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Bank of Abyssinia

Annual Report

2024/25



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By the NBE Governor on July 26, 2025



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Bank of Abyssinia

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Vision

Empowering futures through seamless digital banking experience.

Mission

To deliver exceptional financial services leveraging competent, motivated employees, and cutting edge digital technology to maximize value to all stakeholders.

Our Values

EXCELLENCE

We strive for excellence for all aspects of operations, strive to go past requirements and expectations, and provide exceptional services to customers. We inspire and motivate employees to continuously improve, always looking for better and faster ways of serving our customers.

INTEGRITY AND TRUST

We believe in maintaining the highest ethical standards while serving our customers, in being truthful in all interactions and maintaining high standards of conduct.
We uphold honesty, integrity, openness, and fairness when dealing with each other, customers, partners, and governments.

TEAM WORK

We foster teamwork and collaboration to achieve our goals.

CARING

We care about our communities, customers, employees, and environments. We aim to make a difference in the communities. We encourage employees to be sensitive to the needs of customers, colleagues, and communities and act with empathy and compassion.

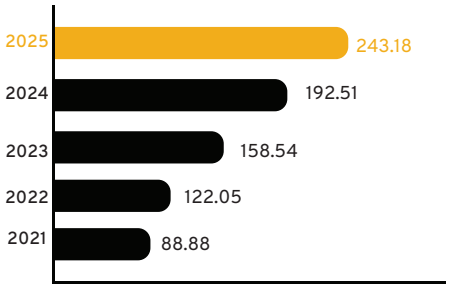
INNOVATION

We foster creativity and ingenuity, encouraging employees in finding new solutions to problems. We push past the status quo with bold and progressive ideas and challenging deeply ingrained assumptions and traditional methods.

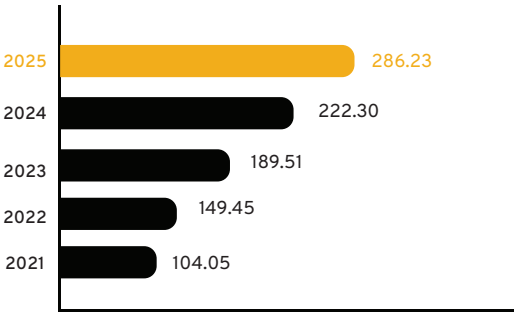
Operational Highlights

FY 2020/21 – 2024/25

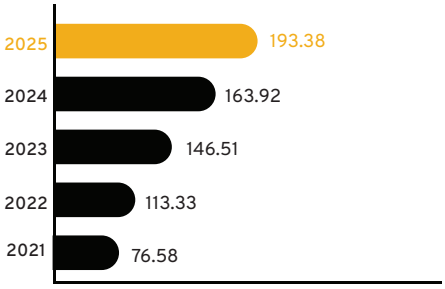
Total Deposits(In Billions of Birr)



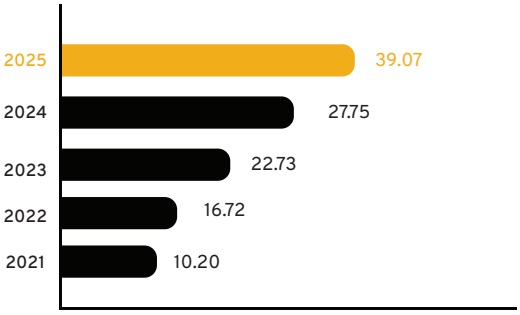
Total Assets (In Billions of Birr)



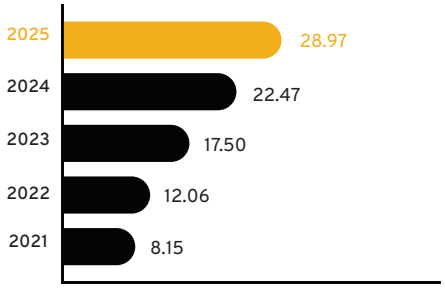
Total Loans and Financing (In Billions of Birr)



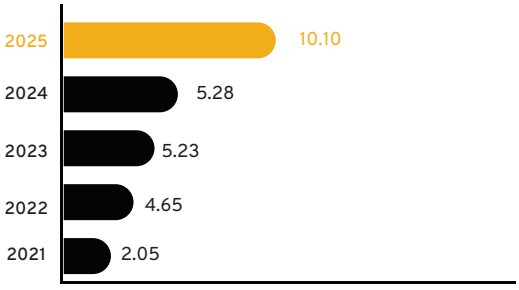
Total Income (In Billions of Birr)



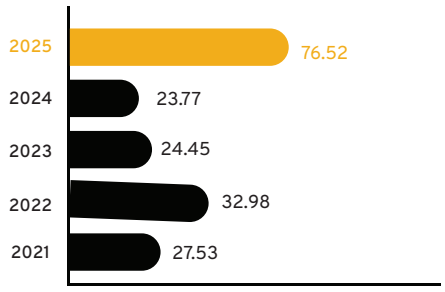
Total Expenses (In Billions of Birr)



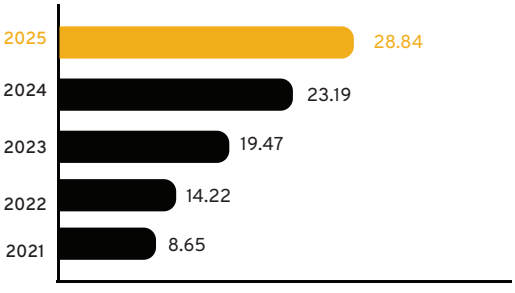
Gross Profit Before Tax (Billions of Birr)



FCY Earnings (In Billions of Birr)



Total Equity (In Billions of Birr)



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BOARD OF DIRECTORS



Ato Mekonnen Manyazewal
Board Chairperson



Ato Aemero Belete
D/Chairperson



W/ro Emebet Woldeher
Board Director



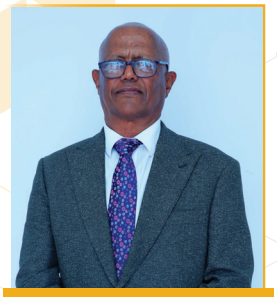
Ato Kassahun Zewdie
Board Director



Ato Meseret Melese
Board Director



Ato Molalign Melese
Board Director



Ato Solomon Alula
Board Director



Ato Yerom Gessesse
Board Director



Dr Yihenew Zewdie
Board Director



Ato Tewodros Tesfaye
Share Company Secretary

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EXECUTIVE MANAGEMENT



Ato Bekalu Zeleke
Chief Executive Officer



W/ro Meseret Asfaw
Chief Enterprise Service Officer



Ato Mohammed Nuredin
Chief International Banking Officer



Ato Seifu Bogale
Chief Corporate Human Resource Officer



Ato Asaminew Deribew
Chief Credit Business Officer



W/ro Sosina Mengesha
Chiel Digital Banking Officer



Ato Daniel Hailu
Chief Information System Officer



Ato Abraham Gebeyehu
Chief Finance Officer



Ato Desalegn Yizengaw
Chief Customer Management Officer



Ato Abdulkadir Redwan
Chief Interest Free Banking Officer



Ato Yetnayet Awgechew
Chief Risk and Compliance Officer



Ato Eyasu Mekonnen
Chief Internal Audit Officer



Ato Wosenyeleh Aberra
Deputy Chief Customer R/ship and Acquisition Officer



Ato Elias Kassa
D/Chief Customer Support Officer



Ato Esayas Tesfaye
Advisor to the CEO



Ato Biruk Walellegn
Executive Assistant to the CEO



Message of the Board Chairperson

Dear Shareholders,

On behalf of the Board of Directors of the Bank of Abyssinia S.C and myself, it is my honor to present the Board of Directors' report along with the "Audited Financial Statements" of the Bank to the 29th Ordinary Annual General Meeting of Shareholders of the Bank for the Fiscal Year 2024/25.

In the Fiscal Year that ended June 30, 2025, the global economy continued to contend with lingering challenges carried over from previous years as well as trade policy induced uncertainties as countries impose tariffs on trading partners constituted supply shocks. The geopolitical tensions, most notably in the Middle East and the war in Ukraine, have intensified the threat to global economic growth. Despite these threats, the global economy, largely remained resilient pronounced by anticipated global growth at 3.0% for 2025, and 3.1% in 2026 (IMF July 2025, World Economic Outlook).

The Ethiopian economy has also navigated persistent structural and external shocks, including conflict-related instability, foreign exchange shortages, high inflation, climate-related disruptions, and debt distress.

Despite these hurdles, Ethiopia's macroeconomic outlook for 2025 shows strong growth momentum exhibited by Real GDP growth of 8.1% in FY 2023/24, and projected growth of 6.6% for 2024/25 (IMF April 2025).

In an effort to withstand the structural bottlenecks and catalyze the economy, the government has taken multifaceted monetary and fiscal policy reform measures that had direct impact on operating procedure and performance of the finance industry. These reform efforts offer new opportunities for innovation, investment, and inclusion, while also potentially posing competitive pressures for incumbent institutions. The evolving regulatory and financial landscape requires agility in adopting and adapting to new emerging trends to make use of opportunities and in addressing potential risks that may arise.

Dear Shareholders,

Bank of Abyssinia has once again demonstrated a commendable performance showing its capability and internal strength by achieving higher results in financial and non-financial indicators, despite the challenging and dynamic environment.

During the year, the Bank achieved a 28.76% growth in assets and a significant increase in profitability, which is higher by 91.38%. Total assets have increased by Birr 63.92 billion over last year's and reached Birr 286.23 billion, while the Bank earned profit before tax of Birr 10.10 billion, representing an increase of Birr 4.82 billion from the preceding year. The Bank exhibited this performance both in conventional and Interest Free Banking fronts resulting from enhanced and diversified growth in its fee and non-fee-based income while at the same time managing its costs efficiently and effectively. This ultimately emanated from notable performance in resource mobilization and the resulting prudent resource allocation.

Governance and stability are one of the top priorities for the Bank underpinning the objective of growing within the guardrails of risk and compliance. In this regard, the Bank registered this significant stride in profit growth in the business while maintaining a strong balance sheet, prudent provisioning, healthy capital and optimal asset-liability management.

This year marks the first year of the Bank's 6th generation five-year strategy implementation under the pillars of sustainable growth, customer experience and digital transformation. In a bid to deliver on the Bank's strategy, various strategic issues are identified, strategic objectives are set to achieve and initiatives are put into action in a coordinated and structured manner. In an aspiration to become a digital bank delivering a seamless digital banking experience, a number of digital initiatives and corresponding IT projects came on board which necessitate revisiting its business processes, technology and human resource requirements and capabilities.

As part of the new strategy implementation and as a commitment to maintain high level of corporate governance, the Board continuously endeavors on sectoral strategy review, corporate business plan and budget review, periodic performance monitoring, various policies and working documents review and other strategic agendas. It also strengthened its oversight role consistently dwelling over risk management, audit and compliance through its various committees to establish and enhance values and culture that are integral to sustainable banking.

Honorable Shareholders,

Recognizing the rapidly evolving and increasingly complex business environment, the Bank remains committed to staying well-informed of external dynamics to chart a clear strategic direction that ensures sustained growth and profitability. The banking industry is currently facing intensified competition, driven by shifting market dynamics in banking as well as competition coming from technologically advanced non-bank financial service providers. This movement is expected to accelerate as the government moves forward with financial sector reforms, including the anticipated joining of foreign investors into the banking industry and the upscaling of activities in the capital market. The competitive landscape is further shaped by digital transformation, shifting customer expectations, and ongoing macroeconomic challenges.

The Board of Directors, as always, evaluates thoroughly the environmental dynamics in order to set the Bank's journey in the right direction and meet the Bank's objectives underlined by risk-calibrated growth and value creation for all stakeholders. I am confident that with the support of all stakeholders by our side, our Bank will uphold its unique capabilities of delivering on key strategic objectives in the years ahead.

Finally, on behalf of the Board of Directors and myself, I express my sincere gratitude to our esteemed customers for their continued business connections with us. I would also like to thank our shareholders for their support, to my fellow members of the Board of Directors, to the Executive Management and employees of BoA for their dedication and commitment, and to the National Bank of Ethiopia for its guidance and support.

Mekonnen Manyazewal
Chairman of the Board



Message of the Chief Executive Officer

Dear Shareholders,

I am greatly honored to present to you the annual performance report of the Bank of Abyssinia for the fiscal year 2024/25.

The year 2024/25 witnessed a number of macroeconomic dynamics in the global economy which was characterized by modest and uneven (with advanced economies slowing, emerging markets driving momentum and low-income countries struggling) GDP growth of 3%, declining/ easing inflation, and volatile food and energy prices due to geopolitical tensions, trade fragmentation, climate shocks and debt distress.

The domestic economy has also been largely resilient, registering moderate GDP growth and a notable boost in export earnings amidst of strain owing to instabilities in some parts of the country, elevated albeit decreasing inflation, foreign currency shortages, external debt burden, eroding household purchasing power, and significant exposure to climate shocks, fiscal imbalances and external financing needs. In an effort to catalyze the economy and take out from the myriad of slowdowns in real sectors, the government has launched a series of reform measures during the Fiscal Year. Transitioning to interest rate-based monetary policy, Forex market liberalization, opening up of the financial sector, coming into operation of the Ethiopian Capital Market, steps taken to accelerate digital transformation are few major ones among others. The banking industry has been operating under these business and regulatory dynamics harvesting the fruits from the opportunities and mitigating challenges arising from possible threats.

With the coordinated effort of the members of the Bank's Board of Directors, Executive Management and staff, Bank of Abyssinia achieved yet another success in both financial and non-financial indicators. Total asset of the Bank has significantly increased to Birr 286.23 billion in the reporting year from Birr 222.30 billion of the preceding year, representing a 28.76% increment. The Bank also registered growth in profitability as the profit before tax grew to Birr 10.10 billion this year from Birr 5.28 billion last year, up by 91.38%. Furthermore, the Bank achieved an incremental deposit growth of Birr 50.67 billion, while the total deposit reached Birr 243.18 billion, including IFB deposits, while the foreign currency earnings have also increased by 56.37% from that of the preceding year.

The Bank's interest-free banking has strengthened further registering an outstanding performance in incremental IFB deposits amounting to Birr 7.39 billion and raised the total IFB deposits stock to Birr 31.52 billion.

From a non-financial standpoint, the Bank's customer base expanded to 11.58 million, recording a net increase of 1.48 million and the number of IFB customers reached 1.92 million. The Bank enhanced its outreach by prioritizing its digital channels. This was evidenced by the deployment of 312 ATMs, installation of 1,467 POS terminals, and the opening of 14 virtual banking centers in contrast to only three additional physical branches opened and six closed. The digital customer base also grew significantly, reached to 3.50 million debit card holders and 5.38 million mobile banking subscribers. As a result, the share of digital transactions increased notably, reflecting the Bank's deliberate transition toward a more digitally driven service model.

Respected Shareholders,

We navigated a fast-paced changes and challenging business environment, yet managed to sustain the Bank's growth and profit trends. We also anticipate that the new Fiscal Year presents yet another set of challenges to the banking industry ranging from unresolved security situations in some parts of the country to more stringent but positively anchored regulatory and legislative developments which we are poised to comply and thrive through collaboration. As always, opportunities are there for our Bank to take grip of and move along in a proactively manner by leveraging its internal strength to sustain the streak of good performance. The Bank shall capitalize on its competitive advantage, the opportunities in the market and the readily available dedicated and committed management and staffs so as to meet organizational goals ahead.

With the launch of its 6th Generation Five-Year Strategy, the first year of which concluded during the reporting period, guided by the vision of 'Empowering futures through a seamless digital banking experience", the Bank introduced a series of strategic initiatives. During the fiscal year, various sectoral strategies which were translated from the corporate strategy, are onboarded, and a number of digital initiatives and IT projects are taking root towards full scale implementation. Redefining the customer value discipline to better align with evolving client expectations, reimagining the branch business model to reflect a more digital-first approach, automating back and front office operations to achieve paperless processes, strengthening customer service and engagement schemes to enhance loyalty and satisfaction, introduction of innovative digital products and solutions and revising the Bank's operating model to drive long-term digital transformation objectives are some of notable grand actions taken. These measures laid a strong foundation for the Bank's journey toward a fully digital and customer-centric future.

During the year, BoA has executed notable actions aimed at enhancing customer experience, security and efficiency, such as embracing the Temenos Payment Hub, which enables to modernize and streamline payment processing, as well as reducing manual intervention thereby minimizing errors. The Bank also continued strengthening its cyber security posture wherein it employs multilayered security strategy and taken a series of security measures. It also acquired certification for PCI DSS compliance version 4.0 which uplifts the Bank's security standards for protecting cardholder account data and privacy. These efforts not only enhanced the Bank's capability of easily processing the ever-growing need for customer transactions at any given time, but most importantly help in meeting the evolving customer service needs, security and convenience.

The Bank shall be implementing the second year of its new strategy in full vigor in the coming Fiscal Year whereby the Bank takes account of the overall business environment and context and develops a strategy adaptable to changing circumstances. The Bank's steadfast resolve of delivering superior value to its customers shall continue in the spirit of the customer intimacy value propositions and customer relationships. Our focus on digital transformation also continues to shape our greater value creation so as to help achieve the Bank's objectives of sustainable growth and profitability. Hence, the Bank shall be investing more on revolutionizing its services through more innovative and personalized service offerings, that have earned the attention and admiration of the general public thus far, and which will ultimately payoff in attracting new customers and retaining existing ones.

I am confident that, with the well-established governance, oversight and leadership received from the Board of Directors, and the strong commitment and dedication from the Executive Management and staff, the Bank will achieve its profitability and growth objectives in the coming years too.

In my final remarks, I would like to extend my sincere gratitude to our esteemed customers, and the Bank's shareholders for their patronage. I would like to thank also the Board of Directors for their guidance and offering of collective wisdom in addressing pressing issues the Bank came across. My sincere gratitude also goes to the Management Team and the entire staff for their commitment and dedication. I also appreciate the National Bank of Ethiopia for the guidance and oversight during the year.

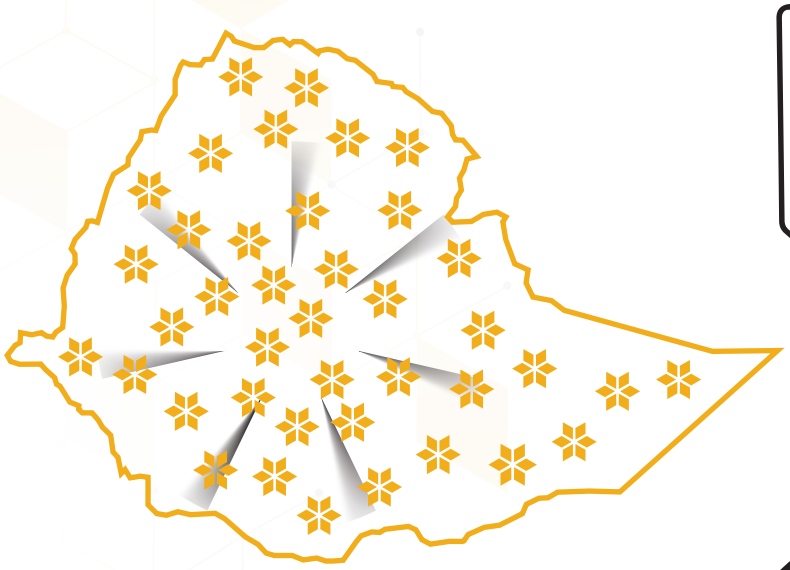


Bekalu Zeleke
Chief Executive Officer

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Bank of Abyssinia



Branches
928





1,741
ATM



POS Machines
3,627



Virtual Banking
Centers
49

Report of the Board of Directors

1. OPERATIONAL PERFORMANCE

1.1. Deposits

In the fiscal year 2024/25, the Bank sustained its growth momentum, mobilizing an additional Birr 50.67 billion in incremental deposits—an increase of 26.32% compared to the previous year. As a result, total outstanding deposits reached Birr 243.18 billion as of June 30, 2025.

Efforts to mobilize resources yielded positive results across all deposit types, with savings deposits contributing the largest share, followed by demand and IFB deposits. The Bank's deposits comprised 65.24% savings, 14.00% demand, 12.96% IFB, and 7.80% fixed time deposits.

Deposits

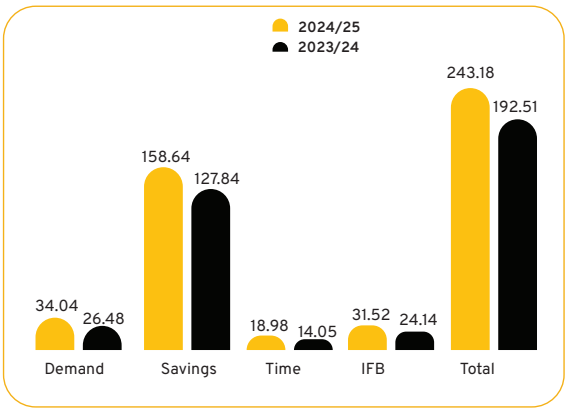


Fig 1: Deposit Amount

Percentage Share of Deposits

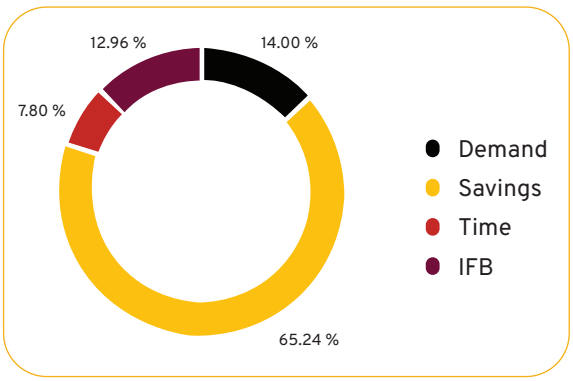


Fig 2: Percentage Share Deposits

1.2 Loans and Advances

The Bank's total outstanding loans and advances (P+I) (without IF financing) reached Birr 193.35 billion at the end of FY 2024/25, up by Birr 30.52 billion from the previous period, i.e. conventional loans before loan loss allowances.

Term loans increased by Birr 32.58 billion, or 24.26%, and overdrafts increased by Birr 1.32 billion, or 7.76%, while advance loans showed a decrease of Birr 3.38 billion.

Loans and Advances outstanding

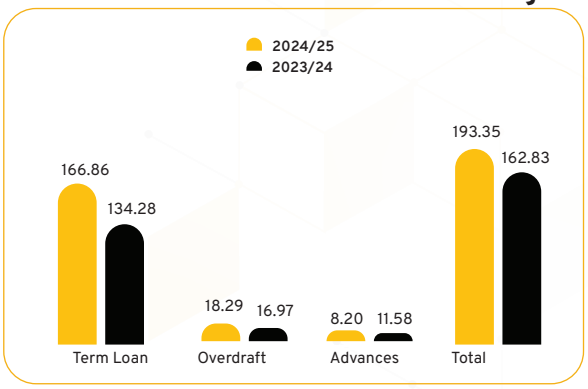


Fig 3: Outstanding Loans and Advances

In terms of composition, the % shares of Term Loans and Overdrafts have increased while that of Advances has shown a decline during the year, wherein they accounted for 86.71%, 9.17%, and 4.11% of total outstanding loans and advances, respectively.

Percentage Share of Loans and Advances

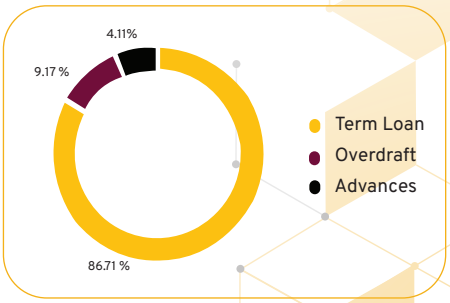


Fig 4: Percentage Share of Loans and Advances

The loan distribution by sector indicates that while increases are registered in all economic sectors except construction and agriculture during the year, a substantial percentage increases were observed in other/personal (94%), Transport (66%) and Import (52%), while in absolute terms Other loans, industry and Export sector loans have grown in higher amounts from previous levels.

(In Millions of Birr)

Sector	2024/25	2023/24	Growth Amount	% Age
Export	45,027	39,103	5,923	23.29%
Domestic Trade	33,683	30,820	2,863	17.42%
Industry	45,416	38,368	7,048	23.49%
Construction	14,365	18,266	-3,901	7.43%
Import	13,333	8,786	4,546	6.90%
Transport	11,626	6,994	4,632	6.01%
Agriculture	8,655	9,566	-911	4.48%
Others/Personal	21,244	10,926	10,318	10.99%
Total	**193,347**	**162,829**	**30,518**	**100.00%**

Table 1: Loans and Advances by Economic Sector

Note: The above data indicates the gross amount of loans and advances.

Looking into the sector distribution of loans and advances, the top three sectors i.e. Industry (23.49%), Export (23.29%), and Domestic Trade (17.42%), together accounted for 64.20% of total loans and advances, the remaining portion being distributed among the rest of sector categories.

Loans by sector

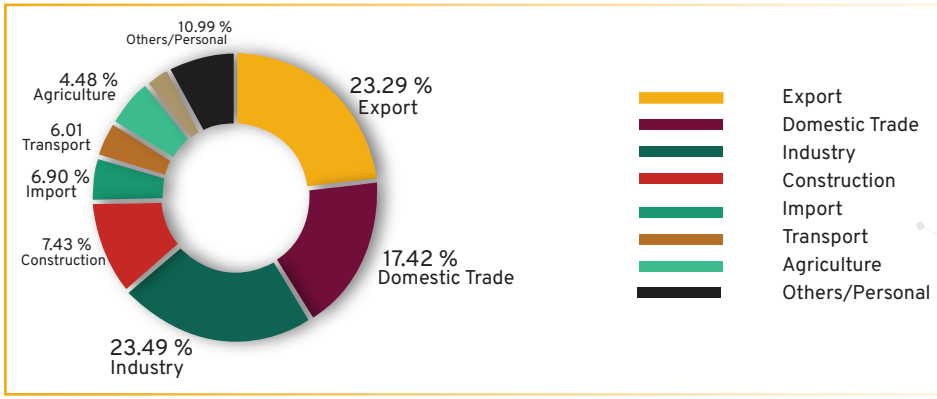


Fig 5: Percentage Share by Economic Sector

1.3. International Banking Services

Foreign currency earnings in the fiscal year totaled USD 663.02 million, exhibiting a growth of 56.37% level performance than preceding year's mobilizations. By fostering strong relationships with both local and international partners, maintaining excellence in service, exploring diverse solutions, and strategically leveraging shifts in the market structure, the Bank is well-positioned to maximize its foreign currency earnings.

2. FINANCIAL PERFORMANCE

2.1. Income

The total revenue for the year was Birr 39.07 billion, increasing by Birr 11.32 billion (a 40.81% rise). The highest proportion, i.e., 83.74% of total income was derived from interest income, followed by service charges, which stood at 8.07%.

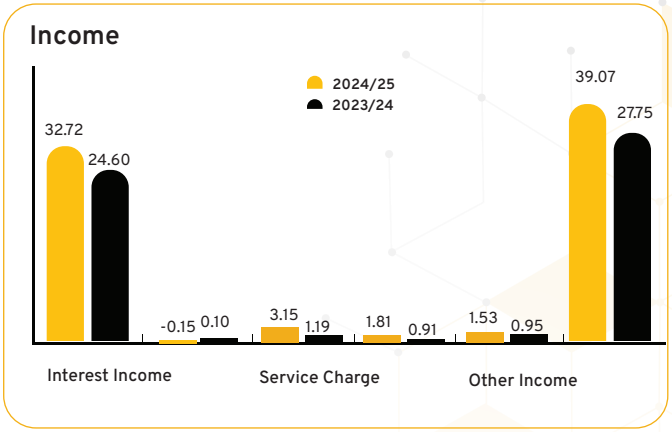


Fig 6: Income by Major Categories

2.2. Expenses

The total amount of expenses in the fiscal year rose by Birr 6.50 billion (or 28.93%) and reached Birr 28.97 billion. The largest share of expenses was that of interest expenses at 35.63%, followed by Salaries and Benefits, which made up 33.75%. General and administrative expenses and provision expenses made up the remaining portion, at 21.54% and 9.08%, respectively.

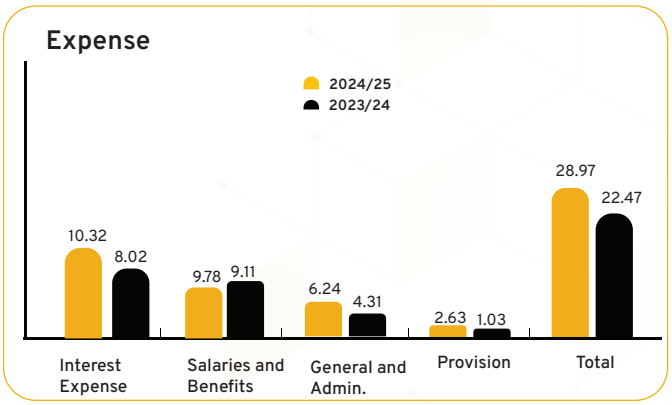


Fig 7: Expense by Major Categories

2.3. Profitability

The Bank has achieved a significantly higher profit for the year ended June 30, 2025, i.e. a profit before tax of Birr 10.10 billion, which was higher by 91.38% than the profit earnings of the preceding year.

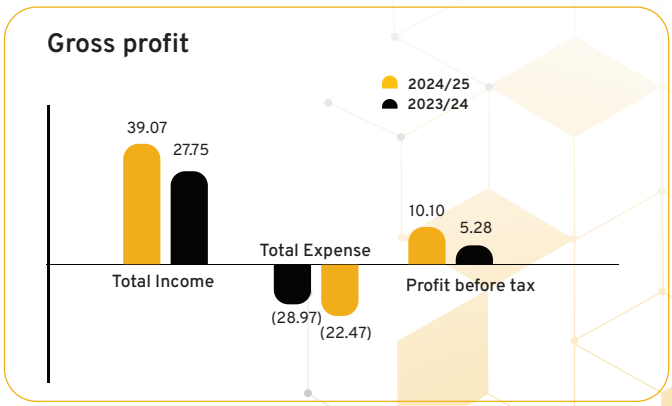


Fig 8: Profit

2.4. Total Assets

The Bank's assets have risen significantly in size over the year. Total assets increased to Birr 286.23 billion as at June 30, 2025 from last year's Birr 222.30 billion, a growth of Birr 63.92 billion, i.e. by 28.76%.

Loans and advances made up the majority of the Bank's assets, at 67.56% share of total assets, followed by cash and cash equivalents (17.57%), investment securities (5.84%), and other assets (4.51%). Property, plant and equipment, right of use leased assets, intangible assets and investment property make up the remaining asset position, which collectively made up 4.52% of the Bank's overall asset position.

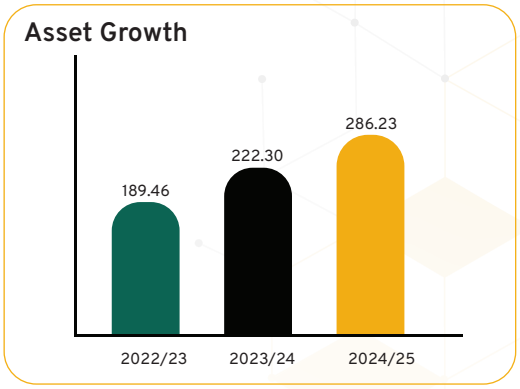


Fig 9: Asset Growth

(In Millions of Birr)

Asset category	2024/25	2023/24	Growth Amount	Growth % Age
Cash and Cash equivalents	50,290	27,944	22,346	79.97%
Loans and Advances (net-off provision)	193,379	163,923	29,457	17.97%
Investment Securities	16,710	11,840	4,870	41.13%
Other Assets	12,895	8,141	4,754	58.40%
Investment property	10	11	(0.2)	(2.22%)
Intangible assets	1,080	591	488	82.57%
Right of use Leased asset	3,674	2,991	683	22.84%
Property, plant and Equipment	8,188	6,863	1,326	19.32%
Total	**286,227**	**222,303**	**63,924**	**28.76%**

Table 2: Total Assets by Category

2.5. Equity of the Bank

The Bank's total equity increased to Birr 28.84 billion at the end of the Fiscal Year 2024/25, showing a net increase of Birr 5.65 billion (a 24.35% increase), while the share capital increased by Birr 794 million (a 5.59% increase) to reach Birr 15.00 billion.

(In Millions of Birr)

	2024/25		2023/24		Growth	
Capital Category	Amount (A)	% Share	Amount (B)	% Share	Amount (A-B)	% Age Change
Share Capital	15,000	52.01%	14,206	61.25%	794	5.59%
Share Premium	6	0.02%	6	0.03%	-	0.00%
Retained Earnings	4,973	17.24%	2,577	11.11%	2,396	93.00%
Revaluation Surplus Account	421	1.46%	425	1.83%	-4	-0.92%
Legal Reserve	6,226	21.59%	4,401	18.97%	1,825	41.46%
Regulatory Risk Reserve	1,796	6.23%	1,309	5.64%	487	37.23%
Special Reserve	26	0.09%	26	0.11%	-	0.00%
Other Reserve	394	1.37%	245	1.06%	149	60.74%
Total	**28,842**	**100%**	**23,194.10**	**100%**	**5,648**	**24.35%**

Table 3: Equity of the Bank by Category

3. STRATEGIC MATTERS

3.1. Human Resources

As at June 30 2025, the Bank's total staff size has reached 11,065. The Bank recruits and continuously develops employees to help them acquire and utilize skills and knowledge.

Cognizant of the fact that well-trained and competent staffs can make a difference in this competitive market environment in terms of elevating the Bank's operations and performance, the Bank continued to invest in enhancing employee capacity through continuous technical and developmental trainings. The Bank also supports the staffs' aspiration of continuing higher education as this adds to employees' continuous development. These trainings essentially focused on the development of skills in key areas such as information technology and cyber security, anti-money laundering, domestic and international banking operations, ethics, customer services and leadership through classroom-based and eLearning platforms.

The Bank is also actively implementing strategic interventions in key human resource domains to support its overall strategy, including human resource development, performance management, and career and succession management programs.

3.2. Expansion of Accessibility

With its customer-oriented approach to banking services, the Bank of Abyssinia has continued to improve on delivering quality services to its customers across all channels. The Bank, in recent past years, has been expanding its outreach driving its customer base and enhancing accessibility to customers across the country which is more inclined to outlets equipped with digital solutions. In the reporting period the Bank opened three branches while other six branches ceased operation and the number of branches became 928. In an effort to transform the branch operating model, the Bank implemented paperless technology, that renders branches to become more efficient and customer-oriented sales outlets, whereby customers can enjoy self and assisted services employing fully automated and user-friendly technology solutions.

The Bank's digital ecosystem that includes ATMs, POS terminals, internet and mobile banking, virtual banking centers, and contact center has continued to deliver round the clock, safe, and convenient banking. These integrated channels support broad access, fast and secure transactions and personal support as and when it is required.

3.3. Business Development

During the reporting period, the Bank executed several strategically important activities which are instrumental to its growth and profitability. In doing so, the Bank reinforced its position in the digital banking landscape by revamping service offerings across all customer touch points, tailoring each banking channel to align with customer demands and preferences, and making them future oriented. Below are a few of the key activities undertaken during the year:

- In alignment with the its strategic direction of digital transformation, the Bank has kept on expanding alternative channels, so that customers could enjoy enhanced access, as well as fast and secure transactions. Accordingly, the number of ATMs, POS terminals and Virtual Banking Centers were increased, which, at the end of the reporting period have reached to 1,741, 3,627 and 49 respectively.

- The Bank's user base has grown significantly alongside the expanded reach of its digital platform, notably of mobile banking and card banking users that have increased to 5.38 million and 3.50 million, respectively.

In respect to its branch operating model redesigning initiative, the Bank has redefined branch services and introduced newly set up branches including café branches, and hybrid form branches whereby customers are served with technology driven and a relaxed environment at those well-furnished and modeled branches. As the branch automation took full vigor, the Bank has introduced and implemented paperless branches, which has now included almost all branches.

The 'Apollo Digital Bank' which is undergoing major enhancement and that shall incorporate implementation of AI-driven digital on-boarding, micro loan and digital marketing, has gained momentum, and the number of users has increased to 215,294.

As one of the areas of asset growth, the Bank has completed the construction of Ras Branch building, and made renovations to other buildings including Belay Zeleke Branch building in Addis Ababa as well as other major towns.

In the review period, the Bank has continued to offer Shariah-compliant Interest-Free banking services to its customers. These services were being provided, besides dedicated window services at all the Bank's branches, through 68 IFB dedicated and focused branches that have been established in areas with high market demand.

3.4. Information Systems and Digitalization

In the realm of IT and digitalization, the Bank delivered several impactful projects that enhanced platform availability, automation, reinforced security, and strengthened its competitive edge. These investments have made and will further make it possible to provide a seamless digital banking experience, where customers enjoy fast, fast, secure and uninterrupted access across channels, with offering of personalized interactions delivered in real-time.

Continuing with the Bank's goals of providing seamless digital experience to its customers, a number of IT and digital related initiatives have been in action during the year. A few among them were, deployment of corporate, retail, and SME modules for upgrading of Mobile Banking and Apollo Digital Bank, that allows full-fledged banking services, including micro-loans through customers mobile phones. The Bank also enforced implementation of full-fledged CRM solution and 360-degree customer insight which shall enable the Bank to provide tailored services. During the period, the Bank transitioned its branch operations into fully paperless environments. Leveraging digital tools, including account on-boarding via tablets, smart kiosks, and biometric authentication, the Bank eliminated paper-based workflows. It features system-generated digital receipts, secure digital documentation, and enhanced self-service capabilities. This makes transactions at teller points streamlined, eliminating the need for the customary manual form filling. The process is also faster for customers and cost efficient.

In order to enhance the operations of data extraction, transfer and load (ETL) at the Bank's MIS, an upgrade has been undertaken that will help handle workloads more efficiently.

In respect of enhancing the Bank's IT security, cyber security strategy and roadmap has been finalized for implementation, which shall allow enhanced application of cyber resilience and security measures. Various system upgrades and business solutions including Temenos Payment Hub (TPH), which will augment high-performance payment processing allowing handling of the full spectrum of payment types. In addition, audit automation and risk management solutions projects are underway for subsequent implementation.

4. Environmental, Social and Governance

Bank of Abyssinia is committed to upholding Environmental, Social, and Governance values being responsible in its operations and reflect its firm stand in those values that would help to earn confidence from shareholders/investors, customers and communities. The Bank's ESG priorities are anchored in key focus areas, including **Environmental Sustainability, Human Capital Management, Diversity, Equity and Inclusion, Corporate Social Responsibility, Financial Inclusion, Corporate Governance and Risk Management.** These pillars guide the Bank's efforts to create meaningful and lasting impact across communities.

4.1 Environmental

The Bank of Abyssinia is committed to integrating environmental sustainability into its business operations and decision-making processes. It strives to minimize its environmental unfriendly footprint by adopting responsible and efficient operational practices. As a responsible bank, BoA takes a cautious approach to reducing climate impacts of its financing. The Bank's efforts include focus on energy and water conservation, effective waste management, and the reduction of resource consumption through increased digitalization and automation across both front- and back-end banking operations.

In line with its commitment to sustainability, the Bank holds an annual membership for forest conservation initiatives and actively participates in Ethiopia's national reforestation and environmental restoration campaigns. Through coordinated efforts at both district and head office levels, the Bank continues to contribute to the country's broader Green Legacy Initiative, reinforcing its role in support of ecological balance, climate resilience, and long-term environmental stewardship.

4.2 Social

4.2.1 Human Capital Management

The Bank's approach to human capital is firmly rooted in its core values and reflects a deep commitment to cultivating an inclusive, ethical, and high-performing workplace. As of June 30, 2025, the Bank had 11,065 permanent employees deployed nationwide, including 32.2% managerial and 65.3% clerical staff. Of these, 1,712 employees were based at the head office and city branches, while 9,398 worked across district and outlying branches, reflecting its wide-reaching footprint and commitment to serving diverse regions. The Bank prioritizes the development, well-being, and engagement of employees to ensure they are empowered to deliver exceptional service and tailored financial solutions to customers. Through ongoing investment in staff development, inclusive recruitment, wellness initiatives, and strong ethical governance, BoA strives to foster a workplace culture that reflects the diversity of communities it serves and supports continuous learning, collaboration, and growth. A healthy, balanced, and ethical work environment is at the core of BoA's human capital strategy. This is championed through the collaborative efforts of the Ethics and Anti-Corruption Unit and the Human Resource Management Unit, which work together to uphold business ethics, integrity, and organizational accountability.

4.2.2 Corporate Social Responsibility

The Bank of Abyssinia has the highest of regards to societal values and wellbeing in all its endeavors. In its long history of serving the Ethiopian public, the Bank has established and cultivated long standing partnerships with humanitarian and charitable organizations, supporting societal and developmental causes.

Keeping its value promise of "caring for the community and environment" the Bank has developed a culture of making donations and contributions to causes that are of values to the society. This has been more evident in action, among others, by the support of Gondor City Corridor Project, Tigray Development Association in support of rebuilding damaged schools, and Deborah Foundation in support of its effort to build children village. In the 2024/25 fiscal year, the Bank allocated over Birr 96.96 million toward various Corporate Social Responsibility (CSR) initiatives, reaffirming its commitment to sustainable development, and social inclusion.

Besides, the Bank of Abyssinia is a permanent member of several charitable and non-profit organizations including, Ethiopian Red Cross Society, Ethiopian Heritage Association, Merry Joy Ethiopia and Parkinson's Patient Support Organization.

4.3. GOVERNANCE

The Bank's Board of Directors firmly believes that ethical and transparent governance, grounded in fairness and integrity, is indispensable to the Bank's long-term sustainability and overall performance. Governance is the driving force behind strategic decision making that aligns short and long-term business objectives, while balancing shareholder value, environmental and societal interests. In line with this conviction, and in accordance with relevant directives of the National Bank of Ethiopia, the Bank continually refines its governance framework to uphold both local and international standards, adapting to regulatory requirements and the Bank's strategic moves.

The Board operates under a well-defined governance framework through which it establishes the Bank's overall strategic direction, governance structure, tracks and monitors performance and progress, ensures compliance with legal, regulatory, and internal policy requirements, overseeing that risk exposure remains within risk appetite, ad ensures that the Bank operates in a sustainable manner, taking into account social, environmental, and governance considerations.

The Board of Directors holds overall responsibility for governance, supported by dedicated committees by which the Board ensures active governance with clear mandates, enabling timely decision-making and rigorous oversight. These committees play a critical role in overseeing operational, regulatory, and strategic risks, while also guiding business development to ensure long-term sustainability.

Under the governance framework, the Board exercises its responsibilities through four specialized standing committees, each tasked with oversight of distinct aspects of the Bank's operations and strategic priorities:

Board Audit Committee - delivers independent oversight of the Bank's financial reporting process, evaluates the integrity of internal controls, monitors compliance, and liaises with internal and external auditors to uphold transparency and accuracy.

Board Risk, Compliance Management and Credit Review Committee - oversees the Bank's risk-management architecture, sets risk appetite thresholds, and ensures that robust control and information systems are in place in order to ensure risks are properly identified, assessed and mitigated.

Nomination and Remuneration Committee – responsible for the identification and recommendation of Board members and Senior Management positions, and providing a formal and transparent proposal for the employment and removal of CEO and Senior Executive positions. Furthermore, the Committee oversees the formulation of the Bank's human resource policies and strategies, and board training programs.

Board Credit Committee – reviews and approves the Bank's credit policies, credit risk management framework, and significant credit exposures. The Committee shall oversee the Bank's lending practices, and ensures that credit decisions are made in alignment with the Bank's risk appetite and regulatory requirements.

5. THE WAY FORWARD

As the global and local economic environments continue to undergo continuous and fast-paced changes, policy makers and leaders in the financial sector would be needed to take on and devise ways of mitigating risks and shape ways of sound operations. While challenges are anticipated, there are also positive opportunities to grasp.

The banking industry is faced with both opportunities, such as positive macroeconomic developments from the series of reforms measures, and challenges like subdued activities in conflict-affected areas, a growing and intensifying competition, and tightened regulatory measures.

Considering both external and internal considerations, the Bank shall chart mitigation plans of anticipated risks while also working on strategies and tactics for securing a growing market share.

Going forward, the Bank shall implement a number of strategic initiatives which will support the Bank's objectives of customer experience enhancement, digital transformation and innovation, resource mobilization, and efficiency and effectiveness, which would ultimately secure the Bank's growth and sustainable profitability.

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6. APPROPRIATION OF RETAINED EARNINGS

During the Fiscal Year 2024/25, the Bank secured a net profit (after tax) of Birr 7.30 billion. The Board of Directors, therefore, recommends Birr 4.97 billion to be distributed to shareholders proportionate to their respective paid-up shares, after appropriate deductions are made for legal reserve, regulatory risk reserve and share of the Board of Directors fee.

7. VOTE OF THANKS

The Bank of Abyssinia's Board of Directors and the Executive Management would like to express their gratitude to esteemed customers of the Bank, shareholders, employees and the National Bank of Ethiopia for their unreserved assistance in enabling the Bank to achieve its objectives.

MEMBERS OF THE BOARD OF DIRECTORS

Ato Mekonnen Manyazewal	Chairperson
Ato Aemero Belete	D/Chairperson
Ato Kasahun Zewudie	Member
Ato Yerom Gessesse	Member
Ato Molalign Melese	Member
W/ro. Emebet Woldeher	Member
Ato Meseret Melese	Member
Ato Solomon Alula	Member
Dr. Yehenew Zewdie	Member

Mekonnen Manyazewal
Chairperson, Board of Directors

Bekalu Zeleke
Chief Executive Officer

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Bank of Abyssinia

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ANNUAL REPORT FOR 2024/25 FISCAL YEAR



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Committed to respect your values!

Report on Interest-Free Banking Business

Shari'ah Advisory Board's Report on the Interest-Free Banking Business



In the discharge of its duties as the Shariah Advisory Committee (SAC) of the **Bank of Abyssinia Interest Free Banking Services,** and in accordance with Shariah rules and principles, the directives of the National Bank of Ethiopia, the Charter of the Board, and the Bank's internal policies and procedures, we hereby submit our report for the financial year ending June 30, 2025.

Throughout the year, the Committee convened both regular and special meetings to review the Bank's financing and deposit operations. The SAC examined the processes, products, and contracts to ensure alignment with Shariah requirements. The Committee also engaged with customers in different parts of the country to receive feedback and enhance service delivery.

The Bank's Management is entrusted with the responsibility of conducting all operations in accordance with Shariah rules, the directives of the National Bank of Ethiopia, and the Bank's policies. The SAC, on its part, provides independent oversight and delivers its opinion on Shariah compliance of the Bank's activities and products, based on comprehensive review and consideration of relevant information and Fatwas (Shariah decisions).

Based on our review, we confirm that the financing and retail operations of the Bank of Abyssinia Interest Free Banking Services for the financial year ended June 30, 2025, have been carried out in compliance with Shariah rules and principles.

Sheikh Nuredin Delil
Chairperson, Shari'ah Advisory Board

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Bank of Abyssinia

BANK OF ABYSSINIA
SHARI'AH ADVISORY COMMITTEE.



Sheikh Nuredin Delil
Shari'ah Board Chairperson



Sheikh Muhammed Ali
Shari'ah Advisory Committee Member



Sheikh Abdulaziz Abdulweli
Shari'ah Advisory Committee Member



Ustaz Muhammed Abate
Shari'ah Advisory Committee Member

Abyssinia Ameen
(INTEREST-FREE BANKING BUSINESS)

Alongside its conventional banking services, the Bank of Abyssinia launched an interest-free banking service called “Ameen” in December 2017, in line with NBE Directive No. SBB/51/2011. The name “Ameen” signify “faithful, trustworthy, honest, or truthful,” symbolizing the Bank’s commitment to providing ethical, transparent, and dependable Shariah-compliant financial services to its customers.

As part of its strategic growth initiatives, the Bank subsequently rebranded the service as Abyssinia Ameen with the tagline “Committed to Respect Your Values.” Over the years, the Bank has successfully introduced a wide variety of deposit and financing products tailored to address the unique needs of its interest-free banking customers. This continuous product diversification reflects the Bank’s customer-centric approach and its dedication to offering competitive, Shariah-compliant financial solutions.

To strengthen and expand its operations, the Bank has invested significantly in building robust institutional capacity. This includes the adoption of iMAL, a globally recognized interest-free core banking platform, which ensures flexibility, operational efficiency.

Additionally, the Bank has prioritized human resource development by recruiting and training staff with expertise in Islamic finance, ensuring that customers receive professional and knowledgeable service.

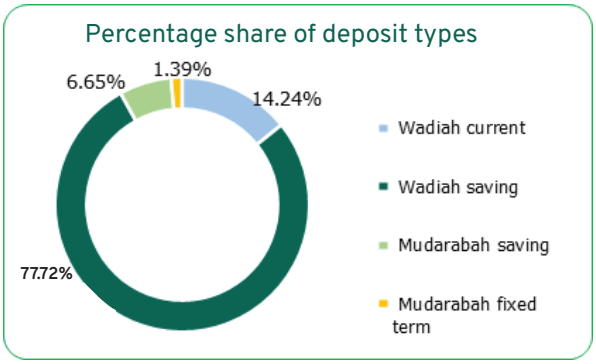
The Bank of Abyssinia has also emphasized the importance of strict Shariah compliance in all its interest-free operations to safeguard customer trust and uphold Interest Free Banking financial principles. In addition, Abyssinia Ameen has actively engaged in corporate and social responsibility initiatives, demonstrating its broader commitment to contributing positively to society in line with Shariah values.

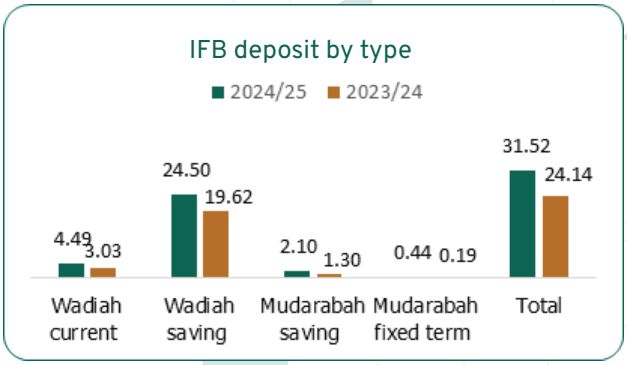
Looking ahead, the Bank remains strategically focused on further strengthening and promoting its interest-free banking business. Guided by a clear long-term vision, Abyssinia Ameen is well-positioned to grow sustainably, expand its reach, and continue delivering value to customers, shareholders, and the wider community.

The following section presents the BoA Interest Free Banking services financial performances on major performance areas.

Performances
Abyssinia Ameen Deposit

During the fiscal year, the Bank mobilized an incremental deposit of Birr 7.39 billion through Wadiah and Mudarabah accounts, registering a 30.61% increase in IFB deposits compared to the preceding year. As a result, the total IFB deposits stood at Birr 31.52 billion as of June 30, 2025, representing 12.96% of the Bank’s total deposit portfolio.





Abyssinia Ameen Customer Base

The Bank's IFB customer base has continued to register remarkable growth over the past consecutive years. By the end of the 2024/25 fiscal year, the number of IFB customers reached 1.92 million, reflecting a 21.38% increase compared to the preceding year. Consequently, the number of IFB customers constituted 16.62% of the Bank's total customer base.

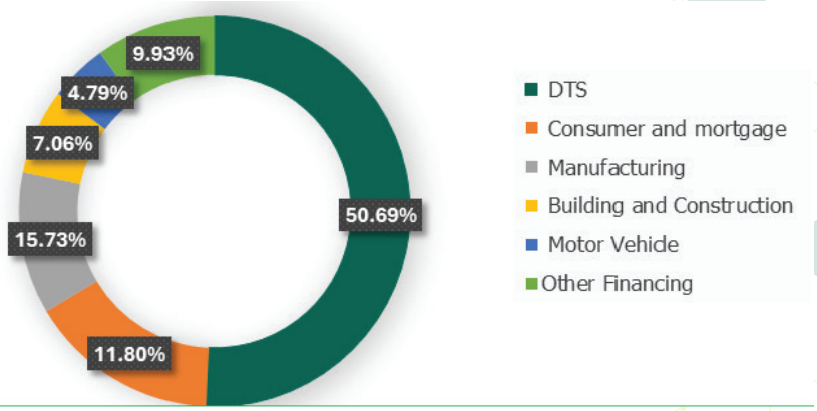
Abyssinia Ameen Financing

The Bank has continued to provide Shari'ah-compliant, interest-free financing to customers engaged in diverse sectors of the economy through various financing modalities. As of the end of FY 2024/25, the total outstanding interest-free financing stood at Birr 8.33 billion, reflecting a 21.71% increase compared to the previous year. By financing type, DTS financing constituted the largest share at 50.69%, followed by manufacturing financing (15.73%), consumer financing (11.80%), and building & construction (7.06%).

Interest free financing amount by sector

Sector	June 30, 2025 (Birr '000)	% age share	Jun-30-2024 (Birr '000)	% age share
DTS	4,225,256	50.69%	3,783,472	55.24%
Manufacturing	1,311,499	15.73%	785,317	11.47%
Consumer and mortgage	983,892	11.80%	938,333	13.70%
Agricultural Input	281,777	3.38%	393,371	5.74%
Building and Construction	588,880	7.06%	444,929	6.50%
Motor Vehicle	399,494	4.79%	316,936	4.63%
International trade-export	287,598	3.45%	87,716	1.28%
Machinery and Equipment	170,548	2.05%	58,635	0.86%
International trade-import	15,637	0.19%	40,339	0.59%
Commercial farming	71,647	0.86%	0	0.00%
Total	8,336,228	100.0%	6,849,048	100.0%
Unearned revenue	-2,367,057		-1,941,249	
Total financing (net)	5,969,171		4,907,799	

Percentage share of IF Financing by type



ACCESSIBILITY

In its commitment to meeting the needs of its target customers, Bank of Abyssinia has continued to provide Interest-Free Banking (IFB) services across its entire branch network. In line with this commitment, the Bank has made **68 dedicated IFB branches** operational in areas with high market potential. Complementing the physical branch expansion, the Bank has further strengthened its digital service delivery by offering IFB services through multiple digital channels and by launching an **IFB-branded digital channel including virtual digital banking center.**

IV. Abyssinia Ameen: Enriching Lives through Purposeful CSR Activities

In the fiscal year 2024/25, Abyssinia Ameen reaffirmed its steadfast commitment to community empowerment through a series of thoughtfully designed Corporate Social Responsibility (CSR) initiatives. Rooted in the values of compassion, equity, and shared progress, these efforts reflect the Bank's philosophy of **interest-free banking—serving people, not just profits.**

Among the key initiatives was the **Ameen School Award**, which recognized academic excellence and the dedication of educators across multiple cities. By honoring high-achieving students and outstanding teachers, the program not only uplifted individuals but also strengthened the Bank's connection with the next generation of leaders.

During the holy month of **Ramadan**, the Bank extended warmth and solidarity through a large-scale **Iftar Meal Sharing Program**, reaching vulnerable communities across districts beyond Addis Ababa. These initiatives fostered nourishment, unity, humility, and human connection.

In line with its values of social justice and inclusion, the Bank also provided financial support to impactful humanitarian organizations, including **Babul Keyer and Wondim Kalid Foundation**, enabling them to deliver essential services in food, education, and healthcare.

Each initiative, though unique in scope, shares the common purpose of building resilient communities, restoring hope, and reflecting the values of a **purpose-driven bank**. These are not just projects—they are promises fulfilled.

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Bank of Abyssinia

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AbyssiniAmeen

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AUDITOR'S REPORT

FOR THE YEAR
ENDED 30 JUNE 2025

BANK OF ABYSSINIA S.C.

DIRECTORS,PROFESSIONAL ADVISORS AND REGISTERED OFFICE
FOR THE YEAR ENDED 30 JUNE 2025

BOARD DIRECTORS (As of 30 June 2025)

Ato Mekonnen Manyazewal	Board Chairperson	Appointed 20 February, 2024
Ato Aemero Belete	D/Chairperson	Appointed 20 February, 2024
W/ro Emebet W/her	Board Member	Appointed 20 February, 2024
Ato Kassahun Zewdie	Board Member	Appointed 20 February, 2024
Ato Meseret Melese	Board Member	Appointed 20 February, 2024
Ato Molalign Melese	Board Member	Appointed 20 February, 2024
Ato Solomon Alula	Board Member	Appointed 20 February, 2024
Ato Yerom Gessese	Board Member	Appointed 20 February, 2024
Dr.Yihenew Zewdie	Board Member	Appointed 20 February, 2024
Ato Tewodros Tesfaye	Secretary	Appointed 20 February, 2024

EXECUTIVE MANAGEMENT (As of June 30, 2025)

Ato Bekalu Zeleke Ewnetu	Chief Executive Officer	Appointed, 05 January 2019
Ato Abdulkadir Redwan Muzyin	Chief Interest Free Banking Officer	Appointed 21 November 2024
Ato Abraham Gebeyehu G/Hanna	Chief Finance Officer	Appointed 21 November 2024
Ato Asaminew Deribew Cheber	Chief Credit Officer	Appointed 1 February 2019
Ato Daniel Hailu Teshome	Chief Information Systems Officer	Appointed 10 December 2018
Ato Desalegn Yizengaw Baye	Chief Customer Management Officer	Appointed 6 January 2025
W/ro Meseret Asfaw Yitbarek	Chief Enterprise Services Officer	Appointed 10 December 2018
Ato Mohammed Nuredin Kelifa	Chief International Banking Officer	Appointed 10 June 2019
Ato Seifu Bogale G/Egziabeher	Chief Corporate Human Resource Officer	Appointed 12 August 2019
W/ro Sosina Mengesha Rundassa	Chief Digital Banking Officer	Appointed 12 August 2019
Ato Elias Kassa Badebo	Deputy Chief Customer Support Officer	Appointed 7 October 2022
Ato Wosenyeleh Aberra Kumbi	Deputy Chief Customer R/P and Acq. Officer	Appointed 7 October 2022
Ato Eyasu Mekonnen Anagaw	Chief Internal Audit Officer	Appointed 6 January 2025
Ato Yetenayet Awgechew Workeaferhu	Chief Risk and Compliance Officer	Appointed 6 January 2025

INDEPENDENT AUDITOR

Tewodros and Fikre Audit Service Partnership
Authorised Auditors, Chartered Certified Accountants

Addis Ababa, Ethiopia.

CORPORATE OFFICE

Ras Branch
Legehar Building
Gambia Street
P.O Box 12947
Addis Ababa, Ethiopia

BANK OF ABYSSINIA S.C.
REPORT OF DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2025

The directors submit the report together with the audited financial statements for the period ended 30 June 2025, in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by Accounting and Auditing Board of Ethiopia which discloses the financial performance and state of affairs of the Bank.

INCORPORATION AND ADDRESS

Bank of Abyssinia("the Bank")was established in 1996 and registered as a public owned shareholding company in accordance with the provision of the Licensing and Supervision of Banking Business Proclamation No.84/94(as amended by1360/2025) and the 1960 Commercial code of Ethiopia(as amended by 1243/2021).The Bank's registered office is at:

Legehar Building
Gambia Street
P.O Box 12947
Addis Ababa, Ethiopia

PRINCIPAL ACTIVITIES

The Bank's principal activity is providing commercial banking services.

RESULTS AND DIVIDENDS

The Bank's results for the year ended 30 June 2025 are set out on page 43. The profit for the year has been transferred to retained earnings. The summarized results are presented below.

	30 June 2025 Birr'000	30 June 2024 Birr'000
Total operating income	28,748,312	19,729,457
Profit / (loss) before tax	10,101,095	5,278,043
Tax (charge) / credit	(2,802,590)	(1,040,047)
Profit / (loss) for the year	**7,298,505**	**4,237,996**
Other comprehensive income / (loss) net of taxes	149,026	52,738
Total comprehensive income / (loss) for the year	**7,447,531**	**4,290,734**
Earnings Per Share (%)	50%	33%

DIRECTORS

The directors who held office during the year and to the date of this report are set out on page 38

Ato. Mekonnen Manyazewal
Chairperson, Board of Directors
Addis Ababa, Ethiopia

BANK OF ABYSSINIA S.C.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 30 JUNE 2025

In accordance with the Financial Reporting Proclamation No.847/2014 (as amended by 1360/2025) , Bank of Abyssinia is required to prepare its financial statements in compliance with International Financial Reporting Standards (IFRS)as issued by the International Accounting Standards Board (IASB) and in the manner required by the Commercial Code of Ethiopia of 2021. The Directors of the Bank are responsible for the preparation and fair presentation of these financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank is required keep such records as are necessary to:

a. Exhibit clearly and correctly the state of its affairs;

b. Explain its transactions and financial position; and

c. Enable the Accounting and Auditing Board of Ethiopia and other concerned organs to determine whether the Bank had complied with the provisions of the Financial Reporting Proclamation and regulations and directives issued for the implementation of the aforementioned Proclamation.

The Bank's directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS) and other relevant laws and regulations of Ethiopia.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of its profit or loss.

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

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

Signed on behalf of the Directors by:

Ato. Mekonnen Mariyazewal

Chairperson, Board of Directors

September 05, 2025

Ato. Bekalu Zeleke

Chief Executive Officer

September 05, 2025

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☎ + 251-011-466 11 57 251-96-621 59 21
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TEWODROS AND FIKRE AUDIT
SERVICES PARTNERSHIP
CHARTERED CERTIFIED
ACCOUNTANTS
P.O. BOX 8118
E-mail: chalatewodros@gmail.com
Addis Ababa Ethiopia

Partners
Tewodros Hailu, M.A, FCCA & Fikre Menta, M.A, FCCA

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BANK OF ABYSSINIA SHARE COMPANY

OPINION

We have audited the accompanying financial statements of BANK OF ABYSSINIA SHARE COMPANY which comprise the statement of profit and loss and other comprehensive income for the year ended 30 June 2025, statement of financial position as at 30 June 2025, statement of changing equity and statement of cash flows for the year then ended and summary of material accounting policies and other explanatory information.
In our opinion, the financial statements give a true and fair view of the financial position of BANK OF ABYSSINIA SHARE COMPANY as at 30 June 2025 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by IASB.

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

i. Pursuant to Article 349 (1) of the Commercial Code of Ethiopia, 2013 E.C and based on our reviews of the board of directors' report, we have not noted any matter that we may wish to bring to your attention.

ii. Pursuant to article 349 (2) of the commercial code of Ethiopia, 2013 E.C, We recommend the financial statements be approved.

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

KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon; we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies of the company and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

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

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

AUDITORS RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Tewodros and Fikre Audit Services
Partnership
Chartered Certified Accountants

Addis Ababa

September 8 2025

BANK OF ABYSSINIA S.C.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	30 June 2025 Birr'000	30 June 2024 Birr'000
Interest income	5	32,718,727	24,603,162
Interest expense	6	(10,323,158)	(8,018,511)
Net interest income		**22,395,569**	**16,584,651**
Net Foreign exchange income/loss	7	(149,569)	99,191
Service charges		3,152,812	1,189,565
Commission earned	8	1,814,302	909,251
Net fees and commission income		**4,817,545**	2,198,007
Dividend income	9	79,873	45,543
Other operating income	10	1,455,326	901,256
Total Other Income		**1,535,199**	**946,799**
Total operating income		**28,748,312**	**19,729,457**
Loan impairment charge	11	(2,122,910)	(1,099,637)
Impairment losses on financial assets	12	(507,599)	68,909
Net operating income		**26,117,803**	**18,698,729**
Personnel expenses	13	(9,776,245)	(9,112,164)
Amortization of intangible assets	21	(128,834)	(83,540)
Depreciation and impairment of property, plant and equipment	23	(755,903)	(610,215)
Depreciation on investment property	20	(234)	(235)
Amortization of Right of use assets	22	(1,046,361)	(876,938)
Interest expense on lease liability	22	(13,453)	(13,877)
Other operating expenses	14	(4,295,678)	(2,723,717)
Profit before tax		**10,101,095**	**5,278,043**
Income tax expense	15	(2,802,590)	(1,040,047)
Profit after tax		**7,298,505**	**4,237,996**
Other comprehensive income (OCI):			
Items that will not be subsequently reclassified into profit or loss:			
Remeasurement gain/(loss) on retirement benefits obligations	27	(60,366)	33,592
Income tax effect		18,110	(10,078)
		(42,256)	23,514
Net change in equity investment at FVOCI	33	273,260	41,748
Income tax effect		(81,978)	(12,524)
		191,282	29,224
Total other comprehensive income for the period		149,026	52,738
Total comprehensive income for the period		7,447,531	4,290,734
Earnings per share	29	50%	33%

The notes on pages 47 to 149 are an integral part of these financial statements.







BANK OF ABYSSINIA S.C.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Notes	30 June 2025 Birr'000	30 June 2024 Birr'000
ASSETS			
Cash and cash equivalents	16	50,289,576	27,943,909
Loans, advances and financing to customers(Net)	17	193,379,151	163,922,581
Investement securities;	18		
✻ Debt securites at amortized cost		15,267,976	10,821,281
✻ Financial assets at fair value through OCI		1,442,225	1,018,934
Other assets	19	12,895,343	8,140,862
Investment property	20	10,330	10,565
Intangible assets	21	1,079,822	591,459
Right of use Leased assets	22	3,674,199	2,990,952
Property, plant and equipment	23	8,188,353	6,862,626
Total assets		286,226,976	222,303,169
LIABILITIES			
Deposits from customers	24	211,654,830	168,372,942
Interest free customers deposit	25	31,524,908	24,136,154
Other liabilities	26	10,489,194	4,814,931
Current tax liabilities	15	2,576,017	1,094,277
Lease Liabilities	22	330,589	267,204
Retirement benefits obligations	27	438,526	311,174
Deferred tax liabilities	15d	370,981	112,387
Total liabilities		257,385,045	199,109,069
EQUITY			
Share capital	28	15,000,000	14,205,583
Share premium		5,998	5,998
Retained earnings	30	4,973,379	2,576,913
Revaluation Surplus Account	34	420,823	424,711
Legal reserve	31	6,225,669	4,401,042
Regulatory risk reserve	32	1,795,768	1,308,585
Special reserve		25,919	25,919
Other Reserve	33	394,375	245,349
Total equity		28,841,931	23,194,100
Total equity and liabilities		286,226,976	222,303,169

The notes on pages 47 to 149 are an integral part of these financial statements.

The financial statements on pages 43 to 46 were approved and authorized for issue by the board of directors on September 05, 2025 and were signed on its behalf by:

Mekonnen Manyazewal

Chairperson, Board of Directors

Bekalu Zeleke

Chief Executive Officer

BANK OF ABYSSINIA S.C.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	Share capital Birr'000	Share Premium Birr'000	Retained earnings Birr'000	Revalution Surplus Account Birr'000	Regulatory risk reserve Birr'000	Legal reserve Birr'000	Special reserve Birr'000	Other Reserve Birr'000	Total Birr'000
As at 1 July 2023		11,898,416	5,998	2,877,748	428,610	704,452	3,341,543	25,919	192,612	19,475,297
Profit for the period	30	-		4,237,997	-	-	-	-	-	4,237,997
Capitalization of shares		1,783,699		(1,783,699)						-
Capitalized from Cash		523,468								523,468
Other comprehensive income:		-		-	-	-	-	-	52,738	52,738
Re-measurement gains on defined benefit plans (net of tax)		-		3,899	(3,899)					-
Transfer to legal reserve	31	-		(1,059,499)			1,059,499			-
Transfer from regulatory risk reserve	32			(640,656		640,656	-	-	-	
Director's Share of profit				(1,350)						(1,350)
Recognition of deferred tax effect of previous years		-					-		-	-
Reversal of regulatory risk reserve				36,523		(36,523)				
Dividends paid				(1,094,049)	-	-	-	-	-	(1,094,049)
As at 30 June 2024		**14,205,583**	**5,998**	**2,576,913**	**424,711**	**1,308,585**	**4,401,042**	**25,919**	**245,349**	**23,194,100**
As at 1 July 2024		**14,205,583**	**5,998**	**2,576,913**	**424,711**	**1,308,585**	**4,401,042**	**25,919**	**245,349**	**23,194,100**
Profit for the period	30	-		7,298,505	-	-	-	-	-	7,298,505
Capitalization of shares		402,365		(402,365)						-
Capitalized from cash or account		392,052		-						392,052
Other comprehensive income:		-			-				149,026	149,026
Periodic depreciation for building revaluation				3,888	(3,888)	-	-	-		-
Transfer to legal reserve	31	-		(1,824,627)			1,824,627			-
Transfer to regulatory risk reserve	32	-		(521,024)		521,024	-		-	
Director's Share of profit				(1,350)	-		-	-		(1,350)
Reversal of other reserve										(15,855)
Reversal of regulatory risk reserve		-		17,987		(33,842)	-		-	
Dividends Paid				(2,174,548)				-		(2,174,548)
As at 30 June 2025		**15,000,000**	**5,998**	**4,973,378**	**420,823**	**1,795,767**	**6,225,670**	**25,919**	**394,375**	**28,841,931**

The notes on pages 47 to 149 are an integral part of these financial statement

BANK OF ABYSSINIA S.C.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	30 June 2025 Birr'000	30 June 2024 Birr'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	32,280,495	16,071,738
Capital gain Tax paid		(21,739)	-
Withholding tax		(31,571)	(9,496)
Income tax paid		(1,094,277)	(1,282,443)
Other tax paid			
Net cash (outflow)/inflow from operating activities		**31,132,908**	**14,779,799**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equity investments			
Purchase of Treasury bills		(150,031)	45,543
Purchase of Treasury Bonds		512,710	2,751,708
Purchase of DBE bonds		(4,190,856)	(7,010,914)
Purchase of investment property		(768,763)	(1,402,460)
Purchase of intangible assets	21	(617,197)	(152,415)
Purchase of property, plant and equipment	23	(1,325,727)	(1,362,204)
Cash paid for lease payment	22	(683,247)	(416,202)
Net cash (outflow)/inflow from investing activities		**(7,223,111)**	**(7,546,944)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares	28	392,052	523,468
Dividends paid	26	(1,806,612)	(1,059,748)
Net cash (outflow)/inflow from financing activities		**(1,414,561)**	**(536,280)**
Net increase/(decrease) in cash and cash equivalents		**22,495,236**	**6,696,576**
Cash and cash equivalents at the beginning of the year	16	27,943,909	21,148,143
Foreign exchange (losses)/ gains on cash and cash equivalents		(149,569)	99,191
Cash and cash equivalents at the end of the year	16	**50,289,576**	**27,943,909**

The notes on pages 47 to 149 are an integral part of these financial statements.

1. CORPORATE INFORMATION

Bank of Abyssinia ("the Bank") is a public owned share company domiciled in Ethiopia. The Bank was established in (1996) in accordance with the Licensing & Supervision of Banking Business Proclamation No. 84/1994 (as amended by 1360/2025) and the Commercial Code of Ethiopia of 1960(as amended by 1243/2021). The Bank opened branches throughout the Country. The Bank's registered office is at:

Legehar Building
Gambia Street
P.O Box 12947
Addis Ababa, Ethiopia

The principal activities of the Bank are banking and related activities including accepting customer deposits, lending to customers,financing the interest-free banking customers in accordance with the islamic principle, trade financing, project financing, inter-bank borrowing and lending.

2. ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

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

- Assets held for sale – measured at fair value less cost of disposal, and
- Defined employee benefit obligation measured at fair value;
- Equity Investment at fair value through other comprehensive income are measured at fair value.

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

2.2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

2.3 FUNCTIONAL CURRENCY & TRANSLATION OF FOREIGN CURRENCY

(i) FUNCTIONAL AND PRESENTATION CURRENCY

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

(ii) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into "Birr "using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement.

At the end of a reporting period non-monetary items carried at historical amounts continue to be measured using transaction-date exchange rates, monetary items are retranslated using the closing rate and non-monetary items carried at fair value are measured at valuation-date exchange rates.

2.4 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity, and a financial liability or equity instrument of another entity. This means that items that will be settled through the receipt or delivery of goods or services are not financial instruments, nor typically are tax assets and liabilities as these arise through legal rather than contractual requirements.

2.4.1 FINANCIAL ASSETS
2.4.1.1 DATE OF RECOGNITION

All financial assets are initially recognised on the trade date, i.e. the date that the Bank become a party to the contractual provisions of the instrument. This includes regular way trades, purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. All financial assets are measured initially at their fair value plus directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit or loss. The Bank classify all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics.

2.4.1.2 INITIAL RECOGNITION
(i) Business model

The Bank determine the business model at the level that best reflects how the financial assets are managed to achieve its business objective. The Bank do not assess the business model on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

• How the performance of the portfolio and the financial assets held within that business model are evaluated and reported to the key management personnel;
• The risks that affect the performance of the business model (and the financial assets held within that business model)and, in particular, the way those risks are managed;

• How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
and
• The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

(ii) Solely payments of principal and interest/profit ("SPPI") test

Upon determination of business model, the Bank will assess the contractual terms of financial assets to identify whether they meet the SPPI test.
'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).
The most significant elements of interest/profit within a lending arrangement are typically the consideration for the time value of money and credit risk. The Bank apply judgment and consider relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest/profit rate is set in assessing the SPPI.

2.4.1.3 SUBSEQUENT MEASUREMENT

For purposes of subsequent measurement, financial assets are classified in four categories:
• Financial assets at amortised cost (debt instruments)
• Financial assets at fair value through OCI with recycling of cumulative gains and
Losses (debt instruments)
• Financial assets designated at fair value through OCI with no recycling of
Cumulative gains and losses upon de-recognition (equity instruments)
• Financial assets at fair value through profit or loss.

(i) Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Bank. The Bank measures financial assets at amortized cost if both of the following conditions are met: The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is de-recognized, modified or impaired.

(ii) Financial assets at fair value through OCI (debt instruments)

The Bank measures debt instruments at fair value through OCI if both of the following conditions are met: The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost.
The remaining fair value changes are recognized in OCI. Upon de-recognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

(iii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Bank can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments:
Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss.
Dividends are recognized as other income in profit or loss when the right of payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at fair value through OCI are not subject to impairment assessment.
The Bank elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future.

(iv) Financial assets at fair value through profit or loss

Included in financial assets at FVTPL are financial investments, financial assets designated upon initial recognition, Subsequent to initial recognition, financial assets designated at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recognised in the income statements.
The designation eliminates or significantly reduces inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; or
The assets and liabilities are part of financial assets, financial liabilities or both, which are managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

2.4.1.4 FINANCIAL ASSETS DESIGNATION

At initial recognition, the Bank may designate certain financial assets as at FVTPL because this designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

2.4.1.5 DE RECOGNITION

A financial asset (or, where applicable, a part of a financial asset or part of a of similar financial assets) is derecognised when:

(i) The rights to receive cash flows from the financial asset have expired; or
(ii) The transfer of financial asset is qualifies for DE recognition.

2.4.1.6 IMPAIRMENT OF FINANCIAL ASSETS

(i) Overview of Expected Credit Loss (ECL) principles

The Bank recognizes loss allowances for expected credit losses “ECL” for financial assets that are debt instruments and are not measured at FVTPL.
The Bank measures loss allowances at an amount equal to lifetime ECL except for the following for which they are measured as 12-month ECL:

- Fixed income securities that are determined to have low credit risk at the reporting date;
- and other financial instruments for which credit risk has not increased significantly since initial recognition.

(ii) Determination of significant increase in credit risks

At each reporting date, the Bank assess whether financial assets carried at amortized cost, debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets').
A financial asset considered 'credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:
Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Bank of terms that the Bank would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

2.4.1.7 RESTRUCTURED FINANCIAL ASSETS

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

- If the expected restructuring will not result in de-recognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset

- If the expected restructuring will result in de-recognition of the existing asset, then the expected fair value of the new asset is related as the final cash flow from the existing financial asset at the time of its de-recognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of de recognition to the reporting date using the original effective interest rate of the existing financial asset.

2.4.1.8 WRITE-OFF

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

2.4.1.9 NON-INTEGRAL FINANCIAL GUARANTEE CONTRACTS

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

2.4.2 FINANCIAL LIABILITIES

2.4.2.1 DATE OF RECOGNITION

All financial liabilities are initially recognised on the trade date i.e. the date that the Bank become a party to the contractual provision of the instruments. This includes:
regular way trades, purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

2.4.2.2 INITIAL RECOGNITION

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

2.4.2.3 SUBSEQUENT MEASUREMENT

The measurement of financial liabilities depends on their classification, as described below:

(i) financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Bank has not designated any financial liability as at fair value through profit or loss.

(ii) Loans and Borrowings

This is the category most relevant to the Bank. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are de-recognized as well as through the EIR amortization process.
Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss.

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Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss.

2.4.2.4 FINANCIAL LIABILITIES DESIGNATION

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

- The liabilities are managed, evaluated and reported internally on a fair value basis; or
- The designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2.4.2.5 DE-RECOGNITION

The Bank derecognize at financial liability when its contractual obligations are discharged or cancelled, or expire.
The Bank derecognize a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability. Based on the modified terms recognized at fair value.
The difference between the carrying amount of the financial liability derecognized and consideration paid is recognized in profit or loss.
Consideration paid include non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability

Where the modification of a financial liability is not accounted for as de-recognition, then the amortized cost of the liability recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss.

Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

2.4.3 OFFSETTING

Financial assets and financial liabilities offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

2.5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include notes and coins on hand, unrestricted and restricted reserve requirement balances held with NBE and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

Cash Flows during the period have been classified as operating activities, investing activities and financing activities as per IAS 7 Statement of Cash Flows, cash flow statement can be prepared either in direct method or in indirect method, Operating cash flows of BoA are reported using indirect method, whereas investing and financing activities reported using direct method.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

2.6 PROPERTY, PLANT AND EQUIPMENT

(i) Initial recognition

The amount capitalized at initial recognition is the purchase price of the asset along with any further costs incurred in bringing the asset to its present condition and location.

(ii) Subsequent valuation

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

The carrying amount of the replaced part is derecognized. Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Bank recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in income statement as incurred.

(iii) Depreciation

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

Asset Class	Depreciation Rate (% or years) Useful Life (Years)	Residual Value (% of Cost)
Building	50	5%
Motor Vehicle	10	5%
Computer and Related items	7	1%
Furniture and Fittings	10	1%
Medium lived furniture and fittings	10	1%
Long lived furniture and fittings Equipment:	20	1%
Equipment:		
Short lived equipment	5	1%
Medium lived equipment	10	1%
Lift and roofing	15	1%

The Bank commences depreciation when the asset is available for use. Land is not depreciated.
Capital work-in-progress is not depreciated as these assets are not yet available for use. They are disclosed when reclassified during the year.

(iv) Gain or losses on the disposal of property, plant and equipment

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

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

(v) Impairment of PPE

At each balance sheet date, the bank assesses whether there is any indication that the carrying amount of the asset exceeds its recoverable amount. If any such indication exists, the Bank should estimate the recoverable amount of the asset. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use
or sale of the asset.

If this is the case, the asset is described as impaired and impairment loss is recognized as an expense in the profit and loss account.

2.7. INTANGIBLE ASSETS

(i) Initial recognition

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

(ii) Amortization

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.
Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortization period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortization expenses on intangible assets with finite lives is presented as separate line item in the income statement.
Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Except for undisclosed useful life in the contract the Bank has used 6 years' useful life for all intangible assets the rest will use as per contract, the residual rate will be zero percent for all intangible asset.

(iii) Impairment

Impairment of intangible assets Intangible assets with indefinite useful life, like goodwill etc., are tested for impairment at the end of each year. As per IAS 36 Impairment, any intangible assets with definite useful life are first reviewed for any indication of impairment. If any indication exists, then the impairment test is carried out.

2.8. INVESTMENT PROPERTY

Property that is held for long-term rental yields or for capital appreciation or both, are classified as investment properties.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the Bank and the cost can be reliably measured. This is usually when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The Bank has opted to subsequently carry investment property at cost and disclose fair value. Fair value is based on comparative market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Bank uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the reporting date by professional values who hold recognized and relevant professional qualifications and have recent experience in location and category of the investment property being valued. These valuations from the basis for the carrying amounts in the financial statements.

The fair value of investment property reflects, the near current market conditions. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.
Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.
Investment properties are derecognized when they have been disposed. Where the Bank disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the statement of changes in net assets available for benefit.

2.9 LEASE

At an inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Bank uses the definition of a lease in IFRS 16.
This policy is applied to contracts entered into before, on or after 1 July 2019 that were previously identified as leases.

(i) Classification

At inception of a contract, the Bank assess whether a contract is, or contains, a lease arrangement based on whether the contract conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration. If a lease arrangement contains more than one lease component, or a combination of leasing and services transactions, the consideration is allocated to each of these lease and non-lease components at inception and on each subsequent remeasurement of the contract on the basis of their relative stand-alone selling prices.

(ii) Bank Acting as a Lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of branches and office premises the Bank has elected to separate non-lease components from the space rental payment obligations.

The Bank recognizes a right-of-use of asset and a lease liability at the lease commencement date,plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use of asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement , plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate at the discount rate.

The Bank determines its incremental borrowing rate by analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Bank is reasonably certain to exercise lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase extension or termination option if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets in property and equipment and lease liabilities in other liabilities in the statement of financial position.

(iii) Short-term Leases and Leases of Low-value Assets

The Bank has elected not to recognize right-of-use assets and lease liabilities for lease of low value assets and short-term leases, including ATM rent payments. The Bank recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

(iv) Bank Acting as a Lessor

At inception or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the bases of their relative stand-alone selling prices.
When the Bank acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.
To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset, if this is the case, then the lease is a finance lease; if not; then it is an operating lease as part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.
The Bank applies the de-recognition and impairment requirement in IFRS 9 to the net investment in the lease. The Bank further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

2.10 NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS(ACQUIRED COLLATERAL)

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

Non-current assets are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell when:

a) Their carrying amounts will be recovered principally through sale;
b) They are available for immediate sale in their present condition;
c) Their sale is highly probable.

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

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

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet
Acquired collateral held for sale presented under the held for sale account if meets the IFRS-5 requirement, but if the management decide for banks use recorded under PPE.
A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plant to dispose of such a line of business of area of operations, or is a subsidiary acquired exclusively with a view of resale. The results of discontinued operations are presented separately in the statement of profit or loss.

2.11 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

The Bank bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Bank's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement.

2.12 OTHER ASSETS

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

(i) Prepayment

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

(ii) Other receivables

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

2.13 FAIR VALUE MEASUREMENT

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

- Disclosures for valuation methods, significant estimates and assumptions Notes 3
- Quantitative disclosures of fair value measurement hierarchy Notes 4.7.2.

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

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

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

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

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is observable.

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

The Bank's management determines the policies and procedures for both recurring fair value measurement, such as available-for-sale financial assets.

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

2.14 EMPLOYEE BENEFITS

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

(a) Defined contribution plan

The Bank operates two defined contribution plans;

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

(ii) Provident fund contribution, funding under this scheme is 6% and 12% by employees and the Bank, respectively; based on the employees' salary. Employer's contribution to this scheme are charged to profit or loss and other comprehensive income in the period in which they relate.

(b) Defined benefit plan

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

The liability recognized in the statement of financial position in respect of defined benefit pension plans if the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.
The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

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

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

(c) Termination benefits

Termination benefits are payable to Bank employees and executive directors when employment is terminated by the Bank before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Bank recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(d) Profit-sharing and bonus plans

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

2.15 PROVISIONS

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, it's probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Bank expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in income statement net of any reimbursement.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as other operating expenses.

2.16 FINANCIAL GUARANTEES CONTRACT

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified party fails to meet its obligation when it is due in accordance with the contractual terms. In the ordinary course of business, the Bank give financial guarantees, consisting of letters of credit, guarantees and acceptances.

2.17 SHARE CAPITAL AND DIVIDENDS DECLARED

The Banks share capital represents the fully paid up capital contributed paid by shareholders for the value of subscribed shares.
Dividends declared and shareholders are not capitalized to the capital on ordinary shares are recognised as a liability in the period in which all relevant approvals have been obtained.
Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equality as a deduction, net of tax, from the proceeds

2.18 EARNINGS PER SHARE

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

2.19 INCOME TAXATION

(i) Current Income tax

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

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

(ii) DEFERRED TAX

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

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

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

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

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

(iii) INCOME TAX

Current tax assets/recoverable and current tax liabilities/provisions are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date

Income taxes for the year comprises current and deferred taxes. Current tax expenses are determined according to the tax laws of each jurisdiction in which the Bank generate taxable income.
Current tax expenses relating to items recognised directly in equity, are recognised in other comprehensive income or in equity and not in the income statements.

(iv) Deferred tax assets and liabilities

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:
when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside income statements is recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.
Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.20. Recognition of income and expenses

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

The Bank earns income from interest on loans given for domestic trade and services, building and construction, manufacturing, agriculture and personal loans. Other incomes includes margins on letter of credits and performance guarantees.

2.20.1. INTEREST AND SIMILAR INCOME AND EXPENSE

For all the government bills measured at amortized cost and interest bearing financial assets classified as available –for- sale interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

The calculation takes into account all contractual terms of the financial instruments (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate (EIR), but not future credit losses.

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

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

The interest income has been calculated using the contractual interest rate since the loan processing fees have **no material effect** on the contractual interest rate. So, consider that the contractual interest rate and EIR are the same.

2.20.2. NET TRADING INCOME

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

2.20.3 NET INTEREST INCOME

a) Effective interest rate and amortized cost

Interest income and expense are recognized in profit or loss using the contractual cash flow.

- The gross carrying amount of the financial asset; or
- The amortized cost of the financial liability.

The calculation of contractual loans and advances interest rate does not includes transaction costs and fees and payments paid or received.

b) Amortized cost and gross carrying amount

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method or any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment, allowance before 1 July, 2018).
The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

(i) Calculation of interest income and expense

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

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

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit- adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.
In measuring the amortized cost, the Bank applied the contractual interest rate since additional transaction costs, fees have no material impact, and there is no material difference when we compare EIR calculation.

(ii) Presentation

Interest income and expense presented in the statement of profit or loss and OCI include:

- Interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis;
- Interest on debt instruments measured at FVOCI calculated on an effective interest basis;
- The effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and
- The effective portion of fair value changes in qualifying hedging derivative designated in fair value hedges of interest rate risk.

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

In measuring the amortized cost, the Bank applied the contractual interest rate since additional transaction costs, fees have no material impact, and there is no material difference when we compare EIR calculation.

2.20.4. FEES AND COMMISSION

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset-government bills or liability are included in the measurement of the effective interest rate. Other fees and commission income; money transfer, letter of credit, payment orders, un cleared effects, ATM and POS transactions etc. are recognized as the related services are performed.
When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognized on a straight-line basis over the commitment period.
Other fees and commission expense relates mainly to transaction and service fees are expensed as the services are received. In accordance **IFRS 15** core principle that BoA recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which ,BoA expects to be entitled to in exchange for those goods
or services.

WE APPLIED THE FOLLOWING FIVE REVENUE RECOGNITION STEPS OF IFRS 15

-Identify the contract.
-Identify separate performance obligations.
-Determine the transaction price.
-Allocate transaction price to performance obligations.
-Recognise revenue when each performance obligation is satisfied.

Fee income can be divided into the following categories:

2.20.4.1 COMMISSION

Income earned in respect of sales or distribution of banking, investments and insurance products. Commission earned from banking is on trade and bank assurance.

2.20.4.2 SERVICE CHARGES AND FEES

Income earned on the services provided to retail and corporate customers, including account management and various transaction-based services, such as interchange foreign currency transactions, money order processing and insufficient funds/overdraft transactions.

2.20.5. DIVIDEND INCOME

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

2.20.6. FOREIGN EXCHANGE REVALUATION GAINS OR LOSSES

These are gains and losses, arising on settlement and translation of monetary assets and liabilities denominated in foreign currencies of the functional currency's; spot rate of exchange at the reporting date. This amount is recognized in the income statement and it is further broken down into realized and unrealized portion.

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

2.20.7. RENTAL INCOME

The amounts of periodic rent income earned on the use of BOA s buildings and other properties by various tenants are credited to this account.
Bank of Abyssinia invest its funds in the way to secure for itself an adequate and permanent return.
To limit the risk of loss as a result of an individual issuer default, the Bank maintain adequate diversified in its holdings. If the Bank invest its funds in different types of securities, it ensure for itself a regular flow of income.

2.20.8. INTEREST FREE AND/OR BELOW MARKET INTEREST LOAN

We provided below-market interest loan, then we accounted this as the difference between market interest rate and the Bank's interest rate calculated on mortgage loans, vehicle loan, personal loans in to prepaid staff asset and the amount amortized over the loan period annually.

2.21 INTEREST INCOME

The interest income has been calculated using the contractual interest rate since the loan processing fees have no material effect on the contractual interest rate. So, consider that the contractual interest rate and EIR are the same.

2.22 STANDARDS AND ANNUAL IMPROVEMENTS TO STANDARDS ISSUED BUT NOT YET EFFECTIVE
2.22.1 NEW STANDARDS, AMENDMENTS, INTERPRETATIONS EFFECTIVE AND ADOPTED DURING THE YEAR

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2025 and earlier applications are permitted which have not been applied in preparing the financial statements.

Lack of exchangeability – Amendments to IAS 21
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7
Annual Improvements to IFRS Accounting Standards– Volume 11
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7
IFRS 18 – Presentation and Disclosure in Financial Statements

(i) Lack of exchangeability – Amendments to IAS 21 Effective for annual periods beginning on or after 1 January 2025

In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21). The amendment to IAS 21 the Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

The amendments are not expected to have a material impact on our financial statements.

(ii) Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

In May 2024, the Board issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), which:

. Clarifies that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for DE recognition. It also introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met;

. Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features;

. Clarifies the treatment of non-recourse assets and contractually linked instruments;

. Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

The amendments have a material impact on our financial statements.







(iii) Annual Improvements to IFRS Accounting Standards– Volume 11

IFRS 1 First-time Adoption of International Financial Reporting Standards:

. Paragraphs B5 and B6 of IFRS 1 have been amended to include cross references to the qualifying Criteria for hedge accounting in paragraph 6.4.1 (a), (b) and (c) of IFRS 9. These amendments are Intended to address potential confusion arising from an inconsistency between the wordings in IFRS 1 and the requirements for hedge accounting in IFRS 9;

. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

The amendments are not expected to have a material impact on our financial statements.

(iv) Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 Effective for annual periods beginning on or after 1 January 2026:

Key requirements In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendments:

The amendments only apply to contracts that reference nature dependent electricity.

These are contracts that expose an entity to variability in an underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions, typically associated with renewable electricity sources such as sun and wind.

Transition the amendments relating to the own-use exception must be applied retrospectively. An entity is not required to restate prior periods, and it is only permitted to do so if this can be done without using hindsight.

The hedge accounting amendments must be applied prospectively to new hedging relationships designated on or after the date of initial application. The IFRS 7 disclosure amendments must be applied when the IFRS 9 amendments are applied.

If an entity does not restate comparative information, then the entity must not present comparative disclosures.

The amendments have a material impact on our financial statements.

(v) IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

Statement of profit or loss an entity will be required to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'.

The amendments have a material impact on our financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of income, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results may differ. The most significant uses of judgements and estimates are as follows:

3.1 GOING CONCERN

The Bank's management have made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3.2 IMPAIRMENT OF FINANCIAL INVESTMENTS PORTFOLIO

The measurement of the ECL for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

3.3 FAIR VALUE ESTIMATION OF FINANCIAL ASSETS/INVESTMENTS AT FVOCI
3.3.1 BASIS OF VALUATION

The equity investment fair valuation has been prepared by PricewaterhouseCoopers Limited ("PwC") The basis of the valuation that adopted in arriving the valuation is fair value. International Financial Reporting Standards 13 (IFRS 13) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

3.3.1.2 VALUATION APPROACHES ADOPTED

The basis that have relied on the market and net asset approach in valuing the investee companies:

- The Market approach indicates the value of the shares of a company based on a comparison of the company to comparable firms in similar lines of business that are publicly traded or are part of a public or private transaction;
- The Net Assets approach indicates the market value of the ordinary shares of a business by adjusting the asset and liability balances on the subject company's balance sheet to their market value equivalents.

3.3.2 ETHSWITCH S.C
3.3.2.1 EV/EBITDA VALUE MULTIPLES

The comparators are companies operating within Sub-Saharan Africa, we have specifically included companies that offer similar products in similar markets, with a focus on African operations.
To arrive at the adjusted average multiple of 4.13x and adjusted median multiple of 3.66x, Its applied a discount of 8.4% to the valuation multiples of companies with a significantly larger asset base than Ethswitch. The size adjustment discount has been obtained from our PwC Valuation Methodology Survey - East Africa.

3.3.3 ETHIOPIAN REINSURANCE S.C
3.3.3.1 PRICE/BOOK VALUE MULTIPLES

Most of our comparators are reinsurance companies operating within Sub-Saharan Africa. In this case its included reinsurance companies that offer services and products in similar market. To arrive at the adjusted average multiple of 0.95x and adjusted median multiple of 0.73x, its applied a discount of 8.4% to the valuation multiples of companies with a significantly larger asset base than Ethiopian Reinsurance.

3.3.4 NILE INSURANCE S.C
3.3.4.1 PRICE/BOOK VALUE MULTIPLES

Most of our comparators are insurance companies operating within Sub-Saharan Africa. Its specifically included companies that offer insurance products in similar markets, with a focus on African operations.
To arrive at the adjusted average multiple of 0.86x and adjusted median multiple of 0.82x, we applied a discount of 8.4% to the valuation multiples of companies with a significantly larger asset base than Nile Insurance.

3.3.4.2 YETEBABERUT BEHERAWI PETROLEUM S.C
EV/EBITDA VALUE MULTIPLES

Most of our comparators are companies operating within Sub-Saharan Africa. To arrive at the adjusted average multiple of 4.45x and adjusted median multiple of 3.39x, Its applied a discount of 8.4% to the valuation multiples of companies with a significantly larger asset base than Yetebaberut Beherawi Petroleum.

3.3.5 HOHETE TIBEB S.C
3.3.5.1 EV/EBITDA VALUE MULTIPLES

Most of our comparators are companies operating within Sub-Saharan Africa. To arrive at the adjusted average multiple of 8.29x and adjusted median multiple of 7.79x, we applied a discount of 8.4% to the valuation multiples of companies with a significantly larger asset base than Hohete Tibeb.

3.3.6 ABAY INDUSTRIES S.C
3.3.6.1 THE NET ASSETS APPROACH

Due to the absence of relevant comparable companies in the market, Its adopted a Net Asset Value (NAV) approach to estimate the value of the company. is method is considered appropriate given the company's diversified operations and the lack of reliable market-based valuation comparable companies.

3.3.7 ADDIS INTERNATIONAL CONVENTION CENTER S C (AICC)
3.3.7.1 THE NET ASSETS APPROACH

Due to the absence of relevant comparable companies in the market, Its adopted a Net Asset Value (NAV) approach to estimate the value of the company. This method is considered appropriate given the company's high asset base and the lack of reliable market-based valuation comparable companies.

3.3.8 ETHIOPIAN SECURITIES EXCHANGE (ESX) S.C
3.3.8.1 THE NET ASSETS APPROACH

Due to the company's lack of revenue and the negative earnings, Its unable to apply a market-based valuation approach, such as earnings or revenue multiples. As a result, Its adopted a Net Asset Value (NAV) approach, which is more appropriate under the circumstances.
The net assets approach indicates the market value of the equity of an enterprise by adjusting the assets and liabilities to their market value equivalents. This approach is based on the summation of the values of the underlying assets and liabilities. The market value of the equity on a 100% ownership basis is then indicated by the sum of the market values of the assets less that of the liabilities. This approach has been applied based on a going concern basis.

3.4 JUDGEMENTS EXPECTED CREDIT LOSS
3.4.1 IMPAIRMENT LOSSES ON LOANS AND ADVANCES

The Bank consider a financial asset to be in default when:
The borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or the borrower is more than 90 days past due on any material credit obligation to the Bank. This is consistent with the rebuttable criteria set out by IFRS 9 and existing practice of the Bank; or if it meets the National Bank of Ethiopia (NBE)'s definition of default, if in the future the NBE prescribes the criteria of default for IFRS 9 purposes.

In assessing whether a borrower is in default, the Bank consider indicators that are:
Qualitative: senior management using professional judgment may resort to this approach guided by matters such as breaches of covenants which are deemed material, declaration of bankruptcy by the customer, death of borrower individual / proprietorships with no succession plan, loss of a significant portion of revenue stream or any other event significantly impacting the ability of the customer to repay and other customer specific factors. This will be applied on a case by case basis and is not limited to the above factors; quantitative: such as overdue status and non-payment of another obligation of the same issuer to the Bank; and based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The Bank use the judgement to determine the valuation approach and technique that is most appropriate to the Bank. This is the approach which is:
- Most appropriate in the circumstances;
- For which sufficient data is available; and
- Maximizes the use of observable inputs, and minimizes the use of unobservable inputs.

It's involved the consideration of similar approaches the Bank has taken in the past, and of the approach that makes most use of external data and relies least on internal estimates.

3.4.2 FINANCIAL ASSETS WHICH ARE SUBJECT TO IMPAIRMENT TESTING
3.4.2.1 IN SCOPE

Financial assets that are debt instruments measured at amortised cost or FVOCI – including loans and advances to customers, bank balances, trade receivables and debt securities.
. Lease receivables;
. Loan commitments issued that are not measured at FVTPL;
. Financial guarantee contracts that are in scope of IFRS 9 and not measured at FVTPL.

3.4.2.2 OUT OF SCOPE

. Investments in equity instruments;
. Loan commitments or other financial instruments measured at FVTPL.

3.4.2.3 SEGMENTATION

In estimating ECL, the Bank categorise the loan book into different segments namely;
i) Agriculture
ii) Industry
iii) Domestic Trade and Services
iv) Export
v) Import
vi) Transport and Communication
vii) Housing and Construction
viii) Other (consumer loans)

The PDs are determined at segment level and individual basis for large borrowers, LGD at customer or segment level (based on collateral and collections respectively) and EAD at account or facility level:
. Where a borrower has been in several segments historically, the Bank uses the borrower's current or latest segmentation; which is the segment of highest exposure;
. In addition to the on balance sheet facilities, the Bank consider the off balance sheet facilities offered by the Bank such as guarantees, letters of credit, overdrafts and credit cards where an exposure is present;
.The EAD for these facilities is based on whether there is a commitment by the Bank to fund a customer and the rate of conversion of such facilities (credit conversion factor – CCF).

3.4.2.4 RISK PARAMETERS IN MEASUREMENT OF ECLS

The key inputs into the measurement of ECLs are likely to be the term structures of the following variables:
- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

These parameters derived from internally developed statistical models and other historical data that leverage regulatory models. The Bank will adjust these to reflect forward looking information as described below

3.4.2.5 PROBABILITY OF DEFAULT (PD)

The probability of default (PD) estimates the possibility of a loan facility moving from the performing status (stage 1) or underperforming status (stage 2) to the non-performing status (stage 3).
- PD estimates for loans and advances estimated at a certain date, which will be calculated based on statistical migration matrices that depict transitioning to default over time and will be assessed at portfolio level for portfolios of assets that have similar characteristics;
For impairment purposes, the PD parameter estimated using a transition matrix multiplication approach that estimates the movement of loan amounts from one bucket to the next between two subsequent time periods (Markov chain process).

3.4.2.6 THE PDS THEN BE ADJUSTED WITH FORWARD LOOKING INFORMATION

. The method requires information regarding transitions among credit states. Credit states are defined by rating classes. Through the yearly review of the different segments, the Bank estimate a yearly transition matrix of ratings to compute a value or transaction based PD over the one year horizon for the past 3-5 years (The Bank collect data up to 5 years and update every year thereafter for new data);
. Transition probabilities are determined from the actual observed number of transitions over the observed period of time. These PDs estimated for stage 1 and 2 facilities based on the definition of default, which is driven by the National Bank of Ethiopia (NBE) risk classifications, management view and days past due (DPD);
. This rating migration capture the movement of obligors into default at yearly intervals an average default rate of 3 years used. Based on the transitions of counterparties within the stages in value terms, the default estimation is done by the transition matrix;

. The transition matrix record all data about transitioning from one state to the other that is from Pass to Special mention all through to Non-performing.
The initial step in this approach to be split up the total value of loans outstanding in a given month into four loan classification buckets as follows:

- Pass
- Special mention
- Non-performing (Sub-standard, doubtful and loss)
- Paid/ settled

Using loan values the bank estimate the movement of loan amounts from one band to the next between two subsequent time periods. This result in a matrix that indicates the proportionate movement of loans across the buckets. This is done considering the loan values. An average of all transitions obtained over the 60 month period is then obtained to form the general transition matrix applied.

3.4.2.7 THE GENERAL FORM OF THE TRANSITION MATRIX USED IN DETERMINING PDS

The matrix is multiplied by itself n-1 times, where n is the remaining lifetime in years, to derive the lifetime probability of default.
. The transition rates between buckets are assumed to be independent and no transitions are allowed out of the default state during multiplication of the matrix;
. The Bank assign a PD of 100% to Stage 3 facilities, as the loan facilities are already in default;
. PD estimates for other exposures are estimates at a certain date, which is calculated based on statistical rating tools and assessed using rating tools tailored to the various categories of counterparties and exposures, These statistical models based on internally compiled data comprising both quantitative and qualitative factors;
.Where it is available, the Bank used market data to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD;
. Lifetime PDs estimated considering the contractual maturities of exposures and estimated prepayment rates. Lifetime PDs are calculated using the Matrix multiplication method utilising the Markov Chain method.

3.4.2.8 PROBABILITY OF DEFAULT MODEL FOR LARGE EXPOSURES
3.4.2.8.1 SCOPE AND APPLICABILITY

Individual borrowers or connected and related parties whose credit exposure equals or exceeds 10% as per NBE directives/87/2024.
Group exposures where worest rated member PD applies if there exposure represents 20% or more group exposure.
Uses a modified PD derived from a comprehensive credit risk grading score. This score is based on the bank's internal guidelines, incorporating both financial and non-financial parameters.

3.4.2.9 LGD BY COLLATERAL

The Bank compute LGD at a customer level:

- The Bank aggregate collateral values and all outstanding exposure at customer level using a unique identifier such as the customer number. After aggregation of the collateral, net off the expected average costs incurred in the disposal of the collateral to obtain the net realizable value of that collateral.
- The Bank then net off the expected average costs incurred in the disposal of the collateral to obtain the net realizable value of that collateral;

Using the effective interest rate of the customer as at the reporting date, the Bank discount the net realizable value of the collaterals over the expected time to realization.

3.4.2.10 LGD BY COLLECTIONS

The Bank extract all defaulted loans within the period under consideration and assess the cash collections made per loan facility after the loan defaults.

. The Bank use the contractual interest rate as at the date of default to discount the collections back to the date of default;

. The recovery rate analysed using the aggregated discounted collections per time period.

3.4.2.11 EXPOSURE AT DEFAULT (EAD)

EAD represents the expected exposure in the event of a default. The Bank derive the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments.

3.4.2.12 FORWARD-LOOKING INFORMATION

Under IFRS 9, the Bank incorporate forward-looking information in its measurement of ECLs. In doing this, the Bank formulate a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Board's Credit Review committee and economic experts and consideration of a variety of external actual and forecast information.

This process involve developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information may include economic data and forecasts published by governmental bodies and monetary authorities in Ethiopia, supranational organisations such as the World Bank and the International Monetary Fund, and selected private sector and academic forecasters.

3.4.2.13 CALCULATION OF EXPECTED CREDIT LOSSES

Expected credit losses are computed as a product of the probability of default, loss given default and the exposure at default.

ECL = PD x LGD x EAD

In applying the IFRS 9 impairment requirements, the Bank followed one of the approaches below:

— The general approach

— The simplified approach

3.5 BANK BALANCES

The simplified impairment approach will be applied in impairing bank balances. For ECL computation purposes, Management has adopted the below assumptions:
PD -the speculative grade rating PD assigned by rating agencies such as S&P and Moody's. This is recommended due to lack of historical default experience. The speculative grade rating PD is recommended because the banks are unrated.
LGD - the basel minimum LGD of the 10% is recommended to be applied.
EAD - the outstadning balances as at the reporting date.

3.6 GOVERNMENT SECURITIES

The simplified impairment approach will be applied in impairing government securities. For ECL computation purposes, Management has adopted the below assumptions:
-PD the country rating PD assigned by rating agencies such as S&P and Moody's. This is recommended due to lack of historical default experience.
LGD - the basel minimum LGD of the 10% is recommended to be applied.
EAD - the outstadning balances as at the reporting date.

3.7 ECL CALCULATION –RECEIVABLES

For impairment purposes, the following receivables and other financial assets will be considered:
–Sundry receivables
The simplified impairment method will be adopted for impairment of receivables and other financial assets. This is as outlined in the steps below.

- Obtain historical periodinc recivables ageing report for 2 years.
- Flow rate represents the probability of a receivable moving into the next ageing bucket in the subsequent tracking period. Each flow rate is assumed to be independent of the next.
- A loss rate is calculated for each bucket as a product of subsequent flow rates. This represents the probability that the receivables in a given bucket will reach the 90 DPD.

3.8.PROVISION ON GUARANTEE AND LETTER OF CREDIT GUARANTEES WILL BE ASSUMED BY MANAGEMENT TO HAVE A CCF OF 100%.

The on balance sheet/ economic sector PDs and LGD have been assumed to be the off balance sheet PD and LGD. The PD has been assumed to follow the Basel minimum PD and the LGD has been assumed to follow either the minimum Basel LGD or the unsecured LGD

For LCs, default occurs when a customer does not honor their obligation at the point of maturity. LCs with a 100% cash-backed margins will not be considered for impairment as the LGD is zero.
Default for a letter of credit is defined as any default experience that the Bank has after converting the LC into an on balance sheet facility, i.e. 90DPD after the conversion date. These default rates will be estimated as the total defaulted LCs amounts as a proportion of the total LC portfolio as at a reporting date.
In instances where there are no historical default rates for the LCs:

It is recommended that the Basel minimum PD of 5 basis points (0.05%) is assigned. This is assumed because the credit risk of an LC is expected to be lower than that of an on-balance sheet facility.

For ECL computation purposes, the following will be assumed by management when determining the LC's LGD:

For secured customers with on-balance sheet facilites, assign the on balance sheet LGD.

For unsecured customers without on-balance sheet facilities, assign the unsecured LGD computed for the respective economic sector.

The exposure at default for the LC will be calculated as the committed amount less any cash margin in lien that has been used to cover the LC.

3.9 DEFERRED TAX ASSET AND LIABILITIES

The Bank consider current tax as the amount of income tax payable (recoverable) in respect of taxable profit, Recognise deferred tax for the estimated future tax effects of temporary differences, unused tax losses carried forward and unused tax credits carried forward.

3.10 DEFINED BENEFIT PLANS

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

3.10.1 DEFINED BENEFIT PLANS/FUNDING ARRANGEMENTS AND FUNDING POLICY

- Description of any funding arrangements and funding policy that affect future contributions.
- The expected contributions to the plan for the next annual reporting period.
- Information about the maturity profile of the defined benefit obligation. This will include the weighted average duration of the defined benefit obligation and may include other information about the distribution of the timing of benefit payments, such as a maturity analysis of the benefit payments.

3.11 DEPRECATION AND CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT

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

3.12 RIGHT OF –USE- ASSET (PREPAID RENT & LEASE)-DEPRECIATION

Right-of-use ("ROU") assets
BoA recognise ROU assets at the commencement date of the lease (i.e. the date the underlying asset is available for use).
ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
The cost of ROU assets includes the amount of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
ROU assets are depreciated on a straight-line basis over its estimated useful life and the lease term.
Lease liabilities at the commencement date of the lease, the Bank recognise lease liabilities measured at the present value of lease payments to be made over the lease term.
Interest expense on the lease liability is presented separately from depreciation of the right-of-use asset, as a component of finance costs.
Short-term leases and leases of low-value assets ,the Bank apply the short-term lease recognition exemption to its short- term leases that have a lease term of 12 months or less.

3.12.1. LEASES - RENEWAL OPTION

The Bank determine the lease term as the non-cancellable term of the lease, together with any periods covered by anoption to extend the lease if it is reasonably certain to be exercised,

3.13 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

3.14 TAXES

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

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

3.15 DEVELOPMENT COST

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

3.16. BOOKS OF ACCOUNTS WITH REGARD TO INTERBANK

Books of accounts with regard to interbank (in Local and outside Banks) are reconciled on a monthly basis, and there are no material differences which may affect the financial statements significantly.

4. FINANCIAL RISK MANAGEMENT

4.1 INTRODUCTION

Risk is the effect of uncertainty on objectives of an entity; an effect can be either positive or negative deviation from what is expected. Therefore, risk is the chance that there will be a positive or negative deviation from the objective that is expected to be achieved.

Risk management is a systematic approach to identify, analyse, evaluate, and treat risks that may have an adverse impact on targeted objectives of an entity; and it is also a process of understanding and managing risks that the entity is inevitably subjected to in due process of achieving its corporate objectives.
Risk management has evolved into an important driver for strategic decisions in support of business strategies while balancing the appropriate levels of risk taken to the desired levels of returns.

FINANCIAL RISK MANAGEMENT OVERVIEW

Risk management has evolved into an important driver for strategic decisions in support of business strategies while balancing the appropriate levels of risk taken to the desired levels of returns.
The Board of Directors is the ultimate governing body, which has overall responsibility for establishing a sound risk management and internal control system, as well as for reviewing its adequacy and effectiveness in identifying, assessing and responding to risks that may hinder the Bank from achieving its objectives.
The Management at executive levels has assist and support the Board committees in overseeing core areas of business operations and controls,

Governance and Risk Oversight: There is a clear, effective and robust governance structure with well-defined, transparent and consistent lines of responsibility.

Risk Management Practices and Processes: BoA risk management processes are in place to actively identify, measure, control, monitor and report risks inherent in all products and activities undertaken by the Bank.

Stress Test: Stress testing is used to test the resilience of the Bank's exposure against future financial scenarios and gauge the resulting various risks and adequacy of capital.

4.1.1 RISK MANAGEMENT STRUCTURE

The Board of Directors shall generally be responsible for ensuring the appropriateness of the Banks risk management program and its proper implementation. The Board has already established Loan Review and Risk Management Sub-Committee that facilitates Board function.

In view of the strategic direction and risk appetite by the Board, the senior Management shall be responsible for the implementation of risk management policies and procedures. Business units/operational units are primarily responsible for ensuring the Banks compliance with regulatory requirement and internal policies and procedures. Bank of Abyssinia considers Liquidity, Credit, Market, Operational, Legal, Strategic, Compliance, and Reputational risks as core risks of the Bank. Treasury and Financial Accounting Department establishes management information system that promptly conveys information between the organs in the liquidity risk management structure.
ALCO closely control asset and liability structure of the Bank for maximization of its earning without endangering its liquidity status and report the status periodically for the board of directors.

The Asset Liability Management Committee (ALCO) of the bank monitors the Balance sheet overview, profit performance, capital adequacy, FCY position, off-Balance sheet items, cash flow, and stress test.

4.1.2 RISK MEASUREMENT AND REPORTING SYSTEMS

The Bank's risks are measured using a method that reflect both the expected loss likely to arise in normal circumstances and

4.1.3 RISK MITIGATION

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

4.2. FINANCIAL INSTRUMENTS BY CATEGORY

The Bank's financial assets are classified in to the following measurement categories: measured at amortized cost and fair value through other comprehensive income (FVOCI).

Financial instruments are classified in the statement of financial position in accordance with their legal form and substance.

30 June 2025	Note	Fair value OCI Birr'000	Amortized cost Birr'000	Total Birr'000
Cash and cash equivalents	16		50,289,576	50,289,576
Securities	18		15,267,976	15,267,976
Equity investment	18	1,442,225	-	1,442,225
Loans and advances to customers(Net)	17		193,379,151	193,379,151
Other assets	19		12,895,343	12,895,343
Total financial assets		**1,442,225**	**271,832,046**	**273,274,271**

30 June 2024	Note	Fair value OCI Birr'000	Amortized cost Birr'000	Total Birr'000
Cash and cash equivalents	16		27,943,909	27,943,909
Securities	18		10,821,281	10,821,281
Equity investment	18	551,001	467,933	1,018,934
Loans and advances to customers	17		163,922,581	163,922,581
Other assets	19		8,140,862	8,140,862
Total financial assets		**551,001**	**211,296,567**	**211,847,568**

4.3. CREDIT RISK

Credit risk is the risk that the Bank borrowers are either unwilling to discharge their obligation or their ability to discharge such obligation is impaired resulting in economic loss to the Bank. Credit Risk also arise from off-balance commitment's (such as guarantees &letter of credits) and placement With other banks (both domestic and foreign banks)

The Bank shall strive to ensure the existence of fundamental credit risk management elements that enable to effectively manage the credit risk exposure.

Sound and prudent risk management involves the minimization of concentration risk by diversifying credit portfolio; therefore, the Bank shall have credit diversification policies state clearly the goals for portfolio mix and place exposure limits on single counterparties and groups of associated counterparties, key industries or economic sectors, geographical regions and new and existing products collateral type, NPLs and off-balance sheet exposure. Moreover, the Bank shall strictly observe the directives, rules and regulations of the NBE in this respect.

The National Bank of Ethiopia (NBE) sets credit risk limit for a single borrower, one related party and all related parties to not exceed 25%, 15% and 35% of Bank's total capital amount as of the reporting quarterly period respectively.

4.3.1 CREDIT RISK MANAGEMENT
CREDIT RISK MANAGEMENT OVERVIEW
CREDIT RISK DEFINITION

Credit risk is the risk that a counterparty fails to meet its obligations in accordance with the agreed terms of a credit facility. The exposures to credit risk are unilateral and only the lending bank faces the risk of loss.

MANAGEMENT OF CREDIT RISK

Credit risk assessed jointly by business and credit units where each counterparty is assigned a credit rating based on the assessment of relevant qualitative and quantitative factors, including the counterparty's financial position, future cash flows, types of facilities and collateral offered.

CREDIT RISK MEASUREMENT

BoA consider a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the banl in full, without recourse by the Bank actions such as realising security (if any is held); or
- The borrower is more than 90 days past due onany material credit obligation to the Bank. This will be consistent with the rebuttable criteria set out by IFRS 9 and existing practice of the Bank; or
- If it meets the National Bank of Ethiopia NBE)'s defination of default, if in the future the NBE prescribes the criteria of default for IFRS 9 purposes.

In assessing whether a borrower is in default, BoA shall consider indicators that are:

- Qualitative: senior management using professional judgement may resort to this approch guided by matters such as breaches of covenants which are deemed material, declaration of bankruptcy by the customer, death of borrower individual / proprietorships with no succession plan, loss of a significant portion of revenue stream or any other event significantly impacting the ability of the customer to repay and other customer specific factors. This will be applied on a case by case basis and is not limited to the above factors;
- Quantitative: such as overdue status and non-payment of another obligation of the same issuer to the Bank; and
- Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

SIGNIFICANT INCREASE IN CREDIT RISK (SICR)

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

BoA identify a significant increase in credit risk where

- exposures have a regulatory risk rating of 'special mention;
- an exposure is greater than 30 days past due - this is in line with the IFRS 9 “3o DPD rebuttable presumption";
- an exposure has been restructured in the past due to credit risk related factors or which was non-performing and is now regular (subject to the regulatory cooling off period);or
- by comparing an exposure's:

–– credit risk quality at the date of reporting; with

–– the credit risk quality on initial recognition of the exposure.

The assessment of significant deterioration is key in establishing the requirement to measure an allowance based on 12-month expected credit losses and one that is based on lifetime expected credit losses.

Determining whether credit risk has increased significantly

Determining whether credit risk has increased significantly

- BoA establish a framework that incorporates both quantitative and qualitative information to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition.
- The framework should align with the Bank’s internal credit risk

The criteria for determining whether credit risk has increased significantly will vary by portfolio and will include a backstop based on delinquency (“30 DPD presumption”).

Quantitative factors

BoA deem the credit risk of a particular exposure to have increased significantly since initial recognition based on a loan being in arrears for a period of 31 to 90 days in accordance with IFRS 9 paragraph 5.5.11. The Bank shall develop an internal rating model going forward and movement in rating grades between the reporting period and the initial recognition date/ date of initial application of IFRS 9 of the loan will form the basis of significant increases in credit risk.

Qualitative factors

In certain instances, using its expert credit judgment and, where possible, relevant historical experience, the Bank may determine that an exposure has undergone a significant increase in credit risk if particular qualitative factors indicate so and those indicators may not be fully captured by its quantitative analysis on a timely basis.

- The management view and judgment shall include, but not limited to, the following assessments:

– Classification of exposures by any other Banks and Financial institutions or local Credit Reference Bureau (CRB).

– Unavailable / inadequate financial information/financial statements;

– Qualified report by external auditors;

- Significant contingent liabilities;
- Loss of key staff to the organization;
- Increase in operational risk and higher occurrence of fraudulent activities;
- Continued delay and non-cooperation by the borrower in providing key relevant documentation;
- Deterioration in credit worthiness due to factors other than those listed above.
- Obligor subsequently classified as a politically exposed person (PEP).

- As a backstop, and as required by IFRS 9, the Bank shall presumptively consider that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. The Bank shall determine days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

4.3.2 CREDIT QUALITY ANALYSIS MAXIMUM EXPOSURE TO CREDIT RISK

The following analysis represents the Bank's maximum exposure to credit risk of on-balance sheet financial assets and off- balance sheet exposure, excluding any collateral held or other credit enhancements. For on-balance sheet financial assets, the exposure to credit risk equals their carrying amount. For off-balance sheet exposure, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations of the instruments issued are called upon and/or the full amount of the undrawn credit facilities granted to customers/borrowers.

	Maximum exposure	
	30 June 2025 Birr'000	30 June 2024 Birr'000
Credit exposure for on-balance sheet financial assets		
Cash and cash equivalents	50,289,576	27,943,909.50
Loans and advances to customers	193,379,151	163,922,581.07
Debt securities at amortized cost	15,267,976	10,821,281.13
Other Financial Assets	12,895,343	8,140,862
	271,832,046	**210,828,634**
Credit exposure for off-balance sheet items		
Letter of Credit	9,742,887	2,571,135
Loans Commitments	11,256,550	8,276,868
Letter of Guarantee	9,641,522	10,531,742
	30,640,959	**21,379,745**
Total maximum credit risk exposure	**302,473,005**	**232,208,379**

Gross loans and receivables to customers per National Bank of Ethiopia impairment guidelines is analyzed as follows;

2025	Gross carrying amount Birr'000	Provision as per NBE directive Birr'000	Net Carrying amount Birr'000
Pass	162,540,822	3,724,723	158,816,099
Special Mention	13,214,355	506,596	12,707,759
Substandard	1,290,852	104,410	1,186,442
Doubtful	1,536,801	346,141	1,190,660
Loss	2,346,469	1,586,768	759,701
	180,929,298	**6,268,638**	**174,660,661**

2024	Gross carrying amount Birr'000	Provision as per NBE directive Birr'000	Net Carrying amount Birr'000
Pass	131,482,110	1,727,321	129,754,789
Special Mention	10,708,459	928,344	9,780,114
Substandard	1,523,229	132,216	1,391,013
Doubtful	1,019,525	257,969	761,556
Loss	2,245,408	1,484,011	761,397
	146,978,731	**4,529,862**	**142,448,869**

CREDIT QUALITY ANALYSIS (CONTINUED)

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

The loss allowance for loans and advances to customers also includes the loss allowances for loan commitments and financial guarantee contracts.

i). Loans and advances to customers at amortised cost

	2025			
In millions of ETB	Stage 1	Stage 2	Stage 3	Total
Stage 1 – Pass	178,321,198			178,321,198
Stage 2 – Special mention		15,815,583		15,815,583
Stage 3 - Non performing			5,179,507	5,179,507
Total gross exposure	**178,321,198**	**15,815,583**	**5,179,507**	**199,316,289**
Loss allowance	(2,290,254)	(164,509)	(3,482,375)	(5,937,137)
Net carrying amount	**176,030,945**	**15,651,074**	**1,697,132**	**193,379,151**

In millions of ETB	2024 Stage 1	Stage 2	Stage 3	Total
Stage 1 – Pass	141,327,053			141,327,053
Stage 2 – Special mention		20,748,497		20,748,497
Stage 3 - Non performing			5,661,522	5,661,522
Total gross exposure	**141,327,053**	**20,748,497**	**5,661,522**	**167,737,072**
Loss allowance	(1,249,466)	(632,678)	(1,932,347)	(3,814,491)
Net carrying amount	**140,077,587**	**20,115,820**	**3,729,174**	**163,922,581**

(ii) Other financial assets (debt)

In millions of ETB		2025 Gross exposure	Loss allowance	Net carrying amount
Other financial assets (debt instruments)				
Cash and balance with banks	12 Month ECL	41,841,771	(2,092)	41,839,679
Investment securities (debt instruments)	12Month ECL	14,607,299	(730)	14,606,568
Other receivables and financial assets	Lifetime ECL	4,311,108	(504,559)	3,806,549
Totals		**60,760,177**	**(507,381)**	**60,252,796**

In millions of ETB		2024 Gross exposure	Loss allowance	Net carrying amount
Cash and balance with banks	12 Month ECL	22,685,609	(1,134)	22,684,475
Investment securities (debt instruments)	12Month ECL	10,325,142	(516)	10,324,626
Other receivables and financial assets	Lifetime ECL	2,822,297	(22,746)	2,799,551
Totals		**35,833,049**	**(24,397)**	**35,808,652**

iii). Loss allowance reconciliation

The following table provides a reconciliation between amounts shown in the above tables reconciling opening and closing balances of loss allowance per class of financial instrument; and the 'impairment losses on financial instruments' line item in the consolidated statement of profit or loss and other comprehensive income.

Charge to statement of profit or loss and other comprehensive income. In Birr'000	2025 Loans and advances to customers at amortized cost	Loan commitments and financial guarantee contracts	Other financial assets	Bank balance and ECL	Total charge/ (credit)
Net remeasurement of loss allowance	2,143,788	264	506,427	1,172	2,651,651
New financial assets originated or purchased	741,948	-	-	-	741,948
Financial assets derecognized	(763,088)	-	-	-	(763,088)
Amounts directly written off during the year	-	-	-	-	-
Recoveries of amounts previously written off	-	-			-
Total	**2,122,647**	**264**	**506,427**	**1,172**	**2,630,511**

Charge to statement of profit or loss and other comprehensive income. In Birr'000	2024 Loans and advances to customers at amortized cost	Loan commitments and financial guarantee contracts	Other financial assets	Bank balance and ECL	Total charge/ (credit)
Net remeasurement of loss allowance	936,855	36	(69,305)	396	867,982
New financial assets originated or purchased	620,225	-	-	-	620,255
Financial assets derecognized	(457,442)	-	-	-	(457,442)
Amounts directly written off during the year	-	-	-	-	
Recoveries of amounts previously written off	-	-			
Total	**1,099,638**	**36**	**(69,305)**	**396**	**1,030,765**

iv) Impaired financial assets(stage 3)analysed by industry sectors are as follows:

Sector Name 30 June 2025	Loans and advances to customers	Financial Investments portfolio	Other Assets	Total Birr'000
Domestic trade and services	471,258			471,258
Import	108,146			108,146
Construction	116,081			116,081
Transport	66,007			66,007
Industry	505,005			505,005
Export	1,242,753			1,242,753
Agriculture	249,982			249,982
Financial Institutions	-			-
Others	56,287			56,287
	2,815,519	-	-	- **2,815,519**

Sector Name 30 June 2024	Loans and advances to customers	Financial Investments portfolio	Other Assets	Total Birr'000
Domestic trade and services	567,116			567,116
Import	58,992			58,992
Construction	371,207			371,207
Transport	14,415			14,415
Industry	218,210			218,210
Export	470,217			470,217
Agriculture	165,543			165,543
Financial Institutions	-			-
Others	66,647			66,647
	1,932,347	-	-	**1,932,347**

v) Loans and advances to corporate customers

The general creditworthiness of a corporate customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Bank generally requests that corporate borrowers provide it. The Bank may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees.

Because of the Bank's focus on corporate customers' creditworthiness, the Bank does not routinely update the valuation of collateral held against all loans to corporate customers. Valuation of collateral is updated when the loan is put on a watch list and the loan is monitored more closely. For credit-impaired loans, the Bank obtains appraisals of collateral because it provides input into determining the management credit risk actions.

vii) Investment securities designated as at FVTPL

At 30 June 2025, the Bank had no exposure to credit risk of the investment securities designated as at FVTPL

4.3.3 Amounts arising from ECL

i) Inputs, assumptions and techniques used for estimating impairment

See accounting policy in Note 3

ii) Significant increase in credit risk

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

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

iii) Credit risk grades

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

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

a. Term loan exposures

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

b. Overdraft exposures

– Payment record – this includes overdue status as well as a range of va
– Utilisation of the granted limit
– Requests for and granting of forbearance
– Existing and forecast changes in business, financial and economic con

iv) Generating the term structure of PD

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

v) Determining whether credit risk has increased significantly

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

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

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

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

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

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

vi) Definition of default

The Bank considers a financial asset to be in default when:

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

to pay its credit obligations.

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

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and

- based on data developed internally and obtained from external sources.
- Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to The definition of default largely aligns with that applied by the Bank for regulatory capital purposes

vii) Incorporation of forward-looking information

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

For each segment, the Bank formulates three economic scenarios: a base case, which is the median scenario, and two less likely scenarios, one upside and one downside. For each sector, the base case is aligned with the macroeconomic model's information value output, a measure of the predictive power of the model, as well as base macroeconomic projections for identified macroeconomic variables for each sector. The upside and downside scenarios are based on a combination of a percentage error factor of each sector model as well as simulated optimistic and pessimistic macroeconomic projections based on a measure of historical macroeconomic volatilities
External information considered includes economic data and forecasts published by Fitch Solutions formerly known as Business Monitor International, an external and independent market intelligence and research institution. This is in addition to industry –level, semi – annual NPL trends across statistically comparable sectors.

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

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

Sector	Macroeconomic factor
Cluster 1 Agriculture Consumer Loans Overdraft Interest Free Financing	M2, USD Nominal GDP, USD (PPP), % y-o-y STER, Economic Growth
Cluster 2 Domestic Trade Services Mining and Energy Trasnport Health Merchandinse Services Financial Services	Savings per capita, LCU Nominal GDP, LCU Transport & communications nominal GVA, LCU Broad money (% of GDP) - Sovereign Scorecard Legacy STPR, Policy Continuity Legacy Long-Term Political Risk Index
Cluster 3 Building and Construction Hotel and Tourism Manufacturing and Production Industry Real Estate Housing and Construction	PR, Security Risk M1, % of GDP Consumer price index inflation, 2010=100, eop Total employment M2, % of GDP Real GDP growth, % y-o-y Foreign reserves ex gold, EUR
Cluster 4 Export Import Advance against import bills International Trade	Political Risk Index Lending rate, %, ave Central bank policy rate, %, eop M1, USD

The Bank defined a statistically significant correlation threshold with macro-economic of 60%.

The economic scenarios used included the following key indicators for Ethiopia

Total domestic demand, LCU	30-Jun-23	30-Jun-24	30-Jun-25
Total domestic demand per capita, USD	1,181	1,204	925
Unemployment, % of labour force, ave	3	3	3
Real effective exchange rate index	28	16	7
Total revenue, LCU	637,727	791,546	1,021,869
Total revenue, USD	11,996	11,748	9,647
Total expenditure, LCU	855,217	1,025,425	1,327,660
Total expenditure, USD	16,088	15,219	12,534
Current expenditure, USD	10,327	9,153	7,467
Budget balance, LCU	(216,720,442,068)	(233,713,193,755)	(305,432,803,680)
Budget balance, USD	(4,076,790,444)	(3,468,643,288)	(2,883,406,958)
Services imports, USD	7,542	7,896	8,468
Services exports, USD	7,196	7,757	8,610
Total reserves ex gold, USD	1,233	1,758	2,929
Total external debt stock, USD	31,936	37,353	43,601
Long-term external debt stock, USD	31,548	35,913	39,272
Public external debt stock, USD	30,447	34,659	39,272
Total government debt, USD	60,347	54,841	44,573
Total debt service, USD	1,776	1,955	2,508
M2, USD	125	128	131
Nominal GDP, USD (PPP), % y-o-y	125	128	131
STER, Economic Growth	30,481	22,949	16,878
Savings per capita, LCU	12	9	8
Transport & communications nominal GVA	33	17	10
Broad money (% of GDP) - Sovereign Scor	0	0	0
PR, Security Risk	7,328,259	9,765,072	12,050,982
M1, % of GDP	278,272	356,112	484,704
M2, % of GDP	23	20	19
Real GDP growth, % y-o-y	79	79	79
Foreign reserves ex gold, EUR	7	6	5
Political Risk Index	767	941	1,077
Lending rate, %, ave	23	20	19
Central bank policy rate, %, eop	6	7	7
M1, USD	1,135	1,641	2,740

Predicted relationships between the key indicators and default rates on various portfolios of financial assets have been developed based on analysing semi – annual historical data over the past 7 years.
The below scenario weightings have been observed

Summary of scenario weightings

Scenario	Base	Downturn (downside)	Optimistic (upside)
Cluster 1	73.33%	6.67%	20.00%
Cluster 2	73.33%	13.33%	13.33%
Cluster 3	66.67%	13.33%	20.00%
Cluster 4	66.67%	13.33%	20.00%

(viii) Modified financial assets

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

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of: its remaining lifetime PD at the reporting date based on the modified terms; with the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

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

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

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

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

ix) Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

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

The methodology of estimating PDs is discussed above under the heading 'Generating the term structure of PD'.

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

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

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

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

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

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

* Instrument type;
* Collateral type;
* Date of initial recognition;
* Remaining term to maturity; and
* Industry/sector

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

4.3.4 Credit risk concentration profile

The Bank monitors concentrations of credit risk by social sector. An analysis of concentrations of credit risk at 30 June 2024 and 30 June 2025. The Bank concentrates all its financial assets in Ethiopia.

30 June 2025	Cash and cash equivalents	Loans and advances to customers	Debt securites at amortized cost	Loans Commitments	Letter of Gurantee
Domestic trade and services		33,683,147			
Import		13,332,584			
Construction		14,364,682			
Transport		11,625,869			
Industry		45,415,964			
Export		45,026,565			
Agriculture		8,654,663			
Consumer or personal		21,243,644			
Financial Instutions	50,289,576		15,267,976		
Others				3,833,342	7,423,208
	50,289,576	**193,347,118**	**15,267,976**	**3,833,342**	**7,423,208**

30 June 2024	Cash and cash equivalents	Loans and advances to customers	Debt securites at amortized cost	Loans Commitments	Letter of Gurantee
Domestic trade and services		30,819,717			
Import		8,786,435			
Construction		18,265,790			
Transport		6,993,967			
Industry		38,368,434			
Export		39,103,265			
Agriculture		9,565,794			
Consumer or personal		10,925,869			
Financial Instutions	27,943,909		10,821,281		
Others				4,932,812	3,344,056
	27,943,909	**162,829,273**	**10,821,281**	**4,932,812**	**3,344,056**

4.3.5 Collateral held

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

30 June 2025	Secured against real estate Birr'000	Machinery Birr'000	Vehicles Birr'000	Others Birr'000
Domestic trade and services	30,052,589	982,460	552,726	1,360,356
Import	9,691,385	1,518,138	267,037	1,789,411
Construction	9,792,892	2,886,296	1,114,563	480,226
Transport	2,282,821	478,307	7,357,016	1,505,654
Industry	38,815,230	896,977	1,576,606	4,130,096
Export	36,334,882	1,513,746	2,135,989	4,907,434
Agriculture	6,445,235	376,131	498,265	1,361,506
Murabaha Financing	5,281,928	151,079	459,270	56,761
Consumer or personal	19,190,812	618	2,368,837	1,200,678
Total	**157,887,774**	**8,803,753**	**16,330,309**	**16,792,122**

30 June 2024	Secured against real estate Birr'000	Machinery Birr'000	Vehicles Birr'000	Others Birr'000
	14,028,463	179,026	172,950	16,263,522
Domestic trade and services	5,225,402	-	327,263	2,985,271
Import	15,856,612	100,269	488,798	1,732,944
Construction	769,339	41,062	3,662,646	2,516,344
Transport	34,355,363	835,604	816,775	2,292,946
Industry	29,847,029	45,025	904,617	8,133,191
Export	7,266,736	133,760	340,312	1,813,613
Agriculture	1,369,331	82,290	158,347	3,297,831
Consumer or personal	10,005,895	712	1,893,114	1,224,949
	18,724,171	**1,417,748**	**8,764,823**	**40,260,612**

4.3.6. Offsetting financial assets and financial liabilities

The Bank does not offset financial assets against financial liabilities.

4.3.7 Risk limit control and mitigation policies

a). Collateral held and their financial effect

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

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

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

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

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

4.4 Liquidity risk

Liquidity Risk is the potential for loss to the Bank arising from either its inability to meet its obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses Liquidity risk may not be seen in isolation as it can be triggered by other financial risks such as credit risk, Market risk Generally, liquidity risk results from size and maturity mismatch of Assets and liabilities.

According to the Licencing and Supervision of Banking Business liquidity requirement (5th replacement) Directive No SBB/57/2014 of the National Bank of Ethiopia, Any licensed commercial bank shall maintain liquid assets of not less than fifteen percent (15%) of its net current liabilities. The net current liabilities refers to the sum of demand (current) deposits, savings deposits and time deposits and similar liabilities with less than one-month maturity and deduct the unclreaed effects in relation to deposits. The reported liquid ratio to the National bank of Ethiopia is presented in below;

Description	30 June 2025 Birr'000	30 June 2024 Birr'000
Total liquid assets	50,560,811	28,413,990
Net current liabilities	228,829,996	178,465,300
15% of net current liabilities	34,324,499	26,769,795
Liquidity ratio	**22.10%**	**15.92%**
Excess/deficit liquid asset	**16,236,312**	**1,644,195**

4.4.1. Management of liquidity risk

Liquidity risk may not be seen in isolation as it can be triggered by other financial risks such as credit risk, market risk, etc. Generally, liquidity risk results from size and maturity mismatch of asset and liabilities.
In order to keep optimal asset-liability structure, thereby adhere to regulation in jurisdiction;
Boa Adopts liquidity risk management system that is governed by adequate oversight, early warning system and proper implementation of risk management process.

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

For day-to-day liquidity management, the treasury operations will ensure sufficient funding to meet its intraday payment and settlement obligations on a timely basis. Besides, the process of managing liquidity risk also includes:

- Maintaining a sufficient amount of unencumbered high quality liquidity buffer as a protection against any unforeseen interruption to cash flows;
- Managing short and long-term cash flows via maturity mismatch report and various indicators;
- Monitoring depositor concentration at the Bank levels to avoid undue reliance on large depositors;
- Managing liquidity exposure by domestic and significant foreign currencies;
- Diversifying funding sources to ensure appropriate funding mix;
- Conducting liquidity stress testing under various scenarios as part of prudent liquidity control;
- Maintaining a robust contingency funding plan that includes strategies, decision-making authorities, internal and external communication and courses of action to be taken under different liquidity crisis scenarios.

4.4.2. Maturity analysis of financial Asset and Liabilities

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

30 June 2025	0 - 30 days Birr'000	31 - 90 days Birr'000	91 - 180 days Birr'000	181- 365 days Birr'000	Over 1 year Birr'000
Assets					
Cash and Bank balances	45,568,595	3,778,319	944,754	-	-
Net investment		-			15,268,706
Net loans and advances	42,862,910	21,048,645	15,112,897	23,436,199	96,855,638
Total	**88,431,504**	**24,826,965**	**16,057,651**	**23,436,199**	**112,124,344**
Liabilities					
Deposits from customers	**87,963,558**	**21,350,837**	**14,960,986**	**22,657,025**	96,247,333
Borrowings	-	-	-	-	-
Other liabilities	-	**2,576,017**	**0**	**0**	11,258,309
Total	**87,963,558**	**23,926,853**	**14,960,986**	**22,657,025**	**107,505,642**
Net Mismatch	**467,946**	**900,112**	**1,096,664**	**779,174**	**4,618,703**

30 June 2024	0 - 30 days Birr'000	31 - 90 days Birr'000	91 - 180 days Birr'000	181- 365 days Birr'000	Over 1 year Birr'000
Cash and Bank balances	22,219,099	4,781,191	944,754	-	-
Net investment	99,958	-	485,648	754,520	9,481,672
Net loans and advances	37,050,866	17,130,300	12,913,015	20,024,751	80,618,141
Total	**59,369,922**	**21,911,491**	**14,343,417**	**20,779,271**	**90,099,812**
Liabilities					
Deposits from customers	58,521,193	18,474,340	13,437,047	19,633,415	82,443,101
Other liabilities	-	1,094,277	-	-	5,393,309
Total	**58,521,193**	**19,568,617**	**13,437,047**	**19,633,415**	**87,836,410**
Net Mismatch	**848,730**	**2,342,874**	**906,369**	**1,145,856**	**2,263,403**

4.5. Market risk

Market Risk is the risk that value of on and off-balance sheet positions of the Bank are adversely affected by movements in market rates or prices such as interest rates and FOREX rates resulting In the financial losses to the Bank.

Management of market risk is an area that has received increasing attention from managers and supervisors of the globe as banks financial trading activities have been growing from time to time.

4.5.1. Management of market risk

Management of market risk is an area that has received increasing attention from managers and supervisors of the globe as banks financial trading activities have been growing from time to time.

In Ethiopia, the market is not that much sensitive and involvement of banks are so limited to a few types of exposures. The risk exposures considered as relevant are interest rate risk and exchange rate risks, and hence, these are incorporated in this risk management program.

The risk measurement techniques employed by the Bank comprise both quantitative and qualitative measures.

i). Interest rate

Interest rate risk is the potential impact on institutions earnings and on the net-asset values of the changes of its interest rates. IRR arises when an institutions principal and cash flows, both on and off the balance sheets have mismatched reprising dates.

Banks are exposed to IRR because they invariably operate with unmatched balance sheet i.e. being Either IR sensitive asset or IR sensitive liabilities.

The Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on the financial position and cash flows.

Interest rate risk exposure is identified, measured, monitored and controlled through limits and procedures set by the ALCO to protect total net interest income from changes in market interest rates.

30 June 2025	Fixed Birr'000	Floating Birr'000	Non-interest Bearing Birr'000	Total Birr'000
Assets				
Cash and balances with banks	4,723,073		45,566,503	50,289,576
Loans and Advance to customers	187,409,981		5,969,171	193,379,151
Investment Securities	15,267,976		1,442,225	16,710,201
Other Asset			12,895,343	12,895,343
Other non-interest sensitive balance			12,952,705	12,952,705
Total Asset	**207,401,030**	-	**78,825,946**	**286,226,974**
Liabilities				
Deposits from customers	177,616,050		65,563,689	243,179,738
Borrowing	-			-
Lease Liabilities	330,589			330,589
Other liabilities			10,489,194	10,489,194
Other non-interest sensitive balance			3,385,524	3,385,524
Total Liabilities	**177,946,639**	-	**79,438,406**	**257,385,045**
Total Equity			**28,841,931**	**28,841,931**
Total equity and liabilities	**177,946,639**	-	**108,280,337**	**286,226,975**
Interest rate sensitivity gap	**29,454,391**		**(29,454,392)**	**(0)**

30 June 2024	Fixed Birr'000	Floating Birr'000	Non-interest Bearing Birr'000	Total Birr'000
Assets				
Cash and balances with banks	5,725,945		22,217,965	27,943,909
Loans and Advance to customers	159,014,782		4,907,799	163,922,581
Investment Securitas –FVOCI	10,821,281		1,018,934	11,840,215
Other Asset			8,140,862	8,140,862
Other None interest sensitive balance			10,455,601	10,455,601
Total Asset	**175,562,008**	-	**46,741,161**	**222,303,167**
Liabilities			-	
Deposits from customers	141,888,679		50,620,417	192,509,096
Borrowing				
Lease Liabilities	267,204			267,204
Other liabilities			4,814,931	4,814,931
Other non-interest sensitive balance		-	1,517,838	1,517,838
Total Liabilities	**142,155,882**		**56,953,186**	**199,109,068**
Total Equity		-	**23,194,100**	**23,194,100**
Total equity and liabilities	**142,155,882**	-	**80,147,286**	**222,303,169**
Interest rate sensitivity gap	**33,406,125**		**(33,406,125)**	**0**

The sensitivity of the income statement is the effect of the assumed changes in saving interest rates on the profit or loss for a year, based on the floating rate non–trading financial assets and financial liabilities held at 30 June 2025 and 30 June 2024. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

Sensitivity analysis for interest rate risk

	Increase (decrease) in basis points Birr'000	Impact of an increase P/L and equity Birr'000	Impact of a decrease P/L and Equity Birr'000
30 June 2025			
Impact to profit	**2%**	**589,087.82**	**(589,088)**
30 June 2024			
Impact to profit	**2%**	**668,122.51**	**(668,123)**

ii). Foreign exchange risk

Foreign exchange risk is the potential for loss from exposure to foreign exchange rate fluctuation. This implies an asset or investment denominated in a foreign currency will lose value as a result of Unfavorable exchange rate fluctuations between the investment's foreign currency and the investment holders in domestic currency.

Exchange risk is associated with potential gain or loss that occurs as a result of change on exchange rate based on foreign currency holdings and liability of the Bank. Such change in value of currencies affects net open position in terms of local currency.

In general, foreign exchange rate risk is potential loss as a result of adverse movement in FOREX Rates.

Foreign currency sensative asset and liability presentd as follows:

30 June 2025	30 June 2025 Birr'000	30 June 2024 Birr'000
Asset		
Cash on hand	625,661	55,576
Deposit with other foreign banks	19,573,361	3,260,576
Other asset(Uel foreign)	1,125,144	153,487
Total	**21,324,166**	**3,469,638**
Liabilities		
Deposits from customers	12,403,054	3,765,873
Other FCY liabilities	15,353,424	240,421
Total	**27,756,478**	4,006,294
Net foreign asset/(liabilities)	**(6,432,311)**	**(536,655)**

Sensitivity analysis for foreign exchange risk

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date.

The sensitivity of the Bank's earnings to fluctuations in exchange rates is reflected by varying the exchange rates at 10% as shown below:

Currency type	At 30 June 2025			At 30 June 2024		
	Currency carrying amount	10% Depreciation	10% Appreciation	Currency carrying amount	10% Depreciation	10% Appreciation
Asset						
USD	18,664,966	(1,866,497)	1,866,497	3,248,483	(324,848)	324,848
EUR	1,788,363	(178,836)	178,836	190,522	(19,052)	19,052
GBP	659,212	(65,921)	65,921	25,757	(2,576)	2,576
AED	31,061	(3,106)	3,106	1,613	(161)	161
Other	180,565	(18,057)	18,057	3,264	(326)	326
	21,324,166	**(2,132,417)**	**2,132,417**	**3,469,638**	**(346,964)**	**346,964**
Libaility						
USD	24,849,828	(324,848)	324,848	3,888,780	(388,878)	388,878
EUR	2,850,179	(19,052)	19,052	99,062	(9,906)	9,906
GBP	56,471	(2,576)	2,576	18,452	(1,845)	1,845
AED	-	(161)	161	-	-	-
Other	-	(326)	326	-	-	-
	27,756,478	**(346,964)**	**346,964**	**4,006,294**	**(400,629)**	**400,629**
Increase/(decrease	**(6,432,311)**	**(1,785,453)**	**1,785,453**	**(536,655)**	**53,666**	**(53,666)**
Tax charge at 30%		**(535,636)**	**535,636**		16,100	(16,100)
Effect on net profit		**(1,249,817)**	**1,249,817**		37,566	(37,566)
As a percentage of net profit	-17%	17%			1%	-1%

At 30 June 2025 if the shilling had weakened/ strengthened by 10% against the major trading currencies, with all other variables held constant, net profit would have been Birr 1.25 billion (2024: Birr. 38million) lower/higher.

4.6. Capital management

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

Capital management - principles

- BoA always maintain and comply the minimum Capital requirement and capital adequacy ratio; set forth by relevant laws of the Bank;
- BoA timely increase its capital in line with the contemporary business requirements and competition in the industry;
- Deploy its capital to support sustainable, long-term revenue and net income growth by maintaining
- Existing customers attracting new customers, diversify and introduce new products, acquisition
- Investment and other available methods.

4.6.1. Capital adequacy ratio

Regulatory capital- NBE(National Bank of Ethiopia)

According to the Licensing and Supervision of Banking Business minimum Capital Requirement for Banks (Amended) Directive NoSBB/78/2021 of the National Bank of Ethiopia,the bank has to maintain capital to risk weighted assests ratio of8% at all times, the risk weighted assests being calculated as per the provistions of Directive No SBB/9/95

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

4.6.1.2 Application of capital adequacy ratios

The capital adequacy ratios of the Bank are computed in accordance primary capital sum this includes primary capital, share premium, general reserve and legal reserve over the risk weighted asset on balance sheet and off balance sheet.

Total Capital includes Paid up capital, Legal reserve and other reserves to be approved by the National Bank of Ethiopia

Capital Component	30 June 2025 Birr'000	30 June 2024 Birr'000
Paid-up-capital	15,000,000	14,205,583
Paid -up-capital in excess of par	5,998	5,998
Legal reserve	6,225,669	4,401,041
Special Reserve	25,919	25,919
Total Capital	**21,257,587**	**18,638,542**
Risk Weighted Asset		
On-balance sheet	213,619,897	174,641,538
Off balance sheet	12,397,613	9,918,532
Total risk weighted assets	**226,017,511**	**184,560,070**
Capital Adequacy Ratio	**9.41%**	**10.10%**

4.7 Fair value of financial assets and liabilities

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

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

4.7.1. Basis of fair valuation Equity Investment

The fair value of the equity investments was made by the internationally known consulting firm in collaboration with other Ethiopian private banks,
By using this valuation method investment securities valuation based on by multiples on actual market prices the unknown value of the valuation object is calculated based on the known values of comparable objects (companies, transactions or IPOs). The selection of the appropriate multiple within a range requires judgment, considering qualitative and quantitative factors specific to the measurement.

We have selected the below market multiples for the purpose of our valuation:

- Enterprise Value to Earnings Before Interest, Tax, Depreciation and Amortisation **(EV/EBITDA)** and
- Price to Book Value **(P/BV)**

Specific consideration

- EV/EBITDA is a better measure where the leverage and net profits are more vulnerable to business cycles.
- P/BV ratio works well in the case where the business model is matured, a common measure for valuation of financial institutions (banks and insurance Companies). These institution are subject to regulatory solvency and capital adequacy requirements therefore their liquidated value fairly approximates the book values.
- The above measures are also consistent with the Bank's previously applied market multiples.

4.7.2 Valuation models

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

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

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

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

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

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

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

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

30 June 2025	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000	Total Birr'000
Financial assets					
Cash and balances with banks	50,289,576			50,289,576	50,289,576
Loans and receivables	193,379,151			193,379,151	193,379,151
Debt Securites at amortized cost	15,267,976			15,267,976	15,267,976
Finalcial assets at fair value trough OCI	1,018,934			1,442,225	1,442,225
Total	**259,955,637**	-	-	**260,378,928**	**260,378,928**
Financial liabilities					
Deposits from customers	211,654,830			211,654,830	211,654,830
Debt securities issued				-	-
Borrowings	30			-	-
Other liabilities	10,489,194			10,489,194	10,489,194
Total	**222,144,024**		-	**222,144,024**	**222,144,024**

30 June 2024	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000	Total Birr'000
Financial assets					
Cash and balances with banks	27,943,909			27,943,909	27,943,909
Loans and receivables	163,922,581			163,922,581	163,922,581
Debt Securitas at amortize cost	10,821,281			10,821,281	10,821,281
Financial assets at fair value through OCI	887,369			1,018,934	1,018,934
Total	**203,575,141**	-	-	**203,706,705**	**203,706,705**
Financial liabilities					
Deposits from customers	168,372,942			168,372,942	168,372,942
Debt securities issued				-	-
Borrowings	0			-	-
Other liabilities	4,814,931			4,814,931	4,814,931
Total	**173,187,873**			**173,187,873**	**173,187,873**

4.7.4 Fair Value of Financial assets and liabilities

The following table shows an analysis of financial and non- financial instruments measured at fair value by level of the fair value hierarchy:

30 June 2025	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000	Level 4 Birr'000
Financial assets					
Investment securities;					
FVOCI	1,018,934			1,442,225	1,442,225
Total	1,018,934	-	-	1,442,225	1,442,225

4.8 Offsetting financial assets and financial liabilities

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

	30 June 2025 Birr'000	30 June 2024 Birr'000
5. INTEREST INCOME		
Interest on Term Loan	24,335,811	18,166,329
Interest on over draft	3,762,914	2,572,239
Interest on Advance sales contract	1,020,998	764,566
Interest from penalty	951,100	1,372,655
Interest on deposit from local banks	875,948	765,446
Interest on Treasury Bonds	746,948	437,459
Interest on foreign deposits	542,610	67,145
Interest earn on DBE Bond	320,918	221,199
Interest on Import & export bills	79,964	127,366
Interest on digital loan	62,273	-
Interest on Inter Bank loan	10,918	-
Interest on Treasury bills	7,462	108,760
Interest on Open market operation	863	-
	32,718,727	**24,603,162**

	30 June 2025 Birr'000	30 June 2024 Birr'000
6. INTEREST EXPENSE		
Interest on Saving Account	(7,622,608)	(6,338,736)
Interest on Time deposit	(2,476,402)	(1,403,119)
Interest on loans	(224,148)	(276,655)
	(10,323,158)	**(8,018,511)**

	30 June 2025 Birr'000	30 June 2024 Birr'000
7. NET FOREIGN EXCHANGE GAIN OR LOSS		
Loss on foreign exchange	(82,890,629)	(3,166,794)
Gain on foreign exchange	82,741,060	3,265,985
	(149,569)	**99,191**







	30 June 2025 Birr'000	30 June 2024 Birr'000
8. . COMMISSION EARNED		
Letters of credit and other import/export facilities	700,463	261,106
Money and Telegraphic transfers and direct debit charges	412,834	10,300
Letters of guarantees	11,909	214,854
Other commissions	689,096	422,992
Total	**1,814,302**	**909,251**

	30 June 2025 Birr'000	30 June 2024 Birr'000
9. DIVIDEND INCOME		
Dividend income from investing activities	**79,873**	**45,543**

	30 June 2025 Birr'000	30 June 2024 Birr'000
10. OTHER OPERATING INCOME		
Income from Murabaha Financing	723,050	554,454
Loan processing fee income	193,798	130,029
Rental income	19,003	25,832
Gain on disposal of Acquired Asset	6,046	0
Gain on disposal of fixed assets	2,405	4
Bad debts recovered	220	0
Other income	510,804	190,937
	1,455,326	**901,256**

	30 June 2025 Birr'000	30 June 2024 Birr'000
11. LOAN IMPAIRMENT CHARGE		
Loan impairment charge	-2,122,646	-1,099,637
Provision for off -balance sheet	-264	-36
	(2,122,910)	**(1,099,673)**

	30 June 2025 Birr'000	30 June 2024 Birr'000
12 IMPAIRMENT LOSSES ON OTHER FINANCIAL ASSETS		
Charge for the year:		
Other assets	(506,427)	69,342
Debt securities	(214)	(112)
Bank balance	(958)	(284)
	(507,599)	**68,946**

	30 June 2025 Birr'000	30 June 2024 Birr'000
13 PERSONNEL EXPENSES		
Clerical Staff Salary	(3,886,953)	(3,974,811)
Contractual Staff Salary	(710,027)	(680,931)
Non-Clerical Staff Salary	(231,085)	(229,659)
Fuel Allowance	(2,038,628)	(1,971,315)
Bonus	(720,577)	(190,288)
Provident Fund	(488,806)	(501,104)
Training Education	(435,237)	(254,755)
Living Allowance	(321,933)	(330,897)
Housing Allowance	(254,748)	(250,280)
Medical	(188,729)	(113,343)
Car and representation Allowance	(144,083)	(142,804)
Amortazation of prepaid employee benefit	(83,881)	(144,096)
Cash Indemnity Allowance	(62,347)	(64,763)
Leave Pay	(36,942)	(87,631)
Employee Mobile Allowance	(19,545)	(19,380)
Saturday Extra time allowance	(17,780)	(12,353)
Uniforms	(11,216)	(26,986)
Non-Clerical staff overtime	(10,594)	(10,183)
Clerical staff overtime	(3,980)	(3,306)
Staff Insurance	(3,169)	(593)
Drivers Allowance	(1,268)	(1,181)
Other staff expenses	(104,717)	(101,505)
	(9,776,245)	**(9,112,164)**

	30 June 2025 Birr'000	30 June 2024 Birr'000
14 OTHER OPERATING EXPENSES		
Software license fee	(695,520)	(294,173)
Insurance fund for deposit	(557,710)	(472,300)
Master and Visa Card membership and service	(272,249)	-77,023
Written- Off loan	(248,026)	(1,838)
Customer Incentive for FCY mob	(247,417)	(210)
Stationery and printing	(235,484)	(216,843)
Repair and Maintenance	(184,461)	(125,222)
other IFB expense	(175,602)	(432)
Data and Internet lines	(174,135)	(127,979)
Fuel and Lubricant	(123,952)	(93,947)
IT Support and maintenance exp.	-108,087	-244,033
Insurance	(106,658)	(63,806)
Advertising	(115,205)	(129,036)
Donations and contributions	(96,848)	(93,913)
ATM and POS card issuance fee	(93,042)	(68,000)
Transportation of Currency	(75,759)	(23,626)
Per diem and travel	(47,057)	(21,252)
Legal fees	(36,657)	(20,002)
Entertainment	(32,878)	(25,029)
RTGS Transaction fee	(32,263)	(28,992)
Utilities	(25,843)	(18,551)
Correspondent charges	(22,790)	(18,003)
Annual reception	(18,498)	(10,257)
Swift Services	(17,811)	-
Postage, telephone, telegram , telex/fax	(16,685)	(10,170)
Wages for non-employees	(12,801)	(9,441)
Bank charges	(10,300)	(9,323)
Promotional gift items	(9,941)	(55,999)
Consultancy fee	(9,358)	-1,065
Impairment for non current asset	(6,724)	-
Audit fees	(3,502)	(2,344)
Board of Directors remuneration	(2,515)	(3,806)
Mudarabah profit accrual	-	-150
Mudarabah cost of fund	-	-59,683
EATS membership and transaction fee	(198)	(155)
Other administration expenses	(479,702)	(397,115)
	(4,295,678)	**(2,723,716)**

15. RECONICLIATION OF EFFECTIVE TAX TO STATUTORY TAX

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

	30 June 2025 Birr'000	30 June 2024 Birr'000
15a. Component of tax expenses		
Current tax expense	2,607,863	1,104,334
Deferred tax (15e)	194,726	-64,286
	2,802,590	**1,040,047**

	30 June 2025 Birr'000	30 June 2024 Birr'000
15b. Current Tax		
IFRS Accounting profit	**10,101,095**	**5,278,044**
Add : Disallowed expenses		
Entertainment	32,878	25,029
Donation	631	92,450
Penalty	6,313	21,663
Depreciation for accounting purpose	756,137	610,450
Amortization for accounting purpose	128,834	83,540
Amortization of Employee benefit	83,881	144,096
Severance Payment	66,986	78,166
Wages expenses	4,480	
Medical expense for spouses	6,802	
Interest expense on lease liability	13,453	13,877
impairment on non-current asset	6,724	-
Accrued leave	20,223	74,823
Legal expense	36,657	20,002
Land and building tax	14,798	16,291
Net unrealized foreign exchange gain or loss	203,421	(747)
Provision for other Asset	507,599	(68,909)
Provision for loans and advances as per IFRS	2,122,910	1,099,637
Written- Off loan	248,026	1,838
Tax payment as per tax audit work	97,622	117,640
Staff loan Interest income as per tax	184,135	355,772
	4,542,511	**2,685,618**

	30 June 2025 Birr'000	30 June 2024 Birr'000
15b. Current Tax		
Less :		
Depreciation for tax purpose	1,033,450	804,328
Amortization for tax purpose	140,727	68,684
Interest income taxed at source-Local & foreign deposits	1,418,558	832,591
Dividend income taxed at source	79,873	45,543
Interest income taxed at source-Treasury bills	7,462	108,760
Interest income taxed at source-Treasury bonds	746,948	437,459
Interest income taxed at source-DBE bonds	320,918	221,199
Staff loan Interest income as per IFRS	193,359	339,943
Capital Gain tax	21,739	
Reversale of provision for North Eth. Conflict	287,292	
Provision for loans and advances as per NBE 80%	1,881,276	1,446,428
Net income from rental operation	8,298	16,361
	6,139,900	**4,321,296**
Taxable profit	**8,503,706**	3,642,367
Add : 10% of interest on foreign deposits	**2,551,112**	**1,092,710**
Current tax at 30%	**54,261**	6,715
	2,605,374	**1,099,426**

	30 June 2025 Birr'000	30 June 2024 Birr'000
15.c Statement of Financial Position(Current income tax liability)		
Balance at the beginning of the year	1,094,277	1,282,443
Charge for the year:		
Income tax expense	2,605,374	1,099,426
Rental Income tax expense payable to A.A. Large tax payers office	2,215	4,348
Prior year (over)/ under provision		
WHT Notes utilized	(31,571)	(9,496)
Payment during the year	(1,094,277)	(1,282,443)
Balance at the end of the year	**2,576,017**	**1,094,277**







15.d Deferred income tax

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

	30 June 2025 Birr'000	30 June 2024 Birr'000
Deferred tax Asset	258,442	214,036
Deferred tax liability	(629,424)	(326,423)
	(370,981)	**(112,387)**

The analysis defered tax is as follows:

To be recovered after more than 12 months

Deferred income tax assets , deferred income tax charge/(credit) in profit or loss ("P/L), in equity and other comprehensive

Desc.	At 1 July 2024 Birr'000	Adjustment made to recognize previous years deferred tax effect Birr'000	Credit/ (charge) to P/L Birr'000	Credit/ (charge) to equity Birr'000	30 June 2025 Birr'000
Annual Leave	120,684		6,201		126,885
Post-employment benefit obligation	93,352		20,096	18,110	131,558
Total deferred tax assets/(liabilities	**214,036**	-	**26,296**	18,110	**258,442**

Desc.	At 1 July 2023 Birr'000	Adjustment made to recognize previous years deferred tax effect Birr'000	Credit/ (charge) to P/L Birr'000	Credit/ (charge) to equity Birr'000	30 June 2024 Birr'000
Annual Leave	98,281		22,403		120,684
Post-employment benefit obligation	79,980		23,450	(10,078)	93,352
Total deferred tax assets/(liabilities	**178,261**	-	**45,852**	(10,078)	**214,036**

Deferred income tax liabilities:	At 1 July 2024 Birr'000	Adjustment made to recognize previous years deferred tax effect Birr'000	Credit/ (charge) to P/L Birr'000	Credit/ (charge) to equity Birr'000	30 June 2025 Birr'000
Property, plant and equipment	-205,383		(221,023)		(426,406)
Equity Investments	-121,040		0	(81,978)	(203,018)
Total deferred tax liabilities	**(326,423)**		**(221,023)**	**(81,978)**	**(629,424)**

Deferred income tax liabilities:	At 1 July 2023 Birr'000	Adjustment made to recognize previous years deferred tax effect Birr'000	Credit/ (charge) to P/L Birr'000	Credit/ (charge) to equity Birr'000	30 June 2024 Birr'000
Property, plant and equipment	-223,816		18,434		(205,383)
Equity Investments	-108,516		0	(12,524)	(121,040)
Total deferred tax liabilities	**(332,332)**	-	**18,434**	**(12,524)**	**(326,423)**

	30 June 2025 Birr'000	30 June 2024 Birr'000
15.e Deferred tax Liability		
Severance pay - carrying amount	438,526	311,174
Severance pay - tax base	-	-
Severance pay temporary difference	**438,526**	**311,174**
Deferred tax asset - @ 30%	**131,558**	**93,352**
Annual Leave - carrying amount	422,949	402,280
Annual Leave - tax base	-	-
Annual leave temporary difference	**422,949**	**402,280**
Deferred tax asset - @ 30%	**126,885**	**120,684**
PPE- carrying amount	8,590,712	6,912,104
PPE - tax base	7,169,359	6,227,495
PPE temporary difference	1,421,352	**684,609**
Deferred tax liability - @ 30%	**426,406**	**205,383**
Equity investment - carrying amount	1,442,225	1,018,934
Equity investment - tax base	765,498	615,466
Equity Investment -temporary difference	**676,727**	**403,468**
Deferred tax liabilty - @ 30%	**203,018**	**121,040**
Deferred tax liability(Asset) - @ 30%	**(370,981)**	**(112,387)**

15f Depreciation for tax purpose

Asset type 30 June 2025	Cost	Depreciation for the year	Accumulated depreciation	Book Value
Premises	1,899,916	94,480	116,738	1,688,698
Motor vehicles	1,338,685	155,031	599,746	583,908
Office furniture & fittings	2,003,139	261,392	540,634	1,201,113
Office equipment	3,523,336	322,114	773,834	2,427,387
Computer and accessories	1,467,544	200,100	587,089	680,355
Intangible assets	1,050,564	140,727	323,977	585,860
Investment	6,656	333	4,286	2,037
Total	**11,289,839**	**1,174,177**	**2,946,303**	**7,169,359**

Asset type 30 June 2024	Cost	Depreciation for the year	Accumulated depreciation	Book Value
Premises	2,071,778	28,544	88,193	1,955,041
Motor vehicles	1,337,898	160,171	439,576	738,152
Office furniture & fittings	1,830,713	217,557	323,076	1,290,079
Office equipment	1,949,667	249,748	524,086	1,175,832
Computer and accessories	1,170,241	147,975	439,114	583,152
Intangible assets	806,845	68,684	255,292	482,868
Investment	6,656	333	3,953	2,370
Total	**9,173,797**	**873,012**	**2,073,291**	**6,227,495**

	30 June 2025 Birr'000	30 June 2024 Birr'000
15g. Rental Income tax		
Addis Abeba City		
Income;	8,709	24,829
Rental Income		
Expense;		
Depreciation	(412)	(8,468)
Profit (loss) before tax from rental operation	**8,298**	**16,361**
Rental income tax @ 30% due to Addis Abeba City admistartions	2,489	4,908
Withholding tax receivable	275	560
Net Tax Due to A.A. LARGE TAX PAYERS OFFICE	**2,215**	**4,348**

	30 June 2025 Birr'000	30 June 2024 Birr'000
16. CASH AND CASH EQUIVALENTS		
Cash in hand	8,234,176	5,169,932
Balances with central banks,		
Reserve account with National Bank of Ethiopia	17,030,000	13,485,000
Other accounts with National Bank of Ethiopia	186,178	275,585
Deposits with foreign banks	20,118,242	3,288,582
Deposits with local banks	4,723,073	5,725,945
	50,291,668	**27,945,044**
Less: Impairment Allowance for Bank Balance	(2,092)	(1,134)
	50,289,576	**27,943,909**

The simplified impairment method will be adopted for impairment of receivables and other financial assets. This is as outlined in the steps below.
- Obtain historical periodic receivables ageing reports for 2 years.
-Flow rate represents the probability of a receivable moving into the next ageing bucket in the subsequent tracking period. Each flow rate is assumed to be independent of the next.
-A loss rate is calculated for each bucket as a product of subsequent flow rates. This represents the probability that the receivables in a given bucket will reach the 90 DPD.

The maturity profile of deposits with from local financial institutions are as follows:

	30 June 2025 Birr'000	30 June 2024 Birr'000
Within three Month	4,550,786	4,879,350
Within six month	172,288	846,595
Within one year	-	-
	4,723,073	**5,725,945**

The reserve with National Bank of Ethiopia represents regulatory cash ratio requirements based on customer deposits with the Bank. As at 30 June 2025, the cash ratio requirement was 7% . The funds are not available for the day to day operations of the Bank and are non interest bearing.

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

There is proper policy , procedures and guidance to all responsible units about the cash management operation for smooth executive of cash related duties.

17 LOANS, ADVANCE AND FINANCING TO CUSTOMERS

(i) Loans , advances and Financing by types;

	30 June 2025 Birr'000	30 June 2024 Birr'000
Loans, advances and Financing at amortized cost		
Conventional banking loans and advances:		
Term Loan	166,862,498	134,284,221
Overdraft loans	18,286,447	16,969,569
Advance loans	8,198,173	11,575,482
	193,347,118	**162,829,273**
Interest Free Financing and advances:		
Murabaha financing	8,336,228	6,849,048
Unearned income	-2,367,057	-1,941,249
	5,969,171	**4,907,799**
Total Carrying Amount	**199,316,289**	**167,737,072**
Allowances for loans , advances and financing :		
Loan loss Allowance_stage 1	(2,290,254)	(1,249,466)
Loan loss Allowance_stage 2	(164,509)	(632,678)
Loan loss Allowance_stage 3	(3,482,375)	(1,932,347)
Total loan loss allowance	**(5,937,137)**	**(3,814,491)**
Net Carrying Amount	**193,379,151**	**163,922,581**

(ii) Loans and advances analyzed by economic purpose are as follows

	30 June 2025 Birr'000	30 June 2024 Birr'000
Domestic trade and services	33,683,147	30,819,717
Import	13,332,584	8,786,435
Construction	14,364,682	18,265,790
Transport	11,625,869	6,993,967
Industry	45,415,964	38,368,434
Export	45,026,565	39,103,265
Agriculture	8,654,663	9,565,794
Consumer or personal	21,243,644	10,925,869
Gross amount	**193,347,118**	**162,829,273**

(iii) Interest free financing excluding differed income analyzed by economic purpose are as follows

	30 June 2025 Birr'000	30 June 2024 Birr'000
DTS	4,225,256	3,783,472
Manufacturing	1,311,499	785,317
Consumer and mortgage	983,892	938,333
Agricultural input	281,777	393,371
Building and Constriction	588,880	444,929
Motor Vehicle	399,494	316,936
Intl trade-export	287,598	87,716
Machinery and Equipment	170,548	58,635
Intl trade-import	15,637	40,339
Commercial banking	71,647	
	8,336,228	**6,849,048**
Unearned income	(2,367,057)	(1,941,249)
Gross financing and advances	**5,969,171**	**4,907,799**

(iv) The maturity profile of loans and advances are as follows

	30 June 2025 Birr'000	30 June 2024 Birr'000
Short -Term loan (within 12 months)	26,638,356	23,420,210
Medium -term loan(More than 1 year but less than or equal to five (5) years	29,978,979	24,766,830
Long- term loan (More than five (5) years)	138,160,066	114,642,233
Gross loans and Advances	**194,777,400**	**162,829,273**

The above classification by maturity is based on the loan portfolio classification methodology of the National Bank Ethiopia(NBE)

(v) The maturity profile of Murabaha financing are as follows

	30 June 2025 Birr'000	30 June 2024 Birr'000
Short -Term loan (within 12 months)	1,153,824	18,864
Medium -term loan(More than 1 year but less than or equal to five (5) years	3,374,623	3,485,574
Long- term loan (More than five (5) years)	1,440,724	1,403,361
Gross loans, Advances and Financing	**5,969,171**	**4,907,799**

The above classification by maturity is based on the loan portfolio classification methodology of the National Bank Ethiopia (NBE)

(vi) Analysis of changes in gross carrying amount and the corresponding allowances for loans, advances and Interest free financing are as follows

As at 30 June 2025

Changes in the gross carrying amount of financing and advances carried at amortised cost for the that contributed to the changes in the loss allowances during the financial year ended 30 June 2025 were mainly due to the following:

* The increase in the volume of loans and advances by 18%; and
* Increase in the deterioration of loan status following the unrest in parts of the country and economic slowdown; ;
* One component of the increase in the ECL is a change to the IFRS 9 model. Previously, the Probability of Default (PD) was determined by sector for all loans. Based on auditor feedback, external assessments, and international best practices, the previous model was found to inadequately capture specific company risk. Consequently, we have revised the model to incorporate a new assumption: large borrowers now have their PD determined individually based on an internal rating score.

In millions of ETB Loans and advances to customers at amortized cost (on balance sheet exposures)	2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit	Stage 3 Lifetime ECL Credit impared	Total
Balance at 1 July 2024	1,249,465	632,678	1,932,347	3,814,490
Transfer to 12 months ECL	(923,423)	505,019	418,404	-
Transfer to Lifetime ECL not credit impaired	45,158	(51,631)	6,473	-
Transfer to Lifetime ECL credit impaired	23,365	12,516	(35,882)	-
Net remeasurement of Loss allowance	1,419,008	(884,686)	1,609,465	2,143,788
Net financial assets originated or purchased	676,115	24,939	40,895	741,948
Financial assets derecognised	(199,435)	(74,326)	(489,327)	(763,088)
Balance as at 30 June 2025	**2,290,254**	**164,509**	**3,482,375**	**5,937,137**

In millions of ETB Loans and advances to customers at amortized cost (on balance sheet exposures)	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit	Stage 3 Lifetime ECL Credit impared	Total
Balance at 1 July 2023	933,287	252,415	1,529,152	2,714,854
Transfer to 12 months ECL	(324,828)	97,698	227,130	-
Transfer to Lifetime ECL not credit impaired	120,176	(128,069)	7,893	0
Transfer to Lifetime ECL credit impaired	24,439	6,111	(30,550)	-
Net remeasurement of Loss allowance	232,748	362,583	341,524	936,855
Net financial assets originated or purchased	415,562	92,292	112,371	620,225
Financial assets derecognised	(151,916)	(50,354)	(255,173)	(457,442)
Balance as at 30 June 2024	**1,249,465**	**632,678**	**1,932,347**	**3,814,490**

18. INVESTMENT SECURITIES

There are two types of securities: debt securities and equity securities. Regarding debt securities, the government bill and bond, classification is amortized cost, and we applied the impairment model;

a). Financial assets at amortized cost (Government securities)	30 June 2025 Birr'000	30 June 2024 Birr'000
Investment on DBE bond	4,066,936	3,298,173
Investment in Treasury Bills	-	512,710
Investment in Treasury bond	11,201,770	7,010,914
	15,268,706	**10,821,797**
Allowances for impairment losses	(730)	(516)
	15,267,976	**10,821,281**

b)Details of government securities	30 June 2025 Birr'000	30 June 2024 Birr'000
As at July 01	10,821,797	8,088,701
Additions	5,522,324	4,841,492
Redeemed on maturity	(1,240,168)	(2,605,052)
Accrued Interest income	164,753	496,655
	15,268,706	**10,821,797**

(c) Impairment allowance on Government securities	30 June 2025 Birr'000	30 June 2024 Birr'000
At 1 July	(516)	(404)
Impairment charge for the year	(214)	(112)
At 30 June	**(730)**	**(516)**

We used Simplified ECL approach for impairment calculation

d) The maturity profile of government bills are as follows	30 June 2025 Birr'000	30 June 2024 Birr'000
Within one year	2,983,863	982,303
One year to three years	2,000,730	3,076,975
Three years to five years	10,284,114	6,762,519
After five years	-	-
	15,268,706	**10,821,797**

e). Equity investment	30 June 2025 Birr'000	30 June 2024 Birr'000
Financial assets at FVOCI (Equity investments)	1,442,225	1,018,934
	1,442,225	**1,018,934**

The fair value of the equity investments was made by the internationally known consulting firm (PWC) in collaboration with other Ethiopian private banks.

f). Movements and details of equity Investment securities as follows;

The Investments comprise of: At 30 June, 2025	Begining balance 2024 Birr'000	Addition Birr'000	Changes in fair value Birr'000	30 June 2025 Birr'000
Eth Switch S.Co	494,165	44,624	210,630	749,418
Addis Africa Int. Convention & Exch. Centre	20,481	58,668	(4,815)	74,334
Hohete Tibeb S.Co	15,367	1,628	12,069	29,064
Ethiopian reinsurance S.CO	37,740	15,710	15,020	68,469
Abay Industry Development S.C	427,970	21,970	27,319	477,259
Yetebaberut Beherawi Petroleum S.Co	3,453	7,329	13,740	24,522
Nile Insurance s.c	278	101	(52)	326
Ethiopian Securities Exchange Share Company	19,482		(650)	18,832
	1,018,934	**150,031**	**273,260**	**1,442,225**

The Investments comprise of: At 30 June, 2024	As at 01 July, 2024 Birr'000	Addition Birr'000	Changes in fair value Birr'000	30 June 2024 Birr'000
Eth Switch S.Co	295,109	45,838	153,217	494,165
Addis Africa Int. Convention & Exch. Centre	7,121	-	13,360	20,481
Hohete Tibeb S.Co	14,184	697	485	15,367
Ethiopian reinsurance S.CO	42,802	4,430	(9,492)	37,740
Abay Industry Development S.C	525,903	18,870	(116,803)	427,970
Yetebaberut Petrolem	2,022	499	931	3,453
Nile Insurance s.c	228		50	278
Ethiopian Securities Exchange Share Company	-	19,481		19,482
	887,368	**89,817**	**41,748**	**1,018,934**

Investments in unlisted equity securities are non-current






19 Other assets

	30 June 2025 Birr'000	30 June 2024 Birr'000
Acquired collaterals	1,006,053	256,632
Sundry receivables	7,569,063	4,814,998
Items in course of collection from other banks	1,976,094	208,740
Deposit and Prepayment	450,041	188,414
Prepaid staff asset	2,398,651	2,694,824
Gross amount	**13,399,902**	**8,163,608**
Less: other asset -ECL	(504,559)	(22,669)
	12,895,342.89	**8,140,862**

- The nature of the prepaid staff asset is related to the difference between the interest rate applied for the staff loans applied by the bank and the market interest rate. The market interest rate is determined based on consumers loans given by Ethiopian Banks and prepared by the Ethiopian banker associations, for common use;.
- The difference between the market interest rate and bank interest rate is calculated on Mortgage loan, Vehicle loan, and Personal loan, then the prepaid amount amortized over the loan period;

19a. Maturity analysis	30 June 2025 Birr'000	30 June 2024 Birr'000
Within one year	13,094,146	8,070,992
One year to three years	210,651	3,443
Three years to five years	6,749	1,661
After five years	88,356	87,512
	13,399,902	**8,163,608**

19b. Impairment allowance on other assets

The movement in impairment allowance on other financial assets is as follows:

	30 June 2025 Birr'000	30 June 2024 Birr'000
At 1 July	22,669	92,051
Change in impairment	481,890	(23,976)
Previous year adjustment held in the regulatory risk reserve account	-	(45,406)
Balance at the end of the year	**504,559**	**22,669**

20. Investment property

Cost:	Total Birr'000
As at 1 July 2023	12,339
Acquisitions	(0)
Transfer from property and equipment	**12,339**
As at 30 June 2024	
As at 1 July 2024	12,339
Acquisitions	-
Transfer from property and equipment	(0)
As at 30 June 2025	**12,339**
Accumulated depreciation and impairment losses	
As at 1 July 2023	
Amortization for the year	1,540
Impairment losses	234
As at 30 June 2024	**1,774**
As at 1 July 2024	
Transfer from property and equipment	1,774
Amortization for the year	
Impairment losses	235
As at 30 June 2025	**2,009**
Net book value	
As at 30 June 2024	10,565
As at 30 June 2025	10,330

The investment property comprises of the following properties:

20a Amounts recognized in profit or loss for investment properties

	Notes	30 June 2025 Birr'000	30 June 2024 Birr'000
Rental income		19,003	25,832
Direct operating expenses from property that generated rental income		-	-
		19,003	25,832

20b. Fair value measurement of the Bank's Investment properties

The Bank's investment property is measured at cost. These properties include those held for rental purposes and those in which the Bank occupies an insignificant portion. These properties are held to earn rentals and for capital appreciation. There are currently no restrictions on the realisability of these properties.

Investment property is initially measured at cost including transaction costs and subsequently measured at depreciated cost (less any accumulated impairment losses). Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives of 50 years. The fair value of investment properties has been disclosed as required.

Fair value measurement of the Bank's Investment properties (Contd)

The fair value of the Bank's Investment property as at June 30,2016 and has been arrived at by in-house engineers qualified estate surveyors and reviewed and approved by independent valuers. These valuers have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

The fair value was determined based on the replacement cost concept which approximates the estimated amount for which a property should exchange on the date of valuation between knowledgeable willing parties in an arm's length transaction after proper marketing, prudently and without compulsion.

This implies a market comparable approach that reflects the recent transaction prices for similar properties). In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

20c. Fair value hierarchy

Details of the Bank's Investment properties and information about the fair value hierarchy at 30 June 2025, and 30 June 2024 respectively are as follows:

30 June 2025	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000
Investment properties	12,339			12,339

30 June 2024	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000
Investment properties	12,339			12,339

21 INTANGIBLE ASSETS COST:

Investment property Cost:	Birr'000
As at 1 July 2023	745,465
Acquisitions	191,884
WIP	(39,469)
As at 30 June 2024	**897,880**
As at 1 July 2025	897,880
Acquisitions	243,719
WIP	373,478
As at 30 June 2025	**1,515,077**
Accumulated amortization and impairment losses	
As at 1 July 2023	222,883
Amortization for the year	83,537
As at 30 June 2024	306,421
As at 1 July 2024	306,421
Amortization for the year	128,834
As at 30 June 2025	**435,255**
Net book value	
As at 30 June 2024	591,459
As at 30 June 2025	**1,079,822**

22 LEASES

22.1 Leases as Lessee

The Bank leases a number of branch and office premises. The leases typically option to renew the lease after that expire date.

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

22.1.1 Right-of Use Assets and lease obligation

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

	Land Birr'000	Building Birr'000	Total Birr'000
Cost:			
Balance at 01 July 2023	96,899	4,347,378	4,444,277
Adjustments		32,284	32,284
Additions during the year	144,164	1,103,557	1,247,722
Balance at 30 June 2024	**241,063**	**5,483,220**	**5,724,283**
Balance at 01 July 2024	241,063	5,483,220	5,724,283
Adjustments		5,517	5,517
Additions during the year	-	1,712,835	1,712,835
Balance at 30 June 2025	**241,063**	**7,201,573**	**7,442,636**
Amortisation	8,126	1,861,401	1,869,527
Balance at 01 July 2023			
Adjustments	(0)		(0)
Charge for the year	4,018	859,786	863,804
Balance at 30 June 2024	**12,143**	**2,721,187**	**2,733,331**
Balance at 01 July 2024	12,143	2,721,187	2,733,331
Adjustments	-		-
Charge for the year	4,017	1,031,090	1,035,106
Balance at 30 June 2025	**16,160**	**3,752,277**	**3,768,436**
Net Carrying Value at 30 June 2024	**228,920**	**2,762,033**	**2,990,952**
Net Carrying Value at 30 June 2025	**224,903**	**3,449,296**	**3,674,199**

ii. Lease Liabilities	Land Birr'000	Building Birr'000	Total Birr'000
Cost:			
Balance at 01 July 2023	48,886	294,403	343,289
Adjustments			-
Additions		32,284	32,284
Interest expense in P & L	-	13,877	13,877
Payment of Leases	(2,188)	(120,060)	122,248
Balance at 30 June 2024	**46,698**	**220,506**	**267,204**
Balance at 01 July 2024	46,698	220,506	267,204
Adjustments			-
Additions		93,696	93,696
Interest expense in P & L	-	13,453	13,453
Payment of Leases		(43,763)	(43,763)
Balance at 30 June 2025	**46,698**	**283,891.31**	**330,589**

At 30 June 2025, the future minimum lease payments under non-cancellable operating Leases were payable as follows

Maturity analysis-Contractual undiscounted cash flows

	June 30,2025 Birr'000	June 30,2024 Birr'000
Less than one year	96,102	2,248
Between one and five years	187,363	220,701
More than five years	47,124	44,254
Total undiscounted leases liabilities	**330,589**	**267,204**

22.1.2. Amounts recognized in profit or loss

	June 30,2025 Birr'000	June 30,2024 Birr'000
Interest expenses on lease liabilities (Note 6)	13,453	13,877
Short term leases of low value assets(ATM rent)	25,075	19,390

	June 30,2025 Birr'000	June 30,2024 Birr'000
Total cash outflows for leases	683,247	416,202

22.2 Leases as Lessor
22.2.1 Finance Lease
The Bank does not hold any finance leases in its capacity as a lessor
22.2.2 Operating Lease

The Bank leases out its buildings property. The bank has classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 20 sets out information about the operating leases of property and equipment.

Rental income recognized by the bank during the year ended 30 June 2025 was birr 19 million(2024 birr 25.83 million)

23. PROPERTY AND EQUIPMENT

	Buildings Birr'000	Motor vehicles Birr'000	Office and other equipment Birr'000	Furniture & fittings Birr'000	Computer & Related Items Birr'000	Construction in progress Birr'000	Total Birr'000
Cost:							
As at 1 July 2023	1,622,939	1,005,817	1,389,544	1,228,164	868,997	733,982	6,849,443
Additions	448,839	332,081	560,123	602,549	301,244	(272,471)	1,972,365
As at 30 June 2024	**2,071,778**	**1,337,898**	**1,949,667**	**1,830,713**	**1,170,241**	**461,511**	**8,821,808**
			-				
As at 1 July 2024	**2,071,778**	**1,337,898**	**1,949,667**	**1,830,713**	**1,170,241**	**461,511**	**8,821,808**
Additions	68,184	787	1,581,520	178,460	301,853	(41,479)	2,089,325
Reclassification	196,751					(196,751)	-
Disposals		-	(7,851)	(6,034)	(4,550)	-	(18,435)
As at 30 June 2025	**2,336,713**	**1,338,685**	**3,523,336**	**2,003,139**	**1,467,544**	**223,281**	**10,892,698**
Accumulated depreciation							
As at 1 July 2023	**69,360**	**311,048**	**433,619**	**210,813**	**324,183**	**-**	**1,349,024**
Charge for the year	39,495	108,810	198,677	128,594	134,583	-	610,158
As at 30 June 2024	**108,855**	**419,858**	**632,296**	**339,407**	**458,766**	**-**	**1,959,182**
As at 1 July 2024	**108,855**	**419,858**	**632,296**	**339,407**	**458,766**		**1,959,182**
Charge for the year	44,201	116,930	265,704	160,176	168,832		755,842
Reclassification		-	-	-	-		-
Fixed asset adjustments							-
Accumulated depreciation on disposals	-		(4,927)	**(2,383)**	**(3,369)**		(10,680)
As at 30 June 2025	**153,056**	**536,788**	**893,073**	**497,199**	**624,229**		**2,704,344**
Net book value							
As at 30 June 2024	**1,962,923**	**918,040**	**1,317,371**	**1,491,306**	**711,475**	**461,511**	**6,862,626**
As at 30 June 2025	**2,183,657**	**801,898**	**2,630,263**	**1,505,940**	**843,315**	**223,281**	**8,188,353**







24. DEPOSITS FROM CUSTOMERS

	30 June 2025 Birr'000	30 June 2024 Birr'000
Saving Deposits	158,640,864	127,835,261
Demand Deposits	34,038,780	26,484,263
Fixed Time Deposits	18,975,185	14,053,417
	211,654,830	**168,372,942**

The deposits are sourced from the following types of customers

	30 June 2025 Birr'000	30 June 2024 Birr'000
Private sector & Staffs	184,455,303	145,258,399
Co-operatives & Associations	4,339,212	4,448,603
Domestic banks	2,372,945	5,588,531
NR - Transferable Birr accounts	161	140,172
Public agencies & enterprises	11,410,935	9,415,053
NR - Non-transferable Birr accounts	249	128,702
Resident and non resident - Foreign currency accounts	4,931,841	2,101,371
Retention account	3,526,247	888,881
Central Government	315,335	124,804
Regional government	302,603	278,426
	211,654,830	**168,372,942**

The weighted average effective interest rates on interest bearing customer deposits as at 30 June 2025 was 6.37% (June 2024 - 5.71%)

The maturity profile of fixed deposits and negotiable instruments of deposits are as follows

	30 June 2025 Birr'000	30 June 2024 Birr'000
Within six months	15,632,917	12,083,279
Six months to one year	3,295,992	1,928,024
One year to three years	45,277	42,115
Three years to five years	1,000	-
	18,975,186	**14,053,417**

25. INTEREST FREE CUSTOMERS DEPOSITS

	30 June 2025 Birr'000	30 June 2024 Birr'000
The deposits are presented types of deposits:		
Saving Deposits;		
Mudarabaha	2,096,149	1,299,105
Wadia	24,502,211	19,618,401
	26,598,360	**20,917,507**
Demand Deposits;		
Wadia Current	4,488,181	3,028,845
	4,488,181	**3,028,845**
Term Deposits;		
Mudarabaha	438,368	189,802
	438,368	**189,802**
Total IFB Deposit	**31,524,908**	**24,136,154**

Please note the term deposits are unrestricted

The IFB deposits are sourced from the following types of customers:

	30 June 2025 Birr'000	30 June 2024 Birr'000
Private sector & Staffs	31,296,679	23,428,675
Co-operatives & Associations	182,583	250,476
Domestic banks	32,118	451,142
Public agencies & enterprises	13,528	18,343
	31,524,908	**24,136,154**

The maturity profile of Term deposits are as follows:	30 June 2025 Birr'000	30 June 2024 Birr'000
Within Three months	314,607	100,228
Three months to Six Month	55,537	31,281
Six Month to One year	52,860	52,913
Above one year	15,365	5,380
	438,369	**189,802**

26. OTHER LIABILITIES

	30 June 2025 Birr'000	30 June 2024 Birr'000
Cashiers' payment orders	959,689	452,678
MTs and TTs payable - local and foreign	300	9,685
Dividend payable	499,508	131,573
Exchange and auction payable to NBE	282,023	130,507
Accrued leave payable	422,949	402,280
Board of Director fee	1,350	1,350
Margins held on letters of credit	4,079,714	951,488
Other payables	2,964,809	1,770,889
Bonus accrual	718,613	190,094
Unearned income	338,918	258,471
Provision on salary, other expense and asset damage for North Ethiopia conflict	221,320	515,917
Gross amount Within one year	**10,489,194**	**4,814,931**

	30 June 2025 Birr'000	30 June 2024 Birr'000
Within one year	**10,489,194**	**4,814,931**
One year to three years		
Three years to five years	**10,489,194**	**4,814,931**
After five years		

Movement in unearned income

2025	Guarantee commission	Service change on letter of credit	Total
01 July ,2024	161,987	96,485	258,471
Income recognized	(123,625)	(96,485)	-220,109
Deferred income	99,952	200,604	300,556
Balance at the end of the year	**138,314**	**200,604**	**338,918**

2024	Guarantee commission	Service change on letter of credit	Total
01 July ,2023	57,687	18,050.58	75,737
Income recognized	(55,504)	(18,050.58)	-73,554
Deferred income	159,803	96,484.51	256,288
Balance at the end of the year	**161,987**	**96,485**	**258,471**

27 . RETIREMENT BENEFIT OBLIGATIONS

	30 June 2025 Birr'000	30 June 2024 Birr'000
Defined benefits liabilities:		
– Severance pay	438,526	311,174
Liability in the statement of financial position	**438,526**	**311,174**

The duration of the liabilities, on which the assumptions have been set, was calculated to be 8 years on the current valuation assumptions and data.

Income statement charge included in personnel expenses:		
– Gross service cost	33,178	35,017
– Interest Cost on DBO	**61,779**	60,360
Total defined benefit expenses	**94,957**	**95,377**
Remeasurements for:		
– Actuarial (Gains)/Losses on economic assumptions	49,625	21,006
– Actuarial (Gains)/Losses on experience (liabilities)	10,741	(54,598)
Expense/(Income) recognised in OCI	60,366	**(33,592)**

27a. Severance pay

The Bank operates an unfunded severance pay plan for its employees who have served the Bank for 5 years and above and are below the retirement age (i.e. has not met the requirement to access the pension fund). The final pay-out is determined by reference to current benefit's level (monthly salary) and number of years in service and is calculated as 1 month salary for the first year in employment plus 1/3 of monthly salary for each subsequent in employment to a maximum of 12 months final monthly salary.

The Bank has updated executive management staff regulation Manual, which shows amended benefit payable to Executive Management, as follows;

Service at exit	Severance Benefit
0-3 years	**30 days of salary for the first year of service and 10 days of salary for each year thereafter(only if exit on death)**
3-5 years	**90days of salary for the first year of service and 10 days of salary for each year thereafter**
5-7 years	**90days of salary for the first year of service and 15 days of salary for each year thereafter**
More than 7 years	**90days of salary for the first year of service and 30 days of salary for each year thereafter**

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

	30 June 2025	30 June 2024 Birr'000
A. Liability recognized in the financial position	438,526	311,174

	30 June 2025 Birr'000	30 June 2024 Birr'000
B. Amount recognized in the profit or loss		
Net Service Cost	33,178	35,017
Net Interest on Net Defined Benefit Asset	61,779	60,360
	94,957	**95,377**

	30 June 2025 Birr'000	30 June 2024 Birr'000
C. Amount recognized in other comprehensive income:		
Remeasurement (gains)/losses arising from changes in demographic assumptions	49,625	21,006
Remeasurement (gains)/losses arising from changes in the financial assumptions	10,741	-54,598
Tax credit /(charge)	-18,110	10,078
	42,256	**-23,514**

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

	30 June 2025 Birr'000	30 June 2024 Birr'000
Defined Benefit Obligation at the beginning of the period	311,174	266,600
Current Service Cost (excluding interest)	33,178	35,017
Benefits Paid	(27,971)	(17,211)
Interest Cost	61,779	60,360
Actuarial (Gains)/Losses on economic assumptions	49,625	21,006
Actuarial (Gains)/Losses on experience	10,741	(54,598)
At the end of the year	**438,526**	**311,174**

The significant actuarial assumptions were as follows:

i. Financial Assumption Long term Average

	30 June 2025 Birr'000	30 June 2024 Birr'000
Discount rate (p.a)	14.60%	18.70%
Rate of person increase (p.a)	12.20%	14.30%
Average rate of inflation (p.a)	12.20%	14.30%
Net pre-retirement rate	**2.14%**	**3.85%**

ii. Mortality in Service

For ages over 47 we assumed that mortality will be in line with the SA85/90 ultimate standard South Africa mortality tables published by the Actuarial Society of South Africa ("ASSA"). These rates combined are approximately summarized as follows:

Age	Males mortality rate	Females mortality rate
20	0.00306%	0.00223%
25	0.00303%	0.00228%
30	0.00355%	0.00314%
35	0.00405%	0.00279%
40	0.00515%	0.00319%
45	0.00450%	0.00428%
50	0.00628%	0.00628%
55	0.00979%	0.00979%
60	0.01536%	0.01536%

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

30 june 2025	Base DBO ETB'000	DBO on changed assumptions ETB'000	% change
Discount rate +1%	438,526	408,497	-6.80%
Discount rate -1%	438,526	471,064	7.40%
Salary increase +1%	438,526	471,483	7.50%
Salary increase -1%	438,526	407,616	-7.00%

30 june 2024	Base DBO ETB'000	DBO on changed assumptions ETB'000	% change
Discount rate +1%	311,174	291,686	-6.30%
Discount rate -1%	311,174	332,151	6.70%
Salary increase +1%	311,174	332,794	6.90%
Salary increase -1%	311,174	290,792	-6.60%

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

28. ORDINARY SHARE CAPITAL

	30 June 2025 Birr'000	30 June 2024 Birr'000
Authorized:		
15,000,000 ordinary shares of Birr 1000 each	15,000,000	15,000,000
Issued and fully paid:		
14,205,000ordinary shares of Birr 1000 each	15,000,000	14,205,583

29. EARNINGS PER SHARE

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

BoA presents basic earnings per share ("EPS") for profit or loss from continuing operations attributable to the ordinary equity holders of the Bank on the face of the income statements.

Distribution of dividend to shareholders shall be from the net profit which shall be proposed by the Board of directors and subsequently approved by the general assembly.

	30 June 2025 Birr'000	30 June 2024 Birr'000
Profit after tax	7,298,505	4,223,257
Weighted average number of ordinary shares in issue	14,473,381	12,875,221
Basic & diluted earnings per share (%)	50%	33%

30. RETAINED ERANINGS

	30 June 2025 Birr'000	30 June 2024 Birr'000
At the beginning of the year	2,576,914	2,877,747
Profit/ (Loss) for the year	7,298,505	4,237,997
Dividends paid	(2,576,914)	(2,877,747)
Director's Share of profit	(1,350)	(1,350)
Transfer to legal reserve	(1,824,626)	(1,059,499)
Transfer to regulatory risk reserve	(503,038)	(640,656)
Transfer from Revaluation surplus	3,888	3,899
Recognition of deferred tax effect of previous year's	-	36,523
At the end of the year	**4,973,379**	**2,576,914**

31. LEGAL RESERVE

	30 June 2025 Birr'000	30 June 2024 Birr'000
At the beginning of the year	4,401,043	3,341,543
Transfer from profit or loss	1,824,626	1,059,499
Recognition of deferred tax effect for previous years		
At the end of the year	**6,225,669**	**4,401,042**

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

This account contains amount apportioned and credited from the yearly profit of the BoA in accordance with the prevailing rate; as per relevant NBE directive, the account is debited only when the Bank ceases its operations.

32. REGULATORY RISK RESERVE

	30 June 2025 Birr'000	30 June 2024 Birr'000
At the beginning of the year	1,308,585	704,452
Transfer (from) / to retained earnings;		
Loan provision adjustment(IFRS vs NBE)	228,685	201,860
Other asset provision (IFRS vs NBE)	-92,870	381,121
Interest Income suspended Adjustments	385,210	57,675
Write off other asset provision	-33,842	
Previous years regulatory risk reserve adjustment	0	(36,523)
At the end of the year	**1,795,768**	**1,308,585**

The previous year's adjustments indicate that the reclassification of the other asset provision is in accordance with the National Bank of Ethiopia's provisioning requirements, moving it from the provision liability to the regulatory risk reserve account.

Where the loan loss impairment determined using the National Bank of Ethiopia (NBE) guidelines is higher than the loan loss impairment determined using the expected loss model under IFRS, the difference is transferred to regulatory risk reserve and it is non-distributable to the owners of the Bank.
70% of the suspended interest income kept under this regulatory reserve account until the regulatory organs(NBE) amended the directive related with provision.
Where the loan loss impairment determined using the National Bank of Ethiopia (NBE) guidelines is less than the loan loss impairment determined using the incurred loss model under IFRS, the difference is transferred from regulatory risk reserve to the retained earning to the extent of the non-distributable reserve previously recognised.

70% of the suspended interest income kept under this regulatory reserve account until the regulatory organs(NBE) amended the directive related with provision.

33. OTHER RESERVES

	30 June 2025 Birr'000	30 June 2024 Birr'000
At the beginning of the year	245,349	192,611
Movement in fair value reserve -equity investment	191,282	29,224
Re-measurement gains on defined benefit plan (Net of tax) (Note 26a)	(42,256)	23,514
Recognition of deferred tax effect of previous years		
At the end of the year	**394,375**	**245,349**

We reversed the fair valuation of the gain or loss for Abay Industry and Addis Africa Convention Center, as both companies have not started normal operations. Therefore, we recognized the value as the invested amount.

34. REVALUTION SURPLUS ACCOUNT

	30 June 2025 Birr'000	30 June 2024 Birr'000
At the beginning of the year	424,711	428,610
Amount recycled to retained earning for the year	-3,888	-3,899
	420,823	**424,711**

The revaluation surplus account is a non-distributable to shareholder's and non-taxable income kept under equity section which is the net revalued amount for building asset in order to the bank followed fair value approach as deemed cost for first time adoption of IFRS until Tax authority recognize fair value approach regarding with property, plant and equipment. However , during the year the revaluation surplus amount has reduced by the deprecated amount and transfer to retained earnings.

35. CASH GENERATED FROM OPRATING ACTIVITIES

	Notes	30 June 2025 Birr'000	30 June 2024 Birr'000
Profit before tax		10,101,094	5,278,042
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	23	755,903	610,215
Depreciation of investment property	20	234	235
Depreciation of right use of asset	22	1,046,361	876,938
Amortization of intangible assets	21	128,834	83,540
Gain/(Loss) on disposal of property, plant and equipment	10	7,756	-
Impairment on loans and receivables	11	2,122,910	1,099,637
Impairment on other financial assets	12	507,599	(68,909)
Retirement benefit obligations		66,986	-
Interest on lease liability		13,453	13,877
Severance Payment		66,986	78,166
Net Gain Foreign currency transactions and translations		(149,569)	99,191
Changes in working capital:			
-Decrease/ (Increase) in loans and advances	17	(31,579,216)	(19,394,955)
-Decrease/ (Increase) in other assets	19	(6,785,805)	(1,474,890)
-Increase/ (Decrease) in other liabilities	26	5,306,327	964,980
-Increase/ (Decrease) in deposits by customers	24	50,670,642	27,905,673
		32,280,495	**16,071,739**

36. RELATED PARTY TRANSACTIONS

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decisions, or one other party controls both.

There are other companies which are related to Bank of Abyssinia through common shareholdings or common directorships.

In the normal course of business, a number of banking transactions are entered into with related parties i.e. staff, directors, their associates and companies associated with directors. These include loans, deposits and foreign currency transactions. Loans and advances to customers include loans and advances to staff and to companies associated with directors. "

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

In the normal course of business, a number of banking transactions are entered into with related parties i.e. staff, directors, their associates and companies associated with directors. These include loans, deposits and foreign currency transactions. Loans and advances to customers include loans and advances to staff and to companies associated with directors.

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

36a. Loans and Advacnes to Board of directors and executive management of the bank

The outstanding loan balances to directors arose from the ordinary course of business and are substantially on the same terms, including interest rates and security, as for comparable transactions with third-party counterparties.

	30 June 2025 Birr'000	30 June 2024 Birr'000
Loans to directors and executive Management	**953,285**	**973,835**

36b. Key management compensation

Key management has been determined to be the members of the Board of Directors and the Executive Management of the Bank. The compensation paid or payable to key management for is shown. There were no sales or purchase of goods and services between the Bank and key management personnel as at 30 June 2025.

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

	30 June 2025 Birr'000	30 June 2024 Birr'000
Board of directors		
Directors Allowance	2,515	3,806
Directors share on profit	1,350	1,350
Executive Management		
Salaries and other short-term employee benefits	46,517	45,908
Sitting/ representation allowance	2,800	2,760

37. CONTINGENT LIABILITIES

37a. Claims and litigation

The Bank is a party to numerous legal actions brought by different organizations and individuals arising from its normal business operations. The maximum exposure of the Bank to these legal cases as at 30 June 2025 is Birr 2.2 million (30 June 2024: Birr 2.2 million). No provision has been made in the financial statements as the Directors believe that it is not probable that the economic benefits would flow out of the Bank in respect of these legal actions.

37b Off-balance sheet items

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

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

	30 June 2025 Birr'000	30 June 2024 Birr'000
Financial guarantees	9,641,522	10,531,742
Loans and advances approved but not disbursed	3,833,342	4,932,812
Unutilized overdraft and other revolving facilities	7,423,208	3,344,056
Letters of credit	9,742,887	2,571,135
	30,640,959	**21,379,745**

38. COMPARATIVE FIGURES

Some of the previous year figures have been reclassified to make them comparable with current year presentation.

39. EVENTS AFTER REPORTING PERIOD

39.a. There were a significant post balance sheet events due to the amendment to income tax law (proclamation No 1395/2017) which could have a material effect on the state of affairs of the Bank after this reporting period. The main areas of change are summarized as follows:

Area of Impact	Old rate	New rate
Sales tax on Interest on customers saving deposit	5%	10%
Sales tax on Interest on other banks deposit	5%	30%
Annual profit tax payment period	Within four months after the accounting period	Paid quarterly, based on the previous year's actual tax amount
Dividend Tax	10%	15%

39 b. In the opinion of the Directors, except for the possible impact of the matter indicated in 39,a. above, there were no significant post balance sheet events which could have a material effect on the state of affairs of the Bank as at 30 June 2025 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

አቢሲንያ ባንክ
Bank of Abyssinia

የ፳፻፲፯ ዓ.ም

የውጭ አዲተሮች ሪፖርት

የትርፍና ኪሳራ፣ ሌሎች ገቢዎች እንዲሁም የሀብትና እዳ መግለጫ

አቢሲንያ ባንክ
የትርፍና ኪሳራ እና ሌሎች ገቢዎች መግለጫ
ሰኔ 23 ቀን 2017 ዓ.ም ላለቀው አመት

	ማብራሪያ	ሰኔ 23, 2017 ብር'000	ሰኔ 23, 2016 ብር'000
ከወለድ የተገኘ ገቢ	5	32,718,727	24,603,162
ሲቀነስ:-የወለድ ወጪ	6	(10,323,158)	(8,018,511)
የተጣራ የወለድ ገቢ		**22,395,569**	**16,584,651**
ከውጪ ሀገር ገንዘብ ምንዛሬ ተመን ለውጥ የተገኘ ትርፍ	7	(149,569)	99,191
ከአገልግሎት ገቢ		3,152,812	1,189,565
ከኮሚሽን ገቢ	8	1,814,302	909,251
የተጣራ የአገልግሎትና ኮሚሽን ገቢ		**4,817,545**	**2,198,007**
ከትርፍ ክፍፍል ገቢ	9	79,873	45,543
ከልዩ ልዩ ገቢ	10	1,455,326	901,256
		1,535,199	**946,799**
አጠቃላይ መደበኛ ገቢ		**28,748,312**	**19,729,457**
ለብድር የተያዘ መጠባበቂያ	11	(2,122,910)	(1,099,637)
ለሌሎች ሀብቶች የተያዘ መጠባበቂያ	12	(507,599)	68,909
የተጣራ መደበኛ ገቢ		**26,117,803**	**18,698,729**
ለሠራተኞች ደመወዝና ጥቅማ ጥቅሞች	13	(9,776,245)	(9,112,164)
ሀልዎት ለሌላቸው (Intangible) ሀብት የማቋቋሚያ ወጪ	21	(128,834)	(83,540)
የቋሚ ሀብት እርጅና ተቀናሽ	23	(755,903)	(610,215)
የኢንቨስትመንት ሀብት እርጅና ተቀናሽ	20	(234)	(235)
የቤት ኪራይ ወጪ	22	(1,046,361)	(876,938)
ከቤት ኪራይ ጋር የተያያዘ የወለድ ወጪ	22	(13,453)	(13,877)
ሌሎች መደበኛ ወጪዎች	14	(4,295,678)	(2,723,717)
ትርፍ - ከትርፍ ግብር በፊት		**10,101,095**	**5,278,043**
ሲቀነስ:-የትርፍ ግብር መጠባበቂያ	15	(2,802,590)	(1,040,047)
ትርፍ - ከትርፍ ግብር በኋላ		**7,298,505**	**4,237,996**
ሊሎች ገቢዎች ከትርፍ ግብር በኋላ			
በትርፍና ኪሳራ መዝገብ የማይካተቱ ገቢዎች/ወጪዎች/			
በጡረታ ጊዜ ለሰራተኞች ሊከፈል የሚችል ጥቅማጥቅም	27	(60,366)	33,592
ወደፊት ሊከፈል የሚችል የትርፍ ግብር		18,110	(10,078
		(42,256)	**23,514**
በወቅታዊ ዋጋ ተሰልቶ የተገኘ የኢንቨስትመንት ገቢ	33	273,260	41,748
ወደፊት ሊከፈል የሚችል የትርፍ ግብር		(81,978)	(12,524)
		191,282	**29,224**
አጠቃላይ በትርፍና ኪሳራ መዝገብ የማይካተቱ ገቢዎች/ወጪዎች/		**149,026**	**52,738**
የአመቱ አጠቃላይ የተጣራ ገቢ		**7,447,531**	**4,290,734**
እያንዳንዱ አክሲዮን ያስገኘው ትርፍ	29	50%	33%

መኮንን ማንያዘዋል
የዲሬክተሮች ቦርድ ሊቀመንበር

በቃሉ ዘለቀ
ዋና ሥራ አስፈፃሚ

አቢሲንያ ባንክ
ሀብትና ዕዳ መግለጫ
ሰኔ 23 ቀን 2017 ዓ.ም ላለቀው አመት

	ማብራሪያ	ሰኔ 23, 2017 ብር'000	ሰኔ 23, 2016 ብር'000
ሀብት			
ጥሬ ገንዘብ እና ጥሬ ገንዘብ አከል ሀብት	16	50,289,576	27,943,909
ለደንበኞች የተሰጡ ብድሮች	17	193,379,151	163,922,581
ኢንቨስትመንት	18		
የብሔራዊ ባንክ ሰነድ ግዢ		15,267,976	10,821,281
በተለያዩአ. ማህበራት የተደረገ ኢንቨስትመንት		1,442,225	1,018,934
ሌሎች ሀብቶች	19	12,895,343	8,140,862
የኢንቨስትመንት ሀብት	20	10,330	10,565
ሀልዎት የሌላቸው (Intangible) ሀብት	21	1,079,822	591,459
ለቤት ክራይ የተከፈለ	22	3,674,199	2,990,952
ቋሚ ሀብት	23	8,188,353	6,862,626
አጠቃላይ ሀብት		**286,226,976**	**222,303,169**
የዕዳ ሚዛን			
የደንበኞች ተቀማጭ ገንዘብ	24	211,654,830	168,372,942
ከወለድ ነፃ ደንበኞች ተቀማጭ ገንዘብ	25	31,524,908	24,136,154
ሌሎች ዕዳዎች	26	10,489,194	4,814,931
ተከፋይ የትርፍ ግብር	15	2,576,017	1,094,277
በውል ዘመኑ ሌከፈል የሚችል የቤት ክራይ	22	330,589	267,204
በጡረታ ጊዜ ለሰራተኞች የሚከፈል ጥቅማጥቅም	28	438,526	311,174
ወደፊት የሚከፈል የትርፍ ግብር	15d	370,981	112,387
አጠቃላይ የዕዳ ሚዛን		**257,385,045**	**199,109,069**
የካፒታልና መጠባበቂያ ሒሳቦች			
የተከፈለ ካፒታል	28	15,000,000	14,205,583
በአክሲዮን ሽያጭ ዋጋ ብልጫ የተከፈለ		5,998	5,998
ያልተከፈለ ትርፍ	30	4,973,379	2,576,913
ለህንፃዎች ወቅታዊ ግምት በልዩነት የተያዘ	34	420,823	424,711
ሕጋዊ የመጠባበቂያ ሒሳብ	31	6,225,669	4,401,042
በብሔራዊ ባንክ መመሪያ መሰረት ለብድር የተያዘ ተጨማሪ መጠባበቂያ	32	1,795,768	1,308,585
ልዩ የመጠባበቂያ ሒሳብ		25,919	25,919
ሌሎች የመጠባበቂያ ሒሳቦች	33	394,375	245,349
አጠቃላይ ካፒታልና የመጠባበቂያ ሒሳቦች ሚዛን		**28,841,931**	**23,194,100**
አጠቃላይ ዕዳዎች ካፒታልና የመጠባበቂያ ሒሳብ ሚዛን		**286,226,976**	**222,303,169**

መኮንን ማንያዘዋል
የዲሬክተሮች ቦርድ ሊቀመንበር

በቃሉ ዘለቀ
ዋና ሥራ አስፈፃሚ

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