Licensing and Supervision of Banking Business
Second Amendment of Branch Opening
Directives No. SBB/58/2014

Whereas, branch and sub-branch opening activities of banks require sound and prudent practices to effectively manage risks;

Now, therefore, in line with powers vested in it by article 59(2) of Banking Business Proclamation No. 592/2008, the National Bank of Ethiopia has issued these directives.

1. Short Title

These Directives may be cited as “Second Amendment of Branch Opening Directives No. SBB/58/2014”.

2. Definitions

For the purpose of these Directives, the term:

2.1 “branch” shall mean any place of business at which deposits are received or withdrawn, cheques are paid out, money is lent or other banking business as defined in article 2(2) of Banking Business Proclamation No. 592/2008 is solicited;

2.2 “National Bank” means the National Bank of Ethiopia;

2.3 “relocation of a branch or sub-branch” means moving a branch or sub-branch office within or outside its original premises;

2.4 “sub-branch” refers to any place of business separate from the bank’s central business location or branch at which all banking business services, except those specified under article 5 of these directives, are provided.

3. Scope of the Directives

These Directives shall be applicable to all banks operating in Ethiopia.

4. Requirements

4.1 A bank shall obtain prior authorization from the National Bank to open a branch or sub-branch office.

4.2 A bank planning to open a branch or sub-branch shall submit a duly completed and signed application form, as prescribed under Annex I, together with a covering letter to the National Bank and shall pay the fee indicated under article 8 of these directives.
4.3 A bank authorized to open a branch or sub-branch shall commence operation within six months from date of the grant of license.

4.4 A bank authorized to open or relocate a branch or sub-branch shall request the National Bank, in writing, approval to commence operation in the new or relocated branch or sub-branch 15 days before the planned date of commencement of operation enclosing duly completed and signed form, as specified under Annex II.

4.5 Before commencing operation, a bank authorized to open or relocate a branch or sub-branch shall fulfill the following requirements:

4.5.1 place adequate and appropriate staff;

4.5.2 ensure that the bank’s relevant policies and procedures manuals and the National Bank directives are distributed to appropriate staff members of the branch or sub-branch to be opened;

4.5.3 ensure that the branch or sub-branch is adequately guarded;

4.5.4 all windows and glass walls of the branch or sub-branch shall be well secured or grilled;

4.5.5 cash loading and unloading area should be suitable;

4.5.6 display in a visible area of the branch or sub-branch a signboard stating “_________ Branch or Sub-Branch of __________ Bank S.C.”, working hours, copy of the bank’s business license and branch or sub-branch license;

4.5.7 the staff operating area and banking hall include:

   i. proper ventilation and circulation of fresh air,

   ii. suitable and clean sanitary services,

   iii. sufficient and suitable lighting,

   iv. fire extinguishers at appropriate places, and

   v. strong room (vault) with a minimum carrying capacity of 8 cubic meters for the branch, or a suitable safe deposit box for the sub-branch.

4.5.8 having insurance policy at least for:

   i. fire and other perils for bank’s own premises,

   ii. cash and valuables in premises and in transit, and

   iii. fidelity or appropriate provisions for such risks.
National Bank of Ethiopia

5. **Limitations on Operations of a Sub-Branch**

No sub-branch shall execute the following functions:

i. international banking or trade finance; and

ii. loan processing or underwriting.

6. **Obligation of the National Bank**

The National Bank shall give a written response within half-day of receipt of full application.

7. **Prohibition**

7.1 No bank shall relocate or close its branch or sub-branch without prior request, enclosing duly completed and signed format, as specified under **Annex III** and authorization by the National Bank.

7.2 A bank shall return old license and pay investigation fee, the amount of which is provided under article 8 below, to relocate a branch or sub-branch, upgrade a sub-branch or downgrade a branch.

7.3 No bank shall upgrade a sub-branch to a branch or downgrade a branch to a sub-branch without prior request, enclosing duly completed and signed format, as specified under **Annex IV** and authorization by the National Bank.

8. **Fee**

A bank applying to open a new branch or sub-branch, relocate existing branch or sub-branch, upgrade a sub-branch to a branch or downgrade a branch to a sub-branch shall pay an investigation fee of Birr 1,000 for each branch or sub-branch to be opened or relocated, each sub-branch to be upgraded or each branch to be downgraded.

9. **Repeal**

Amendment of Branch Opening Directives No. SBB/40/2006, and Circulars BSD/01/2011 and BSD/02/2011 are hereby repealed and replaced by these Directives.

10. **Effective Date**

These Directives shall enter into force as of the 1st day of January 2015.
Annex I

Application Form to Open a Branch or Sub-Branch Office

1. Name of applicant (bank)

2. Proposed name of branch or sub-branch
   Amharic
   English

3. Address of the proposed branch or sub-branch
   Region
   P. O. Box
   City/sub-city
   Telephone
   Woreda
   Fax
   House number
   Email

I hereby confirm that the foregoing statements are correct and true.

Name: ________________________________
Designation: __________________________
Signature: _____________________________
Date: _________________________________
Form to Confirm Minimum Standards are Met to Open or Relocate a Branch or Sub-Branch

Name of Bank

Name of Branch or Sub-Branch

I. Please tick “Yes” or “No”

<table>
<thead>
<tr>
<th>No.</th>
<th>Requirement</th>
<th>Is the minimum standard required fulfilled?</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>1</td>
<td>Are adequate and appropriate staffs placed?</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Are the bank’s relevant policies and procedure manuals, and the National Bank directives distributed to appropriate staff members of the branch or sub-branch to be opened?</td>
<td></td>
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<tr>
<td>3</td>
<td>Is the branch or sub-branch adequately guarded?</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Are all windows and glass walls of the building housing the branch or sub-branch well secured or grilled?</td>
<td></td>
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<tr>
<td>5</td>
<td>Is cash loading and unloading area suitable?</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Are the branch or sub-branch a signboard stating “_______ Bank S.C.”, working hours, copy of the bank’s business license and branch or sub-branch license displayed in a visible area of the branch or sub-branch?</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Are staff operating area and banking hall suitable for the type of business to be undertaken in the premises housing the branch or sub-branch including but not limited to:</td>
<td></td>
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<tr>
<td></td>
<td>7.1 proper ventilation and circulation of fresh air?</td>
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<td></td>
<td>7.2 suitable and clean sanitary services?</td>
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</tr>
<tr>
<td></td>
<td>7.3 sufficient and suitable lighting?</td>
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<td></td>
<td>7.4 fire extinguishers at appropriate places?</td>
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<td></td>
<td>7.5 strong room (vault) with a minimum carrying capacity of 8 cubic meters for the branch or a suitable safe box for the sub-branch?</td>
<td></td>
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<tr>
<td>8</td>
<td>Are there, at minimum, insurance policy for:</td>
<td></td>
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<tr>
<td></td>
<td>8.1 fire and other perils for bank’s own premises?</td>
<td></td>
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<td></td>
<td>8.2 cash and valuables in premises and in transit?</td>
<td></td>
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<td></td>
<td>8.3 fidelity or appropriate provisions for such risks?</td>
<td></td>
</tr>
</tbody>
</table>

II. If your responses to questions in the table above are “No”, please state the reasons:

Number ---

Number ---

Number ---

Number ---

I hereby confirm that the foregoing statements are correct and true.

Name:

Designation:

Signature: Date:
Annex III

Application Form to Relocate or Close a Branch or Sub-Branch Office

1. Name of bank ____________________________________________
2. Name of the branch or sub-branch to be relocated or closed
   Amharic __________________ English ____________________
3. Address of the new branch or sub-branch location (if relocation)
   Region __________________ P. O. Box __________________
   City/sub city _______________ Telephone __________________
   Wereda ___________________ Fax _______________________
   House number _____________ Email ______________________
4. Approximate distance (in K/Ms) of the new branch or sub-branch location from the old one (if relocation) ____________
5. Reason(s) for the branch or sub-branch relocation or closure ________________________________________________
6. Would there be any anticipated problem(s) to existing customers that may result from the branch or sub-branch relocation or closure? (Yes/No) ___________________
7. If yes, please indicate the anticipated problem(s) and how it would be resolved ________________________________________________

I hereby confirm that the foregoing statements are correct and true.

Name: ________________________________
Designation: __________________________
Signature: _____________________________
Date: _______________________________
Annex IV

Application Form to Upgrade a Sub-Branch or Downgrade a Branch

1. Name of bank______________________________________________________________
2. Name of the branch to be downgraded or sub-branch to be upgraded
   Amharic_________________________English______________________________
3. Name of the new branch upgraded or the new sub-branch downgraded
   Amharic_________________________English______________________________
4. Reason(s) for upgrading the sub-branch or downgrading the branch_________________________
5. Would there be any anticipated problem(s) to existing customers that may result from
downgrading the branch or upgrading the sub-branch? (Yes/No)_____________________
6. If yes, please indicate the anticipated problem(s) and how it would be resolved__________
   _______________________________________________________________________
   _______________________________________________________________________
   _______________________________________________________________________
   I hereby confirm that the foregoing statements are correct and true.

Name:______________________________________________________________
Designation:_______________________________________________________
Signature:________________________________________________________
Date:____________________________________________________________