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NATIONAL BANK OF ETHIOPIA
አዲስ አበባ / ADDIS ABABA

LICENSING AND SUPERVISION OF INSURANCE BUSINESS
Investing in Development Bank Bond
Directive No. SIB/54/2021

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. SIB/54/2021.

1. Short Title

This Directive may be cited as “Investing in Development Bank Bond Directive No. SIB/54/2021.”

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.


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