



The Governor

**DIRECTIVE N° 5 ON THE ACTIVITIES AND SPECIFIC LIQUIDITY NORM FOR
DEVELOPMENT BANKS**

Pursuant to Law N° 55/2007 of 30/11/2007 governing the Central Bank of Rwanda, especially in its articles 53 and 56;

Pursuant to Law N° 007/2008 of 08/04/2008 concerning organization of banking especially in its article 9.

Article one: definition

In this “Directive”, unless the context otherwise requires **Development bank** shall mean:

a financial institution established with a specific mandate to finance strategic projects of the country to ensure its socio economic development.

Article 2: purpose of the Directive

The directive aims at defining the permissible and non permissible activities for development banks and development finance institutions and establishing specific liquidity norms for this category of banks.

Article 3: Permissible activities

Development banks shall engage in the following activities:

- a. Funds mobilization for development financing;
- b. Financing development projects and infrastructures;
- c. Trade finance in line with financed development projects and programmes;
- d. Financing production value chain, commodity trading, coffee campaigns and other export promotion commodities;
- e. Issue guarantees in line with permissible activities;
- f. Provide technical assistance in relation to development projects and programmes;
- g. Investment in equities of companies and other financial instruments;

- h. Placements of funds as term deposits in licenced banks;
- i. Trading of foreign exchange with licensed banks;
- j. Undertake such other activities as may be prescribed or approved by the Central Bank from time to time.

Article 4: Non Permissible activities

The following shall be the non permissible activities for development banks:

- a. Acceptance of demand, saving and time deposits, or any type of deposits.
- b. Management of pension funds/schemes.
- c. Acting as intermediary on stock exchange.
- d. Granting of retail loans such as personal loans, salary advances, overdraft...
- e. At no time shall a development bank be involved in financial derivatives except as hedging instrument.

Article 5: Liquidity requirements

A development bank shall compute and submit to the Central Bank on monthly basis, a report on liquidity status using the reporting format in appendix to this directive.

The ratio of liquidity shall be not less than 100%.

Article 6: Compliance with other laws, regulations and directives:

Development banks shall comply with provisions of laws, regulations and directives regulating banks licensed by the National Bank of Rwanda for other matters non stated in this directive.

Especially, Development Banks shall comply with the foreign exchange exposure limits as instructed from time to time by the Central Bank.

Article 7: repealing provision

All prior provisions contrary to this Directive are hereby repealed.

Article 8: commencement

This Directive shall come into force on the date of its signature.

Done at Kigali on 8/06/2016


RWANGOMBWA John
Governor



**Appendix to Directive N° 5 on the activities and specific liquidity norm
for development banks.**

Liquidity ratio reporting format

Bank:
Date:
Report: Liquidity ratio
Frequency: Monthly
Document code:

	Amounts in Thousands of RWF
Liquid assets held	end month
1. Notes & coins	
2. Balance with NBR	
3. Treasury bills not exceeding 12 months	
4. Other marketable government security	
5. Discountable commercial bills, promissory notes	
6. Net due from banks inside Rwanda	
7. Net due from banks outside Rwanda	
I. Total liquid assets held	0

Cash outflows	Up to 1 month
Required cash outflows for expenses	
Required cash outflows for loan disbursements	
Required cash outflows for loan/debt servicing	0
14. Repurchase agreement, borrowings and other credit accounts	
27. Other operations with customers	0
271. Repurchase agreement to the clients	
272. Borrowings from clients	
36. Issued debt securities	0
361. Deposit receipts	
362. Issued deposit certificates	
363. Issued bonds	
365. Other issued debt securities	
54. Subordinated borrowings	
II. Total cash outflows	0

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Cash inflows	Up to 1 month
Resale and securities borrowing agreements	
Credit or liquidity facilities	
Specified net inflows	0
a)from clients other than financial institutions	
b)from financial institutions	
specified deposits held at financial institutions for operational purposes	
other contractual cash inflows	
III. Total cash inflows	0
Total cash outflows(II)	0
Total cash inflows(III)	0
Total net cash outflows IV=(II)-(III)	0
Liquidity ratio: (I) divided by (IV), multiplied by 100	#DIV/0!

Note on colours:

	indicates cells to be filled in
	indicates cells with pre-programmed formulae

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