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NATIONAL BANK OF ETHIOPIA
 ADDIS ABABA

FIS/BSD/754/16
 June 17, 2016

All Banks
Addis Ababa

Dear Sir/Madam;

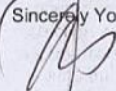
Subject: **Circular No. BSD/13/2016**

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**