



የኢትዮጵያ ብሔራዊ ባንክ
NATIONAL BANK OF ETHIOPIA
 ADDIS ABABA

FIS/BSO/805/16
 June 29, 2016

All Banks
Addis Ababa

Dear Sir/Madam;

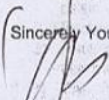
Subject: **Circular No.BSD/15/2016**

We recall the Government decision to reschedule, restructure or renegotiate coffee loans extended to SNNP Region borrowers. Consequently, the NBE has issued Circular No.BSD/13/2016 temporarily suspending requirements of sub-article 7(1)(8) of the NBE Directives No.SBB/43/2008.

In order to clarify the manner of rescheduling & loan status determination, the following clarifications have been given.

- 1) A bank, for the purpose of implementing government decision, may reschedule, restructure or renegotiate coffee loans extended to SNNP Region borrowers on the basis of Circular No.BSD/13/2016, for not more than a maximum of four years period for full repayments;
- 2) Past due interests at time of renegotiation may be deferred and repaid by the borrower during repayment period set for the renegotiated loans;
- 3) The requirements stipulated in sub-article 7(1)(6) of the NBE Directives No.SBB/43/2008 are also temporarily suspended for coffee loans rescheduled, restructured or renegotiated on the basis of Circular No.BSD/13/2016. Thus all renegotiated non performing coffee loans may be categorized as pass, provided that the banks credit risk assessment shows that the loan can be fully collected in line with the new repayment program.
- 4) In the case of additional financing for these coffee loans, requirements of sub-article 6(1) of the NBE Directives No.SBB/53/2012 may not be applicable until June 18, 2018.

Sincerely Yours,


 Solomon Desta,
 Director, Banking Supervision Directorate



cc.

- H.E. The Governor
- The V/Governor, Financial Institutions Supervision
- Legal Service Directorate
National Bank of Ethiopia