TECHNICAL ASSISTANCE REPORT

GUINEA

Report on the Financial Soundness Indicators Technical Assistance Mission (December 2-6, 2024)

MAY 2025

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Republic of Guinea

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Acronyms and Abbreviations

2019 FSIs Guide	*2019 Financial Soundness Indicators Compilation Guide*
AFR	African Department (of the IMF)
CBCSDI	Cross-border, Cross-sector, Domestically Incorporated Consolidation Basis
CBRG	Central Bank of the Republic of Guinea
DL	Domestic Location
DTs	Deposit-takers (excluding the Central Bank)
DTMFI	Deposit-taking Microfinance Institutions
FSI	Financial Soundness Indicators
FSI-SR	FSIs Sectoral Financial Statements Template
FSIC	FSI Institutional Coverage Report
FSM	FSI Metadata
FSSF	Financial Sector Stability Fund
FVOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit and Loss
ICS	Integrated Collection System
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
ISIC	United Nations Standard Industrial Classification of all Economic Activities
NFC	Nonfinancial Corporation
NPISH	Nonprofit Institutions serving Households
NPL	Nonperforming Loans
OFC	Other Financial Corporations
ROA	Return on Assets
ROE	Return on Equity
RWA	Risk-weighted Assets
STA	Statistics Department (of the IMF)
TA	Technical Assistance

Summary of Mission Outcomes and Priority Recommendations

1. **The Statistics Department (STA) of the International Monetary Fund (IMF) conducted a virtual technical assistance (TA) mission on financial soundness indicators (FSIs) for the Central Bank of the Republic of Guinea (CBRG) during December 2-6, 2024.** The IMF's African Department (AFR) encouraged the programming of this mission, which was funded by the Financial Sector Stability Fund (FSSF). The mission: (i) assisted CBRG staff in compiling FSIs using the new reporting templates to ensure consistency with the *IMF's 2019 FSI Compilation Guide* (*2019 FSIs Guide*); (ii) reviewed the available source data, institutional coverage, and the accounting and regulatory frameworks used in the production of FSIs for deposit-takers (DTs); and (iii) developed a workplan for compiling and disseminating the FSIs.

2. **Prior to the mission, the CBRG compiled and reported FSIs to STA for publication on the IMF website, but the production and dissemination of FSIs stopped in June 2022.** The CBRG compiled 12 core FSIs, 11 additional FSIs for DTs, and two additional FSIs for real estate markets, which were not yet aligned with the definition given in the *2019 FSIs Guide*. In collaboration with CBRG staff, the mission compiled a new core FSI and two additional FSIs for DTs. In addition, the mission also aligned the definitions of several FSIs for DTs to ensure consistency with the *2019 FSIs Guide* (Appendix B).

3. **In collaboration with CBRG staff, the mission developed bridge tables to compile the FSIs for DTs from the source data**. The bridge tables cover the mapping of income statements, balance sheets, and prudential data for DTs to the new FSI reporting templates. The bridge tables are designed to ensure greater consistency in the preparation of financial statements and to facilitate the adoption of new reporting templates. The source data for compiling FSIs for DTs is adequate and generally meets the criteria established by the *2019 FSIs Guide* for publication on the IMF website.

4. **The regulatory and accounting frameworks are globally compliant with Basel II and the International Financial Reporting Standards/International Accounting Standards (IFRS/IAS) respectively.** The banks' capital adequacy ratios and risk-weighted assets (RWAs) follow mainly the Basel II framework. However, the CBRG has already started work toward Basel III. DTs operating in Guinea have been measuring their financial instruments in accordance with IFRS 9 since January 2023, and they have calculated the minimum credit provisioning requirements based on IFRS 9 expected credit loss model. The CBRG now compiles FSIs for DTs on a domestic location (DL) consolidation basis. The institutional coverage of DTs encompasses commercial banks only.

5. **The mission also identified a number of areas for improvement in terms of data collection.** While the definition of customer deposits and the calculation of return on assets (ROA) and return on equity (ROE) have been aligned with the *2019 FSIs Guide* methodology, the mission advised the authorities of the need for DTs to collect data on liquid assets as well as on short-term liabilities, including deposits maturing in three months or less. The mission also recommended collecting data on lending to nonfinancial corporations (NFCs) by industry sector, based on the United Nations International Classification of All Economic Activities (ISIC, Revision 4) and compiling the loan concentration ratio by economic activity.

6. **The mission also helped complete the new metadata template (FSM) and the Institutional Coverage Report (FSIC) form accompanying the publication of the FSIs.** The contents of Tables 2 and 3 of the metadata were widely discussed and agreed upon with CBRG staff and are consistent with the requirements of the *2019 FSIs Guide*. Publication of the metadata should provide supplemental information

on the structure of the banking sector and the accounting and regulatory frameworks that support the production of the FSIs in relation to the *2019 FSIs Guide* methodology.

7. **A timeframe for transmitting the FSIs to STA was also discussed and agreed upon with the authorities.** The authorities will start reporting the FSI data for DTs on the IMF's FSI reporting template using the bridge tables produced during the mission and will finalize the content of the metadata and FSI reporting templates by end-June 2025 for review by STA, prior to their publication on the IMF's FSI website by end-July 2025.

8. **To support progress in compiling FSIs in accordance with the *2019 FSIs Guide* and dissemination of the data, the mission prepared a detailed action plan,** the priority recommendations of which are summarized in Table 1. Further details on the other recommendations and related activities/milestones can be found in the action plan in the "Detailed Technical Assessment and Recommendations" section.

TABLE 1. Priority Recommendations

Target Date	Priority Recommendations	Responsible Institutions
June 2025	Report to STA for review the FSI sectoral financial statements (FSI-SRs) for DTs, including income and expense statement, balance sheet, and supervisory series from 2013Q1 onwards, the FSIC, and the FSM.	**CBRG**
July 2025	Start regular reporting to STA for DTs, the FSI-SRs (on a quarterly basis), the FSIC (annually), and the FSM through the Integrated Collection System (ICS) for release on the IMF's FSIs website.	**CBRG**

Detailed Technical Assessment and Recommendations

A. ACTION PLAN

9. The action plan below includes the steps to be taken to achieve the milestones as well as the target completion dates. Actions are prioritized as medium (M), high (H), and priority recommendations (PR).

Priority	Action/Milestone	Target Completion Date
Improved accessibility of data and metadata		
PR	Report to STA for review the FSI-SRs for DTs, including income and expense statement, balance sheet, and supervisory series from 2013Q1 onwards, the FSIC and the FSM.	June 2025
A new data set has been compiled and disseminated internally and/or to the public		
PR	Start regular reporting to STA for DTs, the FSI-SRs (on a quarterly basis), the FSIC (annually), and the FSM through the ICS for release on the IMF's FSIs website.	July 2025
A new data set has been compiled and disseminated internally and/or to the public		
H	Start using the bridge tables developed by the mission to compile FSIs for DTs that are consistent with the *2019 FSIs Guide.*	June 2025
M	Reclassify extraordinary items from the income statement to other income/expenditure.	July 2025
H	Align the calculation of ROA and ROE with the definition given in the *2019 FSIs Guide.*	July 2025
H	Align the definition of customer deposits (on the liabilities side of the balance sheet) with that of the *2019 FSIs Guide*.	July 2025
H	Compile the spread between reference lending and deposit rate.	July 2025
H	Compile new FSIs: provisions to nonperforming loans (NPLs), credit growth to private sector and trading income to total income.	July 2025
M	Short-term liabilities: collect and include deposits with a residual maturity of three months or less. Otherwise, note the deviation from the 2019 FSIs Guide in the metadata.	December 2025

M	Liquid assets: collect and include deposits with a maturity of three months or less. Otherwise, note the deviation from the 2019 FSIs Guide in the metadata.	December 2025
M	Collect data from DTs on loans to NFCs by economic sector based on the United Nations International Standard Industrial Classification of All Economic Activities (ISIC, Revision 4) and compile the loan concentration ratio by economic activity.	December 2026

B. BACKGROUND

10. This was the second FSI TA mission undertaken with the CBRG, the first having been carried out in November 2020. Prior to the mission, the CBRG compiled and reported FSIs to STA based on the *2006 FSIs Guide* methodology, but their dissemination has been discontinued since June 2022.

11. FSIs are indicators of the current soundness of a country's financial sector, as well as that of its corporate and household counterparts. In this regard, the *2019 FSIs Guide* recommends compiling and disseminating 17 core FSIs, 12 additional FSIs for DTs, and 23 additional FSIs for other sectors. The IMF's FSI website disseminates FSI data and metadata for 155 countries. The site gives users easy access to FSIs that are broadly in line with internationally accepted methodological standards, thus facilitating cross-country comparability.

C. THE FINANCIAL SYSTEM IN GUINEA

12. In addition to its traditional central banking functions, the CBRG also oversees the stability of the financial system. To this end, the CBRG serves as supervisory authority, primarily for banks, microfinance institutions, insurance companies, a leasing company, and foreign exchange bureaus.

13. In addition to the central bank, there are nineteen commercial banks in Guinea, of which two are domestically controlled and 17 are foreign controlled. They do not have any cross-border or cross-sector subsidiaries. The DT sector also includes 16 deposit-taking microfinance institutions (DTMFIs). The aggregate balance sheet of commercial banks amounted to more than 68,288,691 million Guinean Francs at end-September 2024, representing approximately 91 percent of the total balance sheet of the DT sector, while DTMFIs had a market share of around 2 percent. Although DTMFIs are subject to the same prudential rules as commercial banks, the frequency with which they transmit their data varies from one entity to another. While some DTMFIs submit their data to the CBRG on a quarterly basis, others do so annually. Consequently, commercial banks are the only category of financial institution included in the coverage of FSIs (Table 2).

14. The other financial corporations (OFC) sector consists mainly of insurance corporations (both life and nonlife), and accounts for about 6 percent of the total financial sector balance sheet**.** Insurance corporations data are supervised by the CBRG, but currently none are yet available for compiling FSIs. The financial auxiliaries operating in Guinea consist of foreign exchange bureaus, a financial leasing company, and the national investment bank that operates under a CBRG license. Guinea has neither a stock exchange nor autonomous pension funds.

TABLE 2. The Financial System in Guinea (at end-September 2024)

Financial corporations	Number of institutions	Total assets (Millions of Guinean Francs)	Share in total financial system assets (percent)
Deposit-taking institutions	**35**	**70,031,289**	**93.8%**
Commercial banks	**19**	**68,288,691**	**91.4%**
- domestically controlled	2	1,029,670	
- foreign controlled	17	67,259,020	
Deposit-taking microfinance institutions[1]	16	**1,742,598**	**2.4%**
Other financial corporations	**17**	**4,660,781**	**6.2%**
Insurance companies	**11**	**3,431,985**	4.6%
Life insurance[1]	4	1,091,300	1.5%
Nonlife insurance[1]	7	2,340,685	3.1%
Non-deposit taking microfinance institutions[1]	**4**	**13,338**	**0.02%**
Other financial intermediaries and financial auxiliaries (leasing company, national investment bank)[2]	**2**	**1,215.458**	**1.6%**
Total	**52**	**74,692,070**	**100%**

Source: CBRG
1. December 2023
2. June 2024

D. INSTITUTIONAL COVERAGE AND CONSOLIDATION BASIS

15. FSIs for DTs are compiled using the DL consolidation basis. Although the *Guide* recommends using a "cross-border, cross-sector, domestically incorporated" (CBCSDI) basis, it also uses the DL as an alternative in cases where resident DTs have very few or no foreign branches or subsidiaries and very few or no cross-sector subsidiaries. According to the *Guide*, DL includes data from resident DTs as well as their resident branches and subsidiaries within the same sector. As DTs operating in Guinea do not undertake cross-border or cross-sector activities, DL is the appropriate consolidation method for Guinea. As noted above, the institutional coverage of DTs encompasses 19 banks of which 17 are foreign controlled and two are under domestic control, all of which are domestically incorporated. FSIs are currently being developed for DTs based on DL consolidation.

16. There are currently no DTs undergoing liquidation in Guinea. The *2019 FSIs Guide* recommends including DTs in distress if they hold significant positions, and suggests compiling FSIs, both including and excluding these institutions. However, if they are excluded from the FSI compilation, this fact should also be noted in the FSIC report.

E. ACCOUNTING AND REGULATORY FRAMEWORK FOR COMPILING FSIS

17. Commercial banks adopted IFRS 9 in January 2023, having previously used IAS 39 for the measurement of financial instruments. In accordance with IFRS 9, financial instruments may be measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL). In addition, the banks have also adopted the expected credit loss model for calculating loan loss provisioning requirements.

18. The regulatory framework for the compilation of DT capital adequacy ratios mostly follows the Basel II Capital Accord. The components of regulatory capital and RWA are defined in CBRG instructions 104/DGSIF/DSB/2022 and 106/DGSIF/DSB/2022, respectively (Annex D).

19. The Basel II regulatory framework is applied uniformly to all credit institutions, namely commercial banks. Credit institutions must have common equity capital, as well as Tier 1 and Tier 2 capital that enable them to always meet the following minimum requirements:

- Common equity capital must represent at least 6.5 percent of the credit institution's RWA;
- Tier 1 capital must represent at least 8 percent of the credit institution's RWA;
- Total regulatory capital must represent at least 10 percent of the credit institution's RWA.

20. The national definitions of NPLs are broadly in line with those of the *2019 FSIs Guide*. The NPLs and minimum provision requirements are set out in CBRG regulations 093/DGSIF/DSB/PCEC and 099/DGSIF/DSB. Credit institutions must distinguish between performing and nonperforming loans in their accounting system. NPLs on the balance sheet include unpaid debt, restructured debt, doubtful debts, and bad debts. NPLs are defined as loans for which part of the principal or interest has been post-due for more than 90 days since the contractual maturity date. Accrued interest on bad debts is not recognized in income until it is actually received. Credit institutions establish provisions to cover performing and nonperforming loans at the following expected credit loss rates (Table 3):

TABLE 3. Doubtful claim provisioning rules

Category	Expected credit loss rate (percent)
Fully performing claims (Group 1)	1
Group 2 claims without past due payments	5
Group 2 claims with payments past due for more than 30 days	15
Group 2 claims with payments past due for more than 60 days	25
Group 3 claims (nonperforming) with payments past due for more than 6 months	50
Group 3 claims that have been nonperforming for 6 months or more	90

F. SOURCE DATA

21. DTs primary data are generally sufficient to compile FSIs in Guinea. The source data used to compile FSIs for DTs encompass statements of income and expenditure (income statement), balance sheets, and supervisory series that are collected from DTs on a monthly or quarterly basis for the balance sheet and income statements, regulatory capital and RWA.

22. The FSIs for DTs are calculated based on the following prudential reports, which are transmitted to the CBRG within 15 days for monthly and quarterly data after the end of the reference period:

- SITU_ 1, 2, 3: Financial position (monthly)
- FINS_10: Income statement (monthly)
- PRUD_4: Statement of calculation of net equity (quarterly)
- PRUD_5: Statement of calculation of the solvency ratio (quarterly)
- PRUD_6: Large exposures diversification and concentration (quarterly)

23. The mission worked with CBRG staff to update the bridge tables for the purpose of compiling the core and additional FSIs for DTs to be submitted to STA. This process involved mapping the source data to table 5.1 of the FSI-SRs for DTs and deriving the FSIs from the underlying data in the FSD sheet. Bridge tables indicate where each item in the income statement, balance sheet, and supervisory series is classified, thus providing useful reference information for compilers. Compilation worksheets, including cross-reference tables for the DTs, were provided to CBRG staff, to make it easier to compile the FSIs for DTs. Currently, CBRG staff members compile the FSIs by aggregating the data from the reports manually. Ultimately, the CBRG would benefit from automation of FSIs calculation, based on the reporting templates to reduce manual processing.

24. The mission extended the list of FSIs reported to STA. The list of newly compiled FSIs includes 13 core FSIs and eight additional FSIs for DTs. All FSIs should be compiled and reported to STA on a quarterly basis.

25. There are a number of differences between the existing FSIs, compiled by the CBRG, and those developed during the mission. The latter are based on the compilation methodology recommended by the *2019 FSIs Guide*. While the authorities had been compiling FSIs for financial sector stability analysis, the definitions were aligned with the *2006 FSIs Guide*. The differences between the existing FSIs compiled by the CBRG and those compiled during the mission are explained in Appendix C.

Deposit-taking Institutions

Sectoral financial statements

26. **The mission updated the bridge tables to compile the FSIs for DTs.** To reflect the methodological changes introduced by the *2019 FSIs Guide*, a few accounts were reclassified in the income statement and sectoral balance sheet (see Table 4). The bridge tables prepared during the mission incorporate these reclassifications.

27. **The revenue and expense components in the declaration report are fully aligned with Annex 2 of the old FS2 template**, thus making it easier to map them to income and expenses to generate consistent sets of profitability indicators.

28. **Following the approach adopted in the *2019 FSIs Guide*, extraordinary income/expenditure has been reclassified to other income/expenditure, respectively.** This is because the *2019 FSIs Guide* adheres to IAS1, which no longer allows extraordinary items to be presented in the income statement. Previously, extraordinary gains/losses were adjusted to operating gains/losses before deducting income tax. Because of this reclassification, the historical profitability indicators need to be restated.

Recommendation:

- *Reclassify extraordinary items from the income statement to other income/expenditure.*

TABLE 4. Reclassification of accounts in Table 5.1 for DTs.

	Income Statement
1.	Extraordinary gains / losses reclassified to other income/expenditure.
2.	Unrecoverable claims reclassified to provisions for doubtful claims instead of other expenditure.
	Balance Sheet
3.	Cumulative depreciation should be deducted from nonfinancial assets rather than recorded in other liabilities.
4.	DTs' deposits (on the asset side of the balance sheet) in another DT should be reclassified as interbank loans to align with the *2019 FSIs Guide* methodology.
5.	The definition of customer deposits (liabilities) has been revised to align with *the 2019 FSIs Guide*.
6.	Provisions for other losses have been reclassified to general and other provisions instead of other liabilities.

29. **The mission realigned the ROA and ROE calculation to the *2019 FSIs Guide* methodology.** The mission presented the method for annualizing net income before/after tax and calculating the average of total assets and capital and reserves in the ROA and ROE calculations. The *2019 FSIs Guide* recommends using net profit before tax when calculating ROA, and net profit after tax in the case of ROE, which was not the case

prior to the mission. Accordingly, ROA is calculated by dividing annualized before-tax net income by total average assets, and ROE is calculated by dividing annualized after-tax net income by average total capital.

Recommendation:

- *Align the calculation of ROA and ROE with the definition of the 2019 FSIs Guide.*

30. The mission reviewed the composition of customer deposits for the purpose of complying with the *2019 FSIs Guide*. The data in question are used to compile the FSI on customer deposits to total non-interbank loans. The concept of customer deposits is specific to the *2019 FSIs Guide*. In addition to the deposits of financial corporations (banks and OFCs), the *2019 FSIs Guide* also excludes central bank and central government deposits from the customer deposits base. Consequently, the mission reclassified the deposits of OFCs, central government, central bank, and restricted deposits, to other cash and deposits rather than customer deposits.

Recommendation:

- *Align the definition of customer deposits (on the liabilities side of the balance sheet) with the 2019 FSIs Guide.*

Supervisory series

31. The definition of liquid assets is not aligned with the *2019 FSIs Guide.* Prior to the mission, the CBRG continued to compile the basic measurement of liquid assets, although this was phased out in the *2019 FSIs Guide* for the calculation of liquidity indicators**.** The CBRG calculates liquid assets including cash, transferable deposits, other deposits, and debt securities. As there is no information on the breakdown of other deposits, in particular those with a residual maturity of three months or less, the mission recommended collecting data from the DTs on deposits with a residual maturity of up to three months. If not yet done, the deviation would need to be included in the metadata for the time being. The mission also recommended that debt securities that are not actively traded in Guinea be excluded from liquid assets and helped FSI compilers to exclude them from liquid assets in the bridge table.

- *Liquid assets: collect and include deposits with a maturity of three months or less. Otherwise, note the deviation from the 2019 FSIs Guide in the metadata.*

32. The definition of short-term liabilities is not aligned with the *2019 FSIs Guide*. The CBRG calculates short-term liabilities by including only transferable deposits because there is no information on the breakdown of other liabilities, in particular deposits with a residual maturity of three months or less. The mission therefore recommended collecting data from the DTs on deposits with a residual maturity of up to three months. If not yet done, the deviation would need to be included in the metadata for the time being.

Recommendation:

- *Short-term liabilities: collect and include deposits with a residual maturity of three months or less. Otherwise, note the deviation from the 2019 FSIs Guide in the metadata.*

33. The mission helped CBRG technical staff to calculate the FSI on the spread between the reference lending and deposit rates to be reported to STA. Reference lending rates were recalculated using a weighted-average approximation by dividing interest income (lending) by gross non-interbank loans, while deposit rates were calculated using interest expenses divided by customer deposits, in line with the second approach recommended by the *2019 FSIs Guide*. This spread in question provides an indicator of the intermediation income received by the DT sector. Large spreads might signal less competitive pressure on the banks, but they could also be attributable to the banks' inefficiency or insufficient collateral.

Recommendation:

- *Compile the spread between reference lending and deposit rates.*

34. The mission also compiled a newly introduced core FSI and two additional FSIs for DTs to be reported to STA. The primary data needed to compile these five FSIs are readily available in the declaration reports and are consistent with the *2019 FSIs Guide.*

- **Provisions-to-NPL ratio**: This coverage ratio, a new core FSI for DTs introduced in the *2019 FSIs Guide*, is calculated by dividing specific provisions (provisions against NPLs) by total NPLs. This ratio measures the extent to which NPLs are covered.

- **Credit growth to private sector:** This new additional FSI for DTs measures the annual growth rate of credit to private NFCs, households, and nonprofit institutions serving households (NPISHs), plus debt securities issued by private NFCs and held by DTs. This new FSI aims to capture emerging systemic risks and can serve as a leading indicator of potential asset quality problems and vulnerabilities in the DT sector.

- **Trading income to total gross income:** Trading income is equal to gains and losses on financial instruments. Gross income is defined as net interest income plus noninterest income. This ratio measures reliance on market-related activities. The mission was able to calculate this ratio using the new template for reporting bank income statements introduced in 2024, which contains additional details on gains and losses on financial instruments.

Recommendation:

- *Compile new FSIs as follows: Provisions to NPLs, credit growth to private sector, and trading income to gross income.*

35. The mission also recommended collecting data on the economic sector breakdown of loans granted by DTs with a view to compiling a newly introduced core FSI — the loan concentration by economic activity ratio. This new FSI, which supersedes the old FSIs on the sectoral distribution of loans, measures credit concentration risk in the three main NFC subsectors. Lending by type of economic activity is based on the United Nations International Standard Industrial Classification of All Economic Activities (ISIC, Revision 4), which provides a widely accepted structure for the classification of economic activities.

Recommendation:

- *Collect data from DTs on lending to NFCs by economic sector, based on ISIC, Rev.4, and compile the loan concentration ratio by economic activity.*

A. METADATA

36. Following the successful matching of the source data to the new FSI sectoral financial statement template, as recommended by the mission, the CBRG will start reporting the FSIs for DTs to STA, for dissemination as from June 2024. To facilitate their compilation and dissemination, the CBRG should align the definitions of the FSIs currently produced with those of the *2019 FSIs Guide.*

37. The mission recommended the CBRG to notify STA of the metadata accompanying the publication of FSIs. The mission helped the CBRG to update the content of the new metadata tables 2 and 3 for Guinea. Publication of the metadata should provide additional information on the structure of the banking sector, and on the accounting and regulatory frameworks that support production of the FSIs relative to the *2019 FSIs Guide* methodology.

B. RESOURCES, TRAINING, AND TECHNICAL COOPERATION

38. The mission also encouraged CBRG staff to participate in IMF training courses on financial sector statistics, held both in the regions and at headquarters. CBRG staff who compile FSIs for DTs would benefit from participating in STA training courses at IMF HQ (held every two years) and in regional centers. Detailed information is available on the IMF Institute for Capacity Development website. [https://www.imf.org/external/np/ins/english/training.htm].

Appendices

APPENDIX A. CBRG OFFICIALS MET DURING THE MISSION

No.	Name	Position	Divisions
1.	Mr. Robert Malano	Director	Statistics and Balance of Payments Directorate
2.	Mr. Ibrahima Barry	Chief, Monetary and Financial Statistics Department	Statistics and Balance of Payments Directorate

Financial Soundness Indicators for DTs, 2023:Q1 to 2023:Q4

	2023:Q1	2023:Q2	2023:Q3	2023:Q4
Core FSIs				
Regulatory capital to risk-weighted assets	17.0	16.9	16.1	15.1
Common equity Tier 1 capital to risk-weighted assets	16.9	16.8	16.1	15.2
Nonperforming loans net of provisions to capital	14.48	14.1	15.4	15.5
Common equity Tier 1 capital to assets	10.0	10.8	10.5	10.1
Nonperforming loans to total loans	8.4	8.6	8.8	8.9
Provisions to nonperforming loans	55.3	56.6	55.1	55.8
Return on assets	3.5	3.8	4.0	3.9
Return on equity	22.6	23.5	23.5	23.8
Interest margin to gross income	42.1	35.8	37.7	41.8
Noninterest expenses to gross income	67.6	67.7	64.9	62.0
Liquid assets to total assets	32.5	28.9	27.4	27.3
Net assets to short-term liabilities	56.7	49.0	46.9	47.0
Net open position in foreign exchange to capital	8.7	2.2	2.2	7.8
Additional FSIs				
Large exposures to capital	111.8	119.2	115.3	110.8
Personnel expenses to noninterest expenses	20.2	17.5	19.2	33.5
Spread between reference lending and deposit rates (basis points)	446.8	458.3	430.4	452.3
Customer deposits to total (non-interbank) loans	179.2	177.8	169.4	172.4
Foreign currency denominated loans to total loans	20.9	16.8	12.1	12.7
Foreign-currency-denominated liabilities to total liabilities	30.6	30.4	28.3	27.9
Credit growth to private sector	19.5	20.2	10.9	8.7

Sources: CBRG and IMF staff.

APPENDIX C. COMPARISON OF FSIS BEFORE AND AFTER THE TECHNICAL ASSISTANCE MISSION

Indicator	Recommendation
Regulatory capital to risk-weighted assets	Numerator: Change in calculation (from Basel I to Basel II as from November 2022) Denominator: Change in calculation (from Basel I to Basel II as from November 2022)
Common equity Tier 1 capital to risk-weighted assets	Numerator: Change in calculation (from Basel I to Basel II as from November 2022) Denominator: Change in calculation (from Basel I to Basel II as from November 2022)
Non-performing loans net of provisions to capital	Numerator: Change in method of calculating provisions (from IAS39 to IFRS9 as from January 2023) Denominator: Change in calculation (from Basel I to Basel II as from November 2022)
Tier 1 capital to assets	Numerator: Common equity Tier 1 capital Denominator: Total assets (cumulative depreciation must be deducted from nonfinancial assets)
Nonperforming loans to total loans	Numerator: No change Denominator: Change (includes DT deposits in another DT)
Loan concentration by economic activity	*New FSI to replace the sectoral distribution of loans* ***(to be implemented)*** Numerator: Lending to the three leading economic sectors Denominator: Loans to NFCs
Provisions to nonperforming loans	*New FSIs compiled during the mission* Numerator: Provisions on NPLs Denominator: NPLs
Return on assets	Numerator: Net income before taxes (annualized). Extraordinary items must be adjusted to other income/expenditure Denominator: Average total assets
Return on equity	Numerator: Net income after tax (annualized) Denominator: Average capital and reserves

Interest margin to gross income	Numerator: No change (unchanged until 2023:Q4, but alteration in net earnings report template to be implemented after 2024:Q1) Denominator: Extraordinary income must be adjusted to other income/expenditure
Noninterest expenses to gross income	Numerator: Extraordinary income must be adjusted to other income/expenditure Denominator: Extraordinary income must be adjusted to other income/expenditure
Liquid assets to total assets	Numerator: No change (but recommended to collect deposits with a maturity of 3 months or less) Denominator: No change
Net assets/short-term liabilities	Numerator: Liquid assets (deposits with a maturity of 3 months or less) **(to be implemented)** Denominator: Liabilities of up to 3 months maturity **(to be implemented)**
Net open position in foreign exchange to capital	Numerator: No change Denominator: Change in calculation (from Basel I to Basel II as from November 2022)
Trading income to gross income	*New FSI compiled during the mission for 2024:Q1* Numerator: Trading Income Denominator: Gross income
Personnel cost to noninterest expenses	Numerator: Personnel cost Denominator: Noninterest expenses
Spread between reference lending and deposit rates (basis points)	The difference between interest income on loans divided by non-interbank loans and interest expense on loans divided by customer deposits
Customer deposits to total (non-interbank) loans.	Numerator: Customer deposits (*2019 FSIs Guide*) Denominator: Total (non-interbank) loans
Foreign-currency-denominated loans to total loans	Numerator: No change Denominator: No change
Foreign currency denominate liabilities to total liabilities	Numerator: No change Denominator: No change
Credit growth to private sector	*New FSI compiled during the mission* Credit to the private sector includes loans to NFCs and households, and securities issued by NFCs held by DTs.

APPENDIX D. METADATA FOR DTS

The metadata should be disseminated along with the FSI data for ease of interpretation. The metadata includes information about the FSIs and their compilation, such as data definitions, how the data are consolidated, the supervision and accounting rules adopted by the reporting DTs, as well as institutional coverage and data sources, which are useful to the data users.

Consolidation basis

FSIs are compiled using the DL consolidation method.

Institutional coverage

The coverage of FSIs for DTs includes 19 banks of which two are domestically controlled and 17 foreign controlled but domestically incorporated.

Intragroup adjustments

No adjustments are necessary because the DTs have no domestic or foreign subsidiaries.

Residency of institutional units

The classifications of financial instruments and economic sectors adhere to the *2019 FSIs Guide.*

Accounting framework

Commercial banks have been required to prepare their financial statements according to IFRS 9 since January 2023. Accounting principles in respect of accrual, time of recording, and exchange rate are broadly consistent with IAS21/IFRS9.

Regulatory framework

The regulatory framework for compiling banks' capital adequacy ratios adheres mostly to the Basel II capital accord. Work toward Basel III is in progress. Tier 1 capital consists of common equity Tier 1 and Additional Tier 1 capital.

Common equity Tier 1 capital includes equity shares and related premia, reserves, retained earnings, previous profit, general banking risk funds, minority interests representing common equity Tier 1 capital after application of prudential deductions such as own shares held, losses brought forward, losses pending approval or allocation, interim loss, intangible assets, provisions required by the CBRG and not yet constituted, common equity investments in credit/financial institutions, insufficient provisioning for expected credit losses, assistance granted to shareholders, directors, officers, and related parties in excess of the regulatory limits, excess of investments in NFCs over regulatory limits, the amount by which deductions from additional capital exceed the amount of additional capital available.

Additional Tier 1 capital includes additional capital instruments and related premia, minority interests representing additional Tier 1 capital after deduction of additional Tier 1 instruments after deduction of repurchased additional Tier 1 capital instruments, additional capital interests held in credit/financial institutions, and the excess of deductions to be made on Tier 2 capital relative to Tier 2 capital available.

Tier 2 capital comprises Tier 2 capital instruments and related premia after deducting repurchased Tier 2 instruments, Tier 2 interests held in credit/financial institutions, and minority interests representative of Tier 2 capital.

Total regulatory capital consists of the sum of Tier 1 and Tier 2 capital.

The RWA of credit institutions are the sum of credit-risk-weighted assets, as defined in Title 1 of Instruction 106/DSSIF/DSB/2022, and the capital requirements for operational risk, as defined in Title 2 of Instruction 106/DSSIF/DSB/2022, multiplied by 12.5 and the capital requirements for foreign exchange risk, as defined in Title 3 of Instruction 106/DSSIF/DSB/2022.

NPLs are loans for which part of the principal or interest has been in arrears for 90 days or more.

Credit to the private sector includes loans to private NFCs, households, and nonprofit institutions serving households, as well as debt securities issued by NFCs and held by banks, as per the *2019 FSIs Guide*.

ROA is calculated as the ratio of annualized net income before taxes divided by average total assets.

ROE is calculated as the ratio of annualized after-tax net income divided by average equity.

The spread between the reference lending and deposit rates is calculated as the difference between interest income on loans divided by non-interbank loans and interest expense on loans divided by customer deposits.

Liquid assets consist of cash, transferable deposits, and other deposits.

Current liabilities include transferable deposits only.

Large exposures are defined as the sum of all credit exposures to a single borrower, or group of related borrowers, from which earnings exceed 15 percent of regulatory capital.

Source data

The source data used to compile the FSIs include the income statement, balance sheet, and other reports that are needed to compile the supervision series for DTs.