



BANKING BUSINESS PROCLAMATION

PROCLAMATION NO. 592/2008

Preamble	WHEREAS , banks play an important role in economic development through mobilization of funds from within and outside the country and channeling such funds to various sectors of the economy;
	WHEREAS , banks occupy a central place in the payment and settlement system of the country's economy;
	WHEREAS , the business of banking has a number of attributes which, if not managed properly, has the potential to generate financial system and macroeconomic instability;
	WHEREAS , the cost of financial system and macroeconomic instability to the general public and the Government is significant; WHEREAS , it is essential to ensure safety, soundness and stability of the banking system by having a comprehensive law for the licensing and supervision of the banking business;
Proclamation enactment	NOW, THEREFORE , in accordance with Article 55(1) of the Constitution of the Federal Democratic Republic of Ethiopia, it is hereby proclaimed as follows: PART ONE GENERAL
Short title	1. <i>This Proclamation may be cited as "Banking Business Proclamation No. 592/2008".</i> 2. <i>In this Proclamation, unless the context requires otherwise:</i>
Interpretation/ Definition	<ol style="list-style-type: none"> 1. "bank" means a company licensed by the National Bank to undertake banking business or a bank owned by the Government; 2. "banking business" means any business that consists of the following activities: <ol style="list-style-type: none"> a) receiving funds from the public through means that the National Bank has declared to be an authorized manner of receiving funds; b) using the funds referred to under paragraph (a) of this sub-article, in whole or in part, for the account and at the risk of the person undertaking banking business, for loans or investments in a manner acceptable to the National Bank; c) the buying and selling of gold and silver bullion and foreign exchange; d) the transfer of funds to other local and foreign persons on behalf of the banks themselves or their customers; e) the discounting and negotiation of promissory notes, drafts, bills of exchange and other evidence of debt; f) any other activity recognized as customary banking business, which a bank engaged in the activities described from paragraph (a) to (e) of this sub-article may be authorized to undertake by the National Bank; 3. "capitalized expenditure" means preliminary expenses, share selling commission and brokerage fees paid by a bank under formation, and any other item of expenditure not represented by tangible assets; 4. "chief executive officer" means a person, by whatever title that person may be referred to, who is primarily responsible for the day-to-day management of the affairs of a bank; 5. "company" means a share company as defined under the Commercial Code of Ethiopia, in which the capital is wholly owned by Ethiopian nationals and organizations wholly owned by Ethiopian nationals and registered under the laws of, and having its head office in, Ethiopia; 6. "director" means any member of the board of directors of a bank, by whatever title he may be referred to; 7. "employee" means a chief executive officer, a senior executive officer or any other person who is appointed or hired by a bank to carry out its day-to-day operational activities; 8. "fiduciary function" means the trustee function of a bank whereby the bank provides safe keeping services or administers funds on behalf of others, usually for a fee; 9. "financial institution" means insurance company, bank, micro finance institution, postal savings, money transfer institution or such other institution as determined by the National Bank; 10. "financial year" means the financial year of a bank running from July 1st to June 30th of the following year; 11. "influential shareholder" means a person who holds directly or indirectly two percent or more of the

	<p>total subscribed capital of a bank;</p> <p>12. “insolvent” means the financial condition of a bank when the liabilities of such bank exceed its assets as determined by the National Bank;</p> <p>13. “loan” or “advance” means any financial assets of a bank arising from a commitment to advance funds by a bank to a person that is conditioned on the obligation of the person to repay the funds, either on a specified date or dates or on demand, usually with interest, or from indirect advances such as unplanned overdrafts, participation in loan syndication and the purchase of loans from another lender; and includes a contractual obligation of a bank to advance funds to or on behalf of a person's claim evidenced by a lease financing transaction in which the bank is the lessor, and an overdraft facility to be funded by a bank on behalf of a person;</p> <p>14. “person” means any natural or juridical person;</p> <p>15. “qualification of competency” means required education, experience, fitness and propriety prescribed by directive issued by the National Bank;</p> <p>16. “receiver” means the National Bank or a person appointed by the National Bank to take control of a bank having problem for purposes of restructuring the bank's operations in order to make it sound or to terminate its existence;</p> <p>17. “secured claim” means any claim of a bank guaranteed by property or secured by assignment of rights to other assets on the basis of a contract to that effect;</p> <p>18. “senior executive officer” means any officer of a bank who is deputy to the chief executive officer or is directly reporting to the board of directors;</p> <p>19. “National Bank” means the National Bank of Ethiopia.</p>
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	<p>PART TWO</p> <p>LICENSING BANKING BUSINESS</p>
	<p><i>3. Requirement of obtaining License</i></p>
License for banking business transaction	<p>1. It is prohibited to transact banking business in Ethiopia without obtaining a banking business license from the National Bank.</p>
Use of the word bank	<p>2. No person shall use the word ‘bank’ or its derivatives as part of the name of any financial business unless it has secured a license from the National Bank.</p>
Need for written approval to undertake banking business	<p>3. Without the prior written approval of the National Bank, no bank shall:</p> <ol style="list-style-type: none"> a) transact a banking business at any place other than that authorized by the National Bank, or close an existing place of business; b) introduce new banking services; c) merge with or take over the banking business of another bank; d) enter into any arrangement or agreement for the sale or disposal, by amalgamation or otherwise, of its business, or effect major changes in its line of business; e) transfer or otherwise dispose of the whole or any part of its property, whether in or out of Ethiopia, other than in the normal course of its business; f) redeem its own shares or effect a reduction of its capital other than through reduction due to operating losses; g) amend its memorandum and articles of association; or h) alter the name under which it is licensed to do banking business.
Advertising for soliciting deposits of money or transacting banking business	<p>4. Where the National Bank has a reason to believe that a person, in contravention of sub-article (1) of this Article, is advertising for or soliciting deposits of money or transacting banking business, it may, in order to ascertain the situation, require that all books, minutes, accounts, cash, securities, records, vouchers and other documents which are in the possession or custody of such person be submitted to it and inspect same or cause same to be inspected;</p>
Legal action on a person undertaking a banking business without a license	<p>5. Where any person undertakes banking business without license and holds moneys or other property obtained through such act, the National Bank may apply to the Federal High Court for ordering the immediate and efficient return of such moneys or property to the depositors or owners thereof.</p>
	<p><i>4. Preconditions of Licensing.</i></p>
Licensing preconditions	<p>1. The following conditions shall be fulfilled to obtain a banking business license:</p> <ol style="list-style-type: none"> a) a duly completed application in the prescribed format and other accompanying documents as specified by the National Bank shall be submitted; b) an investigation fee, as determined by the National Bank, shall be paid at the time of submitting the application; c) upon filing the application with the National Bank, the founders shall, at least once a week for a period of four consecutive weeks, publish, in a form prescribed by the National Bank, a notice of intention to engage in banking business in widely circulating newspapers; d) the bank shall be formed as a company and its memorandum and articles of association shall be

	<p>approved by the National Bank before registration with the appropriate government organ;</p> <p>e) all its issued shares shall be subscribed and, at a minimum, one-fourth of the subscribed shares shall be fully paid in cash;</p> <p>f) the minimum paid-up capital prescribed by the National Bank shall be paid in cash and deposited in a blocked account in a bank in the name of the prospective bank;</p> <p>g) the directors, the chief executive officer and senior executive officers of the bank shall meet the qualification criteria prescribed by the National Bank;</p> <p>h) influential shareholders of the bank shall meet fitness and propriety criteria prescribed by the National Bank; and</p> <p>i) the premises, security arrangements and cash vault of the bank shall meet the standards prescribed by the National Bank.</p>
Objection of a person to a founder shareholder of proposed bank	2. Any person who objects the involvement of any of the founders as a shareholder in the proposed bank may submit, no later than thirty days starting from the date of the last publication under sub-article 1(c) of this Article, his objection in writing, with supporting evidence, to the National Bank. The National Bank shall initiate an inquiry into the objection. The results of such an inquiry shall be published and be considered in deciding whether or not to issue the license.
NBE issuance of directive on additional conditions of licensing	3. Without prejudice to the requirements specified under sub-article (1) of this Article, the National Bank may issue directives to prescribe additional conditions of licensing.
	<i>5. Issuance of License</i>
Banking license application decision time	1. The National Bank shall decide on a banking business license application within 90 days from the last date of receipt of all information to be submitted in accordance with Article 4 of this Proclamation.
License issuance payment	2. The license shall be issued upon payment of the licensing fee determined by the National Bank.
Authorization to carry on a banking business	3. A license granted by the National Bank pursuant to this Proclamation shall constitute final authorization to carry on a banking business.
Licensing amendments notification	4. Where the National Bank amends the conditions of licensing in accordance with sub-article (3) of Article 4 of this Proclamation, it shall notify the amendments to the concerned banks thirty days before the date on which the amendment becomes effective.
	<i>6. A bank to which a license is granted shall:</i>
Requirements for a banking business operation	1. fulfill, before commencing operation, sound information management and internal control systems, risk management policies and procedures, and human resource organization and such other essential obligations to carryout banking business as determine by the directive to be issued by the National Bank; and
Operation commencement period	2. commence its operation within 12 months from the date of issuance of the license.
License renewal	<i>7. The National Bank may issue directive on conditions of renewal of banking business license.</i>
Licensed banks publication	8. <i>The National Bank shall, in its annual report, publish the list of licensed banks. It shall also publish, in newspapers of wide circulation, any additions to or cancellation from the said list.</i>
Prohibitions	9. <i>Foreign nationals or organizations fully or partially owned by foreign nationals may not be allowed to open banks or branch offices or subsidiaries of foreign banks in Ethiopia or acquire the shares of Ethiopian banks.</i>
	PART THREE SHARES AND SHAREHOLDERS' MEETINGS
	<i>10. Share class allowed and registration of shares will be as described below.</i>
Share class	1. Bank shares shall be of one class and shall be registered as ordinary shares of same par value.
Share registration	2. Every bank shall keep a register of share as determined by the National Bank and which shall show the names and voting rights shareholders.
Transfer of shares to an influential shareholder	3. Any transfer of shares that makes any person influential shareholder shall be approved by the National Bank before such transfer is recorded in the register of sharer.
Invalidity of unrecorded share	4. Any transfer of shares that is not recorded in the register of share shall be null and void.
Public display of share	5. The register maintained under sub-article (2) of this Article shall be open to the public, without charge, at the bank's head office during its normal working hours.

register by a bank	
	<i>11. The following limitations are imposed on the acquisition of shares.</i>
Acquisition of shares	1. No person, other than the Federal Government of Ethiopia, may hold more than five percent of a bank's total shares either on his own or jointly with his spouse or with a person who is below the age of 18 related to him by consanguinity to the first degree.
Regional governments share holding	2. Notwithstanding the provisions of sub-article (1) of this Article, the amount of shares that may be held by regional governments in a bank transformed from a micro-finance institution shall be determined by directives to be issued by the National Bank.
Company share holding	3. The amount of shares that may be held in a bank by a company, which is partially or fully owned by persons who have share in the bank, shall be determined by the National Bank.
Share limitations of an influential shareholder	4. An influential shareholder of any bank may not acquire shares in other banks.
Share limitations	5. No person may buy shares of a bank using bank loans or advances.
Compliance of a shareholder on shareholding amount to requirements	6. Any person who does not fulfill the requirements set under sub-articles (1) or (4) of this Article on the effective date of this Proclamation shall comply with such requirements within a period of time to be determined by the directive to be issued by the National Bank.
	<i>12. Share holders meeting will be conducted as follows:</i>
Shareholders' meeting	1. The National Bank may: a) assign observers to attend any general shareholders' meeting of a bank; b) where it finds necessary in the interest of depositors or shareholders or the stability and soundness of the banking sector, call a general shareholders' meeting of a bank to discuss and resolve any issues related to the bank.
Shareholders' meeting called by NBE	2. Where the National Bank calls a general shareholders' meeting as stipulated under sub- article 1(b) of this article: a) it shall prepare the agenda for the meeting; b) its officer or any other person assigned by it shall preside over the meeting; c) pertinent provisions of the Commercial Code with respect to quorum and resolutions of shareholders' meeting of a share company shall apply; d) expenses incurred in relation to the meeting shall be borne by the concerned bank.
	<i>13. Voting rights have the following limitations:</i>
Voting rights limitations	1. The National Bank may limit: a) the number of votes by proxy in any meeting of shareholders; and b) voting right of a holder, who borrowed money from a bank.
NBE suspension of voting rights	2. Where an influential shareholder of a bank fails to fulfill the prescribed ethical and propriety requirements the National Bank may suspend the voting rights of such person.
	PART FOUR DIRECTORS AND EMPLOYEES OF A BANK
	<i>14. Directors and officers shall be appointed as follow:</i>
Characters of a director	1. Without prejudice to sub-article (1) of Article 15 of this Proclamation, a director shall be a person with honesty, integrity, diligence and reputation to the satisfaction of the National Bank.
NBE approval of a director, CEO and senior executive officer appointment	2. Appointment of any director, chief executive officer or senior executive officer of a bank at the time of licensing or at any other time may not be valid unless written approval is granted by the National Bank.
Termination of outgoing directors	3. The term of office of outgoing directors of a bank may not terminate until written approval for the incoming directors is granted by the National Bank
NBE directive issuance on board of directors qualification, number, responsibilities, terms and remuneration	4. The National Bank may issue directive on: a) qualification of competency to be fulfilled by directors; b) the minimum number of directors in the membership of the board of a bank; c) the duties, responsibilities and good corporate governance of the boards of directors of bank; d) the maximum number of years a director may serve in any bank and the conditions for his re-election; e) the maximum remuneration of directors; and f) the maximum number of employees of a bank who may be elected and serve as members in the board

	of directors of the bank.
	15. <i>The following prohibitions are imposed on the appointment of directors and officers.</i>
Assignment of a director and an employee of a bank	1. No person who has been convicted of any offence involving breach of trust or fraud, whether in Ethiopia or elsewhere may be a director or an employee of a bank.
Approval for appointment to work in the management of a bank if previously worked in a failed bank	2. Without prior approval of the National Bank, no person who had been a director, chief executive officer or senior executive officer or otherwise directly or indirectly participated in the management of any bank that that wind up, whether in Ethiopia or abroad, may act as a director, chief executive officer or senior executive officer or otherwise be directly or indirectly participate in the management of a bank.
Disallowment of a CEO of a financial institution and a CEO with 10 percent equity in a business entity from becoming a director	3. A director or chief executive officer of a financial institution may not, at the same time, serve as a director of a bank. Moreover, a business entity or a company in which such director or chief executive officer has ten percent or more equity interest may not serve as a director of a bank.
Disallowment of an employee from chairmanship and director of any bank	4. An employee of a bank may not be a chairperson of the board of directors of that bank or a director of any other bank.
Management functions cessation	16. <i>Any person who is a director or chief executive officer or senior executive officer or otherwise participate, directly or indirectly, in the management of a bank shall cease to exercise such function if:</i>
	<ol style="list-style-type: none"> 1. he or the company in which he is a director or executive officer, has instituted bankruptcy proceedings or declared bankrupt, or his or the company's assets have been sequestered because of bankruptcy or been foreclosed by a bank because of failure to repay a loan granted by the bank; 2. he has been convicted of default on repayments of bank or other credits or tax payment; 3. he or the company in which he is a director or executive officer carries non-performing loans, as defined by directives of the National Bank, from any bank; or 4. he fails to fulfill any of the qualification of competency requirements set by the National Bank.
	17. <i>The National Bank can suspend and remove a director, chief executive officer and senior executive due to the following reasons.</i>
Suspension of a director, chief & senior executive officer	1. The National Bank may, for sufficient cause, suspend or remove a director, a chief executive officer or a senior executive officer of a bank.
Explanation of sufficient cause	2. For the purpose of sub-article (1) of this Article, "sufficient cause" shall include the following: <ol style="list-style-type: none"> a) failure to comply with the provisions of Article 15 and 16 of this Proclamation; b) any action detrimental, in the opinion of the National Bank, to the stability or soundness of the financial sector, the economy or the general public interest carried out by a director, a chief executive officer or a senior executive officer a bank.
NBE call of a shareholders meeting to replace removed directors	3. Where the National Bank removes directors of a bank and as a result of the removal the number of directors falls below the minimum prescribed by the law, it shall immediately assume the powers of the board of directors and shall, within 30 days, call a meeting of shareholders to replace the removed directors.
Manner of replacing a removed CEO or senior executive officer by board of directors	4. Where the National Bank removes the chief executive officer or senior executive officer of a bank, the board of directors of that bank shall fill the vacant post immediately with a person who fulfills the qualification criteria set by the National Bank.
	PART FIVE FINANCIAL OBLIGATIONS AND LIMITATIONS
	18. <i>Required capital need to be maintained as mentioned below:-</i>
NBE directive issuance capital and	1. The minimum amounts of capital and reserves to be maintained by banks and the rules for their computation shall be determined by the directive to be issued by the National Bank.

reserve maintenance by banks	
Capital and reserve maintenance on risk profile	2. The National Bank may prescribe different capital and reserve requirements to be maintained by different banks depending on their risk profile.
Banks requirement to set aside the minimum capital	3. Where the National Bank considers that the capital of a bank is below the prescribed minimum, it shall require the bank to take, within a specified period of time, measures necessary to rectify the situation.
Dividend pay out to shareholders	4. No bank may at any time declare, credit the account of, or pay to shareholders any dividend until all impairments of its capital, as determined by the National Bank, have been removed.

	19. <i>Legal reserve shall be provided as follows:</i>
Transfer amount from net profit to legal reserve	1. Any bank shall, at the end of each financial year, transfer to its legal reserve account a sum of not less than 25 percent of its net profit.
NBE directive issuance on excess legal reserve amount	2. Notwithstanding the provisions of sub-article (1) of this Article, when the legal reserve equals the paid-up capital of the bank, the amount to be retained by the bank as a legal reserve from the net profit each year shall be determined by the directives to be issued by the National Bank.
NBE directives on reduction of legal reserve account	3. The National Bank may, by directives, specify the circumstances under which the legal reserve account may be reduced.
	20. <i>Adequate liquidity and reserve balance shall be maintained as follows:</i>
Maintaining adequate liquid assets	1. Any bank shall maintain adequate liquid assets in accordance with the directives issued by the National Bank.
Liquid assets type	2. For the purpose of sub-article (1) of this Article, "liquid assets" shall include: a) cash; b) deposits with the National Bank and other local and foreign banks having acceptance by the National Bank; c) other assets readily convertible into cash expressed and payable in Birr or foreign currency having acceptance by the National Bank; and d) such other assets as the National Bank may from time to time declare to be liquid assets.
Cash reserve balance	3. Any bank shall maintain a cash reserve balance with the National Bank in accordance with directive to be issued by the National Bank.
Failure on liquidity and reserve requirements	4. Any bank that fails to meet the liquidity and reserve requirements in accordance with this Article shall be subject to a penalty specified by the directive to be issued by the National Bank.
	21. <i>Provisioning, depreciation, loss coverage and amortization shall be provided as follows:</i>
Maintaining provisions	1. Provisions shall be made by any bank for the following items: a) loans, advances and bad or doubtful receivables; b) the value of any assets lodged or pledged to secure liabilities, including contingent liabilities, that are not included in the calculation made to ascertain the bank's compliance with capital and reserve requirements, where the effect of such lodging and pledging is that such assets are not available for the purpose of meeting the liabilities of the bank to the public; and c) such other items as the National Bank may prescribe by directive.
NBE directive issuance on computation of provisions	2. The amount of provisions to be made pursuant to sub-article (1) of this Article and the manner of calculating the provisions shall be prescribed by directives to be issued by the National Bank.
Depreciation	3. Any bank shall depreciate its fixed assets in accordance with the relevant law.
Amortization	4. Any bank shall amortize its capitalized expenditure within a maximum period of five years.
Loss coverage	5. Any bank shall fully cover its operating and accumulated losses from its annual net profit. No dividend shall be paid to shareholders until such losses are fully covered.
Adequacy of provisions, depreciations and amortization	6. The National Bank shall take into account the adequacy of the provisions, depreciations and amortization stated under sub-articles (1), (3) and (4) of this Article, and make the necessary adjustments, in making the calculations necessary to ascertain that a bank is complying with the provisions concerning capital and reserves.

Maintenance of a special reserve account for loss arising from negligence and dishonesty of a director or an employee	<p>7. Any bank shall:</p> <ul style="list-style-type: none"> a) either maintain a special reserve account that is, in the opinion of the National Bank, adequate and is reserved exclusively for the purpose of making good any loss resulting from the negligence or dishonesty of any director or employee of the bank and any losses caused by any other unexpected events or circumstances; or b) insure itself against such losses to an amount and on terms that the National Bank deems adequate.
	22. <i>Certain transactions will be subjected to the following limitations.</i>
NBE issuance of directives on certain transactions	1. The conditions and limitations on investments of banks, and a loan, advance or other credit facility, financial guarantee or any other commitment or contracts given by a bank, directly or indirectly to a person shall be determined by directive to be issued by the National Bank.

Non-interest bearing deposit mobilization & fund utilization	2. The National Bank may issue directive to regulate banking businesses related to non-interest bearing deposit mobilization and fund utilization.
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PART SIX FINANCIAL RECORDS AND EXTERNAL AUDIT INSPECTION	
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	23. <i>Financial records shall be kept as follows:</i>
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Financial statements preparation	1. The National Bank may direct banks to prepare financial statements in accordance with international financial statements standards, whether their designation changes or they are replaced, from time to time.
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Maintenance of proper records	2. Any bank shall keep such records as are necessary to: <ul style="list-style-type: none"> a) exhibit clearly and correctly the state of its affairs; b) explain its transactions and financial position; and c) enable the National Bank to determine whether the bank had complied with the provisions of this Proclamation and regulations and directives issued for the implementation this Proclamation.
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Documents maintenance for transactions	3. Any bank shall register and keep documents for each type of transaction. The form and required entries of such documents may be prescribed by the National Bank.
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	24. <i>Appointment of auditors shall be made as described below:</i>
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External auditors appointment	1. Any bank shall appoint external auditors. The appointment of such auditors shall be approved by the National Bank.
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Conditions for appointment of an external auditor	2. A person may not be qualified for appointment as an external auditor of a bank if: <ul style="list-style-type: none"> a) he is a shareholder, director or employee of that bank; b) he or she is a spouse or relative by consanguinity or affinity to the first degree to a person falling within the categories provided under paragraph (a) of this sub-article; or c) it is a firm of auditors of which any partner or a staff member falls within the categories provided under paragraph (a) or (b) of this sub-article.
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NBE issuance of directives on professional experience and knowledge of external auditors	3. The National Bank may issue directives from time to time on the minimum professional experience and knowledge required of external auditors appointed to perform audits of banks.
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Failure of external auditor appointment	4. If a bank fails to appoint an external auditor in accordance with the provisions of sub-article (1) of this Article, the appointment of auditor of such bank shall be made by the National Bank.
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External auditor payment	5. Any bank for which an auditor is appointed in accordance with sub-article (4) of this Article shall pay remunerations of the auditor as directed by the National Bank.
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	25. <i>The tenure of auditors will be as specified in the following way:</i>
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NBE issuance of	1. The National Bank may issue directives from time to time on tenure of external auditors appointed to
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directives on tenure of an external auditor	perform audits of banks.
Office holding of an external auditor	2. An external auditor appointed in accordance with Article 24(4) of this Proclamation shall hold office until the next annual general meeting of the shareholders of the bank.
External auditors service termination	3. Any bank the external auditor of which, for any reason, terminates his service before his term of office shall forthwith notify such fact to the National Bank.
	<i>26. Auditors shall have the following duties.</i>
External auditor duties	1. Without prejudice to the duties imposed by other relevant laws, the duty of the external auditor, appointed in accordance with the provisions of Article 24 of this Proclamation shall be to report its audit findings and conclusions, carried out on the basis of international auditing standards, to the shareholders of the bank and the National Bank.
NBE issuance of directives on audit depth and coverage	2. The National Bank may further issue directive as to the depth and coverage of the audit to be performed by external auditors.
Bank relationship of external auditors	3. A person appointed as an auditor of a bank may not operate an account with, or be granted any type of loan, advance or facility from, that bank except in the normal course of business and at an arm's length basis.
	<i>27. The audit reports shall have the following nature.</i>
NBE issuance of directives on the time limit for the issuance of audit reports	1. The National Bank shall determine by directives the time limit for issuance of audit reports after the end of a bank's financial year.
Audit reports submission to NBE	2. The auditor of any bank shall submit to the National Bank a complete audit report, including audit findings and recommendations, within the time limit set in accordance with sub-article (1) of this Article.
NBE audit report satisfaction	3. The National Bank may, if not satisfied with the external audit report, order a second audit or require the prompt appointment of a new auditor who shall make an independent audit report. The remunerations of the newly appointed auditor shall be paid by the bank as directed by the National Bank.
External auditor findings report to NBE	4. Where the external auditor of any bank, in the course of the performance of his audit duties, finds out that: <ul style="list-style-type: none"> a) there has been a serious breach of, or non-compliance with, the provisions of this Proclamation, other relevant laws or regulations or directives issued in accordance with this Proclamation; b) a criminal offence involving fraud or other dishonesty has been committed by the bank or any of its directors or employees; c) losses have been incurred which reduce the total capital of the bank by 25% or more; d) serious irregularities have occurred which may jeopardize the bank's ability to continue conducting its business or the security of its depositors or creditors; or e) any other grave irregularities or offences have occurred; he shall immediately report the matter to the National Bank and other concerned bodies.
NBE call on external auditors	5. The National Bank may call any time the external auditor of a bank to discuss issues related to the bank being audited by the auditor.

**PART SEVEN
DISCLOSURE OF INFORMATION
AND INSPECTION OF BANKS**

	<i>28. Information disclosure shall be made as follow:</i>
Financial statements and reports submission to NBE	1. Every bank shall, within a time period to be determined by the National Bank, send to the National Bank duly signed financial statements and other reports as prescribed by it.
Exhibition and publication of audited balance sheet and profit and loss statement	2. Every bank shall: <ul style="list-style-type: none"> a) exhibit at every place of its business, including its branches, in a conspicuous place throughout the year, a copy of the last audited balance sheet and profit and loss account in respect of all of its operations; b) cause such balance sheet and profit and loss account, together with the notes thereto, to be published in a newspaper of wide circulation.
Time limit of the exhibition and publication of financial statements	3. The exhibition and publishing of financial statements pursuant to sub-article (2) of this Article shall occur within two weeks after the annual shareholders' meeting.
NBE collection of	4. The National Bank may collect any information from banks, as it may deem appropriate. Provided, however,

information	<p>that such information may not be disclosed to any person unless the disclosure:</p> <ol style="list-style-type: none"> is made for the purpose of fulfilling the requirements of this Proclamation; is required to ensure the financial soundness of banks; is made to recipients who are legally authorized to obtain such information; is made to the body to which the National Bank is accountable; is ordered by a court; or is required for the purpose of meeting obligations which Ethiopia entered into under international agreements.
Board of directors obligation to report to NBE	<ol style="list-style-type: none"> The Board of directors of a bank shall, jointly or severally, immediately report in writing to the National Bank where the following happened or likely to happen that the bank: <ol style="list-style-type: none"> cannot meet its obligations to its depositors or other creditors; or possibly unable to make payments on time to depositors or other creditors;
	<i>29. Inspection of banks will be carried out as described below:</i>
On site bank inspection	<ol style="list-style-type: none"> The National Bank may, periodically or at any time, without prior notice, make, or cause to be made, an on-site inspection of any bank.
Application of depositors to NBE on the affairs of a bank	<ol style="list-style-type: none"> Where an application, accompanied with supporting evidence, is made to the National Bank by one-fifth of the total number of depositors or by any number of depositors holding not less than one-third of the deposits of a bank, the National Bank shall examine, or cause to be examined, under conditions of secrecy, the affairs of the bank in order to determine whether it is in a sound condition and the provisions of this Proclamation and regulations and directives issued pursuant to this Proclamation have been complied with.
Inspection of banks by NBE or other persons	<ol style="list-style-type: none"> Inspection of banks may be carried out by one or more officers of the National Bank or by trustworthy and qualified persons employed by the National Bank for this purpose.
NBE inspection task authorization to assigned persons	<ol style="list-style-type: none"> Persons assigned by the National Bank to inspect any bank shall be authorized to request from the personnel of the inspected bank such information and explanation on the records and transactions of the inspected bank that are necessary for the effectiveness carrying out of the inspection.
Information confidentiality	<ol style="list-style-type: none"> The information gathered in the course of the inspection of any bank shall be considered confidential by the persons carrying out the inspection.

	<i>30. The nature of the inspection report shall be as follows:</i>
Inspection report communication to an inspected bank	<ol style="list-style-type: none"> The inspection report before its final preparation shall be communicated to the inspected bank and, the inspected bank shall be given an opportunity to express its views on the report.
Submitted inspection report to NBE confidentiality	<ol style="list-style-type: none"> The content of the inspection report submitted to the National Bank shall be considered as confidential by: <ol style="list-style-type: none"> the persons carrying out the inspection, and the directors and employees of the inspected bank; and the National Bank, unless it is for the purpose of fulfilling the requirements of this Proclamation or to the interest of the public;
Corrective measures and actions on non-compliance to relevant laws and directives	<ol style="list-style-type: none"> <i>31. Where an inspection of a bank results in a finding that the bank has failed to comply with the relevant laws and directives or with the terms and conditions of license or has engaged in practices detrimental to the interests of depositors or has serious weaknesses in its corporate governance, the National Bank may:</i> <ol style="list-style-type: none"> require the bank to call a meeting of its shareholders or board of directors for the purpose of considering any matter arising out of or relating to the inspection or require officers of the bank to discuss any such matter with officers of the National Bank; assign one or more of its officers to watch the proceedings at any meeting of the shareholders, board of directors or any committee or any other body constituted by the board of the bank, and require the bank to give an opportunity to the officers to be heard at such meetings; instruct in writing corrective measures to be taken by the bank; order the dismissal or suspension of one or more directors, the chief executive officer or senior executive officers of the bank, or impose fines on such persons in accordance with its directives prescribed for such purpose; prohibit the bank from opening new branch offices;
	<ol style="list-style-type: none"> restrict, suspend or prohibit payment of dividends by the bank; order the bank to suspend for specified time any or all of its banking businesses; or put the bank under receivership.
	<p>PART EIGHT REVOCATION OF LICENSE, RECEIVERSHIP AND LIQUIDATION</p>

	<i>32. License will be revoked upon the following conditions.</i>
License revocation	1. The National Bank may revoke the license of any bank immediately if: <ul style="list-style-type: none"> a) it is confirmed that the licensing of the bank was made on the basis of false or wrong information; or b) the bank has failed to commence operations within 12 months following the grant of the license.
License revoke publication	2. The decision to revoke the license of a bank shall be published by the National Bank in a newspaper of wide circulation at the place where the head office of the bank is situated.
Effective date of revocation	3. The revocation of license shall become effective on the date of its publication or on any other date as the National Bank may specify.
Banking business prohibition	4. Any bank shall be prohibited from engaging in any banking business starting from the effective date of the revocation of its banking license.
Appeal to revocation	5. Any person aggrieved by the decision of the National Bank to revoke the license in accordance with sub-article (1)(b) of this Article may petition to the Federal High Court within 30 days from the effective date of the revocation.
	<i>33. Receiver of a bank shall be appointed as follows.</i>
Receiver appointment	1. The National Bank shall appoint a receiver to take possession and control of a bank if it determines that one or more of the following circumstances exist in respect of the bank: <ul style="list-style-type: none"> a) the license of the bank is revoked as stipulated under sub-article 1(a) of Article 32 of this Proclamation; b) the bank has become insolvent; c) there is a substantial dissipation of assets or earnings due to a violation of any law or directives or due to and unsound practice; d) the bank has engaged in a pattern of unsafe and unsound practices which may likely constitute a significant danger to its depositors; e) the bank intentionally violated any limitations imposed by the National Bank; f) the bank refuses to submit its books of accounts, documents or records for inspection to any authorized inspector or agent of the National Bank; g) there is a strong likelihood that the bank may be unable to fulfill its obligations or meet its depositors' demands in the normal course of business; h) the bank has incurred, or is likely to incur, losses that will deplete all or substantial part of its capital; i) the bank does not meet the minimum capital requirement set by the National Bank; j) the bank is undercapitalized and has no reasonable prospect of becoming adequately capitalized; k) the bank fails to become adequately capitalized when required to do so by the National Bank or fails to submit a capital restoration plan acceptable to the National Bank within the time prescribed by the National Bank; or l) the bank fails to implement a capital restoration plan submitted to and accepted by the National Bank; m) the bank follows policies which would endanger the general economic interest of the country or the public through inappropriate, illegal or imprudent banking practices; n) the bank is merged with another bank without the prior written authorization of the National Bank; o) the bank fails to appoint directors, chief executive officer or senior executive officers that fulfill the requirements set by the National Bank; p) the bank, by resolution of its shareholders, has requested to be put under receivership, or the owners of the bank have decided, subject to prior approval of the National Bank, to liquidate the bank; or q) the bank has ceased to operate as a legally independent entity.
Receiver appointment announcement	2. The appointment of a receiver shall be published by the National Bank in newspapers of wide circulation, indicating the reason for appointment, the name of the receiver, the effective date and any other relevant information.
Receiver accountability	3. A receiver appointed pursuant to this Article shall be accountable to the National Bank.
NBE acting as a receiver	4. The National Bank may act as a receiver if it finds necessary.
	<i>34. The receiver shall have the following qualifications.</i>
Individual receiver qualification	1. Any receiver to be appointed by the National Bank shall, in the opinion of the National Bank, be of the highest professional qualifications and personal integrity.
Corporate entity receiver qualification and performance guarantee	2. Where the receiver is a corporate entity: <ul style="list-style-type: none"> a) the principal officer in charge of the receivership shall meet the qualification requirements stipulated under sub-article (1) of this Article; and b) the corporate entity shall provide adequate performance guarantee from a reputable insurance company or bank.
Additional	3. Without prejudice to the provisions of sub-articles (1) and (2) of this Article, any person to be appointed

requirements	as receiver shall meet such other additional requirements as may be specified by the National Bank.
	35. <i>The receiver shall have the following remuneration.</i>
Receiver remunerations	1. The amount of remunerations for services of a receiver shall be determined by the National Bank.
Source of fund for a receiver remuneration	2. The remuneration of a receiver shall be paid either from funds available with the bank being placed under receivership or from the proceeds of liquidation pursuant to the provisions of this Proclamation.
	36. <i>Receivership duration shall be determined as follows:</i>
Receivership duration	1. The duration of receivership of any bank shall be determined by the National Bank.
Dismissal of a receiver by NBE	2. Notwithstanding the provisions of sub-article (1) of this Article, the National Bank may, at any time, dismiss receiver of a bank on grounds of failure to perform his functions in a manner satisfactory to the National Bank.
Expiration of receivership period or dismissal of a receiver notification	3. Expiration of the period of receivership or dismissal of receiver of a bank shall immediately be published by the National Bank in newspapers of wide circulation.
Receivership effects	37. <i>Upon the publication of the appointment of a receiver by the National Bank pursuant to Article 33(2) of this Proclamation.</i>
	<ol style="list-style-type: none"> 1. no action may be taken on behalf of the bank without the prior approval of the receiver; 2. the powers of the shareholders, board of directors and the executive management of the bank shall be suspended and vested in the receiver; 3. all rights and powers of the bank and all rights and powers that any depositor or creditor has over the bank or its assets shall automatically be vested in the receiver; 4. the receiver shall take over the assets and the records of the bank and operate it with all the powers of its shareholders, directors and officers and conduct all business of the bank; 5. any period of limitation, either statutory, contractual, or otherwise, on the expiration of which a claim or right of the bank would expire or be extinguished, shall extend by six months from the date of such expiration; 6. any existing attachment or lien on any assets of the bank shall be annulled and no new attachment or lien shall be effected to any of the assets of the bank so long as such receivership continues; provided, however, that this provision may not apply to: <ol style="list-style-type: none"> a) an attachment or lien existing six months, or twelve months in the case of an attachment or lien in favor of any shareholder, director or employee of the bank, prior to the effective date of the receivership; b) an attachment or lien created by the receiver; and c) a writ of execution issued pursuant to a judgment issued prior to the effective date of the receivership, if in an amount not exceeding the limit to be set in directive to be issued by the National Bank for this purpose; 7. any payment or transfer of an asset of the bank that was made within a period of three months or, if the payment or transfer was made to a shareholder, director, an employee or affiliate of the bank, twelve months before the effective date of the receivership shall be void if it has the effect of bestowing a preference of the recipient over other creditors or depositors of the bank; provided, however, that this provision may not apply to: <ol style="list-style-type: none"> a) the payment of deposits in an amount per depositor not exceeding a limit to be set in directive issued by the National Bank for this purpose; b) the transfer of an asset of the bank made in any consideration the value of which is equal to the fair market value of the asset; and c) the payment of ordinary remuneration and benefits, excluding bonuses and special payments, to the directors and employees of the bank.
	38. <i>Appeal against Appointment of Receiver shall be allowed as follows:</i>
Appeal of share holders of a bank against appointment of a receiver by NBE	1. Shareholders of a bank holding in the aggregate at least 25 percent of the voting shares of the bank may appeal to the Federal High Court against the appointment of a receiver within 30 days after the date on which the receivership is announced pursuant to Article 33(2) of this Proclamation.
Court ruling on the receiver appeal and	<ol style="list-style-type: none"> 2. Where an appeal is lodged in accordance with sub-article (1) of this Article: <ol style="list-style-type: none"> a) the receivership shall continue until the court delivers a final ruling on the appeal;

period of passing a decision	b) the court shall hold a hearing on the matter within 10 days of the filing of the appeal, and shall decide the appeal within 20 days of the end of the investigation.
Sole issue of adjudication by a court on the act of NBE in establishing a receivership	3. The sole issue to be adjudicated by the court shall be whether the National Bank acted in an arbitrary and capricious manner in establishing the receivership, in light of the criteria set forth in Article 33 of this Proclamation.
Court ruling on the action of NBE establish a receivership	4. If the court determines that the National Bank, in establishing the receivership: <ul style="list-style-type: none"> a) did act in an arbitrary and capricious manner, the appointment of the receiver shall be terminated; or b) did not act in an arbitrary or capricious manner the appeal shall be denied and the receivership shall continue in accordance with the provisions of this Proclamation.
Powers and duties of a receiver	39. <i>The receiver shall have the following power and duties:</i>
	<ol style="list-style-type: none"> 1. A receiver appointed pursuant to Article 33 of this Proclamation shall be vested with the full and exclusive powers and duties of management and control of the bank under receivership. 2. Without prejudice to sub-article (1) of this Article, the receiver's powers shall include the power to: <ul style="list-style-type: none"> a) continue or discontinue any operations of the bank; b) dispose of the assets of the bank; c) borrow money on the security of the assets of the bank, or unsecured, subject to any limitations provided for by directive to be issued by the National Bank for such purpose; d) terminate or limit the payment of any obligation of the bank; e) reset the rates of interest payable on the bank's liabilities; provided, however, that such rates may not be less than those prevailing on the relevant market; f) set a cut-off date on which accruing interest on deposits and other liabilities terminates; g) employ any necessary professional or adviser; h) terminate any contracts of employment, contracts for services, or lease agreements or any other contracts to which the bank is a party; i) disclose information regarding the bank and its operations that would otherwise be confidential; provided, however, that disclosure shall be made only if it is necessary to take any action specified in Articles 40 or 41 of this Proclamation; and j) make any payment and execute any instrument in the name of the bank, initiate or defend and conduct in its name any action or legal proceeding.
NBE certain action specification on a receiver	3. The National Bank may, upon appointing the receiver, specify certain actions for which the receiver shall obtain prior approval from the National Bank, together with the time period in which such approval shall be either granted or denied.
	40. <i>Receivership can wind-up upon the following alternative actions.</i>
Alternative actions to wind-up receivership	<ol style="list-style-type: none"> 1. Any receiver of a bank may: <ul style="list-style-type: none"> a) if the bank is viable, continue the operations of the bank until termination of the receivership and return it to the previous owners, or to previous owners and other partners, under terms and conditions to be determined by the National Bank; or b) if the bank is not viable, terminate the operations of the bank through acquisition, merger or liquidation.
Revocation of license when found unviable bank	2. Where the alternative action stated under sub-article 1(b) of this Article is chosen, the National Bank shall immediately revoke the license of the bank; provided, however, that the bank shall, with the words "under liquidation" added to its name, retain its legal personality until the receivership is concluded in accordance with Article 46 of this Proclamation.
	41. <i>The receiver shall take the following acting when the bank is found unviable:</i>
Receiver actions on unviable bank	<ol style="list-style-type: none"> 1. When the bank is not viable, the receiver shall, within a period of time specified by the National Bank, either: <ul style="list-style-type: none"> a) arrange for the assumption of some or all of the bank's assets and liabilities by one or more other

	banks; or b) liquidate the assets of the bank as provided for in Articles 42 to 45 of this Proclamation.
Course of action on unviable bank by a receiver	2. In determining which course of action to take under sub-article (1) of this Article, the receiver shall select the course of action that is, in his opinion, most likely to result in conserving the greatest amount of the bank's assets and in providing the best protection to the interests of depositors and other creditors.
Request for approval by NBE on the course of action by a receiver	3. The receiver shall, before taking the selected course of action pursuant to sub-article (1) of this Article, submit a written request for approval by the National Bank for such course of action. In such a case the National Bank shall, within 10 days, communicate its approval or disapproval to the receiver.
Transfer of assets and liabilities by a receiver	4. In the course of transferring assets and liabilities in accordance with sub-article 1(a) of this Article, the receiver may: a) allow a reduction in the value of liabilities so long as, in his opinion, no depositor or other creditor would receive less than he would receive in a liquidation under Articles 42 to 45 of this Proclamation; and b) set-off of the deposit liabilities to any depositor against outstanding loan payments owed by that depositor.
Preliminary procedures for liquidation of bank	42. <i>In the case of liquidation of any bank, the receiver shall, in advance:</i>
	1. prepare an inventory of assets of the bank that are to be transferred to another bank or liquidated in accordance with Article 41(1) of this Proclamation and make a copy of the inventory available for examination by the public; 2. take any necessary steps to return all assets held by the bank as a fiduciary to the owners thereof and settle the bank's fiduciary accounts; and 3. provide to every person a statement of claim shown on the bank's records in favor of that person, together with a notice that any objection to the bank's records in that respect may be filed with the receiver within a specified reasonable period of time.
	43. <i>Decision on Claims shall be made as follows:</i>
Claims decision by a receiver	1. Within two months after the last day for filing objections specified in the notice referred to in Article 42(3) of this Proclamation, the receiver shall: a) reject any claim if he doubts the validity thereof; b) determine the amount owed to each depositor and other creditor and the priority classification of the claim under the provisions of Article 45 of this Proclamation; c) prepare a schedule of allowable claims.
Manner of the publication of a schedule of allowable claims	2. The receiver shall publish once a week for three consecutive weeks, in one or more newspapers of wide circulation in every locality where the bank has an office, a notice of the date and place where the schedule referred to in sub-article 1(c) of this Article shall be available for inspection, and the time limit by which any objections to it may be filed.
Time limit for filing objections to the publication	3. The time limit to be specified in the notice referred to in sub-article (2) of this Article for filing objections may not be less than twenty days from the date of the last publication of the notice.
Provision of information to a dissatisfied claimant	4. The receiver shall make all reasonable efforts to notify directly each person whose claim has not been allowed in full, in order to provide to such person the information referred to in sub-article (2) of this Article.
	44. <i>Allowable claims and distribution schedule shall be finalized as follows:</i>
Filing of an objection by a claimant to the content of the schedule of allowable claims	1. Any depositor or creditor or shareholder of the bank may file an objection to the content of the schedule of allowable claims before the final date for objections announced pursuant to Article 43(2) of this Proclamation.
Period of a response by a receiver to an objection	2. Any objection filed in accordance with Sub-Article (1) of this Article shall be decided upon by the receiver within one month of its filing.
Finalization of a schedule	3. The receiver shall finalize the schedule based on the accepted objections. A copy of the finalized schedule shall be submitted to the National Bank.
Final distribution	4. As soon as the finalization of the schedule as provided for under Sub-Article (3) of this Article, the receiver shall make final distribution in accordance with the provisions of Article 45 of this Proclamation.

	<i>45. Payment of Claims shall be prioritized as follows:</i>
Claims payment priorities	<ol style="list-style-type: none"> 1. In any liquidation of the assets of a bank, secured claims, if any, shall be paid in accordance with their terms. Other claims shall have priority against the general assets of the bank in the following order: <ol style="list-style-type: none"> a) remuneration of the receiver and necessary and reasonable expenses incurred by him in implementing the provisions of this Proclamation; provided, however, that in a case where the National Bank is the receiver, it shall be reimbursed only the costs it incurred to carry out the business of receivership; b) creditors who extended new credit to the bank after the appointment of the receiver; c) outstanding salaries and other benefits of non-managerial staff of the bank for the three-month period preceding the effective date of the receivership; provided, however, that such payments may not include: <ol style="list-style-type: none"> (1) bonuses or payments exceeding the expected and normal amount. (2) payments which have been added in anticipation that the bank would be put under receivership; d) deposits; e) taxes owed to the Federal and Regional Governments; f) other claims against the bank; g) interest on claims listed under this sub-article, at a rate to be fixed by the receiver.
Payment of valid claims from available fund	<ol style="list-style-type: none"> 2. If the amount available for payment of claims is adequate to pay all claims listed in sub-article (1) of this Article, any remaining valid claims, which were not filed within the prescribed time pursuant to Article 42(3) of this Proclamation, shall be paid.
Pro-rata payment of claims in the case of insufficient fund	<ol style="list-style-type: none"> 3. If the amount available for payment for any class of claims listed in sub-article (1) of this Article is insufficient to provide payment in full, the amount available shall be distributed on a pro rata basis among the claims within that class.
Distribution of remaining assets after claims settlement	<ol style="list-style-type: none"> 4. any assets remaining after all claims have been paid shall be distributed among the shareholders in proportion to their ownership in the bank.
	<i>46. Receivership shall be concluded as follows:</i>
Preparation of an account of transactions and liquidations by a receiver	<ol style="list-style-type: none"> 1. Once all assets of the bank have been disposed of in accordance with the provisions of this Proclamation, the receiver shall prepare an account of the transactions and liquidations carried out under the receivership, and submit it to the National Bank for approval. The National Bank shall, upon its approval, make the account available for public review.
Receivership conclusion	<ol style="list-style-type: none"> 2. Where the account referred to in sub-article (1) of this Article is made available for public review, the receivership shall be considered concluded; and the receiver shall apply for the registration of the bank under liquidation to be cancelled.
Relieve of NBE and the receiver from liability	<ol style="list-style-type: none"> 3. Unless an action has been filed in accordance with Article 47 of this Proclamation, the receiver and the National Bank shall be relieved of any liability in connection with the receivership after 30 days from the date on which the account referred to in sub-article (1) of this Article has been made available for public review.
Deposit of uncollected funds in NBE	<ol style="list-style-type: none"> 4. Any funds, in respect of which claims were made and allowed but not collected, shall be deposited with the National Bank; provided, however, that the National Bank shall be relieved of any responsibility to the claimants after five years from the end of the receivership.
	<i>47. Appeal against Actions of Receiver shall be made in the following way.</i>
Time limit of an appeal against the action of a receiver	<ol style="list-style-type: none"> 1. An appeal against the action of any receiver may be brought before the Federal High Court within 30 days from the date on which such action has been taken.
Types of persons, creditors and shareholders who can make an appeal	<ol style="list-style-type: none"> 2. An appeal under sub-article (1) of this Article may only be brought by: <ol style="list-style-type: none"> a) persons representing at least 25 percent of the aggregate amounts of deposits; b) creditors comprising at least 50 percent in value of the aggregate of the claims of creditors other than depositors; c) shareholders representing at least 25 percent in value of the aggregate of the subscribed share capital of the bank.
Sole issue of adjudication by a court	<ol style="list-style-type: none"> 3. The sole issue to be adjudicated by the court in any such appeal shall be whether the receiver acted in an arbitrary and capricious manner in discharging his functions according to the provisions of this Proclamation.
Court order on compensation	<ol style="list-style-type: none"> 4. The court may require the receiver to pay compensation if it determines that he has acted in an arbitrary and capricious manner; provided, however, that the action being challenged may not be reversed.

payment from a receiver	
Court order on payment of costs incurred by a receiver in defending the action	5. If the court determines that the receiver has not acted in an arbitrary and capricious manner, it shall order the persons who have brought the action to pay the costs incurred by the receiver in defending the action.
Other laws applicability	48. <i>The provisions of the Commercial Code and other relevant laws shall be applicable with respect to receivership and liquidation of banks in so far as they are not inconsistent with the provisions of this Part.</i>
	PART NINE MISCELLANEOUS PROVISIONS
Deposit acceptance prohibition	49. <i>Any bank may not accept deposits while it is insolvent.</i>
Engagement in non-banking undertakings	50. <i>The conditions under which banks may engage in any non-banking undertakings shall be determined by directive to be issued by the National Bank.</i>
Inspection fee	51. <i>The National Bank may, in accordance with its directive to be issued for this purpose, require banks under its inspection to cover the costs of the inspection.</i>
	52. <i>Unclaimed liabilities shall be managed as follows:</i>
Unclaimed liabilities period of limitation	1. A bank holding any account of liabilities which have not been claimed, the principal balance of which has not increased or decreased, for which pass-book or other records have not been presented or any correspondence has not been made, for 15 consecutive years shall transfer the fund in such account to the National Bank.
NBE determination on the amount of unclaimed funds transfer and procedures of transfer by banks	2. The National Bank shall determine by directive, the minimum amount of fund to be transferred to it in accordance with sub-article (1) of this Article and the procedures to be followed by banks in transferring such funds.
Banks relieve of liabilities	3. Any bank shall, upon transferring unclaimed liabilities to the National Bank in accordance with sub-article (1) of this Article, be fully relieved of such liabilities.
NBE payment of claims to a rightful person	4. If claimed by any rightful person, the National Bank shall pay to such person full amount of the claim transferred to it under sub-article (1) of this Article; provided, however, that it shall pay no interest on such claims.
NBE determination of the use of transferred fund	5. The National Bank shall determine by directive the use of funds transferred to it under sub-article (1) of this Article and not claimed by the rightful persons.
Know-your customer standards	53. <i>The National Bank may issue directive prescribing standards on banks' due diligence in knowing their customers and reporting of suspicious transactions.</i>
	54. <i>Bank and Insurance companies relationship shall be governed as follows:</i>
Banks and insurance companies business undertakings	1. Transactions, including the provision of loans and advances, the acceptance of deposits and the provision of banking and insurance services, between banks and insurance companies shall be undertaken on the same terms and conditions as provided to any other person.
NBE issuance of directives on relationship governance between banks and insurance companies	2. The National Bank may issue, from time to time, directives that govern relationships between banks and insurance companies.
Publication of information	55. <i>The National Bank may publish, in whole or in part, in such form and at such time as it may consider fit, any information or data furnished or collected under this Proclamation; provided, however, that no information or data may be published that might disclose the particular affairs of a bank or of a customer of a bank, unless such publication is in the interest of strengthening the</i>

	<i>financial soundness of the banking system.</i>
Protection of officers and agents of NBE from personal liability	56. <i>Any officer or agent of the National Bank may not be subject to any personal liability, action or any other claim for their bona fide acts done for the purpose of carrying out this Proclamation into effect.</i>
Credit information sharing	57. <i>The National Bank may issue directives for the establishment, operation and cost apportionment of credit-information-sharing system among banks.</i>

	58. <i>The following penalties shall be effected on business branches made by banks.</i>
Penalties on contraventions of provisions and offences committed by a person	1. Any person who contravenes the provisions of Article 3(1) of this Proclamation shall be punished with a fine of Birr20,000 in respect of each day on which the contravention continues and with a rigorous imprisonment from 10 to 15 years.
Penalties on failure or refusal to submit documents to NBE	2. Any person who, having been called upon by the National Bank under Article 3(4) of this Proclamation, fails or refuses to submit the documents described therein shall be punished with a fine from Birr50,000 to Birr100,000 and with a rigorous imprisonment from 7 to 10 years.
Penalties on a person in charge of a management of an entity	3. Where the offence under sub-article (1) or (2) of this Article is committed by a legal entity, the penalty of imprisonment shall be imposed on the person in charge of the management of the entity.
Penalties on a person who contravenes sub-article (1) of Article 15 or Article 16 of the Proclamation	4. Any person who contravenes the provisions of sub-article (1) or (2) of Article 15 or Article 16 of this Proclamation shall be punished with a fine from Birr50,000 to Birr100,000 and with a rigorous imprisonment from 10 to 15 years.
Penalties on a bank director who contravenes provisions of Article 28(5) of the Proclamation Penalties on a director or employee of a bank who commits offences	5. Any director of a bank who contravenes the provisions of Article 28(5) of this Proclamation shall be punished with a fine from Birr50,000 to Birr100,000 and with a rigorous imprisonment from 7 to 10 years. 6. Any director or employee of a bank who: a) obstructs the proper performance by an auditor of his duties in accordance with the provisions of this Proclamation or inspection of a bank by an inspector duly authorized by the National Bank; or b) with intent to deceive, makes any false or misleading statement or entry or omits any statement or entry that should be made in any book, account, report or statement of a bank; c) knows or ought to know the insolvency of the bank and receives or authorizes or permits the acceptance of a deposit shall be punished with a fine from Birr50,000 to Birr100,000 and with a rigorous imprisonment from 10 to 15 years.
Penalties on a person who contravenes the provisions of this Proclamation or regulations or directives issued	7. Any person who contravenes or obstructs the provisions of this Proclamation or regulations or directives issued to implement this Proclamation shall be punished with a fine up to Birr10,000 and with an imprisonment up to three years.
	59. <i>The power to issue regulations and directives shall be entrusted to the following bodies.</i>
Council of Ministers power to issue regulations NBE power to issue directives	1. The Council of Ministers may issue regulations necessary for the implementation of this Proclamation. 2. The National Bank may issue directives necessary for the implementation of this Proclamation and regulations issued pursuant to sub-article (1) of this Article.
	60. <i>The following laws are repealed and would not be applicable laws.</i>
Repealed proclamation	1. The Licensing and Supervision of Banking Business Proclamation No. 84/1994 is hereby repealed.
Inapplicable contrary laws regulation and directive	2. No law, regulation, directive or practice may, in so far as it is inconsistent with the provisions of this Proclamation, be applicable with respect to matters provided for by this Proclamation.

Compliance of banks to other relevant legal provisions	3. Without prejudice to the provisions of sub-article (2) of this Article, nothing in this Proclamation shall be construed so as to relieve a bank from compliance with the provisions of the Commercial Code, the Public Enterprises Proclamation or other relevant laws.
Proclamation enforcement date	61. <i>This Proclamation shall enter into force up on the date of publication in the Federal Negarit Gazeta.</i>

Done at Addis Ababa, this 25th day of August, 2008

**GIRMA WOLDEGIORGIS
PRESIDENT OF THE FEDERAL
DEMOCRATIC REPUBLIC OF ETHIOPIA**