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AUDIT SERVICE CORPORATION

AWASH BANK SHARE COMPANY

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

30 JUNE 2026

Awash Bank S.C.
Financial Statements
For the year ended 30 June 2026
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
AWASH BANK SHARE COMPANY

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Awash Bank Share Company (the Bank) and its consolidated subsidiary (the Group), which comprise the consolidated and the Bank's statements of financial position as at 30 June 2026, and the consolidated and the Bank's statements of profit or loss and other comprehensive income, consolidated and Bank's statements of changes in equity and consolidated and the Bank's statements of cash flows for the year then ended, and notes to the consolidated and the Bank's financial statements, including consolidated and the Bank's summaries of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial positions of the Group and of the Bank as at 30 June 2026, and the consolidated and the Bank's financial performances, and the consolidated and the Bank's cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the international Accounting Standards Board(IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with those 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.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
AWASH BANK SHARE COMPANY (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. Group and consolidation

The consolidation process involves complex intercompany transactions and requires significant adjustments to accurately reflect the financial position and performance of the Group as a single economic entity. Due to the risk of material misstatement in the elimination of intercompany balances and the aggregation of financial information, we determined this to be a key audit matter.

Our audit procedures to address this key audit matter included obtaining an understanding of the Group and its environment and evaluating the design and implementation of Group-wide controls over the consolidation process. We focused our Group audit scope on the audit work at all companies operating within the Group, which was executed at levels of materiality applicable to each individual entity which were lower than Group materiality. At the Bank level, we tested the mathematical accuracy of the consolidation process, verified the completeness and accuracy of intercompany eliminations, and carried out analytical procedures on the consolidated financial information.

B. Impairment assessment of loan and advances to customers

Our audit procedures to address this key audit matter include evaluating and testing the effectiveness of design and implementation of key controls related to credit approval process, post approval credit management, collateral monitoring and loan impairment assessment
We adopted a risk based sampling approach to review loan procedures, including the loan approval process, verification of loan agreements and legal documents to check the terms and condition of the loan and advances, the adequacy and valuation of collaterals, the follow up in respect to loans repayments and the proper categorization of loans and advances.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
AWASH BANK SHARE COMPANY (continued)

Key Audit Matters (continued)

With respect to the loan impairment assessment, we obtained an understanding of model used by management to calculate the expected credit loss, verified the model against the requirement of IFRS 9, tested the accuracy and completeness of underlying data used in the model and the arithmetical accuracy of computation of expected credit loss and evaluated the adequacy and appropriateness of the disclosures included in the notes to consolidated financial statements. overall, we found no concerns in respect to the completion of formalities or the recording of loans and advances at appropriate values as well as the impairment assessment of the loan and advances.

Information other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual report but does not include the financial statements our auditor's report thereon and the report of the Board of Directors.
Our opinion on the consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated Financial statement, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated Financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements

The Managers are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as issued by the international Accounting Standards Board(IASB), 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.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
AWASH BANK SHARE COMPANY (continued)

Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements (continued)

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

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

Auditors' Responsibilities for the Audit of the Consolidated 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
AWASH BANK SHARE COMPANY (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
AWASH BANK SHARE COMPANY

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Other Legal Requirements

As required by the Commercial Code of Ethiopia Proclamation No. 1243/2021, we must report to you in accordance with

Article 349 (1) that we have no comments to make on the report of the Board of Directors; and
Article 349 (2) that we recommend approval of the financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Woizero Banchiayehu Tamirat.

Audit Services Corporation

Addis Ababa
24 September 2026

Audit Services Corporation
Auditors of
Awash Bank Share Company

Awash Bank S.C.
Financial Statements
For the year ended 30 June 2026
Directors, Professional Advisers and Registered Office

Company trade license number
LBB/001/91

Directors *(as of June 30, 2026)*

Gure Kumssa Deressa	Chairman	*(Appointed July 01, 2026)*
Elias Geneti Sima	Vice Chairman	*(Appointed July 01, 2026)*
Roba Arega Kitata	Non-Executive Director	*(Appointed July 01, 2026)*
Million Duguma Hunde	Non-Executive Director	*(Appointed July 01, 2026)*
Tsehay Shiferaw Ensermu	Executive Director	*(Appointed July 01, 2026)*
Yoseph Benti Deti	Non-Executive Director	*(Appointed July 01, 2026)*
Girma Borshe Bati	Non-Executive Director	*(Appointed July 01, 2026)*
Etsgenet Dinsa Moroda	Non-Executive Director	*(Appointed July 01, 2026)*
Dr. Aynalem Megersa Gemechu	Non-Executive Director	*(Appointed July 01, 2026)*
Dr. Demeke Chimdesa Gutu	Non-Executive Director	*(Appointed July 01, 2026)*
Gemechu Desta Woyessa	Non-Executive Director	*(Appointed July 01, 2026)*

Executive Management *(as of June 30, 2026)*

Tsehay Shiferaw Ensermu	Chief Executive Officer	*(Appointed June 14, 2011)*
Abebe Deressa Dinssa	Executive Officer	*(Appointed July 1, 2016)*
Berhanu Balcha Wordofa	Executive Officer	*(Appointed April 4, 2023)*
Beyene Dekeba Obole	Executive Officer	*(Appointed April 4, 2023)*
Dessalegn Tolera Jaleta	Executive Officer	*(Appointed July 1, 2016)*
Geleta Bekele Gurmesa	Executive Officer	*(Appointed July 15, 2024)*
Henock Tessema Tadesse	Executive Officer	*(Appointed July 1, 2016)*
Kefyalew Shiferaw Demissie	Executive Officer	*(Appointed January 1, 2021)*
Lamessa Soboka Megerssa	Executive Officer	*(Appointed January 1, 2021)*
Lemi Furgassa Bedada	Executive Officer	*(Appointed April 4, 2023)*
Netsanet Woldekidan K/Mariam	Executive Officer	*(Appointed January 1, 2021)*
Olani Tabor Wami	Executive Officer	*(Appointed April 1, 2025)*
Tadesse Gemeda Denta	Executive Officer	*(Appointed July 1, 2016)*
Takele Arega Mamo	Executive Officer	*(Appointed April 4, 2023)*
Temesgen Busha Gemechu	Executive Officer	*(Appointed January 1, 2021)*
Temesgen Workineh Sodu	Executive Officer	*(Appointed January 1, 2021)*
Tilahun Geleta Neguma	Executive Officer	*(Appointed July 1, 2017)*
Tilahun Temotewos Handino	Executive Officer	*(Appointed March 21, 2022)*
Yohannes Merga Gudina	Executive Officer	*(Appointed July 1, 2016)*
Zebene Kaba Deressa	Executive Officer	*(Appointed April 4, 2023)*

Senior Management *(as of June 30, 2026)*

Abdena Selbana Adu	Director	*(Appointed August 19, 2022)*
Abebe Tadesse Demesash	Director	*(Appointed January 1, 2021)*
Abdulkerim Dawud Ebrahim	Director	*(Appointed January 9, 2024)*
Alemayehu Tola Hirko	Director	*(Appointed April 15, 2023)*
Ayalew Lake Amare	Director	*(Appointed November 1, 2024)*
Bekalu Mamo Tilahun	Director	*(Appointed October 16, 2023)*
Bezawit Getachew H/Mariam	Director	*(Appointed November 8, 2023)*
Bikila Anbessa Demma	Director	*(Appointed April 15, 2023)*
Birhanu Bogale Nigatu	Director	*(Appointed November 15, 2024)*
Danephraim Abule Endashaw	Director	*(Appointed April 15, 2023)*
Dagnachew Shimelis Edjo	Director	*(Appointed Augtust 19, 2024)*
Dereje Getachew Kelemu	Director	*(Appointed March 1, 2021)*
Dereje Guta Debele	Director	*(Appointed May 13, 2024)*

Dereje Tamiru Alemu	Director	*(Appointed April 15, 2023)*
Desalegne Assefa Yegzaw (PhD)	Director	*(Appointed June 22, 2021)*
Elias Eshetu Ali	Director	*(Appointed June 17, 2021)*
Emnet Gadissa Guluma	Director	*(Appointed April 15, 2023)*
Gezahegn Bacha Dadi	Director	*(Appointed July 5, 2024)*
Gacho Warra Abiyou	Director	*(Appointed August 21, 2017)*
Gashaw Desalegn Hailu	Director	*(Appointed October 1, 2024)*
Gutema Terfasa Wereti	Director	*(Appointed July 19, 2024)*
Gutama Tesfa Ashana	Director	*(Appointed February 1, 2021)*
Jalene Tadesse Yadeta	Director	*(Appointed April 15, 2023)*
Hailu Meskela Gudeta	Director	*(Appointed July 1, 2016)*
Hailu Woldegebriel Teklemariam	Executive Assistant to the CEO	*(Appointed October 10, 2013)*
Hussen Aman Dube	Director	*(Appointed October 21, 2024)*
Lemessa Bulti Abdeta	Director	*(Appointed January 1, 2020)*
Mehari Berhe Birhanu	Director	*(Appointed January 8, 2024)*
Megersa Endashaw Lemecha (PhD)	Director	*(Appointed October 2, 2024)*
Melkamu Tadesse Zewdu	Director	*(Appointed January 1, 2021)*
Merga Atnafu Hirpa	Director	*(Appointed February 8, 2021)*
Meseret Ambelu Genie	Director	*(Appointed January 1, 2021)*
Meseret Kebede Kedida	Director	*(Appointed March 01, 2026)*
Mohammed Shutaro Waritu	Acting Director	*(Appointed July 09, 2025)*
Liko Tolesa Gurara	Senoir Strategy Advisor	*(Appointed February 1, 2021)*
Mohammed Kedir Sado	Director	*(Appointed January 1, 2021)*
Mulugeta Bonsa Tesissa	Deputy Director	*(Appointed July 1, 2016)*
Muluken Asfaw Ayalew	Director	*(Appointed April 15, 2023)*
Nurfeta Legesse Kejella	Director	*(Appointed December 18, 2018)*
Regassa Gemechu Gultie	Director	*(Appointed April 15, 2023)*
Shasho Ayalew Bezu	Director	*(Appointed April 15, 2023)*
Shimelis Teklu T/Mariam	Director	*(Appointed April 15, 2023)*
Solomon Jebessa Gudissa	Director	*(Appointed May 17, 2021)*
Soressa Alemu Mosissa	Director	*(Appointed September 5, 2018)*
Taye Abebe Tadesse	Director	*(Appointed August 6, 2024)*
Tegene Tesfaye Gebretsadik	Director	*(Appointed February 21, 2019)*
Tadele Alemayehu Mamo	Director	*(Appointed January 1, 2021)*
Teferi Bekele Olika	Director	*(Appointed January 1, 2021)*
Tesfaye Seifu Tekle	Director	*(Appointed January 1, 2021)*
Tewodros Hailu Wordofa	Director	*(Appointed April 19, 2021)*
Tilahun Dejene Tassew	Director	*(Appointed January 1, 2021)*
Tilahun Getachew Tola	Director	*(Appointed August 1, 2024)*
Tsehay Getachew Gebeyehu	Director	*(Appointed January 1, 2021)*
Tussi Mendido Urgessa	Director	*(Appointed January 1, 2021)*
Wondewosen Mezlekia	Director	(Appointed April 15, 2026)
Wondimu Gobena Gerbi	Director	*(Appointed January 3, 2024)*
Wubit Bikiss Ali	A/Director	*(Appointed August 1, 2025)*

Awash Bank S.C.
Financial Statements
For the year ended 30 June 2026
Directors, Professional Advisers and Registered Office

Wubneh W/Cherkos H/Silassie	Director	*(Appointed April 15, 2023)*
Yadessa Miressa Gamtessa	Director	*(Appointed October 6, 2021)*
Yared Amanuel Feyisa	Director	*(Appointed April 15, 2023)*
Yirga Yigezu Gemtessa	Director	*(Appointed January 1, 2021)*
Yohannes Tsegaye Terara	Director	*(Appointed January 1, 2021)*
Yohannes Bekele Tekuma	D/Director	*(Appointed January 1, 2021)*
Yonas Tesfaye Baraki	Director	*(Appointed January 1, 2021)*
Yonas Atomsa Bedasa	Director	*(Appointed January 1, 2021)*
Yonas Kumera Lemu	Board Secretary	*(Appointed October 21, 2013)*
Zelalem Bekele Gebremariam	Director	*(Appointed June 1, 2021)*

Independent auditors
The Federal Democratic Republic of Ethiopia
Audit Services Corporation
Addis Ababa
Ethiopia

Actuaries
Act Serv Acturial Services East Africa Ltd
P.O. Box 10472-001000
Nairobi, Kenya

Valuations
KPMG Development and services(Mauritius) Ltd
P.O. Box 1017, Port Louis
C/o Rogers Capital Corporate Services Ltd, 3 rd Floor Rogers House
No. 5 President John Kennedy Street
Port Louis, Mauritius

Corporate office
Awash Tower
Ras Abebe Aregay Street
P.O. Box 12638
Tel-8980/+251-115-57-1254
Fax:+251-115-570136
Swift Code: AWINETAA
E-mail: contactcenter@awashbank.com
Web: www.awashbank.com
Addis Ababa, Ethiopia

Awash Bank S.C.
Financial Statements
For the year ended 30 June 2026
Report of the Management

This management report discloses summary of the financial performance and state of affairs of the Bank.

Incorporation

Awash Bank Share Company was incorporated in Ethiopia in 1994 as the first privately owned commercial Bank and is domiciled in Ethiopia.
Awash Bank was established by 486 founding shareholders with a paid-up capital of ETB 10.328 million and commenced banking operations on February 13, 1995. As of 30 June 2026, the number of shareholders and its paid-up capital increased to 12,439 and ETB 38.49 billion respectively. The bank was officially listed on Ethiopian Securities Exchange (ESX) in April 2026 with 38 million shares.

Principal activities

The Bank provides diverse range of financial products and services to a Wholesale, Retail and Small and Medium Enterprises (SME) clients based in the Ethiopian Market; both for conventional and interest free banking(IFB) customers. Awash Bank focuses on delivering distinctive profitable solutions for its clients in all core areas of commercial banking in the arena of conventional and interest Free Banking. The Bank provides investement banking services through its subsidiary Awash capital, services that ranges from corporate finance and advisory, securities trading and brokerage services.

Results

The Bank's results for the period ended 30 June 2026 are set out on the Statement of profit or loss and other comprehensive income. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	Consolidated		Separate	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	ETB'000	ETB'000	ETB'000	ETB'000
Interest income	54,173,069	36,200,511	54,173,069	36,200,511
Profit / (loss) before tax	38,299,889	25,668,278	38,312,238	25,668,278
Tax (charge) / credit	(8,966,612)	(6,955,655)	(8,970,635)	(6,955,655)
Profit / (loss) for the year	29,333,277	18,712,623	29,341,603	18,712,623
Other comprehensive income / (loss) net of taxes	195,310	93,034	195,310	93,034
Total comprehensive income / (loss) for the year	**29,528,587**	**18,805,657**	**29,536,913**	**18,805,657**

Tsehay Shiferaw Enseimu
Chief Executive Officer
Addis Ababa, Ethiopia

Awash Bank S.C.
Financial Statements
For the year ended 30 June 2026
Statement of Directors' Responsibilities

In accordance with the Banking Business Proclamation No. 592/2008 and updated Proclamation No. 1360/2025, the National Bank of Ethiopia (NBE) may direct the Bank to prepare financial statements, whether their designation changes or they are replaced, from time to time. Also, the Financial Reporting Proclamation No. 847/2014 requires the Bank to prepare its financial statements in accordance with the International Financial Reporting Standards (IFRS).

The Board of Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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 to keep such records as are necessary to:

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

b) Explain its transactions and financial position; and

c) Enable the National Bank to determine whether the Bank had complied with the provisions of the Banking Business Proclamation and regulations and directives issued for the implementation of the aforementioned Proclamation.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates.

The Bank's Board of Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in accordance with International Financial Reporting Standards.

The Bank's Board of Directors are responsible that the financial statements present fairly, in all material respects, the financial position of the Bank and its financial performance.

The Board of 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 Board of Directors to indicate that the Bank will not remain as a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of Directors by:

Gure Kumssa Deressa
Board Chairman
24 September 2026

Tsehay Shiferaw Ensermu
Chief Executive Officer
24 September 2026

Awash Bank S.C.
Financial Statements
For the year ended 30 June 2026
Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	30 June 2026 ETB'000	30 June 2025 ETB'000
Interest income	2.5 & 5	54,173,069	36,200,511
Interest expense	2.5 & 6	(15,334,809)	(9,912,620)
Net interest income		**38,838,260**	**26,287,891**
Fees and commission income	2.5 & 7	22,948,271	17,241,066
Other operating income	2.5 & 8	7,433,925	11,240,445
Total operating income		**69,220,455**	**54,769,402**
Impairment reversal (Losses) on Financial Assets	2.6,9,10 & 11	(1,251,265)	(2,514,043)
Net operating income		**67,969,190**	**52,255,359**
Share of profit from associate	2.3 & 19	23,059	21,960
Total income		**67,992,249**	**52,277,319**
Personnel expenses	2.5 & 12	(21,499,605)	(16,755,033)
Depreciation of investment properties	2.11&22	(780)	(432)
Amortisation of intangible assets	2.1 & 23	(139,146)	(94,434)
Depreciation and impairment of property and equipment	2.9 & 24	(755,275)	(878,373)
Interest expense on lease liability	2.21 & 21	(92,206)	(89,166)
Amortisation of Right of Use Asset	2.21 & 21	(958,445)	(830,957)
Other operating expenses	2.5 & 13	(6,246,902)	(7,960,648)
Profit before tax		**38,299,889**	**25,668,278**
Taxation	2.22 & 14	(8,966,612)	(6,955,655)
Profit after tax		**29,333,277**	**18,712,623**
Other comprehensive income (OCI) net of income tax			
Items that will not be subsequently reclassified into profit or loss:			
Re-measurement gain/(loss) on retirement benefits obligations	2.16 & 28	130,780	(38,145)
Deferred tax (liability)/asset on remeasurement gain or loss	2.22 & 14d	(39,234)	11,444
Re-measurement gain/(loss) on retirement benefits obligations (Net)	2.16 & 28	91,546	(26,701)
Fair value through other comprehensive income financial assets : - Unrealized gain arising from measurement at fair value-Equity Instruments	2.6 & 17	161,612	300,791
Deferred tax (liability)/asset on remeasurement gain or loss	2.22 & 14d	(57,848)	(181,056)
		195,310	93,034
Total comprehensive income for the period		**29,528,587**	**18,805,657**
Basic & diluted earnings per share (ETB)	2.2 & 31	**858**	**783**

The accompanying notes are an integral part of these financial statements.

Awash Bank S.C.
Financial Statements
As At 30 June 2026
Consolidated Statement of Financial Position

	Notes	30 June 2026 ETB'000	30 June 2025 ETB'000
ASSETS			
Cash and bank balances	2.8 & 15	234,761,670	159,153,504
Loans and advances to customers (Net)	2.6 & 16	268,477,527	215,030,059
Investment securities:			
- Financial assets at fair value through OCI	2.6 & 17	1,456,683	1,210,531
- Financial assets at amortized cost	2.6 & 17	66,510,935	31,675,645
Investment in subsidiaries	2.23 & 18	-	94,499
Investment in associates	2.3 & 19	172,582	151,437
Other assets	2.13 & 20	33,017,987	20,021,346
Right of Use Leased Assets	2.21 & 21	4,369,747	3,797,763
Investment Properties	2.11 & 22	36,735	19,199
Intangible assets- Software	2.10 & 23	717,956	503,019
Property and equipment	2.9 & 24	14,323,710	10,837,939
Deferred tax asset	2.22 & 14d	112,692	101,607
Total assets		**623,958,225**	**442,596,547**
LIABILITIES			
Deposits from customers	2.6 & 25	469,286,402	332,903,235
Borrowings	2.6 & 26	287,940	184,283
Other liabilities	2.14 & 27	57,793,404	40,636,663
Current tax liabilities	2.22 & 14c	3,927,944	6,861,220
Lease liabilities	2.21 & 21	1,190,323	1,030,757
Severance and Retirement benefit obligations	2.16 & 28	1,081,910	995,883
Total liabilities		**533,567,923**	**382,612,041**
EQUITY			
Share capital	2.18 & 29	38,492,985	27,874,601
Share premium	2.18 & 30	481,657	227,838
Retained earnings	32	21,361,697	12,314,318
Legal reserve	2.19 & 33	21,009,671	13,674,270
Risk regulatory reserve	34	8,542,916	5,592,680
Other reserve	35	496,109	300,799
Non-controlling interest	2.23 & 36	5,266	-
Total equity		**90,390,301**	**59,984,506**
Total equity and liabilities		**623,958,225**	**442,596,547**

The accompanying notes are an integral part of these financial statements.

The financial statements were approved and authorized for issue by the Board of Directors on 24 September 2026 and were signed on its behalf by:

Gure Kumssa Deressa
Board Chairman

Tsehay Shiferaw Ensermu
Chief Executive Officer

Awash Bank S.C.
Financial Statements
For the year ended 30 June 2026
Consolidated Statement of Changes in Equity

	Note	Share capital ETB'000	Share premium ETB'000	Retained earnings ETB'000	Legal reserve ETB'000	Risk regulatory reserve ETB'000	Other Reserve (Non-distributable Fair value reserve) ETB'000	Other Reserve (Defined Benefit reserve) ETB'000	Non-controlling interest ETB'000	Total ETB'000
As at 1 July 2024		20,313,532	1,389	6,867,789	8,996,115	1,558,753	424,658	(216,894)	-	37,945,341
Opening balance adjustment				1,631,579						1,631,579
Profit for the period		-	-	18,712,623	-	-	-	-	-	18,712,623
Other comprehensive income:									-	-
Change in fair value of Fair value through other comprehensive income investments (net of tax)		-	-	-	-	-	119,735	-	-	119,735
Re-measurement gains on defined benefit plans (net of tax)		-	-	-	-	-	-	(26,702)	-	(26,702)
		-	-	18,712,623	-	-	119,735	(26,702)	-	18,805,657
Total comprehensive income for the period		20,313,532	1,389	27,211,991	8,996,115	1,558,753	544,393	(243,595)	-	58,382,577
Transactions with owners in their capacity as										
Contributions of equity net of transaction costs (Proceeds from issue of shares)		2,519,610	-	-	-	-	-	-	-	2,519,610
Dividends Capitalized		5,041,459	-	(5,022,070)	-	-	-	-	-	19,389
Share Premium		-	226,449	-	-	-	-	-	-	226,449
Dividends paid		-	-	(1,008,056)	-	-	-	-	-	(1,008,056)
Dividends in Payable		-	-	(129,313)	-	-	-	-	-	(129,313)
Appropriated Retained Earnings		-	-	(24,590)	-	-	-	-	-	(24,590)
Directors' allowance		-	-	(1,562)	-	-	-	-	-	(1,562)
Transfer to legal reserve		-	-	(4,678,156)	4,678,156	-	-	-	-	-
Transfer to Risk regulatory reserve		-	-	(4,033,927)	-	4,033,927	-	-	-	0
		7,561,069	226,449	(14,897,674)	4,678,156	4,033,927	-	-	-	1,601,928
As at 30 June 2025		27,874,601	227,838	12,314,317	13,674,270	5,592,680	544,393	(243,595)	-	59,984,505
As at 1 July 2025		27,874,601	227,838	12,314,317	13,674,270	5,592,680	544,393	(243,595)	-	59,984,505
Profit for the period	32	-	-	29,333,277	-	-	-	-	(236)	29,333,042
Other comprehensive income:										-
Change in fair value of Fair value through other comprehensive income investments (net of tax)	35	-	-	-	-		103,764	-	-	103,764
Re-measurement gains on defined benefit plans (net of tax)	35	-	-	-	-	-	-	91,546	-	91,546
Total comprehensive income for the period		-	-	29,333,277	-	-	103,764	91,546	(236)	29,528,352
		27,874,601	227,838	41,647,595	13,674,270	5,592,680	648,157	(152,049)	(236)	89,512,856
Contributions of equity net of transaction costs (Proceeds from issue of	29	2,584,658		-	-	-	-	-	5,502	2,590,160
Dividends Capitalized	29	8,033,726		(7,987,196)	-	-	-	-	-	46,530
Share Premium	30	-	253,819	-					-	253,819
Dividends paid	32	-	-	(1,814,390)	-	-	-	-	-	(1,814,390)
Dividends in Payable	32	-	-	(175,432)	-	-	-	-	-	(175,432)
Appropriated Retained Earnings		-	-	(21,960)	-	-	-	-	-	(21,960)
Directors' allowance		-	-	(1,520)	-	-	-	-		(1,520)
Transfer to legal reserve	33	-	-	(7,335,401)	7,335,401	-	-	-	-	-
Non-controlling interest	36	-	-	236	-	-	-	-		236
Transfer to Risk regulatory reserve	34			(2,950,234)	-	2,950,234	-	-	-	-
		10,618,384	253,819	(20,285,898)	7,335,401	2,950,234	-	-	5,502	877,443
As at 30 June 2026		38,492,985	481,657	21,361,697	21,009,671	8,542,914	648,157	(152,049)	5,266	90,390,301

The accompanying notes are an integral part of these financial statements.

Awash Bank S.C.
Financial Statements
For the year ended 30 June 2026
Consolidated Statement of Cash Flows

	Notes	30 June 2026 ETB'000	30 June 2025 ETB'000
Cash flows from operating activities			
Cash generated from operations	37	75,761,008	102,073,604
Directors' allowance paid	32	(1,520)	(1,562)
Income tax paid	2.22 & 14	(6,861,220)	(2,693,299)
Retirement benefit paid		(43,908)	(40,805)
Net cash (outflow)/inflow from operating activities		**68,854,360**	**99,337,938**
Cash flows from investing activities			
Purchase of investment securities in NBE bills and bonds	2.6 & 17	(34,837,032)	(11,862,931)
Purchase of investment in subsidiary	2.23 & 18	100,237	(94,499)
Purchase (Disposal) of equity investment securities	2.6 & 17	(349,916)	(103,202)
Purchase of Intangible Assets	2.1 & 23	(354,083)	(316,564)
Purchase of property and equipment	2.9 & 24	(4,309,466)	(2,538,731)
Prepayments on Right of Use Assets	2.21 & 21	(1,521,971)	(1,652,674)
Net cash inflow/ (outflow) from investing activities		**(41,272,232)**	**(16,568,601)**
Cash flows from financing activities			
Proceeds from issues of shares		2,584,658	2,519,610
Proceeds from premium		253,819	226,449
Receipt (Payments) of lease liabilities	2.21 & 21	67,359	50,548
Dividends paid		(1,814,390)	(1,008,056)
Net cash (outflow)/inflow from financing activities		**1,091,446**	**1,788,551**
Net increase/(decrease) in Cash and bank balances		**28,673,574**	**84,557,888**
Cash and cash equivalents at the beginning of the year	2.8 & 15	133,361,462	38,392,995
Foreign exchange (losses)/ gains on cash and cash equivalents	2.5.3 & 8	5,238,372	10,410,581
Cash and cash equivalents at the end of the year	2.8 & 15	**167,273,408**	**133,361,462**

The accompanying notes are an integral part of these financial statements.

1 General information

Awash Bank S.C. ("Awash Bank or the Bank") is a listed private commercial bank domiciled in Ethiopia. The Bank was established in November 1994, in accordance with the provisions of the Commercial Code of Ethiopia of 1960 which is now replaced by proclamation No. 1243/2021 and the Licensing and Supervision of Banking Business Proclamation No. 592/2008 and the revised proclamation No. 1360/2025. The bank was officially listed on Ethiopian Securities Exchange (ESX) in April 2026 with 38 million shares.

Vision

The Bank's vision is to be the best and preferred financial service provider where customers feel valued.

Mission

The Bank's mission is to provide the most innovative and accessible banking service to its customers using the most relevant technology, motivated and talented staff to maximize shareholders' value and influence the life of the society positively.

The Bank is principally engaged in the provision of diverse range of financial products and services to corporate, retail and SME clients base in Ethiopian market.

2 Summary of material accounting policies

2.1 Introduction to summary of material accounting policies

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

2.2 Basis of preparation

The financial statements ended 30 June 2026 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by National regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept, except for the Defined benefit pension plans - plan liabilities measured at fair value. The Bank management has assessed the bank's operations and confirms that there are no seasonal or cyclical factors that have a significant effect on the financial performance, financial position, cash flows, or changes in equity. Accordingly, the results for the period are representative of ongoing operations. All values are rounded to the nearest thousand, except when otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Bank's financial statements, therefore, present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2 Summary of material accounting policies (continued)

2.2 Basis of preparation (Continued)

2.2.1 Going concern

The financial statements have been prepared on a going concern basis. The management have no doubt that the Bank would remain in existence after 12 months.

2.2.2 Changes in accounting policies and disclosures

New Standards, amendments, interpretations

New Standards, amendments, interpretations issued but not adopted

Amendments to the Classification and Measurement of Financial Instruments– Amendments to IFRS 9 and IFRS 7

The Amendments include: A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI). Annual periods beginning on or after 1 January 2026 (Published May 2024)

IFRS 18 - Presentation and disclosure in financial statements

The IASB issued on 9 April 2024 a new standard - IFRS 18, 'Presentation and Disclosure in Financial Statements' - in response to investors' concerns about the comparability and transparency of entities' performance reporting including for financial statements. Its effective period is beginning on or after January 1, 2027. The Bank has assessed the potential impact of IFRS 18 on its financial reporting and concluded that adoption of the standard will not have a material impact on the Bank's financial statements. Accordingly, no early adoption has been made.

IFRS 19-Subsidiaries without Public Accountability: Disclosures

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' was issued by the IASB on 9 May 2024 Disclosures permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. It is effective for periods beginning on or after 1 January 2027. The Bank has assessed the potential impact of IFRS 19 on its financial reporting and concluded that adoption of the standard will not applicable to our Bank.

2.2.2 Changes in accounting policies and disclosures (Continued)

New Standards, amendments, interpretations (Continued)

New Standards, amendments, interpretations issued but not adopted (continued)

IFRS S1 General Requirements for Disclosure of Sustainability related Financial Information

IFRS S1 provides guidance on identifying sustainability-related risks and opportunities, and the relevant disclosures to be made in respect of those sustainability-related risks and opportunities. The requirements will be effective from annual periods beginning on or after 1 January 2024 (Published June 2023).

IFRS S2 Amendments to Climate related Disclosures

IFRS S2 requires an entity to identify and disclose climate related risks and opportunities that could affect the entity's prospects over the short, medium and long term. It also requires entities to consider specified industry metrics when disclosing qualitative and quantitative components on how the entity uses metrics and targets to measure,IFRS S2 requires an entity to identify and disclose climate related risks and opportunities that could affect the entity's prospects over the short, medium and long term.

The amendment should be applied to transactions that occur on or after the beginning. It also requires entities to consider specified industry metrics when disclosing qualitative and quantitative components on how the entity uses metrics and targets to measure, monitor and manage the identified material climate related risks and opportunities. Effective date fror these amendements will be at annual periods beginning on or after 1 January 2024 (Published June 2023).

Eventhough the effective dates for IFRS S1 and IFRS S2 was 1 January 2024, as per the Accounting and Auditing Board of Ethiopia (AABE's) road map, compulsary adoption effective date for financial institutions is set as 1 July 2027.

2.3 Investment in associates

An associate is an entity over which the Bank has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Bank's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Bank's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Bank's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Bank's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Bank recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Bank and the associate are eliminated to the extent of the interest in the associate.

2 Summary of material accounting policies (continued)

2.3 Investment in associates (continued)

After application of the equity method, the Bank determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Bank determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Bank calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss. Upon loss of significant influence over the associate, the Bank measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in statement of profit or loss.

2.4 Foreign currency translation

a) *Functional and presentation currency*

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

b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Bank's functional currency are recognised in profit or loss within other (loss)/income. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

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

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measured at fair value, such as equities classified as FVOCI, are included in other comprehensive income.

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

The Bank earns income from interest on loans and advances given to customers, service charges and commissions from customers, interest income from Deposits with local and correspondent banks, investment in NBE (National Bank of Ethiopia) bills. Other income includes incomes like foreign currency transactions, dividend, rental, and other miscellaneous incomes.

2 Summary of material accounting policies (continued)

2.5 Recognition of income and expenses

2.5.1 Net interest income

a. Effective interest rate and amortised cost

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

– the gross carrying amount of the financial asset;
– the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate, if the amount is material. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

b. Amortised cost and gross carrying amount

The 'amortised 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 amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 July 2018).

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

c. Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised 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 amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

d. Presentation

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

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

2 Summary of material accounting policies (continued)

2.5 Recognition of income and expenses (continued)

2.5.1 Net interest income (continued)

d. Presentation (Continued)

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.

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Commission income from letter of credits, guarantees, cash payment orders, other commissions are recognised upon satisfaction of obligation by the bank,trigerred by term of the arrangements. Service charges(foreign, telephone and SWIFT, money transfers) are recognised as the related services are performed.

When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expenses relate mainly to transaction and service fees and are expensed as the services are received.

Murbaha income: is an interest free financing income on agreed profit (markup) with a customer. Murabaha income is recognized over the financing period at effective profit rate. The income is accrued on outstandig balance on the date of accural.

2.5.2 Dividend income

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

2.5.3 Foreign exchange revaluation gains or losses

These are gains and losses arising on settlement and translation of monetary assets and liabilities denominated in foreign currencies at the functional currency's mid rate of exchange at the reporting date. This amount is recognised in the statement of profit or loss and it is further broken down into realised and unrealised portion.

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

2.6 Financial assets and financial liabilities

a. Recognition and initial measurement

The Bank shall initially recognise loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) shall be recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability shall be measured initially at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

2 Summary of material accounting policies (continued)

2.6 Financial assets and financial liabilities (continued)

b. Classification and subsequent measurement

i) Financial assets

On initial recognition, a financial asset shall be classified either as measured at either amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

The Bank shall measure a financial asset at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

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

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

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

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

All other financial assets that do not meet the classification criteria at amortised cost or FVOCI, above, shall be classified as measured at FVTPL.

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

- *Business model assessment*

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

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

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

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

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

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

2 Summary of material accounting policies (continued)

2.6 Financial assets and financial liabilities (continued)

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

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

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

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

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

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

ii) Financial liabilities

The Bank shall classify its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

A financial guarantee is an undertaking/commitment that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified party fails to meet its obligation when due in accordance with the contractual terms.

In event of customer default, financial guarantees are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of: the amount of the obligation under the guarantee, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

2 Summary of material accounting policies (continued)

2.6 Financial assets and financial liabilities (continued)

C. Impairment

At each reporting date, the Bank shall assess whether there is objective evidence that financial assets (except equity investments), other than those carried at FVTPL, are impaired.

The Bank shall recognise loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

– financial assets that are debt instruments;
– lease receivables;
– financial guarantee contracts issued; and
– loan commitments issued.

No impairment loss shall be recognised on equity investments.

The Bank shall measure loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

– debt investment securities that are determined to have low credit risk at the reporting date; and
– other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables shall always be measured at an amount equal to lifetime ECL.

12-month ECL is the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL is the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'. Other wise, the financial instruments classified as 'Stage 3 financial instruments'.

i) Measurement of ECL

ECL is a probability-weighted estimate of credit losses. It shall be measured as follows:

– for financial assets that are not credit-impaired at the reporting date (stage 1 and 2): as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive);
– for financial assets that are credit-impaired at the reporting date (stage 3): as the difference between the gross carrying amount and the present value of estimated future cash flows;
– for undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
– for financial guarantee contracts: as the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

2 Summary of material accounting policies (continued)

2.6 Financial assets and financial liabilities (continued)

ii) Restructured financial assets

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

– If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
– If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

iii) Credit-impaired financial assets

At each reporting date, the Bank shall assess whether financial assets carried at amortised cost, debt financial assets carried at FVOCI, and finance lease receivables are credit impaired (referred to as 'Stage 3 financial assets').

A financial asset shall be considered 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

– significant financial difficulty of the borrower or issuer;
– a breach of contract such as a default or past due event;
– the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
– it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.

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

2 Summary of material accounting policies (continued)

2.6 Financial assets and financial liabilities (continued)

iv) Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL shall be presented in the statement of financial position as follows:
– for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
– for loan commitments and financial guarantee contracts: generally, as a provision;
– where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
– for debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance shall be disclosed and is recognised in the fair value reserve.

v) Write-off

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

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

vi) Non-integral financial guarantee contracts

The Bank shall assess whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately.

Where the Bank determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset shall be treated as a transaction cost of acquiring it. The Bank shall consider the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

Where the Bank determines that the guarantee is not an integral element of the debt instrument, then it shall recognise an asset representing any prepayment of guarantee premium and a right to compensation for credit losses.

d. Derecognition

i) Financial assets

The Bank shall derecognise a financial asset when:
– The contractual right to the cash flows from the financial asset expires, or
– It transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
– Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

2 Summary of material accounting policies (continued)

2.6 Financial assets and financial liabilities (continued)

d. **Derecognition (continued)**

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI shall be recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI shall not be recognised in profit or loss on derecognition of such securities.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank shall be recognised as a separate asset or liability.

ii) Financial liabilities

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

e. **Modifications of financial assets and financial liabilities**

i) Financial assets

If the terms of a financial asset are modified, then the Bank shall evaluate whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset shall be deemed to have expired. In this case, the original financial asset shall be derecognised and a new financial asset shall be recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification shall be accounted for as follows:

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

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

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

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

2 Summary of material accounting policies (continued)

2.6 Financial assets and financial liabilities (continued)

e. **Modifications of financial assets and financial liabilities (continued)**

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

ii) Financial liabilities

The Bank shall derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms shall be recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid shall include non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

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

f. Offsetting

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

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

g. Designation at fair value through profit or loss

i) Financial assets

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

ii) Financial liabilities

The Bank shall designate certain financial liabilities as at FVTPL in either of the following circumstances:
– the liabilities are managed, evaluated and reported internally on a fair value basis; or
– the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2 Summary of material accounting policies (continued)

2.7 Interest Free Banking (IFB)

2.7.1 Murabaha

Murabaha is an interest free financing transaction which represents an agreement whereby the Bank buys a commodity/good and sells it to a counterparty (customer) based on a promise received from that counterparty to buy the commodity according to specific terms and conditions. The selling price comprises of the cost of the commodity/goods and a pre-agreed profit margin.

It is treated as financing receivables. Financing receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The profit is quantifiable and contractually determined at the commencement of the contract. Murabaha Income (profit) is recognised as it accrues over the life of the contract using the effective profit method (EPRM) on the principal balance outstanding.

These products are carried at amortised cost less impairment.

2.7.2 Interest Free export Financing Facility

Interest Free export financing facility is a short term financing given to the borrower for three months free of any charge or profit and not subject to discounting being a short term facility. Interest free export facility financing is stated in the statement of financial position of the bank at fair value of the consideration given (amount of disbursement) and subsequently, they shall be stated at disbursement amount less loss allowances (if any).

2.8 Cash and cash equivalents

Cash comprises cash on hand, deposits held on call with other banks, and other short term highly liquid investments. Cash equivalents are deemed of immediate realization since they are easily convertible into cash within three months following the date of the financial statements.

2.9 Property and Equipment

Property 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, and equipment if the recognition criteria are met. When significant parts of property, and equipment are required to be replaced at intervals, the Bank recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in statement of profit or loss as incurred. The bank directly expenses subsequent cost less than Birr 2000.

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2 Summary of material accounting policies (continued)

2.9 Property and Equipment (continued)

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

The Bank has assessed and revised the useful life and residual value estimates of property and equipment. This assessment will continue to be performed annually to ensure the faithful presentation of the assets and to reflect their underlying economic substance. In determining the useful lives of assets, the Bank considered factors such as physical wear and tear, repair and maintenance history, technological capacity (including obsolescence), and legal or regulatory limits.
Depreciation is calculated using the straight-line method, allocating the cost of assets to their residual values over their estimated useful lives, as follows:

Asset class	Depreciation rate (years)	Residual value
Freehold land	-	-
Buildings	50	5%
Motor vehicles	12	5%
Furniture and fittings:		
-Medium-lived	12	1%
-Long lived	25	1%
Computer and Accessories	7	1%
-Medium-lived	7	1%
-Long lived	10	1%
Office equipment:		
-Short-lived	7	1%
-Medium-lived	12	1%

The Bank construct buildings in different cities mainly for image building, branches office and issue accounts use. The remaining is rented out. If the building is rented up to 80% of the floor of the building, the building shall be treated as PPE. If the building is rented out for more than 80% of the floor of the building, we reclassify it to Investment property (IP).

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in statement of profit or loss.

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

2 Summary of material accounting policies (continued)

2.10 Intangible assets

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

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

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over the lower of their estimated useful lives of six years or by the license duration for purchased computer software.

2.11 Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, are classified as investment properties. Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the Bank and the cost can be reliably measured. This is usually when all risks are transferred.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

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

2 Summary of material accounting policies (continued)

2.11 Investment Property (continued)

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.

2.12 Impairment of non-financial assets

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

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

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

2 Summary of material accounting policies (continued)

2.12 Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

2.13 Other assets

Other assets generally includes prepayments and claims between work units & other entities. The other assets in the Bank's financial statements include the following:

(a) Prepayments

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

(b) Other receivables

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

2.14 Other liabilities

Other liabilities are generally bank's financial and non-financial obligations arising from arm's lengeth, deferred income or provisions. Major other liabilties of the bank includes letter of margin payable, murabaha deferred income, exchange commission payable, accounts payable, accurals and other paybles.

(a) Letter of credit margin

Letter of credit margin payable is bank's obligation to settle a margin deposited by a customer(importer) to a crospondent bank.

(b) Murabaha Deffered Income

Murabaha deffered income is advance collection of profit from murabaha financing products.

(c) Other payables

Other payables are recognised up on occurrence of transaction that commits the bank to settle an obligation.

2.15 Fair value measurement

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

- Disclosures for valuation methods, significant estimates and assumptions Notes 3 and Note 4.7.1
- Quantitative disclosures of fair value measurement hierarchy Note 4.7.2
- Financial instruments (including those carried at amortised cost) Note 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 the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

2 Summary of material accounting policies (continued)

2.15 Fair value measurement (continued)

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

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

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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.

2.16 Employee benefits

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

(a) Wages, salaries and annual leave

Wages, salaries, other allowances, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Bank. The Bank operates an accumulating leave policy; this can be encashed when the employee is leaving employment or paid in cash if the bank rarely decides to pay in cash. The Bank measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of each reporting period.

2 Summary of material accounting policies (continued)

2.16 Employee benefits (continued)

(b) Defined contribution plan

The Bank operates a defined contribution plans of pension scheme in line with the provisions of Ethiopian Pension of Private Organisation Employees Proclamation No. 715/2011. Funding under the scheme is 7% and 11% by employees and the Bank respectively; 2% provident fund contribution is made by the bank for employees covered under pension scheme.

(c) Defined benefit plan

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

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

The current service cost of the defined benefit plan, recognised in the statement of profit or loss in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

Past-service costs are recognised immediately in profit or loss and other comprehensive 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.

(d) Termination benefits

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

(e) Profit-sharing and bonus plans

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

2 Summary of material accounting policies (continued)

2.17 Provisions

A provision is recognised when the Bank has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Bank expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as other operating expenses.

2.18 Share capital

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

2.19 Legal reserve

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

2.20 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 shares of the Bank by the weighted average number of shares outstanding during the period.

2.21 Leases

(i) Bank 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 not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

2 Summary of material accounting policies (continued)

2.21 Leases (continued)

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use 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 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 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 remeasurements 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 as the discount rate.

The Bank determines its incremental borrowing rate by analysing 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 at 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 amortised cost using the effective interest method. It is remeasured 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 or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured 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 separately presents right-of-use assets as 'Right of Use Leased Assets' and lease liabilities as 'Lease liabilities' in the statement of financial position.

2 Summary of material accounting policies (continued)

2.21 Leases (continued)

(ii) Bank 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 basis 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 derecognition and impairment requirements in IFRS 16 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.

2.22 Income tax

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

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

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

2.23 Consolidated Financial Statements

i) Subsidary

Awash Capital S.C. was established in May 2025 to serve the evolving needs of Ethiopia's emerging capital market. Founded by five shareholders – with Awash Bank S.C. as the major institutional investor holding 97.17%, the company brings together financial strength, strategic insight, and deep industry experience.

Positioned at the forefront of Ethiopia's financial liberalization, Awash Capital enable capital formation, expands investment opportunities, and supports individuals, corporates, and institutions with investment banking, brokerage, advisory, and research services – anchored in global best practice and tailored to local market realities.

ii. Basis of Consolidation

The consolidated financial statements comprise the financial statements of Awash Bank S.C (the "Bank") and its subsidiary, Awash Capital, as of June 30, 2026. Control is achieved when the Bank is exposed to, or has rights to, variable returns from its involvement with the investee and can affect those returns through its power over the investee.

The financial statements of the subsidiary are prepared for the same reporting period as the parent bank, using consistent accounting policies. All intra-group balances and unrealized gains or losses resulting from intra-group transactions, if any, are eliminated in full upon consolidation. Non-controlling interests represent the portion of profit or loss and net assets not held by the Bank and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position.

3 Critical Accounting Judgements, Estimates and Assumptions

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying value of assets or liabilities affected in future periods. The financial statements rely on estimates and assumptions consistent with those applied in the annual financial statements. Any material changes in estimates or judgments since year-end have been disclosed in the relevant notes.

Other disclosures relating to the Bank's exposure to risks and uncertainties include:
- Capital management Note 4.6
- Financial risk management and policies Note 4

3.1 Judgments

In the process of applying the Bank's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

(a) Lease commitments - Bank as lessee

The Bank has entered into commercial property leases. The Bank has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as leases.

3 Critical accounting judgements, estimates and assumptions

3.1 Judgments (Continued)

(b) Going concern basis

The Bank's management has 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. The financial statements continue to be prepared on going concern basis.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

(a) Impairment losses on loans and receivables

The Bank reviews its loan portfolios for impairment on an on-going basis. The Bank first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. Impairment provisions are also recognised for losses not specifically identified but which, experience and observable data indicate are present in the portfolio at the date of assessment. For individually significant loans and receivables that have been deemed to be impaired, management deems that the cash flow from collateral would arise within one year where the loans and receivables is back by collateral.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The use of historical loss experience is supplemented with significant management judgment to assess whether current economic and credit conditions are such that the actual level of inherent losses is likely to differ from that suggested by historical experience. In normal circumstances, historical experience provides objective and relevant information from which to assess inherent loss within each portfolio. In other circumstances, historical loss experience provides less relevant information about the inherent loss in a given portfolio at the balance sheet date, for example, where there have been changes in economic conditions such that the most recent trends in risk factors are not fully reflected in the historical information. In these circumstances, such risk factors are taken into account when calculating the appropriate levels of impairment allowances, by adjusting the impairment loss derived solely from historical loss experience.

The detailed methodologies, areas of estimation and judgment applied in the calculation of the Bank's impairment charge on financial assets are set out in the financial risk management section.

The estimation of impairment losses is subject to uncertainty, which has increased in the current economic environment and is highly sensitive to factors such as the level of economic activity, unemployment rates, property price trends and interest rates. The assumptions underlying this judgement are highly subjective. The methodology and the assumptions used in calculating impairment losses are reviewed regularly in the light of differences between loss estimates and actual loss experience.

3 Critical accounting judgements, estimates and assumptions (Continued)

3.2 Estimates and assumptions (Continued)

(b) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. As at year end, no financial instrument was measured at fair value. See Note 4.7.1 for further disclosures.

(c) Defined benefit plans

The cost of the defined benefit pension plan, long service awards and gratuity scheme 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 determination of the discount rate, future salary increases, mortality rates and future 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.

(d) Depreciation and carrying value of property and equipment

The estimation of the useful lives and residual values of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

(e) Impairment of non-financial assets

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

(f) Income Taxes

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

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

4 Financial risk management

4.1 Introduction

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

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

4.1.1 Risk management structure

The Board Risk Sub-Committee, a subset of the Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. It also has the responsibility to monitor the overall risk process within the Bank.

The Senior Management chaired by the chief Executive Officer (CEO) has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. It is also responsible for managing risk decisions and monitoring risk levels and reports on a monthly basis to the Board Risk Sub-Committee.

The Risk Management Unit is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The unit works closely with the Senior Management to ensure that procedures are compliant with the overall framework.

The Risk Management Unit is responsible for monitoring compliance with risk principles, policies and limits across the Bank. It carries out an assessment of risk on an ad hoc basis to monitor the Bank's independent control of risks, including monitoring the risk of exposures against limits and the assessment of risks of new products and structured transactions. This unit also ensures the complete capture of the risks in risk measurement and reporting systems. Exceptions are reported, where necessary, to the Senior Management, and further to the Board Risk Sub-Committee and the relevant actions are taken to address exceptions and any areas of weakness.

The Bank's Financial office is responsible for managing the Bank's financial assets, financial liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Bank.

The Bank's policy is that risk management processes throughout the Bank are audited annually by the Internal Audit Function, which examines both the adequacy of the procedures and the Bank's compliance with the procedures. The Internal Audit Function discusses the results of all assessments with management, and reports its findings and recommendations to the Board Audit Sub-Committee.

4 Financial risk management (Continued)

4.1 Introduction (Continued)

4.1.2 Risk measurement and reporting systems

The Bank's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Bank also runs worst-case scenarios that would arise in the event that extreme events, which are unlikely to occur, do in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected regions. In addition, the Bank's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

4.1.3 Risk mitigation

Risk controls and mitigates, identified and approved for the Bank, are documented for existing and new processes and systems.

The adequacy of these 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 into the following measurement categories: Financial assets at fair value through OCI and Financial assets at amortized cost and the financial liabilities are classified into other liabilities at amortised cost.
Financial instruments are classified in the statement of financial position in accordance with their legal form and substance.
The Bank's classification of its financial assets is summarised in the table below:

30 June 2026	Notes	Financial assets at fair value through OCI ETB'000	Financial assets at amortized cost ETB'000	Total ETB'000
Cash and bank balances	2.8 & 15	-	234,749,717	234,749,717
Loans and advances to customers (Net)	2.6 & 16	-	268,477,527	268,477,527
Investment securities:				
- Financial assets at fair value through OCI	2.6 & 17	1,456,683	-	1,456,683
- Financial assets at amortized cost	2.6 & 17	-	66,510,935	66,510,935
Other assets	2.13 & 20	-	26,733,796	26,733,796
Total financial assets		**1,456,683**	**596,471,976**	**597,928,659**

4 Financial risk management (Continued)

4.2 Financial instruments by category (Continued)

30 June 2025	Notes	Financial assets at fair value through OCI ETB'000	Financial assets at amortized cost ETB'000	Total ETB'000
Cash and bank balances	2.8 & 15	-	159,153,504	159,153,504
Loans and advances to customers (Net)	2.6 & 16	-	215,030,059	215,030,059
Investment securities:				
- Financial assets at fair value through OCI	2.6 & 17	1,210,531	-	1,210,531
- Financial assets at amortized cost	2.6 & 17	-	31,675,645	31,675,645
Other assets	2.13 & 20	-	14,686,282	14,686,282
Total financial assets		**1,210,531**	**420,545,490**	**421,756,021**

4.3 Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks and other financial assets.

Exposure to credit risk is managed through periodic analysis of the ability of borrowers and potential borrowers to determine their capacity to meet principal and interest thereon, and restructuring such limits as appropriate. Exposure to credit risk is also mitigated, in part, by obtaining collateral,
The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to term of the financial instrument and economic sectors.

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

Credit management is conducted as per the risk management policy and guideline approved by the board of directors and the Risk Management Committees. Such policies are reviewed and modified periodically based on changes and expectations of the markets where the Bank operates, regulations, and other factors.

In measuring credit risk of Financial assets at amortized cost to various counterparties, the Bank considers the character and capacity of the obligor to pay or meet contractual obligations, current exposures to the counterparty/obligor and its likely future developments, credit history of the counterparty/obligor; and the likely recovery ratio in case of default obligations-value of collateral and other solutions. Our credit exposure comprises wholesale and retail Financial assets at amortized cost which are developed to reflect the needs of our customers. The Bank's policy is to lend principally on the basis of our customer's repayment capacity through quantitative and qualitative evaluation. However we ensure that our loans are backed by collateral to reflect the risk of the obligors and the nature of the facility.

4 Financial risk management (Continued)
4.3 Credit risk (Continued)
4.3.1 Credit related commitment risks

The Bank holds collateral against loans and advances to customers in the form of bank guarantees and property. Estimates of fair value are based on the value of collateral assessed at the time of lending.

4.3.2 Credit risk exposure

(a) Maximum exposure to credit risk before collateral held or other credit enhancement

The Bank's maximum exposure to credit risk at 30 June 2026 and 30 June 2025 is represented by the net carrying amounts in the statement of financial position.

	30 June 2026 ETB'000	30 June 2025 ETB'000
Cash and bank balances	234,779,498	159,161,462
Loans and advances to customers (Net)	268,477,527	215,030,059
Investment securities:		
- Financial assets at fair value through OCI	1,456,683	1,210,531
- Financial assets at amortized cost	66,510,935	31,675,645
Other assets	26,733,796	14,686,282
	597,958,440	**421,763,979**
Credit risk exposures relating to off balance sheet items are as follows:		
Loan commitments	6,336,643	5,611,820
Guarantees	36,320,540	25,026,500
Letters of credit	110,003,950	80,109,540
	152,661,133	**110,747,860**
Total maximum exposure	**750,619,574**	**532,511,839**

(b) Assets obtained by taking possession of collateral

Details of financial and non-financial assets obtained by the Bank by taking possession of collaterals held as security against loans and advances to customers at the year end are shown below.

	30 June 2026 ETB'000	30 June 2025 ETB'000
Acquired Properties	87,672	26,575
	87,672	**26,575**

The Bank's policy is to pursue timely realisation of the collateral in a timely manner. The Bank does not generally use the non-cash collateral for its own operations.

4 Financial risk management (Continued)

4.3 Credit risk (Continued)

4.3.2 Credit risk exposure (Continued)

(c) Loans and advances to customers at amortised cost

(i) Gross loans and advances to customers per sectors are analysed as follows:

	30 June 2026 ETB'000	30 June 2025 ETB'000
Domestic trade and services	60,422,527	50,718,925
Export	56,724,377	41,303,429
Building and construction	36,276,206	31,535,785
Import	32,512,477	29,704,758
Manufacturing	28,423,562	21,768,991
Transport	4,713,949	2,829,340
Personal loans	16,957,347	18,594,106
Merchandise	125,144	106,166
Agriculture	1,302,118	538,745
Staff loans and advances	9,949,698	8,900,896
Murahabah Financing-Domestic Trade	11,673,053	6,136,531
Murahabah Financing-Export	70,003	536,320
Murahabah Financing-Agriculture	34,674	28,181
Murahabah Financing-Building and construction	719,991	733,202
Murahabah Financing-Import	920,967	576,539
Murahabah Financing-Manufacturing	1,835,964	1,265,877
Murahabah Financing-Transport	601,557	86,320
Overseas Emp. Agencies Qard_IFB	9,288,315	3,926,880
Murahabah Financing-personal	20,395	257,969
Murabaha Financing -Staff loans & advances	1,556,402	51,736
	274,128,728	**219,600,696**

(ii) Gross loans and advances from customers per National Bank of Ethiopia's impairment guidelines are analysed as follows:

	30 June 2026 ETB'000	30 June 2025 ETB'000
Pass	241,092,619	174,982,739
Special mention	26,776,780	39,711,788
Substandard	375,024	197,505
Doubtful	37,113	88,838
Loss	5,847,192	4,619,826
	274,128,728	**219,600,696**

The above table represents a worst case scenario of credit risk exposure of the Bank as at the reporting dates without taking account of any collateral held or other credit enhancements attached. The exposures are based on carrying amounts as reported in the statement of financial position. Management is confident in its ability to continue to control and effectively manage the credit risk exposure in the Bank's loan and advances portfolio.

4 Financial risk management (Continued)
4.3 Credit risk (Continued)
4.3.3 Credit quality analysis

(a) Credit quality of Cash and Bank Balances

The credit quality of Cash and bank balances and short-term investments that were neither past due nor impaired at as 30 June 2026 and 30 June 2025 and are held in Ethiopian banks have been classified as non-rated as there are no credit rating agencies in Ethiopia. However, Cash and bank balances that is held in foreign banks can be assessed by reference to credit rating agency designation as shown in the table below;

	30 June 2026 ETB'000	30 June 2025 ETB'000
A	-	839,211
A+	24,024,645	11,264,368
AA-	-	-
AAA	-	-
BBB	10,387,793	10,778,657
BBB+	-	2,282,005
Not rated	133,069,686	114,683,215
	167,482,124	**139,847,455**

Definitions of ratings

AA: Very high credit quality	This denotes expectations of a very low default risk. It indicates a very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A: High credit quality	This denotes expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
BBB: Good credit quality	This indicates that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.
Not rated	This indicates financial institutions or other counterparties with no available ratings and cash in hand.

A "+ "(plus) or "-" (minus) may be appended to a rating to indicate the relative position of a credit within the rating category. This is based on Fitch national long-term issuer default ratings.

4 Financial risk management (Continued)
4.3 Credit risk (Continued)
4.3.3 Credit quality analysis (Continued)
(b) Credit quality of loans and advances to customers

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

Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in **Note 2.6.**

	30 June 2026			
Loans and advances to customers at amortised cost	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Stage 1 - Pass (Performing)	157,184,706	-	-	157,184,706
Stage 2 - Special mention (Under-Performing)	-	23,036,672	-	23,036,672
Stage 3 - Non performing	-	-	5,554,189	5,554,189
Total gross exposure	157,184,706	23,036,672	5,554,189	185,775,567
Loss allowance	(684,553)	(345,002)	(3,543,254)	(4,572,810)
Net carrying amount	156,500,153	22,691,670	2,010,934	181,202,757

	30 June 2025			
Loans and advances to customers at amortised cost	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Stage 1 - Pass (Performing)	174,987,350	-	-	174,987,350
Stage 2 - Special mention (Under-Performing)	-	39,707,177	-	39,707,177
Stage 3 - Non performing	-		4,906,169	4,906,169
Total gross exposure	174,987,350	39,707,177	4,906,169	219,600,696
Loss allowance	(1,065,132)	(482,025)	(2,950,057)	(4,497,215)
Net carrying amount	173,922,218	39,225,152	1,956,111	215,103,481

4 Financial risk management (Continued)
4.3 Credit risk (Continued)
4.3.3 Credit quality analysis (Continued)
(C) Credit quality of Limit Product items

	30 June 2026			
In ETB'000	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Limit Product items	stage 1	stage 2	stage 3	
Stage 1 - Pass	83,907,913	-	-	**83,907,913**
Stage 2 - Special mention (Under-Performing)	-	3,740,108	-	**3,740,108**
Stage 3 - Non performing	-	-	705,140	**705,140**
Total gross exposure	**83,907,913**	**3,740,108**	**705,140**	**88,353,161**
Loss allowance	(475,373)	(43,139)	(559,878)	(1,078,391)
Net carrying amount	**83,432,540**	**3,696,969**	**145,262**	**87,274,771**
	30 June 2025			
In ETB'000	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Limit Product items				
Stage 1 - Pass	9,955,769	-	-	**9,955,769**
Stage 2 - Special mention (Under-Performing)	-	186,604	-	**186,604**
Stage 3 - Non performing	-	-	5,688	**5,688**
Total gross exposure	**9,955,769**	**186,604**	**5,688**	**10,148,062**
Loss allowance	(71,071)	(2,352)	-	(73,423)
Net carrying amount	**9,884,698**	**184,253**	**5,688**	**10,074,638**

The impairements for cash and Investment securities (debt instruments) regardless of specific class are computed using identical Probability of default and Loss given default. The table blow sets out impairement on aggregated exposure for the other classes of assets.

In ETB'000	30 June 2026			
Other financial assets (debt instruments)		Gross exposure	Loss allowance	Net carrying amount
Cash and balances with banks	12 Month ECL	234,773,408	(11,739)	234,761,670
Investment securities (debt instruments)	12 Month ECL	66,514,261	(3,326)	66,510,935
Other receivables and financial assets	Lifetime ECL	27,052,425	(337,878)	26,714,548
Total		328,340,095	(352,942)	327,987,153

4 Financial risk management (Continued)

4.3 Credit risk (Continued)

4.3.3 Credit quality analysis (Continued)

(d) Credit quality of Other financial assets

In ETB'000		30 June 2025		
Other financial assets (debt instruments)		**Gross exposure**	**Loss allowance**	**Net carrying amount**
Cash and balances with banks	12 Month ECL	159,161,462	(7,958)	159,153,504
Investment securities (debt instruments)	12 Month ECL	31,677,229	(1,584)	31,675,645
Other receivables and financial assets	Lifetime ECL	14,883,472	(204,020)	14,679,452
Total		**205,722,163**	**(213,562)**	**205,508,601**

4.3.4 Collaterals held and their financial effect

The bank holds collateral or other credit enhancements to mitigate credit risk associated with majority of its financial assets. The main types of collateral and the types of assets these are associated with are listed below. The Bank does not sell or repledge the collateral in the absence of default by the borrower. 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.

The estimated value real estate 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.

4.3.5 Nature of security in respect of loans and advances to customers and staff

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

	Real estate ETB'000	Machinery and equipment ETB'000	Motor vehicles ETB'000	Shares ETB'000	Others ETB'000	Total ETB'000
30 June 2026						
Domestic trade and services	83,943,870	4,175,098	7,416,248	55,692	7,721,505	103,312,413
Export	30,987,845	2,570,031	2,554,972	5,029	852,623	36,970,499
Building and construction	61,310,074	2,356,828	5,164,188	912	54,987	68,886,990
Import	41,819,158	932,589	3,787,778	199,971	740,538	47,480,034
Manufacturing	40,842,302	6,793,071	17,841,307	4,000	688,973	66,169,653
Transport	5,313,102	148,200	5,618,505	-	32,900	11,112,707
Personal loans	25,142,335	126,040	5,241,057	27,259	121,116	30,657,807
Agriculture	1,839,849	103,451	283,449	-	93,873	2,320,622
Staff loans and advances	12,520,401	88,500	2,585,939	60,515	4,144	15,259,499
	303,718,937	17,293,808	50,493,444	353,377	10,310,660	382,170,226

4 Financial risk management (Continued)
4.3 Credit risk (Continued)
4.3.5 Nature of security in respect of loans and advances to customers and staff (Continued)

30 June 2025	Real estate ETB'000	Machinery and equipment ETB'000	Motor vehicles ETB'000	Shares ETB'000	Others ETB'000	Total ETB'000
Domestic trade and services	85,999,972	1,164,314	3,490,648	477,834	3,778,705	94,911,472
Export	17,835,062	865,105	453,867	85,596	412,511	19,652,141
Building and construction	42,758,874	2,016,837	1,328,969	129,585	575,553	46,809,818
Import	41,274,864	1,112,700	1,496,074	584,197	1,081,755	45,549,590
Manufacturing	30,861,025	5,053,820	1,103,646	204,217	792,515	38,015,223
Transport	4,232,546	227,267	3,378,740	8,928	57,975	7,905,455
Agriculture	15,804,129	70,449	3,460,504	45,718	269,917	19,650,717
Personal Loans	1,093,417	25,144	54,807	-	169,258	1,342,626
Staff loans and advances	8,875,952	37,001	1,275,988	28,458	10,764	10,228,163
	248,735,842	**10,572,637**	**16,043,242**	**1,564,531**	**7,148,954**	**284,065,206**

i) Loans and advances to customers

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. 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 customers' creditworthiness, the Bank does not routinely update the valuation of collateral held against all loans to customers. Valuation of collateral of real estates (buildings) is updated and reviewed every three year and at the same time whenever the loan foreclosure measure is opted. For credit-impaired loans, the Bank obtains appraisals of collateral because it provides input into determining the management credit risk actions.

As at 30 June 2026, the net carrying amount of credit impaired loans and advances to customers amounted to ETB 2.156 billion (June 2025: ETB 3.107 billion) and the value of identifiable collateral held against those loans and advances amounted to ETB 4.619 billion (June 2025: ETB 2.718 billion). For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

4 Financial risk management (Continued)
4.3 Credit risk (Continued)
4.3.5 Nature of security in respect of loans and advances to customers and staff (Continued)

ii) Investment securities designated as at FVTPL

As at 30 June 2026, the Bank had no exposure to credit risk of the investment securities designated as at FVTPL.

4.3.6 Amounts arising from ECL

i) Inputs, assumptions and techniques used for estimating impairment

See accounting policy in Note 2.6

ii) Significant increase in credit

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;

4 Financial risk management (Continued)

4.3 Credit risk (Continued)

4.3.6 Amounts arising from ECL (Continued)

iii) Credit risk grades (Continued)

a. Term loan exposures

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

b. Overdraft exposures

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

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.

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.

4 Financial risk management (Continued)

4.3 Credit risk (Continued)

4.3.6 Amounts arising from ECL (Continued)

v) Determining whether credit risk has increased significantly (Continued)

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 .

4 Financial risk management (Continued)

4.3 Credit risk (Continued)

4.3.6 Amounts arising from ECL (Continued)

vi) Definition of default (Continued)

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

For each segment, the Bank formulates three economic scenarios: a base case, which is the median scenario, and two less likely scenarios, one upside and one downside. For each sector, the base case is aligned with the macroeconomic model's information value output, a measure of the predictive power of the model, as well as base macroeconomic projections for identified macroeconomic variables for each sector. The upside and downside scenarios are based on a combination of a percentage error factor of each sector model as well as simulated optimistic and pessimistic macroeconomic projections based on a measure of historical macroeconomic volatilities.

External information considered includes economic data and forecasts published by Fitch Solutions, formerly known as Business Monitor International, an external and independent market intelligence and research institution. This is in addition to industry-level, semi-annual NPL trends across statistically comparable sectors.

vii) Incorporation of forward-looking information

Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios by a panel of experts that advises the Bank's senior management.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change etc. - are monitored and reviewed on quarterly basis.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables and credit risk and credit losses. The Bank estimates each key driver for credit risk over the active forcast period of five years.

4 Financial risk management (Continued)
4.3 Credit risk (Continued)
4.3.6 Amounts arising from ECL (Continued)
vii) Incorporation of forward-looking information (Continued)

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

Cluster	Sector/Product	Macroeconomic factors
Cluster 1	Agriculture Consumer Loans Overdraft Interest Free Financing	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	CPI inflation, 2010=100, eop Import cover months Services exp, LCU Current account bal, USD Capex, LCU Total revenue, LCU
Cluster 3	Building and Construction Hotel and Tourism Manufacturing and Production Industry Real Estate Housing and Construction	Nominal Effective Exchange Rate Index Use of IMF credit/cap, USD Total revenue, USD Capex, USD Total expend, USD LCU/USD, eop Total govt debt, LCU
Cluster 4	Export Import Advance against Import Bills International Trade	Political Risk Index Lending rate, %, ave Central bank policy rate, %, eop M1, USD

The Bank defined a statistically significant correlation threshold with macro-economic of 50%.
The economic scenarios used as at 30 June 2026 included key indicators based on year 2024 to 2026 prediction for Ethiopia.

Predicted relationships between the key indicators and default rates on various portfolios of financial assets have been developed based on cluster-level NPL ratios over ten semi-annual observations from December 2021 to June 2026.

Indicator	6/30/2024	6/30/2025	6/30/2026
CPI inflation, 2010=100, eop	944	1,067	1,195
CPI inflation, 2010=100, avg	964	1,127	1,276
Total debt service, LCU	98,864,143,239	195,771,067,239	315,190,348,840
Total debt service, USD	1,462,645,000	1,688,140,000	2,070,855,000
Total debt service/cap, USD	11	13	15

4 Financial risk management (Continued)
4.3 Credit risk (Continued)
4.3.6 Amounts arising from ECL (Continued)

vii) Incorporation of forward-looking information (Continued)

Indicator	6/30/2024	6/30/2025	6/30/2026
Use of IMF credit, LCU	173,964,221,650	353,471,027,200	450,363,006,000
Use of IMF credit, USD	1,703,500,000	2,485,000,000	2,724,000,000
Use of IMF credit/cap, USD	13	19	20
Total govt debt, LCU	4,831,770,464,500	7,092,427,370,000	8,528,988,000,000
Total govt debt, USD	56,080,000,000	50,175,000,000	51,610,000,000
Total govt debt/cap, USD	431	375	376
G&S exp, LCU	613,920,500,000	700,861,500,000	803,019,500,000
G&S exp, USD	9,217,423,626	6,657,107,086	5,297,772,455
G&S imp, LCU	1,301,269,500,000	1,484,423,500,000	1,687,460,000,000
G&S imp, USD	19,542,132,909	14,098,507,327	11,140,321,060
G&S bal, LCU	(823,414,009,200)	(1,212,724,966,200)	(1,746,386,743,750)
G&S bal, USD	(12,017,000,000)	(11,171,000,000)	(11,409,500,000)
Transport & comms nom GVA, LCU	348,182,000,000	418,931,000,000	509,268,000,000
Transport & comms nom GVA, USD	5,192,643,199	3,957,960,611	3,348,856,134
Finance, public sector nom GVA, LCU	1,775,622,500,000	2,095,806,500,000	2,360,882,500,000
Finance, public sector nom GVA, USD	26,168,338,725	20,136,675,501	15,542,266,542
Trade, accom & food nom GVA, LCU	1,600,576,000,000	1,916,969,500,000	2,137,322,500,000
Trade, accom & food nom GVA, USD	23,490,796,639	18,429,095,862	14,079,757,031
Utilities nom GVA, % GDP	1	1	0
Budget bal, LCU	(227,042,000,000)	(239,859,500,000)	(349,953,000,000)
Budget bal, USD	(3,435,244,621)	(2,301,468,806)	(2,261,925,704)
Goods imp, LCU	1,229,003,419,800	2,250,866,360,800	3,495,783,871,000
Goods imp, USD	17,475,000,000	20,221,000,000	22,839,000,000
Goods exp, LCU	325,231,662,650	771,227,727,650	1,315,885,537,750
Goods exp, USD	4,525,500,000	6,697,500,000	8,595,500,000
Trade, goods bal, LCU	-903,799,057,650	-1,479,638,633,150	-2,179,898,333,250
Trade, goods bal, USD	-12,950,000,000	-13,523,500,000	-14,243,500,000
STER, Economic Growth	20	10	15
Services imp, LCU	435,786,095,400	636,996,178,900	938,076,939,750
Services imp, USD	6,569,500,000	5,712,500,000	6,156,000,000
Services exp, LCU	516,129,843,200	903,868,545,200	1,371,588,529,250
Services exp, USD	7,502,000,000	8,064,500,000	8,990,000,000
Current account bal, USD	-4,373,000,000	-3,110,000,000	-3,055,000,000
Trade, services bal, LCU	80,343,747,800	266,872,366,300	433,511,589,500
Trade, services bal, USD	932,500,000	2,352,000,000	2,834,000,000
Broad money (% GDP) - Sovereign Scorecard	19	18	17
Import cover months	1	2	3
Real GDP, USD (PPP) constant 2010	260,680,512,078	280,868,102,602	302,764,565,715
Nominal GDP, LCU	10,237,224,000,000	12,810,021,000,000	15,166,203,500,000
Nominal GDP/cap, USD	1,159	909	728
Nominal GDP, USD	151,010,901,099	121,238,539,526	99,893,205,132
Nominal GDP, USD (PPP)	413,416,542,668	457,383,695,022	501,069,643,065
Real GDP, LCU (2010 prices)	1,115,869,000,000	1,202,284,000,000	1,296,014,000,000
Real GDP, USD (2010 prices)	77,439,276,593	83,436,320,231	89,941,011,548

4 Financial risk management (Continued)

4.3 Credit risk (Continued)

4.3.6 Amounts arising from ECL (Continued)

vii) Incorporation of forward-looking information (Continued)

Indicator	6/30/2024	6/30/2025	6/30/2026
Real GDP/cap, LCU	8,556	8,985	9,444
Real GDP/cap, USD (2010 prices)	594	624	655
Private final cons, LCU	8,153,314,500,000	10,338,613,000,000	12,286,377,500,000
Private final cons/cap, LCU	62,422	77,214	89,479
Private final cons, USD	120,076,607,802	97,695,959,563	80,936,930,713
Private final cons/cap, USD	922	732	590
Private final cons, LCU (2010 prices)	809,576,500,000	868,142,000,000	912,745,000,000
Private final cons, USD (2010 prices)	56,183,134,855	60,247,473,906	63,342,840,884
Private final cons/cap, LCU (2010 prices)	6,207	6,489	6,652
Govt final cons, LCU	600,553,500,000	693,678,500,000	788,168,500,000
Govt final cons/cap, LCU	4,602	5,182	5,741
Govt final cons, USD	8,981,237,743	6,598,424,767	5,201,128,032
Govt final cons/cap, USD	69	49	38
Govt final cons, LCU (2010 prices)	91,139,000,000	96,639,000,000	100,024,500,000
Govt final cons, USD (2010 prices)	6,324,880,635	6,706,570,620	6,941,518,155
Govt final cons/cap, LCU (2010 prices)	699	722	729
Savings, LCU	2,259,646,500,000	2,813,748,000,000	2,727,280,000,000
Savings/cap, LCU	17,269	21,049	19,881
Lending rate, %, avg	15	15	14
Lending rate, %, eop	15	15	13
M1, LCU	584,105,000,000	660,745,000,000	747,570,000,000
M1, LCU	584,105,000,000	660,745,000,000	747,570,000,000
M2, LCU	1,932,335,000,000	2,247,120,000,000	2,613,620,000,000
M2, LCU	1,932,335,000,000	2,247,120,000,000	2,613,620,000,000
Total employment	38,138,900	39,189,350	48,031,600
Total revenue, LCU	802,382,500,000	1,229,344,000,000	1,839,128,000,000
Total revenue, USD	11,941,431,529	11,047,662,877	12,048,698,831
Total expend, LCU	1,029,424,500,000	1,469,203,000,000	2,189,081,000,000
Total expend, USD	15,376,676,150	13,349,128,070	14,310,623,946
Current expend, LCU	617,737,500,000	860,970,500,000	1,256,472,000,000
Current expend, USD	9,287,824,333	7,813,575,990	8,228,997,676
Capex, LCU	411,687,500,000	608,233,500,000	932,609,000,000
Capex, USD	6,088,857,870	5,535,561,747	6,081,626,858
Budget bal, LCU	(227,042,000,000)	(239,859,500,000)	(349,953,000,000)
Budget bal, USD	(3,435,244,621)	(2,301,468,806)	(2,261,925,704)
LCU/USD, avg	68.60	110.50	151.87
LCU/USD, eop	90.98	140.81	165.33
Nominal Effective Exchange Rate Index	29.94	19.38	13.34
Real effective exchange rate index	172.76	126.17	96.29
Political Risk Index	59.37	59.44	58.57
Central bank policy rate, %, eop	11.00	15.00	15.50

4 Financial risk management (Continued)

4.3 Credit risk (Continued)

4.3.6 Amounts arising from ECL (Continued)

viii) Modified financial assets

Scenario probability weightings derived from based on data provided, for each cluster are summarised below:

As at June 2026			
	Optimistic	Base	Downturn
Cluster 1	0%	90%	10%
Cluster 2	10%	80%	10%
Cluster 3	10%	70%	20%
Cluster 4	10%	70%	20%

As at June 2025			
	Optimistic	Base	Downturn
Cluster 1	7%	73%	20%
Cluster 2	13%	73%	13%
Cluster 3	13%	67%	20%
Cluster 4	13%	67%	20%

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.

4 Financial risk management (Continued)
4.3 Credit risk (Continued)
4.3.6 Amounts arising from ECL (Continued)
viii) Modified financial assets (Continued)

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.

4 Financial risk management (Continued)
4.3 Credit risk (Continued)
4.3.6 Amounts arising from ECL (Continued)
ix) Measurement of ECL (Continued)

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 aaware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:
- instrument type;
- credit risk grading;
- collateral type;
- LTV ratio for retail mortgages;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower

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

4 Financial risk management (Continued)
4.3 Credit risk (Continued)
4.3.6 Amounts arising from ECL (Continued)

x) Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

	30 June 2026			
In ETB'000	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Loans and advances to customers at amortised cost (on balance sheet exposures)				
Balance as at 1 July 2025	732,134	316,300	2,215,223	**3,263,656**
Transfer to stage 1 (12 months ECL)	274,416	23,315	851	**298,581**
Transfer to stage 2 (Lifetime ECL not credit impaired)	40,167	39,890	69	**80,126**
Transfer to stage 3 (Lifetime ECL credit impaired)	278,322	1,362,124	1,241,952	**2,882,399**
Net remeasurement of loss allowance	(832,570)	(1,503,535)	691,660	**(1,644,446)**
Net financial assets originated or purchased	385,803	264,876	684,972	**1,335,651**
Financial assets derecognised	(193,718)	(157,968)	(1,291,471)	**(1,643,158)**
Balance as at 30 June 2026	**684,553**	**345,002**	**3,543,254**	**4,572,810**

4 Financial risk management (Continued)
4.3 Credit risk (Continued)
4.3.6 Amounts arising from ECL (Continued)
x) Loss allowance (Continued)

	30 June 2025			
In ETB'000	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Loans and advances to customers at amortised cost (on balance sheet exposures)				
Balance as at 1 July 2024	526,136	101,341	541,949	1,169,425
Transfer to stage 1 (12 months ECL)	207,606	98,456	475,528	781,590
Transfer to stage 2 (Lifetime ECL not credit impaired)	(8,224)	21,271	(465,679)	(452,632)
Transfer to stage 3 (Lifetime ECL credit impaired)	(646)	(27)	1,025,669	1,024,996
Net remeasurement of loss allowance	48,281	113,888	836,795	998,963
New financial assets originated or purchased	146,139	18,572	3,847	168,558
Financial assets derecognised	(187,157)	(37,201)	(202,886)	(427,244)
Balance as at 30 June 2025	732,134	316,300	2,215,223	3,263,656

	30 June 2026			
In ETB'000	Stage 1	Stage 2	Stage 3	Total
Overdrafts and revolving facilities(Limit Product exposures)				
Balance as at 1 July 2025	404,211	168,077	734,693	1,306,981
Transfer to stage 1 (12 months ECL)	323,486	64,986	36	388,508
Transfer to stage 2 (Lifetime ECL not credit impaired)	10,574	19,071	-	29,646
Transfer to stage 3 (Lifetime ECL credit impaired)	-	16,999	542,879	559,878
Net remeasurement of loss allowance	(276,652)	(218,723)	(596,661)	(1,092,037)
New financial assets originated or purchased	86,865	13,493	-	100,359
Financial assets derecognised	(73,111)	(20,765)	(121,069)	(214,945)
Balance as at 30 June 2026	475,373	43,139	559,878	1,078,391

4 Financial risk management (Continued)

4.3 Credit risk (Continued)

4.3.6 Amounts arising from ECL (Continued)

x) Loss allowance (Continued)

	30 June 2025			
In ETB'000	2 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Overdrafts and revolving facilities (Limit Product exposures)				
Balance as at 1 July 2024	**482,355**	**118,459**	**420,221**	**1,021,034**
Transfer to stage 1 (12 months ECL)	280,442	132,096	305,628	**718,166**
Transfer to stage 2 (Lifetime ECL not credit impaired)	(88,737)	15,361	(4,354)	**(77,730)**
Transfer to stage 3 (Lifetime ECL credit impaired)	(303,755)	(3,506)	391,838	**84,577**
Net remeasurement of loss allowance	(390,527)	(180,655)	(686,190)	**(1,257,372)**
New financial assets originated or purchased	479,414	95,025	326,360	**900,799**
Financial assets derecognised	(54,981)	(8,702)	(18,810)	**(82,493)**
Balance as at 30 June	**404,211**	**168,077**	**734,693**	**1,306,981**

	30 June 2026			
In ETB'000	Cash and balances with banks	Investment securities (debt instruments)	Other receivables and financial assets	Total
Other financial assets				
Balance as at 01 July 2025	**7,958**	**1,584**	**204,020**	**213,562**
Net remeasurement of loss allowance	3,781	1,742	133,858	139,380
Balance as at 30 June 2026	**11,739**	**3,326**	**337,878**	**352,942**

4 Financial risk management (Continued)
4.3 Credit risk (Continued)
4.3.6 Amounts arising from ECL (Continued)
x) Loss allowance (Continued)

	30 June 2025			
In ETB'000	Cash and balances with banks	Investment securities (debt instruments)	Other receivables and financial assets	Total
Other financial assets (debt instruments)				
Balance as at 01 July 2024	2,681	1,054	95,974	99,709
Net remeasurement of loss allowance	5,277	530	108,045	113,852
Balance as at 30 June 2025	7,958	1,584	204,020	213,562

— *Loans with renegotiated terms*

Loans with renegotiated terms are defined as loans that have been restructured due to a deterioration in the borrower's financial position, for which the Bank has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Bank had provided initially and that it would not otherwise consider. A loan continues to be presented as part of loans with renegotiated terms until maturity, early repayment or write-off.

— *Loans that were past due but not impaired*

Loans that were 'past due but not impaired' are those for which contractual interest or principal payments were past due but the Bank believed that impairment was not appropriate on the basis of the level of security or collateral available and/or the stage of collection of amounts owed to the Bank. The amounts disclosed exclude assets measured at FVTPL.

4.3.7 Commitments and guarantees

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Bank could have to pay if the guarantee is called upon. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. The table below shows the Bank's maximum credit risk exposure for commitments and guarantees.

	30 June 2026 ETB'000	30 June 205 ETB'000
Loan commitments	6,336,643	5,611,820
Guarantees	36,320,540	25,026,500
Letters of credit	110,003,950	80,109,540
	152,661,133	110,747,860

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4 Financial risk management (Continued)

4.4 Liquidity risk

Liquidity risk is the risk that the Bank cannot meet its maturing obligations when they become due, at reasonable cost and in a timely manner. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Bank on acceptable terms.

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

4.4.1 Management of liquidity risk

Cash flow forecasting is performed by the Finance function. The Finance function 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 of damage to the Bank's reputation.

4.4.2 Maturity analysis of financial assets and financial liabilities

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

30 June 2026	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 1 year	Total
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
Cash and balances due from NBE	81,822,196	-	-	-	-	81,822,196
Total Loans and Advances	8,815,525	21,277,215	30,092,740	70,544,064	131,261,965	261,991,509
Deposit with Foreign Banks	86,887,098	-	-	-	-	86,887,098
Deposit with Local Banks	4,584,842	621,292	1,161,404	730,858	7,431	7,105,827
Investment (TB, Bonds, & DBE)	74,225,401	15,939,076	3,634,785	3,677,902	29,640,167	127,117,331
Total financial assets	256,335,061	37,837,584	34,888,929	74,952,823	160,909,563	564,923,960

4 Financial risk management (Continued)

4.4 Liquidity risk (Continued)

4.4.2 Maturity analysis of financial assets and financial liabilities (Continued)

30 June 2026	0 - 30 days ETB'000	31 - 90 days ETB'000	91 - 180 days ETB'000	181 - 365 days ETB'000	Over 1 year ETB'000	Total ETB'000
Deposits from customers	17,675,528	31,571,593	48,096,489	90,799,458	279,715,871	467,858,939
Borrowings	-	-	-	152,735	123,648	276,383
Other liabilities	-	169,970,366	-	-	-	169,970,366
Total financial liabilities	**17,675,528**	**201,541,959**	**48,096,489**	**90,952,193**	**279,839,519**	**638,105,688**
Guarantees	-	-	36,320,540	-	-	36,320,540
Letters of credit	-	110,003,950	-	-	-	110,003,950
Loan commitments	-	6,336,643	-	-	-	6,336,643
Other commitments	-	-	-	-	-	-
Sub total off B/S	-	116,340,593	36,320,540	-	-	152,661,133
Gap	238,659,533	(163,704,375)	(13,207,560)	(15,999,370)	(118,929,957)	(73,181,728)
Commulative gap	238,659,533	74,955,158	61,747,599	45,748,229	(73,181,728)	
Percentage	1350%	-81%	-27%	-18%	-42%	-11%

30 June 2025	0 - 30 days ETB'000	31 - 90 days ETB'000	91 - 180 days ETB'000	181 - 365 days ETB'000	Over 1 year ETB'000	Total ETB'000
Cash and balances due from NBE	40,635,909					40,635,909
Total Loans and Advances	7,122,962	16,504,649	23,261,953	56,397,304	107,641,467	210,928,334
Deposit with Foreign Banks	78,688,427					78,688,427
Deposit with Local Banks	1,378,559	1,009,887	62,335		8,185	1,080,407
Investments	-	23,338,567	14,760,643	6,136,278	25,978,699	70,214,187
Total financial assets	**127,825,857**	**40,853,102**	**38,084,930**	**62,533,582**	**133,628,352**	**402,925,823**

4 Financial risk management (Continued)

4.4 Liquidity risk (Continued)

4.4.2 Maturity analysis of financial assets and financial liabilities (Continued)

30 June 2025	0 - 30 days ETB'000	31 - 90 days ETB'000	91 - 180 days ETB'000	181 - 365 days ETB'000	Over 1 year ETB'000	Total ETB'000
Deposits from customers	57,204,276	21,931,934	31,600,122	66,886,193	154,110,804	331,733,329
Borrowings	-	-	-	-	178,388	178,388
Other liabilitie	-	119,638,649	-	-	-	119,638,649
Total financial liabilities	**57,204,276**	**141,570,584**	**31,600,122**	**66,886,193**	**154,289,192**	**451,550,366**
Guarantees	-	-	25,026,500	-	-	25,026,500
Letters of credit	-	80,109,540	-	-	-	80,109,540
Loan commitments	-	5,611,820	-	-	-	5,611,820
Other commitments	-	-	-	1,911,948	-	1,911,948
Sub total off B/S	-	85,721,360	25,026,500	1,911,948	-	112,659,808
Gap	70,621,581	(100,717,482)	6,484,808	(4,352,611)	(20,660,840)	(48,624,543)
Cummulative gap	70,621,581	(100,717,482)	6,484,808	(4,352,611)	(20,660,840)	
Percentage	123%	-71%	0%	-7%	0%	-11%

4.5 Market risk

Market risk is defined as the risk of loss that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market risk factors such as interest rates, foreign exchange rates, equity prices, credit spreads and their volatilities. Market risk can arise in conjunction with trading and non-trading activities of a financial institutions.
The Bank does not ordinarily engage in trading activities as there are no active markets in Ethiopia.

4.5.1 Management of market risk

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

Market risk is monitored by the risk and compliance management function regularly, to identify any adverse movement in the underlying variables.

4 Financial risk management (Continued)
4.5 Market risk (Continued)
4.5.1 Management of market risk (Continued)
(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. Borrowings and lending obtained at variable rates give rise to interest rate risk.

The Bank's exposure to the risk of changes in market interest rates relates primarily to the Bank's obligations and financial assets with floating interest rates. The Bank is also exposed on fixed rate financial assets and financial liabilities. The Bank's investment portfolio is comprised of treasury bills, Ethiopian government bonds and cash deposits.

The table below sets out information on the exposures to fixed and variable interest instruments.

	Fixed interest bearing ETB'000	Non-interest bearing ETB'000	Total ETB'000
30 June 2026			
Assets			
Cash and bank balances	152,939,260	81,822,196	234,761,455
Loans and advances to customers	247,407,406	26,721,322	274,128,728
Investment securities	66,514,261	1,456,683	67,970,944
Other assets	-	27,071,674	27,071,674
Total	466,860,927	137,071,875	603,932,801
Liabilities			
Deposits from customers	248,891,823	220,603,295	469,495,118
Other liabilities	-	47,809,804	47,809,804
Total	248,891,823	268,413,099	517,304,922

	Fixed interest bearing ETB'000	Non-interest bearing ETB'000	Total ETB'000
30 June 2025			
Assets			
Cash and bank balances	19,450,440	139,711,022	159,161,462
Loans and advances to customers	206,001,141	13,599,555	219,600,696
Investment securities	31,677,229	1,210,531	32,887,760
Other assets	-	14,889,571	14,889,571
Total	257,128,810	169,410,679	426,539,489
Liabilities			
Deposits from customers	180,158,620	152,744,615	332,903,235
Other liabilities	-	33,095,660	33,095,660
Total	180,158,620	185,840,275	365,998,895

4 Financial risk management (Continued)
4.5 Market risk (Continued)
4.5.1 Management of market risk (Continued)
(ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The Bank is exposed to exchange rate risks to the extent of balances and transactions denominated in a currency other than the Ethiopian Birr (ETB). The Bank's foreign currency bank accounts act as a natural hedge for these transactions. Management has set up a policy to manage the Bank's foreign exchange risk against its functional currency.

The table below summarises the impact of increases/decreases of 18% on equity and profit or loss arising from the Bank's foreign denominated borrowings and cash and bank balances.

The total foreign currency denominated assets exposed to risk as at 30 June 2026 was ETB 86.887 billion (30 June 2025: ETB 78.688 billion).

Foreign currency denominated balances	30 June 2026 ETB'000	30 June 2025 ETB'000
US dollars (USD)	78,309,828	72,374,142
British pounds (GBP)	1,064,556	623,426
Euros (EUR)	7,125,512	5,673,793
Swiss franc (CHF)	192,174	7,430
Swedish Krona (SEK)	21,039	881
Japanese yen (JPY)	173,989	8,775
	86,887,098	**78,688,447**

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 1000 basis points as shown below:

	30 June 2026 ETB'000	30 June 2025 ETB'000
Effect of an 18% Increase of the ETB against USD	14,095,769	61,518,021
Effect of an 18% Decrease of the ETB against USD	(14,095,769)	(61,518,021)
Effect of an 18% Increase of the ETB against GBP	191,620.11	529,911.68
Effect of an 18% Decrease of the ETB against GBP	(191,620)	(529,912)
Effect of an 18% Increase of the ETB against EUR	1,282,592	4,822,724
Effect of an 18% Decrease of the ETB against EUR	(1,282,592)	(4,822,724)
Effect of an 18% Increase of the ETB against JPY	31,318	7,459
Effect of an 18% Decrease of the ETB against JPY	(31,318)	(7,459)
Effect of an 18% Increase of the ETB against CHF	34,591	6,316
Effect of an 18% Decrease of the ETB against CHF	(34,591)	(6,316)
Effect of an 18% Increase of the ETB against SEK	3,787	748
Effect of an 18% Decrease of the ETB against SEK	(3,787)	(748)

4 Financial risk management (Continued)

4.6 Capital management

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

4.6.1 Capital adequacy ratio

According to the Licensing & Supervision of Banking Business Directive No SBB/50/2011 of the National Bank of Ethiopia, the Bank has to maintain a capital to risk weighted assets ratio of 8% at all times, the risk weighted assets being calculated as per the provisions of Directive No SBB/9/95 issued on 18 August 1995. Capital includes capital contributions, share premium and legal reserve to be approved by the National Bank of Ethiopia.

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk

Capital	30 June 2026 ETB'000	30 June 2025 ETB'000
Share capital	38,492,985	27,874,601
Share premium	481,657	227,838
Legal reserve	21,009,671	13,674,270
	59,984,313	**41,776,709**
Risk weighted assets		
Risk weighted balance for on-balance sheet items	334,139,537	257,176,270
Credit equivalent for off-balance sheet items	44,659,295	31,341,070
Total risk weighted assets	**378,798,832**	**288,517,340**
Risk-weighted Capital Adequacy Ratio	**16%**	**14%**
Minimum required capital	**8%**	**8%**
Excess	**8%**	**6%**

The capital adequacy as per the new NBE directive 95/2025(effective from December 2026), which accounts cedit risk, market risk and operational risk weigheted asset is 13.85%.

4 Financial risk management (Continued)

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 three levels as described below, based on the lowest level input that is significant to the fair value measurement as a whole.

4.7.1 Valuation models

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

- 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, another 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's 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 Financial risk management (Continued)

4.7 Fair value of financial assets and liabilities (Continued)

4.7.2 Financial instruments not measured at fair value

The following table summarises the carrying amounts of financial assets and liabilities at the reporting date. The amounts are based on the values recognised in the statement of financial position.

	30 June 2026		30 June 2025	
	Carrying amount ETB'000	Amortized Cost ETB'000	Carrying amount ETB'000	Amortized Cost ETB'000
Financial assets				
Cash and bank balances	234,749,717	234,749,717	159,153,504	159,153,504
Loans and advances to customers	268,477,527	268,477,527	215,030,059	215,030,059
Investment securities				
- Financial assets at fair value through OCI	-	-	-	-
- Financial assets at amortized cost	66,510,935	66,510,935	31,675,645	31,675,645
Other assets	27,071,674	27,071,674	14,686,282	14,686,282
Total	**596,809,853**	**596,809,853**	**420,545,490**	**420,545,490**

	30 June 2026		30 June 2025	
	Carrying amount ETB'000	Amortized Cost ETB'000	Carrying amount ETB'000	Amortized Cost ETB'000
Financial liabilities				
Deposits from customers	469,495,118	469,495,118	332,903,235	332,903,235
Other liabilities	47,809,804	47,809,804	33,095,660	33,095,660
Total	**517,304,922**	**517,304,922**	**365,998,895**	**365,998,895**

4.7.3 Valuation technique using significant unobservable inputs - Level 3

The Bank has no financial asset measured using significant unobservable inputs.

4.7.4 Transfers between the fair value hierarchy categories

During the two reporting periods covered by these annual financial statements, there were no movements between levels as a result of significant inputs to the fair valuation process becoming observable or unobservable.

4.8 Offsetting financial assets and financial liabilities

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

		30 June 2026 ETB'000	30 June 2025 ETB'000
5	**Interest income**		
	Interest on Loans and advances	38,075,282	30,399,286
	Interest on Treasury Bonds	2,014,772	1,423,757
	Interest on Treasury Bills	6,332,349	1,106,888
	Interest on DBE & Gov't Bond	479,921	388,313
	Interest on deposit from local banks	552,659	328,823
	Interest on deposit from foreign banks	2,009,230	1,228,858
	Interest on interbank lending	976,682	348,148
	Interest on open market operations	3,732,173	976,438
		54,173,069	**36,200,511**

Included within various line items under interest income for the year ended 30 June 2026 is a total of ETB 710.324 million (30 June 2025: ETB 341.319 million) relating to impaired loans and advances.

		30 June 2026 ETB'000	30 June 2025 ETB'000
6	**Interest expense**		
	Interest on Deposits from customers	14,528,733	9,381,091
	Interest on borrowed funds from DBE	27,960	15,258
	Interest on deposit from other financial institutions	778,116	516,271
		15,334,809	**9,912,620**

		30 June 2026 ETB'000	30 June 2025 ETB'000
7	**Fees and commission income**		
	Cash payment orders and cheques	4,665	5,159
	Service Charge Foreign	9,595,682	10,098,288
	Letters of credit	7,365,342	3,365,915
	Letters of guarantee	1,180,849	713,442
	Money transfers	1,044,135	506,556
	Other commission	1,634,653	1,348,510
	Murabaha Income	2,122,945	1,203,196
		22,948,271	**17,241,066**

		30 June 2026 ETB'000	30 June 2025 ETB'000
8	**Other operating income**		
	Dividends	148,714	117,370
	Gain on foreign currency transactions and translations	5,238,372	10,410,581
	Telephone, postage and SWIFT	1,222,882	171,453
	Rental	84,062	76,452
	Estimation and inspection fees	19,349	16,455
	Gain on Disposal of old assets	74,165	18,520
	Other income	646,381	429,614
		7,433,925	**11,240,445**

		30 June 2026 ETB'000	30 June 2025 ETB'000
9	**Loan impairment charge**		
	Loans and advances - charge for the year (note 16)	1,080,561	2,380,178
	Loans and advances - reversal of provision (note 16)	-	-
	Loans and advances - Bad Debts Written Off	24,118	20,013
		1,104,679	**2,400,191**

		30-Jun-26 ETB'000	30 June 2025 ETB'000
10	**Impairment on other assets**		
	Other assets-charges (reversal) for the year	134,584	107,318
	Receivables - Bad Debts Write Off	6,479	728
		141,063	**108,046**

The current impairment charges on other assets is ETB 134.584 million.

		30 June 2026 ETB'000	30 June 2025 ETB'000
11	**Impairment on Cash, Bills and Bonds**		
	Cash, Bills and Bonds-charge (reversal) for the year	**5,523**	**5,806**

		30 June 2026 ETB'000	30 June 2025 ETB'000
12	**Personnel expenses**		
	Salaries and wages	8,425,763	6,902,135
	Staff allowances	6,901,132	5,287,199
	Provident fund and pension costs - Defined contribution plan	1,055,818	860,127
	Provident fund and pension costs - Defined benefit plans	260,715	231,578
	Prepaid staff expense	35,024	74,694
	Bonus	3,476,559	2,458,749
	Other staff expenses	1,344,595	940,551
		21,499,605	**16,755,033**

		30 June 2026 ETB'000	30 June 2025 ETB'000
13	**Other operating expenses**		
	Rent	14,318	12,243
	Stationery	367,649	403,586
	Transportation	321,476	241,860
	Telephone and related charges	347,824	200,029
	Professional and legal fees	1,566,505	753,574
	Audit fee	5,397	3,393
	Insurance	1,023,285	736,804
	Stamp Duty Tax	2,660	50,237
	Fuel	117,413	88,703
	Repair and maintenance	294,783	233,362
	Other expenses	135,337	94,394
	Card charges	652,068	380,897
	Cleaning	27,387	20,866
	Conference and Meeting	10,570	13,621
	Entertainment	160,855	120,897
	Utility	60,043	41,570
	Bank charges	44,817	20,092
	Penalities	2,878	369
	Loss on Disposal of old assets	15,575	1,401
	Membership fees	31,502	3,127
	Board Members fees	1,440	1,617
	Bad debt expense for doubtful debt- litigation Cases	19,737	3,831,370
	Impairment (Reversal) on Off Balance sheet items	15,516	5,651
	Shariah Advisory committee fees	1,010	548
	Advertising and publicity	675,546	288,093
	Donation	147,818	308,988
	Bad Debt expense	1,277	3,447
	Land and Building taxes	14,282	11,914
	POS Charges	5,045	1,265
	Wadiah Deposits	2	133
	Mudarabah Investment	162,888	86,597
		6,246,902	**7,960,648**

14 Income tax	30 June 2026 ETB'000	30 June 2025 ETB'000
14a Income tax Expense		
Company income tax due to Federal Gov't	9,057,842	6,849,740
Rental income tax due to Regional Gov't and City Admin.	13,022	12,888
Deferred income tax/(credit) to profit or loss	(104,252)	93,027
Total charge to profit or loss	**8,966,612**	**6,955,655**
Tax (credit) on other comprehensive income	-	-
Total tax in statement of comprehensive income	**8,966,612**	**6,955,655**

14b Reconciliation of effective tax to statutory tax

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

	30 June 2026 ETB'000	30 June 2025 ETB'000
Profit before tax	38,299,889	25,668,278
Add : Disallowed expenses and reversals		
Entertainment	160,899	120,897
Donation	11,209	45,911
Penalty	2,878	369
Taxes	2,660	50,237
Land and Building taxes	14,282	11,914
Accrued Leave	377,029	341,098
Amortisation of Right of Use Asset	958,445	830,957
Interest expense on lease liability	92,206	89,166
Long service Award (Severance and Gratuity pay)	261,950	231,578
Amortization of employee prepaid expense	35,024	74,694
Bad debt written off	30,598	20,013
Bad debt expense	1,277	3,447
Gym expense	3,856	1,859
Provision for loans and advances as per IFRS	1,080,561	2,380,178
Provision for Loans and Advances-reversal	66,164	-
Impairment Losses Reversal on Other Assets (includes Local and Foreign Deposits, NBE Bills and Bonds and Receivables)	140,106	113,852
Impairment Losses (Reversal) on Off-Balance Sheets (LC and Guarantees)	15,516	5,651
Impairment Losses on repossessed asset	328	2,117
Bad debt expense for doubtful debt- litigation Cases	19,737	3,831,370
Depreciation for investment Properties	780	432
Depreciation for accounting purpose_PPE	755,275	878,373
Amortization for accounting purpose_Intangible Assets	139,146	94,434
Share premium	253,819	226,449
Other dis-allowed expense	6,117	-
Net rental loss from rental operations	994	2,390
Total disallowable expenses and reversals	**4,430,856**	**9,357,386**

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14 Income tax (Continued)

14b Reconciliation of effective tax to statutory tax (Continued)

Less : Allowed expenses and reversals	30 June 2026 ETB'000	30 June 2025 ETB'000
Depreciation for tax purpose	1,155,389	1,086,434
Amrtisation of intangible asset for tax purpose	146,655	101,029
Amortization on Prepaid Rent	1,006,724	876,042
Amortization on leasehold land	10,277	5,965
Accrued Leave Paid	17,351	-
Share of profit from associate	23,059	21,960
Provision for Offbalance sheet for tax (80% Allowable)	682,624	1,169,322
Provision for Loans and Advances for tax (80% Allowable)	-	4,180,233
Provision for Other Assets for tax (80% Allowable)	373,116	61,723
Staff Loans interest income at fair value	93,462	52,101
Interest income taxed at source foreign	-	1,228,858
Dividend income taxed at source	148,714	117,370
Interest income taxed at source Local	8,837,205	3,247,780
Net rental profit from rental operations	47,359	44,380
Total allowable expenses and reversals	**12,541,934**	**12,193,196**
Taxable profit	**30,188,811**	**22,832,468**
Current tax at 30%	**9,056,643**	**6,849,740**
	9,056,643	**6,849,740**

14c Current income tax liability

	30 June 2026 ETB'000	30 June 2025 ETB'000
Balance at the beginning of the year	6,861,220	2,693,299
Charge for the year:		
Income tax expense	9,060,559	6,849,740
Subsidiary-Minimum Alternative Tax	1,199	-
Rental income tax due to Regional Gov't and City Admin.	13,022	12,888
Withholding tax	(1,535)	(1,408)
Prepaid profit taxes	(5,145,301)	-
Payment during the year	(6,861,220)	(2,693,299)
Balance at the end of the year	**3,927,944**	**6,861,220**

All tax payable is current in nature.

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14 Income tax (Continued)
14d Deferred income tax

The analysis of deferred tax assets/(liabilities) is as follows:	30 June 2026 ETB'000	30 June 2025 ETB'000
To be recovered after a period of more than 12 months	112,692	101,607

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

	At 1 July 2025 ETB'000	Credit/ (charge) to P/L ETB'000	Credit/ (charge) to equity ETB'000	30 June 2026 ETB'000
Deferred income tax assets/(liabilities):				
Property and equipment	(319,694)	(67,605)	-	(387,299)
Post employment benefit obligation	298,541	56,634	(39,234)	315,941
Provision for accrued leave	342,694	119,138	-	461,832
Unrealized fair value gain (loss) on Equity	(219,934)	-	(57,848)	(277,782)
Total deferred tax assets/(liabilities)	**101,607**	**108,167**	**(97,082)**	**112,692**

	30 June 2024 ETB'000	Credit/ (charge) to P/L ETB'000	Credit/ (charge) to equity ETB'000	30 June 2025 ETB'000
Deferred income tax assets/(liabilities):				
Property and equipment	252,767	(572,461)	-	(319,694)
Post employment benefit obligation	230,090	57,008	11,444	298,541
Provision for accrued leave	(79,733)	422,427	-	342,694
Unrealized fair value gain (loss) on Equity Instruments	(38,878)	-	(181,056)	(219,934)
Total deferred tax assets/(liabilities)	**364,246**	**(93,027)**	**(169,613)**	**101,607**

14e Rental Income tax

2026

Income:	Addis Ababa ETB'000	Oromia Regional Gov't (LMB) ETB'000	Oromia Regional Gov't (PMB) ETB'000	Sidama Regional Gov't ETB'000	Harari Regional Gov't ETB'000	South Regional Gov't ETB'000	Total ETB'000
Rental Income	19,024	2,547	49,617	11,234	1,640	-	84,062
Expenses:	-	-	-	-	-	-	-
Salaries and wages	1,600	1,751	10,016	2,925	980	-	17,272
Building charges	731	89	824	565	42	-	2,251
Insurance	24	14	115	37	6	-	197
Deprecation	2,001	939	6,856	2,986	251	-	13,034
Repair and maintenance	74	1	93	203	-	-	370
Cleaning	696	-	70	-	-	-	766
Utilities	926	30	1,108	408	-	-	2,472
Other Expenses	79	48	400	28	7	-	562
Total Rental Expenses	6,133	2,872	19,482	7,151	1,286	-	36,923
Net Profit (Loss) from Rental Operation	12,892	(325)	30,135	4,084	354	-	47,139
Loss BF	-	(669)	(105)	-	-	-	(774)
Rental Operation Income (Loss) After Loss BF	12,892	(994)	30,030	4,084	354	-	46,365
Rental income tax (30%)	3,868	(298)	9,009	1,225	106	-	13,910
WHT Receivable	(303)	(13)	(509)	(53)	(10)	-	(888)
Rental Income tax payable	3,565	(312)	8,500	1,172	97	-	13,022

2025

Income:	Addis Ababa ETB'000	Oromia Regional Gov't ETB'000	Oromia Regional Gov't (PMB) ETB'000	Sidama Regional Gov't ETB'000	Harari Regional Gov't ETB'000	South Regional Gov't ETB'000	Total ETB'000
Rental Income	18,691	2,965	43,030	10,255	1,493	18	76,452
Expenses:							-
Salaries and wages	1,384	2,033	7,409	2,544	791	-	14,160
Insurance	762	71	689	568	108	0	2,198
Depreciation	25	36	122	36	6	2	225
Repair and maintenance	2,014	3,133	7,047	3,378	251	-	15,823
Cleaning	-	1	53	2	-	-	56
Building charges	-	-	21	-	-	-	21
Utilities	534	75	542	249	-	-	1,401
Other Expenses	9	5	468	87	8	-	578
Total Rental Expenses	4,728	5,355	16,351	6,863	1,164	3	34,462
Net Profit (Loss) from Rental	13,963	(2,390)	26,680	3,392	329	16	41,990
Loss BF	-	(23,604)	-	-	(81)	-	(23,685)
Rental Income (Loss)	13,963	(25,994)	26,680	3,392	249	16	18,305
WHT Receivable	(888)	(69)	(404)	(37)	(10)		(1,408)
Rental Operation Income (Loss)	13,074	(26,063)	26,275	3,355	239	16	16,897
Rental income tax (30%)	3,922	(7,819)	7,883	1,007	72	5	5,069

		30 June 2026 ETB'000	30 June 2025 ETB'000
15	**Cash and bank balances**		
	Cash in hand	4,774,204	3,924,505
	Reserve account with National Bank of Ethiopia	67,500,000	25,800,000
	Balance held with National Bank of Ethiopia	9,547,991	10,911,404
	Deposits with foreign banks	86,887,098	78,688,427
	Deposit with local banks maturing in three months	73,049	1,154,113
	Investment in Open Market Operation (OMO) maturing in three months	55,564,623	18,029,589
	Interbank lending maturing in three months	3,401,644	1,202,984
	Treasury Bills Maturing in three months	7,024,798	19,450,440
		234,773,408	**159,161,462**
	Less: Loss allowances	(11,739)	(7,958)
		234,761,670	**159,153,504**
	Maturity analysis		
	Current	167,273,408	133,361,462
	Non-Current	67,502,044	25,800,000
		234,775,452	**159,161,462**

15a Cash and cash equivalents

Cash and bank balances in the statement of cash flows with NBE reserve balance are the same as on the statement of financial position as the Bank had no bank overdrafts at the end of each reporting period.

	30 June 2026 ETB'000	30 June 2025 ETB'000
Cash on hand	4,774,204	3,924,505
Deposit with local banks Maturing in three months	73,049	1,154,113
Deposit with foreign banks	86,887,098	78,688,427
Balances held with National Bank of Ethiopia	9,547,991	10,911,404
Interbanks lendings maturing in three months	3,401,644	1,202,984
Investments in Open Market Operation (OMO) maturing in three months	55,564,623	18,029,589
Treasury Bill Maturing in three months	7,024,798	19,450,440
	167,273,408	**133,361,462**

We have reclassified local deposits, OMO & Inter bank money lending and treasury bills maturing in three months as cash and bank balances and the remaining as investment securities.

		30 June 2026 ETB'000	30 June 2025 ETB'000
16	**Loans and advances to customers**		
	Domestic trade and services	60,422,527	50,718,925
	Export	56,724,377	41,303,429
	Building and construction	36,276,206	31,535,785
	Import	32,512,477	29,704,758
	Manufacturing	28,423,562	21,768,991
	Transport	4,713,949	2,829,340
	Personal loans	16,957,347	18,594,106
	Merchandise	125,144	106,166
	Agriculture	1,302,118	538,745
	Staff loans and advances	9,949,698	8,900,896
	Murahabah Financing-Domestic Trade	11,673,053	6,136,531
	Murahabah Financing-Export	70,003	536,320
	Murahabah Financing-Agriculture	34,674	28,181
	Murahabah Financing-Building and construction	719,991	733,202
	Murahabah Financing-Import	920,967	576,539
	Murahabah Financing-Manufacturing	1,835,964	1,265,877
	Murahabah Financing-Transport	601,557	86,320
	Overseas Emp. Agencies Qard_IFB	9,288,315	3,926,880
	Murahabah Financing-personal	20,395	257,969
	Murabaha Financing -Staff loans & advances	1,556,402	51,736
		274,128,728	**219,600,696**
	Loan Loss Allowance_Stage 1	(1,159,926)	(1,136,344)
	Loan Loss Allowance_Stage 2	(388,141)	(484,377)
	Loan Loss Allowance_Stage 3	(4,103,133)	(2,949,916)
		(5,651,200)	**(4,570,637)**
		268,477,527	**215,030,059**

16 Loans and advances to customers (Continued)

16a Impairment allowance on loans and advances to customers

A reconciliation of the allowance for impairment losses for loans and advances to customers by class, is as follows:

	As at 30 June 2024 ETB'000	Charge for the year 2025 ETB'000	As at 30 June 2025 ETB'000	Charge for the year 2026 ETB'000	As at 30 June 2026 ETB'000
Domestic trade and services	727,190	(703,752)	23,438	1,693,370	1,716,808
Building and construction	141,197	467,889	609,085	(264,732)	344,353
Manufacturing	92,319	1,792,288	1,884,607	(958,244)	926,363
Export	507,110	(10,978)	496,132	(116,630)	379,502
Import	508,685	439,584	948,269	1,178,092	2,126,362
Transport	33,791	195,434	229,225	(195,219)	34,006
Merchandise	2,170	173,082	175,252	(166,282)	8,970
Agriculture	15,007	35,675	50,682	(33,877)	16,805
Personal	75,227	(37,602)	37,624	16,930	54,554
Staff loans and Advances	44,435	(43,477)	958	13,683	14,641
Interest Free Banking	43,329	72,034	115,364	(86,528)	28,836
	2,190,459	2,380,178	4,570,637	1,080,563	5,651,200

17 Investment securities

	30 June 2026 ETB'000	30 June 2025 ETB'000
Financial assets at fair value through OCI :		
Financial assets at FVOCI (equity investments)	1,456,683	1,210,531
	1,456,683	1,210,531
Financial assets at amortized cost :		
Treasury Bills	33,421,201	18,809,773
DBE Bond	5,979,462	5,010,339
Deposits with Local Banks	3,643,087	72,280
Treasury Bonds	23,470,511	7,784,837
	66,514,261	31,677,229
Less: Loss allowances	(3,326)	(1,584)
	66,510,935	31,675,645

The above lists of financial assets have been classified as amortized cost and FVOCI model due to their nature. The Bank has pledged NBE Bills with a face value of ETB 3.532 Billion to secure currencies that the Bank carries in its vault on behalf of the NBE.

17 **Investment securities (Continued)**

The Bank equity investment

	30 June 2026	Fair Value Adjustments	Additional Investment	30 June 2025
	ETB'000	ETB'000	ETB'000	ETB'000
Investees				
Ethiopian Reinsurance Share co.	58,024	(24,858)	-	82,882
Awash Insurance Share co.	279,482	(1,337)	67,135	213,684
Eth-Switch Solution Share co.	958,877	176,434	2,366	780,077
Negat Mechanical Engineering Share Co.	470	84	-	386
ODA Share Co.	97,022	594	-	96,428
PSS Trading Share Co.	16,226	11,195	2,228	2,803
Capital Financial Excellence Center S.C	4,056	(1,658)	2,355	3,360
Ethiopian Securities Exchange share Co.	42,526	1,158	10,457	30,911
	1,456,683	**161,612**	**84,540**	**1,210,531**

As draft financial statement of Negat Mechanical Engineering Share Co. was not ready for valuation, the last valuation date for our investee was on June 30, 2025.

Investees Dividend	30 June 2026	30 June 2025
	ETB'000	ETB'000
Awash Insurance S.C.	44,438	36,534
Ethswitch Share Company	46,141	46,762
Ethiopian Reinsurance S.C.	10,157	8,576
ODA Share Co.	27,437	-
Capital Financial Excellence Center S.C.	494	145
	128,666	**92,016**

There is no investee company derecognized during the period with dividend declaration.

18 **Investment in Subsidiaries**

	30 June 2026	30 June 2025
	ETB'000	ETB'000
Investment in Subsidiaries	-	94,499

Awash Capital S.C is a subsidiary of Awash Bank S.C. The subsidiary was formed in May 2025 by the Bank together with four other shareholders through the acquisition of shares. The Bank holds 97.17% ownership interest, while the remaining shares are held by the other shareholders. The fair value of the consideration is represented by the cash value of shares paid at the time of formation. The subsidiary was established to engage in advisory service, underwriting, mergers and acquisitions, portfolio and fund management, investment consultation, research, and related services. The voting right is equal with the controlling right. Consequently, the Bank has the power to direct the relevant operational and financial activities of Awash Capital, is exposed to variable returns from its involvement, and can use that power to affect those returns., and it is accounted for in accordance with IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements. Further details are provided in Note 2.23. The subsidary is accounted for using the equity accounting method.

19 **Investment in associate**

	No of Shares	Proportion of ownership	30 June 2026 ETB'000	30 June 2025 ETB'000
Premier Switch Solutions S.Co.	110,213	25.90%	172,582	151,437

19 Investment in associate (Continued)

19a Nature of relationship

Premier Switch Solutions Share Co. is a consortium owned by six private banks; Awash Bank, Nib International Bank, United Bank, Berhan International Bank, Addis International Bank and Cooperative Bank of Oromia. It was established in 2009 by the visionary banks to save the high investment cost of the modern payment platform and deliver electronic payment services to financial institutions with a shared system. It commenced operation officially on 5 July 2012 with 165 million ETB. Recently, Awash Bank holds 110,213 shares which is 25.90% of the total shareholding of the entity.

In accordance with the shareholders' agreement, Awash Bank has the right to cast 25.90% of the votes at shareholders' meetings.

The associate is accounted for using the equity accounting method.

The financial year end date of Premier Switch Solutions Share Co. is 30 June. This was the reporting date established when that company was incorporated. For the purposes of applying the equity method of accounting, the provisional financial statements of Premier Switch Solutions Share co. for the year ended 30 June 2026 have been used.

The financial information in respect of the associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements.

Premier Switch Solution S.C	30 June 2026 ETB'000	30 June 2025 ETB'000
Current assets	312,855	365,180
Non-current assets	439,685	197,274
Current liabilities	(31,809)	(70,091)
Non-Current liabilities	(47,564)	(33,930)
Net Assets	**673,168**	**458,433**

Summarised statement of comprehensive income	30 June 2026 ETB'000	30 June 2025 ETB'000
Income	411,861	421,624
Operating expense	(264,001)	(318,440)
Profit from continuing operation	147,860	103,184
Finance income	203	7,152
Finance costs	-	(2,529)
Net finance income (costs)	203	4,623
Profit(loss) before tax	148,063	107,807
Income tax expense	(44,419)	(31,967)
Profit after tax	103,644	75,840
Legal reserve	(5,182)	(3,792)
Board Allowances	-	-
Unrealized Profit	(9,432)	-
Net profit for the year	**89,030**	**72,048**

19 Investment in associate (continued)

The amount recognised in the income statement as share of profit/(loss) from investment in associate during the year is as follows:

Share of profit from associate	23,059	21,960

Reconciliation of the above summarised financial information to the carrying amount of the interest in Premier Switch Solutions Share co. (PSS) recognised in these financial statements:

	30 June 2026 ETB'000	30 June 2025 ETB'000
Opening net assets 1 July	471,841	352,572
Profit for the period	89,030	47,048
Additional Investment (Dividend Paid)	102,865	72,220
Closing net assets	**663,736**	**471,841**
Bank's share in %	25.90%	30.48%
Bank's share in ETB	171,908	151,437
Carrying amount on the Bank's financial statement	**171,908**	**151,437**

Previous year's Net asset discolsed based on provisional financial statement for the associate has been updated by audited financial statement of the associate.

The current year's financial statements reflect the correction of a prior-period error relating to the overstatement of draft net assets by ETB 25 million. The adjustment has been recognized against opening net assets, and comparative figures have been restated to present the corrected net asset position in accordance with IAS 8. Accordingly, the opening net assets of ETB 496,841 million have been restated to ETB 471,841 million after recognizing the prior-period adjustment.

20 Other assets

	30 June 2026 ETB'000	30 June 2025 ETB'000
Financial Assets		
Uncleared Effects	3,413	184,622
Murabaha Profit Receivable	6,611,446	4,183,572
Other Receivables	20,437,566	10,521,380
Gross amount	**27,052,425**	**14,889,574**
Less: Loss allowances (note 20a)	(337,878)	(203,292)
	26,714,548	**14,686,282**
Non-financial assets		
Repossessed collateral	87,672	26,575
Prepayments	2,355,001	1,443,361
Office supplies	824,197	811,579
Prepaid staff asset	3,036,570	3,053,549
Gross amount	**6,303,440**	**5,335,064**
	33,017,987	**20,021,346**
Maturity analysis		
Current	27,538,745	15,497,861
Non-Current	5,479,243	4,523,485
	33,017,987	**20,021,346**

The prepaid staff asset is computed at market interest rate to determine the fair value of staff loans provided to employees below market rate.

20 Other assets (continued)

20a Loss allowance on other assets

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

	30 June 2026 ETB'000	30 June 2025 ETB'000
Balance at the beginning of the year	203,294	95,976
(Reversal)/charge for the year (note 10)	141,063	108,046
Receivables - Bad Debts Write Off	(6,479)	(728)
Balance at the end of the year	**337,878**	**203,294**

21 Right of Use Assets and Lease Obligation

The Bank leases a number of assets including land and buildings. Information about leases for which the Bank is a lessee is presented below:

i. Right-of-Use assets:

Cost:	Land ETB'000	Building ETB'000	Total ETB'000
Balance at 01 July 2024	**35,875**	**5,080,057**	**5,115,932**
Additions	**389,411**	**1,263,263**	1,652,674
Disposal	-	**(54,379)**	(54,379)
Balance at 30 June 2025	**425,286**	**6,288,941**	**6,714,227**
Additions	10,845.35	1,536,939	1,547,784
Disposal	(25,813)	-	(25,813)
Balance at 30 June 2026	**410,318**	**7,825,880**	**8,236,198**
Amortisation			
Balance at 01 July 2024	**(3,433)**	**(2,136,454)**	**(2,139,886)**
Additions	(9,235)	(821,722)	**(830,957)**
Disposal	-	54,379	**54,379**
Balance at 30 June 2025	**(12,668)**	**(2,903,797)**	**(2,916,464)**
Additions	(11,897)	(954,402)	**(966,299)**
Disposal	7,950	8,362	**16,312**
Balance at 30 June 2026	**(16,615)**	**(3,849,836)**	**(3,866,451)**
Net Carrying Value at 30 June 2025	**412,618**	**3,385,145**	**3,797,763**
Net Carrying Value at 30 June 2026	**393,703**	**3,976,044**	**4,369,747**

ii. Lease Liabilities:

	Land ETB'000	Building ETB'000	Total ETB'000
Balance at 01 July 2024	5,470	885,573	891,043
Additions	36,177	218,709	254,886
Interest expense in P & L	3,938	85,228	89,166
payment of leases	(151)	(204,187)	(204,338)
Balance at 30 June 2025	**45,434**	**985,324**	**1,030,757**
Additions	10,307	223,734	234,041
Interest expense in P & L	3,960	88,247	92,206
payment of leases	(151)	(166,530)	(166,681)
Balance at 30 June 2026	**59,549**	**1,130,774**	**1,190,323**

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21 Right of Use Assets and Lease Obligation (continued)

Maturity analysis	30 June 2026 ETB'000	30 June 2025 ETB'000
Current	204,187	204,187
Non-Current	986,136	826,570
	1,190,323	1,030,757

The Bank recognises a lease liability at the present value of the lease payments that are not paid at that date. The Bank uses an incremental borrowing rate that is based on the weighted average cost of deposits across the years. The rates used to compute the present values of buildings lease liabilities as at 30 June 2026 was 9%.

The Bank leases buildings for its office space and branches. The building leases typically run for a period between 2 and 15 years with the majority of the contracts running for a period of 5 and 7 years. All leases do not include an option to renew the lease for an additional period at the end of the contract term. There are 954 active contracts in this physical period.

The Bank leases land for construction of its own office buildings and lease arrangement transferred from previous lessee. The land leases typically run for a period of between 20 years and 70 years with majority of the contracts running for a period of 70 years. The lease arrangements do not include an option to renew the lease.

22 Investment Properties

	30 June 2026 ETB'000	30 June 2025 ETB'000
Cost:		
At the beginning of the year	22,088	22,088
Acquisitions	18,315	-
At the end of the period	40,403	22,088
Accumulated depreciation:		
At the beginning of the year	(2,889)	(2,457)
Charge for the year	(780)	(432)
At the end of the period	(3,668)	(2,889)
Net Carrying Amount	36,735	19,199

Amounts recognised in profit or loss for investment properties and other properties classified under PE.

Rental income from investment and other properties classified under Investment property and PPE	82,562	77,030
Depreciation of investment properties	780	432

Fair value measurement of the Bank's Investment properties

Investment 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 properties are initially measured at fair value as deemed cost and subsequently measured at depreciated cost (less any accumulated impairment losses). Depreciation is calculated using the straight-line method to allocate costs less residual values over the estimated useful lives of 50 years.

The fair value of the Bank's investment property as at 30 June 2026 is ETB 130.65 million (30 June 2025: ETB 65.33 million). The fair value of the Bank's investment property has been estimated by in-house engineers, qualified estate surveyors and 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.

23 Intangible assets-Computer software	Purchased software ETB'000
Cost:	
As at 1 July 2024	448,656
Acquisitions	316,564
Disposal	(3,189)
As at 30 June 2025	**762,031**
Acquisitions	376,664
Adjustement	(7,319)
Disposal	(45,832)
As at 30 June 2026	1,085,544
Accumulated amortisation	
As at 1 July 2024	167,767
Amortisation for the year	94,434
Disposal	(3,189)
Impairment losses	-
As at 30 June 2025	**259,012**
Amortisation for the year	139,146
Disposal	(30,570)
Impairment losses	-
As at 30 June 2026	367,588
Net book value	
As at 30 June 2024	**280,889**
As at 30 June 2025	**503,019**
As at 30 June 2026	**717,956**

AwashBank

24 Property and equipment

	Freehold Land	Buildings	Motor vehicles	Furniture, fittings and	Computer equipment	Construction-work in progress	Total
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
Cost:							
As at 1 July 2024	4,391	2,389,773	1,838,090	4,293,513	1,794,199	1,344,378	**11,664,344**
Adjustments	-	-	-	-	-	-	-
Additions	-	361,916	433,878	455,870	154,279	1,146,461	2,552,404
Disposals	-	-	-	(111)	74	-	(37)
Reclassifications	-	-	(15,547)	(19,887)	(2,969)	-	(38,403)
As at 30 June 2025	**4,391**	**2,751,689**	**2,256,421**	**4,729,385**	**1,945,583**	**2,490,839**	**14,178,308**
As at 1 July 2025	**4,391**	**2,751,689**	**2,256,421**	**4,729,385**	**1,945,583**	**2,490,839**	**14,178,308**
Adjustments	-	(1,001)	-	-	-	-	(1,001)
Additions	-	13,188	243,184	909,529	98,751	3,044,815	4,309,466
Disposals	-	-	(54,693)	(27,863)	(14,941)	-	(97,497)
Reclassification	-	(18,315)	-	-	-	-	(18,315)
As at 30 June 2026	**4,391**	**2,745,562**	**2,444,913**	**5,611,051**	**2,029,393**	**5,535,654**	**18,370,962**
Accumulated depreciation							
As at 1 July 2024	-	271,642	499,432	1,066,498	648,956		**2,486,528**
Charge for the year	-	54,390	173,811	440,554	209,618	-	878,373
Adjustments/Reclassifications	-	-	-	(73)		-	(73)
Disposals	-	(579)	(6,984)	(14,558)	(2,523)	-	(24,644)
As at 30 June 2025	-	**325,453**	**666,259**	**1,492,421**	**856,051**	-	3,340,184
As at 1 July 2025	-	**325,453**	**666,259**	**1,492,421**	**856,051**	-	**3,340,184**
Depreciation Charge for the year	-	54,742	180,768	349,299	170,466	-	755,275
Adjustments/ Transfer charge	-	(432)	-	11,284	-	-	10,852
Disposals/ Reclassifications	-	-	(27,274)	(20,219)	(11,741)	-	(59,234)
As at 30 June 2026	-	**379,763**	**819,753**	**1,832,785**	**1,014,777**	-	**4,047,078**
Accumulated Impairment							
As at 1 July 2024	-	-	-	52	184	-	236
Charge/ Reversal for the year	-	-	-	-	-	-	-
Disposals	-	-	-	(1)	(50)	-	(51)
As at 30 June 2025	-	-	-	**51**	**134**	-	**185**
As at 1 July 2025	-	-	-	**51**	**134**	-	**185**
Charge/ Reversal for the year	-	-	-	-	-	-	-
Disposals	-	-	-	-	(11)	-	(11)
As at 30 June 2026	-	-	-	**51**	**123**	-	**174**
Net book value							
As at 30 June 2024	**4,391**	**2,118,131**	**1,338,658**	**3,226,963**	**1,145,059**	**1,344,378**	**9,177,580**
As at 30 June 2025	**4,391**	**2,371,926**	**1,436,668**	**2,896,549**	**930,672**	**2,490,839**	**10,837,939**
As at 30 June 2026	**4,391**	**2,365,798**	**1,625,160**	**3,778,215**	**1,014,493**	**5,535,654**	**14,323,710**

24 Property and equipment (Continued)

24.1. Construction in progress represents directly attributable costs related to IT projects and construction of buildings.

24.2. Upon impairment review, the net book values of property and equipment do not exceed their recoverable amounts. Furthermore, the bank disposed majority of impaired property and equipment during the period.

24.3. Property and equipment include ETB 4.391 million freehold land with indefinite economic life that is not depreciated.

24.4. From the total cost of building ETB 40.4 million, has been reclassified as investment property due to reclassification-change in use.

24.5. Property and Equipments with an amount ETB 524.061 million (Motor vehicle:ETB 129.613 million, Furnitures, Fittings and Equipments: ETB 102.026 million and Computers:ETB 292.423 million) has been fully depreciated.

25 Deposits from customers	30 June 2026 ETB'000	30 June 2025 ETB'000
Demand deposits	160,164,281	115,915,310
Savings deposits	216,607,865	157,706,690
Time deposits	32,075,247	22,451,930
Amana Deposit-Demand Private Sector	21,489,303	9,819,227
Mudarabah Savings deposits	96,358	16,330
Wadi'ah-Saving Private Sector	38,031,299	25,392,311
Wadi'ah -Labbaik Account	134,446	149,681
Wadi'ah -Student Solution	211,234	154,090
Mudarabh Investement Term Deposit	476,370	1,297,666
	469,286,402	**332,903,235**
Maturity analysis		
Current	437,211,155	310,451,305
Non-Current	32,075,247	22,451,930
	469,286,402	**332,903,235**

26 Borrowings	30 June 2026 ETB'000	30 June 2025 ETB'000
Short and Medium term borrowings	287,940	184,283
	287,940	**184,283**

The Bank entered into a 5-year loan agreement with the Development Bank of Ethiopia (DBE) at an interest rate of 12% per annum similar to 12% on 30 June 2026). The Bank will use the borrowed funds to provide loans to Small and Medium Enterprises (SMEs).

27 Other liabilities	30 June 2026 ETB'000	30 June 2025 ETB'000
Financial liabilities		
Deferred income	830,561	275,305
Letter of credit margin payables	37,764,734	25,457,206
Blocked accounts	69,069	60,888
Cheques issued	465,691	564,211
Exchange commission payable	9,219	27,487
Murabaha Deffered Income	5,894,252	3,765,902
Accounts payable	2,787,003	2,937,742
Loss Allowances on LC and Guarantee commitments	22,435	6,919
Gross amount	**47,842,964**	**33,095,660**

Non-financial liabilities	30 June 2026 ETB'000	30 June 2025 ETB'000
Accruals	1,545,938	1,039,192
Directors' Allowance	1,525	1,562
Accrued Audit fee	3,910	3,393
Provisional liabilities-Bonus	3,770,803	2,584,791
provision for doubtful debt- litigation Cases	1,264,593	2,204,392
Provision for doubtful debt and assets damage- North Ethiopia conflict	172,146	172,146
Other payables	1,876,022	1,258,437
Dividends payable	361,873	129,313
Tax payable	953,630	147,777
Gross amount	**9,950,440**	**7,541,003**
	57,793,404	**40,636,663**
Maturity analysis		
Current	20,028,670	15,179,457
Non-Current	37,764,734	25,457,206
	57,793,404	**40,636,663**

Provision for doubtful debt and assets damage- North Ethiopia conflict - As a result of conflict in the Northern Part of Ethiopia in Tigray Region, the management of the Bank has made prudential judgements and estimates on the loss occurrance on the assets of the Bank. Thus, the Bank has made a total provision of ETB 172.146 million (2025: 172.146 million). Hence, the management belived that the Bank provided sufficient amount of provision.

Tax payable includes capital gains tax, value added tax (VAT), income tax, tax on interest paid on savings deposits, and withholding taxes. In accordance with Proclamation No. 1341/24 of the Federal Government, a 15% VAT is levied on fee- and charge-based transactions and is collected from customers.

28 Severance and Retirement benefit obligations	30 June 2026 ETB'000	30 June 2025 ETB'000
Severance and Gratuity (note 28a)	1,081,910	995,883
Liability in the statement of financial position	**1,081,910**	**995,883**
Income statement charge included in personnel expenses:		
Severance and Gratuity (note 28a)	260,715	231,578
Total defined benefit expenses	**260,715**	**231,578**
Remeasurements for:		
Severance and Gratuity (note 28a)	(91,546)	26,702
	(91,546)	**26,702**

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

Maturity analysis	30 June 2026 ETB'000	30 June 2025 ETB'000
Current	260,715	231,578
Non-Current	821,195	764,305
	1,081,910	**995,883**

28a Severance and Gratuity

The employee benefit plan is made up of two (2) unfunded schemes which are severance benefits that are paid on voluntary withdrawal and retirement gratuity paid on retirement. These plans have been aggregated in determining the retirement benefit obligation as the inherent risks applicable to these plans have been assessed not to be materially different.

The key financial assumptions are the discount rate and the rate of salary increases. The provision for gratuity was based on an independent actuarial valuation performed by Act Serv Acturial Services East Africa Ltd using the projected unit credit method.

The Bank does not maintain any assets for the schemes but ensures that it has sufficient funds for the obligations as they crystallise.

(i) Severance Benefit

The severance benefits are based on statutory severance benefits in Ethiopia. The statutory severance benefits are set out in Labour Proclamation No. 1156/2019. This benefit is summarised below:

Clause 39 (1) (h) of the Labour Proclamation sets out that any worker who has completed their probation and who is not eligible for pension is entitled to a severance benefit:

h) Where he has given service to the employer for a minimum of five years' service and his contract of employment is terminated because of sickness or death or his contract of employment is terminated on his own initiative provided that he has no contractual obligation relating to training to render service to the employer.

Clause 40 of the Labour Proclamation sets out the amount of the benefit, as follows:

The benefit applicable would be:

- thirty times the average daily wages of their last week of service for the first year of service, with part-years pro-rata, plus
- ten times the average daily wages of their last week of service for each completed year of service after the first.

To a maximum of one years' wages payable to the member. Where the Company closes or reduces its work force, an additional multiple of sixty times the average daily wages of their last week of service is payable.

28 Severance and Retirement benefit obligations (Continued)

(i) Severance Benefit (Continued)

Bank Paid Benefits

The bank valued severance benefits payable on death or resignation after a minimum of 5 years' service only for all employees, as it is applied by the Bank.

Furthermore, one months' salary is divided by 30 to get the daily salary applied in the severance benefit calculation.

(ii) Retirement gratuity scheme

The long service awards is the only applicable to employees that reach the retirement age. Employees who attain this age while in a managerial position are entitled to 3 months final monthly salary while for other employees, it is 2 months final salary. The scheme is not funded hence, there are no plan assets.

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

	30 June 2026 ETB'000	30 June 2025 ETB'000
A Liability recognised in the financial position	1,081,910	995,883

	30 June 2026 ETB'000	30 June 2025 ETB'000
B Amount recognised in the profit or loss		
Current service cost	110,458	76,847
Past Service cost	-	-
Interest cost	150,257	154,731
	260,715	**231,578**

	30 June 2026 ETB'000	30 June 2025 ETB'000
C Amount recognised in other comprehensive income:		
Actuarial (Gains)/Losses on demographic assumptions	-	-
Actuarial (Gains)/Losses on economic assumptions	(243,822)	120,827
Actuarial (Gains)/Losses on experience	113,042	(82,682)
	(130,780)	**38,145**
Deferred tax (liability)/asset on remeasurement gain or loss	39,234	(11,444)
	(91,546)	**26,702**

D Changes in the present value of the defined benefit obligation	30 June 2026 ETB'000	30 June 2025 ETB'000
The movement in the defined benefit obligation over the years is as follows:		
At the beginning of the year	995,883	766,965
Current service cost	110,458	76,847
Past Service cost	-	-
Interest cost	150,257	154,731
Retirement benefit paid	(43,908)	(40,805)
Remeasurement (gains)/ losses	(130,780)	38,145
At the end of the year	**1,081,910**	**995,883**

The Federal Democratic Republic of Ethiopia * Audit Services Corporation *
Accounting and Auditing Board of Ethiopia
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28 Severance and Retirement benefit obligations (Continued)

The significant actuarial assumptions were as follows:

i) Financial Assumption Long term Average

	30 June 2026	30 June 2025
Discount rate (p.a)	15.50%	14.60%
Long term salary increases (p.a)	10.00%	12.20%
Average Rate of Inflation (p.a)	8.00%	14.20%

ii) Mortality in Service

The rate of mortality assumed for employees are those published in the Demographic and Health Survey ("DHS") 2016 report compiled by the CSA. The DHS report provides male and female mortality rates for 5 year age bands from age 15 to age 49. For ages over 47 we have assumed that mortality will be in line with the SA85/90 ultimate standard South African mortality tables published by the Actuarial Society of South Africa ("ASSA"), since the rates in these tables are similar to the DHS female mortality rate at age 47. These rates combined are approximately summarized as follows:

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

iii) Withdrawal from Service

The withdrawal rates are believed to be reasonably representative of the Ethiopian experience. The valuation assumed a rate of withdrawal of 15% at the youngest ages falling with increasing age to 2.5% at age 45.

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

		Impact on defined benefit obligation			
			30 June 2026	30 June 2025	
	Change in assumption	Impact of an increase	Impact of a decrease	Impact of an increase	Impact of a decrease
		ETB'000	ETB'000	ETB'000	ETB'000
Discount rate	1.0%	1,040,907	1,126,791	926,083	1,070,013

28 Severance and Retirement benefit obligations (Continued)

		Impact on defined benefit obligation			
			30 June 2026	30 June 2025	
	Change in assumption	Impact of an increase	Impact of a decrease	Impact of an increase	Impact of a decrease
		ETB'000	ETB'000	ETB'000	ETB'000
Salary Increase	1.0%	1,120,606	1,046,194	1,069,607	925,263

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.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. The average duration of the gratuity scheme at the end of the reporting period is five years (30 June 2025: five years).

29 Share capital

	30 June 2026 ETB'000	30 June 2025 ETB'000
Authorised:		
Ordinary shares of ETB 1,000 each	55,000,000	55,000,000
Issued and fully paid:		
Ordinary shares of ETB 1000 each	38,492,985	27,874,601
Issued but not fully paid:		
Ordinary shares of ETB 1000 each	16,507,015	23,227,633
Share Reconcilation		
Number of shares outstanding at the beginning of the period	27,874,601	20,313,532
Number of shares Purchased by Cash	2,584,658	2,519,610
Number of shares Purchased by Dividend	8,033,726	5,041,459
Number of shares outstanding as at the end of the period	**38,492,985**	**27,874,601**

30 Share Premium

	30 June 2026 ETB'000	30 June 2025 ETB'000
At the beginning of the year	227,838	1,389
Addition during the year	253,819	226,449
	481,657	**227,838**

Increase in share premium is due to additional shares issued and paid by customers for Birr 1,500 per share.

31 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.

	30 June 2026 ETB'000	30 June 2025 ETB'000
Profit attributable to shareholders	29,341,603	18,712,623
Weighted average number of ordinary shares in issue	34,186,907	23,892,770
Basic & diluted earnings per share (ETB)	**858**	**783**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive shares at the reporting date (30 June 2026:nil), hence the basic and diluted earnings per share have the same value.

32 Retained earnings

	30 June 2026 ETB'000	30 June 2025 (As Restated) ETB'000
At the beginning of the year	12,314,318	6,867,789
Appropriated Retained Earnings	(21,960)	(24,590)
Opening balance adjustment	-	1,631,579
Profit/ (Loss) for the year	29,333,277	18,712,623
Transfer to Legal reserve	(7,335,401)	(4,678,156)
Transfer from/to Risk Regulatory Reserve	(2,950,234)	(4,033,927)
Directors' allowance	(1,520)	(1,562)
Non-controlling interest	236	-
Dividend declared	(9,977,018)	(6,159,439)
At the end of the year	**21,361,697**	**12,314,318**

In line with AABE's Directive No. 683/2024 on "how to account for Change resulting from Asset Re-valuation or Adjustment upon and following the Adoption of International Financial Reporting Standards" ETB 683.329 was kept under Retained earning that was arised from IFRS- Adoption Remeasurement.

The current year's financial statements reflect the correction of a prior-period error relating to the understatement of other income. A provision of ETB 2.591 billion was fully recognized for tax litigation; however, ETB 0.960 billion was settled in July 2025. The remaining balance of ETB 1.632 billion has been adjusted as a prior-period item and recognized as both other income and a provision in the current financial period. Accordingly, the opening balance of retained earnings has been restated. Comparative figures have also been restated to present the corrected income position in accordance with IAS 8.

33 Legal reserve

	30 June 2026 ETB'000	30 June 2025 ETB'000
At the beginning of the year	13,674,270	8,996,115
Transfer from profit or loss	7,335,401	4,678,156
At the end of the year	**21,009,671**	**13,674,270**

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

34 Risk regulatory reserve

	30 June 2026 ETB'000	30 June 2025 ETB'000
At the beginning of the year	5,592,680	1,558,753
Loan Loss provision transfer from Retained Earnings	1,824,526	2,629,292
Off balance sheet provision transfer from Retained Earnings	863,237	1,461,653
Other asset and Suspended interest (net) transfer from/to Retained Earnings	262,473	(57,017)
At the end of the year	**8,542,916**	**5,592,680**

Provisions under prudential guidelines are determined using the time based provisioning prescribed by the National Bank of Ethiopia (NBE) Directives. This is at variance with the expected credit loss model required by IFRS under IFRS 9. As a result of the differences in the provision, there will be variances in the impairments allowances required under the two methodologies. Similarly, interest on non-performing loans are suspended as per NBE directive, while IFRS 9 prescribes to recognize stage 3 loans interest income net of impairement losses.

The proclamation 'Financial Reporting Proclamation No.847/2014 stipulates that Banks would be required to make provisions for financial assets as prescribed in the relevant IFRS Standards when IFRS is adopted.

However, Banks would be required to comply with the following:

(a) Provisions for loans & advances and other assets are recognised in the income statement based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under the NBE Directives and the expected impact/changes in other reserves are treated as follows:

- Prudential provisions is greater than IFRS provisions; the excess resulting should be transferred from the general reserve (retained earnings) account to a "regulatory risk reserve".

- Prudential provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account.

- Interest suspended in the previous years and regularized in the current year is compared with current year stage 3 loans interest income recognized net of impairment losses. The difference between the two is transferred to "regulatory risk reserve".

(b) The non-distributable reserve should be classified under Tier 1 as part of the core capital.

The provisions of off-balance sheet exposures of local guarantees, commitments to provide loans and advances, letters of credit, and other (i.e., foreign bank counter guarantees) as per NBE Directve No. SBB/90/2024 are included in the Loss Allowances on LC and Guarantee commitments.

35 Other reserves	30 June 2026 ETB'000	30 June 2025 ETB'000
At the beginning of the year	300,799	207,766
Fair value reserve	103,764	119,735
Re-measurement gains on defined benefit plans (net of tax)	91,546	(26,702)
At the end of the year	**496,109**	**300,799**

36 Non-controlling interest	30 June 2026 ETB'000	30 June 2025 ETB'000
Paid-up capital	5,502	-
Retained earnings	(236)	-
	5,266	-

37 Cash generated from operating activities

	Notes	30 June 2026 ETB'000	30 June 2025 ETB'000
Profit before tax		**38,299,889**	**25,668,278**
Adjustments for non-cash items:			
Foreign exchange gains/losses	2.6 & 8	(5,238,372)	(10,410,581)
Depreciation of property and equipment	2.1 & 24	755,264	878,373
Amortisation of intangible assets	2.11 & 23	139,146	94,434
Amortisation of Right of Use Assets	2.22 & 21	949,987	830,957
Investment in associate	2.12 & 22	(21,145)	(36,735)
Adjustments on property and equipment reclassification	2.1 & 24	(47,950)	73
Impairment (Reversal) on loans and advances to customers	2.12 & 16	1,080,563	2,380,177
Depreciation on investment properties	2.14 & 20	780	432
Impairment on other assets	2.7 & 17	141,063	107,318
Impairment charge / (reversal) on bills and bonds	2.7 & 27	5,523	5,277
Impairment charge / (reversal) on off balance sheet items	2.22 & 21	15,516	5,651
Interest expense on Lease Liability	2.21 & 21	92,206	89,166
Severance and Retirement Benefit Obligations		260,715	231,578
Rental income tax to be paid and PSS IFRS-profit reversal	2.22 & 14	(21,960)	(24,590)
Changes in working capital:			
-Decrease/ (Increase) in loans and advances	2.6 & 16	(54,528,032)	(36,085,041)
-Decrease/ (Increase) in restricted deposits	2.6 & 15	(41,700,000)	(9,300,000)
-Decrease/ (Increase) in other assets	2.13 & 20	(18,135,463)	(7,488,249)
-Increase/ (Decrease) in Borrowings	2.6 & 26	103,657	77,266
-Increase/ (Decrease) in other liabilities	27	17,226,452	27,913,684
-Increase/ (Decrease) in customer's deposit	2.6 & 25	136,383,167	107,136,137
		75,761,008	102,073,604

38 Related party transactions

Awash Bank Share Company is owned by over 12,439 shareholders without an ultimate parent company. Premier Switch share company (PSS) is the only associate of the Bank. See note 19 for the details of the Bank's relationship with PSS.

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

38a *Transactions with related parties*

	Relationship	30 June 2026 ETB'000	30 June 2025 ETB'000
Income received from	Associate	21,229	23,616
Payment made to PSS	Associate	(290,376)	(123,272)
Net Transaction		(269,147)	(99,656)

	Relationship	30 June 2026 ETB'000	30 June 2025 ETB'000
Key management personnel: Board of Directors and Executive			
Loans and advances	Board of Directors	109,279	77,864
	Chief Executive Officer	-	-
	Other Executive Officers	95,304	3,588,923
		204,583	3,666,787

Loans and advances to key management personnel are issued at the same interest rate as staff loans (7%). These loans are assessed annually and reported at the effective market rate. The loans are secured with collateral valued at ETB 524.65 million. The Board of Directors interest in the Bank shares is 0.2%.

38b *Key management compensation*

It has been determined that key management is the members of the Board of Directors and the Executive Management of the Bank. The compensation paid or payable to key management is shown. There were no sales or purchase of goods and services between the Bank and key management personnel as at 30 June 2026.

	30 June 2026 ETB'000	30 June 2025 ETB'000
Board allowances to BOD	2,960	2,165
Chief Executive Officer:		
Salaries and short term benefits	140,249	11,760
Post-employment benefits	3,497	2,208
Other long term benfits	2,913	4,753
	146,659	18,721
Other Executive Officers:		
Salaries and short term benefits	113,508	84,565
Post-employment benefits	17,082	12,583
Other long term benfits	21,917	95,886
	152,507	193,035

Compensation of the Bank's key management personnel includes salaries, non-cash benefits and contributions to the post-employment defined benefits plans. During the year, the Board of Directors approves shares and other benefit in kind to the lower, middle and top managements of the Bank.

39 Contingent assets and liabilities

39a *Claims and litigation*

The Bank is a party to numerous legal actions brought by different organizations and individuals arising from its normal business operations. On the other hand, the Bank has various litigation claims arising from its normal business operations. The maximum outflow and inflow of exposure from/to the Bank for these legal cases as at 30 June 2026 is ETB 683.46 million and ETB 424.55 million (30 June 2025: ETB ETB 187.65 million and ETB 768.35 million) respectively.

39b *Guarantees and letters of credit*

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

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

	30 June 2026 ETB'000	30 June 2025 ETB'000
Guarantees	36,320,540	25,026,500
Letters of credit	110,003,950	80,109,540
	146,324,490	**105,136,040**

40 Commitments

	30 June 2026 ETB'000	30 June 2025 ETB'000
Loan commitments	6,336,643	5,611,820
Other commitments	4,143,344	4,460,758
	10,479,987	**10,072,578**
	156,804,477	**115,208,618**

The Bank has commitments, not provided for in these financial statements for the year 30 June 2026 is ETB 156.80 billion (30 June 2025: ETB 115.209 billion), being exposure of the Bank from commercial letters of credit, guarantees to customers, loan commitments and other commitments. Other commitments represent commitments made in respect of the estimated cost to complete the Bank's construction work in progress.

40 Commitments (Continued)

40a Lease commitments - Bank as lessee

The Bank leases various properties under non-cancellable operating lease agreements. The lease terms are between two and fifteen years, and the majority of these lease agreements are renewable before the end of each lease period at market rate.The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2026 ETB'000	30 June 2025 ETB'000
No later than 1 year	325,535	642,036
Later than 1 year and no later than 5 years	791,261	708,732
Later than 5 Years	73,527	4,917
Total	1,190,323	1,355,685

40b Lease commitments - Bank as lessor

The Bank acts as lessor of office spaces. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases (such as those concerning dividends, additional debt and further leasing).

Future minimum lease payments under non-cancellable operating leases as at 30 June are, as follows:

	30 June 2026 ETB'000	30 June 2025 ETB'000
No later than 1 year	85,441	36,634
Later than 1 year and no later than 5 years	11,932	5,307
Later than 5 Years	-	-
Total	97,373	41,941

41 Events after reporting period

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.

Awash Bank S.C.
Financial Statements
For the year ended 30 June 2026
Separate Statement of Profit or Loss and Other Comprehensive Income

	Notes	30 June 2026 ETB'000	30 June 2025 ETB'000
Interest income	2.5 & 43	54,173,069	36,200,511
Interest expense	2.5 & 44	(15,344,971)	(9,912,620)
Net interest income		**38,828,098**	**26,287,891**
Fees and commission income	2.5 & 45	22,910,491	17,241,066
Other operating income	2.5 & 46	7,433,925	11,240,445
Total operating income		**69,172,513**	**54,769,402**
Impairment reversal (Losses) on Financial Assets	2.6,47,48 & 49	(1,251,265)	(2,514,043)
Net operating income		**67,921,248**	**52,255,359**
Share of profit from associate	2.3 & 57	23,059	21,960
Total income		**67,944,307**	**52,277,319**
Personnel expenses	2.5 & 50	(21,467,424)	(16,755,033)
Depreciation of investment properties	2.11&60	(780)	(432)
Amortisation of intangible assets	2.1 & 61	(139,146)	(94,434)
Depreciation and impairment of property and equipment	2.9 & 62	(754,291)	(878,373)
Interest expense on lease liability	2.21 & 59	(89,333)	(89,166)
Amortisation of Right of Use Asset	2.21 & 59	(951,982)	(830,957)
Other operating expenses	2.5 & 51	(6,229,113)	(7,960,648)
Profit before tax		**38,312,238**	**25,668,278**
Taxation	2.22 & 52	(8,970,635)	(6,955,655)
Profit after tax		**29,341,603**	**18,712,623**
Other comprehensive income (OCI) net of income tax			
Items that will not be subsequently reclassified			
Re-measurement gain/(loss) on retirement benefits obligations	2.16 & 66	130,780	(38,145)
Deferred tax (liability)/asset on remeasurement gain or loss	2.22 & 52	(39,234)	11,444
Re-measurement gain/(loss) on retirement benefits obligations (Net)	2.16 & 66	91,546	(26,701)
Fair value through other comprehensive income financial assets : - Unrealized gain arising from measurement at fair value-Equity Instruments	2.6 & 55	161,612	300,791
Deferred tax (liability)/asset on remeasurement gain or loss	2.22 & 52d	(57,848)	(181,056)
		195,310	93,034
Total comprehensive income for the period		**29,536,913**	**18,805,657**
Basic & diluted earnings per share (ETB)	2.2 & 69	**858**	**783**

The accompanying notes are an integral part of these financial statements.

Awash Bank S.C.
Financial Statements
As At 30 June 2026
Separate Statement of Financial Position

	Notes	30 June 2026 ETB'000	30 June 2025 ETB'000
ASSETS			
Cash and bank balances	2.8 & 53	234,749,717	159,153,504
Loans and advances to customers (Net)	2.6 & 54	268,477,527	215,030,059
Investment securities:			
- Financial assets at fair value through OCI	2.6 & 55	1,456,683	1,210,531
- Financial assets at amortized cost	2.6 & 55	66,510,935	31,675,645
Investment in subsidiaries	2.23 & 56	188,998	94,499
Investment in associates	2.3 & 57	172,582	151,437
Other assets	2.13 & 58	33,037,236	20,021,346
Right of Use Leased Assets	2.21 & 59	4,339,254	3,797,763
Investment Properties	2.11 & 60	36,735	19,199
Intangible assets- Software	2.10 & 61	717,956	503,019
Property and equipment	2.9 & 62	14,311,824	10,837,936
Deferred tax asset	2.22 & 52	107,474	101,607
Total assets		**624,106,921**	**442,596,547**
LIABILITIES			
Deposits from customers	2.6 & 63	469,495,118	332,903,235
Borrowings	2.6 & 64	287,940	184,283
Other liabilities	2.14 & 65	57,759,000	40,636,662
Current tax liabilities	2.22 & 52	3,926,749	6,861,220
Lease liabilities	2.21 & 59	1,163,078	1,030,757
Severance and Retirement benefit obligations	2.16 & 66	1,081,910	995,883
Total liabilities		**533,713,795**	**382,612,041**
EQUITY			
Share capital	2.18 & 67	38,492,985	27,874,601
Share premium	2.18 & 68	481,657	227,838
Retained earnings	70	21,369,788	12,314,318
Legal reserve	2.19 & 71	21,009,671	13,674,270
Risk regulatory reserve	72	8,542,916	5,592,680
Other reserve	73	496,109	300,799
Total equity		**90,393,125**	**59,984,506**
Total equity and liabilities		**624,106,921**	**442,596,547**

The accompanying notes are an integral part of these financial statements.

The financial statements were approved and authorized for issue by the Board of Directors on 24 September 2026 and were signed on its behalf by:

Gure Kumssa Deressa
Board Chairman

Tsehay Shiferaw Ensermu
Chief Executive Officer

Awash Bank S.C.
Financial Statements
For the year ended 30 June 2026
Separate Statement of Changes in Equity

AwashBank

	Notes	Share capital ETB'000	Share premium ETB'000	Retained earnings ETB'000	Legal reserve ETB'000	Risk regulatory reserve ETB'000	Other Reserve (Non-distributable Fair value reserve) ETB'000	Other Reserve (Defined Benefit reserve) ETB'000	Total ETB'000
As at 1 July 2024		20,313,532	1,389	6,867,789	8,996,115	1,558,753	424,658	(216,894)	37,945,341
Opening balance adjustment				1,631,579					1,631,579
Profit for the period		-	-	18,712,623	-	-	-	-	18,712,623
Other comprehensive income:									-
Change in fair value of Fair value through other comprehensive income investments (net of tax)		-	-	-	-	-	119,735	-	119,735
Re-measurement gains on defined benefit plans (net of tax)		-	-	-	-	-	-	(26,702)	(26,702)
		-	-	18,712,623	-	-	119,735	(26,702)	18,805,657
Total comprehensive income for the period		20,313,532	1,389	27,211,991	8,996,115	1,558,753	544,393	(243,595)	58,382,577
Transactions with owners in their capacity as									
Contributions of equity net of transaction costs (Proceeds from issue of shares)		2,519,610	-	-	-	-	-	-	2,519,610
Dividends Capitalized		5,041,459	-	(5,022,070)	-	-	-	-	19,389
Share Premium		-	226,449	-	-	-	-	-	226,449
Dividends paid		-	-	(1,008,056)	-	-	-	-	(1,008,056)
Dividends in Payable		-	-	(129,313)	-	-	-	-	(129,313)
Appropriated Retained Earnings		-	-	(24,590)	-	-	-	-	(24,590)
Directors' allowance		-	-	(1,562)	-	-	-	-	(1,562)
Transfer to legal reserve		-	-	(4,678,156)	4,678,156	-	-	-	-
Transfer to Risk regulatory reserve		-	-	(4,033,927)	-	4,033,927	-	-	0
		7,561,069	226,449	(14,897,674)	4,678,156	4,033,927	-	-	1,601,928
As at 30 June 2025		27,874,601	227,838	12,314,318	13,674,270	5,592,680	544,393	(243,595)	59,984,506
As at 1 July 2025		27,874,601	227,838	12,314,318	13,674,270	5,592,680	544,393	(243,595)	59,984,506
Profit for the period	70	-	-	29,341,603	-	-	-	-	29,341,603
Other comprehensive income:									
Change in fair value of Fair value through other comprehensive income investments (net of tax)	73	-	-	-	-	-	103,764	-	103,764
Re-measurement gains on defined benefit plans (net of tax)	73	-	-	-	-	-	-	91,546	91,546
Total comprehensive income for the period		-	-	29,341,603	-	-	103,764	91,546	29,536,913
		27,874,601	227,838	41,655,921	13,674,270	5,592,680	648,157	(152,049)	89,521,419
Contributions of equity net of transaction costs (Proceeds from issue of	67	2,584,658		-	-	-	-	-	2,584,658
Dividends Capitalized	67	8,033,726		(7,987,196)	-	-	-	-	46,530
Share Premium	68	-	253,819						253,819
Dividends paid	70	-	-	(1,814,390)	-	-	-	-	(1,814,390)
Dividends in Payable	70	-	-	(175,432)	-	-	-	-	(175,432)
Appropriated Retained Earnings	70	-	-	(21,960)	-	-	-	-	(21,960)
Directors' allowance	70	-	-	(1,520)	-	-	-	-	(1,520)
Transfer to legal reserve	71	-	-	(7,335,401)	7,335,401	-	-	-	-
Transfer to Risk regulatory reserve	72	-	-	(2,950,234)	-	2,950,234	-	-	-
		10,618,384	253,819	(20,286,133)	7,335,401	2,950,234	-	-	871,706
As at 30 June 2026		38,492,985	481,657	21,369,788	21,009,671	8,542,914	648,157	(152,049)	90,393,125

The accompanying notes are an integral part of these financial statements.







Awash Bank S.C.
Financial Statements
For the year ended 30 June 2026
Separate Statement of Cash Flows

AwashBank

	Notes	30 June 2026 ETB'000	30 June 2025 ETB'000
Cash flows from operating activities			
Cash generated from operations	74	75,693,959	102,073,604
Directors' allowance paid	75b	(1,520)	(1,562)
Income tax paid	2.22 & 52	(6,861,220)	(2,693,299)
Retirement benefit paid	28	(43,908)	(40,805)
Net cash (outflow)/inflow from operating activities		**68,787,311**	**99,337,938**
Cash flows from investing activities			
Purchase of investment securities in NBE bills and bonds	2.6 & 55	(34,837,032)	(11,862,931)
Purchase of investment in subsidiary	56	(94,499)	(94,499)
Purchase (Disposal) of equity investment securities	2.6 & 55	(246,152)	(103,202)
Purchase of Intangible Assets	2.1 & 61	(323,513)	(316,564)
Purchase of Investment property		(18,315)	-
Purchase of property and equipment	2.9 & 62	(4,179,784)	(2,538,731)
Prepayments on Right of Use Assets	2.21 & 59	(1,493,473)	(1,652,674)
Net cash inflow/ (outflow) from investing activities		**(41,192,768)**	**(16,568,601)**
Cash flows from financing activities			
Proceeds from issues of shares		2,584,658	2,519,610
Proceeds from premium		253,819	226,449
Receipt (Payments) of lease liabilities	2.21 & 59	42,989	50,548
Dividends paid		(1,814,390)	(1,008,056)
Net cash (outflow)/inflow from financing activities		**1,067,075**	**1,788,551**
Net increase/(decrease) in Cash and bank balances		**28,661,619**	**84,557,888**
Cash and cash equivalents at the beginning of the year	2.8 & 53	133,361,464	38,392,995
Foreign exchange (losses)/ gains on cash and cash equivalents	2.5.3 & 46	5,238,372	10,410,581
Cash and cash equivalents at the end of the year	2.8 & 53	**167,261,455**	**133,361,464**

The accompanying notes are an integral part of these financial statements.

The Federal Democratic Republic of Ethiopia
Audit Services Corporation
Accounting and auditing Board of Ethiopia
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AwashBank
AWASH BANK S.C.

42 Financial risk management

42.1 Introduction

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

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

42.1.1 Risk management structure

The Board Risk Sub-Committee, a subset of the Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. It also has the responsibility to monitor the overall risk process within the Bank.

The Senior Management chaired by the chief Executive Officer (CEO) has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. It is also responsible for managing risk decisions and monitoring risk levels and reports on a monthly basis to the Board Risk Sub-Committee.

The Risk Management Unit is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The unit works closely with the Senior Management to ensure that procedures are compliant with the overall framework.

The Risk Management Unit is responsible for monitoring compliance with risk principles, policies and limits across the Bank. It carries out an assessment of risk on an ad hoc basis to monitor the Bank's independent control of risks, including monitoring the risk of exposures against limits and the assessment of risks of new products and structured transactions. This unit also ensures the complete capture of the risks in risk measurement and reporting systems. Exceptions are reported, where necessary, to the Senior Management, and further to the Board Risk Sub-Committee and the relevant actions are taken to address exceptions and any areas of weakness.

The Bank's Financial Office is responsible for managing the Bank's financial assets, financial liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Bank.

The Bank's policy is that risk management processes throughout the Bank are audited annually by the Internal Audit Function, which examines both the adequacy of the procedures and the Bank's compliance with the procedures. The Internal Audit Function discusses the results of all assessments with management, and reports its findings and recommendations to the Board Audit Sub-Committee.

42 Financial risk management (Continued)

42.1 Introduction (Continued)

42.1.2 Risk measurement and reporting systems

The Bank's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Bank also runs worst-case scenarios that would arise in the event that extreme events, which are unlikely to occur, do in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected regions. In addition, the Bank's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

42.1.3 Risk mitigation

Risk controls and mitigates, identified and approved for the Bank, are documented for existing and new processes and systems.

The adequacy of these 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.

42.2 Financial instruments by category

The Bank's financial assets are classified into the following measurement categories: Financial assets at fair value through OCI and Financial assets at amortized cost and the financial liabilities are classified into other liabilities at amortised cost.

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

The Bank's classification of its financial assets is summarised in the table below:

30 June 2026	Notes	Financial assets at fair value through OCI ETB'000	Financial assets at amortized cost ETB'000	Total ETB'000
Cash and bank balances	2.8 & 53	-	234,749,717	234,749,717
Loans and advances to customers (Net)	2.6 & 54	-	268,477,527	268,477,527
Investment securities:				
- Financial assets at fair value through OCI	2.6 & 55	1,456,683	-	1,456,683
- Financial assets at amortized cost	2.7 & 17	-	66,510,935	66,510,935
Other assets	2.13 & 58	-	26,733,796	26,733,796
Total financial assets		**1,456,683**	**596,471,976**	**597,928,659**

42 Financial risk management (Continued)

42.2 Financial instruments by category (Continued)

30 June 2025	Notes	Financial assets at fair value through OCI ETB'000	Financial assets at amortized cost ETB'000	Total ETB'000
Cash and bank balances	2.8 & 53	-	159,153,504	159,153,504
Loans and advances to customers (Net)	2.6 & 54	-	215,030,059	215,030,059
Investment securities:				
- Financial assets at fair value through OCI	2.6 & 55	1,210,531	-	1,210,531
- Financial assets at amortized cost	2.7 & 17	-	31,675,645	31,675,645
Other assets	2.13 & 58	-	14,686,282	14,686,282
Total financial assets		**1,210,531**	**420,545,490**	**421,756,021**

42.3 Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks and other financial assets.

Exposure to credit risk is managed through periodic analysis of the ability of borrowers and potential borrowers to determine their capacity to meet principal and interest thereon, and restructuring such limits as appropriate. Exposure to credit risk is also mitigated, in part, by obtaining collateral, commercial and personal guarantees.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to term of the financial instrument and economic sectors.

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

Credit management is conducted as per the risk management policy and guideline approved by the board of directors and the Risk Management Committees. Such policies are reviewed and modified periodically based on changes and expectations of the markets where the Bank operates, regulations, and other factors.

In measuring credit risk of Financial assets at amortized cost to various counterparties, the Bank considers the character and capacity of the obligor to pay or meet contractual obligations, current exposures to the counterparty/obligor and its likely future developments, credit history of the counterparty/obligor; and the likely recovery ratio in case of default obligations-value of collateral and other solutions. Our credit exposure comprises wholesale and retail Financial assets at amortized cost which are developed to reflect the needs of our customers. The Bank's policy is to lend principally on the basis of our customer's repayment capacity through quantitative and qualitative evaluation. However we ensure that our loans are backed by collateral to reflect the risk of the obligors and the nature of the facility.

42 Financial risk management (Continued)

42.3 Credit risk (Continued)

42.3.1 Credit related commitment risks

The Bank holds collateral against loans and advances to customers in the form of bank guarantees and property. Estimates of fair value are based on the value of collateral assessed at the time of lending.

42.3.2 Credit risk exposure

(a) Maximum exposure to credit risk before collateral held or other credit enhancement

The Bank's maximum exposure to credit risk at 30 June 2026 and 30 June 2025 is represented by the net carrying amounts in the statement of financial position.

	30 June 2026 ETB'000	30-Jun-25 ETB'000
Cash and bank balances	234,779,498	159,161,462
Loans and advances to customers (Net)	268,477,527	215,030,059
Investment securities:		
- Financial assets at fair value through OCI	1,456,683	1,210,531
- Financial assets at amortized cost	66,510,935	31,675,645
Other assets	26,733,796	14,686,282
	597,958,440	**421,763,979**
Credit risk exposures relating to off balance sheet items are as follows:		
Loan commitments	6,336,643	5,611,820
Guarantees	36,320,540	25,026,500
Letters of credit	110,003,950	80,109,540
	152,661,133	**110,747,860**
Total maximum exposure	**750,619,574**	**532,511,839**

(b) Assets obtained by taking possession of collateral

Details of financial and non-financial assets obtained by the Bank by taking possession of collaterals held as security against loans and advances to customers at the year end are shown below.

	30 June 2026 ETB'000	30-Jun-25 ETB'000
Acquired	87,672	26,575
	87,672	**26,575**

The Bank's policy is to pursue timely realisation of the collateral in a timely manner. The Bank does not generally use the non-cash collateral for its own operations.

Notes to the Separate Financial Statements (Continued)

42 Financial risk management (Continued)

42.3 Credit risk (Continued)

42.3.2 Credit risk exposure (Continued)

(c) Loans and advances to customers at amortised cost

(i) Gross loans and advances to customers per sectors are analysed as follows:

	30 June 2026 ETB'000	30-Jun-25 ETB'000
Domestic trade and services	60,422,527	50,718,925
Export	56,724,377	41,303,429
Building and construction	36,276,206	31,535,785
Import	32,512,477	29,704,758
Manufacturing	28,423,562	21,768,991
Transport	4,713,949	2,829,340
Personal loans	16,957,347	18,594,106
Merchandise	125,144	106,166
Agriculture	1,302,118	538,745
Staff loans and advances	9,949,698	8,900,896
Murahabah Financing-Domestic Trade	11,673,053	6,136,531
Murahabah Financing-Export	70,003	536,320
Murahabah Financing-Agriculture	34,674	28,181
Murahabah Financing-Building and construction	719,991	733,202
Murahabah Financing-Import	920,967	576,539
Murahabah Financing-Manufacturing	1,835,964	1,265,877
Murahabah Financing-Transport	601,557	86,320
Overseas Emp. Agencies Qard_IFB	9,288,315	3,926,880
Murahabah Financing-personal	20,395	257,969
Murabaha Financing -Staff loans & advances	1,556,402	51,736
	274,128,728	219,600,696

(ii) Gross loans and advances from customers per National Bank of Ethiopia's impairment guidelines are analysed as

	30 June 2026 ETB'000	30-Jun-25 ETB'000
Pass	241,092,619	174,982,739
Special mention	26,776,780	39,711,788
Substandard	375,024	197,505
Doubtful	37,113	88,838
Loss	5,847,192	4,619,826
	274,128,728	219,600,696

The above table represents a worst case scenario of credit risk exposure of the Bank as at the reporting dates without taking account of any collateral held or other credit enhancements attached. The exposures are based on carrying amounts as reported in the statement of financial position. Management is confident in its ability to continue to control and effectively manage the credit risk exposure in the Bank's loan and advances portfolio.

42 Financial risk management (Continued)
42.3 Credit risk (Continued)
42.3.3 Credit quality analysis

(a) Credit quality of Cash and Bank Balances

The credit quality of Cash and bank balances and short-term investments that were neither past due nor impaired at as 30 June 2026 and 30 June 2025 and are held in Ethiopian banks have been classified as non-rated as there are no credit rating agencies in Ethiopia. However, Cash and bank balances that is held in foreign banks can be assessed by reference to credit rating agency designation as shown in the table below;

	30 June 2026 ETB'000	30-Jun-25 ETB'000
A	-	839,211
A+	24,024,645	11,264,368
AA-	-	-
AAA	-	-
BBB	10,387,793	10,778,657
BBB+	-	2,282,005
Not rated	132,849,017	114,683,215
	167,261,455	**139,847,455**

Definitions of ratings

AA: Very high credit quality	This denotes expectations of a very low default risk. It indicates a very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A: High credit quality	This denotes expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
BBB: Good credit quality	This indicates that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.
Not rated	This indicates financial institutions or other counterparties with no available ratings and cash in hand.

A "+ "(plus) or "-" (minus) may be appended to a rating to indicate the relative position of a credit within the rating category. This is based on Fitch national long-term issuer default ratings.

Notes to the Separate Financial Statements (Continued)

42 Financial risk management (Continued)

42.3 Credit risk (Continued)

42.3.3 Credit quality analysis (Continued)

(b) Credit quality of loans and advances to customers

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

Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in **Note 2.6.**

	30 June 2026			
Loans and advances to customers at amortised cost	**12 month ECL (Stage 1)**	**Lifetime ECL not credit impaired (Stage 2)**	**Lifetime ECL credit impaired (Stage 3)**	**Total**
Stage 1 - Pass (Performing)	157,184,706	-	-	**157,184,706**
Stage 2 - Special mention (Under-Performing)	-	23,036,672	-	**23,036,672**
Stage 3 - Non performing	-		5,554,189	**5,554,189**
Total gross exposure	**157,184,706**	**23,036,672**	**5,554,189**	**185,775,567**
Loss allowance	(684,553)	(345,002)	(3,543,254)	**(4,572,810)**
Net carrying amount	**156,500,153**	**22,691,670**	**2,010,934**	**181,202,757**

	30 June 2025			
Loans and advances to customers at amortised cost	**12 month ECL (Stage 1)**	**Lifetime ECL not credit impaired (Stage 2)**	**Lifetime ECL credit impaired (Stage 3)**	**Total**
Stage 1 - Pass (Performing)	174,987,350	-	-	**174,987,350**
Stage 2 - Special mention (Under-Performing)	-	39,707,177	-	**39,707,177**
Stage 3 - Non performing	-		4,906,169	**4,906,169**
Total gross exposure	**174,987,350**	**39,707,177**	**4,906,169**	**219,600,696**
Loss allowance	(1,065,132)	(482,025)	(2,950,057)	**(4,497,215)**
Net carrying amount	**173,922,218**	**39,225,152**	**1,956,111**	**215,103,481**

42 Financial risk management (Continued)
42.3 Credit risk (Continued)
42.3.3 Credit quality analysis (Continued)

(C) Credit quality of Off Limit Product items

	30 June 2026			
In ETB'000	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Limit Product items	stage 1	stage 2	stage 3	
Stage 1 - Pass (Performing)	83,907,913	-	-	83,907,913
Stage 2 - Special mention (Under-Performing)	-	3,740,108	-	3,740,108
Stage 3 - Non performing	-	-	705,140	705,140
Total gross exposure	**83,907,913**	**3,740,108**	**705,140**	**88,353,161**
Loss allowance	(475,373)	(43,138.99)	(559,878)	(1,078,391)
Net carrying amount	**83,432,540**	**3,696,969**	**145,262**	**87,274,771**

	30 June 2025			
In ETB'000	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Limit Product items				
Stage 1 - Pass (Performing)	9,955,769	-	-	9,955,769
Stage 2 - Special mention (Under-Performing)	-	186,604	-	186,604
Stage 3 - Non performing	-	-	5,688	5,688
Total gross exposure	**9,955,769**	**186,604**	**5,688**	**10,148,062**
Loss allowance	(71,071)	(2,352)	-	(73,423)
Net carrying amount	**9,884,698**	**184,253**	**5,688**	**10,074,638**

42 Financial risk management (Continued)
42.3 Credit risk (Continued)
42.3.3 Credit quality analysis (Continued)
(d) Credit quality of Other financial assets

The impairements for cash and Investment securities (debt instruments) regardless of specific class are computed using identical Probability of default and Loss given default. The table blow sets out impairement on aggregated exposure for the other classes of assets.

In ETB'000	30 June 2026			
Other financial assets (debt instruments)		**Gross exposure**	**Loss allowance**	**Net carrying amount**
Cash and balances with banks	12 Month ECL	234,761,455	(11,739)	234,749,717
Investment securities (debt instruments)	12 Month ECL	66,514,261	(3,326)	66,510,935
Other receivables and financial	Lifetime ECL	27,071,674	(337,878)	26,733,796
Total		**328,347,390**	**(352,942)**	**327,994,448**

In ETB'000	30 June 2025			
Other financial assets (debt instruments)		**Gross exposure**	**Loss allowance**	**Net carrying amount**
Cash and balances with banks	12 Month ECL	159,161,462	(7,958)	159,153,504
Investment securities (debt instruments)	12 Month ECL	31,677,229	(1,584)	31,675,645
Other receivables and financial	Lifetime ECL	14,883,472	(204,020)	14,679,452
Total		205,722,163	(213,562)	205,508,601

42.3.4 Collaterals held and their financial effect

The bank holds collateral or other credit enhancements to mitigate credit risk associated with majority of its financial assets. The main types of collateral and the types of assets these are associated with are listed below. The Bank does not sell or repledge the collateral in the absence of default by the borrower. 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.

The estimated value real estate 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.

42 Financial risk management (Continued)

42.3 Credit risk (Continued)

42.3.5 Nature of security in respect of loans and advances to customers and staff

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

30 June 2026	Real estate ETB'000	Machinery and equipment ETB'000	Motor vehicles ETB'000	Shares ETB'000	Others ETB'000	Total ETB'000
Domestic trade and services	83,943,870	4,175,098	7,416,248	55,692	7,721,505	103,312,413
Export	30,987,845	2,570,031	2,554,972	5,029	852,623	36,970,499
Building and construction	61,310,074	2,356,828	5,164,188	912	54,987	68,886,990
Import	41,819,158	932,589	3,787,778	199,971	740,538	47,480,034
Manufacturing	40,842,302	6,793,071	17,841,307	4,000	688,973	66,169,653
Transport	5,313,102	148,200	5,618,505	-	32,900	11,112,707
Personal loans	25,142,335	126,040	5,241,057	27,259	121,116	30,657,807
Agriculture	1,839,849	103,451	283,449	-	93,873	2,320,622
Staff loans and advan	12,520,401	88,500	2,585,939	60,515	4,144	15,259,499
	303,718,937	**17,293,808**	**50,493,444**	**353,377**	**10,310,660**	**382,170,226**

30 June 2025	Real estate ETB'000	Machinery and equipment ETB'000	Motor vehicles ETB'000	Shares ETB'000	Others ETB'000	Total ETB'000
Domestic trade and services	85,999,972	1,164,314	3,490,648	477,834	3,778,705	94,911,472
Export	17,835,062	865,105	453,867	85,596	412,511	19,652,141
Building and construction	42,758,874	2,016,837	1,328,969	129,585	575,553	46,809,818
Import	41,274,864	1,112,700	1,496,074	584,197	1,081,755	45,549,590
Manufacturing	30,861,025	5,053,820	1,103,646	204,217	792,515	38,015,223
Transport	4,232,546	227,267	3,378,740	8,928	57,975	7,905,455
Agriculture	15,804,129	70,449	3,460,504	45,718	269,917	19,650,717
Personal Loans	1,093,417	25,144	54,807	-	169,258	1,342,626
Staff loans and advances	8,875,952	37,001	1,275,988	28,458	10,764	10,228,163
	248,735,842	**10,572,637**	**16,043,242**	**1,564,531**	**7,148,954**	**284,065,206**

42 Financial risk management (Continued)

42.3 Credit risk (Continued)

42.3.5 Nature of security in respect of loans and advances to customers (Continued)

i) Loans and advances to customers

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. 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 customers' creditworthiness, the Bank does not routinely update the valuation of collateral held against all loans to customers. Valuation of collateral of real estates (buildings) is updated and reviewed every three year and at the same time whenever the loan foreclosure measure is opted. For credit-impaired loans, the Bank obtains appraisals of collateral because it provides input into determining the management credit risk actions.

As at 30 June 2026, the net carrying amount of credit impaired loans and advances to customers amounted to ETB 2.156 billion (June 2025: ETB 3.107 billion) and the value of identifiable collateral held against those loans and advances amounted to ETB 4.619 billion (June 2025: ETB 2.718 billion). For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

ii) Investment securities designated as at FVTPL

As at 30 June 2026, the Bank had no exposure to credit risk of the investment securities designated as at FVTPL.

42.3.6 Amounts arising from ECL

i) Inputs, assumptions and techniques used for estimating impairment

See accounting policy in Note 2.6

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,

42 Financial risk management (Continued)
42.3 Credit risk (Continued)
42.3.6 Amounts arising from ECL (Continued)

iii) Credit risk grades

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

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

a. Term loan exposures

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

b. Overdraft exposures

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

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.

42 Financial risk management (Continued)

42.3 Credit risk (Continued)

42.3.6 Amounts arising from ECL (Continued)

v) Determining whether credit risk has increased

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.

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

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

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

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

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

vi) Definition of default

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

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

42 Financial risk management (Continued)

42.3 Credit risk (Continued)

42.3.6 Amounts arising from ECL (Continued)

vi) Definition of default (Continued)

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 .

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

For each segment, the Bank formulates three economic scenarios: a base case, which is the median scenario, and two less likely scenarios, one upside and one downside. For each sector, the base case is aligned with the macroeconomic model's information value output, a measure of the predictive power of the model, as well as base macroeconomic projections for identified macroeconomic variables for each sector. The upside and downside scenarios are based on a combination of a percentage error factor of each sector model as well as simulated optimistic and pessimistic macroeconomic projections based on a measure of historical macroeconomic volatilities.

External information considered includes economic data and forecasts published by Fitch Solutions, formerly known as Business Monitor International, an external and independent market intelligence and research institution. This is in addition to industry-level, semi-annual NPL trends across statistically comparable sectors.

vii) Incorporation of forward-looking information

Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios by a panel of experts that advises the Bank's senior management.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change etc. - are monitored and reviewed on quarterly basis.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables and credit risk and credit losses. The Bank estimates each key driver for credit risk over the active forcast period of five years.

42 Financial risk management (Continued)

42.3 Credit risk (Continued)

42.3.6 Amounts arising from ECL (Continued)

vii) Incorporation of forward-looking information (Continued)

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

Cluster	Sector/Product	Macroeconomic factors
Cluster 1	Agriculture Consumer Loans Overdraft Interest Free Financing	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	CPI inflation, 2010=100, eop Import cover months Services exp, LCU Current account bal, USD Capex, LCU Total revenue, LCU
Cluster 3	Building and Construction Hotel and Tourism Manufacturing and Production Industry Real Estate Housing and Construction	Nominal Effective Exchange Rate Index Use of IMF credit/cap, USD Total revenue, USD Capex, USD Total expend, USD LCU/USD, eop Total govt debt, LCU
Cluster 4	Export Import Advance against Import Bills International Trade	Political Risk Index Lending rate, %, ave Central bank policy rate, %, eop M1, USD

The Bank defined a statistically significant correlation threshold with macro-economic of 50%.

Notes to the Separate Financial Statements (Continued)

42 Financial risk management (Continued)

42.3 Credit risk (Continued)

42.3.6 Amounts arising from ECL (Continued)

vii) Incorporation of forward-looking information (Continued)

The economic scenarios used as at 30 June 2026 included key indicators based on year 2024 to 2026 prediction for Ethiopia.

Predicted relationships between the key indicators and default rates on various portfolios of financial assets have been developed based on cluster-level NPL ratios over ten semi-annual observations from December 2021 to June 2026.

Indicator	6/30/2024	6/30/2025	6/30/2026
CPI inflation, 2010=100, eop	944	1,067	1,195
CPI inflation, 2010=100, avg	964	1,127	1,276
Total debt service, LCU	98,864,143,239	195,771,067,239	315,190,348,840
Total debt service, USD	1,462,645,000	1,688,140,000	2,070,855,000
Total debt service/cap, USD	11	13	15
Use of IMF credit, LCU	173,964,221,650	353,471,027,200	450,363,006,000
Use of IMF credit, USD	1,703,500,000	2,485,000,000	2,724,000,000
Use of IMF credit/cap, USD	13	19	20
Total govt debt, LCU	4,831,770,464,500	7,092,427,370,000	8,528,988,000,000
Total govt debt, USD	56,080,000,000	50,175,000,000	51,610,000,000
Total govt debt/cap, USD	431	375	376
G&S exp, LCU	613,920,500,000	700,861,500,000	803,019,500,000
G&S exp, USD	9,217,423,626	6,657,107,086	5,297,772,455
G&S imp, LCU	1,301,269,500,000	1,484,423,500,000	1,687,460,000,000
G&S imp, USD	19,542,132,909	14,098,507,327	11,140,321,060
G&S bal, LCU	(823,414,009,200)	(1,212,724,966,200)	(1,746,386,743,750)
G&S bal, USD	(12,017,000,000)	(11,171,000,000)	(11,409,500,000)
Transport & comms nom GVA, LCU	348,182,000,000	418,931,000,000	509,268,000,000
Transport & comms nom GVA, USD	5,192,643,199	3,957,960,611	3,348,856,134
Finance, public sector nom GVA, LCU	1,775,622,500,000	2,095,806,500,000	2,360,882,500,000
Finance, public sector nom GVA, USD	26,168,338,725	20,136,675,501	15,542,266,542
Trade, accom & food nom GVA, LCU	1,600,576,000,000	1,916,969,500,000	2,137,322,500,000
Trade, accom & food nom GVA, USD	23,490,796,639	18,429,095,862	14,079,757,031
Utilities nom GVA, % GDP	1	1	0
Budget bal, LCU	(227,042,000,000)	(239,859,500,000)	(349,953,000,000)
Budget bal, USD	(3,435,244,621)	(2,301,468,806)	(2,261,925,704)
Goods imp, LCU	1,229,003,419,800	2,250,866,360,800	3,495,783,871,000
Goods imp, USD	17,475,000,000	20,221,000,000	22,839,000,000
Goods exp, LCU	325,231,662,650	771,227,727,650	1,315,885,537,750
Goods exp, USD	4,525,500,000	6,697,500,000	8,595,500,000
Trade, goods bal, LCU	-903,799,057,650	-1,479,638,633,150	-2,179,898,333,250
Trade, goods bal, USD	-12,950,000,000	-13,523,500,000	-14,243,500,000
STER, Economic Growth	20	10	15
Services imp, LCU	435,786,095,400	636,996,178,900	938,076,939,750

42 Financial risk management (Continued)

42.3 Credit risk (Continued)

42.3.6 Amounts arising from ECL (Continued)

vii) Incorporation of forward-looking information (Continued)

Indicator	6/30/2024	6/30/2025	6/30/2026
Services imp, USD	6,569,500,000	5,712,500,000	6,156,000,000
Services exp, LCU	516,129,843,200	903,868,545,200	1,371,588,529,250
Services exp, USD	7,502,000,000	8,064,500,000	8,990,000,000
Current account bal, USD	-4,373,000,000	-3,110,000,000	-3,055,000,000
Trade, services bal, LCU	80,343,747,800	266,872,366,300	433,511,589,500
Trade, services bal, USD	932,500,000	2,352,000,000	2,834,000,000
Broad money (% GDP) - Sovereign Scorecard	19	18	17
Import cover months	1	2	3
Real GDP, USD (PPP) constant 2010	260,680,512,078	280,868,102,602	302,764,565,715
Nominal GDP, LCU	10,237,224,000,000	12,810,021,000,000	15,166,203,500,000
Nominal GDP/cap, USD	1,159	909	728
Nominal GDP, USD	151,010,901,099	121,238,539,526	99,893,205,132
Nominal GDP, USD (PPP)	413,416,542,668	457,383,695,022	501,069,643,065
Real GDP, LCU (2010 prices)	1,115,869,000,000	1,202,284,000,000	1,296,014,000,000
Real GDP, USD (2010 prices)	77,439,276,593	83,436,320,231	89,941,011,548
Real GDP/cap, LCU	8,556	8,985	9,444
Real GDP/cap, USD (2010 prices)	594	624	655
Private final cons, LCU	8,153,314,500,000	10,338,613,000,000	12,286,377,500,000
Private final cons/cap, LCU	62,422	77,214	89,479
Private final cons, USD	120,076,607,802	97,695,959,563	80,936,930,713
Private final cons/cap, USD	922	732	590
Private final cons, LCU (2010 prices)	809,576,500,000	868,142,000,000	912,745,000,000
Private final cons, USD (2010 prices)	56,183,134,855	60,247,473,906	63,342,840,884
Private final cons/cap, LCU (2010 prices)	6,207	6,489	6,652
Govt final cons, LCU	600,553,500,000	693,678,500,000	788,168,500,000
Govt final cons/cap, LCU	4,602	5,182	5,741
Govt final cons, USD	8,981,237,743	6,598,424,767	5,201,128,032
Govt final cons/cap, USD	69	49	38
Govt final cons, LCU (2010 prices)	91,139,000,000	96,639,000,000	100,024,500,000
Govt final cons, USD (2010 prices)	6,324,880,635	6,706,570,620	6,941,518,155
Govt final cons/cap, LCU (2010 prices)	699	722	729
Savings, LCU	2,259,646,500,000	2,813,748,000,000	2,727,280,000,000
Savings/cap, LCU	17,289	21,049	19,881
Lending rate, %, avg	15	15	14
Lending rate, %, eop	15	15	13
M1, LCU	584,105,000,000	660,745,000,000	747,570,000,000
M1, LCU	584,105,000,000	660,745,000,000	747,570,000,000
M2, LCU	1,932,335,000,000	2,247,120,000,000	2,613,620,000,000
M2, LCU	1,932,335,000,000	2,247,120,000,000	2,613,620,000,000
Total employment	38,138,900	39,189,350	48,031,600
Total revenue, LCU	802,382,500,000	1,229,344,000,000	1,839,128,000,000
Total revenue, USD	11,941,431,529	11,047,662,877	12,048,698,831
Total expend, LCU	1,029,424,500,000	1,469,203,000,000	2,189,081,000,000

42 Financial risk management (Continued)

42.3 Credit risk (Continued)

42.3.6 Amounts arising from ECL (Continued)

vii) Incorporation of forward-looking information (Continued)

Indicator	6/30/2024	6/30/2025	6/30/2026
Total expend, USD	15,376,676,150	13,349,128,070	14,310,623,946
Current expend, LCU	617,737,500,000	860,970,500,000	1,256,472,000,000
Current expend, USD	9,287,824,333	7,813,575,990	8,228,997,676
Capex, LCU	411,687,500,000	608,233,500,000	932,609,000,000
Capex, USD	6,088,857,870	5,535,561,747	6,081,626,858
Budget bal, LCU	(227,042,000,000)	(239,859,500,000)	(349,953,000,000)
Budget bal, USD	(3,435,244,621)	(2,301,468,806)	(2,261,925,704)
LCU/USD, avg	68.60	110.50	151.87
LCU/USD, eop	90.98	140.81	165.33
Nominal Effective Exchange Rate Index	. 29.94	19.38	13.34
Real effective exchange rate index	172.76	126.17	96.29
Political Risk Index	59.37	59.44	58.57
Central bank policy rate, %, eop	11	15	15.50

Scenario probability weightings derived from based on data provided, for each cluster are summarised below:

As at June 2026			
	Optimistic	Base	Downturn
Cluster 1	0%	90%	10%
Cluster 2	10%	80%	10%
Cluster 3	10%	70%	20%
Cluster 4	10%	70%	20%

As at June 2025			
	Optimistic	Base	Downturn
Cluster 1	7%	73%	20%
Cluster 2	13%	73%	13%
Cluster 3	13%	67%	20%
Cluster 4	13%	67%	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).

Notes to the Separate Financial Statements (Continued)

42 Financial risk management (Continued)

42.3 Credit risk (Continued)

42.3.6 Amounts arising from ECL (Continued)

viii) Modified financial assets (Continued)

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.

42 Financial risk management (Continued)
42.3 Credit risk (Continued)
42.3.6 Amounts arising from ECL (Continued)
ix) Measurement of ECL (Continued)

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

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

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:
- instrument type;
- credit risk grading;
- collateral type;
- LTV ratio for retail mortgages;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower

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

x) Loss allowance
The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

42 Financial risk management (Continued)

42.3 Credit risk (Continued)

42.3.6 Amounts arising from ECL (Continued)

x) Loss allowance (Continued)

	30 June 2026			
In ETB'000	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Loans and advances to customers at amortised cost (on balance sheet exposures)				
Balance as at 1 July 2025	**732,134**	**316,300**	**2,215,223**	**3,263,656**
Transfer to stage 1 (12 months ECL)	274,416	23,315	851	**298,581**
Transfer to stage 2 (Lifetime ECL not credit impaired)	40,167	39,890	69	**80,126**
Transfer to stage 3 (Lifetime ECL credit impaired)	278,322	1,362,124	1,241,952	**2,882,399**
Net remeasurement of loss allowance	(832,570)	(1,503,535)	691,660	**(1,644,446)**
Net financial assets originated or purchased	385,803	264,876	684,972	**1,335,651**
Financial assets derecognised	(193,718)	(157,968)	(1,291,471)	**(1,643,158)**
Balance as at 30 June 2026	**684,553**	**345,002**	**3,543,254**	**4,572,810**
	30 June 2025			
In ETB'000	12 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Loans and advances to customers at amortised cost (on balance sheet exposures)				
Balance as at 1 July 2024	**526,136**	**101,341**	**541,949**	**1,169,425**
Transfer to stage 1 (12 months ECL)	207,606	98,456	475,528	**781,590**
Transfer to stage 2 (Lifetime ECL not credit impaired)	(8,224)	21,271	(465,679)	**(452,632)**
Transfer to stage 3 (Lifetime ECL credit impaired)	(646)	(27)	1,025,669	**1,024,996**
Net remeasurement of loss allowance	48,281	113,888	836,795	**998,963**
New financial assets originated or purchased	146,139	18,572	3,847	**168,558**
Financial assets derecognised	(187,157)	(37,201)	(202,886)	**(427,244)**
Balance as at 30 June 2025	**732,134**	**316,300**	**2,215,223**	**3,263,656**

42 Financial risk management (Continued)

42.3 Credit risk (Continued)

42.3.6 Amounts arising from ECL (Continued)

x) Loss allowance (Continued)

	30 June 2026			
In ETB'000	Stage 1	Stage 2	Stage 3	Total
Overdrafts and revolving facilities (Limit Product exposures)				
Balance as at 1 July 2025	**404,211**	**168,077**	**734,693**	**1,306,981**
Transfer to stage 1 (12 months ECL)	323,486	64,986	36	**388,508**
Transfer to stage 2 (Lifetime ECL not credit impaired)	10,574	19,071	-	**29,646**
Transfer to stage 3 (Lifetime ECL credit impaired)	-	16,999	542,879	**559,878**
Net remeasurement of loss allowance	(276,652)	(218,723)	(596,661)	**(1,092,037)**
New financial assets originated or purchased	86,865	13,493	-	**100,359**
Financial assets derecognised	(73,111)	(20,765)	(121,069)	**(214,945)**
Balance as at 30 June 2026	**475,373**	**43,139**	**559,878**	**1,078,391**

	30 June 2025			
In ETB'000	2 month ECL (Stage 1)	Lifetime ECL not credit impaired (Stage 2)	Lifetime ECL credit impaired (Stage 3)	Total
Overdrafts and revolving facilities (Limit Product exposures)				
Balance as at 1 July 2024	**482,355**	**118,459**	**420,221**	**1,021,034**
Transfer to stage 1 (12 months ECL)	280,442	132,096	305,628	**718,166**
Transfer to stage 2 (Lifetime ECL not credit impaired)	(88,737)	15,361	(4,354)	**(77,730)**
Transfer to stage 3 (Lifetime ECL credit impaired)	(303,755)	(3,506)	391,838	**84,577**
Net remeasurement of loss allowance	(390,527)	(180,655)	(686,190)	**(1,257,372)**
New financial assets originated or purchased	479,414	95,025	326,360	**900,799**
Financial assets derecognised	(54,981)	(8,702)	(18,810)	**(82,493)**
Balance as at 30 June 2025	**404,211**	**168,077**	**734,693**	**1,306,981**

42 Financial risk management (Continued)

42.3 Credit risk (Continued)

42.3.6 Amounts arising from ECL (Continued)

x) Loss allowance (Continued)

	30 June 2026			
In ETB'000	Cash and balances with banks	Investment securities (debt instruments)	Other receivables and financial assets	Total
Other financial assets (debt				
Balance as at 01 July 2025	7,958	1,584	204,020	213,562
Net remeasurement of loss	3,781	1,742	133,858	139,380
Balance as at 30 June 2026	11,739	3,326	337,878	352,942

	30 June 2025			
In ETB'000	Cash and balances with banks	Investment securities (debt instruments)	Other receivables and financial assets	Total
Other financial assets (debt instruments)				
Balance as at 01 July 2024	2,681	1,054	95,974	99,709
Net remeasurement of loss	5,277	530	108,045	113,852
Balance as at 30 June 2025	7,958	1,584	204,020	213,562

— ***Loans with renegotiated terms***

Loans with renegotiated terms are defined as loans that have been restructured due to a deterioration in the borrower's financial position, for which the Bank has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Bank had provided initially and that it would not otherwise consider. A loan continues to be presented as part of loans with renegotiated terms until maturity, early repayment or write-off.

— ***Loans that were past due but not impaired***

Loans that were 'past due but not impaired' are those for which contractual interest or principal payments were past due but the Bank believed that impairment was not appropriate on the basis of the level of security or collateral available and/or the stage of collection of amounts owed to the Bank. The amounts disclosed exclude

42 Financial risk management (Continued)

42.3.7 Commitments and guarantees

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Bank could have to pay if the guarantee is called upon. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. The table below shows the Bank's maximum credit risk exposure for commitments and guarantees.

	30 June 2026 ETB'000	30 June 2025 ETB'000
Loan commitments	6,336,643	5,611,820
Guarantees	36,320,540	25,026,500
Letters of credit	110,003,950	80,109,540
	152,661,133	110,747,860

42.4 Liquidity risk

Liquidity risk is the risk that the Bank cannot meet its maturing obligations when they become due, at reasonable cost and in a timely manner. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Bank on acceptable terms.

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

42.4.1 Management of liquidity risk

Cash flow forecasting is performed by the Treasury Directorate. The Directorate 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 of damage to the Bank's reputation.

Notes to the Separate Financial Statements (Continued)

42 Financial risk management (Continued)

42.4 Liquidity risk (Continued)

42.4.2 Maturity analysis of financial Assets and Liabilities

The table below analyses the Bank's financial liabilities into relevant maturity groupings based on the remaining

30 June 2026	0 - 30 days ETB'000	31 - 90 days ETB'000	91 - 180 days ETB'000	181 - 365 days ETB'000	Over 1 year ETB'000	Total ETB'000
Cash and balances due from NBE	81,822,196					81,822,196
Total Loans and Advances	8,815,525	21,277,215	30,092,740	70,544,064	131,261,965	261,991,509
Deposit with Foreign Banks	86,887,098					86,887,098
Deposit with Local Banks	4,584,842	621,292	1,161,404	730,858	7,431	7,105,827
Investment (TB, Bonds, & DBE)	74,225,401	15,939,076	3,634,785	3,677,902	29,640,167	127,117,331
Total financial assets	**256,335,061**	**37,837,584**	**34,888,929**	**74,952,823**	**160,909,563**	**564,923,960**
Deposits from customers	17,675,528	31,571,593	48,096,489	90,799,458	279,715,871	467,858,939
Borrowings	-	-	-	152,735	123,648	276,383
Other liabilities	-	169,970,366	-	-	-	169,970,366
Total financial liabilities	**17,675,528**	**201,541,959**	**48,096,489**	**90,952,193**	**279,839,519**	**638,105,688**
Guarantees			36,320,540			36,320,540
Letters of credit		110,003,950				110,003,950
Loan commitments		6,336,643				6,336,643
Other commitments	-	-	-	-	-	-
Sub total off B/S	-	-	36,320,540	-	-	36,320,540
Gap	238,659,533	(163,704,375)	(13,207,560)	(15,999,370)	(118,929,957)	(73,181,728)
Commulative gap	238,659,533	74,955,158	61,747,599	45,748,229	(73,181,728)	
Percentage	1350%	-81%	-27%	-18%	-42%	-11%

30 June 2025	0 - 30 days ETB'000	31 - 90 days ETB'000	91 - 180 days ETB'000	181 - 365 days ETB'000	Over 1 year ETB'000	Total ETB'000
Cash and balances due from NBE	40,635,909					40,635,909
Total Loans and Advances	7,122,962	16,504,649	23,261,953	56,397,304	107,641,467	210,928,334
Deposit with Foreign Banks	78,688,427					78,688,427
Deposit with Local Banks	1,378,559	1,009,887	62,335		8,185	1,080,407
Investments	-	23,338,567	14,760,643	6,136,278	25,978,699	70,214,187
Total financial assets	**127,825,857**	**40,853,102**	**38,084,930**	**62,533,582**	**133,628,352**	**402,925,823**

42 Financial risk management (Continued)

42.4 Liquidity risk (Continued)

42.4.2 Maturity analysis of financial assets and Liabilities (Continued)

Deposits from customers	57,204,276	21,931,934	31,600,122	66,886,193	154,110,804	**331,733,329**
Borrowings	-	-	-	-	178,388	**178,388**
Other liabilities	-	119,638,649	-	-	-	**119,638,649**
Total financial liabilities	**57,204,276**	**141,570,584**	**31,600,122**	**66,886,193**	**154,289,192**	**451,550,366**
Guarantees	-	-	25,026,500	-	-	**25,026,500**
Letters of credit	-	80,109,540	-	-	-	**80,109,540**
Loan commitments	-	5,611,820	-	-	-	**5,611,820**
Other commitments	-	-	-	1,911,948	-	**1,911,948**
Sub total off B/S	-	85,721,360	25,026,500	1,911,948	-	**112,659,808**
Gap	70,621,581	(100,717,482)	6,484,808	(4,352,611)	(20,660,840)	**(48,624,543)**
Cummulative gap	70,621,581	(100,717,482)	6,484,808	(4,352,611)	(20,660,840)	
Percentage	123%	-71%	0%	-7%	0%	-11%

42.5 Market risk

Market risk is defined as the risk of loss that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market risk factors such as interest rates, foreign exchange rates, equity prices, credit spreads and their volatilities. Market risk can arise in conjunction with trading and non-trading activities of a financial institutions.

The Bank does not ordinarily engage in trading activities as there are no active markets in Ethiopia.

42.5.1 Management of market risk

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

Market risk is monitored by the risk and compliance management function regularly, to identify any adverse movement in the underlying variables.

42 Financial risk management (Continued)

42.5 Market risk (Continued)

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. Borrowings and lending obtained at variable rates give rise to interest rate risk.

The table below sets out information on the exposures to fixed and variable interest instruments.

	Fixed interest bearing ETB'000	Non-interest bearing ETB'000	Total ETB'000
30 June 2026			
Assets			
Cash and bank balances	152,939,260	81,822,196	234,761,455
Loans and advances to customers	247,407,406	26,721,322	274,128,728
Investment securities	66,514,261	1,456,683	67,970,944
Other assets	-	27,071,674	27,071,674
Total	**466,860,927**	**137,071,875**	**603,932,801**
Liabilities			
Deposits from customers	248,891,823	220,603,295	469,495,118
Other liabilities	-	47,809,804	47,809,804
Total	**248,891,823**	**268,413,099**	**517,304,922**

	Fixed interest bearing ETB'000	Non-interest bearing ETB'000	Total ETB'000
30 June 2025			
Assets			
Cash and bank balances	19,450,440	139,711,022	159,161,462
Loans and advances to customers	206,001,141	13,599,555	219,600,696
Investment securities	31,677,229	1,210,531	32,887,760
Other assets	-	14,889,571	14,889,571
Total	**257,128,810**	**169,410,679**	**426,539,489**
Liabilities			
Deposits from customers	180,158,620	152,744,615	332,903,235
Other liabilities	-	33,095,660	33,095,660
Total	**180,158,620**	**185,840,275**	**365,998,895**

42 Financial risk management (Continued)

42.5 Market risk (Continued)

42.5.1 Management of market risk (Continued)

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The Bank is exposed to exchange rate risks to the extent of balances and transactions denominated in a currency other than the Ethiopian Birr (ETB). The Bank's foreign currency bank accounts act as a natural hedge for these transactions. Management has set up a policy to manage the Bank's foreign exchange risk against its functional currency.

The table below summarises the impact of increases/decreases of 18% on equity and profit or loss arising from the Bank's foreign denominated borrowings and cash and bank balances.

The total foreign currency denominated assets exposed to risk as at 30 June 2026 was ETB 86.887 billion (30 June 2025: ETB 78.688 billion).

Foreign currency denominated balances	30 June 2026 ETB'000	30 June 2025 ETB'000
US dollars (USD)	78,309,828	72,374,142
British pounds (GBP)	1,064,556	623,426
Euros (EUR)	7,125,512	5,673,793
Swiss franc (CHF)	192,174	7,430
Swedish Krona (SEK)	21,039	881
Japanese yen (JPY)	173,989	8,775
	86,887,098	**78,688,447**

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.

	30 June 2026 ETB'000	30 June 2025 ETB'000
Effect of an 18% Increase of the ETB against USD	14,095,769	61,518,021
Effect of an 18% Decrease of the ETB against USD	(14,095,769)	(61,518,021)
Effect of an 18% Increase of the ETB against GBP	191,620	529,911.68
Effect of an 18% Decrease of the ETB against GBP	(191,620)	(529,912)
Effect of an 18% Increase of the ETB against EUR	1,282,592	4,822,724
Effect of an 18% Decrease of the ETB against EUR	(1,282,592)	(4,822,724)
Effect of an 18% Increase of the ETB against JPY	31,318	7,459
Effect of an 18% Decrease of the ETB against JPY	(31,318)	(7,459)
Effect of an 18% Increase of the ETB against CHF	34,591	6,316
Effect of an 18% Decrease of the ETB against CHF	(34,591)	(6,316)
Effect of an 18% Increase of the ETB against SEK	3,787	748
Effect of an 18% Decrease of the ETB against SEK	(3,787)	(748)

42 Financial risk management (Continued)

42.6 Capital management

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

42.6.1 Capital adequacy ratio

According to the Licensing & Supervision of Banking Business Directive No SBB/50/2011 of the National Bank of Ethiopia, the Bank has to maintain a capital to risk weighted assets ratio of 8% at all times, the risk weighted assets being calculated as per the provisions of Directive No SBB/9/95 issued on 18 August 1995. Capital includes capital contributions, share premium and legal reserve to be approved by the National Bank of Ethiopia.

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

	30 June 2026 ETB'000	30 June 2025 ETB'000
Capital		
Share capital	38,492,985	27,874,601
Share premium	481,657	227,838
Legal reserve	21,009,671	13,674,270
	59,984,313	**41,776,709**
Risk weighted assets		
Risk weighted balance for on-balance sheet items	334,139,537	257,176,270
Credit equivalent for off-balance	44,659,295	31,341,070
Total risk weighted assets	**378,798,832**	**288,517,340**
Risk-weighted Capital Adequacy Ratio (CAR)	**16%**	**14%**
Minimum required capital	**8%**	**8%**
Excess	**8%**	**6%**

The capital adequacy as per the new NBE directive 95/2025(effective from December 2026), which accounts cedit risk, market risk and operational risk weigheted asset is 13.85%.

42 Financial risk management (Continued)

42.7 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 three levels as described below, based on the lowest level input that is significant to the fair value measurement as a whole.

42.7.1 Valuation models

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

- 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, another 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's 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.

42.7.2 Financial instruments not measured at fair value

The following table summarises the carrying amounts of financial assets and liabilities at the reporting date. The amounts are based on the values recognised in the statement of financial position.

	30 June 2026 Carrying amount ETB'000	Amortized Cost ETB'000	30 June 2025 Carrying amount ETB'000	Amortized Cost ETB'000
Financial assets				
Cash and bank balances	234,749,717	234,749,717	159,153,504	159,153,504
Loans and advances to customers	268,477,527	268,477,527	215,030,059	215,030,059
Investment securities				
- Financial assets at fair value through OCI	-	-	-	-
- Financial assets at amortized cost	66,510,935	66,510,935	31,675,645	31,675,645
Other assets	27,071,674	27,071,674	14,686,282	14,686,282
Total	**596,809,853**	**596,809,853**	**420,545,490**	**420,545,490**

42 Financial risk management (Continued)

42.7 Fair value of financial assets and liabilities (Continued)

42.7.2 Financial instruments not measured at fair value (Continued)

	30 June 2026		30 June 2025	
	Carrying amount	Amortized Cost	Carrying amount	Amortized Cost
	ETB'000	ETB'000	ETB'000	ETB'000
Financial liabilities				
Deposits from customers	469,495,118	469,495,118	332,903,235	332,903,235
Other liabilities	47,809,804	47,809,804	33,095,660	33,095,660
Total	**517,304,922**	**517,304,922**	**365,998,895**	**365,998,895**

42.7.3 Valuation technique using significant unobservable inputs - Level 3

The Bank has no financial asset measured using significant unobservable inputs.

42.7.4 Transfers between the fair value hierarchy categories

During the two reporting periods covered by these annual financial statements, there were no movements between levels as a result of significant inputs to the fair valuation process becoming observable or unobservable.

42.8 Offsetting financial assets and financial liabilities

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

		30 June 2026 ETB'000	30 June 2025 ETB'000
43	**Interest income**		
	Interest on Loans and advances	38,075,282	30,399,286
	Interest on Treasury Bonds	2,014,772	1,423,757
	Interest on Treasury Bills	6,332,349	1,106,888
	Interest on DBE & Gov't Bond	479,921	388,313
	Interest on deposit from local banks	552,659	328,823
	Interest on deposit from foreign banks	2,009,230	1,228,858
	Interest on interbank lending	976,682	348,148
	Interest on open market operations	3,732,173	976,438
		54,173,069	**36,200,511**

Included within various line items under interest income for the year ended 30 June 2026 is a total of ETB 710.324 million (30 June 2025: ETB 341.319 million) relating to impaired loans and advances.

		30 June 2026 ETB'000	30 June 2025 ETB'000
44	**Interest expense**		
	Interest on Deposits from customers	14,534,983	9,381,091
	Interest on borrowed funds from DBE	27,960	15,258
	Interest on deposit from other financial institutions	782,029	516,271
		15,344,971	**9,912,620**

		30 June 2026 ETB'000	30 June 2025 ETB'000
45	**Fees and commission income**		
	Cash payment orders and cheques	4,665	5,159
	Service Charge Foreign	9,595,682	10,098,288
	Letters of credit	7,365,342	3,365,915
	Letters of guarantee	1,180,849	713,442
	Money transfers	1,044,135	506,556
	Other commission	1,596,873	1,348,510
	Murabaha Income	2,122,945	1,203,196
		22,910,491	17,241,066

		30 June 2026 ETB'000	30 June 2025 ETB'000
46	**Other operating income**		
	Dividends	148,714	117,370
	Gain on foreign currency transactions and translations	5,238,372	10,410,581
	Telephone, postage and SWIFT	1,222,882	171,453
	Rental	84,062	76,452
	Estimation and inspection fees	19,349	16,455
	Gain on Disposal of old assets	74,165	18,520
	Other income	646,381	429,614
		7,433,925	**11,240,445**

		30 June 2026 ETB'000	30 June 2025 ETB'000
47	**Loan impairment charge**		
	Loans and advances - charge for the year (note 16)	1,080,561	2,380,178
	Loans and advances - reversal of provision (note 16)	-	-
	Loans and advances - Bad Debts Written Off	24,118	20,013
		1,104,679	**2,400,191**

		30 June 2026 ETB'000	30 June 2025 ETB'000
48	**Impairment on other assets**		
	Other assets-charges (reversal) for the year	134,584	107,317.91
	Receivables - Bad Debts Write Off	6,479	728
		141,063	**108,046**

The current impairment charges on other assets is ETB 134.584 million.

		30 June 2026 ETB'000	30 June 2025 ETB'000
49	**Impairment on Cash, Bills and Bonds**		
	Cash, Bills and Bonds-charge (reversal) for the year	**5,523**	**5,806**

		30 June 2026 ETB'000	30 June 2025 ETB'000
50	**Personnel expenses**		
	Salaries and wages	8,393,582	6,902,135
	Staff allowances	6,901,132	5,287,199
	Provident fund and pension costs - Defined contribution plan	1,055,818	860,127
	Provident fund and pension costs - Defined benefit plans	260,715	231,578
	Prepaid staff expense	35,024	74,694
	Bonus	3,476,559	2,458,749
	Other staff expenses	1,344,595	940,551
		21,467,424	16,755,033

		30 June 2026 ETB'000	30 June 2025 ETB'000
51	**Other operating expenses**		
	Rent	14,318	12,243
	Stationery	367,649	403,586
	Transportation	321,476	241,860
	Telephone and related charges	347,824	200,029
	Professional and legal fees	1,566,505	753,574
	Audit fee	5,397	3,393
	Insurance	1,023,285	736,804
	Stamp Duty Tax	2,660	50,237
	Fuel	117,413	88,703
	Repair and maintenance	294,783	233,362
	Other expenses	117,548	94,394
	Card charges	652,068	380,897
	Cleaning	27,387	20,866
	Conference and Meeting	10,570	13,621
	Entertainment	160,855	120,897
	Utility	60,043	41,570
	Bank charges	44,817	20,092
	Penalities	2,878	369
	Loss on Disposal of old assets	15,575	1,401
	Membership fees	31,502	3,127
	Board Members fees	1,440	1,617
	Bad debt expense for doubtful debt- litigation Cases	19,737	3,831,370
	Impairment (Reversal) on Off Balance sheet items	15,516	5,651
	Shariah Advisory committee fees	1,010	548
	Advertising and publicity	675,546	288,093
	Donation	147,818	308,988
	Bad Debt expense	1,277	3,447
	Land and Building taxes	14,282	11,914
	POS Charges	5,045	1,265
	Wadiah Deposits	2	133
	Mudarabah Investment	162,888	86,597
		6,229,113	7,960,648

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52 Income tax

	30 June 2026 ETB'000	30 June 2025 ETB'000
52a Income tax Expense		
Company income tax due to Federal Gov't	9,060,562	6,849,740
Rental income tax due to Regional Gov't and City Admin.	13,022	12,888
Deferred income tax/(credit) to profit or loss	(102,949)	93,027
Total charge to profit or loss	**8,970,635**	**6,955,655**
Tax (credit) on other comprehensive income	-	-
Total tax in statement of comprehensive income	**8,970,635**	**6,955,655**

52b Reconciliation of effective tax to statutory tax

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

	30 June 2026 ETB'000	30 June 2025 ETB'000
Profit before tax	**38,312,238**	**25,668,278**
Add : Disallowed expenses and reversals		
Entertainment	160,855	120,897
Donation	11,209	45,911
Penalty	2,878	369
Stamp Duty Taxes	2,660	50,237
Land and Building taxes	14,282	11,914
Accrued Leave	376,189	341,098
Amortisation of Right of Use Asset	951,982	830,957
Interest expense on lease liability	89,333	89,166
Long service Award (Severance and Gratuity pay)	260,715	231,578
Amortization of employee prepaid expense	35,024	74,694
Bad debt written off	30,598	20,013
Bad debt expense	1,277	3,447
Gym expense	3,856	1,859
Provision for loans and advances as per IFRS	1,080,561	2,380,178
Provision for Loans and Advances-reversal	66,164	-
Impairment Losses Reversal on Other Assets (includes Local and Foreign Deposits, NBE Bills and Bonds and Receivables)	140,106	113,852
Impairment Losses (Reversal) on off-Balance Sheets (LC and Guarantees)	15,516	5,651
Impairment Losses on repossessed asset	328	2,117
Bad debt expense for doubtful debt- litigation Cases	19,737	3,831,370
Depreciation for investment Properties	780	432
Depreciation for accounting purpose_PPE	754,291	878,373
Assets	139,146	94,434
Share premium	253,819	226,449
Net rental loss from rental operations	994	2,390
Total disallowable expenses and reversals	**4,412,297**	**9,357,386**

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52 Income tax (Continued)

52b Reconciliation of effective tax to statutory tax (Continued)

Less : Allowed expenses and reversals	30 June 2026 ETB'000	30 June 2025 ETB'000
Depreciation for tax purpose	1,153,797	1,086,434
Amrtisation of intangible asset for tax purpose	146,655	101,029
Amortization on Prepaid Rent	999,207	876,042
Amortization on leasehold land	10,277	5,965
Accrued Leave Paid	17,351	-
Share of profit from associate	23,059	21,960
Provision for Offbalance sheet for tax (80% Allowable)	682,624	1,169,322
Provision for Loans and Advances for tax (80% Allowable)	-	4,180,233
Provision for Other Assets for tax (80% Allowable)	373,116	61,723
Staff Loans interest income at fair	93,462	52,101
Interest income taxed at source foreign	-	1,228,858
Dividend income taxed at source	148,714	117,370
Interest income taxed at source Local	8,827,043	3,247,780
Net rental profit from rental operations	47,359	44,380
Total allowable expenses and reversals	12,522,662	12,193,196
Taxable profit	30,201,873	22,832,468
Current tax at 30%	9,060,562	6,849,740
	9,060,562	6,849,740

52c Current income tax liability

	30 June 2026 ETB'000	30 June 2025 ETB'000
Balance at the beginning of the year	6,861,220	2,693,299
Charge for the year:		
Income tax expense	9,060,562	6,849,740
Rental income tax due to Regional Gov't and City Admin.	13,022	12,888
Withholding tax	(1,535)	(1,408)
Prepaid profit taxes	(5,145,301)	-
Payment during the year	(6,861,220)	(2,693,299)
Balance at the end of the year	3,926,749	6,861,220

All tax payable is current in nature.

52 Income tax (Continued)
52d Deferred income tax

The analysis of deferred tax assets/(liabilities) is as follows:	30 June 2026 ETB'000	30 June 2025 ETB'000
To be recovered after a period of more than 12 months	107,474	101,607

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

Deferred income tax assets/(liabilities):	At 1 July 2025 ETB'000	Credit/ (charge) to P/L ETB'000	Credit/ (charge) to equity ETB'000	30 June 2026 ETB'000
Property and equipment	(319,694)	(68,283)	-	(387,977)
Post employment benefit obligation	298,541	52,094	(39,234)	311,401
Provision for accrued leave	342,694	119,138	-	461,832
Unrealized fair value gain (loss) on Equity Instruments	(219,934)	-	(57,848)	(277,782)
Total deferred tax assets/(liabilities)	**101,607**	**102,949**	**(97,082)**	**107,474**

Deferred income tax assets/(liabilities):	30 June 2024 ETB'000	Credit/ (charge) to P/L ETB'000	Credit/ (charge) to equity ETB'000	30 June 2025 ETB'000
Property and equipment	252,767	(572,461)	-	(319,694)
Post employment benefit obligation	230,090	57,008	11,444	298,541
Provision for accrued leave	(79,733)	422,427	-	342,694
Unrealized fair value gain (loss) on Equity Instruments	(38,878)	-	(181,056)	(219,934)
Total deferred tax assets/(liabilities)	**364,246**	**(93,027)**	**(169,613)**	**101,607**

52e Rental Income tax

	2026						
	Addis Ababa	Oromia Regional Gov't (LMB)	Oromia Regional Gov't (PMB)	Sidama Regional Gov't	Harari Regional Gov't	South Regional Gov't	Total
Income:	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
Rental Income	19,024	2,547	49,617	11,234	1,640	-	84,062
Expenses:							
Salaries and wages	1,600	1,751	10,016	2,925	980	-	17,272
Building charges	731	89	824	565	42	-	2,251
Insurance	24	14	115	37	6	-	197
Deprecation	2,001	939	6,856	2,986	251	-	13,034
Repair and maintenance	74	1	93	203	-	-	370
Cleaning	696	-	70	-	-	-	766
Utilities	926	30	1,108	408	-	-	2,472
Other Expenses	79	48	400	28	7	-	562
Total Rental Expenses	6,133	2,872	19,482	7,151	1,286	-	36,923
Net Profit (Loss) from Rental Operation	12,892	(325)	30,135	4,084	354	-	47,139
Loss BF	-	(669)	(105)	-	-	-	(774)
Rental Operation Income (Loss) After Loss BF	12,892	(994)	30,030	4,084	354	-	46,365
Rental income tax (30%)	3,868	(298)	9,009	1,225	106	-	13,910
WHT Receivable	(303)	(13)	(509)	(53)	(10)	-	(888)
Rental Income tax payable	3,565	(312)	8,500	1,172	97	-	13,022

	2025						
	Addis Ababa	Oromia Regional Gov't (LMB)	Oromia Regional Gov't (PMB)	Sidama Regional Gov't	Harari Regional Gov't	South Regional Gov't	Total
Income:	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
Rental Income	18,691	2,965	43,030	10,255	1,493	18	76,452
Expenses:							-
Salaries and Wages	1,384	2,033	7,409	2,544	791	-	14,160
Insurance	762	71	689	568	108	0	2,198
Depreciation	25	36	122	36	6	2	225
Repair and maintenance	2,014	3,133	7,047	3,378	251	-	15,823
Cleaning	-	1	53	2	-	-	56
Building charges	-	-	21	-	-	-	21
Utilities	534	75	542	249	-	-	1,401
Other Expenses	9	5	468	87	8	-	578
Total Rental Expenses	4,728	5,355	16,351	6,863	1,164	3	34,462
Net Profit (Loss) from Rental Operation	13,963	(2,390)	26,680	3,392	329	16	41,990
Loss BF	-	(23,604)	-	-	(81)	-	(23,685)
Rental Income (Loss)	13,963	(25,994)	26,680	3,392	249	16	18,305
WHT Receivable	(888)	(69)	(404)	(37)	(10)		(1,408)
Rental Operation Income (Loss) After Loss BF	13,074	(26,063)	26,275	3,355	239	16	16,897
Rental income tax (30%)	3,922	(7,819)	7,883	1,007	72	5	5,069

		30 June 2026 ETB'000	30 June 2025 ETB'000
53	**Cash and bank balances**		
	Cash in hand	4,774,204	3,924,505
	Reserve account with National Bank of Ethiopia	67,500,000	25,800,000
	Balance held with National Bank of Ethiopia	9,547,991	10,911,404
	Deposits with foreign banks	86,887,098	78,688,427
	Deposit with local banks maturing in three months	61,096	1,154,113
	Investment in Open Market Operation (OMO) maturing in three months	55,564,623	18,029,589
	Interbank lending maturing in three months	3,401,644	1,202,984
	Treasury Bills Maturing in three months	7,024,798	19,450,440
		234,761,455	159,161,462
	Less: Loss allowances	(11,739)	(7,958)
		234,749,717	159,153,504
	Maturity analysis		
	Current	167,261,455	133,361,462
	Non-Current	67,518,043	25,800,000
		234,779,498	159,161,462

53a Cash and cash equivalents

Cash and bank balances in the statement of cash flows with NBE reserve balance are the same as on the statement of financial position as the Bank had no bank overdrafts at the end of each reporting period

	30 June 2026 ETB'000	30 June 2025 ETB'000
Cash on hand	4,774,204	3,924,505
Deposit with local banks Maturing in three months	61,096	1,154,113
Deposit with foreign banks	86,887,098	78,688,427
Balances held with National Bank of Ethiopia	9,547,991	10,911,404
Interbanks lendings maturing in three months	3,401,644	1,202,984
Investments in Open Market Operation (OMO) maturing in three months	55,564,623	18,029,589
Treasury Bill Maturing in three months	7,024,798	19,450,440
	167,261,455	133,361,462

We have reclassified local deposits, OMO & Inter bank money lending and treasury bills maturing in three months as cash and bank balances and the remaining as investment securities.

		30 June 2026 ETB'000	30 June 2025 ETB'000
54	Loans and advances to customers		
	Domestic trade and services	60,422,527	50,718,925
	Export	56,724,377	41,303,429
	Building and construction	36,276,206	31,535,785
	Import	32,512,477	29,704,758
	Manufacturing	28,423,562	21,768,991
	Transport	4,713,949	2,829,340
	Personal loans	16,957,347	18,594,106
	Merchandise	125,144	106,166
	Agriculture	1,302,118	538,745
	Staff loans and advances	9,949,698	8,900,896
	Murahabah Financing-Domestic Trade	11,673,053	6,136,531
	Murahabah Financing-Export	70,003	536,320
	Murahabah Financing-Agriculture	34,674	28,181
	Murahabah Financing-Building and construction	719,991	733,202
	Murahabah Financing-Import	920,967	576,539
	Murahabah Financing-Manufacturing	1,835,964	1,265,877
	Murahabah Financing-Transport	601,557	86,320
	Overseas Emp. Agencies Qard_IFB	9,288,315	3,926,880
	Murahabah Financing-personal	20,395	257,969
	Murabaha Financing -Staff loans & advances	1,556,402	51,736
		274,128,728	**219,600,696**
	Loan Loss Allowance_Stage 1	(1,159,926)	(1,136,344)
	Loan Loss Allowance_Stage 2	(388,141)	(484,377)
	Loan Loss Allowance_Stage 3	(4,103,133)	(2,949,916)
		(5,651,200)	(4,570,637)
		268,477,527	**215,030,059**

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54 Loans and advances to customers (Continued)

54a Impairment allowance on loans and advances to customers

A reconciliation of the allowance for impairment losses for loans and advances to customers by class, is as follows:

	As at 30 June 2024 ETB'000	Charge for the year 2025 ETB'000	As at 30 June 2025 ETB'000	Remeasurement and Charge for the year 2026 ETB'000	As at 30 June 2026 ETB'000
Domestic trade and services	727,190	(703,752)	23,438	1,693,370	1,716,808
Building and construction	141,197	467,889	609,085	(264,732)	344,353
Manufacturing	92,319	1,792,288	1,884,607	(958,244)	926,363
Export	507,110	(10,978)	496,132	(116,630)	379,502
Import	508,685	439,584	948,269	1,178,092	2,126,362
Transport	33,791	195,434	229,225	(195,219)	34,006
Merchandise	2,170	173,082	175,252	(166,282)	8,970
Agriculture	15,007	35,675	50,682	(33,877)	16,805
Personal	75,227	(37,602)	37,624	16,930	54,554
Staff loans and Advances	44,435	(43,477)	958	13,683	14,641
Interest Free Banking	43,329	72,034	115,364	(86,528)	28,836
	2,190,459	2,380,178	4,570,637	1,080,563	5,651,200

55 Investment securities

	30 June 2026 ETB'000	30 June 2025 ETB'000
Financial assets at fair value through OCI :		
Financial assets at FVOCI (equity investments)	1,456,683	1,210,531
	1,456,683	1,210,531
Financial assets at amortized cost :		
Treasury Bills	33,421,201	18,809,773
DBE Bond	5,979,462	5,010,339
Deposits with Local Banks	3,643,087	72,280
Treasury Bonds	23,470,511	7,784,837
	66,514,261	**31,677,229**
Less: Loss allowances	(3,326)	(1,584)
	66,510,935	**31,675,645**

The above lists of financial assets have been classified as amortized cost and FVOCI model due to their nature.
The Bank has pledged NBE Bills with a face value of ETB 3.532 Billion to secure currencies that the Bank carries in its vault on behalf of the NBE.

55 Investment securities (Continued)

The Bank equity investment

Investees	30 June 2026 ETB'000	Fair Value Adjustments ETB'000	Additional Investment ETB'000	30 June 2025 ETB'000
Ethiopian Reinsurance Share co.	58,024	(24,858)	-	82,882
Awash Insurance Share co.	279,482	(1,337)	67,135	213,684
Eth-Switch Solution Share co.	958,877	176,434	2,366	780,077
Negat Mechanical Engineering Share Co.	470	84	-	386
ODA Share Co.	97,022	594	-	96,428
PSS Trading Share Co.	16,226	11,195	2,228	2,803
Capital Financial Excellence Center S.C	4,056	(1,658)	2,355	3,360
Ethiopian Securities Exchange share Co.	42,526	1,158	10,457	30,911
	1,456,683	161,612	84,540	1,210,531

As draft financial statement of Negat Mechanical Engineering Share Co. was not ready for valuation, the last valuation date for our investee was on June 30, 2025.

Investee's Dividend	30 June 2026 ETB'000	30 June 2025 ETB'000
Awash Insurance S.C.	44,438	36,534
Ethswitch Share Company	46,141	46,762
Ethiopian Reinsurance S.C.	10,157	8,576
ODA Share Co.	27,437	-
Capital Financial Excellence Center S.C.	494	145
	128,666	92,016

There is no investee company derecognized during the period with dividend declaration.

56 Investment in Subsidiaries

	30 June 2026 ETB'000	30 June 2025 ETB'000
Investment in Subsidiaries	188,998	94,499

Awash Capital S.C is a subsidiary of Awash Bank S.C. The subsidiary was formed in May 2025 by the Bank together with four other shareholders through the acquisition of shares. The Bank holds 97.17% ownership interest, while the remaining shares are held by the other shareholders. The fair value of the consideration is represented by the cash value of shares paid at the time of formation. The subsidiary was established to engage in advisory service, underwriting, mergers and acquisitions, portfolio and fund management, investment consultation, research, and related services. The voting right is equal with the controlling right. Consequently, the Bank has the power to direct the relevant operational and financial activities of Awash Capital, is exposed to variable returns from its involvement, and can use that power to affect those returns., and it is accounted for in accordance with IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements. Further details are provided in Note 2.23. The subsidary is accounted for using the equity accounting method.

Awash Capital S.C.	30 June 2026 ETB'000	30 June 2025 ETB'000
Opening net assets 1 July	94,499	94,499.00
Profit (Loss) for the period (97.17%)	(8,090)	-
Additional Investment/(Dividend capitalised)	94,499	-
Closing net assets	180,908	94,499.00

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57 Investment in associate	No of Shares	Proportion of ownership	30 June 2026 ETB'000	30 June 2025 ETB'000
Premier Switch Solutions S.Co.	110,213	25.90%	172,582	151,437

57a Nature of relationship

Premier Switch Solutions Share Co. is a consortium owned by six private banks; Awash Bank, Nib International Bank, United Bank, Berhan International Bank, Addis International Bank and Cooperative Bank of Oromia. It was established in 2009 by the visionary banks to save the high investment cost of the modern payment platform and deliver electronic payment services to financial institutions with a shared system. It commenced operation officially on 5 July 2012 with 165 million ETB. Recently, Awash Bank holds 110,213 shares which is 25.90% of the total shareholding of the entity.

In accordance with the shareholders' agreement, Awash Bank has the right to cast 25.90% of the votes at shareholders' meetings.

The associate is accounted for using the equity accounting method.

The financial year end date of Premier Switch Solutions Share Co. is 30 June. This was the reporting date established when that company was incorporated. For the purposes of applying the equity method of accounting, the provisional financial statements of Premier Switch Solutions Share co. for the year ended 30 June 2026 have been used.
The financial information in respect of the associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements.

Premier Switch Solution S.C	30 June 2026 ETB'000	30 June 2025 ETB'000
Current assets	312,855	365,180
Non-current assets	439,685	197,274
Current liabilities	(31,809)	(70,091)
Non-Current liabilities	(47,564)	(33,930)
Net Assets	673,168	458,433

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57 Investment in associate (continued)

Summarised statement of comprehensive income	30 June 2026 ETB'000	30 June 2025 ETB'000
Income	411,861	421,624
Operating expense	(264,001)	(318,440)
Profit from continuing operation	147,860	103,184
Finance income	203	7,152
Finance costs	-	(2,529)
Net finance income (costs)	203	4,623
Profit(loss) before tax	148,063	107,807
Income tax expense	(44,419)	(31,967)
Profit after tax	103,644	75,840
Legal reserve	(5,182)	(3,792)
Board Allowances	-	-
Unrealized profit	(9,432)	-
Net profit for the year	**89,030**	**72,048**

The amount recognised in the income statement as share of profit/(loss) from investment in associate during the year is as follows:

Share of profit from associate	**23,059**	**21,960**

Reconciliation of the above summarised financial information to the carrying amount of the interest in Premier Switch Solutions Share co. (PSS) recognised in these financial statements:

	30 June 2026 ETB'000	30 June 2025 ETB'000
Opening net assets 1 July	471,841	352,572
Profit for the period	89,030	47,048
Additional Investment/(Dividend capitalised)	102,865	72,220
Closing net assets	**663,736**	**471,841**
Bank's share in %	25.90%	30.48%
Bank's share in ETB	171,908	151,437
Carrying amount on the Bank's financial statement	**171,908**	**151,437**

Previous year's Net asset discolsed based on provisional financial statement for the associate has been updated by audited financial statement of the associate.

The current year's financial statements reflect the correction of a prior-period error relating to the overstatement of draft net assets by ETB 25 million. The adjustment has been recognized against opening net assets, and comparative figures have been restated to present the corrected net asset position in accordance with IAS 8. Accordingly, the opening net assets of ETB 496,841 million have been restated to ETB 471,841 million after recognizing the prior-period adjustment.

58 Other assets

	30 June 2026 ETB'000	30 June 2025 ETB'000
Financial Assets		
Uncleared Effects	3,413	184,622
Murabaha Profit Receivable	6,611,446	4,183,572
Other Receivables	20,456,815	10,521,380
Gross amount	27,071,674	14,889,574
Less: Loss allowances (note 20a)	(337,878)	(203,292)
	26,733,796	14,686,282
Non-financial assets		
Repossessed collateral	87,672	26,575
Prepayments	2,355,001	1,443,361
Office supplies	824,197	811,579
Prepaid staff asset	3,036,570	3,053,549
Gross amount	6,303,440	5,335,064
	33,037,236	20,021,346
Maturity analysis		
Current	27,557,994	15,497,861
Non-Current	5,479,243	4,523,485
	33,037,236	20,021,346

The prepaid staff asset is computed at market interest rate to determine the fair value of staff loans provided to employees below market rate.

58a Loss allowance on other assets

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

	30 June 2026 ETB'000	30 June 2025 ETB'000
Balance at the beginning of the year	203,294	95,976
(Reversal)/charge for the year (note 10)	141,063	108,046
Receivables - Bad Debts Write Off	(6,479)	(728)
Balance at the end of the year	337,878	203,294

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59 Right of Use Assets and Lease Obligation

The Bank leases a number of assets including land and buildings. Information about leases for which the Bank is a lessee is presented below:

i. Right-of-Use assets:

Cost:	Land ETB'000	Building ETB'000	Total ETB'000
Balance at 01 July 2024	35,875	5,080,057	5,115,932
Additions	389,411	1,263,263	1,652,673.89
Disposal	-	(54,379)	(54,379)
Balance at 30 June 2025	**425,286**	**6,288,941**	**6,714,227**
Additions	10,845	1,506,446	1,517,291
Disposal(Adjustement)	(25,813)	-	(25,813)
Balance at 30 June 2026	**410,318**	**7,795,387**	**8,205,705**
Amortisation			
Balance at 01 July 2024	(3,433)	(2,136,454)	(2,916,464)
Additions	(9,235)	(821,722)	(830,957)
Disposal	-	54,379	54,379
Balance at 30 June 2025	(12,668)	(2,903,797)	(2,916,464)
Additions	(11,897)	(954,402)	(966,299)
Reclassification & Adjustment	7,950	8,362	16,312
Balance at 30 June 2026	**(16,615)**	**(3,849,836)**	**(3,866,451)**
Net Carrying Value at 30 June 2025	**412,618**	**3,385,145**	**3,797,763**
Net Carrying Value at 30 June 2026	**393,703**	**3,945,551**	**4,339,254**

ii. Lease Liabilities:

	Land ETB'000	Building ETB'000	Total ETB'000
Balance at 01 July 2024	5,470	885,573	891,043
Additions	36,177	218,709	254,886
Interest expense in P & L	3,938	85,228	89,166
payment of leases	(151)	(204,187)	(204,338)
Balance at 30 June 2025	**45,434**	**985,324**	**1,030,757**
Additions	10,307	199,363	209,670
Interest expense in P & L	3,960	85,373	89,333
payment of leases	(151)	(166,530)	(166,681)
Balance at 30 June 2026	**59,549**	**1,103,529**	**1,163,078**

Maturity analysis	30 June 2026 ETB'000	30 June 2025 ETB'000
Current	325,535	96,515
Non-Current	827,237	888,809
	1,152,772	985,324

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The Bank recognises a lease liability at the present value of the lease payments that are not paid at that date. The Bank uses an incremental borrowing rate that is based on the weighted average cost of deposits across the years. The rates used to compute the present values of buildings lease liabilities as at 30 June 2026 was 9%.

The Bank leases buildings for its office space and branches. The building leases typically run for a period between 2 and 15 years with the majority of the contracts running for a period of 5 and 7 years. All leases do not include an option to renew the lease for an additional period at the end of the contract term. There are 1003 active contracts in this physical period.

The Bank leases land for construction of its own office buildings and lease arrangement transferred from previous lessee. The land leases typically run for a period of between 20 years and 70 years with majority of the contracts running for a period of 70 years. The lease arrangements do not include an option to renew the lease.

60 Investment Properties

	30 June 2026 ETB'000	30 June 2025 ETB'000
Cost:		
At the beginning of the year	22,088	22,088
Acquisitions	18,315	-
At the end of the period	**40,403**	**22,088**
Accumulated depreciation:		
At the beginning of the year	(2,889)	(2,457)
Charge for the year	(780)	(432)
At the end of the period	**(3,668)**	**(2,889)**
Net Carrying Amount	**36,735**	**19,199**

Amounts recognised in profit or loss for investment properties and other properties classified under PE.

Rental income from investment and other properties classified under Investment property and PPE	82,562	77,030
Depreciation of investment properties	780	432

Fair value measurement of the Bank's Investment properties

Investment 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 properties are initially measured at fair value as deemed cost and subsequently measured at depreciated cost (less any accumulated impairment losses). Depreciation is calculated using the straight-line method to allocate costs less residual values over the estimated useful lives of 50 years.

The fair value of the Bank's investment property as at 30 June 2026 is ETB 130.65 million (30 June 2025: ETB 65.33 million million). The fair value of the Bank's investment property has been estimated by in-house engineers, qualified estate surveyors and 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.

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61 Intangible assets-Computer software

	Purchased software ETB'000
Cost:	
As at 1 July 2024	448,656
Acquisitions	316,564
Disposal	(3,189)
As at 30 June 2025	762,031
Acquisitions	376,664
Adjustment	(7,319)
Disposal	(45,832)
As at 30 June 2026	1,085,544
Accumulated amortisation	
As at 1 July 2024	167,767
Amortisation for the year	94,434
Disposal	(3,189)
Impairment losses	-
As at 30 June 2025	259,012
Amortisation for the year	139,146
Disposal	(30,570)
Impairment losses	-
As at 30 June 2026	367,588
Net book value	
As at 30 June 2024	**280,889**
As at 30 June 2025	**503,019**
As at 30 June 2026	**717,956**

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62 Property and equipment

	Freehold Land	Buildings	Motor vehicles	Furniture, fittings and equipments	Computer equipment	Construction-work in progress	Total
	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000	ETB'000
Cost:							
As at 1 July 2024	4,391	2,389,773	1,838,090	4,293,513	1,794,199	1,344,378	11,664,344
Adjustments	-	-	-	-	-	-	-
Additions	-	361,916	433,878	455,870	154,279	1,146,461	2,552,404
Disposals	-	-	-	(111)	74	-	(37)
Reclassifications	-	-	(15,547)	(19,887)	(2,969)	-	(38,403)
As at 30 June 2025	4,391	2,751,689	2,256,421	4,729,385	1,945,583	2,490,839	14,178,308
As at 1 July 2025	4,391	2,751,689	2,256,421	4,729,385	1,945,583	2,490,839	14,178,308
Adjustments	-	(1,001)	-	-		-	(1,001)
Additions	-	13,188	243,184	900,109	95,300	3,044,815	4,296,596
Disposals	-	-	(54,693)	(27,863)	(14,941)	-	(97,497)
Reclassification	-	(18,315)	-	-	-	-	(18,315)
As at 30 June 2026	4,391	2,745,562	2,444,913	5,601,631	2,025,942	5,535,654	18,358,092
Accumulated depreciation							
As at 1 July 2024	-	271,642	499,432	1,066,498	648,956	-	2,486,528
Charge for the year	-	54,390	173,811	440,554	209,618	-	878,373
Adjustments/Reclassifications	-	-	-	(73)		-	(73)
Disposals	-	(579)	(6,984)	(14,558)	(2,523)	-	(24,644)
As at 30 June 2025	-	325,453	666,259	1,492,421	856,051	-	3,340,616
As at 1 July 2025	-	325,453.00	666,259.00	1,492,421	856,051	-	3,340,184
Depreciation Charge for the year	-	54,742	180,768	348,575	170,206	-	754,291
Adjustments/ Transfer charge	-	(432)	-	11,284	-	-	10,852
Disposals/ Reclassifications	-	-	(27,274)	(20,219)	(11,741)	-	(59,234)
As at 30 June 2026	-	379,763	819,753	1,832,061	1,014,516	-	4,046,094
Accumulated Impairment							
As at 1 July 2024	-	-	-	52	184	-	236
Charge/ Reversal for the year	-	-	-	-	-	-	-
Disposals	-	-	-	(1)	(50)	-	(51)
As at 30 June 2025	-	-	-	51	134	-	185
As at 1 July 2025	-	-	-	51	134	-	185
Charge/ Reversal for the year	-	-	-	-	-	-	-
Disposals	-	-	-	-	(11)	-	(11)
As at 30 June 2026	-	-	-	51	123	-	174
Net book value							
As at 1 July 2024	4,391	2,118,131	1,338,658	3,226,963	1,145,059	1,344,378	9,177,580
As at 30 June 2025	4,391	2,426,236	1,590,162	3,236,913	1,089,398	2,490,839	10,837,939
As at 30 June 2026	4,391	2,365,798	1,625,160	3,769,519	1,011,302	5,535,654	14,311,824

62 Property and equipment (Continued)

62.1. Construction in progress represents directly attributable costs related to IT projects and construction of buildings.

62.2. Upon impairment review, the net book values of property and equipment do not exceed their recoverable amounts. Furthermore, the bank disposed majority of impaired property and equipment during the period.

62.3. Property and equipment include ETB 4.391 million freehold land with indefinite economic life that is not depreciated.

62.4. From the total cost of building ETB 40.4 million, has been reclassified as investment property due to reclassification-change in use.

62.5 Property and Equipments with an amount ETB 524.061 million (Motor vehicle:ETB 129.613 million, Furnitures, Fittings and Equipments: ETB 102.026 million and Computers:ETB 292.423 million) has been fully depreciated.

63 Deposits from customers

	30 June 2026 ETB'000	30 June 2025 ETB'000
Demand deposits	160,164,286	115,915,310
Savings deposits	216,736,575	157,706,690
Time deposits	32,155,247	22,451,930
Amana Deposit-Demand Private Sector	21,489,303	9,819,227
Mudarabah Savings deposits	96,358	16,330
Wadi'ah-Saving Private Sector	38,031,299	25,392,311
Wadi'ah -Labbaik Account	134,446	149,681
Wadi'ah -Student Solution	211,234	154,090
Mudarabh Investement Term Deposit	476,370	1,297,666
	469,495,118	**332,903,235**
Maturity analysis		
Current	437,339,871	310,451,305
Non-Current	32,155,247	22,451,930
	469,495,118	**332,903,235**

64 Borrowings

	30 June 2026 ETB'000	30 June 2025 ETB'000
Short and Medium term borrowings	287,940	184,283
	287,940	**184,283**

The Bank entered into a 5-year loan agreement with the Development Bank of Ethiopia (DBE) at an interest rate of 12% per annum similar to 12% on 30 June 2025. The Bank will use the borrowed funds to provide loans to Small and Medium Enterprises (SMEs).

65 Other liabilities

	30 June 2026 ETB'000	30 June 2025 ETB'000
Financial liabilities		
Deferred income	830,561	275,305
Letter of credit margin payables	37,764,734	25,457,206
Blocked accounts	69,069	60,888
Cheques issued	465,691	564,211
Exchange commission payable	9,219	27,487
Murabaha Deffered Income	5,894,252	3,765,902
Accounts payable	2,753,842	2,937,741
Loss Allowances on LC and Guarantee commitments	22,435	6,919
Gross amount	**47,809,804**	**33,095,659**

	30 June 2026 ETB'000	30 June 2025 ETB'000
Non-financial liabilities		
Accruals	1,544,694	1,039,192
Directors' Allowance	1,525	1,562
Accrued Audit fee	3,910	3,393
Provisional liabilities-Bonus	3,770,803	2,584,791
provision for doubtful debt- litigation Cases	1,264,593	2,204,392
Provision for doubtful debt and assets damage- North Ethiopia conflict	172,146	172,146
Other payables	1,876,022	1,258,437
Dividends payable	361,873	129,313
Tax payable	953,630	147,777
Gross amount	**9,949,197**	**7,541,003**
	57,759,000	**40,636,662**

Maturity analysis		
Current	19,994,266	15,179,456
Non-Current	37,764,734	25,457,206
	57,759,000	**40,636,662**

Provision for doubtful debt and assets damage- North Ethiopia conflict - As a result of conflict in the Northern Part of Ethiopia in Tigray Region, the management of the Bank has made prudential judgements and estimates on the loss occurrance on the assets of the Bank. Thus, the Bank has made a total provision of ETB 172.146 million (2025: 72.146 million). Hence, the management belived that the Bank provided sufficient amount of provision.

Tax payable includes capital gains tax, value added tax (VAT), income tax, tax on interest paid on savings deposits, and withholding taxes. In accordance with Proclamation No. 1341/24 of the Federal Government, a 15% VAT is levied on fee- and charge-based transactions and is collected from customers.

66 Severance and Retirement benefit obligations

	30 June 2026 ETB'000	30 June 2025 ETB'000
- Severance & Gratuity (note)	1,081,910	995,883
Liability in the statement of financial position	1,081,910	995,883
Income statement charge included in personnel expenses:		
- Severance & Gratuity (note)	260,715	231,578
Total defined benefit expenses	260,715	231,578
Remeasurements for:		
- Severance & Gratuity (note)	(91,546)	26,702
	(91,546)	26,702

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

Maturity analysis

	30 June 2026 ETB'000	30 June 2025 ETB'000
Current	260,715	231,578
Non-Current	821,195	764,305
	1,081,910	995,883

Severance and Gratuity

The employee benefit plan is made up of two (2) unfunded schemes which are severance benefits that are paid on voluntary withdrawal and retirement gratuity paid on retirement. These plans have been aggregated in determining the retirement benefit obligation as the inherent risks applicable to these plans have been assessed not to be materially different.

The key financial assumptions are the discount rate and the rate of salary increases. The provision for gratuity was based on an independent actuarial valuation performed by Act Serv Acturial Services East Africa Ltd using the projected unit credit method.

The Bank does not maintain any assets for the schemes but ensures that it has sufficient funds for the obligations as they crystallise.

66 Severance and Retirement benefit obligations (Continued)

(i) Severance Benefit

The severance benefits are based on statutory severance benefits in Ethiopia. The statutory severance benefits are set out in Labour Proclamation No. 1156/2019. This benefit is summarised below:
Clause 39 (1) (h) of the Labour Proclamation sets out that any worker who has completed their probation and who is not eligible for pension is entitled to a severance benefit:
h) Where he has given service to the employer for a minimum of five years' service and his contract of employment is terminated because of sickness or death or his contract of employment is terminated on his own initiative provided that he has no contractual obligation relating to training to render service to the employer.
Clause 40 of the Labour Proclamation sets out the amount of the benefit, as follows:
The benefit applicable would be:
• thirty times the average daily wages of their last week of service for the first year of service, with part-years pro-rata, plus
• ten times the average daily wages of their last week of service for each completed year of service after the first.
To a maximum of one years' wages payable to the member.Where the Company closes or reduces its work force, an additional multiple of sixty times the average daily wages of their last week of service is payable.

Bank Paid Benefits

The bank valued severance benefits payable on death or resignation after a minimum of 5 years' service only for all employees, as it is applied by the Bank.
Furthermore, one months' salary is divided by 30 to get the daily salary applied in the severance benefit calculation.

(ii) Retirement gratuity scheme

The long service awards is the only applicable to employees that reach the retirement age. Employees who attain this age while in a managerial position are entitled to 3 months final monthly salary while for other employees, it is 2 months final salary. The scheme is not funded hence, there are no plan assets.

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

	30 June 2026 ETB'000	30 June 2025 ETB'000
A Liability recognised in the financial position		
	1,081,910	995,883

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66 Severance and Retirement benefit obligations (Continued)

B Amount recognised in the profit or loss

	30 June 2026 ETB'000	30 June 2025 ETB'000
Current service cost	110,458	76,847
Interest cost	150,257	154,731
	260,715	231,578

C Amount recognised in other comprehensive income:

	30 June 2026 ETB'000	30 June 2025 ETB'000
Actuarial (Gains)/Losses on demographic assumptions	-	-
Actuarial (Gains)/Losses on economic assumptions	(243,822)	120,827
Actuarial (Gains)/Losses on experience	113,042	(82,682)
	(130,780)	38,145
Deferred tax (liability)/asset on remeasurement gain or loss	39,234	(11,444)
	(91,546)	26,702

D Changes in the present value of the defined benefit obligation

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

	30 June 2026 ETB'000	30 June 2025 ETB'000
At the beginning of the year	995,883	766,965
Current service cost	110,458	76,847
Interest cost	150,257	154,731
Retirement benefit paid	(43,908)	(40,805)
Remeasurement (gains)/ losses	(130,780)	38,145
At the end of the year	1,081,910	995,883

The significant actuarial assumptions were as follows:

i) Financial Assumption Long term Average

	30 June 2026	30 June 2025
Discount rate (p.a)	15.50%	14.60%
Long term salary increases (p.a)	10.00%	12.20%
Average Rate of Inflation (p.a)	8.00%	14.20%

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66 Severance and Retirement benefit obligations (Continued)

ii) Mortality in Service

The rate of mortality assumed for employees are those published in the Demographic and Health Survey ("DHS") 2016 report compiled by the CSA. The DHS report provides male and female mortality rates for 5 year age bands from age 15 to age 49. For ages over 47 we have assumed that mortality will be in line with the SA85/90 ultimate standard South African mortality tables published by the Actuarial Society of South Africa ("ASSA"), since the rates in these tables are similar to the DHS female mortality rate at age 47. These rates combined are approximately summarized as follows:

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

iii) Withdrawal from Service

The withdrawal rates are believed to be reasonably representative of the Ethiopian experience. The valuation assumed a rate of withdrawal of 15% at the youngest ages falling with increasing age to 2.5% at age 45.

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

		Impact on defined benefit obligation			
		30 June 2026		30 June 2025	
	Change in assumption	Impact of an increase	Impact of a decrease	Impact of an increase	Impact of a decrease
		ETB'000	ETB'000	ETB'000	ETB'000
Discount rate	1.0%	1,040,907	1,126,791	926,083	1,070,013

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66 Severance and Retirement benefit obligations (Continued)

		Impact on defined benefit obligation			
			30 June 2026	30 June 2025	
	Change in assumption	Impact of an increase	Impact of a decrease	Impact of an increase	Impact of a decrease
		ETB'000	ETB'000	ETB'000	ETB'000
Salary Increase	1.0%	1,120,606	1,046,194	1,069,607	925,263

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.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. The average duration of the severance and gratuity scheme at the end of the reporting period is five years (30 June 2026: five years).

67 Share capital

	30 June 2026 ETB'000	30 June 2025 ETB'000
Authorised:		
Ordinary shares of ETB 1,000 each	55,000,000	55,000,000
Issued and fully paid:		
Ordinary shares of ETB 1000 each	38,492,985	27,874,601
Issued but not fully paid:		
Ordinary shares of ETB 1000 each	16,507,015	23,227,633
Share Reconcilation		
Number of shares outstanding at the beginning of the period	27,874,601	20,313,532
Number of shares Purchased by Cash	2,584,658	2,519,610
Number of shares Purchased by Dividend	8,033,726	5,041,459
Number of shares outstanding as at the end of the period	**38,492,985**	**27,874,601**

68 Share Premium

	30 June 2026 ETB'000	30 June 2025 ETB'000
At the beginning of the year	227,838	1,389
Addition during the year	253,819	226,449
	481,657	**227,838**

Increase in share premium is due to additional shares issued and paid by customers for Birr 1,500 per share.

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69 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.

	30 June 2026 ETB'000	30 June 2025 ETB'000
Profit attributable to shareholders	29,341,603	18,712,623
Weighted average number of ordinary shares in issue	34,186,713	23,892,770
Basic & diluted earnings per share (ETB)	**858**	**783**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive shares at the reporting date (30 June 2026:nil), hence the basic and diluted earnings per share have the same value.

70 Retained earnings

	30 June 2026 ETB'000	30 June 2025 (As Restated) ETB'000
At the beginning of the year	12,314,318	6,867,789
Appropriated from retained earnings	(21,960)	(24,590)
Opening balance adjustment	-	1,631,579
Profit/ (Loss) for the year	29,341,603	18,712,623
Transfer to Legal reserve	(7,335,401)	(4,678,156)
Transfer from/to Risk Regulatory Reserve	(2,950,234)	(4,033,927)
Directors' allowance	(1,520)	(1,562)
Dividend declared	(9,977,018)	(6,159,439)
At the end of the year	**21,369,788**	12,314,318

In line with AABE's Directive No. 683/2024 on "how to account for Change resulting from Asset Re-valuation or Adjustment upon and following the Adoption of International Financial Reporting Standards" ETB 683.329 was kept under Retained earnig that was arised from IFRS- Adoption Remeasurement.

The current year's financial statements reflect the correction of a prior-period error relating to the understatement of other income. A provision of ETB 2.591 billion was fully recognized for tax litigation; however, ETB 0.960 billion was settled in July 2025. The remaining balance of ETB 1.632 billion has been adjusted as a prior-period item and recognized as both other income and a provision in the current financial period. Accordingly, the opening balance of retained earnings has been restated. Comparative figures have also been restated to present the corrected income position in accordance with IAS 8.

71 Legal reserve

	30 June 2026 ETB'000	30 June 2025 ETB'000
At the beginning of the year	13,674,270	8,996,115
Transfer from profit or loss	7,335,401	4,678,156
At the end of the year	**21,009,671**	13,674,270

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

72 Risk regulatory reserve

	30 June 2026 ETB'000	30 June 2025 ETB'000
At the beginning of the year	5,592,680	1,558,753
Transfer from retained earnings	-	-
Loan Loss provision transfer from Retained Earnings	1,824,526	2,629,292
Off balance sheet provision transfer from Retained Earnings	863,237	1,461,653
Other asset and Suspended interest (net) transfer from/to Retained Earnings	262,473	(57,017)
At the end of the year	**8,542,916**	**5,592,680**

Provisions under prudential guidelines are determined using the time based provisioning prescribed by the National Bank of Ethiopia (NBE) Directives. This is at variance with the expected credit loss model required by IFRS under IFRS 9. As a result of the differences in the provision, there will be variances in the impairments allowances required under the two methodologies. Similarly, interest on non-performing loans are suspended as per NBE directive, while IFRS 9 prescribes to recognize stage 3 loans interest income net of impairement losses.

The proclamation 'Financial Reporting Proclamation No.847/2014 stipulates that Banks would be required to make provisions for financial assets as prescribed in the relevant IFRS Standards when IFRS is adopted.

However, Banks would be required to comply with the following:

(a) Provisions for loans & advances and other assets are recognised in the income statement based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under the NBE Directives and the expected impact/changes in other reserves are treated as follows:

• Prudential provisions is greater than IFRS provisions; the excess resulting should be transferred from the general reserve (retained earnings) account to a "regulatory risk reserve".

• Prudential provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account.

• Interest suspended in the previous years and regularized in the current year is compared with current year stage 3 loans interest income recognized net of impairment losses. The difference between the two is transferred to "regulatory risk reserve".

(b) The non-distributable reserve should be classified under Tier 1 as part of the core capital.

The provisions of off-balance sheet exposures of local guarantees, commitments to provide loans and advances, letters of credit, and other (i.e., foreign bank counter guarantees) as per NBE Directve No. SBB/90/2024 are included in the Loss Allowances on LC and Guarantee commitments.

73 Other reserves

	30 June 2026 ETB'000	30 June 2025 ETB'000
At the beginning of the year	300,799	207,766
Fair value reserve	103,764	119,735
Re-measurement gains on defined benefit plans (net of tax)	91,546	(26,702)
At the end of the year	**496,109**	**300,799**

74 Cash generated from operating activities

	Notes	30 June 2026 ETB'000	30 June 2025 ETB'000
Profit before tax		**38,312,238**	**25,668,278**
Adjustments for non-cash items:			
Foreign exchange gains/losses	2.5 & 46	(5,238,372)	(10,410,581)
Depreciation of property and equipment	2.9 & 62	754,291	878,373
Amortisation of intangible assets	2.1 & 61	108,577	94,434
Amortisation of Right of Use Assets	2.21 & 59	951,982	830,957
Investment in associate	2.11 & 60	(21,145)	(36,735)
Adjustments on property and equipment reclassification	2.9 & 62	(48,382)	73
Impairment (Reversal) on loans and advances to customers	2.6 & 54	1,080,563	2,380,177
Depreciation on investment properties	2.11 & 54	780	432
Impairment on other assets	2.13 & 58	141,063	107,318
Impairment charge / (reversal) on bills and bonds	2.6 & 55	5,523	5,277
Impairment charge / (reversal) on off-balance sheet items	2.6 & 65	15,516	5,651
Interest expense on Lease Liability	2.21 & 59	89,333	89,166
Severance and Retirement Benefit Obligations		260,715	231,578
PSS profit reversal	2.22 & 52	(21,960)	(24,590)
Changes in working capital:			
-Decrease/ (Increase) in loans and advances	2.6 & 54	(54,528,032)	(36,085,041)
-Decrease/ (Increase) in restricted deposits	2.6 & 53	(41,700,000)	(9,300,000)
-Decrease/ (Increase) in other assets	2.13 & 58	(18,120,345)	(7,488,249)
-Increase/ (Decrease) in Borrowings	2.6 & 64	103,657	77,266
-Increase/ (Decrease) in other liabilities	65	16,956,074	27,913,684
-Increase/ (Decrease) in customer's deposit	2.6 & 63	136,591,883	107,136,137
		75,693,959	**102,073,604**

75 Related party transactions

Awash Bank Share Company is owned by over 12,439 shareholders without an ultimate parent company. Premier Switch share company (PSS) is the only associate of the Bank. See note 19 for the details of the Bank's relationship with PSS.

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

75a *Transactions with related parties*

	Relationship	30 June 2026 ETB'000	30 June 2025 ETB'000
Income received from	Associate	21,229	23,616
Payment made to PSS	Associate	(290,376)	(123,272)
Payment made to Awash Capital	Subsidiary	10,162	-
Net Transaction		(258,985)	(99,656)

The Bank has a receivable of ETB 33.4 million from Awash Capital S.C.

	Relationship	30 June 2026 ETB'000	30 June 2025 ETB'000
Key management personnel: Board of Directors and Executive			
Loans and advances	Board of Directors	109,279	77,864
	Chief Executive Officer	-	-
	Other Executive Officers	95,304	3,588,923
		204,583	**3,666,787**

Loans and advances to key management personnel are issued at the same interest rate as staff loans (7%). These loans are assessed annually and reported at the effective market rate. The loans are secured with collateral valued at ETB 524.65 million. The Board of Directors interest in the Bank shares is 0.2%.

75b *Key management compensation*

It has been determined that key management is the members of the Board of Directors and the Executive Management of the Bank. The compensation paid or payable to key management is shown. There were no sales or purchase of goods and services between the Bank and key management personnel as at 30 June 2026.

	30 June 2026 ETB'000	30 June 2025 ETB'000
Board allowances to BOD	2,960	2,165
Chief Executive Officer:		
Salaries and short term benefits	132,300	11,760
Post-employment benefits	2,880	2,208
Other long term benfits	2,913	4,753
	138,093	**18,721**
Other Executive Officers:		
Salaries and short term benefits	103,522	84,565
Post-employment benefits	16,486	12,583
Other long term benefits	21,917	95,886
	141,925	**193,035**

Compensation of the Bank's key management personnel includes salaries, non-cash benefits and contributions to the post-employment defined benefits plans. During the year, the Board of Directors approves shares and other benefit in kind to the lower, middle and top managements of the Bank.

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76 Contingent assets and liabilities

76a *Claims and litigation*

The Bank is a party to numerous legal actions brought by different organizations and individuals arising from its normal business operations. On the other hand, the Bank has various litigation claims arising from its normal business operations. The maximum outflow and inflow of exposure from/to the Bank for these legal cases as at 30 June 2026 is ETB 683.46 million and ETB 424.55 million (30 June 2025: ETB ETB 187.65 million and ETB 768.35 million) respectively.

76b *Guarantees and letters of credit*

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

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

	30 June 2026 ETB'000	30 June 2025 ETB'000
Guarantees	36,320,540	25,026,500
Letters of credit	110,003,950	80,109,540
	146,324,490	**105,136,040**

77 Commitments

	30 June 2026 ETB'000	30 June 2025 ETB'000
Loan commitments	6,336,643	5,611,820
Other commitments	4,143,344	4,460,758
	10,479,987	**10,072,578**
	156,804,477	**115,208,618**

The Bank has commitments, not provided for in these financial statements for the year 30 June 2026 is ETB 156.804 billion (30 June 2025: ETB 115.209 billion), being exposure of the Bank from commercial letters of credit, guarantees to customers, loan commitments and other commitments. Other commitments represent commitments made in respect of the estimated cost 4.143 billion to complete the Bank's construction work in progress.

77 Commitments (Continued)

77a Lease commitments - Bank as lessee

The Bank leases various properties under non-cancellable operating lease agreements. The lease terms are between two and fifteen years, and the majority of these lease agreements are renewable before the end of each lease period at market rate.The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2026 ETB'000	30 June 2025 ETB'000
No later than 1 year	325,535	642,036
Later than 1 year and no later than 5 years	753,710	708,732
Later than 5 Years	73,527	4,917
Total	1,152,772	1,355,685

77b Lease commitments - Bank as lessor

The Bank acts as lessor of office spaces. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases (such as those concerning dividends, additional debt and further leasing).

Future minimum lease payments under non-cancellable operating leases as at 30 June are, as follows:

	30 June 2026 ETB'000	30 June 2025 ETB'000
No later than 1 year	85,441	36,634
Later than 1 year and no later than 5 years	11,932	5,307
Later than 5 Years	-	-
Total	97,373	41,941

78 Events after reporting period

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.