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**NATIONAL BANK OF ETHIOPIA**  
ADDIS ABABA

FIS/BS/669/16  
May 30, 2016

**All Banks**  
**Addis Ababa**

Dear Sir;

**Subject: Repealing Circular No. BSD/12/2016**

We recall that following the Credit Reference System (CRS) outage since May 04, 2016 we have issued Circular No. BSD/12/2016 dated May 19, 2016 by which we have temporarily suspended the legal requirement set in article 8.1 of NBE Directives No. CRB/01/201; allowing your bank to act at its own discretion regarding obtaining of credit information for loan/new facility application processing.

With the coordinated efforts of NBE, the system vendor and other suppliers, the CRS is now restored and it has been up and running smoothly since May 24, 2016.

As a result, Circular No. BSD/12/2016 is hereby repealed by this letter reinstating the legal requirement set in article 8.1 of NBE Directives No CRB/01/2012 into force.

Sincerely Yours,

Solomon Desta  
Director, Banking Supervision Directorate



CC:

- H.E. The Governor
  - The V/Governor, Financial Institutions Supervision
  - Credit Reference Bureau
- National Bank of Ethiopia**



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**NATIONAL BANK OF ETHIOPIA**  
ADDIS ABABA

FIS/BS/642/16  
May 19, 2016

**All Banks**  
**Addis Ababa**

Dear Sir;

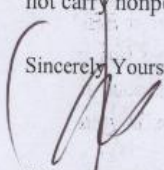
**Subject: Circular No. BSD/12/2016**

We recall the CRS outage since May 04, 2016 and as a result of which banks could not access the system to generate credit reports on their new & existing loan applicants. We also recall that article 8.1 prohibits banks from extending new; or renew, reschedule or refinancing existing loans without first obtaining credit information from the CRS.

The NBE is working exhaustively with the vendor company and other suppliers to restore the system and resume the credit information sharing. Parallely, however, we believe that until the CRS is successfully restored the credit operation of banks should not be impacted which will ultimately affect our economy.

Thus, we are temporarily suspending the legal requirement set in article 8.1 of NBE Directives No. CRB/01/2012 until further written notice is given from us. Thus, your bank can act at its own discretion regarding obtaining of credit information for loan/new facility application processing. We would, however, like to emphasise that banks should take due care in selecting credit worthy borrowers and receive signed declaration from the applicant that states he/she does not carry nonperforming loan in other bank(s).

Sincerely Yours,

  
Solomon Desta  
Director, Banking Supervision Directorate



CC:

- H.E. The Governor
- The V/Governor, Financial Institutions Supervision
- Credit Reference Bureau

**National Bank of Ethiopia**

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ADDRESS: SUDAN STRCET P.O.BOX 5550/2048 FAX No. 0115 51 45 88 TEL. No. 0115 51 74 30 ADDIS ABABA  
TELEGRAPHIC ADDRESS: N A T I O N B A N K  
CODES-USED PETERSON 3<sup>rd</sup> & 4<sup>th</sup> ED BENTLEY'S 2<sup>nd</sup> PHRASE A.B.C. 6<sup>th</sup> EDITIO  
E-mail: nbe.excd@ethionet.et Website: www.http://www.nbe.gov.et



የኢትዮጵያ ብሔራዊ ባንክ  
**NATIONAL BANK OF ETHIOPIA**  
ADDIS ABABA

FIS/BS/754/16  
June 17, 2016

**All Banks**  
**Addis Ababa**

Dear Sir/Madam;

Subject: **Circular No. BSD/13/2016**

We recall that SNNP Region coffee loan borrowers faced problem in loan repayment due to drop in international coffee price and applied to the Government for intervention. The nature of the loans suggests that most of these loans need to be rescheduled in order to regularize their repayments.

However, sub-article 7(1)(8) of the NBE Directives No. SBB/43/2008 placed restriction not to reschedule, restructure or renegotiate short or medium term loan to a borrower for more than three iterations. It also requires banks to collect in cash full amount of interest arrears, and a minimum of 25% of outstanding principal balance for rescheduling, restructuring or renegotiating for the second time, while to collect a minimum of 50% of outstanding principal balance to reschedule for the third time.

This is therefore, to inform you that restrictions and requirements stipulated in the aforementioned sub-article of the Directives are temporarily suspended; for a period of two years until June 17, 2018, for coffee loans extended to SNNPR borrowers.

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**



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**NATIONAL BANK OF ETHIOPIA**  
ADDIS ABABA

FIS/BSD/753/16  
June 17, 2016

**All Private Banks**  
**Addis Ababa**

Dear Sirs/Madam;

Subject: **Circular No. BSD/14/2016**

We have come to recognize the challenges related to identifying citizenship of and paying dividends to corporate shareholders in private banks with quite large number of members. Accordingly, the National Bank has hereby:

- 1) exempted banks from checking and ascertaining Ethiopian citizenship of each and every member of 'edirs' as well as religious, aid or developmental organizations incorporated in Ethiopia to accept as shareholders and pay dividends; and
- 2) allowed banks to accept Ethiopian corporate business entities as shareholders of the banks and pay dividends without checking and ascertaining Ethiopian citizenship of each member of the corporate business entity provided that the chief executive officer of the business entity in question gives written confirmation stating that at least 99% of the members/shareholders of the entity are Ethiopian citizens.

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**



የኢትዮጵያ ብሔራዊ ባንክ  
**NATIONAL BANK OF ETHIOPIA**  
 ADDIS ABABA

FIS/BSO/805/16  
 June 29, 2016

**All Banks**  
**Addis Ababa**

Dear Sir/Madam;

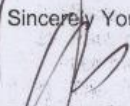
Subject: **Circular No.BSD/15/2016**

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**

FIS/BSD/922/16  
August 10, 2016

**All Banks**  
**Addis Ababa**

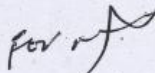
Dear Sir/Madam;

Subject: **Circular No. BSD/16/2016**

Some banks have requested us to provide them with clarification whether the maximum number of board of directors to be re-elected after a lapse of six consecutive years of services, if a shareholders of a bank wishes to maintain continuity in the board, is determined based on number of board seats of a bank in line with sub-article 10.1.5 of NBE directives No. SBB/62/2015 or based on outgoing board members in line with sub-article 9.2 of NBE directives No. SBB/54/2012.

This is, therefore, to inform you that the number of board members to be re-elected after a lapse of six consecutive years of services shall be determined based on number of board seats of the bank in line with sub-article 10.1.5 of NBE directives No. SBB/62/2015, and sub-article 9.2 of NBE directives No. SBB/54/2012 has no effect as it was repealed by sub-article 14.2 of NBE directives No. SBB/62/2015.

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**