LION INTERNATIONAL BANK S.C

ANNUAL REPORT 2022/23


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BOARD OF DIRECTORS

Alem Asfaw
Director & Board Chairman

Aklilu Gebreslassie (PhD)
Director & Vice Board Chairman, Chairman of Loan Review, Risk and Compliance Subcommittee

Wro. Andinet Haregewoine
Director & Member of Loan Review, Risk and Compliance Subcommittee

Tsegay Tetemke
Director & Chairman of Audit Subcommittee

Wro. Assefach H/Selassie
Director & Chairperson of Human Resource Affairs and Business Development Subcommittee

Wro. Almaz Hagos
Director & Member of Loan Review, Risk and Compliance Subcommittee

Kinfe Brhane
Director & Member of Audit Subcommittee

Teklehaimanot Aberra
Director & Member of Human Resource Affairs and Business Development Subcommittee

Gebrehiwot Ageba (PhD)
Director & Member of Audit Subcommittee

Berhanu Kebede
Director & Member of Human Resource Affairs and Business Development Subcommittee

Fassil Tadese
Director & Member of Human Resource Affairs and Business Development Subcommittee

SENIOR EXCUTIVE MANAGEMENT

Daniel Tekeste
President/CEO

Gebru Meshesha
VP - Resource Management

Tsebele Hadush
VP-Corporate Banking

Daniel G/Egziabher
VP-Business Strategy & Innovation

Hailay Haftu
VP-Retail Banking

Aklilu Hayelom
VP-Northern Regional Office

Hiruy Zemichael
VP-Information Technology

To be the best banking service provider in Ethiopia.

We are committed to providing diversified banking products and services which maximize shareholders' value and customer loyalty through service excellence, innovation, and professionalism, while remaining conscious of our social responsibilities.

- Integrity
- Professionalism
- Diversity
- Collaboration
- Agility
- Team work
- Innovation
- Service excellence
- Social responsibility

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LIB-KEY TO SUCCESS!

MESSAGE FROM THE BOARD CHAIRPERSON

Dear Shareholders and Colleagues:

On behalf of my fellow Board of Directors and myself, it is my great pleasure to present the annual report of Lion International Bank S.C. for the year ending June 30, 2023.

The fiscal year 2022/23 manifested significant global and domestic socio-economic and geopolitical challenges that sharply hastened the deceleration of global economic activity. The adverse impacts of the Russia-Ukraine war and the conflict in the neighboring Sudan along with the consequent high inflation were the major global challenges to the economy. These challenges have caused disruptions in the global supply that led to volatile prices for several commodities; which also affected global economic prospects with stagnant global trade, passive investments, and uncertainties.

The IMF report (June 2023) showed that global output growth which dropped to 3.1% in 2022 is projected to further decrease to 2.1% in 2023 with a modest recovery back to 3.1% by 2024, suggesting that global output growth will remain weak in the coming couple of years with the repercussion of dampening global demand for goods and services. Such situations pose similar threats and challenges to the performance of the Ethiopian economy and the banking sector as well.

The conflict in the northern region until early November 2022 disrupted economic activities. Particularly, our bank has faced unprecedented suffering from the war. More than 50% of our branches went out of operation, while several branches suffered damages of varying degrees, employees were also displaced, and customers were highly affected.

Following the November 2022 peace accord, however, the stabilization of the Northern part of the country showed improvement, where in fact, the reinstallation and reopening process of the branches has subjected the Bank to high rehabilitation costs. Surrounded by such a critical environment where our depositors were severely in need of cash and almost all borrowers were unable to revive their businesses, the bank was harshly put to a slump in deposits due to high volume withdrawals, and challenges in loan collection that led to a rise in the NPL ratio, and challenges in disbursement of loans. Moreover, the conflict coupled with other reasons caused high employee turnover both at the head office and at branches level.

Esteemed shareholders:

Despite the various challenges the bank faced, the fiscal year in point was relatively considered a year of recovery for Lion International Bank. Our bank's overall performance during the 2022/23 fiscal year yielded promising progress resulting from the reopening of our branches in the Northern Region, coordinated leadership of the Board and management along with unparalleled efforts of employees, and successful support from customers and pertinent stakeholders. As a result, our bank has registered profits of Birr 747 million before tax.Given the immense challenges the Bank experienced, the registered profit could be considered commendable.

The bank managed to disburse loans amounting to Birr 2.26 billion and to collect repayments of Birr 2.82 billion during the 2022/23 fiscal year, which was 34% and 144% of the respective targets, resulting in total outstanding loans and advances of Birr 28.27 billion.

The total assets of the bank reached Birr 35.6 billion while its paid-up capital stood at Birr 2.63 billion. In terms of resource mobilization, total deposits amounted to Birr 27.31 billion which is higher than the last year's performance. The inflow of foreign currency earnings from all sources including export, FCY purchase, and remittance amounted to USD 54.5 million, which is by far better than the preceding year's performance. The number of account holders reached 1.66 million with an addition of 162 thousand new entrants.

The bank also managed to open 10 new branches during the fiscal year. Of the new branches, three branches were opened in Jimma Abajifar, Bonga & Agaro towns, while seven branches are in the northern region. As of June 30, 2023, the total number of the bank's branches reached 288.

Honored Shareholders:

The Board of Directors since assuming office has exerted its full commitment to lay down institutional bases that serve to stretch out for sustainable growth of the bank to ensure corporate governance and strengthen the Senior Executive Management's decision-making capabilities.

Looking at the developments in Information Technology, the bank completed its core-banking upgrading project, which provides a good foundation for comprehensive automation and digital banking enhancement including enhancing boosting capability for interoperability, digitalization, and integration with multiple platforms. Moreover, the implementation and migration of IT Infrastructure has been accomplished.

The Board and the Management proactively observe global and domestic developments and swiftly develop relevant proposals to put a way forward in response to such developments. With the government's readiness to open doors for Foreign Banks and the ongoing momentum for the introduction of the Capital Market, the Board notes the prospective competition among banks will be stiffer than ever. Hence, the Board is keenly observing the developments, managed to devise a Five-year business strategy to mitigate the inevitable challenges and turn them into opportunities.

As you all recall, we have approved to raise the paid-up capital of the bank to Birr10 billion during the sixth Extraordinary Shareholders Meeting last year. On behalf of my colleague Board members and myself, cordially beseech you, esteemed shareholders, to play a vital role in buying new shares, maximizing your paid-up capital, and supporting the Bank in achieving its targets. By June 2026, we are required to achieve a minimum paid-up capital of Birr 5 billion. Thus, I have full confidence in you, our shareholders, that you will make our bank more resilient and robust in this regard. It is my earnest belief that together we will make a difference! we will realize the bank's vision to become 'The Best Banking Service Provider in Ethiopia!'

Finally, I would like to seize this opportune moment to convey my heartfelt appreciation to our esteemed customers, shareholders, and employees for their unwavering confidence as well as their support and feedback. I would also like to extend my sincere gratitude and appreciation to the National Bank of Ethiopia, the Financial Intelligence Center, and pertinent government organs that extended their relentless supervision, guidance, and expertise to support our overall activities.

Thank you!

Alem Asfaw

Chairman of the Board of Directors

PERFORMANCE HIGHLIGHTS

5,667 Employee

1.7 Mill. Customers

288 Branches

2.6 Bln. Paid-up Capital

3,408 Agents

HelloCash

69 ATMs

27.3 Bln. Deposits

2.8 Bil. Treasury Bills & DBE Bonds

747.1 Mil. Profit Before Tax

241 K Cards Issued

35.6 Bil. Total Asset

28.3 Bil. Loans & Advances

DIRECTORS' REPORT

Fisical Year 2022/23FY

1.The Global and Domestic Business Context

The 2022/23 fiscal year was another challenging year in many ways to our bank with some light of hopes for improved outcomes. The global economy continued to be weak owing to the rising inflation, interest rate hike, lingering effects of COVID-19 and the Ukraine crisis with large adverse impacts on the domestic economy and the financial sector. Price of primary commodities dropped and global trade slowed down due to weaker demand than the preceding year and supply instabilities.

On the domestic front, business uncertainties remained high due to a combination of factors such as high inflation, chronic shortage of foreign exchange, high debt, drought, large displaced people seeking reliefs, and unrests here and there with large impacts on investment, economic growth, trade flows and shipments within the economy. High broad money growth and deregulation of the domestic fuel price as well contributed to the high inflation rate during the year. On the other hand, Ethiopia also started to see some political stability notably starting the third quarter of the fiscal year following the Pretoria peace agreement, which in turn led to the establishment of an Interim Administration in Tigrai region where LIB has an exceptionally high business stake as about half of its branches are located in the region.

Following the agreement, basic civil service institutions started functioning, trade routes linking Tigrai with Addis Ababa and some other regions opened up that helped stabilize the economy of the region. Bank branches locked for over two years reopened starting mid of the fiscal year, and allowed customers to access their accounts with large adverse consequences for banks such LIB as they were faced with large deposit withdrawals throughout the second half of the fiscal year.

In spite of the large challenges in the market, the banking-industry as whole continued to flourish measured in terms of increased accessibility, customer base, deposit, profitability, capital base, and in terms of digital businesses though some fared better than the other. About twelve new banks started operation during the fiscal, intensifying the competition in the banking industry for good liquid customers and talents. Competition was further intensified during the fiscal year from the strong participation of non-banking entities such as the Telebirr of the Ethio-telecom and other Fin techs, a trend likely to pick up in the years to come given the global trends.

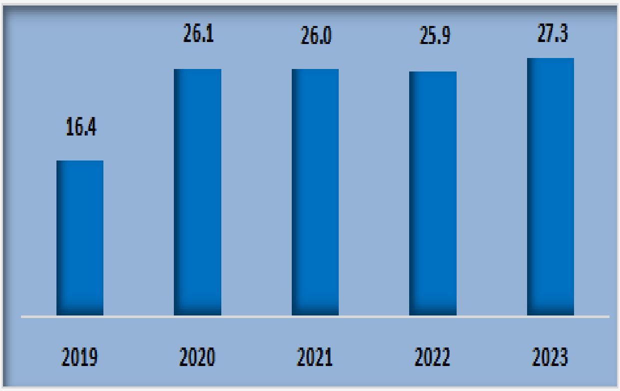
2. Highlights of the Operational Performance of the Bank

2.1.Deposit

Total deposit of LIB increased to Birr 27.3 billion during the 2022/23 fiscal year from Birr 25.9 billion in the preceding year. This suggests a growth rate of 5.3% which is low compared to the average industry growth rate of 24%, but far better than the declining trend during the 2021/2022 years. The bank made several marketing campaigns and related efforts including strengthening resource mobilization teams at the executive, department, regional and branches levels which helped to mobilize a net incremental deposit of Birr 1.4 billion during the fiscal year. Overall deposit of the bank by type indicates that saving deposit accounted for 72% which is a good advantage in terms of having a more sustainable source of fund, while demand and fixed time deposit accounts for 11% and 17%, respectively.

On the other hand, the deposit customer base of the bank rose by 11% to 1.7 million, suggesting a deposit per account holder of Birr 16,495 which is similar to its peer banks in the banking industry.

G-1 Five Years' Deposit Trend (Billions)



2.2. Credit Management

The bank made substantial efforts to increase its loans and advances which are its prime source of income despite the formidable challenges it faced during the fiscal year under review. As of June 2023, its total loans and advances stood at Birr 28.3 billion which is 11% higher than the previous year. Indeed, the bank made its fair share in channeling funds to the various sectors of the economy, with notable amount of funds going to the export business, domestic trade, and import which all accounted for about 79% of the total. Including bonds and Treasury bills, total outstanding loans of LIB stood at Birr 31.1 billion, which 8% higher than the preceding year.

LIB introduced a micro-digital based lending service branded as Alegnta Digital Lending to reach out those potential customers in the bottom of the pyramid. By using this platform, customers can now obtain loans without the need for collateral.

In addition to loans granting, LIB made substantial efforts to improve the quality of its loans including by strengthening its loans appraisal capacity and through negotiations with its loans customers and other workout mechanisms.

2.3. International Banking Activities

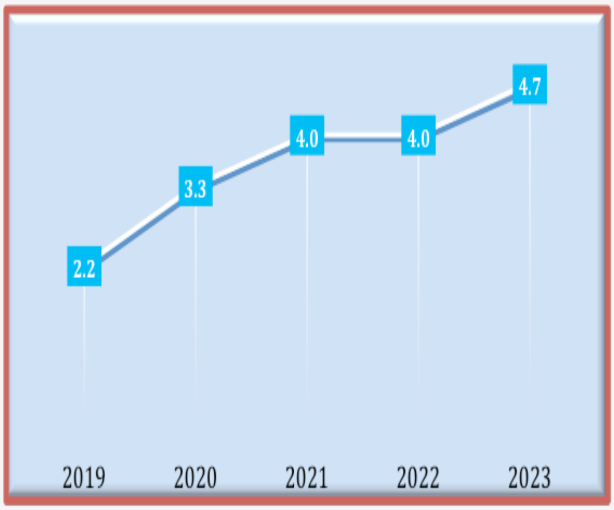
LIB gives a heavy emphasis on the mobilization of foreign exchanges as a way of diversifying its source of income. In spite of the many challenges, the bank managed to mobilize USD 54.5 million during the 2022/23 fiscal year, which is USD 30.1 million higher than the preceding year. A larger amount of the FCY mobilized during the fiscal year came from exporters who are also top priorities in the allocation of loans of the bank. In addition, LIB has partnerships with several money transfer agents to enhance its foreign exchange mobilization from remittance and other incoming transfers. Certainly, the amount of FCY mobilized during the 2022/23 fiscal year is less than its plan largely owing to the business slow down-falling prices of export commodities, high premium of the paralleled market, and rising competition in the banking industry.

2.4. Income, Expenses and Profit

2.4.1. Income

Total income earned during the 2022/23 fiscal year was Birr 4.7 billion which 17% higher than the preceding year. Despite plans to diversify, about 89% of the total income of the bank came from interest income, while non-interest income accounted for the rest of the amount.

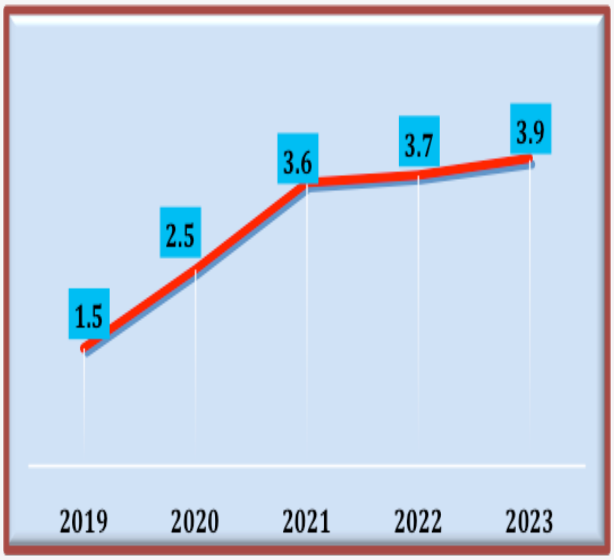
G-2 Five Years' Income Trend (Billions)



2.4.2. Expenses

During the year under review, a total of Birr 3.9 billion was spent to generate the stated amount of income. This is 25% higher the total expense in the preceding year. Of the total expenses, interest and non-interest expense accounted for 50% each that is roughly equal reflecting the efforts of the management to increase its saving deposits on the one hand and the need to fully back up its assets with adequate provisions given the business challenges the bank went through during the difficult years of 2021/2022.

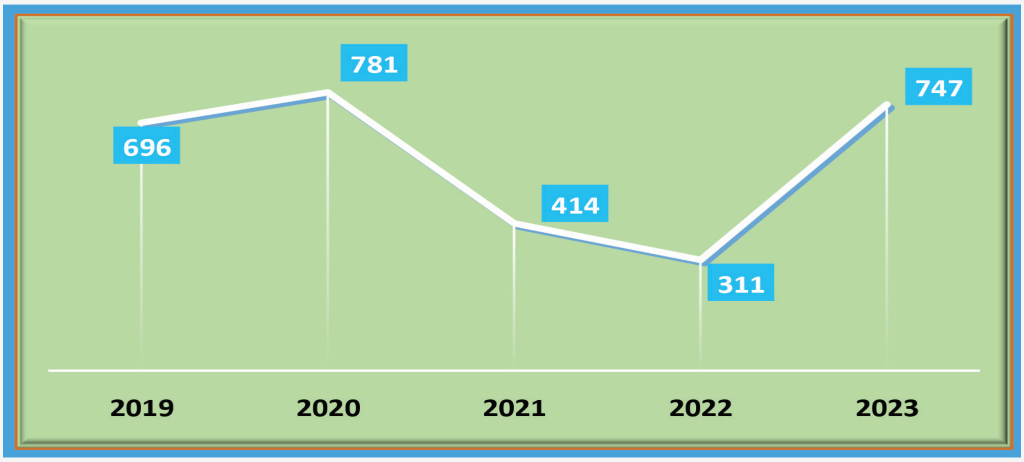
G-3 Five Years' Expense Trend (Billions)



2.4.3. Profitability

The bank registered a profit before tax of Birr 747.1 million during the 2022/23 fiscal year which is 140% higher than the preceding year. This was an encouraging performance and reflects the management's prudent and corrective expense management measures including keeping controllable expenses within an acceptable range in addition to the effort to increase income.

G-4 Five Years' Profit Trend (Millions)



2.5. Trends in Balance Sheet

Total asset of the bank reached Birr 35.6 billion which is 8% higher than the June 2022 balance. Net loans and advances accounted for 75% of the total assets followed by cash and cash equivalent (11%) and marketable securities (8%). Total liabilities on the other hand, stood at Birr 31.2 billion, 7% higher than the balance of June 2022. Of this, about 87% is customer deposit. Capital and reserve stood at Birr 4.4 billion which is 14% higher than the preceding year. Of this, the bank's paid up capital was Birr 2.6 billion which barely grew by 2% compared to the preceding year.

2.6. Accessibility

LIB believes that increased accessibility, both branch and digital expansion, is critical to its long term business growth. After a lockdown for about two years, most of its branches in Tigrai were reopened and started to fully functioning starting the fiscal year under review. In addition, ten new branches were opened, raising the total number of branches to 288 by June 2023.

Digital expansion is the other avenue of increasing accessibility and reaching out potential customers of the bank. The bank's stock of agents increased to 3,408 with the addition of 21 newly recruited agents during the year. Consequently, agents' customers and transactions carried out through the agents increased during the fiscal year though somewhat lower than the plan for the year. In addition, card banking, mobile and internet banking users as well as the corresponding level of transactions showed an encouraging growth during the 2022/23 fiscal year which may help prepare the ground for rapid expansion in digital based transactions in the subsequent years.

2.7. Trends in Human Capital

With about 5,667 overall staff strength, LIB is an important employer in the banking industry. Of this, 2,846 are permanent employees while 2,821 are outsourced employees. The bank was challenged by a high attrition rate of 10% as about 426 left the bank for various reasons. But it managed to replace them through recruiting experienced employees from the market, and training and coaching of junior staff. The bank also invested on learning and growth through providing various short term training programs on banking operations, behavioral and attitudinal changes which are important inputs in enhancing service delivery and customer experiences in the bank.

2.8. Business Development

LIB made various marketing efforts including on product and business diversification, promotions of its products and services, and partnerships with institutions that support its business expansions. Under the brand name of Alegnta, LIB launched a digital based micro-credit that help it to reach potential customers in the bottom of the pyramid, and disbursed Birr 7.5 million and recruited 2,560 active loan customers during the fiscal year being reviewed. The service allows customers to apply for short term loans via their mobile devices, and customer can get small loans without collateral as a requirement. Moreover, as part of the drive to enhance customer satisfaction, and promptly address customers' complaints, LIB launched a call center which has started providing services for thirteen hours per day in various languages including Amharic, Affan Oromo, Tigrigna, and English. The upgradation of the bank's core banking solution was another accomplishment during the 2022/23 fiscal year which will help to expand its digital businesses in addition to enhancing service quality of the bank.

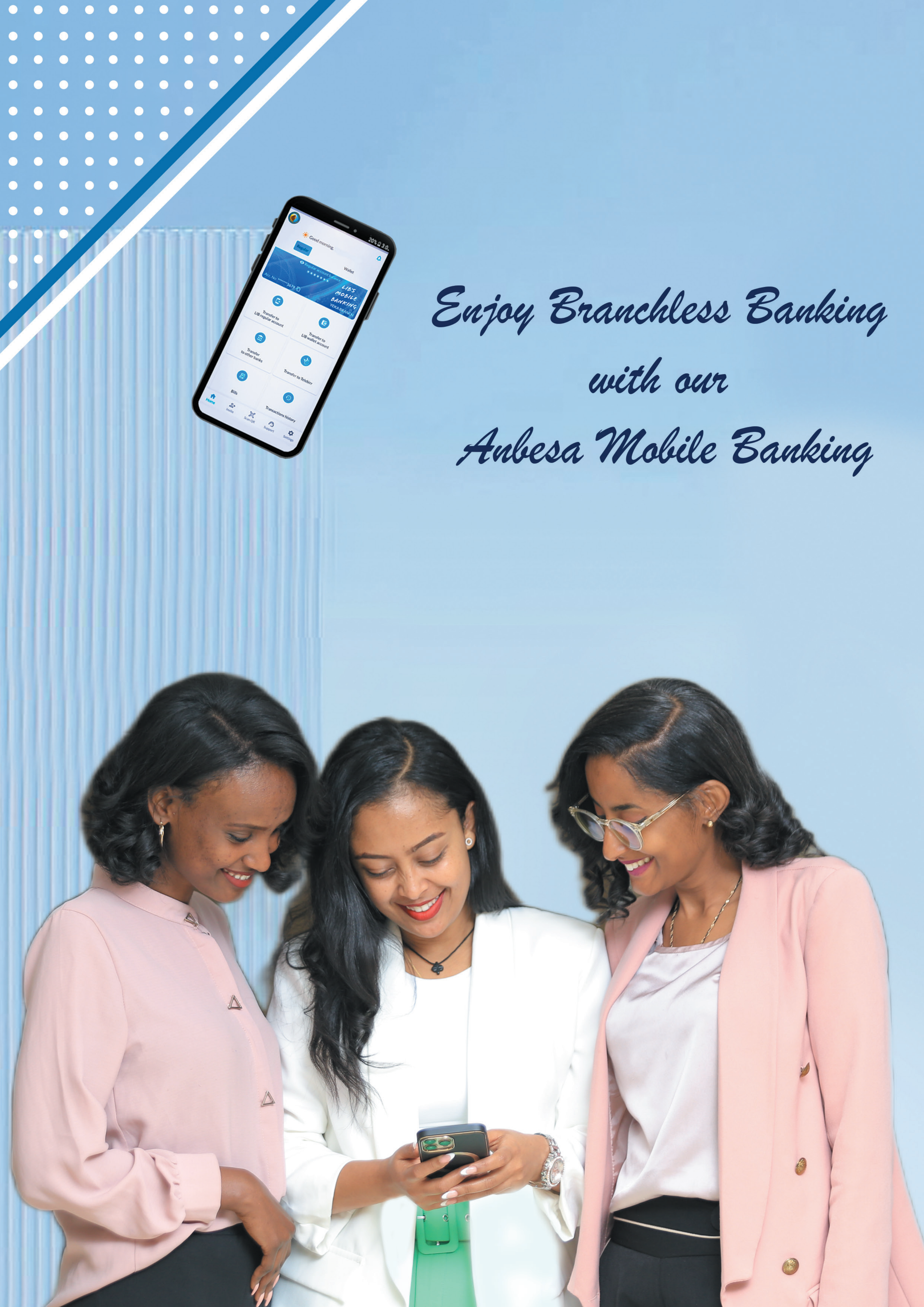
2.9. Way forward

The peace agreement in Tigrai and the restoration of basic services and the resumption of businesses in the region where about half of LIB's branches and about 60% of its deposit comes will certainly provide good ground for the bank to fully recover its businesses and market shares in the coming couple of years. The bank has already prepared a Five Years Corporate Business Strategy that provides its growth trajectory for the next five years.

The upgradation of the core banking solution is also another foundation for the expansion of its digital services and digital transactions of the bank, pretty well in line with the goal of achieving an 80% digital transaction level by June 2028. No doubt given the commitment of the newly elected board of Directors, and that of the management, LIB will see many breakthroughs in many of its key performance indicators in the coming strategic years, and leave behind many of the challenges it had in the recent past.

2.10. Word of Thanks

At last but not the least, the Board of Directors and the executive management would like to express their deepest gratitude to their customers for their continued patronage, and the shareholders for their relentless supports and encouragements particularly during the difficult years of 2021/2022 during which about half of our branches were locked down owing to the conflict in the North. It is also important to mention the laudable support the bank received from the regulatory (NBE, FIS) institution notably during the difficult years. The employees of the bank who managed to put the bank on its growth recovery path, deserve above any one else an immense appreciation for their continued loyalty to the bank, dedication and commitments.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Time For
AUDITOR'S
REPORT

Lion International Bank S.C.
Auditors Report and Financial Statements
For the Year ended 30 June 2023

Lion International Bank S.C.
For the year ended 30 June 2023
Contents

Lion International Bank S.C.
Directors, professional advisers and registered office
For the year ended 30 June 2023

License for the Banking Business

Banking Business Proclamation No. 592/2008

Board of Directors *2022/23*

Alem Asfaw Eshet	Chairperson	(Appointed 20/03/2020)
Aklilu Gebreslassie Gebru (Dr.)	Vice Chairperson	(Appointed 20/03/2020)
Gebrhiwot Ageba Kebedew (Dr.)	Non-Executive Director	(Appointed 20/03/2020)
Almaz Hagos Hishe	Non-Executive Director	(Appointed 31/05/2023)
Andinet Haregewoine Gebreslassie	Non-Executive Director	(Appointed 31/05/2023)
Asefach Haileslassie Reda	Non-Executive Director	(Appointed 31/05/2023)
Berhanu Kebede Akalu	Non-Executive Director	(Appointed 31/05/2023)
Kinfe Brhane Tirfe	Non-Executive Director	(Appointed 31/05/2023)
Teklehaimanot Abera Hagos	Non-Executive Director	(Appointed 31/05/2023)
Fassil Taddesse Hailu	Non-Executive Director	(Appointed 31/05/2023)
Tsegay Tetemke Gebrezgi	Non-Executive Director	(Appointed 31/05/2023)

Executive Management *2022/23*

Daniel Tekeste Kidane	President	(Appointed 01/02/2022)
Gebru Meshesha Kahsay	VP - Resource Management	(Appointed 13/10/2018)
Aklilu Hayelom Godefay	VP - Northern Regional Office	(Appointed 24/06/2019)
Daniel G/ Egziabher Teferi	VP - Strategy and Innoviation	(Appointed 09/04/2022)
Hailay Haftu Abreha	VP - Retail Banking	(Appointed 09/04/2022)
Hiruy Zemichael Barnebas	VP - Information Technology	(Appointed 26/09/2023)
Tsebele Hadush G/Giorgis	VP - Corporate Banking	(Appointed 16/02/2023
Mulugeta Teklu Hagos	Company secretary	(Appointed 08/08/2023
Muez G/Egziabher G/Michael	Director - Credit Management Department	(Appointed 10/04/2023)
Eden Tilahun Woldemichael	Director - International Banking Department	(Appointed 03/06/2020)
Sheworkie Belete Woldeyes	Director - Internal Audit Department	(Appointed 01/07/2013)
Gezahegn Dejene Haile	Director - Finance Department	(Appointed 01/11/2018)
Yishak Mengesha Bayru	Director - Strategy Management Department	(Appointed 21/12/2022)
Mulugeta Teklu Hagos	Director - Marketing Department	(Appointed 01/11/2018)
Girum Shitta Assefa	Director - Alternative Banking Channels Department	(Appointed 03/06/2022)
Muluberhan Embafrash Berhe	Director - IT Infrastructure and Security Management Department	(Appointed 01/07/2022)
Feven Binyam Kelem	Director - Legal Services Department	(Appointed 01/06/2019)
Michael Gezae Abrha	Director - Human Capital Management Department	(Appointed 01/11/2018)
Wondwosen Gashaw Shiferaw	Director - Procurement and Facility Management Department	(Appointed 01/11/2018)
Merha Adessew Tafesse	Director - Applications Development, Customization & Support Dep't	(Appointed 01/07/2022)
Eshetu Fanta Fango	Director - Engineering Services Department	(Appointed 01/11/2018)
Bethlehem Addis Admassie	Director - Risk and Compliance Management Department	(Appointed 01/06/2019)
Aklilu G/Giorgis Kahsay	Director - Regional Support Service Department	(Appointed 16/05/2023)
Muez Kidane Haile	Director - Regional Retail Banking Dep't	(Appointed 16/05/2023)
Hailemariam Sibhatu G/Silassie	Director - Addis Ababa Area Regional Office	(Appointed 20/10/2023)
Ali Endris Aden	Director - Other Regions Regional Office	(Appointed 20/10/2023)
Atakiti Mekonnen Mesfin	A/Director - Regional Credit Management Dep't	(Appointed 16/08/2023)

Independent Auditor

AMA-HAI Certified Accountants & Auditors
Meskel Flower Road,Aster Surafel Building 2nd Floor, Room No. 205
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For the year ended 30 June 2023

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Lion International Bank S.C.
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For the year ended 30 June 2023

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Web site: www.https://rsb17.rhosbh.com
Rep De DJIBOUTI

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Email: sesil.ertur@aktifbank.com.tr
Web site: www.https://rsb17.rhosbh.com
TURKEY

Lion International Bank S.C.
Report of the Directors
For the year ended 30 June 2023

The Board of Directors submit their report together with the financial statements for the year ended 30 June 2023, to the members of Lion International Bank S.C. ("Lion Bank or the Bank"). This report discloses the financial performance and state of affairs of the Bank.

Incorporation and address

Lion International Bank S.C was established in Ethiopia on 02 October 2006 and is registered as a public shareholding company in accordance with Licensing and Supervision of Banking Business Proclamation No. 592/2008 and commercial code of Ethiopia 1243/2021.

Principal activities

The Bank`s principal activity is commercial banking.

Results

The Bank's results for the year ended 30 June 2023 are set out on statement of profit or loss and other comprehensive income. The profit for the year has been transferred to retained earnings. The summarized results are presented below.

	30 June 2023 Birr'000	30 June 2022 Birr'000
Net operating income	2,251,365	1,474,421
Profit / (loss) before tax	747,102	310,645
Tax (charge) / credit	(257,578)	(41,830)
Profit / (loss) for the year	489,524	268,815
Other comprehensive profit / (loss) net of taxes	(25,862)	10,766
Total comprehensive profit / (loss) for the year	**463,662**	**279,581**

Directors

The directors who held office during the year and to the date of this report are set out on statement of director and Professional advisors section on this report.

Alem Asfaw Eshet (Ato)
Chairperson, Board of Directors
Addis Ababa, Ethiopia
October 28, 2023

Lion International Bank S.C.
Statement of Directors' Responsibilities
For the year ended 30 June 2023

The Commercial Code of Ethiopia, 1243/2021 and the Banking Business Proclamation No. 592/2008 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the bank as at the financial year and of the operating results of the Bank for that year. The Directors are also required to ensure that the Bank keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank. They are also responsible for safeguarding the assets of the Bank.

The Bank's president is responsible for the preparation and fair presentation of these financial statements in conformity with IFRS standards adopted by the Government of Ethiopia and in the manner required by the Commercial Code of Ethiopia of 1243/2021, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank is required to keep such records as are necessary to:

a) exhibit clearly and correctly the state of its affairs;

b) explain its transactions and financial position; and

c) enable the National Bank to determine whether the Bank had complied with the provisions of the Banking Business Proclamation and regulations and directives issued for the implementation the aforementioned Proclamation.

The Bank's president accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, Banking Business Proclamation, Commercial code of 1243/2021 and the relevant Directives issued by the National Bank of Ethiopia.

The President is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss.

The President further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the President to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors by:

Alem Asfaw Eshet (Ato) Chairperson, Board of Directors Addis Ababa, Ethiopia October 28, 2023	Daniel Tekeste Kidane (Ato) President Addis Ababa, Ethiopia October 28, 2023

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Ama - Hai Chartered Certified Accountants & Auditors

Partners
Amanuel Bahta, FCCA (U.K.)
Haileselassie G/kidan, FCCA (U.K.)

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LION INTERNATIONAL BANK S. C.

Opinion

We have audited the accompanying financial statements of Lion International Bank S. C. which comprise the Statement of Financial Position as of 30 June 2023 and the related Statement of Profit & Loss and Other comprehensive income, Statement of Change in equity and Statement of Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of Lion International Bank S. C. as of 30 June 2023 and of its financial performances and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibility for the audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit or the financial statements of the current period. Those matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs)., and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing , as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company, to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Ama - Hai Chartered Certified Accountants & Auditors

Partners
Amanuel Bahta, FCCA (U.K.)
Haileselassie G/kidan, FCCA (U.K.)

Auditors’ Responsibility for the audit of financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

Reporting on other legal requirements

As required by the Commercial Code of Ethiopia, based on our audit we report as follows:

i) Pursuant to Article 349 (1) of the Commercial Code of Ethiopia 2021 and based on our review of the board of directors’ report, we have not noted any matter that we may wish to bring to your attention;

ii) Pursuant to article 349 (2) of the Commercial Code of Ethiopia we recommend the financial statements for approval.

Addis Ababa
October 28, 2023

Ama – Hai
Chartered Certified Accountan

Lion International Bank S.C.
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2023

	Notes	30 June 2023 Birr'000	30 June 2022 Birr'000
Interest income	5	4,169,595	3,788,259
Interest expense	6	(1,971,661)	(1,761,805)
Net interest income		**2,197,934**	**2,026,454**
Fee and commission income	7	179,436	73,583
Fee and commission expense	7	-	-
Net fees and commission income		**179,436**	**73,583**
Net foreign exchange income	8	(197,574)	(176,725)
Other operating income	9	298,228	127,373
Total operating income		**2,478,024**	**2,050,685**
Loan impairment charge	10	38,773	(518,886)
Impairment losses on other assets	11	(265,432)	(57,378)
Net operating income		**2,251,365**	**1,474,421**
Employee benefits	12	(953,162)	(787,964)
Amortization of intangible assets	19	(9,835)	(6,069)
Depreciation of property and equipment	20	(68,494)	(65,826)
Other operating expenses	13	(472,771)	(303,914)
Profit before tax		**747,102**	**310,645**
Income tax expense	14	(257,578)	(41,830)
Profit after tax		**489,524**	**268,815**
Other comprehensive income (OCI) net on income tax			
Items that will not be subsequently reclassified into profit or loss:			
Remeasurement gain/(loss) on retirement benefits obligations	23	(25,862)	10,766
Deferred tax (liability)/asset on remeasurement gain or loss	14	-	-
		(25,862)	10,766
Total comprehensive income for the period		**463,662**	**279,581**

The accompanying notes are an integral part of these financial statements.

Lion International Bank S.C.
Statement of Financial Position
As at 30 June 2023

	Notes	30 June 2023 Birr'000	30 June 2022 Birr'000
ASSETS			
Cash and balances with banks	15	3,920,813	3,818,385
Loans and advances	16	26,687,222	23,792,718
Investment securities:			
- Equity Investment	17	187,022	125,350
- Treasury Bills/Bonds and DBE Bonds	17	2,819,304	3,286,694
Other assets	18	307,638	545,891
Right Use of Asset (ROU)-Building and Land Lease	18	548,552	380,926
Property,plant and equipment	20	1,039,064	924,763
Intangible Assets	19	75,173	98,118
Total assets		35,584,786	32,972,846
LIABILITIES			
Deposits from customers	21	27,307,010	25,937,719
Current income tax	14	231,962	28,413
Other liabilities	22	3,365,187	2,949,877
Lease Liability-Premises/Building	22	186,056	143,091
Deferred income tax	14	43,114	17,737
Defined Benefit Obligation	23	97,998	62,171
Total liabilities		31,231,327	29,139,009
EQUITY			
Share capital	24	2,629,888	2,574,774
Share premium		46,087	45,242
Legal reserve	27	879,095	747,643
Special reserve	28	73,185	-
Retained earnings	26	373,701	73,184
Regulatory risk reserve	29	279,842	350,423
Other reserves	30	71,659	42,571
Total equity		4,353,459	3,833,837
Total equity and liabilities		35,584,786	32,972,846

The accompanying notes are an integral part of these financial statements.

The financial statements were approved and authorized for issue by the board of directors on 28 October 2023 and were signed on its behalf by:

Alem Asfaw Eshet (Ato)
Chairperson, Board of Directors
Addis Ababa, Ethiopia
October 28, 2023

Daniel Tekeste Kidane (Ato)
President
Addis Ababa, Ethiopia
October 28, 2023

Lion International Bank S.C.
Statement of Changes in Equity
For the year ended 30 June 2023

	Notes	Share capital Birr'000	Share premium Birr'000	Legal reserve Birr'000	Special reserve Birr'000	Regulatory risk reserve Birr'000	Other reserves Birr'000	Retained earnings Birr'000	Total Birr'000
As at 30 June 2021		**2,513,050**	**45,036**	**712,912**	**20,918**	**220,532**	**(1,551)**	**128,727**	**3,639,624**
As at 1 July 2021		2,513,050	45,036	712,912	20,918	220,532	(1,551)	128,727	3,639,624
Profit for the period								268,815	268,815
Other comprehensive income:									-
Re-measurement gains on defined benefit plans (net of tax)	14						10,766	-	10,766
Transfer to legal reserve	27			34,731				(34,731)	-
Transfer to regulatory risk reserve	28					129,890		(129,890)	-
Transfer to other reserve	30						33,356	(33,356)	-
Declared dividend					-		-	(69,958)	(69,958)
Adjustment for tax liability					(20,918)			(56,424)	(77,342)
Contribution to capital		61,725	206						61,931
Total Change in Equity for the period		**61,725**	**206**	**34,731**	**(20,918)**	**129,890**	**44,122**	**(55,543)**	**194,212**
As at 30 June 2022		**2,574,774**	**45,242**	**747,643**	**-**	**350,423**	**42,571**	**73,184**	**3,833,837**
As at 1 July 2022		2,574,774	45,242	747,643	-	350,423	42,571	73,185	3,833,837
Profit for the period								489,524	489,524
Other comprehensive income:									-
Re-measurement gains on defined benefit plans (net of tax)	14						(25,862)	-	(25,862)
Transfer to legal reserve	27			131,452				(131,452)	-
Transfer to special reserve					73,185			(73,185)	-
Transfer to regulatory risk reserve	28					(70,580)		70,580	-
Transfer to other reserve	30						54,950	(54,950)	-
Contribution to capital		55,115	845						55,959
Total Change in Equity for the period		**55,115**	**845**	**131,452**	**73,185**	**(70,580)**	**29,088**	**300,517**	**519,621**
As at 30 June 2023		**2,629,888**	**46,087**	**879,095**	**73,185**	**279,842**	**71,659**	**373,702**	**4,353,459**

The accompanying notes are an integral part of these financial statements.

Lion International Bank S.C.
Statement of Cash Flows
For the year ended 30 June 2023

	Notes	30 June 2023 Birr'000	30 June 2022 Birr'000
Cash flows from operating activities			
Cash generated from operations	31	(196,362)	(436,724)
Income tax and WHT paid		(28,651)	(96,273)
Additional tax paid on prior period accounts		-	(77,342)
Defined benefit paid		(11,775)	(12,337)
Net cash (outflow)/inflow from operating activities		(236,788)	(622,676)
Cash flows from investing activities			
Purchase of intangible assets	19	-	(87,522)
Purchase of property, plant and equipment	20	(143,230)	(10,555)
Reclassification of stock to property, plant and equipment		(38,674)	2,726
Proceeds from Disposal property, plant and equipment		33	3,142
Purchases of investment securities		(6,722)	(4,217)
Treasury Bills/Bonds and DBE Bonds		(651,933)	(3,285,790)
Procced from Treasury Bills		1,155,260	-
Disposal of NBE Bills		-	3,927,386
Net cash (outflow)/inflow from investing activities		314,734	545,170
Cash flows from financing activities			
Proceeds from issues of shares		55,115	61,725
Share premium received		845	206
Dividends paid		(31,478)	(65,067)
Net cash (outflow)/inflow from financing activities		24,481	(3,136)
Net increase/(decrease) in cash and cash equivalents		102,427	(80,641)
Cash and cash equivalents at the beginning of the year	15	3,818,385	3,899,027
Cash and cash equivalents at the end of the year	15	3,920,813	3,818,385

The accompanying notes are an integral part of these financial statements.

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Lion International Bank S.C.
Notes to the financial statements
For the year ended 30 June 2023

1 General information

Lion International Bank SC ("Lion Bank or the Bank") is a private commercial Bank domiciled in Ethiopia. The Bank was established on 2nd October 2006 in accordance with the provisions of the Commercial code of Ethiopia of 1243/2021 and the Licensing and Supervision of Banking Business Proclamation No.592/2008. The Bank registered office is at:

Yeka sub city, Kebele 12,
House No. New,
Lex Plaza Building
Addis Ababa, Ethiopia

The Bank is principally engaged in the provision of diverse range of financial products and services to a wholesale, retail and SME clients base in Ethiopian Market.

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed elsewhere. These accounting policies have been consistently applied to all the periods presented, unless otherwise stated.

The notes also highlight new standards and interpretations issued at the time of preparation of the financial statements and their potential impact on the bank.

2.2 Basis of preparation

The financial statements for the period ended 30 June 2023 have been prepared in accordance with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**). Additional information required by National regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statement for the period ended 30 June 2023 is the bank's fifth financial statement prepared in accordance with IFRS.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept, except for the following;

- Equity Investment – measured at fair value
- Assets held for sale – measured at fair value less cost of disposal, and
- Defined benefit pension plans – plan assets measured at fair value.

Lion International Bank S.C.
Notes to the financial statements
For the year ended 30 June 2023

All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Ethiopian Birr (Birr' 000).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Bank's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2.1 Going concern

The financial statements have been prepared on a going concern basis. The management have no doubt that the Bank would remain in existence the year ahead.

2.2.2 Changes in accounting policies and disclosures

The Bank has consistently applied the accounting policies as set out to all periods presented in these consolidated financial statements.

The Bank's has inline with the following amendments including any consequential amendments to other standards with initial date of application of January 1, 2022.

(i) Property and Equipment: Proceeds before intended use – Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. This amendment does not have an impact on the Bank Financial statements.

(ii) Reference to the Conceptual Framework – Amendments to IFRS 3

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. There has been no change in the Bank structure within the period as such this amendment does not have an impact on the Bank financial statements.

Lion International Bank S.C.
Notes to the financial statements
For the year ended 30 June 2023

(iii) Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IAS 37

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. This amendment does not have an impact on the Bank Financial statements.

2.3 Investment in associates

The Bank has no any investments in associate entities. So there is no recording for investments in associates.

2.4 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates ('the functional currency'). The functional currency and presentation currency of the Bank is the Ethiopian Birr (Birr).

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Bank's functional currency are recognized in profit or loss within other (loss)/income. Monetary items denominated in foreign currency are translated using the closing rate(mid rate: the average of buying and Selling rate) of as at the reporting date.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measure at fair value, such as equities classified as available for sale, are included in other comprehensive income.

Lion International Bank S.C.
Notes to the financial statements
For the year ended 30 June 2023

2.5 Recognition of income and expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Bank, earns income from interest on loans and advances and interest on returns investments in form of shares, deposit with other banks, purchase of Treasury Bills and Bonds. In addition, the bank earns fees and commission income and other income from Letter of Credits, Letter of guarantees, rental income and other operational activities.

2.5.1 Interest and similar income and expense

For all financial instruments (except equity investment) and interest bearing financial assets measured at amortized cost interest income or expense is recorded using the Effective Interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the Effective Interest Rate (EIR), but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest and similar income' for financial assets and Interest and similar expense for financial liabilities.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.5.2 Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income such as commission on letters of credit, on guarantee and on local transfers and transactions are recognized as the related services are performed.

Lion International Bank S.C.
Notes to the financial statements
For the year ended 30 June 2023

When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognized on a straight-line basis over the commitment period.

Other fees and commission expenses relates mainly to transaction and service fees are expensed as the services are received.

2.5.3 Foreign exchange revaluation gains or losses

These are gains and losses arising on settlement and translation of monetary assets and liabilities denominated in foreign currencies at the functional currency's spot rate of exchange at the reporting date. This amount is recognized in the Statement of Profit or Loss and Other Comphrensive Income and it is further broken down into realized and unrealized portion.

The monetary assets and liabilities include financial assets within the foreign currencies deposits received and held on behalf of third parties etc.

2.6 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.7 Net interest income

a) Effective interest rate and amortized cost

Interest income and expense are recognized in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or

- The amortized cost of the financial liability

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability

b) Amortized cost and gross carrying amount

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

Lion International Bank S.C.
Notes to the financial statements
For the year ended 30 June 2023

c) Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

d) Presentation

Interest income and expense presented in the statement of profit or loss and OCI include:
- interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis;
- interest on debt instruments measured at amortized cost calculated on an effective interest basis;

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

Renegotiated loans

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

2.8 Collateral valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash via Bank guarantees and real estate. The fair value the collateral is generally assessed using cost approach, at a minimum, at inception and based on the Bank's reporting schedule.

To the extent possible, the Bank uses its own civil Engineers data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models.

Lion International Bank S.C.
Notes to the financial statements
For the year ended 30 June 2023

2.8.1 Collateral repossessed

Repossessed collateral represents financial and non-financial assets acquired by the Bank in settlement of overdue loans. The Bank's policy is to determine whether a repossessed asset should be sold otherwise is may be used for its internal operations if not sold. Assets that are determined better to be sold are immediately transferred to other assets categories at their valuation price, Engineering estimation using selling approach, at the repossession date in line with the Bank's policy. Assets determined to be used for internal operations are initially recognized at the lower of their repossessed value or the carrying value of the original secured asset and included in the relevant assets depending on the nature and the Bank's intention in respect of recovery of these assets, and are subsequently premeasured and accounted for in accordance with the accounting policies for these categories of assets.

2.9 Cash and cash equivalents

Cash and cash equivalents' include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

2.10 Net Trading Income

Net trading income' comprises gains less losses related to trading assets and liabilities, and includes all fair value changes, interest, dividends and foreign exchange differences.

2.11 Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Bank recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in income statement as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

Lion International Bank S.C.
Notes to the financial statements
For the year ended 30 June 2023

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset class	Depreciation rate (% or years)
Buildings	2% (50 years)
Elevator	6.7% (15 years)
Motor vehicles	10% (10 years)
Computer and Related Items	14.3% (7 years)
Long-Lived Furniture & fittings	5% (20 years)
Medium-Lived Furniture & fittings	10% (10 years)
Long-Lived Equipment	5% (20 years)
Medium-Lived Equipment	10% (10 years)
Short-Lived Equipment	20% (5 years)

The Bank commences depreciation when the asset is available for use. Land is not depreciated.

Capital work-in-progress (both Property, Plant & Equipment and Intangibles) is not depreciated as these assets are not yet available for use. They are disclosed when reclassified during the year.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.12 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of derecognition.

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Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

2.13 Impairment of non-financial assets

The Bank assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Bank bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Bank's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement.

2.14 Other assets

Other assets are generally defined as claims held against other entities for the future receipt of money. The other assets in the Bank's financial statements include the following:

(a) Prepayment

Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially capitalized in the reporting period in which the payment is made and subsequently amortized over the period in which the service is to be enjoyed.

(b) Other receivables

Other receivables are recognized upon the occurrence of event or transaction as they arise and cancelled when payment is received. The Bank's other receivables are rent receivables and other receivables from debtors.

2.15 Fair value measurement

The Bank measures financial instruments through fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are, summarized in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Notes 3 and Note 4.16.3
- Quantitative disclosures of fair value measurement hierarchy Note 4.16.2
- Financial instruments (including those carried at amortized cost) Note 4.2

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Bank.

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The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
• Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
• Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
• Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Bank's management determines the policies and procedures for both recurring fair value measurement.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.16 Employee benefits

IAS 19 prescribes the accounting for all types of employee benefits except share-based payment, to which IFRS 2 applies. Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. IAS 19 requires an entity to recognize:

- A liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- An expense when the entity consumes the economic benefit arising from the service provided by an employee in exchange for employee benefits.

The Bank operates some post-employment schemes, including both defined benefit and defined contribution and post employment benefits.

(a) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Under IAS 19, when an employee has rendered service to an entity during a period, the entity recognizes the contribution payable to a defined contribution plan in exchange for that service as a liability (accrued expense) and as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

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Though the Bank operates two defined pension plan, it is not in the scope of IAS 19 ;

i) Pension scheme in line with the provisions of Ethiopian pension of private organization employees proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and the Bank respectively;

ii) Provident fund contribution, funding under this scheme is 8% and 12% by employees and the Bank respectively; based on the employees' salary. Employer's contributions to this scheme are charged to profit or loss in the period in which they relate.

(b) Defined benefit plan

A defined benefit plan is any post-employment benefit plan other than a defined contribution plan. Under IAS 19, an entity uses an actuarial technique (the projected unit credit method) to estimate the ultimate cost to the entity of the benefits that employees have earned in return for their service in the current and prior periods; discounts that benefit in order to determine the present value of the defined benefit obligation and the current service cost; deducts the fair value of any plan assets from the present value of the defined benefit obligation; determines the amount of the deficit or surplus; and determines the amount to be recognized in profit and loss and other comprehensive income in the current period.

The liability or asset recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

Past-service costs are recognized immediately in income.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

(c) Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment. An entity recognizes a liability and expense for termination benefits at the earlier of the following dates:

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- When the entity can no longer withdraw the offer of those benefits; and
- When the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

It is recognized when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

The Bank has not yet had such scheme in relation to termination benefits due to resignation before normal retirement date, or whenever an employee accepts voluntary redundancy.

(d) Profit-sharing and bonus plans

The Banks recognizes a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments inconsideration of current financial performance. The Bank recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.17 Provisions

Provisions are recognized when the bank has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Bank expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as other operating expenses.

2.18 Share capital

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Earnings per share (EPS)

The Bank presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of shares outstanding during the period.

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2.20 Income taxation

(a) *Current income tax*

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Ethiopia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) *Deferred tax*

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

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3 Significant accounting judgments, estimates and assumptions

The preparation of the Bank's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Bank's exposure to risks and uncertainties includes:
- Capital management Note 4.15
- Financial risk management and policies Note 4.1
- Sensitivity analyses disclosures Note 4.14

3.1 Judgments

In the process of applying the Bank's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

Lease commitments

Leases, under which the Bank possess a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration is disclosed in the Bank's statement of financial position and recognized as a leased asset.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Bank assesses whether, throughout the period of use, it has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset, and

(b) the right to direct the use of the identified asset.

The Bank has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets. The Bank recognizes expenses associated with these leases as an expense on straight line basis over the lease term. The Bank presents right-of-use assets as a separate class under 'Other Asset'. The Bank presents lease liability in other liabilities in the statement of financial position.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments. However, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

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Fair value measurement of financial instruments

Fair value is measured based on observable transactions for the item in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market. The valuation is performed using an approach that is most appropriate in the circumstances, for which sufficient data is available, and which maximizes the use of observable inputs, and minimizes the use of unobservable inputs. A market approach, income approach or cost approach can be used. The bank uses market approach for companies which are under operation and cost approach for companies under formation in valuation of its Equity Investments.

Defined benefit plans

The cost of the defined benefit pension plan, long service awards, gratuity scheme and post-employment medical benefits and the present value of these defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgment. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Bank is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

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Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Development cost

The Bank capitalizes development costs for a project in accordance with the accounting policy. Initial capitalization of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The development costs that were capitalized by the Bank relates to those arising from the development of computer software.

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4 Financial Risk Review

4.1 Introduction

Risk taking is an inherent element of banking business and profit is reward for successful risk taking. Linked to this, the Bank is endeavoring to in place robust risk management framework that are a believed to achieve optimization of risk-reward tradeoff. The most important risks that the Bank has identified in course of its operations includes credit risk, liquidity risk, market risk and operational risk.

4.1.1 Risk management structure

The Board Risk Committee, a subset of the Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. It also has the responsibility to monitor the overall risk process within the Bank.
The Management has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. It is also responsible for managing risk decisions and monitoring risk levels.

The Risk Management unit is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The unit works closely with the Board Risk Management Committee to ensure that procedures are compliant with the overall framework. The Risk Management Unit is responsible for monitoring compliance with risk principles, policies and limits across the Bank. It carries out an assessment of risk periodically to monitor the Bank's independent control of risks, including monitoring the risk of exposures against limits and the assessment of risks of new products and structured transactions. This unit also ensures the complete capture of the risks in risk measurement and reporting systems. Exceptions are reported, where necessary, to the Board Risk Committee for relevant actions to be taken in areas of weakness.

Bank Treasury is responsible for managing the Bank's financial assets, financial liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Bank.
The Bank's policy is that risk management processes throughout the Bank are audited annually by the Internal Audit, which examines both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit Function discuss the results of all assessments with management, and reports its findings and recommendations to the Board Audit Committee.

4.1.2 Risk measurement and reporting systems

The Bank's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Bank also runs worst-case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected regions. In addition, the Bank's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

4.1.3 Risk mitigation

Risk controls and mitigants, identified and approved for the Bank, are documented for existing and new processes and systems. The adequacy of these mitigants is tested on a periodic basis through administration of control self-assessment questionnaires, using an operational risk management tool which requires risk owners to confirm the effectiveness of established controls. These are subsequently audited as part of the review process.

4.2 Financial instruments

Financial Asset :- is any asset that is cash or an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity; Or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.
Financial liability:- is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or a contract that will or may be settled in the entity's own equity instruments.

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a) Recognition and initial measurement

The Bank shall initially recognize loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) shall be recognized on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability shall be measured initially at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b) Classification and subsequent measurement

i) Financial assets

On initial recognition, a financial asset shall be classified either as measured at either amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

The Bank measured a financial asset at amortized cost that meets both of the following conditions and is not designated at FVTPL:

— the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

On initial recognition, an equity investments that is held for trading are classified at FVTPL. However, the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI) if the bank acquire such kind of investment that demand this recognition. This election is made on an investment-by-investment basis.

All other financial assets that do not meet the classification criteria at amortized cost or FVOCI, above, shall be classified as measured at FVTPL.

ii) Financial Liabilities

The Bank classify its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or FVTPL.

A financial guarantee is an undertaking/commitment that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified party fails to meet its obligation when due in accordance with the contractual terms.

Financial guarantees issued by the Bank are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of: the amount of the obligation under the guarantee, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and the amount initially recognized less, where

c) Financial instruments by category

Financial instruments are classified in the statement of financial position in accordance with their legal form and substance. The Bank's classification of its financial assets as per IFRS 9 is summarized below.

30 June 2023	Notes	FVTPOL Birr'000	Amortized Cost Birr'000	Total Birr'000
Cash and balances with banks	15	-	3,920,813	3,920,813
Loans and advances	16	-	26,687,222	26,687,222
Investment securities:				-
- Equity Investment	17	187,022		187,022
- Treasury Bills and Bonds	17		2,306,582	2,306,582
- Development Bank of Ethhiopia Bond	17		512,722	512,722
Other assets	18		64,864	64,864
Total financial assets		**187,022**	**33,492,203**	**33,679,224**

30 June 2022	Notes	Birr'000	Birr'000	Birr'000
Cash and balances with banks	15	-	3,818,385	3,818,385
Loans and advances	16	-	23,792,718	23,792,718
Investment securities:				-
- Equity Investment	17	125,350		125,350
- National Bank of Ethiopia Bills	17		-	-
- Treasury bills	17		3,216,844	3,216,844
- Development Bank of Ethhiopia Bond	17		69,850	69,850
Other assets	18		361,417	361,417
Total financial assets		**125,350**	**31,259,214**	**31,384,564**

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4.3 Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks and other financial assets.

Exposure to credit risk is managed through periodic analysis of the ability of borrowers and potential borrowers to determine their capacity to meet principal and interest thereon, and restructuring such limits as appropriate. Exposure to credit risk is also mitigated, in part, by obtaining collateral, commercial and personal guarantees.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to term of the financial instrument and economic sectors.

The National Bank of Ethiopia (NBE) Directive No SBB/53/2012 sets credit risk limit for a single borrower, one related party and all related parties to not exceed 25%, 15% and 35% of Bank's total capital amount as of the reporting quarterly period respectively.

4.3.1 Management of credit risk

Credit management is conducted as per the risk management policy and guideline approved by the board of directors and the Risk Management Committees. Such policies are reviewed and modified periodically based on changes and expectations of the markets where the Bank operates, regulations, and other factors. Our credit exposure comprises wholesale and retail loans and receivables which are developed to reflect the needs of our customers. The Bank's policy is to lend principally on the basis of our customer's repayment capacity through quantitative and qualitative evaluation.
In the estimation of credit risk, the Bank estimate the following parameters:

(a) Probability of Default

The probability of default (PD) estimates the possibility of a loan facility moving from the performing status (stage 1) to the non-performing status (stage 3). For impairment purposes, the PD parameter is estimated using a transition matrix multiplication approach that estimates the movement of loan amounts from one bucket to the next between two subsequent time periods. The PDs will then be adjusted with forward looking information.

(b) Loss Given Default

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

(c) Exposure at Default

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortization. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

4.3.2 Impairment assessment

At each reporting date, the Bank shall assess whether there is objective evidence that financial assets (except equity investments), other than those carried at FVTPL, are impaired. The Bank recognize loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

— financial assets that are debt instruments;
— lease receivables;
— financial guarantee contracts issued; and
— loan commitments issued.

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The Bank measure loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:
— debt investment securities that are determined to have low credit risk at the reporting date; and
— other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables shall always be measured at an amount equal to lifetime ECL.

12-month ECL is the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognized are referred to as 'Stage 1 financial instruments'.

Life-time ECL is the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognized but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

i) Measurement of ECL

ECL is a probability-weighted estimate of credit losses. It shall be measured as follows:

— for financial assets that are not credit-impaired at the reporting date (stage 1 and 2): as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive);
— for financial assets that are credit-impaired at the reporting date (stage 3): as the difference between the gross carrying amount and the present value of estimated future cash flows;
— for undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
— for financial guarantee contracts: as the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

ii) Restructured financial assets

Where the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then the Bank shall assess whether the financial asset should be derecognized and ECL are measured as follows:

— If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset
— If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

iii) Credit-impaired financial assets

At each reporting date, the Bank assess whether financial assets carried at amortized cost, debt financial assets carried at FVTPL and finance lease receivables are credit impaired (referred to as 'Stage 3 financial assets').
A financial asset shall be considered 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:
— significant financial difficulty of the borrower or issuer;
— a breach of contract such as a default or past due event;
— the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
— it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
— the disappearance of an active market for a security because of financial difficulties.
A loan that has been renegotiated due to a deterioration in the borrower's condition shall be considered to be credit-impair unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more shall be considered credit-impaired even when the regulatory definition of default is different.

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iv) Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL shall be presented in the statement of financial position as follows:
— for financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
— for loan commitments and financial guarantee contracts: generally, as a provision;
— where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

v) Write-off

Loans and debt securities shall be written off (either partially or in full) when there is no reasonable expectation of recovering the amount in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment shall be carried out at the individual asset level.
Recoveries of amounts previously written off shall be included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.
Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

vi) Non-integral financial guarantee contracts

The Bank assess whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately.
Where the Bank determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset shall be treated as a transaction cost of acquiring it. The Bank consider the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.
Where the Bank determines that the guarantee is not an integral element of the debt instrument, then it shall recognize an asset representing any prepayment of guarantee premium and a right to compensation for credit losses.

4.3.3 Derecognition

Derecognition refers to the removal of an asset or liability (or a portion thereof) from an entity's balance sheet. Derecognition questions can arise with respect to all types of assets and liabilities.
On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI shall be recognized in profit or loss.
Equity investment securities designated as at FVTPL shall not be recognized in profit or loss on derecognition of such securities.
Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank shall be recognized as a separate asset or liability.
The Bank may derecognize a financial liability when its contractual obligations are discharged or cancelled, or expire.

4.3.4 Modifications of financial assets and financial liabilities

If the terms of a financial asset are modified, then the Bank shall evaluate whether the cash flows of the modified asset are substantially different.
If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset shall be deemed to have expired. In this case, the original financial asset shall be derecognized and a new financial asset shall be recognized at fair value plus any eligible transaction costs. And;

The Bank shall derecognize a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms shall be recognized at fair value.

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4.3.5 Offsetting

Financial assets and financial liabilities shall be offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.
Income and expenses shall be presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

4.3.6 Designation at fair value through profit or loss

At initial recognition, the Bank may designate certain financial assets as at FVTPL because this designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise. And; The Bank shall designate certain financial liabilities as at FVTPL in either the liabilities are managed, evaluated and reported internally on a fair value basis; or the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

4.4 Amounts arising from ECL

IFRS 9 establishes a new model for recognition and measurement of impairments in Financial Instrument that are measured at Amortized Cost or FVOCI—the so-called "expected credit losses" model. This is the only impairment model that applies in IFRS 9 because all other assets are classified and measured at FVPL or, FVOCI with no recycling to profit and loss.

Expected credit losses are calculated by: (a) identifying scenarios in which a loan or receivable defaults; (b) estimating the cash shortfall that would be incurred in each scenario if a default were to happen; (c) multiplying that loss by the probability of the default happening; and (d) summing the results of all such possible default events. Because every Financial asset has at least some probability of defaulting in the future, every financial asset has an expected credit loss associated with it—from the moment of its origination or acquisition.

Inputs, assumptions and techniques used for estimating impairment

i) Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:
— the remaining lifetime probability of default (PD) as at the reporting date; with
— the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).
— the Bank uses three criteria for determining whether there has been a significant increase in credit risk:
— quantitative test based on movement in PD;
— qualitative indicators; and
— a backstop of 30 days past due,

ii) Credit risk grades

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3. Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data;

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(a) Term loan exposures

— Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance
— Data from credit reference agencies, press articles, changes in external credit ratings
— Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities
— Internally collected data on customer behavior – e.g. utilization of credit facilities
— Affordability metrics

(b) Overdraft exposures

— Payment record – this includes overdue status as well as a range of variables about payment ratios
— Utilization of the granted limit
— Requests for and granting of forbearance
— Existing and forecast changes in business, financial and economic conditions

iii) Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Bank collects performance and default information about its credit risk exposures analyzed by type of product and borrower as well as by credit risk grading. The Bank employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

iv) Determining whether credit risk has increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Bank's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgment and relevant historical experiences.

As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Bank determines a probation period during which the financial asset is required to demonstrate good behavior to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognizing lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:
- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit- impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

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v) Definition of default

The Bank considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Bank.
- Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Bank considers indicators that are:
- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.
- Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Bank for regulatory capital purposes.

vi) Forward-looking information

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on quarterly basis.

Forward-looking information incorporated in the ECL models

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

For each segment, the Bank formulates three economic scenarios: a base case, which is the median scenario, and two less likely scenarios, one upside and one downside. For each sector, the base case is aligned with the macroeconomic model's information value output, a measure of the predictive power of the model, as well as base macroeconomic projections for identified macroeconomic variables for each sector. The upside and downside scenarios are based on a combination of a percentage error factor of each sector model as well as simulated optimistic and pessimistic macroeconomic projections based on a measure of historical macroeconomic volatilities.

External information considered includes economic data and forecasts published by Fitch Solutions formerly known as Business Monitor International, an external and independent market intelligence and research institution. This is in addition to industry –level, semi – annual NPL trends across statistically comparable sectors.

Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios by a panel of experts that advises the Bank's senior management. The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables and credit risk and credit losses

The key drivers for credit risk for each of the Bank's economic sectors is summarized below:

Cluster Sector	Macroeconomic factors				
Cluster 1 Agriculture Consumer Loans Overdraft Interest Free Financing	Goods exports, USD	-	-	-	-

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Cluster 2 Domestic Trade Services Mining and Energy Transport Health Merchandise Financial Services	-	-	-	-	-
Cluster 3 Building and Construction Hotel and Tourism Manufacturing and Production Industry Real Estate Housing and Construction	Goods imports, USD	Nominal GDP, USD	Real GDP, USD (2010 prices)	-	-
Cluster 4 Export Import Advance against Import Bills International Trade	Goods imports, USD	-	-	-	-

The Bank defined a statistically significant correlation threshold with macroeconomic of 50%. No statistically significant correlation was observed for Cluster 2, as a result no macroeconomic adjustment is observed.

The economic scenarios used included the following key indicators for Ethiopia :

Indicator	30-Jun-22	30-Jun-23	30-Jun-24
Consumer price index inflation, 2010=100, ave	584	763	935
Exports of goods and services, USD	7,949	9,396	10,689
Government domestic debt, LCU	1,311,530	1,601,205	1,831,600
LCU/USD, ave	48	53	57
Nominal GDP, LCU	4,907,655	6,324,877	8,013,282
Private final consumption, LCU	3,602,073	4,706,091	5,637,460
Total domestic demand, LCU	5,199,565	6,554,527	7,774,860
Savings, LCU	1,058,363	1,139,738	1,333,876
Population	119,344,463	122,292,044	125,261,131
Consumer price index inflation, 2010=100, eop	591	757	893
M1, LCU	463,645	519,050	584,105
M2, LCU	1,450,580	1,669,935	1,932,335
Current expenditure, LCU	396,721	510,010	596,728
Goods imports, USD	14,996	15,798	16,433
Goods exports, USD	4,022	4,137	4,393
Current account balance, USD	(4,482)	(4,804)	(4,748)
Import cover months	2	2	2
Total household spending, LCU	4,197,597	5,494,617	6,584,552
Nominal GDP, USD	100,847	115,100	130,089
Real GDP, LCU (2010 prices)	979,927,000,000	1,031,006,500,000	1,097,146,000,000
Real GDP, USD (2010 prices)	68,005,149,345	71,549,973,629	76,139,934,488
Real GDP per capita, USD (2010 prices)	549	567	589
Nominal GDP, USD (PPP)	315,978,796,495	358,557,612,057	394,406,827,578
Private final consumption, USD	74,903	87,766	99,434
Private final consumption per capita, USD	-	-	-
Government final consumption, LCU	406,173	487,844	566,298
Government final consumption, USD	8,490	9,106	9,990

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Exports of goods and services per capita, USD	-	-	-
Imports of goods and services, LCU	740,831	887,821	1,004,879
Imports of goods and services, USD	15,481	16,575	17,735
Total domestic demand, USD	108,379	122,279	137,135
Total domestic demand per capita, USD	-	-	-
Unemployment, % of labour force, ave	3	3	3
Real effective exchange rate index	25	15	10
LCU/USD, eop	52	55	58
Total revenue, LCU	363,207	476,482	648,397
Total revenue, USD	7,576	8,877	11,412
Total expenditure, LCU	523,143	681,893	857,966
Total expenditure, USD	10,869	12,721	15,114
Current expenditure, USD	8,225	9,525	10,522
Budget balance, LCU	(159,936)	(205,411)	(209,569)
Budget balance, USD	(3,293)	(3,844)	(3,702)
Services imports, USD	5,858	6,267	6,697
Services exports, USD	5,202	5,569	5,898
Total reserves ex gold, USD	2,955	3,160	3,649
Total external debt stock, USD	35,573	40,112	44,667
Long-term external debt stock, USD	33,809	38,315	42,836

Predicted relationships between the key indicators and default rates on various portfolios of financial assets have been developed based on analyzing semi – annual historical data over the past 5 years.

The below scenario weightings have been observed:

Summary of scenario weightings			
Scenario	Base	Downturn (downside)	Optimistic (upside)
Cluster 1	91%	-	-
Cluster 2	100%	-	-
Cluster 3	52%	-	48%
Cluster 4	91%	-	9%

vii) Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognized and the renegotiated loan recognized as a new loan at fair value in accordance with the accounting policy set out.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of: its remaining lifetime PD at the reporting date based on the modified terms; with the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.
When modification results in derecognition, a new loan is recognized and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Bank renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximize collection opportunities and minimize the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

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The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Bank Credit Committee regularly reviews reports on forbearance activities.

For financial assets modified as part of the Bank's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Bank's ability to collect interest and principal and the Bank's previous experience of similar forbearance action. As part of this process, the Bank evaluates the borrower's payment performance against the modified contractual terms and considers various behavioral indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behavior over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to Stage 1.

viii) Key Inputs for Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:
- Probability of Default (PD);
- Loss Given Default (LGD); and
- Exposure at Default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

The methodology of estimating PDs is discussed above under the heading 'Generating the term structure of PD'.
LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for overdrafts that include both a loan and an undrawn commitment component, the Bank measures ECL over a period longer than the maximum contractual period if the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:
- Instrument type;
- Credit risk grading;
- Collateral type;
- LTV ratio for retail mortgages;
- Date of initial recognition;
- Remaining term to maturity;
- Industry; and
- Geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

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4.5 Credit related commitments risks

The Bank holds collateral against loans and receivables to customers in the form of bank guarantees and property. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

4.6 Maximum exposure to credit risk before collateral held or credit enhancements

(a) Types of credit exposure

The Bank's maximum exposure to credit risk at 30 June 2022 and 30 June 2023 respectively, is represented by the net carrying amounts in the statement of financial position.

	30 June 2023 Birr'000	30 June 2022 Birr'000
Cash and balances with banks	2,724,314	3,276,330
Loans and advances	26,687,222	23,792,718
Investment securities:		
- Treasury Bills and Bonds	2,306,582	3,216,844
- Development Bank of Ethhiopia Bonds	512,722	69,850
Other assets	64,864	361,417
	32,295,704	30,717,159
Credit risk exposures relating to off balance sheets are as follows:		
Loan commitments (Approved but not drawn) as per NBE Guideline	623,666	375,436
Guarantees issued	2,833,525	1,968,236
Letter of credit and other credit related obligations	1,428,107	1,352,873
	4,885,299	3,696,545
Total maximum exposure	37,181,003	34,413,704

(b) Assets obtained by taking possession of collateral

Details of financial and non-financial assets obtained by the Bank during the year by taking possession of collaterals held as security against loans and advances at the year end are shown below.

	30 June 2023 Birr'000	30 June 2022 Birr'000
Properties	19,934	24,464
	19,934	24,464

The Bank's policy is to pursue realization of the collateral in a timely manner. The Bank does not generally use the non-cash collateral for its own operations.

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(c) Loans and Advances at amortized cost

(i) Gross loans and receivables to customers per sector is analyzed as follows:

	30 June 2023 Birr'000	30 June 2022 Birr'000
Transportation and communication	146,047	365,452
Export loans	9,014,420	8,720,860
Import loans	6,613,674	4,987,773
Manufacturing and production	1,445,206	1,278,398
Building and construction	2,474,649	2,164,009
Domestic trade	6,890,987	6,122,273
Staff emergency and mortgage loans	548,081	374,299
Agricultural loans	168,165	163,969
Hotel and Tourism	965,178	1,233,643
	28,266,407	25,410,676

(ii) Gross loans and receivables to customers per National Bank of Ethiopia's impairment guidelines is analyzed as follows:

	30 June 2023 Birr'000	30 June 2022 Birr'000
Pass	23,638,270	18,910,250
Special mention	1,007,653	1,991,422
Substandard	876,900	1,120,090
Doubtful	319,368	1,361,258
Loss	2,424,215	2,027,657
	28,266,407	25,410,678

The above table represents a worse case scenario of credit risk exposure of the Bank as at the reporting dates without taking account of any collateral held or other credit enhancements attached. The exposures are based on net carrying amounts as reported in the statement of financial position.

Management is confident in its ability to continue to control and effectively manage the credit risk exposure in the Bank's loan and advances portfolio.

4.7 Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortized cost, FVTPL debt investments . Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

The impairment model follows a three stage approach based on changes in expected credit losses of a financial instrument that determine; the recognition of impairment, and there recognition of interest revenue. The loss allowance for loans and advances to customers also includes the loss allowances for loan commitments and financial guarantee contracts.

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Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is disclosed as follows

Three stage Approach

Stage 1
12 month expected credit losses (gross interest)
- Applicable when no significant increase in credit risk
- Entities continue to recognize 12 months expected losses that are updated at each reporting date
- Presentation of interest on a gross basis

Stage 2
Life time expected credit losses (gross interest)
- Applicable in case of significant increase in credit risk
- Recognition of life time expected losses
- Presentation of interest on a gross basis

Stage 3
Life time expected credit losses (net interest)
- Applicable in case of credit impairment
- Recognition of life time expected losses
- Presentation of interest on a gross basis

	30 June 2023			
Loans and advances to customers at amortized cost	Stage 1 Birr'000	Stage 2 Birr'000	Stage 3 Birr'000	Total Birr'000
Stage 1 – Pass	23,638,270	-	-	23,638,270
Stage 2 – Special mention	-	1,007,653	-	1,007,653
Stage 3 - Non performing	-	-	3,620,484	3,620,484
Total gross exposure	23,638,270	1,007,653	3,620,484	28,266,407
Loss allowance	(423,267)	(33,887)	(1,122,031)	(1,579,185)
Net carrying amount	23,215,003	973,766	2,498,453	26,687,222

	30 June 2022			
Loans and advances to customers at amortized cost	Stage 1 Birr'000	Stage 2 Birr'000	Stage 3 Birr'000	Total Birr'000
Stage 1 – Pass	18,910,250	-	-	18,910,250
Stage 2 – Special mention	-	1,991,422	-	1,991,422
Stage 3 - Non performing	-	-	4,509,005	4,509,005
Total gross exposure	18,910,250	1,991,422	4,509,005	25,410,678
Loss allowance	(280,148)	(98,047)	(1,239,764)	(1,617,958)
Net carrying amount	18,630,103	1,893,375	3,269,241	23,792,720

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Other financial assets (debt instruments)	SICR	Gross exposure (Birr'000)	Loss allowance (Birr'000)	30 June 2023 Net carrying amount (Birr'000)
Cash and balances with banks	12 Month ECL	162,435	(8)	162,427
National Bank of Ethiopia bills	12 Month ECL	-	-	-
Treasury Bills and Bonds	ECL	2,306,689	(107)	2,306,582
Development Bank of Ethhiopia Bonds	12 Month ECL	512,748	(26)	512,722
Other receivables and financial assets	Lifetime ECL	12,271	(444)	11,827
		2,994,144	**(586)**	**2,993,558**

Other financial assets (debt instruments)	SICR	Gross exposure (Birr'000)	Loss allowance (Birr'000)	30 June 2022 Net carrying amount (Birr'000)
Cash and balances with banks	12 Month ECL	200,086	(10)	200,076
National Bank of Ethiopia bills	12 Month ECL	-	-	-
Treasury bills	ECL	3,217,005	(161)	3,216,844
Development Bank of Ethhiopia Bonds	12 Month ECL	69,854	(3)	69,850
Other receivables and financial assets	Lifetime ECL	86,523	(7,520)	79,003
		3,573,469	**(7,694)**	**3,565,774**

4.8 Statement of Prudential adjustments

Provisions under prudential guidelines are determined using the time based provisioning prescribed by the National Bank of Ethiopia (NBE) Directives. This is at variance with the Expected Credit Losses model required by IFRS 9. As a result of the differences in the methodology/provision, there will be variances in the impairments allowances required under the two methodologies.
The proclamation 'Financial Reporting Proclamation No.847/2014 stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted.

However, Banks would be required to comply with the following:
(a) Provisions for loans recognized in the income statement should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under the NBE Directives and the expected impact/changes in other reserves should be treated as follows:
• Prudential provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the general reserve (retained earnings) account to a "regulatory risk reserve".
• Prudential provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account

(b) The non-distributable reserve should be classified under Tier 1 as part of the core capital.

During the period ended 30 June 2023, the Bank transferred an amount of Birr (36.28) million and 129.89 million during the period ended June 30, 2022 from/to the regulatory risk reserve. This amount represents the difference between the provisions for credit and other known losses as determined under the NBE Directives, and the impairment reserve as determined in line with IFRS 9 as at year end and the amount of suspended interest income (net of tax) transferred from memo accounts to balance sheet accounts.

In line with the same directive of the NBE, the Bank compared the provision based on the Directive with impairment under IFRS for comparative periods and transfers were made as the impairment balance under IFRS was higher for the years in the regulatory risk reserve account.

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	30 June 2023 Birr'000	30 June 2022 Birr'000
Total impairment based on IFRS	1,579,185	1,617,958
Total impairment based on NBE Directives	1,311,279	1,453,808
Interest in suspense booked	399,775	500,604
Regulatory risk reserve	279,842	350,423

4.9 Credit concentrations

The Bank monitors concentrations of credit risk by economic sector. An analysis of concentrations of credit risk at 30 June 2023 and 30 June 2022. The Bank concentrates all its financial assets in Ethiopia.

30 June 2023	Domestic and Trade Services Birr'000	Import and Export Birr'000	Building and construction Birr'000	Others Birr'000
Cash and balances with	-	-	-	2,724,314
Loans and receivables	6,890,987	15,628,094	2,474,649	3,272,677
Investment securities:				
Equity Instrument				
- NBE Bill	-	-	-	-
- Treasury Bills and Bonds				2,306,582
- Development Bank of Ethhiopia Bonds				512,722
Other assets	-	-	-	64,864
Loan commitments (Approved but not drawn) as per NBE	-	-	-	623,666
	6,890,987	15,628,094	2,474,649	9,504,825

30 June 2022	Domestic and Trade Services Birr'000	Import and Export Birr'000	Building and construction Birr'000	Others Birr'000
Cash and balances with	-	-	-	3,276,330
Loans and receivables	6,122,273	13,708,633	2,164,009	3,415,761
Investment securities:				
Equity Instrument				
- NBE Bill	-	-	-	-
- Treasury bills				3,216,844
- Development Bank of Ethhiopia Bonds				69,850
Other assets	-	-	-	361,417
Loan commitments (Approved but not drawn) as per NBE	-	-	-	375,436
	6,122,273	13,708,633	2,164,009	10,715,638

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4.10 Nature of security in respect of loans and Advances

30 June 2023	Secured against Building Birr'000	Machinery Birr'000	Vehicle Birr'000	Stock Birr'000	Others Birr'000
Agriculture	131,431	7,359	1,266	-	28,110
Building and Construction	822,977	95,894	265,283	-	1,290,495
Domestic Trade Service	6,360,056	611	67,837	77,935	384,547
Emergency Staff Loan	-	-	-	-	162,290
Export	2,096,173	74,192	217,255	11,923	6,740,680
Hotel and Tourism	888,846	-	2,166	-	10,410
Import	3,224,227	7,452	208,586	890,871	2,385,473
Manufacturing and Produc	795,907	3,567	42,850	-	520,489
Staff Mortgage Loan	255,475	312	38,375	-	10,197
Transport and Communica	21,966	1,588	112,296	-	9,042
	14,597,056	190,975	955,915	980,729	11,541,731

30 June 2022	Secured against Building Birr'000	Machinery Birr'000	Vehicle Birr'000	Stock Birr'000	Others Birr'000
Agriculture	121,537	7,358	530	-	21,730
Building and Construction	648,056	85,630	282,884	14,410	1,133,029
Domestic Trade Service	5,639,549	661	65,716	69,593	359,568
Emergency Staff Loan	-	-	-	-	145,939
Export	1,915,729	39,286	229,698	11,814	6,736,005
Hotel and Tourism	988,912	-	4,757	-	28,301
Import	2,703,171	8,418	110,238	753,774	1,503,541
Manufacturing and Produc	879,179	3,104	20,246	-	375,868
Staff Mortgage Loan	200,474	-	16,016	-	9,950
Transport and Communica	23,110	2,675	117,565	-	132,653
	13,119,717	147,134	847,649	849,591	10,446,586

4.11 Collateral held and their financial effect

The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Bank generally requests that corporate borrowers provide it. Staff loans are secured to the extent of the employee's continued employment in the Bank.

The Bank may take collateral in the form of a first charge over property, liens and guarantees. The Bank does not sell or repledge the collateral in the absence of default by the owner of the collateral. In addition to the Bank's focus on creditworthiness, the Bank aligns with its credit policy guide to periodically update the validation of collaterals held against all loans to customers.

The fair value of the collaterals are based on the last revaluations carried out by the Bank's engineers. The valuation technique adopted for properties is in line with the Bank's valuation manual and the revalued amount is similar to fair values of properties with similar size and location.

The fair value of collaterals other than properties such as share certificates, cash, Government security etc. as disclosed at the carrying amount as management is of the opinion that the cost of the process of establishing the fair value of the collateral exceeds benefits accruable from the exercise.

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Write-off policy

The Bank writes off Loans and Advance balance, and any related allowances for impairment losses, when Bank determines that the Loans and advances or security is uncollectible and after approval is obtained. This determination is made after considering information such as the occurrence of significant changes in the borrower's / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans and advances, write-off decisions generally are based on a product-specific past due status. There was no significant amount wrote off during the year.

4.12 Commitments and guarantees

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Bank could have to pay if the guarantee is called upon. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment.

The table below shows the Bank's maximum credit risk exposure for commitments and guarantees.

	30 June 2023 Birr'000	30 June 2022 Birr'000
Loan commitments (Approved but not drawn) as per NBE Guideline	623,666	375,436
Guarantees issued	2,833,525	1,968,236
Letter of credit and other credit related obligations	1,428,107	1,352,873
Total maximum exposure	**4,885,299**	**3,696,545**

4.13 Liquidity risk

Liquidity risk is the risk that the Bank cannot meet its maturing obligations when they become due, at reasonable cost and in a timely manner. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Bank on acceptable terms.

The main objective of the Bank's liquidity risk framework is to maintain sufficient liquidity in order to ensure that it meets our maturing obligations.

4.13.1 Management of liquidity risk

Cash flow forecasting is performed by the Bank concerned department and the concerned department monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs.
The Bank has incurred indebtedness in the form of borrowings. The Bank evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Bank devises strategies to manage its liquidity risk.
Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available o meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Bank's reputation.

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Notes to the financial statements
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4.13.2 Maturity analysis of financial liabilities

The table below analyses the Bank's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The cash flows presented are the undiscounted amounts to be settled in future.

30 June 2023	0 - 30 days Birr'000	31 - 90 days Birr'000	91 - 180 days Birr'000	181 - 365 days Birr'000	Over 1 year Birr'000
Deposits from customers	751,572	3,634,468	3,855,282	5,430,724	13,634,964
Other liabilities and Lease L	729,569	595,537	108,091	25,952	224,593
Borrowing	1,867,500	-	-	-	-
Total financial liabilities	**3,348,641**	**4,230,005**	**3,963,373**	**5,456,676**	**13,859,558**

30 June 2022	0 - 30 days Birr'000	31 - 90 days Birr'000	91 - 180 days Birr'000	181 - 365 days Birr'000	Over 1 year Birr'000
Deposits from customers	839,881	1,973,646	3,297,141	6,788,156	13,038,894
Other liabilities and Lease L	1,139,859	515,705	121,350	22,950	500,311
Borrowing	650,000	-	-	-	-
Total financial liabilities	**2,629,740**	**2,489,351**	**3,418,491**	**6,811,106**	**13,539,205**

4.14 Market risk

Market risk is defined as the risk of loss risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market risk factors such as interest rates, foreign exchange rates, equity prices, credit spreads and their volatilities. Market risk can arise in conjunction with trading and non-trading activities of a financial institutions.

The Bank does not ordinarily engage in trading activities as there are no active markets in Ethiopia yet.

4.14.1 Management of market risk

The main objective of Market Risk Management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

4.14.2 The Variables of Market Risk

Market risk is monitored by the risk management department on regularly, to identify any adverse movement in the underlying variables.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. Borrowings obtained at variable rates give rise to interest rate risk.

The Bank's exposure to the risk of changes in market interest rates relates primarily to the Bank's obligations and financial assets with floating interest rates. The Bank is also exposed on fixed rate financial assets and financial liabilities. The Bank's investment portfolio is comprised of treasury bills, Ethiopian government bonds and cash deposits.

The table below sets out information on the exposures to fixed and variable interest instruments.

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30 June 2023	Interest bearing Birr'000	Non-interest bearing Birr'000	Total Birr'000
Assets			
Cash and balances with banks	162,427	3,758,386	3,920,813
Loans and Advances	26,687,222	-	26,687,222
NBE Bill	-	-	-
Treasury Bills and Bonds	2,306,582		2,306,582
Development Bank of Ethiopia Bonds	512,722		512,722
Investment securities- (Equity Instrument)	-	187,022	187,022
Total	**29,668,953**	**3,945,408**	**33,614,360**
Liabilities			
Deposits from customers	24,296,418	3,010,592	27,307,010
Debt securities issued	-	-	-
Borrowings	1,867,500	-	1,867,500
Other liabilities	-	1,683,743	1,683,743
Total	**26,163,918**	**4,694,335**	**30,858,253**
Gap between Interest sensitive Asset and Liabilities	**3,505,035**		

30 June 2022	Interest bearing Birr'000	Non-interest bearing Birr'000	Total Birr'000
Assets			
Cash and balances with banks	200,076	3,618,309	3,818,385
Loans and Advances	23,792,718	-	23,792,718
NBE Bill	-	-	-
Treasury bills	3,216,844		3,216,844
Development Bank of Ethiopia Bonds	69,850		69,850
Investment securities- (Equity Instrument)	-	125,350	125,350
Total	**27,279,488**	**3,743,659**	**31,023,147**
Liabilities			
Deposits from customers	23,886,819	2,050,900	25,937,719
Debt securities issued	-	-	-
Borrowings	650,000	-	650,000
Other liabilities	-	2,442,968	2,442,968
Total	**24,536,819**	**4,493,868**	**29,030,687**
Gap between Interest sensitive Asset and Liabilities	**2,742,669**		

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non–trading financial assets and financial liabilities held at 30 June 2022 and 30 June 2023. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

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ii) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The Bank is exposed to exchange rate risks to the extent of balances and transactions denominated in a currency other than the Ethiopian Birr. The Bank's foreign currency bank accounts act as a natural hedge for these transactions. Management has set up a policy to manage the Bank's foreign exchange risk against its functional currency.

The net total foreign currency denominated assets and liabilities exposed to risk as at year end 30 June 2022 is Birr (274.11) million and 30 June 2023 is Birr 492.90 million.

The table below(for 'Sensitivity analysis for foreign exchange risk') summarizes the impact of increases/decreases of 10% on equity and profit or loss arising from the Bank's foreign denominated borrowings and cash and bank balances.

	30 June 2023 Birr'000	30 June 2022 Birr'000
Cash and bank balances	804,570	36,718
Customers' Deposits	(234,399)	(156,907)
Other Liabilities	(77,274)	(153,925)
	492,897	(274,113)

Sensitivity analysis for foreign exchange risk

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date.
The sensitivity of the Bank's earnings to fluctuations in exchange rates is reflected by varying the exchange rates at 10% as shown below:

	30 June 2023 Birr'000	30 June 2022 Birr'000
Impact on profit or loss 10% change in exchange rates	49,290	(27,411)

30 June 2023	Increase (decrease) in basis points Birr'000	Sensitivity of profit or loss Birr'000	Sensitivity of equity Birr'000
USD	10%	47,531	47,531
Euro	10%	1,612	1,612
GBP	10%	147	147
		49,290	49,290

30 June 2022	Increase (decrease) in basis points Birr'000	Sensitivity of profit or loss Birr'000	Sensitivity of equity Birr'000
USD	10%	(28,981)	(28,981)
Euro	10%	1,363	1,363
GBP	10%	206	206
		(27,411)	(27,411)

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4.15 Capital management

The Bank's objectives when managing capital are to comply with the capital requirements set by the National Bank of Ethiopia, safeguard its ability to continue as a going concern, and to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

4.15.1 Capital adequacy ratio (CAR)

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. It is

important to measure the amount of Bank's capital in relation to its risk weighted credit exposures.
The Bank's capital is divided into two tiers or it consists of two grouping of capital elements which are called Tiers 1 capital (core/primary capital) and Tiers 2 capital (supplementary capital).The former group consists of ordinary paid-in capital, Legal reserves and share premium. while the second, consists of undisclosed reserves, asset revaluation reserves, general provisions, hybrid capital instruments and subordinated term debt.
The bank measures its capital adequacy ratio (CAR), as the ratio requirements set by the National Bank of Ethiopia, for the primary capital/core capital in terms of risk weighted asset.

	Code	30 June 2023 Birr'000	30 June 2022 Birr'000
Total Capital (A1+A2)	A	3,628,256	3,367,659
Primary Capital (sum A11 t	A1	3,628,256	3,367,659
Paid-up capital	A11	2,629,888	2,574,774
Share Premium	A12	46,087	45,242
General reserves	A13	73,185	-
Legal reserves	A14	879,095	747,643
Supplementary capital (spe	A2		
Risk-weighted assets (RWA	B	30,762,439	27,349,945
On balance sheet (9)	B1	28,766,423	25,913,659
Off balance sheet (16)	B2	1,996,016	1,436,286
Ratios (%)	C		
Primary capital to RWA (A	C1	11.79%	12.31%
Total capital to RWA (A/B	C2	11.79%	12.31%

4.15.2 Risk weighted assets (RWA)

a) A. Balance Sheet
Assets

	Weighted Assets 30 June 2023 Birr'000	Weighted Assets 30 June 2022 Birr'000
Claims on Domestic & foreign		
Less than 1 year maturity	73,355	160,074
Residential mortgage loans	151,602	114,181
Loans & advances (net)-Residential mortgage loans	26,384,018	23,564,356
Investments	187,022	125,350
Fixed assets (net)	1,039,064	924,763
Accounts receivable	64,864	361,417
Supplies stock account	40,372	39,590
Others	826,127	623,928
Total RWBSA*	28,766,423	25,913,659

RWBSA = Risk Weighted Balance Sheet Assets

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b) B. Off Balance Sheet

Off-Balance Sheet Assets (OBSA)	Credit Equivalent 30 June 2023 Birr'000	30 June 2022 Birr'000
Undrawn Loan commitments	311,833	187,718
Guarantees issued	1,416,763	984,118
Commercial letter of credit	267,421	264,450
Total Risk weighted Off - BSA	**1,996,016**	**1,436,286**

4.16 Lease

Information about leases for which the Bank is a lessee is presented below.

i) Right Use of Asset (ROU)-Premises/Building and Land Use Right	30 June 2023 Birr'000	30 June 2022 Birr'000
Cost		
Right Use of Asset (ROU)-Premises/Building	545,403	377,836
Right Use of Asset (ROA)-Land	3,149	3,090
Amortization Expense on ROU and Land Use Right		
Amortization Expense for the year	(109,091)	(91,634)
Net Book Value - ROU + Land Use Right	**439,461**	**289,291**

ii) Lease Liability-Premises/Building and Land Use Right		
Lease Liability-Premises/Building + Land and Finance Charge	143,091	456,867
Charge for the year	42,965	(313,776)
Total Lease Liability-Premises/Building and Land Use Right	**186,056**	**143,091**

The Bank has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.17 Fair value of financial assets and liabilities

IFRS 13 requires an entity to classify measured or disclosed fair values according to a hierarchy that reflects the significance of observable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, which comprises of three levels as described below, based on the lowest level input that is significant to the fair value measurement as a whole.

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4.17.1 Valuation models

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

● Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

●Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) .This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation technique in which all significant inputs are directly or indirectly observable from market data.

In conclusion, this category is for valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

● Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all assets and liabilities for which the valuation technique includes inputs not based on observable date and the unobservable inputs have a significant effect on the asset or liability's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

4.17.2 Financial instruments not measured at fair value - Fair value hierarchy

The following table summarizes the carrying amounts of financial assets and liabilities at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

As it vivid on the above disclosure point 4.7, regards to our financial instrument category, the Bank's financial assets are classified into amortized cost and FVTPL and the financial liabilities are classified into other liabilities at amortized cost. Thus, the Bank has no financial asset measured at fair value through other comphrensive income. As a result, except equity investment permanently having similar face value (at initial and subsequent measurement) the bank valuation technique is significant unobservable inputs – Level 3.

30 June 2023	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000	Total Birr'000
Financial assets					
Cash and balances with bar	3,920,813	3,920,813	-	-	3,920,813
Loans and Advances	26,687,222	-	-	26,687,222	26,687,222
Investment securities	3,006,326	-	187,022	2,819,304	3,006,326
Total	33,614,360	3,920,813	187,022	29,506,526	33,614,360
Financial liabilities					
Deposits from customers	27,307,010	27,307,010			27,307,010
Debt securities issued	-	-			-
Borrowings	1,867,500	-		1,867,500	1,867,500
Other liabilities	1,546,667	-		1,546,667	1,546,667
Total	30,721,177	27,307,010	-	3,414,167	30,721,177

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30 June 2022	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000	Total Birr'000
Financial assets					
Cash and balances with bar	3,818,385	3,818,385	-	-	3,818,385
Loans and Advances	23,792,718	-	-	23,792,718	23,792,718
Investment securities	3,412,044	-	125,350	3,286,694	3,412,044
Total	**31,023,147**	**3,818,385**	**125,350**	**27,079,412**	**31,023,147**
Financial liabilities					
Deposits from customers	25,937,719	25,937,719			25,937,719
Debt securities issued	-	-			-
Borrowings	650,000	-		650,000	650,000
Other liabilities	2,316,461	-		2,316,461	2,316,461
Total	**28,904,180**	**25,937,719**	**-**	**2,966,461**	**28,904,180**

4.17.3 Fair value methods and assumptions

Loans and advances to customers

Loans and advances to customers are carried at amortized cost net of provision for impairment. The estimated fair value represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

4.17.4 Valuation technique using significant unobservable inputs – Level 3

The Bank has no financial asset measured at fair value on subsequent recognition except for Equity Investment financial asset.

4.17.5 Transfers between the fair value hierarchy categories

During the reporting period covered by these annual financial statements, there were no movements between levels as a result of significant inputs to the fair valuation process becoming observable or unobservable.

4.18 Offsetting financial assets and financial liabilities

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.

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		30 June 2023 Birr'000	30 June 2022 Birr'000
5	**Interest income**		
	Interest on Loans & Advances	3,915,923	3,525,464
	Interest on deposits held with local and foreign banks	29,570	42,932
	Interest on NBE bills	-	45,527
	Interest on Treasury bills	180,332	169,050
	Interest on DBE Bond	29,358	1,069
	Interest on Tresury Bonds	7,616	
	Interest-on Local Investment	6,796	4,217
		4,169,595	3,788,259

Included within various line items under interest income for the year ended 30 June 2023:Birr 16,390,216.72 is a total of Birr and 30 June 2022: Birr 343,440,687 relating to impaired financial assets.

		30 June 2023 Birr'000	30 June 2022 Birr'000
6	**Interest expense**		
	- Saving deposits	1,332,773	1,319,512
	- NBE borrowings	149,215	89,616
	- Other Bank borrowings	-	-
	- Fixed deposits	489,673	352,677
		1,971,661	**1,761,805**

		30 June 2023 Birr'000	30 June 2022 Birr'000
7	**Net fees and commission income**		
	Fee and commission income		
	Commission on Letter Of Credit	77,083	12,195
	Commission on Letter Of guarantee	101,951	60,847
	Commission on Local transfers and other transactions	402	541
	Net fees and commission income	**179,436**	**73,583**
8	**Net foreign exchange income**		
	Gain on foreign exchange	191,165	162,064
	Loss on foreign exchange	(388,739)	(338,789)
	Net foreign exchange income	**(197,574)**	**(176,725)**

Lion International Bank S.C.
Notes to the financial statements
For the year ended 30 June 2023

		30 June 2023	30 June 2022
		Birr'000	Birr'000
9	**Other operating Income**		
	Service charge on foreign and local transactions	212,358	69,428
	Gain on Disposal of Property,plant and Equipment	30	2,837
	Other income	85,840	55,108
		298,228	**127,373**

		30 June 2023	30 June 2022
		Birr'000	Birr'000
10	**Loan Impairment charge**		
	Loans and Advances - charge for the year (note 16a)	(38,773)	518,886
	Loans and Advances -Direct Writeoff	-	-
		(38,773)	**518,886**

		30 June 2023	30 June 2022
		Birr'000	Birr'000
11	**Impairment losses on other assets**		
	Other assets - charge for the year (note 18)	265,432	57,378
	Other assets - reversal of impairment losses (note 18)	-	-
		265,432	**57,378**

		30 June 2023	30 June 2022
		Birr'000	Birr'000
12	**Employee benefits**		
	Salaries and wages	684,781	527,378
	Staff allowances	114,457	121,491
	Provident fund and pension contribution	67,245	77,292
	Accrued leave pay	36,545	20,509
	Amortisation of prepaid staff benefit	168	5,936
	Employee defined benefit (Income) expense	21,740	18,066
	Other staff expenses	28,226	17,292
		953,162	**787,964**

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LION INTERNATIONAL BANK

Lion International Bank S.C.
Notes to the financial statements
For the year ended 30 June 2023

		30 June 2023 Birr'000	30 June 2022 Birr'000
13	**Other operating expenses**		
	General and administrative expenses	186,170	129,708
	Advertisement and Publicity	29,040	17,556
	Insurance Expenses	4,183	4,984
	Stationery & Printings	17,473	6,613
	Transportation of Currencies	3,369	2,652
	Wages Expense	157,187	90,821
	Communication expenses	15,613	14,080
	Repairs and maintenance	19,658	8,515
	Maintenance, consultancy and support fees	21,639	16,995
	Service charge	1,027	2,031
	Directors' fees	3,315	3,143
	Issuer fees on ATM	2,034	2,359
	Subscription and membership fees	273	426
	Fuel and lubricants	3,589	1,345
	Audit fees	1,041	948
	Other expenses	4,776	877
		472,771	**303,914**

		30 June 2023 Birr'000	30 June 2022 Birr'000
13a)	**General and administrative expenses**		
	Entertainment Expenses	4,256	1,838
	Donation and Contribution(provision)	14,170	2,000
	Penalty	450	9,537
	Amortization Expense on ROU	109,091	91,634
	Finance Charge (Lease Liablity)	15,202	12,320
	Water & Electricity Expenses	4,579	2,546
	Correspondent Charges	3,555	2,365
	Cleaning Supplies	2,374	1,196
	Other General and administrative expenses	32,493	6,272
		186,170	**129,708**

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LION INTERNATIONAL BANK

Lion International Bank S.C.
Notes to the financial statements
For the year ended 30 June 2023

		30 June 2023 Birr'000	30 June 2022 Birr'000
14	**Current income and deferred tax**		
14a	**Income tax expense**		
	Current income tax expense	232,201	28,717
	Prior year (over)/ under provision		
	Deferred income tax/(credit) to profit or loss	25,377	13,113
	Total charge to profit or loss	257,578	41,830
	Tax (credit) on other comprehensive income	-	-
	Total tax in statement of comprehensive income	**257,578**	**41,830**

14b Reconciliation between tax expense and the product of the accounting profit multiplied by the applicable tax rate

The tax on the Bank's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

(b) Current tax

	30 June 2023 Birr'000	30 June 2022 Birr'000
Accounting profit (Excluding Building Rental Income)	736,434	310,645
Add : Disallowed expenses		
Entertainment	4,256	1,838
Donation	350	-
Penalty	450	9,537
Provision for loans and advances as per IFRS	(38,773)	518,886
Depreciation for accounting purpose	57,478	65,826
Amortization for accounting purpose	9,835	6,069
Impairment losses on other assets	265,432	57,378
Provision for legal cases	7,486	1,518
Amortization Expense/Finance Charges on Leased Asset/Liability	124,293	103,954
Accrued Leave	14,914	13,324
Prepaid Staff Asset Expense	168	5,936
Tax Expense	-	38
Severance pay	9,965	5,729
Cash Indemity Allowance	296	-
Unrealized Revaluation Loss	35,670	-
Share Premium	845	-
	492,667	**790,033**
Less :		
Depreciation for tax purpose	76,636	97,251
Provision for loans and advances for tax NBE 80%	(114,023)	482,084
Amortization of deferred charge as per tax law	7,041	799
Gain on disposal of Property,plant & equipment	-	2,837
Dividend income taxed at source	6,796	4,217
Interest income taxed at source-NBE Bills	-	45,527
Interest income taxed at source-Treasury Bills	180,332	169,050
Interest income taxed at source-DBE Bond	29,358	1,069
Interest income taxed at source-Treasury Bond	7,616	-
Interest income taxed at source-Deposits	29,570	42,919
Office Rent Expesne	176,586	124,369
Operating Lease Expense	238	350
Cash Indemity Allowance	-	1,128
Unrealized Gain(Loss) on Equity Investment	54,950	33,356
	455,098	**1,004,955**
Taxable profit	**774,003**	**95,723**
Current tax at 30%	**232,201**	**28,717**

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Notes to the financial statements
For the year ended 30 June 2023

	30 June 2023 Birr'000	30 June 2022 Birr'000
Building Rental Income	**10,667**	-
Add :		
Depreciation for accounting purpose	11,016	-
Disallowable Depreciation Expense	931	-
	11,947	-
Less :		
Depreciation for tax purpose - Building	22,957	-
	22,957	-
Net Profit (Loss) for the Period	**(343)**	-
Balance Brought Forward 2020/21	(6,134)	-
Balance Brought Forward 2021/22	(2,169)	-
Balance Carried Forward	**(8,303)**	-
(c) The movement of Profit tax Payable		
Balance brought forward	28,413	95,969
Add : Provision for the year	232,201	28,717
Less: Direct settlement	28,413	95,969
Withholding tax paid	238	304
	231,962	**28,413**
Tax Provision as Per IFRS	232,201	28,717
Tax provission as per GAAP		
Additional Current Tax Expense to be (claimed)/settled	(238)	(304)
Tax Payable for 2022/23	**231,962**	**28,413**

14c Current income tax liability	30 June 2023 Birr'000	30 June 2022 Birr'000
Current income tax payable	232,201	28,717
	232,201	**28,717**
Balance at the beginning of the year	28,717	96,109
Income tax expense	232,201	28,717
Prior year (over)/ under provision	(1.00)	-
Payment during the year	(28,717)	(96,109)
Balance at the end of the year	**232,201**	**28,717**

Lion International Bank S.C.
Notes to the financial statements
For the year ended 30 June 2023

14d Deferred income tax

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

	30 June 2023 Birr'000	30 June 2022 Birr'000
The analysis of deferred tax assets/(liabilities) is as follows:		
To be recovered after more than 12 months	-	-
To be recovered within 12 months	(43,114)	(17,737)
	(43,114)	(17,737)

Deferred income tax assets and liabilities, deferred income tax charge/(credit) in profit or loss ("P/L), in equity and other comprehensive income are attributable to the following items:

Deferred income tax assets/(liabilities):	At 1 July 2022 Birr'000	Credit/ (charge) to P/L Birr'000	Credit/ (charge) to equity Birr'000	30 June 2023 Birr'000
Property, Plant and Equipment (Including intangibles)	(31,440)	(20,366)		(51,806)
Post employment benefit obligation	18,651	10,748		29,399
Lease ROU & ROA - Temporary difference	(4,948)	(15,759)		(20,708)
Total deferred tax assets/(liabilities)	(17,737)	(25,377)	-	(43,114)

Deferred income tax assets/(liabilities):	At 1 July 2021 Birr'000	Credit/ (charge) to P/L Birr'000	Credit/ (charge) to equity Birr'000	30 June 2022 Birr'000
Property, Plant and Equipment (Including intangibles)	(24,786)	(6,654)		(31,440)
Post employment benefit obligation	20,162	(1,511)		18,651
Lease ROU & ROA - Temporary difference	-	(4,948)		(4,948)
Total deferred tax assets/(liabilities)	(4,624)	(13,113)	-	(17,737)

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Notes to the financial statements
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15 Cash and balances with banks	30 June 2023 Birr'000	30 June 2022 Birr'000
Cash in hand	1,196,507	542,065
Deposits with local banks	162,435	200,086
Deposits with foreign banks	204,347	600,294
Balance held with National Bank of Ethiopia	464,165	654,083
Reserve with National Bank of Ethiopia	1,893,367	1,821,867
Gross amount	**3,920,821**	**3,818,395**
Less: Impairment allowance to Deposit with local banks		
Beginning Provision	(10)	(81)
Charge for the year	2	71
Impairment allowance	(8)	(10)
Net Amount	3,920,813	3,818,385

Maturity analysis	30 June 2023 Birr'000	30 June 2022 Birr'000
Current	2,027,454	1,996,528
Non-Current	1,893,367	1,821,867
	3,920,821	**3,818,395**

The reserve with National Bank of Ethiopia represents regulatory cash ratio requirements based on customer deposits with the Bank. As at 30 June 2023, the cash ratio requirement was 7% . The funds are not available for the day to day operations of the Bank and are non interest bearing.

Amounts included in cash and cash equivalents are current. Reserves with National Bank of Ethiopia are non - current. Cash and balances with National Bank of Ethiopia are classified as 'Amortized cost'.

16 Loans and advances	30 June 2023 Birr'000	30 June 2022 Birr'000
Analysis by sector		
Transportation and communication	146,047	365,452
Export loans	9,014,420	8,720,860
Import loans	6,613,674	4,987,773
Manufacturing and production	1,445,206	1,278,398
Building and construction	2,474,649	2,164,009
Domestic trade	6,890,987	6,122,273
Staff emergency and mortgage loans	548,081	374,299
Agricultural loans	168,165	163,969
Hotel and Tourism	965,178	1,233,643
Gross loans and advances to customers	28,266,407	25,410,676
Less: Impairment allowance (note 15a) - Allowance for Impairment	(1,579,185)	(1,617,958)
Net loans and advances to customers	**26,687,222**	**23,792,718**

Lion International Bank S.C.
Notes to the financial statements
For the year ended 30 June 2023

Analysis by maturity	30 June 2023 Birr'000	30 June 2022 Birr'000
Loans and advances due:		
Not later than 1 year	18,767,584	5,466,879
Later than 1 year but not later than 5 years	4,802,542	14,923,793
Later than 5 years	4,696,281	5,020,005
Gross loans and advances to customers	28,266,407	25,410,677
Less: Provision for doubtful debts	(1,579,185)	(1,617,958)
Net loans and advances to customers	**26,687,222**	**23,792,719**

16a Impairment allowance on loans and Advances

A reconciliation of the allowance for impairment losses for loans and receivables by class, is as follows:

	As at 30 June 2022 Birr'000	Charge for the year Birr'000	As at 30 June 2023 Birr'000
Allowance for Impairment	1,617,958	(38,773)	1,579,185
	1,617,958	(38,773)	1,579,185

	As at 30 June 2021 Birr'000	Charge for the year Birr'000	As at 30 June 2022 Birr'000
Allowance for Impairment	1,099,072	518,886	1,617,958
	1,099,072	518,886	1,617,958

17 Investment Securities	30 June 2023 Birr'000	30 June 2022 Birr'000
Investment Securities at FVTPL		
EthSwitch S.C.	78,431	40,876
Lion Insurance Co. S.C.	25,861	23,345
SWIFT	120	113
Goda Bottle and Glass S.C.	21,504	21,504
Diramba Trade and Industry S.C.	6,156	6,156
Gross amount	132,072	91,994
Add (Less): Investment Security (Equity)- Fair Value		
Charge for the year	54,950	33,356
Total Investment Security (Equity)- Fair Value	54,950	33,356
Net amount	**187,022**	**125,350**

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Notes to the financial statements
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Investment Securities at Cost

Name of investees	Principal activity	Shares	30 June 2023 Birr'000
EthSwitch S.C.	Money transfer	18	18,187
Lion Insurance Co. S.C.	Insurance	600	15,000
SWIFT	Money transfer	-	30
Goda Bottle and Glass S.C.	Manufacturing	430	21,504
Diramba Trade and Industry S.C.	Manufacturing	6	6,156
			60,877

Name of investees	Principal activity	Shares	30 June 2022 Birr'000
EthSwitch S.C.	Money transfer	14	14,482
Lion Insurance Co. S.C.	Insurance	479	11,983
SWIFT	Money transfer	1	30
Goda Bottle and Glass S.C.	Manufacturing	430	21,504
Diramba Trade and Industry S.C.	Manufacturing	6	6,156
			54,155

Treasury Bills at Amortized Cost	30 June 2023 Birr'000	30 June 2022 Birr'000
Treasury bills (Net)	2,061,650	3,216,844
	2,061,650	3,216,844
Movement		
At start of year	3,217,005	-
Additions	-	3,217,005
Maturities	(1,155,260)	-
Increase in accrued interest at end of year	-	-
Gross amount	2,061,745	3,217,005
Less: Impairment allowance to Treasury Bills		
Beginning Provsion	(161)	-
Charge for the year	66	(161)
Total Impairment allowance	(95)	(161)
At end of year	2,061,650	3,216,844
Maturity profile		
Bills maturing within one year's from the date of acquisition	2,061,650	3,216,844
Total	**2,061,650**	**3,216,844**

Treasury Bills issued pirsuant to the Treasury Bills Proclamation No. 267of 1969
The maturity period of the bills is 1 years.

Lion International Bank S.C.
Notes to the financial statements
For the year ended 30 June 2023

Development Bank of Ethhiopia Bonds at Amortized Cost	30 June 2023 Birr'000	30 June 2022 Birr'000
Development Bank of Ethhiopia Bonds (Net)	512,722	69,850
	512,722	69,850
Movement		
At start of year	69,854	-
Additions	414,605	68,785
Maturities	-	-
Increase in accrued interest at end of year	28,289	1,069
Gross amount	512,748	69,854
Less: Impairment allowance to NBE Bills		
Beginning Provsion	(3)	-
Charge for the year	(22)	(3)
Total Impairment allowance	(26)	(3)
At end of year	512,722	69,850
Maturity profile		
Bills maturing within 91 days from the date of acquisition		
Bills maturing after 91 days after the date of acquisition	512,722	69,850
Total	**512,722**	**69,850**

This represents the cost of Bonds acquired from the Development Bank of Ethiopia in accordance with directives on the establishment and operation of National Bank of Ethiopia investment on DBE Bonds dirctive No. SBB/81/2021.

A commercial bank annually invest a minimum of 1% of outstanding loan and advance in DBE Bond until the aggregated bond holding equals 10% of totla outstanding loans and advances.

The maturity period of the bills is 3 years.

Treasury Bonds at Amortized Cost	30 June 2023 Birr'000	30 June 2022 Birr'000
Treasury Bonds (Net)	244,932	-
	244,932	-
Movement		
At start of year	-	-
Additions	237,328	-
Maturities	-	-
Increase in accrued interest at end of year	7,616	-
Gross amount	244,944	-
Less: Impairment allowance to Treasury Bills		
Beginning Provsion	-	-
Charge for the year	(12)	-
Total Impairment allowance	(12)	-
At end of year	244,932	-
Maturity profile		
Bills maturing within five year's from the date of acquisition	244,932	-
Total	**244,932**	-

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Notes to the financial statements
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This represents the issuance of bonds from the National Bank of Ethiopia pursuant to the Treasury Bonds Directive No. MFAD/TRBO/001/2022 Establishment and Operation Directive.

A commercial bank shall calculate its own allotment based on its monthly loans and and advance disbursement and invest 20% of monthely dibursement.

The Treasury Bonds shall have a maturity period of 5 years. The interst rate for each Treasury Bond shall be 2% points higher than the minimum saving deposit rate.

		30 June 2023 Birr'000	30 June 2022 Birr'000
18	**Other assets**		
	Financial assets		
	Sundry receivables	502,407	533,495
		502,407	533,495
	Less: Impairment allowance for other assets	(437,543)	(172,078)
		64,864	361,417
	Non-financial assets		
	Prepaid staff benefit	60,901	(30,034)
	Prepayments	121,567	150,454
	Right Use of Asset (ROU)-Premises/Building	545,403	377,836
	Right Use of Asset (ROA)-Land	3,149	3,090
	Stock of supplies	40,372	39,590
	Acquired property	19,934	24,464
		791,326	565,400
	Net amount	856,190	926,817

		30 June 2023 Birr'000	30 June 2022 Birr'000
18(a)	Right Use of Asset-Premises/Building		
	Right Use of Asset (ROU)-Premises/Building	545,403	377,836
	Right Use of Asset (ROA)-Land	3,149	3,090
	Amortization Expense on ROU	(109,091)	(91,634)
	Net Right Use of Asset (ROU)-Premises/Building and Land	439,461	289,291

Maturity analysis	30 June 2023 Birr'000	30 June 2022 Birr'000
Current	426,845	414,109
Non-Current	429,346	512,708
	856,190	926,817

Lion International Bank S.C.
Notes to the financial statements
For the year ended 30 June 2023

18(b) Impairment allowance on other assets

A reconciliation of the allowance for impairment losses for other assets is as follows:

	30 June 2023 Birr'000	30 June 2022 Birr'000
Balance at the beginning of the year	172,078	114,385
Addition for the year	272,512	50,992
Charge for the year	(7,047)	6,701
Balance at the end of the year	**437,543**	**172,078**

A preliminary assessment in the Northern Region (Tigray) indicates that some branches in Tigray have been supposed to be looted and/or damaged due to the deep-routed internal conflict undergone in the region. The overall situation is being reassessed and evaluated for further action. In the meantime, adequate provision is held on other assets to cover any losses that might arise.

Lion International Bank S.C.
For the year ended 30 June 2023
Notes to the financial statements

19 Intangible Assets

	Software Birr'000	Work in progress Birr'000	Total Birr'000
Cost:			
As at 1 July 2021	37,998	931	38,928
Acquisitions	730	86,792	87,522
De-recognition	-	-	-
As at 30 June 2022	38,727	87,723	126,450
As at 1 July 2022	38,727	87,723	126,450
Acquisitions	74,613	-	74,613
De-recognition	-	-	-
Transfer to Software		(87,723)	(87,723)
As at 30 June 2023	113,340	(0)	113,340
Accumulated amortisation and impairment losses:			
As at 1 July 2021	22,263	-	22,263
Amortisation for the year	6,069	-	6,069
Impairment losses	-	-	-
De-recognition	-	-	-
As at 30 June 2022	28,332	-	28,332
As at 1 July 2021	28,332	-	28,332
Amortisation for the year	9,835	-	9,835
Impairment losses	-	-	-
De-recognition	-	-	-
As at 30 June 2023	38,168	-	38,168
Net book value			
As at 30 June 2022	10,395	87,723	98,118
As at 30 June 2023	75,173	-	75,173

Lion International Bank S.C.
For the year ended 30 June 2023
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	Motor vehicles Birr'000	Furniture and fittings Birr'000	Office & other equipment Birr'000	IT equipment Birr'000	Building & premises Birr'000	Construction in progress Birr'000	Total Birr'000
20 Property,plant and equipment							
Cost:							
As at 1 July 2021	164,835	115,931	115,327	147,037	601,697	49,248	1,194,075
Additions	-	1,777	5,424	3,354	-	-	10,555
Disposals	(2,095)	(875)	(554)	(2,032)		-	(5,557)
Reclassification	-	(349)	1,430	(2,930)			(1,848)
As at 30 June 2022	162,740	116,484	121,627	145,429	601,697	49,248	1,197,225
As at 1 July 2022	162,740	116,484	121,627	145,429	601,697	49,248	1,197,225
Additions	4,048	5,230	10,011	118,946	-	4,996	143,230
Disposals	-	-	(6)	-	-	-	(6)
Reclassification	-	2,454	26,405	10,708			39,568
As at 30 June 2023	166,788	124,168	158,037	275,083	601,697	54,244	1,380,016
Accumulated depreciation							
As at 1 July 2021	41,650	41,808	46,270	66,465	15,695	-	211,889
Charge for the year	14,876	10,397	11,029	17,076	11,571	-	64,949
A/D Adjustment (Stock PPE)	-	336	291	250	-		878
Disposals	(1,990)	(747)	(548)	(1,967)	-	-	(5,252)
Reclassification	-	-	-	-	-	-	-
As at 30 June 2022	54,535	51,794	57,042	81,825	27,266	-	272,463
As at 1 July 2022	54,535	51,794	57,042	81,825	27,266	-	272,463
Charge for the year	15,185	10,529	10,640	19,676	11,571	-	67,601
A/D Adjustment (Stock PPE)	-	131	228	535	-		893
Disposals	-	-	(4)	-	-	-	(4)
Reclassification	-	-	-	-	-	-	-
As at 30 June 2023	69,720	62,454	67,907	102,035	38,837	-	340,953
Net book value							
As at 30 June 2022	108,205	64,690	64,585	63,604	574,431	49,248	924,763
As at 30 June 2023	97,067	61,714	90,130	173,048	562,860	54,244	1,039,064

Lion International Bank S.C.
For the year ended 30 June 2023
Notes to the financial statements

21 Customer deposits	30 June 2023 Birr'000	30 June 2022 Birr'000
Foreign currency deposits	147,263	146,098
Demand deposits	2,863,329	1,904,802
Saving deposits	19,765,227	21,162,466
Time deposits	4,531,191	2,724,353
Total deposits from customers	**27,307,010**	**25,937,719**

Customer deposits are financial instruments classified as liabilities at amortised cost. Included in time deposits are deposits which are at fixed interest rates whereas all other deposits are at variable rates.

22 Other liabilities	30 June 2023 Birr'000	30 June 2022 Birr'000
Financial liabilities		
Cash payment orders	107,783	70,671
Margin held on letters of credit	514,215	573,238
Blocked accounts	131,850	214,774
Leave accrual	63,921	48,973
Local transfers payable	101	137
Exchange commission	15,336	9,045
Share premium - NBE	-	-
Miscellaneous payables	17,100	18,053
Retention payable	-	-
Retention on foreign currency	74,983	142,794
Accruals	85,552	495,432
Dividend payable	87,143	118,621
Provident and pension fund	12,549	4,010
Other payables	246,619	474,203
Lease Liability-Premises/Building	186,056	143,091
Foreign transactions payable	1,455	1,316
Temporary customer accounts	2,004	2,103
Local Borrowings NBE	1,867,500	650,000
Local Borrowings Other banks	-	-
	3,414,167	**2,966,461**
Non-financial liabilities		
Advances on import bills	-	-
Taxes and stamp duty charges	40,037	20,005
Unearned Income-LG Commission	22,468	-
Unearned Income-LC Opening S/Charges	8,971	101,411
Unearned Income-Treasury Bills	50,751	-
Unearned Income-Building Rent	2,271	-
Provision for legal cases	12,578	5,091
	-	-
	137,076	126,507
Total	**3,551,243**	**3,092,968**

Maturity analysis	30 June 2023 Birr'000	30 June 2022 Birr'000
Current	3,326,649	2,449,863
Non-Current	224,593	500,311
	3,551,243	2,950,174

Lion International Bank S.C.
For the year ended 30 June 2023
Notes to the financial statements

	30 June 2023 Birr'000	30 June 2022 Birr'000
23 Retirement benefit obligations		
Defined benefits liabilities:		
Defined Benefit Liability/(Asset)	97,998	62,171
Liability in the statement of financial position	**97,998**	**62,171**
Income statement charge included in personnel expenses:		
Employee defined benefit (Income) expense	21,740	18,066
Total defined benefit expenses	**21,740**	**18,066**
Remeasurements for:		
– Severance and retirement benefit gratuity benefits	(25,862)	10,766
	(25,862)	**10,766**

The income statement charge included within personnel expenses includes current service cost, interest cost, past service costs on the defined benefit schemes.

Maturity analysis	30 June 2023 Birr'000	30 June 2022 Birr'000
Current	2,946.92	3,232.54
Non-Current	95,051	58,938
	97,998	**62,171**

Severance and retirement benefit gratuity benefits

The Bank operates an unfunded severance pay plan for its employees who have served the Bank for 5 years and above and are below the retirement age. The final pay-out is determined by reference to current benefit's level (monthly salary) and number of years in service and is calculated as 1 month salary for the first year in employment plus 1/3 of monthly salary for each subsequent in employment to a maximum of 12 months final monthly salary.

The Bank also pays employees who retire with 15 years or more of service a reward gratitude of three (3) month's salary calculate on the basis of the last salary of the employee.

The key financial assumptions are the discount rate and the rate of salary increases. The provision for gratuity was based on an independent actuarial valuation performed by QED Actuaries & Consultants (Pty) Ltd South Africa using the projected unit credit method.

The Bank does not maintain any assets for the schemes but ensures that it has sufficient funds for the obligations as they crystallise.

Below are the details of movements and amounts recognised in the financial statements:

	30 June 2023 Birr'000	30 June 2022 Birr'000
A Liability recognised in the financial position	97,998	62,171

	30 June 2023 Birr'000	30 June 2022 Birr'000
B Amount recognised in the profit or loss		
Current service cost	6,487	7,569
Interest cost	15,253	10,497
	21,740	18,066

Lion International Bank S.C.
For the year ended 30 June 2023
Notes to the financial statements

23 Retirement benefit obligations (Contd)

C Amount recognised in other comprehensive income:

Remeasurement gains/(losses) arising from changes in demographic assumptions	-	-
Remeasurement gains/(losses) arising from changes in the economic assumptions	(8,189)	5,284
Remeasurement gains/(losses) arising from changes exeperience	(17,673)	5,482
	(25,862)	10,766

The movement in the defined benefit obligation over the years is as follows:

	30 June 2023 Birr'000	30 June 2022 Birr'000
At the beginning of the year	62,171	67,208
Current service cost	6,487	7,569
Interest cost	15,253	10,497
Past Service cost	-	-
Remeasurement (gains)/ losses	25,862	(10,766)
Benefits paid	(11,775)	(12,337)
At the end of the year	97,998	62,171

The significant actuarial assumptions were as follows:

i) Financial Assumption Long term Average

	30 June 2023 Birr'000	30 June 2022 Birr'000
Discount Rate (p.a)	20.70%	24.40%
Long term salary increases	17.10%	19.30%

Discount rate

IAS19 requires that the discount rate be set based on the yields of appropriate term high quality corporate bonds. If no deep market in such bonds is available, accounting standards require that the yield on government bonds of appropriate term be applied in the setting of this assumption.

In Ethiopia, there is neither a deep market in corporate nor government bonds. Furthermore, the market for treasury bills in Ethiopia is inefficient and does not appear to be market-determined. IAS19 does not provide guidance for setting the discount rate in a country with limited government bonds or instruments.

The EBA has therefore advised on the use a discount rate of 24.40% as at 30 June 2022 and 20.70% as at 30 June 2023.

Long term salary increases

Future salary increases are usually linked with a long-term future inflation assumption, plus a margin in respect of merit or promotional increases. Long term salary increases of 2% higher than the assumed long-term inflation rate on average, has been applied.

Inflation in Ethiopia has been volatile in recent years leading up to the valuation dates. In addition, there are no index-linked government bonds or securities which could provide a market-based indication of future inflation.

In order to determine an estimate of long-term future inflation, we have considered historical inflation, projections made by the IMF inflation for 2023 to 2027 to determine the projected long-term inflation in a manner consistent with the setting of the discount rate.

Lion International Bank S.C.
For the year ended 30 June 2023
Notes to the financial statements

23 Retirement benefit obligations (Contd)

ii) Mortality in Service

In determining an appropriate mortality table to use for the valuations, we have considered the mortality rates published in the Demographic and Health Survey ("DHS") 2016 report compiled by the CSA. The DHS report provides male and female mortality rates for 5 year age bands from age 15 to age 49.

Age	Mortality rate	
	Male	Female
20		
25	0.00223	0.00223
30	0.00303	0.00228
35	0.00355	0.00314
40	0.00405	0.00279
45	0.00515	0.00319
50	0.0045	0.00428
55	0.00628	0.00628
60	0.00979	0.00979

iii) Withdrawal from Service

The resignation rates are summarised in the table below (the rates are applicable up to and including the stated ages, with the last rate continuing until retirement.):

Age	Resignation rates per annum 2023	Resignation rates per annum 2022
20	17.30%	17.30%
25	13.50%	13.50%
30	6.10%	6.10%
35	5.80%	5.80%
40	5.00%	5.00%
45	2.80%	2.80%
50+	2.60%	2.60%

The sensitivity of the main results to changes in the assumed salary escalation rates and the discount rate have been calculated based on the duration of the liabilities. The changes in the 30 June 2023. Defined Benefit Obligation and the Current Service Cost are reflected below:

	Change in assumption	Impact on defined benefit obligation 30 June 2023 Impact of an increase Birr'000	Impact of a decrease Birr'000
Discount rate	1%	979.98	979.98

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The following payments are expected contributions to be made in for the next five (5) years out of the defined benefit plan obligation as of 30 June 2023.

	30 June 2023 Birr'000
Year ending 30 June 2024	(8,188)
Year ending 30 June 2025	(10,971)
Year ending 30 June 2026	(13,912)
Year ending 30 June 2027	(17,592)
Year ending 30 June 2028	(21,156)
Total projected benefit payments over 5 years	(71,819)

Lion International Bank S.C.
For the year ended 30 June 2023
Notes to the financial statements

23 Retirement benefit obligations (Contd)

Risk exposure

Through its post-employment benefit schemes, the Bank is exposed to a number of risks. The most significant of which are detailed below:

(i) Liquidity risk

The defined liabilities are unfunded and as a result, there is a risk of the Bank not having the required cash flow to fund future defined benefit obligations as they fall due.

(ii) Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

(iii) Inflation risk

This is the risk that of an unexpected significant rise/fall in longterm inflation rate. A rise in inflation rate would lead to an increase in the defined benfit obligation.

24 Ordinary share capital

	30 June 2023 Birr'000	30 June 2022 Birr'000
Authorised:		
10 Million Ordinary shares of 1000 Birr each	10,000,000	3,000,000
Issued and fully paid:		
2,629,888 Ordinary shares of 1000 Birr each (as of 30 June 2023)	**2,629,888**	**2,574,774**

25 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit after taxation by the weighted average number of ordinary shares in issue during the year.

	30 June 2023 Birr'000	30 June 2022 Birr'000
Profit attributable to shareholders	489,524	268,815
Rollover IFRS adjustment from Regulatory risk reserve	-	-
Profit attributable to shareholders (after IFRS adjustments)	489,524	268,815
Weighted average number of ordinary shares issued as at 30 June 30,2023 and 30 June 2022	2,614	101,573
Basic & diluted earnings per share (Birr)	**187.28**	**2.65**

The calculation of basic and diluted earnings per share is based on continuing operations attributable to the ordinary equity holders of the Bank. There were no discontinued operations during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive shares at the reporting date, hence the basic and diluted loss per share have the same value.

According to the new Commercial code 1243/21 regarding the price of one share, one share should not be less than 100 Birr. As a result, on the 6th urgent general meeting, the price of one share increased from 25 Birr to 1000 Birr.

26 Retained earnings

	30 June 2023 Birr'000	30 June 2022 Birr'000
At the beginning of the year	73,184	128,727
Declared dividend	-	(69,958)
Profit/ (Loss) for the year	489,524	268,815
Transfer to legal reserve	(131,452)	(34,731)
Transfer to special reserve	(73,185)	-
Transfer to Other Reserve	(54,950)	(33,356)
Adjustment for tax liability	-	(56,424)
Transfer to Regulatory Risk Reserve	70,580	(129,890)
At the end of the year	**373,701**	**73,184**

Lion International Bank S.C.
For the year ended 30 June 2023
Notes to the financial statements

27 Legal reserve

	30 June 2023 Birr'000	30 June 2022 Birr'000
At the beginning of the year	747,643	712,912
Transfer from profit or loss	131,452	34,731
At the end of the year	879,095	747,643

The NBE Directive No. SBB/4/95 requires the Bank to transfer annually 25% of its annual net profit to its legal reserve account until such account equals its capital. When the legal reserve account equals the capital of the Bank, the amount to be transferred to the legal reserve account will be 10% (ten percent) of the annual net profit.

28 Special reserve

	30 June 2023 Birr'000	30 June 2022 Birr'000
At the beginning of the year	(0)	20,918
Transfer (from) / to retained earnings	73,185	-
Prior year adjustment		
Adjustment for tax liability	-	(20,918)
Transfer to declared divdend	-	-
At the end of the year	73,185	0

29 Regulatory risk reserve

	30 June 2023 Birr'000	30 June 2022 Birr'000
At the beginning of the year	350,423	220,532
Transfer (from) / to retained earnings	(70,580)	129,890
At the end of the year	279,842	350,423

The Regulatory risk reserve is a non-distributable reserves required by the regulations of the National Bank of Ethiopia(NBE) to be kept for impairment losses on loans and receivables in excess of IFRS charge as derived using the Expected Credit Loss model.

Where the loan loss impairment determined using the National Bank of Ethiopia (NBE) guidelines is higher than the loan loss impairment determined using the Expected Credit Loss under IFRS, the difference is transferred to regulatory risk reserve and it is non-distributable to the owners of the Bank.

Where the loan loss impairment determined using the National Bank of Ethiopia (NBE) guidelines is less than the loan loss impairment determined using the Expected Credit Loss under IFRS, the difference is transferred from regulatory risk reserve to the retained earning to the extent of the non-distributable reserve previously recognised.

30 Other reserves

	30 June 2023 Birr'000	30 June 2022 Birr'000
At the beginning of the year	42,571	(1,551)
Remeasurement gain/(loss) on retirement benefits obligations	(25,862)	10,766
Transfer to declared dividend	-	-
Other Reserve- unapportioned Earnings	54,950	33,356
At the end of the year	71,659	42,571

Lion International Bank S.C.
For the year ended 30 June 2023
Notes to the financial statements

The Other reserve comprises both distributable and non distributable reserves. The distributable portion is subjected to future dividend apportionment based on general assembly decision.

Defined benefit obligations reserve represents the remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions .They are recognized in the period in which they occur, directly in other comprehensive income.

	Notes	30 June 2023 Birr'000	30 June 2022 Birr'000
31 Notes to the statement of cash flows			
a) Cash used in operations			
Reconciliation of profit before income tax to cash from operations			
Profit before tax		747,102	310,645
Adjustments for non-cash items:			
Depreciation of property and equipment	20	67,601	64,949
Gain on Disposal of Property and Equipment	9	(30)	(2,837)
Amortization of intangible assets	19	9,835	6,069
Expenditure transfer from WIP	19	13,110	-
Loan impairment Charge	16	(38,773)	518,886
Impairment loss on other assets	18	265,465	57,693
Impairment on NBE Bills	17	-	-
Impairment on Treasury Bills	17	(66)	161
Impairment on DBE Bonds	17	22	3
Impairment on Treasury Bonds	17	12	-
Accrued interest on NBE bill	17	-	-
Accrued interest on DBE Bonds	17	(28,289)	(1,069)
Accrued interest on Treasury Bonds	17	(7,616)	-
Disposal of Property and Equipment	20	-	-
Current Service Cost on Defined Benefit Obligation	23	21,740	18,066
Fair value adjustment on Investment Security (Equity)	13	(54,950)	(33,356)
Prior year adjustment		-	-
Changes in operating assets and liabilities:			
-Decrease/ (Increase) in loans and advances	16	(2,855,731)	(2,482,677)
-Decrease/ (Increase) in other assets	18	(27,212)	156,053
-Decrease/ (Increase) in Right use of asset (ROU)	18a	(167,626)	321,651
-Increase/ (Decrease) in customer's deposit	19	1,369,291	(54,284)
-Increase/ (Decrease) in other liabilities	22	489,753	683,322
		(196,362)	**(436,724)**

b) Cash and balances with banks	Notes	30 June 2023 Birr'000	30 June 2022 Birr'000
Cash in hand	14	1,196,507	542,065
Cash and balances with National Bank of Ethiopia		464,165	654,083
Deposits with local banks		162,435	200,086
Deposits with foreign banks		204,347	600,294
Reserve with National Bank of Ethiopia		1,893,367	1,821,867
Less: Impairment allowance to Deposit with local banks		(8)	(10)
		3,920,813	**3,818,385**

Lion International Bank S.C.
For the year ended 30 June 2023
Notes to the financial statements

32 Related party transactions

IAS 24 is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

A related party is a person or an entity that is related to the reporting entity:

- A person or a close member of that person's family is related to a reporting entity if that person has control, joint control, or significant influence over the entity or is a member of its key management personnel.
- An entity is related to a reporting entity if, among other circumstances, it is a parent, subsidiary, fellow subsidiary, associate, or joint venture of the reporting entity, or it is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. If an entity has had related party transactions during the periods covered by the financial statements, IAS 24 requires it to disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements.

IAS 24 requires an entity to disclose key management personnel compensation in total and by category as defined in the Standard.

A number of transactions were entered into with related parties in the normal course of business. These are disclosed below:

32a *Transactions with related parties*

	30 June 2023 Birr'000	30 June 2022 Birr'000
Transaction with related borrower		
Transaction with Insurance Company		
- Payment for staff insurance	2,751	2,982
- Payment for Money, Motor, Fire & Lightening and Fidelity Insurances	4,183	4,984
	6,935	**7,966**

32b Key management compensation

Key management has been determined to be the members of the Board of Directors and the Executive Management of the Bank. The compensation paid or payable to key management for is shown. There were no sales or purchase of goods and services between the Bank and key management personnel as at 30 June 2023.

	30 June 2023 Birr'000	30 June 2022 Birr'000
Board of directors remuneration	3,315	3,143
Salaries and other short-term employee benefits	31,546	23,610
	34,860	26,753
Loans and Advances		
Loan to senior management	63,772	21,075
	98,632.28	47,828

Compensation of the Bank's key management personnel includes salaries, non-cash benefits and contributions to the post-employment defined benefits plans.

Lion International Bank S.C.
For the year ended 30 June 2023
Notes to the financial statements

33 Directors and employees

The average number of personnel's (including Executive Management) of the Bank during the year was as follows:

	30 June 2023 Birr'000	30 June 2022 Birr'000
Professionals and High Level Supervisors	2,162	1,995
Semi-professional, Administrative and Clerical	584	531
Technician and Skilled	6	4
Manual and Custodian	94	96
	2,846	**2,626**

34 Contingent liabilities

IAS 37 defines and specifies the accounting for and disclosure of provisions, contingent liabilities, and contingent assets. A provision is a liability of uncertain timing or amount. The liability may be a legal obligation or a constructive obligation. A contingent liability is not recognized in the statement of financial position. However, unless the possibility of an outflow of economic resources is remote, a contingent liability is disclosed in the notes.

34a Claims and litigation

Per the clause set in the International Accounting Standards (IAS 37) there is no probable legal cases under going that materialize in near future and result in financial loss against the Bank.

34b Guarantees and Letters of Credit

The Bank conducts business involving guarantees and letter of credit. These instruments are given as a security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

The table below summarizes the fair value amount of contingent liabilities for the account of customers:

	30 June 2023 Birr'000	30 June 2022 Birr'000
Loans and Advances approved but not drawn (as per NBE Guideline)	623,666	375,436
Guarantees Issued	2,833,525	1,968,236
Letters of credit	1,337,103	1,322,248
CAD-Export sight	91,005	30,624
	4,885,299	**3,696,545**

35 Commitments

The Bank has no commitments, provided for in these financial statements, as of 30 June 2023 and 30 June 2022 for purchase of various capital items.

36 Events after reporting period

There were no significant events after the reporting date that could affect the reported amount of assets and liabilities as of the reporting date.

Lion International Bank S.C.
For the year ended 30 June 2023
Notes to the financial statements

37 Standards issued but not yet efective

The following standards and interpretations had been issued but were not mandatory for annual reporting period ended on January 1, 2022. The Bank has not early adopted the underlisted standards in preparing the financial statements as it plans to adopt them at their respective effective dates if applicable.

Classification of Liabilities as current or noncurrent - Amendments to IAS 1

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be Converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023. The effective date is 1 January 2023.

This amendment is not expected to have a significant impact on the bank financial statement.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The effective date is 1 January 2023.

Defnition of Accounting Estimates – Amendments to IAS 8

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The effective date is 1 January 2023.
This amendment is not expected to have a significant impact on the accounting policies disclosed in the financial statement.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

_ right-of-use assets and lease liabilities, and
_ decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.
_ The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.
The effective date is 1 January 2023.

The impact of this amendment on the Bank's financial statements is currently under assessment.

38 Suspended operations

The end of 2022 brought about peace and improved access in northern Ethiopia, especially in the Tigray region, and the bank has taken fast action to restore the operations in most of the branches under the northern regional office. However, due to the fact that the problems in some conflict-affected areas are still not fully resolved, 19 branches have been non-operational in the bank's financial report as of June 30, 2023.

Glimps of Partners

RIXOS

Abyssinian Days
Traveler Amenity supplies P.L.C

ENGINEERING
Engineering At Heart

አንበሳ ኢንተርናሽናል ባንክ አ.ማ.
LION INTERNATIONAL BANK S.C.

ጉምሳ ትሬዲንግ
ኃ/የተ/የግ/ማህበር

Velox
Import Export

DG

Lucy
Lucy Agricultural
Development

ከባንካችን ጋር ከሚሰሩ የሃዋላ አገልግሎቶች በኩል የሚላክልዎትን ገንዘብ ካሉበት ቦታ ሆነው የአንበሳ ሞባይል ባንኪንግን በመጠቀም በቀላሉ ወደ ሂሳብዎ ገቢ ማድረግ ይችላሉ!

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የጥሬ ገንዘብ ፍሰት መግለጫ
እ.ኤ.አ. 30 ሰኔ 2023 በተጠናቀቀው በጀት ዓመት

	መግለጫ	30 ሰኔ 2023 ብር'000	30 ሰኔ 2022 ብር'000
ከመደበኛ እንቅስቃሴ የተገኘ የጥሬ ገንዘብ ፍሰት			
ከመደበኛ እንቅስቃሴ የተገኘ	31	(196,362)	(436,724)
የገቢ ግብር ተከፋይ		(28,651)	(96,273)
ባለፈው ዓመት የተከፈለ ተጨማሪ የገቢ ግብር ዕዳ		-	(77,342)
ለሰራተኞች የአገልግሎት ጥቅማጥቅም ተከፋይ		(11,775)	(12,337)
የተጣራ ከመደበኛ እንቅስቃሴ የተገኘ የጥሬ ገንዘብ ፍሰት		**(236,788)**	**(622,676)**
ከኢንቨስትመንት የተገኘ የጥሬ ገንዘብ ፍሰት			
ገዙፋዊ ህልዎት የሌላቸው ንብረቶች	19	-	(87,522)
የቋሚ ንብረት ግዢ	20	(143,230)	(10,555)
የቋሚ ንብረት አመዳደብ ማስተካከያ		(38,674)	2,726
ከቋሚ ንብረቶች ሽያጭ የተገኘ ገቢ		33	3,142
ከኢንቨስትመንት ሽያጭ የተገኘ		(6,722)	(4,217)
የግምጃ ቤት ሰነድ እና የልማት ባንክ ቦንድ ግዥ		(651,933)	(3,285,790)
ተመላሽ የግምጃ ቤት ሰነድ		1,155,260	
የብሔራዊ ባንክ ቢል ክፍያ		-	3,927,386
የተጣራ ከኢንቨስትመንት የተገኘ የጥሬ ገንዘብ ፍሰት		**314,734**	**545,170**
ከገንዘብ ነክ እንቅስቃሴ የተገኘ የጥሬ ገንዘብ ፍሰት			
ከአክሲዮን ሽያጭ የተገኘ		55,115	61,725
ከአክሲዮን ብልጫ ሽያጭ የተገኘ		845	206
የትርፍ ድርሻ ክፍያ		(31,478)	(65,067)
የተጣራ ከገንዘብ ነክ እንቅስቃሴ የተገኘ የጥሬ ገንዘብ ፍሰት		**24,481**	**(3,136)**
በጥሬ ገንዘብ እና በጥሬ ገንዘብ አቻ የታየ ልዩነት		**102,427**	**(80,641)**
በዓመቱ መጀመሪያ ላይ የነበረ ጥሬ ገንዘብ እና የጥሬ ገንዘብ አቻ	15	**3,818,385**	**3,899,027**
በዓመቱ መጨረሻ ያለ ጥሬ ገንዘብ እና የጥሬ ገንዘብ አቻ	15	**3,920,812**	**3,818,385**

አንበሳ ኢንተርናሽናል ባንክ አ.ማ
የካፒታል ለውጦች መግለጫ
እ.ኤ.አ. 30 ሰኔ 2023 በተጠናቀቀው በጀት ዓመት

	መግለጫ	የተከፈለ ካፒታል ብር'000	ተጨማሪ የአክሲዮን ክፍያ ብር'000	ህጋዊ መጠባበቂያ ብር'000	ልዩ መጠባበቂያ ብር'000	ለተቀጣጣሪ አካል የተያዘ መጠባበቂያ ብር'000	ሌሎች መጠባበቂያዎች ብር'000	የተጠራቀመ ትርፍ ብር'000	ጠቅላላ ድምር ብር'000
እ.ኤ.አ. 30 ሰኔ 2021 ያለ		2,513,050	45,036	712,912	20,919	220,532	(1,551)	128,727	3,639,624
የዓመት የተጣራ ትርፍ		-	-	-	-	-	-	268,815	268,815
ከሠራተኞች የረዥም ጊዜ ጥቅማጥቅም ዳግም ስሌት ገቢ(ወ	14	-	-	-	-	-	10,766	-	10,766
ወደ ሕጋዊ መጠባበቂያ የዞረ	27	-	-	34,731	-	-	-	(34,731)	-
ወደ ልዩ መጠባበቂያ የዞረ		-	-	-	-	-	-	-	-
ወደ ለተቀጣጣሪ አካል የተያዘ መጠባበቂያ የዞረ	28	-	-	-	-	129,890	-	(129,890)	-
ወደ ሌሎች መጠባበቂያ የዞረ	30	-	-	-	-	-	33,356	(33,356)	-
ለትርፍ ክፍፍል የተወሰነ		-	-	-	-	-	-	(69,958)	(69,958)
የታክስ ዕዳ ማስተካከያ					(20,918)	-	-	(56,424)	(77,342)
የካፒታል አክሲዮን ጭማሪ		61,725	206	-	-	-	-	-	61,931
እ.ኤ.አ. 30 ሰኔ 2022 ያለ		2,574,774	45,242	747,643	-	350,423	42,571	73,185	3,833,838
የዓመት የተጣራ ትርፍ		-	-	-	-	-	-	489,524	489,524
ከሠራተኞች የረዥም ጊዜ ጥቅማጥቅም ዳግም ስሌት ገቢ(ወጪ)	14	-	-	-	-	-	(25,862)	-	(25,862)
ወደ ሕጋዊ መጠባበቂያ የዞረ	27	-	-	131,452	-	-	-	(131,452)	-
ወደ ልዩ መጠባበቂያ የዞረ		-	-	-	73,185	-	-	(73,185)	-
ወደ ለተቀጣጣሪ አካል የተያዘ መጠባበቂያ የዞረ	28	-	-	-	-	(70,580)	-	70,580	-
ወደ ሌሎች መጠባበቂያ የዞረ	30	-	-	-	-	-	54,950	(54,950)	-
ለትርፍ ክፍፍል የተወሰነ		-	-	-	-	-	-	-	-
የካፒታል አክሲዮን ጭማሪ		55,115	845	-	-	-	-	-	55,959
እ.ኤ.አ. 30 ሰኔ 2023 ያለ		55,115	845	61,725	73,185	(70,580)	29,088	300,517	519,621

Ama - Hal Certified Accountants & Auditors

አንበሳ ኢንተርናሽናል ባንክ አ.ማ
የሐብትና ዕዳ መግለጫ
እ.ኤ.አ. 30 ሰኔ 2023

ሐብት	መግለጫ	30 ሰኔ 2023 ብር'000	30 ሰኔ 2022 ብር'000
በእጅና በባንክ የሚገኝ ጥሬ ገንዘብ	15	3,920,813	3,818,385
ለደንበኞች የተሰጡ ብድሮች /የተጣሬ/	16	26,687,222	23,792,718
ኢንቨስትመንት			
– የአክሲዮን ኢንቨስትመንት	17	187,022	125,350
– የብሔራዊ ባንክ ቢል	17	-	-
– የግምጃ ቤት ሰነድ እና የልማት ባንክ ቦንድ	17	2,819,304	3,286,694
ሌሎች ሃብቶች	18	307,638	545,891
ሃብትን የመጠቀም መብት	18	548,552	380,926
ቋሚ ንብረቶች /የተጣሬ/	20	1,039,064	924,763
ግዙፋዊ ሀልዎት የሌላቸው ንብረቶች /የተጣሬ/	19	75,173	98,118
ወደፊት የሚሰበሰብ የግብር ተሰብሳቢ	14	-	-
ጠቅላላ ሃብት		**35,584,786**	**32,972,845**
ዕዳ			
የደምበኞች ተቀማጭ ገንዘብ	21	27,307,010	25,937,719
የዓመቱ የትርፍ ግብር ተከፋይ	14	231,962	28,413
ሌሎች ተከፋይ ዕዳዎች	22	3,365,187	2,949,877
የሊዝ ተከፋይ ዕዳ	22	186,056	143,091
ወደፊት የሚከፈል የግብር ዕዳ	14	43,114	17,737
የረጅም ጊዜ ሠራተኞች ጥቅማጥቅም ዕዳ	23	97,998	62,171
ጠቅላላ ዕዳ		**31,231,327**	**29,139,011**
ካፒታልና መጠባበቂያ ሒሳቦች			
የተከፈለ ካፒታል	24	2,629,888	2,574,774
ተጨማሪ የአክሲዮን ክፍያ		46,087	45,242
ሕጋዊ መጠባበቂያ	27	879,095	747,643
ልዩ መጠባበቂያ	28	73,185	-
ያልተከፋፈለ ትርፍ	26	373,701	73,184
ለተቆጣጣሪ አካል የተያዘ መጠባበቂያ	29	279,842	350,423
ሌሎች መጠባበቂያዎች	30	71,659	42,571
ጠቅላላ ካፒታልና መጠባበቂያ ሒሳቦች		**4,353,459**	**3,833,836**
ጠቅላላ ዕዳ ፤ ካፒታልና መጠባበቂያ ሒሳቦች		**35,584,786**	**32,972,847**

አንበሳ ኢንተርናሽናል ባንክ አ.ማ
የትርፍና ኪሳራ እና ሌሎች ገቢዎች መግለጫ
እ.ኤ.አ. 30 ሰኔ 2023 በተጠናቀቀው በጀት ዓመት

	መግለጫ	30 ሰኔ 2023 ብር'000	30 ሰኔ 2022 ብር'000
የወለድ ገቢ	5	4,169,595	3,788,259
የወለድ ወጪ	6	(1,971,661)	(1,761,805)
የተጣራ የወለድ ገቢ		2,197,934	2,026,454
የክፍያ እና የኮሚሽን ገቢ	7	179,436	73,583
የክፍያ እና የኮሚሽን ወጪ	7	-	-
የተጣራ ክፍያ እና የኮሚሽን ገቢ		179,436	73,583
የተጣራ የውጪ ምንዛሬ ገቢ	8	(197,574)	(176,725)
ሌሎች ከመደበኛ እንቅስቃሴዎች የተገኙ ገቢዎች	9	298,228	127,373
አጠቃላይ መደበኛ ገቢ		2,478,024	2,050,685
ለብድር የተያዘ መጠባበቂያ	10	38,773	(518,886)
የሌሎች ሃብቶች መጠባበቂያ	11	(265,432)	(57,378)
የተጣራ መደበኛ ገቢ		2,251,365	1,474,421
የሠራተኞች ደመወዝና ጥቅማጥቅም	12	(953,162)	(787,964)
ግዙፍዊ ሀብቶች የሌላቸው ንብረቶች እርጅና ቅናሽ	19	(9,835)	(6,069)
የቋሚ ንብረቶች እርጅና ተቀናሽ	20	(68,494)	(65,826)
ሌሎች መደበኛ ወጪዎች	13	(472,771)	(303,914)
ከግብር በፊት የተገኘ ትርፍ		747,103	310,647
የትርፍ ግብር	14	(257,578)	(41,830)
ከግብር በኋላ የተገኘ ትርፍ		489,524	268,817
በትርፍና ኪሳራ መዝገብ የማይካተቱ ገቢዎች/ወጪዎች/			
ከሠራተኞች የረዥም ጊዜ ጥቅማጥቅም ዳግም ልኬት	23	(25,862)	10,766
የአመቱ አጠቃላይ የተጣራ ገቢ		463,662	279,583
የአንድ ባለ 1000 ብር አክሲዮን የትርፍ ድርሻ (ለ2023 እ.ኤ.አ)		187.28	2.65

የሂሳብ መግለጫዎችን በተመለከተ የዳሬክተሮች ቦርድ ኃላፊነት

ዓለም አቀፍ ተቀባይነት ያላቸውን የሂሳብ አያያዝ መርሆች በመከተል የሂሳብ መግለጫዎችን አዘጋጅቶ ማቅረብ እንዲሁም ሆን ተብሎም ሆነ ወይንም በስህተት ከሚፈፀም ጉልህ ስህተት ነፃ የሆኑ የሂሳብ መግለጫዎችን ለማዘጋጀት አስፈላጊ ናቸው ብሎ ያመነባቸውን የውስጥ ቁጥጥር ስርዓቶች መዘርጋት የኩባንያው የዳሬክተሮች ቦርድ ኃላፊነት ነው። ቦርዱ የሂሳብ መግለጫዎችን በሚያዘጋጅበት ወቅት የኩባንያውን ቀጣይነት በመገምገም ስጋት የሚፈጥሩ ሁኔታዎችን በግልፅ ማመላከትና ኩባንያው ከሥራው ቀጣይነት ጋር ተያያዥ የሆኑ ነገሮችን ማሳወቅ እና የሥራውን ቀጣይነት በማሰብ ሂሳብ የተዘጋጀ መሆኑን የመግለፅ ኃላፊት አለበት።

የኦዲተሮች ኃላፊነት

የእኛ የኦዲተሮች ኃላፊነት የቀረቡት የሂሳብ መግለጫዎች ሆን ተብሎም ሆነ በስህተት ከሚፈፀም ጉልህ ስህተት ነፃ ስለመሆናቸው ምክንያታዊ ማረጋገጫ መስጠትና ይህንኑ አስተያየታችንን በሪፖርታችን መግለፅ ነው። ምክንያታዊ የሆነ ማረጋገጫ ለመስጠት የሚከናወነው ተግባር በሂሳብ ውስጥ ሊኖሩ የሚችሉ ጉልህ ስህተቶችን በሙሉ ፈልጎ ያገኛል ተብሎ አይጠበቅም። ምክንያቱም ምክንያታዊ ማረጋገጫ በከፍተኛ ደረጃ የሚታይ የማረጋገጥ ሂደት በመሆኑ አለም አቀፍ የኦዲት ደረጃዎችን በመከተል የሚከናወነውን ኦዲትም ቢሆን ጉልህ ስህተቶችን ሁል ጊዜ ፈልጎ የማግኘት ዋስትና ስለማይሰጥ ነው። ስህተቶች ሆን ተብሎ ወይንም በስህተት የሚፈጸሙና በተናጠል ወይም በድምር ጉልህ ሆነው የሂሳብ መግለጫዎችን መሰረት አድርጎ በሚወሰን ኢኮኖሚያዊ ውሳኔ ላይ ተጽዕኖ ሊያሳድሩ ይችላሉ።

ሌሎች ህጋዊ ኃላፊነቶች

በ2013 ዓ.ም በወጣው የኢትዮጵያ ንግድ ህግ አንቀፅ 349/1/ በሚያዘው መሰረት የቀረበው የዳሬክተሮች ሪፖርት ላይ የሂሳብ መግለጫዎቹን በተመለከተ ከቀረበው ሪፖርት ጋር ተመሳሳይነት ያለው ስለሆነ የተለየ አስተያየት የሌለን መሆኑን እየገለጽን ጠቅላላ ጉባኤው የሂሳብ መግለጫዎቹ እንዲያፀድቀው አስተያየታችንን እንሰጣለን።

አዲስ አበባ
ጥቅምት 17 ቀን 2016 ዓ.ም

አማ-ኃይ
የተመሰከረላቸው የሂሳብ አዋቂዎችና ኦዲተሮች
የአንበሳ ባንክ ኩባንያ አ.ማ. ኦዲተሮች

አማ - ኃይ የተመሰከረላቸው የሂሳብ አዋቂዎችና ኦዲተሮች
Ama - Hai Chartered Certified Accountants & Auditors
Partners
Amanuel Bahta, FCCA (U.K.)
Haileselassie G/kidan, FCCA (U.K.)

አንበሳ ኢንተርናሽናል ባንክ አ.ማ.
<u>እ.ኤ.አ ጁን 30/2023 ለተጠናቀቀው የበጀት ዓመት በተዘጋጀው ሂሳብ ላይ የቀረበ የውጪ ኦዲተሮች ሪፖርት</u>

ሙያዊ አስተያየት

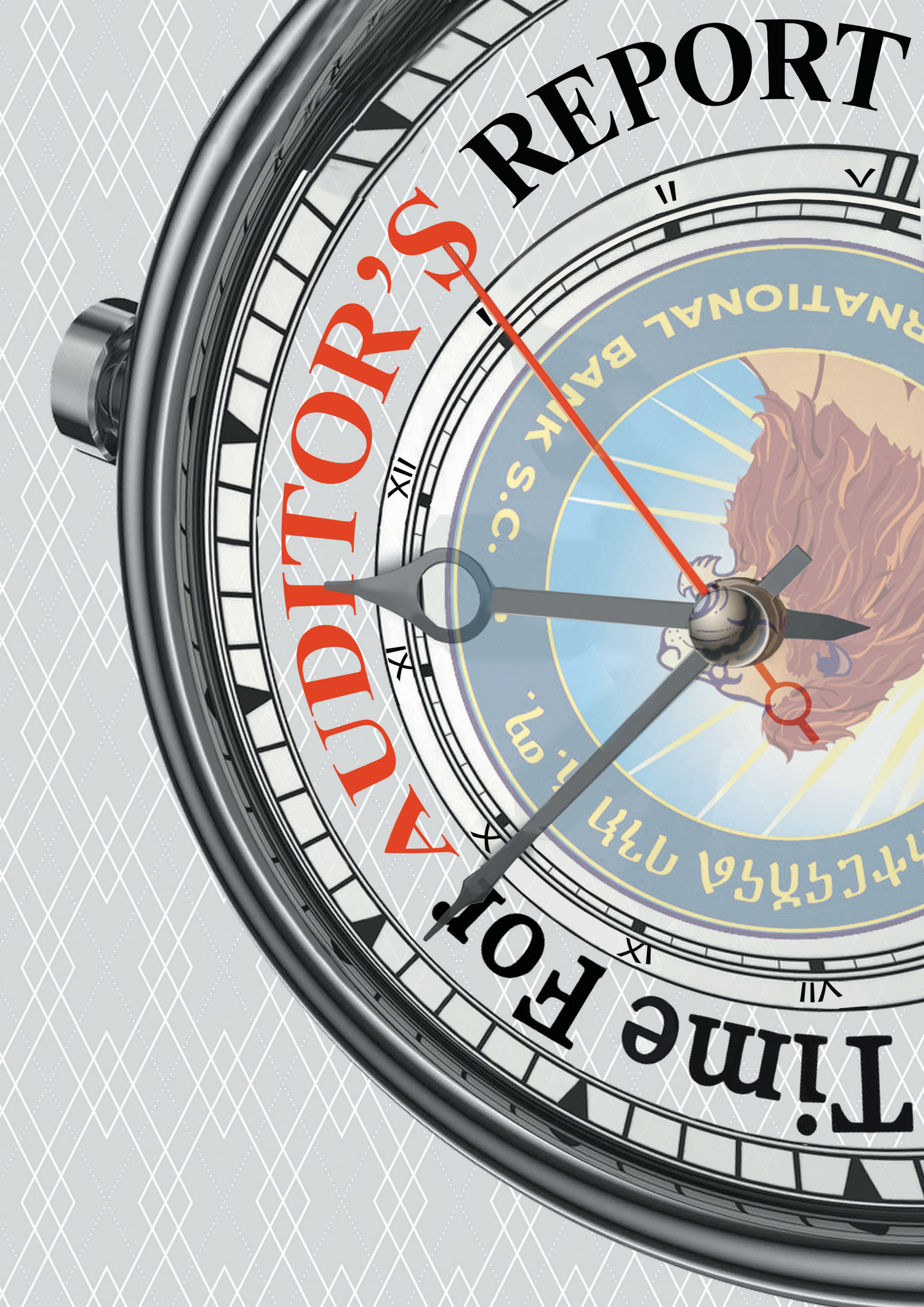
ከዚህ ሪፖርት ጋር ተያይዘው የቀረቡትንና እ.ኤ.አ ጁን 30/2023 (በኢትዮጵያ አቆጣጠር ሰኔ 23 ቀን 2015 ዓ.ም) በተጠናቀቀው የበጀት ዓመት የተዘጋጁትን የአንበሳ ኢንተርናሽናል ባንክ አ.ማ. የሀብትና ዕዳ፣ የትርፍና ኪሳራ እና ሌሎች ገቢዎች፣ በተጣራ ሃብት ላይ የታየ ለውጥ፣ የጥሬ ገንዘብ ፍሰት መግለጫዎች እንዲሁም በሪፖርቱ ላይ የተመለከቱትን የሂሳብ አሰራር ፖሊሲዎች እና ማብራሪያዎች ያካተቱትን የሂሳብ መግለጫዎች ኦዲት አድርገናል፡፡

በእኛ አስተያየት ከዚህ ሪፖርት ጋር ተያይዘው የቀረቡትን የሂሳብ መግለጫዎችና አባሪዎቻቸው ተቀባይነት ያላቸውን የሂሳብ አያያዝ መርሆች ተከትለው የተዘጋጁ ሲሆኑ በአጠቃላይ አክሲዮን ማህበሩ እ.ኤ.አ ጁን 30/2023 የነበረውን ሀብትና ዕዳ እንዲሁም በዚያው ዕለት ላለቀው ዓመት የነበረውን የሂሳብ እንቅስቃሴ እና የጥሬ ገንዘብ ፍሰት ዓለም አቀፍ የፋይናንስ ሪፖርት አዘገጃጀት ደረጃዎች /IFRS/ መሠረት የተዘጋጁ በመሆናቸው አጠቃላይ የኩባንያው የፋይናንስ እንቅስቃሴ በሚገባ ያሳያል፡፡

የአስተያየታችን መሰረት

የኦዲት ስራችንን ያከናወንነው አለም አቀፍ የኦዲት ደረጃዎችን በመከተል ሲሆን በእነዚህ ደረጃዎች መሰረት የሚጠበቅብን ኃላፊነት ከዚህ በታች የኦዲተሮች ሃላፊነት በሚለው ርዕስ ስር ተመልክቷል፡፡ በዓለም አቀፍ የሂሳብ ባለሙያዎች የወጣው የስነ-ምግባር ደንብ እንዲሁም በኢትዮጵያ ውስጥ ገንዘብ ነክ መግለጫዎች ኦዲት ለማድረግ ተያያዥ የሆኑ የስነ ምግባር ቅድመ ሁኔታዎች በሚጠይቀው መሠረት ከአክሲዮን ማህበሩ ነጻ እና ገለልተኛ ሆነን ስራችንን አከናውነናል፡፡ እንዲሁም የስነ ምግባር ደንቡ የሚጠይቃቸውን እና የሚጠበቅብንን ሌሎች ኃላፊነቶች አሟልተናል፡፡

ከዚህ በላይ የሰጠነው የሙያ አስተያየት ደረጃውን ተከትለን ባከናወንነው የኦዲት ስራና በቀረበልን የኦዲት ማስረጃ በመተማመን ነው፡፡


AUDITOR'S REPORT
Time For

Partnership and CSR Initatives

Partnership agreement with Tegoga Cement Factory

Partnership agreement with Shirshir Addis plc

Partnership agreement with Tigray Development Association

LIB's best performer branches awarding ceremony

Donation program with war-displaced in Tigray

Partnership agreement with Mekelle University

Partnership agreement with Chomea SCA

Partnership agreement with Tigray Education Bureau

በተጨማሪ የደንበኞችን ፍላጎት ያማከሉ በቴክኖሎጂ የተደገፉ አዳዲስ አገልግሎቶች ለመስጠት ትልቅ ትኩረት ሰጥቶ ይሰራል።

ባንኩ በቀጣይ የበጀት ዓመት የተጠቀሱትን ዐበይት ጉዳዮች ላይ ትኩረት ሰጥቶ በመስራት በባንኩ አጠቃላይ ገንዘብ እና ገንዘብ ነክ ያልሆኑ ክንውኖች በማሳደግ እንዲሁም የባለአክሲዮኖችን የትርፍ ድርሻ ከፍ በማድረግ ጉልህ አስተዋፅኦ የሚኖረው ሲሆን፤ ይህም ባንኩ የሰነቀውን በኢንዱስትሪው ውስጥ ተወዳዳሪ ብሎም በኢትዮጵያ ምርጥ አገልግሎት ሰጪ ባንክ የመሆን ራዕዩ ለማሳካት እንደሚረዳው ይታመናል።

=====//=====

በዚህም መሰረት ባንኩ ቅርንጫፎችን ከፍቶ አገልግሎት ባላዳረሰባቸው አካባቢዎች “አንበሳ ሄሎ ካሽ” የተሰኘ የኤጀንት ባንኪንግ አገልግሎት እየሰጠ ይገኛል። በዚሁ መሰረት እስከ ተገባደደው በጀት ዓመት 3,408 ወኪሎችን በመላው ሀገሪቱ መልምሎ የተቀላጠፈ የባንክ አገልግሎት እየሰጠ ይገኛል። በዚህም ከ285 ሺ በላይ የሚሆኑ ደንበኞች የአገልግሎቱ ተጠቃሚ ሆነዋል። በተጨማሪም የደንበኞችን ምቾት ከመጠበቅ አኳያ ደንበኞች ባሉበት ሆነው የትም መሄድ ሳያስፈልጋቸው “አንበሳ ሞባይል” መተግበሪያ (Application) በመጠቀም የተለያዩ ክፍያዎችን ማከናወን አስችሏቸዋል። የባንኩ አጠቃላይ የቅርንጫፍ ቁጥር እስከተገባደደው የበጀት ዓመት 288 ደርሷል።

6.3 የመረጃ ቴክኖሎጂ ግንባታ

ባንኩ በተጠናቀቀው የበጀት ዓመት የአገልግሎት መስጫ መንገዶቹን የበለጠ ለማስፋፋት እንዲሁም ለማዘመን ይረዳው ዘንድ እየተጠቀመበት ያለውን የኮር ባንኪንግ ቴክኖሎጂ የማጎልበት ስራ አጠናቋል። የዚህ ሲስተም በሙሉ አቅም ስራ ላይ መዋል፤ ባንኩ ቅርንጫፎችን ከማስፋፋት፣ አዳዲስ በቴክኖሎጂ የተደገፉ አገልግሎቶችን ገበያው ላይ ከማምጣት እንዲሁም ያሉትን ከማዘመን አኳያ ጉልህ ድርሻ ይኖረዋል። ከዚህም ጎን ለጎን ባንኩ ለደንበኞቹ የተሻሉ አማራጮችን ከመፍጠር አኳያ ከካርድ ባንኪንግ አገልግሎት በተጨማሪ የሞባይል እና የኢንተርኔት ባንኪንግ አገልግሎቶችን በመስጠት ላይ ይገኛል። በዚህም መሠረት በተገባደደው የበጀት ዓመት ማጠቃለያ ላይ የካርድ፣ የሞባይል እና የኢንተርኔት ባንኪንግ አገልግሎት ተጠቃሚዎች ቁጥር እንደ ቅደም ተከተላቸው 241ሺ፣ 356ሺ እና 46 ሺ ማድረስ ተችሏል።

ከዚህ ባሻገር የባንኩን የአገልግሎት አድማስ ለማስፋት በተደረገው ጥረት 69 የክፍያ ማሽኖች (A.T.M) ለደንበኞች ምቹ በሆኑ ቦታዎች ላይ በማስቀመጥ አገልግሎት እንዲሰጡ ተደርጓል።

7. የባንኩ ቀጣይ ዕቅድ

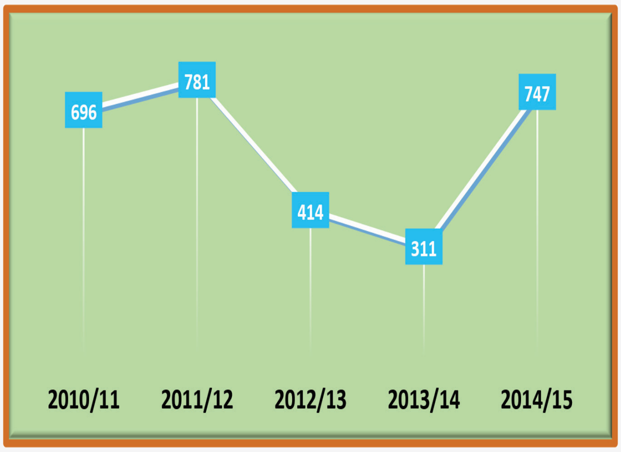
አንበሳ ኢንተርናሽናል ባንክ እንደ ሌሎቹ ባንኮች ሁሉ ለሃገሪቱ አጠቃላይ ኢኮኖሚም ሆነ በዘርፉ እየተመዘገበ ላለው ዕድገት የበኩሉን ድርሻ እያበረከተ ይገኛል። ከዚህ አኳያ ኢኮኖሚው የሚያመነጫቸውን መልካም አጋጣሚዎች ተጠቅሞና የተለያዩ ተግዳሮቶችን ተቋቁሞ ተወዳዳሪ ባንክ እንዲሁም ልክ እንደ ራዕዩ በኢትዮጵያ ምርጥ አገልግሎት ሰጪ ባንክ ለመሆን እየሰራ ይገኛል። በዚህም መሠረት ባንኩ በቀጣይ የበጀት ዓመት የደንበኞች ዕርካታ ላይ (Customer satisfaction)፣ የደንበኞች ቁጥር በዓይነትም፣ በብዛት እንዲሁም በጥራት ከመጨመር (Customer Base Expansion and diversification) እና ዘመኑን የሚዋጁ ቴክኖሎጂዎችን (state of the art Technology acquisition, utilization and gap analysis) ጥቅም ላይ ከማዋል አኳያ ትኩረት ሰጥቶ የሚሰራባቸው ዐበይት ጉዳዮች ይሆናሉ። በተጨማሪም የታመሙ ብድሮችን ወደ መደበኛ መመለስ እንዲሁም የባንኩን የተከፈለ ካፒታል ማሳደግ የባንኩ ቀጣይ የትኩረት አቅጣጫዎች ይሆናሉ። ባንኩ የተከፈለ ካፒታሉን ባሳደገ ቁጥር የባንኩን ሀብት ከማሳደጉም በላይ የብሄራዊ ባንክን መስፈርት ለሟሟላት ይረዳዋል።

ባንኩ እየሰጣቸው ያሉትን አገልግሎቶች ከማዘመን

4.3 ትርፍ

በተገባደደው የበጀት ዓመት የባንኩ ያልተጣራ ጠቅላላ ትርፍ ብር 747.1 ሚሊዮን ሆኖ ተመዝግቧል፡፡ ይህ አሃዝ ካለፈው ዓመት ተመሳሳይ ወቅት ጋር ሲነፃፀር የ140 በመቶ ከፍተኛ ጭማሪ አሳይቷል፡፡

የባንኩ የአምስት ዓመት ትርፍ እንቅስቃሴ (በሚሊዮን)



5. የሀብትና ዕዳ ሚዛን

የባንኩ ጠቅላላ ሀብት እስከ ተገባደደው በጀት ዓመት ድረስ ብር 35.6 ቢሊዮን ደርሷል፡፡ ከዚህም ውስጥ ለደንበኞች የተሰጠ ብድር ከጠቅላላው ሀብት 75 በመቶውን ሲይዝ፤ የብሔራዊ ባንክ ሰነድ ግዥ፣ ጥሬ ገንዘብ እና ጥሬ ገንዘብ አከል ሀብት ደግሞ 8 እና 11 በመቶውን ድርሻ ይዘዋል፡፡

በተመሳሳይ ንፅፅር የባንኩ ጠቅላላ ዕዳ ብር 31.2 ቢሊዮን የደረሰ ሲሆን፤ ለዚህም 87 በመቶ ድርሻ የሚይዘው የደንበኞች ተቀማጭ ገንዘብ ነው፡፡ በተጨማሪም የባንኩ ካፒታልና መጠባበቂያ ብር 4.4 ቢሊዮን የደረሰ ሲሆን፤ ከዚህም ውስጥ የተከፈለ ካፒታል ከፍተኛውን ማለትም 60 በመቶ ድርሻ ይዟል፡፡

6. አስተዳደራዊና ሌሎች ጉዳዮች

6.1 የሰው ኃይል ሀብት

በበጀት ዓመቱ ማጠናቀቂያ ላይ የባንኩ አጠቃላይ የሰራተኞች ቁጥር 5,667 የደረሰ ሲሆን፤ ከዚህ ውስጥ 50 በመቶ (2,846) ቋሚ ሰራተኞች ሲሆኑ ቀሪው 50 በመቶ (2,821) ጊዜያዊ ሰራተኞች ናቸው፡፡ በበጀት ዓመቱ የባንኩን ሰራተኞች አቅም የሚያጎለብቱ የተለያዩ ስልጠናዎች ለ1,647 ሠራተኞች ተሰጥቷል፡፡

በተጨማሪም ለ18 ቋሚ ሰራተኞች ሙሉ የትምህርት ወጪያቸውን በመሸፈን በሁለተኛ እና በመጀመሪያ ዲግሪ እንዲሁም በዲፕሎማ መርሐ ግብር በማስተማር ላይ ይገኛል፡፡

ባንኩ በበጀት ዓመቱ 302 አዳዲስ ሰራተኞች ቅጥር ያካሄደ ሲሆን፤ በአንጻሩም 426 ሰራተኞች በተለያዩ ግላዊ ምክንያቶች ባንኩን ለቀዋል፡፡

6.2 ተደራሽነትን ማስፋት

ባንኩ ባለፉት ዓመታት ተደራሽነቱን ከማስፋት እንዲሁም ለህብረተሰቡ የስራ ዕድልን ከመፍጠር አኳያ ጉልህ ሚና ነበረው፡፡ በተገባደደው በጀት ዓመት ላይ አዋጪ በሆኑ በተለያዩ የሃገሪቷ ክፍሎች ላይ 10 ቅርንጫፎችን ከፍቷል፡፡

በተጨማሪም ነባራዊውን ሁኔታ ታሳቢ ያደረጉ የተለያዩ ስልቶችን (Strategy) በመንደፍ ብዙ ወጪዎችን በማይጠይቅ መልኩ አገልግሎቶችን በዲጅታል ባንኪንግ በመታገዝ እየሰጠ ይገኛል፡፡

3. የዓለም አቀፍ ባንክ አገልግሎት የሥራ አፈፃፀም

በበጀት ዓመቱ መገባደጃ ላይ ባንኩ 54.5 ሚሊዮን ዶላር የውጭ ምንዛሪ የሰበሰበ ሲሆን፤ ትልቁን ድርሻ የያዘው ከውጭ ንግድ የተሰበሰበው የውጭ ምንዛሪ ግኝት ነው። በተጨማሪም ከሀዋላ አገልግሎት፣ ከስዊፍት እንዲሁም ከውጭ ምንዛሪ ግዢ የተሰበሰበው የውጭ ምንዛሪ ለጠቅላላው ግኝት እንደየቅደም ተከተላቸው የራሳቸው ድርሻ አበርክተዋል።

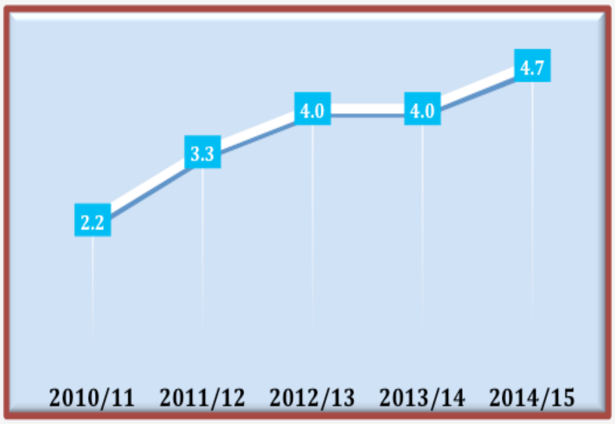
በተጨማሪም ባንኩ ስመጥር ከሆኑ ሰባት ዓለም አቀፍ የገንዘብ አስተላላፊ ድርጅቶች ጋር የሥራ ግንኙነት ፈጥሮ ለደንበኞቹ የተቀላጠፈ አገልግሎት እየሰጠ ይገኛል። እንዲሁም ከሌሎች አዳዲስ የገንዘብ አስተላላፊ ድርጅቶች ጋርም አብሮ ለመስራት የሚያስችለው የስምምነት ሰነድ ተፈራርሞ ስራ ለመጀመር በዝግጅት ላይ ይገኛል። ይህ ቀጣይ ለሚኖረው የውጭ ምንዛሪ ግኝት የበኩሉን አስተዋፅኦ እንደሚያበረክት ይታመናል።

4. ገንዘብ ነክ ክንዋኔዎች

4..1 ገቢ

በበጀት ዓመቱ መጨረሻ ላይ ባንኩ ብር 4.7 ቢሊዮን አጠቃላይ ገቢ ሰብስቧል። ካለፈው ዓመት ተመሳሳይ ወቅት አፈጻጸም ጋር ሲነፃፀር የ17 በመቶ ጭማሪ አሳይቷል። ከተገኘው ጠቅላላ ገቢ ውስጥ ከብድር ወለድ የተገኘው ገቢ የ89 በመቶ ድርሻ በመያዝ ለዕድገቱ ጉልህ አስተዋጽኦ የነበረው ሲሆን፤ ቀሪው ወለድ ነክ ካልሆኑ ገቢዎች የተገኘ ነው።

የባንኩ የአምስት ዓመት የገቢ እንቅስቃሴ (በቢሊዮን)

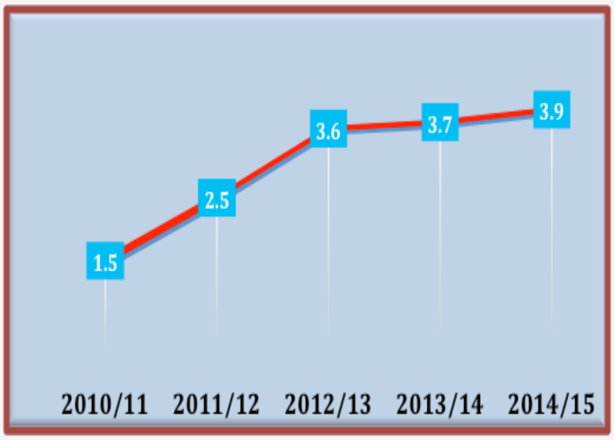


4.2 ወጪ

የባንኩ የ2014/15 በጀት ዓመት አጠቃላይ ወጪ ብር 3.9 ቢሊዮን ሆኖ ተመዝግቧል። ይህ ወጪ ካለፈው ዓመት ተመሳሳይ ወቅት ጋር ሲነፃፀር የ25 በመቶ ጭማሪ አሳይቷል። በደንበኞች አገልግሎት ላይ አሉታዊ ተፅዕኖ በማያመጣ መልኩ የተለያዩ የወጪ ቅነሳ ስልቶችን በመንደፍ አላስፈላጊ የሆኑ ወጪዎችን ከመቀነስ አኳያ ስኬታማ ሥራ ተሰርቷል።

በበጀት ዓመቱ ከወጣው አጠቃላይ ወጪ ለወለድ የተከፈለ 50 በመቶ የያዘ ሲሆን፤ ቀሪው 50 በመቶ ደግሞ ለሰራተኞች ደሞወዝ እና ጥቅማጥቅም እንዲሁም ለተለያየ የአስተዳደር ውጪዎች የወጣ ነው።

የባንኩ የአምስት ዓመት የወጪ እንቅስቃሴ (በቢሊዮን)



የአንበሳ ኢንተርናሽናል ባንክ
የ 2014/15 የበጀት ዓመት አፈጻጸም
የዳይሬክተሮች ቦርድ ሪፖርት

የአንበሳ ኢንተርናሽናል ባንክ አክሲዮን ማኅበር የዳይሬክተሮች ቦርድ የ2014/15 ዓ.ም በተጠናቀቀው የበጀት ዓመት የተመዘገበውን "ከኦዲት ምርመራ ውጤት ጋር የተመሳከረ የሒሳብ መግለጫ" ለባንኩ ባለአክሲዮኖች 19ኛ ጠቅላላ ዓመታዊ ጉባኤ ከዚህ ቀጥሎ ያቀርባል፡፡ በበጀት ዓመቱ ውስጥ የተፈጸሙ ዋና ዋና ክንውኖች በዚህ ሪፖርት ውስጥ ጠቅለል ብለው ቀርበዋል፡፡

የሥራ አፈፃፀም

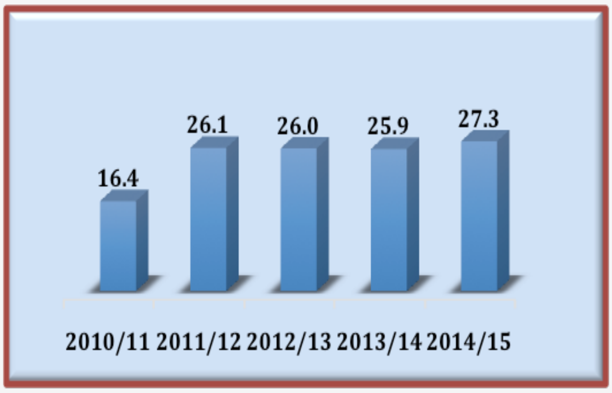
1. ተቀማጭ ገንዘብ

በ2014/15 በጀት ዓመት ባንኩ ከፍተኛ ጥረት በማድረግ የተቀማጭ ገንዘብ መጠን ዕድገት እንዲኖረው አድርጓል፡፡ በዚህም መሰረት በበጀት ዓመቱ መጨረሻ ላይ የባንኩ አጠቃላይ የተቀማጭ ገንዘብ መጠን ብር 27.3 ቢሊዮን የደረሰ ሲሆን፤ ካለፈው ዓመት ተመሳሳይ ወቅት ጋር ሲነፃፀር የብር 1.4 ቢሊዮን (5.3 በመቶ) ዕድገት አሳይቷል፡፡

ጭማሪው የተመዘገበው በተንቀሳቃሽ እና በጊዜ ገደብ የሒሳብ ዓይነቶች ሲሆን፤ እነዚህም ካለፈው ዓመት ጋር ሲነጻጸሩ የተንቀሳቃሽ ሒሳብ በብር 960.2 ሚሊዮን (47 በመቶ)፤ እንዲሁም የጊዜ ገደብ ሒሳብ በብር 1.8 ቢሊዮን (66 በመቶ) ጭማሪ አስመዝግበዋል፡፡ በተቃራኒው የቁጠባ ሂሳብ ተቀማጭ ከባለፈው ዓመት ተመሳሳይ ወቅት ጋር ሲነፃፀር የብር 1.4 ቢሊዮን (7 በመቶ) ቅናሽ ተመዝግቧል፡፡ በበጀት ዓመቱ ከነበረው የባንኩ አጠቃላይ የተቀማጭ ገንዘብ መጠን ብር 27.3 ቢሊዮን ውስጥ የቁጠባ ሂሳብ 72 በመቶ፣ የተንቀሳቃሽ ሂሳብ 11 በመቶ እንዲሁም በጊዜ ገደብ ተቀማጭ ሂሳብ 17 በመቶ ድርሻ ይዘዋል፡፡

በተመሳሳይም የባንኩ ጠቅላላ የአስቀማጭ ደንበኞች ቁጥር 1.7 ሚሊዮን የደረሰ ሲሆን፤ ካለፈው የበጀት ዓመት በ11 በመቶ ዕድገት ማስመዝገብ ተችሏል፡፡

የአምስት ዓመት የተቀማጭ ገንዘብ መጠን (በቢሊዮን)



2. የብድር እና የቅድሚያ ክፍያዎች

በበጀት ዓመቱ የባንኩ የብድርና ቅድሚያ ክፍያዎች መጠን ብር 28.3 ቢሊዮን የደረሰ ሲሆን፤ ካለፈው ዓመት ጋር ሲነጻጸር የ11 በመቶ ዕድገት አሳይቷል፡፡ የብድር ስርጭቱ በየክፍለ ኢኮኖሚው ስንመለከት የውጭ ንግድ (32 በመቶ)፣ የሀገር ውስጥ ንግድ (24 በመቶ) እና የገቢ ንግድ (23 በመቶ) እንደየቅደም ተከተላቸው ትልቁን የብድር ድርሻ ይዘዋል፡፡

እንደከዚህ ቀደሙ ባንኩ የታመሙ ብድሮችን ወደ ጤነኛ ብድር ለመመለስ ከፍተኛ ጥረት አድርጓል፡፡ በዚህም መሰረት የባንኩ የታመመ የብድር መጠን ካለፈው ዓመት ጋር ሲነፃፀር መሻሻል አሳይቷል፡፡ በተጨማሪ ባንኩ ተጨባጭ ነባራዊ ሁኔታዎችን ግንዛቤ ውስጥ ያስገባ የረጅም እና የአጭር ጊዜ ዕቅዶችን በመንደፍ የታመሙ ብድሮችን ወደ መደበኛ ብድር ለመመለስ ያላሰለሰ ጥረት እያደረገ ይገኛል ፡፡

አጠቃላይ የቅርንጫፎቻችን ቁጥር ወደ 288 ከፍ ብሏል። ከአዳዲስ ቅርንጫፎች መካከል ሶስቱ በጂማ አባ ጂፋር፣ በንጋ እና አጋሮ ከተሞች፤ ሰባቱ ቅርንጫፎች ደግሞ በሰሜን ሪጅን የተከፈቱ ናቸው።

ክቡራትና ክቡራን

በኢንፎርሜሽን ቴክኖሎጂ ረገድም ባንካችን የኮር ባንኪንግ ማሻሻያ ስራዎች በተሳካ ሁኔታ ማከናወን ተችሏል። በዚህም ባንኩ ዘመኑን የዋጀ የዲጂታላይዜሽን ጉዞውን ለማጎልበትና ከተለያዩ የዲጂታል ስርዓቶች ጋር ለማዋሃድ መሰረት የጣለ ስራ ተሰርቷል። የአይቲ ሰኪዩሪቲ መሰረተ ልማት ስራም በተሳካ ሁኔታ ተካሂዷል።

ቦርድና ማኔጅመንቱ ዓለምአቀፋዊና አካባቢያዊ ሁኔታዎችን በንቃት በመከታተል የተፈጠሩ አዳዲስ ለውጦችን ያገናዘቡ ተመጣጣኝና ፈጣን ምላሽ ለመስጠት የሚያስችሉ የተለያዩ ምክረ-ሃሳቦችን በማዘጋጀት ስንሰራ ቆይተናል። መንግስት ዘርፉን ለውጭ ባንኮች ክፍት ለማድረግ መወሰኑን እና የካፒታል ገበያ ስራ ላይ ማዋሉ በባንኮች መካከል የሚፈጠረው የውድድር መንፈስ ከፍተኛ ሊሆን እንደሚችል ቦርዱ ይገነዘባል። በመሆኑም በነዚህ ለውጦች የሚመጣን ፈተና በብቃት ለመወጣት የሚያስችል ስትራተጂካዊ አቅጣጫ እየነደፈ ይገኛል። ያም ሆኖ በርካታ አማራጮች በገበያው ያሉ በመሆናቸው እነዚህ ዕድሎች አሟጦ በመጠቀም የባንኩን አፈፃፀም ወደ ላቀ ደረጃ ለማድረስ የምንተጋ መሆኑን በአጽንዖት ለመግለፅ እወዳለሁ።

ሁላችንም እንደምናስታውሰው በ6ኛው የባለአክስዮኖች አስቸኳይ ጠቅላላ ጉባኤያችን የባንኩን ካፒታል ወደ 10 ቢልየን ለማድረስ መወሰናችን ይታወቃል። ስለሆነም ሁላችንም በጋራ አዳዲስና ተጨማሪ አክስዮን በመግዛት ባንካችን ያቀደውን ዕቅድ ተፈፃሚ እንዲሆን የበኩላችን ሚና እንድንወጣ በአክብሮት እጠይቃለሁ። ይህን ኃላፊነታችንን በብቃት በመፈጸም ባንካችን በኢንዳስትሪው ብቁ ተወዳዳሪ እንደምናደርገው በእናንተ ባለአክስዮኖች ሙሉ እምነት አለኝ። በጋራ ሆነን ለለውጥ እንተጋለን፤ ባንካችንም ምርጥ የባንክ አገልግሎት አቅራቢ የመሆን ራዕዩን እውን እናደርጋለን!

በመጨረሻም እምነታቸውን ለጣሉብን ደንበኞቻችን እና ዘወትር ድጋፋቸውንና ገንቢ አስተያየታቸው ላልተለየን ባለአክስዮኖች ከልብ የመነጨ ምስጋናዬን ለማቅረብ እወዳለሁ። በተጨማሪም ሙያዊ እገዛ፣ ክትትልና ድጋፋቸው ላልተለየን ለኢትዮጵያ ብሔራዊ ባንክ፣ ለፋይናንሻል ኢንተሊጀንስ ማዕከልና ሌሎች መንግስታዊ ተቋማት ሁሉ ልባዊ ምስጋናዬን በዚህ አጋጣሚ አቀርባለሁ።

አመሰግናለሁ!

አለም አስፋው
የዳይሬክተሮች ቦርድ ሊቀ-መንበር

ተበዳሪ ደንበኞቻችን በሚሰሩት ሥራ ላይ ከፍተኛ ጉዳት ያጋጠማቸው ሲሆን፤ በዚሁ የተነሳ ብድራቸውን መክፈል የማይችሉበት ደረጃ ላይ በመድረሳቸው ባንካችን የሰጠውን ብድር ለማስመለስም ሆነ ተጨማሪ ሃብት ለማሰባሰብ የማይቻልበት ሁኔታ ተፈጥሮ ቆይቷል።

በፕሪቶሪያው የሠላም ስምምነት መሰረት በሰሜኑ የሃገራችን ክፍል አንፃራዊ መረጋጋት መፈጠሩን ተከትሎ ተዘግተው የቆዩት ቅርንጫፎቻችን መልሶ በማቋቋም ወደ ስራ ለማስገባት የተደረገው ጥረት በባንካችን ላይ ከፍተኛ ወጪ ከማስከተሉም በላይ በፈታኝ ሁኔታ ውስጥ የቆዩት አስቀማጭ ደንበኞቻችን ዘንድ የነበረው ከፍተኛ የጥሬ ገንዘብ ፍላጎት በመጨመሩ ምክንያት ባንኩ ከፍተኛ መጠን ያለው ገንዘብ ወጪ ሆኖበታል። በዚህም ሳቢያ የጥሬ ገንዘብ እጥረት እስኪያጋጥመው ድረስ ፈተና ላይ ወድቆ እንደነበር ይታወቃል። የብድር ተመላሽ ገንዘብ በወቅቱ ማሰባሰብ ባለመቻሉ ምክንያትም የባንካችን ጤነኛ ያልሆነ ብድር መጠን በከፍተኛ ደረጃ የጨመረበት ሁኔታ ተፈጥሯል።

ባንካችን በተጠናቀቀው የበጀት ዓመት ከጉዳቱ ለማገገም ያላሰለሰ ጥረት አድርጓል። በተለይም የሰላም ስምምነቱን ተከትሎ የዳይሬክተሮች ቦርድና ማኔጅመንት የረጅም እና የአጭር ጊዜ ዕቅዶች እና አቅጣጫዎችን በማውጣት ለተፈፃሚነታቸው በብርቱ ተንቀሳቅሷል። ምንም እንኳ ቦርዱ በጠቅላላ ጉባኤ ተመርጦ ስራ ከጀመረ አጭር ጊዜ ቢሆነው ከማኔጅመንት ጋር በመሆን ከባንኩ ሰራተኞች፣ ከባለአክስዮኖች፣ ከተበዳሪዎች፣ ከአስቀማጮች፣ ከኤክስፖርተሮች እና ከሚመለከታቸው የመንግስት የስራ ኃላፊዎች ጋር ተከታታይና ቀጣይነት ያላቸው ውይይቶች በማካሄድ ባንኩን ወደ ተሻለ ደረጃ ሊያሻግሩ የሚችሉ ጠቃሚ ምክረ-ሃሳቦችን ወስዷል።

በዚሁ መሰረት የባንኩን የአምስት ዓመት ስትራተጂክ ዕቅድ ነድፎ ስራ ላይ ከማዋሉ በተጨማሪ የፀደቀውን ስትራቴጂክ ዕቅድ ወደ መሬት ለማውረድ የሚያስችል አዲስ ተቋማዊ መዋቅር አፅድቆ ተግባራዊ አድርጓል። በዚህም ምክንያት ባንካችን በበጀት ዓመቱ ከግብር በፊት 747 ሚሊዮን ብር ያስመዘገበ ሲሆን፤ ባንኩ ከነበረበት ፈታኝ ሁኔታ አንጻር ሲመዘን አፈፃፀሙ ካለፈው የበጀት ዓመት የተሻለ ነው።

የተከበራችሁ ባለአክስዮኖች

ባንካችን በበጀት ዓመቱ 2.26 ቢሊየን ብር ለተለያዩ ሴክተሮች ብድር የሰጠ ሲሆን፤ አጠቃላይ የባንኩ የብድር ክምችት መጠን ብር 28.27 ቢሊየን ላይ ደርሷል። ባንኩ በበጀት ዓመቱ ብር 2.82 ቢሊየን ብድር ተመላሽ ያደረገ ሲሆን፤ አፈፃፀሙ ከዕቅዱ 144 በመቶ፣ ካለፈው ዓመት አፈፃፀም ጋር ሲነፃጸር ደግሞ የ46 በመቶ ብልጫ ያሳየ ነበር።

የባንኩ አጠቃላይ ሀብት ብር 35.58 ቢልየን የደረሰ ሲሆን፤ የተለፈለ ካፒታል መጠንም ብር 2.63 ቢልየን ደርሷል። በሀብት አሰባሰብ ረገድ የባንኩ አጠቃላይ ተቀማጭ ገንዘብ ብር 27.31 ቢልየን የደረሰ ሲሆን፤ ካለፈው የበጀት ዓመት አፈፃፀም ጋር ሲነፃጸር ከፍ ያለ ነበር። በተጨማሪም ከውጭ ምንዛሪ ግኝት አንጻር 54.5 ሚሊዮን ዶላር ማግኘት ተችሏል። በበጀት ዓመቱ የባንክ ሒሳብ የከፈቱ 162 ሺ አዲስ ደንበኞች በማፍራት አጠቃላይ የደንበኞች ቁጥር 1.66 ሚሊዮን ማድረስ ተችሏል። አፈፃጸሙ ባንኩ በተወሰነ ደረጃ በማገገምና በመሻሻል ሂደት ላይ መሆኑን ያመላከተ ሲሆን፤ ከዚህ የተሻለ አፈፃጸም ለማስመዝገብ ከፍተኛ ጥረትና ርብርብ መደረግ እንዳለበት የሚያሳስብ ነው።

የቅርንጫፍ ተደራሽነት ከማስፋት አኳያ በበጀት ዓመቱ ተጨማሪ 10 አዲስ ቅርንጫፎች ተከፍተው አገልግሎት መስጠት የጀመሩ ሲሆን፤ በበጀት ዓመቱ ማብቂያ ላይ

የዳይሬክተሮች ቦርድ ሊቀ-መንበር መልዕክት

ባንካችን በተጠናቀቀው የበጀት ዓመት ከጉዳቱ ለማገገም ያላሰለሰ ጥረት አድርጓል

የተከበራችሁ የአንበሳ ኢንተርናሽናል ባንክ ባለአክስዮኖች እና የቦርድ አባላት

ከሁሉም አስቀድሜ የባንካችን የዳይሬክተሮች ቦርድ አባላት እና በራሴ ስም በ2014/15 የበጀት ዓመት የነበረው የባንካችን የሥራ አፈጻጸም ሪፖርት ሳቀርብ ደስታ ይሰማኛል።

ባሳለፍነው የበጀት ዓመት የነበሩት ማህበረ-ኢኮኖሚያዊና ጂኦፖለቲካዊ ፈተናዎች በዓለምአቀፍ ደረጃ ከፍተኛ የኢኮኖሚ መቀዛቀዝ ማስከተላቸው ይታወቃል። በተለይም እስከአሁን ድረስ የዘለቀው የሩሲያና የዩክሬን ጦርነት እንዲሁም በጎረቤት ሀገር ሱዳን የተቀሰቀሰው የእርስ በርስ ጦርነትና በሀገራችን ተከስቶ የነበረው ግጭት ባስከተለው ጫና በዓለምአቀፍም ሆነ በሀገራችን ደረጃ ለተፈጠረው የዋጋ ግሽበት ከፍተኛ አስተዋፅኦ አበርክቷል። በውጤቱም በንግድና ኢንቬስትመንት መስክ ላይ መቀዛቀዝ አስከትሏል።

እ.አ.አ ሰኔ 2023 የወጣው የዓለም የገንዘብ ድርጅት ሪፖርት በተጠናቀቀው የበጀት ዓመት ዓለም አቀፋዊ የዕድገት ምጣኔ በቀዳሚው ዓመት ከነበረው ከ3.1 በመቶ ወደ 2.1 በመቶ እንደሚያሽቆለቁል ያመላከተ ሲሆን፤ ይህም ሁኔታ በ2024 መጠነኛ መሻሻል በማሳየት ወደ 3.1 በመቶ ሊያንሰራራ እንደሚችል ቢተነበይም በቀጣዮቹ ሁለት ዓመታት አጠቃላይ የዓለምአቀፋዊ የአኮኖሚ ዕድገት ደካማ ሆኖ ሊቀጥል እንደሚችል ተገምቷል። ይህም የአገልግሎትና ሸቀጦችን የመግዛት ፍላጎት የሚያዳክም እንደሚሆን ይጠበቃል። እነዚህ ሁኔታዎችና ስጋቶች በኢትዮጵያ ኢኮኖሚ እንዲሁም በባንኮች አፈፃፀም ዙሪያ ላይ ተመሳሳይ ጥላቸውን እንደሚያጠሉበት ይገመታል።

ወደ ሀገራችን ነባራዊ ሁኔታ ስንመለስ እነዚህ ዓለምአቀፋዊ ተግዳሮቶች ባሉበት ሁኔታ ባለፉት ሶስት ዓመታት በሰሜኑ የሃገራችን ክፍል ተከስቶ የነበረው ግጭት እየጨመረ ከመጣው የዋጋ ግሽበት እና ከውጭ ምንዛሪ ዕጥረት ጋር ተዳምሮ የሃገራችንን የኢኮኖሚ ዕድገት ፈተና ውስጥ ከመክተት አልፎ የኑሮ ውድነት ጫናውን ከባድ አድርጎታል። በግጭቱ ምክንያት

አንበሳ ኢንተርናሽናል ባንክ አ.ማ

ዓመታዊ ሪፖርት

እ.ኤ.አ. ሰኔ 30 ቀን 2023
ለተጠናቀቀው በጀት ዓመት

አዲስ አበባ
ኢትዮጵያ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አንበሳ ኢንተርናሽናል ባንክ አ.ማ

ዓመታዊ ሪፖርት

፳፻፲፩/፲፪