2018/19
ANNUAL REPORT

የብልፅግናዎ አጋር
Excelling Together

ወጋገን ባንክ
Wegagen Bank

Table of Contents

Our Vision

"To be one of the ten most reputable and competent Banks in Africa by the year 2025"

Wegagen Bank S.C. was established on June 11, 1997. It came into being thanks to 16 visionary founding members who recognized the critical role that financial institutions would play to create a sustainable economic development and raised an initial capital of birr 30 million. As at June 30, 2019, the paid up capital of the Bank reached Birr 2.5 billion. The number of Shareholders is now 3,285.

Our Mission

- Optimize the stockholder value through sustainable growth and profitability
- Provide wide range of innovative and customer focused Banking products and services
- Boost operational excellence by employing state-of-the-art information Technology
- To be the employer of choice by creating conducive working environment wherein employees achieve their career aspiration

Core Values

- Honesty, Integrity and Loyalty
- Service Excellence
- Professionalism
- Learning and Innovation
- Employee Satisfaction
- Respect and Dignity
- Social Responsiveness
- Good Corporate Governance
- Equal Employment Opportunity

BOARD OF DIRECTORS

Mengisteab G/Kidan
Chairman

Tefera Molla
V. Chairman

Amanuel G/Kidan
Member

Atey Tadele
Member

Tadesse Adane
Member

Araya Merid
Member

Col. Mulu Berhane
Member

W/ro Ferida Ahmed
Member

W/ro Mahta Embaye
Member

Fikru Jiregna
Member

Abay Mehari
President/CEO

Desaley Embza
VP, Branch Banking and Resource Mobilization

Assefa Yeshanew
VP, Information Technology Services

Berihun Assefa
A/VP, Resources

Kindie Abebe
A/VP, Corporate Services

Berihun Desta
A/VP, Credit & International Banking

the MANAGEMENT TEAM

Yehwalashet Zewdu
Director, Control

Addis W/Cherkos
Director, E-Banking Services

Tesfaye H/Michael
Director, Engineering Services

Yohannes Mengistu
Director, Marketing & Corporate Communications

Desalegne Assefa
Director, Corporate Strategies & Change Mgt.

Yoseph Gizachew
Director, Branch Banking

Mulugeta G/Medhin
Director, Resource Mobilization

Tilahun Temotewos
Director, IT Infrastructure Mgt. Services

Geteye Mekuria
Director, Risk & Compliance Mgt.

Zeray G/Wahid
Executive Assistant

Medhanie Taddele
Director, Legal Services

Haile G/Egziabher
Director, Accounts & Reconciliation

Hussen Amde
Director, Treasury Management

Kalid Ahmed
Director, IT Application Management Services

Simret Tesfay
Director, International Banking

Kidane G/Sellassie
Director, Human Resource Mgt.

Mehari Gebrehaweriya (PhD)
Director, Innovation & IT Project Management

Negassi Fisseha
Director, Management Information System

Kedir Abas
A/ Director, Interest Free Banking

Yoseph G/Yohannes
A/Director, Material Resources & Facilities Mgt.

Muez G/Egziabher
A/Director, Customer Relationship Management

Mekibib Debebe
A/Director, Credit Analysis & Portfolio Management

Message from Chairperson of the Board of Directors

"Wegagen Bank continued to expand and diversify its service delivery channels during 2018/19 fiscal year."

It gives me a great pleasure to present the annual report of Wegagen Bank for the fiscal year 2018/19 on behalf of the Board of Directors and my own behalf to the shareholders of the Bank.

At global level, world economic growth slowed down driven by escalation of trade tension between China and USA, policy uncertainty across many countries, declining business confidence across the world and tightening of financial conditions. As indicated in the IMF's economic outlook, the growth of world economy slowed down in 2018 to 3.6% from 3.8% in 2017. In Ethiopia, the operating environment was also challenging marked by unrest in some parts of the country, high inflation rate, high debt stress and shortage of foreign currency. According to IMF estimate, the national economy is expected to register a growth of 8.5% in 2018/19. The country's performance in export was lower showing a decline of 8.1% (USD 185 million) year-on-year to stood at USD 2.1 billion in the first ten months of the 208/19 FY. Moreover, inflation remained in a double digit rate in the whole months of FY 2018/19.

Despite the very challenging operating environment, the Bank continued to be profitable and to register growth in key performance indicators. The Bank reported a profit before tax of Birr 735.1 million which was a net of Birr 3.2 billion income (which grew by 3.9%) year-on-year and Birr 2.5 billion expense (which swelled by 21.4%) across same comparison. As a result, Return on Asset (ROE) and Return on Equity (ROE) stood at 2.2% of 15.3%, respectively.

During the 2018/19 fiscal year, the Bank increased its deposit to Birr 23.5 billion which swelled by 14.8% over preceding year. Marked by growth recoded in deposit, the Bank's outstanding loans and advances due from the private sector increased to Birr 16.5 billion, exhibiting a growth of 9.3% year-on-year. Total asset has also shown growth in 2018/19 fiscal year by 8.7% to stand at Birr 29.8 billion and total capital reached Birr 4.3 billion showing an annual growth of 12.2%. Paid-up capital, the largest proportion of total capital, has reached Birr 2.5 billion, showing a growth of 9.1%.

In the concluded 2018/19 fiscal year, the Bank expanded its customer base, adding new customers to its growing customer base: 341,194 new deposit accounts were opened which brought deposit customer base of the Bank to 1,312,452. The number of customers of the Bank who use digital channels as a way of banking is also expanding. Point in case, the number of payment card users, mobile banking subscribers and number of e-float account reached 281,121, 267,993 and 55,513, respectively showing a remarkable growth year-on-year.

Wegagen Bank continued to expand and diversify its service delivery channels during 2018/19 fiscal year. Sixty two new branches were opened in different parts of the country pushing up the Bank's branch network to 339. The Bank's far-reaching branch network is further strengthened through expanding digital channels which include ATM, POS, mobile and internet. Showing a growth over the preceding year, total number of ATM and POS of the Bank reached 249 and 283, respectively. Moreover, number of agents who use mobile as a means of conducting banking transactions reached 504.

Wegagen Bank has a strong belief in the development of human capital and use of information technology. In 2018/19 fiscal year, about 6,259 employees drawn from different levels took training on various topics to enhance their knowledge, skill, attitude and motivation. Likewise, the Bank continued employing new staff in order to fulfill its increasing manpower requirement due to expanding volume of business. As the result, the staff strength of the Bank excluding outsourced staff reached 4,561. Hence, including outsourced staff, the Bank has created an employment opportunity for about 6,830 citizens.

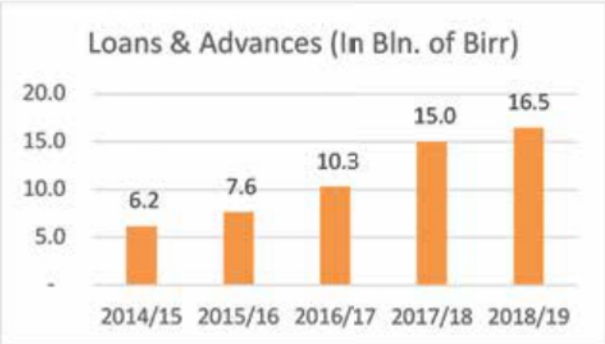
In an effort to provide seamless end to end customer service and to enhance operational efficiency, Wegagen Bank continued deploying different kinds of information technologies in partnership with various vendors. On top of partnering with vendors, the Bank is also developing and deploying in-house information technologies using its internal capacity. The Bank has already upgraded its core banking system to Oracle Flex Cube and new data centre construction at the new Headquarters of the Bank, is finalized todate.

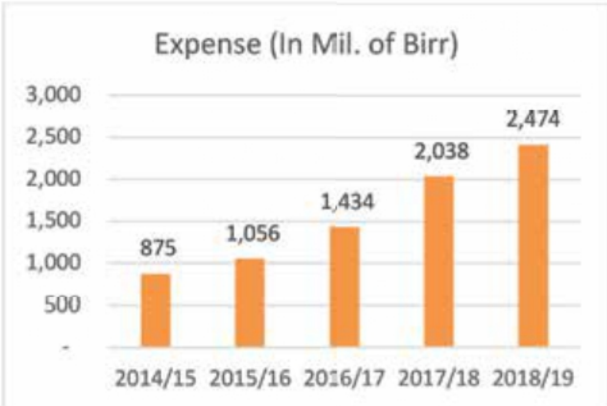
Looking into 2019/20 fiscal year, the Bank envisions foreseeable challenges and opportunities both at global and national levels. The global economy reflects combination of waning recovery in advanced economies and precarious recovery in emerging markets and developing economies. The national economy is expected to show recovery in the upcoming year supported by various reforms being undertaken by the government despite expected challenges such as political uncertainty, shortage of foreign currency, high inflation rate and tightening of global financial conditions. Against these opportunities and challenges, the Bank will continue to strengthen the pillars of excellence by enhancing leadership capability, investing in human resource development and information technologies, expanding and diversifying service delivery channels and improving resource mobilization which would result in growth in profit and other key performance indicators.

Lastly, I would like to convey my sincere thanks to our esteemed customers for their patronage and strong belief in the Bank. Equally important, I thank respected shareholders, board members, management and the entire employees of the Bank for their unreserved effort to strengthen the Bank. I would also like to thank the National Bank of Ethiopian and other key players in the industry which have played their role in creating conducive business environment for the banking industry.

Mr. Mengisteab G/Kidan
Chairperson, Board of Directors

Performance Highlights





Performance Indicators

- 1,312,452 Deposit Accounts
- 281,121 Card Holders
- 267,993 Mobile banking subscribers
- 55, 513 Agency banking users
- 339 Branches
- 249 ATMs
- 283 POS
- 504 Agents

Message from the President/CEO

" In the continued courses of our action, we need good reputation and a strong brand. Hence, compliance and integrity are therefore major elements of our business model although competition in the market is showing tremendous growth requiring our readiness to play the games of the business in a highest level."

Esteemed Shareholders,

The Financial year under review has brought about not only challenges but also set forward a test of our stamina in lieu of managing our performance for a better end so as to meet the desires of our shareholders. In the course, the economy has been challenged by public unrest that holds back our clients not to settle their loans in time.
The existence of foreign exchange shortages & widening gap of the exchange rates, slowed export and weak prices for export commodities are also the major phenomena that characterized the year under review. Besides, the socio-economic upheavals marked much of the reporting period and its overwhelming by change of tides in the political environment hugely impacted the performance of the economy.

In the banking industry, competition continued stiffening as manifested in customer outreach, new and modified products/services introductions, pricing, adoption of banking technologies and efforts to emulate regional and global best practices by employing the services of international consulting firms.

The government's decision to sale stakes of key public enterprises to private sector operators and the prospect for regional peace and stability following the normalization of relations with the Horn of Africa is expected to have positive impacts on the Ethiopian economy and beyond. Furthermore, positive developments such as inviting the private sector's participation in the economy has been recently heralded with the promulgation of the Public Private Partnership (PPP) Proclamation

Drawing an important lesson from building own headquarters, we are also planning to extend this best practice to other regional cities so as to accommodate our District Offices in own premise in order to lessen the impact of increasing rental expenses as well as generate additional income. Another development is also the finalization of the construction of state-of-the-art data center facility and network and security infrastructure that is presumed to take our customer service into a new horizon, with a total cost of around Birr 90 million.

In the way ahead, we need good reputation and a strong brand. Hence, compliance and integrity are therefore major elements of our business model although competition in the market is showing tremendous growth requiring our readiness to play the games of the business in a highest level.

In order to have a distinctly industry footprint and focus, we need to work relentlessly in the face of overwhelming challenges so as to meet the increasing expectation. That requires enabling growth and progress through our core business activities, forging partnerships with organizations that align with our values. Yet, we also humbly recognize that we don't have all (or even many) solutions to some more daunting challenges at our fingertips. What we can do, however, and where we focus our energy, talent and best thinking, is helping our clients and customers navigate and manage through many of these issues, which often helps us move forward and satisfy our shareholders' demands.

In the course of operation, safeguarding our clients' and customers' critical assets and information while holding ourselves to the highest ethical standards in all our decision-making is key to preserving deeper client relationships. We continue to invest in the training and tools required to live up to not just the letter but the spirit of every law, statute and regulation we follow.

As the end of the 2018 financial year is a good opportunity to draw some important conclusions about the most expected hard work ahead of us for better result, we sincerely hope that you will continue supporting our Bank in its path to the future.

Finally, I would like to take this opportunity to express my thanks for joining fellow management members of Wegagen Bank and also extend a special thanks to all our employees throughout the Bank for their hard work and Commitment. My many thanks also go to the industry regulator as well as all stakeholders for being with us throughout.

Sincerely Yours,

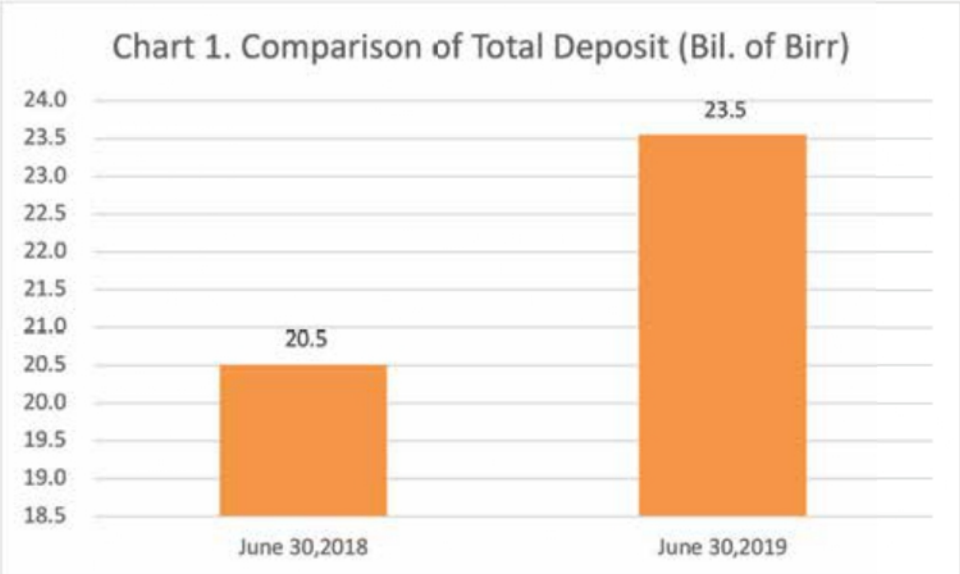
Abay Mehari

President/CEO

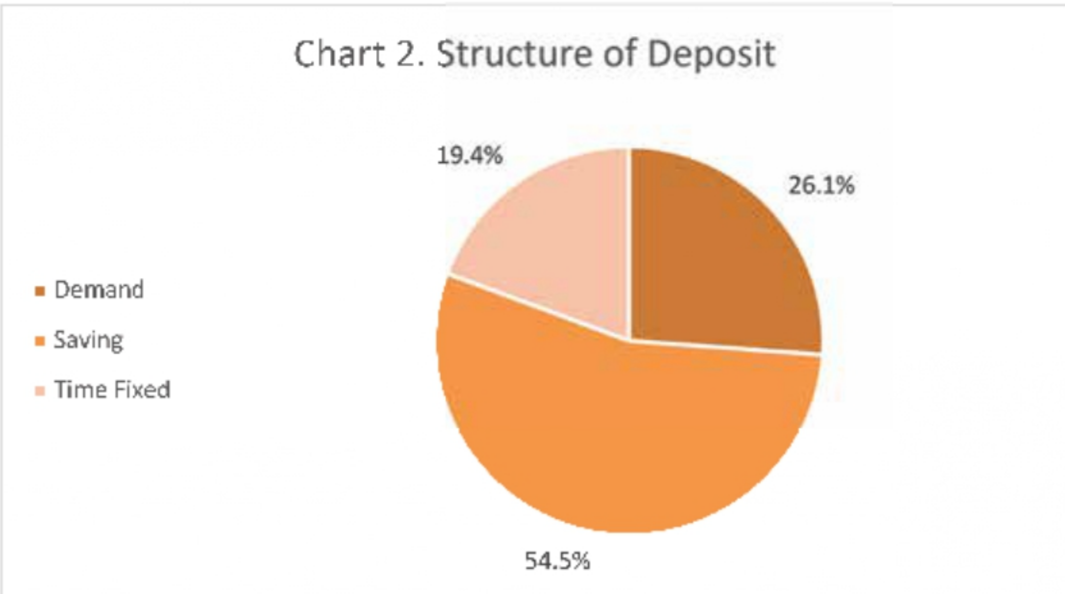
1. Operational Performance

1.1. Deposit Mobilization

In line with expanding customer base and accessibility, Wegagen Bank's deposit continuous to record growth over time. As a result, total deposit of the Bank reached Birr 23.5 billion as at June 30, 2019, exhibiting a growth of 14.8% or Birr 3 billion as compared to preceding year's balance of Birr 20.5 billion. Both saving and time fixed deposit has shown growth year-on-year contributing positively to the overall growth recoded in total deposit.

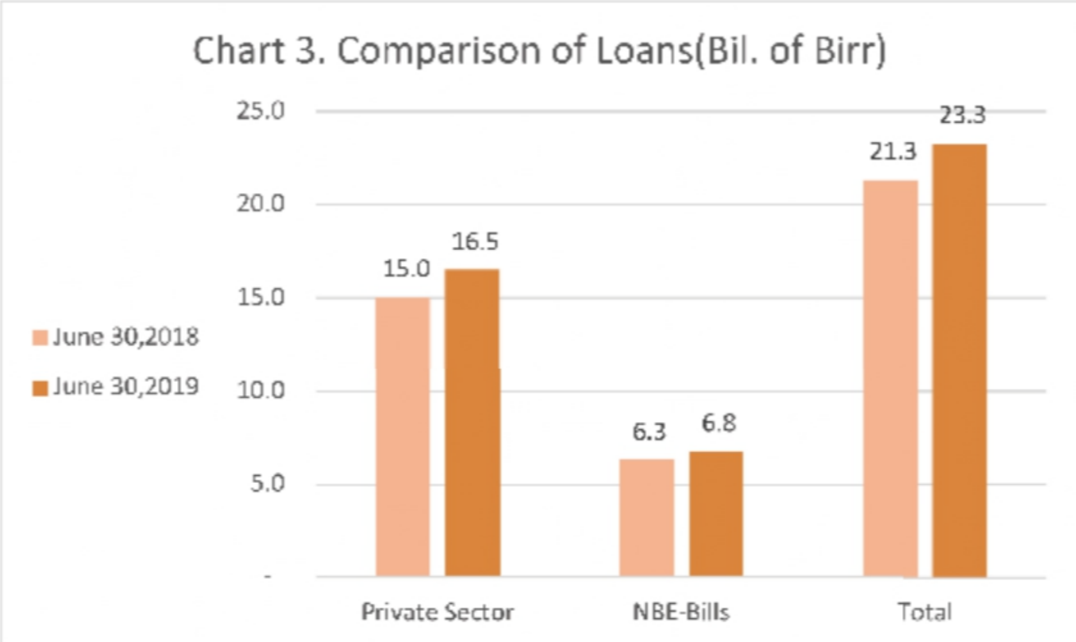


The deposit structure of the Bank indicates that saving deposit took the lion's share to the tune of 54.5%. This is a direct mirror of the Bank's effort towards enhancing stable and less costly source of funding. With a percentage share of 26.1% demand deposit held the second level ahead of time fixed deposit which accounted for 19.4% of the total deposit of the Bank.

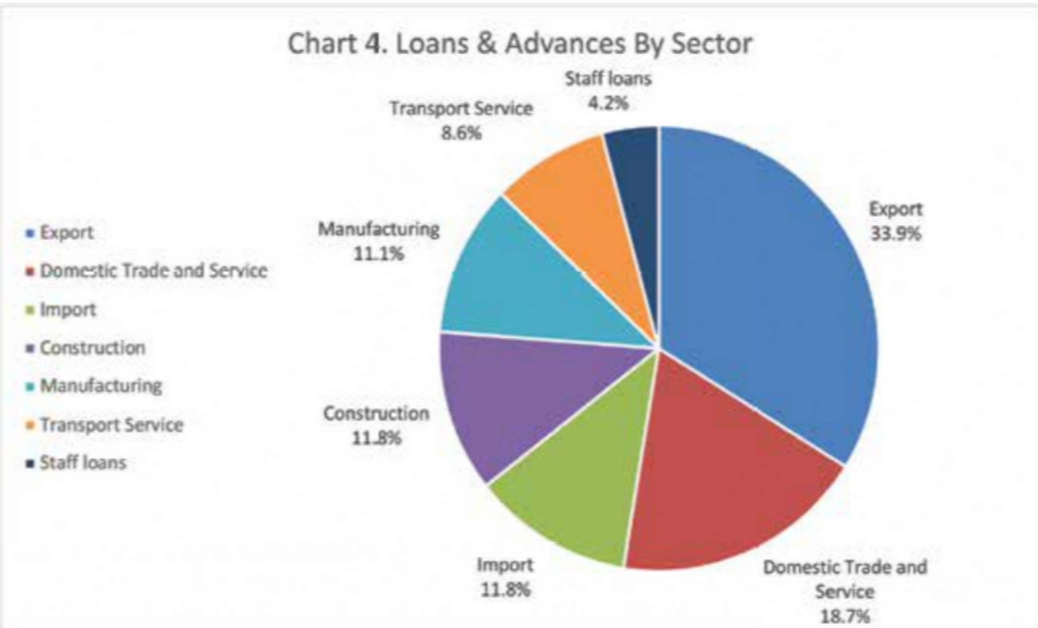


1.2. Loans and Advances

Total outstanding loans and advances of the Bank rose to Birr 16.5 billion as at June 30, 2019, up by 9.3% (Birr 1.4 billion) from previous year balance of Birr 15.0 billion mainly driven by the overall growth recoded in deposit of the Bank. Likewise, the Bank's stock of NBE-Bills held at the National Bank of Ethiopia reached Birr 6.8 billion as at June 30, 2019, exhibiting an increment of 7.3% (Birr 457.8 million) over Birr 6.3 billion of ending balance of previous year. This brought the total loans and advances portfolio of the Bank to Birr 23.3 billion.



Credit facility of the Bank covers all broad economic sectors: Agriculture, industry and service. Accounting for 33.9% (Birr 5.6 billion), Export Sector held the largest proportion of the Bank's loans and advances due from private sector. Domestic Trade and Service Sector followed with a share of 18.7% ahead of Import Sector (11.8%), Construction Sector (11.8%), Manufacturing Sector (11.1%), Transport Service Sector (8.6%) and Staff Loan (4.2%).



Some of the Projects financed by **Wegagen**

Irrigation Project

Construction

Manufacturing

Export

1.3. International Banking Operations

The Bank continued to maintain strong business relationship with exporters, correspondent banks, international money transfer agents and international payment card operators to enhance foreign currency generation. During the reporting period, the Bank has provided large amount of loans for exporters to generate foreign currency from export source on top of strengthening its partnership with renowned correspondent banks. Furthermore, the Bank partnered with WorldRemit in 2018/19 fiscal year and continued to maintain resilient partnership with several international money transfer agents to increase its foreign currency mobilization from international remittance.

The Bank has also been working with international card operators such as Visa and MasterCard to facilitate payment for international payment card holders thereby generating foreign currency.

1.4. Interest Free Banking Services

On top of providing conventional banking services, the Bank has been providing interest free banking services to customers in need of the services based on principles of Sharia. From the onset of the services, the performance of the Bank has been growing. For instance, interest free banking deposit reached Birr 778.4 million as at June 30, 2019. Put against preceding same period balance of Birr 409.1 million, this year performance swelled significantly by 90.3% or Birr 369.3 million.

Alongside mobilizing interest free deposit, the Bank has also engaged in financing and investment with strict adherence to the principles of Sharia and its performance in this regard is growing year-on-year. As at June 30, 2019, interest free financing stood at Birr 236.1 million, up by 83.6% or Birr 107.5 million from Birr 128.6 million as at June 30, 2018. Interest free banking customer base of the Bank has been showing significant growth from the onset of providing the service to reach 68,152 as at the end of the concluded fiscal year by adding new customers equivalent to 27,874 in 2018/19 fiscal year. As compared to the ending balance of the previous year of 40,278 customer, it increased by 69.2%.

In order to conduct the overall operations of the interest free banking services in accordance with the principles of sharia, the Bank has established a separate unit at Head Office level which supervise day to day operations of interest free banking and hired sharia advisory which provide general guidance on the business model and oversee the entire business of Interest Free Banking. Interest free banking deposit products currently provided by the Bank includes wadiya saving account, qard current account, mudaraba investment account and mudaraba saving account. Similarly, the Bank has been providing financing products which includes murabah, qard export and pre-shipment export financing.

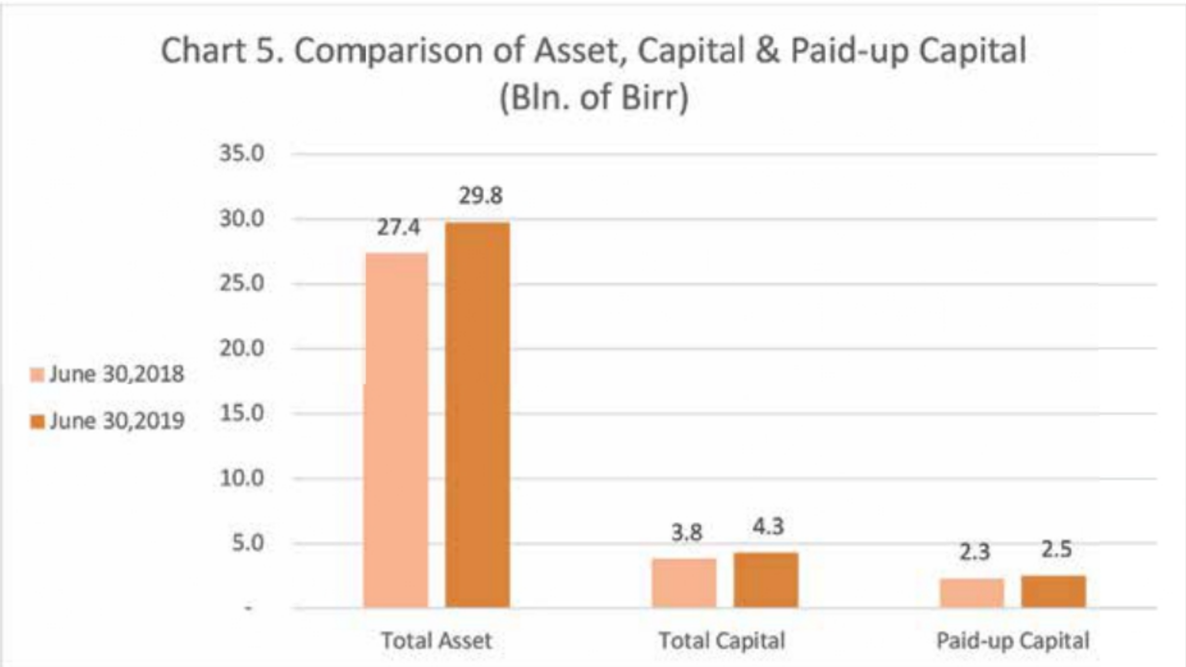
2. Financial Performance

2.1. Asset Expansion

Exhibiting annual growth of 8.7% (Birr 2.4 billion) over Birr 27.4 billion of preceding year, the Bank's total asset reached Birr 29.8 billion as at June 30, 2019. Accounting for 54.1%, net loans and advances took the largest pie of the total asset of the Bank followed by NBE-Bills, cash and bank balance and fixed asset with a share of 22.7%, 14.4% and 4.8%, respectively. All these major components of total asset has shown growth year-on-year, pushing up the total asset where net loans and advances grew by 8.9%; NBE-Bills soared by 7.3%; cash and bank balance and fixed asset augmented by 5.7% each.

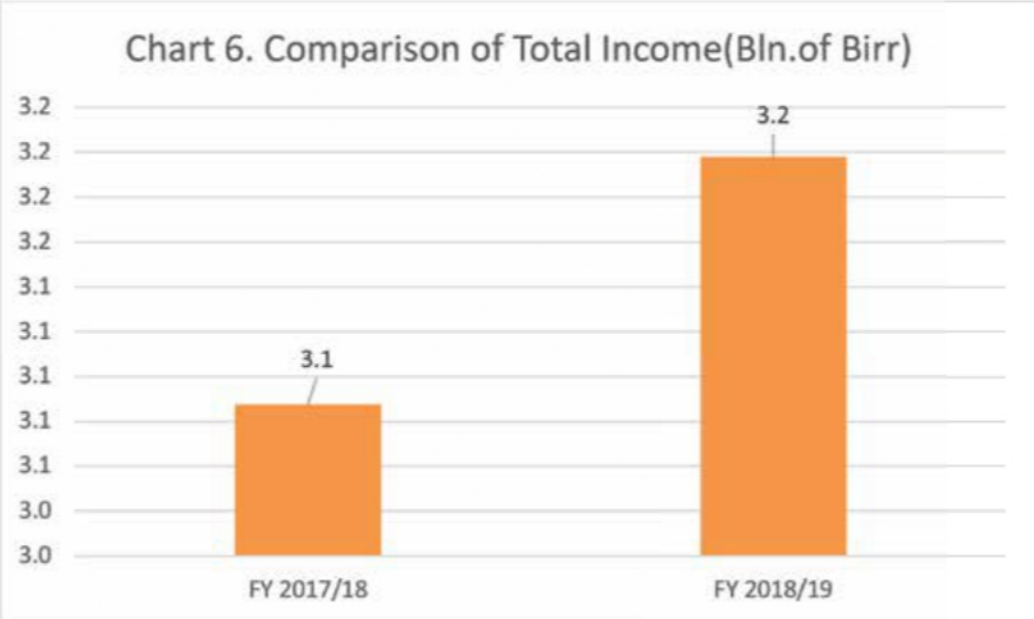
2.2. Capital Growth

The Bank's total capital stood at Birr 4.3 billion as at June 30, 2019 showing a growth of 12.2% year-on-year. Among the components of total capital which encompasses paid-up capital, legal reserve, regulatory reserve, retained earnings and share premium, paid-up capital took the lion's share of 58.7%. Hence, paid-up capital of the Bank reached Birr 2.5 billion, growing by 9.1% or Birr 211.3 million over Birr 2.3 billion of preceding year.

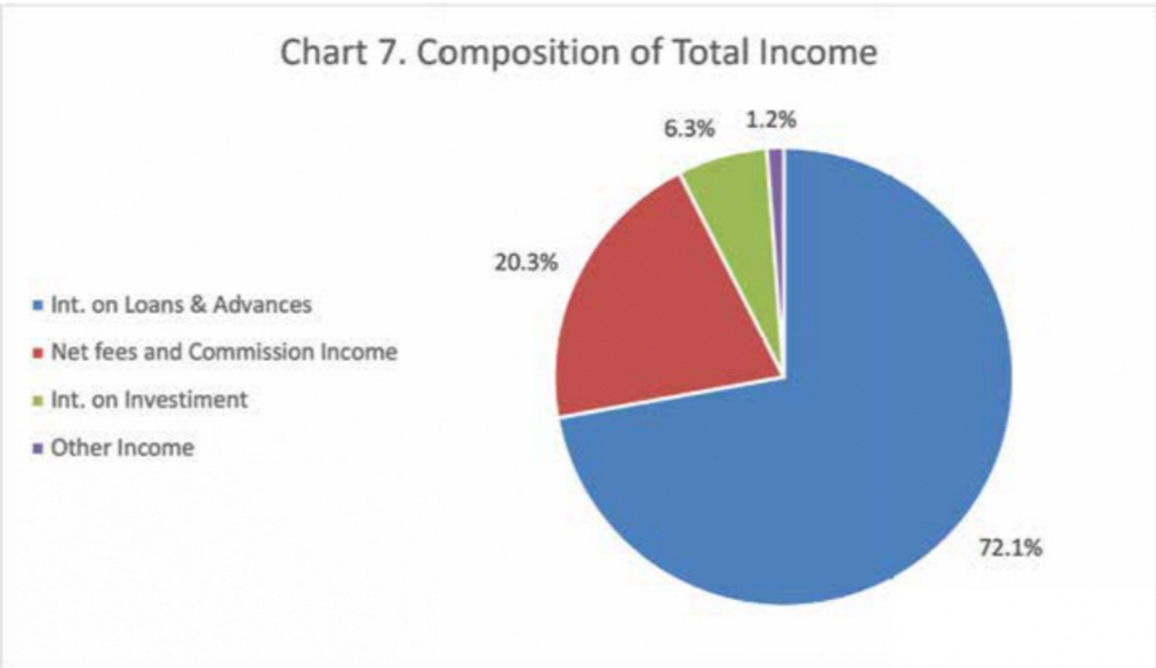


2.3. Total Income

The Bank earned a total income of Birr 3.2 billion from various income sources in the concluded fiscal year of 2018/19. Relative to the amount of income obtained a year earlier Birr 3.1 billion, this year performance was surged up by 3.9% or Birr 121.4 million mainly propelled by growth recoded in interest income which grew by 19.1%.

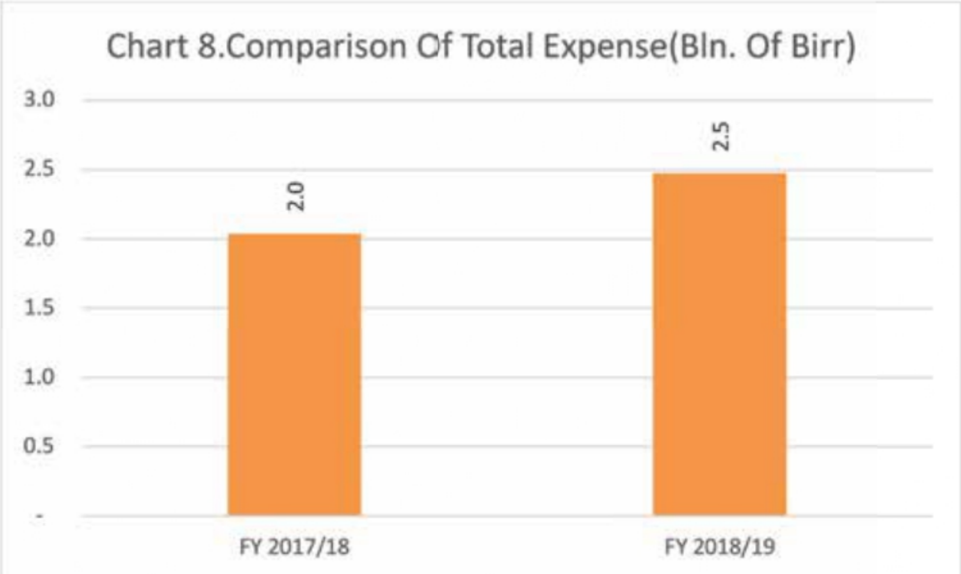


About 72.1% of the Bank's total income came from interest on loans and advances in the 2018/19 fiscal year. Net fees and commission income accounted for 20.3% followed by income from interest on investment which held 6.3% of the total income. Other income category which embraces various small income items accounted for 1.2% of the Bank's total income.

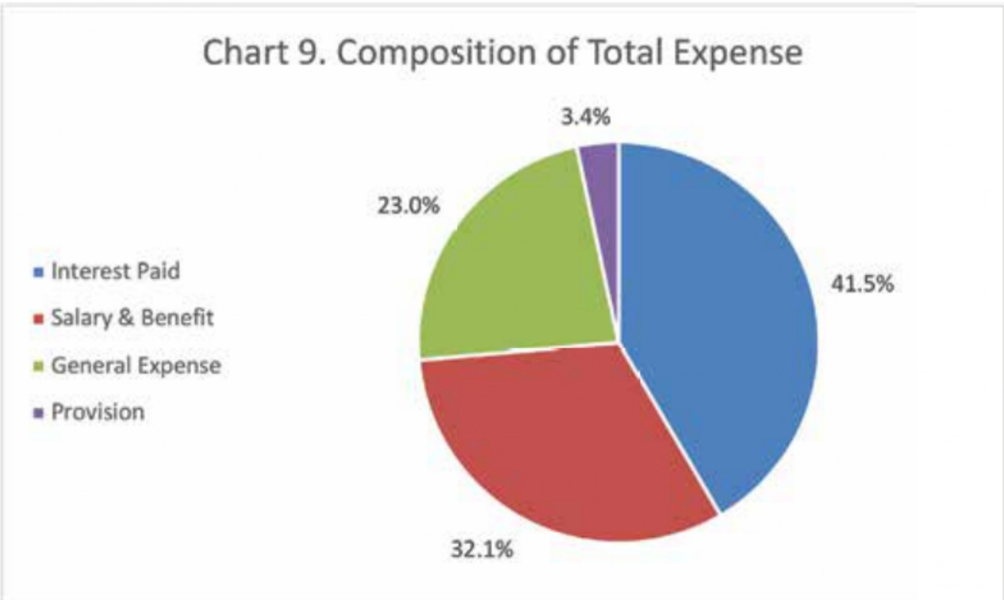


2.4. Total Expense

In the 2018/19 fiscal year, the Bank expended Birr 2.5 billion for various expense items. As compared to Birr 2.0 billion incurred in the last fiscal year, it soared by 21.4% (Birr 436.4 million). All major expense categories grew year-on-year where employee salary and benefit increased by 17.3% and interest and general expense ascended by 36.6% and 9.6%, respectively. In the contrary, provision expense slumped comfortably by 6.3% as compared to the performance of the previous year.



The total expense of the Bank was dominated by interest expense in the 2018/19 fiscal year. It accounted for 41.5% of the total expense followed by employee salary and benefit, general and provision expense with a share of 32.1%, 23.0% and 3.4%, correspondingly.



ስልክዎ ባንክዎ

YOUR Phone | **YOUR** Bank

በየትኛውም ሥፍራ ሆነው በማንኛውም ጊዜ
ሒሳብዎን ያንቀሳቅሱ

***866#**

Bank Anytime Anywhere

ወጋገን ባንክ
Wegagen Bank

TEL: +251 11 552 3800 | +251 11 517 7500
info@wegagen.com www.wegagen.com
P.O.Box: 1018 Addis Ababa, Ethiopia

2.5. Profit before Tax

Despite the very challenging operating environment, the Bank continued to be profitable and in the just concluded fiscal year, the Bank realized a profit before tax of Birr 735.1 million. In the last three years, the bank is able to augment its profit performance with average annual growth rate of 21.9%.

3. Customer Base Expansion

Customer base of the Bank is growing in number as well as assortment. On top of customers who are using brick and mortar bank branch, customers who are using digital channels as a way of banking of the Bank is growing over time.

The deposit account of the Bank has surpassed one million mark for the first time in history of the Bank in 2018/19 fiscal year. Having increased by 35.1% over the balance of preceding year of 971,258, total deposit account of the Bank reached 1,312,452 as at June 30, 2019. Moreover, the number of card holders reached 281,121, up by 98% as compared to previous year balance; mobile banking subscribers grew by 179% to reach 267, 993 as at June 30, 2019 and number of agency banking users stood at 55, 513, showing a growth of 3155% year-on-year.

4. Accessibility

The Bank continuous to work persistently to increase its accessibility to customers by expanding and diversifying its service delivery channels. As part and parcel of this effort, the Bank opened 62 new branches in the just concluded fiscal year which brought number of branches of the Bank to 339 as at June 30, 2019. As compared to the preceding number of 277 branches, it grew by 23%. The branch network of the Bank spread all over the country and broadly speaking 135 branches are found in the capital city while the balance 205 branches are found in the different towns of all regional states and city administration.

To the best convenience of customers, the Bank has been expanding its digital channels outreach using Automated Teller Machine (ATM), Point of Sale (PoS), Internet and Mobile to provide service like payment card, mobile, internet and agency banking. ATM terminal of the Bank reached 249 growing by 24.5% year-on-year and POS terminal reached 283. Likewise number of agents working with the Bank reached 504 as at June 30, 2018.

5. Human Capital

The Bank has strong belief that human capital is one of its critical resources. Cognizant of this fact, the Bank has put in place and implementing competency based human resource management system to streamline its human resource management practices. Thus, in 2018/19 fiscal year, the Bank conducted employee recruitment, promotion, capacity building and performance management based on the principles of competency based human resource management system.

The Bank continued to provide both technical and developmental trainings for its employees to enhance their knowledge, skill, attitude and motivation. In the 2018/19 fiscal year, 6,259, employees drawn from different levels took training on various topics. The Bank also provided educational support for its employees who are attending their studies at different universities and colleges.

The Bank has created job opportunities for thousands of employees thereby contributing its role in the national endeavor of reducing unemployment rate. The staff strength of the Bank excluding outsourced employees reached 4,561 as at June 30, 2019, up by 9.5% as compared to the preceding year balance. Looking the gender composition of the Bank's employee, 3,077 employees (67.5%) are male and the rest 1,484 employees (32.5%) are female.

6. Information Technology

Cognizant of the importance of technology for the provision of flawless end to end customer service and for enhancing efficiency, the Bank has deployed various kinds of information technologies. The Bank is using up-to-date Core Banking System dubbed Oracle Flex Cube to conduct effective and efficient customer transactions and generate different kinds of reports. The system is being used in all branches, forex bureaus, district offices and Head Office Units. The Bank is also upgrading its data center using the state-of-art of technology to deploy effective database management system.

Using the advancement in information technology, the Bank has been partnering with different institutions and technology providers to provide easy payment services for its customers using their mobile and internet apparatus.

7. Own Building

The Bank has already built own Headquarter building and it is in use. The Bank has also a plan to build its own building in different regional towns of Mekelle, Bahir Dar, Hawassa and Dire Dawa. A plot of land has already secured in Mekelle town and construction design for the building to be constructed has started. The process of acquiring a land in the remaining regional towns are progressing.

8. Risk and Compliance Management

Risk is an inherent characteristics of every business activity and it needs to be managed in a manner that ensure sustainability of an organization. Being aware of this general fact, Wegagen Bank has put in place a reliable and robust risk management framework by taking lessons from contemporary developments, international best practices and regulatory requirements that commensurate with its size, complexity and diversity of business activities. Moreover, in a consideration of the growing need for compliance, the Bank has been striving to ensure that overall business operations are conducted in line with applicable national and international laws, regulations, directives and standards.

As part of risk and compliance management endeavor, the Bank has given special emphasis in fighting against financing of terrorism and money laundering by placing appropriate framework and working procedures. The Bank has also formed Risk and Compliance Management sub-board committee which regularly evaluates the risk portfolio and compliance against established standards and monitors that the risks are contained within acceptable level. In the just concluded fiscal year, various training and awareness creation programs were held to enhance employees' awareness on risk and compliance issues, and thereby implanting risk & compliance culture across the bank.

9. Internal Control

Internal control system plays a vital role in maintaining the safety and soundness of the banking industry. To ensure internal control system at its best, internal control function of the Bank is independently organized and made to report to the Board of Directors. Hence, the internal control function is bestowed with a responsibility to oversee senior management's compliance with internal policies and procedures and applicable rules, regulations and directives.

In 2018/19 fiscal year, financial and operational audits, special investigations and asset inventory were conducted to check whether they are performed as per internal policies and procedures of the Bank and applicable laws. In addition, several inspections have been conducted on overall operational activities of branches, district offices and Head office organs.

10. Corporate Social Responsibility

The Bank has developed a solid belief that its sustainability is ensured in an environment where social equity prevails and the environment is protected from any kinds of damage. Cognizant of this fact on the ground, the Bank spent more than Birr 20 million in 2018/19 fiscal year to support displaced citizens in different parts of the country, protect environmental damages caused across the country and to support citizens in need found at different humanitarian organizations.

Wegagen Bank S.C

DIRECTORS, EXECUTIVE MANAGEMENT, AUDITORS AND PRINCIPAL BANKERS As at 30 June 2019

Mr. Mengisteab G/Kidan	Chairman
Mr. Tefera Molla	Vice chairman
Mr. Ahmed Yasin	Member
Mr. Amanuel G/Kidan	Member
Mr. Atey Tadele	Member
Mr. Fikru Jiregna	Member
Mr. Tadesse Adane	Member
Mr. Araya Merid	Member
Ms. Mulu Birhane	Member
Ms. Mahita Embaye	Member
Ms. Ferida Ahmed	Member

Executive management

Mr. Abay Mahari	President/CEO
Mr. Berihun Assefa	A/VP, Resources
Mr. Desaley Embeza	V/P, Branch Banking and Resource Mobilization
Mr. Kindie Abebe	A/VP, Corporate Services
Mr. Berihun Desta	A/VP, Credit and International Banking
Mr. Assefa Yeshanew	V/P, IT Services
Mr. Getye Mekuria	Director, Risk & Compliance Mgt
Mr. Yehwalashet Zewdu	Director, Control

Independent auditor

Degafa and Tewodros Audit Service Partnership
Authorised Auditors Limited Partnership, Chartered Certified Accountants
Addis Ababa
Ethiopia.

Principal bankers

Citi Bank	Commerz Bank Uni-
Credito Italiano	Barclays Bank
B.Pourle Djibout	iING Belgium
Standard chartered Bank	Bank of Africa

Wegagen Bank S.C
REPORT OF DIRECTORS
As at 30 June 2019

The directors submit their report together with the financial statements for the year ended 30 June 2019, to the members of Wegagen Bank ("Wegagen or the Bank"). This report discloses the financial performance and state of affairs of the Bank.

Incorporation and address- Wegagen Bank S.C was established on June 11, 1997. It came into being with 16 founding members who recognised the critical role that financial institutions would play to create a sustainable economic development and raised an initial capital of Birr 30 million. As at June 30, 2019, the paid up capital of the Bank reached Birr 2.5 billion. As at June 30, 2019, the Bank has 3,285 shareholders and a network of 339 branches.

Principal activities- The mandate of the Bank is the to provide efficient and effective full-fledged commercial banking services by utilizing qualified, honest and motivated staff and state-of-the-art technology and thereby optimize shareholders interest.

Results and dividends- The Bank's results for the year ended 30 June 2019 are set out on page 6. The summarized results are presented below.

	30 June 2019 Birr'000	30 June 2018 Birr'000
Net Interest Income	**1,491,937**	**1,363,648**
Net operating income	2,098,846	2,246,772
Profit before tax	735,139	1,050,088
Tax charge	(114,176)	(256,534)
Profit for the year	620,963	793,555
Other comprehensive income net of taxes	4,743	(18,130)
Total comprehensive income for the year	625,706	775,425
Earnings Per Share	25.6%	36.5%
Profit Available for distribution to shaerholders	407,696	361,815
Dividend Per Share	16.8%	16.6%

Mr. Mengisteab G/Kidan
Chairman, Board of Directors

Wegagen Bank S.C

STATEMENT OF MANAGEMENT RESPONSIBILITIES

As at 30 June 2019

The Bank's president is responsible for the preparation and fair presentation of these financial statements in conformity with IFRS and in the manner required by the Commercial Code of Ethiopia of 1960 and the requirements/directives of the National Bank of Ethiopia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The President is of the 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 President 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 President to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

The financial statements on pages 33 to 112 were approved and authorized for issue by the board of directors and management on November 27, 2019 and were signed on its behalf by:

Mr. Mengisteab G/Kidan Chairman, Board of Directors	Mr. Abay Mehari President/CEO

Wegagen Bank S.C
Independent Auditors' Report
For the Year ended 30 June 2019

We have audited the accompanying financial statements of WEGAGEN BANK SHARE COMPANY which comprise the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of cash flows and statement of changes inequity for the year then ended and summary of significant accounting policies and other explanatory information.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of WEGAGEN BANK SHARE COMPANY as at 30 June 2019 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard (IFRS). And as required by the commercial code of Ethiopia, based on our audit we report as follows:

i. Pursuant to Article 375(1) of the Commercial Code of Ethiopia, 1960 and based on our reviews of the board of directors' report, we have not noted any matter that we may wish to bring to your attention.
ii. Pursuant to article 375 (2) of the commercial code of Ethiopia, we recommend the financial statements be approved.

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon; we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our Audit Addressed the key Audit matter
The Bank has implemented IFRS 9 financial instruments. This standard was published in July 2014, replacing the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Due to newness of some of requirement of this IFRS to the bank and country as whole, it had challenges in the area of business process, knowledge and training, market information and technology requirements which made the implementation process tiresome. As result, we have had series of discussions with the concerned unit of the bank on the matter; reviewed relevant documents and of course the verification work took us much time.	We have assigned a team with vast experience of banking business and hands-on experience on IFRS implementation process. The bank has engaged international consultancy firm (KPMG) to enable it to properly implement IFRS 9 and its new requirements. The bank also trained its staff both abroad and locally to ensure sustainability of IFRS compliance. The management of the bank further explained to us that it used various alternative ways for gathering various market information and used unobservable inputs in cases where market information is not available which is as per requirement of IFRS and it is also considering information system updates and upgrades to enable it to comply to data requirements of this standard. The adoption of IFRS 9 required reinstatement of certain comparative figures. Thus the effect of adopting this standard has been adjusted in the opening retained earnings account.

Responsibilities of Management and Those charged with Governance for the financial statements

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

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

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

Auditors Responsibility for the Audit of the financial Statements

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

Degefa & Tewodros Audit Services
Partnership,
Chartered Certified Accountants

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

Addis Ababa
November 27, 2019

Page 5

Wegagen Bank S.C
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Notes	30 June 2019 Birr'000	30 June 2018 Birr'000
Interest income	5	2,518,986	2,115,769
Interest expense	6	(1,027,049)	(752,121)
Net interest income		1,491,937	1,363,648
Net fees and commission income	7	652,092	850,421
Net Trading Income		2,144,029	2,214,069
Other operating income	8	38,030	121,488
Loan impairment charge	9	(87,352)	(61,084)
Impairment losses on other assets	10	4,139	(27,699)
Net operating income		2,098,846	2,246,772
Salaries and benefits	11	(794,172)	(677,150)
Amortisation of intangible assets	19	(15,059)	(8,396)
Depreciation of property, plant and equipment	20	(104,540)	(79,631)
Other operating expenses	12	(448,339)	(430,512)
Audit fees		(398)	(398)
Directors' related expenses		(1,200)	(598)
Total Operating Expenses		(1,363,708)	(1,196,684)
Profit before tax		735,139	1,050,088
Income tax expense	13	(114,176)	(256,534)
Profit after tax		**620,963**	**793,555**
Other comprehensive income (OCI) net of income tax			
Remeasurement loss on retirement benefits	23	(8,414)	(18,130)
Fair value gain of Equity Investments		13,157	-
Total Other comprhensive Income		4,743	(18,130)
Total comprehensive income for the period		**625,706**	**775,425**
Basic & diluted earnings Per Share	25	25.6%	36.5%

Mr. Mengisteab G/Kidan
Chairman, Board of Directors

Mr. Abay Mehari
President/CEO

Wegagen Bank S.C

Statement of financial position As at 30 June 2019

	Notes	30 June 2019 Birr'000	30 June 2018 Birr'000
ASSETS			
Cash and bank balances	14	4,281,066	4,048,855
Loans and advances to customers	15	16,095,886	14,785,041
Investment securities:			
- Equity Investments at FVOCI	16	60,543	35,370
- Debt Securities at Amortized Cost	16	6,866,586	6,394,493
Other assets	17	976,622	699,764
Investment property	18	631	649
Intangible assets	19	62,398	77,457
Property, plant and equipment	20	1,426,284	1,349,278
Total assets		**29,770,016**	**27,390,907**
LIABILITIES			
Deposit from customers	20	23,011,946	20,063,841
Deposit from financial institutions	21	533,330	442,288
Current tax liabilities	13	139,754	197,558
Other liabilities	22	1,682,576	2,750,288
Employee benefit obligations	23	77,512	55,442
Deferred tax liabilities	13	31,285	54,984
Total liabilities		**25,476,403**	**23,564,401**
EQUITY			
Share capital	24	2,521,615	2,310,321
Share premium	24	31,666	31,666
Retained earnings	26	407,696	361,815
Legal reserve	27	1,207,356	1,052,115
Regulatory Risk Reserve	27	141,036	70,588
Other Reserve	27	(15,756)	-
Total equity		4,293,613	3,826,505
Total equity and liabilities		**29,770,016**	**27,390,906**

Mr. Mengisteab G/Kidan
Chairman, Board of Directors

Mr. Abay Mehari
President/CEO

Wegagen Bank S.C

Statement of cash flows
For the year ended 30 June 2019

	Notes	30 June 2019 Birr'000	30 June 2018 Birr'000
Cash flows from operating activities			
Cash generated from operations	28	1,228,067	2,050,252
Income tax paid	13	(197,712)	(175,860)
Net cash (outflow)/inflow from operating activities		**1,030,355**	**1,874,392**
Cash flows from investing activities			
Purchase of investment securities (Net)		(488,813)	(1,214,799)
Purchase of intangible assets	19	0	(41,182)
Purchase of property, plant and	20	(182,107)	(449,575)
Dividend income received		2,922	1,493
Proceeds from sale of PPEs	29	333	-
Procceds from sale of investments		11,317	131,940
Net cash (outflow)/inflow from investing activities		(656,348)	(1,572,122)
Cash flows from financing activities			
Directors share of profit paid		**(1,466)**	(1,100)
Dividend paid		**(140,330)**	(156,699)
Net cash (outflow)/inflow from financing activities		(141,796)	(157,798)
Net increase/(decrease) in Cash and bank balances		**232,211**	**144,472**
Cash and bank balances at the beg. of the year	14	4,048,855	3,904,383
Effect of exchange movement on Cash and bank balances		232,211	144,472
Cash and bank balances at the end of the		**4,281,066**	**4,048,855**

Mr. Mengisteab G/Kidan
Chairman, Board of Directors

Mr. Abay Mehari
President/CEO

ወጋገን ባንክ Wegagen Bank Board of Directors

ወጋገን ባንክ Wegagen Bank

Wegagen Bank S.C
Statement of changes in equity
For the year ended 30 June 2019

	Share capital Birr'000	Share premium Birr'000	Retained earnings Birr'000	Legal reserve Birr'000	Regulatory Risk Reserve Birr'000	Other Reserve Birr'000	Total Birr'000
As at 1 July 2017	2,072,112	31,666	254,633	853,726	-	-	3,212,137
							-
Profit for the year			793,555			-	793,555
Other comprehensive income:			(18,130)			-	(18,130)
Total comprehensive income for the	**2,072,112**	**31,666**	**1,030,058**	**853,726**	**-**	**-**	**3,987,562**
Transactions with owners in their capacity as owners:							-
Contributions to equity,	238,209	-	(238,209)	-		-	-
Dividend paid	~	-	(160,074)	-		-	(160,074)
Prior year directors' share of profit written back	-	-	233	-		-	233
Directors' share of profit	-	-	(1,215)	-		-	(1,215)
Transfer to legal reserve	-	-	(198,389)	198,389		-	-
Transfer to Regulatory Reserve			(70,588)		70,588	-	-
						-	-
As at 30 June 2018	**2,310,321**	**31,666**	**361,815**	**1,052,115**	**70,588**	**-**	**3,826,505**
Contributions to equity	211,294	-	(211,294)	-			-
Dividend paid	-	-	(150,521)	-			(150,521)
Reclassification of Defined benefit plan			20,500			(20,500)	-
Fair value gain of Equity investments (net of tax)						13,157	13,157
Impairment on cash and debt securities			(468)				(468)
Impairment on Loans			(5,471)				(5,471)
Profit for the year			620,963				620,963
Remeasurement of Defined Benefit plans (net of tax)						(8,414)	(8,414)
Prior year directors' share of profit paid	-	-	(486)	-			(486)
Prior Period Adjustment			(2)				(2)
Directors' share of profit	-	-	(1,650)	-			(1,650)
Transfer to legal reserve	-	-	(155,241)	155,241			-
Transfer to Regulatory Risk Reserve			(78,457)		78,457		-
Transfer from Regulatory Risk Reserve	-	-	8,009		(8,009)		-
As at 30 June 2019	**2,521,615**	**31,666**	**407,696**	**1,207,356**	**141,036**	**(15,756)**	**4,293,613**

Mr. Mengisteab G/Kidan
Chairman, Board of Directors

Mr. Abay Mehari
President/CEO

Wegagen Bank S.C
Notes to the Financial Statements
For the year ended 30 June 2019

I. General information

Wegagen Bank S.C. ("Wegagen Bank or the Bank") is a private commercial Bank that was established in June 1997 in accordance with the provisions of the Commercial code of Ethiopia of 1960 and the Licensing and Supervision of Banking Business Proclamation No. 84/1994. As at June 30, 2019, the paid up capital of the Bank reached Birr 2.5 billion contributed by 3,285 shareholders.

The Bank's registered office is at Kirkos sub city, Wereda 7, in front of National Stadium, in Addis Ababa, Ethiopia. However, it operates in all the nine regions and two city administrations of Ethiopia by opening 339 branches.

The Bank is principally engaged in the provision of diverse range of financial services ranging from accepting deposits from the public and lending to a wide range of sectors that mainly includes manufacturing, import, export, construction, and domestic trade and transport areas. It also performs trade services activities to facilitate the import and export process of the Country. Moreover, it facilitates local and international remittance activities through various partners. Last but not least, the Bank reaches its customers through various electronic banking channels like ATM, internet banking, mobile banking and agency banking platforms.

II. Summary of Significant Accounting Policies

2.1. Introduction to 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.

2.2. Basis of preparation

The financial statements for the year ended 30 June 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

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

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

2.2.1. Going concern

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

2.2.2. Changes in accounting policies and disclosures and new standards

There are no changes in accounting policies during the fiscal year except adopting the new IFRS 9 standard.

New Standards, amendments, interpretations issued but not yet effective.

IFRS 16 – Leases

This standard was issued in January 2016 (Effective 1 January 2019) . It sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. it also substantially carries forward the lessor accounting requirements in IAS 17. The Bank made preliminary assessment of its impacts and found out the effect is not material.

2.3. Foreign currency translation

a. Functional and presentation currency

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

b. Transactions and Balances

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

2.4. Recognition of income and expenses

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

The Bank, earns income from interest on loans and commission and service charges from the various services it provides to customers. The Bank's main expenses includes the interest it paid to deposits from customers, the impairment allowance for loans and the operating expenses it incurs to run the day to day operations of the Bank.

2.4.1. Net Interest Income

2.4.1.1. Policy applicable from 1 July 2018

a. Effective interest rate and amortized cost

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

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

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 credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses. The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability

b. *Amortized cost and gross carrying amount*

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

c. *Calculation of interest income and expense*

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

Certified Auditors in Ethiopia
Degefa and Tesfaye Audit Service Partnership

d. Presentation

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

- Interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis;
- Interest on debt instruments measured at FVOCI calculated on an effective interest basis;

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

2.4.1.2. *Policy applicable before 1 July 2018*

Interest income and expense on available-for-sale assets and financial assets or liabilities held at amortized cost was recognized in profit or loss using the effective interest method.. When calculating the effective interest rate, the Bank estimated the cash flows considering all contractual terms of the financial instrument but did not consider future credit losses. The calculation included all fees and points paid or received, between the parties to the contract that were an integral part of the effective interest rate, transaction costs and all other discounts and premiums. Transaction costs were incremental costs that were directly attributable to the acquisition, issue or disposal of a financial asset or liability. Once a financial asset or a group of similar financial assets had been written down as a result of an impairment loss, interest income was recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Interest income and expense on all trading assets and liabilities were considered to be incidental to the Bank's trading operations are presented in net interest income.

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available– for–sale interest income or expense is recorded using the Effective Interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly

Certified Auditors in Ethiopia
Degefa and Tesfaye Audit Service Partnership

attributable to the instrument and are an integral part of the Effective Interest Rate (EIR), but not future credit losses.

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

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

2.4.2. Fees and commission Income

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income (for example commission on drafts, cash payment order (CPO), letter of credit (LC), letter of guarantee, etc) are recognized as the related services are performed.

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

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

2.4.3. Dividend income

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

2.4.4. 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 spot rate of exchange at the reporting date. The monetary assets and liabilities include financial assets within the foreign currencies deposits received and held on behalf of third parties etc.

Certified Auditors in Ethiopia
Degefa and Tesfaye Audit Service Partnership

2.4.5. Other income and expense

Other expenses are recognized when they are incurred by the Bank and other revenues recognized when they are earned which usually occurs simultaneously with cash collection.

2.5. Financial instruments

2.5.1. Introduction

The Bank has initially adopted IFRS 9 from 1 July 2018. Due to the transition method chosen by the Bank in applying IFRS 9, comparative information throughout these financial statements has not generally been restated to reflect its requirements.

The effect of initially applying these standards is mainly attributed to the following:

- An increase in impairment losses recognized on financial assets and
- Additional disclosures related to IFRS 9

Except for the changes below, the Bank has consistently applied the accounting policies as set out in notes to all periods presented in these financial statements.

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The requirements of IFRS 9 represent a significant change from IAS 39. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. As a result of the adoption of IFRS 9, the Bank has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require separate presentation in the statement of profit or loss and OCI of interest revenue calculated using the effective interest method. Previously, the Bank disclosed this amount in the notes to the financial statements. Additionally, the Bank has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018, but have not been applied to the comparative information. The key changes to the Bank's accounting policies resulting from its adoption of IFRS 9 are summarized below. The full impact of adopting the standard is set out in the notes.

Transition from IAS 39 to IFRS 9

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except comparative periods which have generally not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as at 1 July 2018. Accordingly, the information presented for 2018 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2019 under IFRS 9.

The Bank used the exemption not to restate comparative periods but considering that the amendments made by IFRS 9 to IAS 1 introduced the requirement to present 'interest income calculated using the effective interest rate' as a separate line item in the statement of profit or loss and OCI, the Bank changed the description of the line item from 'interest income' reported in 2018 to 'interest income calculated using the effective interest method'.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application;

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of investments in equity instruments not held for trading is at FVOCI.
- If a debt security had low credit risk at the date of initial application of IFRS 9, then the Bank has assumed that credit risk on the asset had not increased significantly since its initial recognition.

2.5.2. *Policy applicable from 1 July 2018*

a. Recognition and initial measurement

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

Certified Auditors in Ethiopia

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

b. Classification and subsequent measurement

Financial assets- On initial recognition, a financial asset shall be classified either as measured at either amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The Bank shall measure a financial asset at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- the asset is held within a business model whose objective is to hold it to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI). `

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

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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

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

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

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or 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;
- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

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

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

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

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

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

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)

Financial liabilities

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

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

Financial guarantees issued by the Bank are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of: the amount of the obligation under the guarantee, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and the amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies.

c. Impairment

At each reporting date, the Bank shall assess whether there is objective evidence that financial assets (except equity investments), other than those carried at FVTPL, are impaired. The Bank shall recognize loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments;
- lease receivables;
- Financial guarantee contracts issued; and

- Loan commitments issued.

No impairment loss shall be recognized on equity investments.

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

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

Loss allowances for lease receivables shall always be measured at an amount equal to lifetime ECL. 12-month ECL is the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognized are referred to as 'Stage 1 financial instruments'.

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

Measurement of ECL- it is probability-weighted estimate of credit losses & shall be measured as follows:

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

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

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

The key inputs into the measurement of ECL are the term structure of 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.

Probability of Default (PD)-It provides an estimate of the likelihood that a borrower will be unable to meet its debt obligations. In calculating PDs, we need assess the existence of 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).

Certified Auditors in Ethiopia
Degefa and Tesfaye Audit Service Partnership

- 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,

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

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

a. Term loan exposures

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

b. Overdraft exposures

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

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

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

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

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

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

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

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

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

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

Definition of default-

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

- The borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);
- The borrower is more than 90 days past due on any material credit obligation to the Bank.

- Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- It is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

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

- qualitative: e.g. breaches of covenant;
- Quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- Based on data developed internally and obtained from external sources.
- Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

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

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

External information considered includes economic data and forecasts published by Business Monitor International, an external and independent macroeconomic data body. This is in addition to industry level, semi – annual NPL trends across statistically comparable sectors.

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

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

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

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

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

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

- Instrument type;
- Credit risk grading;
- Collateral type;
- LTV ratio for retail mortgages;
- Date of initial recognition;
- Remaining term to maturity;
- Industry; and
- Geographic location of the borrower

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

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

Credit-impaired financial assets

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

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

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

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

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

c. **Presentation of allowance for ECL in the statement of financial position**

- Loss allowances for ECL shall be presented in the statement of financial position as follows:
- for financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- for loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined

amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision;

- for 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 shall be disclosed and is recognized in the fair value reserve.

d. Write-off

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

Recoveries of amounts previously written off shall be included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

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

e. Non-integral financial guarantee contracts

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

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

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

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

f. Derecognition

The Bank shall derecognise a financial asset when:

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

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 shall be recognized in profit or loss.

Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI shall not be 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 shall be recognized as a separate asset or liability.

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

g. Modifications of financial assets and financial liabilities

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

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs shall be included in the initial measurement of the asset; and

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

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

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

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

Where the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank shall first recalculate the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and shall be amortised over the remaining term of the modified financial asset.
Where such a modification is carried out because of financial difficulties of the borrower, then the gain or loss shall be presented together with impairment losses. In other cases, it shall be presented as interest income calculated using the effective interest rate method

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

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

Certified Auditors in Ethiopia
Degefa and Teshome Audit Service Partnership

h. Offsetting

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

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

i. Designation at fair value through profit or loss

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

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

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

2.5.3. Policy applicable before 1 July 2018

a. Recognition

The Bank initially recognizes loans and advances, deposits and debt securities on the date at which they are originated. All other financial assets and liabilities (including assets designated at fair value through profit or loss) are initially recognized on the trade date at which the Bank becomes a party to the contractual provision of the instrument. A financial asset or liability is initially measured at fair value plus (for an item not subsequently measured at fair value through profit or loss) transaction costs that are directly attributable to its acquisition or issue. Subsequent to initial recognition, financial liabilities (deposits and debt securities) are measured at their amortized cost using the effective interest method.

Certified Auditors in Ethiopia
Degefa and Tesfaye Audit Service Partnership

b. Classification

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 investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

i. Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Investments held for trading are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. Investments held for trading are subsequently re-measured at fair value based on quoted bid prices or dealer price quotations, without any deduction for transaction costs. All related realized and unrealized gains and losses are included in profit or loss. Interest earned whilst holding held for trading investments is reported as interest income. Foreign exchange forward and spot contracts are classified as held for trading. They are marked to market and are carried at their fair value. Fair values are obtained from discounted cash flow models which are used in the determination of the foreign exchange forward and spot contract rates. Gains and losses on foreign exchange forward and spot contracts are included

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides money directly to a debtor with no intention of trading the receivable. Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortized cost using the effective interest method. Loans and receivables compose of loans and advances and cash and cash equivalents.

iii. Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

A sale or reclassification of more than an insignificant amount of held to maturity investments would result in the reclassification of the entire category as available for sale and would prevent the Bank from classifying investment securities as held to maturity for the current and the following two financial years. Held to maturity investments includes treasury bills and bonds. They are subsequently measured at amortized cost using the effective interest rate method.

iv. Available-for-sale

Available-for-sale financial investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any other category of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized in other comprehensive income and presented in the available-for-sale fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is re-classified to profit or loss.

c. Impairment of financial assets

At each reporting date the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset than can be estimated reliably.

The Bank considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. Significant assets found not to be specifically impaired are then collectively assessed for any impairment that may have been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets with similar risk characteristics.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Bank on terms that the Bank would otherwise not consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the Bank.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

Impairment losses on available-for-sale securities are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

d. De-recognition

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Bank is recognized as a separate asset or liability.

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

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include repurchase transactions.

e. Offsetting of financial assets and financial liabilities

Financial assets and financial 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 to realize the asset and settle the liability simultaneously.

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

f. Fair value of financial assets and financial liabilities

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 its absence, the most advantageous market to which the Bank has access at that date.

g. Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment

2.5.4. Islamic banking

Murabaha is an Islamic financing transaction which represents an agreement whereby the Bank buys a commodity/good and sells it to a counterparty (customer) based on a promise received from that counterparty to buy the commodity according to specific terms and conditions. The selling price comprises of the cost of the commodity/goods and a pre-agreed profit margin. It is treated as financing receivables. Financing receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The profit is quantifiable and contractually determined at the commencement of the contract. Murabaha Income (profit) is recognized as it accrues over the life of the contract using the effective profit method (EPRM) on the principal balance outstanding. These products are carried at amortized cost less impairment.

2.6. Cash and Cash Equivalents

Cash and cash equivalents' include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

2.7. Property, plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Bank recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in income statement as incurred.

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

Depreciation is calculated using the straight-line method to allocate their cost to their residual values starting from the asset is available for use over their estimated useful lives, as follows

Asset class	Useful Lives
Buildings	50
Computer hardware	7
Furniture and fittings	10
Equipment	5 to 20
Lifts	15
Motor Vehicles	10

Capital work-in-progress is not depreciated as these assets are not yet available for use.

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

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

2.8. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in 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 amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expenses on intangible assets with finite lives is presented as a separate item in the income statement.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives, which ranges from two to six years.

2.9. Non-current assets (or disposal groups) held for sale

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

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

Certified Auditors in Ethiopia
Degefa and Tesfaye Audit Service Partnership

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

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

2.10. Impairment of non-financial assets

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

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

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

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

2.11. 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 amortised over the period in which the service is to be enjoyed.

b. Other receivables

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

The Bank's other receivables are receivables from MasterCard, receivables from visa card and other receivables from debtors. This has been added to the carrying amounts of the investment

2.12. Fair value measurement

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

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortised cost)
- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:• In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Bank.

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

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

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

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

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

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

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

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

2.13. Employee benefits

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

a. Defined contribution plan

The Bank operates two defined contribution plans;

i) Pension scheme in line with the provisions of Ethiopian pension of private organization employees' proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and the Bank respectively;
ii) Provident fund contribution, funding under this scheme is 7% and 13% by employees and the Bank respectively based on the employees' salary. Employer's contributions to this scheme are charged to profit or loss and other comprehensive income in the period in which they relate.

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

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

Past-service costs are recognised immediately in income.

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

Certified Auditors in Ethiopia
Degefa and Tesfaye Audit Service Partnership

b. Profit-sharing and bonus plans

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

c. Defined Benefit plans

The Bank recognizes the liability for severance and other long service awards based on acturail requirements that set assumptions for salary increases, inflation, discount rates, turnover, mortality and others

2.14. Provisions

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

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

2.15. Share capital

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

2.16. Earnings per share

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

2.17. Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Bank as a lessee

Leases that do not transfer to the Bank substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

Bank as a Lessor

The Bank has rented temporary freehold space in its head office building that is mainly constructed for office use. The lease advance payments are recognized as deferred income until recognized

2.18. Income taxation

a. Current income tax

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

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

b. Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial

Certified Auditors in Ethiopia
Degefa and Tekolde Audit Service Partnership

recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

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

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

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

3. Significant accounting judgments, estimates and assumptions

The preparation of the Bank's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

3.1. Judgments

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

Operating lease commitments - Bank as lessee

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

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

3.2. Estimates and assumptions

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

a. ***Impairment losses on loans and receivables***

The Bank reviews its loan portfolios for impairment on an on-going basis. The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Impairment provisions are also recognised for losses not specifically identified but which, experience and observable data indicate, are present in the portfolio at the date of assessment. For individually significant financial assets that has been deemed to be impaired, management has deemed that cash flow from collateral obtained would arise within 12 months where the financial asset is collaterised.

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

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

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

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

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

b. Fair value measurement of financial instruments

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

c. ***Defined benefit plans***

The cost of the defined benefit pension plan such as managerial employee compensation and the severance benefit and their present value of these benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

d. ***Depreciation and carrying value of property, plant and equipment***

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

e. *Taxes*

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

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

f. *Development cost*

The Bank capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The development costs that were capitalised by the Bank relates to those arising from the development of computer software.

4. Financial Risk Management

4.1. Introduction

'Risk is inherent in the Bank's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing existence and 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 and market risk. It is also subject to country risk and various operating risk

4.1.1. Risk management structure

The Board of Directors ("the Board") has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established Risk and Compliance sub-Committee, which is responsible for developing and monitoring Bank's risk management policies.

The Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the regulation, market conditions, products and services offered. The Bank, through its training and procedures and policies for management, aims to develop a constructive control environment, in which all employees understand their roles and obligations.

The Bank's Board of Directors is assisted in these functions by the Risk and Compliance Management Department which undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Risk Management Committee.

4.1.2. Risk measurement and reporting systems

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

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

4.1.3. Risk Mitigation

Risk controls and mitigants, identified and approved for the Bank, are documented for existing and new processes and systems. The adequacy of these mitigants is tested on a periodic basis through administration of control self-assessment questionnaires, using an operational risk management tool

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

which requires risk owners to confirm the effectiveness of established controls. These are subsequently audited as part of the review process.

4.2. Classification of financial assets and financial liabilities

The following table shows the original measurement categories and amounts in accordance with IAS 39 as at 30 June 2018 and the new measurement categories and amounts under IFRS 9 for the Bank's financial assets and financial liabilities as at 1 July 2018.

Financial assets (Birr, 000)

Financial assets	Original classification under IAS 39	New classification under IFRS 9	30-Jun-18 Original carrying amount under IAS 39	Re-classification	Re-measurement	1-Jul-18 New carrying amount under IFRS 9
Cash and bank balances	Loans and receivables	Amortised cost	4,048,855	-	(149)	4,048,706
Loans and advances to	Loans and receivables	Amortised cost	14,785,041	-	(5,471)	14,779,570
Investment securities: Available for sale	Available for sale	FVOCI	35,370	-	8,985	44,355
Investment securities: Loans and receivables	Loans and receivables/Held to maturity	Amortised cost	6,394,493	-	(320)	6,394,173
Other financial assets at	Loans and receivables	Amortised cost	213,044	(148,474)	40,004	104,574
Total financial assets			**25,476,803**	**(148,474)**	**43,049**	**25,371,377**
Financial liabilities						
Deposits from customers	Amortised cost	Amortised cost	20,063,841	-	-	20,063,841
Deposit from financial institutions	Amortised cost	Amortised cost	442,288	-	-	442,288
Other financial liabilities	Amortised cost	Amortised cost	2,375,280	-	-	2,375,280
Total financial liabilities			**22,881,409**	-	-	**22,881,409**

The application of the Bank's accounting policies on the classification of financial instruments under IFRS 9 are set out in Note 2.5 resulted in the reclassifications set out in the table above and explained below.

On the adoption of IFRS 9, certain financial assets such as cash and cash equivalents, loans and advances to customers – both interest bearing and interest free and treasury bills and bonds (NBE bills and government bonds) were reclassified out of the loans and receivable to amortized cost. The carrying

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

amount of those assets was adjusted so that their amortised cost under IFRS 9 was as if those assets were accounted for at amortised cost from their inception.

Further equity investment securities were reclassified out available-for-sale categories to FVOCI at their then fair values. The carrying amount of those assets was adjusted so that their amortised cost under IFRS 9 was as if those assets were accounted for at amortised cost from their inception.

On the adoption of IFRS 9, some other financial assets were reclassified out of the loans and receivable to amortized cost and some to non-financial assets. The carrying amount of those assets was adjusted so that their amortised cost under IFRS 9 was as if those assets were accounted for at amortised cost from their inception.

The following table summarizes the impact of transition to IFRS 9 on the opening balance of the other reserve, regulatory risk reserve and retained earnings.

In Birr'000	Impact of adopting IFRS 9 at 1 July 2018
Closing balance under IAS 39 (30 June 2018)	-
Reclassification of Equity investment securities measured at fair value from available-for- sale to FVOCI	8,985
Related tax	(2,696)
Adjustment of Defined Benefit obligation (net of tax)	(20,500)
Adjusted opening balance under IFRS 9 (1 July 2018)	(14,210)
Retained earnings	
Closing balance under IAS 39 (30 June 2018)	361,815
Recognition of expected credit losses under IFRS 9 on bank balances, and investment securities	(468)
Recognition of expected credit losses under IFRS 9 on Loans and Advances	(5,471)
Adjustment of Defined Benefit obligation (net of tax)	20,500
Adjusted opening balance under IFRS 9 (1 July 2018)	**376,375**

Certified Auditors in Ethiopia
Degela and Teamdms Audit Service Partnership

4.3. Credit Risk

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

4.3.1. Management of credit risk

For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk and sector risk). Exposure to credit risk is managed through periodic analysis of the ability of borrowers and potential borrowers to determine their capacity to meet principal and interest thereon. Exposure to credit risk is also mitigated, in part, by obtaining collateral, commercial and personal guarantees. In managing credit risk the Board of Directors approves the credit policy, risk limits, collateral requirements, risk grading and follows up the implementation of same. The credit limits are placed on the amount of risk accepted in relation to one borrower, or groups of borrowers, to geographical regions, and to term of the financial instrument and economic sectors. The policies and limits are reviewed and modified periodically based on changes and expectations of the markets where the Bank operates, regulations, and other factors.

4.3.2. Concentrations of credit risk

Gross loans and advances to customers per sector is analyzed as follows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
Manufacturing	1,818,517	1,882,093
Domestic Trade and Services	3,073,999	2,498,295
Construction	1,939,793	1,395,654
Transport Service	1,410,393	1,927,654
Export	5,578,320	5,186,792
Import	1,943,578	1,683,761
Staff loans	686,709	473,390
	16,451,309	15,047,640

4.3.3. Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt investments (2019) and available-for-sale debt assets (2018). Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

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

Wegagen Bank SC
Credit Quaity Anaysis for Loans and Advances

	2019			Total	**2018**
In Birr'000	Stage 1	Stage 2	Stage 3		**Total**
Loans & advances to customers at amortised cost					
Stage 1 – Pass	13,357,148	-	-	13,357,148	11,939,074
Stage 2 – Special mention	-	2,122,854	-	2,122,854	1,154,311
Stage 3 - Non performing	-	-	971,307	971,307	1,954,255
Total gross exposure	13,357,148	2,122,854	971,307	16,451,308	15,047,640
Loss allowance	(97,356)	(31,061)	(227,005)	(355,422)	(262,599)
Net carrying amount	**13,259,791**	**2,091,793**	**744,301**	**16,095,886**	**14,785,041**

Wegagen Bank SC
Credit Quaity Anaysis for others Assets

In Birr'000	2019			
Item	Stage	Gross Exposure	Loss allowance	Net carrying amount
Cash and balances with banks	12 Month ECL	4,281,137	(71)	4,281,066
Investment securities (debt instruments)	12 Month ECL	6,866,929	(343)	6,866,586
Other financial assets	Lifetime ECL	58,034	(726)	57,308
Totals		11,206,100	(1,141)	11,204,959

Certified Auditors in Ethiopia
Degefa and Tesfaye Audit Service Partnership

Wegagen Bank SC Credit Quaity Anaysis for others Assets				
In Birr'000	2018			
Other financial assets (debt instruments)		**Gross exposure**	**Loss allowance**	**Net carrying amount**
Cash and bank balances		4,048,855	-	**4,048,855**
Investment securities (debt instruments)		6,394,493	-	**6,394,493**
Other receivables and financial assets		105,279	(705)	**104,574**
Totals		**10,548,627**	**(705)**	**10,547,922**

4.3.4. Collateral held and their financial effect

The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Bank generally requests collateral for loans and advances granted to customers.

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

For impaired loans, the Bank obtains appraisals of collateral because the fair value of the collateral is an input to the impairment measurement. The fair value of the collaterals are based on the last revaluations carried out by the Bank's in-house engineers, which is usually done every three years. The valuation technique adopted for properties is in line with the Bank's valuation manual and the revalued amount is similar to fair values of properties with similar size and location. The fair value of collaterals other than properties such as share certificates, cash, NBE bills etc. are disclosed at the carrying amount as management is of the opinion that the cost of the process of establishing the fair value of the collateral exceeds benefits accruable from the exercise.

Certified Auditors in Ethiopia
Degefa and Tesfaye Audit Service Partnership

Collateral Held (.000)

Type of financial asset	30-Jun-19	30-Jun-18
Lands and Advances	28,954,064	25,393,279

4.3.5. Measurement of Expected Credit Losses (ECL)

a. Techniques used for estimating impairment

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

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

b. Incorporation of forward-looking information

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

Sector/Product	Macroeconomic factors				
Staff loans	INFLATION: Consumer price index, 2010 = 100, ave	EXCHANGE RATE: ETB/USD, ave	GDP EXPENDITURE: Exports of goods and services, USD per capita	DEBT: Government domestic debt, ETBbn	STRATIFICATION: Household Spending, ETBbn
Domestic Trade and Transport	GDP: GDP per capita, USD	GDP EXPENDITURE: Imports of goods and services, USDbn	INFLATION: Consumer price index, 2010 = 100, eop	EXCHANGE RATE: ETB/USD, ave	FISCAL: Total revenue, USDbn
Building Construction and Manufacturing	GDP EXPENDITURE: Exports of goods and services, USD per capita	FISCAL: Current expenditure, USDbn	DEBT: Government domestic debt, ETBbn	GDP EXPENDITURE: Private final consumption, USDbn	-
Export and Import	GDP EXPENDITURE: Exports of goods and services, ETBbn	GDP EXPENDITURE: Imports of goods and services, ETBbn	EXCHANGE RATE: Real effective exchange rate, index		DEBT: Total government debt, USDbn

The economic scenarios used as at 30 June 2019 included the following key indicators for Ethiopia for the years 2019 to 2023:

Macro-economic factor	2019	2020	2021
INFLATION: Consumer price index, 2010 = 100	317.40	349.10	384.00
GDP: GDP per capita, USD	836.00	928.00	1,019.00
GDP EXPENDITURE: Exports of goods and services, USD per capita	54.90	59.80	66.60
GDP EXPENDITURE: Exports of goods and services, ETBbn	179.80	213.80	260.30
EXCHANGE RATE: ETB/USD	29.23	31.10	33.15
GDP EXPENDITURE: Imports of goods and services, USDbn	16.60	16.90	17.10
FISCAL: Current expenditure, USDbn	7.80	8.30	8.90
GDP EXPENDITURE: Imports of goods and services, ETBbn	485.30	526.50	568.40
INFLATION: Consumer price index, 2010 = 100	296.30	326.00	358.60
DEBT: Government domestic debt, ETBbn	642.70	752.00	872.30
EXCHANGE RATE: Real effective exchange rate, index	123.13	121.01	117.74
GDP EXPENDITURE: Private final consumption, USDbn	58.90	66.20	73.50
STRATIFICATION: Household Spending, ETBbn	1,707.60	1,926.30	2,149.30
FISCAL: Total revenue, USDbn	10.50	10.90	11.40
DEBT: Total government debt, USDbn	57.00	65.20	75.40

Certified Auditors in Ethiopia
Degefa and Tesfaye Audit Service Partnership

Predicted relationships between the key indicators and default rates on various portfolios of financial assets have been developed based on analysing semi – annual historical data over the past 5 years.

c. Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. Comparative amounts for 2018 represent the allowance account for credit losses and reflect the measurement basis under IAS 39 (see note below for 2018 comparatives).

Loans and Advances

In Birr'000	2019 Stage 1	2019 Stage 2	2019 Stage 3	Total
Loans and advances to customers at amortised cost (on				
Balance as at 1 July 2018	61,180	7,088	194,331	262,599
Day one IFRS 9 transition adjustment	9,375	(2,305)	(12,541)	(5,471)
Adjusted balance at 1 July 2018	51,805	9,393	206,872	268,070
Transfer to stage 1 (12 months ECL)	22,515	(3,788)	(18,727)	-
Transfer to stage 2 (Lifetime ECL not credit impaired)	(4,934)	9,544	(4,610)	-
Transfer to stage 3 (Lifetime ECL credit impaired)	(2,712)	(471)	3,183	-
Net remeasurement of loss allowance	(8,567)	15,879	49,910	57,222
New financial assets originated or purchased	55,103	4,408	7,147	66,658
Financial assets derecognised	(15,854)	(3,904)	(16,770)	(36,528)
Balance as at 30 June 2019	**97,356**	**31,061**	**227,005**	355,422

Other financial assets

In Birr'000	2019 Cash and balances with banks	2019 Investment securities (debt instruments)	2019 Other financial assets	Total
Balance as at 1 July 2018	-	-	705	705
Day one IFRS 9 transition adjustment	149	320	0	469
Adjusted balance at 1 July 2018	149	320	705	1,174
Net remeasurement of loss allowance	(77)	24	20	(33)
Balance as at 30 June 2019	71	343	726	1,140

The following table provides a reconciliation for 2019 between amounts shown in the above tables reconciling opening and closing balances of loss allowance per class of financial instrument; and the 'impairment losses on financial instruments' line item in the consolidated statement of profit or loss and other comprehensive income. See note xx for 2018 comparative.

In Birr'000	Loans and advances to customers at amortised cost and off balance sheet items	Other financial assets	Total charge/(credit)
Net remeasurement of loss allowance	57,222	(33)	57,188
New financial assets originated or purchased	66,658	-	66,658
Financial assets derecognised	(36,528)	-	(36,528)
Amounts directly written off during the year	-	-	-
Recoveries of amounts previously written off	-	-	-
Total	**87,352**	**(33)**	**87,318**

Impaired financial assets – Comparative information under IAS 39

In ,000 of ETB	Loans and advances to customers 2018	Investment securities 2018
Neither past due nor impaired (Pass Loans)	11,939,074	6,394,493
Past due but not impaired (30-90 days)	1,154,311	-
Individually impaired		-
91–180 days	1,694,052	-
181-360 days	197,186	-
>360 days	63,017	-
Total	15,047,640	6,394,493
Allowance for impairment		
Individual	(194,331)	-
Collective	(68,268)	-
Total allowance for impairment	(262,599)	-
Net Balance	**14,785,041**	**6,394,493**

Loans that were past due but not impaired

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

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

4.3.6. Offsetting financial assets and financial liabilities

The Bank does not offset financial assets against financial liabilities.

4.4. Liquidity risk

4.4.1. Introduction

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

Liquidity risk management in the Bank is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Bank's reputation.

4.4.2. Management of liquidity risk

Cash flow forecasting is performed by the Treasury Department. The department monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs. The Bank evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Bank devises strategies to manage its liquidity risk. Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Bank's reputation.

'The Treasury department receives information from other departments regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. It then maintain a portfolio of short-term liquid assets, largely made up of physical cash, cash with banks, short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank. The liquidity position and market conditions are regularly monitored. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports cover the liquidity position of the Bank and liquidity reports are submitted

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

weekly to the NBE. In addition to regulatory liquidity ratio requirements, the Bank has set its own internal liquidly ratio limits and monitor it accordingly.

The Bank has access to a limited funding base as there is no active primary and secondary market in Ethiopia. Funds are raised using instruments including deposits, borrowed funds and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Bank strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Bank continually assesses liquidity risk by identifying and monitoring changes in funding required meeting business goals and targets set in terms of the overall Bank strategy.

In order for the liquidity risk to be kept at acceptable level the bank has set internal limits on liquidity risk exposure which are regularly followed and reported. Also as part of the overall liquidity risk management in order to address future emergencies, as a liquidity crisis management tool the bank has established liquidity contingency plan with clearly defined roles and responsibilities of the parties involved in the processes itself.

'The liquidity contingency plan is specifying developments, so that immediate actions will be taken in order to prevent escalation of such events. In regular course of the activities of the Bank liquidity risk is managed according to the Policy and Procedure on liquidity risk management. As key indicators, that will be used to recognize liquidity problems, the Bank, as minimum is defining the following:

- substantial increase in the assets financed by short term deposits;
- significant and sudden decrease in the core deposits or loss of the regular depositors of the Bank;
- considerable decrease in the assets quality, particularly the credit portfolio;
- extensive withdrawal of deposits before their maturity date;
- regulatory liquidity indicators; internal liquidity indicators; As a part of the crisis management actions, within the Liquidity Contingency Plan, the following are considered as immediate:
- borrow on inter-bank money market;
- sell short term securities (domestic and foreign);
- borrowing from the National Bank of Ethiopia

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

4.4.3. Maturity analysis of financial Assets and Financial liabilities

The table below analyses the Bank's financial assets and liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The cash flows presented are the undiscounted amounts to be settled in future. Considering that 43% of the deposits will be withdrawan within a short period of time; one year without any additional deposit mobilization, which is unlikely to happen, there will be a positive liquidity gap between maturing assets and liabilities. Moreover, in terms of regulatory compliance in terms of liquidity position, the Bank's liquidity position as at June 30,2019 stood at 21%, which is well above the regulatory requirement of 15% indicating that the Bank is excessively liquid to honor its commitments. This was a persistent phenomenon during the whole year.

Certified Auditors in Ethiopia
Degefa and Teendima Audit Service Partnership

30 June 2019	Below 1 year	1-3 years	Over 3 years
	Birr'000	Birr'000	Birr'000
ASSETS			
Cash and Bank Balances	4,281,066		
Debt Securities at Amortized Cost	1,319,733	4,493,426	1,053,427
Loans and advances	6,026,485	7,534,245	2,511,415
Other assets	976,622		
TOTAL	**12,603,906**	**12,027,671**	**3,564,842**
LIABILITIES			
Deposits	10,026,642	8,094,225	5,424,406
Other liabilities	1,682,576		
Income Tax payable	139,754		
TOTAL	**11,848,973**	**8,094,225**	**5,424,406**
Net Mismatch	**754,934**	**3,933,446**	**(1,859,564)**
Cumulative Mismatch	**754,934**	**4,688,380**	**2,828,816**

30 June 2018	Below 1 year	1-3 years	Over 3 years
	Birr'000	Birr'000	Birr'000
ASSETS			
Cash and Bank Balances	4,048,855		
Debt Securities at Amortized Cost	772,003	2,204,860	**3,417,630**
Loans and advances	4,112,551	8,004,370	2,668,120
Other assets	699,763		
TOTAL	**9,633,172**	**10,209,230**	**6,085,750**
LIABILITIES			
Deposits	8,567,490	8,830,555	3,108,084
Other liabilities	2,750,288		
Income Tax payable	197,558		
TOTAL	**11,515,336**	**8,830,555**	**3,108,084**
Net Mismatch	**(1,882,163)**	**1,378,675**	**2,977,666**
Cumulative Mismatch	**(1,882,163)**	**(503,489)**	**2,474,178**

4.4.4. Financial assets pledged as collaterals

The Bank had pledged some of the investments in security securities with National Bank of Ethiopia as part of its endeavor to become issue account holder on behalf of the National Bank of Ethiopia.

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

4.5. Market risk

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

4.5.1. Management of market risk

The Bank manages changes in interest rate risk by applying fixed term interest rates while the foreign exchange risk is managed by matching of liabilities and assets and holding of assets appreciating currencies especially the USD to which the Birr is pegged to. Assets and liabilities committee (ALCO) analyzes the Bank's market risk on a monthly basis and reports to the Risk Committee. ALCO performs analyses and makes decisions with regard to balance sheet structure, liquidity risk, and currency risk and also is analyzing the risk of the Bank's treasury unit.

a. Interest rate risk

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

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

The table below sets out information on the exposures to interest rate sensitive financial assets and liabilities:

30 June 2019	Fixed Birr'000	Non-interest bearing Birr'000	Total Birr'000
Financial assets			
Cash and bank balances		4,281,066	4,281,066
Loans and advances to customers	16,095,886		16,095,886
Equity Investments at FVOCI		60,543	60,543
Debt Securities at Amortized Cost	6,866,586		6,866,586
Other Financial Assets		57,308	57,308
Total	22,962,472	117,851	27,361,390
Financial liabilities			
Deposits from customers	23,011,946		23,011,946
Deposits from Financial Instritutions	533,330		533,330
Guarantees issued		3,897,937	3,897,937
Letter of credit		1,050,882	1,050,882
Loan commitments	2,214,160		2,214,160
Other Financial liabilities		1,353,441	1,353,441
Total	25,759,436	6,302,260	32,061,695

30 June 2018	Fixed Birr'000	Non-interest bearing Birr'000	Total Birr'000
Financial assets			
Cash and bank balances		4,048,855	4,048,855
Loans and advances to customers	14,785,041		14,785,041
Investment securities;			-
Equity Investments at FVOCI		35,370	35,370
Debt Securities at Amortized Cost	6,394,493		6,394,493
Other Financial Assets		699,764	699,764
Total	21,179,534	735,134	25,963,523
Financial liabilities			
Deposits from customers	20,063,841		20,063,841
Deposits from Financial Instritutions	442,288		442,288
Guarantees issued		1,948,969	1,948,969
Letter of credit		525,441	525,441
Loan commitments	2,709,202		2,709,202
Other Financial liabilities		2,306,698	2,306,698
Total	23,215,331	4,781,108	27,996,438

b. Foreign exchange risk

'Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Bank is exposed to exchange rate risks to the extent of balances and transactions denominated in a currency other than the Ethiopian Birr. The Bank’s foreign currency bank accounts act as a natural hedge for these transactions. Management has set up a policy to manage the Bank's foreign exchange risk against its functional currency.

The table below summarizes the impact of increases/decreases of 10% on equity and profit or loss arising from the Bank's foreign denominated borrowings and cash and bank balances.

Certified Auditors in Ethiopia
Degefa and Tesfaye Audit Service Partnership

Foreign currency denominated balances		
	30 June 2019	30 June 2018
Cash and bank balances;	Birr'000	Birr'000
USD	234,661	218,255
GBP	6,854	8,838
Euro	5,371	28,147
Other currencies	4,197	35,950
	251,082	291,189

Sensitivity analysis for foreign exchange risk

'The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date. The sensitivity of the Bank's earnings to fluctuations in exchange rates is reflected by varying the exchange rates at 10% as shown below:

30 June 2019	Basis points Birr'000	Effect of appreciation of the Birr against foreign currencies Birr'000	Effect of depreciation of the Birr against foreign currencies Birr'000
USD	10%	23,466	(23,466)
GBP	10%	685	(685)
Euro	10%	537	(537)
Total		24,689	(24,689)

30 June 2018	Basis points Birr'000	Effect of appreciation of the Birr against foreign currencies Birr'000	Effect of depreciation of the Birr against foreign currencies Birr'000
USD	10%	21,826	(21,826)
GBP	10%	884	(884)
Euro	10%	2,815	(2,815)
Total		25,524	(25,524)

4.6. Operational Risk

Operational risk is risk of loss due to inappropriate or weak internal processes, inappropriate persons and inappropriate or weak systems in the Bank as well as external events. The Bank defined its framework for managing operational risk by adopting the policy and procedure on operational risk management as approved by the board of directors of the Bank. . In the Policy, the basic aims are defined such as operational risk management (system and processes for managing operational risk, organizational structure, reporting system, internal control and etc.), as well as measuring and monitoring the operational risk. Implementation of the operational risk management framework is meant to be delivered by performing risk and control self-assessment on continuous process. During the fiscal year, the Bank made assessment of potential operational risk areas including IT security risks, made register of operational risk incidents, investigated them and took action on perpetrators and strengthen its internal controls accordingly. Despite the number of operational risk incidents, the Bank sustained insignificant losses (that amount about 0.7 million during the year).

4.7. 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.

'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. As at June 30, 2019, the ratio stood at 23% showing a marginal improvement compared with same period last year. This arises because of a higher expansion of capital compared with assets during the fiscal year ended June 30, 2019.

Capital Adequacy Ratio

	30 June 2019 Birr'000	30 June 2018 Birr'000
Capital		
Share capital	2,521,615	2,310,321
Share premium	31,666	31,666
Retained earnings	407,696	361,815
Legal reserve	1,207,356	1,052,115
Regulatory Risk Reserve	141,036	70,588
Total regulatory capital	4,309,369	3,826,505
Total risk weighted assets	18,323,962	18,450,859
Capital Adequacy Ratio (CAR)	**24%**	**21%**
Minium Capital Adequacy ratio	**8%**	**8%**

4.8. Fair value of financial assets and liabilities

'IFRS 13 requires an entity to classify measured or disclosed fair values according to a hierarchy that reflects the significance of observable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, which comprises of three levels as described below, based on the lowest level input that is significant to the fair value measurement as a whole.

4.8.1. Valuation models

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

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

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments;

quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation technique in which all significant inputs are directly or indirectly observable from market data.

- In conclusion, this category is for valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all assets and liabilities for which the valuation technique includes inputs not based on observable date and the unobservable inputs have a significant effect on the asset or liability's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following table summarizes the carrying amounts of financial assets and liabilities not measured at fair value and their fair value measurements as at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

30 June 2019	Carrying amount Birr'000	Fair value Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000	Total Birr'000
Financial assets						
Cash and Bank Balances	4,281,066	4,281,066	4,281,066			4,281,066
Loans and advances to	16,095,886	16,095,886			16,095,886	16,095,886
Investment securities;					-	-
- Loans and receivables	6,866,586	6,866,586			6,866,586	6,866,586
- Available for Sale securities	41,747	60,543			60,543	60,543
Other Financial Assets	57,308	57,308			57,308	57,308
Total	27,342,593	27,361,390	4,281,066	-	23,080,323	27,361,390
Financial liabilities						
Deposits from customers	23,011,946	23,011,946			23,011,946	23,011,946
Deposit from financial institution	533,330	533,330			533,330	533,330
Other Financial liabilities	1,353,441	1,353,441			1,353,441	1,353,441
Total	24,898,716	24,898,716	-	-	24,898,716	24,898,716

Certified Auditors in Ethiopia
Degefa and Tesfaye Audit Service Partnership

30 June 2018	Carrying amount Birr'000	Fair value Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000	Total Birr'000
Financial assets						
Cash and Bank Balances	4,048,855	4,048,855	4,048,855			4,048,855
Loans and advances to customers	14,785,041	14,785,041			14,785,041	14,785,041
Investment securities;		-				-
- Loans and receivables	6,394,493	6,394,493			6,394,493	6,394,493
- Available for Sale securities	35,370	35,370			35,370	35,370
Other Assets	213,044	213,044			213,044	213,044
Total	25,476,803	25,476,803	4,048,855	-	21,427,948	25,476,803
Financial liabilities						
Deposits from customers	20,063,841	20,063,841			20,063,841	20,063,841
Deposit from financial institution	442,288	442,288			442,288	442,288
Other liabilities	2,306,698	2,306,698			2,306,698	2,306,698
Total	22,812,827	22,812,827	-	-	22,812,827	22,812,827

4.8.2. Transfers between the fair value hierarchy categories

During the reporting periods covered by these annual financial statements, there were no movements between levels as a result of significant inputs to the fair valuation

		30 June 2019 Birr'000	30 June 2018 Birr'000
5	**Interest income**		
	Cash and bank balances	8	12,795
	Loans and advances to customers	2,315,341	1,933,150
	Investment securities	203,638	169,824
		2,518,986	2,115,769

		30 June 2019 Birr'000	30 June 2018 Birr'000
6	**Interest expense**		
	Saving deposits	577,506	420,466
	Fixed time deposits	448,223	328,462
	Current deposits	1,290	3,177
	Correspondent Banks	15	-
	Leases	16	16
		1,027,049	752,121

		30 June 2019 Birr'000	30 June 2018 Birr'000
7	**Net fees and commission income**		
	Commission and fees on L/C	498,730	732,731
	Commission on Gurantees	106,366	82,519
	Agent Banking Fee	320	3
	ATM Transaction Fees-Foreign	2,153	462
	ATM Transaction Fees-Local	7,800	4,251
	Commission on CPO issued	3,552	3,189
	Commission on Export	-	5
	Commission on IBC	-	5,743
	Credit Information Charge	473	411
	Service Charge-Local	12,478	6,631
	SWIFT charges	4,908	5,527
	Commission Sundries	13,464	6,497
	Commission & Charges from IFB	42	41
	Commission and Fees on Fund transfers	1,807	2,411
		652,092	850,421

		30 June 2019 Birr'000	30 June 2018 Birr'000
8	**Other operating income**		
	Gain from Sale of Investments	1,317	107,940
	Rental income	14,761	3,395
	Estimation fees	911	439
	Cash Surplus	98	103
	Rebates	1,877	2,053
	Fee on Bounced Checks	103	54
	Dividend income	2,922	1,493
	Gain on Disposal of Old Assets	55	14
	Gain on Disposal of Acquired properties	6,023	-
	Card purchase & replacement income	1,767	993
	Sundries-Local	8,195	5,002
		38,030	121,488

		30 June 2019 Birr'000	30 June 2018 Birr'000
9	**Loan impairment charge**		
	Loans and Advances - charge for the year (note 15a)	87,352	61,084
	Loans and Advances - reversal of provision (note 15a)		-
		87,352	61,084

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

		30 June 2019 Birr'000	30 June 2018 Birr'000
10	**Impairment losses on other assets**		
	Other assets - charge for the year (note 17)	-	27,699
	Other assets - reversal of impairment losses (note 17)	(4,139)	-
		(4,139)	27,699

		30 June 2019 Birr'000	30 June 2018 Birr'000
11	Salaries and benefits		
	Employee salaries	477,580	381,637
	Outsourced employee salaries	66,139	41,723
	Pension costs	53,714	42,923
	Short-term employee benefits	183,964	204,824
	Severance pay- Defined benefit plan	12,774	6,044
		794,172	677,150

		30 June 2019 Birr'000	30 June 2018 Birr'000
12	**Other operating expenses**		
	Advertisement & Publicity	32,837	32,440
	Bank Charges	2,977	2,422
	Broad Band Expense	11,809	20,823
	Card payment Charges	16,984	8,809
	Consultant Fee	1,886	707
	Communication expenses	9,376	10,481
	Consumables	6,445	5,974
	Donations	22,711	18,134
	Ethswitch Charges	849	401
	Stump Duty Expense	1,088	1,069
	Entertainment	2,133	2,742
	Event organization expense	657	1,787
	Insurance	6,314	6,619
	IT support charges	24,270	16,255
	Legal and professional fees	313	335
	License Fee and Taxes	1,732	827
	Loss on Disposal of fixed assets	303	752
	Loss on Disposal of Acquired Asset	1,512	-
	Maintenance	19,405	19,065
	Membership Fee	432	302
	Money transfer charges	8,688	6,829
	Penalty Expense	680	52
	Perdiem and Travel	10,212	7,579
	Petrol and Oil	12,155	10,378
	Printing and stationary	16,178	14,183
	Rental expenses	208,339	172,464
	Subscription & Publication	596	547
	Sundries	5,296	5,679
	Uniform	7,984	6,774
	Utilities	4,590	3,091
	Loss on foreign exchange Dealing	7,631	51,815
	Write off Expense	203	-
	Wages for non-permanent employees.	1,753	1,178
		448,339	430,512

		30 June 2019 Birr'000	30 June 2018 Birr'000
13	**Company income and deferred tax**		
13.a	**Current income tax**		
	Company income tax	139,908	197,638
	Prior year over/ under/ provision	-	18,336
	Deferred income tax/(credit) to profit or loss	(25,732)	40,559
	Total charge to profit or loss	114,176	256,534
	Tax (credit) on other comprehensive income	2,033	(7,770)
	Total tax in statement of comprehensive income	116,209	248,764

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

13.b 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 2019 Birr'000		30 June 2018 Birr'000	
	Profit before tax		735,139		1,050,088
	Tax calculated at statutory tax rate of 30%		220,542		315,026
Add:	Entertainment	640		823	
	Donation	213		40	
	Penalty	204		16	
	Provision for Legal cases	94		101	
	Employee Severance benefits	3,832		1,813	
	Loss on disposal of fixed assets	91		12	
	Provision for loans and other assets	24,964		26,635	
	Depreciation for accounting purpose	31,362		23,889	
	Amortization for accounting purpose	4,518		2,519	
			65,918		55,848
Less:					
	Depreciation for tax purpose	(36,484)		(30,391)	
	Amortization for tax purpose	(4,868)		(2,559)	
	Employee severance paid in cash	(817)		(594)	
	Provision for loans and other assets	(41,943)		(33,740)	
	Provision for Legal cases	(56)			
	Gain from sale of investment	(395)		(32,382)	
	Gain from sale of assets	(17)		(13)	
	Dividend income taxed at source	(877)		(448)	
	Interest income exempt/taxed at Sources	(61,094)		(54,759)	
			(146,551)		(154,886)
			139,908		**215,988**

13.c Current income tax liability

	30 June 2019 Birr'000	30 June 2018 Birr'000
Balance at the beginning of the year	197,558	157,524
Charge for the year:		
Income tax expense	139,908	215,975
Payment during the year	(197,558)	(175,860)
Withholding tax	(154)	(80)
Balance at the end of the year	139,754	197,558

The income tax payable during the period are current in nature.

13.d Deferred income tax

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

Deferred income tax assets/(liabilities):	**At 1 July 2018 Birr'000**	**Credit/ (charge) to P/L Birr'000**	**Credit/ (charge) to equity Birr'000**	**30 June 2019 Birr'000**
Property, plant and equipment	71,617	(22,717)		48,900
Post employment benefit obligation	(16,633)	(3,015)	(3,606)	(23,254)
Equity Investments			5,639	5,639
Total deferred tax assets/(liabilities)	54,984	(25,732)	2,033	31,285

Deferred income tax assets/(liabilities):	**At 1 July 2017 Birr'000**	**Credit/ (charge) to P/L Birr'000**	**Credit/ (charge) to equity Birr'000**	**30 June 2018 Birr'000**
Property, plant and equipment	29,839	41,778		71,617
Post employment benefit obligation	(7,644)	33,728	(7,770)	(16,633)
Total deferred tax assets/(liabilities)	22,195	75,505	(7,770)	54,984

		30 June 2019	30 June 2018
		Birr'000	Birr'000
14	**Cash and bank balances**		
	Cash in hand	1,630,652	1,077,343
	Deposit with local commercial banks	0.2	0.2
	Deposit with foreign banks	116,126	184,340
	Deposit with National Bank of Ethiopia	2,484,397	2,787,172
	Treasury Bills	49,962	-
	Impairment Allowance for cash	(71)	-
		4,281,066	4,048,855

	30 June 2019	30 June 2018
Maturity analysis	Birr'000	Birr'000
Current	4,281,066	4,048,855
Non-Current		
	4,281,066	4,048,855

		30 June 2019	30 June 2018
		Birr'000	Birr'000
15	**Loans and advances to customers**		
15a.	**Loans and advances to customers**		
	Manufacturing	1,818,517	1,882,093
	Domestic Trade and Services	3,073,999	2,498,295
	Construction	1,939,793	1,395,654
	Transport Service	1,410,393	1,927,654
	Export	5,578,320	5,186,792
	Import	1,943,578	1,683,761
	Staff loans	686,709	473,390
	Gross amount	16,451,309	15,047,640
	Less: Impairment allowance (note 15a)	(355,422)	(262,599)
		16,095,886	14,785,041

	30 June 2019	30 June 2018
Maturity analysis	Birr'000	Birr'000
Current	6,026,485	4,112,551
Non-Current	10,069,401	10,672,490
	16,095,886	14,785,041

15b Impairment allowance on loans and advances to customers

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

Alowance for loan impairment	As at 1 July 2018	Adjustmnent as at July 1,2018	Write offs during the year	Charge for the year	As at 30 June 2019
	Birr'000	Birr'001	Birr'000	Birr'000	Birr'000
Construction	20,072	27,001	-	(2,879)	44,194
Domestic Trade and Servces	190,897	(149,057)	-	5,061	46,902
Export	30,255	89,183	-	62,389	181,828
Import	4,514	7,500	-	11,573	23,587
Manufacturing	16,362	(5,442)	-	5,732	16,652
Staff loans	3,101	(762)	-	1,706	4,045
Transport Service	(2,603)	37,047	-	3,770	38,214
	262,599	5,471	-	87,352	355,422

Alowance for loan impairment	As at 1 July 2017	Write offs during the year	Charge for the year	As at 30 June 2018
	Birr'000	Birr'000	Birr'000	Birr'000
Construction	18,155		1,917	20,072
Domestic Trade and Servces	55,618		135,279	190,897
Export	75,099		(44,844)	30,255
Import	11,288		(6,774)	4,514
Manufacturing	17,492		(1,130)	16,362
Staff loans	2,5[illegible]		564	3,101
Transport Service	21,325		(23,928)	(2,603)
	2[illegible]1,515	-	61,084	262,599

Certified Auditors in Ethiopia
Degefa and Tesfaye Audit Service Partnership

		30 June 2019 Birr'000	30 June 2018 Birr'000
16	**Investment Securities**		
16a	**Equity Investment securities at FVOCI**		
	Ethio switch	19,683	11,370
	Africa Insurance S.C	20,018	9,000
	Raaz Transport	-	10,000
	Addis Ababa Exhibition & Con. Center	15,000	
	Ethiopian Reinsurance S.C	5,842	5,000
		60,543	35,370

All the above equity investmnets are made in unquoted companies whose fair value is determined on net asset basis.

16b	**Investment in Debt Securities**		
	Ethiopian Government Securities	6,866,929	6,394,493
	Impairment Allowance for Debt Securities	(343)	-
	Balance	6,866,586	6,394,493

Maturity analysis	30 June 2019 Birr'000	30 June 2018 Birr'000
Current	1,264,106	772,005
Non-Current	5,663,023	5,622,488
	6,927,129	6,394,493

		30 June 2019 Birr'000	30 June 2018 Birr'000
17	**Other assets**		
	Financial assets		
	Receivable from African insurance	1,183	4,506
	Uncleared effect -Foreign	35,492	64,653
	Staff receivables	2,422	440
	Receivable from money transfer agents	4,751	5,833
	Receivable from National Bank of Ethiopia	-	8,293
	Recievable from VISA	2,494	8,002
	Recievable from Master Card	2,496	3,883
	Ethio Pay Settlement Receivable	-	1,383
	Eth-switch Receivable	9,196	8,287
	Gross amount	58,034	105,279
	Less: Impairment allowance	(726)	(705)
		57,308	104,574
	Non-financial assets		
	Prepayments	654,921	439,728
	Prepaid expenses on staff loans	130,664	78,999
	Inventory	27,421	22,471
	Accrued Income Recievable	9,486	-
	Repossessed properties	6,402	24,520
	Cash Shortage	3,121	3,306
	Shares held for resale	357	357
	VAT Recievable	-	103
	Other receivables	122,841	65,709
		955,212	635,194
	Less: Impairment allowance (note 17a)	(35,898)	(40,004)
		919,314	595,190
	Gross amount	**976,622**	**699,764**

Maturity analysis	30 June 2019 Birr'000	30 June 2018 Birr'000
Current	970,220	675,244
Non-Current		
	970,220	675,244

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

17.a Impairment allowance on other assets

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

	30 June 2019 Birr'000	30 June 2018 Birr'000
Balance at the beginning of the year	40,709	13,010
(Reversal)/charge for the year	(4,086)	27,699
Balance at the end of the year	36,624	40,709

17b Inventory

A breakdown of the items included within inventory is as follows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
Stationery	6,747	4,299
Office supplies	14,714	11,798
Visa cards	85	1,307
Other stock	5,709	4,783
Memorial Coins	165	283
	27,421	22,471

18 Investment property

	30 June 2019 Birr'000	30 June 2018 Birr'000
Cost:		
At the beginning of the year	943	943
Acquisitions	0	-
*Transfers from PPE	0	-
At the end of the year	943	943
Accumulated depreciation:		
At the beginning of the year	294	276
Charge for the year	18	18
*Transfers from PPE	0	-
At the end of the year	312	294
Net book value		
As at 30 June	631	649

*Transfers from PPE relates to buildings used for rentals.

18a Amounts recognised in profit or loss for investment properties

	30 June 2019 Birr'000	30 June 2018 Birr'000
Rental income	230	230

18b Fair value measurement of the Bank's Investment properties

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

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

The fair value of the Bank's Investment property as at 30 June 2019 has been arrived at by in-house engineers qualified estate surveyors and valuers. These valuers have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on the replacement cost concept which approximates the estimated amount for which a property should exchange on the date of valuation between knowledgeable willing parties in an arm's length transaction after proper marketing, prudently and without compulsion. This implies a market comparable approach that reflects the recent transaction prices for similar properties). In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

18c Fair value hierarchy

Details of the Bank's Investment properties and information about the fair value hierarchy at 30 June 2019, and 30 June 2018 are as follows:

30 June 2019	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000
Investment properties	631			2,963

Page 75

30 June 2018	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000
Investment properties				2,963

		Purchased software Birr'000	Software under development Birr'000	Total Birr'000
19	**Intangible Assets**			
	Cost:			
	As at 1 July 2017	86,131	34,773	120,903
	Acquisitions	41,182		41,182
	Derecognition	(74,141)		(74,141)
	Adjustments/Transfers to intangible assets	34,773	(34,773)	-
	As at 30 June 2018	**87,945**	**-**	**87,945**
	As at 1 July 2018	87,945	-	87,945
	Acquisitions	-		-
	Derecognition	-		-
	Adjustments/Transfers to intangible assets	-	-	-
	As at 30 June 2019	**87,945**	**-**	**87,945**
	Accumulated amortisation			
	As at 1 July 2017	76,233	-	76,233
	Derecognition	(74,141)		(74,141)
	Amortisation	8,396		8,396
	As at 30 June 2018	**10,488**	**-**	**10,488**
	As at 1 July 2018	10,488	-	10,488
	Derecognition			-
	Amortisation	15,059		15,059
	As at 30 June 2018	**25,547**	**-**	**25,547**
	Net book value			
	As at 30 June 2018	**77,457**	**-**	**77,457**
	As at 30 June 2019	**62,398**	**-**	**62,398**

Certified Auditors in Ethiopia
Degefa and Tesfaye Audit Service Partnership

		Office Equipments	Building	Motor vehicles	Furniture and fittings	Computer equipments	Capital work in Progress	Total
		Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
20	**Property, plant and equipment**							
	Cost:							
	As at 1 July 2017	161,286	4,561	203,362	93,931	158,132	593,761	1,215,034
	Additions	102,715	198,018	614	21,187	84,003	43,037	449,575
	Disposals	-	(48)	-	-	-	-	(48)
	Reclassification	(1,745)	593,761	(404)	(671)	(707)	(593,761)	(3,527)
	As at 30 June 2018	**262,256**	**796,293**	**203,572**	**114,447**	**241,428**	**43,037**	**1,661,034**
	As at 1 July 2018	262,256	796,293	203,572	114,447	241,428	43,037	1,661,034
	Additions	57,832	-	49,820	34,497	38,815	1,143	182,107
	Disposals	(3,381)	-		(798)	(1,982)		(6,161)
	As at 30 June 2019	**316,706**	**796,293**	**253,392**	**148,147**	**278,261**	**44,181**	**1,836,980**
	Accumulated depreciation							
	As at 1 July 2017	65,344	628	70,315	31,145	64,720	-	232,152
	Charge for the year	22,704	8,782	17,264	9,272	21,591	-	79,613
	Disposals		(9)	-	-	-	-	(9)
	As at 30 June 2018	**88,048**	**9,401**	**87,579**	**40,417**	**86,311**	**-**	**311,756**

	Office Equipments	Building	Motor vehicles	Furniture and fittings	Computer equipments	Capital work in Progress	Total
As at 1 July 2018	88,048	9,401	87,579	40,417	86,311	-	311,756
Charge for the year	27,692	15,209	17,351	11,885	32,384		104,522
Disposals	(1,878)			(558)	(3,144)		(5,581)
As at 30 June 2019	**113,862**	**24,610**	**104,930**	**51,744**	**115,551**	**-**	**410,697**
Net book value							
As at 30 June 2017	**95,942**	**3,933**	**133,047**	**62,786**	**93,412**	**593,761**	**982,882**
As at 30 June 2018	**174,208**	**786,891**	**115,993**	**74,031**	**155,117**	**43,037**	**1,349,278**
As at 30 June 2019	**202,845**	**771,683**	**148,461**	**96,403**	**162,710**	**44,181**	**1,426,284**

		30 June 2019 Birr'000	30 June 2018 Birr'000
21	**Deposits from customers**		
	Demand deposits	6,148,108	7,451,155
	Saving deposits	12,779,691	10,003,905
	Fixed term deposits	4,084,148	2,608,781
		23,011,946	20,063,841

	30 June 2019 Birr'000	30 June 2018 Birr'000
Maturity analysis		
Current	9,525,872	8,125,202
Non-Current	13,486,074	11,938,639
	23,011,946	20,063,841

		30 June 2019 Birr'000	30 June 2018 Birr'000
22	**Deposit from financial institutions**		
	Saving Deposit	52,261	29,901
	Demand Deposit	7,831	24,861
	Fixed Term deposit	473,237	387,526
	Total	533,330	442,288

	30 June 2019 Birr'000	30 June 2018 Birr'000
Maturity analysis		
Current	500,770	442,288
Non-Current	32,559	-
	533,330	442,288

	30 June 2019 Birr'000	30 June 2018 Birr'000
23 Other liabilities		
Financial liabilities		
Blocked Account	22,768	21,385
Cash payment order payable	225,841	280,495
Customer deposits for letter of credit	877,990	735,679
Deferred revenue	59,154	60,977
Deposit for Guarantees Issued	27,688	27,515
Directors fee payable	1,650	978
Dividend payable	36,582	26,390
Exchange payable to NBE	34,131	69,533
Nostro Account	0	998,166
Old draft payable	42,382	45,184
Payable to Ethio switch	2,546	23,626
Prepaid card control account	7,087	2,014
Telegraphic transfer payable	15,622	14,713
Third party agent payable	-	42
	1,353,441	2,306,698
Non-financial liabilities		
Provision for bonus	-	60,954
Provision for court cases	1,020	894
Pension Contribution Pay	2,146	1,752
Stamp duty payable	1,951	3,387
Interest Tax Payable	8,394	7,874
Withholding tax payable	396	356
Employee income Tax Payable	5,585	4,618
VAT payable	3,219	308
Cost Sharing Payable	104	28
Technical Service Payable	61	202
Accrued leave pay	73,516	66,829
Sundry payables	232,746	296,387
	329,136	443,590
Gross amount	**1,682,576**	**2,750,288**

Maturity analysis	**30 June 2019 Birr'000**	**30 June 2018 Birr'000**
Current	1,682,576	2,750,288
Non-Current	-	-
	1,682,576	2,750,288

Certified Auditors in Ethiopia
Degefa and Teferra Audit Service Partnership

		30 June 2019 Birr'000	30 June 2018 Birr'000
24	**Employee benefit obligations**		
23a	**Defined benefits liabilities:**		
	-Severance benefits	77,512	55,442
	Liability in the statement of financial position	77,512	55,442

	30 June 2019 Birr'000	30 June 2018 Birr'000
Income statement charge included in personnel expenses:		
– Severance pay	12,774	6,044
Total defined benefit expenses	12,774	6,044
Remeasurements for:		
– Severance pay	12,020	25,900
`	12,020	25,900

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

23b Severance pay

The Bank operates an unfunded severance pay plan for its managerial 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 and provident fund). The final pay-out is determined by reference to current benefit's level (monthly salary) and number of years in service and is calculated as 1 month salary for the first year in employment plus 1/3 of monthly salary for each subsequent in employment to a maximum of 12 months final monthly salary.

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

	30 June 2019 Birr'000	30 June 2018 Birr'000
A Liability recognised in the statement of financial position	77,512	55,442

	30 June 2019 Birr'000	30 June 2018 Birr'000
B Amount recognised in profit or loss statement		
Current and past service cost	5,108	4,508
Interest cost	7,666	1,536
	12,774	6,044

	30 June 2019 Birr'000	30 June 2018 Birr'000
C Amount recognised in other comprehensive income:		
Remeasurement losses arising from experience	3,225	16,676
Remeasurement losses arising from changes in the financial assumptions	8,795	9,224
Tax Credit/Charge	(3,606)	(7,770)
	8,414	18,130

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

	30 June 2019 Birr'000	30 June 2018 Birr'000
At the beginning of the year	55,442	25,479
Current and past service cost	5,108	4,508
Interest cost	7,666	1,536
Remeasurement (gains)/ losses	12,020	25,900
Benefits paid	(2,724)	(1,981)
At the end of the year	77,512	55,442

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

The significant actuarial assumptions were as follows:

i) Financial Assumption Long term Average

	30 June 2019	30 June 2018
	Birr'000	Birr'000
Discount Rate (p.a)	11.75%	12.89%
Long term salary increase (p.a)	12.00%	12.00%
Average Rate of Inflation (p.a)	10.00%	10.00%

ii) Mortality in Service

Mortality rates are commonly set with reference to standard tables published by reputable institutions (such as the Actuarial Society of South Africa and the Central Statistics Agency ("CSA")) who have access to statistically significant data from which to derive mortality rates. Sample mortality rates are as follows:

Age	Mortality rate	
	Males	Females
20	0.31%	0.22%
25	0.30%	0.23%
30	0.36%	0.31%
35	0.41%	0.28%
40	0.52%	0.32%
45	0.45%	0.43%
50	0.63%	0.63%
55	0.98%	0.98%
60	1.54%	1.54%

iii) Withdrawal/Resignation from Service

The withdrawal rates are believed to be reasonably representative of the Ethiopian experience. The valuation assumed that resignation rates decrease by 0.5% for each age from 15% at age 20 (and below) to 0% at age 50. A sample of the resignation rates is summarised in the table below.

Age	Resignation rates per annum
20	15.00%
25	12.50%
30	10.00%
35	7.50%
40	5.00%
45	2.50%
50	0.00%

The sensitivity of the main results to changes in the assumed salary escalation rates and the discount rate have been calculated based on the duration of the liablities. The cahanges in the 30 June 2019 Defined Benefit Obligation and the assets are reflected below:

	DBO impact	Current service cost one year impact
	Birr'000	Birr'000
Discount rate + 1%	69,356	7,258
Discount rate - 1%	86,714	9,074
Salary Increase +1%	86,606	9,063
Salary Increase +1%	69,304	7,252

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

		30 June 2019 Birr'000	30 June 2018 Birr'000
25	**Share capital**		
	Authorised:		
	Ordinary shares of Birr 1000 each	2,600,000	2,600,000
	Issued and fully paid:		
	Ordinary shares of Birr 1000 each	2,521,615	2,310,321
	Share premium	31,666	31,666
		2,553,281	2,341,987

26 Earnings per share

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

	30 June 2019 Birr'000	30 June 2018 Birr'000
Profit attributable to shareholders	620,963	793,555
Weighted average number of ordinary shares in issue	2,428,279	2,173,494
Basic earnings per share (%age)	25.6%	36.5%

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive shares at the reporting date and the year before, hence the basic and diluted profit per share have the same value.

		30 June 2019 Birr'000	30 June 2018 Birr'000
27	**Retained earnings**		
	At the beginning of the year	361,816	254,633
	Dividend Paid/Capitalized	(361,816)	(398,283)
	Impairment for loans	(5,471)	
	Impairment for other assets	(468)	
	Adjustment of Defined Benefit obligation	20,500	
	Profit/(Loss)for the year	620,963	793,554
	Transfer to Legal Reserve	(155,241)	(198,389)
	Transfer to Regulatory Reserve	(70,448)	(70,588)
	Directors' share of profit	(1,650)	(1,215)
	Prior period Adjustement	(2)	-
	Prior year directors' share of profit written back	(486)	233
	Re-measurement loss on defined benefit plans (net of tax)	-	(18,130)
	At the end of the year	407,696	361,816

		30 June 2019 Birr'000	30 June 2018 Birr'000
28	**Reserve**		
27a	**Legal Reserve**		
	At the beginning of the year	1,052,115	853,726
	Transfer from profit or loss	155,241	198,389
	At the end of the year	1,207,355	1,052,115

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.

27b Regulatory Risk Reserve

This includes interest on Non perfroming loans/Stage 3 loans that are recognized per IFRS but not avilable for dividend distribution as required by National Bank of Ethiopia Directive and the excess of provision per NBE directive over that of IFRS 9 which is not accounted as bad debt expense.

	30 June 2019 Birr'000	30 June 2018 Birr'000
Opening Balance	70,588	-
Add : Additional provision per NBE	78,457	-
Interest income on Non Performing Loans	-	134,454
Less: Income Tax (30%)		(40,336)
: Transfer to Legal reserve		(23,529)
: Transfer to Retained Earnings	(8,009)	
	141,036	70,588

27c Other Reserve

The other reserve includes the fair value gain/loss on equity instruments classified at FVOCI and remeasurement gains/losses on defined ebnefit obligations of the Bank.

	30 June 2019 Birr'000	30 June 2018 Birr'000
Opening Balance	-	-
Reclassification of defined Benefit plan (2017 and 2018)	(20,500)	-
Fair Value gain of Equity Instruments	13,157	-
Remeasurement loss on defined beefit plans(net of tax)	(8,414)	-
	(15,756)	-

	30 June 2019 Birr'000	30 June 2018 Birr'000
29 Cash generated from operating activities		
Profit before tax	735,139	1,050,088
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	104,522	79,613
Depreciation of investment property	18	18
Amortisation of intangible assets	15,059	8,396
Gain/(Loss) on disposal of property, plant and equipment	247	40
Impairment on loans and receivables	83,212	88,784
Employee benefit obligations	10,050	4,063
Gain from sale of investments	(1,317)	(107,940)
Dividend income	(2,922)	(1,493)
Decrease in provision for cash and cash equivalents	(71)	
Changes in working capital:		
-Decrease/ (Increase) in loans and advances	(1,403,669)	(4,753,407)
-Decrease/ (Increase) in other assets	(272,773)	(91,104)
-Increase/ (Decrease) in deposits from customers	2,948,105	6,043,606
-Increase/ (Decrease) in deposits from financial institutions	91,042	(1,235,322)
-Increase/ (Decrease) in other liabilities	(1,078,575)	964,910
	1,228,067	2,050,252

Certified Auditors in Ethiopia
Degefa and Tewodros Audit Service Partnership

30 Related party transactions

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

		Nature of relationship	30 June 2019 Birr'000	30 June 2018 Birr'000
30.a	*Transactions with related parties*			
	Loans and advances	Influential shareholders	564,786	555,759
	Deposit balances	Influential shareholders	2,710,076	6,938,263
			3,274,862	7,494,021

30.b *Key management compensation*

Key management has been determined to be the members of the Board of Directors and the Executive Management of the Bank. The compensation paid or payable to key management is shown. There were no sales or purchase of goods and services between the Bank and key management personnel as at 30 June 2019.

	30 June 2019 Birr'000	30 June 2018 Birr'000
Salaries and other employee benefits	7,598	5,669

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

31 Eemployees

The total number of persons employed by the Bank during the year was as follows:

	30 June 2019 Number	30 June 2018 Number
Total staff	4,510	3,656

32 Contingent liabilities and assets

32.a *Claims and litigation*

The Bank is a party to numerous legal actions brought by different organizations and individuals arising from its normal business operations. The maximum exposure of the Bank to these legal cases as at 30 June 2019 is Br. 116.5 million (30 June 2018: Birr 58.5 million). The Bank has made assessent of these legal cases, and hold Br. 1.02 million provision (Br. 0.9 million as at June 30,2018). The remaining legal cases are remote and thus no obligation related to the Bank.

32.b Guarantees and letters of credit

The Bank conducts business involving issuance of various bid bond, performance bonds and advance payment guarantees. These instruments are given as a security to support the performance of a customer to third parties. The Bank also issued letter of credit facilities to importers, whcih created committment to the Bank to settle the obligation in foreign currency when the L/C documents are clearly presented to the Bank and recover the amount from custmers in local currency. As the Bank will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

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

	30 June 2019 Birr'000	30 June 2018 Birr'000
Guarantees issued	3,897,937	2,605,767
Letter of credit	1,050,882	1,130,563
	4,948,819	3,736,331

32.c Commitments

Loan commitments	30 June 2019 Birr'000	30 June 2018 Birr'000
Unutilized overdraft and other facilities	2,214,160	2,709,202

33 Operating lease commitments - Bank as lessee

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

	30 June 2019	30 June 2018
	Birr'000	Birr'000
No later than 1 year	139,424	118,118
Later than 1 year and no later than 5 years	167,093	126,253
Total	306,517	244,371

34 Events after reporting period

In the opinion of the Directors, there were no significant post balance sheet events which could have a material effect on the state of affairs of the Bank as at 30 June 2019 and on the profit for the year ended on that date, which have not been adequately provided for or disclosed.

ንጋት ካርድ
NIGAT CARD
NIGATCARD
1234 5678 9012 3456
Exp: 00/2020

North Addis Ababa District Office Branches				
S.No	**Branch**	**ቅርንጫፎች**	**Telephone**	**Fax**
	North Addis Ababa District Office	ሰሜን አዲስ አበባ ዲስትሪክት ጽ/ቤት	011 1704455/58	
1	Addisu Gebeya	አዲሱ ገበያ	011 126 4402/12	011 126 4380
2	Arada	አራዳ	011 111 1074/75	011 111 1676
3	Arat Kilo	አራት ኪሎ	011 1704453/52	
4	Balderas Sub Branch	ባልደራስ ንዑስ ቅርንጫፍ	011 667 4753 011 1115045	
5	Bambis	ባምቢስ	011 557 6343/58	011 552 4455
6	CMC Micheal		011 6 675913	
7	Cathedral	ካቴድራል	011 156 0002/60	011 156 0010
8	Enqualal Fabrika	እንቁላል ፋብሪካ	0111267355 0111267821	
9	Eri Bekentu	እሪ በከንቱ	011 126 3861 011 1263951	
10	Gullele	ጉለሌ	011 273 2016/17	011 273 2022
11	Kazanchis	ካሳንቺስ አካባቢ	011 554 5670/71	011 554 5665
12	Kebena	ቀበና	011 126 1094/96	
13	Kechene	ቀጨኔ	011 126 3139 011 126 3588	
14	Kidist Mariam	ቅድስት ማርያም	011 157 0029/33	011 157 0259
15	Kotebe	ኮተቤ	011 827 8532/33	
16	Lamberet	ላምበረት	011 667 62 89	011 667 6414
17	Lamberet menaheria	ላምበረት መናኸሪያ	011 6660853	
18	Megenagna	መገናኛ	011 667 4016/12	011 667 3730
19	Mesfin Harar Avenue	መስፍነ ሀረር ጎዳና	011 1712033/32	
20	Nigist Zewditu Street	ንግስት ዘውዲቱ መንገድ	011 5578071 011 5578324	
21	Piassa	ፒያሳ	011 126 6894 011 126 7958	
22	Salite Mihret	ሰዓሊተ ምህረት	011 6676386/87	
23	Sebara Babur	ሰባራ ባቡር	011 157 0186 011 157 0329	011 157 0040
24	Shola	ሾላ	011 8723179 011 6591822	
25	Sululta	ሱሉልታ	011 161 7501 011 161 7492	
26	Wesen	ወሰን	011 833 2799 011 667 8951	

27	Wuhalimat	ውኃልማት	011 663 1518/17	011 662 5150
28	Yeka Abado	የካ አባዶ	011 8931029 0118932408	

East Addis Ababa District Office Branches

S.No	Branch	ቅርንጫፎች	Telephone	Fax
	East Addis Ababa District Office	ምሥራቅ አዲስ አበባ ዲስትሪክት ጽ/ቤት	011 667 0436 011 6724668	
29	Agar	አጋር	011 667 0436 011 667 0313	011 667 0429
30	Adama	አዳማ	022 111 9055/86	022 112 6070
31	Adama Boset	አዳማ ቦሰት	022 212 0055/37	022 212 0014
32	Africa Avenue	አፍሪካ አቬኑ	011 662 4772/69	011 662 4770
33	Adey Ababa Stadium	አደይ አበባ ስታድየም	011 635 6496 011 635 6035	
34	Atlas	አትላስ	011 639 2083/91	011 639 2074
35	Ayat Addebabay	አያት አደባባይ	011 639 0044/28	011 639 0064
36	Ayat Noah	አያት ኖህ	011 6670436	
37	Ayat Gebeya	አያት ገበያ	011 639 1913	011 639 0064
38	Ayat-Tafo	አያት ጣፎ	011 639 0610 011 639 1950	
39	Ayer-Amba Sub Branch	አየር አምባ ንዑስ ቅርንጫፍ	011 639 2459	
40	Beshale	በሻሌ	011 667 7408 011 667 7688	
41	Bole 17	ቦሌ 17	011 6671916 011 6671588	
42	Bole Arabsa	ቦሌ አራብሳ	011 6125670/72	
43	Bole Bulbula	ቦሌ ቡልቡላ	011 470 0869/95	
44	Bole Medehanialem	ቦሌ መድኃኒአለም	011 661 6135/36	011 663 8968
45	Bole Michael	ቦሌ ሚካኤል	011 639 2043/07	011 639 2024
46	Bole Millennium	ቦሌ ሚሊኒየም	011 6622757 011 6662620	
47	Berecha	በሬቻ	022 2124041 022 2123013	
48	Bulbula Condominium	ቡልቡላ ኮንዶሚኒየም	011 8224059	
49	Cape Verde Avenue	ኬፕ ቨርዴ አቬኑ	011 667 3376 011 667 3448	
50	CMC	ሲ.ኤም. ሲ	011 647 9047/43	011 647 9048
51	Debre Birhan	ደብረ ብርሃን	011 637 5420/21	011 681 4665
52	Debre Birhan Sub Branch	ደብረ ብርሃን ንዑስ ቅርንጫፍ	011 681 1872	

53	Gerji	ገርጂ	011 629 8141/14	011 629 8118
54	Gerji Mebrat Hayil	ገርጂ መብራት ኃይል	011 667 6405 011 667 6372	
55	Gerji Sunshine	ገርጂ ሰንሻይን	011 629 0265 011 629 0016	011 629 0158
56	Gerji Unity	ገርጂ ዩኒቲ	011 6395053/52	
57	Gollagul	ጎላጉል	011 6906008 011 6906262	
58	Gurd Shola	ጉርድ ሾላ	011 645 9752/53	011 645 9755
59	Haya Arat	ሃያ አራት	011 618 0677 011 618 0784	011 618 0734
60	Hayahulet	ሃያ ሁለት	011 667 2428/14	011 667 2448
61	Imperial	ኢምፔሪያል	011 6686222/23	
62	Jackros	ጃክሮስ	011 667 1420 011 667 1343	
63	Loke	ሎቄ	011 668 0240 011 668 0046	
64	Legetafo	ለገጣፎ	011 6682777/79	
65	Mehal-Adama	መሀል አዳማ	022 111 2280/83	022 111 2285
66	Mickey Leland Street	ሚኪ ሊላንድ መንገድ	011 6354021/61	
67	Shalla Menafesha	ሻላ መናፈሻ	011 618 9303 011 618 2094	011 663 0808
68	Summit Yetebaberut	ሰሚት የተባበሩት	011 6391549/68	
69	Summit 72	ሰሚት ሰባ ሁለት	011 6391987/89	
70	Summit	ሰሚት	011 667 9001/22	011 667 9015
71	Yerer-Ber	የረር በር	011 667 5863/73	
West Addis Ababa District Office Branches				
S.No	**Branch**	**ቅርንጫፎች**	**Telephone**	**Fax**
	West Addis Ababa District Office	ምዕራብ አዲስ አበባ ዲስትሪክት ጽ/ቤት	011 369 1797 011 369 1828	
72	Abakoran	አባኮራን	011 278 1177/76	011 278 1146
73	Abdi Nono	አብዲ ኖኖ	011 2601278 011 2601347	
74	Abinet	አብነት	011 278 0571/44	011 278 0551
75	Africa Union	አፍሪካ ዩኒየን	011 554 7061/63	011 554 7062
76	Alem Bank	አለም ባንክ	011 369 4782 011 369 4708	011 369 4759
77	Alemgena	አለም ገና	011 367 9965 011 367 9281	
78	Atena Tera	አጠና ተራ	011 273 9521 011 273 9522	

79	Autobis Tera	አውቶቢስ ተራ	011 273 5510 011 273 4844	
80	Ayer Tena	አየር ጤና	011 369 3400/52	011 369 3444
81	Bisrate Gabriel	ብስራተ ገብርኤል	011 369 1765/94	011 369 1868
82	Dubai Tera	ዱባይ ተራ	011 3734889/90	
83	Furi	ፉሪ	011 367 9206/04	011 367 9208
84	Ehil Berenda	እህል በረንዳ	011 273 4981 011 2735318	
85	Gambia Street	ጋምቢያ መንገድ	011 531 9082/83	
86	Girar	ግራር	011 369 5406 011 369 4921	
87	Gojam Berenda	ጐጃም በረንዳ	011 126 3662 011 126 3858	
88	Gesho Tera	ጌሾ ተራ	011 2733998/64	
89	Geja Sefer	ጌጃ ሰፈር	011 5579140 011 5579891	
90	Habte Giorgis	ሀብተ ጊዮርጊስ	011 111 2972/73	011 157 8499
91	Kolfe	ኮልፌ	011 2739304 011 2739942	
92	Jemo	ጀሞ	011 471 3042/33	011 471 3038
93	Lideta	ልደታ	011 552 0961 011 552 9872	011 552 3050
94	Likuanda	ሉካንዳ	011 27392 96 011 2739610	
95	Mekanisa	መካኒሳ	011 369 82 25/32	
96	Mekanisa Abo	መካኒሳ አቦ	011 369 9963 011 369 8781	
97	Mekenisa Micheal	መከኒሳ ሚካኤል	011 13698447/49	
98	Merkato	መርካቶ	011 275 2867 011 275 2129	011 275 2799
99	Merkato Tana	መርካቶ ጣና	011 273 5668/67	
100	Mesalemia	መሳለሚያ	011 276 8611 011 276 5154	011 276 5142
101	Meskel	መስቀል	011 5514787 011 551 2728	011 551 6834
102	Mexico	ሜክሲኮ	011 557 5577/78	
103	Military Tera	ሚሊተሪ ተራ	011 213 4605 011 213 4597	011 213 4609
104	Sost Kutir Mazoriya	ሶስት ቁጥር ማዞሪያ	011 3692129/27	
105	Sefere Selam	ሰፈረ ሰላም	011 2735089 011 2735925	

106	Sengatera	ሰንጋተራ	011 557 6952/54	
107	Sidamo Tera	ሲዳሞ ተራ	011 273 2941 011 273 3079	
108	Shema Tera	ሸማ ተራ	011 2733473 011 2733695	
109	Shera Tera	ሸራ ተራ	011 2735562 011 2735401	
110	Stadium	ስታዲየም	011 558 0105/07	011 558 0106
111	Tabot Maderiya	ታቦት ማደሪያ	011 3697242 011 3697039	
112	Tekle Haymanot	ተክለሃይማኖት	011 156 3813/12	011 156 3811
113	Tulu Bolo	ቱሉ ቦሎ	011 342 0064 011 342 0057	011 342 0065
114	Welete	ወለቴ	011 380 32 53 011 380 3174	011 380 30 28
115	Weliso	ወሊሶ	011 341 1984 011 341 1617	011 341 0187
116	Weyra Bethel	ወይራ ቤተል	011 349 2184 011 349 5308	011 349 5536
117	Yeshi Debelle	የሺ ደበሌ	011 3840191	
118	Zenebework	ዘነበወርቅ	011 3698764/62	
South Addis Ababa District Office Branches				
S.No	**Branch**	**ቅርንጫፎች**	**Telephone**	**Fax**
	South Addis Ababa District Office	ደቡብ አዲስ አበባ ዲስትሪክት ጽ/ቤት	011 466 5741/40	
119	Akaki	አቃቂ	011 471 6847/40	
120	Arerti	አረርቲ	022 223 0537/41	022 223 0543
121	Beklobet	በቅሎ ቤት	011 466 3580/81	011 466 3608
122	Bishoftu	ቢሾፍቱ	011 437 1062/25	011 437 1010
123	Bulgaria Mazoria	ቡልጋሪያ ማዞሪያ	011 4701347 011 4701205	
124	Bole	ቦሌ	011 552 3524 011 553 6666	011 552 4455
125	Bole Mega	ቦሌ ሜጋ	011 5582517/54	
126	Crown	ክራውን	011 8547122	
127	Dukem	ዱከም	011 432 0945 011 432 0753	011 432 0943
128	Gara Oda	ጋራ ኦዳ	011 4711550 011 4710974	
129	Goffa	ጎፋ	011 465 5816/17	011 465 4879

130	Goffa Camp	ጐፋ ካምፕ	011 466 8784 011 467 1174	011 416 5166
131	Goffa Mebrat Hail	ጐፋ መብራት ኃይል	011 467 3753 011 466 1545	011 466 1926
132	Jati	ጃቲ	011 471 5150 011 471 6806	011 471 6802
133	Kaliti Maseltegna	ቃሊቲ ማሰልጠኛ	011 439 1109 011 439 0668	011 439 1120
134	Kaliti	ቃሊቲ	011 439 4285/86	011 439 4284
135	Kera	ቄራ	011 385 2076/66	
136	Kilinto	ቂሊንጦ	011 4512279 011 14512198	
137	Kirkos	ቂርቆስ	011 470 3896 011 470 3906	
138	Lafto	ላፍቶ	011 471 0028/29	011 471 0009
139	Lebu	ለቡ	011 471 2756/71	
140	Lebu Ertu	ለቡ ኤርቱ	011 471 3963/64	
141	Meskel Flower	መስቀል ፍላወር	011 416 3760 011 416 8005	011 416 6189
142	Modjo	ሞጆ	022 236 0300/02	
143	Nefas Silk	ንፋስ ስልክ	011 470 7612/15	011 470 7634
144	Olympia Sub Branch	ኦሎምፒያ ንዑስ ቅርንጫፍ	011 558 0663 011 558 0744	
145	Olympia	ኦሎምፒያ	011 5575099 011 5575916	
146	Saris Addisu Sefer	ሳሪስ አዲሱ ሰፈር	011 470 7694 011 470 7718	011 470 7682
147	Saris Adey Abeba	ሳሪስ አደይ አበባ	011 4708410 011 4708254	
148	Saris 58	ሳሪስ 58	011 4711851 011 4711454	
149	Saris Total	ሳሪስ ቶታል	011 4709163 011 4708587	
150	Sebeta	ሰበታ	011 338 0359/66	011 338 0351
151	Torban Gerba	ቶርባን ገርባ	011 430 0820 011 430 1115	
152	Tulu Dimtu	ቱሉ ዲምቱ	011 4715772 011 4715497	
153	Tulu Dimtu Sub Branch	ቱሉ ዲምቱ ንዑስ ቅርንጫፍ	011 888 6831/33	
154	Worku Sefer	ወርቁ ሰፈር	011 471 7693/92	
155	WelloSefer	ወሎ ሰፈር	011 466 8006/93	011 466 8098

Bahir Dar District Office Branches				
S.No	**Branch**	**ቅርንጫፎች**	**Telephone**	**Fax**
	Bahir Dar District Office	ባህርዳር ዲስትሪክት ጽ/ቤት	058 320 9667 058 320 6121	
156	Abay Mado	አባይ ማዶ	058 321 3213 058 321 0965	
157	Adet	አዴት	058 338 1110/61	
158	Ataye	አጣዬ	033 6610775	
159	Bahir-Dar	ባህርዳር	058 220 2038/39	058 220 2037
160	Bati	ባቲ	033 553 1576 033 553 2002	
161	Banbua wuha	ቧንቧ ውሃ	033 3115519 033 3116317	
162	Bure	ቡሬ	058 774 1196 058 774 1050	
163	Debre Markos	ደብረ ማርቆስ	058 178 2524 058 178 2257	
164	Debre Tabor	ደብረ ታቦር	058 1413452 058 1415465	
165	Dessie	ደሴ	033 111 3788/89	033 111 3790
166	Enewari	እነዋሪ	011 6880518/10	
167	Fasiledes	ፋሲለደስ	058 126 0022/23	058 126 0020
168	Finote Selam	ፍኖተ ሰላም	058 775 0476 058 775 0340	
169	Gendawuha	ገንዳ ውሃ	058 331 0431 058 331 0278	058 331 0010
170	Gondar	ጎንደር	058 111 4816/15	
171	Injibara	እንጂባራ	058 227 1575 058 227 1682	
172	kobo	ቆቦ	033 3341290/97	
173	Kombolcha	ኮምቦልቻ	033 551 0753/54	033 551 0323
174	Merawi	መርአዊ	058 330 0972	
175	Metema Yohannes	መተማ ዮሐንስ	058 231 1138/39	058 331 0278
176	Motta	ሞጣ	058 661 1807 058 661 1293	
177	Mugad	ሙጋድ	033 3110478 033 3125789	
178	Shoa Robit	ሸዋ ሮቢት	033 664 0704 033 664 1995	
179	Tana Bahir Dar	ጣና ባህር ዳር	058 226 2015/18	058 226 2021
180	Weldiya	ወልዲያ	033 540 0791/89	033 540 0756

Hawassa District Office Branches

S.No	Branch	ቅርንጫፎች	Telephone	Fax
	Hawassa District Office	ሃዋሳ ዲስትሪክት ጽ/ቤት	046 212 2288 046 2120897	
181	Aleta Wondo	አለታ ወንዶ	046 224 0453 046 224 0687	046 224 1197
182	Angacha	አንገጫ	046 34000404/06	
183	Arbaminch	አርባ ምንጭ	046 881 5093/76	046 881 0316
184	Negele Arsi	ነጌሌ አርሲ	046 116 2815/16	
185	Asella	አሰላ	022 331 8292/94	022 331 8293
186	Atote-Hawassa	አቶቴ ሐዋሳ	046 212 5017/15	046 212 5055
187	Bale Robe	ባሌ ሮቤ	022 244 2959 022 224 1986	
188	Bule Hora	ቡሌ ሆራ	046 443 1105/06	
189	Butajira	ቡታጅራ	046 145 0060/61	
190	Bonosha	ቦኖሻ	046 4530105	
191	Batu	ባቱ	0461418156 0461415362	
192	Damboya	ዳምቦያ	046 2450276/33	
193	Dilla	ዲላ	046 331 1105 046 331 0120	046 3310119
194	Durame	ዱራሜ	046 554 14 49/46	
195	Doyongena	ዶዮገና	046 2240404 046 2240505	
196	Fonko	ፎንቆ	046 2630307/08	
197	Hadero	ሀደሮ	046 4320617	
198	Halaba Kulito	ሀላባ ቁሊቶ	046 556 1818 046 556 1316	
199	Hawassa	ሐዋሳ	046 220 2629 046 220 4172	046 220 5480
200	Hawassa Arab sefer	ሐዋሳ አረብ ሰፈር	046 212 4361/02	
201	Hawassa Monopol	ሃዋሳ ሞኖፖል	046 2128081 046 2127833	
202	Hosanna	ሆሳዕና	046 555 4216/09	046 555 4053
203	Hosaena Gombora	ሆሳዕና ጎምቦራ	046 1780533/34	
204	Hulbareg	ሁልባረግ	046 8991846	
205	Homecho	ሆሜቾ	046 2510285 046 2510397	
206	Jinka	ጂንካ	046 7752294 046 7752112	

207	Konso Karat	ኮንሶ ካራት	046 7730579 046 896 4232	
208	Meki	መቂ	022 118 1246/27	022 118 0137
209	Moyale	ሞያሌ	046 444 1567 046 444 1750	
210	Negele	ነጌሌ	046 445 23 20 046 4457473	
211	Shashemene Oda	ሻሸሜኔ ኦዳ	046 211 15 36 046 211 0984	
212	Shashemene	ሻሸመኔ	046 110 3468/66	046 110 3469
213	Shakiso	ሻኪሶ	046 3341851/50	
214	Shashemene Arada	ሻሸመኔ አራዳ	046 211 0621 046 211 4546	
215	Tabor	ታቦር	046 20123991/92	
216	Wolayita Sodo	ወላይታ ሶዶ	046 551 4592 046 551 4593	046 551 4777
217	Yirgalem	ይርጋለም	046 225 2421 046 225 2458	P.O.Box 195
218	Yirgachefe	ይርጋጨፌ	046 332 0410 046 332 0161	046 332 0552

Dire Dawa District Office Branches

S.No	Branch	ቅርንጫፎች	Telephone	Fax
	Dire Dawa District Office	ድሬዳዋ ዲስትሪክት ጽ/ቤት	025 111 08 27 025 111 0442	
219	Awash 7 Kilo	አዋሽ 7 ኪሎ	022 824 9130	
220	Aweday	አወዳይ	025 662 0298 025 662 0167	
221	Babile	ባቢሌ	025 6650592	
222	Dire Dawa	ድሬዳዋ	025 112 4669 025 111 0001	025 111 0841
223	Gode	ጎዴ	025 776 1541 025 776 2163	
224	Hafet-Issa	ሃፈት ኢሳ	025 112 4674 025 1122469	025 112 4675
225	Harar	ሐረር	025 666 3623 025 666 4622	025 666 9819
226	Harar Arategna	ሐረር አራተኛ	025 466 2289 025 466 9894	
227	Jigjiga	ጅግጅጋ	025 775 7628 025 775 2057	025 775 2058
228	Kezira	ከዚራ	025 113 0372/71	025 113 0412

229	Havana	ሃቫና	025 2788669 025 2786326	
230	Logia	ሎጊያ	033 550 0499 033 550 0503	
231	Sabian	ሳቢያን	025 411 1984 025 411 6448	
232	Seid Adebabay	ሰይድ አደባባይ	025 278 2914 025 278 0949	
233	semera	ሰመራ	033 3660100 033 3660102	
234	Tog Wajaale	ቶጎ ዋጃሌ	025 882 0033/32	025 882 0034
235	Kebre Daher	ቀብሪ ደሀር	025 7741453 025 7741231	
236	Degah Bur	ደጋህ ቡር	025 7710702 025 7710596	
Jimma District Office Branches				
S.No	**Branch**	**ቅርንጫፎች**	**Telephone**	**Fax**
	Jimma District Office	ጅማ ዲስትሪክት ጽ/ቤት	047 111 6168 047 1116305	
237	Abobo	አቦቦ	047 5590423	
238	Agaro	አጋሮ	047 221 1031/50	047 221 1499
239	Assosa	አሶሳ	057 775 1362/66	057 775 1459
240	Ameya	አመያ	047 2270424 047 2273498	
241	Awetu	አዌቱ	047 211 6739	
242	Bedele	በደሌ	047 445 1809/10	
243	Bonga	ቦንጋ	047 331 1971/33	
244	Dimma	ዲማ	047 835 9120/23	
245	Gambella	ጋምቤላ	047 551 1950 047 551 1767	0912 61 69 56
246	Itang	ኢታንግ	047 1116305 047 1116168	
247	Jimma AbaJifar	ጅማ አባጅፋር	047 111 6393/05	047 111 6301
248	Jimma Bore	ጅማ ቦሬ	047 2113182	
249	Jimma Gibe	ጅማ ጊቤ	047 211 1003 047 211 2838	
250	Jimma Jiren	ጅማ ጅሬን	047 2113184	
251	Mizan Aman	ሚዛን አማን	047 135 0066 047 135 0098	047 135 0059
252	Meti	ሜቲ	047 339 06 28 047 8131178	
253	Nekemte	ነቀምት	057 661 3068/81	057 661 3065

254	Gambella New Land	ጋምቤላ ኒውላንድ	047 151 3233 047 1510044	
255	Openo	ኦፔኖ	047 151 0038/39	
256	Pugnido	ፑኝውዶ	047 4650404/03	
257	Sheko	ሸኮ	047 7780526	
258	Shey Bench	ሼህ ቤንች	047 7770508	
259	Tello	ጠሎ	047 7710309/83	
260	Teppi	ቴፒ	047 556 2621/20	
261	Terpham	ተርፋም	047 8519369/89	
262	Wacha	ዋቻ	047 3380455/56	
263	Welkite	ወልቂጤ	011 365 8180/16	011 365 8115
Mekelle District Office Branches				
S.No	**Branch**	**ቅርንጫፎች**	**Telephone**	**Fax**
	Mekelle District	መቀሌ ዲስትሪክት ጽ/ቤት	034 241 5185/86	
264	Abala	አብዓላ	034 665 0495/91	
265	Abyi Addi	ዓብይ ዓዲ	034 446 0503 034 446 0313	034 446 0987
266	Addi Hawusi	አዲ ሃውሲ	034 440 8439/31	034 440 6598
267	Adi Ha	ዓዲሓ	034 241 5575 034 241 8477	
268	Adi Shumduhn	አዲ ሹምድሁን	034 241 0017/44	034 241 0046
269	Adi Gudem	አዲ ጉዶም	034 437 0665	
270	Adigrat	አዲግራት	034 445 2866 034 445 2790	034 445 2745
271	Agulae	አጉላዕ	034 314 0486 034 314 8221	
272	Alamata	አላማጣ	034 774 0772 034 774 0264	034 774 0254
273	Atsbi	አፅቢ	034 340 0322/27	034 340 0299
274	Ayder	አይደር	034 240 8582	
275	Castle	ካስትል	034 440 2689/79	034 440 2697
276	Chercher	ጨርጨር	034 317 0338	
277	Edaga Arbi	እዳጋ አርቢ	034 346 0360/44	
278	Edaga Hamus	እዳጋ ሐሙስ	034 773 0546 034 773 0185	034 773 0164
279	Edaga Mekelle	እዳጋ መቀሌ	034 441 3666/22	034 441 3748
280	Enkodo Mekelle	እንኮዶ መቀሌ	034 241 5415/26	
281	Freweyni	ፍሪወይኒ	034 447 0645/35	
282	Gidimti	ግድምቲ	034 241 9839 034 241 6946	
283	Guya	ጉያ	0914 473593	

284	Hadnet	ሐድነት	034 241 5414/23	
285	Haik Mesahal	ሃይቅ መስሐል	0968 88 93 21	
286	Hawelti	ሀውልቲ	034 441 9674 034 441 9433	034 441 9675
287	Hawzen	ሐውዜን	034 667 0206 034 667 8604	034 443 0643
288	Illala Area	ኢላላ አካባቢ	034 440 6954/56	034 440 8407
289	Kilte Awlaelo	ክልተ አውላሎ	034 443 1217/44	
290	Kukufto	ኩኩፍቶ	0904 049327/30	
291	Maichew	ማይጨው	034 777 0563/49	034 777 0473
292	Mehoni	መኾኒ	034 664 0258/62	
293	Mekelle	መቀሌ	034 440 8933/34	034 440 3269
294	Meyda Agame	መይዳ ዓጋመ	034 445 1785/94	034 445 1788
295	Nebelet	ነበለት	034 328 0240/85	
296	Quiha	ኲሃ	034 240 2590 034 240 2054	
297	Ras Alula Abanega	ራስ አሉላ አባነጋ	034 446 1777 034 446 1337	
298	Raya Timuga	ራያ ጥሙጋ	034 316 0280/18	
299	Romanat	ሮማናት	034 440 6608/10	034 440 8591
300	Sebeya	ሰበያ	0914 096559	
301	Welwalo	ወልዋሎ	093 000 1873	
302	Wukro	ውቅሮ	034 443 0373 034 443 0683	034 443 0643
303	Yechila	የጭላ	034 422 0372	
	Shire District Office Branches			
	Shire District Office	ሽረ ዲስትሪክት ጽ/ቤት	034 244 3685 034 244 4248	
304	Adi Abun	አዲ- አቡን	034 271 0001/02	
305	Adi Daero	አዲ ዳዕሮ	034 432 0539/41	
306	Adi Hageray	አዲ ሃገራይ	034 324 0707 034 324 0372	
307	Adi Nebried	ዓዲ ነብሪዒድ	034 325 0005/06	
308	Adi Remets	ዓዲ ረመፅ	034 244 3681/85	
309	Adwa	አደዋ	034 771 4046/43	034 771 4047
310	Axum	አክሱም	034 775 3631/95	034 775 3440
311	Baeker	ባዕከር	034 244 3681/85	
312	Bizet	ብዘት	034 312 0424 034 312 0501	
313	Chila	ጭላ	034 559 4308	
314	Dansha	ዳንሻ	034 436 0451 034 436 0118	

315	Dibdibo	ድብድቦ	034 556 0415 034 556 0358	
316	Edaga Hibret	እዳጋ ህብረት	034 244 3681/85	
317	Edaga Shire	እዳጋ ሽረ	034 244 6107 034 244 4587	
318	Endabaguna	እንዳባጉና	034 661 0473/86	034 661 0449
319	Endasellasie	እንዳስላሴ	034 444 4117/31	034 444 4051
320	Enticho	እንጥጮ	034 449 0602 034 449 0803	034 449 0145
321	Feres May	ፈረስ ማይ	034 310 0174 034 310 0162	
322	Gerhu Sirnay	ገሩህ ስርናይ	034 438 0408 034 438 0353	
323	Humera	ሁመራ	034 448 0005/07	034 448 0006
324	Korarit	ቆራሪት	034 844 0772 034 844 0781	
325	Mahbere Dego	ማህበረ ዴጎ	034 329 0122/23	
326	Maygaba	ማይገባ	0972 16 17 00	
327	Maykadra	ማይካድራ	034 332 0055 034 332 0122	
328	May kinetal	ማይ ቅነጣል	0930 49 38 64	
329	May Tsebri	ማይ ፀብሪ	034 662 0368/70	
330	Midre Genet	ምድረ ገነት	0914 186344	
331	Nigiste Saba	ንግስተ-ሳባ	034 275 0061/74	
332	Rama	ራማ	034 555 0585	
333	Selekleka	ሰለክለካ	034 776 0495/97	
334	Semema	ሰመማ	034 445 5576/80	
335	Setit Humera	ሰቲት ሁመራ	0914 447572	
336	Sheraro	ሽራሮ	034 550 0025 034 550 0104	
337	Shire	ሽሬ	034 444 2165 034 444 2424	034 444 2229
338	Soloda	ሶሎዳ	034 271 0001 034 271 0020	
339	Wukro Maray	ውቅሮ ማራይ	034 668 0208 034 668 0575	

www.wegagen.com

Swift:WEGAETAA

TEL: +251 11 552 3800 | +251 11 517 7500
info@wegagen.com www.wegagen.com
P.O.Box: 1018 Addis Ababa, Ethiopia

Hawassa District Office Branches				
S.No	Branch	ቅርንጫፎች	Telephone	Fax
	Hawassa District Office	ሃዋሳ ዲስትሪክት ጽ/ቤት	046 212 2288 046 2120897	
181	Aleta Wondo	አለታ ወንዶ	046 224 0453 046 224 0687	046 224 1197
182	Angacha	አንገጫ	046 34000404/06	
183	Arbaminch	አርባ ምንጭ	046 881 5093/76	046 881 0316
184	Negele Arsi	ነጌሌ አርሲ	046 116 2815/16	
185	Asella	አሰላ	022 331 8292/94	022 331 8293
186	Atote-Hawassa	አቶቴ ሐዋሳ	046 212 5017/15	046 212 5055
187	Bale Robe	ባሌ ሮቤ	022 244 2959 022 224 1986	
188	Bule Hora	ቡሌ ሆራ	046 443 1105/06	
189	Butajira	ቡታጅራ	046 145 0060/61	
190	Bonosha	ቦኖሻ	046 4530105	
191	Batu	ባቱ	0461418156 0461415362	
192	Damboya	ዳምቦያ	046 2450276/33	
193	Dilla	ዲላ	046 331 1105 046 331 0120	046 3310119
194	Durame	ዱራሜ	046 554 14 49/46	
195	Doyongena	ዶዮገና	046 2240404 046 2240505	
196	Fonko	ፎንቆ	046 2630307/08	
197	Hadero	ሀደሮ	046 4320617	
198	Halaba Kulito	ሀላባ ቁሊቶ	046 556 1818 046 556 1316	
199	Hawassa	ሐዋሳ	046 220 2629 046 220 4172	046 220 5480
200	Hawassa Arab sefer	ሐዋሳ አረብ ሰፈር	046 212 4361/02	
201	Hawassa Monopol	ሃዋሳ ሞኖፖል	046 2128081 046 2127833	
202	Hosanna	ሆሳዕና	046 555 4216/09	046 555 4053
203	Hosaena Gombora	ሆሳዕና ጎምቦራ	046 1780533/34	
204	Hulbareg	ሁልባረግ	046 8991846	
205	Homecho	ሆሜቾ	046 2510285 046 2510397	
206	Jinka	ጂንካ	046 7752294 046 7752112	

207	Konso Karat	ኮንሶ ካራት	046 7730579 046 896 4232	
208	Meki	መቂ	022 118 1246/27	022 118 0137
209	Moyale	ሞያሌ	046 444 1567 046 444 1750	
210	Negele	ነጌሌ	046 445 23 20 046 4457473	
211	Shashemene Oda	ሻሸሜኔ ኦዳ	046 211 15 36 046 211 0984	
212	Shashemene	ሻሸመኔ	046 110 3468/66	046 110 3469
213	Shakiso	ሻኪሶ	046 3341851/50	
214	Shashemene Arada	ሻሸመኔ አራዳ	046 211 0621 046 211 4546	
215	Tabor	ታቦር	046 20123991/92	
216	Wolayita Sodo	ወላይታ ሶዶ	046 551 4592 046 551 4593	046 551 4777
217	Yirgalem	ይርጋለም	046 225 2421 046 225 2458	P.O.Box 195
218	Yirgachefe	ይርጋጨፌ	046 332 0410 046 332 0161	046 332 0552

Dire Dawa District Office Branches

S.No	Branch	ቅርንጫፎች	Telephone	Fax
	Dire Dawa District Office	ድሬዳዋ ዲስትሪክት ጽ/ቤት	025 111 08 27 025 111 0442	
219	Awash 7 Kilo	አዋሽ 7 ኪሎ	022 824 9130	
220	Aweday	አወዳይ	025 662 0298 025 662 0167	
221	Babile	ባቢሌ	025 6650592	
222	Dire Dawa	ድሬዳዋ	025 112 4669 025 111 0001	025 111 0841
223	Gode	ጎዴ	025 776 1541 025 776 2163	
224	Hafet-Issa	ሃፈት ኢሳ	025 112 4674 025 1122469	025 112 4675
225	Harar	ሐረር	025 666 3623 025 666 4622	025 666 9819
226	Harar Arategna	ሐረር አራተኛ	025 466 2289 025 466 9894	
227	Jigjiga	ጅግጅጋ	025 775 7628 025 775 2057	025 775 2058
228	Kezira	ከዚራ	025 113 0372/71	025 113 0412

229	Havana	ሃቫና	025 2788669 025 2786326	
230	Logia	ሎጊያ	033 550 0499 033 550 0503	
231	Sabian	ሳቢያን	025 411 1984 025 411 6448	
232	Seid Adebabay	ሰይድ አደባባይ	025 278 2914 025 278 0949	
233	semera	ሰመራ	033 3660100 033 3660102	
234	Tog Wajaale	ቶጎ ዋጃሌ	025 882 0033/32	025 882 0034
235	Kebre Daher	ቀብሪ ደሀር	025 7741453 025 7741231	
236	Degah Bur	ደጋህ ቡር	025 7710702 025 7710596	
Jimma District Office Branches				
S.No	**Branch**	**ቅርንጫፎች**	**Telephone**	**Fax**
	Jimma District Office	ጅማ ዲስትሪክት ጽ/ቤት	047 111 6168 047 1116305	
237	Abobo	አቦቦ	047 5590423	
238	Agaro	አጋሮ	047 221 1031/50	047 221 1499
239	Assosa	አሶሳ	057 775 1362/66	057 775 1459
240	Ameya	አመያ	047 2270424 047 2273498	
241	Awetu	አዌቱ	047 211 6739	
242	Bedele	በደሌ	047 445 1809/10	
243	Bonga	ቦንጋ	047 331 1971/33	
244	Dimma	ዲማ	047 835 9120/23	
245	Gambella	ጋምቤላ	047 551 1950 047 551 1767	0912 61 69 56
246	Itang	ኢታንግ	047 1116305 047 1116168	
247	Jimma AbaJifar	ጅማ አባጅፋር	047 111 6393/05	047 111 6301
248	Jimma Bore	ጅማ ቦሬ	047 2113182	
249	Jimma Gibe	ጅማ ጊቤ	047 211 1003 047 211 2838	
250	Jimma Jiren	ጅማ ጅሬን	047 2113184	
251	Mizan Aman	ሚዛን አማን	047 135 0066 047 135 0098	047 135 0059
252	Meti	ሜቲ	047 339 06 28 047 8131178	
253	Nekemte	ነቀምት	057 661 3068/81	057 661 3065

254	Gambella New Land	ጋምቤላ ኒውላንድ	047 151 3233 047 1510044	
255	Openo	ኦፔኖ	047 151 0038/39	
256	Pugnido	ፑኝውዶ	047 4650404/03	
257	Sheko	ሸኮ	047 7780526	
258	Shey Bench	ሼህ ቤንች	047 7770508	
259	Tello	ጠሎ	047 7710309/83	
260	Teppi	ቴፒ	047 556 2621/20	
261	Terpham	ተርፋም	047 8519369/89	
262	Wacha	ዋቻ	047 3380455/56	
263	Welkite	ወልቂጤ	011 365 8180/16	011 365 8115

Mekelle District Office Branches

S.No	Branch	ቅርንጫፎች	Telephone	Fax
	Mekelle District	መቀሌ ዲስትሪክት ጽ/ቤት	034 241 5185/86	
264	Abala	አብዓላ	034 665 0495/91	
265	Abyi Addi	ዓብይ ዓዲ	034 446 0503 034 446 0313	034 446 0987
266	Addi Hawusi	አዲ ሃውሲ	034 440 8439/31	034 440 6598
267	Adi Ha	ዓዲሓ	034 241 5575 034 241 8477	
268	Adi Shumduhn	አዲ ሹምድሁን	034 241 0017/44	034 241 0046
269	Adi Gudem	አዲ ጉደም	034 437 0665	
270	Adigrat	አዲግራት	034 445 2866 034 445 2790	034 445 2745
271	Agulae	አጉላዕ	034 314 0486 034 314 8221	
272	Alamata	አላማጣ	034 774 0772 034 774 0264	034 774 0254
273	Atsbi	አፅቢ	034 340 0322/27	034 340 0299
274	Ayder	አይደር	034 240 8582	
275	Castle	ካስትል	034 440 2689/79	034 440 2697
276	Chercher	ጨርጨር	034 317 0338	
277	Edaga Arbi	እዳጋ አርቢ	034 346 0360/44	
278	Edaga Hamus	እዳጋ ሐሙስ	034 773 0546 034 773 0185	034 773 0164
279	Edaga Mekelle	እዳጋ መቀሌ	034 441 3666/22	034 441 3748
280	Enkodo Mekelle	እንኮዶ መቀሌ	034 241 5415/26	
281	Freweyni	ፍሬወይኒ	034 447 0645/35	
282	Gidimti	ግድምቲ	034 241 9839 034 241 6946	
283	Guya	ጉያ	0914 473593	

284	Hadnet	ሐድነት	034 241 5414/23	
285	Haik Mesahal	ሃይቅ መስሐል	0968 88 93 21	
286	Hawelti	ሀውልቲ	034 441 9674 034 441 9433	034 441 9675
287	Hawzen	ሐውዜን	034 667 0206 034 667 8604	034 443 0643
288	Illala Area	ኢላላ አካባቢ	034 440 6954/56	034 440 8407
289	Kilte Awlaelo	ክልተ አውላሎ	034 443 1217/44	
290	Kukufto	ኩኩፍቶ	0904 049327/30	
291	Maichew	ማይጨው	034 777 0563/49	034 777 0473
292	Mehoni	መኾኒ	034 664 0258/62	
293	Mekelle	መቀሌ	034 440 8933/34	034 440 3269
294	Meyda Agame	መይዳ ዓጋመ	034 445 1785/94	034 445 1788
295	Nebelet	ነበለት	034 328 0240/85	
296	Quiha	ኲሃ	034 240 2590 034 240 2054	
297	Ras Alula Abanega	ራስ አሉላ አባነጋ	034 446 1777 034 446 1337	
298	Raya Timuga	ራያ ጥሙጋ	034 316 0280/18	
299	Romanat	ሮማናት	034 440 6608/10	034 440 8591
300	Sebeya	ሰበያ	0914 096559	
301	Welwalo	ወልዋሎ	093 000 1873	
302	Wukro	ውቅሮ	034 443 0373 034 443 0683	034 443 0643
303	Yechila	የጭላ	034 422 0372	
	Shire District Office Branches			
	Shire District Office	ሽረ ዲስትሪክት ጽ/ቤት	034 244 3685 034 244 4248	
304	Adi Abun	አዲ- አቡን	034 271 0001/02	
305	Adi Daero	አዲ ዳዕሮ	034 432 0539/41	
306	Adi Hageray	አዲ ሃገራይ	034 324 0707 034 324 0372	
307	Adi Nebried	ዓዲ ነብሪዒድ	034 325 0005/06	
308	Adi Remets	ዓዲ ረመፅ	034 244 3681/85	
309	Adwa	አደዋ	034 771 4046/43	034 771 4047
310	Axum	አክሱም	034 775 3631/95	034 775 3440
311	Baeker	ባዕከር	034 244 3681/85	
312	Bizet	ብዘት	034 312 0424 034 312 0501	
313	Chila	ጭላ	034 559 4308	
314	Dansha	ዳንሻ	034 436 0451 034 436 0118	

315	Dibdibo	ድብድቦ	034 556 0415 034 556 0358	
316	Edaga Hibret	እዳጋ ህብረት	034 244 3681/85	
317	Edaga Shire	እዳጋ ሽረ	034 244 6107 034 244 4587	
318	Endabaguna	እንዳባጉና	034 661 0473/86	034 661 0449
319	Endasellasie	እንዳስላሴ	034 444 4117/31	034 444 4051
320	Enticho	እንጥጮ	034 449 0602 034 449 0803	034 449 0145
321	Feres May	ፈረስ ማይ	034 310 0174 034 310 0162	
322	Gerhu Sirnay	ገሩህ ስርናይ	034 438 0408 034 438 0353	
323	Humera	ሁመራ	034 448 0005/07	034 448 0006
324	Korarit	ቆራሪት	034 844 0772 034 844 0781	
325	Mahbere Dego	ማህበረ ዴጎ	034 329 0122/23	
326	Maygaba	ማይገባ	0972 16 17 00	
327	Maykadra	ማይካድራ	034 332 0055 034 332 0122	
328	May kinetal	ማይ ቅነጣል	0930 49 38 64	
329	May Tsebri	ማይ ፀብሪ	034 662 0368/70	
330	Midre Genet	ምድረ ገነት	0914 186344	
331	Nigiste Saba	ንግስተ-ሳባ	034 275 0061/74	
332	Rama	ራማ	034 555 0585	
333	Selekleka	ሰለክለካ	034 776 0495/97	
334	Semema	ሰመማ	034 445 5576/80	
335	Setit Humera	ሰቲት ሁመራ	0914 447572	
336	Sheraro	ሽራሮ	034 550 0025 034 550 0104	
337	Shire	ሽሬ	034 444 2165 034 444 2424	034 444 2229
338	Soloda	ሶሎዳ	034 271 0001 034 271 0020	
339	Wukro Maray	ውቅሮ ማራይ	034 668 0208 034 668 0575	

ከወለድ ነፃ
የባንክ አገልግሎት

አማና ካርድ
AmanaCard

www.wegagen.com

የአማና ካርድዎን ዛሬውኑ ይውሰዱ

ወጋገን ባንክ ሸሪአን መሠረት ያደረገ ወጋገን አማና የተሰኘ ከወለድ ነጻ የባንክ አገልግሎት ፍፁም በተለየ እና በተደራጀ መስኮት እየሰጠ ይገኛል። ወጋገን አማና ካርድን በመውሰድ ቀላልና ምቹ አገልግሎት ማግኘት ይችላሉ።

TEL: +251 11 552 3800 | +251 11 517 7500
info@wegagen.com www.wegagen.com
P.O.Box: 1018 Addis Ababa, Ethiopia

የብልፅግናዎ አጋር
Excelling Together

www.wegagen.com

Swift:WEGAETAA

TEL: +251 11 552 3800 | +251 11 517 7500
info@wegagen.com www.wegagen.com
P.O.Box: 1018 Addis Ababa, Ethiopia