



Da Afghanistan Bank
Reconciliation of Loss Reserves
Frequency: Quarterly

General Instructions

This schedule is to be completed on a quarterly basis. Exclude all transactions with the head office and other related parties. These are reported in the Due From/To Related Parties schedule.

This schedule is divided into two parts:

Section I: Reconciliation of Loss Reserves is a reconciliation of credit reserve accounts for the calendar year-to-date.

Section II: Breakdown of Charge-offs provides information on gross charge-offs during the reporting quarter.

Section I: Reconciliation of Loss Reserves

This part has three columns: A, B and C. In column A, items 1 through 4 relate to specific provisions associated with balance sheet accounts for claims on financial institutions (Balance Sheet, line 2g), loans to non-financial institutions (Balance Sheet, line 6h), and other assets (Balance Sheet, line 8e). In column B, items 1 through 4 relate to provisions to cover off-balance sheet credit activities (Balance Sheet, line 20d). In column C, report the sum of columns A and B. This schedule is not intended to capture information related to valuation allowances for any other balance sheet accounts not specified above.

Item No. **Caption and Instructions**

- Beginning Balance:** Report the balance in loss reserves reported as of the previous quarter. The amount reported in column A must equal the sum of specific loss reserves against claims on banks and other financial institutions, loans to non-financial institutions, and other assets reported as of the previous year-end at lines 2g, 6h, and 8e, *Loss Provisions*, on the Balance Sheet. The amount reported in column B must equal the amount reported as loss reserves for off-balance sheet credit activities as of the previous year-end, corresponding to Balance Sheet line 20d, *Loss Reserves for Off-balance Commitments*. In column C report the sum of columns A and B.



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- 2** **Credit Provisions:** Report the amount expensed as provisions for credit losses during the reporting quarter. The amount reported in column C (equal to columns A and B combined) must equal the amount reported as credit provisions in Income Statement item 4c, *Net Credit Provisions* for the current month and the previous two months. If the amount reported in this item is negative (net reintegration), enclose it in parentheses.
- 2a** **Accrued Provisions:** Report the amount of provisions expensed to absorb estimated losses in the branch's credit portfolio. The amount reported in column C must equal the amount reported as provision expense in the Income Statement item 4a, *Accrued Provisions* for the current month and the previous two months.
- 2b** **Reintegrated Provisions:** Report all previously accrued provision expense from prior years and current year which has been reintegrated into earnings during the reporting quarter. The amount reported in column C must equal the amount reported as provision expense in the Income Statement item 4b, *Reintegrated Provisions* for the current month and the previous two months.
- 3** **Less: Charge-offs 540 (Loss):** Report amounts charged against (debited to) credit reserves during the reporting quarter. In column C, report the sum of Columns A and B.
- 4** **Currency Fluctuation:**
It means the rate difference during the month for the reporting period (the rate up and down during the conversion of foreign currencies with local currency)
- 5** **Ending Balance:** Report item $1+(+2a-2b)-3+4$. The amount reported under column A must equal the sum of the amounts reported as specific loss reserves against claims on banks and other financial institutions, loans to non-financial institutions, and other assets at lines 2g, 6h, and 8e, *Loss Reserves* on the Balance Sheet. The amount reported under column B must equal the amount reported as specific provisions for off-balance sheet credit activities at line 20d, *Loss Reserves for Off-balance Commitments* on the Balance Sheet. In column C, report the sum of columns A and B.



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Section II: Breakdown of Charge-offs 540 (Loss)

This part reports a breakdown of charge-offs during the calendar year-to-date. In column A, report in the appropriate line 1 through 4 the total amount of each item which has been charged-off against specific provisions during the calendar year-to-date. The total of amounts reported in column A should equal the amount reported in Section I, item 3, column A.

Item No. **Caption and Instructions**

- 1** **Claims on Financial Institutions:** In the appropriate column, report claims on banks and other financial institutions balances which have been charged-off against specific loss reserves during the calendar year-to-date.
- 2** **Loans to NFIs and Other Clients:** In the appropriate column, report the balance of loans to NFIs and Other Clients balances which have been charged-off against the specific loss reserves during the calendar year-to-date.
- 3** **Interest Receivable:** In the appropriate column, report interest receivable balances which have been charged-off against loss reserves during the calendar year-to-date.
- 4** **Other Assets:** In the appropriate column, report other asset balances which have been charged-off against loss reserves during the calendar year-to-date.
- 5** **Total Charge-offs:** Report the sum in the appropriate column of items 1 through 4. The amount reported in this item must agree with the amount reported in Section I, item 3, column A.