

# Abay Bank Share Company

Prospectus for the registration of existing  
Ordinary Shares and Listing of the Main  
Board of the Ethiopian Securities Exchange

May 11, 2026



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**THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION**

This Prospectus is issued by Abay Bank Share Company (“Abay”, the “Company”) under the provisions of the Capital Market Proclamation No. 1248/2021 (the “Capital Market Proclamation”) and in compliance with the Public Offer and Trading of Securities Directive Number 1030/2024 (the “Public Offer Directive”) of the Ethiopian Capital Market Authority (the “ECMA”). The purpose of the Prospectus includes providing information to the public regarding the securities, registration of Ordinary Shares of the Company, being the existing Ordinary Shares in issue at the date of this Prospectus, with the ECMA (the “Registration”) and the admission of all Ordinary Shares to listing and trading on the Ethiopian Securities Exchange (“ESX”) by way of a listing by introduction. This Prospectus does not offer or propose the sale of any Ordinary Shares. The Prospectus has been approved, and the securities that it refers to have been registered by the ECMA.

**THE APPROVAL OF THE PROSPECTUS AND THE REGISTRATION OF THE SECURITIES SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE ECMA OF THE COMPANY OR OF THE SECURITIES THAT ARE THE SUBJECT OF THIS PROSPECTUS. THE ECMA DOES NOT ASSUME RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS, OPINIONS, OR REPORTS INCLUDED HEREIN.**

The Company, the Directors (the “Directors”), and the Chief Executive Officer (“CEO”) and Chief Corporate Service Officer (“CCSO”) (the “Executive Management”) of the Company, whose names appear in Section 1.3 of this Prospectus (Person responsible for the information disclosed), accept full responsibility for the information contained in this Prospectus. To the best of their knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information or make the expression of such information or opinion misleading or untrue.

Existing Shareholders should carefully review Section 9 of this Prospectus (Risk Factors), for a discussion of certain risk factors which should be considered in connection with any participation in the securities.

Please read the Prospectus in full and, where in doubt as to the action you should take, consult an appropriate licensed independent securities advisor for guidance before investing in securities.

**Abay Bank Share Company**

(Incorporated and registered in Ethiopia with Principal Registration number MT/AA/2/0031268/2007)

**Transaction Advisor**

**D and T ETHIOPIA MANAGEMENT CONSULTING PLC  
 (“Deloitte”)**

**Legal Advisor**

**Tamrat Assefa Liban Law Office  
 (“Legal Advisor”)**

<b>Name of issuer:</b>	Abay Bank Share Company
<b>Commercial registration number:</b>	MT/AA/2/0031268/2007
<b>Type of offer:</b>	Registration of existing Ordinary Shares
<b>Number of shares:</b>	9,657,286 existing Ordinary Shares
<b>Par value of shares:</b>	ETB 1,000
<b>Transaction Advisor:</b>	D and T Ethiopia Management Consulting Plc ("Deloitte")

## IMPORTANT NOTICE

This Prospectus has been prepared solely in connection with the registration of the Company's existing Ordinary Shares. It is for informational purposes only and does not constitute, or form part of, an offer to sell or the solicitation of an offer to buy or subscribe for any securities in any jurisdiction.

Except in Ethiopia, no action has been taken or will be taken in any jurisdiction that would permit the possession, circulation or distribution of this Prospectus. Accordingly, this Prospectus, in connection with the registration of the Company's existing Ordinary Shares, shall not be distributed or published, in or from any jurisdiction other than Ethiopia.

Any forwarding, redistribution or reproduction of this document in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the applicable laws of other jurisdictions. Nothing in this electronic transmission constitutes an offer of securities for sale in any jurisdiction. The Company's existing Ordinary Shares have not been and will not be registered with any securities regulatory authority of any other jurisdiction or any other country except Ethiopia, and may not be offered, sold, pledged or otherwise transferred in any other jurisdiction or country except Ethiopia.

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# 1. GENERAL REQUIREMENT

## 1.1. Definition and abbreviation

In this Prospectus, any expression in the masculine shall include the feminine. In this Prospectus, unless the context otherwise requires:

Table 1: Definition and abbreviation

<b>"AABE Directive"</b>	Accounting and Auditing Board of Ethiopia Directive No.985/2024
<b>"AGM"</b>	Annual General Meeting
<b>"AML"</b>	Anti-Money Laundering
<b>"AML Proclamation"</b>	Prevention and Suppression of Money Laundering and Financing of Terrorism Proclamation No. 780/2013, as amended by Proclamation No. 1387/2025
<b>"AoA"</b>	Article of Association
<b>"AT1"</b>	The result obtained by dividing a) Tier 1 Capital by b) risk weighted assets
<b>"ATM"</b>	Automatic Teller Machine
<b>"Banking Business Proclamation"</b>	Banking Business Proclamation No. 1360/2025
<b>"Board; Board of Directors"</b>	The collective of the elected Directors of the Company
<b>"Business Segments"</b>	The two business segments of the Company, namely Conventional Banking and IFB
<b>"CAD"</b>	Cash Against Documents
<b>"CAGR"</b>	Compounded Annual Growth Rate
<b>"CAR"</b>	Capital Adequacy Ratio
<b>"Capital Adequacy Ratio"</b>	The result obtained by dividing: (a) Total Capital; by (b) Risk Weighted Assets.
<b>"Capital Market Proclamation"</b>	Capital Market Proclamation No. 1248/2021
<b>"CBE"</b>	Commercial Bank of Ethiopia
<b>"CCSO"</b>	Chief Corporate Service Officer
<b>"CEO"</b>	Chief Executive Officer
<b>"CET1"</b>	Common Equity Tier 1
<b>"CFT"</b>	Combating the Financing of Terrorism
<b>"Commercial Code"</b>	The Commercial Code of Ethiopia Proclamation No. 1243/2021
<b>"Company"</b>	Abay Bank Share Company
<b>"Conventional Banking"</b>	The conventional banking business segment
<b>"Corporate Governance Directive"</b>	Company Corporate Governance Directive No. SBB/91/2024

<b>"CPO"</b>	Cash Payment Order
<b>"CSD"</b>	Central Securities Depository
<b>"CSD Account"</b>	A dematerialised account created on the CSD
<b>"DBE"</b>	Development Bank of Ethiopia
<b>"Deloitte"</b>	D and T Ethiopia Management Consulting PLC
<b>"Directors"</b>	The members of the Board of Directors
<b>"DPS"</b>	Dividend Per Share
<b>"ECL"</b>	Expected Credit Losses
<b>"ECMA"</b>	Ethiopian Capital Markets Authority
<b>"EIU"</b>	Economist Intelligence Unit
<b>"ESG"</b>	Environmental, Social, and Governance
<b>"ETB or Ethiopian Birr"</b>	The lawful currency of the Democratic Republic of Ethiopia
<b>"Executive Management"</b>	The Chief Executive Officer and the Chief Corporate Service Officer
<b>"External Auditors"</b>	Tafesse, Shisema and Ayalew Certified Audit Partnership (TMS PLUS) for the year ended 30 June 2023 and 2024 Tewodros and Fikre Audit Services Partnership for the year ended 30 June 2025
<b>"FCY"</b>	Foreign Currency
<b>"FDI"</b>	Foreign Direct Investment
<b>"FinTech"</b>	Financial Technology
<b>"Foreign Exchange Directive"</b>	Foreign Exchange Directive No. FXD/01/2024
<b>"Foreign Exchange Exposure Limits Directive"</b>	Foreign Exchange Exposure Limits of Banks Directive No. SBB/96/2025
<b>"FVOCI"</b>	Fair Value through Other Comprehensive Income
<b>"FY"</b>	Fiscal Year
<b>"GBP"</b>	Great British Pound
<b>"G.C"</b>	Gregorian Calendar
<b>"GDP"</b>	Gross Domestic Product
<b>"Government"</b>	Government of the Federal Democratic Republic of Ethiopia
<b>"HFI"</b>	Historical Financial Information
<b>"IEC "</b>	Innovation Exchange Center
<b>"IFB "</b>	Interest-Free Banking
<b>"IFC "</b>	International Finance Corporation

<b>"IFRS"</b>	International Financial Reporting Standards
<b>"IMF"</b>	International Monetary Fund
<b>"IT"</b>	Information Technology
<b>"KYC"</b>	Know Your Customer
<b>"Legal Advisor"</b>	Tamrat Assefa Liban Law Office
<b>"LC"</b>	Letter of Credit
<b>"MoA"</b>	Memorandum of Association
<b>"MoTRI"</b>	Ministry of Trade and Regional Integration
<b>"MSMEs "</b>	Micro, Small, and Medium Enterprises
<b>"NBE"</b>	National Bank of Ethiopia
<b>"NBE Ownership Cap"</b>	Imposed cap ownership for individuals and corporate entities
<b>"NBE Proclamation "</b>	National Bank of Ethiopia Proclamation No.1359/2025
<b>"NPF, Non Performing Financing"</b>	The result obtained by dividing the total principal balance of IFB customers' (a) Non-Performing Financing, by (b) its total financing as reported to the NBE, as per NBE Circular No. BSD/22/2023
<b>"NPL Ratio, Non-Performing Loans Ratio"</b>	The result obtained by dividing the total principal balance of a bank's (a) Non-Performing Loans, by (b) its total loans and advances as reported to the NBE, as per NBE Circular No. BSD/22/2023
<b>"NPL, Non-Performing Loans"</b>	The aggregate of all loans, acquired investment securities, leases, and other credit facilities provided by a bank where one or more repayment instalments are overdue by 90 (ninety) days or more
<b>"Ordinary Shares"</b>	The ordinary shares of the Company
<b>"OCI"</b>	Other Comprehensive Income
<b>"POS "</b>	Point-of-Sale
<b>"Prospectus"</b>	This document
<b>"Public Offer Directive"</b>	Public Offer and Trading of Securities Directive Number 1030/2024
<b>"QR"</b>	Quick Response
<b>"Related party"</b>	The related parties include the Directors, Executive Management, and Senior Management
<b>"Risk-Based Capital Adequacy Requirement Directive"</b>	Risk Based Capital Adequacy Requirement for Banks Directive No. SBB/95/2025
<b>"RWA"</b>	Risk Weighted Assets
<b>"SDR"</b>	Special Drawing Rights
<b>"Segment Revenue"</b>	Has the meaning set out in section 7.13

<b>"Senior Management"</b>	Being the executive management of the Bank, excluding the CEO and the CCSO
<b>"SME"</b>	Small and Medium Enterprises
<b>"SWIFT"</b>	Society for Worldwide Interbank Financial Telecommunication
<b>"TMS Plus"</b>	Tafesse, Shisema and Ayalew Certified Audit Partnership
<b>"Transaction Advisor"</b>	Deloitte
<b>"Total Revenue"</b>	Has the meaning set out in section 7.13
<b>"USD"</b>	United States Dollar
<b>"USSD"</b>	Unstructured Supplementary Service Data

## 1.2. Corporate directory

The registered corporate address of the Company is given as:

Woreda 08, Kirkos sub-city, Addis Ababa, Ethiopia  
 Abay headquarters, Ziquala Complex  
 Tel: +251 11554 9735  
 Email: [info@abaybanksc.com](mailto:info@abaybanksc.com)  
 Website: [www.abaybanksc.com](http://www.abaybanksc.com)

As at the date of this Prospectus, the Company maintains 546 branches located throughout the country, managed through its 9 district offices. The contact information, including addresses and telephone numbers for the aforementioned branches and district offices, is provided in Annex 2 of the Prospectus.

The Company's registrar is the Ministry of Trade and Regional Integration, and their address is:

Arada Sub City  
 Addis Ababa  
 Ethiopia  
 Phone number: +251 11551 3990  
 Website: <http://motri.gov.et>

## 1.3. Person responsible for the information disclosed

The Company, Directors, and Executive Management of the Company, whose names appear below, accept full responsibility for the information contained in this Prospectus. To the best of their knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information or make the expression of such information or opinion misleading or untrue. The Responsible parties can be reached at the Company's registered address, as indicated under Section 1.2 (Corporate directory).

- Ato Amlaku Asres Zewdie (PhD) – Chairperson of the Board and member of the Nomination & Remuneration Board committee

- Ato Tadesse Assefa Tiruneh – Vice chairperson of the Board and member of Nomination & Remuneration and Credit Board committees
- Ato Abrham Ayalew Ejigu – Director of the Board and member of the Risk & Compliance and Nomination & Remuneration Board committees
- Ato Agerie Tigabu Mekonnen – Director of the Board and member of Audit Board committee
- Ato Demis Teshager Abeje – Director of the Board and member of Audit and Credit Board committees
- Ato Jemberie Workneh Temesgen – Director of the Board and member of Risk & Compliance Board committee
- Ato Mulat Tsega Ayele - Director of the Board and member of Audit Board committee
- Ato Tibebu Alula Getahun – Director of the Board and member of Risk & Compliance and Credit Board committees
- W/o Martha Ayenew Dagnachew – Director of the Board and member of Nomination & Remuneration and Credit Board committees
- Ato Yehuala Gessesse Gelaye – CEO
- Ato Desalegn Ayalew Worku – CCSO

The Company does not have a designated Chief Financial Officer, the finance function is overseen by the CCSO, who, along with the Board and CEO, assumes responsibility for the accuracy and completeness of the information contained in the Prospectus.

None of the aforementioned persons hold a material interest in the Company.

### **1.3.1. Transaction Advisor responsibility statement**

Deloitte is a duly licensed securities investment advisor with the ECMA, in accordance with the Capital Market Service Providers Licensing and Supervision Directive No. 980/2024, and approved to provide transaction advisory services in accordance with the Public Offer Directive of the ECMA. Deloitte has been engaged by the Company to act as transaction adviser (the "Transaction Advisor"). Deloitte is acting exclusively for the Company and no one else in this regard. Deloitte does not regard any other person (whether or not a recipient of this Prospectus) as a client and will not be responsible to anyone other than the Company for the giving of advice in relation to the transaction, matter, or arrangement referred to in this Prospectus.

Deloitte, in its role as Transaction Advisor, is responsible for and only for;

- Advising and guiding the Company in complying with laws and regulations in relation to the capital market and registration of the Company's Ordinary Shares as per article 33(2) of the Public Offer Directive;
- Taking all reasonable steps to brief the Company's Board of Directors and management on their responsibilities and obligations in relation to the Company, its shareholders, and other stakeholders;
- Coordinating the preparation of the registration statement and other transaction documents;
- Coordinating the activities of other professional parties to the registration of the Company's Ordinary Shares;

- Filing of the registration statement documents, including the Prospectus, with the ECMA, including responding to any questions or clarifications that the ECMA may seek on behalf of the Issuer; and
- Carrying out any other activity as may be contained in the Public Offer Directive or as requested by the ECMA with respect to the issuance from time to time.

Deloitte does not accept any responsibility whatsoever for the contents of this Prospectus, including its accuracy, completeness or verification or any other statement made or purported to be made by it, or on its behalf, in connection with the Company, and nothing in this Prospectus should be relied upon as a promise or representation in this respect, whether or not to the past or the future. Deloitte and their respective affiliates accordingly disclaim to the fullest extent permitted by law, all liability arising in tort, contract, or otherwise which they might otherwise have in respect of this Prospectus or any such statement. No representation or warranty, express or implied, is made by Deloitte or any of its affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this Prospectus, and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not in the past or future.

Address of the Transaction Advisor:  
D and T Ethiopia Management Consulting PLC  
Minaye Corporate Office Park, 2<sup>nd</sup> Floor  
Po Box: 7862, Addis Ababa, Ethiopia

The Transaction Advisor does not hold a material interest in the Company.

### **1.3.2. External Auditor's responsibility statement**

Tewodros and Fikre Audit Services Partnership and Tafesse, Shisema, and Ayalew Certified Audit Partnership ("TMS PLUS") (together the "External Auditors"), are responsible for issuing audit opinions, in accordance with International Auditing Standards and those required by the Accounting and Auditing Board of Ethiopia ("AABE"), on the financial statements of the Company contained in the Historical Financial Information ("HFI"). The External Auditors have provided their consent for the reproduction of such audit opinions in the HFI.

The External Auditors engaged by the Company are legally registered in Ethiopia and licensed by the AABE, in line with the Establishment and Determination of the Procedure of the Accounting and Auditing Board of the Council of Ministers Regulation No. 332/2014.

Save for any responsibility arising under the Public Offer Directive to any person as and to the extent there provided, to the fullest extent permitted by law, the External Auditors do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with the opinion on the financial statements, required by and given solely for the purposes of complying with the Public Offer Directive.

The External Auditors have consented to the inclusion of the audit opinions in the HFI of this Prospectus. In appointing external auditors, the Company complies with the Commercial Code of Ethiopia Proclamation No. 1243/2021 (the "Commercial Code") and the relevant directives issued by the National Bank of Ethiopia ("NBE"). The Company's external auditors are selected through a competitive bidding process, conducted in accordance with its internal procurement policies and procedures, and are subsequently appointed by resolution of the shareholders at an Annual General

Meeting (“AGM”). Each year, the NBE reviews and approves the appointment or reappointment of the external auditor.

The External Auditors do not hold a material interest in the Company.

### **1.3.3. The Legal Advisor responsibility statement**

Tamrat Assefa Liban Law Office (the “Legal Advisor”) has acted as independent legal advisor to the Company in connection with the registration of Ordinary Shares described in this Prospectus, together with any related registration documents.

Robel Plaza, 4th Floor, Room 405, Off Africa Avenue  
Bole Medhane-alem area, P.O Box 1151, Code 1250  
Addis Ababa, Ethiopia

Tamrat Assefa Liban is duly licensed and authorised to practice as a federal court advocate by the Federal Democratic Republic of Ethiopia, Federal Attorney General.

License issue date: 07/02/2025

License expiry date: 07/02/2026

The Legal Advisor has provided its legal opinion dated 09 January 2026 (the “Legal Opinion”) and has authorised its inclusion as an accompanying document to the registration statement. The Legal Advisor has also authorised the inclusion of its name in this Prospectus.

For the purposes of Article 38(1) and 38(2)(f) of the Public Offer Directive, the Legal Advisor:

- accepts responsibility for the Legal Opinion and for the accuracy of those statements in this Prospectus that are expressly stated to be made on the basis of, or in reliance on, the Legal Opinion; and
- confirms that, to the best of its knowledge and belief, having taken all reasonable care to ensure that this is the case, the Legal Opinion and such statement are, as at the date of the Legal Opinion, true and accurate in all material respects and do not omit anything likely to affect their import.

The Legal Advisor’s responsibility is limited to matters expressly addressed in the Legal Opinion and to the specific statements in this Prospectus that are expressly attributed to it or stated to be based on the Legal Opinion. The Legal Advisor does not assume responsibility for, and has not independently verified, any other information contained in this Prospectus, for which responsibility rests with the Company, its Board and the other persons identified in Article 38(2)(a)-(e) of the Public Offer Directive.

The Legal Advisor does not hold a material interest in the Company.

### **1.4. Third party information**

Unless the source is otherwise stated, the market, economic, and industry data in this Prospectus constitute the Directors’ estimates, using underlying data from independent third parties. The Company obtained market data and certain industry forecasts used in this Prospectus from a variety of internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications, including publications and data compiled by the

International Monetary Fund (“IMF”), The World Bank, Ethiopian Electric Power, NBE, Economist Intelligence Unit (“EIU”) and The Global Economy.

While the Directors believe the third-party information included herein to be reliable, the Company has not independently verified such third-party information. The Company confirms that all third-party data contained in this Prospectus has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified.

## 1.5. External Auditors

The Company’s External Auditors for the years covered by the HFI set out in Section 3 (Financial statements and information) of this Prospectus are:

Table 2: External Auditors’ information

External Auditors	For the year ended 30 June	
	2025	2024 and 2023
Auditor	Tewodros and Fikre Audit Services Partnership	TMS PLUS
Address	Dembel City Centre, Addis Ababa, Ethiopia	From Haya Hulet to Bole Road, Quality Building 3rd floor
Registration certificate No.	ADF00007	ADF00006
Registration certificate issue date	13 May 2025	6 March 2024
Registration certificate expiry date	7 February 2026	7 February 2025

Tewodros and Fikre Audit Services Partnership was established in October 1995 by Ato Degefa Lemessa as a sole proprietor under a practicing certificate obtained from the Association of Chartered Certified Accountants in the UK and a certificate of professional competence issued by the Office of the Federal Auditor General. The firm was reestablished as a limited partnership firm in accordance with the Commercial Code effective from July 2011 under the ownership of Degefa Lemessa General Partnership and Tewodros Hailu, Limited Partner both having a practicing certificate from the ACCA, UK and Certificate of Professional Competence issued by the Office of the Federal Auditor General in Ethiopia and now by the Accounting and Auditing Board of Ethiopia (AABE).

TMS PLUS is a privately held audit firm in Ethiopia with fifteen years of experience in audit work. The Company is owned by three prominent Chartered Certified Accountants (UK): Ato. Tafesse Freminatos, Ato Shisema Shewaneka and Ato Ayalew Asres, all of them having extensive experience and competence, especially in areas of external audit, financial management, business management, auditing, accountancy, and management consultancy.

TMS PLUS and Tewodros and Fikre Audit Services Partnership are authorised to undertake audits in Ethiopia and are licensed by the AABE, in line with the Council of Ministers Regulation No. 332/2014 and are independent from the Company. Details of the External Auditors’ AABE licenses are set out above.

Following the conclusion of the 30 June 2025 financial statement audit, Tewodros and Fikre Audit Services Partnership, in their capacity as the External Auditors, have served as External Auditors for 1 financial year and were reappointed as the Company's external auditor for fiscal year 2025/2026 during the Company's 16<sup>th</sup> AGM.

The External Auditors have no interest in the Company.

## **1.6. Summary of the Prospectus**

This summary should be read as an introduction to the Prospectus only. Any decision to invest in the Ordinary Shares should be based on consideration of the Prospectus as a whole.

### **1.6.1. Key information about the Company**

The legal name of the Company is Abay Bank Share Company, and the Company operates under the commercial name of Abay Bank. The Company is incorporated and domiciled in Ethiopia. The Company is regulated by the NBE.

The Company was established on 14 July 2010 G.C. with an initial subscribed and paid-up capital of ETB 125,419,102 and commenced its official operations on 03 November 2010 G.C. The Company had 823 founding shareholders, and as at 20 November 2025, the Company has 4,706 shareholders.

The Company operates as a commercial bank providing various products and services under its two divisions, namely Conventional Banking ("Conventional Banking") and Sharia-compliant Interest-Free Banking ("IFB") (together, the "Business Segments").

In the year ended 30 June 2025, the Company reported interest income of ETB 8,786 million, representing a 35.9% increase from ETB 6,531 million reported in the year ended 30 June 2024. Additionally, the Company's fees and commissions income reached ETB 2,038 million, an increase of 63.3% from ETB 1,248 million in the year ended 30 June 2024. Additionally, the Company's digital service transactions accounted for 65.0% of all transactions in the year ended 30 June 2025, representing an increase of 11.0% from 54.0% recorded in the year ended 30 June 2024.

Set out below is a summary of the Company's select HFI and the Company's Key Performance Indicators ("KPIs") drawn from the historical audited financial statements for the years ended 30 June 2025, 30 June 2024, and 30 June 2023.

Table 3: Select HFI and KPIs

<b>Select HFI and KPIs</b>	<b>For the year ended 30 June</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Select HFI (ETB millions)</b>			
<b>Statement of profit or loss and other comprehensive income</b>			
Interest income*	8,786	6,531	5,548
Interest expense	(2,522)	(2,094)	(1,569)
<b>Net interest income</b>	<b>6,264</b>	<b>4,437</b>	<b>3,979</b>
Fees and commission income	2,038	1,248	1,242

Select HFI and KPIs	For the year ended 30 June		
	2025	2024	2023
<b>Select HFI (ETB millions)</b>			
Fees and commission expense	(40)	(30)	(54)
<b>Net operating income</b>	<b>10,236</b>	<b>6,041</b>	<b>5,159</b>
Personnel expenses	(3,199)	(2,511)	(1,967)
Other operating expenses	(2,131)	(1,163)	(755)
<b>Profit before income tax</b>	<b>4,216</b>	<b>1,945</b>	<b>2,124</b>
<b>Profit for the year</b>	<b>3,000</b>	<b>1,502</b>	<b>1,551</b>
Earnings per share	463	281	360
<b>Statement of financial position</b>			
	As at 30 June		
	2025	2024	2023
Loans and advances to customers (net of provision)	49,217	41,109	36,474
<b>Total assets</b>	<b>91,346</b>	<b>66,418</b>	<b>55,058</b>
Deposits from customers	71,915	52,626	41,770
<b>Total liabilities</b>	<b>79,137</b>	<b>57,090</b>	<b>47,498</b>
Share capital	7,013	6,015	4,733
<b>Total equity</b>	<b>12,209</b>	<b>9,328</b>	<b>7,560</b>
<b>KPIs</b>			
Loan to deposit ratio	69.4%	79.2%	88.7%
Cost to income ratio	52.6%	66.8%	56.4%
Net interest margin	6.9%	9.8%	7.2%
Total number of Conventional Banking customers ('000)	3,122	3,077	2,205
Total number of IFB customers ('000)	526	469	284
Number of branches	546	542	483
Number of active cardholders ('000)	1,157	954	669
Number of Automated Teller Machines ("ATM")	340	299	161
Active mobile banking subscribers ('000)	3,200	2,207	1,282
Active online banking subscribers ('000)	113	31	16
Total digital transaction volume ('000)	42,269	31,968	21,107
Non-Performing Loans ("NPL") ratio**	2.4%	2.2%	3.3%
Non-Performing Financing ("NPF") ratio**	0.7%	2.6%	0.3%
Capital Adequacy Ratio ("CAR")**	13.5%	15.0%	12.3%
Liquidity ratio**	0.38x	0.23x	0.21x

\*The Company reclassified Murabaha and Musharakah financing income for the year ended 30 June 2025 to other income, whereas historically for the year ended 30 June 2024 and 30 June 2023 this income was included in interest income and fees and commission. Murabaha and Musharakah financing income was ETB 195 million in the year ended 30 June 2025, compared to ETB 137 million in the year ended 30 June 2024 and ETB 114 million in the year ended 30 June 2023. The Company has restated the historical financial statements for the year ended 30 June 2024 in this regard. The table presented above reflects the reclassification for the years ended 30 June 2025 and 30 June 2024.  
 \*\*The Company, as part of its regular reporting obligations with the NBE, is required to report various KPIs and other financial metrics. Please refer to section 7.12 (KPIs reported to the NBE) for further details.

As at 30 June 2025, the Company has a network of 546 branches including 20 IFB standalone branches, increasing from 542 branches as at 30 June 2024. Additionally, the Company's number of ATMs as at 30 June 2025 increased to 340, from 299 as at 30 June 2024. This expansion, combined with a growing customer base and increased adoption of digital banking services, contributed to a rise in ATM transaction value, which reached ETB 2,480 million for the year ending 30 June 2025, marking a 44.5% increase from the ETB 1,716 million recorded for the year ended 30 June 2024. The NPL ratio increased from 2.2% as at 30 June 2024 to 2.4% as at 30 June 2025, reflecting weakening of asset quality due to slower recoveries and the maturity of newly disbursed loans. The CAR declined from 15% as at 30 June 2024 to 13.5% as at 30 June 2025, primarily driven by an increase in risk-weighted assets following loan portfolio growth.

### 1.6.2. Principal activities of the Company

The Company delivers its products and services through its Business Segments, namely Conventional Banking and IFB. Its primary products and services are grouped into four categories, namely loans, deposits, digital banking, and international banking and trade services. The Company's Total Revenue, Segment Revenue and other income is set out below:

Table 4: Total Revenue and Segment Revenue

Total Revenue and Segment Revenue*	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Conventional Banking	10,780	7,753	6,674
IFB	234	161	114
<b>Segment Revenue (non-IFRS)</b>	<b>11,014</b>	<b>7,914</b>	<b>6,788</b>
Other Income	151	146	59
<b>Total Revenue (non-IFRS)</b>	<b>11,165</b>	<b>8,060</b>	<b>6,847</b>

\*Total Revenue and Segment Revenue are non-IFRS measures and comprise income from interest income, fees and commission income and other operating income, as set out in Section 7.13 (Description of non-IFRS measures).

In the year ended 30 June 2025, the Company generated ETB 11,165 million in Total Revenue, an increase of ETB 3,105 million or 38.5% from ETB 8,060 million in the year ended 30 June 2024. The Company has seen an increase of 39.2% from its Segment Revenue. Conventional Banking increased by ETB 3,027 million or 39.0% from ETB 7,753 million in the year ended 30 June 2024, to ETB 10,780 million in the year ended 30 June 2025, the increase is primarily attributable to an increase in interest income and fees and commission income. Additionally, IFB Revenue reached ETB 234 million in the year ended 30 June 2025, a 45.3% increase from ETB 161 million in the year 30 June 2024. This growth was primarily driven by an increase in IFB financing during the same period.

The first of these products and services that the Company offers is its loans and financing products. The Company's Conventional Banking loan and financing products include business loans, consumer

loans, diaspora loans, and revolving credit facilities. Across the IFB segment, these needs are addressed through Sharia-compliant financing products such as Ijara (lease), Mudarabah (profit-sharing), Murabaha (cost-plus financing), and Musharakah (joint venture partnership), ensuring that clients can access ethical and flexible financing solutions aligned with Islamic principles.

As at 30 June 2025, the Company's outstanding loans and financing balance totalled ETB 49,217 million, compared to ETB 41,109 million as at 30 June 2024 across the two Business Segments. Details of the total loans outstanding by segment are set out below.

Table 5: Total loans outstanding by Business Segment

Total loans outstanding	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Conventional Banking	47,071	39,254	35,004
IFB	2,146	1,855	1,470
<b>Total loans outstanding</b>	<b>49,217</b>	<b>41,109</b>	<b>36,474</b>

The Company's second core offering is its deposit products, provided through both Business Segments. Conventional Banking accounts include current accounts for everyday transactions, savings accounts for regular savings, fixed-term deposits for longer-term investments, and foreign currency accounts to support international operations. The IFB segment offers equivalent Sharia-compliant products, including wadiah saving accounts, wadiah current accounts and foreign and term deposits, enabling customers to manage their funds securely and in accordance with Islamic principles.

As at 30 June 2025, the Company's total deposit base stood at ETB 71,915 million, up from ETB 52,626 million as at 30 June 2024. Details of the total deposits by Business Segment are set out below.

Table 6: Total deposits by Business Segment

Total Deposits	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Conventional Banking	66,504	49,403	39,470
IFB	5,411	3,223	2,300
<b>Total deposits</b>	<b>71,915</b>	<b>52,626</b>	<b>41,770</b>

The Company's third offering is its digital banking, providing both Conventional Banking and IFB customers secure, 24/7, access to accounts through mobile and online platforms. Customers can perform transfers, pay bills, check balances, and manage accounts. Additional channels include ATMs, debit cards, POS terminals, and Unstructured Supplementary Service Data ("USSD") service (\*812#), ensuring convenient and inclusive access to the Company's products.

For the period ended 30 June 2025, the Company has processed 42 million digital banking transactions, with a value of ETB 47,560 million, supported by 1.1 million cardholders, 3.2 million mobile banking subscribers, 184 POS terminals, and 113,000 online banking subscribers reflecting

an increased adoption and engagement across the Company's digital channels as compared to the 32 million transactions processed with the value of ETB 33,182 million in the year ended 30 June 2024 processed with the Company's 954,000 cardholders, 2.2 million mobile banking subscribers and 18 POS terminals.

As set out in the table below the Company has identified major KPIs to monitor digital adoption, transactions, and the overall impact of digital banking services. For the year ended 30 June 2025, the Company has processed 42.3 million digital transactions, an increase of 32.2% from 31.9 million for the year ended 30 June 2024, through ATMs, mobile banking, online banking and other digital services.

Table 7: Digital KPIs

Digital KPIs	For the year ended 30 June		
	2025	2024	2023
Number of active cardholders ('000)	1,157	954	669
Number of ATM	340	299	161
ATM transaction value (ETB 'million)	2,480	1,716	2,520
ATM transaction volume ('000)	2,496	1,991	4,765
Active mobile banking subscribers ('000)	3,200	2,207	1,282
Mobile banking transaction value (ETB 'million)	34,174	21,748	13,248
Mobile banking transaction volume ('000)	24,388	21,214	12,461
Active online banking subscribers ('000)	113	31	16
Online banking transaction value (ETB '000)	20,142	8,251	2,296
Online banking transaction volume	2,551	840	250
USSD value (ETB '000)	46,448	27	34
USSD volume ('000)	11,325	1	1

International banking is the fourth major offering of the Company. The Company is working with its correspondent and reliable business partners in the major financial markets of the world using SWIFT communication media and provides the following major international banking services or products to its customers. This mainly focuses on:

- Handling of foreign transfers through SWIFT and well-known international money transfer agents, namely, Western Union, MoneyGram, RIA and others
- Facilitation of international payment, including Import and export trade financing
- Manage the bank foreign exchange
- Mitigation of risks associated with international traders, handling of foreign guarantee
- Provide professional advice to traders (Importer and Exporter)

Supporting these offerings is the Company's extensive physical network, which ensures broad and convenient access to its services. As at 30 June 2025, the Company operates 546 branches, as

well as 340 ATMs and 184 POS terminals, which are integrated with EthSwitch, enabling seamless transactions across banks across the country.

### **1.6.3. Corporate governance of the Company**

The Company is managed by the Board of Directors, which has 9 members as follows:

1. Amlaku Asres Zewdie (PhD) – Chairperson;
2. Tadesse Assefa Tiruneh – Vice Chairperson;
3. Abrham Ayalew Ejigu – Member;
4. Agerie Tigabu Mekonnen – Member;
5. Demis Teshager Abeje – Member;
6. Jemberie Workneh Temesgen – Member;
7. Mulat Tsega Ayele – Member;
8. Tibebu Alula Getahun – Member; and
9. Martha Ayenew Dagnachew – Member.

The Company's Board of Directors is supported by an experienced Executive Management team comprising the CEO, Ato Yehuala Gessesse Gelaye and the CCSO, Ato Desalegn Ayalew Worku. All members of the Board of Directors and Executive Management are Ethiopian nationals, with the exception of the Company's chief retail banking officer, who is an American national.

The Company has developed a corporate governance framework compliant with the NBE Company Corporate Governance Directive No. SBB/91/2024 ("Corporate Governance Directive"). The Company, in accordance with the framework, has established 4 Board committees to effectively manage its governance responsibilities. These are the Audit Committee, Risk & Compliance Management Committee, Nomination & Remuneration Committee, and Credit Committee.

The Company has appointed three new Directors Mulatu Kebede Eshetu, Matios Getachew Wondmagegn, and Meseret Adugna Tadesse in replacement of Mulat Tsega Ayele, Tibebu Alula Getahun, and Agerie Tibebu Mekonnen. The appointments of the new Directors are subject to, and currently pending, approval by the NBE.

### **1.6.4. Summary of key HFI**

The tables below set out the Company's key HFI for the periods indicated as reported in accordance with International Financial Reporting Standards ("IFRS"). The key HFI for the Company set out below has been extracted without material adjustment from Annex 1 (Historical Financial Information) of the Prospectus which has been drawn from the audited annual report and accounts for the years ended 30 June 2025, 2024, and 2023.

#### **1.6.4.1. Summary statement of profit and loss**

For the years ended 30 June 2025, 2024, and 2023

Table 8: Summary statement of profit and loss

Summary statement of profit and loss	For the year ended 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Interest income*	8,786	6,531	5,548
Interest expense	(2,522)	(2,094)	(1,569)
<b>Net interest income</b>	<b>6,264</b>	<b>4,437</b>	<b>3,979</b>
Fees and commission income	2,038	1,248	1,242
Fees and commission expenses	(40)	(30)	(54)
<b>Net fees and commission income</b>	<b>1,998</b>	<b>1,218</b>	<b>1,188</b>
Net gain on foreign exchange valuation	1,874	191	155
Other operating income*	341	281	57
<b>Total operating income</b>	<b>10,477</b>	<b>6,127</b>	<b>5,379</b>
Impairment reversals / (charges)	(241)	(86)	(220)
<b>Net operating income</b>	<b>10,236</b>	<b>6,041</b>	<b>5,159</b>
Personnel expenses	(3,199)	(2,511)	(1,967)
Depreciation and amortisation	(681)	(406)	(303)
Interest expense on lease liability	(9)	(16)	(10)
Other operating expenses	(2,131)	(1,163)	(755)
<b>Profit before income tax</b>	<b>4,216</b>	<b>1,945</b>	<b>2,124</b>
Income tax expense	(1,216)	(443)	(573)
<b>Profit for the year</b>	<b>3,000</b>	<b>1,502</b>	<b>1,551</b>

\*The Company reclassified Murabaha and Musharakah financing income for the year ended 30 June 2025 to other income, whereas historically for the year ended 30 June 2024 and 30 June 2023 this income was included in interest income and fees and commission income. Murabaha and Musharakah financing income was ETB 195 million in the year ended 30 June 2025, compared to ETB 137 million in the year ended 30 June 2024 and ETB 114 million in the year ended 30 June 2023. The Company has restated the historical financial statements for the year ended 30 June 2024 in this regard. The table presented above reflects the reclassification for the years ended 30 June 2025 and 30 June 2024.

#### 1.6.4.2. Summary statement of financial position

As at 30 June 2025, 2024, and 2023

Table 9: Summary statement of financial position

Summary statement of financial position	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
<b>Assets</b>			
Cash and bank balance	25,536	11,694	8,248
Loans and advances to customers	49,217	41,109	36,474

Summary statement of financial position	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Equity investments at fair value -OCI	707	641	506
Other financial assets	10,028	6,820	5,668
Other non-financial assets	691	1,395	706
Right of use assets	1,285	1,181	927
Property, plant and equipment	1,867	1,613	1,142
Intangible assets	287	30	20
Construction in progress	1,708	1,928	1,360
Non-current asset held for sale	20	7	7
<b>Total assets</b>	<b>91,346</b>	<b>66,418</b>	<b>55,058</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Deposits from customers	71,915	52,626	41,770
Current income tax liability	1,229	482	573
Other financial liabilities	5,041	3,030	4,365
Lease liabilities	467	616	508
Non-financial liabilities	123	56	53
Defined benefits obligation	299	192	119
Net deferred tax liabilities	63	88	110
<b>Total liabilities</b>	<b>79,137</b>	<b>57,090</b>	<b>47,498</b>
<b>Equity</b>			
Share capital	7,013	6,015	4,733
Share premium	39	39	35
Retained earnings	2,041	1,052	1,031
OCI-defined employee benefit	(112)	(74)	(50)
OCI-equity investment	332	321	260
Legal reserve	2,424	1,674	1,308
Regulatory risk reserve	472	301	243
<b>Total equity</b>	<b>12,209</b>	<b>9,328</b>	<b>7,560</b>
<b>Total liabilities and equity</b>	<b>91,346</b>	<b>66,418</b>	<b>55,058</b>

### 1.6.4.3. Summary statement of cash flows

For the years ended 30 June 2025, 2024, and 2023

Table 10: Summary statement of cash flows

Summary statement of cash flows	For the year ended 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Net cash inflow from operating activities	17,025	4,904	3,731
Net cash outflow from investing activities	(2,973)	(1,794)	(3,611)
Net cash outflow from financing activities	(210)	336	208
<b>Net increase in cash and cash equivalents</b>	<b>13,842</b>	<b>3,446</b>	<b>328</b>
Cash and cash equivalents at the beginning of the year	11,694	8,248	7,920
<b>Cash and cash equivalents at the end of the year</b>	<b>25,536</b>	<b>11,694</b>	<b>8,248</b>

### 1.6.5. Key Information about the Ordinary Shares of the Company

The Company will register its Ordinary Shares with the ECMA. The Company has, and on the date of registration will have, one class of shares, being the Ordinary Shares. The Ordinary Shares have a par value of ETB 1,000 each. As at the date of this Prospectus, the authorised capital of the Company is ETB 12,000,000,000 and the paid-up capital of the Company is ETB 9,657,286,000 comprising 9,657,286 Ordinary Shares.

### 1.6.6. Rights attached to the Ordinary Shares

The rights attached to the Ordinary Shares are uniform in all respects, and they form a single class for all purposes. The rights attached to the Ordinary Shares are set out below:

- Every Ordinary Share shall confer a right to participate in the annual net profits and to a share in the net proceeds on a winding-up;
- The share in the profits and in the proceeds on a winding-up due to a holder of Ordinary Shares, whether an individual and or an institution, shall be calculated in proportion to his or its holding in the paid-up capital of the Company;
- Every Ordinary Share shall confer voting rights. The voting rights attached to a shareholder, whether an individual or an institution, shall be in proportion to the amount of capital represented by his or its Ordinary Shares; and
- Every holder of Ordinary Shares, whether an individual or an institution, has a preferred right, in proportion to his holding, to purchase cash shares issued on an increase of capital.
- Ordinary Shares are not redeemable. Pursuant to the provisions of the Commercial Code and the Company's Articles of Association, there are no redemption rights attached to the Ordinary Shares.

The Company will be subject to the continuing obligations of the ECMA with regard to the issue of equity securities for cash. The provisions of Article 448 of the Commercial Code together with Article 40 of the Articles of Association of the Company (which collectively confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to the issue of shares in the capital of the Company.

### **1.6.7. ESX listing**

The Company intends to list its existing Ordinary Shares on the Main Board of the ESX, subject to obtaining the requisite approval from the ECMA for the registration of existing Ordinary Shares. Upon receiving the requisite approval of the Prospectus and the associated registration statement by the ECMA the Company will upload the Existing Ordinary Shares onto the Central Securities Depository ("CSD"). The CSD will then review the information provided by the Company and, if it is in the prescribed format, will register the Existing Ordinary Shares. Upon successful registration, the CSD will create a dematerialised account for the Company (a "CSD Account"). Existing Shareholders will be required to open a brokerage account with a licensed broker, as all trading of shares must be conducted through a registered broker. Through their broker, Existing Shareholders will be able to view and trade the number of Existing Ordinary Shares they own in the Company.

Upon completion of the registration of the Ordinary Shares and receipt of all requisite approvals, the Company intends to list 100% of the Ordinary Shares of the Company on the ESX Main Board. The Company will fulfil all applicable requirements and procedures established by the ESX. Shareholders are permitted to trade their shares immediately upon listing.

### **1.6.8. Summary of key risks**

Investment in the Ordinary Shares entails exposure to a range of risks that could significantly affect the Company's business, financial condition, and results of operations. If one or more of these risks materialise, the value of the Ordinary Shares may decline, and investors could lose all or part of their investment. The following is a high-level summary of the principal risks, presented according to their likelihood and potential impact. This summary should be read together with a more detailed discussion of risks in Section 9 (Risk Factors) and with all other information set out in this Prospectus.

#### **1.6.8.1. Industry and market risks**

- The Company could be structurally exposed to Ethiopia's macroeconomic volatility, with potential financial liabilities arising from fixed hard-currency contracts, such as the USD 2,969,339 Oracle agreement. NPLs in the retail and SME sectors may continue to contribute a material portion of the Bank's total credit risk.
- The Company's exposure to foreign exchange risk could be amplified by internal operational bottlenecks in export and remittance mobilisation, which may fail to cover fixed hard-currency contractual demands.
- The Company's network of branches is concentrated in areas where persistent unrest could sever primary mobilisation links; a high deposit concentration (65% in four districts) risks making the ETB 71,915 million base sensitive to correlated withdrawals.
- The transition to market-based financial frameworks and the mandatory adoption of IFRS fair-value accounting introduce potential valuation risk; any downward shift in market sentiment or

domestic yields could result in immediate unrealised losses on the Bank's government and equity instruments, which may adversely impact reported earnings and Tier 1 capital ratios.

### **1.6.8.2. Financial and capital risks**

- Material risk may arise from a structural mismatch where 94.0% of the deposit base is volatile and short-term. Regional instability could disrupt the collection of ETB 21,527 million in loans, potentially threatening the 13.5% CAR buffer and risking NBE-mandated growth restrictions.
- If loan growth were to outpace deposit mobilisation, the ratio could rise, potentially increasing reliance on costlier funding and risking supervisory limits.
- Potential fluctuations in market rates could adversely impact net interest income and the valuation of interest-sensitive assets. Any significant mismatch between the repricing of loans and deposits may increase market-risk-weighted assets, potentially narrowing the Bank's headroom above minimum capital adequacy ratios and impacting overall profitability.

### **1.6.8.3. Operational risks**

- Service continuity could be vulnerable to internal procurement bottlenecks and failed rebidding cycles. Contractual monitoring gaps may necessitate a vendor-management audit to protect the ETB 2,038 million digital revenue base from potential systemic outages or infrastructure failures.
- Insurance gaps, particularly for systemic outages, cyber incidents, or conflict could leave the Company absorbing large losses, eroding capital, prolonging disruptions, increasing legal/compensation and cyber/regulatory/reputational risks, and facing higher reinsurance costs and claim delays.
- Internal misconduct by employees or third parties enabled by control circumvention, weak segregation/oversight, and abuse of access could cause financial losses, misstatements, sanctions, reputational damage, and eroded confidence, while amplifying other operational risks (e.g., data breaches, unauthorised transactions, fraudulent vendors), especially when detection is delayed.
- Strategic execution is exposed to high leadership attrition (20.1% rate) and organisational friction in the dual-banking model. Regional instability and rising wage expenses (ETB 3,199 million) further impair the Company's ability to meet long-term objectives.
- Structural dependency on digital revenue (ETB 2,038 million) exposes the Company to integration failures (Oracle/Flexcube), infrastructure bottlenecks, and currency-driven maintenance cost inflation for its 3.2 million subscribers, particularly during periods of regional instability.

### **1.6.8.4. Regulatory, governance, and reputational and legal risks**

- Regulatory directives on reserves, provisioning, exposures, and foreign exchange materially affect liquidity, capital, and operations.
- Disclosure, governance, and market conduct requirements impose compliance obligations, with breaches risking penalties or restrictions.
- Banking approvals and licenses depend on prudential and Anti-Money Laundering ("AML")/Combating the Financing of Terrorism ("CFT") compliance, with non-compliance potentially leading to business limitations or suspension.

- Legal disputes and regulatory or customer claims may result in financial losses, provisions, or reputational damage.
- Tax treatment of reinvested dividends carries residual risk of assessments, interest, or penalties.
- Reputational damage is a cross-cutting consequence of system outages, unethical lending, or protracted litigation. These triggers erode trust, potentially causing deposit outflows from the ETB 71,915 million base and discouraging the correspondent relationships essential for trade finance.

#### **1.6.8.5. Environment Social Governance (“ESG”) risks**

- Loan exposure to climate-sensitive sectors increases vulnerability to environmental events that may affect repayment, collateral values, and asset quality.
- Operational continuity is exposed to labour disputes and failures to screen the ETB 17,547 million export/manufacturing portfolio for social non-compliance. Regional unrest in Amhara and Oromia threatens the Company’s social license, risking permanent erosion of community trust.
- Risks stem from board composition/independence and succession/oversight gaps; while directives require an independent non-executive director, chair CEO split, key committees, evaluations, disclosures, and ESG integration, weak governance or non-compliance can impair strategy/risk oversight, disrupt continuity, and trigger supervisory, legal, and reputational consequences.
- The Company must align with national/international ESG frameworks and embed ESG in risk management with NBE reporting and public disclosures; failure to do so risks regulatory penalties, restricted access to sustainability-linked funding, and reduced investor appeal.

#### **1.6.8.6. Listing and securities risks**

- Future dividends are threatened by operational inefficiencies, including 68 underperforming branches and ETB 749 million in litigation risks. Rising personnel costs and high NPL SME concentrations may force the redirection of realised profits to meet regulatory mandates.
- Listing provides no immediate cash. If inefficiencies limit retained earnings, the Company may require secondary equity raises, causing shareholder dilution to maintain its 13.5% CAR buffer and fund the ETB 402.7 million Oracle project.
- Shares may trade below the ETB 1,000 par value due to market sentiment, missed digital revenue targets, or compliance gaps. Mandatory IFRS fair-value accounting further risks immediate price depreciation and potential trading suspensions on the exchange.

#### **1.6.8.7. Competitive environment and reform risk**

- Increasing competition from foreign bank entrants, FinTechs, and sector reforms may pressure margins, erode market share, and require higher investment in technology and compliance.



## 2. INFORMATION ON THE ISSUER AND THE BUSINESS

## **2.1. Information on the issuer and the business**

### **2.1.1. The name and domicile of the Company**

The legal name of the Company is Abay Bank Share Company, and the Company operates under the commercial name of Abay Bank. The Company is regulated by the NBE, under the licensing and supervision of the Banking Business Proclamation No. 1360/2025 (the "Banking Business Proclamation"). The Company operates under license number LBB/016/2010.

The registered address of the Company is:

Abay headquarters, Ziquala Complex  
Kirkos sub-city, Woreda 03  
Addis Ababa, Ethiopia  
Tel: +251 11554 9735  
Email: [info@abaybanksc.com](mailto:info@abaybanksc.com)  
Website: [www.abaybanksc.com](http://www.abaybanksc.com)

The Company is incorporated and domiciled in Ethiopia. It was incorporated and registered on 14 July 2010 G.C with an initial paid-up capital of ETB 125,419,102 and 823 founding shareholders, and commenced official operations on 03 November 2010 G.C. As at the date of this Prospectus, the authorised capital of the Company is ETB 12,000,000,000, while the paid-up capital stands at ETB 9,657,286,000, comprising 9,657,286 Ordinary Shares held by 4,738 shareholders. In accordance with the 1960 Commercial Code of Ethiopia. The Company is registered in Ethiopia with principal registration number MT/AA/2/003/268/2007.

### **2.1.2. History and development of the Company**

The Company, named after the Abay River (the Blue Nile), was officially established on 14 July 2010 G.C. and commenced full-fledged operations on 03 November 2010 G.C. Founded by 823 shareholders with a paid-up capital of Birr 125.8 million, the Company's early years were marked by a focus on rapid physical expansion, which saw it grow to over 100 branches within its first five years of operation.

Guided by a strategic five-year plan (2017-2022) that focused on operational excellence, product leadership, and customer intimacy, the Company entered a period of strategic investment in modern infrastructure and digital transformation. This included beginning construction of its 33-story headquarters in Addis Ababa in 2019 and a major technological overhaul in 2021 to upgrade its core banking systems through a partnership with Oracle.

As at the date of this Prospectus, the Company's growth is guided by a five-year strategic plan, which began in July 2023 and is set to guide operations through July 2028. As a key part of this strategy, the Company underwent a significant rebranding on March 14, 2024, unveiling a new brand identity, a new logo, and the slogan "Source of Greatness." This initiative also included the launch of a revamped mobile app and website with a user-friendly interface and a range of functionalities, such as secure bill payments and airtime top-ups, making banking more convenient for customers.

In July 2025, the Company celebrated its 15th anniversary with the inauguration of a new, modern building in Dessie, which serves as the Dessie District office, further cementing its commitment to physical infrastructure expansion. This was followed by a strategic partnership with Visa in September 2025, aimed at accelerating digital payments and financial inclusion in Ethiopia.

As at 30 June 2025, the Company has 546 branches, with a total deposit base of ETB 71,915 million, ETB 49,217 million in loans and advances, and achieved a milestone with 69.0% of all transactions conducted through its digital channels.

The Company has made sustained investments in digital banking services and IFB services as part of its broader strategy to enhance its financial inclusion, operational efficiency, and customer experience. The Company has progressively expanded its digital services offerings, including internet and mobile banking platforms, card payment services, and POS, enabling customers to access a range of banking services with convenience, security and reliability. Additionally, the Company offers Shariah-compliant financing and deposit products and services catering to its IFB customers. The Company's IFB Business Segment adheres to all regulations and directives issued by the NBE. The IFB Business Segment contributes deposit mobilisation and financing to the population that prefer the non-interest based financial services, thereby supporting broader financial inclusion.

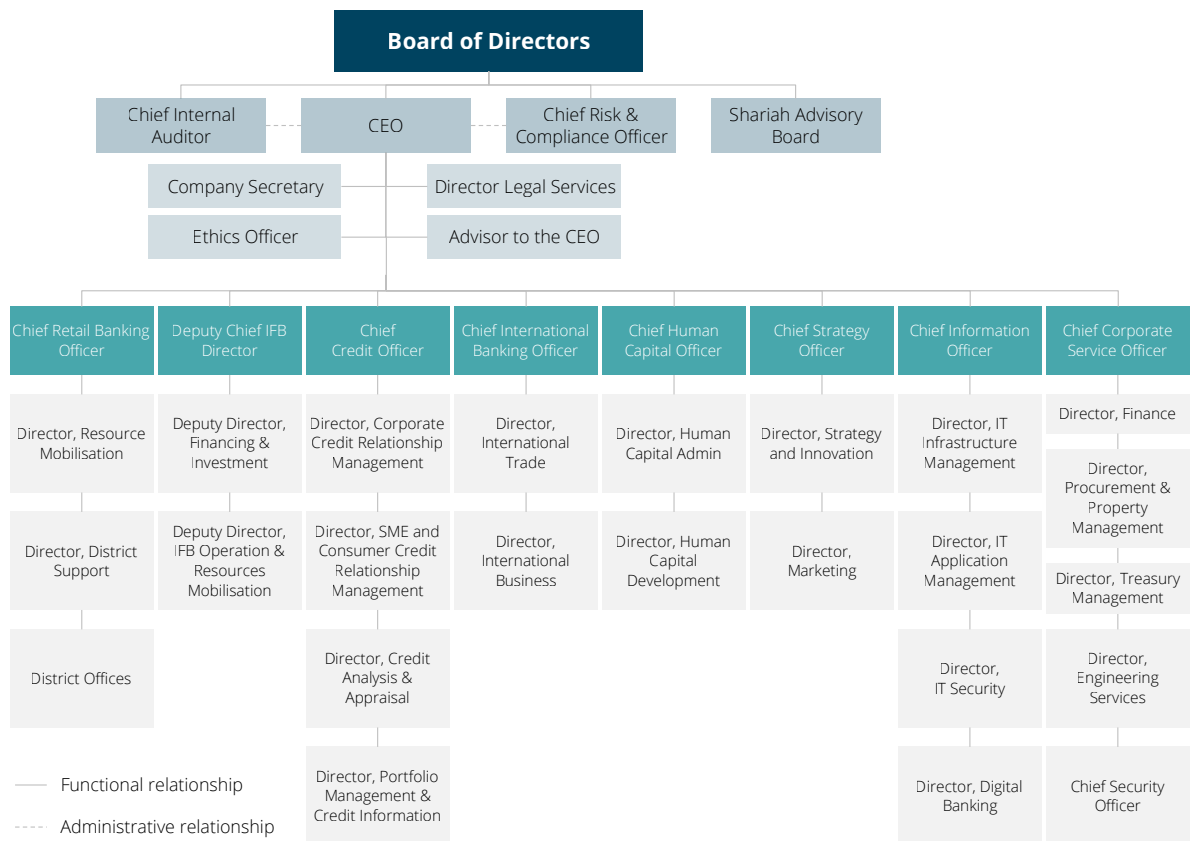
**2.1.3. Recent events materially relevant to the Company's solvency**

No events have been identified that are material to an evaluation of the Company's solvency.

**2.1.4. Organisation structure**

The Company is a sole legal entity. The Company is therefore neither part of a group structure nor has any subsidiary companies. The Company's organisation structure is presented below.

Figure 1: Organisation structure



The Company does not have a designated Chief Financial Officer, and instead the finance function is overseen by the CCSO.

The central management and key operational functions of the Company are based at its head office in Addis Ababa, while the day-to-day activities of the Company are carried out both at the head office and across its branch network throughout the country. The management function is responsible for directing and providing support to the regional offices and branches. The Company operates in 12 regions and two chartered cities in Ethiopia with the Company's 546 branches managed by 9 district offices, namely, Adama district which manages 37 branch offices, Bahirdar which oversees 82 branches, Debrebirhan, district with 44 branches, Dessie district with 89 branches, Dire Dawa district with 36 branches, while Gonder, Hawassa, North East, as well as South West district offices manage 54, 32, 81, and 89 branches offices respectively.

## 2.2. Business overview

The Company is a financial institution in Ethiopia regulated by the NBE. The Company serves a range of customers through its Corporate and IFB Business Segments. Within these Business Segments, the Company offers loan and financing products, deposit products, digital banking services as well as international banking and trade services.

In the year ended 30 June 2025, the Company reported interest income of ETB 8,786 million, representing a 34.5% increase from ETB 6,531 million reported in the year ended 30 June 2024. Additionally, the Company's fees and commissions income reached ETB 2,038 million, an increase of 63.3% from ETB 1,248 million in the year ended 30 June 2024. Additionally, the Company's digital service transactions accounted for 69.0% of all transactions in the year ended 30 June 2025, representing an increase of 15.0% from the 54.0% recorded in the year ended 30 June 2024.

A summary of the selected financial performance and KPIs of the Company is set out below.

Table 11: Select HFI and KPIs

Select HFI and KPIs	For the years ended 30 June		
	2025	2024	2023
<b>Select HFI (ETB millions)</b>			
<b>Summary statement of profit or loss</b>			
Interest income*	8,786	6,531	5,548
Interest expense	(2,522)	(2,094)	(1,569)
<b>Net interest income</b>	<b>6,264</b>	<b>4,437</b>	<b>3,979</b>
Fees and commission income	2,038	1,248	1,242
Fees and commission expense	(40)	(30)	(54)
<b>Net operating income</b>	<b>10,236</b>	<b>6,041</b>	<b>5,159</b>
Personnel expenses	(3,199)	(2,511)	(1,967)
Other operating expenses	(2,131)	(1,163)	(755)
<b>Profit before income tax</b>	<b>4,216</b>	<b>1,945</b>	<b>2,124</b>
<b>Profit for the year</b>	<b>3,000</b>	<b>1,502</b>	<b>1,551</b>
Earnings per share	463	281	360
<b>Summary statement of financial position</b>			
	<b>As at 30 June 2025, 2024, and 2023</b>		

Select HFI and KPIs	For the years ended 30 June		
	2025	2024	2023
<b>Select HFI (ETB millions)</b>			
Loans and advances to customers (net of provision)	49,217	41,109	36,474
Total assets	91,346	66,418	55,058
Deposits from customers	71,915	52,626	41,770
Total liabilities	79,137	57,090	47,498
Share capital	7,013	6,015	4,733
Total equity	12,209	9,328	7,560
<b>KPIs</b>			
Loan to deposit ratio	69.4%	79.2%	88.7%
Cost to income ratio	52.6%	66.8%	56.4%
Net interest margin	6.9%	9.8%	7.2%
Total number of Conventional Banking customers ('000)	3,122	3,077	2,205
Total number of IFB customers ('000)	526	469	284
Number of branches	546	542	483
Number of active cardholders ('000)	1,157	954	669
Number of ATM	340	299	161
Active mobile banking subscribers ('000)	3,200	2,207	1,282
Active online banking subscribers ('000)	113	31	16
Total digital transaction volume ('000)	42,269	31,968	21,107
NPL ratio**	2.4%	2.2%	3.3%
NPF ratio**	0.7%	2.6%	0.3%
CAR**	13.5%	15.0%	12.3%
Liquidity ratio**	0.38x	0.23x	0.21x

\*The Company reclassified Murabaha and Musharakah financing income for the year ended 30 June 2025 to other income, whereas historically for the year ended 30 June 2024 and 30 June 2023 this income was included in interest income and fees and commission income. Murabaha and Musharakah financing income was ETB 195 million in the year ended 30 June 2025, compared to ETB 137 million in the year ended 30 June 2024 and ETB 114 million in the year ended 30 June 2023. The Company has restated the historical financial statements for the year ended 30 June 2024 in this regard. The table presented above reflects the reclassification for the years ended 30 June 2025 and 30 June 2024.

\*\*The Company, as part of its regular reporting obligations with the NBE, is required to report various KPIs and other financial metrics. In some instances, these NBE-reported KPIs and other financial metrics may differ from those included within the Company's HFI and those included within the Prospectus as a result of certain allowances provided to the financial institutions regulated by the NBE. Set out in Section 7.12 (KPIs reported to the NBE) are those KPIs reported to the NBE and further detail as relates to the allowances.

The Company offers a range of financial solutions through its Conventional Banking and IFB Business Segments across Ethiopia. The Company's revenue and other income by Business Segment is set out in the table below.

Table 12: Total Revenue and Segment Revenue

Total Revenue and Segment Revenue*	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Conventional Banking	10,780	7,753	6,674
IFB	234	161	114
<b>Segment Revenue (non-IFRS)</b>	<b>11,014</b>	<b>7,914</b>	<b>6,788</b>
Other Income	151	146	59
<b>Total Revenue (non-IFRS)</b>	<b>11,165</b>	<b>8,060</b>	<b>6,847</b>

\*Total Revenue and Segment Revenue are non-IFRS measures and comprise income from interest income, fees and commission income and other operating income, as set out in Section 7.13 (Description of non-IFRS measures).

### Conventional Banking

The Company serves corporate, Micro, Small, and Medium Enterprises (“MSME”), and individual customers through its Conventional Banking segment. The Conventional Banking segment generated revenue of ETB 10,780 million in the year ended 30 June 2025, an increase of 39.0% from ETB 7,753 million in the year ended 30 June 2024. The increase is primarily attributable to an increase in loans and advances, resource mobilisation, and customer retention campaign, which focused on increasing existing customer deposit growth.

### IFB

The IFB Business Segment offers Shariah-compliant services to individuals and organisations. This Business Segment offers range of services including Mudarabah and Musharakah financing, and various Shariah-compliant deposit products. The IFB Segment generated ETB 234 million in revenue in the year ended 30 June 2025, an increase of 45.3% from ETB 161 million in the year ended 30 June 2024. The was driven by an increase in IFB financing provided to its customers, coupled with an increase in active number of customers.

### Overall

The Company offers both its Conventional Banking and IFB products and services through a hybrid network of digital and physical channels, which are both expanding. This includes a growing number of branches which increased from 542 as at 30 June 2024 to 546 as at 30 June 2025. Despite closing 7 branches due to corridor development and 4 branches due to political issues in the northern part of Ethiopia, the Company opened 15 new branches for net expansion of 4 branches. Number of ATMs increased by 14.0% from 299 as at 30 June 2024 to 340 as at 30 June 2025. Simultaneously, the Company's digital customer base expanded with the number of online banking subscribers who are mainly corporate customers increasing by 82,000 from 31,000 as at 30 June 2024 to 113,000 as at 30 June 2025, and mobile banking subscribers by 1.0 million up from 2.2 million as at 30 June 2024 to 3.2 million as at 30 June 2025, demonstrating its increasing reach across various service channels and a continuing shift towards digital engagement.

In addition to its core banking operations, the Company has made equity investments in 7 institutions, including payment systems, insurance, industry, real estate, and capital market infrastructure. These

investments represent ownership interests in financial and non-financial companies, acquired at different periods since 2012.

The following table presents details of the Company's equity holdings as at June 30, 2025.

Table 13: Equity holding of the Company

Entity	Nature of business	Ownership percentage (%)	Voting rights (%)	Date of investment	Cost	Fair value as at 30 June 2025
<b>ETB ('000)</b>						
Abay Industries S.C.	Manufacturing and industry	1.3%	1.3%	7-Jul-16	60,800	64,236
Abay Insurance S.C.	Insurance services	5.6%	5.6%	26-Dec-12	42,777	56,321
Addis Africa International Convention and Exhibition Centre	Innovation Exchange Center ("IEC")	0.01%	0.01%	3-Feb-18	1,207	1,191
Dessie Hidassie Building S.C.	Real estate	0.007%	0.007%	8-May-12	100	100
ESX	IEC	0.3%	0.3%	20-Mar-24	5,000	5,000
EthSwitch S.C.	National payment switching service	4.2%	4.2%	16-Jul-12	106,592	559,894
Tsedey Bank S.C	Commercial banking	0.2%	0.2%	20-Oct-20	18,738	20,900

### 2.2.1. Business strategy and objectives

The Company has developed a five-year (2023-2028) strategic plan to deliver sustainable growth and increase its competitive standing in the Ethiopian banking market. This strategic plan is built around four strategic perspectives: customer, internal process, learning & growth, and financial, which define the key areas where the Company seeks to enhance performance. The Company addresses these perspectives through four interconnected strategic pillars each supported by specific objectives monitored through different KPIs. This integrated framework enables the Company to align initiatives across functions, track performance effectively, and achieve its strategic goals over the planning period. These four strategic pillars are:

- Enhance customer experience and strengthen brand reputation
- Digital transformation and technological enablement
- Human capital development and workforce engagement
- Business growth and strategic market expansion

While the development of the strategic plan has considered the transitioning regulatory environment due to the ongoing financial sector reforms led by the NBE, the Company expects to update its strategic plan as necessary in consideration of BASEL III requirements, including capital adequacy maintained above regulatory minimums and asset quality preserved at or below 3% throughout the strategic period.

#### **2.2.1.1. Enhance customer experience and strengthen brand reputation**

This pillar focuses on customer perspective, as the Company recognises that its position in the service industry depends directly on its ability to deliver an exceptional customer experience. This pillar is designed to strengthen the Company's relationship with its clients by increasing service quality and overall satisfaction, with key identified objectives including increasing the number of depositors, boosting activation rates of mobile and card subscribers, and consistently improving customer satisfaction. Under the strategic plan, the number of depositors is targeted to grow from 2.4 million to 13.1 million by 2028, while customer satisfaction scores are aimed to be maintained at a minimum of 85% over the strategic period.

#### **2.2.1.2. Digital transformation and technological enablement**

This strategic pillar encompasses the transformation of the Company's entire back and front office processes into a digital setup in order to bring in both efficiency and effectiveness in creating value to customers and stakeholders. At its core, this strategic thematic area upholds building a resilient information technology system and infrastructure that comfortably supports the Company's envisaged growth. Digital adoption targets include increasing mobile banking subscribers from 1.16 million to 11.3 million and card subscribers from 0.7 million to 5.8 million, with activation rates reaching 94.7% and 91.0%, respectively, and digital transactions accounting for 65% of total transactions by the end of the strategic period. The Company's information technology is planned to be able to offer a high level of availability through well-sized systems and infrastructure that are adequately redundant and secure, with system availability maintained at or above 99.9% and strengthened IT security incident detection and recovery benchmarks.

#### **2.2.1.3. Human capital development and workforce engagement**

Addressing the learning & growth perspective, this pillar emphasises the development and satisfaction of employees with the objective to invest in human capital to maintain engagement, productivity, and morale. Initiatives include leadership development, structured training programs, and enhanced career progression paths designed to retain and motivate staff. The strategic plan targets employee attrition at or below 3% annually, employee satisfaction levels of at least 75.0%, and delivery of a minimum of one structured training per employee per year throughout the strategic period, supported by performance appraisal systems and leadership development initiatives.

#### **2.2.1.4. Business growth and strategic market expansion**

Through the financial perspective, this pillar focuses on enhancing the Company's financial performance and overall market position. Over the strategic period, deposits are projected to grow at an average annual rate of approximately 40.0% to reach ETB 236 billion by 2028. Moreover, profitability is targeted to increase to ETB 8.1 billion with earnings per share rising to 34.6%, and the efficiency ratio is aimed to improve to 58.0%. In parallel, the Company will maintain a prudent risk profile, with capital adequacy aimed at remaining above regulatory thresholds, asset quality preserved at 3%, and the loan-to-deposit ratio stabilising at approximately 74.0%, ensuring sustainable growth and financial soundness throughout the strategic period.

## 2.2.2. Future prospects and challenges

### 2.2.2.1. Future prospects

The Company has identified a set of macroeconomic and sectoral developments that are expected to shape its operating environment and create opportunities for sustainable growth. While the global economy is gradually recovering from a series of shocks, the Company believes Ethiopia's resilience and ongoing reforms provide a favourable context for the banking industry. Some of the identified prospects are as detailed below.

#### **a. Global economic recovery**

As the global economy shows signs of recovery, the IMF projects global Gross Domestic Product ("GDP") growth at 3.0% in 2025 and 3.1% in 2026, reflecting an improving economic outlook after recent slowdowns. Supporting this trend, the Organisation for Economic Co-operation and Development forecasts global trade volumes to grow by 2.8% by December 2025 and 2.2% by December 2026, driven by a rebound in services trade and resilient demand from emerging markets. This global trade expansion presents opportunities for the Company to finance cross-border transactions, support exporters and importers, and introduce innovative financial products tailored to businesses seeking to capitalise on global demand.

#### **b. Leveraging Ethiopia's resilient domestic market**

Despite macroeconomic challenges, including a depreciating currency, high public debt, and elevated inflation, the Ethiopian economy has demonstrated resilience, as evidenced by EIU forecasts for strong GDP growth of 7.2% in 2025 and 7.6% by December 2026. The Company's strategy is to mitigate these impacts by focusing its lending initiatives on high-performing sectors such as agriculture, manufacturing, banking, construction, and technology to enhance its profitability while contributing to national development.

#### **c. National digitalisation efforts**

The government's strong focus on digitalisation is a key driver of future growth. A tangible sign of this is that over 900 public services are now available digitally through platforms like MESOB, as reported by the Ministry of Innovation and Technology in July 2025. Furthermore, according to the National ID Program, the national Fayda digital ID program has registered over 19 million citizens as at 10 July 2025. The Company can align its own digital transformation efforts with this national strategy by developing new digital products that integrate seamlessly with these government platforms.

#### **d. Stable inflationary environment**

Ethiopia's inflation rate has shown a notable improvement, easing to 13.7% in July 2025, marking a drop from the 18.6% annual rate recorded in July 2024, according to data from the Ethiopian Statistical Service. This more predictable environment allows the Company to offer competitive long-term loan products and introduce attractive savings and investment products to attract deposits.

#### **e. Expanding rural mobile connection infrastructure**

The expansion of rural infrastructure, along with rising mobile usage, is creating new markets. As at 30 June 2025, Ethio Telecom reported 83.2 million subscribers, up from 80.3 million as at 30 June 2024, supported by 1,683 new mobile sites, including 836 in rural areas, extending services to over 5.9 million rural residents. This highlights its continued focus on rural connectivity, compared with 900,000 rural residents added in the year ended 30 June 2024. Additionally, under Ethio Telecom's Next Horizon: Digital & Beyond 2028 strategy, Ethio Telecom plans to construct 1,228 new cell towers,

with 322 designated for rural areas, increase 4G coverage to 85.0% across 550 additional towns, and distribute 3.5 million devices by 2028. This expansion provides the Company with an opportunity to extend its digital banking services to newly connected areas, broadening its customer base without incurring the high costs of building new physical branches.

**f. Growth in new economic zones**

Ongoing investments in Special Economic Zones and industrial parks continue to attract Foreign Direct Investment ("FDI"). The Ethiopian Investment Commission reported in August 2025 that the country attracted USD 4 billion in FDI for the Fiscal Year ("FY") that ended on 30 June 2025. The Company can target these new economic hubs by establishing dedicated corporate banking units to service the financial needs of new investors and their employees.

**g. Liberalisation of the financial sector**

The liberalisation of the banking sector is now formally underway. A directive from the NBE in June 2025, titled "Requirements for Licensing and Renewal of Banking Business and Representative Office Directive No. SBB/94/2025," allows foreign banks to enter the sector. While this introduces competition, the Company can respond by prioritising service excellence, product diversification, and being attractive to new entrants, creating partnerships and opening new market segments to serve.

**h. National remittance goals**

The Ethiopian Diaspora Service has a national plan of attracting USD 8 billion in remittances for the FY ending 30 June 2026 and is supported by key initiatives from the NBE, including the DEBO awareness campaign to promote the use of legal remittance channels, encourage diaspora engagement, and support Ethiopia's economic development. The Company can capitalise on this by continuing to develop specialised services for the diaspora, offering competitive incentives, and investing in user-friendly platforms to make sending money to Ethiopia easier and more secure.

**i. Integrating with national digital platforms**

The Company has identified the rise of open banking and Application Programming Interface ecosystems as a strategic opportunity to enhance fintech collaboration and diversify its service offerings without the high cost of building a new infrastructure. It is already taking a proactive and strategic approach to capitalise on this, as demonstrated by several key collaborations. For instance, the Company partnered with the fintech firm ArifPay in April 2021 to launch a mobile POS service, enabling merchants to accept digital payments via a smartphone.

Furthermore, the Company has a collaboration with Ethio Telecom's telebirr, which was established in November 2022, and a partnership with Safaricom's M-Pesa from December 2023. These integrations allow for seamless money transfers, giving the Company direct access to telebirr's 55 million users as at July 2025 and M-Pesa's 10 million users as at July 2025. By leveraging these partnerships, the Company can extend its reach and embed its financial products into customers' daily digital interactions.

**2.2.2.2. Future Challenges**

While the Company is well-positioned to capitalise on significant market opportunities, it must also navigate several key challenges that pose risks to its operational stability and profitability. These challenges stem from a combination of the macroeconomic environment, domestic security issues, and industry-specific competition. Detailed below are some of the major future challenges the Company must navigate.

### **a. Navigating regulatory, policy, and sectoral shifts**

The Company operates within a strict regulatory and monetary environment as the NBE maintains a tight policy stance to control inflation and manage liquidity. While lending caps may ease, the 15.0% benchmark interest rate introduced in March 2025 by NBE and other prudential tools continue to influence credit growth, liquidity, and the cost of funds. Broader macroeconomic factors, including inflationary pressures, exchange rate volatility, and fiscal adjustments, further affect market conditions, funding costs, and borrower repayment capacity.

The impact of these conditions has also contributed to an industry-wide increase in NPLs, as businesses and households face tighter liquidity and reduced cash flow. These sector-wide trends heighten credit risk and may affect asset quality across the banking system.

In response, to strategically respond to these evolving regulatory and macroeconomic dynamics, the Company actively monitors new policies and major economic indicators, adjusting its capital allocation, liquidity buffers, and risk management processes to remain agile. These measures enable the Company to maintain resilience and flexibility amid market volatility, policy uncertainty, and shifting regulatory standards.

### **b. Managing disruption from regional instability**

The Company recognises the operational headwinds posed by instability in key market areas, such as the Amhara region. For example, branches at Jara Gado (Bahir Dar District), Rasa (Debre Birhan District), Wurgessa (Dessie District), and Alemnber (Gonder District) were closed in August 2024, September 2024, February 2025, and April 2025, respectively and remain closed as at 31 January 2026. As a key market, the future financial viability of branches in the region and the ability to attract new customers in the region will be impacted until the security situation improves. The Company plans to implement contingency plans for its branch network to proactively manage and provide security to its customers, as well as staff and assets, by limiting physical cash at areas exposed to these instabilities and increasing security at its branches.

### **c. Entry of foreign banks**

Ethiopia's financial sector is undergoing a significant transformation, with a strategic shift towards gradual liberalisation and increased foreign participation. This marks a departure from decades of a closed financial system. NBE took a pivotal step in March 2025 by issuing the Banking Business Proclamation, which allowed foreign banks, not of Ethiopian origin, to invest in Ethiopian financial institutions.

The entry of foreign banks into Ethiopia's financial sector is expected to significantly alter the competitive landscape, presenting both challenges and opportunities for domestic banks. Foreign entrants typically possess stronger capital bases, advanced technology, and extensive international experience, enabling them to offer more diversified products, efficient service delivery, and competitive pricing. This heightened competition may place pressure on local banks' market share, profitability, and customer retention, while also intensifying the demand for skilled professionals. Furthermore, rapid liberalisation without corresponding regulatory capacity could expose the sector to market concentration risks or financial instability. In this context, the Company recognises the need to strengthen its operational efficiency, enhance technological capabilities, and broaden its product offering to maintain competitiveness and ensure sustainable growth within an increasingly open and dynamic banking environment.

#### **d. Managing the increasing IT-related security risks**

The growing reliance on digital channels for service delivery has increased the Company's exposure to IT-related security risks. In the Ethiopian banking sector, NBE estimates Ethiopia's digital transactions to exceed ETB 18 trillion annually, making system reliability and data protection critical to operations. To mitigate these risks, the Company continues to enhance its cybersecurity framework by upgrading its core banking system, strengthening encryption protocols, implementing 24/7 system monitoring, and conducting regular vulnerability assessments.

#### **e. Absence of a United States-based correspondent bank**

The Company's continued lack of a U.S.-based correspondent banking relationship limits the Company's ability to facilitate foreign transactions and grow its foreign currency revenue streams. The Company plans to pursue new correspondent banking partners in the United States and other jurisdictions, as well as develop solutions to support its international banking and trading finance services and expand its reach in the market.

#### **f. Rising operational and funding costs**

The Company faces an ongoing pressure from rising operational costs and increased cost of funds. The highly competitive banking sector, with a growing number of players, is driving up the price of prime office and branch rental space, as well as the price of professionals in the banking industry, which is increasing the Company's administrative expenses. To mitigate this, the Company plans to focus on cost-efficiency measures, such as optimising its branch network and investing in technology that reduces physical presence and manual labor, while also developing competitive savings and investment products to attract deposits at a more sustainable cost.

#### **g. Digital competition in financial services**

The Company is facing an increasingly competitive landscape, driven not only by traditional private and public banks but also by digital financial service providers. Ethio Telecom, for example, has rapidly expanded its mobile money product, telebirr, reaching over 54.8 million users and facilitating more than ETB 2.3 trillion in transactions in the year ended 30 June 2025 as per its annual performance announcement. In addition, fintech companies and microfinance institutions are offering digital wallets, online lending platforms, and payment solutions, capturing customer segments previously dominated by banks. This rise in digital alternatives pushes the Company to innovate its offerings, enhance digital customer experiences, and invest in scalable technology solutions to maintain competitiveness and profitability, with the Company already upgrading its mobile and online banking system in March 2024 to stay competitive in the market and expand its market share.

### **2.2.3. Important events and developments**

Since commencing operations in November 2010 G.C., the Company has reached several significant milestones reflecting its operational growth and market expansion. Some notable milestones and developments include:

- Commencement of operations on the Company's own payment switch for card transactions, including ATM and POS services, integrated with the national switch, EthSwitch, in June 2014 to enable both on-us and remote on-us transactions.
- Upgrade of the core banking system and launch of mobile and internet banking services in 2020 to improve operational efficiency and enhance customer accessibility.

- Achievement of a customer base exceeding one million by January 2021, reflecting rapid growth in market reach.
- Implementation of an AML/CFT system in 2021 to strengthen compliance and risk management.
- Acquisition of a mixed-use property in Gonder through purchase and commencement of construction of major facilities, including a 33-story headquarters in Addis Ababa in February 2021, a 6-story mixed-use facility in Dessie, in August 2021, a 12-story district office in Bahir Dar in January 2022, and a 14-story commercial building that is under construction in Addis Ababa in partnership with Tikurabay Transport Plc and Nigat Corporate commenced in October 2022, to expand the Company's operational footprint.
- Recorded gross profit that exceeded ETB 1 billion in June 2022, demonstrating robust financial performance.
- Establishment of a security operations center in January 2023 equipped with Security Information and Event Management and Security Orchestration, Automation and Response solutions, enabling advanced threat monitoring, real-time alerting, and streamlined incident response.
- Launch of the third five-year strategic plan in July 2023 to guide sustainable growth and strategic initiatives.
- Expansion of the branch network to 500 outlets by 30 September 2023, increasing accessibility and customer reach.
- Fulfillment of the revised minimum capital requirement of ETB 5 billion in December 2023 to strengthen financial standing.
- Surpassing total deposits of ETB 50 billion in April 2024, reflecting growing customer trust and engagement.
- Launch of a rebranding program in April 2024, including upgrades to the Company's digital platforms to enhance brand visibility and user experience.
- Obtained of PCI-DSS certification and completion of a core banking system infrastructure upgrade on December 31, 2024, further enhancing system security and operational resilience.
- Introduction of the upgraded ChequePoint system in May 2025 to facilitate electronic money transfers between banks via real-time gross settlement and Automated Clearing House networks, supporting both incoming and outgoing interbank cheque processing.
- Finalisation of the 6-story mixed-use facility in Dessie in July 2025 to expand the Company's physical presence.
- Partnership with Visa in August 2025 to enhance digital payment solutions in Ethiopia, providing customers with secure, internationally accepted payment options in line with the country's vision for a modern, cashless economy.

These milestones demonstrate the Company's capacity to expand its operations, strengthen its systems, and enhance regulatory compliance, positioning it to pursue future growth and strategic initiatives.

## 2.3. Operations and principal activities

The Company is a bank in Ethiopia that provides a range of financial services, including loan products, deposit solutions, digital banking, international banking and trade services across different regions of the Country. The Company's financial performance for the years ended 30 June 2025, 2024, and 2023 is set out below.

Table 14: Select financial performance

Select financial performance	For the year ended 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Interest income*	8,786	6,531	5,548
Interest expense	(2,522)	(2,094)	(1,569)
<b>Net interest income</b>	<b>6,264</b>	<b>4,437</b>	<b>3,979</b>
Fee and commission income	2,038	1,248	1,242
Fee and commission expense	(40)	(30)	(54)
<b>Net fees and commission income</b>	<b>1,998</b>	<b>1,218</b>	<b>1,188</b>
Net gain on foreign exchange valuation	1,874	191	155
Other operating income*	341	281	57
<b>Total operating income</b>	<b>10,477</b>	<b>6,127</b>	<b>5,379</b>

\*The Company reclassified Murabaha and Musharakah financing income for the year ended 30 June 2025 to other income, whereas historically for the year ended 30 June 2024 this income was included in interest income and fees and commission income. Murabaha and Musharakah financing income was ETB 195 million in the year ended 30 June 2025, compared to ETB 137 million in the year ended 30 June 2024 and ETB 114 million in the year ended 30 June 2023. The Company has restated the historical financial statements for the year ended 30 June 2024 in this regard. The table presented above reflects the reclassification for the years ended 30 June 2025 and 30 June 2024.

Interest income, which comprises income from loan products offered to Conventional Banking customers, reached ETB 8,786 million in the year ended 30 June 2025, up from ETB 6,531 million in the year ended 30 June 2024. In addition, fees and commissions income, which includes income from commissions and service charges related to international banking and trade services provided to both Conventional Banking and IFB customers, increased from ETB 1,248 million in the year ended 30 June 2024 to ETB 2,038 million in the year ended 30 June 2025. Furthermore, other operating income, which comprises mainly income from IFB financing, increased from ETB 280 million in the year ended 30 June 2024 to ETB 342 million in the year ended 30 June 2025.

The Company's product description on loan and financing products, deposit products, digital banking, as well as international banking and trade finance services, is detailed below.

### 2.3.1. Product and services

#### 2.3.1.1. Loan and financing products

The Company provides a diverse range of loan and financing products, structured to meet the specific financial requirements of corporate entities, MSMEs, IFB, and individual retail clients. These offerings aim to support various business operations, project financing, and personal financial needs.

As at 30 June 2025, the Company's loans and advances, including IFB financing totaled ETB 49,217 million compared to ETB 41,109 million as at 30 June 2024 across the two Business Segments. Details of the total loan by Business Segment are set out below.

Table 15: Total loans outstanding by Business Segments

Total loans outstanding	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Conventional Banking	47,071	39,254	35,004
IFB	2,146	1,855	1,470
<b>Total loan outstanding</b>	<b>49,217</b>	<b>41,109</b>	<b>36,474</b>

### A. Conventional Banking loan products

The Company provides a portfolio of Conventional Banking loan products with flexible terms to its customers. Its diverse offerings are designed to meet a wide range of financial needs, from personal and home financing to supporting large-scale business operations and innovative projects. The following list provides an overview of the Company's Conventional Banking loan products.

- **Business Loans** – Financing solutions for businesses, including working capital loans and short- to long-term loans to support business growth and expansion.
- **Consumer Loans** – Personal financing products designed to meet individual needs, such as personal loans, home loans, and auto loans.
- **Diaspora Loans** – Specialised offerings for the Ethiopian diaspora, including home purchase/ construction and investment financing, typically structured with foreign currency repayment.
- **Revolving Credit Facilities** – Flexible short-term financing solutions, including overdrafts, revolving loans, advance export loans, and merchandise loans.

The below table details all the Conventional Banking loan products it offers to its Conventional Banking customers

Table 16: Conventional Banking loan product

Product category	Product subcategory	Loan product name	Product description
Conventional Banking loan products	Term loan	Mortgage loan	These loans are intended for the purchase, construction, or rehabilitation of residential houses.
		Motor vehicle loan	This loan is designed to help customers buy a brand-new automobile by financing a significant portion of the purchase price through a loan facility
		Personal loan	Is designed to help customers manage their personal expenses, such as medical bills, education costs, travel, or vacations where the loan amount is tailored based on their monthly income, providing you with flexible financing to meet their individual needs.

Product category	Product subcategory	Loan product name	Product description
		Home loan	This loan is designed to purchase a completed or under construction residential house from real estate or individual sellers.
		Import local currency settlement loan	This loan converts outstanding import local currency obligations into a term or merchandise loan, helping customers facing temporary working capital shortages settle documents and manage cash flow effectively.
		Revolving credit facilities	This facility includes an overdraft, a revolving and advance export loan, and a merchandise loan, which is a short-term loan that facilitates the customer's working capital requirements.
		Diaspora investment loan	A credit facility designed to partially finance diaspora investors primarily involved in agricultural, agro-processing, manufacturing, and service sector activities.

In the year ended 30 June 2025, the Company's business loans continued to represent the dominant share of the Company's loan portfolio, accounting for 71.0%, a similar proportion in the year ended 30 June 2024. Details of the total loan by product are set out below.

Table 17: Conventional loan breakdown by product

Conventional loan by product	In the year ended 30 June		
	2025	2024	2023
Business loan	71%	71%	71%
Consumer Loans – non-staff	8%	7%	4%
Consumer Loans – staff	4%	4%	6%
Revolving	17%	18%	19%

Additionally, consumer loans for non-staff, which also include diaspora loans, have shown a steady increase in portfolio share, rising from 7.0% in the year ended 30 June 2024 to 8.0% in the year ended 30 June 2025, largely driven by memorandums of understanding signed with various government, non-government, and private organisations that enable their employees to access consumer financing. In contrast, the portfolio share of staff loans remained at 4.0% both in the year ended 30 June 2024 and 30 June 2025, as the Company temporarily suspended new staff loan disbursements since 30 June 2023. Furthermore, the proportion of revolving credit facilities has decreased modestly from 19% as at 30 June 2023 to 17% as at 30 June 2025.

In terms of sector, as at 30 June 2025, the Company's lending portfolio was primarily directed towards export and import, which accounted for 35.7% of the loan portfolio, followed by the construction and building sector and domestic trade services, which accounted for 18.1% and 14.3%, respectively. As at 30 June 2025, the total gross loans outstanding through Conventional Banking were ETB 47,756 million, up from ETB 39,800 million as at 30 June 2024.

Details of the Company's Conventional Banking net loans and advances outstanding by sector and program are set out below.

Table 18: Conventional Banking loans and advances outstanding by sector

Loans and advances outstanding by sector	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Agriculture	418	392	295
Construction and building	8,666	6,008	5,280
Consumer loan	5,487	3,757	3,208
Domestic trade services	6,851	5,934	6,240
Export and import	17,034	15,811	13,884
Hotel and tourism	844	876	824
Manufacturing and industry	4,338	4,052	3,460
Transport and communication	4,118	2,970	2,385
<b>Gross loans and advances outstanding balance</b>	<b>47,756</b>	<b>39,800</b>	<b>35,576</b>
Impairment loss allowance	(685)	(546)	(572)
<b>Net loans and advances outstanding balance</b>	<b>47,071</b>	<b>39,254</b>	<b>35,004</b>

As at 30 June 2025, the Company's Conventional Banking NPL Ratio by sectors was concentrated in construction, import, and domestic trade services. The table below indicates the Company's Conventional Banking NPL Ratios, by sector, as at 30 June 2025, 2024, and 2023:

Table 19: Conventional Banking NPL Ratio by sector

NPL by sector	As at 30 June		
	2025	2024	2023
Agriculture	-	-	-
Construction and building	0.4%	0.4%	0.4%
Consumer loan	0.1%	-	0.1%
Domestic trade services	0.5%	0.7%	1.8%
Export and import	1.0%	0.7%	0.5%
Hotel and tourism	0.2%	-	-
Manufacturing and industry	0.1%	-	0.1%
Transport and communication	0.1%	0.2%	0.2%

In a further breakdown, in the year ending 30 June 2025, corporate customers accounted for 68.5% of the total Conventional Banking loanee types, a 0.6% decrease from 69.1% in the year ending 30 June 2024. Details of the total loan by customer type are set out below.

Table 20: Conventional Banking loan breakdown by customer type

Conventional Banking loan by customer type	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Corporate	32,734	27,508	23,944
SME & Consumer	15,022	12,292	11,632

Moreover, in respect to region, as at 30 June 2025, Addis Ababa continued to dominate the Company's Conventional Banking loan portfolio, with loans and advances rising to ETB 32,000 million from ETB 27,646 million as at 30 June 2024, followed by the Amhara region with ETB 12,275 million as at 30 June 2025, up from ETB 10,412 million as at 30 June 2024. The Tigray Region ranked third, with loans and advances of ETB 983 million as at 30 June 2025, a slight increase from ETB 967 million as at 30 June 2024, signalling a gradual recovery in lending operations. Details of the total loan by region are set out below.

Table 21: Conventional Banking loans disbursed by region

Conventional Banking loans disbursed by region	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Addis Ababa	32,177	26,965	23,228
Afar	27	22	25
Amhara	12,589	10,560	10,342
Benishangul	46	31	41
Central Ethiopia	137	71	-
Dire Dawa	157	109	96
Gambella	47	15	22
Harar	15	13	12
Oromia	815	584	533
Sidama	296	225	154
SNNPR	-	-	117
Somalia	29	31	10
South Ethiopia	217	116	-
SWEPR	75	30	20
Tigray	1,129	1,028	976
<b>Gross loans outstanding balance</b>	<b>47,756</b>	<b>39,800</b>	<b>35,576</b>
Impairment loss allowance	(685)	(546)	(572)
<b>Total</b>	<b>47,071</b>	<b>39,254</b>	<b>35,004</b>

## B. IFB financing products

The Company's IFB services, branded as "Sadiq", operate on the principles of profit and loss sharing. This approach provides a viable alternative to Conventional Banking loans by offering Sharia-compliant financing solutions that avoid interest. These products are structured to meet customer needs while adhering to the ethical guidelines of Islamic finance. In the year ended 30 June 2025, the Company's gross financing amount expanded from ETB 1,866 million as at 30 June 2024 to ETB 2,155 million at 30 June 2025. An overview of the Company's IFB financing products is as follows:

- **Ijara (Leasing)** – The Company acquires an asset and leases it to the customer for a defined period and fee, retaining ownership. It includes istisna'a financing for manufacturing or construction projects based on customer specifications.
- **Kafalah (Guarantee)** – A Sharia-compliant facility where the Company guarantees a client's financial or performance obligations, including bid bonds, performance guarantees, and advance payment guarantees.
- **Mudarabah financing** – A profit-sharing arrangement where the Company provides capital while the customer manages the venture. Profits are shared as agreed, while losses are borne solely by the Company. It includes qard financing, an interest-free loan repaid at face value.
- **Murabaha financing** – A product where the Company purchases an asset and sells it to the customer at a pre-agreed profit margin, with repayment in instalments. It includes bai'salam financing for advance commodity payments, mainly supporting farmers and producers.
- **Musharakah financing** – A partnership in which the Company and the customer contribute capital and share profits and losses proportionally. It includes diminishing Musharakah, allowing customers to gradually acquire the Company's share in home or asset financing.

The table below details all the IFB financing products the Company offers to its IFB customers:

Table 22: IFB financing products

Product category	Financing product name	Product description
	Murabaha (cost plus financing)	It is a contract of sale and purchase whereby the bank agrees to purchase an asset at the request of the customer from a third party and then resells it to the customer on a deferred payment basis at a price, which includes a profit margin, rather than providing financing for the buyer to purchase the property.
	Murabaha term financing	It is term financing granted for working capital (in the form of goods) and/or for purchase of fixed business assets to be repaid within a specific period of time with profit.
	Murabaha motor vehicle financing	It is financing in the form of Murabaha term finance for the purchase of motor vehicles.
	Murabaha construction machinery financing	It is financing in the form of Murabaha term finance for the purchase of construction materials.

Product category	Financing product name	Product description
	Murabaha building construction term financing	It is a financing to be granted for the purpose of construction or renovation or purchasing commercial building. The financing shall cover partial cost of the construction or purchase cost.
	Murabaha revolving financing facility	It is term financing facility by which the customer may use the financing for the purchase of merchandise, raw materials, consumables, etc. to overcome the applicant’s working capital constraint.
	Murabaha import Letter of Credit (“LC” facility)	It is a facility that the bank extends to applicants who engage in the import business or other applicants who import for various purposes, on payment of a certain percentage of the value of the document while opening an LC.
	Murabaha pre-shipment export financing facility	A facility provided for purchasing raw materials and exportable goods.
	Murabaha - project financing	It is for a new project and for the expansion of an existing business under Murabaha financing wherein the approved fund shall be used for the purchase of the required input for the construction work. In such arrangements, the customer shall bear labor cost from own source.
	Idea/innovation financing	Finances government or internationally recognized scientific studies, supporting commercial production and marketing of innovative ideas with official internet protocol or organizational recognition.
	Equipment leasing financing	A financing solution that lets businesses lease essential equipment for immediate use while spreading the cost over time instead of purchasing it outright.
	Machinery leasing financing	Offers term loans to finance movable assets such as earthmoving machinery, construction vehicles, harvesters, and tractors essential for business operations across all sectors.

As at 30 June 2025, the Company’s IFB financing was primarily directed towards export and import, which accounted for 45.3% of the financing portfolio, followed by manufacturing and industry and construction and building, which accounted for 15.1% and 13.4%, respectively. The table below details the Company’s IFB financing performance for the years ended 30 June 2023, 2024, and 2025.

Table 23: IFB financing by sector

IFB financing by sector	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Agriculture	39	48	1
Construction and building	288	145	32

IFB financing by sector	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Consumer loan	27	26	30
Domestic trade services	237	314	402
Export and import	977	675	482
Hotel and tourism	-	-	-
Manufacturing and industry	325	409	457
Transport and communication	262	248	72
<b>Gross IFB financing outstanding balance</b>	<b>2,155</b>	<b>1,865</b>	<b>1,476</b>
Impairment loss allowance	(9)	(10)	(6)
<b>Net IFB financing outstanding balance</b>	<b>2,146</b>	<b>1,855</b>	<b>1,470</b>

As at 30 June 2025, the Company's conventional NPF ratio by sectors was concentrated in construction, import, and domestic trade services. The table below indicates the Company's NPF ratios, by sector, as at 30 June 2025, 2024, and 2023:

Table 24: NPF ratio by sector

NPF ratio	As at 30 June		
	2025	2024	2023
Agriculture	-	-	-
Construction and building	0.02%	0.03%	-
Consumer loan	-	-	0.01%
Domestic trade services	0.2%	2.0%	0.2%
Export and import	0.1%	0.2%	-
Hotel and tourism	-	-	-
Manufacturing and industry	-	-	-
Transport and communication	0.3%	0.4%	0.1%

In a further breakdown, in the year ending 30 June 2025, corporate customers accounted for 68.8% of the total IFB loanee types, a 0.8% increase from 68.0% in the year ending 30 June 2024. Details of the total loan by customer type are set out below:

Table 25: IFB loan breakdown by customer type

Conventional Banking loan by customer type	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Corporate	1,480	1,268	1,015
SME & Consumer	675	597	461

### 2.3.1.2. Deposit products

The Company offers a suite of deposit products, designed to meet the savings and transactional requirements of its client base.

As at 30 June 2025, the Company's total deposit base stood at ETB 71,915 million, compared to ETB 52,626 million as at 30 June 2024. Set out below is a summary of the Company's deposits by Business Segment as at 30 June 2025, 2024, and 2023.

Table 26: Deposit by Business Segments

Deposit	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Conventional Banking	66,504	49,403	39,470
IFB	5,411	3,223	2,300
<b>Total deposit</b>	<b>71,915</b>	<b>52,626</b>	<b>41,770</b>

As at 30 June 2025, the deposit base from Conventional Banking reached ETB 66,504 million, up from ETB 49,403 million as at 30 June 2024. In addition, as at 30 June 2025 the deposit base from IFB reached ETB 5,411 million, up from ETB 3,223 million as at 30 June 2024. Furthermore, as at 30 June 2025 the customer base reached 3,122 thousand and 526 thousand for Conventional Banking and IFB respectively.

Table 27: Deposit products

Deposit category	Product subcategory	Product name	Product description
Conventional banking deposit products	Saving deposit products	Regular savings account	A regular savings account is a saving account for individual and organisation opened with or without a passbook without any limit for withdrawal.
		"Enbut" children saving account	Enbut saving account is designed to help children build a strong financial foundation for their future with a privileged interest rate.
		Youth saving account	This account has been crafted to empower the next generation; it is tailored to elevate youths' financial journey and accelerate their path to greatness.
		"Nigist" women's saving account	The Company offers nigist women's saving account, which is tailored to empower women towards financial independence.
		Club saving account	Club saving account is designed for individuals or some group members, who want to save money for occasions like birthdays, weddings, holidays, get-together trips, visits or vacations.
		"Tibeb" education saving account	Tibeb saving account is designed to cover child's future educational expenses from primary cycle to tertiary high school and post graduate level.

<b>Deposit category</b>	<b>Product subcategory</b>	<b>Product name</b>	<b>Product description</b>
		"Tirit" senior citizens' saving	The Company provides "tirit" senior citizens' saving services for customers at the age of 40 and above, with attractive interest rates to secure their golden retirement age.
		Muday saving account	This account enables customers to accumulate and save money in a designed box (muday) at their home, and deposit it on timely basis in their respective saving accounts at branches of the bank.
		Remittance saving account	The remittance saving account is a special saving account which targets individuals who are regular recipients of Foreign Currency ("FCY") transfer through swift and international money transfer organizations and are willing to deposit the whole or some portion of received money in Birr.
		Iddir saving account	Iddir saving account is a saving account that is opened and operated by iddirs to ease traditional monthly or weekly money collection management by availing of saving products that make their members committed to deposit the required amount at any convenient time.
		Iqqub saving accounts	The iqqub saving account is a special saving or deposit account which targets iqqub associations or members of iqqub.
		Farmers saving account	The Company provides farmers saving account to support farmers' agricultural efforts and their family as a whole at large.
		"Senay" charitable saving account	This service is designed to raise funds from money deposited by those who are interested like individuals, governmental, and non-governmental organisations that have an interest to support charity organisation from the interest earned from their money deposited in the bank for this specific purpose.
		Investment saving account	Investment saving account is designed for individuals, professionals, women, youth, small & medium enterprise, association, labor union, cooperation, and other legal form of organisation that have future investment plan.
		Refugee saving account	This account is intended to serve the needs of refugees living inside or outside of refugee camps. The purpose of this account is to serve the refugees by facilitating remittance through international money transfer organizations or using the Company's swift address. The account is also intended to serve those refugees who have established their own small business.

<b>Deposit category</b>	<b>Product subcategory</b>	<b>Product name</b>	<b>Product description</b>
		Gojjo saving account	The Gojjo savings account is designed specifically for couples and married individuals to help them achieve their lifelong goals. This joint savings account offers attractive interest rates and is available to spouses, whether they have children, as well as to cohabiting and engaged couples who either plan to get married or wish to live together.
		Tsiwa mahiber saving account	The Company provides tsiwa mahiber saving account service, which is tailored for eotc religious events like tsiwa, senbete, and spiritual journeys to churches, monasteries, and historical religious sites.
		Taxpayers saving account	Taxpayers saving account have introduced to serve individual or business to save their tax with tis account and pay at the time of the tax period without delay.
	Current/ demand saving account	Individual current account	It is designed for customers who have high transaction volume and cash movement, which is operated by chequebook.
		Corporate current account	A corporate account or a company account is a bank account developed for public and private companies. The account is used to facilitate business transactions, receive income, and store funds.
		Special current account (hybrid/now) account	It is an interest-bearing account like normal saving account but operated with chequebook and opened by initial deposit of ETB 1,000.00 and it is negotiable order of withdrawal.
	Time deposit	Fixed time deposit/certificate of deposit	The fixed time deposit account is specially designed for customers who want to invest their funds for a fixed period and earn attractive interest.
		Diaspora fixed time Deposit	This account is an interest-bearing account which is invested in lump sum money for a certain period of time with very competitive interest rate.
IFB deposit products	IFB saving deposit products	Wadiah saving account	A wadiah savings account is a safekeeping arrangement between the depositor and the bank, allowing depositors to withdraw and deposit their money at any time, guaranteed and secured by the bank.
		Wadiah ordinary saving account	It can be opened and operated by a legal agent in the name of the principal, provided that they can produce a power of attorney, which must be attested by the bank's legal services or the branch managers.

Deposit category	Product subcategory	Product name	Product description
		Sumeya - wadiah saving for women	It is a non-interest-bearing savings deposit account offered by interest-free banking services that encourage women who want to develop the habit of saving and manage their money in accordance with Shariah compliance.
		Youth wadiah saving account	It is a non-interest-bearing deposit account that encourages young individuals who want to develop the habit of saving and managing their money in accordance with Shariah compliance.
		Iqqub wadiah association account	It is a type of account that targets iqqub associations that want an interest-free banking service.
		Hajj and umrah special saving account	It is a specialized account designed to help customers save for performing i-hajji/umrah at least once in their lifetime.
		Zakat saving account	The zakat saving account shall be operated based on the wadiah contract and can be opened by individuals, non-government organisations, charity organisations, and Islamic associations.
		Wadiah foreign currency saving account	It is a savings account in foreign currency, which is a non-interest-bearing account designed to encourage and motivate residents of Ethiopia, non-residents of Ethiopia, non-resident Ethiopian nationals, and non - resident Ethiopian origins that have an interest in maintaining such a type of account in the bank for their utilization in terms of investment or for saving purposes.
		Wadiah diaspora account	It is an FCY deposit account targeted Ethiopians diaspora to open and use a foreign currency account in their home country.
		Wadiah FCY retention account	It is an account opened for exporters or regular recipients of inward remittance to retain a percentage of the earnings.
		Mudarabah ordinary saving account	It is a type of account in which customers who are willing to open mudarabah saving accounts shall sign the contract governing the management of the fund, in addition to the IFB account opening format.

The Company's customers are distributed across their 9 district offices. An overview of the deposit products offered under the Company's Conventional Banking and IFB segments are as follows.

#### **Conventional Banking deposit account type**

- **Current accounts:** A deposit account designed for frequent, day-to-day transactions for corporate and retail clients. These accounts do not typically accrue interest.
- **Savings accounts:** A deposit account tailored for individuals to save money and grow their funds, often earning interest. They include a wide range of specialised products such as "Enbut" children's

saving, youths' saving, "Nigist" women savings account, club savings account, "Tibeb" education savings, "Tirit" senior citizens' savings, and "Senay" charity. Other specialized accounts include "Muday" savings, saving remittance account, investment savings account, "Gojo" home-related savings account, pension account, "Iddir" savings account, current negotiable account, refugee saving account, "Iqqub" savings account, "Tsewa" joint saving account, and farmer savings account.

- **Fixed-time accounts:** A deposit account offering higher interest rates in exchange for a commitment to keep funds locked for a predetermined period. The main product in this category is the Conventional Banking fixed-time deposit.
- **Foreign currency accounts:** A deposit account that allows customers to hold and transact using foreign currencies, serving clients with international business or personal needs. The key product is the Conventional Banking foreign exchange account deposit.

### Conventional Banking deposit account type

As at 30 June 2025, Conventional Banking customer deposits totaled ETB 66,504 million, as compared with ETB 49,403 million as at 30 June 2024. Set out below is a summary of deposits of Conventional Banking customers.

Table 28: Total Conventional Banking deposit

Deposits	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Savings deposit	36,178	28,001	23,508
Current deposit	17,950	15,619	12,148
Foreign currency account deposit	8,407	1,391	383
Term deposit	3,969	4,392	3,431
<b>Total deposit from Conventional Banking</b>	<b>66,504</b>	<b>49,403</b>	<b>39,470</b>

In the year ended 30 June 2025, the Company's Bahir Dar district registered the highest number of Conventional Banking deposit with ETB 23,005 million followed by Northeast Addis Ababa district and Southwest Addis Ababa with ETB 14,459 million and 9,230 million, respectively. Set out below is a summary of the Company's Deposits by Conventional Banking for the years ended 30 June 2025, 2024, and 2023.

Table 29: Total Conventional Banking deposit by district

Conventional Banking deposit by district	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Adama	1,302	936	-
Bahirdar	23,005	14,775	14,074
Debrebirhan	4,083	2,943	-
Dessie	6,629	5,482	4,878

Conventional Banking deposit by district	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Dire Dawa	917	714	473
Gonder	5,571	3,845	3,477
Hawassa	1,308	953	1,149
Northeast	14,459	12,987	10,841
Southwest	9,230	6,768	4,578
<b>Total Conventional banking deposits</b>	<b>66,504</b>	<b>49,403</b>	<b>39,470</b>

As at 30 June 2025, Amhara, Addis Ababa, and Oromia regions accounted for the Company's largest number of deposit accounts. Amhara Region recorded 1,778,238 deposit accounts compared to 1,615,439 as at 30 June 2024, representing an increase of 10.1%, while Addis Ababa and Oromia recorded 721,942 and 242,580 deposit accounts, respectively. Furthermore, retail customers, private companies, and cooperatives collectively accounted for 98% of the total number of deposit accounts, while the remaining 2% comprised accounts held by public enterprises and regional governments.

In the year ended 30 June 2025, the Company's top three depositors operate in the import & export, manufacturing, and agriculture sectors.

#### IFB deposit account type

- **Wadia (current) accounts:** A Sharia-compliant deposit account based on the Wadia principle, a trust-based arrangement where the Company acts as custodian of the funds. It facilitates daily transactions for clients seeking IFB options.
- **Wadia (savings) accounts:** A Sharia-compliant deposit account based on the Wadia principle (safekeeping), providing a secure place for clients to save funds with the Company acting as custodian.
- **Mudarabah term deposits:** A Sharia-compliant deposit account adhering to Mudarabah profit-sharing principles, where funds are entrusted with the Company for investment, with the profit shared between the Company and the customer according to a pre-agreed ratio.
- **Foreign currency accounts:** A Sharia-compliant deposit account that enables clients to hold and transact in foreign currencies consistent with Sharia principles.

The IFB Business Segment increased total deposits by ETB 2,188 million from ETB 3,223 million as at 30 June 2024 to ETB 5,411 million as at 30 June 2025, all structured in accordance with Sharia principles. The table below illustrates this consistent growth as at 30 June 2025, 2024, and 2023.

Table 30: Total IFB deposits

Deposits	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Wadia savings account	3,515	2,735	1,947

Deposits	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Wadia current account	853	475	345
Foreign currency account	43	13	8
Fixed time deposit	1,000	-	-
<b>Total deposit from IFB</b>	<b>5,411</b>	<b>3,223</b>	<b>2,300</b>

In the year ended 30 June 2025, the Company's Southwest Addis Ababa district registered the highest number of IFB deposits with ETB 1,941 million followed by Dessie district and Northeast Addis Ababa with ETB 1,383 million and 572 million, respectively. Set out below is a summary of the Company's deposits by IFB as at 30 June 2025, 2024, and 2023.

Table 31: Total IFB deposits by district

IFB deposit by district	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Adama	211	123	-
Bahirdar	349	208	199
Debrebirhan	78	54	-
Dessie	1,383	1,124	890
Diredawa	478	341	266
Gonder	283	165	119
Hawassa	116	59	85
Northeast	572	347	225
Southwest	1,941	802	516
<b>Total IFB deposits</b>	<b>5,411</b>	<b>3,223</b>	<b>2,300</b>

### 2.3.1.3. Digital banking

The Company has developed a comprehensive digital banking ecosystem to provide its customers with convenient, secure, and accessible financial services. Its core platforms include a mobile and online banking system that enables 24/7 account access, funds transfers, and bill payments, while the USSD channel (\*812#) offers essential banking functions offline. The table below details the Company's digital products:

Table 32: Digital banking products

Products	Description
Abay Mobile Banking	This product enables customers to access a wide range of banking services conveniently through their mobile devices. The platform allows customers to view mini statements, request cheque books, block cards, and access other essential banking services in real time. Customers can also transfer funds between their own accounts, to third parties, or to accounts held with other banks and authorised agents. In addition, the application facilitates bill and payment management, including utilities, transport, and other supported payments. A consolidated dashboard provides customers with a clear view of key account information. Security features are embedded within the platform to enhance customer protection and promote safe digital banking usage.
Abay Online Banking	This platform enables customers to conduct transactions anytime and from any location with internet access. Key services include fund transfers, account inquiries, and electronic bill payments. This platform is designed to enhance efficiency and convenience while supporting secure access to banking services through a web-based interface.
Abay Card Banking	This product provides customers with access to their accounts through issued cards accepted at ATM, POS terminals, and other supported payment channels. Card services enable cash withdrawals, balance inquiries, and payment for goods and services.

To expand its reach, the Company is relaunching an agent banking network, a nationwide ATM and POS terminal network, and offers various debit card services on the EthSwitch network. A key step in enhancing its digital payment capabilities was the strategic partnership with Visa, announced in September 2025. This collaboration will introduce Visa prepaid products and enable Visa transactions across the Company's network, further diversifying its payment solutions.

For the year ended 30 June 2025, the Company facilitated a transaction volume of 42.2 million, an increase from 31.9 million for the year ending 30 June 2024. Of the total transaction volume ATM and mobile banking channels accounted for 69.0% of all digital transaction. As at 30 June 2025, the Company has a network of 340 ATMs and 3.2 million mobile banking subscribers. The overall volume of digital transactions in the year ended 30 June 2025 was primarily driven by mobile banking with 24.4 million, followed by ATM transaction with 4.8 million.

The Company has identified major KPIs to monitor digital adoption, transactions, and the overall impact of digital banking services. The table below sets out the digital KPIs monitored by the Company:

Table 33: Digital KPIs

Digital KPIs	For the year ended 30 June		
	2025	2024	2023
Number of active cardholders ('000)	1,157	954	669
Number of ATM	340	299	161
ATM transaction value (ETB 'million)	2,480	1,716	2,520
ATM transaction volume ('000)	2,496	1,991	4,765
Active mobile banking subscribers ('000)	3,200	2,207	1,282

<b>Digital KPIs</b>	<b>For the year ended 30 June</b>		
Mobile banking transaction value (ETB 'million)	34,174	21,748	13,248
Mobile banking transaction volume ('000)	24,388	21,214	12,461
Active online banking subscribers ('000)	113	31	16
Online banking transaction value (ETB '000)	20,142	8,251	2,296
Online banking transaction volume	2,551	840	250
USSD value (ETB '000)	46,448	27	34
USSD volume	11,325	1	1

#### **2.3.1.4. International banking and trading finance services**

The Company facilitates international trade and remittances through the following services:

- Letters of credit and documentary collections: The Company facilitates both imports and exports using letters of credit and documentary collections.
- Foreign currency accounts: Businesses can manage international trade and receive remittances through dedicated foreign currency accounts.
- Foreign banking guarantees: The Company issues bid bonds, performance bonds, and other guarantees to support international transactions.
- International money transfers: The Company enables fast and secure international remittances through a wide network of partners, including Western Union, Thunes, Dahabhill, Trans Fast, Uremit, Ria, Shift, Remitly, EthioDash, MoneyGram, and WorldRemit. These global services are underpinned by the SWIFT network, for which the Company's unique code is ABAYETAA.
- Foreign currency buying and selling: The Company offers currency exchange services including USD, GBP, EUR and AED.

Total foreign currency generation increased by 10.5% from USD 221 million in the year ended 30 June 2024 to USD 244 million in the year ended 30 June 2025. This increase was primarily due to an increase in dealing of foreign currency from USD 0.5 million in the year ended 30 June 2024 to USD 25 million in the year ended 30 June 2025, cash purchase from USD 0.4 million to USD 1.2 million, and SWIFT transfer from USD 66 million to USD 74 million in the same periods. This increase was partially offset by a decrease of 0.5% in exports from USD 141 million in the year ended 30 June 2024 to USD 140.6 million in the year ended 30 June 2025. In addition, FCY generated from money transfer decreased by 78.8% from USD 11.8 million in the year ended 30 June 2024 to USD 2.5 million in the year ended 30 June 2025.

In the year ended 30 June 2025, the Company generated ETB 359 million from international banking and trade finance services up from ETB 309 million in the year ended 30 June 2024. The table below presents the detail the revenue generated from international banking and trade finance services:

Table 34: Revenue from international banking

Revenue from international banking	For the year ended June		
	2025	2024	2023
<b>ETB (millions)</b>			
Letter of credit and documentary collections	303	283	266
Foreign banking guarantees	47	19	21
International money transfers	1	0.3	1
FCY buying and selling	8	7	3
<b>Total</b>	<b>359</b>	<b>309</b>	<b>291</b>

### 2.3.1.5. Physical network and accessibility

The Company operates a broad network of branches nationwide, providing customers with access to its full range of banking services. Its ATM and POS terminals further enhance convenience, allowing customers to withdraw cash and perform transactions across locations seamlessly and provide expanding in-store payment options through its POS terminals. Through EthSwitch integration, these ATMs and POSs support interoperability with other banks, enabling smooth and secure transactions across the entire domestic banking network. As at 30 June 2025, the Company operates a network of 546 branches, including 20 IFB standalone branches, 340 ATMs, 184 POS, and 184 merchants spread across the nation, ensuring widespread accessibility for all customers.

Table 35: Access points

Access point	For the year ended 30 June		
	2025	2024	2023
Branch	546	542	483
Number of merchants	184	200	9
ATM	340	299	161
POS	184	18	-

The Company's branch network is distributed across different districts, with Bahirdar, Dessie, and South West districts accounting for the largest number of branches at 91, 88, and 88, respectively. Other districts include North East with 80 branches, Debre Birhan with 44, Gonder with 53, Adama with 36, Dire Dawa with 35, and Hawassa with 31 branches, providing access to the Company's services across the country.

### 2.3.2. Business interruptions

The Company has had no significant business interruptions in the preceding 12 months that have had an effect on the Company's financial performance or position, save for the regional security challenges, details of which are set out below:

**Regional security challenges:** Ongoing security challenges and periods of internal instability in specific regions have led to periodic and at times prolonged closures of the Company's branch network in affected areas. Specifically, Jara Gado (Bahir Dar District) has been merged with Andabet branch

as at 28 July 2025 and Rasa (Debre Birhan District), Wurgessa (Dessie District), Aember (Gonder District), Mezezo Branch (Debrebirhan District), and Anchekoror Branch (Debrebirhan District) were closed in September 2024, February 2025, April 2025, July 2025, and August 2025, respectively and remain closed as at 27 March 2026. Such disruptions have directly impaired service delivery to customers as well as loan collection activities, hindered deposit mobilisation efforts, and overall, adversely impacted the Company's operational continuity and resource allocation in the affected geographies. The Company now keeps low physical cash at the nearby branches around the area, as well as increased its security, ensuring the safety of its assets, employees, and customers.

### 2.3.3. Recent product and service initiatives

As part of the Company's strategic plan launched in March 2023, which focuses on advancing digital transformation, expanding financial inclusion, and improving customer convenience, the following initiatives have been implemented and are currently underway:

**POS system relaunch:** The Company has upgraded and reintroduced its POS terminals in May 2024 to improve its transaction efficiency and support wider merchant acceptance. This initiative also strengthens partnerships with merchants, enhancing in-store payment experiences across its network. As at 30 June 2025, the Company has 184 POS terminals nationwide.

**International card acceptance:** In December 2024, the Company obtained PCI-DSS Level 1 certification, a mandatory requirement for securely accepting and processing international cards. Following this, the Company is working to establish partnerships with international card networks to facilitate the widespread acceptance of these cards across its ATMs and POS terminals.

**Launched quick resource ("QR")-code for Mobile Payment:** The Company launched its QR-code in March 2024 to facilitate a convenient and secure digital payment, enabling customers to make transactions using their mobile devices easily.

**Fintech partnerships:** The Company has expanded its payment systems, digital service delivery, and overall customer convenience by engaging with local fintech companies, namely, Ethio telecom's Telebirr, Safaricom's M-Pesa, Quantum Technology PLC, Kifiya, Kacha, and Yagout Pay. These collaborations, which support the Company's strategic objective of adopting advanced technologies and improving service accessibility.

**Digital and mobile services:** The Company is relaunching its agency banking service which as at 31 December 2025, is in planning phase and aims to introduce microloans via mobile platforms, thereby expanding financial inclusion and reaching underserved customer segments.

**Visa partnership:** The Company formed a partnership with Visa in August 2025 to enhance digital payment solutions in Ethiopia, providing customers with secure, internationally accepted payment options in line with the country's vision for a modern, cashless economy.

### 2.3.4. Key dependencies

The Company's operations rely on a network of critical systems, partners, and infrastructure that ensure smooth day-to-day functioning. These dependencies span advanced technology platforms, security frameworks, national and international financial networks, and strategic partnerships, all of which are essential for delivering reliable banking services. Any disruption in these areas could affect operational continuity, transaction processing, or customer experience.

**Below are the identified key dependencies:**

**Core technological and security systems:** The Company depends on advanced IT and security systems for operations, including mission-critical platforms provided by single vendors, such as Oracle for the core banking system and S2M for digital payment services. Vendor concentration poses potential risks in case of technical failures, delayed support, or contractual issues.

**Correspondent banks for trade finance & foreign exchange:** The Company's international operations, including trade finance and foreign exchange transactions, rely on a network of correspondent banking relationships that enable cross-border payments and settlements. A disruption in correspondent relationships could limit the Company's ability to facilitate cross-border payments, impacting foreign exchange inflows and trade-related fee income.

**Ethio telecom:** As the majority provider of both wired and wireless communication services in Ethiopia, Ethio telecom is crucial for the Company's branch connectivity, digital banking channels, and internal communications. Service disruptions could limit access to digital channels and branch synchronisation, potentially reducing operational efficiency.

**National payment switch networks:** The Company depends on the reliability and uninterrupted operation of the national payment infrastructure, including EthSwitch, for seamless interbank transactions and domestic payment processing. Any failure or downtime in this system could hinder interbank transfers and card transactions, leading to deferred revenues, increased settlement delay, and reduced customer confidence.

**National power grid & backup systems:** Continuous power supply is critical for the Company's branches, data centers, and digital infrastructure. As such, power interruptions could force system delays, disrupting service continuity, and delaying transaction processing.

**Regulatory infrastructure:** The Company relies on national clearing and settlement systems, as maintained by the NBE, for accurate, timely, and compliant transaction processing. Disruptions in regulatory clearing or settlement systems could delay high-value transactions, as well as constrain liquidity flows.

**Dependency on employees:** As at 30 June 2025, the Company employed 4,766 permanent, 4,874 outsourced employees, and 4 contracted employees. Additionally, the Company employs one foreign national, who serves as the chief retail officer and is an Ethiopian-born individual with American citizenship. However, the Company does not believe that its operations are dependent on the continued service of any single individual or a small number of specific personnel, as it has implemented organisational structures to ensure business continuity and mitigate the risks associated with the departure of any key employee.

## **2.4. Principal markets and competition**

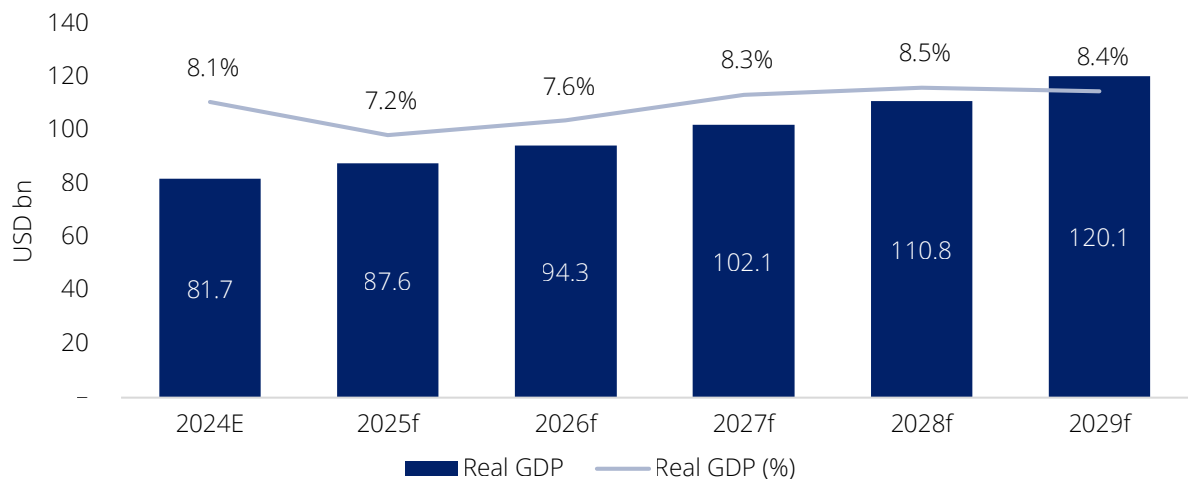
### **2.4.1. Ethiopia macroeconomic overview**

Ethiopia's economy is regaining momentum as structural reforms take effect and major infrastructure projects mature. According to EIU, Ethiopia's real GDP is estimated to grow by 7.2% in 2025, while the Government forecasts expansion up to 8.9% for the year ending 30 June 2026, well above the continental average of 3.9% projected by the African Development Bank. This growth is driven by improvements across agriculture, industry, and energy.

A key development is the Grand Ethiopian Renaissance Dam, now operational, which, according to the Ethiopian Electric Power, adds over 5,000 MW of generation capacity, more than doubling the nation's electricity supply and enabling regional power exports. Furthermore, Ethiopian Electric Power estimates that grid expansions totalling 2,500 MW will be required to meet the energy demands of industrial parks and large-scale manufacturing. In terms of agriculture, the establishment of a USD 2.5 billion urea fertiliser plant in Gode, Somali Region, in partnership with Dangote Group, will produce around 3 million tons annually, creating demand for agriculture-related financial services. At the same time, transport and mining sectors continue to expand, with Ethiopian Airlines' fleet growth and the Tulu Kapi gold and copper mine, which is estimated to produce approximately 164,000 ounces of gold annually. Additionally, as inflation eases in the second half of 2025, the EIU projects private consumption to rise from 5.6% in 2027 to 9.0% in 2028 and 8.5% by 2029. Furthermore, exports of goods and services are forecast to increase gradually throughout the forecast period (2026 – 2029).

**Real GDP growth (%), 2024-2029f**

Figure 2: Ethiopia's Real GDP and Real GDP growth



Source: EIU

Moreover, the Government's decision to float the ETB on July 29, 2024, the ETB experienced significant depreciation. The exchange rate weakened from ETB 57.7 per USD in July 2024 to ETB 135.4 per USD by the end of 30 June 2025 and reached ETB 154.8 per USD by 31 December 2025. This adjustment resulted in the official rate becoming broadly aligned with the parallel market rate and has largely curbed black-market currency trading. The ETB is expected to continue its depreciation trend, primarily due to a persistent current-account deficit, high public debt, and inflation rates that remain higher than those of Ethiopia's trading partners.

This dynamic economic backdrop presents opportunities for the Company, which can leverage growing demand for corporate lending, project finance, and trade services in sectors such as energy, mining, agriculture, and transport. By aligning its lending and product development strategy with Ethiopia's infrastructure, industrial, and agricultural expansion, the Company is well-positioned to enhance its reach in the market.

**2.4.2. Ethiopia banking industry review**

Ethiopia's banking industry is at a pivotal stage of transition from a historically largely closed sector to a liberalised financial landscape, shaped by the ongoing economic reforms, financial sector liberalisation, and digital transformation. This shift is evident in the performance of private banks,

which collectively, according to NBE, held 45.7% of deposits and 48.2% of total assets as at July 2021, compared to the Commercial Bank of Ethiopia (“CBE”) with 54.3% and 51.8%, respectively. By January 2025, the trend had further strengthened in favour of private banks, whose market share rose to 50.7% in deposits and 49.6% in total assets, while CBE’s share declined to 49.3% of deposits and 50.4% of total assets, based on figures derived from CBE’s own reports.

This evolving landscape follows recent reforms, including the enactment of the Banking Business Proclamation in March 2025, which has opened the door for foreign banks to operate through subsidiaries, branches, or by acquiring stakes in existing domestic banks, with foreign ownership capped at 49.0%. The NBE is actively implementing reforms to modernise the financial sector, including initiatives for capital market development and interest rate liberalisation.

Among ongoing reforms, Ethiopian banks are now required to comply with ESG principles. The NBE, in collaboration with the International Finance Corporation (“IFC”) and the Ethiopian Bankers’ Association, launched a sustainability initiative on November 17, 2024, integrating ESG into banks’ business planning, risk management, and lending practices. Guidelines will define ESG disclosure requirements, aligning with the Corporate Governance Directive, which mandates sustainability in risk frameworks and board competencies.

Additionally, Ethiopia is actively progressing towards the adoption of the Basel III accord, a framework by the Basel Committee on Banking Supervision designed to strengthen global banking regulation, supervision, and risk management. As a key step in this process, the NBE issued Risk Based Capital Adequacy Requirement for Banks Directive No. SBB/95/2025 (“Risk Based Capital Adequacy Requirement Directive”), which became effective on 10 November 2025, for all banks operating within the country. This directive marks Ethiopia’s full-scale shift toward Basel II and Basel III international banking standards, aiming to align the nation’s regulatory environment with those of global financial centers. The directive introduces a three-tier capital framework designed to ensure that banks have sufficient buffers to absorb losses, support ongoing operations, and safeguard depositors:

- Common Equity Tier 1 (“CET1”): Minimum of 7% of RWA. This represents the highest quality capital, mainly common shares, retained earnings, and disclosed reserves.
- Tier 1 Capital: CET1 plus Additional Tier 1 (“AT1”) capital must amount to 9% of RWAs. AT1 includes instruments that can absorb losses but are not common equity.
- Total capital ratio: When Tier 2 Capital is added (e.g., subordinated debt, general provisions), the total capital must be at least 11% of RWAs.

The directive substantially increases the minimum required capital ratios, raising the total capital ratio to 11% (up from the previous 8%), and mandates the inclusion of market risk and operational risk in addition to credit risk when calculating RWA. As at 30 June 2025, the Company reported a CAR of 13.5%, and it is well-positioned to meet these higher financial thresholds without major immediate capital raising. However, the directive compels all banks, including the Company, to invest heavily in strengthening their risk management systems and data infrastructure to accurately measure and report capital against the newly mandated risks, thereby aligning their strategic asset management and growth policies with the new, more complex, and stringent regulatory framework.

Additionally, Ethiopia’s banking sector is rapidly adopting digital banking, fueled by FinTech and the expansion of EthSwitch. Banks are increasingly adopting digital services for efficiency, while the NBE promotes financial inclusion initiatives through its National Financial Inclusion Strategy. However,

challenges persist in digital literacy, tech-legal integration, and managing operational risks, such as fraud. This modernisation is part of broader financial sector liberalisation and reforms aimed at enhancing competition, attracting foreign direct investment, and further modernising the industry. While the sector has experienced robust growth in assets, deposits, and loans over the past decade, driven by economic reforms and a favourable macroeconomic environment, it faces significant challenges, including limited foreign exchange access, high inflation, and credit risk (which has notably risen due to inflationary pressures and political instability). To bolster banks' resilience, the NBE has increased minimum capital requirements. Despite these hurdles, ongoing liberalisation, improved oversight, and macroeconomic stability are poised to drive continued financial sector expansion.

The Company operates within the Ethiopian financial services industry, providing a comprehensive range of banking products and services to retail, corporate, and institutional clients. The Company's operations are strategically positioned across 9 districts, including Adama, Bahir Dar, Debrebrhan, and other six districts. Its branch network and digital banking platforms enable market coverage and accessibility across both urban and rural areas. The Company actively competes in key business segments such as deposit mobilization, SME and retail lending, trade finance, foreign currency operations, and remittance facilitation.

The Ethiopian banking industry is competitive, with major private commercial banks such as Awash Bank, Dashen Bank, Nib International Bank, Oromia Bank, and Bank of Abyssinia operating within similar business lines. Competition is primarily driven by branch network reach, customer service quality, digital innovation, and foreign currency liquidity.

### **2.4.3. Competitive environment**

The Ethiopian banking sector is undergoing a transformation characterised by increased liberalisation, growing demand for financial services, evolving consumer expectations, and increased banking product innovation. As at 30 June 2025 Ethiopia has 32 banks, comprising state-owned and private banks. The Company is set to face increased competition with recent liberalisation initiatives for foreign banks. As set out in the Banking Business Proclamation issued by NBE in March 2025, foreign banks are now permitted to enter the Ethiopian market, with market expectations for foreign banks to enter either through acquiring interests in local Ethiopian banks or through establishing local Ethiopian divisions of their banks. According to the NBE, the total assets in the banking sector exceeded ETB 3 trillion as at 30 June 2025, with Financial Sector Deepening Africa estimating only 45.0% of adults having access to formal banking in 2020.

#### **i. State-owned banks**

CBE is the largest bank in Ethiopia in terms of assets, deposits, bank branches, and total banking workforce. Its extensive branch network and historical presence give it a significant competitive advantage, especially in reaching underserved populations and managing large-scale state-led initiatives.

CBE continues growing its performance, with total assets of ETB 2.3 trillion as at 30 June 2025, up from ETB 1.4 trillion as at 30 June 2024, and total deposits reaching ETB 1.6 trillion as at 30 June 2025, a 36.7% increase from ETB 1.17 trillion as at 30 June 2024, as per the Company's report.

The other government-owned bank is the Developmental Bank of Ethiopia ("DBE"), a specialised, state-owned financial institution that primarily provides medium and long-term financing for strategic sectors such as commercial agriculture, manufacturing, and increasingly, innovative start-ups.

**ii. Private banks**

According to the NBE, as at 27 March 2026, there are 30 private commercial banks currently operating in Ethiopia. A summary of key financial information for these leading private bank competitors is provided below. Based on publicly disclosed information, as at 30 June 2025 the Company ranks as the seventh, seventh, and eighth largest private bank in terms of total assets, deposits, and loans and advances, respectively.

Table 36: The Company's key financial and operational metrics vs. industry benchmarks

Major Metrics	Description	30 June 2025 ETB (millions)	30 June 2024 ETB (millions)	30 June 2023 ETB (millions)	CAGR %
Total deposit	Industry total*	1,763,311	1,284,906	1,047,728	29.7%
	Growth %	37.2%	22.6%	n/a	
	Industry peers**	1,691,396	1,232,280	1,005,958	29.7%
	Growth %	37.3%	22.5%	n/a	
	Company	71,915	52,626	41,770	31.2%
	Growth %	36.7%	26.0%	n/a	
	<b>Company's market share</b>	<b>4.1%</b>	<b>4.1%</b>	<b>4.0%</b>	
Outstanding loans and advances	Industry total	1,329,063	1,113,979	941,614	17.5%
	Growth %	19.3%	18.3%	n/a	
	Industry peers	1,279,151	1,072,314	904,562	17.6%
	Growth %	19.3%	18.5%	n/a	
	Company	49,912	41,665	37,052	16.1%
	Growth %	19.8%	12.5%	n/a	
	<b>Company's market share</b>	<b>3.8%</b>	<b>3.7%</b>	<b>3.9%</b>	
Total assets	Industry total	2,322,009	1,680,639	1,337,987	31.7%
	Growth %	38.2%	25.6%	n/a	
	Industry peers	2,230,664	1,614,221	1,282,930	31.9%
	Growth %	38.2%	25.8%	n/a	
	Company	91,345	66,418	55,057	28.8%
	Growth %	37.5%	20.6%	n/a	
	<b>Company's market share</b>	<b>3.9%</b>	<b>4.0%</b>	<b>4.1%</b>	
Total capital	Industry total	309,646	241,783	191,795	27.1%
	Growth %	28.1%	26.1%	n/a	
	Industry peers	297,437	232,455	184,235	27.1%
	Growth %	28.0%	26.2%	n/a	
	Company	12,209	9,328	7,560	27.1%
	Growth %	30.9%	23.4%	n/a	
	<b>Company's market share</b>	<b>3.9%</b>	<b>3.9%</b>	<b>3.9%</b>	

Major Metrics	Description	30 June 2025 ETB (millions)	30 June 2024 ETB (millions)	30 June 2023 ETB (millions)	CAGR %
Paid up capital	Industry total	186,581	157,225	124,647	22.3%
	Growth %	18.7%	26.1%	n/a	
	Industry peers	179,568	151,210	119,914	22.4%
	Growth %	18.8%	26.1%	n/a	
	Company	7,013	6,015	4,733	21.7%
	Growth %	16.6%	27.1%	n/a	
	<b>Company's market share</b>	<b>3.8%</b>	<b>3.8%</b>	<b>3.8%</b>	
Profit before tax	Industry total	77,150	45,022	40,886	37.4%
	Growth %	71.4%	10.1%	n/a	
	Industry peers	72,934	43,077	38,762	37.2%
	Growth %	69.3%	11.1%	n/a	
	Company	4,216	1,945	2,124	40.9%
	Growth %	116.7%	(8.4%)	n/a	
	<b>Company's market share</b>	<b>5.5%</b>	<b>4.3%</b>	<b>5.2%</b>	
Number of branches	Industry total	10,345	10,125	9,032	7.0%
	Growth %	2.2%	12.1%	n/a	
	Industry peers	9,799	9,583	8,549	7.1%
	Growth %	2.3%	12.1%	n/a	
	Company	546	542	483	6.3%
	Growth %	0.7%	12.2%	n/a	
	<b>Company's market share</b>	<b>5.3%</b>	<b>5.4%</b>	<b>5.3%</b>	

\*The term "industry total" refers to 29 private banks operating in Ethiopia. This includes the Company but excludes Omo Bank and the two state-owned banks, CBE and DBE. Omo Bank is not included in this analysis due to a lack of publicly available information. This assessment is based on the annual reports published by the banks which are publicly available.  
 \*\*The term "industry peers" refers to 28 private banks operating in Ethiopia, excluding the Company, Omo Bank, and the two state-owned banks, CBE and DBE. The analysis does not include Omo Bank due to insufficient publicly available information. This assessment is based on the annual reports published by the banks which are publicly available.

The Ethiopian banking industry has experienced steady growth across its major financial categories over the last three FYs. Industry total deposits, for instance, increased by a CAGR of 29.7% from ETB 1,047,728 million as at 30 June 2023 to ETB 1,763,311 million as at 30 June 2025. Similarly, outstanding loans and advances for the industry increased by a CAGR of 17.5% from ETB 941,614 million as at 30 June 2023 to ETB 1,300,358 million as at 30 June 2024.

Through this sector development, the Company achieved steady and competitive performance across major banking metrics over the three-year period to 30 June 2025, showing consistent growth broadly in line with or in some areas outperforming industry trends. For instance, total deposits grew at a CAGR of 31.2%, slightly above the industry's 29.7%, enabling the company to maintain a stable 4.1% market share. Total assets saw a 28.8% CAGR, below the peer average of 31.9% CAGR between 2023 and 2025. Other notable growth relative to peers between FY 2024 and 2025 includes profit before tax (116.7% versus 69.3%), total capital (30.9% versus 28.0%). While the branch network also expanded with a 6.3% CAGR, these figures collectively underscore the Company's strong competitive stance. Overall, the Company's market share has shown growth across the key financial

metrics between 30 June 2023 and 30 June 2025, with only minor fluctuations observed. Overall, the Company has maintained its competitive position within the industry.

### **iii. Digital Finance Service Providers**

Digital financial services are expanding rapidly in Ethiopia, with Ethio telecom's telebirr alone serving over 54 million users and transacting more than ETB 2.3 trillion as at 30 June 2025. Alongside telebirr, FinTech startups and microfinance institutions are increasingly offering mobile payments, digital wallets, and online lending, broadening access to financial services across urban and rural areas, creating new competitive pressures for the Company.

### **iv. Impact of foreign bank entry**

Following the enactment of the Banking Business Proclamation in March 2024, the NBE aims to issue several licenses to foreign banks in Ethiopia. This move is expected to increase competition and efficiency, attract foreign direct investment, enhance financial inclusion, and foster capital market development. The Company also remains open to exploring potential strategic partnerships, as part of its ongoing growth strategy.

## **2.5. Regulatory environment**

The Company operates as a licensed commercial bank under the supervision of the NBE and, following the registration of its existing Ordinary Shares with the ECMA will also fall under the jurisdiction of the ECMA. The Company's activities are governed by a comprehensive body of legislation, proclamations, and directives designed to safeguard financial stability, ensure transparency, and protect the interests of depositors and investors.

This section provides an overview of the principal legal and regulatory frameworks governing the Company's operations, its core business areas, and its compliance obligations as both a commercial bank and registered entity with the ECMA.

### **2.5.1. Principal regulatory authorities**

The regulation of the Company is primarily overseen by the NBE, which serves as the central bank and the main supervisory authority for the banking sector. The NBE is responsible for licensing financial institutions, setting prudential requirements, overseeing monetary policy, managing foreign exchange controls, and ensuring consumer protection. It also regulates digital payment systems. Its regulatory mandate is exercised through the Banking Business Proclamation, which repeals and replaces the previous Banking Business Proclamation No. 592/2008, the NBE Proclamation No. 1359/2025 ("NBE Proclamation"), and a wide range of directives, including those on capital adequacy, financial consumer protection, information technology management, and the licensing and authorisation of payment instrument issuers.

Following its registration of Ordinary Shares with the ECMA the Company will also fall under the oversight of the ECMA. Established under the Capital Market Proclamation, the ECMA supervises the issuance and trading of securities, regulates public offerings, and oversees the listing and delisting of securities on the ESX. It also has authority to prescribe corporate governance rules and disclosure obligations for publicly held entities. ECMA's framework is supported by directives such as the Public Offer Directive, the Directive on Dematerialisation of Publicly Offered Securities No. 1047/2025, and the Ethiopian Securities Exchange Rulebook (2024).

The Financial Intelligence Service (“FIS”) is the designated authority for AML and CFT. It acts as the central body for the collection and analysis of suspicious transaction reports, operating under the Prevention and Suppression of Money Laundering and Financing of Terrorism Proclamation No. 1387/2025, which revises and amends the Prevention and Suppression of Money Laundering and the Financing of Terrorism Proclamation No. 780/2013.

In addition to commercial registration under the Commercial Registration and Licensing Proclamation No. 980/2016, the Ministry of Trade and Regional Integration (“MoTRI”) also plays a role in the regulatory landscape. It administers the Trade Competition and Consumer Protection Proclamation No. 813/2013, which applies across all sectors of the economy, including the banking industry. In this capacity, MoTRI may coordinate with the NBE on competition-related matters affecting financial institutions.

In addition, the Information Network Security Agency oversees cybersecurity, data security, and operational resilience within the financial sector. Through its guidance, and under the requirements of the NBE’s IT Management of Banks Directive, financial institutions are obliged to comply with national standards on cybersecurity, data protection, and digital infrastructure.

### 2.5.2. Key legislation governing the Company

The table below presents the main regulatory legislation relevant to the Company's operations, its registration with ECMA, and the admission of its existing shares to listing and trading on the ESX by way of a listing by introduction. Further information is provided in the subsequent text:

Table 37: Regulations and directives

Legislation	Date of entry into force	Objective	Operational Impact
<b>A. Core Banking and Prudential Regulations</b>			
Banking Business Proclamation	12 March 2025	Establish prudential, licensing, governance, and market-conduct standards; enable phased foreign-bank entry	Sets CAR, exposure limits, fit-and-proper, approvals
NBE Proclamation	4 February 2025	Central bank mandate including foreign exchange administration	Authorised-dealer regime; open-position/foreign exchange reporting
Risk Based Capital Adequacy Requirement Directive	10 November 2025	Oblige banks to adopt a mixed approach integrating Basel II and III frameworks to ensure capital adequacy against current and future risks of loss	Sets minimum capital ratios (CET1 7%, Tier 1 9%, Total 11%) and mandates calculation of RWA for credit, market, and operational risk
Recovery Plan of Banks Directive No. SBB/93/2025	13 May 2025	Oblige banks to prepare robust recovery plans, including stress testing and early-warning systems, to restore financial health without government support	Requires detailed recovery planning and Board accountability for crisis preparedness

<b>Legislation</b>	<b>Date of entry into force</b>	<b>Objective</b>	<b>Operational Impact</b>
Large Exposures to Counterparty or Group of Connected Counterparties Directive No. SBB/87/2024	12 June 2024	Limit single-name/connected exposures	25% of capital cap; governance/reporting
Asset Classification and Provisioning Directive No. SBB/90/2024	12 June 2024	IFRS-aligned classification and provisioning	Expected Credit Loss methodology and disclosures
Exposure to Related Party Directive No. SBB/88/2024	12 June 2024	Limit related-party exposures	≤ 15% of capital; disclosure
(1st Replacement) Directive to License and Authorize Interest Free Banking Business No. SBB/72/2019	18 June 2019	Regulate Sharia-compliant banking	Sharia Council; fund segregation
Foreign Exchange Exposure Limits of Banks Directive No. SBB/96/2025 ("Foreign Exchange Exposure Limits Directive")	10 November 2025	Regulate foreign exchange exposures, monitor exchange rate risk, and ensure limits are within tolerable levels	Sets the overall foreign exchange exposure limit at +/-18% of Tier 1 capital, requires daily reporting, and mandates immediate correction of excess positions
Investment on DBE Bonds (repealing) Directive No. SBB/98/2025	31 December 2025	Repeal the mandatory 1% investment of outstanding loans in DBE Bonds	Removes the mandatory investment; banks must settle any outstanding obligation from fiscal year 25 by 31 January 2026
Interest Rates (As Amended) Directive No. NBE/INT/13/2026	09 January 2026	Enable interest rates to be freely determined by market forces	Mandates that interest rates for deposit or lending are freely determined by the Company's Board based on explicit criteria
<b>B. Market Conduct, Consumer Protection, and IT Governance</b>			
Trade Competition & Consumer Protection No. 813/2013	21 March 2014	Competition/consumer protections	Prohibits collusion/abuse; consumer rights
Financial Consumer Protection Directive No. FCP/01/2020	25 August 2020	Fair treatment, disclosures, complaint handling	Key Facts Statements; 10-day complaint timelines

<b>Legislation</b>	<b>Date of entry into force</b>	<b>Objective</b>	<b>Operational Impact</b>
Requirements for Information Technology (IT) Management of Banks Directive No. SBB/83/2022	01 April 2022	Cybersecurity, data localisation, DR/BCP	Security audits; Disaster Recovery site; access controls
Licensing and Authorization of Payment Instrument Issuers Directive No. ONPS/09/2023	6 October 2023	Licensing and oversight of payment issuers	EIPS interoperability; security controls; audits
Licensing and Authorization of Payment Instrument Issuer (Amendment) Directive No. ONPS/10/2025	12 May 2025	Update thresholds/ interoperability/security	2FA thresholds; real-time monitoring
<b>C. Capital Market Regulations</b>			
Capital Market Proclamation	23 July 2021	Establish ECMA; regulate offers, trading, and disclosures	Prospectus approval; continuous disclosure; market conduct
Public Offer Directive	24 November 2024	Implement public-offer rules incl. registration, advertising, content	Approval of Prospectus and ads; offer timing/format
Directive for the Dematerialization of Publicly Offered Securities No. 1047/2025	5 March 2025	Mandate electronic issuance/ holding/transfer via CSD	Registrar/transfer agent processes electronic; no paper certificates
ESX Rulebook — (2024)	December 2024	Listing, trading, and issuer rules	Ongoing issuer obligations
<b>D. Governance, Corporate, and Data-Protection Frameworks</b>			
Commercial Code	12 April 2021	Define share-company form and general corporate rules	Corporate form and meetings; NBE rules supersede where sector-specific
Prevention and Suppression of Money Laundering and the Financing of Terrorism Proclamation No. 1387/2025	2025	Strengthen AML/CFT incl. BO transparency. Revises and replaces Prevention and Suppression of Money Laundering and the Financing of Terrorism Proclamation No. 780/2013	Enhanced Customer Due Diligence; reporting to FIS
Personal Data Protection Proclamation No. 1321/2024	24 July 2024	Privacy, lawful processing, data rights	Consent, purpose limitation, localisation

The Company's operations are governed by a comprehensive legal framework, anchored by a set of foundational proclamations. The most significant of these is the new Banking Business Proclamation, which repealed and replaced its predecessor, and represents a historic policy shift.

The Banking Business Proclamation (12 March 2025) is the cornerstone of the banking sector, establishing the NBE's supervisory mandate over licensing, prudential standards, capital adequacy, and core banking operations.

It also outlines specific modalities for foreign banks to enter the Ethiopian market. These include the establishment of partially or fully owned subsidiaries, allowing foreign banks to operate as independent entities while complying with Ethiopian banking regulations. Foreign banks may also open branches or representative offices; however, they are prohibited from operating both deposit-taking and non-deposit-taking branches concurrently. The acquisition of shares in existing domestic banks is another permitted entry modality. As at the date of this Prospectus, the Government of Ethiopia, through the NBE, has commenced the phased liberalisation of the banking sector to allow the entry of foreign banks, pursuant to the Banking Business Proclamation and related directives. The liberalisation process is expected to gradually increase competition and foreign participation in the banking sector, in line with Ethiopia's broader financial sector reform agenda.

The NBE is designated to play a pivotal role in regulating the operations of these foreign banks, ensuring that their activities align with Ethiopia's economic goals and its overarching regulatory framework. The framework established by the Business Banking Proclamation also addresses key provisions related to investment requirements, profit repatriation, property ownership, and the employment of foreign nationals. Notably, foreign employees are typically permitted to serve for a maximum of five years, with the expectation that their tenure will facilitate the transfer of critical knowledge and skills to local employees. This approach signifies a strategy of controlled liberalisation, where the Government aims to harness the benefits of foreign investment, such as capital and expertise, while simultaneously safeguarding domestic interests, ensuring knowledge transfer, and maintaining robust regulatory oversight to prevent potential market distortions or capital flight.

The Commercial Code provides the foundational legal framework for the Company's existence as a share company with fixed capital and limited shareholder liability. However, for licensed financial institutions, the general provisions of the Commercial Code are often explicitly superseded by the more specific and stringent directives of the NBE. This distinction is critical and demonstrates the specialised and enhanced nature of banking regulation compared to general corporate law.

Finally, the Capital Market Proclamation, which established the ECMA, and ECMA directives including the Public Offer Directive and the Directive for the Dematerialization of Publicly Offered Securities No. 1047/2025 will apply to the Company upon the completion of its registration of Ordinary Shares. This proclamation mandates that a publicly traded security must be registered with the ECMA, and it imposes new ongoing disclosure obligations on the Company as an issuer of public securities.

### **2.5.3. Core business areas and regulatory alignment**

The Company's primary activities are the mobilisation of deposits and the provision of lending and credit facilities. In line with its Memorandum of Association ("MoA"), the Company accepts deposits payable on demand, including time deposits and other legally permissible forms of deposits, and utilises these deposits for lending. These activities are governed by the Banking Business Proclamation, the Large Exposures Directive No. SBB/87/2024, and the Asset Classification and Provisioning Directive No. SBB/90/2024. The prudential framework caps aggregate exposure to any single counterparty at

25% of the Company's total capital and requires adherence to IFRS-aligned asset classification and provisioning standards. The Financial Consumer Protection Directive further obliges the Company to ensure transparent disclosure of terms, fair treatment of depositors, and effective mechanisms for complaint handling, with escalation to the NBE where disputes are unresolved. In addition to these prudential and consumer protection frameworks, the pricing of core banking products is now market determined. Pursuant to Interest Rate (As Amended) Directive no. NBE/INT/13/2026, which became effective on 09 January 2026, interest rate for demand, saving, and time deposits, as well as lending rates for loans and advances, freely determined by each bank. The Company's Board of Directors is responsible for setting these rates in writing based on explicit, clear, and non-discriminatory criteria, allowing the Company to adjust its pricing dynamically in response to the market competition and its own cost of funds.

The Company is also authorised to conduct foreign exchange operations, including the purchase, sale, and holding of foreign currencies, gold bullion, and silver. In accordance with the NBE Proclamation and the relevant Foreign Exchange Directives, the NBE serves as the central bank and main supervisory authority responsible for monetary policy, managing foreign exchange controls, and protecting consumers in the financial sector. The Company operates as an authorised dealer and must comply with prudential limits on its open positions under the Foreign Exchange Exposure Limits Directive, which caps the overall net open foreign exchange position at +/-18% of Tier 1 (going-concern) capital on a consolidated basis and requires daily reporting and immediate correction of excess positions. This sets the ultimate regulatory boundary for the Company. Recent reforms have abolished the previous system of sectoral prioritisation in foreign currency allocation, allowing banks to negotiate exchange rates and allocate currency on the basis of market conditions, subject to ongoing supervision by the NBE and the capital and exposure-limit constraints imposed by the Risk Based Capital Adequacy Requirements Directive and the Foreign Exchange Exposure Limits Directive.

Digital and mobile financial services form a growing part of the Company's operations. These are regulated under the National Payment System Proclamation and the Licensing and Authorisation of Payment Instrument Issuers Directives (ONPS/09/2023 and ONPS/10/2025). To provide such services, the Company must obtain explicit approval from the NBE, maintain a minimum capital requirement of ETB 100 million for new digital offerings, and ensure interoperability through participation in the Ethiopian Instant Payment System. The Company's digital platforms are further subject to real-time know-your-customer processes, risk-based transaction monitoring, and cybersecurity standards issued by the Information Network Security Agency.

In addition, the Company provides interest-free banking services pursuant to the Banking Business Proclamation and the Licensing and Authorisation of Interest-Free Banking Business Directive No. SBB/72/2019, as subsequently amended. These services require the establishment of a Sharia Council and the segregation of IFB funds to ensure compliance with Islamic finance principles. The regulatory framework also obliges the Company to adapt prudential rules to Shari'ah-compliant contracts such as Murabaha, Ijara, and Musharakah.

The Company is further empowered to hold, purchase, and sell negotiable instruments issued by the Government, financial securities, and other movable and immovable properties, particularly those acquired as collateral or security for loans and advances. These activities are governed by the Limitations on Investments by Banks Directive, which caps non-core investments at 15% of a bank's capital, with stricter limits for certain asset classes such as real estate and insurance. Notably, the previous regulatory obligation for commercial banks to invest in DBE bonds was repealed by

the Investment on DBE Bonds (Repealing) Directive No. SBB/95/2025, effective 31 December 2025. Under the transitory provision of this directive, while the ongoing purchase requirement is removed, banks were required to settle any outstanding 1% investment obligations based on their 30 June 2025 financial position no later than 31 January 2026; furthermore, all DBE bond investments made prior to the repeal continue to be governed by the administrative provisions of the original directive. The Company may also purchase, own, and sell residential and commercial buildings as necessary for the conduct of its banking operations.

#### **2.5.4. Prudential and capital requirements**

The Company is subject to a number of prudential and capital requirements under the Banking Business Proclamation and directives of the NBE, including the Risk Based Capital Adequacy Requirements Directive and the Foreign Exchange Exposure Limits Directive. The minimum paid-up capital requirement for commercial banks is currently set at ETB 5 billion, fully paid in cash, and all existing banks must comply by June 2026. As at 30 June 2025, the Company's paid-up capital was ETB 7.01 billion, which is above the ETB 5 billion minimum requirement.

Under the new Risk Based Capital Adequacy Requirements Directive, banks are required, from 31 December 2026, to maintain minimum risk-based capital ratios of: (i) 7 percent CET1, (ii) 9 percent Tier 1 capital, and (iii) 11 percent total capital (Tier 1 plus Tier 2), each as a percentage of total RWA, calculated by aggregating credit, market and operational risk. As at 30 June 2025, the Company reported a total capital to RWA ratio of 15.1% and a Tier 1 ratio of 14.1%, which are comfortably above the new minimum total capital and Tier 1 requirements under the Risk Based Capital Adequacy Requirements Directive, based on the then-prevailing computation of RWA. The Company has commenced implementation of the new risk-based framework—covering regulatory capital definition, credit, market and operational risk charges—and expects to remain in full compliance with the revised CET1, Tier 1 and total capital thresholds when they become fully effective from 31 December 2026. Dividend distributions continue to be made only when the Company is in full compliance with all applicable capital adequacy requirements, including those under the Risk Based Capital Adequacy Requirements Directive.

In addition to capital adequacy requirements, the Company's foreign exchange activities are now governed by the Foreign Exchange Exposure Limits Directive. This Directive caps a bank's overall net open foreign exchange position at the close of each business day at +/-18% of its Tier 1 (going-concern) capital, calculated on a consolidated basis across all on- and off-balance sheet foreign currency-denominated items that give rise to exchange-rate risk. The Company monitors its intra-day and end-of-day single-currency and overall foreign exchange positions, reports its net open positions daily to the NBE, and maintains its foreign exchange exposure within the prescribed prudential limits.

The Company's aggregate exposure to any single counterparty or group of connected counterparties is capped at 25% of its total capital, while exposures to related parties are limited to 15% of total capital, in line with prudential large-exposure requirements. As at 30 June 2025, loans and advances to the Board of Directors, Executive and Senior Management stood at ETB 306 million. This level of exposure remains well within the 35% aggregate threshold and the 15% individual threshold mandated under the Exposure to Related Party Directive No. SBB/88/2024 and the Corporate Governance Directive. The Company continues to monitor and report its exposures to ensure compliance with these prudential limits.

The Banking Business Proclamation requires the allocation of at least 25% of annual net profit to a legal reserve fund until such reserve equals the Company's paid-up capital. As at 30 June 2025, the Company transferred ETB 750 million to its legal reserve, bringing the balance to ETB 2,424 million. These reserves now qualify as CET1 capital under the Risk Based Capital Adequacy Requirements Directive. Additionally, while the Company previously complied with the requirement to purchase DBE bonds equivalent to 1% of its outstanding loans, this mandate was repealed by Investment on DBE Bonds (Repealing) Directive No. SBB/98/2025 effective 31 December 2025. Consequently, the Company is no longer required to make new investment in DBE bonds, although its existing bond holdings continue to be governed by the administrative provisions of the repealed directive.

Finally, the Limitations on Investments by Banks Directive restricts non-core investments to an aggregate of 15% of total capital. The Company's equity investments remain within this regulatory ceiling and are reported periodically to the NBE as part of its compliance obligations.

### **2.5.5. Cross-cutting regulatory and risk management frameworks**

In addition to sector-specific rules applicable to its core banking business, the Company is subject to a suite of cross-cutting legal and regulatory frameworks that reinforce its overall compliance and risk management posture. These frameworks address competition law, consumer protection, quality of service, AML, data protection, ownership and governance, and related-party exposures.

### **2.5.6. Market competition regulation**

Market competition in the Ethiopian banking sector is primarily governed by the Trade Competition and Consumer Protection Proclamation No. 813/2013, the Banking Business Proclamation, and the Financial Consumer Protection Directive No. FCP/01/2020. These instruments collectively prohibit anti-competitive practices such as collusion, price-fixing, bid rigging, and abuse of dominance. They also impose requirements on mergers and acquisitions that may substantially lessen competition. The MoTRI is the competent authority for competition enforcement, while the NBE retains primary supervisory authority over the banking sector and may coordinate with the MoTRI in addressing competition-related matters. As a licensed banking institution, the Company is therefore required to comply with all relevant provisions to ensure fair market conduct.

#### **2.5.6.1. Consumer protection**

Consumer protection in banking is governed by the Trade Competition and Consumer Protection Proclamation No. 813/2013, the Banking Business Proclamation, and the Financial Consumer Protection Directive No. FCP/01/2020. These laws require the Company to treat customers fairly, disclose clear terms and conditions, and provide effective mechanisms for handling complaints. The NBE supervises compliance with these obligations and has the authority to review and approve the policies and procedures that banks implement to manage customer grievances. The Company has established internal systems to receive, investigate, and resolve complaints within the required ten working days, while ensuring that unresolved matters may be escalated to the NBE's Financial Consumer Protection and Education Directorate.

#### **2.5.6.2. Quality of services**

The NBE has introduced several directives designed to ensure that financial institutions operate safely, reliably, and with a strong focus on customer service. The Financial Consumer Protection Directive No. FCP/01/2020 requires fair and transparent transactions, the provision of "Key Facts Statements," non-discriminatory treatment of consumers, and clear mechanisms for internal complaints handling.

The Recovery Plan of Banks Directive No. SBB/93/2025 obliges all banks to prepare robust recovery plans, including stress testing and early-warning systems, to enable restoration of financial health during severe stress without government support. Boards of directors are held directly accountable for maintaining crisis preparedness.

The Requirements for Information Technology (IT) Management of Banks Directive No. SBB/83/2022 mandates full automation of core processes, strong IT risk management programs, compliance with INSA cybersecurity standards, and strict rules requiring customer data to be stored within Ethiopia. It also obliges banks to maintain disaster recovery sites and business continuity plans to ensure operational resilience. The Company's overarching IT Security Policy has been developed and approved, which incorporates cybersecurity measures in line with INSA requirements, and the implementation of a Data Classification program (scheduled for FY 2025/26) and a Data Loss Prevention solution (planned for FY 2026/27) is ongoing. Encryption is already applied to critical banking systems, with further work underway to extend coverage to the core banking system. In addition, governance measures such as a draft User Access Management Procedure and plans for a Security Operations Centre have been initiated.

The Licensing and Authorisation of Payment Instrument Issuer (Amendment) Directive No. ONPS/10/2025 modernises Ethiopia's digital payment systems. It requires interoperability across mobile wallets, mandatory participation in the Ethiopian Instant Payment System, two-factor authentication for transactions exceeding ETB 5,000, and real-time Know Your Customers ("KYC") and transaction monitoring. Institutions are also required to conduct security audits every six months. The Company has demonstrated compliance by undertaking independent IT/cybersecurity audits, which reviewed its payment infrastructure and identified key remediation activities. Furthermore, preparations are underway for full EIPS participation, supported by security audit confirmations and budget allocations for necessary technology upgrades.

Together, these directives strengthen the resilience, transparency, and customer-centric focus of the financial system, while promoting public confidence in banks such as the Company. The Company has submitted its most recent recovery plan to the NBE, provided IT/cybersecurity audit reports, and is maintaining compliance reporting mechanisms to evidence alignment with the Consumer Protection Directive, IT Management Directive, and Payment Instrument Issuers Directive.

### **2.5.6.3. AML and CFT regulations**

The primary legislation governing AML in Ethiopia is the Prevention and Suppression of Money Laundering and Financing of Terrorism Proclamation No.1387/2025, which revises and replaces the Prevention and Suppression of Money Laundering and the Financing of Terrorism Proclamation No. 780/2013 ("AML Proclamation"). The new AML Proclamation significantly strengthens the existing AML/CFT framework. It introduces enhanced customer due diligence requirements, expanding their scope to a wider range of transactions and relationships, and mandating more detailed identification and ongoing monitoring, particularly for higher-risk customers. The AML Proclamation also broadens reporting obligations to the FIS, including new provisions for threshold, suspicious cross-border, and beneficial ownership reporting. Furthermore, it clarifies the roles and responsibilities of various reporting entities, including banks, financial institutions, and designated non-financial businesses and professions. These changes aim to align Ethiopia's AML/CFT framework more closely with international standards set by organisations like the Financial Action Task Force enhancing transparency and strengthening penalties and enforcement mechanisms. The AML Proclamation mandates that legal entities established in Ethiopia maintain adequate, accurate, and up-to-date information on their

beneficial ownership and control structures and implement these strengthened risk-based customer due diligence and reporting mechanisms.

As a financial institution operating in Ethiopia, the Company is subject to the AML Proclamation and must comply with its provisions, along with relevant directives issued by the NBE.

The powers and responsibilities of the NBE, including its role in administering foreign exchange controls, are governed by the NBE Proclamation. Under this framework, only banks and other authorised dealers licensed by the NBE can conduct foreign exchange transactions. The NBE is also authorised to issue directives regulating cross-border transactions, currency holdings, and exchange reporting obligations.

Therefore, the Company must comply with all applicable anti-money laundering and foreign exchange control requirements administered by the NBE under the AML Proclamation and the NBE Proclamation.

#### **2.5.6.4. Data protection laws**

The Company is required to comply with Ethiopia's evolving framework on personal data and privacy. The Personal Data Protection Proclamation No. 1321/2024 provides the primary legal framework, supported by the Electronic Transactions Proclamation No. 1205/2020, the Communications Service Proclamation No. 1148/2019, and the constitutional right to privacy. These instruments collectively emphasize that personal data must only be collected and processed with the informed consent of the individual and for legitimate purposes. The Company retains significant volumes of customer data and therefore applies robust safeguards to ensure compliance with these laws, including the obligation to store and process data exclusively within Ethiopia.

#### **2.5.6.5. Regulatory notifications and/or consents**

Under the Banking Business Proclamation and the Corporate Governance Directive, the Company must obtain prior approval from the NBE for changes in ownership and management, including significant shareholding acquisitions and the appointment of directors and senior executives.

Ownership of banks is subject to strict thresholds: individual shareholdings are capped at 7.0%, while entities may hold up to 10.0% (the "NBE Ownership Cap"), unless otherwise provided by law. Foreign investors are permitted to acquire shares in Ethiopian banks but remain subject to the maximum foreign ownership cap of 49.0% and must demonstrate compliance with "fit and proper" standards. The Company is required to notify the NBE of all share transfers, regardless of size, and the NBE retains discretion to object if the transaction poses risks to the banking system.

Appointments of board members, the chief executive officer, and other executives are also subject to the NBE's prior written approval, including fit-and-proper assessments of qualifications, integrity, financial standing, and professional experience. The Company maintains continuous dialogue with the NBE to ensure compliance with these governance obligations and promptly reports any changes in its Board, Executive Management or Senior Management.

#### **2.5.6.6. Risk management and governance standards**

The NBE has issued a range of directives aimed at strengthening governance and risk management within the banking sector. Among these, the Exposure to Related Party Directive No. SBB/88/2024 caps total exposure to any related party at 15 percent of total capital to mitigate conflicts of interest and concentration risks. The Requirements for Persons with Significant Influence in a Bank Directive

No. SBB/89/2004 introduces enhanced fit-and-proper standards for shareholders, directors, and executives to ensure ethical leadership and sound governance. In addition, the Risk Based Capital Adequacy Requirement Directive requires the Board to maintain a rolling 1–3-year capital strategy and ensure systems and automation for continual measurement of regulatory capital and credit, market and operational RWA, including risks arising from foreign exchange positions and exposures captured under the Foreign Exchange Exposure Limits Directive.

Collectively, these directives support the NBE's objective of building a safe, transparent, and resilient financial system. Failure to comply with the notification, approval, or prudential requirements may result in penalties, administrative sanctions, or, in severe cases, suspension or revocation of a banking licence. The Company remains compliant with these obligations and continues to engage proactively with the regulator to ensure good governance and risk management.

### **2.5.7. Application of the Commercial Code and NBE directives**

The Company was established as a share company in Ethiopia pursuant to the provisions of the Ethiopian Commercial Code Proclamation No. 166/1960, as amended, and now largely superseded by the new Commercial Code. As a private commercial bank licensed by the NBE, the Company is also governed by the Banking Business Proclamation and the various directives issued by the NBE. These include provisions on licensing, corporate governance, capital adequacy, fit and proper criteria for directors and managers, internal controls, and risk management frameworks.

This section outlines key provisions of the Commercial Code as adapted to the banking context, with specific references to applicable NBE directives. These frameworks promote financial stability, integrity, and investor confidence, but also impose higher compliance costs, regulatory scrutiny, and limits on dividend flexibility to safeguard the Company's soundness and sustainability.

The Company is incorporated as a share company under Ethiopian law. Consistent with the provisions of the Commercial Code, its capital is fixed and divided into shares, and its liabilities are met solely from its own assets, thereby creating a distinct legal personality.

The liability of shareholders is limited to their respective share subscriptions. Under the Commercial Code, shareholders are not personally liable for the Company's debts or obligations beyond their committed their committed capital.

While the Commercial Code sets the minimum capital requirement for share companies at Fifty Thousand Ethiopian Birr (ETB 50,000), the Company is subject to enhanced minimum paid-up capital requirements under the Minimum Capital Requirement for Banks (Amended) Directive No. SBB/78/2021. The Company has complied with the applicable minimum paid-up capital requirement, currently set at Five Billion Ethiopian Birr (ETB 5,000 million) for existing commercial banks. As at the date of this Prospectus the Company's paid up capital is ETB 9,657 million.

#### **2.5.7.1. Corporate governance**

The governance framework of the Company is established in accordance with the Commercial Code, the Banking Business Proclamation, and specifically the Corporate Governance Directive. For the requirements and qualifications of directors, the Requirements for Persons with Significant Influence in a Bank Directive No SBB/89/2024 is also directly applicable. These foundational instruments collectively govern the composition, appointment, qualification, responsibilities, and removal of directors for all banks operating within Ethiopia.

The governance of the Company is subject to the provisions of both the Commercial Code and the Corporate Governance Directive. The Board shall consist of a minimum of nine directors, the majority of whom must be non-executive directors. One-third of the Company's Board shall be constituted of independent directors. Furthermore, the Chairperson of the Board must be a non-executive director and must not hold significant shareholding or influence in the Company. While the Commercial Code generally stipulates a range of three to thirteen directors for share companies, these general provisions are superseded by the more specific and stringent corporate governance standards imposed by the Banking Business Proclamation and the Corporate Governance Directive for licensed financial institutions, reflecting the unique nature and systemic importance of banking operations.

Directors are appointed by the general meeting of shareholders in accordance with the Company's MoA and the relevant provisions of the Commercial Code. All appointments of directors, including re-appointments, require the prior written approval of the NBE, and each nominee must satisfy the "fit and proper" criteria set out in the Requirements for Persons with Significant Influence in a Bank Directive. These criteria include having not less than seven years of relevant professional experience in fields such as banking, law, finance, or management, demonstrating good moral character, integrity, and sound judgment, and having no disqualifying criminal record or prior regulatory sanction.

A director may serve an initial term of up to three years and may be reappointed for one additional consecutive term, provided such reappointment also receives NBE approval. To promote fresh perspectives and prevent entrenchment, directors may not serve for more than six consecutive years on the Board of the same bank, unless a specific exemption is granted by the NBE under exceptional circumstances. Following the completion of the maximum consecutive service, a cooling-off period of two years must elapse before a former director becomes eligible for re-election to the same Board.

The Board of Directors bears ultimate responsibility for setting the strategic direction of the Company, ensuring prudent oversight, and promoting sound corporate governance in line with its fiduciary duties. In accordance with the Corporate Governance Directive, its responsibilities include approving the Company's strategy, business plans, budgets, and risk appetite; overseeing risk management, internal controls, and compliance frameworks; ensuring transparent financial reporting under IFRS and NBE directives and proposing external auditors and their fees to the shareholders; appointing and supervising the CEO and senior executives, including internal audit, risk, and compliance heads, while setting fair and prudent remuneration structures; ensuring prudent operations in compliance with laws, directives, and ethical standards, including the prevention of money laundering, fraud, bribery, and corruption; maintaining adequate capital and liquidity; preventing and managing conflicts of interest; adopting and enforcing codes of conduct for the Board, management, and staff; developing succession plans, establishing effective Board committees, and conducting annual performance assessments of the Board, its committees, and individual directors; setting policies for shareholder relations and stakeholder engagement while monitoring management performance; and approving major investment decisions, acquisitions and disposals of material assets or technology, and related party transactions.

Directors owe strict fiduciary duties of care, loyalty, and diligence to the Company and its shareholders, as mandated by the Commercial Code and reinforced by the Corporate Governance Directive. In fulfilling these duties, Directors must act at all times in the best interests of the Company and its shareholders without personal gain or prejudice; exercise independent judgment in Board deliberations and decisions; avoid and promptly disclose any actual or potential conflict of interest, abstaining from voting on matters where they have a direct or indirect personal interest; maintain

strict confidentiality of all Company affairs and proprietary information; and otherwise conduct themselves with integrity and accountability.

The Directors' remuneration is subject to shareholder approval and must comply with the limits set out under the Commercial Code. The NBE also oversees the remuneration structure to ensure its alignment with sound corporate governance, prudent risk-taking, and the long-term financial soundness of the Company, as per the Corporate Governance Directive.

In compliance with the Corporate Governance Directive, the Board is required to establish essential committees to enhance oversight and efficiency. These include an audit committee, composed entirely of non-executive directors and chaired by an independent director, responsible for overseeing the integrity of financial statements, the effectiveness of audit functions, and the adequacy of internal controls; a risk management committee, tasked with overseeing all major risk areas impacting the Company—including credit, operational, market, liquidity, and reputational risks—and ensuring the development and implementation of robust risk management policies; and a remuneration committee, responsible for formulating and overseeing policies on director and executive compensation to ensure that remuneration practices are fair, transparent, and aligned with prudent risk-taking and the Company's long-term objectives. In addition, a governance and nomination committee shall be established to handle Board evaluations, succession planning for the Board, senior management, and the recommendation of qualified nominees for directorship based on the fit-and-proper criteria.

The specific powers, responsibilities, and detailed composition of each committee are set out in the Company's internal governance charter, which has been approved by the Board and is aligned with NBE requirements.

A director may be removed from office by a resolution of the general meeting of shareholders at any time before the expiry of their term, in accordance with the Commercial Code. The NBE possesses the authority under the Requirements for Persons with Significant Influence in a Bank Directive to order the removal of a director at any time if it determines that the director no longer meets the fit-and-proper criteria, has violated applicable laws or directives, or has acted in a manner prejudicial to the safety and soundness of the Company. Directors who are removed by the NBE for cause may be barred from holding a directorship or any senior management position in any financial institution in Ethiopia for a period of up to three years, unless subsequently cleared by the NBE.

Directors are jointly and severally liable to the Company and its shareholders for any loss or damage caused by their failure to discharge their duties diligently and in accordance with applicable laws, directives, and the Company's constitutive documents. They bear the burden of proof in demonstrating that their actions were carried out with due care and in good faith.

Pursuant to the provisions of the Commercial Code and the Corporate Governance Directive, every bank is required to appoint a company secretary, who plays a central role in supporting the Board of Directors, promoting sound corporate governance, and ensuring compliance with applicable legal and regulatory requirements. In accordance with Article 12 of the Corporate Governance Directive, the Company is required to appoint a company secretary whose appointment and removal are subject to the approval of the Board of Directors, and the company secretary, while accountable to the CEO, operates within a governance framework that supports Board effectiveness and regulatory compliance.

The company secretary, as mandated by law and the Company's MoA and Article of Association ("AoA"), shall monitor the Company's corporate governance framework to ensure compliance with laws,

regulations, and internal policies, and shall ensure the timely and accurate dissemination of information to Board members, shareholders, and regulatory authorities as appropriate. The Secretary shall also prepare and maintain the calendar of Board and committee meetings, facilitate their organisation and scheduling, develop and update the Board charter and governance policies (including defining the roles, responsibilities, and expectations of the Board and the company secretary), maintain accurate corporate records such as minutes, Board resolutions, registers of conflicts of interest, and statutory registers, and organize and facilitate general meetings of shareholders and meetings of the Board of Directors. In addition, the company secretary shall record, prepare, and retain minutes in accordance with the Commercial Code and the Company's internal rules, coordinate training and capacity-building programs for Board members to enhance governance effectiveness, and perform any additional duties assigned by the CEO or provided for in the Company's MoA.

The Company is required to uphold high standards of ethics, integrity, and professionalism in the function of the company secretary. The company secretary must act in the best interests of the Company and its stakeholders and shall exercise independent judgment in fulfilling their responsibilities. Where possible, the Company shall support the company secretary in obtaining professional training and certification, including from recognised national or international bodies, to enhance capacity and ensure alignment with international best practices.

Notwithstanding any agreement to the contrary, the company secretary shall be personally liable to the Company, its shareholders, or third parties for any breach of duty arising under the Commercial Code or the Company's MoA.

#### **2.5.7.2. Shareholder rights and information disclosure**

In accordance with the Commercial Code, the Banking Business Proclamation, and the Corporate Governance Directive, the Company is legally required to respect, protect, and facilitate the exercise of shareholder rights and to maintain robust standards of disclosure and transparency.

Pursuant to Article 19 of the Corporate Governance Directive, the Company is required to ensure that shareholders are afforded certain rights, including secure and verifiable means to register and evidence their ownership of shares; the ability to convey or transfer their shares in accordance with applicable laws and internal procedures; the right to share in the Company's profits through dividend distributions subject to regulatory compliance; timely and regular disclosure of all material information relevant to the Company's performance, governance, and decision-making; participation in and voting at general meetings of shareholders; the right to elect members of the Board of Directors; and the right to appoint or approve the appointment of the Company's external auditor.

The Company is further required, under the Corporate Governance Directive, to ensure that related party transactions are disclosed, approved, and conducted in a manner that manages conflicts of interest and protects the Company and its shareholders. Board members and senior management are legally obligated to disclose any direct or indirect material interest in any transaction or matter involving the Company.

In compliance with Article 19(5) of the Corporate Governance Directive, the Company is prohibited from implementing anti-takeover devices intended to insulate the Board or management from shareholder accountability. It is further required to protect shareholders, particularly minority shareholders, from abusive actions by controlling shareholders and to ensure access to effective remedies. In addition, the Company must maintain the independence of the external auditor and keep an accurate and up-to-date register of shareholders.

Under the Commercial Code, shareholders are legally entitled to inspect and obtain copies of key corporate documents, including the Company's audited financial statements, minutes and resolutions of shareholder meetings, and reports of the Board of Directors.

Furthermore, the Banking Business Proclamation, read together with the Commercial Code, requires the Company to maintain a publicly accessible website on which it must publish the MoA and AoA, annual audited financial statements, disclosures of material conflicts of interest, and the notices, agendas, and resolutions of AGM.

In addition to financial reporting obligations, the Company must comply with disclosure requirements, including: making its audited annual financial statements publicly available in a manner prescribed by the NBE (typically through publication in widely circulated newspapers and on the Company's website); presenting a copy of the audited financial statements to shareholders at the AGM and filing the same with the AABE and the NBE; and providing detailed disclosures on risk exposures, capital adequacy, related party transactions, provisioning, and other material items as may be specified by the NBE through directives and circulars.

### **2.5.7.3. Financial reporting**

The Company is required to prepare annual financial statements in accordance with IFRS and to ensure compliance with applicable financial reporting and disclosure directives issued by the NBE.

Pursuant to the Manner of Reporting Financial Information Directive No. SBB/21/96 and in alignment with the Banking Business Proclamation, the Company must submit financial information, excluding reserve and liquidity reports governed by other specific directives, to the NBE's supervision department within 20 days (expedited to 15 days for electronic regulatory returns) after the end of each reporting period. Such submissions must conform to the standardised formats, forms, and tables prescribed by the NBE.

The Company's annual financial statements must be audited by an external auditor approved by the NBE, in accordance with the Directive on the Appointment of External Auditors of banks. The appointed auditor has a statutory duty to report directly to the NBE any material irregularities, fraud, or suspected unlawful activity identified during the course of the audit.

The Company is required under the Banking Business Proclamation to allocate at least 25.0% of its net profit to a legal reserve fund at the end of each financial year. Notwithstanding this, when the legal reserve equals the capital of the Company, the amount to be retained as a legal reserve from the net profit each year shall be determined in accordance with applicable NBE directives, including the Risk Based Capital Adequacy Requirements Directive, which repealed the previous legal-reserve directive. Legal/statutory reserves so accumulated qualify as CET1 capital under Directive SBB/95/2025. Furthermore, the NBE may, by directive, specify the circumstances under which the legal reserve account may be reduced or utilised, and may impose additional provisioning or reserve requirements beyond those stipulated in the Banking Business Proclamation and the Commercial Code. These provisions supersede the requirements of the Commercial Code for banks on these specific matters.

### **2.5.7.4. Dividends**

The Company's dividend policy is governed by the prudential requirements of the NBE and applicable legislation, including the Banking Business Proclamation. Dividend distribution is contingent upon compliance with regulatory capital thresholds, solvency standards, provisioning requirements, and IFRS-based profit recognition. Effective 31 December 2026, dividend proposals will be assessed

against the fully implemented Risk Based Capital Adequacy Requirement Directive minima and reporting status.

Pursuant to NBE Minimum Capital Requirement for Banks, which establishes the current minimum paid-up capital requirements for banks, dividends may only be declared from retained earnings after the Company has met the minimum capital of ETB 5 billion (fully paid in cash) within the timeline stipulated by the NBE. In line with NBE supervisory expectations, banks that have not yet achieved the required minimum capital are generally expected to retain profits to strengthen their capital base, and dividend distributions may be restricted.

Furthermore, the Company must maintain compliance with the minimum CET1, Tier 1 and total capital ratios prescribed by the NBE, both before and after any proposed dividend distribution. The NBE may revise capital adequacy standards from time to time, including under the Risk Based Capital Adequacy Requirement Directive and any subsequent amendments to the risk-based capital framework. Dividends may not be paid where such distribution would cause the Company's CET1, Tier 1 or total capital ratios (CAR) to fall below the required threshold.

Under the Banking Business Proclamation, dividends may only be declared from net profits after making all mandatory transfers and provisions. This includes the allocation of at least twenty-five percent (25.0%) of annual net profit to a legal reserve, until such reserve equals the Company's paid-up capital. The Company must also fully provide for loan losses and other prudential adjustments prior to determining distributable profits. Any accumulated losses from prior years must be fully offset before a dividend may be declared.

For repeated non-compliance with the Foreign Exchange Exposure Limits Directive, NBE may prohibit declaring or paying dividends.

In addition, the Company may not declare dividends from unrealised accounting gains or IFRS transition adjustments. Profits must be derived from realised earnings, and any IFRS-related remeasurement surpluses (e.g., asset revaluations) are excluded from the computation of distributable profits, in accordance with guidance from the Accounting and Auditing Board of Ethiopia and applicable NBE instructions.

While there is no fixed non-performing loan threshold that expressly prohibits dividend distribution, the NBE may restrict or object to proposed dividends where the Company's asset quality or provisioning level is deemed inadequate.

Dividend declarations are subject to review and, in some cases, prior approval by the NBE. The Company will submit all proposed dividend declarations for regulatory assessment to ensure ongoing compliance with capital and prudential requirements.

The Company's approach to dividend distribution seeks to balance the objective of providing a reasonable return to shareholders with the need to preserve capital adequacy, support sustainable growth, and comply with all applicable laws and regulations.

#### **2.5.7.5. Minority protection and regulatory oversight**

The MoTRI and the NBE both have supervisory jurisdiction over the Company. While the MoTRI exercises general corporate oversight under the Commercial Code, the NBE is the primary regulator of the Company under the Banking Business Proclamation.

The NBE may conduct on-site and off-site inspections, appoint administrators or take corrective action, require the Company to submit periodic financial and risk reports, and take enforcement action in the event of violations.

Additionally, shareholders holding at least 10.0% of the capital may petition for regulatory intervention or inspection in accordance with the provisions of the Commercial Code.

#### **2.5.7.6. Shareholder meetings**

General meetings of shareholders shall be convened in accordance with the MoA, the Commercial Code, and the Banking Business Proclamation. The NBE has the right to attend general meetings as an observer and must be notified in advance of all such meetings. Shareholder resolutions related to amendments of the MoA, changes in directors, capital increases, mergers, and dividend distributions may be subject to NBE non-objection or approval, as outlined in Banking Business Proclamation.

#### **2.5.8. Application of Capital Market Proclamation**

The Company's registration with the ECMA as a share company with publicly owned shares will introduce a new ownership structure for the Company, which will be subject to a different set of laws and operational requirements as summarised below:

##### **2.5.8.1. Regulatory compliance and oversight by the ECMA**

The Capital Market Proclamation established the ECMA as an autonomous Government regulatory authority with oversight over the capital market in Ethiopia.

The powers and duties of the ECMA include (amongst others) to: i. Take administrative measures for the breach of the Capital Market Proclamation or the regulations or directives made thereunder including levying or financial penalties, publishing administrative findings of malfeasance by any person, suspending or cancelling licenses or authorisations, or other administrative measures; ii. Conduct off-site surveillance activities and on-site inspections with or without prior notice; iii. Inquire into the affairs of, or give directions to, any person to which the ECMA has granted a license, and any public bank, the securities of which are publicly offered or traded on an approved securities exchange or on an over-the-counter market; iv. Regulate and oversee the issue, and subsequent trading, both in primary and secondary markets, of securities; v. Supervise the listing and delisting of securities; and vi. Prescribe notices or guidelines on corporate governance of a bank whose securities have been issued to the public or a section of the public.

Therefore, the Company will be subject to the regulatory oversight of the ECMA subsequent to the completion of the registration of the Ordinary Shares with the ECMA.

As at the date of this Prospectus, the ECMA has not published any regulations or guidelines on corporate governance which are applicable to a bank whose securities have been issued to the public.

##### **2.5.8.2. Public offering and trading of securities**

The Capital Market Proclamation and the Public Offer Directive together establish the regulatory framework governing the issuance and public trading of securities in Ethiopia. Under these instruments, any security intended for public trading (including securities to be listed by introduction) must first be registered with the ECMA. An issuer is required to obtain prior approval of its prospectus from the ECMA before issuing, placing, offering, or otherwise making securities available to the public or applying for their listing by introduction. To this end, the issuer must file a formal statement of

registration in the prescribed form and pay fees in accordance with the Capital Market Authority's Fee Directive No. 996/2024.

The Capital Market Proclamation and Public Offer Directive are designed to ensure that securities offered to the public or admitted to public trading by way of listing are subject to rigorous regulatory scrutiny, thereby safeguarding investors and promoting transparency, accountability, and fair dealing in the capital market. The ECMA has the authority to review a prospectus to confirm that it contains all material information necessary for investors to make informed decisions, including details on the issuer's financial position, risk factors, governance arrangements, and other material contracts or commitments.

For the Company, compliance with these requirements means that the Prospectus (or equivalent listing document, as applicable) must be prepared strictly in line with the standards prescribed by the Public Offer Directive, including the disclosure of the regulatory environment, business activities, and key risks affecting its operations and strategy. In the present transaction, this relates to the registration of the Company's existing Ordinary Shares for listing by introduction, with no new shares being issued and no new capital being raised. The Company is also required to obtain ECMA approval for any advertisement or public communication relating to any future registration and listing documents or listing of additional securities. These obligations have a direct impact on the timing, content, and structure of the Company's listing and broader capital markets activities.

The registration and approval process also formalises the Company's ongoing regulatory relationship with the ECMA in respect of its securities. Once approval is granted, the Company will be subject to continuous oversight regarding disclosures, reporting obligations, and the conduct of any further offerings or listings of securities. The Company has already commenced preparatory work to align its registration and listing documents with the requirements of the Public Offer Directive and continues to engage closely with the ECMA to ensure full compliance throughout the registration and listing process.

In accordance with the Capital Market Proclamation, any security intended for public trading must be registered with the ECMA prior to its offer or placement or admission to trading by way of listing (including listing by introduction). This requirement is further detailed under the Public Offer Directive, issued by the ECMA, which provides the regulatory framework for the public issuance and trading of securities in Ethiopia. Under these rules, no security may be offered, sold to the public, listed, or traded without prior registration with the ECMA, except in limited cases expressly exempted by law.

Before issuing, offering or in any other manner making available any securities for a public offering, or applying for their listing by introduction, the Company is required to prepare a prospectus and obtain prior approval from the ECMA. The prospectus must contain complete and accurate disclosure of all material facts, including the Company's financial condition, governance structure, risk factors, (where applicable) use of proceeds, terms of the transaction, and any other information necessary for investors to make informed decisions. Once approved, the prospectus must be published within thirty days of approval and at least ten days before the start of the relevant transaction, unless otherwise authorised by the ECMA, and it must remain publicly accessible in electronic form for a minimum of ten years.

The Company must prepare, sign, and file a registration statement with the ECMA in the prescribed form, which includes the prospectus as an integral part, accompanied by all required supporting documents and the payment of the applicable registration fee. In the context of the Company's

current transaction, the registration statement will relate solely to the registration and listing by introduction on ESX of existing Ordinary Shares and will not involve the issuance of new shares. Any advertisement or marketing material related to the securities to be admitted to trading must also receive prior approval from the ECMA and must clearly state that a prospectus is or will be available, along with guidance on how investors may obtain it.

The ECMA is empowered to enforce compliance with these requirements through measures including warnings, fines, suspension or revocation of registrations, trading restrictions, corrective orders, or blacklisting of non-compliant issuers and market participants. Accordingly, the Company must ensure strict compliance with both the Capital Market Proclamation and Public Offer Directive to proceed with any public offering of securities or listing of securities for public trading, including the registration and listing by introduction on ESX of its existing Ordinary Shares, thereby safeguarding investor protection, enhancing transparency, and contributing to orderly development of Ethiopia's capital markets.

### **2.5.8.3. Dematerialisation of securities**

The Directive on Dematerialisation of Publicly Offered Securities No. 1047/2025, issued under the Capital Market Proclamation, requires that all publicly offered securities in Ethiopia be issued, offered, held, and transferred in electronic form rather than as paper certificates. Under these laws, securities admitted for public trading, including existing (legacy) shares being registered for listing by introduction, are required to be dematerialised, meaning ownership is represented by electronic book entries maintained by the CSD.

This reform is intended to modernise securities settlement and custody practices, reduce risks of fraud and forgery, enhance transparency, and increase efficiency in the trading and transfer of securities.

As the current transaction involves no new issuance and relates solely to the registration and listing by introduction on ESX of existing Ordinary Shares, the Company will complete the dematerialisation of legacy shares in accordance with the transitional arrangements under the Dematerialisation Directive. This process will be coordinated with the ECMA, the ESX, and the CSD to ensure operational practicality and regulatory compliance. This would ensure operational practicality and compliance with the transitional arrangements under the Dematerialisation Directive, while aligning with global dematerialisation standards.

The transition to dematerialisation also has a significant effect on the Company's shareholder administration, requiring harmonised record-keeping to meet capital markets and banking regulatory standards.

Under the new framework, legal ownership of dematerialised securities is established through electronic book entries maintained by the CSD, replacing the Company's paper-based records. However, the Company, being both a share company and a regulated bank, remains legally obligated to:

- Maintain an internal shareholder register at its head office in accordance with the Commercial Code.
- Keep detailed shareholder and beneficial ownership records to comply with the Banking Business Proclamation and related NBE directives, including AML/CFT requirements. NBE approval is

required before registering any transfer that results in an “Influential Shareholder” (holding 2% or more).

Accordingly, the Company must implement well-coordinated systems to ensure accurate reconciliation between its internal registers and the CSD’s electronic records.

The Company has already begun aligning its registrar and transfer functions with electronic systems in compliance with Dematerialisation Directive No. 1047/2025, and will continue collaborating with the ECMA and the ESX to ensure a smooth transition to full dematerialisation.

#### **2.5.8.4. Ongoing disclosure obligations**

Article 77 (1) of the Capital Market Proclamation requires an issuer of securities (such as the Company) that are the subject of a public offer, or which are publicly held, to inform the ECMA, shareholders of the issuer, and other holders of its securities as soon as reasonably practicable of any information. This includes any information about the Company and its subsidiaries that is necessary for the public to properly assess its financial position. The company must also disclose any information that could prevent a false market from forming for its securities or that might significantly impact their market price. Further, Article 77(5) of the Capital Market Proclamation and the implementing provisions under the Public Offer Directive requires an issuer to keep the public informed of all matters which affect the value of the securities, immediately upon their becoming known to the directors of the issuer, by placing an advertisement in a newspaper of general circulation and by reports to the ECMA and to any securities exchange on which they are listed. The ECMA is also empowered under Article 77(6) of the Capital Market Proclamation to issue additional requirements regarding disclosure of material information in a directive.

Although the Company’s present transaction involves the registration and listing by introduction of existing Ordinary Shares and does not constitute a new public offering of securities, these disclosure provisions apply *mutatis mutandis* to the Company once its shares are admitted to public trading.

All issuers of public offerings shall disclose their audited financial statements in accordance with directives issued by the ECMA or rules issued by the ESX and approved by the ECMA. For the Company, these ongoing disclosure obligations will apply following the registration and listing by introduction on ESX of its existing Ordinary Shares, notwithstanding that no new capital is raised in the current transaction.

#### **2.5.8.5. Impact on the Company’s business and strategy**

The regulatory environment in which the Company operates has a direct and material influence on its business model, strategy, and day-to-day operations. The minimum paid-up capital requirement of ETB 5 billion, effective by June 2026, has shaped the Company’s capital-raising strategy and resulted in successive increases in its paid-up capital to ensure ongoing compliance and to strengthen its capacity for future growth.

The implementation of risk-based capital adequacy standards under Basel II/III through the Risk Based Capital Adequacy Requirements Directive increases the importance of disciplined risk management, credit quality, and asset diversification. Under NBE’s Risk-Based Capital Adequacy Requirements for Banks Directive, banks must at all times meet minimum ratios of CET1 7%, Tier 1 9%, and Total Capital 11% (all against total RWAs that include credit, market and operational risk), with market and operational risk capital converted to RWA using a 9.1 multiplier, with these minima becoming fully

effective from 31 December 2026. This requires the Company to maintain robust internal controls and provisioning practices while balancing profitability with prudential soundness. Risk-weighting follows the Basel II/III standardised approach using ratings from eligible External Credit Assessment Institutions as mapped by the Risk-Based Capital Adequacy Requirement Directive; due diligence on counterparties and correct application of higher-of-two/three ratings rules are explicitly required.

The liberalisation of foreign exchange management rules has expanded the Company's ability to serve its customers through market-based allocation of hard currency. However, this activity is now constrained by the Foreign Exchange Exposure Limits Directive, which caps the overall net open foreign exchange position at +/-18% of Tier 1 capital and requires daily monitoring and reporting of foreign exchange exposures. These prudential limits, together with the capital charges for market risk under Risk Based Capital Adequacy Requirement Directive, mean that foreign exchange business growth must be carefully balanced against the impact on risk-weighted assets and capital ratios. In parallel, the gradual opening of the banking sector to foreign banks introduces a more competitive landscape, which has strategic implications for pricing, product innovation, and customer retention.

Furthermore, the transition to market-based pricing now extends to interest rates under Interest Rates (As Amended) Directive No. NBE/INT/13/2026, which became effective on 09 January 2026. This directive mandates that interest rates for demand, saving, and time deposits, as well as lending rates for loans and advances, are to be freely determined by each bank. This policy shift provides the Company with significantly greater flexibility to compete for deposits and to price credit based on risk and market conditions, rather than being bound by centrally determined benchmarks. In accordance with the directive, the Board of Directors sets these rates in writing based on explicit, non-discriminatory criteria, allowing the Company to respond dynamically to competitive pressures in the liberalising financial sector.

The Financial Consumer Protection Directive No. FCP-01-2020 issued by the NBE, along with complementary legal instruments such as the Banking Business Proclamation, the National Payment System(Amendment) Proclamation No.1282/2023, and the Trade Competition and Consumer Protection Proclamation No. 813/2013, collectively guide the Company's consumer protection and market conduct obligations. These frameworks mandate transparent disclosure of financial products and services, fair and equitable treatment of customers, and accessible, multilingual complaint-handling mechanisms. In compliance with these legal requirements, the Company has strengthened its customer service systems, enhanced complaint resolution units, and invested in staff training to align with regulatory expectations and uphold consumer trust.

The Prevention and Suppression of Money Laundering and Financing of Terrorism Proclamation No.1387/2025 and directives from the NBE and the FIS significantly increase compliance and reporting obligations. The Company has had to establish enhanced due diligence processes, expand transaction monitoring systems, and provide ongoing staff training. These measures, while resource-intensive, are critical to maintaining the integrity of the financial system and sustaining customer trust.

The Requirements for Information Technology (IT) Management of Banks Directive No. SBB/83/2022, the Payment Instrument Issuer (Amendment) Directive No. ONPS/09/2023, and the recent Oversight of the National Payment System Licensing and Authorisation of Payment Instrument Issuer (Amendment) Directive No. ONPS/10/2025, directly influence the Company's digital strategy. The obligation to localise data within Ethiopia, ensure interoperability through the Ethiopian Instant Payment System, and implement advanced cybersecurity protocols has required the Company to

invest in modern IT infrastructure, strengthen risk management, and expand its digital banking services.

The oversight of the ECMA following the Company's share registration introduces new obligations relating to disclosure, governance, and shareholder rights. These requirements align the Company more closely with international standards and are expected to enhance transparency, improve investor confidence, and expand access to capital.

Overall, the evolving regulatory framework presents both challenges and opportunities. While compliance increases operational costs and requires continual investment in governance, IT, and risk management, it also fosters stronger financial resilience, greater customer confidence, and improved access to domestic and international capital. The Company views regulatory reforms as a strategic driver that reinforces its long-term sustainability and competitiveness within the Ethiopian banking sector.

## 2.6. Employees

The Company employs three distinct types of staff to manage its operations, namely: (1) permanent, who are hired directly by the Company full-time; (2) outsourced, who are hired by external firms and assigned to the Company, including security personnel, janitors, and messengers; and (3) contract who are directly hired by the Company on a contractual basis.

As at 30 June 2025, the Company employed 4,766 permanent, 4,874 outsourced, and 4 contracted. The table below sets out the permanent, outsourced, and contracted employees of the Company for the years ended 30 June 2025, 2024, and 2023.

Table 38: Total number of employees

Number of employees	As at 30 June		
	2025	2024	2023
Permanent	4,766	4,650	4,298
Outsourced	4,874	4,825	4,309
Contracted	4	4	4
<b>Total number of employees</b>	<b>9,644</b>	<b>9,479</b>	<b>8,611</b>

As at 30 June 2025, the Company had 4,874 outsourced staff, with 8 to 10 outsourced employees stationed at its 546 branches. This is due to the requirement for multiple security personnel to provide 24/7 coverage, in addition to janitors and messengers, resulting in a higher number of outsourced staff at the Company.

Additionally, out of the 4,766 permanent employees, as at 30 June 2025, the Company's 587 employees were stationed at the head office, 3,945 at the branch level, and 234 at the district level, showing increase in all locations compared to the 524, 3,925, and 201 employees at the head office, branch, and district level, respectively, as at 30 June 2024. The table below sets out the permanent employees' breakdown at head office, branch, and district of the Company as at 30 June 2025, 2024, and 2023.

Table 39: Number of permanent employees at the office level

Number of permanent employees at the office level	As at 30 June		
	2025	2024	2023
Head Office	587	524	460
Branch	3,945	3,925	3,681
District	234	201	157
<b>Total number of permanent employees</b>	<b>4,766</b>	<b>4,650</b>	<b>4,298</b>

Furthermore, as at 30 June 2025, the Company employed 3,421 females, up from the 3,360 females employed as at 30 June 2024. The table below sets out the employees' gender breakdown as at 30 June 2025, 2024, and 2023.

Table 40: Number of employees

Number of permanent employees	As at 30 June		
	2025	2024	2023
Female	3,421	3,360	3,132
Male	1,345	1,290	1,166
<b>Total number of permanent employees</b>	<b>4,766</b>	<b>4,650</b>	<b>4,298</b>

### Employee compensation benefits

The Company offers a comprehensive benefits package designed to support employees' well-being, financial security, and job satisfaction.

Key benefits include:

- Medical expense coverage: Provides health care support for employees.
- Allowances: Financial support for a variety of needs, including transportation, housing, and mobile phone expenses. A hardship allowance is also provided for employees working in challenging locations.
- Cash indemnity allowance: A lump-sum cash benefit provided under specific circumstances.
- Access to discounted loans: Employees can get loans at preferential interest rates.

These benefits are in addition to the Company's compliance with all statutory provisions, such as national pension contributions.

The Company conducts annual performance evaluations for its employees, which form the basis for discretionary salary adjustments and performance bonuses. These bonuses are determined by both individual contributions and the overall performance of the Company. Additionally, employees are allowed to purchase shares at par value with a minimum amount of ETB 10,000.

## 2.7. Debt position

The Company's borrowings (including lease liabilities, customer deposits, and other liabilities) as at 30 June 2025, 2024, and 2023 are set out below.

Table 41: The Company's debt position

Debt position	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Borrowings (local)	216	255	208
Deposits from customers	71,915	52,626	41,770
Lease liabilities	467	616	508
Other financial liabilities	4,310	2,774	4,157
<b>Total</b>	<b>76,908</b>	<b>56,271</b>	<b>46,643</b>

The table below analyses the Company's customer deposits, lease liabilities, and other liabilities into relevant maturity groupings based on the remaining period as at 30 June 2025 to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Table 42: Maturity of the Company's debt position

Year ended 30 June 2025	Less than 1 year	Between 1 and 3 years	Over 3 years	Total	Carrying amount
<b>ETB (millions)</b>					
Deposits from customers	19,715	13,029	39,171	71,915	<b>71,915</b>
Lease liabilities	401	66	-	467	<b>467</b>
Borrowing	128	88	-	216	<b>216</b>
Other financial Liabilities	3,380	930	-	4,310	<b>4,310</b>

### Deposits from customers

Customer deposits represent savings, demand, and fixed time deposits received from the private sector and retail customers, local and central governments, and public enterprises and agencies. Deposits due to other banks represent the amount of money owed by the Company arising from other banks' deposits in the form of savings, demand and fixed time deposits. These liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

### Lease liabilities

Lease liabilities are recognised at the lease commencement date, for all lease agreements for which the Company is a lessee, except for short-term leases of 12 months or less or leases relating to low value assets. The lease liabilities relate to contractual payments due to lessors for office space, leasehold land, and ATMs that are on lease to the Company. Lease liabilities relating to office rental space

and leasehold land totaled ETB 43 million and ETB 424 million respectively as at 30 June 2025. The lease agreements typically have a tenure of 2 to 5 years, with the majority of these lease agreements renewable at the end of each lease period at the market rate.

### **Other financial liabilities**

Other financial liabilities include various accounts that do not fall under the major and specific liability categories. This category includes, but is not limited to, margin held accounts relating to letters of credit, customer payables, cash payment orders, foreign transfer payables and other sundry liabilities.

### **Guarantees**

Further, the Company offers guarantees as security to support customers to fulfil their obligations to third parties. As the Company will only be required to meet these obligations in the event of the customers' default, the cash requirements of these guarantees is expected to be below their nominal amounts. The Company's obligation to fulfil guarantees is contingent on a future event, and does not represent an existing obligation, hence these amounts do not form part of the Company's debt position.

The Company's borrowing and funding structure was consistent through the years ended 30 June 2024 and 30 June 2025. The Company does not have undrawn facilities in respect of financing agreements as at 30 June 2025 or as at the date of this Prospectus. Going forward, the Company aims to enhance financial performance including increased profitability, growing deposits and loans, reinforcing risk management, and strengthening the brand to achieve business growth through internally generated funds.

## **2.8. Investment activities**

The Company does not currently operate any subsidiary entities. However, beyond its core banking activities, the Company has built a portfolio of equity holdings across diverse sectors such as payment systems, insurance, industry, real estate, and capital market infrastructure. These strategic investments, made at various times since 2012, provide the Company with ownership stakes in both financial and non-financial institutions. Refer to Section 2.2 Business overview (table 13: Equity investment of the Company) for the Company's equity investments and a description of the Company's material investments.

The Company's primary capital expenditure program is directed towards major construction projects aimed at expanding its physical infrastructure, with the Company financing through equity for its construction project. This includes the development of a 33-story headquarters in Addis Ababa, a 12-story district office in Bahir Dar, a 6-story office complex in Dessie, a 4-story mixed-use branch office in Gonder, and Tikur Abay 14-story building under construction in Addis Ababa. These projects financing through equity, are intended to strengthen operational capacity, enhance customer service, and reinforce the Company's presence across key markets.

In the year ended 30 June 2025, the Company participated in the Interbank Money Market primarily by lending surplus cash to other commercial banks as part of its investment activities, and in some instances by borrowing to cover temporary shortfalls. Additionally, the Company purchases foreign currency through the NBE's currency auctions to support the facilitation of foreign currency transactions.

## 2.9. Property, land, and fixed assets

The Company's fixed assets include furniture and equipment, vehicles for operational use, buildings held for its banking operations and long-term rental yields or for capital appreciation, and construction in progress. The Company's extensive operational network necessitates a diverse property portfolio. The table below summarises the net book value of property, plant, and equipment held for use in supplying goods or services, for rental to others, or for administrative purposes. These assets are expected to be used for more than one period and are categorised by asset type as at 30 June 2025, 2024, and 2023.

Table 43: Net book value of the Company's property, land, and fixed assets

Property, plant and fixed assets	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Buildings	84	158	162
Motor vehicles	355	379	308
Office and other equipment	299	255	191
Furniture and fittings	585	532	262
Computer equipment	544	289	219
<b>Total net book value</b>	<b>1,867</b>	<b>1,613</b>	<b>1,142</b>

As at 30 June 2025, the Company has construction in progress amounting ETB 1,708 million which decreased from ETB 1,928 million as at 30 June 2024 due to reclassification of ETB 733 million to advanced payments. This asset is intended to be a headquarters for the Company once completed. Set out below is the details of the construction in progress.

Table 44: Construction in progress

Construction in progress	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
As at 1 July	1,928	1,360	502
Addition of the year	513	568	858
Reclassified to advance payment	(733)	-	-
<b>Total</b>	<b>1,708</b>	<b>1,928</b>	<b>1,360</b>

The Company owns 5 properties all financed through equity, 3 of which are under construction, namely the Headquarter Building, Bahir Dar Building, and Tikur Abay and two of which have been completed and commenced operations, being the Gondar Building and the Dessie Building. The table below sets out details of the location and type of these properties:

Table 45: Properties owned by the Company

Property	Region	City	Type
<b>ETB (millions)</b>			
Headquarters building	Addis Ababa	Addis Ababa	Commercial & Office
Bahir Dar district building	Amhara	Bahir Dar	Commercial & Office
Dessie building	Amhara	Dessie	Commercial & Office
Gondar building	Amhara	Gonder	Commercial & Office
Tikur Abay	Addis Ababa	Addis Ababa	Commercial & Office

## 2.10. Material contracts

The following contracts (not being contracts entered in to in the ordinary course of business) have been entered into by the Company (a) within the two years immediately preceding the date of this Prospectus which are, or may be, material to the Company; and (b) at any time and contain provisions under which the Company has an obligation or entitlement which is, or may be, material to the Company as at the date of this Prospectus:

### 2.10.1. Construction contract with China Wu Yi Co. Ltd. for Abay Bank head quarter

The Company entered into a contract on 9 February 2021 with China Wu Yi Co. Ltd. (Ethiopian Branch). The contract is for the design, construction and defects-remedy of the Company's new head office building in Addis Ababa, Ethiopia. It is a lump-sum contract for ETB 3,036 million, including 15% VAT. The price is based on a total floor area of 40,000 m<sup>2</sup> at ETB 66,000 per m<sup>2</sup>, excluding VAT.

The contract price is payable 65% in ETB and 15% in USD. The remaining 20% is notionally converted to USD at a fixed rate of ETB 40.3729 per USD but is paid in ETB. The contract provides for a 30% advance payment, paid in three instalments. The contractor must provide a performance guarantee of 10% of the contract price and there is a retention of 10%.

The time for completion of the design and construction works is 1,825 calendar days from the commencement date. There is a defects liability period of 365 days. If the contractor is late without an approved extension of time, delay damages apply. These are liquidated damages calculated at 0.1% of the contract price per day, less the value of completed sections already paid, capped at 10% of the contract price. These amounts may be deducted from sums otherwise payable to the contractor. The contractor must also provide an acceptable warranty in order for the Company to issue the taking-over certificate. Failure to provide this warranty is a ground for forfeiture of the performance bond, so the Company can call the entire performance security. If certified amounts are not paid by the Company within three months from certification, interest becomes payable. Interest at 1% applies to the unpaid USD portion of the certified amount, and interest on the local-currency portion is applied in accordance with Article 2479(2) of the Ethiopian Civil Code.

The Company's Code of Ethics is incorporated into the contract. Involvement in corrupt, fraudulent, collusive, coercive or obstructive practices is treated as a default that entitles either party to terminate. A serious or continuing breach that amounts to default, including persistent failure to

perform, serious contractual non-compliance or unethical practices, gives the non-defaulting party a right to terminate. On termination for contractor default, the Company may stop further payments except for properly executed work, apply retention money and call on the performance bond, and engage others to complete the works and recover additional completion costs and other losses from the contractor, the security and the retention. On termination or suspension for employer default, such as prolonged non-payment or failure to give access to the site, the contractor may recover outstanding payments, demobilisation costs and damages and may refer the matter to the agreed dispute-resolution process.

Any disputed breach may be referred first to a dispute review expert and, if not resolved, to arbitration under the rules of the International Chamber of Commerce in Addis Ababa, Ethiopia. The financial consequences of any breach, including liquidated damages for delay, forfeiture of the performance bond, interest on late payments and any additional damages, are determined and enforced through this process. The contract is governed by the laws of Ethiopia. To the best of the Company's knowledge and belief, the contract is on normal commercial terms. It does not govern any relationship between an interested person of the Company and the Company or its other shareholders. No director or substantial shareholder of the Company has any direct interest in this contract, other than in his or her capacity as a director or shareholder of the Company.

#### **2.10.2. Small and Medium Enterprise Credit Facility Agreement (SMECFA) with DBE**

On 7 October 2022, the Company entered into a Small and Medium Enterprise Credit Facility Agreement (SMECFA) with the DBE under the Government's Small and Medium Enterprise Finance Project (SMEFP), which is intended to increase access to finance and build firm capabilities for eligible small and medium enterprises and is financed by loans obtained by the Government, including Special Drawing Rights ("SDR") 144,800,000 and an additional SDR 139,000,000 from the International Development Association and EUR 70 million from the European Investment Bank. Under the agreement, DBE extends ETB 167,600,649 term loan, disbursed in two equal tranches, for a maximum maturity period of five years including a grace period of up to one year. The facility bears interest at 9% per annum (or such other rate as may be prescribed by NBE), payable semi-annually on 31 January and 31 July of each year, and the principal is repayable in eight semi-annual instalments, with repayment commencing on 31 July 2023. The proceeds are to be used solely for working capital and leasing finance for on-lending to eligible SMEs in the agro-processing, manufacturing, construction and tourism sectors, and re-lent on a revolving basis in accordance with the SMEFP operations manual. The agreement contains customary and project-specific covenants, including requirements for the Company to comply with prudential ratios (such as maintaining liquidity of at least 15% as defined by the NBE), demonstrate profitability over the last three financial years, maintain an Environmental and Social Management System (ESMS) and observe detailed anti-money-laundering, counter-terrorist-financing, sanctions and anti-corruption undertakings; final beneficiaries of the SME sub-loans are required to maintain all necessary rights and permits, ensure ongoing ESMS compliance and refrain from any form of Prohibited Conduct (including fraud and corruption) in connection with the project. The European Investment Bank and European Union institutions have inspection and investigation rights in respect of financed sub-projects, and DBE may suspend disbursements or terminate the facility following specified events of default or prohibited conduct (including fraud, corruption, collusion, coercion, money-laundering, terrorist financing, sanctions violations and obstruction of audits or investigations). The agreement is governed by Ethiopian law and may not be amended or waived without the written consent of DBE, the Company, International Development Association, and European Investment Bank.

### **2.10.3. Contract agreement with ALTA Computec PLC for Oracle Exadata Database Machine**

The Company entered into a contract agreement with ALTA Computec Plc. on August 17, 2024 for the supply, installation and implementation of the Oracle Exadata Database Machine X10M and related hardware, software and services for the Company's main data centre and disaster recovery site in Addis Ababa, which contract was subsequently amended by an addendum effective 23 September 2024. The total contract price is USD 2,969,339, inclusive of 15% VAT payable in foreign currency. Payment terms require 30% of the total contract price as an advance payment within 5 working days after contract signing, and the balance upon delivery, installation and acceptance of the contracted items and services. The supplier is obligated to provide a performance bond (10% of the total price) and deliver the items within 60 days of the LC opening date. Unacceptable delays attributed to the supplier incur a penalty of 0.1% of the contract price per day (subject to the contractual cap of 10% of the total contract price). If the supplier fails to deliver the items fully or partially, the Company is entitled to a refund of the relevant portion of the advance payment plus accrued interest at the Company's highest loan rate. The contract further includes standard provisions on conformity with specifications, inspection, testing, warranty, change control, allocation of taxes and duties, confidentiality, limits on assignment and termination for default or convenience, is governed by the laws of Ethiopia, and represents an arm's-length procurement arrangement that does not regulate any relationship between an interested person and the Company or its shareholders.



### **3. FINANCIAL STATEMENTS AND INFORMATION**

### **3.1. Financial information**

The annual financial statements, including supporting notes and audit reports from the External Auditors have been included in Annex 1 (Historical Financial Information) of this Prospectus. The annual financial statements included in Parts B, C, and D of Annex 1 (Historical Financial Information) of the Prospectus have been reproduced verbatim and without adjustment from the Company's audited annual report and accounts for the years ended 30 June 2025, 2024, and 2023.

As this is a verbatim reproduction:

- The pages and section references included in Parts B, C, and D of Annex 1 (Historical Financial Information) are to the relevant pages and sections of the corresponding reports and accounts of the Company, and not to this Prospectus;
- Certain defined terms and other references will differ from those used in this Prospectus, and will correspond to those used in the corresponding reports and accounts of the Company; and
- References to "current year", "current period", "prior year" and/or "prior period" should be read as the relevant year/period of the respective financial statements and the year of the comparative period, respectively.

No additional information has been audited by the Company's External Auditor.

The Company has published its unaudited six months results for the period ending December 31, 2025.

### **3.2. Profit forecast**

There are no profit forecasts or estimates included in this Prospectus. No statement in this Prospectus is intended to be a profit forecast or estimate, and no statement in this Prospectus should be interpreted as a profit forecast or estimate.

### **3.3. Significant change in the Company's financial position**

The Company's cash position has decreased by ETB 9,826 million to ETB 16,250 million as at 28 February 2026 from ETB 25,536 million as at 30 June 2025, additionally the paid up capital of the Company increased by ETB 2,644 million to ETB 9,657 million as at 28 February 2026 from ETB 7,013 million as at 30 June 2025, the date of which the most recent audited financial information of the Company was prepared. This information has been extracted without material adjustment from the Company's unaudited management accounts as at 30 November 2025.

There have been no material investments made by the Company since 30 June 2025, whether in progress or for which firm commitments have already been made.

Other than as stated above, there has been no significant change in the financial position of the Company since 30 June 2025, the date to which the most recent financial information of the Company was prepared.

### **3.4. Pro forma financial information**

There is no pro forma financial information included in this Prospectus.



## **4. GOVERNANCE AND MANAGEMENT & THE BOARD OF DIRECTORS**

## 4.1. Corporate governance

The Company has a corporate governance policy in place that was approved by the Board of Directors. The Company maintains comprehensive policies and procedures fully aligned with the Corporate Governance Directive. The Company ensures strict compliance with all governance requirements, including the establishment of necessary committees, adherence to reporting obligations, and implementation of oversight mechanisms. All records related to corporate governance compliance are diligently maintained and regularly updated to demonstrate transparency, accountability, and alignment with regulatory standards. The corporate governance policy is governed by the following rules:

- a. Commercial Code;
- b. Banking and Business proclamation No. 592/2008; and its amendment proclamation No.1360/2025;
- c. Corporate Governance Directive;
- d. MoA of the Company; and
- e. Other related applicable national laws and regulations

The corporate governance policy outlines the roles and responsibilities of the Board, the Board's powers, the roles of the Company's Board committees and the separation of roles between the Board and Management.

The Company's Board of Directors is comprised of 9 directors and is supported by the Executive Management team comprising the CEO and the CCSO as well as an experienced Senior Management team. The Senior Management team consists of a core group of individuals responsible and accountable to the CEO and the Board for the sound and prudent day-to-day management of the Company. The Board has overall responsibility for the Company, including approving and overseeing the implementation of the Company's strategic objectives, risk strategy, corporate governance and corporate values. The chairperson of the board is responsible for fostering positive relationships with key stakeholders, including shareholders, employees, customers, and the community. The board is also responsible for providing oversight of senior management. The Board holds ultimate responsibility for the Company's strategic direction, financial health, key personnel decisions, organisational structure, governance practices, risk management, and compliance. While the Board may delegate certain functions to committees, it retains overall accountability. The Board's responsibilities include:

- Approving strategy, business plans, budgets, and policies;
- overseeing risk management and internal controls, including setting risk appetite;
- appointing and overseeing key executives;
- ratifying appointments of audit, risk, and compliance officers;
- establishing remuneration structures;
- ensuring prudent operations and legal compliance;
- approving significant investments and transactions;
- developing succession plans;
- overseeing Board committees;

- assessing Board and committee effectiveness;
- ensuring capital and liquidity adequacy;
- managing conflicts of interest;
- maintaining shareholder relations;
- monitoring management performance;
- developing Board nomination procedures;
- establishing a risk governance framework and lines of responsibility;
- approving codes of conduct;
- implementing induction programs;
- overseeing code of conduct implementation;
- overseeing sustainability-related risks and opportunities;
- ensuring an effective internal audit system and management information system;
- monitoring stakeholder engagement; and
- adopting a clear governance framework.

As at the date of this Prospectus, the Company's Board composition is in compliance with the Commercial code and the provisions of the Corporate Governance Directive.

The Board ensures that the Company's code of conduct and comparable documents have defined acceptable and unacceptable behaviors and that they adhere to those behaviors. The code of conduct and similar documents explicitly disallow illegal activity, such as financial misreporting and misconduct, economic crime, including fraud, breach of sanctions, money laundering, etc., and define that employees are expected to conduct themselves ethically and perform their job with skill and due care and diligence in addition to complying with laws, regulations, and the Company's policies.

An established internal audit function provides independent assurance to the board and supports the Board, Executive Management and Senior Management in promoting an effective governance process and the long-term soundness of the Company.

The Company has an internal control policy and risk management policy for which the Board hold ultimate responsibility. Executive Management and Senior Management keep the Board regularly and adequately informed of internal control failures and breaches of risk limits of compliance rules. There is also a separate risk management function within the Company which oversees the risk-taking activities across the Company and spearheads and monitors the overall risk management activities in identifying, assessing, monitoring, controlling, mitigating and reporting risk exposures.

Regular training programs are conducted to enhance the expertise of the Board, prioritising annual training in financial analysis, corporate governance, relevant laws and regulations, risk management, and internal control. The Company submits training certificates to the NBE to demonstrate compliance.

One of the key objectives of the Company's corporate governance policy is to create trust and instill confidence in stakeholders. The Board is therefore responsible for considering the legitimate interests of shareholders, employees and other relevant stakeholders in all matters.



In parallel, the conduct of employees and their interactions with stakeholders are governed by the Company's code of conduct and related internal policies. These documents set out the standards of professional and ethical behavior expected of all employees, including compliance with laws and regulations, management of conflicts of interest, confidentiality of information, and fair treatment of customers, counterparties, and other stakeholders. The Company promotes awareness and adherence to these standards through internal communication, training, and enforcement mechanisms, including procedures for reporting and addressing breaches. Together, these policies foster a culture of integrity, transparency, and accountability, and support the Company's objective of building trust and confidence among stakeholders.

In terms of environmental sustainability, the Company has developed and approved an ESG risk management policy, which provides a framework for integrating environmental, social and governance considerations into its credit appraisal processes and overall risk management practices. In addition, the Company is in the process of finalising a comprehensive ESG policy as well as the design of ESG-related deposit and loan products, to further strengthen its sustainability agenda and demonstrate commitment to responsible and sustainable finance. While the Company has not formally adopted the IFC sustainability framework or other international standards, its internal frameworks are aligned with good industry practice and regulatory expectations.

To create a corporate culture of responsible, ethical behavior the Board is required to lead by example. This involves setting and adhering to corporate values that create expectations that the business shall be conducted in a legal and ethical manner. The Company also documents defined acceptable and unacceptable behavior and confirms that employees are aware that appropriate disciplinary action will follow unacceptable behavior.

Potential material impacts on corporate governance, including future changes in the board size and committees' composition, will be discussed and passed during future general meetings of shareholders in alignment with the Corporate Governance Directive requirements.

## **4.2. Management and Board of Directors**

### **4.2.1. Profiles of the Board of Directors**

The Board of Directors is the highest decision-making organ in the Company's structure, appointed by the general assembly of the shareholders. The Board is entrusted with the overall governance, strategic direction, and oversight of the Company's operations, ensuring compliance with relevant laws, regulations set forth by the NBE, and the Company's MoA. Board members are elected for a 3-year term. A director may not be reelected if the director has served two full terms unless the general meeting of shareholders votes in favour of maintaining continuity. No family relationships exist between Directors, Executive Management or Senior Management. Additionally, their service terms and benefits are determined and governed by the relevant NBE directives. There are no additional contracts, termination benefits, or other arrangements.

All appointments of the following Directors have received approvals from the NBE in accordance with all applicable banking regulations. The Company's Board of Directors, which has nine members are as follows:

Table 46: Profiles of Board of Directors

Name	Role	Nationality	Date of appointment	Term expiration dates	Qualification	Primary occupation	Committee memberships
Amlaku Asres Zewdie (PhD)	Chair-person	Ethiopian	04 April 2023	30-Apr-26	PhD in Sustainable Agricultural System & MSc in Agricultural Economics & Agribusiness, BSc degree in Agricultural Economics	CEO of Nigate Corporate	Nomination & remuneration committee
Ato Tadesse Assefa Tiruneh	Vice Chair-person	Ethiopian	04 April 2023	30-Apr-26	MBA & BA degree in Management & Public Administration	23 years of experience in different capacities at public and private institutions	Nomination & remuneration committee, credit committee
Ato Abrham Ayalew Ejigu	Member	Ethiopian	04 March 2025	31-Mar-28	MBA in Economics and a BA degree in Economics	CEO of Lihiket Design and Supervision Corporation	Risk management & compliance, and nomination & remuneration committee
Ato Agerie Tigabu Mekonnen	Member	Ethiopian	24 June 2025	30-Jun-28	BA degree in Cooperative Accounting and Auditing	General manager of Damot Multi-purpose Farmers' Cooperative Union.	Audit committee
Ato Demis Teshager Abeje	Member	Ethiopian	04 April 2023	30-Apr-26	MBA and BA degree in Business Management	CEO of Abay Industry S.C	Audit and credit committee
Ato Jemberie Workneh Temesgen	Member	Ethiopian	19 April 2024	30-Apr-27	BA degree in Accounting & Diploma in Accounting	General manager of the Amhara Seed Enterprise	Risk management & compliance committee

Name	Role	Nationality	Date of appointment	Term expiration dates	Qualification	Primary occupation	Committee memberships
W/o Martha Ayenew Dagnachew	Member	Ethiopian	04 April 2023	30-Apr-26	MBA & BA degree in International Studies and Organisational Psychology	Managing director of Orbit Health Solutions PLC.	Nomination & remuneration committee, credit committee
Ato Mulat Tsega Ayele	Member	Ethiopian	04 April 2023	30-Apr-26	MBA in Urban Management & BA degree in Economics	Branch manager Ethiopian Shipping and logistics Service Enterprise	Audit committee
Ato Tibebe Alula Getahun	Member	Ethiopian	04 April 2023	30-Apr-26	BA degree in Management	General manager of Anovamart Trading PLC	Risk management & compliance, and credit committee

The appointment, composition, and diversity of the Board are in full compliance with the Corporate Governance Directive. The Board is constituted according to prescribed criteria, ensuring a balanced mix of skills, experience, and diversity. Appointments follow a transparent process, reflecting a commitment to inclusivity and good governance as required by the NBE.

In accordance with the public notice dated 15 November 2025, the term of three current Directors expired, and a new Board election was held during the Company’s 16th AGM. Three current Board members, Ato Mulat Tsega, Ato Tibebe Alula, and Ato Agerie Tigabu, were not eligible for re-election, having each served the maximum nine-year term permitted under the Corporate Governance Directive.

Following this, the Company has elected Ato Melaku Kebede Eshetu, Ato Matiyas Getachew Wondmagegn, and W/ro Meseret Aduga Tadesse at the AGM, replacing Ato Mulat Tsega Ayele, Ato Tibebe Alula Getahun, and Ato Agerie Tigabu Mekonnen. Details of the newly elected Board of Directors are as follows:

Table 47: Profiles of the newly elected Board of Directors

Name	Role	Nationality	Qualification	Primary occupation
Ato Matiyas Getachew Wondmagegn	Member	Ethiopian	Master’s degree in Information Technology, BSc degree in Physics	CFO at Dashen Brewery Share Company

Name	Role	Nationality	Qualification	Primary occupation
Ato Melaku Kebede Eshetu	Member	Ethiopian	Master's degree in Finance and BA degree in accounting	Consultant
W/ro Meseret Aduga Tadesse	Member	Ethiopian	MBA, as well as a BA and a diploma in accounting	Amhara regional financial bureau deputy head of state

The appointments of the above mentioned newly elected board members are pending NBE approval. Additionally, in accordance with the Corporate Governance Directive, the election of W/ro Meseret Aduga Tadesse, upon approval by the NBE, ensures the Company's compliance with the gender diversity requirements.

The Directors of the Company do not have any material interest, direct or indirect, in this Ordinary Shares registration process, other than in their capacity as shareholders of the Company.

#### 4.2.2. Profiles of the Executive Management and Senior Management teams

The Company's Board of Directors is supported by an Executive Management team comprising of the CEO and the CCSO, as well as an experienced Senior Management team who manage the Company's daily functions. No changes to Executive Management and Senior Management are expected within 12 months of the date of this Prospectus. The profiles of the Executive Management and Senior Management teams are as follows:

Table 48: Profiles of the Executive Management and Senior Management

Name	Position	Nationality	Date of Appointment	Qualification	Experience
<b>Executive Management</b>					
Ato Yehuala Gessesse Gelaye	Chief Executive Officer	Ethiopian	15 September 2015	MBA in international business & BA in management and public administration	21+ years of banking experience, including serving as vice president of credit appraisal & portfolio management, team leader of internal audit, and credit monitoring officer in different banks across Ethiopia

Name	Position	Nationality	Date of Appointment	Qualification	Experience
Ato Desalegn Ayalew Worku	Chief Corporate Service Officer	Ethiopian	01-July-23	ACCA certified, MBA in general management, BA in accounting & diploma in banking and finance	25+ years of experience, including serving as acting chief corporate service officer, finance and accounts director, audit service, an accountant in banks and microfinance institution
<b>Senior Management</b>					
Ato Abraham Ejigu Shiferaw	Chief Credit Officer	Ethiopian	01-July-23	MSc. in accounting and finance, MBA and BA degree in accounting	20+ years of banking experience including serving as manager and director of internal audit, assistant vice president and vice president of operation, assistant chief and chief corporate banking officer, and chief credit officer
Ato Abubeker Nezir Hassen	Deputy Chief - IFB Officer	Ethiopian	11 December 2023	BA degree in economics, Diploma in Accounting	18+ years of experience with the Company including serving as acting manager and manager of IFB officer and deputy chief officer of IFB officer Ato Abubeker also has 6+ years of experience working at Dashen Bank and CBE
Ato Assefa Tefera Adem	Chief Retail Banking Officer	American	01-July-2023	BA degree in management and diploma in banking & finance	25+ years of banking experience including serving as chief retail banking officer
Ato Belete Kene Woreta	Chief Human Capital Officer	Ethiopian	01-July-23	MBA and BA degree in economics	21+ years of banking experience including serving as chief human capital officer, assistant chief and chief corporate service officer, and internal audit officer

<b>Name</b>	<b>Position</b>	<b>Nationality</b>	<b>Date of Appointment</b>	<b>Qualification</b>	<b>Experience</b>
Ato Daniel Legesse Jafi	Director – Strategy and Innovation	Ethiopian	08-May-19	MA in business administration, BA in economics, and Diploma in banking & finance	20+ years of banking experience including serving 2 years in banking supervisory roles
Ato Dawit Ayenew Gelaw	Chief Internal Audit	Ethiopian	01-July-23	BA degree in accounting	25+ years banking experience including serving as acting director, director, and chief internal audit officer, director of credit management, and acting vice president of operations
Ato Elias Berhanu Benegede	Chief Information Technology Officer	Ethiopian	01-July-23	MSC in information technology & BSc in Computer Science & Information Technology	15+ years of information technology related experience including serving as chief technical officer, deputy manager and information technology division
Ato Endakmew Getnet Worku	Director – Legal Services	Ethiopian	11-November -15	BA degree in law	10+ years of banking experience including serving in various legal services capacities
Ato Tsega Mekonen Tefera	Chief Risk and Compliance Officer	Ethiopian	01-July-23	MBA in international business & BA degree in accounting	22+ years of banking experience including serving as manager and chief risk and compliance officer
Ato Wondifraw Tadesse Kassa	Chief Strategy Officer	Ethiopian	01-July-23	MBA & BA degree in accounting	22+ years of banking experience including serving as acting chief and chief strategy officer, and banking supervisory role at NBE
W/ro Tsige Ayalew Ali	Chief International Banking Officer	Ethiopian	01-July-23	MBA in international business, BA accounting & diploma accounting	28+ years of banking experience including serving as director and chief international banking officer

To the extent of the Company's knowledge, no individual in the Board of Directors, Executive Management or Senior Management, is, or has been, involved in any of the following:

- A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person, any partnership in which they were a partner, or any Company of which they were a director or key personnel.
- A conviction in a criminal proceeding, nor are they the named subject of pending criminal proceedings relating to fraud or dishonesty.
- The subject of any order, judgment, or ruling from any court of competent jurisdiction or regulatory body relating to fraud or dishonesty, which would restrain them from acting as an investment adviser, dealer in securities, director, or employee of a financial institution, or engaging in any type of business practice or activity.

Additionally, there are no interests of directors in any transactions involving the Board, whether usual or unusual in their nature or conditions, or significant to the business of the Company, that were effected by the Company during the current or immediately preceding financial year, or an earlier financial year, and remain in any respect outstanding or unperformed.

Furthermore, in compliance with the banking regulations, the NBE has confirmed its approval of the Executive Management and Senior Management.

### 4.3. Board committees and practices

The Company has developed a corporate governance framework compliant with the Corporate Governance Directive and the Commercial Code. In line with this, the Company has established four Board committees to effectively manage its governance responsibilities. These include the audit committee, risk & compliance management committee, nomination & remuneration committee, and credit committee. The establishment and composition of these committees are compliant with the Corporate Governance Directive and the Commercial Code, with the audit committee composed entirely of non-executive directors.

Detailed descriptions of each Board Committee's duties and responsibilities, and the terms of reference are as set out below.

#### 4.3.1. Audit committee

The audit committee operates under formally approved terms of reference that set out its mandate to oversee the integrity of financial reporting, the effectiveness of internal control systems, and the performance of both internal and external audit functions. The term of reference authorises the committee to access all necessary financial records and audit personnel to discharge its responsibilities. The committee takes formal meeting minutes and provides quarterly reports to the Board on audit findings, control effectiveness, and compliance matters. The following table sets out the members of the Audit committee.

Table 49: Audit committee members

Name	Role	Date of appointment
Ato Demis Tshager Abeje	Chairperson	4 April 2023
Ato Agerie Tigabu Mekonnen	Member	24 June 2025

Name	Role	Date of appointment
Ato Mulat Tsega Ayele	Member	4 April 2023

**Duties and responsibilities of the audit committee:**

Oversight of the financial reporting:

- Overseeing fair and transparent financial reporting, and prompt publication of the financial accounts;
- Recommending approval by the board of the Company’s policies on accounting policy and financial reporting;
- Overseeing the financial reporting process; and
- Approving financial statements prior to their submission to the full Board.

Oversight of the external audit process:

- Recommend, for Board approval, the appointment, remuneration, and dismissal of external auditors;
- Review and approve audit scope and frequency;
- Receive key audit reports and ensure Executive Management and Senior Management takes timely corrective actions to address weaknesses, non-compliance with policies, laws, and regulations, and other problems identified by auditors or control functions.
- Overseeing adequate functioning, independence and effective cooperation of internal and external audits; and
- Review any non-audit services provided by the external auditor, seeking to maintain the objectivity of the external auditor and avoid conflicts of interest.

Oversight of non-financial reporting and assurance:

- Overseeing fair and transparent reporting of material sustainability information;
- Overseeing fair and transparent reporting of performance audit information; and
- Overseeing the process of seeking independent, external assurance of non-financial information

Oversight of the internal audit function:

- Oversee the functions of the internal audit unit;
- Approve the annual internal audit plan;
- Ensure full coverage of the Company’s activities through internal controls and internal or external audits;
- Ensure that all the Company’s activities are audited by the internal audit within a cycle not exceeding 3 years, adjusting as needed based on the risk profile; and
- Assess the adequacy of human, information technology and other resources allocated to the internal control function.

### 4.3.2. Risk & compliance management committee

The risk & compliance management committee functions in accordance with its charter, which outlines its responsibility for ensuring a comprehensive and effective risk management framework within the Company. The charter mandates the committee to monitor the Company's overall risk exposure, review and recommend risk appetite statements and policies, and advise the Board on key risk issues. Periodic reports are submitted to the Board highlighting material risk exposures and mitigation actions. The following table sets out the members of the risk & compliance management committee.

Table 50: Risk & compliance committee members

<b>Name</b>	<b>Role</b>	<b>Date of appointment</b>
Ato Tibebe Alula Getahun	Chairperson	4 April 2023
Ato Abraham Ayalew Ejigu	Member	4 March 2025
Ato Jenberie Workneh Temesgen	Member	19 April 2024

The committee holds a meeting at least once a month where a meeting minutes are recorded and reports major findings, rectification progress and other activities of the committee regularly to the full Board.

Board risk management & compliance committee responsibilities:

- Be responsible for oversight of the strategies for capital and liquidity management, as well as for all relevant risks of the Company, such as credit, market, operational, and reputational risks and other risks to be specified in the relevant NBE directives to ensure they are consistent with the stated risk appetite.
- Develop a committee charter, for approval by the full board of directors, laying out its composition, roles, and responsibilities, and meeting requirements.
- Receive regular reporting and communication from the chief risk and compliance officer and other relevant functions about the Company's current risk profile, current state of the risk culture, utilisation against the established risk appetite, and limits, limit breaches, and mitigation plans.
- Have effective communication and coordination with the Risk management & compliance function to facilitate the exchange of information and effective coverage of all risks, including emerging risks, and any needed adjustments to the risk governance framework of the Company.
- Reviewing and recommending risk management strategies, policies, risk appetite statements, and risk tolerance limits for the board's approval.
- Reviewing and assessing adequacy of risk management policies and framework in identifying, measuring, monitoring, and controlling risk, as well as the extent to which these are operating effectively.
  - Ensuring infrastructure, resources, and systems are in place for risk management.
  - Ensuring the staff responsible for implementing risk management systems perform those duties independently of the Company's risk-taking activities.

- Reviewing management's periodic reports on risk exposure, risk portfolio composition, and risk management activities.
  - Periodically reviewing the effectiveness of internal controls and risk management processes.
  - Assessing the quality of the internal control system, in particular the consistency of the risk measurement, monitoring, and control systems, and propose, where appropriate, reinforcement actions in this regard; and
  - Checking compliance with the policies and rules of the Company, and with relevant proclamations, regulations, directives, and guidelines of the NBE and other relevant laws.
- Oversee the preparation and recommend for Board approval the risk Oversight, Compliance and Ethics, Enterprise Risk Management, and Information Security and Data Privacy reports for inclusion in the annual disclosure requirement.
  - Promoting the development of appropriate governance, accountability, and transparent processes that foster a culture of risk management, compliance, and ethics in the Company's business activities.
  - Reviewing the Company's risk profile and its alignment with the Company's strategic and compliance are understood and communicated by senior management across and at all levels of the organisation through ongoing training and other means.
  - Monitoring and Reporting to the Board on new and emerging sources of risk and controls, and mitigation measures put in place to deal with those risks.
  - Review the capital framework and proper capital management planning to align with the business objective of the Company and make recommendations to the Board regarding the Company's capital requirements.
  - Review the AML/CFT policy and procedures on implementing the provisions of the law on AML and other applicable rules and regulations.
  - Review the Company's Compliance reports prepared by the Chief Risk and Compliance Officer, mainly covering the extent to which the Company is compliant with various laws and regulations and ensure proper communication of material findings to the Board of Directors.
  - Review the Recovery plan and make recommendations to the Board.
  - Ensure the Company has in place forward-looking scenario analysis and stress testing of material risks based on severe but plausible assumptions.
  - Provide oversight of information and cybersecurity-related issues, incidents, and breaches which have a material impact the clear view.
  - Review progress with respect to the execution of the information and cybersecurity strategy.
  - Seek assurance and challenge management on the effectiveness of the information cyber security control environment and the overall health of clear view's information assets, including the testing plans and sufficiency of testing coverage across the control environment.

### **4.3.3. Nomination & remuneration committee**

This committee operates under a charter that delineates its oversight role over human capital management, including recruitment, succession planning, remuneration, and performance evaluation.

The charter authorises the committee to review and recommend HR strategies, compensation policies, and leadership development programs. The committee which takes meeting minutes at its meeting, makes regular reporting to the Board on workforce and organisational matters.

Members of the nomination & remuneration committee are:

Table 51: Nomination and remuneration committee members

<b>Name</b>	<b>Role</b>	<b>Date of appointment</b>
W/ro Martha Ayenew Dagnachew	Chairperson	4 April 2023
Amlaku Asres Zewdie (PhD)	Member	4 April 2023
Ato Tadesse Assefa Tirhuneh	Member	4 April 2023
Ato Abraham Ayalew Ejigu	Member	4 March 2025

**Duties and Responsibilities of the Nomination & Remuneration Committee:**

Nomination

- Prepare a profile of the ideal independent board of directors, based on discussions with the full Board, and use the profile as a basis for the recruitment of good candidates.
- Recruit independent directors to serve on the board, with the assistance of recruitment consultants as necessary. Following deliberations, the committee will forward its proposed candidates to the Board for further review and presentation to the general meeting. All independent directors nominated shall meet or exceed the NBE’s requirements.
- Lead the process of nominating candidates to serve as senior managers, for appointment by the Board. The committee will recruit candidates for open positions, with the assistance of recruitment consultants as necessary. Following deliberations, the committee will forward a “short list” of proposed candidates to the Board.
- At the request of the Board chairperson, and after detailed review, provide a formal and transparent proposal on the employment, re-appointment and removal of senior management members if they are ineffective, errant and/or negligent in discharging their responsibilities, for decision by the full Board.
- Oversee the induction and ongoing development of new directors.

Remuneration

- Develop and recommend remuneration policy of the Company.
- The committee should monitor the Company’s compensation and benefits practices, considering performance, market practices, and shareholder interests. It should periodically benchmark these practices against a set of peer institutions, in cooperation with the Company’s human resources department.
- Periodically make recommendations on the compensation/benefit systems of the Company, for decision by the full board.
- Ensure that remuneration policies and practices align with the Company’s risk management strategy.

- Ensure that disclosure of remuneration information complies with applicable regulation.

#### 4.3.4. Credit committee

The Credit Committee is governed by a terms of reference approved by the Board, which define its role in maintaining prudent credit risk management and ensuring portfolio quality in line with regulatory and internal standards. The terms of reference direct the committee to review and approve major credit exposures within delegated limits and to report quarterly to the Board on credit portfolio performance, concentration levels, and provisioning adequacy based on the meeting minutes the committee takes at each meeting.

Members of the credit committee are:

Table 52: Credit committee members

Name	Role	Date of appointment
Ato Tadesse Assefa Tiruneh	Chairperson	4 April 2023
W/ro Martha Ayenew Dagnachew	Member	4 April 2023
Ato Demis Teshager Abeje	Member	4 April 2023
Ato Tebibu Alula Getahun	Member	4 April 2023

#### Duties and Responsibilities of the Credit Committee:

- Review and oversee the Company's overall credit policy of the Company to ensure its alignment with regulatory requirements and industry best practices.
- Deliberate and consider loan applications that exceed the discretionary lending limits of the executive credit management committee.
- Review lending decisions made by any Credit Committee to ensure compliance with established credit policies and procedures.
- Ensure the establishment of effective procedures and availability of resources to identify and manage problem credits, minimize credit losses and maximize recoveries.
- Direct, monitor, review and consider all issues that may materially impact the present and future quality of the Company's credit risk management.
- Delegate and review lending limits for the Company's sanctioning arms, ensuring that these limits reflect the Company's risk appetite and market conditions.
- Assist the board by reviewing the quality of the Company's loan portfolio and by ensuring the maintenance of adequate provisions for bad and doubtful debts in compliance with prudential requirements.
- Conduct loan reviews, independent of any committee or person responsible for sanctioning credit, to ensure the objectivity and integrity in the credit process.
- Ensure the revision of credit policy and risk lending limits at least on annual basis and in response to changing market conditions or regulatory requirements.

#### 4.4. Remuneration

The remuneration of the Board of Directors is determined by the Corporate Governance Directive and is subject to approval at the shareholders' ordinary general meeting. In the year ended 30 June 2025, the aggregate remuneration including monthly salary of ETB 10,000 and annual bonus of ETB 150,000 for the Directors who served the Company, was ETB 2,250 thousand. There is no contingent and deferred compensation that has been paid to the Directors in the past three financial years.

The table below includes a summary of the total remuneration paid to the Directors for the years ended 30 June 2025, 2024, and 2023.

Table 53: Total remuneration paid to the Directors

	For the year ended 30 June		
	2025	2024	2023
<b>ETB'000</b>			
Amlaku Asres Zewdie (PhD)	270	270	68
Ato Tadesse Assefa Tiruneh	270	270	68
Ato Mulat Tsega Ayele	270	270	68
Ato Abrham Ayalew Ejigu	90	-	-
Ato Tibebu Alula Getahun	270	270	68
Ato Demis Teshager Abeje	270	270	68
W/o Martha Ayenew Dagnachew	270	270	68
Ato Agerie Tigabu Mekonnen	270	270	-
Ato Jemberie Workneh Temesgen	270	45	-
<b>Total</b>	<b>2,250</b>	<b>1,935</b>	<b>408</b>

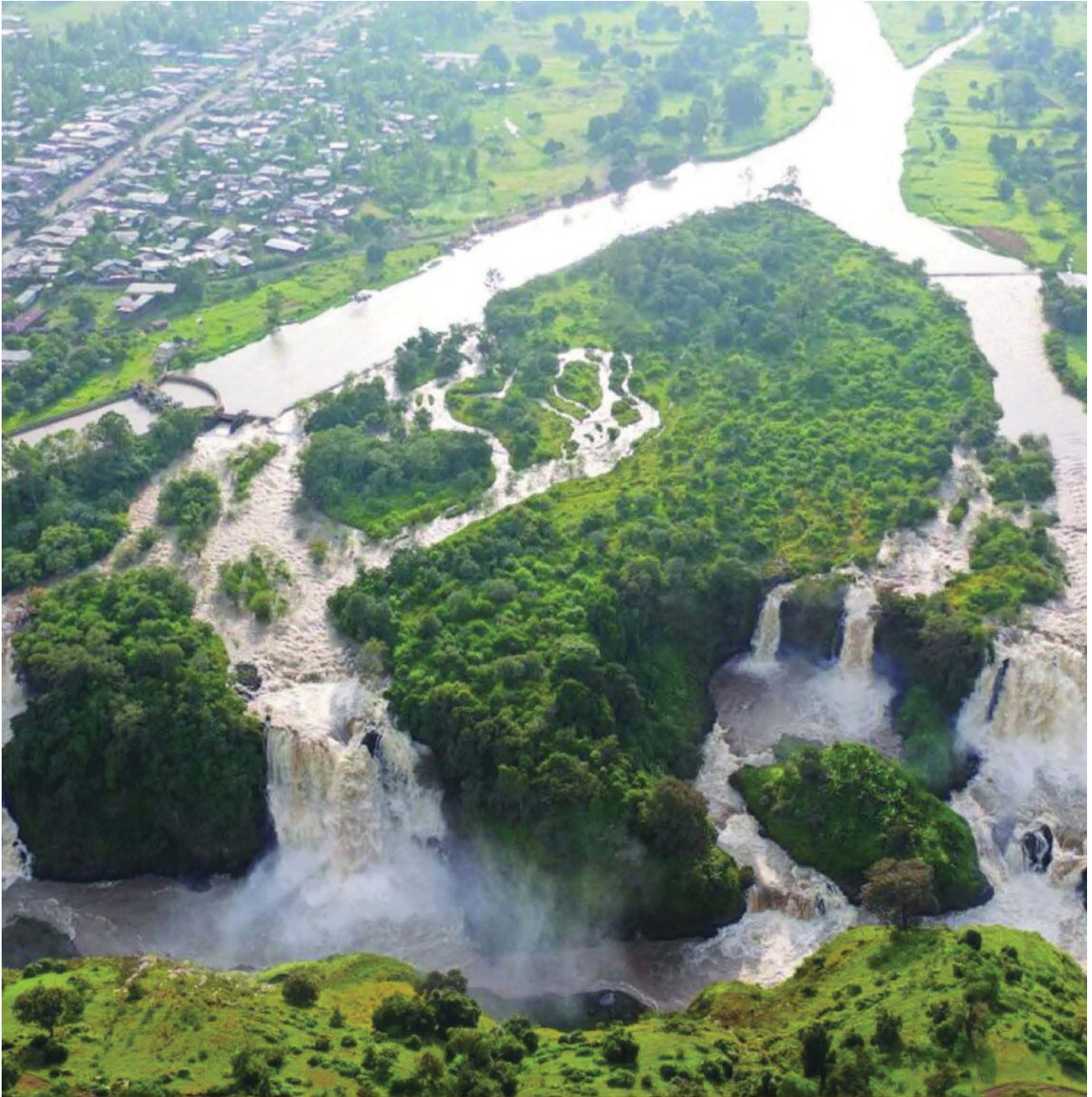
The Directors are entitled to a fixed monthly allowance and are eligible for an annual compensation based on the audited Company results. NBE Directive No. SBB/67/2018 limits the annual compensation payable to Directors of the Company to ETB 150,000 and monthly allowances to a maximum of ETB 10,000.

The table below includes a summary of the estimated amounts payable to the Directors, including proposed directors, by any member of the Company in respect of the year ended 30 June 2026:

Table 54: Estimated total remuneration to be paid the Directors

ETB'000	Monthly allowance	Annual compensation	Total
<b>Total</b>	<b>1,080</b>	<b>1,350</b>	<b>2,430</b>

An estimate of the amounts payable to the Executive Management and Senior Management for the year ended 30 June 2026 is, ETB 15.4 million.



## **5. CAPITAL STRUCTURE AND INFORMATION OF SECURITIES**

## 5.1. Share Capital

The Company, as at the date of this Prospectus, has one class of Ordinary Shares. As at the date of this Prospectus, the Company's authorised share capital consists of 12,000 thousand Ordinary Shares, and none of the Ordinary Shares were or have ever been publicly traded on a licensed securities exchange.

As at 1 July 2022, being the first day covered by the Company's financial statements in Annex 1, the issued and fully paid share capital of the Company comprised ETB 3,971 million worth of Ordinary Shares.

The following paragraphs detail movements in the Company's issued share capital between 1 July 2022 and 30 June 2025:

- In the period from 1 July 2022 to 30 June 2023, the Company issued ETB 762 million worth of Ordinary Shares at a value of ETB 1,000 per share. In the period from 1 July 2023 and 30 June 2024, the Company issued a further ETB 1,282 million worth of Ordinary Shares at a value of ETB 1,000 per share, resulting in a share capital of ETB 6,015 million as at 30 June 2024. The issuance of additional shares was undertaken to support the Company's ongoing growth and expansion plans.
- In the period from 1 July 2024 to 30 June 2025, 998 thousand shares were issued at a par value per share of ETB 1,000.

The Company has not issued equity shares paid for with assets other than cash. All of the Ordinary Shares of the Company represent capital of the Company.

The table below sets out the details of the Company's share capital for the years ended 30 June 2025, 2024, and 2023.

Table 55: The Company's share capital

	2025	2024	2023
Authorised share capital (ETB thousands) as at 30 June	12,000,000	12,000,000	5,000,000
Paid up share capital at the beginning of the year (ETB thousands)	6,015,344	4,733,303	3,971,031
Shares issued and fully paid during the year	998,029	1,282,041	762,272
Proceeds from shares issued during the year (ETB thousands)	998,029	1,282,041	762,262
Paid up share capital at the end of the year (ETB thousands)	7,013,373	6,015,344	4,733,303
Total number of issued shares	7,013,373	6,015,344	4,733,303
Number of shareholders as at 30 June	4,651	4,537	4,437
<b>Par value per share (ETB)</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>

Since the year ended 30 June 2025 to the date of the Prospectus, the Company has issued 1,879,393 Ordinary Shares at ETB 1,000 through a dividend capitalisation and issued 764,520 shares at ETB 1,000 to existing shareholders raising gross proceeds of ETB 2,643,913,000 bringing the total paid-up share capital to ETB 9,657,286,000.

The table below sets out the details of the Company's share capital for the financial year ended 30 June 2025 to the date of the Prospectus.

Table 56: Share capital as at the date of this Prospectus

<b>Share capital</b>	<b>30 June 2025 to as at the date of this Prospectus</b>
Authorised share capital (ETB thousands)	12,000,000
Subscribed and paid-up share capital (ETB thousands) as at 30 June 2025	7,013,373
Shares issued and fully paid	2,643,913
Total share capital (ETB thousands)	9,657,286
Total number of issued shares	9,657,286
Proceeds from shares issued (ETB '000)	2,643,913
Par value per share (ETB)	1,000
Number of shareholders	4,738

As at the date of this Prospectus, the Company has a paid-up capital of ETB 9,657,286,000 and the total number of shareholders is 4,738. The Company does not have equity shares that are publicly traded on a licensed securities exchange or over-the-counter market, nor an established market price.

The Company secretary, Tizazu Wodaje, in his role, has and will be the person in charge of keeping the records of the Ordinary Shares of the Company. The Company secretary address is the same as the Company.

## 5.2. Dividend policy

The Company has a dividend payout policy. The policy requires the Company to comply with all relevant laws, regulations, directives and rules of Ethiopia while declaring dividends. These include the Commercial Code, the NBE Proclamation, the Tax on undistributed profit Directive 7/2011, Article 36 of the AoA and Article 7 of the MoA. The dividend payout policy is scheduled for review every three years, with additional revisions to be undertaken as necessary.

As stated in the dividend payout policy, the Company's dividend distributions may be declared on an annual basis and are determined based on the annual net profit of the Company. The Company follows a constant dividend payout policy whereby the amount of profit that is remaining after deducting accumulated losses and transfer of legal reserve is the dividend amount that is distributed to shareholders. The Board of Directors proposes a dividend amount, subject to the final approval by the general assembly of shareholders. Shareholders are paid in Ethiopian Birr within four months from the date on which the resolution to distribute profit was passed. The policy also restricts shareholders to receive dividend only on fully paid-up capital.

The Board shall consider the following factors while recommending dividend declaration: profitability, regulatory compliance and liquidity. Restrictions on dividend payments include the fact there must be a net profit reported during the financial year to pay a dividend, the capital adequacy ratio must

be well above the requirement of the NBE, and the Company should be sufficiently liquid to declare a cash dividend. The Company considers its liquidity position in comparison to its dividend payment to determine if there is sufficient liquidity to declare a cash dividend. If the earnings are not held in cash, the Company may not be able to pay a cash dividend, and in this case, the Company may declare a stock dividend instead of a cash dividend.

Following a proposal from the Board of Directors, the general assembly of shareholders decide on the allocation and distribution of annual profit, determines the method of payment of dividend and fix the date on which the shareholders are to receive the dividends.

The table below sets out a summary of the dividends declared by the Company for the years ended 30 June 2025, 2024, and 2023.

Table 57: Dividend declared

	For the year ended 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Profit for the year	3,000	1,502	1,551
Dividend declared	2,041	1,052	1,042
Number of shares outstanding ('000)	7,013	6,015	4,733
<b>Dividend per share ("DPS") (ETB per share)</b>	<b>291</b>	<b>175</b>	<b>220</b>
<b>Dividend pay-out ratio</b>	<b>0.68</b>	<b>0.70</b>	<b>0.67</b>

While there is no fixed non-performing loan threshold that expressly prohibits dividend distribution, the NBE may restrict or object to proposed dividends where the Company's asset quality or provisioning level is deemed inadequate.

Dividend declarations are subject to review and, in some cases, prior approval by the NBE. The Company will submit all proposed dividend declarations for regulatory assessment to ensure ongoing compliance with capital and prudential requirements. The table below sets out the summary of the dividend declared, the dividend capitalised, and the dividend paid out in cash by the Company for the years ended 30 June 2025, 2024, and 2023:

Table 58: Summary of dividend allocation (Capitalised vs. paid out)

Summary of dividend allocation	For the year ended 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
<b>Dividend declared</b>	<b>2,041</b>	<b>1,052</b>	<b>1,042</b>
Dividend capitalised	1,879	751	814
Dividend paid out in cash	162	302	228

## **6. INTEREST AND RELATED PARTY TRANSACTIONS**

## 6.1. Board Directors Interest

As at the date of this Prospectus the Directors, Executive Management, and Senior Management of the Company hold a direct interest in the Ordinary Shares, representing 0.2% of the total paid up share capital, equal to 19,680 Ordinary Shares, however the Directors, Executive Management, and Senior Management of the Company do not have an indirect interest in the Company.

The Company provides loans to members of the Directors for business purposes, as permitted by the Commercial Code. As at the date of this prospectus, the total outstanding amount of these loans (including guarantees) was ETB 99 million.

Given the Company is a sole legal entity it is neither part of a group structure nor has any subsidiary companies, therefore no loans or guarantees have been provided by subsidiaries to Directors. The below table summarises the total outstanding loans (including guarantees) and sums paid or agreed to be paid, directly or indirectly, to any member of the Board of Directors for the years presented.

### Loans to Members of the Board of Directors

Table 59: Loans to Board of Directors (including guarantees)

Loans to members of the Board of Directors	As at 30 June		
	ETB (millions)	2025	2024
Loans to Board of Directors (including guarantees)	99	47	9

## 6.2. Major shareholder/interested persons

The Company has no formal agreements governing the relationship between shareholders, other interested parties, and the Company itself.

As at the date of this Prospectus, no individual or entity, directly or indirectly, holds 5.0% or more of the Company's capital or voting rights.

The Company and the Directors are not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company, nor are they aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

The Company has no agreements in place that govern the relationship between shareholders, other interested persons and the Company.

## 6.3. Related party transactions

The Company, in the ordinary course of business, provides banking services and banking transactions that are entered into with Related Parties. These services include providing loans, deposit accounts, and facilitating foreign currency transactions. The services provided to the Related Parties are at arm's length and are provided in the ordinary course of business.

Details of related party transactions entered by the Company during the period covered by the HFI are set out in Annex 1 (Historical financial information). No additional existing or potential related-party transactions have been entered into since the date of the last financial statement covering the year to 30 June 2025. In accordance with IFRS, the Company's related parties comprises its Directors, Executive Management, and Senior Management (the "Related Parties").

The Company in addition to providing the aforementioned banking services, pays the Directors, Executive Management and Senior Management compensation. These existing related-party

arrangement are expected to continue in the future financial periods, provided that they remain in full compliance with the Company's internal policies and procedures, as well as all applicable regulatory requirements. The Company's required related party disclosures that are presented in their annual financial statements are in adherence to the Commercial Code and IFRS. Related party transactions include loans and advances including guarantees and overdraft facility provided by the Company to the Board of Directors as well as Executive Management and Senior Management.

For the year ended 30 June 2025, 0.39% of the Company's Total Revenue income was attributable to related party transactions. This disclosure is made in accordance with Article 110(2) of the Public Offer Directive to provide transparency regarding the extent to which related party transaction contribute to the Company's overall income.

### 6.3.1. Loans and advances to Related Parties

The below tables summarises the loans and advances given by the Company to the Board of Directors, Executive Management and Senior Management and companies associated with these individuals as at 30 June 2025, 2024, and 2023:

Table 60: Loans and advances to related parties

Loans and advances to related parties	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Board of Directors	99	47	9
Executive Management and Senior Management	207	183	128
<b>Total loans and advances to related parties</b>	<b>306</b>	<b>230</b>	<b>137</b>

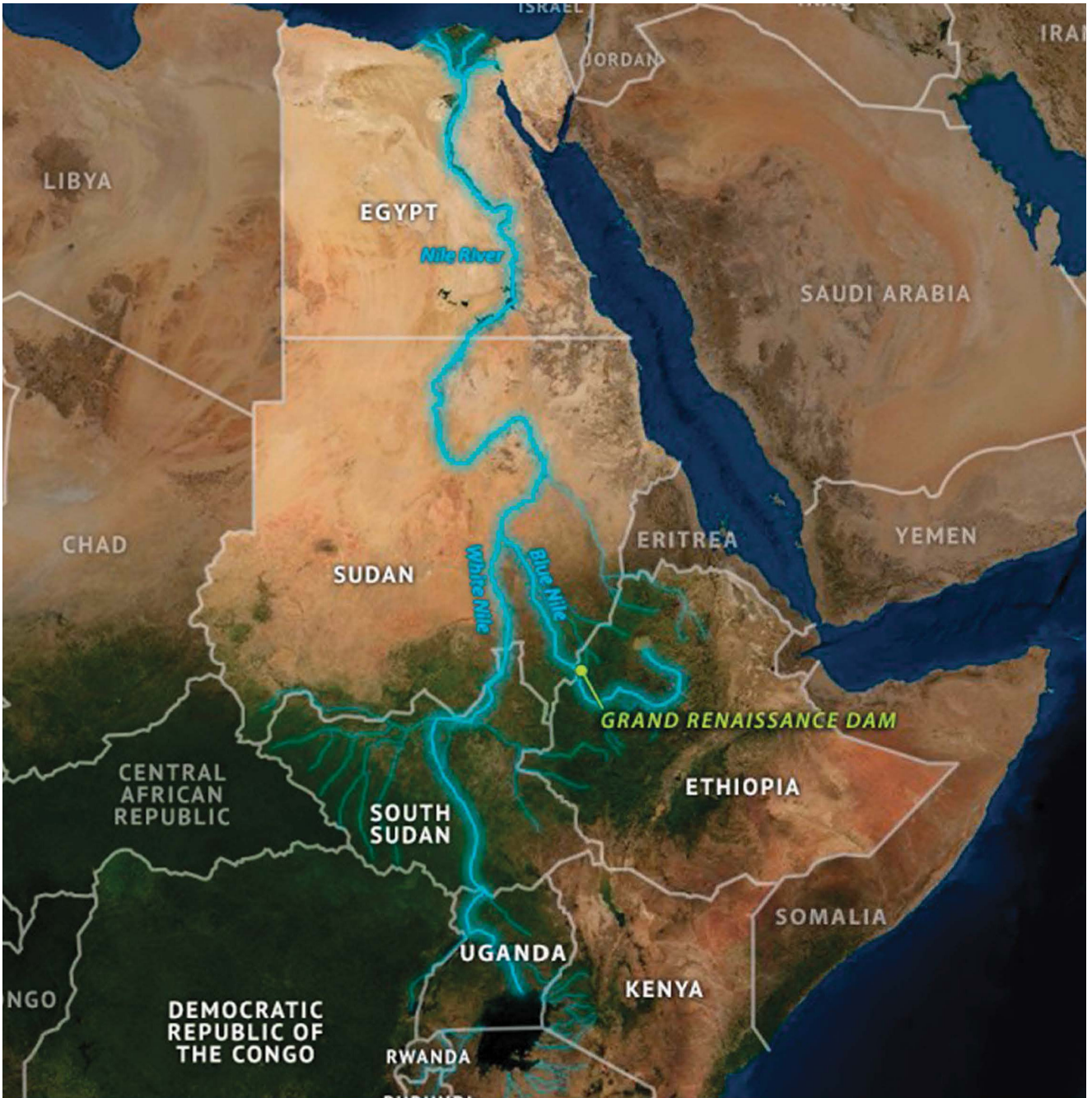
### 6.3.2. Key compensation information

The table below sets out the compensation of the Company's Directors, Executive Management and Senior Management. The figures presented below include contributions to the post-employment defined benefits plans.

Table 61: Compensation to the Directors, Executive Management, and Senior Management

Key compensation information	For the year ended 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Compensation of Directors, Executive Management and Senior Management	38	31	23
Directors' share of annual profit	1	1	1
Directors' annual sitting allowance	1	1	1
<b>Total</b>	<b>40</b>	<b>33</b>	<b>25</b>

During the period from 1 July 2025 (being the date of the latest financial information of the Company as set out in Section 3 (Financial statements and information) to the latest practicable date, there are no related party transactions between the Company and related parties outside of the aforementioned banking services to the Related Parties.



## 7. MANAGEMENT DISCUSSION AND ANALYSIS OF HISTORICAL FINANCIAL INFORMATION

## 7.1. Operational and financial results

The following discussion of the Company's financial condition and results of operations as at and for the financial years ended 30 June 2025, 2024, and 2023, should be read in conjunction with the information set out in section 3 (Financial statements and information), Section 2.2 (Business overview), and the information relating to the Company's business included elsewhere in this Prospectus.

This management discussion and analysis of the Company has been prepared based on the Company's HFI, which has been prepared in accordance with IFRS.

All the financial information in this section has been presented in ETB unless otherwise stated. The amounts have been rounded to the nearest thousands (ETB' 000), millions (ETB million) or billions (ETB billion), and accordingly, if the numbers mentioned in the tables are summed, their sum may not correspond to the totals mentioned in those tables or to the Company's HFI.

### 7.1.1. Overview

The Company serves a diverse customer base through its Conventional Banking and IFB product offerings. Operating as a commercial bank, its core activities encompass loan products, deposit products, international banking and IFB services. Loan products range from corporate and MSME financing to personal, home and auto loans and IFB products. Deposit products include regular savings, checking accounts and special community and educational tailored offerings such as Iddir and Tibeb savings accounts. The Company's international banking offering includes export, import and swift products.

The Company achieved notable growth over the years ended 30 June 2023, 2024, and 2025 as a result of the successful implementation of a number of key strategic initiatives focusing on enhancing the customer experience, digital transformation, human capital development and business growth and strategic market expansion. The Company's successful implementation of these initiatives led to the growth of the customer base, which in turn drove growth in both loans and advances and customer deposits.

#### a. Deposit mobilisation

The Company's customer deposits increased to ETB 71,915 million as at 30 June 2025 from ETB 52,626 million as at 30 June 2024. The key driver of the growth was an increase in the number of depositors, including both Conventional Banking and IFB depositors, driven by the Company's branch expansion and the introduction of additional specialized deposit products including Iddir, Tibeb, Gojjo and Mudarabah term deposit and savings products among others.

#### b. Loans and advances growth

The Company's loans and advances increased to ETB 49,217 million as at 30 June 2025 from ETB 41,109 million as at 30 June 2024 primarily as a result of an increase in the Company's customer deposits, which increased the availability of funds for the disbursement of loans and advances.

Additionally, the growth in loans and advances was driven by the following:

- An increase in market demand, measured by growth in the Company's customer base, for loan products mainly due to private sector-focused economic reforms that stimulate investment, consequently increasing the demand for credit to finance the investment; and

- The overall macroeconomic environment, including persistent inflation necessitating the need for larger borrowings, as well as the increase in access to digital financial products.

The Company's loan to deposit ratio decreased to 69.4% as at 30 June 2025 from 79.2% as at 30 June 2024, driven by a 19.7% growth in loans and advances, compared to a 36.7% growth in customer deposits between 30 June 2024 and 30 June 2025.

The Company's asset quality remained high, reflected by a low impairment ratio on loans and advances of 2.3% as at 30 June 2024 and 30 June 2025. The low impairment ratio was mainly driven by the implementation of credit collection initiatives and improved KYC procedures in the year ended 30 June 2024.

### **c. Enhanced profitability**

The growth in loans and customer deposits, coupled with effective operational cost and foreign currency management resulted in enhanced profitability and liquidity.

Net interest income increased by ETB 1,826 million or 41.1% to ETB 6,264 million in the year ended 30 June 2025, compared to ETB 4,438 million in the year ended 30 June 2024. The increase was primarily driven by the ETB 2,255 million increase in interest income to ETB 8,786 million in the year ended 30 June 2025 from ETB 6,531 million in the year ended 30 June 2024, this increase was partially offset by ETB 428 million increase in interest expense. Interest income remained as the primary source of income between the years ended 30 June 2024 and 30 June 2025. Further, the Company's fee and commission income, earned through the facilitation and processing of local and foreign currency transactions, increased by ETB 790 million from ETB 1,248 million in the year ended 30 June 2024 to ETB 2,038 million in the year ended 30 June 2025. The increase was primarily attributed to an increase in earnings on guarantees and letters of credit.

Additionally, the Company generates other income, which primarily consists of gains on foreign exchange valuations, earnings from dividends and Murabaha and Musharakah financing products. The Company generated other income of ETB 2,215 million in the year ended 30 June 2025, an increase from ETB 472 million in the year ended 30 June 2024. The increase was primarily attributed to gains on foreign currency denominated assets due to the Company's prudent foreign currency management measures in the year ended 30 June 2025, in the midst of the adoption of the free-floating exchange rate regime. Furthermore, the Company's liquidity ratio improved from 0.23x as at 30 June 2024 to 0.38x as at 30 June 2025, this improvement is primarily attributable to an increase in cash and bank balances by ETB 13,842 million from ETB 11,694 million as at 30 June 2024 to ETB 25,536 million as at 30 June 2025.

Overall, the Company's income increased at a higher rate than expenses due to improved operational efficiencies and strategic initiatives implemented in the year ended 30 June 2025. The improved operational efficiency was primarily driven by the Company's strategic decision to minimise reliance on high-cost deposit sources and careful consideration of the Company's branch expansion strategy.

Set out below is a summary of the Company's select HFI and the Company's KPIs for the years ended 30 June 2025, 2024, and 2023.

Table 62: Select HFI and KPIs

Select HFI and KPIs	For the years ended 30 June		
	2025	2024	2023
<b>(ETB millions)</b>			
<b>Statement of profit or loss and other comprehensive income</b>			
Interest income*	8,786	6,531	5,548
Interest expense	(2,522)	(2,094)	(1,569)
<b>Net interest income</b>	<b>6,264</b>	<b>4,437</b>	<b>3,979</b>
Fees and commission income	2,038	1,248	1,242
Fees and commission expense	(40)	(30)	(54)
<b>Net operating income</b>	<b>10,236</b>	<b>6,041</b>	<b>5,159</b>
Personnel expenses	(3,199)	(2,511)	(1,967)
Other operating expenses	(2,131)	(1,163)	(755)
<b>Profit before income tax</b>	<b>4,216</b>	<b>1,945</b>	<b>2,124</b>
<b>Profit for the year</b>	<b>3,000</b>	<b>1,502</b>	<b>1,551</b>
Earnings per share	463	281	360
<b>Statement of financial position</b>			
<b>As at 30 June 2025, 2024, and 2023</b>			
Loans and advances to customers (net of provision)	49,217	41,109	36,474
<b>Total assets</b>	<b>91,346</b>	<b>66,418</b>	<b>55,057</b>
Deposits from customers	71,915	52,626	41,770
<b>Total liabilities</b>	<b>79,137</b>	<b>57,089</b>	<b>47,497</b>
Share capital	7,013	6,015	4,733
<b>Total equity</b>	<b>12,209</b>	<b>9,328</b>	<b>7,560</b>
<b>KPIs</b>			
Loan to deposit ratio	69.4%	79.2%	88.7%
Cost to income ratio	52.6%	66.8%	56.4%
Net interest margin	6.9%	9.8%	7.2%
Total number of Conventional Banking customers ('000)	3,122	3,077	2,205
Total number of IFB customers ('000)	526	469	284
Number of branches	546	542	483
Number of active cardholders ('000)	1,157	954	669
Number of ATM	340	299	161
Active mobile banking subscribers ('000)	3,200	2,207	1,282

Select HFI and KPIs	For the years ended 30 June		
	2025	2024	2023
<b>(ETB millions)</b>			
Active online banking subscribers ('000)	113	31	16
Total digital transaction volume ('000)	42,269	31,968	21,107
NPL ratio**	2.4%	2.2%	3.3%
NPF ratio**	0.7%	2.6%	0.3%
CAR**	13.5%	15.0%	12.3%
Liquidity ratio**	0.38x	0.23x	0.21x

\*The Company reclassified Murabaha and Musharakah financing income for the year ended 30 June 2025 to other income, whereas historically for the year ended 30 June 2024 and 30 June 2023 this income was included in interest income and fees and commission income. Murabaha and Musharakah financing income was ETB 195 million in the year ended 30 June 2025, compared to ETB 137 million in the year ended 30 June 2024 and ETB 114 million in the year ended 30 June 2023. The Company has restated the historical financial statements for the year ended 30 June 2024 in this regard. The table presented above reflects the reclassification for the years ended 30 June 2025 and 30 June 2024.

\*\*The Company, as part of its regular reporting obligations with the NBE, is required to report various KPIs and other financial metrics. In some instances, these NBE-reported KPIs and other financial metrics may differ from those included within the Company's HFI and those included within the Prospectus as a result of certain allowances provided to the financial institutions regulated by the NBE. Set out in Section 7.12 (KPIs reported to the NBE) are those KPIs reported to the NBE, and further detail as relates to the allowances.

The Company operates in two Business Segments, namely Conventional Banking and IFB.

#### a. Conventional Banking

The Company offers a wide range of loan and deposit products through its Conventional Banking services including personal savings and checking accounts, diaspora banking services and export trade services. Conventional Banking customers include individuals, corporates and MSMEs. Conventional Banking Segment Revenue increased by 39.0% or ETB 3,027 million from ETB 7,753 million in the year ended 30 June 2024 to ETB 10,780 million in the year ended 30 June 2025. Conventional Banking loans and advances to customers increased by ETB 7,817 million to ETB 47,071 million as at 30 June 2025 from ETB 39,254 million as at 30 June 2024. The increase was primarily attributed to an increase of ETB 17,101 million in customer deposit from ETB 49,403 million as at 30 June 2024 to ETB 66,504 million as at 30 June 2025. Conventional Banking deposits increased by ETB 17,101 million to ETB 66,504 million as at 30 June 2025 from ETB 49,403 million as at 30 June 2024 primarily due to an increase in the number of Conventional Banking customers driven by branch expansion and increased digital service offerings in the year ended 30 June 2025.

The Company's Conventional Segment Revenue, loans and advances, and deposits is set out in the table below.

Table 63: Conventional Banking loans, deposits, and number of customers

Conventional Banking	For the year ended 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Conventional Banking Segment Revenue*	10,780	7,753	6,674
Loans and advances to customers	47,071	39,254	35,004
Deposits	66,504	49,403	39,470

Conventional Banking	For the year ended 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
<b>KPIs</b>			
Number of customers ('000)	3,122	3,077	2,205

\*Segment Revenue is a non-IFRS measure and comprises income from interest income, fees and commission income and other operating income, as set out in Section 7.13.

## b. IFB

The IFB business segment offers Shariah-compliant services through the Company's Abay Sadiiq product to individuals, governments and non-governmental organisations. IFB services are provided through separate windows, within branches providing fully fledged banking services. IFB Segment Revenue increased by ETB 73 million or 45.3% to ETB 234 million in the year ended 30 June 2025, from ETB 161 million in the year ended 30 June 2024. IFB financing to customers increased by ETB 291 million to ETB 2,146 million as at 30 June 2025 from ETB 1,855 million as at 30 June 2024. The increase was primarily attributed to an increase in customer deposits by ETB 2,188 million from ETB 3,223 million as at 30 June 2024 to ETB 5,411 million as at 30 June 2025. IFB deposits increased by ETB 2,188 million to ETB 5,411 million as at 30 June 2025 from ETB 3,223 million as at 30 June 2024 primarily due to an increase in the number of IFB customers in the year ended 30 June 2025.

The Company's IFB Segment Revenue, financing, and deposits is set out in the table below:

Table 64: IFB financing, deposits, and number of customers

IFB	For the year ended 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
IFB Segment Revenue*	234	161	114
IFB financing	2,146	1,855	1,470
Deposits	5,411	3,223	2,299
<b>KPI</b>			
Number of customers ('000)	526	469	284

\*Segment Revenue is a non-IFRS measure and comprises income from interest income, fees and commission income and other operating income, as set out in Section 7.13.

## 7.2. Key material factors affecting the Company's results of operations:

As set out in the business strategy and objectives section of this Prospectus, the Company's strategic focus is directly aligned with the Company's mission of providing market-leading banking services and ensuring sustainable value creation for stakeholders. The Company's historical financial performance and financial position in recent years have been impacted by various factors and in part driven by the implementation of key strategic initiatives. Going forward, the Company plans on strategically implementing various initiatives to drive growth and profitability mainly relating to the following:

- The mobilisation of additional resources to grow deposits and increase loan disbursements;
- The implementation of structured investments in digital banking and technological capability to continue to grow the Company's customer base, and consequently expand deposit mobilisation and the loan disbursements;
- The diversification of income generating sources through the rollout of new financial products and services;
- An increase in the Company's profitability by enhancing operational efficiency through process optimization; and
- The strengthening of existing branches to ensure customer retention and acquisition, as well as maintain a high asset quality.

Future performance expectations are inherently subject to risks and uncertainties that may result in the actual performance results differing from expectations. The Company's performance has been, and will continue to be, subject to numerous factors, some of which are outside the Company's control. This section sets out certain key factors that have affected the Company's financial performance and financial position in the years under review and may have an impact on the Company's operations in the future.

## 7.2.1. Impact of external factors

### 7.2.1.1. Macro-economic factors

The Company's operations and financial performance are subject to the challenges of a volatile macroeconomic environment. Persistent high inflation erodes the value of assets and reduces consumer purchasing power. Simultaneously, unpredictable interest rates complicate financing, lending and investment strategies. Further, slower than anticipated GDP growth in recent years, a challenging investment climate, and instability in exchange rates, coupled with balance of payments pressures, directly constrain the Company's ability to grow its loan book. The following section details key political, social, and economic factors that impacted the Company's performance. The table below shows a summary of key Ethiopian macroeconomic indicators for the periods 2023 to 2025.

Table 65: Key macroeconomic indicators

	As at 30 June				
	2025	2024	2023	% CAGR FY23-FY25	% variance FY24-FY25
Real GDP growth (%) <sup>*</sup>	7.2	8.1	7.2	-	(1.4%)
Inflation (%) <sup>**</sup>	13.2	20.8	30.3	(25.3%)	(18.8%)
Interest rate (%) <sup>***</sup>	16.9	16.9	17.0	(1.5%)	(2.4%)
Exchange rate (ETB/USD) <sup>**</sup>	138.0	82.6	54.9	58.6%	67.1%
Population (millions) <sup>*</sup>	110.1	108.4	105.7	2.6%	1.6%

Source: <sup>\*</sup>IMF World, Economic Outlook Database: October 2025 Edition, <sup>\*\*</sup>EIU One Click Report Ethiopia Briefing Sheet: October 2025 Edition, <sup>\*\*\*</sup>Financial stability report, NBE.

## GDP

Ethiopia's GDP is estimated to grow at a rate of 7.2% in 2025 according to IMF, sustaining the 7.2% growth rate recorded in 2023. This upward trend reflects sustained economic expansion over the three-year period, with the country considered as one of the fastest growing countries in the East Africa region. Additionally, the anticipated economic growth indicates potential opportunities for local banks to harness through increased lending potential, an increase in deposit mobilisation, and expansion of financial service offering. However, this growth also introduces challenges such as inflationary pressures, heightened competition, potential regulatory changes, and infrastructure limitations, requiring banks to adopt proactive risk management and strategic planning to fully capitalise on the expanding market.

The Company leveraged innovative financial strategies, alternative revenue streams and asset optimisation strategies to grow in parallel with the broader economy and national GDP.

## Interest rates

The Company's weighted average interest rate increased to 18.1% in the year ended 30 June 2025, compared to 16.5% in the year ended 30 June 2024, exceeding the central bank lending rate of 15.0% in the year ended 30 June 2025. The Company amended its interest rates in December 2024 in response to shifting market conditions, competitor pricing and an increase in the cost of funds.

## Exchange rates

In July 2024, the government launched a change in foreign currency regime from a managed to floating system. As a result, the Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD.

The Company has put in place measures to reassess foreign currency-denominated assets and liabilities to manage foreign currency risk exposure. The exact impact of the change in foreign currency regime remains unknown and may potentially impact the future financial performance and position of the Company.

The financial statement line items from the Company's statement of financial position that are materially exposed to foreign currency are cash and bank balances and customer deposits. The table below sets out the portion of the financial statement line items in USD, GBP, EUR, AED, and ZAR disclosed in ETB as at 30 June 2025, 2024, and 2023.

Table 66: The Company's assets and liabilities exposed to foreign currency

	2025	2024	2023
Foreign currency	ETB'000	ETB'000	ETB'000
Assets	13,747	2,604	1,225
Liabilities	8,453	1,408	555

The Company's historical financial position exposure to the impacts of foreign currency was materially impacted by the amount of foreign currency-denominated cash and bank balances, and customer deposits.

The financial statement line items from its statement of profit and loss that are materially exposed to foreign currency are net interest income and total other income. The Company's financial performance is impacted by foreign currency fluctuations, primarily due to cash held in foreign currency-denominated bank accounts. The Company's mobilisation of foreign currency-denominated deposits exposes it to foreign exchange risk between the ETB and the USD. Notably, a depreciating ETB increases the Company's gains on the revaluation of foreign currency-denominated assets, such as cash and bank balances, while increasing the cost of interest expenses on foreign currency-denominated customer deposits.

Table 67: Net gain/(loss) on foreign exchange valuation

Net gain/(loss) on foreign exchange valuation	For the year ended 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Gain on foreign exchange valuation	5,182	328	218
Loss on foreign exchange valuation	(3,308)	(137)	(63)
<b>Net gain on foreign exchange valuation</b>	<b>1,873</b>	<b>192</b>	<b>155</b>

The Company recorded gains on foreign exchange valuation of ETB 5,182 million in the year ended 30 June 2025, compared to ETB 328 million in the year ended 30 June 2024, despite the depreciation of the Birr in the years ended 30 June 2025 and 30 June 2024. The gain was primarily driven by an increase in foreign currency generated by the Company due to the adoption of a free-floating exchange rate regime which increased the supply of foreign currency on the market and enabled the Company to profit from foreign currency fluctuation. Additionally, the Company implemented prudent foreign currency management measures and increased foreign currency assets and continues to actively monitor and manage this foreign exchange risk to minimise the adverse impact of foreign currency fluctuations on its operations.

### 7.2.1.2. Socio-political environment

Political stability is critical for any business to generate sufficient revenue to cover expenses, fund capital expenditures, and fulfill ongoing obligations. In Ethiopia, periods of political instability, such as civil unrest, uprisings, or regional conflicts, negatively impact the Company's operations and financial performance. Current conflicts in parts of the Amhara regional state, where the Company has a significant presence, have led to challenges mobilising resources and disbursing loans, affecting normal business operations. Consequently, the Company's business, financial condition, and outlook heavily depend on the stability of Ethiopia's overall political environment.

To minimise losses in the Amhara region, the Company refrained from opening new branches in the region and integrated the YaYa payment system, which is a payment instrument issuer focusing on providing payment solutions through mobile wallet software systems to introduce a digital tax collection mechanism, which resulted in transactions worth ETB 45 million from taxpayers in the year ended 30 June 2025.

### **7.2.1.3. Ethiopia's debt restructuring and IMF Program debt restructuring and IMF Program**

The Ethiopian government is actively engaged in a comprehensive debt restructuring program designed to address the country's unsustainable debt burden and create a foundation for sustainable economic growth. This program, which encompasses a USD 3,400 million financing agreement, involves negotiations with a diverse range of creditors, including bilateral and multilateral official creditors, as well as commercial lenders. The process benefits from the collaborative support of key international financial institutions such as the IMF. The program's core objectives are to reduce the overall level of debt, improve the long-term sustainability of Ethiopia's debt profile, and free up fiscal resources for strategic investments in critical sectors. These sectors include, but are not limited to, infrastructure development, human capital development (education and healthcare), and agricultural modernisation. Simultaneously, the program necessitates the implementation of significant economic reforms aimed at enhancing fiscal discipline, improving revenue collection, and optimising public expenditure. As at 30 June 2025, the Company demonstrated resilience and growth amidst the economic landscape. Total deposits increased to ETB 71,915 million as at 30 June 2025 from ETB 41,770 million as at 30 June 2023, impacted by improved economic stability and government reforms. These strategic developments, coupled with the profitability enhancement initiatives, contributed to an increase in profits after tax of ETB 3,000 million in the year ended 30 June 2025 compared to ETB 1,551 million in the year ended 30 June 2023, representing a CAGR of 39.1%, and underscoring the Company's strong performance and potential for further growth in the Ethiopian banking sector.

## **7.2.2. Regulatory landscape**

### **7.2.2.1. NBE credit capitalisation**

The NBE imposed a 14.0% annual credit growth cap on 11 August 2023 to address high inflation driven by excessive loan expansion. From 1 January 2025, the cap was increased to 18.0% due to declining inflation, tight monetary conditions, and improved supply-side factors, creating a challenging environment for loan growth.

In response, the Company prioritised loan collection and enhanced credit evaluation processes. This resulted in a 41.0% increase in loan collections, increasing from ETB 6,951 million in the year ended 30 June 2024 to ETB 9,804 million in the year ended 30 June 2025. This success not only ensured compliance with the cap but also generated additional funds for re-lending and improved asset quality by reducing the NPL Ratio to 2.3% during the year ended 30 June 2025. The Company maintained a strong risk-weighted CAR of 13.5% and 14.3% between 30 June 2023 and 30 June 2025, exceeding the regulatory minimum of 8.0%, which demonstrates a robust capital position.

Further, on 29 September 2025, NBE increased the credit cap from 18.0% to 24.0%. The increased credit cap allows the Company to increase its loan disbursements leading to an increase in interest income and improved overall profitability.

### **7.2.2.2. Foreign exchange devaluation**

In July 2024, the NBE implemented a significant policy shift, devaluing the ETB by 30.0% against the U.S. dollar and transitioning to a managed, market-based exchange rate system. This reform, supported by the IMF and World Bank, aimed to reduce the gap between the official exchange rate and the parallel market rate, boost export competitiveness, and attract investment.

The increase in the Company's costs for the year ended 30 June 2025 was partially driven by the depreciation of the Birr and fluctuating exchange rates. The implementation of prudent financial management measures, including effectively managing liquidity pressures and reassessing foreign currency exposures, enabled the Company to navigate the complexities arising from the government's policy shift.

### **7.2.2.3. Fee and commission cap**

Effective from 26 May 2025, the NBE announced a regulatory cap on foreign exchange fees imposed by banks, limiting all commercial banks to a maximum charge of 4.0% per transaction. These changes aimed to address chronic market inefficiencies, narrow the divergence between official and parallel market exchange rates, and rebuild confidence in the formal financial system.

The cap has limited the Company's non-interest income sources and consequentially negatively impacted profitability. In response, the Company explored alternative revenue streams and measures aimed at optimising existing assets.

### **7.2.2.4. Increased competition**

Competition among established commercial banks, particularly for resource mobilisation, continues to increase and pose a challenge. Notably, the threat of substitute products and services, offered by microfinance institutions, savings and credit unions, and FinTech companies, has been growing. While these developments heighten competitive pressures, they also present opportunities for collaboration.

The Company has actively sought partnerships with local and foreign FinTech companies in recent years primarily aimed at expanding the Company's digital service offerings. The anticipated entrance of foreign banks into the market is expected to increase competition. Nevertheless, there may also be prospects for partnerships with these new entrants.

## **7.2.3. Impact of strategic initiatives**

### **7.2.3.1. Improved product diversification**

The Company has grown its product portfolio in recent years by introducing over 27 special savings products, including 9 IFB products. The growth in the special saving products offering has contributed towards the Company's resource mobilisation efforts, accounting for ETB 12,800 million of deposits as at 30 June 2025.

### **7.2.3.2. Enhanced digital banking offering and business partnerships**

The Company's digital banking service offering primarily relates to card, mobile, and internet banking services. Additionally, the Company provides digital banking services through partnerships with telecom operator services, including telebirr and M-Pesa.

The Company prioritised collaborating with various stakeholders, to enhance its digital banking offering and drive an increase in digital transactions, through the integration of service provider systems. The Company's key integrations relate to the followings:

- EthSwitch system enabling interbank "Scan and Pay" transactions;

- Telebirr and the National Fuel Enterprise systems facilitating fuel payments through the Company's USSD platform;
- Binget Wallet system supporting digital wallet transactions;
- YaYa system, facilitating a digital tax collection mechanism;
- M-Pesa enabling agent float management and fund transfers between the Company and M-Pesa accounts; and
- Seregella Gebeya platform enabling payment collection and device financing solutions.

Digital transactions accounted for 69.0% of the overall volume of transactions in the year ended 30 June 2025 primarily driven by mobile banking subscriptions, which increased from 1.3 million in the year ended 30 June 2023 to 3.2 million in the year ended 30 June 2025. The total value of digital transactions amounted to ETB 47,559 million in the year ended 30 June 2025. Further, the Company's integration with the YaYa payment system, which is a payment instrument issuer focusing on providing payment solutions through mobile wallet software systems introduced a digital tax collection mechanism from taxpayers in the Amhara region, contributing to the total value of digital transactions during the year.

The Company's digitisation-focused initiative contributed towards the increase in profitability from ETB 1,502 million the year ended 30 June 2024 to ETB 3,000 million in the year ended 30 June 2025.

### **7.2.3.3. Profitability enhancement**

The Company's profit after tax increased from ETB 1,551 million in the year ended 30 June 2023 to ETB 3,000 million in the year ended 30 June 2025. The increase was due to a number of key factors including the following:

- Deposits increased from ETB 41,770 million as at 30 June 2023 to ETB 71,915 million as at 30 June 2025. The increase was primarily driven by the growth of the customer base and the introduction of additional deposit products in the year ended 30 June 2025.
- Loans and advances increased from ETB 36,474 million as at 30 June 2023 to ETB 49,217 million as at 30 June 2025 due to an increase in the Company's customer base primarily attributed to the Company's physical and digital footprint expansion. The growth in loans and advances directly correlates to the increase in the Company's interest income and fee and commission income over the period ending 30 June 2023 to 30 June 2025.
- Effective diversification of non-interest income and the management of foreign currency denominated assets.
- Further, the Company implemented cost management strategies including limiting the expansion of the branch network resulting in cost savings in the year ended 30 June 2025.

## **7.3. Analysis of historical financial performance for the year ended 30 June 2025, 2024, and 2023**

The tables below sets out the Company's historical statements of comprehensive income for the years ended 30 June 2025, 2024, and 2023.

**Statement of comprehensive income**

Table 68: Statement of comprehensive income

<b>Statement of comprehensive income</b>	<b>For the years ended 30 June</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>(ETB millions)</b>			
Interest income*	8,786	6,531	5,548
Interest expense	(2,522)	(2,094)	(1,569)
<b>Net interest income</b>	<b>6,264</b>	<b>4,437</b>	<b>3,979</b>
Fees and commission income	2,038	1,248	1,242
Fees and commission expenses	(40)	(30)	(54)
<b>Net fees and commission income</b>	<b>1,998</b>	<b>1,218</b>	<b>1,188</b>
Net gain on foreign exchange valuation	1,874	191	155
Other operating income*	341	281	57
<b>Total operating income</b>	<b>10,477</b>	<b>6,127</b>	<b>5,379</b>
Loans impairment charge	(139)	21	(208)
Other assets impairment charge	(102)	(107)	(12)
<b>Net operating income</b>	<b>10,236</b>	<b>6,041</b>	<b>5,159</b>
Personnel expenses	(3,199)	(2,511)	(1,967)
Depreciation and amortization	(681)	(406)	(303)
Interest expense on lease liability	(9)	(16)	(10)
Other expenses	(2,131)	(1,163)	(755)
<b>Profit before income tax</b>	<b>4,216</b>	<b>1,945</b>	<b>2,124</b>
Income tax expense	(1,216)	(443)	(573)
<b>Profit for the year</b>	<b>3,000</b>	<b>1,502</b>	<b>1,551</b>
<b>Other comprehensive income (OCI)</b>			
Items that will not be subsequently reclassified to profit or loss:			
Re-measurement loss on defined benefits obligations	(53)	(34)	(36)
Financial assets at FVOCI (equity investments)	14	87	199
	<b>(39)</b>	<b>53</b>	<b>163</b>
<b>Deferred tax (liability) on re-measurement gain or loss:</b>			
Defined benefit obligations	16	10	11
FVOCI (equity investments)	(4)	(26)	(111)
	<b>12</b>	<b>(16)</b>	<b>(100)</b>
<b>Total other comprehensive income</b>	<b>(27)</b>	<b>37</b>	<b>63</b>

Statement of comprehensive income	For the years ended 30 June		
	2025	2024	2023
<b>(ETB millions)</b>			
<b>Total comprehensive income for the year</b>	<b>2,973</b>	<b>1,539</b>	<b>1,614</b>

\*The Company reclassified Murabaha and Musharakah financing income for the year ended 30 June 2025 to other income, whereas historically for the year ended 30 June 2024 and 30 June 2023 this income was included in interest income and fees and commission income. Murabaha and Musharakah financing income was ETB 195 million in the year ended 30 June 2025, compared to ETB 137 million in the year ended 30 June 2024 and ETB 114 million in the year ended 30 June 2023. The Company has restated the historical financial statements for the year ended 30 June 2024 in this regard. The table presented above reflects the reclassification for the years ended 30 June 2025 and 30 June 2024.

### 7.3.1. Results of operations for the year ended 30 June 2025 compared to the year ended 30 June 2024

#### Interest income

Interest income increased by ETB 2,255 million to ETB 8,786 million during the year ended 30 June 2025, compared to ETB 6,531 million in the year ended 30 June 2024. The increase was primarily driven by the following:

- An ETB 8,108 million increase in outstanding loans and advances as at 30 June 2025 to ETB 49,217 million compared to ETB 41,109 million as at 30 June 2024;
- An ETB 2,309 million increase in investment securities to ETB 7,388 million as at 30 June 2025, compared to ETB 5,079 million as at 30 June 2024; and
- An increase in the weighted average interest rate to 18.1% in the year ended 30 June 2025, compared to 16.5% in the year ended 30 June 2024. The Company amended its interest rates in December 2024 in response to shifting market conditions, competitor pricing and an increase in the cost of funds.

A detailed analysis of interest income by type is set out below:

Table 69: Interest income for the year ended 30 June 2025 and 30 June 2024

Interest income	For the year ended 30 June		
	2025	2024	% Variance
<b>ETB (millions)</b>			
Loans and advances to customers*	7,729	6,148	25.7%
Treasury bonds	352	175	101.1%
Time deposits	361	105	243.8%
Interbank money market	236	-	-
Treasury bills and government bonds	89	103	(13.6%)
Open market operations	19	-	-
<b>Total interest income</b>	<b>8,786</b>	<b>6,531</b>	<b>34.5%</b>

\*The Company reclassified Murabaha and Musharakah financing income for the year ended 30 June 2025 to other income, whereas historically for the year ended 30 June 2024 this income was included as interest income on loans and advances to customers. Murabaha and Musharakah financing income was ETB 195 million in the year ended 30 June 2025, compared to ETB 137 million in the year ended 30 June 2024. The Company has restated the historical financial statements for the year ended 30 June 2024 in this regard. The table presented above reflects the reclassification for the years ended 30 June 2025 and 30 June 2024.

**Interest on loans and advances** increased by ETB 1,581 million or 25.7% to ETB 7,729 million in the year ended 30 June 2025, compared to ETB 6,148 million in the year ended 30 June 2024. The overall increase was primarily due to the ETB 8,108 million increase in outstanding loans and advances to ETB 49,217 million as at 30 June 2025 compared to ETB 41,109 million as at June 2024.

The increase on loans and advances was primarily driven by an increase in the Company's customer deposits from ETB 52,626 million as at 30 June 2024 to ETB 71,915 million as at 30 June 2025, which enabled the Company to increase loan disbursements. The increase on loans and advances was affected by the credit cap of 18% imposed by NBE as at 31 December 2024, which constrained the Company's lending capacity. However, the weighted average interest rate increased to 18.1% in the year ended 30 June 2025 from 16.5% in the year ended 30 June 2024 contributing to the increase in interest on loans and advances.

**Interest income from treasury bonds** increased by ETB 177 million or 101.1% to ETB 352 million in the year ended 30 June 2025, compared to ETB 175 million in the year ended 30 June 2024. The increase was primarily driven by higher coupon rates on treasury bonds purchased in the year ended 30 June 2025. Treasury bonds increased by ETB 2,080 million to ETB 5,058 million as at 30 June 2025 from ETB 2,978 million as at 30 June 2024, and in excess of the regulatory compliance requirement for the Company to purchase treasury bonds worth a minimum of 20% of the Company's disbursements in each month.

**Interest income from time deposits** increased by ETB 256 million or 243.8% to ETB 361 million in the year ended 30 June 2025, compared to ETB 105 million in the year ended 30 June 2024. The increase was primarily driven by an increase in the proportion of time deposits with a higher yield, specifically fixed-time placements increased from USD 5 million in the year ended 30 June 2024 to USD 66 million in the year ended 30 June 2025. The Company's intentional shift in investment strategy led to the increase in higher yielding fixed-time placements as at 30 June 2025.

**Interest income from treasury bills and government bonds** decreased by ETB 14 million or 13.6% to ETB 89 million in the year ended 30 June 2025, compared to ETB 103 million in the year ended 30 June 2024. The decrease was primarily driven by the Company strategically pivoting to an increased focus on trading treasury bills on the interbank money market and open market operations. Interest income relating to treasury bills traded on the interbank money market and open market operations amounted to ETB 236 million and ETB 19 million respectively in the year ended 30 June 2025 and was recorded separately. The treasury bills balance increased by ETB 356 million to ETB 501 million as at 30 June 2025 from ETB 146 million as at 30 June 2024.

### **Interest expense**

Interest expense increased by ETB 428 million to ETB 2,522 million in the year ended 30 June 2025, compared to ETB 2,094 million in the year ended 30 June 2024. The increase was primarily driven by an increase in interest payments on customer deposits. A more detailed analysis of interest expense by type is set out below:

Table 70: Interest expenses for the year ended 30 June 2025 and 30 June 2024

Interest expense	For the year ended 30 June		
	2025	2024	% Variance
<b>ETB (millions)</b>			
Deposits from customers	2,124	1,722	23.3%
Deposits from cooperatives and other banks	358	348	2.9%
Deposits from public agencies	38	24	58.3%
Interbank money market	2	-	-
<b>Total interest expense</b>	<b>2,522</b>	<b>2,094</b>	<b>20.4%</b>

**Interest on customer deposits** increased by ETB 402 million or 23.3% to ETB 2,124 million in the year ended 30 June 2025, compared to ETB 1,722 million in the year ended 30 June 2024. The increase was mainly driven by an increase in saving deposits of ETB 8,957 million from ETB 30,736 million as at 30 June 2024 to ETB 39,693 million as at 30 June 2025, and an increase in special demand deposit accounts. Additionally, the Company's average interest rate on fixed time deposits increased to 12.9% in the year ended 30 June 2025 from 11.9% in the year ended 30 June 2024 to proactively grow deposits and remain competitive in response to interest rate increases by competitors.

**Interest on cooperatives and other bank deposits** increased by ETB 10 million or 2.9% to ETB 358 million in the year ended 30 June 2025, compared to ETB 348 million in the year ended 30 June 2024. The increase was primarily due to an increase in deposits.

#### Fee and commission income

Fee and commission income increased by ETB 790 million to ETB 2,038 million in the year ended 30 June 2025, compared to ETB 1,248 million in the year ended 30 June 2024. The increase was driven by the ETB 506 million increase in service charges and ETB 267 million increase in commission on income in the year ended 30 June 2025. A more detailed analysis of fee and commission income and expenses is set out below:

Table 71: Fees and commission income and expenses for the year ended 30 June 2025 and 30 June 2024

Fees and commission income	For the year ended 30 June		
	2025	2024	% Variance
<b>ETB (millions)</b>			
Service charges	1,106	600	84.3%
Commission on income	889	622	42.9%
Processing fees	43	26	65.4%
<b>Total fees and commission income</b>	<b>2,038</b>	<b>1,248</b>	<b>63.3%</b>

**Service charges** increased by ETB 506 million or 84.3% to ETB 1,106 million in the year ended 30 June 2025, compared to ETB 600 million in the year ended 30 June 2024. The increase was primarily attributed to the following:

- The introduction of service charges on digital transactions in the year ended 30 June 2025; and
- An increase in services charges earned on foreign currency transactions, coupled with the devaluation of the Birr. The Company's service charges on foreign currency transactions were limited to 4.0% of the transaction value in line with NBE regulatory requirements introduced in May 2025, compared to the previous 2.0% regulatory cap on the spread between the buying and selling rate of foreign currency introduced in October 2024. Prior to the year ended 30 June 2025, the Company adhered to regulatory directives which restricted the volume of foreign currency transactions in the country, limiting the Company's income on these transactions.

**Commission on income** increased by ETB 267 million or 42.9% to ETB 889 million in the year ended 30 June 2025, compared to ETB 622 million in the year ended 30 June 2024. The increase was primarily driven by the following:

- An increase in the number of customers guarantees and letters of credit; and
- A 0.1% average increase in the commission rate on cash collateral guarantees and a 0.5% average increase in the commission rate on other collateral guarantees in the year ended 30 June 2025.

**Processing fees** increased by ETB 17 million or 65.4% to ETB 43 million in the year ended 30 June 2025, compared to ETB 26 million in the year ended 30 June 2024. The increase was driven by an increase in the volume of transactions from 32 million in the year ended 30 June 2024 to 42 million in the year ended 30 June 2025. While the volume of transactions increased by 31.3%, processing fees increased by 65.4% due to an increase in the average value of transactions. The Company's processing fee structure, which includes both a fixed and a variable component relating to a percentage of the transaction value, and ranges between 0.075% to 0.5% of the transaction value, subject to a minimum of ETB 3,000 and a maximum of ETB 100,000.

**Fees and commission expenses** increased by ETB 10 million or 33.3% to ETB 40 million in the year ended 30 June 2025, compared to ETB 30 million in the year ended 30 June 2024 driven by an increase in correspondent bank charges and EthSwitch charges due to an increase in the volume of international transactions and digital transactions respectively during the year ended 30 June 2025.

#### Net gain on foreign exchange valuation

The net gain on foreign exchange valuation increased by ETB 1,683 million to ETB 1,874 million in the year ended 30 June 2025, compared to ETB 191 million in the year ended 30 June 2024. The gain was primarily due to the adoption of the free-floating exchange rate regime and the Company's prudent foreign currency management measures. A more detailed analysis of net gains on foreign exchange valuation is set out below:

Table 72: Net gain on foreign exchange valuation for the year ended 30 June 2025 and 30 June 2024

Net gain on foreign exchange valuation	For the year ended 30 June		
	2025	2024	% Variance
<b>ETB (millions)</b>			
Gain on foreign exchange valuation	5,182	328	1,474.8%
Loss on foreign exchange valuation	(3,308)	(137)	2,314.6%
<b>Net gain on foreign exchange valuation</b>	<b>1,874</b>	<b>191</b>	<b>881.2%</b>

**Gain on foreign exchange valuation** increased by ETB 4,854 million to ETB 5,182 million in the year ended 30 June 2025, compared to ETB 328 million in the year ended 30 June 2024. The adoption of a free-floating exchange rate regime increased the supply of foreign currency on the market, in turn increasing the volume of the Company's foreign exchange transactions. As a result, foreign currency generated by the Company increased, and the increase in foreign currency fluctuations in the year ended 30 June 2025 enabled the Company to profit from differences between the bid-ask spread. Further, foreign currency assets held by the Company, primarily relating to cash and bank balances, increased to USD 104 million as at 30 June 2025, compared to USD 46 million as at 30 June 2024 driving an increase in foreign exchange gains due to the revaluation of the assets at 30 June 2025, and as a result of the devaluation of the Birr.

**Loss on foreign exchange valuation** increased by ETB 3,171 million to ETB 3,308 million in the year ended 30 June 2025, compared to ETB 137 million in the year ended 30 June 2024. The loss was primarily due to the impact of the adoption of a free-floating exchange rate regime which resulted in the depreciation of the Birr against other currencies, to reflect its actual market value. The transition to a free-floating exchange rate regime resulted in foreign currency fluctuations which adversely impacted the valuation of the Company's foreign denominated liabilities, contributing to the loss on foreign exchange valuation. Foreign currency denominated liabilities increased to USD 61 million as at 30 June 2025, compared to USD 23 million as at 30 June 2024.

### Other operating income

Other operating income increased by ETB 62 million to ETB 342 million in the year ended 30 June 2025, compared to ETB 280 million in the year ended 30 June 2024. A more detailed analysis of other operating income is set out below:

Table 73: Total other operating income for the year ended 30 June 2025 and 30 June 2024

Other operating income	For the year ended 30 June		
	2025	2024	% Variance
<b>ETB (millions)</b>			
Income from Murabaha and Musharakah financing*	195	137	42.3%
Dividend earned	53	34	55.9%
Other	93	110	(13.8%)
<b>Total other operating income</b>	<b>341</b>	<b>281</b>	<b>22.1%</b>

\*The Company reclassified Murabaha and Musharakah financing income for the year ended 30 June 2025 to other income, whereas historically for the year ended 30 June 2024 this income was included as interest income. Murabaha and Musharakah financing income was ETB 195 million in the year ended 30 June 2025, compared to ETB 137 million in the year ended 30 June 2024. The Company has restated the historical financial statements for the year ended 30 June 2024 in this regard. The table presented above reflects the reclassification for the years ended 30 June 2025 and 30 June 2024.

**Income from Murabaha and Musharakah** financing increased to ETB 195 million in the year ended 30 June 2025, compared to ETB 137 million in the year ended 30 June 2024. The increase in Murabaha and Musharakah income was primarily driven by an increase in the financing made available to its customers, which increased Murabaha and Musharakah disbursements in the year ended 30 June 2025.

**Dividend earned** increased by ETB 19 million or 55.9% to ETB 53 million in the year ended 30 June 2025, compared to ETB 34 million in the year ended 30 June 2024. The increase was primarily driven by an increase in distributable earnings from equity investments.

**Other income** decreased by ETB 17 million or 15.5% to ETB 93 million in the year ended 30 June 2025, compared to ETB 110 million in the year ended 30 June 2024. The decrease was primarily driven by a decrease in gains on the disposal of properties during the year ended 30 June 2025.

**The loan impairment reversal / (charge)** was a charge of ETB 139 million for the year ended 30 June 2025, compared to a reversal of ETB 21 million for the year ended 30 June 2024. The increase is primarily attributable to an increase in loans and advances to customers by ETB 8,108 million or 19.7% to ETB 49,217 million as at 30 June 2025 compared to ETB 41,109 million as at 30 June 2024, increasing the Company's loan default exposure.

**Impairment reversal / (charge) on other financial assets** was a charge of ETB 102 million recognised in the year ended 30 June 2025, compared to ETB 107 million as at 30 June 2024. The impairment charge was attributable to an increase in other financial assets to ETB 10,028 million as at 30 June 2025, compared to ETB 6,820 million as at 30 June 2024.

### Personnel expenses

Personnel expenses increased by ETB 688 million to ETB 3,199 million in the year ended 30 June 2025, compared to ETB 2,511 million in the year ended 30 June 2024. A more detailed analysis of personnel expenses is set out below:

Table 74: Total personnel expenses for the year ended 30 June 2025 and 30 June 2024

Personnel expenses	For the year ended 30 June		
	2025	2024	% Variance
<b>ETB (millions)</b>			
Staff salaries	1,602	1,390	15.3%
Staff allowances	813	707	15.0%
Pension costs – Defined employee benefits	176	153	15.0%
Defined employee benefits	61	43	41.9%
Other staff expenses	547	218	150.9%
<b>Total personnel expenses</b>	<b>3,199</b>	<b>2,511</b>	<b>27.4%</b>

**Salaries and wages** increased by ETB 212 million to ETB 1,602 million in the year ended 30 June 2025, compared to ETB 1,390 million in the year ended 30 June 2024. The increase was primarily driven by the following:

- An average salary increment of 15% in the year ended 30 June 2025; and
- The recruitment of additional employees resulting in an increase in the total employee headcount to 9,644 employees as at 30 June 2025, compared to 9,479 employees as at 30 June 2024 due to an increase in operational activity including the opening of 15 additional branches.

**Staff allowances** increased by ETB 106 million to ETB 813 million in the year ended 30 June 2025, compared to ETB 707 million in the year ended 30 June 2024. The increase was primarily due to inflationary pressures and adjustments to staff allowances in the year ended 30 June 2025.

**Pension costs – defined employee benefits** increased by ETB 23 million to ETB 176 million in the year ended 30 June 2025, compared to ETB 153 million in the year ended 30 June 2024. The increase was due to an increase in employee headcount, specifically an increase of 116 employees on a permanent, pensionable basis in the year ended 30 June 2025.

**Defined employee benefits** increased by ETB 18 million to ETB 61 million in the year ended 30 June 2025, compared to ETB 43 million in the year ended 30 June 2024. The increase was primarily driven by an increase in the defined benefit interest cost component to ETB 39 million in the year ended 30 June 2025, compared to ETB 28 million in the year ended 30 June 2024 due to changes in the discount rate and discounting period used to determine the interest cost. Additionally, the defined benefit current service cost component increased due an average salary increment of 15.0% and an increase in the employee headcount in the year ended 30 June 2025.

**Other staff expenses** increased by ETB 329 million to ETB 547 million in the year ended 30 June 2025, compared to ETB 218 million in the year ended 30 June 2024. The increase was primarily attributed to an increase in expenses relating to employee professional development and trainings, which included IT and digital learnings driven by the Company's increased focus on digital operations and IT upgrades in the year ended 30 June 2025. Additionally, the increase was partly driven by an increase in staff bonuses due to the increase in employee headcount.

**Depreciation and amortization** increased by ETB 275 million or 67.7% to ETB 681 million in the year ended 30 June 2025, compared to ETB 406 million in the year ended 30 June 2024. The increase was primarily attributable to the purchase of ETB 553 million in property, plant, and equipment including computers and accessories, office equipment and furniture and fittings, which was subsequently depreciated during the year ended 30 June 2025. Additionally, the Company recognised and depreciated additional right-of-use assets for leased office buildings relating to the opening of 15 new branches in the year ended 30 June 2025.

#### **Other operating expenses**

Other operating expenses increased by ETB 968 million to ETB 2,131 million in the year ended 30 June 2025, compared to ETB 1,163 million in the year ended 30 June 2024. The increase was primarily attributed to the following:

- The recognition of the ETB 448 million expense driven by an increase in the provision for financial guarantees in compliance with the NBE directive which stipulates that the Company maintains a provision for off-balance sheet Items including guarantees;
- The ETB 225 million increase in IT support expenses due to an upgrade of the Company's Oracle financial services software license and other associated costs relating to the maintenance of the software in the year ended 30 June 2025;
- The ETB 75 million increase in security, messenger and janitors' expenses due to the Company's branch expansion which resulted in higher outsourcing costs;
- The recognition of the ETB 66 million expense driven by an increase in the loss provision for letters of credit in compliance with the NBE directive which stipulates that the Company maintains a provision for off-balance sheet items including letters of credit;

- The ETB 41 million expense in the year ended 30 June 2025 relating to donations made to support the Ministry of Finance for the Wollega corridor and Gondar corridor development; and
- Additionally, the Company wrote-off ETB 131 million in expenses relating to uncollectable receivables in the year ended 30 June 2025.

#### Profit before income tax

Profit before income tax increased by ETB 2,271 million or 116.8% to ETB 4,216 million in the year ended 30 June 2025, compared to ETB 1,945 million in the year ended 30 June 2024. The increase was driven by the increase in net operating income of ETB 4,195 million. The increase was partially offset by an increase in personnel expenses of ETB 688 million, an increase in other operating expenses of ETB 968 million and an increase in the depreciation and amortisation charge of ETB 275 million in the year ended 30 June 2025.

#### Income tax expense

Income tax expenses increased by ETB 773 million or 174.5% to ETB 1,216 million in the year ended 30 June 2025, compared to ETB 443 million in the year ended 30 June 2024, driven by an increase in taxable profit in the year ended 30 June 2025.

#### Profit for the year

Profit for the year increased by ETB 1,498 million or 99.7% to ETB 3,000 million for the year ended 30 June 2025 from ETB 1,502 million for the year ended 30 June 2024. The increase was driven by the increase in profit before income tax and partially offset by an increase in income tax expense set out above.

### 7.3.2. Results of operations for the year ended 30 June 2024 compared to the year ended 30 June 2023

#### Interest income

Interest income increased by ETB 983 million to ETB 6,531 million in the year ended 30 June 2024, compared to ETB 5,548 million in the year ended 30 June 2023. The increase is primarily attributed to:

- An increase of ETB 4,635 million in outstanding loans and advances as at 30 June 2024 to ETB 41,109 million compared to ETB 36,474 million as at 30 June 2023; and
- An increase in the weighted average interest rate to 16.5% in the year ended 30 June 2024, compared to 15.5% in the year ended 30 June 2023.

A detailed analysis of interest income by type is set out below:

Table 75: Interest income for the year ended 30 June 2024 and 30 June 2023

Interest income	For the year ended 30 June		
	2024	2023	% Variance
<b>ETB (millions)</b>			
Loans and advances to customers*	6,148	5,265	16.8%
Treasury bonds	175	35	400.0%
Time deposits	105	97	8.2%

Interest income	For the year ended 30 June		
	2024	2023	% Variance
Treasury bills and government bonds	103	151	(31.8%)
<b>Total interest income</b>	<b>6,531</b>	<b>5,548</b>	<b>17.7%</b>

\*The Company reclassified Murabaha and Musharakah financing income for the year ended 30 June 2025 to other income, whereas historically for the year ended 30 June 2024 and for the year ended 30 June 2023 this income was included as interest income on loans and advances to customers and fees and commission income. Murabaha and Musharakah financing income was ETB 137 million in the year ended 30 June 2024, compared to ETB 114 million in the year ended 30 June 2023. The Company has restated the historical financial statements for the year ended 30 June 2024 in this regard. The table presented above reflects the reclassification for the year ended 30 June 2024.

**Interest on loans and advances** increased by ETB 883 million or 16.8% to ETB 6,148 million in the year ended 30 June 2024, compared to ETB 5,265 million in the year ended 30 June 2023. The increase was primarily driven by an increase of ETB 4,635 million in outstanding loans and advances to ETB 41,109 million as at 30 June 2024 compared to ETB 36,474 million as at 30 June 2023. The increase in loans and advances was mainly due to growth of the Company's customer base, from 2,489 thousand as at 30 June 2023 to 3,546 thousand as at 30 June 2024. Additionally, the weighted average interest rate increased to 16.5% in the year ended 30 June 2024 from 15.5% in the year ended 30 June 2023 contributing to the increase in interest on loans and advances. The Company amended its interest rates in July 2023 in response to shifting market conditions, competitor pricing and an increase in the cost of funds.

**Interest income from treasury bonds** increased by ETB 140 million or 400.0% to ETB 175 million in the year ended 30 June 2024, compared to ETB 35 million in the year ended 30 June 2023. The increase was primarily driven by an investment of ETB 1,836 million in treasury bonds as at 30 June 2024.

**Interest income from time deposits** increased by ETB 8 million or 8.2% to ETB 105 million in the year ended 30 June 2024, compared to ETB 97 million in the year ended 30 June 2023.

**Interest income from treasury bills and government bonds** decreased by ETB 48 million or 31.8% to ETB 103 million in the year ended 30 June 2024, compared to ETB 151 million in the year ended 30 June 2023. The decrease was primarily attributed to an overall reduction in the number of treasury bills held by the Company as a portion of the portfolio matured during the year ended 30 June 2024, and the Company pivoted its investment strategy to focus on increasing higher yielding time deposits.

### Interest expense

Interest expense increased by ETB 525 million to ETB 2,094 million in the year ended 30 June 2024, compared to ETB 1,569 million in the year ended 30 June 2023. The increase was primarily driven by an increase in interest payments on customer deposits and deposits held with other banks. A more detailed analysis of interest expense is set out below:

Table 76: Interest expenses for the year ended 30 June 2024 and 30 June 2023

Interest expense	For the year ended 30 June		
	2024	2023	% Variance
<b>ETB (millions)</b>			
Deposits from customers	1,722	1,412	22.0%
Deposits from cooperatives and other banks	348	153	127.5%

Interest expense	For the year ended 30 June		
	2024	2023	% Variance
Deposits from public agencies	24	4	500.0%
<b>Total interest expense</b>	<b>2,094</b>	<b>1,569</b>	<b>33.5%</b>

**Interest expense on customer deposits** increased by ETB 310 million or 22.0% to ETB 1,722 million in the year ended 30 June 2024, compared to ETB 1,412 million in the year ended 30 June 2023. The increase was primarily driven by the mobilisation of additional deposits of ETB 10,857 million from Conventional Banking customers during the year ended 30 June 2024. The Company's deposit customer base increased to 3,546 thousand as at 30 June 2024 from 2,489 thousand as at 30 June 2023, primarily due to the opening of 59 additional branches. Additionally, the Company increased interest rates on fixed time deposits, which increased to an average of 11.9% in the year ended 30 June 2024, compared to an average of 10.9% in the year ended 30 June 2023, to proactively grow deposits and remain competitive in response to interest rate increases by competitors.

**Interest expense on cooperatives and other bank deposits** increased by ETB 195 million or 127.5% to ETB 348 million in the year ended 30 June 2024, compared to ETB 153 million in the year ended 30 June 2023. The increase was primarily driven by a deposit made by Tsedy Bank S.C during the year ended 30 June 2024.

**Interest expense on public agency deposits** increased by ETB 20 million or 500.0% to ETB 24 million in the year ended 30 June 2024, compared to ETB 4 million in the year ended 30 June 2023.

#### Fee and commission income

Fee and commission income increased by ETB 6 million to ETB 1,248 million in the year ended 30 June 2024, compared to ETB 1,242 million in the year ended 30 June 2023. A more detailed analysis of fees and commission income and expenses is set out below:

Table 77: Fees and commission income for the year ended 30 June 2024 and 30 June 2023

Fees and commission income	For the year ended 30 June		
	2024	2023	% Variance
<b>ETB (millions)</b>			
Commission income	622	638	(2.5%)
Service charges	600	575	4.3%
Processing fees	26	29	(10.3%)
<b>Total fees and commission income</b>	<b>1,248</b>	<b>1,242</b>	<b>0.5%</b>

**Commission income** decreased by ETB 16 million or 2.5% to ETB 622 million in the year ended 30 June 2024, compared to ETB 638 million in the year ended 30 June 2023.

**Service charges** increased by ETB 25 million or 4.3% to ETB 600 million in the year ended 30 June 2024, compared to ETB 575 million in the year ended 30 June 2023.

**Processing fees** decreased by ETB 3 million or 10.3% to ETB 26 million in the year ended 30 June 2024, compared to ETB 29 million in the year ended 30 June 2023.

**Fees and commission expenses** decreased by ETB 24 million or 44.4% to ETB 30 million in the year ended 30 June 2024, compared to ETB 54 million in the year ended 30 June 2023.

**Other operating income** increased by ETB 224 million to ETB 281 million in the year ended 30 June 2024, compared to ETB 57 million in the year ended 30 June 2023. The increase was primarily driven by other income of ETB 137 million generated from Murabaha and Musharakah financing products in the year ended 30 June 2024, and gains on the disposal of properties during the year ended 30 June 2024. The Company restated other income relating to the year ended 30 June 2024 to reflect the reclassification of Murabaha and Musharakah financing income to other income, whereas historically this income was included as interest income. Murabaha and Musharakah financing income was ETB 137 million in the year ended 30 June 2024, compared to ETB 117 million in the year ended 30 June 2023.

**The loan impairment reversal / (charge)** was a reversal of ETB 21 million for the year ended 30 June 2024, compared to a charge of ETB 208 million for the year ended 30 June 2023. The impairment reversal was primarily attributable to an improvement in the Company's asset quality, reflected by a decrease in the impairment on loans and advances ratio to 2.3% in the year ended 30 June 2024, compared to 3.2% in the year ended 30 June 2023 due to the Company's credit collection initiatives and improved KYC procedures in the year ended 30 June 2024. The loan impairment reversal was despite an increase in loans and advances to customers by ETB 4,635 million or 12.7% to ETB 41,109 million as at 30 June 2024 compared to ETB 36,474 million as at 30 June 2023.

**Impairment reversal / (charge) on other financial assets** was a charge of ETB 107 million recognised in the year ended 30 June 2024. The charge is attributable to an increase in other financial assets to ETB 6,820 million as at 30 June 2024, compared to ETB 5,668 million as at 30 June 2023.

### Personnel expenses

Personnel expenses increased by ETB 544 million to ETB 2,511 million in the year ended 30 June 2024, compared to ETB 1,967 million in the year ended 30 June 2023. A more detailed analysis of personnel expenses is set out below:

Table 78: Total personnel expenses for the year ended 30 June 2024 and 30 June 2023

Personnel expenses	For the year ended 30 June		
	2024	2023	% Variance
<b>ETB (millions)</b>			
Staff salaries	1,390	1,005	38.3%
Staff allowances	707	486	45.5%
Pension costs – Defined employee benefits	153	111	37.8%
Defined employee benefits	43	26	65.4%
Other staff expenses	218	339	(35.7%)
<b>Total personnel expenses</b>	<b>2,511</b>	<b>1,967</b>	<b>27.7%</b>

**Staff salaries** increased by ETB 385 million to ETB 1,390 million in the year ended 30 June 2024, compared to ETB 1,005 million in the year ended 30 June 2023. The increase was primarily driven by the following:

- An average salary increment of 20.0% in the year ended 30 June 2024; and
- The recruitment of additional employees driving an increase in the total employee headcount to 9,479 employees as at 30 June 2024, compared to 8,626 employees as at 30 June 2023 due to an increase in operational activity including the opening of 59 new branches across the country.

**Staff allowances** increased by ETB 221 million to ETB 707 million in the year ended 30 June 2024, compared to ETB 486 million in the year ended 30 June 2023. The increase was primarily due to inflationary pressures and adjustments to staff allowances in the year ended 30 June 2024.

**Pension costs – defined employee benefits** increased by ETB 42 million to ETB 153 million in the year ended 30 June 2024, compared to ETB 111 million in the year ended 30 June 2023. The increase was due to an increase of 352 employees on a permanent pensionable basis in the year ended 30 June 2024, from 4,298 as at 30 June 2023 to 4,650 as at 30 June 2024.

**Defined employee benefits** increased by ETB 17 million to ETB 43 million in the year ended 30 June 2024, compared to ETB 26 million in the year ended 30 June 2023 driven by an increase in the total employee headcount of 853 from 8,626 as at 30 June 2023 to 9,479 as at 30 June 2024 driven by the Company's branch expansion.

**Other staff expenses** decreased by ETB 121 million to ETB 218 million in the year ended 30 June 2024, compared to ETB 339 million in the year ended 30 June 2023. The decrease was primarily attributed to a reduction in training and educational programs and staff bonuses during the year ended 30 June 2024.

**Depreciation and amortisation** increased by ETB 103 million or 34.0% to ETB 406 million in the year ended 30 June 2024, compared to ETB 303 million in the year ended 30 June 2023. The increase was primarily attributable to the additions of ETB 652 million in property, plant, and equipment in the year ended 30 June 2024, resulting in an increase in a depreciation charge of ETB 171 million in property, plant, and equipment in the year ended 30 June 2024 and a depreciation charge of ETB 8 million relating to intangible assets during the same period. Additionally, the addition of ETB 454 million in right-of-use assets resulted in an amortisation charge of ETB 229 million during the year ended 30 June 2024.

**Other operating expenses** increased by ETB 408 million to ETB 1,163 million in the year ended 30 June 2024, compared to ETB 755 million in the year ended 30 June 2023. The increase was primarily attributed to the following:

- The ETB 126 million increase in insurance costs driven by the opening of 59 new branches which resulted in an increase in money, staff and vehicle asset insurance policies, and the increase in contributions to the deposit insurance fund;
- The ETB 102 million increase in security, messenger and janitors' expenses due to the Company's branch expansion, which resulted in higher outsourcing costs;
- The ETB 66 million increase in expenses relating to office rental space driven by the Company's branch expansion; and

- The ETB 53 million increase in IT support expenses due to an upgrade of the Company's Oracle financial services software license and other associated costs relating to the maintenance of the software in the year ended 30 June 2024.

### Profit before income tax

Profit before income tax decreased by ETB 179 million or 8.4% to ETB 1,945 million in the year ended 30 June 2024, compared to ETB 2,124 million in the year ended 30 June 2023. The decrease was driven by an increase in personnel expenses of ETB 544 million, an increase in other operating expenses of ETB 408 million, and an increase in the depreciation and amortisation charge of ETB 103 million in the year ended 30 June 2024. The decrease was partially offset by an increase in net operating income of ETB 882 million.

### Income tax expense

Income tax expenses decreased by ETB 130 million or 22.7% to ETB 443 million in the year ended 30 June 2024, compared to ETB 573 million in the year ended 30 June 2023, driven by a decrease in taxable profit in the year ended 30 June 2024.

### Profit for the year

Profit for the year decreased by ETB 49 million or 3.2% to ETB 1,502 million for the year ended 30 June 2024 from ETB 1,551 million for the year ended 30 June 2023. The decrease was driven by the decrease in profit before income tax and partially offset by a decrease in income tax expense set out above.

## 7.4. Analysis of historical financial position

The table below sets out the Company's historical statements of financial position as at 30 June 2025, 2024, and 2023 and has been extracted without material adjustment from HFI of this Prospectus.

Table 79: Statement of financial position

Summary statement of financial position	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
<b>Assets</b>			
Cash and bank balance	25,536	11,694	8,248
Loans and advances to customer	49,217	41,109	36,474
Equity investments at FVOCI	707	641	506
Other financial assets	10,028	6,820	5,668
Other non-financial assets	691	1,395	706
Right of use assets	1,285	1,181	927
Property, plant and equipment	1,867	1,613	1,142
Intangible assets - software	287	30	20
Construction in progress	1,708	1,928	1,360

Summary statement of financial position	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Non-current asset held for sale	20	7	7
<b>Total assets</b>	<b>91,346</b>	<b>66,418</b>	<b>55,058</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Deposits from customers	71,915	52,626	41,770
Current income tax liability	1,229	482	573
Other financial liabilities	5,041	3,030	4,365
Lease liabilities	467	616	508
Non-financial liabilities	123	56	53
Defined benefits obligation	299	192	119
Net deferred tax asset/(liabilities)	63	88	110
<b>Total liabilities</b>	<b>79,137</b>	<b>57,090</b>	<b>47,498</b>
<b>Equity</b>			
Share capital	7,013	6,015	4,733
Share premium	39	39	35
Retained earnings	2,041	1,052	1,031
Defined employee benefit - OCI	(112)	(74)	(50)
Equity investment - OCI	332	321	260
Legal reserve	2,424	1,674	1,308
Regulatory risk reserve	472	301	243
<b>Total Equity</b>	<b>12,209</b>	<b>9,328</b>	<b>7,560</b>
<b>Total liabilities and equity</b>	<b>91,346</b>	<b>66,418</b>	<b>55,058</b>

#### 7.4.1. Assessment of the financial position as at 30 June 2025 compared to 30 June 2024

##### Cash and balances with banks

Cash and cash equivalents increased by ETB 13,842 million from ETB 11,694 million as at 30 June 2024 to ETB 25,536 million as at 30 June 2025. A more detailed analysis of cash and bank balances is set out below:

Table 80: Cash and balances with banks as at 30 June 2025 and 30 June 2024

Cash and balances with banks	As at 30 June		
	2025	2024	% Variance

Cash and balances with banks ETB (millions)	As at 30 June		
	2025	2024	% Variance
Cash in hand	2,061	2,228	(7.5%)
Cash held on NBE	9,351	6,877	36.0%
Deposits with foreign and local banks	14,124	2,589	445.5%
<b>Total cash and balances with banks</b>	<b>25,536</b>	<b>11,694</b>	<b>118.4%</b>

**Cash in hand** decreased by ETB 167 million or 7.5% from ETB 2,228 million as at 30 June 2024 to ETB 2,061 million as at 30 June 2025. The decrease was attributed to the Company's risk mitigation strategy, which was implemented to minimise cash holdings at branches located in regions of the country with a higher risk of conflict.

**Cash held on NBE** increased by ETB 2,474 million or 36.0% from ETB 6,877 million as at 30 June 2024 to ETB 9,351 million as at 30 June 2025. The increase was primarily attributed to statutory reserve compliance requirements that stipulate the Company holds a minimum of 7.0% of deposits with NBE. The Company periodically transfers funds from the payment and settlement accounts to the NBE cash reserve account to maintain the required average balance and ensure compliance. The Company's deposits increased from ETB 52,626 million as at 30 June 2024 to ETB 71,915 million as at 30 June 2025, necessitating the requirement to increase cash held with NBE.

**Deposits with foreign and local banks** increased by ETB 11,535 million or 445.5% from ETB 2,589 million as at 30 June 2024 to ETB 14,124 million as at 30 June 2025. The increase was primarily attributed to an increase in foreign currency generated by the Company in the year ended 30 June 2025. The Company generated USD 244 million in the year ended 30 June 2025 through trade finance transactions and other international money transfer transactions.

### Loans and advances to customers

A more detailed analysis of loans and advances to customers is set out below:

Table 81: Loans and advances by sector as at 30 June 2025 and 30 June 2024

Loans and advances by sector ETB (millions)	As at 30 June		
	2025	2024	% Variance
Export and import	18,011	16,486	9.3%
Construction and building	8,954	6,153	45.5%
Domestic trade services	7,088	6,248	13.4%
Consumer and staff loans	5,514	3,783	45.8%
Manufacturing and industry	4,663	4,461	4.5%
Transport and communication	4,380	3,218	36.1%
Hotel and tourism	844	876	(3.7%)
Agriculture	457	440	3.9%

Loans and advances by sector	As at 30 June		
	2025	2024	% Variance
<b>ETB (millions)</b>			
<b>Gross loan amount</b>	<b>49,911</b>	<b>41,665</b>	<b>19.8%</b>
Impairment loss allowance	(694)	(556)	24.8%
<b>Net carrying amount</b>	<b>49,217</b>	<b>41,109</b>	<b>19.7%</b>

**Loans and advances to customers** increased by ETB 8,108 million or 19.7% from ETB 41,109 million as at 30 June 2024 to ETB 49,217 million as at 30 June 2025. The increase was primarily attributed to the increase in deposits which increased the availability of funds for the disbursement of loans and advances. Additionally, the Company's total number of customers increased from 3,546 thousand as at 30 June 2024 to 3,648 thousand as at 30 June 2025 contributing to the growth.

**Impairment loss allowance** increased by ETB 138 million from ETB 556 million as at 30 June 2024 to ETB 694 million as at 30 June 2025. The increase was primarily attributed to an increase in loans and advances which increased the Company's exposure to the risk of customer defaults.

#### Equity investments at FVOCI

The fair value of equity investments is estimated by independent consultants, PWC. PWC applied level II inputs in determining the fair value of the Company's equity investments by using comparable multiples (i.e., companies, transactions or IPOs). The selection of the appropriate multiple within a range required considered both qualitative and quantitative factors.

Equity investments at FVOCI increased by ETB 66 million from ETB 641 million as at 30 June 2024 to ETB 707 million as at 30 June 2025. The increase was attributed to fair value adjustments due to the remeasurement of the equity investments in line with IFRS requirements. The fair value adjustments primarily related to the Company's existing shareholding in EthSwitch S.C.

The table below shows a summary of equity investments at FVOCI as at 30 June 2025:

Table 82: Equity investments at FVOCI as at 30 June 2025 and 30 June 2024

Equity investments at FVOCI	As at 30 June		
	2025	2024	% Variance
<b>ETB (millions)</b>			
Balance at the beginning of the year	641	506	26.7%
Additional investments made during the year	53	47	12.8%
Changes in the fair value of financial assets at FVOCI	13	88	(85.2%)
<b>Balance at the end of the year</b>	<b>707</b>	<b>641</b>	<b>10.3%</b>

#### Other financial assets

Other financial assets include investment securities and other receivables. Other financial assets increased by ETB 3,208 million from ETB 6,820 million as at 30 June 2024 to ETB 10,028 million as at 30 June 2025. The increase was primarily driven by an increase in the treasury bonds balance.

A more detailed analysis of other financial assets is presented below:

Table 83: Other financial assets as at 30 June 2025 and 30 June 2024

Other financial assets	As at 30 June		
	2025	2024	% Variance
<b>ETB (millions)</b>			
Treasury bonds	5,058	2,978	69.8%
Government bonds	1,108	980	13.1%
Time deposits	720	975	(26.2%)
Treasury bills	501	146	243.2%
<b>Net investment securities</b>	<b>7,387</b>	<b>5,079</b>	<b>45.4%</b>
<b>Other receivables</b>			
Receivable from money transfer agents	91	184	(50.5%)
Staff receivable	31	518	(94.0%)
Other receivables	2,642	1,061	149.0%
<b>Gross amount</b>	<b>2,764</b>	<b>1,763</b>	<b>56.8%</b>
Impairment allowance on other receivables	(123)	(22)	459.1%
<b>Net other receivables</b>	<b>2,641</b>	<b>1,741</b>	<b>51.7%</b>
<b>Total financial assets</b>	<b>10,028</b>	<b>6,820</b>	<b>47.0%</b>

**Treasury bonds** increased by ETB 2,080 million or 69.8% from ETB 2,978 million as at 30 June 2024 to ETB 5,058 million as at 30 June 2025. The increase was driven by NBE mandated regulatory requirements stipulating that the Company purchases treasury bonds equivalent to 20.0% of monthly loan and advance disbursements. The required amount of treasury bond purchases was determined by the NBE and subsequently communicated to the Company. The Company's loans and advances increased from ETB 41,109 million as at 30 June 2024 to ETB 49,217 million as at 30 June 2025 mainly driven by an increase in the number of customers.

**Government bonds** increased by ETB 128 million or 13.1% from ETB 980 million as at 30 June 2024 to ETB 1,108 million as at 30 June 2025. The increase was primarily attributed to the purchase of DBE bonds equivalent to 1.0% of the Company's outstanding loans and advances as at 30 June 2025 in compliance with NBE regulatory requirements.

**Time deposits** decreased by ETB 255 million or 26.2% from ETB 975 million as at 30 June 2024 to ETB 720 million as at 30 June 2025. The decrease was primarily driven by the non-renewal of time deposits that reached maturity during the year ended 30 June 2025 to increase the Company's liquidity, and a shift in the Company's investment strategy to focusing on increasing investments in securities with a higher yield, including open market operations and the interbank money market.

**Treasury bills** increased by ETB 355 million or 243.2% from ETB 146 million as at 30 June 2024 to ETB 501 million as at 30 June 2025. The increase was attributed to the purchase of additional treasury bills driven by an inflow of funds from a special savings deposit made by Tsedey Bank S.C.

Additionally, funds previously held in time deposits were channelled to treasury bills due to a shift in the Company's investment strategy.

**Receivables from money transfer agents** decreased by ETB 93 million or 50.5% from ETB 184 million as at 30 June 2024 to ETB 91 million as at 30 June 2025. The decrease was attributed to the Company's negotiation for more expedient settlements by transfer agents.

**Staff receivables** decreased by ETB 487 million or 94.0% from ETB 518 million as at 30 June 2024 to ETB 31 million as at 30 June 2025. The decrease was driven by the reclassification of the principal portion of staff advance payments accumulated over a 10-year period from staff receivables to other receivables.

**Other receivables** increased by ETB 1,581 million or 149.0% from ETB 1,061 million as at 30 June 2024 to ETB 2,642 million as at 30 June 2025. The increase was primarily attributed to an increase in advance payments, legal related receivables, reclassification of staff receivables as well as prepaid employee benefits to other receivables, and amounts receivable from the Company's digital banking service offering.

#### Other non-financial assets

Other non-financial assets decreased by ETB 704 million or 50.5% from ETB 1,395 million as at 30 June 2024 to ETB 691 million as at 30 June 2025. The decrease was primarily attributed to a decrease in prepaid employee benefits and other receivables. The table below presents details of other non-financial assets:

Table 84: Other non-financial assets as at 30 June 2025 and 30 June 2024

Other non-financial assets	As at 30 June		
	2025	2024	% Variance
<b>ETB (millions)</b>			
Prepayments	218	392	(44.4%)
Inventory in stock	418	447	(6.5%)
Prepaid employee benefits and other receivables	55	556	(90.1%)
<b>Total other non-financial assets</b>	<b>691</b>	<b>1,395</b>	<b>(50.5%)</b>

**Prepayments** decreased by ETB 174 million or 44.4% from ETB 392 million as at 30 June 2024 to ETB 218 million as at 30 June 2025. The decrease was primarily due to a transfer from prepaid rent to right-of-use assets, and the amortization of office rent and additional prepayments relating to the upgrade of the Oracle software license and maintenance support related expenses.

**Prepaid employee benefits and other receivables** decreased by ETB 501 million or 90.1% from ETB 556 million as at 30 June 2024 to ETB 55 million as at 30 June 2025. The decrease was attributed to the reclassification of the interest portion of staff advance payments to other financial receivables.

#### Right of use assets

Right of use assets increased by ETB 104 million from ETB 1,181 million as at 30 June 2024 to ETB 1,285 million as at 30 June 2025. The increase was primarily driven by the addition of leases relating to office rental buildings amounting to ETB 475 million and partially offset by the depreciation and

amortization charge for the year. The table below shows a summary of right-of-use assets as at 30 June 2025:

Table 85: Right of use assets as at 30 June 2025 and 30 June 2024

Right of use assets	As at 30 June		
	2025	2024	% Variance
<b>ETB (millions)</b>			
Opening net book value as at 1 July	1,181	927	27.3%
Additions: Right-of-use assets	475	454	4.6%
Additions: Lease liability	69	178	(60.9%)
Depreciation and amortization	(440)	(229)	92.6%
Prior period adjustment	-	(149)	(100.0%)
<b>Closing net book value as at 30 June</b>	<b>1,285</b>	<b>1,181</b>	<b>8.8%</b>

### Property and equipment

Property, plant, and equipment increased by ETB 254 million from ETB 1,613 million as at 30 June 2024 to ETB 1,867 million as at 30 June 2025. The increase was primarily attributed to the purchase of office equipment, and computer equipment and accessories driven by the Company's branch expansion. The table below shows a summary of the property, plant, and equipment as at 30 June 2025:

Table 86: Property and equipment as at 30 June 2025 and 30 June 2024

Property and equipment	Buildings	Motor vehicles	Furniture and fittings	Office equipment	Computer Equipment and accessories	Total
<b>Opening net book amount 1 July 2024</b>	<b>158</b>	<b>379</b>	<b>255</b>	<b>532</b>	<b>289</b>	<b>1,613</b>
Additions	-	22	74	134	323	553
Net disposals	(71)	-	(1)	(1)	(1)	(74)
Depreciation charge	(3)	(46)	(29)	(80)	(67)	(225)
<b>Closing net book amount as at 30 June 2025</b>	<b>84</b>	<b>355</b>	<b>299</b>	<b>585</b>	<b>544</b>	<b>1,867</b>

### Intangible assets (software)

Intangible assets increased by ETB 257 million from ETB 30 million as at 30 June 2024 to ETB 287 million as at 30 June 2025. The increase was primarily driven by the acquisition of Oracle financial

services software, and was partially offset by an amortization charge of ETB 15 million. The table below shows a summary of the intangible assets as at 30 June 2025:

Table 87: Intangible assets as at 30 June 2025 and 30 June 2024

Intangible assets	As at 30 June		
	2025	2024	% Variance
<b>ETB (millions)</b>			
Opening net book value as at 1 July	30	20	50.0%
Additions	272	18	1,411.1%
Amortisation charge	(15)	(8)	87.5%
<b>Closing net book value as at 30 June</b>	<b>287</b>	<b>30</b>	<b>856.7%</b>

### Construction in progress

Construction in progress decreased by ETB 220 million from ETB 1,928 million as at 30 June 2024 to ETB 1,708 million as at 30 June 2025. The decrease is due to the reclassification of the unexecuted portion of the project from construction in progress to the advance payment. The Company's construction projects in the year ended 30 June 2025 primarily related to the construction of the headquarters building, the Bahir Dar mixed-use building, the Dessie mixed-use building and the Tikur Abay project.

### Deposits from customers

Customer deposits increased by ETB 19,289 million from ETB 52,626 million as at 30 June 2024 to ETB 71,915 million as at 30 June 2025.

A more detailed analysis of customer deposits is shown below:

Table 88: Deposits as at 30 June 2025 and 30 June 2024

Deposit from customers	As at 30 June		
	2025	2024	% Variance
<b>ETB (millions)</b>			
Demand deposits	27,253	17,498	55.7%
Savings deposits	39,693	30,736	29.1%
Fixed time deposit	4,969	4,392	13.1%
<b>Total deposits from customers</b>	<b>71,915</b>	<b>52,626</b>	<b>36.7%</b>

**Demand deposits** increased by ETB 9,755 million or 55.7% from ETB 17,498 million as at 30 June 2024 to ETB 27,253 million as at 30 June 2025. The increase was primarily driven by deposit mobilisation from new and existing customers. The deposit mobilisation was attributed to the Company's branch expansion. Additionally, the Company effectively implemented a comprehensive resource mobilisation strategy, building on prior experience, to drive the increase in deposits.

**Savings deposits** increased by ETB 8,957 million or 29.1% from ETB 30,736 million as at 30 June 2024 to ETB 39,693 million as at 30 June 2025. The increase was primarily attributed to an increase

in deposit mobilisation from new and existing customers. Additionally, the increase in deposits was partly driven by the introduction of new deposit products tailored to specific customer categories.

**Fixed time deposits** increased by ETB 577 million or 13.1% from ETB 4,392 million as at 30 June 2024 to ETB 4,969 million as at 30 June 2025. The increase is mainly attributed to the Company offering an increased average interest rate on fixed time deposit of 12.9% as at 30 June 2025 up from 11.9% as at 30 June 2024, coupled with an increase in customer numbers.

### Other financial liabilities

Other financial liabilities increased by ETB 2,011 million from ETB 3,030 million as at 30 June 2024 to ETB 5,041 million as at 30 June 2025, primarily attributed to the increase on the margin held accounts balance. A more detailed analysis of other liabilities is set below:

Table 89: Other financial liabilities as at 30 June 2025 and 30 June 2024

Other financial liabilities	As at 30 June		
	2025	2024	% Variance
<b>ETB (millions)</b>			
Margin held accounts	2,270	1,335	70.0%
Customers payables	552	639	(13.6%)
Impairment on financial guarantee	448	-	n/a
Foreign transfer payables	272	51	433.3%
Cash payment order payable	253	169	49.7%
Provision for bonus	232	100	132.0%
Staff leave payables	224	150	49.3%
Borrowings from DBE	216	255	(15.3%)
Sundry payables	206	133	54.9%
Long outstanding payables	132	70	88.6%
Impairment on letters of credit	66	-	n/a
Dividend payables	61	66	(7.6%)
Cash indemnity allowance	48	35	37.1
Exchange commission payable	46	10	360.0%
Other financial liabilities	15	17	(11.8%)
<b>Total other financial liabilities</b>	<b>5,041</b>	<b>3,030</b>	<b>66.4%</b>

**Margin held accounts** increased by ETB 935 million or 70.0% from ETB 1,335 million as at 30 June 2024 to ETB 2,270 million as at 30 June 2025. The increase was primarily attributed to an opening of letters of credit with a deferred base margin amounting ETB 538 million as at 30 June 2025.

**Customers payables** decreased by ETB 87 million or 13.6% from ETB 639 million as at 30 June 2024 to ETB 552 million as at 30 June 2025. The decrease was primarily attributed to a decrease

in guarantees issued against cash collateral amounting ETB 58 million and payable to EthSwitch amounting to ETB 27 million as at 30 June 2025.

**Impairment on financial guarantee** increased by ETB 448 million from a nil balance as at 30 June 2024. The increase was primarily attributed to the recognition of a provision for potential losses that may arise on guarantees issued by the Company, in compliance with the NBE directive which stipulates that the Company maintains a provision for off-balance sheet Items.

**Foreign transfer payables** increased by ETB 221 million or 433.3% from ETB 51 million as at 30 June 2024 to ETB 272 million as at 30 June 2025. The increase was primarily attributed to the introduction of Cash Against Documents (“CAD”) arrangements in foreign currency during the year ended 30 June 2025, enabling the Company to retain foreign currency on international transactions. The Company previously only held ETB for CAD arrangements.

**Cash Payment Order (“CPO”) payable** increased by ETB 84 million or 49.7% from ETB 169 million as at 30 June 2024 to ETB 253 million as at 30 June 2025. The increase was primarily attributed to an increase in outstanding cash CPOs with a maturity of up to six months.

**Provision for bonus** increased by ETB 132 million or 132.0% from ETB 100 million as at 30 June 2024 to ETB 232 million as at 30 June 2025. Bonus payments are contingent upon the overall financial performance of the Company, measured by profitability, deposit mobilisation and loan disbursement. The increase in the provision was due to the improved financial performance of the Company in the year ended 30 June 2025, compared to the year ended 30 June 2024.

**Staff leave payables** increased by ETB 74 million or 49.3% from ETB 150 million as at 30 June 2024 to ETB 224 million as at 30 June 2025. The increase was primarily attributed to an increase in headcount, specifically personnel entitled to leave pay.

**Borrowings from DBE** decreased by ETB 39 million or 15.3% from ETB 255 million as at 30 June 2024 to ETB 216 million as at 30 June 2025.

**Long outstanding payables** increased by ETB 62 million or 88.6% from ETB 70 million as at 30 June 2024 to ETB 132 million as at 30 June 2025. The increase was primarily attributed to an increase in CPOs outstanding for over six months.

**Impairment on letters of credit** increased by ETB 66 million from a nil balance as at 30 June 2024. The increase was primarily attributed to the recognition of a provision for potential losses that may arise on letters of credit issued by the Company, in compliance with the NBE directive which stipulates that the Company maintains a provision for off-balance sheet Items.

#### **Non-financial liabilities**

Non-financial liabilities increased by ETB 67 million from ETB 56 million as at 30 June 2024 to ETB 123 million as at 30 June 2025. The increase was primarily attributed to an increase in tax payables relating to personnel tax due to an increase in headcount and salary increments, and the introduction of VAT payable in the year ended 30 June 2025.

#### **Lease liabilities**

Lease liabilities decreased by ETB 149 million from ETB 616 million as at 30 June 2024 to ETB 467 million as at 30 June 2025. The decrease was primarily attributed to lease expirations and amortisation of lease liabilities.

### Defined benefits obligation

Defined benefits obligation increased by ETB 107 million from ETB 192 million as at 30 June 2024 to ETB 299 million as at 30 June 2025. The increase was primarily driven by the ETB 39 million increase in interest accrued and the ETB 55 million increase due to changes to the actuarial assumptions.

### Share capital

Share capital increased by ETB 998 million from ETB 6,015 million as at 30 June 2024 to ETB 7,013 million as at 30 June 2025, following the issuance of an additional 998 thousand Ordinary Shares at ETB 1.000 per share to existing shareholders.

### Retained earnings

Retained earnings increased by ETB 989 million from ETB 1,052 million as at 30 June 2024 to ETB 2,041 million as at 30 June 2025. The increase was primarily attributed to the Company's profit for the year ended 30 June 2025.

The table below shows a summary of retained earnings for the year ended 30 June 2025:

Table 90: Retained earnings as at 30 June 2025 and 30 June 2024

Retained earnings	As at 30 June		
	2025	2024	% Variance
<b>ETB (millions)</b>			
<b>Opening balance as at 1 July</b>	<b>1,052</b>	<b>1,031</b>	<b>2.0%</b>
Profit for the year	3,000	1,502	99.7%
Dividends paid	(1,052)	(1,042)	1.0%
Transfer to legal reserve	(750)	(366)	104.9%
Transfer to regulatory risk reserve	(172)	(58)	196.6%
Prior period adjustment	(37)	(15)	146.7%
<b>Closing balance as at 30 June</b>	<b>2,041</b>	<b>1,052</b>	<b>94.0%</b>

### Legal reserve

The legal reserve increased by ETB 750 million from ETB 1,674 million as at 30 June 2024 to ETB 2,424 million as at 30 June 2025 primarily due to the NBE regulatory requirement to transfer 25.0% of the Company's profit after tax to the legal reserve.

### Regulatory credit risk reserve

Regulatory credit risk reserve increased by ETB 171 million from ETB 301 million as at 30 June 2024 to ETB 472 million as at 30 June 2025. The regulatory risk reserve is a non-distributable reserve required by the regulations of the NBE to be kept for impairment losses on loans and receivables in excess of the IFRS charge as derived using an Expected Credit Loss ("ECL") model.

Where the loan loss impairment determined using the NBE guidelines is higher than the loan loss impairment determined using the ECL model under IFRS, the difference is transferred to regulatory risk reserve, and it is non-distributable to the owners of the Company.

Where the loan loss impairment determined using the NBE guidelines is less than the loan loss impairment determined using ECL model under IFRS, the difference is transferred from regulatory risk reserve to retained earnings to the extent of the non-distributable reserve previously recognised. As such, the increase in regulatory reserves is primarily due to the difference between the NBE's regulatory provision requirements, and the ECL calculated under IFRS, particularly concerning interest income on non-performing loans. The below table represents a summary of regulatory credit risk reserve for the year ended 30 June 2025:

Table 91: Regulatory credit risk reserve as at 30 June 2025 and 30 June 2024

Regulatory credit risk reserve	As at 30 June		
	2025	2024	% Variance
<b>ETB (millions)</b>			
Balance brought forward	301	-	n/a
Regulatory risk reserve on loans	-	4	(100.0%)
Regulatory risk reserve on assets	-	172	(100.0%)
Off balance sheet	47	-	n/a
Suspended interest	124	125	0.8%
<b>Ending balance</b>	<b>472</b>	<b>301</b>	<b>56.8%</b>

#### 7.4.2. Assessment of the financial position as at 30 June 2024 compared to 30 June 2023

##### Cash and balances with banks

Cash and balances with banks increased by ETB 3,446 million from ETB 8,248 million as at 30 June 2023 to ETB 11,694 million as at 30 June 2024. A more detailed analysis of cash and bank balances is set out below:

Table 92: Cash and balances with banks as at 30 June 2024 and 30 June 2023

Cash and balances with banks	As at 30 June		
	2024	2023	% Variance
<b>ETB (millions)</b>			
Cash in hand	2,228	2,202	1.2%
Cash held on NBE	6,877	4,862	41.4%
Deposits with foreign and local banks	2,589	1,184	118.7%
<b>Total cash and balances with banks</b>	<b>11,694</b>	<b>8,248</b>	<b>41.8%</b>

**Cash in hand** increased by ETB 26 million or 1.2% from ETB 2,202 million as at 30 June 2023 to ETB 2,228 million as at 30 June 2024. The Company increased cash on hand to supply the new branches opened during the year.

**Cash held on NBE** increased by ETB 2,015 million or 41.4% from ETB 4,862 million as at 30 June 2023 to ETB 6,877 million as at 30 June 2024. The increase was primarily attributed to statutory

reserve compliance requirements that stipulate the Company holds a minimum of 7.0% of deposits with NBE. The Company periodically transfers funds from the payment and settlement accounts to the NBE cash reserve account to maintain the required average balance and ensure compliance. The Company's deposits increased from ETB 41,770 million as at 30 June 2023 to ETB 52,626 million as at 30 June 2024, necessitating the requirement to increase cash held with NBE.

**Deposits with foreign and local banks** increased by ETB 1,405 million or 118.7% from ETB 1,184 million as at 30 June 2023 to ETB 2,589 million as at 30 June 2024. The increase was primarily attributed to an increase in foreign currency generated by the Company in the year ended 30 June 2024. The Company generated USD 221 million in the year ended 30 June 2024 through trade finance transactions and other international money transfer transactions. Additionally, the increase was partly attributed to the devaluation of the Birr against foreign currencies.

### Loans and advances

A detailed analysis of loans and advances to customers by sector is set out below:

Table 93: Loans and advances by sector as at 30 June 2024 and 30 June 2023

Loans and advances by sector	As at 30 June		
	2024	2023	% Variance
<b>ETB (millions)</b>			
Export and import	16,486	14,366	14.8%
Construction and building	6,153	5,312	15.8%
Domestic trade services	6,248	6,642	(5.9%)
Manufacturing and industry	4,461	3,917	13.9%
Consumer loans	3,783	3,238	16.8%
Transport and communication	3,218	2,457	31.0%
Hotel and tourism	876	824	6.3%
Agriculture	440	296	48.6%
<b>Gross loan amount</b>	<b>41,665</b>	<b>37,052</b>	<b>12.5%</b>
Impairment loss allowance	(556)	(578)	(3.8%)
<b>Net loan</b>	<b>41,109</b>	<b>36,474</b>	<b>12.7%</b>

**Loans and advances** to customers increased by ETB 4,635 million or 12.7% from ETB 36,474 million as at 30 June 2023 to ETB 41,109 million as at 30 June 2024. The increase was mainly due to growth of the Company's deposits which increased the availability of funds for the disbursement of loans and advances. Additionally, the increase in both Conventional Banking and IFB customers contributed to the increase in loans and advances.

**Impairment loss allowance** decreased by ETB 22 million from ETB 578 million as at 30 June 2023 to ETB 556 million as at 30 June 2024. The decrease was attributed to an impairment reversal driven by an improvement in the Company's asset quality. The improvement in the asset quality was due to credit collection initiatives and additional KYC measures implemented by the Company during the year ended 30 June 2024.

### Equity investments at FVOCI

Equity investments at FVOCI increased by ETB 135 million from ETB 506 million as at 30 June 2023 to ETB 641 million as at 30 June 2024. The increase was attributed to a fair value adjustment of ETB 88 million due to the remeasurement of the equity investments in line with IFRS requirements. The fair value adjustments primarily related to the Company's existing shareholding in EthSwitch. Additionally, the Company made additional equity investments of ETB 47 million, including an investment of ETB 29 million in EthSwitch, in the year ended 30 June 2024.

The table below shows a summary of the equity investments at FVOCI as at 30 June 2024:

Table 94: Equity investment at FVOCI as at 30 June 2024 and 30 June 2023

Equity investments at FVOCI	As at 30 June		
	2024	2023	% Variance
<b>ETB (millions)</b>			
Balance at the beginning of the year	506	299	69.2%
Changes in the fair value of financial assets at FVOCI	88	199	(55.8%)
Additional investments made during the year	47	8	487.5%
<b>Balance at the end of the year</b>	<b>641</b>	<b>506</b>	<b>26.7%</b>

### Other financial assets

Other financial assets increased by ETB 1,152 million from ETB 5,668 million as at 30 June 2023 to ETB 6,820 million as at 30 June 2024. The increase was primarily driven by an increase in the treasury bond balance. A more detailed analysis of other financial assets is set below:

Table 95: Other financial assets as at 30 June 2024 and 30 June 2023

Other financial assets	As at 30 June		
	2024	2023	% Variance
<b>ETB (millions)</b>			
<b>Investment securities</b>			
Treasury bond	2,978	1,142	160.8%
Government bond	980	527	86.0%
Time deposit	975	1,662	(41.3%)
Treasury bill	146	1,215	(88.0%)
<b>Net investment securities</b>	<b>5,079</b>	<b>4,546</b>	<b>11.7%</b>
<b>Other receivables</b>			
Staff receivables	518	1	51,700.0%
Receivables from money transfer agents	184	200	(8.0%)
Other receivables	1,061	938	13.1%
<b>Gross amount</b>	<b>1,763</b>	<b>1,139</b>	<b>54.8%</b>

Other financial assets	As at 30 June		
	2024	2023	% Variance
<b>ETB (millions)</b>			
Impairment allowance on other receivables	(22)	(17)	29.4%
<b>Net other receivables</b>	<b>1,741</b>	<b>1,122</b>	<b>55.2%</b>
<b>Total financial assets</b>	<b>6,820</b>	<b>5,668</b>	<b>20.3%</b>

**Treasury bonds** increased by ETB 1,836 million or 160.8% from ETB 1,142 million as at 30 June 2023 to ETB 2,978 million as at 30 June 2024. The increase was driven by NBE mandated regulatory requirements stipulating that the Company purchases treasury bonds equivalent to 20.0% of monthly loan and advance disbursements. The required amount of treasury bond purchases was determined by the NBE, and subsequently communicated to the Company. The Company's loans and advances increased from ETB 36,474 million as at 30 June 2023 to ETB 41,109 million as at 30 June 2024 mainly driven by an increase in the number of customers.

**Government bonds** increased by ETB 453 million or 86.0% from ETB 527 million as at 30 June 2023 to ETB 980 million as at 30 June 2024. The increase was primarily attributed to the purchase of DBE bonds equivalent to 1.0% of the Company's outstanding loans and advances as at 30 June 2024 in compliance with NBE regulatory requirements.

**Time deposits** decreased by ETB 687 million or 41.3% from ETB 1,662 million as at 30 June 2023 to ETB 975 million as at 30 June 2024. The decrease was primarily driven by the non-renewal of time deposits that reached maturity during the year ended 30 June 2024 to increase the Company's liquidity.

**Treasury bills** decreased by ETB 1,069 million or 88.0% from ETB 1,215 million as at 30 June 2023 to ETB 146 million as at 30 June 2024. The decrease was attributed to a shift in the Company's investment strategy to focus on other higher yielding investments.

**Staff receivables** increased by ETB 517 million from ETB 1 million as at 30 June 2023 to ETB 518 million as at 30 June 2024. The increase was driven by the reclassification of the principal portion of emergency staff advances accumulated over a 10-year period from loans and advances to staff receivables.

**Other receivables** increased by ETB 123 million or 13.1% from ETB 938 million as at 30 June 2023 to ETB 1,061 million as at 30 June 2024. The increase was primarily attributed to an increase in legal related receivables and amounts receivable from the Company's digital banking service offering.

#### **Other non-financial assets**

Other non-financial assets increased by ETB 689 million or 97.6% from ETB 706 million as at 30 June 2023 to ETB 1,395 million as at 30 June 2024. The increase is mainly attributable to an increase in prepaid employee benefits, other receivables, and inventory in stock. A more detailed analysis other non-financial assets is set out below:

Table 96: Other non- financial assets as at 30 June 2024 and 30 June 2023

Other non-financial assets	As at 30 June		
	2024	2023	% Variance
<b>ETB (millions)</b>			
Inventory in stock	447	268	66.8%
Prepayments	392	266	47.4%
Prepaid employee benefits and other receivables	556	172	223.3%
<b>Total other non-financial assets</b>	<b>1,395</b>	<b>706</b>	<b>97.6%</b>

**Inventory in stock** increased by ETB 179 million or 66.8% from ETB 268 million as at 30 June 2023 to ETB 447 million as at 30 June 2024 driven by the procurement of inventory relating to the Company's branch expansion and employee recruitment.

**Prepayments** increased by ETB 126 million or 47.4% from ETB 266 million as at 30 June 2023 to ETB 392 million as at 30 June 2024. The increase was primarily due to an increase in prepaid rental expenses driven by the opening of 59 additional branches during the year ended 30 June 2024 and prepayments relating to the upgrade of the Oracle software license and maintenance support related expenses.

**Prepaid employee benefits and other receivables** increased by ETB 384 million or 223.3% from ETB 172 million as at 30 June 2023 to ETB 556 million as at 30 June 2024. The increase was attributed to the re-classification of the difference between mortgage interest rates charged to the Company's employees and the prevailing market rates from loans and advances to prepaid employee benefits.

### Property and equipment

Property, plant, and equipment increased by ETB 471 million from ETB 1,142 million as at 30 June 2023 to ETB 1,613 million as at 30 June 2024. The increase was primarily attributed to the purchase of office equipment, and computer equipment and accessories driven by the Company's branch expansion. The table below shows a summary of the property, plant, and equipment as at 30 June 2024:

Table 97: Property and equipment as at 30 June 2024 and 30 June 2023

Property and equipment	Buildings	Motor vehicles	Furniture and fittings	Office equipment	Computer Equipment and accessories	Total
<b>Opening net book amount 1 July 2023</b>	<b>161</b>	<b>308</b>	<b>191</b>	<b>263</b>	<b>219</b>	<b>1,142</b>
Additions	-	116	90	321	125	652
Net disposals	-	(5)	(2)	(2)	(1)	(10)

Property and equipment	Buildings	Motor vehicles	Furniture and fittings	Office equipment	Computer Equipment and accessories	Total
Depreciation charge	(3)	(40)	(24)	(50)	(54)	(171)
<b>Closing net book amount as at 30 June 2024</b>	<b>158</b>	<b>379</b>	<b>255</b>	<b>532</b>	<b>289</b>	<b>1,613</b>

### Construction in progress

Construction in progress increased by ETB 568 million from ETB 1,360 million as at 30 June 2023 to ETB 1,928 million as at 30 June 2024. The increase was primarily driven the purchase of construction and building materials during the year ended 30 June 2024.

### Right-of-use assets

Right of use assets increased by ETB 254 million from ETB 927 million as at 30 June 2023 to ETB 1,181 million as at 30 June 2024. The increase was primarily driven by the addition of leases relating to rented offices, amounting to ETB 454 million, during the year ended 30 June 2024. The increase was partially offset by depreciation and amortization charge for the year, and prior period adjustments. The table below shows a summary of the right-of-use assets as at 30 June 2024:

Table 98: Right of use assets as at 30 June 2024 and 30 June 2023

Right of use assets	As at 30 June		
	2024	2023	% Variance
<b>ETB (millions)</b>			
Opening net book value as at 1 July	927	639	45.1%
Additions: Right-of-use assets	454	322	41.0%
Additions: Lease liability	178	177	0.6%
Depreciation and amortization	(229)	(181)	26.5%
Prior period adjustment	(149)	(30)	396.7%
<b>Closing net book value as at 30 June</b>	<b>1,181</b>	<b>927</b>	<b>27.4%</b>

### Intangible assets (software)

Intangible assets increased by ETB 10 million from ETB 20 million as at 30 June 2023 to ETB 30 million as at 30 June 2024.

### Deposits from customers

Customer deposits increased by ETB 10,856 million from ETB 41,770 million as at 30 June 2023 to ETB 52,626 million as at 30 June 2024. A more detailed analysis of customer deposits is set below:

Table 99: Deposits as at 30 June 2024 and 30 June 2023

Deposit from customers	As at 30 June		
	2024	2023	% Variance
<b>ETB (millions)</b>			
Demand deposits	17,498	12,884	35.8%
Savings deposits	30,736	25,455	20.7%
Fixed time deposit	4,392	3,431	28.0%
<b>Total deposits from customers</b>	<b>52,626</b>	<b>41,770</b>	<b>26.0%</b>

**Demand deposits** increased by ETB 4,614 million or 35.8% from ETB 12,884 million as at 30 June 2023 to ETB 17,498 million as at 30 June 2024. The increase was primarily driven by deposit mobilisation from new and existing customers. The deposit mobilisation was attributed to the Company's branch expansion and the introduction of additional deposit products tailored to specific customer categories, and the successful implementation of the Company's deposit mobilisation strategy.

**Savings deposits** increased by ETB 5,281 million or 20.7% from ETB 25,455 million as at 30 June 2023 to ETB 30,736 million as at 30 June 2024. The increase was primarily attributed to an increase in deposit mobilisation from new and existing customers.

**Fixed time deposits** increased by ETB 961 million or 28.0% from ETB 3,431 million as at 30 June 2023 to ETB 4,392 million as at 30 June 2024. The increase was primarily attributed to an overall increase fixed time deposits from new and existing customers.

#### Other financial liabilities

Other financial liabilities decreased by ETB 1,335 million from ETB 4,365 million as at 30 June 2023 to ETB 3,030 million as at 30 June 2024 primarily attributed to a decrease in the balance on margin held accounts. A more detailed analysis of other liabilities is set below:

Table 100: Other financial liabilities as at 30 June 2024 and 30 June 2023

Other financial liabilities	As at 30 June		
	2024	2023	% Variance
<b>ETB (millions)</b>			
Margin held accounts	1,335	3,117	(57.2%)
Customers payables	639	351	82.1%
Borrowings from DBE	255	208	22.6%
Cash payment order payable	169	169	0%
Staff leave payables	150	125	20.0%
Sundry payables	133	33	303.0%
Provision for bonus	100	150	(33.3%)
Long outstanding payables	70	65	7.7%
Dividend payables	66	33	100.0%

Other financial liabilities	As at 30 June		
	2024	2023	% Variance
<b>ETB (millions)</b>			
Foreign transfers payables	51	45	13.3%
Other financial liabilities	62	69	(10.1%)
<b>Total other financial liabilities</b>	<b>3,030</b>	<b>4,365</b>	<b>(30.6%)</b>

**Margin held accounts** decreased by ETB 1,782 million or 57.2% from ETB 3,117 million as at 30 June 2023 to ETB 1,335 million as at 30 June 2024. The decrease was primarily attributed to the settlement of deferred base LCs amounting to ETB 2,543 million as at 30 June 2024, which were open as at 30 June 2023.

**Customers payables** increased by ETB 288 million or 82.1% from ETB 351 million as at 30 June 2023 to ETB 639 million as at 30 June 2024. The increase was primarily attributed to an increase in guarantees issued against cash collateral amounting to ETB 59 million, and payable to EthSwitch amounting ETB 175 million as at 30 June 2024.

**Borrowings from DBE** increased by ETB 47 million or 22.6% from ETB 208 million as at 30 June 2023 to ETB 255 million as at 30 June 2024. The increase was driven by the Company securing additional funding.

**Sundry payables** increased by ETB 100 million or 303.0% from ETB 33 million as at 30 June 2023 to ETB 133 million as at 30 June 2024. The increase was attributed to a miscellaneous transaction relating to the construction of one of the Company's buildings.

**Provision for bonus** decreased by ETB 50 million or 33.3% from ETB 150 million as at 30 June 2023 to ETB 100 million as at 30 June 2024. Bonus payments are contingent upon the overall financial performance of the Company, measured by profitability, deposit mobilisation and loan disbursement. The decrease in the provision was due to the decrease in profit after tax by ETB 75 million from ETB 1,614 million in the year ended 30 June 2023, to ETB 1,539 million in the year ended 30 June 2024.

### Lease liabilities

Lease liabilities increased by ETB 108 million from ETB 508 million as at 30 June 2023 to ETB 616 million as at 30 June 2024. The increase was primarily attributed to the Company's branch expansion, which resulted in an increase in lease prepayments during the year ended 30 June 2024.

### Defined benefits obligation

Defined benefits obligation increased by ETB 73 million from ETB 119 million as at 30 June 2023 to ETB 192 million as at 30 June 2024. The increase was primarily driven by an ETB 27 million increase in interest accrued and an additional ETB 19 million increase due to changes to the actuarial assumptions.

### Share capital

Share capital increased by ETB 1,282 million from ETB 4,733 million as at 30 June 2023 to ETB 6,015 million as at 30 June 2024. The increase was due to the issuance of 1,282 Ordinary Shares at ETB 1,000 per share to existing shareholders.

## Retained earnings

Retained earnings increased by ETB 21 million from ETB 1,031 million as at 30 June 2023 to ETB 1,052 million as at 30 June 2024. The increase was primarily attributed to the Company's profit for the year and partially offset by the payment of dividends. The table below presents a summary of retained earnings as at 30 June 2024:

Table 101: Retained earnings as at 30 June 2024 and 30 June 2023

Retained earnings	As at 30 June		
	2024	2023	% Variance
<b>ETB (millions)</b>			
Opening balance as at 1 July	1,031	659	56.4%
Profit for the year	1,502	1,551	(3.2%)
Dividends paid	(1,042)	(659)	58.1%
Transfer to legal reserve	(366)	(388)	(5.7%)
Transfer to regulatory risk reserve	(58)	(118)	(50.8%)
Prior period adjustment	(15)	(14)	7.1%
<b>Closing balance as at 30 June</b>	<b>1,052</b>	<b>1,031</b>	<b>2.0%</b>

## Legal reserve

Legal reserve increased by ETB 366 million from ETB 1,308 million as at 30 June 2023 to ETB 1,674 million as at 30 June 2024. The increase was primarily due to the NBE regulatory requirement to transfer 25.0% of the Company's profit after tax to the legal reserve.

## Regulatory credit risk reserve

Regulatory credit risk reserve increased by ETB 58 million from ETB 243 million as at 30 June 2023 to ETB 301 million as at 30 June 2024. The regulatory risk reserve is a non-distributable reserve required by the regulations of the NBE to be kept for impairment losses on loans and receivables in excess of the IFRS charge as derived using an ECL model.

Where the loan loss impairment determined using the NBE guidelines is higher than the loan loss impairment determined using the ECL under IFRS, the difference is transferred to regulatory risk reserve, and it is non-distributable to the owners of the Company.

Where the loan loss impairment determined using the NBE guidelines is less than the loan loss impairment determined using expected credit loss model under IFRS, the difference is transferred from regulatory risk reserve to retained earnings to the extent of the non-distributable reserve previously recognised. As such, the increase in regulatory reserves is primarily due to the difference between the NBE's regulatory provision requirements, and the ECL calculated under IFRS, particularly concerning interest income on non-performing loans. The below table represents a summary of Regulatory credit risk reserve as at 30 June 2024:

Table 102: Regulatory credit risk reserve as at 30 June 2024 and 30 June 2023

Regulatory risk reserve	As at 30 June		
	2024	2023	% Variance
<b>ETB (millions)</b>			
Regulatory risk reserve on loans	4	7	(42.9%)
Regulatory risk reserve on assets	172	111	55.0%
Suspended interest	125	125	0%
<b>Ending balance</b>	<b>301</b>	<b>243</b>	<b>23.9%</b>

## 7.5. Analysis of historical cash flows

The tables below set out a summary of the Company's historical cash flow statements for the years ended 30 June 2025, 2024, and 2023 and have been extracted without material adjustment from HFI of this Prospectus.

Table 103: Summary statement of cash flows

Summary statement of cash flows	As at 30 June		
	2025	2024	2023
<b>ETB (millions)</b>			
Net cash inflow from operating activities	17,025	4,904	3,731
Net cash outflow from investing activities	(2,973)	(1,794)	(3,611)
Net cash outflow from financing activities	(210)	336	208
Net increase in cash and cash equivalents	13,842	3,446	328
Cash and cash equivalents at the beginning of the year	11,694	8,248	7,920
<b>Cash and cash equivalents at the end of the year</b>	<b>25,536</b>	<b>11,694</b>	<b>8,248</b>

### 7.5.1. Net cash inflow from operating activities

Net cash inflow from operating activities consists of cash generated from operations, including profit for the year and changes in working capital, and income tax paid during the financial year.

Net cash inflow from operating activities increased by ETB 12,121 million to ETB 17,025 million in the year ended 30 June 2025 compared to ETB 4,904 million in the year ended 30 June 2024. The increase was primarily due to increase in customer deposits of ETB 19,288 million from ETB 52,626 million as at 30 June 2024 to ETB 71,914 million as at 30 June 2025, this was partially offset by an increase in loans and advances of ETB 8,247 million from ETB 41,109 million as at 30 June 2024 to ETB 49,217 million as at 30 June 2025.

The net cash inflow from operating activities increased by ETB 1,173 million to ETB 4,904 million in the year ended 30 June 2024 compared to ETB 3,731 million in the year ended 30 June 2023. The increase is primarily due to an increase of ETB 1,629 in working capital to ETB 3,303 million as at 30 June 2024 compared to ETB 1,674 million as at 30 June 2023. The cash generative working capital was primarily attributable to an increase in customer deposits from ETB 41,770 million as at 30 June 2023 to ETB

52,626 million as at 30 June 2024. The working capital increase was partially offset by an increase in loans and advances from ETB 36,474 million as at 30 June 2023 to ETB 41,109 million as at 30 June 2024.

The Company paid ETB 573 million in income tax paid in the year ended 30 June 2024 as compared to ETB 368 million the year ended 30 June 2023.

## **7.5.2. Net cash outflow from investing activities**

Net cash outflow from investing activities primarily consists of the purchase of investment securities including treasury bills and bonds, government bonds and time deposits; and the purchase of shares in equity investments, non-current assets held for sale, construction material, intangible assets, and property, plant and equipment. Net cash outflows are partially offset by cash inflows relating to proceeds from the sale of property, plant and equipment and non-current assets held for sale.

Net cash outflow from investing activities increased by ETB 1,179 million to ETB 2,973 million for the year ended 30 June 2025 compared to ETB 1,794 million in the year ended 30 June 2024. The increase is primarily due to cash outflows of ETB 2,309 million relating to investment securities in the year ended 30 June 2025.

Net cash outflow from investing activities decreased by ETB 1,817 million to ETB 1,794 million in the year ended 30 June 2024 compared to ETB 3,611 million in the year ended 30 June 2023. The decrease was primarily due to a decrease in cash outflows of ETB 1,531 million relating to the purchase of investment securities in the year ended 30 June 2024.

## **7.5.3. Net cash outflow from financing activities**

Net cash outflow from financing activities primarily consists of dividends paid, proceeds from issued shares and lease liability payments.

Net cash outflow from financing activities was ETB 210 million in the year ended 30 June 2025, compared to a net cash inflow from financing activities of ETB 336 million in the year ended 30 June 2024. The increase in cash outflows was primarily attributed to an increase in the lease liability payments from an inflow of ETB 93 million in the year ended 30 June 2024 to an outflow of ETB 157 million in the year ended 30 June 2025 and a decrease in proceeds from issued shares by ETB 288 million from ETB 1,286 in the year ended 30 June 2024 to ETB 998 million in the year ended 2025.

Net cash inflow from financing activities was ETB 336 million in the year ended 30 June 2024, compared to a net cash inflow of ETB 208 million in the year ended 30 June 2023. The increase in cash inflows was primarily attributed to an increase in the proceeds from issued shares by ETB 523 million from ETB 762 million in the year ended 30 June 2023 to ETB 1,286 million in the year ended 30 June 2024, this increase was partially offset by an increase in dividends paid by ETB 383 million from ETB 659 million in the year ended 2023 to ETB 1,042 million in the year ended 30 June 2024.

## **7.6. Borrowings, lease liabilities, commitments, contingencies, and off-balance sheet arrangements**

### **7.6.1. Contingent liabilities / Off-balance sheet arrangements**

The Company's contingent liabilities include off-balance sheet items relating to guarantees and letters of credit, and outstanding loan and advance commitments. These items represent contingent liabilities and commitments that are not recorded on the Company's balance sheet but are important

for assessing the Company's overall risk exposure. The Company manages these exposures prudently through established credit risk policies and continuous monitoring to mitigate potential financial impact.

The table below sets out the material off-balance sheet arrangements as at 30 June 2025, 2024 and 2023.

Table 104: Contingent liabilities / off-balance sheet arrangements

<b>Contingent liabilities / off-balance sheet arrangements</b>	<b>As at 30 June</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>ETB (millions)</b>			
<b>Guarantees and letters of credit</b>			
Guarantees	976	806	2,078
Letters of credit net-off margin held	4,445	2,416	1,780
	<b>5,421</b>	<b>3,222</b>	<b>3,858</b>
<b>Loan and advance commitments</b>			
Unutilised overdraft facility	1,166	1,501	827
Unutilised revolving facility	693	650	1,106
	<b>1,859</b>	<b>2,151</b>	<b>1,933</b>
<b>Total</b>	<b>7,280</b>	<b>5,373</b>	<b>5,791</b>

The Company conducts business involving **guarantees, letters of credit and performance guarantees**. These instruments are provided as security to support customers to fulfil their obligations to third parties. As the Company will only be required to meet these obligations in the event of the customers' default, the cash requirements of these instruments are expected to be considerably below their nominal amounts. The Company's obligation to fulfil guarantees and letters of credit is contingent on a future event, and does not represent an existing obligation, hence these amounts are disclosed as off-balance sheet items.

The Company has outstanding loan and advance commitments relating to unutilised customer overdraft and revolving credit facilities. These amounts represent the Company's potential obligation and commitment to make funds available in the event that a customer draws down on a facility. The amounts do not represent an existing obligation for the Company to disburse funds, hence they are disclosed as off-balance sheet items.

## 7.6.2. Operating lease commitments - the Company as lessee

The Company leases various properties under non-cancellable operating lease agreements. The lease terms are between three and five years, and the majority of these lease agreements are renewable at end of each lease period at market rate. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

## 7.7. Capital Resources and Liquidity

The Company secures capital through debt and equity financing. Debt financing primarily comprises funds received through customer deposits, which are managed to ensure liquidity, profitability, and the Company's overall stability. The Company closely monitors and manages liquidity ratios, and accesses interbank markets and NBE liquidity facilities as and when required. Additionally, the Company has access to additional liquidity through a revolving credit facility and an overdraft facility. The Company secures equity financing through the issuance of shares to existing shareholders.

The Company's resource utilisation is subject to several key regulatory requirements designed to maintain financial system stability including the following:

- **Credit Cap:** The NBE imposes a limit on aggregate credit exposure to mitigate inflationary pressures and maintain financial stability.
- **Liquidity Requirements:** The Company must maintain sufficient liquid assets to meet short-term obligations and ensure it can meet depositor and creditor withdrawal demands.
- **Reserve Requirements:** A specified percentage of deposits must be held in reserves (cash or deposits with the NBE) to maintain solvency and meet liabilities.
- The national tax disclosure period, typically in October and November, often sees increased withdrawals as businesses meet their tax obligations and impacts sector-wide liquidity.

As at the date of this Prospectus, the Company has no significant contractual cash commitments (e.g., loan repayments) or restrictions on the use of available resources that would materially impact liquidity.

## 7.8. Working capital statement

In the opinion of the Company, the Company has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

## 7.9. Capitalisation and Indebtedness

The following table sets out the capitalisation of the Company as at 28 February 2026

Table 105: Statement of capitalisation

	<b>28 February 2026</b>
	<b>ETB (millions)</b>
<b>Statement of capitalization</b>	
<b>Total current debt (including current portion of long-term debt)</b>	
Unguaranteed/unsecured borrowings - local	53
Lease liabilities	62
<b>Total non-current debt (including current portion of long-term debt)</b>	
Unguaranteed/unsecured borrowings - local	64
Lease liabilities	371
<b>Shareholders' equity</b>	
Share capital	9,657

	<b>28 February 2026</b> <b>ETB (millions)</b>
<b>Statement of capitalization</b>	
Share premium	39
Retained earnings	(24)
OCI-Defined employee benefit	(112)
OCI-Equity investment	331
Legal reserve	2,424
Regulatory risk reserve	472
<b>Total capitalisation</b>	<b>13,337</b>

The statement of capitalisation has been extracted without material adjustment from the Company's unaudited management accounts as at 28 February 2026.

The following table sets out the Company's net indebtedness as at 28 February 2026

Table 106: Statement of indebtedness

	<b>28 February 2026</b> <b>ETB (millions)</b>
<b>Statement of indebtedness</b>	
(A) Cash and balances with banks	16,250
<b>(B) Liquidity</b>	<b>16,250</b>
(C) Current borrowing	53
(D) Current lease liability	62
<b>(E) Current financial indebtedness (C+D)</b>	<b>115</b>
<b>(F) Net current financial indebtedness (E-B)</b>	<b>(16,135)</b>
(G) Non-current borrowing	64
(H) Non-current lease liabilities	371
<b>(I) Non-Current financial indebtedness (G+H)</b>	<b>435</b>
<b>(J) Net financial indebtedness (I-F)</b>	<b>(15,700)</b>

The statement of indebtedness has been extracted without material adjustment from the Company's unaudited management accounts as at 28 February 2026.

The Company had no indirect or contingent indebtedness as at 28 February 2026.

There have been no other material loans made by third parties to the Company where such loans are material to the Company. Details of all outstanding loans of the Company, where such loans are material to the Company as at the last practicable date prior to the finalisation of this Prospectus have been included in this section (management discussion and analysis on operations & financial results).

There have been no material changes to the Company's capitalisation and indebtedness since 28 February 2026.

## **7.10. Going concern**

The Company's Directors have reviewed key operational factors to assess the future financial performance and position of the Company. Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for the foreseeable future, being a period of at least twelve months from the date of this Prospectus. Further, the Company's financial statements for the years ended 30 June 2025, 2024 and 2023 have been prepared on a going concern basis. The External Auditors of the Company have satisfied their requirements of the Company's going concern basis and have issued an unqualified audit opinion on the historical financial statements for the years ended 30 June 2025, 2024 and 2023.

## **7.11. Legal and arbitration proceedings**

The Company is currently, and may occasionally become, involved in various legal proceedings, including inquiries or discussions with governmental authorities incidental to its operations. For the purposes of this Prospectus, litigation is classified as material if the amount in dispute exceeds USD 500,000 (ETB 70 million) or 5.0% of total assets (whichever is lower), if it could have a significant adverse effect on the Company's financial position or operations, or if it could materially impact its ability to meet obligations or comply with regulations.

Except as indicated below in accordance with the criteria above, the Company states that it is not currently involved in any government, legal, or arbitration proceedings (including pending or threatened proceedings known to the Company) that could have, or have had in the 12 months prior to the date of this Prospectus, a material impact on its financial position or profitability.

### **7.11.1. Ethiopia Road Authority vs. the Company**

The Ethiopian Road Authority has filed a claim against the Company in relation to advance payment guarantees issued to a contractor amounting to ETB 306 million.

The contractor defaulted, guarantees were called, and the Company disputed payment. The matter is now before the Cassation Bench of the Federal Supreme Court, and the examination is still ongoing. The Cassation Bench ordered the lower court's file to be sent to it for further examination and adjourned the case to 4 June 2026. There is a 50% chance of a favourable outcome, despite prior adverse rulings, as fundamental legal errors may be reviewed. Judgment is expected in the coming months. If unsuccessful, the Company would owe the full guarantee amount plus statutory interest and legal fees. No collateral secures the claim, there are no settlement talks, and reputational or operational impact is expected to be minimal. Full provisioning for the exposure has been made in accordance with NBE guidelines and accounting policies.

### **7.11.2. The Company vs. Ministry of Revenue**

The Company has filed an appeal against a tax assessment issued by the Ministry of Revenue for ETB 86 million as dividend tax for the 2021/2022 tax year, relating to amounts the Company states were reinvested by shareholders rather than distributed. The hearing was held on 7 November 2025 and confirmed the decision made by the Tax Appeal Commission (on File no 287565). Subsequently, an application was submitted to the Federal Supreme Court Cassation Bench. Although the matter was adjourned for a hearing on March 31, 2026, the Cassation Bench ultimately rejected the application. Consequently, the Company is now preparing to submit a petition to the FDRE Council of Constitutional Inquiry. Provisioning for the full amount of the exposure has been made in accordance with NBE guidelines and accounting policies.

### **7.11.3. The Company vs Ministry of Revenue**

The Ministry of Revenues has assessed ETB 124 million in dividend tax for the 2022/2023 tax year, which the Company is contesting on the grounds that the funds were reinvested by shareholders. The appeal presented to the Federal High Court was heard on 1 November 2025, and the Court affirmed the original decision of the Tax Appeal Commission (File No. 388058). Subsequently, an appeal was presented to the Federal Supreme Court on 14 January 2026, where the court upheld the previous ruling against the Company. The Company is preparing an appeal on this decision to be presented to the Federal Supreme Court Cassation Bench. Based on recent legislative clarification provided by the Income Tax (Amendment) Proclamation No. 1395/2025, although the ultimate outcome of the Supreme Court appeal cannot presently be determined, management believes there is an estimated 60% likelihood of a favourable outcome. A resolution is anticipated within six to twelve months following the hearing after the appeal to the Cassation Bench is filed. The Company's potential liability of ETB 124 million represents the total sum, comprising the original principal amount plus penalties and interest; there is no collateral or security pledged, and no settlement negotiations are underway. Should the ruling be in favour of the Company, this liability would be removed, and the Company's position regarding dividend reinvestment practices affirmed. Provisioning for the full potential exposure has been made.

### **7.11.4. Potential regulatory review relating to share issuances and dividend capitalisation**

Following the coming into force of the Public Offering and Trading of Securities Directive No. 1030/2024, the Company offered and issued authorised shares to existing shareholders through dividend capitalisation and for cash consideration and is in the process of registering its existing ordinary shares with the ECMA.

From 30 June 2025 to 20 November 2025, the Company issued a total of 2,643,913 Ordinary Shares at ETB 1,000 per share, comprising 764,520 Ordinary Shares issued to existing shareholders for cash consideration and 1,879,393 Ordinary Shares issued through dividend capitalisation, raising aggregate proceeds of ETB 2,643,913,000. Under the dividend capitalisation mechanism, shareholders were given the option to receive declared dividends in cash or to apply such dividends towards the subscription of new shares, with payment effected by set-off against declared dividends.

As at the date of this Prospectus, the Company is not a party to any litigation or arbitration proceedings arising from these matters. At the same time, the share issuances effected after November 2024 and the related dividend capitalisation arrangements remain subject to ECMA's review in connection with the Company's compliance with Directive No. 1030/2024 and other applicable capital markets requirements.

### **7.12. KPIs reported to the NBE**

The Company, as part of its regular reporting obligations with the NBE, is required to report various KPIs and other financial metrics. The NBE issued a circular providing certain allowances, primarily in relation to the impacts of the conflict in Tigray and the northern regions of Ethiopia, which the Company may apply in calculating NPL and NPF for the aforementioned regulatory reporting purposes. As a result, the NPL and NPF figures reported to the NBE may differ from those disclosed in the HFI. The Company took advantage of the allowances set out in NBE Circular No. BSD/22/2023 when preparing its regulatory submissions. In addition to this circular, the Company prepares and reports its NPL and

NPF metrics in compliance with NBE Directive No. SBB/1013/2024. The table below details the KPIs reported to the NBE.

Table 107: KPIs reported to the NBE

	As at 30 June		
	2025	2024	2023
NPL ratio	2.2%	2.2%	3.2%
NPF ratio	0.6%	2.6%	0.3%
CAR	13.5%	15.0%	12.3%
Liquidity ratio	0.38x	0.23x	0.21x

### 7.13. Description of non-IFRS measures

This Prospectus contains certain non-IFRS measures that are not defined or recognised under IFRS reporting for banks, including Total Revenue and Segment Revenue.

The Directors use the non-IFRS measures to measure operating performance and as a basis for strategic planning and forecasting. There are no generally accepted principles governing the calculations of these measures and the criteria upon which these measures are based can vary from company to company and therefore may not be comparable to other similarly titled measures used by other companies. These measures, by themselves, do not provide a sufficient basis to compare the Company's performance with that of other companies and have inherent limitations as analytical tools.

The Directors believe the following metrics to be the non-IFRS measures used by the Company to help evaluate growth trends, establish budgets, and assess operational performance and efficiencies. Non-IFRS measures have inherent limitations as analytical tools and should not be considered in isolation or as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

The Directors believe that these non-IFRS Measures, in addition to IFRS measures, provide an enhanced understanding of the Company's results and related trends, therefore increasing transparency and clarity into the core results of the business.

The Company defines Total Revenue as the sum of interest income, net foreign exchange income/loss, service charge and other operating income. Set out below is a reconciliation from the HFI to Total Revenue.

Table 108: Total Revenue

<b>Total Revenue</b>	<b>As at 30 June</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>ETB (millions)</b>			
Interest income	8,786	6,531	5,548
Fee and commission income	2,038	1,248	1,242
Other operating income	341	281	57
<b>Total Revenue (non-IFRS)</b>	<b>11,165</b>	<b>8,060</b>	<b>6,847</b>

The Company defines Segment Revenue as the Total Revenue split by Business Segment, being the sum of the respective Business Segment's interest income, fees, commission income and other operating income. The total sum of the Segment Revenue reconciles to the HFI when summing, interest income, fees, commission income and other operating income. Set out below is a reconciliation from the HFI to Segment Revenue:

Table 109: Total Revenue and Segment Revenue

<b>Total Revenue and Segment Revenue</b>	<b>As at 30 June</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>ETB (millions)</b>			
Conventional Banking	10,780	7,753	6,674
IFB	234	161	114
<b>Segment Revenue (non-IFRS)</b>	<b>11,014</b>	<b>7,914</b>	<b>6,788</b>
Other Income	151	146	59
<b>Total Revenue (non-IFRS)</b>	<b>11,165</b>	<b>8,060</b>	<b>6,847</b>



## 8. INFORMATION ON THE SECURITIES

## **8.1. Information concerning the securities being registered**

### **8.1.1. Type and class of securities being registered**

The registration of securities comprises 9,657,286 Ordinary Shares of the Company. The Ordinary Shares have a par value of ETB 1000. The Company has and, on the completion of the registration of existing securities will have, one class of Ordinary Shares. As at the date of this Prospectus, the paid-up capital of the Company is ETB 9,657,286,000. The registration of securities is duly authorised by a resolution of the shareholders dated 15 November 2025, in accordance with the Capital Market Proclamation, the Public Offer Directive, and the Company's MOA, which collectively provide the legal authority for the registration, creation, offering, and allotment of securities.

### **8.1.2. Registration of securities**

The Existing Ordinary Shares of the Company will be registered with the ECMA at the date of approval of the registration statement and this Prospectus.

### **8.1.3. The name and address of the persons in charge of keeping the records of the securities**

The company secretary, Tizazu Wodaje, in his role, has and will be the person in charge of keeping the records of the Ordinary Shares of the Company. The company secretary's address is given as:

Woreda 08, Kirkos sub-city, Addis Ababa, Ethiopia  
Abay headquarters, Ziquala Complex  
Tel: +251 11554 9735  
Email: [info@abaybanksc.com](mailto:info@abaybanksc.com)  
Website: [www.abaybanksc.com](http://www.abaybanksc.com)

### **8.1.4. Rights attached to the securities**

The Company has, and on completion of the registration of securities with the ECMA will have, only one class of shares, being the Ordinary Shares.

The rights attached to the Ordinary Shares will be uniform in all respects, and they will form a single class for all purposes. The rights attached to the Ordinary Shares are as set out below:

- a. Every Ordinary Share shall confer a right to participate in the Company's annual net profits and to a proportionate share in the net proceeds on a winding-up;
- b. The share in the profits and in the net proceeds on a winding-up due to a holder of Ordinary Shares shall be calculated in proportion to their holding in the paid-up capital of the Company;
- c. Every Ordinary Share shall confer voting rights. The voting rights attached to a shareholder shall be in proportion to the amount of capital represented by their Ordinary Shares;
- d. Every holder of Ordinary Shares has a preferred right, in proportion to their holding, to purchase Ordinary Shares issued on an increase of capital;
- e. In accordance with Article 448(1)-(2) of the Commercial Code and Article 9(2) of the Public Offer Directive, existing shareholders of the Company have rights to trade their preferred rights where securities are issued through rights offer.

The Company will be subject to the ongoing obligations of the ECMA with regard to the issue of equity securities for cash. Additionally, the provisions of Article 448 of the Commercial Code, which confers

on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash, apply to the issue of shares in the capital of the Company.

### **8.1.5. Information on the tax treatment of the securities**

The taxation treatment of the securities will be governed according to the Federal Income Tax Proclamation No. 979/2016 and its amendment Income Tax (Amendment) Proclamation No. 1395/2025. According to this proclamation, the following taxes could be applicable to the holders of the securities on offer.

According to Article 57 of the Income Tax Proclamation (as amended), a resident of Ethiopia who derives an income from dividends shall be liable for income tax at the rate of 15.0% of the gross amount of the dividend. Furthermore, a non-resident who derives an Ethiopian source dividend that is attributable to a permanent establishment of the non-resident in Ethiopia shall be liable for income tax at the rate of 15.0% (15% on the gross amount of the dividend).

However, a dividend tax shall not apply to a body if a body distributes a dividend to a permanent establishment in Ethiopia or to a resident that is a member of a group of companies. "Group of companies" means a company that directly or indirectly has more than one company in which it owns more than 50.0% of the shares.

According to Article 59 of the Income Tax Proclamation (as amended), a person who derives a gain on the disposal of shares shall be liable to pay income tax at the rate of 15.0%. The amount of gain on disposal of shares by a person shall be the amount by which the consideration for the disposal of the asset exceeds the cost of the asset at the time of disposal, adjusted for inflation by 30.0%.

Under Article 64 of the Federal Income Tax Proclamation No. 979/2016, as amended by the Income Tax (Amendment) Proclamation No. 1395/2025, the Company may be subject to an additional income tax at the rate of fifteen percent (15%) on net profits remaining after income tax if such profits are neither distributed to shareholders nor reinvested within twelve (12) months following the end of the fiscal year. This tax applies to profits that are treated as "undistributed profits" under the law. Undistributed profits include net profits not so distributed or reinvested within the prescribed period. They also include profits attributable to a permanent establishment in Ethiopia that are not remitted to a foreign head office. The application of this tax is subject to directives to be issued by the Ministry of Finance. Pending the issuance of such directives, net profits applied to increase the Company's capital or to increase the shareholdings of its shareholders are presumed to have been reinvested. Such profits are therefore not treated as undistributed profits for the purposes of this tax.

### **8.1.6. Restrictions on the transferability of the securities**

The Ordinary Shares will be freely transferable, and there will be no restrictions on transfer.

### **8.1.7. Public takeover bids**

The Company has not received any public takeover bids by third parties in the last financial year ended 30 June 2025 and to the period up to the date of this Prospectus.

## **8.2. Expenses of the registration**

The below table is the itemised list of the major categories of estimated expenses incurred in connection with the registration of Ordinary Shares. The expenses of the registration are payable by the Company in full.

Table 110: Expenses of the registration

<b>Category of Expense</b>	<b>Amount ETB millions</b>
Transaction Advisor	69.7
Legal Advisor	3.8
Securities registration fee payment to ECMA	10.0
<b>Total estimated expenses of the registration</b>	<b>83.4</b>

### 8.3. Professional parties

Set out below is a summary of the Professional Parties and experts who have been engaged by the Company in connection with this registration of Ordinary Shares.

Table 111: Professional parties

<b>Professional party</b>	<b>Role</b>	<b>Interest in the Issuer</b>	<b>Material conflict of interest</b>
Deloitte	Transaction Advisor	None	None
Tamrat Assefa Liban Law Office	Legal Advisor	None	None
Tafesse, Shisema and Ayalew Certified Audit Partnership (TMS PLUS)	External Auditors	None	None

The consent of each of the parties named above to act in their stated capacity has been obtained and has not been withdrawn prior to the publication of this Prospectus.



# 9. RISK FACTORS

Any investment in the Ordinary Shares is subject to several risks. Prior to investing in the Ordinary Shares, prospective investors should carefully consider the risk factors associated with any investment in the Ordinary Shares, the Company's business and the industry in which it operates, together with all other information contained in this Prospectus as a whole, including, in particular, the risk factors described below.

The risk factors described below are not an exhaustive list or explanation of all risks that investors may face when investing in the Ordinary Shares. Additional risks and uncertainties relating to the Company that are not currently known to the Company, or that the Company currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Company's business, results of operations and financial condition and, if any such risk should occur, the price of the Ordinary Shares may decline and investors could lose all or part of their investment.

## **9.1. Industry and market risks**

### **9.1.1. Macro financial pressures and market volatility risks**

The Company's financial condition and operating results are structurally sensitive to Ethiopia's macroeconomic volatility, specifically the interlocking effects of inflation, currency depreciation, and the transition to market-based financial regimes.

The Company faces immediate financial loss from currency depreciation due to fixed hard-currency material contracts. Specifically, the USD 2,969,339 agreement with ALTA Computec for Oracle Exadata services and the ETB 3,036 million headquarters contract with China Wu Yi (which requires 15% of the price to be paid in USD) create direct liabilities that inflate in ETB terms as the exchange rate shifts. This depreciation further pressures profitability by inflating the maintenance costs for the imported infrastructure supporting the Company's 42.2 million digital transactions.

Mandatory monetary policy measures impose a quantifiable opportunity cost on the Company's liquidity. Current NBE reserve requirements (7.0%) hold ETB 5,034 million of the Company's ETB 71,915 million deposit base idle. This burden is expected to intensify under proposed directives that could require the Company to hold over 12% of its deposits idle, significantly increasing the opportunity cost of liquidity and constraining its ETB 49,917 million gross loan book.

The Company's operating margins are uniquely vulnerable to high inflation through escalating personnel overhead. In 2025, personnel expenses reached ETB 3,199 million, representing a 62.6% surge from 2023, as the Company implemented non-discretionary wage adjustments to retain staff specialized in digital risk modeling and cybersecurity. Persistent inflation further threatens digital fee income—which drove ETB 2,038 million in 2025—by potentially reducing the transaction frequency of the Company's 3.2 million mobile subscribers.

Persistent inflation and slower GDP growth are primary threats to the debt-servicing capacity of the Company's smaller borrowers. As at 30 June 2025, the Company's retail (consumer and staff) loan portfolio stands at ETB 5,516 million, while SME-intensive sectors such as Domestic Trade account for ETB 6,679 million, collectively representing 24.4% of the Company's total loan portfolio. While the Company's overall NPL ratio is 2.76%, these segments contribute a material portion of the Company's credit risk; specifically, retail and SME borrowers account for ETB 787 million, or 60.3% of the Company's total ETB 1,304 million in non-performing loans.

Following its registration with the ECMA and listing on the Ethiopian Securities Exchange (ESX), the Company's ETB 12,209 million equity base is exposed to immediate, unrealized losses due to mandatory IFRS fair-value accounting. Historically held at cost, the Company's portfolios of equity

securities and government instruments are now subject to market-based valuation, meaning downward shifts in domestic yields or market sentiment will result in immediate charges against reported earnings and Tier 1 capital ratios.

### **9.1.2. Foreign exchange liquidity and transactional exposure risks**

While the Company is subject to systemic foreign exchange scarcity, its foreign exchange risk is significantly amplified by internal operational limitations and strategic dependencies. The Company's ability to generate hard currency is constrained by its export financing capacity, which is currently concentrated in a limited number of agricultural commodity exporters. This narrow base creates an internal bottleneck; any disruption in the Company's specific exporter relationships or a failure to provide competitive trade finance instruments directly reduces the Company's self-generated foreign exchange inflows, heightening its reliance on volatile NBE allocations.

Furthermore, the Company faces internal limitations in trade finance activities due to the high volume of its off-balance sheet commitments. As at 30 June 2025, the Company's reliance on trade-related services makes it sensitive to internal settlement delays. Failure to modernise internal trade-processing systems or to maintain a sufficiently diverse pool of international correspondent banks limits the Company's capacity to facilitate large-scale import-export transactions for its corporate clients.

The Company's remittance mobilisation strategy also presents a direct internal risk. Despite a growing digital footprint of 42.2 million transactions, the Company remains vulnerable to competition from leaner telecom-led mobile money operators. If the Company fails to successfully execute its internal strategy to integrate its digital channels with international remittance partners, it risks a permanent loss of retail foreign currency inflows. Finally, the Company's internal FX demand is exacerbated by specific material contracts, such as the USD 2,969,339 Oracle database agreement and the USD-denominated portions of its headquarters construction, which create fixed internal requirements for hard currency regardless of the market's supply.

### **9.1.3. Regional instability and geographical concentration risks**

The Company's operational continuity and asset quality are structurally vulnerable to localised unrest due to a high concentration of physical infrastructure and sectoral lending within specific high-risk regions.

The Company's service delivery is fundamentally dependent on a network of 546 branches, as at 30 June 2025, which is heavily concentrated in the Amhara and Oromia regions where it maintains a "massive presence". Persistent regional unrest has already resulted in the frequent temporary shutdown of branches and the permanent closure of three branches in 2025, directly severing the Company's primary links for resource mobilization and customer service in its most critical market areas.

The Company's ETB 49,917 million loan book is uniquely exposed to regional shocks. Internal assessments confirm that instability in Amhara and Oromia has historically disrupted physical loan collection processes and collateral inspections. Because the Company relies on manual, judgment-based assessments rather than remote automated monitoring, these regional disruptions directly impede the Company's ability to manage its 2.76% NPL ratio and execute recoveries.

Asset quality is further pressurized by the Company's heavy weighting in export-oriented agriculture (ETB 13,133 million) and building/construction (ETB 8,394 million). These sectors are fundamentally

dependent on stable regional logistics and supply chains; localised conflict in production and transit hubs directly impairs the debt-servicing capacity of these specific borrowers, leading to localised surges in NPLs.

The Company identification of a high concentration of its customer base in four key districts—Bahir Dar, North East, Dessie, and South West—which together account for 65% of all deposit accounts. This concentration makes the Company's ETB 71,915 million deposit base highly sensitive to correlated regional withdrawals, which could force an immediate and disruptive contraction of lending activities if a major district is destabilized.

The Company's historical reliance on physical branches as its primary 'growth engine' creates a strategic liability during regional crises. Due to the identified "strategic gap in digital integration," the Company currently lacks the maturity to fully transition its regionally-concentrated customer base to remote channels during periods of conflict, risking a permanent loss of market share to mobile money operators.

#### **9.1.4. Fair value and market risks**

The Ethiopian banking industry is entering a period of heightened valuation risk due to the transition to market-based financial frameworks. Historically, the absence of a secondary market meant that many bank investments were held at cost or modelled value. However, the operationalisation of the ESX and the mandatory adoption of IFRS introduce significant fair-value volatility.

Banks across the sector hold substantial portfolios of equity securities and government instruments. Under a market-based regime, any downward shift in market sentiment or changes in the domestic yield environment will result in immediate, unrealised losses on bank balance sheets, directly impacting reported earnings and Tier 1 capital ratios.

Furthermore, the industry is exposed to systemic market risk through the Foreign Exchange Exposure Limits Directive. The requirement to maintain a net open foreign currency position within +/-18% of Tier 1 capital, combined with an explicit market-risk capital charge, limits the industry's ability to manage foreign exchange liquidity during periods of high ETB volatility. As the NBE moves toward a price-based monetary policy, the sector also faces emerging interest rate risk; mismatches between the repricing of traditional deposits and new, market-linked lending products could lead to rapid fluctuations in net interest margin across the entire banking landscape.

### **9.2. Financial and capital risks**

#### **9.2.1. Financial solvency and liquidity resilience risks**

The Company's solvency and liquidity position are sensitive to a structural imbalance between its long-term asset quality and a highly concentrated, volatile funding base.

As at 30 June 2025, 94.0% of the Company's ETB 71,915 million deposit base consists of short-term demand and savings accounts. This funding is highly concentrated among a limited number of large corporate and government-related entities, particularly within the construction and import-export sectors. The Company identifies a material risk that correlated withdrawals by these specific accounts would force an immediate contraction of its ETB 49,917 million loan book and deplete the liquidity buffers required for daily operations.

Internal compliance reviews have identified specific vulnerabilities in the Company's asset management, including a continued reliance on manual, judgment-based credit assessments rather

than robust scoring models, and identified gaps in loan monitoring and recovery procedures. These internal weaknesses reduce the Company's ability to identify early-warning signals of default, directly threatening its capacity to maintain an NPL ratio below the 5.0% regulatory ceiling.

The materiality of the Company's credit risk is amplified by its network of branches, which is heavily concentrated in the Amhara and Oromia regions. Persistent regional unrest has directly disrupted physical loan collection and collateral inspections for the Company's ETB 13,133 million export-oriented agriculture and ETB 8,394 million construction portfolios. These disruptions have hindered borrowers' debt-servicing capacity and limited the Company's ability to execute recoveries in those areas.

While the Company's CAR of 13.5% currently exceeds the 11.0% regulatory minimum, the total capital buffer has narrowed relative to the prior year. Under the Risk-Based Capital Adequacy Requirement Directive, which becomes fully effective in December 2026, the Company identifies an internal risk that its capital levels will be insufficient to absorb further credit losses. Any failure to maintain these strictly enforced ratios will lead to NBE mandated restrictions on dividend payments, materially impacting shareholder returns.

### **9.2.2. Loan to deposit ratio**

The loan-to-deposit ratio measures the extent to which customer deposits fund the Company's loan book and is a key indicator of balance sheet resilience. As at 30 June 2025, the Company's gross loans and advances totalled ETB 49,917 million against ETB 71,915 million in deposits, resulting in a loan-to-deposit ratio of 69.4%. If loan growth were to outpace deposit mobilisation, the ratio could rise, increasing reliance on more volatile or higher cost funding sources.

A persistently high loan-to-deposit ratio can signal aggressive lending or insufficient deposit growth, leaving less liquidity to absorb shocks and increasing reliance on more volatile or higher-cost funding sources. Conversely, a sudden drop in deposits, particularly given the Company's concentration among a limited number of large accounts, could drive the ratio higher, forcing rapid adjustments in lending activity and weighing on profitability.

The NBE monitors banks' loan-to-deposit as part of its broader liquidity surveillance framework. If the Company's ratio were to rise above prudent levels, it could trigger supervisory review, constrain lending capacity, or require rebalancing of the balance sheet.

### **9.2.3. Interest rate risk**

The Company's financial condition depends on effective asset-liability management and the alignment of repricing characteristics between loans and deposits. Any significant mismatch between asset and liability repricing could materially and adversely affect profitability and capital adequacy. The NBE monitors interest rate exposures as part of its supervisory framework on market risk under the Banking Business Proclamation and related directives.

The Company is exposed to interest rate risk, defined as the potential adverse impact on net interest income and the value of interest-sensitive assets and liabilities due to fluctuations in market rates. Under the Risk Based Capital Adequacy Requirement Directive, interest rate risk in the trading and banking books forms part of the market risk capital charge, so significant mismatches or volatility in rates can increase market-risk-weighted assets and required capital, further constraining headroom above the minimum capital adequacy ratios. Changes in benchmark rates set by the NBE or shifts

in market dynamics affect the interest earned on loans and investments and the interest paid on deposits and borrowings.

The Company's interest rate risk profile has shifted following the enactment of Interest Rates (As Amended) Directive No. NBE/INT/13/2026 on 09 January 2026. While the NBE previously influenced rates through benchmarks, the Company now possesses the authority to freely determine its own lending and deposit rates based on market forces. This grants the Company autonomy in rate-setting but also increases the complexity of its asset-liability management, as the Board must now establish explicit criteria for rate adjustments in response to market volatility.

Significant increases in rates may weaken lending activity, raise debt service burdens, and increase defaults, while substantial declines could compress margins by reducing asset yields faster than funding costs. These effects are amplified by inflationary conditions, credit quality pressures, and liquidity constraints, which together may limit the flexibility to respond to volatility.

Interest rates affect the Company through the cost and availability of funding, margins and revenues, and impairment levels. Changes in deposit rates directly influence funding costs and the stability of deposit inflows. A lower interest rate environment reduces interest expenses but also discourages savings, constraining the Company's ability to mobilise deposits and expand lending. Higher rates support deposit growth but raise funding costs, especially given the Company's reliance on a relatively small number of large accounts.

Interest rate movements also shape margins and revenues by altering the spread between loan yields and deposit costs. Net interest income is the Company's primary earnings driver, and a significant portion of the loan book is concentrated in retail and SME borrowers. Rising rates can compress margins when deposit costs increase more quickly than loan yields adjust, while falling rates can also reduce margins if lending rates decline faster than funding costs.

Interest rates impact impairment levels: higher rates raise default risks and provisioning needs, while lower rates ease repayments but may prompt riskier borrowing and reduce asset yields, affecting profitability.

These risks are amplified by internal vulnerabilities identified in compliance reviews, including reliance on judgment-based credit assessments, limited use of robust credit scoring, and gaps in loan monitoring and recovery. Combined with inflationary pressures and liquidity constraints, these weaknesses magnify the Company's sensitivity to interest rate volatility and increase the risk of adverse impacts on profitability and capital adequacy.

### **9.3. Operational risks**

#### **9.3.1. Infrastructure and vendor risk**

The Company's revenue and service continuity are structurally dependent on a digital-first strategic pivot, which is currently exposed to internal process gaps in vendor management and external cyber threats.

The Company identifies a material risk to its ETB 2,038 million in annual digital fee income from potential system outages. Because digital channels now process 42,269,000 transactions (65.0% of total volume), any interruption in the Flexcube core banking platform directly severs the Company's primary growth engine.

The Company faces material operational risks arising from internal procurement bottlenecks and inadequate oversight. Recent performance reports disclose that critical infrastructure acquisitions, such as specialized motor vehicles and office equipment, have remained unfulfilled or required multiple rebidding cycles due to internal procedural failures. These deficiencies limit the Company's ability to maintain its physical and digital reach efficiently.

The Company identifies an internal vulnerability in its existing contractual frameworks for large-scale projects, such as the ETB 3,036 million headquarters contract. Internal Audit has identified a lack of comprehensive monitoring of material vendor arrangements, prompting a scheduled "vendor-management audit" to assess the adequacy of current controls, contractual compliance, and contingency planning. Until these audits are complete, the Company remains exposed to cost overruns and service interruptions that cannot be mitigated through existing manual workarounds.

As a high-volume digital provider, the Company is a primary target for cyber-attacks. In May 2025 alone, IT security detected and blocked 341 attack attempts at the perimeter. A successful breach would result in material financial loss and regulatory sanctions under the NBE's intensified oversight of digital banking resilience.

The Company identifies a specific risk that widespread IT outages or systemic cyber incidents may exceed its current insurance policy limits. In such an event, the Company would absorb these losses directly from its ETB 12,222 million capital base, reducing its 13.5% Capital Adequacy Ratio and impairing its capacity to sustain future dividend distributions.

### **9.3.2. Insurance coverage limitations**

Broader risks, such as widespread IT outages, systemic cyber incidents, branch closures due to conflict, or political instability, may not be comprehensively covered or could exceed existing policy limits. In such cases, the Company could be required to absorb significant financial losses directly, which may erode capital and profitability and reduce resilience to subsequent shocks. Operationally, gaps in coverage could contribute to prolonged service disruptions, legal disputes with counterparties, and heightened compensation obligations to affected customers. Limited scope of cyber-risk coverage, in particular, may expose the Company to data breaches, fraud-related losses, regulatory sanctions, and reputational harm. Furthermore, in the event of simultaneous regional or systemic disruptions, the Company may face higher reinsurance costs or delays in claim settlement, further intensifying financial and operational strain.

### **9.3.3. Internal misconduct risk**

The Company is exposed to risks arising from internal misconduct, including fraud, theft, embezzlement, bribery, data manipulation, collusion, or other unethical or unlawful actions by employees, agents, or contractors. Such incidents may occur through the circumvention of internal controls, exploitation of system vulnerabilities, or abuse of privileged access.

Contributing factors include inadequate segregation of duties, insufficient oversight and supervision (particularly in remote or high-volume branches), weak enforcement of ethical standards, and deficiencies in the internal control environment. Internal misconduct could result in direct financial losses, misstatement of financial information, regulatory sanctions, reputational damage, and loss of stakeholder confidence.

Moreover, internal misconduct can amplify other operational risks, such as data breaches, unauthorised transactions, or fraudulent vendor relationships, especially where governance lapses or delayed detection occur.

#### **9.3.4. Strategic execution and human capital risks**

The Company's strategic continuity and profitability are exposed to institutional execution risks arising from leadership attrition, organizational complexity in its dual-banking model, and the high cost of maintaining a competitive workforce.

The Company faces a material threat to its strategic leadership; in 2025, the Company recorded 209 total resignations, of which 42 (20.1%) were in managerial job categories. The loss of these experienced leaders disrupts the implementation of long-term corporate objectives and creates an internal "key person" risk that could impair the Company's ability to meet evolving NBE supervisory expectations.

The Company's execution is complicated by the requirement to manage parallel operational and reporting processes for its Conventional and Saadiq (IFB) segments. This structure creates institutional complexity in resource allocation, risking service inconsistencies as the Company attempts to scale its ETB 2,139 million interest-free financing portfolio alongside its conventional lending operations.

To prevent the loss of key leadership and specialized staff to new foreign entrants and FinTechs, the Company implemented non-discretionary wage and benefit adjustments. These adjustments drove a 62.6% surge in personnel expenses to ETB 3,199 million in 2025, which directly compresses operating margins and reduces the capital available for other strategic growth initiatives.

The Company's reliance on its branch network as a primary growth engine makes its annual performance targets uniquely vulnerable to geographic shocks. Persistent unrest in the Amhara and Oromia regions—where the Company maintains its "massive presence"—has already resulted in the permanent closure of three branches and frequent temporary shutdowns, directly obstructing the Company's ability to execute its resource mobilization and loan collection strategies in critical market areas.

The Company identifies specific internal skill gaps regarding the implementation of the Risk-Based Capital Adequacy Requirement Directive and IFRS 9 modelling. Despite reaching 190% of its training target with 13,795 participants, the Company remains exposed to the risk of execution delays or deficiencies in regulatory reporting if it cannot accelerate its specialized internal training pipelines.

#### **9.3.5. Digital transformation risks**

As a core strategic objective, the Company's pivot to a digital-first model introduces unique risks related to infrastructure integration, revenue concentration, and the vulnerability of its remote service channels.

The Company has successfully shifted 65.0% of its total transaction volume to digital channels, which generated ETB 2,038 million in fee and commission income in 2025. This creates a material risk where any failure to sustain the growth of its 3.2 million mobile banking subscribers or any disruption in digital service delivery would lead to an immediate and significant contraction of the Company's non-interest revenue base.

The Company is currently managing high-stakes technology projects, including the ETB 402.7 million investment in the Oracle Exadata Server and upgrades to its Flexcube core banking platform. There is a specific execution risk that failure to properly integrate these new systems with legacy

infrastructure will cause reconciliation breaks, data integrity issues, and prolonged service outages for the Company's 1.15 million active card users.

A strategic gap remains in the Company's ability to fully transition its regionally concentrated customer base to remote channels during periods of conflict. If the Company cannot accelerate the activation rate of its internet banking services (currently at 81.7% of subscribers), it faces a permanent loss of market share to mobile money operators and FinTechs who do not require a physical presence to maintain service continuity.

The sustainability of the Company's digital "growth engine" is exposed to currency volatility, as Birr depreciation directly inflates the cost of imported software licenses and hardware maintenance required to keep its payment switching and mobile applications operational.

## **9.4. Regulatory, governance and reputational risks**

### **9.4.1. NBE directives and regulatory oversight**

The Company is subject to extensive prudential and supervisory oversight by the NBE. Applicable directives include those governing capital adequacy, loan classification and provisioning, large exposure limits, reserve requirements, foreign exchange management, and interest rate policies. These now include the Risk Based Capital Adequacy Requirements Directive, which introduces new minimum CET1, Tier 1 and total capital ratios and revised methodologies for calculating risk-weighted assets, and the Foreign Exchange Exposure Limits Directive, which caps the overall net open foreign currency position at +/-18% of Tier 1 (going-concern) capital and sets detailed computation, reporting, and correction requirements. For example, the Reserve Requirement – (8th Replacement) Directive No. SBB/84/2022 obliges banks to maintain a fixed portion of deposits with the central bank; the Asset Classification and Provisioning Directive No. SBB/90/2024 sets the current requirements for loan classification and minimum provisioning; the Large Exposures Directive No. SBB/87/2024 imposes limits on lending to single and related borrowers; and the Foreign Exchange Directive governs retention and conversion of foreign currency inflows. These also now include Interest Rates (As Amended) Directive No. NBE/INT/13/2026, which transitions the sector to market-determined rates, and Investment on DBE Bonds (Repealing) Directive No. SBB/98/2025, which has abolished the mandatory requirement to invest 1% of outstanding loans in DBE bonds.

Changes in these directives, or stricter supervisory enforcement, may influence liquidity, asset quality, capital buffers, and access to foreign exchange, linking directly to the risks described under liquidity, asset quality, capital adequacy, and foreign exchange. Higher reserve requirements reduce funds available for lending, tighter provisioning increases impairment charges, stricter capital rules limit balance sheet growth and dividend capacity, and foreign exchange rules affect hard currency flows and trade finance operations.

The NBE has recently intensified oversight on digital banking resilience, anti-money laundering, and foreign exchange compliance. The Company has scheduled multiple audits in 2025/26 on KYC adherence, FCY allocation, and cash withdrawal limits, reflecting areas where supervisory scrutiny is expected to increase.

Evolving regulation also requires banks to adapt compliance processes. The Company's compliance and IT infrastructure are in the process of being upgraded to fully automate regulatory reporting and cybersecurity monitoring. As a result, there is a risk of delayed or incomplete compliance submissions to the NBE, particularly regarding the new Cybersecurity and Liquidity Coverage Directives.

Delays in implementing new requirements, limitations in the scalability or reliability of compliance systems, data quality issues, or failure to meet supervisory expectations could affect profitability, constrain strategic initiatives, or result in supervisory measures.

#### **9.4.2. Compliance with capital markets authority requirement**

The Company's governing documents include provisions that may restrict share transfers. Although steps have been initiated to amend these provisions, until all required approvals are obtained and amendments become legally effective, transferability may be constrained. Any such constraint could adversely affect liquidity, marketability, and the trading price of the shares.

In addition, upon registration with the ECMA the Company will be subject to the ongoing supervision of the ECMA. Applicable requirements include periodic and continuous disclosure of financial and non-financial information, corporate governance standards, insider trading restrictions, and related-party transaction approvals, in accordance with the Capital Markets Proclamation and the Public Offer Directive. These obligations will continue to apply for so long as the Company's shares remain registered with the ECMA.

The Public Offer Directive requires issuers to prepare and publish audited annual financial statements and interim reports within prescribed timelines, disclose material developments without delay, and comply with prospectus requirements for public offerings. It also establishes market conduct rules, including prohibitions on insider trading, market manipulation, and misleading disclosures. Governance obligations extend to Board composition and independence, the functioning of audit and risk committees, and shareholder rights protections in line with the ESX Listing Rules.

Non-compliance with these obligations could result in administrative penalties, suspension or restriction of trading in the Company's shares, and reputational damage. Internal weaknesses, including limited automation of investor reporting, and gaps in Board and committee oversight of compliance, heighten the risk of delays or deficiencies in meeting ECMA's requirements. Failure to comply with ECMA and ESX obligations could adversely affect the Company's market reputation, limit investor confidence, and impair access to future capital raising.

#### **9.4.3. Licensing risks**

The Company's operations depend on maintaining its banking license issued by the NBE and other regulatory approvals necessary to conduct banking and related financial services. Under the Banking Business Proclamation, the NBE may suspend, restrict, or revoke a banking license in cases of non-compliance with prudential requirements, including capital adequacy, liquidity, governance, or reporting obligations.

In addition, the Company must obtain and maintain approvals for specific activities such as interest-free banking, foreign exchange operations, trade finance, and digital financial services. Non-compliance with licensing conditions, such as failure to meet minimum capital thresholds, breaches of exposure or liquidity limits, deficiencies in governance, or inadequate AML and CFT controls, could result in enforcement measures including fines, restrictions on new business, or suspension of specific product lines.

Recent supervisory focus has also extended to the governance of digital banking platforms, information security, and disaster recovery capabilities. The Company is currently strengthening its IT control environment, and plans to review its data centre management, system access controls, and Flexcube modules to ensure compliance with existing NBE directives and supervisory expectations.

Delays or deficiencies in implementing these measures could expose the Company to heightened regulatory scrutiny, operational disruptions, data integrity risks, or financial and reputational losses arising from system vulnerabilities or compliance gaps.

Licensing risk also extends to the capital markets. Following the Company's registration with the ECMA and listing by introduction on the ESX, compliance with ECMA and ESX requirements under the Capital Markets Proclamation and related directives is required to maintain its listing and authorisation for its shares to be traded on the exchange. Failure to comply with ECMA and ESX conditions, disclosure obligations, or governance requirements could lead to suspension of trading.

Internal weaknesses heighten exposure to licensing risk, including gaps in Board oversight of regulatory obligations, and inconsistent monitoring of license-specific conditions across business lines. Any restriction, suspension, or loss of banking or capital markets licenses would materially impair the Company's ability to operate and significantly affect financial performance.

#### **9.4.4. Litigation and claims**

The Company is involved in disputes in the ordinary course of business. Adverse outcomes in significant litigation could result in financial loss or reputational harm.

The Company identifies a material financial risk from its consolidated contingent liabilities, which total ETB 749 million. This includes the ETB 306 million advance payment guarantee claim by the Ethiopian Road Authority and ETB 443 million in combined dividend tax assessments currently being contested across three separate appeals against the Ministry of Revenue. Under NBE Asset Classification and Provisioning Directive No. SBB/90/2024, any adverse final judgment would necessitate immediate and full provisioning for these exposures, directly reducing realized profits and eroding the capital buffers required to sustain dividend distributions and strategic digital investments, such as the ETB 402.7 million Oracle Exadata project.

The Company is involved in disputes in the ordinary course of business, including civil disputes linked to guaranteed and irregular withdrawals, as well as dividend tax matters. While many of these proceedings are routine for a financial institution of its size, adverse outcomes in significant cases could result in direct financial loss, increased provisioning requirements, operational disruption, or reputational harm.

The Company may also be exposed to litigation and claims arising from regulatory enforcement, customer disputes, or third-party contractual obligations. These risks are heightened by factors such as loan concentration in distressed sectors, reliance on third-party vendors, and exposure to regulatory scrutiny in both the banking and capital markets. Regulatory enforcement actions, in particular, could carry not only financial penalties but also restrictions on business activities or public censure that damage market confidence. In addition, given the Company's reliance on multiple IT vendors and its ongoing digital transformation, vendor-related disputes present potential operational and compliance risks — particularly if they disrupt data integrity, service continuity, or customer transactions. Vendor-related disputes could interrupt outsourced services, disrupt customer-facing operations, and increase compliance or remediation costs.

The nature, status, and potential financial impact of ongoing cases are set out in Section (7.11) (Legal and Arbitration Proceedings). Any adverse judgment or settlement in one or more significant cases could materially affect the Company's profitability, erode capital, or impair its ability to pursue strategic objectives. In addition, protracted litigation could divert management resources from day-

to-day operations, delay the execution of strategic initiatives, and expose the Company to heightened media and public scrutiny, further amplifying reputational risks.

#### **9.4.5. Tax treatment of recapitalised dividends**

Ethiopian financial institutions faced uncertainty concerning the tax treatment of dividends applied toward unpaid subscribed capital. Prior to 2025, the Income Tax Proclamation did not expressly address whether such allocations constituted taxable distributions, creating the risk of inconsistent treatment by the tax authorities.

The Income Tax (Amendment) Proclamation No. 1395/2025, under Article 61, now clarifies that dividends reinvested to settle unpaid subscribed capital do not constitute taxable distributions. This amendment reduces ambiguity for allocations made after its effective date.

Residual risks remain, however. These include the possibility of challenges or reassessments in respect of allocations made before the amendment took effect, disputes regarding the evidentiary substantiation of reinvested dividends, and potential future interpretive disagreements over the application of Article 61 to complex capital structures. In addition, the Ministry of Revenues retains broad audit and reassessment powers, which could extend to past transactions. Internal Audit has cautioned that incomplete documentation and inconsistent recordkeeping in prior years could increase exposure to retrospective assessments or penalties.

Any adverse tax assessment, together with associated interest and penalties, could materially affect the Company's financial condition and results of operations. Such an outcome could also erode retained earnings, reduce distributable profits, and constrain the Company's ability to meet dividend expectations of shareholders. In extreme cases, prolonged disputes with tax authorities may delay capital planning initiatives, increase compliance costs, and create uncertainty for future capital-raising activities, undermining investor confidence.

#### **9.4.6. Reputational risks**

The Company's institutional stability is sensitive to negative public perception, which the Company identifies as a cross-cutting consequence of primary risk events across its operations.

Reputational harm is materially linked to service delivery deficiencies. Any prolonged outage of the Flexcube core banking platform - which supports 65.0% of the Company's transaction volume - or a breach of the USD 2,969,339 Oracle database agreement, would result in a loss of customer trust and potential deposit outflows from its ETB 71,915 million funding base.

In line with the Corporate Governance Directive, the Company identifies that failures in transparency or unethical practices in its ETB 47,355 million lending operations could erode investor confidence and trigger public censure. Such events would impair the Company's ability to successfully trade its shares on the ESX.

Protracted legal disputes, such as the ETB 306 million claim by the Ethiopian Road Authority, expose the Company to adverse media scrutiny. These incidents can discourage international counterparties from establishing the correspondent banking relationships necessary for the Company's trade finance revenue streams.

## **9.5. ESG risks**

### **9.5.1. Environmental and climate-related risks**

A significant share of the Company's loans and advances portfolio is directed toward sectors such as export, construction, and domestic trade, which are exposed to external shocks and operational vulnerabilities. These sectors are highly vulnerable to droughts, floods, and chronic power shortages. Climate shocks can reduce borrower repayment capacity, depress collateral values (especially land and buildings in affected regions), and increase non-performing loans. Extreme weather events also disrupt supply chains and logistics, directly affecting the Company's borrowers in cement and transport, which are energy-intensive and exposed to regulatory tightening on emissions.

Environmental risk factors increasingly intersect with financial performance, as prolonged droughts, erratic rainfall, and energy shortages raise default risks within agriculture-linked export portfolios. Environmental degradation, deforestation, and water scarcity also affect production and logistics for key borrowers. The Company recognizes that failure to integrate climate-related stress testing and environmental due diligence into its credit and investment decisions may elevate exposure to systemic shocks.

The Corporate Governance Directive requires banks to incorporate environmental and social risk assessment into credit approval processes and to report on ESG exposures at the Board level. Failure to comply with these requirements exposes the Company to supervisory action and increases the likelihood of higher credit losses in climate-sensitive portfolios.

In addition, alignment with international frameworks such as the Equator Principles, the IFC Performance Standards, and the Paris Agreement encourages banks to assess and disclose climate-related risks in line with the recommendations of the Task Force on Climate-related Financial Disclosures. Non-compliance could hinder access to concessional or green-linked funding and limit participation in sustainability-focused credit lines from development finance institutions and multilateral lenders.

Inadequate integration of climate risk into lending policies could reduce access to international funding sources, particularly from development finance institutions and sustainability-focused investors. This may increase the Company's cost of capital and limit participation in global green finance initiatives. Over time, structural exposure to climate-sensitive sectors could also constrain portfolio diversification, weaken long-term asset quality, and reduce resilience to systemic shocks.

### **9.5.2. Social and community risks**

The Company's institutional reputation and operational continuity are exposed to social risks arising from its large-scale employment practices, the social footprint of its lending portfolio, and its extensive physical integration into local communities.

The Company manages a high-density workforce of 9,601 personnel, comprising 4,713 internal staff and 4,888 outsourced staff (including 3,889 security guards). Any failure to maintain fair labour practices or occupational safety standards across this network creates a material risk of industrial disputes and legal claims that could disrupt service delivery at the Company's branches.

In compliance with the Corporate Governance Directive, the Company is required to integrate social risk assessments into its credit approval processes. There is a material risk that failure to effectively screen for harmful social practices—such as child labor or unsafe working conditions—within its ETB 13,133 million export portfolio and ETB 4,414 million manufacturing book could result in regulatory

sanctions and the withdrawal of concessional funding from international development finance institutions.

As a bank with a "massive presence" in the Amhara and Oromia regions, the Company's operations are deeply integrated into local economies. Regional instability that forces the temporary or permanent closure of branches (such as the three closures in 2025) impairs the Company's ability to engage with these communities, risking a permanent erosion of trust and a loss of market share to mobile money operators.

The Company's reliance on physical infrastructure as its primary growth engine makes it vulnerable to shifts in local community sentiment. Failure to sustain community-focused digital integration or localised resource mobilization in its key districts—Bahir Dar, North East, Dessie, and South West—would materially impair the Company's ability to maintain its ETB 71,915 million deposit base.

### **9.5.3. Governance Risks**

Governance risks relate to Board composition, independence, succession planning, and the effectiveness of oversight. The Corporate Governance Directive requires banks to appoint at least two independent non-executive directors, separate the roles of Board Chair and CEO, establish nomination and remuneration, audit, risk, and ethics committees with defined mandates, conduct annual Board evaluations, disclose governance practices, and integrate ESG oversight into risk governance structures.

The Directive also reinforces accountability for environmental and social performance, requiring Boards to ensure ESG risk management is embedded into corporate strategy, credit approval, and disclosure frameworks. The Company has established dedicated committees to monitor compliance with these governance expectations, supported by the internal audit department, which conducts periodic audits on governance adherence, related-party transactions, and ethics-policy enforcement.

Failure to align with regulatory standards on governance could result in supervisory measures, restrict market access, and affect investor confidence. Weaknesses in governance structures may also impair strategic decision, making, slow responses to emerging risks, and reduce accountability for management performance. Ineffective succession planning could lead to leadership gaps that disrupt continuity in executing strategic initiatives, while insufficient independence at the Board level may undermine objectivity in overseeing risk, compliance, and related-party transactions.

Deficiencies in succession planning or leadership continuity may hinder execution of strategic priorities, particularly in digital transformation and risk management. Limited board diversity or insufficient independence could undermine objectivity in overseeing compliance, audit, and ESG matters, potentially triggering reputational and legal consequences under NBE Directives and the Commercial Code.

### **9.5.4. Alignment with National and International ESG Frameworks**

The Company's ESG risk profile depends on alignment with Ethiopia's Climate-Resilient Green Economy Strategy and international commitments such as the Paris Agreement. The Corporate Governance Directive requires banks to adopt policies that integrate ESG into risk management, conduct regular reporting to the NBE on ESG-related exposures, and disclose sustainability performance in annual reports.

Failure to integrate these requirements into lending policies and governance practices could expose the Company to regulatory penalties, constrain access to international funding linked to sustainability performance, and reduce competitiveness in attracting investors who prioritise ESG-compliant institutions.

## **9.6. Listing and securities risks**

Investment in the Company's shares following their admission to the ESX is subject to valuation risks driven by institutional performance and market sentiment.

### **9.6.1. Dividend sustainability and retained earnings erosion**

The Company's ability to distribute dividends is contingent upon maintaining "realized profits" after meeting intensified NBE provisioning and capital requirements. Investors face a material risk of reduced or suspended dividends due to specific operational inefficiencies that erode retained earnings:

The Company identifies 68 branches currently performing "under June" levels, with overall mobilization hampered by regional unrest in Amhara and Oromia and the permanent closure of six branches due to security and urban corridor development projects.

Profitability is pressured by a 62.6% surge in personnel expenses (ETB 3,199 million) and the high cost of maintaining imported digital infrastructure amid Birr depreciation.

Weak portfolio distribution, characterized by a 24.4% concentration in high-NPL retail/SME sectors and manual credit monitoring gaps, creates a risk of sudden surges in impairment charges. Any adverse judgment in the ETB 749 million consolidated litigation and tax appeals would necessitate an immediate redirection of retained earnings to provisions, directly reducing shareholder payouts.

### **9.6.2. Structure of listing and capital constraints**

Since the Company is listing by introduction, it will receive no cash proceeds at admission to strengthen its regulatory capital. If the aforementioned operational inefficiencies lead to insufficient retained earnings, the Company may be unable to maintain its 13.5% CAR buffer or fund its ETB 402.7 million Oracle project, forcing a secondary capital raise that would dilute existing holders and depress share prices.

### **9.6.3. Post-listing share price depreciation risk**

Following the initial listing at a par value of ETB 1,000, the share price is subject to immediate depreciation if the market reacts negatively to internal performance gaps.

Failure to achieve the ETB 2,038 million digital revenue targets or a suspension of trading due to gaps in Board-level ECMA compliance oversight would trigger a loss of investor confidence.

Under mandatory IFRS fair-value accounting, any downward shift in market sentiment for the banking sector will result in immediate unrealized losses on the Company's government and equity instruments, which may cause the share price to trade significantly below par value.

## **9.7. Competitive environment and reform risk**

The Company operates in a market undergoing rapid change, with intensifying competition and structural reforms. Recent financial-sector reforms — including the government's move to a free-floating exchange-rate regime — have introduced short-term volatility in earnings, funding costs,

and customer pricing, and could accelerate shifts in customer behaviour. Competitive intensity is expected to rise further with the prospective entry of foreign banks and the expansion of non-bank players. Telecom-led wallets and payment ecosystems (e.g., Telebirr and M-Pesa) already process large and growing transaction volumes, competing on everyday payments, liquidity, and customer engagement; this trend can pressure fees, interchange economics, and deposit gathering. As digital channels take a larger share of transactions, banks must invest more heavily to defend their share and maintain service quality. Regulatory changes and supervisory policies may also affect competitive positioning. A strict regulatory environment has constrained loan growth and raised funding costs in recent periods; further policy shifts (e.g., capital, liquidity, consumer protection, foreign exchange allocation) could influence pricing, product design, and market access, potentially advantaging more capitalised or technology-forward competitors. Collectively, the combination of foreign-bank entry, reform-driven market shifts, and rising competition from telecoms/FinTechs could:

- Compress net interest margins and fee income;
- Increase customer-acquisition and retention costs;
- Require higher ongoing investment in technology, cybersecurity, and talent; and
- Heighten volatility in deposit flows and foreign exchange income, particularly during periods of policy transition.



## 10. OTHER MATTERS

## 10.1. Trading Arrangements

Upon completion of the registration of the Ordinary Shares and receipt of all requisite approvals, the Company intends to list 100% of the Ordinary Shares of the Company on the ESX Main Board, fulfilling all applicable requirements and procedures established by the ESX, with shareholders permitted to trade their shares immediately upon listing.

## 10.2. Documents Made Available to the Public

The Company shall make this Prospectus and the accompanying documentation accessible to the general public through its website, under a dedicated tab labelled "Investor Relations". The documents can be found at [Investor Relations - Prospectus](#).

The following accompanying documents, which are required to be disclosed alongside the Prospectus, are currently undergoing authentication by the Document Authentication and Registration Service. Once the authentication process has been completed, these documents will be made available via the above link. The documents pending authentication are:

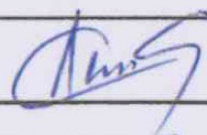

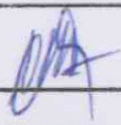
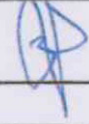
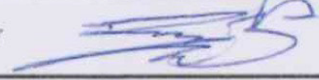
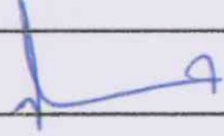
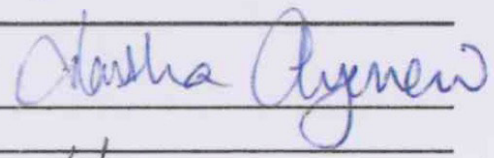


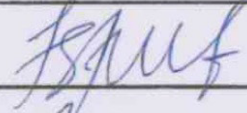
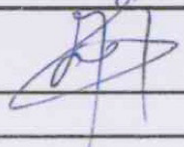
- A certified copy of the Company's memorandum of association;
- A copy of the 16th Annual General Meeting minute held on 15 November 2025; and
- A copy of the 8th Extraordinary General Meeting minutes held on 15 November 2025



## **11. APPROVAL OF THE PROSPECTUS**

Approval of the Prospectus by the members of the Board of Directors, and the Chief Executive officer and Chief Corporate Service Officer

Table 112: Signature of Directors and Executive Management

Signatories		
Name	Amlaku Asres Zewdie (PhD) – Board Chairperson	
Date	May 11, 2026	
Name	Ato Tadesse Assefa Tiruneh – Vice Chairperson	
Date	May 11, 2026	
Name	Ato Mulat Tsega Ayele - Director	
Date	May 11, 2026	
Name	Ato Abraham Ayalew Ejigu - Director	
Date	May 11, 2026	
Name	Ato Tibebe Alula Getahun - Director	
Date	May 11, 2026	
Name	Ato Demis Teshager Abeje - Director	
Date	May 11, 2026	
Name	W/o Martha Ayenew Dagnachew - Director	
Date	May 11, 2026	
Name	Ato Agerie Tigabu Mekonnen - Director	
Date	May 11, 2026	
Name	Ato Jemberie Workneh Temesgen - Director	
Date	May 11, 2026	
Name	Ato Yehuala Gessesse Gelaye - CEO	
Date	May 11, 2026	
Name	Desalegn Ayalewu Work - CCSO	
Date	May 11, 2026	

**Ziquala Complex**  
**Jomo Kenyatta Ave.**  
**Addis Ababa**  
**Ethiopia**



 HEADQUARTERS