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Tsedey Bank



Audit Report

2024/25

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Bank of all!

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Tsedey Bank

Our Mission

Greatly contributing to the socio-economic transformation of Ethiopia by providing modern, inclusive and efficient banking services using the best available systems and technologies and through the hard work and commitment of its highly competent staff.

Our Vision

To become the leading inclusive and transformative commercial bank in Ethiopia by the year 2030.

Core Value

- Professionalism
- Integrity
- Service Excellence
- Sense of Ownership
- Inclusiveness

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Bank of all!

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Tsedey Bank

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Tsedey Bank

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Tsedey Bank S.C.
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For the year ended 30 June 2025

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Directors (As of 30 June , 2025)	Title	Appointment Date
1 Dr. Dresse Sahilu	Board Chairperson	8-Apr-24
2 Dr. Ahmedin Mohammed	Board Vice chairperson	8-Apr-24
3 Dr. Seid Nuru	Board Director	8-Apr-24
4 Dr. Abate Getahun	Board Director	8-Apr-24
5 Dr. Alemayehu Kebede	Board Director	8-Apr-24
6 Mr. Endris Abdu	Board Director	8-Apr-24
7 Dr. Semma Tiruneh	Board Director	8-Apr-24
8 Mr.Abebe Abebayehu	Board Director	8-Apr-24
9 Mr. Zemenu Addis	Board Director	8-Apr-24
10 Mr. Zemene Ayechew	Board Director	8-Apr-24
11 Mr. Adeno Kidane	Board Director	8-Apr-24
12 Dr. Ferehiwot Endale	Board Director	8-Apr-24

Senior Management (As of 30 June, 2025)

1. Ato Mekonnen Yelewemwessen	President	10-Nov-01
2. Ato Gashaw Workneh	Vice President - Human Capital	27-Mar-05
3. Ato Agazie Getahun	Vice President - Micro & Small Finance	26-Apr-10
4. Ato Tewabe Ayshishem	Vice President - Assistance to the President	27-Feb-14
5. Ato Temesgen G/Egziabher	Vice President - Finance & Treasury	1- Mar-16
6. Ato Yirga Getenet	Vice President - Credit Operations	15-May-24
7. Ato Wondie Wodaje	Vice President - International Banking	1-Nov-22
8. Ato Dereje Chanie	Vice President - Proerty & Facility Management	1-Sep-23
9. Ato Ermias Zewde	Vice President – Information	1-Sep-23
10. Ato Tewodros Bezuneh	Vice President - Internal Audit	1-Sep-23
11. Ato Tewodros Tadesse	Vice President - Digital & Branch Banking	1-Sep-23
12. Ato Yilma Kassahun	Vice President - Risk Compliance & Management	1-Sep-23
13. Ato Yohannes Mengistu	Vice President - Corporate Strategy & Marketing	1-Sep-23
14. Ato Mulualem Zewdie	Director Legal Service & Debt Recovery	1-Jul-23
15. Ato Mamenie Endale	Company Secretory	1-Apr-25

Independent auditor

Tafesse, Shisema and Ayalew (TMS PLUS) Certified Audit Partnership (Eth.)
Chartered Certified Accountants (ACCA)
P.O.Box 110690
Tel. +251 11662 12 70/60
Addis Ababa, Ethiopia

Actuaries

: QED Actuaries & Consultant Kenya Ltd
Nairobi Garage, Watermark Business Park,
Nairobi, Kenya

Consultant- Investment Valuation

: PricewaterhouseCooper Association Africa Limited
PWC Center, Avenue de Telfair,
Telfair 80829
Moka, Republic of Mauritius

Registered office

Region:	Addis Ababa
City /Town:	Addis Ababa
Woreda/ Sub-City:	Lideta SubCity
Kebele:	7
Mailin Address:	Senga Tera
Telephone:	+251 11 558 4133
Website:	www.tsedeybank-sc.com

Addis Ababa, Ethiopia

Principal Bankers

- Commercial Bank of Ethiopia
- Development Bank of Ethiopia
- Abay Bank S.C
- Awash Bank S.C
- United Bank S.C
- Wegagen Bank S.C
- Buna Bank S.C
- Abssinya Bank S.C
- Enat Bank S.C
- Berihan Bank S.C
- Dashen Bank S.C
- Aktif Yatrim Bankasi A.S Istanbul,Turkey
- Bank of Beirut, UK Ltd, London
- CAC International Bank Djibouti, Djibouti
- East Africa Bank Djibouti, Djibouti
- Exim Bank S.C Djibouti, Djibouti
- Kenya Commercial Bank, Kenya

Report of the Directors

The directors submit the report together with the audited financial statements for the year ended 30 June 2025, to the shareholders of Tsedey Bank (the Bank). This report discloses the financial performance and state of affairs of the Bank in accordance with IFRS and in the manner required by Accounting and Auditing Board of Ethiopia.

Incorporation and address

Tsedey Bank Share Company (S.C.) is transformed from Amhara Credit & Savings Institution (ACSI). ACSI was initially established and licensed as a microfinance share company in April 1997. It has been one of the largest Microfinance Institutions (MFIs) in Ethiopia as well as in Sub Saharan Africa. The Bank has got its banking business license from National Bank of Ethiopia (NBE) on January 28, 2022, and the authorization to commence banking operation on September 20, 2022. The Bank operates in accordance with the licensing and supervision of banking business proclamation No. 592/2008 and the amended proclamation No. 1159/2019.

Lideta Sub city

Woreda 07

Around Senga Tera

P.O.Box 9630
Addis Ababa, Ethiopia

Principal activities / Business activities/

The Bank's current business activity is dominantly microfinance, targeting low-income individuals and households. As part of commencing conventional banking services, the Bank has started offering corporate deposits, loans, and international banking services, among others. Corporate deposits are mobilized from large public enterprises, private companies, and government offices. Corporate lending services comprise loans extended to medium and large enterprises for categories such as pre-shipment export loans, advance on import bills, overdraft facilities, merchandise, and term loans. International banking services include money transfer services, remittance services, trade (import-export services), NBE dealings, and exchange at forex bureaus.

Results

The Bank's loss for the year ended 30 June 2025 has been transferred to retained earnings. The summarized results are presented below.

	30 June 2025	30 June 2024
Total operating income	4,858,376,418	4,771,955,534
Profit / (loss) before tax	(1,436,969,784)	174,274,415
Tax (charge) / credit	91,360,580	421,373,350
Profit / (loss) for the year	(1,345,609,203)	595,647,765
Other comprehensive income / (loss) net of taxes	(785,664,238)	806,792,623
Total comprehensive income/ (loss) for the year	**(2,131,273,441)**	**1,402,440,388**
Earnings per share of Birr 1000 par value	**(132.39)**	**60.61**

Directors

The directors who held office during the year and to the date of this report are set out on page 2.

Dresse Sahilu (PHD)
Chairperson of Board of Directors
Addis Ababa, Ethiopia

In accordance with the Financial Reporting Proclamation No. 847/2014 and the Banking Business Proclamation No. 1159/2019, the Accounting and Auditing Board of Ethiopia (AABE) and the National Bank of Ethiopia (NBE) may require the Bank to prepare its financial statements in accordance with International Financial Reporting Standards (IFRS), regardless of any changes in their designation or subsequent replacements from time to time

a) exhibit clearly and correctly the state of its affairs;
b) explain its transactions and financial position; and
c) enable the regulatory body 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 Bank's Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, Banking Business Proclamation, Commercial code of 1243/2021 and the relevant Directives issued by the National Bank of Ethiopia.

The Directors have given their opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss.

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

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

Signed on behalf of the Directors by:

Dresse Sahilu (PHD)
Chairperson of Board of Directors

Ato Mekonnen Yelewemwessen
President

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS OF TSEDEY BANK SHARE COMPANY

Report on the Audit of the financial statement

Opinion

We have audited the financial statements of Tsedey Bank Share Company specified on page 10-79, which comprise the statement of financial position as at 30 June 2025, the statement profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with international ethics Standards Board for Accountants Codes of Ethics for professional accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis
for our opinion.

Key Audit Matters

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

1. As described in **note 6** to the financial statements, the impairment losses have been determined in accordance with IFRS 9 Financial Instruments. This was considered a key audit matter as IFRS 9 is a complex accounting standard which requires significant judgment to determine the impairment losses.
2. **IFRS 13** requires entities to measure fair value using observable inputs whenever possible, and unobservable inputs only when observable inputs are not available. In the case of the Bank's investment in other entities, the Bank has determined that there are no observable inputs available to measure fair value. Therefore, the Bank has used a valuation model that incorporates unobservable inputs, such as the

discount rate and future cash flows.

The use of unobservable inputs in the valuation model poses a risk of material misstatement, as the Bank's judgment in determining these inputs could be biased or inaccurate. We have identified this as a key audit matter because of the following factors:

- The Bank's investment in other entities is significant, is material to the financial statements.
- The valuation of the investment is complex and requires the use of a number of unobservable inputs.
- The company's equity investment decreased by Birr 607,440,038 during the year. This significant reduction may indicate that an incorrect or inconsistent valuation method was applied in determining the fair value of the investment.

To address this key audit matter, we have performed the following audit procedures:

- We assessed the Bank's valuation methodology and evaluated the reasonableness of the key assumptions used in the valuation model.
- We compared the Bank's valuation results to those of independent market participants.

Based on our audit procedures, we believe that the Bank's valuation of its investment in other entities is reasonable and in accordance with IFRS 13. However, we recommend that the Bank consider the following actions to mitigate the risk of material misstatement in the future:

- Consider using a valuation methodology that incorporates more observable inputs.
- Regularly monitor the performance of the investment and update the valuation model as needed.
-

Emphasis of Matter

We draw attention to the fact that, due to the ongoing conflict in the region, we were unable to access and perform further audit procedures for certain branches located at the kebele level. These branches are, however, included in the financial statements based on management's records and representations. Our opinion is not modified in respect of this matter.

Responsibilities of Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Report on other Legal and Regulatory requirement

We have no comment to make on the report of your Board of Directors so far as it relates to these financial statements in accordance with the Commercial Code of Ethiopia of 2021 (Proclamation No-1243/2021), recommend approval of the financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ayalew Asres.

Tafesse,Shisema and Ayalew Certified Audit Partnership
Chartered Certified Accountants (UK)
Authorized Auditors (ETH)

Addis Ababa
31 October 2025

Tsedey Bank S.C.
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2025
(in Ethiopia Birr)

	Notes	30-Jun-2025	30-Jun-2024
Interest income from loan	24	6,069,453,939	6,307,587,310
Interest expense	25	(2,571,385,809)	(2,068,584,183)
Net interest income		**3,498,068,130**	**4,239,003,127**
Fees and commission income	26	247,529,801	206,227,599
Fees and commission expense	27	(24,123,072)	(22,652,195)
Net fee and commission income		**223,406,728**	**183,575,404**
Net gain on foreign exchange valuation	28	596,645,142	14,198,514.13
Other operating income	29	540,256,418	335,178,489
		1,136,901,560	**349,377,003**
Total operating income		**4,858,376,418**	**4,771,955,534**
Loan impairment charge	**6**	(328,981,687)	363,337,787
Other Assets Impairment Charge	**9(a)**	(80,658,308)	(25,771,863)
		(409,639,994)	**337,565,924**
Net operating income		**4,448,736,424**	**5,109,521,458**
Salaries and other employee benefits	30	(4,914,936,856)	(4,050,371,395)
Other operating expenses	33	(818,415,269)	(856,465,661)
Depreciation on property, plant and equipment	31	(107,632,779)	(81,008,052)
Depreciation charge - lease	34	(34,643,353)	53,188,737
Amortization of Intangible asset	32	(10,077,951)	(590,672)
		(5,885,706,208)	(4,935,247,043)
Profit before tax		**(1,436,969,784)**	**174,274,415**
Income tax expenses	22	91,360,580	421,373,350
Profit for the year after tax		**(1,345,609,203)**	**595,647,765**
Profit for the year after business income tax			
Other comprehensive income			
Items that will not be subsequently reclassified into profit or loss:			
Re-measurement gain/(loss) on Retirement benefits obligations	14	(254,606,000)	-
Deferred tax liability/(asset) on re-measurement benefit obligation		76,381,800	-
Change in equity investment at FVOCI	10	(607,440,038)	806,792,623
Total other comprehensive loss for the period		**(785,664,238)**	**806,792,623**
Total comprehensive loss for the year		**(2,131,273,441)**	**1,402,440,388**
Earnings per share of Birr 1000 par value		**(132.39)**	**17.73**

Dresse Sahilu (PHD)
Chairperson of Board of Directors

Ato Mekonnen Yelewemwessen
President

	Notes	30-Jun-2025	30-Jun-2024
Cash and cash equivalents	5	12,202,691,743	6,754,911,507
Loans and advances to customers (Net)	6	48,874,658,178	42,358,338,775
Investment in securities:			
Financial assets at amortized cost	10(a)	1,232,207,703	752,217,703
Financial assets at fair value - OCI	10(b)	1,652,012,084	2,259,852,122
Other assets and prepayments	9	4,143,399,314	3,442,852,726
Property, plant and equipment	7	2,136,793,437	1,576,985,719
Intangible assets-Net	8	138,867,576	4,128,704
Right-of-Use Asset	34	181,648,013	109,472,598
Construction in progress	7	4,200,219,439	3,167,315,449
Deferred tax assets	22(C)	679,409,581	454,960,061
Profit Tax Payable		107,146,359	-
Total Assets		**75,549,053,427**	**60,881,035,365**
Deposit from customers	11	45,787,207,414	37,498,076,119
Borrowing	12	3,739,454,259	589,929,960
Defined benefits obligations	14	1,864,553,374	1,265,832,078
Lease Liability	35	264,983,006	183,177,286
Other liabilities	13	10,147,503,105	8,604,932,821
Deferred tax liability	22(a)	238,985,491	182,278,352
Profit Tax Payable		107,146,359	-
Total Liability		**62,149,833,007**	**48,324,226,616**
Share capital	15	10,500,472,000	9,828,048,000
Donated Equity	17	191,964,104	191,964,104
Legal reserve	18	1,168,007,830	1,202,114,860
Capital reserve	21	4,792,005	5,298,177
General reserve	18(a)	-	-
Reserve on value of equity investment-OCI	10	461,752,268	1,194,915,231
OCI-Defined Employee Benefit	14	(1,323,460,200)	(1,145,236,000)
Regulatory Risk Reserve		3,507,179,544	136,428,119
Retained earning	19	(1,111,487,132)	1,143,276,258
Total equity		**13,399,220,420**	**12,556,808,749**
Total liability and equity		**75,549,053,427**	**60,881,035,365**

The financial statements on page 10 to 13 were approved and authorized for issue by the board of directors on 31 October 2025 were signed on its behalf by:

Dresse Sahilu (PHD)
Chairperson of Board of Directors

Ato Mekonnen Yelewemwessen
President

	Share capital	Donated Equity	Capital reserve	Legal reserve	General reserve	Reserve on value of equity investment	Regulatory Risk Reserve	OCI-Defined Employee Benefit	Retained earning	Total
Balance as at 1 July 2023	9,828,048,000	191,964,104	5,298,177	947,620,936	4,222	388,289,608	-	-	958,630,525	12,319,855,572
Profit for the year						-			595,647,763	595,647,763
Net change in equity investment at FVOCI						806,792,623				806,792,623
Remeasurements Defined Benefit Plan								(1,145,236,000)		(1,145,236,000)
Increase of the share capital										-
Increase in Donated capital										-
Transfer to legal reserve				254,493,924					(254,493,924)	-
Reserve For IFRS Adjustment										-
Prior period adjustment					(4,222)	(167,000)			(20,079,987)	(20,251,209)
Transfer to regulatory risk reserve							136,428,119		(136,428,119)	-
Balance 30 June 2024	**9,828,048,000**	**191,964,104**	**5,298,177**	**1,202,114,860**	**-**	**1,194,915,231**	**136,428,119**	**(1,145,236,000)**	**1,143,276,258**	**12,556,808,749**
Balance as at 1 July 2024	**9,828,048,000**	**191,964,104**	**5,298,177**	**1,202,114,860**	**-**	**1,194,915,231**	**136,428,119**	**(1,145,236,000)**	**1,143,276,258**	**12,556,808,749**
Profit for the year									(1,345,609,203)	(1,345,609,203)
Net change in equity investment at FVOCI						(733,162,963)				(733,162,963)
Remeasurements Defined Benefit Plan net of tax								(178,224,200)		(178,224,200)
Increase of the share capital	672,424,000								(672,424,000)	-
Increase in Donated capital										-
Transfer to legal reserve										-
Adjustment to legal reserve				(34,107,030)					34,107,030	-
Reserve For IFRS Adjustment										-
Regulatory Risk Reserve							3,370,751,426		(287,257,840)	3,083,493,586
Prior period adjustment			(506,172)						16,420,624	15,914,452
Balance 30 June 2025	**10,500,472,000**	**191,964,104**	**4,792,005**	**1,168,007,830**	**-**	**461,752,268**	**3,507,179,544**	**(1,323,460,200)**	**(1,111,487,132)**	**13,399,220,420**

Tsedey Bank S.C.
Statement of cash flows
For the year ended 30 June 2025
(in Ethiopia Birr)

	Notes	30/Jun/25	30/Jun/24
Net profit before business income tax		(1,436,969,784)	174,274,415
Adjustments for non-cash items:			
Impairment on other assets	6	80,658,308	25,771,863
Loan impairment charges	7.2	328,981,687	(363,337,787)
Depreciation of property, plant & equipment	8	68,731,475	59,270,263
Depreciation re-classification	8	38,901,304	21,737,789
Amortization - intangible assets	9	10,077,951	590,672
Amortization - right to use of assets	10	34,643,353	345,326,874
Fair value adjustment on equity investment	11		806,792,623
Defined benefits obligations (other impairment)	14	493,080,711	(1,145,236,000)
Adjustment in respect of prior year	19		(20,314,336)
Income tax paid	22	421,373,350	
		39,478,354	**(95,123,623)**
Changes in working capital			
Decrease/(increase) in loans and advances	6	(6,516,319,403)	(5,504,397,798)
Decrease/(increase) in other assets & pre-payment	9,10b, 22d	(14,439,809)	(960,421,221)
Increase/(Decrease) in customer deposits	11	8,289,131,295	3,328,244,275
Increase in lease obligations	35	81,805,720	35,755,914
Increase/(Decrease) in employee benefits	14	598,964,638	1,225,855,048
Increase/Decrease) in other liabilities	13	1,542,570,284	(347,307,125)
Net change in working capital		**3,981,712,725**	**(2,222,270,907)**
Net cash (outflow)/inflow from operating activities		**4,021,191,079**	**(2,317,394,530)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	7	(1,455,347,816)	(1,709,699,078)
Disposal of property, plant and equipment	7	1,967,583	-
Re-classification of property, plant & equipment	7	(244,996,671)	(253,161,323)
Acquisition of intangible assets	8	(144,816,823)	(4,214,207)
Acquisition of right to use	10	(72.175.415)	-
Acquisition of investment securities Amortised cost	11	(479,990,000)	(1,415,101,397)
Net cash (outflow)/inflow from investing activities		**(2,395,359,142)**	**(3,382,176,005)**
Cash flows from financing activities			
Additional capital contribution	15	672,424,000	-
Proceeds from borrowing	12	3,149,524,299	185,715,186
Settlement of borrowing	12		(378,861,016)
Net Increase/(decrease) donated capital	17	(0.21)	-
Net cash (outflow)/inflow from financing activities		**3,821,948,299**	**(193,145,830)**
Net increase/(decrease) in cash and cash equivalents		**5,447,780,235**	**(5,892,716,366)**
Cash and cash equivalents at the beginning of the year	5	6,754,911,507	12,649,968,117
Cash and cash equivalents at the end of the year	5	**12,202,691,743**	**6,757,251,751**

Dresse Sahilu (PHD)
Chairperson of Board of Directors

Ato Mekonnen Yelewemwessen
President

1. General Information

Tsedey Bank Share Company was established through the transformation of Amhara Credit and Saving Bank (ACSI) to a full- fledged bank with the aspiration of further ensuring sustainability and contributing to the socio-economic development of the society.

The Company conducts its business under the Law on Banking and Microfinance activity and is regulated by the National Bank of

Ethiopia ("NBE"). The address of its registered office is as follows:

Tsedey Bank S.C.
Lideta Sub City, Tsedey Bank Building Around
Senga Tera
Tele. +251 11 558 4133
P O Box 9630
Addis Ababa, Ethiopia

The Bank principal business activity is deposit mobilization and Credit Service to Corporate, retail and SME client.

2. Basis of preparation

2.1. Statement of compliance

The Bank has prepared a full set of financial statements for the year ended June 30, 2025 in accordance with International Financial Reporting Standards (IFRSs), International Accounting Standards and Interpretations (collectively IFRSs) as issued by the International Accounting Standards Board ("IASB"). Additional information required by National regulations is included where appropriate.

For this Bank reporting purpose, 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.

2.2. Basis of measurement

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below. Modified valuation applied for certain financial instrument classifications that shall be measured at fair value.

2.3. Functional and presentation currency

The financial statements are presented in Ethiopian Birr (Birr).

2.4. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Bank's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

2.5. Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

3. 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.

4. Summary of Significant Accounting Policies

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

4.1. Changes in significant accounting policies

New Standards, amendments, interpretations issued but not yet effective

4.1.1. Pronouncement and Effective date

Effective date of amendments to IFRS 18 from January 1, 2027

On 9 April 2024, the IASB issued 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. The amendments are effective for reporting periods beginning on or after 1 January 2027.

The key new concepts introduced in IFRS 18 relate to the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will replace IAS 1.

4.1.2. Impact on Bank's financial statements

The Bank shall apply the amendment when due.

4.2. Recognition of income and expenses

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

4.2.1. Interest income and expense

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

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

When calculating the effective interest rate for financial instruments other than purchased or originated credit- impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between

that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

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

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability.

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

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

Interest income and expenses presented in the statement of profit or loss and OCI includes:

- interest on financial assets measured at amortized cost;
- interest on financial liabilities measured at amortized cost

4.2.2. Dividend Income

Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the financial statements are authorized for issue, are disclosed in the subsequent events note.

4.2.3. Fees and commission

Fees and commissions are generally recognized on an accrual basis when the service has been provided. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognized on a straight-line basis over the commitment period. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of bonds, shares or other securities are recognized on completion of the underlying transaction. Service fees are recognized based on the applicable service contracts, usually on a time-apportionate basis. Performance-linked fees or fee components are recognized when the performance criteria are fulfilled.

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

4.2.4. 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 recognized in the income statement and it is further broken down into realized and unrealized portion.

4.2.5. Income Tax

(i) Current tax: - comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows: - Company income tax is computed on taxable profits based on the tax regulation.

(ii) Deferred tax: -is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are only offset when there is a legally enforceable right to offset current tax liabilities against current tax assets and the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.3. Financial assets and liabilities

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

i. Recognition and initial measurement

Financial assets

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. The Bank determine the classification of its financial assets at initial recognition. The Bank uses trade date accounting for regular way contracts when recording financial asset transactions.

Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Bank as at fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

The Bank designates certain financial assets upon initial recognition as at fair value through profit or loss (fair value option). This designation cannot subsequently be changed and can only be applied when the following conditions are met:

- The application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise; or
- The financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis

Financial instruments included in this category are recognized initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in profit or loss and are reported as 'Net gains/(losses) on financial instruments classified as held for trading'.

Interest income and expense and dividend income and expenses on financial assets held for trading are included in 'Net interest income' or 'Dividend income', respectively. Fair value changes relating to financial assets designated at fair value through profit or loss are recognized in 'Net gains on financial instruments designated at fair value through profit or loss'.

⇨ Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the Bank upon initial recognition designates as at fair value through profit or loss;
- those that the Bank upon initial recognition designates as available-for-sale

Loans and receivables are initially recognized at fair value which is the cash consideration to originate or purchase the loan including any transaction costs and measured subsequently at amortized cost using the effective interest method.

⇨ **Available-for-sale financial assets**

Available-for-sale financial assets are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognized at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognized in other comprehensive income and cumulated in a separate reserve in equity, fair value reserve, until the financial asset is derecognized. However, interest is calculated using the effective interest method

Financial liabilities

The Bank's holding in financial liabilities represents mainly deposits from customers, long term liabilities and other liabilities. Such financial liabilities are initially recognized at fair value and subsequently measured at amortized cost.

ii. Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI or Fair Value Through Profit or Loss (FVTPL). A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as 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 sppi
- A debt instrument is measured at fvoci only if it meets both of the following conditions and is not designated as 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 of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly re-

duces an accounting mismatch that would otherwise arise.

Business model assessment

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

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

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

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are 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.

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as 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).

The Bank holds a portfolio of long-term fixed-rate loans for which the Bank has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Bank has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Non-recourse loans

In some cases, loans made by the Bank that are secured by collateral of the borrower limit the Bank's claim to cash flows of the underlying collateral (non-recourse loans). The Bank applies judgment in assessing whether the non- recourse loans meet the SPPI criterion. The Bank typically considers the following information when making this judgment:

- Whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- The fair value of the collateral relative to the amount of the secured financial asset;
- The ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- Whether the borrower is an individual or a substantive operating entity or is a special purpose entity;
- The Bank's risk of loss on the asset relative to a full-recourse loan;
- The extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- Whether the Bank will benefit from any upside from the underlying assets.

Contractually linked instruments

The Bank has some investments in securitizations that are considered contractually linked instruments. Contractually linked instruments each have a specified subordination ranking that determines the order in which any cash flows generated by the pool of underlying investments are allocated to the instruments. Such an instrument meets the SPPI criterion only if all of the following conditions are met:

- The contractual terms of the instrument itself give rise to cash flows that are SPPI without looking through to the underlying pool of financial instruments;

- The underlying pool of financial instruments (i) contains one or more instruments that give rise to cash flows that are SPPI; and (ii) may also contain instruments, such as derivatives, that reduce the cash flow variability of the instruments under (i) and the combined cash flows (of the instruments under (i) and (ii)) give rise to cash flows that are SPPI; or align the cash flows of the contractually linked instruments with the cash flows of the pool of underlying instruments under (i) arising as a result of differences in whether interest rates are fixed or floating or the currency or timing of cash flows; and
- The exposure to credit risk inherent in the contractually linked instruments is equal t or less than the exposure to credit risk of the underlying pool of financial instruments.

Reclassifications

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

Financial liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or FVTPL.

iii. Derecognition

Financial assets

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire 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 in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss. Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized 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 is recognized as a separate asset or liability.

The Bank enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognized. Examples of such transactions are securities lending and sale—and—repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale and repurchase transactions, because the Bank retains all or substantially all of the risks and rewards of ownership of

such assets.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. An asset or liability is recognized for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial liabilities

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

iv. Modifications of financial assets and financial

Financial assets

If the terms of a financial asset are modified, then the Bank evaluates 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 are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

If the terms of a financial asset are modified, then the Bank evaluates 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 are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- Fees that are considered in determining the fair value of the new asset and fees that represent re-imbursement of eligible transaction costs are included in the initial measurement of the asset; and

- Other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. For floating—rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

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

Financial liabilities

The Bank derecognizes 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 is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and consideration paid is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Fair value measurement

`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 in the principal or, in it absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price- i.e. the fair value of the consideration given or received. if the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio level adjustments e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

v. Impairment Policy

The Bank recognizes loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments;
- Lease receivables; and
- Loan commitments issued.

No impairment loss is recognized on equity investments.

The bank measures loss allowances at an amount equal to lifetime ecl, except for the following, for which they are measured as 12-month ecl:

- 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 are always measured at an amount equal to lifetime ECL

The Bank's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The Bank adopts a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.

- **Stage 1:** Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of

default corresponding to remaining term to maturity is used.

- **Stage 2:** When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- **Stage** 3: Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

  The guiding principle for ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance is based on credit losses expected to arise over the life of the asset (life time expected credit loss), unless there has been no significant increase in credit risk since origination

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- 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
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- Significant financial difficulty of the borrower or issuer;

- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the bank on terms that the bank would not consider
- Otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired 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 is considered credit-impaired even when the regulatory definition of default is different.

is different.

Presentation of allowance for ECL in the statement of financial position

- Loss allowances for ECL are presented in the statement of financial position as follows:
- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- 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
- Debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

Write—off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset 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 is carried out at the individual asset level.

Recoveries of amounts previously written off are 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.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

4.4. Cash and cash equivalents

Cash and cash equivalents comprise cash at Bank and on hand, demand deposits with Banks and other financial Banks, demand deposits with third party merchants, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Bank's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

4.5. Property, plant and equipment Cost

4.5.1. Cost

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets including for self-constructed assets, the cost of materials, direct labor, the initial estimate, where appropriate, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

Construction in progress is transferred to other property, plant and equipment when it is ready for its intended use. Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

4.5.2. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment and investment property, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Asset Class
Building
Motor Vehicle – Motorcycle
Motor Vehicle
Furniture and Fittings
Office equipment
Computer equipment and accessories

Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits of the expenditure will flow to the bank. Recurrent repairs and maintenance are expensed as incurred.

4.5.3. De-recognition

Property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Gains and losses arising on disposal of an item of property and equipment are determined by comparing the net proceeds from disposal with the carrying amount of the item and are recognized net within other operating income in profit or loss.

4.6. Intangible

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

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortizations period and the amortizations 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 amortizations period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortizations expenses on intangible assets with finite lives is presented as a separate line item in the income statement.

Amortization is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follows:

Asset Class
Software

4.7. Non-Current assets held for sale

Repossessed non-financial collaterals acquired by the Bank in settlement of overdue loans and whose carrying amount will be recovered principally through a sale transaction rather than through use and a sale is considered highly probable are classified as non-current assets held for sale. They are measured at the lower of their carrying amount or fair value less costs to sell. Depreciation is not calculated on these assets.

4.8. Investment Property

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

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

Investment properties are measured initially at cost, including transaction costs. The Bank has opted to subsequently carry investment property at cost and disclose fair value. Fair value is based on active 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 valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of 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.

4.9 Other Assets

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

(a) Prepayment

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

(b) Other receivables

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

4.10. Leased assets

Most of the Bank's leases are operating leases which do not transfer substantially all the risks and rewards of ownership to the Bank Payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covering the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

4.11. Employee benefits

Salaries, bonus payments, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

4.12. Share capital

Share capital is the total of the Bank´s shares that are held by shareholders. Ordinary shares are classified as share capital in equity. Any premium received over and above the par value of the shares is classified as share premium.

1.13. Government Grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Bank receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to income statement over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

4.14. Impairment of non-financial assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that non-financial assets, including property, plant and equipment, long-term leasehold prepayments, intangible assets and other long-term assets may be impaired

4.15. Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Bank has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be reliably estimated, disclosure is made of the contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Provisions are recognized for liabilities of uncertain timing or amount when the Bank has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be reliably estimated, disclosure is made of the contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.16. Accounting judgments and estimates

(a) Accounting judgements

(i) Revenue recognition

To determine the satisfaction of performance obligations the Bank applies the following judgements:

- Where revenue is recognized over time, the Bank primarily uses the output method to measure progress; in limited business units, the input method is adopted when the Bank is unable to reasonably measure the outcome of a performance obligation. Judgements applied when using the output method include assessing progress and milestones achieved and determining if that represents the value of goods and/ or services delivered to the customer to date. Judgements applied when using the input method include determining if consumption of the resources relative to the total expected amount faithfully depicts the transfer of control of goods and/or services promised to the customer.

- Where revenue is recognized at a point in time, the Bank assesses the transfer of control by reference to the contractual terms and the circumstance of the arrangements including a consideration of past business practice. These include having a legal right to payment, title has passed, the customer

has the risks and rewards of ownership, or the customer is using the asset to generate value for themselves.

(b) Sources of estimation uncertainty

Key sources of estimation uncertainty are as follows:

(i) Revenue recognition

To determine the transaction price and the amounts allocated to performance obligations the Bank applies the following estimation:

- Variable consideration is estimated using the most likely amount or expected value based on the nature of the specific consideration and the analysis of relevant contract terms, taking into consideration historical, current and expected information.
- Obligations for returns and refunds are judged based on estimates made from historical information associated with similar products and anticipated rates of claims for the products.
- The collectability of a consideration is estimated at contract inception, based on the Bank's assessment on the customer's ability and intention to pay when due. The above estimation is inherent in revenue recognition and

(ii) Impairment of trade receivables and contract assets

The credit risk of customers is regularly assessed with a focus on the customer's ability and willingness to pay, reflected by the Bank's estimation of the expected credit loss allowance on trade receivables and contract assets. the Bank estimates expected credit loss by assessing the loss that will be incurred given customer default based on past payment experience and adjusted by the cash flow expected from collateral or credit risk mitigation received where these are considered to be integral to the asset, and by assessing the probability of default taking into account information specific to the customer as well as pertaining to the country and economic environment in which the customer operates. From January 1, 2019 the Impairment is assessed on an individual basis for trade receivables and contract assets meeting pre-determined criteria, including customers in financial difficulties, and contracts with risk mitigation arrangements or significant financing arrangements etc. Apart from receivables and contract assets that have been assessed and provided for individually, allowances are estimated using provision matrices by management with reference to the customers' credit risk ratings and aging analysis of the remaining trade receivable and contract asset balances. Different provision matrices have been developed by the Bank based on different customer groups which indicate different risk characteristics. If the financial condition of customers were to deteriorate or improve, or

actual future economic performance is different to the Bank's estimates, additional allowances or reversals may be required in future periods.

(iii) (Net realizable value of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market condition and the historical experience of distributing and selling products of similar nature. They could change significantly as a result of competitor actions in response to severe industry cycles or other changes in market condition. Management will reassess the estimations at the end of each reporting period.

(iv) Depreciation and amortizations

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. Intangible assets with finite useful life are amortized on a straight-line basis over the estimated useful lives. Both the period and method of depreciation and amortizations are reviewed annually. The depreciation and amortization expense for future periods is adjusted if there are significant changes, such as operational efficiency or changes in technologies, from previous estimates.

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 30 June 2025 and 2024 can be presented as follows:

	30-Jun-25	30-Jun-24
Cash on hand	3,487,804,576	2,076,763,959
Cash at Bank	7,630,712,234	4,346,688,492
Cash in Foreign Bank	1,088,534,556	333,799,301
Total cash and cash in equivalents	**12,207,051,366**	**6,757,251,751**
Less: Bank balance impairment	4,359,623	2,340,244
	12,202,691,743	**6,754,911,507**

6 LOANS TO CUSTOMERS

Loan to customers as at 30 June 2025 and 2024 can be presented as follows:

	30-Jun-25	30-Jun-24
Gross loans to customers		
Agriculture	26,207,607,911	22,550,425,447
Manufacturing	3,704,537,783	2,847,408,309
Domestic Trade and Services	12,142,904,611	12,295,534,098
Transport and Communication	884,170,756	730,533,482
Export and import	2,993,251,097	1,083,260,931
Electricity and Water	-	-
Building and Construction	2,746,517,177	1,733,902,137
Hotel and Tourism	205,459,653	49,578,153
Service	-	-
Interest Free Banking	909,831,636	175,648,951
Personal and consumer	197,511,595	1,680,199,623
Gross loans to customers	**49,991,792,220**	**43,146,491,130**
Less: allowance for impairment losses	**1,117,134,042**	**788,152,355**
Net loans to customers	**48,874,658,178**	**42,358,338,775**

Movements of the loan impairment allowance for the year ended 30 June 2025 and 30 June 2024 as follows:

	30-Jun-25	30-Jun-24
Balance at the beginning of the year	788,152,355	1,151,490,142
Provision expense IFRS	328,981,687	(363,337,787)
Balance at the end of the year	**1,117,134,042**	**788,152,355**

The following table provide information on the credit quality of the loan portfolio:

Loan impairment charge NBE	**30-Jun-25**	**30-Jun-24**
Provision expense - Loan	328,981,687	(363,337,787)

	30-Jun-25	**30-Jun-24**
Originated loans to customers according to the agreement		
Current and less than 90 days overdue	48,841,348,897	35,667,807,567
90 to 180 days overdue	334,376,884	4,203,855,338
180 to 365 days overdue	-	1,976,470,998
above 365 days overdue	816,066,439	1,298,357,228
Balance at the end of the year	**49,991,792,220**	**43,146,491,130**
Less: allowance for impairment losses	**1,117,134,042**	**788,152,355**
Balance at the end of the year	**48,874,658,178**	**42,358,338,775**
	0	0

Loan to customers is collateralized by:	**30-Jun-25**	**30-Jun-24**
Building	12,407,945,382	3,729,909,770
Machinery	55,307,633	-
Vehicle	19,308,788	11,526,000
Regional Government guarantee	-	-
Compulsory Deposit	-	-
Other	45,497,786,312	45,100,397,681
	57,980,348,114	**48,841,833,451**

Reconciliations of loans to customers according to the agreement and interest rate:

	30-Jun-25	**30-Jun-24**
Originated loans to customers according to the agreement	45,560,313,573	41,114,693,734
Accrued interest according to the agreement	4,431,478,647	2,031,797,396
Gross loans to customers according to the agreement	**49,991,792,220**	**43,146,491,130**
Gross loans to customers	**49,991,792,220**	**43,146,491,130**
Less: allowance for impairment losses	**1,117,134,042**	**788,152,355**
Net loans to customers	**48,874,658,178**	**42,358,338,775**
	-	0

Breakdown of current and noncurrent portions can be presented

	30-Jun-25	30-Jun-24
Current portion	12,497,948,055	10,786,622,783
Noncurrent portion	36,376,710,123	31,571,715,993
Total loan and advances	**48,874,658,178**	**42,358,338,775**
	(0)	(0)

Breakdown of Micro and Small Financing -**MSF** and Medium and Large Loan portions can be presented:

	30-Jun-25	30-Jun-24
Micro and Small Financing	42,199,463,206	35,279,289,579
Medium and Large Financing	7,792,329,014	7,867,201,551
Gross loans to customers according to the agreement	**49,991,792,220**	**43,146,491,130**
Gross loans to customers	**49,991,792,220**	**43,146,491,130**
Less: allowance for impairment losses	**1,117,134,042**	**788,152,355**
Net loans to customers	**48,874,658,178**	**42,358,338,775**

7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at 30 June 2025 and 2024 can be presented as follows:

Cost	Building	Computers (MIS)	Motor Vehicle	Equipment	Furniture	Construction in progress	Total
As at 01 July 2023	704,727,028	239,499,112	267,239,909	124,487,651	145,071,547	1,611,994,347	3,093,019,594
Additions	2,134,369	19,906,488	78,783,202	101,566,293	(48,012,376)	1,555,321,102	1,709,699,078
Reclassification	-	44,041,224	657,107	172,024,687	36,438,305		253,161,323
Disposal	-	-	-	-	-	-	-
As at 30 June 2024	**706,861,397**	**303,446,824**	**346,680,218**	**398,078,631**	**133,497,476**	**3,167,315,449**	**5,055,879,995**
As at 01 July 2024	706,861,397	303,446,824	346,680,218	398,078,631	133,497,476	3,167,315,449	5,055,879,995
Additions	5,447,775	450,241,680	33,933,339	(73,690,587)	6,511,620	1,032,903,990	1,455,347,816
Reclassification		91,518,388	6,756,560	110,032,989	36,688,734		244,996,671
Disposal	-	-	-	-	-	-	-
As at 30 June 2025	**712,309,172**	**845,206,893**	**387,370,117**	**434,421,032**	**176,697,829**	**4,200,219,439**	**6,756,224,482**
	712,309,172	**845,206,893**	**387,370,117**	**434,421,032**	**176,697,829**		
Accumilated depreciation							
As at 01 July 2023	75,493,841	47,971,382	56,620,232	32,311,417	18,173,902	-	230,570,775
Charge for the year	13,711,205	13,768,482	20,150,294	10,444,488	1,195,795	-	59,270,263
Reclassification	-	3,629,841	265,422	14,667,690	3,174,836	-	21,737,789
Disposals	-	-	-	-	-	-	-
As at 30 June 2024	**89,205,046**	**65,369,705**	**77,035,948**	**57,423,595**	**22,544,533**	**-**	**311,578,827**
As at 01 July 2024	89,205,046	65,369,705	77,035,948	57,423,595	22,544,533	-	311,578,827
Charge for the year	11,413,157	22,993,443	21,463,123	6,016,771	6,844,981		68,731,475
Reclassification	-	14,871,748	206,930	18,819,701	5,002,924		38,901,304
Disposals						-	-
As at 30 June 2025	**100,618,203**	**103,234,897**	**98,706,002**	**82,260,068**	**34,392,437**	**-**	**419,211,606**
Net Book Values							
As at 30 June 2025	**611,690,969**	**741,971,996**	**288,664,115**	**352,160,965**	**142,305,392**	**4,200,219,439**	**6,337,012,876**
As at 30 June 2024	**617,656,351**	**238,077,119**	**269,644,270**	**340,655,036**	**110,952,943**	**3,167,315,449**	**4,744,301,168**

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8 Intangible assets

Intangibles asset as at 30 June 2025 and 2024 Can be presented as follows:

Cost	
As per listing	
As at 30 June 2023	3,549,162
Acquisitions	4,214,207
Internal developed asset	
As at 30 June 2024	**7,763,369**
As at 30 June 2024	7,763,369
Acquisitions	144,816,823
Internal developed asset	
As at 30 June 2025	**152,580,193**
Accumulated amortization	
As at 30 June 2023	3,043,993
Amortization for the year	590,672
Impairment	
As at 30 June 2024	**3,634,666**
As at 30 June 2024	3,634,666
Amortization for the year	10,077,951
Impairment	
As at 30 June 2025	**13,712,616**
As at 30 June 2024 Net	**4,128,704**
As at 30 June 2025 Net	**138,867,576**

9 Other assets and prepayments

Other assets as at 30 June 2025 and 30 June 2024 can be presented as follows:

	30 Jun 25	30 Jun 24
Non-Financial Assets		
Inventory	132,469,750	155,353,669
Interbranch Accounts	(202,822,291)	404,589,712
Construction advance	11,184,160	179,605,073
Acquired Property	48,278,778	32,594,265
Advance on Salary	991,195,254	459,144,524
Bond Commission Receivable - DBE	1,016,942	1,031,485
Prepayments	229,981,984	10,237,389
Prepaid asset - staff loan	920,294,882	652,021,088
Other Assets	(826,119,955)	196,766,882
Other receivables	1,983,860,872	667,991,159
Prepaid Rent	631,687,412	624,388,123
Revenue Stamps	850	-
Inter Bank Money Lending	200,000,000	-
Interest receivable - other	148,953,655	107,093,408
Gross amount	**4,269,982,293**	**3,490,816,777**
Impairment allowance - other assets	(126,582,980)	(47,964,052)
	(126,582,980)	
Total other assets and Prepayment	**4,143,399,314**	**3,442,852,726**

Breakdown of current and noncurrent portions can be presented

	30-Jun-25	30-Jun-24
Current portion	3,445,236,529	1,305,659,569
Non current portion	698,162,784	2,137,193,157
Total Other asset and Prepayment	**4,143,399,314**	**3,442,852,726**

9(a) Impairment allowance on other assets

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

	30-Jun-25	30-Jun-24
Balance at the beginning of the year	50,680,592	24,908,729
Impairment loss on other receivables	79,266,003	22,283,248
Impairment loss on Treasury Bill	20,000	344,732
Impairment loss on DBE Bond	-	31,565
Impairment loss on Deposit on other Bank balance	2,019,379	2,340,244
Impairment loss on Loan commitments (Off Balance sheet)	(647,074)	772,074
(Reversal)/charge for the year	**80,658,308**	**25,771,863**
Balance at the end of the year	**131,338,900**	**50,680,592**

Impairment allowance for the years ended 30 June 2025 and 30 June 2024 can be presented as follows:

	30-Jun-25	30-Jun-24
Specific Impairment - other asset	131,338,900	50,680,592
Total specific Impairment - other asset	**131,338,900**	**50,680,592**

9(b) Inventory

A breakdown of the items included within inventory is as follows:	30-Jun-25	30-Jun-24
Supplies & stationary	120,621,564	144,363,235
Spares & items	7,498,432	6,367,883
Goods in transit	-	7,193
Cheque Book in Stock	4,106,882	4,348,072
CPO in Stock	242,872	267,286.74
IFB Supplies & stationary	-	-
IFB Spares & items	-	-
IFB Fixed asset in stock		
Total Inventory	**132,469,750**	**155,353,669**

9(C) Other Receivables

A breakdown of the items included within Other Receivables is as follows:

	30-Jun-25	30-Jun-24
Receivable from organizations	1,597,154,671	462,608,957
Receivable from M-Birr	13,979,639	90,926,608
Receivable from BOFEC- Afar Amibara	54,616,982	54,646,752
Water Pump Loan Receivable	5,380,795	5,790,912
Staff Receivable	133,217,285	45,316,547
Fee receivable	4,657	4,197
Receivable From individual	127,797,491	7,693,965
Et-Switch Receivable	144,774	1,003,220
Receivable from Legal Case	51,564,577	-
	1,983,860,872	**667,991,159**
Less: impairment allowance	**(126,457,980)**	**(47,191,977)**
	1,857,402,892	**620,799,181**

10 Investment securities Investment securities

Investment securities as at 30 June 2024 and 30 June 2023 comprises the following:

10(a) Financial Assets at amortized cost (Bonds)	30-Jun-25	30-Jun-24
NBE Treasury Bond	141,800,000	63,130,000
DBE Bond	1,090,804,000	689,464,000
Time Deposit	-	-
Less: impairment allowance on NBE/DBE Bond	(396,297)	(376,297)
	1,232,207,703	**752,217,703**

	30-Jun-25	30-Jun-24
10(b) Equity Investments at fair value-OCI		
Abay Bank S.C.	398,570,021	412,677,447
Abay Industry S.C.	409,632,900	1,119,509,732
Abay Insurance S.C.	30,873,040	56,020,967
Amhara Bank	10,166,220	10,383,614
ET INCLUSIVE FINANCE TECHNOLOGY	3,137,680	1,504,149
ET-Switch	281,372,511	157,640,356
Waliya Capital Goods Finance Business S.C.	285,096,260	268,552,406
(EIFTRI)	-	400,000
Tana Pulp and Paper S.C.	10,000,000	10,000,000
Bahir Dar Agro processing Industry S.C.	194,113,451	194,113,451
Amhara Garment PLC	1,000,000	1,000,000
Dessie Manufacturing of Wood Products Plc	1,000,000	1,000,000
Nuro Bezedie Management Consultancy Activates Plc	1,000,000	1,000,000
MEDARESHA Economic and Business Consultancy Plc	1,000,000	1,000,000
Tana Endowmwent	50,000	50,000
Tsedey Insurance S.C	25,000,000	25,000,000
	1,652,012,084	**2,259,852,122**

A breakdown of the Investment securities is as follows:

	30-Jun-25	30-Jun-24
Total Investment	**2,884,616,084**	**3,012,446,122**

	2024	Investment Amount Addition in 2025	30-Jun-25
Government Bond	63,130,000	78,670,000	141,800,000
NBE Treasury Bills	689,464,000	401,340,000	1,090,804,000
	752,594,000	**480,010,000**	**1,232,604,000**

	Percentage holding of investments	Investment Amount	Net change in equity during the period (OCI)	Investment Amount
Abay Bank S.C.	3.53%	412,677,447	(14,107,426)	398,570,021
Abay Industry S.C.	8.17%	1,119,509,732	(709,876,832)	409,632,900
Abay Insurance S.C.	3.04%	56,020,967	(25,147,927)	30,873,040
Amhara Bank	0.13%	10,383,614	(217,394)	10,166,220
ET INCLUSIVE FINANCE TECHNOLOGY	2.15%	1,504,149	1,633,531	3,137,680
ET-Switch	2.09%	157,640,356	123,732,155	281,372,511
Waliya Capital Goods Finance Business S.C.	50.12%	268,552,406	16,543,854	285,096,260
		-		-
		2,026,288,671	**(607,440,038)**	**1,418,848,633**
Tana Pulp and Paper S.C.		10,000,000		10,000,000
Bahir Dar Agro processing Industry S.C.		194,113,451		194,113,451
Amhara Garment PLC		1,000,000		1,000,000
Dessie Manufacturing of Wood Products Plc		1,000,000		1,000,000
Nuro Bezedie Management Consultancy Activites Plc		1,000,000		1,000,000
MEDARESHA Economic and Business Consultancy Plc		1,000,000		1,000,000
Tana Endowmwent		50,000.00		50,000
Tsedey Insurance S.C		25,000,000		25,000,000
Ethiopian Inclusive Finance Training & Research Institute (EI		400,000.00	(400,000.00)	-
		233,563,451	**-**	**233,163,451**
		2,259,852,122	**(607,440,038)**	**1,652,012,084**

	Investment Amount 2023	Addition in 2024	30-Jun-24
Government Bond	30,000,000	33,130,000	63,130,000
NBE Treasury Bills	213,674,000	475,790,0000	689,464,000
	243,674,000	**508,920,000**	**752,594,000**

				30-Jun-24
	Percentage holding of investments	Investment Amount	Net change in equity during the period (OCI)	Investment Amount
Abay Bank S.C.	4.44%	416,210,436	(3,532,989)	412,677,447
Abay Industry S.C.	7.18%	436,042,616	683,467,116	1,119,509,732
Abay Insurance S.C.	5.00%	47,646,421	8,374,546	56,020,967
Amhara Bank	0.15%	8,907,546	1,476,068	10,383,614
Waliya Capital Goods Finance Business S.C.	47.56%	266,655,828	1,896,578	268,552,406
ET-Switch	1.75%	39,437,762	118,202,594	157,640,356
ET INCLUSIVE FINANCE TECHNOLOGY	2.86%	4,595,439	(3,091,290)	1,504,149
		1,219,496,048	**806,792,623**	**2,026,288,671**

Tana Pulp and Paper S.C.	10,000,000		10,000,000
Bahir Dar Agro processing Industry S.C.	194,113,451		194,113,451
Amhara Garment PLC	1,000,000		1,000,000
Dessie Manufacturing of Wood Products Plc	1,000,000		1,000,000
Nuro Bezedie Management	1,000,000		1,000,000
MEDARESHA Economic and Business Consultancy Plc	1,000,000		1,000,000
Tana Endowmwent	50,000		50,000
Tsedey Insurance S.C	25,000,000		25,000,000
Ethiopian Inclusive Finance Training & Research Institute (EI	400,000		400,000
	233,563,451	-	**233,563,451**
	1,453,059,499	**806,792,623**	**2,259,852,122**

The fair value of the equity investment estimated by independent consultant, price Waterhouse Coopers (PWC). Pwc used fair value of comparative companies and adjusted for specific factors as a basis for fair valuation. It applied level II inputs in determining fair values for the Bank's equity investments.

11 Deposits from customers

Deposit from customers as at 30 June 2024 and 30 June 2023 comprises the following:

	30-Jun-25	30-Jun-24
Voluntary Saving	35,122,072,152	29,723,077,793
Compulsory saving	3,047,992,625	2,622,348,438
Demand Deposit	5,056,085,555	4,288,972,826
Time Deposit	2,327,220,566	708,349,259
Provident fund	148,153,766	139,130,244
Accrued interest on customer deposit	85,682,751	16,197,558
Total Deposit	**45,787,207,414**	**37,498,076,119**

Breakdown of borrowings by current and noncurrent portions can be presente

	30-Jun-25	30-Jun-24
Current portion	21,061,714,192	9,027,108,700
Noncurrent portion	24,725,493,222	28,470,967,419
Total Deposit	**45,787,207,414**	**37,498,076,119**

12 Borrowings

Borrowings as at 30 June 2025 and 30 June 2024 comprises the following:

	30-Jun-25	30-Jun-24
Borrowing	3,739,454,259	589,929,960
Total borrowings	**3,739,454,259**	**589,929,960**

Breakdown of borrowings by current and noncurrent portions can be presente

	30-Jun-25	30-Jun-24
Current portion	296,270,244	296,270,244
Noncurrent portion	3,443,184,015	293,659,716
Total borrowings	**3,739,454,259**	**589,929,960**

Following table details outstanding borrowings as at 30 June 2025 and 30 June 2024

Loan account	30-Jun-25	30-Jun-24
National Bank of Ethiopia (ELA)	1,048,070,102	-
Commercial Bank of Ethiopia (CBE)	1,662,639,282	-
Development Bank of Ethiopia -COVID	33,271,007	33,395,082
Development Bank of Ethiopia -IFAD	156,945,011	228,650,818
Development Bank of Ethiopia -IDA - Technology	30,000,000	13,010,715
Development Bank of Ethiopia -WEDP	353,381,815	130,615,624
Development Bank of Ethiopia -SME	313,929,232	179,388,161
Interest payable on Borrowings	141,217,809	4,869,560
	3,739,454,259	**589,929,960**

13.Other Liabilities

Other liabilities as at 30 June 2025 and 30 June 2024 comprises the following:

13(a) Financial liabilities	30-Jun-25	30-Jun-24
Revolving Fund	2,677,069,926	2,677,069,926
Payable to organizations	1,608,290,037	1,720,895,795
Insurance Payable	416,329,685	367,326,161
Payable to M-Birr	2,892,301	78,158,728
Bond Payable	103,599,279	101,808,059
Agriculture Input - CBE payable	3,502,406,119	2,450,524,415
Other liabilities	667,826,756	504,515,731
Unions Payables	260,012,404	112,138,459
Retention	179,116,741	135,934,228
Payable to Individuals	82,358,564	45,104,710
Deferred service charge	43,884,147	-
income Margin Held		25,691,580
Dividend Payable	4,371,719	
Impairment on Financial Guarantee	250	4,370
Impairment on L/C	21,942	14,073
Impairment loss on Court cases	1,391,826	2,238,399
	9,549,571,695	**8,221,424,635**
13(b) **Non-financial liabilities**		
Tax payable	109,408,156	57,349,282
Tax on interest paid	60,330,688	35,239,374
VAT Payable	12,281,489	111,163
Stamp Duty Charges	1,089,608	795,650
Pension payable	14,625,131	15,256,143
Accrued leave payable	400,145,231	250,701,460
Cash Indemnity Payable	51,106	24,055,113
	597,931,409	**383,508,186**
Total other liabilities	**10,147,503,105**	**8,604,932,821**

14. Employee benefits obligations

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

In addition to severance benefits, the Bank pays a retirement gratuity to employees who retire from the Banks follows:

Service at retirement	Gratuity Benefit
5 - 10 years	12 month's salary
10 - 15 years	18 month's salary
15 years +	24 month's salary

	30-Jun-25	30-Jun-24
Accrued severance Pay	1,864,553,374	1,265,832,078
Total Employee benefits obligations	**1,864,553,374**	**1,265,832,078**

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

	30-Jun-25	30-Jun-24
Amount recognized in the profit or loss		
Current service cost	93,128,000	72,068,000
Interest cost	267,158,000	**21,832,000**
Past service cost	-	
Total expense recognized in profit/(loss)	**360,286,000**	**93,900,000**

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

	30-Jun-25	30-Jun-24
At the beginning of the year	1,265,832,078	39,964,506
Current service cost	93,128,000	72,068,000
Benefits paid	(16,170,704)	(13,268,428)
Interest cost	267,158,000	21,832,000
Actuarial (Gains)/ Loss on economic assumptions	415,218,000	3,178,000
Actuarial (Gains)/ Loss on experience (liabilities)	(160,612,000)	1,142,058,000
Past service cost recognized in OCI	-	-
At the end of the year	**1,864,553,374**	**1,265,832,078**

The movements to be recognized under other comprehensive income (OCI) for the year ending 30 June 2024 are as follows.	30-Jun-25	30-Jun-24
Remeasurement recognized in OCI		
Actuarial (Gains)/ Loss on economic assumptions	473,845,000	3,178,000
Actuarial (Gains)/ Loss on experience (liabilities)	(159,931,000)	1,142,058,000
Expense/Income recognized in OCI	**313,914,000**	**1,145,236,000**

The key financial assumptions applied in the valuation, compared to those applied in the previous valuation are summarized as follows:

Financial Assumption Long-term Average

	30-Jun-25	30-Jun-24
Discount Rate	14.40%	19.80%
Inflation Rate	12.20%	14.30%
Salary increase Rate	12.20%	14.30%
Net pre-retirement Rate	**1.96%**	**4.81%**

15.Share Capital

Authorized and Paid-up	30-Jun-25	30-Jun-24
Issued and fully paid:		
9,828,048 Ordinary shares of 1,000 Birr each (9,828,048 as of 30 June 2024)	9,828,048,000	9,828,048,000
Additional share issued and paid	672,424,000	-
Issued and fully paid:		
10,500,472 Ordinary shares of 1,000 Birr each (10,500,472 as of 30 June 2025)	10,500,472,000	9,828,048,000

16.Earnings Per Share

Earnings per share for the year is computed by dividing the operating profit before legal reserves by the average number of shares outstanding during the year.

	30-Jun-25	30-Jun-24
Profit for the year	(1,345,609,203)	174,274,415
Weighted average share	10,164,260	9,828,048
Earnings per share	**(132.39)**	**17.73**

17.Donated Equity

Total donated capital as at 30 June 2025 and 30 June 2024 is as follows:

	30-Jun-25	30-Jun-24
At the beginning of the year	191,964,104	191,964,104
Increase during the year	-	-
At the end of the year	**191,964,104**	**191,964,104**

18 . Legal Reserve

Total legal reserve as at 30 June 2025 and 30 June 2024 is as follows:

	30-Jun-25	30-Jun-24
At the beginning of the year	1,202,114,860	947,620,936
Transfer from profit or loss	(34,107,030)	254,493,924
At the end of the year	**1,168,007,830**	**1,202,114,860**

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.

19 . Retained Earnings

	30-Jun-25	30-Jun-24
Total retained earnings as at 30 June 2025 and 30 June 2024 is as follows:		
At the beginning of the year	1,143,276,258	958,630,525
Profit for the year	(1,345,609,203)	595,647,763
Capitalized to paid-up capital	(672,424,000)	-
Transfer to legal reserve	34,107,030	(254,493,924)
Prior period adjustment	16,420,624	(20,246,987)
Reserve For IFRS Adjustment	-	167,000
Net change in equity investment at FVOCI	-	-
Regulatory Risk Reserve	(287,257,840)	(136,428,119)
At the end of the year	**(1,111,487,132)**	**1,143,276,258**

20 General Reserve	30-Jun-25	30-Jun-24
At the beginning of the year	-	4,222
Transfer to General Reserve less 10% tax	-	
Prior period adjustment		(4,222)
General Reserve	**-**	**-**

	30-Jun-25	30-Jun-24
20.1 Regulatory Risk Reserve		
Provision As per the NBE directive	1,540,815,637.90	
As per the IFRS standard	1,117,134,041.83	
Difference	**423,681,596.07**	
Suspended Interest	3,083,493,586.14	
Ending Balance	**3,507,175,182.21**	

21 Other Reserve-Other Comprehensive Income (OCI)	30-Jun-25	30-Jun-24
Beginning	1,194,915,231	388,289,608
Remeasurement gain/loss on retirement benefit obligation		
Fair value Reserve on Equity Investment	(607,440,038)	806,792,623
Prior period adjustment	-	(167,000)
Other Reserve-Other Comprehensive Income (OCI)	**587,475,193**	**1,194,915,231**

22. Company income and deferred tax

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 2025	30 June 2024
IFRS accounting profit before tax	(1,436,969,784)	174,274,413
Add : Disallowed expenses		
Entertainment	1,697,409	2,630,531
Donation	-	109,980
Penalty	3,139,241	12,186,843
Interest expense on lease liability	-	12,495,250
IFRS Depreciation and Amortization	107,632,779	81,008,052
Tax Expense	2,030,169	-
Donation expense	430,351	-
IFRS Other assets impairment	80,658,308	28,010,262
IFRS Impairment on loans	328,981,687	-
Amortization discounted lease expense	17,637,669	-
Loss on disposal of asset	1,967,583	1,954,992
Staff Loan Prepaid Expense	132,794,711	37,043,576
Other Adjustments		
Amortization on right use of asset	34,643,353	(53,188,737)
Amortization of intangible asset	10,077,951	590,672
Accrued severance expense	360,286,000	93,900,000
Accrued leave expense	152,176,776	14,267,942
Sub total	**1,234,153,985**	**231,009,363**
Less: Tax exempted income		
Depreciation for tax purpose	78,849,286	136,186,562
Provision for loans and advances for tax NBE 80%	492,883,548	177,052,976
Interest income taxed at source-local deposit	300,774,268	402,780,864
Interest income taxed at source-IFB local deposit	1,976,998	-
Office rent expense	29,661,633	-
Interest taxed at source-DBE Bond	7,373,180	3,337,116
Interest taxed at source-Treasury Bond	82,925,618	46,438,173
Rent expense	283,909,889	-
Dividend income taxed at source	116,247,953	74,937,069
Gain on Disposal of Assets	-	6,173,473
Impairment on loans recovered	-	363,337,787
Severance expense	16,170,704	13,268,428
Annual leave expense	2,877,211	2,810,231
Sub total	**1,413,650,287**	**1,226,322,678**
Taxable profit or loss for tax purpose	**(1,616,466,086)**	**(823,277,302)**

22(a) Current Income tax liability

	30 June 2025	30 June 2024
Balance at the beginning of the year	182,278,352	233,301,033
Prior year over /under paid	56,707,140	(51,022,681)
Income tax expense		-
Payment during the year		-
	238,985,491	**182,278,352**

22(b) Deferred income tax assets/(liabilities):

	30 June 2025	30 June 2024
Severance & annual Leave	2,264,698,605	1,516,533,538
Total deferred tax assets/(liabilities)	**2,264,698,605**	**1,516,533,538**

	30 June 2025	30 June 2024
Fixed asset - carrying amount (IFRS)	2,457,309,027	1,690,587,021
Fixed assets - tax base	(1,660,690,722)	(1,082,992,515)
Fixed assets - temporary difference	**796,618,305**	607,594,506
deferred tax assets/(liabilities) at 30%	**238,985,491**	**182,278,352**
Annual leave pay - carrying amount	400,145,231	250,701,460
Annual leave pay - tax base	-	
Annual leave pay temporary difference	-	
Severance pay - carrying amount	1,864,553,374	1,265,832,078
Severance pay - tax base	-	
Severance pay temporary difference		
	2,264,698,605	**1,516,533,538**
Deferred tax assets/(liabilities) at 30%	**679,409,581**	**454,960,061**
Deferred tax assets/(liabilities)		

22(c) The Movement of deferred tax assets is arrived as follows:

	30 June 2025	30 June 2024
Opening balance	454,960,061	84,609,393
Deferred tax asset charged to OCI	76,381,800	
Add: /charged/credited profit or loss	148,067,720	370,350,668
Ending balance	**679,409,581**	**454,960,061**

The Make-up of the business income tax changed for the year is arrived at as follows:

	30 June 2025	30 June 2024
Income tax provision for the current year		
Add: Deferred tax assets(Credit) Note 22(C)	148,067,720	370,350,668
Less: Deferred tax liabilities Note 22(A)	(56,707,140)	51,022,681
Ending Balance	**91,360,580**	**421,373,350**

22.D **Alternative minimum tax**

The Federal Income Tax Amendment Proclamation No_1397/2025 Article 23 (1) states that if the profit tax to be paid for a tax period is less than 2.5% of total income of the year the tax is determined by multiplying total income by 2.5%. Accordingly, the amount of tax payable is as follows:

	30 June 2025	30 June 2024
Net interest income	3,498,068,130	
Fee and commission income	247,529,801	
Other operating and Investment Income	540,256,418	
	4,285,854,349	
Alternative minimum tax payment @2.5%	**107,146,359**	

23. Other operating income

	30 June 2025	30 June 2024
Reconciliation of profit before income tax to cash from operations		
Profit before tax	(1,345,609,203)	595,647,763
Adjustments for non-cash items:		
Depreciation of property and equipment	68,731,475	59,270,263
Depreciation reclassification	38,901,304	21,737,789
Amortization	10,077,951	590,672.40
Depreciation charge - lease	34,643,353	(53,188,736.76)
Fair Value adjustment for equity investment	(607,440,038)	806,792,623
	-	-210,925,321
Deferred tax	-	207,508,543
Defined benefits obligations	-	-1,145,236,000
Loan impairment Charge	328,981,687	-363,337,787
Impairment loss on other assets	80,658,308	28,028,705
Prior year adjustment	-	(19,467,567)
Changes in operating assets and liabilities:		
-Decrease/ (Increase) in loans and advances	(6,516,319,403)	(5,504,397,798)
-Decrease/ (Increase) in other assets	(700,546,588)	(960,421,221)
-Increase/ (Decrease) in customer's deposit	8,289,131,295	3,328,244,275
Increase in lease obligations	81,805,720	35,755,914
Increase/(Decrease) in employee benefits	360,286,000	935,729,931
-Increase/ (Decrease) in other liabilities	1,542,570,284	(57,182,008)
	1,665,872,143	**(2,294,849,959)**

b) Cash and cash equivalents	Notes	30 June 2025	30 June 2024
Cash in hand		3,487,804,576	2,076,763,959
Deposits with local banks		8,719,246,790	4,680,487,792
		12,207,051,366	**6,757,251,751**

24. Net Interest Income

Net interest income for the years ended 30 June 2025 and 30 June 2024 can be presented as follows:

Interest income

Interest income is arising from:	30 June 2025	30 June 2024
Interest income from loan	5,417,146,264	5,620,585,599
Interest income from deposit	393,050,064	452,556,153
Interest income from staff loan	259,257,612	234,445,558
Total interest income	**6,069,453,939**	**6,307,587,310**

25 Interest expense

Interest expense is arising from:	30 June 2025	30 June 2024
Interest expense on customer deposit	2,318,109,240	1,924,301,054
Interest expense on bank loan	253,276,569	144,283,130
Interest expense on Lease Liability	-	-
Total interest expense on ~~financial liabilities recorded at~~	**2,571,385,809**	**2,068,584,183**

26. Fees and commission income

Fee and commission income for the years ended 30 June 2025 and 30 June 2024 can be presented as follows:

	30 June 2025	30 June 2024
Service charge income - loan	109,738,286	105,472,491
Dividend income	116,247,953	74,937,069
Commission Income	21,543,562	25,818,038
Total Fee and commission income	**247,529,801**	**206,227,599**

27. Fees and commission Expense

Fee and commission expense for the years ended 30 June 2025 and 30 June 2024 can be	30 June 2025	30 June 2024
Membership Fee Expense	2,509,180	3,326,613
License fee	1,055,684	1,688,638
Legal Expense	2,231,493	1,102,573
Professional fee	2,341,976	2,996,939
Municipality fee	7,494,141	7,302,591
Loan Processing Fee	766,115	83,500
Bank service charge	842,751	1,516,089
Stamp Duty Charge	643,417	3,297,968
Correspondent Bank Charges	1,262,232	577,916
ATM Service Charge Expense Account	-	-
SWIFT Expenses	2,533,204	759,368
Eth-Switch Service Fee	1,196,320	-
Authentication and Translation fee	1,246,561	-
Total Fee and commission Expense	24,123,072	**22,652,195**

28. Net Gain on Foreign exchange revaluation

	30 June 2025	30 June 2024
Gain on Foreign exchange revaluation	768,216,739	71,326,160
Loss on Foreign exchange revaluation	(171,571,597)	(57,127,646)
	596,645,142	**14,198,514**

29 Other operating income

Other operating income on for the years ended 30 June 2025 and 30 June 2024 can be presented as follows:

Other operating income	30-Jun-25	30-Jun-24
Donation Income	0.04	-
Insurance premium	80,773,024	92,829,260
Other income	31,873,460	22,497,580
Service charge - Other Financial services	87,202,011	23,706,545
Commission Income- Other Financial services	150,901,035	122,243,212
Penalty Income	64,775,572	4,421,713
Gain on Disposal of Asset	35,201	333,397
Other non - operational income	124,696,114	69,146,782
Loan impairment charge recovery	-	-
Total other operating income	**540,256,418**	**335,178,489**

30 Salaries and other employee benefits

Staff related expenses for the years ended June 30 2025 and June 30 2024 can be presented as follows:

	30-Jun-25	30-Jun-24
Salary Expense	2,674,539,038	2,545,286,051
Pension Cost-Defined contribution plan	360,164,045	339,531,856
Fuel and Transportation Allowance	777,186,285	484,960,052
Other Staff allowance	110,604,444	200,604,498
Lunch allowance	10,410,920	15,659,358
Cash Indemnity allowance	29,141,992	25,482,735
Insurance Expense - Staff	3,623,250	11,628,384
Severance pay Expense	360,286,000	93,900,000
Leave expense	152,176,776	11,457,711
Interest expense on staff loan	132,794,711	37,043,521
Uniform and Clothing	3,148,412	13,144,483
Medical Expense	57,168,775	37,530,325
Training Expense	15,127,929	64,327,473
Top up allowance	-	12,450
Bonus Expense	-	527,157
Acting Allowance	11,721,237	5,373,180
Housing Allowance	207,629,867	157,150,134
Commission Expense	-	-
Service charge Expense	-	-
Tax Expense	2,030,169	-
Board Remuneration	-	-
Board Transport Allowance	870,000	1,370,000
BOD Nomination Committee Fee	-	280,000
Sharia Advisory Board Member Fee	2,168,432	-
Other Staff benefits	1,707,341	4,954,629
Over Time	2,437,234	147,400
Total salaries and other employee benefits	**4,914,936,856**	**4,050,371,395**

31. Depreciation on property, plant and equipment

Depreciation expense for the years ended June 30 2025 and June 30 2024 can be presented as follows:

	30-Jun-25	30-Jun-24
Depreciation expense	107,632,779	81,008,052
Total depreciation expense	**107,632,77**	**81,008,052**

32. Amortization of intangible assets

Amortization expense for the years ended June 30 2025 and June 30 2024 can be presented as follows:

	30-Jun-25	30-Jun-24
Amortization Expense	10,077,951	590,672
Total amortization expense	**10,077,951**	**590,672**

33. General and administrative expenses

General and administrative expenses for the years ended June 30 2025 and June 30 2024 can be presented as follows:

	30-Jun-25	30-Jun-24
Rent Expense	284,125,889	214,022,242
Perdiem & Travel Expense	43,103,989	83,706,689
Stationary and printing Expense	113,262,038	99,193,421
Communication Expense	45,970,884	32,687,182
Marketing and promotion Expense	64,933,766	85,781,906
Insurance Expense	13,071,737	5,013,072
Fuel & lubricants Expense	37,942,612	77,172,265
Entertainment Expense	1,697,409	2,630,531
Maintenance & repair Expense	10,146,107	46,061,750
Annual Maintenance Cost	11,763,926	5,498,450
Donation expense	430,351	50,109,980
Wage Expense	64,028,666	34,521,454
Cleaning and supplies Expense	1,293,363	1,040,946
Utilities Expense	8,033,470	6,720,433
Penality expense	3,139,241	12,186,843
Loss on disposal of asset	1,967,583	1,954,992
Miscellaneous Expense	6,293,849	6,245,974
Deposit Insurance Expense	105,290,000	87,860,000
Currency Transport Expense	119,193	156,000
Bad debt expense	-	11,872
Transportation Expense	2,625,093	1,632,820
Other operating expense	(823,896)	2,256,842
Total General and Administrative expenses	**818,415,269**	**856,465,661**

34. Right of use

The statement of financial position shows the separate line item for the right to use asset which comprises the following; the weighted average cost of capital of the bank was used to discount lease liability. The rate applied for the computation was 10%.

	30-Jun-25	30-Jun-24
Cost		
As at 1 July	175,188,852	573,704,464
Additions	106,818,767	(398,515,611)
As at 30 June	**282,007,620**	**175,188,852**
Accumulated amortization		
As at 1 July	65,716,254	118,904,991
Depreciation charge - lease	34,643,353	(53,188,737)
Prior Adjustment	-	-
As at 30 June	**100,359,607**	**65,716,254**
Net Book Value	**181,648,013**	**109,472,598**

	30-Jun-25	30-Jun-24
Cost		
Office Rent	165,856,100	161,985,666
Land	116,151,520	13,203,187
The Right of use Asset	**282,007,620**	**175,188,852**
	-	
accumulated amortization		
Office Rant	98,085,725	63,662,425
Land	2,273,882	2,053,829
accumulated amortization	**100,359,607**	**65,716,254**
	0	

35 Lease liability

cost	30-Jun-25	30-Jun-24
As at 1 July	183,177,286	147,421,372
Additions	64,168,051	24,070,588
Interest Expense-Lease	17,637,669	12,495,250
Payment during the year	-	(809,924)
As at 30 June	**264,983,006**	**183,177,286**

	30-Jun-25	30-Jun-24
Office Rent	165,856,100	173,550,122
Land	99,126,906	9,627,164
Lease liability	**264,983,006**	**183,177,286**

As of 01 July 2019, the Bank adopted IFRS 16 for the first time which implies that the right of use asset and related lease liability is recognized with the exception of flow value and short-term leases. The institution has rented 289 branch and offices in different locations and also acquired land at Addis Ababa for Head office Building construction. right of use asset is measured at amount equal to the lease liability, adjusted by the amount of any prepaid accrued lease payments relating to the lease recognized in the statement of financial position immediately before the date of initial application. Discount rate of 10 % is used to discount future lease payments.

36 . Commitments And Contingencies Claims and litigation

In the ordinary course of business Banks are usually subject to legal actions and complaints. Following the Banks's employee is involved in legal disputes against the bank. The highest possible loss from such legal disputes is the amount of 1,391,825.86.

37. Financial risk management

37.1 Introduction

As a financial Bank the Bank is exposed to risks that arise from its use of financial instruments This note describes The Bank's objectives policies and processes for managing those risks and the methods used to measure them Further quantitative information in respect of these risks is presented throughout these financial statements. Financial assets and financial liabilities that are liquid or have a short term maturity it is assumed that the carrying amounts approximate to their fair value.

'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 Banks'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 various operating risks.

37.1.1 Risk management structure

Risk management is one component of all core processes of the Bank. In its day-today activities the Bank is exposed to various types of financial risks, the most important of which are credit risk, liquidity risk, interest rate risk and operational risk.

The Bank's risk management and control is based on the following key principles:

- The board of Directors approves the risk management policies of the Bank and ensures their implementation.
- The management is responsible for implementing the policies in a manner that limits risks associated with each risk exposure.
- Appropriate and effective internal control exists to safeguard assets and to ensure compliance with relevant laws, regulations and Bank's policies.
- The risk management and monitoring are supported by a management information system that supplies timely and consolidated reports on the financial conditions, operating performance and risk exposure of the Banks.

The Independent Risk Management and Compliance function is established to review compliance with the approved risk management policies and various risk related committees are established which are responsible for the implementation of the risk management policies.

37.1.2 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.

Monitoring and controlling risks are 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.

37.1.3 Risk mitigation

Risk controls and mitigants, identified and approved for the Bank, are documented for existing and new processes and systems. The Bank uses risk tolerance limit as a risk limit control. This risk tolerance limit composed of risk limit by economic sector, by credit product and by maturity. There also limitations imposed by the regulatory organ which all Banks should comply.

As part of the credit risk mitigation which is the main identified financial risk of the Institutions, an appropriate risk environment, credit policies and procedures are established. In addition, there is portfolio management, appropriate credit administration and monitoring and loan review function.

The other credit risk mitigation measures are obtaining sufficient collateral securities and guarantees for certain loan products as the second way out in case of default.

Financial instruments by category

The Bank's financial assets are classified into the following measurement categories: available-for-sale and loans and receivables and the financial liabilities are classified into other liabilities at amortized cost. Financial instruments are classified in the statement of financial position in accordance with their legal form and substance.

30-June-2025	Notes	FVOCI	Amortized Cost	Total
Cash and cash equivalents	5		2,202,691,743	12,202,691,743
Loans and advances to customers (Net)	6		48,874,658,178	48,874,658,178
Other assets and prepayments	9		4,143,399,314	4,143,399,314
Investment in securities:				
Financial assets at amortized cost	10(a)			
Financial assets at fair value through OCI	10(b)	1,652,012,084		1,652,012,084
Total Financial asset		**1,652,012,084**	**65,220,749,235**	**66,872,761,319**

30-June-2024	Notes	FVOCI	Amortized Cost	Total
Cash and cash equivalents	5		6,754,911,507	6,754,911,507
Loans and advances to customers (Net)	6		42,358,338,775	42,358,338,775
Other assets and prepayments	9		3,442,852,726	3,442,852,726
Investment in securities:				
Financial assets at fair value through OCI	10(b)	2,259,852,122		2,259,852,122
Total Financial asset		**2,259,852,122**	**52,556,103,008**	**54,815,955,130**

37.2 Credit risk

Credit risk is the probability that a counterparty of the Bank will not meet its obligations in accordance with agreed terms and conditions which may lead to financial loss. The Bank is exposed to credit risk due to activities such as loans and advances and loan commitments arising from lending activities.

37.2.1 Management of credit risk

In measuring credit risk of loans and receivables to various counterparties, the Bank considers the character and capacity of the obligor to pay or meet contractual obligations, current exposures to the counter party/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 ways out. The Bank's policy is to lend principally on the basis of the customer's repayment capacity through various evaluation. However as much as possible the Bank ensure that the loans are backed by collateral to reflect the risk of the obligors and the nature of the facility.

In the estimation of credit risk, the Bank estimate the following parameters:

a. **Probability of Default**

This is the probability that an obligor or counterparty will default over a given period, usually one year. This can be calculated on portfolio-by-portfolio basis or collectively depending on availability of historical data.

b. **Loss Given Default**

Loss Given Default is defined as the portion of the loan determined to be irrecoverable at the time of loan default (1– recovery rate). Our methods for estimating LGD includes both quantitative and qualitative factors.

c. **Exposure at Default**

This represents the amount that is outstanding at the point of default. Its estimation includes the drawn amount and expected utilization of the undrawn commitment at default.

Maximum exposure to credit risk before collateral held or credit enhancements

The Bank's maximum exposure to credit risk at 30 June 2025 and 30 June 2024 is represented by the net carrying amounts in the statement of financial position.

	30-Jun-25	30-Jun-24
Cash and cash equivalents	12,202,691,743	6,754,911,507
Loans and advances to customers (Net)	48,874,658,178	42,358,338,775
Other assets and prepayments	4,143,399,314	3,442,852,726
Investment in securities:		
Financial assets at amortized cost	1,232,207,703	752,217,703
Financial assets at fair value through OCI	1,652,012,084	2,259,852,122
Total Financial asset	**68,104,969,022**	**55,568,172,833**

37.2.2 Credit quality analysis

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

Credit risk exposure	Stage 1 12 Month ECL	Stage 2 Life time ECL	Stage 3 Life time ECL	Total	30-Jun-24
Stage 1 – Pass	48,841,348,897	-	-	48,841,348,897	31,074,452,966
Stage 2 – Special mention	-	334,376,884	-	334,376,884	4,587,300,497
Stage 3 - Non performing	-	-	816,066,439	816,066,439	7,484,737,667
Total gross exposure	48,841,348,897	334,376,884	816,066,439	49,991,792,220	43,146,491,130
Loss allowance	**(931,621,063)**	**(4,292,784)**	**(181,220,194)**	**(1,117,134,042)**	**(788,152,355)**
Net Carrying amount	47,909,727,834	330,084,100	634,846,245	48,874,658,178	42,358,338,775

Amounts arising from ECL

i. inputs, assumptions and techniques used for estimating impairment

ii. Significant increase in credit risk

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

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

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

iii. 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 analyzed by type of product and borrower. The Bank employs statistical models to analyses the data collected and enervate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

iv. 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.

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 return 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 behavior to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognizing 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).

v. 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 realizing security (if any is held);
- The borrower is more than 90 days past due on any material credit obligation to the Bank.
- 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.

vi. Incorporation of forward-looking information

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

External information which includes economic data and forecasts, an external and independent macroeconomic date body will be considered in the forward-looking information assessment, this is in addition to industry-level, semiannual NPL trends across statically comparable sectors.

The Bank has identified and documented key drivers of credit risk and credit losses foreach portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

vii. 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 amortization. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable

. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

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

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;
- Date of initial recognition;
- Remaining term to maturity;
- industry; and
- Geographic location of the borrower.

viii. Loss allowance

Statement of Prudential adjustments

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 forward-looking model required by IFRS-9. As a result of the differences in the methodology/provision, there will be variances in the impairments allowances required under the two methodologies.

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

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

(α) Provisions for loans recognized in the income statement should be determined 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 should be treated as follows:

- Prudential provisions is greater than IFRS provisions; the excess provision 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 (retained earnings) account

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

	30-Jun-25	30-Jun-24
Total impairment based on IFRS	1,117,134,042	788,152,355
Total impairment based on NBE Directives	1,540,820,000	924,580,473
Variation	(423,685,958)	(136,428,118)

37.2.3. Credit Concentration

The Bank monitors concentrations of credit risk by economic sector. An analysis of concentrations of credit risk at 30 June 2025 and 30 June 2024.

	30-Jun-25		30-Jun-24	
Agriculture	26,207,607,911	52.42%	22,550,425,446.80	52.26%
Manufacturing	3,704,537,783	7.41%	2,847,408,308.81	6.60%
Domestic Trade and Services	12,142,904,611	24.29%	12,295,534,097.65	28.50%
Transport and Communication	884,170,756	1.77%	730,533,481.84	1.69%
Export and import	2,993,251,097	5.99%	1,083,260,930.81	2.51%
Electricity and Water	-	0.00%	-	0.00%
Building and Construction	2,746,517,177	5.49%	1,733,902,137.32	4.02%
Hotel and Tourism	205,459,653	0.41%	49,578,152.86	0.11%
Service	-	0.00%	-	0.00%
Interest Free Banking	909,831,636	1.82%	175,648,951.11	0.41%
Personal and consumer	197,511,595	0.40%	1,680,199,623.03	3.89%
	49,991,792,220	**100.00%**	**43,146,491,130**	**100.00%**

37.2.4. Collateral on Loan and Advance

The Bank holds collateral against loans and advances to customers in the form of building, machinery, truck and other registered securities over assets and guarantees. The value of collaterals in respect of loans and receivables is given below:

30-Jun-25	Building	Vehicle	Cash	Others	Total
Agriculture	-	-	-	24,757,632,585	24,757,632,585
Building and construction	1,206,606,656	35,307,633	-	2,092,097,936	3,334,012,226
Domestic Trade and Services	1,530,559,585	-	7,500,000	15,806,742,484	17,344,802,069
Export and Import	3,335,485,522	20,000,000	11,808,788	106,632,919	3,473,927,229
Hotel and Tourism	100,000,000	-	-	135,194,678	235,194,678
Manufacturing and Industry	5,546,468,444	-	-	1,191,740,633	6,738,209,077
Personal and consumer	-	-	-	254,464,358	254,464,358
Transport and Communication	688,825,176	-	-	503,446,407	1,192,271,583
Interest Free Banking	-	-	-	649,834,311	649,834,311
	12,407,945,382	**55,307,633**	**19,308,788**	**45,497,786,312**	**57,980,348,114**

30-Jun-24	Building	Vehicle	Cash	Others	Total
Agriculture	17,276,000	11,526,000	-	22,637,783,032	22,666,585,032
Building and construction	184,634,790	-	-	2,660,754,920	2,845,389,711
Domestic Trade and Services	1,230,088,696	-	-	16,070,750,687	17,300,839,382
Export and import	-	-	-	1,231,611,125	1,231,611,125
Hotel and Tourism	11,263,273	-	-	81,912,409	93,175,683
Manufacturing and Industry	2,267,846,384	-	-	1,304,386,559	3,572,232,943
Personal and consumer	-	-	-	1,422,973	1,422,973
Transport and Communication	18,800,627		-	901,314,015	920,114,642
Interest Free Banking	-			210,461,961	210,461,961
Less: Impairment					(1,117,134,042)
	3,729,909,770	**11,526,000**	**-**	**45,100,397,681**	**47,724,699,409**

37.2.5. Guarantees and commitments

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

The below table shows the bank's maximum credit risk exposure guarantee, letter of credit and loan commitment.

	30-Jun-25	30-Jun-24
Guarantee issues and outstanding	500,000	8,740,239
Letter of Credit net-off margin held	43,884,147	28,146,401
Loan commitments	250,000,000	1,544,148,875
	294,384,147	**1,581,035,515**

37.3. MARKET RISK

Market risk is the risk that the fair value of a financial instrument will decrease because of changes in market factors. Market risk arises from The Bank's use of interest bearing and foreign currency financial instruments It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates currency risk and interest rates interest rate risk.

37.3.1. INTEREST RATE RISK

Interest rate risk arises from potential changes in market interest rates that can adversely affect the fair values of the financial assets and liabilities of The Bank. This risk can arise from maturity mismatches of assets and liabilities as well as from the repricing characteristics of such assets and liabilities.

The table below summarizes The Bank's exposure to interest rate risks the table presents the aggregated amounts of The Bank's interest-bearing financial assets and interest-bearing financial liabilities at carrying amounts as at 30 June 2024 and 30 June 2023.

30 June 2023.	Interest variable	30-Jun-25	30-Jun-24
Asset			
Cash and balances with banks	Fixed	12,202,691,743	6,754,911,507
Loans and advances to customers	Fixed	48,874,658,178	42,358,338,775
Investment securities	Fixed	1,652,012,084	2,259,852,122
Total interest-bearing financial assets		**62,729,362,005**	**51,373,102,405**
Liabilities			
Deposits from customers	Fixed	45,787,207,414	37,498,076,119
Borrowings	Fixed	3,739,454,259	589,929,960
Total interest-bearing financial liabilities		**49,526,661,673**	**38,088,006,079**
Net interest sensitivity gap		**13,202,700,332**	**13,285,096,326**

The information about maturities of interest-bearing financial assets and interest-bearing financial liabilities is given in liquidity risk quantitative disclosures.

The Bank's all interest-bearing assets and liabilities are at fixed interest rates therefore market interest rate fluctuations do not affect the organization's income or expenses.

37.3.2. Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of financial instruments 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 currencies other than Ethiopian Birr. Management has set limits to manage the Bank's foreign exchange risk against its functional currency.

The table below Summarizes the foreign currency exposure as at June 30 2025 and June 30 2024.

June 30 2025	USD (in Birr)	GBP (in Birr)	EUR (in Birr)	AED (in Birr)	Total (in Birr)
Financial Asset:					
Cash and Bank Balance	1,196,872,366	978,818	14,015,229	530,710	**1,212,397,124**
Other Asset					
Total	**1,196,872,366**	**978,818**	**14,015,229**	**530,710**	**1,212,397,124**
Financial Liabilities:					
Deposit from Customer	34,092,443	-	115,381	-	**34,207,824**
Other Liabilities					
Total	**34,092,443**	**-**	**115,381**	**-**	**34,207,824**
Net Exposure	**1,162,779,923**	**978,818**	**13,899,848**	**530,710**	**1,178,189,300**

June 30 2024	USD (in Birr)	GBP (in Birr)	EUR (in Birr)	AED (in Birr)	Total (in Birr)
Financial Asset:					
Cash and Bank Balance	361,785,471	-	2,255,427		364,040,899
Other Asset					
Total	**361,785,471**	**-**	**2,255,427**	**-**	**364,040,899**
Financial Liabilities:					
Deposit from Customer	19,385,825	-	164,098		19,549,923
Other Liabilities					
Total	**19,385,825**	**-**	**164,098**	**-**	**19,549,923**
Net Exposure	**342,399,646**	**-**	**2,091,329**	**-**	**344,490,976**

37.3.3. Sensitivity analysis for foreign exchange risk

Sensitivity analysis of foreign exchange risk measures the impact of currency rate fluctuation on profitability of the Bank with all other variables held constant. The following table summarizes the sensitivity of profit due to increases or decrease in foreign currency rate by 15% on foreign currency denominated monetary assets and liability accounts:

Description	June 30 2025			June 30 2024		
	Carrying amount (in Birr)	15% depreciation (in Birr)	15% appreciation (in Birr)	Carrying amount (in Birr)	15% depreciation (in Birr)	15% appreciation (in Birr)
Asset						
USD	1,196,872,366	(179,530,855)	179,530,855	361,785,471	(54,267,821)	54,267,821
GBP	978,818	(146,823)	146,823	-	-	-
EUR	14,015,229	(2,102,284)	2,102,284	2,255,427	(338,314)	338,314
AED	530,710	(79,607)	79,607		-	-
	1,212,397,124	**(181,859,569)**	**181,859,569**	**364,040,899**	**(54,606,135)**	**54,606,135**
Liabilities:						
USD	34,092,443	5,113,866	(5,113,866)	19,385,825	2,907,874	(2,907,874)
GBP	-	-	-	-	-	-
EUR	115,381	17,307	(17,307)	164,098	24,615	24,615
AED	-	-	-		-	-
	34,207,824	**5,131,174**	**(5,131,174)**	**19,549,923**	**2,932,488**	**(2,883,259)**
Total Decrease/ increase effect on gross profit	**1,178,189,300**	**(186,990,742)**	**186,990,742**	**344,490,976**	**(57,538,623)**	**57,489,394**

As of June 30 2025, if the Birr had weakened/strengthened by 15% against the major trading currencies, with all other variables constant, profit before tax would have been lower/ higher 187 million Birr.

37.4 Capital Management

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

Capital adequacy ratio

According to the Licensing & Supervision of Banking Business Directive No SBB/50/2011 of the National Bank of Ethiopia, the Bank has to maintain capital to risk weighted assets ratio of 8% at all times, the risk weighted assets being calculated as per the provisions of Directive No SBB/9/95 issued on August 18,1995. The Capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base.

	30-Jun-25	30-Jun-24
Capital		
Share Capital	10,500,472,000	9,828,048,000
Share premium	-	-
Legal reserve	1,168,007,830	1,202,114,860
Total regulatory capital	**11,668,479,830**	**11,030,162,860**
Total risk weighted assets	**47,954,487,754**	**39,118,263,943**
Primary capital adequacy ratio(CAR)	24.33%	28.20%
Minimum required capital ratio	8.00%	8.00%
Excess/short-fall	**16.33%**	**20.20%**

38. LIQUIDITY RISK

Liquidity risk refers to the availability of sufficient funds to meet loan repayments and other financial commitments associated with financial instruments as they actually fall due.

Management of liquidity risk

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.

The daily liquidity position of the Bank is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions to ensure that sufficient liquidity is maintained. The key measures used by the bank for managing liquidity risk are the ratio of net liquid assets to net current liabilities and maturity analysis. Details of the reported Bank's ratio of net liquid assets to net current liabilities at the reporting date and during the reporting year were as follows:

Ratio of net liquid assets to net current liabilities:

	30-Jun-25	30-Jun-24
At Close of the year	27%	18%

Maturity analysis of financial asset and liabilities

Liquidity of Financial assets and liabilities as at June 30 2025 can be presented in the following table:

Financial assets	Note	Up to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Cash and cash equivalents	5	12,207,051,366				**12,207,051,366**
Loans to customers	6	4,068,082,092	6,130,243,521	2,299,622,442	36,376,710,123	**48,874,658,178**
Total financial assets as at 30 June 2025		**16,275,133,458**	**6,130,243,521**	**2,299,622,442**	**36,376,710,123**	**61,081,709,544**
Financial liabilities	Note	Up to 3 months	3 to 6 months	6 to 12 months	Over 1 year	**Total**
Customers deposit	11	2,738,022,845	3,580,491,413	14,743,199,934	24,725,493,222	**45,787,207,414**
Borrowings	12	148,135,122		148,135,122	3,443,184,015	**3,739,454,259**
Total interest-bearing financial liabilities		**2,886,157,967**	**3,580,491,413**	**14,891,335,056**	**28,168,677,237**	**49,526,661,673**
Other liabilities	13	183,109,941			9,964,393,163	**10,147,503,105**
Total financial labilities as at 30 June 2025		**183,109,941**	**-**	**-**	**9,964,393,163**	**10,147,503,105**
Financial commitments and contingencies		-	-	-	-	-
		-	**-**	**-**	**-**	**-**
Liquidity gap as at 30 June 2025		**13,205,865,550**	**2,549,752,108**	**(12,591,712,614)**	**(1,756,360,277)**	**1,407,544,767**
Liquidity gap as at 30 June 2024		**7,708,209,396**	**2,259,009,463**	**(10,647,398,342)**	**3,102,831,109**	**2,422,651,627**

39. Transactions with related parties

Related parties or transactions with related parties as defined by IAS "Related party disclosures" could be one or more of the following:

a) Parties that directly or indirectly through one or more intermediaries: control or are controlled by or are under common control with the company this includes parents' subsidiaries and fellow subsidiaries; have an interest in The Bank's that gives then significant influence over The Bank; and that have joint control over the company;

b) Members of key management personnel of the Bank or its parent;

c) Close members of the family of any individuals referred to in a or b;

d) Parties that are entities controlled jointly controlled or significantly influenced by or for which significant voting power in such entity resides with directly or indirectly any individual referred to in c or b;

In considering each possible related party relationship attention is directed to the substance of the relationship and not merely the legal form Details of transactions between The Bank and other related parties are disclosed below:

Related party balances and transactions as and for the year ended 30 June 2025

30-Jun-25	Board Directors	Key management personnel
Loans		
Transport allowance	-	74,185,531
Housing and Representation Allowance		2,723,964
Salaries and other benefits	-	7,688,500
Board sitting allowance for Board of Directors		27,029,772
	870,000	-
Total	**870,000**	**111,627,767**

Related party balances and transactions as and for the year ended 30 June 2024

30-Jun-24	Board Directors	Key management psonnel
Loans	75,000,000.00	24,407,936
Transport allowance		91,740
Housing and Representation Allowance	-	6,858,000
Salaries and other benefits		25,838,200
Board sitting allowance for Board of Directors	3,240,000	-
Total	**78,240,000**	**57,195,876**

39.1. Events after reporting period

There were significant events after the reporting date that could affect the reported amounts of assets and liabilities as of 30 June 2025.

Tsedey Bank S.C. entered into an agreement with the Regional Government to collect cash from regional farmers for the sale of agricultural inputs such as fertilizer, seeds, and pesticides. However, due to the conflict in the region, rebel groups seized cash from several of the Bank's branches amounting to ETB 182,116,433.17, and caused material damages estimated at ETB 10,314,380.70.

The rebels believed that the seized funds belonged to the Regional Government rather than Tsedey Bank's customers. Consequently, it is expected that this amount will be deducted from the Commercial Bank payable that the Regional Government is obligated to settle, and not from Tsedey Bank's own resources.

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Tsedey Bank

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