

BANK OF GUYANA



SUPERVISION GUIDELINE NO. 5

**ISSUED UNDER THE AUTHORITY OF PART IX, SECTION 61
OF THE FINANCIAL INSTITUTIONS ACT 1995,
(NO. 1 OF 1995)**

**CREDIT EXPOSURE REVIEW, CLASSIFICATION,
PROVISIONING, AND OTHER RELATED REQUIREMENTS**

Bank of Guyana

Revised July 30, 2021

Table of Contents

PART I – OVERVIEW.....	1
Glossary.....	1
Introduction.....	3
Applicability	3
Objectives.....	4
PART II –REGULATORY REQUIREMENTS.....	5
Credit Exposure Review.....	5
Overdraft.....	6
Credit Exposure Classification Criteria.....	7
Pass.....	8
Special Mention.....	8
Sub-standard.....	9
Doubtful.....	10
Loss.....	10
Classification Downgrade by Bank of Guyana (BOG).....	11
Provision Requirement.....	11
Specific Provisions.....	12
General Provisions.....	13
International Financial Reporting Standards (IFRS).....	13
Off-Balance Sheet Exposures.....	13
Renegotiated or Restructured Credits.....	14
Returning a Loan to Performing Status.....	15
Write-Offs.....	15
Income Recognition.....	15
Capitalization of Interest.....	16
PART III –OTHER RELATED REQUIREMENTS.....	17
Treatment of Collateral.....	17
Valuation of Collateral.....	18
Insurance.....	19
Investments.....	19

Bills of Exchange.....	20
Effective Date	21
Penalty.....	21

SCHEDULES

1. SCHEDULE I - Credit Exposure Review Summary – Loans, Overdrafts, Credit Cards and Off-Balance Sheet Commitments

2. SCHEDULE II - Credit Exposure Review Summary – Investments

PART I – OVERVIEW

GLOSSARY

- (i) “**Counterparty**” refers to a natural or legal person to which a financial institution has exposure.
- (ii) “**Credit exposures**” is the total amount of credit extended to a counterparty by a licensed financial institution (LFI). Credit exposures include, but are not limited to, loans, advances, overdrafts, equities, bonds, guarantees, acceptances, letters of credit and other contingent liabilities.
- (iii) “**Expected Credit Losses**” is the probability-weighted estimate of credit losses, that is, the present value of all cash shortfalls over a twelve-month period or the expected life of the financial instrument.
- (iv) “**Hardcore**” of an overdraft facility shall refer to that portion of an overdraft which shows little or no turnover over a period of twelve consecutive months and which is not supported by either inventory or receivables.
- (v) “**Impaired Credit Exposures**” indicates that there is evidence to suggest that full repayment based on the contractual terms, that is repayment of principal and interest, is unlikely without the realization of collateral, whether or not the exposure is current and regardless of the number of days past due.
- (vi) “**Non-performing Credit Exposures**” exists when the borrower is in default and has not made scheduled payments of principal or interest for 90 days or more; or an account where interest payments for 90 days or more has been capitalized, re-financed, or rolled-over into a new loan. In relation to overdraft, a period of 90 days or more has elapsed since the approved credit limit has been exceeded, or the overdraft has expired, or interest charges were due and unpaid, or the account has developed a hardcore which was not converted into a term loan.

(vii) “**Past Due Credit Exposures**” refers to any amount due under the contract, either principal or interest, that has not been paid in full at the due date. The exposure is considered past due from the first day of the missed payment. In relation to overdraft, a period of 1 to 89 days has elapsed since the approved credit limit has been exceeded, or the overdraft has expired, or interest charges were due and unpaid.

INTRODUCTION

1. The quality of an LFI's assets is an important determinant of the institution's financial health, as poor asset quality can lead to failure. Further, failure to identify problem assets can result in misstatement of the institution's true financial position and performance, and be misleading to supervisory authorities and other stakeholders.

2. All LFIs are required to establish an adequate credit risk management framework which must include the following components:
 - credit risk identification and risk management policies;
 - credit granting, documentation and collection standards;
 - credit risk monitoring and control processes; and
 - active Board and Senior Management oversight of the credit risk function.

3. Institutions are also required to implement systems to conduct credit exposure reviews periodically. The reviews must ensure:
 - evaluation and classification of all new and existing on- and off-balance sheet credit exposures;
 - that adequate provisions are made for current and potential losses in a timely manner; and
 - identification and monitoring of all existing and expected problem credit instruments.

APPLICABILITY

4. This revised guideline applies to all institutions licensed under the Financial Institutions Act (FIA) 1995, and makes provisions for the adoption of new international standards and best practices.

5. This guideline supersedes Supervision Guideline No. 5 - Loan Portfolio Review, Classification, Provisioning and Other Related Requirements, which was issued on June

11, 1996, and the following circulars:

- 11/2008 – Definition of Hardcore
- 55/2008 – Amendment to section 11 – Provisioning Requirement
- 30/2014 – Amendment to section 9 (d) of Supervision Guideline No. 5.

OBJECTIVES

6. The guideline includes the minimum standards for:
 - conducting semi-annual reviews and classification of all credit exposures;
 - maintaining adequate and timely provisioning for probable credit losses;
 - recognizing and reporting of non-performing credit exposures; and
 - the treatment of interest on non-performing credit facilities.

PART II – REGULATORY REQUIREMENTS

CREDIT EXPOSURE REVIEW

7. The credit exposure review process must be documented and approved by the Board of Directors.
8. LFIs are required to conduct reviews of their credit exposures for the purpose of asset classification and provisioning at least twice yearly. A consolidated summary of the review for the Head Office and all branches as at June 30 of each year shall be submitted to the Bank, no later than the end of the succeeding month in the prescribed format (Schedule I).
9. Each review shall cover at least 70% of the credit exposures¹ and at a minimum the following -
 - (a) large accounts above 0.01% of the credit portfolios, including aggregate exposures to borrower groups;
 - (b) large off-balance sheet commitments above 0.01% of the credit exposure portfolio;
 - (c) other problem credit exposures, including:
 - (i) all past-due accounts and non-performing accounts; and
 - (ii) all restructured facilities.
10. The following information shall be evaluated/considered when reviewing the credit exposures:
 - (a) the original amount of the credit exposure, the current balance, purpose, the terms, interest rate and status;
 - (b) the debt service ratio, all credit reports and ratings;
 - (c) the manner in which the project was financed;
 - (d) the collateral taken including up-to-date appraisals, legal assignments and

¹ Excluding the Government of Guyana debt securities denominated in Guyana dollar.

- insurances;
- (e) the performance of all credit exposures to members within the group in which the borrower/issuer belongs; and
 - (f) annual financial statements will be:
 - i. mandatory for all existing borrowers with material credits of \$50 million and above, and new credits above \$10 million; and
 - ii. optional for credits provided that LFIs conduct the relevant due diligence and financial assessments which must be supported by a verification process. LFIs should also have adequate risk management system to mitigate the credit risk.

Financial statements may be optional in the following instances:

- facilities secured by cash, cash substitutes or irrevocable guarantees issued by first-class international banks² and other LFIs, multinational companies, and governments where the beneficiary or licensee has performed the financial analysis necessary to determine that the issuer is financially sound, well-capitalized, and able to pay the guarantee on demand; and
- facilities that are part of a pre-approved offer which will take into consideration a fully satisfactory past credit report.

OVERDRAFT

11. An overdraft must be utilized for its intended purpose and serviced in accordance with the terms and conditions of the debt servicing agreement. A credit limit, repayment terms, interest rate and other terms and conditions shall be established for the facility. Customers must be required to pay interest on the utilized balance while the overdraft is operational.
12. LFIs are required to ensure that their customers utilize the overdraft for working capital purposes including, paying suppliers, covering payroll and other short-term business related expenses.

² A bank that has a minimum long-term rating by internationally recognized rating agencies of "A" or above.

13. Overdrafts may be renewed based on their satisfactory performance among other conditions as stipulated by the LFI.
14. The hardcore of an overdraft facility shall be converted into a term loan which specifies a fixed repayment programme. To facilitate review of overdraft facilities, a commercial bank shall maintain an analysis sheet for each account showing monthly balances and a summary of movements indicating the total amount and number of deposits and withdrawals, and the accruals and repayments of interest charges.
15. Based on the definition of hardcore, all commercial banks are required to put systems in place to:
 - (a) monitor on a quarterly basis the borrowers' stock/inventory and receivables level through site visits;
 - (b) maintain written reports and detailed schedules of the assessment and validation of inventory and/or receivables of the borrowers; and
 - (c) maintain reports/schedules of the loss history for the past three years (if any) of the borrowers' receivables and stock.

In determining the value of inventory, adjustments may be made for obsolete stock, and spoilage depending on the nature of the business, while in computing the value of receivables cognizance must be taken of the business' terms of trade.

In addition to the classification criteria specified below, instances where the LFI fails to comply with the above mentioned requirements, the BOG will classify the accounts as having a hardcore.

CREDIT EXPOSURE CLASSIFICATION CRITERIA

16. Credit facilities shall be classified into the following five categories :
 - Pass
 - Special Mention

- Sub-standard
- Doubtful
- Loss

When an account has more than one deficiency, the deficiency which attracts the lower classification category shall be considered.

Pass

17. This classification shall be assigned to credit exposures with the following conditions:
- (a) principal and interest repayments are current;
 - (b) the exposure does not carry an above normal risk of loss, including where:
 - the original source of repayment is adequate and the financial condition of the borrower is sound; and
 - where up-to-date documentation to support the granting of credit is maintained, including current financial statements, credit reports, approval from the relevant authorities for foreign currency and non-resident loans;
 - (c) the collateral, if taken for the credit facility, must be unimpaired and represent tangible security to cover the LFI's exposure; and
 - (d) an unexpired overdraft which is operating within the approved limit, the interest charges are covered by deposits, an account with no hardcore showing turnovers which conform to the business cycle.

Special Mention

18. This classification shall be assigned to a credit exposure with any one of the following:
- (a) a credit facility with fixed repayment dates, where the principal and/or interest is due and unpaid for 1 day to less than 90 days; and/or have been capitalized, refinanced or rolled-over;
 - (b) in cases of repayments which are scheduled on intervals of three months or longer³, the credit exposure will be considered special mention from the first day of non-

³ *Quarterly, semi-annually, annually or bullet payments.*

- payment;
- (c) a declining trend in the operations and/or financial condition of the borrower, which signal a potential weakness;
 - (d) the economic or market conditions may unfavorably affect the profitability and business of the borrower;
 - (e) the credit is currently up-to-date but evidence suggests that certain factors could, in the future, affect the borrower's ability to service the facility;
 - (f) the collateral is not perfected and the LFI failed to ensure that reasonable risk mitigants are taken to safeguard itself from future losses;
 - (g) there is inadequate/ non-current credit documentation to support borrowing, including financial information, approval from the relevant authorities for foreign currency and non-resident loans; and
 - (h) an overdraft where 1 to 89 days have elapsed since:
 - (i) the approved limit has been exceeded; or
 - (ii) the overdraft has expired; or
 - (iii) interest charges were due and unpaid; or
 - (iv) there was no hardcore and the account had turnovers which did not conform to the business cycle.

Sub-Standard

19. This classification shall be assigned to a credit exposure with well-defined credit weaknesses which may jeopardise repayment on existing terms, due to one or a combination of the following:
- (a) for exposures with fixed repayment dates where the principal and/or interest is due and unpaid for 90 to 179 days; and/or have been capitalized, refinanced or rolled-over;
 - (b) the inability of the borrower to meet the contractual repayments due to shortfalls in the borrower's cash flows;
 - (c) the primary source of repayment is insufficient to service the debt and the LFI has to look at secondary source(s) of repayment; and

- (d) an overdraft where 90 to 179 days have elapsed since:
 - (i) the approved credit limit has been exceeded; or
 - (ii) the overdraft has expired; or
 - (iii) interest charges were due and unpaid; or
 - (iv) the account has developed hardcore which was not converted into a term loan.

Doubtful

- 20. This classification shall be assigned where the credit exposure exhibits severe weaknesses, due to any of the following:
 - a) for a credit exposure with fixed repayment dates where the principal and/or interest is due and unpaid for 180 to 364 days, and/or have been capitalized, refinanced or rolled-over;
 - b) the collection of the debt in full is highly questionable or improbable; and
 - c) an overdraft where 180 to 364 days have elapsed since:
 - (i) the approved credit limit has been exceeded; or
 - (ii) the overdraft has expired; or
 - (iii) interest charges were due and unpaid; or
 - (iv) the account has developed hardcore which was not converted into a term loan.

Loss

- 21. This classification category is assigned to a credit exposure which is considered uncollectable, and little or nothing can be done to recover the outstanding amount from the assets of the borrower, even though partial recovery may be effected in the future, due to the following:
 - a) the principal and/or interest remain unpaid for 365 days or more; and/or have been capitalized, refinanced or rolled-over; and
 - b) an overdraft where 365 days or more have elapsed since:
 - (i) the approved credit limit has been exceeded; or
 - (ii) the overdraft has expired; or

- (iii) interest charges were due and unpaid; or
 - (iv) the account has developed hardcore which was not converted into a term loan.
22. Credit cards, commitments, contingencies and other off-balance sheet exposures which may subject an LFI to credit risk must also be classified in the same manner as stipulated by the credit exposure classification criteria.
23. All credit exposures which are between 30 to 180 days in arrears must be placed on a “watchlist” and monitored by senior management on a monthly basis.

CLASSIFICATION DOWNGRADE BY BOG

24. Any differences in classification between the BOG and that of the examined entity shall be addressed during the on-site examinations after which the classification as determined by the BOG shall be final.
25. Where a more severe classification is assigned by the Bank, the LFI shall re-classify the credit exposure as determined by the Bank and maintain same until circumstances warrant a change.
26. If a counterparty within a borrower group, pursuant to Section 2 (1) (i) of the FIA 1995, has a non-performing credit exposure, the LFI shall downgrade all other performing exposures of each member within the group, at a minimum, to “special mention” and monitor the exposures closely.

PROVISION REQUIREMENT

27. LFIs are required to maintain provisions to absorb estimated losses associated with the credit portfolio. Specific provisioning shall be held against current identified losses or potential credit losses, and a general provision against future and current unidentified losses which may materialize subsequently.

28. The provisioning levels shall be reviewed twice per year to ensure that the aggregate amount of provisions is consistent with current information about the collectability of the portfolio.

Specific Provisions

29. Financial institutions shall maintain specific provisions at the following minimum levels on the outstanding balance of credit facilities within each of the classification categories:

Classification	Provision
Pass	0%
Special Mention	0%
Sub-standard	
- <i>Portion secured by cash, cash substitutes, government securities or government guarantees</i>	0%
- <i>Others</i>	20%
Doubtful	
- <i>Secured portion</i>	20%
- <i>Unsecured portion</i>	50%
Loss	
- <i>Secured portion</i>	
<i>Year 1</i>	20%
<i>Year 2</i>	40%
<i>Year 3</i>	100%
- <i>Unsecured portion</i>	100%

General Provisions

30. LFIs shall maintain a minimum general provision of at least 1% on the un-reviewed portion of the portfolio to cover inherent losses which may not be directly attributable to individual loans.
31. Notwithstanding the provisions of the preceding paragraph, the Bank may recommend an increase in general provision, based on an assessment of factors which may include:
 - (a) the effectiveness of the institution's risk management framework, including policies, audit reviews, credit exposure reviews and asset quality;
 - (b) recovery on problem facilities in a timely manner;
 - (c) the institution's credit risk models used for provisioning;
 - (d) the adequacy of financial information and maintenance of credit files; and
 - (e) the current economic conditions within the industry, sector or country where the credit exposures are concentrated and the possible impact on the collectability of the exposures.

International Financial Reporting Standards (IFRS)

32. IFRS 9 requires institutions to consider past events, current conditions and forecasts of future economic conditions when measuring expected credit losses (ECL), in order to adequately provide for the risk undertaken.
33. The amount of provisions booked shall at all times cover the regulatory provisioning requirements. If the provisioning on the books is **less than** the regulatory provisioning requirements, the institution shall immediately book the deficiency.

OFF-BALANCE SHEET EXPOSURES

34. Off-balance sheet exposures carry similar credit risk to that of loans and overdrafts and must be classified and provided for when the off-balance sheet exposure crystallizes and remain unpaid for 90 days or more as specified under the Credit Exposure Classification Criteria section of this guideline.

35. As with the evaluation of a loan, off-balance sheet exposures must be assessed in terms of financial performance, willingness and/or ability to repay, collateral protection and inherent risks.
36. The following factors are to be taken into consideration in recognizing losses on off-balance sheet exposures:
 - (a) whether the LFI is irrevocably committed to advance additional funds under the credit agreement;
 - (b) date the liability was incurred;
 - (c) expiry date;
 - (d) security pledged;
 - (e) performance of other credit exposures held by the customer; and
 - (f) inherent risk.

RENEGOTIATED OR RESTRUCTURED CREDITS

37. These are credit exposures which have been refinanced, rescheduled, rolled-over, or otherwise modified because of weaknesses in the borrower's financial position or the non-repayment of the debt as arranged and shall be subject to more stringent classification criteria.
38. Renegotiations should only be allowed under the following conditions:
 - (a) the borrower has demonstrated the capacity to service the credit facility under the new conditions of the contract;
 - (b) credits classified as doubtful or loss shall not be eligible for renegotiation unless such exposures have an up-front cash payment on principal and the customer's cash flow position is adequate to service the facility in the foreseeable future;
 - (c) the terms of the restructured credit exposure are comparable with the current market terms applicable for a credit exposure of comparable risk;
 - (d) the interest on the renegotiated exposure is not below the LFI's average cost of funds; and

- (e) a commercial credit shall not be renegotiated more than twice over the life of the original loan, and mortgage or personal loan not more than twice in a five year period.

RETURNING A LOAN TO PERFORMING STATUS

39. A credit exposure may only be returned to performing or accrual status when:
- all arrears of principal and interest have been repaid in full; or
 - a minimum of one year has elapsed since the restructuring of the credit exposure and timely repayments were made during that period in accordance with the revised terms.

WRITE-OFFS

40. A credit exposure classified as “loss” is considered uncollectable and shall not be kept indefinitely on the books of an LFI in the hope that there may be some eventual recovery.
41. A credit exposure whether secured or unsecured, shall be written-off 36 months after being classified as loss. A record of bad debts written-off shall be maintained in a memorandum account for recovery purposes. The Bank will adopt a phased approach, specific to each LFI, to write-off accounts which were classified loss prior to the effective date of this guideline.

INCOME RECOGNITION

42. Interest accrued on non-performing credit exposures shall not be taken to income, but shall be shown in a “memorandum account” off books.
43. Interest previously accrued on non-performing credit exposures and taken to income, but not collected shall be reversed, and only be recognized as income when paid.
44. Any interest accrued but unpaid in the current accounting period shall be reversed immediately.

45. Subsequent payments or collections received by the LFI on a non-performing credit exposure should be applied first to principal and then to the interest.

CAPITALIZATION OF INTEREST

46. Capitalization of interest shall only be permitted when the borrower has the ability to repay the loan or other obligation in the normal course of business.

PART III - OTHER RELATED REQUIREMENTS

TREATMENT OF COLLATERAL

47. Collateral is a secondary source of repayment and serves as a buffer for unforeseen losses. While collateral provides some protection against losses, LFIs should not over-rely on collateral when assessing a credit exposure. The primary focus should be on the borrower's ability to service the debt.
48. Collateral in the form of liens on deposits with the LFI may be deducted from the outstanding balance of a credit facility before applying the specific provision requirement.
49. Financial institutions must obtain proper legal documentation for collateral used to secure credit exposures. In instances where disbursements are made prior to the perfection of collateral, all such disbursement must be made in accordance with Section 14 of the FIA 1995.
50. When the customer pledges a Bill of Sale on movable assets, it must be renewed every three years.
51. A "well-secured" credit exposure for the purpose of this guideline means that the collateral is sufficient to protect the LFI from loss of principal and interest through its timely disposal under a forced liquidation programme. This implies the existence of proper legal documentation, a net realizable market value which is adequate to cover the amount of principal and interest outstanding, as well as costs of collection, and the absence of prior liens on the collateral which would diminish its value or otherwise prevents the LFI from acquiring clear title.
52. Collateral such as specialized manufacturing facilities and equipment for ongoing operations which involve large-scale employment of workers would not normally be considered well-secured because of the difficulties of actual foreclosure or of disposing

of the collateral in a timely manner at values sufficient to protect the financial institution from loss.

53. An exposure may also be considered as well-secured if the collateral includes irrevocable guarantees issued by first class banks and other LFIs, multi-national companies, and governments where the beneficiary or licensee has performed the financial analysis necessary to determine that the issuer is financially sound, well capitalized, and able to pay the guarantee on demand. Such guarantees should be unconditional and payable upon the default of the borrower and should be properly acknowledged by the issuer through independent confirmation.

VALUATION OF COLLATERAL

54. Appraisals shall apply to residential mortgages and other credit exposures as follows:
- (a) For residential mortgages appraisal shall apply to:
 - (i) New loan proposals.
 - (ii) Increases to real estate secured performing credits where appraisal on file is more than three years old.
 - (iii) At least one manager's valuation within a three-year period for all material credits with balances or authorized limits of ***\$50 million and over***, where there are no risk factors.
 - (iv) If the credit becomes non-performing and the appraisal on file is more than one year old, then a valuation must be done within three months thereafter by an independent qualified appraiser.

 - (b) For other credit exposures secured by immovable property, appraisal shall apply to:
 - (i) New loan proposals.
 - (ii) Increases to real estate secured performing credits where appraisal on file is more than three years old.
 - (iii) Every three years by an independent qualified appraiser.
 - (iv) At least one manager's valuation within a three-year period for all material

credits with balances or authorized limits of ***\$50 million and over***, where there are no risk factors.

- (v) If the credit becomes non-performing and the appraisal on file is more than one year old, then a valuation must be done within three months thereafter by an independent qualified appraiser.

INSURANCE

- 55. Insurance coverage for all collateral held as security by an LFI must be sufficient to cover the value of the property/ asset pledged as collateral, assigned to the institution, and kept current for the duration of the facility/exposure.
- 56. Notwithstanding the above requirements, and providing that the LFI has adequate risk management systems to mitigate any risk(s) which may arise, the following insurance waivers may be permitted where:
 - (i) the value of land⁴ used as collateral, adequately covers the credit facility's outstanding balance; and
 - (ii) the insurance coverage after applying the averaging concept used by insurance companies, is sufficient to cover the credit facility's outstanding balance at any point in time.

INVESTMENTS

- 57. Equities and debt securities carry credit risk and shall be included in the LFI's credit exposures classification review exercise which shall be classified based on the creditworthiness of the issuer of the security or where appropriate, the guarantor.
- 58. Financial institutions shall perform an assessment of the issuer's creditworthiness in accordance with the guidance provided by the relevant standard, which is currently IFRS 9, when measuring the ECL for their investments and a summary of the review as at June

⁴*All land values to be used must be supported by documentation from an independent qualified appraiser.*

30 of each year shall be submitted to the Bank, no later than the end of the succeeding month in the prescribed format (Schedule II).

59. As part of the credit risk assessment process, LFIs must have comprehensive procedures and an adequate information system in place to monitor the quality of their investments.
60. When classifying and measuring ECL for investments, LFIs are expected to categorize those instruments in accordance with IFRS 9 as follows:
 - (a) *Performing financial assets* – where credit risk has not increased significantly since initial recognition. Recognize twelve months ECL and interest on a gross basis;
 - (b) *Underperforming financial assets* – where credit risk has increased significantly since initial recognition. In this instance, recognize lifetime ECL and interest on a gross basis; and
 - (c) *Non-performing financial assets* – where the financial asset is credit impaired. Recognize lifetime ECL.
61. Assigned credit risk classifications should be reassessed regularly and changed based on factors such as but not limited to changes in industry outlook, business growth rates, economic forecasts, consumer sentiments and weaknesses in underwriting identified after initial recognition or a change in the stated primary source of repayment.
62. The ECL estimates should be updated on a timely basis to reflect changes in the credit risk classifications for both group and individual exposures.

BILLS OF EXCHANGE

63. When classifying bills of exchange, reference to “borrower” as in the case of loans and overdrafts should normally apply to the party who is expected to pay the bill, i.e. the drawee. Drawee may also apply to the customer of the LFI from whom the institution has

purchased the bill on a recourse basis. The classification should generally be based on whether or not the bill is current, except where the LFI has doubts about the relevant payment or the financial conditions of the parties involved. The same credit exposure classification criteria which is applicable to loans and overdrafts as stipulated by this guideline above shall apply to bills of exchange.

EFFECTIVE DATE

64. This guideline shall take effect immediately upon its issuance.

Where safety and soundness issues may arise from the application of this guideline, the Bank will work with the affected LFI(s) towards a satisfactory resolution.

PENALTY

65. In the event that an LFI fails to comply with the requirements of this guideline, the Bank may issue specific directives to that institution and impose any relevant sanctions specified under the FIA 1995.

(Name of Licensed Financial Institution)

CREDIT EXPOSURE REVIEW SUMMARY- LOANS, OVERDRAFTS, CREDIT CARDS AND OFF-BALANCE SHEET COMMITMENTS

As at _____

(Amounts in G\$ Million)

A.	Category	Pass	Special Mention	Sub-Standard		Doubtful		Loss			Total
								Year 1	Year 2	Year 3	
B.	Percentage (%) Provisioning	0%	0%	0%	20%	20%	50%	20%	40%	100%	
C.	Loan, Overdraft and Credit Card Portfolio										
	1. (a) Total Dollar Amount *										
	(b) Amount Reviewed										
	(c) Amount not Reviewed										
	(d) Total Number of Accounts										
	(e) Number of Accounts Reviewed										
D.	Off-balance Sheet Items										
	2. (a) Total Dollar Amount *										
	(b) Amount Reviewed										
	(c) Amount not Reviewed										
	(d) Total Number of Instruments										
	(e) Number of Instruments Reviewed										
E.	3. Total Required Provision - E 3 [(a) (iii) + (b) (iii)]										
	(a) - Loan, Overdraft and Credit Card Portfolio										
	(i) Percentage at row B times amounts at row C1 (b).										
	(ii) General Provision: [1% of C1 (c)]										
	(iii) Sub-total [Sum of E3(a) (i) and (ii)]										
	(b) - Off-balance Sheet Item Portfolio										
	(i) Percentage at row B times amounts at row D2 (b).										
	(ii) General Provision: [1% of D2 (c)]										
	(iii) Sub-total [Sum of E3(b) (i) and (ii)]										
F.	Booked Provision for Losses										
G.	Excess/(Deficiency) [Item E3 - Item F]										

.....
Signature over printed name

.....
Position

Note: * b + c = a

(Name of Licensed Financial Institution)
CREDIT EXPOSURE REVIEW SUMMARY - INVESTMENTS

As at _____

(Amounts in G\$ Million)

No.	Investments	(Stage 1) Performing Assets	(Stage 2) Under-performing Assets	(Stage 3) Non-performing Assets	Total
1	Total Dollar Amount				
2	Amount Reviewed				
3	Amount not Reviewed				
4	IFRS 9 Required ECL				
5	Booked / Recognized ECL Allowance				
6	Excess/(Deficiency) [Item 4 - Item 5]				

.....
 Signature over printed name

.....
 Position

Note - The classification and ECL estimation for investments must be done in accordance with IFRS 9 general three stage impairment approach.