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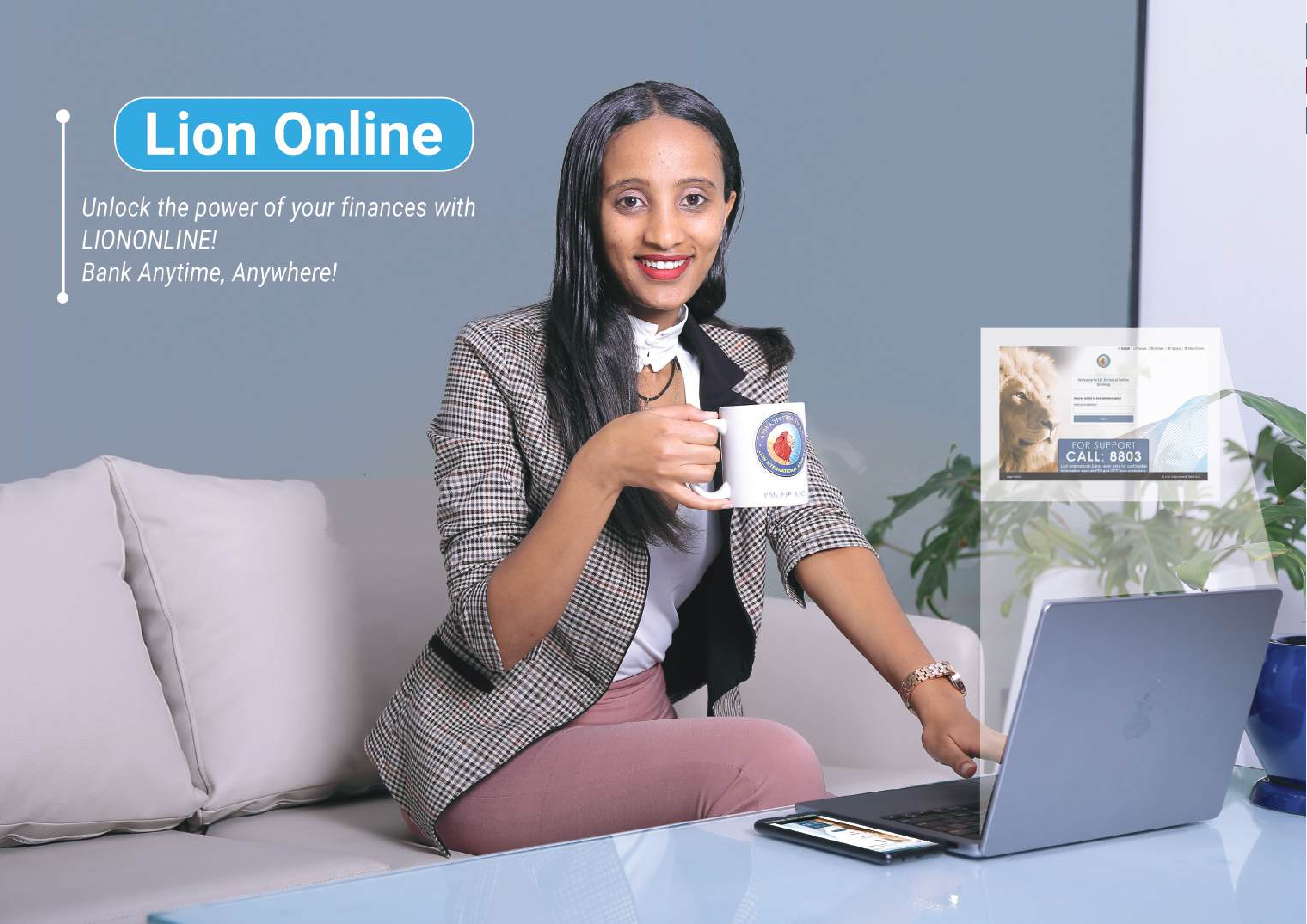
LION INTERNATIONAL BANK S.C.

ANNUAL REPORT 2023/24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BOARD OF DIRECTORS

Alem Asfaw
Director & Board Chairperson

Aklilu Gebreslasse(PhD)
Director & Vice Board Chairperson, Chairman of Loan Review, Risk and Compliance Subcommitee

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

Tsegay Tetemke
Director & Chairperson of Audit Subcommittee

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

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

Kinfe Brhane
Director & Member of Audit Subcommittee

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

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

Gebrehiwot Ageba(PhD)
Director & Member of Audit Subcommittee

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

SENIOR EXCUTIVE
MANAGMENT

Daniel Tekeste
President/CEO

Aklilu Hayelom
VP-Northern Regional Office

Hailay Haftu
VP-Retail Banking

Daniel G/Egziabher
VP-Strategy and Innovation

Tsebele Hadush
VP-Corporate Banking

Hiruy Zemichael
VP-Information Technology

Michael Gezae
AVP-Resource Managment

VISION

To be the best banking service provider in Ethiopia.

VALUES

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

MISSION

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.

MESSAGE FROM THE BOARD CHAIRPERSON

Dear Shareholders and Colleagues:

It is my great honor to present the Annual Report of the Lion International Bank S.C. for the fiscal year ended June 30, 2024, at the 20th Annual General Meeting (AGM). On behalf of the Board of Directors and myself, I extend my deepest gratitude to our shareholders, clients, business partners, and all stakeholders for your continued trust and unwavering support. Your confidence in our bank has been the cornerstone of our success, particularly as we completed the first phase of our five-year strategic plan, achieving significant milestones across key banking operations.

The fiscal year 2023/24, has seen several geopolitical instabilities with huge impacts in terms of slowing down output growth and generating high inflation. In addition to the adverse effects of the global business slowdown, the Ethiopian economy was also impacted by domestic instabilities and regional conflicts in the Horn of Africa, which resulted in fluctuating commodity prices, stagnant trade, and decreased investment.

The conflict in the northern region, which persisted until November 2022, had cast a shadow over the bank's performance. Non-performing loan positions grew ever higher as a result of borrowers' inability to revive their businesses and repay their loans and the bank's asset quality was severely compromised. Resource mobilization endeavors were harshly challenged. This led to difficulties in maintaining business operations and subjected the leadership to a hard time ensuring the bank's business continuity. Thus, the board and management had to come up with a five-year corporate strategic plan with an adjusted vision and mission statement and revised core values.

Accordingly, the fiscal year 2023/24 saw the implementation of the first phase of the five-year corporate strategic plan focused on business recovery and transformation with goals of improving digital transactions, expanding the market share of deposits, and ensuring long-term profitability. Other strategic objectives and initiatives were also set to be subordinate to the goals.

Thus, despite the numerous difficulties, the fiscal year 2023/24 was regarded as a year of recovery for LIB, as we laid a strong foundation for business recovery and future growth. Key achievements during this period included the restoration and reopening of our branches in the Northern Region, the expansion of new branches in Addis Ababa and other regions, excellent loan collection, the reduction of non-performing loans, and enhanced asset quality management which all contributed to the bank's overall improved performance. Thanks to the coordinated leadership by the board and management, unparalleled efforts from employees, and strong support from customers and stakeholders, the bank is now well on its recovery path from the past difficult years.

Honorable shareholders:

The trend in the Ethiopian banking industry is being characterized by stiff competition in all aspects of banking operations including the mobilization of resources, customer retention, investment in digital channels, and market presence. The sector is also witnessing aggressive promotional activities and regulatory changes that will reshape the future of the banking industry. From this point of view, the just-ended fiscal year, despite the challenges, was encouraging and provided a glimmer of hope for better progress.

I am proud to announce that our bank achieved a pre-tax profit of Birr 940.7 million for the fiscal year 2023/24, representing a 26% increase over the previous year. This remarkable performance, achieved in the face of adversity, highlights the bank's strength as we continue our journey of recovery and transformation.

In the 2023/24 fiscal year, the bank, adhering to the NBE credit cap, LIB managed to disburse loans totaling Birr 5.4 billion and collected an equivalent amount of loan repayments. As of June 2024, our outstanding loans and advances stood at Birr 30.4 billion. In addition, the total investments that the bank made on treasury bills and DBE bonds reached Birr 2.71 billion.

The bank's paid-up capital reached Birr 3.1 billion, while its total assets reached Birr 43.1 billion. In terms of resource mobilization, a total deposit of Birr 8.3 billion was mobilized during the reporting period, bringing the bank's total deposits to Birr 35.6 billion, suggesting a growth rate of 30%. Additionally, the bank mobilized a substantial amount of foreign currency compared to the preceding year.

With the addition of more than 310 thousand newly opened accounts, the total customer base of the bank exceeded two million. Furthermore, our digital banking platforms saw considerable growth with mobile banking, card banking, and Internet banking users reaching 998,000. To enhance customer convenience, we launched the School Pay and SACCO systems, and the Alegnta Micro Credit service benefiting over 5,000 individuals. Strategic partnerships with Ethio Telecom, Safaricom, Santmpay, and other fintech companies have made the bank more accessible and versatile in meeting the growing needs of our customers.

To increase accessibility, the bank opened 18 new branches, bringing the total number of branches to 306. Our 2,502 agents continue to extend essential banking services to underserved areas, which earned the bank recognition from the International Center for Strategic Alliances (ICSA) in its 15th Annual Awards Ceremony. Additionally, the bank installed 80 ATMs in key locations, improving service accessibility.

LIB strongly believes that having a strong workforce is critical to its continued success. The bank's overall workforce stood at 6,365 employees by June 2024, with 51% in permanent roles. It also made large investments in comprehensive training programs to enhance the skills and efficiency of our staff.

Another key focus area during the year under report was enhancing technological advancement. We have completed updates to our core banking system and embarked on projects to enhance digital banking, interoperability, and platform integration. These initiatives position us at the forefront of digital transformation in the banking sector.

Respected Shareholders:

Since taking office, the Board of Directors has established an unwavering commitment to establishing institutional foundations that foster the bank's sustainable growth. This includes ensuring corporate governance and enhancing the decision-making capabilities of the senior executive management.

During the fiscal year, the bank reinforced its commitment to environmental, social, and governance (ESG) objectives by implementing several initiatives aimed at sustainability. We revised and updated a corporate governance framework, updated the Board and its subcommittees' charters, and instituted key policies, including a risk governance framework and credit management policies, all of which play a vital role in ensuring prudence and sustainability.

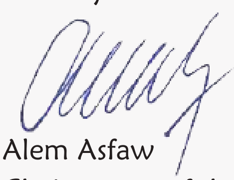
Lion International Bank recognizes its responsibility to make a positive impact on society. In the fiscal year 2024, we donated Birr 28.5 million (3% of profit before tax) to support drought relief and rehabilitation efforts for displaced communities. Additionally, we sponsored Birr 12 million to support 48 civic organizations and associations engaged in social causes.

To improve the financial sector, the government and the National Bank of Ethiopia are pursuing financial policy reform measures, including opening the banking sector to foreign banks, floating exchange rates, and introducing a capital market. The entry of foreign banks with substantial capital bases and advanced technology will create a highly competitive environment. Thus, the competition among banks, not only with domestic but also with global banks, will be fierce and tight. It is well understandable that banks that are not prepared for this competition may be severely impacted. We are, therefore, exploring various strategic options for the bank's better future. To ensure our commitment the support of our shareholders in enhancing the bank's capital will be critical.

As you may recall, during the 6th Extraordinary Shareholders' Meeting, we approved raising the bank's paid-up capital to Birr 10 billion. By June 2026, we aim to reach a minimum paid-up capital of Birr 5 billion, with a target of Birr 10 billion by 2028. Thus, on behalf of the Board, I urge our esteemed shareholders to continue supporting the bank by purchasing new shares and increasing your paid-up capital. Your contributions will play a pivotal role in making our bank stronger and more competitive. I am confident that, together, we will realize the bank's vision of becoming "The Best Banking Service Provider in Ethiopia!"

In conclusion, I would like to express my sincere appreciation to our valued customers, and shareholders for your unwavering confidence and support. I also extend my heartfelt thanks to the National Bank of Ethiopia, the Financial Intelligence Center, and other government bodies for their continued guidance and supervision.

Thank you!



Alem Asfaw
Chairperson of the Board of Directors

PERFORMANCE HIGHLIGHTS

Branches
306

Deposit
35.6 Bln.

Profit Befor Tax
940.7 Mill.

Digital & Agent Banking users
998,000

Paid Up Capitals
3.1 Bln.

Treasury Bill & Bonds
2.71 Bln.

Employees
6,365

Customers
2 Mill

Loan & Advances
30.4 Bil.

Agents
2,502 Bil.

Total Asset
43 Bil.

ATM
80

DIRECTORS' REPORT

Fisical Year 2023/24

1. THE GLOBAL AND DOMESTIC BUSINESS CONTEXT

Continued geopolitical tensions and instabilities such as the Ukraine-Russia war, and the Middle East coupled with the rising energy costs, high inflation particularly in the emerging economies, high borrowing costs, heightened debt issues, and weak global trade and investment have been particularly challenging for developing countries during the 2023/24FY. Consequently, supply chain disruptions have slowed industrial production and trade activities. On the other hand, commodity prices have rebounded due to recovery in demand in emerging markets, and partly pushed up by the uncertainties in the Middle East.

Output growth and investment particularly in connection with the large corridor development investment in Addis Ababa have improved during the 2023/24FY. The IMF estimated a 6.2% growth for the Ethiopian economy, driven by government efforts to boost investment, and improve financial inclusion. On the other hand, domestic conflicts here and there, displacement, weather shocks, and high inflation are factors with large adverse effects on the overall domestic business environment. Nonetheless, reforms including the financial sector liberalization, the expected foreign bank entry, and the emergence of the stock market may further enhance competition and innovations including in the banking system. Despite some market challenges, the banking industry has continued to thrive, demonstrating increased profitability, growing customer base, rising deposits, and digital growth, although performance varies from bank to bank.

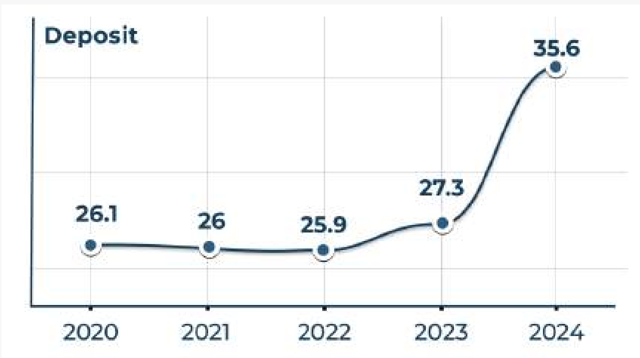
The entry of non-banking entities has also continued intensifying competition, particularly coming from non-banking entities such as the Ethio-telecom's Telebirr and other fintech companies.

2. HIGHLIGHTS OF THE OPERATIONAL PERFORMANCE OF THE BANK

2.1. Deposit

Total deposits of the bank rose to Birr 35.6 billion during the 2023/24FY, up from Birr 27.3 billion the previous year, reflecting a growth rate of 30%, significantly higher than the industry average of 15%. This increase can be attributed to effective marketing campaigns and enhanced resource mobilization efforts across all levels of the bank, resulting in a net deposit increase of Birr 8.3 billion. In terms of composition, savings deposits constituted 68%, providing a stable funding source, while demand and fixed-time deposits take 13% and 19% share respectively. The bank's deposit customer base grew by 19% reaching 2 million, leading to an average deposit of Birr 17,812 per account holder, which aligns with the peers in the banking industry and marks an 8% increase from last year.

G-1 Five Years' Deposit Trend (Billions)



2.2. Credit Management

Despite increased regulatory tightening including the credit growth cap introduced during the fiscal year, LIB made notable progress in expanding its loans and advances, which is the primary source of income of the bank. By June 2024, total loans and advances reached Birr 30.4 billion, a 14% increase from the previous year, which is similar to the credit cap growth rate. The bank effectively allocated funds across various sectors, with exports, imports, and domestic trade comprising about 75% of the total loan portfolio. Including bonds and Treasury bills, LIB's total outstanding loans reached Birr 33.4 billion, reflecting a 13% increase compared to the June 2023.

As part of its efforts to make its products and services accessible, and convenient to its customers, LIB launched the Alegnta Digital Lending service, a micro-digital lending platform aimed at providing collateral-free loans to the lower segments of its customers. In addition, the bank improved loan quality by enhancing its appraisal processes, implementing various workout and resolution mechanisms with borrowers, which all led to an improved loan performance compared to the difficult years of the 2020-2023.

2.3. International Banking Activities

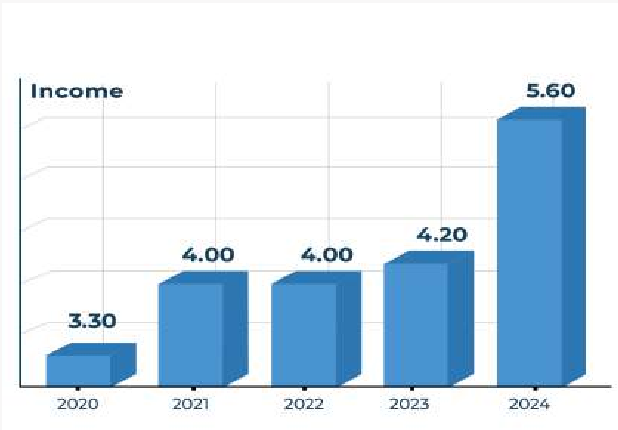
LIB places strong emphases on mobilizing foreign exchange to diversifying its income sources. During the 2023/24FY, the bank successfully mobilized USD 75.2 million, representing a 37% increase compared with the previous year. A significant portion of the mobilized foreign currency came from exporters, that receive top priority in the bank's loan allocations. Additionally, LIB has partnered with over ten international money transfer agents, including Western Union, MoneyGram, Dahabshiil, Thunes, Iftin Express, Transfast, CROWN Agents, Tawakal Express, KAAH, and Mamay, which helped on FCY mobilization. The bank has strong collaborations with international correspondent banks such as XIM Bank (Djibouti), CAC International Bank, Aktif Bank (Istanbul), Afreximbank (Cairo), Bank of Beirut (UK) Ltd., Bank of China, and Bank of Africa. These relationships and partnerships help enhance the bank's ability to mobilize foreign exchange from remittances and other incoming transfers. The amount of foreign currency mobilized during the 2023/24FY fell short of the bank's target, primarily due to high premiums in the parallel market and increasing competition in the banking sector. Nevertheless, current financial policy changes, including the liberalization and unification of the foreign exchange rates are expected to improve the bank's foreign currency earnings and create a healthier competitive environment within the banking system.

2.4. Income, Expenses and Profit

2.4.1. Income

Total income generated during the year under review was Birr 5.6 billion, reflecting a 33% increase over the previous year. Despite plans for diversification, about 80% of the bank's total income came from interest, while non-interest income accounted for the remaining 20%. The share of non-interest income is small compared with the goal of the bank, but showed significant increase when compared with the preceding year, driven by a rise in the bank's foreign currency inflows.

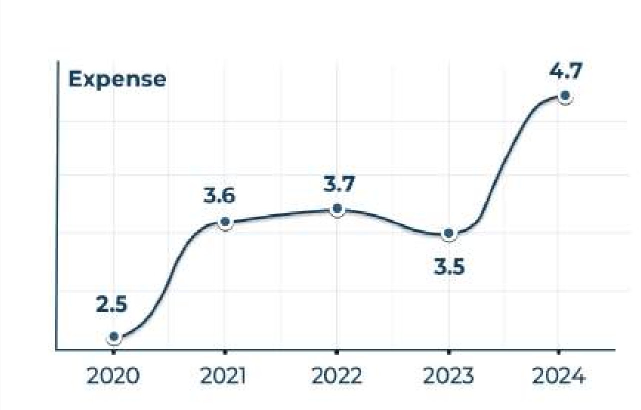
G-2 Five Years' Income Trend (Billions)



2.4.2. Expenses

LIB incurred a total expense of Birr 4.7 billion to generate the reported income, which is 34 % higher than the preceding year. Interest expenses accounted for 46% of the total, while non-interest expenses made up the remaining 54%, reflecting management's strong focus on boosting low-cost deposit types. The growth in expenses was in line with the income growth rate reflected in the strategy, marking good progress compared with the previous years' trends in aligning with the bank's strategic plan. The strategic plan clearly indicated that the bank should strive for at least a 3% increase in income growth over and above the expense growth rate, which is well achieved during the 2023/24FY.

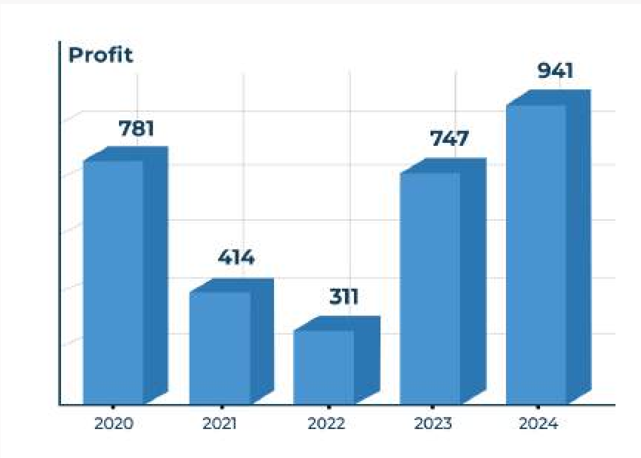
G-3 Five Years' Expense Trend (Billions)



2.4.3. Profitability

The bank registered a profit before tax of Birr 940.7 million during the 2023/24FY which is 26% higher than the preceding year. This was an encouraging performance and reflects the management's prudent expense management measures including keeping controllable expenses within an acceptable range in addition to the effort to increase income. The bank's profitability as indicated by the return to asset (RoA) and return to equity (RoE) also showed good recovery trend compared to the difficult years of 2020-2023.

G-4 Five Years' Profit BT Trend (Millions)



2.4.4. Trends in Balance Sheet

The bank's total assets reached Birr 43 billion, marking a 21% increase from the June 2023 balance. Net loans and advances constituted 71% of the total assets, followed by cash and cash equivalents of 15%, and marketable securities at 7%, with the remaining share made up of other assets. Total liabilities, on the other hand, amounted Birr 37.9 billion, which is 21% higher than the June 2023 balance. About 94% of the total liabilities comprises customer deposits. Capital and reserves stood at Birr 5.1 billion, reflecting a 17% increase compared with the position in the preceding year. Of this, the bank's paid-up capital was Birr 3.1 billion, which grew by 16% compared to the preceding year.

2.4.5. Accessibility

LIB fully recognizes that increasing accessibility of its products and services, both through branch expansion and digital channels, is crucial for its long-term business growth. With 18 additional new branches, the bank's branch-network expanded to 306, largely opened in the Addis Ababa and other cities to better serve its customers. In addition to branch expansion, digital growth has been a key focus area for the bank to improving accessibility and reaching out potential customers. The number of its active agents increased to 2,502 with the recruitment of 131 new agents during the year, contributing to a rise in both customers and transactions conducted through the agents. This effort of the bank was recognized at the International Center for Strategic Alliances' 15th Annual Awards Ceremony. LIB also deployed 10 more ATMs during the year in key locations, bringing the total number of its ATMs to 80.

LIB continued to make good progresses in other digital channels as well. The number of card banking, mobile banking, internet banking and agent banking users, which stood at 998,000, grew significantly during the 2023/24FY. This growth is expected to pave the way for a rapid increase in digital-based transactions in the coming years. LIB is also nearing the completion of its own digital banking platform, which will not only support its expansion but also integrate easily with third-party platforms, offering more choices to customers and helping the bank achieve its strategic goal of reaching a digital transaction level of 80% by June 2028.

2.5. Trends in Human Capital

Human capital development is the core strategic pillar of Lion International Bank, as it is the key driving factor for the bank to achieving a competitive edge in the banking industry. Total number of employees of the bank reached 6,365 during the year under review, representing a 12% increase compared to the preceding year. Of this, 3,240 are permanent staff, while 3,125 are outsourced. In addition, LIB introduced a new organizational structure to accommodate new business developments in line with its five years' strategy. It also revised its salary scale and other employees' benefits to align with the industry standard and motivate its employees. Consequently, the attrition rate dropped significantly to 3.5%, which is a notable success when compared with the preceding year and the international standard.

As part of its efforts to enhance skill and knowledge of its employees, the bank offered a range of short-term training programs focused on banking operations as well as behavioral and attitudinal improvements that are vital for enhancing service delivery and customer satisfaction. The bank provided 78 types of technical and developmental training for its 3,398 permanent employees and sponsored 13 employees to pursue their higher education, which all have directly contributed to the improved staff productivity and overall profitability of the bank.

2.6. Business Development

LIB carried out several business development activities during the 2023/24FY including promotional campaigns through various medias. In addition, LIB organized several productive sessions with shareholders, exporters, and other potential customers to strengthen relationships with key stakeholders. LIB also undertook various product and service diversification initiatives, and concluded partnerships with institutions that fueled its business expansion. The bank made successful integration with Telebirr, Safaricom, and Santim Pay to further boost its growth and enhance customer satisfaction. The notable effort the bank made during the year was the introduction of the "Anbesa School Pay System," which allows parents to pay their children's tuition fees at nearby LIB's branches without the need to visit the schools. Moreover, the Anbesa SACCO Payment service, launched in 2023/24, has successfully integrated six SACCOs, which are now fully operational. Anbesa Alegnta-አለኝታ which is a microcredit platform launched the previous year, has also continued to show good progress during the year under review.

As part of its strategy to remain competitive in the industry and enhance customer satisfaction through comprehensive banking services, LIB has placed significant emphasis on upgrading its technology and accelerating its digital transformation. Several projects aimed at enabling the bank's technology to integrate with third parties and advance its digital capabilities are currently well in progress and set to take effect in the 2024/25 fiscal year. The call center of the bank continued to operate 13 hours a day providing effective support to its customers.

A major achievement in the 2023/24 fiscal year was the implementation of a new organizational structure aligned with the bank's five-year strategic plan, which has significantly contributed to its growth and development. This new structure includes the establishment of additional districts aimed at providing closer support to the branches, complementing the strengthening of the existing regional offices. Furthermore, the creation and expansion of new units at the head office designed to address customer pain points, have started to pay off in enhancing the overall customer experience management of the bank.

2.7. Way forward

Ethiopia is experiencing rapid changes as manifested by the shift to a private sector driven competitive economy; and new regulatory frameworks. The Bank's management favorably considers these policy changes and directives as they are expected to offer large opportunities to the banking industry. LIB has therefore started to exploit and capitalize on these emerging opportunities by enhancing its internal capabilities and competitive advantages, and ultimately ensure sustained profitability and growth in this new business environment.

The bank remains committed to realizing its strategic pillars—Business Recovery and Growth, Operational Excellence, Human Capital Development, and Digital Transformation as these are critical even in these changing business environments. It is also making several efforts to expand its deposit market share, increase digital transactions, and maintain sustainable profitability, while remaining committed to its customer-centric philosophy.

LIB will focus on achieving operational efficiency, enhancing productivity, and improving cost-effectiveness through continuous improvements at all levels. Key initiatives to be implemented with particular focus in the coming fiscal year include finalizing the ongoing information technology upgrading to enhance digital banking services, continue investing on its human capital through its learning and growth activities, and raising the bank's shareholders' capital. With the coordinated efforts from all stakeholders, LIB is well-positioned to achieving its strategic targets in the coming year as well.

2.8. Word of Thanks

The Board of Directors and Executive Management of Lion International Bank extend their heartfelt gratitude to the bank's valued customers and shareholders for their continued patronage, and its employees for their unwavering dedication in achieving the results registered during the year. At last but not the least, immense gratitude goes to the National Bank of Ethiopia and related regulatory institutions for their unwavering support and guidance.

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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 2024

Lion International Bank S.C.
For the year ended 30 June 2024
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Lion International Bank S.C.
Directors, professional advisers and registered office
For the year ended 30 June 2024

License for the Banking Business

Banking Business Proclamation No. 592/2008

Board of Directors *2023/24*

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

Executive Management *2023/24*

Daniel Tekeste Kidane	President	(Appointed 01/02/2022)
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)
Michael Gezae Abrha	A/VP - Resource Management	(Appointed 03/04/2024)
Muez G/Egziabher G/Michael	Director - Credit Relationship Department	(Appointed 10/04/2023)
Eden Tilahun Woldemichael	Director - International Banking Department	(Appointed 03/06/2020)
Workneh Goshu Zewde	A/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)
Girum Shitta Assefa	Director - Alternative Banking Channels Department	(Appointed 03/06/2022)
Feven Binyam Kelem	Director - Legal Services Department	(Appointed 01/06/2019)
Michael Gezae Abrha	Director - Human Capital Management Dep't	(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 - Credit Appraisal & Portfolio Management Dep't	(Appointed 16/09/2024)
Hailemariam Sibhatu G/Silassie	Director - Addis Ababa Area Regional Office	(Appointed 20/10/2023)
Ali Endris Adem	Director - Other Regions Regional Office	(Appointed 20/10/2023)
Atakilti Mekonnen Mesfin	Director - Regional Credit Management Dep't	(Appointed 01/03/2024)
Addisu Thomas Lodamo	Director - Digital Technology Channels & Platform Dep't	(Appointed 29/04/2024)
Yemane Shiferaw Bimiraw	Director - IT Infrastrucutre Management Dep't	(Appointed 22/04/2024)
Harun Musa Ali	Director - Interest Free Banking Dep't	(Appointed 27/06/2024)
Eleni Amanuel W/Micheal	Director - IT Program Management Dep't	(Appointed 18/05/2024)

Independent Auditor

AMA-HAI Certified Accountants & Auditors
Meskel Flower Road,Aster Surafel Building 2nd Floor, Room No. 205
Tel- +251-11-6552471/251-11470 0388/96
Fax-251-11-470 0394, Po.Box-13735
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Website:- www.anbesabank.com
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Lion International Bank S.C.
Principal Bankers
For the year ended 30 June 2024

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Fax:+251-11 551 4588
P.O.Box : 5550
E-Mail: nbe.edpc@ethionet.et
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Addis Ababa, Ethiopia

Global Bank Ethiopia S.C
Ras Abebe Damtew street, National Tower, Addis Ababa, Ethiopia
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Fax:+251-115 58 12 50
P.O.Box:100743
E-Mail:info@debubglobalbank.com
Website:www.debubglobalbank.com
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Bunna Bank Ethiopia S.C
Wello-sefer,HO 3rd floor, Addis Ababa, Ethiopia
Tel: +251-6147199/+251-116146793
Contact Center: 8501
P.O.Box:1743 Code 1110
E-Mail:contactcenter@bunnabanksc.com
Website:www.bunnabanksc.com
Addis Ababa, Ethiopia

Hibret Bank Ethiopia S.C
Ras Abebe Aregay Street, Hibir Tower
Tel: +251-11 465 52 22
P.O.Box: 19963
E-Mail:info@hibretbank.com.et
Website:www.hibretbank.com.et
Addis Ababa, Ethiopia

Bank of China Limited
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Beijing Province 100818
Tel: (86) 010-66596688
Fax: (86) 010-66016871
P.O.Box: 100818
E-mail: Citibank@shareholders-online.com
Website: www.boc.cn
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Bank of Africa /Djibouti/
10 place Lagarde - BP 88 - Djibouti
Phone : (253) 35 30 16
Fax : (253) 35 16 38
E-mail: secretariat@boamerrouge.com
Website: www.boamerrouge.com
Djibouti, Djibouti

Lion International Bank S.C.
Principal Bankers
For the year ended 30 June 2024

CAC International Bank
HO, Djibouti, De Marseille St.
Tel: 00253 21 35 63 63,00253 21 35 10 29
Fax: 00253 21 35 67 55
P.O. Box:1868
Email: info@cacintbank.com
Website-www.cacintbank.com
Djibouti, Djibouti

Commerze Bank AG
Kaiserplatz, 60261 Frankfurt am Main Germany
Tel: +49 69 136 20
Fax: +49 69 285-389
E-mail: info@commerzbank.com
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Foch street, Beirut Central District, Beirut
Head Office, Riyad El Solh Street
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Bank of Beirut (uk)LTD
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TURKEY

Lion International Bank S.C.
Report of the Directors
For the year ended 30 June 2024

The Board of Directors submit their report together with the financial statements for the year ended 30 June 2024, 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 2024 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 2024 Birr'000	30 June 2023 Birr'000
Net operating income	3,469,784	2,251,365
Profit / (loss) before tax	940,660	747,102
Tax (charge) / credit	(152,494)	(257,578)
Profit / (loss) for the year	**788,166**	**489,524**
Other comprehensive profit / (loss) net of taxes	(33,445)	(25,862)
Total comprehensive profit / (loss) for the year	754,721	463,662

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

Ama - Hal Certified Accountants & Auditors

Lion International Bank S.C.
Statement of Directors' Responsibilities
For the year ended 30 June 2024

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)	Daniel Tekeste Kidane (Ato)
Chairperson, Board of Directors	President
Addis Ababa, Ethiopia	Addis Ababa, Ethiopia

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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 2024 and the related Statement of Profit & Loss and Other cmprehensive 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 2024 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.

Ama - Hai
Chartered Certified Accountants

Addis Ababa
October 31, 2024

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Lion International Bank S.C.
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2024

	Notes	30 June 2024 Birr'000	30 June 2023 Birr'000
Interest income	5	4,481,307	4,169,595
Interest expense	6	(2,145,352)	(1,971,661)
Net interest income		**2,335,955**	**2,197,934**
Fee and commission income	7	313,331	179,436
Net fees and commission income		**313,331**	**179,436**
Net foreign exchange income	8	31,766	(197,574)
Other operating income	9	421,564	298,228
Total operating income		**3,102,616**	**2,478,024**
Loan impairment charge	10	325,810	38,773
Impairment losses on other assets	11	41,358	(265,432)
Net operating income		**3,469,784**	**2,251,365**
Employee benefits	12	(1,640,021)	(953,162)
Amortization of intangible assets	19	(14,806)	(9,835)
Depreciation of property and equipment	20	(90,334)	(68,494)
Other operating expenses	13	(783,965)	(472,771)
Profit before tax		**940,660**	**747,102**
Income tax expense	14	(152,494)	(257,578)
Profit after tax		**788,166**	**489,524**
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	(33,445)	(25,862)
Deferred tax (liability)/asset on remeasurement gain or loss	14		
		(33,445)	(25,862)
Total comprehensive income for the period		**754,721**	**463,662**

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

Lion International Bank S.C.
Statement of Financial Position
As at 30 June 2024

	Notes	30 June 2024 Birr'000	30 June 2023 Birr'000
ASSETS			
Cash and balances with banks	15	6,354,785	3,920,813
Loans and advances	16	30,456,953	26,687,222
Investment securities:			
- Equity Investment	17	283,680	187,022
- Treasury Bills/Bonds and DBE Bonds	17	2,714,800	2,819,304
Other assets	18	1,135,827	307,638
Right Use of Asset (ROU)-Building and Land Lease	18	810,195	548,552
Property,plant and equipment	20	1,207,011	1,039,063
Intangible Assets	19	63,050	75,173
Total assets		43,026,299	35,584,786
LIABILITIES			
Deposits from customers	21	35,623,593	27,307,010
Current income tax	14	127,510	231,962
Other liabilities	22	1,717,052	3,365,187
Lease Liability-Premises/Building	22	256,598	186,056
Deferred income tax	14	50,106	43,114
Defined Benefit Obligation	23	159,413	97,998
Total liabilities		37,934,272	31,231,327
EQUITY			
Share capital	24	3,058,869	2,629,888
Share premium		47,840	46,087
Legal reserve	27	1,102,466	879,095
Special reserve	28	-	73,185
Retained earnings	26	603,393	373,701
Regulatory risk reserve	29	174,523	279,842
Other reserves	30	104,933	71,659
Total equity		5,092,027	4,353,459
Total equity and liabilities		43,026,299	35,584,786

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 31 October 2024 and were signed on its behalf by:

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

Ama - Hal Certified Accountants & Auditors

Lion International Bank S.C.
Statement of Changes in Equity
For the year ended 30 June 2024

	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 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)	-
Declared dividend					-		-	-	-
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
As at 1 July 2023		2,629,888	46,087	879,096	73,185	279,842	71,659	373,702	4,353,459
Profit for the period								788,166	788,166
Other comprehensive income:									-
Re-measurement gains on defined benefit plans (net of tax)	14						(33,445)	-	(33,445)
Transfer to legal reserve	27			223,371				(223,371)	-
Transfer to special reserve					-			-	-
Transfer to regulatory risk reserve	28					(105,319)		105,319	-
Transfer to other reserve	30						66,719	(66,719)	-
Declared dividend					(73,185)		-	(373,702)	(446,887)
Contribution to capital		428,981	1,754						430,734
Total Change in Equity for the period		428,981	1,754	223,371	(73,185)	(105,319)	33,274	229,692	738,568
As at 30 June 2024		3,058,869	47,840	1,102,467	-	174,523	104,933	603,394	5,092,027

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 2024

	Notes	30 June 2024 Birr'000	30 June 2023 Birr'000
Cash flows from operating activities			
Cash generated from operations	31	2,790,384	(196,362)
Income tax and WHT paid		(249,954)	(28,651)
Defined benefit paid		(5,536)	(11,775)
Net cash (outflow)/inflow from operating activities		**2,534,894**	**(236,788)**
Cash flows from investing activities			
Purchase of intangible assets	19	(2,683)	-
Purchase of property, plant and equipment	20	(264,440)	(143,230)
Reclassification of stock to property, plant and equipment		(2,222)	(38,674)
Proceeds from Disposal property, plant and equipment		9,314	33
Purchases of investment securities		(29,939)	(6,722)
Treasury Bills/Bonds and DBE Bonds		(1,319,208)	(651,933)
Matured Treasury Bills		1,490,720	1,155,260
Net cash (outflow)/inflow from investing activities		**(118,458)**	**314,734**
Cash flows from financing activities			
Proceeds from issues of shares		428,981	55,115
Share premium received		1,754	845
Dividends paid		(413,199)	(31,478)
Net cash (outflow)/inflow from financing activities		**17,535**	**24,481**
Net increase/(decrease) in cash and cash equivalents		**2,433,970**	**102,427**
Cash and cash equivalents at the beginning of the year	15	3,920,813	3,818,385
Foreign exchange (losses)/ gains on cash and cash equivalents			
Cash and cash equivalents at the end of the year	15	**6,354,785**	**3,920,813**

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 2024

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 2024 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 2024 is the bank's seventh 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.

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 July 1, 2023.

(i) Amendments to IAS 8 Definition of Accounting Estimates

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.
The amendment does not have any material impact on the Bank.

(ii)Amendments to IAS 12

On 23 May 2023, the International Accounting Standards Board (the IASB or Board) issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 (the Amendments) to clarify the application of IAS 12 Income Taxes to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules (Pillar Two income taxes).

The Amendments introduce:
A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.
The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023. The amendment does not have any material impact on the Bank.

(iii) Amendments to IAS 1 and IFRS practice statement 2 – disclosure of accounting policies

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

• Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies.

• Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosure. The amendment does not have a material impact on the Bank.

(iV) IFRS 17 – Insurance Contracts

The IASB issued IFRS 17 in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

This standard does not have any material impact on the Bank.

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.

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.

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 Comprehensive 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.

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.

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.

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.

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.

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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.

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.

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.

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

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.

(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:

- 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.

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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.

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.

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.

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.

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 appropriate, cumulative amortization recognized in accordance with the revenue recognition policies.

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 2024	Notes	FVTPOL Birr'000	Amortized Cost Birr'000	Total Birr'000
Cash and balances with banks	15	-	6,354,785	6,354,785
Loans and advances	16	-	30,456,953	30,456,953
Investment securities:				-
- Equity Investment	17	283,680		283,680
- National Bank of Ethiopia Bills	17		-	-
- Treasury Bills and Bonds	17		1,892,332	1,892,332
- Development Bank of Ethhiopia Bonds	17		822,467	822,467
Other assets	18		691,991	691,991
Total financial assets		283,680	40,218,529	40,502,209

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
- National Bank of Ethiopia Bills	17		-	-
- Treasury Bills and Bonds	17		2,306,582	2,306,582
- Development Bank of Ethiopia Bonds	17		512,722	512,722
Other assets	18		64,864	64,864
Total financial assets		187,022	33,492,203	33,679,224

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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/90/2014 establishes a credit risk limit, restricting a single borrower to a maximum of 20% of the bank's total capital. Additionally, Directive No. SBB/88/2024 sets a limit for one related party and all related parties combined, not to exceed 15% and 35% of the bank's total capital, respectively, as of the quarterly reporting period.

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.

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.

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;

(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).

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 debit (Imports)
Cluster 2		Domestic Trade Services Mining and Energy Transport Health Merchandise Financial Services	

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Cluster 3	Building and Construction Hotel and Tourism Manufacturing and Production Industry Real Estate Housing and Construction	Gross domestic product, current prices (U.S. dollars)
Cluster 4	Export Import Advance against Import Bills International Trade	Goods debit (Imports)

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	762.53	935.37	1,070.36
Exports of goods and services, USD	9,395.61	10,688.62	11,817.59
Government domestic debt, LCU	1,601,205.00	1,831,600.00	2,059,995.00
LCU/USD, ave	53.49	56.63	59.46
Nominal GDP, LCU	6,324,877.00	8,013,281.50	9,616,083.50
Private final consumption, LCU	4,706,090.50	5,637,459.50	6,537,715.00
Total domestic demand, LCU	6,554,527.00	7,774,859.50	9,014,880.00
Savings, LCU	1,139,737.50	1,333,875.50	1,571,133.50
Population	122,292,044.00	125,261,131.00	128,250,163.50
Consumer price index inflation, 2010=100, eop	757.19	892.81	999.41
M1, LCU	519,050.00	584,105.00	660,745.00
M2, LCU	1,669,935.00	1,932,335.00	2,247,120.00
Current expenditure, LCU	510,009.50	596,727.50	716,557.00
Goods imports, USD	15,797.50	16,432.50	17,418.50
Goods exports, USD	4,137.00	4,393.00	4,740.00
Current account balance, USD	(4,804.00)	(4,747.50)	(4,995.50)
Import cover months	1.72	1.89	2.02
Total household spending, LCU	5,494,617.24	6,584,552.36	7,636,051.11
Nominal GDP, USD	115,099.81	130,088.57	144,653.20
Real GDP, LCU (2010 prices)	1,031,006,500,000.00	1,097,146,000,000.00	1,172,494,000,000.00
Real GDP, USD (2010 prices)	71,549,973,629.00	76,139,934,488.00	81,368,948,479.00
Real GDP per capita, USD (2010 prices)	566.61	588.78	614.13
Nominal GDP, USD (PPP)	358,557,612,057.28	394,406,827,578.31	428,362,843,461.00
Private final consumption, USD	87,765.78	99,433.70	109,822.61
Private final consumption per capita, USD	0.00	0.00	0.00
Government final consumption, LCU	487,844.00	566,297.50	646,227.00
Government final consumption, USD	9,106.13	9,989.90	10,858.07
Exports of goods and services, LCU	503,898.00	605,980.50	703,534.00
Exports of goods and services per capita, USD	0.00	0.00	0.00
Imports of goods and services, LCU	887,821.00	1,004,878.50	1,106,430.00
Imports of goods and services, USD	16,574.61	17,735.38	18,597.80
Total domestic demand, USD	122,278.82	137,135.34	151,433.41
Total domestic demand per capita, USD	0.00	0.00	0.00
Unemployment, % of labour force, ave	3.24	3.28	3.21
Real effective exchange rate index	14.65	10.39	8.22
LCU/USD, eop	55.25	58.01	60.91
Total revenue, LCU	476,482.00	648,396.50	886,024.50
Total revenue, USD	8,876.82	11,411.97	14,856.05
Total expenditure, LCU	681,893.00	857,966.00	1,104,727.50
Total expenditure, USD	12,720.98	15,113.57	18,534.18
Current expenditure, USD	9,524.57	10,521.53	12,031.02

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Budget balance, LCU	(205,410.50)	(209,569.00)	(218,703.50)
Budget balance, USD	(3,844.15)	(3,701.59)	(3,678.15)
Services imports, USD	6,267.00	6,696.50	7,182.50
Services exports, USD	5,569.00	5,897.50	6,246.00
Total reserves ex gold, USD	3,159.50	3,648.50	4,137.00
Total external debt stock, USD	40,111.50	44,666.50	49,383.50
Long-term external debt stock, USD	38,315.00	42,836.00	47,517.00
Public external debt stock, USD	38,315.00	42,836.00	47,517.00
Total government debt, USD	71,350.00	80,340.00	87,275.00
Total debt service, USD	2,525.54	2,884.18	3,181.48
Gross domestic product, constant prices	2,329.25	2,485.04	2,643.25
Gross domestic product, current prices	7,439.92	10,299.14	13,591.03
Gross domestic product, current prices	139.36	172.44	186.09
Gross domestic product, current prices	376.99	414.24	449.75
Gross domestic product, deflator	317.89	412.90	512.65
Gross domestic product per capita, constant prices	22,200.96	23,318.01	24,411.68
Gross domestic product per capita, constant prices	2,989.46	3,139.88	3,287.15
Gross domestic product per capita, current prices	70,837.13	96,546.13	125,425.37
Gross domestic product per capita, current prices	1,327.12	1,710.60	2,036.60
Gross domestic product per capita, current prices	3,592.76	3,886.56	4,153.40
Gross domestic product based on purchasing-power-parity (PPP) share of world total	0.22	0.23	0.24
Implied PPP conversion rate	19.61	24.75	30.11
Total investment	23.76	20.78	19.21
Gross national savings	20.32	18.14	17.15
Inflation, average consumer prices	343.31	438.03	532.03
Inflation, end of period consumer prices	376.12	468.94	555.00
Population	104.89	106.55	108.26
General government revenue	621.66	850.92	1,125.35
General government revenue	8.38	8.26	8.28
General government total expenditure	860.28	1,080.27	1,435.44
General government total expenditure	11.73	10.53	10.53
General government net lending/borrowing	(238.62)	(229.35)	(310.09)
General government net lending/borrowing	(3.35)	(2.27)	(2.25)
General government primary net lending/borrowing	(192.09)	(165.94)	(199.11)
General government primary net lending/borrowing	(2.72)	(1.65)	(1.46)
General government net debt	2,932.01	3,269.96	3,804.03
General government net debt	40.17	32.28	28.08
General government gross debt	3,105.69	3,464.85	3,998.92
General government gross debt	42.53	34.22	29.54
Gross domestic product corresponding to fiscal year, cu	7,439.92	10,299.14	13,591.03
Current account balance	(4.88)	(4.94)	(4.68)
Current account balance	(3.61)	(2.73)	(2.15)
Gross Domestic Product	5.51	5.95	6.40
Domestic Demand	5.51	5.92	6.37
Exports of Goods & NF Services	11.35	14.41	16.63
Imports of Goods & NF Services	25.21	31.99	36.89
Nominal Per-Capita GDP	1,099.17	1,360.19	1,530.59
Year-end	54.64	60.51	71.58
Annual Average	53.17	56.92	65.36
Short-Term Interest Rate	7.67	7.69	7.72
Policy Interest Rate (Year-end)	13.00	12.75	12.50
Unemployment Rate (Annual average)	3.33	3.29	3.40
Current Account Balance	(4.86)	(4.82)	(4.28)
Balance on Goods**	(14.45)	(17.84)	(19.37)
Goods, Credit (Exports)	4.12	4.97	6.43
Goods, Debit (Imports)	18.57	22.80	25.80
Balance on Services	0.27	1.20	1.47
Services, Credit (Exports)	8.11	10.40	12.60
Services, Debit (Imports)	7.83	9.19	11.13
External Debt	28.62	28.63	28.64
International Reserves (Year-end)	3.28	3.94	4.56
Population	124.95	128.12	131.33

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	100%	**0%**	0%
Cluster 2	100%	**0%**	0%
Cluster 3	92%	**8%**	0%
Cluster 4	100%	**0%**	0%

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.

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.

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 2024 and 30 June 2023 respectively, is represented by the net carrying amounts in the statement of financial position.

	30 June 2024 Birr'000	30 June 2023 Birr'000
Balances with banks	5,050,375	2,724,314
Loans and advances	30,456,953	26,687,222
Investment securities:		
Equity Investment		
- Treasury Bills and Bonds	1,892,332	2,306,582
- Development Bank of Ethiopia Bonds	822,467	512,722
Other assets	691,991	64,864
	38,914,119	**32,295,704**
Credit risk exposures relating to off balance sheets are as follows:		
Loan commitments (Approved but not drawn) as per NBE Guideline	375,436	623,666
Guarantees issued	6,331,809	2,833,525
Letter of credit and other credit related obligations	1,423,922	1,428,107
	8,131,167	4,885,299
Total maximum exposure	**47,045,286**	**37,181,003**

Lion International Bank S.C.
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For the year ended 30 June 2024

(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 2024 Birr'000	30 June 2023 Birr'000
Properties	19,934	19,934
	19,934	**19,934**

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.

(c) Loans and Advances at amortized cost

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

	30 June 2024 Birr'000	30 June 2023 Birr'000
Transportation and communication	781,146	146,047
Export loans	8,226,964	9,014,420
Import loans	7,803,932	6,613,674
Manufacturing and production	2,312,388	1,445,206
Building and construction	1,996,094	2,474,649
Domestic trade	7,735,705	6,890,987
Staff emergency and mortgage loans	915,866	548,081
Agricultural loans	149,427	168,165
Hotel and Tourism	1,731,839	965,178
Other Loans	56,967	
	31,710,328	**28,266,407**

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

	30 June 2024 Birr'000	30 June 2023 Birr'000
Pass	24,690,273	23,638,270
Special mention	4,244,210	1,007,653
Substandard	883,805	876,900
Doubtful	618,775	319,368
Loss	1,273,266	2,424,215
	31,710,328	**28,266,407**

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.

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 2024			
Loans and advances to customers at amortized cost	Stage 1	Stage 2	Stage 3	Total
	Birr'000	Birr'000	Birr'000	Birr'000
Stage 1 – Pass	24,690,273	-	-	24,690,273
Stage 2 – Special mention		4,244,210	-	4,244,210
Stage 3 - Non performing	-	-	2,775,846	2,775,846
Total gross exposure	24,690,273	4,244,210	2,775,846	31,710,328
Loss allowance	(336,739)	(154,030)	(762,606)	(1,253,375)
Net carrying amount	24,353,534	4,090,180	2,013,239	30,456,953

	30 June 2023			
Loans and advances to customers at amortized cost	Stage 1	Stage 2	Stage 3	Total
	Birr'000	Birr'000	Birr'000	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

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Other financial assets (debt instruments)	SICR	Gross exposure (Birr'000)	Loss allowance (Birr'000)	30 June 2024 Net carrying amount (Birr'000)
Cash and balances with banks	12 Month ECL	863,944	(8)	863,936
Treasury Bills and Bonds	12 Month ECL	1,892,425	(93)	1,892,332
Development Bank of Ethiopia Bonds	12 Month ECL	822,494	(26)	822,467
Other receivables and financial assets	Lifetime ECL	12,271	(444)	11,827
		3,591,135	(572)	3,590,563

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
Treasury Bills and Bonds	12 Month ECL	2,306,689	(107)	2,306,582
Development Bank of Ethiopia 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

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 2024, the Bank transferred an amount of Birr (105.32) million and (36.29) million during the period ended June 30, 2023 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.

Lion International Bank S.C.
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For the year ended 30 June 2024

	30 June 2024 Birr'000	30 June 2023 Birr'000
Total impairment based on IFRS	1,253,375	1,579,185
Total impairment based on NBE Directives	1,136,396	1,311,279
Interest in suspense booked	249,319	399,775
Regulatory risk reserve	174,523	279,842

4.9 Credit concentrations

The Bank monitors concentrations of credit risk by economic sector. An analysis of concentrations of credit risk at 30 June 2024 and 30 June 2023. The

Bank concentrates all its financial assets in Ethiopia.

30 June 2024	Domestic and Trade Services Birr'000	Import and Export Birr'000	Building and construction Birr'000	Others Birr'000
Cash and balances with banks	-	-	-	5,050,375
Loans and receivables	7,735,705	16,030,896	1,996,094	5,947,633
Investment securities:				
Equity Instrument				
- Treasury Bills and Bonds				1,892,332
- Development Bank of Ethhiopia Bonds				822,467
Other assets	-	-	-	691,991
Loan commitments (Approved but not drawn) as per NBE Guideline	-	-	-	375,436
	7,735,705	16,030,896	1,996,094	14,780,235

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 banks	-	-	-	2,724,314
Loans and receivables	6,890,987	15,628,094	2,474,649	3,272,677
Investment securities:				
Equity Instrument				
- 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 Guideline	-	-	-	623,666
	6,890,987	15,628,094	2,474,649	9,504,825


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4.10 Nature of security in respect of loans and Advances

30 June 2024	Secured against Building Birr'000	Machinery Birr'000	Vehicle Birr'000	Stock Birr'000	Others Birr'000
Agriculture	140,079	6,664	1,557	-	1,127
Building and Construction	932,611	67,562	299,556	-	696,365
Domestic Trade Service	7,029,460	-	55,720	90,518	560,008
Export	2,856,411	183,229	184,614	-	5,002,711
Hotel and Tourism	1,730,005	-	950	-	884
Import	6,150,661	4,720	226,520	877,378	544,654
Manufacturing and Production	1,859,265	-	108,099	-	345,024
Other Loans	-	-	-	-	56,967
Staff Mortgage Loan	373,210	-	91,109	-	451,546
Transport and Communication	45,277	2,316	725,081	-	8,471
	21,116,978	264,491	1,693,206	967,896	7,667,757

30 June 2023	Secured against Building Birr'000	Machinery Birr'000	Vehicle Birr'000	Merchandise 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 Production	795,907	3,567	42,850	-	520,489
Staff Mortgage Loan	255,475	312	38,375	-	10,197
Transport and Communication	21,966	1,588	112,296	-	9,042
	14,597,057	190,975	955,915	980,729	11,541,731

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.

For impaired loans, the Bank obtains appraisals of collateral because the fair value of the collateral is an input to the impairment measurement.

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 2024 Birr'000	30 June 2023 Birr'000
Loan commitments (Approved but not drawn) as per NBE Guideline		
Guarantees issued	6,331,809	2,833,525
Letter of credit and other credit related obligations	1,423,922	1,428,107
Total maximum exposure	**8,131,167**	**4,885,299**

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 or meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Bank's reputation.

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 2024	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	2,301,079	2,445,124	2,133,627	4,214,145	24,529,618
Other liabilities and Lease Liability	208,384	301,970	62,227	798,857	602,213
Borrowing	-	-	-	-	-
Total financial liabilities	2,509,462	2,747,094	2,195,853	5,013,002	25,131,831

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 Liability	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

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 2024	Interest bearing	Non-interest bearing	Total
	Birr'000	Birr'000	Birr'000
Assets			
Cash and balances with banks	863,936	5,490,850	6,354,786
Loans and Advances	30,456,953	-	30,456,953
NBE Bill	-	-	-
Treasury Bills and Bonds	1,892,332		1,892,332
Development Bank of Ethiopia Bonds	822,467		822,467
Investment securities- (Equity Instrument)	-	283,680	283,680
Total	34,035,689	5,774,530	39,810,219
Liabilities			
Deposits from customers	30,929,851	4,693,742	35,623,593
Debt securities issued	-	-	-
Borrowings	-	-	-
Other liabilities	-	1,973,650	1,973,650
Total	30,929,851	6,667,392	37,597,243
Gap between Interest sensitive Asset and Liabilities	3,105,838		

30 June 2023	Interest bearing	Non-interest bearing	Total
	Birr'000	Birr'000	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		

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 2023 and 30 June 2024. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

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 2024 is Birr 236.6 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 2024 Birr'000	30 June 2023 Birr'000
Cash and bank balances	623,392	804,570
Customers' Deposits	(265,305)	(234,399)
Other Liabilities	(121,511)	(77,274)
	236,575	492,897

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 2024 Birr'000	30 June 2023 Birr'000
Impact on profit or loss		
10% change in exchange rates	23,658	49,290

30 June 2024	Increase (decrease) in basis points Birr'000	Sensitivity of profit or loss Birr'000	Sensitivity of equity Birr'000
USD	10%	22,996	22,996
Euro	10%	554	554
GBP	10%	108	108
		23,658	23,658

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

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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 2024 Birr'000	30 June 2023 Birr'000
Total Capital (A1+A2)	A	4,209,176	3,628,256
Primary Capital (sum A11 to A14)	A1	4,209,176	3,628,256
Paid-up capital	A11	3,058,869	2,629,888
Share Premium	A12	47,840	46,087
General reserves	A13	-	73,185
Legal reserves	A14	1,102,466	879,095
Supplementary capital (specify)	A2		
Risk-weighted assets (RWA) (B1 to B2)	B	37,648,420	30,762,439
On balance sheet (9)	B1	34,010,013	28,766,422
Off balance sheet (16)	B2	3,638,407	1,996,016
Ratios (%)	C		
Primary capital to RWA (A1/B)	C1	11.18%	11.79%
Total capital to RWA (A/B)	C2	11.18%	11.79%

4.15.2 Risk weighted assets (RWA)

a) Balance Sheet

Assets	Weighted Assets 30 June 2024 Birr'000	Weighted Assets 30 June 2023 Birr'000
Claims on Domestic & foreign		
Less than 1 year maturity	285,457	73,355
Residential mortgage loans	232,160	151,602
Loans & advances (net)-Residential mortgage loans	29,992,634	26,384,018
Investments	283,680	187,022
Fixed assets (net)	1,207,011	1,039,063
Accounts receivable	691,991	64,864
Supplies stock account	54,972	40,372
Others	1,262,109	826,127
Total RWBSA*	34,010,013	28,766,422

RWBSA = Risk Weighted Balance Sheet Assets

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b) Off Balance Sheet

Off-Balance Sheet Assets (OBSA)	Credit Equivalent 30 June 2024 Birr'000	30 June 2023 Birr'000
Undrawn Loan commitments	187,718	311,833
Guarantees issued	3,165,904	1,416,763
Commercial letter of credit	284,784	267,421
Total Risk weighted Off - BSA	3,638,407	1,996,016

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 2024 Birr'000	30 June 2023 Birr'000
Cost		
Right Use of Asset (ROU)-Premises/Building	932,205	545,403
Right Use of Asset (ROA)-Land	3,070	3,149
Amortization Expense on ROU and Land Use Right		
Amortization Expense for the year	(125,080)	(109,091)
Net Book Value - ROU + Land Use Right	810,195	439,461

ii) Lease Liability-Premises/Building and Land Use Right

Lease Liability-Premises/Building + Land and Finance Charge	186,056	143,091
Charge for the year	70,543	42,965
Total Lease Liability-Premises/Building and Land Use Right	256,598	186,056

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 comprehensive 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 2024	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 banks	6,354,785	6,354,785	-	-	6,354,785
Loans and Advances	30,456,953	-	-	30,456,953	30,456,953
Investment securities	2,998,480	-	283,680	2,714,800	2,998,480
Total	**39,810,218**	**6,354,785**	**283,680**	**33,171,753**	**39,810,218**
Financial liabilities					
Deposits from customers	35,623,593	35,623,593			35,623,593
Other liabilities	1,850,216	-		1,850,216	1,850,216
Total	**37,473,809**	**35,623,593**	**-**	**1,850,216**	**37,473,809**

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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 banks	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**

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 2024 Birr'000	30 June 2023 Birr'000
5 Interest income		
Interest on Loans & Advances	4,246,338	3,915,923
Interest on deposits held with local and foreign banks	26,509	29,570
Interest on Treasury bills	79,665	180,332
Interest on DBE Bond	56,394	29,358
Interest on Tresury Bonds	61,278	7,616
Interest-on Local Investment	11,123	6,796
	4,481,307	4,169,595

Included within various line items under interest income for the year ended 30 June 2024: Birr (117,773,521.18) is a total of Birr and 30 June 2023: Birr 16,390,216.72 relating to impaired financial assets.

	30 June 2024 Birr'000	30 June 2023 Birr'000
6 Interest expense		
- Saving deposits	1,246,091	1,332,773
- NBE borrowings	119,572	149,215
- Fixed deposits	779,689	489,673
	2,145,352	1,971,661

	30 June 2024 Birr'000	30 June 2023 Birr'000
7 Net fees and commission income		
Fee and commission income		
Commission on Letter Of Credit	116,456	77,083
Commission on Letter Of guarantee	193,523	101,951
Commission on Local transfers and other transactions	3,352	402
	313,331	179,436
Net fees and commission income	313,331	179,436
8 Net foreign exchange income		
Gain on foreign exchange	161,488	191,165
Loss on foreign exchange	(129,722)	(388,739)
Net foreign exchange income	31,766	(197,574)

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	30 June 2024 Birr'000	30 June 2023 Birr'000
9 Other operating Income		
Telephone, telegraph and postage charges	1	-
Service charge on foreign and local transactions	315,778	212,358
Gain on Disposal of Property,plant and Equipment	68	30
Other income	105,717	85,840
	421,564	**298,228**

	30 June 2024 Birr'000	30 June 2023 Birr'000
10 Loan Impairment charge		
Loans and Advances - charge for the year (note 16a)	(325,810)	(38,773)
	(325,810)	**(38,773)**

	30 June 2024 Birr'000	30 June 2023 Birr'000
11 Impairment losses on other assets		
Other assets - charge for the year (note 18)	(41,358)	265,432
	(41,358)	**265,432**

	30 June 2024 Birr'000	30 June 2023 Birr'000
12 Employee benefits		
Salaries and wages	946,313	684,781
Staff allowances	457,566	114,457
Provident fund and pension contribution	104,464	67,245
Accrued leave pay	27,182	36,545
Amortisation of prepaid staff benefit	16,686	168
Employee defined benefit (Income) expense	33,506	21,740
Other staff expenses	54,304	28,226
	1,640,021	**953,162**

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13 Other operating expenses	30 June 2024 Birr'000	30 June 2023 Birr'000
General and administrative expenses	235,660	186,170
Advertisement and Publicity	50,887	29,040
Insurance Expenses	91,967	4,183
Stationery & Printings	25,551	17,473
Transportation of Currencies	7,197	3,369
Wages Expense	197,272	157,187
Communication expenses	21,928	15,613
Repairs and maintenance	31,550	19,658
Maintenance, consultancy and support fees	28,595	21,639
Service charge	1,117	1,027
Directors' fees	2,887	3,315
Issuer fees on ATM	2,031	2,034
Office supplies	6,916	2,384
Subscription and membership fees	1,040	273
Fuel and lubricants	6,185	3,589
Audit fees	1,239	1,041
Other expenses	71,943	4,776
	783,965	472,771

13a) General and administrative expenses	30 June 2024 Birr'000	30 June 2023 Birr'000
Entertainment Expenses	9,442	4,256
Donation and Contribution(provision)	28,521	14,170
Penalty	487	450
Amortization Expense on ROU	125,080	109,091
Finance Charge (Lease Liablity)	22,682	15,202
Water & Electricity Expenses	5,496	4,579
Correspondent Charges	4,835	3,555
Cleaning Supplies	2,438	2,374
Other General and administrative expenses	36,678	32,493
	235,659	186,170

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		30 June 2024 Birr'000	30 June 2023 Birr'000
14	Current income and deferred tax		
14a	Income tax expense		
	Current income tax expense	145,502	232,201
	Prior year (over)/ under provision		
	Deferred income tax/(credit) to profit or loss	6,991	25,377
	Total charge to profit or loss	152,494	257,578
	Tax (credit) on other comprehensive income	-	-
	Total tax in statement of comprehensive income	152,494	257,578

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 2024 Birr'000	30 June 2023 Birr'000
Accounting profit (Excluding Building Rental Income)	927,340	736,434
Add : Disallowed expenses		
Entertainment	9,461	4,256
Donation	21	350
Penalty	487	450
Provision for loans and advances as per IFRS	(325,810)	(38,773)
Depreciation for accounting purpose	79,318	57,478
Amortization for accounting purpose	14,806	9,835
Impairment losses on other assets	(41,358)	265,432
Provision for legal cases	(11,507)	7,486
Amortization Expense/Finance Charges on Leased Asset/Liability	147,762	124,293
Accrued Leave	23,649	14,914
Prepaid Staff Asset Expense	16,686	168
Tax Expense	59,359	-
Severance pay	27,970	9,965
Cash Indemity Allowance	5,179	296
Unrealized Revaluation Loss	-	35,670
Damage on PPE due to Conflict	9,216	-
Share Premium	1,754	845
	16,993	492,667
Less :		
Depreciation for tax purpose	107,287	76,636
Provision for loans and advances for tax NBE 80%	(139,907)	(114,023)
Amortization of deferred charge as per tax law	11,188	7,041
Gain on disposal of Property,plant & equipment	21	-
Dividend income taxed at source	11,123	6,796
Interest income taxed at source-Treasury Bills	79,665	180,332
Interest income taxed at source-DBE Bond	56,394	29,358
Interest income taxed at source-Treasury Bond	61,278	7,616
Interest income taxed at source-Deposits	26,509	29,570
Office Rent Expesne	178,568	176,586
Operating Lease Expense	479	238
Unrealized Gain(Loss) on Equity Investment	66,719	54,950
	459,325	455,098
Taxable profit	485,008	774,003
Current tax at 30%	145,502	232,201

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Building Rental Income	13,320	10,667
Add :		
Depreciation for accounting purpose	11,016	11,016
Disallowable Depreciation Expense	931	931
	11,947	**11,947**
Less :		
Depreciation for tax purpose - Building	22,957	22,957
	22,957	**22,957**
Net Profit (Loss) for the Period	**2,309**	**(343)**
Balance Brought Forward 2020/21	(3,824)	(6,134)
Balance Brought Forward 2021/22	(2,169)	(2,169)
Balance Carried Forward	**(5,993)**	**(8,303)**
(c) The movement of Profit tax Payable		
Balance brought forward	231,962	28,413
Add : Provision for the year	145,502	232,201
Less: Direct settlement	231,962	28,413
Withholding tax paid	17,992	238
	127,510	**231,962**
Tax Provision as Per Law	145,502	232,201
Additional Current Tax Expense to be (claimed)/settled	(17,992)	(238)
Tax Payable for 2023/24	**127,510**	**231,962**

14c Current income tax liability	**30 June 2024** **Birr'000**	**30 June 2023** **Birr'000**
Current income tax payable	145,502	232,201
	145,502	**232,201**
Balance at the beginning of the year	232,201	28,717
Income tax expense	145,502	232,201
Payment during the year	(232,201)	(28,717)
Balance at the end of the year	**145,502**	**232,201**

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 2024 Birr'000	30 June 2023 Birr'000
The analysis of deferred tax assets/(liabilities) is as follows:		
To be recovered within 12 months	(50,106)	(43,114)
	(50,106)	(43,114)

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:

	At 1 July 2023 Birr'000	Credit/ (charge) to P/L Birr'000	Credit/ (charge) to equity Birr'000	30 June 2024 Birr'000
Property, Plant and Equipment (Including intangibles)	(51,806)	(16,031)		(67,837)
Post employment benefit obligation	29,399	18,425		47,824
Lease ROU & ROA - Temporary difference	(20,708)	(9,385)		(30,093)
Total deferred tax assets/(liabilities)	**(43,114)**	**(6,991)**	**-**	**(50,106)**

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)**

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15 Cash and balances with banks	30 June 2024 Birr'000	30 June 2023 Birr'000
Cash in hand	1,304,419	1,196,507
Deposits with local banks	863,944	162,435
Deposits with foreign banks	563,348	204,347
Balance held with National Bank of Ethiopia	1,125,900	464,165
Reserve with National Bank of Ethiopia	2,497,183	1,893,367
Gross amount	6,354,793	3,920,821
Less: Impairment allowance to Deposit with local banks		
Beginning Provision	(8)	(10)
Charge for the year	-	2
Impairment allowance	(8)	(8)
Net Amount	6,354,785	3,920,813

Maturity analysis	30 June 2024 Birr'000	30 June 2023 Birr'000
Current	3,857,611	2,027,454
Non-Current	2,497,183	1,893,367
	6,354,794	3,920,821

The reserve with National Bank of Ethiopia represents regulatory cash ratio requirements based on customer deposits with the Bank. As at 30 June 2024, 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 2024 Birr'000	30 June 2023 Birr'000
Analysis by sector		
Transportation and communication	781,146	146,047
Export loans	8,226,964	9,014,420
Import loans	7,803,932	6,613,674
Manufacturing and production	2,312,388	1,445,206
Building and construction	1,996,094	2,474,649
Domestic trade	7,735,705	6,890,987
Staff emergency and mortgage loans	915,866	548,081
Agricultural loans	149,427	168,165
Hotel and Tourism	1,731,839	965,178
Other loans	56,967	-
Gross loans and advances to customers	31,710,328	28,266,407
Less: Impairment allowance (note 15a)		
- Allowance for Impairment	(1,253,375)	(1,579,185)
Net loans and advances to customers	30,456,953	26,687,222

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Analysis by maturity	30 June 2024 Birr'000	30 June 2023 Birr'000
Loans and advances due:		
Not later than 1 year	3,615,337	18,767,584
Later than 1 year but not later than 5 years	21,749,327	4,802,542
Later than 5 years	6,345,665	4,696,281
Gross loans and advances to customers	31,710,328	28,266,407
Less: Provision for doubtful debts	(1,253,375)	(1,579,185)
Net loans and advances to customers	30,456,953	26,687,222

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 2023 Birr'000	Charge for the year Birr'000	As at 30 June 2024 Birr'000
Allowance for Impairment	1,579,185	(325,810)	1,253,375
	1,579,185	(325,810)	1,253,375

	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

17 Investment Securities

	30 June 2024 Birr'000	30 June 2023 Birr'000
Investment Securities at FVTPL		
EthSwitch S.C.	139,759	78,431
Lion Insurance Co. S.C.	39,531	25,861
SWIFT	11	120
Goda Bottle and Glass S.C.	21,504	21,504
Diramba Trade and Industry S.C.	6,156	6,156
Ethiopian Securities Exchange S.C	10,000	-
Gross amount	216,961	132,072
Add (Less): Investment Security (Equity)- Fair Value		
Charge for the year	66,719	54,950
Total Investment Security (Equity)- Fair Value	66,719	54,950
Net amount	283,680	187,022

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Investment Securities at Cost

Name of investees	Shares	30 June 2024 Birr'000
EthSwitch S.C.	34,484	34,484
Lion Insurance Co. S.C.	18,642	18,642
SWIFT	-	30
Goda Bottle and Glass S.C.	430,084	21,504
Diramba Trade and Industry S.C.	6,156	6,156
Ethiopian Securities Exchange S.C	10,000	10,000
		90,816

Name of investees	Shares	30 June 2023 Birr'000
EthSwitch S.C.	18,187	18,187
Lion Insurance Co. S.C.	600,000	15,000
SWIFT	-	30
Goda Bottle and Glass S.C.	430,084	21,504
Diramba Trade and Industry S.C.	6,156	6,156
		60,877

Treasury Bills at Amortized Cost	30 June 2024 Birr'000	30 June 2023 Birr'000
Treasury bills (Net)	570,999	2,061,650
	570,999	2,061,650
Movement		
At start of year	2,061,745	3,217,005
Maturities	(1,490,720)	(1,155,260)
Gross amount	571,025	2,061,745
Less: Impairment allowance to Treasury Bills		
Beginning Provsion	(95)	(161)
Charge for the year	69	66
Total Impairment allowance	(26)	(95)
At end of year	570,999	2,061,650

Maturity profile

Bills maturing within one year's from the date of acquisition	570,999	2,061,650
Total	570,999	2,061,650

Treasury Bills issued pirsuant to the Treasury Bills Proclamation No. 267of 1969

The maturity period of the bills is 1 years.

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Development Bank of Ethhiopia Bonds at Amortized Cost	30 June 2024 Birr'000	30 June 2023 Birr'000
Development Bank of Ethhiopia Bonds (Net)	822,467	512,722
	822,467	512,722
Movement		
At start of year	512,748	69,854
Additions	282,670	414,605
Increase in accrued interest at end of year	27,076	28,289
Gross amount	822,494	512,748
Less: Impairment allowance to NBE Bills		
Beginning Provsion	(26)	(3)
Charge for the year	(1)	(22)
Total Impairment allowance	(26)	(26)
At end of year	822,467	512,722
Maturity profile		
Bills maturing within 91 days from the date of acquisition		
Bills maturing after 91 days after the date of acquisition	822,467	512,722
Total	822,467	512,722

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 2024 Birr'000	30 June 2023 Birr'000
Treasury Bonds (Net)	1,321,334	244,932
	1,321,334	244,932
Movement		
At start of year	244,944	-
Additions	1,036,538	237,328
Increase in accrued interest at end of year	39,918	7,616
Gross amount	1,321,400	244,944
Less: Impairment allowance to Treasury Bills		
Beginning Provsion	(12)	-
Charge for the year	(55)	(12)
Total Impairment allowance	(67)	(12)
At end of year	1,321,334	244,932
Maturity profile		
Bills maturing within five year's from the date of acquisition	1,321,334	244,932
Total	1,321,334	244,932

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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 advance disbursement and invest 20% of monthely disbursement.

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

	30 June 2024 Birr'000	30 June 2023 Birr'000
18 Other assets		
Financial assets		
Sundry receivables	790,373	502,407
	790,373	502,407
Less: Impairment allowance for other assets	(98,382)	(437,543)
	691,991	**64,864**
Non-financial assets		
Prepaid staff benefit	34,968	60,901
Prepayments	333,962	121,567
Right Use of Asset (ROU)-Premises/Building	807,169	545,403
Right Use of Asset (ROA)-Land	3,026	3,149
Stock of supplies	54,972	40,372
Acquired property	19,934	19,934
	1,254,031	**791,326**
Net amount	**1,946,022**	**856,190**

	30 June 2024 Birr'000	30 June 2023 Birr'000
18(a) Right Use of Asset-Premises/Building		
Right Use of Asset (ROU)-Premises/Building	932,205	545,403
Right Use of Asset (ROA)-Land	3,070	3,149
Amortization Expense on ROU	(125,080)	(109,091)
Net Right Use of Asset (ROU)-Premises/Building and Land	**810,195**	**439,461**

Maturity analysis	30 June 2024 Birr'000	30 June 2023 Birr'000
Current	681,125	426,845
Non-Current	1,264,896	429,346
	1,946,022	856,190

18(b) Impairment allowance on other assets

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

	30 June 2024 Birr'000	30 June 2023 Birr'000
Balance at the beginning of the year	437,543	172,078
Addition for the year	(339,723)	272,512
Charge for the year	562	(7,047)
Balance at the end of the year	**98,382**	**437,543**

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19 Intangible Assets	Software Birr'000	Work in progress Birr'000	Total Birr'000
Cost:			
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	-	113,340
As at 1 July 2023	113,340	-	113,340
Acquisitions	-	2,683	2,683
De-recognition	-	-	-
Transfer to Software		-	-
As at 30 June 2024	113,340	2,683	116,023
Accumulated amortisation and impairment losses:			
As at 1 July 2022	28,332	-	28,332
Amortisation for the year	9,835	-	9,835
As at 30 June 2023	38,168	-	38,168
As at 1 July 2023	38,168	-	38,168
Amortisation for the year	14,806	-	14,806
As at 30 June 2024	52,973	-	52,973
Net book value			
As at 30 June 2023	75,173	-	75,173
As at 30 June 2024	60,367	-	63,050

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20 Property,plant and equipment

	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
Cost:							
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	166,787	124,168	158,037	275,083	601,697	54,244	1,380,016
As at 1 July 2023	166,787	124,168	158,037	275,083	601,697	54,244	1,380,016
Additions	-	82,871	111,326	67,575	-	2,669	264,440
Disposals	(4,462)	(3,122)	(6,765)	(11,505)	-	-	(25,854)
Reclassification	-	987	(7,305)	14,401		(4,996)	3,087
As at 30 June 2024	162,325	204,904	255,292	345,553	601,697	51,917	1,621,689
Accumulated depreciation							
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)
As at 30 June 2023	69,720	62,454	67,907	102,035	38,837		340,953
As at 1 July 2023	69,720	62,454	67,907	102,035	38,837		340,953
Charge for the year	14,456	14,092	15,943	33,407	11,571		89,469
A/D Adjustment (Stock PPE)	-	(367)	995	237	-		865
Disposals	(3,480)	(1,738)	(3,814)	(7,576)	-	-	(16,608)
As at 30 June 2024	80,696	74,440	81,030	128,104	50,408	-	414,678
Net book value							
As at 30 June 2023	97,067	61,714	90,130	173,048	562,860	54,244	1,039,063
As at 30 June 2024	81,629	130,464	174,262	217,449	551,289	51,917	1,207,011

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21 Customer deposits	30 June 2024 Birr'000	30 June 2023 Birr'000
Foreign currency deposits	139,053	147,263
Demand deposits	4,554,689	2,863,329
Saving deposits	24,232,726	19,765,227
Time deposits	6,697,125	4,531,191
Total deposits from customers	35,623,593	27,307,010

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 2024 Birr'000	30 June 2023 Birr'000
Financial liabilities		
Cash payment orders	247,525	107,783
Margin held on letters of credit	659,511	514,215
Blocked accounts	83,048	131,850
Leave accrual	87,570	63,921
Local transfers payable	53	101
Exchange commission	17,367	15,336
Miscellaneous payables	18,927	17,100
Retention on foreign currency	120,591	74,983
Accruals	31,904	85,552
Dividend payable	120,831	87,143
Provident and pension fund	8,553	12,549
Other payables	192,995	246,619
Lease Liability-Premises/Building	256,598	186,056
Foreign transactions payable	2,004	1,455
Temporary customer accounts	2,739	2,004
Local Borrowings NBE	-	1,867,500
	1,850,216	3,414,167
Non-financial liabilities		
Taxes and stamp duty charges	32,920	40,037
Unearned Income-LG Commission	46,796	22,468
Unearned Income-LC Opening S/Charges	24,597	8,971
Unearned Income-Treasury Bills	15,173	50,751
Unearned Income-Building Rent	2,905	2,271
Provision for legal cases	1,043	12,578
	123,434	137,076
Total	1,973,650	3,551,243

Maturity analysis	30 June 2024 Birr'000	30 June 2023 Birr'000
Current	1,371,438	3,326,649
Non-Current	602,213	224,593
	1,973,650	3,551,243

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	30 June 2024 Birr'000	30 June 2023 Birr'000
23 Retirement benefit obligations		
Defined benefits liabilities:		
Defined Benefit Liability/(Asset)	159,413	97,998
Liability in the statement of financial position	**159,413**	**97,998**
Income statement charge included in personnel expenses:		
Employee defined benefit (Income) expense	33,506	21,740
Total defined benefit expenses	**33,506**	**21,740**
Remeasurements for:		
– Severance and retirement benefit gratutity benefits	(33,445)	(25,862)
	(33,445)	**(25,862)**

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 2024 Birr'000	30 June 2023 Birr'000
Current	4,752.55	2,946.92
Non-Current	154,660	95,051
	159,413	**97,998**

Severance and retirement benefit gratutity 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 after serving 10 and 15 years or more reward a gratitude of two (2) amd 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 2024 Birr'000	30 June 2023 Birr'000
A Liability recognised in the financial position	159,413	97,998

B Amount recognised in the profit or loss	30 June 2024 Birr'000	30 June 2023 Birr'000
Current service cost	11,014	6,487
Interest cost	21,992	15,253
Past Service cost	500	-
	33,506	21,740

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23 Retirement benefit obligations (Contd)

C Amount recognised in other comprehensive income:

Remeasurement gains/(losses) arising from changes in the economic assumptions	(13,703)	(8,189)
Remeasurement gains/(losses) arising from changes exeperience	(19,742)	(17,673)
	(33,445)	(25,862)

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

	30 June 2024 Birr'000	30 June 2023 Birr'000
At the beginning of the year	97,998	62,171
Current service cost	11,014	6,487
Interest cost	21,992	15,253
Past Service cost	500	-
Remeasurement (gains)/ losses	33,445	25,862
Benefits paid	(5,536)	(11,775)
At the end of the year	159,413	97,998

The significant actuarial assumptions were as follows:

i) Financial Assumption Long term Average	30 June 2024 Birr'000	30 June 2023 Birr'000
Discount Rate (p.a)	18.70%	20.70%
Long term salary increases	16.30%	17.10%

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 2023 and 20.70% as at 30 June 2024.

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 2026 to 2029 to determine the projected long-term inflation in a manner consistent with the setting of the discount rate.

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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	0.00306	0.00223
25	0.00303	0.00228
30	0.00355	0.00314
35	0.00405	0.00279
40	0.00515	0.00319
45	0.0045	0.00428
50	0.00628	0.00628
55	0.00979	0.00979
60	0.01536	0.01536

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	Resignation rates per annum 2023
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 2024. Defined Benefit Obligation and the Current Service Cost are reflected below:

	Change in assumption	Impact on defined benefit obligation 30 June 2024	
		Impact of an increase Birr'000	Impact of a decrease Birr'000
Discount rate	1%	159,413	159,413

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 2024.

	30 June 2024 Birr'000
Year ending 30 June 2025	(13,079)
Year ending 30 June 2026	(15,862)
Year ending 30 June 2027	(19,958)
Year ending 30 June 2028	(24,010)
Year ending 30 June 2029	(30,267)
Total projected benefit payments over 5 years	(103,176)

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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.

(ii) 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 2024 Birr'000	30 June 2023 Birr'000
Authorised:		
10 Million Ordinary shares of 1000 Birr each	10,000,000	10,000,000
Issued and fully paid:		
3,058,869 Ordinary shares of 1000 Birr each (as of 30 June 2024)	**3,058,869**	**2,629,888**

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 2024 Birr'000	30 June 2023 Birr'000
Profit attributable to shareholders	788,166	489,524
Rollover IFRS adjustment from Regulatory risk	-	-
Profit attributable to shareholders (after IFRS	788,166	489,524
Weighted average number of ordinary shares issued	2,800	2,614
Basic & diluted earnings per share (Birr)	**281.52**	**187.28**

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 2024 Birr'000	30 June 2023 Birr'000
At the beginning of the year	373,701	73,184
Declared dividend	(373,702)	-
Profit/ (Loss) for the year	788,166	489,524
Transfer to legal reserve	(223,371)	(131,452)
Transfer to special reserve	-	(73,185)
Transfer to Other Reserve	(66,719)	(54,950)
Transfer to Regulatory Risk Reserve	105,319	70,580
At the end of the year	**603,393**	**373,701**

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27 Legal reserve

	30 June 2024 Birr'000	30 June 2023 Birr'000
At the beginning of the year	879,095	747,643
Transfer from profit or loss	223,371	131,452
At the end of the year	1,102,466	879,095

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 2024 Birr'000	30 June 2023 Birr'000
At the beginning of the year	73,185	-
Transfer (from) / to retained earnings	-	73,185
Prior year adjustment		
Transfer to declared divdend	(73,185)	-
At the end of the year	-	73,185

29 Regulatory risk reserve

	30 June 2024 Birr'000	30 June 2023 Birr'000
At the beginning of the year	279,842	350,423
Transfer (from) / to retained earnings	(105,319)	(70,580)
At the end of the year	174,523	279,842

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 2024 Birr'000	30 June 2023 Birr'000
At the beginning of the year	71,659	42,571
Remeasurement gain/(loss) on retirement benefits obligations	(33,445)	(25,862)
Other Reserve- unapportioned Earnings	66,719	54,950
At the end of the year	104,933	71,659

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.

31 Notes to the statement of cash flows

a) Cash used in operations

	Notes	30 June 2024 Birr'000	30 June 2023 Birr'000
Reconciliation of profit before income tax to cash from operations			
Profit before tax		940,660	747,102
Adjustments for non-cash items:			
Depreciation of property and equipment	20	89,469	67,601
Gain on Disposal of Property and Equipment	9	(68)	(30)
Amortization of intangible assets	19	14,806	9,835
Expenditure transfer from WIP	19		13,110
Loan impairment Charge	16	(325,810)	(38,773)
Impairment loss on other assets	18	(339,161)	265,465
Impairment on Treasury Bills	17	(69)	(66)
Impairment on DBE Bonds	17	1	22
Impairment on Treasury Bonds	17	55	12
Accrued interest on DBE Bonds	17	(27,076)	(28,289)
Accrued interest on Treasury Bonds	17	(39,918)	(7,616)
Current Service Cost on Defined Benefit Obligation	23	33,506	21,740
Fair value adjustment on Investment Security (Equity)	13	(66,719)	(54,950)
Changes in operating assets and liabilities:			
-Decrease/ (Increase) in loans and advances	16	(3,443,921)	(2,855,731)
-Decrease/ (Increase) in other assets	18	(489,028)	(27,212)
-Decrease/ (Increase) in Right use of asset (ROU)	18a	(261,643)	(167,626)
-Increase/ (Decrease) in customer's deposit	19	8,316,583	1,369,291
-Increase/ (Decrease) in other liabilities	22	(1,611,281)	489,753
		2,790,384	**(196,362)**

b) Cash and balances with banks

	Notes	30 June 2024 Birr'000	30 June 2023 Birr'000
Cash in hand	14	1,304,419	1,196,507
Cash and balances with National Bank of Ethiopia		1,125,900	464,165
Deposits with local banks		863,944	162,435
Deposits with foreign banks		563,348	204,347
Reserve with National Bank of Ethiopia		2,497,183	1,893,367
Less: Impairment allowance to Deposit with local banks		(8)	(8)
		6,354,786	**3,920,813**

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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.

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

	30 June 2024 Birr'000	30 June 2023 Birr'000
32a *Transactions with related parties*		
Transaction with related borrower		
Transaction with Insurance Company		
- Payment for staff insurance	7,822	2,751
- Payment for Money, Motor, Fire &	7,057	4,183
- Customer deposit insurance fund	84,910	-
	99,789	6,935

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 2024.

	30 June 2024 Birr'000	30 June 2023 Birr'000
Board of directors remuneration	2,887	3,315
Salaries and other short-term employee benefits	54,227	31,546
	57,115	34,860
Loans and		
Loan to senior management	48,416	63,772
	105,531.06	98,632.28

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

33 Directors and employees

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

	30 June 2024 In Number	30 June 2023 In Number
Professionals and High Level Supervisors	2,617	2,162
Semi-professional, Administrative and Clerical	527	584
Technician and Skilled	6	6
Manual and Custodian	96	94
	3,246	2,846

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. Whiele sufficient provision was held for amount at any level.

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 2024 Birr'000	30 June 2023 Birr'000
Loans and Advances approved but not drawn (as per NBE Guideline)	375,436	623,666
Guarantees Issued	6,331,809	2,833,525
Letters of credit	1,423,922	1,337,103
CAD-Export sight	99,021	91,005
	8,230,188	4,885,299

35 Commitments

The Bank has no commitments, provided for in these financial statements, as of 30 June 2024 and 30 June 2023 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.

37 Standards issued but not yet effective

The following standards and interpretations had been issued but were not mandatory for annual reporting period ended on January 1, 2023. 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.

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)

The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The amendments will be applied prospectively and are not expected to have a material impact on the Bank's financial statements.

IAS 1 Presentation of Financial Statements (amendments)

The first amendment clarifies how to classify debt and other liabilities as current or non-current. The objective of the amendment is aimed to promote consistency in applying the requirements by helping entities determine whether, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due or potentially due to be settled within one year) or non-current. The amendment also includes clarifying the classification requirements for debt an entity might settle by converting it into equity. These are clarifications, not changes, to the existing requirements, and so are not expected to affect entities' financial statements significantly. The impact on the annual financial statements has not yet been fully determined, however, not expected to have a significant impact on the Bank.

The second amendment to IAS 1 requires a company to classify debt as non-current only if the company can avoid settling the debt in the 12 months after the reporting date. However, a company's ability to do so is often subject to complying with covenants. For example, a company might have long-term debt that could become repayable within 12 months if the company fails to comply with covenants in that 12-month period.

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements and the aim of the amendments therefore is to improve the information companies provide about long-term debt with covenants. The amendments will be applied retrospectively and are not expected to have a material impact on the bank's financial statements.

IFRS 16 Leases (narrow scope amendments)

The amendments add to requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. IFRS 16 had not previously specified how to measure the transaction when reporting after that date. The amendments add to the sale and leaseback requirements in IFRS 16, thereby supporting the consistent application of the standard. These amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction. The amendments will be applied retrospectively and are not expected to have a material impact on the Bank's financial statements.

IAS 21 Exchange Rates (amendments)

The International Accounting Standards Board (IASB) issued 'Lack of Exchangeability' to require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. These amendments will assist companies and investors by addressing a matter not previously covered in the accounting requirements for the effects of changes in foreign exchange rates. The amendments will be applied retrospectively. The impact on the annual financial statements has not yet been fully determined.

38 Suspended operations

Since the peace agreement, the security situation in northern Ethiopia, particularly in the Tigray region, has moderately improved. In response, the bank has swiftly taken action to restore operations in most branches under the northern regional office. However, due to ongoing challenges in certain conflict-affected areas, 11 branches remained non-operational as of the bank's financial report on June 30, 2024.

ስለባንካችን ያለዎትን ማንኛውም መረጃ እና አስተያየት ወደ 8803 በመደወል በቀላሉ ያግኙ!

FINANCED PROJECTS

Maf Business Group

Safaricom Ethiopia

Haileslassie Ambaye Import and Export

CGCOC Group

Baro Oil Ethiopia

HH Engineering

K .Mikedem General Import and Export Enterprise

Seven Plus Import and Export /YARED ABRHA

ግብ-ተኮር የቁጠባ ሂሳቦች

በግብ-ተኮር የቁጠባ ሂሳቦቻችን ይቆጥቡ፡
የወደፊት ራዕይዎን ያሳኩ ፡ የተሻለ ወለድ ያግኙ!

አንበሳ ኢንተርናሽናል ባንክ አ.ማ
የጥሬ ገንዘብ ፍሰት መግለጫ
ለ.ኤ.አ. 30 ሰኔ 2024 በተጠናቀቀው በጀት ዓመት

	መግለጫ	30 ሰኔ 2024 ብር'000	30 ሰኔ 2023 ብር'000
ከመደበኛ እንቅስቃሴ የተገኘ የጥሬ ገንዘብ ፍሰት			
ከመደበኛ እንቅስቃሴ የተገኘ	31	2,790,384	(196,362)
የገቢ ግብር ተከፋይ		(249,954)	(28,651)
ለሰራተኞች የአገልግሎት ጥቅማጥቅም ተከፋይ		(5,536)	(11,775)
የተጣራ ከመደበኛ እንቅስቃሴ የተገኘ የጥሬ ገንዘብ ፍሰት		2,534,894	(236,788)
ከኢንቨስትመንት የተገኘ የጥሬ ገንዘብ ፍሰት			
ግዙፋዊ ሀልዎት የሌላቸው ንብረቶች	19	(2,683)	-
የቋሚ ንብረት ግዢ	20	(264,440)	(143,230)
የቋሚ ንብረት ለመደዳብ ማስተካከያ		(2,222)	(38,674)
ከቋሚ ንብረቶች ሽያጭ የተገኘ ገቢ		9,314	33
ከኢንቨስትመንት ሽያጭ የተገኘ		(29,939)	(6,722)
የግምጃ ቤት ሰነድ እና የልማት ባንክ ቦንድ ግዥ		(1,319,208)	(651,933)
ተመላሽ የግምጃ ቤት ሰነድ		1,490,720	1,155,260
የተጣራ ከኢንቨስትመንት የተገኘ የጥሬ ገንዘብ ፍሰት		(118,458)	314,734
ከገንዘብ ነክ እንቅስቃሴ የተገኘ የጥሬ ገንዘብ ፍሰት			
ከአክሲዮን ሽያጭ የተገኘ		428,981	55,115
ከአክሲዮን ብልጫ ሽያጭ የተገኘ		1,754	845
የትርፍ ድርሻ ክፍያ		(413,199)	(31,478)
የተጣራ ከገንዘብ ነክ እንቅስቃሴ የተገኘ የጥሬ ገንዘብ ፍሰት		17,535	24,481
በጥሬ ገንዘብ እና በጥሬ ገንዘብ አቻ የታየ ልዩነት		2,433,970	102,427
በዓመቱ መጀመሪያ ላይ የነበረ ጥሬ ገንዘብ እና የጥሬ ገንዘብ	15	3,920,813	3,818,385
በዓመቱ መጨረሻ ያለ ጥሬ ገንዘብ እና የጥሬ ገንዘብ አቻ	15	6,354,785	3,920,813

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አንበሳ ኢንተርናሽናል ባንክ አ.ማ
የካፒታል ለውጦች መግለጫ
እ.ኤ.አ. 30 ሰኔ 2024 በተጠናቀቀው በጀት ዓመት

	መግለጫ	የተከፈለ ካፒታል ብር'000	ተጨማሪ የአክሲዮን ክፍያ ብር'000	ህጋዊ መጠባበቂያ ብር'000	ልዩ መጠባበቂያ ብር'000	ለተቆጣጣሪ አካል የተያዘ መጠባበቂያ ብር'000	ሌሎች መጠባበቂያዎች ብር'000	የተጠራቀመ ትርፍ ብር'000	ጠቅላላ ድምር ብር'000
እ.ኤ.አ. 01 ሀምሌ 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 (ጠጠ)	14	-	-	-	-	-	(25,862)	-	(25,862)
ወደ ሕጋዊ መጠባበቂያ የዞረ	27			131,452	-	-	-	(131,452)	-
ወደ ልዩ መጠባበቂያ የዞረ		-	-	-	73,185	-	-	(73,185)	-
ወደ ለተቆጣጣሪ 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
በጠቅላላ ሀብት ላይ በዓመቱ የታየው ለውጥ		55,115	845	131,452	73,185	(70,580)	29,088	300,517	519,621
እ.ኤ.አ. 30 ሰኔ 2023 ያለ		2,629,888	46,087	879,095	73,185	279,842	71,659	373,702	4,353,459
እ.ኤ.አ. 01 ሀምሌ 2023 ያለ		2,629,888	46,087	879,096	73,185	279,842	71,659	373,702	4,353,459
የዓመት የተጣራ ትርፍ		-	-	-	-	-	-	788,166	788,166
ከሠራተኞች የረዥም ጊዜ ጥቅማጥቅም ዳግም ስሌት ገቢ (ጠጠ)	14	-	-	-		-	(33,445)	-	(33,445)
ወደ ሕጋዊ መጠባበቂያ የዞረ	27	-	-	223,371		-	-	(223,371)	-
ወደ ልዩ መጠባበቂያ የዞረ		-	-	-		-	-	-	-
ወደ ለተቆጣጣሪ አካል የተያዘ መጠባበቂያ የዞረ	28	-	-	-		(105,319)	-	105,319	-
ወደ ሌሎች መጠባበቂያ የዞረ	30	-	-	-	-	-	66,719	(66,719)	-
ለትርፍ ክፍፍል የተወሰነ		-	-	-	(73,185)	-	-	(373,702)	(446,887)
የካፒታል አክሲዮን ጭማሪ		428,981	1,754	-	-	-	-	-	430,734
በጠቅላላ ሀብት ላይ በዓመቱ የታየው ለውጥ		428,981	1,754	223,371	(73,185)	(105,319)	33,274	229,692	738,568
እ.ኤ.አ. 30 ሰኔ 2024 ያለ		3,058,869	47,840	1,102,467	-	174,523	104,933	603,394	5,092,027

አንበሳ ኢንተርናሽናል ባንክ አ.ማ
የሐብትና ዕዳ መግለጫ
እ.ኤ.አ. 30 ሰኔ 2024

ሐብት	መግለጫ	30 ሰኔ 2024 ብር'000	30 ሰኔ 2023 ብር'000
በእጅና በባንክ የሚገኝ ጥሬ ገንዘብ	15	6,354,785	3,920,813
ለደንበኞች የተሰጡ ብድሮች /የተጣሩ/	16	30,456,953	26,687,222
ኢንቨስትመንት			
– የአክሲዮን ኢንቨስትመንት	17	283,680	187,022
– የግምጃ ቤት ሰነድ እና የልማት ባንክ ቦንድ	17	2,714,800	2,819,304
ሌሎች ሃብቶች	18	1,135,827	307,638
ሃብትን የመጠቀም መብት	18	810,195	548,552
ቋሚ ንብረቶች /የተጣሩ/	20	1,207,011	1,039,063
ግዙፋዊ ህልዎት የሌላቸው ንብረቶች /የተጣሩ/	19	63,050	75,173
ጠቅላላ ሃብት		**43,026,299**	**35,584,786**
ዕዳ			
የደምበኞች ተቀማጭ ገንዘብ	21	35,623,593	27,307,010
የዓመቱ የትርፍ ግብር ተከፋይ	14	127,510	231,962
ሌሎች ተከፋይ ዕዳዎች	22	1,717,052	3,365,187
የሊዝ ተከፋይ ዕዳ	22	256,598	186,056
ወደፊት የሚከፈል የግብር ዕዳ	14	50,106	43,114
የረጅም ጊዜ ሠራተኞች ጥቅማጥቅም ዕዳ	23	159,413	97,998
ጠቅላላ ዕዳ		**37,934,272**	**31,231,328**
ካፒታልና መጠባበቂያ ሒሳቦች			
የተከፈለ ካፒታል	24	3,058,869	2,629,888
ተጨማሪ የአክሲዮን ክፍያ		47,840	46,087
ሕጋዊ መጠባበቂያ	27	1,102,466	879,095
ልዩ መጠባበቂያ	28	-	73,185
ያልተከፋፈለ ትርፍ	26	603,393	373,701
ለተቆጣጣሪ አካል የተያዘ መጠባበቂያ	29	174,523	279,842
ሌሎች መጠባበቂያዎች	30	104,933	71,659
ጠቅላላ ካፒታልና መጠባበቂያ ሒሳቦች		**5,092,027**	**4,353,457**
ጠቅላላ ዕዳ ፣ ካፒታልና መጠባበቂያ ሒሳቦች		**43,026,299**	**35,584,786**

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አንበሳ ኢንተርናሽናል ባንክ አ.ማ
የትርፍና ኪሳራ እና ሌሎች ገቢዎች መግለጫ
እ.ኤ.አ. 30 ሰኔ 2024 በተጠናቀቀው በጀት ዓመት

	መግለጫ	30 ሰኔ 2024 ብር'000	30 ሰኔ 2023 ብር'000
የወለድ ገቢ	5	4,481,307	4,169,595
የወለድ ወጪ	6	(2,145,352)	(1,971,661)
የተጣራ የወለድ ገቢ		**2,335,955**	**2,197,934**
የክፍያ እና የኮሚሽን ገቢ	7	313,331	179,436
የተጣራ ክፍያ እና የኮሚሽን ገቢ		**313,331**	**179,436**
የተጣራ የውጪ ምንዛሪ ገቢ	8	31,766	(197,574)
ሌሎች ከመደበኛ እንቅስቃሴዎች የተገኙ ገቢዎች	9	421,564	298,228
አጠቃላይ መደበኛ ገቢ		**3,102,616**	**2,478,024**
ለብድር የተያዘ መጠባበቂያ	10	325,810	38,773
የሌሎች ሃብቶች መጠባበቂያ	11	41,358	(265,432)
የተጣራ መደበኛ ገቢ		**3,469,784**	**2,251,365**
የሠራተኞች ደመወዝና ጥቅማጥቅም	12	(1,640,021)	(953,162)
ግዙፍዊ ሀልዎት የሌላቸው ንብረቶች እርጅና ቅናሽ	19	(14,806)	(9,835)
የቋሚ ንብረቶች እርጅና ተቀናሽ	20	(90,334)	(68,494)
ሌሎች መደበኛ ወጪዎች	13	(783,965)	(472,771)
ከግብር በፊት የተገኘ ትርፍ		**940,660**	**747,103**
የትርፍ ግብር	14	(152,494)	(257,578)
ከግብር በኋላ የተገኘ ትርፍ		**788,166**	**489,524**
በትርፍና ኪሳራ መዝገብ የማይካተቱ ገቢዎች/ወጪዎች/			
ከሠራተኞች የረዥም ጊዜ ጥቅማጥቅም ዳግም ልኬት	23	(33,445)	(25,862)
የአመቱ አጠቃላይ የተጣራ ገቢ		**754,721**	**463,662**
የአንድ ባለ ብር 25 አክሲዮን የትርፍ ድርሻ		281.52	187.28

3

የሂሳብ መግለጫዎችን በተመለከተ የዳሬክተሮች ቦርድ ኃላፊነት

ዓለም አቀፍ ተቀባይነት ያላቸውን የሂሳብ አያያዝ መርሆች በመከተል የሂሳብ መግለጫዎችን አዘጋጅቶ ማቅርብ 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 21 ቀን 2017 ዓ.ም

አማ-ኃይ
የተመሰከረላቸው የሂሳብ አዋቂዎችና ኦዲተሮች
የአንበሳ ኢንተርናሽናል ባንክ 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.

እ.ኤ.አ ሰኔ 30/2024 ለተጠናቀቀው የበጀት ዓመት በተዘጋጀው ሂሳብ ላይ የቀረበ የውጪ ኦዲተሮች ሪፖርት

ሙያዊ አስተያየት

ከዚህ ሪፖርት ጋር ተያይዘው የቀረቡትንና እ.ኤ.አ ሰኔ 30/2024 (በኢትዮጵያ አቆጣጠር ሰኔ 23 ቀን 2016 ዓ.ም) ለተጠናቀቀው የበጀት ዓመት የተዘጋጁትን የአንበሳ ባንክ አ.ማ. የሀብትና ዕዳ፣ የገቢ ወጪ፣ በተጣራ ሃብት ላይ የታየ ለውጭ፣ 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 ተከትው የተዘጋጁ ሲሆኑ በአጠቃላይ አክሲዮን ማህበሩ እ.ኤ.አ ሰኔ 30/2024 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፡፡

PHOTO SNAPSHOTS

FCY Generation Customers Recognition Program (Safaricom Ethiopia)

Best Performer Districts for the FY. 2023/24

Corporate Social Responsibility For Drought Victims

LIB's Board & Management Team Study Tour @ UK

Banking Expo Participation

Partnership Agreement With SantimPay

Partnership Agreement With Elf Saving & Credit Union

19th Annual General Meeting

Parlama Branch Inauguration Ceremony

Fraud Prevention Detection And Investigation Training

Anbesa Cup Closing Ceremony

Management Meeting

ይሆናሉ። ባንኩ የተከፈለ ካፒታሉን ባሳደገ ቁጥር የባንኩን ሀብት ከማሳደጉም በላይ የብሄራዊ ባንክን መስፈርት ለሟሟላት ይረዳዋል።

ባንኩ እየሰጣቸው ያሉትን አገልግሎቶች ከማዘመን በተጨማሪ የደንበኞችን ፍላጎት ያማከሉ በቴክኖሎጂ የተደገፉ አዳዲስ አገልግሎቶች ለመስጠት ትልቅ ትኩረት ሰጥቶ ይሰራል።

ከዚህም በተጨማሪ የባንኩን ሰራተኞች አቅምን የሚያጎለብቱ የተለያዩ ስልጠናዎችን በመስጠት የደንበኞች አገልግሎት ለማሳደግ ይሰራል። ይህም ባንኩ የሰነቀውን በኢንዱስትሪው ውስጥ ተወዳዳሪ ብሎም በደንበኞች ቀዳሚ ተመራጭ ሆኖ የመገኘት ራዕይ ለማሳካት እንደሚረዳው ይታመናል።

ሲሆን፤ እስከ ተገባደደው በጀት ዓመት 2,502 ወኪሎችን በመላው ሀገሪቱ መልምሎ የተቀላጠፈ የባንክ አገልግሎት እየሰጠ ይገኛል። በዚህም የባንኩ አጠቃላይ የዲጂታል እና ወኪል ባንኪንግ ተጠቃሚዎች ቁጥር ከ998ሺ በላይ ሆኗል።

ይህን የባንኩ አጠቃላይ የወኪል ባንኪንግ አፈፃፀም በመገንዘብ ኢንተርናሽል ሴንተር ፎር ስትራቴጂክ አልያንስ (ICSA) ባካሄደዉ 15ኛ ስብሰባው ለባንኩ የእውቅና ሰርተፊኬት ሰጥቶታል።

6.3 የመረጃ ቴክኖሎጂ ግንባታ

ባንኩ በተጠናቀቀው በጀት ዓመት የአገልግሎት መስጫ መንገዶቹን የበለጠ ለማስፋፋት እንዲሁም ለማዘመን ይረዳው ዘንድ እየተጠቀመበት ያለውን የኮር ባንኪንግ ቴክኖሎጂ የማጎልበት ስራ አጠናቆ ስራ የጀመረበት ዓመት ነበር። የዚህ ሲስተም ትግበራ ላይ መዋል፤ ባንኩ ቅርንጫፎችን ከማስፋፋት አንፃር፤ አዳዲስ በቴክኖሎጂ የተደገፉ አገልግሎቶችን ገበያው ላይ ከማምጣት፣ እንዲሁም ያሉትን ከማዘመን አኳያ ትልቅ ድርሻ አለው። ከዚህም ጎን ለጎን ባንኩ ለደንበኞቹ የተሻሉ አማራጮችን ከመፍጠር አኳያ ከካርድ ባንኪንግ አገልግሎት በተጨማሪ የሞባይል እና የኢንተርኔት ባንኪንግ አገልግሎቶችን በመስጠት ላይ ይገኛል። ሆኖም ግን ጊዜዉን የዋጀ የዲጅታል ባንኪግ አገልግሎት ለመስጠት የዲጂታል መሰረት ልማቱን ባማጎልበት ላይ ይገኛል። በተገባደደው የበጀት ዓመት የባንኩ የሞባይል፣የካርድ፣የኢንተርኔት ባንኪንግ እንዲሁም የወኪል ባንኪንግ አገልግሎት ተጠቃሚዎች ቁጥር እንደየቅድመ ተከተላቸው 220ሺ፣ 278ሺ፣ 62 ሺ እና 438 ሺ ማድረስ ተችሏል።

ከዚህ ባሻገር የባንኩን የአገልግሎት አድማስ ለማስፋት በተደረገው ጥረት 80 የክፍያ ማሽኖች (A.T.M) ለደንበኞች ምቹ በሆኑ ቦታዎች ላይ በማስቀመጥ አገልግሎት እየሰጡ ይገኛሉ።

6.4 ማህበራዊ ኃላፊነትን መወጣት

አንበሳ ባንክ ማህበራዊ ኃላፊነትን መወጣት እንደ ዋና ተግባሩ በመውሰድ እየሰራበት ይገኛል። ልክ እንደከዚህ ቀደሙ በተገባደደው የበጀት ዓመትም ባንኩ የሚጠበቅበትን የተለያዩ የግብር ግዴታዎችን ብር ከመክፈል፣ እንዲሁም ለተለያዩ የህብረተሰብ ክፍሎች የስራ ዕድል ከመፍጠር ባሻገር የባንኩን የአምስት ዓመት ዕቅድ መሰረት በማድረግ ብር 28.5 ሚሊዮን ለተለያዩ ማህበረሰቡን የሚደግፉ ተግባራት ላይ አውሏል።

7. የባንኩ ቀጣይ ዕቅድ

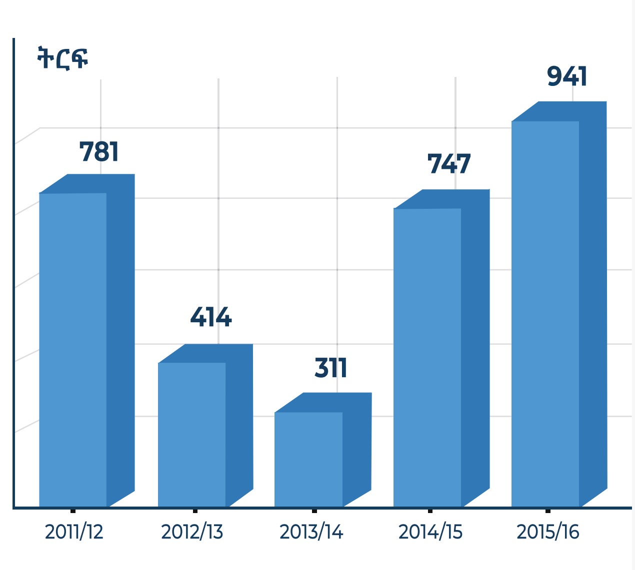
አንበሳ ኢንተርናሽናል ባንክ እንደ ሌሎቹ ባንኮች ሁሉ ለሃገሪቱ አጠቃላይ ኢኮኖሚም ሆነ በዘርፉ እየተመዘገበ ላለው ዕድገት እንዲሁም በአጠቃላይ በሃገሪቱ ላይ እየተደረጉ ላሉ የፖሊሲ እና ሞኒተሪ ለውጦች የበኩሉን ድርሻ እየተወጣ ይገኛል። ከዚህ አኳያ ኢኮኖሚው የሚያመነጫቸውን መልካም አጋጣሚዎች ተጠቅሞና የተለያዩ ተግዳሮቶችን ተቋቁሞ ተወዳዳሪ ባንክ እንዲሁም ልክ እንደራዕዩ በደንበኞች ተመራጭ አገልግሎት ሰጪ ባንክ ለመሆን እየሰራ ይገኛል።

በዚህም መሠረት ባንኩ በቀጣይ የበጀት ዓመት የደንበኞች እርካታ ላይ (Customer satisfaction)፣ የደንበኞች ቁጥር በዓይነት እና በብዛት ከመጨመር (Customer Base Expansion and diversification) እንዲሁም ዘመኑን የሚዋጁ ቴክኖሎጂዎች ብሎም ደንበኞች ካሉበት ሆነው በፈለጉት ሰዓት እና ሁኔታ የባንኩን አገልግሎቶች እንዲጠቀሙ ከማስቻል አንፃር የባንኩን የድጅታል አገልግሎት ማጎልበት ላይ ልዩ ትኩረት ተሰጥቶ የሚሰራባቸው ዐበይት ጉዳዮች ይሆናሉ። ከዚህም በተጨማሪ የታመሙ ብድሮችን ወደ መደበኛ መመለስ ፣ እንዲሁም የባንኩን የተከፈለ ካፒታል ማሳደግ የባንኩ ቀጣይ የትኩረት አቅጣጫዎች

4.3. ትርፍ

በተገባደደው የበጀት ዓመት የባንኩ ያልተጣራ ጠቅላላ ትርፍ ብር 940.7 ሚሊዮን ሆኖ ተመዝግቧል ይህ አሃዝ ካለፈው ዓመት ተመሳሳይ ወቅት ጋር ሲነፃፀር የ26 በመቶ ጭማሪ አሳይቷል፡፡

የባንኩ የአምስት ዓመት የትርፍ እንቅስቃሴ (በሚሊዮን)



5. የሀብትና ዕዳ ሚዛን

የባንኩ ጠቅላላ ሀብት እስከ ተገባደደው በጀት ዓመት ድረስ ብር 43 ቢሊዮን የደረሰ ሲሆን፤ ከባለፈው ተመሳሳይ ወቅት ጋር ሲነፃፀር የ21% እድገት አስመዝግቧል ፡፡ ከዚህም ውስጥ ለደንበኞች የተሰጡ ብድሮች ከጠቅላላው ሀብት 71 በመቶውን ሲይዝ፣ የግምጃ ቤት ሰነድ እና በንድ፣ ጥሬ ገንዘብ እና ጥሬ ገንዘብ አከል ሀብት ደግሞ 15 በመቶውን እና 7 በመቶውን ድርሻ ይዘዋል፡፡

በተመሳሳይ ንፅፅር የባንኩ ጠቅላላ ዕዳ ብር 37.9 ቢሊዮን የደረሰ ሲሆን፤ ለዚህም 94 በመቶ ድርሻ የሚይዘው የደንበኞች ተቀማጭ ገንዘብ ነው፡፡ በተጨማሪም የባንኩ የተከፈለ ካፒታልና መጠባበቂያ ብር 5.1 ቢሊዮን የደረሰ ሲሆን፤ ከዚህም ውስጥ የተከፈለ ካፒታል ከፍተኛውን ማለትም 60 በመቶ ድርሻ ይዟል፡፡

6. አስተዳደራዊና ሌሎች ጉዳዮች

6.1 የሰው ሀብት

በበጀት ዓመቱ ማጠናቀቂያ ላይ የባንኩ አጠቃላይ የሰራተኞች ቁጥር 6,365 የደረሰ ሲሆን፤ ከዚህ ውስጥ 51 በመቶ (3,240) ቋሚ ሰራተኞች ሲሆኑ፤ ቀሪው 49 በመቶ (3,125) ጊዜያዊ ሰራተኞች ናቸው፡፡ በበጀት ዓመቱ የባንኩን ሰራተኞች አቅም የሚያጎለብቱ የተለያዩ ስልጠናዎች ለ3,398 ሠራተኞች ተሰጥቷል፡፡

በተጨማሪም ባንኩ ለ13 ቋሚ ሰራተኞች ሙሉ የትምህርት ወጪያቸውን በመሸፈን በሁለተኛ እና በመጀመሪያ ዲግሪ እንዲሁም በዲፕሎማ መርሐ ግብር በማስተማር ላይ ይገኛል፡፡

እንዲሁም ባንኩ በበጀት ዓመቱ 513 አዳዲስ ሰራተኞች ቅጥር ያካሄደ ሲሆን፤ በተቃራኒው ደግሞ 110 ሰራተኞች በተለያዩ ምክንያቶች ባንኩን ለቀዋል፡፡ የለቀቁት ሰራተኞች ቁጥር ካለፈው ዓመት ጋር ሲነፃፀር እጅጉን ቀንሷል፡፡

6.2 ተደራሽነትን ማስፋት

ባንኩ ባለፉት ዓመታት ተደራሽነቱን ከማስፋት እንዲሁም ለህብረተሰቡ የስራ ዕድል ከመፍጠር አኳያ ጉልህ ሚና ነበረው፡፡ በተገባደደው በጀት ዓመት ላይ አዋጪ በሆኑ በተለያዩ የሃገሪቷ ክፍሎች 18 ተጨማሪ አዳዲስ ቅርንጫፎችን የከፈተ ሲሆን ይህም የባንኩን ጠቅላላ የቅርንጫፍ ቁጥር 306 አድርሶታል፡፡

በተጨማሪም በሃገሪቱ ያለውን ነባራዊ ሁኔታ ታሳቢ ያደረጉ የተለያዩ ስልቶች (Strategy) በመንደፍ ብዙ ወጪ በማይጠይቅ መልኩ ተጨማሪ የባንክ አገልግሎቶችን በዲጅታል እንዲሁም በወኪል ባንኪንግ በመታገዝ እየሰጠ ይገኛል፡፡

በዚህም ባንኩ ቅርንጫፎችን ከፍቶ አገልግሎቱን ተደራሽ ባልሆነባቸው አካባቢዎች “አንበሳ ሄሎ ካሽ” የተሰኘ የወኪል ባንኪንግ አገልግሎት እየሰጠ የሚገኝ

3. የዓለም አቀፍ ባንክ አገልግሎት የሥራ አፈፃፀም

በበጀት ዓመቱ መገባደጃ ላይ ባንኩ $ 75.2 ሚሊዮን የውጭ ምንዛሪ የሰበሰበ ሲሆን፤ ይህም ከባለፈው አመት የባንኩ የውጭ ምንዛሪ ግኝት ጋር ሲወዳደር የ37 በመቶ እድገት አለው። ለውጭ ምንዛሬው ግኝት ትልቁን ድርሻ የያዘው ከስዊፍት የተሰበሰበው የውጭ ምንዛሪ መጠን ነው። በተጨማሪም ከውጭ ንግድ ፣ ከሃዋላ እንዲሁም ከውጭ ምንዛሪ ግዢ የተሰበሰበው የውጭ ምንዛሪ ለጠቅላላው ግኝት እንደየቅደም ተከተላቸው የራሳቸው ድርሻ ነበራቸው።

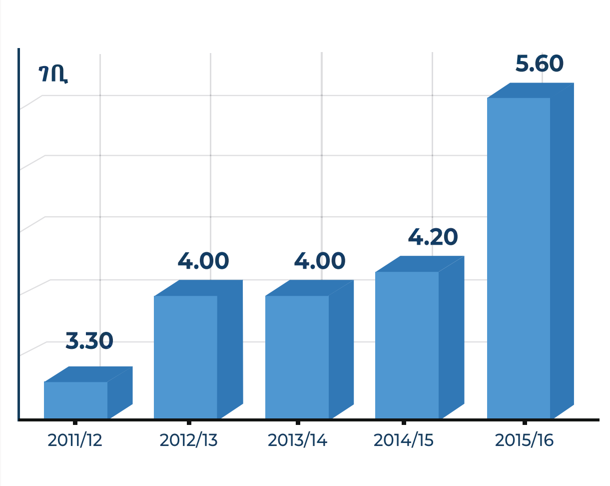
በተጨማሪም ባንኩ ስመጥር ከሆኑ ከአስር በላይ ዓለም አቀፍ የገንዘብ አስተላላፊ ድርጅቶች ጋር የሥራ ግንኙነት ፈጥሮ ለደንበኞቹ የተቀላጠፈ አገልግሎት እየሰጠ የሚገኝ ሲሆን፤ ከሰባት ዓለም አቀፍ ባንኮች ጋር ትስስር ፈጥሮ እየሰራ ይገኛል። ይህም ለደንበኞች አማራጮችን ከማስፋትም ባለፈ ቀጣይ ለሚኖረው የውጭ ምንዛሪ ግኝት የበኩሉን አስተዋፅኦ ያበረክታል።

4. ገንዘብ ነክ ክንዋኔዎች

4.1.ገቢ

በበጀት ዓመቱ መጨረሻ ላይ ባንኩ ብር 5.6 ቢሊዮን አጠቃላይ ገቢ ሰብስቧል። ካለፈው ዓመት ተመሳሳይ ወቅት ጋር ሲነፃፀር የ33 በመቶ ጭማሪ አሳይቷል። ከተገኘው ጠቅላላ ገቢ ውስጥ ከብድር ወለድ የተገኘው ገቢ የ80 በመቶ ድርሻን በመያዝ ለዕድገቱ ጉልህ አስተዋጽኦ የነበረው ሲሆን፤ የተቀረው ደግሞ ወለድ ነክ ካልሆኑ ገቢዎች የተገኘ ነው።

የባንኩ የአምስት ዓመ የገቢ እንቅስቃሴ (በቢሊዮን)



4.2. ወጪ

የባንኩ የ2015/16 በጀት ዓመት አጠቃላይ ወጪ ብር 4.7 ቢሊዮን ሆኖ ተመዝግቧል፣ ይህ ወጪ ካለፈው ዓመት ተመሳሳይ ወቅት ጋር ሲነፃፀር የ34 በመቶ ጭማሪ አሳይቷል። ባንኩ የደንበኞችን አገልግሎት አሉታዊ ተፅዕኖ በማያመጣ መልኩ የተለያዩ የወጪ ቅነሳ ስልቶችን በመንደፍ አላስፈላጊ የሆኑ ወጪዎችን ከመቀነስ አኳያ ትልቅ ሥራ ተሰርቷል።

በበጀት ዓመቱ ከወጣው አጠቃላይ ወጪ ፤ ለወለድ የተከፈለ 46 በመቶውን የያዘ ሲሆን፤ ቀሪው 54 በመቶ ደግሞ ለሰራተኞች ደሞወዝ፣ ጥቅማጥቅም እንዲሁም ለተለያየ የአስተዳደራዊ ወጪዎች የወጡ ናቸው።

የባንኩ የአምስት ዓመት የወጪ እንቅስቃሴ (በቢሊዮን)

የአንበሳ ኢንተርናሽናል ባንክ
የ2015/16 የበጀት ዓመት አፈጻጸም
የዳይሬክተሮች ቦርድ ሪፖርት

የአንበሳ ኢንተርናሽናል ባንክ አክሲዮን ማኅበር የዳይሬክተሮች ቦርድ በተጠናቀቀው የ2015/16 ዓ.ም በጀት ዓመት የተመዘገበውን "ከኦዲት ምርመራ ውጤት ጋር የተመሰከረ የሒሳብ መግለጫ" በ20ኛ ጠቅላላ ዓመታዊ ጉባኤ ከዚህ ቀጥሎ ያቀርባል። በበጀት ዓመቱ ውስጥ የተፈጸሙ ዋና ዋና ክንውኖች በዚህ ሪፖርት ውስጥ ተጠቃለው ቀርበዋል።

የሥራ አፈፃፀም

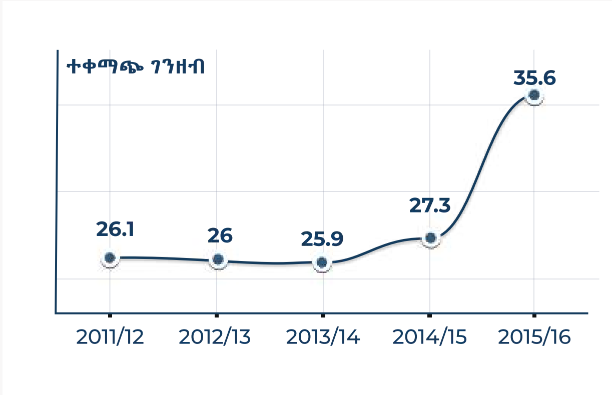
1 ተቀማጭ ገንዘብ

በ2015/16 በጀት ዓመት ባንኩ ከፍተኛ ጥረት በማድረግ የተቀማጭ ገንዘብ መጠን ዕድገት እንዲኖረው አድርጓል። በዚህም መሰረት በበጀት ዓመቱ መጨረሻ ላይ የባንኩ አጠቃላይ የተቀማጭ ገንዘብ መጠን ብር 35.6 ቢሊዮን የደረሰ ሲሆን፤ ካለፈው ዓመት ተመሳሳይ ወቅት ጋር ሲነፃፀር የብር 8.3 ቢሊዮን (30 በመቶ) ዕድገት አሳይቷል።

ጭማሪው የተመዘገበው በሁሉም የተቀማጭ ሂሳብ ዓይነቶች ሲሆን፤ ይህም ከባለፈው ዓመት ጋር ሲነጻጸር የቁጠባ ሂሳብ ብር 4.5 ቢሊዮን፣ የተንቀሳቃሽ ሒሳብ በብር 1.7 ቢሊዮን (56 በመቶ)፣ እንዲሁም የጊዜ ገደብ ሒሳብ በብር 1.7 ቢሊዮን (56 በመቶ) ጭማሪ አስመዝግበዋል። በተገባደደው የበጀት ዓመት ከነበረው የባንኩ አጠቃላይ የተቀማጭ ገንዘብ መጠን ብር 35.6 ቢሊዮን ውስጥ 68 በመቶ የቁጠባ ሂሳብ፣ 19 በመቶ የጊዜ ገደብ እንዲሁም 13 በመቶ በተንቀሳቃሽ ሂሳብ ተቀማጭ የተያዘ ነው።

በተመሳሳይ ሁኔታ የባንኩ ጠቅላላ የአስቀማጮች ቁጥር 2 ሚሊዮን የደረሰ ሲሆን፤ በተገባደደው የበጀት ዓመትም የ19 በመቶ ዕድገት ማስመዝገብ ተችሏል።

የባንኩ የአምስት ዓመት ተቀማጭ ገንዘብ መጠን (በቢሊዮን)



2 የብድር እና የቅድሚያ ክፍያዎች

በበጀት ዓመቱ የባንኩ የብድርና ቅድሚያ ክፍያዎች መጠን ብር 30.4 ቢሊዮን የደረሰ ሲሆን፤ ካለፈው ዓመት ጋር ሲነጻጸር የ14 በመቶ ዕድገት አሳይቷል። የብድር ስርጭቱ ደግሞ በየክፍለ ኢኮኖሚው ስንመለከት የውጭ ንግድ (26 በመቶ)፣ የገቢ ንግድ (25 በመቶ) እና የሀገር ውስጥ ንግድ (24 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 እንዲሁም ባንኩ ለበጀት ዓመቱ ካስቀመጠው ዕቅድ ጋር ሲነፃፀር የተሻለ ዉጤት ተመዝግቧል። በተጨማሪም ባንኩ ተጨባጭ ሁኔታዎችን ግንዛቤ ውስጥ ያስገባ የረጅም እና የአጭር ጊዜ ዕቅዶችን በመንደፍ የታመሙ ብድሮችን ወደ መደበኛ ብድር ለመመለስ ያላሰለሰ ጥረት እያደረገ ይገኛል ።

ባንኩ በተጠናቀቀው የሒሳብ ዓመት ለአካባቢ ጥበቃ፣ ለማህበራዊና ለመልካም አስተዳደር (Environmental, Social, and Governance - ESG) መጎልበት የበኩሉን አስተዋፅኦ ለማበርከት ያስቻሉ በርካታ ተግባራትን በማከናወን ረገድ አበረታች ውጤት ከማሳየቱም በላይ ለዚሁ የሚያግዙ የተቋማዊ አስተዳደር ፖሊሲ፣ የቦርዱ እና የንኡሳን ኮሚቴዎች መተዳደሪያ ቻርተር፣ እንዲሁም የሪስክ እና ኮምፕሊያንስ ማኔጅመንት ማዕቀፍ እና የብድር አስተዳደርን ጨምሮ በርካታ ፖሊሲዎችን አዘጋጅቶ ወደ ስራ በማስገባት ተፈጻሚ እንዲሆኑ እየሰራ ይገኛል።

በተጨማሪም ባንኩ ማህበራዊ ኃላፊነቱን ለመወጣት እና ለህብረተሰብ የልማት ተሳትፎ ድርሻውን ለማበርከት በ2015/16 የሒሳብ ዓመት ብር 28.5 ሚሊዮን (ከታክስ በፊት ከተገኘ ትርፍ 3 በመቶ ያህል) ዕርዳታ ሰጥቷል። በተለያዩ ማህበራዊ ጉዳዮች ዙሪያ ለተሰማሩ 48 ሲቪክ ማህበራትም ብር 12 ሚሊዮን ያህል የስፖንሰርሺፕ ድጋፍ አድርጓል።

ተቋማዊ አስተዳደርን ማስፈንና ዘላቂ ዕድገትን ማረጋገጥ በቦርዱ ትኩረት ከሚሰጥባቸው ሌሎች ዓበይት ጉዳዮች መካከል ዋናዎቹ ናቸው። በዚሁ መሰረት በቦርድ ደረጃ ጥራት ያለው ውይይትና የመረጃ ልውውጥ እንዲኖር ማስቻል እና የባንኩን መረጃ ኃላፊነት ባለው አግባብ ለተደራሹ ህብረተሰብ መሰራጨታቸውን ማረጋገጥ የቦርዱ ቀዳሚ አጀንዳዎች ነበሩ። የቦርድ ሪስክ እና ኮምፕሊያንስ፣ የኦዲት፣ እንዲሁም የሰው ኃይል ጉዳዮች እና የቢዝነስ ደቨሎፕመንት ኮሚቴዎችም የባንኩን ተቋማዊ አስተዳደር እና የአሰራር ደህንነትን ለማረጋገጥ ለማኔጅመንት ያልተቋረጠ እገዛቸውን ሲያበረክቱ ቆይተዋል። ቦርዱም የኮሚቴዎቹን የአሰራር ነፃነት በጠበቀ መልኩ የባንኩን እሴት፣ ባህል እና የተቀናጀ ዕድገት እውን ለማድረግ እየሰሩ መሆናቸውን ማረጋገጫ ይሰጣል።

በአሁኑ ወቅት የሀገራችንን የፋይናንስ ስርዓት ለማዘመን መንግሥትና ብሔራዊ ባንክ የሀገሪቱን የፋይናንስ ስርዓት በመሰረቱ ለመለወጥ እና ነፃ የገበያ ኢኮኖሚ ለመፍጠር የሚያስችሉ የፖሊሲ እርምጃዎች በመውሰድ ላይ ይገኛሉ። ከነዚህ መካከል የባንክ ዘርፉን ለውጭ ባንኮች ክፍት ማድረግ፣ የካፒታል ገበያ ስርዓትን መዘርጋት እና የውጭ ምንዛሪ በገበያ ዋጋ ላይ የተመሰረተ ተመን እንዲኖረው ማድረግ የመሳሰሉት ይገኙባቸዋል። የውጭ ባንኮች ወደ ገበያው ሲገቡ ይዘውት የሚመጡት ግዙፍ የካፒታል ዓቅም እና የተራቀቀ የባንክ ቴክኖሎጂ በባንኮች መካከል የሚኖረውን ውድድር ከባድ እንደሚያደርገው ይጠበቃል። ውድድሩ ከአገር ውስጥ ባንኮች ብቻ ሳይሆን ከውጪ ባንኮችም ጭምር በመሆኑ ይበልጥ ከባድና ጥብቅ ያደርገዋል። ስለሆነም ራሳቸውን ለእንዲህ ዓይነት ውድድር ያላዘጋጁ ባንኮች በውድድሩ ተጎጂ መሆናቸው አይቀሬ ይሆናል።

በዚህ ረገድ የሚታዩ ዓለም አቀፋዊ እና ሀገራዊ ኹነቶችን በንቃት እየተከታተልን ሲሆን፤ የባንኩን ቀጣይ ጉዞ ስኬታማ የሚያደርጉ የፖሊሲ አማራጮችን የምንወስድ ይሆናል። ስለሆነም የቦርዱን ቁርጠኝነት ዕውን ለማድረግ የባለአክሲዮኖች ከፍተኛ ድጋፍ እንደሚያስፈልገው ማስገንዘብ እወዳለሁ።

ሁላችሁም እንደምታስታውሱት በ6ኛ የባለአክሲዮኖች አስቸኳይ ጠቅላላ ጉባኤ የባንኩ የተከፈለ ካፒታል ወደ ብር 10 ቢሊዮን ለማድረስ ውሳኔ አሳልፈናል። በዚህም እ.ኤ.አ ሰኔ 2026 ቢያንስ የተከፈለ ካፒታል ብር 5 ቢሊዮን፤ እንዲሁም እ.ኤ.አ በ2028 ብር 10 ቢሊዮን እናሳካለን ተብሎ ይጠበቃል።
ስለዚህ የተከበራችሁ ባለአክሲዮኖች ከፊታችን ያለውን ከባድ ሁኔታ በተገቢው እንድትረዱትና የባንኩን የካፒታል ዓቅም ለማሳደግ የበኩላችሁን አስተዋፅኦ እንደታደርጉ በባልደረቦቼ የቦርድ አባላት እና በራሴ ስም በታላቅ ትህትና እጠይቃለሁ።

ስለሆነም የተከበራችሁ ባለአክሲዮኖች አዳዲስ አክሲዮኖችን በመግዛት እና የተከፈለ ካፒታላችሁን በማሳደግ ባንኩ እና የኢትዮጵያ ብሔራዊ ባንክ ያስቀመጡትን ግብ በማሳካት ባንካችንን ጠንካራ እና ተወዳዳሪ ባንክ ለማድረግ እገዛችሁን እንደምታበረክቱ ሙሉ እምነት አለኝ። እጅ ለእጅ ከተያያዝን ለውጥ እናመጣለን! የባንኩን ራዕይ እውን እናደርጋለን! በኢትዮጵያም ምርጥ የባንክ አገልግሎት አቅራቢም እንሆናለን!!

በመጨረሻም፣ የተከበራችሁ ደንበኞች እና ባለአክሲዮኖች ሙሉ እምነታችሁን እኛ ላይ በመጣል በባለቤትነት ስሜት ለሰጣችሁን ድጋፍ እና ምክር አድናቆቴን መግለፅ እፈልጋለሁ። በተጨማሪም የኢትዮጵያ ብሔራዊ ባንክ፣ የፋይናንሺያል ኢንተለጀንስ ማዕከል እና ሌሎች አግባብነት ያላቸው የመንግስት አካላት ላደረጉልን ያላሰለሰ እገዛ ልባዊ ምስጋናዬን አቀርባለሁ።
አመሰግናለሁ!

አለም አስፋው
የዳይሬክተሮች ቦርድ ሊቀመንበር

ከዚህ አንፃር የባንኩ የዳይሬክተሮች ቦርድና ማኔጅመንት ባንኩ የገጠሙት ተግዳሮቶችን ተቋቁሞ ወደፊት ለመራመድ የሚያስችለው አዲስ የአምስት ዓመት የኮርፖሬት ስትራቴጂክ ዕቅድ ነድፎ ወደ ትግበራ የገባበት ሁኔታ ተፈጥሯል። ህልው የሆነ ዓለም አቀፋዊ እና ሀገራዊ ሁኔታዎችን መሰረት በማድረግ እንዲሁም የወደፊቱን ተንትኖ በመተንበይ በራዕዩ፤ በተልዕኮው እና አንኳር በሆኑ የባንኩ እሴቶች ላይ ማሻሻያ በማድረግ የተዘጋጀው የአምስት ዓመት ስትራቴጂክ ዕቅድ ዋናኛ ግቡ "ከጉዳት ፈጥኖ ማገገም እና ወደ ዘላቂ ዕድገት መሸጋገር" በሚሉ ሁለት ዓበይት ምዕራፎች ያተኮረ ሲሆን፤ የዲጂታል ባንኪንግ አገልግሎት ማሻሻል፤ ባንኩ በዘርፉ ያለው የተቀማጭ ገንዘብ የገበያ ድርሻ ማጎልበት እና የረጅም ጊዜ ትርፋማነት ማረጋገጥን ዋነኛ ግብ አድርጎ ተነስቷል። ይህንን ለማስፈፀም የሚያስችሉ ስልቶችን በማስቀመጥም ለተፈፃሚነታቸው ተንቀሳቅሷል።

በዚሁ መሰረት በተጠናቀቀው የሒሳብ ዓመት በሰሜኑ የሀገራችን ክፍል ከአገልግሎት ውጪ ሆነው የነበሩ ቅርንጫፎቻችንን ወደ ስራ የመመለስ፣ በአዲስ አበባና በሌሎች ክልሎችም ተጨማሪ አዳዲስ ቅርንጫፎችን በመክፈት ተደራሽነትን የማስፋት እንዲሁም የተሻለ ከብድር ተመላሽ ገንዘብ የማሰባሰብ እና የተበላሹ ብድሮችን ጤንነት የመመለስ ስራዎች በስፋት ለማከናወን ተችሏል። በተጨማሪም ከፍተኛ የተቀማጭ ገንዘብ ማሰባሰብና አዳዲስ ብድሮች የመስጠት ስራዎችም ተሰርተዋል። ከዚህ አኳያ የ2015/16 የሒሳብ ዓመት የመጀመሪያው ዓመት የስትራቴጂክ ዕቅድ ትግበራን በስኬት ለማጠናቀቅ የተቻለበት ሁኔታ መፈጠሩን ስገልፅ በደስታ ነው። የተጠናቀቀው የሒሳብ ዓመት ባንኩ ያጋጠሙት ተግዳሮቶችን ተቋቁሞ የማገገም ሂደቱን እውን ያደረገበትና ለዘላቂ ዕድገት ሽግግርም መንገድ የከፈተበት ዓመትም ተደርጎ ሊወሰድ ይችላል።

የተከበራችሁ ባለአክሲዮኖች፡-

በኢትዮጵያ የባንክ ኢንዳስትሪ ውስጥ እየታየ ያለው የገበያ ፉክክር ከመቼውም ይበልጥ ከባድ እየሆነ መጥቷል። በተለይም በሀብት ማሰባሰብ፣ ተደራሽነት በማስፋት፣ በደንበኞች ቁጥር ማሳደግ፣ በተከፈለ ካፒታል ዓቅም ማጎልበት እና በገፅታ ግንባታ ስራዎች ዙሪያ ያለው ውድድር ፈታኝ ሆኗል። በዚህ ረገድ የተጠናቀቀው የሒሳብ ዓመት ለባንካችን ምንም እንኳን ከባድ ቢሆን ብቁ ተወዳዳሪ ለመሆን ያስቻሉት በርካታ አበረታች ስራዎች የሰራበትና መጪው ጉዞውን ብሩህ ያደረገበት ዓመት ሆኖ አልፏል። በዚሁ ስኬት ውስጥ የቦርድ፣ የማኔጅመንት፣ የሰራተኞችና የደንበኞች እንዲሁም የባለድርሻ አካላት አስተዋፅኦ ከፍተኛ ስለነበር ሊመሰገኑ ይገባል።

በዚህ መሠረት በ2015/16 የሒሳብ ዓመት ባንካችን ከታክስ በፊት ብር 940.7 ሚሊዮን ማትረፍ የቻለ ሲሆን፤ ካለፈው ዓመት ጋር ሲነፃፀርም የ26 በመቶ ዕድገት ያለው ነው። በኢትዮጵያ ብሔራዊ ባንክ የተቀመጠው የብድር ጣሪያ ጥብቅ ቁጥጥር እንደተጠበቀ ሆኖ በሒሳብ ዓመቱ በድምሩ ብር 5.4 ቢሊየን ብድር የተሰጠ ሲሆን፤ ተመሳሳይ መጠን ያለው ከብድር ተመላሽ ገንዘብ ማሰባሰብ ተችሏል። በበጀት ዓመቱ እስከ ሰኔ 30/2024 ድረስ የባንኩ አጠቃላይ የብድር መጠን ብር 30.4 ቢሊዮን የደረሰ ሲሆን፤ ባንኩ ኢንቨስት ያደረገበት የግምጃ ቤት ሰነድ እና የልማት ባንክ ቦንድ ግዥም ብር 2.71 ቢልዮን ደርሷል።

የባንኩ የተከፈለ ካፒታል ዓቅምም ብር 3.1 ቢሊዮን የደረሰ ሲሆን፤ አጠቃላይ ሀብትም ብር 43.1 ቢሊዮን ሆኗል። ከዚህም ሌላ በሒሳብ ዓመቱ ብር 8.3 ቢሊዮን ተቀማጭ ገንዘብ ማሰባሰብ የተቻለ ሲሆን፤ የባንኩ አጠቃላይ የተቀማጭ ገንዘብ መጠን 35.6 ቢሊዮን ብር ደርሷል። በውጪ ምንዛሪ ግኝትም ካለፈው ዓመት ጋር ሲነፃፀር በእጅጉ የተሻለ የውጭ ምንዛሪ ግኝት ማሰባሰብ ተችሏል።

በተጨማሪም ከ310 ሺህ በላይ አዳዲስ የባንክ ሒሳቦች በመክፈት የባንካችን አስቀማጭ ደንበኞች ቁጥር ከሁለት ሚሊዮን በላይ ማድረስ ተችሏል። ባንኩ በዲጂታል እና በኤጀንት ባንኪንግ አገልግሎት ዘርፍ የተጠቃሚዎች ቁጥር 998,000 ለማድረስ ተችሏል። ከምንም አይነት የዋስትና መያዣ ነፃ በሆነው "አለኝታ" የተሰኘ የአነስተኛ የብድር አቅርቦትም ከአምስት ሺህ ለሚበልጡ ደንበኞች የብድር አቅርቦት አገልግሎት መስጠት ችሏል።

ተደራሽነት ከማሳደግ አንፃርም ባንኩ 18 አዳዲስ ቅርንጫፎችን ከፍቶ ለአገልግሎት በማብቃት አጠቃላይ የቅርንጫፎቹን ቁጥር ወደ 306 ያደረሰ ሲሆን፤ ባንኩ መድረስ ባልቻለባቸው አካባቢዎች ገንዘብ ገቢ እና ወጪ በማድረግ የባንክ አገልግሎትን እንዲያቀላጥፉ መልምሎ ወደ ስራ ያስገባቸው 2,502 ወኪሎችም አጋዥ ሆነው የሚሰሩበትን ዕድል ፈጥሯል። በተጨማሪም 80 የገንዘብ መክፈያ ኤ.ቲ.ኤም ማሽኖችን በተለያዩ አካባቢዎች በመትከል ያልተገደበ የባንክ አገልግሎት ለማቀላጠፍ ጥረት አድርጓል።

ባንካችን ለዜጎች የስራ ዕድል ከመፍጠር አኳያ በአጠቃላይ 6,365 ሰራተኞች ያሉት ሲሆን፤ ከነዚህ ውስጥ 51 በመቶው በቋሚ የስራ መደቦች፣ ቀሪዎቹ ደግሞ በጊዜያዊ የስራ መደቦች ላይ ተሰማርተው ይገኛሉ። በሒሳብ ዓመቱ ብቻ የ513 አዲስ ሠራተኞች ቅጥር አካሂዷል። በኢንፎርሜሽን ቴክኖሎጂ የታገዘ አገልግሎትን ለማዘመን በተደረገው እንቅስቃሴም ቀደም ብሎ የተጀመረው የባንኩ የኮር ባንኪንግ ሲስተም የማጎልበት ስራ በማጠናቀቅ ላይ ሲሆን፤ የኮር ባንኪንግ ሲስተሙ መጎልበት ለአጠቃላይ የባንኩ አውቶሜሽን እና ዲጂታላይዜሽን ስራዎች መስፋፋት ከፍተኛ አስተዋፅኦ ይኖረዋል።

ክቡራት እና ክቡራን፡-

አሁን በስራ ላይ ያለው የዳይሬክተሮች ቦርድ ኃላፊነት ከተረከበበት ጊዜ አንስቶ የባንኩን ዘላቂ ዕድገት የሚያጎለብቱ ተቋማዊ መሠረቶችን ለመጣል፤ በባንኩ መልካም አስተዳደር ለማስፈንና የማኔጅመንትን የውሳኔ ሰጪነት አቅም ለማሳደግ ያስቻለ የአሰራር ስርአትን ዘርግቷል። ለተፈፃሚነቱም በከፍተኛ ቁርጠኝነት ሰርቷል።

የዳይሬክተሮች ቦርድ ሊቀ-መንበር መልዕክት

የተከበራችሁ የአንበሳ ኢንተርናሽናል ባንክ ባለአክስዮኖች እና የቦርድ አባላት ክቡራትና ክቡራን!

ከሁሉ አስቀድሜ የባንካችን የ2015/16 የሒሳብ ዓመት የሥራ አፈጻጸም ሪፖርት ለተከበረው 20ኛ የባለአክስዮኖች ዓመታዊ ጠቅላላ ጉባኤ ሳቀርብ በራሴ እና የስራ ባልደረቦቼ በሆኑት የዳይሬክተሮች ቦርድ አባላት ስም ታላቅ ደስታ ይሰማኛል።

በተጠናቀቀው የሒሳብ ዓመት ባንካችን ከነበረበት ችግር ወጥቶ የተሻለ አፈጻጸም ማስመዝገብ እንዲችል የተከበራችሁ ባለአክሲዮኖች፤ ደንበኞቻችን፤ የንግድ አጋሮቻችን እና ሌሎች ባለድርሻ አካላት ላሳደራችሁብን እምነት እና ላደረጋችሁልን ድጋፍ ልባዊ ምስጋናዬን ሳቀርብ በደስታ ነው። ይኸው የእናንተው እምነትና ድጋፍ ቁልፍ የሆኑ የአገልግሎት ሥራዎቻችንን በብቃት እንድንከውን ከፍተኛ አስተዋፅዖ ከማበርከቱም በላይ በሒሳብ ዓመቱ ወደ ትግበራ ያስገባነውን የአምስት ዓመት ስትራቴጂክ ዕቅድ የመጀመሪያ ምዕራፍ በስኬት እንዲጠናቀቅ አስችሎናል።

እንደሚታወቀው የተጠናቀቀው 2016 ዓ.ም. ከፍተኛ የጂኦፖለቲካዊ ቀውስ የታየበት ዓመት እንደመሆኑ በዓለም አቀፍ ደረጃ አጠቃላይ የኢኮኖሚ አለመረጋጋት እንዲሁም ከፍተኛ የንግድ ሰንሰለት መዋዠቅና የዋጋ ንረትን አስክትሎ ያለፈ ነበር። በዚህ ምክንያትም የዓለም ኢኮኖሚ በከፍተኛ ደረጃ ከመቀዛቀዙም በላይ ከዋጋ ግሽበት ጋር የተያዘዙ ብዙ ተግዳሮቶችም ተከስተዋል።

ከነዚህ ዓለም አቀፋዊ ሁኔታዎች በተጨማሪ በአገር ውስጥ በተፈጠሩ ግጭቶች እና አለመረጋጋት እንዲሁም በጎረቤት የአፍሪካ ቀንድ ሀገራት በተፈጠረው የእርስ በርስ ግጭት እና አለመረጋጋት ሳቢያ የኢትዮጵያ ኢኮኖሚ ለበለጠ ጉዳት የተዳረገበት ሁኔታ ተስተውሏል። በእነዚህ ጉዳዮች እና በሌሎች ምክንያትም የሸቀጦች ዋጋ እንዲንር፤ የንግድ እንቅስቃሴ እንዲቀዛቀዝ፣ የኢንቨስትመንት ፍሰት እንዲቀንስ ያደረገ ሲሆን፤ በባንክ ኢንዱስትሪው ላይም ቀላል የማይባል ተፅዕኖ አሳርፏል።

በተለይም በሰሜኑ የሀገራችን ክፍል በተፈጠረው እና እስከ ህዳር 2014 ድረስ የዘለቀው ጦርነት ባንካችን ላይ ያሳረፈው ጠባሳ ከባድ ጫና ውስጥ ሆኖ እንዲያልፍ አድርጎታል። ባንኩ ከአገልግሎት ውጪ ሆነው የቆዩት ቅርንጫፎችን መልሶ በመገንባት ወደ ስራ ለማስገባትና የተፈናቀሉ ሰራተኞችን ወደ ቀድሞ የስራ ቦታቸው ለመመለስ እንዲሁም ወደ ሌሎች አካባቢዎች ተዛውረው እንዲሰሩ ለማድረግ ከፍተኛ ዋጋ አስከፍሎታል። ከሁሉም በላይ ደግሞ የባንኩ ተበዳሪ ደንበኞች በንግድ ሥራቸው ላይ ከደረሰባቸው ጉዳት ፈጥነው ማገገም ባለመቻላቸው ምክንያት ብድራቸውን ለመመለስ የተቸገሩበት ወቅት ነበር። ባንኩም የብድር ገንዘቡን ቶሎ ለማስመለስ በመቸገሩ ለከፍተኛ የጥሬ ገንዘብ እጥረት የተጋለጠበት እና የባንኩን አጠቃላይ እንቅስቃሴ ከባድ ፈተና ውስጥ የገባበት ሁኔታ ተፈጥሮ ቆይቷል።

አንበሳ ኢንተርናሽናል ባንክ አ.ማ

ዓመታዊ ሪፖርት

እ.ኤ.አ. ሰኔ 30 ቀን 2024
ለተጠናቀቀው የሒሳብ ዓመት

አዲስ አበባ
ኢትዮጵያ


Anbesa tayib
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በቅርብ ቀን

አንበሳ ኢንተርናሽናል ባንክ አ.ማ.
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ዓመታዊ ሪፖርት

፳፻፲፭/፲፮