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NATIONAL BANK OF ETHIOPIA
ADDIS ABABA

Licensing and Supervision of Banking Business
Monitoring the Nationality of Shareholders of a Bank
Directive No. SBB/61/2015

Whereas, the law provides that a bank shall only be owned by Ethiopian nationals and institutions wholly owned by Ethiopian Nationals;

Whereas, putting in place reviewing and monitoring mechanism to track and ensure on an ongoing basis that a bank is owned by Ethiopian nationals or institutions wholly owned by Ethiopian nationals is essential;

Now, therefore, the National Bank of Ethiopia has issued this directive pursuant to the authority vested in it by article 59(2) of Banking Business Proclamation No. 592/2008.

1. Short Title

This Directive may be cited as “Monitoring the Nationality of Shareholders of a Bank Directive No. SBB/61/2015”.

2. Definition

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

- 2.1. “**bank**” means a bank licensed by the National Bank to undertake banking business as defined under sub-article 2(2) of Proclamation No. 592/ 2008;
- 2.2. “**dividend**” means whole or part of the profit to be distributed to shareholders as per the decision of the general assembly and the relevant law of the country;



- 2.3. “National Bank” means The National Bank of Ethiopia;
- 2.4. “person” means any natural or juridical person;
- 2.5. any expression in the masculine gender includes the feminine.

3. Scope of the Directive

This directive shall apply to all banks partially or fully owned by persons other than Federal Government.

4. General Requirement

The board of directors of a bank shall:

- 4.1. put in place and notify the National Bank a mechanism to ensure that all shareholders of the bank at all times are Ethiopian nationals or companies fully owned by Ethiopian nationals; and
- 4.2. monitor implementation of the mechanism set under sub-article 4.1 hereinabove and ensure that the bank is fully owned by Ethiopian nationals and institutions fully owned by Ethiopian nationals.

5. Verifications to be Made in Selling/Transferring Shares

- 5.1. In transferring or selling shares to any other person, a shareholder of a bank shall present to the bank valid documents evidencing that he is an Ethiopian national. Where such transfers of shares are going to be made by an agent, the agent shall present copies of valid documents evidencing that the principal shareholder is an Ethiopian national. Under such circumstance, the agent shall certify that the copies of the shareholder’s identity documents presented to the bank are taken from the original documents and thus they are genuine, authentic and reliable by signing a separate declaration statement



5.2. A bank shall verify, before selling or transferring shares to a new person, that such person is Ethiopian national or an entity fully owned by Ethiopian nationals.

6. Verifications to be Made in Paying Dividends

6.1. A bank shall pay or capitalize dividend to its shareholder directly in person against presentation of valid kebele identity card, passport, driving license or any other official document that certifies his Ethiopian nationality.

6.2. A bank shall pay or capitalize dividend to its shareholder through an agent against presentation of a copy of valid kebele identity card, passport, driving license or any other official document that certifies Ethiopian nationality of the shareholder. Under such circumstance, the agent shall certify that the copy of the shareholder's identity document presented to the bank is taken from the original document and thus it is genuine, authentic and reliable by signing a separate declaration statement.

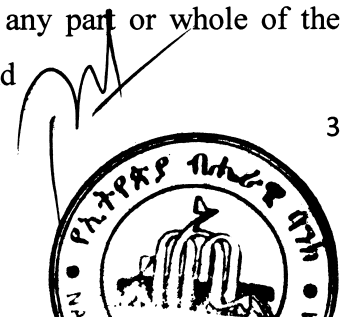
6.3. A bank shall pay dividend to a usufructuary against presentation of a copy of valid kebele identity card, passport, driving license or any other official document that certifies Ethiopian nationality of the shareholder. Under such circumstance, the usufructuary shall certify that the copy of the shareholder's identity document presented to the bank is taken from the original document and thus it is genuine, authentic and reliable by signing a separate declaration statement.

6.4. If a shareholder is a juridical person, a bank shall check whether or not the legal entity is wholly owned, at the time of dividend payment or capitalization, by Ethiopian nationals before paying or capitalizing the dividend.

7. Reporting

7.1. If a bank identifies a shareholder who does not possess an Ethiopian nationality, it shall:

7.1.1. suspend the payment of dividend and transfer of any part or whole of the shareholdings of such a person in whatever way, and



7.1.2. notify the case in writing, together with supporting evidence, to the National Bank and the Police within five working days of identifying the incident.

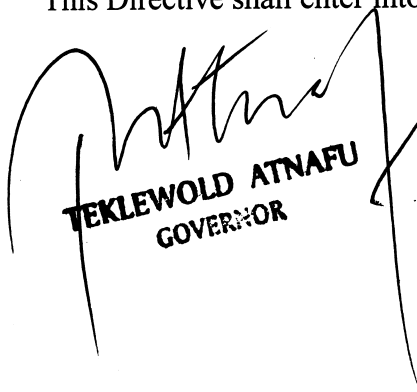
7.2. A bank shall file in prescribed format, which is attached with this directive, to the National Bank items suspended as per sub-article 7.1.1 of this directive at the latest nine months after the end of its financial year.

8. Penalty

A bank who fails to comply with the provisions of this directive shall be penalized in accordance with article 58(7) of Banking Business Proclamation No. 592/2008.

9. Effective Date

This Directive shall enter into force as of the 1st day of October 2015.


TEKLEWOLD ATNAFU
GOVERNOR



Annex

Suspended Dividend Payment, and/or Share Transfer or selling Reporting Format

Name of Bank: _____

Date: _____

(In millions of birr)

No.	Name of shareholder	Date shares subscribed	Number of shares held		Total value of paid-up shares	Value of dividend payment suspended	Value of share transfer/sale suspended	Date of		Nationality	Remark
			Subscribed	Paid-up				Detection	Suspension		
1											
2											
3											
.											
.											
.											

Prepared by: _____

Signature: _____

Date: _____

Approved by: _____

Signature: _____

Date: _____

