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NATIONAL BANK OF ETHIOPIA

LICENSING AND SUPERVISION OF BANKING BUSINESS
RESERVE REQUIREMENTS (9TH - REPLACEMENT)
DIRECTIVE NO. SBB/97/2025

Whereas, the National Bank of Ethiopia is vested with powers, duties and responsibilities of monetary management and regulation and supervision of banks;

Whereas, statutory reserve requirement, which obliges banks to hold a portion of their deposit balance with the National Bank of Ethiopia, is one of the monetary policy instruments and prudential regulation tools;

Whereas, it is found important to adopt partial reserve averaging and lagged maintenance period to enhance the functioning of interbank money market, create flexibility in liquidity management by banks and promote stability in short-term interest rates;

Now, therefore, in accordance with Articles 29(3), 31(1/a) and 53(2) of the National Bank of Ethiopia Proclamation No. 1359/2025, and Articles 23(3), 23(4), 23(5) and 91(2) of Banking Business Proclamation No. 1360/2025, the National Bank has issued this Directive.

1. Short Title

This Directive may be cited as "**Reserve Requirements — (9th Replacement) Directive No. SBB/97/2025.**"



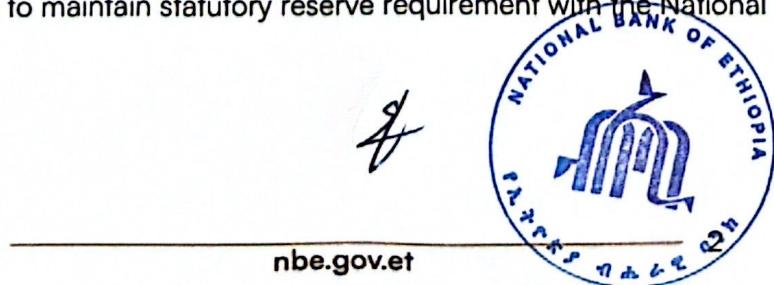


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2. Definitions

For the purpose of this Directive, unless the context provides otherwise:

- 2.1 **“Bank”** means private or state owned bank, a foreign bank subsidiary or a branch of foreign bank licensed by the National Bank to undertake banking business;
- 2.2 **“Cash Items in Process of Collection”** means financial items that are being processed for payment but the transactions have not yet been fully completed at the end of working day;
- 2.3 **“Lagged Maintenance Period”** means the reserve maintenance period during which a bank is required to maintain statutory reserve requirement which is calculated based on previous calendar month reserve base;
- 2.4 **“Standing Lending Facility”** means the facility through which the National Bank grants overnight credit to eligible banks;
- 2.5 **“National Bank”** means the National Bank of Ethiopia;
- 2.6 **“Payment and Settlement Account”** means an account opened by a bank with the National Bank to maintain a minimum reserve requirement and carryout daily transactions;
- 2.7 **“Reserve Base”** means all forms of domestic and foreign currency deposit liabilities held by a bank in the form of demand/current, saving and time deposits and in the case of interest free banking, it shall also include all form of interest free deposits; and
- 2.8 **“Reserve Maintenance Period”** means the period over which a bank is required to maintain statutory reserve requirement with the National Bank.





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3. Scope of the Directive

This Directive shall apply to all commercial banks that collect deposits and operate in Ethiopia.

4. Opening of Account with the National Bank

- 4.1 A bank shall open and maintain Payment and Settlement Account in Birr with the National Bank.
- 4.2 Notwithstanding sub-article 4.1 of this Article, Reserve Account, which was previously opened with the National Bank in line with the now repealed Directive, shall merge with Payment and Settlement Account and hence the Reserve Account shall be closed.

5. Statutory Reserve Requirements

- 5.1 A bank shall maintain a minimum daily reserve balance of 5% (five percent) of its average reserve base of every previous calendar month with National Bank in Birr throughout the reserve maintenance period.
- 5.2 The daily minimum reserve requirement specified under sub-article 5.1 of this Article shall be blocked in the bank's Payment and Settlement Account maintained with the National Bank throughout the reserve maintenance period.
 - 5.2.1 If the blocked reserve balance in the bank's Payment and Settlement Account exceeds the requirement under sub-article 5.1 of this Article at the beginning of the reserve maintenance period, the National Bank shall automatically lift restriction of the excess balance and make it available to the bank's use.





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5.2.2 If the blocked balance in the bank's Payment and Settlement Account falls short of the daily reserve requirement specified under sub-article 5.1 of this Article at the beginning of the reserve maintenance period, the shortfall amount shall be automatically retained and blocked by National Bank towards fulfillment of the reserve requirement. However, if there is insufficient balance in the Payment and Settlement Account that allows the National Bank to do so, the bank shall be subject to administrative sanctions stipulated under Article 9 of this Directive.

5.3 Notwithstanding the provisions of sub-articles 5.1 and 5.2 of this Article, a bank shall be required to maintain in its Payment and Settlement Account an average reserve of 10% (ten percent) of its previous calendar month average reserve base by the end of the reserve maintenance period.

6. Computation of Reserve Requirements

- 6.1 Cash items in process of collection, if included under deposits, shall be deducted from computing the balance of the total reserve base.
- 6.2 Cash items in process of collection through the National Bank shall not be considered as reserve until credited to the Payment and Settlement Account.
- 6.3 The average reserve base shall be calculated on a monthly basis taking the balance of the calendar month. In case of public holidays and weekends, the balance of the most recent working day shall be carried forward.
- 6.4 The reserve maintenance period starts on the first Thursday of the calendar month following the month in which the reserve base is calculated and ends on the first Wednesday of the subsequent month. If either of these days is not a working day, the next working day shall be used.
- 6.5 The statutory reserve required to be maintained by a bank over the reserve maintenance period i.e., 5% (five percent) and 10% (ten percent)





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requirements shall be calculated based on the net average balance of reserve base of every previous calendar month that concludes prior to the applicable reserve maintenance period.

7. Transition Period

A bank shall be categorized either in category 1 or category 2 for the purpose of meeting the monthly average reserve requirement during the transition period.

7.1 For Banks Classified Under Category 1

7.1.1 A bank categorized under Category 1 shall meet the minimum daily reserve balance of 5% and shall ensure that its monthly average reserve ratio, for the reserve maintenance period that begins in each month, at a minimum is:

- a) 8% for the month of January, 2026;
- b) 9% for the month of February, 2026; and
- c) 10% for the month of March, 2026.

7.2 For Banks Classified Under Category 2

7.2.1 A bank categorized under Category 2 shall meet the minimum daily reserve balance of 5% and shall ensure that its monthly average reserve ratio, for the reserve maintenance period that begins in each month, at a minimum is:

- a) 7.5% for the month of January, 2026;
- b) 8% for the month of February, 2026;
- c) 8.5% for the month of March, 2026;





- d) 9% for the month of April, 2026;
- e) 9.5% the month of May, 2026; and
- f) 10% for the month of June, 2026.

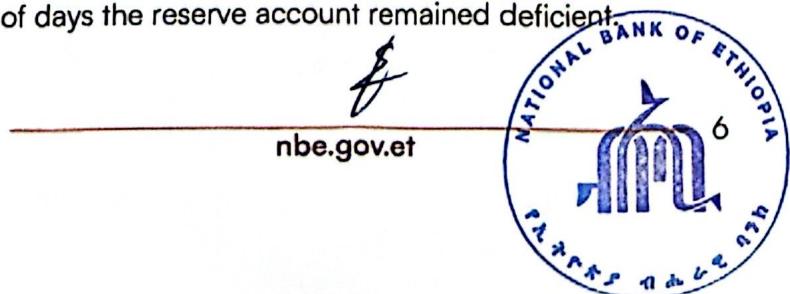
7.3 The National Bank, for the purpose of implementing the requirement of this Article, shall formally communicate each bank through circular information regarding the specific category each bank is classified under.

8. Reporting Requirements

- 8.1 A bank shall submit monthly reserve base report to the National Bank, on the first working day after the end of specific calendar month as per Annex 1, which shall be part of this Directive.
- 8.2 A bank shall also submit a statutory reserve requirement report to the National Bank, on the following day after the end of maintenance period in accordance with Annex 2, which shall be part of this Directive.
- 8.3 Notwithstanding sub-articles 8.1 and 8.2 of this Article, a bank shall submit its monthly net average reserve base to the National Bank through Ethiopian Automated Transfer System on the first working day after the end of the specific calendar month.

9. Administrative Sanctions

- 9.1 A bank that fails to meet the minimum daily reserve requirement specified under sub-article 5.1 of this Directive shall incur a financial fine calculated at the National Bank's Standing Lending Facility rate on that specific date, plus an additional 3 percentage points, applied to the deficit amount multiplied by the number of days the reserve account remained deficient.





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9.2 A bank that does not meet the average reserve requirement stipulated under sub-article 5.3 of this Directive by the end of the reserve maintenance period shall incur a financial fine. This financial fine shall be calculated based on the National Bank's Standing Lending Facility rate on the last day of the reserve maintenance period, plus an additional 3 percentage points, applied to the deficit amount and multiplied by the number of days in that specific reserve maintenance period.

9.3 Failure to submit the required report as per sub-article 8.1 and 8.2 of this Directive shall result in a financial fine of Birr 20,000 for each day of delay.

9.4 Notwithstanding sub-article 9.3 of this Article, a bank that fails to submit its net monthly average reserve base in Ethiopian Automated Transfer System as required by sub-article 8.3 of this Directive shall incur financial fine of Birr 20,000 that shall automatically be debited from the bank's account maintained with the National Bank. In addition, the National Bank shall calculate all reserve requirements for the new maintenance period based on recent available net reserve base data while the bank shall be fully liable as per the relevant provisions of this Directive for any deficit caused due to failure of reporting.

9.5 In addition to financial fines under sub-article 9.1, 9.2, 9.3 and 9.4 of this Article, the National Bank may, following formal warnings and corrective orders, impose any or all of the following sanctions for non-compliance with this Directive:

- 9.5.1 suspension of lending, investment and credit operations;
- 9.5.2 prohibition from declaring or paying dividends;
- 9.5.3 prohibition from opening new branches;
- 9.5.4 prohibition from initiating or expanding services or activities;
- 9.5.5 suspension of access to the National Bank's standing facilities;





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- 9.5.6 prohibition from acquiring additional fixed assets; and
- 9.5.7 prohibition from accepting new deposit liabilities.

9.6 Without prejudice to the preceding sub-articles of this Article, continued non-compliance with this Directive by a bank that results in or threatens unsafe or unsound banking conditions may subject the bank to additional administrative measures as provided under the National Bank of Ethiopia Proclamation No. 1359/2025 and Banking Business Proclamation No. 1360/2025.

9.7 The National Bank may waive the administrative sanctions stated under this Article on grounds it considers acceptable.

10. Repeal

Reserve Requirement - (8th Replacement) Directive No. SBB/84/2022 is hereby repealed and replaced by this Directive.

11. Effective Date

This Directive shall come into effect as of the 1st day of January 2026.


Eyob Tekalign (PHD)
Governor





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Annex 1

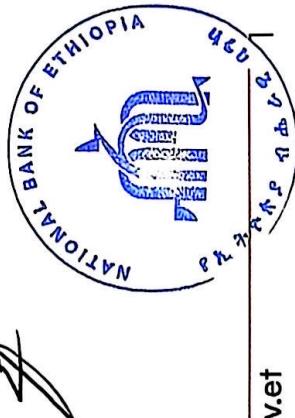
MONTHLY RESERVE BASE REPORT

Name of Bank: -----

Reporting Month: -----

S/No	Descriptions	In Millions of Birr																															
		Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10	Day 11	Day 12	Day 13	Day 14	Day 15	Day 16	Day 17	Day 18	Day 19	Day 20	Day 21	Day 22	Day 23	Day 24	Day 25	Day 26	Day 27	Day 28	Day 29	Day 30	Day 31	Monthly Average
1	Reserve Base (1+1+2+13)																																
1.1	Demand/Current Deposits																																
1.2	Saving Deposits																																
1.3	Time Deposits																																
2	Deductors Items (2+1+22)																																
2.1	Un-cleared checks paid-local																																
2.2	Un-cleared effects- foreign																																
3	Natl Reserve Base (1minus 2)																																
4	Payment and Settlement Account Balance with NBE																																
5	Currency Issue Account Balance																																
6	Deposit Balance with NBE (4+5)																																

Note: - Day 1 refer first day of the calendar month



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Annex 2**STATUTORY RESERVE REQUIREMENT REPORT****Name of Bank:** -----**Maintenance Period:** -----

S/No	Descriptions	In Millions of Birr														
		Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10	Day 11	Day 12	Day 13	Day 14	Day 15
1	Net Average Reserve Base (Previous Calendar Month)															
2	Daily Reserve Requirement in Maintenance Period (5% of 1)															
3	Payment and Settlement Account															
4	Balance with NBE in Maintenance Period															
5	Excess/Deficiency in Reserve (3 minus 2)															
	Reserve Ratio (3/1*100)															

Note:

- Calendar month refers to the start and end of each calendar month
- Day 1 refers first Thursday of the month in which reserve maintenance period starts
- Day X refers last day, i.e., first Wednesday of the subsequent month in which reserve maintenance period concludes



A handwritten signature of the Governor of the National Bank of Ethiopia is placed next to the logo.