



ANNUAL
REPORT
2022/23



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Table Of Content

Message from Chairperson of the Board of Directors	14
Performance Highlights	19
Operational Performance	21
Financial Performance	25
Customer Base Expansion	30
Accessibility	30
Human Capital	30
Banking Technology	32
Own Building	32
Risk Management and Compliance	32
Internal Audit	33
Corporate Social Responsibility	33
Moving Ahead	35
Auditor's Report	42
Branch Contacts	136

Our Vision

**Aspiring to be a champion of excellence
in banking business in Ethiopia.**

Mission

**Maximize stakeholders' value by providing
diversified banking services through
competent and motivated employees,
and up-to-date technology.**

Core Values

Teamwork

- ⌚ We collaborate and work collectively to meet our common goals
- ⌚ We promote and support a diverse, yet unified team

Integrity

- ⌚ We do the right thing, even when no one is watching
- ⌚ We keep our word and honor our commitments
- ⌚ We maintain confidentiality and privacy of all stakeholders

Innovation

- ⌚ We adapt and respond rapidly to changes
- ⌚ We encourage creativity and new ideas

Responsiveness

- ⌚ We provide prompt and convenient customer service





Abdishu Hussien
Chairperson

Board of **Directors**



Hailu Molla
Vice, Chairperson



Woldegabriel Naizghi
Member



Kidane Hagos
Member



Fithanegest Gebru
Member



Hassen Yesuf
Member



Fikru Jiregna
Member



Gebregziabher Hadush
Member



Kibreab Tewelde
Member



Mulu Bisrat
Member

Board of Directors



Shariah Advisory Committee



Sheikh Ibrahim Dawud
Chairman

Ustaz Mohammed Ferej
Member

Sheikh Fethalbari Mohammednur
Member



Aklilu Wubet (PhD)
Chief Executive Officer

Core Management



Yehwalashet Zewdu
**Deputy CEO - Enterprise
Services**



Solomon Tesfaye
Deputy CEO-Technologies



Kidane G/Sellassie
Deputy CEO- Operations



Senior Management



Aregash Gudeta
Chief Finance & Materials
Mgt Officer



Haile G/Egziabher
Chief Human Capital
Officer



Hussen Amde
Chief Digital Banking
Officer



Kibeb G/Egziabher
Chief International
Banking Officer



Geteye Mekuria
Chief Marketing and
Strategy Officer



Yoseph G/Yohannes
Chief Credit Officer



Habtom G/Egziabher
Chief Officer - Northern
Regional Office



Mengistu Tadesse
Chief Resource Mobilization
& Branch Banking Officer



Goitom G/Tsadkan
Chief Information
Officer



Debela Merga
Chief Risk & Compliance
Officer



Negasi G/Aregawi
Chief Internal Auditor



Management Team



Genet Daba
Director, Talent
Development



Zeray G/Wahid
Director, Legal Services



Abebaw G/Tsadik
Director, Treasury
Management



Kaleb Tadesse
Director, Marketing &
Corporate Communications



Tekle Eticha
Director, Corporate Strategy
and Change Management



Negassi Fisseha
Director, Management
Information System



Fantahun Demissie
Director, Personal and SME
Relationship Management



Amanuel Abebe
Director, Talent
Management



Tajudin Hussen
Director, Interest Free
Banking



Meried Haile
Director, Credit Analysis &
Portfolio Management



Niguss Girma
Director, Employee Benefits &
Performance Management



Bahiru Demissie
Director, Research and
Business Development

Management Team



Tsigereda Ashenafi
Director, Resource
Mobilization & Branch Banking



Amanuel Birhane
Director, Corporate &
Business R/ship Management



Sebsibe Zebro
Director, Engineering &
Facility Management



Yonas Alemayehu
Director, Program
Management



Tesfatsion Gebreyohannes
Director, Digital Innovation
& Marketing



Million Legesse
Director, Financial
Accounting



Desalegn Haile
Director, IT Security



Yishak Yilma
Director, Core Infrastructure
Management



Abadi Leake
Director, Core Application
Management



Paulos G/Mariam
Director, Export &
Remittance



Defaru Afework
Director, Digital Banking
Technology Management



Mulugeta Zerga
Director, Digital Banking
Operation



Management **Team**



Yimegnushal Teshome
Director, Import & Payments



Tewodros Assefa
Director, Supply Chain
Management



Mengesha Fisseha
Executive Assistant



Haddush Hintsay
Company Secretary

District Directors **Team**

Excelling Together



Ashenafi Gidey
District Director, West
Addis Ababa



Agere Belay
District Director, North
Addis Ababa



Tessema Gessesse
District Director, East
Addis Ababa



Kidane W/Giorgis
District Director, South
Addis Ababa



Yohannes Assefa
District Director,
Mekelle



Zenebe Asayehegn
District Director,
Shire



Daniel Liben
District Director,
Dire Dawa



Ashenafi Ayalew
District Director,
Hawassa



Kassanew Alem
District Director,
Bahir Dar



Yehualashet Alemayehu
District Director,
Jimma





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ጎህ የልጆች የቁጠባ ሒሳብ

ለልጆቻቸው የወደፊት ህይወት መሳካት
በጎህ የልጆች የቁጠባ ሂሳብ ይቆጥቡላቸው ፤
የቁጠባ ገቢዎን ያስተምሩላቸው





Message from Chairperson of the Board of Directors



On behalf of the Board of Directors and myself, I am honored to present the Board of Directors' report and audited financial performance report of Wegagen Bank for the fiscal year 2022/23 to the 30th Ordinary Annual meeting of Shareholders.

The world economy experienced myriad of challenges during the elapsed fiscal year. Among others, the COVID-19 pandemics aftereffects, the protracted conflict between Ukraine and Russia, the adverse effects of climate change, and quickly altering macroeconomic conditions across the globe all continued to pose challenges on the world economy.

According to the International Monetary Fund world economic outlook, the global economy which grew by 3.5 percent in 2022 is projected to decline to 3 percent in 2023. Though tight monetary policy has been in place to contain excessive inflation, reducing the inflationary pressure to the pre-pandemic levels has still been out of reach. The outlook also highlighted that emerging markets and developing economies are projected to have modestly declined growth from 4.1 percent in 2022 to 4.0 percent in both 2023 and 2024.

Sub-Saharan Africa did not escape the global economic downturn. In Sub-Saharan Africa, growth is projected to decline to 3.3 percent in 2023 from 4 percent in 2022 with growth remaining below the historical average of 4.8 percent. The projected decline reflected by a number of cases such as worsening weather shocks, the global economy slowdown and domestic supply issues including notably in the electricity sector. Several of the region's economies are experiencing a funding squeeze amid rising borrowing costs and tightening credit conditions.

Global commodity prices increased in FY 2022/23 as manifested by the surge in energy prices by 5.7 percent, led by crude oil at 7.8 percent and coal at 3.8 percent. The average price of Coffee Arabica in this fiscal year was about USD 5.09 /kg, which witnessed a decline when compared to the previous year's average price of USD 5.55/Kg.

The confluence of adverse factors affected the Ethiopian economy during the FY 2022/23. The aftereffect of COVID-19 pandemic, the conflict in the northern part of the country, drought in some parts of the country which put many people in need of food assistance, inflation, and shortage of foreign currency along with the ongoing war between Ukraine and Russia constrained the Ethiopian economy in fiscal year 2022/23. Despite all these challenges, Ethiopia's economy grew by 7.5 percent in the FY 2022/23 as stated by the government.

High inflation continued to be the major problem of the country's economy in the fiscal year 2022/23, with an annual average inflation rate of 32.6 percent. The Ethiopian government took several monetary and fiscal measures to minimize double-digit inflation rate with the goal of achieving a single-digit inflation rate.

In line with its regulatory role, the National Bank of Ethiopia has issued various directives and circulars deemed to enhance the economic growth of the country by creating conducive environment for the financial sector to play its intermediation role. The forbearance measure taken by the National Bank of Ethiopia to support rehabilitation of areas affected by internal conflict was a commendable initiative. On the other hand, the 20 percent Treasury bond purchase requirement was introduced.

Unfavourable regional and global economic conditions had their own impact on the banking industry in general and our Bank in particular. Though the fiscal year 2022/23 was challenging on the one hand, a glimmer of hope was witnessed for our Bank following the restoration of peace in Tigray region. To this effect, almost all branches of the Bank which were closed due to the conflict in the region have commenced operation during the second quarter of the fiscal year 2022/23.

The Bank devised a variety of intervention strategies and put into action by involving all stakeholders including the Board, Management, and Staff of the Bank, prominent shareholders, and other pertinent organs in an effort to overcome the adverse issues faced during the year under consideration.

Accordingly, the Bank's performance in the key performance metrics for the reporting period showed commendable progress even in the face of the combined challenges posed by the global and national economic, political and social environments. It is with great pleasure that we disclose that our Bank managed to register remarkable profit while also recording increases in other key performance indicators. In the fiscal year 2022/23, the Bank earned a total income of Birr 7 billion, which saw a 36 percent growth from preceding year balance of Birr 5.1 billion whereas the Bank's total expense rose to Birr 5.8 billion, registering a 27 percent increase from the previous year's performance of Birr 4.5 billion.

As a result, the Bank registered the highest ever recorded profit before tax of Birr 1.2 billion which in comparison depicted an increment of 109 percent over the previous year's performance of Birr 572 million. Consequently, the rate of return on average asset (ROA) and return on average equity (ROE) for the fiscal year stood at 1.7 percent and 22 percent, respectively. Earnings per share for the fiscal year 2022/23 was 22.7 percent, which showed increment of 6.1 percentage point over preceding year's performance of 16.6 percent.

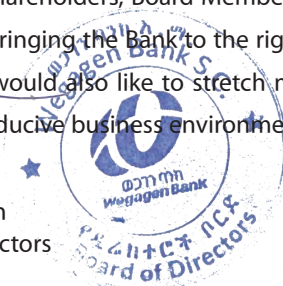
The Bank's total deposit reached Birr 42.8 billion as of June 30, 2023 with a year-on-year growth of 26 percent over previous year's performance of Birr 33.9 billion. During the fiscal year under review, the Bank generated foreign currency to the tune of USD 241 million, which climbed by 24 percent from last year same period performance of USD 195 million. The Bank financed different economic sectors by disbursing Birr 12.7 billion during the FY 2022/23 and, as a result, the Bank's gross outstanding loans and advances reached Birr 39.9 billion reflecting an increment of 32 percent over the preceding year's performance. A commendable performance was also seen in loan collection, where the Bank managed to collect Birr 6.5 billion, witnessing a 55 percent increment against the performance registered during the previous year.

As part of the Bank's effort to boost its customer base, the total deposit accounts of the Bank reached 2,648,179 as at June 30, 2023, increasing by 17 percent year-on-year with due compliance with customer due diligence and know your customer directive. Likewise, aligned with the digital strategy of the Bank, effort was made to ramp up the number of digital banking service users. Accordingly, the number of mobile banking subscribers reached 2,026,748 while wallet account users constituted 478,007 as at June 30, 2023. Besides, the number of cards issued reached 447,362 and internet banking subscribers stood at 13,340 at the close of the reporting period. Number of Branch, ATM and POS outlets of the Bank stood at 410, 319 and 436 as at June 30, 2023, correspondingly.

The number of employees of the Bank stood at 5,071 as at June 30, 2023. Various on-the-job and off-the-job technical and leadership trainings were delivered to enhance the capacity of technical and managerial employees of the Bank. As a result, 4,815 employees underwent trainings during the fiscal year under review.

Finally, I would like to express my gratitude to all esteemed customers, respected shareholders, Board Members, Management, and the entire community of the Bank for their unreserved effort in bringing the Bank to the right track and thus achieving incredible results in major key performance indicators. I would also like to stretch my special heartfelt thanks to the National Bank of Ethiopia for its role in facilitating conducive business environment for the banking industry.

Mr. Abdishu Hussien
Chairman, Board of Directors



Excelling Together



25th Anniversary Celebration, Shire District



866

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Contact Center

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ETB 42.8 Billion
Deposit
Mobilization



ETB 39.9 Billion
Outstanding
Loans &
Advances



13,340 Internet
Banking Users



2,026,748
Mobile Banking
Subscribers



478,007
E-float Account



319 ATM



2,648,179
Customer Base



436 POS



447,362
Card Holders



USD 241 Million
Foreign Currency
Generation



3,644 Agents

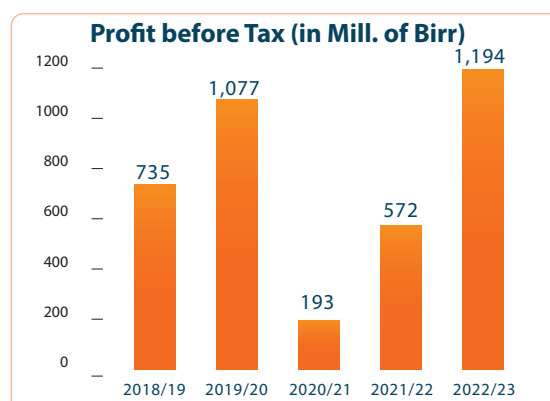
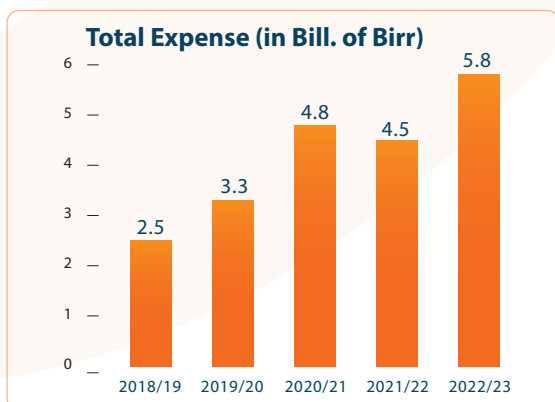
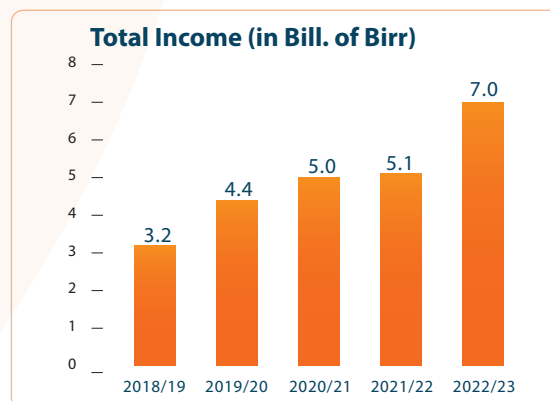
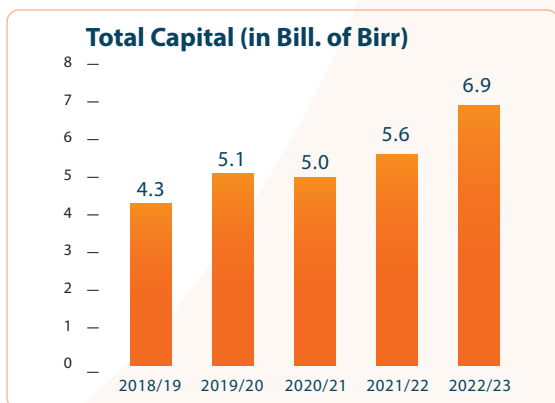
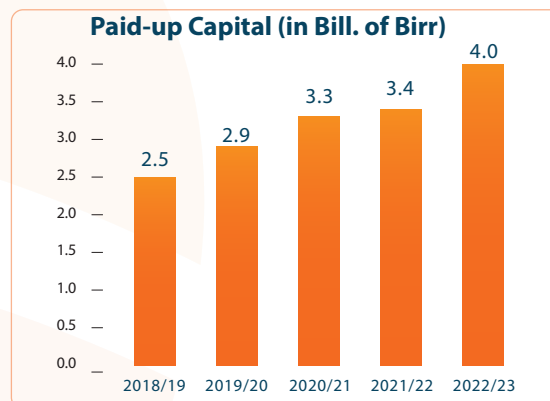
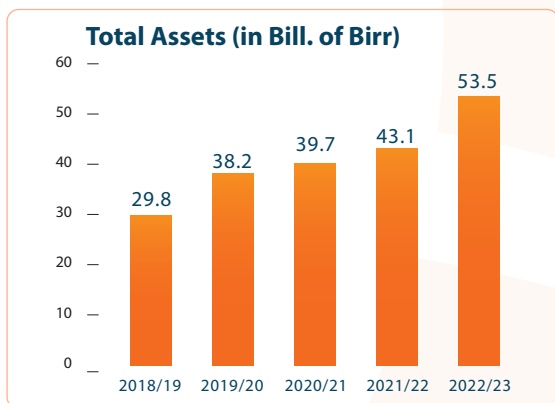
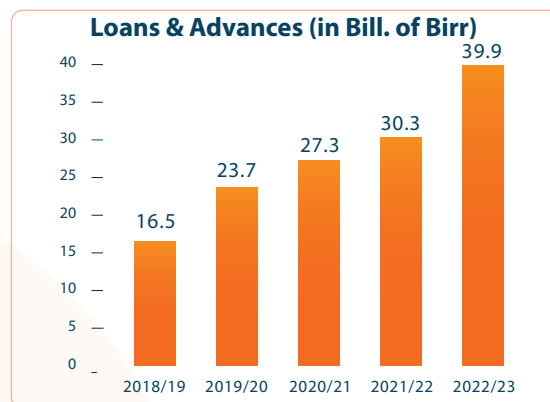
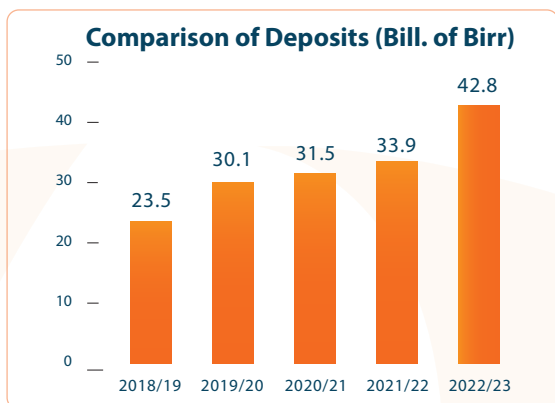


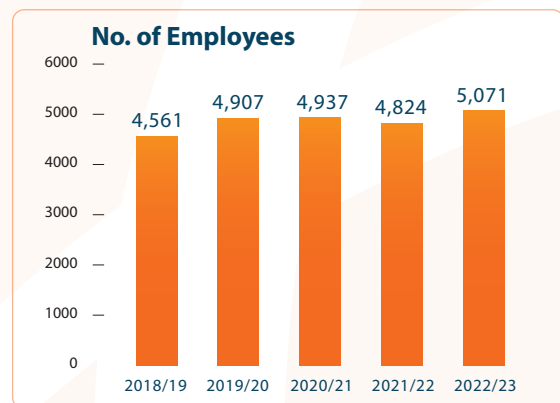
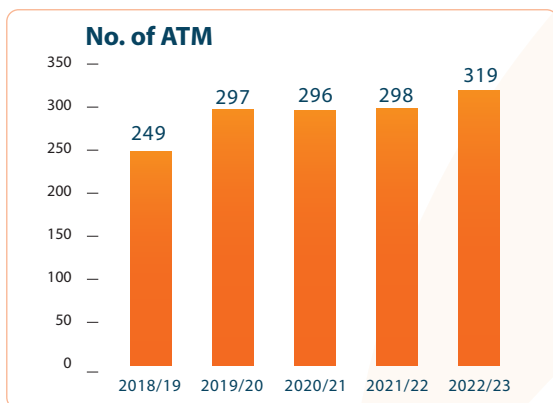
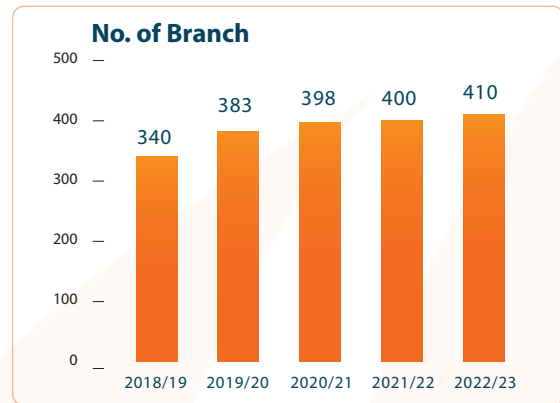
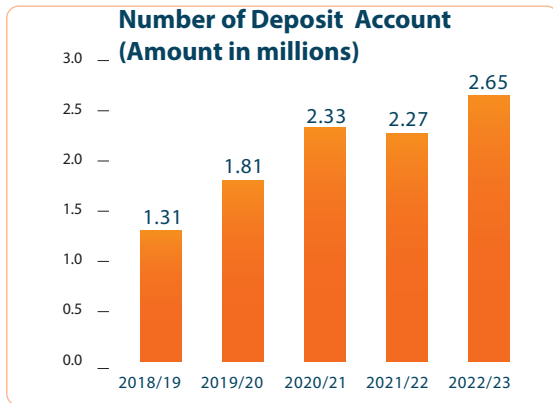
Wegagen in Numbers

**410
Branches**



Performance Highlights

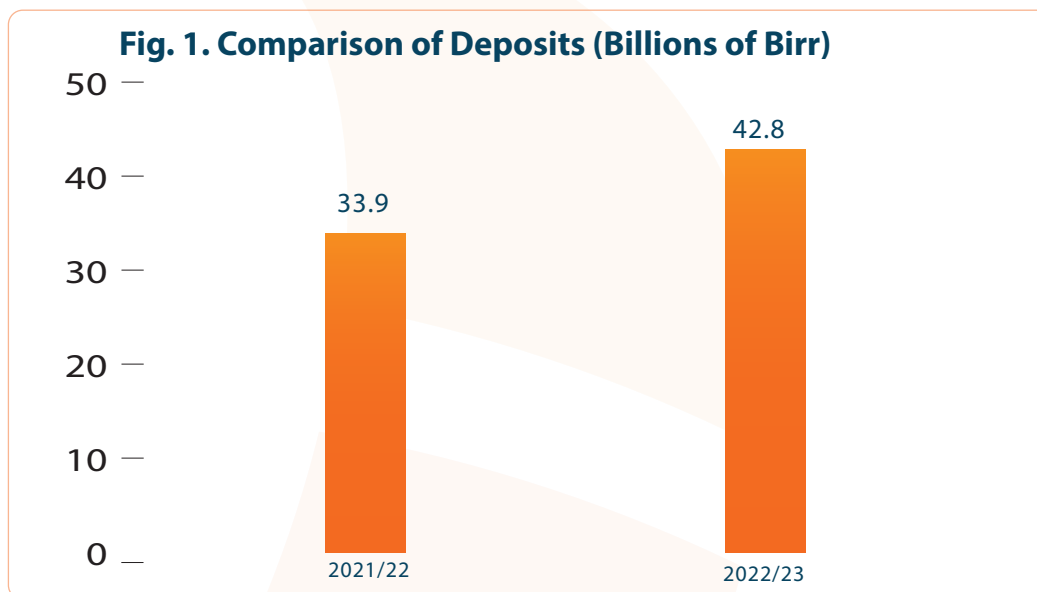




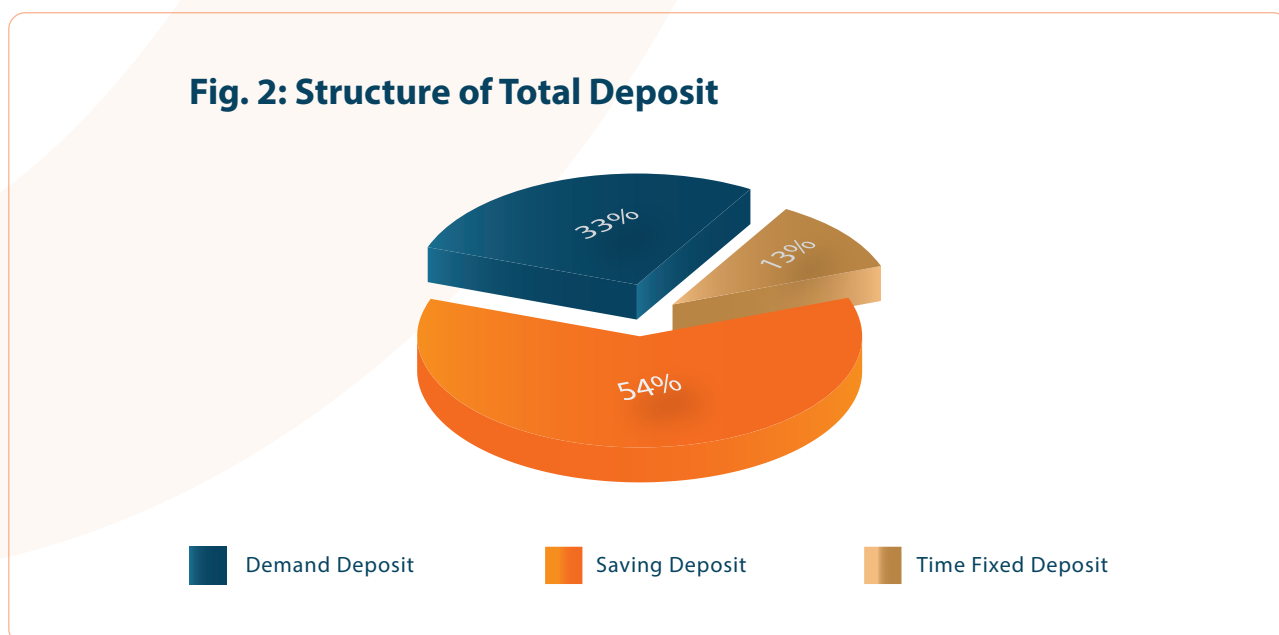
1. Operational Performance

1.1 Deposit Mobilization

In spite of the headwinds affecting the overall economic and business activities in the operating and task environments, our Bank crafted and implemented a well-thought-out resource mobilization strategy. As a result, total deposits of the Bank grew by 26 percent to Birr 42.8 billion owing to improved products and services portfolio, enhanced community engagement, and increased partnership and collaboration with various stakeholders. Accordingly, our Bank was able to mobilize net deposit of Birr 8.9 billion during the year under review.



Comparing the performance to the previous year, all deposit types showed increment. In terms of deposit composition, saving deposits continued to account for the majority of deposits (54 percent), followed by demand deposits (33 percent), and time fixed deposits (13 percent). Furthermore, the total number of deposit account holders reached 2,648,179 as of June 30, 2023, depicting an increment of 379,731 or 17 percent from the previous year's position.



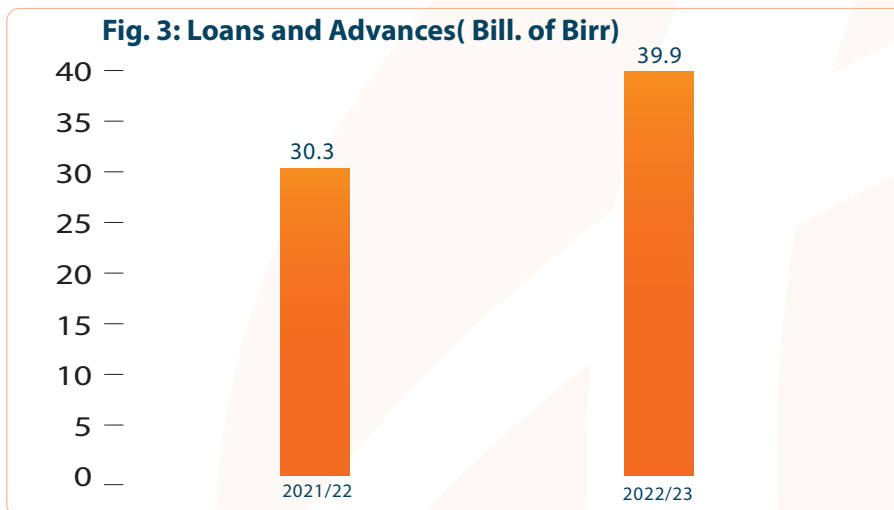


1.2 Interest Free Banking Service

As of June 30, 2023, the Bank's total deposit from interest-free banking services reached Birr 1.97 billion. In comparison to last year's balance of Birr 1.6 billion, the IFB deposit increased by 23 percent year- on- year. As a result, Time deposits and Qard deposits made up 3.2 percent and 19.4 percent, respectively of the deposits composition whereas Wegagen Amanah deposits represented 77.4 percent. With the aim of enhancing interest-free banking services, the Bank has implemented various initiatives among which opening additional full-fledged interest-free banking branches, sub branches, and IFB dedicated windows are the major ones.

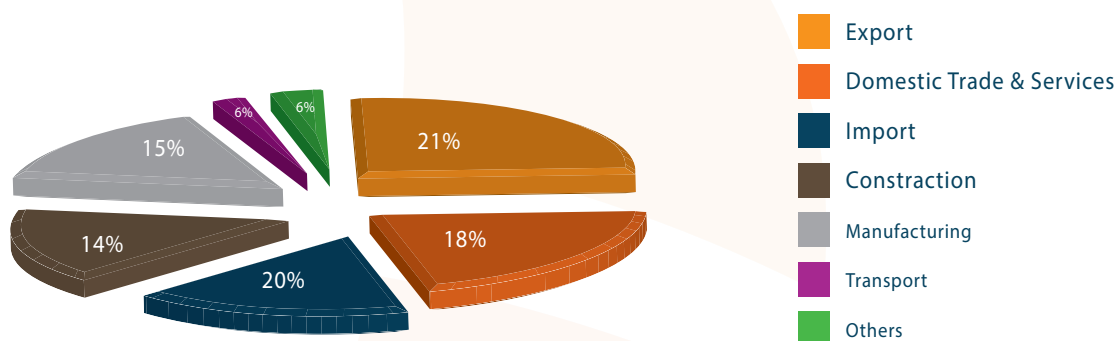
1.3 Loans and Advances

The gross amount of loans and advances extended to different sectors of the economy constituted Birr 39.9 billion at the end of June 2023, up by 32 percent over the same period of the previous year. It is worth to mention that the stated amount doesn't include the investment made on Treasury bond, which is 20 percent of loan disbursement as per the regulatory requirement.



All sectors of the economy have benefited from the loans and advances available by the Bank. Accordingly, loans and advances extended to the export sector accounted for the lion's share (21 percent), followed by import (20 percent), domestic trade and services (18 percent), Manufacturing (15 percent), construction (14 percent), transport service (6 percent), and other sectors (6 percent).

Fig. 4 Composition of Loans Portfolio



1.4 International Banking Operations

The Bank's total foreign currency earnings during FY 2022/23 was USD 241 million, which increased by USD 46 million (24 percent) against the previous year performance of USD 195 million. The achievement is attributed to efforts made to attract and retain exporters and other FCY generating sources.

The Bank's performance started rebounding to the performance track despite all local and global challenges that had adverse effects on international banking operation.



SWIFT: WEGAETAA

Dahabshiil

fast money transfer you can trust

AMAL EXPRESS

RELIABLE MONEY TRANSFER

**WESTERN
UNION**

moving money for better

Ria Money
Transfer

MoneyGram
money transfer

Thunes

TRANSFAST
Worldwide Money Transfer

TAAJ
MONEY TRANSFER

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በተላከበት ፍጥነት እናደርስዎታለን



2. Financial Performance

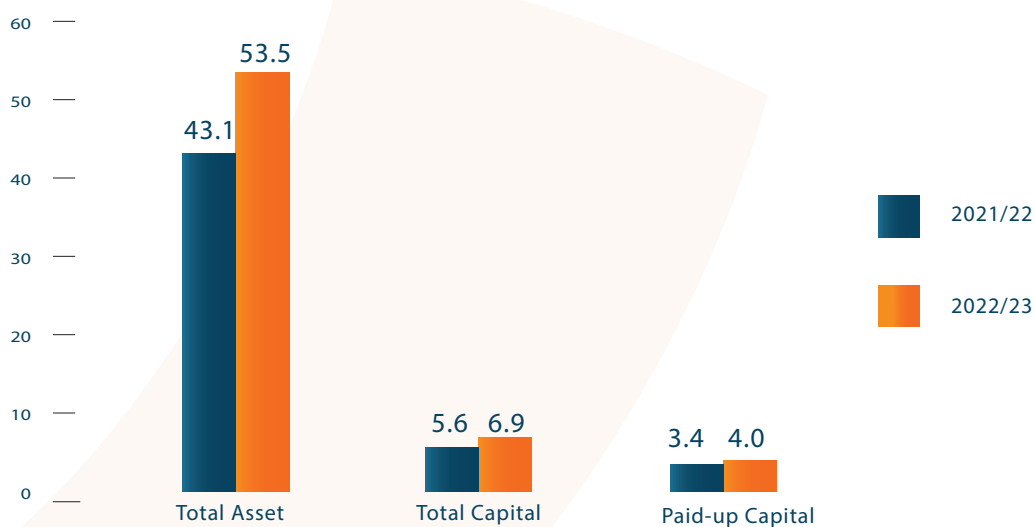
2.1 Asset Expansion

At the end of fiscal year 2022/23, the Bank's total assets amounted to Birr 53.5 billion, showing an increment of 24 percent against the previous year's balance of Birr 43.1 billion. Outstanding loans and advances accounted for 72 percent of the Bank's total assets followed by Cash and Bank Balance at 17 percent. Moreover, investment in securities represented 4 percent followed by property, plant and equipment with 3 percent while the rest portion constituted 4 percent of total asset.

2.2 Capital Growth

The Bank's total capital reached Birr 6.9 billion at the end of the Fiscal Year 2022/23, an increase of Birr 1.3 billion (23 percent) year-on-year. The paid-up capital also increased by Birr 591 million (17 percent) from the previous year's balance of Birr 3.4 billion and reached Birr 4 billion at the end of the FY 2022/23. The Bank's capital adequacy measured in terms of capital-risk weighted assets was above the minimum 8 percent requirement set by NBE.

Fig.5: Comparison of Assets, Capital and Paid-up Capital (Bill. of Birr)

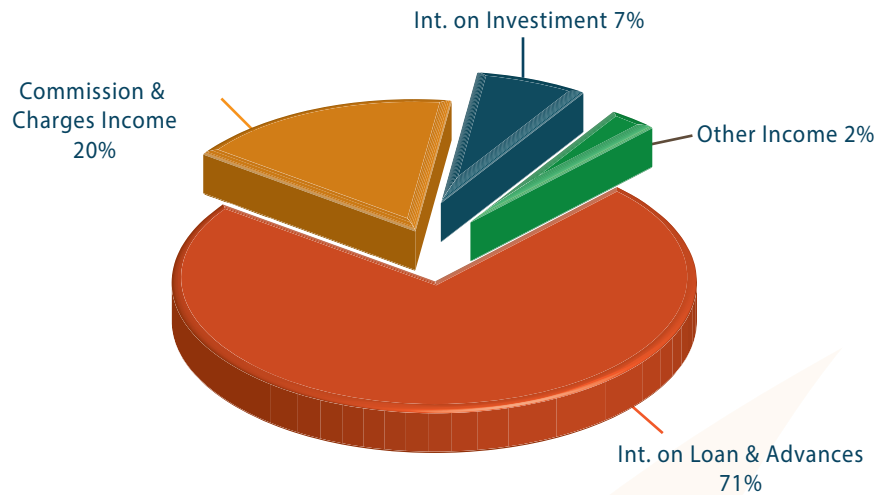


2.3 Total Income

In the fiscal year under review, the Bank generated a total income of Birr 7 billion, well above previous year's performance of Birr 5.1 billion, indicating a total growth of Birr 1.9 billion (36 percent) driven by a remarkable increase in all income components. In terms of composition, interest earned on loans and advances represented 71 percent, with commission and charges and interest on investment constituting 20 percent and 7 percent, respectively. Other income accounted for 2 percent of the total income.



Fig.6: Composition of total income

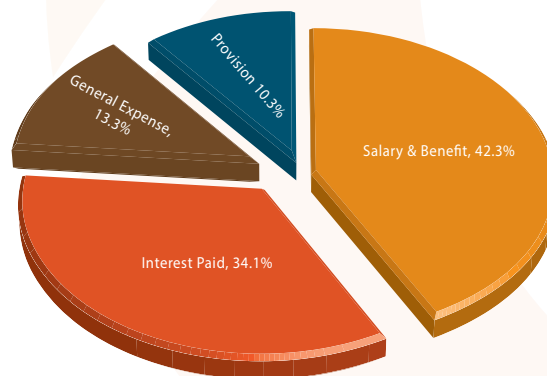


2.4 Total Expense

The Bank incurred a total expense of Birr 5.8 billion during the fiscal year under consideration with 27 percent increase against the previous year's total expense of Birr 4.5 billion. All expense categories have shown an increment over the previous year's expense performance of the Bank.

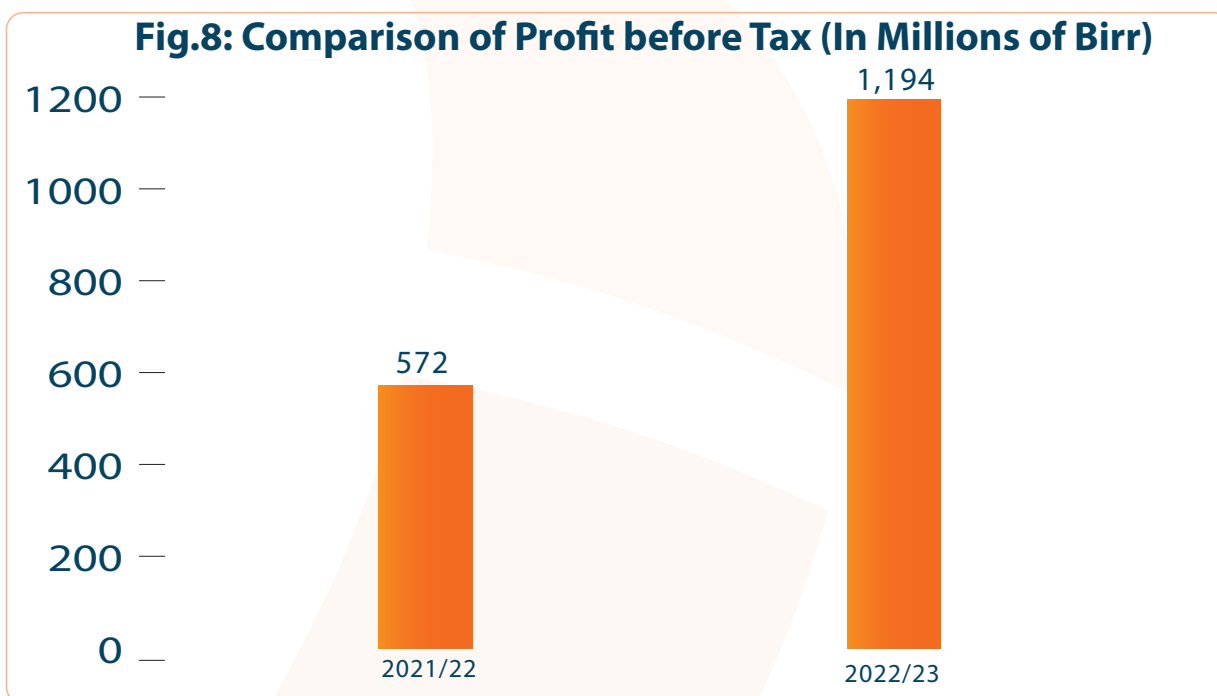
Employee salary and benefits expense made up the lion's share, constituting 42 percent of total expense, followed by interest expense which accounted for 34 percent while general expense and provision expense represented 13 percent and 10 percent, respectively. Moreover, the remaining 1 percent of total expense went to Digital and Agency banking charges.

Fig. 7 Composition of the Total Expense



2.5 Profit before Tax

During the fiscal year 2022/23, the Bank managed to earn record high total profit before tax of Birr 1.2 billion, which exhibited a meritorious growth of 109 percent over the previous year's profit before tax performance of Birr 572 million.





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የወርቅ ደረጃ ተሸላሚ





25 Years of Fruited Partnership

VISION

Aspiring to be a champion banking business

Maximize stakeholder diversified competent and

- Int
- Inr
- Re

Tripartite agreement made among Wegagen Bank, Ministry of Revenue (MOR) and Information Network Security Agency (INSA) to facilitate digital based tax payment and settlement system

3. Customer Base Expansion

The Bank's branch outlets have exerted utmost effort to increase the number of new deposit account opening during the fiscal year 2022/23. Continually pursuing the Bank's grand strategic objective of enhancing customer base, better achievements have been registered in deepening our roots in the urban and rural communities.

During the fiscal year, the Bank managed to open 379,731 additional deposit accounts, exhibiting deposit customer base expansion by 17 percent over the performance of the previous year. As a result, the total deposit accounts reached 2,648,179 by the end of June 2023. The digital channel's customer expansion performance has also witnessed better achievements. During the FY 2022/23, the performances of E-float accounts, mobile banking, and Internet banking subscribers increased by 44 percent, 40 percent, 13 percent, respectively to reach 478,007 e-float accounts, 2,026,748 mobile banking subscribers, and 13,340 internet banking subscribers. Moreover, the number of the Bank's agents reached 3,644 with 34 percent growth over the previous year's performance.

4. Accessibility

During the fiscal year 2022/23, the Bank managed to open ten branches thereby bringing the total number of branches of the Bank to 410 as of June 30, 2023. In addition, branches in Tgiray region have been reopened & subsequently resumed banking services following the restoration of peace. The total number of ATMs and POS machines at the end of June 2023 stood at 319 and 436, respectively.

5. Human Capital

Our human capital is the source of our sustainable competitive advantage and we give due consideration for this invaluable resource. The attention provided by the Bank commences from the entry level throughout the employment journey with the Bank. The Bank's journey towards realizing its vision of "aspiring to be a champion of excellence in banking business in Ethiopia" basically relies on competent and motivated employees. In light of this, the Bank has implemented a number of intervention measures meant to enhance the competency of its employees during the fiscal year 2022/23.

The Bank's total number of employees, excluding outsourced personnel, stood at 5,071 at the end of fiscal year 2022/23 with a 5 percent increment over the previous year's position of 4,824 employees. Looking at the workforce composition of the Bank by gender, 3,259 (64.3 percent) were male while the remaining 1,812 (35.7 percent) were female employees. In terms of position, 496 (10 percent) were managerial, 2,991 employees (59 percent) professional, 60 employees (1 percent) clerical, 1,492 employees (29 percent) non-clerical, and the remaining 32 employees (1 percent) were contract employees.

In a bid to further sustain its growth, the Bank continued to invest in enhancing its staff capacity through continuous trainings and development programs. Accordingly, 4,815 employees attended technical and developmental trainings both internally and externally during the FY 2022/23.



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6. Banking Technology

To realize the underlying results of digital excellence, the Bank has been constantly adjusting and improving its IT and digital banking operations by keeping abreast of new developments. In this respect, improved results have been registered regarding the utilization of digital platforms. Transactions conducted through the digital platforms of ATMs, POS machines, mobile banking and internet banking have tremendously increased. The increment shown was not only in number of transactions but also boost in income generated through the digital platforms. Various digital channels and IT service supports have been provided to internal and external customers during the period under review.

Moreover, major activities were conducted regarding the information security of the Bank in protecting sensitive information, privacy, confidentiality and ensuring availability and integrity of the Bank's vital data.

7. Own Building

The Bank's headquarters, which is situated at the heart of the capital, has been a beacon of aesthetic value to the city thereby contributing to the image of the Bank as well as serving as a convenient customer service center not to mention the revenue it generates in terms of rent income. As the Bank has a growth strategy and plans to expand its presence in various parts of the country, owning buildings in various regional cities is instrumental. The Bank has laid a foundation stone at Mekelle to construct 25 storey own building on a 3,500 square meter parcel of land. The effort to secure plot of land for the expansion of the headquarters building has shown positive results and is expected to be finalized in the fiscal year to come.

8. Risk Management and Compliance

Risk is an inherent part of Wegagen Bank's business and the effective management of risks plays a crucial role in enabling the Bank to achieve its strategic goals on a sustainable basis. The Bank is exposed to both financial and non-financial risks and is committed to practice a high standard of risk management by developing and implementing risk management program, policies, procedures and practices. This practice has enabled the Board of Directors of the Bank to oversee the risk management taking into account the risk appetite, prudential regulatory requirements and strategic and business priorities of the Bank. It has also enabled the management of the Bank to undertake prudent risk taking activities.

The Bank's risk management process encompasses the identification, measurement, control and monitoring of risks including credit, liquidity, and market, strategic and operational risks. Wegagen Bank firmly believes that existence of a proactive risk management culture would infuse the action and words of all staff of the Bank. In this respect, efforts are being invigorated to inculcate and implant such culture across the breadth and width of the Bank.

In the concluded fiscal year of 2022/23, the Bank was able to register remarkable performance in key performance indicators while prudent risk management activities were undertaken. The Bank's liquidity ratio has been above the minimum regulatory requirement which has been brought by effective liquidity risk management in a face of high liquidity crunch in the banking industry. Moreover, the Bank held large provision for loans and advances while registering high profit growth.

The Bank also effectively managed its market risk where its net interest margin remained positive and growing, and the Bank generated income from foreign currency revaluation. With the aim of improving operational risk management, various trainings were provided for employees and various internal control measures have been taken.

In consideration of the growing need for compliance, the Bank strives to ensure that the overall business operations are pursued in conformity with applicable national and international laws, regulations and standards so that the Bank is duly protected from risk of non-compliance. As part of this endeavour, the Bank has given special emphasis in fighting against financing of terrorism and money laundering by placing appropriate policies and procedures and cooperating with competent authorities and international organs.

9. Internal Audit

Internal audit function is organized at Chief Auditor level and provides objective assurance and advisory service designed to add value and improve the Bank's operations. It has been given the authority to provide objective assurance regarding compliance with national and international regulatory requirements, own policies, procedures, and standards by conducting examinations on different functions of the Bank. In the fiscal year 2022/23, audit examinations were conducted on the overall operations of branches and head office organs based on the risk based audit plan.

Moreover, unplanned audit activities have been conducted through special audit engagements on fraud cases reported to the unit. Accordingly, regular and special audit reports requiring corrective action were submitted to concerned organs of the Bank for which the management has drawn action plan aimed at rectifying the audit findings.

10. Corporate Social Responsibility (CSR)

Wegagen Bank is operating in all corners of the country and serving the society by providing banking products and services as per their taste and preferences. We believe that the society we are operating in are the source of our competitive advantage. Making the society benefit from the Bank's success is critical in terms of fostering trust and belongingness. To this end, the Bank has been progressively engaged in CSR activities, since its establishment, aiming at improving the socio-economic situation of the communities in which it operates.

Accordingly, the Bank donated more than Birr 35 million to different segments of the society during the financial year 2022/23 and the practice of doing so will continue to discharge its corporate social responsibility.



Donation to Tigray Education Bureau

11. Moving Ahead

The Bank had to operate with limited capacity for about two and half years as many of its branches were closed due to the conflict in the northern part of the country. With the restoration of peace in Tigray region almost all branches of the Bank found in the region have been reopened and resumed operation. As a result, the Bank has rebounded to its normal full-scale operation and positive achievements were registered in major key performance indicators during the fiscal year 2022/23. To further sustain and enhance the performance registered so far, the Bank has revised its organizational structure in a manner that fosters efficiency and effectiveness as well as enhancing competitiveness.

The Bank has planned and allotted adequate budget to upgrade its core banking solution in the coming fiscal year. Moreover, some major IT projects deemed to enhance the digital banking operation and automation of back office services have also been planned to be implemented during the FY 2023/24. On the other hand, enhancing resource mobilization through local and foreign sources, allocation of available resource on feasible economic sectors, increasing income from various sources whilst minimizing expenses at the right level to boost the return on investment will get the right attention during the FY 2023/24. Customer base expansion through account opening and digital platforms are also the major focus areas during the FY 2023/24.

As part of the human capital excellence, initiatives will be conducted to attract and retain talent in a phased approach during the FY 2023/24. Likewise, training need assessments have been conducted with the aim of building the competencies of employees of the Bank by delivering appropriate trainings and developmental programs during the upcoming FY 2023/24.

Last but not least, cognizant to the dynamic business and regulatory environment, the Bank's existing strategy will be revised in a manner that considers latest developments thereby enhancing the competitiveness of the Bank and sustaining its growth trajectory.



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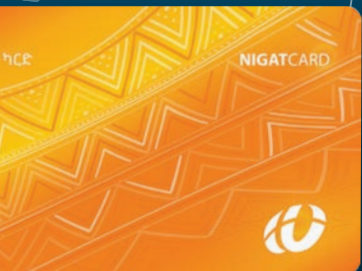


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AUDITOR'S --- REPORT 2022/23

Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

Directors, Executive Management, Auditor and Principal Correspondent Banks

Board of Directors

Name	Title	Date Appointed
Mr. Abdishu Hussien	Chairman	May 03,2021
Mr. Hailu Molla	Vice chairman	May 03,2021
Mr. Woldegebriel Naizghi	Member	May 03,2021
Mr. Fikru Jiregna	Member	May 03,2021
Mr. Kidane Hagos	Member	May 03,2021
Mr. Hassen Yesuf	Member	October 04,2021
Mr. Gebregzabher Hadush	Member	May 03,2021
Mr. Fithanegest Gebru	Member	May 03,2021
Mr. Mulu Bisrat	Member	February 09,2022
Mr. Kibreab Tewelde	Member	May 03,2021

Executive Management

Name	Title	Date Appointed
Mr. Aklilu Wubet	Chief Executive Officer	January 11,2022
Mr. Hussen Amde	Chief Credit Officer	November 17,2021
Mr. Yehwalashet Zewdu	Chief Finance & Materials Mgt Officer	April 11,2022
Mr. Haile G/Egzabher	Chief Resource Mobilization & Digital Banking Operations Officer	November 17,2021
Mr. Kidane G/Sellassie	Chief Human Capital Officer	April 11,2022
Mr. Geteye Mekuria	Chief Marketing & Strategy Officer	April 11,2022
Mr. Solomon Tesfaye	Chief Information Officer	June 10,2023
Mr. Negasi G/Aregawi	Chief Internal Auditor	April 11,2022
Mr. Debela Merga	Chief Risk & Compliance Officer	November 17,2021

Independent Auditor

Tewodros and Fikre Audit Service Partnership
Authorized Auditors, Chartered Certified Accountants
Addis Ababa, Ethiopia

Principal Correspondent Banks

Citi Bank
Commerz Bank
Mashreq Bank
CAC International Bank
Exim Bank
Standard Chartered Bank
UniCredit Bank
African Export Import Bank
United Overseas Bank
Natixis Bank



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

Report of the Directors

The directors submit their report together with the financial statements for the year ended 30 June 2023, 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 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, 2023, the paid up capital of the Bank reached Birr 3.98 Billion. As at June 30, 2023, the Bank has 10,885 shareholders and a network of 410 branches.

Principal activities

The mandate of the Bank is 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 2023 are set out on page 44. The profit for the year has been transferred to retained earnings. The summarized results are presented below.

	30 June 2023	30 June 2022
	Birr'000	Birr'000
Net Interest Income	3,455,998	2,246,188
Net operating income	4,402,381	3,190,548
Profit before tax	1,194,107	572,280
Tax charge	(370,284)	(20,881)
Profit for the year	823,823	551,399
Other comprehensive income net of taxes	81,809	(11,574)
Total comprehensive income for the year	905,632	539,825
Earnings Per Share	22.7%	16.6%



 Mr. Abdishu Hussien
 Chairman, Board of Directors


 Certified Auditors in Ethiopia
 Tewodros and Fikre
 Audit Service Partnership


 Accounting and Auditing Board of Ethiopia
 4.5
 01/11/2023
 011-41225

Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

Statement of Directors' Responsibilities

In accordance with the Financial Reporting Proclamation No. 847/2014 the Accounting and Auditing Board of Ethiopia (AABE) may direct the Bank to prepare financial statements in accordance with International Financial Reporting Standards, whether their designation changes or they are replaced, from time to time.

The Directors are responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standard and in the manner required by the Accounting and Auditing Board 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 Bank is required keep such records are necessary to:

- a) Exhibit clearly and correctly the state of its affairs;
- b) Explain its transactions and financial position; and
- c) Enable the National Bank to determine whether the Bank had complied with the provisions of the banking business proclamation and regulations and directives issued for the implementation of the aforementioned proclamation.

The Directors accepts responsibility for the annual financial statement, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, Banking Business Proclamation, Commercial code of 2013 E.C and the relevant Directives issued by the National Bank of Ethiopia.

The Directors are 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 of loss.

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

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

The financial statements on pages 44 to 47 were approved and authorized for issue by the board of directors and management on October 27,2023 and signed on their behalf by:

 Mr. Abdishu Hussien Chairman, Board of Directors				 Mr. Aklilu Wubet Chief Executive Officers	
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Wegagen Bank S.C

Independent Auditors Report to the Shareholders of Wegagen Bank Share Company For the Year Ended 30 June 2023

OPINION

We have audited the accompanying financial statements of Wegagen Bank Share Company which comprise the statement of profit or loss and other comprehensive income for the year ended 30 June 2023, statement of financial position as at 30 June 2023, statement of changing in equity and statement of cash flows for the year then ended and summary of significant accounting policies and other explanatory information.

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 2023 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by IASB.

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

- i) Pursuant to Article 349 (1) of the Commercial Code of Ethiopia, 2013 E.C and based on our reviews of the board of directors' report, we have not noted any matter that we may wish to bring to your attention.
- ii) Pursuant to article 349 (2) of the commercial code of Ethiopia, 2013 E.C, We recommend the financial statements be approved.

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



Wegagen Bank S.C

Key Audit Matter

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

Responsibilities of Management and those Charged with Governance For the Financial Statements

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

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

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

Auditors Responsibility for the Audit of the financial Statements

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

Addis Ababa
October 28, 2023



Tewodros & Fikre Audit Services Partnership,
Chartered Certified Accountants



Wegagen Bank S.C


Annual Financial Statement

For the Year Ended 30 June 2023

Statement of Profit or Loss and Other Comprehensive Income

	Notes	30 June 2023 Birr'000	30 June 2022 Birr'000
Interest income	5	5,423,034	4,052,487
Interest expense	6	<u>(1,967,036)</u>	<u>(1,806,299)</u>
Net interest income		3,455,998	2,246,188
Net fees and commission income	7	<u>1,373,547</u>	<u>897,399</u>
Net trading income		4,829,546	3,143,587
Other operating income	8	166,496	40,619
Loan impairment charge	9	(265,197)	(107,386)
Impairment losses on other assets	10	<u>(328,464)</u>	<u>113,728</u>
Net operating income		4,402,381	3,190,548
Salaries and benefits	11	(2,441,020)	(1,599,521)
Amortization of intangible assets	19	(30,606)	(26,925)
Depreciation of property, plant and equipment	20	(145,387)	(157,045)
Depreciation of right-of-use asset	20a	(192,094)	(243,587)
Other operating expenses	12	(395,831)	(587,897)
Audit fees		(829)	(883)
Directors' related expenses		<u>(2,508)</u>	<u>(2,411)</u>
Total Operating Expenses		<u>(3,208,274)</u>	<u>(2,618,268)</u>
Profit before tax		1,194,107	572,280
Income tax expense	13a	(370,284)	(20,881)
Profit after tax		823,823	551,399
Other Comprehensive Income (OCI) net of income tax			
Re-measurement loss on retirement benefits	24b	(33,717)	(28,348)
Fair value gain of Equity Investments		<u>115,526</u>	<u>16,774</u>
Total Other Comprehensive Income (net of tax)		81,809	(11,574)
Total comprehensive income for the period		905,632	539,825
Basic & diluted earnings Per Share	26	<u>22.7%</u>	<u>16.6%</u>

The accompanying notes are an integral part of these financial statements. The financial statements were approved and authorized for issue by the directors and management on October 27, 2023 and signed on their behalf by:


Mr. Abdishu Hussien
Chairman, Board of Directors




Mr. Aklilu Wubet
Chief Executive Officers

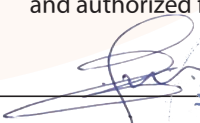
Wegagen Bank S.C Annual Financial Statement

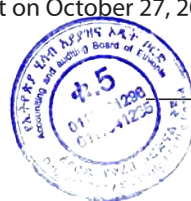
For the Year Ended 30 June 2023

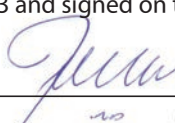
Statement of Financial Position as at June 30, 2023

	Notes	30 June 2023 Birr'000	30 June 2022 Birr'000
ASSETS			
Cash and bank balances	14	9,059,264	10,322,284
Loans and advances to customers	15	38,293,614	28,911,161
Investment securities:			
- Equity Investments at FVOCI	16a	312,517	110,210
- Debt Securities at Amortized Cost	16b	2,061,789	272,354
Other assets	17	1,443,257	1,324,131
Investment property	18	559	577
Intangible assets	19	48,818	58,546
Property, Plant and Equipment	20	1,533,163	1,443,687
Right-of-Use Asset	20a	732,885	678,719
Total assets		53,485,867	43,121,669
LIABILITIES			
Deposit from customers	21	39,894,209	31,791,632
Deposit from financial institutions	22	2,899,464	2,124,111
Current tax liabilities	13c	354,776	30,035
Other liabilities	23	3,086,990	3,349,919
Employee benefit obligations	24	249,379	167,130
Deferred tax liabilities	13d	94,521	44,778
Total liabilities		46,579,339	37,507,605
EQUITY			
Share capital	25	3,982,139	3,391,294
Share premium	25	57,736	42,787
Retained earnings	27	472,937	223,398
Legal reserve	28a	1,790,822	1,584,866
Regulatory Risk Reserve	28b	552,262	402,896
Other Reserve	28c	50,631	(31,177)
Total equity		6,906,527	5,614,064
Total equity and liabilities		53,485,867	43,121,669

The accompanying notes are an integral part of these financial statements. The financial statements were approved and authorized for issue by the directors and management on October 27, 2023 and signed on their behalf by:


 Mr. Abdishu Hussien
 Chairman, Board of Directors




 Mr. Aklilu Wube
 Chief Executive Officers

Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

Statement of Changes in Owners Equity

	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 2021	3,282,041	46,284	(125,416)	1,447,016	384,592	(19,604)	5,014,913
Contributions to equity	9,788						9,788
Dividend declared							
New shares issued	99,465	3,355					102,820
Fair value gain of Equity investments (net of tax)						16,774	16,774
Reversl of previous year directors' share of profit			1,000				1,000
Profit for the year			551,399				551,399
Remeasurement of Defined Benefit plans (net of tax)						(28,348)	(28,348)
Prior period tax adjustment		(6,851)	(47,431)				(54,282)
Directors' share of profit							
Transfer to legal reserve			(137,850)	137,850			
Transfer from Regulatory Risk Reserve			(18,304)		18,304		
As at 30 June 2022	3,391,294	42,788	223,398	1,584,866	402,896	(31,178)	5,614,064
Dividend declared			(223,398)				(223,398)
New shares issued	590,845	14,948					605,793
Fair value gain of Equity investments (net of tax)						115,526	115,526
Profit for the year			823,823				823,823
Remeasurement of Defined Benefit plans (net of tax)						(33,717)	(33,717)
Prior period tax adjustment			4,436				4,436
Directors' share of profit							-
Transfer to legal reserve			(205,956)	205,956			-
Transfer to Regulatory Risk Reserve			(149,366)		149,366		-
As at 30 June 2023	3,982,139	57,736	472,937	1,790,822	552,262	50,631	6,906,527

The accompanying notes are an integral part of these financial statements. The financial statements were approved and authorized for issue by the directors and management on October 27, 2023 and signed on their behalf by:


Mr. Abdishu Hussien
Chairman, Board of Directors




Certified Auditors in Ethiopia
Tewodros and Fite


Accounting and auditing Board of Ethiopia
No. 5
01/12/2023
0111-4125


Mr. Aklilu Wubet
Chief Executive Officers



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023 Statement of Cash flows

	Notes	30 June 2023 Birr'000	30 June 2022 Birr'000
Cash flows from operating activities			
Cash generated from operations	29	664,703	667,607
Profit tax assesment paid		-	(54,283)
Income tax paid	13c	(30,862)	(59,317)
Net cash (outflow)/inflow from operating activities		633,841	554,007
Cash flows from investing activities			
Purchase of investment securities	16	(31,396)	(8,284)
Purchase of intangible assets	19	(20,877)	(25,288)
Purchase of property, plant and equipment	20	(237,478)	(60,284)
Payment for asset use right acquisitions	20a	(246,260)	(221,428)
Proceeds from matured debt securities	16b	(1,789,436)	5,125,929
Proceeds from sale of PPEs		13,922	6,501
Net cash (outflow)/inflow from investing activities		(2,311,525)	4,817,147
Cash flows from financing activities			
Directors share of profit paid		-	1,000
Share premium collected	25	14,948	3,355
New shares issued	25	590,845	99,465
Dividend paid		(223,398)	-
Net cash (outflow)/inflow from financing activities		382,395	103,820
Net increase/(decrease) in Cash and bank balances		(1,295,289)	5,474,974
Cash and bank balances at the beg. of the year	14	10,322,284	4,847,309
Effect of exchange rate movement on Cash and bank balances		32,269	-
Cash and bank balances at the end of the year		9,059,264	10,322,284

The accompanying notes are an integral part of these financial statements. The financial statements were approved and authorized for issue by the directors and management on October 27, 2023 and signed on their behalf by:


 Mr. Abdishu Hussien
 Chairman, Board of Directors
 




 Mr. Aklilu Wubet
 Chief Executive Officers
 

Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023
Notes to the financial statement

1. 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 (which was latter replaced by Commercial code of Ethiopia of 1243/2021) and the Licensing and Supervision of Banking Business Proclamation No. 84/1994 (as amended by 592/2008). As at June 30, 2023, the paid up capital of the Bank reached Birr 3.98 billion contributed by 10,885 shareholders.

The Bank's registered office is at Kirkos sub city, Wereda 7, in front of National Stadium, in Addis Ababa, Ethiopia. Besides, it operates in all the thirteen regions and two city administrations of Ethiopia by opening 410 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, 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.

2. Summary of Significant Accounting Policies

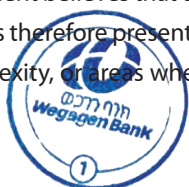
2.1 Introduction to summary of significant accounting policies

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 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards 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.



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

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

The Bank has consistently applied the accounting policies to all periods presented in these financial statements. The below are amendments to standards that are effective for annual periods beginning after 1 July 2022, and have not been applied in preparing these financial statements.

Standard	Description	Effective date	Impact
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. It addressing the presentation of liabilities and the associated cash flows arising out of supplier finance arrangements, as well as disclosures required for such arrangements.	The amendments will be effective for annual reporting periods beginning on or after 1st January 2024, with early application permitted	The Bank opted to apply the amendments when due.
Amendment to IFRS 16 – Leases on sale and leaseback	The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.	Annual periods beginning on or after 1 January 2024	The Bank opted to apply the amendments when due.
Amendment to IAS 12 - International tax reform - pillar two model rules	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD international tax reform). The amendments also introduce targeted disclosure requirements for affected companies	The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023	Do not have significant impact on the bank's financial results or position
Amendment to IAS 1 – Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	Annual periods beginning on or after 1 January 2024.	The Bank opted to apply the amendments when due.
IFRS 17 Insurance contracts	The standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.	Applicable to annual reporting periods beginning on or after 1 January 2023	Do not have significant impact on the bank's financial results or position



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

Standard	Description	Effective date	Impact
Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)	Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017	The amendment is effective from annual reporting periods beginning on or after 1 January 2023	Do not have significant impact on the bank's financial results or position
IAS 12 amendments on deferred tax	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.	The amendments are effective for annual periods beginning on or after 1 January 2023	Do not have significant impact on the bank's financial results or position
Definition of Accounting Estimates (Amendments to IAS 8)	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	Effective for annual reporting periods beginning on or after 1 January 2023.	The bank shall apply the amendment when due. The amendments are expected to have an impact on the bank's financial statements.
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.	Effective for annual reporting periods beginning on or after 1 January 2023.	The bank shall apply the amendment when due. The amendments are expected to have an impact on the bank's financial statements.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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).

b. Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Bank's functional currency are recognised in profit or loss within other 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 recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Bank, earns income from interest on loans and 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

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 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.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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. 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.

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.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

2.4.2 Fees and commission

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 recognised as the related services are performed.

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

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

2.4.3 Dividend income

This is recognised 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.

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

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 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.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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.

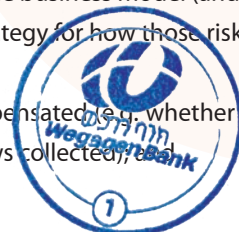
On initial recognition, an equity investment that is held for trading shall be classified at FVTPL. However, for equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI). This election is made on an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

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



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

- 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.

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

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

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

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

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

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.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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'.

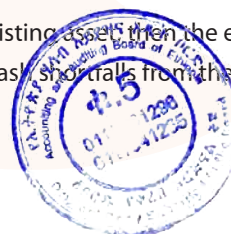
Life-time ECL is the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognized but which are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments that are credit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

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



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

- 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 de-recognition. 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. The methodology of estimating PDs .

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

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

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

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



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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

a. Term loan exposures

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

b. Overdraft exposures

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

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.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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)



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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 ECL.

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

External information considered includes economic data and forecasts published by 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.

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



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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

- instrument type;
- credit risk grading;
- collateral type;
- LTV ratio for retail mortgages;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower.

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

c. 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 reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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

d. 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; and
- 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.

e. 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.

f. 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.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

g. De-recognition

The Bank shall de-recognise 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 de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognized) 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 de-recognition of such securities. Any interest in transferred financial assets that qualify for de-recognition that is created or retained by the Bank shall be recognized as a separate asset or liability.

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

h. 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 de-recognized 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:

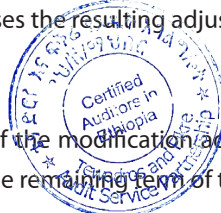
- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs shall be included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on de-recognition.

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 de-recognition 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.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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 de-recognise 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.

i. 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.

j. 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:

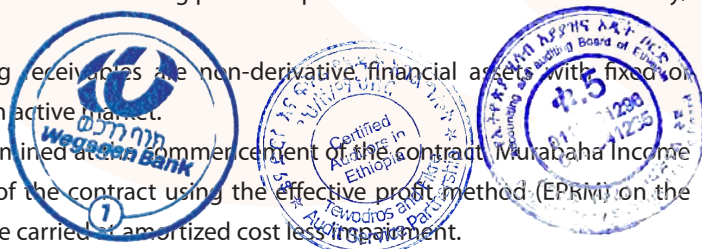
- the liabilities are managed, evaluated and reported internally on a fair value basis; or
- the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2.6 Interest Free 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.



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

2.7 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.

2.8 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 de-recognised.

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
Furnitures and fittings	10
Equipments	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.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

2.9 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.

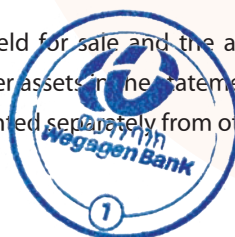
2.10 Non-current assets (or disposal groups) held for sale

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.

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.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

2.11 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.

2.12 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.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

(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.

2.13 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 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:



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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

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

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

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

2.14 Employee benefits

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

(a) Defined contribution plan

The Bank operates two defined contribution plans;

- i) pension scheme in line with the provisions of Ethiopian pension of private organisation 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 6% and 12% 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.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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.

(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 actuarial requirements that set assumptions for salary increases, inflation, discount rates, turnover, mortality and others.

2.15 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.

2.16 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.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

2.17 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.

2.18 Leases

The Bank has initially adopted IFRS 16 from 1 July 2019. The standard eliminates the classification of leases as either operating leases or finance leases under IAS 17 and introduces a single lease accounting model that requires lessees to recognize assets and corresponding liabilities. Due to the transition method chosen by the Bank in applying IFRS 16, comparative information throughout these financial statements has not generally been restated to reflect its requirements.

It also elected to apply the practical expedient that allows entities to rely on its assessment of whether leases were onerous by applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.

The effect of initially applying IFRS 16 is mainly attributed to:

- an increase in non-current assets as obligations to make future payments under leases previously classified as an operating lease were recognized on the balance sheet, along with the corresponding asset: right-of-use asset.
- Expenditure on operation has decreased and finance cost have increased, as operating lease costs have been replaced by depreciation and interest expense on lease liabilities.

The adoption of IFRS 16 requires the Bank to make a number of assumptions, estimations and judgments that includes:

- lease liabilities were determined based on the value of the remaining lease payments, discounted by an appropriate incremental borrowing rate.
- term of each arrangement was based on the original lease term.
- the discount rate used to determine lease liabilities was the Bank's incremental borrowing rate. It was calculated based on observable inputs.

At the commencement date, the Bank recognized:

- all leases as right right-of-use-asset at cost. Cost of right-of-use asset includes the amount of lease liability, lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to be incurred by the Bank in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

- a lease liability at the present value of the lease payments that are not paid at that date. Present value of lease payments will be determined by discounting future lease payments at the interest rate implicit in the lease arrangement, if it is readily determined or at Bank's incremental borrowing rate.

After the commencement date, the Bank measures:

- right-of-use assets using cost model, i.e. cost at initial recognition less accumulated depreciation (in line with IAS 16: Property, plant and Equipment) and accumulated impairment losses (in line with IAS 36: Impairment of Assets).
- lease liability by increasing its carrying amount to reflect interest on the lease liability and by reducing its carrying amount to reflect lease payments made.

Interest incurred on lease liability will be recognized in the statement of profit and loss as a finance cost.

Determination of whether an arrangement is a lease, or contains a lease

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 fulfilment 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 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.

2.19 Income tax

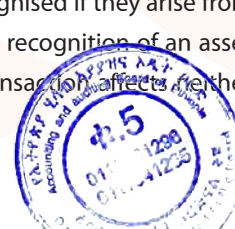
(a) Current income tax

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 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.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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 judgements, estimates and assumptions

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

Other disclosures relating to the Bank's exposure to risks and uncertainties includes:

- Capital management
- Financial risk management and policies
- Sensitivity analyses disclosures

3.1 Judgements

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



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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.

Impairment losses on financial assets at amortized cost

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 cashflow from collateral obtained would arise within 12 months where the financial asset is collateralised.

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. 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.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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.

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.

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 judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Taxes

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

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



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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 analyse 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 unit 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.



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

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 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 measurement categories and amounts in accordance IFRS 9 for the Bank's financial assets and financial liabilities as at June 30, 2023

Financial assets (Birr '000)

Financial assets	Classification under IFRS 9	30-Jun-23		30-Jun-22
		New carrying amount under IFRS 9	Increase/decrease	Original carrying amount
Cash and bank balances	Amortised cost	9,059,264	(1,263,020)	10,322,284
Loans and advances to customers (net)	Amortised cost	38,293,614	9,382,453	28,911,161
Equity Investments at FVOCI	FVOCI	312,517	202,307	110,210
Investment securities: Loans and advances	Amortised cost	2,061,789	1,789,436	272,354
Other financial assets at amortised cost	Amortised cost	1,443,257	119,126	1,324,131
Total financial assets		51,170,441	10,230,302	40,940,139
Financial liabilities				
Deposits from customers	Amortised cost	39,894,209	8,102,577	31,791,632
Deposit from financial institutions	Amortised cost	2,899,464	775,554	2,124,111
Other financial liabilities	Amortised cost	3,086,999	(62,929)	3,349,919
Total financial liabilities		45,880,672	8,615,202	37,265,662



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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.

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.

4.3 Credit Risk

Credit Risk is risk of financial loss to the bank if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the banks loans & advances to customers & other banks & investment securities & other financial assets the bank adopts 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 obliger 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 gradings 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.



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

4.3.2 Concentrations of credit risk

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

	30 June 2023 Birr'000	30 June 2022 Birr'000
Manufacturing	5,808,608	4,448,860
Domestic Trade and Services	7,071,214	5,995,374
Construction	5,624,542	4,603,894
Transport Service	2,602,352	1,256,572
Export	8,475,413	7,648,603
Import	7,949,546	4,775,830
Staff loans	1,975,702	1,192,479
IFB-Financing & Investments	413,327	351,445
	39,920,704	30,273,057

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 (2023) and available-for-sale debt assets (2023). 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.

Credit Quality Analysis for Loans and Advances

In Birr'000	2023			Total	2022 Total
	Stage 1	Stage 2	Stage 3		
Loans & advances to customers at amortised cost					
Stage 1 – Pass	36,982,911			36,982,911	26,482,135
Stage 2 – Special mention		1,273,462		1,273,462	541,207
Stage 3 - Non performing				2,966,904	3,249,716
Total gross exposure	36,982,911	1,273,462	2,966,904	41,223,277	30,273,057
Loss allowance	605,156	24,252	997,478	1,626,885	1,361,846
Net carrying amount	36,377,755	1,249,209	1,969,427	39,596,391	28,911,211



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

Credit Quality Analysis for Others Assets

In Birr'000	2023			
Item	Stage	Gross Exposure	Loss allowance	Net carrying amount
Cash and balances with banks	12 Month ECL	1,140,170	(57)	1,140,113
Investment securities (debt instruments)	12 Month ECL	1,976,709	(118)	1,976,591
Other financial assets	Lifetime ECL	4,636,275	(400,076)	4,236,199
Emergency staff loans	Lifetime ECL	497,032	(25)	497,007
Totals		8,250,186	(400,276)	7,849,910

Credit Quality Analysis for others Assets

In Birr'000	2022			
Item	Stage	Gross Exposure	Loss allowance	Net carrying amount
Other financial assets (debt instruments)				
Cash and bank balances	12 Month ECL	10,322,284	(21)	10,322,263
Investment securities (debt instruments)	12 Month ECL	272,354	(216)	272,137
Other financial assets	Lifetime ECL	1,324,131	(71,575)	1,252,556
Emergency staff loans	Lifetime ECL	212,852	(19)	212,833
Totals		12,131,620	(71,831)	12,059,789

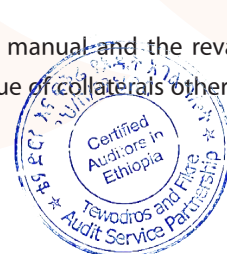
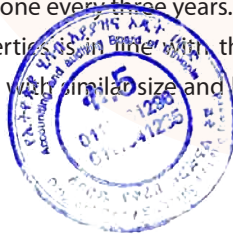
4.3.4 Collateral held and their financial effect

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 value of properties with similar size and location. The fair value of collaterals other than



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

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.

Collateral Held ('000)

Type of financial asset	30-Jun-23	30-Jun-22	Principal type of collateral held
Loans and Advances	58,118,268	44,336,405	Land and Building, Vehicles, Machines, Shares and Bank Guarantees

4.3.5 Measurement of Expected Credit Losses (ECL)

i) 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.

ii) 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				
Cluster 1 Agriculture, Consumer Loans, Overdraft and Interest Free Financing	Goods exports, USD	-	-	-	-
Cluster 2 Domestic Trade & Services, Mining and Energy, Transport, Health, Merchandise, Financial services	-	-	-	-	-
Cluster 3 Building & Construction, Hotel & Tourism, Manufacturing & Production Industry, Real estate, Housing & construction	Goods imports, USD	Nominal GDP, USD	Real GDP per capita, USD (2010 prices)	-	-
Cluster 4 Export, Import, Advance against T/T or bills, International Trade	Goods imports, USD	-	-	-	-

The economic scenarios used in the following key indicators for Ethiopia for the years 2022 to 2024:



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

Indicators	30-Jun-22	30-Jun-23	30-Jun-24
Consumer price index inflation, 2010=100, ave	584	763	935
Exports of goods and services, USD	7,949	9,396	10,689
Government domestic debt, LCU	1,311,530	1,601,205	1,831,600
LCU/USD, ave	48	53	57
Nominal GDP, LCU	4,907,655	6,324,877	8,013,282
Private final consumption, LCU	3,602,073	4,706,091	5,637,460
Total domestic demand, LCU	5,199,565	6,554,527	7,774,860
Savings, LCU	1,058,363	1,139,738	1,333,876
Population	119,344,463	122,292,044	125,261,131
Consumer price index inflation, 2010=100, eop	591	757	893
M1, LCU	463,645	519,050	584,105
M2, LCU	1,450,580	1,669,935	1,932,335
Current expenditure, LCU	396,721	510,010	596,728
Goods imports, USD	14,996	15,798	16,433
Goods exports, USD	4,022	4,137	4,393
Current account balance, USD	(4,482)	(4,804)	(4,748)
Import cover months	2	2	2
Total household spending, LCU	4,197,597	5,494,617	6,584,552
Nominal GDP, USD	100,847	115,100	130,089
Real GDP, LCU (2010 prices)	979,927,000,000	1,031,006,500,000	1,097,146,000,000
Real GDP, USD (2010 prices)	68,005,149,345	71,549,973,629	76,139,934,488
Real GDP per capita, USD (2010 prices)	549	567	589
Nominal GDP, USD (PPP)	315,978,796,495	358,557,612,057	394,406,827,578
Private final consumption, USD	74,903	87,766	99,434
Government final consumption, LCU	406,173	487,844	566,298
Government final consumption, USD	8,490	9,106	9,990
Exports of goods and services, LCU	382,338	503,898	605,981
Imports of goods and services, LCU	740,831	887,821	1,004,879
Imports of goods and services, USD	15,481	16,575	17,735
Total domestic demand, USD	108,379	122,279	137,135
Unemployment, % of labour force, ave	3	3	3
Real effective exchange rate index	25	15	10
LCU/USD, eop	52	55	58
Total revenue, LCU	363,207	476,482	603,977
Total revenue, USD	7,576	8,877	11,412



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

Total expenditure, LCU	523,143	681,893	857,966
Total expenditure, USD	10,869	12,721	15,114
Current expenditure, USD	8,225	9,525	10,522
Budget balance, LCU	(159,936)	(205,411)	(209,569)
Budget balance, USD	(3,293)	(3,844)	(3,702)
Services imports, USD	5,858	6,267	6,697
Services exports, USD	5,202	5,569	5,898
Total reserves ex gold, USD	2,955	3,160	3,649
Total external debt stock, USD	35,573	40,112	44,667
Long-term external debt stock, USD	33,809	38,315	42,836

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.

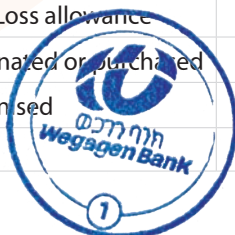
The below scenario weightings have been observed:

SUMMARY OF SCENARIO WEIGHTINGS			
	BASE	DOWNTURN(DOWNSIDE)	OPTIMISTIC(UPSIDE)
Cluster 1	91%	0%	9%
Cluster 2	100%	0%	0%
Cluster 3	52%	0%	48%
Cluster 4	91%	0%	9%

iii). 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 2022 represent the allowance account for credit losses and reflect the measurement basis under IFRS 9.

Loans and advances to customers at amortized cost (on financial position exposures)	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
In Birr'000					
Balance at 1 July	326,990	9,568	1,025,339	1,361,896	1,254,425
Transfer to 12 months ECL	326,756	(4,286)	(40,924)	281,546	217,864
Transfer to Lifetime ECL not credit impaired	(8,626)	1,553	(211)	(7,284)	(3,797)
Transfer to Lifetime ECL credit impaired	(564,452)	(2,651)	420,935	(146,168)	(148,188)
Net re-measurement of Loss allowance	80,669	4,184	1,405,139	1,489,992	518,536
Net financial assets originated or purchased	233,190	13,862	9,439	256,491	88,677
Financial assets derecognised	(33,144)	(1,213)	(74,508)	(108,865)	(374,710)
Balance at 30 June	605,156	24,252	997,478	1,626,885	1,561,896



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

Loan commitments and financial guarantee contracts (off balance sheet exposures)	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
In Birr'000					
Balance at 1 July	12	-		12	99
Transfer to 12 months ECL				-	-
Transfer to Lifetime ECL not credit impaired				-	(87)
Transfer to Lifetime ECL credit impaired				-	-
Net remeasurement of Loss allowance				-	-
Net financial assets originated or purchased	27			27	-
Financial assets derecognised				-	-
Balance at 30 June	39			39	12

Other financial assets	2023				
	Cash and balances with banks	Investment securities (debt instruments)	Emergency staff loans	Other receivables and financial assets	Total
In Birr'000					
Balance as at 1 July	21	216	19	71,575	71,831
Net remeasurement of loss allowance	-	(98)	-	312,252	312,252
New financial assets originated or purchased	36		6	16,249	16,291
Balance as at 30 June	57	118	25	400,076	400,276

Other financial assets	2022				
	Cash and balances with banks	Investment securities (debt instruments)	Emergency staff loans	Other receivables and financial assets	Total
In Birr'000					
Balance as at 1 July	29	269	14	185,242	185,554
Net remeasurement of loss allowance	(8)	(53)	3	(113,667)	(113,725)
New financial assets originated or purchased				-	-
Balance as at 30 June	21	216	19	71,575	71,831



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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 liquid 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 Management Directorate. The directorate 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 directorate receives information from other directorates 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 weekly to the NBE. In addition to regulatory liquidity ratio requirements, the Bank has set its own internal liquidity 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.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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 recognise 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"

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 withdrawn 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 30,2023 stood at 19.01%, which is well above the regulatory requirement of 15% indicating that the Bank is liquid to honor its commitments. This was a persistent phenomena during the whole year.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

30 June 2023

	Below 1 year Birr'000	1-3 years Birr'000	Over 3 years Birr'000
ASSETS			
Cash and Bank Balances	9,059,264	-	-
Debt Securities at Amortized Cost	-	573,109	1,488,582
Loans and advances	10,288,173	14,174,630	13,830,811
Other assets	1,300,814	142,443	
TOTAL	20,648,251	14,890,182	15,319,393
LIABILITIES			
Deposits	42,785,674	8,000	-
Other liabilities	3,086,990		
Income Tax payable	354,776		
TOTAL	46,227,440	8,000	-
Net Mismatch	(25,579,189)	14,882,182	15,319,393
Cumulative Mismatch	(25,579,189)	(10,697,007)	4,622,386

30 June 2022

	Below 1 year Birr'000	1-3 years Birr'000	Over 3 years Birr'000
ASSETS			
Cash and Bank Balances	10,322,284		
Debt Securities at Amortized Cost	-	260,428	11,926
Loans and advances	8,389,586	9,282,975	12,600,497
Other assets	1,324,131		
TOTAL	20,036,001	9,543,403	12,612,423
LIABILITIES			
Deposits	29,576,908	4,200	-
Other liabilities	3,349,919		
Income Tax payable	30,035		
TOTAL	32,956,862	4,200	-
Net Mismatch	(12,920,861)	9,539,203	12,612,423
Cumulative Mismatch	(12,920,861)	(3,381,658)	9,230,765



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

4.4.4 Financial assets pledged as collaterals

The Bank had no financial asset pledged as collateral during the year under review.

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) analyses 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 analysing the risk of the Bank's treasury unit.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. Borrowings 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.

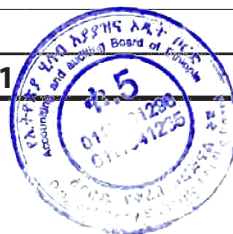


Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

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

30 June 2023	Fixed Birr'000	Non-interest bearing Birr'000	Total Birr'000
Financial assets			
Cash and bank balances	1,807,761	7,251,503	9,059,264
Loans and advances to customers (net)	38,293,614		38,293,614
Equity Investments at FVOCI		312,517	312,517
Debt Securities at Amortized Cost	2,061,789		2,061,789
Other Financial Assets		475,354	475,354
Total	42,163,165	8,039,373	50,202,538
Financial liabilities			
Deposits from customers	39,894,209		39,894,209
Deposits from Financial Institutions	2,899,464		2,899,464
Guarantees issued		2,985,001	2,985,001
Letter of credit		4,229,005	4,229,005
Loan commitments	2,351,476		2,351,476
Other Financial liabilities		2,261,304	2,261,304
Total	45,145,150	9,475,310	54,620,461
30 June 2022			
Financial assets			
Cash and bank balances		10,322,284	10,322,284
Loans and advances to customers	28,911,161		28,911,161
Investment securities;		-	-
Equity Investments at FVOCI		110,210	110,210
Debt Securities at Amortized Cost	272,354		272,354
Other Financial Assets		717,466	717,466
Total	29,183,515	11,149,960	40,333,475
Financial liabilities			
Deposits from customers	31,791,632		31,791,632
Deposits from Financial Institutions	2,124,111		2,124,111
Guarantees issued		743,683	743,683
Letter of credit		1,546,147	1,546,147
Loan commitments	1,732,147		1,732,147
Other Financial liabilities		2,393,236	2,393,236
Total	35,647,891	4,683,066	40,330,957



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

(ii) Foreign exchange risk

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

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

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

Foreign currency denominated balances

Cash and bank balances;	30 June 2023 Birr'000	30 June 2022 Birr'000
USD	1,266,023	806,846
GBP	8,973	1,423
Euro	56,157	21,446
Other currencies	1,891	26,122
	1,333,045	855,837

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 23	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%	126,602.35	(126,602.35)
GBP	10%	897	(897.35)
Euro	10%	5,616	(5,615.70)
Total		133,115	(133,115)

30 June 2022	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%	80,685	(80,685)
GBP	10%	142	(142)
Euro	10%	2,145	(2,145)
		82,972	(82,972)



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

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.

4.7 Capital management

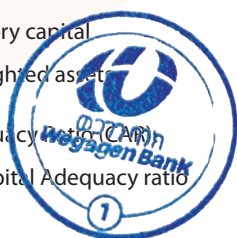
The Bank's objectives when managing capital are to comply with the capital requirements set by the National Bank of Ethiopia, safeguard its ability to continue as a going concern, and to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development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

4.7.1 Capital adequacy ratio

According to the Licensing & Supervision of Banking Business Directive No SBB/50/2011 of the National Bank of Ethiopia, the Bank has to maintain 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 30,2023, the ratio stood at 13.46% showing a marginal decrease by 1.67% compared with same period last year. This arises because of an expansion of capital and a increase in risk weighted assets during the fiscal year ended June 30,2023.

	30 June 2023 Birr'000	30 June 2022 Birr'000
Capital		
Share capital	3,982,139	3,391,294
Share premium	57,736	42,787
Legal reserve	1,790,822	1,584,866
Total regulatory capital	5,830,697	5,018,947
Total risk weighted asset	43,319,709	33,168,058
Capital Adequacy ratio	13.46%	15.13%
Minimum Capital Adequacy ratio	8%	8%



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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 categorised within the fair value hierarchy, which comprises of three levels as described below, based on the lowest level input that is significant to the fair value measurement as a whole.

4.8.1 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 categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

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

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

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

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



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

4.8.2 Financial instruments measured at fair value - fair value hierarchy

The following table summarises 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 categorised. The amounts are based on the values recognised in the statement of financial position.

30 June 2023	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	9,059,264	9,059,264	9,059,264			9,059,264
Loans and advances to customers	38,293,614	38,293,614			38,293,614	38,293,614
Investment securities;					-	-
- Debt Securities at Amortized Cost	2,061,789	2,061,789			2,061,789	2,061,789
- Equity Investments at FVOCI	96,322	312,517			312,517	312,517
Other Financial Assets	475,354	475,354			475,354	475,354
Total	49,986,344	50,202,538	9,059,264	-	41,143,274	50,202,538
Financial liabilities						
Deposits from customers	39,894,209	39,894,209			39,894,209	39,894,209
Deposit from financial institutions	2,899,464	2,899,464			2,899,464	2,899,464
Other Financial liabilities	2,261,304	2,261,304			2,261,304	2,261,304
Total	45,054,977	45,054,977	-	-	45,054,977	45,054,977



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

30 June 2022	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	10,322,284	10,322,284	10,322,284			10,322,284
Loans and advances to customers	28,911,161	28,911,161			28,911,161	28,911,161
Investment securities;						
- Debt Securities at Amortized Cost	272,354	272,354			272,354	272,354
- Equity Investments at FVOCI	59,052	110,210			110,210	110,210
Other Assets	717,466	717,466			717,466	717,466
Total	40,282,317	40,333,475	10,322,284	-	30,011,191	40,333,475
Financial liabilities						
Deposits from customers	31,791,632	31,791,632			31,791,632	31,791,632
Deposit from financial institutions	2,124,111	2,124,111			2,124,111	2,124,111
Other liabilities	2,393,236	2,393,236			2,393,236	2,393,236
Total	36,308,979	36,308,979	-	-	36,308,979	36,308,979

4.8.3 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 process becoming observable or unobservable.



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

4.8.4 Tigray region loans and advances report as stated below;

	30 June 2023 Birr'000	30 June 2022 Birr'000
Principal outstanding	5,063,475.46	4,908,330.14
Accrued interest	843,960.57	812,838.65
Total	5,907,436.03	5,721,168.79
Loan loss provision as per NBE		
Balance as at June 30,2022 (in '000)	274,345.78	
Additional provision during the year	116,300.20	
Balance as at June 30,2023	390,645.98	
Interest on non-accrual basis as per NBE		
Balance as at June 30,2022 (in '000)	37,487.28	
Additions to non-accrual during the year	766,843.04	
Balance as at June 30,2023	804,330.32	

	30 June 2023 Birr'000	30 June 2022 Birr'000
5 Interest income	233,920	220,379
Treasury Bill	4,960,990	3,707,257
Loans and advances to customers	225,887	123,227
Investment securities	2,237	1,624
Interest Income on Correspondent Bank Accounts	5,423,034	4,052,487

	30 June 2023 Birr'000	30 June 2022 Birr'000
6 Interest expense		
Saving deposits	1,217,762	1,127,589
Fixed time deposits	707,631	516,154
Current deposits	1,394	6,075
Short term borrowing	22,564	128,409
Leases	17,683	28,072
	1,967,036	1,806,299



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

	30 June 2023 Birr'000	30 June 2022 Birr'000
7 Net fees and commission income		
Commission and fees on L/C	1,180,907	790,127
Commission on Guarantees	45,354	35,317
Agent Banking Fee	16,440	9,305
ATM Transaction Fees-Foreign	3,041	997
ATM Transaction Fees-Local	1,466	1,919
Commission on CPO issued	949	758
Credit Information Charge	12,030	3,935
Service Charge-Local	9,104	9,675
SWIFT charges	19,343	11,082
Commission Sundries	29,087	13,855
Commission & Charges from IFB	55,251	20,399
Commission and Fees on Fund transfers	574	31
	1,373,547	897,399
8 Other operating income		
Rental income	19,203	13,386
Estimation fees	1,846	839
Cash Surplus	-	33
Rebates	129	848
Fee on Bounced Checks	22	42
Dividend income	5,875	6,056
Gain on Disposal of Old Assets	12,096	3,023
Card purchase & replacement income	2,005	1,721
Sundries-Local	18,541	14,670
Gain on foreign exchange Dealing	106,780	-
	166,496	40,619
9 Loan impairment charge		
Loans and Advances - charge for the year (note 15b)	265,197	107,386
Loans and Advances - reversal of provision (note 15b)	-	-
	265,197	107,386



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

	30 June 2023 Birr'000	30 June 2022 Birr'000
10 Impairment losses on other assets		
Other assets - charge for the year (note 17a)	328,464	-
Other assets - reversal of impairment losses (note 17a)	-	(113,667)
	328,464	(113,667)

	30 June 2023 Birr'000	30 June 2022 Birr'000
11 Salaries and benefits		
Employee salaries	1,295,515	898,690
Outsourced employee salaries	180,806	148,169
Pension costs	167,722	79,372
Short-term employee benefits	742,314	444,728
Severance pay- Defined benefit plan	54,662	28,562
	2,441,020	1,599,521

	30 June 2023 Birr'000	30 June 2022 Birr'000
12 Other operating expenses		
Other operating expenses	54,258	45,361
Advertisement & Publicity	61,255	54,258
Agent Banking	3,316	1,518
Bank Charges	5,313	6,222
Broad Band Expense	12,859	9,383
Card payment Charges	46,992	47,779
Consultant Fee	431	60
Communication expenses	5,407	5,159
Consumables	18,086	10,858
Donations	35,015	8,304
Ethswitch Charges	2,622	4,187
Stamp Duty Expense	823	457
Entertainment	2,808	2,081
Event organization expense	1,303	2,993
Insurance	10,215	9,578
IT support charges	24,830	33,124
Legal and professional fees	565	10,286
License Fee and Taxes	3,354	2,392
Loss on Disposal of fixed assets		3,653



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

Maintenance	35,206	27,447
Membership Fee	228	563
Money transfer charges	10,276	7,797
Penalty Expense	61	393
Per-diem and Travel	23,569	7,225
Petrol and Oil	24,445	12,021
Printing and stationary	18,946	9,773
Rental expenses	6,278	2,188
Subscription & Publication	642	537
Sundries	6,704	8,666
Uniform	19,732	10,803
Utilities	10,807	6,746
Loss on foreign exchange Dealing	-	279,734
Wages for non-permanent employees.	2,769	1,709
	395,831	587,897

13 Company income and deferred tax

13.a Current income tax

	30 June 2023 Birr'000	30 June 2022 Birr'000
Company income tax	355,602	30,575
Deferred income tax/ (credit) to profit or loss	14,682	(9,694)
Total charge to profit or loss	370,284	20,881
Tax (credit) on other comprehensive income	35,061	(4,960)
Total tax in statement of comprehensive income	405,345	15,921



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

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 2023 Birr'000	30 June 2022 Birr'000
Profit before tax	1,194,107	572,280
Tax calculated at statutory tax rate of 30 %	358,232	171,684
Add:		
Entertainment	842	624
Donation	62	216
Penalty	18	118
Provision for Legal cases	169	2,968
Employee Severance benefits expensed	16,361	8,573
Loss on disposal of fixed assets	293	1,096
Provision for loans and other assets	178,098	(1,903)
Depreciation for accounting purpose	43,616	47,114
Depreciation and int. expense IFRS 16	62,933	81,498
Amortization for accounting purpose	9,182	8,077
Loss on FCY revaluation	-	28,292
Life Insurance	4,612	4,672
Staff Loan Fair valuation expense	7,291	15,496
Accrued leave Expense	-	12,028
	323,478	208,868
Less:		
Depreciation for tax purpose	(58,239)	(59,246)
Amortization for tax purpose	(7,250)	(7,615)
Rent expense	(88,999)	(93,390)
Employee severance paid in cash	(6,174)	(3,603)
Provision for loans and other assets	(19,317)	(78,405)
Accrued leave paid in cash to resigned staffs	(1,442)	(2,307)
Dividend income taxed at source	(1,762)	(1,817)
Interest income exempt/taxed at Sources	(137,942)	(103,082)
Gain from sale of acquired properties (collaterals)	(4,311)	-
Interest income from correspondent bank accounts taxed at 5%	(671)	(513)
	(326,107)	(349,977)
	355,602	30,575



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

	30 June 2023 Birr'000	30 June 2022 Birr'000
13.c Current income tax liability		
Balance at the beginning of the year	30,035	58,777
Charge for the year:		
Income tax expense	355,602	30,575
Payment during the year	(30,035)	(58,777)
Withholding tax	(827)	(540)
Balance at the end of the year	354,776	30,035

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 2022 Birr'000	Credit/ (charge) to P/L Birr'000	Credit/ (charge) to OCI Birr'000	30 June 2023 Birr'000
Property, Plant and Equipment	79,570	39,082		118,652
Post employment benefit obligation	(50,139)	(10,225)	(14,450)	(74,814)
Accrued Leave	-	(14,176)		(14,176)
Equity Investments	15,348		49,511	64,858
Total deferred tax (assets)/liabilities	44,778	14,682	35,061	94,521

Deferred income tax assets/ (liabilities):	At 1 July 2021 Birr'000	Credit/ (charge) to P/L Birr'000	Credit/ (charge) to equity Birr'000	30 June 2022 Birr'000
Property, plant and equipment	86,570	(7,001)		79,570
Post employment benefit obligation	(35,296)	(2,694)	(12,149)	(50,139)
Equity Investments	8,159		7,189	15,348
Total deferred tax assets/ (liabilities)	59,433	(9,694)	(4,960)	44,778



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

	30 June 2023 Birr'000	30 June 2022 Birr'000
14 Cash and bank balances		
Cash in hand	1,248,534	844,509
Deposit with local commercial banks	1,192,270	499,102.3
Deposit with foreign banks	1,287,898	798,997
Deposit with National Bank of Ethiopia	3,522,858	4,180,966
Treasury Bills	1,807,761	3,998,730
Impairment Allowance for cash	(57)	(21)
	9,059,264	10,322,284
Maturity analysis	30 June 2023 Birr'000	30 June 2022 Birr'000
Current	8,169,549	3,268,033
Non-Current	889,715	1,579,276
	9,059,264	4,847,309
	30 June 2023 Birr'000	30 June 2022 Birr'000
15 Loans and advances		
15.a Loans and advances to customers		
Manufacturing	5,808,608	4,448,860
Domestic Trade and Services	7,071,214	5,995,374
Construction	5,624,542	4,603,894
Transport Service	2,602,352	1,256,572
Export	8,475,413	7,648,603
Import	7,949,546	4,775,830
Staff loans	1,975,702	1,192,479
IFB-Financing & Investments	413,327	351,445
Gross amount	39,920,704	30,273,057
Less: Impairment allowance (note 15b)	(1,627,090)	(1,361,896)
	38,293,614	28,911,161
Maturity analysis	30 June 2023 Birr'000	30 June 2022 Birr'000
Current	10,288,173	8,389,586
Non-Current	28,005,441	20,521,575
	38,293,614	28,911,161



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

15.b 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:

Allowance for loan impairment	As at 1 July 2022 Birr'000	Write offs during the year Birr'000	Charge for the year Birr'000	As at 30 June 2023 Birr'000
Construction	281,863	-	180,597	462,460
Domestic Trade and Serves	283,648	-	110,503	394,151
Export	201,810	-	12,757	214,567
Import	172,525	-	56,530	229,055
Manufacturing	388,338	-	(128,697)	259,641
Staff loans	3,170	-	(1,600)	1,570
Transport Service	30,493	-	34,949	65,442
Guarantee	12	-	27	39
Letter of Credit	38	-	127	165
	1,361,896	-	265,197	1,627,090

Allowance for loan impairment	As at 1 July 2021 Birr'000	Adjustment as at July 1, 2019 Birr'000	Write offs during the year Birr'000	Charge for the year Birr'000	As at 30 June 2022 Birr'000
Construction	188,745			93,118	281,863
Domestic Trade and Services	89,086			194,562	283,648
Export	833,655			(631,845)	201,810
Import	51,814			120,711	172,525
Manufacturing	44,599			343,739	388,338
Staff loans	3,755			(585)	3,170
Transport Service	24,278			6,215	30,493
Guarantee	-			12	12
Letter of Credit	-			38	38
IFB-Financing & Investments	18,578			(18,578)	-
	1,254,510		-	107,387	1,361,896



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

	30 June 2023 Cost Birr'000	Fair value(FV) Adjustment	30 June 2023 FV Birr'000	30 June 2022 FV Birr'000
16 Investment Securities				
16.a Equity Investment securities at FVOCI				
Ethio switch	44,772	209,693	254,465	60,848
Africa Insurance S.C	15,798	11,938	27,736	19,291
Addis Ababa Exhibition & Con. Center	15,000	(9,784)	5,216	14,141
Ethiopian Reinsurance S.C	15,752	4,040	19,792	15,930
Capital Finance Excellence Center	5,000	307	5,307	-
	96,322	216,194	312,517	110,210

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

	30 June 2023 Birr'000	30 June 2022 Birr'000
16.b Investment in Debt Securities		
Ethiopian Government Securities	2,061,907	272,570
Impairment Allowance for Debt Securities	(118)	(216)
Balance	2,061,789	272,354
Maturity analysis		
Current	-	-
Non-Current	2,061,907	272,570
	2,061,907	272,570



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

	30 June 2023 Birr'000	30 June 2022 Birr'000
17 Other assets		
Financial assets		
Staff receivables	1,606	1,436
Receivable from money transfer agents	24,423	2,189
Receivable from VISA	25,602	3,337
Receivable from Master Card	6,510	30
Eth-switch Receivable	4,496	17,797
Other receivables	812,818	764,253
Gross amount	875,455	789,041
Less: Impairment allowance (note 17a)	(400,101)	(71,575)
	475,354	717,466
Non-financial assets		
Prepayments		
Prepaid expenses on staff loans	73,033	16,586
Inventory	529,072	332,084
Repossessed properties	71,772	62,293
Cash Shortage	142,443	154,536
	151,583	41,166
Gross amount	967,903	606,664
	1,443,257	1,324,131
Maturity analysis		
	30 June 2023 Birr'000	30 June 2022 Birr'000
Current	1,300,814	1,169,595
Non-Current	142,443	154,536
	1,443,257	1,324,131

17.a Impairment allowance on other assets

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

	30 June 2023 Birr'000	30 June 2022 Birr'000
Balance at the beginning of the year	71,575	185,242
Written off during the year	328,526	0
(Reversal)/ charge for the year	-	(113,667)
Balance at the end of the year	400,101	71,575



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

17.b Inventory

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

	30 June 2023 Birr'000	30 June 2022 Birr'000
Stationery	23,558	17,222
Office supplies	23,892	25,170
Visa cards	1,326	6,040
Other stock	22,835	13,700
Memorial Coins	161	161
	71,772	62,293

18 Investment property

Cost:

At the beginning of the year

Acquisitions

At the end of the year

Accumulated depreciation:

At the beginning of the year

Charge for the year

At the end of the year

Net book value

As at 30 June 2023

	30 June 2023 Birr'000	30 June 2022 Birr'000
At the beginning of the year	943	943
Acquisitions	-	-
At the end of the year	943	943
At the beginning of the year	366	348
Charge for the year	18	18
At the end of the year	384	366
Net book value		
As at 30 June 2023	559	577

18.a Amounts recognised in profit or loss for investment properties

Rental income

	30 June 2023 Birr'000	30 June 2022 Birr'000
Rental income	19,203	13,386



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

18.b 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 2023 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 2023 and 30 June 2022 are as follows:

	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000
30 June 2023				
Investment properties	559			12,804
30 June 2022				
Investment properties	577			7,601



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

	Purchased Software Birr'000	Software Under development Birr'000	Total Birr'000
19 Intangible Assets			
Cost:			
As at 1 July 2021	125,991	-	125,991
Acquisitions	25,288		25,288
De-recognition	-		-
Adjustments/Transfers to intangible assets	-		-
As at 30 June 2022	151,279	-	151,279
As at 1 July 2022	151,279	-	151,279
Acquisitions	20,877		20,877
De-recognition	-		-
Adjustments/Transfers to intangible assets	-		-
As at 30 June 2023	172,156	-	172,156
Accumulated amortisation			
As at 1 July 2021	65,808	-	65,808
De-recognition	-		-
Amortisation	26,925		26,925
As at 30 June 2022	92,732	-	92,732
As at 1 July 2022	92,732	-	92,732
Amortisation	30,606		30,606
As at 30 June 2023	123,338	-	123,338
Net book value			
As at 30 June 2022	58,546	-	58,546
As at 30 June 2023	48,818	-	48,818

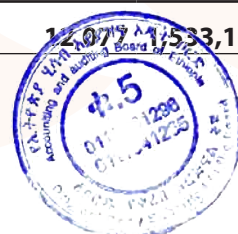
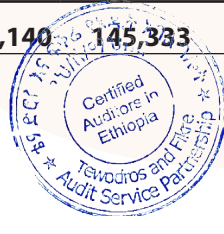


Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

	Office Equipments Birr'000	Building Birr'000	Motor vehicles Birr'000	Furniture and fittings Birr'000	Computer equipments Birr'000	Capital work in Progress Birr'000	Total Birr'000
20 Property, Plant and Equipment							
Cost:							
As at 1 July 2021	432,549	841,403	261,875	259,705	425,239	9,981	2,230,752
Additions	17,702	-	1,670	4,985	35,926	-	60,284
Disposals	(3,647)	-	(65)	(2,448)	(23,830)	-	(29,990)
Reclassification	-	-	-	-	-	-	-
As at 30 June 2022	446,605	841,403	263,480	262,242	437,334	9,981	2,261,045
As at 1 July 2022	446,605	841,403	263,480	262,242	437,334	9,981	2,261,045
Additions	46,294	16,445	57,622	17,483	97,538	2,096	237,478
Disposals	(4,028)	-	(6,867)	(3,354)	(2,938)	-	(17,187)
Reclassification	-	-	-	-	-	-	-
As at 30 June 2023	488,871	857,848	314,235	276,370	531,935	12,077	2,481,336
Accumulated depreciation							
As at 1 July 2021	190,646	56,542	146,361	89,204	206,557	-	689,309
Charge for the year	44,916	15,987	20,452	24,177	51,496	-	157,027
Disposals	(3,323)	-	(35)	(2,100)	(23,520)	-	(28,979)
As at 30 June 2022	232,238	72,529	166,778	111,280	234,532	-	817,357
	Acc dep - Office Equipments	Acc dep - Building	Acc dep -Motor vehicles	Acc dep -Furniture and fittings	Acc dep -Computer equipments	Acc dep -Capital work in Progress	Total
As at 1 July 2022	232,238	72,529	166,778	111,280	234,532	-	817,357
Charge for the year	35,351	15,823	19,547	22,311	52,168	-	145,200
Disposals	(3,865)	-	(5,230)	(2,553)	(2,735)	-	(14,384)
As at 30 June 2023	263,724	88,351	181,095	131,038	283,966	-	948,173
Net book value							
As at 30 June 2022	214,366	768,874	96,702	150,962	202,802	9,981	1,443,687
As at 30 June 2023	225,147	769,497	133,140	145,333	247,969	12,077	1,533,163



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

20.a Right-of-Use Asset (ROU) and lease liability

	30-Jun-23 Birr'000	30-Jun-22 Birr'000
Right of Use Asset		
ROU-Office buildings	732,885	678,719
Lease liability		
Current	39,121	91,228
Non current	<u>123,882</u>	<u>125,267</u>
Lease liability	163,003	216,495
Depreciation on ROU asset	<u>192,094</u>	<u>243,587</u>

21 Deposits from customers

	30 June 2023 Birr'000	30 June 2022 Birr'000
Demand deposits	13,615,334	9,391,427
Saving deposits	22,740,461	19,960,151
Fixed term deposits	<u>3,538,415</u>	<u>2,440,054</u>
	39,894,209	31,791,632
Maturity analysis	30 June 2023 Birr'000	30 June 2022 Birr'000
Current	29,101,521	28,645,854
Non-Current	10,792,689	3,145,778
	39,894,209	31,791,632

22 Deposit from financial institutions

	30 June 2023 Birr'000	30 June 2022 Birr'000
Saving Deposit	244,685	826,048
Demand Deposit	421,615	105,006
Fixed Term deposit	<u>2,233,164</u>	<u>1,193,057</u>
Total	2,899,464	2,124,111
Maturity analysis	30 June 2023 Birr'000	30 June 2022 Birr'000
Current	2,892,464	931,054
Non-Current	7,000	1,193,057
	2,899,464	2,124,111

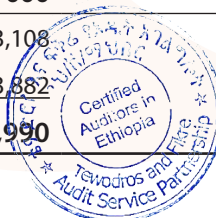
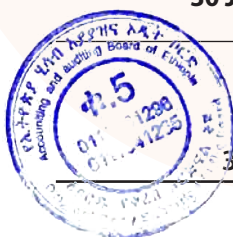


Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

	30 June 2023 Birr'000	30 June 2022 Birr'000
23 Other liabilities		
Financial liabilities		
Blocked Account	9,626	10,157
Cash payment order payable	232,085	222,070
Customer deposits for letter of credit	1,429,057	880,076
Deferred revenue	178,171	54,526
Deposit for Guarantees Issued	45,196	6,733
Dividend payable	37,591	30,232
Exchange payable to NBE	40,440	40,178
Nostro Account	96,584	1,078,114
Old draft payable	61,189	41,546
Payable to Ethio switch	12,911	16,052
Prepaid card control account	5,232	1,518
Telegraphic transfer payable	12,562	12,035
Borrowing	100,658	-
	2,261,304	2,393,236
Non-financial liabilities		
Provision for court cases	10,922	10,914
Pension Contribution Pay	41,330	23,464
Stamp duty payable	558	2,254
Interest Tax Payable	10,102	7,863
Withholding tax payable	2,708	1,656
Employee income Tax Payable	50,429	46,065
VAT payable	2,622	803
Cost Sharing Payable	743	487
Technical Service Payable	2,047	123
Accrued leave pay	47,252	88,103
Sundry payables	493,971	558,453
Lease Liability	163,003	216,495
	825,687	956,683
Gross amount	3,086,990	3,349,919
Maturity analysis	30 June 2023 Birr'000	30 June 2022 Birr'000
Current	2,963,108	3,224,652
Non-Current	123,882	125,267
	3,086,990	3,349,919



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

	30 June 2023 Birr'000	30 June 2022 Birr'000
24 Employee benefit obligations		
24.a Defined benefits liabilities:		
-Severance benefits	249,379	167,130
Liability in the statement of financial position	249,379	167,130
Income statement charge included in personnel expenses:	30 June 2023 Birr'000	30 June 2022 Birr'000
- Severance pay	54,662	28,562
Total defined benefit expenses	54,662	28,562
Re-measurements for:		
- Severance pay	48,167	40,497
	48,167	40,497

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

24.b Severance pay

The Bank operates an unfunded severance pay plan for its employees who have served the Bank for 5 years and above and are below the retirement age (i.e. has not met the requirement to access the pension fund 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 2023 Birr'000	30 June 2022 Birr'000
A Liability recognized in the statement of financial position	249,379	167,130
B Amount recognized in profit or loss statement	30 June 2023 Birr'000	30 June 2022 Birr'000
Current and past service cost	13,200	10,560
Interest cost	41,335	18,002
	54,535	28,562
C Amount recognized in other comprehensive income:	30 June 2023 Birr'000	30 June 2022 Birr'000
Re-measurement losses arising from experience	31,786	(56,037)
Re-measurement losses arising from changes in the financial assumptions	16,381	15,540
Tax Credit/Charge	(14,450)	12,149
	33,717	(28,348)



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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

	30 June 2023 Birr'000	30 June 2022 Birr'000
At the beginning of the year	167,130	117,655
Current and past service cost	13,200	10,573
Interest cost	41,335	18,002
Re-measurement (gains)/ losses	48,167	40,497
Benefits paid	<u>(20,453)</u>	<u>(19,597)</u>
At the end of the year	<u>249,379</u>	<u>167,130</u>

The significant actuarial assumptions were as follows:

i) Financial Assumption Long term Average

	30 June 2023 Birr'000	30 June 2022 Birr'000
Discount Rate	20.70%	24.30%
Salary Increase rate	17.10%	19.30%
Inflation rate	15.10%	17.30%

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%



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

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 liabilities. The changes in the 30 June 2023 Defined Benefit Obligation and the assets are reflected below:

	Base DBO Birr'000	Current service cost one year impact Birr'000
Discount rate + 1%	249,379	232,252
Discount rate - 1%	249,379	267,955
Salary Increase +1%	249,379	268,381
Salary Increase +1%	249,379	231,602

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.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

	30 June 2023 Birr'000	30 June 2022 Birr'000
25 Share capital		
Authorised:		
Ordinary shares of Birr 1000 each	20,000,000	6,000,000
Issued and fully paid:		
Ordinary shares of Birr 1000 each	3,982,139	3,391,294
Share premium	57,736	42,787
	4,039,875	3,434,081

26 Earnings per share

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

	30 June 2023 Birr'000	30 June 2022 Birr'000
Profit attributable to shareholders	823,823	551,399
Weighted average number of ordinary shares in issue	3,629,144	3,323,084
Basic earnings per share (%age)	22.7%	16.6%

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 2023 Birr'000	30 June 2022 Birr'000
27 Retained earnings		
At the beginning of the year	223,398	(125,416)
Dividend Paid/Capitalized	(223,398)	-
Impairment for loans	-	-
Impairment for other assets	-	-
Adjustment of Defined Benefit obligation	-	-
Profit/(Loss)for the year	823,823	551,399
Transfer to Legal Reserve	(205,956)	(137,850)
Transfer to Regulatory Reserve	(149,366)	(18,304)
Directors' share of profit	-	-
Prior period additional tax charge	4,436	(47,431)
Prior year directors' share of profit reversed	-	1,000
Balance at the end of the year	472,937	223,398

Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

	30 June 2023 Birr'000	30 June 2022 Birr'000
28 Reserve		
28.a Legal Reserve		
At the beginning of the year	1,584,865	1,447,015
Transfer from profit or loss	<u>205,956</u>	<u>137,850</u>
At the end of the year	1,790,821	1,584,865

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.

28.b Regulatory Risk Reserve

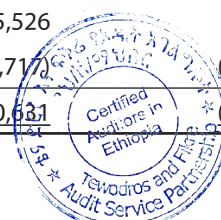
This includes interest on Non performing loans/Stage 3 loans that are recognized per IFRS but not available for dividend distribution as required by National Bank of Ethiopia directive and the excess of provision per NBE directive over that of IFRS 9 which is not accounted as bad debt expense.

	30 June 2023 Birr'000	30 June 2022 Birr'000
Opening Balance	402,896	384,592
Add : Additional provision per NBE	(204,510)	24,405
: Interest income on Non Performing Loans (NPL)	576,665	-
Less : Income Tax (30%) and legal reserve	-	-
: Tax on interest from Non-performing loans	(172,999)	-
: Transfer to legal reserve from interest income on NPL	(100,916)	-
: Transfer to Legal reserve from additional provision	51,128	(6,101)
: Transfer to Retained Earnings prior year adjustment	-	-
	<u>552,262</u>	<u>402,896</u>

28.c Other Reserve

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

	30 June 2023 Birr'000	30 June 2022 Birr'000
Opening Balance	(31,177)	(19,604)
Reclassification of defined Benefit plan	-	-
Fair Value gain of Equity Instruments	115,526	16,774
Re-measurement loss on defined benefit plans (net of tax)	(33,717)	(28,348)
	<u>50,632</u>	<u>(31,177)</u>



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

	30 June 2023 Birr'000	30 June 2022 Birr'000
29 Cash generated from operating activities		
Profit before tax	1,194,107	572,280
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	145,369	157,027
Depreciation of investment property	18	18
Amortisation of intangible assets	30,606	26,925
Amortization of right of use assets	192,094	243,587
(Gain)/Loss on disposal of property, plant and equipment	(11,120)	629
Impairment on loans and receivables	593,658	(6,342)
Foreign currency exchange rate gain on cash and cash equivalents	(32,269)	-
Employee benefit obligations	34,082	8,978
Dividend income	(5,875)	(6,056)
Changes in working capital:		
-Decrease/ (Increase) in loans and advances	(9,647,647)	(2,981,368)
-Decrease/ (Increase) in other assets	(443,216)	(218,682)
-Increase/ (Decrease) in deposits from customers	8,102,577	2,210,525
-Increase/ (Decrease) in deposits from financial institutions	775,354	214,023
-Increase/ (Decrease) in other liabilities	(263,034)	446,064
	664,703	667,607

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 2023 Birr'000	30 June 2022 Birr'000
30.a Transactions with related parties			
Loans and advances	Influential shareholders	414,297	916,840
Deposit balances	Influential shareholders	821,700	764,823
		1,235,996	1,681,663



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

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 2023

	30 June 2023 Birr'000	30 June 2022 Birr'000
Salaries and other employee benefits	22,479	14,561
	22,479	14,561

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

31 Employees

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

	30 June 2023 Number	30 June 2022 Number
Total number of staff	5,071	4,788

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 2023 is Br. 500.57 million (30 June 2022: Birr 145.87 million). The Bank has made assessment of these legal cases, and held Br. 10.92 million provision (Br. 10.91 million as at June 30,2022). The remaining legal cases have low possibility of going against the bank and thus no obligation is expected from 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, which created commitment 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 customers 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.



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

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

	30 June 2023 Birr'000	30 June 2022 Birr'000
Guarantees issued	2,985,001	743,683
Letter of credit	4,229,005	1,546,147
	7,214,007	2,289,830

32.c Commitments

Loan commitments	30 June 2023 Birr'000	30 June 2022 Birr'000
Un-utilized overdraft and other facilities	2,351,476	1,732,147
	2,351,476	1,732,147

33 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 2023 and on the profit for the year ended on that date, which have not been adequately provided for or disclosed.

34 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services within a particular economic environment which is subject to risks and rewards that are different from those of other segments . Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker is the person or Bank that allocates resources to and assesses the performance of the operating segments of an entity.

The Bank has determined the Board of Directors as its chief operating decision maker. All transactions between business segments are conducted on commercial terms basis with intra-segment revenue and costs being eliminated at Bank level.



Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

Segment information

IFRS 8 requires operating segments to be identified on the bases of internal reports about components of the bank that are regularly reviewed by the board of directors in order to allocate resources to the segment and to assess its performance Information reported to the Bank's Board of Directors for the purposes of resource allocation and assessment of segment performance is focused on products and services.

The accounting policies of the reportable segments are the same as the Bank's accounting policies described in note 2

For management purposes, the Bank has been organised into two operating segments based on products and services, as follows:

1. Interest Free Banking- All Islamic banking products offered to customers are included under the Islamic Banking segment. These products include Wadiah deposits, Amanah deposits and mudarabah investments.

2. Conventional Banking- The conventional banking segment comprises of corporate and commercial banking customers in various sectors which include agriculture, manufacturing, domestic trade, construction, hotel and tourism, micro-finance institutions, mortgage loans and personal loans

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the consolidated financial statements. However, income taxes are managed at bank level and are not allocated to operating segments.

Transfer prices between operating segments are based on the Bank's internal pricing framework.

No revenue from transactions with single external customer or counterparty amounted to 10% or more of the bank's total revenue in 2022 or 2023



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

30-June - 23

34.a Statement of Profit or Loss and Other Comprehensive Income

	Conventional Banking Birr '000	Interest Free Banking Birr '000	The bank Birr '000
Interest income	5,382,336	-	5,382,336
Income from Interest free financing and investment products	-	40,698	40,698
Interest expense	(1,942,251)		(1,942,251)
Distribution to depositors- Interest Free Banking Products		(24,784)	(24,784)
Net interest income and income from Interest Free Banking products net of distribution to depositors	3,440,085	15,914	3,455,998
Fee and commission income	1,368,817	4,730	1,373,547
Other operating income	153,878	306	154,184
Gain from sale of acquired properties	-	12,312	12,312
Loan impairment charge/reversal	(586,810)	(6,851)	(593,661)
Net operating income	4,375,970	26,411	4,402,381
Amortization of intangible assets	(30,606)	-	(30,606)
Depreciation of property, plant and equipment	(145,061)	(326)	(145,387)
Personal and Other operating expenses	(3,018,881)	(13,400)	(3,032,282)
Segment Profit before tax	1,181,422	12,685	1,194,107
Income tax expense	(370,284)	-	(370,284)
Segment profit after tax	811,138	12,685	823,823

Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

30-June - 23

34.b Statement of Financial Position

	Conventional Banking Birr '000	Interest Free Banking Birr '000	The bank Birr '000
Assets			
Cash and bank balances	7,491,989	1,567,275	9,059,264
Loans and advances to customers	37,878,755		37,878,755
IFB financings	-	414,859	414,859
Investment securities	2,374,306	-	2,374,306
IFB receivables	-	15,178	15,178
Other assets	1,422,928	5,152	1,428,079
Fixed assets	2,312,319	3,107	2,315,425
Total assets	51,480,298	2,005,570	53,485,867
Liabilities			
Deposit from customers	40,820,585		40,820,585
IFB deposits	-	1,973,089	1,973,089
Current tax liabilities	354,776		354,776
Unearned IFB profits		-	-
Other liabilities	3,429,628	1,261	3,430,890
Total liabilities	44,604,989	1,974,350	46,579,339
EQUITY			
Share capital	3,982,139		3,982,139
Share premium	57,736		57,736
Retained earnings and reserves	2,843,056	23,596	2,866,652
Total equity	6,882,931	23,596	6,906,527
Total equity and liabilities	51,487,921	1,997,946	53,485,867



Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

30-Jun-22

34.c Statement of Profit or Loss and Other Comprehensive Income

	Conventional Banking Birr '000	Interest Free Banking Birr '000	The bank Birr '000
Interest income	4,031,908	-	4,031,908
Income from Interest free financing and investment products	-	20,579	20,579
Interest expense	(1,803,258)		(1,803,258)
Distribution to depositors- Interest Free Banking Products		(3,041)	(3,041)
Net interest income and income from Interest Free Banking products net of distribution to depositors	2,228,650	17,538	2,246,188
Fee and commission income	893,913	3,486	897,399
Other operating income	40,168	451	40,619
Loan impairment charge/reversal	9,999	(3,657)	6,342
Net operating income	3,172,730	17,818	3,190,548
Amortisation of intangible assets	(26,925)	-	(26,925)
Depreciation of property and equipment	(156,747)	(298)	(157,045)
Personal and Other operating expenses	(2,421,387)	(12,912)	(2,434,299)
Segment Profit before tax	567,671	4,609	572,280
Income tax expense	(20,881)	-	(20,881)
Segment profit after tax	546,790	4,609	551,399

Wegagen Bank S.C

Annual Financial Statement

For the Year Ended 30 June 2023

30-June - 22

34.d Statement of Financial Position

	Conventional Banking Birr '000	Interest Free Banking Birr '000	The bank Birr '000
Cash and bank balances	9,050,871	1,271,413	10,322,284
Loans and advances to customers	28,572,203		28,572,203
IFB financings	-	338,958	338,958
Investment securities	382,563	-	382,563
IFB receivables	-	5,908	5,908
IFB inventory	-	4,792	4,792
Other assets	1,313,097	333	1,313,431
Fixed assets	2,178,345	3,185	2,181,530
Total assets	41,497,081	1,624,589	43,121,670
LIABILITIES			
Deposit from customers	32,309,195	-	32,309,195
IFB deposits	-	1,606,548	1,606,548
Current tax liabilities	30,035		30,035
Unearned IFB profits		5,908	5,908
Other liabilities	3,553,708	2,212	3,555,919
Total liabilities	35,892,938	1,614,668	37,507,606
EQUITY			
Share capital	3,391,294		3,391,294
Share premium	42,787		42,787
Retained earnings and reserves	2,170,062	9,921	2,179,983
Total equity	5,604,143	9,921	5,614,064
Total equity and liabilities	41,497,081	1,624,589	43,121,670

Wegagen Bank S.C Annual Financial Statement

For the Year Ended 30 June 2023

Sharia Advisor's Attestation Report on Wegagen Bank's Interest Free Banking (IFB) Window services

In the name of Allah, the most beneficent, the most merciful

To: Chief Executive Officer of Wegagen Bank

As one of the deliverables dictated on our IFB Consultancy Service Agreement, I hereby provide this attestation report for the consumption of all concerned stakeholders.

I have reviewed the principles and the contracts relating to the IFB (Interest Free Banking) transactions provided by Wegagen Bank during the year ending June 30, 2023. The NBE directive number SBB/72/2019, which allowed the operation of IFB services in Ethiopia, emphasized that IF Banking is required to follow Islamic law or Sharia Principles.

I have, therefore, conducted my review to form an independent opinion as to whether Wegagen Bank S.C. has complied with Islamic law or Sharia principles in providing IFB services.

Wegagen Bank's management is responsible for ensuring that the bank conducts its IF banking business in accordance with Islamic law (Sharia) principles. It is my responsibility to form an independent opinion, based on my review of the IFB operations of the bank.

My review included examining each type of transaction, the relevant documentation, systems and procedures adopted by Wegagen Bank. I have made my review so as to acquire all the information and explanation which are considered necessary to obtain sufficient evidence to provide reasonable assurance that the IFB operation of Wegagen Bank has not materially violated Islamic Sharia rules and principles.

Therefore, in my opinion

1. The contracts, procedures and formats used by Wegagen Bank that I have reviewed follow the Islamic Sharia rules and principles
2. The financial statements reported by management which is enclosed with this attestation report fairly represent the sources and uses of funds related to the IFB operations of the bank for the year ended June 30, 2023, except system adjustments required on some items like charity payable and profit on Mudarabah term deposit accounts. It is witnessed that the system is currently being upgraded and the indicated issues are expected to be addressed as part of the upgrade.

With regards,



Ibrahim Dawd,
IFB Consultant Sharia Advisor/





በወገን አማር ከወለድ ህጻን

የቁጠባ እና የፋይናንስ አገልግሎቶች ይጠቀሙ።



ከወለድ ህጻን የገንዘብ አገልግሎት
خدمة من غير الفوائد البنكية





הגנה לרננה
Wegagen Bank®



**New Branch inauguration
(Cermony of Khalid Branch)**



ዎዲያህ-አማና / የአድራ ተቀማጭ ሂሳብ /

በወጋገን አማና

ያለገደብ አድራግ ያንቀሳቅሱ



ወገን ባንክ ወገን ገንዘብ ገንዘብ ገንዘብ
's 25th Anniversary Celebration



Donation program organized during the 25th year Anniversary celebration in Mekelle



Laying of the foundation stone for the future Northern Regional Office

ወጋገን ባንክ አ/ማ የትርፍ ወይም ኪሳራ እና ሌሎች የተጣመሩ ገቢዎች መግለጫ

እ.ኤ.አ. ሰኔ 30፣2023 ለተጠናቀቀው በጀት አመት

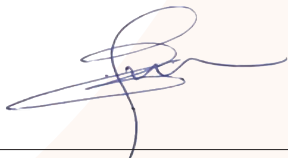
		ሰኔ 30፣ 2023	ሰኔ 30፣ 2022
	ማስታወሻ	ብ-ብር '000	ብ-ብር '000
ከወለድ የተገኘ ገቢ	5	5,423,034	4,052,487
የወለድ ወጪ	6	(1,967,036)	(1,806,299)
የተጣራ የወለድ ገቢ		3,455,998	2,246,188
የተጣራ የክፍያ እና የኮሚሽን ገቢ	7	1,373,547	897,399
የተጣራ ከአገልግሎት ክፍያ የተገኙ ገቢዎች		4,829,546	3,143,587
ከሌሎች ክፍያ የተገኙ ገቢዎች	8	166,496	40,619
ለደንበኞች የተሰጡ አጠራጣሪ ብድሮች መጠባበቂያ ክፍያ	9	(265,197)	(107,386)
ሌሎች አጠራጣሪ የሚሰበሰቡ ክፍያዎች መጠባበቂያ ክፍያ	10	(328,464)	113,728
የተጣራ ገቢ		4,402,381	3,190,548
የሰራተኞች ደመወዝ እና ጥቅማ ጥቅም ክፍያዎች	11	(2,441,020)	(1,599,521)
የማይዳሰሱ ሀብቶች የእርጅና ቅናሽ	19	(30,606)	(26,925)
የቋሚ ንብረት እና መሳሪያዎች የእርጅና ቅናሽ	20	(145,387)	(157,045)
የንብረት መጠቀም መብት የእርጅና ቅናሽ	20a	(192,094)	(243,587)
ሌሎች የአገልግሎት ወጪዎች	12	(395,831)	(587,897)
የወጭ ኦዲተሮች የአገልግሎት ክፍያ		(829)	(883)
የዳሬክተሮች የአገልግሎት ክፍያ		(2,508)	(2,411)
ጠቅላላ የአገልግሎት ወጪ		(3,208,274)	(2,618,268)
ከግብር በፊት የተገኘ ትርፍ		1,194,107	572,280
የገቢ ግብር	13a	(370,284)	(20,881)
ከግብር በኋላ የተገኘ ትርፍ		823,823	551,399
የተጣራ ሌሎች የተጣመሩ ገቢዎች			
ለሰራተኞች የአገልግሎት ጥቅም መጠባበቂያ ልኬት	24b	(33,717)	(28,348)
በአክሲዮን ኢንሸስትመንት ድጋሚ ልኬት የተገኙ ገቢዎች		115,526	16,774
የተጣራ ሌሎች የተጣመሩ ገቢዎች ድምር		81,809	(11,574)
ጠቅላላ ድምር የተጣመረ ገቢ ከግብር በኋላ		905,632	539,825
የአንድ ባለ ብር 1,000 አክሲዮን የትርፍ ድርሻ	26	22.70%	16.60%

ወጋገን ባንክ አ/ማ የትርፍ ወይም ኪሳራ እና ሌሎች የተጣመሩ ገቢዎች መግለጫ

እ.ኤ.አ. ሰኔ 30፣2023 ለተጠናቀቀው በጀት አመት

ያልተከፋፈለ ትርፍ			
እ.ኤ.አ. በሐምሌ 01፤2022 ዓ.ም የዘረ ትርፍ		223,398	(125,416)
ለተጨማሪ አክሲዮን ድርሻ የተላለፈ		-	-
ለተከፈለ የትርፍ ድርሻ		(223,398)	-
የቀደመ አመት የዳሬክተሮች የትርፍ ድርሻ		-	1,000
የዘመኑ ትርፍ		823,823	551,399
ለቀደመ ዓመት በተጨማሪ የተከፈለ የትርፍ ግብር		4,436	(47,431)
በህግ የተወሰነ ለመጠጣቢያ የተላለፈ		(205,956)	(137,850)
የተቆጣጣሪ አካል ስጋት ተጨማሪ መጠጣቢያ		(149,366)	(18,304)
እ.ኤ.አ. ሰኔ 30፣2023 ዓ.ም ያልተከፋፈለ ትርፍ		472,937	223,398

- የተያያዙት ማስታወሻዎች የሂሳብ መግለጫዎቹ አካል ናቸው።
- የሂሳብ መግለጫዎቹ በዳሬክተሮች ቦርድ እና በማኔጅመንት አማካኝነት እ.ኤ.አ ጥቅምት 27 ቀን 2023 ዓ.ም ተፈቅደው እና ፀድቀው ፊርማ የተደረገባቸው ናቸው።



አቶ አብዱሽ ሁሴን
የዳሬክተሮች ቦርድ ሊቀ መንበር




አቶ አክሊሉ ወበት
ዋና ስራ አስፈጻሚ



ወጋገን ባንክ አ.ማ የሀብት እና እዳ ሚዛን መግለጫ

እ.ኤ.አ. ሰኔ 30፣ 2023 ለተጠናቀቀው በጀት አመት

	ማስታወሻ	በሰኔ 30፣ 2023	በሰኔ 30፣ 2022
		ብ.ብር '000	ብ.ብር '000
ሀብት			
በባንክና በእጅ የሚገኝ ጥሬ ገንዘብ	14	9,059,264	10,322,284
የተጣራ ለደንበኞች የተሰጠ ብድር እና ቅድመ ክፍያ	15	38,293,614	28,911,161
የአክሲዮን ኢንቨስትመንት ሰነዶች፤			
. የአክሲዮን ኢንቨስትመንት በተጣመረ ገቢ የሚሰላ	16a	312,517	110,210
. የመንግስት ቦንድ ኢንቨስትመንት	16b	2,061,789	272,354
ሌሎች ሀብቶች	17	1,443,257	1,324,131
ለኪራይ አገልግሎት የዋለ ንብረት	18	559	577
የማይዳሰሱ ሀብቶች (የተጣራ)	19	48,818	58,546
ቋሚ ንብረት እና መሳሪያ (የተጣራ)	20	1,533,163	1,443,687
ንብረትን የመጠቀም መብት ሀብት	20a	732,885	678,719
ጠቅላላ ሀብት		53,485,867	43,121,669
እዳ			
የደንበኞች ተቀማጭ ገንዘብ	21	39,894,209	31,791,632
የገንዘብ ተቋማት ተቀማጭ ገንዘብ	22	2,899,464	2,124,111
የዚህ አመት ተከፋይ የገቢ ግብር	13c	354,776	30,035
ሌሎች እዳዎች	23	3,086,990	3,349,919
ለሰራተኞች የአገልግሎት ጥቅም የግዴታ መጠጣቢያ	24	249,379	167,130
ወደፊት የሚከፈል የትርፍ ግብር	13d	94,521	44,778
ጠቅላላ እዳ		46,579,339	37,507,605
ካፒታል እና መጠጣቢያ			
የተከፈለ የአክሲዮን ካፒታል	25	3,982,139	3,391,294
ተጨማሪ የአክሲዮን ክፍያ	25	57,736	42,787
ያልተከፋፈለ ትርፍ	27	472,937	223,398
በህግ የተወሰነ መጠጣቢያ	28a	1,790,822	1,584,866
የተቆጣጣሪ አካል ስጋት መጠጣቢያ	28b	552,262	402,896
ሌሎች መጠጣቢያዎች	28c	50,631	(31,177)
ጠቅላላ ካፒታል		6,906,527	5,614,064
ጠቅላላ እዳ እና ካፒታል		53,485,867	43,121,669

- የተያያዙት ማስታወሻዎች የሂሳብ መግለጫዎቹ አካል ናቸው።
- የሂሳብ መግለጫዎቹ በዳሬክቶሮች ቦርድ እና በማኔጅመንት አማካኝነት እ.ኤ.አ ጥቅምት 27 ቀን 2023 ተፈትደው እና ፀድቀው ፊርማ የተደረገባቸው ናቸው።


አቶ አብዱሹ ሁሴን
የዳሬክቶሮች ቦርድ ሊቀ መንበር




አቶ አክሊሉ ወበት
ዋና ስራ አስፈጻሚ



Excelling Together

For your Easy & Convenient Purchases



WE ACCEPT



VISA



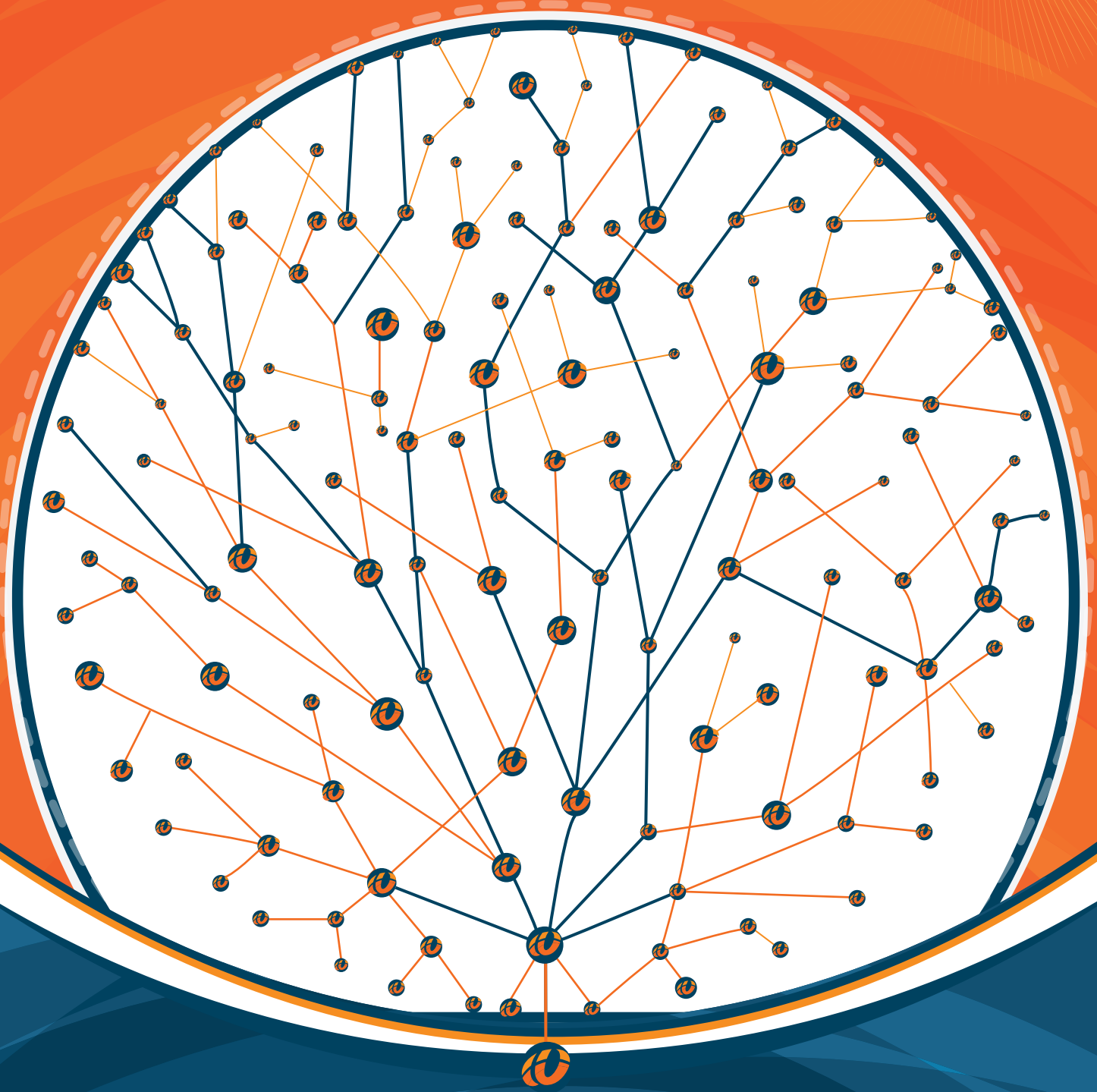
ETHSWITCH





ክሊክ ወጋገን

ካሉበት ሆነው በድርጅት የኢንተርኔት ገንክ አገልግሎታችን ስራዎን ያቀላጥፉ



Our Branch Network

North Addis Ababa District Office Branches

S.N	Branches	ቅርንጫፎች	Telephone
	ሰሜን አዲስ አበባ ዲስትሪክት ጽ/ቤት North Addis Ababa District Office		011 170 4455 011 170 4458
1	Addisu Gebeya	አዲሱ ገበያ	011 126 4402 011 126 4412
2	Arada	አራዳ	011 111 1074 011 111 1075
3	Arat Kilo	አራት ኪሎ	011 170 4453 011 170 4452
4	Balderas	ባልደራስ	011 667 4757
5	Bambis	ባምቢስ	011 557 6343 011 557 6358
6	Cathedral	ካቴድራል	011 156 0002 011 156 0060
7	CMC Michael	ሲኤምሲ ሚካኤል	011 667 5913 011 667 1640
8	Enqulal Fabrika	እንቁላል ፋብሪካ	011 126 7355 011 126 7821
9	Eri Bekentu	እሪ በክንቱ	011 126 3861 011 126 3951
10	Gullele	ጉለሌ	011 273 2016 011 273 2017
11	Jan Meda	ጃን ሜዳ	011 126 1400 011 126 1401
12	Kazanchis	ካዛንቺስ	011 554 5670 011 554 5671
13	Kebena	ቀበና	011 126 1094 011 126 1096
14	Kechene	ቀጨኔ	011 126 3139 011 126 3588
15	Kidist Mariam	ቅድስት ማርያም	011 157 0033 011 157 0035
16	Kotebe	ኮተቤ	011 666 3730 011 661 4493
17	Lamberet	ላምበረት	011 667 6289
18	Lamberet Menaheria	ላምበረት መናኸሪያ	011 666 0853 011 666 1947
19	Megenagna	መገናኛ	011 667 4019 011 667 4012
20	Mesfine Harar Avenue	መስፍን ሀረር ጎዳና	011 171 2033 011 171 2032
21	Nigist Zewditu Street	ንግስት ዘውዲቱ መንገድ	011 557 8071 011 557 8701
22	Piassa	ፒያሳ	011 126 6894 011 126 7958

23	Salite Mihret	ሰዓሊተ ምህረት	011 667 6386 011 667 6387
24	Sebara Babur	ሰባራ ባቡር	011 157 0329
25	Shola	ሾላ	011 659 1822 011 659 5623
26	Sululta	ሱሉልታ	011 161 7501 011 161 7492
27	Wesen	ወሰን	011 667 8951 011 667 8946
28	Wuhalimat	ውኃልማት	011 663 1518 011 663 1517
29	Yeka Abado	የካ አባዶ	011 893 1029 011 893 2408

East Addis Ababa District Office Branches

S.N	Branches	ቅርንጫፎች	Telephone
ምሥራቅ አዲስ አበባ ዲስትሪክት ጽ/ቤት East Addis Ababa District Office			011 672 4649 011 672 4569
30	Agar	አጋር	011 667 0436 011 667 0313
31	Adama	አዳማ	022 111 9055 022 110 0524
32	Adama Boset	አዳማ ቦሰት	022 212 0055 022 212 0037
33	Africa Avenue	አፍሪካ አሼት	011 662 4772 011 662 4769
34	Adey Ababa Stadium	አደይ አበባ ስታድየም	011 635 6496 011 635 6035
35	Atlas	አትላስ	011 639 2083 011 639 2091
36	Ayat Addebabay	አያት አደባባይ	011 639 0044 011 639 0028
37	Ayat Noah	አያት ኖህ	011 672 4649 011 672 4569
38	Ayat Gebeya	አያት ገበያ	011 639 0410 011 639 0411
39	Ayat-Tafo	አያት ጣፎ	011 639 0610 011 639 1950
40	Al-Nejashi	አልነጃሽ	011 639 2459
41	Beshale	በሻሌ	011 667 7408 011 667 7688
42	Bole 17	ቦሌ 17	011 667 1916 011 667 1588
43	Bole Arabsa	ቦሌ አራብሳ	011 612 5670 011 612 5672
44	Bole Bulbula	ቦሌ ቡልቡላ	011 470 0869 011 470 0895



45	Bole Medhanialem	ቦሌ መድኃኒአለም	011 661 6135 011 661 6136
46	Bole Michael	ቦሌ ሚካኤል	011 639 2033 011 639 2006
47	Bole Millennium	ቦሌ ሚሊኒየም	011 662 2757 011 666 2620
48	Berecha	በሬቻ	022 212 4041 022 212 3013
49	Bulbula Condominium	ቡልቡላ ኮንዶሚኒየም	011 822 4059
50	Cape Verde Avenue	ኬፕ ቨርድ አቪኒው	011 667 3376 011 667 3448
51	CMC	ሲ ኤም ሲ	011 647 9047 011 647 9044
52	Enewari	እነዋሪ	011 688 0518 011 688 0510
53	Debre Birhan	ደብረ ብርሃን	011 637 5420 011 637 5421
54	Atse-Zera Yaekob	አጼ ዘርዓ ያቆብ	011 681 1872 011 681 1803
55	Gerji	ገርጂ	011 629 8141 011 629 8114
56	Gerji Mebrat Hayil	ገርጂ መብራት ኃይል	011 667 6405 011 667 6372
57	Gerji Sunshine	ገርጂ ሰንሻይን	011 629 0265 011 629 0016
58	Gerji Unity	ገርጂ ዩኒቲ	011 639 5053 011 639 5052
59	Gollagul	ጎላጉል	011 690 6008 011 690 6222
60	Gurd Shola	ጉርድ ሾላ	011 645 9752 011 645 9753
61	Haya Arat	ሃያ አራት	011 618 0677 011 618 0670
62	Hayahulet	ሃያ ሁለት	011 667 2428 011 667 2414
63	Imperial	ኢምፔሪያል	011 668 6222 011 668 6223
64	Jackros	ጃክሮስ	011 667 1419 011 667 1420
65	Loke	ሎቄ	011 668 0720 011 668 0046
66	Legetafo	ለገጣፎ	011 668 2777 011 668 2779
67	Mehal Adama	መሀል አዳማ	022 111 2280 022 111 2284
68	Meri Loke	መሪ ሎቄ	011 668 2946 011 668 3982
69	Mickey Leland Street	ሚኪ ሊላንድ መንገድ	011 635 4021 011 635 4061

70	Moenco	ሞኔንቲ	011 668 6145 011 668 7118
71	Shalla Menafesha	ሻላ መናፈሻ	011 618 9303 011 663 2094
72	Summit Yetebaberut	ሰሚት የተባበሩት	011 639 1549 011 639 1568
73	Summit 72	ሰሚት ሰባ ሁለት	011 639 1987 011 639 1989
74	Summit	ሰሚት	011 667 9001 011 667 9022
75	Yerer Ber	የረር ቦር	011 667 5863 011 667 5873

West Addis Ababa District Office Branches

S.N	Branches	ቅርንጫፎች	Telephone
ምዕራብ አዲስ አበባ ዲስትሪክት ጽ/ቤት West Addis Ababa District Office			011 369 1797 011 369 1828
76	Abakoran	አባኮራን	011 278 1177 011 278 1181
77	Abdi Nono	አብዲ ኖኖ	011 260 1278 011 260 1347
78	Abinet	አብነት	011 278 0544 011 278 0580
79	Africa Union	አፍሪካ ዩኒየን	011 554 7061 011 554 7063
80	Alem Bank	አለም ባንክ	011 369 4708 011 369 4756
81	Alemgena	አለም ገና	011 367 9965 011 367 9281
82	Amana	አማና	011 231 6181 011 231 6182
83	Atena Tera	አጠና ተራ	011 273 9521 011 273 9523
84	Autobis Tera	አውቶቢስ ተራ	011 273 5510 011 273 4844
85	Ayer Tena	አየር ጤና	011 369 3400 011 369 3450
86	Berbere Tera	በርበሬ ተራ	011 273 3950
87	Bisrate Gebriel	ብስራተ ገብርኤል	011 369 1794 011 369 1765
88	Dubai Tera	ዱባይ ተራ	011 273 4889 011 273 4890
89	Ehil Berenda	አህል በረንዳ	011 273 4981 011 273 5318
90	Furi	ፉሪ	011 367 9207
91	Gambia Street	ጋምቢያ መንገድ	011 531 9082 011 531 9083



92	Geja Sefer	ጌጃ ሰፈር	011 557 9140 011 557 9891
93	Gesho Tera	ጌሾ ተራ	011 273 3873
94	Girar	ግራር	011 369 5406 011 369 4921
95	Gojam Berenda	ጎጃም በረንዳ	011 126 3662 011 126 3858
96	Habte Giorgis	ሀብተ ጊዮርጊስ	011 111 2972 011 111 2973
97	Jemo	ጆም	011 471 3033
98	Kolfe	ኮልፌ	011 273 9304 011 273 9942
99	Lideta	ልደታ	011 552 3709 011 553 9872
100	Likuanda	ልካንዳ	011 273 9296 011 273 9610
101	Mekanisa	መካኒሳ	011 369 8225 011 369 8232
102	Mekanisa Abo	መካኒሳ አቦ	011 369 9963 011 369 8781
103	Mekanisa Michael	መካኒሳ ሚካኤል	011 369 8447 011 369 8449
104	Merkato	መርካቶ	011 275 2867 011 275 2929
105	Merkato Arategna	መርካቶ አራተኛ	011 273 3710 011 273 3966
106	Merkato Tana	መርካቶ ጣና	011 273 5668 011 273 5667
107	Mesalemia	መሳለሚያ	011 276 8611 011 275 8151
108	Meskel	መስቀል	011 551 6652 011 551 6627
109	Mexico	ሜክሲኮ	011 557 5577 011 557 5578
110	Military Tera	ሚሊተሪ ተራ	011 213 4605 011 213 4608
111	Pan African	ፓን አፍሪካን	011 369 1828 091 135 0819
112	Sefere Selam	ሰፈረ ሰላም	011 273 5089 011 273 5925
113	Sengatera	ሰንጋተራ	011 557 6952 011 557 6955
114	Shema Tera	ሸማ ተራ	011 273 3473 011 273 2997
115	Shera Tera	ሸራ ተራ	011 273 5562 011 273 5401
116	Sidamo Tera	ሲዳሞ ተራ	011 273 3079 011 273 3055

117	Sost Kutir Mazoriya	ሶስት ቁጥር ማዘሪያ	011 369 2129 011 369 2127
118	Stadium	ስታዲየም	011 558 0105 011 558 0106
119	Tabot Maderiya	ታቦት ማደሪያ	011 369 7242 011 369 7629
120	Tekle Haymanot	ተክለሃይማኖት	011 156 3812 011 156 3813
121	Tulu Bolo	ቱሉ ቦሎ	011 342 0064 011 342 0057
122	Welete	ወላቴ	011 380 3174 011 380 3253
123	Weliso	ወሊሶ	011 341 1984 011 341 1617
124	Weyra Bethel	ወይራ ቤተል	011 349 2753 011 349 5308
125	Yeshi Debelle	የሺ ደበሌ	011 384 0191
126	Zenebework	ዘነበወርቅ	011 369 8764 011 369 8762

South Addis Ababa District Office Branches

S.N	Branches	ቅርንጫፎች	Telephone
ደቡብ አዲስ አበባ ዲስትሪክት ጽ/ቤት South Addis Ababa District Office			011 466 4569 011 466 4649
127	Akaki	አቃቂ	011 471 6847 011 471 6840
128	Arerti	አረርቲ	022 223 0541 022 223 0543
129	Beklobet	በቅሎ ቤት	011 466 3603 011 466 3588
130	Bishoftu	ቢሾፍቱ	011 437 1062 011 437 1025
131	Bulgaria Mazoria	ቡልጋሪያ ማዘሪያ	011 470 1345 011 470 1205
132	Bole	ቦሌ	011 552 3524 011 553 6666
133	Bole Mega	ቦሌ ሜጋ	011 558 2517 011 558 2554
134	Crown	ክራውን	011 854 7122 011 462 6018
135	Dukem	ዱከም	011 432 0945 011 432 0753
136	Gara Oda	ጋራ አዳ	011 471 1550 011 471 0974
137	German Adebabay	ጀርመን አደባባይ	011 369 8928 011 369 9938
138	Goffa	ጎፋ	011 465 5816 011 465 5817



139	Goffa Camp	ጎፋ ካምፕ	011 467 2505 011 416 5166
140	Goffa Mebrat Hail	ጎፋ መብራት ኃይል	011 467 3753 011 466 1545
141	Hana Mariam	ሀና ማርያም	011 471 1254 011 471 1854
142	Jatiw	ጃቲ	011 471 6844 011 471 6846
143	Kaliti Masetegna	ቃሊቲ ማሰልጠኛ	011 439 1109 011 439 0668
144	Kaliti	ቃሊቲ	011 439 4285 011 439 4286
145	Kera	ቄራ	011 385 2076 011 385 2066
146	Kilinto	ቂሊንጦ	011 451 2279 011 451 2198
147	Kirkos	ቂርቆስ	011 470 3896 011 470 3906
148	Lafto	ላፍቶ	011 471 0028 011 471 0029
149	Lebu	ለቡ	011 471 2756 011 471 2771
150	Lebu Ertu	ለቡ ኤርቱ	011 471 3963 011 471 3964
151	Meskel Flower	መስቀል ፍላወር	011 416 4753 011 416 8005
152	Modjo	ሞጆ	022 236 0300 022 236 0303
153	Nefas Silk	ንፍስ ስልክ	011 470 7612 011 470 7615
154	Flamingo	ፍላሚንጎ	011 558 0663 011 558 0744
155	Olympia	ኦሎምፒያ	011 557 5099 011 557 5916
156	Saris Adey Abeba	ሳሪስ አደይ አበባ	011 470 8410 011 470 8254
157	Saris Addisu Sefer	ሳሪስ አዲሱ ሰፈር	011 470 7694 011 470 7718
158	Saris 58	ሳሪስ 58	011 471 1851 011 471 1454
159	Saris Total	ሳሪስ ቶታል	011 470 9163 011 470 8587
160	Sebeta	ሰበታ	011 338 0359 011 338 0366
161	Torban Gerba	ቶርባን ገርባ	011 430 0820 011 430 1115
162	Tulu Dimtu	ቱሉ ዲምቱ	011 471 5772 011 471 5497

163	Tulu Dimtu Condominium	ቱሉ ዲምቱ ኮንዶሚኒየም	011 888 6831 011 888 6833
164	Worku Sefer	ወርቁ ሰፈር	011 471 7693 011 471 7692
165	Wello Sefer	ወሎ ሰፈር	011 466 8006 011 466 8093
Bahir Dar District Office Branches			
S.N	Branches	ቅርንጫፎች	Telephone
	ባህርዳር ዲስትሪክት ጽ/ቤት Bahir Dar District Office		058 320 9667 058 320 6119
166	Abay Mado	አባይ ማዶ	058 321 3213 058 320 2095
167	Adet	አዴት	058 338 1110 058 338 1161
168	Ataye	አጣዬ	033 661 0775
169	Bahir Dar	ባህርዳር	058 220 2038 058 220 4490
170	Bati	ባቲ	033 553 1576 033 553 1577
171	Buanbua wuha	ቧንቧ ውሃ	033 311 6317 033 311 5519
172	Bure	ቡሬ	058 774 1194 058 774 1050
173	Debre Markos	ደብረ ማርቆስ	058 178 2524 058 178 2257
174	Debre Tabor	ደብረ ታቦር	058 141 3452 058 141 5465
175	Dessie	ደሴ	033 111 3788 033 111 3789 033 111 6944
176	Fasiledes	ፋሲለደስ	058 126 0022 058 126 0023
177	Finote Selam	ፍኖተ ሰላም	058 775 0476 058 775 0340
178	Gendawuha	ገንዳ ውሃ	058 331 0010 058 331 0031
179	Ghion	ግዮን	058 320 7724 058 320 8720
180	Gish Abay	ግሽ አባይ	058 320 8869 058 320 5536
181	Gondar	ጎንደር	058 111 4816 058 111 1620
182	Injibara	እንጂባራ	058 227 1575 058 227 1682
183	kobo	ቆቦ	033 334 1290 033 334 1297
184	Kombolcha	ኮምቦልቻ	033 551 0753 033 551 1800



185	Maraki	ማራኪ	058 211 3639 058 211 0294
186	Merawi	መርዓዊ	058 330 0972 058 330 0945
187	Metema Yohannes	መተማ ዮሐንስ	058 555 5551 058 555 5760
188	Motta	ሞጣ	058 661 1807 058 661 1293
189	Mugad	ሙጋድ	033 312 5789 033 312 0478
190	Sefene Selam	ሰፈነ ሰላም	058 320 5456 058 320 7746
191	Shoa Robit	ሸዋ ሮቢት	033 664 0704 033 664 1995
192	Tana Bahir Dar	ጣና ባህር ዳር	058 226 2018 058 226 2002
193	Weldiya	ወልዲያ	033 540 0791 033 540 0789

Hawassa District Office Branches

S.N	Branches	ቅርንጫፎች	Telephone
ሃዋሳ ዲስትሪክት ጽ/ቤት Hawassa District Office			046 212 2288 046 212 0897
194	Aleta Wondo	አለታ ወንዶ	046 224 0453 046 224 0687
195	Angacha	አንገጫ	046 340 0404 046 340 0406
196	Arbaminch	አርባ ምንጭ	046 881 5093 046 881 5076
197	Asella	አሰላ	022 331 8292 022 331 8294
198	Atote-Hawassa	አቶቴ ሐዋሳ	046 212 5017 046 212 5015
199	Bale Robe	ባሌ ሮቤ	022 244 2959 022 244 1986
200	Batu	ባቱ	046 141 8156 046 141 5362
201	Bonosha	ቦኖሻ	046 453 0371 046 453 0256
202	Bule Hora	ቡሌ ሆራ	046 443 1105 046 443 1106
203	Butajira	ቡታጅራ	046 145 0060 046 145 0061
204	Damboya	ዳምቦያ	046 245 0276 046 245 0233
205	Dilla	ዲላ	046 331 1105 046 331 0120
206	Doyogena	ዶዮገና	046 224 0404 046 224 0405

207	Durame	ዱራሜ	046 554 1449 046 554 1446
208	Fonko	ፎንቆ	046 263 0307 046 263 0308
209	Hadero	ሀደሮ	046 432 0617 046 432 0619
210	Halaba Kulito	ሀለባ ቁሊቶ	046 556 1818 046 556 1316
211	Hawassa	ሐዋሳ	046 220 2629 046 220 4172
212	Hawassa Arab sefer	ሐዋሳ አረብ ሰፈር	046 212 4361 046 212 4302
213	Hawassa Monopol	ሃዋሳ ሞኖፖል	046 212 8081 046 212 7833
214	Hawassa Tabor	ሃዋሳ ታቦር	046 212 3991 046 212 3992
215	Homecho	ሆሜቻ	046 251 0285 046 251 0397
216	Hosaena	ሆሳዕና	046 555 4216 046 555 4209
217	Hosaena Gombora	ሆሳዕና ኅምቦራ	046 178 0533 046 178 0534
218	Hulbareg	ሁልባረግ	046 269 0295 046 269 0499
219	Jajura	ጃጃራ	046 265 0308 046 265 0015
220	Jinka	ጃንካ	046 775 2294 046 775 2112
221	Konso Karat	ኮንሶ ካራት	046 773 0579 046 896 4232
222	Meki	መቂ	022 118 1200 022 118 1227
223	Moyale Sub Branch	ሞያሌ ንዑስ ቅርንጫፍ	046 444 1603 046 444 1750
224	Mudula	ሙዱላ	046 235 0626 046 235 0523
225	Negele	ነጌሌ	046 445 2320 046 445 7473
226	Negele Arsi	ነጌሌ አርሲ	046 116 2815 046 116 2816
227	Shakiso	ሻኪሶ	046 334 1851 046 334 1850
228	Shashemene	ሻሻመኔ	046 110 3468 046 110 3466
229	Shashemene Arada	ሻሻመኔ አራዳ	046 211 0621 046 211 4546
230	Shashemene Oda	ሻሻመኔ ኦዳ	046 211 1536 046 211 0984
231	Shinshicho	ሽንሺቻ	046 339 0893 046 339 0923



232	Wegagen Amana Werabe	ወጋገን አማና ወራቤ	046 212 2288 046 212 1681
233	Wolayita Sodo	ወላይታ ሶዶ	046 551 4592 046 551 4593
234	Yirgachefe	ይርጋጨፊ	046 332 0410 046 332 0161
235	Yirgalem	ይርጋለም	046 225 2421 046 225 2458

Dire Dawa District Office Branches

S.N	Branches	ቅርንጫፎች	Telephone
ድሬዳዋ ዲስትሪክት ጽ/ቤት Dire Dawa District Office			025 111 0827 025 111 0442
236	Al-Baraka	አል በረካ	025 278 3562 025 278 4299
237	Awash 7 Kilo	አዋሽ 7 ኪሎ	022 224 1571 022 224 1484
238	Aweday	አወዳይ	025 662 0280 025 662 0167
239	Babile	ባቢሌ	025 665 0592 025 665 0594
240	Chiro	ጭሮ	025 659 0685 025 659 0455
241	Degahbur	ደጋህቡር	025 771 0702 025 771 0596
242	Dire Dawa	ድሬዳዋ	025 112 4669 025 111 1101
243	Gode	ጎደ	025 776 1541 025 776 2163
244	Hafet-Issa	ሃፈት ኢሳ	025 112 4674 025 112 4699
245	Harar	ሐረር	025 666 3623 025 666 4622
246	Harar Arategna	ሐረር አራተኛ	025 466 9894 025 466 2289
247	Havana	ሃቫና	025 278 8669 025 278 6326
248	Jigjiga	ጅግጅጋ	025 775 7628 025 775 2057
249	Kebre-Daher	ቀብራ-ደሀር	025 774 1453 025 774 1231
250	Kebri-Beyah	ቀብራ-በያህ	025 669 0477 025 669 0356
251	Kezira	ከዚራ	025 111 0285 025 113 0372
252	Logia	ሎጊያ	033 550 0499 033 550 0503
253	Sabian	ሳቢያን	025 411 1984 025 411 6448

254	Seid-Square	ሰይድ አደባባይ	025 278 0949 025 278 2914
255	Semera	ሰመራ	033 366 0100 033 366 0102
256	Togo-Wajaale Sub Branch	ቶጎ-ዋጃሌ ንዑስ ቅርንጫፍ	025 882 0033 025 882 0032

Jimma District Office Branches

S.N	Branches	ቅርንጫፎች	Telephone
ጅማ ዲስትሪክት ጽ/ቤት Jimma District Office			047 111 6168 047 111 6305
257	Abobo	አቦቦ	047 559 0423
258	Agaro	አጋሮ	047 221 1031 047 221 1051
259	Ameya	አመያ	047 227 0424 047 227 3498
260	Assosa	አሶሳ	057 775 1362 057 775 1422
261	Awetu	አዌቱ	047 211 6739 047 211 9630
262	Bedele	በደሌ	047 445 1809 047 445 1810
263	Bonga	ቦንጋ	047 331 1971 047 331 1933
264	Dimma	ዲማ	09 93 84 95 16 09 25 34 24 75
265	Gambella	ጋምቤላ	047 551 1767 047 551 1944
266	Gambella New Land	ጋምቤላ ኒውላንድ	047 151 3233 047 151 0044
267	Gimbi	ጊምቢ	057 771 2308 057 771 2797
268	Itang	ኢታንግ	047 465 0404
269	Jimma Abajifar	ጅማ አባጅፋር	047 111 6393 047 112 3616
270	Jimma Gibe	ጅማ ጊቤ	047 211 1003 047 211 2838
271	Jimma Jiren	ጅማ ጅሬን	047 211 3184 047 211 3186
272	Jimma Bore	ጅማ ቦሬ	047 211 3180
273	Lare	ለሬ	047 553 0023 047 553 0540
274	Maji	ማጂ	047 811 1258
275	Menit Shasha	መኔነት ሻሻ	047 452 7576 047 452 7599
276	Meti	ሜጢ	047 339 0627 047 339 0628



277	Metu	መቱ	047 141 1050
278	Mizan Aman	ሚዛን አማን	047 135 0066 047 135 0098
279	Nekemte	ነቀምት	057 661 3068 057 661 3081
280	Omo	አሞ	09 10 23 04 20
281	Openo	አፔኖ	047 151 0038 047 151 0039
282	Pinyudo	ፒንዑዶ	047 465 0404
283	Sheko	ሸኮ	047 778 0526 047 778 0313
284	Shey Bench	ሼይ ቤንች	047 777 0508 047 777 0725
285	Tello	ጠሎ	047 077 1033 047 077 1019
286	Tepi	ቴፒ	047 556 2620 047 556 2621
287	Terpham	ተርፋም	047 851 9369
288	Wacha	ዋቻ	047 338 0455 047 338 0456
289	Welkite	ወልቂጤ	011 365 8180 011 365 8116

Mekelle District Office Branches

S.N	Branches	ቅርንጫፎች	Telephone
	መቀሌ ዲስትሪክት ጽ/ቤት Mekelle District Office		034 241 5185 034 241 5186
290	Abala (Afar)	አብዓለ (አፋር)	034 665 0495/0491
291	Abyi Addi	ዓብይ ዓዲ	034 446 0503 034 446 0313
292	Addi Hawusi	አዲ ሃውሲ	034 440 8439/31
293	Adi Shumdhun	አዲ ሹምድሀን	034 241 0017/44
294	Adi Gudem	አዲ ጉደም	034 437 0665
295	Adi Ha	ዓዲሐ	034 241 5575 034 241 8477
296	Adigrat	አዲግራት	034 445 2866 034 445 2790
297	Adigrat Menaheria	አዲግራት መናኸሪያ	0918 81 26 80
298	Adishu	ዓዲሹ	034 241 5185/86
299	Agaziyan	አግአዝያን	0924221332 0914586441
300	Agulae	አጉላዕ	034 314 0486 034 314 8221

301	Alamata	አላማጣ	034 774 0772 034 774 0264
302	Ambasera	አምባሴራ	0917 331 937 0342 401 303
303	Arid	አሪድ	0914 215 467
304	Atsbi	አፅቢ	034 340 0322/27
305	Ayder (Mekelle)	አይደር (መቀሌ)	034 240 8582
306	Castle (Mekelle)	ካስትል (መቀሌ)	034 440 2689/79
307	Chercher (Raya)	ጨርጨር (ራያ)	034 317 0338
308	Daero	ዳዕሮ	034 241 3466
309	Dera	ደራ	034 241 5185/86
310	Edaga Arbi	አዳጋ አርቢ	034 346 0360/44
311	Edaga Hamus	አዳጋ ሐሙስ	034 773 0546 034 773 0185
312	Edaga Kedam	አዳጋ ቀዳም	0914 17 91 70
313	Edaga Mekelle	አዳጋ መቀሌ	034 441 3666/22
314	Enda Tirota	እንዳ ጥርታ	0945 05 81 72
315	Enkodo Mekelle	እንኮዶ መቀሌ	034 241 5415/26
316	Fatsi	ፋዲ	034 241 5185/86
317	Freweyni	ፍረወይኒ	034 447 0645/35
318	Gidimti	ግድምቲ	034 241 9839 034 241 6946
319	Guya	ጉያ	0914 47 35 93
320	Hadnet	ሐድነት	034 241 5414/23
321	Hageresalam	ሀገረሰላም	0910525264
322	Haik Mesahal	ሃይቅ መስሐል	0968 88 93 21
323	Hawelti	ሀውልቲ	034 441 9674 034 441 9433
324	Hawzen	ሐውዜን	034 667 0206/ 8604
325	Hawzen Adebabay	ሐውዜን አደባባይ	034 241 5185
326	Hewane	ሒዋነ	034 315 0483 034 315 0528
327	Kalid	ኻሊድ	0914705524
328	Illala	ኢላላ	034 440 6954/56
329	Kelamino	ቃላሚኖ	09 14 15 49 49
330	Kelkel Debri	ቀልቀል ደብሪ	034 241 2564/79
331	Kilte Awlaelo	ክልቲ አውላሎ	034 443 1217/44
332	korem	ኮረም	09 14 16 70 85



333	Kukufto	ኩኩፍቶ	09 04 04 93 27/30
334	Lachi	ላጪ	034 241 4895 034 241 3268
335	Lachi Meneharia	ላጪ መናኸሪያ	09 14 74 89 20
336	Maichew	ማይጨው	034 777 0563/49
337	Mayliham	ማይሊሐም	034 240 3490 034 240 3256
338	Megab	መጋብ	034 241 5185/86
339	Mehoni	መኾኒ	034 664 0258/62
340	Mekelle	መቀለ	034 440 8933/34
341	Meles Zenawi	መለስ ዜናዊ	034 241 5185
342	Messebo	መሰቦ	034 241 5185/86
343	Meyda Agame (Adigrat)	መይዳ ዓጋመ (ዓዲግራት)	034 445 1785/94
344	Midregenet Mekelle	ምድረገነት መቐለ	034 241 5185/86
345	Miwtsae Werki	ምውዳዕ ወርቂ	034 245 2413/0697
346	Momona	ሞሞና	034 240 4874
347	Nebelet	ነበለት	034 328 0240/85
348	Quiha	ኩሃ	034 240 2590/2054
349	Ras Alula Abanega	ራስ አሉላ አባነጋ	034 446 1777 034 446 1337
350	Raya Timuga	ራያ ጥመጋ	034 316 0280/18
351	Romanat	ሮማናት	034 440 6608/10
352	Samre	ሳምረ	034 241 5185/86
353	Sebeya	ሰበያ	0914 09 65 59
354	Tsigereda	ፅጌረዳ	034 241 5185/86
355	Welwalo	ወልዋሎ	0930 00 18 73
356	Wukro	ውቅሮ	034 443 0373/0683
357	Yechila	የጭላ	034 422 0372
358	Zala Ambesa	ዛላ አምበሳ	034 779 0647

Shire District Office Branches

S.N	Branches	ቅርንጫፎች	Telephone
		ሽረ ዲስትሪክት ጽ/ቤት Shire District Office	034 244 3685 034 244 4248
359	Adi Abun	አዲ- አቡን	034 271 0001/02
360	Adi Awala	ዓዲ አውዓላ	034 241 5185/86
361	Adi Daero	አዲ ዳዕሮ	034 432 0539/41
362	Adi Goshu	አዲ ጎሹ	09 14 11 45 87

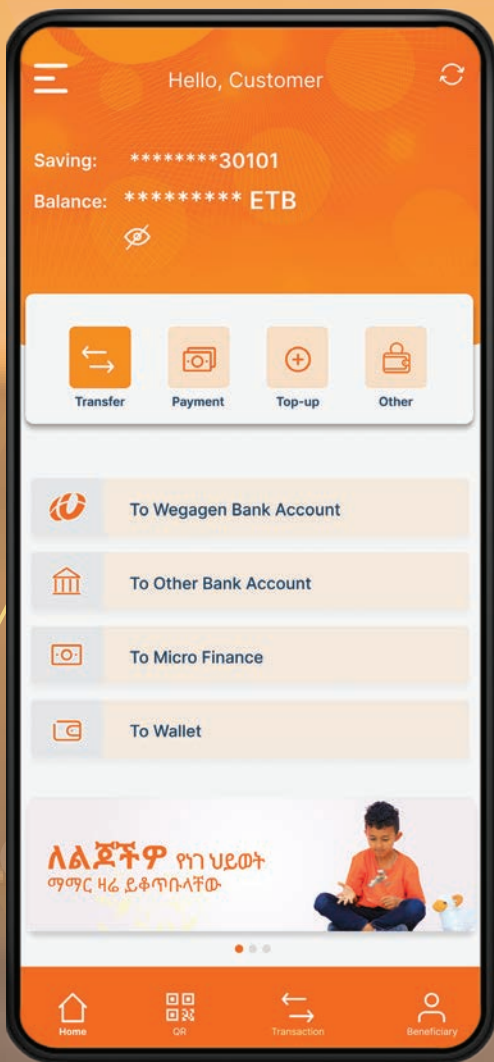
363	Adi Hageray	አዲ ሃገራይ	034 324 0707/0372
364	Adi Mahleka	ዓዲ ማህለካ	034 244 3685/4248
365	Adi Nebried	ዓዲ ነብሪዊድ	034 325 0005/06
366	Adi Remets	ዓዲ ረመፅ	034 244 3681/85
367	Adwa	አድዋ	034 771 4046/43
368	Ahsea	አሕሰአ	09 66 85 38 24
369	Axum	አክሱም	034 775 3631/95
370	Axum University Sub Branch	አክሱም ዩኒቨርሲቲ ንዑስ ቅርንጫፍ	034 775 3631
371	Baeker	ባዕከር	034 244 3681/85
372	Bizet	ብዘት	034 312 0424/0501
373	Chila	ጭላ	034 559 4308
374	Dansha	ዳንሻ	034 436 0451/0118
375	Dibdibo	ድብድቦ	034 556 0415/0358
376	Edaga Axum	እዳጋ አክሱም	034 275 6108
377	Edaga Enticho	እዳጋ እንጥጭ	034 244 3685/4248
378	Edaga Hibret	እዳጋ ህብረት	034 244 3681/85
379	Edaga Shire	እዳጋ ሸረ	034 244 6107/4587
380	Endabaguna	እንዳባጉና	034 661 0473/86
381	Endasellasia	እንዳሰላሴ	034 444 4117/31
382	Enticho	እንትጭ	034 449 0602/0803
383	Feres May	ፈረስ ማይ	034 310 0174/62
384	Gerhu Sirnay	ገርሁ ስርናይ	034 438 0408/0353
385	Hitsats	ህፃፅ	034 140 8520
386	Humera	ሁመራ	034 448 0005/07
387	Kaleb	ካሌብ	034 275 0081/82
388	Korarit	ቆራሪት	034 844 0772/81
389	Mahbere Dego	ማህበረ ዴጎ	034 329 0122/23
390	May kinetal	ማይ ቅነጣል	0930 49 38 64
391	May Tsebri	ማይ ፀብሪ	034 662 0368/70
392	Maygaba	ማይገባ	0972 16 17 00
393	Mayhanse	ማይሀንስ	034 244 3681/85
394	Maykadra	ማይካድራ	034 332 0055/0122
395	Midre Genet	ምድረ ገነት	0914 18 63 44



396	Midre-Hayelom	ምድረ ሓየሎም	0914 21 08 10
397	Nigiste Saba	ንግስተ-ሳባ	034 275 0061/74
398	Rama	ራማ	034 555 0585
399	Remhay	ረምሃይ	034 275 0066/77
400	Sehul Shire	ስሁል ሸረ	0913 80 22 30
401	Selekleka	ሰለክለካ	034 776 0495/97
402	Semema	ሰመማ	034 445 5576/80
403	Setit Humera	ሰቲት ሁመራ	0914 44 75 72
404	Sheraro	ሸራሮ	034 550 0025/0104
405	Shire	ሸረ	034 444 2165/2424
406	Shire meneharia	ሸረ መነሃሪያ	034 444 2165/2424
407	Soloda	ሶሎዳ	034 271 0001/20
408	Tahtay Adiyabo	ታህታይ አዲያቦ	0914 17 47 17
409	Tekeze	ተክኔ	0921 99 12 12
410	Wukro Maray	ውቅሮ ማራይ	034 668 0208/0575

ስልክዎ ገንክዎ

ወጋገን ሞላይል መተግበሪያን በማውረድ
ወይም *866# በመጠቀም በማንኛውም
ጊዜ እና ቦታ ሂሳብዎን ያንቀሳቅሱ



ለተጨማሪ መረጃ ወደ ደንበኞች ግንኙነት ማዕከል 866
በነፃ ደውለው ይጠይቁ፣ ይስተናገዱ።



Excelling Together

Ras Mekonnen Street, Wegagen Tower
P.O.Box: 1018, Addis Ababa, Ethiopia
Tel: + 251 11 552 3800, +251 11 517 7500
info@wegagen.com SWIFT: WEGAETAA
Contact Center: 866

