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NATIONAL BANK OF ETHIOPIA
ADDIS ABABA

Licensing and Supervision of Banking Business
Third Amendment of Branch Opening
Directive No. SBB/66/2018

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

Whereas, it is necessary to ensure that a branch or sub-branch of a bank is opened and operated in a manner that maintains public confidence;

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 this Directive.

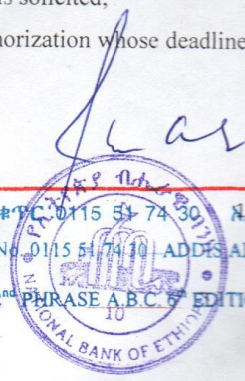
1. Short Title

This Directive may be cited as “Third Amendment of Branch Opening Directive No.SBB/66/2018”.

2. Definitions

For the purpose of this Directive,, the term:

- 2.1 “**Branch**” shall mean any place of business at which deposits are received or withdrawn, cheques are paid out, money lent or other banking business as defined in article 2(2) of Banking Business Proclamation No. 592/2008 is solicited;
- 2.2 “**Expired authorization**” means a branch or sub-branch authorization whose deadline has expired before commencing operation;
- 2.3 “**National Bank**” means the National Bank of Ethiopia;



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- 2.4 “Relocation of a branch or sub-branch” means moving a branch or sub-branch office within or outside its original premises;
- 2.5 “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 this Directive, are provided.

3. Scope of the Directive

This Directive shall be applicable to all banks operating in Ethiopia.

4. Requirements

- 4.1 A bank shall request under a covering letter from the National Bank enclosing a duly completed, signed and stamped application form, as prescribed under:
- 4.1.1 **Annex I** to obtain a new, renewed or replaced authorization for a branch or sub-branch; or
- 4.1.2 **Annex II** to obtain authorization to relocate or close a branch or sub-branch; or
- 4.1.3 **Annex III** to obtain authorization to upgrade a sub-branch to a branch or downgrade a branch to a sub-branch; and
- 4.1.4 **Annex IV** to confirm minimum standards are met to commence operation in a new or relocated branch or sub-branch or in a sub-branch upgraded to a branch or a branch downgraded to a sub-branch.

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- 4.2 A bank shall pay fee of birr 3000 for each branch or sub-branch to be opened or relocated, each sub-branch to be upgraded, each branch to be downgraded, each authorization to be renewed or each authorization to be replaced.
- 4.3 A bank authorized to open a branch or sub-branch shall commence operation within six months from date of authorization.
- 4.4 A bank shall return old authorization while requesting from the National Bank authorization to relocate or close a branch or sub-branch, upgrade a sub-branch to a branch, downgrade a branch to a sub-branch, renew or replace authorization.

5. Limitations on Operations of a Sub-Branch

- 5.1 No sub-branch shall execute the following functions:
- 5.1.1 international banking or trade finance; and
- 5.1.2 processing loans and advances.

6. Obligation of the National Bank

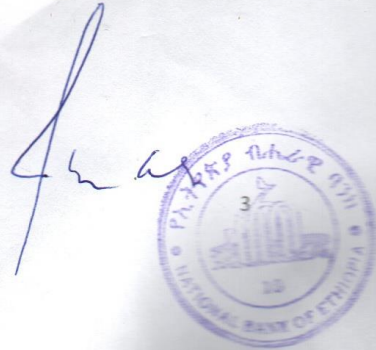
The National Bank shall give a written response within half-day of receipt of full application.

7. Repeal

Second Amendment of Branch Opening Directive No.SBB/58/2014 is hereby repealed and replaced by this Directive.

8. Effective Date

This Directive shall enter into force as of 29th day of August 2018.



Annex I

**Application Form to Obtain a New, Renewed or Replaced
Authorization for a Branch or Sub-Branch**

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 _____ City _____
Sub-city _____ Zone _____
Woreda _____ Kebele _____
House number _____ Telephone _____
Email _____ Fax _____
P.O. Box _____

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

Name: _____
Designation: _____
Signature: _____
Date: _____



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Annex II

**Application Form to Obtain Authorization
to Relocate or Close a Branch or Sub-branch**

1. Name of applicant 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 _____ City _____
Sub-city _____ Zone _____
Woreda _____ Kebele _____
House number _____ Telephone _____
Email _____ Fax _____
P.O. Box _____
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 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 true and correct.

Name: _____
Designation: _____
Signature: _____
Date: _____



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Annex III

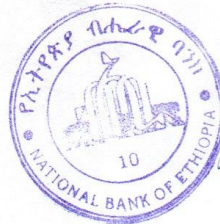
**Application Form to Obtain Authorization to
Upgrade a Sub-branch to a Branch or Downgrade a Branch to a Sub-branch**

1. Name of applicant 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 true and correct.

Name: _____
Designation: _____
Signature: _____
Date: _____



Annex IV

Form to Confirm Minimum Standards are Met to Commence Operation in a New or Relocated Branch or Sub-branch, Upgraded Branch or Downgraded Sub-branch.

Name of applicant bank _____

Name of branch or sub-branch _____

I. Please tick "Yes" or "No"

No.	Minimum standard required:	Is the minimum standard required fulfilled?	
		Yes	No
	Before commencing operation, a bank granted a license to open a branch or sub-branch shall fulfill the following requirements:		
1.	Are adequate and trained staff placed?		
2.	Are the bank's relevant policies and procedures, and the National Bank directives in soft and/or hard copies distributed to concerned staff members of the branch or sub-branch to be opened?		
3.	Is the branch or sub-branch guarded?		
4.	Are all windows and glass walls of the building housing the branch or sub-branch grided?		
5.	Is 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 displayed in a visible area of the branch or sub-branch?		
6.	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:		
	6.1 circulation of fresh air?		
	6.2 sanitary services?		
	6.3 lighting?		
	6.4 renewed fire extinguishers located at appropriate places?		
	6.5 strong room (vault) with a minimum carrying capacity of 8 cubic meters for the branch, or a suitable safe box for the sub-branch?		
7.	Are there, at minimum, insurance policies for:		
	7.1 fire and other perils for bank's own premises?		
	7.2 cash and valuables in premises and in transit?		
	7.3 fidelity or appropriate provisions for such risks?		

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

Number..... _____

Number..... _____

Number..... _____

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

Name: _____

Designation: _____

Signature: _____ Date: _____



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