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NATIONAL BANK OF ETHIOPIA

INTEREST-FREE OPEN MARKET OPERATIONS & STANDING FACILITIES DIRECTIVE NO. EPD/01/2026

Whereas, the National Bank has the powers and duties to determine monetary policy instruments and issues its own short-term debt instrument, securities and other instruments as part of Open Market Operations for the purpose of implementing monetary policy and managing liquidity in the banking system in line with its statutory mandate;

"**Whereas,** the National Bank has the powers and duties to regulate and determine the supply and availability of money and credit for the purpose of maintaining price and financial stability that is also conducive to the balanced growth of the Ethiopian economy;

Whereas, the National Bank has the powers to conduct monetary policy operations, including entering into financing transactions with banks, undertaking the purchase and sale of financial instruments, issuing securities, and providing access to standing facilities for eligible banks.

Whereas, it has become necessary to establish Interest-Free Open Market Operations and Standing Facilities as instruments for effective management of liquidity in the financial system for purposes of conducting monetary policy;

Now, therefore, in accordance with Article 6(2), Article 6(4), Article 6(5), Article 29(1 and 2), and Article 53(2) of the National Bank of Ethiopia Proclamation No. 1359/2025, the National Bank has issued this Directive.

1. Short Title

This Directive may be cited as **"Interest-Free Open Market Operations and Standing Facilities Directive No. EPD/01/2026".**

2. Definitions

For the purpose of this Directive, unless the context provides otherwise:

2.1 "**Auction Format**" means a system of bidding where the National Bank fixes the quantity and the Eligible Participants bid on the Expected Profit Rate, or the National Bank fixes the Expected Profit Rate and the Eligible Participants bid on quantity.

2.2 "**Auction Window**" means a special arrangement organized by the National Bank to carry out auctions at a specific time of the day and communicated to Eligible Participants.

2.3 "**Agent**" means a party that receives funds from a Principal for investment under an investment agency arrangement in accordance with the Transaction Documents.

2.4 "**Bilateral Procedure**" means a procedure whereby the National Bank deals directly with only one or a few participants, without making use of auction procedures.

2.5 "**Book Entry System**" means a system of tracking ownership of Securities where no physical certificates are issued to investors.

2.6 "**Business Day**" means any day on which the National Bank is open for the conduct of business.

2.7 "**Delivery versus Payment (DvP)**" means the process involving simultaneous delivery of all documents necessary to give effect to a transfer of Securities in exchange for the receipt of the stipulated payment amount.

2.8 "**Eligible Participant**" means any Interest-Free Banks are eligible to access Interest-Free Standing Facilities or participate in Interest-Free Open Market Operations.

2.9 "**Expected Profit Rate**" means the rate of profit expected to be generated from the Investment Transaction, as set out in the relevant Transaction Documents.

2.10 "**Fine-Tuning or Non-Standard Operation**" means an Interest-Free Open Market Operation conducted by the National Bank as a Quick Auction when it is deemed desirable to have a rapid impact on the liquidity situation in the Money Market.

2.11 "**Haircut**" means the difference between the market value of eligible collateral, or where such market value is not available the value determined in accordance with the National Bank's valuation methodology, and the value assigned to such collateral for the purposes of determining the amount of financing provided, expressed as a percentage discount to the market value.

2.12 "**Insider Information**" means information which is specific or precise, has not been made public, and, if made public, would be likely to have a material effect on the price of any Securities.

2.13 "**Interest-Free Banks**" means a bank licensed by the National Bank to engage in interest-free banking services.

2.14 "**Interest-Free Banking Service**" means provision of banking service by full-fledged interest free bank.

2.15 "**Interest-Free Deposit Facility with Collateral**" means liquidity absorption operations conducted based on an investment agency arrangement, whereby Eligible Participants place funds with the National Bank, which is appointed as agent to invest such funds and provide eligible assets as collateral to Eligible Participants in accordance with applicable terms of the Transaction Documents. This instrument provides similar effects to the conventional reverse repo instrument.

2.16 "**Interest-Free Funding Facility with Collateral**" means liquidity injection operations conducted based on an investment agency arrangement, whereby the National Bank provides funds to Eligible Participants, who provides eligible assets as collateral and appointed the National Bank as its agents to invest such funds in accordance with applicable terms of the Transaction Documents. This instrument provides similar

effects to the conventional repo instrument.

2.17 "**Interest-Free NBE Certificates**" means certificates issued by the National Bank as part of its Interest-Free Open Market Operations, entitling the holder to receive returns in accordance with the applicable investment agency arrangement and Transaction Documents.

2.18 "**Interest-Free Open Market Operations**" means operations carried out on the initiative of the National Bank involving one or more of the interest-free transactions listed under Section 8 in this Directive.

2.19 "**Interest-Free Standing Facilities**" means the finance and deposit facilities made available by the National Bank to Eligible Participants on their initiative as per the Transaction Documents.

2.20 "**Interest-Free Standing Deposit Facility**" means the facility through which the National Bank accepts Overnight placements of funds from Eligible Participants based on an investment agency arrangement.

2.21 "**Interest-Free Standing Finance Facility**" means the facility through which the National Bank provides Overnight financing to Eligible Participants based on an investment agency arrangement.

2.22 "**Investment Amount**" means the amount placed by the Principal with the Agent to be invested in accordance with applicable terms of the Transaction Documents.

2.23 "**Main or Standard Operation**" means an Interest-Free Open Market Operation conducted regularly by the National Bank on days announced in advance.

2.24 "**Maturity Amount**" means the amount to be paid by the Agent to the Principal on the relevant Maturity Date, calculated in accordance with the relevant Transaction Documents.

2.25 "**Maturity Date**" means the date on which the relevant Maturity Amount shall be payable by the Agent to the Principal, as set out in the relevant Transaction Documents.

2.26 "**Money Market**" means a market for trading low-risk, highly liquid instruments with maturities of less than one year.

2.27 "**Multiple Rate Auction**" means an auction at which winning bids are satisfied at the level of the Expected Profit Rate offered by the participants.

2.28 "**National Bank**" means National Bank of Ethiopia.

2.29 "**Overnight**" means a transaction in which the funds are repaid at or before 10:00 AM of the next Business Day.

2.30 "**Outright Sales/Purchases Transaction**" means a liquidity-absorbing or liquidity-injection transaction whereby the National Bank sells or buys eligible Securities whose

ownership is transferred from seller to buyer.

2.31 "**Principal**" means a party that places funds with an Agent under an investment agency arrangement in accordance with the Transaction Documents

2.32 "**Quick Auction**" means an auction procedure conducted by the National Bank, within 90 minutes of the announcement of the auction, for Fine-Tuning Operations when it is deemed desirable to have a rapid impact on the liquidity situation in the Money Market.

2.33 "**Related Party**" means:

2.33.1 the bank's majorly owned subsidiaries, and any party that the bank exerts control over or that exerts control over the bank;

2.33.2 the bank's influential shareholders up to the ultimate beneficial owner and Sharia board members, chief executive officer, senior executive officer;

2.33.3 an influential shareholder, director, chief executive, senior executive officer of a bank and/or the spouse or relative in the first degree of consanguinity or affinity of such shareholder, director, chief executive officer or senior executive officer; an entity in which such influential shareholder, director, chief executive, senior executive officer and/or the spouse or relative in the first degree of consanguinity or affinity owns 10% or more interest as shareholder or serves as a director, chief executive officer or senior executive officer;

2.33.4 state-owned banks and State/Federal Government-Owned Enterprises shall also be considered related parties;

2.33.5 parties that can exert significant influence as may be determined by the National Bank; and

2.33.6 any other relationships, as may be determined by the National Bank.

2.34 "**Securities**" means interest-free instruments issued by the Government or by the National Bank, or any other interest-free financial instrument determined by the National Bank as eligible for the relevant operation.

2.35 "**Settlement Date**" means the date on which the relevant transaction is settled.

2.36 "**Standard Auction**" means an auction procedure used by the National Bank in its regular Interest-Free Open Market Operations.

2.37 "**Structural Operation**" means an Interest-Free Open Market Operation conducted by the National Bank to address structural liquidity imbalances with a maturity matching the nature of the structure of the operation.

2.38 "**Transaction Documents**" means the agreements and other related documents required for the completion of an Investment Transaction for any operation described under this Directive.

3. Scope of Application

3.1 This Directive shall be applicable to financial transactions between the National Bank and Interest-Free Banks licensed by the National Bank that maintain reserve requirements with the National Bank for the purpose of Interest-Free Open Market Operations and Interest-Free Standing Facilities.

4. General Provisions

4.1 This Directive covers Interest-Free Open Market Operations and Interest-Free Standing Facilities conducted by the National Bank to absorb or inject liquidity from or into the financial system.

4.2 All transactions conducted using these Interest-Free Open Market Operations and Interest-Free Standing Facilities shall be in Ethiopian Birr.

4.3 If at any point of time, the electronic trading system is not operational, the National Bank may introduce a manual book-entry system to facilitate the processing, recording and custody of Interest-Free Open Market Operations and Interest-Free Standing Facilities.

4.4 Appendices 1, 2 and 3 that are at the end of this document are part and parcel of this Directive.

5. Eligible Participants

5.1 All Interest-Free Banks that maintain reserve requirements with National Bank are eligible to access Interest-Free Standing Facilities and participate in Interest-Free Open Market Operations.

5.2 To be eligible, each Interest-Free Banks shall execute the applicable agreement(s) with the National Bank, as prescribed in Appendix 1 (Liquidity Absorption and Injection), prior to participation.

5.3 The National Bank may revise the eligibility criteria as it deems necessary from time to time. The National Bank will inform the Eligible Participants about such changes at least five working days before the changes come into force.

6. Assets Eligible as Collateral

6.1 Assets eligible as collateral shall meet the following conditions, cumulatively, as appropriate:

6.1.1 be the property of the Eligible Participant and registered in its name in the Book Entry System;

6.1.2 shall be unencumbered and not pledged;

6.1.3 be structured in accordance with applicable Interest-Free principles and

requirements;

6.1.4 have a later maturity than the maturity of the operation performed;

6.1.5 shall not be issued, owed or guaranteed by the Eligible Participant or by a Related Party to the Eligible Participant.

6.1.6 Notwithstanding sub-article 6.1(e) of this Article, Securities issued by the Government or by the National Bank are eligible collateral.

7. Valuation and Management of Collateral

7.1 If interest-free Securities are trading in the market, the valuation of eligible collateral will be determined by the prevailing market value.

7.2 In the absence of a market value, the valuation of an eligible collateral will be determined by the present value of the future cash flows of the asset, whereby the valuation factor will be determined by the National Bank and published on its website.

7.3 The Eligible Participant has the right to replace the eligible collateral if its value exceeds the obligation secured by it, with another asset that is sufficient to cover such obligation, as otherwise provided by the National Bank.

7.4 The National Bank shall establish the value of assets accepted as collateral at the time when financing is provided and throughout the duration of the operation, in accordance with valuation rules of assets accepted by the National Bank.

7.5 Eligible assets provided as collateral shall, at all times, be sufficient to cover the amount of liquidity provided or financing granted, taking into account any applicable Haircut.

7.6 In case of a decrease in the value of the pledged assets, the National Bank has the right to ask for additional collateral.

7.7 The value of the pledged collateral shall be reduced by the Haircut.

8. Interest-Free Open Market Operations

8.1 The National Bank may conduct any of the following Interest-Free Open Market Operations:

8.1.1 Main or Standard Operations;

8.1.2 Fine-Tuning or Non-Standard Operations; or

8.1.3 Structural Operations.

8.2 The National Bank may use any of the following instruments for its Interest-Free Open Market Operations:

8.2.1 Interest-Free Funding Facility with Collateral;

8.2.2 Interest-Free Deposit Facility with Collateral;

8.2.3 Granting of Collateralized Financing;

8.2.4 Interest-Free Outright purchase or sale transactions;

8.2.5 issuing Interest-Free NBE Certificates; or

8.2.6 conducting Interest-Free Deposit-Taking Operations.

8.3 Interest-Free Open Market Operations shall be conducted for the purpose of liquidity absorption or liquidity injection, whereby:

8.3.1 for liquidity absorption, the Eligible Participant shall appoint the National Bank as its agent to invest its funds pursuant to the execution of the Master Investment Agency Agreement for "Liquidity Absorption" as set out in Appendix 1; and

8.3.2 for liquidity injection, the National Bank shall appoint the Eligible Participant as its agent to invest the injected funds pursuant to the execution of the Master Investment Agency Agreement for "Liquidity Injection" as set out in Appendix 1.

8.4 All funds absorbed or injected under such arrangements shall be invested in accordance with applicable Interest-Free requirements with the objective of achieving the Expected Profit Rate. The Expected Profit Rate is indicative only and shall not represent the actual return payable under the Transaction Documents. The detailed contractual terms governing investment, allocation of returns, and protection of funds shall be set out in the relevant Transaction Documents.

9. Issuance of Interest-Free NBE Certificates

9.1 The National Bank may issue interest-free certificates for its monetary policy operations or liquidity management.

9.2 The Interest-Free NBE Certificates shall be issued at a nominal value of Birr 1,000,000.00 (one million) and in multiples thereof.

9.3 Outstanding Interest-Free NBE Certificates can be traded on the secondary market, which includes all selling and buying operations.

9.4 The trading of Interest-Free NBE Certificates on the secondary market is limited only to Interest-Free Banks.

9.5 The detailed features of the interest-free NBE Certificates shall be determined by the guidelines to be issued by the National Bank.

9.6 The National Bank through its Book Entry System shall assign to each issuance of certificates a unique registration number, according to its rules.

10. Granting of Collateralized Financing

10.1 The National Bank may grant liquidity injection operation whereby the National Bank provides financing to Eligible Participants against eligible assets pledged as collateral.

10.2 The collateralized financing may be provided for Main Operations, Structural Operations and/or Fine-Tuning Operations and will be under the terms regularly established by itself.

11. Interest Free Funding Facility with Collateral and Interest-Free Deposit Facility with Collateral Transactions

11.1 The National Bank may use Interest-Free Funding Facility with Collateral and Interest-Free Deposit Facility with Collateral operations for Main Operations, Fine-Tuning Operations and/or Structural Operations by providing financing or taking deposits against the pledge of eligible collateral.

11.2 At the Maturity Date of any of the transactions under this Section, the pledged assets shall be released upon settlement of the transaction in accordance with the terms of the relevant Transaction Documents.

11.3 When performing an Interest-Free Funding Facility with Collateral Transaction, the remaining maturity of the eligible collateral pledged shall not be less than two Business Days after the Maturity Date of the transaction.

11.4 When performing an Interest Free Funding Facility with Collateral or an Interest-Free Deposit Facility with Collateral Transactions, the National Bank shall determine the amount of liquidity provided and the Expected Profit Rate.

12. Outright Transactions

12.1 The National Bank may undertake Outright transactions involving buying or selling of interest-free Securities in the market for Structural Operations.

12.2 An Outright transaction implies a full transfer of ownership from the seller to the buyer with no connected reverse transfer of ownership.

12.3 The transactions are executed in accordance with the market conventions for the instrument used in the transaction.

12.4 The operational features of the transactions are as follows:

12.4.1 they can take the form of liquidity-Injection operations (Outright purchase);
12.4.2 the form of liquidity-absorbing operations (Outright sale);
12.4.3 their frequency is not standardized;
12.4.4 they are executed through Bilateral Procedures and/or through competitive auction.

13. Interest-Free Deposit-Taking Operations

13.1 The National Bank may collect Interest-Free Deposits from Eligible Participants in order to absorb liquidity from the Money Market for Main Operations, Fine-Tuning Operations and/or Structural Operations.

13.2 Deposits attracted from Eligible Participants shall have a maximum maturity of one year.

13.3 The National Bank shall announce in advance an Expected Profit Rate applicable to the term deposit.

13.4 The profit on the Interest-Free Deposits shall be calculated from the date of registration of the amount in the deposit account of the Eligible Participant at the National Bank until its repayment date.

13.5 The repayment day on which the National Bank returns the deposit amount to the Eligible Participant shall be excluded from the calculation of the profit.

13.6 Any profit due on Interest-Free Deposits with the National Bank shall be paid simultaneously with the return of the deposit amount to the Eligible Participant in accordance with the relevant Transaction Documents.

13.7 Funds of Eligible Participants placed in Interest-Free Deposits at the National Bank shall not be part of the required reserves calculation.

13.8 Eligible Participants shall have no rights to assign the deposits placed with the National Bank to a third party.

13.9 The term of the Interest-Free Deposits may not be extended.

14. Interest-Free Standing Finance Facility

14.1 Eligible Participants may obtain Overnight financing from the National Bank through use of the Interest-Free Standing Finance Facility by submitting a written request to the National Bank, duly signed by the president of the Eligible Participant or any other person delegated by the president and bearing the stamp of the institution.

14.2 The written request to the National Bank shall include at least the following:

14.2.1 the identification elements of the Eligible Participant as per Appendix 2;
14.2.2 the amount being requested; and
14.2.3 the type and face value of the underlying assets to be used as collateral.

14.3 The Interest-Free Standing Finance Facility shall be conducted based on an investment agency arrangement, whereby the National Bank appoints the Eligible Participant receiving the funding as its agent to invest the funds in accordance with applicable terms of the Transaction Documents.

14.4 Access to the Interest-Free Standing Finance Facility shall be subject to the execution of the Master Agency Agreement for “Liquidity Injection” with the National Bank, as set out in Appendix (1).

14.5 The maturity of Interest-Free Standing Finance Facility shall be Overnight.

14.6 If application is submitted correctly and in a timely manner, the National Bank shall transfer the requested amount to the payment and settlement account of the Eligible Participant with the National Bank no later than the close of the same Business Day.

14.7 The collateral shall be established before the Overnight financing is provided and its adjusted value shall fully cover the amount of the Overnight financing provided together with any applicable Haircut as determined by the National Bank.

14.8 The National Bank shall announce in advance the Expected Profit Rate applicable to the Interest-Free Standing Finance Facility.

14.9 The allocation of profit and treatment of any loss shall be governed by the terms of agreement set out in Appendix (1).

14.10 In the event the Maturity Date is on a non-Business Day, the transfer shall occur on the following Business Day at no penalty to the participating bank.

15. Interest-Free Standing Deposit Facility

15.1 Eligible Participants may place deposits with the National Bank anytime during business hours through the Interest-Free Standing Deposit Facility, without prior notice to the National Bank.

15.2 The Interest-Free Standing Deposit Facility shall be conducted based on an investment agency arrangement, whereby an Eligible Participant appoints the National Bank as its agent to invest the funds in accordance with applicable terms of the Transaction Documents.

15.3 Placement of funds under the Interest-Free Standing Deposit Facility shall be subject to the prior execution of the Master Agency Agreement for "Liquidity Absorption" with the National Bank, as set out in Appendix (1).

15.4 The amount of the deposit is determined by the Eligible Participant at its own discretion.

15.5 The maturity of the deposits shall be Overnight.

15.6 The National Bank shall announce in advance an Expected Profit Rate applicable to the Interest-Free Standing Deposit Facility, in accordance with its monetary policy objectives.

15.7 The allocation of profit and treatment of any loss shall be governed by the terms of agreement set out in Appendix (1).

15.8 The National Bank may revise the Expected Profit Rate at any time, with effect on the deposits taken no earlier than the following Business Day.

15.9 In order to use the National Bank's Overnight Interest-Free Standing Deposit Facility, an Eligible Participant shall deposit funds on its standing deposit account at National Bank via an appropriate transfer order through Real Time Gross Settlement (Ethiopia Automated Transfer System).

15.10 On the maturity day of the Interest-Free Standing Deposit Facility, no later than 10:00 AM, the National Bank shall transfer the Maturity Amount to the payment and settlement account of the Eligible Participant.

15.11 In the event the Maturity Date is on a non- Business Day, the transfer shall occur on the following Business Day.

16. Interest-Free Open Market Bilateral Operation

16.1 Interest-Free Open Market Operations may be performed through Bilateral Procedures initiated by the National Bank or an Eligible Participant, on exceptional basis, depending on the situations in the Money Market as per National Bank's assessment.

16.2 The frequency and maturity of operations performed through Bilateral Procedures involving fine tuning or Structural Operations may not be standardized.

16.3 In order to conduct bilateral operations, the National Bank shall negotiate with the Eligible Participant, in advance, the following transaction parameters:

16.3.1 type of transaction;
16.3.2 term of transaction;
16.3.3 purchase/selling price (where applicable);
16.3.4 Expected Profit Rate;
16.3.5 volume of transaction;
16.3.6 Settlement Date;
16.3.7 Maturity Date;
16.3.8 type of collateral.

16.4 Where bilateral operations involve the provision of liquidity against collateral, the relevant collateral arrangements shall be documented in accordance with the applicable Transaction Documents and procedures of the National Bank.

17. Auction Windows

17.1 The Auction Window shall be set at specific times of the day by the National Bank and shall be communicated to the participating banks.

17.2 The National Bank may, after informing the participating banks at least twenty-four (24) hours beforehand, change the time and/or duration of the Auction Window.

17.3 The Eligible Participants shall be notified accordingly, if the National Bank decides to open any additional window on a temporary basis, and the window shall be open for 90 minutes.

17.4 The National Bank reserves the right to cancel or postpone an auction at any time without prior notification.

18. Auction Format

18.1 The National Bank may use any of the following three types of auction formats as it deems appropriate:

18.1.1 Fixed rate auction in which the National Bank sets the Expected Profit Rate

and the Eligible Participants bid on the quantity;

18.1.2 Variable rate auction in which the National Bank sets the overall quantity, and the participating banks bid on the Expected Profit Rate and successful bids are allotted at individual submitted auction rate (multiple rate);

18.1.3 Single or uniform rate auction in which the National Bank sets the overall quantity, and the Eligible Participants bid on the Expected Profit Rate and one single cut-off Expected Profit Rate derived from the auction is awarded to all successful bidders, subject that such rate is not lower than the Expected Profit Rate that the successful bidder(s) applied for.

18.2 Single or uniform rate auction in which the National Bank sets the overall quantity, and the participating banks bid on the Expected Profit Rate and one single rate (cut-off or stop rate) derived from the auction is awarded to all successful bidders. This rate will be determined by the resulting marginal rate from the auction.

18.3 The Expected Profit Rate resulting from the auction shall be determined in accordance with the applicable auction format and shall be reflected in the Transaction Documents.

19. General Provisions for Auction Process

19.1 Open market operations of the National Bank shall be carried out through auctions.

19.2 The National Bank may use either Standard Auctions and/or Quick Auctions.

19.3 In the case of a Standard Auction, the National Bank announces to the Eligible Participants about the auction conditions on the Business Day preceding the day of the auction.

19.4 In executing the auction, the National Bank shall follow the operational steps listed below:

19.4.1 announcement of the auction;
19.4.2 submission of bids by the Eligible Participants in the auction and, where appropriate, the list of eligible assets available;
19.4.3 auction allotment;
19.4.4 announcement of individual allotment results;
19.4.5 settlement and repayment of transactions.

19.5 In the case of a fixed rate auction, the National Bank shall indicate in advance the Expected Profit Rate, and the bids of participants shall include only the amount.

19.6 In the case of a variable rate auction, the National Bank shall indicate in advance the amount to be transacted.

19.7 Under sub-article (19.6) of this Article, Eligible Participants may submit more than one bid.

19.8 The Main Operations shall be performed in accordance with a pre-announced indicative schedule published on the official website of the National Bank before the beginning of the year for which it is valid.

20. Announcement of Auction

20.1 National Bank shall inform the Eligible Participants about the operation of the auction and conditions thereof by sending an announcement, including the following:

a) date of the auction operation;
b) type of instrument to be used;
c) start date of the operation;
d) Maturity Date of the operation;
e) type of auction;
f) method of allotment;
g) intended operation volume (if applicable);
h) Expected Profit Rate (if applicable);
i) nominal value of the Interest-Free NBE Certificate;
j) time limit for the participant to submit a list of eligible assets;
k) registration code of the issue of the security (if applicable);
l) start time of receipt of bids;
m) time limit for the receipt of bids;
n) assets eligible as collateral and any applicable Haircut;
o) time limit for the auction results announcement;

20.2 National Bank has the right to cancel the auction. In the event of cancellation of auction, Eligible Participants shall immediately be notified by the same means as the auction was announced.

21. Submission of Bids by Eligible Participants

21.1 Eligible Participants shall submit their bids on the day on which the auction is conducted, within the time limits specified in the announcement.

21.2 Eligible Participants are responsible for the submission of bids and are entitled to modify or withdraw the submitted bids during the time provided for the submission of bids announced within the auction.

21.3 No modification or withdrawal of submitted bids is allowed after the time limit provided for the receipt of bids has elapsed; the bids submitted being considered as commitments by the Eligible Participants.

21.4 The bids submitted after the time limit provided for in the auction announcement shall not be accepted.

21.5 Depending on the type of auction format, bids submitted for auction by Eligible Participants shall include:

21.5.1 auctioned volume; or

21.5.2 Expected Profit Rate.

21.6 The bids shall specify either the Expected Profit Rate, expressed as a percentage with four digits after the decimal point, or, in the case of Securities, a price expressed as a percentage of the nominal value with four digits after the decimal point.

21.7 Where auctions involve the pledging of Securities as collateral, Eligible Participants shall submit to the National Bank, together with their bids and within the time limit specified in the auction announcement, a confirmation containing the date of the auction, the list of Securities proposed as collateral, their identification details, features, and value, and any other information required by the National Bank for collateral assessment.

21.8 If any of the conditions stipulated under the auction announcement are not satisfied, the submitted bids shall not be accepted.

22. Auction Allotment

22.1 In the allotment of a fixed rate auction, the National Bank shall provide the full amount demanded at the pre-announced Expected Profit Rate.

22.2 In the allotment of a variable rate auction involving liquidity injection, the Eligible Participant who submits the highest Expected Profit Rate shall be allotted in full until the level where supply meets demand is reached.

22.3 In the allotment of a variable rate auction involving liquidity absorption, the Eligible Participant who submits the lowest Expected Profit Rate shall be allotted in full until the level where supply meets demand is reached.

22.4 In the allotment of variable rate auction, if the volume of bids submitted by the Eligible Participants exceeds the volume intended for the operation and if several bids have been submitted at the cut-off rate, these bids shall be executed pro rata, according to the ratio of the remaining amount to be allotted and total bid amount at the cut-off rate.

22.5 Notwithstanding the auction format applied, the final applicable Expected Profit Rate for each operation shall be determined by the National Bank based on the auction results and shall be stipulated in the relevant Transaction Documents.

22.6 For Securities trading and/or issuing, the amount allotted to each Eligible Participant is rounded upwardly to the nearest value divisible by the nominal value of the Security.

23. Announcement of Auction Results

23.1 A consolidated summary of the auction results shall be published on National Bank's website and/or other media outlets on the same day, which, depending on the type of operation, shall include:

a) date of auction;
b) type of operation;
c) total amount of bids submitted by Eligible Participants;
d) number of bidders/bids submitted;
e) total amount announced and allotted;
f) in the case of variable rate auctions, the cut-off Expected Profit Rate and percentage of allotment at this rate;
g) in the case of a fixed auction, the fixed Expected Profit Rate as already announced in the invitation;
h) in the case of variable rate auction, the minimum and maximum bid rate;
i) in the case of variable rate auction which is a Multiple Rate Auction, weighted average allotment rate; and
j) start date of the operation and the Maturity Date of the operation;

23.2 The auction allotment results shall be announced to each respective participant one hour after consolidated summary of the results are communicated to the market.

23.3 Upon determination of the auction results, the National Bank shall, on the same day, issue a confirmation to the Eligible Participants, which shall include the following information:

a) name of the Eligible Participant;
b) date of transaction;
c) type of transaction;
d) amount of liquidity provided (in case of liquidity injection) or accepted (in case of liquidity absorption);
e) Settlement Date;
f) Maturity Date;
g) applicable Expected Profit Rate;
h) profit payment date;
i) applicable calculation convention; and
j) details of the eligible assets accepted as collateral, where applicable.

24. Settlement of Interest-Free Open Market Operations

24.1 Settlement of open market operations is conducted on the Settlement Date after Eligible Participants satisfy the following:

22.6.1 has provided the underlying assets related to the liquidity Injection operations;

22.6.2 in the case of the Delivery versus Payment (DvP) principle, delivery of the underlying Securities shall take place only if the corresponding transfer of the Investment Amount is simultaneously and successfully executed in the RTGS/EATS system, and vice versa.

24.2 Open market operations based on Standard Auctions are settled on the first Business

Day following the auction date; however, the National Bank may establish other Settlement Dates.

24.3 Open market operations based on Quick Auctions are settled on the same day of the auction; however, the National Bank may establish other Settlement Dates.

24.4 Eligible Participants should ensure availability of sufficient funds on their payment and settlement accounts with the National Bank on the Settlement Date to conduct settlement of liquidity-absorbing operations in accordance with the results of the auction.

24.5 If the date of settlement of the main liquidity-absorbing operations coincides with the due date of the operation performed previously, Eligible Participants shall maintain on their payment and settlement accounts with the National Bank the difference between the Investment Amount to be paid to the National Bank and the Maturity Amount to be paid by the National Bank on the same operational day.

24.6 On the Settlement Date of deposit collection transactions, the National Bank shall issue under the power of attorneys granted by Eligible Participants, payment orders on their behalf in order to debit their current accounts opened with the National Bank, with the amounts related to the performed operation.

24.7 The settlement of Open Market Operations conducted with Eligible Participants shall be carried out under the rules and procedures established by the National Bank.

24.8 On Settlement Date, where Securities are involved, the ownership, pledge or encumbrance over the Security, as applicable, shall be registered in the Book Entry System.

24.9 In case of providing financing against collateral, the National Bank shall inform the Eligible Participants about the account number to which they must make the relevant payments.

24. Events of Default

24.1 For the purposes of this Directive, events of default shall be considered to have occurred if one or more of the following happen:

24.2 License revocation by the National Bank.

24.2.1 liquidation, placement of the Eligible Participant under receivership by the National Bank, or adoption of other similar procedures intended to safeguard or restore the financial situation of the Eligible Participant as well as to avoid the approval of the decision indicated in (a);

24.2.2 submission to the National Bank of a written declaration by the Eligible Participant regarding its inability to fulfill its obligations under any of the Transaction Documents;

24.2.3 suspension or loss of the status of Eligible Participant to Ethiopia Automated Transfer Settlement or the Book Entry System;

24.2.4 failure by the Eligible Participant to provide sufficient volume of eligible assets for collateralization of the liquidity Injection operations;

24.2.5 failure by the Eligible Participant to fulfill the obligations to deliver additional collateral in accordance with the provisions of Article 7.6 of this Directive;

24.2.6 failure by the Eligible Participant to release or return collateral Securities, where applicable, at the due date of the transactions;

24.2.7 failure by the Eligible Participant to settle the amounts due to the National Bank on the relevant Maturity Date.

24.3 Eligible Participants are obliged to notify the National Bank of any occurrence of an event of default referred to in the sub-article 25.1, as soon as the Eligible Participant becomes aware of the facts.

24.4 As soon as the Eligible Participant is deemed to be in default, the National Bank may terminate the relevant transaction/agreement in accordance with Transaction Documents.

24.5 With exception of the case that this Directive specifies otherwise, all notifications required or provided for under this Directive shall be forwarded to the Eligible Participant in writing.

24.6 If an event of default as defined in sub-article 25.1 occurs in relation to the Eligible Participant, the National Bank may:

24.6.1 suspend or limit its participation in open market operations for a period of up to 30 days as of the date when the event has been determined;

24.6.2 terminate unilaterally the agreement for the participation in the open market operations of the National Bank;

24.6.3 terminate all outstanding transactions;

24.6.4 demand payment of Maturity Amounts due under the relevant Transaction Documents;

24.6.5 use the Eligible Participant's deposits at the National Bank to set off claims against the respective participant;

24.6.6 suspend the fulfilment of its obligations towards the Eligible Participant until it fulfills its obligations towards the National Bank;

24.6.7 exercise its preferential and unconditional right to satisfy each of its claims that reaches maturity;

24.6.8 enforce the financial collateral in accordance with the provisions stated in the agreement signed with the Eligible Participant;

24.6.9 apply as appropriate, pecuniary sanctions in the manner provided for in agreements concluded with Eligible Participants.

24.7 The National Bank is entitled to enforce the financial collateral in one of the following ways:

24.7.1 in case of cash, by setting off the amount against or applying it in discharge of the relevant financial obligations;

24.7.2 in the case Securities, by sale or appropriation and by setting off their value against, or applying their value in discharge of, the relevant financial obligations as per agreement signed between National Bank and participant.

24.8 At the moment of initiation of enforcement of collateral, the National Bank shall send a notification to the Eligible Participants.

24.9 Enforcement by selling of collateral in the form of Securities for liquidity injection operations shall be carried out through auctions conducted in accordance with the provisions of this Directive, in integral or partial volume, by notifying the defaulting Eligible Participant.

24.10 All Eligible Participants shall be accepted at auctions for sale of underlying assets, except Eligible Participants with overdue obligations to the National Bank or those in default under any Transaction Documents.

24.11 The National Bank may utilize the proceeds from the sale of the underlying assets to recover the Maturity Amount.

25. Prohibited Actions and Obligations of Participants

25.1 An Eligible Participant is prohibited from engaging in any acts or transactions which, individually or in concert with third parties, place it in a dominant position in the Money Market or involve market manipulation that confers an undeserved privileged position, thereby creating an uncompetitive environment or posing a risk of distorting market rates or pricing outcomes.

25.2 While participating in Interest-Free Open Market Operations auctions, Eligible Participants are prohibited from the following:

a) Agreeing among each other regarding their bids prior to a certain auction;
b) Sharing information among each other regarding their bids before the end of a certain auction;
c) Using Insider Information or other information from a competitor participant engaging in actions that put them into an undeserved favorable position compared to other participants and/or third parties on an auction;
d) Bidding on behalf of and/or in favor of each other.

25.3 Eligible Participants are prohibited from engaging in deals, on the basis of a prior agreement, that are aimed at manipulating prices, rates or allotment outcomes of certain financial instruments.

25.4 Eligible Participants are obliged to comply, at all times, with the terms and requirements set out in this Directive.

26. Penalty

26.1 A person who contravenes the provisions of this Directive shall be punished in accordance with Article 51 (1/b/) of the National Bank of Ethiopia Proclamation No. 1359/2025.

26.2 Notwithstanding the criminal penalty provided under sub-article 27.1 of this Article,

an Eligible Participant who fails to obey the prohibited actions and obligations as set out in article 26 of this directive is liable for administrative penalty equal to:

a) Birr 500,000 for the first time
b) Birr 1,000,000 for the second time
c) Birr 2,000,000 for the third time

26.3 Without prejudice to sub-article 27.2 of this article, if the Eligible Participant fails to obey the prohibited actions and obligations provided under Article 26 of this Directive, it shall be barred:

a) For a period of six months in case of sub-article 27.2 (a);
b) For a period of one year in case of sub-article 27.2 (b); and
c) Permanently in the case of sub-article 27.2 (c) from participating in the NBE's monetary policy operation auctions in addition to the applicable financial penalty.

27. Sharia Compliance

27.1 All Interest-Free Open Market Operations and Interest-Free Standing Facilities conducted pursuant to this Directive shall comply with applicable Sharia principles and requirements.

27.2 The implementation of the instruments under this Directive shall be governed by the applicable Transaction Documents, operational procedures and agreements issued or approved by the National Bank.

28. Effective Date

This directive shall enter into force as of the 12th day of November 2026.

Eyob Tekalign (PHD)
Governor

APPENDIX I

MASTER AGENCY AGREEMENT FOR "LIQUIDITY ABSORPITON AND INJECTION"

THIS AGREEMENT is dated on and made between:

1. **National Bank of Ethiopia,** which is the regulator and supervisor of the banking sector in Ethiopia, having its registered address at PO. Box 5550, Sudan Street, Addis Ababa, Ethiopia **(**the **"Agent")** in case of liquidity absorption or (the "**Principal**") in case of liquidity injection, and

2. **[Interest-Free Bank Name]**, a interest-free bank incorporated in Ethiopia under registration number [ ], having its registered address at [ ], (the "**Principal**") in case of liquidity absorption or (the **"Agent")** in case of liquidity injection.

(together the **"Parties"** and each a **"Party"**).

Liquidity Absorption

A. The Agent, as the regulatory authority responsible for regulating and supervising licensed interest-free banks and for implementing the monetary policy, provides interest-free Sharia compliant investment instruments based on agency contract to help licensed interest-free banks manage their liquidity.

B. The Principal wishes to enter into interest-free Sharia compliant investments from time to time with the aim of generating profit and managing its liquidity.

C. Accordingly, the Principal wishes to appoint the Agent as its agent to invest its funds in accordance with the terms and conditions set out in this Agreement.

Liquidity Injection

D. The Principal, as the regulatory authority responsible for regulating and supervising licensed financial institutions and for implementing the monetary policy of Ethiopia, wishes to enter into interest-free Sharia compliant investments with the Agent from time to time with the aim of generating profit and help licensed financial institutions manage their liquidity.

E. The Agent is an interest-free banks that has the capacity and the tools to carry out interest-free Sharia compliant investments as part of its day-to-day operations.

F. Accordingly, the Principal wishes to appoint the Agent as its agent to invest the funds provided by the Principal to the Agent in interest-free Sharia compliant investments in accordance with the terms and conditions set out in this Agreement.

IT IS AGREED as follows:

1. Definitions and Interpretation

1.1 The following terms, wherever used in this Agreement, including the preamble above, shall have the meanings hereby assigned to them, unless the context expressly requires otherwise:

1.1.1 **"Actual Profit"** means the profit actually generated by the Agent from investing the Investment Amount under the Investment Transaction.

1.1.2 **"Acceptance Notice"** means a notice issued by either Party to the other Party confirming its acceptance of an Offer Notice, in the form and method agreed between the Parties from time to time.

1.1.3 **"Agent's Account"** means the payment and settlement account opened and held in the name of the Agent with the Principal.

1.1.4 **"Allotment Advice"** means a written notice issued by the Agent to the Principal setting out the terms of the Investment Transaction(s) that has been accepted by the Agent pursuant to an Offer Notice submitted by the Principal under an auction procedure, in the form and method agreed between the Parties from time to time.

1.1.5 **"Business Day"** means any day on which the National Bank of Ethiopia is open for the conduct of business.

1.1.6 **"Centralized Securities Depository" or "CSD"** has the meaning given to it by the Ethiopian Capital Market Authority proclamation.

1.1.7 **"Collateral"** means the interest-free instrument that complies with the requirements specified by the Principal, to be provided by the Agent to the Principal as security.

1.1.8 **"Central Sharia Board"** means the committee appointed by the National Bank of Ethiopia, to review, certify, and oversee the Sharia compliance of the interest-free instruments in line with the Sharia Governance Directive issued by the National Bank.

1.1.9 **"Expected Profit"** means an amount equal to the Investment Amount multiplied by the Expected Profit Rate and the number of days in the relevant Investment Period and divided by 364, as set out in the relevant Transaction Documents.

1.1.10 **"Expected Profit Rate"** means the rate of profit expected to be generated from the Investment Transaction, as set out in the relevant Transaction Documents.

1.1.11 **"Interest-Free NBE Certificate"** means the interest-free certificate of deposit instrument issued by the Agent from time to time in line with this Agreement.

1.1.12 **"Interest-Free Standing Deposit Facility"** means the interest-free overnight deposit facility offered by the Agent in line with this Agreement.

1.1.13 **"Interest-Free Standing Finance Facility"** means the interest-free overnight finance facility offered by the Principal in line with this Agreement.

1.1.14 **"Investment Amount"** means the amount placed by the Principal with the Agent to be invested according to the terms of this Agreement, as set out in the relevant Transaction Documents.

1.1.15 **"Investment Currency"** means the currency of the Investment Amount, as specified in the Offer Notice.

1.1.16 **"Investment Date"** means the date on which the Principal should pay the relevant Investment Amount to the Agent, as set out in the relevant Transaction Documents.

1.1.17 **"Investment Period"** means the period beginning on the Investment Date and ending on the Maturity Date, as set out in the relevant Transaction Documents.

1.1.18 **"Investment Transaction"** means the contract established between the Parties as per the terms of the relevant Transaction Documents and in accordance with the terms of this Agreement.

1.1.19 **"Investment Transaction Confirmation"** means the document issued by the Agent confirming the details of the Investment Transaction that the Parties have agreed to under an Interest-Free Standing Deposit Facility, in the form and method agreed between the Parties from time to time.

1.1.20 **"Issuance Date"** means the due date on which the Agent shall deduct the relevant Investment Amount from the Principal's Account, as set out in the Allotment Advice. For the avoidance of doubt, the Issuance Date shall be considered as the Investment Date for the purposes of calculating the Maturity Amount.

1.1.21 **"Maturity Amount"** means the amount to be paid by the Agent to the Principal on the relevant Maturity Date.

1.1.22 **"Maturity Date"** means the date on which the relevant Maturity Amount shall be payable by the Agent to the Principal, as set out in the relevant Transaction Documents.

1.1.23 **"Offer Notice"** means a notice issued by either Party offering the other Party to enter into an Investment Transaction(s), in the form and method agreed between the Parties from time to time.

1.1.24 **"Principal's Account"** means the payment and settlement account opened and held in the name of the Principal with the Agent.

1.1.25 **"Tax"** means any present or future tax, levy, fee, deduction or withholding in the nature of tax, value added tax, a sales tax or any similar tax whatever called, wherever imposed, levied, collected, assessed or withheld and shall include, without limitation, any penalty or late payment amount payable in connection with any failure to pay or any delay in paying the same to the relevant authority.

1.1.26 **"Termination Notice"** has the meaning given to it in Clause 9.2.1.

1.1.27 **"Transaction Documents"** means the set of documents comprising this Agreement, any Offer Notice, Acceptance Notice, Allotment Advice and Investment Transaction Confirmation exchanged thereunder, and any other contract or document deemed necessary by the Parties for the completion

of an Investment Transaction.

1.2 Each Investment Transaction is entered into in reliance on the fact that this Agreement and each Investment Transaction implemented thereunder shall form a single agreement between the Parties separate from any other Investment Transaction concluded between the Parties whether under this Agreement or otherwise.

1.3 The Parties agree that the Operating Rules and Procedures set out by the Agent in relation to the implementation of each liquidity absorption instrument shall complement the provisions of this Agreement.

SECTION A: LIQUIDITY ABSORPTION

2. Terms of the Investment Agency

2.1 The Principal hereby appoints the Agent as its agent to invest the relevant Investment Amount(s) in accordance with the terms of the relevant Transaction Documents and this Agreement.

2.2 The Agent shall invest the Investment Amount with a view to generate profit on the basis of unrestricted agency and in the Agent's absolute discretion with no restrictions on the type of investment or the markets where the Investment Transactions are conducted, but subject always to compliance with the applicable laws, regulations, directives and operational procedures applicable to Shariah compliance operations.

2.3 The Principal hereby acknowledges and agrees that the Agent may consolidate and aggregate the Investment Amount received from the Principal with other amounts received by the Agent from other counterparties from time to time for investment purposes, provided that such amounts shall be invested in Shariah compliance investments and it shall be maintained separately from the Agent's own funds and any fund received from conventional counterparties.

2.4 The Agent shall arrange for payment and collection of the funds relevant to the Investment Transactions on behalf of the Principal and the Principal hereby authorises the Agent to execute and deliver any agreements, contracts or instruments that are necessary or desirable in connection with the execution of the relevant Investment Transactions.

2.5 In connection with its powers, discretions, authorities and duties under this Agreement, the Agent shall act solely as the agent of the Principal on a deal-by-deal basis to the extent expressly provided herein and shall not otherwise be regarded as agent, trustee or fiduciary of the Principal in any other respect whatsoever.

2.6 The Agent may, in its absolute discretion at its own cost, discharge its agency functions by appointing sub agents to carry out activities required for any Investment Transaction.

2.7 The Principal acknowledges that

2.7.1 the Agent acts solely as an investment agent and trustee of the funds and shall not be deemed as a guarantor of the Investment Amount or the profit. The Principal also acknowledges that , as principal, it shall bear all the risks and shall be fully liable for any losses associated with any Investment Transaction, including the total loss of the Investment Amount, provided that all actions of the Agent are lawfully performed and made in accordance with the Transaction Documents without any negligence, misconduct or breach of the terms of the Transaction Documents by the Agent.

2.7.2 if the Principal fails to transfer the Investment Amount by 4:00 pm on the Investment Date,

a. the Agent shall have the right to cancel the relevant Investment Transaction and the Principal undertakes to pay an amount equal to 0.2% of the Investment Amount, which the Agent may apply to cover any actual costs or losses incurred by the Agent. Any amount remaining after deducting the Agent's actual costs shall be donated to charitable institutions.

b. if the Agent does not cancel the Investment Transaction and accepts delayed payment of the Investment Amount, the Agent shall calculate the profit due to the Principal from the day the Investment Amount is received.

2.8 The Agent shall not be liable for any failure of the Principal to duly and punctually perform any of its duties or obligations under this Agreement or under any Transaction Document.

2.9 The Agent shall be entitled to any amount that exceeds the Expected Profit as a reward for good performance.

2.10 The Agent will monitor the performance of the Investment Transaction on a daily basis during the Investment Period. The Agent hereby confirms that it has the means and the systems to do so.

2.11 If at any time during the Investment Period but before the Maturity Date of any particular Investment Transaction, the Agent believes that

2.11.1 the Expected Profit Rate indicated in the relevant Transaction Documents may not be achieved; the Agent shall notify the Principal immediately by sending a notice to the Principal offering to either terminate the Investment Transaction or continue with the Investment Transaction with a lower Expected Profit Rate that the Agent estimates it will be able to achieve in the remainder of the Investment Period. if the Principal does not confirm its preferred action within the period specified by the Principal, it will be deemed that the Principal has accepted the revised/lower rate specified by the Agent.

2.11.2 any Investment Transaction might return a loss; the Agent shall immediately terminate the Investment Transaction and pay back the Investment Amount and the due profit achieved so far. The Agent shall notify the Principal as soon as practically possible. If the Agent fails to terminate the Investment Transaction on time, it shall be liable to compensate the Principal for any losses incurred under the Investment Transaction.

2.12 On the Maturity Date of each Investment Transaction, the Agent shall determine the Maturity Amount payable to the Principal based on the Actual Profit generated during the Investment Period as follows:

2.12.1 if the Actual Profit is equal to or exceeds the Expected Profit, the Agent shall pay to the Principal the sum of the Investment Amount and the Expected Profit. The Agent shall retain any amount exceeding the Expected Profit for its own benefit as a reward for good performance;

2.12.2 if the Actual Profit is less than the Expected Profit, the Agent shall pay to the Principal the sum of the Investment Amount and the Actual Profit;

2.12.3 if losses are incurred without any negligence, misconduct, or breach of the terms of the Transaction Documents by the Agent, the Principal shall bear the loss where the Agent shall deduct such loss from the Investment Amount and return the remainder thereof to the Principal.

2.13 If the Maturity Amount is not paid by the Agent on the Maturity Date for operational or technical reasons, the Investment Period shall be deemed to continue until payment is made and the Maturity Amount shall be calculated taking into account that the Expected Profit Rate applicable for each day of delay shall be the Expected Profit Rate applicable for the Investment Transaction plus 0.3%.

2.14 Except where an Investment Transaction is terminated either under Clause 9 (Early Termination by the Agent), Clause 10 (Commencement & Termination), or Clause 2.11.2 the Agent shall not be required to make any payments under the Transaction Documents prior to the Maturity Date.

3. Investment Transaction Arrangements in Relation to Open Market Operations Conducted Through Bidding Procedures

3.1 Auctions shall be announced by the Agent and published on its website. The auction announcement shall specify, among other things, the type of instrument, the auction format, the Investment Date or Issuance Date (as applicable), the submission date and time, the method of allotment, the Maturity Date, the Type of Collateral (where applicable) and the timing for the announcement of auction results.

3.2 Interest-Free Open Market Operations auctions may be conducted in accordance with the Interest-Free Open Market Operation and Standing Facilities Directive.

3.3 Where the Principal wishes to participate in an auction-based Interest-Free Open

Market Operations, the Principal shall, on the submission date and within the submission time specified by the Agent, submit an Offer Notice specifying the maximum amount it is willing to invest. The Principal may be allowed to submit more than one bid as per the directions of the Agent from time to time. The Principal acknowledges that the Agent may accept lower Investment Amount(s) than the amount(s) proposed by the Principal.

3.4 Upon receipt of the Principal's Offer Notice(s), the Agent shall, in accordance with the applicable auction procedures:

3.4.1 determine the Investment Amount(s) that the Agent is willing to accept, in line with its monetary policy objectives; and

3.4.2 notify the Principal of the accepted Investment Transaction(s) by issuing an Allotment Advice setting out the terms of each accepted Investment Transaction(s).

3.5 Payments and settlements of the relevant amounts under each bidding instrument shall be carried out as follows:

3.5.1 In respect of Interest-Free Deposit Taking Operations, the Agent shall:

3.5.1.1 On the Investment Date, debit the Investment Amount from the Principal's Account maintained with the Agent.

3.5.1.2 On the Maturity Date, transfer the Maturity Amount (calculated in accordance with clause 2.12 of this Agreement) to the Principal's Account maintained with the Agent.

3.5.2 In respect of Interest-Free NBE Certificate, the Agent shall:

3.5.2.1 On the Issuance Date, debit the Principal's Account maintained with the Agent with the Investment Amount accepted and issue the corresponding Interest-Free NBE Certificate(s) in dematerialised form through the Agent's CSD system and credit such Certificate(s) to the Principal's securities depository account maintained with the Agent.

3.5.2.2 On the Maturity Date, redeem the Interest-Free NBE Certificate(s) and transfer the Maturity Amount (calculated in accordance with clause 2.12 of this Agreement) to the Principal's Account maintained with the Agent.

3.5.3 In respect of Interest-Free Deposit Facility with Collateral (Revers Repo), the Agent shall:

3.5.3.1 On the Investment Date, debit the Principal's Account maintained with the Agent with the Investment Amount accepted and provide the eligible securities specified in the Allotment Advice as

collateral and record such securities as encumbered in favour of the Principal in the Central Securities Depository.

3.5.3.2 On the Maturity Date, transfer the Maturity Amount (calculated in accordance with clause 2.12 of this Agreement) to the Principal's Account maintained with the Agent.

3.5.3.3 Upon receipt of the Maturity Amount, the Principal shall return the collateral securities to the Agent by effecting the release and transfer of such securities through the CSD system.

3.6 Upon receipt by the Agent of the Investment Amount specified in the Allotment Advice, an Investment Transaction shall be constituted on the terms of the Allotment Advice which shall be binding upon both the Agent and the Principal.

4. Investment Transaction Arrangements in Relation to Open Market Operations Conducted Through Bilateral Procedures

4.1 On any Business Day during the business hours, either Party may notify the other, by any electronic communication system the Parties agree upon, of its desire to enter into an Investment Transaction.

4.2 In the event that the Parties agree the terms of the Investment Transaction, the Principal shall, as soon as reasonably practicable and in any event on a Business Day, submit to the Agent an Offer Notice setting out the terms of the proposed Investment Transaction.

4.3 Upon receipt of the Principal's Offer Notice, the Agent, if it is willing to accept the terms of the Offer Notice, shall:

4.3.1 confirm its acceptance of the terms of the Offer Notice by sending an Acceptance Notice immediately to the Principal but in any case, no later than the proposed Investment Date; and

4.3.2 debit the Investment Amount from the Principal's Account no later than the proposed Investment Date.

4.4 Notwithstanding the aforementioned, the Parties agree that debiting the Principal's Account with the Investment Amount by the Agent will constitute the Agent's acceptance of the Principal's Offer Notice even if the Principal did not receive the Agent's Acceptance Notice prior to the Investment Date.

4.5 Upon receipt by the Agent of the Investment Amount, an Investment Transaction shall be constituted and shall be binding upon both the Agent and Principal.

4.6 On Maturity Date, the Agent shall transfer the Maturity Amount (calculated in accordance with clause 2.12 of this Agreement) to the Principal's Account maintained with the Agent.

4.7 Where the Investment Transaction is in respect of an Interest-Free Deposit Facility

with Collateral (Revers Repo), the Principal shall, upon receipt of the Maturity Amount, return the collateral securities to the Agent by effecting the release and transfer of such securities through the CSD system.

5. Investment Transaction Arrangements in Relation to Interest-Free Standing Deposit Facility

5.1 Under Interest-Free Standing Deposit Facility, the Principal may place overnight interest-free deposits with the Agent at any time during business hours on any Business Day. Each Investment Transaction under the Interest-Free Standing Deposit Facility shall have an overnight maturity, commencing on the date the Investment Amount is credited to the Agent's standing deposit account and maturing on the next Business Day.

5.2 The Agent shall announce in advance the Expected Profit Rate applicable to the Interest-Free Standing Deposit Facility, in accordance with its monetary policy objectives. Such announcement shall constitute an Offer Notice from the Agent to the Principal to enter into an Investment Transaction based on the announced Expected Profit Rate.

5.3 Where the Principal wishes to place funds under the Interest-Free Standing Deposit Facility, the Principal may, without prior notice, initiate an Investment Transaction by transferring the Investment Amount to its standing deposit account with the Agent via an appropriate transfer order submitted via the EATS system.

5.4 The transfer of funds by the Principal to the designated standing deposit account of the Agent shall constitute a Principal's Acceptance Notice to enter into an Investment Transaction under the Interest-Free Standing Deposit Facility.

5.5 Upon receipt by the Agent of the Investment Amount, the Agent shall issue an Investment Transaction Confirmation, and an Investment Transaction shall be constituted on the terms of Investment Transaction Confirmation which shall be binding upon both the Agent and Principal.

5.6 On the Maturity Date, the Agent shall transfer the Maturity Amount (calculated in accordance with clause 2.12 of this Agreement) to the Principal's Account maintained with the Agent.

6. Indemnity of the Agent

6.1 The Agent shall not be liable to the Principal in contract or tort or otherwise for any direct or indirect financial or economic losses, costs, liabilities or expenses (including, without limitation, loss of profit, loss of savings or loss of goodwill) except for those directly arising as a result of the Agent's negligence, misconduct, or breach of any of the terms of this Agreement or any Transaction Document.

7. Payments

7.1 All sums payable by the Principal under this Agreement shall be made in the

Investment Currency, in immediately available funds, in full, without any set-off, withholding counterclaim or deduction whatsoever and shall be free of Tax, charges or other deductions unless required by law.

7.2 If any payment falls due on a day which is not a Business Day, the payment shall be made on the next Business Day.

7.3 The Principal hereby authorises the Agent to:

7.3.1 debit the Principal's Account maintained with the Agent, according to the results of auctions/bilateral procedures with the relevant Investment Amount(s).

7.3.2 set-off any matured obligations owed by the Principal under this Agreement or any Investment Transaction against any credit balance standing in any account of the Principal maintained with the Agent.

7.4 The delay of any Party in claiming any sums on their due date shall not be considered a postponement or waiver by that Party. The Parties agree that either Party shall have the right to take all the necessary actions as required to collect its entitlements under this Agreement or any Investment Transaction.

8. Undertakings

8.1 The Principal hereby undertakes, represents and confirms to the Agent that it shall:

8.1.1 comply in all respects with all applicable laws, rules and regulations;

8.1.2 carry out its duties professionally and act dutifully and in good faith.

9. Early Termination by the Agent

9.1 On and at any time the Principal fails to comply with its undertakings or breaches any of its obligations under this Agreement or any of the Transaction Documents, the Agent may provide the Principal with a written notice specifying the failure or breach and requiring remedy of the same within a period specified in the notice.

9.2 If the Principal fails to remedy the non-compliance or breach, the Agent will have the right to:

9.2.1 send a second written notice to the Principal declaring that all outstanding Investment Transactions entered into pursuant to this Agreement are terminated (the "**Termination Notice**");

9.2.2 amend the Maturity Date and designate a day not earlier than the date of the Termination Notice, as a revised Maturity Date, where all active Investment Transactions shall be terminated on the revised Maturity Date; and

9.2.3 pay the Maturity Amount in relation to each Investment Transaction to the Principal on the revised Maturity Date.

9.2.4 take any action against the Principal in accordance with the applicable laws and regulations; and

9.2.5 impose monetary charges on the Principal (as applicable).

10. Commencement & Termination

10.1 This Agreement shall enter into force upon signature and shall remain in full effect unless and until terminated in accordance with this Clause 10.

10.2 Unless otherwise provided by law and the Directive on Interest-Free Open Market Operations and Standing Facilities of the NBE, this Agreement may be terminated:

10.2.1 by either Party submitting a written notice at least **five (5) Business Days** prior to the intended date of termination where this Agreement shall terminate on the date specified in such notice;

10.2.2 upon the revocation of the Principal's banking licence; or

10.2.3 due to any other legal or regulatory reason requiring termination.

10.3 Upon terminating the Parties shall not enter into any new Investment Transactions.

10.4 The Parties agree that the termination of this Agreement shall not affect any rights or obligations that may have arisen under this Agreement or any Investment Transaction entered into prior to the date of termination, and the terms of this Agreement shall continue to apply to any Investment Transaction that was entered into on or prior to the date of termination until such Investment Transaction is completed or otherwise discharged in accordance with the relevant Transaction Documents.

10.5 The right to terminate this Agreement given by this Clause shall not prejudice or affect any other right or remedy the Parties may have under this Agreement or under any other Transaction Document.

11. Miscellaneous

11.1 Unless otherwise agreed, the exchange of any notice or communication under or in connection with this Agreement shall be carried out in such manner and through such means as may be specified by the Agent from time to time and communicated using the channels approved or designated for that purpose.

11.2 The Principal shall not transfer or assign any of its rights or transfer any of its obligations under this Agreement without the prior written consent of the Agent.

11.3 In the event that any of the provisions of this Agreement conflicts with the applicable laws and regulations, the provisions of the applicable laws and regulations shall take precedence without prejudice to applicability of the non-conflicting provisions of this Agreement.

11.4 If, at any time, any provision of this Agreement becomes illegal, invalid or unenforceable in any respect under the applicable laws and regulations, it will not in any way affect or impair the legality, validity or enforceability of the remaining provisions.

11.5 Neither the failure to exercise, nor any delay in exercising, on the part of any Party, of any of its rights or remedies under this Agreement shall operate as a waiver, nor shall the full or partial exercise of any right or remedy by either Party prevent the exercise of any other right or remedy. The rights and remedies provided in this Agreement for the Parties are cumulative and not exclusive of any rights or remedies provided by law.

11.6 Additions and changes to this Agreement shall be concluded by an additional agreement of the Parties.

11.7 This Agreement has been prepared in Amharic and English languages. In case of any discrepancy between the Amharic and English versions, the Amharic version officially issued by the National Bank of Ethiopia shall prevail.

12. Shariah Compliance

12.1 This Agreement has been prepared in line with the rulings and guidance given by the Central Shariah Committee, to which both Parties agree to be bound.

12.2 Each Party hereby confirms and agrees that it:

12.2.1 has entered into each Transaction Document after having reviewed them for the purposes of their compliance with Shariah;

12.2.2 does not have any objection, nor will it raise any objections, as to matters of Shariah compliance in respect of any of the provisions of any Transaction Document; and

12.2.3 submits exclusively to the Central Shariah Committee's interpretation of the applicable Shariah rules in relation to the Transaction Documents.

13. Governing Law and Jurisdiction

13.1 This Agreement and each Investment Transaction shall be governed by and construed in accordance with the laws of the Federal Democratic Republic of Ethiopia.

13.2 Any divergences and disputes arising from the improper performance or non-performance of this Agreement shall be settled amicably by the Parties. If the divergences/disputes were not resolved amicably, the Parties irrevocably agree that the courts of the Federal Democratic Republic of Ethiopia are to have an exclusive jurisdiction to settle any disputes or claims that may arise out of or in connection with this Agreement or any Investment Transaction. The Parties hereby irrevocably submit to the jurisdiction of such courts and waive any objection on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum

provided that this Clause shall be without prejudice to the right of the Agent only to bring proceedings in any other country or under any other jurisdiction.

13.3 The Principal hereby irrevocably and fully waives any right it may have under any jurisdiction with respect to claiming any immunity for itself or its assets against any litigation, attachment or execution or any legal proceedings.

SECTION B: LIQUIDITY INJECTION

14. Terms of the Investment Agency

14.1 The Principal hereby appoints the Agent as its agent to invest the relevant Investment Amount(s) in accordance with the terms of the relevant Transaction Documents and this Agreement.

14.2 The Agent shall invest the Investment Amount with a view to generate profit on the basis of agency that is restricted to the Agent's general pool of investments and subject always to compliance with the applicable laws, regulations, directives and operational procedures applicable to Shariah compliant operations.

14.3 The Principal hereby acknowledges and agrees that the Agent may consolidate and aggregate the Investment Amount received from the Principal with the Agent's general pool of funds and with other amounts received by the Agent from its customers and other counterparties.

14.4 The Agent shall arrange for payment and collection of the funds relevant to the Investment Transactions on behalf of the Principal and the Principal hereby authorises the Agent to execute and deliver any agreements, contracts or instruments that are necessary or desirable in connection with the execution of the relevant Investment Transactions.

14.5 In connection with its powers, discretions, authorities and duties under this Agreement, the Agent shall act solely as the agent of the Principal on a deal-by-deal basis to the extent expressly provided herein and shall not otherwise be regarded as agent, trustee or fiduciary of the Principal in any other respect whatsoever.

14.6 The Agent hereby agrees with the Principal that it shall, in performing its obligations under this Agreement, look after the interests of the Principal and act dutifully and in good faith and shall not enter into any investment that, in the reasonable judgement of the Agent, might return a lower profit than the Expected Profit Rate.

14.7 The Agent may, in its absolute discretion and at its own cost, discharge its agency functions by appointing sub agents to carry out activities required for any Investment Transaction.

14.8 The Principal acknowledges that the Agent acts solely as an investment agent and trustee of the funds and shall not be deemed as a guarantor of the Investment Amount or the profit. The Principal also acknowledges that , as principal, it shall

bear all the risks and shall be fully liable for any losses associated with any Investment Transaction, including the total loss of the Investment Amount, provided that all actions of the Agent are lawfully performed and made in accordance with the Transaction Documents without any negligence, misconduct or breach of the terms of the Transaction Documents by the Agent.

14.9 The Agent shall not be liable for any failure of the Principal to duly and punctually perform any of its duties or obligations under this Agreement or under any Transaction Document.

14.10 The Agent shall be entitled to any amount that exceeds the Expected Profit as a reward for good performance.

14.11 The Agent will monitor the performance of the Investment Transaction on a daily basis during the Investment Period. The Agent hereby confirms that it has the means and the systems to do so.

14.12 If at any time during the Investment Period but before the Maturity Date of any particular Investment Transaction, the Agent believes that

14.12.1 the Expected Profit Rate indicated in the relevant Transaction Documents may not be achieved; the Agent shall notify the Principal immediately by sending a notice to the Principal offering to either terminate the Investment Transaction or continue with the Investment Transaction with a lower Expected Profit Rate that the Agent estimates it will be able to achieve in the remainder of the Investment Period. if the Principal does not confirm its preferred action within the period specified by the Principal, it will be deemed that the Principal has accepted the revised/lower rate specified by the Agent.

14.12.2 any Investment Transaction might return a loss; the Agent shall immediately terminate the Investment Transaction and pay back the Investment Amount and the due profit achieved so far. The Agent shall notify the Principal as soon as practically possible. If the Agent fails to terminate the Investment Transaction on time, it shall be liable to compensate the Principal for any losses incurred under the Investment Transaction.

14.13 The Principal acknowledges that, if payment of the Investment Amount is delayed beyond the agreed Investment Date,

14.13.1 the Agent shall calculate the profit due to the Principal from the day the Investment Amount is received; and

14.13.2 the Principal shall be liable to pay financial sanctions in relation to Open Market Operations as specified in Clause 18.2.3 to cover any costs incurred by the Agent due to such delay.

14.14 On the Maturity Date of each Investment Transaction, the Agent shall determine the

Maturity Amount payable to the Principal based on the Actual Profit generated during the Investment Period as follows:

14.14.1 if the Actual Profit is equal to or exceeds the Expected Profit, the Agent shall pay to the Principal the sum of the Investment Amount and the Expected Profit. The Agent shall retain any amount exceeding the Expected Profit for its own benefit as a reward for good performance;

14.14.2 if the Actual Profit is less than the Expected Profit, the Agent shall pay to the Principal the sum of the Investment Amount and the Actual Profit;

14.14.3 if losses are incurred without any negligence, misconduct, or breach of the terms of the Transaction Documents by the Agent, the Principal shall bear the loss where the Agent shall deduct such loss from the Investment Amount and return the remainder thereof to the Principal;

14.14.4 if losses are incurred due to the Agent's negligence, misconduct, or breach of the terms of the Transaction Documents, the Principal will have the right to receive the full amount of the Investment Amount.

14.15 Except where an Investment Transaction is terminated either under Clause 22 (Early Termination by the Principal), Clause 23 (Commencement & Termination), or Clause 14.12.2, the Agent shall not be required to make any payments under the Transaction Documents prior to the Maturity Date.

15. Investment Transaction Arrangements in Relation to Open Market Operations Conducted Through Bidding Procedures

15.1 Auctions shall be announced by the Principal and published on its website. The auction announcement shall specify, among other things, the type of instrument, the auction format, the Investment Date, the submission date and time, the method of allotment, the Maturity Date, the Type of Collateral (where applicable) and the timing for the announcement of auction results.

15.2 Interest-Free Open Market Operations auctions may be conducted in accordance with the Interest-Free Open Market Operation and Standing Facilities Directive.

15.3 Where the Agent wishes to participate in an auction-based Interest-Free Open Market Operations, the Agent shall, on the submission date and within the submission time specified by the Principal,

15.3.1 submit an Offer Notice specifying the maximum amount it is willing to invest. The Agent may be allowed to submit more than one bid as per the directions of the Principal from time to time. The Agent acknowledges that the Principal may accept lower Investment Amount(s) than the amount(s) proposed by the Agent.

15.3.2 specify the Collateral offered for the proposed Investment Transaction(s). The Agent shall ensure that the value of the Collateral is not less than the proposed Investment Amount(s).

15.4 Upon receipt of the Agent's Offer Notice(s), the Principal shall, in accordance with the applicable auction procedures:

15.4.1 determine the Investment Amount(s) that the Principal is willing to accept, in line with its monetary policy objectives; and

15.4.2 notify the Agent of the accepted Investment Transaction(s) by issuing an Allotment Advice setting out the terms of each accepted Investment Transaction(s).

15.5 On the Investment Date,

15.5.1 the Principal shall verify the availability of the offered Collateral and its conformity with the Collateral requirements specified by the Principal. The Principal has the right, in its absolute discretion to accept or reject any Collateral offered by the Agent.

15.5.2 if the Principal accepts the provided Collateral, the Principal shall credit the Agent's Account with the Investment Amount accepted and record the Collateral as encumbered in favour of the Principal in the Central Securities Depository.

15.6 Upon receipt by the Agent of the Investment Amount specified in the Allotment Advice, an Investment Transaction shall be constituted on the terms of the Allotment Advice which shall be binding upon both the Agent and the Principal.

15.7 On the Maturity Date, the Agent shall transfer the Maturity Amount (calculated in accordance with Clause 14.14 of this Agreement) to the account specified by the Principal.

15.8 Upon receipt of the Maturity Amount, the Principal shall return the Collateral to the Agent by effecting the release and transfer of such securities through the CSD system.

16. Investment Transaction Arrangements in Relation to Open Market Operations Conducted Through Bilateral Procedures

16.1 On any Business Day during the business hours, either Party may notify the other, by any electronic communication system the Parties agree upon, of its desire to enter into an Investment Transaction.

16.2 In the event that the Parties agree the terms of the Investment Transaction, the Agent shall, as soon as reasonably practicable and in any event on a Business Day,

16.2.1 submit to the Principal an Offer Notice setting out the terms of the proposed Investment Transaction; and

16.2.2 specify the Collateral offered for the proposed Investment Transaction(s). The Agent shall ensure that the value of the Collateral is not less than the proposed Investment Amount(s).

16.3 Upon receipt of the Agent's Offer Notice, the Principal, if it is willing to accept the terms of the Offer Notice, shall:

16.3.1 confirm its acceptance of the terms of the Offer Notice by sending an Acceptance Notice immediately to the Agent but in any case, no later than the proposed Investment Date; and

16.3.2 credit the Investment Amount to the Agent's Account no later than the proposed Investment Date.

16.4 Notwithstanding the aforementioned, the Parties agree that crediting the Agent's Account with the Investment Amount by the Principal will constitute the Principal's acceptance of the Agent's Offer Notice even if the Agent did not receive the Principal's Acceptance Notice prior to the Investment Date.

16.5 Upon receipt by the Agent of the Investment Amount, an Investment Transaction shall be constituted and shall be binding upon both the Agent and Principal.

16.6 On the Maturity Date,

16.6.1 the Agent shall transfer the Maturity Amount (calculated in accordance with clause 14.14 of this Agreement) to the account specified by the Principal,

16.6.2 the Principal shall, upon receipt of the Maturity Amount, return the Collateral to the Agent by effecting the release and transfer of such securities through the CSD system.

17. Investment Transaction Arrangements in Relation to Interest-Free Standing Finance Facility

17.1 Under Interest-Free Standing Finance Facility, the Principal may provide intraday and/or overnight interest-free financing by placing funds with the Agent at any time during business hours on any Business Day. Each Investment Transaction under the Interest-Free Standing Finance Facility shall commence on the date the Investment Amount is credited to the Agent's Account and

17.1.1 in case of intraday facility, the Investment Transaction will be maturing on the same Business Day by the cut-off time specified by the Principal and communicated to the Agent.

17.1.2 In case of overnight facility, the Investment Transaction will be maturing on the next Business Day by the cut-off time specified by the Principal and communicated to the Agent.

17.2 In relation to Interest-Free Standing Finance Facility, the Principal shall announce in advance the applicable Expected Profit Rate(s) in accordance with its monetary

policy objectives.

17.3 The execution of the Interest-Free Standing Finance Facility shall follow the same operations specified in Clause 15 above.

17.4 The Parties agree that where the Agent pays the Maturity Amount under an Investment Transaction pertaining to Interest-Free Intraday operations by the cutoff time, the Principal shall waive its right to the profit due under that Investment Transaction. However, if the Agent does not pay the Maturity Amount by the cut off time on the Maturity Date, the Principal shall be entitled to the due profit until the Maturity Amount is paid.

18. Financial Sanctions

18.1 The Parties acknowledge and agree that certain charges shall be applicable if payments are not made on time under this Agreement as specified in the Clauses below.

18.2 In relation to Open Market Operations,

18.2.1 The Principal shall have the right to cancel, the Investment Transaction and charge a financial sanction amount of 0.2% of the Investment Amount if the Agent fails to provide acceptable Collateral under an Investment Transaction

a) on the Investment Date in relation to an Interest-Free Funding Facility with Collateral (Repo) operations, or

b) on the Submission Date, until 4:00 pm in relation to an Interest-Free Collateralized Financing bidding operations.

18.2.2 The Principal shall have the right to charge a financial sanction on the outstanding Maturity Amount under Interest-Free Funding Facility with Collateral (Repo) based on the Expected Profit Rate of the transaction plus 0.3% from the immediate date following the Maturity Date until the date on which payment is made.

18.2.3 If the Principal fails to transfer the Investment Amount on the Investment Date, the Principal undertakes to pay an amount equal to 0.3% of the Investment Amount, which the Agent may apply to cover any actual costs or losses incurred by the Agent. Any amount remaining after deducting the Agent's actual costs shall be donated to charitable institutions approved by the Central Shariah Committee.

18.3 In relation to Interest-Free Standing Finance Facilities, if the Agent fails to pay the Maturity Amount on the Maturity Date under Interest-free Standing Financing Facility, the Agent shall pay a sanction amount of 3% on the Investment Amount of such Investment Transaction.

19. Indemnity of the Agent

19.1 The Agent shall not be liable to the Principal in contract or tort or otherwise for any direct or indirect financial or economic losses, costs, liabilities or expenses (including, without limitation, loss of profit, loss of savings or loss of goodwill) except for those directly arising as a result of the Agent's negligence, misconduct, or breach of any of the terms of this Agreement or any Transaction Document.

20. Payments

20.1 All sums payable by the Agent under this Agreement shall be made in the Investment Currency, in immediately available funds, in full, without any set-off, withholding counterclaim or deduction whatsoever and shall be free of Tax, charges or other deductions unless required by law.

20.2 If any payment falls due on a day which is not a Business Day, the payment shall be made on the next Business Day.

20.3 The Principal hereby authorises the Agent to set-off any matured obligations owed by the Agent under this Agreement or any Investment Transaction against any credit balance standing in any account of the Agent maintained with the Principal.

20.4 The delay of any Party in claiming any sums on their due date shall not be considered a postponement or waiver by that Party. The Parties agree that either Party shall have the right to take all the necessary actions as required to collect its entitlements under this Agreement or any Investment Transaction.

21. Undertakings

21.1 The Agent hereby undertakes, represents and confirms to the Principal that it shall:

21.1.1 comply in all respects with all applicable laws, rules and regulations;

21.1.2 carry out its duties professionally and act dutifully and in good faith;

21.1.3 inform the Principal immediately if any substantial or negative change happens in the financial position of the Agent to the extent that may cause the Agent to believe that it may fail to perform its obligations under any Transaction Document.

22. Early Termination by the Principal

22.1 On and at any time the Agent fails to comply with its undertakings, breaches any of its obligations under this Agreement or any of the Transaction Documents, the Principal may provide the Agent with a written notice specifying the failure or breach and requiring remedy of the same within a period specified in the notice.

22.2 If the Agent fails to remedy the non-compliance or breach, the Principal will have the right to:

22.2.1 send a second written notice to the Agent declaring that all outstanding

Investment Transactions entered into pursuant to this Agreement are terminated (the "Termination Notice");

22.2.2 amend the Maturity Date and designate a day not earlier than the date of the Termination Notice, as a revised Maturity Date, where all active Investment Transactions shall be terminated on the revised Maturity Date;

22.2.3 demand payment of the Maturity Amount of each outstanding Investment Transaction on the revised Maturity Date;

22.2.4 realise the Collateral up to the value of the Investment Amount, except in case the failure to pay was due to losses being incurred without any negligence, misconduct, or breach of contractual obligations on the part of the Agent; and

22.2.5 take any action against the Agent in accordance with the applicable laws and regulations; and

22.2.6 impose financial sanctions on the Agent (as applicable).

22.3 The Agent agrees to indemnify the Principal and pay on demand all legal costs, fees, losses, claims and actual expenses and any other reasonable costs incurred by the Principal as a result of terminating this Agreement or enforcing it whether through litigation or otherwise or with respect to the collection of any amounts payable under any Transaction Documents to the extent that the cause of enforcement or claim is due to violation on the part of the Agent of any of its obligations under this Agreement or any Transaction Document.

23. Commencement & Termination

23.1 This Agreement shall enter into force upon signature and shall remain in full effect unless and until terminated in accordance with this Clause 23.

23.2 Unless otherwise provided by law and the Directive on Interest-Free Open Market Operations and Standing Facilities of the NBE, this Agreement may be terminated:

23.2.1 by either Party submission of a written notice at least five (5) Business Days prior to the intended date of termination where this Agreement shall terminate on the date specified in such notice;

23.2.2 upon the revocation of the Agent's banking licence; or

23.2.3 due to any other legal or regulatory reason requiring termination.

23.3 Upon terminating the Parties shall not enter into any new Investment Transactions.

23.4 The Parties agree that the termination of this Agreement shall not affect any rights or obligations that may have arisen under this Agreement or any Investment Transaction entered into prior to the date of termination, and the terms of this Agreement shall continue to apply to any Investment Transaction that was entered

into on or prior to the date of termination until such Investment Transaction is completed or otherwise discharged in accordance with the relevant Transaction Documents.

23.5 The right to terminate this Agreement given by this Clause shall not prejudice or affect any other right or remedy the Parties may have under this Agreement or under any other Transaction Document.

24. Miscellaneous

24.1 Unless otherwise agreed, the exchange of any notice or communication under or in connection with this Agreement shall be carried out in such manner and through such means as may be specified by the Agent from time to time and communicated using the channels approved or designated for that purpose.

24.2 The Agent shall not transfer or assign any of its rights or transfer any of its obligations under this Agreement without the prior written consent of the Principal.

24.3 In the event that any of the provisions of this Agreement conflicts with the applicable laws and regulations, the provisions of the applicable laws and regulations shall take precedence without prejudice to applicability of the non-conflicting provisions of this Agreement.

24.4 If, at any time, any provision of this Agreement becomes illegal, invalid or unenforceable in any respect under the applicable laws and regulations, it will not in any way affect or impair the legality, validity or enforceability of the remaining provisions.

24.5 Neither the failure to exercise, nor any delay in exercising, on the part of any Party, of any of its rights or remedies under this Agreement shall operate as a waiver, nor shall the full or partial exercise of any right or remedy by either Party prevent the exercise of any other right or remedy. The rights and remedies provided in this Agreement for the Parties are cumulative and not exclusive of any rights or remedies provided by law.

24.6 Additions and changes to this Agreement shall be concluded by an additional agreement of the Parties.

24.7 This Agreement has been prepared in Amharic and English languages. In case of any discrepancy between the Amharic and English versions, the Amharic version officially issued by the National Bank of Ethiopia shall prevail.

25. Shariah Compliance

25.1 This Agreement has been prepared in line with the rulings and guidance given by the Central Shariah Committee, to which both Parties agree to be bound.

25.2 Each Party hereby confirms and agrees that it:

25.2.1 has entered into each Transaction Document after having reviewed them

for the purposes of their compliance with Shariah;

25.2.2 does not have any objection, nor will it raise any objections, as to matters of Shariah compliance in respect of any of the provisions of any Transaction Document; and

25.2.3 submits exclusively to the Central Shariah Committee's interpretation of the applicable Shariah rules in relation to the Transaction Documents.

26. Governing Law and Jurisdiction

26.1 This Agreement shall be governed by and construed in accordance with the laws of the Federal Democratic Republic of Ethiopia.

26.2 Any divergences and disputes arising from the improper performance or non-performance of this Agreement shall be settled amicably by the Parties. If the divergences/disputes were not resolved amicably, the Parties irrevocably agree that the courts of the Federal Democratic Republic of Ethiopia are to have an exclusive jurisdiction to settle any disputes or claims that may arise out of or in connection with this Agreement or any Investment Transaction. The Parties hereby irrevocably submit to the jurisdiction of such courts and waive any objection on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum provided that this Clause shall be without prejudice to the right of the Agent only to bring proceedings in any other country or under any other jurisdiction.

26.3 The Principal hereby irrevocably and fully waives any right it may have under any jurisdiction with respect to claiming any immunity for itself or its assets against any litigation, attachment or execution or any legal proceedings.

IN WITNESS WHEREOF, the Parties hereto or their respective duly authorised representatives have caused this Agreement to be duly executed as of the date first above written.

Signatories

First Party — National Bank of Ethiopia	**Second Party - [Bank Name]**
Represented by:	Represented by:
Position:	Position:
Authorised Signatory:	Authorised Signatory:
Date:	Date:

APPENDIX 2: PARTICIPANT IDENTIFICATION INFORMATION

Bank: Address: Telephone: Fax: _____

_____

_____

_____

1 LIST OF PERSONS

2 ENTITLED TO PARTICIPATE ON NBE's OPEN MARKET OPERATIONS

No	Full name	Title	Type of operation	E-mail	Telephone
1					
2					
3					
4					

The persons listed above are authorized to carry out open market operations with the NBE until this notification is modified or cancelled by the bank in accordance with the Directive on open market operations of the National Bank of Ethiopia.

Person in charge of the bank __

(name, father"s (middle) name, grandfather"s last) name, signature)



APPENDIX 3: INTEREST-FREE OUTRIGHT SALE AGREEMENT

THIS AGREEMENT is dated on and made between:

(1) **National Bank of Ethiopia,** which is the regulator and supervisor of the banking sector in Ethiopia, having its registered address at PO. Box 5550, Sudan Street, Addis Ababa, Ethiopia **(**the **"Seller")**; and

(2) **[Bank Name]**, a bank incorporated in the Ethiopia under registration number [ ], having its registered address at [ ], (the "**Buyer**"),

(together the **"Parties"** and each a **"Party"**).

Reference is made to:

The auction conducted on [*Auction Date*] in respect of the outright sale of securities; OR
The bilateral negotiations concluded between the Parties on [*Date*] in respect of the outright sale of securities.

the Parties hereby agree as follows:

The Seller hereby offers to sell to the Buyer, and the Buyer hereby accepts such offer and agrees to purchase from the Seller, the following securities:

Type of Security: [Interest-Free Treasury Bill / Sukuk / NBE Certificate]
Identification (ISIN / Code): [●]
Nominal Amount / Volume: [●]
Purchase Price: [●]
Settlement Date: [●]

Upon execution of this Agreement by both Parties, a binding and irrevocable sale and purchase of the above securities shall be concluded on the terms set out herein. Settlement shall be on a Delivery-versus-Payment basis on the Settlement Date through the Central Securities Depository system. On the Settlement Date, the Buyer's account maintained with the Seller shall be debited in the amount of the Purchase Price and, simultaneously, the securities shall be credited to the Buyer's account in the Central Securities Depository.

This Agreement evidences the sale of the securities and does not create any obligation or undertaking on the part of the Seller to repurchase the securities.

For and on behalf of the Seller
Authorized Signatory

For and on behalf of the Buyer
.....
Authorized Signatory