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ADDIS INTERNATIONAL BANK S.C.

ANNUAL REPORT
2019/20

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ANNUAL REPORT

2019/20

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ADDIS INTERNATIONAL BANK S.C.

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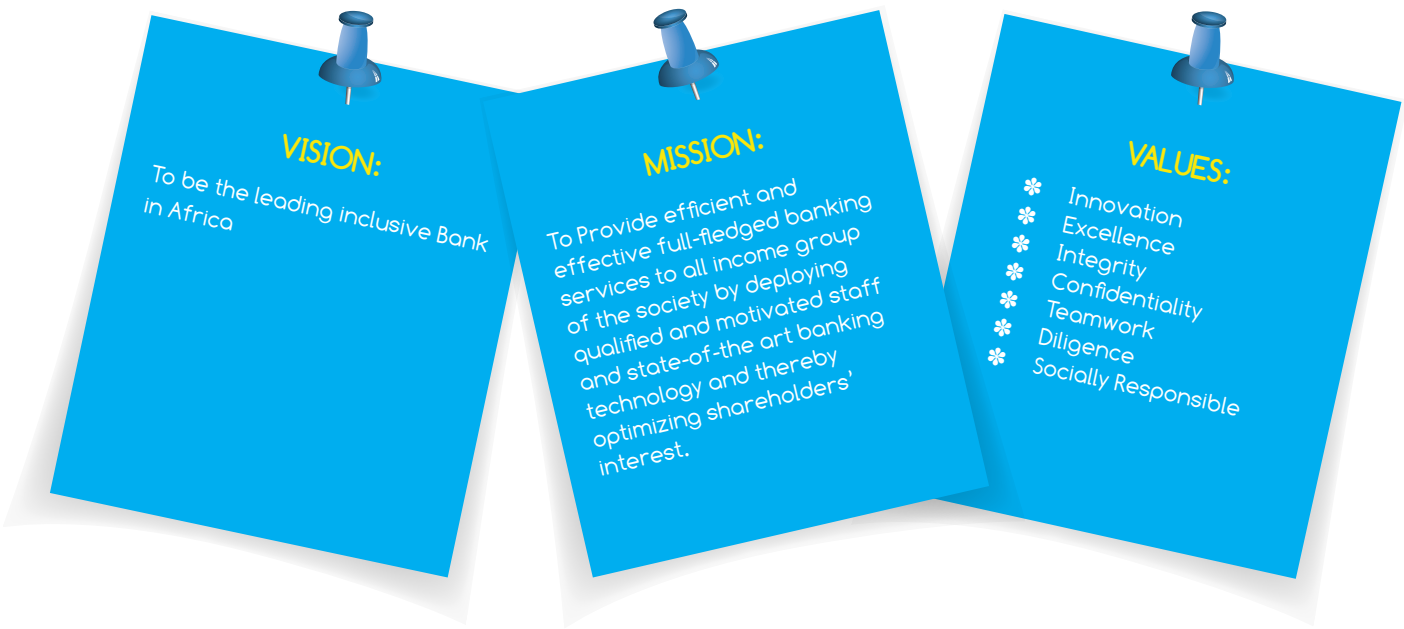
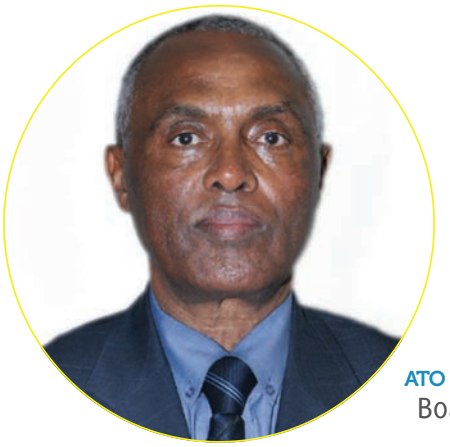


BOARD OF DIRECTORS



ATO KASSAHUN BEKELE
Board Chairman

W/RO ALMAZ TSEGAYE
Director

ATO ASSEFA GUYA
Director

ATO DAGNEW GESSESSE
Director

DR. DERESSE MERSHA
Director

ATO FANTAHUN BELEW
Director

ATO GETACHEW MANDEFRO
Director

ATO MASRESHA MEKONNEN
Director

ATO MESFIN G.SELASSIE
Director

ATO MULUGETA GEBRU
Director

ATO TESHOME KEBEDE
Director

W/RO TIZITA KETEMA
Director

EXECUTIVE MANAGEMENT

ATO HAILU ALEMU
President

ATO WONDWESSEN ASSEFA
Vice President Operation

ATO BOGALE KIBRET
Executive Assistant & Board Secretary

ATO GEZU AYELE
Manager, Legal Service

ATO GIRMA KINFEMICHAEL
Chief Information Officer

W/RO KOKEB ASHAME
Director International Banking Dep't

ATO SAHLEMICHAEL MEKONNEN
Director, Branch Operation & E-Banking Dep't

ATO SELESHI MEKONNEN
Director, Accounts & Finance Dep't

ATO SIME G.SELASSIE
Director, HR & Facility Management Dep't

ATO SINTAYEHU GURMU
Director, Credit Dep't

ATO TEKLE WAKJIRA
Director, Corporate Planning & Business Development Dep't

ATO TEWODROS BEZUNEH
Director, Internal Audit Dep't

ATO TSEGA T.YESUS
Director Risk & Compliance Management Dep't

MESSAGE FROM
THE BOARD CHAIRMAN

On behalf of the Board of Directors and myself, I have the pleasure to present the 9th Annual Report of the Board of Directors of Addis International Bank S.C. (AdIB) for the financial year ended June 30, 2020 in accordance with Article 391/1 of the Commercial Code of Ethiopia.

According to the International monetary fund June 2020 report, global growth has been sharply declining to negative 4.9 percent due to corona virus (COVID-19) outbreak that has had a more negative impact on economic activity. Global trade suffered a deep contract in 2020 due to considerable weaker demand for goods and services. Commodity, energy, and metal prices have fallen sharply due to measures taken to contain the pandemic. Oil price collapsed due to OPEC+ coalition broke down, international and domestic travel restrictions throughout the world that led to an unprecedented decline in oil demand in 2020.

Advanced Economies are experiencing widespread outbreaks and deploying containment measures. Several economies in the group are forecasted to contract in 2020, including the United States, Japan, the United Kingdom, Germany, France, Italy, and Spain.

Despite the limited outbreak, most African countries, have introduced stringent lockdowns and social distancing measures. They are experiencing a major contraction of the external demand and more adverse financing conditions. In addition, the collapse in tourism and the decline in remittances affected several countries.

According to the IMF press release of August 2020, the COVID-19 pandemic has had a significant adverse impact on Ethiopia and created serious health and economic challenges. Economic growth is estimated to have slowed considerably in 2019/20 financial year with a gradual recovery expected to begin in late 2020. The government has implemented comprehensive measures to contain the spread of the virus and assist vulnerable households. On the fiscal front, the supplementary budget approved in May 2020 provided resources for additional healthcare and humanitarian spending and approved fiscal relief to businesses. Moreover, the Government availed additional liquidity to support the banking system to address the expected liquidity shortage, propriety access to foreign exchange importers and producers of COVID -19 related goods, raised mobile money transfer limits, relaxed non-performing loan directives to allow banks to reschedule loan repayments for highly affected sectors.

Despite the unprecedented challenges, the Bank has registered growth in every sphere of its operation during the financial year 2019/20. Both deposits (including letter of credit margin) and loans and advances have reached new heights of Birr 4.8 billion and Birr 3.5 billion, respectively. Profit after tax reached an all time high of Birr 213.1 million, yielding Birr 225 per share. The Bank's branch network reached 75 (seventy five) by the end of the financial year 2019/20.

The Bank's shareholders have shown a strong commitment to strengthen the capital base of their Bank over the last nine years. The Board continued to follow-up the implementation of the decision made by the shareholders to raise the Bank's paid-up capital to Birr 1.5 billion. The Bank allowed new shareholders to buy its shares to meet the paid-up capital target within the timeframe set by the shareholders. To this effect, the paid up capital reached Birr 966.4 million by the end of June 30, 2020.

So far, all branches are networked with core banking solution. During the review period, the Bank conducted an assessment on the efficiency of the existing core banking technology and decided to replace it with a new one. It is in the process of acquisition of the necessary software and hardware and will accommodate new products and improve the competitiveness of the Bank in customer service.

During the financial year 2019/20, the Addis Ababa City Administration has approved lease land for the Bank Head Office Building. The site is located at Lidata Sub City in front of the Addis Ababa Commercial College. However, the land was not clear and handed over to us. We are working with the city administration to receive the land.

During the review period, the Board of Directors has conducted regular and special meetings. Several sub-committee meetings have been also held to provide close guidance and support to the Bank's Management. I would like to take this opportunity to thank all directors for their commitment.

AdIB has closed its 9th years of operation with uninterrupted track records of profitability. The pillars of the Bank's success have been the confidence and support of its customers and the dedication of the Bank's Management and employees. The shareholders of the Bank also gave support to their Bank to ensure its success. I would like to thank all of the stakeholders for their indispensable contributions to the success of the Bank over the last nine years.

I look forward to renewed support and confidence of the Bank's shareholders and customers for the years ahead. The commitment of the Bank's Management and employees to raise the quality of services provided to the Bank's customers is also indispensable in order to register higher levels of performance for their Bank in the coming years.

Kassahun Bekele

Board Chairman

MESSAGE FROM THE PRESIDENT

The financial year 2019/20 was full of unprecedented challenges, the COVID-19 pandemic that impacted our activities since the third quarter, the continued heightened conflicts and political uncertainties, the chronic shortage of foreign currency, high inflation and the liquidity shortage of the banking industry during the first half of the financial year.

Despite all the challenges, the overall performance of the Bank has been encouraging. The total assets of the Bank reached Birr 6.5 billion as at June 30, 2020. It increased by Birr 975.6 million compared to the same period of last year. Similarly, the loans and advances went up to Birr 3.5 billion, registering a growth of 30 percent. The total deposit of the Bank, including margin held for letters of credit reached Birr 4.8 billion, registering a growth of 16 percent compared to the same period of last year. The paid-up capital and total capital reached Birr 966.4 million and Birr 1.4 billion showing growth of 16 percent and 22 percent, respectively. The Bank also registered a profit before tax of Birr 274.2 million during the financial year 2019/20, showing an increment of Birr 69.1 million (34 percent) compared to the same period of last year.

The Bank opened seven additional branches whereby the total number of branches reached 75 as at June 30, 2020, of which forty-five in Addis Ababa and thirty in regional towns. In order to allow the Bank to adopt new technologies and support its service delivery, the Bank is on the process

to change its core banking solution. The changes also include ATM, mobile and internet banking. The integration of the Core Banking Solution with the Derash Tax system has been completed, which enabled the Bank's customers to pay their taxes through our branches.

Similarly, the Bank has given special attention to human resource development. Accordingly, it conducted different trainings with a total cost of Birr 4.3 million for 1,391 participants. As a breakthrough, soft skill trainings had been also arranged in eight rounds of which only two rounds were delivered due to the pandemic. The Bank has put in practice the revised benefit scheme in a bid to reinvigorate talent attraction and retention. With the aim of harnessing internal resources, significant number of staff has got a promotion opportunity. During the review period, the permanent staff of the Bank also reached 646, increased by 71 compared to last year same period.

I would like to express my sincere appreciation to the Bank's Board of Directors for their guidance and leadership and creating an enabling environment for the Management to conduct its day-to-day banking activities. My appreciation also goes to the Management and the entire staff who enabled the Bank to attain an impressive performance through unfettered commitment and hard work. I would also like to thank the Bank's customers for their unhesitating trust they bestowed on us and encouragement, which have been the bases of the success during the last nine years of the Bank's operation. It is my belief that the Management and the staff will continue to perform better as a team to deliver a strong and consistent result in the coming financial year.

Finally, I would like to thank the National Bank of Ethiopia, banks and insurance companies, correspondent banks and all stakeholders for their guidance and support. I look forward to strengthening the mutually beneficial business relationships that we had built together over the last nine years.

Hailu Alemu

President

Directors' Report

The Board of Directors of Addis International Bank S.C. is pleased to present the annual report of the Bank for the year ended June 30, 2020 to its shareholders. The report is divided into two parts: the highlights of the major performance of the Bank and the external audit report.

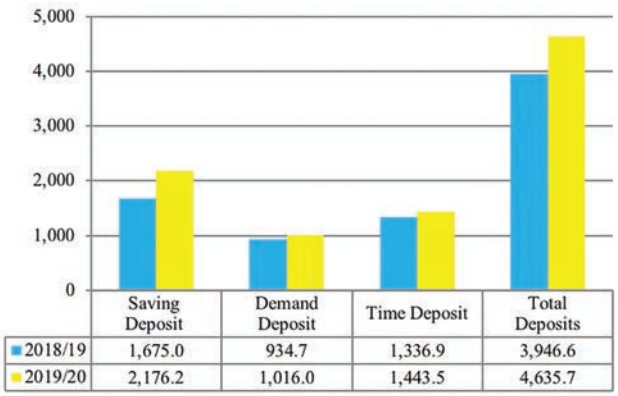
1. Operational Performance

During the financial year 2019/20, the Bank registered progress in all areas of operation in spite of all the challenges associated with COVID-19 pandemic, instability in some parts of the country, liquidity problem in the industry, high inflation and shortage of foreign currency. Details of the performance are presented in subsequent sections below.

1.1 Deposit Mobilization

The total deposits of the Bank, including margins held on letters of credit reached Birr 4.8 billion as at June 30, 2020. It grew by Birr 648.0 million or 16 percent compared to last year same period due to increase in savings deposit by Birr 501.2 million (30 percent), time deposits by Birr 106.6 million (8 percent) and demand deposits by Birr 81.4 million (9 percent), while the margins held on letters of credit reached Birr 124.9 million. The steady growth in deposits helps the Bank to satisfy the demand for credit of its customers and increase its profitability. The Bank will continue to take the necessary measures to increase its deposits in the future.

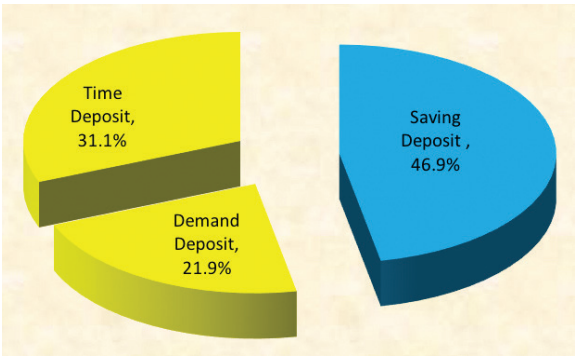
Figure 1: Growth in Deposits by type (in millions of Birr)



	Saving Deposit	Demand Deposit	Time Deposit	Total Deposits
2018/19	1,675.0	934.7	1,336.9	3,946.6
2019/20	2,176.2	1,016.0	1,443.5	4,635.7

At the end of June 30, 2020, out of the total deposits, 47 percent was savings deposit, while the remaining 31 percent and 22 percent were time and demand deposits respectively.

Figure 2- Composition of Deposits



The total deposits accounts of the Bank reached 207,702 by the end of June 30, 2020. It increased by 57,698 accounts or 38 percent compared to the last year same period. Such high customer growth indicates the growing confidence of the public in our Bank.

1.2 Loans and Advances

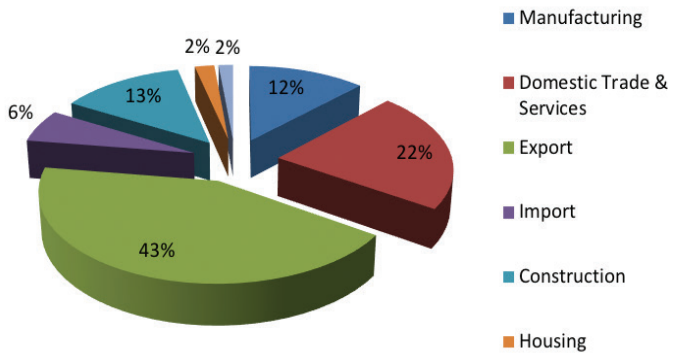
The total outstanding loans and advances stood at Birr 3.5 billion by the end of June 30, 2020. It increased by 30 percent (or Birr 804.3 million) compared to last year same period. The loan to deposit ratio reached 75.1 percent.

Table 1: Growth in Loans and Advances by Economic Sector (in millions of Birr)

Economic Sector	June 30, 2020	June 30, 2019	Growth (%)
Agriculture	7.1	21.1	(66.6)
Transport	16.3	17.0	(4.1)
Manufacturing	428.5	295.0	45.3
Domestic Trade & Services	769.8	626.8	22.8
Export	1,495.8	1,268.4	17.9
Import	210.3	119.7	75.7
Construction	453.5	248.9	82.2
Personal	11.7	8.2	43.8
Housing	71.1	65.3	8.8
Staff Loan	17.6	6.9	154.7
Total	3,481.7	2,677.4	30.0

Out of the total outstanding loans and advances, Birr 1.5 billion (43 percent) went to export sector followed by domestic trade and services Birr 769.8 million (22 percent), manufacturing Birr 428.5 million (12 percent) and construction Birr 453.5 million (13 percent). Import, housing, transport, agriculture and personal loans constituted the remaining balances.

Figure 3: Sectoral Classification of Loans and Advances



At the end of 2019/20 financial year, the Bank was able to contain the ratio of non-performing loans to total principal outstanding loans and advances at 2.9 percent which is below the regulatory requirement of five percent.

1.3 International Banking Operation

The Bank continued to give special attention towards raising its foreign currency resource in order to readily meet foreign exchange demands and enhance its income. During the financial year 2019/20, foreign currency resource mobilized from export increased compared to last year same period. However, foreign currency from remittance, incoming transfer and cash purchase decreased compared to similar period mainly due to the slowdown in global economy, Covid-19 pandemic and the surge in parallel market.

The income generated from international banking operations reached Birr 192.9 million during the financial year 2019/20, increased by Birr 26.8 million (16 percent) compared to the last year same period.

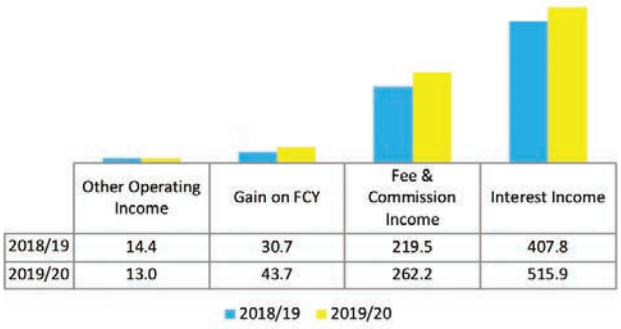
Moreover, the Bank has established correspondent banking relationships with ten reputable foreign banks, and eight money transfer agents: - Western Union, Money Gram, Dahabshiil, Trans-Fast, Ria, XPRES Money, World Remit and Exchage4Free.

2. Financial Performance

2.1 Income

The total income of the Bank reached Birr 834.8 million by the end of June 30, 2020. It increased by 24 percent compared to last year same period due to the rise in interest income as well as fees and commission charges.

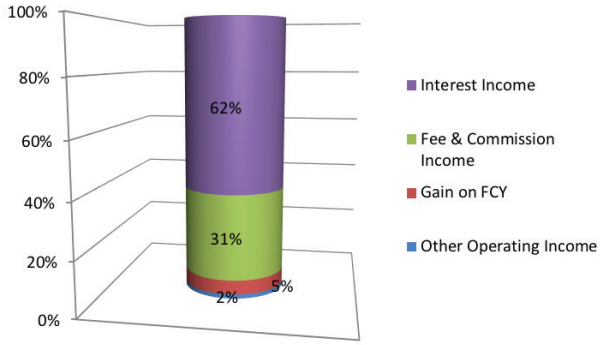
Figure 4: Income 2018/19 vs 2019/20 (in millions of Birr)



	Other Operating Income	Gain on FCY	Fee & Commission Income	Interest Income
2018/19	14.4	30.7	219.5	407.8
2019/20	13.0	43.7	262.2	515.9

Interest income accounted for 62 percent of the total income, while fees and commission charges, gain on FCY and other income constituted the remaining balance. The following chart shows the composition of income by category.

Figure 5: Composition of Income by Category

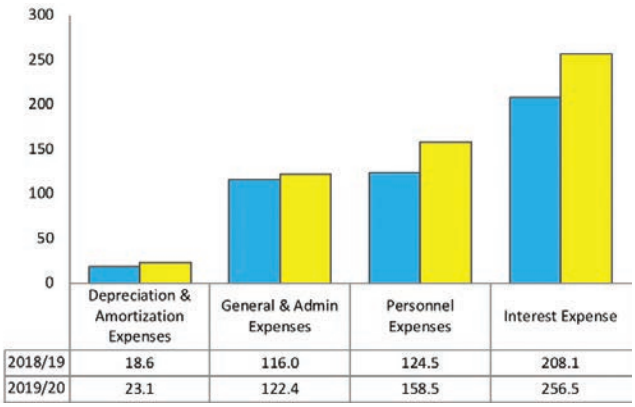


2.2 Expense

The total expenses of the Bank reached Birr 560.5 million by the end of June 30 2020, showing an increase of Birr 93.4 million (20 percent) compared to last year same period.

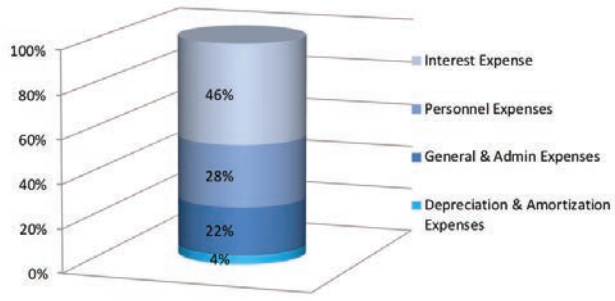
The rise in expense was mainly due to the 23 percent increase in interest expense, increase in general & administrative expense and salaries & benefits. The increase in the number of branches and the soaring office rent price contributed for the rise in expense.

Figure 6: Expense 2018/19 vs 2019/20 (in millions of Birr)



	Depreciation & Amortization Expenses	General & Admin Expenses	Personnel Expenses	Interest Expense
2018/19	18.6	116.0	124.5	208.1
2019/20	23.1	122.4	158.5	256.5

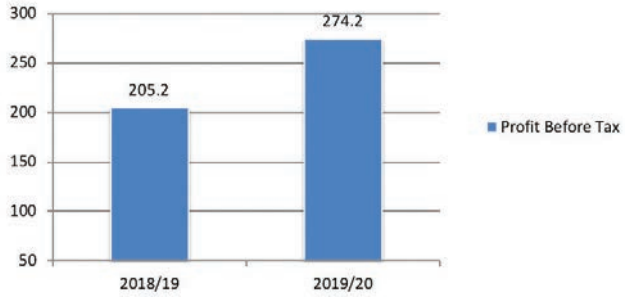
Figure 7: Composition of Expense by Category



2.3 Profit

The Bank registered Birr 274.2 million profits before tax at the end of June 30, 2020. It surpassed last year's performance by Birr 69.1 million or 34 percent. Similarly, net profit after tax of Birr 213.1 million was recorded, showing an increase of Birr 53.9 million (34 percent) compared to the preceding financial year. This encouraging result is attributable to an increase in the Bank's income as well as managing controllable expense at reasonable level during the reviewed period.

Figure 8: Profit before tax (in millions of Birr)



As a result, the Bank's return on assets (ROA) stood at 3.6 percent showing an increase of 0.3 percent compared to the previous financial year. Return on equity increased to 17.3 percent from 15.8 percent recorded during the corresponding period of last year.

Earnings per share (EPS) of the Bank stood at 22.5 percent which was higher by 1.8 percent compared to 20.7 percent to last year same period. The result achieved indicates the Bank's uninterrupted track record of profitability and the continuation of its growth path.

2.4 Asset

The total assets of the Bank stood at Birr 6.5 billion by the end of June 30, 2020 from Birr 5.5 billion of June 30, 2019, registering an increase of Birr 975.6 million mainly due to the increase in loans and advances. Net loans and advances constituted 53 percent of the total asset. In addition, the outstanding bills purchased from the National Bank of Ethiopia reached Birr 862.5 million. It declined by Birr 200.3 million (19 percent) compared to the same period last year. The liquid asset of the Bank constituted 23 percent of the total assets.

2.5 Capital

At the end of the financial year 2019/20, the total capital of the Bank reached Birr 1.4 billion, registering a growth of Birr 244.9 million (22 percent) compared to last year same period. Similarly, the paid-up capital reached Birr 966.4 million showing a growth of 16 percent. The total number of shareholders reached 12,619 by the end of June 30, 2020.

Table 2: Composition of Capital in millions of Birr

Description	June 30, 2020	June 30, 2019	Growth (%)
Total capital	1,356.5	1,111.6	22.0
Paid up Capital	966.4	831.3	16.3
Number of Shareholders	12,619	11,682	8.0

3. Human Resource Development

The permanent staff of the Bank at the end of the financial year 2019/20 reached 646. A net increase of 71 was registered in total number of employees during the period under review to fill the vacant posts at the Head Office and existing branches as well as the newly opened branches. The contract staff of the Bank also reached 66. As a result, the total staff of the Bank, both permanent and contract was 712. During the period under review, 157 additional employees joined the Bank, while 86 employees left the Bank due to better opportunities and personal reason. Moreover, the Bank utilized Birr 4.3 million for training 1,391 participants.

4. Information Technology Development

In an effort to make its service delivery efficient and effective, the Bank has decided to replace the existing core banking solution. To this effect, preparation of Request for proposal (RFP) for the new core banking solution, mobile banking, and internet banking, as well as preparation of requirement and design for the share management module was completed.

Point of sell (POS) interoperability pilot testing and email security awareness training have been conducted. In addition, replacing the old firewall system with a new and integration of the Core Banking Solution with the Derash Tax system has been completed.

5. Branch Expansion

During the financial year 2019/20, the Bank has continued to expand its branch network by opening seven new branches. As a result, the total number of branches reached seventy-five. Out of seven new branches, four branches were in Addis Ababa, and three branches in regional towns. The branches include Humera, Urael,Tewdros Adebabay, Kebena, Sholla Gebeya, Injibara and Enkodo.

6. The Way Forward

There are a number of issues that needs to be addressed to ensure sustainability and better performance during the next financial year. The Bank will raise its paid up capital through sells of additional shares to the existing shareholders and to the public to reach the authorized capital approved by the General Assembly.

Aggressive deposit mobilization will be one of the main tasks of the Bank during the next financial year by taking appropriate measures relevant to the current situations. Given the likely liquidity problem due to the pandemic, it requires cautious follow-up of borrowers in the coming financial year.

The Bank will establish new money transfer agent relationship by

entering agreements with credible international money transfer companies and attract more exporters to enhance its foreign currency resource. There is a need for assessing the competitiveness of salary pay to attract and retain the best talent in the industry as well as further enhance the human resource development program.

The Bank will finalize migration of its Core Banking Solution to a better system. The procurement of the digital banking services (mobile, wallet and internet) will be started next financial year. Maximum effort will be made to acquire land for its Head Office building from the Addis Ababa City Administration. During the next financial year the Bank will expand its network by opening additional branches in line with its digital banking aspiration.

7. Recommendation on the appropriation of Profit

The Board of Directors of the Bank recommends to the General Assembly of Shareholders that Birr 138.2 million net profits after tax and legal reserves be paid as dividend. The Board of Directors also requests the esteemed shareholders to plough back their dividend by purchasing additional shares so as to strengthen the capital base of the Bank.

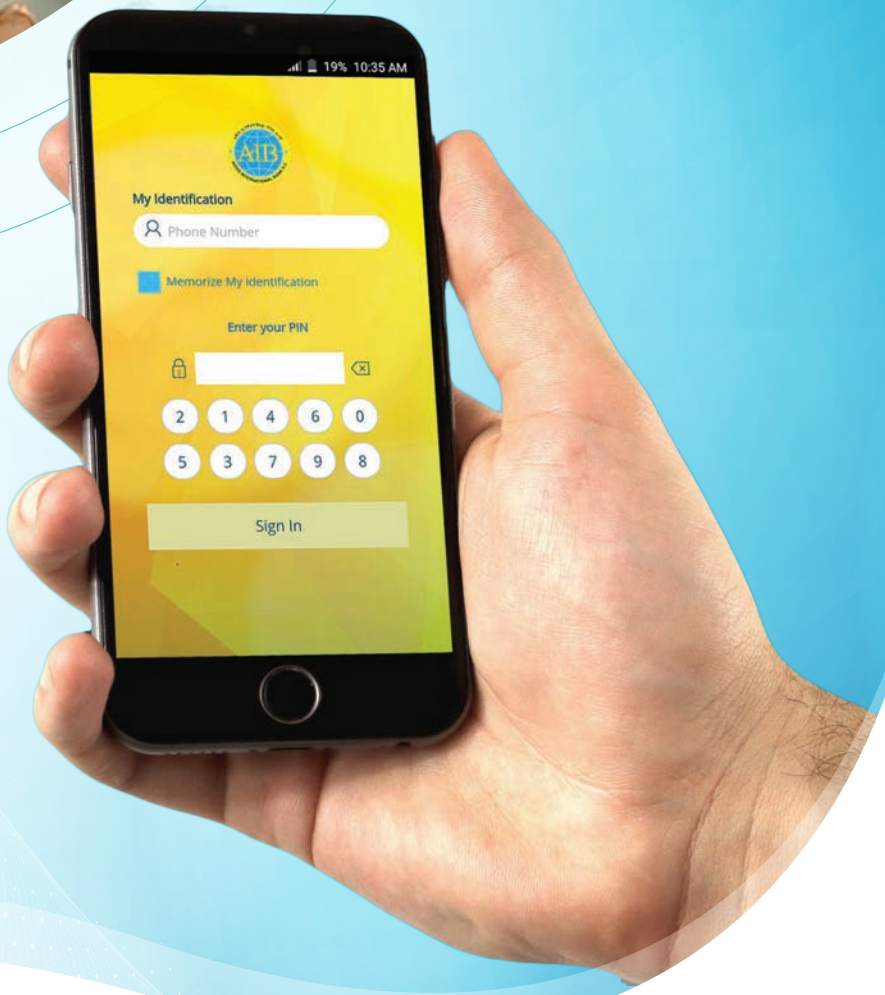
8. Vote of Thanks

The Board of Directors of the Bank would like to extend its appreciation to the shareholders of the Bank, customers, National Bank of Ethiopia, management and employees for their contribution to the success of the Bank in the financial year.

Internet Banking

Mobile Banking

Anytime, Anywhere...



Addis Card

AUDITORS' REPORT

Addis International Bank Share Company

Directors, professional advisers and registered office

For the year ended 30 June 2020

Directors *(as of June 30, 2020)*

Ato Kassahun Bekele	Chairman	
W/ro Almaz Tsegaye	Non-Executive Director	*may 29,2017*
Ato Assefa Guya	Non-Executive Director	*may 29,2017*
Ato Getachew Mandefro	Non-Executive Director	*may 29,2017*
Ato Masresha Mekonnen	Non-Executive Director	*may 29,2017*
Ato Mulugeta Gebru	Non-Executive Director	*may 29,2017*
W/ro Tizita Ketema	Non-Executive Director	*may 29,2017*
Ato Fantahun Belew	Non-Executive Director	*Nov 11,2019*
Ato Mesfin G/Selassie	Non-Executive Director	*Nov 11,2019*
Ato Teshome Kebede	Non-Executive Director	*Nov 11,2019*
Dr. Deresse Mersha	Non-Executive Director	*Nov 11,2019*
Ato Dagnew Gessesse	Non-Executive Director	*Nov 11,2019*

Executive management *(as of June 30, 2020)*

Ato Hailu Alemu	President	*Oct 11,2010*
Ato Wondossen Assefa	Vice president Operation	*Nov 22,2018*
Ato Bogale Kibret	Eexecutive Assistant and Board Secretary	*Oct 25,2013*
Ato Tekle Wakjira	Director, Corporate Planning and Bus. Devpt.	*Sep 01,2015*
Ato Girma Kinfemicheal	Chief Information Officer (CIO)	*Dec 20,2017*
W/ro Kokeb Ashame	Director, International Banking	*Dec 04,2010*
Ato Seleshi Mekonnen	Director, Accounts and Finance	*Dec 11,2010*
Ato Sime G/selassie	Director, HR & Facility Management	*Jan 14,2011*
Ato Sintayehu Gurumu	Director, Credit Dep't	*April 16,2019*
Ato Sahlemicheal Mekonnen	Director,Branch operation and E- Banking	*Feb 18,2019*
Ato Tewodros Bezuneh	Director, Internal Audit	*Jan 29,2020*
Ato Tsega T/ Yesus	Director, Risk & Compliance Management	*Feb 08,2011*
Ato Gezu Ayele	Manager, Legal service	*Feb 15,2018*

Independent auditor

TAY and company chartered certified accountants and authorized auditors
Addis Ababa
Ethiopia

Corporate office

Zequala Complex Building
Jomo Kenyatta Street,
Addis Ababa,
Ethiopia

Company secretary

Zequala Complex Building
Jomo Kenyatta Street,
Addis Ababa,
Ethiopia

Principal bankers

Mashreq Bank PSC
EBI SA Groupe Ecobank
Bank of Beirut S.A.L
Bank of Africa Mer Rouge
KCB Bank Kenya Limited
Banca Popolare Di Sondrio
CAC International Bank
Bank of Beruit (UK) LTD
ODDO Bank

Addis International Bank Share Company
Report of the directors
For the year ended 30 June 2020

The directors submit their report together with the financial statements for the period ended 30 June 2020, to the members of Addis International Bank Share Company ("Addis bank or the Bank"). This report discloses the financial performance and state of affairs of the Bank.

Incorporation and address

Addis International Bank Share Company was incorporated in Ethiopia in 2011 as a Share Company. The Bank was established by divesified groups of shareholders, Cooperatives, Micro Finance Institutions (MFIs), Iddirs, other business organisations and individual citizens. The majority shareholders are mainly low and middle income citizens.

Principal activities

The principal activities of the Bank is to provide financial services to international trade businesses, manufacturing

Results and dividends

The Bank's results for the year ended 30 June 2020 are set out on page 23. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	30 June 2020 Birr'000	30 June 2019 Birr'000
Net fees and commission income	258,283	216,034
Profit before income tax	274,234	205,168
Income tax expense	(61,118)	(45,908)
Profit for the year	213,116	159,260

Directors

The directors who held office during the year and to the date of this report are set out on page 17.

Ato Bogale Kibret
Executive Assistant and Board Secretary
Addis Ababa, Ethiopia

Addis International Bank Share Company

Statement of directors' responsibilities

For the year ended 30 June 2020

In accordance with the Banking Business Proclamation No. 592/2008, the National Bank of Ethiopia (NBE) may direct the Bank to prepare financial statements in accordance with international financial statements Reporting standards, whether their designation changes or they are replaced, from time to time.

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

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

b) explain its transactions and financial position; and

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

The Bank's president accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards, Banking Business Proclamation, Commercial code of 1960 and the relevant Directives issued by the National Bank of Ethiopia.

The president is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss.

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

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

Signed on behalf of the Directors by:

Kassahun Bekele
Chairman of Borad of Directors

Hailu Alemu
President

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Addis Ababa, Ethiopia
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TAY
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Independent auditor's report on the financial statements of Addis International Bank S.C

To the shareholders of Addis International Bank S.C

Opinion

We have audited the financial statements of Addis International Bank S.C, which comprise the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, the financial position Addis International Bank S.C as at 30 June 2020 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

We have no comments to make on the report of the Board of Directors of the Bank in so far as it relates to these financial statements and pursuant to Article 375 of the Commercial Code of Ethiopia 1960, we recommendthe approval of these financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirmets 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 ouropinion.

Key Audit Matters

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

The consistent application of the accounting policies, the impact of COVID 19 on the financial statements of the current period and the risk management function of the bank have been considered as key audit matters for our audit during the year.

As a result, our audit covered verification of whether management has been consistently applying those accounting policies in the preparation and presentation of the current year financial statements and the comparative figures, whether management has considered and included the impact of COVID 19 in the determination of the reported balances of financial assets and financial liabilities and whether management has maintained adequate risk management function that is consistent with the nature of the financial sector and the requirements of the regulatory body.

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

The management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of theCompany's report that is free from material misstatement, 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 of accounting unless management either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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Authorized Accountants and Auditors

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Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is MrTesfa Tadesse, MSc, FCCA.

TAY Authorized Accountants & Auditors

Addis Ababa

9 November,2020

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Addis International Bank Share Company

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

	Notes	30 June 2020 Birr'000	30 June 2019 Birr'000
Interest income	5	515,893	407,783
Interest expense	6	(256,528)	(208,090)
Net interest income		259,365	199,693
Fee and commission income	7	262,176	219,459
Fee and commission expense	7	(3,893)	(3,425)
Net fees and commission income		258,283	216,034
Net gain on foreign exchange translation	10	43,729	30,654
Other operating income	8	11,149	14,423
Total operating income		572,526	460,803
Loan impairment charge	9	(2,909)	(10,471)
Other impairment charges	9	1,807	(1,660)
Net operating income		571,425	448,672
Personnel expenses	11	(158,506)	(124,503)
Interest expense on Lease Liability		(2,937)	-
Amortisation of intangible assets	18	(4,012)	(3,415)
Depreciation of investment property	19	(42)	(42)
Depreciation of property, plant and equipment	20	(19,045)	(15,108)
Other operating expenses	12	(111,113)	(99,739)
Audit fees		(237)	(185)
Directors emolument		(1,299)	(512)
Profit before income tax		274,234	205,168
Income tax expense	13	(61,118)	(45,908)
Profit for the year		**213,116**	**159,260**
Other comprehensive income (OCI) net on income tax	23		
Items that will not be subsequently reclassified into profit or loss:			
Remeasurement loss on defined benefits obligations		572	(1,560)
Gain/ Loss on revaluation of Equity investments		15,674	12,925
Deferred tax (liability)/asset on remeasurement gain or loss		(4,874)	(3,410)
		11,372	7,956
Total comprehensive income for the period		**224,488**	**167,215**
Basic & diluted earnings per share of 1000 par value (%)	26	22.51	20.66

The notes are an integral part of these financial statements

Addis International Bank Share Company

Statement of financial position

As at 30 June, 2020

	Notes	30 June 2020 Birr'000	30 June 2019 Birr'000	1 July 2018 Birr'000
ASSETS				
Cash and bank balances	14	1,482,540	1,326,238	1,036,461
Loans and advances to customers	15	3,449,929	2,648,510	2,038,502
Investment securities:				
- Investment in Equity held though OCI	16a	56,839	40,094	24,723
- Investment in security designated at amortized cost	16a	862,456	1,062,773	806,150
Other assets	17	455,179	302,293	194,849
Intangible assets	18	8,067	10,237	9,347
Investment property	19	1,885	1,926	1,968
Property, plant and equipment	20	107,473	101,993	99,418
Deferred tax assets	13	-	-	-
Non-current asset held for sale - Cost	16b	66,046	20,797	4,552
Total assets		**6,490,415**	**5,514,861**	**4,215,970**
LIABILITIES				
Deposits from customers	21	4,635,686	3,946,566	2,970,377
Other liabilities	22	397,547	377,973	291,738
Defined benefit obligation	23	10,765	9,359	6,384
Provisions	24	15,091	12,948	9,315
Current income tax liabilities	13	61,658	47,406	28,384
Deferred income tax liabilities	13	13,141	8,974	7,099
Total liabilities		**5,133,888**	**4,403,226**	**3,313,297**
EQUITY				
Share capital	25	966,375	831,260	710,446
Share premium	25	-	-	275
Retained earnings	27	138,184	114,711	77,944
Other comprehensive income	28	20,089	8,716	761
Legal reserve	29	200,180	146,901	107,086
Regulatory risk reserve	30	31,699	10,046	6,161
Total equity		**1,356,527**	**1,111,635**	**902,673**
Total equity and liabilities		**6,490,415**	**5,514,861**	**4,215,970**

The notes are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on November 09, 2020 and were signed on its behalf by:

Kassahun Bekele
Chairman of Borad of Directors

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Addis Ababa, Ethiopia
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Hailu Alemu
President

Addis International Bank Share Company

Statement of changes in equity

For the year ended 30 June 2020

	Note	Share capital Birr'000	Share premium Birr'000	Retained earnings Birr'000	Other comprehensive income Birr'000	Legal reserve Birr'000	Regulatory risk reserve Birr'000	Total Birr'000
As at 1 July 2018		710,446	275	77,944	761	107,086	6,161	902,673
Additional shares issued		120,814	-	-		-		120,814
Amount capitalised		-	(275)	-		-		(275)
Shares held for resale				-		-		-
								-
Profit for the year	27			159,260				159,260
Other comprehensive income:								
Re-measurement gain/loss (net of tax)	23	-	-	-	7,956	-		7,956
Total comprehensive income for the year		**-**	**-**	**159,260**	**7,956**	**-**	**-**	**167,215**
Transfer to legal reserve	29			(39,815)		39,815		-
	30			(3,885)			3,885	-
Transfer to regulatory risk reserve								
Dividend paid				(78,792)				(78,792)
								-
As at 30 June 2019		**831,260**	**-**	**114,711**	**8,716**	**146,901**	**10,046**	**1,111,635**
As at 1 July 2019		831,260	-	114,711	8,716	146,901	10,046	1,111,635
Additional shares issued		135,115	-	-		-		135,115
Amount capitalised		-	-	-		-		-
Shares held for resale				-		-		-
								-
Profit for the year	27			213,116				213,116
Other comprehensive income:								-
Re-measurement gain/loss (net of tax)	23		-	-	11,372	-		11,372
Total comprehensive income for the year		**-**	**-**	**213,116**	**11,372**	**-**		**224,488**
Transfer to legal reserve	29			(53,279)		53,279		-
	30			(21,653)			21,653	-
Transfer to regulatory risk reserve								
Dividend paid				(114,711)				(114,711)
								-
As at 30 June 2020		**966,375**	**-**	**138,184**	**20,089**	**200,180**	**31,699**	**1,356,527**

The notes are an integral part of these financial statements.

Addis International Bank Share Company

Statement of cash flows

For the year ended 30 June 2020

	Notes	30 June 2020 Birr'000	30 June 2019 Birr'000
Cash flows from operating activities			
Cash generated from operations	31	(248,120)	358,139
Interest received		515,925	402,012
Interest paid		(256,528)	(208,090)
Benefit paid		(653)	(540)
Tax paid		(47,573)	(28,421)
Net cash inflow from operating activities		**(36,950)**	**523,100**
Cash flows from investing activities			
Purchase of investment securities	16a	200,294	(250,904)
Purchase of intangible assets	18	(1,842)	(4,305)
Purchase of investment equity		(1,071)	(2,446)
Purchase of property, plant and equipment	20	(24,524)	(17,681)
Net cash outflow from investing activities		172,858	(275,336)
Cash flows from financing activities			
Balance held with NBE	14	(37,000)	(46,000)
Proceeds from issues of shares	25	135,115	120,814
Dividend paid		(114,711)	(78,792)
Net cash inflow from financing activities		(16,596)	(3,978)
Net increase in cash and cash equivalents		**119,312**	**243,785**
Cash and cash equivalents at the beginning of the year	14	1,126,283	882,498
Foreign exchange (losses)/ gains on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year	14	**1,245,595**	**1,126,283**

The notes are an integral part of these financial statements.

Addis International Bank Share Company

Notes to the financial statements

For the year ended 30 June 2020

1 General information

The Bank was established on 31,January 2011 in accordance with the provisions of the Commercial code of Ethiopia of 1960 and the Licensing and Supervision of Banking Business Proclamation No. 84/1994. The Bank registered office is at:

Zequala Complex Building
Jomo Kenyatta Street,
Addis Ababa,
Ethiopia

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

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 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by National regulations is included where appropriate.

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

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept.
All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Ethiopian Birr (Birr' 000).

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

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Notes.

2.2.1 Going concern

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

2.2.2 Changes in accounting policies and disclosures

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 30 June 2020, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Bank, except the following set out below:

Addis International Bank Share Company
Notes to the financial statements
For the year ended 30 June 2020

IFRS 16 - Leases

Effective 1 July 2019, the Bank applied the new reporting standard on leases. IFRS 16. All leases are recognized as right-of-use assets with corresponding lease liabilities at the date on which the leased asset is available for use by the Bank.

Each lease payment is allocated between a reduction of the liability and an interest expense. The interest expense is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Bank transitioned to IFRS 16 in accordance with the modified prospective approach, therefore previous period comparative figures will not be adjusted in the financial statements. Additionally, the definition of a lease under LAS 17 and its related interpretations has been retained.

The Bank does not apply the new standard to leases with a remaining term of 12 months or less from 1 July 2019. Additionally, leases with maximum lease term less than 12 months and amount less than equivalent to $5,000.00 @ mid rate are exempted from provisions of the new standard.

Average borrowing interest rate of 6% was applied. The borrowing rate was based on average cost of capital of the Bank.

In connection with the transition to the new standard management has applied judgment and formed assumptions in relation to assessing the borrowing rate extension options of leasing arrangements, management has formed its judgments and assumptions based on historical experience, internal and external data points.

b. **Changes in accounting policies**

The Bank has initially adopted IFRS 9 from 1 July 2018, a number of other new standards are also effective from 1 July 2018.
Due to the transition method chosen by the Bank in applying IFRS 9, comparative information throughout these financial statements has not generally been restated to reflect its requirements.

The effect of initially applying these standards is mainly attributed to the following:
–an increase in impairment losses recognised on financial assets; and
–additional disclosures related to IFRS 9;
Except for the changes below, the Bank has consistently applied the accounting policies as set out in the accounting policy to all periods presented in these financial statements.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The requirements of IFRS 9 represent a significant change from IAS 39. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.
As a result of the adoption of IFRS 9, the Bank has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require separate presentation in the statement of profit or loss and OCI of interest revenue calculated using the effective interest method. Previously, the Bank disclosed this amount in the notes to the financial statements.

Additionally, the Bank has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018, but have not been applied to the comparative information.

The key changes to the Bank's accounting policies resulting from its adoption of IFRS 9 are summarised below. The full impact of adopting the standard is set out in Notes.

Transition from IAS 39 to IFRS 9

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except comparative periods which have generally not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 July 2018.

Accordingly, the information presented for 2018 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2019 under IFRS 9.

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

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

2.3 Financial assets and financial liabilities

2.3.1 *Policy applicable from 1 July 2018*

a. *Recognition and initial measurement*

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

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

b. *Classification and subsequent measurement*

i) Financial assets

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

— the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
— the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI). `
A debt instrument shall be measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL:
— the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
— the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.
On initial recognition, an equity investment that is held for trading shall be classified at FVTPL. However, for equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.
All other financial assets that do not meet the classification criteria at amortised cost or FVOCI, above, shall be classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI 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 realising cash flows through the sale of the assets;

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

Addis International Bank Share Company
Notes to the financial statements
For the year ended 30 June 2020

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

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

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

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis shall be measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.
Financial assets shall not be reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

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

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

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

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

ii) Financial liabilities

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

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

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 recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

c *Impairment*

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

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

No impairment loss shall be recognised on equity investments.

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The Bank shall measure loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:
— debt investment securities that are determined to have low credit risk at the reporting date; and
— other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

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

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

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

i) Measurement of ECL

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

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

ii) Restructured financial assets

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

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

iii) Credit-impaired financial assets

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

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

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

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

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

v) Write-off

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

vi) Non-integral financial guarantee contracts

The Bank shall assess whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately.
Where the Bank determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset shall be treated as a transaction cost of acquiring it. The Bank shall consider the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.
Where the Bank determines that the guarantee is not an integral element of the debt instrument, then it shall recognise an asset representing any prepayment of guarantee premium and a right to compensation for credit losses.

d. Derecognition

i) **Financial assets**

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

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On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI shall be recognised in profit or loss.
Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI shall not be recognised in profit or loss on derecognition of such securities.
Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank shall be recognised as a separate asset or liability.

ii) Financial liabilities

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

e. *Modifications of financial assets and financial liabilities*

i) Financial assets

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

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

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms.
If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it shall first consider whether a portion of the asset should be written off before the modification takes place.

Where the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank shall first recalculate the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and shall be amortised over the remaining term of the modified financial asset.
Where such a modification is carried out because of financial difficulties of the borrower, then the gain or loss shall be presented together with impairment losses. In other cases, it shall be presented as interest income calculated using the effective interest rate method.

ii) Financial liabilities

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

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

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f. **Offsetting**

Financial assets and financial liabilities shall be offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.
Income and expenses shall be presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

g. **Designation at fair value through profit or loss**

i) **Financial assets**

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

ii) ***Financial liabilities***

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

2.3.2 **Policy applicable before 1 July 2018**

a. **Recognition**

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

b. **Classification**

For purposes of subsequent measurement of the Bank's financial assets was classified into two categories:
• Loans and receivables
• Available-for-sale financial investments

- Loans and receivables
- Available for sale

i) **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest and similar income in income statement. The losses arising from impairment are recognised in income statement in loan impairment charge.

The Bank did not directly calculate the effective interest rate as it requires system modifications to handle the enormous data of individual borrowers. However, as a temporary work-around, the contractual rate was used while the loan related fees were deferred to be amortized for the loan life time. It is found out that there is no material diffrences between the contract rate and EIR.

ii) **Available-for-sale**

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

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c. *Impairment of financial assets*

The Bank assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter Bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

i) Financial assets carried at amortised cost

For financial assets carried at amortised cost (such as loans and receivables), the Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recorded as part of 'Interest and similar income'. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to the 'loan impairment charge'.
The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Bank's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past–due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Bank.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

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ii) Available-for-sale (AFS) financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Where an available-for-sale asset, which has been remeasured to fair value directly through equity, is impaired, the impairment loss is recognised in profit or loss. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to profit or loss and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in equity.

***d.* De-recognition**

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Bank is recognized as a separate asset or liability.
The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.
On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.
The Bank enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include repurchase transactions.

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

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.
Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

***f.* Fair value of financial assets and financial liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, in the principal, or in its absence, the most advantageous market to which the Bank has access at that date.

g. Amortized cost measurement

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

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2.4 Net interest income

2.4.1 Policy applicable from 1 July 2018

a. Effective interest rate and amortised cost

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

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

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

***b.* Amortised cost and gross carrying amount**

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

c. Calculation of interest income and expense

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

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

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

***d.* Presentation**

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

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

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

2.4.2 Policy applicable before 1 July 2018

Interest income and expense on available-for-sale assets and financial assets or liabilities held at amortised cost was recognised in profit or loss using the effective interest method.

When calculating the effective interest rate, the Bank estimated the cash flows considering all contractual terms of the financial instrument but did not consider future credit losses. The calculation included all fees and points paid or received, between the parties to the contract that were an integral part of the effective interest rate, transaction costs and all other discounts and premiums. Transaction costs were incremental costs that were directly attributable to the acquisitio, issue or disposal of a financial asset or liability.

Once a financial asset or a group of similar financial assets had been written down as a result of an impairment loss, interest income was recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.
Interest income and expense on all trading assets and liabilities were considered to be incidental to the Bank's trading operations are presented in net interest income.

2.5 Cash and cash equivalents

Cash and cash equivalents' include notes and coins on hand, unrestricted balances held with national 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 amortised cost in the statement of financial position.

2.6 Net trading income

Net trading income' comprises gains less losses related to trading assets and liabilities, and includes all fair value changes, interest, dividends and foreign exchange differences.

2.7 Foreign currency translation

a) **Functional and presentation currency**

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

b) **Transactions and balances**

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

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

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

2.8 Dividend income

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

2.9 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. This amount is recognised in the income statement and it is further broken down into realised and unrealised portion.

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

2.10 Property, plant and equipment

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

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

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset class	Depreciation rate (years)	Residual value (%)
Buildings	50	5%
Motor vehicles	10	5%
Furniture & fittings	10	1%
Computer equipment	7	1%
Office equipment	Short lived- 5	1%
	Medium lived- 10	1%
	Long lived- 20	1%

The Bank commences depreciation when the asset is 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.

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2.11 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 line item in the income statement.

Intangible assets class	**Useful lives (years)**
Computer software	6

2.12 Investment property

Property that is held by the Bank to earn rental income or for capital appreciation, or both, and is not occupied by the Bank, are classified as investment properties.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the Bank and the cost can be reliably measured. This is usually when all risks are transferred.
Investment properties are measured initially at cost, including transaction costs. The Bank has opted to subsequently carry investment property at cost and disclose fair value. Fair value of investment property is the price that would be received from sale of the asset in an orderly transaction, without deduction of any transaction costs. Fair value of the Bank's investment property is determined by the Bank's staff who have recent experience in the location and category of the investment property being valued. Professional valuers

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

Earned rental income is recorded in profit or loss for the year within (other operating income). Gains and losses resulting from changes in the fair value of investment property are recorded in profit or loss for the year and presented separately.

2.13 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 excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

2.14 Other assets

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

(a) Prepayments

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

(b) Other receivables

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

The Bank's other receivables are rent receivables and other receivables from debtors.

2.15 Fair value measurement

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

- Disclosures for valuation methods, significant estimates and assumptions Note 4.14.3
- Quantitative disclosures of fair value measurement hierarchy Note 4.14.5
- Financial instruments (including those carried at amortised cost) Note 4.14.2

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

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

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

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

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

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

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

2.16 Employee benefits

(a) ***Wages, salaries and annual leave***

Wages, salaries, bonuses, other contributions, paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Bank.

(b) ***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 7% and 13% by employees and the Bank respectively based on the employees' salary.

Employer's contributions to this scheme are charged to profit or loss in the year in which they relate.

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2.17 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.

2.18 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. The excess of the issue price over the par value is recorded in the share premium reserve.

2.19 Treasury stock

Where the Bank purchase it's equity instruments, the consideration paid, including any directly attributable incremental external costs, net of income taxes, is deducted from equity until the equity instruments are reissued, disposed of or cancelled. Where such shares are subsequently disposed of or reissued, any consideration received is included in equity.

2.20 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS 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.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding for the efforts of all diluted potential ordinary shares.

2.21 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the 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 lessee

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

Bank as a lessor

Leases where the Bank does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income is recorded as earned based on the contractual terms of the lease in Other operating income. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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2.22 Dividend

Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the financial statements are authorised for issue, are disclosed in the subsequent events note. The statutory accounting reports of the Bank are the basis for profit distribution and other appropriations. Ethiopian legislation identifies the basis of distribution as the current year net profit.

Dividend distribution to the Bank's shareholders is recognised as a liability in the Bank's financial statements in the period in which the dividends are approved by the Bank's shareholders.

2.23 Income taxation

(a) Current income tax

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

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

(b) Deferred tax

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

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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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:

Operating lease commitments - Bank as lessee

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

3.2 Estimates and assumptions

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 loans and receivables

The Bank reviews its loan portfolios for impairment on an on-going basis. The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Impairment provisions are also recognised for losses not specifically identified but which, experience and observable data indicate, are present in the portfolio at the date of assessment. For individually significant financial assets that has been deemed to be impaired, management has deemed that cashflow from collateral obtained would arise within 24 months where the financial asset is collaterised.

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

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

The detailed methodologies, areas of estimation and 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.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Bank is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the 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.

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4 Financial risk management

4.1 Introduction

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

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

4.1.1 Risk management structure

The Board of Directors (The Board) is responsible for the overall risk encountered by the Bank. The Board is responsible to approve comprehensives risk management program and policies of the Bank. The Board has an oversight role on the proper implementation of the Bank's risk management program or policies. The Board monitors proper implementation policies through various reports.

The Senior Management has the overall responsibility for the proper execution and interpretation of the risk strategy and implementing principles, frameworks, policies and limits. It is also responsible for managing risk decisions and monitoring risk levels and deliberate on reports to the Board regarding risk management issues and give timely directions.

The Risk Management Unit is responsible for implementing and maintaining risk related procedures, independently assesses and monitor the level of risk assumed by the Bank. Besides, the Risk Management Unit is responsible for monitoring compliance with risk principles, policies and limits across the Bank. It carries out an assessment of risk on periodic basis to monitor the Bank's overall risk, including monitoring the risk of exposures against limits and the assessment of risks of new products and structured transactions. Exceptions are reported, where necessary, to the Board's Risk Committee and the relevant actions are taken to address exceptions and any areas of weakness. The unit works closely with the Management Risk Committees to ensure that procedures are compliant with the overall framework. The unit is functionally responsible to the Board. The risk management has also reporting relationship with internal audit function. Internal audit function among others ensures the effectiveness of the risk management function periodically. Internal Audit Function discusses the results of its assessments with management, and reports its findings and recommendations to the Board Audit Committee.

ALCO (Asset & Liability Managmnet Committee) is responsible for managing the Bank's financial assets, financial liabilities and the overall financial structure.

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 model. 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 are primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected regions. In addition, the Bank measures 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

The Bank uses various risk mitigating techniques to reduce it's risk to the level acceptable. 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 reviewed as part of the review process.

4.2 Credit risk

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

The Bank adopts a conservative approach to credit risk where appropriate, the Bank intervenes in the economy and provides guarantees in the financial system to prevent systemic risk.

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4.2.1 Management of credit 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, and restructuring such limits as appropriate. Exposure to credit risk is also mitigated, in part, by obtaining collateral, commercial and personal guarantees.

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

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

4.2.2 Credit related commitments risks

The Bank holds collateral against loans and receivables to customers in the form of bank guarantees and property. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

4.2.3 Credit risk exposure

***i.* Maximum exposure to credit risk before collateral held or credit enhancements**

The Bank's maximum exposure to credit risk at 30 June 2020, 30 June 2019 and 30 June 2018 respectively, is represented by the net carrying amounts in the statement of financial position.

	30 June 2020	30 June 2019	30 June 2018
	Birr'000	Birr'000	Birr'000
Cash and bank balances	1,482,540	1,326,238	1,036,498
Loans and advances to customers	3,449,929	2,648,510	2,034,996
Investment securities:			
- Investment in Equity held though OCI	56,839	40,094	20,499
- Investment in security designated at amortized cost	862,456	1,062,773	806,191
Other assets	245,181	180,005	78,472
	6,096,946	3,976,656	3,976,656
Credit risk exposures relating to off balance sheets are as follows:			
Guarantees issued and outstanding	2,532,209	1,780,434	1,445,125
Loan commitments	35,490	35,490	18,360
Letter of credit and other credit related obligations	140,835	136,873	203,089
	2,708,534	18,360	18,360
Total maximum exposure	8,805,480	3,995,016	5,643,229

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4.3 **Amounts arising from ECL**

i. **Inputs, assumptions and techniques used for estimating impairment**

See accounting policy in **Note 2.3.1. (c)**

ii. **Significant increase in credit risk**

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

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

iii. **Credit risk grades**

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

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

a. **Term loan exposures**

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

b. **Overdraft exposures**

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

iv **Generating the term structure of PD**

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

v **Determining whether credit risk has increased significantly**

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

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

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

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

vi. Definition of default

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

In assessing whether a borrower is in default, the Bank considers indicators that are:
☐ qualitative: e.g. breaches of covenant;
☐ quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
☐ based on data developed internally and obtained from external sources.
☐ Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.
The definition of default largely aligns with that applied by the Bank for regulatory capital purposes.

vii. Incorporation of forward-looking information

The 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.

In line with the expected, as well as experienced, Expected Credit Loss forward - looking volatility arising from the economic impact of the Covid 19 global crisis, the Bank has conducted, and overlaid, additional scenario analysis on the macroeconomic overlay model. This includes application of higher probability weights on the downside scenario, lower probability weights on the upside scenario, as well as stress tests on macroeconomic projections. The Bank continues to monitor the economic impact of Covid 19 on it's credit risk profile as well as forward - looking Expected Credit Loss estimates and shall update the same on it's IFRS 9 forward - looking estimates as and when significant changes in the overall macroeconomic environment are experienced.

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 macro-economic variables and credit risk and credit losses.

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

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

The economic scenarios used as at 30 June 2020 included the following key indicators for Ethiopia for the years 2020 to 2022:

Macro-economic factor	2020	2021	2022
INFLATION: Consumer price index, 2010 = 100	397	470.4	517.4
GDP: GDP per capita, USD	783	889	1004
GDP EXPENDITURE: Exports of goods and services, USD per capita	64.4	72.1	80.3
GDP EXPENDITURE: Exports of goods and services, ETB	246.7	291.7	342.9
EXCHANGE RATE: ETB/USD	33.31	34.31	35.34
GDP EXPENDITURE: Imports of goods and services, USD	25.4	31.4	35.9
FISCAL: Current expenditure, USDbn	8.1	9.6	10.9
GDP EXPENDITURE: Imports of goods and services, ETB	845.7	1077.9	1270.6
INFLATION: Consumer price index, 2010 = 100	397	470.4	517.4
DEBT: Government domestic debt, ETBbn	752	872.3	1003.1
EXCHANGE RATE: Real effective exchange rate, index	126.32	124.12	122.16
GDP EXPENDITURE: Private final consumption, USDbn	68	81.9	95
STRATIFICATION: Household Spending, ETBbn	2095.7	2503.8	2991.5
FISCAL: Total revenue, USDbn	9.6	10.3	11.6
DEBT: Total government debt, USDbn	55.2	67.1	77

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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.

viii. **Modified financial assets**

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of: its remaining lifetime PD at the reporting date based on the modified terms; with the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

ix **Measurement of ECL**

The key inputs into the measurement of ECL are the term structure of the following variables:
☐ probability of default (PD);
☐ loss given default (LGD); and
☐ exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

The methodology of estimating PDs is discussed above under the heading 'Generating the term structure of PD'.
LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

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

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

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

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

☐ instrument type; ☐ 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.

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x. Loss allowance

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

Loans and advances to customers at amortised cost (on balance sheet exposures)	2020				2019			
In Birr'000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 July	10,886	738	16,097	27,722	10,989	387	4,840	16,216
Transfer to 12 months ECL	3,547	(239)	(3,308)	-	1,416	(126)	(1,291)	(0)
Transfer to Lifetime ECL not credit impaired	(811)	811	-	-	(135)	191	(56)	0
Transfer to Lifetime ECL credit impaired	(244)	(18)	262	-	(327)	(140)	467	-
Net remeasurement of Loss allowance	(2,052)	226	310	(1,516)	(3,853)	253	12,250	8,650
Net financial assets originated or purchased	9,445	886	831	11,162	5,051	206	1,734	6,991
Financial assets derecognised	(4,002)	(343)	(2,679)	(7,025)	(2,255)	(33)	(1,847)	(4,135)
Balance at 30 June	**16,770**	**2,061**	**11,513**	**30,344**	**10,886**	**738**	**16,097**	**27,722**

Loan commitments and financial guarantee contracts (off balance sheet exposures)	2020				2019			
In Birr'000	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 July	1,210	-	-	1,210	2,242	-	-	2,242
Transfer to 12 months ECL	-	-	-	-	-	-	-	-
Transfer to Lifetime ECL not credit impaired	-	-	-	-	-	-	-	-
Transfer to Lifetime ECL credit impaired	-	-	-	-	-	-	-	-
Net remeasurement of Loss allowance	176	-	-	176	(73)	-	-	(73)
Net financial assets originated or purchased	917	-	-	917	777	-	-	777
Financial assets derecognised	(797)	-	-	(797)	(1,735)	-	-	(1,735)
Balance at 30 June	**1,506**	**-**	**-**	**1,506**	**1,210**	**-**	**-**	**1,210**

Other financial assets	2020				
In Birr'000	Cash and balances with banks	Investment securities (debt instruments)	Emergency staff loans	Other receivables and financial assets	Total
Balance as at 1 July	45	53	-	2,377	**2,475**
Net remeasurement of loss allowance	10	(10)	1	(1,817)	**(1,816)**
New financial assets originated or purchased	-	-	-	-	-
Balance as at 30 June	**55**	**43**	**1**	**560**	**660**

Other financial assets	2019				
In Birr'000	Cash and balances with banks	Investment securities (debt instruments)	Emergency staff loans	Other receivables and financial assets	Total
Balance as at 1 July	37	40	-	741	**819**
Net remeasurement of loss allowance	8	13	-	1,636	**1,657**
New financial assets originated or purchased	-	-	-	-	-
Balance as at 30 June	**45**	**53**	**-**	**2,377**	**2,475**

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

Charge to statement of profit or loss and other comprehensive income.	**2020**				**2019**			
In Birr'000	Loans and advances to customers at amortised cost	Investment securities (debt instruments)	Other financial assets	Total charge/(credit)	Loans and advances to customers at amortised cost	Investment securities (debt instruments)	Other financial assets	Total charge/(credit)
Net remeasurement of loss allowance	(1,516)	176	(1,816)	**(3,156)**	8,650	(73)	1,657	**10,233**
New financial assets originated or purchased	11,162	917	-	**12,079**	6,991	777	-	**7,768**
Financial assets derecognised	(7,025)	(797)	-	**(7,821)**	(4,135)	(1,735)	-	**(5,870)**
Amounts directly written off during the year	-	-	-	**-**	-	-	-	**-**
Recoveries of amounts previously written off	-	-	-	**-**	-	-	-	**-**
Total	**2,621**	**296**	**(1,816)**	**1,101**	**11,506**	**(1,032)**	**1,657**	**12,131**

4.4.1 Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt investments (2020). 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

Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 2.3.1

In Birr'000	**2020**				**2019**			
Loans and advances to customers at amortised cost	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Stage 1 – Pass	2,999,688	-	-	2,999,688	2,473,026	-	-	2,473,026
Stage 2 – Special mention	-	341,461	-	341,461	-	58,645	-	58,645
Stage 3 - Non performing	-	-	113,165	113,165	-	-	136,192	136,192
Total gross exposure	**2,999,688**	**341,461**	**113,165**	**3,454,313**	**2,473,026**	**58,645**	**136,192**	**2,667,863**
Loss allowance	(16,770)	(2,061)	(11,513)	(30,344)	(10,886)	(738)	(16,097)	(27,722)
Net carrying amount	**2,982,918**	**339,400**	**101,652**	**3,423,970**	**2,462,140**	**57,906**	**120,095**	**2,640,141**

In Birr'000	**2020**				**2019**			
Off balance sheet items	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Stage 1 – Pass	571,715	-	-	571,715	448,648	-	-	448,648
Stage 2 – Special mention	-	-	-	-	-	-	-	-
Stage 3 - Non performing	-	-	-	-	-	-	-	-
Total gross exposure	**571,715**	**-**	**-**	**571,715**	**448,648**	**-**	**-**	**448,648**
Loss allowance	(1,506)	-	-	(1,506)	(1,210)	-	-	(1,210)
Net carrying amount	**570,209**	**-**	**-**	**570,209**	**447,438**	**-**	**-**	**447,438**

In Birr'000		**2020**			**2019**		
Other financial assets		Gross	Loss	Net carrying	Gross	Loss	Net carrying
Cash and balances with banks		1,101,280	(55)	1,101,224	900,394	(45)	900,349
Investment securities (debt instruments)		862,532	(43)	862,488	1,062,825	(53)	1,062,771
Other receivables and financial assets		107,047	(560)	106,486	142,693	(2,377)	140,316
Emergency staff loans		20,376	(1)	20,375	-	-	-
Totals		**2,091,233**	**(660)**	**2,090,574**	**2,105,912**	**(2,475)**	**2,103,437**

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4.5 Credit concentrations

The Bank monitors concentrations of credit risk by sector, location and purpose. An analysis of concentrations of credit risk at 30 June 2020, 30 June 2019 and 1 July 2018. The Bank concentrates all its financial assets in Ethiopia.

30 June 2020	Public enterprise Birr'000	Private Birr'000	Others Birr'000	Total Birr'000
Cash and bank balances	743,887	358,769	379,939	1,482,595
Loans and advances to customers		3,449,929	-	3,449,929
Investment securities:				-
- Available for sale		56,839		56,839
- Loans and receivables	862,456			862,456
Other assets	122,792		122,389	245,181
	1,729,136	3,865,537	502,328	6,097,001

30 June 2019	Public enterprise Birr'000	Private Birr'000	Others Birr'000	Total Birr'000
Cash and bank balances	468,010	436,497	421,776	1,326,283
Loans and advances to customers		2,648,510	-	2,648,510
Investment securities:				-
- Available for sale		40,094		40,094
- Loans and receivables	1,062,773			1,062,773
Other assets	30,759		149,246	180,005
	1,561,541	3,125,101	571,023	5,257,664

1 July 2018	Public enterprise Birr'000	Private Birr'000	Others Birr'000	Total Birr'000
Cash and bank balances	371,062	369,938	295,498	1,036,498
Loans and advances to customers	-	2,034,996	-	2,034,996
Investment securities:				
- Available for sale	-	20,499	-	20,499
- Loans and receivables	806,150	-	-	806,191
Other assets	5,548	-	72,924	78,472
	1,182,760	2,425,433	368,422	3,976,656

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4.6 Nature of security in respect of loans and advance to customers

30 June 2020	Secured against real Birr'000	Merchandise Birr'000	Plant and machinery Birr'000	Motor vehicles Birr'000	Others Birr'000	Total Birr'000
Agriculture	11,574	-	-	-	2,000	13,574
Transport	77,929	-	-	3,165	929	82,023
Manufacturing	756,704	-	-	-	44,115	800,819
Construction	987,291	-	16,900	10,395	2,145	1,016,731
Domestic trade and services	1,944,735	-	349,020	37,333	2,315	2,333,402
Import	279,708	-	92,807	-	22,519	395,035
Export	445,256	-	158,590	-	-	603,846
Personal	-	-	-	-	27,387	27,387
Housing	136,269					136,269
Staff loans	-	-	-	-	-	-
	4,639,467	-	617,317	50,893	101,409	5,409,086

30 June 2019	against real estate Birr'000	Merchandise Birr'000	Plant and machinery Birr'000	Motor vehicles Birr'000	Others Birr'000	Total Birr'000
Agriculture	-	-	-	-	-	-
Transport	79,982	-	-	6,800	-	86,782
Manufacturing	544,813	-	-	-	51,316	596,129
Construction	860,222	-	16,900	59,111	1,892	938,125
Domestic Trade and Services	1,713,547	45,075	-	193,939	4,818	1,957,379
Import	323,158	5,127	-	-	45,038	373,324
Export	1,044,980	112,925	52,776	-	816,863	2,027,543
Personal	217	-	-	-	-	217
Housing	102,059					102,059
Staff loans	-	-	-	-	-	-
	4,668,979	163,127	69,676	259,850	919,926	6,081,558

1 July 2018	against real estate Birr'000	Merchandise Birr'000	Plant and machinery Birr'000	Motor vehicles Birr'000	Others Birr'000	Total Birr'000
Agriculture	-	-	-	-	-	-
Transport	15,985	-	-	2,476	3,275	21,736
Manufacturing	160,280	-	4,622	-	39,940	204,843
Construction	123,007	-	3,459	11,029	50,276	187,771
Domestic Trade and Services	433,567	-	2,003	8,675	70,364	514,609
Import	72,506	-	-	252	23,384	96,142
Export	395,520	10,539	11,654	-	521,524	939,237
Personal	-	-	-	-	8,547	8,547
Housing	77,831					77,831
Staff loans	-	-	-	-	6,215	6,215
	1,278,696	10,539	21,738	22,431	723,527	2,056,931

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4.7 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 the borrowers to provide it. Staff loans are secured to the extent of the employee's continued employment in the Bank.

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

For impaired loans, the Bank obtains appraisals of collateral because the fair value of the collateral is an input to the impairment measurement.

The fair value of the collaterals are based on the last revaluations carried out by the Bank's in-house engineers. The valuation technique adopted for properties is in line with the Bank's valuation manual and the revalued amount is similar to fair values of properties with similar size and location.

The fair value of collaterals other than properties such as share certificates, cash, NBE bills etc. as disclosed at the carrying amount as management is of the opinion that the cost of the process of establishing the fair value of the collateral exceeds benefits accruable from the

4.8 Liquidity risk

Liquidity risk is the risk that the Bank cannot meet its maturing obligations when they become due, at reasonable cost and in a timely manner.

4.8.1 Management of liquidity risk

Cash flow forecasting is performed by the finance department. The finance department monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs.

The Bank has incurred indebtedness in the form of borrowings. The Bank evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Bank devises strategies to manage its liquidity risk.

Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Bank's reputation.

4.9 Maturity analysis of financial liabilities

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

30 June 2020	0 - 30 days Birr'000	31 - 90 days Birr'000	91 - 180 days Birr'000	31 - 365 days Birr'000	Over 1 year Birr'000	Total Birr'000
Deposits from customers	892,450	899,550	887,350	951,420	579,600	4,635,686
Other liabilities	9,050	-	32,460	-	342,570	397,547
Total financial liabilities	901,500	899,550	919,810	951,420	922,170	5,033,233

30 June 2019	0 - 30 days Birr'000	31 - 90 days Birr'000	91 - 180 days Birr'000	31 - 365 days Birr'000	Over 1 year Birr'000	Total Birr'000
Deposits from customers	1,441,778	838,192	407,707	767,241	491,648	3,946,566
Other liabilities	307,639	34,559	8,355	27,362	58	377,973
Total financial liabilities	1,749,417	872,751	416,062	794,602	491,706	4,324,539

1 July 2018	0 - 30 days Birr'000	31 - 90 days Birr'000	91 - 180 days Birr'000	31 - 365 days Birr'000	Over 1 year Birr'000	Total Birr'000
Deposits from customers	574,700	526,156	703,752	632,250	533,518	2,970,376
Other liabilities	5,115	53,870	48,273		184,471	291,729
Total financial liabilities	579,815	580,026	752,025	632,250	717,989	3,262,105

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4.10 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.

4.11 Management of market risk

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

4.12 Management of market risk

Market risk is monitored by the risk management department on regularly, to identify any adverse movement in the underlying variables.

(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 NBE bills and cash deposits.

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

30 June 2020	Fixed Birr'000	Non-interest bearing Birr'000	Total Birr'000
Assets			
Cash and bank balances	1,482,540	-	1,482,540
Loans and advances to customers	3,449,929	-	3,449,929
Investment securities	862,456	56,839	919,295
Other assets	122,792	122,949	245,741
Total	5,794,926	56,839	5,851,765
Liabilities			
Deposits from customers	4,635,686	-	4,635,686
Other liabilities	-	296,295	296,295
Total	4,635,686	296,295	4,931,982

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30 June 2019	Fixed Birr'000	Non-interest bearing Birr'000	Total Birr'000
Assets			
Cash and bank balances	1,326,238	-	1,326,238
Loans and advances to customers	2,648,510	-	2,648,510
Investment securities	1,062,773	40,094	1,102,867
Other assets	30,759	151,623	182,382
Total	5,037,521	40,094	5,077,615
Liabilities			
Deposits from customers	3,946,566	-	3,946,566
Other liabilities	-	325,728	325,728
Total	3,946,566	325,728	4,272,294

1 July 2018	Fixed Birr'000	interest bearing Birr'000	Total Birr'000
Assets			
Cash and bank balances	1,036,498	-	1,036,498
Loans and advances to customers	2,034,996	-	2,034,996
Investment securities	806,191	20,499	826,690
Other assets	5,548	72,924	78,472
Total	3,883,232	93,423	3,976,656
Liabilities			
Deposits from customers	2,970,377	-	2,970,377
Other liabilities	-	253,963	253,963
Total	2,970,377	253,963	3,224,340

(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.

The total foreign currency denominated assets and liabilities exposed to risk as at year end is as follows:

Foreign currency denominated balances		30 June 2020 Birr'000	30 June 2019 Birr'000	30 June 2018 Birr'000
Cash and bank balances	USD	149,503	257,682	199,812
	Euro	52,312	36,462	19,057
	GBP	243	85	315
		202,058	294,229	219,184
Deposits from customers	USD	10,635	28,139	61,239
	Euro	685	151	1,355
	GBP	574	2,250	10
		11,895	30,540	62,604
Total		213,953	324,770	281,788

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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 2020	**Carrying amount Birr'000**	**10% increase in basis point Birr'000**	**10% decrease in basis point Birr'000**
USD	149,503	14,950	(14,950)
Euro	52,312	5,231	(5,231)
GBP	243	24	(24)
	202,058	20,206	(20,206)

30 June 2019	**Carrying amount Birr'000**	**10% increase in basis point Birr'000**	**10% decrease in basis point Birr'000**
USD	257,682	25,768	(25,768)
Euro	36,462	3,646	(3,646)
GBP	85	9	(9)
	294,229	29,423	(29,423)

1 July 2018	**Carrying amount Birr'000**	**10% increase in basis point Birr'000**	**10% decrease in basis point Birr'000**
USD	199,812	19,981	(19,981)
Euro	19,057	1,906	(1,906)
GBP	315	31	(31)
	218,869	21,887	(21,887)

4.13 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.

4.13.1 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.

Capital includes share capital, share premium, retained earnings, legal reserve and other reseves to be approved by the National Bank of Ethiopia.

	30 June 2020 Birr'000	**30 June 2019 Birr'000**	**30 June 2018 Birr'000**
Capital			
Share capital	966,375	831,260	710,446
Share premium	-	-	275
Retained earnings	138,184	114,711	78,792
Legal reserves	200,180	146,901	107,086
	1,304,739	1,092,872	896,599

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Risk weighted assets

Risk weighted balance for on-balance sheet items				%
Claims on other banks maturing within 12 months	71,754	87,300	73,988	20
Loans and advances to customers	3,449,929	2,648,510	2,034,996	100
Investment securities				
- Investment in Equity held though OCI	56,839	40,094	20,499	100
- Investment in security designated at amortized cost	862,456	1,062,773	806,191	100
Other assets	455,179	302,293	200,142	100
Intangible assets	8,067	10,237	9,347	100
Property, plant and equipment	107,473	101,993	99,418	100
Credit equivalents for off-balance sheet items				
Guarantees issued and outstanding	1,266,105	890,217	722,563	50
Loan commitment	17,745	17,745	9,180	50
Letter of credit and other credit related obligations	136,873	203,089	1,648,214	100
	6,432,421	5,364,251	5,624,538	
Risk-weighted Capital Adequacy Ratio (CAR)	**20%**	**20%**	**16%**	
Minimum required capital Adequacy Ratio	**8%**	**8%**	**8%**	
Excess	**12%**	**12%**	**8%**	

4.14 Fair value of financial and non financial instruments

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.

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

Addis International Bank Share Company
Notes to the financial statements
For the year ended 30 June 2020

4.14.2 Financial instruments not measured at fair value

The following table summarises the carrying amounts of financial assets and liabilities at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

	30 June 2020		30 June 2019		30 June 2018	
	Carrying amount Birr'000	Fair value Birr'000	Carrying amount Birr'000	Fair value Birr'000	Carrying amount Birr'000	Fair value Birr'000
Financial assets						
Cash and bank balances	1,482,540	1,482,540	1,326,238	1,326,238	1,036,498	1,036,498
Loans and advances to customers	3,449,929	3,449,929	2,648,510	2,648,510	2,034,996	2,034,996
Investment securities	919,295	919,295	1,102,867	1,102,867	826,690	826,690
Other assets	455,179	455,179	302,293	302,293	200,142	200,142
Total	5,851,765	5,851,765	5,077,615	5,077,615	3,898,184	3,898,184
Financial liabilities						
Deposits from customers	4,635,686	4,635,686	3,946,566	3,946,566	2,970,377	2,970,377
Other liabilities	397,547	397,547	377,973	377,973	291,738	291,738
Total	5,033,233	5,033,233	4,324,539	4,324,539	3,262,115	3,262,115

4.14.3 Fair value methods and assumptions

Loans and advances to customers

Loans and advances to customers are carried at amortised cost net of provision for impairment. The estimated fair value represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Investment securities

The NBE bills are carried at amortised cost using the Effective Interest Rate (EIR) method. This means the amortised cost is determined as the fair value of the NBE bills at inception plus interest accrued using the EIR.

4.14.4 Valuation technique using significant unobservable inputs – Level 3

The Bank has no financial asset measured at fair value on subsequent recognition.

4.14.5 Transfers between the fair value hierarchy categories

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

4.15 Offsetting financial assets and financial liabilities

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

Addis International Bank Share Company

Notes to the financial statements

For the year ended 30 June 2020

		30 June 2020 Birr'000	30 June 2019 Birr'000
5	**Interest income**		
	Loans and advances to customers	461,353	358,562
	Investment securities	36,377	29,635
	Cash and cash equivalents	18,084	19,586
	Treasury Bills	80	-
		515,893	407,783

		30 June 2020 Birr'000	30 June 2019 Birr'000
6	**Interest expense**		
	Savings deposits	104,160	80,400
	Fixed time deposits	148,533	127,691
	Short and Long term borrowings	3,835	
		256,528	208,090

		30 June 2020 Birr'000	30 June 2019 Birr'000
7	**Net fees and commission income**		
	Fee and commission income		
	Letter of gaurantee	110,344	82,714
	Service charge	98,472	61,334
	Letters of credit	49,863	44,605
	Cash against document (CAD)	1,771	28,767
	Cash payment orders	742	991
	Automated teller machine	905	946
	Other services	78	101
		262,176	219,459
	Fee and commission expense		
	Cash collections	(3,893)	(3,425)
	Net fees and commission income	258,283	216,034

		30 June 2020 Birr'000	30 June 2019 Birr'000
8	**Other operating income**		
	Rental income from investment property	452	540
	Dividend income	1,284	753
	Other income	9,413	13,130
		11,149	14,423

		30 June 2020 Birr'000	30 June 2019 Birr'000
9	**Impairment charge**		
	Loans and Advance - charge for the year	2,909	10,471
	Other imparment charges	(1,807)	1,660
		1,101	12,131

Addis International Bank Share Company
Notes to the financial statements
For the year ended 30 June 2020

		30 June 2020 Birr'000	30 June 2019 Birr'000
10	**Net gain on foreign exchange**		
	Gain on foreign exchange	44,850	31,048
	Loss on foreign exchange	(1,121)	(394)
		43,729	30,654

		30 June 2020 Birr'000	30 June 2019 Birr'000
11	**Personnel expenses**		
	Short term employee benefit		
	Wages and salaries	98,748	80,644
	Bonus	15,049	13,603
	Staff allowances	16,460	11,338
	Leave pay	3,770	2,892
	Defined contribution plan:		
	Pension costs	9,529	7,681
	Provident fund contribution	772	685
	Defined benefit plan: severance pay	2,702	1,912
	Others		
	Overtime	98	92
	Training and education	5,964	3,054
	Other staff expenses	5,414	2,602
		158,506	124,503

		30 June 2020 Birr'000	30 June 2019 Birr'000
12	**Other operating expenses**		
	Rental expenses	55,985	50,611
	Security and janitorial expenses	20,255	14,592
	Communication	4,122	3,543
	Stationery and office supplies	4,240	3,287
	Insurance premium	1,176	948
	Business travel and transportation	1,202	939
	Inauguration	30	-
	Fuel and lubricants	1,049	1,113
	Other expenses	3,484	2,649
	Conference and meeting	1,183	1,466
	Repairs and maintenance	4,565	5,699
	Utilities	1,282	874
	Wages for non-employees	348	259
	Bank charges	1,710	953
	Advertisement	7,656	7,218
	Transportation of currency	78	78
	Postage	121	85
	Legal fees	12	233
	Donations	2,600	5,099
	Entertainment	16	92
		111,113	99,739

Addis International Bank Share Company

Notes to the financial statements

For the year ended 30 June 2020

	30 June 2020 Birr'000	30 June 2019 Birr'000
13 Company income and deferred tax		
13a Current income tax		
Company income tax	61,825	47,443
Prior year (over)/ under provision		
Capital gains tax	-	-
Tax on foreign deposit interest		
Deferred income tax/(credit) to profit or loss	(707)	(1,535)
Total charge to profit or loss	61,118	45,908
Tax (credit) on other comprehensive income	4,874	3,410
Total tax in statement of comprehensive income	65,992	49,318

13b 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 2020 Birr'000	30 June 2019 Birr'000
Profit before tax	274,234	205,168
Non-deductible expenses	29,776	32,651
Deduct allowable expense	(97,926)	(79,676)
Tax calculated at statutory tax rate of 30 %	61,825	47,443

13c Current income tax liability	30 June 2020 Birr'000	30 June 2019 Birr'000	30 June 2018 Birr'000
Balance at the beginning of the year	47,406	28,384	19,081
Charge for the year:			
Education tax			
Capital gains tax			
Income tax expense	61,825	47,443	35,175
Prior year (over)/ under provision			
WHT Notes utilised	(168)	(37)	(4)
Payment during the year	(47,406)	(28,384)	(25,869)
Balance at the end of the year	61,658	47,406	28,384

13d Deferred income tax

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets of Birr (13,141, 8,974 and 7099) for the Bank have not been recognised as at 30 June 2020, 30 June 2019 and 1 July 2018 respectively because it is not probable that future taxable profits will be available against which they can be utilised.

	30 June 2020 Birr'000	30 June 2019 Birr'000	30 June 2018 Birr'000
The analysis of deferred tax assets/(liabilities) is as follows:			
To be recovered after more than 12 months	(13,141)	(8,974)	(7,099)
To be recovered within 12 months			
Deferred income tax liability	(13,141)	(8,974)	(7,099)

Addis International Bank Share Company
Notes to the financial statements
For the year ended 30 June 2020

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

Deferred income tax assets/(liabilities):	**At 1 July 2019 Birr'000**	**Credit/ (charge) to profit or loss Birr'000**	**Credit/ (charge) to equity Birr'000**	**'30 June 2020 Birr'000**
Property, plant and equipment	(6,637)	114		(6,523)
Investments in Equity	(5,145)		(4,702)	(9,847)
Post employment benefit obligation	2,808	593	(172)	3,230
Total deferred tax assets/(liabilities)	(8,974)	707	(4,874)	(13,141)

Deferred income tax assets/(liabilities):	**At 1 July 2018 Birr'000**	**Credit/ (charge) to profit or loss Birr'000**	**Credit/ (charge) to equity Birr'000**	**'30 June 2019 Birr'000**
Property, plant and equipment	(7,747)	1,110		(6,637)
Investments in Equity	(1,267)		(3,878)	(5,145)
Post employment benefit obligation	1,915	425	468	2,808
Total deferred tax assets/(liabilities)	(7,099)	1,535	(3,410)	(8,974)

14 Cash and bank balances

	30 June 2020 Birr'000	**30 June 2019 Birr'000**	**30 June 2018 Birr'000**
Cash on hand	379,939	421,776	295,498
Balance held with National Bank of Ethiopia	743,887	468,010	371,062
Deposits with local banks	156,711	142,267	181,415
Deposits with foreign banks	202,058	294,229	188,524
Less: Imparment Provision for Other bank Deposits	(55)	(45)	(37)
	1,482,540	1,326,238	1,036,461

Maturity analysis

	30 June 2020 Birr'000	**30 June 2019 Birr'000**	**30 June 2018 Birr'000**
Current	1,245,540	1,126,238	882,498
Non- current	237,000	200,000	154,000
	1,482,540	1,326,238	1,036,498

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash on hand, cash at bank, short term deposit with banks. Cash and cash equivalent does not include restricted cash with NBE which is not available for use by the bank for normal day to day cash operations.

Cash and cash equivalents

	30 June 2020 Birr'000	**30 June 2019 Birr'000**	**30 June 2018 Birr'000**
Cash on hand	379,939	421,776	295,498
Deposits with local banks	156,711	142,267	181,415
Deposits with foreign banks	202,058	294,229	188,524
Balance held with National Bank of Ethiopia	506,887	268,010	217,062
	1,245,595	1,126,283	882,498

Addis International Bank Share Company

Notes to the financial statements

For the year ended 30 June 2020

		30 June 2020 Birr'000	30 June 2019 Birr'000	30 June 2018 Birr'000
15	**Loans and advances to customers**			
	Agriculture	7,054	21,111	-
	Transport	14,557	17,031	21,736
	Manufacturing	428,520	294,951	204,843
	Construction	453,489	248,935	187,771
	Domestic Trade and Services	769,777	626,841	514,609
	Import	210,337	119,726	96,142
	Export	1,495,849	1,268,436	939,237
	Personal	11,747	8,168	8,547
	Housing	71,061	65,314	77,831
	Vehicle	1,779	-	-
	Staff loans	17,568	6,898	6,215
	Gross amount	3,481,737	2,677,410	2,056,931
	Less: Impairment allowance			
	- Specific impairment			
	Collective impairment	(31,808)	(28,899)	(18,428)
	* Staff loans are presented at fair value by taking the market interest			
	Net amount	3,449,929	2,648,510	2,038,502

	30 June 2020 Birr'000	30 June 2019 Birr'000	30 June 2018 Birr'000
Maturity analysis			

		30 June 2020 Birr'000	30 June 2019 Birr'000	30 June 2018 Birr'000
16a	**Investment securities**			
	Investment in Equiry held though OCI			
	Equity Investments	24,016	22,945	20,499
	Fair valuation	32,823	17,149	4,224
	Equity Investments Total	56,839	40,094	24,723
	Investment in security designated at amortized cost			
	National Bank of Ethiopia (NBE) bills	862,500	1,062,826	806,191
	Gross amount	862,500	1,062,826	806,191
	Less:- Imparment Provision for NBE Bills	(43)	(53)	(40)
		862,456	1,062,773	806,150

	30 June 2020 Birr'000	30 June 2019 Birr'000	30 June 2018 Birr'000
Maturity analysis			
Current	248,264	248,264	248,264
Non- current	614,193	814,509	557,927
	862,456	1,062,773	806,191

Addis International Bank Share Company
Notes to the financial statements
For the year ended 30 June 2020

The Bank holds equity investments in the following entities;

	30 June 2020			30 June 2019	
	Number of shares	Fair value	Percentage of ownership	Number of shares	Percentage of ownership
Ethio Life and General Insurance S.C	7,214	3,232	5.03%	6,143	5.32%
EthSwitch	12,002	27,185	5.13%	12,002	5.55%
Premier Switch Solution (PSS)	4,800	2,406	3.21%	4,800	3.22%
Total	24,016	32,823		22,945	

*Fair valuation of the banks investment in Ethio-life and General insurance company is not assesed for the year ended june 30,2020. It is because the audited finacial statement of the company couldn't be availed during the preparation of this financial statmen.

	30 June 2020 Birr'000	30 June 2019 Birr'000	30 June 2018 Birr'000
16b Non-current asset held for sale - Cost	66,046	20,797	4,552
	66,046	20,797	4,552

The non-current asset held for sale class of accounts comprises repossessed collaterals. Since no indicator of impairment is seen, impairment charges are not deducted.

	30 June 2020 Birr'000	30 June 2019 Birr'000	30 June 2018 Birr'000
17 Other assets			
17a Financial assets			
Un-cleared effects local and foreign	122,792	30,759	5,548
Credit and debit cards receivables	4,844	3,127	4,760
Other account receivables	118,105	148,496	68,165
Gross amount	245,741	182,382	78,472
Less: Imparment Provision for Receivables	(560)	(2,377)	(741)
	245,181	180,005	77,731
Non-financial assets			
Prepaid rent	143,886	81,574	78,054
Prepayments for branch under establishment	22,940	14,787	18,420
Prepaid staff expense	26,501	4,130	3,172
Shares awaiting resale	8,608	8,648	8,428
Stock of consumables (note 17b)	4,509	4,154	3,366
Prepayments for services	3,553	8,994	5,678
Withholding tax recoverable	-	-	-
	209,998	122,287	117,118
Gross amount	**455,179**	**302,292**	**194,849**

Addis International Bank Share Company

Notes to the financial statements

For the year ended 30 June 2020

Maturity analysis	2020 Birr'000	30 June 2019 Birr'000	2018 Birr'000
Current	455,179	323,088	200,142
Non- current			
	455,179	323,088	200,142

17b Stock of consumables

A breakdown of stock of consumables included within other assets is as follows:

	2020 Birr'000	30 June 2019 Birr'000	2018 Birr'000
Supplies stock account	3,270	3,386	2,105
Others	1,239	768	1,261
	4,509	4,154	3,366

	Cost Birr'000	Amortisation Birr'000	Net book value Birr'000
18 Intangible Assets			
As at 1 July 2018	18,678	9,331	9,347
Additions/(amortisation)	4,305	(3,415)	890
As at 30 June 2019	22,983	12,745	10,237
Additions/(amortisation)	1,842	(4,012)	(2,170)
As at 30 June 2020	24,824	16,757	8,067

The Bank's intangible assets consist of computer softwares. Amortisation is included as part of 'other operating expenses'.

	2020 Birr'000	30 June 2019 Birr'000	2018 Birr'000
19 Investment property			
Cost:			
At the beginning of the year	2,194	2,194	2,194
Investment property	-	-	-
At the end of the year	2,194	2,194	2,194
Accumulated depreciation:			
At the beginning of the year	267	226	184
Charge for the year	42	42	42
At the end of the year	309	267	226
Net book value			
At the beginning of the year	1,926	1,968	2,010
At the end of the year	1,885	1,926	1,968

Transfers from property, plant and equipment relates to buildings recognised under property, plant and equipment which are held to earn rental income and fall under the bank's definition of an investment property.

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Ethiopia
TAY Authorized Auditors & Accountants

Addis International Bank Share Company

Notes to the financial statements

For the year ended 30 June 2020

19a Amounts recognised in profit or loss for investment properties

	Notes	30 June 2020 Birr'000	2019 Birr'000
Rental income (note 8)		452	540
Direct operating expenses from property that generated rental income		-	-
		452	540

19b 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. 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 the reporting date and 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.

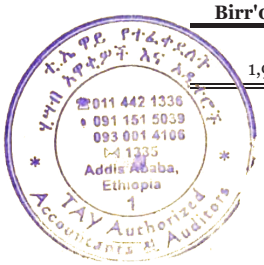
19c Fair value hierarchy

Details of the Bank's investment properties and information about the fair value hierarchy are as follows:

30 June 2020	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000
Investment properties	1,885		3,647	

30 June 2019	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000
Investment properties	1,926		3,039	

1 July 2018	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000
Investment properties	1,968	-	2,703	-



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Notes to the financial statements

For the year ended 30 June 2020

	Buildings Birr'000	Motor vehicles Birr'000	Office equipment Birr'000	Furniture and fittings Birr'000	Computer equipment Birr'000	Total Birr'000
20 Property, plant and equipment						
Cost						
As at 1 July 2018	18,107	29,631	33,586	23,299	48,213	152,836
Additions	-	9,008	2,710	2,835	3,128	17,681
As at 30 June 2019	18,107	38,639	36,296	26,134	51,341	170,517
As at 1 July 2019	18,107	38,639	36,296	26,134	51,341	170,517
Additions	-	(0)	7,154	4,649	12,721	24,524
Disposals	-	-	-	-	-	-
As at 30 June 2020	18,107	38,639	43,450	30,783	64,062	195,041
Accumulated depreciation						
As at 1 July 2018	432	12,614	12,577	7,628	20,166	53,418
Charge for the year	344	2,908	4,170	2,484	5,202	15,108
As at 30 June 2019	776	15,522	16,747	10,113	25,368	68,526
As at 1 July 2019	776	15,522	16,747	10,113	25,368	68,526
Charge for the year	345	3,681	4,010	2,967	8,041	19,045
Disposals	-	-	-	-	-	-
As at 30 June 2020	1,121	19,202	20,757	13,080	33,408	87,568
Net book value						
As at 1 July 2018	17,675	17,017	21,009	15,671	28,047	99,418
As at 30 June 2019	17,331	23,117	19,549	16,022	25,975	101,993
As at 30 June 2020	16,986	19,436	22,694	17,703	30,654	107,473

	2020 Birr'000	30 June 2019 Birr'000	30 June 2018 Birr'000
21 Deposits from customers			
Demand deposits	1,016,033	934,656	716,585
Savings deposits	1,743,107	1,316,283	960,161
Special savings	433,090	358,764	310,350
Time deposits	1,443,455	1,336,863	983,282
	4,635,686	3,946,566	2,970,377

Maturity analysis	2020 Birr'000	30 June 2019 Birr'000	30 June 2018 Birr'000
Current	2,459,489	3,454,860	2,436,858
Non- current	2,176,197	491,706	533,518
	4,635,686	3,946,566	2,970,376

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	2020 Birr'000	30 June 2019 Birr'000	30 June 2018 Birr'000
22 Other liabilities			
Financial liabilities			
Letter of credit margin payables	124,948	166,048	104,051
Cash against document (CAD) margin payables	17,702	58,752	61,961
Banking instruments payables	29,267	36,701	47,356
Exchange commission payable	9,698	5,364	4,014
Accrued expenses	12,471	9,846	7,570
Dividend payable	57,713	49,017	29,011
SME Credit Facility DBE	44,495	-	-
	296,295	325,728	253,963
Non-financial liabilities			
Defined contribution plan	909	1,577	717
Stamp duty payable	634	219	233
Withholding tax and valued added tax payables	5,804	4,962	2,984
Employee tax payable	1,665	2,544	1,174
Unearned income	49,434	30,995	27,129
Other payables	14,265	11,948	5,539
Lease Liability	28,541		
	101,252	52,245	37,775
Gross amount	**397,547**	**377,973**	**291,738**

Maturity analysis	2020 Birr'000	30 June 2019 Birr'000	30 June 2018 Birr'000
Current	54,977	377,915	107,267
Non- current	342,570	58	184,471
	397,547	377,973	291,738

23 Retirement benefit obligations

The Bank operates an unfunded severance pay plan for its staff wchich is governed by Labour Law No. 377/03 article 39 & 40 and its subsequent labour amendment No. 494/06 new provisions in sub article (1) of 39. 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:

	2020 Birr'000	30 June 2019 Birr'000	30 June 2018 Birr'000
A Liability recognised in the financial position			
Severance pay	10,765	9,359	6,384

B Amount recognised in the profit or loss	30 June 2020 Birr'000	30 June 2019 Birr'000
Current service cost	1,499	1,076
Past service cost	-	-
Interest cost	1,132	879
	2,631	1,955

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

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C Amount recognised in other comprehensive income:	30 June 2020 Birr'000	30 June 2019 Birr'000
Remeasurement gains on economic assumptions	1,772	(679)
Remeasurement loss on experience	(1,200)	(881)
Remeasurement Gain/loss on Equity investments	15,674	12,925
	16,246	11,365

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

	30 June 2020 Birr'000	30 June 2019 Birr'000
At the beginning of the year	9,359	6,384
Current service cost	1,499	1,076
Past service cost	-	-
Interest cost	1,132	879
Remeasurement losses	(572)	1,560
Benefits paid	(653)	(540)
At the end of the year	10,765	9,359

The significant actuarial assumptions were as follows:

i) Financial Assumption Long term Average

	2020 Birr'000	30 June 2019 Birr'000	30 June 2018 Birr'000
Discount rate (p.a)	13.90%	10.75%	12.22%
Long term salary increase(p.a)	12.00%	12.00%	9.70%

ii) Mortality in Service

The rate of mortality assumed for employees are those according to the Demographic and Health Survey ("DHS") 2016 report. The DHS report provides male and female mortality rates for 5 year age bands from age 15 to age 49. Since the rates are provided in 5 year bands, the rate provided per band were applied as the mortality rate for the age in the middle of each band, and interpolated linearly for rates in between these ages.

For ages over 47, mortality was assumed to be in line with the SA85/90 ultimate standard South African mortality tables published by the Actuarial Society of South Africa ("ASSA"), since the rates in these tables are similar to the DHS female mortality rate at age 47.

These rates combined are approximately summarized as follows:

Age	Mortality rate	
	Male	Female
20	30.6%	22.3%
25	30.3%	22.8%
30	35.5%	31.4%
35	40.5%	27.9%
40	51.5%	31.9%
45	45%	42.8%
50	62.8%	62.8%
55	97.9%	97.9%
60	153.6%	153.6%

iii) Withdrawal from Service

The withdrawal rates are believed to be reasonably representative of the Ethiopian experience. The valuation assumed the Company's resignation rates as follow.

Age	Resignation rates per annum
20	0.0%
25	27.4%
30	25.9%
35	20.4%
40	9.3%
45	19.5%
50+	3.7%

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

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		Impact on defined benefit obligation			
		30 June 2020		30 June 2019	
	Change in assumption	Impact of an increase Birr'000	Impact of a decrease Birr'000	Impact of an increase Birr'000	Impact of a decrease Birr'000
Discount rate	0.1%	10,278	11,279	8,859	9,892
Long term salary increase rate	0.1%	11,283	10,266	9,881	8,860

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.

24 Provisions	**2020 Birr'000**	**30 June 2019 Birr'000**	**30 June 2018 Birr'000**
Balance at the beginning	12,915	9,286	7,770
Payment during the year	(12,915)	(9,286)	(7,770)
Additional provisions for bonus payments	15,049	12,915	9,286
Other provisions	43	33	29
Balance at the end	15,091	12,948	9,315

	30 June 2020 Birr'000	**30 June 2019 Birr'000**	**30 June 2018 Birr'000**
25 Ordinary share capital			
Authorised:			
1,500,000 ordinary shares of Birr 1000 each	1,500,000	1,500,000	800,000
Issued and fully paid:			
Ordinary shares of Birr 1000 each	966,375	831,260	710,446
Share premium	-	-	275

Total subscribed shares at the balance sheet date was Birr 981,230 out of which Birr 966,375 was paid.

Share premium represents the excess of contributions received over the nominal value of shares issued.

26 Earnings per share

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

	30 June 2020 Birr'000	**30 June 2019 Birr'000**
Profit attributable to shareholders	213,116	159,260
Weighted average number of ordinary shares in issue	946,854	770,853
Basic & diluted earnings per share (Birr)	22.51	20.66

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive shares at the reporting date (30 June 2020 nill,30 June 2019 nill, 30 June 2018: nil, 1 July 2017: nil), hence the basic and diluted loss per share have the same value.

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		30 June 2020 Birr'000	30 June 2019 Birr'000
27	**Retained earnings**		
	At the beginning of the year	114,711	77,944
	Profit for the year	213,116	159,260
	Dividend paid	(114,711)	(78,792)
	Transfer to legal reserve	(53,279)	(39,815)
	Transfer to regulatory reserve	(21,653)	(3,885)
	At the end of the year	138,184	114,711

		30 June 2020 Birr'000	30 June 2019 Birr'000
28	**Other comprehensive income**		
	At the beginning of the year	8,716	761
	Remeasurement loss on retirement benefits obligations	400	(1,092)
	Remeasurement Gain/loss on Equity investments	**10,972**	**9,048**
	At the end of the year	20,089	8,716

		30 June 2020 Birr'000	30 June 2019 Birr'000
29	**Legal reserve**		
	At the beginning of the year	146,901	107,086
	Transfer from profit or loss	53,279	39,815
	At the end of the year	200,180	146,901

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.

		30 June 2020 Birr'000	30 June 2019 Birr'000
30	**Regulatory risk reserve**		
	At the beginning of the year	10,046	6,161
	Transfer from retained earnings	21,653	3,885
	At the end of the year	31,699	10,046

The Regulatory risk reserve is a non-distributable reserves required by the regulations of the National Bank of Ethiopia(NBE) to be kept for impairment losses on loans and receivables in excess of IFRS charge as derived using the expected credit loss model.

Where the loan loss impairment determined using the National Bank of Ethiopia (NBE) guidelines is higher than the loan loss impairment determined using the expected credit loss model under IFRS, the difference is transferred to regulatory risk reserve and it is non-distributable to the owners of the Bank.

Where the loan loss impairment determined using the National Bank of Ethiopia (NBE) guidelines is less than the loan loss impairment determined using the incurred loss model under IFRS, the difference is transferred from regulatory risk reserve to the retained earning to the extent of the non-distributable reserve previously recognised.

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Notes to the financial statements

For the year ended 30 June 2020

		Notes	30 June 2020 Birr'000	30 June 2019 Birr'000
31	**Cash generated from operating activities**			
	Profit before tax		274,234	205,168
	Adjustments for non- cash items:			
	Adjustment for impairment			
	Depreciation of property, plant and equipment	20	19,045	15,108
	Depreciation of investment property	19	42	42
	Amortisation of intangible assets	18	4,012	3,415
	Impairment on loans and advances to customers	15	2,909	10,471
	Net interest income		(259,365)	(199,693)
	Income statement charge on defined benefit obligations	11	2,702	1,912
	Provisions		2,134	3,633
	other imparment charges		(1,807)	1,660
	Changes in working capital:			
	-Decrease/ (increase) in loans and advances to customers	15	(804,328)	(620,479)
	-Decrease/ (increase) in other assets	17	(151,069)	(109,079)
	-Increase/ (decrease) in deposits from customers	20	689,120	976,189
	-Increase/ (decrease) in non current asset held for sale		(45,250)	(16,245)
	-Increase/ (decrease) in other liabilities	22	19,501	86,037
			(248,120)	358,139

32 Related party transactions

The Bank is 25.66 % owned by cooperatives, 5.08 % by share companies, 61.14 % by individuals, 3.78% by Idirs, 3.22 % by Private Limited Companies and 1.12 % by others.

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

		2020 Birr'000	30 June 2019 Birr'000	30 June 2018 Birr'000
32a	***Transactions with related parties***			
	Loans to related parties:			
	- Loans to key management personnel	8,921	45,218	25,554
	- Estimated value of collateral	9,225	75,157	6,438
		18,147	120,375	31,992

32b *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 below. There were no sales or purchase of goods and services between the Bank and key management personnel as at 30 June 2020.

	2020 Birr'000	30 June 2019 Birr'000	30 June 2018 Birr'000
Monthly Salaries and other short-term employee benefits	755	570	508
Post-employment benefits	-	-	-
Sitting allowance	37	15	15
	792	585	524

Compensation of the Bank's key management personnel includes salaries and the maximum sitting allowance per meeting for each member of the Board of Directors. The amount paid is within the limit set in accordance with NBE directive SBB 63/2016.

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33 Contingent liabilities

33a 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 2020 is Nil (30 June 2019 is Nil,30 June 2018: Nil, 1 July 2017: Nill). No provision has been made in the financial statements as the directors believe that it is not probable that the economic benefits would flow out of the Bank in respect of these legal actions.

33b Guarantees and letters of credit

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

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

	2020 Birr'000	30 June 2019 Birr'000	30 June 2018 Birr'000
Guarantees issued and outstanding	2,532,209	1,780,434	1,445,125
Letter of credit net of margin paid	140,835	136,873	203,089
	2,673,044	1,917,306	1,648,214

34 Commitments

The Bank has commitments, not provided for in these financial statements, of Birr 147,590 (30 June 2019: Birr 35,490, 30 June 2018: Birr 18,360) on loan approved but not disbursed.

35 Operating lease commitments - Bank as lessee

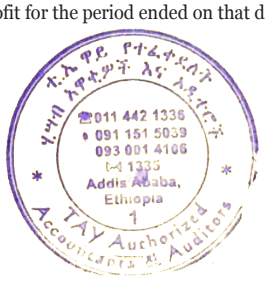
The Bank leases various properties under non-cancellable operating lease agreements.

The table below bridges operating lease commitments related to continuing operations to IFRS 16 lease liabilities:

	2020 Birr'000	
Right of Use Asset	28,042,870	
Lease Liability		28,540,604
Interest Expense on Lease	2,937,322	
Rent Expense		2,439,588
Total	30,980,191	30,980,191

36 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 2020 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.



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እ.ኤ.አ. ሐምሌ 2020 የዓለም ባንክ ባወጣው ሪፖርት የዓለም ኢኮኖሚ በኮሮና ቫይረስ ስርጭት ምክንያት በ4.9 በመቶ እንደሚቀንስ የተገመተ ሲሆን፣ የዓለም ብረት እና ነዳጅ ዘይት ምርት ዋጋ መጨመር እንዲሁም የምርትና ሽቀጦች ፍላጎት መዳከም ያደጉትን አገራት የኢኮኖሚ ዕድገት ከተጠበቀው በታች እንዲሆን ምክንያት ሆኗል። እነዚህ አገራት ኢኮኖሚያቸውን ወደነበረው ለመመለስ የተለያዩ ጥረቶች እያደረጉ ሲሆን በዚህም ምክንያት በ2020 የሀገራቱ ኢኮኖሚ ሊሻሽል እንደሚችል ይጠበቃል። በተመሳሳይ ሁኔታ በአፍሪካ አገራት ኢኮኖሚ ኮሮና ቫይረስ ስርጭት ለመከላከል በሚደረጉ ጥንቃቄዎች ምክንያት ተግዳሮቶች አጋጥምታል በተለይም የፋይናንስ ሁኔታ አለመረጋጋት፣ የሀገር ውስጥ ፍላጎቶች፣ የቱሪዝም ፍሰት እና የውጭ ምንዛሬ ፍሰት መቀነስ ዋና ዋናዎቹ ናቸው።

በተመሳሳይ ሁኔታ በኢትዮጵያም የኮሮና ቫይረስ ስርጭት ከፍተኛ የሆነ የጤና እና ኢኮኖሚያዊ ችግቶችን አስከትሏል። በዚህም ምክንያት ይጠበቅ የነበረው የኢኮኖሚ ዕድገት በከፍተኛ ሁኔታ እንደሚቀንስ ተገምቷል። መንግሥት የቫይረሱን ስርጭት ለመግታትና ተጋላጭ የሆኑ ዜጎችን ለመርዳት ሁሉን አቀፍ እርምጃ ተግባራዊ አድርጓል። በግንቦት ወር 2020 የፀደቀው በጀት ማሻሻያ የጤና ዘርፍ፣ የሰብአዊ አገልግሎት እንዲሁም የንግድ ተቋማት ለማነቃቃት አስችሏል። የተጠናቀቀው በጀት ዓመት በሀገሪቱ ውስጥ ላሉ ባንኮች እጅግ ፈታኝ ወቅት ነበር። ይህንንም በመመልከት መንግስት የተለያዩ እርምጃዎች የወሰደ ሲሆን ተጨማሪ የጥሬ ገንዘብ ፍሰት እንዲኖር በማድረግ፣ የውጭ ምንዛሬ እጥረትን ለመቀነስ የሚረዱ እርምጃዎች በመውሰድ፣በሞባይል ባንኪንግ የሚተላለፍን የገንዘብ መጠን በመጨመር እና ለተበላሹ ብድሮች እና በኮሮና ቫይረስ በቀጥታ ለተጎዱ ዘርፎች መመሪያዎችን ማሻሻል ተጠቃሾች ናቸው።

የ2019/20 በጀት ዓመት በበርካታ ውስጣዊ እና ውጫዊ ተግዳሮቶች የታጀበ ቢሆንም የባንኩ የሥራ አፈጻጸም አበረታች ነበር። በተጠናቀቀው በጀት አመት መጨረሻ የባንኩ አጠቃላይ ተቀማጭ ገንዘብ ብር 4.8 ቢሊዮን የደረሰ ሲሆን፣ ለደንበኞች የተሰጠ ብድር መጠን ብር 3.5 ቢሊዮን ሆኗል። በፈታኝ ሁኔታዎች ውስጥ አልፎ ብር 213.1 ሚሊዮን ከታክስ በኋላ ማትረፍ የተቻለ ሲሆን፣ ካለፈው ዓመት አንፃር ሲታይ የ34 በመቶ ብልጫ አለው። የባንኩ ደንበኞች ቁጥር 8 በመቶ አድጓል። የተከፈለ ካፒታል እና አጠቃላይ ካፒታል በቅደም ተከተል ብር 966.4 ሚሊዮን እና 1.4 ቢሊዮን ደርሷል። ለባንኩ ሥራ አመራርና ሠራተኞች ላበረከቱት አስተዋጽኦ ያለኝን አድናቆት እና ልባዊ ምስጋናዬን ማቅረብ እፈልጋለሁ።

አዲስ ኢንተርናሽናል ባንክ አ.ማ. ዘመናዊ ቴክኖሎጂንና በሙያቸው ብቃት ያላቸው ሠራተኞችን በመጠቀም ለህብረተሰቡ በተለይም ለደንበኞች ጥራት ያለው የባንክ አገልግሎት በማቅረብ ላይ ይገኛል። በአዲስ አበባና በክልል ከተሞች ቅርንጫፎችን በማስፋፋት ላይ የሚገኝ ሲሆን፣ በበጀት ዓመቱ በሰባት በመጨመር አጠቃላይ የቅርንጫፍ ስርጭቱን 75 ማድረስ ችሏል። ሁሉንም ቅርንጫፎች በመረጃ መረብ ስለተገናኙ ደንበኞች የትኛውንም ቅርንጫፍ በመጠቀም ሂሳባቸውን ማንቀሳቀስ ይችላሉ። በራሱና በሌሎች ባንኮች ኤ.ቲ. ኤሞች አማካኝነት ባንካችን ደረጃውን የጠበቀ የካርድ ባንኪንግ አገልግሎት እያቀረበ ይገኛል። የመረጃ ቴክኖሎጂ በባንክ ኢንዱስትሪ ላይ የሚያሳድረው ተጽዕኖ ለባንኮች ሆነ ለደንበኞቹ አስደሳች አጋጣሚዎችን እየፈጠረ እንዳለ ይታወቃል። ይህንንም በመረዳት ባንካችን በኢንዱስትሪው ተወዳዳሪ ሆኖ ለመቀጠል እና የባንክ አገልግሎት ለማስፋፋት በአዲስ ኢንፎርሜሽን ቴክኖሎጂ ለመቀየር በእንቅስቃሴ ላይ ይገኛል።

በተጠናቀቀው 2019/20 በጀት ዓመት ባንካችን ለዋናው መስሪያ ቤት የሚሆን ቦታ ከአዲስ አበባ ከተማ መስተዳደር በልደታ ክ/ከተማ ንግድ ሥራ ኮሌጅ አካባቢ በሊዝ እንደተፈቀደለት ይታወቃል፤ በመሆኑም ቦታው ለመረከብ ከፍተኛ ጥረት እየተደረገ ይገኛል።

የዳይሬክተሮች ቦርድ የባንኩን አመራር እና የሠራተኞች ተነሳሽነት እና ቁርጠኝነትን ለማነሳሳት ምቹ የስራ አካባቢዎችን እና አሳታፊ የአመራር ሥርዓትን እንዲፈጠር አድርጓል። ወደፊትም የባንኩ የትኩረት መስክ ሆኖ እንደሚቀጥል ለማረጋገጥ እወዳለሁ። ቦርዱ ከመደበኛ ወርሃዊ ስብሰባዎች በተጨማሪ ድጋፍ እና አመራር ለመስጠት በርካታ ልዩ ስብሰባዎችን አካሂዷል። በዚህ አጋጣሚ የቦርድ አባላት ላሳዩት ቁርጠኝነት ማመስገን እወዳለሁ።

ባንካችን ከዚህ ቀደም ከነበረበት በተሻለ ሁኔታ ላይ የሚገኝ ሲሆን በቀጣይም ሁሉም ባለድርሻ አካላት ተሳትፎውን እንዲጠናከር እንዲሁም ባለአክሲዮኖች ባንካቸውን ለማሳደግ የበኩላቸውን አስተዋጽኦ እንዲያበረክቱ ጥሪዬን አቀርባለሁ።

በመጨረሻም፣ ደንበኞቻችን ለባንኩ ስኬት ላበረከቱት አስተዋጽኦ ከፍተኛ ምስጋና አቀርባለሁ። የቦርድ አባላትን ለሰጡት ጠንካራ አመራር እና ላበረከቱት አስተዋጽኦ ላመሰግናቸው እወዳለሁ። በዓመቱ ለተመዘገበው ውጤት በቁርጠኝነት ያላሰለሰ ጥረት ላደረጉት የማኔጅመንት አባላት እና ሰራተኞች ምስጋናዬን መግለጽ እፈልጋለሁ። ባለአክሲዮኖች ላደረጉት ጉልህ አስተዋጽኦ ፣ብሔራዊ ባንክ እና የውጭ ኦዲተሮች ላደረጉልን ድጋፍ ምስጋናየን አቀርባለሁ።

ክቡራትና ክቡራን ከዚህ በመቀጠል የበጀት ዓመቱን የዳይሬክተሮች ቦርድ ሪፖርት በአጭሩ አቀርባለሁ። ቦርዱ በበጀት ዓመቱ ውስጥ የሚከተሉትን ተግባራትን አከናውኗል።

1. በተጠናቀቀው የበጀት ዓመት ለባንኩ አገልገሎት አሰጣጥ አጋዥ የሆኑ የተለያዩ ፖሊሲዎችንና ፕሮፖዛሎችን መርምሮ አጽድቋል። እነዚህም:-
   - የካፒታል አመራር ፖሊሲ(Capital Management Policy)፣
   - የሂሳብ አያያዝ እና ኢንፎርሜሽን ቴክኖሎጂ ፖሊሲ ማሻሻያዎች (Revision of Accounting and Information Technology Policy)፣
   - የባንኩን የውጭ ኦዲተር መምረጥ፣
   - የውስጥ ኦዲት ዳይሬክተር ቅጥር ማጽደቅ፣
   - ኮር ባንኪንግ ቴክኖሎጂ በሌላ አዲስ ዘመናዊ ቴክኖሎጂ ለመተካት የቀረበ ፕሮፖዛል፣
   - የባንኩን የቀጣይ አምስት ዓመት ስትራቴጂክ ዕቅድ ለማዘጋጀት የቀረበ ፕሮፖዛል ናቸው።

2. ቦርዱ የሚከተሉት ከአስተዳደር እና ኦፕሬሽን ጋር የተያያዙ ጉዳዮችን መርምሮ አጽድቋል።
   - የሥጋትና አግባብነት አመራርን ክፍልን (Risk & Compliance Management Service) ወደ መምሪያ እንዲያድግ የቀረበ ፕሮፖዛል፣
   - አዲስ የቁጠባ ዓይነት፣
   - የተቀማጭ ገንዘብ እና የውጭ ምንዛሪን ግኝት ለማሳደግ የተዘጋጀው የብድር መመሪያ እና ወለድ ማሻሻያ ናቸው።

3. ቦርዱ በብሔራዊ ባንክ የመልካም አስተዳደር መመሪያ መሰረት የተለያዩ ስራዎች አከናውኗል። እነዚህም:-
   - የመተዳደሪያ ደንብ፣ የመልካም አስተዳደር እና የኮሚቴዎች መመሪያዎችን ማሻሻል እንዲሁም የቦርድ ኮሚቴዎችን ግምገማ መከታተል፣
   - የኮሮና ቫይረስ ስርጭትን ለመቆጣጠር አስፈላጊውን ጥንቃቄ የማድረግ ስራ እና የባንኩ የሥራ አፈጻጸም ያለውን ተፅዕኖ ሁኔታ መከታተል፣
   - በአዲስ አበባ መስተዳድር በተዘጋጀው የኢኮኖሚ ችግር ላለባቸው ተማሪዎች ልገሳ መርሃ-ግብር ላይ የ50,000 ደብተሮች ልገሳ ማድረግ ናቸው።

4. በተጨማሪም ከሐምሌ 01 ቀን 2011 ዓ.ም. እስከ ሰኔ 30 ቀን 2012 ዓ.ም. ድረስ ባሉት ጊዜያት ውስጥ የተከናወኑ ተግባራትንና ያጋጠሙ ችግሮችን ለመፍታት በብሔራዊ ባንክ መመሪያ ቁጥር 71/2019 አንቀፅ 10.6 መሰረት ተግባራዊ አድርጓል። በተጨማሪም በሩብ ዓመት፤ ግማሽና ዓመታዊ ሪፖርቶች በመገምገም የመፍትሔ ሃሣቦችን በመስጠት የመሪነት ሚናውን ተወጥቷል።

የ2019/20 በጀት ዓመት የዳይሬክተሮች ቦርድ ሪፖርት

1. አጠቃላይ ሁኔታ

አዲስ ኢንተርናሽናል ባንክ አ.ማ. በ2019/20 በጀት ዓመት የሥራ አፈፃፀም ክንዉን ወቅት በርካታ ተግዳሮቶች ያጋጠሙት ሲሆን፣ የጥሬ ገንዘብ እጥረት፣ የውጭ ምንዛሬ ግኝት እጥረት፣ ለባንኩ ቅርንጫፍ የሚያገለግል የኪራይ ህንፃ ያለማግኘት፣ የሰራተኛ ፍልሰት፣ የፖለቲካ አለመረጋጋት እና የኮረና ወረርሽኝ መስፋፋት ዋና ዋናዎቹ ናቸው። እነዚህ ተግዳሮቶች ተቋቁሞ በበጀት ዓመቱ ያስመዘገበው ዋናዋና ሥራዎች አፈፃፀም ሪፖርት እንዲሁም የኦዲተሮች ሪፖርት ማለትም የሀብትና ዕዳ፣ የትርፍና ኪሳራ መግለጫ እና ሌሎች ማብራሪያ እንደሚከተለው ቀርቧል፡-

1.1 ተቀማጭ ገንዘብ

በ2019/20 በጀት ዓመት በተደረገው ያላሰለሰ ጥረት የባንኩ ጠቅላላ ተቀማጭ ገንዘብ 16 በመቶ በመጨመር ብር 4.6 ቢሊዮን ደርሷል። ከተሰበሰበው ተቀማጭ ገንዘብ ውስጥ 47 በመቶ የቁጠባ ሂሣብ፣ 31በመቶ የጊዜ ገደብ፣ ቀሪው 22 በመቶ የሚሆነው የተንቀሳቃሽ ሂሣብ ተቀማጭ ነበር። በበጀት ዓመቱ ለተመዘገበው ዕድገት ሁሉም የተቀማጭ አይነቶች አስተዋጽኦ አድርገዋል። በበጀት ዓመቱ መደበኛ ቁጠባ በብር 501.2 ሚሊዮን ወይም 30 በመቶ፣ ጊዜ ገደብ የቁጠባ ሂሳብ በብር 106.6 ሚሊዮን ወይም 8 በመቶ እናተንቀሳቃሽ ሂሳብ የብር 81.4 ሚሊዮን ወይም የ9 በመቶ ዕድገት አስመዝግበዋል። የባንኩ ጠቅላላ ተቀማጭ ኤል.ሲ. ማርጂን (LC margin) ጨምሮ ብር 4.8 ቢሊዮን ደርሷል።

እ.ኤ.አ እስከ ሰኔ 30 ቀን 2020 ድረስ የአስቀማጮች ቁጥር 207,702 የደረሰ ሲሆን ካለፈው ዓመት ጋር ሲነፃፀር የ38 በመቶ ዕድገት አሳይቷል። ይህም ባንኩ በህብረተሰቡ ዘንድ ያለውን ተደራሽነትና የህዝብ አመኔታ እያደገ መምጣቱን የሚያሳይ ውጤት ነው።

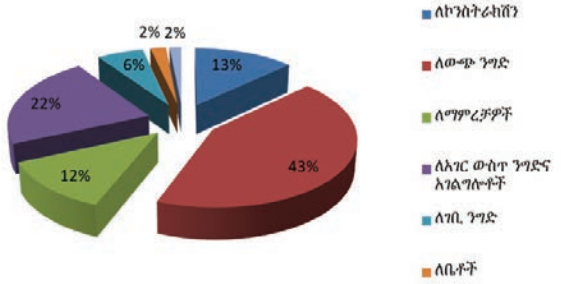
1.2 ብድር

እ.ኤ.አ. እስከ ሰኔ 30 ቀን 2020 ድረስ ባንኩ ለደምበኞች የሰጠው አጠቃላይ ብድር መጠን ብር 3.5 ቢሊዮን ደርሷል። ካለፈው ዓመት ተመሳሳይ ወቅት ጋር ሲነፃፀር የብር 804.3 ሚሊዮን ወይም የ30 በመቶ ጭማሪ አሳይቷል። የብድር ስርጭት በኢኮኖሚ ዘርፍ በሠንጠረዥ 1 እንደሚከተለው ቀርቧል።

ሠንጠረዥ 1፡ የ2019/20 በጀት ዓመት የብድር ስርጭት በኢኮኖሚ ዘርፍ

ተ.ቁ	የብድር ዓይነት በኢኮኖሚ ዘርፍ	በመጠን (በሚሊዮን ብር)
1	ለኮንስትራክሽን	453.5
2	ለውጭ ንግድ	1,495.8
3	ለማምረቻዎች	428.5
4	ለአገር ውስጥ ንግድና አገልግሎቶች	769.8
5	ለገቢ ንግድ	210.3
6	ለቤቶች	71.1
7	ሌሎች	52.7
	ጠቅላላ ብድር	3,481.7

ሥዕላዊ መግለጫ 1፡ የብድር ስርጭት በኢኮኖሚ ዘርፍ በመቶኛ



ከላይ በሥዕላዊ መግለጫ 1 እንደተመለከተው የባንኩ አጠቃላይ የብድር ስርጭት ሁሉንም የኢኮኖሚ ዘርፎች የሸፈነ ሲሆን፣ በዚህም መሠረት የኮንስትራክሽን 13 በመቶ፣ የውጭ ንግድ 43 በመቶ፣ የማምረቻ 12 በመቶ፣ የሀገር ውስጥ ንግድና አገልግሎት 22 በመቶ፣ የገቢ ንግድ 6 በመቶ፣ የቤቶች 2 በመቶ እንዲሁም የሌሎች ዘርፎች 2 በመቶ የሚሆነውን ድርሻ ይዘዋል። ባንኩ በበጀት ዓመቱ መጨረሻ በደምበኞች እጅ ከሚገኘው ብድር ውስጥ 97.1 በመቶ ጤናማ ብድር ሲሆን የተበላሸ ብድር 2.9 በመቶ ብቻ ነበር። ይህም ብሔራዊ ባንክ ካወጣው 5.0 በመቶ መስፈርት በታች ነው።

1.3 የዓለም አቀፍ ባንክ አገልግሎት

ባለፈው በጀት ዓመት ባንኩ በዓለም አቀፍ የባንክ አገልግሎት አበረታች ውጤት ያስመዘገበ ሲሆን፣ ከዘርፉ በጠቅላላው ብር 192.9 ሚሊዮን ገቢ ለማግኘት ችሏል። ይህም ባለፈው ዓመት ከተገኘው ገቢ በብር 26.8 ሚሊዮን ማደጉን ያሳያል።

እንዲሁም በበጀት ዓመቱ የተሰብሰበው የውጭ ምንዛሬ 73.0 ሚሊዮን የአሜሪካን ዶላር ሲሆን፣ካለፈው በጀት ዓመት ሲነጻጸር 15.5 በመቶ ቅናሽ አሳይቷል። የዓለም አቀፍ የሃዋላ ሥራን በተመለከተ ባንካችን ስመ-ጥር ከሆኑ ዓለም አቀፍ የገንዘብ አስተላላፊድርጅቶች ማለትም ዌስተርን ዩኒየን (Western Union)፣ መኒ ግራም (MoneyGram)፣ ደሀብሺል (Dahabshiil)፣ ኤክስፕረስ መኒ (XPress Money)፣ ሪያ (Ria)፣ ትራንስ ፋስት (Trans-fast) እና ኤክስቼንጅ ፎር ፍሪ (Exchange 4free) ከተባሉ ተቋማት ጋር የውል ስምምነት አድርጎ አገልግሎት በመስጠት ላይ ይገኛል። ባንካችን የዓለም አቀፍ ስዊፍት (SWIFT) አገልግሎት አባል በመሆኑ የባንኩን ስዊፍት ኮድ በመጠቀም ከየትኛውም የአለም ክፍል ገንዘብ መላክና መቀበል አስችሎታል።

2. የባንኩ የፋይናንስ ክንውን

2.1 ሀብት

እ.ኤ.አ. ሰኔ 30 ቀን 2020 በተጠናቀቀው በጀት ዓመት የባንኩ ጠቅላላ ሀብት ብር 6.5 ቢሊዮን የደረሰ ሲሆን፣ ካለፈው ዓመት ጋር ሲነፃፀር በብር 975.6 ሚሊዮን ጨምሯል። ከባንኩ ጠቅላላ ሀብት ውስጥ ለደንበኞች የተሰጠ የተጣራ ብድር 53 በመቶ፣ ጥሬ ገንዘብና በባንኮች ተቀማጭ ገንዘብ 23 በመቶ እና ሌሎች 24 በመቶ የሚሆነውን ድርሻ ይዘዋል።

2.2 ካፒታል

በዓመቱ መጨረሻ የባንኩ አጠቃላይ ካፒታል ብር 1.4 ቢሊዮን ደርሷል። ይህም ባለፈው በጀት ዓመት ተመሣሣይ ወቅት ከነበረው ብር 1.1 ቢሊዮን ጋር ሲነጻጸር የ22 በመቶ ዕድገት አሳይቷል።

ከባንኩ አጠቃላይ ካፒታል ከፍተኛውን ድርሻ የሚይዘው ብር 966.4 ሚሊዮን የተከፈለ ካፒታል ሲሆን፣ ይህም ካለፈው ዓመት ጋር ሲነፃፀር የ16 በመቶ ዕድገት ነበረው። በተመሳሳይ የባንኩ የባለአክሲዮኖች ቁጥርም በዓመቱ የ8 በመቶዕድገት በማሳየት 12,619 ደርሷል። ይህም ባንኩ ህዝባዊ መሠረቱን ከጊዜ ወደ ጊዜ እያደገ እንደመጣ የሚያመለክትነው።

2.3 ገቢ

በበጀት ዓመቱ ባንኩ ብር 834.8 ሚሊዮን ገቢ ያገኘ ሲሆን፣ ይህም ባለፈው ዓመት ከተገኘው የገቢ መጠን ጋር ሲነፃፀር የ24 በመቶ ዕድገት አሳይቷል። የተለያዩ የገቢ ምንጮች ድርሻ በሰንጠረዥ 2 እንደሚከተለው ቀርቧል።

ሠንጠረዥ 2፡ የ2019/20 በጀት ዓመት የገቢ ዝርዝር

ተ.ቁ.	የገቢ አይነት	መጠን (በሚሊዮን ብር)	በመቶኛ
1	ከብድር የተገኘ ወለድ	515.9	61.8
2	ከክፍያና ከኮሚሽን	262.2	31.4
3	ከውጭ ምንዛሪ ግብይት	43.7	5.2
4	ከሌሎች የስራ ገቢዎች	13.0	1.6
	ጠቅላላ	834.8	100.0

2.4 ወጪ

በበጀት ዓመቱ የባንኩ ጠቅላላ ወጪ ብር 560.5 ሚሊዮን የደረሰ ሲሆን፣ ካለፈው ዓመት ጋር ሲነፃፀር 20 በመቶ ጭማሪ አሳይቷል። ለባንኩ ወጪ መጨመር ዋና ዋና ምክንያቶች፡- የወለድ ወጪ ማደጉ፣ የተጨማሪ የሠራተኞች ቅጥር፣ የአዳዲስ ቅርንጫፎችን የቢሮ ኪራይ እና የቢሮ ዕቃዎች ግዥ ወጪዎች

ዋናዎቹ ናቸው። ዋና ዋና ወጪዎች በሠንጠረዥ 3 ላይ እንደሚከተለው ቀርበዋል።

ሠንጠረዥ 3፡ የ2019/20 በጀት ዓመት የወጪ ዝርዝር

ተ.ቁ.	የወጪ አይነት	መጠን (በሚሊዮን ብር)	በመቶኛ
1	ለወለድ ወጪ	256.5	45.8
2	ለሰራተኞች ደመወዝ እና ጥቅማጥቅም ወጪ	158.5	28.3
3	ለአስተዳደራዊ ወጪዎች	122.4	21.8
4	ለእርጅና ቅንስናሽ ወጪ	23.1	4.1
	ጠቅላላ	560.5	100.0

2.5 ትርፍ

በበጀት ዓመቱ ከታክስ በፊትና በኋላ የተገኘው ትርፍ በቅደም ተከተል ብር 274.2 ሚሊዮንና ብር 213.1 ሚሊዮን ነበር። ይህየተጣራትርፍ ካለፈውዓመትጋር ሲነፃፀር በ34 በመቶ ዕድገት አሳይቷል። በመሆኑም እያንዳንዱ አክሲዮን ያስገኘው ትርፍ ብር 225 ወይም 22.5 በመቶ ደርሷል።

3. የቅርንጫፍ ማስፋፋት

በተጠናቀቀው በጀት ዓመት ሰባት ተጨማሪ ቅርንጫፎች ተከፍተው አገልግሎት መስጠት የጀመሩ ሲሆን፣ የጠቅላላ ቅርንጫፎች ብዛት ሰባ አምስት ደርሷል። ከተከፈቱት ሰባት ቅርንጫፎች ውስጥ አራቱ ቅርንጫፎች በአዲስ አበባ፤ ቀሪዎቹ ሶስት ቅርንጫፎች በክልል ከተሞች የተከፈቱ ናቸው።

4. የሰው ሀይል

እ.ኤ.አ. ሰኔ 30 ቀን 2020 የባንኩ ጠቅላላ ቋሚ እና ጊዜያዊ ሠራተኞች ቁጥር 646 እና 71 የደረሰ ሲሆን፣ የባንኩ ጥበቃና የፅዳት አገልግሎትን ሳያካትት አጠቃላይ ሠራተኞች ቁጥር 712 ደርሷል። በተጨማሪ በተጠናቀቀው በጀት ዓመት የባንኩን ሠራተኞች ክህሎት ለማሳደግ ልዩ ልዩ ሙያዊ ስልጠናዎች በመስጠት 1,391 ተሳታፊዎች ተጠቃሚ እንዲሆኑ የተደረገ ሲሆን፣ ለዚህም ብር 4.3 ሚሊዮን ወጪ ተደርጓል ።

5. ኢንፎርሜሽን ቴክኖሎጂ

ባንካችን ስራ ከጀመረበት ጊዜ ጀምሮ ዘመኑ ያፈራውን የባንክ ቴክኖሎጂ በሥራ ላይ እንዳዋለ ይታወቃል። ሆኖም አሁን እየተጠቀመ ያለውን ኮር ባንኪንግ ቴክኖሎጂ በሌላ አዲስ ዘመናዊ ቴክኖሎጂ ለመተካት የሚረዱ የተለያዩ ስራዎችን በተጠናቀቀው በጀት ዓመት ተሰርቷል። በተጨማሪም ባንኩ ያለውን የደንበኞችን ፍላጎት ለማሟላት የእጅ ለእጅ ሽያጭን ለመቀነስ የሚረዳውን የፖስ ቴክኖሎጂ የመተግበር ስራ እያከናወነ ይገኛል።

6. የባንኩን ካፒታል ስለማሳደግ

እ.ኤ.አ. ሰኔ 30 ቀን 2020 የባንኩ የተከፈለ ካፒታል ብር 966.4 ሚሊዮን ደርሷል። ባለፈው በጀት ዓመት የትርፍ ድርሻ ባለአክሲዮኖች በፈቃደኝነት የባንኩን ካፒታል ለማሳደጊያ እንዲውል በማድረጋቸው፣ እንዲሁም አዳዲስ ተጨማሪ አኪሲዮን ሽያጭ በበጀት ዓመቱ በመከናወኑ ካፒታሉን በ16 በመቶ ለማሳደግ ተችሏል።

7. የወደፊት ተግባራት

ባንካችን በተጠናቀቀው በጀት ዓመት 9ኛ የሥራ ዘመን በሁሉም የስራ ዘርፎች አፈፃፀሙ ወደ ከፍታ የተሸጋገረበት አመት ነበር። በተለይም በተቀማጭ ገንዘብ፣ በካፒታል ማሳደግ እና ትርፋማነት ከፍተኛ ዕድገት የታየበት ዓመት ነበር። ደንበኞች በባንኩ ላይ ያላቸው አመኔታ መጨመር እንዲሁም የባንኩ ሰራተኞች እና አመራሩ በግል እና በጋራ ያደረጉት ያላሰለሰ ጥረት ለዚህ ውጤታማ ጉዞ የበኩሉን አስተዋጽኦ አድርጓል። ይህ ተነሳሽነት እና አመኔታ ወደፊትም እንደሚቀጥል ያለኝን እምነት ለመግለፅ እወዳለሁ።

በመጪው ዓመት በዋናዋና የስራ ዘርፎች የታየውን ዕድገት የበለጠ አጠንክሮ ለማስቀጠል በተቀማጭ ገንዘብ እና በውጭ ምንዛሪ ማሰባሰብ፣ በኢንፎርሜሽን ቴክኖሎጂ ዘርፍ፣በሰው ሀይል ልማት፣በካፒታል ማሳደግ እና ቅርንጫፍ ማስፋፋት ስራዎችን ለማከናወን የታቀደ ሲሆን፣ እንዲሁም የዋና መስሪያ ቤት የህንፃ ግንባታ ቦታ ከአዲስ አበባ መስተዳድር መረከብና የግንባታ ስራ ለመጀመር የሚስችሉ

ስራዋችን ማከናወን በሚቀጥለው በጀት ዓመት ትኩረት የሚሰጣቸው ተግባራት ይሆናሉ።

8. የባንኩን ትርፍ አደላደል በተመለከተ የቀረበ የውሳኔ ሀሳብ

እ.ኤ.አ. ሰኔ 30 ቀን 2020 በተጠናቀቀው በጀት ዓመት ባንኩ ያስመዘገበው የተጣራ ትርፍ መጠባበቂያ ሂሣብ ከተቀነሰ በኋላ ብር 138.2 ሚሊዮን ለትርፍ ክፍፍል የሚውል ነው። የዳይሬክተሮች ቦርድ ባለአክስዮኖች የባንኩን ካፒታል የበለጠ ለማሳደግ ያገኛችሁትን ትርፍ በፈቃደኝነት ተጨማሪ የአክስዮን መግዣ እንዲውል እንድትወስኑ በትህትና እንጠይቃለን።

9. ምስጋና

በመጨረሻ በዳይሬክተሮች ቦርድና በራሴ ስም ያላሰለሰ ድጋፍ ላደረገልን ለብሔራዊ ባንክ፣ የባንኩን ካፒታል ለማሳደግ አስተዋፅኦ ላደረጉት ባለአክሲዮኖች እና በኛ ላይ አመኔታ ጥለው አብረውን ለሚሰሩ ደንበኞች ሁሉ ይህን አጋጣሚ በመጠቀም ያለኝን አድናቆትና ምስጋና እገልፃለሁ። በተጨማሪም ለዳይሬክተሮች ቦርድ አባላት፣ ለማኔጅመንቱና ለሁሉም የባንኩ ሠራተኞች በተለይ ያለፍንባቸው ተግዳሮቶች ሳይበግሯቸው ይህን የመሰለ አመርቂ ውጤት በማስመዝገባቸው ያለኝን ታላቅ አድናቆት ስገልፅ ደስታ ይሰማኛል።

አመሰግናለሁ።

TAY
Authorized Accountants and Auditors
ቲ.ኤ.ዋይ. የተፈቀደላቸው የሂሳብ አዋቂዎች እና አዲተሮች

ለአዲስ ኢንተርናሽናል ባንክ አ.ማ. ባለአክስዮኖች የቀረበ ገለልተኛ የኦዲተሮች ሪፖርት አስተያየት

እ.ኤ.አ ጁን 30 ቀን 2020 ለተጠናቀቀው የሂሳብ ዓመት በአዲስኢንተርናሽናል ባንክ አክስዮን ማህበር የተዘጋጁ የሂሳብ መግለጫዎች ማለትም የሀብትና አዳ መግለጫ፣ የትርፍና ኪሳራ መግለጫ፣ የባለአክሲዮኖች ካፒታልለውጥ መግለጫ፣ የገንዘብ ፍሠት መግለጫ እና የሂሳብ አሰራር መርሆች ማጠቃለያ እና ማብራሪያዎችን መርምረናል::

በእኛ አስተያየት የነበረውን የባንኩን የሂሳብ አቋምና በዚያው እለት በተጠናቀቀው የሂሳብ ዘመን የተገኘውን አጠቃላይ ውጤት፤ የባለአክሲዮኖች ካፒታል ለውጥ መግለጫ፣ እና በዓመቱ የነበረውን የጥሬ ገንዘብ ፍሠት ከዓለም አቀፍ የሒሳብ መዝገብ አያያዝ መመዘኛዎች ቦርድ (አይ/ኤ/ኤስ/ቢ) በተገኘው በዓለም አቀፍ የፋይናንስ ሪፖርት መመዘኛዎች (አይ/ኤፍ/አር/ኤስ) መሠረት በትክክልና በተገቢው ሁኔታ ያሳያሉ::

የዳይሬክተሮች ቦርድ ሪፖርትን በሚመለከት በ1952 በወጣው የንግድ ህግ አንቀፅ 375 መሰረት በእኛ በኩል የምንሰጠው የልዩነት አስተያየት የሌለን መሆኑን እየገለፅን የባለአክሲዮኖች ጠቅላላ ጉባኤ የቀረበውን የሂሣብ መግለጫ ሪፖርት እንዲያፀድቅ እንጠይቃለን::

የአስተያየታችን መሠረት

የኦዲት ስራችንን ያከናወን ነው በዓለም አቀፍ የኦዲት መመዘኛዎች (አይ/ኤስ/ኤ) መሠረት ሲሆን በእነዚህ መመዘኛዎች ውስጥ የእኛ ኃላፊነት የኦዲተሮች ኃላፊነት በተሰኘው ሥር ይበልጥ ተብራርቷል። በተጨማሪም የኦዲት ስራችንን ስናከናውን የዓለም አቀፍ የስነምግባር መመዘኛዎች ቦርድ፣ የፕሮፌሽናል አካውንታቶች የስነምግባር ደንብ (አይ/ኢ/ኤስ/ቢ/ኤ ኮድ) እንዲሁም በኢትዮጵያ ውስጥ የሂሳብ መግለጫዎችን ኦዲት ስለማድረግ እና ተያያዥ የሆኑ የስነምግባር መመዘኛዎችን፡ መሠረት አድርገን ከኩባንያው ገለልተኛነታችንን በመጠበቅ ስነምግባራዊ ኃላፊነቶቻችንን አሟልተናል። በኛ እምነት የሰበሰብናቸው የኦዲት ማስረጃዎች አስተያየታቻችንን ለመስጠት በሚያስችል ሁኔታ በቂ እና ተገቢ ናቸው።

ቁልፍ የኦዲት ጉዳዮች

ቁልፍ የኦዲት ጉዳዮች የሚባሉት ለእኛ ሙያዊ ውሳኔ እንዲሁም ለሂሳብ መግለጫዎች ኦዲት እጅግ ዋጋ ያላቸው ጉዳዮች ሲሆኑ እነዚህ ቁልፍ የኦዲት ጉዳዮች በአጠቃላይ ኦዲታችን ውስጥ የተዳሰሱ እና አስተያየታችን በእነዚህ ላይ የተመሠረተ ቢሆኑም ስለእነዚህ ጉዳዮች የተለየ አስተያየት አላቀረብንም።

የባንኩ የሂሳብ ፖሊሲዎችና መመሪያዎች ትክክለኛ አተገባበር፤ኮቪድ 19 በባንኩ የዘንድሮ ዘመን የሂሳብ ሪፖርት ላይ ያሳደረው ተፅእኖ እንዲሁም የባንኩ የሪስክ ማኔጅመንት ክንውን የአመቱ ቁልፍ የኦዲት ጉዳዮች ነበሩ::

በዚህም መሠረት በአለም አቀፍ የፋይናንስ ሪፓርቶቸች አዘገጃጀት (IFRS) አተገባበር ወቀት የፀደቁ የሂሳብ ፖሊሲዎች በዘንድሮ አመት እና በተነፃፃሪ ሂሳቦች ላይ በተገቢው መተግበራቸውን፤ የዘንድሮ አመት የሀብት እና እዳ ሂሳቦች በአለም አቀፍ ደረጃ የተከሰተውን የኮቪድ 19 ተፅእኖ ከግምት ውስጥ ያስገቡ መሆናቸውን እንዲሁም ባንኩ የፋይናንስ ሴክተሩን የሚመጥንና የብሔራዊ ባንክ መመሪያን የሚያሟላ የሪስክ ማኔጅመንት አተገባበር የሚከተል መሆኑን ለማረጋገጥ የሚያስችሉ ክንውኖችን በኦዲት ስራችን አካተናል::

በሒሳብ መግለጫወዎቹ አዘገጃጀት የሥራ አመራሮች ኃላፊነት

የባንኩ የሥራ አመራሮች ከዓለም አቀፍ የሒሳብ መዝገብ አያያዝ መመዘኛዎች ቦርድ በተሰጠው ዓለምአቀፍ የፋይናንስ ሪፖርት መመዘኛዎች

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መሠረት የሒሳብ መግለጫዎችን የማዘጋጀት እና በትክክል የማቅረብ ሃላፊነት ያለባቸው ሲሆን፣ ይህም በሥራ አመራሩ በሚዘረጋ የውስጥ ቁጥጥር የሂሳብ መግለጫዎቹ ከመጭበርበርም ሆነ ከስህተት የጠሩ መሆናቸውን ማረጋገጥን ይጨምራል::

የሒሳብ መግለጫዎችን ዝግጅት በተመለከተ፣ ሥራ አመራሮች የኩባንያውን ቀጣይነት በመገምገም፣ የኩባንያው የሂሳብ መዛግብትም ይህንኑቀጣይነት በሚያሳይ መንገድ መዘጋጀታቸውን የማረጋገጥ ኃላፊነት አለባቸው::

የሒሳብ መግለጫዎች ኦዲትን በሚመለከት የኦዲተር ኃላፊነት

የእኛ ኃላፊነት የኩባንያውን የሒሳብ መግለጫ በአጠቃላይ በማጭበርበርም ሆነ በስህተት ከሚመጣ ከይዘት መዛባት የጸዳ ስለመሆኑ አሳማኝ ማረጋገጫ ማግኘት፤ እንዲሁም የእኛን አስተያየት ጨምሮ የኦዲተር ሪፖርት መስጠት ነው። በአይ/ኤስ/ኤዎች መሠረት የተሠራ ኦዲት ከፍተኛ የሆነ ማረጋገጫ ቢሰጥም መዛባቶችን ሁሌ ያገኛል ማለት አይደለም። መዛባቶች የሚከሰቱት በማጭበርበር ወይም በስህተት ሊሆን ይችላል።

የኦዲት ምርመራው በአይ/ኤ/ኤስ መሠረት ሲከናወን፣ በኦዲት ተግባሩ ውስጥ ሁሉ ሙያዊ ውሳኔዎችን እየተጠቀምን ሙያዊ ጥርጣሬዎችንም ተጠቅመናል። ደግሞም:

- ከመጭበርበርም ሆነ ከስህተት የመጣ የገንዘብ ነክ መግለጫዎች መሠረታዊ መዛባት ስለመኖሩ አደጋዎችን ለይተን በመዳሰስ፣ ለእነዚህ አደጋዎች ምላሽ የሚሆን አካሔድ ቀርጸን ኦዲት ያደረግን ሲሆን ለአስተያየታችን መሠረት የሚሆን ተገቢ የሆነ መግለጫ የሚያስገኝ በቂ የሆነ የኦዲት ማስረጃ ነበረን። ማጭበርበር ሲፈጸም መመሳጠር፣ ማታለያ መጠቀም፣ ሆን ብሎ ማጉደል፣ የተሳሳተ አመዘጋገብ ወይም የውስጥ ቁጥጥርን መጣስ ሊኖርበት የሚችል በመሆኑ፣ አደጋው ከስህተት ይልቅ በማጭበርበር የሚከሰት የይዘት መዛባት ሳይታይ ሊታለፍ መቻሉነው።
- ተገቢ የሆኑ ኦዲት አካሔዶችን ለመቅረጽ ሲባል ከኦዲቱ ጋር ተዛማጅ የሆኑ የውስጥ ቁጥጥር ግንዛቤ ያገኘን ቢሆንም ይህ ግን የኩባንያውን የውስጥ ቁጥጥር ውጤታማነትን በሚመለከት አስተያየት ለማንጸባረቅ አይደለም።
- ጥቅም ላይ የዋሉን የሒሳብ መዝገብ አያያዝ ፖሊሲዎች ተገቢነት እንዲሁም የሒሳብ መዝገብ አያያዝ ግምቶች አሳማኝነት እና ተዛማጅ የሆኑ በሥራ አመራሮች የተሰጡ መግለጫዎችን መመዘን፤
- የንግድ ሥራውን ሒደት የሒሳብ መዝገብ አያያዝ አካል አድርጎ ሥራ አመራሩ መጠቀሙ ተገቢ ስለመሆኑ፣ በቀረቡልን የኦዲት ማስረጃዎች ላይ፣ ከክስተቶቹ ወይም ሁኔታዎቹ ጋር ተያያዥ የሆነ መሠረታዊ የማይጠበቅ ነገር ኖሮ ባንኩ በቀጣይነት የንግድ ሥራውን እያከናወነ እንዳይቀጥል ጥርጣሬ ሊፈጥሩ የሚችሉ ስለመሆናቸው ድምዳሜ ላይ ለመድረስ ነው። መሠረታዊ የሆነ ያልተጠበቀ ነገር እንዳለ ከደመደምን፣ ለሚመለከተው የሒሳብ መግለጫ ይዘቶች በእኛ የኦዲተር ሪፖርት ውስጥ ትኩረት እዲደረግበት ማድረግ ወይም፣ ምናልባት ይህን መግለጫ መስጠት ብቻ የማይበቃ ቢሆን፣ አስተያየታችንን ማስተካከል ይጠበቅብናል። ወደፊት የሚያጋጥሙ ሁኔታዎች ወይም ክስተቶች ታሳቢ ሰይደረጉ የእኛ ድምዳሜዎች መሠረታቸውን የሚያደርጉት የኦዲት ሪፖርት እስከተዘጋጀበት ዕለት ድረስ በተገኙት የኦዲት ማስረጃዎች ላይ ነው።
- የሒሳብ መግለጫዎቹን አቀራረብ፣ አወቃቀር እና ይዘት መገምገም፤ እና እነዚህ መግለጫዎች መሠረታዊ ግብይቶችን እና ክስተቶችን የሚያሳዩ እና ትክክለኛ መግለጫዎች መሆናቸውን መመዘን፤
- ከሌሎች ጉዳዮች በተጨማሪ፣ ኦዲቱን እና ጠቃሚ የኦዲት ግኝቶችን የታቀደ አድማስ እንዲሁም የጊዜ ሰሌዳ፣ ማናቸውንም በኦዲት ሥራችን ወቅት ያገኘናቸውን የነሉ የውስጥ ቁጥጥር ጉድለቶችን ጨምሮ በሚመለከት የአመራር ኃላፊነት ላለባቸው እናሳውቃለን።

ደግሞም ተዛማጅ የሆኑ ስለገለልተኝነት የተቀመጡ የስነምግባር ቅድመ ሁኔታዎችን በማጠናቀር ስናቀርብ ሁሉንም በእኛገለልተኝት ላይ አሳማኝ የሆነ ሀሳቦችን የሚያስከትሉ ግንኙነቶችን እና ሌሎች ጉዳዮችን እንዲሁም አስፈላጊ ሆኖ ሲገኙ መከላከያወቻቸንንም የማስተዳደር ኃላፊነት ላለባቸው አካላት እናሳውቃለን፤

የማስተዳደር ኃላፊነት ላለባቸው አካላት ከምናሳውቃቸው ጉዳዮች ውስጥ በሂሳብ መግለጫዎቹ ላይ ጐላ ያለ ተጽዓኖ የሚፈጥሩትን ለይተን ቁልፍ የኦዲት ጉዳይ ውስጥ እናካትታለን:: እነዚህን ጉዳዮች ይፋ ማድረግ ህግ የሚከለክል እስካልሆነ ድረስ ወይም ይፋ ማድረጉ ለህዝብ ከሚሰጠው ጥቅም ይልቅ ጉዳቱ የሚበልጥ እስካልሆነ ድረስ በኦዲት ሪፖርታችን ውስጥ ይፋ እናደርጋለን::

ይህን አዲት በበላይነት የመራው ከፍተኛ ባለሙያ የተፈረመ ነው።

ቲ. ኤ. ዋይ የተፈቀደላቸው
የሒሳብ አዋቂዎች እና ኦዲተሮች

አዲስ አበባ
ጥቅምት 30, 2013 ዓ.ም.

አዲስ ኢንተርናሽናል ባንክ አ.ማ
የትርፍ ወይም ኪሳራ እና ሌሎች የተጣመሩ ገቢዎች መግለጫ
እ.ኤ.አ በሰኔ 30 2020 ለተጠናቀቀው ዓመት

	ማጣቀሻ	በሰኔ 30፣ 2020 ብር "000	በሰኔ 30፣ 2019 ብር "000
የወለድ ገቢ	5	515,893	407,783
የወለድ ወጪ	6	(256,528)	(208,090)
የተጣራ የወለድ ገቢ		259,365	199,693
የክፍያ እና የኮሚሽን ገቢ	7	262,176	219,459
የክፍያ እና የኮሚሽን ወጪ	7	(3,893)	(3,425)
የተጣራ የክፍያ እና የኮሚሽን ገቢ		258,283	216,034
ከሌሎች የአገልግሎት ክፍያ የተገኙ ገቢዎች	8	11,149	14,423
ከውጭ ምንዛሪ ግብይት ላይ የተገኘ የተጣራ ገቢ	10	43,729	30,654
ጠቅላላ የተጣራ የአገልግሎት ገቢ		572,526	460,803
ለደንበኞች የተሰጡ አጠራጣሪ ብድሮች መጠባበቂያ ክፍያ	9	(2,909)	(10,471)
ሌሎች መጠባበቂ ያክፍያዎች	9	1,807	(1,660)
የተጣራ የአገልግሎት ገቢ		571,425	448,672
የሠራተኞች ደመወዝ እና ጥቅማጥቅም ክፍያዎች	11	(158,506)	(124,503)
የንብረት እና የመሣሪያዎች የእርጅና ቅንስናሽ	19 እና 20	(19,087)	(15,150)
የማይዳሰሱ ሐብቶች የእርጅና ቅንስናሽ	18	(4,012)	(3,415)
ሌሎች የአገልግሎት ወጪዎች	12	(111,113)	(99,739)
የሐሰብ ምርምራ አገልግሎት ክፍያ		(237)	(185)
የዳይሬክተሮች አበል		(1,299)	(512)
ከሊዝ (ከኪራይ) ጋር የተያያዘ ወለድ		(2,937)	-
ትርፍ ከግብር በፊት		274,234	205,168
የገቢ ግብር	13	(61,118)	(45,908)
ትርፍ ከግብር በኋላ		213,116	159,260
ሌሎች የተጣመሩ ወጪዎች (Other Comprehensive Income) ከግብር በፊት			
ትርፍ ወይም ኪሳራ ሆነው ዳግም ሊመደቡ የሚችሉ ነገሮች(Items that may be re-classified to profit or loss)	23		
በተቀመጡት የጥቅም ዕቅዶች የተገኙገቢዎች (ወጭዎች) ድጋሚ ልኬት (ከ.ግብር ውጭ) Re-measurement gains/(loss) on defined benefit plans (net of tax)		572	(1,560)
በአክሲዮን ኢንቨስትመንት ላይ የጥቅም ዕቅዶች የተገኙ ገቢዎች (ወጭዎች) ድጋሚ ልኬት (ከ.ግብር ውጭ) Gain/ Loss on revaluation of Equity investments		15,674	12,925
በተቀመጡት የጥቅም ዕቅዶች የተገኙ ገቢዎች (ወጭዎች) ድጋሚ ልኬት (ከ.ግብር ውጭ) ላይ ወደፊት የሚሰበሰብ/የሚከፈል የትርፍግብር (Deffered tax Asset/liabilty)		(4,874)	(3,410)
የዓመቱ ድምር የተጣመረ ገቢ፣ ከግብር በኋላ (Total comprehensive income for the year, net of tax)		11,372	7,956
የባለአክስዮኖች ድርሻ		224,488	167,215
የአንድ ባለ ብር 1000 አክስዮን የትርፍ ድርሻ(EPS) %	26	22.51	20.66

አዲስ ኢንተርናሽናል ባንክ አ.ማ
የሀብትና ዕዳ መግለጫ
እ.ኤ.አ በሰኔ 30 2020 ለተጠናቀቀው ዓመት

	ማጣቀሻ	በሰኔ 30፣ 2020 ብር "000	በሰኔ 30፣ 2019 ብር "000	በሰኔ 30፣ 2018 ብር "000
ሐብቶች				
በባንክና በእጅ የሚገኝ ጥሬ ገንዘብ	14	1,482,540	1,326,238	1,036,461
የደንበኞች ብድር እና ቅድመ ክፍያ (የተጣራ)	15	3,449,929	2,648,510	2,038,502
የአክስዮን ኢንቨስትመንት	16a	56,839	40,094	24,723
የብሔራዊ ባንክ ቢል ኢንቨስትመንት	16a	862,456	1,062,773	806,150
ሌሎች ሐብቶች	17	455,179	302,293	194,849
የኢንቨስትመንት ንብረት - ህንጻ	19	1,885	1,926	1,968
የማይዳሰሱ ሐብቶች	18	8,067	10,237	9,347
ቋሚ ንብረት እና መሣሪያ (የተጣራ)	20	107,473	101,993	99,418
ለሽያጭ የተዘጋጀ የማይንቀሳቀስ ሐብት	16b	66,046	20,797	4,552
ጠቅላላ ሐብት		**6,490,415**	**5,514,861**	**4,215,970**
እዳዎች				
የደንበኞች ተቀማጭ ሂሳብ	21	4,635,686	3,946,566	2,970,377
የዚህ አመት ተከፋይ የገቢ ግብር	13	61,658	47,406	28,384
ወደፊት የሚከፈል የትርፍ ግብር (Deffered tax liabilty)	13	13,141	8,974	7,099
ሌሎች እዳዎች	22	397,547	377,973	291,738
(ለሰራተኞች ጥቅማ ጥቅም መጠባበቅያ (provision)	24	15,091	12,948	9,315
ለሰራተኞች የአገልግሎት ጥቅም መጠባበቂያ(Defined benefit obligations)	23	10,765	9,359	6,384
ጠቅላላ እዳ (ግዴታ)		**5,133,888**	**4,403,226**	**3,313,297**
የተጣራ ሐብት				
የተከፈለ አክሲዮን ካፒታል	25	966,375	831,260	710,446
ተጨማሪ የአክሲዮን ክፍያ(Share premium)	25		-	275
ያልተከፈፈለ ትርፍ	27	138,184	114,711	77,944
የሌሎች የተጣመሩ ገቢዎች /ወጭዎች(Other Comprehensive Income)	28	20,089	8,716	761
ሕጋዊ መጠባበቂያ	29	200,180	146,901	107,086
ሌሎች መጠባበቂያዎች	30	31,699	10,046	6,161
ጠቅላላ የተጣራ ሐብት		**1,356,527**	**1,111,635**	**902,673**
ጠቅላላ የተጣራ ሐብት እና ግዴታ		**6,490,415**	**5,514,861**	**4,215,970**

የሂሳብ መግለጫዎቹ በዳይሬክተሮች ቦርድ ጥቅምት 30 2013 ዓ.ም ፀድቀዋል::

አቶ ካሳሁን በቀለ
የዳይሬክተሮች ቦርድ ሊቀመንበር

አቶ ኃይሉ ዓለሙ
ፕሬዝዳንት

አዲስ ኢንተርናሽናል ባንክ አ.ማ

የባለአክሲዮኖች ካፒታል ለውጥ መግለጫ፣ እ.ኤ.አ በሰኔ 30፣ 2020 ለተጠናቀቀው ዓመት

	ማጣቀሻ	የተከፈለ የአክሲዮን ካፒታል ብር"000	ተጨማሪ የአክሲዮን ክፍያ (Share premium) ብር"000	የተገኘ ገቢ ብር "000	ሌሎች የተጣመሩ ወጪዎች (Other Comprehensive Income) ብር "000	ሌላ መጠባበቂያ ብር "000	ሕጋዊ መጠባበቂያ ብር "000	ድምር ብር"000
እ. ኤ. አ በሐምሌ ፩፣ 2018		710,446	275	77,944	761	6,161	107,086	902,673
ተጨማሪ አክሲዮን		120,814		-		-	-	120,814
የዘመኑ ትርፍ	27			159,260				159,260
ወደ አክሲዮን የዞረ			(275)					(275)
ለሰራታኞች የአገልግሎት ጥቅም መጠባበቅያ በዳግም ልኬት የተገኘ/ቢ (ወጭ) (Re-measurement gains (loss) on defined benefit plans (net of tax)	23				7,955			7,955
ጠቅላላ የተጣመረ የዘመኑ ገቢ				**159,260**	**7,955**	-	-	**167,215**
ለተከፈለ/ ለክፍያ የተዘጋጀ ድርሻ	27			(78,792)		-	-	(78,792)
ወደ ሕጋዊ መጠባበቂያ የተላለፈ	29			(39,815)		-	39,815	-
ወደ ሌሎች መጠባበቂያዎች የተላለፈ	30			(3,885)		3,885		-
አ. ኤ. አ በሰኔ 30፣ 2019		**831,260**	=	**114,711**	**8,716**	**10,046**	146,901	1,111,635
እ. ኤ አ በሐምሌ ፩፣ 2019		831,260	-	114,711	8,716	10,046	146,901	1,111,635
ተጨማሪ አክሲዮን		135,115		-		-	-	135,115
የዘመኑ ትርፍ	27			213,116				213,116
ሌላ የተጣመረ ገቢ								
የስራታኞች የአገልግሎት ጥቅም መጠባበቅያ በዳግም ልኬት የተገኘ ገቢ (ወጭ) (Re-measurement gains (loss) on defined benefit plans (net of tax	23				11,372			11,372
ጠቅላላ የተጣመረ የዘመኑ ገቢ				**213,116**	**11,372**	-	-	**224,488**
የተከፈለ/ለክፍያ የተዘጋጀ ድርሻ				(114,711)		-	-	(114,711)
ወደ ሕጋዊ መጠባበቂያ የተላለፈ	29			(53,279)		-	53,279	-
ወደ ሌሎች መጠባበቂያዎች የተላለፈ	30			(21,653)		21,653		-
እ. ኤ. አ በሰኔ 30፣ 2020		**965,375**	=	**138,184**	**20,089**	**31,699**	200,180	1,356,527

አዲስ ኢንተርናሽናል ባንክ አ.ማ
የገንዘብ ፍሰት መግለጫ
እ.ኤ.አ. በሰኔ 30፣ 2020 ለተጠናቀቀው ዓመት

	ማጣቀሻ	በሰኔ 30፣ 2020 ብር '000	በሰኔ 30፣ 2019 ብር '000
ከሥራ እንቅስቃሴዎች የታየ የጥሬ ገንዘብ ፍሰት			
ከሥራ እንቅስቃሴዎች የተገኘ የጥሬ ገንዘብ ፍሰት	31	(248,120)	358,139
በዓመት ውስጥ የተሰበሰበ ወለድ		515,925	402,012
በዓመት ውስጥ የተከፈለ ወለድ		(256,528)	(208,090)
የተከፈለ ጥቅማ ጥቅም		(653)	(540)
የተከፈለ የትርፍ ግብር		(47,573)	(28,421)
ከሥራ እንቅስቃሴዎች የተገኘ የተጣራ የጥሬ ገንዘብ ፍሰት		(36,950)	523,100
ከመዋዕለ ንዋይ ፍሰት እንቅስቃሴዎች የተገኘ የጥሬ ገንዘብ ፍሰት			
የቋሚ ንብረቶች ግዢ	20	(24,524)	(17,681)
የብሔራዊ ባንክ ቢል ኢንቨስትመንት (ጭማሪ)ቅናሽ	16	200,294	(250,904)
የማይዳሰሱ ንብረቶች ግዢ	18	(1,842)	(4,305)
ለኢንቨስትመንት ነክ ንብረቶ ችግዢ		(1,071)	(2,446)
ከመዋዕለ ንዋይ ፍሰት እንቅስቃሴዎች የተገኘ የተጣራ የጥሬ ገንዘብ ፍሰት		172,858	(275,336)
ከገንዘብ ነክ እንቅስቃሴዎች የተገኘ የገንዘብ ፍሰት			
የተሸጡ መደበኛ አክሲዮኖች	25	135,115	120,814
የተከፋፈሉ ድርሻዎች		(114,711)	(78,792)
በብሔራዊ ባንክ ያለ ገንዘብ	14	(37,000)	(46,000)
ከገንዘብ ነክ እንቅስቃሴዎች የተገኘ የተጣራ የገንዘብ ፍሰት		(16,596)	(3,978)
በጥሬ ገንዘብ እና የጥሬ ገንዘብ አኩያዎች የታየ ልዩነት		119,312	243,785
በዓመቱ መጀመሪያ ላይ የነበረ ጥሬ ገንዘብ እና የጥሬ ገንዘብ እኩያ	14	1,126,283	882,498
በዓመቱ ማብቂያ ላይ የታየ የጥሬ ገንዘብ ሚዛን	14	1,245,595	1,126,283

Addis International Bank S.C.

City Branches				
S.no	Branch	Telephone	Fax	P.o box
1	Main	011 5570501 /011 5570502	011 5549775	2455
2	Bole	011 5570691 /011 5570570	011 5570574	»
3	Sebategna	011 2760955 /011 2761717	011 2780510	»
4	Megenagna	011 6189369 /011 6189371	011 6189429	»
5	Mehal Merkato	011 2784945 /011 2784471	011 2784972	»
6	Mekanissa	011 3210120 /011 3210080	011 3210199	»
7	Sefere Selam	011 2750033 /011 2750333	011 2750022	»
8	Somale Tera	011 1264020 /011 1264023	011 1264024	»
9	Saris	011 4707018 /011 4707048	011 4707031	»
10	Arat Killo	011 1558619 /011 1117788	011 1580575	»
11	Gandi	011 5580528 /011 5580532	011 5580504	»
12	Stadium	011 5508057 /011 5545691	011 5538887	»
13	Bole Medhanialem	011 6670386 /011 6670381	011 6670390	»
14	Gurd Sholla	011 6676832 /011 6676829	011 6676870	»
15	Lamberet	011 6452555 /011 6676867	011 6676867	»
16	Nifas Silk	011 4707525		»
17	Dubai Tera	011 2732342 /011 2732319		»
18	Lideta	011 5576882 /011 5576845	011 5576785	»
19	Yerer Goro	011 6677055 /011 6676981	011 6677052	»
20	Mexico	011 5573154 /011 5573217	011 5573212	»
21	Akaki	011 4716337 /011 4716395	011 4716354	»
22	Addisu Gebeya	011 1268393 /011 1268388	011 1268424	»
23	Ayat Adebabay	011 6390403 /011 6390400	011 6390394	»
24	Meskel Flower	011 4702405 /011 4701353	011 4702509	»
25	Addisu Mikael	011 2734657 /011 2734654	011 2734643	»
26	Kera	011 4702499 /011 4701298	011 4702646	»
27	Gerji	011 6394349 /011 6395822	011 6394867	»
28	Kality	011 4715210 /011 4715150	011 4716850	»
29	Gerji Mebrat Hail	011 6676285 /011 6676308	011 6676038	»
30	Goma Tera	011 2316071 /011 2316005	011 2789084	»
31	Beklo Bet	011 4704028 /011 4705119	011 4704028	»
32	Africa Avenue	011 6161614 /011 6160018	011 6160777	»
33	Gulele	011 2737609 /011 2737767		»
34	Bole Michael	011 6392913/ 011 6393670	011 6393408	»
35	Meri Loqe	011 6676331/011 6676143	011 6676255	»
36	Merab Merkato	0112733106/0112733107	0112733105	»
37	Senga Tera	011 5574178/ 011 5575138	011 5574159	»
38	Bethel	011 3697159/ 011 3697829	011 3697283	»
39	Ayer Tena	011 3694432/ 011 3694435	011 369 44 34	»
40	Adey Abeba Stadium	0116 35 82 73/0116 35 82 23	011 6358273	»
41	Akaki Gebeya	0114 715247/ 0114 715418		»
42	Urael	0115 578098/ 0115 577916	0115 578849	»
43	Kebena	0111 545564/ 0111 543100	0111 544236	»

44	Tewodros Adebabaye	0111 263698/ 0111 262083	0111 262154	»
45	Shola Gebeya	0116 589908/ 0116 588144	0116 588826	»
46	Figa	0116 683248/ 0116 661226	0116 661729	»
47	Kotebe	0116 734026/ 0116 733904	0116 676002	»
48	Yeka	0116 683522/ 0116 660107	0116 683275	»
49	Hana Mariam	0114 711425/ 0114 711427	0114 711429	»
50	Shiro Meda	0111 545876/ 0111 545878	0111 545879	»
51	Wollo Sefer	0115 574279/0115 575698	0115 574799	»
52	Piassa	0111 265471/ 0111 265474	0111 265475	»
53	Lebu Mebrat	0114 711217/ 0114 711216	0114 711219	»
54	Lafto	0114 711497/0114 711499	0114 711495	»

Outlying Branches				
S.no	Branch	Telephone	Fax	P.o box
1	Furi	011 3679199 /011 3679188	011 3679189	2455
2	Hawassa	046 2208076 /046 2205075	046 2212386	2185
3	Adama	022 1112306 /022 1112301	022 1112314	1609
4	Mekelle	034 4415527 /034 4408175	034 4416289	899
5	Gonder	058 1110237 /058 1115503	058 1111519	805
6	Shashemene	046 2115053 /046 2115040	046 2115005	1087
7	Dilla	046 3313532 /046 3313673	046 3311032	197
8	Metema	058 8269011		66
9	Bahirdar	058 2206850 /058 2206860	058 2206890	1872
10	Hossana	046 1780152 /046 1780153	046 1780151	13
11	Dessie	033 3110091 /033 3110070	033 3130097	433
12	Fasiledes	058 2110226 /058 2110223	058 2110198	805
13	Alem Gena	011 3801093 /011 3801048	011 3801092	2455
14	Alamura	046 2129230 /046 2128336	046 2129155	2185
15	Asella	022 2381785 /022 2383632	022 2382225	143
16	Dire Dawa	025 4113944 /025 4114418	025 4114670	2776
17	Bishoftu	011 4302218 /011 4308495	011 430 22 18	1620
18	Debre Markos	058 1785045 /058 1789539	058 1789812	122
19	Dembela	022 2117947 /022 2119050	022 2118165	
20	Tana	058 3206202 /058 3206203	0583206204	1872
21	Debre Birhan	011 6376894/011 637 60 31	011 637 63 07	9
22	Welayta Sodo	0461809517/0461803360	0461803221	435
23	Shire	034 2445927/034 2442508	034 2440587	243
24	Jigjiga	025 2784841/ 025 2789089	025 2788968	
25	Arbaminch	046 1817074		
26	Jimma	0472117451/0472117024	0472117726	
27	Balerobe	022 2448162/022 2442336		
28	Hummera	034 2485094/ 034 2488639	034 2486485	
29	Enkodo (Mekelle 2nd)	034 2419344/ 034 24115617	034 2417402	
30	Injibara	058 2271623/ 058 2271537	058 2271560	
31	Mizan Aman	047 1350191/ 047 1359869	047 1356280	
32	Sabian (Diredawa 2nd)	025 4117068/ 025 4119042	025 4115103	
33	Mugad (Dessie 2nd)	033 3125231/ 033 3125232	033 3125233	

ATM LOCATION

1	Main Branch	Jomo Kenyatta St. Zequala Complex Bldg.
2	Bole Medanialem Branch	Bole Medanialem Church
3	Gandhi Branch	Around AA stadium , in front of Ethiopian Red Cross society
4	Mexico Branch	Chamber of commerce
5	Mekanissa Branch	Around Mekanissa condominium
6	Arat Kilo Branch	In front of Addis Ababa University Science Faculty
7	Sebategna Branch	Around Sebategna, shell fuel station
8	Gurd sholla Branch	Around Gurd sholla (former EEPCO)
9	Somale Tera Branch	Around somale tera T/Haymanot Hospital
10	Bahir Dar Branch	Bahir Dar around Fasil Pharmacy, keb 04
11	Mekelle Branch	Around Djibrouk, Kedamay weyane market center
12	Gondar Branch	Piazza, AdIB Fasiledes branch
13	Dessie Branch	In front of Bus station
14	Adama Branch	Adama Nur Building
15	Ayat Adebabay Branch	Ayat Adebabay, in front of Hill bottom recreation center
16	Gerji Mebrat hail Branch	Gerji mebrathail near Totot Restaurant
17	Gerji Branch	Gerji near Korea Hospital
18	Meskel flower Branch	Meskel flower infront of nazra Hotel
19	Addisu Gebeya Branch	NOC gas station
20	Beklobet Branch	Infront of Global Hotel
21	Lamberet Branch	Around Ararat Hotel, infront of Bus station
22	Gullele Branch	Around Medhanialem school
23	Dilla Branch	Ethiopian Insurance Building
24	Shashemene Branch	Abosto, Tsegaye Beyene Bld
25	Alamura (Hawassa town) Branch	Addisu Gebeya
26	Debremarkos	Total Ethiopia Gas station
27	Diredawa Branch	Ashewa, Afeteysa
28	Hossana Branch	Around Bus station
29	Bishoftu Branch	Infront of Bus station
30	Debre Birhan	Infront of sheway Hotel
31	Megenagna	Around Lem hotel gedam mariam bldg
32	Stadium	On the Ground Of Betezata Bldg
33	Yerergoro	On the Roundabout of YererGoro
34	Bolemichael	Bole Michael Area
35	Kera	Beside kera Mosque
36	Bahir dar	Around Melat Café
37	Sengatera	Sengatera condominium
38	Adey abeba stadium	On the road to bole from 22 infront of new stadium
39	Hawassa	Arab Sefer
40	Alem Gena	Kenteri taxi station, sitina bldg
41	Asella	On the Road of Town Adminstration
42	Wolayta Sodo	Merkato, Infront of Yemisrach Hotel
43	Shire	Infront of Kalema Hotel, Bereket Belay bldg
44	Arbaminch	Beside Sikela bus station
45	Jimma	On the Ground Of City View Hotel

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ADDIS INTERNATIONAL BANK S.C.

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