Investing in Development Bank Bond (Directive No. 826/2021)

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National Bank of Ethiopia

September 01, 2021

LICENSING AND SUPERVISION OF INSURANCE BUSINESS

Investing in Development Bank Bond

Directive No. 826/2021

Whereas, it becomes necessary to facilitate the issuance of Development Bank Bond by the Development Bank of Ethiopia to support the country's economic growth;

Now, therefore, in accordance with Article 64(2) of Insurance Business Proclamation No. 746/2012 as amended by the Insurance Business (Amendment) Proclamation No.1163/2019, the National Bank of Ethiopia hereby issued Investing in Development Bank Bond Directive No. 826/2021.

1. Short Title

This Directive may be cited as "**Investing in Development Bank Bond Directive No. 826/2021.**

2. Definitions

2.1 "Development Bank Bond" means, a bond issued by the Development Bank of Ethiopia and unconditionally guaranteed by the Federal Government of Ethiopia;

2.2 "insurance company" means a company licensed by the National Bank to undertake insurance business or an insurance company owned by the Government;

2.3 "National Bank" means the National Bank of Ethiopia and

2.4 "reinsurance company" means a company licensed by the National Bank to undertake reinsurance business;

3. Scope of Application

This Directive shall apply to all insurance and Ethiopian reinsurance companies.

4. Requirements

4.1 An insurance or Ethiopian reinsurance company shall invest an amount equivalent to a minimum of 15% of its net income in Development Bank Bond.

4.2 An insurance or Ethiopian reinsurance company shall invest the amount stated under sub article 4.1 within 90 days after the close of its financial year.

4.3 Development Bank Bond shall have a maturity period of **three years** starting from the issue date, and shall pay a bond rate at least **2 percentage points** higher than the minimum interest rate paid on saving deposit at the time of issuance.

4.4 Notwithstanding sub-article 4.3 hereinabove, interest on Development Bank Bond shall be paid annually.

5 Effective Date

This Directive shall enter into force as of the 1st day of September, 2021.