

**LICENSING AND SUPERVISION OF
BANKING BUSINESS**

Directive No. SBB/9/95

COMPUTATION OF RISK WEIGHTED ASSET

1. Issuing Authority

These directives are issued by the National Bank of Ethiopia pursuant to the authority vested in it by Article 41 of the Monetary and Banking Proclamation No. 83/1994 and by article 36 of the Licensing and Supervision of Banking Business Proclamation No. 84/1994.

2. Definition

2.1 For the purpose of these Directives, the capital of a bank consists of issued and fully paid in shares, legal reserves and other reserves to be approved by the National Bank of Ethiopia and

2.2 The minimum capital requirement shall be applied to a bank on a consolidated basis, including subsidiaries and affiliates engaged in banking and financial activities.

3. Manner of computation

Risk weighted assets and percentage weight attached to each asset shall be calculated in the manner as shown in the tables attached herewith which shall be a part hereof.

These Directives shall inter into force as of 21st day of August 1995.