



BANK OF SOUTH SUDAN (BSS)

REGULATION NO. 11, 2012

CLASSIFICATION OF ASSETS AND FORMATION OF LOAN LOSS RESERVES (PROVISIONS)

In accordance with the provisions of section 12 of the Bank of South Sudan Act, 2011, and section 67 of the Banking Act 2012 (the Banking Act), I hereby issue the following Regulation that establishes procedures for asset portfolio classification and the formation of loan loss reserves (provisions) by conventional banks operating in South Sudan. The following procedures apply to all direct and indirect extensions of credit, including loans and advances, accounts receivable, overdrafts, letters of credit, bank guarantees, and contingent liabilities. These same procedures also apply insofar as appropriate to the evaluation of non-loan assets, such as property acquired by banks in satisfaction of debts (repossessed or foreclosed property), investments, equity participations, and miscellaneous asset accounts.

This Regulation shall be cited as Classification of Assets and Formation of Loan Loss Reserves (Provisions), 2012, and shall come into effect as from the date of its signature.

I. Definitions

1. In this circular, the following definitions are used:

"Past due loan" - a loan on which:

- (a) principal or interest payments are due and unpaid for 30 days or more, or
- (b) interest payments equal to a sum of 30 days interest or more have been capitalised, refinanced, or prolonged.

Loans without pre-established repayment schedules are considered past due when at least one of the following situations is present:

- (a) the amount advanced exceeds the customer's approved borrowing line for 30 consecutive days or more;
- (b) interest is due and unpaid for 30 days or more; or
- (c) the account has been inactive for 30 days and the customer's deposits are insufficient to cover the interest capitalised during that period.

"Nonperforming loan" - a loan on which principal or interest is due and unpaid for 90 days or more, or interest payments equal to 90 days or more have been capitalised, refinanced, or prolonged.

Loans without pre-established repayment schedules are considered nonperforming when any of the following situations are present:

- (a) the amount advanced exceeds the customer's approved borrowing line for 90 consecutive days or more;
- (b) interest is due and unpaid for 90 days or more; or

