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NATIONAL BANK OF ETHIOPIA
ADDIS ABABA

LICENSING AND SUPERVISION OF BANKING BUSINESS

LIQUIDITY REQUIREMENT

(4th replacement)

DIRECTIVES NO. SBB/45/2012

1. Issuing Authority

These Directives are issued by the National Bank of Ethiopia pursuant to the authority vested in it by Article 5 of the National Bank of Ethiopia Establishment (as Amended) Proclamation No. 591/2008 and by Article 3 of Banking Business Proclamation No. 592/2008.

2. Definitions

2.1 For the purpose of liquidity requirement “liquid assets”, in addition to what has been provided for under 20(2) of Proclamation No. 592/2008, include deposits held in Organization for Economic Cooperative and Development (OECD) member countries currencies and payable by banks of OECD countries and in such other currencies as may be approved by the National Bank of Ethiopia as well as securities issued by OECD countries denominated in currencies of such countries with tenures as indicated under article 20(2) of Banking Business Proclamation No. 592/2008.

2.2 “Current liabilities” shall mean the sum of demand (current) deposit, savings deposits and time deposits and similar liabilities with less than one-month maturity

3. Total Requirement

Any licensed bank shall maintain liquid assets of not less than 20% (twenty percent) of its total current liabilities.



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4. **Specific Requirements**

For the purpose of meeting the liquidity requirement, each bank shall maintain:

4.1 at least fifteen percent (15%) of the current liabilities in the form of primary reserve assets; and

4.2 five percent (5%) of the current liabilities in the form of secondary reserve assets.

5. **Reports**

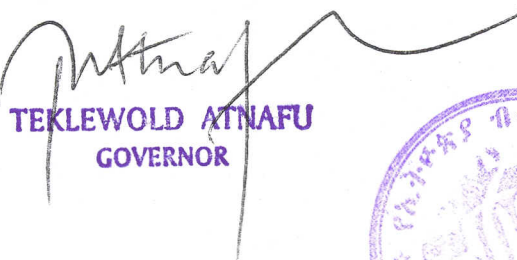
Banks shall submit to the Banking Supervision Directorate of the National Bank of Ethiopia properly certified weekly liquidity positions showing the end-of-week balances of each Wednesday not later than Tuesday of the following week.

6. **Repeal**

Directives No. SBB/44/2008 are hereby repealed and replaced by these Directives.

7. **Effective Date**

These Directives shall enter into force as of the **2nd day January 2012.**


TEKLEWOLD ATNAFU
GOVERNOR

