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NATIONAL BANK OF ETHIOPIA

INTEREST-FREE INTERBANK MONEY MARKET DIRECTIVE NO. EPD/02/2026

Whereas, the National Bank of Ethiopia has the powers and duties to regulate and determine the supply and availability of money and credit as well as own, establish, operate, modernize, conduct, monitor, regulate and supervise payment, clearing and settlement systems;

Whereas, there is a need to enable Interest-Free Banks to manage their funding and liquidity positions;

Whereas, the establishment of an Interest-Free Interbank Money Market is necessary to facilitate the placement and mobilization of short-term funds among Market Participants, support efficient distribution of liquidity within the banking system, and contribute to the effective transmission of monetary policy;

Whereas, it is important to deepen the interbank money market and enhance the intermediation process in the market while preserving operational consistency with the existing interbank money market infrastructure;

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

1. Short Title

This Directive may be cited as **"Interest-Free Interbank Money Market Directive No. EPD/02/2026".**

2. Definitions

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

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

2.2. "**Business Day**" means any day on which the National Bank is open for the conduct of business and RTGS settlement is available.

2.3. "**Central Securities Depository or CSD**" has the meaning giving to it under the Capital Market Proclamation No.1248 /2021.

2.4. "**Day Count Convention**" means the method for calculating accrued profit over time based on the number of actual days divided by 365.

2.5. "**Eligible Collateral**" means interest free securities or other assets accepted as collateral under Article 11 of this Directive.

2.6. "**Expected Profit Rate**" means the annualized rate of profit expected to be generated from an Investment Transaction, as agreed between the Market Participants and reflected in the relevant Transaction Documents, which shall be indicative only and shall not constitute a guaranteed return.

2.7. "**Haircut**" means a risk control measure applied to Eligible Collateral by reducing its value by a percentage determined or accepted by the relevant Market Participants to mitigate market, credit and operational risk.

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

2.9. "**Interest-Free Government Securities**" means interest free instruments issued by the Government of the Federal Democratic Republic of Ethiopia.

2.10. "**Interest-Free Interbank Money Market**" means a market in which Market Participants place and obtain short-term funds among themselves for specified tenors through investment agency arrangements or any other interest free agreement approved by the National Bank.

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

2.12. "**Investment Transaction**" means an interest-free interbank transaction entered into between Market Participants under this Directive and the relevant Transaction Documents.

2.13. "**Market Participant**" an Interest-Free Bank and an Interest-Free Banking Window licensed or approved by the National Bank.

2.14. "**Maturity Amount**" means the amount payable by the Agent to the Principal on the Maturity Date, consisting of the Investment Amount and

any actual profit payable in accordance with the relevant Transaction Documents.

2.15. "**Maturity Date**" means the date on which an Investment Transaction becomes due for settlement in accordance with the relevant Transaction Documents.

2.16. "**National Bank**" means the National Bank of Ethiopia.

2.17. "**Overnight Transaction**" means an Investment Transaction in which the Maturity Amount is payable at or before 10:00 AM on the next Business Day.

2.18. "**Principal**" means a Market Participant that places funds with an Agent under an investment agency arrangement in accordance with the Transaction Documents.

2.19. "**Related Party**" means:

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

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

2.19.3. 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;

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

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

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

2.20. "**RTGS**" means the Real Time Gross Settlement system used to process payment and settlement instructions on a transaction-by-transaction basis.

2.21. "**Transaction Documents**" means the Master Investment Agency Agreement for Interest-Free Interbank Operations, transaction confirmations, and any other documents required for the completion of an Investment Transaction.

3. Scope of Application

3.1. This Directive shall apply to Market Participants in Investment Transactions conducted in the Interest-Free Interbank Money Market.

3.2. This Directive shall apply only to transactions conducted in Ethiopian Birr.

4. General Provisions

4.1. All Market Participants shall comply with this Directive and the Transaction Documents.

4.2. Market Participants shall execute the Master Investment Agency Agreement for Interest-Free Interbank Operations before conducting any Investment Transaction in the Interest-Free Interbank Money Market.

4.3. Investment Transactions shall be conducted in a manner that preserves the operational processes, trading arrangements, reporting channels and settlement infrastructure used for the interbank money market.

4.4. The National Bank may issue operational procedures, forms, confirmations or guidelines for the implementation of this Directive.

5. Eligible Participants

5.1 An Interest-Free Bank and Interest-Free Banking Window licensed or approved by the National Bank are eligible to participate in the Interest-Free Interbank Money Market as a Market Participant.

5.2 A market participant wishing to participate shall submit a written membership request to the National Bank.

5.3 The National Bank shall send a written response to the membership request within five (5) working days after receiving the request.

5.4 All participants are obliged to agree in writing to abide by the terms of the Interbank Money Market Operational Manual governing the interest-free interbank money market.

5.5 The National Bank may revise eligibility criteria from time to time and shall inform Market Participants of such changes at least five (5) working days before the changes come into force.

6. Transaction Framework

6.1 Investment Transactions shall be conducted through an investment agency arrangement unless the National Bank approves another structure for use in the Interest-Free Interbank Money Market.

6.2 Under the investment agency arrangement, a liquidity-surplus Market Participant acting as Principal appoints a liquidity-deficient Market Participant acting as Agent to invest the Investment Amount for an agreed tenor.

6.3 The Agent shall invest the Investment Amount in accordance with the agreed terms, and the relevant Transaction Documents with the objective of achieving the Expected Profit Rate.

6.4 The Expected Profit Rate shall be used for quotation, comparison, confirmation and market reporting purposes only and shall not represent a guaranteed or fixed return.

6.5 The actual profit, loss treatment, obligations of the Agent, rights of the Principal, payment of the Maturity Amount and any collateral arrangements shall be governed by the relevant Transaction Documents.

6.6 The National Bank may require evidence of the Transaction Documents, Eligible Collateral, or any structure used under this Directive.

7. Quotes and Trading

7.1 The Interest-Free Interbank Money Market trading hours shall run from 8:30 A.M. to 4:00 P.M. on Business Days unless otherwise communicated by the National Bank.

7.2 A liquidity-surplus Market Participant shall publish its quote on the approved electronic trading platform indicating the Investment Amount available for placement, the Expected Profit Rate, and the applicable tenor.

7.3 A liquidity-deficient Market Participant shall use the same platform to identify funding available in the market on the most favourable terms.

7.4 Market Participants shall conduct transactions only through trading platforms approved by the National Bank.

7.5 If at any point of time the electronic trading system is not operational for this market, the National Bank may introduce a manual book-entry system to facilitate the processing, recording and custody of Investment Transactions.

7.6 Market Participants shall, when requested by the National Bank, provide binding quotes corresponding to their placement or funding positions. Such quotes shall specify the tenor, Expected Profit Rate and Investment Amount in Birr.

7.7 The minimum transaction amount in the Interest-Free Interbank Money Market shall be Birr 25 million, and transactions shall be in multiples of Birr 1 million thereafter.

7.8 Market Participants shall transact for Overnight Transactions or seven-day tenors, unless otherwise specified by the National Bank.

7.9 An Investment Transaction shall be deemed concluded when the Market Participants agree on the Investment Amount, Expected Profit Rate, tenor, Maturity Date, collateral arrangement if any, and applicable Transaction Documents.

7.10 Market Participants shall update their quoted Expected Profit Rates for placement and funding transactions in the Interest-Free Interbank Money Market.

7.11 Quoted Expected Profit Rates shall be visible to the National Bank and to Market Participants through the approved trading platform.

8. Expected Profit Rate Convention and Settlement

8.1 The Expected Profit Rate shall be expressed on an annualized basis using the Day Count Convention.

8.2 Quotes shall be presented as Expected Profit Rates.

8.3 Where the Maturity Date falls on a non-Business Day, settlement shall occur on the following Business Day.

9. Communication and Confirmation

9.1 When preparing transaction confirmations or agreements for Investment Transactions, Market Participants shall clearly state the Investment Amount,

Expected Profit Rate, Maturity Date, tenor, collateral arrangement if any, and the applicable Transaction Documents.

9.2 Market Participants shall report the agreed terms of each Investment Transaction to the National Bank in the manner and timeframe determined by the National Bank.

10. Settlement and Payment at Maturity

10.1 The electronic trading system shall generate payment instruction slips with payment details to the RTGS account at the National Bank using SWIFT format messages or any other format approved by the National Bank.

10.2 Payment instructions, including the required payment details and authorized signature, shall be sent to the RTGS of the National Bank to effect settlement on a gross basis.

10.3 On the Maturity Date, the Maturity Amount shall be credited to the Principal's funds account maintained at the National Bank through RTGS.

10.4 Settlement and payment shall be made in accordance with the relevant Transaction Documents and applicable operational procedures of the National Bank.

11. Collateral

11.1 Market Participants may conduct Investment Transactions on a secured or unsecured basis, subject to this Directive and any conditions determined by the National Bank.

11.2 For a secured Investment Transaction, the value of Eligible Collateral shall be sufficient to cover the Investment Amount, taking into account the applicable Haircut and any other related payment obligations under the relevant Transaction Documents.

11.3 Eligible Collateral shall secure obligations arising from misconduct, negligence, breach of agreed terms, payment default, or other obligations specified in the Transaction Documents, and shall not be used to guarantee the Expected Profit Rate or the investment return.

11.4 Eligible Collateral may include Interest-Free Government Securities, interest-free securities issued by the National Bank, and any other interest free securities or assets approved by the National Bank.

11.5 Assets provided as Eligible Collateral shall meet the following conditions, cumulatively, as appropriate:

a) be the property of the Market Participant providing the collateral;
b) be unencumbered and not pledged to another party;
c) have a maturity later than the Maturity Date of the Investment Transaction;
d) be based on interest free principles; and
e) not be issued, owed or guaranteed by the Market Participant providing the collateral or by a Related Party to that Market Participant.

11.6 Notwithstanding Article 11.5(e), Interest-Free Government Securities, interest-free securities issued by the National Bank, and other securities approved by the National Bank may be accepted as Eligible Collateral.

11.7 Collateral shall be released on the Maturity Date upon settlement of the Maturity Amount in accordance with the Transaction Documents.

11.8 Unsecured transactions may be conducted with notification to the National Bank and subject to any conditions determined by the National Bank.

12. Risk Management

12.1 A Market Participant shall establish robust risk management practices to mitigate risks associated with Investment Transactions, including credit, liquidity, operational, legal, compliance, collateral risks and all other risks related to interest-free banking operations.

12.2 A Market Participant shall ensure that its systems and controls are sufficient to enable it to continue monitoring the performance of the Investment Transaction until the Maturity Date.

13. Reporting Requirements

13.1 Upon request by the National Bank, Market Participants shall provide all information relating to Interest-Free Interbank Money Market trading that the National Bank considers necessary for the implementation, monitoring or supervision of this Directive.

13.2 If at any point of time the electronic trading system is not operational for this market, Market Participants shall submit a daily report to the National Bank before 4:30 P.M. in the form and manner prescribed by the National Bank.

14. Termination of Participation

14.1 A Market Participant intending to cancel its membership in the Interest-Free Interbank Money Market shall submit a written request to the National Bank stating the reasons for cancellation at least ten (10) days in advance.

14.2 The National Bank may approve the request for membership cancellation if the Market Participant has no outstanding obligations towards other Market Participants.

14.3 The National Bank may revoke the membership of a Market Participant with immediate effect if it determines that the Market Participant has failed to fulfil its obligations under this Directive, the Transaction Documents or the interbank money market code of conduct.

14.4 Any decision to cancel or revoke membership shall be communicated to all Market Participants.

14.5 Upon cancellation or revocation of membership, quotes and transactions submitted by the relevant Market Participant shall no longer be considered valid, except for outstanding obligations entered into before the effective date of cancellation or revocation.

15. Events of Default

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

a) revocation of the banking license of the Market Participant by the National Bank;
b) liquidation, placement under receivership by the National Bank, or adoption of similar procedures intended to safeguard or restore the financial condition of the Market Participant;
c) submission by a Market Participant of a written declaration to another Market Participant regarding its inability to fulfil its obligations under an Investment Transaction;
d) suspension or loss of the status of the Market Participant in the Ethiopia Automated Transfer Settlement System, RTGS, CSD or Book Entry System;

e) failure by a Market Participant to fulfil its payment obligations on the Maturity Date in accordance with the agreed terms of the Investment Transaction;
f) failure by a Market Participant to provide, maintain or release collateral in accordance with the agreed terms of the Investment Transaction; or
g) breach of any of its obligations under the Sharia Governance Directive issued by the National Bank in a manner that affects the validity or enforceability of the Investment Transaction.

15.2 A Market Participant shall notify the National Bank of any occurrence of an event of default referred to under Article 15.1 as soon as it becomes aware of such event.

15.3 Upon an event of default, the non-defaulting Market Participant may exercise the rights and remedies available under the relevant Transaction Documents, subject to applicable law and this Directive.

16. Transaction Ethics

16.1 All Market Participants shall share a common interest in ensuring that the highest possible levels of professionalism and standards of business are applied in the Interest-Free Interbank Money Market.

16.2 Market Participant shall ensure that all transactions are conducted fairly and honestly, without favoritism or discrimination towards any Market Participant.

16.3 Market Participants shall not engage in the following unfair actions or seek to profit themselves or their customers or Related Parties through:

a) perpetrating rumors that may adversely affect professionalism or market confidence;
b) abusing market practices;
c) attempting to obtain or use non-public information from other Market Participants illegitimately in a manner that may affect market prices or terms; or
d) exploiting illegitimately obtained information.

17. Prohibited Activities

17.1 A Market Participant shall not engage in any activity that could compromise the integrity or efficiency of the Interest-Free Interbank Money Market.

17.2 A Market Participant shall not use an Investment Transaction to disguise an interest-bearing loan, guarantee an investment return, or receive income that is not permitted under the Transaction Documents.

18. Penalties

18.1 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.

18.2 Without prejudice to Article 18.1, a Market Participant that fails to settle an agreed Investment Transaction on the Maturity Date may be subject to administrative penalties, suspension, or other measures determined by the National Bank in accordance with applicable law.

19. Sharia Compliance

19.1 All Interest-Free Interbank Money Market operations conducted pursuant to this Directive shall comply with the Sharia Governance Directive issued by the National Bank.

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

20. Effective Date

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

Eyob Tekalign (PHD)
Governor

APPENDIX 1

MASTER INVESTMENT AGENCY AGREEMENT FOR "INTEREST-FREE INTERBANK OPERATIONS"

THIS AGREEMENT is dated on and made between:

(1) **[Bank Name]**, a bank incorporated in the Ethiopia under registration number [ ], having its registered address at [ ] **(**the **"First Party")**; and

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

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

Preamble:

(A) Each Party is a duly established financial institution licenced to offer interest-free products and services in accordance with the applicable laws and regulations.

(B) The Parties acknowledge and agree that, under this Agreement, either Party may act in the capacity of Principal or Agent. Where one Party is designated as the Principal for a particular transaction, the other Party shall act as the Agent for such transaction.

(C) The designation of Principal and Agent for each transaction shall be mutually agreed upon by the Parties on a case-by-case basis. The Parties shall execute and exchange all relevant transaction documents reflecting such roles in accordance with the terms of this Agreement.

(D) The Principal intends to enter into interest-free Sharia compliant investments with the Agent from time to time with the aim of generating profit and managing its liquidity.

(E) Accordingly, the Principal wishes to appoint the Agent as its agent to invest the funds provided by the Principal to the Agent in 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 relevant 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"** means the Party receiving the Investment Amount from the Principal and accepting to invest it in accordance with the terms and conditions of this Agreement and the relevant Transaction Documents.

1.1.4 **"Agent's Account"** means the account specified by the Agent and notified to the Principal in writing 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 "**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.

1.1.7 **Central Sharia Board"** means the committee appointed by the National Bank, 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.

1.1.8 **"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 365, as set out in the relevant Transaction Documents.

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

1.1.10 **"Interbank Platform"** means the system provided by the Ethiopian Stock Exchange to operate the interest-free interbank operation and its related operating rules as update from time to time.

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

1.1.12 **"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.

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

1.1.14 **"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.

1.1.15 **"Maturity Amount"** means the amount to be paid by the Agent to the Principal on the relevant Maturity Date, calculated in accordance with Clause 2.15.

1.1.16 **"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.

1.1.17 **"Offer Notice"** means a notice issued by Principle to the Agent to enter into an Investment Transaction(s) using the Interbank Platform.

1.1.18 **"Principal"** means the Party providing the Investment Amount and appointing the Agent to invest it in accordance with the terms and conditions of this Agreement and the relevant Transaction Documents.

1.1.19 **"Principal's Account"** means the account specified by the Principal and notified to the Agent in writing from time to time.

1.1.20 "**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.

1.1.21 "**Termination Notice**" has the meaning given to it in Clause 8.2.1.

1.1.22 "**Transaction Documents**" means the set of documents comprising this Agreement, any Offer Notice, Acceptance Notice 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 National Bank of Ethiopia in relation to the implementation of the interest-free interbank investments shall complement the provisions of this Agreement.

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 and regulations and the Sharia principles, as interpreted by the Central Sharia Board.

2.3 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 from time to time.

2.4 The Principal hereby authorises the Agent to execute and deliver any agreements, contracts or instruments, collect funds and make any payments 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 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.

2.7 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.

2.8 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.

2.9 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.

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

2.11 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.

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

2.12.1 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 Agent,

it will be deemed that the Principal has accepted the revised/lower rate specified by the Agent.

2.12.2 any Investment Transaction might return a loss; the Agent shall immediately terminate the Investment Transaction, notify the Principal and pay back the Investment Amount and the due profit achieved so far. 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.

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

2.13.1 the Agent shall calculate the profit due to the Principal from the day the Investment Amount is received, and

2.13.2 the Principal shall be liable to pay additional amount to cover actual costs incurred by the Agent due to such delay.

2.14 If the Maturity Amount is not paid by the Agent on the Maturity Date, the Principal shall have the right to either terminate the Investment Transaction or extend the Investment Period. In case the Investment Period is extended, the Maturity Amount shall be calculated taking into account a revised Expected Profit Rate which will be the sum of the Expected Profit Rate applicable for the Investment Transaction plus 5%, provided that the Agent can achieve the revised rate. Such revised rate shall be applicable from the originally agreed Maturity Date of the Investment Transaction until the day the Maturity Amount is made.

2.15 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:

2.15.1 f 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;

2.15.2 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;

2.15.3 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;

2.15.4 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.

2.16 The Agent acknowledges and agrees that if the Expected Profit Rate is not achieved pursuant to clauses 2.14, 2.15.2, 2.15.3 or 2.15.4, the Principal shall have the right to audit, or appoint an independent auditor at the cost of the Agent, to verify the outcome of the Investment Transaction and/or identify the reason of not achieving the Expected Profit Rate. The Agent shall fully co-operate with the auditor and provide such auditor with full access to all information, records, books as may be reasonably required, The report of the auditor shall be considered as valid evidence in any dispute resolution process that might take place in relation to this Agreement.

2.17 Except where an Investment Transaction is terminated either under Clause 8 (Early Termination), or Clauses 2.12.2 or 2.14, the Agent shall not be required to make any payments under the Transaction Documents prior to the Maturity Date.

2.18 The Principal may require the Agent to provide a Collateral in respect of an Investment Transaction. The Collateral shall not constitute a guarantee of the Investment Amount or Expected Profit, and it may be executed only if the Agent does not pay the Maturity Amount due to the Agent's negligence, misconduct, or breach of the terms of the Transaction Documents.

2.19 The Agent acknowledges and agrees that not fulfilling any of the confirmations or obligations set out in this Agreement shall be considered as negligence and the Agent will be liable to compensate the Principal for any losses incurred by the Principal under the relevant Investment Transaction(s).

3. Investment Transaction Arrangements

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

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

3.2.1 submit an Offer Notice through the Interbank Platform setting out the terms of the proposed Investment Transaction; and

3.2.2 if applicable, specify the Collateral offered for the proposed Investment Transaction. The Agent shall ensure that the value of the Collateral is not less than the proposed Investment Amount.

3.3 Upon receipt of the Offer Notice, the receiving Party shall confirm its acceptance of the terms of the Offer Notice by sending an Acceptance Notice immediately to the other Party but in any case, no later than the proposed Investment Date.

3.4 The Principal shall credit the Investment Amount to the Agent's Account no later than the proposed Investment Date. 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.

3.5 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.

3.6 On Maturity Date,

3.6.1 he Agent shall transfer the Maturity Amount (calculated in accordance with Clause 2.15 of this Agreement) to the Principal's Account,

3.6.2 if a Collateral was provided by the Agent, 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 Interbank Platform.

4. Indemnity of the Agent

4.1 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.

5. Collateral

5.1 The Principal may require the Agent to provide collateral in respect of an Investment Transaction. Any such collateral shall not constitute a guarantee of the Investment Amount or profit and may be executed only where the Principal

suffers a loss of the Investment Amount as a result of the Agent's misconduct, negligence, misrepresentation, or breach of the terms of this Agreement, and the Agent fails to remedy such loss. In such case, recourse to the collateral shall be limited strictly to the recovery of the Investment Amount, and shall not extend to any expected profit.

6. Payments

6.1 All sums payable under this Agreement shall be made 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.

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

6.3 The Agent hereby authorises the Principal to set off any matured obligations payable 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.

6.4 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.

7. Undertakings

7.1 Unless otherwise specified, the undertakings in this Article 7 (Undertakings) remain in force from the date of this Agreement until all amounts outstanding under this Agreement or an Investment Transaction have been paid in full.

7.2 Each Party hereby undertakes, represents and confirms that it shall:

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

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

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

8. Early Termination

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

8.2 If the defaulting Party fails to remedy the non-compliance or breach, the non-defaulting Party will have the right to:

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

8.2.2 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;

8.2.3 demand payment of the Maturity Amount of each outstanding Investment Transaction on the revised Maturity Date (where applicable);

8.2.4 realise any Collateral provided by the defaulting Party up to the value of the Maturity Amount; and

8.2.5 take any action against the defaulting Party in accordance with the applicable laws and regulations.

8.3 The defaulting Party agrees to indemnify the non-defaulting Party and pay on demand all legal costs, fees, losses, claims and actual expenses and any other reasonable costs incurred by the non-defaulting Party 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 of the defaulting Party of any of its obligations under this Agreement or any Transaction Document.

9. Commencement & Termination

9.1 This Agreement shall enter into force upon signature and shall remain in full effect unless and until terminated in accordance with this Clause 9.

9.2 Unless otherwise provided by law and the Interest-Free Interbank Money Market Directive of the NBE, this Agreement may be terminated:

9.2.1 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;

9.2.2 upon the revocation of either Party's banking licence; or

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

9.3 Upon terminating the Agreement, the Parties shall not enter into any new Investment Transactions.

9.4 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.

9.5 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.

10. Miscellaneous

10.1 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 Parties from time to time and communicated using the channels approved or designated for that purpose.

10.2 A Party 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 other Party.

10.3 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.

10.4 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.

10.5 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.

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

11. Sharia Compliance

11.1 This Agreement has been prepared in line with Sharia compliance, to which both Parties agree to be bound.

11.2 Each Party hereby confirms and agrees that it:

11.2.1 has entered into this Agreement and each Transaction Document after having reviewed them for the purposes of their compliance with Sharia;

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

11.3 The Parties agree that the charging or payment of interest is prohibited under Sharia. Accordingly, in the event that any legal system (whether by virtue of this Agreement or by operation of law) imposes any obligation to pay interest, each Party hereby expressly, irrevocably, and unconditionally waives any and all rights it may have to claim or receive such interest from the other Party.

12. Governing Law and Jurisdiction

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

12.2 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.

12.3 The Agent 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 — [Bank Name]	**Second Party - [Bank Name]**
Represented by:	Represented by:
Position:	Position:
Authorised Signatory:	Authorised Signatory:
Date:	Date: