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ENAT BANK

ANNUAL REPORT

2022/23


ENAT BANK HEAD QUARTER

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Vision

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

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.

Core Values

Dedication

Approachable

Impartiality

Integrity

Concern for Employees

Learning Organisation

Teamwork

Professionalism

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PROMOTERS

Front: left to right

Sara Abera

Meaza Ashenafi

Hadia M.Gonji

Aster Solomon

Back: left to right

Amelework Gidey

Nigest Haile

Askale Benti

Mekiya Mamiyu

Almaz Tseham

Hirut Alamerew

Rahel Zewdie

BOARD CHAIRPERSON MESSAGE

Dear Shareholders,

It is with immense gratitude and pleasure that I submit to you the 2022/23 annual report. I see the peaks and valleys we traversed through when I look back at the year. There were enormous challenges that looked insurmountable at the time. There were also moments of great joy. We have come through it all together. Thanks to your unwavering commitment and support.

The year 2022/23 was ushered in with great anticipation and eagerness as it was what could be considered the first post-pandemic year. The world economy has finally been able to shake off the lingering effects of most of the COVID-19-related side effects on the supply chain. The return to normalcy was on the horizon, pent-up demand was spurring growth and there was great hope and reawakening.

However, the continually intensifying war in Ukraine dragging on and the increased disruptions of climate-related adverse weather conditions proved to be a drag on the world economy. A combination of demand-side and supply-side factors led to global inflation rates of historical proportions. The inevitable money-tightening measures that were taken to fight off inflation by central banks of many nations, including The United States, the biggest economy in the world, put the brakes on global growth. This in turn triggered the decline of real wages and consumer confidence. Especially hurting those in the lower rungs of the economic ladder. Providing fiscal support to those in dire need is pushing governments in low-income countries to further borrowing increasing the debt crises they are already under. This is challenging policymakers the world over as they struggle to find the balance between reigning in inflation and avoiding a recession. Wise and astute leadership has never been in more demand.

The Ethiopian economy was also a microcosm of this global reality. The double-edged challenges of severe natural disasters and man-made conflicts were the feature of the economy in the fiscal year. Inflation continues to be a challenge for the Ethiopian economy. With 34% in 2022 and 31.4% in 2023, inflation is making life difficult for the majority of the population. The policy measures that were necessary to contain and reduce the rise in the cost of living, posed the danger of slowing the economy and increasing unemployment. Further hurting the economically vulnerable.

Some of these money-tightening policy measures that were taken by the central bank were a severe challenge to the banking sector. Dwindling foreign currency, increased competition, and decreased liquidity were the other headwinds we were faced with this year.

Dear Shareholders,

Your Board of Directors and the Executive Management Team have risen to these challenges and provided wise leadership, not just to survive but to thrive through adversity. Despite the challenges, our revenue has grown by 52.4 % from last year to 3.3 billion Birr. The bank has earned a total profit before tax of Birr 724 million which is a 92% increase from last year.

This was made possible only because all our employees diligently implemented the policies of the leadership, our customers remained loyal to the bank and our shareholders remained supportive.

I would like to express my heartfelt gratitude to our customers and shareholders for their unfailing loyalty and the National Bank of Ethiopia for their support as well us my colleagues on the board and the Executive management team for their superb leadership and to all the staff of Enat Bank for their dedication and hard work.

Thank you!

With gratitude,

FREHIWOT WORKU

BOARD OF DIRECTORS

Frehiwot Worku
Chairperson

Habtu Dimtsu
Deputy Chairperson

Shitaye Hussien
Member

Yergedu Begashaw
Member

Ayenew Wudu
Member

Addis Zelekaw
Member

Roman Legesse
Member

Ass. Prof. Tewodros Wuhib
Member

Eyobed Tibebu
Member

Nigist W/Selassie
Member

Ato Itana Ayana
Member

MESSAGE FROM PRESIDENT

Dear Shareholders,

The fiscal year 2022/23 is coming to an end. It was a successful year for Enat Bank. I want to start my message by congratulating you, our supportive shareholders, the Board of Directors, my colleagues in the Executive Management Team, all the staff of Enat Bank, and our loyal customers.

At the closing of the financial year on June 30/2023, the bank has earned a total profit before tax of Birr 724 million which is an impressive 92% higher than last year's same period. Total revenue also grew by 52.4% reaching Birr 3.3 billion from the preceding years' ending balance of Birr 2.2 billion. The revenue structure of the bank depicts that approximately 70% came from interest income indicating the sustainability of the revenue sources to enhance the profitability of the bank.

The outstanding deposit of the bank amounted to Birr 17.9 billion and it has a net increment of Birr 4.8 billion or 36.8% as compared with the preceding period. The deposit mobilization growth is evidence of the fact that Enat Bank is succeeding in its efforts to be more accessible to customers through branch expansion and better customer service. This enhances the bank to maintain adequate liquidity and gives it leverage for high growth.

The outstanding loans and advances at the end of June 2023 were Birr 14.9 billion, which exhibited an absolute growth of Birr 3.9 billion or 33.5% as compared with the same period last year. The bank has adequately managed to maintain the quality of its loan portfolio.

In the fiscal year under review, the bank's total expense increased by 44% and reached at Birr 2.6 billion. The expense growth is associated with the high branch expansion pace of the bank.

Paid Up of the bank reached Birr 2.5 billion at the end of the fiscal year and it shows a yearly growth of 31.2%. The total number of shareholders was 22,350. Women shareholders account for 63% of the total shareholders which is above the bank's imperative threshold of 60/40 on shareholders' gender mix. This is further evidence that Enat Bank is staying true to its unique mission of focusing on women's economic empowerment.

Respected Shareholders,

This outstanding performance was achieved despite a less-than-ideal operating environment for private banks in the country and a challenging year for the global economy.

The global economy was battered by adverse weather conditions caused by climate change and high inflation exacerbated by the Russia-Ukraine war that raised fuel and food prices among other things. This has forced central banks to make steep interest rate increases in their effort to tame inflation. The side effect of these high-interest rates is stretching the capacity of borrowers to service their debts which also has the unintended effect of slowing the economy.

Like central banks all over the world, the National Bank of Ethiopia also had to introduce policy measures to fight off inflation. Though understandable and justifiable when the country is facing headline inflation of over 30%, these nevertheless make our operating environment more challenging.

The high cost of living, drought, and civil unrest in different parts of the country have had adverse effects on the domestic economy, even though it has shown admirable resilience given the circumstances.

Faced with such a challenging business environment, we had to respond with innovative solutions, hard work, and commitment. And I am proud of the response our staff have given. By remaining true to our core values, effectively implementing the directions from the board and the management, and keeping our commitment to exceptional customer service, they have shown good results can be achieved even in hard times.

The coming year will also have its challenges. The IMF predicts, "Global economic growth will slow from 3.5 percent in 2022 to 3 percent this year and 2.9 percent next year, a 0.1 percentage point downgrade for 2024".

However, I remain optimistic because I know we have unfailing support from our shareholders, wise leadership from our Board of Directors, dedicated teamwork in our Executive Management team, commitment and hard work from our staff, and unshakable loyalty from our customers.

Please allow me this opportunity to express my sincere gratitude to our shareholders, customers, directors and staff of Enat Bank and the National Bank of Ethiopia.

ERMIAS ANDARGIE

Thank you,

MANAGEMENT TEAM

Ermias Andarge
President

Genet Hagos
VP. Corporate Sevices

Tefera Tolessa
VP. Information Systems

Tigist Abate
VP. Operations

Lelise Temesgen
Dir. Credit
Management Dep't

Aklil Girma
Dir. Marketing,
Communications &
Customer Service Dep't

Haile Atfaye
Dir. Procurement and
Facility Mg't Dep't

Bealemlay Ayenew
Ex. Dir. Branch Banking
Dep't

Belay Gezahegn
Dir. Strategy and
Innovation Dep't

MANAGEMENT TEAM

Tefera Gimbi
Dir. Application Mg't Dep't

Melese Gizaw
Dir. Risk & Compliance Dep't

Elizabeth Bedane
Chief Audit Executive

Henok Yilma
Dir. Finance & Accounts Dep't

Tadelech Shiferaw
Dir. International Banking Dep't

Feyisa Tarekegn
Dir. Legal Services Dep't

Biruk Melaku
Ex. Assistant to the President

Tenagne Bassa
Dir. Women Banking Solution Dep't

Zemichael Tesfamariam
Dir. Human Capital Mg't Dep't

MANAGEMENT TEAM

Fitsum Mulugeta
Dir. Bahirdar District

Estifanos Sime
Dir. Digital Banking Dep't

Anteneh Alemayehu
Dir. IT Infrastructure Mg't Dep't

Biniyam Yitbarek
Dir. Hawassa District

Habtamu Mengistu
Dir. West Addis Ababa District

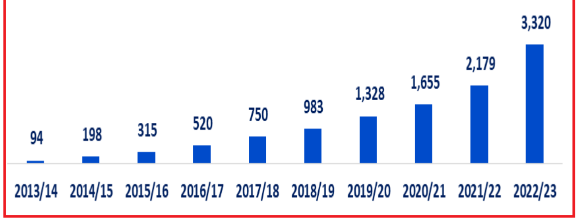
Abiy Edecha
Dir. East Addis Ababa District

Faris Ahmed
Dir. Interest Free Banking Dep't

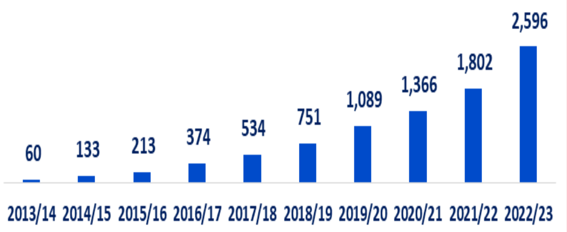
Summary of Major Financial performances

▪ Total Asset (Birr in Million)

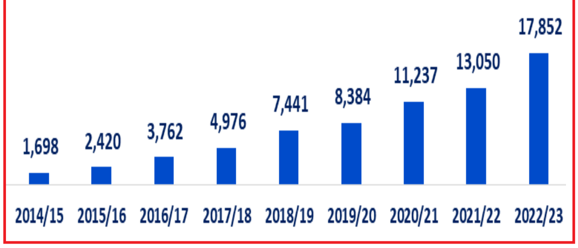
▪ Total Income (Birr in Million)



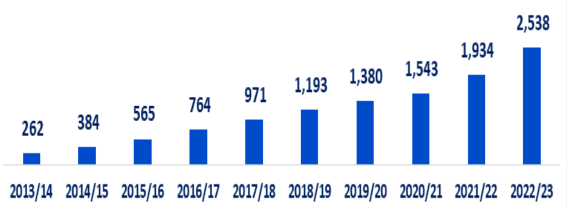
▪ Expense (Birr in Million)



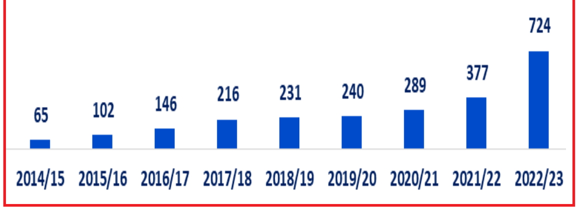
▪ Deposit (Birr in Million



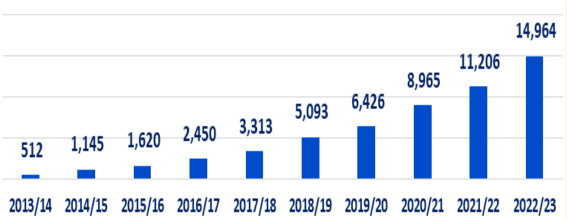
▪ Paid up capital (Birr in Million)



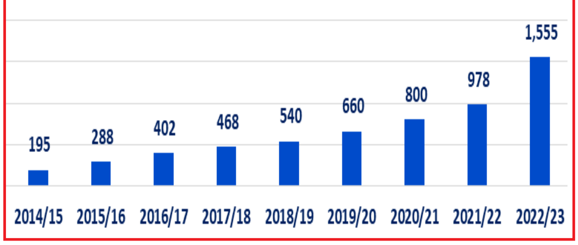
▪ Net profit before Tax (Birr in Million)



▪ Total Loan and Advances (Birr in Million)



▪ Staffs Strength (in Number)



CORPORATE GOVERNANCE

The contemporary business environment mandates the prevalence of strong corporate governance in a legally institutionalized firm. So, the Board of Enat Bank is entrusted with the responsibility of ensuring that corporate governance is exercised and imbedded in the operational system and work processes of the Bank. To this end, different Board subcommittees are formed to closely monitor and oversight works and performances are in line with the approved policies, procedures and the directives of the National Bank of Ethiopia.

Business Development Subcommittee holds meeting every month to oversight business development activities; and new investments are made in line with the regulatory requirements and above all such ventures and investments thrives and grows the business of Enat Bank. Moreover, the committee critically reviews quarter performances against the plan and annual plan & budgets and endorses to the Board for final approval.

Human Resource Affairs Committee conducts monthly oversight of recruitments and learning & development activities. In particular, it oversees staffing and placements are accomplished to ensure optimality and labour engagement. Moreover, the root cause of avoidable attrition are deliberated to design strategies so that home talents are retained and new ones are attracted from the market,

Risk and compliance subcommittee works on scrutiny and identification of risks that are potentially damaging to the business of the bank. It gives direction as to how to manage risks before they become certain and problem to jeopardize the smooth functioning of the bank.

Audit subcommittee dwells on the finding of the internal audit. Critical and non-critical findings are separately reviewed and directions are given to avoid critical findings that are a threat to business continuity of the bank.

All the four subcommittees present their oversight reports to the Board for ratification and eventual implementation under close follow up.

INFORMATION TECHNOLOGY

Enat Bank has joined the global payment ecosystem by introducing digital banking services which enabled customers to bank from where they are through mobile banking, internet and wallet services.

These value added services have been placed on Enat Bank's technology platform to provide hassle-free payment alternatives to customers to pay online for the services they receive. We, thus, have also integrated our system with the Ride taxi in order that service users pay from their account with Enat bank without the effort of holding cash.

Sewasew, an entrtaining Ethiopian music streaming has been integrated with Enat Bank system to allow music lovers to pay for the music and songs of their like and then own the clip by downloading. Sewasew app is also designed to provide copyright protection for musician, composers and authors.

Enat bank has a future plan to integrate its system with multi dependable external systems to facilitate payments. There are tasks at hand and at project level to be launched in the near future that are expected to transform the banking service provision of Enat Bank.

A new structure has been put in place by introducing specialised technology units that are compatible with the trends of digitalisation in the financial sector. Moreover, the essentiality of elevating cyber security practice is also focused to protect the bank from digital or online attacks as the risk exposure of the bank has increased with going online.

HUMAN CAPITAL MANAGEMENT

The human resource management remains an important factor for service provision. Modern or hi-tech (technologies), even the Arteficial Intelligence, are not of value without the intervention of skilled human resource. Having understood this, Enat Bank has been intensively working towards talent development, retention and attraction by deploying new structure.

Career management, succession planning and learning & development are strategic tools for human resource development. Performance Management System (PMS) which is under its early implementation shall assist the effort to develop employees by identifying their competence and skill gaps.

The number of employees at the end of the fiscal year reached 1,341. The human capital management that Enat Bank pursues talent attraction and development

OUTLET EXPANSION

Physical branch expansion is still one of the approaches to reach customers. Though costly, the effort to create access to service through physical branches is a priority for the bank. Until digitization takes over the role of branches, physical branch opening remains a compulsory undertaking. The number of branches went operational reached 150 as at June 30, 2023.

DISTRICT ESTABLISHMENT

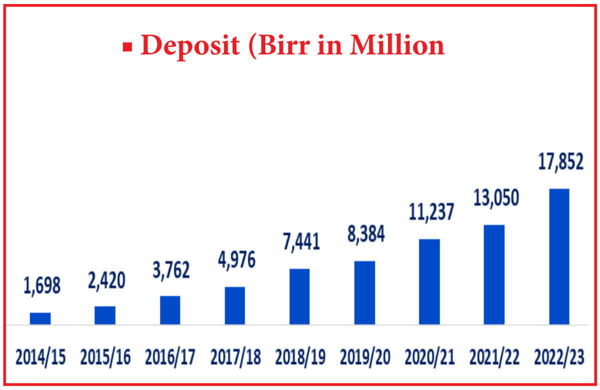
As the number of branches and business volume grew, the ability of the management to control and manage operational activities got weak. So, it is found essential to restructure the retail banking wing and establish four districts. East Addis, West Addis and *Bahirdar* as well as *Hawassa* districts have been established with a number of branches under their domain.

Districts have been delegated to decide on resources per the authorities and power entrusted to them. This is done to improve customer service and expedite decision making which would have been handled at head office.

FINANCIAL PERFORMANCES

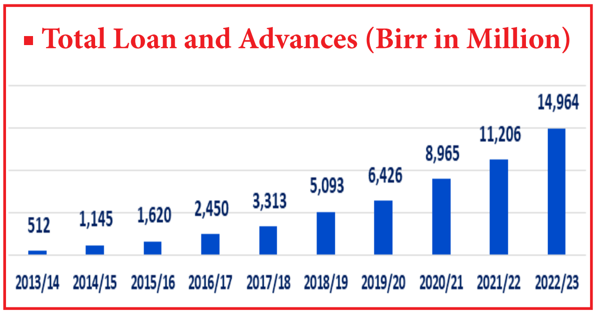
I. DEPOSIT

At the closing of the financial year of June 30, 2023, outstanding deposit reached Birr 17.85 billion with net increment of Birr 4.8 billion or 36.8% over last year same period. As the figure shows, the trajectory of deposit growth has taken positive rise over last ten years in concord with the overall business growth since 2013/14 the time at which the Bank went operational.



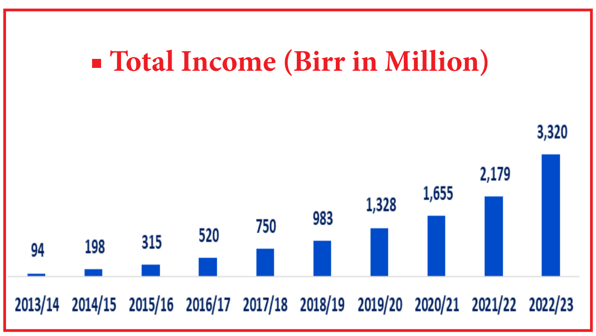
II. LOAN AND ADVANCES

The outstanding loans and advances at the end of June 2023 is Birr 14.96 billion. The net growth of Birr 3.76 billion or 33.54 % has been registered over the same period of June 30, 2022. As the figure below shows the growth pattern takes the same as deposit.



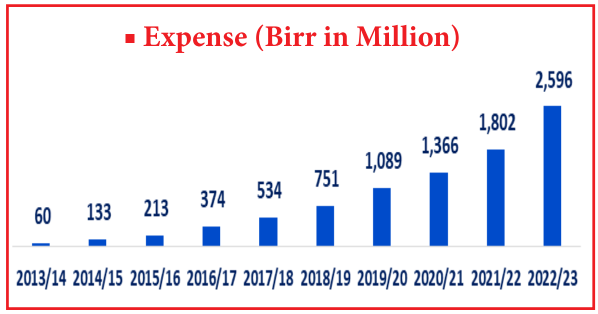
III. REVENUE

Total revenue stream exhibited consistent upward growth. Total income went up to Birr 3.3 billion which shows a net growth of Birr 1.14 billion or 51% over last year same period. The revenue structure indicates that about 70% of the total income is generated from interest income while 30% is from non-interest income.



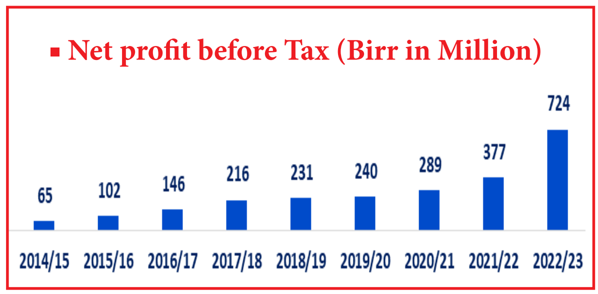
IV. TOTAL EXPENSES

The growth of expenses took the same paternal growth as income. This implies that with business growth the rise in expense is logical. Interest income alone constitutes about 60% of the total expense. Compared to last year same period there is an upsurge of 52%.



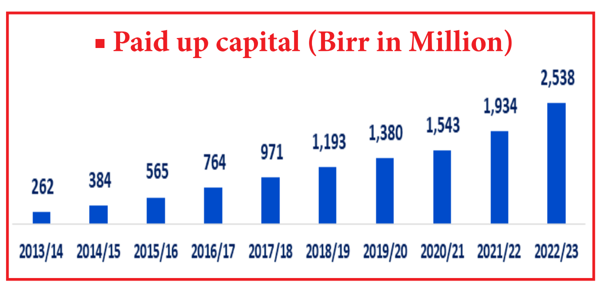
V. PROFIT

Total profit before tax stood at Birr 724 million which represents 92% growth over last year same period. Earnings per share of Birr 239 showed 31% upsurge compared to last year same period. Based on the profitability of the bank, the Board would propose the payment of dividend to shareholders after deducting retained earnings and others.



VI. PAID UP CAPITAL

The paid up capital reached Birr 2.5 billion at the end of the fiscal year. It is an increment of 31.2%. Furthermore, the total number of shareholders stood at 22,350 out of which 14,084 or 63% of it is possessed by women shareholders.



WOMEN BANKING SERVICES: EXEMPLARY WOMEN

ELENI MESFIN

My name is Eleni Mesfin. I was born in Wag Hemra zone of Amhara region, Sekota town. I am married and a mother of two daughters and a son.

I joined the business world to sustain my life. I have tried many business ventures to support myself and my family. After many ups and downs, I started traditional clothing and tailoring business six years ago. At the time, I was living in an area called Shiro Meda in Addis Ababa city where traditional weaving is common and regular in this area. Having realized this situation, I took short term training in sewing and embroidery; I started sewing at home with a manual sewing machine.

Initially, I faced a lot of problems when I started the business of sewing and selling traditional clothes. Lack of working place, capital and market are amongst the critical problems I was confronted with. In addition to being new to the profession, I encountered a number of challenges.

When I was racked with indecision over what to do next, news came to me from a person of my acquaintances three years ago who benefited from the loan scheme Enat Bank provides. This woman told me about her experience with Enat Bank that assisted her to solve her immediate financial problems and saved her from bankruptcy.

So, the experience I heard inspired me and I was encouraged to further inquire into the nature of the scheme and the procedures I need to comply with to get the loan. I then approached Enat Bank officials and then I took the opportunity after fulfilling all the requirements.

I would say I am indebted to Enat bank because my business thrived and grew through the loan I obtained. More importantly, I am now in a better position to adequately provide to the daily needs of my family and send my kids to school. Moreover, I was able to create job opportunity for four people. I want to underline that Enat Bank's motherly care remained a staunch support to lean on through my difficult times.

At present, my company is doing very well. I owned a modern electric machine and managed to hold abundant stock of clothes for sale .My financial stand assisted me to manage my supply chain, properly receives orders and deliver in time. Besides, I have diversified my streams of income by owning three cars two of which operate in the business and one for my personal use. My company's capital and annual income have increased more than 10 times.

My business story is a live witness that the special loan scheme opens opportunities for women to shape their future. As a mother, I am convinced that without the loan scheme I wouldn't have overcome my problems. I encourage women with entrepreneurial skill to approach Enat Bank to benefit from the scheme.

AYNALEM AMARE

My name is Aynalem Amare. I was born and raised in Addis Abba. My final year in college was marked with the booming of building and road construction works everywhere. Then, one of my teachers came up with the idea of forming a business Association which works on raw materials supplying to construction projects. By the time I heard about this idea, members of an association had already started selling shares and raising working capital for the operation.

My time in this business Association was the first opportunity for me to join the business world and I took many lessons working with the members, learnt the concept of management, understanding market demand, profit and loss, leadership and so on. It gave me the energy I could to fulfil my dream of establishing my own business. In my view, business can be described as enterprising entity that engages in professional, commercial or industrial activities. It needs discipline, hard work, patience and consistency.

I heard about Enat Bank's unique women loan for the first time on the television commercial with a message "we are here for hard working woman". Next morning, I was at the door of Enat bank next to my work place with all the documents related to my garment business that we started at the time. Enat bank granted me the first loan we requested to expand our actives of small garment business. We have created job opportunity for six employees at the initial. Now our garment business has 50 regular and part time employees. The first loan helped us to establish strong business relationship with Enat bank. We engaged in new line of business specifically in export and import trades while at the same time working on expanding the garment business.

Again Enat bank was by my side to finance the new import – export business. Moreover, my companies are generating foreign currency for, creating job opportunities, and paying taxes responsibly which is, in my view, a huge citizenly contribution to my country.

Personally, I would say that Enat bank is making changes that are visible by assisting active women with a vision and entrepreneurial skill. I was small startup

years ago and now I am the owner of an exporting company and the CEO.

Therefore; my message for my fellow sisters out there would be to have a clear vision to start your own business and thus approach Enat Bank, a bank that will support you to unleash your potential to become successful.

AMSALE TSEGAYE

My name is Amsale Tsegaye. I live in Addis Ababa Gulele Sub-city. I started my business because I found out that there was no laundry service in my area. So, I started washing clothes with the washing machine I use at home. I got many clients in a short period of time and as the volume of work increased, I realized that the machine I was working with was not enough. In the meantime, I heard about Enat Bank on TV. I went to the bank and asked for information. I requested a loan and it was approved. Then I bought a big washing machine and shelves.

As my business expanded, I hired three permanent and one temporary employees. With the income I generated from my thrived business, I managed to support my family composed of five members and managed to pay off my loan.

Taking the oportunity of existence of a number of garages around my residential area, I opened a motor oil shop and working the laundry business side by side. Enat Banks support helped me to solve my financial problems and further hold shares of Birr 50,000 in Enat bank.

In the future, I planned to work harder. I thank Enat Bank for my success. I hope this special loan program for women is expanded and more women benefit from the scheme.

CORPORATE SOCIAL RESPONSIBILITY

DONATIONS AND NEW YEAR GIFT FOR 60 MOTHERS

Enat Bank made a holiday gift for 60 mothers who engaged in street cleaning under the theme "Ye Enat Le Enat family gift".The Bank donated energy efficient & climate friendly charcoal stoves which are locally manufactured by Anega Engineering plc. in collaboration with Endezega Mahberawi Enderase. Moreover, edible oil and flour were donated to 150 needy mothers whose income is too low to make ends meet at the Millennium Bazar in collaboration with Barok events.

In a situation where the needy are not easily reachable, we donated those organizations that are involved in humanitarian activities. In this regard, we donated money to Wegenawi Begonet Association engaged in the support of the underprivileged.

Moreover, the Bank has donated four charity organizations such as Sara Cannizaro Child minders Association, ትኩረት ለሴቶችና ለህፃናት, Nehmia Autism Centre and SileEnat Humanitarian Association. In addition, the Bank extended financial support to more than twelve different organizations in the fiscal year.

SPECIAL EVENTS

The Bank officially conducted a month long "Le Enate" national level writing competition. The competition was announced to the general public in the presence of large number of media communities. The main purpose of the competition was to recognize Ethiopian mothers as pillars of the family and the community. The winners of the competition have been identified and will be awarded in the closing ceremony.

NATIONAL DIGITAL ID REGISTRATION

The National ID Program office picked Enat bank as one of the commercial banks to undertake digital ID registration. The registration service has been given at Etege Taytu-Special Branch, Ngste Saba-Bole Medihanialem Branch, and Arbegna Kebedech Seyoum-Gerji Branch.

SPONSORSHIPS

The Bank took part in the New Year መርካቶን በሚሊኒየም bazar which was organized by Barok Event. In the Bazar all city branches were participated the following resulted achieved. The bazar has created immense business opportunity for Enat Bank.

Where we Sponsored 46 different events that created an opportunity to recruit new customers.

Adama Expo – Five Branches participated in New Year expo at Adama which was organized by Adama chamber of Commerce. selling techniques Training were given to the staffs of Adama area Branches by Marketing department representative before the expo was launched.

In Addition; Enat Bank has participated in Fasica Expo at the Millennium Hall organized by Habesha weekly .In the expo Silanchi and other products of the Bank has been greatly promoted.

PARTNERSHIP AGREEMENTS

ENAT BANK IS COMMITTED TO IMPLEMENT WEP

Enat Bank and Ashagari Consultancy expressed their committements to support the seven Women Empowerment Principles (WEP) prepared by UN World and UN Global Compact in 2010. The WEPs outline the seven principles that businesses and other sectors should follow to empower women. Enat Bank and Ashagari Consultancy affirmed that they are committed to gender equality, women empowerment and expressed their commitment to join the WEPs community and work collaboratively to support the agenda of WEPs principles.

MOU IS SIGNED WITH INDUSTRIAL PARK DEVELOPMENT CORPORATION

Enat Bank has signed a memorandum of understanding to cooperate with Industrial Park Development Corporation. The MoU was signed by Mr. Ermias Andarge, President of the Bank, and Mr. Aklilu Tadese, the Chief Executive Officer of the Corporation through the Industrial Park Development Corporation in Diredawa city. The objective of signing the MOU is to engage in various economic sectors.

MOU IS SIGNED WITH SEREGELA GEBEYA.COM

SeregelaGebeya.com is an e-commerce sales and distribution platform providing complete customer service for the supply and logistics of various household appliances and hygiene products, using e-payment and online shopping. Enat Bank agreed with Seregela Gebeya.com specially to provide household and women related products to simplify and improve life standard of women.

STRATEGIC MEDIA PARTNERSHIP

On March 20, 2023 Enat Bank signed with Tirita FM 97.6 to be a strategic media partner, the strategic partnership mainly focuses on extensive marketing and promotional services.

MOU IS SIGNED WITH DAN ENERGY

Enat bank signed a memorandum of understanding to work together with Dan Energy. Dan Energy is a company that has been working with Enat Bank in various field and achieved remarkable result. The agreement entails provision of various research papers, projects and to establish a system that enable the Bank to monitor & control its property remotely.

OTHER MAJOR EVENTS

ANNUAL MANAGEMENT MEETING

The annual performance meeting of FY 2022/23 was held on August 2, 2023 at Nexus Hotel in Addis Ababa. The participants deliberated the performances of the ending fiscal year, identified shortfalls and successes and draw the way forward to improve setbacks and capitalize on strengths. In conjunction with this, discussions were made to endorse the plan and the budget for fiscal year 2023/24. The meeting was attended by all Executive Management Team members, Department Directors, Division Managers and Branch Managers. It was observed that overall performance was attractive in which the Bank achieved more than one billion gross profit for the first time and the executive management congratulate all families of the Bank , remind to maintain & make great effort to achieve more for next new budget year.

ተጨማሪ አክሲዮን ይግዙ!

ትርፋማና በከፍተኛ ፍጥነት
እያደገ ያለውን የባንካችንን
ተጨማሪ አክሲዮን ይግዙ!

ማን እንደ እናት!

Dr. Tewabech Bishaw Gofa Gabriel Branch inauguration

Author Tsehay Melaku Adey Ababa Stadium branch inauguration

Prof. Yeweneharag Feleke Ayer Tena Branch inauguration

Laureate Dr. Sue Burnell Edwards megenagna 24 branch inauguration

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ENAT BANK

AUDITOR'S REPORT

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 Calender)

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

Directors *(As of 30 June 2023)*

Frehiwot Worku Beyene	Board of Director (Chair Person)	*(Appointed May 2021)*
Habtu Dimsu Werese	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)*
Aynew Wudu Azagew	Board of Director (Member)	*(Appointed May 2021)*
Eyobed Tibebu 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 Wakjira	Vice President Information Systems	
Balemlay Ayenew Feyissa	Executive Director	
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)*
Habtamu 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 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 faciltating 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 24.

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

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.

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

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.

● The Bank's valuation model is not subject to independent review.

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.

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, She E Ay

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

Tafesse, Shisema & Ayalew TMS Plus Certified Audit Partnership

Chartered Certified Accountants (UK) Addis Ababa

Authorized Auditors (ETH) 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	13e	3,242	234
Remeasurement gain / (loss) on fair value of investment		46,646	27,361
Deferred tax (liability)/ aset on remeasurement of investment	13e	(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 34 to79 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 34 to79 are an integral part of these financial statements.

The financial statements on pages 30 to33 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				32,652				**32,652**
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						(8,749)		**(8,749)**
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)
Aquired 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 ajdustment		-	-
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 34 to79 are an integral part of these 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 faciltating 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.

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 17, 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 combination	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.

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

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-impair unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more shall be considered credit-impaired even when the regulatory definition of default is different.

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.

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.

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

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.

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.

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.

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 .

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 equiment		
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.

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

Descriptic	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.

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.

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 arrengment 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 masures:
_ 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.

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.

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.

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**			
Loans and advances to	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
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**		
Other financial assets	**Gross exposure**	**Loss allowance**	**Net carrying amount**	**Gross exposure**	**Loss allowance**	**Net carrying amount**
Cash and balances with ba	4,410,670	(207)	4,410,462	3,180,694	(153)	3,180,541
Investment securities (deb	1,666,219	(67)	1,666,153	1,306,257	(65)	1,306,192
Other receivables and finan	726,677	(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

Nature of security in respect of loans and receivables

30 June 2023	Secured against real estate Birr'000	Bank guarantees Birr'000	Equitable Mortgage Birr'000	Shares Birr'000	Others 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		1,833,142
Hotel and Tourism			10,985		24,092
Import			1,034,935	49,762.85	725,025
Industry			717,424		1,280,564
Personal			126,872		162,893
Staff Personal Loan					
Staff residential loan			544,979		
Staff vehicle loan					83,526
Transport			19,487		1,477,521
	-	**-**	**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***

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 it's credit risk profile as well as forward - looking Expected Credit Loss estimates and shall update the same on it's 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

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, eop	Real GDP, USD (2010 prices)	Current account balance, USD	Import cover months

The economic scenarios

Consumer price index inflation, 20	584	763	935
Exports of goods and services, US	7,949	9,396	10,689
Government domestic debt, LCU	1,311,530	1,601,205	1,831,600
LCU/USD, ave	48	53	57
Nominal GDP, LCU	4,907,655	6,324,877	8,013,282
Private final consumption, LCU	3,602,073	4,706,091	5,637,460
Total domestic demand, LCU	5,199,565	6,554,527	7,774,860
Savings, LCU	1,058,363	1,139,738	1,333,876
Population	119,344,463	122,292,044	125,261,131
Consumer price index inflation, 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	510,010	596,728
Goods imports, USD	14,996	15,798	16,433
Goods exports, USD	4,022	4,137	4,393
Current account balance, USD	4,482	4,804	4,748
Import cover months	2	2	2
Total household spending, LCU	4,197,597	5,494,617	6,584,552
Nominal GDP, USD	100,847	115,100	130,089
Real GDP, LCU (2010 prices)	9.79927E+11	1,031,006,500,000	1,097,146,000,000
Real GDP, USD (2010 prices)	68,005,149,345	71,549,973,629	76,139,934,488

Real GDP per capita, USD (2010 p	549	567	589
Nominal GDP, USD (PPP)	315,978,796,495	358,557,612,057	394,406,827,578
Private final consumption, USD	74,903	87,766	99,434
Government final consumption, LC	406,173	487,844	566,298
Government final consumption, US	8,490	9,106	9,990
Exports of goods and services, LC	382,338	508,898	605,981
Imports of goods and services, LC	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, eop	52	55	58
Total revenue, LCU	363,207	476,482	648,397
Total revenue, USD	7,576	8,877	11,412
Total expenditure, LCU	523,143	681,893	857,966
Total expenditure, USD	10,869	12,721	15,114
Current expenditure, USD	5,225	9,525	10,522
Budget balance, LCU	159,936	205,411	209,569
Budget balance, USD	3,293	3844	3,702
Services imports, USD	5,856	6,267	6,697
Services exports, USD	5,202	5,569	5,898
Total reserves ex gold, USD	2,955	3,160	3,649
Total external debt stock, USD	35,573	40,112	44,667
Long-term external debt stock, US	33,809	38,315	42,836
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.

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;

	Note	Amount Millions of
Carrying amount	15	14,964,509
Amount		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 o 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 2023 Birr'000	**30 June 2022 Birr'000**
Expiring within one year (borrowings)		
Expiring beyond one year (borrowings)	713,862	1,105,615
	713,862	1,105,615

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 2023	0 - 30 days Birr'000	31 - 90 days Birr'000	91 - 180 days Birr'000	181 - 365 days Birr'000	Over 1 year Birr'000
Deposits from customers	4,020,025	1,058,019	2,242,970	2,741,585	7,789,839
Debt securities issued					
Borrowings					713,862
Other liabilities	120,666	210,564	293,453	496,801	
Total financial liabilities	**4,140,690.76**	**1,268,583.41**	**2,536,422.64**	**3,238,385.58**	**8,503,700.86**

30 June 2022	0 - 30 days Birr'000	31 - 90 days Birr'000	91 - 180 days Birr'000	181 - 365 days Birr'000	Over 1 year Birr'000
Deposits from customers	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**	**1,593,958.14**	**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.

(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				
Other liabilities	1,188,319			1,188,319
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				
Other liabilities	1,463,379			1,463,379
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

	30 June 2023 Birr'000	1 July 2022 Birr'000
Cash and bank balances	4,410,670	3,180,694
Deposit from customers	17,852,437	13,050,253
	22,263,106	**16,230,947**

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
	3,577,326	2,592,545
Risk weighted assets		
Risk weighted balance for on-balance sheet items	17,082,680	13,210,740
Credit equivalents for off-balance sheet items	3,746,150	3,240,970
	24,406,156	19,044,255
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 date and the unobservable inputs have a significant effect on the asset or liability's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

4.6.2 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.

30 June 2023	Carrying amount Birr'000	Fair value Birr'000
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	**21,041,398.01**	**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	Carrying amount Birr'000	Fair value Birr'000
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 availablity of stock market we can't measure it with first hand information.

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

		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	(784,406)	(676,161)
	Interest on customer savings	(491,742)	(368,152)
	Interest on Borrowing	(96,647)	(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)**

30 June 2023	30 June 2022

		Birr'000	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	(116,200)	(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)	(22,856)
		(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	(13,459)	(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)	(1,647)
	Legal and professional fees	(33,896)	(28,882)
	Entertainment	(4,408)	(2,973)
	Director fees	(1,320)	(1,320)
	Correspondent costs	(802)	(488)
	Bank charges	(14,699)	(10,599)
	Subscription and Publication	(373)	(175)
	Wages for non employees	(1,400)	(639)
	Women loan expense	-	-
	Audit fees	(280)	(180)
	Donations	(17,868)	(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	-	-
	Deferred income tax/(credit) to profit or loss	1,484	2,771
	Total charge to profit or loss	**180,214**	**62,843**
	Tax (credit) on other comprehensive income	(10,752)	(7,975)

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	56,744	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%	148,215	56,553
Dividend taxed at source	4,770	2,740
Income Earned on Government Bonds	24,536	
Income Earned on Treasury Bonds	4,399	-
Total allowable expenses	**415,489**	**279,272**
Taxable profit	**595,768**	**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.

		30 June 2023 Birr'000	30 June 2022 Birr'000
The analysis of deferred tax assets/(liabilities) is as follows:			
To be recovered after more than 12 months		(34,554)	(22,319)
To be recovered within 12 months		-	-
	-	**(34,554)**	**(22,319)**

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 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)	-		(13,994)	(29,218)
Total deferred tax assets/(liabilities)	**(22,320)**	**4,193**	**-**	**(16,428)**	**(34,554)**

14 Cash and balances with banks

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

		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	777,031
	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**

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

			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)
	Gross amount	-	726,677	705,960

Maturity analysis		30 June 2023 Birr'000	30 June 2022 Birr'000
Current		230,373	227,110
Non-Current		496,304	478,850
Impairment allowance on other assets			
	-	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		20,109	12,043
(Reversal)/charge for the year (note 10)		-	-
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		11.4	11.4
ATM Debit Card (ENAT Card)		2,690	(296)
	-	**30,132**	**10,500**

18 Intangible Assets

	Purchased software Birr'000
Cost:	
As at 1 July 2022	67,985
Acquisitions	
Reclassifications	1,147
As at 30 June 2023	**69,132**
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**

	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)	(2.10)	(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**	**198,478**
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**

21 The right of use asset

	Land Lease Birr'000
Cost:	
As at 1 July 2022	100,653
Acquisitions	
Accumulated deprciation	(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**

		30 June 2023 Birr'000	30 June 2022 Birr'000
22 Assets held for sale			
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.

		30 June 2023 Birr'000	30 June 2022 Birr'000
23 Deposits from customers			
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**

			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		-	-
	Witholding 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 Liablity

	30 June 2023 Birr'000	30 June 2022 Birr'000
Cost:		
Land lease	75,154	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**

			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)
	Deffered tax liablity (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.

Maturity analysis		30 June 2023 Birr'000	30 June 2022 Birr'000
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	30 June 2023 Birr'000	30 June 2022 Birr'000
Current service cost	2,844	1,975
Interest cost	5,271	2,660
	8,115	**4,635**

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 Liablities			-
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	0.00355	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) 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 attriutable 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**

		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 djustment	-	-
	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	264,891
	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	24,557
	Transfer (from) retained earnings	33,026	51,843
	Transfered 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 earning 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 resereve	(546)	(588)
	At the end of the year	**29,251**	**24,334**

		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
	Retireent 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 liablities	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**	**-**

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
	8,674	**4,329**

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
	15,540	**5,277**

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
	1,566	**983**

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
	1,425	**617**

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.

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ውድ ባለአክሲዮኖች

የ2015/16ን ዓመታዊ ሪፖርት የማቀርብላችሁ በደስታ እና ከከፍተኛ ምስጋና ጋር ነው፡፡ ያሳለፍነውን አመት ወደሁዋላ ስመለክተው ያሳለፍናችው ሸለቆዎች እና ተራራዎች ይታዩኛል፡፡ በወቅቱ የማይቱታለፉ የሚመስሉ ከባድ ተግዳሮቶችን ተጋፍጠናል፡፡ እጅግ አስደሳች ወቅቶችም ነበሩ፡፡ ሁሉንም በህብረት አልፈናቸዋል፡፡ ስለማያወላውል መሰጠታችሁ እና ድጋፋችሁ አመሰግናችኋለሁ፡፡

ከኮቪድ ወረርሺኝ በኋላ የመጣ የመጀመርያው ዓመት በመሆኑ ምክንያት 2015/16 በከፍተኛ ጉጉት የተጠበቀ ዓመት ነበር፡፡ የዓለም ኢኮኖሚ በኮቪድ ወረርሺኝ ምክንያት የተጠናወቱትን ህጸጾች ማራገፍ የጀመረበት ጊዜ ነበር፡፡ ወደቀድሞው የኑሮ ዘይቤ የመመለስን ተስፋ ከአድማስ ባሻገር ማየት የጀመርንበት ታምቆ የቆየውን ፍላጎት ለማርካት የተጀመረው ሩጫ ዕድገትን ያሳየበትና ትልቅ መነቃቃት የተሰነቀበት ጊዜ ነበር፡፡

ይሁን እንጂ በየዕለቱ ይበልጥ እየተፋፋመ የመጣው የዩክሬን ጦርነት አለማባራትና በአየር ንብረት ለውጥ ምክነያት የተከሰቱ የተፈጥሮ አደጋዎች ኢኮኖሚውን ተጫጭነውታል፡፡ ከፍላጎትና አቅርቦት ዑደቶች ጋር ተያያዥ በሆኑ ምክነያቶች በዓለም አቀፍ ደረጃ ታሪካዊ የሆነ የዋጋ ግሽበት ተከስቶአል፡፡ ይህንን ግሽበት ለማቀዝቀዝ ተጠባቂ የሆኑ የገንዘብ ዝውውርን የሚቀንሱ መመሪያዎች ከሁሉም ግዙፍ ኢኮኖሚ ያላትን አሜሪካንን ጨምሮ በዓለም ዙሪያ ባሉ ብሔራዊ ባንኮች መተግበራቸው ኢኮኖሚውን የጎተተ ልግዋም ሆኖአል፡፡

ይህ ደግሞ የሰዎች ደሞዝ ያለውን የመግዛት አቅምና ሸማቾች በኢኮኖሚው ላይ ያላቸውን አመኔታ ቀንሶታል፡፡ ይህ ደግሞ በኢኮኖሚው መሰላል የበታችኛው ክፍል ላይ የሚገኙትን ወገኖች በጣም ይጎዳል፡፡ ለእነዚህ ወገኖች ድጋፍ ለማድረግ መንግስታት የሚወስድዋችው እርምጃዎች ደሞ ተጨማሪ ብድር እንዲበደሩ ያስገድዳቸዋል፡፡ይህ ደግሞ በተለይ ዝቅተኛ ገቢ ያላቸው ሃገራት ቀድሞውንም የተዘፈቁበትን የዕዳ ቀውስ አባብሶታል፡፡ ይህ ሁኔታ በዓለም ዙሪያ ያሉ ፖሊሲ

አውጪዎችን የዋጋ ንረትን በመግታትና የኢኮኖሚ ድቀትን በማምለጥ መሃል ያለውን ሚዛን የመጠበቅ አጣብቂኝ ውስጥ ከቶአቸዋል፡፡ አስተዋይነትና ጥበብ የተሞላው አመራር ከምንግዜውም በበለጠ የሚያስፈልግበት ጊዜ ነው፡፡

የኢትዮጵያ ኢኮኖሚም የዚህ ዓለም አቀፍ ሁኔታ ነጸብራቅ ነው፡፡ የተዛባ የዓየር ንብረት ውጤት የሆኑ ተፈጥሮአዊ ክስተቶችና ሰው ሰራሽ ግጭቶች ኢኮኖሚውን በሁለት በኩል የተሳለ ጎራዴ ሆነውበታል፡፡ የወጋ ግሽበት የኢኮኖሚው የጎን ውጋት መሆኑን ቀጥሎአል፡፡ በ2015, 34% እና በ2016, 31% የደረሰው የዋጋ ንረት የአብዛኛውን ህዝብ ኑሮ አክብዶበታል፡፡

የዋጋ ንረትን ለመግታትና ለመቀነስ አስፈላጊ የሆኑት የፖሊሲ ውሳኔዎች ደግሞ ኢኮኖሚውን የማቀዝቀዝና ስራ አጥነትን የመጨመር አደጋን የሚደቅኑ ናቸው፡፡ ይህም ደግሞ በኢኮኖሚ አቅማችው ደካማ የሆኑትን የበለጠ የሚጎዳ ነው፡፡ በብሔራዊ ባንክ የተወሰዱ እነህን መሰል የገንዘብ ዝውውርን የሚገቱ መመርያዎች ለባንክ ኢንዱስትሪው ከባድ ፈተናዎች ነበሩ፡፡ የውጭ ምንዛሪ አጥረት፣የገበያ ውድድሩ ክረትና የገንዘብ ዝውውር አጥረት በዚህ ዓመት የተጋፈጥናቸው ተግዳሮቶች ነበሩ፡፡

የተከበራችሁ ባለአክስዮኖች

የእናንተ የዳይሬክተሮች ቦርድና የማኔጅመንት አባላት እነዚህን ተግዳሮቶች መመከት ብቻ ሳይሆን በችግር ውስጥም ቢሆን እድገት ያስገኘ ጥበብ የተሞላበት አመራር ስጥተዋል፡፡ የበዛ ተግዳሮት በነበረበት ሁኔታም ውስጥ ቢሆን ገቢያችንን በ52% ማሳደግ ተችሎአል፡፡ ከታክስ በፊት 724 ሚልዮን ብር ትርፍ አግኝተናል፡፡

ይህም ከባለፈው ዓመት የ92% እድገት ነው፡፡ይህ ውጤት ሊገኝ የቻለው የባንኩ ሰራተኞች ከአመራሩ የተሰጡትን ፖሊሲዎች በጥንቃቄ በመተግበራችው፣ ደንበኞቻችን ለባንኩ ታማኝ በመሆናቸውና የባለአክስዮኖቻችን ድጋፍ ስላልተለየን ነው፡፡

ስለሆነም ከልብ የመነጨ ምስጋናዬን አብረውኝ ለሚያገለግሉት የቦርድ አባላት፣ግሩም አመራር ለሰጡት የአመራር ቡድኑ አባላት፣ሁልግዜም በቁርጠኝነትና በትጋት ለሚሰሩት የባንኩ ሰራተኞች፣ ያለማወላወል ታማኝ ለሆኑት ደንበኞቻችንና ባለአክስዮኖች ሁሌም ለሚደግፉን የኢትዮጵያ ብሔራዊ ባንክ አቀርባለሁ፡፡

አመሰግናለሁ

ከምስጋና ጋር

ፍሬሕይወት ወርቁ

የፕሬዝዳንቱ መልእክት

ውድ ባለአክሲዮኖች

የ2015/16 በጀት ዓመት ለእናት ባንክ የስኬት ዓመት ነበረ። ስለሆነም መልእክቴን መጀመር የምፈልገው እናንተን ሁልጊዜም የምትደግፉንን ባለአክስዮኖች፣ የቦርዱን አባላት፣ አብረውኝ የሚያገለግሉትን የከፍተኛ አመራር አባላትን፣ የእናት ባንክ ሰራተኞችን በሙሉና ታማኝ ደንበኞቻችንን በአጠቃላይ እንኳን ደስ ያላችሁ በማለት ነው።

በበጀት ዓመቱ መዘገያ ላይ እናት ባንክ ከታክስ በፊት የ724 ሚሊዮን ብር ትርፍ አስመዘግቧል። ይህም ከአለፈው ዓመት ጋር ሲነጻጸር የ92% እድገት ያለው ነው። አጠቃላይ ገቢም 2.2 ቢሊዮን ከነበረው የአለፈው ዓመት ገቢ በ52.4% በማደግ 3.3 ቢሊዮን ብር ደርሶአል። ከገቢው ወደ 70% የሚሆነው ከወለድ ገቢ የተገኘ መሆኑም ገቢው ቀጣይነት ያለው የትርፍ ዕድገት የሚገኝበት ምንጭ መሆኑን ያመላክታል።

የአጠቃላይ ተቀማጭ መጠንም በ4.8 ቢሊዮን ብር ወይም 36.8% በመጨመር ወደ 17.9 ቢሊዮን ብር ደርሷል ይህም የሚያሳየው እናት ባንክ የቅርንጫፎቹን ቁጥር በመጨመርና የደንበኞች አገልግሎቱን በማሻሻል የተገልጋዮቹን ቁጥር የማሳደግ ጥረቱ እየተሳካ እንደሆነ ነው። ይህ ደግሞ የባንኩን የገንዘብ ዝውውር አቅም ለመጠበቅና ለቀጣይ የላቀ ዕድገት መንደርደሪያ ይሆነዋል።

በሰኔ 2015 መጨረሻ የተሰጡ ብድሮች አጠቃላይ ድምር 15 ቢሊዮን ብር ደርሷል። ይህም ከአለፈው ዓመት ጋር ሲወዳደር በ3.9 ቢልዮን ብር አድጓል። ይህም ሲሆን ባንኩ የብድሮቹን ጥራት በሚገባ እንደጠበቀ ነው። በበጀት ዓመቱ የባንኩ አጠቃላይ ወጪ በ44% ጨምሮ 2.6 ቢሊዮን ብር ሆኗል። የብዙ ቅርንጫፎች መከፈት ለወጪው ዕድገት ዋንኛ ምክንያት ነው።

የባለአክስዮኖች ድርሻም 2.5 ቢሊዮን ብር ደርሷል። ይህም የ31.2% ዓመታዊ ዕድገት ነው። የባለአክስዮኖች ቁጥሩም 22,350 ሲሆን ከነዚህ ውስጥ 63% የሚሆኑት ሴቶች ናቸው። ይህም ባንኩ የፆታ ምጣኔው 60/40 እንዲሆን ከያዘው ዕቅድም በላይ ነው። እናት ባንክ ለተቋቋመለት ሴቶችን የኢኮኖሚ ተጠቃሚ የማድረግ ለየት ያለ ራዕይ ታማኝ መሆኑን የሚያሳይ ተጨማሪ ማስረጃ ነው።

የተከበራችሁ ባለአክሲዮኖች

ይህ ከፍተኛ ውጤት የተገኘው በአገር ውስጥ ለግል ባንኮች የሚፈለገው ዓይነት ሁኔታ ባልነበረበትና የዓለም ኢኮኖሚም ከፍተኛ ተግዳሮቶች በገጠሙት ወቅት ነው። የዓለም ኢኮኖሚ በአየር ንብረት ለውጥ ምክንያት በተከሰቱ አስቸጋሪ የተፈጥሮ ክስተቶችና በዩክሬንና በራሽያ መካከል ባለው ጦርነት ምክነያት በተባባሱ የነዳጅና የምግብ ዋጋ ንረት ምክነያት በጦዘ የዋጋ ግሽበት የተወጠረበት ገዜ ነው።

በዚህም የተነሳ ብሔራዊ ባንኮች የዋጋ ግሽበቱን ለመከላከል ከፍተኛ የወለድ ምጣኔ ጭማሪ ለማድረግ ተገደዋል። ይህ ደግሞ የተበዳሪዎችን የመክፈል አቅም ክፉኛ ተፈታትኖታል። ከዚያም በላይ ኢኮኖሚውን የማቀዝቀዝ ያልተፈለገ ውጤት አስከትሏል።

በዓለም ዙሪያ ያሉ ብሔራዊ ባንኮች እንዳደረጉት ሁሉ የኢትዮጵያ ብሔራዊ ባንክም የዋጋ ግሽበትን ለመከላከል የሚረዱ መመርያዎችን አውጥቷል። ግሽበት ከ30% በላይ በሆነበት ሁኔታ ይሄ መደረጉ የሚገርም ባይሆንም ሥራችንን አስቸጋሪ ማድረጉን ግን መካድ አይቻልም። የሀገር ውስጥ ኢኮኖሚው የሚደንቅ ፅናት ቢያሳይም የኑሮውድነት፣ ድርቅና በአገሪቱ የተለያዩ ክፍሎች የተከሰቱት ግጭቶች ከፍተኛ ጫና አድርገውበታል።

የገጠመንን ይህን የመሰለ አስቸጋሪ የንግድ ከባቢ ለመቋቋም በቁርጠኝነት፣ ጠንክሮ በመስራትና ፈጠራ የታከለባቸው ችግር ፈቺ መፍትሔዎችን በማቅርብ መልስ መስጠት ነበረብን።

ሠራተኞቻችን በሰጡት ምላሽም በጣም ኮርቼባቸዋለሁ።ለእሴቶቻችን ታማኝ በመሆን፣ ከቦርዱና ከሥራ አመራሩ የተሰጡትን መመሪያዎች በውጤታማነት በመተግበር ፣ለደምበኞች የላቀ አገልግሎት ለመስጠት ያለንን ቃል ኪዳን በመጠበቅ፣ በተግዳሮት መካከልም ቢሆን ጥሩ ውጤት ማግኘት እንደሚቻል አስምስክረዋል።

መጪው ዓመትም የራሱ የሆነ ፈተናዎች ይኖሩታል። የዓለም ገንዘብ ድርጅት እንደተመነው በዚህ ዓመት የዓለም ኢኮኖሚ ዕድገት ባለፈው ዓመት ከነበረበት 3.5% ወደ 3% ይቀዘቅዛል በሚቀጥለው ዓመት ደግሞ ወደ 2.9% ዝቅ ይላል።

ይሁን እንጂ እኔ እምነቴ ሙሉ ነው። ምክነያቱም ከባለአክስዮኖቻችን የማያቋርጥ ድጋፍ፣ ከዳይሬክተሮች ቦርድ ጥበብ የተሞላው አመራር፣ ከሥራ አመራሩ ጠንካራ የቡድን ሥራ፣ ከሠራተኞቻችን ታታሪነትና መሰጠት፣ ከደምበኞቻችን ደግሞ የማይነቃነቅ ታማኝነት እንደምናገኝ ስለማውቅ ነው።

በዚህ አጋጣሚ ለባለአክስዮኖቻችን፣ ደንበኞቻችን፣ ዳይሬክተሮቻችን፣ ለእናት ባንክ ሠራተኞች በሙሉና ለኢትዮጵያ ብሔራዊ ባንክ ከፍተኛ ምስጋና ማቅረብ እፈልጋለሁ።

አመሰግናለሁ

ኤርምያስ አንዳርጌ

እሊኔ መስፍን

እሊኔ መስፍን እባላለሁ። በአማራ ክልል፤ ዋግ ኽምራ ብሄረሰብ ዞን ሰቆጣ ከተማ ነው የተወለድኩት።

ባለትዳር እና የሶስት ውብ ልጆች እናት ነኝ። የሁለት ሴት እና የአንድ ወንድ።

ወደ ንግዱ አለም የገባሁት ህይወትን ለማቆየት ነው። ቤተሰቤን ለማስተዳደር ብዙ የንግድ ስራዎችን ሞክሬያለሁ። ከብዙ ውጣ ውረድ በኋላ አሁን የምሰራበት በባህላዊ አልባሳት ስፌት እና ሽያጭን ከ6 አመት በፊት ጀመርኩ። በወቅቱ የምኖረው በአዲስ አበባ ከተማ ሽሮ ሜዳ ተብሎ በሚጠራው አካበቢ በመሆኑ በዚህ አካባቢ የባህል አልባሳት ስራ የተለመደ እና የሚዘወተር ነው። እኔም ይህንን ሁኔታ በመገንዘብ የልብስ ስፌት እና ጥልፍ ሙያ አጭር ስልጠና ከወሰድኩ በኋላ በእግር በምትወዘወዘው የልብስ ስፌት ማሽን በቤቴ የልብስ ስፌት ስራን ጀመርኩ፤ ወደ ዚህ ሙያ የገባሁት በዚህ መንገድ ነው።

ስራውን ስጀምር ብዙ ችግሮችን አሳልፌያለሁ። የስራ ቦታ እጦት፤ የመስሪያ ገንዘብ እጥረት፤ የገበያ ማጣት፤ ለሙያው አዲስ መሆንን ጨምሮ የተለያዩ ፈተናዎች ገጠመውኛል።

ስለ እናት ባንክ የሴቶች ብድር የሰማሁት፤ ከ 3 ዓመት በፊት በዞሪያዬ ከሚሰሩ የእድሉ ተጠቃሚ ሴቶች ነው። በምሰራበት አካባቢ የእናት ባንክ ብድር የገንዘብ እጥረት ችግራቸውን የፈታላቸው እና ከውድቀት የታደጋቸው ሴቶች ስለ እድሉ ሲያወሩ ሰማሁ። እኔም ጠጋ ብዬ ስለ ብድሩ ሁኔታ አይነት እና ብድሩን ለማግኘት ማሟላት የሚገባኝን መስፈርት ጠየቅኩ፤ የሰጡኝን መረጃ ይዤ ወደ እናት ባንክ በመቅረብ አስፈላጊ ሄደቶችን አልፌ የእድሉ ተጠቃሚ መሆን ቻልኩ።

እናት ባንክ ለእኔ ባለውለታዬ ነው። የእናትን ባንክ የብድር አገልግሎትን በማግኘቴ የአልባሳት ልብስ ስፌት እና ሽያጭ ንግዴን በሁለት እግሩ ማቆም ችያለሁ። የንግድ ስራዬን ማስፋፋት፤ ማሽኖቼን መቀየር፤ ለቤተሰቤ አስፈላጊውን የእለት ፍጆታ በበቂ ሁኔታ ማቅረብ፤ ልጆቼን ማስተማር ችያለሁ። ከዚህ አልፌ ለአራት ሰዎች የስራ እድል መፍጠር ችያለሁ። እናት ባንክ ለእኔ እንደ ስሙ እናት ነው የሆነልኝ። የክፉ ቀን መውጫ፤ የነገ ተስፋ መመልከቻ፣ ብርሄኔ ነው እናት ባንክ።

በአሁን ሰአት ድርጅቴ በጥሩ ሁኔታ ላይ ይገኛል። የልብስ መስፊያ ማሽኔ በኤልክትሪክ የሚሰራ ዘመናዊ ማሽን ሆኗል። የአልባሳት መሸጫ ሱቁ ሙሉ ነው። አስፈላጊውን ግብአት በወቅቱ የሚያሟላ፣ ትእዛዞችን በአግባቡ ተቀብሎ በፍጥነት ለደንበኞቹ የሚያደርስ ጠንካራ ድርጅር ሆኗል። ለሌሎች ሰዎችም የስራ ምንጭ ሆኗል። ያገኘሁትን የብድር ዕድል ተጠቅሜ ከአገር ባህል አልባሳት ሽያጭ በተጨማሪ 3 መኪናዎች ገዝቼ ሁለቱ ስራ ላይ ሲውሉ አንዱን ደግሞ እራሴ እየተጠቀምኩበት እገኛለሁ። የድርጅቴ ካፒታል እንዲሁም የዓመታዊ ገቢ መጠን ከ 10እጥፍ በላይ አድጓል፡፡

የእናት ባንክ ልዩ የሴቶች የብድር አገልግልግሎት፤ ሴቶች ነገቸውን ለመገንባት ዛሬ ስንቅ እንዲይዙ እድል የሚሰጥ ፕሮግራም ነው። በዚህ ፕሮግራም እኔ እንደ ሴት፤ ደግሞም እንደ እናት ከተናንት ችግሮቼ ተላቅቄ ብሩህ ነገን እንድመለከት አቅም እንደሰጠኝ የማምንበት ፕሮግራም ነው። ይህ ለሌሎች ሴቶችም ይሰራል ብዬ አምናለሁ። ፕሮግራሙ በሀገር አቀፍ ደረጃ መስፋፋት እና ሴቶችን መታደግ፤ ማብቃት እና ማገዝ መቻል አለበት ብዬ አስባለሁ።

አይናለም አማረ

አይናለም አማረ እባላለሁ። ተወልጄ ያደግሁት አዲስ አበባ ነው።

የኮሌጅ የመጨረሻ አመት ተማሪ የነበርኩበት ወቅት የግንባታ ስራዎች በየቦታው የተስፋፉበት ጊዜ ነበር። ከአስተማሪዬ አንዱ በግንባታ ዕቃዎች አቅርቦት ላይ የሚሰራ ህጋዊ የንግድ ፍቃድ ያለው ንግድ ለመመስረት ሀሳብ አቀረበ። ይህን መረጃ በሰማሁ ጊዜ የማህበሩ አባላት አክሲዮን መሸጥ እና ለስራ ማስኬጃ የሚሆን ካፒታል ማሰባሰብ ጀምረው ነበር። በዚህ መልካም አጋጣሚ ምክንያት ወደ ንግዱ ዓለም ገባሁ። ድርጅቱ ውስጥ ባለኝ ቆይታ ብዙ ትምህርቶችን ወስጃለሁ ፤ የአስተዳደር ጽንሰ-ሀሳብን ተምሬያለሁ ፤ የገበያ ፍላጎትን መረዳት ችያለሁ፣ ስለትርፍ እና ኪሳራ ፤ ስለአመራር እና ሌሎችም ክህሎቶችን ማዳበር ችያለሁ። በዚህም የተነሳ የራሴን ንግድ የማቋቋም ህልሜን ለማሳካት የምችለውን ጉልበት ማግኘት ችያለሁ። በእኔ እይታ የቢዝነስ ተቋም በሙያዊ፣ በንግድ ወይም በኢንዱስትሪ እንቅስቃሴዎች ላይ የሚሳተፍና የስራ ዲሲፕሊን፣ ጠንክሮ መሥራት፣ ትዕግስት እና ወጥነት ያለው አካሄድ የሚፈልግ ዘርፍ ተብሎ ሊገለፅ ይችላል።

ስለ እናት ባንክ ልዩ የሴቶች ብድር ለመጀመሪያ ጊዜ የሰማሁት አንድ ምሽት ላይ ከአድካሚ የስራ ቀን በኋላ በቴሌቪዥን “እናት ባንክ ከጠንካራ ሴቶች ጎን ነው “ የሚል ማስታወቂያ ላይ ነበር ። ይህ ለእኔ መልካም ዜና ነበር። በማግስቱ ጠዋት በስራ ቦታዬ አጠገብ በሚገኘው እናት ባንክ በወቀቱ የጀመርነውን የጨርቃጨርቅ ማምረት እና መሸጥ ስራዬን የሚመለከቱ ሰነዶችን ይዜ ሄድኩኝ። እናት ባንክ የጀመርነውን የአነስተኛ የጨርቃጨርቅ ማምረት ስራችንን ለማስፋት የጠየቅነውን የመጀመሪያ ብድር ሰጠን። የሰራተኞቻችን ብዛት በወቅቱ 6 ቢሆኑም ውጤታማ በሆነ መንገድ እንጠቀም ነበር። አሁን መደበኛ እና የትርፍ ጊዜ ሰራተኞች ቁጥር 50 ሆኗል። የመጀመሪያው ብድር ከእናት ባንክ ጋር የጠንካራ የንግድ ግንኙነት ጅምር ነበር ፤የልብስ ንግዱን የማስፋፊያ ስራ እየሰራን አዲስ የስራ ዘርፍ፣ ኤክስፖርት እና ገቢ ንግድን አጥንተን ጀመርን።

አሁንም እናት ባንክ ለአዲሱ የኤክስፖርት እና አስመጪ ንግድ ፋይናንስ ለማድረግ ከጎኔ ነበር። በእናት ባንክ ለወጪ ንግድ ስራዬ ብድር ተመቻችቶልኝ በአሁን ሰዓት ድርጅቴ ለሀገራችን የውጭ ምንዛሪ የሚያስገባ፣ ግብር በአግባቡ የሚከፍል እና ለሌሎች የስራ እድል የፈጠረ ድርጅት ሆኗል።

በግሌ እናት ባንክ በህብረተሰባችን ውስጥ ሴቶችን በማገዝ የሚታይ ለውጥ እያመጣ ነው። ለዚህ እኔ ህያው ምስክር ነኝ። በአነስተኛ የጨርቃጨርቅ ማምረት ሥራ ጀምሬ አሁን በተጨማሪ የኤክስፖርት ኩባንያ ባለቤት እና ዋና ሥራ አስፈፃሚ ሆኛለሁ።

ስለዚህ ለሴት እህቶቼ እና ወንድሞቼ ያለኝ መልዕክት ምንም እንኳን ስኬት በቀላል የሚገኝ ባይሆንም እንደ እናት ባንክ ከሚያግዛችሁ ቁርጠኛ ባንክ ጋር ስትሰሩ ሁሉም ነገር ሊደረስበት የሚችል መሆኑን የእኔ ታሪክ በግልፅ ያሳያል ።

አምሳለ ፀጋዬ

አምሳለ ፀጋዬ እባላለሁ፡፡ የምኖረው በአዲስ አበባ ጉለሌ ክፍለ ከተማ ወረዳ 7 ውስጥ ነው፡፡ በአካባቢዬ ላይ የላውንደሪ አገልግሎት ስላልነበረ እቤት ውስጥ በምጠቀምበት የልብስ ማጠብያ ማሽን ለሰዎች ልብስ ማጠብ ጀመርኩ፡፡ በአጭር ጊዜ ውስጥ ብዙ ደንበኞች በማፍራቴ የስራው ብዛት እየጨመረ ሲመጣ የምሰራበት ማሽን በቂ እንዳልሆነ ተረዳሁ:: በዚህ መሃል ከ4 አመት በፊት ስለ እናት ባንክ በቴለቪዥን ሰማሁ፡፡ ወደ ባንኩ በመሄድ መረጃ በመጠየቅ የሚያስፈጉኝን መስፈርቶች አሟልቼ ብድር ተፈቀደልኝ፡፡ ትልቅ የልብስ ማጠብያ ማሽን እና መደርደሪያዎች ገዛሁ፡፡ ስራዬም እየተስፋፋ ሲመጣ 3 ቋሚ እና 1 ጊዜያዊ ሰራተኞችም ቀጠርኩ፡፡ በገቢውም 5 ቤተሰቦቼን ማስተዳደር እንዲሁም ብድሬም ጨርሼ ከፈልኩ፡፡

የእናት ባንክን ብድር ከመውሰዴ በፊት የወር ገቢዬ እስከ ብር 5,000 ይደርስ ነበር፡፡ ከእናት ባንክ ብድር ወስጄ ትልቅ የልብስ ማጠብያ ማሽን ከገዛሁ በኋላ በወር ከብር 20,000 በላይ ገቢ ማግኘት ጀመርኩ፡፡

በአሁኑ ወቅት አካባቢዬን በማጥናትና አካባቢው ብዙ የጋራዥ ስራ የሚሰራበት በመሆኑ የመኪና ዘይት መሸጫ ሱቅ ከፍቼ የላውንደሪውን ስራ ጎን ለጎን በመስራት ላይ እገኛለሁ፡፡

ይህንን ብድር ወስጄ በመስራቴ ለሌሎች የስራ እድል ፈጥሬአለሁ፣ የገንዘብ ችግሬ ተቀርፏል እንዲሁም ከእናት ባንክ በብር 50,000 አክሲዮን ገዝቻለው፡፡

ወደፊት ንግዴን የበለጠ ለማስፋፋት፣ ተጨማሪ ሌሎች ስራዎችን መስራት፣ ቤትና መኪና እንዲኖረኝ ጠንክሬ ለመስራት እቅድ አለኝ፡፡

መነሻዬ እናት ባንክ ስለሆነ እናት ባንክን አመሰግናለሁ፡፡ ይህ የሴቶች ልዩ የብድር ፕሮግራም በደንብ ተስፋፍቶ ብዙ ሴቶች የብድሩ ተጠቃሚ እንዲሆኑ እመኛለሁ፡፡

እናት

ENAT BANK

ከውጭ የሚላክልዎን ገንዘብ
በእናት ባንክ ይቀበሉ

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እናት ባንክ አክሲዮን ማህበር
የትርፍ እና ኪሳራ መግለጫ
ሰኔ 23 ቀን 2015 ዓ.ም

	Notes	ሰኔ 23 ቀን 2015 ብር'000	ሰኔ 23 ቀን 2014 ብር'000
ከወለድ የተገኘ ገቢ	5	2,298,726	1,675,868
የወለድ ወጪ	6	(1,372,795)	(1,171,146)
የተጣራ የወለድ ገቢ		**925,931**	**504,722**
ከአገልግሎትእና ከኮሚሽን	7	615,000	319,527
የአገልግሎት እና የኮሚሽን ወጪ	7	-	-
የተጣራ ከአገልግሎት እና ከኮሚሽን የተገኘ ገቢ		**615,000**	**319,527**
ልዩ ልዩ ገቢዎች	8	416,954	183,421
ጠቅላላ የአገልግሎት ገቢ		**1,957,886**	**1,007,670**
ለአጠራጣሪ ብድሮች መጠባበቂያ	9	(141,234)	(20,436)
ለሌሎች አጠራጣሪ ተሰብሳቢዎች መጠባበቂያ	10	(8,066)	(1,782)
የተጣራ የአገልግሎት ገቢ		**1,808,585**	**985,452**
የሰራተኛ ወጪዎች	11	(678,827)	(360,242)
ህልዎታዊ ግዝፈት የሌላቸው ቅናሽ	18	(11,555)	(9,330)
ከቋሚ ንብረት የተደረገ የዕርጅና ቅናሽ	19	(40,900)	(30,521)
ለሌሎች ወጪዎች	12	(353,449)	(208,333)
ትርፍ ከግብር በፊት		**723,854**	**377,026**
የግብር ወጪ	13a	(180,214)	(62,843)
ትርፍ ከግብር በኂላ		**543,640**	**314,183**
ተጨማሪ ገቢዎች ተገቢው የግብር ዕዳ ከተቀነሰ በኂላ			
በቀጣይ ወደ ትርፍ እና ኪሳራ መግለጫ የማይዞሩ			
በሰራተኞች ጥቅማ ጥቅም ላይ በተሰላ የድጋሚ ልኬት የተገኘ ገቢ ወይም ወጪ	25b	(10,808)	(779)
በድጋሚ ልኬቱ ላይ የተገኘ የዘገየ የታክስ ሃብት ወይም ዕዳ		3,242	234
በባንኩ ኢንቨስትመንቶች ላይ በተሰላ የገበያ ዋጋ የተገኘ ገቢ ወይም ወጪ		46,646	27,361
በገበያ ዋጋ ላይ የተገኘ የዘገየ የታክስ ሃብት ወይም ዕዳ		(13,994)	(8,208)
		25,087	18,608
የባንኩ የተጣራ ትርፍ		**568,727**	**332,791**
ባለአክሲዮኖች በአንድ አክሲዮን የሚያገኙት ትርፍ	26	239	185

The notes on pages 30 to 73 are an integral part of these financial statements.

እናት ባንክ አክሲዮን ማህበር
የሃብትና ዕዳ መግለጫ
ሰኔ 23 ቀን 2015 ዓ.ም

	Notes		ሰኔ 23 ቀን 2015 ብር'000	ሰኔ 23 ቀን 2014 ብር'000
ሃብት				
በእጅ ያለ ገንዘብ እና በባንክ ያለ ተቀማጭ	14		4,410,670	3,180,694
በብድር እና ለሌሎች ተሰብሳቢዎች	15		14,964,508	11,206,182
ኢንቨስትመንት				
- የገበያ ዋጋ ልኬቱ በተጨማሪ ገቢዎች የሆነ	16 a		113,524	69,630
- የብሄራዊ ባንክ ቢል	16 b		1,552,696	1,306,257
ለሌሎች ሃብቶች	17		726,677	705,960
ህልወታዊ ግዝፈት የሌላቸው ንብረቶች	18		11,330	21,738
ቋሚ ንብረት	19		320,704	198,478
በግንባታ ላይ ያለ ህንፃ	20		35,169	12,157
ሀብት የመጠቀም መብት	21		610,404	457,172
የተወረሱ ንብረቶች	22	-	52,402	50,759
ጠቅላላ ሃብት		-	**22,798,085**	**17,209,026**
ዕዳ				
የደንበኞች ተቀማጭ ገንዘብ	23		17,852,437	13,050,253
የግብር ዕዳ	13		178,730	60,072
ሌሎች ዕዳዎች	24		1,118,800	1,463,379
የሰራተኞች አገልግሎት ክፍያ ዕዳ	25		36,238	20,458
ወደፊት የሚከፈል የግብር ዕዳ	13d		34,554	22,319
ጠቅላላ ዕዳ		-	**19,220,759**	**14,616,481**
ካፒታል እና መጠባበቂያ				
የተከፈለ ካፒታል	26		2,538,248	1,934,569
ያልተከፈለ ትርፍ	27		373,054	182,144
ህጋዊ የመጠባበቂያ ሂሳብ	28		479,347	343,437
ለኢትዮየያ ብሄራዊ ባንክ መጠባበቂያ	29		100,677	76,400
ለልዩ የመጠባበቂያ ሂሳብ	30		29,251	24,334
ለሌሎች መጠባበቂያ ሂሳብ			56,749	31,662
ጠቅላላ ካፒታል እና መጠባበቂያ		-	**3,577,326**	**2,592,545**
ጠቅላላ ዕዳ እና ካፒታል		-	**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 26 to 30 were approved and authorised for issue by the board of directors on November 2021 and were signed on its behalf by:

ፍሬህይወት ወርቁ
የቦርድ ሊቀመንበር

ኤርሚያስ አንዳርጌ
ፕሬዝዳንት

BRANCH CONTACT ADDRESS

S.N	BRANCH NAME	EMAIL ADDRESS (የኢሜል አድራሻ)	TELEPHONE ADDRESS (የስልክ አድራሻ)
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S.N	BRANCH NAME	EMAIL ADDRESS (የኢሜል አድራሻ)	TELEPHONE ADDRESS (የስልክ አድራሻ)
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