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NATIONAL BANK OF ETHIOPIA
አዲስ አበባ / ADDIS ABABA

LICENSING AND SUPERVISION OF BANKING BUSINESS

Appointment of External Auditor of a Bank Directive No. SBB /86/2023

Whereas, it is essential to ensure that a bank maintains accurate and reliable records and prepares financial statements in line with International Financial Reporting Standards (IFRS) and regulatory requirements;

Whereas, it is essential to ensure that a bank has adequate governance and monitoring of the appointment of external audit professional service, and also ensures that external audit is performed by qualified and independent auditor;

Whereas, increased reliance on the works of external auditors is believed to enhance quality and effectiveness of Risk Based Supervision (RBS);

Whereas, disclosure is necessary to enhance market discipline and public confidence thereby inducing banks to behave in a prudent and efficient manner;

Now, therefore, in accordance with article 22(1) of NBE establishment (as Amended) Proclamation No.591/2008 and sub-article 25(1), 26(2), 31(4) and 66(2) of Banking Business Proclamation No.592/2008 as amended by Banking Business Proclamation No.1159/2019; the National Bank of Ethiopia has issued this Directive.

1) Short Title

This Directive shall be cited as “**Appointment of External Auditor of a Bank Directive No. SBB /86/2023**”.

2) Definition

For the purpose of this Directive, unless the context requires otherwise, the term:

- 2.1) “**audit engagement letter/audit contract**” means a document containing the auditor's acceptance of the appointment, the objective and scope of the audit, the extent of the auditor's responsibilities to the client and vice versa, as required under financial reporting framework of Accounting and Auditing Board of Ethiopia (AABE) and International Standards on Auditing (ISA);



