

Directive No. SBB/1/1994

Supervision of Banking Business Directives LICENSING AND SUPERVISION OF BANKING BUSINESS

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 36 of the Licensing and Supervision of Banking Business Proclamation No. 84/1994.

2. Definitions

In these directives:

Related parties shall mean directors, founders, principal officers, employees and other businesses in which they have direct interest.

Residence shall have the meaning assigned to it under article 174 of the Commercial Code of Ethiopia.

3. Information Required From Applicants For License.

Evidence for paid up capital which includes certificate of deposit in a blocked subscription account and evidence for valuation of contribution in kind.

Names and occupation (including dates and addresses of previous employment), of the organizers of the bank if these are other than the directors.

Feasibility study document.

Projection of Financial statements for the first three years of operation showing major categories of loans by economic sectors and liabilities.

Disclosure of the identify of shareholders who have acquired more than ten percent of the capital stock, indicating their names, nationality, number and value of shares held.

Separate cost of vault, equipment, furniture and fixture purchased or leased.

Authenticated ownership certificate and/or lease agreement for items listed under Section 11.1 of the application form.

Description of any purchase or proposed purchase of goods and services, or lease of real estate by the bank from related parties.

Proposal of insurance coverage and extent of such coverage.

Curriculum vitae of the proposed Chief Executive, founders and/or directors including their age, marital status, education, employment history for the past ten years, their experience in business and financial affairs, their involvement in civic, social and charitable activities including any leadership position held.

Duty completed application form as prescribed by the Bank and submit enclosures specified therein.

Proposed organizational chart of the bank, and brief description of the functions of the main organizational units.

Criteria For Selection Of Chief Executive

Education

A minimum of first degree or equivalent in relevant field having attended a recognized higher institution of learning.

Employment

A minimum of 10 years of reputable managerial experience in a financial or related institution at a senior level which can expose him to acquire sufficient banking and management skills.

Age

A minimum of 35 years

Marital Status

Preferably married or responsible to a family

Criteria For Selection Of Members Of Board Of Directors

Education

A minimum completion of high school education with ability to read and grasp reports, especially financial statements.

Employment

Members of Board of Directors shall have adequate managerial experience in business and/or similar organizations.

Age

A minimum of 30 years of age

Fees

A company applying to undertake banking business shall pay investigation fee of Birr750.- (Birr seven hundred and fifty only), that is to be paid at the time of lodging an application.

A company licensed to undertake banking business shall pay initial registration fee currently prescribed by the Ministry of Trade for registration of Memorandum and Articles of Association.

A company licensed to undertake banking business shall pay initial license fee of Birr5,550.- (Birr five thousand five hundred fifty only).

A licensed bank shall pay annual license renewal fee of Birr5,550.- (Birr five thousand five hundred fifty only).

These Directives shall enter into force as of Fifteenth day of May 1994.