



BANK OF GHANA

NOTICE TO BANKS, SPECIALISED DEPOSIT-TAKING INSTITUTIONS, NON-BANK FINANCIAL INSTITUTIONS AND THE PUBLIC

NOTICE NO. BG/GOV/SEC/2025/23

REGULATORY MEASURES TO REDUCE NON-PERFORMING LOANS IN BANKS, SDIs AND NBFIs

In response to the high Non-Performing Loans¹ (NPLs) in the Banking Industry, the Bank of Ghana (BOG) has reviewed its policy on problem assets, to address the increasing risks to the industry's profitability, liquidity and solvency as well as threats to the stability of the financial system.

This Notice re-emphasizes existing prudential guidance and highlights additional measures in line with international best practices for managing credit risks. The Regulatory Measures underlisted are issued pursuant to Section 92 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) as well as Section 44 of the Non-Bank Financial Institutions (NBFI) Act, 2008 (Act 774) and shall apply to all Banks, Specialised Deposit-Taking Institutions (SDIs), and Non-Bank Financial Institutions (NBFIs) collectively referred to in this Notice as "Regulated Financial Institutions (RFIs)".

Part I – Measures to Reduce Non-Performing Loans

Bank of Ghana (BOG) requires all RFIs in Ghana to, where applicable:

A. Maintain a Robust Credit Risk Management Framework.

1. An RFI shall, on a continuous basis, enhance its credit risk management function and processes in compliance with BOG's credit risk management requirements and shall demonstrate the robustness of such processes to BOG. The Board of an RFI shall have overall responsibility for approving and periodically (at least annually) reviewing the credit risk management strategy and policies of the RFI. In addition, an RFI shall, amongst others, have in place:
 - i. well-defined Board-approved credit-granting criteria;

¹ Loans in this Notice refers to all loans, advances, and other credit facilities including off-balance sheet obligations, where applicable, granted to a borrower.

- ii. adequately resourced and properly managed credit-granting function;
- iii. appropriate systems for monitoring the performance of credits individually or collectively based on similar credit risk characteristics;
- iv. a system of independent ongoing assessment of the credit risk management function and processes;
- v. a system for early remedial action on deteriorating credits and for managing problem credits; and
- vi. a system to maintain accurate reporting of credit data to credit reference bureaus.

B. Observe the Prudential Limit on NPLs.

2. RFIs shall ensure that the level of NPLs to gross loans (NPL ratio) does not exceed 10 percent, or such other levels as may be prescribed by the BOG from time to time. Microfinance Institutions are, however, required to comply with their existing prudential NPL ratio limit of 5%.
3. RFIs shall comply with the above prudential limit by the end of December 2026. Thereafter, RFIs in breach of this limit shall notify BOG of the violation within 10 working days and subsequently submit a Board-approved plan, within 30 days of the breach, to reduce their NPL ratio to 10 percent or below.
4. The Board-approved NPL reduction plan shall be aimed at returning the RFI to full compliance within one (1) year. The plan shall lay out the RFI's NPL reduction strategies and measures to effectively manage NPLs so as to maximise recoveries and ultimately reduce the stock of NPLs. RFIs shall also put in place appropriate governance arrangements accompanied by allocation of adequate resources, including experienced staff, for the establishment of dedicated units (work-out and arrears support units) to effectively manage NPLs and other underperforming or risky assets (such as restructured and watchlist accounts). These units shall operate with clearly defined targets to assess their effectiveness and shall be supported by appropriate monitoring and reporting mechanisms.
5. RFIs with NPL ratios exceeding the prudential limit shall, from 1st January 2027, be restricted from the payment of dividends and bonuses as well as growing their loan portfolio (lending to related parties and sectors of the RFI's credit portfolio with NPL ratios above the prudential limit etc., except for cash-backed facilities). Restrictions on the payment of dividends and bonuses shall be applied as follows:

- i. Where the NPL ratio exceeds 10% but is below 15%, the restrictions will be enforced after two (2) consecutive years of non-compliance.
- ii. Where the NPL ratio is equal to or above 15%, the restrictions shall be imposed immediately.

C. Write off all Fully Provisioned Loans and Loans with No Realistic Prospects of Recovery.

- 6. RFIs, with prior written approval from the BOG, shall immediately write off NPLs in the loss category, as per the BOG prudential loan classification and provisioning norms, as well as those in the substandard and doubtful categories where there is no reasonable expectation of recovering contractual cashflows in a timely manner. All loans to be written off shall be fully provisioned per IFRS 9 impairment and BOG provisioning norms.
- 7. A write-off shall not mean that the RFI has forfeited the legal right to recover the debt. RFIs shall continue to take the necessary steps to collect, sell or transfer the credit to another entity.
- 8. Exposures to related parties² of the RFI, shall not be written off unless expressly approved by the BOG. Furthermore, where the facility in default is linked to the RFI's director or Key Management Personnel (KMP) or significant shareholder and is in default for more than 180 days, the Bank of Ghana would deem such persons as not fit and proper and would:
 - i. withdraw the approval of such individuals to continue serving as a director or KMP and prohibit the individual from ever serving in such positions in any RFI;
 - ii. in the case of a significant shareholder, divest the person's holdings in all RFIs and the proceeds used to offset the credit facility; and

² Related parties means the RFI's subsidiaries, affiliates (including their subsidiaries, affiliates and special purpose entities), and any other party that the RFI exerts control over or that exerts control over the RFI, the RFI's significant shareholders including ultimate beneficial owners, directors, key management personnel, corresponding persons in affiliated companies and parties that can exert significant influence on the directors or key management personnel as well as their related persons and related interests.

Related persons and related interests are as defined in Act 930.

iii. require the RFI to publish the list of defaulters semi-annually (30th June and 31st December) in at least two daily newspapers of national circulation in Ghana and on the website of the RFI.

9. Applications for approval to write off loans shall be made to the BOG, upon approval by the RFI's Board, using the Form set out in **Appendix I**. The Form requires RFIs to disclose, on an individual basis, all debt write-offs amounting to GH¢50,000 and above, and on a collective basis, loans below GH¢50,000, except loans to related parties that must be disclosed individually regardless of amount.

D. Restructure NPLs to Qualifying Borrowers.

10. RFIs may initiate the restructuring of a loan facility and shall discuss sustainable payment options with borrowers or restructure a loan at the borrower's request to enhance the affordability and sustainability of loan repayment by qualifying borrowers. This aims to minimize the potential losses to the RFI due to default or deterioration in borrowers' creditworthiness.
11. To maintain the integrity of RFIs' financial statements, RFIs shall ensure that the restructured loans are appropriately classified and treated in accordance with the requirements of IFRS 9 impairment and BOG's prudential loan classification and provisioning norms.
12. A restructured facility shall remain classified as non-performing until the borrower has resolved its financial difficulty and has made 6 consecutive full repayments (principal and interest) for monthly and quarterly repayments and 4 consecutive full repayments for semi-annual repayments, as per the revised contractual terms. In the case of a restructured bullet loan, it shall remain classified as non-performing until the loan (principal and interest) is fully settled upon maturity.

E. Timely Realize Collaterals on Written-off Facilities.

13. RFIs shall take concrete steps to realize collaterals for loans that have been written off. RFIs shall enforce their right to realize the collateral by initiating proceedings in court or taking the necessary steps to realise the security in accordance with the Borrowers and Lenders Act, 2020 (Act 1052), within 30 days after BOG's approval for write-off, failing which the BOG will take the following appropriate remedial actions:
 - i. require the RFI to provide reasons for the failure to act on collateral recovery;

- ii. require the RFI to submit a detailed recovery plan, including timelines, responsible officers and the legal steps to be taken; and
- iii. require the RFI to implement any other measure that the BOG deems appropriate to address the issue.

Part II – Remedial Measures

In addition to the remedial measures prescribed in the relevant Acts including Act 930 and Act 774, other remedial measures that shall be considered include the following:

F. General

- 14. RFIs shall submit, on a monthly basis, to the Financial Stability Department of BOG and all Credit Reference Bureaus in Ghana, list of defaulters whose facilities have been written off. RFIs shall also report all exposures in default that have not been written off to the Credit Reference Bureaus in accordance with credit reporting regulations; and
- 15. No additional credit facilities shall be granted by any RFI within the banking sector to the listed defaulters, who shall be deemed as Wilful Defaulters, unless the basis for the write-off was due to a default orchestrated by force majeure or disability.

G. Measures on Wilful Defaulters

- 16. A 'wilful default' would be deemed to have occurred if any of the following events is noted:
 - i. The borrower has defaulted on its repayment obligations to the RFI even when it has the capacity to honour the said obligation;
 - ii. The borrower has defaulted on its repayment obligations to the RFI and has siphoned or diverted the funds for other purposes;
 - iii. The borrower has defaulted on its repayment obligations to the RFI and has provided falsified or misrepresented collateral or any other documentation in support of the loan application, thereby securing the facility through fraudulent means;
 - iv. The borrower has defaulted on its repayment obligations to two (2) or more RFIs, concurrently. However, the borrower may be exempted as a Wilful Defaulter if evidence is provided to the RFI that its inability to meet repayment obligations is due to loss of employment, force majeure or disability.; or
 - v. The borrower has defaulted on its repayment obligations and has relocated without the RFIs' knowledge of the new address; or

- vi. The borrower has defaulted on its repayment obligations to the RFI and has, without the RFI's knowledge or consent, disposed of or removed the movable or immovable assets pledged as security for the facility.
- 17. RFIs shall publish the list of Wilful Defaulters semi-annually (30th June and 31st December) in at least two daily newspapers of national circulation in Ghana and on their website in the format prescribed in **Appendix III**.
- 18. RFIs shall forward the list of Wilful Defaulters to the Financial Intelligence Centre (FIC), BOG and all Credit Reference Bureaus in Ghana semi-annually (30th June and 31st December).
- 19. Wilful Defaulters shall be prohibited from accessing new loan facilities from any RFI for a period commencing from the date of BOG approval for write-off. The prohibition period shall be determined as twice the period between the date of write-off approval and the date of full settlement. For example, if a facility is fully settled 1 year or 3 years after write-off, then the borrower would be prohibited from accessing credit for the next 2 years or 6 years respectively, commencing from the date of write-off approval. RFIs shall include the date the write-off was approved when reporting to the Credit Reference Bureaus.
- 20. Borrowers who have been listed as Wilful Defaulters on two or more different occasions within a ten-year period will be prohibited from accessing credit for 5 years or the prohibition period, where this duration exceeds the 5 years.
- 21. Directors of companies that are Wilful Defaulters, where RFIs have identified siphoning/ diversion of funds, misrepresentation, falsification of accounts and fraudulent transactions with the directors' consent or connivance, shall also be deemed as Wilful Defaulters and prohibited from accessing credit for the same period as the defaulting company.
- 22. In the case where a guarantor of a Wilful Defaulter refuses to comply with the demand by an RFI for payment, despite having sufficient means to make payment, then such guarantor would also be treated as a Wilful Defaulter and prohibited from accessing credit for the same period as the defaulting company.
- 23. A Wilful Defaulter may become eligible to access credit from RFIs upon fulfilment of the following conditions:

- i. Full repayment of written-off loans, including any charges or fees;
- ii. No adverse information on credit report from Credit Reference Bureaus; and
- iii. The prohibition period for the defaulter to access credit has ended and the RFI establishes that there are no concerns about the defaulter's future ability to generate stable and sufficient cash flows as well as their willingness to fulfil any future loan repayment obligations.

Part III – Supervisory Reporting and Disclosure Requirements

- 24. RFIs with NPL ratios above 7% shall submit to the BOG, on a monthly basis, a report on NPLs as per the template in **Appendix II**.
- 25. RFIs shall disclose in their Annual Report:
 - i. details of NPL amounts segregated into the BOG prescribed sectoral distribution;
 - ii. details of the cumulative and current year's loans written off
 - iii. breaches/ non-compliance to this Notice;
 - iv. details of non-performing related party exposures (names of borrowers, amount outstanding, and classification status); and
 - v. details of loans of Wilful Defaulters and Non-wilful Defaulters written off and the amounts recovered, in the format shown in **Appendix II** (3).

Banks, Specialised Deposit-taking Institutions (SDIs), Non-Bank Financial Institutions (NBFIs) and the Public are hereby advised to take note of the above for immediate compliance.

(SGD.)
SANDRA THOMPSON (MS.)
THE SECRETARY

13TH AUGUST 2025

Appendix I – Loan Write-Off Application

LOAN WRITE-OFF APPLICATION												
Name of Bank/ SDI/ NBFi												
Date:												
S / N	Name of Borrower	Date Facility Granted	Original Loan Amount (GH¢)	Amount Outstanding (GH¢)	Expiry Date of Facility	Amount to be Written-off (GH¢)	BOG Provisions Made (GH¢)	IFRS 9 Impairment Allowance Made (GH¢)	Collateral held (GH¢)	Status of Collateral	Related Party (Disclose Relationship)	Reason for Write off
1												
2												
3												
...												

Appendix II - Monthly Regulatory Reporting of NPL*(Amounts in GH¢'000)***1. NPL level and flows**

Total gross loans

Stock of NPLs

Stock of specific provisions (stage 3 of IFRS 9)

NPLs as a proportion of total gross loans

NPLs net of specific provisions as a proportion of total gross loans

Amount	
X1	
X2	
X3	
	(%)
	X2/X1
	(X2-X3)/X1

Stock of specific provisions as a proportion
of stock of NPL (NPL Coverage)

X3/X2

**2. Credit Migration over the last
month** (GH¢'000)

Monthly flow from:	Prev Month	To		
		NPLs	Performing but not restructur ed exposures	Performing restructured
NPLs		M1	M2	M3
Performing Exposures		M4	M5	M6
Performing Restructured		M7	M8	M9

**3a. Wilful Defaulters
Monthly Write-offs**

(GH¢'000)

Total write-offs

Total non-recoverable write-offs

Cash Recovery from write-offs

Realisation from collaterals of exposures
written-off

Amount
X4a
X5a
X6a
X7a

(%)

Write-offs as a percentage of total stock of
NPLs

X4a/X2

Total Recovery as a percentage of total
write-off

(X6a+X7a)/X
4a

3b. Non-Wilful Defaulters

Monthly Write-offs*(GH¢'000)*

Total write-offs
 Total non-recoverable write-offs
 Cash Recovery from write-offs
 Realisation from collaterals of exposures
 written-off

Amount	
X4b	
X5b	
X6b	
X7b	
	(%)
	$X4b/X2$
	$(X6b+X7b)/X4b$

Write-offs as a percentage of total stock of
 NPLs

Total Recovery as a percentage of total
 write-off

3c. Total Monthly Write-offs*(GH¢'000)*

Total write-offs
 Total non-recoverable write-offs
 Cash Recovery from write-offs
 Realisation from collaterals of exposures
 written-off

Amount	
X4a+X4b	
X5a+X5b	
X6a+X6b	
X7a+X7b	
	(%)
	$(X4a+X4b)/X2$
	$(X6a+X6b) + (X7a+X7b) / (X4a+X4b)$

Write-offs as a percentage of total stock of
 NPLs

Total Recovery as a percentage of total
 write-off

4. Cash Recovery from NPLs*(GH¢'000)*

Cash recovery from NPLs
 Realisation from property related
 Collaterals

Amount
X8
X9

Realisation from non-property related
Collaterals

X10	
	(%)
	X8/X2
	X9/X2
	X10/X2
	(X8+X9+X10) /X2

Cash recovery from NPLs as a percentage
of total NPLs

Realisation from property related
collaterals as a percentage of total NPLs

Realisation from non-property related
collaterals as a percentage of total NPLs

Total recoveries and realization as a
percentage of total NPLs

5. Restructuring activity

(GH¢'000)

Stock of Restructured NPLs

Amount (value) and Number of
restructured loans that are:

Performing

Yet to be reclassified as Performing

In arrears for greater than 90 days.

Newly restructured loans for the month

Amount	
X11	
	Number
X12	N1
X13	N2
X14	N3
X15	N4

	Recently agreed restructuring (Month)		Stock of restructured loans	
Type of Restructure Measures	Number of facilities	Amount (GH¢)	Number of facilities	Amount

Interest payment only				
Reduced payment (Part principal and/or interest)				
Grace period or payment moratorium				
Arrears/interest capitalisation				
Interest rate reduction				
Extension of maturity term				
Sale by agreement (assisted sale) - Settlement				
Rescheduled payments				
Conversion of currency				
Other alteration of contract conditions/covenants				
New credit facilities				
Debt consolidation				
Partial or total debt forgiveness				
Others (Describe)				

Appendix III – Wilful Defaulter List

Name of Bank/ SDI/ NBFi:

Date:

S/N	Full Name of Borrower	Type of Facility	Date Facility was Written off	Amount Outstanding (GH¢)	Full Name of Directors and/or Guarantors (if applicable)	Address of Borrower	Grounds for Wilful Default Classification

Declaration

I hereby confirm that the above information is accurate and has been verified in accordance with internal policies and applicable regulations.

Authorised Signatory

Name:

Designation:

Date:

Signature:

Note

1. RFIs should indicate, in the list, the Directors who held office at the time the account of the borrower entity was classified as defaulter but are no longer on its Board.
2. Grounds for classification as a wilful defaulter can comprise, among others, diversion of funds, siphoning of funds, misrepresentation/fraud, disposal of secured assets and refusal to repay despite capacity.
3. RFIs should include a clause in loan agreements that formally notifies borrowers of the lender's right to publish the names of borrowers classified as wilful defaulters.
4. RFIs shall notify borrowers in writing, within 20 days, prior to the implementation of the remedial measures with respect to a wilful defaulter.