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**NATIONAL BANK OF ETHIOPIA**  
**ADDIS ABABA**

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TELEX 21020  
CODES USED  
PETERSON 3<sup>rd</sup> & 4<sup>th</sup> ED.  
BENTLEY'S 2<sup>nd</sup> PHRASE  
A. B. C. 6<sup>th</sup> EDITION.

PLEASE ADDRESS ANY REPLY TO  
P. O. Box 5550  
ADDIS ABABA

**LICENSING AND SUPERVISION OF**

**BANKING BUSINESS**

**Directive No.198/2021**

**LEGAL RESERVE**

**1. Issuing Authority**

These directives are issued by the National Bank of Ethiopia pursuant to the authority vested in it by Article 41 of the Monetary and Banking Proclamation No. 83/1994 and by article 13(4) of the Licensing and Supervision of Banking Business Proclamation No. 84/1994.

**2. Requirement**

- 2.1. Every bank shall transfer annually 25% of its annual net profit to its Legal Reserve Account until such account equals its capital.
- 2.2. When the legal reserve account equals the capital of the bank, the amount to be transferred to the legal reserve account shall be 10% (ten percent) of the annual net profit.

These Directives shall enter into force as of 21<sup>st</sup> day of August 1995.

Dubale Jale  
Governor,  
National Bank of Ethiopia