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Bank of Abyssinia

2025
26

Annual Report

2025/26

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The Choice for All!



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Bank of Abyssinia



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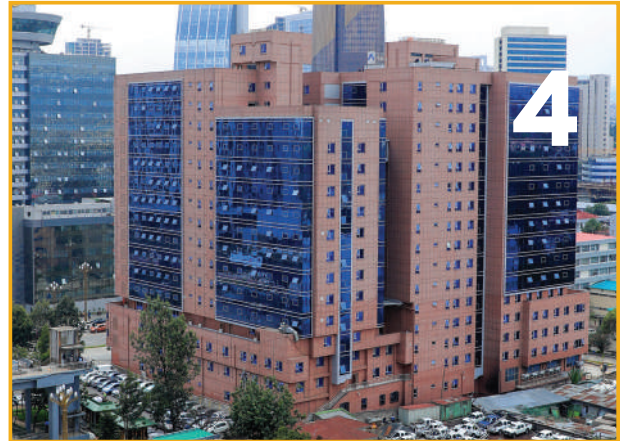


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Bank of Abyssinia



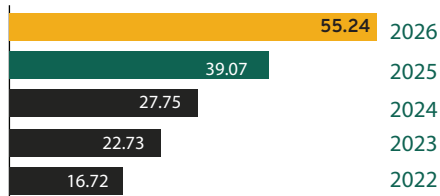
FINANCIAL HIGHLIGHTS

2025-26

Total Revenue

ETB **55.24** billion

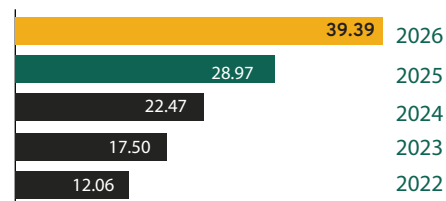
Revenue (Billions of Birr)



Total Expense

ETB **39.39** billion

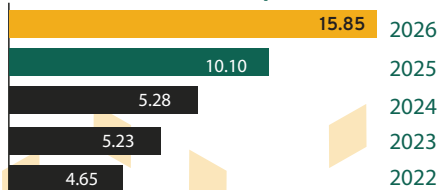
Total Expense (Billions of Birr)



Profit Before Tax

ETB **15.85** billion

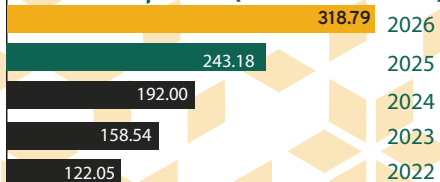
Profit Before Tax (Billions of Birr)



Total Deposits

ETB **318.79** billion

Total Deposits (Billions of Birr)





FINANCIAL HIGHLIGHTS

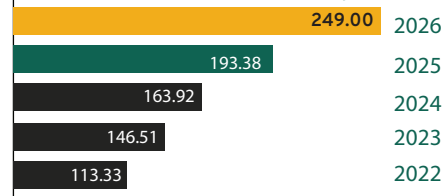
2025-26



Total Loans & Financing

ETB **249.00** billion

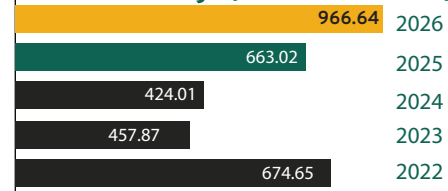
Total loans & Financing (Billions of Birr)



FCY Earnings

USD **966.64** million

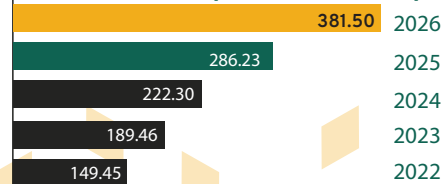
FCY Earnings (Millions of USD)



Total Assets

ETB **381.50** billion

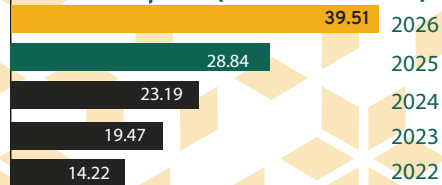
Total Assets (Billions of Birr)



Total Capital

ETB **39.51** billion

Total Capital (Billions of Birr)



ABOUT THIS REPORT

- 📍 Purpose and Audience
- 📍 Reporting Scope and Period
- 📍 Materiality
- 📍 Reporting Framework
- 📍 Assurance (External Auditor)
- 📍 Board Approval



Purpose and Audience

This Annual Report explains how BoA deploys its resources and capabilities to execute its strategic priorities, measure progress against financial and non-financial objectives, and create and preserve sustainable value while managing potential sources of value erosion. It provides a balanced and holistic view of the Bank's performance, strategy, governance, outlook, and transformation journey, to address highlighting our contribution to the Government's broader aspirations for financial inclusion and a digitally enabled economy.

Reporting Scope and Period

This Annual Report covers the financial year from 1 July 2025 to 30 June 2026 and presents Bank of Abyssinia's financial and non-financial performance, strategic progress, governance, risk management, and key developments during the reporting period. It also includes material events and developments occurring after 30 June 2026 and up to 9 September 2026, the date on which the Board of Directors approved the report for publication.

Materiality

The annual report focuses on matters that have the potential to materially impact our ability to create and sustain value over the short, medium and long term. Management is not aware of any material information that was unavailable or any legal prohibitions to the publication of any information in this report.

Reporting Framework

The report has been prepared in accordance with applicable Ethiopian laws and regulatory requirements, International Financial Reporting Standards (IFRS), and relevant principles of integrated reporting, where applicable.

Assurance (External auditor)

Bank of Abyssinia applies a combined assurance model, underpinned by the Three Lines Model, to strengthen oversight and enhance the integrity, reliability, and transparency of information reported to stakeholders. Management provides first-line ownership and control, specialist functions provide second-line oversight and monitoring, while Internal Audit provides independent third-line assurance over governance, risk management, internal controls, and reporting processes.

Our external auditors, Tewodros and Fikre Audit Services Partnership, provided independent assurance on the fair presentation of the Bank's financial statements for the year ended 30 June 2026. As part of their work, the external auditors also read the Integrated Annual Report and considered whether it contained any material inconsistencies with the audited financial statements or information obtained during the audit, or otherwise appeared to be materially misstated. No such material inconsistency or misstatement was identified.

Board Approval

The Bank board is responsible for overseeing the integrity and completeness of this report. The board, the audit committee considered the accuracy and completeness of the report and are satisfied with the reliability of all data and information. In the board's opinion, this report addresses all matters that are material to the Bank's ability to create value. The board is satisfied that the report fairly presents the reporting period.

OUR LEADERSHIP



OUR LEADERSHIP

-  Our Board of Directors
-  Chairperson's Statement
-  Our Executive Management
-  Chief Executive Officer's Message



2. OUR LEADERSHIP

Our leadership is creating sustainable value for our stakeholders and are guided by our purpose in executing strategy and leading our people.

2.1. Board of Directors

The Board of Directors is the highest decision-making organ in BoA's structure, appointed by the general assembly of the shareholders in accordance with the BoA's MOA. The Board is entrusted with the overall governance, strategic direction, and oversight of the Company's operations, ensuring compliance with relevant laws, regulations set forth by the NBE, and the BoA's MOA. Board members are elected for a 3-year term, after which they may be eligible for re-election for another 3-year term, or new appointments are made to maintain the Board's composition and continuity in leadership.

THE BOARD OF DIRECTORS:

	<p>Ato Mekonnen Manyazewal</p> <p>Board Chairperson</p>	<div>❀ Educational background</div> <ul style="list-style-type: none"> ❀ Master of Business Administration ("MBA") ❀ Bachelor of Arts ("BA") in Business Administration <div>❀ Primary occupation</div> <ul style="list-style-type: none"> ❀ Freelance advisory service ❀ A senior Ethiopian economic policymaker with over two decades of experience as a core member of the Government's High-Level Economic Team. key leadership roles include National Planning Commissioner (with Ministerial rank), Minister and Advisor to the Prime Minister on International Trade Relations and Negotiations, Executive Director of the Ethiopian Development Research Institute (with Ministerial rank), and Minister of Industry and Finance & Economic Development.
	<p>Ato Aemero Belete</p> <p>D/Board Chairperson</p>	<div>❀ Educational background</div> <ul style="list-style-type: none"> ❀ MBA, ❀ BA in Accounting <div>❀ Primary occupation</div> <ul style="list-style-type: none"> ❀ Self employed ❀ Experienced finance and management professional with expertise in financial advisory, auditing, taxation, investment, and corporate management, including senior leadership roles at Star Business Group PLC and the Addis Ababa City Administration.



**W/ro Emebet
Woldeher**
Member

✨ **Educational background**

- ✨ BA in Foreign Languages and Literature,
- ✨ Diploma in Accounting

✨ **Primary occupation**

- ✨ General Manager, Bora Amusement Park



**Ato Kassahun
Zewdie**
Member

✨ **Educational background**

- ✨ BA in Management,
- ✨ BA in Geography,
- ✨ Diploma in Accounting

✨ **Primary occupation**

- ✨ General Manager, New Sun Trading Plc.



**Ato Meseret
Melese**
Member

✨ **Educational background**

- ✨ Certificate in Commodity Marketing,
- ✨ MBA,
- ✨ BA in Management

✨ **Primary occupation**

- ✨ Deputy Director, University of South Africa (UNISA) Ethiopia Regional Learning Center



**Ato Molalign
Melese**
Member

✨ **Educational background**

- ✨ LL.B,
- ✨ BA in Management and Public Administration (Management),
- ✨ Professional Diploma in Business Management,
- ✨ Diploma in Law

✨ **Primary occupation**

- ✨ Advocate and Legal Consultant
- ✨ Senior legal professional with extensive experience in advocacy, legal consultancy, prosecution, and legal affairs, serving as Board Member of other Banks and currently serve as Chairman of Risk and Compliance Subcommittee. He has also held senior roles in government legal, prison administration, and professional organizations.



Ato Solomon Alula

Member

✨ **Educational background**

- ✧ Master of Art ("MA") in National Economy Planning,

✨ **Primary occupation**

- ✧ Retired professional
- ✧ Highly experienced banking professional with nearly three decades at CBE, specializing in internal audit, credit audit, credit monitoring, and risk oversight, including serving as Chief Internal Auditor and Acting Vice President of Internal Audit.



Ato Yerom Gessesse

Member

✨ **Educational background**

- ✧ MA in Marketing Management,
- ✧ BA in Accounting,
- ✧ Diploma in Mathematics

✨ **Primary occupation**

- ✧ General Manager, Real way Trading plc



Yihenew Zewdie (PhD)

Member

✨ **Educational background**

- ✧ PhD in Development Studies-Natural Resource Management,
- ✧ Master of Science (M.Sc.) in Development Planning and Management, Postgraduate Diploma in Regional Development Planning.
- ✧ BA in Economics

✨ **Primary occupation**

- ✧ Country Director, Alliance for a Green Revolution for Africa (AGRA) (ILRI Campus)



Ato Tewodros Tesfaye

Share
Company
Secretary

✨ **Educational background**

- ✧ LL.B Degree in Law,

✨ **Primary occupation**

- ✧ Company Secretary
- ✧ Advocate and legal expert in private companies, Attorney and Legal Advisor

CHAIRPERSON'S STATEMENT



**“Building a Stronger Bank
in a Transforming
Economy”**

**Mekonnen Manyazewal
Chairman of the Board**

Dear Esteemed Shareholders,

On behalf of the Board of Directors, it is my privilege to present Bank of Abyssinia's Annual Report and Audited Financial Statements for the financial year ended 30 June 2026.

The year under review marked another defining chapter in Ethiopia's economic transformation and in the evolution of our Bank. Ongoing macroeconomic reforms, continued financial sector liberalization, and rapid technological advancement are reshaping the country's banking landscape. While these changes have introduced new uncertainties and intensified competition, they have also created unprecedented opportunities for institutions that are agile, well-governed, customer-centric, and strategically positioned.

The Board remained firmly focused on safeguarding the Bank's long-term sustainability while positioning it to capitalize on emerging opportunities. Guided by our Sixth-Generation Strategic Plan, we continued strengthening our foundations through disciplined governance, prudent risk management, strategic investments, and an unwavering commitment to serving our customers and creating sustainable value for our shareholders.

A Transforming Economic Landscape

The Ethiopian economy continued to demonstrate resilience despite a complex global environment, geopolitical tensions, supply chain disruptions, commodity price volatility, and tighter financial conditions. Domestically, the Government's economic reform agenda, coupled with significant regulatory developments in the financial sector, is laying the foundation for a more competitive, transparent, and market-oriented economy.

The gradual liberalization of the foreign exchange market, modernization of payment systems, advancements in digital identity infrastructure, and strengthening of financial sector regulations are expected to improve market efficiency and deepen financial intermediation over the medium term. At the same time, banks must continue navigating liquidity pressures, evolving customer expectations, technological disruption, cybersecurity risks, and increasingly sophisticated regulatory requirements.

These developments reaffirm the importance of maintaining strong capital, sound governance, robust risk management, and operational resilience—principles that remain central to the Board's stewardship.

Delivering Our Strategic Priorities

During the year, we continued executing our strategic agenda with clarity and discipline. Our focus remained on creating a modern, customer-centric, digitally enabled institution capable of delivering sustainable growth in an increasingly competitive market.

The Bank continued investing in digital banking capabilities, modern payment solutions, customer relationship management, data analytics, cybersecurity, and process automation. These investments are improving customer experience, increasing operational efficiency, and strengthening the Bank's long-term competitiveness.

At the same time, we remained committed to maintaining a balanced and diversified business model. We continued strengthening our corporate, commercial, SME, retail, and digital banking franchises while enhancing treasury capabilities and expanding value-added financial solutions that support Ethiopia's growing economy.

Our strategic transformation extends beyond technology. It encompasses strengthening our organizational culture, developing leadership capabilities, investing in our people, and embedding innovation throughout the institution. These initiatives position the Bank to respond effectively to changing customer needs and evolving market dynamics.

Governance: The Foundation of Sustainable Success

Strong governance is fundamental to sustaining stakeholder confidence and delivering long-term value. The Board remains committed to the highest standards of integrity, accountability, transparency, and ethical leadership.

Throughout the year, the Board exercised active oversight of strategy execution, financial performance, capital adequacy, enterprise risk management, compliance, cybersecurity, and internal control systems. We continued strengthening governance structures and ensuring that decision-making reflects both regulatory expectations and international best practices.

The Board also devoted considerable attention to emerging strategic risks, including digital disruption, cyber resilience, operational resilience, talent development, and evolving customer expectations. By adopting a forward-looking approach to governance, we continue to enhance the Bank's ability to navigate uncertainty while preserving long-term stability.

Creating Sustainable Value

Our performance during the year reflects the resilience of our business model and the dedication of our employees. Despite operating in a dynamic environment, the Bank continued strengthening its market position, expanding customer relationships, enhancing service delivery, and investing in strategic capabilities that will support future growth.

Beyond financial performance, we remain committed to creating broader economic and social value. Through expanded financial inclusion, support for businesses and entrepreneurs, responsible lending practices, digital innovation, and community investment initiatives, the Bank continues contributing to Ethiopia's economic development and improving access to quality financial services.

We believe sustainable success is measured not only by financial returns but also by the positive impact we create for our customers, employees, shareholders, communities, and the wider economy.

Looking Ahead

As we look to the future, we remain optimistic about the Bank's prospects despite an environment that will continue to demand agility and resilience. Ethiopia's ongoing economic reforms, expanding digital economy, demographic advantages, and increasing financial inclusion present significant opportunities for sustainable growth.

The Board will continue supporting management in accelerating digital transformation, enhancing customer experience, strengthening capital and liquidity management, improving operational efficiency, and embedding innovation across the organization.

Equally important, we will continue reinforcing our governance framework, strengthening enterprise risk management, promoting responsible banking practices, and ensuring that sustainability considerations are increasingly integrated into our strategic decisions.

As we approach the end of the year, we prepare to welcome a new Board of Directors to lead the bank into its next chapter. The incoming Board is poised for a seamless, ready to advance the strategic guidance and oversight with the same unyielding commitment and dedication. I am confident that our Bank will continue to leverage its unique capabilities. Together, we will deliver on our core strategic objectives, drive superior financial and operational results, and create long-term value that satisfies and inspires everyone connected to our journey.

Appreciation

On behalf of the Board of Directors, I extend my sincere gratitude to our shareholders for your continued confidence and trust in Bank of Abyssinia. Your unwavering support remains the foundation of our long-term success.

I also express my appreciation to our valued customers for choosing Bank of Abyssinia as your trusted financial partner; to the National Bank of Ethiopia for their guidance and constructive engagement; and to our business partners for their continued collaboration.

Most importantly, I commend our Chief Executive Officer, the Executive Management Team, and the entire employees of Bank of Abyssinia for their professionalism, integrity, and unwavering commitment throughout the year. Their dedication continues to strengthen our institution and inspire confidence in our future.

Thank you all!

Mekonnen Manyazewal
Chairman of the Board



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Bank of Abyssinia



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App Store

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2.2. Our Executive Management

The Bank is led by 14 Executive Officers with extensive banking experience and proven leadership capabilities, providing the strategic direction and expertise necessary to deliver sustainable growth and long-term value creation.

Profiles of the Executive Management

	<p>Ato Bekalu Zeleke</p> <p>CEO</p>	<div> <div>  Educational background </div> <ul style="list-style-type: none"> * MBA, * BA in Accounting </div> <div> <div>  Primary occupation </div> <ul style="list-style-type: none"> * With over 25 years of banking experience, including more than seven years as CEO of Bank of Abyssinia, 10 years as President, and nearly three years as Vice President of Finance and Accounting at CBE, he brings extensive leadership and expertise across banking, finance, credit, risk management, relationship management, and executive leadership. </div>
	<p>Ato Abdulkadir Redwan</p> <p>Chief Interest Free Banking Officer</p>	<div> <div>  Educational background </div> <ul style="list-style-type: none"> * MBA in General Business Administration, * BA in Economics, * Diploma in Banking and Finance, * Post Graduate Diploma in Computer Science </div> <div> <div>  Primary occupation </div> <ul style="list-style-type: none"> * Over 27 years of experience in banking, with a proven track record in interest-free banking operations, corporate risk management, risk and compliance management, internal audit, credit management, research, branch operations, and executive leadership. </div>
	<p>Ato Abreham Gebeyehu</p> <p>Chief Finance Officer</p>	<div> <div>  Educational background </div> <ul style="list-style-type: none"> * M.Sc. in Economic Policy Analysis, * BA in Economics </div> <div> <div>  Primary occupation </div> <ul style="list-style-type: none"> * Over 30 years of in banking, with a proven track record in financial management, customer management, branch banking, strategy and planning, marketing, credit administration, development finance, project management, research, and executive leadership. </div>
	<p>Ato Asaminew Deribew</p> <p>Chief Credit Officer</p>	<div> <div>  Educational background </div> <ul style="list-style-type: none"> * MBA * Bachelor of Science ("BSC") in Agricultural Economics </div> <div> <div>  Primary occupation </div> <ul style="list-style-type: none"> * Over 24 years of experience in banking, with a proven track record in credit management, corporate risk management, credit assessment, and executive leadership. </div>



	<p>Ato Daniel Hailu</p> <p>Chief Information System Officer</p>	<p>❀ Educational background</p> <ul style="list-style-type: none"> * M.Sc. in Information Technology, * BSC in Physics <p>❀ Primary occupation</p> <ul style="list-style-type: none"> * Over 30 years of experience in banking and others, with a proven track record in information systems, enterprise program management, and executive leadership.
	<p>Ato Desalegn Yizengaw</p> <p>Chief Customer Management Officer</p>	<p>❀ Educational background</p> <ul style="list-style-type: none"> * MBA in General Management * LLB in Law * BA in Accounting <p>❀ Primary occupation</p> <ul style="list-style-type: none"> * Over 26 years of experience in banking, with a proven track record in customer management, financial management, credit administration, branch operations, accounting and finance, and executive leadership.
	<p>Ato Elias Kassa</p> <p>Chief Internal Audit Officer</p>	<p>❀ Educational background</p> <ul style="list-style-type: none"> * MA in Marketing Management, * BA in Public Administration and Development Management <p>❀ Primary occupation</p> <ul style="list-style-type: none"> * Over 30 years of experience in banking, with a proven track record in banking operations, credit administration, district and branch management, customer relations, compliance, and executive leadership.
	<p>W/ro Meseret Asfaw</p> <p>Chief Enterprise Service Officer</p>	<p>❀ Educational background</p> <ul style="list-style-type: none"> * BA Degree in Accounting <p>❀ Primary occupation</p> <ul style="list-style-type: none"> * Over 25 years of experience in banking, with a proven track record in enterprise services, facilities and internal services management, strategy management, monitoring and evaluation, planning and budgeting, and executive leadership.



**Ato Mohammed
Nuredin**

Chief
International
Banking Officer

✨ Educational background

- ✨ MBA
- ✨ BA in Economics

✨ Primary occupation

- ✨ Over 36 years of experience in banking, with a proven track record in international banking, trade services, branch supervision, and executive leadership.



**Ato Seifu
Bogale**

Chief Corporate
HR Officer

✨ Educational background

- ✨ MSC in National Development and Project Planning
- ✨ BSC Degree in Agricultural Economics

✨ Primary occupation

- ✨ Over 41 years of experience in banking, with a proven track record in human resource management, facilities management, strategy and planning, systems transformation, executive leadership, and development consultancy.



**W/ro Sosina
Mengesha**

Chief Digital
Banking Officer

✨ Educational background

- ✨ MBA
- ✨ BA in Management

✨ Primary occupation

- ✨ Over 29 years of experience in banking, with a proven track record in digital banking, information systems, strategy management, e-payments, program and project management, business development, marketing, and executive leadership.



**Ato Yetenayet
Awgechew**

Chief Risk and
Compliance
Management
Officer

✨ Educational background

- ✨ MA in Accounting and Finance,
- ✨ BA in Accounting,
- ✨ Certified Chartered Accountant (ACCA)
- ✨ Certified in Risk and Information Systems Control (CRISC)

✨ Primary occupation

- ✨ Over 28 years of experience in banking, with a proven track record in risk management, compliance, bank supervision, and executive leadership.



**Ato Wosenyeh
Aberra**

Deputy Chief
Customer
Relationship
and Acquisition
Officer

✨ **Educational background**

- ✧ MBA in Human Resource Management,
- ✧ BA in Business Management,
- ✧ Diploma in Accounting

✨ **Primary occupation**

- ✧ Over 23 years of experience in banking, with a proven track record in customer acquisition and relationship management, branch operations, interest-free banking, customer accounts, transaction services, and executive leadership.



**Ato Yoseph
Alemayehu Mesfin**

Deputy Chief
Customer Support
Officer

✨ **Educational background**

- ✧ BA in Business Management.

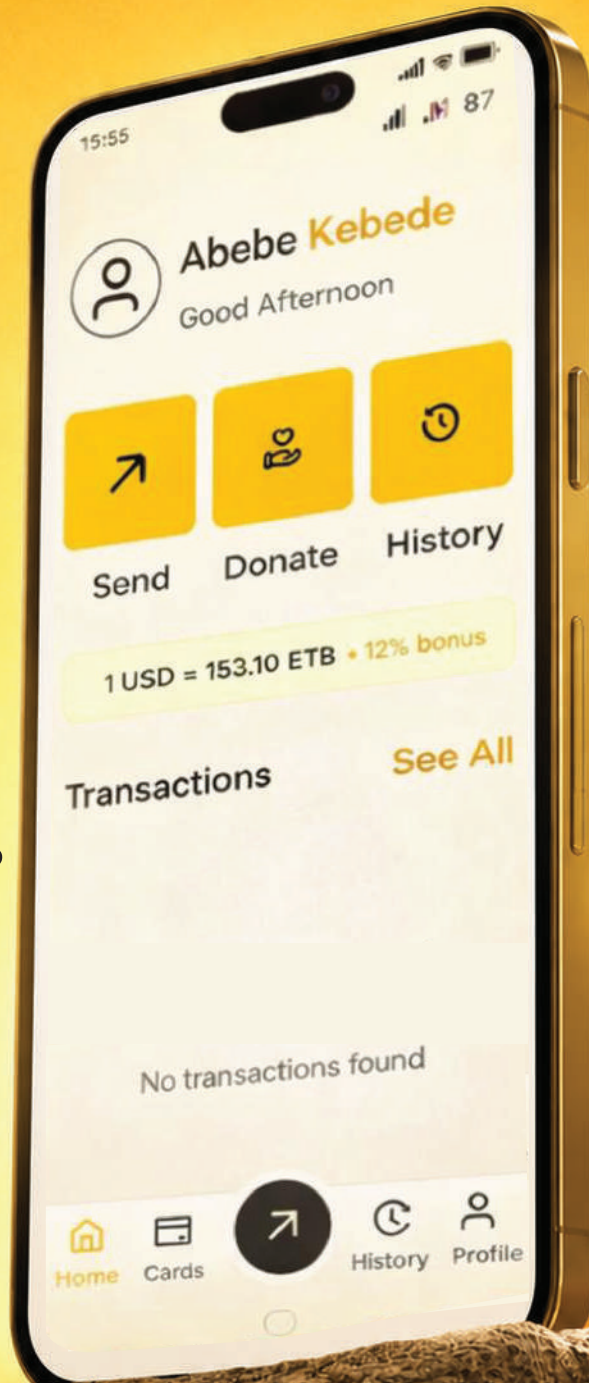
✨ **Primary occupation**

- ✧ Over 29 years of experience in banking, with a progressive career spanning district management, operations management, branch management, supervision, and senior banking service.



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Bank of Abyssinia

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CHIEF EXECUTIVE OFFICER'S MESSAGE



“Delivering Sustainable Performance in a Transforming Environment”

Ato Bekalu Zeleke
Chief Executive Officer

Dear Valued Shareholders,

The 2025/26 financial year marked another important milestone in Bank of Abyssinia's transformation journey. It was a year defined by significant economic reform, rapid technological advancement, evolving customer expectations, and increasing competition across the financial services industry. While the operating environment remained complex, it also reinforced the importance of institutions that combine strategic clarity with disciplined execution, operational resilience, and the ability to innovate.

Against this backdrop, Bank of Abyssinia delivered resilient performance while continuing to invest in the capabilities that will define our future competitiveness. Our progress during the year reflects the strength of our business conduct, the commitment of our employees, the confidence of our customers, and the disciplined execution of our strategic priorities.

As we continue implementing our Sixth-Generation Strategic Plan, our ambition remains clear: to build a more agile, customer-centric, digitally enabled, and operationally excellent institution that consistently creates sustainable value for all stakeholders.



Delivering Sustainable Business Performance

Our performance during the year demonstrates the resilience of our diversified business model and the effectiveness of our long-term strategy. We delivered a strong financial performance registering a profit before tax of Birr 15.85 billion, a 56.3% growth year-over-year driven by increased earning assets and diversified income bases. Total revenue reached Birr 55.24 billion showing annual growth of 41.38%, while operating expenses showed annual growth of 36.2% and reached Birr 39.39 billion owing to our strategic expenditures in digital expansion, personnel expenses and customer experience enhancement initiatives resulted in year-over-year. Return on equity has jumped to 29% from 25.3% a year ago and RoA became 3% from 2.55% last year driven by faster asset growth.

Despite heightened market competition, changing regulatory expectations, foreign exchange reforms, and continued global economic uncertainty, we maintained disciplined balance sheet growth while preserving liquidity and risk positions. Our deposit base reached to Birr 318.79 billion, the loans and advances position net of provision attained Birr 249 billion, our total asset position claimed to be Birr 381.50 billion. Our business continued to generate value through a balanced mix of funded and non-funded income streams, supported by growing customer activity across retail, commercial, corporate, treasury, and digital banking.

Equally important, we continued to improve the quality of our earnings by strengthening transaction banking, expanding foreign exchange services, enhancing treasury capabilities, and increasing the contribution of fee- and commission-based income. This reflects our deliberate strategy to build a more diversified, resilient, and sustainable business model capable of generating value across economic cycles.

Our financial performance should not be viewed solely through the lens of annual profitability. Rather, it reflects continued investment in technology, people, governance, and customer capabilities that will enhance our long-term competitive position.

Executing Our Strategy

Execution remains the defining characteristic of our transformation.

Over the past year, we accelerated initiatives designed to simplify our business, modernize our operating model, and strengthen customer engagement. We continued investing in digital banking platforms, payment solutions, data capabilities, cybersecurity, and process automation to improve customer experience while enhancing operational efficiency.

Technology is no longer simply an enabler of banking—it has become the foundation upon which modern banking is built. Accordingly, we are redesigning our operating model to become increasingly data-driven, digitally integrated, and customer-focused.



Digitizing branch processes, the Bank managed to eliminate manual paperwork thereby accelerating service delivery. Furthermore, our branch network continues evolving into advisory and relationship centers supported by seamless digital infrastructure. We are leveraging technology to remove complexity from customer journeys, improve turnaround times, strengthen service reliability, and create more personalized banking experiences. The Bank continued investing on upgrading and enhancement of core banking system which showed good results in supporting transactions success rate, volume growth as well as increased uptimes so that critical systems availability reached 99.81% by June 30, 2026 while the financial transactions through digital channels, i.e. BoA Mobile, Apollo, Abyssinia Online and card banking, accounted for 82% of all transactions.

Alongside technology investments, we continued strengthening enterprise capabilities through leadership development, talent management, organizational effectiveness, and a high performance culture that encourages accountability, innovation, collaboration, and continuous improvement.

These investments are reshaping the Bank into a more responsive institution capable of competing successfully in Ethiopia's rapidly evolving financial landscape.

Building Resilience through Sound Risk Management

In an increasingly uncertain environment, resilience is becoming one of the most important competitive advantages.

Throughout the year, we maintained our disciplined approach to risk management while continuing to strengthen governance, capital planning, liquidity management, and operational resilience. Our enterprise-wide risk framework continues to evolve in response to emerging risks, including cyber threats, operational disruption, and rapidly changing regulatory expectations.

We also continued strengthening our control environment through enhanced compliance, internal controls, technology governance, and data security. We keep enhancing our security posture in an agile manner to protect the interests of our customers against scams amid the evolving threat landscape. As deterring scams and fraud require the whole ecosystem to work together beside the Bank's security measures, we continue to raise customer awareness and support them exercise caution to safeguard themselves against such threats.

Our objective is not simply to manage risk, but to build a resilient institution capable of performing consistently under a wide range of economic conditions and operating environments.

Creating Long-Term Value

Creating sustainable value extends well beyond financial performance.

As one of Ethiopia's leading financial institutions, we play an important role in supporting economic development, facilitating trade, promoting entrepreneurship, advancing financial inclusion, and enabling investment across the economy.

Throughout the year, we continued supporting businesses of all sizes, empowering individuals through accessible financial services, expanding digital financial inclusion, and strengthening relationships across every customer segment.



We also recognize that sustainable success increasingly depends upon responsible business practices. Consequently, we continue integrating environmental, social, and governance considerations into our strategic decision-making, recognizing that long-term profitability and responsible banking are mutually reinforcing objectives.

Our purpose remains clear—to create lasting value for our customers, our shareholders, our employees, and the communities we serve.

Looking Forward

The transformation of Ethiopia's financial sector is accelerating.

Macroeconomic reforms, increasing digital adoption, modernization of payment infrastructure, expanding private sector participation, and ongoing financial liberalization will continue reshaping competitive dynamics over the coming years. While uncertainty remains, we believe these structural changes will create significant opportunities for institutions prepared to innovate, adapt, and execute with discipline.

Accordingly, our strategic priorities in the year ahead shall revolve around the following focus areas.

- Continue strengthening our balance sheet through disciplined capital allocation, prudent risk management, and sustainable revenue diversification. The Bank remains steadfast on fortifying its resilience in an evolving environment enabling us mitigate risks as well as proactively identify and capitalize on opportunities.
- Enhancing the customer centricity approaches by fostering customer relationships and deepening customer engagements through simpler, faster, and more personalized banking experiences.
- Accelerating digital transformation through continued investment in technology (Including AI), automation, analytics, cybersecurity, and innovation. We continue reshaping our business to drive growth across digital initiatives including integrating digital lending and innovative digital solutions.

Doubling down on productivity efforts by simplifying and digitalizing our processes, streamlining costs and strengthening execution across the organization.

Finally, we will continue investing in our people and organizational capabilities, recognizing that our long-term success ultimately depends upon the quality, commitment, and integrity of our workforce.

These priorities will guide our next phase of growth as we continue building a stronger, more resilient, and future-ready Bank.

Appreciation

The achievements of the past year are the result of the collective efforts of many people.

I extend my sincere appreciation to our customers for the confidence they place in Bank of Abyssinia every day. I thank our shareholders for their continued trust and long-term commitment to the Bank. My gratitude also goes to the Board of Directors for its strategic guidance and to the National Bank of Ethiopia for its continued partnership and oversight.

Above all, I wish to recognize the commitment of our employees. Their professionalism and unwavering dedication to our customers continue to define our institution and inspire confidence in our future.

As we look ahead, we remain confident in our strategy, optimistic about the opportunities before us, and committed to building a stronger Bank that delivers sustainable value while contributing meaningfully to Ethiopia's economic transformation.

Bekalu Zeleke
Chief Executive Officer

OPERATING ENVIRONMENT

THE OPERATING ENVIRONMENT

-  Global Socioeconomic Development
-  Domestic Socioeconomic Development
-  Regulatory environment

3

Global Socioeconomic Development

Despite heightened geopolitical tensions, the global economy has remained relatively resilient in 2026. Although the escalation of the Middle East conflict, particularly its impact on energy markets and the Strait of Hormuz, has weakened the near-term outlook through higher energy prices and inflationary pressures, continued investment in artificial intelligence (AI), technological innovation, and supportive macroeconomic policies have helped mitigate the slowdown.

According to the IMF's July 2026 World Economic Outlook Update, global GDP growth is projected at 3.0% in 2026, recovering to 3.4% in 2027, while global inflation is expected to rise to 4.7% in 2026 before easing to 3.9% in 2027. Similarly, the OECD forecasts global growth of 2.9% in 2026 and 3.0% in 2027, noting that higher energy prices, supply-chain disruptions, and geopolitical uncertainty will continue to weigh on economic activity. However, these headwinds are expected to be partly offset by strong AI-driven investment, supportive fiscal and monetary policies, and continued technological advancement.



Regionally

The global economic outlook for 2026 remains characterized by moderate but uneven growth amid persistent geopolitical tensions, elevated energy prices, and weaker global trade. According to the OECD, the United States' economy is projected to slow from 2.0% in 2026 to 1.7% in 2027, while the Euro Area is expected to improve modestly from 0.8% to 1.2%, supported by higher public investment and easing financial conditions. China's economy is forecast to continue its structural slowdown, with growth moderating to 4.4% in 2026 and 4.3% in 2027, reflecting weak domestic demand and continued challenges in the property sector. The World Bank projects growth in Europe and Central Asia to slow to 2.1% in 2026, constrained by geopolitical uncertainty and weaker external demand. Sub-Saharan Africa is expected to expand by 4.2% in 2026, supported by improving macroeconomic stability and domestic demand, although high debt servicing costs, foreign exchange pressures, and climate-related risks continue to weigh on the region. Growth in Developing East Asia and the Pacific is projected at 4.2% in 2026, before strengthening slightly to 4.4% in 2027, while Latin America and the Caribbean is expected to grow by only 2.1%, reflecting weak investment and productivity. Meanwhile, the outlook for the Middle East and North Africa has weakened significantly, with real GDP growth projected at approximately 1.8% in 2026 as heightened geopolitical tensions, lower oil production, and supply disruptions continue to dampen economic activity. Overall, while easing inflation and ongoing policy reforms are expected to support growth in several regions, downside risks from geopolitical conflicts, trade fragmentation, fiscal tightening, and financial market volatility remain elevated.

Also the outlook for global trade remains cautious. According to UNCTAD, the WTO, and the IMF, trade growth is expected to moderate during the remainder of 2026 as geopolitical tensions, policy uncertainty, and weaker global demand weigh on international commerce. Nevertheless, continued investment in AI, digital technologies, renewable energy, and stronger South–South trade is expected to provide partial support, although these factors are unlikely to fully offset the impact of rising trade barriers and geopolitical fragmentation.

Domestic Socioeconomic Development

Ethiopia's growth trajectory remains among the strongest in Sub-Saharan Africa. Government sources continue to report real GDP growth of more than 7% annually since 2023, with 9.2% recorded in the year ending June 2025 and a projection of 10.2% for 2025/26 FY, while the World Bank's more conservative estimate places 2026 growth at around 8%. Following its May 2026 mission to Addis Ababa, the IMF assessed that although the war in the Middle East has created a significant external shock, disrupting trade routes, causing temporary fuel shortages, and driving up the cost of imported fuel and fertilizer, the impact on Ethiopia's growth and consumer prices has so far remained moderate, with overall economic activity continuing to demonstrate resilience.

Economic growth continues to be driven on the supply side by services, agriculture, and industry, and on the demand side by robust personal consumption and investment, with mining, especially gold, remaining a strong performer. The structural composition of GDP continues its gradual shift: agriculture's share declined from 32.1% in 2021 to 31.0% in 2025/26, industry expanded from 28.9% to 29.8% over the same period on the back of construction and manufacturing, and services, while still the largest sector, eased slightly from 39.0% to 39.2% after a mid-period peak. The IMF's fifth ECF review noted continued improvement in the volume and value of Ethiopia's exports through early 2026, a positive signal for the diversification agenda underpinning this sectoral shift.

Moreover, Ethiopia's strategic reforms continue to open new investment opportunities across key sectors. Infrastructure projects, including the Bishoftu International Airport (to be build) and regional rail and road corridors, are enhancing trade connectivity, while the Grand Ethiopian Renaissance Dam continues to boost energy generation, positioning Ethiopia as a potential regional power exporter.

In agribusiness, Ethiopia's vast arable land and status as the birthplace of Arabica coffee continue to offer opportunities for value-added processing and expanded exports, an advantage reinforced this quarter by coffee's renewed price strength. A planned USD 2.5 billion fertilizer plant in Gode remains positioned to reduce import reliance and support regional exports.

The digital economy continues to grow rapidly under the "Digital Ethiopia 2025" strategy and ongoing telecom deregulation, while manufacturing and industrial parks retain strong growth potential in textiles, leather, pharmaceuticals, and agro-processing. Ethiopia's exports, primarily coffee, gold, livestock, and horticultural products, continue to generate around USD 5-6 billion annually, against imports of USD 17-18 billion, underscoring the ongoing push to expand manufacturing capacity.

Regulatory Environment

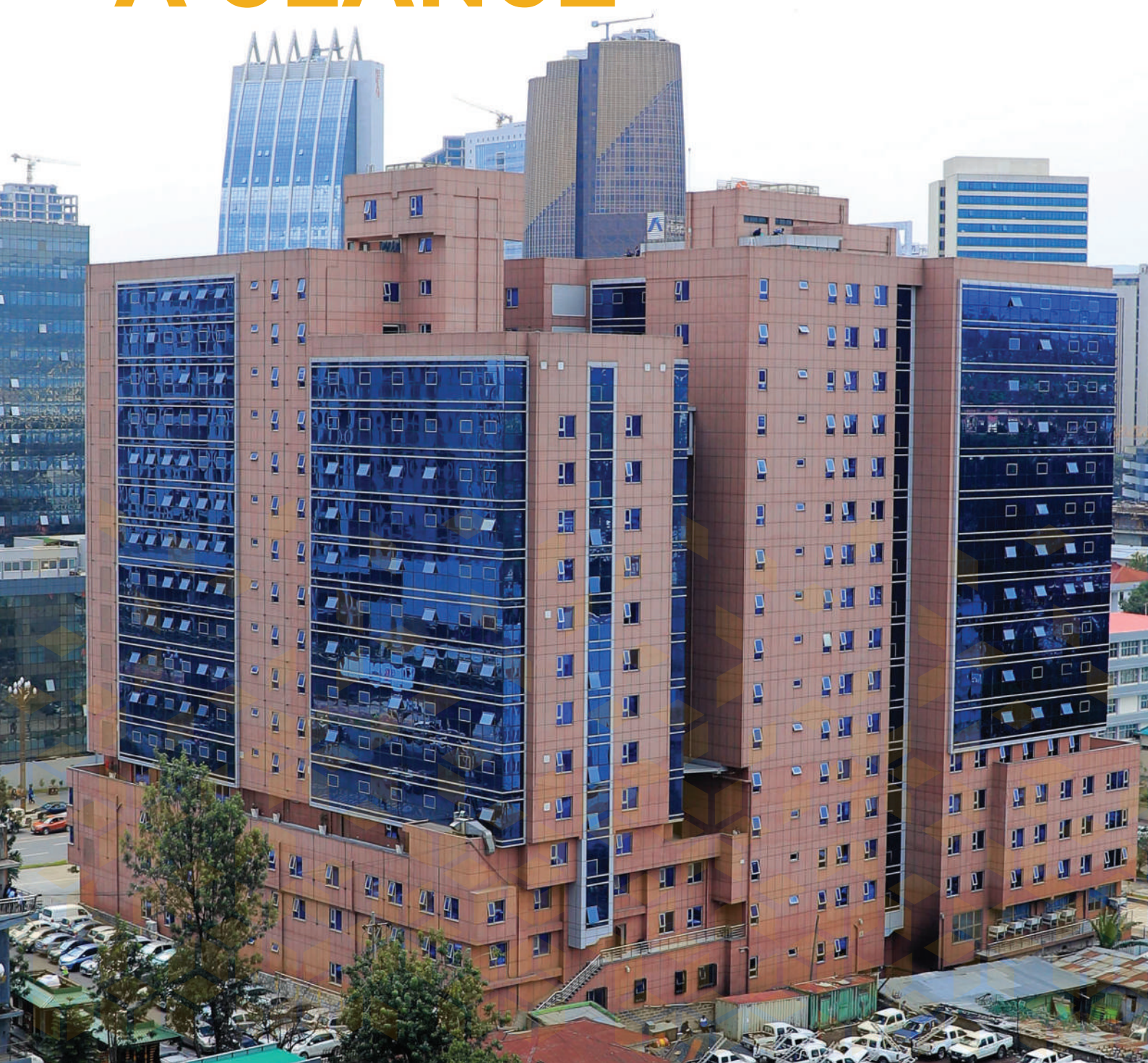
Ethiopia's macroeconomic environment remained resilient during the reporting period, although inflationary pressures re-emerged. After easing to 9.4% in March 2026, headline inflation accelerated to 11.7% in April and 13.4% in May, driven primarily by rising food prices, higher global energy and fertilizer costs, and supply chain disruptions linked to the Middle East conflict. In response, the National Bank of Ethiopia (NBE) maintained a tight monetary policy stance, keeping the policy rate at 15%, the standing lending and deposit facility rates at 18% and 12%, respectively, while retaining a 24% credit growth ceiling and a 10% reserve requirement to contain inflation and safeguard financial stability FY2025/26. Although these measures are expected to support macroeconomic stability, higher inflation and tighter monetary conditions may increase funding costs, weaken borrowers' repayment capacity, and moderate credit growth across the banking sector.

The external sector continued to improve despite ongoing foreign exchange constraints. The current account deficit narrowed to USD 991 million during July–December 2025 from USD 1.8 billion a year earlier, while international reserves increased to cover more than three months of imports. Foreign exchange market reforms helped narrow the gap between the official and parallel exchange rates, with the official auction rate reaching around Birr 157 per US dollar by June 2026.



Fiscal policy remained prudent, with the fiscal deficit projected to remain below 2% of GDP, supported by stronger domestic revenue mobilization and expenditure discipline. Meanwhile, Ethiopia reached a staff-level agreement with the IMF on the fifth review of its USD 3.4 billion Extended Credit Facility (ECF), paving the way for an additional USD 468 million in financing. Looking ahead, the economy is expected to remain one of the fastest growing in Sub-Saharan Africa, with GDP growth projected at 7.2% by the IMF and 8.9%–10.2% by the Government for FY2025/26, although inflation, external financing conditions, and geopolitical developments continue to pose downside risks.

BOA AT A GLANCE



BOA AT A GLANCE

- 📍 Operational Performance
- 📍 Financial Performance
- 📍 Five-Year Performance

4

4.1. OPERATIONAL PERFORMANCE

4.1.1. Deposits

During fiscal year 2025/26, the Bank continued to demonstrate strong growth momentum, mobilizing incremental deposits of Birr 75.61 billion a 31.1% increase over the previous fiscal year. This performance brought the Bank's total outstanding deposits to Birr 318.79 billion as of June 30, 2026.

The Bank's resource mobilization efforts delivered strong results across all deposit categories, underscoring the effectiveness of its deposit-generation strategies, with saving deposits contributing the largest share, followed by demand and IFB deposits. The Bank's deposits comprised 63.12% savings, 15.77% demand, 12.80% IFB, and 8.30% fixed time deposits.

Fig 1: Deposit Amount

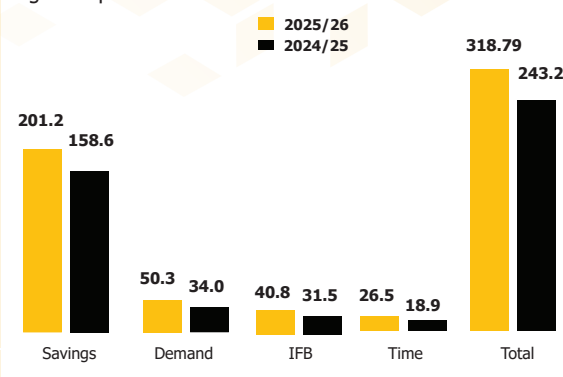
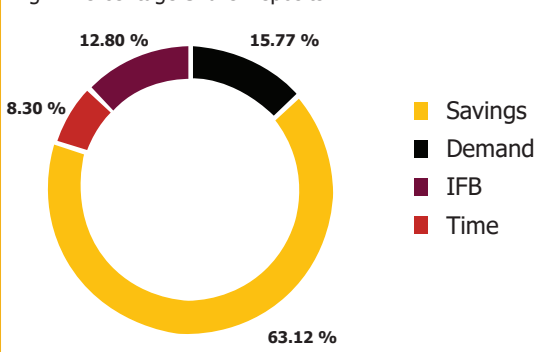


Fig 2: Percentage Share Deposits



4.1.2. Loans and Advances

The Bank's total outstanding loans and advances (P+I) reached Birr 248 billion (Excluding IFB Financing) at the end of FY 2025/26, up by Birr 54.65 billion from the previous period conventional loans before loan loss allowance.

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 87.25%, 7.60%, and 5.15% of total outstanding loans and advances, respectively.

Fig 3: Outstanding Loans and Advances (total carrying amount)

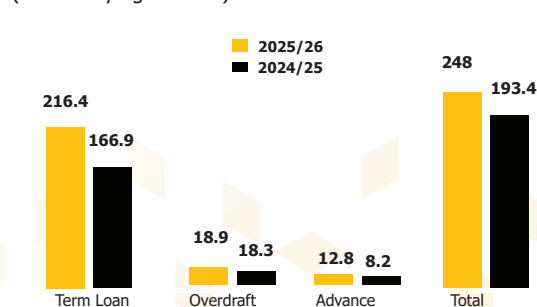
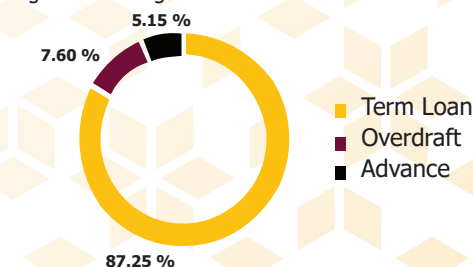


Fig 4: Percentage Share of Loans and Advances



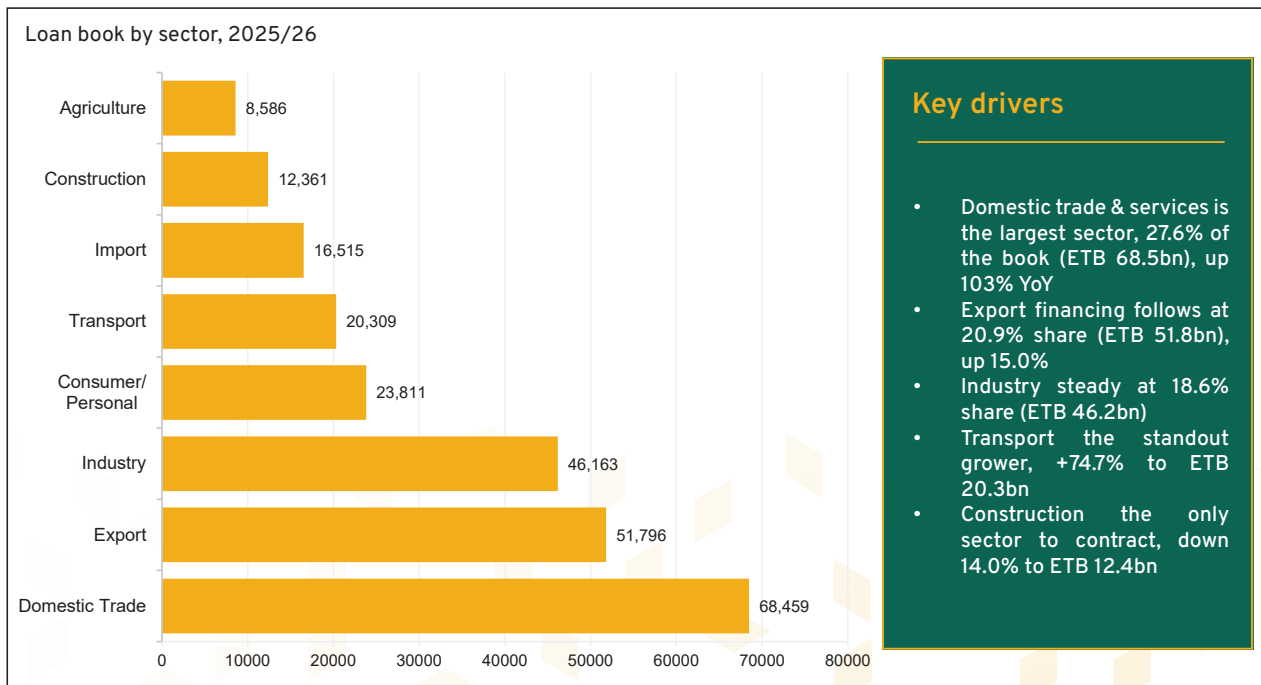


Loans and Advances by Sector

The loan distribution by sector indicates that while increases are registered in all economic sectors except construction, Industry and agriculture during the year, a substantial percentage increases were observed in DTS (102.12%), Transport (73.82%) and other/personal (18.94%), while in absolute terms Other loans, Import and Export sector loans have grown in higher amounts from previous levels.

Domestic trade and export lead the loan book

Gross loans & advances by economic sector, 2025/26 (In Millions of Birr)



International Banking Services

The Bank generated USD 966.64 million in foreign currency earnings during the fiscal year, marking a robust 45.79% increase compared to the previous year's performance. 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.

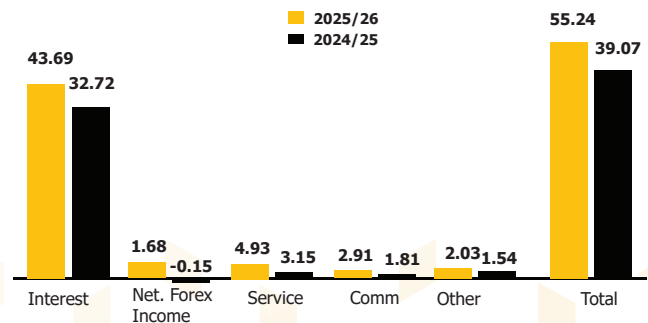


4.2. FINANCIAL PERFORMANCE

4.2.1 Income

The total revenue for the year was Birr 55.24 billion, increasing by Birr 16.17 billion (41.38% rise). The highest proportion, i.e., 79.09% of total income was derived from interest income, followed by service charges, which stood at 8.92%.

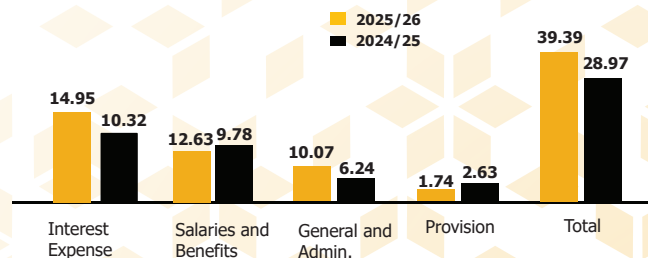
Fig 6: Income by Major Categories



4.2.2 Expenses

The total amount of expenses in the fiscal year rose by Birr 10.48 billion (36.17%) and reached Birr 39.39 billion. The largest share of expenses was that of interest expenses at 37.83%, followed by Salaries and Benefits, which made up 31.97%. General and administrative expenses and provision expenses made up the remaining portion, at 25.49% and 4.41%, respectively.

Fig 7: Expense by Major Categories

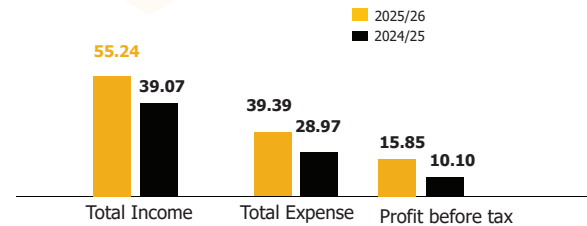




4.2.3 Profitability

The Bank has achieved a higher profit for the year ended June 30, 2026, i.e., a profit before tax of Birr 15.85 billion, which was higher by 56.91% than the profit earnings of the preceding year.

Fig 8: Profit

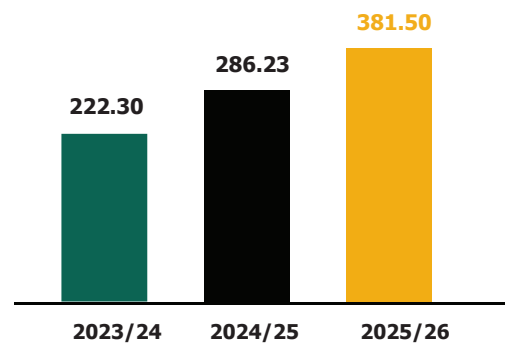


4.2.4. Total Assets

The Bank's assets have risen significantly in size over the year. Total assets increased to Birr 381.50 billion as at June 30, 2026 from last year's Birr 286.23 billion, a growth of Birr 95.27 billion, i.e. by 33.28%.

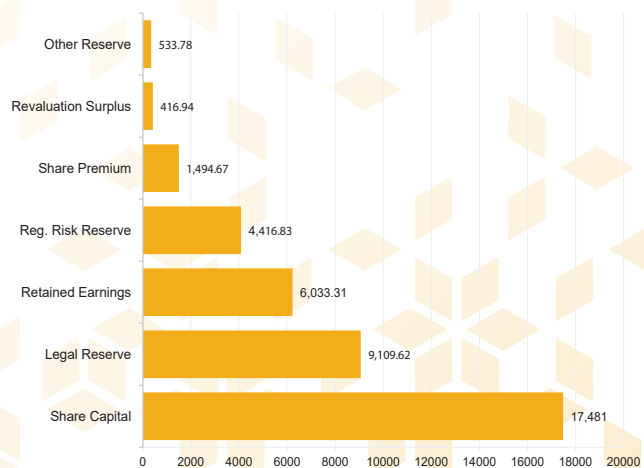
Loans and advances made up the majority of the Bank's assets, at 65.27% share of total assets, followed by cash and cash equivalents (20.03%), investment securities (4.83%), and other assets (4.85%). Property, plant and equipment, right of use leased assets, intangible assets and investment property make up the remaining asset position, which collectively made up 5.02% of the Bank's overall asset position.

Fig 9: Asset Growth



4.2.5 Equity of the Bank

The Bank's total capital increased by 36.62% to ETB 39.51 billion, supported by a 16.5% increase in share capital to ETB 17.48 billion following the capital raise. The regulatory risk reserve more than doubled by 145.96% to ETB 4.42 billion, while the legal reserve grew by 46.3% to ETB 9.11 billion. Retained earnings also increased by 21.3% to ETB 6.03 billion, alongside a significant rise in share premium, further strengthening the Bank's overall capital base.



4.2.6. APPROPRIATION OF RETAINED EARNINGS

During the Fiscal Year 2025/26, the Bank secured a net profit (after tax and provision) of Birr 11.54 billion. The Board of Directors, therefore, recommends Birr 6.03 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.

4.2.7. 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.

Ato Mekonnen Manyazewal

Chairperson

Ato Aemero Belete

D/Chairperson

Ato Kassahun Zewdie

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

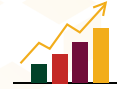


Mekonnen Manyazewal
Chairperson, Board of Directors



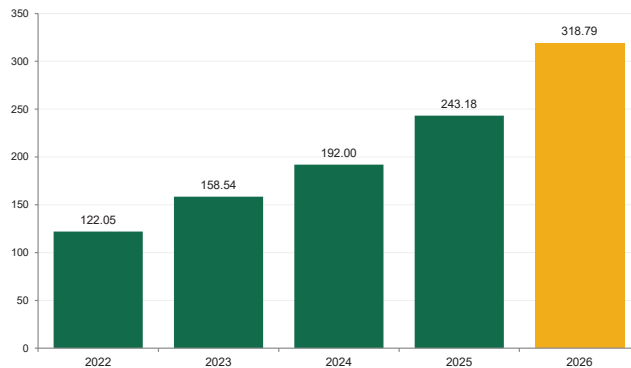
Bekalu Zeleke
Chief Executive Officer

4.3. FIVE-YEAR PERFORMANCE



Deposit

CAGR (2022 – 2026): 27.1%

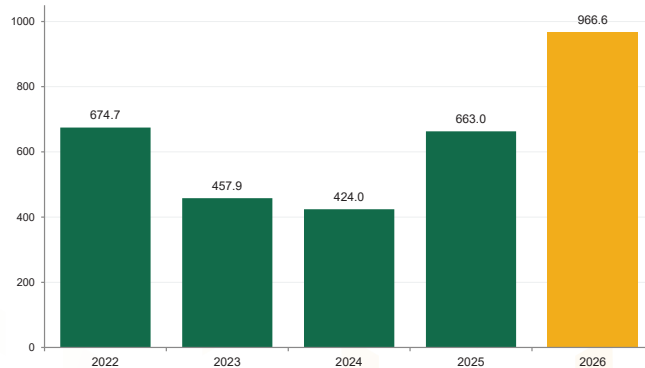


Grew 31.1% to Birr 318.79 billion in FY2025/26, sustaining a five-year CAGR of 27.1% and continuing to underpin the Bank's balance-sheet expansion.

Savings deposits remain the dominant funding source at 63.1% of the FY2025/26 total, followed by demand deposits (15.8%), Interest-Free Banking/IFB deposits (12.8%) and time deposits (8.3%).

Foreign Currency (FCY)

CAGR (2022 – 2026): 9.4%



Rose 45.8% to USD 966.6 million in FY2025/26, the highest level in the five-year period, after dipping to USD 424.0 million in FY2023/24.

The five-year path was not linear: FCY holdings fell for two consecutive years (FY2022/23 and FY2023/24) before rebounding sharply in FY2024/25 and FY2025/26, a pattern consistent with Ethiopia's evolving foreign-exchange market conditions over the period.

Strengthened FCY liquidity supports trade finance and cross-border transaction capacity.

Loans, Advances and IF Financing

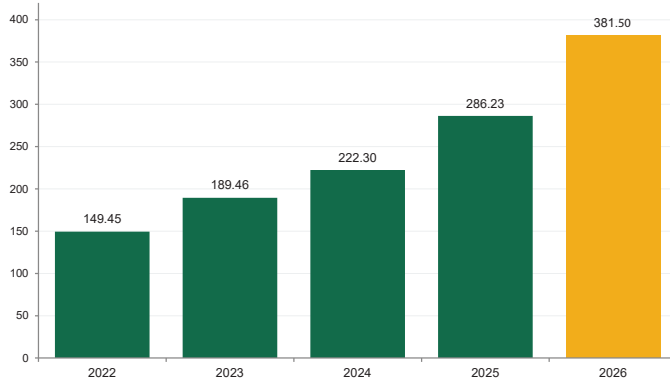
CAGR (2022 – 2026): 21.6%



Grew to Birr 249.00 billion in FY2025/26, a five-year CAGR of 21.6%, consistently trailing deposit growth and keeping the loan-to-deposit ratio within a prudent range (78.1% in FY2025/26).

Total Assets

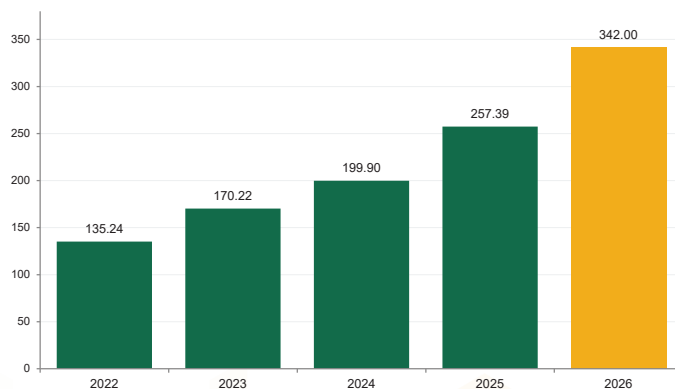
CAGR (2022 – 2026): 26.4%



Grew 33.2% to Birr 381.50 billion in FY2025/26, a five-year CAGR of 26.4%, with the balance sheet more than doubling over three years to more than 2.5x its FY2022/23 size.

Total Liabilities

CAGR (2022 – 2026): 26.1%

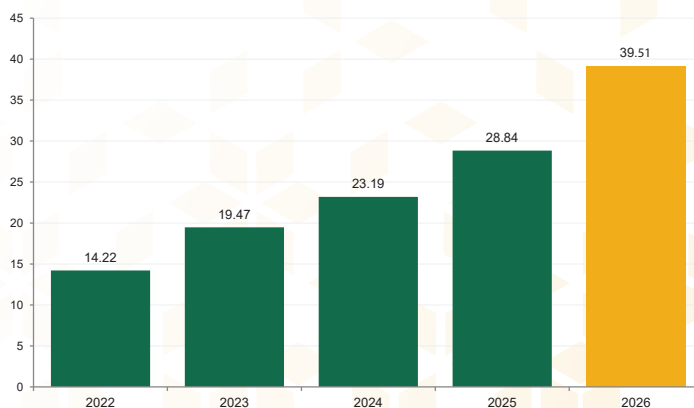


Grew 32.9% to Birr 342.00 billion in FY2025/26, a five-year CAGR of 26.1%, tracking closely with the growth in total assets (26.4% CAGR) and customer deposits (27.1% CAGR).

Liabilities represented 89.7% of total assets in FY2025/26, consistent with the prior year, with customer deposits the dominant liability at Birr 318.79 billion.

Total Equity Capital

CAGR (2022 – 2026): 28.8%

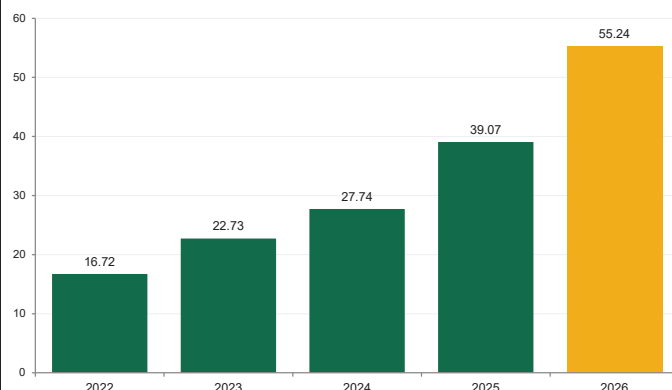


Grew 35.7% to Birr 39.51 billion in FY2025/26, a five-year CAGR of 28.8%, driven primarily by strong retained-earnings growth off the back of the Bank's improved profitability.

The growth in capital however, didn't keep pace with the growth in asset.

Total Income

CAGR (2022 – 2026): 34.8%



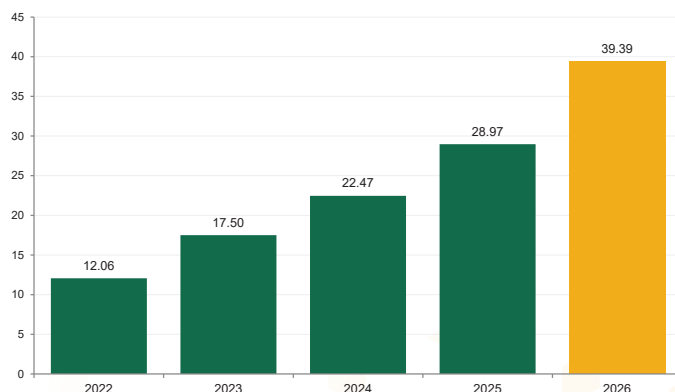
Grew 41.4% to Birr 55.24 billion in FY2025/26, extending a five-year run of accelerating growth (CAGR 34.8%) driven mainly by strong book growth across deposits and loans.

The pace of growth stepped up sharply from FY2024/25 onward, reflecting the compounding effect of a fast-expanding loan book (Birr 248.0 billion at FY2025/26, up 28.3% y/y) and deposit base (Birr 318.79 billion, up 31.1% y/y).

This top-line growth is the primary driver of the Bank's improved profitability and return on equity over the period.

Total Expense

CAGR (2022 – 2026): 34.5%



Grew 36.2% to Birr 39.39 billion in FY2025/26, a five-year CAGR of 34.5%.

Interest expense was the fastest-growing single cost line, up 44.8% y/y to Birr 14.95 billion in FY2025/26.

Managing the pace of expense growth relative to income remains central to sustaining the recent improvement in the cost-to-income ratio.

Profit Before Provision and Tax

CAGR (2022 – 2026): 35.7%

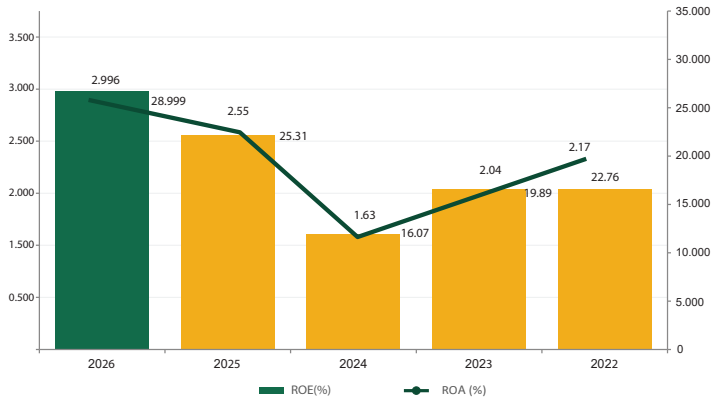


Grew 56.3% to Birr 15.85 billion in FY2025/26, a five-year CAGR of 35.7% — the fastest-growing headline metric in this set.

Growth was near-flat in FY2023/24 (Birr 5.28 billion, up just 0.9% y/y) before more than doubling over the following two years, mirroring the same inflection seen in net profit and cost-to-income ratio.

ROE & ROA

CAGR (2022 – 2026): 36.9%

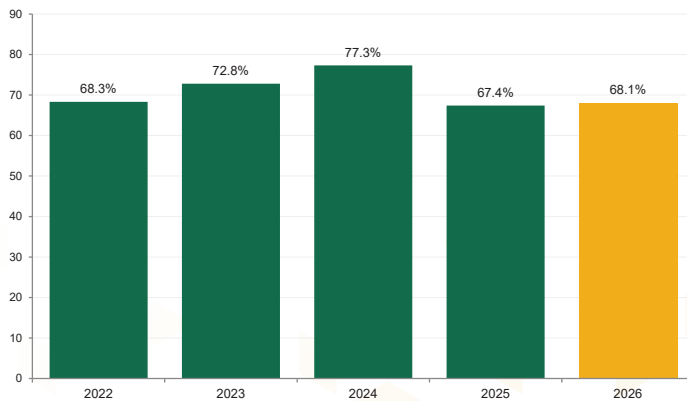


Improved to **3%** in FY2025/26 from 2.55% the prior year, its highest level in the five-year period, after falling to a low of 1.63% in FY2023/24.

Return on equity (ROE) reached 29.0%, its highest level in the five-year period, after a dip to 16.1% in FY2023/24 driven by elevated impairment charges that year. **Momentum** was underpinned by strong balance-sheet growth, improved cost discipline.

Cost-to-income ratio

Change (2022 – 2026): -0.2 pts



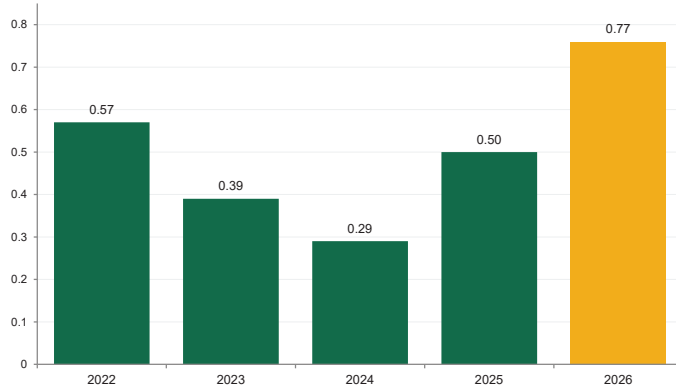
Improved to 68.1% in FY2025/26 from a five-year peak of 77.3% in FY2023/24, as income growth (up 41.4% y/y) outpaced the growth in operating expenses.

FY2024/25 marked the strongest efficiency gain of the period, with the ratio falling to 67.4% — its best level in the five-year range — before edging up slightly in FY2025/26 as the Bank continued to invest in growth.

Sustaining cost discipline while scaling the balance sheet remains a key lever for further profitability and ROE gains.

Earnings per share

CAGR (2024 – 2026): 7.3%

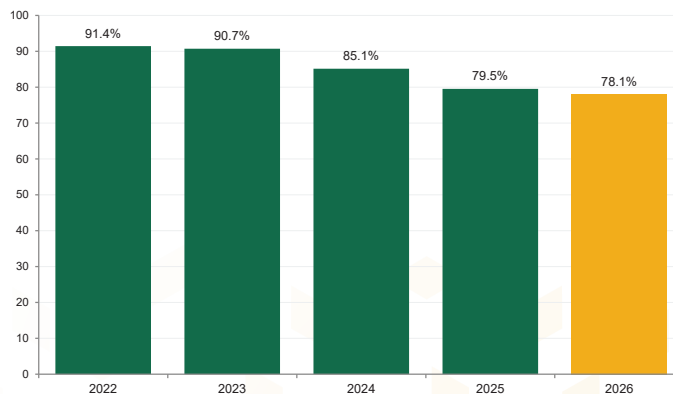


Rose to Birr 0.77 in FY2025/26 from Birr 0.50 the prior year, a five-year CAGR of 7.3% — a slower pace than net profit growth (36.9% CAGR), implying share-capital growth over the period.

EPS dipped to a five-year low of Birr 0.29 in FY2023/24, the same year net profit and gross profit both plateaued, before recovering strongly over the following two years.

Loan to deposit ratio

Change (2022 – 2026): -13.3 pts



Declined steadily from 91.4% in FY2021/22 to 78.1% in FY2025/26, a fall of 13.3 percentage points, as deposit growth (27.1% CAGR) consistently outpaced loan growth (21.6% CAGR).

This is a result of increase in regulatory liquidity reserve requirements, increased in working capital requirements and a deliberate build-up of liquidity buffer alongside continued lending growth.



አቢሲኒያ ባንክ
Bank of Abyssinia

APOLLO

በጽኑ ያስቀምጡ በጽኑ ያጠቀሙ!

የፋይናንስ ሽርቶች ካርድ፣ አስጥሎ አቀፍ
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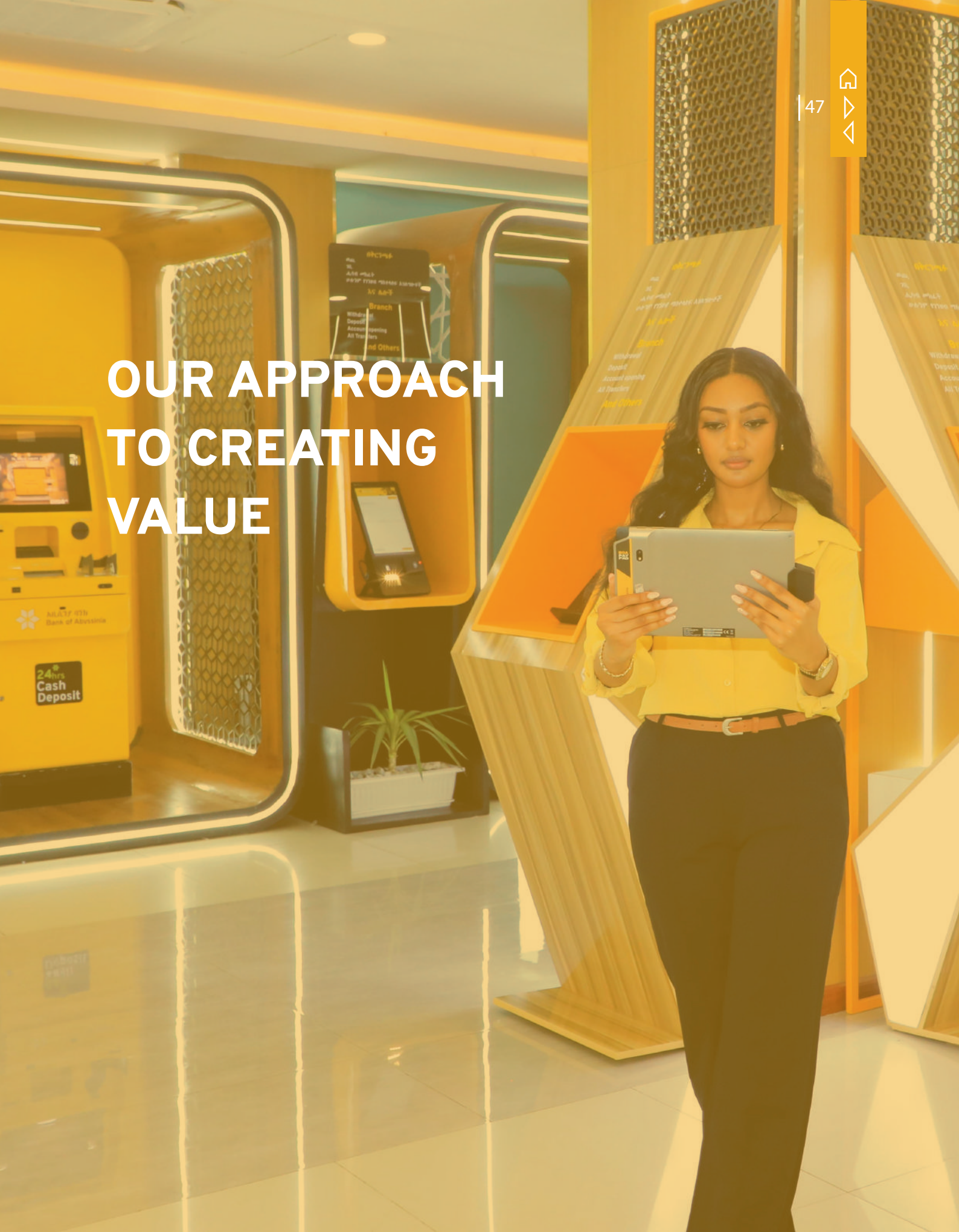


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Google Play



Download on the
App Store

OUR APPROACH TO CREATING VALUE



OUR APPROACH TO CREATING VALUE

-  Who We Are
-  Vision, Mission, Value
-  Our Strategy Highlight
-  Business Model
-  Our Product Portfolio at
a Glance
-  Recognition, Certifications
& Milestones



5.1. WHO WE ARE

Bank of Abyssinia (BoA), which is named after the pioneer bank of the land, is one of the few private banks, established in 1996. BoA was established as a share company by a diverse group of individual and corporate investors drawn from various sectors and walks of life. The Bank was created with a clear vision: to provide a full spectrum of modern and reliable commercial banking services that meet the growing needs of customers across Ethiopia.



The name “Abyssinia” carries deep historical and cultural significance, as it refers to the ancient name of Ethiopia one of the world’s oldest civilizations. It invokes a strong sense of national pride and identity among Ethiopians. The name, paired with the Bank’s emblem the Adey Abeba, a native flower symbolizing renewal and hope embodies the Bank’s commitment to fresh beginnings, resilience, and a brighter future. This symbolism reinforces BoA’s identity as a trustworthy and forward-looking institution, grounded in the values of hard work, optimism, and determination.

BoA began its journey with an initial shareholder base of 131 individuals, a subscribed capital of Birr 25 million, and a paid-up capital of Birr 17.78 million. Its operational footprint started modestly with one branch Bole Branch on Bole Road of Addis Ababa. However, through strategic growth and strong public acceptance, the Bank quickly expanded both in size and service capacity.

Today, Bank of Abyssinia has transformed into one of the leading financial institutions in Ethiopia. The number of shareholders has grown to 5,011, with a total paid-up capital reaching Birr 17.48 billion. The Bank now operates an extensive network comprising 981 branches, 1,761 ATMs, 6,045 Point of Sale (PoS) terminals, and 80 virtual banking centers across the country. This remarkable growth reflects BoA’s enduring commitment to financial inclusion, innovation, and nationwide accessibility, while maintaining the core values that have defined its legacy.

Looking ahead, Bank of Abyssinia is striving to transform all of its banking operations through comprehensive digitalization aiming to enhance efficiency, customer experience, and long-term sustainability in an increasingly digital world. This transformation marks a new chapter in the Bank’s journey toward becoming a modern, technology-driven financial institution that remains deeply rooted in the heritage and aspirations of the Ethiopian people.

OUR BEGINNINGS

- BOA began its journey with an initial shareholder base of **131** individuals
- A subscribed capital of **Birr 25 million**
- and a paid-up capital of **Birr 17.78 million.**
- its operational footprint started modestly with one branch:
 - **Bole branch**

TODAY,

BANK OF ABYSSINIA

has transformed into one of the leading financial institutions in Ethiopia.

The number of shareholders has grown to

5,011

with a total paid-up capital reaching

BIRR 17.48 BILLION



1,761
ATMS

Strategically located nationwide for convenient and round-the-clock access.



6,045
POS

Empowering businesses and enabling seamless payments across the country.



981
BRANCHES

Across urban and rural communities, delivering accessible and reliable banking services.



80
VIRTUAL BANKING CENTERS

Digital-first service hubs connecting customers anytime, anywhere.

5.2. VISION, MISSION, VALUE

VISION



Tirelessly working to achieve our vision

Empowering futures through seamless digital banking experience

MISSION



Our mission enables us to drive forward with aim

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

CORE VALUES



INTEGRITY AND TRUST



EXCELLENCE



TEAM WORK



INNOVATION



CARING



5.4 OUR STRATEGY HIGHLIGHTS

Bank of Abyssinia's 2024/25–2028/29 Corporate Strategy sets out how BoA will compete and win through sustainable business growth, superior customer experience and digital transformation — underpinned by a strong balance sheet, robust risk management and a competent, future-ready workforce.



OUR STRATEGY is to compete and win by growing sustainably, delighting customers, and transforming through digital and AI.

OUR OPPORTUNITIES



Low financial inclusion & a large, young, growing population



Government digital-transformation drive & policy reforms



Fintech partnerships & the emerging Islamic finance market



Rising AI, automation & digital remittance adoption

OUR STRATEGIC THEMES



Sustainable Growth
Financial perspective



- ✦ Increase and sustain profitability
- ✦ Increase resource mobilization
- ✦ Improve financial soundness
- ✦ Diversify revenue streams

Customer Experience
Customer perspective



- ✦ Improve consistency of experience across channels
- ✦ Introduce tailored, innovative products
- ✦ Increase customer base
- ✦ Increase satisfaction and loyalty

Digital Transformation
Internal process & learning/growth



- ✦ Improve operational efficiency and effectiveness
- ✦ Increase self-service and digital-channel utilization
- ✦ Improve risk and compliance management
- ✦ Improve data governance and analytics

MEASURING OUR PROGRESS



Financial



Customer



Internal Processes



Learning & Growth

TARGETED OUTCOMES



2025-2027 HORIZON 1

Build profitability and efficiency while holding asset quality and capital steady.

2028 - 2029 HORIZON 2

Scale digital revenue and shareholder returns on a disciplined capital base.

ROE: 20.6% → 35%

Cost-to-income ratio: 73% → 60%

ROA: maintain an RoA of 3% throughout

Capital adequacy ratio maintained at >Regulatory minimum

5.5 OUR BUSINESS MODEL

Our business model is designed to create, preserve, and sustain value by responsibly managing our financial and non-financial resources and relationships to deliver positive and sustainable outcomes for our diversified portfolio of customers, shareholders, employees, business partners, communities, regulators, and the wider economy.

As a financial institution, we mobilize deposits and other sources of funding, deploy capital through responsible lending and investment, facilitate payments and trade, throughout both corporate and retail banking services, provide foreign exchange and other financial services, and leverage our people, technology, infrastructure, and institutional capabilities to meet the evolving needs of our customers. Through these interconnected activities, we transform financial and other forms of capital into products and services that support economic activity while generating sustainable returns for our shareholders.

Our business model is underpinned by responsible governance, prudent risk management, operational resilience, innovation, digital transformation, and strong stakeholder relationships. We seek to balance financial performance with our broader responsibilities to society and the economy, ensuring that resources are allocated efficiently, risks are appropriately managed, and opportunities are pursued in a manner consistent with our purpose, values, and long-term strategic objectives.

We recognize that value creation is interconnected. The decisions we make and the resources we utilize can affect our stakeholders, our operating environment, and our capacity to create value in the future. Accordingly, we consider the availability and effective management of our financial, human, intellectual, and social and relationship, and natural resources when formulating and executing our strategy.

By continuously strengthening our capabilities, deepening customer relationships, investing in technology and people, maintaining sound governance and risk management, and supporting responsible economic development, we aim to create sustainable value over the short, medium, and long term. This approach enables us to remain resilient, responsive to changing market conditions, and positioned to deliver enduring value for all our stakeholders.

BOA BUSINESS-MODEL CANVAS

Purpose: Create sustainable value through trusted, accessible and digitally enabled financial services





BOA PRODUCT PORTFOLIO AT A GLANCE

DEPOSITS & SAVINGS

- . Current, Savings & Fixed-Time Accounts
- . Foreign-Currency Deposit Accounts
- . Specialized Savings Accounts
- . Hajj Savings Account
- . Fityah & Zahrah Accounts
- . Minor Savings
- . Senior Citizens' Savings Account
- . Women's Saving Accounts

SELF SERVICE BANKING

- . ATMs
- . Recycler
- . POS
- . Kiosk Banking
- . Bulk Depositor
- . Merchants

FINANCING & CREDIT

- . Working Capital Finance
- . Term & Project Finance
- . Agricultural Finance
- . Trade Finance
- . Mortgage & Consumer Finance
- . Import & Export Financing
- . Overdraft Facilities

GUARANTEES

- . Bid Guarantees
- . Performance Guarantees
- . Advance Payment Guarantees
- . Customs Guarantees
- . Suppliers' Credit Guarantees
- . Retention Guarantees

DIGITAL BANKING

- . Abyssinia Online (Internet Banking)
- . Mobile Banking
- . USSD Banking Services
- . Apollo Platform
- . Virtual Banking

PAYMENT CARDS

- Domestic Cards
 - Debit card
 - Credit card
- International Cards
 - Prepaid cards
 - Virtual cards

E-COMMERCE

- . Payment Gateway
- . Merchant Services
- . Virtual Terminal
- . Online Payment Integration

INTERNATIONAL BANKING

- . Foreign-Currency Accounts
- . Diaspora Banking Services
- . Non-Resident Banking
- . SWIFT Transfers
- . International Drafts

TRADE FINANCE

- Letters of Credit (L/C)
- Documentary Collections
- Import & Export Financing
- Trade-Related Guarantees



Incremental deposit

Birr 75.61 billion

through the strong relationships with our diverse and growing client base

Birr 6.03 billion

to BoA shareholders as dividends

Enhanced employee recognition, wellbeing, and rewards programs.

Donated

Birr 143.7 million to the Community we serve

Birr 7.71 billion

direct and indirect taxes paid to Governments and regulators

Birr 5.83 billion

Investments in Technology

5.6 RECOGNITION, CERTIFICATIONS & MILESTONES

Our recognitions and milestones reflect more than individual achievements; they demonstrate the breadth of our commitment to creating sustainable value. From facilitating trade and supporting businesses, to participating in Ethiopia's emerging capital-market ecosystem and contributing to needy community, these achievements reinforce our commitment to responsible growth and long-term stakeholder value.

 RECOGNITION / MILESTONE	 Area	 SIGNIFICANCE
PCI DSS Certification	Certifications & Standards	The certification reflects the Bank's ongoing focus on information security, data protection, secure payment processing and robust technology controls.
Official Listing on ESX Main Market	Capital Market	Marks an important milestone in the Bank's participation in Ethiopia's securities market
Certificate of Alumni Achievement	Social Impact & Inclusion	Recognizes association with an initiative advancing inclusive education and opportunity Tsehay Zewde Memorial Scholarship
Healing Hands Patron Recognition	Community Impact	Supporting fistula treatment and rehabilitation
Melué Foundation recognition	Inclusion & Community Impact	Support for individuals with autism and developmental delays
Gergesenon Center Recognition	Health & Community Impact	Support for rehabilitation and community care

We remain focused on translating recognition into continued performance, stronger relationships and meaningful impact for our customers, shareholders, employees, communities and the wider economy.



BOA 2025/26

Environmental, Social and Governance

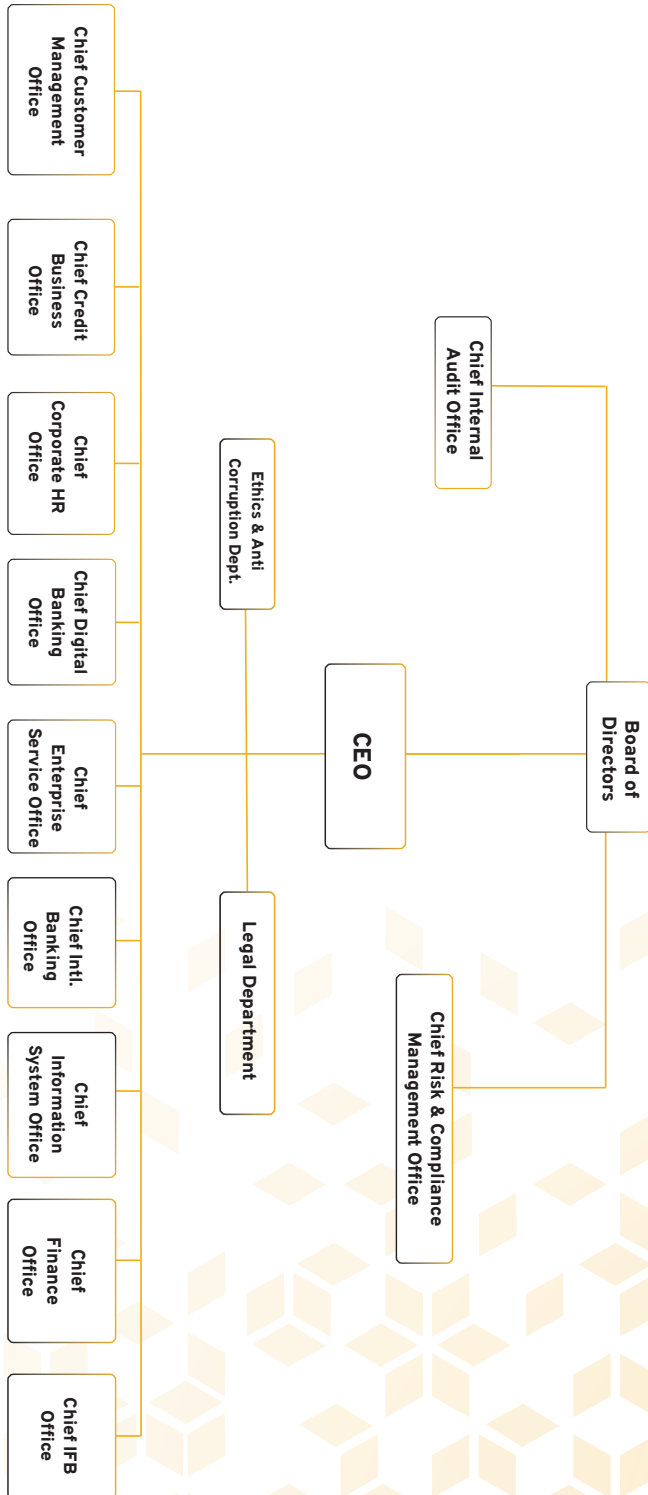


ENVIRONMENTAL, SOCIAL AND GOVERNANCE

- 📍 Organizational Structure
- 📍 People and Culture
- 📍 Protecting Our Planet
- 📍 Contributing to Society
- 📍 Corporate Governance
- 📍 Risk Management Report



6.1. ORGANIZATIONAL STRUCTURE



6.2. PEOPLE AND CULTURE



Ato Seifu Bogale

Chief Corporate
HR Officer

In banking, technology, products, and service channels can increasingly be replicated. What is far harder to replicate is the collective strength of an organization's people — their knowledge, capabilities, commitment, values, and ability to work together toward a common purpose.

At Bank of Abyssinia, our people and culture are more than a support to the business — they are a strategic advantage. With 10,627 permanent employees serving customers through 981 branches, our people are at the heart of how we serve, innovate, respond to change, and deliver on our strategy. Investing in our people is investing in the future of the Bank.



10,627
PERMANENT EMPLOYEES



981
BRANCHES NATIONWIDE



152,175
LEARNING ENROLLMENTS,
FY 2025/26



90%
LEARNING
SATISFACTION

BUILDING A FUTURE-READY WORKFORCE

As digitalization, technology, and evolving customer expectations reshape banking, Bank of Abyssinia continues to invest in the capabilities its people need for today and the future. In FY 2025/26, the Bank recorded 152,175 learning enrollments across face-to-face and digital learning, with learning satisfaction reaching 90%. 134,824 of these enrollments were through digital learning.

The Abyssinia Academy Learning System and mobile application give employees greater access to learning opportunities, while knowledge sharing platforms(cafe), coaching & mentoring, and an expanding digital library support continuous knowledge development.



134,824
ONLINE / DIGITAL



17,351
FACE-TO-FACE

"A future-ready bank requires future-ready people."



GROWING TALENT FROM WITHIN

A strong organization does not only attract talent — it creates opportunities for its people to grow. Bank of Abyssinia prioritizes internal career development, mobility, and succession, while strategically bringing in external talent only where critical capabilities are not available internally.

In FY 2025/26, 3,644 employees were promoted, and 2,767 internal movements enabled employees to take on different roles and broaden their experience across the Bank. The Bank also strengthened its leadership pipeline, closing the year with 2,029 potential successors identified through enhanced competency-based assessment. Where critical capabilities could not be filled internally, the Bank recruited 100 employees for specialized positions.

“Develop from within, create opportunities to grow, and strategically bring in new capability where it is needed most.”

WOMEN ARE ADVANCING

Women are playing an increasingly important role across Bank of Abyssinia, contributing at different levels and taking on greater opportunities for professional and leadership development. Today, 3,697 employees — 34.8% of the permanent workforce are women — including 436 women in leadership positions. Beyond representation, the Bank invests in pathways that enable women to build capability, pursue professional growth, and prepare for leadership.

Through Rise: Women Empowerment and Development Program, Bank of Abyssinia supports women employees, workplace policy awareness, leadership development, and empowerment. In FY 2025/26, 85 young women professionals completed a leadership and banking-operations program delivered with the National Bank of Ethiopia under the NEWFin program.

These initiatives reflect BoA's commitment to developing women's capabilities and creating opportunities for them to grow, lead, and contribute to the Bank's future.



436

WOMEN IN LEADERSHIP POSITIONS

85

NEWFIN PROGRAMME PARTICIPANTS

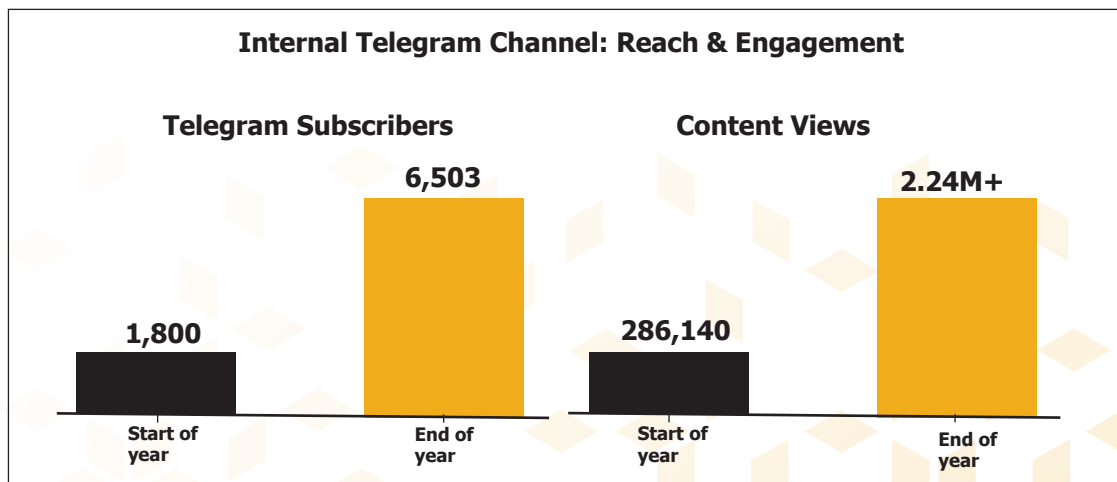
For Bank of Abyssinia, inclusion is not simply about representation — it is about creating opportunities, building capability, and empowering people to realize their potential.

TURNING VALUES INTO EVERYDAY BEHAVIORS

People become a competitive advantage when they are united by a strong culture. At Bank of Abyssinia our values provide the foundation for a culture built on professionalism, a strong work ethic, accountability, respect, and commitment to our customers, shaping how we work, lead, collaborate and serve every day.



During the year, the Bank advanced a value-aligned Culture Framework designed to translate these values into practical behaviors and expectations for leaders and employees alike. Culture is also reinforced through everyday connection — knowledge-sharing, engagement activities, and cross-location interaction. The Bank's internal Telegram channel grew from 1,800 to 6,503 subscribers, while content views rose from 286,140 to more than 2.24 million. Through content aligned with the Bank's values, employee engagement initiatives, timely updates, knowledge quizzes, recognition of career milestones, and live-streamed events, the channel has become a key platform for keeping employees informed, connected, and engaged.



"These may appear to be individual initiatives, but together they contribute to something much bigger — a shared organizational identity."

LISTENING TO OUR PEOPLE

A people-centered culture requires listening. During the year, Bank of Abyssinia conducted its Employee Engagement and Satisfaction Survey (May 2026), receiving 8,166 responses from 10,715 employees — a 76% response rate. The survey recorded an overall employee engagement score of 92.6% and an employee satisfaction score of 70%. Findings are informing targeted improvement discussions with business leaders. The Bank also received 375 employee feedback submissions through its My Feedback platform, with 91% receiving a prompt response a channel for employees to raise concerns, share perspectives, and shape their workplace experience.

CONNECTING PERFORMANCE WITH PURPOSE

A competitive workforce must also be a high-performing workforce. At Bank of Abyssinia, performance management is designed not simply to measure results, but to create a clear connection between what employees do every day and the Bank's broader strategic priorities.

Bank of Abyssinia continues to strengthen performance management through clearer goal setting, regular performance tracking, behavioral assessment, feedback, coaching and recognition. During the year, performance planning, performance tracking and appraisal, and semi-annual behavioral assessments reached above 99% completion while feedback and coaching achieved 90.1%, exceeding the 75% target.



>99%

PLANNING, TRACKING &
APPRAISAL COMPLETION

90.1%

FEEDBACK & COACHING
(VS. 75% TARGET)

"A competitor can introduce a similar product. Technology can be purchased. Processes can be redesigned. But a workforce that combines institutional knowledge, continuously developing capabilities, strong values, and a shared sense of purpose cannot be replicated overnight."

Learning and development, career mobility, succession planning, inclusion, culture, employee voice, and performance management are not separate HR activities — together, they represent an integrated investment in the Bank's most important organizational capability: its people. Our ambition is not simply to have more employees, but capable people in the right roles, equipped with the right skills, supported by strong leaders, connected to a common culture, and empowered to create value.

Because our competitive advantage is not only what we offer our customers — it is the people and culture that make us who we are, and enable us to deliver on our promise every day.

LEADERSHIP DEVELOPMENT PROGRAM

Our leadership development programmes also support the early identification and accelerated development of high-potential employees, strengthening the Bank's leadership pipeline and succession readiness. In particular, the Executive Development Programme is designed to enhance personal mastery, strategic leadership, and decision-making capabilities among senior leaders, enabling them to navigate increasing uncertainty, complexity, technological change, and evolving customer expectations. The programme further strengthens the capacity of executives to translate strategy into execution and lead organizational transformation with agility and purpose.

Through these integrated development initiatives, Bank of Abyssinia continues to build a capable, future-ready workforce and a strong leadership pipeline that will sustain the Bank's transformation, strengthen organizational performance, and create long-term value for customers, shareholders, employees, and other stakeholders.

10,627 PEOPLE. ONE SHARED PURPOSE.

6.3. PROTECTING OUR PLANET



BoA is committed to minimizing any negative impacts emanating from its business activities to protect our planet against the impacts of climate change and the deterioration of biodiversity. We therefore aim to consider climate- and nature-related risks and opportunities as part of our core business strategy.

Environmental Sustainability

Environmental sustainability remains a key component of the Bank of Abyssinia's ESG agenda, reflecting its commitment to minimizing environmental impacts while supporting Ethiopia's transition to a low-carbon and climate-resilient economy. The Bank integrates environmental considerations into both its operational practices and business strategy by promoting resource efficiency, digital transformation, and environmentally responsible financing and other initiatives. These efforts align with the Bank's sustainability objectives, the National Bank of Ethiopia's ESG requirements, and international sustainable finance principles.



During the 2025/26 fiscal year, the Bank made significant progress in reducing its environmental footprint through the successful implementation of a nationwide paperless initiative across its branch network. The project has streamlined internal processes, significantly reduced paper consumption, minimized operational waste, and enhanced service efficiency through increased digitalization. In addition, the Bank actively participated in Ethiopia's Green Legacy Initiative and other environmental restoration programs by supporting nationwide tree-planting and ecosystem rehabilitation efforts.



6.4. CONTRIBUTING TO SOCIETY



At Bank of Abyssinia, we are committed to improving lives, supporting vulnerable communities, and contributing to the sustainable development of Ethiopia. Guided by our core value of “caring for the community and environment,” Corporate Social Responsibility (CSR) remains an integral part of our commitment to responsible corporate citizenship and long-term value creation.

Through strategic partnerships, employee volunteering, technology-enabled initiatives, and financial education, we seek to empower communities, promote social inclusion, and create meaningful and lasting impact. Our CSR initiatives are designed not only to respond to immediate community needs but also to contribute to improved livelihoods, greater financial awareness, and more inclusive socio-economic development.



Moreover, the Bank continued to promote a culture of community service by mobilizing employees to voluntarily donate blood throughout the year, in collaboration with the Ethiopian Red Cross Society. These blood donation drives were conducted on various occasions during the year, reflecting the Bank’s commitment to supporting critical healthcare needs and contributing to the well-being of communities.



During the

2025/26

financial year, the Bank allocated approximately

Birr 143.7 million

to CSR initiatives and membership contributions. This investment reflects our continued commitment to supporting vulnerable and underserved communities, advancing social well-being, and contributing to Ethiopia’s broader socio-economic development. Through these efforts, Bank of Abyssinia continues to strengthen its role as a responsible corporate citizen and a partner in building more inclusive, resilient, and sustainable communities.

The Bank's CSR interventions covered a broad range of sectors, including humanitarian assistance, healthcare, education, community development, disability support, and social welfare. Major contributions included Birr 30 million to support projects under the First Lady's Office, Birr 14.5 million to the Mekidoniya Charity Association, Birr 8.81 million to the Ethiopian Bankers Association for the construction of its headquarters, and Birr 3 million to the Gergesenon Mental Health Centre. The Bank also extended financial support to organizations serving persons with disabilities, autism associations, child and family welfare organizations, prison welfare programs, regional humanitarian initiatives, and community development projects. As part of its seasonal social support program, the Bank provided food assistance to 490 vulnerable individuals during the Ethiopian Easter holiday, reaffirming its commitment to assisting disadvantaged communities.



In addition to its financial contributions, the Bank strengthened its long-standing partnerships with charitable and non-profit organizations through continued membership and institutional support, including The Ethiopian Heritage Trust, Mery Joy Ethiopia, Health, Development and Anti-Malaria Association, Ethiopian Red Cross Society, Ethiopian Employers' Federation, Parkinson Patients Support Organization and the Addis Ababa Chamber of Commerce. These initiatives reflect the Bank's broader commitment to creating shared value, fostering inclusive growth, and integrating social responsibility into its business strategy.



6.5. CORPORATE GOVERNANCE

Our board provides oversight of the fulfilment of the Bank's purpose and strategic direction, and the implementation of the approved strategy. A high standard of governance, ethics and integrity is entrenched in our business practices and our dealings with stakeholders.

Bank of Abyssinia operates under a comprehensive corporate governance framework aligned with the Corporate Governance Directive, the Banking Business Proclamation, and the Commercial Code. Approved by the Board of Directors, the framework establishes the principles, structures, and processes that guide the Bank's governance and decision-making. The framework is implemented through the Board Charter, which clearly defines the roles, responsibilities, and authority of the Board of Directors, its specialized committees, and Executive Management. It also provides a clear segregation of responsibilities between governance and management functions, supported by a robust Code of Conduct and Ethics that promotes integrity, accountability, transparency, and the effective discharge of fiduciary duties.

The Board of Directors comprises nine high profile members and augmented by an experienced Executive Management team led by the Chief Executive Officer (CEO). The Board provides strategic leadership and overall oversight of the Bank, guiding its long-term direction while safeguarding financial soundness, effective risk management, regulatory compliance, and sound corporate governance. It also oversees key executive appointments and the organizational structure to ensure sustainable growth and operational resilience.

To enhance governance effectiveness and strengthen oversight, the Board discharges its responsibilities through three specialized standing committees, each with clearly defined mandates covering key areas of the Bank's operations, risk management, governance, and strategic priorities. While specific responsibilities are delegated to these committees, the Board retains ultimate accountability for all decisions and the overall performance and governance of the Company.



6.5.1. Audit Committee

The Audit Committee provides independent oversight of the Bank's financial reporting, internal controls, risk management, audit functions, regulatory compliance, and corporate governance. It reviews the integrity of financial statements and accounting policies, oversees the effectiveness and independence of the internal and external audit functions, monitors the implementation of audit recommendations, and evaluates the effectiveness of the Bank's internal control, enterprise risk management, and governance frameworks. The Committee also oversees sustainability and other non-financial reporting, ensures compliance with applicable laws and regulations, and promotes high standards of ethics, transparency, and accountability.

Members of the Audit Committee are:

Name	Role	Date of appointment
Ato Solomon Alula	Chairperson	29 February 2024
Ato Aemero Belete	Member	29 February 2024
Ato Kassahun Zewdie	Member	29 February 2024

6.5.2. Risk, Compliance Management & Credit Review Committee

The Risk, Compliance Management & Credit Review Committee provides independent oversight of the Bank's risk management, regulatory compliance, information security, and credit risk functions. Reporting directly to the Board, the Committee oversees the Bank's risk appetite, Enterprise Risk Management (ERM) framework, and compliance with applicable laws and regulatory requirements, including AML/CFT obligations.

The Committee monitors key risks, including credit, market, liquidity, operational, and cyber risks, while reviewing the effectiveness of internal controls, business continuity, and disaster recovery arrangements. It also conducts periodic loan portfolio reviews, oversees the implementation of corrective actions arising from internal and regulatory reviews, and reports significant risk and compliance matters to the Board.

Members of the Risk, Compliance Management and Credit Review Committee are:

Name	Role	Date of appointment
Ato Molalign Melese	Chairperson	29 February 2024
Ato Mekonnen Manyazewal	Member	29 February 2024
Ato Yerom Gessesse	Member	29 February 2024

6.5.3. Nomination & Remuneration Committee

The Nomination & Remuneration Committee meets at least quarterly to provide independent oversight of Board nominations, executive appointments, remuneration, and human capital matters. The Committee ensures that the appointment of directors and senior executives, including the CEO, is based on merit, competence, and governance best practices, while promoting fair, competitive, and performance-based remuneration aligned with the Bank's strategic objectives and regulatory requirements. The Committee also oversees human capital strategy, policy review, succession planning, leadership development, and performance management, strengthening the Bank's governance framework and long-term organizational sustainability.

Members of the Nomination and Remuneration Committee are:

Name	Role	Date of appointment
Ato Meseret Melese	Chairperson	12 September 2024
W/ro Emebet Woldeher	Member	12 September 2024
Ato Aemero Belete	Member	12 September 2024
Dr. Yihenew Zewdie	Member	12 September 2024

6.7. RISK MANAGEMENT REPORT



RISK MANAGEMENT AT A GLANCE



Ato Yetenayet Awgechew
Chief Risk and Compliance
Management Officer

The Bank's risk management approach is enterprise-wide and aligned with the Bank's strategic planning and business processes, supported by approved policies, risk limits, regular reporting, and stress testing to assess resilience under adverse scenarios.

During the year, the Bank has continued to strengthen its risk management capabilities, including investment in a risk management system to automate operational risk management processes and improve risk reporting. Risk management and compliance remain important strategic priorities of the Bank.



FY 2025/26 RISK PROFILE

As at 30 June 2026, the Bank's overall risk profile remained within its approved risk appetite.

RISK OVERSIGHT

Business and support units manage risks; Risk Management and Compliance provide independent oversight, monitoring and reporting, and overall assurance by Internal audit.

RESILIENCE

Regular stress testing and risk monitoring support resilience under adverse scenarios.

RISK CULTURE

Clear accountability, risk awareness and effective controls throughout the Bank.

RISK SYSTEMS

Investment in a risk management system to automate operational risk management and improve reporting.

STRATEGIC PRIORITY

Risk management and compliance remain important strategic priorities of the Bank.

OUR RISK UNIVERSE

BoA continuously reviews its risk universe in response to economic, regulatory, competitive and technological change.

FINANCIAL RISKS

Credit risk
Liquidity risk
Foreign exchange risk
Interest rate risk

NON-FINANCIAL RISKS

Operational risk
IT and cyber-security risk
Regulatory and compliance risk
Legal risk

STRATEGIC & SYSTEMIC RISKS

Strategic risk
Systemic risk
Reputational risk

RISK OWNERSHIP & OVERSIGHT

Clear accountability, risk awareness and effective controls support enterprise-wide risk management

1

BUSINESS AND SUPPORT UNITS

Own and manage risks arising from their activities.

2

RISK MANAGEMENT & COMPLIANCE

Monitor and direct risks arising from the business and support units.

3

INTERNAL AUDIT

Support control effectiveness and assurance across the Bank.

RISK MANAGEMENT CYCLE

FROM RISK IDENTIFICATION TO RESILIENCE



1 | IDENTIFY

Risk drivers and exposures

2 | ASSESS

Risk level, trend and appetite

3 | CONTROL

Policies, limits and controls

4 | MONITOR

Regular reporting and oversight

5 | STRESS TEST

Adverse-scenario resilience

6 | RESPOND

Corrective action and strengthening

OUTCOME

Resilience, informed decision-making, protection of asset quality, stakeholder confidence and sustainable growth.

TOP RISK THEMES

CREDIT & LIQUIDITY RISK

Credit and liquidity are key financial risks requiring continued monitoring.

CREDIT RISK MEDIUM DECREASING



Drivers: borrower repayment capacity; macroeconomic and political conditions; portfolio/borrower concentration; sectoral/geographical concentration.

Response: prudent credit policies, approval processes, exposure limits, monitoring, early identification, concentration monitoring and stress testing.

LIQUIDITY RISK MEDIUM DECREASING



Drivers: deposit concentration; asset quality; loan growth; maturity profile; customer funding behavior; market and macroeconomic conditions.

Response: Managing concentration maintaining quality asset, efficient and robust fund management.

MARKET-RISK & CAPITAL ADEQUACY

Market-risk components are rated low with decreasing trends; capital planning remains a focus.

FOREIGN EXCHANGE RISK DECREASING



Monitor foreign currency positions, asset-liability mismatches, currency concentrations and open positions.

INTEREST RATE RISK DECREASING



Monitor interest-rate sensitivity, asset-liability management and effects of market-rate movements on earnings.

CAPITAL ADEQUACY RISK



ABOVE 8% REGULATORY MINIMUM;

Focus:

- capital planning,
- scenario analysis,
- capital generation and
- Revised risk-based capital framework.

OPERATIONAL, TECHNOLOGY & COMPLIANCE RESILIENCE

These areas remain important as operations, transaction volumes and digital channels expand and the regulatory environment evolves.

OPERATIONAL RISK



Internal controls

- Fraud prevention •
- system resilience •
- operational monitoring •
- employee awareness

Current focus

ATM downtime improved; system availability, operational resilience and control effectiveness remain focus areas.

IT & CYBER-SECURITY RISK



Access controls

- Cyber-security capabilities
- digital infrastructure •
- system resilience •
- technology risk oversight

Current focus

System availability, network performance, cyber-security and resilience remain priorities.

REGULATORY & COMPLIANCE RISK



Regulatory monitoring

- Compliance reviews •
- AML/CFT controls • CDD •
- transaction monitoring •
- reporting

Current focus

Risk management remains significant amid sector reforms and risk-based capital transition.

EMERGING RISKS & OPPORTUNITIES

The Bank continues to monitor developments that may materially affect its future risk profile.

RISK-BASED CAPITAL

Stronger capital planning and risk-sensitive balance-sheet management.

TECHNOLOGY & CYBER

Increasing digitalization raises technology and cyber-security exposure.

INTEREST-RATE CONDITIONS

Potential effects on funding costs, margins, liquidity and credit risk.

FINANCIAL-SECTOR LIBERALIZATION

Greater competition for deposits, customers, quality borrowers and skilled employees.

MACRO & POLITICAL DEVELOPMENTS

Potential effects on resource mobilization, asset quality and business performance.

FOREIGN EXCHANGE

Exchange-rate volatility and regulatory changes require continued monitoring.

RISK PRIORITIES FOR FY 2026/27

1

Strengthening capital adequacy

2

Enhancing regulatory and compliance capabilities

3

Managing foreign exchange and interest rate exposures

4

Improving asset quality

5

Preserving adequate liquidity

6

Strengthening operational resilience

CLOSING MESSAGE

The Bank will continue to integrate risk considerations into strategic and business decisions while strengthening risk culture, systems, governance and organisational capacity to support sustainable growth and long-term financial resilience.



BUSINESS PERFORMANCE REVIEW

- 📍 Customer Management
- 📍 International Banking
- 📍 Digital Banking
- 📍 Treasury



7.1. CUSTOMER MANAGEMENT



During the year under review, Bank of Abyssinia as part of its commitment to delivering a convenient, efficient, and customer-centric banking experience, BOA continued to transform its branch operations through the adoption of fully digital and assisted-service models. These initiatives are aimed at simplifying banking processes, reducing reliance on manual and paper-based procedures, shortening service turnaround times, and enabling customers to access a broader range of services through modern and digitally enabled channels.

The Bank also fully implemented a paperless working environment across all branches, replacing conventional paper-based workflows with digital processes for routine operational and customer-service activities.

This transformation not only improves operational efficiency and service consistency but also strengthens document management, enhances process transparency, reduces administrative costs, and supports the Bank's sustainability objectives. Together, these initiatives are reshaping the role of branches from traditional transaction-processing points into more efficient, digitally enabled and customer-focused service centres, allowing employees to devote greater attention to customer needs while enabling customers to complete their banking activities faster, more conveniently, and with greater ease.

Further enhancing its customer-centric approach, the bank is delivering personalized service introducing customer segment based value propositions supported by Customer Relationship Management (CRM) system and sales oriented staff capability. Besides BOA operates a 24/7 Customer Contact Center, providing continuous support, maintaining consistent engagement across its growing customer base.

VALUE PROPOSITION

The Customer Management Sector develops and manages the Bank's customer relationships across retail and wholesale segments. It drives acquisition, retention, engagement, experience and profitable relationship growth by leveraging insights, segmentation, relationship management and Omni channel engagement — increasing customer lifetime value, strengthening loyalty and contributing to sustainable revenue and deposit growth.

CUSTOMER SEGMENTS

RETAIL CUSTOMER SEGMENT

- **Retail:**
 - Young Aspirants
 - Senior citizens
 - Teen Youth
 - Women
 - Diaspora

WHOLESALE CUSTOMER SEGMENT

- Large Corporates
- Exporters
- SMEs
- Embassies and NGOs
- Cooperatives and Associations

OUR SOLUTIONS

Deep relationship focus across retail & wholesale

- End-to-end customer experience & journey management
- Data-driven insights, profitability & segmentation
- Consistent Omni channel engagement
- Structured key account planning & wallet-share growth
- Strong cross-functional delivery of integrated solutions
- Full digital and assisted Branch model

12.84M
Customers

75.61B
Incremental deposit (ETB)

981
Branches

24/7
Contact Centre

7.2. INTERNATIONAL BANKING BUSINESS



Ato Mohammed Nuredin

**Chief International
Banking Officer**

The International Banking Operation of the Bank of Abyssinia (BOA) continued to play a vital role in mobilizing foreign currency (FCY) resources and channeling them toward sectors of significant economic importance during the year under review.

During the period, the Bank mobilized USD 966.6 million in foreign currency from diverse sources and paid USD 888.95 million through key international banking services, including Letters of Credit (LC), Cash against Documents (CAD), Telegraphic Transfers (TT), and Visa Card services. This reflects the Bank's continued commitment to supporting international trade, facilitating cross-border transactions, and strengthening access to foreign currency for businesses and individuals.

As part of its efforts to further expand international partnerships and strengthen foreign currency inflows, BOA signed Memoranda of Understanding (MoUs) with 11 international organizations and non-governmental organizations (NGOs) during the year. In addition, the Bank entered into contractual agreements with both new and existing remittance service providers, further enhancing its remittance network and supporting the efficient flow of Diaspora funds into the country.



International Banking is structured around six integrated pillars that drive cross-border trade, payments, FX, remittances, institutional relationships and performance governance — aligned to corporate strategy, regulatory requirements and sustainable foreign-currency earnings.

1. TRADE FINANCE

- * Import & Export Finance
- * Letters of Credit (LCs)
- * Documentary Collections
- * Trade Guarantees
- * Trade advisory Services

2. CORRESPONDENT & FIS

- * Correspondent Banking
- * International Bank relationship
- * Development Finance institutions
- * international credit Lines
- * Guarantees & risk participation

3. FX & INT'S PAYMENTS

- * FX Customer Business
- * SWIFT & Cross-border Transfers
- * International Settlements
- * Foreign-Currency Accounts
- * Payment Processing Excellence

4. REMITTANCE & DIASPORA

- * Inward & Outward Remittances
- * Remittance Partnerships
- * Diaspora Customer Proposition
- * Digital Remittance Channels
- * Agent & MTO Network

5. CUSTOMER & BUSINESS DEV.

- * Exporter / Importer Relationships
- * Multinational & Institutional Clients
- * International Business Acquisition
- * Key Account Management
- * Network & Partner Development

6. PERFORMANCE & GOVERNANCE

- * Revenue & Profitability Tracking
- * Pricing & Product Management
- * AML / CFT / Sanctions Compliance
- * KPI Monitoring & Analytics
- * Risk & Regulatory Reporting

COMPETITIVE ADVANTAGES

- **Robust** correspondent network (16 partners / 20 accounts across USA, Europe, Asia, Middle East & Africa) enabling efficient cross-border settlements and FCY access. And also working with credited line facility providing financial institutions.
- **Strong** FCY mobilization capability with record performance supporting trade finance and customer FX needs.
- **Established** remittance ecosystem (digital platforms, MTO partnerships, diaspora-focused products) driving sustainable inflows.
- **Comprehensive** trade-finance suite (LCs, collections, guarantees) with operational reliability trusted by importers, exporters and international counterparties.
- **Digital** transformation & local market depth — combined with relationships across corporates, NGOs, embassies and multinationals — delivering speed, compliance and customer intimacy.

COMPETITIVE POSITION

- **Among** the leading private banks in Ethiopia for trade finance, remittances and foreign-currency generation. Strong and growing share of formal remittance flows and trade-related FCY, supported by expanding digital channels.
- **Differentiated** as an agile private-sector player with proven service quality for institutional and diaspora clients.
- **Well-positioned** ahead of foreign-bank entry: investing in digital capability, correspondent depth and fee-based international income to defend and expand market position under liberalization.

7.3. DIGITAL BANKING



W/ro Sosina Mengesha

**Chief Digital Banking
Officer**

Digital transformation remains a cornerstone of Bank of Abyssinia's strategy, underpinned by the Bank's commitment to delivering accessible, reliable, secure, and digital-first customer-centric banking services. Through continued investment in digital capabilities, the Bank is transforming how customers access and engage with banking services, while strengthening operational efficiency and long-term competitiveness. The Bank's digital transaction in the FY 2025/26 accounts for 82% of the total, while its digital lending reached Birr 5 billion.

During the reporting period, BOA continued to expand and strengthen its Omni-channel banking ecosystem, enabling customers to access a broad range of banking services through Automated Teller Machines (ATMs), Interactive Teller Machines (ITMs), Mobile Banking, Card Banking, and Internet Banking. The integration and continuous enhancement of these channels have improved service accessibility and convenience, giving customers greater flexibility to conduct transactions whenever, wherever they are, and however they choose.

VALUE PROPOSITION

Bank of Abyssinia advances a digital banking strategy that delivers convenient, secure, accessible and customer-centric financial services across channels. The digital ecosystem integrates mobile and internet banking, Apollo digital banking, cards, ATMs, POS, USSD, virtual banking and other touch points — enabling customers to bank beyond traditional branches.

OUR CLIENTS & OFFERINGS

- **Individuals & Retail** everyday banking, payments, transfers, savings & cards
- **Digitally Oriented** Self-service, mobile-first, digital account opening, Digital Remittance
- **SMEs & Businesses** Payments, collections & daily account management
- **Corporate & Institutional** Complex transactions, payments & digital needs
- **Merchants & Ecosystem** Digital payment & collection solutions

OUR SOLUTIONS

Apollo Digital Bank

Fully digital account opening & management, Digital lending, digital cards, instant services, biometric authentication — no branch required.

BoA Mobile + USSD

Digital remittance(AbyssiniaRemit) Transfers, bill payments, airtime, QR payments, card management, Cardless ATM withdrawals and USSD access.

Abyssinia Online

24/7 internet banking for accounts, transfers, standing orders and payments.

Cards & Digital Payments

Digital cards, QR-enabled payments and growing cashless transaction capabilities.

Virtual Banking

Self-service technology and virtual teller support extending selected branch-like services.

Alternative & Assisted

ATMs, POS, self-service banking, Contact-Centre and other channels that complete the ecosystem.



COMPETITIVE ADVANTAGES

- Integrated multi-channel ecosystem (not a single product)
- Digital-first experience via Apollo (biometric + paperless)
- Broad transaction functionality across platforms
- Accessibility that reduces branch dependence
- Scale: 1,761 ATMs • 6,045 POS • 80 Virtual Centers • 858 Recycler
- 129,130 Merchants
- Growing adoption: 6.5M mobile & 5.9M card users

COMPETITIVE POSITION

Digital is treated as a core part of the customer proposition and operating model not merely an alternative channel.

75.85K
Digital Borrower

5 billion
Digital Lending

5.9M
Card users

6.5M
Mobile users

BoA is building a digitally enabled, customer-centric operating model — competing through convenience, accessibility, speed, product innovation and superior customer experience.

7.5 TREASURY FUNCTIONS

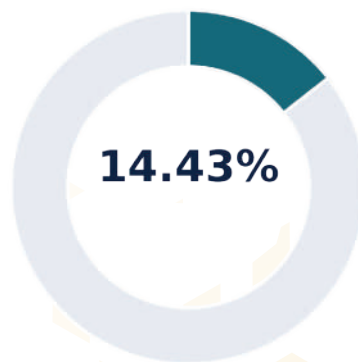
Treasury serves as a key enabler of the Bank's financial resilience and sustainable growth. The function is responsible for managing liquidity and funding, foreign-currency resources, balance-sheet structure, market exposures and investment activities within the Bank's approved risk appetite and regulatory requirements. Through disciplined Asset–Liability Management, proactive liquidity planning and prudent deployment of financial resources, Treasury seeks to maintain adequate liquidity, manage market exposures, optimize funding and investment returns, and support the Bank's strategic and business objectives.

VALUE PROPOSITION

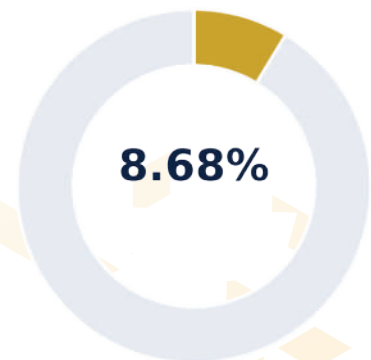
We protect and optimize the Bank's balance sheet by ensuring that the right liquidity is available at the right time and reasonable cost, while managing market, FX and interest-rate risks so the Bank can serve customers, meet regulatory requirements and generate sustainable returns.



**Treasury Investment
to Total Assets**



**Treasury FCY
Generation to
Total FCY**



**Treasury Income to
Total Income**

FIVE CORE TREASURY FUNCTIONS

Function	What We Deliver	Key Activities
1 Liquidity & Funding Management	Right liquidity, right time, right cost	Daily monitoring Cash-flow forecasting <ul style="list-style-type: none"> • Funding management • Liquidity buffer • Contingency funding • Interbank & money-market activities 
2 Foreign Exchange Management	Controlled FX positions + support for customers	FX position & liquidity management <ul style="list-style-type: none"> • Exchange-rate exposure monitoring • FX trading • Correspondent banking • Trade support 
3 Asset-Liability Management	Optimized balance-sheet structure & protected NII	Asset-liability matching <ul style="list-style-type: none"> • Maturity-gap management • Interest-rate sensitivity • Funding-cost control • Balance-sheet optimization 
4 Investment & Market Activities	Prudent deployment of surplus liquidity	Investment portfolio <ul style="list-style-type: none"> • Government securities • Money-market placements • Interbank investments • Market monitoring • Return optimization within limits 
5 Treasury Risk & Resilience	Capacity to withstand market & liquidity shocks	Liquidity & FX stress testing <ul style="list-style-type: none"> • Interest-rate scenarios • Market-risk monitoring • Limits & controls • Regulatory reporting 

KEY RESOURCES

- Skilled manpower & risk analysts
- Real-time market data, treasury systems
- Regulatory capital & approved risk limits
- Strong correspondent banking network
- Clear policies, limits & ALCO governance

KEY PARTNERS

- Central Bank & regulators
- Correspondent banks
- Money-market counterparties
- Internal Risk, Finance & Business units

COST & VALUE CONTRIBUTION

COST & VALUE CONTRIBUTION

Costs: People, systems, market data, funding & buffer carrying costs, capital allocation Value:

- Continuous funding capacity
- Protected NII
- Minimized liquidity & market risk
- Support for international business
- Full regulatory compliance
- Additional income from surplus funds

Treasury is the Bank's balance-sheet guardian and liquidity engine – delivering stable funding, controlled risk and optimized returns so BoA can grow safely and serve customers with confidence.



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Bank of Abyssinia

INTEREST FREE BANKING ANNUAL REPORT FOR 2025/26

ዕድሜዎን ያከበረ!
Committed to respect your values!

ሙዳረባህ የትርፍዎ ባልደረባ

ሽሪዓ በሚፈቅደው መሰረት
በትርፍ ተጋራ አሰራር ከቺጋር ይሰሩ!



ዕሴትዎን ያከበረ!

INTEREST FREE BANKING

- Shari'ah Advisory Board's Report
- BOA Shari'ah Advisory Committee
Profile
- Abyssinia Ameen(Interest -Free
Banking Business)



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



አብሲኒያ አሜን
❀ **AbyssiniAmeen**

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, 2026.

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, 2026, have been carried out in compliance with Shariah rules and principles.

Sheikh Nuredin Delil

Chairperson, Shari'ah Advisory Board

BANK OF ABYSSINIA

SHARI'AH ADVISORY COMMITTEE



Sheikh Nuredin Delil
Shari'ah Advisory
Board Chairperson

Educational background

- * BA in Shariah; MA in Theology
- * Certified Shariah Advisor and Auditor (CSAA)

Primary occupation

- * Chairperson, Shariah Advisory Board, serving from 2018 to present.
- * Former Board Member of the Ethiopian Islamic Affairs Supreme Council; experienced in Shariah governance and Islamic advisory services.



Sheikh Muhammed Ali
Shari'ah Advisory
Committee Member

Educational background

- * BA in Journalism and Communication

Primary occupation

- * Member, Shariah Advisory Committee, serving from 2023 to present.
- * Former Board Member of the Ethiopian Islamic Affairs Supreme Council; experienced in Shariah governance and Islamic advisory services.

ABYSSINIA AMEEN (INTEREST -FREE BANKING BUSINESS)



Ato Abdulkadir Redwan

**Chief Interest Free
Banking Officer**

Alongside its conventional banking services, the Bank of Abyssinia launched its interest-free banking service, Abyssinia Ameen, in December 2017 in accordance with NBE Directive No. SBB/51/2011. The name “Ameen,” meaning faithful, trustworthy, honest, and truthful, symbolizes the Bank’s commitment to providing ethical, transparent, and dependable financial services aligned with Shari’ah principles.

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, Abyssinia Ameen has successfully introduced a wide range of deposit and financing products designed to address the evolving needs of interest-free banking customers. This continuous product diversification reflects the Bank’s customer-centric approach and commitment to delivering competitive and Shari’ah-compliant financial solutions.

To strengthen and expand its interest-free banking operations, the Bank has made significant investments in institutional capacity building. A key milestone in this journey has been the adoption of iMAL, a globally recognized Shari’ah-compliant core banking platform, which enhances operational flexibility, efficiency, and service delivery. In addition, the Bank has prioritized human capital development by recruiting, training, and developing professionals with expertise in Islamic finance to ensure customers receive professional, reliable, and knowledgeable services.

The Bank remains committed to maintaining the highest standards of Shari’ah compliance across all its interest-free banking operations, safeguarding customer trust and upholding the fundamental principles of ethical finance. Beyond financial services, Abyssinia Ameen continues to actively engage in Corporate Social Responsibility (CSR) initiatives, demonstrating its broader commitment to community empowerment and sustainable social impact in line with Shari’ah values.

Looking ahead, the Bank remains strategically focused on further strengthening and expanding its interest-free banking business through product innovation, enhanced customer experience, digital transformation, and broader financial inclusion. Guided by a clear long-term vision, Abyssinia Ameen is well positioned to sustain its growth momentum and continue creating value for customers, shareholders, and the wider community.

The following section presents the financial and business performance of Abyssinia Ameen during the 2025/26 fiscal year across its major performance areas.

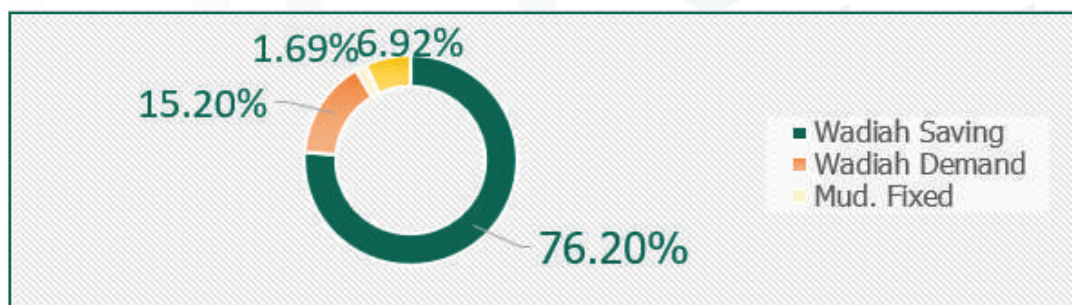
Performances

Abyssinia Ameen Deposit

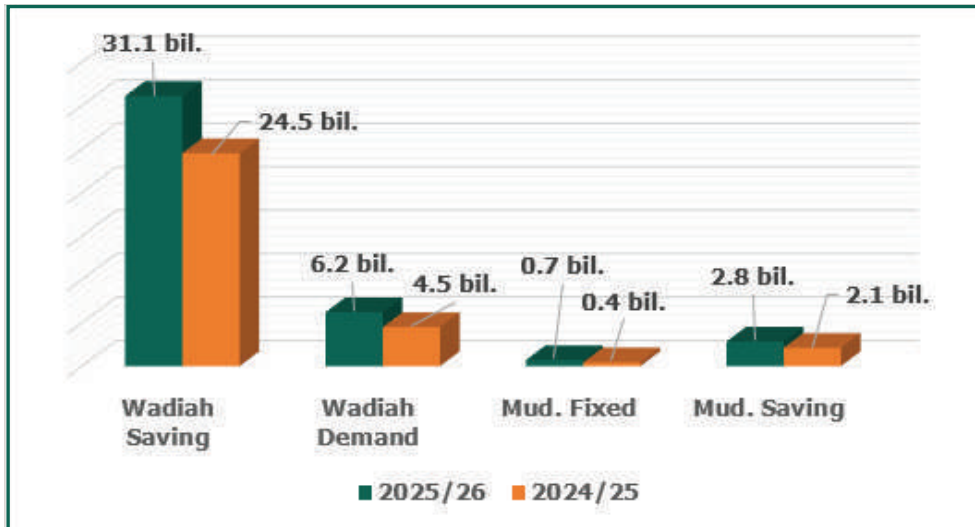
During the 2025/26 fiscal year, the Bank mobilized an additional Birr 9.3 billion in deposits through Wadiah and Mudarabah accounts, registering a 29.4% increase compared to the preceding fiscal year. As a result, the total Abyssinia Ameen deposit balance reached Birr 40.8 billion as of June 30, 2026, representing 12.9% of the Bank’s total deposit portfolio.

The continued growth in deposits reflects increasing customer confidence in Abyssinia Ameen’s Shari’ah-compliant deposit solutions and the Bank’s ongoing efforts to enhance financial inclusion and customer value.

Percentage share of deposit types



Comparative analysis of deposits by product category for FY 2024/25 versus FY 2025/26.



Abyssinia Ameen Customer Base

The Bank's interest-free banking customer base continued to demonstrate remarkable growth during the 2025/26 fiscal year. As of June 30, 2026, the number of Abyssinia Ameen customers reached 2.25 million, representing a 17% increase compared to the previous fiscal year.

Consequently, interest-free banking customers accounted for 17.5% of the Bank's total customer base, reflecting growing public confidence in Abyssinia Ameen's ethical, inclusive, and Shari'ah-compliant banking services.

Abyssinia Ameen Financing

During the 2025/26 fiscal year, the Bank continued to provide Shari’ah-compliant financing solutions to customers engaged in diverse sectors of the economy through various financing modalities. As of June 30, 2026, the total outstanding interest-free financing portfolio reached Birr 11.53 billion, registering a 38.29% increase compared to the previous fiscal year.

By financing type, Domestic Trade Services (DTS) financing constituted the largest share of the portfolio at 58.04%, followed by Consumer and Mortgage Financing (18.03%), Building and Construction Financing (5.4%), and Manufacturing Financing (5.11%).

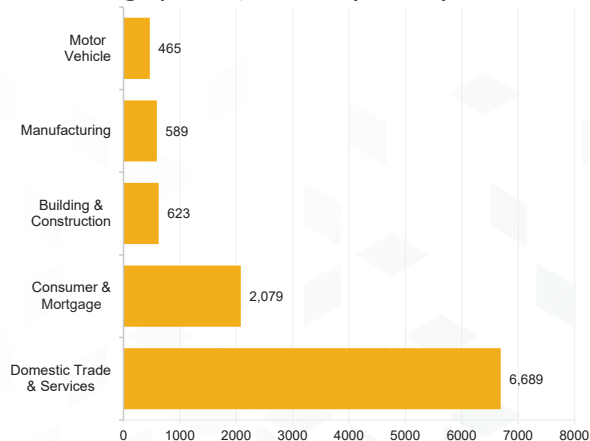
The continued expansion and diversification of the financing portfolio demonstrate Abyssinia Ameen’s commitment to supporting businesses, households, and productive sectors of the economy through responsible and Shari’ah-compliant financing solutions.

With a strong foundation, continued innovation, and an unwavering commitment to Shari’ah principles and customer-centricity, Abyssinia Ameen remains well positioned to accelerate its growth and reinforce its position as a leading provider of interest-free banking services in Ethiopia.

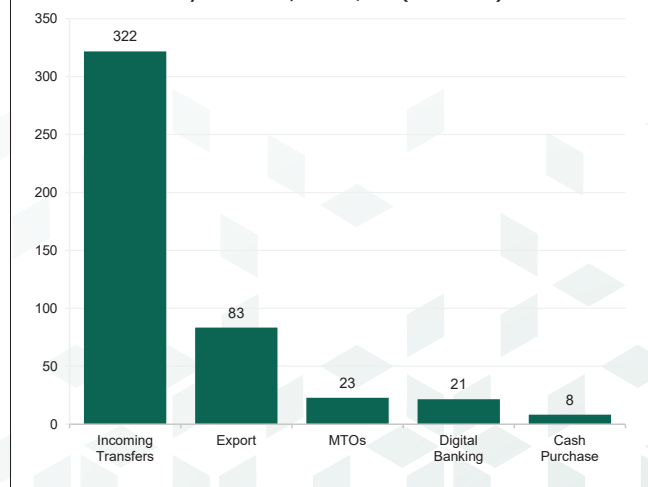
IFB financing up 38%; FCY inflows led by transfers

Interest-free financing by sector, and foreign-currency inflow mix

IFB financing by sector, 2025/26 (ETB mn)



FCY inflows by channel, 2025/26 (USD mn)



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.

Enriching lives through Purposeful CSR Activities Corporate Social Responsibility (CSR) Activities Summary

During the 2025/26 fiscal year, Abyssinia Ameen reaffirmed its unwavering commitment to community empowerment through a series of impactful Corporate Social Responsibility (CSR) initiatives. Guided by the principles of compassion, equity, and shared prosperity, our CSR programs reflect the true essence of interest-free banking serving people, enriching lives, and creating lasting value beyond financial services. The year's CSR initiatives include

Ameen School Award

One of the Bank's signature CSR initiatives during the year was the Ameen School Award, a program dedicated to recognizing academic excellence and celebrating the unwavering commitment of educators across multiple cities. By honouring high-achieving students and outstanding teachers, the initiative inspired academic success, encouraged excellence, and strengthened our connection with the next generation of leaders and change makers.



Ramadan Iftar Meal Sharing Program and Humanitarian Support

During the holy month of Ramadan, Abyssinia Ameen extended compassion and solidarity through a large-scale Iftar Meal Sharing Program, reaching vulnerable communities in Addis Ababa and across districts in various cities throughout the country. By sharing meals with those in need, the Bank fostered a spirit of generosity, unity, and social inclusion, reflecting the true values of Ramadan.

As part of this broader initiative, Abyssinia Ameen collaborated with Hanif Charity Organization to provide Iftar meals to patients and their caregivers at Tikur Anbessa Specialized Hospital, St. Paul's Hospital, ALERT Hospital, Minilik Hospital, and Petros Specialized Hospital. This special outreach brought comfort and hope to individuals spending the holy month away from their families, further demonstrating the Bank's commitment to serving the community with compassion and dignity.

Further strengthening its commitment to social responsibility, the Bank also extended financial support to humanitarian organizations, including Babul Keyer and the Wondim Kalid Foundation, enabling them to expand their efforts in providing food assistance, educational support, and healthcare services to vulnerable communities.



Distribution of Reusable Sanitary Pad Kits

As part of its commitment to advancing girls' education and promoting menstrual health, Abyssinia Ameen partnered with Han's Care Manufacturing Company, a producer of reusable hygiene products, to distribute reusable sanitary pad kits to 2,000 female students across three schools: Awelia, Abadir, and Misrak Tesfa. Each student received a reusable sanitary pad kit designed to meet her menstrual hygiene needs for up to 18 months. By helping reduce school absenteeism and supporting girls to remain in the classroom with confidence and dignity, the initiative contributes to more inclusive education and sustainable community development.



Creating Lasting Social Impact

Throughout the fiscal year, Abyssinia Ameen invested a total of Birr 15,426,400 in these CSR initiatives, reaffirming its commitment to creating meaningful and lasting social impact.

While each initiative differed in scope and focus, they were united by a common purpose: empowering communities, restoring hope, and improving lives. From celebrating academic excellence and supporting girls' education to sharing the blessings of Ramadan and strengthening humanitarian efforts, each program reflects the Bank's unwavering commitment to compassion, inclusion, and sustainable development.

At Abyssinia Ameen, we believe that banking extends beyond financial transactions. It is about creating opportunities, uplifting communities, and building a future where prosperity is shared by all. These initiatives are more than corporate social responsibility they are a reflection of our values and a testament to our enduring promise of "Committed to Respect Your Values."



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Abyssinia
Remit

አቢሲንያ ሬሚት የልብ አድርስ!



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Download on the
App Store



AUDITOR'S REPORT

FOR THE YEAR
ENDED 30 JUNE 2026

FINANCIAL STATEMENT

- Directors and Professional Advisers
- Report of the Directors
- Statement of Directors' Responsibilities
- Independent Auditor's Report
- Statement of Profit or Loss and
- Other Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to the Financial Statements
- የትርፍና ኪሳራ እና ሌሎች ገቢዎች መግለጫ
- ሀብትና ዕዳ መግለጫ



**BOARD DIRECTORS (As of 30 June 2026)**

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 30 June 2026)

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 12 August 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
Ato Elias Kassa Badebo	Acting Chief Internal Audit Officer	Appointed 16 June 2026
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 Wosenyeleh Aberra Kumbi	Deputy Chief Customer Relationship and Acquisition Officer	Appointed 21 November 2024
Ato Yetenayet Awgechew Workeferhu	Chief Risk and Compliance Management Officer	Appointed 6 January 2025
Ato Yoseph Alemayehu Mesfin	Deputy Chief Customer Support Officer	Appointed 16 June 2026

INDEPENDENT AUDITOR

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

Addis Ababa, Ethiopia.

CORPORATE OFFICE

Ras Branch

Legesar Building

Gambia Street
 P.O Box 12947
 Addis Ababa, Ethiopia



The directors submit the report together with the audited financial statements for the period ended 30 June 2026, 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 share holding company in accordance with the provision of the Licensing and Supervision of Banking Business Proclamation No.84/94 (as replaced by 1360/2025) 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 2026 are set out on page 110. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	30 June 2026 Birr'000	30 June 2025 Birr'000
Total operating income	40,291,549	28,748,312
Profit / (loss) before tax	15,849,406	10,101,095
Tax (charge) / credit	(4,313,629)	(2,802,590)
Profit / (loss) for the year	11,535,777	7,298,505
Other comprehensive income / (loss) net of taxes	139,409	149,026
Total comprehensive income / (loss) for the year	11,675,186	7,447,531
Earnings Per Share (%)	77%	50%

DIRECTORS

The directors who held office during the year and to the date of this report are set out on page 105.

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 2026**

In accordance with the Financial Reporting Proclamation No.847/2014, 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 judgments 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 Manyazewal

Chairperson, Board of Directors
September 9, 2026



Ato. Bekalu Zeleke

Chief Executive Officer
September 9, 2026





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Tewodros and Fikre Audit Services

Partnership

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 2026, statement of financial position as at 30 June 2026, 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 2026 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by IASB.

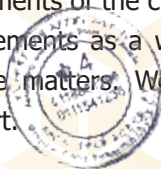
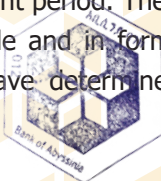
As required by the commercial code of Ethiopia, based on our audit we report as follows:

- 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.



INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF BANK OF ABYSSINIA S.C

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 10, 2026





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BANK OF ABYSSINIA S.C.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026

	Notes	30 June 2026 Birr'000	30 June 2025 Birr'000
Interest income	5	43,689,742	32,718,727
Interest expense	6	(14,946,640)	(10,323,158)
Net interest income		28,743,103	22,395,569
Net Foreign exchange income/loss	7	1,676,950	(149,569)
Service charges		4,928,014	3,152,812
Commission earned	8	2,911,139	1,814,302
Net fees and commission income		9,516,102	4,817,545
Dividend income	9	76,345	79,873
Other operating income	10	1,955,999	1,455,326
Total Other Income		2,032,344	1,535,199
Total operating income		40,291,549	28,748,312
Loan impairment charge	11	(1,622,715)	(2,122,910)
Impairment losses on financial assets	12	(118,320)	(507,599)
Net operating income		38,550,513	26,117,803
Personnel expenses	13	(12,630,161)	(9,776,245)
Amortization of intangible assets	21	(195,808)	(128,834)
Depreciation and impairment of property, plant and equipment	23	(1,110,995)	(755,903)
Depreciation on investment property	20	(1,549)	(234)
Amortization of Right of use assets	22	(1,210,105)	(1,046,361)
Interest expense on lease liability	22	(12,467)	(13,453)
Other operating expenses	14	(7,540,022)	(4,295,678)
Profit before tax		15,849,406	10,101,095
Income tax expense	15	(4,313,629)	(2,802,590)
Profit after tax		11,535,777	7,298,505
Other comprehensive income (OCI):			
Items that will not be subsequently reclassified into profit or loss:			
Remeasurement gain/(loss) on retirement benefits obligations	27	(68,928)	(60,366)
Income tax effect		20,678	18,110
		(48,250)	(42,256)
Net change in equity investment at FVOCI	34	268,084	273,260
Income tax effect		(80,425)	(81,978)
		187,659	191,282
Total other comprehensive income for the period		139,409	149,026
Total comprehensive income for the period		11,675,186	7,447,531
Earnings per share	30	77%	50%

The notes on pages 114 to 223 are an integral part of these financial statements.



	Notes	30 June 2026 Birr'000	30 June 2025 Birr'000
ASSETS			
Cash and cash equivalents	16	76,416,523	50,289,576
Loans , advances and financing to customers(Net)	17	248,997,369	193,379,151
Investment securities;	18		
✳ Debt securites at amortized cost		16,670,960	15,267,976
✳ Financial assets at fair value through OCI		1,760,581	1,442,225
Other assets	19	18,514,945	12,895,343
Investment property	20	184,112	10,330
Intangible assets	21	1,257,743	1,079,822
Right of use Leased assets	22	4,546,251	3,674,199
Property, plant and equipment	23	13,148,728	8,188,353
Total assets		381,497,212	286,226,976
LIABILITIES			
Deposits from customers	24	277,982,151	211,654,830
Interest free customers deposits	25	40,803,442	31,524,908
Other liabilities	26	18,722,906	10,489,194
Current tax liabilities	15	2,971,605	2,576,017
Lease Liabilities	22	276,381	330,589
Retirement benefits obligations	27	795,145	438,526
Deferred tax liabilities	15d	433,401	370,981
Total liabilities		341,985,031	257,385,045
EQUITY			
Share capital	28	17,481,120	15,000,000
Share premium	29	1,494,670	5,998
Retained earnings	31	6,033,306	4,973,378
Revaluation Surplus Account	35	416,935	420,823
Legal reserve	32	9,109,615	6,225,670
Regulatory risk reserve	33	4,416,833	1,795,767
Special reserve		25,919	25,919
Other Reserve	34	533,784	394,375
Total equity		39,512,182	28,841,931
Total equity and liabilities		381,497,212	286,226,976

The notes on pages 114 to 223 are an integral part of these financial statements.

The financial statements on pages 110 to 113 were approved and authorised for issue by the board of directors on September 9, 2026 and were signed on its behalf by:

Mekonnen Manyazewal

Chairperson, Board of Directors

Bekalu Zeleke

Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

	Notes	Share capital Birr'000	Share Premium Birr'000	Retained earnings Birr'000	Revaluation 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 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	31	-	-	7,298,505	-	-	-	-	-	7,298,505
Capitalisation of shares		402,365	-	(402,365)	-	-	-	-	-	-
Capitalized from Cash		392,052	-	-	-	-	-	-	-	392,052
Other comprehensive income:		-	-	-	-	-	-	-	-	-
Periodic depreciation for building revaluation		-	-	3,888	(3,888)	-	-	-	-	-
Transfer to legal reserve	32	-	-	(1,824,627)	-	521,024	1,824,627	-	-	-
Transfer from regulatory risk reserve	33	-	-	(521,024)	-	-	-	-	-	-
Director's Share of profit		-	-	(1,350)	-	-	-	-	-	(1,350)
Reversal of regulatory risk reserve		-	-	17,987	-	(33,842)	-	-	-	(15,855)
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
As at 1 July 2025		15,000,000	5,998	4,973,378	420,823	1,795,767	6,225,670	25,919	394,375	28,841,931
Profit for the period	31	-	-	11,535,777	-	-	-	-	-	11,535,777
Capitalisation of shares		1,660,736	996,442	(2,657,178)	-	-	-	-	-	-
Capitalized from cash or account		820,384	492,230	-	-	-	-	-	-	1,312,614
Other comprehensive income:		-	-	-	-	-	-	-	-	-
Periodic depreciation for building revaluation		-	-	3,888	(3,888)	-	-	-	-	-
Transfer to legal reserve	32	-	-	(2,883,944)	-	2,621,067	2,883,944	-	-	-
Transfer to regulatory risk reserve	33	-	-	(2,621,067)	-	-	-	-	-	-
Director's Share of profit		-	-	(1,350)	-	-	-	-	-	(1,350)
Reversal of regulatory risk reserve		-	-	-	-	-	-	-	-	-
Dividends Paid		-	-	(2,316,200)	-	-	-	-	-	(2,316,200)
As at 30 June 2026		17,481,120	1,494,670	6,033,304	416,935	4,416,835	9,109,615	25,919	533,784	39,512,181

The notes on pages 114 to 223 are an integral part of these financial statements.





	Notes	30 June 2026 Birr'000	30 June 2025 Birr'000
Cash flows from operating activities			
Cash generated from operations	36	39,719,936	32,512,647
Capital gain Tax paid		-	(21,739)
Withholding tax		(94,317)	(31,571)
Income tax paid		(3,821,051)	(1,094,277)
Net cash (outflow)/inflow from operating activities		35,804,568	31,365,060
Cash flows from investing activities			
Purchase of equity investments		(50,272)	(150,031)
Purchase of Treasury bills		(200,000)	512,710
Purchase of Treasury Bonds		(362,972)	(4,190,856)
Purchase of DBE bonds		(840,077)	(768,763)
Purchase of intangible assets	21	(373,729)	(617,197)
Purchase of property, plant and equipment	23	(6,248,068)	(1,325,727)
Cash paid for lease payment	22	(2,148,832)	(915,399)
Proceeds from sale of property, plant and equipment	36	20,488	-
Net cash (outflow)/inflow from investing activities		(10,203,462)	(7,455,263)
Cash flows from financing activities			
Proceeds from issues of shares	28	820,384	392,052
Proceeds from issues of shares premium		492,230	-
Dividends paid	26	(2,463,722)	(1,806,612)
Net cash (outflow)/inflow from financing activities		(1,151,108)	(1,414,561)
Net increase/(decrease) in cash and cash equivalents		24,449,997	22,495,236
Cash and cash equivalents at the beginning of the year	16	50,289,576	27,943,909
Foreign exchange (losses)/ gains on cash and cash equivalents		1,676,950	(149,569)
Cash and cash equivalents at the end of the year	16	76,416,523	50,289,576

The notes on pages 114 to 223 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 replaced by 1360/2025) and the Commercial Code of Ethiopia of 1960(as replaced amended by 1243/2021). The Bank opened branches throughout the Country.

Bank of Abyssinia S.C. is listed on the Ethiopian Securities Exchange (ESX) under Capital Market Proclamation No. 1248/2021 and Public Offer and Trading of Securities Directive No. 1030/2024 listed on Ethiopian security exchange ESX on July 28,2026

The Bank's registered office is at:

Legehar Building

Gambia Street

P. O. Box 12947

Addis Ababa, Ethiopia

The financial statements were authorised by the Board of Directors for issue on September 9, 2026

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 benefit pension plans – Plan asset measured at fair value;
- ✳ Equity Investment at fair value through profit or loss and 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).

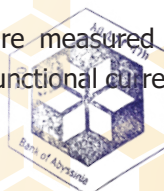
2.2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

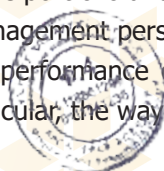
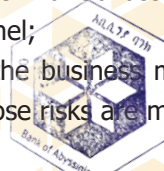
All financial assets are initially recognised on the trade date, i.e. the date that the Bank become a party to the contractual provisions of the instrument. This includes regular way trades, purchases or sales of financial assets that require delivery of assets within the time frame established by regulation 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 should 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.



BANK OF ABYSSINIA S.C.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

(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

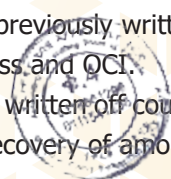
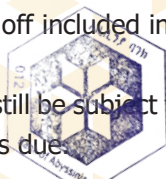
Where the terms of a financial asset are renegotiated or modified or an existing financial assets is replaced with a new one due to financial difficulties of the borrower, then the Bank assess whether the financial asset should be derecognized and ECL are measured as follows:

- 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-off. 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.

This is the category most relevant to the Bank. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised 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.

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.

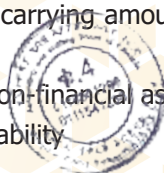
2.4.2.5 DE-RECOGNITION

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.

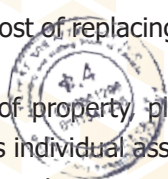
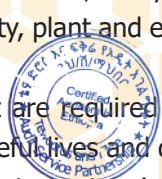
(ii) Subsequent valuation

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 that flow to the Bank and the cost can be reliably measured. This is usually when all risks are transferred



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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 form 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.

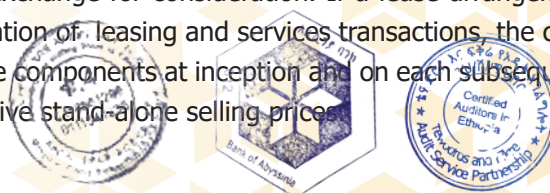
2.9 LEASE

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 assesses 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 price.



(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.

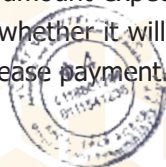
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the bank's incremental borrowing rate. Generally, the Bank uses its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



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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 should 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:

- Their carrying amounts will be recovered principally through sale;
- They are available for immediate sale in their present condition;
- 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:

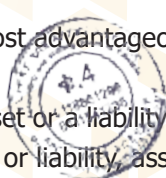
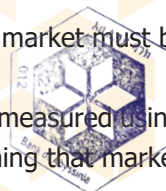
- Disclosures for valuation methods, significant estimates and assumptions Notes 3
- Quantitative disclosures of fair value measurement hierarchy Notes 4.7.2.

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.

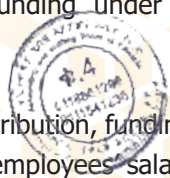
2.14 EMPLOYEE BENEFITS

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 is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

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

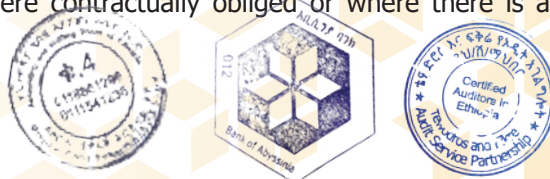
Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

(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.



BANK OF ABYSSINIA S.C.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

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.

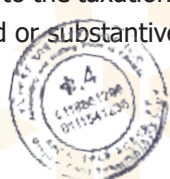
Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

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.

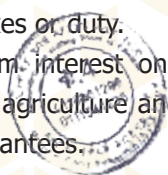
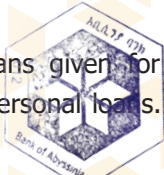
Deferred tax relating to items recognised outside income statements is recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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.



BANK OF ABYSSINIA S.C.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

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.

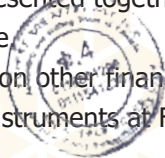
(ii) Presentation

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 2026 and earlier applications are permitted which have not been applied in preparing the financial statements.



**(i) IFRS 18 – Presentation and Disclosure in Financial Statements**
Effective Date -Jan-27

Key requirements In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures includes new requirements for the location, aggregation and disaggregation of financial information.

Statement of profit or loss

An entity should 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'.

Main business activities

For the purposes of classifying its income and expenses into the categories required by IFRS 18, an entity should need to assess whether it has a 'main business activity' of investing in assets or providing financing to customers, as specific classification requirements should apply to such entities. Determining whether an entity has such a specified main business activity is a matter of fact and circumstances which requires judgement. An entity may have more than one main business activity.

Location of information, aggregation and disaggregation IFRS 18 differentiates between 'presenting' information in the primary financial statements and 'disclosing' it in the notes, and introduces a principle for determining the location of information based on identified 'roles' of the primary financial statements and the notes. IFRS 18 requires aggregation and disaggregation of information to be performed with reference to similar and dissimilar characteristics. Guidance is also provided for determining meaningful descriptions, or labels, for items that are aggregated in the financial statements.

Consequential amendments to other accounting standards Narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method from 'profit or loss' to 'operating profit or loss'. The optionality around classification of cash flows from dividends and interest in the statement of cash flows has also largely been removed.

New requirements have been added to IAS 33 Earnings per Share that only permit entities to disclose additional amounts per share, if the numerator used in the calculation meets specified criteria. The numerator must be:

- .An amount attributable to ordinary equity holders of the parent entity, and
- . A total or subtotal identified by IFRS 18 or an MPM as defined by IFRS 18.



Some requirements previously included within IAS 1 have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which has been renamed IAS 8 Basis of Preparation of Financial Statements. IAS 34 Interim Financial Reporting has been amended to require disclosure of MPMs.

The standard has a material impact on our financial statements; however, the bank has not yet early adopted it, it is not included in this financial report

(ii) IFRS 19 - Subsidiaries without Public Accountability: Disclosures
Effective Date -Jan-27

Key requirements

In May 2024, the Board issued IFRS 19 Subsidiaries without Public Accountability: Disclosures, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 should not need to apply the disclosure requirements in other IFRS accounting standards.

The standard has not a material impact on our financial statement.

(iii) Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21
Effective Date -Jan-27

Key requirements

In November 2025, the Board issued Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21. The amendments require translation from a non hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate.

If an entity's functional currency is the currency of a non hyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the date of the most recent statement of financial position.

An entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29, to the foreign operation's comparative figures.

The standard has no material impact on our financial statement.

(IV) IFRS Sustainability Disclosure
Overview

In June 2023, the International Sustainability Standards Board (ISSB) issued its first two IFRS Sustainability Disclosure Standards: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

The objective of IFRS S1 is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity. Similarly, the objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity.



The Accounting and Auditing Board of Ethiopia (AABE) has determined to adopt the IFRS Sustainability Disclosure Standards in Ethiopia. The adoption of these standards represents a significant milestone in strengthening the quality, consistency and comparability of sustainability-related financial disclosures within the Ethiopian market and aligning Ethiopia with emerging international best practice.

In order to implement sustainability and climate-related disclosures, AABE has issued a phased roadmap under which twelve organisations meeting the prescribed criteria have been designated for inclusion in Group 1 of the Ethiopian IFRS Sustainability Disclosure Standards Roadmap. As a financial institution falling within this initial group, the Bank is required to adopt IFRS S1 and IFRS S2 effective for the financial year beginning July 2026, with the first sustainability report due by December 31, 2027.

Accordingly, the Bank has commenced preparatory work towards full compliance with the standards and will present its initial sustainability-related disclosures in line with the AABE roadmap requirements. These disclosures will be developed progressively as the regulatory framework and reporting infrastructure mature.

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

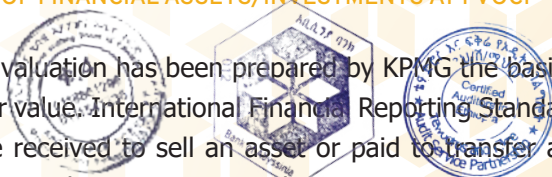
The measurement of the ECL for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

During the year there have been changes in ECL computation on other assets regarding PD and LGD computation on cash and cash equivalent, Guarantee and LC.

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 KPMG 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

3.3.1.2.1 SCOPE OF WORK

The primary valuation techniques adopted in the valuation are the market approach and the cost approach. Under the market approach, a relative valuation technique is applied using valuation multiples of comparable listed institutions, such as the enterprise value-to-EBITDA (EV/EBITDA) multiple and price-to-book (P/BV) multiple, to estimate fair value. Under the cost approach, the Net Asset Value (NAV) method is used, which determines value based on the fair value of the company's assets less its liabilities.

3.3.2 ETHSWITCH S.C

ETHSWITCH S.C main activity is provision of national payment switching, clearing and settlement, and interoperable digital payment infrastructure services in Ethiopia.

3.3.2.1 EV/EBITDA VALUE MULTIPLES

For the purpose of a valuation, an EV/EBITDA multiple is normally selected based on observed multiples for peer companies.

3.3.3.2 COMPARABLE COMPANIES ANALYSIS CONCLUSION

Using an adjusted Co EV/EBITDA multiple of 10.29x that derived an enterprise value of ETB 20.5 billion, to which we adjusted for net cash and arrived at a minority, marketable equity value of ETB 22.7 billion. Further adjusted for a liquidity discount of 16.8% and arrived at a minority, non-marketable basis equity value of ETB 18.8 billion. This resulted in an implied equity value of Bank of Abyssinia's shareholding in Ethswitch, on a minority, non-marketable basis, of approximately ETB 958.9 million.

3.3.3 ETHIOPIAN REINSURANCE S.C

Ethiopian Reinsurance S.C. (Ethio-Re) provides reinsurance services to insurance companies, enabling local risk retention, supporting insurers with technical expertise, and contributing to the growth and stability of Ethiopia's insurance sector.

3.3.3.1 PRICE/BOOK VALUE MULTIPLES

For the purpose of a valuation, a price to book multiple is normally selected based on observed multiples for peer companies.

3.3.2.3 COMPARABLE COMPANIES ANALYSIS CONCLUSION

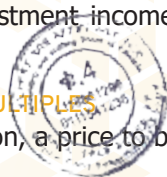
Using an adjusted CoCo price-to-book multiple of 0.80x, and applying a liquidity discount of 16.8%, the derived a minority, non-marketable basis equity value of ETB 2.4 billion. This resulted in an implied equity value of Bank of Abyssinia's shareholding in Ethio Reinsurance S.C, on a minority, non-marketable basis, of approximately ETB 65.8 million.

3.3.4 NILE INSURANCE S.C

Nile Insurance Company S.C.provides general insurance, life insurance, and Takaful products to individual and corporate customers in Ethiopia. Its main activities include underwriting insurance policies,managing claims, and generating investment income, supported by a nationwide distribution network of branches, agents, and intermediaries

3.3.4.1 PRICE/BOOK VALUE MULTIPLES

For the purpose of a valuation, a price to book multiple is normally selected based on observed multiples for peer companies.





3.3.4.2 COMPARABLE COMPANIES ANALYSIS CONCLUSION

Using an adjusted CoCo price-to-book multiple of 0.91x, and applying a liquidity discount of 16.8%, the derived a minority, non-marketable basis equity value of ETB 1.6 billion. This resulted in an implied equity value of Bank of Abyssinia's shareholding in Nile Insurance S.C, on a minority, non-marketable basis, of approximately ETB 340.0 thousand.

3.3.5 YETEBABERUT BEHERAWI PETROLEUM S.C

Yetebaberut Beherawi Petroleum S.C (YBP) is an Ethiopian petroleum marketing and distribution company engaged in the importation, storage, transportation, and sale of petroleum products, including gasoline, diesel, and lubricants.

The company serves both retail and commercial customers through its network of fuel stations and distribution channels, providing energy products to the transportation, industrial, agricultural, and commercial sectors across Ethiopia.

3.3.5.1 EV/EBITDA VALUE MULTIPLES

For the purpose of a valuation, an EV/EBITDA multiple is normally selected based on observed multiples for peer companies.

3.3.5.2 COMPARABLE COMPANIES ANALYSIS CONCLUSION

Using an adjusted CoCo EV/EBITDA multiple of 7.22x the derived an enterprise value of ETB 2.9 billion adjusted for net cash and arrived at a minority, marketable equity value of ETB 3.1 billion. Further adjusted for a liquidity discount of 16.8% and arrived at a minority, non-marketable basis equity value of ETB 2.5 billion. This resulted in an implied equity value of Bank of Abyssinia's shareholding in YBP on a minority, non-marketable basis, of approximately ETB 40.3 million.

3.3.6 HOHETE TIBEB S.C

Hohete Tibeb S.C main activity is the provision of private educational services in Ethiopia, offering preschool, primary, secondary, and preparatory education. The company also provides related student development programs and educational support services aimed at delivering high-quality learning outcomes and human capital development.

3.3.6.1 EV/EBITDA VALUE MULTIPLES

For the purpose of a valuation, an EV/EBITDA multiple is normally selected based on observed multiples for peer companies.

3.3.6.2 COMPARABLE COMPANIES ANALYSIS CONCLUSION

Using an adjusted CoCo EV/EBITDA multiple of 8.41x the derived an enterprise value of ETB 399.5 million to which we adjusted for net debt and arrived at a minority, marketable equity value of ETB 300.9 million. Further adjusted for a liquidity discount of 16.8% and arrived at a minority, non-marketable basis equity value of ETB 250.3 million. This resulted in an implied equity value of Bank of Abyssinia's shareholding in Hohete on a minority, non-marketable basis, of approximately ETB 17.1 million.



3.3.7 ABAY INDUSTRIES S.C

Abay Industrial Development Share Company (AID) is an Ethiopian industrial development and investment company headquartered in Bahir Dar, Ethiopia.

3.3.7.1 THE NET ASSETS APPROACH

Investment in Abay Industrial Development S.C using the NAV method, as its the most appropriate approach.

3.3.7.2 COMPARABLE COMPANIES ANALYSIS CONCLUSION

Using NAV approach, the derived equity value of AID of ETB 8.0 billion. This resulted in an implied equity value of Bank of Abyssinia's shareholding in AID of ETB 563.4 million.

3.3.8 ADDIS INTERNATIONAL CONVENTION CENTER S C (AICC)

The Addis Africa International Convention and Exhibition Center (AAICEC), also known as the Addis International Convention Center (AICC), is Ethiopia's flagship convention and exhibition venue based in Addis Ababa.

3.3.8.1 THE NET ASSETS APPROACH

Its valued the investment in Addis Africa International Convention and Exhibition Center using the NAV method, as its the most appropriate approach.

3.3.8.2 COMPARABLE COMPANIES ANALYSIS CONCLUSION

Using NAV approach, the derived an equity value of AAICEC of ETB 13.1 billion. This resulted in an implied equity value of Bank of Abyssinia's shareholding in AICC of ETB 78.3 million.

3.3.9 ETHIOPIAN SECURITIES EXCHANGE (ESX) S.C

ESX currently facilitates trading in five listed companies and government securities, playing a growing role in Ethiopia's capital market development by expanding investment opportunities and supporting long-term capital formation. The Exchange also supports the Ministry of Finance's plan to issue up to ETB 300 billion in Treasury bills and bonds to deepen the domestic debt market and enhance market liquidity.

3.3.9.1 THE NET ASSETS APPROACH

The investment in Ethiopian Securities Exchange S.C using the NAV method, as its the most appropriate approach.

3.3.9.2 COMPARABLE COMPANIES ANALYSIS CONCLUSION

Using NAV approach the equity value of ESX of ETB 1.1 billion. This resulted in an implied equity value of Bank of Abyssinia's shareholding in ESX of ETB 36.5 million.





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).



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FOR THE YEAR ENDED 30 JUNE 2026

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 should 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 should be calculated based on statistical migration matrices that depict transitioning to default over time and should 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.

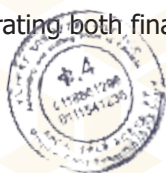
3.4.2.8 PROBABILITY OF DEFAULT MODEL FOR LARGE EXPOSURES

3.4.2.8.1 SCOPE AND APPLICABILITY

Individual borrowers or connected and related parties whose credit exposure equals or exceeds 5% as per NBE directives/87/2024.

Group exposures where worst 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.



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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.

$$ECL = PD \times LGD \times EAD$$

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 should be applied in impairing bank balances. For ECL computation purposes, Management has adopted the below assumptions:

PD -Based on grade credit rating given to a bank or a financial institution by major agencies such as S&P and Moody's.

LGD - the Basel minimum LGD of the 10% is recommended to be applied.

EAD - the outstanding balances as at the reporting date.

3.6 GOVERNMENT SECURITIES

The simplified impairment approach should 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 outstanding 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 should be adopted for impairment of receivables and other financial assets. This is as outlined in the steps below.

- Obtain historical periodic receivables 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.

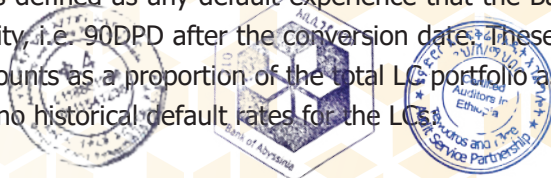
3.8. PROVISION ON GUARANTEE AND LETTER OF CREDIT GUARANTEES WILL BE ASSUMED BY MANAGEMENT TO HAVE A CCF OF 100%.

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,



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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 facilities, 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 DEPRECIATION 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 should 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 an option 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 should 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.

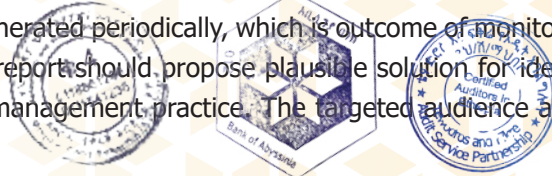
ALCO closely control asset and liability structure of the Bank for maximization of its earning without endangering its liquidity status and report the status periodically for the board of directors.

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 unexpected losses, which are an estimate of the ultimate actual loss based on scenario analysis. The analysis makes used probabilities derived from historical experience, adjusted to reflect the economic environment. The Bank also runs worst-case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact occur.

Monitoring and reviewing of risk management practice should be planned part of the risk management process and involve regular checking to ensure that adequate and important Information is generated by the risk management process. Furthermore, the information should be captured, used and maintained effectively. This ensures that risk management is Effective, and provides evidence of a demonstrable risk management system. Thus, it's important to have a documented formal record of the risk management process outcomes, Risk review report should be generated periodically, which is outcome of monitoring and review of risk management practice of the Bank. The report should propose plausible solution for identified loopholes besides describing the current status of risk management practice. The targeted audience are Board of Directors and executive management.





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 2026	Note	Fair value OCI Birr'000	Amortized cost Birr'000	Amortized cost Birr'000
Cash and cash equivalents	16		76,416,523	76,416,523
Securities	18		16,670,960	16,670,960
Equity investment	18	1,760,581	-	1,760,581
Loans and advances to customers	17		248,997,369	248,997,369
Other assets	19		18,514,945	18,514,945
Total financial assets		1,760,581	360,599,796	362,360,377

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			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

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 bank 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 on any material credit obligation to the Bank. This should 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 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, BoA shall consider indicators that are:

qualitative: senior management using professional judgement 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.

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 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 "30 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 should 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 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 should 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 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 2026 Birr'000	30 June 2025 Birr'000
Credit exposure for on-balance sheet financial assets		
Cash and cash equivalents	76,416,523	50,289,576
Loans and advances to customers	248,997,369	193,379,151
Debt securities at amortized cost	16,670,960	15,267,975
Other Financial Assets	18,514,945	12,895,343
	360,599,796	271,832,046
Credit exposure for off-balance sheet items		
Letter of Credit	48,776,972	9,742,887
Loans Commitments	8,062,202	11,256,550
Letter of Guarantee	8,605,386	9,641,522
	65,444,560	30,640,959
Total maximum credit risk exposure	426,044,356	302,473,005

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





2026	Gross carrying amount Birr'000	Provision as per NBE directive Birr'000	Net Carrying amount Birr'000
Pass	189,062,351	4,542,707	184,772,686
Special Mention	30,564,097	980,759	29,583,298
Substandard	5,913,556	443,283	5,470,273
Doubtful	2,925,309	959,186	1,966,123
Loss	2,313,700	1,337,828	975,872
	230,779,013	8,263,763	222,768,252

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

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 In Thousands of ETB	2026			
	Stage 1	Stage 2	Stage 3	Total
Stage 1 – Pass	206,225,031			206,225,031
Stage 2 – Special mention		34,627,317		34,627,317
Stage 3 - Non performing			15,635,933	15,635,933
Total gross exposure	206,225,031	34,627,317	15,635,933	256,488,280
Loss allowance	(3,182,186)	(871,707)	(3,437,019)	(7,490,912)
Net carrying amount	203,042,845	33,755,609	12,198,914	248,997,368



2025

In Thousands 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

(ii) Other financial assets (debt instruments)

2026

In Thousands of ETB

		Gross exposure	Loss allowance	Net carrying amount
Other financial assets (debt instruments)				
Cash and balance with banks	12 Month ECL	66,376,961	(11,363)	66,365,599
Investment securities (debt instruments)	12Month ECL	15,917,291	(796)	15,916,495
Other receivables and financial assets	Lifetime ECL	3,437,385	(613,543)	2,823,842
Totals		85,731,637	(625,702)	85,105,936

2025

In Thousands of ETB

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

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	Loans and advances to customers at amortised cost	Loan commitments and financial guarantee contracts	2026		
			Other financial assets	Bank balance and ECL	Total charge/ (credit)
Net remeasurement of loss allowance	1,553,775	68,941	108,984	9,336	1,741,036
New financial assets originated or purchased	1,268,343	-	-		1,268,343
Financial assets derecognized	(1,268,343)	-	-		(1,268,343)
Amounts directly written off during the year	-	-	-		-
Recoveries of amounts previously written off	-	-	-		-
Total	1,553,775	68,941	108,984	9,336	1,741,036

Charge to statement of profit or loss and other comprehensive income. In Birr'000	Loans and advances to customers at amortised cost	Loan commitments and financial guarantee contracts	2025		
			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



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

Sector Name 30 June 2026	Loans and advances to customers	Financial Investments portfolio	Other Assets	Total Birr'000
Domestic trade and services	272,026			272,026
Import	221,705			221,705
Construction	130,503			130,503
Transport	86,614			86,614
Industry	1,456,980			1,456,980
Export	1,040,675			1,040,675
Agriculture	71,060			71,060
Others	157,456			157,456
	3,437,019	-	-	3,437,019

Sector Name 30 June 2025	Loans and advances to customers	Financial Investments portfolio	Other Assets	Total Birr'000
Domestic trade and services	532,678			532,678
Import	126,913			126,913
Construction	161,535			161,535
Transport	77,023			77,023
Industry	649,373			649,373
Export	1,577,685			1,577,685
Agriculture	294,330			294,330
Others	62,838			62,838
	3,482,375	-	-	3,482,375

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 2026, 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.

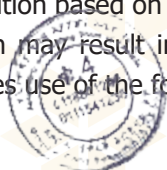
The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- 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 conition

iv) Generating the term structure of PD

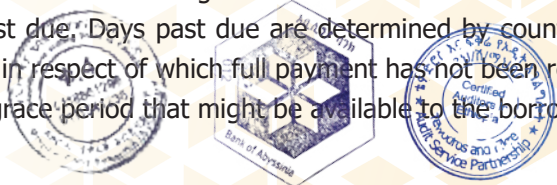
Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by type of product and borrower as well as by credit risk grading. The Bank employs statistical models 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.



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

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

The criteria are capable of identifying significant increases in credit risk before an exposure is in default;

The criteria do not align with the point in time when an asset becomes 30 days past due;

The average time between the identification of a significant increase in credit risk and default appears reasonable;

Exposures are not generally transferred directly from 12-month ECL measurement to credit- impaired; and

- There is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

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 reflect changes in circumstances.

The definition of default largely aligns with that applied by the Bank for regulatory capital purposes



vii) Incorporation of forward-looking information

The EBA Forward-Looking Information (FLI) model derives industry-level macroeconomic adjustments for incorporation into member banks' IFRS 9 ECL estimates.

The model uses aggregated Stage 3 and total gross loan balances from 27 member banks, together with historical and projected Ethiopian macroeconomic data sourced from Fitch Ratings.

The FLI model incorporates forward-looking macroeconomic conditions through portfolio-specific adjustments developed for four clusters of statistically comparable economic sectors. These adjustments provide a common industry reference for member banks, subject to each bank's approved IFRS 9 governance, validation and management judgement.

For each cluster, three macroeconomic scenarios are modelled: base, upside and downside. The scenarios are developed from Fitch Ratings forecasts and scenario-specific assumptions. Probability weights are derived from the historical distribution of cluster-level NPL ratios over ten semi-annual observations from December 2021 to June 2026.

Historical credit risk performance is represented by cluster-level NPL ratios calculated as aggregate Stage 3 outstanding balances divided by aggregate total gross loan balances. Macroeconomic inputs comprise historical Ethiopian data and forward-looking projections from Fitch Ratings, an independent external provider.

The macroeconomic variables are screened using an absolute correlation threshold of 50% which is statistical best practice, followed by assessments of economic plausibility and multicollinearity. Variables meeting both the quantitative and qualitative criteria are retained for the modelling process.

Principal Component Analysis is applied to the selected variables to derive a composite macroeconomic index for each cluster and mitigate multicollinearity. The relationship between the composite index and historical cluster-level NPL ratios is then modelled to quantify credit risk sensitivity and derive probability-weighted macroeconomic adjustment factors.





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

Sector	Macroeconomic factor
Cluster 1 Agriculture Consumer loan Interest Free Financing	<ul style="list-style-type: none"> • Import cover months • Current account bal, USD • G&S bal, USD • Nominal Effective Exchange Rate Index • CPI inflation, 2010=100, eop • Trade, goods bal, USD • Goods imp, USD
Cluster 2 Domestic Trade Services Mining and Energy Transport Health Merchandise Financial Services	<ul style="list-style-type: none"> • CPI inflation, 2010=100, eop • Import cover months • Services exp, LCU • Current account bal, USD • Capex, LCU • Total revenue, LCU"
Cluster 3 Import cover months G&S imp, LCU Private final cons, LCU Budget bal, USD Services imp, USD Trade, goods bal, USD	<ul style="list-style-type: none"> • Import cover months • G&S imp, LCU • Private final cons, LCU • Budget bal, USD • Services imp, USD • Trade, goods bal, USD
Cluster 4 Export Import Advance against import bills International Trade	<ul style="list-style-type: none"> • Exchange Rate Index • Use of IMF credit/cap, USD • Total revenue, USD • Capex, USD • Total expend, USD • LCU/USD, eop • Total govt debt, LCU

Correlation analysis

A quantitative and qualitative assessment was performed to evaluate the relationship between the standardized macroeconomic variables and the historical cluster-level NPL ratios.

An absolute correlation threshold of 50% was applied as the initial criterion for identifying statistically significant variables.

The statistical results were subsequently subjected to an economic plausibility assessment to evaluate whether the direction and magnitude of the observed relationships were consistent with established economic theory and expected credit risk behaviour.

The variables that satisfied both the quantitative and qualitative assessment criteria were retained for inclusion in the modelling process.

The historical NPL data covering ten semi-annual observations (2021–2026) is assumed to be representative of the credit risk cycles and economic conditions relevant to the modelling period.

The below scenario weightings have been observed:

Summary of scenario weightings

Scenario	Base	Downturn (downside)	Optimistic (upside)
Cluster 1	90%	0%	10%
Cluster 2	80%	10%	10%
Cluster 3	70%	10%	20%
Cluster 4	70%	10%	20%

(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 2025 and 30 June 2026. The Bank concentrates all its financial assets in Ethiopia.

30 June 2026	Cash and cash equivalents	Loans and advances to customers	Debt securitized at amortized cost	Loans Commitments	Letter of Guarantee
Domestic trade and services		68,459,343			
Import		16,514,526			
Construction		12,360,663			
Transport		20,308,697			
Industry		46,163,295			
Export		51,796,247			
Agriculture		8,585,860			
Consumer or personal		23,810,873			
Financial Institutions	76,416,523		16,670,960		
Others				2,026,190	8,605,386
	76,416,523	247,999,504	16,670,960	2,026,190	8,605,386





30 June 2025	Cash and cash equivalents	Loans and advances to customers	Debt securities at amortized cost	Loans Commitments	Letter of Guarantee
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 Institutions	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

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 2026	Secured against real estate Birr'000	Machinery Birr'000	Vehicles Birr'000	Others Birr'000
Domestic trade and services	37,753,650	25,200,885	1,568,164	3,980,072
Import	9,597,819	2,573,615	733,211	3,082,323
Construction	10,404,380	124,984	1,434,332	196,705
Transport	4,568,337	737,601	13,716,229	1,277,271
Industry	37,838,573	526,487	2,257,033	3,307,178
Export	46,454,571	111,836	879,584	3,402,557
Export	7,037,434	264,119	237,373	1,435,513
Agriculture	7,682,802	144,470	601,065	60,439
Consumer or personal	19,499,587	1,302	2,682,392	2,208,022
	180,837,154	29,685,300	24,109,383	18,950,080



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	8,803,752	16,330,309	16,792,122

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 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 uncreaed effects in relation to deposits. The reported liquid ratio to the National bank of Ethiopia is presented in below;

Description	30 June 2026 Birr'000	30 June 2025 Birr'000
Total liquid assets	77,261,748	50,560,811
Net current liabilities	299,044,516	228,829,996
15% of net current liabilities	44,856,677	34,324,499
Liquidity ratio	25.84%	22.10%
Excess/deficit liquid asset	32,405,071	16,236,312

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.

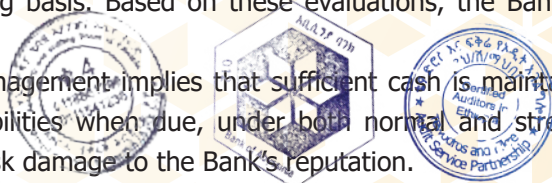
In order to keep optimal asset-liability structure, thereby adhere to regulation in jurisdiction; BoA adopts liquidity risk management system that is governed by adequate oversight, early warning system and proper implementation of risk management process.

The Bank formed 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 treasury department. The treasury 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.



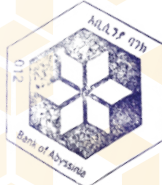
For day-to-day liquidity management, the treasury operations will ensure sufficient funding to meet its intraday payment and settlement obligations on a timely basis. Besides, the process of managing liquidity risk also includes:

- ✳ 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 Bank's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The cash flows presented are the undiscounted amounts to be settled in future.

30 June 2026	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	72,437,928	3,605,670	702,000	-	-
Net investment		-			16,671,756
Net loans and advances	56,276,780	25,491,610	18,684,360	32,849,910	123,185,620
Total	128,714,708	29,097,280	19,386,360	32,849,910	139,857,376
Liabilities					
Deposits from customers	127,981,270	27,945,040	17,572,300	31,813,360	113,473,624
Borrowings	-	-	-	-	-
Other liabilities	-	742,901	0	0	22,023,135
Total	127,981,270	28,687,941	17,572,300	31,813,360	135,496,759
Net Mismatch	733,438	409,339	1,814,060	1,036,550	4,360,617



BANK OF ABYSSINIA S.C.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

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
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	-	-	11,258,309
Total financial liabilities	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

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 risk

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 2026	Fixed Birr'000	Floating Birr'000	Non-interest Bearing Birr'000	Total Birr'000
Assets				
Cash and balances with banks	5,028,754		71,387,769	76,416,523
Loans and advances to customers	240,508,593		8,488,776	248,997,369
Investement securities	16,670,960		1,760,581	18,431,541
Other Asset			18,514,945	18,514,945
Other non-interest sensitive balance			19,136,835	19,136,835
				-
Total Asset	262,208,307	-	119,288,906	381,497,210
Liabilities				
Deposits from customers	227,701,243		91,084,350	318,785,594
Borrowings	-			-
Lease Laibilities	276,381			276,381
Other liabilities			18,722,906	18,722,906
Other non-interest sensitive balance			4,200,150	4,200,150
				-
Total Liabilities	227,977,624	-	114,007,407	341,985,031
Total equity			39,512,182	39,512,182
Total equity and liabilities	227,977,624	-	153,519,589	381,497,210
Interest rate sensitivity gap	34,230,684	-	(34,230,684)	



BANK OF ABYSSINIA S.C.NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

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 advances 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
Borrowings	-			-
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	29,454,393		(29,454,393)	

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 2026 and 30 June 2025. 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 2026			
Impact to profit	2%	684,613	(684,613)
30 June 2025			
Impact to profit	2%	589,087.82	(589,088)



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 further 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 sensitive asset and liability presented as follows:

	30 June 2026 Birr'000	30 June 2025 Birr'000
Assets		
Cash on hand	1,043,464	625,661
Deposit with other foreign banks	30,093,815	19,573,361
Other asset(Uel foreign)	3,323,989	1,125,144
Total	34,461,269	21,324,166
Liabilities		
Deposits from customers	23,874,662	12,403,054
Other FCY liabilities	1,614,956	15,353,424
Total	25,489,618	27,756,478
Net foreign asset/(liabilities)	8,971,651	(6,432,311)

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:



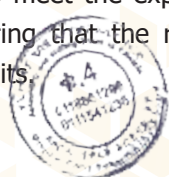
At 30 June 2026				At 30 June 2025		
Currency type	Currency carrying amount	10% Depreciation	10% Appreciation	Currency carrying amount	10% Depreciation	10% Appreciation
Asset						
USD	29,564,293	(2,956,429)	2,956,429	18,664,966	(1,866,497)	1,866,497
EUR	3,703,931	(370,393)	370,393	1,788,363	(178,836)	178,836
GBP	407,688	(40,769)	40,769	659,212	(65,921)	65,921
AED	4,618	(462)	462	31,061	(3,106)	3,106
Other	780,739	(78,074)	78,074	180,565	(18,057)	18,057
	34,461,269	(3,446,127)	3,446,127	21,324,166	(2,132,417)	2,132,417
Liability						
USD	23,773,009	(324,848)	324,848	24,849,828	(324,848)	324,848
EUR	1,449,518	(19,052)	19,052	2,850,179	(19,052)	19,052
GBP	266,938	(2,576)	2,576	56,471	(2,576)	2,576
AED	-	(161)	161	-	(161)	161
Other	153	(326)	326	-	(326)	326
	25,489,618	(346,964)	346,964	27,756,478	(346,964)	346,964
Increase/(decrease)	8,971,651	(3,099,163)	3,099,163	(6,432,311)	(1,785,453)	1,785,453
Tax charge at 30%		(929,749)	929,749		(535,636)	535,636
Effect on net profit		(2,169,414)	2,169,414		(1,249,817)	1,249,817
As a percentage of net profit		-19%	19%	-17%	17%	

At 30 June 2026 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 2.2 billion (2025: Birr. 1.2 billion) lower/higher.

4.6. Capital management

The Bank's approach to capital management is driven by its strategic objectives and takes into account all relevant regulatory, economic, and commercial environments in which the Bank operates. The Bank regards having a strong capital position as essential to its business strategy and competitive position. As such, the Board and senior management take into account implications on the Bank's capital position prior to implementing major business decisions in order to preserve the Bank's overall capital strength.

Effective capital management is fundamental to the sustainability of the Bank. The Bank proactively manages its capital to meet the expectations of key stakeholders such as regulators, shareholders, and investors whilst ensuring that the returns on capital are commensurate with the risks undertaken by respective business units.



The Bank's objectives when managing capital are to:

- * Comply with the capital requirements set by the National Bank of Ethiopia (NBE);
- * Safeguard its ability to continue as a going concern;
- * Maintain a strong capital base to sustain investor, creditor, and market confidence;
- * Support the future development and growth of the business;
- * Deploy capital efficiently to businesses and optimise returns on capital; and
- * Remain flexible to capitalise on future opportunities.

4.6.1. Capital Adequacy

Regulatory Framework

The National Bank of Ethiopia (NBE) has issued a new directive, "Risk-Based Capital Adequacy Requirements for Banks" (Directive No. SBB/95/2025), effective 10 November 2025, which replaces the following existing directives:

- *Directive No. SBB/9/95 (Computation of Risk-Weighted Assets); and
- *Directive No. SBB/78/2021 (Minimum Capital Requirement).

Transition Arrangements

In accordance with the transition provisions outlined in Article 30 of the new directive, the Bank has adopted a phased approach to compliance:

Reporting: The Bank commenced quarterly submission of capital adequacy reports to the NBE starting from the quarter ending March 31, 2026, as required under Article 27 of the directive.

Compliance: The Bank is required to fully comply with all provisions of the new directive, including the prudential minimum capital requirements, by December 31, 2026.

Dual Reporting: Until full compliance is achieved, the Bank continues to report and comply with the minimum capital adequacy requirements under the previous Basel I-based directives, in parallel with the new calculations.

4.6.1.1. Application of Capital Adequacy ratios as per previous Directive (Basel I)

Under the previous regulatory framework, the Bank's capital adequacy ratios were computed based on the primary capital sum, which included paid-up capital, share premium, general reserve, and legal reserve, divided by the risk-weighted assets (on-balance sheet and off-balance sheet).





Capital Component	30 June 2026 Birr'000	30 June 2025 Birr'000
Paid-up-capital	17,481,120	15,000,000
Paid -up-capital in excess of par	1,494,670	5,998
Legale reserve	9,109,615	6,225,669
Special Reserve	25,919	25,919
Total Capital	28,111,324	21,257,587
Risk Weighted Asset		
On balance sheet	268,852,715	213,619,897
Off balance sheet	8,979,741	12,397,613
Total risk weighted assets	277,832,456	226,017,511
Capital Adequacy Ratio	10.12%	9.41%

4.6.1.2 Application of Capital Adequacy ratios as per new directive (Basel II/III)

The Bank has transitioned its capital adequacy computation to align with the Risk-Based Capital Adequacy Requirements for Banks (Directive No. SBB/95/2025). The new framework expands the calculation to encompass all three pillars of risk, providing a more comprehensive assessment of the Bank's risk profile and capital adequacy.

The total RWA are computed based on the following approaches:

- (a) Credit risk weights in the Basel II/III standardized approach based on the risk rating assigned by ECAs deemed eligible by the National Bank of Ethiopia;
- (B) Market risk under standardised approach; and
- (C) Operational risk under Basic Indicator approach. The standardized approach is Business Indicator, Business Indicator component and Internal loss Multiplier components

The minimum regulatory capital adequacy requirements for CET1, Tier 1 and Total Capital are 7%, 9% and 11% of total RWA for the financial year ended 30 June 2026 , 8.8%, 8.8% and 10% of total RWA

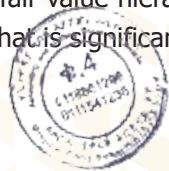


The capital adequacy ratios	30 June 2026 Birr'000
CET1 Capital Ratio	8.8%
Tier 1 Capital Ratio	8.8%
Total Capital Ratio	10.0%
Components of capital:	
Common Shares/stock issued by the bank	30 June 2026 Birr'000
Share Premiums	17,481,120
Legal reserve	1,494,670
CET1 before capital deduction	9,109,615
Regulatory adjustments	28,085,405
Intangible assets	
Deferred tax assets	1,265,723
Investments in the Insurance Entities	258,442
Total Deduction from CET1	68,469
CET1 after capital deduction	1,592,634
	26,492,771
Additional Tier 1 Capital	
N/A	
Total Tier 1 Capital	
Tier 2 Capital	26,492,771
Other reserves (as approved by the National Bank of Ethiopia)	
Certain loan loss provisions such as general provisions/general loan-loss reserve (up to 1.25 percentage point of Credit Risk RWA)	236,330
	3,492,810
Tier 2 before capital deduction	3,729,140
Regulatory adjustments	
N/A	
Total Eligible Capital base	30,221,911
The breakdown of RWA by each major risk categories	30 June 2026 Birr'000
Total RWA for credit risk	279,704,192
Total RWA for market risk	5,373,452
Total RWA for operational risk	15,833,820
Total RWA	300,911,464

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.



BANK OF ABYSSINIA S.C.

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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 data and the unobservable inputs have a significant effect on the asset or liability's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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 2026	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	76,416,523			76,416,523	76,416,523
Loans and receivables	248,997,369			248,997,369	248,997,369
Debt securities at amortized cost	16,670,960			16,670,960	16,670,960
Financial assets at fair value through OCI	1,442,225			1,760,581	1,760,581
Total	343,527,076	-	-	343,845,432	343,845,432
Financial liabilities					
Deposits from customers	277,982,151			277,982,151	277,982,151
Other liabilities	18,722,906			18,722,906	18,722,906
Total	296,705,058			296,705,058	296,705,058





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 securities at amortized cost	15,267,976			15,267,976	15,267,976
Financial assets at fair value through 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
Other liabilities	10,489,194			10,489,194	10,489,194
Total	222,144,024	-	-	222,144,024	222,144,024

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 2026	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	1,442,225			1,760,581	1,760,581
Total	1,442,225	-	-	1,760,581	1,760,581

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.



5. INTEREST INCOME

	30 June 2026 Birr'000	30 June 2025 Birr'000
Interest on Term Loan	33,560,415	24,335,811
Interest on over draft	4,199,347	3,762,914
Interest on Advance sales contract	1,466,226	1,020,998
Interest from penalty	1,107,206	951,100
Interest on deposit from local banks	817,386	875,948
Interest on Treasury Bonds	1,002,207	746,948
Interest on foreign deposits	737,205	542,610
Interest earn on DBE Bond	381,001	320,918
Interest on Import & export bills	119,131	79,964
Interest on digital loan	131,021	62,273
Interest on Inter Bank loan	38,067	10,918
Interest on Treasury bills	96,669	7,462
Interest on Open market operation	33,863	863
	43,689,742	32,718,727

6. INTEREST EXPENSE

	30 June 2026 Birr'000	30 June 2025 Birr'000
Interest on Saving Account	(10,527,696)	(7,622,608)
Interest on Time deposit	(3,828,799)	(2,476,402)
Interest on loans	(590,144)	(224,148)
	(14,946,640)	(10,323,158)



BANK OF ABYSSINIA S.C.**NOTES TO THE FINANCIAL STATEMENTS
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**7. NET FOREIGN EXCHANGE GAIN OR LOSS**

	30 June 2026 Birr'000	30 June 2025 Birr'000
Loss on foreign exchange	(29,253,291)	(82,890,629)
Gain on foreign exchange	30,930,241	82,741,060
	1,676,950	(149,569)

8. . COMMISSION EARNED

	30 June 2026 Birr'000	30 June 2025 Birr'000
Letters of credit and other import/export facilities	1,287,448	700,463
Money and Telegraphic transfers and direct debit charges	243,300	412,834
Letters of guarantees	17,178	11,909
Other commissions	1,363,212	689,096
Total	2,911,139	1,814,302

9. DIVIDEND INCOME

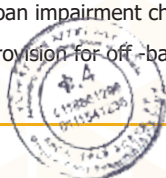
	30 June 2026 Birr'000	30 June 2025 Birr'000
Dividend income from investing activities	76,345	79,873

10. OTHER OPERATING INCOME

	30 June 2026 Birr'000	30 June 2025 Birr'000
Income from Murabaha Financing	1,164,752	723,050
Loan processing fee income	221,659	193,798
Rental income	29,589	19,003
Gain on disposal of Acquired Asset	3,590	6,046
Gain on disposal of fixed assets	19,117	2,405
Other income	517,291	511,025
	1,955,999	1,455,326

11. LOAN IMPAIRMENT CHARGE

	30 June 2026 Birr'000	30 June 2025 Birr'000
Loan impairment charge	-1,553,775	-2,122,646
Provision for off -balance sheet	-68,941	-264
	(1,622,715)	(2,122,910)





12 IMPAIRMENT LOSSES ON OTHER FINANCIAL ASSETS

30 June 2026
Birr'000

30 June 2025
Birr'000

Charge for the year:		
Other assets	(108,984)	(506,427)
Debt securities	(65)	(214)
Bank balance	(9,270)	(958)
	(118,320)	(507,599)

13 PERSONNEL EXPENSES

30 June 2026
Birr'000

30 June 2025
Birr'000

Clerical Staff Salary	(5,252,141)	(3,886,953)
Contractual Staff Salary	(741,011)	(710,027)
Non-Clerical Staff Salary	(291,527)	(231,085)
Fuel Allowance	(2,007,542)	(2,038,628)
Bonus	(1,157,458)	(720,577)
Provident Fund	(658,664)	(488,806)
Training Education	(565,460)	(435,237)
Living Allowance	(448,080)	(321,933)
Housing Allowance	(265,759)	(254,748)
Medical	(273,288)	(188,729)
Car and representation Allowance	(162,745)	(144,083)
Amortazation of prepaid employee benefit	(77,189)	(83,881)
Cash Indemnity Allowance	(45,594)	(62,347)
Leave Pay	(230,308)	(36,942)
Employee Mobile Allowance	(20,350)	(19,545)
Saturday Extra time allowance	(17,318)	(17,780)
Uniforms	(32,201)	(11,216)
Non-Clerical staff overtime	(15,818)	(10,594)
Clerical staff overtime	(12,832)	(3,980)
Staff Insurance	(6,096)	(3,169)
Drivers Allowance	(1,227)	(1,268)
Other staff expenses	(347,554)	(104,717)
	(12,630,161)	(9,776,245)



**14 OTHER OPERATING EXPENSES****30 June 2026
Birr'000****30 June 2025
Birr'000**

Software license fee	(1,285,541)	(695,520)
Prior period tax expenses	(797,069)	(97,622)
Insurance fund for deposit	(695,822)	(557,710)
Written- Off loan	(546,197)	(248,026)
Master and Visa Card membership and service	(496,838)	-272,249
Data and Internet lines	(328,998)	(174,135)
other IFB expense	(306,025)	(175,602)
Insurance	(240,212)	(106,658)
Advertising	(222,940)	(115,205)
Repair and Maintenance	(213,323)	(184,461)
Fuel and Lubricant	(213,461)	(123,952)
Stationery and printing	(163,019)	(235,484)
Customer Incentive for FCY mob	(160,652)	(247,417)
ATM and POS card issuance fee	(128,588)	(93,042)
Consultancy fee	(101,339)	-9,358
Transportation of Currency	(98,341)	(75,759)
IT Support and maintenance exp.	(88,310)	-108,087
Promotional gift items	(82,884)	(9,941)
Per diem and travel	(80,263)	(47,057)
Entertainment	(80,506)	(32,878)
Annual reception	(73,971)	(18,498)
Donations and contributions	(65,005)	(96,848)
Swift Services	(50,286)	(17,811)
Utilities	(48,199)	(25,843)
Correspondent charges	(42,178)	(22,790)
RTGS Transaction fee	(35,665)	(32,263)
Legal fees	(48,557)	(36,657)
Postage, telephone, telegram , telex/fax	(13,831)	(16,685)
Wages for non-employees	(18,576)	(12,801)
Bank charges	(17,387)	(10,300)
Impairment for non current asset	-	(6,724)
Audit fees	(4,843)	(3,502)
Board of Directors remuneration	(4,643)	(2,515)
EATS membership and transaction fee	(180)	(198)
Other administration expenses	(786,372)	(382,080)
	(7,540,022)	(4,295,678)



15. RECONCILIATION OF EFFECTIVE TAX TO STATUTORY TAX

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

15a. Component of tax expenses	30 June 2026 Birr'000	30 June 2025 Birr'000
Current tax expense	4,310,956	2,607,863
Deferred tax (15e)	2,673	194,726
	4,313,629	2,802,590

15b. Current Tax	30 June 2026 Birr'000	30 June 2025 Birr'000
IIFRS Accounting profit	15,849,406	10,101,095
Add : Disallowed expenses		
Entertainment	80,506	32,878
Donation	44,934	631
Penalty	31,098	6,313
Depreciation for accounting purpose	1,112,544	756,137
Amortization for accounting purpose	195,808	128,834
Amortization of Employee benefit	77,189	83,881
Severance accrual (net of Payment)	287,691	66,986
Wages expenses	6,502	4,480
Medical expense for spouses	9,978	6,802
Depreciaton and Interest expense as per IFRS-16	1,222,573	13,453
impairment on non-current asset	-	6,724
Accrued leave	207,636	20,223
Legal expense	48,557	36,657
Land and building tax	17,435	14,798
Net unrealized foreign exchange gain or loss	193,547	203,421
Provision for other Asset	118,320	507,599
Provision for loans and advances as per IFRS	1,622,715	2,122,910
Written- Off loan	546,197	248,026
Tax payment as per tax audit work	797,069	97,622
Staff loan Interest income as per tax	207,862	184,135
	6,828,161	4,542,511



**15b. Current Tax****30 June 2026
Birr'000****30 June 2025
Birr'000**

Less :

Depreciation for tax purpose	1,595,646	1,033,450
Amortization for tax purpose	225,085	140,727
Interest income taxed at source-Local & foreign deposits		1,418,558
Dividend income taxed at source	76,345	79,873
Interest income taxed at source-Treasury bills	96,669	7,462
Interest income taxed at source-Treasury bonds	1,002,207	746,948
Interest income taxed at source-DBE bonds	381,001	320,918
Staff loan Interest income as per IFRS	184,473	193,359
Interest suspended recognized previous period	1,367,447	
Capital Gain tax		21,739
Office rent expense as per Tax	1,225,886	
Reversale of provision for North Eth. Conflict		287,292
Provision for loans and advances as per NBE 80%	2,152,958	1,881,276
Net income from rental operation	8,725	8,298

8,316,441**6,139,900**

Taxable profit

14,361,126

8,503,706

4,308,338**2,551,112**

Add : 10% of interest on foreign deposits

54,261

Current tax at 30%

4,308,339**2,605,374**

15.c Statement of Financial Position(Current income tax liability)

	30 June 2026 Birr'000	30 June 2025 Birr'000
Balance at the beginning of the year	2,576,017	1,094,277
<u>Charge for the year:</u>		
Income tax expense	4,308,339	2,605,374
Rental Income tax expense payable to A.A. Large tax payers office	2,449	2,215
Prior year (over)/ under provision		
WHT Notes utilised	(94,148)	(31,571)
Payment during the year	(2,576,017)	(1,094,277)
Tax for the year	4,216,640	2,576,018
*Advance paid to ERCA	(1,245,035)	
Balance at the end of the year	2,971,605	2,576,017

* In accordance with Ethiopia's Income tax(Amendment) proclamation No. 1395/2025, category A and B business taxpayers must make quarterly advance corporate income tax payments equal to 25% of their previous year's tax liability

Accordingly, in the current fiscal year the Bank paid Birr 1,245,034,827.14 to Ministry of Revenue for Quarter 1 and Quarter 2 Advance payments. And the final corporate income tax due to Ministry of Revenues shall be Current Year Tax Provision minus Advance tax payments.

15.d Deferred income tax

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

	30 June 2026 Birr'000	30 June 2025 Birr'000
Deferred tax Asset	438,036	258,442
Deferred tax liability	(871,437)	(629,424)
	(433,401)	(370,981)

The analysis of deferred tax assets 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 income are attributable to the following items:



BANK OF ABYSSINIA S.C.NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

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Desc.	At 1 July 2025 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 2026 Birr'000
Annual Leave	126,885		62,291		189,176
Post employment benefit obligation	131,558		86,307	20,678	238,544
IFRS-16, lease			10,317		10,317
Total deferred tax assets	258,442	-	158,915	20,678	438,036

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	214,036	-	26,295	18,110	258,442

Deferred income tax liabilities:	At 1 July 2025 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 2026 Birr'000
Property, plant and equipment	(426,406)		(161,588)		(587,993)
Equity Investments	(203,018)		-	(80,425)	(283,443)
Total deferred tax liabilities	(629,424)	-	(161,588)	(80,425)	(871,437)



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
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)

15.e Deferred income tax	30 June 2026 Birr'000	30 June 2025 Birr'000
Severance pay - carrying amount	795,145	438,526
Severance pay - tax base	-	-
Severance pay temporary difference	795,145	438,526
Deferred tax asset - @ 30%	238,544	131,558
Annual Leave - carrying amount	630,585	422,949
Annual Leave - tax base	-	-
Annual leave temporary difference	630,585	422,949
Deferred tax asset - @ 30%	189,176	126,885
ROU - carrying amount	4,269,871	
Officet rent - tax base	4,304,260	
Office -temporary difference	34,390	0
Deferred tax asset - @ 30%	10,317	203,018
PPE- carrying amount	14,296,418	8,590,712
PPE - tax base	12,336,439	7,169,359
	1,959,978	1,421,352
Deferred tax liability - @ 30%	587,993	426,406
Equity investment - carrying amount	1,760,581	1,442,225
Equity investment - tax base	815,770	765,498
Equity Investment -temporary difference	944,811	676,727
Deferred tax liability - @ 30%	283,443	203,018
Deferred tax asset/ (liability) - @ 30%	(433,401)	(370,981)





15f Depreciation for tax purpose

30 June 2026	Cost	Depreciation for the year	Accumulated depreciation	Book Value
Premises	1,867,247	93,362	211,217	1,562,667
Motor vehicles	1,335,688	150,715	754,778	430,196
Office furniture & fittings	2,633,270	289,590	802,026	1,541,655
Office equipment	8,477,584	781,018	1,095,949	6,600,617
Computer and accessories	2,099,415	271,532	787,188	1,040,694
Intangible assets	1,768,159	225,085	464,704	1,078,371
Investment	96,286	9,429	4,618	82,238
Total	18,277,649	1,820,731	4,120,480	12,336,439

30 June 2025	Cost	Depreciation for the year	Accumulated depreciation	Book Value
Asset type				
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

15g. Rental Income tax

	30 June 2026 Birr'000	30 June 2025 Birr'000
Addis Abeba City		
Income;		
Rental Income	9,136	8,709
Expense;		
Depreciation	(412)	(412)
Profit (loss) before tax from rental operation	8,725	8,298
Rental income tax @ 30% due to Addis Abeba City admistartions	2,617	2,489
Withholding tax receivable	168	275
Net Tax Due to A.A. LARGE TAX PAYERS OFFICE	2,449	2,215



The simplified impairment method should 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 should reach the 90 DPD.

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

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

	30 June 2026 Birr'000	30 June 2025 Birr'000
Within three Month		4,550,786
Within six month	4,826,754	172,288
Within one year	202,000	-
	5,028,754	4,723,073

The reserve with National Bank of Ethiopia represents regulatory cash ratio requirements based on customer deposits with the Bank. As at 30 June 2026, the cash ratio requirement was 10% . 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 2026
Birr'000
30 June 2025
Birr'000

Loans, advances and Financing at amortized cost

Conventional banking loans and advances:

Term Loan	216,379,399	166,862,498
Overdraft loans	18,858,079	18,286,447
Advance loans	12,762,026	8,198,173
	247,999,504	193,347,118

Interest Free Financing and advances:

Murabaha financing	11,528,530	8,336,228
Unearned income	-3,039,753	-2,367,057
	8,488,776	5,969,171
Total Carrying Amount	256,488,280	199,316,289

Allowances for loans , advances and financing :

Loan loss Allowance_stage 1	(3,182,186)	(2,290,254)
Loan loss Allowance_stage 2	(871,707)	(164,509)
Loan loss Allowance_stage 3	(3,437,019)	(3,482,375)
Total loan loss allowance	(7,490,912)	(5,937,137)
Net Carrying Amount	248,997,369	193,379,151

(ii) Loans and advances analyzed by
economic purpose are as follows
30 June 2026
Birr'000
30 June 2025
Birr'000

Domestic trade and services	68,459,343	33,683,147
Import	16,514,527	13,332,584
Construction	12,360,663	14,364,682
Transport	20,308,697	11,625,869
Industry	46,163,295	45,415,964
Export	51,796,247	45,026,565
Agriculture	8,585,860	8,654,663
Consumer or personal	23,810,873	21,243,644
Gross amount	247,999,504	193,347,118



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

	30 June 2026 Birr'000	30 June 2025 Birr'000
DTS	6,689,421	4,225,256
Manufacturing	589,261	1,311,499
Consumer and mortgage	2,078,637	983,892
Agricultural input	288,875	281,777
Building and Constriction	623,476	588,880
Motor Vehicle	465,150	399,494
Intl trade-export	459,389	287,598
Machinery and Equipment	292,892	170,548
Intl trade-import	7,438	15,637
Commercial banking	31,341	71,647
	11,525,879	8,336,228
Unearned income	(3,037,103)	(2,367,057)
Gross financing and advances	8,488,776	5,969,171

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

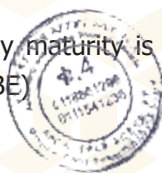
	30 June 2026 Birr'000	30 June 2025 Birr'000
Short -Term loan (within 12 months)	41,504,849	26,638,356
Medium -term loan(More than 1 year but	76,867,005	29,978,979
Long- term loan (More than five (5) years)	138,116,426	138,160,066
Gross loans and Advances	256,488,280	194,777,400

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 2026 Birr'000	30 June 2025 Birr'000
Short -Term loan (within 12 months)	1,853,081	1,153,824
Medium -term loan(More than 1 year but less than or equal to five (5) years	4,738,180	3,374,623
Long- term loan (More than five (5) years)	1,897,515	1,440,724
Gross IFB Financing	8,488,776	5,969,171

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 2026

Changes in the gross carrying amount of financing and advances carried at amortised cost that contributed to the changes in loss allowances during the financial year ended 30 June 2026 were mainly due to an increase in loan size, portfolio distribution, and loan loss amounts. Loans and advances for the financial year increased to Birr 256.49 billion, reflecting a rise of Birr 57 billion, within the ceiling prescribed by the National Bank of Ethiopia (NBE) for the fiscal year.

*One component of the increase in expected credit losses (ECL) relates to enhancements made to the IFRS 9 model in the prior period. In the current period, the probability of default (PD) computation was refined to incorporate more diversified risk profiles, including a requirement that individual exposures exceeding 5% of the bank's capital undergo a separate, exposure-specific risk assessment to determine their PD. This approach is prudential, as it improves the identification and measurement of credit risk associated with large exposures.

In millions of ETB Loans and advances to customers at amortized cost (on balance sheet exposures)	2026			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit	Stage 3 Lifetime ECL Credit impaired	
Balance at 1 July 2025	2,290,254	164,509	3,482,375	5,937,137
Transfer to 12 months ECL	(387,340)	48,748	338,592	-
Transfer to Lifetime ECL not credit impaired	350,367	(414,704)	64,336	-
Transfer to Lifetime ECL credit impaired	164,739	51,771	(216,510)	-
Net remeasurement of Loss allowance	891,932	707,199	(45,356)	1,553,775
Net financial assets originated or purchased	202,904	343,394	722,045	1,268,343
Financial assets derecognised	(330,671)	(29,209)	(908,463)	(1,268,343)
Balance as at 30 June 2026	3,182,186	871,707	3,437,019	7,490,912

In millions of ETB Loans and advances to customers at amortized cost (on balance sheet exposures)	2025			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit	Stage 3 Lifetime ECL Credit impaired	
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	1,040,788	(468,169)	1,550,028	2,122,646
Net financial assets originated or purchased	1,054,335	(391,578)	100,332	763,089
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





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 2026 Birr'000	30 June 2025 Birr'000
Investment on DBE bond	4,907,013	4,066,936
Investment in Treasury Bills	200,000	-
Investment in Treasury bond	11,564,742	11,201,770
	16,671,756	15,268,706
Allowances for impairment losses	(796)	(730)
	16,670,960	15,267,976

b)Details of government securities	30 June 2026 Birr'000	30 June 2025 Birr'000
As at July 01	15,268,706	10,821,797
Additions	2,822,441	5,522,324
Redeemed on maturity	(2,117,539)	(1,240,168)
Accrued Interest income	698,146	164,753
	16,671,756	15,268,706

(c) Impairment allowance on Government securities	30 June 2026 Birr'000	30 June 2025 Birr'000
At 1 July	(730)	(516)
Impairment charge for the year	(65)	(214)
At 30 June	(796)	(730)

We used Simplified ECL approach for impairment calculation

d) The maturity profile of government bills are as follows	30 June 2026 Birr'000	30 June 2025 Birr'000
Within one year	166,743	2,983,863
One year to three years	-	2,000,730
Three years to five years	11,149,174	10,284,114
After five years	5,299,521	-
	16,615,438	15,268,706



**e). Equity investment**

	30 June 2026 Birr'000	30 June 2025 Birr'000
Financial assets at FVOCI (Equity investments)	1,760,581	1,442,225
	1,760,581	1,442,225

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

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

The Investments comprise of: At 30 June, 2026	Beginning balance 2025 Birr'000	Addition Birr'000	Changes in fair value Birr'000	30 June 2026 Birr'000
Eth Switch S.Co	749,418	8,203	201,256	958,877
Addis Africa Int. Convention & Exch. Centre	74,334	3,812	174	78,320
Hohete Tibebe S.Co	29,064	-	(11,940)	17,124
Ethiopian reinsurance S.CO	68,469	-	(2,684)	65,785
Abay Industry Development S.C	477,259	15,280	70,825	563,365
Yetebaberut Beherawi Petroleum S.Co	24,522	3,496	12,301	40,320
Nile Insurance s.c	326		14	340
Ethiopian Securities Exchange Share Company	18,832	19,482	(1,862)	36,451
	1,442,225	50,272	268,084	1,760,581

The Investments comprise of: At 30 June, 2025	As at 01 July, 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 Tibebe 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 Petroleum	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

Investments in unlisted equity securities are non-current



19 Other assets	30 June 2026 Birr'000	30 June 2025 Birr'000
Acquired collaterals	2,077,937	1,006,053
Sundry receivables	10,286,277	7,569,063
Items in course of collection from other banks	3,436,100	1,976,094
Deposit and Prepayment	1,157,480	450,041
Prepaid staff asset	2,170,694	2,398,651
Gross amount	19,128,488	13,399,902
Less: other asset -ECL	(613,543)	(504,559)
	18,514,945	12,895,343

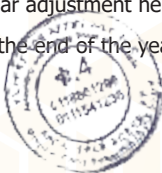
✳ The nature of the prepaid staff asset is related to the difference between the interest rate applied for the staff loans applied by the bank and the market interest rate. The market interest rate is determined based on consumers loans given by Ethiopian Banks and prepared by the Ethiopian banker associations, 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 2026 Birr'000	30 June 2025 Birr'000
Within one year	19,023,438	13,094,146
One year to three years	12,561	210,651
Three years to five years	2,413	6,749
After five years	90,076	88,356
	19,128,488	13,399,902

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

19b. Impairment allowance on other assets	30 June 2026 Birr'000	30 June 2025 Birr'000
At 1 July	504,559	22,669
Change in impairment		481,890
Previous year adjustment held in the regulatory risk reserve account	108,984	-
Balance at the end of the year	613,543	504,559





20. Investment property	Total Birr'000
Cost:	
As at 1 July 2024	12,339
Acquisitions	
Transfer from property and equipment	(0)
As at 30 June 2025	12,339
As at 1 July 2025	12,339
Acquisitions	
Transfer from property and equipment	175,331
As at 30 June 2026	187,670
<u>Accumulated depreciation and impairment losses</u>	
As at 1 July 2024	
Transfer from property and equipment	1,774
Amortisation for the year	235
As at 30 June 2025	2,009
As at 1 July 2025	2,009
Amortisation for the year	1,549
As at 30 June 2026	3,558
Net book value	
As at 30 June 2025	10,330
As at 30 June 2026	184,112

The investment property comprises of the following properties:

20a Amounts recognized in profit or loss for investment properties	Notes	30 June 2026 Birr'000	30 June 2025 Birr'000
Rental income		29,589	19,003
Direct operating expenses from property that generated rental income		-	-
		29,589	19,003



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 2026, and 30 June 2025 respectively are as follows:

30 June 2026	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000
Investment properties	187,670			187,670

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



**21 Intangible Assets Cost:****30 June 2026
Birr'000****Investment property****Cost:****As at 1 July 2024**

897,880

Acquisitions

243,719

WIP

373,478

As at 30 June 2025**1,515,077****As at 1 July 2025**

1,515,077

Acquisitions

717,595

WIP

(343,866)

As at 30 June 2026**1,888,806****Accumulated amortisation and impairment losses****As at 1 July 2024**

306,421

Amortisation for the year

128,834

As at 30 June 2025**435,255****As at 1 July 2025**

435,255

Amortisation for the year

195,808

As at 30 June 2026**631,063****Net book value****As at 30 June 2025**

1,079,822

As at 30 June 2026**1,257,743****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 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
Balance at 01 July 2025	241,063	7,201,573	7,442,636
Adjustments		41,423	41,423
Additions during the year	4,790	2,077,366	2,082,156
Balance at 30 June 2026	245,853	9,320,363	9,566,216
Amortisation			
Balance at 01 July 2024	12,143	2,721,187	2,733,331
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
Balance at 01 July 2025	16,160	3,752,277	3,768,436
Adjustments	-	41,423	41,423
Charge for the year	4,017	1,206,088	1,210,105
Balance at 30 June 2026	20,176	4,999,788	5,019,965
Net Carrying Value at 30 June 2025	224,903	3,449,296	3,674,199
Net Carrying Value at 30 June 2026	225,677	4,320,574	4,546,251

ii. Lease Liabilities	Land Birr'000	Building Birr'000	Total Birr'000
Cost:			
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	330,589
Balance at 01 July 2025	46,698	283,891	330,589
Additions		16,508	16,508
Interest expense in P & L	-	12,467	12,467
Payment of Leases	0	(83,184)	(83,184)
Balance at 30 June 2026	46,698	229,682	276,381



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At 30 June 2026, the future minimum lease payments under non-cancellable operating Leases were payable as follows

Maturity analysis-Contractual undiscounted cash flows

	June 30,2026 Birr'000	June 30,2025 Birr'000
Less than one year	3,244	96,102
Between one and five years	226,373	187,363
More than five years	46,764	47,124
Total undiscounted leases liabilities	276,381	330,589

22.1.2. Amounts recognized in profit or loss

	June 30,2026 Birr'000	June 30,2025 Birr'000
Interest expenses on lease liabilities (Note 6)	12,467	13,453
Short term leases of low value assets(ATM rent)	30,135	25,075

	June 30,2026 Birr'000	June 30,2025 Birr'000
Total cash outflows for leases	2,148,832	683,247

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.



**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 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		-	(7,851.41)	(6,033.74)	(4,550.16)	-	(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
As at 1 July 2025	2,336,713	1,338,685	3,523,336	2,003,139	1,467,544	223,281	10,892,698
Additions	15,653	1,116	4,955,471	633,342	635,288	7,199	6,248,068
Reclassification	(118,369)					(56,962)	(175,330)
Fixed asset adjustments			3				3
Disposals		(4,113)	(1,226)	(3,211)	(3,416)	-	(11,965)
As at 30 June 2026	2,233,998	1,335,688	8,477,584	2,633,270	2,099,415	173,519	16,953,473
<u>Accumulated depreciation</u>							
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
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
As at 1 July 2025	153,056	536,788	893,073	497,199	624,229	-	2,704,344
Charge for the year	31,926	114,479	560,710	190,049	213,830	-	1,110,995
Accumulated depreciation on disposals	-	(3,907)	(1,153)	(2,227)	(3,307)		(10,594)
As at 30 June 2026	184,982	647,359	1,452,631	685,021	834,752		3,804,745
<u>Net book value</u>							
As at 30 June 2025	2,183,657	801,898	2,630,263	1,505,940	843,315	223,281	8,188,353
As at 30 June 2026	2,049,016	688,329	7,024,953	1,948,249	1,264,663	173,519	13,148,728



**24. Deposits from customers**

	30 June 2026 Birr'000	30 June 2025 Birr'000
Saving Deposits	201,230,909	158,640,864
Demand Deposits	50,280,908	34,038,780
Fixed Time Deposits	26,470,334	18,975,185
	277,982,151	211,654,830

The deposits are sourced from the following types of customers

	30 June 2026 Birr'000	30 June 2025 Birr'000
Private sector & Staffs	237,445,661	184,455,303
Co-operatives & Associations	4,904,314	4,339,212
Domestic banks	3,653,801	2,372,945
NR - Transferable Birr accounts	130	161
Public agencies & enterprises	16,356,130	11,410,935
NR - Non-transferable Birr accounts	185	249
Resident and non resident - Foreign currency accounts	7,534,070	4,931,841
Retention account	6,871,492	3,526,247
Central Government	474,745	315,335
Regional government	741,624	302,603
	277,982,151	211,654,830

The weighted average effective interest rates on interest bearing customer deposits as at 30 June 2026 was 6.98% (June 2025 -6.37%)

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

	30 June 2026 Birr'000	30 June 2025 Birr'000
Within six months	19,571,107	15,632,917
Six months to one year	6,852,377	3,295,992
One year to three years	73,850	45,277
Three years to five years	1,000	1,000
	26,498,334	18,975,186



25. Interest free customers deposits

	30 June 2026 Birr'000	30 June 2025 Birr'000
The deposits are presented types of deposits:		
Saving Deposits;		
Mudarabaha	2,822,984	2,096,149
Wadia	31,091,185	24,502,211
	33,914,169	26,598,360
Demand Deposits;		
Wadia Current	6,201,159	4,488,181
	6,201,159	4,488,181
Term Deposits;		
Mudarabaha	688,114	438,368
	688,114	438,368
Total IFB Deposit	40,803,442	31,524,908

Please note the term deposits are restricted or unrestricted

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

	30 June 2026 Birr'000	30 June 2025 Birr'000
Private sector & Staffs	40,030,071	31,296,679
Co-operatives & Associations	570,626	182,583
Domestic banks	148,707	32,118
Public agencies & enterprises	54,038	13,528
	40,803,442	31,524,908

The maturity profile of Term deposits are as follows:

	30 June 2026 Birr'000	30 June 2025 Birr'000
Within Three months	493,844	314,607
Three months to Six Month	87,177	55,537
Six Month to One year	82,975	52,860
Above one year	24,119	15,365
	688,116	438,369

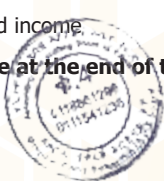


**26. OTHER LIABILITIES**

	Note	30 June 2026 Birr'000	30 June 2025 Birr'000
Cashiers' payment orders		569,884	959,689
MTs and TTs payable - local and foreign		272	300
Dividend payable		351,986	499,508
Exchange and auction payable to NBE		263,756	282,023
Accrued leave payable		630,585	422,949
Board of Director fee		1,350	1,350
Margins held on letters of credit		10,910,907	4,079,714
Other payables		4,557,002	2,964,809
Bonus accrual		1,156,157	718,613
Unearned income	(i)	198,115	338,918
Provision for commitments contingent liability	(ii)	82,892	221,320
Gross amount		18,722,906	10,489,194
		30 June 2026 Birr'000	30 June 2025 Birr'000
Within one year		18,722,906	10,489,194
One year to three years			
Three years to five years			
After five years			
		18,722,906	10,489,194

(i) Movement in unearned income

2026	Guarantee commission	Service change on letter of credit	Total
01 July ,2025	138,314	200,604	338,918
Income recognized	(93,605)	(200,604)	-294,209
Deferred income	65,064	88,341	153,406
Balance at the end of the year	109,774	88,341	198,115
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





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(ii) Provision for commitments and contingent liability

2026	Provision for North ethiopia conflict	Off- balance sheet commitment	Legale case commitments	Total
01 July ,2025	221,320	341	-	221,661
Addition		68,941	13,610	82,551
Write back	(221,320)			(221,320)
As at June 30, 2026		69,282	13,610	82,892
	Provision for North ethiopia conflict	Off- balance sheet commitment	Legale case commitments	Total
01 July ,2024	515,917	77	-	515,994
Addition		264		264
Write back	(294,597)			-294,597
As at June 30, 2025	221,320	341	-	221,661

27 . RETIREMENT BENEFIT OBLIGATIONS

**30 June 2026
Birr'000**

**30 June 2025
Birr'000**

Defined benefits liabilities:

- Severance pay	795,145	438,526
Liability in the statement of financial position	795,145	438,526

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	107,739	33,178
- Interest Cost on DBO	67,899	61,779
Recognition of past service cost	166,727	
Total defined benefit expenses	342,365	94,957

Remeasurements for:

- Actuarial (Gains)/Losses on economic assumptions		
- Actuarial (Gains)/Losses on experience (liabilities)	(34,009)	49,625
	102,937	10,741
Expense/(Income) recognised in OCI	68,928	60,366





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.

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 2026	30 June 2025 Birr'000
A. Liability recognized in the financial position	795,145	438,526
	30 June 2026 Birr'000	30 June 2025 Birr'000
B. Amount recognized in the profit or loss		
Net Service Cost	107,739	33,178
Net Interest on Net Defined Benefit Asset	67,899	61,779
Recognition of past service	166,727	
	342,365	94,957



	30 June 2026 Birr'000	30 June 2025 Birr'000
C. Amount recognized in other comprehensive income:		
Remeasurement (gains)/losses arising from changes in demographic assumptions	(34,009)	49,625
Remeasurement (gains)/losses arising from changes in the financial assumptions	102,937	10,741
Tax credit /(charge)	(20,678)	-18,110
	48,250	42,256

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

	30 June 2026 Birr'000	30 June 2025 Birr'000
Net liability as start of period	438,526	311,174
Net expense recognised in income and expense	342,365	94,957
Net expense recognised in other comprehensive income	68,928	60,366
Actuarial (Gains)/Losses on experience	(54,674)	(27,971)
At the end of the year	795,145	438,526

The significant actuarial assumptions were as follows:

i. **Financial Assumption Long term Average**

	30 June 2026 Birr'000	30 June 2025 Birr'000
Discount Rate (p.a)	15.75%	14.60%
Salary Increase rate (p.a)	13.75%	12.20%
Net pre-retirement rate	2.14%	2.14%





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	0.31%	0.22%
25	0.30%	0.23%
30	0.36%	0.31%
35	0.41%	0.28%
40	0.52%	0.32%
45	0.45%	0.43%
50	0.63%	0.63%
55	0.98%	0.98%
60	1.54%	1.54%

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

30 june 2026	Base DBO ETB'000	DBO on changed assumptions ETB'000	% change
Discount rate +1%	795,145	749,918	-5.69%
Discount rate -1%	795,145	846,232	6.42%
Salary increase +1%	795,145	828,057	4.14%
Salary increase -1%	795,145	765,756	-3.70%
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%



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.

Maturity Profile

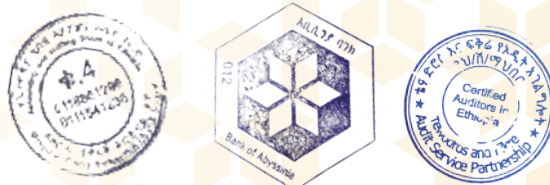
Time to Maturity of membership	Liability Birr'000
<1 year	
1-5 years	46,103
>5 years	36,747
	712,295

28. ORDINARY SHARE CAPITAL

	30 June 2026 Birr'000	30 June 2025 Birr'000
Authorized:		
17,481,120 ordinary shares of Birr 1000 each	17,481,120	15,000,000
17,481,120 ordinary shares of Birr 1000 each	17,481,120	15,000,000

Capital Market Project Status

The registration process at Ethiopian Capital Market Authority (ECMA) has been finalized. As per Reference Number MSOD/0002/2026 dated March 17, 2026, in a letter issued by the Central Securities Depository (CSD), the shareholders' and securities data of Bank of Abyssinia (BoA) have been successfully migrated, recorded, and are now maintained electronically in the CSD system, based on the information officially submitted by BoA. And Bank of Abyssinia has confirmed that the final migrated data in the CSD system has been reconciled and formally accepted, representing the existing paid-up capital of Birr 15 billion.





Following the Bank's application for the extension of offer period, ECMA has approved the same until April 18, 2026 then until May 18, 2026. Based on our letter dated 16 June 2026 with reference no. BOA/CFO/076/2026, requesting approval of the allotment report for the rights offer made pursuant to the prospectus approved on 29 January 2026, the ECMA has approved the allotment for 2,481,120 securities with a total value of ETB 3,969,792,000.00 on June 24, 2026. On the date of settlement scheduled by Central Securities Depository (CSD), a total value of ETB 3,969,792,000.00 (ETB 2,657,178,206.50 from dividend and ETB 1,312,613,793.50 from cash) has been distributed or credited i.e ETB 2,481,120,000.00 (ETB 1,660,736,379.06 from dividend and ETB 820,383,620.94 from cash) to paid-up capital and ETB 1,488,672,000 (ETB 996,441,827.44 from dividend and ETB 492,230,172.56 from cash) to paid-up in excess of par on June 26, 2026. Therefore, the paid-up capital of the Bank has been increased from ETB 15 billion to ETB 17,481,120,000.00 as of June 26, 2026. We have also published the summary allotment report on the Bank's website on June 29, 2026. Currently, the Bank is in the process of listing on the Ethiopian Securities Exchange (ESX).

29. Share premium

	30 June 2026 Birr'000	30 June 2025 Birr'000
At the beginning of the year	5,998	5,998
Addition for the year	1,488,672	-
At the end of the year	1,494,670	5,998

The above explanation covers the movement description. The increase for the year was related to the bank's sale of shares above par value. Although the par value is 1,000 birr per share, the bank sold the shares to existing shareholders at 1,600 birr per share

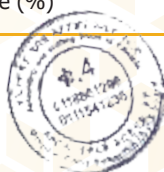
30. Earnings per share

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 2026 Birr'000	30 June 2025 Birr'000
Profit after tax	11,535,777	7,298,505
Weighted average number of ordinary shares in issue	15,033,988	14,473,381
Basic & diluted earnings per share (%)	77%	50%



31. RETAINED EARNINGS

	30 June 2026 Birr'000	30 June 2025 Birr'000
At the beginning of the year	4,973,379	2,576,914
Profit/ (Loss) for the year	11,535,777	7,298,505
Dividends declared	(4,973,379)	(2,576,914)
Director's Share of profit	(1,350)	(1,350)
Transfer to legal reserve	(2,883,944)	(1,824,626)
Transfer to regulatory risk reserve	(2,621,065)	(503,038)
Transfer from Revaluation surplus	3,888	3,888
At the end of the year	6,033,306	4,973,379

32. Legal reserve

	30 June 2026 Birr'000	30 June 2025 Birr'000
At the beginning of the year	6,225,670	4,401,043
Transfer from profit or loss	2,883,944	1,824,626
Recognition of deferred tax effect for previous years		
At the end of the year	9,109,615	6,225,669

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.



**33. REGULATORY RISK RESERVE**

	30 June 2026 Birr'000	30 June 2025 Birr'000
At the beginning of the year	1,795,766	1,308,585
Transfer (from) / to retained earnings;		
Loan provision adjustment(IFRS vs NBE)	1,247,247	228,685
Other asset provision (IFRS vs NBE)	(164,583)	-92,870
Interest Income suspended Adjustments	1,538,403	385,210
Write off other asset provision		-33,842
Previous years regulatory risk reserve adjustment		0
At the end of the year	4,416,833	1,795,768

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.

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.

34. OTHER RESERVES

	30 June 2026 Birr'000	30 June 2025 Birr'000
At the beginning of the year	394,375	245,349
Movement in fair value reserve -equity investment	187,659	191,282
Re-measurement gains on defined benefit plan(Net of tax) (Note 27a)	(48,250)	(42,256)
At the end of the year	533,784	394,375



35. REVALUATION SURPLUS ACCOUNT

	30 June 2026 Birr'000	30 June 2025 Birr'000
At the beginning of the year	420,823	424,711
Amount recycled to retained earning for the year	-3,888	-3,888
	416,935	420,823

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 depreciated amount and transfer to retained earnings.

36. CASH GENERATED FROM OPRATING ACTIVITIES

	Notes	30 June 2026 Birr'000	30 June 2025 Birr'000
Profit before tax		15,849,406	10,101,094
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	23	1,110,995	755,903
Depreciation of investment property	20	1,549	234
Depreciation of right use of asset	22	1,210,105	1,046,361
Amortisation of intangible assets	21	195,808	128,834
Gain/(Loss) on disposal of property, plant and equipment	10	(19,117)	7,756
Impairment on loans and receivables	11	1,553,775	2,122,910
Impairment on other financial assets	12	109,050	507,599
Interest on lease liability		12,467	- 13,453
Severance accrual (net of payment)		287,691	66,986
Net Gain Foreign currency transactions and translations		(1,676,950)	149,569
Changes in working capital:			
-Decrease/ (Increase) in loans and advances	17	(57,171,992)	(31,579,216)
-Decrease/ (Increase) in other assets	19	(5,728,592)	(6,785,805)
-Increase/ (Decrease) in other liabilities	26	8,379,885	5,306,327
-Increase/ (Decrease) in deposits by customers	24	75,605,855	50,670,642
		39,719,936	32,512,647



BANK OF ABYSSINIA S.C.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

37. RELATED PARTY TRANSACTIONS

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank either directly or indirectly. The key management personnel includes all the directors and chief executive officers of the Bank. 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:

37a. Significant related party balances

i). Key management personnel

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.

The amounts are as follows.	30 June 2026 Birr'000	30 June 2025 Birr'000
Loans to directors and executive Mangement	912,199	987,210
Shareholding in the Bank	900,171	105,385

During the fiscal year ended 30 June 2026, loans given to two Board members had an average collateral coverage of approximately 294% and weighted average interest rate of 19.45%. For the same period, loans to executive management had an average collateral coverage of approximately 260% and interest rate of 7%

i). Other than Board of Directors and Executive Mangement

Per the NBE related party directive number SBB 88/2024, any influential shareholders holding 5% or more interest as shareholders is classified as a related party

The amounts are as follows.	30 June 2026 Birr'000	30 June 2025 Birr'000
Loans,Advance and financing	10,794,868	9,241,745
Shareholding in the Bank	6,262,430	5,406,324



The aggregate collateral coverage for loans extended to related parties other than the Board of Directors and Executive Management was approximately 229%, with a weighted average interest rate of 21%

37b. 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 2026.

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

	30 June 2026 Birr'000	30 June 2025 Birr'000
Board of directors		
Directors Allowance	4,643	2,515
Directors share on profit	1,350	1,350
Executive Management		
Salaries and other short-term employee benefits	84,428	46,517
Sitting/ representation allowance	3,120	2,800

38 Contingent liabilities

38a. Claims and litigation

The Bank is a party to numerous legal actions brought by various organizations and individuals arising from its normal business operations. As at 30 June 2026, the Bank's maximum exposure in respect of these legal cases amounts to Birr 27.22 million (30 June 2025: Birr 2.2 million). Based on legal professional advice, the Bank has held a provision of Birr 13.61 million against this exposure.

38b. 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.

	30 June 2026 Birr'000	30 June 2025 Birr'000
Financial guarantees	8,605,386	9,641,522
Loans and advances approved but not disbursed	2,026,190	3,833,342
Unutilised overdraft and other revolving facilities	6,036,012	7,423,208
Letters of credit and Deffred LC	48,776,972	9,742,887
	65,444,560	30,640,959





39. COMPARATIVE FIGURES

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

40. EVENTS AFTER REPORTING PERIOD

Subsequent to the reporting period, the Bank of Abyssinia (BoA) was officially listed on the Main Market of the Ethiopian Securities Exchange (ESX) under the ticker symbol "BOAX."

This listing enhances the Bank's access to capital, improves liquidity for shareholders, and reinforces corporate governance standards. It also promotes public transparency and supports the Bank's long-term strategic positioning by enabling the trading of shares on a regulated and transparent market platform.

In the opinion of the Directors, except for the possible impact of the matter indicated 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 2026 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.



አቢሲንያ ባንክ

የጽሕፈት ዓ.ም

የውጭ አዲተሮች ሪፖርት

የትርፍና ኪሳራ፣ ሌሎች ገቢዎች
እንዲሁም የሀብትና እዳ መግለጫ



	ማብራሪያ	ሰኔ 23, 2018 ብር'000	ሰኔ 23, 2017 ብር'000
ከወለድ የተገኘ ገቢ	5	43,689,742	32,718,727
ሲቀነስ:-የወለድ ወጪ	6	(14,946,640)	(10,323,158)
የተጣራ የወለድ ገቢ		28,743,103	22,395,569
ከውጪ ሀገር ገንዘብ ምንዛሬ ተመን ለውጥ የተገኘ ትርፍ	7	1,676,950	(149,569)
ከአገልግሎት ገቢ		4,928,014	3,152,812
ከኮሚሽን ገቢ	8	2,911,139	1,814,302
የተጣራ የአገልግሎትና ኮሚሽን ገቢ		9,516,102	4,817,545
ከትርፍ ክፍፍል ገቢ	9	76,345	79,873
ከልዩ ልዩ ገቢ	10	1,955,999	1,455,326
		2,032,344	1,535,199
አጠቃላይ መደበኛ ገቢ		40,291,549	28,748,312
ለብድር የተያዘ መጠባበቂያ	11	(1,622,715)	(2,122,910)
ለሌሎች ሀብቶች የተያዘ መጠባበቂያ	12	(118,320)	(507,599)
የተጣራ መደበኛ ገቢ		38,550,513	26,117,803
ለሠራተኞች ደመወዝና ጥቅማ ጥቅሞች	13	(12,630,161)	(9,776,245)
ሀልዎት ለሌላቸው (Intangible) ሀብት የማቋቋሚያ ወጪ	21	(195,808)	(128,834)
የቋሚ ሀብት እርጅና ተቀናሽ	23	(1,110,995)	(755,903)
የኢንቨስትመንት ሀብት እርጅና ተቀናሽ	20	(1,549)	(234)
የቤት ኪራይ ወጪ	22	(1,210,105)	(1,046,361)
ከቤት ኪራይ ጋር የተያያዘ የወለድ ወጪ	22	(12,467)	(13,453)
ሌሎች መደበኛ ወጪዎች	14	(7,540,022)	(4,295,678)
ትርፍ - ከትርፍ ግብር በፊት		15,849,406	10,101,095
ሲቀነስ:-የትርፍ ግብር መጠባበቂያ	15	(4,313,629)	(2,802,590)
ትርፍ - ከትርፍ ግብር በኋላ		11,535,777	7,298,505
ሊሎች ገቢዎች ከትርፍ ግብር በኋላ			
በትርፍና ኪሳራ መዝገብ የማይካተቱ ገቢዎች/ወጪዎች/			
በጡረታ ጊዜ ለሰራተኞች ሊከፈል የሚችል ጥቅማጥቅም	27	(68,928)	(60,366)
ወደፊት ሊከፈል የሚችል የትርፍ ግብር		20,678	18,110
		(48,250)	(42,256)
በወቅታዊ ዋጋ ተሰልቶ የተገኘ የኢንቨስትመንት ገቢ	34	268,084	273,260
ወደፊት ሊከፈል የሚችል የትርፍ ግብር		(80,425)	(81,978)
		187,659	191,282
አጠቃላይ በትርፍና ኪሳራ መዝገብ የማይካተቱ ገቢዎች/ወጪዎች/		139,409	149,026
የአመቱ አጠቃላይ የተጣራ ገቢ		11,675,186	7,447,531
እያንዳንዱ አክሲዮን ያስገኘው ትርፍ	30	77%	50%

መኮንን ማንያዘዋል
የዲሬክተሮች ቦርድ ሊቀመንበር

በቃሉ ዘለቀ
ዋና ሥራ አስፈጻሚ



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አቢሲንያ ባንክ
የሀብትና ዕዳ መግለጫ
ሰኔ 23 ቀን 2018 ዓ.ም

	ማብራሪያ	ሰኔ 23, 2018 ብር'000	ሰኔ 23, 2017 ብር'000
ሀብት			
ጥሬ ገንዘብ እና ጥሬ ገንዘብ አክል ሀብት	16	76,416,523	50,289,576
ለደንበኞች የተሰጡ ብድሮች	17	248,997,369	193,379,151
ኢንቨስትመንት	18		
የብሔራዊ ባንክ ሰነድ ግዢ		16,670,960	15,267,976
በተለያዩ አማህበራት የተደረገ ኢንቨስትመንት		1,760,581	1,442,225
ሌሎች ሀብቶች	19	18,514,945	12,895,343
የኢንቨስትመንት ሀብት	20	184,112	10,330
ሀልዎት የሌላቸው (Intangible) ሀብት	21	1,257,743	1,079,822
ለቤት ክራይ የተከፈለ	22	4,546,251	3,674,199
ቋሚ ሀብት	23	13,148,728	8,188,353
አጠቃላይ ሀብት		381,497,212	286,226,976
የዕዳ ሚዛን			
የደንበኞች ተቀማጭ ገንዘብ	24	277,982,151	211,654,830
ከወለድ ነፃ ደንበኞች ተቀማጭ ገንዘብ	25	40,803,442	31,524,908
ሌሎች ዕዳዎች	26	18,722,906	10,489,194
ተከፋይ የትርፍ ግብር	15	2,971,605	2,576,017
በውል ዘመኑ ሌክፈል የሚችል የቤት ክራይ	22	276,381	330,589
በጡረታ ጊዜ ለሰራተኞች የሚከፈል ጥቅማጥቅም	27	795,381	438,526
ወደፊት የሚከፈል የትርፍ ግብር	15d	433,401	370,981
አጠቃላይ የዕዳ ሚዛን		341,985,031	257,385,045
የካፒታልና መጠባበቂያ ሒሳቦች			
የተከፈለ ካፒታል			
በአክሲዮን ሽያጭ ዋጋ ብልጫ የተከፈለ	28	17,481,120	15,000,000
ያልተከፈለ ትርፍ	29	1,494,670	5,998
ለህንፃዎች ወቅታዊ ግምት በልዩነት የተያዘ	31	6,033,306	4,973,379
ሕጋዊ የመጠባበቂያ ሒሳብ	35	416,935	420,823
በብሔራዊ ባንክ መመሪያ መሰረት ለብድር የተያዘ ተጨማሪ መጠባበቂያ	32	9,109,615	6,225,669
ልዩ የመጠባበቂያ ሒሳብ	33	4,416,833	1,795,768
ሌሎች የመጠባበቂያ ሒሳቦች		25,919	25,919
አጠቃላይ ካፒታልና የመጠባበቂያ ሒሳቦች ሚዛን	34	533,784	394,375
አጠቃላይ ዕዳዎች ካፒታልና የመጠባበቂያ ሒሳብ ሚዛን		39,512,182	28,841,931
አጠቃላይ ዕዳዎች ካፒታልና የመጠባበቂያ ሒሳብ ሚዛን		381,497,212	286,226,976

መኮንን ማንያዘዋል
የዲሬክተሮች ቦርድ ሊቀመንበር

በቃሉ ዘለቀ
ዋና ሥራ አስፈጻሚ

ADDITIONAL INFORMATION



ADDITIONAL INFORMATION

-  Abbreviations and acronyms
-  Contact and other details

10

9.1 ABBREVIATIONS AND ACRONYMS

AI	Artificial Intelligence
ALCO	Asset Liability Committee
AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
ATM	Automated Teller Machine
BoA	Bank of Abyssinia
CAD	Cash against Documents
CEO	Chief Executive Officer
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
DTS	Domestic Trade and Service
ECF	Extended Credit Facility
ECMA	Ethiopian Capital Market Authority
ERM	Enterprise Risk Management
ESG	Environmental Social Governance
ETB	Ethiopian Birr
ESX	Ethiopian Security Exchange
FCY	Foreign Currency
FY	Fiscal Year
GDP	Gross Domestic Products
IFB	Interest-Free Banking
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
ITM	Interactive Teller Machine
LC	Letter of Credit



MOA	Memorandum of Association
MOU	Memorandum of Understanding
NBE	National Bank of Ethiopia
NGOs	Non Governmental Organizations
OECD	Organization for Economic Co-operation and Development
PCI DSS	Payment Card Industry Data Security Standard
QR	Quick Response (A digital payment method that enables customers to make payments)
POS	Point of Sale
ROA	Return on Assets
ROE	Return on Equity
RTGS	Real-Time Gross Settlement
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TT	Telegraphic Transfers
UNCTAD	United Nations Conference on Trade and Development
USD	United States of American Dollar
WTO	World Trade Organization

9.3. CONTACT AND OTHER DETAILS

NO.	BOARD, EXECUTIVE MANAGEMENT, DEPARTMENT AND DISTRICTS	OFFICE TELEPHONE
1	Office of the Board of Directors	011-552-56-32
2	Chief Executive Officer	011-531-91-77
3	Chief Finance Officer	011-515-63-44
4	Chief Customer Management Officer	011-531-92-48
5	Chief Enterprise Service Officer	011-553-03-91
6	Chief Information System Officer	011-531-90-31
7	Chief Corporate Human Resource Officer	011-531-92-06
8	Chief Credit Officer	011-552-81-82
9	Chief Digital Banking Officer	011-552-20-44
10	Chief International Banking Officer	011-554-08-38
11	Chief Internal Audit Officer	011-531-92-36
12	Chief Risk and Compliance Officer	011-126-47-65
13	Chief Interest Free Banking Officer	011-126-48-87
14	Deputy Chief Customer Support Officer	011-531-90-55
15	Deputy Chief Customer R/P & Acq Officer	011-531-92-28
16	Executive Assistant to the CEO	011-515-64-81
17	Director-IFB Business	011-126-51-55
18	Director-Legal	011-554-67-37
19	Director-Strategy and Research	011-126-52-63
20	Director-Financial Accounting	011-551-41-56
21	Director-Procurement	011-558-44-62
22	Director-Credit Underwriting	011-531-90-65
23	Director-Import and Outgoing	011-531-91-80
24	Director-Credit Management	011-531-90-46
25	Director-Digital Customer Acquisition	011-554-62-16
26	Director-Treasury	011-552-63-85
27	Director-Application	011-531-92-07
28	Director-HR Development	011-558-11-19
29	Director-Export and Incoming	011-515-99-66
30	Director-Infrastructure	0912-64-96-17
31	Director-Internal Control	011-470-42-91
32	Director-Administration and Logistics	011-126-48-67
33	Director-Branch Audit	011-531-90-87



NO.	BOARD, EXECUTIVE MANAGEMENT, DEPARTMENT AND DISTRICTS	OFFICE TELEPHONE
34	Director-HR Management	011-558-11-19
35	Directory-Quality Assurance & Customer Acquisition	011-558-16-24
36	Director-Cash Management	011-531-90-07
37	Director-Customer Accounts	011-558-36-67
38	Director-IFB Financing	011-126-48-66
39	Director-KYC	011-531-91-51
40	Director-Marketing	011-126-46-94
41	Director-Service Desk	011-668-64-39
42	Director-IT Security	011-668-69-18
43	Director-Enterprise Risk Management	011-126-56-03
44	Director-Ethics and Anti Corruption	011-553-96-15
45	Director-Loan Recovery	011-554-03-41
46	Director-Retail Credit	011-551-43-15
47	Director-Program	011-531-90-09
48	Director-Digital Banking Operation	011-531-92-13
49	Director-MIS	011-558-21-29
50	Director-Acceptance Network	011-156-03-74
51	Director-Contact Center	011-672-55-66
52	Director-IFB Appraisal	011-126-47-01
53	Director-Innovation & Business Development	011-531-90-74
54	Director-Corporate Audit	011-531-91-60
55	Director-Building Construction and Administration	011-558-21-35
56	Central Addis District Director	011-667-09-13
57	East Addis District Director	011-667-09-55
58	West Addis District Director	011-558-66-60
59	Adama District Director	022-212-14-07
60	Bahir Dar District Director	058-320-96-66
61	Dessie District Director	033-312-26-65
62	Dire Dawa District Director	025-411-07-75
63	Hawassa District Director	046-212-17-10
64	Jimma District Director	047-211-33-04
65	Mekelle District Director	034-241-76-16
66	Safe Custody Management	011-531-90-59



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