbered reserves at NBE, unencumbered marketable securities. Detail breakdown and calculation guide (aggregated for Birr & FCY) is provided under Annex III of this Directive - 1 st part of the Table |

| No. | Quarterly Data Item | Data Definition / Specification |
|-----|---|---|
| | | Guidance for LCR Calculation. |
| 35. | Total High Quality Liquid Asset (HQLA) in FCY | <p>Assets denominated/held in foreign currency (FCY) that can be easily and immediately converted into cash at little or no loss of value which includes banknotes, placements in other/correspondent banks, unencumbered reserves at NBE, unencumbered marketable securities.</p> <p>Detail breakdown and calculation guide (aggregated for Birr & FCY) is provided under Annex III of this Directive - 1st part of the Table Guidance for LCR Calculation.</p> |
| 36. | Total Liabilities in Birr | Amount owed to creditors and depositors of the bank including any other payment obligation of the bank which are payable in local currency/Birr. |
| 37. | Total Liabilities in FCY | Amount owed to creditors and depositors of the bank including all other payment obligation of the bank which are payable in foreign currency (FCY). |
| 38. | Medium and Long Term (MLT) Loans | These are loans and advances which are not settled [which are active] as at the reporting date and the initial contractual maturity/due date is greater than 1 (one) year. i.e Total outstanding balance of loans and advances excluding[minus] those with initial maturity/due date of less than one year. |
| 39. | Medium and Long Term (MLT) Funding | <p>These are term/certificates of deposits and borrowing by the bank which have initial contractual maturity/due date is greater than 1(one) year.</p> <p>i.e Total outstanding term/certificate of deposits and borrowing of the bank excluding[minus] those with initial maturity/due date of less than one year.</p> |
| 40. | Liquidity Coverage Ratio (LCR) | Detail breakdown and calculation of LCR is provided under Annex III of this Directive - Guidance for LCR Calculation. |
| 41. | Net FX Position | Net Open Foreign Currency Position (i.e., difference of long and short positions) of the bank as at end of day of the reporting quarter as calculated in line with NBE Directive No. SBB/27/2001. |
| 42. | Total Assets Held for Trading (Investments in Equity) | The bank's investment in equity/shares of other companies (financial or non-financial institutions) with the intention to resell/trade it with profit. If there is a dedicated fund set aside for such investments, it will also be included. |
| 43. | Operational Losses | These are losses incurred by the bank due to failure in system, damages in reputation, frauds and thefts and others emanating from operational and legal risks. Generally speaking, it refers to any loss resulting from inadequate or failed internal processes, people, and |

| No. | Quarterly Data Item | Data Definition / Specification |
|-----|--|--|
| | | <p>systems or from external events.</p> <p>Note: Known costs/losses are fully accounted. In case of difficulty to estimate indirect losses, banks have the discretion to put reasonable estimates of associated losses.</p> |
| 44. | Interest Rate Sensitive Assets (in Birr) | Assets of the bank (excluding foreign currency denominated assets) that generate Interest Income (as defined in Item 5 above) for the bank. |
| 45. | Interest Rate Sensitive Liabilities (in Birr) | Liabilities/payment obligations of the bank (excluding foreign currency denominated liabilities and deposits) on which the bank is paying interest (bears Interest Expense to the bank). |
| 46. | Interest Rate Sensitive Assets (in FCY) | Assets of the bank (excluding local currency/Birr denominated assets) that generate Interest Income (as defined in Item 5 above) for the bank. |
| 47. | Interest Rate Sensitive Liabilities (in FCY) | Liabilities/payment obligations of the bank (excluding local currency/Birr denominated liabilities and deposits) on which the bank is paying interest (bears Interest Expense to the bank). |
| 48. | Total (Gross) Loans to Related Parties | The total of all Loans and Advances and Off-balance Sheet Exposures to related parties as defined in NBE Directive No. SBB/88/2024. |
| 49. | Total assets in Birr (including off-balance sheet x CCF) | Sum of all asset accounts (excluding foreign currency denominated assets) reflected on the Balance Sheet of the Bank and off-balance sheet items after being converted using the credit conversion factor. Loans and advances are netted for Provisions. |
| 50. | Total assets in FCY (including off-balance sheet x CCF) | Sum of all asset accounts, which are denominated in foreign currency, reflected on the Balance Sheet of the Bank and off-balance sheet items after being converted using the credit conversion factor. Loans and advances are netted for Provisions. |

ANNEX IIB: Definitions of the Annual Data listed under Annex 1B

| No. | Annual Data Item | Data Definition / Specification |
|-----|---|---|
| 1. | Total Operating Income | Gross income of the bank which is the sum of both Interest Income and Non-Interest Income. |
| 2. | Non-Interest Income | All income earned by the bank excluding Interest Income. |
| 3. | Dividends Paid Out | As per the decision of the General Meeting of shareholders the payments made to shareholders from the annual net income of the bank for the reporting year. |
| 4. | EBITDA - Earnings Before Interest, Tax, Depreciation and Amortization | Gross income of the bank which is the sum of both Interest Income and Non-Interest Income minus Total General/administrative Expenses. Note:- Provisions, Interest Expenses, Tax, Depreciation and Amortization are excluded from deductions |
| 5. | Asset Size Objective of the Board Year End N+1 | Target set by the bank/ bank's board of directors (BoD) (in its Periodic Action Plan, Meeting minutes) for the bank's expected total asset for the stated fiscal year. |
| 6. | Asset Size Objective of the Board Year End N+3 | Target set by the bank/BoD (in its Periodic Action Plan, Meeting minutes) for the bank's expected total asset for the stated fiscal year. |
| 7. | Total Assets (including off balance sheet x CCF) | Sum of all asset accounts reflected on the Balance Sheet of the Bank and off-balance sheet items after converted using the credit conversion factor. Loans and advances are netted for Provisions. |
| 8. | Total Assets (excluding off-balance sheet assets) | Sum of all asset accounts reflected on the Balance Sheet of the Bank. Loans and advances are netted for Provisions. |
| 9. | ROA | The standard calculation for return on assets is applied. |
| 10. | ROA Objective of the Board - Year End N+1 | Target set by the bank/BoD (in its strategic/periodic Action Plan, Meeting minutes) for earning per Birr of the bank's asset for the stated fiscal year. |
| 11. | ROA Objective of the Board - Year End N+3 | Target set by the bank/BoD (in its strategic/periodic Action Plan, Meeting minutes) for earning per Birr of the bank's asset for the stated fiscal year. |
| 12. | Average ROA during Y- | The stated three years' average ROA. |

| No. | Annual Data Item | Data Definition / Specification |
|-----|---|--|
| | 3, Y-2 and Y-1 | |
| 13. | Total Equity (Capital) | Total Equity (Capital) of the bank includes only the Paid-Up Capital, Legal Reserve and Retained Earning. |
| 14. | ROE | The standard calculation for return on assets is applied. |
| 15. | Average ROE during Y-3, Y-2 and Y-1 | The stated three years' average ROE. |
| 16. | ROE Objective of the Board - Year End N+1 | Target set by the bank/BoD (in its Periodic Action Plan, Meeting minutes) for earning per Equity of the bank's equity(shares). |
| 17. | Amount of Fines | Total amount of fines/penalties levied on the bank from regulatory bodies, tax authority or any other entity for non-compliance/breach of laws during the reporting year. |
| 18. | Number of Fines | The total count/number of incidents where the bank is fined/penalized by regulatory bodies, tax authority or any other entity for non-compliance/breach of laws during the reporting year. |
| 19. | Number of Employees | Permanent and contractual employees hired by the bank and are on its payroll as at end of the reporting year. |
| 20. | Number of Branches | The total count/number of branches (branch-offices) of the bank as at end of the reporting year (excluding sub-branches). |
| 21. | Number of Staff with a Training During the Year | Short-term training organized and provided to the bank's staff, which can be by the bank's own staff (in house) and/or by external trainers. |
| 22. | Number of Staff who left/resigned During the Year | Number of Staff who left/resigned from the bank during the year, including contractual employees who terminated their contract before the expiry/due date of the contract. |
| 23. | Number of Customers Complaints During the Year | Written complaints lodged by dissatisfied customers of the bank on the quality of its products/services or misdoings by its staff during the reporting year. |
| 24. | Total Operating Expenses (excluding interest and provisions expenses) | The bank's all Non-Interest Expenses (General and Administrative Expenses) excluding Provisions for loans and advances. |

ANNEX III: Guidance for Liquidity Coverage Ratio Calculation

This guidance is a customized version of Liquidity Coverage Ratio (LCR) calculation. Banks are encouraged to use the full Basel Committee guidance for LCR calculation.

| Item | Factor | Notes/Remarks |
|---|--------|--|
| HQLA (Both in Birr and FCY) | | |
| Level 1 | | |
| Cash, Deposits with other Banks, Deposits at NBE, Unencumbered Reserve Balances at NBE. | 100% | Reserve Balances at the National Bank is only the excess amount above the minimum regulatory reserve balance required. |
| Level 2 | | |
| Federal Government, Development Bank of Ethiopia and NBE Bonds/Bills | 85% | |
| Loans/Lending to other FIs/banks | 75% | |
| Other/Loans and advances backed/secured by Level 2 Assets | 50% | |
| Equity Investment by the Bank | 25% | |
| Total Value of HQLA | | |
| CASH OUTFLOWS | | |
| Saving Deposits | | |
| Saving Deposits by Individuals | 10% | |
| Saving Deposits By Firms | 15% | |
| Other Deposits & Payables | | |
| Term Deposits with maturity less than 30 days | 100% | |

| Item | Factor | Notes/Remarks |
|--|--------|--|
| Deposits in Current Accounts | 20% | |
| Payable to Mobile Network Operators | 40% | EthioTele and Safaricom wallet (Mobile Money Deposits) |
| Additional Requirements | | |
| Contingent commitments - Guarantees & LCs | 20% | |
| Other expected/contractual cash outflows [within 30 days] | 100% | |
| Other payable | TBD | Left for bank's discretion to set the factor |
| Term Deposits with maturity greater than 30 days as reporting date | 0% | A 0% factor means such payable are excluded from cash outflow calculations. |
| Total Cash Outflows | | |
| CASH INFLOWS | | |
| Receivable from other Banks/FIs and NBE. | 100% | |
| Loans Secured by Level 2 HQLA | 50% | |
| Margin Lending - Advances on LC | 50% | |
| All other Contractual Receivables from retail counter-parties [within 30 days] | 25% | |
| Credit or Liquidity Purpose Facility/receivable from NBE | 0% | A 0% factor means such receivable is excluded from cash inflow calculations. |
| Total Cash Inflows | | |
| Net Cash Outflows = Total Cash Outflows Minus Total Cash Inflows | | |
| LCR = HQLA/Net Cash Outflows | | |