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NATIONAL BANK OF ETHIOPIA

LICENSING AND SUPERVISION OF BANKING BUSINESS
REQUIREMENTS FOR LICENSING A BANK BRANCH
TO OPERATE IN SPECIAL ECONOMIC ZONE
DIRECTIVE NO. SBB/99/2026

Whereas, special economic zone regime is setup in order to attain higher economic diversification and experiment on an efficient and conducive investment and business environment reforms which may be scaled to the wider economy where appropriate;

Whereas, delivery of financial services in the special economic zones play crucial role to the overall development and success of the economic zones in general and the performance of company's operating in the zones in particular;

Whereas, the National Bank is mandated to set criteria, standards and requirements for a bank branch to engage in the Special Economic Zone;

Now therefore, in accordance with Article 34(2) of the Special Economic Zone Proclamation No. 1322/2024 and Article 91(2) of Banking Business Proclamation No. 1360/2025, the National Bank of Ethiopia has issued this Directive.

1. Short Title

This Directive may be cited as **“Requirements for Licensing a Bank Branch to Operate in Special Economic Zone Directive No. SBB/99/2026”**.

2. Definitions

For the purpose of this Directive, the term:

- 2.1 **“Bank”** means private or state owned bank, a foreign bank subsidiary or a branch of foreign bank licensed by the National Bank to undertake banking business;
- 2.2 **“Branch”** means any place of banking business set up in a special economic zone in which deposits are received or withdrawn, cheques are paid, money is lent, foreign exchange services and other banking business are delivered as defined under Article 2(6) of Banking Business Proclamation No. 1360/2025;



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- 2.3 “**Foreign Bank Branch**” means deposit or non-deposit taking branch of a foreign bank, having no separate legal existence other than the foreign bank;
- 2.4 “**Foreign Bank Subsidiary**” means a subsidiary as defined under the Commercial Code, and controlled by a foreign bank strategic investor, and incorporated under the laws of, and having its head office in Ethiopia;
- 2.5 “**National Bank**” means the National Bank of Ethiopia; and
- 2.6 “**Special Economic Zone**” shall have the meaning provided in Special Economic Zone Proclamation No. 1322/2024 or amended version thereof.

3. Scope of the Directive

This Directive shall apply to any bank which intends to operate a banking business in Special Economic Zones.

4. Requirements to Open a Branch and Operate in a Special Economic Zone

- 4.1 A bank shall not operate in special economic zone without its branch being licensed by the National Bank.
- 4.2 Notwithstanding sub-article 2.2 of this Directive, a bank that intends to operate in a special economic zone shall mandatorily provide foreign exchange services in the branch opened in the zone.
- 4.3 A bank applying to operate in a special economic zone shall provide confirmation to the National Bank that all its banking services will be available to individuals and business entities within the zone.
- 4.4 A bank that intends to open a branch in a special economic zone shall, during application, present signed provisional rent/lease agreement from the respective authorized body.
- 4.5 A bank, in order to open a branch in a special economic zone, shall comply with all requirements of the National Bank Branch Opening Directive No. SBB/66/2018 or amendments made thereof.
- 4.6 Notwithstanding the provisions of sub-articles 4.1 to 4.5 of this Article, a bank shall meet the following minimum criteria to open a branch and operate a banking business in a special economic zone:

- 4.6.1 Market share of a bank in terms of total assets shall be at least one percent of the total assets of the banking sector as calculated for the latest fiscal year end.





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4.6.2 The capital adequacy ratio of the bank shall be two percentage points higher than the minimum requirement as stated under pertinent National Bank Directive for the past four consecutive quarters preceding the date of application.

4.6.3 Liquidity ratio of the bank shall meet the minimum liquidity requirement as stated under pertinent National Bank Directive for the past three consecutive month's preceding the week of application.

4.6.4 Non-performing loans ratio of the bank shall not exceed the maximum regulatory requirement, as stated under pertinent National Bank Directive, for the past four consecutive quarters preceding the date of application.

4.6.5 the bank shall have commendable track record in timely settling foreign exchange and other related obligations associated with its international banking business in line with relevant Directives of the National Bank.

4.6.6 Notwithstanding the provisions stated under sub-articles 4.6.2-4.6.4, the applicable prudential requirements for Development Finance Institutions shall be those stated in the respective laws governing the same.

4.6.7 Notwithstanding the provisions stated under sub-articles 4.6.2 - 4.6.5 of this Article, a newly licensed foreign bank subsidiary or foreign bank branch that intends to operate in a special economic zone(s) during the first two years from being licensed by the National Bank shall be exempted from the requirement of sub-article 4.6.1 of this Article.

4.7 A bank licensed to operate in a special economic zone(s) shall fulfill all the requirements provided under sub-article 4.6 of this Article on ongoing basis.

4.8 The National Bank may take or require to be taken rectification measures on a bank that fails to meet the requirement provided under sub-article 4.7 of this Article.

4.9 A bank that intends to open additional branch in special economic zone shall meet all the criteria listed under sub-article 4.6 of this Article.

4.10 Unless otherwise stated in other relevant laws, regulations and National Bank Directives, a bank that operates in special economic zone(s) shall comply with all regulatory requirements.



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5. Restrictions

- 5.1 A bank branch that has been licensed to operate in a special economic zone shall deliver its banking service only to residents of the zone and shall not provide banking service to customers that are not resident of the zone.
- 5.2 The National Bank, as deemed necessary, may restrict the number of bank branches that shall operate in a specific Special Economic Zone.

6. Licensing Fees

A bank applying to operate in a special economic zone shall pay licensing fee as stipulated under sub-article 4.4 of the National Bank Directive No. SBB/85/2022 or amendments made thereof.

7. Transitory Provisions

- 7.1 A bank currently operating banking business in the now special economic zone(s) designated area(s) shall fully comply with the provisions of this Directive within two years from the effective date of this Directive.
- 7.2 The National Bank may instruct the bank that fails to comply with the provisions of this Directive within two years, as provided under sub-article 7.1 of this Article, to relocate and close the branch.

8. Effective Date

This Directive shall enter into force as of **6th day of January, 2026**.



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