

11. Copies of the Bank's annual reports for the preceding three financial years, including the audited financial statements.



ENAT BANK SHARE COMPANY

FINANCIAL STATEMENTS AND AUDIT REPORT 30 JUNE 2023

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Tafesse, Shisema and Ayalew
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Chartered Certified Accountant (UK)
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Enat Bank Share Company
IFRS financial statements
For the period ended 30 June 2023
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Enat Bank Share Company
IFRS financial statements
For the period ended 30 June 2023
Corporate information

Company registration number
 KK/AA/3/0006590/2006 E.C (Ethiopian Calendar)

License number
 LBB/019/12 G.C (Gregorian Calendar)

Directors (As of 30 June 2023)

Frehiwot Worku Beyene	Board of Director (Chair Person)	(Appointed May 2021)
Habtu Dimsu Wercse	Board of Director (Vice Chair Person)	(Appointed January 2018)
Addis Zelekaw Belete	Board of Director (Member)	(Appointed May 2021)
Nigist W/selassie W/kiros	Board of Director (Member)	(Appointed May 2021)
Aynaw Wudu Azagew	Board of Director (Member)	(Appointed May 2021)
Eyobed Tibebe Lisanework	Board of Director (Member)	(Appointed January 2018)
Yirgedu Begashaw Habteyes	Board of Director (Member)	(Appointed May 2021)
Itana Ayana Leta	Board of Director (Member)	(Appointed January 2018)
Roman Legesse W/Gebreal	Board of Director (Member)	(Appointed January 2018)
Shitaye Hussen Ahmed	Board of Director (Member)	(Appointed January 2018)
Tewodros Wuhib W/mariam	Board of Director (Member)	(Appointed May 2021)

Executive management (As of 30 June 2023)

Ermias Andarge Ayele	President	(Appointed January 2021)
Tigist Abate Damte	Vice President Operations	(Appointed February 2021)
Genet Hagos Gebremedhin	Vice President Corporate Service	(Appointed February 2021)
Tefera Tolosa Wakiira	Vice President Information Systems	
Balemlay Ayenew Feyissa	Executive Director	
Lelise Temesgen Tseho	Director, Credit Department	(Appointed September 2012)
Melese Gizaw Desta	Director, Risk & Compliance Department	(Appointed September 2012)
Haile Alfaye Ayele	Director, Procurement and Facility Management Department	(Appointed May 2014)
Belay Gezahegn Demeke	Director, Strategy & Innovation Department	(Appointed May 2015)
Honok Yilma Hailescelassie	Director, Finance and Accounts Department	(Appointed May 2015)
Feyessa Tarekegne Gerbaba	Director, Legal Services Department	(Appointed May 2019)
Tefera Gimbi Debele		(Appointed November 2020)
Aklil Girma T/Yohannes	Director, Marketing Communications & Customer Service Department	(Appointed November 2020)
Elizabeth Bedane Guraro	A/Director, Internal Audit Department	(Appointed February 2021)
Teriagne Basa Gaga	Director, Women Banking Solution Department	(Appointed February 2022)
Zemichael Tesfamariam Kebtie	Director, Human Capital Management Department	(Appointed March 2022)
Anteneh Alemayehu		
Estifanos Simie Baruda		
Abiy Educha		
Habtamu Mengistu		
Fitsum Mulugeta		
Biniyam Yitbarek		

Independent auditor

Tafesse, Shisema and Ayalew Certified Audit Partnership (TMS Plus)
 Chartered Certified Accountants (UK)
 PO Box 110690

Addis Ababa
 Ethiopia

Corporate office
 Enat Bank Share Company
 Kirkos sub-city, Woreda 08, Around Bambiss Bridge
 P O Box 18401
 Addis Ababa, Ethiopia



Enat Bank Share Company
IFRS financial statements
For the period ended 30 June 2023
Report of the directors

The directors submit their report together with the financial statements for the period ended 30 June 2023, to the members of Enat Bank ("the Bank"). This report discloses the financial performance and state of affairs of the Bank.

Incorporation and address

Enat Bank was incorporated in Ethiopia in 2011 by eleven visionary Ethiopian women who envisioned of creating a fully-fledged commercial bank with a special focus on women banking needs.

Principal activities

The mandate of the Bank is to provide banking services for all, with a special focus of facilitating greater access to and use of financial services for women, and creating values for shareholders. The bank's inclusive business model initiative involves women entrepreneurs in order to expand economic opportunities while creating value for Ethiopia's businesses, and society in general.

Results and dividends

The Bank's results for the year ended 30 June 2023 are set out on page 7. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	30 June 2023 Birr'000	30 June 2022 Birr'000
Net interest income	925,931	504,722
Profit / (loss) before tax	723,854	377,026
Tax (charge) / credit	(180,214)	(62,843)
Profit / (loss) for the year	543,640	314,183
Other comprehensive profit / (loss) net of taxes	25,087	18,608
Total comprehensive profit / (loss) for the year	568,727	332,791

Directors

The directors who held office during the year and to the date of this report are set out on page 1.



Enat Bank Share Company
IFRS financial statements
For the period ended 30 June 2023
Statement of directors' responsibilities

In accordance with the Banking Business Proclamation No. 1159/2019, the National Bank of Ethiopia (NBE) may direct the Bank to prepare financial statements in accordance with international financial statements standards, whether their designation changes or they are replaced, from time to time.

The Bank's Directors are responsible for the preparation and fair presentation of these financial statements in conformity with accounting principles generally accepted in Ethiopia and in the manner required by the Commercial Code of Ethiopia of 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 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 Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards, Banking Business Proclamation, Commercial code of 2021 and the relevant Directives issued by the National Bank of Ethiopia.

The Directors are 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 Directors further accept 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 Directors 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:



Frehiwot Worku
Board Chairperson



Ermias Andargie
President



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E-mail:- tafessef@gmail.com / tafessef@hotmail.com P.O.Box 110690 Addis Ababa - Ethiopia

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS**ENAT BANK S.C.****Opinion**

We have audited the financial statements of Enat Bank Share Company set out on pages 7-56, which comprise the statement of financial position as at 30 June 2023, the statement of profit and loss and other comprehensive income, the statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2023, and its financial performance and its 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 (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Ethiopian Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence, we have obtained, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters***1. Impairment of Financial Assets***

As described in notes 9 and 15 to the financial statements, the impairment losses have been determined in accordance with IFRS 9 Financial Instruments. This was considered a key audit matter as IFRS 9 is a complex accounting standard which requires significant judgment to determine the impairment loss.



Enat Bank Share Company
IFRS financial statements
For the period ended 30 June 2023
Independent auditors' report

2. Valuation of Bank Investment in Ethswitch Share Company & united insurance share company

IFRS 13 requires entities to measure fair value using observable inputs whenever possible, and unobservable inputs only when observable inputs are not available. In the case of the Bank's investment in Ethswitch Share Company and United Insurance S.c, the Bank used level II fair value measurement, with comparable companies and market multiple approach i.e. EV/EBITDA multiples to arrive at fair value since the investees, that have been valued, do not have quoted prices. Detail of valuation is disclosed in note 16 to the financial statements.

We have identified this as a key audit matter because of the following factors:

- The valuation of the investment is complex and requires the use of a number of observable inputs.

To address this key audit matter, we have performed the following audit procedures:

- We assessed the Bank's valuation methodology and evaluated the reasonableness of the key assumptions used in the valuation model.
- We compared the Bank's valuation results to those of independent market participants.

We recommend that the Bank consider the following actions to mitigate the risk of material misstatement in the future:

- Subject to the valuation model to review on a regular basis.
- Consider using a valuation methodology that incorporates more observable inputs.
- Regularly monitor the performance of the investment and update the valuation model as needed.

We have communicated our concern and recommendations to management, and they have agreed to take the necessary actions.

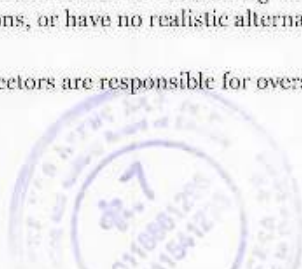
Also as stated on Note 34 the performance and advance payment guarantees issued to construction companies which may also adversely affect the Bank financial situation unless the current economic environment is changed.

Responsibilities of Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as Directors 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, the Directors are 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 Directors either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.



Enat Bank Share Company
IFRS financial statements
For the period ended 30 June 2023
Independent auditors' report

Auditor's Responsibilities for the Audit of the 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 decisions of users taken on the basis of these financial statements.

Report on other Legal and Regulatory Requirement

We have no comment to make on the report of your Directors so far as it relates to these financial statements and pursuant to Article 349(1 and 2) of the commercial Code of Ethiopia of 2021 (Proclamation No.-1243/2021), recommend approval of the financial statements.

In addition we have no objection on the amount of dividend proposed by the directors and hence in accordance with article 349(3) of the commercial code of Ethiopia 2021 recommended approval of the proposed dividend distribution.

Taf. Shi & Ay

Tafesse, Shisema and Ayalew Certified Audit Partnership (TMS Plus)
Chartered Certified Accountants (UK)
Authorized Auditors (ETII)



Addis Ababa
October 6, 2023



Enat Bank Share Company
IFRS financial statements
For the period ended 30 June 2023
Statement of profit or loss and other comprehensive income

	Notes	30 June 2023 Birr'000	30 June 2022 Birr'000
Interest income	5	2,298,726	1,675,868
Interest expense	6	(1,372,795)	(1,171,146)
Net interest income		925,931	504,722
Fee and commission income	7	615,000	319,527
Fee and commission expense	7	-	-
Net fees and commission income		615,000	319,527
Other operating income	8	416,954	183,421
Total operating income		1,957,886	1,007,670
Loan impairment charge	9	(141,234)	(20,436)
Impairment losses on other assets	10	(8,066)	(1,782)
Net operating income		1,808,585	985,452
Personnel expenses	11	(678,827)	(360,242)
Amortisation of intangible assets	18	(11,555)	(9,330)
Depreciation and impairment of property, plant and equipment	19	(40,900)	(30,521)
Other operating expenses	12	(353,449)	(208,333)
Profit before tax		723,854	377,026
Income tax expense	13a	(180,214)	(62,843)
Profit after tax		543,640	314,183
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	25b	(10,808)	(779)
Deferred tax (liability)/asset on remeasurement gain or loss	13c	3,242	234
Remeasurement gain / (loss) on fair value of investment		46,646	27,361
Deferred tax (liability)/ asset on remeasurement of investment	13c	(13,994)	(8,208)
		25,087	18,608
Total comprehensive income for the period		568,727	332,791
Basic and Diluted earnings per share (Birr)	26	239	185

The notes on pages 7 to 56 are an integral part of these financial statements.



Enat Bank Share Company
IFRS financial statements
As at 30 June 2023
Statement of financial position

	Notes	30 June 2023 Birr'000	30 June 2022 Birr'000
ASSETS			
Cash and balances with banks	14	4,410,670	3,180,694
Loans and receivables	15	14,964,509	11,206,182
Investment securities:			
-Fair value through other comprehensi	16 a	113,524	69,630
-Amortized cost	16 b	1,552,696	1,306,257
Other assets	17	726,677	705,960
Intangible assets	18	11,330	21,738
Property, plant and equipment	19	320,704	198,478
Construction in progress	20	35,169	12,157
The right of use asset	21	610,404	457,172
Assets held for sale	22	52,402	50,759
Total assets		22,798,085	17,209,026
LIABILITIES			
Deposits from customers	23	17,852,437	13,050,253
Current tax liabilities	13c	178,730	60,072
Other liabilities	24	1,118,800	1,463,379
Retirement benefit obligations	25	36,238	20,458
Deferred tax liabilities	13d	34,554	22,319
Total liabilities		19,220,759	14,616,481
EQUITY			
Share capital	26	2,538,248	1,934,569
Retained earnings	27	373,054	182,144
Legal reserve	28	479,347	343,437
Regulatory risk reserve	29	100,677	76,400
Special reserve	30	29,251	24,334
Other reserves		56,749	31,662
Total equity		3,577,326	2,592,545
Total equity and liabilities		22,798,085	17,209,026

The notes on pages 7 to 56 are an integral part of these financial statements.

The financial statements on pages 7 to 10 were approved and authorised for issue by the board of directors on October 2023 and were signed on its behalf by:


Frehiwot Worku
Board Chairperson


Ermias Andargie
President



Enat Bank Share Company
IFRS financial statements
For the period ended 30 June 2023
Statement of changes in equity

Notes	Share capital Birr'000	Retained earnings Birr'000	Other reserves Birr'000	Legal reserve Birr'000	Regulatory risk reserve Birr'000	Special reserve Birr'000	Total Birr'000
As at 1 July 2022	1,934,569	182,144	31,662	343,437	76,400	24,334	2,592,545
Profit for the period		543,640					543,640
Other comprehensive income:							
Fair Value Measurements of Equity investments			32,552				32,552
Remeasurement gain/(loss) on retirement benefits obligations	25		(7,565)				(7,565)
Contribution of equity net of transaction costs	26	603,679					603,679
Dividend paid for share holders		(176,680)					(176,680)
Transfer to legal reserve	28	(135,910)		135,910			
Transfer to regulatory risk reserve	29	(33,026)			33,026		
Transfer to special reserve	30	(5,464)				5,464	
Transfer to Loan loss Provision					(8,719)		(8,719)
Dividend tax paid - special reserve	30					(546)	(546)
Directors share from the profit		(1,650)					(1,650)
Transferred to impairment allowance							
Transfer from regulatory reserve loan loss provision difference							
Total comprehensive income for the period	603,679	190,910	25,087	135,910	24,277	4,918	984,781
As at 30 June 2023	2,538,248	373,054	56,749	479,347	100,677	29,251	3,577,326

The notes on pages 7 to 56 are an integral part of these financial statements.



Enat Bank Share Company
IFRS financial statements
For the period ended 30 June 2023
Statement of cash flows

	Notes	30 June 2023 Birr'000	30 June 2022 Birr'000
Cash flows from operating activities			
Cash generated from operations	31	1,330,931	(194,790)
Withholding tax paid			
Income tax paid	13c	(60,072)	(60,646)
Net cash (outflow)/inflow from operating activities		1,270,859	(255,437)
Cash flows from investing activities			
Purchase of investment securities	16b	(246,439)	384,591
Construction in progress	20	(23,012)	(1,980)
Purchase of intangible assets	18	-	(9,660)
Purchase of property, plant and equipment	19	(163,584)	(3,001)
Acquired asset-held for sale	22	(33,198)	(74,513)
			(31,555)
Net cash (outflow)/inflow from investing activities		(466,233)	263,882
Cash flows from financing activities			
Proceeds from issues of shares	26	603,679	392,037
Dividend paid	27	(176,680)	(190,147)
Directors profit share paid	27	(1,650)	(1,650)
Transferred to Special reserve		-	5,294
Prior period adjustment		-	-
Net cash (outflow)/inflow from financing activities		425,350	205,534
Net increase/(decrease) in cash and cash equivalents		1,229,975	213,979
Cash and cash equivalents at the beginning of the year	14	3,180,694	2,966,715
Foreign exchange (losses)/ gains on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year	14	4,410,670	3,180,694

The notes on pages 7 to 56 are an integral part of these financial statements.



Enat Bank Share Co
IFRS financial statements
For the period ended 30 June 2023
Notes to the financial statements

1 General information

Enat Bank SC ("the Bank") is a private commercial Bank domiciled in Ethiopia. The Bank became operational on 5 March 2013 in accordance with the provisions of the Commercial code of Ethiopia of 2021 and the Licensing and Supervision of Banking Business Proclamation No. 1159/2019. The Bank registered office is at:

Enat Bank Share Company
Kirkos sub-city, Woreda 08, Around Bambiss Bridge
P O Box 18401
Addis Ababa, Ethiopia

The bank is involved in provision of banking services for all, with a special focus of facilitating greater access to and use of financial services for women, and creating values for shareholders. The bank's inclusive business model initiative involves women entrepreneurs in order to expand economic opportunities while creating value for Ethiopia's businesses, and society in general.

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of preparation

The financial statements for the period ended 30 June 2022 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 statements have been prepared in accordance with the going concern principle under the historical cost concept, except for the following:

- available-for-sale financial assets, certain classes of property, plant and equipment and investment property – 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 4.

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 after 12 months.



Enat Bank Share Co
IFRS financial statements
For the period ended 30 June 2023
Notes to the financial statements

2.2.2 New standards and amendments to existing standards

The Bank has consistently applied the accounting policies to all periods presented in these financial statements. The below are amendments to standards that are effective for annual periods beginning after 30 June 2023, and have not been applied in preparing these financial statements.

Standard	Description	Effective date	Impact
IAS 1, Presentation of Financial Statements	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.	The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and are to be applied retrospectively. Earlier application is permitted.	The Bank has opted not adopt early. No significant impact is expected.
IAS 16, Property, plant and equipment	IAS 16 "Property, Plant and Equipment" outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life.	Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.	The Bank opted to adopt the amendments when due. But no significant change is expected.
IAS 37, Provision, contingent liabilities and contingent assets	IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable).	Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.	The Bank opted to apply the amendments when due.
IAS 41, Agriculture	IAS 41 "Agriculture" sets out the accounting for agricultural activity – the transformation of biological assets (living plants and animals) into agricultural produce (harvested product of the entity's biological assets). The standard generally requires biological assets to be measured at fair value less costs to sell.	Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.	The standard is not relevant for the Bank's reporting purpose.
IFRS 3, Business combinations	IFRS 3 "Business Combinations" outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date.	Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.	The standard is not relevant for the Bank's reporting purpose as of now. The amendments shall be considered when the Bank gets involved in a transaction that involve business combination.
IFRS 9, Financial Instruments	The final version of IFRS 9 "Financial Instruments" issued in July 2014 is the IASB's replacement of IAS 39 "Financial Instruments: Recognition and Measurement". The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.	Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, earlier application is permitted. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.	The Bank shall apply the amendments when due. The amendments are expected to have an impact on the Bank's financial statements.



Enat Bank Share Co
IFRS financial statements
For the period ended 30 June 2023
Notes to the financial statements

2.3 SIGNIFICANT ACCOUNTING POLICIES

2.3.1 Financial assets and financial liabilities

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 recognised 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 shall measure a financial asset at amortized cost if it 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).
- A debt instrument shall be measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition, an equity investment that is held for trading shall be classified at FVTPL. However, for equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI). 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.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise (see 2.3).

- Business model assessment

The Bank shall make an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
 - how the performance of the portfolio is evaluated and reported to the Bank's management;
 - the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
 - how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
 - the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.
- However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis shall be measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial

Financial assets shall not be reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

- Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' shall be defined as the fair value of the financial asset on initial recognition. 'Interest' shall be defined as the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit



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In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- Features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

ii) Financial liabilities

The Bank shall 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 recognised less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies.

c. Impairment

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 shall 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.

No impairment loss shall be recognised on equity investments.

The Bank shall 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 recognised 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 recognised 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 shall assess whether financial assets carried at amortized cost, debt financial assets carried at FVOCI, 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-impaired 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.

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; and
- For debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance shall be disclosed and is recognised in the fair value reserve.

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 shall 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 shall 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.



d. Derecognition

i) Financial assets

The Bank shall derecognize a financial asset when:

- The contractual right to the cash flows from the financial asset expires (see also (1.4)), or
- It transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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 recognised in OCI shall be recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI shall not be recognised 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 recognised as a separate asset or liability.

ii) Financial liabilities

The Bank shall derecognize a financial liability when its contractual obligations are discharged or cancelled, or expire.

c. Modifications of financial assets and financial liabilities

i) Financial assets

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 (see 2.3) and a new financial asset shall be recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification shall be accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs shall be included in the initial measurement of the asset; and
- Other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms.

If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it shall first consider whether a portion of the asset should be written off before the modification takes place.

Where the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Bank shall first recalculate the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and shall be amortized over the remaining term of the modified financial asset.

Where such a modification is carried out because of financial difficulties of the borrower, then the gain or loss shall be presented together with impairment losses. In other cases, it shall be presented as interest income calculated using the effective interest rate method.

ii) Financial liabilities

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 recognised at fair value. The difference between the carrying amount of the financial liability derecognized and consideration paid is recognised in profit or loss. Consideration paid shall include non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

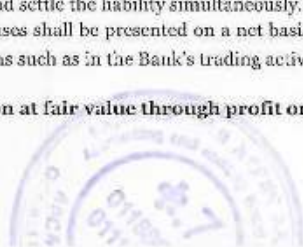
Where the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability shall be recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

f. 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.

g. Designation at fair value through profit or loss



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i) Financial assets

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.

ii) Financial liabilities

The Bank shall designate certain financial liabilities as at FVTPL in either of the following circumstances:

- 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.

2.3.2 Net interest income

a. Effective interest rate and amortized cost

Interest income and expense are recognised 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 FVOCI calculated on an effective interest basis;
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and
- The effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.

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.



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2.3.3 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 recognised in profit or loss within other (loss)/income. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

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



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2.3.4 Recognition of income and expenses

Revenue is recognised 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 given for domestic trade and services, building and construction, manufacturing, agriculture and personal loans. Other incomes includes margins on letter of credits and performance guarantees.

2.3.5 Interest and similar income and expense

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available-for-sale 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 recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.3.6 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 correspondent charges and estimation fees, are recognised 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 recognised 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.

2.3.7 Dividend income

This is recognised when the Bank's right to receive the payment is established, which is generally when the shareholders approve and declare the dividend.

2.3.8 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 recognised in the income statement and it is further broken down into realised and unrealised portion.

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



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2.3.9 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with Banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents include cash and restricted balances with National Bank of Ethiopia.

2.3.10 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 recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in income statement as incurred.

Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised.

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

Asset category	Years	Residual values
Buildings	50	5% of cost
Computer and Hardwares	7	1% of Cost
Motor vehicles	10	5% of cost
Furniture and fittings		
Short-lived	5	1% of Cost
Medium-lived	10	1% of Cost
Other and office equipment		
Short-lived	5	1% of Cost
Medium-lived	10	1% of Cost
Long-lived	20	1% of Cost

The Bank commences depreciation when the asset is available for use.

Capital work-in-progress 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 recognised is derecognised 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 derecognised.

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.



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2.3.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expenses on intangible assets with finite lives is presented as a separate line item in the income statement.

Amortisation is calculated using the straight-line method as below

Descriptive	Years	Residual value
Software	6	Nil

2.3.12 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 recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised 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 recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised 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 recognised.

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 co-ordinated 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.



2.3.13 Impairment of non-financial assets

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

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

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised 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 recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised in the income statement.

2.3.14 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 amortised over the period in which the service is to be enjoyed.

(b) Other receivables

Other receivables are recognised 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.



2.3.15 Fair value measurement

The Bank measures financial instruments classified as available-for-sale at 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, summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Notes 3 and Note 4.6.1
- Quantitative disclosures of fair value measurement hierarchy Note 4.6.2

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 by 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (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, such as available-for-sale financial assets.



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2.3.16 Employee benefits

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

(a) Defined contribution plan

The Bank operates two defined contribution plans;

- i) pension scheme in line with the provisions of Ethiopian pension of private organisation employees proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and the Bank respectively;
- ii) provident fund contribution, funding under this scheme is 2% by only the Bank ;

Both schemes are based on the employees' salary. Employer's contributions to this scheme are charged to profit or loss and other comprehensive income in the period in which they relate.

(b) Defined benefit plan

The liability or asset recognised in the balance sheet in respect of defined benefit pension 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 liability recognised in the statement of financial position in respect of defined benefit pension 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, recognised 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 recognised 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 payable to executive directors when employment is terminated by the Bank before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Bank recognises termination benefits 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.

(d) Profit sharing and bonus plans

The Banks recognises 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. The Bank recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.



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2.3.17 Provisions

Provisions are recognised 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 recognised 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 recognised as other operating expenses.

2.3.18 Share capital

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

2.3.19 Legal reserve

The legal reserve which is a statutory reserve to which no less than 25% of the net profits after taxation shall be transferred each year until such fund is equal to the capital. When the legal reserve equals the capital of the bank, the amount to be transferred to the legal reserve account shall be 10% of the annual net profit.

2.3.20 IFRS 16 - Leases

It sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

It also elected to apply the practical expedient that allows entities to rely on its assessment of whether leases were onerous by applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.

The effect of initially applying IFRS 16 is mainly attributed to:

The adoption of IFRS 16 requires the Bank to make a number of assumptions, estimations and judgments that includes:

- lease liabilities were determined based on the value of the remaining lease payments, discounted by an appropriate incremental borrowing rate.
- term of each arrangement was based on the original lease term.
- The discount rate used to determine lease liabilities was the Bank's incremental borrowing rate. It was calculated based on observable inputs.

At the commencement date, the Bank recognized:

a lease liability at the present value of the lease payments that are not paid at that date. Present value of lease payments will be determined by discounting future lease payments at the interest rate implicit in the lease arrangement, if it is readily determined, or at Bank's incremental borrowing rate.

After the commencement date, the Bank measures:

- right-of-use assets using cost model, i.e. cost at initial recognition less accumulated depreciation (in line with IAS 16: Property, plant and Equipment) and accumulated impairment losses (in line with IAS 36: Impairment of Assets).
- lease liability by increasing its carrying amount to reflect interest on the lease liability and by reducing its carrying amount to reflect lease payments made.

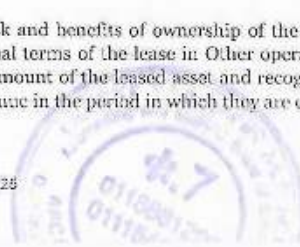
Interest incurred on lease liability will be recognized in the statement of profit and loss as a finance cost.

Determination of whether an arrangement is a lease, or contains a lease

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Bank as a lessor

Leases where the Bank does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income is recorded as earned based on the contractual terms of the lease in Other operating income. Incremental costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.



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2.3.21 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 recognised 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 recognised 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 realised or the deferred tax liability is settled.

Deferred 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.

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 realise the asset and settle the liability simultaneously.

3 Significant accounting estimates and assumptions

The preparation of the Bank's financial statements requires management to make judgements, 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 4.5
- Financial risk management and policies Note 4
- Sensitivity analyses disclosures Note 4.2.7

a) 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.

b) Impairment losses on loans and receivables

Regarding impairment of financial instruments the bank needs to do the detail presented in Note 2.3.1 of this financial statement.

3.1 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 4.6 for further disclosures.

3.2 Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. 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.



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3.3 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.

In assessing whether there is any indication that an asset may be impaired, the Bank considers the following indications:

(i) External information

- there are observable indications that the asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use.
- significant changes with an adverse effect on the Bank have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Bank operates or in the market to which an asset is dedicated.
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(ii) Internal information

- evidence is available of obsolescence or physical damage of an asset.
- significant changes with an adverse effect on the Bank have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

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



4 Financial risk management

4 Introduction

Risk is inherent in the Bank's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to credit risk, Liquidity risk and market risk. It is also subject to country risk and various operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Bank's policy is to monitor those business risks through the Bank's strategic planning process.

4.1.1 Risk management structure

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework.

The Board has established the Loan Review and Risk sub-Committee, which are responsible for developing and monitoring Bank's risk management policies.

The Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in the regulation, market conditions, products and services offered. The Bank, through its training and procedures and policies for management, aims to develop a constructive control environment, in which all employees understand their roles and obligations.

The Bank's Board of Directors is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Bank's Board of Directors is assisted in these functions by the Risk and Compliance Department.

The Risk and Compliance Department undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Risk sub 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 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) sets credit risk limit for a single borrower, one related party and all related parties to not exceed 25% and 35% of Bank's total capital amount as of the reporting quarterly period respectively.

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.



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4.2.1 Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt investments (2021) and available-for-sale debt assets (2020). Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively

In Birr'000	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans and advances to								
Stage 1 – Pass	14,031,033	-	-	14,031,033	10,569,513	-	-	10,569,513
Stage 2 – Special mention	-	603,537	-	603,537	-	334,985	-	334,985
Stage 3 – Non performing	-	-	608,262	608,262	-	-	438,778	438,778
Total gross exposure	14,031,033	603,537	608,262	15,242,832	10,569,513	334,985	438,778	11,343,276
Loss allowance	(173,479)	(4,644)	(100,200)	(278,323)	(62,771)	(3,345)	(79,978)	(137,094)
Net carrying amount	13,857,554	598,894	508,062	14,964,509	10,506,742	331,640	367,800	11,206,182

In Birr'000	2023			2022		
	Gross exposure	Loss allowance	Net carrying amount	Gross exposure	Loss allowance	Net carrying amount
Cash and balances with bank	4,410,570	(207)	4,410,462	3,180,694	(153)	3,180,541
Investment securities (debt)	1,666,219	(67)	1,666,153	1,306,257	(65)	1,306,192
Other receivables and financial assets	726,577	(7,748)	718,930	383,146	(1,301)	381,845
Totals	6,803,566	(8,022)	6,795,545	4,870,097	(1,519)	4,868,578

Credit Quality Analysis Disclosures for On Balance Sheet facilities.

Title	2023			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Normal	14,031,033	-	-	14,031,033
Watch	-	603,537	-	603,537
Non-Performing	-	-	608,262	608,262
Total Exposure	14,031,033	603,537	608,262	15,242,832
Loss Allowance	(173,479)	(4,644)	(100,200)	(278,323)
Carrying Amount	13,857,554	598,894	508,062	14,964,509



4.2.2 Collateral held

The Bank holds collateral against certain of its credit exposures. The following table sets out the principal types

Nature of security in respect of loans and receivables



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	Secured against real estate	Bank guarantees	Equitable Mortgage	Shares	Others
30 June 2023	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
Agriculture			13,777		105,280
Construction			1,261,500		998,051
Domestic trade and services			1,717,895	2,958	751,183
Emergency staff loan					
Export			1,572,329		1,833,112
Hotel and Tourism			10,985		24,092
Import			1,034,935	49,762.85	725,025
Industry			7,7424		1,280,564
Personal			126,872		162,893
Staff Personal Loan					
Staff residential loan			544,979		83,525
Staff vehicle loan					
Transport			19,487		1,471,521
			7,020,185	52,721	7,441,276

4.2.3 ii) Investment securities designated as at FVTPL

At 30 June 2023, the Bank had no exposure to credit risk of the investment securities designated as at FVTPL

4.2.4 Amounts arising from ECL

i) Inputs, assumptions and techniques used for estimating impairment

See accounting policy in Note 2.3.1

ii) 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.

iii) 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 judgement. 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 behaviour – e.g. utilisation of credit card facilities
- Affordability metrics

b. Overdraft exposures

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

i) 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 analysed by type of product and borrower as well as by credit risk grading. The Bank employs statistical models to analyse 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.

ii) Determining whether credit risk has increased significantly



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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. What is considered significant differs for different types of lending.

As a general indicator, credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Bank's quantitative modelling:

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 behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising 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).

iii) 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 realising 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

Incorporation of forward-looking information

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.

In line with the expected, as well as experienced, Expected Credit Loss forward-looking volatility arising from the economic impact of the Covid 19 global crisis, the Bank has conducted, and overlaid, additional scenario analysis on the macroeconomic overlay model. This includes application of higher probability weights on the downside scenario, lower probability weights on the upside scenario, as well as stress tests on macroeconomic projections. The Bank continues to monitor the economic impact of Covid 19 on its credit risk profile as well as forward-looking Expected Credit Loss estimates and shall update the same on its IFRS 9 forward-looking estimates as and when significant changes in the overall macroeconomic environment are experienced.

External information considered includes economic data and forecasts published by Business Monitor International, an external and independent macroeconomic data body. 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 macro-economic variables and credit risk and credit losses.

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



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Sector/Product
Agriculture, Personal loans and Staff loans
Domestic Trade & Services
Building & Construction and Manufacturing & Production
Export and Import

Sector/Product	Macroeconomic factors				
Cluster 1 Agriculture Consumer Loans Overdraft Interest Free Financing	Goods exports, USD	EXCHANGE RATE: ETB/USD, ave	Services imports, USD		
Cluster 2 Domestic Trade Services Mining and Energy Transport Health Merchandise Financial Services	-	-	-	-	-
Cluster 3 Building and Construction Hotel and Tourism Manufacturing and Production Industry Real Estate	Goods imports, USD	Real GDP, LCU (2010 prices)	Real GDP, USD (2010 prices)		
Cluster 4 Export Import Advance against Import Bills International Trade	Goods imports, USD	Consumer price index inflation, 2010=100, ccp	Real GDP, USD (2010 prices)	Current account balance, USD	Import cover months

The economic scenarios

Consumer price index inflation, 20	584	763	938
Exports of goods and services, US	7,949	5,396	10,688
Government domestic debt, LCU	1,311,530	1,801,205	1,931,800
LCU/USD, ave	48	53	57
Nominal GDP, LCU	4,907,858	6,324,677	8,013,282
Private final consumption, LCU	3,622,073	4,706,091	5,837,480
Total domestic demand, LCU	5,139,565	6,554,527	7,774,860
Savings, LCU	1,058,303	1,139,738	1,333,878
Population	119,344,463	122,292,044	125,261,131
Consumer price index inflation, 20	591	757	893
M1, LCU	463,645	519,050	584,105
M2, LCU	1,450,580	1,669,935	1,932,335
Current expenditure, LCU	396,721	510,019	586,728
Goods imports, USD	14,906	15,798	18,433
Goods exports, USD	4,022	4,137	4,393
Current account balance, USD	4,482	4,804	4,748
Import cover months	2	2	2
Total household spending, LCU	4,197,597	5,494,817	6,584,552
Nominal GDP, USD	100,847	115,100	130,089
Real GDP, LCU (2010 prices)	9,759,271	1,031,008,500,000	1,097,146,000,000
Real GDP, USD (2010 prices)	58,005,149,345	71,549,973,629	76,109,934,168
Real GDP per capita, USD (2010 p	549	587	589
Nominal GDP, USD (PPP)	315,978,798,485	358,557,612,057	394,408,827,578
Private final consumption, USD	74,503	87,786	98,434
Government final consumption, LC	406,173	497,844	566,280
Government final consumption, US	9,493	9,106	9,950
Exports of goods and services, LC	382,338	508,890	603,961



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Imports of goods and services, LCU	740,831	887,821	1,004,879
Imports of goods and services, US	15,481	16,575	17,735
Total domestic demand, USD	108,379	122,279	137,135
Unemployment % of labour force,	3	3	3
Real effective exchange rate index	25	15	10
LCU/USD, cap	52	55	58
Total revenue, LCU	363,207	476,482	648,397
Total revenue, USD	7,578	8,877	11,412
Total expenditure, LCU	523,143	681,893	857,065
Total expenditure, USD	10,889	12,721	15,114
Current expenditure, USD	5,225	9,525	10,522
Budget balance, LCU	149,936	205,411	209,368
Budget balance, USD	3,293	3844	3,702
Services imports, USD	5,855	6,267	6,697
Services exports, USD	5,202	5,569	5,898
Total reserves ex gold, USD	2,955	3,180	3,540
Total external debt stock, USD	35,573	40,112	44,827
Long term external debt stock, US	33,808	38,315	42,826
Public external debt stock, USD	33,809	38,315	42,836
Total government debt, USD	60,625	71,350	80,340
Total debt service, USD	2,172	2,525	2,884

Scenario probability weightings

As at June	2023			2022		
	Upside	Median/Central	Downside	Upside	Median/Central	Downside
Cluster 1	9%	91%	0%	0%	97%	3%
Cluster 2	0%	100%	0%	3%	94%	3%
Cluster 3	48%	52%	0.00%	5%	91%	4.50%
Cluster 4	9%	91%	0%	2%	94%	3%

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

4.2.5 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 derecognised and the renegotiated loan recognised 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 recognised 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 maximise collection opportunities and minimise 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 behavioural 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 behaviour 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.



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4.2.6 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.

For loans secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

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 amortisation. 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.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period.

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.

4.2.7 Concentrations of credit risk

The Bank monitors concentrations of credit risk by economic sector. An analysis of concentrations of credit risk from loans and advances, loan commitments, financial guarantees and investment securities is shown below:



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	Note	Amount Millions of
Carrying amount		14,964,509
Amount	15	15,242,837
Concentration by sector		
Agriculture		111,115
Industry		1,965,339
Construction		2,113,848
Domestic Trade and Services		2,647,335
Personal loans		298,195
Export		4,103,669
Import		1,769,522
Transportation		1,450,123
Emergency Staff Loan		90,529
Staff Residential Loan		468,968
Staff Vehicle Loan		70,465
Hotel and Tourism		153,728

4.2.8 Offsetting financial assets and financial liabilities

The Bank does not offset financial assets against financial liabilities.

Net interest income

In millions of ETB	2023	2022
Interest income	2,298,726	1,675,868
Interest expense	(1,372,795)	(1,171,146)
Net interest income	925,931	504,722

4 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.

Liquidity risk management in the Bank is solely determined by Asset and Liability Committee, which bears the overall responsibility for liquidity risk. The main objective of the Bank's liquidity risk framework is to maintain sufficient liquidity in order to ensure that we meet our maturing obligations.

4.3.1 Management of liquidity risk

Cash flow forecasting is performed by the finance department. The finance 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 to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Bank's reputation.

4.3.2 Financing arrangements

The Bank has access to the following undrawn borrowing facilities at the end of the reporting period:

Expiring within one year (borrowings)
 Expiring beyond one year (borrowings)

30 June 2023	30 June 2022
Birr'000	Birr'000
713,862	1,105,615
713,862	1,105,615



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4.3.3 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.

	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year
30 June 2023	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
Deposits from customers	4,020,025	1,058,019	2,242,970	2,741,585	7,789,839
Debt securities issued					713,862
Borrowings					
Other liabilities	120,666	210,364	293,453	496,801	
Total financial liabilities	4,140,690.76	1,268,383.41	2,536,422.64	3,238,385.58	8,503,700.86
30 June 2022	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
Deposits from customers	3,326,344	1,231,392	1,526,721	2,705,189	4,260,668
Debt securities issued					
Borrowings					
Other liabilities	781,610	13,140	67,237	779,353	31,584
Total financial liabilities	4,107,953.48	1,244,531.86	1,593,958.11	3,484,541.68	4,292,251.63

4 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.

4.4.1 Management of market risk

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

4.4.2 Management of market risk

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



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(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.

30 June 2023	Fixed Birr'000	Floating Birr'000	Non-interest bearing Birr'000	Total Birr'000
Assets				
Cash and balances with banks	2,093,283	264,424	2,052,962	4,410,670
Loans and receivables	-	-	-	-
Total	2,093,283	264,424	2,052,962	4,410,670
Liabilities				
Deposits from customers	17,852,437	-	-	17,852,437
Debt securities issued	1,188,319	-	-	1,188,319
Other liabilities	-	-	-	-
Total	19,040,756	-	-	19,040,756

30 June 2022	Fixed Birr'000	Floating Birr'000	Non-interest bearing Birr'000	Total Birr'000
Assets				
Cash and balances with banks	1,818,107	174,824	1,187,763	3,180,694
Loans and receivables	-	-	-	-
Total	1,818,107	174,824	1,187,763	3,180,694
Liabilities				
Deposits from customers	13,050,253	-	-	13,050,253
Debt securities issued	1,463,379	-	-	1,463,379
Other liabilities	-	-	-	-
Total	14,513,632	-	-	14,513,632

(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 table below summarises 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.

The total foreign currency denominated assets and liabilities exposed to risk as at year end is shown below.

Foreign currency denominated balances

Cash and bank balances
 Deposit from customers

30 June 2023 Birr'000	1 July 2022 Birr'000
4,410,670	3,180,694
17,852,437	13,050,253
22,263,106	16,230,947



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5 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.

4.5.1 Capital adequacy ratio

According to the Licensing & Supervision of Banking Business Directive No SBB/50/2011 of the National Bank of Ethiopia, the Bank has to maintain capital to risk weighted assets ratio of 8% at all times, the risk weighted assets being calculated as per the provisions of Directive No SBB/9/95 issued on August 18, 1995.

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. Capital includes capital contribution, retained earnings, legal reserve and other reserves.

	30 June 2023 Birr'000	1 July 2022 Birr'000
Capital		
Capital contribution	2,538,248	1,934,569
Retained earnings	373,054	182,144
Legal reserve	479,347	343,437
Other reserve	186,677	132,395
	<u>3,577,326</u>	<u>2,592,545</u>
Risk weighted assets		
Risk weighted balance for on-balance sheet items	17,082,680	13,210,740
Credit equivalents for off-balance sheet items	<u>3,746,450</u>	<u>3,240,979</u>
	<u>24,106,156</u>	<u>19,044,255</u>
Risk-weighted Capital Adequacy Ratio (CAR)	14.66%	14%
Minimum required capital	8%	8%
Excess	6.66%	6%

5 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 categorised 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.

4.6.1 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 categorised 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 data 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.



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

The following table summarises 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 categorised. The amounts are based on the values recognised in the statement of financial position.

	Carrying amount Birr'000	Fair value Birr'000
30 June 2023		
Financial assets		
Cash and balances with banks	4,410,679	4,410,679
Loans and receivables	14,964,509	14,964,509
Investment securities	1,666,219	1,666,219
Total	21,041,398.01	21,041,398
Financial liabilities		
Deposits from customers	17,852,437	17,852,437
Debt securities issued	-	-
Borrowings	713,862	713,862
Other liabilities	1,118,800	1,118,800
Total	19,685,098	19,685,098
30 June 2022		
Financial assets		
Cash and balances with banks	3,180,694	3,180,694
Loans and receivables	11,206,182	11,206,182
Investment securities	1,375,887	1,375,887
Total	15,762,763	15,762,763
Financial liabilities		
Deposits from customers	13,050,253	13,050,253
Debt securities issued	-	-
Borrowings	1,105,615	1,105,615
Other liabilities	357,764	357,764
Total	14,513,632	14,513,632

The bank Equity investment in Eth-Switch s.c with a cost of 12.503 million and in United Insurance s.c with a cost of 3.9 million have been measured for Fair value. Due to non availability of stock market we can't measure it with first hand information.

As the financial report for United Insurance s.c for the fiscal year ended 2023 was not ready during the evaluation time fair value of 2022 has ben taken for 2023.



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	30 June 2023 Birr'000	30 June 2022 Birr'000
5 Interest income		
Interest on term loans	1,766,856	1,232,873
Interest on import and export facilities	298	12,612
Interest on overdraft	319,424	247,781
Interest on deposits with domestic banks	108,282	94,541
Interest on NBE bills	97,478	87,668
Interest earned on correspondents	6,388	392
	2,298,726	1,675,868
	30 June 2023 Birr'000	30 June 2022 Birr'000
6 Interest expense		
Interest on certificate of deposits	(781,106)	(676,151)
Interest on customer savings	(491,742)	(368,152)
Interest on Borrowing	(90,647)	(126,834)
	(1,372,795)	(1,171,146)
	30 June 2023 Birr'000	30 June 2022 Birr'000
7 Net fees and commission income		
Fee and commission income		
Financial guarantee contracts issued	462,406	264,740
Commission on letters of credit	151,751	53,984
Cashier payment order	321	198
Commission on managed funds	522	605
	615,000	319,527
Fee and commission expense	-	-
Net fees and commission income	615,000	319,527
	30 June 2023 Birr'000	30 June 2022 Birr'000
8 Other operating income		
Net gain on foreign exchange	21,746	25,413
Service charge	346,090	146,027
Other income	35,331	7,239
Correspondent charges	8	515
Dividend income	4,770	2,740
Postage and processing fees	4	-
Swift charges	2,111	288
Penalty Charge Income	6,895	1,199
	416,954	183,421
	30 June 2023 Birr'000	30 June 2022 Birr'000
9 Loan impairment charge		
Loans and receivables - charge for the year	(141,234)	(20,436)
Loans and receivables - reversal of provision	-	-
	(141,234)	(20,436)



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	30 June 2023 Birr'000	30 June 2022 Birr'000
10 Impairment losses on other assets		
Other assets - charge for the year	(8,066)	(1,782)
Other assets - reversal of impairment losses	-	-
	(8,066)	(1,782)
	30 June 2023 Birr'000	30 June 2022 Birr'000
11 Personnel expenses		
Short term employee benefits :		
Salaries and wages	(383,694)	(216,848)
Staff allowances	(119,200)	(52,456)
Overtime	(1,804)	(1,599)
Bonus	(62,467)	(36,036)
Pension costs - Defined contribution plan	(49,118)	(25,811)
Other staff expenses	(57,428)	(22,855)
	(670,712)	355,607
Long term employee benefits :		
Pension costs - Defined benefit plans	(8,115)	(4,635)
	(8,115)	(4,635)
	(678,827)	(360,242)
	30 June 2023 Birr'000	30 June 2022 Birr'000
12 Other operating expenses		
Depreciation expenses - office rent	(119,998)	(82,135)
Office supplies and sundry	(30,574)	(14,770)
Advertisement and Publicity	(31,599)	(16,411)
Commissions	(221)	(1,315)
Electricity, telephone and internet	(13,159)	(9,067)
Travelling expenses	(55)	(33)
Repairs and maintenance	(12,277)	(6,160)
Event organization expense	(3,096)	(756)
Fuel and lubricants	(6,075)	(2,707)
Per diem administration	(8,116)	(4,305)
Representation allowance	(3,847)	(2,677)
Insurance	(3,005)	(1,617)
Legal and professional fees	(33,896)	(28,882)
Entertainment	(1,408)	(2,973)
Director fees	(1,320)	(1,320)
Correspondent costs	(802)	(488)
Bank charges	(11,699)	(10,599)
Subscription and Publication	(373)	(175)
Wages for non employees	(1,400)	(639)
Women loan expense	-	-
Audit fees	(280)	(180)
Donations	(27,868)	(6,191)
Postage and stamps	(260)	(102)
Security expenses	(45,821)	(14,800)
	(353,449)	(208,333)
	30 June 2023 Birr'000	30 June 2022 Birr'000
13 Company income and deferred tax		
13a Current income tax		
Company income tax	178,730	60,072
Prior year (over)/under provision	1,484	2,771
Deferred income tax/(credit) to profit or loss	180,214	62,843
Total charge to profit or loss	(10,752)	(7,975)
Tax (credit) on other comprehensive income		



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13b Reconciliation of effective tax to statutory tax

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:

	30 June 2023 Birr'000	30 June 2022 Birr'000
Profit before tax	723,854	377,026
Add: Disallowed expenses		
Donation	17,868	6,191
Hardship Allowance	14,801	6,351
Leave pay Accrual	23,328	2,301
Entertainment	4,408	2,973
Severance pay temporary difference	8,115	4,635
Provision for loans and advances as per IFRS	141,234	20,436
Depreciation for accounting purpose	40,900	30,521
Amortization for accounting purpose	11,555	9,330
Other Provision IFRS	8,066	1,782
Share Selling Agent Payment	221	1,315
Penalty	12,272	9,102
Employee benefit loan	4,634	7,548
Total disallowable expenses	287,403	102,486
Less: Allowable		
Depreciation for tax purpose	59,744	37,770
Interest income on deposit with other bank	108,282	94,541
Interest income on NBE Bills/T/Bills	68,542	87,668
Provision for loans and advances for tax NBE 80%	128,215	56,571
Dividend taxed at source	4,770	2,749
Income Earned on Government Bonds	21,536	-
Income Earned on Treasury Bonds	4,399	-
Total allowable expenses	415,489	279,372
Taxable profit	505,768	202,240
Current tax at 30%	178,730	60,072

13c Current income tax liability

	30 June 2023 Birr'000	30 June 2022 Birr'000
Balance at the beginning of the year	(60,072)	(60,646)
Current year provision	(178,730)	(60,072)
WHT Notes utilized	-	-
Payment during the year	60,072	60,646
Balance at the end of the year	(178,730)	(60,072)

13d Deferred income tax

Deferred income 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.

The analysis of deferred tax assets/(liabilities) is as follows:

To be recovered after more than 12 months
To be recovered within 12 months

	30 June 2023 Birr'000	30 June 2022 Birr'000
To be recovered after more than 12 months	(34,554)	(22,319)
To be recovered within 12 months	(34,554)	(22,319)

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13c Deferred income tax assets and liabilities, deferred income tax charge/(credit) in profit or loss ("P/L"), in equity and other comprehensive income are attributable to the following items:

Deferred income tax assets/(liabilities):	At 1 July 2022	(Credit)/ charge to P/L	Effect of opening balance restatement	Credit/ (charge) to equity	30 June 2023
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
Property, plant and equipment	(13,195)	951	-	-	(12,245)
Post employment benefit obligation	6,099	3,242	-	(2,435)	6,907
Equity Securities	(15,224)	-	-	(11,994)	(29,218)
Total deferred tax assets/(liabilities)	(22,320)	4,193	-	(16,428)	(34,554)

14	Cash and balances with banks	30 June 2023 Birr'000	30 June 2022 Birr'000
	Cash in hand	264,424	174,824
	Balance held with National Bank of Ethiopia	2,052,962	1,187,763
	Deposits with local banks	1,578,299	1,399,720
	Deposits with foreign banks	514,985	418,387
		4,410,670	3,180,694

Maturity analysis

	30 June 2023 Birr'000	30 June 2022 Birr'000
Current	3,208,740	2,295,764
Non-Current	1,201,930	884,930
	4,410,670	3,180,694



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	30 June 2023 Birr'000	30 June 2022 Birr'000
15 Loans and receivables		
Agriculture	111,115	120,043
Industry	1,965,339	1,724,341
Construction	2,113,848	2,042,545
Domestic Trade and Services	2,647,335	1,426,874
Personal loans	298,195	46,447
Export	4,103,669	3,750,886
Import	1,769,522	1,116,289
Transportation	1,450,123	777,931
Emergency Staff Loan	90,529	41,597
Staff Residential Loan	468,968	186,898
Staff Vehicle Loan	70,465	7,309
Hotel and Tourism	153,728	103,015
Gross amount	15,242,837	11,343,276
Less: Impairment allowance (note 4.2.1)	278,328	137,094
	14,964,509	11,206,182

	30 June 2023 Birr'000	30 June 2022 Birr'000
16 Investment securities		
16a Fair value through other comprehensive income		
Equity Investments	113,524	69,630
	113,524	69,630
16b Amortized cost		
NBE bills	1,552,696 ✓	1,306,257 ✓
Gross amount	1,552,696	1,306,257
Less individual allowance for impairment	-	-
	1,666,219	1,375,887

Maturity analysis

	30 June 2023 Birr'000	30 June 2022 Birr'000
Current	1,666,219	1,375,887
Non-Current	-	-
	1,666,219	1,375,887

The Bank hold equity investments in Eth-switch of 1.94% (of the subscribed capital of the investee as of June 30, 2023) and United Insurance Share Company of 1.18% (30 June 2023 of the total subscribed capital of the investee). These investments are unquoted equity securities measured at cost.



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		30 June 2023 Birr'000	30 June 2022 Birr'000
17 Other assets			
Financial assets			
Items in course of collection		591	34,895
Uncleared effects		249,890	204,257
		250,482	239,152
Non-financial assets			
Prepaid staff benefit		112,644	95,352
Prepaid Assets Women loans benefit		40	40
Deposit and Prepayments		30,538	22,230
Sundry receivables		322,950	350,728
Inventory and office supplies		30,132	10,500
		496,304	478,850
Less :			
Impairment allowance on other assets		(20,109)	(12,043)
		726,677	705,960
Gross amount			
		726,677	705,960
Maturity analysis			
		30 June 2023 Birr'000	30 June 2022 Birr'000
Current		239,373	227,110
Non-Current		496,304	478,850
Impairment allowance on other assets		(20,109)	(12,043)
		726,677	705,960

17a Impairment allowance on other assets

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

	30 June 2023 Birr'000	30 June 2022 Birr'000
Balance at the beginning of the year		
(Reversal)/charge for the year (note 10)	20,109	12,043
Balance at the end of the year	20,109	12,043

17b Inventory

A breakdown of the items included within inventory is as follows:

	30 June 2023 Birr'000	30 June 2022 Birr'000
Stationary stock account	15,835	3,650
Other stock	5,053	3,475
Stock accounts	3,279	1,834
Uniform stock	2,074	835
Cheque book stock	1,164.4	975
Revenue stamp loans	21	14
Revenue stamp accounts	11.1	11.1
ATM Debit Card (ENAT Card)	3,690	(296)
	30,132	10,500



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18 Intangible Assets

	Purchased software Birr'000
Cost:	
As at 1 July 2022	67,985
Acquisitions	1,117
Reclassifications	69,132
As at 30 June 2023	-
Accumulated amortisation and impairment losses	
As at 1 July 2022	(46,261)
Amortisation for the year	(11,555)
Impairment losses	-
As at 30 June 2023	(57,802)
Net book value	
As at 30 June 2022	21,738
As at 30 June 2023	11,330



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	Motor vehicles Birr'000	Premises Birr'000	Office and other Birr'000	Furniture and fittings Birr'000	Computer and Birr'000	Total Birr'000
19 Property, plant and equipment						
Cost:						
As at 1 July 2022	52,885	31,673	82,577	88,134	81,977	337,246
Additions	470 ✓	8,264 ✓	49,533 ✓	62,365 ✓	42,952 ✓	163,584
Disposals	-	-	(124)	(210)	(471)	(597)
Reclassification	-	-	-	-	-	-
As at 30 June 2023	53,354 ✓	39,937 ✓	131,986	150,497 ✓	124,458 ✓	500,233
Accumulated depreciation						
As at 1 July 2022	28,370 ✓	2,645 ✓	34,801	29,364 ✓	43,589	138,768
Charge for the year	5,001	613 ✓	11,421	11,516 ✓	12,349	40,900
Disposals	-	-	(31)	(2)	(107)	(139)
Reclassification	-	-	-	-	-	-
As at 30 June 2023	33,371 ✓	3,258 ✓	46,191 ✓	40,878 ✓	55,831 ✓	179,529
Net book value As at 30 June 2022	24,515	29,028	47,776	58,771	38,389	198,476
Net book value As at 30 June 2023	19,983	36,679	85,795	109,619	68,627	320,704
20 Construction in progress						Birr'000
Cost:						
As at 1 July 2022						12,157
Acquisitions						23,012
Reclassifications						-
As at 30 June 2023						35,169



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21 The right of use asset

	Land Lease Birr'000
Cost:	
As at 1 July 2022	100,653
Acquisitions	
Accumulated depreciation	(5,975)
As at 30 June 2023	94,678
	Office Rent Birr'000
Cost:	
As at 1 July 2022	360,817
Acquisitions	154,909
Reclassifications	
As at 30 June 2023	515,726
Net book value as at 30 June 2022	610,404

22 Assets held for sale

	30 June 2023 Birr'000	30 June 2022 Birr'000
Balance as at the beginning of the year	19,204	19,204
Transfer from property, plant and equipment	-	-
Addition	33,198	31,555
Disposals	-	-
Fair value gain/(loss) on assets held for sale	-	-
Balance at the end of the year	52,402	50,759

Enat bank took over collateral of some customers assets and these were recorded in the books. Assets classified as held for sale as the Bank had no intention to make use of the property for administrative use. Management initiated a plan to dispose of these assets to willing buyers and expects to have completed the transaction before the end of the next financial period.

These assets have been valued by in-house engineers responsible for collateral valuation using the market approach determined using Level 3 inputs.

There is no cumulative income or expenses in OCI relating to assets held for sale.

23 Deposits from customers

	30 June 2023 Birr'000	30 June 2022 Birr'000
Demand deposits	3,258,107	1,853,873
Savings deposits	8,744,869	6,159,755
Time deposits	5,849,461	5,036,625
	17,852,437	13,050,253



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	30 June 2023 Birr'000	30 June 2022 Birr'000
24 Other liabilities		
Financial liabilities		
Unearned Income	15,572	12,488
Audit fee	280	180
Borrowing	713,862	1,105,615
	729,714	1,118,283
Non-financial liabilities		
Other payable	180,062	164,522
Blocked current account	68,517	58,095
Tax payable	17,993	11,984
Sales tax on interest paid	1,473	1,737
VAT Payable	535	-
Dividend payable	359	-
Defined contribution liabilities	6,554	3,059
Payable to withdrawing shareholders	-	-
Withholding tax payable	953	(1,140)
Graduate Tax	50	44
Incoming 205 Payable	-	-
Capital gain tax	-	-
Director fees payable	1,650	1,650
Leave days accrual	33,482	21,694
Stamp duty payables	394	1,047
Lease Liabilities	77,062	82,704
	389,086	345,096
Gross amount	1,118,800	1,463,379
24 a Lease Liability		
	30 June 2023 Birr'000	30 June 2022 Birr'000
Cost:		
Land lease	75,354	77,838
Office rent	1,908	4,865
As at 30 June 2023	77,062	82,704
Maturity analysis		
	30 June 2023 Birr'000	30 June 2022 Birr'000
Current	327,876	275,061
Non-Current	790,924	1,188,319
	1,118,800	1,463,379



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		30 June 2023 Birr'000	30 June 2022 Birr'000
25	Retirement benefit obligations		
	Defined benefits liabilities:		
	Severance pay Note 24(a)	36,238	20,458
	Liability in the statement of financial position	36,238	20,458
	Income statement charge included in personnel expenses:		
	Severance costs Note 24(a)	(36,238)	(20,458)
	Total defined benefit expenses	(36,238)	(20,458)
	Remeasurements for:		
	Remeasurement (gains)/losses Note 24(a)	(10,808)	(779)
	Deferred tax liability (asset)/ on remeasurement (gains)/losses	3,242	234
		(7,565)	(545)

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

		30 June 2023 Birr'000	30 June 2022 Birr'000
	Maturity analysis		
	Current	-	-
	Non-Current	36,238	20,458
		36,238	20,458

25a Severance pay

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 (i.e. has not met the requirement to access the pension fund). 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.

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

		30 June 2023 Birr'000	30 June 2022 Birr'000
A	Liability recognised in the financial position	36,238	20,458
B	Amount recognised in the profit or loss		
	Current service cost	2,844	1,975
	Interest cost	5,271	2,669
		8,115	4,635



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25b Retirement benefit obligations (Contd)	30 June 2023 Birr'000	30 June 2022 Birr'000
Amount recognised in other comprehensive income:		
Remeasurement (gains)/losses arising from changes in demographic assumptions	-	-
Remeasurement (gains)/losses arising from changes in the financial assumptions	2,764	(1,631)
Remeasurement (gains)/losses arising from loss experience	7,995	2,410
	10,808	779

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

	30 June 2023 Birr'000	30 June 2022 Birr'000
At the beginning of the year	(20,334)	-16,125
Current service cost	(10,759)	-779
Interest cost	(8,115)	-4,635
Remeasurement (gains)/ losses	2,970	1,205
Benefits paid	-	-
Actuarial(Gains/Losses on experience Liabilities	-	-
At the end of the year	-36,238	-20,334

The significant actuarial assumptions were as follows:

i) Financial Assumption Long term Average

	30 June 2023 Birr'000	30 June 2022 Birr'000
Discount rate	20.70%	24.30%
Inflation rate	15.10%	17.30%
Salary Increase rate	17.10%	19.30%
Net pre-retirement rate	0.03	4.91

ii) Mortality in Service

The rate of mortality assumed for employees are those according to the British A49/52 ultimate table published by the Institute of Actuaries of England. These rates combined are approximately summarized as follows:

Age	Mortality rate Male	Mortality rate Females
20	0.00306	0.00223
25	0.00303	0.00228
30	0.00358	0.00314
35	0.00405	0.00279
40	0.00515	0.00319
45	0.00450	0.00428
50	0.00628	0.00628
55	0.00979	0.00979
60	0.01536	0.01536



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25c Retirement benefit obligations (Contd)

iii) Withdrawal from Service

The withdrawal rates are as summarised below :

Age	Annual rate of resignation
20	0.00%
25	5.40%
30	2.90%
35	3.40%
40	5.00%
45	4.50%
50+	5.20%

The sensitivity of the overall defined benefit liability to changes in the weighted principal assumption is:

	30 June 2023 Birr'000	30 June 2022 Birr'000
26 Ordinary share capital		
Authorised:		
Ordinary shares of Birr 1000 each	2,796,747	2,000,000
Issued and fully paid:		
Ordinary shares of Birr 1,000 each	2,538,248	1,934,569
Earning per share		
Basic earnings per share (EPS) is calculated by dividing the profit after taxation by weighted average number of ordinary shares in issue during the year.		
	30 June 2023 Birr'000	30 June 2022 Birr'000
Profit attributable to shareholders	543,640	314,183
Weighted average number of ordinary shares in issue	2,277,016	1,703
Basic and diluted earnings per share (Birr)	239	185



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	30 June 2023 Birr'000	30 June 2022 Birr'000
27 Retained earnings		
At the beginning of the year	182,144	196,030
Profit/ (Loss) for the year	543,640	314,183
Transfer to legal reserve	(135,910)	(78,546)
Transfer to special reserve	(5,464)	(5,883)
Transfer to regulatory reserve suspended interest difference	-	(14,152)
Transfer to regulatory reserve loan loss provision difference	(33,026)	(37,691)
Dividend provided for share holders	(176,680)	(190,147)
Directors share on profit	(1,650)	(1,650)
Transfer from regulatory reserve loan loss provision difference	-	-
Prior period adjustment	-	-
At the end of the year	373,054	182,144

	30 June 2023 Birr'000	30 June 2022 Birr'000
28 Legal reserve		
At the beginning of the year	343,437	264,391
Transfer from profit or loss	135,910	78,546
At the end of the year	479,347	343,437

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.

	30 June 2023 Birr'000	30 June 2022 Birr'000
29 Regulatory risk reserve		
At the beginning of the year	76,400	24,857
Transfer (from) retained earnings	33,026	51,843
Transferred to loan provision	(8,749)	-
At the end of the year	100,677	76,400

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 incurred 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 incurred loss model 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 incurred loss model under IFRS, the difference is transferred from regulatory risk reserve to the retained earnings to the extent of the non-distributable reserve previously recognised.

	30 June 2023 Birr'000	30 June 2022 Birr'000
30 Special reserve		
At the beginning of the year	24,334	19,039
Transfer (from) / to retained earnings	5,464	5,883
Dividend tax paid on last year reserve	(546)	(588)
At the end of the year	29,251	24,334



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	Notes	30 June 2023 Birr'000	30 June 2022 Birr'000
31 Cash generated from operating activities			
Profit before tax		723,854	377,026
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	19	40,900	30,521
Amortisation of intangible assets	18	11,555	9,330
Gain/(Loss) on disposal of property, plant and equipment	19	458	-
Impairment on loans and receivables	15	141,234	20,436
Retiree Benefit liability	17	-	-
Suspended interest		-	-
Impairment on other asset		-	-
Provision on other asset		-	-
Net gain or loss on foreign exchange	8	-	-
Change in working capital			
-Decrease/ (Increase) in loans and advances to customer	15	(3,899,561)	(2,261,130)
-Decrease/ (Increase) in other asset	17,21	(173,809)	(409,712)
-Decrease/ (Increase) in other liabilities	24	(315,883)	225,574
-Decrease/ (Increase) in deposits from customer	23	4,802,184	1,813,165
-Decrease/ (Increase) in remeasurement		-	-
		1,330,931	-194,790

In the statement of cash flows, profit on sale of property, plant and equipment (PPE) comprise:

	30 June 2023 Birr'000	30 June 2022 Birr'000
Proceeds on disposal	597	-
Net book value of property, plant and equipment disposed (Note	139	-
Gain/(loss) on sale of property, plant and equipment	458	-



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32 Related party transactions

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

	30 June 2023 Birr'000	30 June 2022 Birr'000
32a Transactions with related parties		
Loans disbursed to :		
Key management	8,674	4,329
	<u>8,674</u>	<u>4,329</u>
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 2020.

	30 June 2023 Birr'000	30 June 2022 Birr'000
Salaries and other short-term employee benefits	13,705	4,469
Post-employment benefits	1,228	492
Termination benefits	-	-
Sitting allowance (Representation Allowance)	384	228
Other expenses (Provident fund contribution)	223	89
	<u>15,540</u>	<u>5,277</u>

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

- i) The average number of persons (excluding directors) employed by the Bank during the year was as follows:

	30 June 2023 Number	30 June 2022 Number
Professionals and High Level Supervisors	207	138
Semi-professional, Administrative and Clerical	1,302	792
Technician and Skilled	57	53
	<u>1,566</u>	<u>983</u>

- ii) The table below shows the number of employees (excluding directors), who earned over Birr 10,000 as emoluments in the year and were within the bands stated.

	30 June 2023 Number'000	1 July 2022 Number'000
10,000 - 30,000	1,081	428
30,001 - 50,000	255	158
50,001 - 100,000	81	27
Above 100,000	8	4
	<u>1,425</u>	<u>617</u>



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34 Contingent liabilities

34a Claims and litigation

The Bank has no contingent liabilities as at the date of this report. (30 June 2023)

34b Guarantees and letters of credit

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

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

	30 June 2023 Birr'000	30 June 2022 Birr'000
Guarantees Issued	7,072,560	6,024,585
Letters of credit	438,401	346,132
	7,510,961	6,370,718

Performance and advance Guarantees issued to construction companies

Performance	1,047,806
Advance	4,888,307
	5,936,113
Others	
Suppliers	235,099
Retention	127,728
Customs	66,061
Bid bond	707,560
	1,136,448
	7,072,560

Some of the guarantees and advances cast significant uncertainty which may adversely affect the Bank Financial situation unless current economic environment is changed.

35 Commitments

The Bank has commitments, not provided for in these financial statements being unutilized facilities.

	30 June 2023 Birr'000	30 June 2022 Birr'000
Loans approved but not disbursed	-	-
Unutilized facilities	244,377	233,123
	244,377	233,123

36 Events after reporting period

In the opinion of the Directors, there were no significant post balance sheet events which could have a material effect on the state of affairs of the Bank as at 30 June 2023 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.





ENAT BANK

**ANNUAL
REPORT**

2023/24



ENAT BANK

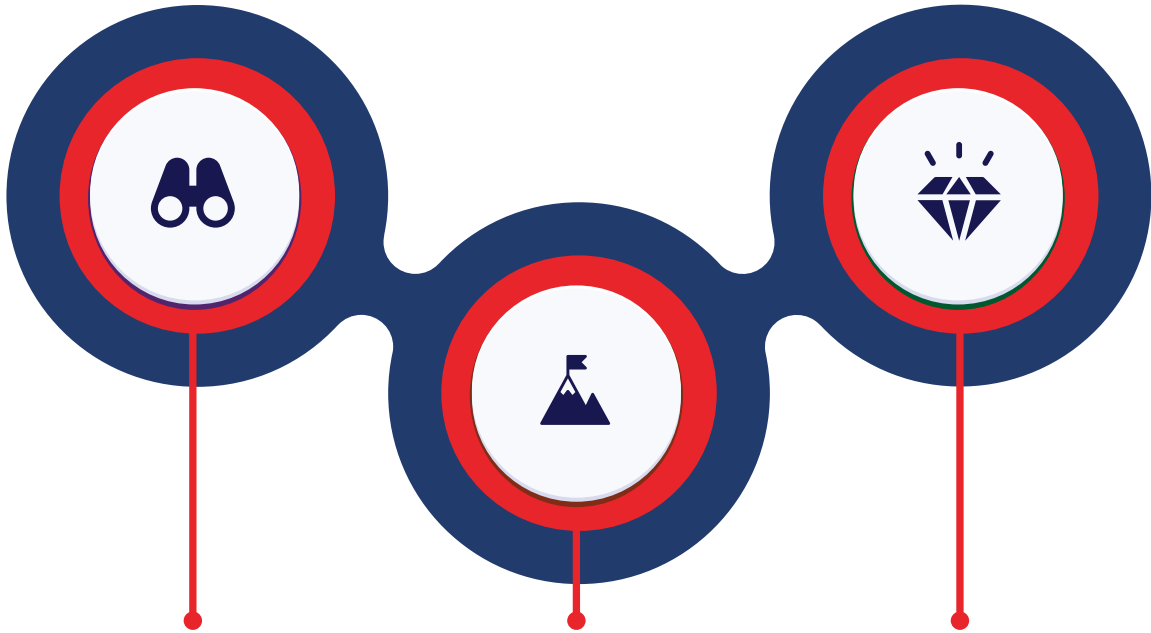


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DIGITAL LENDING

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OUR VISION

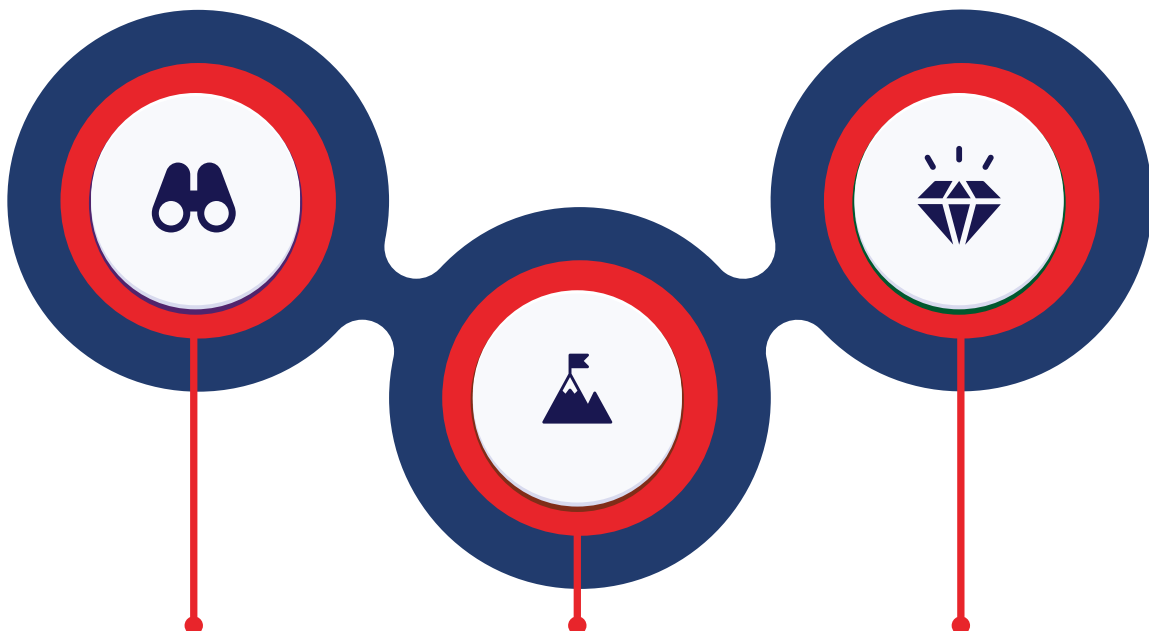
To become a bank of choice in Ethiopia by 2030 mainly by maximising women's economic capabilities.

OUR MISSION

To remain true to our name , set a trend in the provision of excellent and inclusive banking services mainly by focusing on women's economic needs and taking advantage of the state-of- art technology, innovation and professional workforce with the aim of maximising the value of shareholders.

OUR VALUES

Dedication
Approachable
Impartiality
Integrity
Concern for Employees
Learning Organisation
Teamwork
Professionalism



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PROMOTERS



Back: left to right

- Amelework Gidey
- Nigest Haile(Phd)
- Askale Benti
- Mekiya Mamiyu
- Almaz Tseham
- Hirut Alamerew
- Rahel Zewdie

Front: left to right

- Sara Abera •
- Meaza Ashenafi •
- Hadia M.Gonji •
- Aster Solomon •



BOARD CHAIRPERSON MESSAGE

Dear Shareholders,

It is my privilege to present this year's Annual Report, which highlights the bank's performance and outlines our response to the challenges and opportunities within the rapidly transforming global and domestic financial landscape.

As we reflect on the past year, the global economic environment has seen a resurgence of inflationary pressures, driven by supply chain disruptions, geopolitical tensions, and rising energy costs. These challenges have created uncertainty, particularly in emerging markets, where financial systems are still recovering from the impacts of the COVID-19 pandemic.

Domestically, Ethiopia's economy has faced multi-faceted challenges. The ongoing man-made instability in some parts of the country, have disrupted supply chains and impacted business activities. Rising inflation has compounded the economic difficulties,

with the cost of living escalating and affecting both consumers and businesses alike. These factors have created a tough economic environment, demanding resilience from all sectors.

The government, in response, has initiated key policy reforms to stabilize the financial sector and boost economic recovery. The recent introduction of the floating exchange rate regime is a crucial step towards alleviating foreign exchange shortages and stabilizing inflation. Additionally, the commencement of the Ethiopian capital market is expected to inject much-needed capital into the economy, supporting liquidity in the banking sector. Besides, under the government's plan to open the banking sector to foreign participation, the industry is positioned to embrace new opportunities for partnerships, competition, and innovation. This strategic move is expected to enhance the financial sector's contribution to the national economy and drive sustainable growth. Enat Bank should embrace such opportunities to maximize its operational excellence and strive to attain the mission of erecting its future headquarter building in the years to come.

Dear Shareholders,

The Board of Directors and Executive management Team have risen to the challenges to ensure the sustained growth of the Bank. Despite the challenges, the Bank has increased its total earnings by 29% to reach Birr 4.3 billion at the end of June 2024.

The performance is attributed to concerted efforts of the Board of Directors, the management and all staffs of the bank. The support from our loyal customers and of the shareholders is critical for the success of the bank.

Following the previous year's General Assembly, the newly elected Board of Directors has officially commenced its term. We are dedicated to advancing the bank's strategic goals amidst significant macroeconomic changes and policy shifts, which present both challenges and opportunities for growth and collaboration.

In conclusion, I would like to express my sincere thanks to our shareholders for their unwavering support, to our customers for their continued trust, and to the National Bank of Ethiopia for their guidance. Your contributions and dedication are the cornerstones of our continued success. Thank you, and finally, with gratitude, we look forward to another year of growth and achievement together.

Thank You!



ASTER SOLOMON

BOARD OF DIRECTORS



Aster Solomon
Chairperson



Bewketu Tadesse(Dr.)
Vice Chair Person



Wudalat Gedamu
Member



Yohannes Arega
Member



Abraham Adula
Member



Terefe Bedada
Member



Bizuwork Mamo
Member



Mahder Chanie
Member



Emebet Tesfaye
Member



Abebbech Sereke
Member



Yemenzwork Gerefie
Member

SHARIAH ADVISORY COMMITTEE



Sheh Mohammed Mustefa
Chairperson



Sheh Yeikub Muhammed
Member



Sheh Nurelah Hammidin
Member



MESSAGE FROM The PRESIDENT

Dear Shareholders,

I am honored to present this year's Annual Report, which reflects both the achievements and challenges we have faced in the past year. Our bank has made significant strides, driven by strategic initiatives to enhance operational efficiency and deliver innovative services to our valued customers.

Over the past year, the bank earned a total profit before tax of Birr 714 million. The total revenue grew by 29% reaching Birr 4.3 billion. The bank's revenue streams remained robust, with 70% of total revenue being generated from sustainable interest income. This reliable source of revenue highlights the resilience of our business model, especially in times of economic uncertainty. Non-interest income, driven by service fees and digital banking initiatives, also showed promising growth, further diversifying our income base.

Our deposit base has grown significantly over the year, a testament to the trust our customers place in us and our continued focus on expanding accessibility. Through strategic branch expansions and enhancements, as well as a strong performance in digital banking, we

achieved a remarkable deposit growth of 17% bringing total deposits to Birr 20.8 billion.

Our loan portfolio expanded steadily, reaching a total of Birr 17.1 billion, driven by our focus on sectors with strong growth potential. Throughout the year, the bank implemented rigorous credit risk management practices, enabling it to maintain the quality of our loan portfolio despite market challenges.

The bank's paid-up capital has shown remarkable growth, now standing at Birr 3 billion reflecting the strong confidence shareholders have placed in its strategic direction. To continue this momentum and capitalize on emerging opportunities, shareholders are encouraged to increase their shareholding and actively collaborate with the bank. This joint effort will further strengthen the bank's financial foundation, ensuring sustainable growth and long-term success.

Dear Shareholders,

Despite facing significant external challenges, including economic uncertainties and market disruptions, our bank has exhibited strong resilience and positive growth. Through our unwavering focus on innovation, customer-centric services, and operational efficiency, we have successfully navigated these challenges, ensuring continued progress and value creation for all our stakeholders.

Looking ahead, the global economy faces a period of uncertainty, with inflationary pressures and geopolitical tensions continuing to shape the financial landscape. However, emerging opportunities in sustainable finance and digital transformation provide avenues for growth and innovation.

As we look back on this year's achievements, I would like to extend my heartfelt gratitude to our Board of Directors for their strategic guidance, to our dedicated staff for their unwavering commitment, and to the National Bank of Ethiopia for its continued support and regulatory leadership. Together, these contributions have been instrumental in our progress and resilience, empowering us to serve our clients and communities effectively in the coming periods.

Thank You!

ERMIAS ANDARGE(Phd)

MANAGEMENT TEAM



Ermias Andarge(Phd)
President



Tigist Abate
Vice President Operations



Genet Hagos
Vice President Corporate
Services



Tefera Tolosa
Vice President
Information Systems



Balemlay Ayenew
Executive Director
Branch Banking
Department



Elizabeth Bedane
Chief Audit Executive



Lelise Temesgen
Director, Credit
Management
Department



Melese Gizaw
Director, Risk &
Compliance Department



Belay Gezahegn
Director, Strategy &
Innovation
Department



Henok Yilma
Director, Finance and
Accounts Department



Feyessa Tarekegne
Director, Legal Services
Department



Tefera Gimbi
Director, Application
Management
Department



Aklil Girma
Director, Marketing
Communications &
Customer Service
Department



Tadelech Shiferaw
Director, International
Banking Department



Tenagne Basa
Director, Women
Banking Solution
Department



Zemichael Tesfamariam
Director, Human Capital
Management Department



Anteneh Alemayehu
Director, Infrastructure
Management Department



Estifanos Simie
Director, Digital
Banking Department



Haile Atfaye
Director, Procurement and
Facility Management
Department



Faris Ahmed
Director, Interest
Free Banking
Department



Abiy Edecha
Director, East
Addis Ababa
District



Habtamu Mengistu
Director, West Addis
Ababa District



Biniyam Yitbarek
Director, Hawassa District

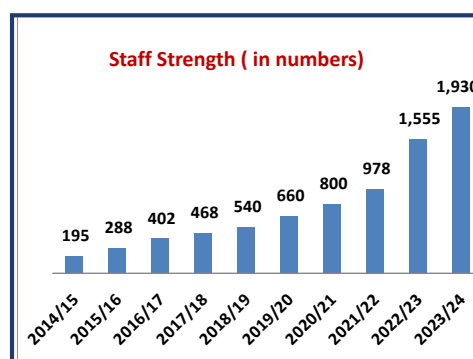
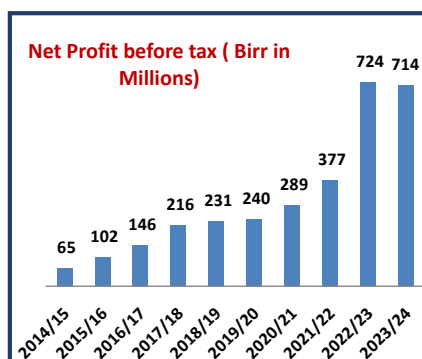
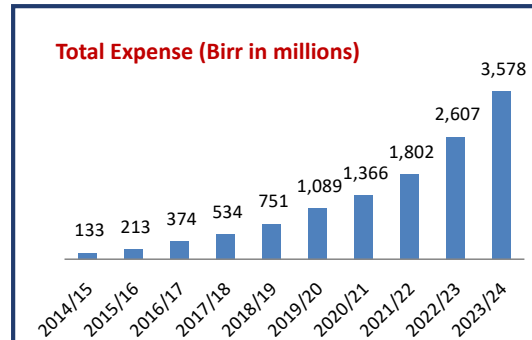
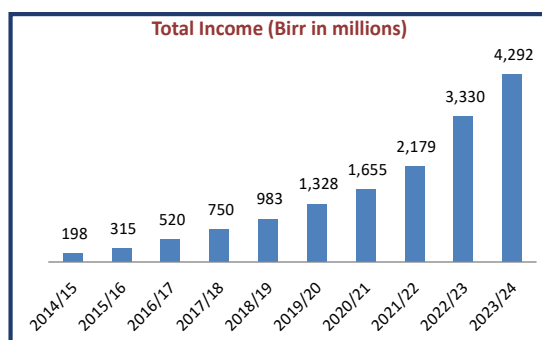
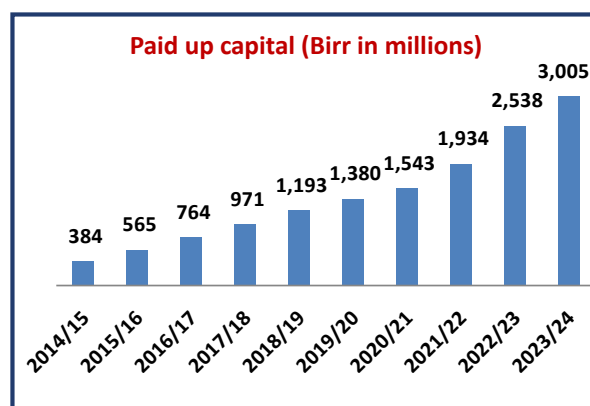
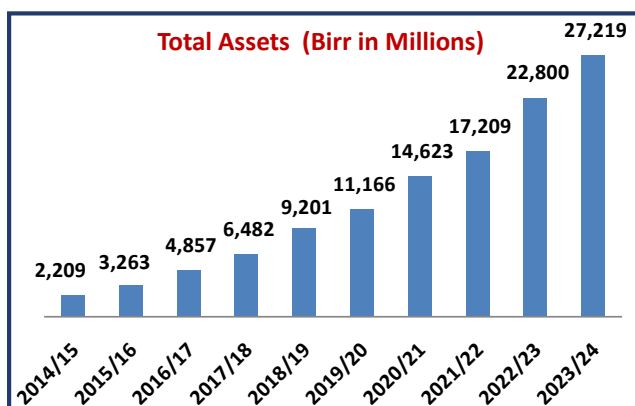
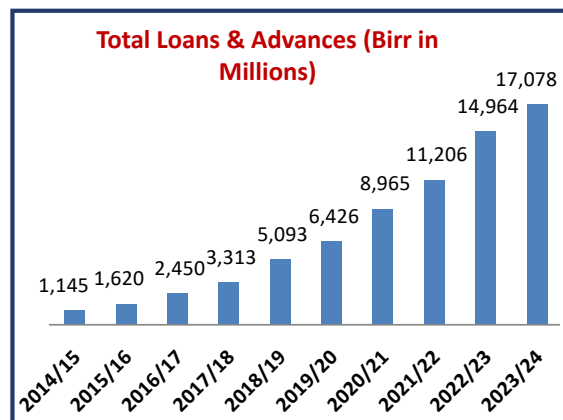
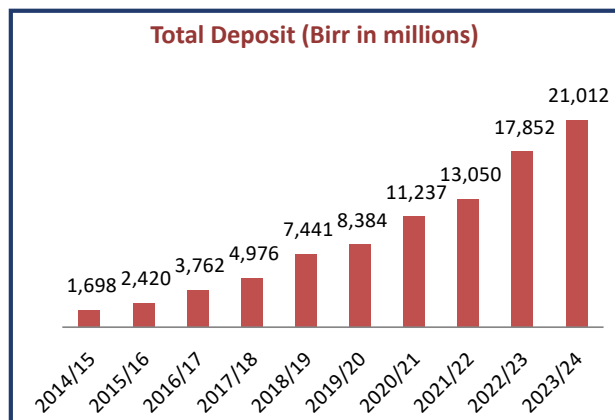


Fitsum Mulugeta
Director, Bahirdar
District



Biruk Melaku
Executive Assistant
to the President

Summary of Major Financial Performance



CORPORATE GOVERNANCE

The Board of Enat Bank is responsible to ensure that operational activities have been carried out in accordance with the principles of the corporate governance and the directive issued by the National Bank of Ethiopia.

The oversight of the Board Members has been crucial to ensure that business activities are handled in compliance with the directives of the regulatory body, policies and procedures of the Bank as well as relevant national and international laws.

The new Board of Directors has succeeded the former Board of Directors. The former Board has accomplished several activities and the new board has embarked on ensuring that corporate governance is upheld within the operation of the Bank.

INFORMATION TECHNOLOGY

Enat bank is committed to enhancing its services by strengthening its digital banking offerings through partnerships with experienced technology providers, aiming to deliver a seamless and exceptional digital experience for customers.

Significant advancements have been made in the bank's digital banking services. By collaborating with technological partners, the bank is on a mission to provide efficient and effective service through digital channels. As a result, the digital platform recorded 1.2 million transactions during the fiscal year.

The bank successfully integrated the Ethiopian National Payment Gateway (EPG) in collaboration with EthSwitch, which is expected to enhance financial inclusion, improve customer experience, and increase efficiency and security.

Additionally, the Malefiya Digital Lending Platform was launched this fiscal year following extensive preliminary preparations to ensure smooth service flow based on credit scoring. The project phase included multiple tests to finalize a digital lending platform that meets industry standards. This uncollateralized digital lending service will improve loan access for borrowers via the Malefiya Digital Platform.

Before launching Malefiya Digital Platform the Bank Executive and Management Team successfully completed a week-long exposure visit to Kenya. The visit aimed to equip the Bank's leadership and operational teams with essential knowledge, skills, and networks to drive the adoption and implementation of digital lending solutions.

Organized in collaboration with Kifiya Financial Technologies and Predictive Analytics Kenya, the program explored various aspects of Kenya's digital lending ecosystem, including regulatory frameworks and collaborations with fintech companies.

This initiative underscores Enat Bank's commitment to leveraging advanced technologies and integrating best practices into its operations to support growth and innovation.

The bank has also established a strategic partnership with Safaricom, enabling seamless transfers between M-PESA wallets and customer bank accounts.

In September 2023, the bank introduced the Arif POS service, deployed in alignment with an agreement with ArifPay Financial Technologies. This initiative has led to the placement of POS terminals across various service outlets in the city. It aims to increase accessibility, promote cashless payments, and support local businesses by allowing transactions without the need to visit a bank branch. The service enhances payment processing efficiency and provides

customers with greater convenience in making payments through digital channels.

Furthermore, Enat bank places paramount importance on safeguarding customer data, understanding that in today's digital landscape, security is fundamental to maintaining trust. The bank's cybersecurity framework is designed to address both external and internal threats, ensuring that customer information remains protected from unauthorized access. This commitment to security extends to all our digital services, where rigorous protocols and advanced monitoring systems are in place to detect and prevent cyber threats.

HUMAN CAPITAL MANAGEMENT

The Human Capital Management (HCM) practices of the bank are designed to attract and retain staff members with the necessary talent and skill sets. This approach has redefined the performance management system by reviewing existing parameters to ensure alignment with organizational goals. In the crucial area of training and development, the bank is committed to equipping employees with the skills and knowledge required to meet the evolving demands of the banking sector.

During the year, the bank recruited 579 new employees, bringing the total staff strength to 1,930 by the end of the fiscal year. This growth reflects the bank's dedication to fostering a skilled workforce that can adapt to the dynamic landscape of the financial industry.

OUTLET EXPANSION

The bank has made significant strides in expanding its branch presence both within the city and in outlying areas. During the fiscal year, 51 additional branches became operational, bringing the total number of branches to 201 as of June 2024.

In this reporting period, interest-free banking services, with a brand name Ummi, were operationalized through a window model in 190 branches, with the remaining branches in the process of commencing operations.

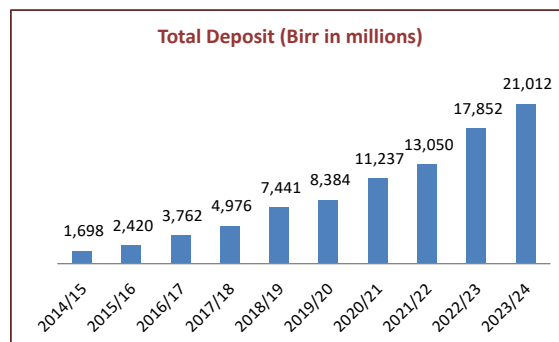
Furthermore, the establishment of operational district offices has enhanced staff strength, facilitated training and development for branch personnel, and supported the branch opening process and related tasks.

FINANCIAL PERFORMANCES

I. DEPOSIT

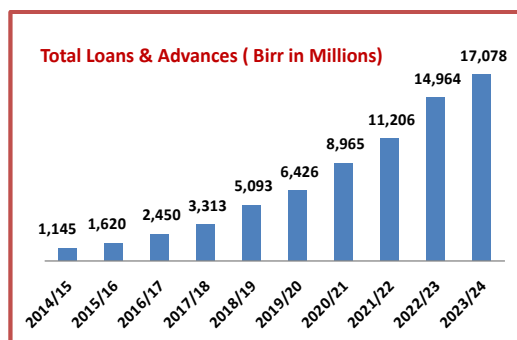
The financial year has come to end with an outstanding deposit reaching Birr 21.01 billion with net increment of Birr 2.96 billion or 18.38 % over last year same period excluding the Interest free Banking Service which have been operational since December 16, 2023 has mobilized a deposit of Birr 180 million.

The overall growth with respect to the deposit has been showing a progressive positive increase.



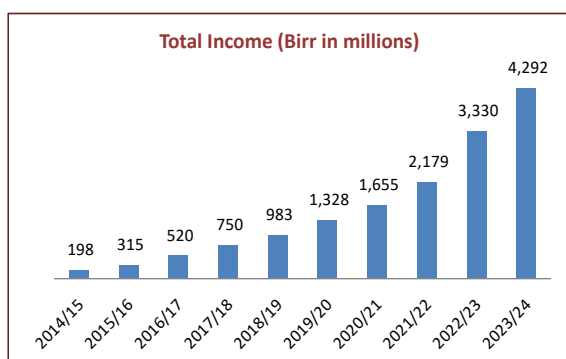
II. LOAN AND ADVANCES

The total outstanding loans and advances at the end of June 2024 is Birr 17.07 billion. The net growth of Birr 2.1 billion or 14.13 % increase has been registered over the same period of June 30, 2023.



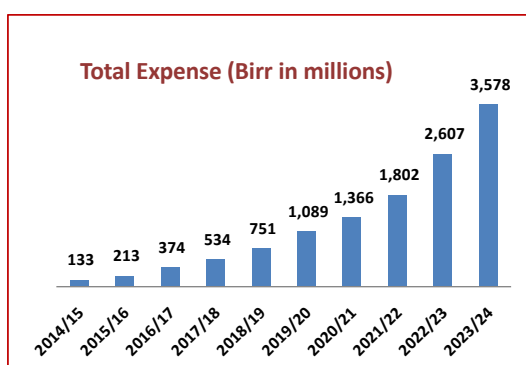
III. REVENUE

The total income registered during the fiscal year is Birr 4.3 billion. The absolute growth of Birr 962 million has been attained, which signifies a growth of 29% over last year same period.



IV. TOTAL EXPENSES

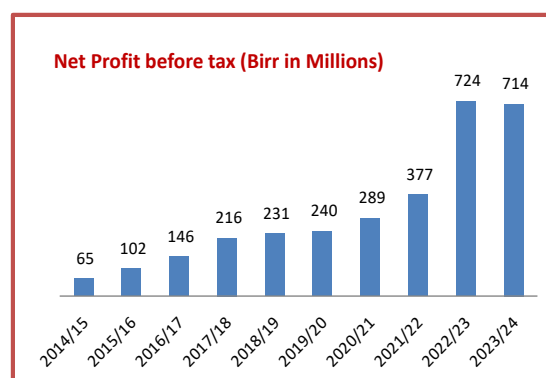
The Total expenses which have been incurred during the fiscal year is Birr 3,578 million. The expense has been directly linked with the amount required to enable the business to progress forward. In Comparison to last year performance there has been 37.24 % increase in the Banks expense.



V. PROFIT

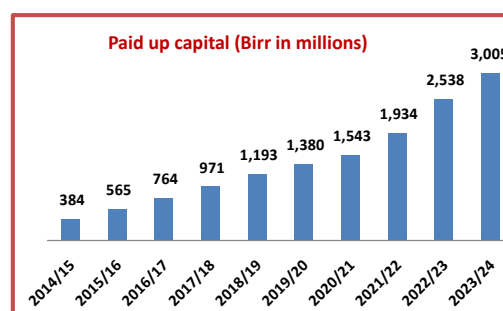
The total profit of the Bank before tax stood at Birr 714 million. The Earnings per share stood at Birr 201. The Bank is striding towards increasing the earning per share by adopting various initiatives which is expected to bring positive impact on the profit. The payment of dividend to shareholders would be undertaken by considering the profitability of the Bank.

The Board of Directors would recommend the payment of dividend to shareholders after deduction of retained earnings.



VI. PAID UP CAPITAL

The paid up capital has reached Birr 3 Billion at the end of the 2023/24 fiscal year. It has registered an increment of 18 %. Thus, the total number of shareholders stood at 23,579 out of which 62.74% of it is possessed by women shareholders.



WOMEN BANKING SERVICES EXEMPLARY WOMEN

Ejig Daniel



My name is Ejig Daniel, and I am the owner of a company called 'Ejig Leather, Leather Related Products, and Traditional Clothing,' established in 2014.

After the passing of my mother, the responsibility of caring for my sisters, brothers, and children fell on my shoulders. To support my family financially, I decided to engage in any kind of legal work. During this time, I took on various jobs, including scrap metal sales, pork and chicken meat distribution, door-to-door delivery of groceries, and the production and sale of leather products, handicrafts, traditional clothing, and food preparation.

I first learned about Enat Bank's loan program for women entrepreneurs that required no collateral. In other institutions, obtaining a loan of Birr 300,000 required saving up to Birr 100,000, which would take a long time



for a small business like mine. At that time, no other bank was interested in providing loans without collateral.

I decided to visit one of Enat Bank's branches and was referred to the head office, where I registered for the loan scheme. I presented my business plan and took part in entrepreneurship training facilitated by the bank. They even visited my workplace, which led to my approval for a loan, disbursed in three phases.

From the loan proceeds, I purchased four additional machines and raw materials for leather production. I also expanded my workforce. As a member of a micro and small business group, I aimed to participate in bazaars. With the remaining loan funds, I initially worked from my residence but eventually rented a workshop. Today, I primarily sell leather products, traditional clothing, and prepared foods.

When I began, my monthly income was modest; now, it has grown significantly. My staff increased from four to fourteen employees. Currently, I own several rental houses for workshops and sales shops. My capital has also grown substantially.

Utilizing Enat Bank's special women's loan scheme has been a tremendous opportunity for me. Beyond financial support, even during tough times when I struggled to repay my loans, the bank's staff focused on finding solutions to my problems and supported me in strengthening my business as if I were family. I would like to express my sincere gratitude to Enat Bank.

LIDET TSEGAYE

My name is Lidet Tsegaye, and I live in Jimma City. The name of my company is Lidet and Eseq Cafeteria, which was founded in 2013 by me and my sister, Eseq Tsegaye.

I got into business because I was raising four children as a single parent. I thought it would solve my economic problems. Additionally, I was interested in owning and running my own business. When I started, the competition was tough because there were many businessmen with years of experience and capital. During that time, I experienced losses and had problems with customer service.

I heard about Enat Bank's women's loan two years ago when the bank staff explained the service to me while opening an account. I mentioned that I had no assets to use as collateral. They informed me that this special women's loan is designed to address collateral issues for struggling mothers. It doesn't require asset guarantees from the borrower; instead, she is only required to bring an employed personal guarantee.

The first benefit I received from the scheme was financial literacy training, and the second benefit was that the fund helped me

expand my business and become competitive in the market. My monthly income significantly increased, and I was able to create employment opportunities for six people by opening an additional branch. I am also able to properly raise my four children without a father, teaching them in a private school.

I am sincerely grateful to Enat Bank for their support, which has been instrumental in my journey towards financial independence and providing for my family.



CORPORATE SOCIAL RESPONSIBILITY

Enat Bank is committed to creating value for our stakeholders and society through various impactful initiatives. Below is an example of our recent efforts:

Lunch Program for Beneficiaries of Meseret Charity Organization

In celebration of the Ethiopian New Year, Enat Bank management and employees organized and served a festive lunch for approximately 400 beneficiaries of the Meseret Charity Organization. The beneficiaries, including mothers who were formerly living on the streets of Addis Ababa along with their children, were hosted at the organization's center located in Kality. This center provides essential support for these mothers and their children. In addition to the holiday lunch, Enat Bank also extended financial support to Meseret Charity Organization, further contributing to its mission of transforming lives.



Donation to Mrs. Tigist Kassa

The management and staff of Enat Bank visited the home of Mrs. Tigist Kassa, a devoted mother of three blind children. During the visit, the Bank presented the family with a special holiday gift to help cover the children's school expenses. This initiative aimed to honor Mrs. Tigist's remarkable strength and dedication as a mother and to reinforce family bonds by demonstrating the Bank's solidarity and support for her efforts.



Easter Visit to Joy Autism Center

Enat Bank management members and staff spent meaningful time with children and youth with autism during a special Easter celebration. They shared a meal, celebrated the holiday, and presented holiday gifts to the children's mothers.

Additionally, the Bank donated 200,000 ETB to the charity. Ms. Genet Hagos, Vice President of Enat Bank's Corporate Service, presented the donation and remarked during the occasion that supporting children with autism and mental disabilities is a responsibility of the entire society. She also affirmed the Bank's ongoing commitment to fulfilling its corporate social responsibility.

The Joy Autism Center, operated under Nia Foundation, was founded by Mrs. Zemi Yenus. It is Ethiopia's first autism center, providing comprehensive support for children with autism and mental disabilities, as well as their families, who often face significant social, psychological, and economic challenges.

It is worth noting that Enat Bank honored Mrs. Zemi Yenus by naming one of its branches after her—the Zemi Yenus Figa Branch.



Visit to Babul Khair Charity Organization

Enat Bank's management and staff participated in an Iftar program during the Ramadan fasting period, serving and supporting more than 1,000 beneficiaries of Babul Khair Charity Organization.

This initiative also marked the launch of the Bank's Ummi interest-free banking service. In the occasion, Faris Ahmed, Director of Interest-Free Services, emphasized that the initiative aimed to assist vulnerable citizens, particularly women.

Hanan Muhmod, General Manager of Babul Khair Charity Organization, expressed heartfelt gratitude for Enat Bank's contribution and urged other institutions to join in supporting the organization's vital work.



Visit to Macedonian Charity Association

Enat Bank management and staff visited the Macedonian Charity Association to support its humanitarian efforts. During the visit, the Bank made a financial donation to aid the association's activities.

The visit was attended by Mrs. Genet Hagos, Vice President of Corporate Services, Mr.

Tefera Tolosa, Vice President of Information Systems, and other management and staff members of the Bank, underscoring Enat Bank's commitment to community support and social responsibility.



Donation of Bookshelves to Booksellers

Enat Bank, recognizing the importance of supporting local booksellers, donated movable bookshelves to individuals selling books near the Bank's Head Office. This initiative aimed to ease their work and promote a culture of reading in the community.



Major Sponsorships

Enat Bank sponsored and participated in the Gena Millennium Bazar and Ramadan Bazar at the Addis Ababa Exhibition, events organized by Barok Event and Blalau Habesh. All of the Bank's city branches took part in the bazaars, where they successfully opened new accounts, attracted a significant number of customers to use the Bank's digital banking services, and promoted Ummi, the Bank's non-interest-free banking service. Additionally, shares of the Bank were sold during the events.

The Bank made a strong presence at these events, significantly raising brand awareness and effectively communicating its products and services to exhibition visitors.

Enat Bank participated in the Ethiopia Lijoch Media Program titled Temari Fest, held at Millennium Hall.

Special Events

Enat Bank Hosts Closing and Award Ceremony for LeEnate “እናት” Writing Contest

During the reporting period, the LeEnate “እናት” Writing Competition closing ceremony was held in grand style at the Hilton Hotel, with distinguished guests, the Enat Bank family, and the competition winners in attendance. More than 1,500 contestants participated in the “For My Mother” (“እናት”) writing contest. The event garnered significant media coverage, and Enat Bank proudly presented financial awards to the winners.



Event Engaging the Muslim Community to Promote Ummi – Interest-Free Banking Service

Enat Bank hosted a discussion with representatives of the Muslim community at Skylight Hotel to officially launch and raise awareness about its Ummi interest-free banking service.

During the event, Mr. Tefera Tolosa, Vice President of Enat Bank’s Information Systems, stated, “To meet the financial needs of the Muslim community, the Bank has been working closely with the Shariah Advisory Committee to ensure that its interest-free banking service is trustworthy and fully compliant with Shariah laws.”

Mrs. Genet Hagos, Enat Bank’s Vice President of Corporate Services, emphasized that the Bank has always understood and respected the culture, religion, and social values of the communities it serves since its inception.

The event was attended by Sheikh Fithudin Sheikh Haji Zeinu, Vice President of the Islamic Affairs Council of Addis Ababa; representatives from the Ethiopian Islamic Affairs Council; members of Enat Bank’s Shariah Advisory Committee; and other invited guests.



Blood Donation

Enat Bank sponsored the International Blood Donors’ Day event, organized by Eagle View Media and Consultancy. The event was designed to raise awareness about the benefits of blood donation and to collect blood from volunteer donors. Held from July 3 to 5, 2024, at the FDRE Ministry of Mines compound, the event saw a significant number of Enat Bank employees participate in donating blood. The Bank is proud to contribute to this vital cause, helping to alleviate the risks associated with blood shortages.



Enat Bank Organizes Seedling Planting Program

As part of its commitment to contributing to the country's Green Legacy Initiative, Enat Bank organized a seedling planting program in the Ginfile area.

Enat Bank's Vice President of Corporate Services, W/ro Genet Hagos, along with the Bank's brand ambassador, Artist Haregewoin Assefa, and other management members and employees, participated in the event. The participants expressed their joy in being part of such a meaningful initiative.

Enat Bank remains deeply committed to social causes, and the management continues to highlight the Bank's leadership in supporting environmental sustainability and community development efforts.



Partnership Agreements

Enat Bank signs MOU with EagleLion System Technology

Enat Bank has signed a Memorandum of Understanding (MOU) with EagleLion System Technology to enhance customer service by implementing advanced digital banking solutions.

The agreement was signed by Enat Bank's President, Ermias Andarge(Phd), and the CEO of EagleLion System Technology, Mr. Besufeqad Getachew. Under the terms of the agreement, EagleLion System Technology will oversee the implementation of digital banking services designed to benefit all segments of society.

During the signing ceremony, Ermias Andarge emphasized that the Bank is striving to take a leading role in the digital sector, aligning with current technological advancements. Mr. Besufeqad Getachew highlighted that EagleLion System Technology is a seasoned technology company with extensive experience and expertise in delivering sustainable solutions. He assured that the company would work promptly to deliver effective digital services to the Bank and its customers.



Enat Bank signs MOU with Arif Pay Technologies

Enat Bank has signed a Memorandum of Understanding (MOU) with Arif Pay Technologies as part of its ongoing focus on expanding digital banking services. To support the implementation of its digital initiatives, the Bank is collaborating with various digital institutions, including Arif Pay Technologies.

Arif Pay Technologies is a financial institution specializing in digital payment processing solutions. The agreement with Enat Bank focuses on the effective operation of POS systems, including the provision of advanced POS machines capable of delivering comprehensive services. The partnership also involves offering support to service providers to effectively utilize POS systems and ensuring the successful implementation of these services.

Through this collaboration, Enat Bank aims to enhance its digital finance offerings and deliver innovative services that will benefit the community in the future.

the 15th Connected Banking Event, held at Skylight Hotel.

This recognition highlights Enat Bank's unwavering commitment to empowering women. The Bank expressed its pride and excitement in being acknowledged by such a distinguished international organization for its dedicated efforts in driving gender inclusion and innovation.



Enat Recognition

Enat Bank Wins International Award for Empowering Women

Enat Bank was honored with the prestigious Excellence in Women Empowerment Award at the Innovation and Excellence Awards 2024. The award was presented by the International Center for Strategic Alliances (ICSA) during

Grand Branch Inaguration Events



Rahel Zewdie Sleeuwagen Bulbula 93 Mazoriya Branch



Mekiya Mamiyu Bole Deldey Branch



Ambasador Konjit Singiorgis Bole Rwanda Branch



Chachi Tadesse Ayat Zone 3 Branch



Artist Maritu Leggese Semein Hotel Branch



W/ro Birhane Asefaw Gelan Condominum Branch



Agaro Branch



Bale Robe Branch



ENAT BANK

/

**AUDITOR'S
REPORT**



Enat Bank Share Company

IFRS Financial Statements

For the Period Ended 30 June 2024

Corporate information

Company registration number
KK/AA/3/0006590/2006 E.C (Ethiopian Calendar)

License number
LBB/019/12 G.C (Gregorian Calendar)

Directors (As of 30 June 2024)

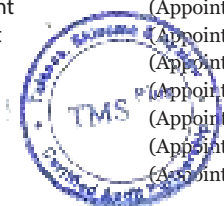
Aster Solomon Neway	Board of Director (Chair Person)	(Appointed April 2024)
Bewketu Tadesse Gobaw	Board of Director (Vice Chair Person)	(Appointed April 2024)
Wudalat Gedamu Teshale	Board of Director (Member)	(Appointed April 2024)
Yohannes Arega Tefera	Board of Director (Member)	(Appointed April 2024)
Abraham Adula Oga	Board of Director (Member)	(Appointed April 2024)
Terefe Bedada Ettansa	Board of Director (Member)	(Appointed April 2024)
Bizuwork Mamo Woldehana	Board of Director (Member)	(Appointed April 2024)
Mahder Chanie Ayalew	Board of Director (Member)	(Appointed April 2024)
Emebet Tesfaye Gebeya	Board of Director (Member)	(Appointed July 2024)
Abebbech Sereke Woldeabe	Board of Director (Member)	(Appointed July 2024)
Yemenzwork Gerefie Nardos	Board of Director (Member)	(Appointed July 2024)

Executive management (As of 30 June 2024)

Ermias Andarge Ayele	President	(Appointed January 2021)
Tigist Abate Damte	Vice President Operations	(Appointed February 2021)
Genet Hagos Gebremedhin	Vice President Corporate Service	(Appointed February 2021)
Tefera Tolosa Wakjira	Vice President Information Systems	(Appointed July 5, 2021)
Balemlay Ayenew Feyissa	Executive Director	(Appointed November 1, 2022)
Lelise Temesgen Tucho	Director,Credit Department	(Appointed September 2012)
Melese Gizaw Desta	Director, Risk & Compliance Department	(Appointed September 2012)
Haile Atfaye Ayele	Director, Procurement and Facility Management Department	(Appointed May 2014)
Belay Gezahegn Demeke	Director, Strategy & Innovation Department	(Appointed May 2015)
Henok Yilma Haileselassie	Director, Finance and Accounts Department	(Appointed May 2015)
Feyessa Tarekegne Gerbaba	Director, Legal Services Department	(Appointed May 2019)
Tefera Gimbi Debele	Director, Application Management Department	(Appointed November 2020)
Aklil Girma T/Yohannes	Director, Marketing Communications & Customer Service Department	(Appointed November 2020)
Elizabeth Bedane Guraro	Director, Internal Audit Department	(Appointed February 2021)
Tenagne Basa Gaga	Director, Wommen Baking Solution Department	(Appointed February 2022)
Zemichael Tesfamariam Kebtie	Director, Human Capital Management Department	(Appointed March 2022)
Anteneh Alemayehu	Director, Infrastructure Management Department	(Appointed January 2023)
Estifanos Simie Baruda	Director, Digital Banking Department	(Appointed January 2023)
Abiy Edecha	Director, East Addis Ababa District	(Appointed January 2023)
Habtam Mengistu	Director, West Addis Ababa District	(Appointed January 2023)
Fitsum Mulugeta	Director, Bahirdar District	(Appointed January 2023)
Biniyam Yitbarek	Director, Hawassa District	(Appointed May 2023)
Independent auditor		
Tafesse, Shisema and Ayalew Certified Audit Partnership (TMS Plus)		
Chartered Certified Accountants (UK)		
PO Box 110690		

Addis Ababa
Ethiopia

Corporate office
Enat Bank Share Company
Kirkos sub-city,Woreda 08,Around Bambiss Bridge
P O Box 18401
Addis Ababa, Ethiopia



Enat Bank Share Company

IFRS Financial Statements

For the Period Ended 30 June 2024

Report of the directors

The directors submit their report together with the financial statements for the period ended 30 June 2024, to the members of Enat Bank ("the Bank"). This report discloses the financial performance and state of affairs of the Bank.

Incorporation and address

Enat Bank was incorporated in Ethiopia in 2011 by eleven visionary Ethiopian women who envisioned of creating a fully-fledged commercial bank with a special focus on women banking needs.

Principal activities

The mandate of the Bank is to provide banking services for all, with a special focus of facilitating greater access to and use of financial services for women, and creating values for shareholders. The bank's inclusive business model initiative involves women entrepreneurs in order to expand economic opportunities while creating value for Ethiopia's businesses, and society in general.

Results and dividends

The Bank's results for the year ended 30 June 2024 are set out on page 30. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	30 June 2024 Birr'000	30 June 2023 Birr'000
Net interest income	1,164,986	925,931
Profit / (loss) before tax	714,036	723,854
Tax (charge) / credit	(158,838)	(180,214)
Profit / (loss) for the year	555,198	543,640
Other comprehensive profit / (loss) net of taxes	6,566	25,087
Total comprehensive profit / (loss) for the year	561,764	568,727

Directors

The directors who held office during the year and to the date of this report are set out on page 24.

Enat Bank Share Company

IFRS Financial Statements

For the Period Ended 30 June 2024

Statement of directors' responsibilities

In accordance with the Banking Business Proclamation No. 1159/2019, the National Bank of Ethiopia (NBE) may direct the Bank to prepare financial statements in accordance with international financial statements standards, whether their designation changes or they are replaced, from time to time.

The Bank's Directors are responsible for the preparation and fair presentation of these financial statements in conformity with accounting principles generally accepted in Ethiopia and in the manner required by the Commercial Code of Ethiopia of 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 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 Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards, Banking Business Proclamation, Commercial code of 2021 and the relevant Directives issued by the National Bank of Ethiopia.

The Directors are 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.

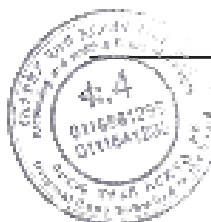
The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors 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:



Aster Solomon
Board Chairperson



Ermias Andargie
President



Enat Bank Share Company

IFRS Financial Statements

For the Period ended 30 June 2024

Independent auditors' report

Opinion

We have audited the financial statements of Enat Bank Share Company set out on pages 7-72, which comprise the statement of financial position as at 30 June 2024, the statement of profit and loss and other comprehensive income, the statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2024, and its financial performance and its 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 (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Ethiopian Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence, we have obtained, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

1. Impairment of Financial Assets

As described in notes 32 and 38 to the financial statements, the impairment losses have been determined in accordance with IFRS 9 Financial Instruments. This was considered a key audit matter as IFRS 9 is a complex accounting standard which requires significant judgment to determine the impairment loss.



Enat Bank Share Company

IFRS Financial Statements

For the Period ended 30 June 2024

Independent auditors' report

2.Valuation of Bank Investment in Ethswitch Share Company & united insurance share compay

IFRS 13 requires entities to measure fair value using observable inputs whenever possible, and unobservable inputs only when observable inputs are not available. In the case of the Bank's investment in Ethswitch Share Company and United Insurance S.c, the Bank used level II fair value measurement, with comparable companies and market multiple approach i.e. EV/EBITDA multiples to arrive at fair value since the investees, that have been valued, do not have quoted prices. Detail of valuation is disclosed in note 16 to the financial statements.

To address this key audit matter, we have performed the following audit procedures:

- We assessed the Bank's valuation methodology and evaluated the reasonableness of the key assumptions used in the valuation model.
- We compared the Bank's valuation results to those of independent market participants.

We recommend that the Bank consider the following actions to mitigate the risk of material misstatement in the future:

- Consider using a valuation methodology that incorporates more observable inputs.
- Regularly monitor the performance of the investment and update the valuation model as needed.

We have communicated our concern and recommendations to management, and they have agreed to take the necessary actions.

Also as stated on Note 34 the performance and advance payment guarantees issued to construction companies which may also adversely affect the Bank financial situation unless the current economic environment is changed.

Responsibilities of Directors for the Financial Statements

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

Enat Bank Share Company

IFRS Financial Statements

For the Period Ended 30 June 2024

Independent auditors' report

In preparing the financial statements, the Directors are 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 Directors either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

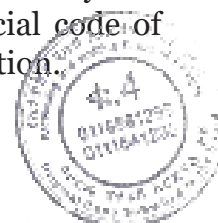
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 decisions of users taken on the basis of these financial statements.

Report on other Legal and Regulatory Requirement

We have no comment to make on the report of your Directors so far as it relates to these financial statements and pursuant to Article 349(1 and 2) of the commercial Code of Ethiopia of 2021 (Proclamation No.-1243/2021), recommend approval of the financial statements.

In addition we have no objection on the amount of dividend proposed by the directors and hence in accordance with article 349(3) of the commercial code of Ethiopia 2021 recommended approval of the proposed dividend distribution.

Taf. Shi & Ay



Tafesse, Shisema and Ayalew Certified Audit Partnership (TMS Plus)

Chartered Certified Accountants (UK)

Authorized Auditors (ETH)

Addis Ababa
October

Enat Bank Share Company

IFRS Financial Statements

For the Period Ended 30 June 2024

Statement of profit or loss and other comprehensive income

	Notes	30 June 2024 Birr'000	2023 Birr'000
Interest income	5	3,003,009	2,298,726
Interest expense	6	(1,838,023)	(1,372,795)
Net interest income		1,164,986	925,931
Fee and commission income	7	778,787	615,000
Fee and commission expense	7	-	-
income		778,787	615,000
Other operating income	8	510,634	416,954
Total operating income		2,454,408	1,957,886
Loan impairment charge	9	(78,556)	(141,234)
Impairment losses on other assets	10	(9,043)	(8,066)
Net operating income		2,366,809	1,808,585
Personnel expenses	11	(1,018,764)	(678,827)
Amortization of intangible assets	18	(13,305)	(11,555)
Depreciation and impairment of property, plant and equipment	19	(73,141)	(40,900)
Other operating expenses	12	(547,561)	(353,449)
Profit before tax		714,036	723,854
Income tax expense	13a	(158,838)	(180,214)
Profit after tax		555,198	543,640
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	25b	(10,657)	(10,808)
Deferred tax (liability)/asset on remeasurement gain or loss	13e	3,197	3,242
Remeasurement gain / (loss) on fair value of investment		20,036	46,646
Deferred tax (liability)/ asset on remeasurement of investment	13e	(6,011)	(13,994)
		6,566	25,087
Total comprehensive income for the period		561,764	568,727
Basic and Diluted earnings per share (Birr)	26	201	239

The notes on pages 30 to 94 are an integral part of these financial statements.

Enat Bank Share Company

IFRS Financial Statements

As at 30 June 2024

Statement of financial position

	Notes	30 June 2024 Birr'000	2023 Birr'000
ASSETS			
Cash and balances with banks	14	5,263,608	4,410,670
Loans and receivables	15	17,078,271	14,964,509
Investment securities:			
-Fair value through other comprehensive income	16 a	165,746	113,524
-Amortized cost	16 b	1,621,067	1,552,696
Other assets	17	1,478,012	726,677
Intangible assets	18	59,183	11,330
Property, plant and equipment	19	612,569	320,704
Construction in progress	20	47,838	35,169
The right of use asset	21	780,817	610,404
Assets held for sale	22	111,541	52,402
Total assets		27,218,652	22,798,085
LIABILITIES			
Deposits from customers(Conv.)	23 a	20,831,626	17,852,437
Interest Free Banking Deposit	23 b	180,734	
Current tax liabilities	13c	144,160	178,730
Other liabilities	24	1,737,842	1,118,800
Retirement benefit obligations	25	59,617	36,238
Deferred tax liabilities	13d	52,047	34,554
Total liabilities		23,006,026	19,220,759
EQUITY			
Share capital	26	3,994,936	2,538,248
Retained earnings	27	819,193	373,054
Legal reserve	28	618,146	479,347
Regulatory risk reserve	29	168,246	100,677
Special reserve	30	38,772	29,251
Other reserves		63,314	56,749
Total equity		4,212,626	3,577,326
Total equity and liabilities		27,218,652	22,798,085

The notes on pages 30 to 94 are an integral part of these financial statements.

The financial statements on pages 30 to 33 were approved and authorized for issue by the board of directors on 12 October 2024 and were signed on its behalf by:

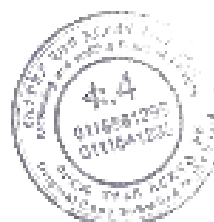
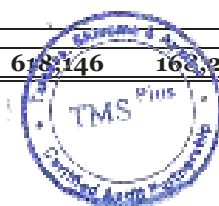

Aster Solomon
Board Chairperson


Ermias Andargie
President

**Enat Bank Share Company***IFRS Financial Statements**For the Period Ended 30 June 2024**Statement of changes in equity*

		Share capital	Retained earnings	Other reserves	Legal reserve	Regulatory risk reserve	Special reserve	Total
	Notes	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
As at 1 July 2023		2,538,248	373,054	56,749	479,347	100,677	29,251	3,577,326
Profit for the period			555,198					555,198
Other comprehensive income:								-
Fair Value				14,026				14,026
Measurements of								
Remeasurement	25			(7,460)				(7,460)
gain/(loss) on								
Contribution of	26	466,688						466,688
equity net of								
transaction costs								
Dividend paid for share holders			(361,862)					(361,862)
Transfer to legal	28		(138,800)		138,800			-
reserve								
regulatory	risk 29		(95,556)			95,556		-
reserve								
reserve	30		(11,192)				11,192	-
Transfer to Loan loss						(27,987)		(27,987)
Provision								
Dividend tax paid -	30						(1,119)	(1,119)
special reserve								
Directors share from the profit			(1,650)					(1,650)
Collateral settlement							(533)	(533)
Transferred to Impairment allowance						-		-
Transfer from				-				-
regulatory reserve								
Total comprehensive income for the period		466,688	(53,861)	6,566	138,800	67,569	9,539	635,300
As at 30 June		3,004,936	319,193	63,314	618,146	168,246	38,791	4,212,626

The notes on pages 30 to 94 are an integral part of these financial statements.



Enat Bank Share Company

IFRS Financial Statements

For the Period Ended 30 June 2024

Statement of cash flows

	Notes	30 June 2024 Birr'000	30 June 2023 Birr'000
Cash flows from operating activities			
Cash generated from operations	31	1,494,935	1,330,931
Withholding tax paid			
Income tax paid	13c	(178,730)	(60,072)
Net cash (outflow)/inflow from operating activities		1,316,205	1,270,859
Cash flows from investing activities			
Purchase of investment securities	16b	(68,371)	(246,439)
Construction in progress	20	(12,669)	(23,012)
Purchase of intangible assets	18	(61,158)	-
Purchase of property, plant and equipment	19	(365,105)	(163,584)
Acquired asset-held for sale	22	(59,139)	(33,198)
Net cash (outflow)/inflow from investing activities		(566,442)	(466,233)
Cash flows from financing activities			
Proceeds from issues of shares	26	466,688	603,679
Dividend paid	27	(361,862)	(176,680)
Directors profit share paid	27	(1,650)	(1,650)
Transferred to Special reserve		-	-
Prior period adjustment		-	-
Net cash (outflow)/inflow from financing activities		103,176	425,350
Net increase/(decrease) in cash and cash equivalent		852,939	1,229,975
Cash and cash equivalents at the beginning of the year	14	4,410,670	3,180,694
Foreign exchange (losses)/ gains on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year		5,263,608	4,410,670

The notes on pages 30 to 94 are an integral part of these financial statements.

Enat Bank Share Company

IFRS Financial Statements

For the Period Ended 30 June 2024

Notes to the financial statements

1 General information

Enat Bank SC ("the Bank") is a private commercial Bank domiciled in Ethiopia. The Bank became operational on 5 March 2013 in accordance with the provisions of the Commercial code of Ethiopia of 2021 and the Licensing and Supervision of Banking Business Proclamation No. 1159/2019. The Bank registered office is at:

Enat Bank Share Company
Kirkos sub-city, Woreda 08, Around Bambiss Bridge
P O Box 18401
Addis Ababa, Ethiopia

The bank is involved in provision of banking services for all, with a special focus of facilitating greater access to and use of financial services for women, and creating values for shareholders. The bank's inclusive business model initiative involves women entrepreneurs in order to expand economic opportunities while creating value for Ethiopia's businesses, and society in general.

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

Enat Bank Share Company

IFRS Financial Statements

For the Period Ended 30 June 2024

Notes to the financial statements

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

- available-for-sale financial assets, certain classes of property, plant and equipment and investment property – 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 4.

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 after 12 months.

2.3 SIGNIFICANT ACCOUNTING POLICIES

2.3.1 Financial assets and financial liabilities

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 recognised 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 shall measure a financial asset at amortized cost if it 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

Enat Bank Share Company

IFRS Financial Statements

For the Period Ended 30 June 2024

Notes to the financial statements

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

A debt instrument shall be measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL:

— The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

— The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition, an equity investment that is held for trading shall be classified at FVTPL. However, for equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI). 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.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise (see 2.3).

- **Business model assessment**

The Bank shall make an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

— the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

— how the performance of the portfolio is evaluated and reported to the Bank's management;

— the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

— how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

— the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis shall be measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Enat Bank Share Company

IFRS Financial Statements

For the Period Ended 30 June 2024

Notes to the financial statements

Financial assets shall not be reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

- **Assessment of whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' shall be defined as the fair value of the financial asset on initial recognition. 'Interest' shall be defined as the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans);
- Features that modify consideration of the time value of money (e.g. periodical reset of interest

ii) **Financial liabilities**

The Bank shall 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 recognised less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies.

c. **Impairment**

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 shall 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.

No impairment loss shall be recognised on equity investments.

Enat Bank Share Company

IFRS Financial Statements

For the Period Ended 30 June 2024

Notes to the financial statements

The Bank shall 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;
- 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 recognised 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 recognised 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.

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iii) **Credit-impaired financial assets**

At each reporting date, the Bank shall assess whether financial assets carried at amortized cost, debt financial assets carried at FVOCI, 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-impaired 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.

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; and
- For debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance shall be disclosed and is recognised in the fair value reserve.

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.

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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 shall 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 shall 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.

d. *Derecognition*

i) *Financial assets*

The Bank shall derecognize a financial asset when:

- The contractual right to the cash flows from the financial asset expires (see also (1.4)), or
- It transfers the rights to receive the contractual cash flows in a transaction in which

substantially all of the risks and rewards of ownership of the financial asset are transferred; or

- Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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 recognised in OCI shall be recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI shall not be recognised 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 recognised as a separate asset or liability.

ii) *Financial liabilities*

The Bank shall derecognize a financial liability when its contractual obligations are discharged or cancelled, or expire.

e. *Modifications of financial assets and financial liabilities*

i) *Financial assets*

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.

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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 (see 2.3) and a new financial asset shall be recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification shall be accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs shall be included in the initial measurement of the asset; and
- Other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms.

If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it shall first consider whether a portion of the asset should be written off before the modification takes place.

Where the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Bank shall first recalculate the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and shall be amortized over the remaining term of the modified financial asset.

Where such a modification is carried out because of financial difficulties of the borrower, then the gain or loss shall be presented together with impairment losses. In other cases, it shall be presented as interest income calculated using the effective interest rate method.

ii) **Financial liabilities**

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 recognised at fair value. The difference between the carrying amount of the financial liability derecognized and consideration paid is recognised in profit or loss. Consideration paid shall include non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

Where the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability shall be recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

f. **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.

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g. Designation at fair value through profit or loss

i) Financial assets

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.

ii) Financial liabilities

The Bank shall designate certain financial liabilities as at FVTPL in either of the following — 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.

2.3.2 Net interest income

a. Effective interest rate and amortized cost

Interest income and expense are recognised 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.

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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 FVOCI calculated on an effective interest basis;
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and
- The effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.

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.

2.3.3 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 recognised in profit or loss within other (loss)/income. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

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

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2.3.4 Recognition of income and expenses

Revenue is recognised 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 given for domestic trade and services, building and construction, manufacturing, agriculture and personal loans. Other incomes includes margins on letter of credits and performance gaurantees.

2.3.5 Interest and similar income and expense

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available– for–sale 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.

2.3.6 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 correspondent charges and estimation fees, are recognised 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 recognised 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.

2.3.7 Dividend income

This is recognised when the Bank's right to receive the payment is established, which is generally when the shareholders approve and declare the dividend.

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2.3.8 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 recognised in the income statement and it is further broken down into realised and unrealised portion.

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

2.3.9 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with Banks and other short-term highly liquid investments with original maturities of three months or less.

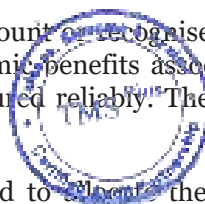
For the purposes of the cash flow statement, cash and cash equivalents include cash and restricted balances with National Bank of Ethiopia.

2.3.10 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 recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in income statement as incurred.

Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised.

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



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Asset category	Years	Residual values
Building	50	5% of cost
Computer and Hardwares	7	1% of Cost
Motor vehicles	10	5% of cost
Furniture and fittings		
Short-lived	5	1% of Cost
Medium -lived	10	1% of Cost
Other and office equipment		
Short-lived	5	1% of Cost
Medium -lived	10	1% of Cost
lived	20	1% of Cost

The Bank commences depreciation when the asset is available for use.

Capital work-in-progress 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 recognised is derecognised 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 derecognised.

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.

2.3.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expenses on intangible assets with finite lives is presented as a separate line item in the income statement.

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Description	Years	Residual value
Software	6	Nil

2.3.12 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 recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised 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 recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised 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 recognised.

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.



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2.3.13 Impairment of non-financial assets

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

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

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised 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 recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised in the income statement.

2.3.14 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 amortised over the period in which the service is to be enjoyed.

(b) Other receivables

Other receivables are recognised upon the occurrence of event or transaction as they arise and cancelled when payment is received.

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2.3.15 Fair value measurement

The Bank measures financial instruments classified as available-for-sale at 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, summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Notes 3 and Note 4.6.1
- Quantitative disclosures of fair value measurement hierarchy Note 4.6.2

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 by 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (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, such as available-for-sale financial assets.

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2.3.16 Employee benefits

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

(a) *Defined contribution plan*

The Bank operates two defined contribution plans;

- i) pension scheme in line with the provisions of Ethiopian pension of private organisation employees proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and the Bank respectively;
- ii) provident fund contribution, funding under this scheme is 2% by only the Bank ;

Both schemes are based on the employees' salary. Employer's contributions to this scheme are charged to profit or loss and other comprehensive income in the period in which they relate.

(b) *Defined benefit plan*

The liability or asset recognised in the balance sheet in respect of defined benefit pension 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 liability recognised in the statement of financial position in respect of defined benefit pension 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, recognised 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 recognised 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.

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(c) Termination benefits

Termination benefits are payable to executive directors when employment is terminated by the Bank before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Bank recognises termination benefits 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.

(d) Profit-sharing and bonus plans

The Banks recognises 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. The Bank recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.3.17 Provisions

Provisions are recognised 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 recognised 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 recognised as other operating expenses.

2.3.18 Share capital

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

2.3.19 Legal reserve

The legal reserve which is a statutory reserve to which no less than 25% of the net profits after taxation shall be transferred each year until such fund is equal to the capital. When the legal reserve equals the capital of the bank, the amount to be transferred to the legal reserve account shall be 10% of the annual net profit.

2.3.20 IFRS 16 - Leases

It sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

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It also elected to apply the practical expedient that allows entities to rely on its assessment of whether leases were onerous by applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.

The adoption of IFRS 16 requires the Bank to make a number of assumptions, estimations and judgments that includes:

- _ lease liabilities were determined based on the value of the remaining lease payments, discounted by an appropriate incremental borrowing rate.
- _ term of each arrangement was based on the original lease term.
- _ The discount rate used to determine lease liabilities was the Bank's incremental borrowing rate. It was calculated based on observable inputs.

At the commencement date, the Bank recognized:

- _ all leases as right-of-use-asset at cost. Cost of right-of-use asset includes the amount of lease liability, lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to be incurred by the Bank in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

- _ a lease liability at the present value of the lease payments that are not paid at that date. Present value of lease payments will be determined by discounting future lease payments at the interest rate implicit in the lease arrangement, if it is readily determined or at Bank's incremental borrowing rate.

After the commencement date, the Bank measures:

- _ right-of-use assets using cost model, i.e. cost at initial recognition less accumulated depreciation (in line with IAS 16: Property, plant and Equipment) and accumulated impairment losses (in line with IAS 36: Impairment of Assets).
- _ lease liability by increasing its carrying amount to reflect interest on the lease liability and by reducing its carrying amount to reflect lease payments made.

Interest incurred on lease liability will be recognized in the statement of profit and loss as a finance cost.

Determination of whether an arrangement is a lease, or contains a lease

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Bank as a lessor

Leases where the Bank does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income is recorded as earned based on the contractual terms of the lease in Other operating income. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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For the Period Ended 30 June 2024

Notes to the financial statements

2.3.2 Income taxation

1

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 recognised 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 recognised 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 realised or the deferred tax liability is settled.

Deferred 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.

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

3 Significant accounting estimates and assumptions

The preparation of the Bank's financial statements requires management to make judgements, 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 4.5
- Financial risk management and policies Note 4
- Sensitivity analyses disclosures Note 4.2.7

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a) 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.

b) Impairment losses on loans and receivables

Regarding impairment of financial instruments the bank needs to do the detail presented in Note 2.3.1 of this financial statement.

3.1 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 4.6 for further disclosures.

3.2 Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. 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.

3.3 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.

In assessing whether there is an indication that an asset may be impaired, the Bank considers the following indications:

(i) External information

- there are observable indications that the asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use;
- significant changes with an adverse effect on the Bank have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Bank operates or in the market to which an asset is dedicated;
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(ii) Internal information

- evidence is available of obsolescence or physical damage of an asset;
- significant changes with an adverse effect on the Bank have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

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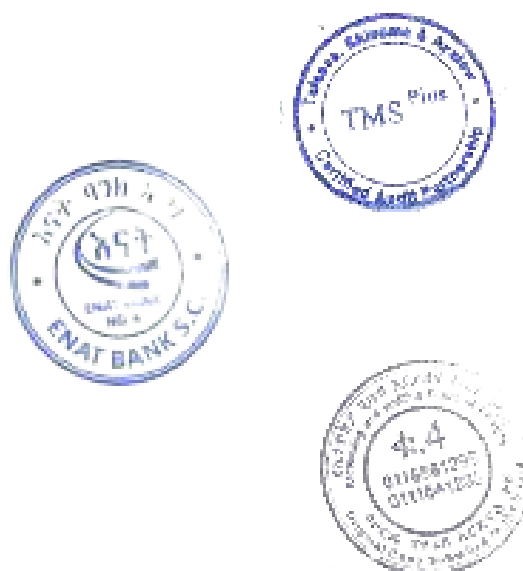
For the Period Ended 30 June 2024

Notes to the financial statements

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



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Notes to the financial statements

4 Financial risk management

4.1 Introduction

Risk is inherent in the Bank's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to credit risk, liquidity risk and market risk. It is also subject to country risk and various operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Bank's policy is to monitor those business risks through the Bank's strategic planning process.

4.1.1 Risk management structure

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework.

The Board has established the Loan Review and Risk sub-Committee, which are responsible for developing and monitoring Bank's risk management policies.

The Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in the regulation, market conditions, products and services offered. The Bank, through its training and procedures and policies for management, aims to develop a constructive control environment, in which all employees understand their roles and obligations.

The Bank's Board of Directors is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Bank's Board of Directors is assisted in these functions by the Risk and Compliance Department.

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.

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4.2 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) sets credit risk limit for a single borrower, one related party and all related parties to not exceed 25% and 35% of Bank's total capital amount as of the reporting quarterly period respectively.

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.



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Notes to the financial statements

4.2.1 Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt investments (2024) and available-for-sale debt assets (2023). Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively

In Birr'ooo Loans and advances to customers at amortised cost	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Stage 1 – Pass	15,499,702	-	-	15,499,702	14,031,033	-	-	14,031,033
Stage 2 – Special mention	-	1,248,311	-	1,248,311	-	603,537	-	603,537
Stage 3 - Non performing	-	-	609,896	609,896	-	-	608,262	608,262
Total gross exposure	15,499,702	1,248,311	609,896	17,357,909	14,031,033	603,537	608,262	15,242,832
Loss allowance	(209,483)	(11,959)	(58,197)	(279,638)	(173,479)	(4,644)	(100,200)	(278,323)
Net carrying amount	15,290,219	1,236,352	551,700	17,078,271	13,857,554	598,894	508,062	14,964,509

In Birr'ooo Other financial assets	2024			2023		
	Gross exposure	Loss allowance	Net carrying amount	Gross exposure	Loss allowance	Net carrying amount
Cash and balances with banks	5,263,608	(219)	5,263,390	5,263,608	(207)	5,263,401
Investment securities (debt instruments)	1,786,813	(64)	1,786,749	1,786,813	(67)	1,786,746
Other receivables and financial assets	1,478,012	(8,761)	1,469,251	1,478,012	(7,446)	1,470,566
Totals	8,528,433	(9,043)	8,519,390	8,528,433	(8,020)	8,520,413

Credit Quality Analysis Disclosures for On Balance Sheet facilities.

Title	2024			
	12 month ECL	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Normal	15,499,702	-	-	15,499,702
Watch	-	1,248,311	-	1,248,311
Non-Performing	-	-	609,896	609,896
Total Exposure	15,499,702	1,248,311	609,896	17,357,909
Loss Allowance	(209,483)	(11,959)	(58,197)	(279,638)
Carrying Amount	15,290,219	1,236,352	551,700	17,078,271

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4.2.2 Collateral held

The Bank holds collateral against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

Nature of security in respect of loans and receivables

	Secured against real estate	Bank guarantees	Equitable Mortgage	Shares	Others
30 June 2024	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
Agriculture			10,382		1,133,573
Construction	301,517		1,293,757		3,296,176
Domestic trade and services			3,041,642	4,178	2,560,444.51
Emergency staff loan					
Export	55,285		669,663		8,969,195.95
Hotel and Tourism			191,325		
Import			2,368,819	20,133.12	4,314,850.59
Industry			1,769,979	34,501.02	3,194,925.29
Personal	7,211		590,413		541,201.55
Staff Personal Loan					
Staff residential loan			843,397		
Staff vehicle loan					194,330
Transport			60,919		3,435,268.51
	364,012	-	10,648,971	58,812	27,639,965

4.2.3 ii) *Investment securities designated as at FVTPL*

At 30 June 2024, the Bank had no exposure to credit risk of the investment securities designated as at FVTPL

4.2.4 Amounts arising from ECL

i) *Inputs, assumptions and techniques used for estimating impairment*

See accounting policy in **Note 2.3.1**

ii) *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,

iii) *Credit risk grades*

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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 judgement. 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 behaviour – e.g. utilisation of credit card facilities
- Affordability metrics

b. **Overdraft exposures**

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

i) **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 analysed by type of product and borrower as well as by credit risk grading. The Bank employs statistical models to analyse 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.

ii) **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. What is considered significant differs for different types of lending.

As a general indicator, credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Bank's quantitative modelling:

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.

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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 behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising 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).

iii) **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 realising 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.

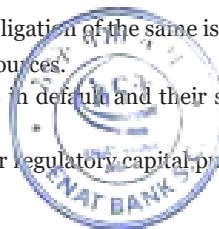
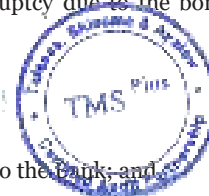
In assessing whether a borrower is in default, the Bank considers indicators that are:

- 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

Incorporation of forward-looking information

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.



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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.

In line with the expected, as well as experienced, Expected Credit Loss forward - looking volatility arising from the economic impact of the Covid 19 global crisis, the Bank has conducted, and overlaid, additional scenario analysis on the macroeconomic overlay model. This includes application of higher probability weights on the downside scenario, lower probability weights on the upside scenario, as well as stress tests on macroeconomic projections. The Bank continues to monitor the economic impact of Covid 19 on its credit risk profile as well as forward - looking Expected Credit Loss estimates and shall update the same on its IFRS 9 forward - looking estimates as and when significant changes in the overall macroeconomic environment are experienced.

External information considered includes economic data and forecasts published by Business Monitor International, an external and independent macroeconomic data body. 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 macro-economic variables and credit risk and credit losses.

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

Sector/Product
Agriculture, Personal loans and Staff loans
Domestic Trade & Services
Building & Construction and Manufacturing & Production
Export and Import

Scenario probability weightings

As at June	2024			2023		
Scenario	Optimistic (upside)	Base	Downturn (downside)	Median/Central	Downside	
Cluster 1	0%	100%	0%	91%	0%	
Cluster 2	0%	100%	0%	100%	0%	
Cluster 3	0%	92%	8.00%	48%	52%	0.00%
Cluster 4	0%	100%	0%	91%	0%	

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

4.2.5 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 derecognised and the renegotiated loan recognised 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.

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When modification results in derecognition, a new loan is recognised 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 maximise collection opportunities and minimise 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 behavioural 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 behaviour 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.

4.2.6 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.

For loans secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

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 amortisation. 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.

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As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period.

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

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

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- credit risk grading;
- collateral type;
- LTV ratio for retail mortgages;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- Geographic location of the borrower.

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



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4.2.7 Concentrations of credit risk

The Bank monitors concentrations of credit risk by economic sector. An analysis of concentrations of credit risk from loans and advances, loan commitments, financial guarantees and investment securities is shown below;

	<i>Note</i>	Amount Millions of ETB
Carrying amount	15	17,078,271
Amount committed/guaranteed		17,357,909
Concentration by sector		
Agriculture		557,460
Industry		2,172,673
Construction		2,585,106
Domestic Trade and Services		3,310,046
Personal loans		757,900
Export		3,295,793
Import		2,065,816
Transportation		1,678,498
Emergency Staff Loan		155,381
Staff Residential Loan		657,283
Staff Vehicle Loan		120,509
Hotel and Tourism		1,445

4.2.8 Offsetting financial assets and financial liabilities

The Bank does not offset financial assets against financial liabilities.

Net interest income

In millions of ETB	2024	2023
Interest income	3,003,009	2,298,726
Interest expense	(1,838,023)	(1,372,795)
Net interest income	1,164,986	925,931



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4.3 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.

Liquidity risk management in the Bank is solely determined by Asset and Liability Committee, which bears the overall responsibility for liquidity risk. The main objective of the Bank's liquidity risk framework is to maintain sufficient liquidity in order to ensure that we meet our maturing obligations.

4.3.1 Management of liquidity risk

Cash flow forecasting is performed by the finance department. The finance 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 to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Bank's reputation.

4.3.2 Financing arrangements

The Bank has access to the following undrawn borrowing facilities at the end of the reporting period:

	30 June 2024	30 June 2023
Expiring within one year (borrowings)	1,191,117	713,862
Expiring beyond one year (borrowings)	1,191,117	713,862

4.3.3 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	4,741,100	956,960	1,005,360	2,077,860	12,169,210
Debt securities issued					
Borrowings					1,191,117
Other liabilities	1,160,450	27,800	14,430	95,480	4,857,350
Total financial	5,901,550.00	984,760.00	1,019,790.00	2,173,340.00	18,217,677.01

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30 June 2023	0 - 30 days Birr'000	31 - 90 days Birr'000	91 - 180 day Birr'000	181 - 365 days Birr'000	Over 1 year Birr'000
Deposits from customers	4,020,025	1,058,019	2,242,970	2,741,585	7,789,839
Debt securities issued					
Borrowings					1,191,117
Other liabilities	120,666	210,564	293,453	496,801	
Total financial	4,140,691	1,268,583	2,536,423	3,238,386	8,980,956

4.4 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.

4.4.1 Management of market risk

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

4.4.2 Management 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.

30 June 2024	Fixed Birr'000	Floating Birr'000	Non-interest bearing Birr'000	Total Birr'000
Assets				
Cash and balances with banks	2,321,289	586,605	2,355,714	5,263,608
Loans and receivables	-	-	-	-
Total	2,321,289	586,605	2,355,714	5,263,608
Liabilities				
Deposits from customers	20,950,490	-	-	20,950,490
Debt securities issued				
Other liabilities	7,346,627			7,346,627
Total	28,297,117	-	-	28,297,117

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30 June 2023	Fixed	Floating	Non-interest bearing	Total
	Birr'000	Birr'000	Birr'000	Birr'000
Assets				
Cash and balances with banks	2,321,289	586,605	2,355,714	5,263,608
Loans and receivables	-	-	-	-
Total	2,321,289	586,605	2,355,714	5,263,608
Liabilities				
Deposits from customers	20,950,490	-	-	20,950,490
Debt securities issued	-	-	-	-
Other liabilities	1,188,319	-	-	1,188,319
Total	22,138,809	-	-	22,138,809

(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 table below summarises 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.

Foreign currency denominated balances

	30 June 2024	1 July 2023
	Birr'000	Birr'000
Cash and bank balances	5,263,608	4,410,670
Deposit from customers	20,831,626	17,852,437
	26,095,234	22,263,106

4.5 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.

4.5.1 Capital adequacy ratio

According to the Licensing & Supervision of Banking Business Directive No SBB/50/2011 of the National Bank of Ethiopia, the Bank has to maintain capital to risk weighted assets ratio of 8% at all times, the risk weighted assets being calculated as per the provisions of Directive No SBB/9/95 issued on August 18, 1995.

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. Capital includes capital contribution, retained earnings, legal reserve and other reserves .

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	30 June 2024 Birr'000	1 July 2023 Birr'000
Capital		
Capital contribution	3,004,936	2,538,248
Retained earnings	319,193	373,054
Legal reserve	618,146	479,347
	<u>3,942,275</u>	<u>3,577,326</u>
Risk weighted assets		
Risk weighted balance for on-balance sheet items	20,629,790	17,082,680
Credit equivalents for off-balance sheet items	5,164,850	3,746,150
	<u>25,794,640</u>	<u>20,828,830</u>
 Risk-weighted Capital Adequacy Ratio (CAR)	14.05%	15%
Minimum required capital	8%	8%
Excess	6.05%	7%

4.6 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 categorised 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.

4.6.1. 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 categorised 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 not to be 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 data 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.

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

The following table summarises 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 categorised. The amounts are based on the values recognised in the statement of financial position.

		Carrying Fair value amount	
		Birr'000	Birr'000
30 June 2024			
Financial assets			
Cash and balances with banks		5,263,608	5,263,608
Loans and receivables		17,078,271	17,078,271
Investment securities		1,786,813	1,786,813
Total		24,128,692	24,128,692
Financial liabilities			
Deposits from customers		20,831,626	20,831,626
Debt securities issued		-	-
Borrowings		1,176,918	1,176,918
Other liabilities		1,737,842	1,737,842
Total		23,746,386	23,746,386
30 June 2023			
Financial assets			
Cash and balances with banks		4,410,670	4,410,670
Loans and receivables		14,964,509	14,964,509
Investment securities		1,666,219	1,666,219
Total		21,041,398	#####
Financial liabilities			
Deposits from customers		17,852,437	17,852,437
Debt securities issued		-	-
Borrowings		713,862.00	713,862
Other liabilities		1,118,800	1,118,800
Total		19,685,099	19,685,099

The bank Equity investment in Eth-Switch s.c with a cost of 28.56 million and in United Insurance s.c with a cost of 7.33 million have been measured for Fair value. Due to non availability of stock market we can't measure it with first hand information.

As the financial report for United Insurance s.c for the fiscal year ended 2024 was not ready during the evaluation time fair was made using financial statement of June 2023 .

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	30 June 2024 Birr'000	30 June 2023 Birr'000
5 Interest income		
Interest on term loans	2,320,919	1,766,856
Interest on import and export facilities	34,471	298
Interest on overdraft	397,887	319,424
Interest on deposits with domestic banks	116,012	108,282
Interest on NBE bills	127,666	97,478
Interest earned on correspondents	6,054	6,388
	3,003,009	2,298,726
	30 June 2024 Birr'000	30 June 2023 Birr'000
6 Interest expense		
Interest on certificate of deposits	(1,034,689)	(784,406)
Interest on customer savings	(680,531)	(491,742)
Interest on Borrowing	(122,803)	(96,647)
	(1,838,023)	(1,372,795)
	30 June 2024 Birr'000	30 June 2023 Birr'000
7 Net fees and commission income		
Fee and commission income		
Financial guarantee contracts issued	615,106	462,406
Commission on letters of credit	148,321	151,751
Cashier payment order	340	321
Commission on managed funds	15,021	522
	778,787	615,000
Fee and commission expense	-	-
Net fees and commission income	778,787	615,000

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8 Other operating income

	30 June 2024 Birr'000	30 June 2023 Birr'000
Net gain on foreign exchange	69,843	21,746
Service charge	378,404	346,090
Other income	44,992	35,331
Correspondent charges	5	8
Dividend income	10,030	4,770
Postage and processing fees	1	4
Swift charges	2,365	2,111
Penalty Charge Income	4,995	6,895
	510,634	416,954

9 Loan impairment charge

	30 June 2024 Birr'000	30 June 2023 Birr'000
Loans and receivables - charge for the year	(78,556)	(141,234)
Loans and receivables - reversal of provision	-	-
	(78,556)	(141,234)

10 Impairment losses on other assets

	30 June 2024 Birr'000	30 June 2023 Birr'000
Other assets - charge for the year	(9,043)	(8,066)
Other assets - reversal of impairment losses	-	-
	(9,043)	(8,066)

11 Personnel expenses

Short term employee benefits :

Salaries and wages	(583,894)	(383,694)
Staff allowances	(202,725)	(116,200)
Overtime	(2,175)	(1,804)
Bonus	(58,879)	(62,467)
Pension costs – Defined contribution plan	(75,047)	(49,118)
Other staff expenses	(80,552)	(57,428)
	(1,003,273)	(670,712)

Long term employee benefits :

Pension costs - Defined benefit plans	(15,492)	(8,115)
	(15,492)	(8,115)
	(1,018,764)	(678,827)

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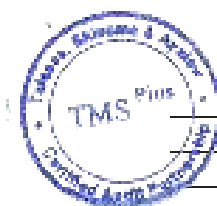
Notes to the financial statements

	30 June 2024 Birr'000	30 June 2023 Birr'000
12 Other operating expenses		
Depreciation expenses - office rent	(176,757)	(119,998)
Office supplies and sundry	(67,050)	(30,574)
Advertisement and Publicity	(69,083)	(31,599)
Commissions	-	(221)
Electricity, telephone and internet	(18,254)	(13,459)
Travelling expenses	(237)	(55)
Repairs and maintenance	(27,546)	(12,277)
Event organization expense	(5,171)	(3,096)
Fuel and lubricants	(8,247)	(6,075)
Per diem administration	(10,588)	(8,116)
Representation allowance	(4,910)	(3,847)
Insurance	(6,091)	(3,005)
Legal and professional fees	(22,300)	(33,896)
Entertainment	(6,767)	(4,408)
Director fees	(1,370)	(1,320)
Correspondent costs	(872)	(802)
Bank charges	(16,396)	(14,699)
Subscription and Publication	(653)	(373)
Wages for non employees	(1,720)	(1,400)
Management and Board Meeting	(1,026)	-
Women loan expense	-	-
Audit fees	(26)	(280)
Donations	(12,165)	(17,868)
Postage and stamps	(463)	(260)
Security expenses	(89,872)	(45,821)
	(547,561)	(353,449)

	30 June 2024 Birr'000	30 June 2023 Birr'000
13 Company income and deferred tax		

13a Current income tax

Company income tax	144,159.88	178,730
Prior year (over)/under provision	-	-
Deferred income tax/(credit) to profit or loss	14,678	1,484
Total charge to profit or loss	158,838	180,214
Tax (credit) on other comprehensive income	(2,814)	(10,752)



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13b Reconciliation of effective tax to statutory tax

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:

	30 June 2024 Birr'000	30 June 2023 Birr'000
Profit before tax	714,036	723,854
Add: Disallowed expenses		
Donation	12,165	17,868
Hardship Allowance	29,243	14,801
Leave pay Accrual	27,868	23,328
Entertainment	8,680	4,408
Severance pay temporary difference	15,492	8,115
Provision for loans and advances as per IFRS	78,556	141,234
Depreciation for accounting purpose	73,141	40,900
Amortization for accounting purpose	13,305	11,555
Other Provision IFRS	9,043	8,066
Share Selling Agent Payment	-	221
Penalty	11,492	12,272
Employee benefit loan	11,095	4,634
	-	-
Total disallowable expenses	290,079	287,403
Less: Allowable		
Depreciation for tax purpose	105,104	56,744
Interest income on deposit with other bank	116,012	108,282
Interest income on NBE Bills/T/Bills	18,607	68,542
Provision for loans and advances for tax NBE 80% source	164,771	148,215
	10,030	4,770
Income Earned on Government Bonds	26,403	24,536
Income Earned on Treasury Bonds	82,657	4,399
Total allowable expenses	523,583	415,489
Taxable profit	480,533	595,768
Current tax at 30%	144,160	178,730

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	30 June 2024 Birr'000	30 June 2023 Birr'000
13c Current income tax liability		
Balance at the beginning of the year	(178,730)	(60,072)
Current year provision	(144,160)	(178,730)
WHT Notes utilized		-
Payment during the year	178,730	60,072
Balance at the end of the year	(144,160)	(178,730)

13d Deferred income tax

Deferred income 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.

	30 June 2024 Birr'000	30 June 2023 Birr'000
The analysis of deferred tax assets/(liabilities) is as follows:		
To be recovered after more than 12 months	(52,047)	(34,554)
To be recovered within 12 months	-	-
	(52,047)	(34,554)

13e Deferred income tax assets and liabilities, deferred income tax charge/(credit) in profit or loss ("P/L), in equity and other comprehensive income are attributable to the following items:

Deferred income tax assets/(liabilities):	At 1 July 2023	Effect of charge/(credit) to P/L	Credit/(charge) to equity	30 June 2024
	Birr'000	Birr'000	Birr'000	Birr'000
Property, plant and equipment	(12,245)	(10,326)	-	(31,571)
Post employment benefit oblig	6,907	4,647	3,197	14,751
Equity Securities	(29,218)	-	(6,011)	(35,229)
Total deferred tax assets/(	(34,554)	(14,679)	(2,814)	(52,047)

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	30 June 2024 Birr'000	30 June 2023 Birr'000
14 Cash and balances with banks		
Cash in hand	586,605	264,424
Balance held with National Bank of Ethiopia	2,355,714	2,052,962
Deposits with local banks	1,625,945	1,578,299
Deposits with foreign banks	695,344	514,985
	5,263,608	4,410,670
Maturity analysis		
	30 June 2024 Birr'000	30 June 2023 Birr'000
Current	3,826,678	3,208,740
Non-Current	1,436,930	1,201,930
	5,263,608	4,410,670
15 Loans and receivables		
Agriculture	557,460	111,115
Industry	2,172,673	1,965,339
Construction	2,585,106	2,113,848
Domestic Trade and Services	3,310,046	2,647,335
Personal loans	757,900	298,195
Export	3,295,793	4,103,669
Import	2,065,816	1,769,522
Transportation	1,678,498	1,450,123
Emergency Staff Loan	155,381	90,529
Staff Residential Loan	657,283	468,968
Staff Vehicle Loan	120,509	70,465
Hotel and Tourism	1,445	153,728
Gross amount	17,357,909	15,242,837
Less: Impairment allowance (note 4.2.1)	279,638	278,328
	17,078,271	14,964,509

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	30 June 2024 Birr'000	30 June 2023 Birr'000
16 Investment securities		
16a Fair value through other comprehensive income		
Equity Investments	165,746	113,524
	165,746	113,524
16b Amortized cost		
NBE bills	1,621,067	1,552,696
Gross amount	1,621,067	1,552,696
Less individual allowance for impairment	-	-
	1,786,813	1,666,219
Maturity analysis		
	30 June 2024 Birr'000	30 June 2023 Birr'000
Current	-	-
Non-Current	1,786,813	1,666,219
	1,786,813	1,666,219

The Bank hold equity investments in Eth-switch of 1.94% (of the subscribed capital of the investee as of June 30, 2024) and United Insurance Share Company of 1.18% (30 June 2023 of the total subscribed capital of the investee). These investments are unquoted equity securities measured at cost.



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		30 June 2024 Birr'000	30 June 2023 Birr'000
17 Other assets			
Financial assets			
Items in course of collection		2,988	591
Uncleared effects		393,956	249,890
	-	396,944	250,482
Non-financial assets			
Prepaid staff benefit		119,417	112,644
Prepaid Assets Women loans benefit		-	40
Deposit and Prepayments		18,790	30,538
Sundry receivables		916,853	322,950
Inventory and office supplies		55,160	30,132
	-	1,110,220	496,304
Less :			
Impairment allowance on other assets	-	(29,152)	(20,109)
Gross amount	-	1,478,012	726,677
Maturity analysis			
		30 June 2024 Birr'000	30 June 2023 Birr'000
Current		367,792	230,373
Non-Current		1,110,220	496,304
Impairment allowance on other assets		1,478,012	726,677



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17a 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	29,152	20,109
(Reversal)/charge for the year (note 10)	-	-
Balance at the end of the year	29,152	20,109

17b Inventory

A breakdown of the items included within inventory is as follows:

	30 June 2024 Birr'000	30 June 2023 Birr'000
Stationary stock account	27,503	15,835
Other stock	8,131	5,053
Stock accounts	3,487	3,279
Uniform stock	4,871	2,074
Cheque book stock	1,457.2	1,164
Revenue stamp loans	26	21
Revenue stamp accounts	11.3	11.4
ATM Debit Card (ENAT Card)	9,674	2,690
	55,160	30,132



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18 Intangible Assets

	Purchased software Birr'000
Cost:	
As at 1 July 2023	69,132
Acquisitions	61,158
Reclassifications	
As at 30 June 2024	130,290
Accumulated amortisation and impairment losses	
As at 1 July 2023	(57,802)
Amortisation for the year	(13,305)
Impairment losses	-
As at 30 June 2024	(71,107)
Net book value	
As at 30 June 2023	11,330
As at 30 June 2024	59,183



Enat Bank Share Company

IFRS Financial Statements

For the Period Ended 30 June 2024

Notes to the financial statements

	Motor vehicles	Premises	Office and other equipment	Furniture and fittings	Computer and accessori	Total
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
19 Property, plant and equipment						
Cost:						
As at 1 July 2023	53,354	39,937	131,986	150,497	124,458	500,233
Additions	91,534	59	75,546	113,330	84,636	365,105
Disposals	-	-	(101)	-	(31)	(131)
Reclassification	-	-	-	-	-	-
As at 30 June 2024	144,888	39,997	207,431	263,827	209,063	865,207
Accumulated depreciation						
As at 1 July 2023	33,371	3,258	46,191	40,878	55,831	179,529
Charge for the year	10,021	757	23,430	20,029	18,905	73,141
Disposals	-	-	(2)	-	(30)	(32)
Reclassification	-	-	-	-	-	-
As at 30 June 2024	43,392	4,015	69,619	60,906	74,706	252,638
Net book value						
As at 30 June 2023	19,983	36,679	85,795	109,619	68,627	340,704
As at 30 June 2024	101,496	35,982	137,812	202,921	134,357	612,569
20 Construction in progress						
Cost:						
As at 1 July 2023						35,169
Acquisitions						12,669
Reclassifications						-
As at 30 June 2024						47,838

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Notes to the financial statements

21	asset	30 June 2024 Land Birr'000	30 June 2023 Land Lease Birr'000
	Cost:		
	As at 1 July 2023	100,653	100,653
	Acquisitions		
	Accumulated depreciation	7,652	5,975
	As at 30 June 2024	93,001	94,678
		Office Rent Birr'000	Office Rent Birr'000
	Cost:		
	As at 1 July 2023	515,726	360,817
	Acquisitions	172,091	154,909
	Reclassifications	-	-
	As at 30 June 2024	687,816	515,726
	Net book value as at 30 June 2024	780,817	610,404

22	Assets held for sale	30 June 2024 Birr'000	30 June 2023 Birr'000
	Balance as at the beginning of the year	19,204	19,204
	Transfer from property, plant and equipment	-	-
	Addition	92,337	33,198
	Disposals	-	-
	Fair value gain/(loss) on assets held for sale	-	-
	Balance at the end of the year	111,541	52,402

Enat bank took over collateral of some customers assets and these were recorded in the books Assets classified as held for sale as the Bank had no intention to make use of the property for administrative use. Management initiated a plan to dispose of these assets to willing buyers and expects to have completed the transaction before the end of the next financial period.

These assets have been valued by in-house engineers responsible for collateral valuation using the market approach determined using Level 3 inputs.

There is no cumulative income or expenses in OCI relating to assets held for sale.

23 a	Deposits from customers (Conv.)	30 June 2024 Birr'000	30 June 2023 Birr'000
	Demand deposits	3,316,207	3,258,107
	Savings deposits	10,123,728	8,744,869
	Time deposits	7,391,690	5,849,461
		20,831,626	17,852,437
23 b	Interest Free Deposit		
	IFB Savings	130,693	
	IFB Current	50,041	
		180,734	

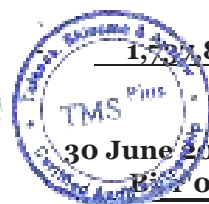
Enat Bank Share Company

IFRS Financial Statements

For the Period Ended 30 June 2024

Notes to the financial statements

	30 June 2024 Birr'000	30 June 2023 Birr'000
24 Other liabilities		
Financial liabilities		
Unearned Income	24,453	15,572
Audit fee	-	280
Borrowing	1,176,918	713,862
	1,201,371	729,714
Non-financial liabilities		
Other payable	224,677	180,062
Blocked current account	123,917	68,517
Tax payable	36,773	17,993
Sales tax on interest paid	10,258	1,473
VAT Payable	930	535
Dividend payable	898	359
Defined contribution liabilities	12,211	6,554
Payable to withdrawing shareholders	-	-
Withholding tax payable	1,994	953
Graduate Tax	251	50
Incoming 205 Payable	-	-
Capital gain tax	-	-
Director fees payable	1,650	1,650
Leave days accrual	47,713	33,482
Stamp duty payables	1,024	394
Lease Liabilities	74,174	77,062
	536,471	389,086
Gross amount	1,737,842	1,118,800
24 a Lease Liability		
Cost:		
Land lease	72,161	75,154
Office rent	2,013	1,908
As at 30 June 2023	74,174	77,062
Maturity analysis		
Current	486,749	327,876
Non-Current	1,251,093	790,924
	1,737,842	1,118,800



Enat Bank Share Company

IFRS Financial Statements

For the Period Ended 30 June 2024

Notes to the financial statements

	30 June 2024 Birr'000	30 June 2023 Birr'000
25 Retirement benefit obligations		
Defined benefits liabilities:		
Severance pay Note 24(a)	59,617	36,238
Liability in the statement of financial position	59,617	36,238
Income statement charge included in personnel expenses:		
Severance costs Note 24(a)	(59,617)	(36,238)
Total defined benefit expenses	(59,617)	(36,238)
Remeasurements for:		
Remeasurement (gains)/ Note 24(a)	(10,657)	(10,808)
Deferred tax liability (asset)/ on remeasurement (gains)/lo	3,197	3,242
	(7,460)	(7,565)

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	-	-
Non-Current	59,617	36,238
	59,617	36,238

25a Severance pay

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 (i.e. has not met the requirement to access the pension fund). 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.

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Notes to the financial statements

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

	30 June 2024 Birr'000	30 June 2023 Birr'000
A Liability recognized in the financial position	59,617	36,238

	30 June 2023 Birr'000	30 June 2022 Birr'000
B Amount recognized in the profit or loss		
Current service cost	2,844	2,844
Interest cost	5,271	5,271
	8,115	8,115

25b Retirement benefit obligations (Contd)	30 June 2024 Birr'000	30 June 2023 Birr'000
Amount recognized in other comprehensive income:		
Remeasurement (gains)/losses arising from changes in demographic assumptions	-	-
Remeasurement (gains)/losses arising from changes in the financial assumptions	4,398	2,764
Remeasurement (gains)/losses arising from loss experience	6,259	7,995
	10,657	10,808

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	(36,238)	-20,334
Current service cost	(15,492)	-10,759
Interest cost	(10,657)	-8,115
Remeasurement (gains)/ losses	2,772	2,970
Benefits paid		
Actuarial(Gains/Losses on experience Liabili		
year	-59,615	-36,238

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For the Period Ended 30 June 2024

Notes to the financial statements

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	20.70%	20.70%
Inflation rate	15.10%	15.10%
Salary Increase rate	17.10%	17.10%
Net pre-retirement rate	0.03	0.03

ii) Mortality in Service

The rate of mortality assumed for employees are those according to the British A49/52 ultimate table published by the Institute of Actuaries of England. These rates combined are approximately summarized as follows:

Age	Mortality rate Male	Mortality rate Females
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	0.00450	0.00428
50	0.00628	0.00628
55	0.00979	0.00979
60	0.01536	0.01536

25c Retirement benefit obligations (Contd)

iii) Service

The withdrawal rates are as summarized below:

Age	Annual rate of resignation
20	0.00%
25	5.40%
30	2.90%
35	3.40%
40	5.00%
45	4.50%
50+	5.20%

The sensitivity of the overall defined benefit liability to changes in the weighted principal assumption is:

Enat Bank Share Company

IFRS Financial Statements

For the Period Ended 30 June 2024

Notes to the financial statements

	30 June 2024 Birr'000	30 June 2023 Birr'000
26 Ordinary share capital		
Authorized:		
Ordinary shares of Birr 1000 each	15,000,000	2,796,747
Issued and fully paid:		
Ordinary shares of Birr 1,000 each	3,004,936	2,538,248

Earning per share

Basic earnings per share(EPS) is calculated by dividing the profit after taxation by 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	555,198	543,640
Weighted average number of ordinary shares in issue	2,755	2,277
Basic and diluted earnings per share (Birr)	201	239

	30 June 2024 Birr'000	30 June 2023 Birr'000
27 Retained earnings		
At the beginning of the year	373,054	182,144
Profit/ (Loss) for the year	555,198	543,640
Transfer to legal reserve	(138,800)	(135,910)
Transfer to special reserve	(11,192)	(5,464)
Transfer to regulatory reserve suspended interest difference	-	-
Transfer to regulatory reserve loan loss provision difference	(95,556)	(33,026)
Dividend provided for share holders	(361,862)	(176,680)
Directors share on profit	(1,650)	(1,650)
Transfer from regulatory reserve loan loss provision difference	-	-
Prior period adjustment	-	-
At the end of the year	319,193	373,054

Enat Bank Share Company

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For the Period Ended 30 June 2024

Notes to the financial statements

	30 June 2024 Birr'000	30 June 2023 Birr'000
28 Legal reserve		
At the beginning of the year	479,347	343,437
Transfer from profit or loss	138,800	135,910
At the end of the year	618,146	479,347

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.

	30 June 2024 Birr'000	30 June 2023 Birr'000
29 Regulatory risk reserve		
At the beginning of the year	100,677	76,400
Transfer (from) retained earnings	95,556	33,026
Transferred to loan provision	(27,987)	(8,749)
At the end of the year	168,246	100,677

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 incurred 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 incurred loss model 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 incurred loss model under IFRS, the difference is transferred from regulatory risk reserve to the retained earnings to the extent of the non-distributable reserve previously recognized.

	30 June 2024 Birr'000	30 June 2023 Birr'000
30 Special reserve		
At the beginning of the year	29,251	24,334
Collateral settlement	-533	
Transfer (from) / to retained earnings	11,192	5,464
Dividend tax paid on last year reserve	(1,119)	(546)
At the end of the year	38,791	29,251

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Notes to the financial statements

	Notes	30 June 2024 Birr'000	30 June 2023 Birr'000
31 Cash generated from operating activities			
Profit before tax		714,036	723,854
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	19	73,141	40,900
Amortization of intangible assets	18	13,305	11,555
Gain/(Loss) on disposal of property, plant and equipment	19	99	458
Impairment on loans and receivables	15	78,556	141,234
Retirement Benefit liability	25	(15,492)	
Impairment on other asset	17	9,043	
Net gain or loss on foreign exchange	8	-	-
Change in working capital			
-Increase in loans and advances to customer	15	(2,113,762)	(3,899,561)
-Increase in other asset	17,21	(1,042,957)	(173,809)
-Increase /Decrease/ in other liabilities	24	619,042	(315,883)
-Increase in deposits from customer and IFB	23	3,159,923	4,802,184
-Decrease/ (Increase) in remeasurement			
		1,494,935	1,330,931

In the statement of cash flows, profit on sale of property, plant and equipment (PPE) comprise:

	30 June 2024 Birr'000	30 June 2023 Birr'000
Proceeds on disposal	131	597
Net book value of property, plant and equipment disposed (Note 19)	32	139
Gain/(loss) on sale of property, plant and equipment	99	458

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IFRS Financial Statements

For the Period Ended 30 June 2024

Notes to the financial statements

32 Related party transactions

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

	30 June 2024	30 June 2023
	Birr'000	Birr'000
32a Transactions with related parties		
Loans disbursed to :		
Key management	8,674	8,674
	8,674	8,674

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 2020.

	30 June 2024	30 June 2023
	Birr'000	Birr'000
Salaries and other short-term employee benefits	16,377	13,705
Post-employment benefits	1,228	1,228
Termination benefits	-	-
Sitting allowance (Representation Allowance)	384	384
Other expenses (Provident fund contribution)	223	223
	18,213	15,540

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

- i) The average number of persons (excluding directors) employed by the Bank during the year was as follows:

	30 June 2024	30 June 2023
	Number	Number
Professionals and High Level Supervisors	246	207
Semi-professional, Administrative and Clerical	1,630	1,302
Technician and Skilled	54	57
	1,930	1,566

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- ii) The table below shows the number of employees (excluding directors), who earned over Birr 10,000 as emoluments in the year and were within the bands stated.

	30 June 2024 Number'000	1 July 2023 Number'000
10,000 - 30,000	1,443	1,081
30,001 - 50,000	330	255
50,001 - 100,000	145	81
Above 100,000	12	8
	1,930	1,425

34 Contingent liabilities

34a Claims and litigation

The Bank had 21 cases since the previous calander year which are under litigation of which 4 cases are decided in favor of the Bank. From the remaining 17 cases except one which the bank is expecting high probability of incurring liability the probability for the remaining cases is very remote. In addition, the bank has also held an appropriate provision for such cases.

34b Guarantees and letters of credit

The Bank conducts business involving performance bonds and guarantees. 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.

Guarantees Issued
Letters of credit

	30 June 2024 Birr'000	30 June 2023 Birr'000
	9,560,035	7,072,560
	157,792	438,401
	9,717,827	7,510,961

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Performance and advance Guarantees issued to construction companies

Performance	1,922,382
Advance	<u>6,274,023</u>
	<u>8,196,405</u>
Others	
Suppliers	516,435
Retention	181,403
Customs	
Bid bond	<u>665,792</u>
	<u>1,363,630</u>
	<u>9,560,035</u>

Some of the guarantees and advances cast significant uncertainty which may adversely affect the Bank Financial situation unless current economic environment is changed.

35 Commitments

The Bank has commitments, not provided for in these financial statements being unutilized facilities.

	30 June 2024 Birr'000	30 June 2023 Birr'000
Loans approved but not disbursed	-	-
Unutilized facilities	706,540	244,377
	706,540	244,377

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 "&I59&" and on the profit for the period ended on that date.

However, on 29 July 2024, the National Bank of Ethiopia announced a major revision of the country's foreign exchange (FX) system. This reform introduces a competitive, market-based determination of the exchange rate, addressing a long-standing distortion within the Ethiopian economy. The implementation of this reform will be guided by the new Foreign Exchange Directive (FXD/01/2024), which was released on the same day.

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One of the major changes is the shift to market-based exchange rates, allowing banks to buy and sell foreign currencies at freely negotiated rates instead of the previous fixed exchange rate system. This move is expected to increase the availability of foreign exchange in the market, as banks and exporters are no longer required to surrender foreign exchange to the central bank. Additionally, the introduction of non-bank foreign exchange bureaus is set to increase competition in the FX market, potentially affecting banks' market share.

Another important change is the simplification of rules governing foreign currency accounts. Residents can now open foreign currency accounts based on various sources of foreign income, making it easier for individuals and businesses to manage their foreign exchange needs. These reforms aim to create a more competitive and efficient FX market, which could lead to greater stability and growth in the banking sector. Overall, these changes are expected to enhance the flexibility and responsiveness of the Ethiopian financial system to global economic conditions.

It's worth mentioning that this announcement does not impact our financial statements for the fiscal year ending June 30, 2024. We have no outstanding Letters of Credit or other net payable commitments, including off-balance sheet items. The changes were implemented after the reporting period.

37 Environmental and Climate-Related Risks

In the context of Ethiopia, climate change disclosures in IFRS reports would typically include information on how climate-related risks and opportunities affect the financial statements and the overall financial performance of entities within the country. As per the International Sustainability Standards Board (ISSB), the IFRS S2 Climate-related Disclosures standard requires entities to disclose information about their climate-related risks and opportunities that could reasonably be expected to affect their cash flows, access to finance, or cost of capital over the short, medium, or long term.

We are dedicated to sustainable operations and responsible lending. We continuously evaluate and address our climate-related risks and opportunities, implementing processes to improve our climate risk management. Additionally, through our environmental and social due diligence, we assist our customers in adopting measures to mitigate any negative environmental impacts.

Frequent droughts, floods, and locust infestations are some of the manifestations of extreme climate events in Ethiopia. Over the past four decades, the average annual temperature in the country has risen by approximately 0.37 degrees Celsius per decade. This Initiative, directly linked to Goal 13 of the SDGs, complements Ethiopia's efforts to reduce its vulnerability to climate change.

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Expected Impact of Ethiopia's Green Legacy Initiative

Ethiopia's Green Legacy Initiative aligns with multiple targets of the 2030 Agenda, including food security. In 2022 alone, over 500 million seedlings including high-value crops like avocados, mangoes, apples, and papayas were planted. This effort supports the drive towards food self-sufficiency by promoting sustainable agriculture, as outlined in Sustainable Development Goal 2. The Initiative is a major flagship project aimed at achieving the adaptation of goals set in the National Adaptation Plan. Ethiopia, being one of the vulnerable countries to climate change, stands to benefit significantly from this initiative. The approach includes ecosystem restoration, biodiversity conservation, renewable energy promotion, and building a green economy.



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ENAT BANK
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ፈጣን በሆነው ዓለም ዐቀፍና አገራዊ የፋይናንስ ክባቢ እውጥ ውስጥ ሆነን፤ እገጠመን ተግዳሮቶች እና እተፈጠሩልን ዕድሎች የሰጠነው ሞላሽ የሚያመለክተውን ዓመታዊ ሪፖርት ሳቀርብላችሁ በደስታና በከፍተኛ አክብሮት ነው።

ያለፈውን ዓመት ሰናሰብ፤ የዓለም ዐቀፋ ኢኮኖሚ የአቅርቦት ሰንሰለት መቆራረጥ ያስከተለው የዋጋ ግሽበት፣ ጂኦፖለቲካዊ ውጥረቶች እና የኅይወት አቅርቦት ዋጋ ማሻቀብ የተጋረጡበት ፈተናዎቹ ነበሩ። እነዚህ ፈተናዎች በተለይ በሚደግ ላይ ላሉ ገበያዎች አስመረጋጋትን አስከትለዋል። ይህ የሆነው ደግሞ የኮቪድ 19 ወረርሽኝ ያሳደረው ተጽዕኖ ሙሉ ለሙሉ ባልተወገደበት ሁኔታ ነው።

በአገር ውስጥ፣ የኢትዮጵያ ኢኮኖሚ ዘርፈ ብዙ ችግሮች አጋጥመውታል። በአገሪቱ የተወሰኑ አካባቢዎች የተከሰቱ ከሰላምና ጸጥታ ጋር የተያያዙ ችግሮች፣ በአቅርቦት ሰንሰለቱና የንግድ እንቅስቃሴዎች ላይ እንቅፋት አሳድረዋል። ከጊዜ ወደ ጊዜ እየጨመረ የመጣው የዋጋ ንረት ኢኮኖሚያዊ ችግሩን አባብሶታል፤ የኑሮ ውድነቱ መባባሰም በሽማቸችና በንግድ እንቅስቃሴው ላይ ተጽዕኖውን አሳርፏል። እነዚህ መንስዔዎች ሁሉም ሴክተሮች ችግሩን እንዲቋቋሙት የሚያስገድዱ አስቸጋሪ ኢኮኖሚያዊ ክባቢን ፈጥረዋል።

በሞላሽ መንግሥት የፋይናንስ ሴክተርን ለማረጋገጥ እና ኢኮኖሚው እንዲያደግ የሚያስችሉ ቁልፍ የፖሊሲ ማሻሻያዎችን ማድረግ ጀምሯል። በቅርቡ ተግባራዊ የተደረገው የሞንዛሪ ተመን ሥርዐት፣ የውጭ ሞንዛሪ ዕጥረትን ለመቅረፍ እና የዋጋ ግሽበትን ለማረጋገጥ ወሳኝ እርምጃ ነው። በተጨማሪም፣ የኢትዮጵያ የካፒታል ገበያ መጀመር በጣም አስፈላጊ የሆነውን ካፒታል ወደ ኢኮኖሚው ለማስገባት እና የባንክ ሴክተርን የገንዘብ ፍሰት ለመደገፍ ትልቅ አስተዋጽኦ ይኖረዋል ተብሎ ይጠበቃል። ከዚህ ጎን ለጎን መንግሥት የባንክ ዘርፉን ለውጭ ተሳታፊዎች ለመክፈት ያለው ዕቅድ አንዳስትረው አዳዲስ አጋርነትን፣ ውድድርን እና ፈጠራዎችን ወደሚያገኝበት ሥፍራ እንዲመጣ አድርጓል። ይህ ስትራቴጂካዊ እርምጃ፣ የፋይናንስ ሴክተር በብሔራዊ ኢኮኖሚው ላይ የሚያበረክተውን አስተዋጽኦ እንዲያሳደግ እና ቀጣይነት ያለው ዕድገት እንዲያመጣ ያስችለዋል ተብሎ ተገምቷል።

ወደ ባለአክሲዮኖች፡

የዳይሬክተሮች ቦርድ እና የሥራ አመራር ቡድን የገጠማቸውን ፊትና በማለፍ የባንኩን ቀጣይ ዕድገት ለማረጋገጥ ችለዋል። ምንም እንኳን ፊትኑ ሁኔታዎች ቢኖሩም፣ ባንኩ አጠቃላይ ገቢውን በ29 በመቶ በማሳደግ፣ በሰኔ ወር 2016 መጨረሻ ላይ ብር 4.3 ቢሊዮን ማድረስ ችሏል።

የተገኘው የአፈጻጸም ስኬት መሠረቱ የባንኩ የዳይሬክተሮች ቦርድ፣ የአመራር አባላትና መላው ሠራተኞች ያደረጉት የተቀናጀ ጥረት ነው። ከታማኝ ደንበኞቻችን እና ከባለአክሲዮኖች የተደረገው ድጋፍም ለባንኩ ስኬት ወሳኝ ሚና ነበረው።

ያለፈው ዓመት ጠቅላላ ጉባዔን ተከትሎ የተመረጠው አዲስ የዳይሬክተሮች ቦርድ የሥራ ጊዜውን በይፋ ጀምሯል። የማክሮ ኢኮኖሚ ለውጦች እና የፖሊሲ ማሻሻያዎች እየተተገበሩ በሚገኙበት በዚህ ወሳኝ ጊዜ፣ የባንኩን ስትራቴጂካዊ ግቦች እውን ለማድረግ ቆርጦ ተነሥቷል፤ ይህም ለውጥ በአንድ በኩል ተግዳሮቶችን፣ በሌላ በኩል የዕድገት እና የትብብር ዕድሎችን ይዞ መጥቷል።

በመጨረሻም፣ ባለአክሲዮኖቻችን ላደረጋችሁት ያልተቋረጠ ድጋፍ፣ ደንበኞቻችን ላሳዩት እምነት እንዲሁም የኢትዮጵያ ብሔራዊ ባንክ ለሰጠው መመሪያ በባንኩ የ ቦርድ አባላትና በራሴም ስም ልባዊ ምስጋናዬን አቀርባለሁ። የእናንተ አስተዋጽኦ እና ቁርጠኝነት ለመጨዎቹ ስኬቶቻችን መሠረት ነው። ወደፊትም፣ አብረን ሌላ የዕድገት እና የስኬት ዓመታት እንሚኖሩን ተስፋ እናደርጋለን።

አመሰግናለሁ!



አስቴር ሰሎሞን (ወ/ሮ)



የባንኩ ፕሬዚዳንት መልዕክት

ወደ ባለአክሲዮኖች

ባለፈው ዓመት የጋጠሙንን ስኬቶች እና ተግዳሮቶች የሚያንፀባርቀውን የዘንድሮውን ዓመታዊ ሪፖርት ላቀርብ ክብር ይሰማኛል። ባንካችን ቀልጣፋ አሠራርና ፈጠራ የታከለባቸውን አገልግሎቶችን ለክብራችን ደንበኞቻችን መስጠት የሚያስችለውን ስልታዊ ውጥኖችን ተግባራዊ በማድረግ ታላቅ እምርታን ሊያስመዘግብ ችሏል።

ባላለፍነው ዓመት የባንኩ አጠቃላይ ትርፍ፣ ከታክስ በፊት 714 ሚሊዮን ብር ደርሷል። አጠቃላይ ገቢውን በ29 በመቶ በማሳደግ 4.3 ቢሊዮን ብር ማድረስ ተችሏል። የባንኩ ገቢ በጠንካራ አቋም ላይ የሚገኝ ሲሆን፣ ከጠቅላላ ገቢው 70 በመቶ የተገኘው ከወላደ ነው። ይህ አስተማማኝ የገቢ ምንጭ ባንካችን በተለይ በኢኮኖሚያዊ አለመረጋጋት ወቅት የመቋቋም አቅም ያለው መሆኑን ያመለክታል። ከአገልግሎት ክፍያ እና ከዲጂታል ባንክንግ የተገኘው ወላደ አልባ ገቢ ተጨማሪ ተስፋ ሰጪ ዕድገትን አሳይቷል። ይህም የገቢ መሠረታችንን የበለጠ በማስፋት ላይ መሆኖችንን የሚጠቁም ነው።

የተቀማጭ ገንዘብ መሠረታችን በዓመቱ ውስጥ በከፍተኛ ደረጃ አድጓል። ይህም ደንበኞቻችን በእኛ ላይ ያላቸውን እምነት እንዲሁም ተደራሽነታችንን በማስፋት ረገድ ለተደረገው ጥረት ምስክር መሆን የሚችል ነው። የስልታዊ ዕቅዳችን አካል የሆነውን የባንክ ቅርንጫፍ ማስፋፊያና ማሻሻያ እንዲሁም በዲጂታል ባንክንግ ከፍተኛ አፈጻጸም ማስመዘገብ መቻላችን፣ የተቀማጭ ገንዘብ መጠን በ17 በመቶ ዕድገት እንዲያሳይ ያደረገ ሲሆን፣ አጠቃላይ የተቀማጭ ገንዘብ መጠን 20.8 ቢሊዮን ብር እንዲደርስ አድርጓል።

ጠንካራ የዕድገት አቅም ባላቸው ዘርፎች ላይ ባደረግነው ትኩረት፣ የብድር አቅርቦታችን ጨምሮ በድምሩ 17.1 ቢሊዮን ብር መድረስ ችሏል። ባንኩ የገበያ ፈተናዎች በገጥሙትም፣ ጠንካራ የብድር ስጋት አስተዳደር ልማዶችን በመተግበር፣ የብድር አሰጣጥ ጥራቱን ለመጠበቅ ችሏል።

የባንኩ የተከፈለ ካፒታል አስደናቂ ዕድገት በማሳየት 3 ቢሊዮን ብር መድረስ ችሏል። ይህም ባለአክሲዮኖች ባንኩ በተከተለው ስልታዊ አቅጣጫ ላይ ያላቸውን ጠንካራ እምነት ያሳያል።

ወደፊትም ይህን አመርቂ እርምጃ ለማስቀጠልና አዳዲስ ዕድሎችን ለመጠቀም፣ ባለአክሲዮኖች የአክሲዮን ድርሻቸውን እንዲያሳድጉ እና ከባንኩ ጋር በንቃት እንዲተባበሩ ጥሪ እናደርጋለን። ይህ የጋራ ጥረት የባንኩን የፋይናንስ መሠረት የበለጠ በማጠናከር ዘላቂ ዕድገትና የረጅም ጊዜ ስኬትን ያረጋግጣል።

ወደ ባለአክሲዮኖች፤

ሞንሞ እንኳን ኢኮኖሚያዊ አስመረጋጋት እና የገበያ መስተጓጎልን ጨምሮ ከፍተኛ የውጭ ተግዳሮቶች በየገጥሙትም፤ ባንኮችን ብርቱ ጽናት እና አዋጥታዊ ዕድገት አሳይቷል። በፈጠራ፤ ደንበኛን ማዕከል ባደረገ የአገልግሎት አሰጣጥ እንዲሁም የአሠራር ቅልጥፍና ላይ ባለን የጸና ትኩረት፤ የገጠሙንን ፈተናዎች በተሳካ ሁኔታ በመወጣት ቀጣይነት ያለውን ዕድገት እውን በማድረግ ለባለአክሲዮኖቻችን ዕሴትን መፍጠር ችለናል።

ከፊታችን ያለውን ጊዜ ስንመለከት፤ የዓለም ዐቀፋ ኢኮኖሚ ባልተረጋጋ ሁኔታ ላይ ይገኛል፤ የዋጋ ግሽበት እና ጂኦፖለቲካዊ ውጥረቶች በፋይናንስ ሞገዳሩ ላይ ተጽዕኖቸውን ማሳደራቸውን ቀጥለዋል። ሆኖም፤ በዘላቂ ፋይናንስ እና ዲጂታል ትራንስፎርሜሽን አማካኝነት እየመጡ ያሉ ዕድሎች፤ ለዕድገት እና ለፈጠራ መንገዶችን የሚጠርጉ መልካም አጋጣሚዎች ናቸው።

የዘንድሮውን ስኬቶች መለስ ብለን ስንመለከት፤ የዳይሬክተሮች ቦርድ ለሰጠን ስልታዊ አመራር፤ ለባንኩ ባለአክሲዮኖች ትጉልሆነት ሠራተኞቻችን እና የኢትዮጵያ ብሔራዊ ባንክ ላደረገው ድጋፍና ክትትል ለታከለበት አመራር ልባዊ ሞሰጋና፤ አቀርባለሁ። እነዚህ ጥረቶች በቀጣይ ለሚኖረን ዕድገት እንዲሁም ፈተናዎችን በጽናት ለመወጣት አጋዥ በመሆን ደንበኞቻችንን እና ማኅበረሰባችንን በብቃት እንድናገለግል ጉልበት ይሆናል።

አመሰግናለሁ!

ኤርምያስ አንዳርጌ (ፒኤችዲ)

የሴቶች የባንክ አገልግሎት

እጅግ ዳንኤል



እጅግ ዳንኤል እባላለሁ። የድርጅቱ ስም እጅግ የቆዳ፣ የቆዳ ተዛማጅ ውጤቶች እና የባህል አልባላት ማምረቻ በመባል ይታወቃል። የተመሰረተውም በኢትዮጵያ አቆጣጠር 2007 ዓ.ም ነው።

ከእናቴ ማለፍ በኋላ የቤተሰቡ ሙሉ ኃላፊነት እኔ ላይ በመውደወቁ እህት ወንድሞችን እና ልጆቼን ለማሳደግ በዙሪያዬ የሚገኙ ሥራ እድሎች ሞንም ሳለማርጥ ለመሰራት ወሰንኩ። በዚህም በእስካሁን ሂደት የተለያዩ ሥራዎችን ሰርቻለው። ለአብነትም ቀርጥራጭ ብረታ ብረት መሸጥ፣ የአሳማ ስጋ፣ የዶሮ እርባታ፣ የዶሮ ሥጋ መበለትና ቤት ለቤት እና ሱፐር ማርኬት ማከፋፈል፣ የቆዳ እና የቆዳ ውጤቶች፣ የዕደ ጥበብ ሥራዎች፣ የባህል አልባላት፣ ለደግሰ እና እዘን ሞግብ ማዘጋጀት እና የባልትና ውጤቶች ከሰራዊቱው ሥራዎች ጥቂቶቹ ናቸው።

ሰራዊቱን ለጀምር ለሰራ ማሰኬጃ የሚሆን የገንዘብ አቅም ስላልነበረኝ ትርፌ ከዕለት ወጪ ያለፈ አልነበረም። ሰራዬን አስፋፍቼ በመሰራት ለውጥ

ለማምጣት የማምረቻ ማሽን መግዛት እንደሰጠኝ በማመን ብድር ለማግኘት የተለያዩ ተቋማትን ጠይቄ ነበር። ሆኖም የተለያዩ ማስያዣዎች ስለሚጠየቁ ለኔ እጅግ ፈታኝ ነበር።

ስለ እናት ባንክ ልዩ የሴቶች የብድር አገልግሎት ማስተወደድ ሲነገር ሰማሁ ። በወቅቱ ደግሞ ከፍ ያለ ብር ማግኘት ለእኔ አንገብጋቢ ጉዳይ ነበር። እንደሚታወቀው ሌሎች ተቋማት ላይ፣ ይህንን ያህል መጠን ያለው ብድር ካለመያዣ ለማግኘት ከፍ ያለ ብር መቆጠብ ያስፈልጋል፤ ለሞላሌ 300,000.00 ብር ለመበደር የሞትፈልግ ሴት ቢያንስ ቁጠባዋ 100,000.00 ብር ለያስፈልግ ይችላል ያ ደግሞ ረጅም ጊዜ ይፈጃል። በወቅቱ ደግሞ ከየትኛውም ባንክ ካለ መያዣ ብድር ማግኘት የሚቻልበት ዕድል አልነበረም።

አቅራቢያዬ የነበረ እናት ባንክ ቅርንጫፍ ጠየቀኩኝ ወደ ዋናው መ/ቤት መሄድ እንደሰጠኝ ስለነገሩኝ ወዲያው ሄጄ ተመዘገብኩ። በመቀጠል የንግድ እቅዱን አቀረብኩ። ባንኩ ያመቻቸውን የኢንተርኔት ሪፖርት ስልጠና ወሰድኩ። የባንኩ ሰራተኞች የመሰሪያ ቦታዬን ንብኝተው ብር 247,000.00 (ሁለት መቶ አርባ ሰባት ሺህ ብር) ብድር ተፈቀደኝ።

ከብድሩ በተገኘው ገንዘብ በብር 99,000.00 (ዘጠና ዘጠኝ ሺህ) አራት ተጨማሪ ማሸኖች ገዛሁ። ብድሩ በእንዴ ሳይሆን የሞሰራው ሰራ እየተየ በሦስት ዙር ነው የተለቀቀው። በተረፈኝ ብር ለጥሬ እቃ የሚሆን ቆዳ ገዛሁ። ሰራተኛዎ ጨመርኩ። በወቅቱ አነስተኛ ጥቃቅን ተደራጅቼም ስለነበር ባዛሮችም እንደሞሳተፍ አሰቤ ሰራዬን ማሰፋት ቻልኩ። ቀሪው ብርም ሲለቀቅኝ መኖሪያ ቤቴ ውስጥ መሰራቱን ትቼ መሰሪያ ቦታ ተከራየሁ። በአሁኑ ወቅት በዋናነት ቆዳና የቆዳ ውጤቶች ማምረትና መሸጥ፣ የባህል አልባላት ማምረትና መሸጥ የባልትና ውጤቶች ማዘጋጀት እና ሞግብ ዘግጅት በሰፋት እየሰራሁ እገኛለው።

ሰራዬን ለጀምር በወር በአማካኝ ገቢዬ ብር 4,000 ነበር አሁን ወደ ብር 500,000 አድጓል። የሰራተኞቼ ቁጥርም ከ 4 ወደ 14 አድጓል። የመሰሪያ ቦታዬም በመኖርያ ቤት ውስጥ ነበር በአሁኑ ጊዜ 7 ለማምረቻ የሚያገለግሉ የኪራይ ቤቶች እና 2 የመሸጫ ሱቆች አሉኝ። የካፒታል መጠኔም ከብር 20,000 ወደ ብር 7 ሚሊዮን አድጓል።

የእናት ባንክ ልዩ የሴቶች ብድር ተጠቃሚ መሆን ጠቀሜታው የላቀ ነው። በእኔ ንግድ ላይ ቸግር ሲፈጠር እና ብድር የመክፈያ ጊዜ ባሳለፍኩ ወቅት እንኳን ቶሎ ወደ እርሞጃ ከመሔድ ይልቅ እንደቤተሰብ ማማከርና ከገባሁበት ቸግር የሞወጣበትን መንገድ ማሳየት ላይ ነው ትኩረታቸው። እንደ አበዳሪ ብሩ ላይ የማያተኩር ባንክ የማውቀው እናት ባንክ ነው። ይህ እውነት ነው። ተበዳሪዎ ለመክፈል ስትቸገር በእዳዋ ከማሳደድ ይልቅ ድርጅቷን ማትረፍ ላይ ነው ትኩረቱ። ስለዚህ በዚህ ረገድ ለእናት ባንክ ከፍተኛ ምስጋና ይገባል።

ሴትን በማብቃት ከማጀት ወጥታ ራሷን ቸላ ለሌሎች የገቢ ምንጭ ወይም የሰራ ዕድል ፈጣሪ ሆና በማየት ስኬታማ መሆን እጅግ የላቀ ደስታ የሚፈጥር ነው። በዚህ ረገድ በመላው ሀገሪቱ ያሉ በተለይም እናት ባንክ ተደራሽ በሆነበት ሰፍራ ሁሉ ያሉ ሴቶች የዚህ ልዩ የሴቶች ብድር ተጠቃሚ በሆኑ ያተርፋሉ እንጂ አይከሰሩም። ለዚህ የእኔ ታሪክ እንዲሁ ምስክር ነው።

ልደት ጸጋዬ



ሰሜ ልደት ፀጋዬ ይባላል። የሞኖረዉ ጀማ ከተማ ሲሆን የድርጅቱ ስም ልደትና ኤሌቅ የካፍቴሪያ ስራ ነዉ። ድርጅቱ የተመሰረተዉ 2013 ዓ.ም ነዉ። የመጀመርያዉን ስራ የጀመርነዉ ለሁለት ከእህቱ ኤሌቅ ፀጋዬ ጋር በመደራጀት የካፍቴሪያ ስራ ጀመርን።

ወደ ንግዱ የገባሁት ያለ አባት አራት ልጆችን አሳድግ ስለነበር አንድአንድ ጥቀቅን ችግሮችን ይቀርፍልኛል ብዬ ስላሰብኩና የንግድ ፍላጎት ስላለኝ ነበር። ስራዉን ለጀምር በርካታ ስራ ልሞድና በቂ ካፒታል ያላቸዉ ተወዳዳሪ ነጋዴዎች ስለነበሩ ወድድሩ ከብዶኝ ነበር። በዚህም ግዜ ኪሳራ አጋጥሞኝ ነበር እንዲሁም የደንበኛ አያያዝ ችግሮች ነበሩብኝ።

የእናት ባንክን የሴቶች ብድር አሰጣጥ የሰማሁት ከሁለት አመት በፊት በሰራ ቦታዬ ላይ የባንኩ ሰራተኞች ባደረጉልኝ ገለፃ ሂሳብ በመክፈት እያንቀሳቀስኩ የገንዘብ እጥረት እንዳለብኝና ለማሰያዝ የሚወል ንብረት እንደሌለኝ ነገርኳቸዉ።

እነሱም እናቶችን ልዩ ተጠቃሚ የሚያደርግ የለማሰያዝ በመንግስት የሰራተኛ ደሞዝ ዋስትና የሚሰጥ የሴቶች ብድር እንዳለና እሱን እንደጠቀም ነግረዉኝ በተነገረኝ መስፈርት መሰረት ማሟላት ያለብንን መስፈርት ካሟላሁ በኋላ ብድሩ ተሰጠኝ።

ከብድሩ የተጠቀምኩት እንደኛ የገንዘብ አያያዝ ስልጠና አገኝሁበት ሁለተኛ የሰራ ማስፋፊያ በማግኘት ገበያ ውስጥ ተወዳዳሪ እንደሆን አገዛኝ። በፊት አገኝኩበረዉ 10,000 አሰር ሺ ብር ወርሃዊ ገቢ ወደ 22,000 ሃያ ሁለት ሺ ብር ወርሃዊ ገቢ አሳደገልኝ። ካፒታልም ከ700,000 (ሰባት መቶ ሺ) ብር ወደ 2,000,000 (ሁለት ሚልዮን) ብር አድገልኛል። ተጨማሪ ሬስቶራንት በመክፈትም ለ 6 ሰዎችም የሰራ ዕድል መፍጠር ችያለሁ። ያለ አባትም አራት ልጆችን በግል ትምህርት ቤት እያስተማርኩ በማሳደግ ላይ እገኛለሁ። ባንኩ ይህን ብድር ለሴቶች ያለሞንም ማሰያዝ በማመቻቸቱም ሴቶችን በመርዳት አላማዉን እየተወጣ በርካታ አቅም ያላቸዉን ሴት ነጋዴዎችን እያፈራ መሆኑን ተረድቻለሁ። ለዚህም እናት ባንክ ባለአክሲዎኖችና ሰራተኞችን እንደ እናት ሁኖ ስላገዛኝ ሞስጋናዬ ከልብ መሆኑን እየገለፅኩ ይህን ዕድል ያላገኙ ሴቶችም ዕድሉን እንዲጠቀሙበት እመክራለሁ።

ስለ “እህቴን ልዋሳት” ፕሮግራም ስምተዋል?

እናት ለጋሽ፡- ፈቃደኛ የሆኑ ግለሰቦች በዝቅተኛ የኑሮ ደረጃ የሚገኙና በአነስተኛ ንግድ ላይ ለተሰማሩ ታታሪ ሴቶች ለብድር ዋስትናነት የሚያገለግል ገንዘብ ከአንድ ብር ጀምሮ የሚለግሱበት አገልግሎት ነው።

**በአጭር የፅሁፍ መልዕክት
OK ብለው በየቀኑ አንድ
ብር በመለገስ አጋርነቶን
ያሳዩ።**

እናት ለጋሽ

6265

ለታታሪ ሴቶች
አንድ ዋስትና የሚያገለግል
የገንዘብ ማሰባሰቢያ ነድ

በተጨማሪም ምርጫዎ በቴሌ ብር ሱፐርኦኒ በኩል ከሆነ፤

ወደቴሌ ብር ሱፐርኦኒ ይግቡ፤

ክፍያ የሚለውን ይምረጡ፤

ፈንድራይዚንግ የሚለውን ይምረጡ፤

ከተዘረዘሩት አማራጮች መካከል “እናት ለጋሽን” ይምረጡ፤ ድጋፍ የሚለውን ይምረጡ፤

የሚፈልጉትን የብር መጠን በመምረጥ መለገስ ይችላሉ።

ምርጫዎ በ *127# በመጠቀም ከሆነ፤

89ኛ ተራ ቁጥር ላይ የሚገኘውን “እናት ለጋሽን” ይምረጡ፤ በየቀኑ ከብር 1-3 መለገስ ይችላሉ፤

በየሳምንቱ ከብር 10-30 መለገስ ይችላሉ፤

በየወሩ ከብር 100-300 መለገስ ይችላሉ፤

እህትዎን ለማብቃት አብረውን ይስሩ!

እናት ባንክ አክሲዮን ማህበር

የትርፍ እና ኪሳራ መግለጫ

ሰኔ 23 ቀን 2016 ዓ.ም

	Notes	ሰኔ 23 ቀን 2016 ብር'000	ሰኔ 23 ቀን 2015 ብር'000
ከወለድ የተገኘ ገቢ	5	3,003,009	2,298,726
የወለድ ወጪ	6	(1,838,023)	(1,372,795)
የተጣራ የወለድ ገቢ		1,164,986	925,931
ከአገልግሎት እና ከኮሚሽን	7	778,787	615,000
የአገልግሎት እና የኮሚሽን ወጪ	7	-	-
የተጣራ ከአገልግሎት እና ከኮሚሽን የተገኘ ገቢ		778,787	615,000
ልዩ ልዩ ገቢዎች	8	510,634	416,954
ጠቅላላ የአገልግሎት ገቢ		2,454,409	1,957,886
ለአጠራጣሪ ብድሮች መጠባበቂያ	9	(78,556)	(141,234)
ለሌሎች አጠራጣሪ ተሰብሳቢዎች መጠባበቂያ	10	(9,043)	(8,066)
የተጣራ የአገልግሎት ገቢ		2,366,809	1,808,585
የሰራተኛ ወጪዎች	11	(1,018,764)	(678,827)
ህልውናዊ ግዝፈት የሌላቸው ቅናሽ	18	(13,305)	(11,555)
ከቋሚ ንብረት የተደረገ የዕርጅና ቅናሽ	19	(73,141)	(40,900)
ለሌሎች ወጪዎች	12	(547,561)	(353,449)
ትርፍ ከግብር በፊት		714,035	723,854
የግብር ወጪ	13a	(158,838)	(180,214)
ትርፍ ከግብር በኋላ		555,198	543,640
ተጨማሪ ገቢዎች ተገቢው የግብር ዕዳ ከተቀነሰ በኋላ			
በቀጣይ ወደ ትርፍ እና ኪሳራ መግለጫ የማይዞሩ			
በሰራተኞች ጥቅም ጥቅም ላይ በተሰለ የድጋሚ ልኬት የተገኘ ገቢ ወይም ወጪ	25b	(10,657)	(10,808)
በድጋሚ ልኬቱ ላይ የተገኘ የዘገየ የታክስ ሃብት ወይም ዕዳ በባንኩ ኢንቨስትመንቶች ላይ በተሰለ የገበያ ዋጋ የተገኘ ገቢ ወይም ወጪ		3,197	3,242
በገበያ ዋጋ ላይ የተገኘ የዘገየ የታክስ ሃብት ወይም ዕዳ		20,036	46,646
		(6,011)	(13,994)
		6,566	25,087
የባንኩ የተጣራ ትርፍ		561,764	568,727
በአክሲዮኖች በአንድ አክሲዮን የሚያገኙት ትርፍ	26	201	239

The notes on pages 53 to 105 are an integral part of these financial statements.

እናት ባንክ አክሲዮን ማህበር

የሃብትና ዕዳ መግለጫ

ሰኔ 23 ቀን 2016 ዓ.ም

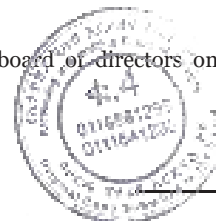
ሃብት	Notes	ሰኔ 23 ቀን 2016 ብር'000	ሰኔ 23 ቀን 2015 ብር'000
በእጅ ያለ ገንዘብ እና በባንክ ያለ ተቀማጭ	14	5,263,608	4,410,670
በብድር እና ለሌሎች ተሰብሳቢዎች	15	17,078,271	14,964,509
ኢንቨስትመንት			
- የገበያ ዋጋ ልኬቱ በተጨማሪ ገቢዎች የሆነ	16 a	165,746	113,524
- የብሄራዊ ባንክ ቢል	16 b	1,621,067	1,552,696
ለሌሎች ሃብቶች	17	1,478,012	726,677
ህልውናዊ ግዢዎች የሌላቸው ንብረቶች	18	59,183	11,330
ቋሚ ንብረት	19	612,569	320,704
በግንባታ ላይ ያለ ህንፃ	20	47,838	35,169
ሀብት የመጠቀም መብት	21	780,817	610,404
የተወረሱ ንብረቶች	22	111,541	52,402
ጠቅላላ ሃብት	-	27,218,652	22,798,085
ዕዳ			
የደንበኞች ተቀማጭ ገንዘብ	23	20,831,626	17,852,437
የግብር ዕዳ	13	180,734	
ሌሎች ዕዳዎች	24	144,160	178,730
የሰራተኞች አገልግሎት ክፍያ ዕዳ	25	1,737,842	1,118,800
ወደፊት የሚከፈል የግብር ዕዳ	13d	59,617	36,238
		52,047	34,554
ጠቅላላ ዕዳ	-	23,006,026	19,220,759
ካፒታል እና መጠበቂያ			
የተከፈለ ካፒታል	26	3,004,936	2,538,248
ያልተከፈለ ትርፍ	27	319,193	373,054
ህጋዊ የመጠበቂያ ሂሳብ	28	618,146	479,347
ለኢትዮጵያ ብሄራዊ ባንክ መጠበቂያ	29	168,246	100,677
ለልዩ የመጠበቂያ ሂሳብ	30	38,791	29,251
ለሌሎች መጠበቂያ ሂሳብ		63,314	56,749
ጠቅላላ ካፒታል እና መጠበቂያ	-	4,212,626	3,577,326
ጠቅላላ ዕዳ እና ካፒታል		27,218,652	22,798,085

-The notes on pages 30 to 34 are an integral part of these financial statements.

The financial statements on pages 49 to 53 were approved and authorised for issue by the board of directors on November 2021 and were signed on its behalf by:

አስቱር ሰሎሞን
የቦርድ ሊቀመንበር

ኤርሚያስ አንዳርጌ
ፕሬዝዳንት



BRANCH CONTACT ADDRESS

S.N	BRANCH NAME	EMAIL ADDRESS (የኢ.ሜ.ል አድራሻ)	TELEPHONE ADDRESS (የስልክ አድራሻ)
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26	Tsion Michael Andom Lideta	tsionmichael@enatbanksc.com	0115-579013/0115-579011/12
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36	Tirhas Mezgebe Gofa	tirhasmezgebe@enatbanksc.com	0114-702241/0114-701689
37	Gondar	gondor@enatbanksc.com	0582117795/0582117796
38	Shashemene Arada Branch	shashemenesub@enatbanksc.com	0462-111439
39	kuriftu	kuriftu@enatbanksc.com	0114-308624
40	Emahoy Weletemariam Gelaw Yeka Abado	emahoyweletemariam@enatbanksc.com	0118-550791
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42	Mekhoni	Mekhoni@enatbanksc.com	034-6647655/034-6642835/034-6645917
43	Yetnebersh Nigussie Jacros	yetnebershnigussie@enatbanksc.com	0116-671978/0116-671697
44	Emahoy Tsegiemariam Gebru Haile Garment	hailegarment@enatbanksc.com	0118-550787
45	Zewdie Abegaz Atikilt Tera	zewdieabegazatikiltera@enatbanksc.com	011-1267347/0111267814

S.N	BRANCH NAME	EMAIL ADDRESS (የኢ.ሜል አድራሻ)	TELEPHONE ADDRESS (የስልክ አድራሻ)
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49	Humera	humera@enatbanksc.com	034-2484083/034-2485958
50	Bishoftu	bishoftu@enatbanksc.com	011-4302026/011-4308951
51	Togo Wuchale	togochale@enatbanksc.com	025-8820521/025-8820311
52	Tsehay Yitbarek Lebu	tsehayyitbarek@enatbanksc.com	0114-625215/0114-625125
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57	Adwa	Adwa@enatbanksc.com	0342719521/034-2719522/034-2719523
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63	Jemo	jemo@enatbanksc.com	011-4625815/0114-625815
64	Laureate Sr.Tibebe Maco Summit	laureatesrtibebemaco@enatbanksc.com	011-6688038/011-6688581
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66	Laureate Artist Desta Hagos Bisrate Gebriel	loretartistdestahagos@enatbanksc.com	011-3692443/011-3692446
67	Maria Munir Bole Michael	mariamunirbolemichael@enatbanksc.com	0118722296/0118722454
68	Chagni	chagni@enatbanksc.com	058-2252455/058-2252454
69	Abay Mado	abaymado@enatbanksc.com	0583204979
70	Laureate Dr.Aster Shewaamare Sarbet	laureatedrastershewaamare@enatbanksc.com	0113-803046/011-3809077
71	Wolkite	wolkite@enatbanksc.com	0113-300971/0113-302998
72	Capitain Amsale Gualu Africa Avenue	captainamsalegualu@enatbanksc.com	011-5583054/011-5584820
73	Assela	assela@enatbanksc.com	022-2389907/022-2385147
74	Etege Mintewab Ehil Berenda	etegemintwab@enatbanksc.com	0112-734958/0112735263
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79	Dessie	dessie@enatbanksc.com	0333126441/0333-126443
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84	Modjo	modjo@enatbanksc.com	0222-367-963/0222-364-132
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86	Engidazer Nega Teklehaimanot	artistengidazernega@enatbanksc.com	0115-578602/0115-578808
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S.N	BRANCH NAME	EMAIL ADDRESS (የኢ.ሜ.ል አድራሻ)	TELEPHONE ADDRESS (የስልክ አድራሻ)
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94	Bahir Dar Ghion	bahirdarghion@enatbanksc.com	0583201570
95	Hawassa Tabour	hawassabor@enatbanksc.com	046212-16-11/0462120773
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98	Dr.Artist Negatwa kelekay-Beklobet	doctorartistnegatwakelkay@enatbanksc.com	0118-552619
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110	Halaba Kulito	Halaba@enatbanksc.com	0465-560434/0465561572
111	Debre Work	Debrework@enatbanksc.com	0581-781351/0581781872
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113	Hawassa Areb Sefer	Hawasaarebsefer@enatbanksc.com	0462-217342
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117	Gefersa Nano	gefesanano@enatbanksc.com	0112-601681/0112-6201190
118	Hirna	Hirna@enatbanksc.com	0464431735/
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121	Bonga	Bonga@enatbanksc.com	0473-312149/047-3311914
122	Ambo	ambo@enatbanksc.com	0112602438/0112602410
123	Bahir Dar Beale Egziabher	bahirdarbealeegziabher@enatbanksc.com	0583206157/0583207314
124	Bale Robe	balerobe@enatbanksc.com	022-2442-441
125	Bahir Dar Papyrus	bahirdarpapyrus@enatbanksc.com	0583205764
126	Jawi	jawi@enatbanksc.com	0582-780487/0582780267
127	Gonder Marak	gondarmaraki@enatbanksc.com	0582-113466
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129	Bure	Bure@enatbanksc.com	0587-741554/0587-741609
130	Bahir Dar Depo	bahirdardipo@enatbanksc.com	0583-209943/0582-205099
131	Mizan Teferi	MizanAman@enatbanksc.com	0471-352777/0471352903
132	Tarcha	tercha@enatbanksc.com	0473-450986/
133	Novelist Tsehay Melaku Addey Abeba Stadium	novlisttsehaymelaku@enatbanksc.com	0111-6356757/01116357072
134	Dr.Tewabech Bisahw Gofa Gebriel/132	drtewabechbishaw@enatbanksc.com	0114-704826/0114-706389
135	Harar Arategna Akababi	harararategna@enatbanksc.com	0254-662928/0254-666633

S.N	BRANCH NAME	EMAIL ADDRESS (የኢ.ሚሊ ኢሜል)	TELEPHONE ADDRESS (የስልክ ኢሜል)
136	Kelemework Tirunesh Shiromeda Branch	kelemeworktiruneh@enatbanksc.com	0111-541991/0111-541422
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138	Dr.Sue Burnell Edwards Megenagna 24	drsueburnelledwards@enatbanksc.com	0116-595000
139	Anfo	anfo@enatbanksc.com	011-8884406
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143	Shashemene Awasho	shashemeneawasho@enatbanksc.com	0462-113390/0462-113391
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150	Prof.Fetien Abay Alem Bank	PROF.FETIENABAY@enatbanksc.com	0113-695598/0113-695315
151	Woldia	WOLDIA@enatbanksc.com	0334-313446
152	Batu	BATU@enatbanksc.com	0461-419711
153	Hadero	Hadero@enatbanksc.com	0464-320645/0464-320377
154	Hosena Gombora	HossanaGombora@enatbanksc.com	0461-782023/0461786994
155	Durame	durame@enatbanksc.com	0465-542366/0465-542347
156	Bethelehem Tilahun Mekanissa	BetelehemTilahun@enatbanksc.com	0113-699084
157	Prof. Aster Tsegaye Akaki Gebaya	Prof.AsterTsegaye@enatbanksc.com	0114378353/0114397185
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159	Butajira	Butajira@enatbanksc.com	0461451968/0461459646
160	Adea Bishoftu	AdeaBishoftu@enatbanksc.com	0114301509/0114306917
161	Tsehay Roeschli Kotebe	TsehayRoeschliKotebe@enatbanksc.com	0116675020/0116676187
162	Woliso	Woliso@enatbanksc.com	113663795//0113663796
163	Negelle Arsi	NegeleArsi@enatbanksc.com	046-3289630
164	Dodola Branch	Dodola@enatbanksc.com	-
165	Hassassa	Hassasa@enatbanksc.com	0223360542/0223360947
166	Sebeta	Sebeta@enatbanksc.com	01136-18250/0113618185
167	Welete	Welete@enatbanksc.com	011-3801206
168	Mekelle Adi- Hawsi	MekeleAdiHawsi@enatbanksc.com	0342-412253/0342-412291
169	Mekelle Adiha-	MekeleAdiha@enatbanksc.com	0342412291/0342412253
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175	Rahel Zewdie sleeuagen Bulbula 93 mezeria	rahelzewdiesleewagen@enatbanksc.com	'0114436869/
176	Mekiya Mamiyo Bole Dildiy	<mekiyamamiyo@enatbanksc.com>	011-689-02-89/1924
177	Nekemte	Nekemte@enatbanksc.com	057 66 02 07 & 057 6607589
178	Nekemte Jitu	nekemtejitu@enatbanksc.com	057-660-75-89/6812
179	Mekelle Adi-Shimidhun	adishimidhun@enatbanksc.com>	-
180	Abi-Adi	AbiAdi@enatbanksc.com>	-

S.N	BRANCH NAME	EMAIL ADDRESS (የኢ.ሜል አድራሻ)	TELEPHONE ADDRESS (የስልክ አድራሻ)
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183	Bahirdar Abune Hara	bahirdarabunehara@enatbanksc.com>	058-220-09-97/0362
184	Dembacha	dembecha@enatbanksc.com>	058-773-0875/96
185	Debre markos menaharia	debremarkosmnaheria@enatbanksc.com>	058-178-65-75
186	Addis Kidam	Addiskedam@enatbanksc.com>	058-450-04-14/08/20
187	Ginchi	ginchi@enatbanksc.com>	0112-581-920
188	Mekele Quiha	Quiha@enatbanksc.com>	0342403186/0342401280
189	Logiya	Logya@enatbanksc.com>	332407299
190	Mekelle Lach	Lachi@enatbanksc.com>	0342413990/0342413991
191	Chore Bege	chorabege@enatbanksc.com>	-
192	Wukro	Wukiro@enatbanksc.com>	-
193	Ambasadar Konjit Singiorgis Bole Rwanda	ambkongitsinegiorgis@enatbanksc.com>	0116663844/0116663443
194	Aleta wondo	AletaWondo@enatbanksc.com>	0462242448/0462242372
195	Yirgachaffe	yirgacheffe@enatbanksc.com>	0463321277/0463322126
196	Dr Ayelech Bekele Gerji Mebrat Hail	DrAyelechBekele@enatbanksc.com>	011-646-80-56/011-646-77-72
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199	Bahirdar Stadium Sub Branch	bahirdarstadium@enatbanksc.com>	0583205569/
200	Bole Bulbula Mariam Mazoria	bolebulbulamaryammazoria@enatbanksc.com>	0112735223/0112735482
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**የእናት ባንክ ዲጂታል
ባንክንግ ተጠቃሚ ይሁኑ!**

**የዲጂታል ባንክንግ
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