

The state-owned Commercial Bank of Ethiopia (CBE) is eyeing its second subsidiary branch in Juba, the capital of South Sudan.

The bank opened the first, CBE-Southern Sudan Limited, in 2009 at a cost of 15 million dollars, which is Juba's investment capital requirement for new banks.

The subsidiary that operates according to Sudanese regulations has registered an impressive profit that prompted CBE to consider another branch in Juba, a top official of the bank told Capital. "The bank is now undertaking a feasibility study and it will submit its investment proposal to the Public Financial Enterprises Supervisory Agency (PFESA)", the source said.

The profit obtained since the bank's establishment is satisfactory, but it has to sustain itself and become strong in the business, according to the source.

There are many foreign banks in Juba, such as the Agricultural Bank of Sudan, Ivory Bank, Nile Commercial Bank Limited, Kenya Commercial Bank - Sudan Limited, and others, that CBE's Juba branch has to compete with, the source added.

The first branch headed by Fekadu Gedissa has 15 staff members and an ambitious plan to generate 100 million dollars within the first year of operation. It also has a monthly rent of 20,000 dollars for the office building. CBE had a similar subsidiary bank in Djibouti, which bankruptcy forced it to close in 2004.

There is no law that prohibits Ethiopian commercial banks not to operate in foreign countries; however, foreign banks are not allowed to enter in Ethiopia.

“No foreign national shall undertake banking business in Ethiopia,” reads Article 4(2) of the NBE proclamation.

CBE’s total assets in the third quarter of this fiscal year reached 72 billion birr and its paid capital and reserve requirement reached 5.4 billion birr, according to the bank’s performance report.

The last fiscal year’s total deposits in all commercial banks was 85.5 billion birr, out of which CBE holds 57.8 percent and shares 48.1 percent of last year’s loan provided by all banks of the country, according to a report of NBE last year.

CBE has 212 branches throughout the country and has 8,755 permanent employees.