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Bank of Abyssinia

Bank of Abyssinia Share Company

Prospectus for: (1) the registration of existing Ordinary Shares; (2) the Rights Offer and registration of new Ordinary Shares; and (3) subsequent listing of the Ordinary Shares on the Main Board of the Ethiopian Securities Exchange

29 January 2026

THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION

This prospectus (the "Prospectus") is issued by Bank of Abyssinia Share Company (the "Company") under the provisions of the Capital Market Proclamation No. 1248/2021 (the "Capital Market Proclamation") and in compliance with the Public Offer and Trading of Securities Directive Number 1030/2024 (the "Public Offer Directive") of the Ethiopian Capital Market Authority (the "ECMA"). The purpose of the Prospectus is to provide comprehensive information to prospective investors regarding (i) the registration of existing ordinary shares of the Company as at the record date as defined in the Prospectus (the "Existing Ordinary Shares"); (ii) the rights offer (the "Rights Offer") and registration of new ordinary shares of the Company (the "Right Offer Shares"); and (iii) the subsequent listing of the Ordinary Shares of the Company on the Main Board of the Ethiopian Securities Exchange (the "ESX"). The Prospectus has been approved, and the securities that it offers have been registered by, the ECMA.

THE APPROVAL OF THE PROSPECTUS AND THE REGISTRATION OF THE SECURITIES SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE ECMA OF THE COMPANY OR OF THE SECURITIES THAT ARE THE SUBJECT OF THIS PROSPECTUS. THE ECMA DOES NOT ASSUME RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS, OPINIONS OR REPORTS INCLUDED HEREIN.

The Company, the directors of the Company (the "Directors"), the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") (the "Executive Management") of the Company whose names appear in Section 1.3 of this Prospectus accept full responsibility for the information contained in this Prospectus. To the best of their knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the importance of such information or make the expression of such information or opinion misleading or untrue.

Investing in this Rights Offer involves risks. Therefore, this Prospectus should be read in its entirety and Section 9 of this Prospectus (Risk Factors), for a discussion of certain risk factors that should be considered by the existing holders of the Ordinary Shares of the Company (the "Existing Shareholders").

Please read the Prospectus in full and, where in doubt as to the action you should take, consult an appropriate licensed independent securities advisor for guidance before investing in securities.

Bank of Abyssinia Share Company

(Incorporated and registered in Ethiopia with Principal Registration number KK/AA/2/0001775/2004)

This Prospectus relates to (i) the registration of 15,000,000 Existing Ordinary Shares; (ii) the Rights Offer of 3,125,000 Rights Offer Shares at ETB 1,600 per share and registration of those Rights Offer Shares; and (iii) subsequent listing of the Ordinary Shares on the Main Board of the ESX. This Rights Offer is being made available to Existing Shareholders only.

Transaction Advisor
D and T ETHIOPIA MANAGEMENT CONSULTING PLC
("Deloitte")

Legal Advisor
Tamrat Assefa Liban Law Office
("Legal Advisor")

IMPORTANT NOTICE

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the Rights Offer Shares or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, the Rights Offer Shares by any person in any jurisdiction except Ethiopia.

Except in Ethiopia, no action has been taken or will be taken in any jurisdiction that would permit a public subscription of the Rights Offer Shares pursuant to this Prospectus or the possession, circulation or distribution of this Prospectus. Accordingly, the Rights Offer Shares shall not be offered or sold, directly or indirectly, and this Prospectus or any other offering material or advertisement or other document or information in connection with the Rights Offer Shares shall not be distributed or published, in or from any jurisdiction other than Ethiopia.

Any forwarding, redistribution or reproduction of this document in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the applicable laws of other jurisdictions. Nothing in this electronic transmission constitutes an offer of securities for sale in any other jurisdiction except Ethiopia. The Rights Offer Shares have not been and will not be registered with any securities regulatory authority of any other jurisdiction or any other country except Ethiopia and may not be offered, sold, pledged or otherwise transferred in any other jurisdiction or country except Ethiopia.

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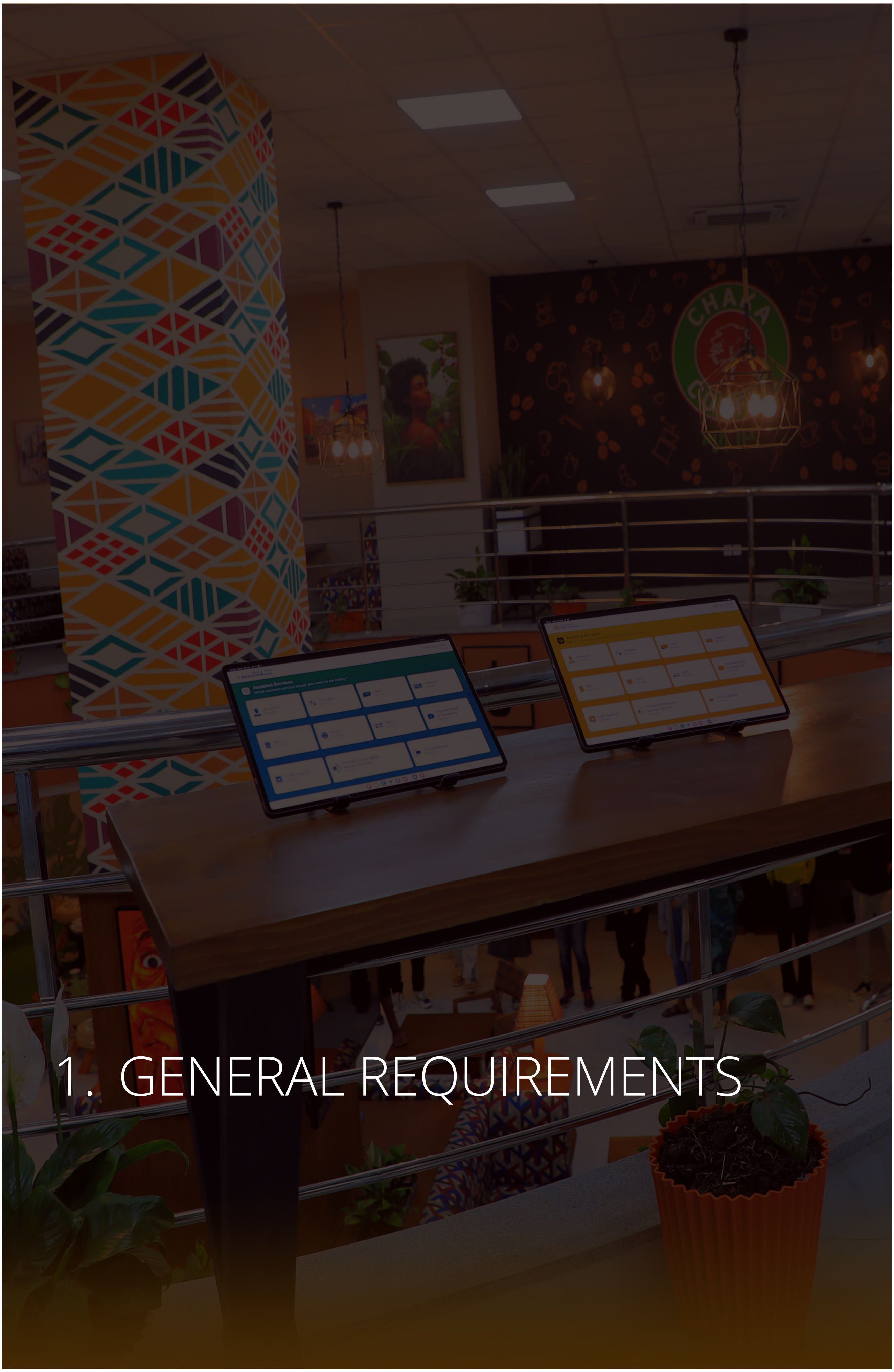


1. GENERAL REQUIREMENTS

1.1. Definitions and Abbreviations

In this Prospectus, any expression in the masculine shall include the feminine. In this Prospectus, unless the context otherwise requires:

"AABE"	Accounting and Auditing Board of Ethiopia
"AACATB"	Addis Ababa City Administration Trade Bureau
"AAICEC"	Addis Africa International Convention and Exhibition Centre
"AfCFTA"	African Continental Free Trade Area
"AfDB"	African Development Bank
"Afreximbank"	African Export–Import Bank
"AFTRAF"	Trade Facilitation Programme
"AGM"	Annual General Meeting
"AI"	Artificial Intelligence
"Allotment Report"	A report on the results of the Rights Offer provided to, and approved by, the ECMA, including: (1) a summary of the results of the Rights Offer; (2) a list of Prospective Investors acquiring 5% or more of the total Rights Offer Shares; and (3) a list of all Prospective Investors, including the number of Tradeable Rights exercised and the proposed allotment of Rights Offer Shares.
"AML"	Anti-Money Laundering
"AML Proclamation"	Prevention and Suppression of Money Laundering and Financing of Terrorism Proclamation No.1387/2025
"API"	Application Programming Interface
"Asset Classification and Provisioning Directive"	Asset Classification & Provisioning Directive SBB/90/2024
"ATM"	Automated Teller Machine
"AT1"	Additional Tier 1
"BA"	Bachelor of Arts
"Banking Business Proclamation"	Banking Business Proclamation No. 1360/2025
"BCBS"	Basel Committee on Banking Supervision
"BSC"	Bachelor of Science
"Board"; "Board of Directors"	The collective of the elected Directors of the Company
"BOA"	Bank of Abyssinia
"Business Segments"	Conventional Banking and IFB
"Capex"	Capital Expenditures
"CAGR"	Compound Annual Growth Rate

"Capital Market Proclamation"	Capital Market Proclamation No. 1248/2021
"Capital Market Service Providers Directive"	Capital Market Service Providers Licensing and Supervision Directive No. 980/2024
"CAR"	Capital Adequacy Ratio: the result obtained by dividing: (a) Total Capital; by (b) Risk Weighted Assets.
"CBE"	Commercial Bank of Ethiopia
"CDD"	Customer Due Diligence
"CDs"	Certificate of Deposits
"CEO"	Chief Executive Officer
"CET1"	Common Equity Tier 1
"CFO"	Chief Finance Officer
"CFT"	Countering the Financing of Terrorism
"CIF"	Climate Investment Funds
"Commercial Code"	Commercial Code of Ethiopia Proclamation No. 1243/2021
"Company"	Bank of Abyssinia Share Company
"Conventional Banking"	The conventional banking business segment
"Corporate Governance Directive"	The NBE'S Bank Corporate Governance Directive No. SBB/91/2024
"CRCO"	Chief Risk and Compliance Officer
"CRM"	Cash Recycling Machines
"CSD"	Central Securities Depository
"CSD Account"	A dematerialised account created on the CSD
"CTF"	Counter Terrorism Financing
"Cut-off Date"	The last date at which Existing Shareholders can participate in the Rights Offer.
"DBE"	Development Bank of Ethiopia
"Deloitte"	D and T Ethiopia Management Consulting PLC
"Directors"	Members of the Board of Directors
"DPS"	Dividend per Share
"ECL"	Expected Credit Losses
"ECMA"	Ethiopian Capital Markets Authority
"EIB"	European Investment Bank
"EIU"	Economist Intelligence Unit
"EIPS"	Ethiopian Instant Payment System

"Entitlement"	An Existing Shareholder's proportional entitlement of the 3,125,000 Rights Offer Shares
"EPS"	Earnings per Share
"ERP"	Enterprise Resource Planning
"ESG"	Environmental, Social, and Governance
"ESX"	Ethiopian Securities Exchange
"ETB" or "Ethiopian Birr"	The lawful currency of the Democratic Republic of Ethiopia
"EUR"	The Euro
"Executive Management"	The Chief Executive Officer and Chief Finance Officer
"Executive Officers"	Being the executive management of the Company, excluding the CEO and CFO
"Exercised Tradeable Rights"	Tradeable Rights that have been exercised by an Existing Shareholder at the end of the Rights Offer Period
"Existing Ordinary Shares"	The existing Ordinary Shares of the Company as at the Record Date
"Existing Shareholders"	The existing holders of the Ordinary Shares of the Company as at the Record Date
"External Auditor"	Tewodros and Fikre Audit Service Partnership
"FCP Directive"	Financial Consumer Protection Directive No. FCP/01/2020
"FCY"	Foreign Currency
"FDI"	Foreign Direct Investment
"FIS"	Financial Intelligence Service
"FIC"	Financial Intelligence Center
"FinTech"	Financial Technology
"FLTO"	Federal Large Taxpayers Office
"Foreign Exchange Exposure Limits of Banks Directive"	Foreign Exchange Exposure Limits of Banks Directive No. SBB/96/2025
"FVOCI"	Fair Value through Other Comprehensive Income
"FY"	Fiscal Year
"FX"	Foreign Currency Exchange
"GDP"	Gross Domestic Product
"Government"	Government of the Federal Democratic Republic of Ethiopia
"HFI"	Historical Financial Information
"HGER"	Homegrown Economic Reform Agenda

"IFB"	Interest Free Banking
"IFF"	Interest-Free Financing
"IFRS"	International Financial Reporting Standards
"IMF"	International Monetary Fund
"INSA"	Information Network Security Agency
"Interested Person"	Any individual or entity with a significant stake in, or may otherwise derive material benefit from, and whose interest may potentially influence the Company.
"IT"	Information Technology
"ITMs"	Interactive Teller Machines
"KPIs"	Key Performance Indicators
"KYC"	Know Your Customer
"LC"	Letters of Credit
"LCR"	Liquidity Coverage Ratio
"Legal Advisor"	Tamrat Assefa Liban Law Office
"Legal Opinion"	Legal opinion issued by the Legal Advisor
"MA"	Master of Arts
"MBA"	Master of Business Administration
"Minimum Capital Requirement"	Minimum Capital Requirement for Banks SBB/78/2021
"M.Sc."	Master of Science
"MOA"	Memorandum of Association
"MoTRI"	Ministry of Trade and Regional Integration
"MPC"	Monetary Policy Committee
"M-PESA"	The mobile money platform offered by Safaricom Telecommunications Ethiopia PLC
"MSME"	Micro, Small and Medium-sized Enterprises
"NBE"	National Bank of Ethiopia
"NBE Ownership Cap"	The regulatory ownership limit imposed by the NBE
"NBE Proclamation"	NBE Proclamation No 1359/2025
"Non-Exercised Tradeable Rights"	Tradeable Rights that have been renounced or left to lapse at the end of the Rights Offer Period
"NGO"	Non-Governmental Organisations

"NPF", "Non-Performing Financing"	The aggregate of all financing facilities, acquired investment assets, leases, and other Shariah-compliant credit arrangements provided by a bank where one or more payment obligations (such as principal, profit, rental, or other scheduled payments) are overdue by 90 (ninety) days or more.
"NPF ratio", "Non-Performing Financing ratio"	The result obtained by dividing the total principal balance of Interest Free Banking (IFB) customers' (a) Non-Performing Financing, by (b) itstotal financing
"NPL", "Non-Performing Loans"	The aggregate of all loans or advances whose credit quality has deteriorated such that full collection of principal and/or interest in accordance with the contractual repayment terms is in question, where one or more instalments are past due for 90 days or more for loans and advances with established repayment program.
"NPL Ratio", "Non-performing Loans Ratio"	The result obtained by dividing the total principal balance of a bank's (a) Non-Performing Loans; by (b) its total principal loans and advances.
"OCI"	Other Comprehensive Income
"Ordinary Shares"	The ordinary shares of the Company
"POS"	Point-of-Sale
"Preferred Right"	The preferred (pre-emptive) right that Existing Shareholders have to subscribe for the Rights Offer Shares.
"Prospectus"	This document
"Public Offer Directive"	Public Offer and Trading of Securities Directive Number 1030/2024
"QR"	Quick Response
"Record Date"	The date at which shareholders are entitled to the statutory pre-emptive right provided under Article 448 of the Commercial Code and Article 9 of the Public Offer Directive.
"Related Party"	The related parties include influential shareholders of the Company, Directors, Directors associates, companies associated with the Directors and, Executive Management and Executive Officers.
"Responsible Parties"	The Company, the Directors, and Executive Management of the Company
"Rights Offer"	The rights offer that is the subject of this Prospectus
"Rights Offer Period"	The period during which Existing Shareholders can participate in the Rights Offer
"Rights Offer Price"	ETB 1,600 per Rights Offer Share
"Rights Offer Shares"	The Ordinary Shares being offered pursuant to the Rights Offer
"Rights Register"	The official list/record kept by the Company during the issue that shows which shareholders are entitled to receive rights to apply for Rights Offer Shares as at the Record Date.
"Risk Based Capital Adequacy Requirements Directive"	Risk Based Capital Adequacy Requirement for Banks Directive No.SBB/95/2025

"ROA"	Return on Assets
"ROE"	Return on Equity
"RWA"	Risk-Weighted Assets
"Segment Revenue"	Has the meaning set out in section 7.6.
"Shortfall Rights Offer Shares"	The residual Surplus Rights Offer Shares that are not allocated to Existing Shareholders.
"SME"	Small and Medium Enterprises
"SLA"	Service Level Agreements
"SOFR"	Secured Overnight Financing Rate
"Surplus Rights Offer Shares"	The Rights Offer Shares related to Non-Exercised Tradeable Rights
"SWIFT"	Society for Worldwide Interbank Financial Telecommunication, a global entity crucial for money and security transfers
"TDB"	Eastern and Southern African Trade and Development Bank
"TCCP Proclamation"	Trade Competition and Consumer Protection Proclamation No.813/2013
"Tier 1 Capital Adequacy Ratio"	The result obtained by dividing a) Tier 1 Capital to b) risk-weighted assets.
"TPS"	Transactions Per Second
"Total Revenue"	Has the meaning set out in section 7.6
"Transaction Advisor"	Deloitte
"UNFPA"	United Nations Population Fund
"UNDP"	United Nations Development Programme
"UNISA"	University of South Africa
"USD"	United States Dollar
"USSD"	Unstructured Supplementary Service Data
"VAT"	Value Added Tax

1.2. Corporate directory

The registered corporate address of the Company is given as:

Bank of Abyssinia, Head Office
Kirkos sub-city, Woreda 07,
House No 351/01.
P.O. Box 12947
Addis Ababa, Ethiopia
Tel: +251 115514130
Fax: +251 5511575
Telex: 21997
Email: ContactCenterSupport@bankofabyssinia.com
Website: www.bankofabyssinia.com

As at the date of this Prospectus, the Company maintains 928 branches located throughout the country. The contact information, including addresses and telephone numbers for the aforementioned branches and district offices, is provided in Annex 2 of the Prospectus.

The Company's registrar is Addis Ababa City Administration Trade Bureau ("AACATB"), and their address is:

Woreda 05
Arada Sub City
Addis Ababa, Ethiopia
Phone number: +251 11-1-55-85-78
Website: https://aacatb.gov.et/

1.3. Person responsible for the information disclosed

The Company, the "Board of Directors" (the collective of the elected Directors of the Company), and Executive Management of the Company (the "Responsible Parties") whose names appear below, accept full responsibility for the information contained in this Prospectus. To the best of their knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the importance of such information or make the expression of such information or opinion misleading or untrue. The Responsible Parties can be reached at the Company's registered address, as indicated under Section 1.2.

- Mekonnen Manyazewal Meka – Chairperson of the Board of Directors ("Board") and member of the and risk, compliance management & credit review committee
- Aemero Belete Simegne – Deputy chairperson of the Board and member of the audit committee and nomination & remuneration committee
- Emebet Woldeher Yezengaw – Director of the Board and member of the nomination & remuneration committee
- Kassahun Zewdie Mengesha – Director of the Board and member of the audit committee

- Meseret Melese Tefera – Director of the Board and chairperson of the nomination & remuneration committee and member of the credit committee
- Molalign Melese Mengistu – Director of the Board, chairperson of risk, compliance management & credit review committee and member of the credit committee
- Solomon Alula Awlachew – Director of the Board and chairperson of the audit committee
- Yerom Gessesse Yeneneh – Director of the Board and member of the risk, compliance management & credit review committee, as well as the credit committee
- Dr Yihenew Zewdie Lemma – Director of the Board, chairperson of credit committee and member of the nomination & remuneration committee
- Bekalu Zeleke Ewnetu – CEO
- Abreham Gebeyehu G/Hanna – CFO

None of the aforementioned persons hold a material interest in the Company.

1.3.1. Transaction advisor responsibility statement

Deloitte is a duly licensed security investment advisor with the ECMA, in accordance with the Capital Market Service Providers Licensing and Supervision Directive No. 980/2024 (the "Capital Market Service Providers Directive"), and approved to provide Transaction Advisor services in accordance with the Public Offer Directive. Deloitte has been engaged by the Company to act as its Transaction Advisor. Deloitte is acting exclusively for the Company and no one else in this regard. Deloitte does not regard any other person (whether or not a recipient of this Prospectus) as a client and will not be responsible to anyone other than the Company for the giving of advice in relation to the transaction, matter, or arrangement referred to in this Prospectus.

Deloitte, in its role as Transaction Advisor, is responsible for and only for;

- Advising and guiding the Company in complying with laws and regulations in relation to the capital market and the Rights Offer;
- Taking all reasonable steps to brief the Company's Board of Directors and management of their responsibilities and obligations in relation to the Company, its shareholders, and other stakeholders;
- Coordinating the preparation of the registration statement and other documents;
- Coordinating the activities of other professional parties to the Rights Offer;
- Filing of the registration statement, including the Prospectus, with the ECMA, including responding to any questions or clarifications that the ECMA may seek on behalf of the Company;
- Preparation of a valuation report for the Board of Directors; and
- Carrying out any other activity as may be contained in the Directive or as requested by the ECMA with respect to the Rights Offer from time to time.

Deloitte does not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or any other statement made or purported to be made by it, or on its behalf, in connection with the Company, and nothing in this document should be relied upon as a promise or representation in this respect, whether or not to the past or the future. Deloitte and their respective affiliates accordingly disclaim to the fullest extent permitted by law, all liability arising in tort, contract, or otherwise which they might otherwise have in respect of this document or any such statement. No representation or warranty, express or implied, is made by Deloitte or any of its affiliates as to the accuracy, completeness, verification, or sufficiency of the information set out in this Prospectus, and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not in the past or future.

1.3.2. The External Auditor's responsibility statement

Tewodros and Fikre Audit Service Partnership (the "External Auditor"), is responsible for issuing audit opinions, in accordance with International Auditing Standards and those required by the Accounting and Audit Board of Ethiopia ("AABE"), on the financial statements of the Company contained in the Historical Financial Information ("HFI"). The External Auditor has provided their consent for the reproduction of such audit opinions in the HFI.

The External Auditor engaged by the Company is legally registered in Ethiopia and licensed by AABE, in line with the Establishment and Determination of the Procedure of the Accounting and Auditing Board of Council of Ministers Regulation No. 332/2014.

Save for any responsibility arising under the Public Offer Directive to any person as and to the extent there provided, to the fullest extent permitted by law, the External Auditor does not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with the audit opinions on the financial statements, required by and given solely for the purposes of complying with the Public Offer Directive.

The External Auditor has consented to the inclusion of the audit opinions in the HFI of this Prospectus. In appointing external auditors, the Company complies with the Commercial Code of Ethiopia Proclamation No. 1243/2021 (the "Commercial Code") and the relevant directives issued by the National Bank of Ethiopia ("NBE"). The Company's external auditor is selected through a competitive bidding process, conducted in accordance with its internal procurement policies and procedures, and is subsequently appointed by resolution of the shareholders at an Annual General Meeting ("AGM"). Each year, the NBE reviews and approves the appointment or reappointment of the external auditor.

1.3.3. The Legal Advisor responsibility statement

Tamrat Assefa Liban Law Office (the "Legal Advisor") has acted as independent legal advisor to the Company in connection with the Rights Offer described in this Prospectus together with any related Rights Offer documents.

Robel Plaza, 4th Floor, Room 405, Off Africa Avenue
Bole Medhane-alem area, P.O Box 1151 Code 1250
Addis Ababa, Ethiopia

Tamrat Assefa Liban is duly licensed and authorised to practice as a federal court advocate by the Federal Democratic Republic of Ethiopia, Federal Attorney General.

License issue date: 07/02/2025
License expiry date: 07/02/2026

The Legal Advisor has provided its legal opinion dated 24 November 2025 (the "Legal Opinion") and has authorised its inclusion as an accompanying document to the registration statement. The Legal Advisor has also authorised the inclusion of its name in this Prospectus.

For the purposes of Article 38(1) and 38(2)(f) of the Public Offer Directive, the Legal Advisor:

- accepts responsibility for the Legal Opinion and for the accuracy of those statements in this Prospectus that are expressly stated to be made on the basis of or in reliance on, the Legal Opinion; and
- confirms that, to the best of its knowledge and belief, having taken all reasonable care to ensure that this is the case, the Legal Opinion and such statement are, as at the date of the Legal Opinion, true and accurate in all material respects and do not omit anything likely to affect their import.

The Legal Advisor's responsibility is limited to matters expressly addressed in the Legal Opinion and to the specific statements in this Prospectus that are expressly attributed to it or stated to be based on the Legal Opinion. The Legal Advisor does not assume responsibility for, and has not independently verified, any other information contained in this Prospectus, for which responsibility rests with the Company, its Board and the other persons identified in Article 38(2)(a)-(e) of the Public Offer Directive.

1.4. Third Party Information

Unless the source is otherwise stated, the market, economic, and industry data in this Prospectus constitute the Directors' estimates, using underlying data from independent third parties. The Company obtained market data and certain industry forecasts used in this Prospectus from a variety of internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications, including publications and data compiled by the International Monetary Fund ("IMF"), The World Bank, NBE, Economist Intelligence Unit ("EIU"), African Development Bank ("AfDB"), African Export–Import Bank ("Afreximbank"), United Nations Development Programme ("UNDP") and United Nations Population Fund ("UNFPA").

While the Directors believe the third-party information included herein to be reliable, the Company has not independently verified such third-party information. The Company confirms that all third-party data contained in this Prospectus has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by that third-party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified.

1.5. External Auditor

The Company's External Auditor for the years covered by the HFI set out in Section 3 of this Prospectus is:

Tewodros and Fikre Audit Service Partnership
Authorised Auditors, Chartered Certified Accountants
Addis Ababa, Ethiopia.
P.O.Box 8118

Registration certificate No: AA/KK/w09/6/0003041/2015
Issue date: 11/21/2024
Expiry date: 12/31/2025

The External Auditor acted as the Company's external auditors for the financial statement audits of 30 June 2025, 2024, and 2023. Additionally, the External Auditor was reappointed at the Company's Annual General Meeting ("AGM") of shareholders held on 30 September 2025 and was subsequently approved by the NBE. Following the conclusion of the 30 June 2025 financial statement audit, the Company will continue to comply with regulatory requirements relating to the rotation of external auditors, including the requirement to rotate external auditors after a maximum of six years.

1.6. Summary of the Prospectus

This summary should be read as an introduction to the Prospectus only. Any decision to participate in the Rights Offer should be based on consideration of the Prospectus as a whole.

1.6.1. Key information about the Company

The legal name of the Company is Bank of Abyssinia Share Company, and the Company operates under the commercial name of Bank of Abyssinia. The Company is incorporated and domiciled in Ethiopia. The Company is regulated by the NBE.

Bank of Abyssinia is a private commercial bank in Ethiopia. Its name carries deep historical and cultural significance, as 'Abyssinia' refers to the ancient name of Ethiopia, one of the world's oldest civilisations. It invokes a strong sense of national pride and identity among Ethiopians. The name, with the Bank's emblem, the Adey Abeba, a native flower symbolising renewal and hope, embodies the Company's commitment to fresh beginnings, resilience, and a brighter future.

Founded on 16 February 1996, the Company commenced operations in the same year with 131 shareholders, a subscribed capital of ETB 25 million, and a paid-up capital of ETB 17.7 million. The Company's shareholder base has grown substantially over time, reaching 4,929 shareholders as at 30 June 2025. The Company has a long history and significant market share within the Ethiopian banking sector offering a wide range of banking services for individuals and businesses across the country. Its extensive branch network and track record of serving its customers over many years contributes to its reach and influence across Ethiopia.

Set out below is a summary of the Company's select HFI and the Company's Key Performance Indicators ("KPI") for the years ended 30 June 2025, 30 June 2024, and 30 June 2023.

Table 1: Select HFI and KPIs

Select HFI and KPIs	For the years ended 30 June		
	2025	2024	2023
ETB (millions)			
Statement of profit and loss			
Interest income	32,719	24,603	20,965
Interest expense	(10,323)	(8,019)	(6,140)
Net interest income	**22,396**	**16,584**	**14,825**
Net fees and commission income	**4,817**	**2,198**	**1,196**
Other income	1,535	947	568

Select HFI and KPIs	For the years ended 30 June		
	2025	2024	2023
ETB (millions)			
Total operating income	**28,748**	**19,729**	**16,589**
Personnel expenses	(9,776)	(9,112)	(7,434)
Other operating expenses	(8,871)	(5,340)	(3,925)
Profit before income tax	**10,101**	**5,277**	**5,230**
Profit for the year	**7,299**	**4,237**	**3,873**
Earnings per share (“EPS”)	504	328	390
Statement of financial position			
Loans, advances and financing to customers (net)	193,379	163,923	143,796
Total assets	286,227	222,303	189,512
Conventional customer deposits	211,655	168,373	140,467
Interest free customer deposit	31,525	24,136	18,070
Total liabilities	257,385	199,108	170,036
Share capital	15,000	14,206	11,898
Total equity	**28,842**	**23,195**	**19,475**
KPIs			
Financial KPIs			
Total deposit amount	243,180	192,509	158,537
Total assets	286,227	222,303	189,512
Loans, advances and financing to customers (net)	193,379	163,923	143,796
Total Revenue*	**39,071**	**27,748**	**22,728**
Profit before income tax	10,101	5,277	5,230
Net interest margin	10.5%	9.3%	9.5%
Cost-to-income ratio	62.7%	68.0%	55.7%
Liquidity ratio	0.22x	0.15x	0.15x
Debt ratio	89.9%	89.6%	89.7%
Total equity	**28,842**	**23,195**	**19,476**
Foreign Currency (“FCY”) earnings (USD millions)	663	424	458
Mobile banking transaction value	1,105,809	389,713	182,182
Internet banking transaction value	10,759	11,174	6,383
Automated Teller Machines (“ATM”) transaction value	96,752	88,668	68,647
Point-of-Sale (“POS”) transaction value	6,227	3,488	2,004

Select HFI and KPIs	For the years ended 30 June		
	2025	2024	2023
ETB (millions)			
Apollo transaction value (000)	12,407	27,989	2,794
Amount of Interest Free Banking ("IFB") deposits	31,525	24,136	18,070
Amount of IFB financing	5,969	4,908	3,077
Capital Adequacy Ratio ("CAR")	9.4%	10.1%	9.8%
Non-Performing Loans ("NPL") ratio	2.9%	3.3%	3.5%
Non-Performing Financing ("NPF") ratio	3.0%	3.4%	0.1%
Non-financial KPIs			
Number of customers accounts (millions)	15	13	10
Number of IFB customer accounts ('000)	1,924	1,585	1,157
Number of debit card banking subscribers ('000)	3,499	3,321	2,940
Number of prepaid card banking subscribers	8,536	7,461	1,651
Number of active mobile banking subscribers ('000)	5,384	4,272	2,760
Number of active Internet banking subscribers ('000)	101	93	64
Number of branches	928	931	863
Number of ATMs	1,741	1,429	1,277
Number of POS Terminals	3,627	2,160	1,254
Number of virtual banking centers	49	35	20
Mobile banking transaction volume ('000)	101,362	35,150	8,337
Internet banking transaction volume ('000)	41	59	56
ATM transaction volume ('000)	64,555	59,940	49,477
POS terminal volume ('000)	1,783	1,389	826
Apollo transaction volume ('000)	1,577	1,675	758

*Total Revenue is a Non-International Financial Reporting Standards ("IFRS") measures and comprise income from interest income, service charges, commission earned and other operating income, as set out in Section 7.6.

As at 30 June 2025, the Company achieved financial and operational growth. Loans, advances, and financing to customers increased to ETB 193,379 million, and customer deposits rose to ETB 243,180 million, reflecting sustained lending activity and effective deposit mobilisation. Total assets reached ETB 286,227 million, while profit before income tax grew to ETB 10,101 million, mainly driven by higher net interest income and increased fee and commission income. Total Revenue and equity also improved, reaching ETB 39,071 million in the year ended 30 June 2025 and ETB 28,842 million as at 30 June 2025, respectively.

The Company continued to expand its digital footprint, with active mobile banking subscribers rising to 5,384 thousand as at 30 June 2025, up from 4,272 thousand as at 30 June 2024, and mobile banking transaction value reaching ETB 1,105,809 million as at 30 June 2025, compared to ETB 389,713 million as at 30 June 2024, driven by increased adoption of digital channels. The number of POS terminals increased to 3,627 as at 30 June 2025, from 2,160 as at 30 June 2024, with POS transaction value up to ETB 6,227 million in the year ended 30 June 2025, compared to ETB 3,488 million in the year ended 30 June 2024, reflecting enhanced payment infrastructure and increased customer usage. The ATM network expanded to 1,741 machines in the year ended 30 June 2025, from 1,429 in the year ended 30 June 2024, supporting a rise in ATM transaction value to ETB 96,752 million in the year ended 30 June 2025, up from ETB 88,668 million in the year ended 30 June 2024. The number of customer accounts reached 15,000,000 as at 30 June 2025, up from 13,000,000 as at 30 June 2024, and debit card banking subscribers increased to 3,499 thousand as at 30 June 2025, from 3,321 thousand as at 30 June 2024, evidencing successful customer acquisition and retention strategies.

Asset quality also improved, with the NPL ratio declining to 2.9% and the NPF ratio for IFB operations decreasing to 3.0% as at 30 June 2025. IFB deposits rose to ETB 31,525 million as at 30 June 2025 and IFB financing reached ETB 5,969 million as at 30 June 2025. Overall, the Company's performance for the year demonstrates robust financial growth, operational expansion, and continued progress in digital transformation and customer-focused innovation. Additionally, the Company's cost-to-income ratio decreased from 68.0% for the year ended 30 June 2024 to 55.7% for the year ended 30 June 2025, primarily attributable to the increase in operating income from ETB 18,699 million for the year ended 30 June 2024 to ETB 26,118 million for the year ended 30 June 2025.

1.6.2. Principal activities of the Company

The Company operates as a commercial bank providing various products and services under its two segments, namely conventional banking ("Conventional Banking") and IFB (together, the "Business Segments"). Its principal activities include providing loan products, deposit solutions, trade finance services, and digital banking innovations. The Company's Total Revenue, Segment Revenue and other income is set out in the table below:

Table 2: Total Revenue and Segment Revenue

Total Revenue and Segment Revenue	For the year ended 30 June		
	2025	2024	2023
ETB (millions)			
Conventional Banking	37,686	26,702	22,384
IFB	723	554	281
Segments Revenue (non-IFRS)**	**38,409**	**27,256**	**22,665**
Other income*	662	492	63
Total Revenue (non-IFRS)**	**39,071**	**27,748**	**22,728**

*Other income includes net foreign exchange income/loss, other operating income (less IFB income), and dividend income.
**Total Revenue and Segment Revenue are non-IFRS measures and comprise income from interest income, service charges, commission earned and other operating income, as set out in Section 7.6.

In the year ended 30 June 2025, the Company generated ETB 39,071 million in Total Revenue, an increase of 40.8% from ETB 27,748 million in the year ended 30 June 2024. The Company has seen increased Segment Revenue across its two Business Segments. Conventional Banking Revenue increased by 41.1% to ETB 37,686 million in the year ended 30 June 2025 from ETB 26,702 million in the year ended 30 June 2024, with the increase mainly attributed to an increase in interest income.

IFB Revenue reached ETB 723 million in the year ended 30 June 2025, a 30.5% increase from ETB 554 million in the year ended 30 June 2024. This growth was primarily driven by higher income from interest free financing, supported by an increase in IFB customers and deposits.

The Company provides a variety of loan products designed to meet the specific needs of its diverse client base. These include corporate loans, retail and customer loans for personal investments, Small and Medium Enterprises ("SME") and special segment loans and Interest-Free Financing ("IFF") adhering to Shariah principles. As at 30 June 2025, the Company had a total of ETB 199,316 million outstanding loans (without provisions) across the two Business Segments. Details of total loans by Business Segment is set out below.

Table 3: Total loans, advances and financing to customers (without provision)

Total loans, advances and financing to customers (without provision)	For the year ended 30 June		
	2025	2024	2023
ETB (millions)			
Conventional Banking	193,347	162,829	143,434
IFB	5,969	4,908	3,077
Total loan, advances and financing to customers (without provision)	**199,316**	**167,737**	**146,511**

Complementing its loan offerings, the Company offers a suite of deposit products tailored to savings and transactional needs. These include current and savings accounts, term deposits, and Shariah-compliant IFB deposits, catering to both conventional and Islamic banking preferences. As at 30 June 2025, the Company's total deposit base stood at ETB 243,180 million up from ETB 192,509 million as at 30 June 2024. Details of the total deposits by Business Segment is set out below.

Table 4: Total deposits

Total Deposits	For the year ended 30 June		
	2025	2024	2023
ETB (millions)			
Conventional Banking	211,655	168,373	140,467
IFB	31,525	24,136	18,070
Total deposits	**243,180**	**192,509**	**158,537**

The Company offers digital banking services, providing both Conventional Banking and IFB customers with secure, 24/7, access to accounts through mobile and online platforms. The Company has adopted a mobile-first approach. This approach aims at prioritizing self-service, convenience, and speed through smartphones, Unstructured Supplementary Service Data ("USSD"), and apps; expanding mobile services to reduce branch dependency; and driving financial inclusion and adoption by making key services accessible on mobile devices.

The platforms offered include mobile banking (app and USSD), corporate internet banking, card banking, a merchant acceptance platform (POS terminal and Interoperable Quick Response ("QR"), ATM and virtual banking, and digitised paperless branch banking services. Through these channels, customers can perform transfers, pay bills, check balances, and manage accounts. In the year ended 30 June 2025, the Company processed 168 million digital banking transactions, with a value of ETB 1,222 billion.

Table 5: Digital banking KPIs

Digital banking KPIs	For the year ended 30 June		
	2025	2024	2023
Number of debit card banking subscribers ('000)	3,499	3,321	2,940
Number of prepaid card banking subscribers	8,536	7,461	1,651
Number of individual mobile banking subscribers ('000)	5,204	4,118	2,752
Number of business entities mobile banking subscribers ('000)	180	154	10
Number of mobile banking subscribers ('000)	5,384	4,272	2,760
Mobile banking transaction value (ETB 'million)	1,105,809	389,713	182,182
Mobile banking transaction volume ('000)	101,362	35,150	8,337
Number of individual Internet banking subscribers ('000)	87	81	59
Number of business entities Internet banking subscribers ('000)	14	12	5
Number of Internet banking subscribers ('000)	101	93	64
Internet banking transaction value (ETB 'million)	10,759	11,174	6,383
Internet banking transaction volume ('000)	41	59	56
Number of ATM Located Within the Company/Branch Premises	1,188	991	791
Number of ATM Located Outside of the Company/ Branch Premises	553	438	486
Number of ATMs	1,741	1,429	1,277
ATM transaction value (ETB 'million)	96,752	88,668	68,647
ATM transaction volume ('000)	64,555	59,940	49,477
Number of POS Terminals Within the Company/Branch	427	201	108
Number of POS Terminals With Merchants	3,200	1,959	1,146
Number of POS terminals	3,627	2,160	1,254
POS terminal transaction value (ETB 'million)	8,737	4,884	2,053
POS terminal transaction volume ('000)	1,663	1,298	717
Number of virtual banking centers located within the company/branch premises	32	18	11

Digital banking KPIs	For the year ended 30 June		
	2025	2024	2023
Number of virtual banking centers outside of the company/branch premises	17	17	9
Number of virtual banking centers	49	35	20

The number of debit card banking subscribers was 3,499 thousand as at 30 June 2025, compared to 3,321 thousand as at 30 June 2024, while prepaid card banking subscribers increased to 8,536 as at 30 June 2025, from 7,461 as at 30 June 2024.

Mobile banking subscribers rose to 5,384 thousand as at 30 June 2025, up from 4,272 thousand as at 30 June 2024.

The value of transactions processed through mobile banking was ETB 1,105,809 million for the year ended 30 June 2025, compared to ETB 389,713 million in the year ended 30 June 2024, with transaction volume at 101,362 thousand, up from 35,150 thousand in the same periods. Internet banking subscribers increased to 101 thousand as at 30 June 2025, from 93 thousand as at 30 June 2024, with transaction value at ETB 10,759 million and transaction volume at 41 thousand for the year ended 30 June 2025. The number of ATMs was 1,741 as at 30 June 2025, up from 1,429 as at 30 June 2024. ATM transaction value was ETB 96,752 million for the year ended 30 June 2025, compared to ETB 68,668 million in the year ended 30 June 2024, with transaction volume at 64,555 thousand, up from 59,940 thousand in the same periods. The number of POS terminals increased to 3,627 as at 30 June 2025, from 2,160 as at 30 June 2024. POS transaction value was ETB 8,737 million for the year ended 30 June 2025, compared to ETB 4,884 million in the year ended 30 June 2024, with transaction volume at 1,663 thousand, up from 1,298 thousand in the same periods. The Company also operated 49 virtual banking centers as at 30 June 2025, compared to 35 as at 30 June 2024.

The Company also provides international banking and trade services that support individuals, businesses, and organisations engaged in cross-border transactions. Offerings include secure money transfer services, money transfer services / Society for Worldwide Interbank Financial Telecommunication ("SWIFT") transfers, and cash exchange facilities that enable travelers, business persons, and the diaspora community to convert foreign and local currencies conveniently. Customers also benefit from the use of international bank cards, as well as tailored trade finance solutions such as Letters of Credit ("LC") for both imports and exports. These services are available to licensed participants under Ethiopian law and are offered through both conventional and IFB products, complemented by value-added features such as daily foreign exchange updates, dedicated service windows, and personalised advisory support. In the year ended 30 June 2025, the Company's trade finance services, mainly FCY generated, was USD 663 million as compared to USD 424 million for the year ended 30 June 2024.

Further, the Company participates in equity investments across a number of companies and institutions, referring to Section 2.2 (Business Overview) for further information on shareholdings. These include:

- Hohete Tibeb S.C
- Addis Africa International Convention and Exhibition Centre ("AAICEC")
- EthSwitch S.C

- Ethiopian Reinsurance S.C
- Abay Industry Development S.C
- Yetebaberut Beherawi Petroleum S.C
- Nile Insurance S.C
- ESX

1.6.3. Corporate governance of the Company

The Company is managed by the Board of Directors, which has nine members as follows:

1. Ato Mekonnen Manyazewal Meka – Chairperson of the Board and member of the and risk, compliance management & credit review committee
2. Ato Aemero Belete Simegne – Deputy chairperson of the Board and member of the audit committee and nomination & remuneration committee
3. W/ro Emebet Woldeher Yezengaw – Director of the Board and member of the nomination & remuneration committee
4. Ato Kassahun Zewdie Mengesha – Director of the Board and member of the nomination & remuneration committee
5. Ato Meseret Melese Tefera – Director of the Board and chairperson of the nomination & remuneration committee and member of the credit committee
6. Ato Molalign Melese Mengistu – Director of the Board, chairperson of the risk, compliance management & credit review committee and member of the credit committee
7. Ato Solomon Alula Awlachew – Director of the Board and chairperson of the audit committee
8. Ato Yerom Gessesse Yeneneh – Director of the Board and member of the risk, compliance management & credit review committee, as well as the credit committee
9. Dr Yihenew Zewdie Lemma – Director of the Board, chairperson of the credit committee and member of the nomination & remuneration committee

The Company's Board of Directors is supported by an experienced Executive Management team comprising the CEO, Bekalu Zeleke Ewnetu and the CFO, Abreham Gebeyehu G/Hanna.

All members of the Board of Directors and Executive Management are Ethiopian nationals.

The Company has a corporate governance framework compliant with NBE's Corporate Governance Directive No. SBB/91/2024 ("Corporate Governance Directive"). The Company, in accordance with the framework, has established several Board subcommittees to effectively manage its governance responsibilities. These are the audit committee; risk, compliance management & credit review committee; nomination and remuneration committee; and credit committee.

The Company does not currently anticipate any changes to the composition of the Board of Directors or the subcommittees of the Board.

1.6.4. Summary of key HFI

The tables below set out the Company's key HFI for the periods indicated as reported in accordance with IFRS. The key HFI for the Company set out below has been extracted without material adjustment from Annex 1 (HFI) of the Prospectus.

1.6.4.1. Summary statement of profit and loss

Table 6: Summary of profit and loss

	For the year ended 30 June		
	2025	2024	2023
ETB (millions)			
Interest income	32,719	24,603	20,965
Interest expense	(10,323)	(8,019)	(6,140)
Net interest income	**22,396**	**16,584**	**14,825**
Net foreign exchange (loss)/income	(150)	99	(224)
Service charges	3,153	1,190	688
Commission earned	1,814	909	732
Net fees and commission income	**4,817**	**2,198**	**1,196**
Dividend income	80	46	53
Other operating income	1,455	901	515
Total other income	**1,535**	**947**	**568**
Total operating income	**28,748**	**19,729**	**16,589**
Loan impairment charge	(2,123)	(1,100)	(962)
Impairment losses on financial assets	(508)	69	-
Net operating income	**26,117**	**18,698**	**15,627**
Personnel expenses	(9,776)	(9,112)	(7,434)
Amortisation of intangible assets	(129)	(84)	(64)
Depreciation and impairment of property, plant and equipment	(756)	(609)	(433)
Amortisation of Right of use assets	(1,046)	(877)	(647)
Interest expense on lease liability	(13)	(14)	(17)
Other operating expenses	(4,296)	(2,725)	(1,802)
Profit before tax	**10,101**	**5,277**	**5,230**
Income tax expense	(2,802)	(1,040)	(1,357)
Profit after tax	**7,299**	**4,237**	**3,873**

1.6.4.2. Summary statement of financial position

Table 7: Summary statement of financial position

	As at 30 June		
	2025	**2024**	**2023**
ETB (millions)			
Assets			
Cash and balances with banks	50,290	27,944	21,148
Loans, advances and financing to customers (net)	193,379	163,923	143,796
Investment security	16,710	11,840	9,363
Other assets	12,896	8,141	6,597
Investment property	10	10	11
Intangible assets	1,080	591	522
Right of use leased assets	3,674	2,991	2,575
Property and equipment	8,188	6,863	5,500
Total assets	**286,227**	**222,303**	**189,512**
Liabilities and equity			
Deposits from customers	211,655	168,373	140,467
Interest free customers deposit	31,525	24,136	18,070
Other liabilities	10,489	4,815	6,087
Current tax liabilities	2,576	1,094	1,282
Lease liabilities	331	267	343
Retirement benefits obligations	438	311	267
Deferred tax liabilities	371	112	154
Borrowing	-	-	3,366
Total liabilities	**257,385**	**199,108**	**170,036**
Share capital	15,000	14,206	11,898
Share premium	6	6	6
Retained earnings	4,973	2,577	2,878
Revaluation surplus account	421	425	429
Legal reserve	6,226	4,401	3,342
Other reserves	2,216	1,580	923
Total equity	**28,842**	**23,195**	**19,476**
Total liabilities and equity	**286,227**	**222,303**	**189,512**

1.6.4.3. Summary statement of cash flows

Table 8: Summary of cash flows

	For the year ended 30 June		
	2025	2024	2023
ETB (millions)			
Net cash inflow from operating activities	31,133	14,780	4,748
Net cash outflow from investing activities	(7,223)	(7,547)	(3,549)
Net cash outflow from financing activities	(1,415)	(536)	1,467
Net increase in cash and cash equivalents	**22,495**	**6,697**	**2,666**
Cash and cash equivalents at the beginning of the year	**27,944**	**21,148**	**18,475**
Foreign exchange (losses)/gains on cash and cash equivalents	(149)	99	7
Cash and cash equivalents at the end of the year	**50,290**	**27,944**	**21,148**

1.6.5. Key information on the Rights Offer being undertaken

The Rights Offer comprises 3,125,000 new Ordinary Shares of the Company, being the Rights Offer Shares, offered at a Rights Offer Price of ETB 1,600 each. The Rights Offer Shares shall be fully paid Ordinary Shares with a cumulative nominal value of ETB 5,000,000,000. The Rights Offer Period will commence at 09:00 on 30 January 2026 and will end at 15:00 on 03 March 2026. The issuance of the Rights Offer Shares is duly authorised by a resolution of the shareholders dated 30 September 2025, in accordance with the Capital Market Proclamation, the Public Offer Directive, and the Company's Memorandum of Association ("MOA"), which collectively provide the legal authority for the creation, offering, and allotment of such Ordinary Shares. No expenses will be charged by the Company to any Existing Shareholder.

The Company has, and on the completion of the Rights Offer will have, one class of Ordinary Shares. The rights attaching to the Ordinary Shares are uniform in all respects, and they form a single class for all purposes. The rights attaching to the Ordinary Shares are set out below:

a. Every Ordinary Share shall confer a right to participate in the annual net profits and to a share in the net proceeds on a winding-up;

b. The share in the profits and in the proceeds on a winding-up due to a holder of Ordinary Shares shall be calculated in proportion to their holding in the paid-up capital of the Company;

c. Every Ordinary Share shall confer voting rights. The voting rights attached to a shareholder shall be in proportion to the amount of capital represented by their Ordinary Shares; and

d. Every holder of Ordinary Shares has a preferred (pre-emptive) right, in proportion to their holding, to purchase cash shares issued on an increase of capital.

In the event of bankruptcy, certain payments will take priority over those to the shareholders.

1.6.6. Registration of securities

The Existing Ordinary Shares and the Rights Offer Shares of the Company will be registered with the ECMA at the date of approval of the registration statement and this Prospectus. Refer to section 8.2.4 for the expected timetable of the Rights Offer.

1.6.7. Participating in the Rights Offer

Participation in the Rights Offer is through tradeable rights instruments that convey to the holder their preferred right (the "Preferred Right") to participate in the Rights Offer (the "Tradeable Rights"). Each Tradeable Right entitles the holder to purchase one Rights Offer Share. Every Existing Shareholder, as at the date at which shareholders are entitled to the statutory pre-emptive right provided under Article 448 of the Commercial Code and Article 9 of the Public Offer Directive (the "Record Date"), will be allocated the number of Tradeable Rights that corresponds to their proportional entitlement of the 3,125,000 Rights Offer Shares ("Entitlement").

Following the approval of this Prospectus and the associated registration statement, the Company will upload the Existing Ordinary Shares and the Tradeable Rights onto the Central Securities Depository ("CSD"). Following the upload, the CSD will review the information as provided by the Company and, if the information is provided in the prescribed format, will register the Existing Ordinary Shares and the Tradeable Rights. Following the successful registration at the CSD, the CSD will create a Company dematerialised account (a "CSD Account"). Existing Shareholders must open a brokerage account at a licensed broker. Through their broker, an Existing Shareholder can view the number of Existing Ordinary Shares that they own in the Company and the number of Tradeable Rights that are available for them.

Existing Shareholders have five participation options with regards to their Tradeable Rights. The options for participation in the Rights Offer in respect of each Tradeable Right are:

1. Choose to participate in the Rights Offer by instructing their broker to exercise the Tradeable Right, including making full payment;
2. Seek to sell the Tradeable Right in the market to another Existing Shareholder, for which they need to instruct their broker accordingly. The price paid for the Tradeable Right will be determined by the market at the time of the trade, and there can be no guarantee there will be a willing buyer. In this case, they will lose the right to participate in the Rights Offer in respect of the sold Tradeable Rights, but will receive the compensation agreed between seller and buyer (through their brokers);
3. Through their broker, assign their Tradeable Right to another Existing Shareholder, in which case they will lose the right to participate in the Rights Offer, will be diluted, and will not receive any compensation;
4. Through their broker, renounce their Tradeable Right, in which case they will lose the right to participate in the Rights Offer, will be diluted, and will not receive any compensation;
5. Let the Tradeable Right lapse by taking none of the aforementioned actions before the end of the Rights Offer Period, in which case they will lose the right to participate in the Rights Offer, will be diluted, and will not receive any compensation.

Where an Existing Shareholder intends to exercise a Tradeable Right in accordance with option (1) above, they must make full payment (being the full Rights Offer Price in respect of each Tradeable

Right) through their broker. The Tradeable Rights can only be exercised by making full payment before the end of the Rights Offer Period.

Where an Existing Shareholder seeks to purchase a Tradeable Right in the market in accordance with option (2) above, they must instruct their broker to acquire such Tradeable Rights in the market. The Existing Shareholder purchasing additional Tradeable Rights must fund the purchase price into their broker's receiving account, and any consideration agreed between the seller and the buyer (through their brokers) remains a private arrangement that is not set, received or guaranteed by the Company. Once a Tradeable Right has been so acquired, options available to the new holder of the Tradeable Right are the same five options as those set out above.

Where an Existing Shareholder assigns a Tradeable Right in accordance with option (3) above, options available to the new holder of the Tradeable Right are the same five options as those set out above.

Existing Shareholders who do not exercise, sell, assign or renounce a Tradeable Right, i.e. do not take any of options (1) to (4) above, within the Rights Offer Period shall forfeit their Entitlement upon closure of the Rights Offer Period, and all remaining Tradeable Rights shall lapse automatically without compensation, and the Existing Shareholder shall forfeit their Entitlement in respect of the relevant portion of the Rights Offer Shares.

1.6.7.1. Participation by Existing Shareholders in Surplus Rights Offer Shares

At the end of the Rights Offer Period, the Tradeable Rights will have been either exercised (the "Exercised Tradeable Rights") or will have been renounced or left to lapse (the "Non-Exercised Tradeable Rights"). The Rights Offer Shares related to Non-Exercised Tradeable Rights (the "Surplus Rights Offer Shares") will not be issued in relation to those Tradeable Rights. Existing Shareholders are entitled through their broker to apply in advance for potential Surplus Rights Offer Shares. In this instance, the Existing Shareholder is able, through their broker, to make an application to acquire Surplus Rights Offer Shares and make payment in full at the Rights Offer Price. There can be no guarantee that an application to acquire Surplus Rights Offer Shares will be successful, and the results of this will only be determined during the allotment of the Rights Offer Shares. In the event that an application is unsuccessful, the associated applications monies will be refunded, without interest and net of bank charges.

1.6.7.2. Insufficient demand from Existing Shareholders

In the event that demand from Existing Shareholders is insufficient to cover the Surplus Rights Offer Shares (and therefore is also insufficient to cover the total Rights Offer Shares), the Company will cancel the residual Surplus Rights Offer Shares that are not allocated to Existing Shareholders (the "Shortfall Rights Offer Shares").

1.6.7.3. Escrow accounts and settlement

Existing Shareholders' monies paid through their broker in respect of Exercised Tradeable Rights and any Surplus Rights Offer Shares, will be received in the CSD's settlement account, which is linked to the Company's escrow account. The Company has opened an escrow account solely for the purposes of the Rights Offer. Following the approval of the Allotment Report by the ECMA, and payment of the registration fee to the ECMA by the Company, the CSD will transfer the gross proceeds to the Company.

1.6.7.4. Trading arrangements

Upon receiving the requisite approval from the ECMA and the completion of the Rights Offer, the Company intends to list 100% of the Ordinary Shares of the Company, being the existing 15,000,000 Ordinary Shares and 3,125,000 newly issued Rights Offer Shares, on the ESX. Following the admission to the ESX, the shareholders of the Company will be able to trade their shares freely through the use of a licensed broker.

1.6.7.5. Expected timetable

Each of the times and dates in the table below is indicative only and may be subject to change without further notice.

Table 9: Expected timetable

Expected timetable of events	Time and Date
Record Date	29 January 2026
Date of approval of this Prospectus	29 January 2026
Publication of this Prospectus	30 January 2026
Commencement of the Rights Offer Period	09:00 on 30 January 2026
Cut-off Date and the closure of the Rights Offer Period	15:00 on 03 March 2026
Completion of allotment and verification	06 March 2026
Announcement of the results of the allotment	09 March 2026
Legal issuance of the new Ordinary Shares pursuant to the Rights Offer	12 March 2026
Crediting of new Ordinary Shares to investors' accounts on CSD	12 March 2026
Admission to the official list of the main board of the ESX	17 April 2026

Unless otherwise stated, all above stated times are East Africa Time.

1.6.8. Summary of key risks

Existing Shareholders should be aware that the investment in the Ordinary Shares of the Company entails exposure to risk. There are a number of risk factors that could significantly affect the operations, financial condition, and results of the Company. If one or more of these risks materialise, the value of the Ordinary Shares may decline, and investors could lose all or part of their investment.

The following is a high-level summary of the principal risks, presented according to their likelihood and potential impact. This summary should be read together with the fuller discussion of risks in Section 9 (Risk Factors) and with all other information set out in this Prospectus.

1.6.8.1. Industry-specific risk

- The Company operates within Ethiopia's banking sector, which is undergoing significant structural change and is subject to heightened industry-wide risks. These include elevated credit risk across the sector, driven by persistent macroeconomic pressures such as high inflation, foreign-exchange shortages, rising interest rates, climate-related shocks, and sector-specific stress affecting borrowers' repayment capacity. Deterioration in asset quality within key economic sectors and geographic regions, combined with concentration risks common to the Ethiopian banking industry, may adversely affect earnings, liquidity, and capital adequacy.

- The liberalisation of Ethiopia's banking sector is intensifying competition. The possible entry of foreign banks, new domestic institutions, and rapidly expanding Financial Technology ("FinTech") and mobile-money providers is reshaping the competitive landscape. Increased competition may erode market share, compress interest margins, raise funding and customer acquisition costs, and weaken profitability. Foreign and technology-driven competitors, with stronger capital bases and advanced digital capabilities, are expected to raise industry benchmarks and customer expectations, increasing pressure on incumbent banks.
- Collectively, these industry-specific dynamics could materially impair the Company's financial performance, capital generation, and long-term competitive position if not effectively managed.

1.6.8.2. Financial risks

- The Company is exposed to a range of financial risks arising from the operating environment in Ethiopia and the evolving regulatory framework applicable to the banking sector. Liquidity risk may arise from sudden or significant depositor withdrawals, concentration of deposits among large corporate and public-sector clients, systemic liquidity stress, or policy actions by the NBE. A sustained liquidity shortfall could impair the Company's ability to meet obligations as they fall due, maintain uninterrupted operations, and comply with regulatory requirements.
- Foreign-exchange risk remains material due to chronic hard-currency shortages, exchange-rate volatility, and mismatches between FCY liabilities and limited FCY assets. Difficulty in accessing foreign exchange on a timely and predictable basis may disrupt cross-border settlements, correspondent banking relationships, trade finance activities, and payments to foreign service providers, while also affecting liquidity management, capital adequacy, and earnings volatility.
- The Company is also exposed to interest rate and inflation risks. Rising and volatile interest rates may compress credit demand, increase borrower default rates, raise funding costs, and erode net interest margins, particularly where asset repricing lags liability repricing. Persistently high inflation may reduce the real value of earnings and capital, inflate operating costs, weaken borrowers' repayment capacity, and further deteriorate asset quality.
- In addition, the transition to a Basel III–aligned, risk-based capital adequacy framework introduces heightened capital adequacy risk. Rapid asset growth, increased provisioning, exchange-rate movements, changes in risk-weighting methodologies, or regulatory tightening may place pressure on capital ratios, constrain dividend distributions, and limit the Company's capacity to absorb losses or support future growth.
- If these financial risks are not effectively managed, they could materially and adversely affect the Company's financial condition, regulatory compliance, profitability and shareholder value.

1.6.8.3. Environmental, Social, and Governance ("ESG") Risks

- Climate-related events (including droughts and floods) and the transition to a lower-carbon economy may impair borrowers in climate-sensitive and carbon-intensive sectors, reduce collateral values, and disrupt operations, including through power and infrastructure interruptions.

- Heightened expectations regarding financial inclusion, consumer protection, and data privacy increase regulatory and reputational risk. Failures in customer treatment, data governance, or third-party oversight may result in penalties, loss of trust, and constrained growth.
- Increasing governance and disclosure standards, including expectations to integrate ESG considerations into risk management, may expose the Company to supervisory action, higher compliance costs, and reduced access to capital if board oversight, controls, or ESG frameworks are insufficient.

1.6.8.4. Operational and technology risks

- Increased reliance on digital channels exposes the Company to cyber threats (including phishing, intrusions, ransomware, and data breaches). A serious cyber incident could disrupt mobile/online banking and payment services, compromise customer data, lead to financial losses, trigger regulatory action, and cause lasting reputational harm.
- Failures of internal IT systems (hardware/software defects, data corruption, data-centre outages, or cyberattacks) and weaknesses in Ethiopia's broader infrastructure (power shortages, unreliable connectivity, limited rural telecom capacity) may interrupt operations, delay or block customer transactions, impair core services, and compromise regulatory reporting. As the Company's digital transformation expands, even short disruptions could undermine customer confidence, create operational and liquidity pressures, and attract regulatory scrutiny.
- The Company faces ongoing risk of fraud, money laundering, and terrorism financing due to rising financial crime and an expanding digital footprint. Failure to prevent, detect, or comply with Anti-Money Laundering ("AML")/Know Your Customers ("KYC") obligations could result in significant fines, sanctions, operational restrictions, and reputational damage. Continued investment in systems, staffing, monitoring, and controls is required to manage evolving threats.

1.6.8.5. Strategic and competitive risks

- The entry of foreign banks, regional banking groups, and technology-driven FinTech and mobile-money providers is expected to significantly increase competitive pressure. This may reduce the Company's market share, weaken pricing power, compress margins, divert deposits, and adversely affect profitability—particularly in corporate, SME, and retail banking segments.
- Rapid advances in digital banking, payments, and mobile financial services, combined with the growth of FinTech platforms, are reshaping customer behaviour. Failure to keep pace with innovation, digital adoption, and evolving regulatory requirements may result in customer attrition, reduced relevance in key growth segments, and sustained pressure on earnings.
- The Company's ability to implement its strategy depends on effective execution, management capacity, talent retention, system integration, and adequate investment in technology and infrastructure. Delays, cost overruns, resistance to change, or weaknesses in governance and performance monitoring may hinder strategic initiatives, disrupt operations, and weaken long-term competitiveness and financial performance.

1.6.8.6. Legal, regulatory and governance risks

- The Company operates in a highly regulated environment under the supervision of the National Bank of Ethiopia. Ongoing reforms—including enhanced prudential, capital, governance, and risk-management requirements—impose significant compliance obligations and costs. Failure to comply with applicable laws, directives, or supervisory expectations may result in fines, operational restrictions, reputational damage, or, in severe cases, suspension or revocation of banking licenses.
- These regulatory risks are particularly material given the Company's strategic reliance on digital channels to expand its retail and SME banking activities.
- The Company remains exposed to potential liabilities arising from a sector-wide dispute regarding the tax treatment of dividends applied to unpaid subscribed capital. Although recent legislative amendments clarify the tax position prospectively, residual risks remain in respect of historical transactions, including adverse assessments, penalties, interest charges, or differing interpretations by tax authorities and the courts.
- Following registration and listing of its Ordinary Shares, the Company will be subject to heightened disclosure, governance, and reporting obligations under capital markets laws and exchange rules. Meeting these requirements will increase administrative and operational costs and expose the Company to enforcement action, penalties, or reputational harm in the event of non-compliance.
- Evolving AML and KYC regulations, combined with practical challenges in customer identification and a predominantly cash-based economy, increase compliance complexity. Deficiencies in AML/Combating Terrorism Financing ("CTF") controls, systems, or resourcing may result in regulatory sanctions, restrictions on business activities, and reputational damage.

1.6.8.7. Country and macroeconomic risks

- The Company's operations are concentrated in Ethiopia, which has experienced periods of political instability, regional conflict, and governance challenges. Such conditions may disrupt banking operations, damage assets, weaken borrower repayment capacity, reduce investor and consumer confidence, and adversely affect overall business performance.
- Ethiopia faces persistent macroeconomic pressures, including foreign-exchange shortages, high inflation, fiscal constraints, and regulatory uncertainty. These conditions may erode consumer purchasing power, impair collateral values, constrain investment, weaken asset quality, and limit lending growth. Tight monetary policy and credit controls may further compress earnings and heighten financial volatility, collectively posing a sustained risk to the Company's growth, profitability, and financial stability.

1.6.8.8. Other risks

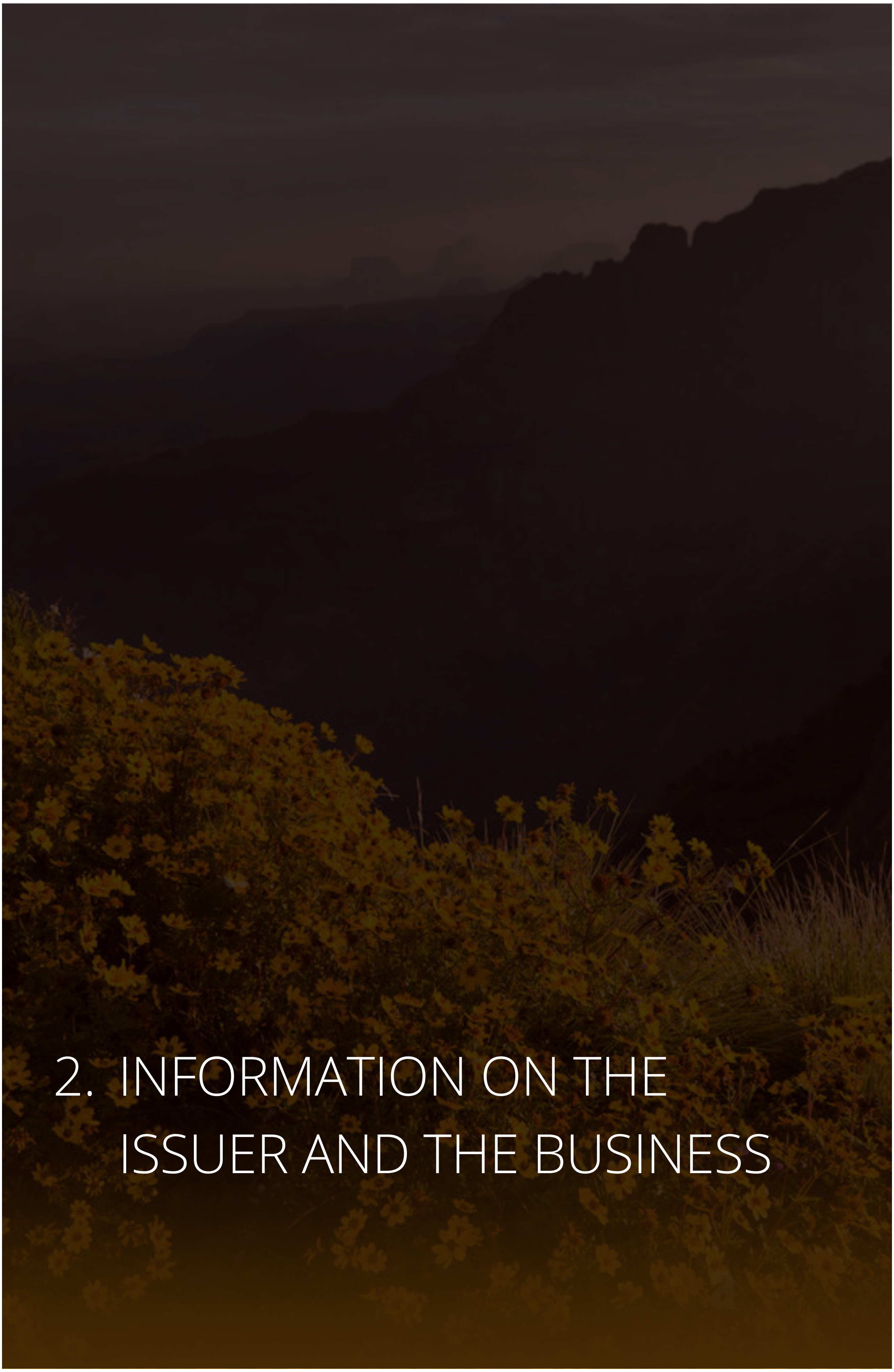
- The Company may not have sufficient insurance coverage for all material risks (including operational, political, and cyber events). If a major uninsured or underinsured event occurs, the Company may bear significant losses directly, which could adversely affect profitability, capital, and financial condition.
- The Company's performance and strategic execution depend on the capability and continuity of executive management and key personnel. Difficulty attracting, developing, or retaining skilled talent—particularly in specialised areas such as digital banking, cybersecurity, and risk

management—may delay strategic initiatives, weaken operational effectiveness, and reduce competitiveness.

- The Company relies on third-party infrastructure and service providers (including national telecommunications operators) for connectivity and network-dependent services. Outages or service degradation beyond the Company's control may disrupt ATMs, POS and digital channels, impair customer service, create compliance risks, and cause reputational harm.

1.6.8.9. Rights Offer and Securities Risks

- Existing Shareholders who do not exercise or trade their subscription rights may suffer dilution of their ownership percentage and voting power.
- The Rights Offer Price may not reflect the market value of the shares after listing, and the trading price of both new and existing shares may be volatile and may fall below the Rights Offer Price or par value.
- If the minimum subscription amount is not achieved, the Rights Offer may not proceed or may be delayed. Subscriptions would be refunded without interest, any unacquired shares would be cancelled, and the Company's capitalisation, growth plans, and market perception could be adversely affected.
- There is no assurance that an active or liquid market for the shares will develop or be sustained after admission to trading, which may result in price volatility and difficulty selling shares.
- The Company's ability to strengthen its capital base, meet regulatory requirements, and execute strategic initiatives depends materially on the success and timing of the Rights Offer; delays or shortfalls may constrain growth and competitiveness.
- Future dividends are not guaranteed and will depend on profitability, capital and liquidity needs, regulatory requirements, and approvals by the Board and the NBE.
- The Company may issue additional shares in the future to meet capital requirements or fund growth, which could dilute existing shareholders' ownership interests, EPS, and voting power



2. INFORMATION ON THE ISSUER AND THE BUSINESS

2.1. Information on the issuer and the business

2.1.1. The name and domicile of the Company

The legal name of the Company is Bank of Abyssinia Share Company, and the Company operates under the commercial name of Bank of Abyssinia. The Company is regulated by the NBE, pursuant to the Banking Business Proclamation No. 1360/2025 (the "Banking Business Proclamation"). The Company is registered with the commercial registry under registration number KK/AA/2/0001775/2004.

The registered address of the Company is:

Addis Ababa, Kirkos sub-city, Woreda 07, Ethiopia
Bank of Abyssinia, Head Office
House No 351/01. P.O. Box 12947,
Tel: 011-531-91-77
Customer line: 8397
Telex: 21997
Email: ContactCenterSupport@bankofabyssinia.com
Website: www.bankofabyssinia.com

The Company is incorporated and domiciled in Ethiopia. The Company was incorporated and registered on 16 February 1996 in accordance with the Commercial Code.

2.1.2. History and development of the Company

The Company was established as a share company on 16 February 1996 with 131 shareholders. It was created with the vision of providing a full spectrum of modern and reliable commercial banking services that meets the growing needs of customers across Ethiopia.

The name "Abyssinia" carries deep historical and cultural significance, as it refers to the ancient name of Ethiopia, one of the world's oldest civilisations. It invokes a strong sense of national pride and identity among Ethiopians. The name, paired with the Company's emblem, the Adey Abeba, a native flower symbolising renewal and hope, embodies the Company's commitment to fresh beginnings, resilience, and a brighter future. The Company commenced operations in 1996 with a subscribed capital of ETB 25 million and paid-up capital of ETB 17.7 million. The Company began operations with two branches, Bole Branch on Bole Road and Negadras Branch in Addis Ababa's Merkato district.

As at the date of the Prospectus, the Company has transformed into one of the leading financial institutions in Ethiopia with a total paid-up capital reaching ETB 15 billion. The Company now operates an extensive network of physical branches, digital and self-service outlets such as ATMs, POS terminals, virtual banking centers and state-of-the-art digital solutions across the country. This growth reflects the Company's enduring commitment to financial inclusion, innovation, and nationwide accessibility.

Over the years, the Company significantly expanded its product and service offerings, particularly embracing digital and IFB. In December 2017, as a strategic move to meet the growing demand for Shariah-compliant banking services in Ethiopia, the Company launched "AbyssiniAmeen", its Shariah-compliant banking brand. By offering these services, the Company targeted customers previously excluded from formal banking due to religious or cultural reasons, thereby increasing financial inclusion, expanding its product portfolio, attracting a new customer segment, and increasing market share. 'AbyssiniAmeen' offers a range of services, including Wadiah savings, ameen goal saving

(Wadiah and Mudarabah), hajj savings, and investment accounts structured for ethical and long-term financial goals.

In 2020, the Company further diversified its portfolio by partnering with VISA to launch e-commerce payment services in Ethiopia. This partnership made the Company the first Ethiopian bank to implement the VISA Cybersource payment gateway, enabling businesses to seamlessly accept online payments. The resulting secure online transactions benefit consumers, tourists, and the diaspora.

To enhance efficiency, customer experience, and long-term sustainability in an increasingly digital world, the Company embarked on a comprehensive digital transformation of its banking operations in October 2022. This involved a partnership with Temenos, a leading provider of banking software, to support the Company with its strategic aims of ultimately providing 100% digital banking services, giving customers remote, on-demand access to financial services. The partnership also included upgrading the Temenos core banking system to incorporate the latest digital and in-branch banking innovations. The Company expanded its customer outreach through digital and alternative channels by investing on innovative solutions and latest IT infrastructure including tools that enhance convenience, speed and security. The digital transformation strategy alongside the partnership with Temenos has allowed the Company to move to a paperless model across all 928 of its branches. For a comprehensive overview of the Company's vendors that support network infrastructure, advanced cybersecurity solutions, payment processing systems, and ongoing technical support, please refer to Section 2.3.4.6 'Vendors and suppliers'. The Company's focus on digital transformation of banking operations aims to improve efficiency, customer experience, and long-term sustainability. This transformation positions the Company as a modern, technology-driven financial institution aligned with the heritage and aspirations of the Ethiopian people.

2.1.3. Recent events materially relevant to the Company's solvency

No events have been identified that are material to an evaluation of the Company's solvency and that are not already disclosed within the other sections of this Prospectus.

2.1.4. Organisation structure

The Company is a sole legal entity. The Company is therefore neither part of a group structure nor has any subsidiary companies. The Company's organisation structure is presented below.

Figure 1: Organisation structure

The central management and operational functions of the Company are based in Addis Ababa, where the day-to-day activities of the Company are managed and performed. The management function is responsible for directing and supporting the regional offices and branches. The Company operates in 12 regions and two chartered city administrations in Ethiopia.

2.2. Business overview

The Company is a financial institution in Ethiopia regulated by the NBE. Through its Conventional Banking and IFB Business Segments, the Company provides corporate and retail banking services across Ethiopia. As a commercial bank, the Company's main income sources are derived from loans, deposits, international banking, and IFB services. For its corporate customers, the Company provides corporate banking services including current accounts, fixed-time deposits, overdrafts, term loans, and other credit facilities in both local and foreign currencies for high-value clients. To retail customers, the Company offers current and savings accounts as well as fixed-term deposits for individuals. The Company also facilitates trade finance, assisting businesses with their international trade activities.

The Company has implemented a comprehensive suite of digital products and services, including instant and digital card issuance, virtual and mobile banking platforms, advanced ATMs, interoperable payment systems, digital remittance solutions, and innovative payment tools for merchants and consumers, all designed to enhance convenience, accessibility, and customer experience. The Company also leverages an extensive network of ATMs and POS terminals nationwide to facilitate digital payments and withdrawals.

A summary of the selected financial performance and KPI of the Company is set out below:

Table 10: Select HFI and KPIs

Select HFI and KPIs	For the years ended 30 June		
	2025	2024	2023
Select HFI (ETB millions)			
Statement of profit and loss			
Interest income	32,719	24,603	20,965
Interest expense	(10,323)	(8,019)	(6,140)
Net interest income	**22,396**	**16,584**	**14,825**
Net fees and commission income	**4,817**	**2,198**	**1,196**
Other income	1,535	947	568
Total operating income	**28,748**	**19,729**	**16,589**
Personnel expenses	(9,776)	(9,112)	(7,434)
Other operating expenses	(8,871)	(5,340)	(3,925)
Profit before income tax	**10,101**	**5,277**	**5,230**
Profit for the year	**7,299**	**4,237**	**3,873**
EPS	504	328	390
Statement of financial position			
Loans, advances and financing to customers (net)	193,379	163,923	143,796

Select HFI and KPIs	For the years ended 30 June		
	2025	2024	2023
Select HFI (ETB millions)			
Total assets	286,227	222,303	189,512
Conventional customer deposits	211,655	168,373	140,467
Interest free customer deposits	31,525	24,136	18,070
Total liabilities	257,385	199,108	170,036
Share capital	15,000	14,206	11,898
Total equity	**28,842**	**23,195**	**19,476**
KPIs			
Financial KPIs			
Total deposit amount	243,180	192,509	158,537
Total assets	286,227	222,303	189,512
Loans and advances	193,379	163,923	143,796
Total Revenue	**39,071**	**27,748**	**22,728**
Profit before income tax	10,101	5,277	5,230
Total Equity	**28,842**	**23,195**	**19,476**
Net interest margin	10.5%	9.3%	9.5%
Cost-to-income ratio	62.7%	68.0%	55.7%
Liquidity ratio	0.22x	0.15x	0.15x
Debt ratio	89.9%	89.6%	89.7%
FCY earnings (USD millions)	663	424	458
Mobile banking transaction value	1,105,809	389,713	182,182
Internet banking transaction value	10,759	11,174	6,383
ATM transaction value	96,752	88,668	68,647
POS terminal value	6,227	3,488	2,004
Apollo transaction value	12,407	27,989	2,794
Amount of IFB deposits	31,525	24,136	18,070
Amount of IFB financing	5,969	4,908	3,077
CAR	9.4%	10.1%	9.8%
NPL ratio	2.9%	3.3%	3.5%
NPF ratio	3.0%	3.4%	0.1%
Non-financial KPIs			
Number of customers accounts (millions)	15	13	10
Number of IFB customers ('000)	1,924	1,585	1,157

Select HFI and KPIs	For the years ended 30 June		
	2025	2024	2023
Select HFI (ETB millions)			
Number of debit card banking subscribers ('000)	3,499	3,321	2,940
Number of prepaid card banking subscribers	8,536	7,461	1,651
Number of active mobile banking subscribers ('000)	5,384	4,272	2,760
Number of active Internet banking subscribers ('000)	101	93	64
Number of branches	928	931	863
Number of ATMs	1,741	1,429	1,277
Number of POS Terminals	3,627	2,160	1,254
Number of virtual banking centers	49	35	20
Mobile banking transaction volume ('000)	101,362	35,150	8,337
Internet banking transaction volume ('000)	41	59	56
ATM transaction volume ('000)	64,555	59,940	49,477
POS terminal volume ('000)	1,783	1,389	826
Apollo transaction volume ('000)	1,577	1,675	758

The Company offers a range of financial solutions through its Conventional Banking and IFB Business Segments across Ethiopia. The Company's revenue and other income by Business Segment is set out in the table below.

Table 11: Total Revenue and Segment Revenue

Total Revenue and Segment Revenue	For the year ended 30 June		
	2025	2024	2023
ETB (millions)			
Conventional Banking	37,686	26,702	22,384
IFB	723	554	281
Segment Revenue**	**38,409**	**27,256**	**22,665**
Other income*	662	492	63
Total Revenue**	**39,071**	**27,748**	**22,728**

*Other income includes net foreign exchange income/loss, other operating income (less IFB income), and dividend income.
**Total Revenue and Segment Revenue are non-IFRS measures and comprise income from interest income, service charges, commission earned and other operating income, as set out in Section 7.6.

Conventional Banking

The Company serves corporate, government agencies, Micro, Small and Medium-sised Enterprises ("MSMEs"), and individual customers through its Conventional Banking segment. The Conventional Banking segment generated ETB 37,686 million in revenue in the year ended 30 June 2025, an increase of 41.1% compared to ETB 26,702 million revenue generated in the year ended 30 June 2024. Conventional banking represented 96.5% of Total Revenue in the year ended 30 June 2025.

Key factors which contributed to the Company's revenue and profitability growth include its digital strategy, which involved implementing digital banking services, resource mobilisation, and customer retention campaign, which focused on increasing existing customer deposit growth.

IFB

The IFB Business Segment, branded AbyssiniAmeen, offers Shariah-compliant services to individuals, government and non-government agencies. AbyssiniAmeen offers a range of services, including Wadiah savings, ameen goal savings (Wadiah and Mudarabah), hajj savings, and investment accounts structured for ethical and long-term financial goals. The IFB segment generated ETB 723 million in revenue in the year ended 30 June 2025, an increase of 30.5% compared to ETB 554 million in the year ended 30 June 2024. The increase was largely driven by an increase in the volume of services provided as well as an increased in the number of customer accounts, which subsequently resulted in a significant increase in outstanding facilities and gross profits.

Other income

The Company generates other income, which primarily consists of earnings from dividends, other operating income and net foreign exchange income/loss. The Company generates dividend income from its equity investments in enterprises across various sectors of the Ethiopian financial ecosystem. Other operating income is mainly made up of income from Murabaha financing, loan processing fee income and rental income.

The Company generated other income of ETB 662 million in the year ended 30 June 2025, an increase of 34.6% from ETB 492 million in the year ended 30 June 2024.

The increase was driven by an increase in dividend income attributable to the financial results of the companies that the Company has equity investments in, increase in income from loan processing fees driven primarily by an increase in the number of loans processed which increased to 5,959 in the year ended 30 June 2025 from 2,053 in the year ended 30 June 2024, and increase in income from Murabaha financing driven by an ETB 1,061 million increase in the financing amount to ETB 5,969 million as at 30 June 2025 from ETB 4,908 million as at 30 June 2024.

Set out in the table below are the Company's equity investments as at 30 June 2025.

Table 12: Equity holding of the Company

Entity	Nature of business	Ownership (%)	Voting rights (%)	Initial date of investment	Cost	Equity fair value for the year ended 30 June 2025
AAICEC	Convention center	0.76%	0.76%	05/06/2014	75	74
Hohete Tibeb S.C	Education	6.04%	4.23%	05/06/2014	11	29
EthSwitch S.C	National payment switching service	5.56%	5.04%	31/07/2011	143	749

Entity	Nature of business	Ownership (%)	Voting rights (%)	Initial date of investment	Cost	Equity fair value for the year ended 30 June 2025
Ethiopian Reinsurance S.C	Re-insurance	2.29%	2.17%	18/02/2016	54	68
Abay Industry Development S.C	Manufacturing	9.51%	7.13%	20/10/2016	428	457
Yetebaberut Beherawi Petroleum S.C	Distributor	1.61%	1.53%	22/03/2019	9	25
Nile Insurance S.C	Insurance	0.02%	0.02%	02/09/2020	-	-
ESX	Securities	2.07%	3.09%	22/03/2024	19	19

Note: The above dates of investment refer to the initial investment dates, wherein the shares were subsequently increased on different dates

2.2.1. Business strategy and objectives

Previously, the Company prioritised operational excellence, implementing a mass marketing strategy, resulting in notable successes in market share, profitability, and overall performance. However, recognizing the increasingly dynamic and customer-centric focus of the financial sector, the Company performed a comprehensive review of its strengths, its strategic aims, the competitive landscape, and evolving customer expectations and developed a revised strategic focus towards customer centricity, aiming to provide meaningful and personalised value while building stronger, more sustainable customer relationships.

The Company's five-year strategic plan from 2024/25 - 2028/29 is underpinned by three pillars, which not only form component parts of achieving the Company's strategic objectives but also aim to embed a culture of customer centricity throughout the organisation. The three pillars are set out as follows:

1. Sustainable growth
2. Dedication to delivering exceptional customer experiences; and
3. Digital transformation

Set out below is a detailed description of these strategic pillars.

2.2.1.1. Sustainable growth

The Company is committed to implementing forward-looking business strategies that ensure long-term enduring value. The Company's sustainable growth strategy includes multi-channel service delivery, redesigned branch models, operational efficiency improvements, enhanced customer relationship management, and technological innovation.

This will involve incorporation of various service channels and shifting focus from traditional branches to digital and alternative platforms, allowing customers to access banking services more easily as the market becomes increasingly digital, and making the transition away from physical branches, placing greater emphasis on digital and alternative channels through which customers can access banking services in an evolving digital market. The Company's commitment to this is evidenced by the reduction in number of branches from 931 as at 30 June 2024 to 928 as at 30 June 2025, coupled with an increase in the number of ATMs from 1,429 to 1,741 and virtual banking centres from 35 to 49 between 30 June 2024 and 30 June 2025, respectively.

Despite the shift in strategy, operational excellence will remain a critical aspect of driving sustainable growth and the Company will ensure it continues to invest in process automation, efficiency gains, and data-driven decision-making.

By concentrating on these areas, the Company aims to lay the groundwork for long-term, sustainable success.

2.2.1.2. Dedication to delivering exceptional customer experiences

The Company adopts a customer-first approach over the next five years, prioritizing customer loyalty and satisfaction for long-term sustainability. This includes maximizing omni-channel service delivery, personalised financial solutions, and Artificial Intelligence ("AI") driven tools to enhance customer interactions.

By actively gathering customer feedback and mapping the customer journey, the Company aims to better understand and meet customer needs and challenges; ultimately improving retention, attracting new customers, and strengthening its reputation as a trusted financial partner.

2.2.1.3. Digital transformation

Digital transformation is fundamental to the Company's continued growth and success within the Ethiopian banking sector. This initiative will leverage cutting-edge technologies such as AI, big data analytics, and automation to modernise operations and create a more efficient, customer-centric experience. This modernisation will encompass several key areas:

1. The Company will introduce a suite of innovative digital financial services, including:
    - Mobile banking app: A user-friendly mobile banking application that will provide convenient and secure access to financial services for a wider customer base.
    - Instant payments: Real-time payment capabilities can improve transaction speeds and efficiency, enhancing the customer experience and supporting the growth of e-commerce.
    - Digital lending platforms: A streamlined digital lending platform will offer quick and easy access to credit for both individuals and businesses.
2. Operational efficiency and cost reduction: Leveraging automation and process standardisation will automate repetitive tasks, reducing operational costs and freeing up staff to focus on higher-value activities.
3. Robust cybersecurity measures: Protecting customer data and maintaining trust is key to a customer-centric strategy and the Company will strengthen cybersecurity technologies and protocols.

Through this transformation, the Company aims to establish itself as a leader in Ethiopia's emerging digital financial sector and ensure it can adapt effectively to future changes in the market. Below are the general key performance indicators and objectives that the Company is tracking to ensure successful implementation.

2.2.1.4. KPIs

The Company tracks and monitors KPIs in order to measure business performance and support with informing and developing a strategy that balances growth, innovation, and a strong customer focus. By executing this strategy, the Company seeks to achieve sustainable profitability, provide exceptional service experiences, and position itself as a modern, resilient, and technology-driven financial institution, making a significant contribution to the advancement of Ethiopia's financial sector. The below sets out the KPIs that the Company tracks and monitors to measure financial performance, growth and alignment with business strategy as discussed in section 2.2.1.

Table 13: KPI's

General KPIs	Measurements
Profitability	• Total income • Profit before income tax • EPS
Financial soundness	• NPL and NPF ratio • Liquidity ratio • Net interest margin • CAR • Capital-to-income ratio
Resource mobilisation	• Total deposit amount • Amount of IFB deposits • FCY earnings • Loans and financing collections • Market share
Diversified revenue streams	• Revenue from digital channels • Mobile banking transaction value • Internet banking transaction value • ATM transaction value • POS transaction value • Apollo transaction value

General KPIs	Measurements
Customer experience across channels	• Number of branches • Number of ATMs • Number of POS terminals • Number of virtual banking centers • Mobile banking transaction volume • Internet banking transaction volume • ATM transaction volume • POS transaction volume • Apollo transaction volume
Customer satisfaction and loyalty	• Net promoter score • Customer satisfaction score • Number of mobile banking subscribers • Number of internet banking subscribers • Number of card banking subscribers • Number of customers accounts • Number of IFB customers
Financial strength	• Total assets • Loans and advances • Amount of IFB financing

2.2.2. Future prospects and challenges

Future prospects

The Company's future growth strategy is shaped by a comprehensive understanding of evolving market dynamics and the opportunities present within the Ethiopian financial sector and its internal capabilities. The Company has outlined a strategic vision designed to guide the organisation toward long-term success and to capitalise on the following market opportunities.

Entry of foreign Banks

The enactment of the Banking Business Proclamation in December 2024 marked a turning point in Ethiopia's financial sector, as it formally opens the market to foreign banks for the first time. This policy reform presents a unique opportunity to accelerate the modernisation, growth, and global integration of the Ethiopian banking industry.

Foreign banks are now permitted to establish subsidiaries and branches in Ethiopia, as well as acquire up to 40% equity in local banks. Their entry is expected to introduce advanced banking practices, innovative products, and modern technologies, thereby elevating the overall standard of financial services in the country. For domestic banks, the presence of foreign players creates valuable opportunities for partnerships and joint ventures, enabling the transfer of technical know-how, management expertise, and digital solutions. Such collaborations will contribute to building stronger institutions capable of meeting the evolving needs of Ethiopia's growing economy. Furthermore, the participation of global banks is anticipated to attract significant capital inflows, strengthen market confidence, and broaden access to international funding. This inflow of resources and expertise will play a critical role in supporting Ethiopia's economic transformation, fostering financial inclusion, and deepening the resilience of the banking system.

Digital banking and FinTech integration

Ethiopia is witnessing a rapid expansion in digital financial services, with the growth in mobile money transactions increasingly outpacing the growth in traditional cash transactions. As at July 2025, Ethio Telecom's telebirr platform had reached over 54.8 million users, while mobile money platform offered by Safaricom Ethiopia ("M-PESA") service a reported 10 million registered users, underscoring the strong appetite for digital financial solutions. This shift is redefining the financial landscape, creating opportunities for banks to innovate and deliver more accessible, customer-centric services.

In this context, banks are strategically positioned to develop mobile-first banking platforms that meet the evolving expectations of a digitally active population. Collaboration with FinTechs and telecom operators offers further potential to extend outreach, particularly to unbanked and underbanked communities across the country. Moreover, the integration of digital lending, micro-savings, and instant payment solutions with Ethiopia's new national digital identification system (Fayda ID) presents a unity to enhance financial inclusion and service efficiency. Recognizing these trends, the Company is actively pursuing digital innovation, leveraging technology and strategic partnerships to expand its service delivery channels. By doing so, it aims to play a leading role in shaping the future of digital finance in Ethiopia, while deepening customer engagement and strengthening its competitive position in the market.

Capital market and investment banking

The launch of the ESX in 2025 marks a major milestone in the country's financial sector development, opening new avenues for capital formation and investment. For the first time, Ethiopian banks have a structured platform through which they can raise long-term capital by listing their shares, thereby strengthening their balance sheets and supporting sustainable growth. In addition, the establishment of the ESX creates opportunities for banks to expand into investment banking services such as brokerage, advisory, and underwriting, enabling them to diversify income streams beyond traditional lending activities. Several institutions have already begun to seize this opportunity, with a number of commercial banks have secured investment banking licenses, underscoring the sector's readiness to embrace this transformation. In addition, several other banks are in the process of preparing applications, indicating growing momentum in the market. As the capital market deepens and attracts both domestic and foreign investors, banks that position themselves early stand to benefit significantly from increased market participation, enhanced investor confidence, and a more dynamic financial ecosystem. Recognizing these trends, the Company is well positioned to capture emerging opportunities in capital markets and, should it choose to do so, can leverage its expertise, client network, and digital infrastructure to establish itself as a leading provider of investment banking solutions in Ethiopia.

Growth of IFB

Ethiopia's IFB is experiencing notable expansion, driven by a significant Muslim population and evolving regulatory support. In 2019, Ethiopia transitioned from window -based IFB model to a full-fledged IFB system, allowing banks to operate entirely interest-free branches. This shift was formalised under Directive No.SBB/72/2019, which provided the legal framework for licensing and regulating IFB institutions. As of 2020, several banks had established IFB services, including ZamZam Bank, Hijira Bank, Shebelle bank and Rammis Bank.

Ethiopia has a significant Muslim population, representing an important market segment for Shariah-compliant financial products.

In 2019, Ethiopia's Government ("Government") initiated reforms permitting the establishment of full-fledged Shariah-compliant banks, moving beyond the previously allowed IFB windows within conventional banks. This regulatory shift has paved the way for the emergence of dedicated Islamic financial institutions.

Regulatory reforms and stronger supervision

The NBE is implementing comprehensive reforms to modernise supervisory and governance frameworks, with a focus on risk management, capital adequacy, and regulatory compliance. In April 2025, the NBE released a draft Risk Based Capital Adequacy Requirement Directive, which would require banks to align capital with their risk profiles, including credit, market, and operational risks. The directive is intended to strengthen the banking sector's resiliency and promote financial stability.

In March 2025, Ethiopia's Parliament approved the Banking Business Proclamation, permitting foreign banks to re-enter the Ethiopian market after a 50-year absence. This reform enables foreign institutions to establish subsidiaries, open branches, or acquire shares in domestic banks, fostering competition and modernisation in the sector. Concurrently, the NBE has undertaken institutional reforms to enhance its regulatory and supervisory capabilities, introducing new governance norms and operational transparency measures.

Collectively, these regulatory reforms are expected to enhance confidence in the financial sector, attract both domestic and international investors, and position Ethiopian banks to compete more effectively in the regional market, while ensuring stability and transparency across the banking sector.

Green and sustainable banking

The global emphasis on climate finance has opened up strategic opportunities for Ethiopian banks to finance renewable energy, climate-smart agriculture, and sustainable infrastructure. The UNDP (2025) reports that Ethiopia has the capacity to generate over 60,000 MW of renewable energy from hydroelectric, wind, solar, and geothermal sources.

Multilateral partners such as the World Bank, the AfDB, the UNDP, and the French Development Bank ("AFD") have been actively supporting Ethiopia's green transition. These efforts include reinforcing the national power grid and expanding energy access. Noteworthy milestones include a USD 523 million World Bank loan specifically earmarked for expanding Ethiopia's electricity network and increasing renewable energy generation.

Moreover, the Climate Investment Funds ("CIF") have approved a USD 37 million nature-focused program, with an anticipated USD 492 million in co-financing from the World Bank and AfDB. This package will support efforts to restore degraded landscapes, safeguard forests, support smallholder livelihoods, and bolster food security across regions in Ethiopia.

These developments present clear opportunities for Ethiopian banks to collaborate with multilateral financiers, develop green financial products, channel capital into sustainable projects, and cultivate new revenue streams—all while advancing the country's commitment to climate-resilient development.

Deposit mobilisation and liquidity

Deposit mobilisation and liquidity management are underpinned by continued expansion in the nation's money supply. At the close of the 2023/2024 Fiscal Year's ("FY") fourth quarter, Ethiopia's broad money supply (M2) reached approximately ETB 2.48 trillion, representing a substantial annual growth rate of 14.1%. This expansion was primarily fueled by a 14.5% rise in domestic credit, partially offset by a decline in net external assets during the period. On a component level, narrow money (M1) growth accelerated to 16.5% year-on-year, while quasi-money (savings and time deposits) expanded by 13.0%. This environment provides significant capacity for deposit growth but concurrently necessitates rigorous liquidity management given the potential for inflationary pressures and FCY constraints. (NBE, Quarterly Bulletin Q4 2023/2024).

Money supply trends corroborate this momentum: broad money increased from ETB 2.31 trillion at the end of FY 2023 to ETB 2.48 trillion at the end of FY 2024, indicating a robust expansion in liquidity. (NBE, Annual Report 2023/2024)

The expansion in broad and narrow money, combined with strong credit growth, underscores favourable conditions for Ethiopian banks to mobilise deposits more effectively. Meanwhile, the increasing adoption of mobile payment systems, highlighted by the telebirr platform, launched by Ethio Telecom in May 2021, provides a ready infrastructure to support a shift toward cashless transactions. Telebirr supports SMS, USSD, and smartphone application channels and can process up to 100 Transactions Per Second ("TPS"), scalable to 1,000 TPS.

Economic and demographic tailwinds

Ethiopia's banking sector is set to benefit from favourable global and domestic macroeconomic trends. Global growth is projected to pick up modestly, according to the IMF, supported by easing inflation and improved financial conditions, though downside risks around trade tensions, policy uncertainty, and regional slowdowns remain. This gradual rebound, coupled with a steady decline in inflationary pressures, provides a more stable external environment that supports investment and trade flows. At the same time, rising remittance inflows driven by both traditional channels and the rapid expansion of digital remittance platforms, are creating new revenue streams for banks, while also contributing to greater liquidity in the financial system.

Domestically, Ethiopia's population is estimated at approximately 135.5 million in 2025 (per UNFPA data), providing a large and expanding customer base. Positive economic growth projections further underscore the potential for increased demand for a broad range of financial services, from retail savings and credit to SME financing and corporate banking solutions. These demographic and economic dynamics create a strong foundation for sustained sectoral growth, positioning banks to capture emerging opportunities across multiple customer segments.

Financial inclusion and market expansion

Ethiopia, with a population approaching 135.5 million, presents one of the largest untapped banking markets in Africa. Despite recent progress, formal bank account penetration remains at just around

46%, leaving a significant proportion of the population outside the formal financial system. (World Bank, The Dynamics of Financial Inclusion in Ethiopia, 2024) This gap highlights a substantial growth opportunity for banks to broaden their outreach and play a transformative role in advancing financial inclusion.

To address this, banks are increasingly focusing on extending services to rural and underserved communities through agency banking models and mobile-based platforms. At the same time, there is growing demand for affordable, tailored financial products that cater specifically to farmers, youth, and women, who together represent a sizeable portion of the unbanked population. Furthermore, Ethiopia's vast base of MSMEs presents a strong opportunity for banks to deliver digital lending and transaction solutions that can support business growth and stimulate wider economic development.

By leveraging digital innovation, partnerships, and customer-centric product design, the Company is well-positioned to capture this underserved market. In doing so, it aims to strengthen financial inclusion, expand its customer base, and contribute to the sustainable growth of the national economy.

Future challenges

There are additional challenges which the Company may be required to overcome in order to achieve its future growth strategy, these are set out below and should be read in conjunction with the risk factors set out in Section 9.

Global and domestic economic conditions

The Company operates within an economic environment shaped by both global and domestic factors. International developments, including geopolitical tensions and changes in trade patterns, can influence supply chains and business activity in Ethiopia. In addition, fluctuations in global commodity prices, such as coffee, trade deficits, political and social instability, currency controls and broader global economic conditions, may limit the inflow of FCY, affecting liquidity and the availability of financing for businesses.

Domestically, economic instability characterised by high inflation, currency depreciation and fiscal pressures, can impact the financial performance of corporate and retail clients, which in turn may influence the demand for the Company's financial products and services. These conditions may affect lending activities, deposit growth, and overall financial performance. The Company monitors these global and domestic economic trends closely and implements strategies designed to maintain financial stability, support client needs, and sustain business growth amid evolving economic conditions.

Currency and investment risks

Fluctuations in the value of the ETB and varying levels of domestic and foreign investment present potential challenges for the Company and the broader financial sector. Depreciation of the ETB may increase the cost of foreign-denominated transactions and financing, potentially affecting the Company's ability to maintain FCY positions. Similarly, lower levels of investment could limit the availability of capital needed to support lending activities, business growth, and strategic initiatives.

These factors may influence the Company's capacity to manage interest rates, optimise funding sources, and plan for sustainable financial growth. In the financial sector more broadly, institutions typically address such risks through liquidity management, hedging strategies, and diversified funding sources, which help mitigate exposure to currency and investment volatility.

Regulatory environment

The Company operates within a comprehensive regulatory framework designed to ensure the stability, integrity, and transparency of Ethiopia's financial sector. Key regulatory authorities, including the NBE, the Financial Intelligence Center ("FIC"), and the ECMA, establish rules and directives that govern the Company's operations, covering areas such as capital requirements, licensing, AML, Countering the Financing of Terrorism ("CFT"), and capital market activities. Compliance with this evolving regulatory landscape presents significant operational and financial challenges, creating an environment of continuous change and demanding substantial investment.

One of the most structural challenges is the sector liberalisation signaled by the new Banking Business Proclamation, which permits the entry of foreign banks. This will introduce intense competition for market share, premium clients, and specialised talent, necessitating fundamental shifts in the Company's operating model and demanding accelerated investment in digital transformation. In addition to this competitive pressure, the NBE imposes demanding financial requirements, notably through Directive No. SBB/78/2021, which substantially increased minimum capital requirements for domestic banks. This compels the Company to aggressively strengthen its capital base, which may limit near-term dividend distribution or necessitate future capital-raising activities that could dilute existing shareholder equity.

Furthermore, regulatory complexity extends to core risk management and compliance. Proclamation No. 1176/2020 (Prevention and Suppression of Money Laundering and Financing of Terrorism) and subsequent FIC directives impose rigorous obligations for client identity verification and transaction monitoring, requiring significant and ongoing capital investment in technology, with non-compliance carrying severe penalties and reputational risk. Similarly, the NBE frequently issues new banking business directives that introduce non-revenue-generating compliance burdens. For example, Directive No. SBB/93/2025 (Banking Recovery Plan Directive) requires the development and maintenance of a complex recovery plan, demanding substantial resources for stress-testing models and specialised infrastructure.

Finally, the Company faces new obligations related to its public status. The introduction of the ECMA and its foundational law, the Capital Market Proclamation, subjects the Company to entirely new compliance and disclosure requirements upon its prospective listing on the ESX. Specifically, adherence to ECMA directives on public offer, trading, and ongoing transparency reporting adds significant regulatory complexity, increasing operational costs and the risk of compliance fines. To operate effectively within this dynamic environment, the Company continuously monitors regulatory developments, adapts its policies and procedures, and invests in compliance infrastructure. These measures support adherence to legal requirements, mitigate operational and legal risks, and maintain the Company's reputation and long-term operational sustainability.

Market competition

The financial services sector in Ethiopia is experiencing increasing competition from multiple sources. Domestic banks and non-bank financial institutions continue to expand their offerings, providing a wide range of financial products and services to both corporate and retail clients. At the same time, technology-driven entrants, including FinTech and big tech companies, are introducing innovative digital solutions that are reshaping client expectations and altering the competitive landscape.

These developments may influence market share, client acquisition, and product adoption across the sector. The Company continuously monitors these trends, analyzing the strategies of competitors and emerging technologies to inform its own product development and service delivery. By aligning its offerings with market demands and evolving client preferences, the Company seeks to maintain a strong presence in key segments, strengthen client relationships, and sustain long-term growth.

Technological and cybersecurity risks

The rapid adoption of digital technologies within Ethiopia's financial services sector is transforming how client's access and interact with financial products. The expansion of mobile banking, digital payment platforms, and online banking services has improved convenience and accessibility, but it also exposes the sector to an increasing risk of cyber threats. As financial transactions become more digital, the potential for cyber-attacks, data breaches, and fraud rises, requiring institutions to invest in robust cybersecurity systems and continuously update protective measures.

The growth of Ethiopia's cybersecurity industry reflects both the increasing demand for digital protection and the escalating sophistication of cyber threats. According to Nucamp (Ethiopia Cybersecurity Job Market trends and Growth areas for 2025,2025) Ethiopia's cybersecurity market is projected to reach US$98.02 million in 2025, with a Compound Annual Growth Rate ("CAGR") of 15.27%, potentially reaching US$199.50 million by 2029. This growth underscores the need for financial institutions to allocate resources toward cybersecurity infrastructure, risk management frameworks, and staff training to safeguard client information and ensure the continuity of operations.

By prioritizing cybersecurity and technology management, the Company seeks to mitigate operational and reputational risks, maintain client trust, and support the secure delivery of digital financial services in a rapidly evolving technological environment.

Client dynamics

Corporate clients and high-net-worth individuals represent an important segment of the Company's business, particularly in areas such as corporate lending, and trade finance. These clients often command considerable bargaining power, which can influence pricing structures, the design of financial products, and the terms of contractual agreements. Their ability to negotiate favorable conditions may affect the Company's margins and require careful balancing between client demands and sustainable profitability.

At the same time, serving these clients provides opportunities to strengthen long-term relationships and expand the Company's role in financing large-scale business activities and investments. By offering tailored solutions, innovative products, and responsive service, the Company seeks to meet the needs of corporate and high-net-worth clients while maintaining sound risk management practices and protecting shareholder value. The Company continues to expand its digital banking services and implement new initiatives, to meet evolving customer needs and enhance convenience, security, and satisfaction across its client base.

Political and social factors

The political environment in Ethiopia poses potential challenges for the Company and the wider financial sector. Ongoing regional conflicts, civil unrest, and governance-related tensions could disrupt business operations, limit investment flows, and affect financial performance. Prolonged political instability may hinder strategic planning, increase operational risks, and influence the Company's ability to attract deposits, extend credit, and maintain profitability, while similarly impacting other financial institutions across the industry.

Social conditions, including rapid population growth, urbanisation, employment trends, income disparities, and migration pressures, may also affect the Company and the sector as a whole. While a growing urban population could expand the customer base, high unemployment rates and persistent social inequality may constrain demand for financial products or increase credit risk among clients, creating challenges for both the Company and other banks in Ethiopia.

These political and social challenges may affect the Company's business activities, long-term growth prospects, and competitiveness within the industry. Addressing these challenges through strong governance, portfolio diversification, and adaptive strategies may be important to mitigate potential impacts and support sustained performance under adverse conditions.

Talent and organisational capacity

The Company may face challenges in attracting and retaining skilled professionals with expertise in digital banking, As the Company continues to expand its digital and technology-driven operations, it may face increasing challenges in attracting and retaining professionals with expertise in digital banking, information security, data analytics, risk management, and product innovation. The demand for such specialised skills extends beyond the financial sector, as technology firms and FinTech companies increasingly compete for similar talent. This heightened competition may drive up staff costs, create talent shortages, and result in the loss of key personnel. A sustained inability to attract or retain qualified staff could adversely affect the Company's operational efficiency, service quality, innovation capacity, and overall strategic execution.

Governance and internal controls

With the growing complexity and scale of its technology-driven operations, maintaining effective governance, oversight, and internal control systems may become increasingly challenging. Rapid digitisation and automation may expose the Company to new risks relating to operational integrity, cybersecurity, data privacy, and regulatory compliance. Weaknesses or gaps in decision-making processes, internal controls, or risk management frameworks could lead to financial losses, compliance breaches, or reputational damage. Furthermore, as business processes become more data-dependent, any lapses in oversight could hinder the Company's ability to ensure transparency and accountability across its operations.

2.2.3. Important events and developments

In recent years, the Company has focused on a range of strategic initiatives to improve financial inclusion, enhance customer experience, and support social responsibility. Key developments include:

ATM cash recycler technology: The Company was among the first private banks in Ethiopia to introduce ATM cash recycler technology. The initial rollout targeted high-traffic branches and locations in Addis Ababa and other major cities. Due to increased demand for self-service banking, the network of Cash Recycling Machines ("CRM") was subsequently expanded to more branches and off-site locations.

The Company has deployed and commissioned 464 CRM's, with a further 36 units currently in transit for installation. As of 3 November 2025, these CRMs represent approximately 19.0% of total branch deposits and 15.0% of total branch withdrawals, significantly improving both cash handling efficiency and customer convenience.

Table 14: CRM units deployed

Initiative	Units deployed (as of 3 November 2025)	Key locations / districts	
CRMs	464 units	East	76
		Central	57
		West	57
		Bahir Dar	69
		Hawassa	41
		Dire Dawa	26
		Mekelle	29
		Dessie	24
		Adama	54
		Jimma	31

Virtual banking centre: In September 2020, the Company inaugurated its virtual banking centre, enabling customers to access banking services with the support of remote customer advisors via video conferencing. Equipped with an Interactive Teller Machine ("ITM"), the center provides the same level of convenience and service as a physical branch, with the added benefit of 24/7 availability. This pioneering initiative positioned the Company as a leader in introducing advanced technology to the country's banking sector and complemented other digital banking initiatives, such as the Apollo Digital Banking platform.

The Company has deployed 79 ITMs out of which 25 operate as standalone units within the virtual banking centres, while the remaining are integrated into selected branches. Unlike conventional ATMs, ITMs provide advanced functionality such as cheque cashing, bill payments, FCY exchange, and real-time teller-assisted services, enabling customers to access comprehensive banking services around the clock.

Table 15: ITM units deployed

Initiative	Units deployed (as of 3 November 2025)	Key locations / districts	
ITMs/Virtual banking centres	79 ITM of which 25 are standalone	East	18
		Central	15
		West	12
		Bahir Dar	7
		Hawassa	7
		Dire Dawa	5
		Mekelle	4
		Dessie	4
		Adama	4
		Jimma	3

Paperless branch banking: In July 2025, the Company launched fully paperless branch banking services at its newly restructured premium branch, now available nationwide. This service utilises smart kiosks and tablets equipped with fingerprints and facial recognition for identification, offering digitally assisted, secure, and instant services in various national languages. As a result, digital banking has become more accessible, simple, and convenient for all customers. The Company has progressed its paperless branch banking initiative, aimed at promoting digitalisation and self-service capabilities. This system leverages biometric authentication and digital signatures, supported by the deployment of 2,752 tablets and 930 self-service kiosks across 922 branches, effectively eliminating paper-based processes. The initiative has streamlined customer onboarding, strengthened transaction security, and improved operational efficiency by enabling more effective utilisation of bank personnel.

Table 16: Tablet and kiosks units deployed

Initiative	Location	Total tablet deployed	Total kiosk deployed
Paperless branch banking	Adama district	205	75
	Bahir Dar district	455	118
	Central Addis district	299	103
	Dessie district	247	88
	Dire Dawa district	180	74
	East Addis district	408	140
	Hawassa district	237	85
	Jimma district	194	69
	Mekele district	145	54
	West Addis district	382	124

The implementation of ITMs, CRMs, and paperless transaction systems via kiosks and tablets has delivered measurable operational and financial benefits for the Company as outlined below:

Operational benefits

These initiatives have significantly streamlined banking processes and enhanced the overall customer experience. The integration of self-service technologies has reduced branch congestion, minimised transaction turnaround times, and enabled customers to access banking services around the clock. The paperless transaction system, utilising digital signatures and biometric authentication, has strengthened data accuracy and transaction security while supporting environmentally sustainable operations. automation has also allowed bank employees to focus on value-added activities such as customer advisory and relationship management, thereby improving service quality and productivity.

Financial benefits: The deployment of these digital solutions has optimised the use of existing manpower by reducing reliance on manual processing, eliminating the need for additional staff despite increasing transaction volumes. The move away from paper-based operations has resulted in substantial cost savings related to printing, storage, and document handling. Furthermore, the increased adoption of self-service channels such as CRMs and ITMs has lowered operating expenses associated with branch cash handling and enabled extended service hours without incurring additional overheads. Collectively, these efficiencies have contributed to improved operational profitability and sustainable cost management for the Company.

Corporate social responsibility: Since its establishment, the Company has consistently fulfilled its social responsibilities by supporting the interests of the country and its people. It contributes annual membership fees to several humanitarian organisations and institutions, including the Ethiopian Heritage Trust, Ethiopian Red Cross Society, Addis Ababa Chamber of Commerce and Sectoral Associations, Mary Joy Ethiopia, Confederation of Ethiopian Employers' Association, and the Parkinson's Patients Support Organisation. Furthermore, from 2021 to 2025, the Company provided a total grant of ETB 443 million in response to requests from governmental and Non-Governmental Organisations ("NGO"), as well as various institutions, reflecting its commitment to national development and the needs of beneficiaries.

2.3. Operations and principal activities

The Company offers a range of financial solutions through its Conventional Banking and IFB Business Segments across Ethiopia. The Company offers various products across these business segments, including loan products, deposit products, trade finance services, and digital banking services. Descriptions of each product group are detailed below

2.3.1. Product and services

2.3.1.1. Loan products

The Company provides a diverse range of loan products, structured to meet the specific financial requirements of Conventional Banking and IFB clients. These offerings aim to support various business operations, project financing, and personal financial needs.

Table 17: Loan products

Product category	Product subcategory	Loan and financing product name	Loan and financing product description
Conventional Banking loan products	Corporate loans	Overdrafts	A lending facility designed for business customers, allowing them to withdraw funds up to an approved limit in accordance with the agreed lending terms. This facility is intended to provide short-term liquidity support, enabling businesses and individuals to manage temporary cash flow gaps efficiently. Interest is charged only on the overdrawn amount, without fixed repayment schedules.

Product category	Product subcategory	Loan and financing product name	Loan and financing product description
		Term loans	All businesses are offered loans for a pre-agreed period and repaid in regular instalments with interest, often secured by collateral. Term loans are repaid through regular instalments, these may be monthly, quarterly, semi-annual, or annual payments which cover both the principal and the interest. Typically, term loans are used to finance working capital requirements (short-term) or for investment purposes (medium- to long-term), such as the purchase of equipment, business expansion, or the acquisition of fixed assets.
		Project financing	Loan provided for financing legally allowable and viable new business establishment and/or expansion of existing businesses.
		Real estate loans	Loan suited for firms engaged in real estate business.
		Import bill advances	Short-term credit facilities provided to importers to bridge working capital financing gaps to settle their import bills.
	Retail and consumer loans	Micro loans	All individuals are eligible to microloans for their consumption needs.
		Device financing loans	Financing solution which offered for various devices for business and personal uses with flexible payment plans that make essential technology accessible to merchants and small businesses.
		Salary advances	Salary advances are offered to employees of institutions NGOs and embassies to provide a multiple of salary in advance in the form of term loans.
		Digital Asbeza loans	This is a short-term loan facility provided exclusively to digital platforms users. Availed in the form of a revolving facility, for immediate consumption needs.
		Diaspora mortgage loans	Mortgage loans offered to diaspora clients who wish to acquire housing units repayable in longer time period.
	SME and special segment loans	Merchandise advances	A short-term financing facility provided to traders and import-export businesses to cover working capital gaps enabling businesses to secure goods promptly and repay the loan upon sales receipts. Loan types include revolving loans with flexible borrowing limits, fixed-term one-time loans, and loans secured against warehouse receipts.

Product category	Product subcategory	Loan and financing product name	Loan and financing product description
		SME loan	This loan product is specifically designed to support SMEs, offering tailored solutions such as working capital loans, machinery purchase loans, overdraft facilities, and invoice or receipt financing to address their financial needs.
		Project-specific financing	Loans provided as a financing package for new business establishment and/or for expansion of existing businesses repayable in a relatively longer term based on viable project implementation terms.
		Mesmer SME financing	In collaboration with the Mesmer Fund, microloans are provided to start-ups and financially needy individuals who lack collateral.
IFB loan products	Murabaha financing	Qard Al-Hassan (benevolent loans)	A form of gratuitous financing aimed at assisting the needy at times of difficulties and emergency situations, and it aligns with the principles of social responsibility, equity and social welfare.
		Murabaha (cost-plus financing)	Financing through which the Company sells a specified asset at a mutually agreed profit margin added on and be repaid per schedule in lump sum or in equal instalments.
		Ijara (leasing)	A type of financing whereby the Company (lessor), leases out the identified asset such as building, machinery, vehicles, etc., to a customer (lessee) at an agreed rental and lease period; and the leased asset shall be registered under the lessee's name and used as collateral to secure the lease.
		Mudaraba (profit-sharing)	Partnership agreement whereby customers provide funds and the bank invests the funds on customers' behalf and profits earned from the bank's investments are shared between customers and the Company based on a pre-agreed ratio.
		Bai Salam (forward sale)	A type of financing through which the Company pays the full contract price of goods/commodities in advance at the time of contract for the purchase of goods/commodities that will be delivered by the customer/supplier at a specified time/date in the future.

Product category	Product subcategory	Loan and financing product name	Loan and financing product description
		Diminishing Musharaka (partnership financing)	Diminishing Musharakah is a financing arrangement where the Company (as financier) and the customer participate in joint ownership of a property or asset. The client's share is leased, and gradually, through periodic purchases, the client acquires full ownership of the property. Diminishing Musharakah is based on the concept of declining ownership of the asset.
		Wakala (agency financing)	An agency contract where customers appoint the bank as an agent to manage funds or conduct financial transactions on their behalf, on a pre-agreed well-defined legal action and fees.
		Musawama (negotiated sale)	A general sale contract which offers the customer the convenience of acquiring assets when needed and paying the purchase price plus profits in installments over a period of time; usually provided to finance local purchases including vehicles, home appliances, machinery and equipment.

Pricing range

Table 18: Price range

Product type	Range of interest rates	Fees and charges in ETB
Overdraft facility	19.5%	Loan processing fee – ETB 8000 - 320,000 based on the amount requested Credit bureau report fee – ETB 1500 - 3000 3% on overdue amount
Term loan	11%- 22%	
Export facility	13%-21%	
Merchandise loans	20%	
Advance against import	22%	
Consumer loans	Base rate plus negotiation	

As at 30 June 2025, the Company has a total of ETB 199,316 million in loans across the different Business Segments. Details of the total loan by Business Segment is set out below.

Table 19: Total loans disbursed/IFB financing (without provision)

Total loans/IFB financing (without provision)	As at 30 June		
	2025	2024	2023
ETB (millions)			
Term loans	166,862	134,284	117,034
Overdrafts	18,287	16,970	13,501
Advance	8,198	11,575	12,899

Total loans/IFB financing (without provision)		As at 30 June	
	2025	2024	2023
ETB (millions)			
Total Conventional Banking loans	**193,347**	**162,829**	**143,434**
Murabaha financing	8,336	6,849	4,226
Unearned income	(2,367)	(1,941)	(1,149)
Total IFB loans	**5,969**	**4,908**	**3,077**
Total loan disbursed	**199,316**	**167,737**	**146,511**

Details of the Company's Conventional Banking net loans and advances disbursed by sector and program are set out below.

Table 20: Conventional banking loans and advances by sector

Conventional Banking loans and advances to major sectors		As at 30 June	
	2025	2024	2023
ETB (millions)			
Domestic trade and services	33,683	30,820	24,517
Import	13,332	8,786	7,252
Construction	14,365	18,266	18,032
Transport	11,626	6,994	5,287
Industry	45,416	38,368	30,819
Export	45,026	39,103	38,528
Agriculture	8,655	9,566	10,649
Consumer or personal	21,244	10,926	8,350
Gross loan amount	**193,347**	**162,829**	**143,434**
Impairment loss allowance	(5,937)	(3,814)	(2,715)
Net loan	**187,410**	**159,015**	**140,719**

As at 30 June 2025, the Company's NPL Ratio by major economic sectors were primarily concentrated in export, manufacturing, and domestic trade and services. The table below presents the Company's NPL ratio by sector, as at 30 June 2025, 2024, and 2023:

Table 21: NPL Ratio by economic sector

NPL ratio by economic sector		As at 30 June	
	2025	2024	2023
ETB (millions)			
Domestic trade and services	0.3%	0.7%	0.7%
Import	0.1%	0.2%	0.2%

NPL ratio by economic sector	As at 30 June		
	2025	2024	2023
ETB (millions)			
Construction	0.1%	0.3%	0.4%
Transport	0.1%	0.1%	0.2%
Manufacturing	0.6%	0.4%	0.2%
Export	1.0%	1.0%	1.5%
Agriculture	0.4%	0.3%	0.2%
Consumer or personal	0.1%	0.2%	0.2%

*The figures presented in the above table reflect NPL Ratios by economic sector calculated on principal loan balances only, in accordance with NBE's reporting requirements

The Company's loan products further extend to its IFB segment. This portfolio, which operates on Shariah-compliant principles rather than conventional interest, also experienced growth. The net amount for IFB financing as at 30 June 2025 stood at ETB 5,969 million an increase of 17.8% compared to ETB 4,908 million disbursed as at 30 June 2024. The primary recipients of this Shariah-compliant financing as at 30 June 2025 were domestic trade and services, manufacturing, and consumer and mortgage, demonstrating a broad reach across key economic activities.

The table below details the Company's IFB financing performance as at 30 June 2023, 2024, and 2025.

Table 22: The Company's IFB financing performance as at 30 June 2023, 2024, and 2025.

IFB financing to major sector	As at 30 June		
	2025	2024	2023
ETB (millions)			
Agriculture	282	393	355
Manufacturing	1,311	785	929
Domestic trade and service	4,225	3,783	1,386
Import	16	40	31
Motor vehicle	399	317	221
Consumer loans	984	938	654
Construction	589	445	526
Other loans	530	147	125
Unearned income	(2,367)	(1,941)	(1,149)
Gross amount	**5,969**	**4,907**	**3,078**

As at 30 June 2025, the Company's IFB NPF Ratio was concentrated in domestic trade and services sector. The table below indicates the Company's NPF Ratio, by sector, as at 30 June 2025, 2024, and 2023:

Table 23: NPF ratio by economic sector

NPF Ratio by economic sector	As at 30 June		
	2025	2024	2023
ETB (millions)			
Agriculture	0.4%	0.2%	-
Manufacturing	0.4%	0.7%	0.1%
Domestic trade and service	1.8%	1.8%	-
Import	-	-	-
Transport and communication	0.1%	0.6%	-
Consumer loans	0.3%	-	-
Construction	-	0.1%	-

2.3.1.2. Deposit Products

The Company offers a comprehensive suite of deposit products, designed to meet the saving and transactional requirements of its client base across the Conventional Banking and IFB Business Segments.

As at 30 June 2025, the Company's total deposit base stood at ETB 211,655 million, up from ETB 168,373 million as at 30 June 2024. Set out below is a summary of the deposits by Business Segment for the years ended 30 June 2025, 2024 and 2023. The table below details the total deposit products offered to different Business Segments.

Table 24: Total deposit products offered to different Business Segments.

Product category	Product subcategory	Deposits product name	Deposits product description
Conventional Banking deposit Products	Current accounts	For individuals, businesses, corporates	Accessible to all natural and legal persons recognised by Ethiopian laws; minors through parents or tutors; and interdicted persons through legal guardians.
	Savings accounts	Ordinary savings	All individuals and entities recognised under Ethiopian law, including minors (through parents or tutors) and interdicted persons (through legal guardians). NBE's minimum interest rate (7%) per annum.
		Balewuletawoch savings account (for seniors)	Individuals aged 50 or above are eligible, with joint account holders also required to meet the age and income criteria; retired defence personnel or those with legal retirement documents may qualify regardless of age, provided other conditions are met.

Product category	Product subcategory	Deposits product name	Deposits product description
		Adey savings account (for women)	Eligible applicants include women aged 18 or above, women's associations with over 50% female ownership, businesses fully owned by women, incapacitated women (via legal guardians), and female staff of BoA. NBE'S rate + 0.5% (currently 7.5%) per annum.
		AFLA youth savings account	Eligibility includes individuals aged 18 to under 29, sole proprietors, interdicted persons (through legal guardians), and BoA staff. NBE'S rate + 0.5% (currently 7.5%) per annum.
		Teen youth savings account	Eligible applicants are self-employed individuals aged 14–17, minors (through parents or tutors), and interdicted persons (through tutors); accounts are converted to AFLA or ordinary savings accounts at age 18.
		Minor savings account	All individuals whose age is <18 years old via parents or tutor. NBE'S rate + 0.5% (currently 7.5%) per annum and + 1% for >100,000-ETB holders.
		Wadiah Iqub/Iddir (community-based savings)	All Iddirs and Iqqubs formed by groups of individuals are eligible to open Iddir or Iqqub savings accounts, with Iddir accounts earning NBE's rate plus 0.5% for balances under 1 million ETB and plus 1% for balances over 1 million ETB. 7.3 % for < than 1 million and 7.5 % for >= 1m.
		Asrat Bekurat (Tithe)	All natural or legal persons or anyone above the age of 18. NBE's minimum interest rate (7%) per annum.
		Saving plus	All eligible individuals, either individually or jointly, can open a saving plus account by completing the standard savings account opening form and marking the account type as "Saving Plus."
	Other customer deposit accounts	Fixed time deposit accounts	All individuals and entities recognised under Ethiopian law, including minors (via parents or tutors) and interdicted persons (via legal guardians), are eligible.

Product category	Product subcategory	Deposits product name	Deposits product description
		Ordinary demand deposits	All individuals and entities recognised by Ethiopian law can open this non-interest-bearing account, which is typically operated by cheque but also accessible via card, mobile, and internet banking, with a minimum opening balance of ETB 1,000 for individuals and ETB 2,000 for businesses.
IFB deposits products	Wadiah Current Accounts Wadiah savings accounts	Shariah-compliant current accounts	A Wadiah-based account designed for individuals over the age of 18.
		Wadiah diaspora mortgage saving	A savings account targeting home ownership.
		Wadiah minor savings	A Wadiah-based account designed for individuals under the age of 18.
		Wadiah muday savings	A savings account targeting petty traders, semi-skilled workers, small-scale farmers, shoe polishers, daily laborers, and other self-employed individuals to support their future financial stability.
		Fityah savings	A Wadiah-based savings account tailored for young individuals aged 18 to 29, designed to meet their savings needs while supporting their future plans.
		Wadiah Iddir (community-based savings)	A Wadiah-based savings product designed to pool funds from a group or community aiming to provide mutual financial assistance during emergencies.
		Wadiah Iqub (sunuduk savings)	A Wadiah-based savings account intended to hold funds collected through the traditional "Iqqub" system, which operates similarly to a lotto or raffle.
		Musnin savings	A Wadiah-based savings product for individuals aged 50 and above, as well as early retirees below 50, provided they present retirement documentation.
		Wadiah special saving	A Wadiah-based savings account that can be operated through cheques.
		Wadiah demand	An IFB deposit account for customers who prefer conducting transactions via cheques, where deposits are held for safekeeping and guaranteed for full return on demand.
		Wadiah FCY	A Wadiah FCY savings account available to Ethiopian residents, non-resident Ethiopians, and individuals of Ethiopian origin, based on the Wadiah concept.
		Wadiah saving deposit	A Wadiah-based savings account for safekeeping purposes, where deposits are guaranteed for full return upon request.
		Zehrah saving	A Wadiah-based savings account designed specifically for women to encourage a culture of saving.

Product category	Product subcategory	Deposits product name	Deposits product description
		Zakat savings	A Wadiah-based deposit account specifically for Zakah purposes.
	Investment accounts (Shariah-compliant)	Ameen goal investment account	Ameen Goal Saving Cum Financing is an investment deposit product under the Mudarabah contract, combined with consumer financing products like mortgages and automobiles, upon fulfilling the minimum equity contribution and eligibility criteria.
		Fitayah investment account	A product specifically available to individuals or groups aged 18 to 29.
		Hajji and Umra investment account	A special-purpose investment account designed to help customers save for Hajj or Umra.
		Iddir investment account	An investment savings account created to pool funds from a group or community for the purpose of providing mutual assistance during emergencies.
		Iqqub investment account	An account designed to hold funds collected through the traditional "Iqqub" system, which operates similarly to a lotto or raffle.
		Musnin investment account	A savings account for senior citizens aged 50 and above or early retirees.
		Saving investment account	An investment accounts for any individual above the age of 18.
		Zehrah investment account	An investment-based savings accounts specifically designed for women to promote their saving habits.
		Mudarabah fixed time deposit	The Mudarabah fixed time deposit offers a higher profit-sharing ratio based on the deposit amount and is available for a fixed term.
	Other IFB products	Hajj and Umrah savings accounts	A Wadiah-based savings accounts for customers planning to perform Hajj or Umra, with deposits intended to cover costs related to transportation, accommodation, and other expenses during the pilgrimage.
		Ameen goal savings (Wadiah and Mudarabah structures)	A Wadiah-based savings product combined with consumer financing options, such as automobile and mortgage (either finished or under construction), available upon meeting the minimum equity contribution and other eligibility criteria outlined in the procedure.
		Wadiah education saving	A Wadiah-based savings account designed to help customers save for tuition fees and other expenses associated with higher education.

As at 30 June 2025, Conventional Banking customer deposits increased by ETB 43,282 million to ETB 211,655 million, as compared with ETB 168,373 million as at 30 June 2024. Set out below is a summary of deposits of Conventional Banking customers

Table 25: Total deposit from Conventional Banking customers

Deposit	As at 30 June		
	2025	2024	2023
ETB (millions)			
Savings deposits	158,641	127,835	108,152
Demand deposits	34,039	26,484	25,355
Time deposits	18,975	14,054	6,960
Total deposit from Conventional Banking customers	**211,655**	**168,373**	**140,467**

The Company offers deposit products to all segments of the society. The deposits are sourced from the following types of customers.

Table 26: Types of Conventional Banking customers

Types of customers	As at 30 June		
	2025	2024	2023
ETB (millions)			
Private sector and staff deposits	184,456	145,258	120,864
Co-operatives and associations	4,339	4,449	3,592
Domestic banks	2,373	5,589	4,300
NR - Transferable Birr accounts	-	140	116
Public agencies and enterprises	11,411	9,415	7,684
NR - Non-transferable Birr accounts	-	129	103
Resident and non-resident - FCY accounts	4,932	2,101	3,808
Retention account	3,526	889	-
Central government	315	125	-
Regional government	303	278	-
Total deposit from conventional customers	**211,655**	**168,373**	**140,467**

Complementing its Conventional Banking offerings, the IFB Business Segment maintains a growing deposit base, structured in adherence to Shariah principles as shown in the below table as at 30 June 2025, 2024 and 2023.

Table 27: Total deposit from IFB customers

Total deposit from IFB customer	As at 30 June		
	2025	2024	2023
ETB (millions)			
Mudarabah savings deposits	2,096	1,299	175
Wadiah savings deposits	24,502	19,618	15,585
Wadiah current deposits	4,488	3,029	2,230
Mudarabah (time) deposits	439	190	80
Total deposit from IFB customers	**31,525**	**24,136**	**18,070**

The deposits are sourced from the following types of customers.

Table 28: Types of IFB customers

Types of customers	As at 30 June		
	2025	2024	2023
ETB (millions)			
Private sector and staff deposits	31,297	23,429	17,933
Co-operatives and associations	183	250	104
Domestic banks, public agencies, enterprises and others	45	457	33
Total deposit from IFB customer	**31,525**	**24,136**	**18,070**

2.3.1.3. Sector specific offerings

Table 29: Sector specific offerings

Target sector	Conventional product list	IFB product list	Deposit and financing product description
Exporters, manufacturing, mining, construction and real estate, wholesale trade and business, transport and communication companies.	• Current account, • Various export related loan • Exchange rate payout account • Saving account with various interest rate	• Wadiah current • Quard-Al-Hassen • Murabaha financing • Wakala deposit • Islamic Murabaha finance • Islamic Ijara finance • Islamic Wakala finance • Islamic Musawama finance • Islamic Quard Hassan finance • Islamic forward Ijara finance • Islamic diminishing Musharaka • Islamic Bai Salam finance • Islamic commodity Murabaha • Islamic construction finance • Islamic Mudarabah financing	The Company tailors its commission, service charges, interest rates, and profit-sharing arrangements according to each customer's type, transaction amount, and activity level. This differentiated approach ensures pricing and benefits are matched to customer profiles and transaction behavior, promoting fairness, competitiveness, and sustainability, while also rewarding customers based on their engagement and value to the Company.
SMEs and startups target segment	• Current account • Customer deposits for private limited companies • Various types of export-related loan • Tenured working cap loans SME • Various project finance SME • Partial financing SME • Special assets loan SME	• Wadiah current • Various types of export-related financing • Tenured working cap loans SME • Various project finance SME • Partial financing SME • Special assets loan SME	

Target sector	Conventional product list	IFB product list	Deposit and financing product description
Religious institutions target segment	• Current account • Asrat bekurat • Customer deposits for public agencies and enterprises	• Wadiah current • Quard-Al-Hassen • Wakala deposit • Zekat Wadiah saving account • Zekat Wadiah savings account	
Government and public enterprises target segment	• Current account • Government employee pension and social • Private pensioner • Customer deposits for central government • Customer deposits for regional government	• Wadiah current • Quard-Al-Hassen • Murabaha financing • Wakala deposit • Wadiah current	
Civil society organisations	• IDDR saving account • Large IQUB saving accounts • Medium IQUB saving accounts • Small size IQUB saving accounts • Special saving large IQUB accounts • Customer deposits for associations	• Quard-Al-Hassen • Murabaha financing • Wakala deposit • Wadiha IQUB • Wadiha IDDR • IDDR investment account	
Individuals like diaspora, senior citizen, farmers, female, students and other groups	• Mortgage loan per conditions • Digital Asbeza loan • Savings account interest bearing • Savings account non-interest bearing • Customer deposits for individuals • Various types of saving account with special condition of the category • Device financing • Micro loan • Muday Abyssinia	• Wadiah mortgage saving per conditions • Hajj saving account – IFB • Mudarabah saving • Wadiah saving – foreign exchange account • Saving Wadiah foreign exchange account	

2.3.1.4. Trade finance services

The Company provides comprehensive trade finance solutions for its corporate clients, designed to facilitate both domestic and international import and export trade transactions and mitigate associated financial risks.

Table 30: Trade finance services

Product/service	Description/meaning
LC	These are financial instruments issued by the Company guaranteeing payment to a seller on behalf of a buyer, ensuring secure international trade transactions by mitigating payment risks for its corporate clients. The Company considers this an off-balance sheet commitment, secured by cash or other collateral, and charges fees according to the duration and type of guarantee requested.
Foreign Currency Exchange ("FX") conversion	The Company provides essential currency exchange services, allowing for the conversion of various currencies to meet foreign exchange demands arising from international transactions.
SWIFT transfer	All individuals and entities recognised under Ethiopian law, including those licensed to receive money transfers, are eligible to participate in financial transactions, ensuring secure, regulated access to funds and supporting the integrity and compliance of the financial system for both domestic and international transfers.
Cash exchange/ international bank cards	Individuals holding FCY in cash or internationally issued payment cards can exchange them through the Company, subject to the Company's willingness, enabling travelers, businesspersons, and diaspora members to conveniently convert currencies while ensuring regulatory compliance and secure, reliable foreign exchange services.

2.3.1.5. Digital banking services

The Company offers a wide array of innovative digital solutions and card services that enhance customer convenience, accessibility, and security.

Table 31: Digital banking services

Product/service	Description/meaning
Neo banking platform (Apollo digital banking)	Apollo digital banking is the Company's comprehensive digital banking suite, designed to provide customers with convenient, secure, and modern banking services through digital channels. Notably, it is the first fully digital banking platform from onboarding to operation. Launched in June 2022, it marked a significant step in the Company's digital transformation journey, aiming to provide innovative, customer-centric digital banking services in Ethiopia. The Apollo platform was introduced to enhance accessibility, convenience, and efficiency for customers by offering a wide range of banking services through mobile and online channels. It includes interoperable QR features that allow users to make and receive payments by scanning QR codes.
USSD banking expansion	Enhanced offline banking services (fund transfers, airtime, utility bills) through short code for both mobile banking and Apollo (with single sign on capability).

Product/service	Description/meaning
Ethiotelecom VISA direct service virtual card	The Ethiotelecom VISA direct service virtual card is the first wallet-based virtual VISA card, alongside enhanced international remittance services. The Company adopted the Ethiotelecom VISA direct service virtual card in August 2024 and has enabled its customers to create and use a virtual VISA card directly from their mobile devices, primarily via the telebirr mobile money platform.
Virtual banking centers/ITMs	The ITMs, are self-service, branch-like kiosks that allow customers to complete almost all traditional branch services without interacting with a human teller.
Cobranded cards	The Company has also explored and launched cobranded cards with other partners including Ethiopian Airlines, to offer tailored benefits (e.g., discounts, loyalty points, or exclusive offers).
Interoperable payment systems	The Company is a member of EthSwitch, Ethiopia's national payment switch, which connects banks and microfinance institutions to enable interoperable ATM, POS, and fund transfer services. This was implemented to ensure seamless transactions across different financial platforms and providers.
Merchant system	Provides a comprehensive merchant platform that able to address existing merchant pain point in different sector (retail shop, supermarket and other sectors including transport, health, etc.) with the aim of tracking merchant payments and mobilise deposit.
Fuel payment integration	The Company has deployed POS terminals at partner fuel stations, allowing customers to pay for fuel using Company issued debit and credit cards, as well as cards from other banks (via EthSwitch interoperability). In addition, it offers fuel cards to corporate clients and fleet operators while for large clients, it has integrated payment solutions with fuel management systems, enabling automated reconciliation and reporting.

The number of active users and terminals are discussed in the below table:

Table 32: Number of active users and terminals

Channel	Number of active users
User	
Mobile banking (app and USSD)	5,383,994
Apollo neo banking	754,627
Card banking	3,565,906
Corporate internet banking	4,800
Terminal	
POS	3,627
Virtual banking centers	49
ATM	1,741

Physical network and accessibility

The Company maintains an extensive physical network and accessibility points to ensure broad reach and convenient service for its customers across the nation. These are services offered by the Company providing extensive physical and digital access points for customers. As at 30 June 2025, the Company operates a network of 928 branches, 1,741 ATMs, and 3,627 POS terminals spread across the nation, ensuring widespread accessibility for all customers.

Table 33: Access points and access banking

Access Point	As at 30 June		
	2025	2024	2023
Branch	928	931	863
Agent banking	5,417	3,624	2,551
ATM	1,741	1,429	1,277
POS	3,627	2,160	1,254
Virtual banking centers	49	35	20

As set out in the table below, the Company has identified KPIs to monitor the adoption and impact of its digital banking services. For the year ended 30 June 2025, the Company continued to achieve strong growth across its digital channels.

Table 34: Digital banking KPIs

Digital banking KPIs	For the year ended 30 June		
	2025	2024	2023
Number of debit card banking subscribers ('000)	3,499	3,321	2,940
Number of prepaid card banking subscribers	8,536	7,461	1,651
Number of individual mobile banking subscribers ('000)	5,204	4,118	2,752
Number of business entities mobile banking subscribers ('000)	180	154	10
Number of mobile banking subscribers ('000)	5,384	4,272	2,760
Mobile banking transaction value (ETB 'million)	1,105,809	389,713	182,182
Mobile banking transaction volume ('000)	101,362	35,150	8,337
Number of individual internet banking subscribers ('000)	87	81	59
Number of business entities internet banking subscribers ('000)	14	12	5
Number of internet banking subscribers ('000)	101	93	64
Internet banking transaction value (ETB 'million)	10,759	11,174	6,383
Internet banking transaction volume ('000)	41	59	56

Digital banking KPIs	For the year ended 30 June		
	2025	2024	2023
Number of ATM located within the Company/ branch premises	1,188	991	791
Number of ATM located outside of the Company/ branch premises	553	438	486
Number of ATMs	1,741	1,429	1,277
ATM transaction value (ETB 'million)	96,752	88,668	68,647
ATM transaction volume ('000)	64,555	59,940	49,477
Number of POS terminals within the Company/ branch	427	201	108
Number of POS terminals with merchants	3,200	1,959	1,146
Number of POS terminals	3,627	2,160	1,254
POS terminal transaction value (ETB 'million)	8,737	4,884	2,053
POS terminal transaction volume ('000)	1,663	1,298	717
Number of virtual banking centers located within the company/branch premises	32	18	11
Number of virtual banking centers outside of the company/branch premises	17	17	9
Number of virtual banking centers	49	35	20
Number of ATM located within the company/ branch premises	1,188	991	791

The number of debit card banking subscribers was 3,499 thousand as at 30 June 2025, compared to 3,321 thousand as at 30 June 2024, while prepaid card banking subscribers increased to 8,536 as at 30 June 2025 from 7,461 as at 30 June 2024. Mobile banking subscribers rose to 5,384 thousand as at 30 June 2025, up from 4,272 thousand as at 30 June 2024. The value of transactions processed through mobile banking was ETB 1,105,809 million for the year ended 30 June 2025, compared to ETB 389,713 million in the year ended 30 June 2024, with transaction volume at 101,362 thousand, up from 35,150 thousand in the same periods. Internet banking subscribers increased to 101 thousand as at 30 June 2025, from 93 thousand as at 30 June 2024, with transaction value at ETB 10,759 million and transaction volume at 41 thousand for the year ended 30 June 2025. The number of ATMs was 1,741 as at 30 June 2025, up from 1,429 as at 30 June 2024. ATM transaction value was ETB 96,725 million for the year ended 30 June 2025, compared to ETB 88,668 million in the year ended 30 June 2024, with transaction volume at 64,555 thousand, up from 59,940 thousand in the same periods. The number of POS terminals increased to 3,627 as at 30 June 2025, from 2,160 as at 30 June 2024. POS transaction value was ETB 8,737 million for the year ended 30 June 2025, compared to ETB 4,884 million in the year ended 30 June 2024, with transaction volume at 1,663 thousand, up from 1,298 thousand in the same periods. The Company also operated 49 virtual banking centres as at 30 June 2025, compared to 35 as at 30 June 2024.

Overall, these KPIs demonstrate the Company's continued commitment to digital transformation, with robust growth in digital banking subscribers, transaction volumes, and values across all major channels.

2.3.2. Business interruptions

The Company has had no significant interruptions that have had a significant effect on the Company's financial performance or position, save for those set out below:

Electrical fault challenges: On 12 November 2024, a server switch power failure occurred lasting for approximately 8 hours. This led to a significant lag in the core banking system - T24 systems. Such disruptions directly impaired service delivery to customers, and overall, adversely impacted the Company's operational business.

The Company implements robust business continuity strategies and provides guidance to the head office, district offices, and branches on adopting these measures whenever they face either anticipated or unforeseen threats. This proactive approach enables all levels of the organisation to avoid catastrophic outcomes, protect cash held in branch vaults, minimise physical damage, manage cash flow effectively, and maintain business continuity. For example, the Mekele district experienced operational disruptions for two years due to the conflict, which resulted in a devastating war and severed connections with the head office. Similarly, several branches under the Dessie and Bahir Dar districts encountered comparable challenges.

To address such risks, there are crisis management and business continuity plans which have incorporated the following practical elements:

- Head office and district offices increases communication with branches in high-risk areas to monitor and manage potential threats.
- Districts instruct branches to transfer excess cash and valuables to safer locations, such as district cash centres or the head office, under strict security protocols. For example, before the war, Mekele district relocated surplus cash and assets to the head office, while Bahirdar and Dessie districts closely monitor branch safety and facilitate secure cash transfers.
- Head office also advises districts to develop crisis management and business continuity plans to prepare for scenarios such as loss of communication with the centre. These plans help districts respond to unexpected events and ensure ongoing operations. For instance, Mekele district's crisis management plan includes daily customer data backups, supporting their business continuity plan to maintain banking services during conflict.

2.3.3. Recent product and service initiatives

The Company is continuously expanding its offerings to meet evolving market demands in the financial sector. The following outlines some of the key recent product and service initiatives taken by the Company:

Implementation of a new strategy: The Company undertook a thorough review of the environment, the internal and external dynamics, and crafted a new five-year strategy that runs from FY 2024/25 to 2028/29. This strategy has a major departure from the previous five-year strategy in its large focus on customer intimacy and enhanced digital transformation.

Digital visa card launch: The Company has expanded the 'Apollo Digital Bank' along with its advanced features of instant and fully digital offerings, and value-added services such as instant loan, digital cards, and more, which is gaining momentum with 754,627 active users as at 30 June 2025. In addition, the Company has introduced a digital visa card solution that allows customers to convert their visa card to a digital visa card and use their phones to make payments.

Introduction of instant card issuance services made available at five of the Company's ITMs: Announced in 2024, the Company introduced instant card issuance services to enable customers to obtain cards without the need for visiting branches. These efforts further have strengthened customer account safety and ensured ease and convenience of digital banking services that have enhanced customer satisfaction.

Review of the organisation structure: The organisation structure has been revised and implemented in a way it supports the new strategy. A shift to a customer-centric strategy necessitated a revision of the organisational structure. Key changes include upgrading the risk and compliance (second line of defense) and internal audit functions to strengthen governance. Progress on strategic initiatives is monitored by the strategy department and reviewed in semi-annual meetings with branch managers and directors.

Branch operating model redesign: In this initiative, the Company has redefined the branch operating model so that all operational functions of the branch will be digitalised. The implementation is ongoing. The customer onboarding and transaction services are to be digital and paper-free, and branches are to become sales centers rather than transaction centers. The paperless project is now implemented in all branches and the remaining project work shall be continued.

Implementation of corporate strategic initiatives: These initiatives represent both rolled over initiatives from preceding year and newly identified initiatives which include: Development and implementation of digital transformation and AI strategies, development of effective fund management system, development and implementation of the data management strategy, development of cybersecurity measures, development and implementation of robust risk and compliance management, development and implementation of the internal audit system and establishment of an investment bank.

2.3.4. Key dependencies

The Company's operations are underpinned by a range of key dependencies. These include its advanced technological and security systems, shareholders, collaborations with development and trade finance partners, reliance on national payment switch networks, extensive correspondent banking relationships for international transactions, strategic international remittance and mobile money partnerships, and alliances with global card scheme associations.

2.3.4.1. Key partnerships with mobile money operators

The Company launched collaborative services with Ethio-telecom and Safaricom MNOs, including mobile money wallet integration for seamless funds transfer, digital remittance and VISA -virtual card offerings, airtime/package top-up and bill payment services. The Company's collaborative services are structured through secure Application Programming Interface ("API") integrations backed by Service Level Agreements ("SLAs") with Ethio Telecom and Safaricom. This partnership framework ensures efficient, reliable, and real-time fund transfers (both incoming and outgoing transactions) between the Company accounts and the respective mobile money wallets both at branches and digital channels incoming and outgoing.

2.3.4.2. Correspondent banks for trade

The Company is dependent on its correspondent banking relationships to effectively facilitate international transactions, including remittances, SWIFT transfers, and LC. This includes the Company's partnership with Bunna Bank to deliver payment switch shared service (card issuing and acquiring services). The Company maintains 14 correspondent banking relationships, operating through 19 active accounts to support trade settlements in USD, Great British Pound, the Euro ("EUR"), and United Arab Emirates Dirham. The network is geographically diversified across key trade corridors: Africa: Djibouti (7 banks), Egypt (1 bank); Europe: United Kingdom (2 banks), Germany (3), France (1), Italy (1); North America: United States (3 banks); and Middle East: Dubai (1 bank).

These partnerships are essential not only for ensuring the smooth flow of cross-border payments but also for enabling the Company to access and mobilise FCY. In addition, maintenance of the robust correspondent banking networks, has ensured the Company is able to support its customers' global trade and remittance needs, strengthen international connectivity, and enhance its capacity to serve as a reliable financial intermediary in the global marketplace.

2.3.4.3. Utility ecosystem partnerships

The Company is reliant on different utility service providers including Ethiopian Airlines, Ministry of Transport and logistic, water and sewerage authorities (different cities) for uninterrupted communication and power as well as to facilitate bill and other types of payment like ET ticket, fuel, water, both essential for digital banking and branch operations. These providers expect timely bill payments and a strong partnership. Failure to meet these expectations could lead to service disruptions, reduced operational efficiency, and weak institutional support, which would directly affect customer service and business continuity.

2.3.4.4. National payment switch: EthSwitch S.C.

The Company's 1,741 ATMs and 3,627 POS terminals as at 30 June 2025, together with its ability to process interbank transactions, are fundamentally reliant on EthSwitch S.C., Ethiopia's national payment system. This switch is essential for the seamless routing and settlement of electronic transactions across the country's financial ecosystem. Acting as an interoperability hub, this platform enables secure and efficient digital transaction processing, allowing customers to conveniently access services across multiple financial institutions. By leveraging EthSwitch, the Company benefits from cost efficiency, wider customer reach, improved service delivery, and greater financial inclusion—ultimately strengthening its role in the national digital payments' ecosystem.

2.3.4.5. Fintech ecosystem partnerships

The Company has partnered with FinTech companies to deliver digital remittance service such as Cash-go, Frank Remit, FastPay, Tap-Tap and MamaPay, and facilitate payments on e-commerce and retail shop including Santim-pay, Arif-Pay and Chappa.

2.3.4.6. Vendors and suppliers

Vendors are integral to the Company's operations, supplying essential goods and services such as technology, equipment, and consultancy. The core banking system is fundamental to its daily activities, and it relies on vendors for robust network infrastructure, advanced cyber security solutions, payment processing systems, and ongoing technical support. These vendor relationships are therefore crucial for maintaining operational efficiency, protecting the Company's systems, and fostering innovation in products and services.

Disclosure of critical solutions/products and important aspects of the vendor

Table 35: Vendors and suppliers

Product/solution	Vendor	Relevant aspects of vendor relationship
Core banking solution	Temenos headquarters SA	Ensuring continuous availability of the solution is the most significant aspect of vendor relationship management. This is because any potential disruption could cause banking service interruption.
IFB core banking solution	Azentio Software Middle East FZ LLC	Ensuring continuous availability of the solution is the most significant aspect of vendor relationship management. Any potential disruption could cause IFB service interruption.
Payment switch solution	ACI South Africa PTY LTD	Ensuring continuous availability of the solution is the most significant aspect of vendor relationship management. The Company's electronic payment transactions routing will be disrupted if continuous availability of the system is not assured.
Enterprise Resource Planning ("ERP)" system	Oracle	Ensuring continuous availability of the solution is the most significant aspect of vendor relationship management. The integration business process and corporate resources would be jeopardised if disruption of the system occurred.
Paperless branch banking solution	Bank-Genie PTE LTD	Ensuring uninterrupted availability of the system is the critical aspect that dictates the nature of vendor relationship as any potential solution disruption could significantly impact seamless functioning of the Company's paperless branch banking operations.

Product/solution	Vendor	Relevant aspects of vendor relationship
NCR Selfserv 64 and NCR Selfserve 62 Recycler ATMs	Cardtronics USA, Inc.	Delivery performance and quality are the critical aspects of vendor relationship here since lead-time and product reliability would determine time to market and customer experience respectively. Cost efficiency is also important aspect considering the significant value that the engagements entail.

2.4. Principal markets and competition

2.4.1. African macroeconomic overview

Africa's macroeconomic outlook is positive, with resilient growth projected despite global challenges. Real Gross Domestic Product ("GDP") growth is expected to rebound to strengthen from an estimated 2.7% in 2024 to 3.9% in 2025 and 3.8% in 2026 led by East Africa. Inflation rates are forecast to decline, aided by stable food supplies and lower energy prices. However, public debt remains elevated, and fiscal pressures persist, with many countries still spending more on interest payments than on essential services. Intra-African trade, currently only 16% of total trade, is seen as a key opportunity for growth, particularly through the African Continental Free Trade Area ("AfCFTA"). The continent continues to face structural challenges, including heavy reliance on commodities, weak infrastructure, limited access to finance for SMEs, climate change impacts, and governance issues. To unlock Africa's full potential, international organisations recommend economic diversification, improved domestic resource mobilisation, accelerated regional integration, targeted infrastructure investment, sustainable debt management, and greater investment in human capital development.

2.4.2. African banking industry review

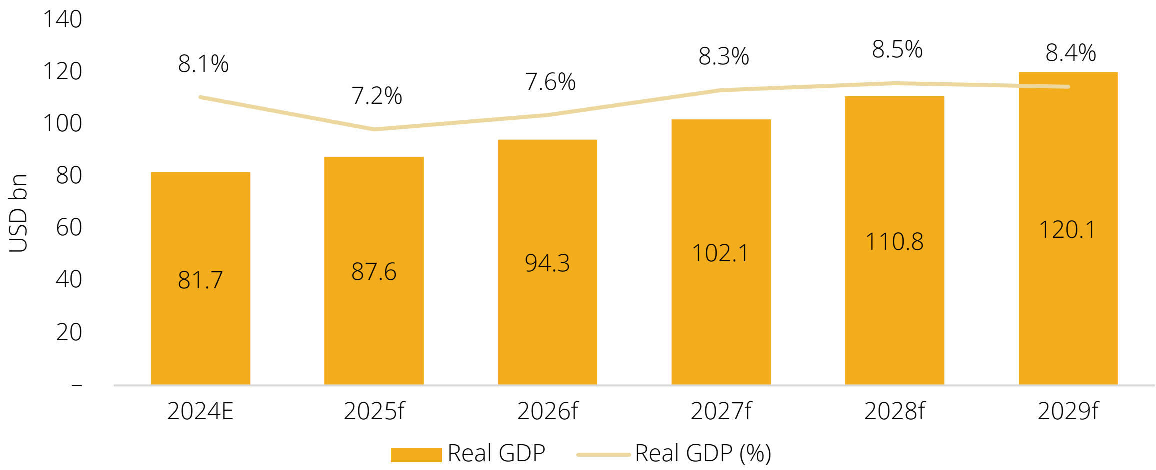
The African banking industry is undergoing significant transformation mainly characterised by rapid digital innovation, regulatory reforms, and shifting macroeconomic conditions. While traditional banks remain central, the banking sector has seen a rapid growth of mobile money and digital payments. The digital shift is influencing how banking services are marketed and delivered, expanding their financial inclusivity to millions of clients, and fostering intense competition among traditional institutions, regional players, and emerging FinTech. African banks are prioritising substantial investments in digital transformations aimed at improving customer experience, streamlining operations, and leveraging advanced technologies for personalised services and customer care. Further, banks continue to invest heavily in cybersecurity, core banking systems, and data analytics to enhance operational efficiency. According to the European Investment Bank ("EIB"), in major markets in Africa, banks have shown resiliency despite global headwinds, such as inflation, currency depreciation, and tight monetary conditions. Overall, banks' profitability has generally improved mainly due to rising interest rates. However, credit risk remains a concern as inflation and slow economic recovery continue to strain individuals' and businesses' loan repayments. This has led to an increase in NPL's in several countries.

2.4.3. Ethiopia macroeconomic overview

According to the EIU, Ethiopia's GDP is projected to grow by 7.2% in 2025. Ethiopia's macroeconomic environment is defined by ongoing reforms targeting economic stabilisation, increased private sector investment, and the resolution of persistent challenges such as high inflation, debt distress, and foreign exchange shortages. Inflation, previously above 30.0%, has begun to ease due to tighter monetary policy and improved agricultural output, but remains elevated at around 20.0%, with further reductions expected over the coming years. A significant shift to a more flexible exchange rate regime in July 2024 led to a notable depreciation of the ETB and a narrowing of the gap between official and parallel market rates, though some disparity persists. On the fiscal front, the Government is pursuing consolidation, aiming to reduce the deficit to 1.7% of GDP and increase revenues to 8.5% of GDP in 2025 through tax reforms and better administration.

Real GDP growth (%), 2024-2029f

Figure 2: Ethiopia's Real GDP and Real GDP growth



Source: EIU

Ethiopia's Homegrown Economic Reform Agenda ("HGER") 2.0 serves as the Government's central policy framework, aiming to achieve macroeconomic stability, sustainable and inclusive growth, and job creation by promoting a private sector-led economy. Key pillars include fiscal consolidation through tax base expansion and improved administration, monetary policy reform with a shift towards market-based tools, and a more flexible exchange rate regime to address foreign exchange shortages and unify market rates. The agenda also prioritises sectoral liberalisation, opening areas such as telecommunications, banking, and logistics to private and foreign investment to boost efficiency and competition. Externally, Ethiopia's debt restructuring under the G20 Common Framework is crucial, with a provisional deal in place but further negotiations needed to restore debt sustainability and access concessional financing. Inflation, though easing, remains driven by high food prices and the effects of currency depreciation on imported goods. Increased remittances and higher export earnings, supported by a more attractive official exchange rate, have improved foreign exchange inflows, though long-term growth will require greater export diversification.

2.4.4. Ethiopia banking industry review

Ethiopia's banking industry is undergoing a significant transformation, moving from a historically closed sector to a more liberalised and modern financial landscape. This shift is driven by ongoing economic reforms, financial sector liberalisation, and digital transformation, as seen in the rising market share of private banks and the introduction of the Banking Business Proclamation, which was enacted to allow foreign banks to enter the Ethiopian market. This Proclamation repeals and replaces the Banking Business Proclamation No. 592/2008 and its amendment, Proclamation No. 1159/2019 signalling a move towards a more open and market-oriented banking environment. This change is anticipated to attract Foreign Direct Investment ("FDI") and improve the overall efficiency and competitiveness of the banking sector in Ethiopia.

The NBE is actively modernising the sector through capital market development, interest rate liberalisation, and the integration of ESG principles, in collaboration with international partners. Digital banking is expanding rapidly, supported by FinTech innovations and national financial inclusion strategies, though challenges remain in digital literacy, regulatory integration, and operational risk management. Despite robust growth in assets, deposits, and loans, the sector continues to face hurdles such as limited foreign exchange, high inflation, and rising.

Additionally, Ethiopia is actively progressing towards the adoption of the Basel III accord, a framework by the Basel Committee on Banking Supervision ("BCBS"), designed to strengthen global banking regulation, supervision, and risk management. As a key step in this process, the NBE issued Risk Based Capital Adequacy Requirement for Banks Directive No. SBB/ 95 /2025 ("Risk Based Capital Adequacy Requirement Directive") which became effective on 10 November 2025, for all banks operating within the country. This directive marks Ethiopia's full-scale shift toward Basel II and Basel III international banking standards, aiming to align the nation's regulatory environment with those of global financial centers. The directive introduces a three-tier capital framework designed to ensure that banks have sufficient buffers to absorb losses, support ongoing operations, and safeguard depositors:

- Common Equity Tier 1 ("CET1"): Minimum of 7% of Risk-Weighted Assets ("RWAs"). This represents the highest quality capital, mainly common shares, retained earnings, and disclosed reserves.
- Tier 1 Capital: CET1 plus Additional Tier 1 ("AT1") capital must amount to 9% of RWAs. AT1 includes instruments that can absorb losses but are not common equity.
- Total Capital Ratio: When Tier 2 Capital is added (e.g., subordinated debt, general provisions), the total capital must be at least 11% of RWAs.

The NBE is actively modernising the sector through capital market development, interest rate liberalisation, and the integration of ESG principles, in collaboration with international partners. Ethiopia has also adopted Basel III standards, with new draft directives introducing risk based capital adequacy requirements to strengthen the sector's resilience. Digital banking is expanding rapidly, supported by FinTech innovations and national financial inclusion strategies, though challenges remain in digital literacy, regulatory integration, and operational risk management. Despite robust growth in assets, deposits, and loans, the sector continues to face hurdles such as limited foreign exchange, high inflation, and rising.

The NBE is actively modernising the sector through capital market development, interest rate liberalisation, and the integration of ESG principles, in collaboration with international partners. Ethiopia has also adopted Basel III standards, with new draft directives introducing risk based capital adequacy requirements to strengthen the sector's resilience. Digital banking is expanding rapidly, supported by FinTech innovations and national financial inclusion strategies, though challenges remain in digital literacy, regulatory integration, and operational risk management. Despite robust growth in assets, deposits, and loans, the sector continues to face hurdles such as limited foreign exchange, high inflation, and rising credit risk. Nevertheless, ongoing reforms, increased oversight, and a focus on macroeconomic stability are expected to support further expansion and modernisation of Ethiopia's banking industry. FinTech and mobile money are playing an increasingly pivotal role in Ethiopia's financial sector, with Safaricom Ethiopia's launch of M-PESA marking a significant shift.

Mobile money services can extend financial access to underserved populations without the need for extensive branch networks, directly challenging traditional banks in payments and micro-savings.

The NBE is further promoting local FinTech innovation through new licensing frameworks, adding competition and dynamism to the market. As the sector evolves, the NBE's regulatory oversight is crucial in balancing competition, financial stability, and the protection of domestic interests. Addressing ongoing issues such as capital controls, FCY convertibility, and the gap between official and parallel exchange rates will be essential to attract foreign investment and create a level playing field for all FinTech. Mobile money services can extend financial access to underserved populations without the need for extensive branch networks, directly challenging traditional banks in payments and micro-savings.

2.4.5. Competitive environment

The competitive environment in Ethiopia's banking sector is undergoing significant transformation, driven by recent liberalisation efforts aimed at attracting foreign investment and stimulating growth. Traditionally dominated by state-owned banks such as the Commercial Bank of Ethiopia ("CBE") and the Development Bank of Ethiopia ("DBE"), the sector is now seeing a growing presence of private banks and, for the first time, the entry of foreign banks following new legislation. This shift is expected to intensify competition, compelling local banks to improve efficiency, adopt new technologies, and enhance service delivery. However, domestic banks, especially smaller ones, face challenges in adapting to higher capital requirements and increased competition. Digitalisation and FinTech are gradually reshaping the sector, though traditional banking practices still prevail. The NBE continues to play a pivotal regulatory role, but legacy policies and capital controls remain obstacles. Overall, Ethiopia's banking sector is transitioning from a protected, state-dominated market to a more open and competitive environment, offering both opportunities and challenges for industry players.

As set out in the Banking Business Proclamation No. 1284/2023, issued by the NBE in December 2023, foreign banks are now permitted to enter the Ethiopian market. Market expectations are that foreign banks will do so either by acquiring interests in local Ethiopian banks or by establishing local subsidiaries or branches. According to the NBE, the total assets in the Ethiopian banking sector exceeded ETB 3 trillion as at 30 June 2024. Despite this growth, Financial Sector Deepening Africa estimates that only 45% of adults in Ethiopia have access to formal banking services, highlighting significant potential for further expansion and financial inclusion.

The entry of foreign banks into Ethiopia is expected to have a transformative impact on the financial sector. Increased capital inflows from foreign banks will support long-term investments and enhance credit access for businesses. These entrants are also likely to introduce advanced technologies, digital banking platforms, and international best practices in risk management, encouraging local banks to modernise and innovate. Consumers and businesses may benefit from a wider range of financial products and services, including specialised SME lending, wealth management, and trade finance solutions. The arrival of foreign banks will intensify competition for skilled professionals, potentially raising wages and fostering a more dynamic labour market. However, heightened competition and stricter capital requirements may put pressure on smaller domestic banks, possibly leading to sector consolidation through mergers or acquisitions.

Domestic banks in Ethiopia face several challenges in the evolving financial landscape shaped by foreign bank entry and regulatory reforms. Meeting the new minimum paid-up capital requirement of 5 billion Birr by 2026 poses a significant hurdle, necessitating efforts to raise capital through retained earnings, share issues, or attracting new investors. Bridging the technological gap with international banks will require substantial investment and potentially strategic partnerships. Additionally, domestic banks must focus on developing human capital, particularly in areas such as complex product development, international compliance, and advanced risk management. To retain customers amid heightened competition, local banks will need to improve service quality and expand their product offerings to match those of new foreign entrants.

Looking ahead, the overall economy stands to benefit from a more competitive banking sector, with potential gains in job creation and improved access to finance. The Government's broader goal is to foster a more open and competitive environment, in line with liberalisation efforts in other sectors such as telecommunications and aviation. To remain competitive, industry players will need to adapt by finding unique ways to deliver value to their customers and embrace innovation.

i. State-owned banks

The CBE stands as the largest financial institution in the country, leading in terms of assets, deposits, branch network, and total banking workforce. Its widespread presence and longstanding history provide CBE with a considerable competitive edge, particularly in serving underserved communities and executing large-scale Government initiatives. CBE has maintained strong growth, with total assets reaching ETB 2.3 trillion as of 30 June 2025, up from ETB 1.4 trillion a year earlier. Deposits also saw a substantial increase, rising by 37.0% to ETB 1.6 trillion as at 30 June 2025, compared to ETB 1.2 trillion at 30 June 2024, according to CBE's annual report. Alongside CBE, the DBE operates as another state-owned institution. DBE specialises in providing medium- and long-term financing, primarily supporting strategic sectors such as commercial agriculture, manufacturing, and, increasingly, innovative start-ups.

ii. Private banks

According to the NBE, as at 30 June 2024, there are 30 private commercial banks currently operating in Ethiopia.

A summary of key financial information for these leading private bank competitors is provided below.

Table 36: Competitive analysis

Major Metrics	Description	30 June 2024 ETB (millions)	30 June 2023 ETB (millions)	30 June 2022 ETB (millions)	CAGR %
Total deposits	Industry total*	1,304,139	1 047 728	800,884	27.6%
	Growth %	*24.5%*	*30.8%*	*n/a*	
	Industry peers**	1,111,630	889,191	678,839	28.0%
	Growth %	*25.0%*	*31.0%*	*n/a*	
	Company	192,509	158,537	122,045	25.6%
	Growth %	*21.4%*	*29.9%*	*n/a*	
	Company's market share	**14.8%**	**15.1%**	**15.2%**	

Major Metrics	Description	30 June 2024 ETB (millions)	30 June 2023 ETB (millions)	30 June 2022 ETB (millions)	CAGR %
Outstanding loans and advances	Industry total	1,101,002	938,899	710,468	24.5%
	Growth %	*17.3%*	*32.5%*	*n/a*	
	Industry peers	937,079	795,103	597,134	25.3%
	Growth %	*17.9%*	*33.2%*	*n/a*	
	Company	163,923	143,796	113,334	20.3%
	Growth %	*14.0%*	*26.9%*	*n/a*	
	Company's market share	**14.9%**	**15.3%**	**16.0%**	
Total assets	Industry total	1,664,734	1,337,987	1,029,457	27.2%
	Growth %	*17.3%*	*26.8%*	*n/a*	
	Industry peers	1,442,431	1,148,475	880,005	28.0%
	Growth %	*25.6%*	*30.5%*	*n/a*	
	Company	222,303	189,512	149,451	22.0%
	Growth %	*26.9%*	*24.8%*	*n/a*	
	Company's market share	**13.4%**	**14.2%**	**14.5%**	
Total capital	Industry total	233,926	191,795	151,170	24.4%
	Growth %	*22.0%*	*26.9%*	*n/a*	
	Industry peers	210,732	172,320	136,954	24.0%
	Growth %	*22.3%*	*25.8%*	*n/a*	
	Company	23,194	19,475	14,216	24.0%
	Growth %	*23.9%*	*34.3%*	*n/a*	
	Company's market share	**9.9%**	**10.2%**	**9.4%**	
Paid up capital	Industry total	151,760	124,647	97,301	24.9%
	Growth %	*21.8%*	*28.1%*	*n/a*	
	Industry peers	137,555	112,749	88,981	24.3%
	Growth %	*21.2%*	*27.5%*	*n/a*	
	Company	14,206	11,898	8,320	30.7%
	Growth %	*19.4%*	*43.0%*	*n/a*	
	Company's market share	**9.4%**	**9.5%**	**8.6%**	
Profit before tax	Industry total	44,519	40,886	32,922	16.3%
	Growth %	*6.3%*	*24.2%*	*n/a*	
	Industry peers	39,241	35,656	28,267	17.8%
	Growth %	*3.5%*	*23.2%*	*n/a*	
	Company	5,278	5,230	4,655	6.5%
	Growth %	*0.9%*	*12.4%*	*n/a*	
	Company's market share	**11.9%**	**12.8%**	**14.1%**	

Major Metrics	Description	30 June 2024 ETB (millions)	30 June 2023 ETB (millions)	30 June 2022 ETB (millions)	CAGR %
Number of branches	Industry total	9,974	9,032	7,184	17.8%
	Growth %	*10.4%*	*25.7%*	*n/a*	
	Industry peers	9,043	8,169	6,458	18.3%
	Growth %	*10.7%*	*26.5%*	*n/a*	
	Company	931	863	726	13.2%
	Growth %	*7.9%*	*18.9%*	*n/a*	
	Company's market share	**9.3%**	**9.6%**	**10.1%**	

*The term "industry total" refers to the 28 private banks operating in Ethiopia. This includes the Company, but excludes Omo Bank, Siket Bank, and the two state-owned banks: CBE and DBE. Omo Bank and Siket Bank are excluded from this analysis due to a lack of publicly available information. This assessment is based on the annual reports published by the banks, which are publicly available.
**The term "industry peers" refers to 27 private banks operating in Ethiopia, excluding the Company, Omo Bank, and Siket Bank, and the two state-owned banks: CBE and DBE. The analysis does not include Omo Bank and Siket Bank due to insufficient publicly available information. This assessment is based on the annual reports published by the banks which are publicly available.

2.5. Regulatory environment

The Company, as an Ethiopian commercial bank, operates within a dynamic and increasingly sophisticated regulatory environment, spanning the highly regulated banking and mobile financial services sectors. This regulatory landscape is undergoing a profound transformation, anchored by key legislative instruments such as the new Banking Business Proclamation and the establishment of the ECMA. This policy shift signals a move toward phased market liberalisation and enhanced oversight, aimed at attracting foreign investment, fostering competition, and broadening financial inclusion.

The Company's operations, which range from traditional commercial banking activities like deposit mobilisation and lending to modern digital and mobile financial services, are governed by a complex web of laws, proclamations, regulations, and directives. Upon the completion of its public offering, the Company will also be subject to the emerging oversight of the ECMA, established under the Capital Market Proclamation. The ECMA introduces a new layer of compliance and disclosure obligations, governing the issuance, trading, and listing of securities.

2.5.1. Principal regulatory authorities and their mandates

The Company is subject to dual regulatory oversight from the NBE (for prudential matters) and the ECMA (for public listing and disclosure):

2.5.1.1. NBE

The NBE is the central bank and the primary supervisor for the banking sector. The NBE is responsible for issuing, renewing, suspending, and revoking banking licenses, as well as setting standards for capital adequacy, risk management, liquidity, and governance. Under the NBE Proclamation No. 1359/2025 (the "NBE Proclamation") and the Banking Business Proclamation, NBE's mandate includes promoting financial stability and integrity and protecting the interests of depositors and the public. In addition, NBE supervises the mobile financial services sector, overseeing the authorisation and regulation of payment instrument issuers.

2.5.1.2. ECMA

Established by the Capital Market Proclamation, the ECMA is an autonomous regulatory body overseeing the issuance, offering, trading, and settlement of securities. The ECMA is responsible for prospectus approval, listing requirements, and imposing disclosure obligations on public companies Although the NBE currently provides comprehensive directives on corporate governance for banks, the ECMA's broader mandate concerning public companies introduces a complex regulatory dynamic that will necessitate meticulous management by the Company as it transitions to a publicly traded status. The prospective implementation of additional corporate governance or disclosure regulations by the ECMA may prompt the Company to reassess its compliance frameworks to ensure alignment and mitigate any risks of overlapping or conflicting requirements.

2.5.1.3. Supplementary Authorities

Additional authorities with specific, yet consequential, roles include the Financial Intelligence Service ("FIS"), which acts as the central body for the reporting and analysis of AML and CFT activities.

The Ministry of Trade and Regional Integration ("MOTRI") is vested with the mandate to administer the Trade Competition and Consumer Protection Proclamation No.813/2013 ("TCCP Proclamation") across all sectors of the economy and, in that capacity, may coordinate with the NBE on competition-related matters affecting the banking industry. In addition, the NBE has established the Financial Consumer Protection and Education Directorate, which operates as an external dispute resolution mechanism for consumers of financial services and engages with the MOTRI to ensure alignment on matters of competition and consumer protection within the financial sector.

The Ethiopian Communications Authority serves as the regulatory body responsible for overseeing personal data protection, including the processing of personal data collected during the provision of digital services such as banking. In this regard, it works in coordination with the NBE and engages directly with commercial banks to ensure that data protection standards are effectively implemented across the financial sector and aligned with sector-specific supervisory frameworks.

The AABE has a role in establishing and enforcing accounting and auditing standards, which banks in Ethiopia are required to comply and implement the standards/ regulations. The AABE also regulates the professional conduct of accountants and auditors and reporting to protect the public interest.

The Ethiopian Deposit Insurance Fund operates as an independent institution accountable to the NBE to protect depositors and strengthen financial stability. It insures eligible deposits, collects premiums from member banks and microfinance institutions, manages and invests its resources, and processes insured claims in the event of institutional failure.

The Ethiopian financial regulatory matrix

Table 37: The Ethiopian financial regulatory matrix

Regulator	Mandate/jurisdiction	Key proclamations and directives
NBE	Primary banking sector regulation, licensing, supervision, prudential standards, monetary policy, foreign exchange control, and digital payment systems oversight.	Banking Business Proclamation, NBE Proclamation, Financial Consumer Protection Directive No. FCP/01/2020 ("FCP Directive"), Directive on IT Management of Banks, Licensing and Authorisation of Payment Instrument Issuers Directives.
The ECMA	Regulation and oversight of the capital market, public offerings, and securities trading, including the listing and delisting of public securities on the ESX, and corporate governance for publicly held entities.	Capital Market Proclamation, Public Offering Directive. The ECMA is also empowered to issue directives on corporate governance, disclosure of material information, and financial reporting for issuers of public offerings.
FIS	Central body for AML and CFT oversight. Receives suspicious transaction reports.	Prevention and Suppression of Money Laundering and Financing of Terrorism Proclamation No.1387/2025 ("AML Proclamation").
MOTRI	General administration of trade, competition, and consumer protection laws. Coordinates with NBE on matters affecting the banking sector.	TCCP Proclamation
Ethiopian Communications Authority	Oversight of personal data protection in digital services, including banking, telecom, and online platforms, ensuring privacy, security, and consumer rights.	Personal Data Protection Proclamation No. 1321/2024; Communications Service Proclamation No. 1148/2019.
AABE	Establishing and enforcing accounting and auditing standards, as well as regulating the professional conduct of accountants and auditors.	Establishment and Determination of the Procedure of the AABE Council of Ministers Regulation No. 332/2014.

Regulator	Mandate/jurisdiction	Key proclamations and directives
Ethiopian Deposit Insurance Fund (EDIF)	Established to enhance the financial system's stability by protecting depositors as part of Ethiopia's financial safety net. Mandated to collect initial and annual premiums from member banks and microfinance institutions, set and revise deposit insurance coverage (not less than Birr 100,000), assess and pay insured claims upon institutional failure, and invest and manage resources (including in Government securities).	Establishment and Operation of Ethiopian Deposit Insurance Fund Council of Ministers Regulation No. 482/2021; EDIF also has the power to issue directives necessary for the implementation of this regulation.

2.5.2. Key legislation governing the Company

The Company's operations are governed by a comprehensive legal framework, anchored by a set of foundational proclamations. The most significant of these is the new Banking Business Proclamation which repealed and replaced its predecessor and represents a historic policy shift. This legislation formally permits the phased re-entry of foreign banks into the Ethiopian market for the first time in 50 years, expanding the definition of a "Bank" to include foreign banks, their subsidiaries, and their branches. This strategic move aims to enhance competitiveness, attract foreign direct investment, and ultimately enhance financial inclusion.

The Banking Business Proclamation and its accompanying directives constitute the principal legal framework for all aspects of banking activities, including licensing, capital requirements, and corporate governance. The Banking Business Proclamation outlines specific modalities for foreign banks to enter the Ethiopian market. These include the establishment of partially or fully owned subsidiaries, allowing foreign banks to operate as independent entities while complying with Ethiopian banking regulations. Foreign banks may also open branches or representative offices; however, they are prohibited from operating both deposit-taking and non-deposit-taking branches concurrently. The acquisition of shares in existing domestic banks is another permitted entry modality. As of the date of this Prospectus, the Government, through the NBE, has commenced the phased liberalisation of the banking sector to allow the entry of foreign banks, pursuant to the Banking Business Proclamation and related directives. The liberalisation process is expected to gradually increase competition and foreign participation in the banking sector, in line with Ethiopia's broader financial sector reform agenda.

The Commercial Code provides the foundational legal framework for the Company's existence as a "Share Company" with fixed capital and limited shareholder liability. However, for licensed financial institutions, the general provisions of the Commercial Code are often explicitly superseded by the more specific and stringent directives of the NBE. This distinction is critical and demonstrates the specialised and enhanced nature of banking regulation compared to general corporate law.

Finally, the Capital Market Proclamation, which established the general requirements as well as specific requirements of registration of securities under its directives will apply to the Company upon the completion of its public offering. This proclamation mandates that a publicly traded security must be registered with the ECMA, and it imposes new ongoing disclosure obligations on the Company as an issuer of public securities. The following table summarises the key regulatory instruments influencing the Company's operations and this public offering:

Table 38: Key regulatory instruments

Legislation	Date of entry into force	Objective	Key requirements/ impact
A. Core banking and prudential regulations			
Banking Business Proclamation	12 March 2025	To establish the fundamental legal framework for banking activities, licensing, prudential standards, governance, and formally permit the phased entry of foreign banks into the Ethiopian market.	Mandates NBE supervision over licensing and prudential standards. Establishes strict foreign ownership caps (e.g., aggregate 49%; non-strategic corporate 10%; strategic 40%). Imposes a statutory 10% voting cap for any single voter (in person or by proxy).
NBE Proclamation	4 February 2025	To define the NBE's mandate, including monetary policy, licensing, and exclusive control over foreign exchange administration.	Restricts all capital account transactions unless explicitly exempted. Mandatory prior NBE approval is required for the repatriation of profits, dividends, and exit proceeds.
Minimum Capital Requirement for Banks SBB/78/2021 ("Minimum Capital Requirement")	12 April 2021	To set the minimum paid-up capital floor for commercial banks to ensure financial safety and soundness.	Mandates all commercial banks to meet a minimum paid-up capital of at least ETB 5.0 billion by June 2026.
Recovery Plan of Banks Directive No. SBB/93/2025	13 May 2025	Oblige banks to prepare robust recovery plans, including stress testing and early-warning systems, to restore financial health without Government support	Requires detailed recovery planning and Board accountability for crisis preparedness
Risk Based Capital Adequacy Requirement Directive	10 November 2025	To transition the banking sector toward Basel II/III risk-based capital standards, linking capital requirements to credit, market, and operational risk.	Requires banks to maintain a Total Capital Adequacy Ratio ("CAR") of 11% of RWA up from the current 8%. Requires significant investment in risk modelling and operational procedures.

Legislation	Date of entry into force	Objective	Key requirements/ impact
Large Exposures Directive SBB/87/2024	12 Jun 2024	To establish prudential limits to mitigate credit concentration risk and constrain potential loss from any single counterparty failure.	Caps aggregate financial exposure to any single/ connected counterparty at a maximum of 25% of the bank's total capital.
Asset Classification & Provisioning Directive SBB/90/2024 ("Asset Classification and Provisioning Directive")	12 Jun 2024	To mandate IFRS-aligned classification and provisioning standards based on Expected Credit Losses ("ECL") and prevent overstating profits.	Requires NPLs to be placed on a non-accrual status regardless of collateral value. Mandates continuous compliance monitoring and quarterly reports to the NBE.
Exposure to Related Party Directive No. SBB/88/2024	12 June 2024	To impose prudential limits on banks' aggregate financial exposures to related parties and ensure RPTs are conducted on arm's-length terms.	Caps total aggregate exposure to any single related party at 15% of the bank's total capital. RPTs exceeding ETB 15 million require prior approval by the bank's Board and Audit Committee opinion.
(1st Replacement) Directive to License and Authorise Interest Free Banking Business No. SBB/72/2019	18 June 2019	To regulate the provision of Shariah-compliant IFB services.	Mandates the establishment of a Shariah Advisory Council/Board and requires the segregation of IFB funds and operational processes.
B. Market conduct, consumer protection, and IT governance			
Trade Competition & Consumer Protection No. 813/2013	21 March 2014	To promote a competitive free market by protecting against anti-competitive and unfair market practices.	Prohibits collusion and abuse of dominance. Requires mandatory notification to the relevant authority for mergers or acquisitions potentially lessening competition.
FCP Directive	25 August 2020	To ensure fair treatment, clear disclosures, and effective handling of customer complaints in the financial sector.	Requires banks to provide "Key Facts Statements". Mandates internal complaints resolution within ten working days, with escalation to the NBE permitted thereafter.

Legislation	Date of entry into force	Objective	Key requirements/ impact
Requirements for IT Management of Banks Directive No. SBB/83/2022.	01 April 2022	To mandate IT risk management and compliance with national cybersecurity standards, ensuring operational resilience.	Enforces strict data localisation, requiring core banking data (primary and back-up) to be stored and processed exclusively within Ethiopia. Mandates maintaining a disaster recovery site / business continuity.
Licensing and Authorisation of Payment Instrument Issuers Directive No. ONPS/09/2023	6 October 2023	To regulate digital payment systems, mandate Ethiopian Instant Payment System ("EIPS") interoperability	Requires mandatory participation in the EIPS
Licensing and Authorisation of Payment Instrument Issuer (Amendment) Directive No ONPS/10/2025	12 May 2025	Strengthen transaction security and monitoring protocols.	Includes requirements for real-time monitoring and security audits.
Personal Data Protection Proclamation No. 1321/2024	24 July 2024	To establish the legal framework for personal data and privacy, requiring data to be collected and processed lawfully.	Reinforces the requirement for banks to store and process customer data within Ethiopia. Emphasises the need for express consent for data collection, processing, and transfer.
C. Capital market regulations			
Capital Market Proclamation	23 July 2021	To establish the ECMA, mobilise capital, and ensure the existence of an orderly, fair, efficient, and transparent market.	Establishes ECMA's jurisdiction over the issuance, trading, and listing of securities. Mandates registration of publicly traded securities. Imposes stringent ongoing disclosure obligations on issuers.
Public Offering & Trading of Securities Directive No. 1030/2024	24 November 2024	To implement rules governing public offerings, registration, advertising, and content to protect investors.	Requires prior ECMA approval of the Prospectus before issuing, placing, or advertising securities to the public. Mandates that securities issued are freely transferable.

Legislation	Date of entry into force	Objective	Key requirements/ impact
Directive for the Dematerialisation of Publicly Offered Securities No. 1047/2025	5 March 2025	To mandate the transition from paper-based securities to a secure, electronic system for holding securities via the CSD.	Legal title is established by electronic book entry maintained by the CSD, replacing physical certificates. Requires the Company to reconcile records between the CSD and its internal share register.
Ethiopian Securities Exchange Rulebook	December 2024	To prescribe comprehensive rules governing the listing, trading, and continuous obligations of securities issuers and members.	Sets initial listing requirements (e.g., minimum public float). Enforces strict timely disclosure of all material, price-sensitive information. Governs RPTs and the mandatory bid Rule.
D. Governance, corporate, and tax frameworks			
Commercial Code	12 April 2021	To provide the foundational legal framework for business organisations, defining the structure of a share company and general corporate rules.	Governs general corporate formation, meetings, and capital changes. NBE/ sectoral regulations supersede general provisions of the Code where conflict exists.
Prevention and Suppression of Money Laundering and the Financing of Terrorism Proclamation No. 1387/2025	2025	To strengthen the national AML and CFT framework and mandate beneficial ownership transparency.	Mandates enhanced Customer Due Diligence ("CDD") and ongoing monitoring. Broadens reporting obligations to the FIS.
Federal Income Tax Proclamation No. 979/2016 (as amended by the Income Tax (Amendment) Proclamation No. 1395/2025)	16 August 2016 and 1 August 2025, respectively	To govern taxation of corporate income, dividends, and capital gains; and introduce rules against tax avoidance and evasion.	Imposes corporate income tax at 30%. Imposes dividend withholding tax for non-residents at 10%. Imposes capital gains tax on the disposal of shares at 30%, which must be paid prior to legal transfer registration.
Stamp Duty Proclamation No. 110/1998	12 May 1998	To levy duty on documents, supporting the transfer of capital assets.	The instrument transferring title of equity (marketable securities) is subject to an ad valorem stamp duty, typically 2% of the agreed value.

2.5.3. The Company's business areas and regulatory alignment

The Company's business objectives, as outlined in its MOA, are fully aligned with the activities permissible under Ethiopian law and are subject to specific regulatory frameworks. This section provides a mapping of the core objectives to the relevant regulatory standards and compliance requirements.

2.5.3.1. Commercial banking activities

Lending and credit services

The Company's provision of loans, advances, and other credit facilities is strictly governed by a robust set of prudential standards designed to mitigate concentration and credit risk. The large exposures to counterparty or group of connected counterparties directive imposes a prudential limit, capping the aggregate credit exposure to any single counterparty or group of connected counterparties at a maximum of 25% of the Company's total capital at any given time. This regulation is a critical control measure to prevent excessive reliance on a few large exposures and to enhance financial stability.

Furthermore, the Asset Classification and Provisioning Directive provides a comprehensive framework for credit risk management and reporting, aligning the Company's practices with international standards such as IFRS. This directive mandates the classification of assets based on both payment performance and credit quality and introduces a key change requiring NPL to be placed on a non-accrual status regardless of collateral value. The directive also limits the number of times a loan can be restructured and requires the Company to submit quarterly reports to the NBE detailing its asset classification and provisioning levels. This heightened scrutiny signals a shift towards a more proactive, risk-based supervisory model, where the regulator expects the Company to maintain robust internal frameworks for credit portfolio management

Deposit mobilisation and customer protection

As a full-service commercial bank, the Company's mobilisation of deposits is central to its business model. The regulatory framework for this area focuses on ensuring financial stability and protecting consumers. The Company operates under a commercial banking license issued by the NBE, which requires annual renewal and strict adherence to the Banking Business Proclamation and accompanying directives. The NBE has broad authority to suspend or revoke this license if the Company violates directives or fails to comply with licensing conditions, underscoring the gravity of its ongoing compliance obligations.

Consumer protection, a cornerstone of deposit services, is governed by the FCP Directive issued by the NBE. This directive mandates fair, responsible, and transparent dealings with customers, requiring the Company to provide clear product information through tools such as a "Key Facts Statement" and to maintain effective, prompt, and free internal complaints procedures. The Company is required to establish a complaint-handling unit capable of receiving multilingual complaints, provide tracking numbers, and resolve investigations within ten working days, after which customers can escalate unresolved issues to the NBE's Financial Consumer Protection and Education Directorate.

2.5.3.2. Foreign exchange operations

The Company's foreign exchange operations are a critical and heavily regulated business area. The NBE retains exclusive power to administer foreign exchange controls, and only banks and other authorised dealers are permitted to conduct foreign exchange transactions. The new Foreign Exchange Directive represents a significant policy change, as it has repealed the previous framework that prioritised the allocation of FCY to specific sectors. Under the current regime, the Company is permitted to negotiate exchange rates and allocate FCY based on market conditions, subject to prudential limits on its open positions and FCY exposure, which are continuously monitored by the NBE. This shift provides the Company with greater operational flexibility while still ensuring that its foreign exchange activities are managed within a prudential risk framework.

2.5.3.3. Digital and mobile financial services

The Company's commitment to delivering digital and mobile financial services is situated within a modernizing regulatory framework designed to foster a resilient and interoperable digital financial ecosystem. The Company provides mobile, internet, and card-based payment services, all of which fall under the National Payment System Proclamation No. 718/2011 (as amended) and the Licensing and Authorisation of Payment Instrument Issuers Directives (ONPS/09/2023 and ONPS/10/2025). These directives mandate interoperability via the EIPS, real-time settlement, and enhanced data security. To offer mobile and agent banking services, the Company must obtain explicit written approval from the NBE. This approval process is distinct from the general banking license and is governed by directives such as the Licensing and authorisation of Payment Instrument Issuers Directives. These directives establish a minimum paid-up capital of ETB 100 million for new applicants and require banks to submit a detailed business plan demonstrating the operational and financial feasibility of their proposed services.

A core regulatory mandate for the digital payments landscape is interoperability. The Payment Instrument Issuers Directive mandates "wallet-to-wallet interoperability" for mobile money operators and requires all financial institutions offering digital payments to integrate into the EIPS for real-time transfers. This mandate ensures seamless transactions across different platforms, thereby promoting a more unified and efficient national payment infrastructure. The Company's systems must be interconnected with the networks of other licensed operators to facilitate services such as interbank fund transfers and standardised QR code payments.

The NBE's oversight of mobile and agent banking services is extensive and requires granular, ongoing compliance and reporting. The Company, as a payment instrument issuer, is required to submit comprehensive quarterly reports to the NBE within seven calendar days after the end of each quarter. These reports must detail account balances, transaction volumes, outstanding electronic money, system interruptions, and customer complaints, broken down by various categories such as user type, region, and gender. The NBE also requires the immediate reporting of any cybersecurity breaches, data loss, or actual/attempted fraud upon discovery. This rigorous reporting framework ensures transparency and allows the NBE to conduct remote monitoring and oversight of the Company's digital operations and operational health.

The Company is required to align its digital systems with national cybersecurity standards set by the Information Network Security Agency (“INSA”). In fact, NBE directives explicitly oblige the Company to incorporate INSA’s cybersecurity requirements into its IT risk management programs. This means the Company must ensure data confidentiality, system integrity, and protection against cyber threats in its digital channels, in coordination with INSA's regulations and periodic audits. Additionally, digital banking services must protect consumers. In accordance with the FCP Directive, any financial services offered through digital channels (e.g., mobile banking apps or USSD services) require clear disclosure of fees and terms, and data privacy for customers must be guaranteed. Ethiopia's broader digital laws – such as the Electronic Transactions Proclamation No. 1205/2020 and the Personal Data Protection Proclamation No. 1321/2024 – also apply, requiring valid electronic contracting and safeguarding of personal data in digital services. In sum, the Company's digital banking and payments operations are conducted under the oversight of the NBE (the primary regulator), with technical security compliance guided by INSA, ensuring that all e-banking products are legally compliant, secure, and consumer-friendly.

2.5.3.4. IFB

The Company offers IFB services, which are fully recognised and regulated in Ethiopia's banking framework. The Banking Business Proclamation expressly allows banks to deliver IFB services alongside conventional services, or to be established as dedicated full-fledged interest-free banks, pursuant to NBE approval. The NBE has put in place specific directives to govern IFB operations, notably, the Licensing and Authorisation of IFB Business Directive No. SBB/72/2019. This directive is a landmark that permitted Ethiopian banks to open IFB windows and even to establish standalone Islamic banks. It requires the establishment of dedicated Shariah advisory structures and the segregation of funds to ensure all activities comply with Islamic finance principles. The directive obliges banks to constitute a Shariah advisory council/board with independent scholars responsible for oversight of compliance, and to maintain separate accounts and operational processes for IFB windows or subsidiaries. Amendments such as Directive SBB/94/2025 further refine prudential requirements, governance obligations, and reporting for IFB institutions. IFB products must also comply with general prudential rules, including asset classification and provisioning, consumer protection, and CFT obligations, adapted to Islamic contracts such as Murabaha, Ijara, and Musharaka. The NBE supervises IFB portfolios to ensure compliance with both Shariah and national banking law.

2.5.3.5. Asset and property transactions

The Company is authorised to acquire, manage, and dispose of movable and immovable assets for banking purposes, including residential and commercial properties. Such activities are governed by the Commercial Code, the Limitations on Investments by Banks Directive, and IFRS standards. The Limitations on Investments by Banks Directive caps non-core investments at 15% of the Company's total capital, with stricter limits on specific assets like insurance companies (5%) and real estate (10%). The Company is required to report all qualifying equity investments to the NBE within 30 business days of acquisition.

Agency and trustee roles

As part of its business objectives, the Company acts as an agent, trustee, and custodian for customers, which includes the safekeeping of valuables and the management of investment funds. These fiduciary roles are subject to the Civil Code of Ethiopia (1960) and the Capital Markets Proclamation. Once the Company becomes involved in securities services, custodial banks are required to segregate client assets, maintain fiduciary accounts, and comply with all applicable ECMA directives.

Ancillary and other permitted activities

The Company may undertake other related or ancillary business activities with the prior approval of the NBE where required by law. This includes services such as bancassurance, leasing, FinTech partnerships, and capital market activities. These activities require compliance with both NBE directives and oversight by the ECMA and the ESX.

Alignment of the Company's core business areas and regulatory requirements matrix

Table 39: Alignment of the Company's core business areas and regulatory requirements matrix

Core business area	Relevant regulatory framework	Key provisions/requirements
Deposit mobilisation, lending and credit services	Banking Business Proclamation, Large Exposures to Counterparty or Group of Connected Counterparties Directive, Asset Classification and Provisioning Directive, FCP Directive.	Capped exposure to a single counterparty at 25% of total capital; IFRS-aligned asset classification and provisioning; consumer protection standards for deposit holders; transparent disclosure of terms.
Foreign exchange operations	NBE Proclamation, Foreign Exchange Directive, Banking Business Proclamation.	Licensing and authorisation by the NBE; management of open positions and exposure limits; compliance with new market-based allocation framework.
Digital and mobile financial services	National Payment System Proclamation, Licensing and Authorisation of Payment Instrument Issuers Directives, Regulation of Mobile and Agent Banking Services Directives, Use of Agents Directive.	Explicit written NBE approval; a minimum paid-up capital of ETB 100 million for new applicants; mandatory wallet-to-wallet interoperability and EIPS integration; stringent quarterly reporting requirements.
Corporate governance and statutory compliance	Commercial Code, Banking Business Proclamation, Banks Corporate Governance Directive, Requirements for Persons with Significant Influence in a Bank Directive.	NBE approval for Board, Executive Management and the executive officers of the Company excluding the CEO and CFO (“Executive Officers”) appointments; "fit and proper" criteria; strict limits on shareholding and control changes; mandatory board committees (audit, risk, remuneration, governance); dividend restrictions tied to capital adequacy.

2.5.4. Cross-cutting regulatory and risk management frameworks

Beyond the sector-specific regulations, the Company is also subject to a suite of cross-cutting frameworks that govern all of its business areas, reinforcing its overall risk management and compliance posture.

2.5.4.1. Prudential and capital requirements

The Company is subject to a number of prudential and capital requirements under the Banking Business Proclamation and directives of the NBE as set out in the table below.

Key prudential and capital requirements

Table 40: Key prudential and capital requirements

Requirement	Applicable proclamation/directive	Current requirement/limit	Notes
Minimum paid-up capital	Banking Business Proclamation, Minimum Capital Requirement Directive	ETB 5 billion (fully paid in cash)	All existing commercial banks must meet this requirement by the end of June 2026.
CAR and risk-based capital	Banking Business Proclamation and Risk Based Capital Adequacy Requirement Directive	CET1 7%, Tier 1 9.0% Total capital 11.0% (of RWAs). RWA for market and operation risk= capital charge x 9.1. Effective 10 November 2025; first regulatory templates dur for the quarter ending 31 March 2026; full compliance (including mina) from 31 December 2026.	Dividend distribution is contingent on maintaining the required CAR. The NBE may revise standards under any future risk-based capital frameworks. Dividends may not be paid if doing so breaches the SBB/95/2025 minima; and that FX breaches under SBB/96/2025 can also lead to prohibition from declaring or paying dividends as a supervisory sanction.
Large exposure limit	Large Exposures to Counterparty or Group of Connected Counterparties Directive No. SBB/87/2024	25% of total capital	Applies to aggregate exposure to any single counterparty or group of connected counterparties.
Related parties exposure	Exposure to Related Parties Directive No. SBB/88/2024	15% of total capital	Capped exposure to any single related party.
Legal reserve fund	Banking Business Proclamation	25% of annual net profit	Allocation is mandatory until the reserve equals the bank's paid-up capital.
Non-banking investments	Limitations on Investments by Banks Directive No. SBB/92/2024	15% of total capital	Aggregate investment limit in non-core business activities.

As of 30 June 2025, the Company's paid-up capital was ETB 15 billion, exceeding the minimum threshold of ETB 5 billion stipulated under the minimum capital requirement directive.

In addition, the Company is required to maintain a CAR at or above the level prescribed by the NBE. Under the Risk Based Capital Adequacy Requirement Directive, the minimum ratios are CET1 7.0%, Tier 1 9.0%, and total capital 11.0% of total RWA. RWA equals credit-risk RWA plus capital charges for market and operational risk, each multiplied by 9.1. Banks begin quarterly reporting for the quarter ending 3 March 2026 must meet all minima from 31 December 2026. As of 30 June 2025 the Company reported a total regulatory capital of ETB 21,257,587 thousand and total RWA of ETB 226,017,511 thousand, resulting in a CAR of 9.41%, remaining above the current minimum 8% requirement. Dividend distributions are permitted only when the Company is in full compliance with this capital adequacy standard. In addition, under the Foreign Exchange Exposure Limits of Banks Directive No. SBB/96/2025 ("Foreign Exchange Exposure Limits of Banks Directive"), repeated non-compliance with the overall ±18% of Tier 1 end-of-day net open FCY position limit and daily reporting duties may result in supervisory measures including prohibition from declaring or paying dividends.

The Company's aggregate exposure to any single counterparty or group of connected counterparties is capped at 25 percent of its total capital, while exposures to related parties are limited to 15 percent of total capital. The Company continues to monitor and report its exposures to ensure compliance with these prudential limits.

The Banking Business Proclamation further requires the allocation of at least 25 percent of annual net profit to a legal reserve fund until such reserve equals the Company's paid-up capital.

Finally, the Limitations on Investments by Banks Directive restricts non-core investments to an aggregate of 15 percent of total capital. The Company's equity investments remain within this regulatory ceiling and are reported periodically to the NBE as part of its compliance obligations.

Market competition regulation

Market competition in the Ethiopian banking sector is primarily governed by the TCCP Proclamation, the Banking Business Proclamation and the FCP Directive, as administered by MOTRI and NBE, respectively.

The TCCP Proclamation is the principal legal framework for regulating competition across all sectors of the economy, including banking. It prohibits anti-competitive practices such as price-fixing and bid-rigging, abuse of dominant market positions, and certain types of mergers or acquisitions that may substantially lessen competition. The MOTRI is the competent authority responsible for enforcing competition law in Ethiopia.

The Banking Business Proclamation regulates the licensing, operation, and supervision of banks, including provisions on market entry, governance, and foreign ownership limitations (currently capped at 49%). While not competition-specific legislation, it indirectly promotes market competitiveness by establishing minimum standards and barriers to entry that preserve financial stability and integrity.

The FCP Directive, issued by the NBE, focuses on safeguarding the rights and interests of financial consumers, enhancing transparency, fairness, and accountability within the financial sector.

While MOTRI is mandated to enforce competition law across all sectors, the NBE retains primary supervisory authority over the banking sector and may coordinate with MOTRI in addressing competition-related matters within the banking industry. This includes monitoring market conduct and intervening in cases of anti-competitive behaviour in accordance with applicable legal and regulatory instruments.

Accordingly, the Company, as a licensed banking institution in Ethiopia, is required to comply with all applicable laws and regulatory standards relating to market competition.

The Company remains fully licensed and compliant under the Banking Business Proclamation and continues to meet all requirements under directives and circulars issued by the NBE, including those relating to capital adequacy, liquidity, proportion of overdraft loans, non-performing loans ratio, revolving facility, FCY cash holding, and reserve requirements as of the 2025 FY.

Further, the Company has not been subject to enforcement action under the Trade Competition and Consumer Protection Proclamation No. 813/2013 or the FCP Directive in the last three years. The Company maintains NBE-approved consumer protection and complaint-handling procedures and, in line with the NBE's requirements, has established a dedicated consumer protection unit.

The Company has prepared and submitted to the NBE its consumer protection policy and procedures, which have been formally approved. In addition, in accordance with the NBE's directives, the Company provides monthly customer complaint reports and complies with other obligations relating to consumer protection. The Company has therefore fulfilled all requisitions of the NBE and has not been subject to enforcement action by the MOTRI or NBE in this regard.

2.5.4.2. Consumer protection

Consumer protection in the Ethiopian banking sector is primarily governed by the Banking Business Proclamation, complemented by the FCP Directive issued by NBE, as well as the Trade Consumer Protection Proclamation No.813/2013, which is currently administered by MOTRI. Under this framework, banks are required to ensure fair treatment of customers, transparency in the disclosure of terms and conditions, and the establishment of accessible mechanisms for handling consumer complaints. The NBE oversees these obligations and has the authority to issue directives and monitor compliance by licensed banks.

In particular, each bank is expected to establish and implement appropriate internal policies and procedures for consumer protection, including a mechanism for receiving, investigating, and resolving customer grievances. The NBE may review and approve such procedures as part of its supervisory mandate.

As a licensed banking institution in Ethiopia, the Company is required to comply with all applicable consumer protection obligations under the Banking Business Proclamation, relevant NBE directives, and any requirements issued by MOTRI under the general competition and consumer protection laws.

2.5.4.3. Quality of services

The NBE, as the central bank and primary regulator of the Ethiopian financial sector, has established a comprehensive regulatory framework to ensure the safety, soundness, and integrity of financial institutions. This framework emphasises financial consumer protection, institutional self-reliance in risk management, and robust digital infrastructure.

Key directives governing customer service standards, operational reliability, and complaint handling mechanisms include:

- The FCP Directive establishes fair, responsible, and transparent financial transactions to build consumer trust, requiring financial service providers to treat customers equitably and without discrimination, provide clear and timely product information through tools such as a “Key Facts Statement,” protect and use consumer data only for legitimate purposes, and maintain transparent, effective, prompt, and free internal complaints procedures. Institutions must set up complaint-handling units capable of receiving multilingual complaints, provide tracking numbers, conclude investigations within ten working days, and inform consumers of external dispute resolution mechanisms, including escalation to the NBE’s Financial Consumer Protection and Education Directorate, which manages a three-step escalation process where internal resolution is not achieved within the required period.
- The Banking Recovery Plan Directive requires all banks to develop and implement robust recovery plans—incorporating scenario analysis, stress testing, and early-warning systems—to restore financial health during severe stress without NBE or Government support, with boards held directly accountable for crisis preparedness.
- The Directive on information technology management of banks mandates full automation of core processes such as CDD, loan processing, and money transfers, and requires strong IT risk management frameworks, cybersecurity compliance with INSA standards, and strict data security rules obliging all customer data to be stored and processed within Ethiopia. Banks must also maintain disaster recovery sites and comprehensive business continuity plans to ensure uninterrupted operations.
- Finally, the Payment Instrument Issuers Directive modernises Ethiopia's digital payment landscape. It mandates "wallet-to-wallet interoperability" for mobile money operators and requires all financial institutions offering digital payments to integrate into the EIPS for real-time transfers. To bolster security, transactions exceeding ETB 5,000 require two-factor authentication, and institutions must implement real-time KYC processes and risk-based transaction monitoring to prevent fraud. Payment instrument issuers are also required to conduct security audits every six months.

These directives collectively aim to foster a transparent, resilient, and customer-centric financial ecosystem in Ethiopia, contributing to overall financial stability and public confidence. As part of its supervisory role, the NBE may investigate service quality issues and take regulatory action, including the issuance of directives or imposition of penalties, where necessary to protect consumers and ensure system integrity.

The Company has complied with these requirements and is currently preparing and crafting its recovery plan in accordance with Recovery Plan of Banks Directive SBB/93/2025 and will submit the final plan to the NBE as required. The Company undergoes annual IT and cybersecurity audits conducted by independent and qualified external security companies, which include global certifications such as the annual PCI-DSS and SWIFT compliance reports. Any identified gaps are promptly mitigated, after which the assessor company conducts a re-audit to confirm full closure. In addition, the Company performs quarterly risk assessments and submits regulatory risk reports to the NBE in compliance with the Requirements for IT Management of Banks Directive SBB/83/2022.

The Company also submits monthly consumer protection compliance reports to the NBE in line with the requirements of the FCP Directive. Furthermore, the Company actively participates in the EIPS. Since January 2025, it has utilised EIPS through its Apollo channel for fund transfers across participating institutions and is working towards full migration of its interbank transfers to the EIPS.

The Company has also implemented the interoperable QR standard mandated effective December 2024, becoming an early adopter, and has distributed interoperable QRs to its merchant network to enable seamless person-to-merchant payments across the EIPS ecosystem. Audit confirmations and regulatory approvals evidencing EIPS compliance have been obtained. These initiatives and reports confirm the Company's commitment to high-quality service delivery, consumer protection, and technological resilience, aligning with the NBE's regulatory expectations.

2.5.4.4. AML and CFT regulations

The primary legislation governing AML in Ethiopia is the AML Proclamation. The new AML Proclamation significantly strengthens the existing AML/CFT framework. It introduces enhanced CDD requirements, expanding their scope to a wider range of transactions and relationships, and mandating more detailed identification and ongoing monitoring, particularly for higher-risk customers. The AML Proclamation also broadens reporting obligations to the FIS, including new provisions for threshold, suspicious cross-border, and beneficial ownership reporting. Furthermore, it clarifies the roles and responsibilities of various reporting entities, including banks, financial institutions, and designated non-financial businesses and professions. These changes aim to align Ethiopia's AML/CFT framework more closely with international standards set by organisations like the Financial Action Task Force, enhancing transparency and strengthening penalties and enforcement mechanisms. The AML Proclamation mandates that legal entities established in Ethiopia maintain adequate, accurate, and up-to-date information on their beneficial ownership and control structures and implement these strengthened risk-based CDD and reporting mechanisms.

As a financial institution operating in Ethiopia, the Company is subject to the AML Proclamation and must comply with its provisions, along with relevant directives issued by the NBE.

The powers and responsibilities of the NBE, including its role in administering foreign exchange controls, are governed by the NBE'S Proclamation No. 1359/2025. Under this framework, only banks and other authorised dealers licensed by the NBE can conduct foreign exchange transactions. The NBE is also authorised to issue directives regulating cross-border transactions, currency holdings, and exchange reporting obligations.

Therefore, the Company must comply with all applicable AML and foreign exchange control requirements administered by the NBE under the AML Proclamation and the NBE Proclamation.

2.5.4.5. Data protection laws

The primary legislation governing personal data in Ethiopia is the Personal Data Protection Proclamation Number 1321/2024. Additionally, the right to data privacy is enshrined in other laws, proclamations, and regulations. The Constitution of the Federal Democratic Republic of Ethiopia Proclamation No. 1/1995 establishes the fundamental right to privacy. Furthermore, Communications Service Proclamation No. 1148/2019 under Article 6(25), assigns responsibility to the Ethiopian Communication Authority to promote information security, data privacy, and protection. These various legislative instruments collectively emphasise the critical importance of obtaining express consent from data subjects for the collection, processing, and transfer of personal data.

As the Company retains a significant number of subscribers' personal data, it is required to comply with relevant data privacy and protection legislation, some of which are highlighted in this section.

2.5.4.6. Regulatory notifications and/or consents for change of control or transfers or changes in shareholding and directorship

In accordance with the Banking Business Proclamation and the Bank Corporate Governance Directive, the Company is required to obtain regulatory consents and make appropriate notifications in connection with changes in ownership and management.

2.5.4.6.1. Changes in shareholding and control

Under Ethiopian banking law, anyone seeking to acquire 2% or more of the shares or voting rights in a bank must obtain a prior written approval from the NBE. While shareholding is generally capped at 7% for individuals and 10% for legal entities, these limits do not apply to holdings by the Government or where the Banking Business Proclamation provides a specific exemption.

Notwithstanding these provisions, the maximum shareholding that may be held by regional governments and their enterprises in a bank transformed from a micro-finance institution is determined by NBE Directive. Additionally, banks are required to notify the NBE of any share transfer or change in beneficial ownership, even where the transfer does not meet the threshold requiring prior approval. The NBE retains discretion to object to any transfer if the acquirer is deemed unfit or if the transaction is considered contrary to the soundness of the banking system. These provisions apply equally to foreign investors, who are permitted to invest in Ethiopian banks subject to applicable laws, investment thresholds, and foreign exchange regulations. Foreign investors must also demonstrate regulatory approval from their home country and satisfy the NBE's "fit and proper" standards.

2.5.4.6.2. Appointment and removal of Directors, Executive Management and Executive Officers

The appointment of Board members, the Executive Management, and other Executive Officers (as defined by Banks Corporate Governance Directive) is also subject to prior written approval from the NBE. All proposed appointees are required to undergo a fit and proper assessment to evaluate their qualifications, experience, integrity, and financial standing. For foreign nationals, the NBE may request additional documentation, such as home-country regulatory clearances, certified academic records, and proof of experience in the financial sector. The NBE may also impose composition requirements for boards (e.g., independent directors, gender balance) and prescribe limits on tenures or concurrent appointments. The Company is fully compliant with these governance obligations and maintains active communication with the NBE on all board and executive matters. Any resignation, removal, or death of a member of Executive Management and Executive Officers must be promptly reported to the NBE. In the event of rejection by the NBE, the proposed appointee may not have any duties or represent the Company in any official capacity.

2.5.4.6.3. Risk management and governance standards

The NBE has issued new directives to strengthen the prudential regulatory framework governing risk management and governance standards in the banking sector. Of particular relevance is the Exposure to Related Parties Directive No. SBB/88/2024, which places a cap on a bank's total exposure to any single related party, whether directly or indirectly, at a maximum of 15% of the bank's total capital at any given time. The objective of this requirement is to mitigate concentration risk and reduce the potential for conflicts of interest or undue influence by related parties, thereby promoting prudent risk management and safeguarding the financial stability of licensed banks. The Requirements for Persons with Significant Influence in a Bank Directive No. SBB/89/2024 introduces enhanced fit-and-proper standards for individuals who exercise significant influence over a bank, including shareholders, Board members, Executive Management and Executive Officers.

These standards address integrity, competence, financial soundness, and professional experience, and are aimed at ensuring strong corporate governance, regulatory compliance, and ethical leadership within banks. In addition, the Risk Based Capital Adequacy Requirement Directive requires the Board to maintain a rolling 1–3-year capital strategy and ensure systems and automation for continual measurement of regulatory capital and credit market and operational RWA.

Collectively, these directives reinforce the NBE's efforts to promote a sound, transparent, and resilient banking system by strengthening internal governance frameworks and controlling exposure to related parties.

Failure to comply with the NBE's notification and approval requirements may result in the nullification of unauthorised share transfers or appointments, the imposition of monetary penalties and administrative sanctions, the ineligibility of the Company to obtain future licenses or approvals, and, in serious cases, the suspension or revocation of its operating license.

The Company remains fully compliant with the foregoing regulatory requirements and maintains ongoing communication with the NBE to ensure that all material changes in shareholding and management are properly disclosed and approved as required by law.

2.5.5. Application of the Commercial Code and NBE directives

The Company was established as a share company in Ethiopia pursuant to the provisions of the Ethiopian Commercial Code (Proclamation No. 166/1960, as amended, and now largely superseded by the new Commercial Code). As a private commercial bank licensed by the NBE, the Company is also governed by the Banking Business Proclamation and the various directives issued by the NBE. These include provisions on licensing, corporate governance, capital adequacy, fit and proper criteria for directors and managers, internal controls, and risk management frameworks.

This section outlines key provisions of the Commercial Code as adapted to the banking context, with specific references to applicable NBE directives.

2.5.5.1. Salient features of the Company

The Company is incorporated as a "Share Company" under Ethiopian law. Consistent with the provisions of the Commercial Code, its capital is fixed and divided into shares, and its liabilities are met solely from its own assets, thereby creating a distinct legal personality.

The liability of shareholders is limited to their respective share subscriptions. Under the Commercial Code, shareholders are not personally liable for the Company's debts or obligations beyond their committed capital.

While the Commercial Code sets the minimum capital requirement for share companies at ETB 50,000, the Company is subject to enhanced minimum paid-up capital requirements under the Minimum Capital Requirement. The Company has complied with the applicable minimum paid-up capital requirement currently set at ETB 5,000 million for commercial banks. As at 30 June 2025, the Company's paid-up capital was ETB 15 billion.

2.5.5.1.1. Corporate governance

The governance framework of the Company is established in accordance with the Commercial Code, the Banking Business Proclamation, and specifically the Bank Corporate Governance Directive. For the requirements and qualifications of directors, the Requirements for Persons with Significant Influence in a Bank Directive No. SBB/89/2024 is also directly applicable. These foundational instruments collectively govern the composition, appointment, qualification, responsibilities, and removal of directors for all banks operating within Ethiopia.

- **Board composition and structure** – The governance of the Company is subject to the provisions of both the Commercial Code and the Corporate Governance Directive. The Board shall consist of a minimum of twelve directors, the majority of whom must be non-executive directors. No director may serve on the boards of more than two financial institutions at the same time. Executive directors may not constitute more than one-third of the board. The Board is required to have at least one-fourth of its members serving as independent directors. Furthermore, the chairperson of the Board must be a non-executive director and must not hold significant shareholding or influence in the Company. While the Commercial Code generally stipulates a range of three to thirteen directors for share companies, these general provisions are superseded by the more specific and stringent corporate governance standards imposed by the Banking Business Proclamation and the Corporate Governance Directive for licensed financial institutions, reflecting the unique nature and systemic importance of banking operations.
- **Appointment and tenure** - Directors are appointed by the general meeting of shareholders in accordance with the Company's MOA and the relevant provisions of the Commercial Code. All appointments of directors, including re-appointments, require the prior written approval of the NBE, and each nominee must satisfy the "fit and proper" criteria set out in the Requirements for Persons with Significant Influence in a Bank Directive No. SBB/89/2024. These criteria include being at least holding at minimum a bachelor's degree, having not less than seven years of relevant professional experience in fields such as banking, law, risk management, finance, or management, demonstrating good moral character, integrity, and sound judgment, and having no disqualifying criminal record or prior regulatory sanction. A director may serve an initial term of up to three years and may be reappointed for one additional consecutive term, provided such reappointment also receives NBE approval. To promote fresh perspectives and prevent entrenchment, directors may not serve for more than six consecutive years on the board of the same bank, unless a specific exemption is granted by the NBE under exceptional circumstances. Following the completion of the maximum consecutive service, a cooling-off period of two years must elapse before a former director becomes eligible for re-election to the same board.
- **Board responsibilities** - The Board of Directors bears ultimate responsibility for setting the strategic direction of the Company, ensuring prudent oversight, and promoting sound corporate governance in line with its fiduciary duties. In accordance with the Corporate Governance Directive its responsibilities include approving the Company's strategy, business plans, budgets, and risk appetite; overseeing risk management, internal controls, and compliance frameworks; ensuring transparent financial reporting under IFRS and NBE directives and proposing external auditors and their fees to the shareholders; appointing and supervising the CEO and senior executives, including internal audit, risk, and compliance heads, while setting fair and prudent remuneration structures; ensuring prudent operations in compliance with laws, directives, and ethical standards, including the prevention of money laundering, fraud, bribery, and corruption; maintaining adequate capital and liquidity; preventing and managing conflicts of interest; adopting and enforcing codes of conduct

for the Board, management, and staff; developing succession plans, establishing effective Board committees, and conducting annual performance assessments of the Board, its committees, and individual directors; setting policies for shareholder relations and stakeholder engagement while monitoring management performance; and approving major investment decisions, acquisitions and disposals of material assets or technology, and related party transactions. These regulatory obligations have strengthened the Company's decision-making processes, enhanced transparency, and established a culture of accountability across all levels of management.

- **Directors' duties and liability** - Directors owe strict fiduciary duties of care, loyalty, and diligence to the Company and its shareholders, as mandated by the Commercial Code and reinforced by the Corporate Governance Directive. In fulfilling these duties, Directors must act at all times in the best interests of the Company and its shareholders without personal gain or prejudice; exercise independent judgment in Board deliberations and decisions; avoid and promptly disclose any actual or potential conflict of interest, abstaining from voting on matters where they have a direct or indirect personal interest; maintain strict confidentiality of all Company affairs and proprietary information; and otherwise conduct themselves with integrity and accountability. Directors are jointly and severally liable to the Company and its shareholders for any loss or damage caused by their failure to discharge their duties diligently and in accordance with applicable laws, directives, and the Company's constitutive documents. They bear the burden of proof in demonstrating that their actions were carried out with due care and in good faith. Regular regulatory reviews and internal performance assessments reinforce accountability and mitigate governance risks. The Company's governance framework also emphasises conflict-of-interest management, independence of judgment, and confidentiality.
- **Remuneration** - The Directors' remuneration is subject to shareholder approval and must comply with the limits set out under the Commercial Code. The NBE also oversees the remuneration structure to ensure its alignment with sound corporate governance, prudent risk-taking, and the long-term financial soundness of the bank, as per the Corporate Governance Directive.
- **Board committees** - In compliance with the Corporate Governance Directive, the Board is required to establish essential committees to enhance oversight and efficiency. These include an audit committee, composed entirely of non-executive directors and chaired by an independent director, responsible for overseeing the integrity of financial statements, the effectiveness of audit functions, and the adequacy of internal controls; a risk management committee, tasked with overseeing all major risk areas impacting the Company—including credit, operational, market, liquidity, and reputational risks—and ensuring the development and implementation of robust risk management policies; and a nomination and remuneration committee, responsible for formulating and overseeing policies on director and executive compensation to ensure that remuneration practices are fair, transparent, and aligned with prudent risk-taking and the Company's long-term objectives; and credit committee, whose primary objective is to assist the Board of Directors in reviewing and overseeing the Company's overall lending activities, including directing, monitoring, reviewing, and considering all matters that may materially impact the present and future quality of the Company's credit portfolio and credit risk management framework. The specific powers, responsibilities, and detailed composition of each committee are set out in the Company's internal governance charter, which has been approved by the Board and is aligned with NBE requirements. These committees have improved efficiency, specialisation, and transparency in Board oversight.
- **Removal of Directors** - A director may be removed from office by a resolution of the general meeting of shareholders at any time before the expiry of their term, in accordance with the

Commercial Code. The NBE possesses the authority under the Requirements for Persons with Significant Influence in a Bank Directive No. SBB/89/2024 to order the removal of a director at any time if it determines that the director no longer meets the fit-and-proper criteria, has violated applicable laws or directives, or has acted in a manner prejudicial to the safety and soundness of the Company. Directors who are removed by the NBE for cause may be barred from holding a directorship or any senior management position in any financial institution in Ethiopia for a period of up to three years, unless subsequently cleared by the NBE. This mechanism reinforces accountability and protects the Company's financial soundness and reputation.

- **Company Secretary** - Pursuant to the provisions of the Commercial Code and Corporate Governance Directive, every bank is required to appoint a company secretary, who plays a central role in supporting the Board of Directors, promoting sound corporate governance, and ensuring compliance with applicable legal and regulatory requirements. The company secretary's appointment and removal are subject to the approval of the Board of Directors, and the company secretary, while accountable to the CEO, operates within a governance framework that supports Board effectiveness and regulatory compliance. The company secretary plays a pivotal role in coordinating governance processes, ensuring regulatory compliance, and supporting effective Board function. Responsibilities include maintaining corporate records, organizing meetings, facilitating Board evaluations, and ensuring timely communication with regulators and shareholders. The company secretary must act with independence and integrity, serving the best interests of the Company and its stakeholders. The Company should support ongoing professional training and certification. The company secretary is personally liable for any breach of duty under the Commercial Code or the Company's constitutive documents. By maintaining independence and professionalism, the company secretary enhances governance continuity and ensures adherence to evolving NBE and international standards. The Company also supports ongoing professional training to strengthen this function.

2.5.5.1.2. Shareholder rights and information disclosure

In accordance with the Commercial Code, the Banking Business Proclamation, and the Corporate Governance Directive, the Company is legally required to respect, protect, and facilitate the exercise of shareholder rights and to maintain robust standards of disclosure and transparency.

Pursuant to Article 19 of the Corporate Governance Directive, the Company is required to ensure that shareholders are afforded certain rights, including secure and verifiable means to register and evidence their ownership of shares; the ability to convey or transfer their shares in accordance with applicable laws and internal procedures; the right to share in the Company's profits through dividend distributions subject to regulatory compliance; timely and regular disclosure of all material information relevant to the Company's performance, governance, and decision-making; participation in and voting at general meetings of shareholders; the right to elect members of the Board of Directors; and the right to appoint or approve the appointment of the Company's external auditor.

The Company is further required, under the Corporate Governance Directive, to ensure that related party transactions are disclosed, approved, and conducted in a manner that manages conflicts of interest and protects the Company and its shareholders. Board members, Executive Management and Executive Officers are legally obligated to disclose any direct or indirect material interest in any transaction or matter involving the Company.

In compliance with Article 19(5) of the Corporate Governance Directive, the Company is prohibited from employing anti-takeover devices that shield the Board or management from accountability to shareholders. It is further required to protect shareholders - particularly minority shareholders - from abusive actions by controlling shareholders and to ensure access to effective remedies. In addition, the Company must maintain the independence of the external auditor and keep an accurate and up-to-date register of shareholders.

Under the Commercial Code, shareholders are legally entitled to inspect and obtain copies of key corporate documents, including the Company's audited financial statements, minutes and resolutions of shareholder meetings, and reports of the Board of Directors. Furthermore, the Banking Business Proclamation, read together with the Commercial Code, requires the Company to maintain a publicly accessible website on which it must publish the MOA and Articles of Association, annual audited financial statements, disclosures of material conflicts of interest, and the notices, agendas, and resolutions of AGM. In addition to financial reporting obligations, the Company must comply with disclosure requirements, including: making its audited annual financial statements publicly available in a manner prescribed by the NBE (typically through publication in widely circulated newspapers and on the Company's website); presenting a copy of the audited financial statements to shareholders at the AGM and filing the same with the AABE and the NBE; and providing detailed disclosures on risk exposures, capital adequacy, related party transactions, provisioning, and other material items as may be specified by the NBE through directives and circulars.

2.5.5.1.3. Financial reporting

The Company is required to prepare annual financial statements in accordance with IFRS and to ensure compliance with applicable financial reporting and disclosure directives issued by the NBE.

Pursuant to the Manner of Reporting Financial Information Directive, the Company must submit financial information, excluding reserve and liquidity reports governed by other specific directives, to the NBE's supervision department within 20 days after the end of each reporting period. Such submissions must conform to the standardised formats, forms, and tables prescribed by the NBE.

The Company's annual financial statements must be audited by an external auditor approved by the NBE, in accordance with the Directive on the Appointment of External Auditors of banks. The appointed auditor has a statutory duty to report directly to the NBE any material irregularities, fraud, or suspected unlawful activity identified during the course of the audit.

The Company is required under the Banking Business Proclamation to allocate at least twenty-five percent (25%) of its net profit to a legal reserve fund at the end of each financial year. Notwithstanding this, when the legal reserve equals the capital of the bank, the amount to be retained as a legal reserve from the net profit each year shall be determined by a directive to be issued by NBE. Furthermore, the NBE may, by directive, specify the circumstances under which the legal reserve account may be reduced, in accordance and impose additional provisioning or reserve requirements beyond those stipulated in the Banking Business Proclamation. These provisions supersede the requirements of the Commercial Code for banks on these specific matters.

2.5.5.1.4. Dividends

The Company's dividend policy is governed by the prudential requirements of the NBE and applicable legislation, including the Banking Business Proclamation. Dividend distribution is contingent upon compliance with regulatory capital thresholds, solvency standards, provisioning requirements, and IFRS-based profit recognition. Effective 31 December 2026, dividend proposals will be assessed against the Risk Based Capital Adequacy Requirement Directive minima and reporting status.

Pursuant to NBE Minimum Capital Requirement, which establishes the current minimum paid-up capital requirements for banks, dividends may only be declared from retained earnings after the Company has met the minimum capital of ETB 5 billion (fully paid in cash) within the timeline stipulated by the NBE. In line with NBE supervisory expectations, banks that have not yet achieved the required minimum capital are generally expected to retain profits to strengthen their capital base, and dividend distributed may be restricted.

Furthermore, the Company must maintain compliance with the minimum CAR prescribed by the NBE, both before and after any proposed dividend distribution. The NBE may revise capital adequacy standards from time to time, including under any future risk-based capital frameworks. Dividends may not be paid where such distribution would cause the Company's CAR to fall below the required threshold.

Under the Banking Business Proclamation, dividends may only be declared from net profits after making all mandatory transfers and provisions. This includes the allocation of at least twenty-five percent (25%) of annual net profit to a legal reserve, until such reserve equals the Company's paid-up capital. The Company must also fully provide for loan losses and other prudential adjustments prior to determining distributable profits. Any accumulated losses from prior years must be fully offset before a divide may be declared. For repeated non-compliance with the Foreign Exchange Exposure Limits of Banks Directive, NBE prohibits declaring or paying dividends.

In addition, the Company may not declare dividends from unrealised accounting gains or IFRS transition adjustments. Profits must be derived from realised earnings, and any IFRS-related remeasurement surpluses (e.g., asset revaluations) are excluded from the computation of distributable profits, in accordance with guidance from the AABE and applicable NBE instructions.

While there is no fixed non-performing loan threshold that expressly prohibits dividend distribution, the NBE may restrict or object to proposed dividends where the Company's asset quality or provisioning level is deemed inadequate.

Dividend declarations are subject to review and, in some cases, prior approval by the NBE. The Company will submit all proposed dividend declarations for regulatory assessment to ensure ongoing compliance with capital and prudential requirements.

The Company's approach to dividend distribution seeks to balance the objective of providing a reasonable return to shareholders with the need to preserve capital adequacy, support sustainable growth, and comply with all applicable laws and regulations.

The MOTRI and the NBE both have supervisory jurisdiction over the Company. While the MOTRI exercises general corporate oversight under the Commercial Code, the NBE is the primary regulator of the Company under the Banking Business Proclamation.

The NBE may conduct on-site and off-site inspections, appoint administrators or take corrective action, require the Company to submit periodic financial and risk reports, and take enforcement action in the event of violations.

Additionally, shareholders holding at least 10.0% of the capital may petition for regulatory intervention or inspection in accordance with the provisions of the Commercial Code.

2.5.5.1.5. Shareholder meetings

General meetings of shareholders shall be convened in accordance with the MOA, the Commercial Code, and the Banking Business Proclamation. The NBE has the right to attend general meetings as an observer and must be notified in advance of all such meetings. Shareholder resolutions related to amendments of the MOA, changes in directors, capital increases, mergers, and dividend distributions may be subject to NBE non-objection or approval, as outlined in Banking Business Proclamation.

2.5.6. Application of Capital Market Proclamation

The Company's registration with ECMA as a share company with publicly owned shares will introduce a new ownership structure for the Company, which will be subject to a different set of laws and operational requirements as summarised below:

2.5.6.1. Regulatory compliance and oversight by the ECMA

The Capital Market Proclamation established the ECMA as an autonomous Government regulatory authority with oversight over the capital market in Ethiopia.

The powers and duties of the ECMA include (amongst others) to: (i) take administrative measures for the breach of the Capital Market Proclamation or the regulations or directives made thereunder including levying or financial penalties, publishing administrative findings of malfeasance by any person, suspending or cancelling licenses or authorisations, or other administrative measures; (ii) conduct off-site surveillance activities and on-site inspections with or without prior notice; (iii) inquire into the affairs of, or give directions to, any person to which the ECMA has granted a license, and any public bank, the securities of which are publicly offered or traded on an approved securities exchange or on an over the counter market; (iv) regulate and oversee the issue, and subsequent trading, both in primary and secondary markets, of securities; (v) supervise the listing and delisting of securities; and (vi) prescribe notices or guidelines on corporate governance of a bank whose securities have been issued to the public or a section of the public. Therefore, the Company will be subject to the regulatory oversight of the ECMA subsequent to the approval of this Prospectus and the associated registration statement.

As at the date of this Prospectus, the ECMA has not published any regulations or guidelines on corporate governance which are applicable to a bank whose securities have been issued to the public.

The Company has established a comprehensive regulatory and compliance framework to ensure adherence to applicable laws, directives, and supervisory expectations. The compliance function is positioned as an independent unit within the Company's corporate governance structure, reporting directly to the Board of Directors through the Chief Risk and Compliance Officer ("CRCO"). The Board provides strategic oversight, while Executive Management and Executive Officers are responsible for implementing the risk management framework approved by the Board. The CRCO oversees the compliance program and regulatory engagement, supported by compliance managers who handle day-to-day compliance and AML/CFT monitoring activities.

The compliance management function is staffed by 11 members, including the CRCO, compliance manager, senior compliance officers, senior risk management officer (regulatory compliance), and compliance officers. The function is organised into teams focused on AML/CFT monitoring and other regulatory compliance activities.

The responsibilities of the compliance function include developing and implementing the Company's compliance program; conducting customer due diligence and risk assessments; monitoring transactions for unusual or suspicious activity; reporting suspicious activities to the FIS; sanctions screening; delivering regular AML/CFT training to staff; and monitoring overall regulatory compliance through the Company's regulatory checklist. Dedicated teams within the compliance management unit over specific areas, particularly AML/CFT and regulatory compliance.

The Company employs several technology platforms to support compliance monitoring and reporting. These include the NetGuardian automated transaction monitoring system, the SWIFT transaction screening system for cross-border payments, the Financial Crime Management ("FCM") tool for sanctions screening against the UN sanctions list, and an automated reporting platform for the submission of Suspicious Transaction Reports ("STRs") and large cash transactions to the FIS.

Compliance monitoring is carried out on a monthly basis, with additional independent reviews performed by the internal audit function on an annual basis. Compliance status is reported monthly to the Executive Management, Executive Officers and the Board in the form of written reports, ensuring that oversight bodies remain continuously informed of compliance developments.

2.5.6.2. Public offering and trading of securities

In accordance with the Capital Markets Proclamation, any security intended for public trading must be registered with the ECMA prior to its offer or placement. This requirement is further detailed under the Public Offer Directive, which provides the regulatory framework for the public issuance and trading of securities in Ethiopia. Under these rules, no security may be offered, sold to the public, listed, or traded without prior registration with the ECMA, except in limited cases expressly exempted by law.

Before issuing or advertising any securities for a public offering, the Company is required to prepare a prospectus and obtain prior approval from the ECMA. The prospectus must contain complete and accurate disclosure of all material facts, including the Company's financial condition, governance structure, risk factors, use of proceeds, terms of the offering, and any other information necessary for investors to make informed decisions. Once approved, the prospectus must be published within thirty days of approval and at least ten days before the start of the offering, unless otherwise authorised by the ECMA, and it must remain publicly accessible in electronic form for a minimum of ten years.

In addition to the prospectus, the Company must sign and file a formal statement of registration with the ECMA in the prescribed form, accompanied by all required supporting documents and payment of the applicable registration fee. Any advertisement or marketing material related to the securities offering must also receive prior approval from the ECMA and must clearly state that a prospectus is or will be available, along with guidance on how investors may obtain it.

The ECMA is empowered to enforce compliance with these requirements through measures including warnings, fines, suspension or revocation of registrations, trading restrictions, corrective orders, or blacklisting of non-compliant issuers and market participants. Accordingly, the Company must ensure strict compliance with both the Capital Market Proclamation and Public Offer Directive in order to proceed with any public offering of securities, thereby safeguarding investor protection, enhancing transparency, and contributing to the orderly development of Ethiopia's capital markets.

2.5.6.3. Dematerialisation of securities

The Directive for the Dematerialisation of Publicly Offered Securities No. 1047/2025, issued under the Capital Market Proclamation, requires that all publicly offered securities in Ethiopia be issued, held, and transferred in electronic form rather than as paper certificates. This reform is intended to modernise securities settlement and custody practices, reduce risks of fraud and forgery, enhance transparency, and increase efficiency in the trading and transfer of securities.

As a result, once the Existing Ordinary Shares are registered at the CSD and the completion of the Rights Offer, all Ordinary Shares will be held in electronic form through the CSD.. Shareholders will no longer receive physical share certificates but will instead hold their interests in dematerialised accounts maintained with depository participants. Transfers of ownership will only be recognised when recorded in the CSD system.

The shift to dematerialisation has a direct impact on the Company's shareholder administration, requiring the establishment of robust systems to coordinate with the central depository, ensure accurate reconciliation of shareholder records, and provide timely communication and reporting to investors. The Company has already initiated the necessary internal arrangements to comply with this directive, including the alignment of its registrar and transfer functions with electronic systems, and will continue to work closely with the ECMA, CSD and the ESX to ensure a smooth transition to a fully dematerialised environment.

2.5.6.4. Ongoing disclosure obligations

Article 77 (1) of the Capital Market Proclamation requires an issuer of securities (such as the Company) that are the subject of a public offer, or which are publicly held, to inform the ECMA, shareholders of the issuer, and other holders of its securities as soon as reasonably practicable of any information. This includes any information about the Company and its subsidiaries that is necessary for the public to properly assess its financial position. The company must also disclose any information that could prevent a false market from forming for its securities or that might significantly impact their market price. Further, Article 77(5) of the Capital Market Proclamation requires an issuer to keep the public informed of all matters which affect the value of the securities, immediately upon their becoming known to the directors of the issuer, by placing an advertisement in a newspaper of general circulation and by reports to the ECMA and to any securities exchange on which they are listed. The ECMA is also empowered under Article 77(6) of the Capital Market Proclamation to issue additional requirements regarding disclosure of material information in a directive.

All issuers of public offerings shall disclose their audited financial statements in accordance with directives issued by the ECMA or rules issued by the ESX and approved by the ECMA.

2.5.7. Impact on the Company's business and strategy

2.5.7.1. Capital requirements

The minimum paid-up capital requirement of ETB 5 billion by June 2026 represents one of the most significant regulatory milestones shaping the financial and strategic direction of incumbent banks at time of issuing the directives. This threshold has been a central driver to most of the banks, compelling management and shareholders to prioritise capital accumulation as a prerequisite for continued operation and competitiveness in the sector.

To meet this requirement, the Company earlier on has implemented successive increases in its paid-up capital, mobilizing funds through additional share issuances and reinvested earnings. These initiatives have not only ensured ongoing compliance but also reinforced the Company's balance sheet, providing a stronger buffer against macroeconomic volatility, credit risks, and market shocks. As a result, as at 30 June 2025, the Company exceeds the minimum paid-up capital requirement of ETB 5 billion.

Beyond regulatory compliance, the capital build-up creates strategic headroom for growth. A larger capital base expands the Company's capacity to underwrite bigger and more complex credit exposures, finance infrastructure and corporate projects, and diversify its lending portfolio. It also enhances the Company's ability to invest in technology, digital banking platforms, and branch network expansion—areas critical for sustaining competitiveness in a rapidly evolving banking landscape.

Higher capitalisation further strengthens the Company's standing with regulators, investors, and international counterparties. A well-capitalised balance sheet improves credit ratings, attracts long-term investment, and builds confidence among depositors and institutional partners. This credibility is especially important as the Company positions itself to access future funding from both domestic and international capital markets.

The capital requirement also has implications for shareholder strategy. While successive capital calls may exert short-term pressure on shareholder returns, they are designed to secure the Company's long-term viability, ensure compliance with regulatory thresholds, and enhance overall enterprise value. The Company has complemented these measures with prudent dividend policies and strong financial performance to maintain shareholder confidence and support continued investment.

Looking ahead, the Company views the capital increase not simply as a compliance target but as a strategic enabler. By raising capital, the Company aims to reinforce its competitive position, capture growth opportunities in new market segments, and build the resilience necessary to thrive in Ethiopia's increasingly competitive and liberalised financial sector.

2.5.7.2. Risk-based standards (Basel II/III)

The transition towards risk based capital adequacy standards under Basel II and Basel III marks a fundamental shift in Ethiopia's regulatory landscape and has significant implications for the Company's balance sheet management, governance, and long-term strategy. Unlike traditional minimum capital requirements, which focused primarily on absolute capital levels, Basel II/III frameworks emphasise the quality, composition, and risk sensitivity of capital, requiring banks to adopt more sophisticated approaches to risk measurement and control. Under NBE's Risk Based Capital Adequacy Requirements Directive, banks must at all times meet minimum ratios of CET1 7.0%, Tier 1 9.0%, and Total Capital of 11.0% (all against total RWAs that include credit, market and operational risk), with market and operational risk capital converted to RWA using a 9.1 multiplier.

For the Company, this shift increases the importance of maintaining robust risk management practices across all business lines. The assessment of credit, market, and operational risks must now be integrated into capital adequacy calculations, ensuring that capital buffers are aligned with the underlying risk profile of assets. This necessitates the strengthening of internal risk modelling, credit appraisal standards, and portfolio diversification strategies to mitigate concentration risks. Risk-weighing follows the Basel ll/lll standardised approach using ratings from eligible external credit assessment institutions as mapped by the Risk Based Capital Adequacy Requirements Directive; due diligence on counterparties and correct application of higher-of-two/three ratings rules are explicitly required.

In anticipation of the NBE's Risk Based Capital Adequacy Requirement Directive and Basel II/III adoption, the Company has initiated preparatory measures to align its capital and risk management practices with international standards. Consistent with the strategic directions endorsed by the Company in its 15th general meeting, management has prioritised the enhancement of risk-based supervision readiness, including improvements in credit risk assessment, capital planning, and internal control systems. The Board is specifically responsible for a periodic (1-3 year) capital management strategy and for ensuring systems/automation to continually measure regulatory capital and RWAs across risk types. Quarterly quantitative and qualitative capital adequacy reports must be submitted to the NBE within 30 days of quarter-end, with prescribed content (capital composition/adjustments; drivers of changes m credit, market and operational risk). The Risk Based Capital Adequacy Requirements Directive took effect on 10 November 2025, with reporting beginning for the quarter ending 31 March 2026 and full compliance-including minimum ratios required from 31 December 2026.

The Board's risk management committee has been tasked with overseeing these initiatives and ensuring that capital adequacy remains comfortably above regulatory minimums as the Company progresses toward full Basel compliance.

The adoption of Basel II/III also requires the Company to place greater focus on credit quality and provisioning discipline. NPL must be carefully monitored and provisioned in line with international best practices. This approach enhances transparency and resilience but also requires significant investment in credit risk analytics, early warning systems, and recovery mechanisms.

In addition, the new framework compels the Company to reinforce its internal control environment and governance structures. This includes enhanced roles for risk management and audit functions, greater accountability at the Board and Executive Management levels, and stronger alignment between business strategy and prudential requirements. These measures not only improve compliance but also strengthen the Company's long-term sustainability and reputation in the market. (Administrative sanctions now attach to mis-definition of capital, miscomputation of capital requirements, and reporting delays under Risk Based Capital Adequacy Requirements Directive.)

The move towards Basel III, in particular, introduces a mixed Basel II/III approach as set out in the Risk Based Capital Adequacy Requirements Directive . Liquidity coverage and leverage ratio requirements are not established by the Risk Based Capital Adequacy Requirements Directive and, if introduced, would be via separate directives, which the Company will monitor and adapt once issued. Meeting these requirements requires the Company to carefully balance profitability with prudential soundness, ensuring that earnings generation, dividend policies, and growth ambitions remain consistent with regulatory expectations. This balance also shapes the Company's approach to funding, as greater emphasis is placed on stable and diversified sources of deposits and long-term financing.

Strategically, the Company views the adoption of Basel II/III not merely as a compliance exercise but as an opportunity to align with global banking practices. Strengthening capital adequacy and risk management enhances credibility with international investors and counterparties, laying the foundation for future access to foreign funding, partnerships, and cross-border transactions.

2.5.7.3. Foreign exchange and competition

The issuance of the NBE's Foreign Exchange Exposure Limits of Banks Directive has reshaped the Company's operating environment by setting prudential open-position limits while allowing banks to manage positions flexibly to support customer needs and a functioning FX market. The Foreign Exchange Exposure Limits of Banks Directive caps the overall net open FX position at ±18% of Tier 1 capital, measured on a consolidated basis (including forex bureaus and subsidiaries), with single-currency limits set by each bank within the overall cap. Banks must compute single-currency and overall positions using the shorthand method, include both on- and off-balance-sheet items (e.g., unsettled spots/forwards, LCs and guarantees likely to be called, options/swaps), and convert using the bank's own mid-rate at close of business. Any excess above the limit must be squared by the next business day.

The Company is among the top five banks in Ethiopia in terms of foreign exchange income and transaction volume, supported by its extensive branch network, strong correspondent banking relationships, and growing diaspora base. The Company will maintain competitiveness by aligning its treasury operations and branch network to the new prudential regime. Operationally, the Foreign Exchange Exposure Limits of Banks Directive requires daily position reporting to NBE by 12:00 noon on the next business day (Saturday reporting for Friday), maintenance of detailed daily records and reconciliations, and robust internal control/MIS with quarterly board-level internal audit reporting. Reporting failures attract a ETB 10,000 per-day fine; failure to rectify excess positions incurs interest at 10% (annualised) on the un-rectified excess; miscomputation/misreporting triggers an additional ETB 50,000 fine; repeated non-compliance can lead to supervisory sanctions (e.g., prohibitions on FX activity, dividends, new branches, use of NBE facilities). Consistent with the Foreign Exchange Exposure Limits of Banks Directive's preamble, the limit framework is intended to support availability of foreign exchange at competitive rates while preserving safety and soundness, and the Company's customer strategy (exporters/SMEs/diaspora) will be pursued within these prudential boundaries. This intensifies competition in critical areas such as pricing, product innovation, customer retention, and service quality.

At the same time, the new open-position regime comes with new challenges and risks.

Daily compliance with consolidated ±18% limits, intra-day prudent limits set by the Board, and next day squaring requirements demand enhanced treasury and ALM frameworks. The Company has strengthened daily FX liquidity monitoring, scenario-based exposure forecasting, and end-of-day reconciliations to ensure continuous adherence to limit and reporting obligations.

In anticipation of this shift, the Company prioritises compliance-led differentiation: tight first-line limit monitoring and automation, board-approved intra-day single-currency limits, and transparent client execution within the Foreign Exchange Exposure Limits of Banks Directive's measurement rules (including treatment of unsettled spots/forwards, LCs/guarantees, and derivatives). Key initiatives include strengthening relationships with domestic corporate clients, expanding tailored products for SMEs, scaling up diaspora-focused services, and leveraging digital banking channels to deliver faster, more accessible FX and trade finance solutions. By deepening customer loyalty and enhancing service delivery, the Company seeks to defend and grow its market share in a more competitive landscape. These steps complement the market-risk capital framework under the Risk Based Capital

Adequacy Requirements Directive, under which the capital charge for FX risk equals 11% of the bank's net global open position (reported quarterly to NBE), aligning risk-taking with capital discipline. Foreign Exchange Exposure Limits of Banks Directive took effect on 10 November 2025 and repeals the Limitation on Open FCY Position of Banks Directive No. SBB/27/2001.

The entry of foreign banks also creates indirect opportunities. The competitive pressure is likely to accelerate technology adoption, talent development, and industry-wide innovation, which can strengthen the overall financial ecosystem. By proactively investing in these areas, the Company positions itself not only to withstand competition but also to benefit from a more dynamic and globally connected banking sector.

2.5.7.4. Consumer protection and service quality

The introduction of the FCP Directive and related regulatory frameworks represents a significant development in aligning Ethiopia's banking sector with international standards of fairness, transparency, and customer-centricity. These regulations directly influence the Company's operations by requiring banks to adopt practices that ensure clear disclosure, equitable treatment of customers, and effective complaint resolution mechanisms.

A central element of these directives is the obligation to provide transparent and accessible information on banking products and services. Customers must be informed, in simple and understandable terms, about the costs, risks, and conditions of financial products. To comply, the Company has strengthened its disclosure standards, revised customer-facing documentation, and invested in multilingual communication tools to reach Ethiopia's diverse population more effectively.

Equally important is the requirement for robust complaint-handling and dispute resolution mechanisms. The Company has established dedicated units to handle complaints efficiently, ensuring fair and timely responses. These units are supported by digital channels and customer service platforms that enable clients to file, track, and escalate complaints seamlessly. This infrastructure not only addresses regulatory requirements but also strengthens customer trust and reinforces the Company's reputation for integrity and accountability.

The directives also mandate the fair treatment of customers across all segments, with a particular emphasis on protecting vulnerable groups, including rural populations, low-income customers, and first-time users of formal banking services. The Company has expanded staff training programs to build awareness of consumer rights and obligations, embedding fairness, inclusivity, and ethical conduct into day-to-day customer interactions.

While these regulatory requirements increase operational costs, particularly through investments in staff capacity, IT systems, and monitoring processes, they also create strategic benefits. Improved service quality enhances customer satisfaction and loyalty, reduces reputational risks, and positions the Company as a trusted brand in an increasingly competitive banking environment. Furthermore, by embedding strong consumer protection practices, the Company is better placed to meet the expectations of intern investors and development partners, for whom customer protection is a critical consideration.

Beyond compliance, the Company views consumer protection as a strategic differentiator. By exceeding minimum regulatory requirements and proactively building a customer-centric culture, the Company aims to gain a competitive advantage in attracting and retaining clients. Investments in digital channels, personalised customer service, and feedback-driven product design are integral to this strategy, ensuring that customer experience becomes a key pillar of growth.

2.5.7.5. AML/CFT compliance

The strengthening of Ethiopia's AML and CFT framework, through the AML Proclamation and directives issued by the NBE and the FIS, has significantly raised compliance expectations for financial institutions. These measures reflect Ethiopia's commitment to aligning with international standards set by the Financial Action Task Force and global best practices, and they have profound implications for the Company's operations and strategy.

The directives require banks to implement enhanced due diligence and know-your-customer procedures, particularly for high-risk customers and cross-border transactions. In response, the Company has established stronger customer identification processes, enhanced onboarding protocols, and continuous monitoring mechanisms to detect unusual or suspicious patterns of activity. These efforts ensure compliance while safeguarding the integrity of the financial system.

The Company has also invested in advanced transaction monitoring systems, integrating automated tools capable of real-time surveillance and flagging of suspicious activities. These systems are supported by data analytics and risk-based assessment models, which allow for better identification of emerging threats and more efficient allocation of compliance resources. By embedding technology into AML/CFT processes, the Company not only meets regulatory requirements but also enhances operational efficiency and accuracy.

A crucial component of the AML/CFT regime is the obligation to report suspicious transactions promptly to the FIS and maintain comprehensive records of customer and transaction data. The Company has institutionalised reporting frameworks, ensuring that compliance officers are adequately resourced and supported by robust internal escalation procedures. These structures help protect the Company against regulatory sanctions and reputational risks. To reinforce these systems, the Company conducts ongoing staff training and awareness programs. Employees across all levels are trained to recognise red flags, understand their reporting obligations, and uphold a culture of compliance. This emphasis on continuous training ensures that AML/CFT responsibilities are embedded in daily operations rather than confined to specialist teams.

While AML/CFT compliance is resource-intensive, involving significant investment in people, processes, and technology, it delivers important strategic benefits. Strong compliance practices protect the Company's reputation, sustain customer trust, and enhance credibility with international banks, correspondent institutions, and investors. In a liberalizing market where cross-border financial flows are expected to increase, maintaining a robust AML/CFT framework is essential for enabling international transaction and partnerships.

2.5.7.6. Technology and digital strategy

The regulatory directives on information technology management and the Payment Instrument Issuers Directive have a transformative impact on the Company's digital strategy, shaping how it develops, secures, and delivers financial services in Ethiopia's rapidly evolving market. These frameworks are designed to promote financial innovation while safeguarding the stability of the banking system, and they impose obligations that directly affect the Company's investments, operational priorities, and long-term competitive positioning.

One of the most critical requirements is data localisation, which mandates that banks store customer and transaction data within Ethiopia. To comply, the Company has invested heavily in modern, secure, and scalable data centres located domestically. This not only satisfies regulatory expectations but also enhances data sovereignty, security, and customer confidence.

The directive also enforces interoperability through the EIPS, requiring banks to ensure seamless connectivity and transaction processing across institutions. This obligation has accelerated the Company's digital integration efforts, enabling customers to transfer funds more conveniently and promoting inclusion by reducing barriers between financial service providers. In meeting this requirement, the Company is strengthening its role in the development of a unified national payments ecosystem.

Equally significant is the mandate for advanced cybersecurity protocols and IT risk management frameworks. As digital adoption grows, cyber threats pose increasing risks to both financial institutions and customers. The Company has responded by implementing multi-layered cybersecurity measures, conducting regular penetration testing, and establishing an enterprise-wide IT governance structure. These safeguards not only ensure compliance but also protect against reputational and financial losses.

The regulatory emphasis on technology also aligns with the Company's strategic ambitions to expand its digital banking services. Mobile banking, internet banking, and agent banking platforms have been scaled up to serve urban and rural populations alike, addressing Ethiopia's low financial inclusion rates. These digital channels, supported by secure payment instruments, are central to the Company's strategy of reaching underserved customers, improving convenience, and driving operational efficiency.

While compliance requires substantial upfront investment in IT infrastructure, systems, and skilled personnel, it also creates strategic opportunities for innovation and growth. By aligning with regulatory requirements, the Company is better positioned to introduce new digital products, build partnerships with FinTech firms, and compete effectively against both domestic rivals and potential foreign entrants. Furthermore, the focus on interoperability and cybersecurity enhances customer trust in digital channels, fostering adoption and long-term loyalty.

2.5.7.7. Capital market oversight

The Company's registration with the ECMA as a share company with publicly owned shares, including the Rights Offer Shares issued pursuant to this Prospectus, places it under the direct regulatory oversight of the ECMA. This development introduces a new layer of compliance obligations that extend beyond banking regulation, encompassing disclosure, governance, and shareholder rights in line with international capital market standards. For the Company, this oversight has both compliance implications and strategic benefits.

A key requirement is the obligation to provide timely, accurate, and comprehensive disclosures. The Company must now publish audited financial statements, material event notices, and quarterly performance updates to ensure that shareholders and the market are adequately informed. This higher level of transparency strengthens accountability but also requires investments in financial reporting systems, internal controls, and investor relations functions.

The Company is also subject to enhanced corporate governance standards. These include requirements for stronger Board oversight, independent directors, structured committees, and the protection of minority shareholder rights. Compliance with these governance standards improves decision-making, mitigates conflicts of interest, and aligns the Company with global best practices. At the same time, it creates an opportunity to enhance stakeholder trust and attract new classes of investors.

ECMA's oversight also expands the Company's strategic options for capital raising. Through the securities exchange, the Company has access to a wider pool of domestic and international investors, allowing it to diversify funding sources beyond traditional deposits and retained earnings. This access is critical for financing long-term growth initiatives such as digital transformation, infrastructure investment, and regional expansion.

While capital market oversight increases compliance costs, particularly in governance, disclosure, and audit requirements, it also enhances the Company's credibility and competitiveness. Transparent operations and strong governance appeal to institutional investors, including pension funds, sovereign wealth funds, and foreign portfolio investors, who place a premium on accountability and regulatory alignment.

Strategically, the Company views ECMA oversight as more than a compliance obligation. It is a platform for growth, reputation-building, and international alignment. By demonstrating adherence to rigorous capital market standards, the Company strengthens its reputation as a well-governed and transparent institution, positioning itself to benefit from increased investor confidence and deeper market participation.

2.5.7.8. Overall impact

The evolving regulatory framework presents both challenges and opportunities. Compliance requires significant investment in governance, IT, risk management, and reporting, increasing short-term operational costs. However, these reforms also enhance financial resilience, customer confidence, and investor trust, while aligning the Company more closely with international standards.

The Company therefore views regulation not merely as a constraint but as a strategic driver - one that strengthens sustainability, competitiveness, and access to growth opportunities in Ethiopia's liberalising financial sector.

2.6. Employees

As at 30 June 2025, the Company employed 11,114 permanent and 8,358 outsourced employees. The table below sets out the employees of the Company for the years ended 30 June 2025, 30 June 2024, and 30 June 2023.

Table 41: Employees

Employee	As at 30 June		
	2025	2024	2023
Executive level management	12	11	14
Middle level management	50	50	25
Senior level management	4	4	-

Employee	As at 30 June		
	2025	2024	2023
Operative level management	2,458	2,449	303
Experienced professional	389	388	917
Professional	3,914	4,331	1,217
Clerical	66	67	4,157
Junior level	2,632	2,625	2,830
Service worker	1,589	1,561	2,072
Total permanent staff	**11,114**	**11,486**	**11,535**
Number of outsourced staff	8,358	8,166	6,835
Number of total staff	**19,472**	**19,652**	**18,370**

Note: The executive level management category includes the Executive Management and all Executive Officers. The middle level management category comprises department directors and district directors. Senior level management encompasses advisors and deputy chief officers.

The Company's employees are distributed across Ethiopia in two categories, being head office and across the 10 districts. Set out below is a summary of the total employees by employee location:

Table 42: Total employees by employee location

Employee breakdown location	As at 30 June		
	2025	2024	2023
Head office	**1,681**	**1,617**	**1,478**
District			
Adama district	654	696	732
Bahir Dar District	1,323	1,329	1,445
Central District	1,194	1,266	1,147
Dessie District	771	785	807
Dire dawa district	549	571	765
East district	1,608	1,712	1,570
Hawassa district	785	827	724
Jimma district	605	664	742
Mekelle district	555	548	621
West district	1,389	1,471	1,504
District total	**9,433**	**9,869**	**10,057**
Total permanent staff	**11,114**	**11,486**	**11,535**

Further, the Company's employees are classified further by gender. Set out below is a summary of the total employees by gender:

Table 43: Total employees by gender

Gender	As at 30 June		
	2025	2024	2023
Male	7,267	7,547	7,577
Female	3,847	3,939	3,958
Total permanent staff	**11,114**	**11,486**	**11,535**

2.6.1. Employee benefit compensation

The Company offers comprehensive employee compensation benefits to all the Company's employees, including reward and incentive programs. The Company operates various post-employment schemes, including both defined benefit and defined contribution pension plans as well as post-employment benefits. Termination benefits are payable to Company employees, executives, and directors when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Allowances include cash indemnity allowance, fuel allowance, representation allowance, mobile allowance, hardship allowance, housing allowance, Saturday allowance, drivers' allowance, hearing allowance, health security allowance, motor vehicle allowance and provident fund (1.0%). The bonus is discretionary and is based on the individual's performance and the performance of the Company.

In addition to the allowances and benefits previously outlined, employees are also eligible for various credit facilities and supplementary benefits. The Company offers employees a 7.0% interest housing loan. As mandated by Ethiopian Revenues and Customs Authority, it pays tax on the benefit employees receive from this lower-than-market interest rate.

Other benefits include salary advances at a zero percent interest rate and gym subscriptions provided to members of the Executive Management and Executive Officers. In addition, the Company fully covers medical expenses (100%) for its permanent employees, with this benefit available for treatments up to and including hospital care. For spouses of permanent employees, the Company covers 90.0% of medical expenses, as long as the spouse does not receive equivalent benefits from another provider. However, this coverage for spouses is restricted to clinic-level treatments. To facilitate this, the Company establishes annual renewable agreements with selected hospitals and pharmacies.

In compliance with the NBE Directive No. SBB/67/2018, principles and limits for the compensation and allowances payable to members of the Board of Directors are limited to ETB 150,000 bonus annually and ETB 10,000 monthly salary. As of 30 June 2025, a total of ETB 2,430,000 (ETB 1,080,000 and ETB 1,350,000) has been paid in full to the nine-member board, following consensus at the AGM. Below are all the board members and their annual remuneration for 2025, 2024, and 2023:

Table 44: Board of Directors fee schedule

Board of Directors fee schedule	For the year ended 30 June		
	2025	2024	2023
ETB ('000)			
Directors			
Ato Mekonnen Manyazewal Meka	150	150	150
Ato Aemero Belete Simegne	150	150	150
Ato Meseret Melese Tefera	150	150	150
W/ro Emebet Woldeher Yizengaw	150	50	-
Ato Kasahun Zewdie Mengesha	150	150	150
Ato Mollalegn Melese Mengistu	150	50	-
Ato Solomon Alula Awlachew	150	50	-
Ato Yerom Gesese Yeneneh	150	50	-
Dr. Yihenew Zewdie Lemma	150	50	-
Ato Meseret Taye	-	100	150
Ato Berhanu Jijo	-	100	150
Prof. Belay Simane	-	100	150
Ato Yilkal Kassa	-	100	150
Dr. Yifru Tafese	-	100	150
Total	**1,350**	**1,350**	**1,350**

2.7. Debt position

The Company's debt (including borrowings, lease liabilities, customer deposits and other liabilities) as at 30 June 2025, 2024, and 2023 are set out below.

Table 45: The Company's debt position

	As at 30 June		
	2025	2024	2023
ETB (millions)			
Borrowings (local)	-	-	3,366
Customer deposits	243,180	192,509	158,537
Lease liabilities	331	267	343
Other liabilities	10,489	4,815	6,087
Total	**254,000**	**197,591**	**168,333**

The table below analyses the Company's customer deposits, lease liabilities and other liabilities into relevant maturity groupings based on the remaining period as at 30 June 2025 to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Table 46: Maturity of the Company's debt position

Year ended 30 June 2025	0 to 30 days	31 to 90 days	91 to 180 days	180 to 365 days	Over one year	Total	Carrying amount
ETB (millions)							
Customer deposits	87,964	21,351	14,961	22,657	96,247	243,180	243,180
Lease liabilities	-	-	-	96	235	331	331
Other liabilities	-	-	-	-	10,489	10,489	10,489

Customer deposits

Customer deposits represent savings, demand and fixed time deposits received from the private sector and retail customers, local and central governments, and public enterprises and agencies. Deposits due to other banks represent the amount of money owed by the Company arising from other banks' deposits in the form of savings, demand and fixed time deposits. These liabilities are initially measured at fair value minus incremental direct transaction costs and subsequently measured at their amortised cost using the effective interest method.

Lease liabilities

The lease liabilities relate to contractual payments due to lessors for branches and office premises that are on lease to the Company. The Company does not recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases, including ATM rent payments.

Other liabilities

Other liabilities include various accounts that do not fall under the major and specific liability categories. This category primarily includes, but not limited to, margin held on LC and other payables which stood at ETB 4,080 million and ETB 2,965 million as at 30 June 2025, respectively. Further detail on other liabilities is included in section 7.1.4.

The Company does not have undrawn facilities in respect of financing agreements as at 30 June 2025 or as at the date of this Prospectus.

2.8. Investment activities

The Company does not currently operate any subsidiary entities. However, the Company actively participates in equity investments across key sectors of the Ethiopian financial ecosystem and supporting infrastructure. Refer to Section 2.2 Business overview, Table 12 titled Equity holding of the Company, for the Company's equity investments and a description of the Company's material investments as at 30 June 2025.

The Company's Capital Expenditures ("Capex") budget is planned for enhancing the Company's strategic objectives of digital transformation and business expansion. Capex is broadly composed of three major categories, namely fixed asset procurement, building construction and maintenance, and IT and digital and other initiatives (projects).

The majority of the budget goes to acquisition of tools and equipment used for digital banking service expansion such as ATMs, ITMs, and similar assets, and for IT and digital banking initiatives which constitute IT and digital banking projects that the Company intends to implement in its 5-year strategy with the objective of enhancing digital transformation, and customer experience (IT applications for customer centricity solutions, cybersecurity, risk management areas).

The Company intends for funding to be sourced through capital raises and internal reserves.

2.9. Property, land, and fixed assets

The Company's assets include buildings held for long-term rental yields or for capital appreciation, motor vehicles for operational use, office and other equipment, furniture and fittings, computers and other related items and construction in progress, vehicles. The Company's extensive operational network necessitates a diverse property portfolio. The table below summarises the netbook value of property, plant, and equipment held for use in supplying goods or services, for rental to others, or for administrative purposes. These assets are expected to be used for more than one period and are categorised by asset type as at 30 June 2025, 30 June 2024, and 30 June 2023.

Table 47: The Company's property, land, and fixed assets

	As at 30 June		
	2025	**2024**	**2023**
ETB (millions)			
Buildings	2,184	1,963	1,553
Vehicles	801	918	695
Office and other equipment	2,630	1,317	956
Furniture and fittings	1,506	1,491	1,017
Computer equipment	843	712	545
Construction in progress	224	462	734
Total net book value	**8,188**	**6,863**	**5,500**

The table below sets out the 19 owned properties across major regions, categorised by type and location as at 30 June 2025. The Company holds the investment property at cost in the HFI in accordance with IFRS.

Table 48: The Company's properties owned, categorised by type and location

Property	Region	City	Type
Jimma district building	Oromia	Jimma City	District and office
Hawassa district building	Sidama	Hawassa City	District and office and rental service
Dilla branch building	South Ethiopia	Dilla City	Commercial and office
Dire Dawa branch building	Dire Dawa	Dire Dawa	Branch office and rental service
Dire Dawa district building	Dire Dawa	Dire Dawa	Branch and district office
Bahir Dar common building	Amhara	Bahir Dar	Branch office and rental
Ras Buildings (head office, block A and block B)	Addis Ababa	Addis Ababa	Head quarter and branch office
Motor pool (Mexico site)	Addis Ababa	Addis Ababa	Transport administration office (motor pool)
Belay Zeleke Road building	Addis Ababa	Addis Ababa	IFB and branch office
Contact center (Bole Medhanealem) building	Addis Ababa	Addis Ababa	Branch office and rental service
Kotebe buildings	Addis Ababa	Addis Ababa	Branch office and store for logistics department
Lideta condominium	Addis Ababa	Addis Ababa	District facility space
Lideta (2) condominium	Addis Ababa	Addis Ababa	District facility space
Kality store building	Addis Ababa	Addis Ababa	Rented warehouse
Legetafo store building	Oromia	Legetafo Town	Main warehouse
Bishoftu building	Oromia	Bishoftu City	Branch office and rental service
Mati building	Addis Ababa	Addis Ababa	District office, branch office and rental service
Dukem site	Oromia	Dukem City	Non-functional

2.10. Material contracts

The following contracts (not being contracts entered in to in the ordinary course of business) have been entered into by the Company (a) within the two years immediately preceding the date of this Prospectus which are, or may be, material to the Company; and (b) at any time and contain provisions under which the Company has an obligation or entitlement which is, or may be, material to the Company as at the date of this Prospectus:

2.10.1. Agreement with Eastern and Southern African Trade and Development Bank ("TDB") for letter of credit facility

The Company entered into an agreement with the TDB on 2 July 2025, established through an authenticated SWIFT exchange, for the provision of an uncommitted letter of credit facility. The agreement came into effect upon confirmation of acceptance by the Company and is for a duration of three years from the effective date, expiring on the third anniversary thereof, subject to renewal at the discretion of TDB if requested by the Company no later than 90 days before expiry.

The parties to the agreement are the Company, as borrower, and TDB, as lender. The subject matter of the contract is the provision of a trade finance facility, permitting the issuance, reissuance, confirmation, and refinancing of LC and standby LC. The total facility amount is USD 80 million, comprising an existing facility of USD 60 million increased by a further USD 20 million. As at the date of this Prospectus, the Company has utilised approximately USD 68 million of the USD 80 million facility.

Key commercial terms include the uncommitted nature of the facility, with utilisations subject to approval at the sole discretion of TDB. Each utilisation reduces availability under the facility and must have a tenor of not more than 360 days, subject to the final expiration date. Confirmation fees are payable for each LC, together with ancillary charges such as courier, SWIFT, amendment, and advising fees, calculated on a 360-day year basis. No interest applies to utilisations under the facility in the ordinary course. However, if the Company fails to repay or reimburse any utilisation on its maturity date, default interest becomes payable at a rate of 2.0% per annum above an interest rate consisting of the sum of the 12-month term Secured Overnight Financing Rate ("SOFR") and a margin determined by the lender in its sole discretion.

The agreement contains financial covenants that the Company must comply with on an ongoing basis. These include maintaining minimum capital adequacy ratios, Liquidity Coverage Ratios ("LCR"), and limits on NPL in accordance with prudential requirements, together with negative pledge undertakings and restrictions on incurring additional indebtedness. Compliance with these covenants is tested quarterly, with the Company required to deliver compliance certificates to the lender within 120 days of the end of each financial year and within 45 days of the end of each fiscal quarter. The lender also reserves the right to call for additional information and interim testing in the event of a material adverse change or at any time utilisation under the facility is outstanding.

The agreement contains detailed provisions on consequences of breach. The Company undertakes to repay or reimburse TDB without demand any utilisation at its stated maturity, and failure to do so attracts default interest at 2 percent per annum above 12-month SOFR plus a lender-determined margin. In addition, the Company must indemnify TDB for any losses, costs, or expenses incurred due to late or deficient payments. Events of default include failure to pay any sum due, breach of obligations not remedied within five business days, breach of financial covenants, misrepresentation, cross-default on indebtedness exceeding USD 1 million, insolvency events, or unlawful performance. Upon default, the lender may declare all outstanding amounts immediately due and payable and require the Company to cash collateralise issued or confirmed LC at 100 percent of their face value.

The facility is governed by English law, with disputes subject to arbitration under the London Court of International Arbitration rules, with a three-member tribunal seated in London and proceedings conducted in English.

No contractual arrangements have been disclosed under this agreement that govern the relationship between the Company and any of its shareholders or other interested persons, beyond the obligations arising in the ordinary course of this facility.

2.10.2. Agreement with Afreximbank under the African Trade Facilitation Programme ("AFTRAF")

The Company entered into a product availability letter with the Afreximbank on 11 July 2025 under the AFTRAF. The agreement makes available a maximum facility of USD 30 million on a clean basis, with any transaction above this limit requiring 100 percent cash cover in USD or EUR equivalent. The facility is uncommitted, and each utilisation is at Afreximbank's sole discretion. As at the date of this Prospectus, the Company has utilised approximately USD 21.1 million of the USD 30 million facility. The parties to the agreement are Company, as beneficiary, and Afreximbank, as lender. The subject matter of the agreement is the provision of a range of trade finance products, including letter of credit confirmations and refinancing, issuance of irrevocable reimbursement undertakings, bank guarantees, avalisation services, and confirmation guarantees. Fees and commissions are determined on a case by case basis subject to minimum amounts of USD 500 per transaction, with applicable agreed charges set out in an annexed pricing schedule. Where refinancing advances are provided, interest is charged at the rate agreed for the relevant transaction.

The agreement contains financial covenants and undertakings requiring the Company to provide audited annual accounts within 180 days of each financial year end and quarterly compliance information on request, to ensure Afreximbank's claims rank pari passu with those of other unsecured creditors, to maintain its status as a licensed financial institution, to notify Afreximbank promptly of any event constituting a material adverse effect, and to comply with anti-corruption, sanctions, and environmental and social safeguard requirements, including International Finance Corporation performance standards and World Bank environmental, health and safety guidelines. Compliance with these undertakings is tested annually on delivery of audited accounts, quarterly if requested, and on an ad hoc basis where Afreximbank considers appropriate.

In the event of breach, failure to make timely payments attracts default interest at 2 percent per annum above Afreximbank's base rate. Non-compliance with obligations or undertakings, or any event of default, may lead to suspension of product availability, the requirement to provide immediate cash cover, or enforcement of security. Events of default include failure to pay, breach of obligations, misrepresentation, insolvency, sanctions breaches, or unlawful performance, any of which entitle Afreximbank to accelerate all obligations, enforce security, or terminate product availability with immediate effect. The agreement is governed by English law, with disputes subject to the exclusive jurisdiction of the English courts, without prejudice to Afreximbank's right to bring proceedings in any other competent jurisdiction. No contractual arrangements have been disclosed under this agreement that govern the relationship between the Company and its shareholders or other interested persons, beyond the ordinary borrower–lender relationship with Afreximbank.

2.10.3. Proposed contract for the supply of 700 cash recycler machines, software licenses and support services - under negotiation

The Company is in the process of negotiating a material contract with Cardtronics USA, Inc., as supplier, and Moti Engineering Plc, as the authorised local reseller and implementation partner. The draft agreement, dated 21 August 2025, provides for the purchase of 700 cash recycler machines (comprising 50 through-the-wall and 650 lobby touchscreen units) together with related software licenses, branding, installation, integration, testing, training, and three years of software support and maintenance services. The total value of the contract is USD 11,049,058. Payment is structured so that 50 percent of the hardware price is payable in advance against an irrevocable advance payment guarantee, and the remaining 50 percent upon presentation of compliant shipping documents. Software licenses were invoiced and settled in September 2025, while software maintenance fees are payable annually in advance, free of charge in the first year and at USD 109,529 for each of the second and third years.

Delivery of the machines is scheduled in phased tranches within 90 to 150 days from the opening of the LC. In the event of delay, the contract stipulates liquidated damages at the rate of 0.1 percent per day of the delayed item's price, capped at 10 percent of the contract value. The draft further provides for a six-month warranty on hardware, advanced training for twenty personnel, and contains customary provisions on confidentiality, intellectual property indemnity, force majeure and dispute resolution, with disputes subject to the jurisdiction of Ethiopian courts.

The consequences of breach include the Company's right to impose liquidated damages for late delivery, to call upon the 10 percent performance guarantee to recover losses, to require the replacement or rectification of defective machines or services at no cost, and to terminate the contract in whole or in part in the event of persistent default. Liability is generally capped at the cumulative contract price, except in respect of confidentiality breaches, intellectual property infringement, or bodily injury, for which liability is uncapped.

Under the draft agreement, Moti Engineering Plc, as the local partner, is required to provide installation, integration, training and warranty support, and to furnish a performance guarantee equal to 10 percent of the contract value. Other than the involvement of Moti Engineering Plc as the supplier's authorised local reseller, no contractual arrangements have been disclosed under this agreement that govern the relationship between the Company and any of its shareholders or other interested persons.

3. FINANCIAL STATEMENTS AND INFORMATION

3.1. Financial information

The annual financial statements, including supporting notes and audit reports thereon from the External Auditor have been included in Annex 1 (HFI) of this Prospectus. The annual financial statements included in Parts B, C and D of Annex 1 (HFI) of the Prospectus have been reproduced verbatim and without adjustment from the Company's annual report and accounts for the years ended 30 June 2025, 30 June 2024 and 30 June 2023.

As this is a verbatim reproduction:

- The pages, and section references included in Parts B, C, and D of Annex 1 (HFI) are to the relevant pages and sections of the corresponding reports and accounts of the Company, and not to this Prospectus.
- Certain defined terms and other references will differ to those used in this Prospectus, and will correspond to those used in the corresponding reports and accounts of the Company; and
- References to "current year", "current period", "prior year" and/or "prior period" should be read as the relevant year/period of the respective financial statements and the year of the comparative period, respectively.

No additional information has been audited by the Company's External Auditor.

3.2. Profit forecast

There are no profit forecasts or estimates included in this Prospectus. No statement in this Prospectus is intended to be a profit forecast or estimate, and no statement in this Prospectus should be interpreted as a profit forecast or estimate.

3.3. Significant change in the Company's financial position

The Company's cash position has increased by ETB 12,546 million, inclusive of ETB 9,200 million of inter-bank loans, to ETB 62,836 million as at 31 December 2025 from ETB 50,290 million as at 30 June 2025, the date of which the most recent audited financial information of the Company was prepared.

There has been no significant change in the financial position of the Company since 30 June 2025, the date to which the most recent audited financial information of the Company was prepared, other than as stated above.

3.4. Pro forma financial information

There is no pro forma financial information included in this Prospectus.

4. GOVERNANCE AND MANAGEMENT

4.1. Corporate governance

The Company is governed by the Corporate Governance Directive, the Banking Business Proclamation, and the Commercial Code. The Company's corporate governance framework has been approved by the Board of Directors and is effective as of July 1, 2025. This framework is incorporated into and operationalised through the Board of Directors' charter, which outlines the roles, responsibilities, and powers of the Board, the mandates of its specialised committees, the clear demarcation of powers between the Board and Executive Management, and a robust code of conduct and ethics to ensure all parties discharge their fiduciary duties appropriately.

The Company's Board of Directors currently comprises 9 directors and is supported by an experienced Executive Management and Executive Officers team led by the CEO. The Board holds ultimate responsibility for the Company's strategic direction, financial soundness, key personnel decisions, organisational structure, governance practices, risk management, and regulatory compliance. While the Board delegates certain oversight functions to its specialised committees, it retains overall accountability.

The Board's core responsibilities, as defined in the Corporate Governance Framework, include:

- Approving the Company's strategy, business plans, annual budgets, and key policies;
- Defining the Company's risk appetite and overseeing the integrity of its risk management and internal control frameworks;
- Appointing, overseeing, and evaluating the performance of the CEO and other key senior executives, including the CRCO and chief internal audit officer;
- Establishing sustainable remuneration structures that align with prudent risk-taking and long-term value creation;
- Approving significant investments, acquisitions, mergers, and related party transactions;
- Ensuring the adequacy of capital and liquidity management;
- Overseeing the establishment, composition, and effectiveness of Board committees;
- Developing and monitoring succession plans for the Board, Execute Management and Executive Officers;
- Managing conflicts of interest and upholding the highest ethical standards;
- Integrating sustainability-related risks and opportunities into strategic planning and oversight;
- Ensuring an effective internal audit function and robust management information systems; and
- Maintaining transparent and proactive engagement with shareholders, regulators, and other stakeholders.

As of the date of this Prospectus, the Company is in full compliance with the provisions of the NBE's Corporate Governance Directives.

Furthermore, the Company has adopted comprehensive codes of conduct applicable to the Board, Executive Management, Senior Management, and employees, designed to promote integrity, professionalism, accountability, and compliance with applicable laws, regulations, and internal policies. These codes of conduct establish clear standards of ethical behavior and decision-making in the performance of duties and in interactions with customers, colleagues, regulators, and other stakeholders.

Implementation of the codes is supported through formal issuance, internal communication, and integration into the Company's governance and human resource frameworks. Directors, Executive Management, Senior Management, and employees are expected to act in the best interests of the Company and its stakeholders, to avoid conflicts of interest, and to uphold the Company's fiduciary responsibilities as a custodian of public funds and a regulated financial institution.

Compliance with the codes of conduct is monitored through internal oversight mechanisms, including management supervision, internal control functions, and reporting and escalation processes established under the Bank's governance framework. Breaches of the codes of conduct are subject to appropriate review and corrective action in accordance with applicable disciplinary procedures and internal policies. Through these arrangements, the Company seeks to strengthen its ethical culture, safeguard its reputation, and ensure consistent adherence to high standards of conduct across all levels of the organisation.

The Company's ESG priorities are anchored in key focus areas: environmental sustainability, human capital management, diversity, equity and inclusion, corporate social responsibility, corporate governance, and risk management.

- Environment: The Company integrates environmental sustainability into operations, including energy and water conservation, waste management, resource efficiency, and climate conscious financing. It participates in national reforestation and environmental restoration campaigns, contributing to Ethiopia's green legacy initiative.
- Social: The Company's human capital management emphasises inclusion, professional development, and employee well-being across a workforce of 11,114 staff nationwide. Its corporate social responsibility initiatives include partnerships with charitable organisations and support for societal and developmental causes, reflecting the Company's commitment to social inclusion and community well-being.
- Governance: The Board ensures ethical, transparent, and fair governance, balancing shareholder value with environmental and social considerations.

The Company's governance framework is operationalised through four specialised standing committees:

- Audit committee: Oversees financial reporting, internal controls, compliance, and liaises with internal and external auditors.
- Risk, compliance management & credit review committee: Oversees risk management frameworks, sets risk appetite thresholds, and ensures robust control systems are in place.
- Nomination and remuneration committee: Manages Board, Executive Management and Executive Officers appointments, CEO performance evaluation, human resource policies, and training programs.
- Credit committee: Reviews and approves credit policies, lending practices, and significant credit exposures, ensuring alignment with risk appetite and regulatory requirements.

As of the date of this Prospectus, there are no planned changes to the composition of the Board or Board committees. Any potential future changes will follow the Company's corporate governance framework, term limits, nomination procedures, and NBE directives, ensuring shareholder approval, regulatory oversight, and adherence to governance principles.

Stakeholder management practices

The Company has identified stakeholder management as a key component of its business strategy. Stakeholders are mapped according to their influence and interest, and the Company develops tailored strategies to meet the needs of each group. Communication and dialogue with key stakeholders is maintained through structured mechanisms, including formal engagement with employees via employee relations programs and active collaboration with communities and environmental partners. The Company participates in sustainability initiatives and shared growth programs, ensuring that stakeholder interests are integrated into its strategic priorities.

4.1.1. Profiles of the Board of Directors

The Board of Directors is the highest decision-making organ in the Company's structure, appointed by the general assembly of the shareholders in accordance with the Company's MOA. The Board is entrusted with the overall governance, strategic direction, and oversight of the Company's operations, ensuring compliance with relevant laws, regulations set forth by the NBE, and the Company's MOA. Board members are elected for a 3-year term, after which they may be eligible for re-election for another 3-year term, or new appointments are made to maintain the Board's composition and continuity in leadership. Their service terms and benefits are determined and governed by the relevant NBE directives. There are no additional contracts, termination benefits, or other arrangements. Confirmation has been received from the NBE for all appointments of the Board of Directors.

The Board of Directors has nine members as follows:

Table 49: Profiles of the Board of Directors

Name	Role	Nation-ality	Date of appoint-ment	Date of term expiration	Qualifica-tions	Primary occupation	Committee member-ships
Ato Mekonnen Manya-zewal Meka	Board Chairperson	Ethiopian	20 February 2024	January 2027	Master of Business Administration ("MBA"), Bachelor of Arts ("BA") in business administration	Freelance advisory service, previously senior advisor at Trade and Develop-ment Bank (TDB)	Risk, compliance management & credit review committee
Ato Aemero Belete Simegne	Deputy Board chairperson	Ethiopian	20 February 2024	January 2027	MBA, BA in accounting	Self employed, previously a senior auditor at Inland Revenue Authority	Audit committee; nomination & remuneration committee

Name	Role	Nation-ality	Date of appoint-ment	Date of term expiration	Qualifica-tions	Primary occupation	Committee member-ships
W/ro Emebet Woldeher Yezengaw	Member	Ethiopian	20 February 2024	January 2027	BA in foreign languages and literature, Diploma in accounting	General manager, Bora amusement park	Nomination & remuneration committee
Ato Kassahun Zewdie Mengesha	Member	Ethiopian	20 February 2024	January 2027	BA in management, BA in geography, Diploma in accounting	General manager, New Sun Trading PLC	Audit Committee
Ato Meseret Melese Tefera	Member	Ethiopian	20 February 2024	January 2027	Certificate in commodity marketing, MBA, BA in management	Deputy Director, University of South Africa ("UNISA") Ethiopia Regional Learning Center	Nomination & remuneration committee, credit committee
Ato Molalign Melese Mengistu	Member	Ethiopian	20 February 2024	January 2027	LL.B, BA in management and public administration (management), Professional Diploma in business management, Diploma in law	Self employed advocate and legal consultant	Risk, compliance management and credit review committee; credit committee
Ato Solomon Alula Awlachew	Member	Ethiopian	20 February 2024	January 2027	Master of Art ("MA") in national economy planning,	Retired audit professio-nal, full-time Board member of the Company	Audit committee
Ato Yerom Gessesse Yeneneh	Member	Ethiopian	20 February 2024	January 2027	MA in marketing management, BA in accounting, Diploma in mathematics	General Manager, Real way Trading PLC	Risk, compliance management & credit review committee; credit committee

Name	Role	Nation-ality	Date of appoint-ment	Date of term expiration	Qualifica-tions	Primary occupation	Committee member-ships
Ato Yihenew Zewdie Lemma (PhD)	Member	Ethiopian	20 February 2024	January 2027	PhD in development studies - natural resource management, Master of Science (M.Sc.) in development planning and management, Postgraduate Diploma in regional development planning. BA in economics	Country director, Alliance for a Green Revolution for Africa (ILRI Campus)	Credit committee, nomination & remuneration committee

To the extent of the Company's knowledge, no individual on the Board is, or has been, involved in any of the following:

- A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person, any partnership in which they were a partner, or any Company of which they were a director or key personnel.
- A conviction in a criminal proceeding, nor are they the named subject of pending criminal proceedings relating to fraud or dishonesty.
- The subject of any order, judgment, or ruling from any court of competent jurisdiction or regulatory body relating to fraud or dishonesty, which would restrain them from acting as an investment advisor, dealer in securities, director, or employee of a financial institution, or engaging in any type of business practice or activity.
- Having a family relationship with any other director or the Executive Management or any Executive Officer.

The Directors of the Company do not have any material interest, direct or indirect, in the Rights Offer, other than in their capacity as shareholders of the Company. To the extent that any Director is a shareholder, such Director is entitled to participate in the Rights Offer on the same terms and conditions as all other eligible shareholders.

4.1.2. Profiles of the Executive Management and Executive Officers

The Company's Board of Directors is supported by Executive Management and a team of 12 Executive Officers who manage the Company's daily functions.

There are currently no plans to change the composition of the Executive Management and Executive Officers.

The profiles of the Executive Management and Executive Officers are as follows:

Table 50: Profiles of the Executive Management and Executive Officers

Name	Position	Nationality	Date of appointment	Qualifications	Experience
Executive Management					
Ato Bekalu Zeleke Ewnetu	CEO	Ethiopian	05 January 2019	MBA, BA in Accounting	Over 6 years of experience at the Company, serving as CEO since January 2019, following tenure as president (November 2008 – July 2018) and finance and accounting vice president (January 2006 - November 2008) at CBE. Overall, 25 years of banking experience in banking, finance and accounting, credit analysis and appraisal, relationship management, credit and risk management, and executive management across different institutions.
Ato Abreham Gebeyehu G/ Hanna	CFO	Ethiopian	21 November 2024	M.Sc. in economic policy analysis, BA in economics	With over 16 years of service at the Company, including leadership roles as chief retail banking officer, chief branch banking officer, and chief strategy officer. Brings 30 years of comprehensive experience in development banking, loan appraisal, credit assessment, project management, and research, gained from other institutions.
Executive Officers					

Name	Position	Nationality	Date of appointment	Qualifications	Experience
Ato Abdulkadir Redwan Muzyin	Chief IFB Officer	Ethiopian	06 December 2021	MBA in general business administration, BA in economics, Diploma in banking and finance, Post Graduate Diploma in computer science	Appointed in December 2021 and has since held multiple leadership roles in IFB and internal audit, with an overall 27 years of experience in banking, IFB operations, corporate risk management, risk and compliance management, credit research, and branch operations gained from other institutions.
Ato Asaminew Deribew Cheber	Chief Credit Officer	Ethiopian	01 February 2019	MBA Bachelor of Science ("BSC") in agricultural economics	Over 6 years of experience at the Company, following tenure as credit management vice president at CBE. He also brings 24 years of experience in banking, credit management, corporate risk management, credit assessment, and executive management.
Ato Daniel Hailu Teshome	Chief Information System Officer	Ethiopian	10 December 2018	M.Sc. in IT, BSC in physics	Nearly 7 years of experience at the Company, following a tenure as vice president enterprise program at CBE, with 16 years of professional expertise in banking, enterprise programme management, and executive management gained across other institutions.

Name	Position	Nationality	Date of appointment	Qualifications	Experience
Ato Desalegn Yizengaw Baye	Chief Customer Management Officer	Ethiopian	06 January 2025	MBA in General Management LLB in Law BA in accounting	Over 9 years of experience at the Company, having held leadership roles including vice president – financial management and enterprise service chief officer, as well as positions across finance, customer acquisition, enterprise services, and accounts. Brings 26 years of banking experience, credit analysis, credit follow-up, branch operations, accounts and finance management, and executive management gained across different institutions.
Ato Elias Kassa Badebo	Deputy Chief Customer Support Officer	Ethiopian	07 October 2022	MA in marketing management, BA in public administration and development management	Over 6 years of service at the Company, having held roles across chief retail operations, and district management, with 30 years of overall experience in banking, credit appraisal, loan recovery, district and branch management, customer relations, and compliance, including experience gained in other institutions.

Name	Position	Nationality	Date of appointment	Qualifications	Experience
Ato Eyasu Mekonnen Anagaw	Chief Internal Audit Officer	Ethiopian	06 January 2025	MBA BA in economics, Diploma in accounting	Over 19 years of service at the Company, having held multiple roles in internal audit and branch management, with an overall 29 years of professional experience spanning banking, auditing, and international banking operations.
W/ro Meseret Asfaw Yitbarek	Chief Enterprise Service Officer	Ethiopian	10 December 2018	BA in Accounting	Over 7 years of experience at the Company, serving as chief enterprise service officer. Previously held leadership roles at CB, including facilities management vice president and internal service vice president. Overall has over 25 years of experience in banking, internal services, facilities management, strategy management, monitoring and evaluation, planning and budgeting, and executive management.

Name	Position	Nationality	Date of appointment	Qualifications	Experience
Ato Mohammed Nuredin Kelifa	Chief International Banking Officer	Ethiopian	10 June 2019	MBA, BA in economics	Over 6 years of service at the Company as chief international banking officer. Previously served at CBE as vice president – trade service and vice president – international banking business. Brings 36 years of experience overall in banking, international banking, trade services, branch supervision, and executive management.
Ato Seifu Bogale G/ Egziabher	Chief Corporate HR Officer	Ethiopian	12 August 2019	MSC in national development and project planning, BSC in agricultural economics	Over 6 years of experience in the Company, following a tenure as senior advisor. Earlier roles at CBE include vice president – facilities management, vice president – corporate human resource management, and chief human resource officer. Has additional experience of 41 years in banking, in strategy and planning, systems transformation, executive management, and development consultancy across different institutions.

Name	Position	Nationality	Date of appointment	Qualifications	Experience
W/ro Sosina Mengesha Rundassa	Chief Digital Banking Officer	Ethiopian	12 August 2019	MBA, BA in management	Over 6 years of service at the Company. Previously held leadership role at CBE as vice president – information system. Offers 29 years of experience overall in banking, information systems, strategy management, e-payment, programme and project management, business development, and marketing.
Ato Wosenyeleh Aberra Kumbi	Deputy Chief Customer R/P and Acquisition Officer	Ethiopian	07 October 2022	MBA in human resource management, BA in business management, Diploma in accounting	Over 6 years of service at the Company, having held roles as district manager and deputy chief retail operation, with 23 years of experience in banking, branch operations, interest-free banking, customer accounts and transaction services, and executive management gained in other organisations.

Name	Position	Nationality	Date of appointment	Qualifications	Experience
Ato Yetenayet Awgechew Workeaferhu	CRCO	Ethiopian	06 January 2025	MA in accounting and finance, BA in accounting, Certified Chartered Accountant (ACCA), Certified in Risk and Information Systems Control (CRISC)	Over 7 years of service at the Company, having held roles in risk management and compliance, including acting chief risk management and compliance, with 28 years of experience in banking across risk management, bank supervision at NBE, compliance, and department leadership with other organisations.

To the extent of the Company's knowledge, no individual in Executive Management or any Executive Officer is, or has been, involved in any of the following:

- A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person, any partnership in which they were a partner, or any Company of which they were a director or key personnel.
- A conviction in a criminal proceeding, nor are they the named subject of pending criminal proceedings relating to fraud or dishonesty.
- The subject of any order, judgment, or ruling from any court of competent jurisdiction or regulatory body relating to fraud or dishonesty, which would restrain them from acting as an investment advisor, dealer in securities, director, or employee of a financial institution, or engaging in any type of business practice or activity.
- Having a family relationship with any other director or the Executive Management or any Executive Officer.

There were no interests of the Executive Management or Executive Officers in transactions that are or were unusual in their nature or conditions or significant to the business of the Company, and that were affected by the Company during the current or immediately preceding financial year, or an earlier financial year, and remain in any respect outstanding or unperformed. Furthermore, in compliance with the banking regulations, the NBE has confirmed its approval of the Executive Management and Executive Officers.

4.2. Board committees and practices

4.2.1. Audit committee

Members of the audit committee are:

Table 51: Audit committee

Name	Role	Date of appointment
Ato Solomon Alula Awlachew	Chairperson	29 February 2024
Ato Aemero Belete Simegne	Member	29 February 2024
Ato Kassahun Zewdie Mengesha	Member	29 February 2024

The audit committee is composed of three directors and is chaired by an independent director. The committee meets regularly, at least once a month, and as required, to provide independent oversight of the Company's financial reporting, risk management, and internal control systems. It reports directly to the Board of Directors and ensures that all recommendations and findings are formally communicated. Minutes of all meetings are properly recorded, reviewed, and submitted to the Board, ensuring accountability and compliance with regulatory requirements.

Duties and responsibilities of the audit committee:

Oversight of financial reporting

- Ensuring fair and transparent financial reporting, and prompt publication of the financial accounts;
- Recommending approval by the Board of the Company's policies on accounting policy and financial reporting;
- Overseeing the financial reporting process; and
- Approving financial statements prior to their submission to the full Board.

Oversight of internal audit

- Overseeing the functions of the internal audit unit;
- Approving the annual internal audit plan;
- Ensuring full coverage of the Company's activities by internal controls and internal or external audits;
- Ensuring that all the Company's activities are audited by the internal audit in a cycle whose duration shall not exceed three (3) years and must be adjusted depending on the risk profile;
- Assessing the adequacy of human, IT and other resources allocated to the internal control function;
- Ensuring that the internal controllers and auditors have the necessary skills, and proposing measures to strengthen their expertise and qualifications as necessary;
- Verifying the reliability and accuracy of financial information intended for the Board, the NBE and third parties, and assessing the relevance of the accounting methods adopted for the preparation of the individual and consolidated accounts;

- Assessing the relevance of the corrective measures taken or proposed to remedy the shortcomings or insufficiencies detected in the processing of transactions, following control or audit reports, or in the internal control system;
- Ensuring the effective and rapid implementation of the corrective measures recommended by the control and audit functions and, if necessary, alerting the Board or the NBE directly in the event of non-implementation; and
- Assessing whether existing policies, processes and internal controls (including risk management, compliance, Shariah compliance and corporate governance processes) are effective, appropriate and sufficient for IFB business.

Oversight of external audit

- Recommending to the Board for their approval, the appointment, remuneration and dismissal of external auditors;
- Reviewing and approving the audit scope and frequency;
- Receiving key audit reports and ensuring that the Executive Management and Executive Officers are taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with policies, laws and regulations, and other problems identified by auditors and other control functions;
- Ensuring adequate functioning, independence and effective cooperation of internal and external audits; and
- Reviewing any non-audit services provided by the external auditor, seeking to maintain the objectivity of the external auditor and avoid conflicts of interest.

Oversight of non-financial reporting and assurance

- Ensuring fair and transparent reporting of material sustainability information;
- Ensuring fair and transparent reporting of performance audit information; and
- Overseeing the process of seeking independent, external assurance of non-financial information.

Oversight of ethics and investigations

- Promote and uphold high ethical standards, integrity, objectivity, competency, due professional care, and confidentiality within the internal audit function;
- Ensure that the internal audit service and its staff adhere to the internal auditors code of conduct and the principles of ethics and professionalism as set out in the internal audit charter;
- Periodically review and approve the internal audit charter, which incorporates the internal auditors code of conduct and ethical standards;
- Oversee the effectiveness of internal controls and processes designed to ensure compliance with legal, regulatory, and ethical requirements within the Company;
- Review reports from the internal audit service regarding investigations into significant suspected fraudulent activities, malpractices, or other misconduct, and monitor management’s response and corrective actions;

- Ensure that the internal audit service has unrestricted access to all records, personnel, and physical property necessary to conduct investigations and uphold ethical standards; and
- Receive and consider recommendations from internal audit service regarding improvements to ethical standards, internal controls, and governance processes.

4.2.2. Risk, compliance management & credit review committee

Members of the risk, compliance management & credit review committee are:

Table 52: Risk, compliance management & credit review committee

Name	Role	Date of appointment
Ato Molalign Melese Mengistu	Chairperson	29 February 2024
Ato Mekonnen Manyazewal Meka	Member	29 February 2024
Ato Yerom Gessesse Yeneneh	Member	29 February 2024

The risk, compliance management & credit review committee is composed of three directors and meets regularly, at least once a month, to oversee the Company's risk management, compliance, and information security/privacy programs. The committee reports directly to the Board of Directors and provides guidance on the Company's risk appetite, policies, and framework, ensuring independent oversight of the Executive Management's and Executive Officer's risk and compliance activities. Minutes of all meetings are formally recorded, reviewed, and submitted to the Board, ensuring accountability and compliance with applicable laws and regulations.

Duties and responsibilities of the risk compliance management & credit review committee:

- Develop a committee charter, for approval by the Board of Directors, laying out its composition, roles and responsibilities, and meeting requirements;
- Reviewing and recommending risk management strategies, policies, risk appetite statements, and risk tolerance limits for the Board's approval;
- Reviewing and assessing adequacy of risk management policies and framework in identifying, measuring, monitoring, and controlling risk, as well as, the extent to which these are operating effectively;
- Receive regular reporting and communication from the CRCO and other relevant functions about the Company's current risk profile (credit, liquidity, market, operational, strategic, reputational, and other risks), current state of the risk culture and others to be specified in the relevant NBE directives to ensure they are consistent with the established risk appetite;
- Ensuring the risk and compliance function is provided with an adequate infrastructure, resources, and systems;
- Ensuring the staff responsible for implementing risk management systems perform those duties independently of the Company's risk-taking activities;
- Periodically reviewing the effectiveness of the internal control system, in particular, the consistency of the risk measurement, monitoring, and control systems, and propose, where appropriate, reinforcement actions in this regard;

- Checking compliance with the policies and rules of the Company and with relevant proclamations, regulations, and guidelines of the NBE and other relevant laws;
- Ensuring that a loan review is conducted on a quarterly basis in line with NBE's Asset Classification and Provisioning Directive (Article 4) to assess the quality of the Company's loans and advances portfolio;
- Request the attendance of any executive officer, director, officer, or employee of the Company, as well as external parties (e.g., external auditors, consultants), at its meetings as deemed necessary;
- Have regular meetings at least once a month for risk and compliance review and once every three months for loan review;
- Schedule meetings with the CRCO according to the NBE's Corporate Governance Directive Article 15.1.2, b;
- Have effective communication and coordination with the audit committee to facilitate the exchange of information and effective coverage of all risks, including emerging risks, and any needed adjustments to the risk governance framework of the Company;
- The chairman of the committee shall report to the Board, no later than the next regular Board meeting on any specific matters assigned to the committee;
- The committee shall submit its approved minutes regularly to the Board;
- Provide a report on the overall risk exposure and its levels;
- Report to the Board risks that exceeded the risk appetite even if they were restored to an acceptable level; and
- The chairman shall also provide a report on the major issues identified during the credit review that require the attention of the Board of Directors, with the resolutions made by the committee.

Oversight of legal and regulatory compliance:

- Oversee compliance with applicable laws, regulations, and directives of the NBE and other regulators;
- Review reports from the CRCO and other control functions regarding compliance matters;
- Monitor the adequacy and effectiveness of the Company’s compliance program;
- Review findings of regulatory inspections/examinations and oversee timely corrective actions; and
- Oversee compliance with AML / CTF requirements

Oversight of risk management process:

- Review and assess the effectiveness of the Company’s overall risk management framework, including risk identification, assessment, monitoring, and mitigation;
- Monitor the Company’s risk appetite, risk limits, and management’s adherence to them;
- Coordinate with other Board committees, such as the risk & compliance sub-committee, to ensure comprehensive oversight of risk; and
- Review the Company’s business continuity and disaster recovery frameworks.

4.2.3. Nomination & remuneration committee

Members of the nomination & remuneration committee are:

Table 53: Nomination & remuneration committee

Name	Role	Date of appointment
Ato Meseret Melese Tefera	Chairperson	12 September 2024
W/ro Emebet Woldeher Yezengaw	Member	12 September 2024
Ato Aemero Belete Simegne	Member	12 September 2024
Dr. Yihenew Zewdie Lemma	Member	12 September 2024

The nomination & remuneration committee is composed of four directors and meets at least once per quarter. It oversees Board nominations as well as the remuneration of Directors, Executive Management and the Executive Officers. The committee reports directly to the Board of Directors and provides guidance on the selection and appointment of independent directors, the CEO, and senior executives, as well as on the Company's compensation framework and human resource strategy. Executive pay is determined based on the job grade assigned to each position, with proposals reviewed by the committee before being forwarded to the Board for final approval. Directors' pay is determined in accordance with the NBE's directive on director compensation. Minutes of all meetings are formally recorded, reviewed, and submitted to the Board, ensuring accountability and compliance with applicable laws, and regulations.

Duties and responsibilities of the nomination & remuneration committee:

- Develop nomination and election criteria for independent directors in line with NBE requirements and present them to the Board for approval;
- Prepare a profile of the ideal independent board of directors, based on discussions with the Board, to guide the recruitment of suitable candidates;
- Forward the proposed list of independent director candidates to the Board for review and submission to the shareholders' general meeting for election;
- Select candidates for Executive Management and Executive Officer positions based on selection criteria, job specifications, and job descriptions;
- Present the list of Executive Management and Executive Officer candidates with recommendations to the Board of Directors for approval;
- Provide formal and transparent proposals on the employment or removal of the Executive Management and Executive Officers, upon the Board chairperson's request, in cases of presumed ineffectiveness, errant, or negligent performance;
- Collaborate with the human resource department to assess the Company's compensation and benefits framework, benchmark against peer institutions, and present proposals to the Board for decision-making;
- Provide strategic oversight of the Company's human resource strategy, policies, and procedures, ensuring alignment with organisational objectives and industry best practices;
- Monitor and evaluate employee performance management processes to enhance operational efficiency, professional development, and workforce effectiveness; and

- Design and implement training programs for board members in collaboration with the Company secretary and human resource department, periodically assessing and adjusting programs for relevance and alignment with governance best practices.

4.2.4. Credit committee

Members of the credit committee are:

Table 54: Credit committee

Name	Role	Date of appointment
Dr. Yihenew Zewdie Lemma	Chairperson	12 September 2024
Ato Molalign Melese Mengistu	Member	12 September 2024
Ato Meseret Melese Tefera	Member	12 September 2024
Ato Yerom Gessesse Yeneneh	Member	12 September 2024

The credit committee is composed of four directors and meets regularly, at least once per quarter, to oversee the Company's credit risk strategy, lending activities, and compliance with credit-related regulations. The Committee reports directly to the Board of Directors and provides guidance on credit policies, credit risk appetite, and significant or complex credit exposures, including related-party transactions. Minutes of all meetings are formally recorded, reviewed, and submitted to the Board, ensuring accountability and compliance with applicable laws and regulations.

Duties and responsibilities of the credit committee:

- Develop a committee charter, for approval by the Board of Directors, defining its composition, mandate, roles, responsibilities, and meeting requirements;
- Assist the Board in overseeing the Company's credit risk strategy, credit risk appetite, and alignment of lending activities with the Company's strategic objectives;
- Review and recommend for Board approval the Company's credit policies, lending standards, and procedures, ensuring compliance with regulatory directives and best practices;
- Monitor the performance and quality of the Company's credit portfolio, including NPLs, provisioning adequacy, related-party exposures, large exposures, and credit concentration risks;
- Assist the board with discharging its responsibility to review the quality of the bank's loan portfolio and ensuring adequate provisions for bad and doubtful debts in compliance with prudential requirements;
- Approve all related party transaction that exceed ETB 15 million in total exposure;
- Delegate and review lending limits to the management of the Company;
- Deliberate and consider loan applications beyond the discretionary limits of the Executive Management and Executive Officers, i.e. loan to related parties;
- Review and approve significant or complex credit exposures that exceed the delegated authority of management-level committees;
- Oversee the adequacy and effectiveness of credit risk classification, loan loss provisioning, and recovery efforts;

- Review related-party transactions and write-off proposals in line with regulatory requirements and the Company's credit policy, and provide recommendations to the Board; and
- Ensure effective oversight of the Company's credit portfolio segmentation, diversification, and monitoring systems, including IFF structures.

4.3. Remuneration

The remuneration policy for the Board of Directors is developed by the Board's nomination & remuneration committee in compliance with the Corporate Governance Directive and is subject to approval at the shareholders' ordinary general meeting. In the year ended 30 June 2025, the aggregate remuneration (including any contingent or deferred compensation), which includes the monthly allowance and annual compensation, paid to the Directors who served the Company was ETB 2.43 million. There have not been any benefits in kind granted to the directors of the Company in the last three financial years.

In accordance with NBE Directive No. SIB/67/2018, each director is entitled to a maximum annual allowance of ETB 10,000 (ETB 120,000 per year) and annual compensation of up to ETB 150,000 based on the audited Company results. There is no contingent and deferred compensation that has been paid to the Board in the past three financial years.

The table below includes a summary of the annual allowance paid to the Directors for the years ended 30 June 2025, 2024 and 2023.

Table 55: Summary of the annual allowance paid to the Board

	For the year ended 30 June		
	2025	2024	2023
ETB'000			
Ato Mekonnen Manyazewal Meka	120	120	120
Ato Aemero Belete Simegne	120	120	120
W/ro Emebet Woldeher Yezengaw	120	120	120
Ato Kassahun Zewdie Mengesha	120	30	-
Ato Meseret Melese Tefera	120	120	120
Ato Molalign Melese Mengistu	120	30	-
Ato Solomon Alula Awlachew	120	30	-
Ato Yerom Gessesse Yeneneh	120	30	-
Dr. Yihenew Zewdie Lemma	120	30	-
Ato Meseret Taye	-	80	120
Ato Berhanu Jijo	-	80	120
Prof. Belay Simane	-	80	120
Ato Yilkal Kassa	-	80	120
Dr. Yifru Tafese	-	70	120
Total annual allowance to the Board	**1,080**	**1,020**	**1,080**

For the year ended 30 June 2025, ETB 1,080 thousand has been paid to the Board. Following approval at the AGM held on 30 September 2025, the annual board compensation of ETB 1,350 thousand was paid. Below are all the Board and their annual compensation for the years ended 30 June 2025, 2024, and 2023:

Table 56: Summary of the annual compensation to the Board

	For the year ended 30 June		
	2025	**2024**	**2023**
ETB'000			
Ato Mekonnen Manyazewal Meka	150	150	150
Ato Aemero Belete Simegne	150	150	150
W/ro Emebet Woldeher Yezengaw	150	150	150
Ato Kassahun Zewdie Mengesha	150	50	-
Ato Meseret Melese Tefera	150	150	150
Ato Molalign Melese Mengistu	150	50	-
Ato Solomon Alula Awlachew	150	50	-
Ato Yerom Gessesse Yeneneh	150	50	-
Dr. Yihenew Zewdie Lemma	150	50	-
Ato Meseret Taye	-	100	150
Ato Berhanu Jijo	-	100	150
Prof. Belay Simane	-	100	150
Ato Yilkal Kassa	-	100	150
Dr. Yifru Tafese	-	100	150
Total annual compensation to the Board	**1,350**	**1,350**	**1,350**

The table below includes a summary of the estimated amounts payable to the Directors, by any member of the Company in respect of the year ended 30 June 2026:

Table 57: Estimated total remuneration to be paid to the Directors

ETB'000	Monthly allowance	Annual compensation	Total
Total	**1,080**	**1,350**	**2,430**

The table below sets out the compensation of the Company's Executive Management, and Executive Officers, which includes salaries and contributions to the post-employment benefits plans.

Table 58: Compensation to the Executive Management, and Executive Officers

	For the year ended 30 June		
	2025	2024	2023
ETB'000			
Executive Management and Executive Officers			
Salaries and other short-term employee benefits	46,517	45,908	41,660
Sitting/ representation allowance	2,800	2,760	2,718
Total Executive Management and Executive Officers compensation	**53,182**	**53,824**	**48,253**

The table below includes the estimated amounts payable to the Executive Management and Executive Officers, including salaries and contributions to the post-employment benefits plans for the year ended 30 June 2026:

Table 59: Estimated total compensation to be paid to the Executive Management and Executive Officers

	For the year ended 30 June
	2026
ETB'000	
Executive Management and Executive Officers	
Salaries and other short-term employee benefits	46,517
Sitting/ representation allowance	2,800
Total Executive Management and Executive Officers estimated compensation	**53,182**

5. CAPITAL STRUCTURE AND INFORMATION OF SECURITIES

5.1. Share capital

The Company, as at the date of this Prospectus, has one class of Ordinary Shares. As at the date of this Prospectus, the Company's authorised share capital consists solely of 15,000,000 Ordinary Shares. None of the Ordinary Shares were or have ever been publicly traded on a licensed securities exchange.

As at 1 July 2022, being the first day covered by the Company's financial statements in Annex 1, the issued and fully paid share capital of the Company comprised 8,319,678 Ordinary Shares.

The following paragraphs detail movements in the Company's issued share capital between 1 July 2022 and the latest practicable date:

- Between 1 July 2022 and 30 June 2023, the Company issued and fully paid 3,578,738 Ordinary Shares at a par value of ETB 1,000 per share resulting in share capital amount of ETB 11,898,416 as at June 30, 2023.
- Subsequently, between 1 July 2023 and 30 June 2024, the Company issued and fully paid a further 2,307,167 Ordinary Shares at a par value of ETB 1,000 per share, resulting in a share capital of ETB 14,205,583 as at 30 June 2024.
- A further issuance of 794,417 fully paid Ordinary Shares, at a par value of ETB 1,000 per share occurred between 1 July 2024 and 30 June 2025, resulting in a total share capital of ETB 15,000,000 as at 30 June 2025. The issuance of additional shares was undertaken to support the Company's ongoing growth and expansion plans.

The Company has not issued equity shares paid for with assets other than cash. All the Ordinary Shares of the Company represent capital of the Company.

The table below sets out the details of the Company's share capital for the financial years ended 30 June 2025, 2024, and 2023.

Table 60: The Company's share capital

	As at 30 June		
	2025	**2024**	**2023**
Authorised share capital (ETB millions)	15,000	15,000	12,500
Paid up share capital at the beginning of the year (ETB thousands)	14,205,583	11,898,416	8,319,678
Shares issued and fully paid during the year	794,417	2,307,167	3,578,738
Proceeds from shares issued during the year (ETB thousands)	794,417	2,307,167	3,578,738
Paid up share capital at the end of the year (ETB thousands)	15,000,000	14,205,583	11,898,416
Total number of issued shares	15,000,000	14,205,583	11,898,416
Number of shareholders	4,929	4,234	3,597
Par value per share (ETB)	1,000	1,000	1,000

The Rights Offer comprises the issuance of 3,125,000 new Ordinary Shares at a Rights Offer Price of ETB 1,600. The Company estimates that the Rights Offer will raise gross proceeds of ETB 5,000,000,000. Set out below is the estimated position of the Company's share capital immediately following the Rights Offer, on the basis that the Rights Offer is fully subscribed.

Table 61: Share capital immediately following the Rights Offer

Share capital immediately following the Rights Offer	
Subscribed and paid-up share capital (ETB thousands)	18,125,000
Number of new Ordinary Shares	3,125,000
Par value per share (ETB)	1,000
Rights Offer Price (ETB)	1,600

5.2. Dividend policy

The Company does not have a dedicated dividend payout and earnings retention policy. The approach to dividend payout and earnings retention is instead developed according to the Commercial Code, NBE Proclamation, Tax on Undistributed Profit Directive 7/2011, and the MOA of the Company.

Specifically, the Company's dividend distribution is governed by Articles 45 and 46 of its MOA, read together with Articles 432–439 of the Commercial Code. Collectively, these provisions establish that dividends may be declared and paid only from legally determined net profits shown in an approved balance sheet, after mandatory transfers to the legal reserve and other approved reserves, and upon resolution of the general meeting within the statutory timeframe. Article 45 defines the process, authority, and conditions for dividend distribution, while Article 46 imposes a mandatory suspension of dividends where capital or reserves are impaired, reflecting banking-specific prudential requirements. Any dividend paid contrary to these rules constitutes an unlawful (fictitious) dividend, attracting civil and criminal liability.

The Company's dividend distributions are made annually from net profits, subsequent to the allocation of required legal reserves, regulatory risk reserves, and Board of Directors remuneration strictly in accordance with applicable NBE directives. The Board of Directors proposes a dividend amount, subject to the final approval of the AGM of shareholders. Dividends are paid to shareholders in Ethiopian Birr following the AGM, and any unclaimed amounts are held in a designated account in accordance with applicable laws and regulations.

Decisions concerning dividend distribution and the retention of earnings are made following careful consideration of certain key factors including profitability, regulatory compliance, and liquidity. The Board of Directors will recommend, and the AGM will subsequently determine, whether to retain all or a portion of the annual net profit to enhance the Company's total equity. In formulating its dividend declaration recommendation, the Board shall specifically assess profitability, ensuring a net profit is reported for the financial year to enable any dividend payment; regulatory compliance, requiring adherence to and maintenance of capital adequacy requirements, including NBE Directive No. SBB/95/2025 approved in November 2025 which stipulates a capital to risk-weighted asset ratio of 11.0% or above, together with considerations of profitability and liquidity, confirming the Company possesses sufficient funds to facilitate the declaration and payment of a cash dividend.

Furthermore, dividends are not paid if the Company's annual net profit fails to fully cover operating and accumulated losses and will remain suspended until these losses are entirely covered. Should the NBE determine that the Company's capital falls below the prescribed minimum, it will require the Company to implement necessary corrective measures within a specified timeframe. In accordance with the Banking Business Proclamation, no bank may declare, credit, or pay any dividend to shareholders until all capital impairments, as determined by the NBE, have been rectified. Additional restrictions apply to specific share types i.e. unpaid shares and are subject to legal and regulatory stipulations.

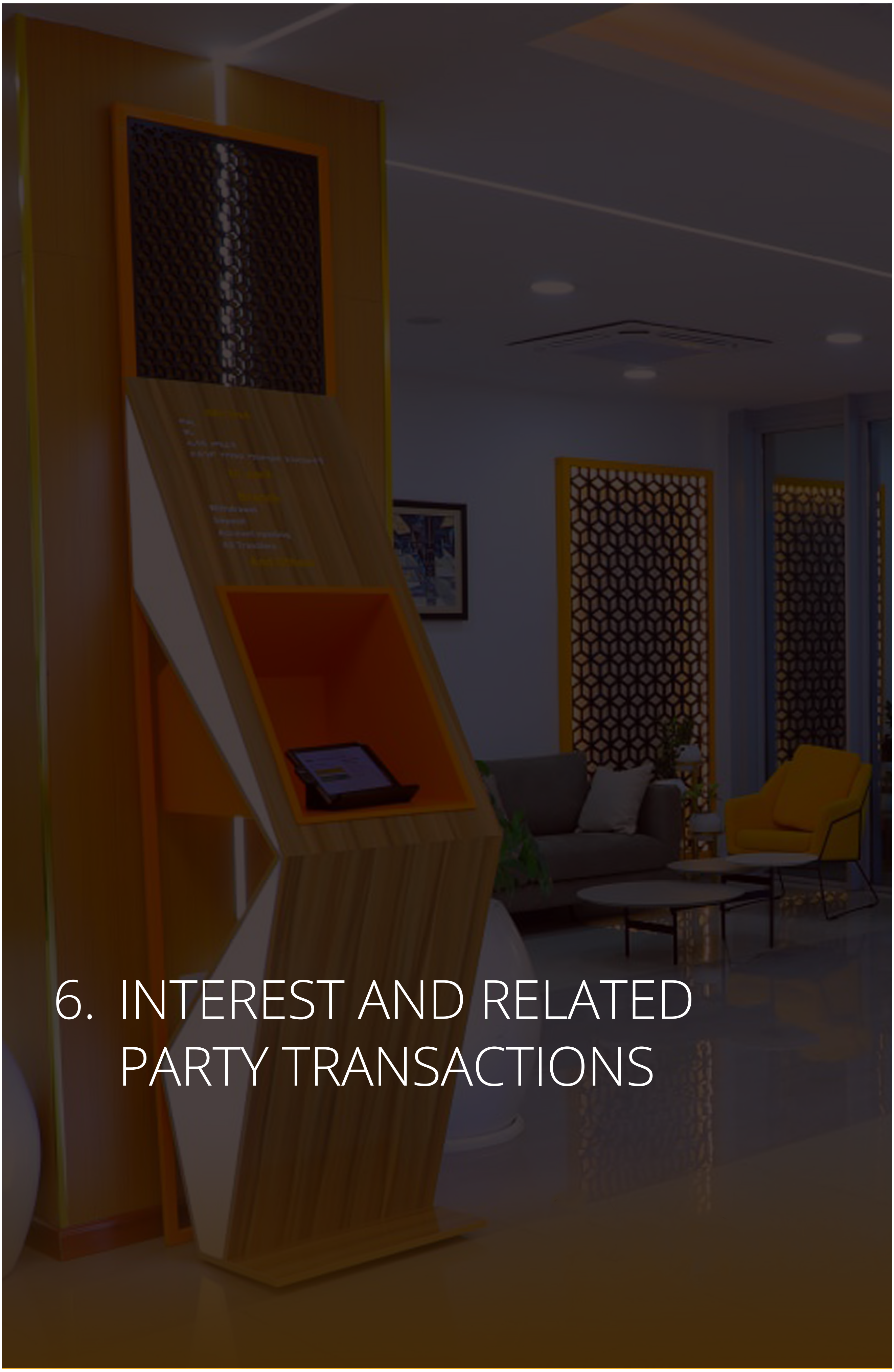
As referred to in section 2.5.5.1.4, where the regulations governing dividends are discussed, dividend declarations are subject to review and, in some cases, prior approval by the NBE. The Company will submit all proposed dividend declarations for regulatory assessment to ensure ongoing compliance with capital and prudential requirements. While there is no fixed non-performing loan threshold that expressly prohibits dividend distribution, the NBE may restrict or object to proposed dividends where the Company’s asset quality or provisioning level is deemed inadequate. Specific grounds for such intervention include concerns over capital adequacy, liquidity, risk management, compliance with national ownership laws, and adherence to government or regulatory directives.

The table below sets out a summary of the dividends declared by the Company for the years ended 30 June 2025, 2024, and 2023.

Table 62: Dividend declared

	For the year ended 30 June		
	2025	**2024**	**2023**
ETB (millions)			
Profit for the year	7,299	4,238	3,873
Dividend for the year	4,973	2,576	2,878
Number of shares outstanding (weighted average) (‘000)	14,473	12,875	9,907
Dividend per Share (“DPS”) *	344	200	291
Dividend pay-out ratio*	68.1%	60.8%	74.3%
EPS	504	328	390

*The Company has declared a dividend of ETB 4,973 million for the year ended 30 June 2025, which was announced at the AGM held on 30 September 2025.



6. INTEREST AND RELATED PARTY TRANSACTIONS

6.1. Board Directors and Executive Management interest

The Directors, Executive Management and Executive Officers of the Company hold both direct and indirect interest in the Ordinary Shares. As at the date of this Prospectus, the aggregate number of shares held by them, both indirectly and directly, is 740,298, which represents 5.0% of the total paid-up share capital. As at 30 June 2025, there are no non-beneficial interests on the part of the Company's Board of Directors.

The Company provides loans to members of the Board of Directors, Executive Management and Executive Officers for business purposes, as permitted by the Commercial Code. As at 30 June 2025, the total outstanding amount of these loans was ETB 953 million.

The Company operates as a sole legal entity, independent of any group structure and without subsidiary companies. Therefore, no loans or guarantees have been extended to Directors by subsidiary entities. The Company has not granted any guarantees in favour of any member of the Board.

The table below summarises the total outstanding loans and sums paid or agreed to be paid, directly or indirectly, to any member of the Board of Directors, Executive Management and Executive Officers for the years presented.

Loans to member of the Board of Directors, Executive Management, and Executive Officers

Table 63: Loans to Board of Directors, Executive Management, and Executive Officers (including guarantees)

	As at 30 June		
	2025	2024	2023
ETB ('000)			
Loans to Board of Directors, Executive Management, and Executive Officers	953,285	973,835*	574,540

*To ensure comparability following Executive Officer changes, these changes reflect the departure of one executive member whose reported figures were included in the 2023/24 financial statements and the appointment of the chief risk and compliance, and chief internal audit to the executive team. The Company has restated the 30 June 2024 loan to directors and executive balance, previously reported as ETB 887.3 million, has been adjusted to ETB 973.8 million in the 30 June 2025 annual report.

6.2. Major shareholder/Interested Persons

As at the date of this Prospectus, no individual or entity, holds more than 7% or 10%, respectively, or more of the Company's capital or voting rights and no differential voting rights exist for the Company's major shareholders. The Company has in place a board-approved shareholder relationship policy that governs the relationship between shareholders, and any other related party. Additionally, the Company has developed an action plan and is working on building a shareholder database, which will be focused on ensuring shareholders declare any related parties. There are no arrangements that may, at a subsequent date, result in a change in control of the Company.

The Company's share administration and shareholders relations management policy and procedure, as approved by the Board of Directors and Executive Management, serve as the formal governance framework regulating the relationship between the Company, its shareholders, and other relevant parties. These documents set out the rights, obligations, and processes concerning share ownership, transfer, dividend distribution, and shareholder engagement, ensuring transparency, equitable treatment, and compliance with Ethiopian law and regulatory directives. By holding shares in the

Company, shareholders are deemed to accept and be bound by these policies and procedures, which operate in conjunction with the Company's Articles and MOA to promote sound corporate governance and protect the interests of all stakeholders.

The Company and the Directors are not aware of any people who, directly or indirectly, jointly or severally, exercise control over the Company nor are they aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

The Company has no agreements in place that govern the relationship between shareholders, and any other related party.

6.3. Related party transactions

Details of related party transactions entered by the Company during the period covered by the HFI are set out in Section 7.1 (HFI). In accordance with IFRS, the Company's related parties comprise its employees, Directors, Directors' associates, companies associated with the Directors, Executive Management and Executive Officers ("Related Parties").

The Company provides banking services and enters into banking transactions with these Related Parties in the ordinary course of business and on an arm's length basis, with exposures remaining within the mandated prudential limits. These services include providing loans, deposit accounts, and facilitating FCY transactions. Furthermore, the Company pays compensation to its Board of Directors, Executive Management and Executive Officers. All required related party disclosures presented in the Company's annual financial statements adhere to the Commercial Code, IFRS and the Company is compliant with the NBE's Related Party Directive No. SBB/88/2024. The Company has no intention or is expected to change these related party arrangements in future financial periods.

As at 30 June 2025, there were no sales or purchases of goods and services between the Company and key management personnel. The Company does not separately manage or record the revenue associated with sales from Related Parties. However, revenue earned from these Related Parties forms part of the Company's financial performance in each of the financial years ended 30 June 2025, 2024, and 2023.

During the period from 1 July 2025 (being the date of the latest financial information of the Company as set out in Section 3 (Financial statements and information)) to the latest predictable date, there are no related party transactions between the Company and Related Parties outside of the aforementioned banking services to the Related Parties.

6.3.1. Loans and advances to related parties

The total loans and advances to Related Parties as at 30 June 2025, 2024, and 2023 stood at ETB 953 million, ETB 973 million, and ETB 574 million, respectively. Details of the specific loans and advances to Related Parties are set out in the HFI included in Annex 1 of the Prospectus. For further detail, refer table 63 above.

7. MANAGEMENT DISCUSSION AND ANALYSIS OF HFI

7.1. Operational and financial results

The following discussion of the Company's financial condition and results of operations as at and for the financial years ended 30 June 2025, 2024, and 2023, should be read in conjunction with the information set out in section 3 "Financial information", Section 2 "Business overview", and the information relating to the Company's business included elsewhere in this Prospectus.

This management discussion and analysis of the Company has been prepared based on the Company's HFI, which has been prepared in accordance with IFRS.

All the financial information in this section has been presented in ETB unless otherwise stated. The amounts have been rounded to the nearest thousands (ETB '000), millions (ETB million) or billions (ETB billion), and accordingly, if the numbers mentioned in the tables are summed, their sum may not correspond to the totals mentioned in those tables or to the Company's HFI.

7.1.1. Overview

Set out below is a summary of the Company's select HFI and KPIs for the years ended 30 June 2025, 2024, and 2023.

The Company serves a diverse customer base through its Conventional Banking and IFB Business Segments. Operating as a commercial bank, its core activities encompass loan products, deposit products, international banking, and IFB through the Company's AbyssiniAmeen product.

The Company achieved significant growth in the years ended 30 June 2025, 2024, and 2023, driven by the successful implementation of key strategic initiatives focused on sustainable growth, exceptional customer experience, and digital transformation. These initiatives, coupled with positive macroeconomic conditions and supportive economic reforms contributed to the Company's strong performance, with the financial performance for the year ended 30 June 2025 further detailed below.

The Company's total customer deposits increased to ETB 243,180 million as at 30 June 2025 from ETB 192,509 million as at 30 June 2024. This increase reflects the effectiveness of the Company's deposit mobilisation strategy, expanding both its Conventional Banking and IFB customer counts by 15.4%, from 13 million to 15 million customers between 30 June 2024 and 30 June 2025.

Additionally, the Company's digital transformation strategy and efforts to expand digital banking subscriptions, which include IT and digital banking projects and activities, such as the implementation of an identity management solution (Apollo), supporting both self- and assisted onboarding, has led to significant growth in digital banking subscriptions. This strategic pivot is evident in the substantial increases in card, mobile, and internet banking users, alongside a measured reduction in physical branch presence.

- As at 30 June 2025, debit card banking subscribers increased by 178 thousand or 5.4% from 3,321 thousand as at 30 June 2024, reaching a total of to 3,499 thousand as at 30 June 2025.
- Mobile banking subscribers grew by 1,112 thousand, a 26.0% increase from ETB 4,272 thousand as at 30 June 2024, to 5,384 thousand as at 30 June 2025, and
- Internet banking subscribers also saw a rise of 19 thousand, or 23.2% from 82 thousand as at 30 June 2024, bringing their total to 101 thousand as at 30 June 2025.

Mobile banking and Internet banking transaction values increased by ETB 716 billion or 178.5% from ETB 401 billion in the year ended 30 June 2024, reaching a combined ETB 1,117 billion in the year ended 30 June 2025. This expansion was supported by increases in the number of ATMs, POS terminals, and virtual banking centers. Despite this significant digital growth, the total number of physical branches decreased slightly by 0.2% to 928 from 931 as at 30 June 2025, reflecting a strategic shift towards digital channels.

The Company's loans and advances increased to ETB 193,379 million as at 30 June 2025 from ETB 163,923 million as at June 2024 primarily as a result of an increase in the Company's deposits, which contributed to the increased availability of funds for the disbursement of loans and advances. Additionally, the growth in loans and advances was driven by an increase in market demand for loan products due to economic reforms and the overall macroeconomic environment measured by growth in the Company's customer accounts.

The growth in loans and customer deposits, combined with effective management of operational costs and FCY exposure, resulted in enhanced profitability and liquidity. In the year ended 30 June 2025, the Company recorded ETB 28,748 million in total operating income compared to ETB 19,729 million in the year ended 30 June 2024. In the year ended 30 June 2025, the total personnel and other operating expenses were ETB 18,647 million, driven by an increase in other operating expenses of ETB 3,531 million to ETB 8,871 million in the year ended 30 June 2025 compared to 5,340 million in the year ended 30 June 2024 and an increase in personal expenses of ETB 664 million to ETB 9,776 million in the year ended 30 June 2025 from ETB 9,112 million in the year ended 30 June 2024.

The Company's financial position improved with total assets increased by 28.8% to ETB 286,227 million as at 30 June 2025 from ETB 222,203 million as at 30 June 2024. The Company's total liabilities increased to ETB 257,385 million as at 30 June 2025 from ETB 199,108 million as at 30 June 2024. Set out below is a summary of the Company's select HFI and KPIs for the years ended 30 June 2025, 2024, and 2023.

Table 64: Select HFI and KPIs

Select HFI and KPIs	**For the year ended 30 June**		
	2025	**2024**	**2023**
Select HFI (ETB millions)			
Statement of profit or loss and OCI			
Interest income	32,719	24,603	20,965
Interest expense	(10,323)	(8,019)	(6,140)
Net interest income	**22,396**	**16,584**	**14,825**
Net fees and commission income	**4,817**	**2,198**	**1,196**
Other income	1,535	947	568
Total operating income	**28,748**	**19,729**	**16,589**
Personnel expenses	(9,776)	(9,112)	(7,434)
Other operating expenses	(8,871)	(5,340)	(3,925)
Profit before income tax	10,101	5,277	5,230

Select HFI and KPIs	For the year ended 30 June		
	2025	2024	2023
Select HFI (ETB millions)			
Profit for the year	**7,299**	**4,237**	**3,873**
EPS	504	328	390
Statement of financial position			
Loans, advances and financing to customers (net)	193,379	163,923	143,796
Total assets	286,227	222,303	189,512
Conventional Banking customer deposits	211,655	168,373	140,467
Interest free customer deposit	31,525	24,136	18,070
Total liabilities	257,385	199,108	170,036
Share capital	15,000	14,206	11,898
Total equity	**28,842**	**23,195**	**19,476**
KPIs			
Financial KPIs			
Total deposits	243,180	192,509	158,537
Total assets	286,227	222,303	189,512
Loans, advances and financing to customers (net)	193,379	163,923	143,796
Total Revenue	39,071	27,748	22,728
Profit before income tax	10,101	5,277	5,230
Total equity	28,842	23,195	19,476
Net Interest margin	10.5%	9.3%	9.5%
Cost-to-income ratio	62.7%	68.0%	55.7%
Liquidity ratio	0.22x	0.15x	0.15x
Debt ratio	89.9%	89.6%	89.7%
FCY earnings (USD millions)	663	424	458
Mobile banking transaction value	1,105,809	389,713	182,182
Internet banking transaction value	10,759	11,174	6,383
ATM transaction value	96,752	88,668	68,647
POS terminal value	6,227	3,488	2,004
Apollo transaction value	12,407	27,989	2,794
Amount of IFB deposits	31,525	24,136	18,070
Amount of IFB financing	5,969	4,908	3,077
CAR	9.4%	10.1%	9.8%

Select HFI and KPIs	For the year ended 30 June		
	2025	2024	2023
NPL ratio	2.9%	3.3%	3.5%
NPF ratio	3.0%	3.4%	0.1%
Non-financial KPIs			
Number of customers accounts (‘millions)	15	13	10
Number of IFB customer accounts (‘000)	1,924	1,585	1,157
Number of debit card banking subscribers ('000)	3,499	3,321	2,940
Number of prepaid card banking subscribers	8,536	7,461	1,651
Number of active mobile banking subscribers ('000)	5,384	4,272	2,760
Number of active Internet banking subscribers ('000)	101	93	64
Number of branches	928	931	863
Number of ATMs	1,741	1,429	1,277
Number of POS terminals	3,627	2,160	1,254
Number of virtual banking centers	49	35	20
Mobile banking transaction volume (‘000)	101,362	35,150	8,337
Internet banking transaction volume ('000)	41	59	56
POS terminal volume ('000)	1,783	1,389	826
Apollo transaction volume ('000)	1,577	1,675	758

The Company operates in two Business Segments, namely Conventional Banking and IFB services.

Conventional Banking

The Company serves corporate, public-sector agencies, MSMEs, and individual customers through its Conventional Banking segment. This segment generated ETB 37,686 million of Segment Revenue in the year ended 30 June 2025; a 41.1% increase compared to the ETB 26,702 million in the year ended 30 June 2024. Conventional Banking loans and advances increased by ETB 30,518 million to ETB 193,347 million as at 30 June 2025, from ETB 162,829 million as at 30 June 2024. Customer deposits increased from ETB 168,373 million as at 30 June 2024 to ETB 211,655 million as at 30 June 2025.

This overall performance is attributable to the Company's digital strategy and a 8.3% growth in its Conventional Banking customer accounts, from 12 million as at 30 June 2024 to 13 million as at 30 June 2025. The table below sets out the Conventional Banking Business Segment’s KPIs.

Table 65: Conventional Banking Segment Revenue, customer deposits, loans and advances and number of customers accounts

	As at 30 June					
	2025	2024	2023	% CAGR FY23-FY25	% variance FY24-FY25	% variance FY23-FY24
Financial KPIs						
Conventional Banking Segment Revenue	37,686	26,702	22,384	29.8%	41.1%	19.3%
Customer deposits	211,655	168,373	140,467	22.8%	25.7%	19.9%
Loans and advances (gross)	193,347	162,829	143,434	16.1%	18.7%	13.5%
Non-financial KPIs						
Number of customers accounts (millions)	13	12	9	20.2%	8.3%	33.3%

IFB financing

The IFB Business Segment, branded AbyssiniAmeen, offers Shariah-compliant services to individuals, government and non-government agencies, and individual customers. AbyssiniAmeen offers a range of services, including Wadiah savings, ameen goal savings (Wadiah and Mudarabah), hajj savings, and investment accounts structured for ethical and long-term financial goals.

The IFB segment generated ETB 723 million in Segment Revenue in the year ended 30 June 2025, an increase of 30.5% compared to ETB 554 million in the year ended 30 June 2024. The Segment Revenue was derived from Mudarabah financing. IFB financing increased by ETB 1,061 million or 21.6% from ETB 4,908 million as at 30 June 2024 to ETB 5,969 million as at 30 June 2025. IFB deposits increased by ETB 7,376 million from ETB 24,149 million as at 30 June 2024 to ETB 31,525 million as at 30 June 2025. The increase was driven by a growing demand for Shariah-compliant financial services which led to the customer accounts growth from 1 million to 2 million between 30 June 2024 and 30 June 2025.

The table below sets out the IFB Business Segment's KPIs.

Table 66: IFB Segment Revenue, IFB deposits, IFB financing, and number of customers accounts

	As at 30 June					
	2025	2024	2023	% CAGR FY23-FY25	% variance FY24-FY25	% variance FY23-FY24
Financial KPIs						
IFB Segment Revenue	723	554	281	60.4%	30.5%	97.2%
IFB deposits	31,525	24,136	18,070	32.1%	30.6%	33.6%
IFB financing	5,969	4,908	3,077	39.3%	21.6%	59.5%

	As at 30 June					
	2025	2024	2023	% CAGR FY23-FY25	% variance FY24-FY25	% variance FY23-FY24
Non-financial KPIs						
Number of customers accounts ('millions)	2	1	1	41.4%	100.0%	-

7.1.2. Key material factors affecting the Company's results of operations

The results of the Company's operations have been, and will continue to be, affected by many factors, some of which are beyond the Company's control. This section sets out certain key factors that have affected the Company's results of operations in the years under review and could affect its results of operations in the future.

7.1.2.1. Economic overview

The banking sector has faced headwinds over the past three years, stemming from macroeconomic instability including high inflation, the devaluation of the ETB against the USD, regulatory credit caps imposed by the NBE, and the impact of political and social tensions.

Despite these challenges, the Government initiatives promoting private sector engagement, such as the liberalisation of the Ethiopian financial sector, digital and mobile banking transformation, and the growing Islamic banking and IFB products, have fuelled an increase in credit demand, offering a positive counterbalance.The Company demonstrated strong resilience, achieving a 26.3% year-on-year growth in its total loan portfolio, reaching ETB 193,379 million as at 30 June 2025, compared to ETB 163,923 million as at 30 June 2024. Existing customers contributed significantly to this growth, with ETB 23,709 million in increased lending from 1,507 thousand accounts in the year ended 30 June 2025.

This, along with growth from new customers, resulted in a total customer accounts increase from 13 million to 15 million between 30 June 2024 and 30 June 2025, contributing to the overall increase in lending activity. The following section details the specific domestic social and economic factors that influenced the Company's performance, and the table below summarises the Ethiopian macroeconomic indicators from 2023-2025.

Table 67: Key macroeconomic indicators

	As at 30 June				
	2025	2024	2023	% CAGR FY23-FY25	% variance FY24-FY25
Population (millions)*	110.1	108.4	105.7	2.6%	1.6%
Real GDP growth (%)*	7.2	8.1	7.2	-	(11.1%)
Inflation (%)**	16.9	20.8	30.3	(25.3%)	(18.8%)
Exchange rate (ETB /USD)**	138.0	82.6	54.9	58.5%	67.1%

Source: *IMF World, Economic Outlook Database: October 2025 Edition, **EIU One Click Report Ethiopia Briefing Sheet: July 2025 Edition.

GDP growth

Ethiopia's macroeconomic outlook for 2025 projects strong growth but also highlights persistent structural challenges. According to the IMF, Ethiopia's GDP is projected to grow by 7.2% in 2025, slowing down from the observed 8.1% growth in 2024. This growth is expected to surpass the global and African averages, which, according to the EIU, are forecast to grow at 1.9% and 3.9% for 2025, respectively. The Government has undertaken substantial reforms, including currency floatation, debt structuring and budgetary support by the IMF and the World Bank, and liberalisation of the foreign exchange market.

According to the NBE, these reforms have resulted in a rise in FCY reserves to USD 3.8 billion and a narrowing of the budget deficit to approximately 2.2% of GDP during the fourth quarter of the 2024 FY. However, vulnerabilities remain, including weaknesses in the export sector, concerns regarding the adequacy of foreign reserves, and the potential for renewed inflationary pressures, requiring banks to adopt proactive risk management and strategic planning to fully capitalise on the expanding market, particularly in managing foreign exchange risk and supporting trade.

The Company's balance sheet continued to grow despite economic and financial sector challenges. Total assets increased by 28.8% to ETB 286,227 million as at 30 June 2025, from ETB 222,303 million as at 30 June 2024. This overall asset growth reflects the Company’s ability to navigate the shifting economic landscape. The currency floatation and subsequent devaluation of the Ethiopian Birr, while posing challenges, also contributed to an increase in the ETB-denominated value of the Company's FCY assets. Specifically, FCY assets surged from ETB 3,470 million as at 30 June 2024 to ETB 21,324 million as at 30 June 2025, representing an increase of approximately 514.6%. Furthermore, the Company strategically expanded its local currency lending to capitalise on the inflationary environment and the broader economic growth, thereby driving overall asset expansion.

The Company's total deposits from customers increased by 26.3% from ETB 192,509 million as at 30 June 2024 to ETB 243,180 million as at 30 June 2025, indicating continued customer confidence despite market volatility. This was supported by targeted deposit mobilisation strategies that adapted to the inflationary environment.

Furthermore, the Company has seen positive performance in profit after tax, recording ETB 7,299 million in the year ended 30 June 2025, increasing at a CAGR of 37.3% from ETB 3,873 million in the year ended 30 June 2023. This performance underscores the Company's resilience and ability to navigate challenging market condition, adapting its strategies to manage the implications of currency devaluation and broader macroeconomic shifts.

Inflation trends

According to the IMF, global headline inflation is projected to continue its downward trajectory, falling from an annual average of 6.8% in 2023 to around 5.2% in 2024, and further easing to approximately 4.1% in 2025. Emerging market and developing economies are anticipated to experience a more gradual slowdown, with headline inflation declining in 2025 to roughly 4.5–5.0%, While this is still above pre-pandemic averages, it represents steady convergence. Inflation in Ethiopia has been a persistent macroeconomic challenge, primarily driven by food price volatility, supply chain disruptions, and expansionary fiscal and monetary policies. However, data indicates notable progress in taming inflationary pressures. The overall inflation outlook is influenced by continued monetary policy tightening, easing supply chain disruptions, and increasingly anchored inflation expectations.

However, significant risks remain, stemming from geopolitical tensions, commodity price volatility, and the dynamics of the labor market.

Through proactive risk management, strategic operational adjustments, and a blended pricing strategy, the Company has effectively navigated inflationary challenges. This is evidenced by a significant improvement in asset quality, with the NPL Ratio decreasing at a CAGR of 9.3% from 3.5% as at 30 June 2023 to 2.9% as at 30 June 2025. The Company also saw substantial growth in total deposits, increasing by ETB 50,671 million from ETB 192,509 million as at 30 June 2024 to ETB 243,180 million as at 30 June 2025, and loans and advances, which rose to ETB 193,379 million as at 30 June 2025 from ETB 163,923 as at 30 June 2024. These efforts, coupled with efficient cost management, led to a 72.2% increase in profit after tax from ETB 4,238 million in the year ended 30 June 2024 to ETB 7,299 million in the year ended 30 June 2025.

Political and social instability

The Company's financial performance is critically dependent on sustained political and social stability, ensuring sufficient revenue generation to meet operating expenses, fund Capex, and fulfill its financial obligations. Periods of political and social instability within Ethiopia, such as civil unrest, uprisings, and regional conflicts, present a material risk to the Company's economic activity, operational performance, and future growth. Recent conflicts have disrupted operations, leading to the closure of the Zalanbesa branch in Tigray, damage to branches in Amhara and Afar, and rendering five branches in Bahir Dar and Dessie non-operational. These disruptions have consequently halted resource mobilisation and increased operational costs due to security and contingency measures.

Despite these significant operational challenges and the inherent risks of increased credit risk and potential loan repayment delays in disrupted business environments, the Company's loan portfolio demonstrated remarkable resilience. This was evidenced by a notable improvement in the NPL Ratio, which decreased from 3.3% as at 30 June 2024 to 2.9% as at 30 June 2025. This favourable trend indicates successful risk mitigation and diligent portfolio management throughout the period of instability, effectively managing potential defaults and maintaining asset quality.

In light of these experiences, the Company's long-term strategy is now centred on developing comprehensive crisis management and business continuity plans. This proactive approach integrates lessons learned from past disruptions, aiming to ensure operational continuity and safeguard future performance against potential future instabilities.

Ethiopia’s debt relief initiatives

The Government is undertaking a comprehensive debt restructuring initiative, supported by a USD 3.4 billion financing agreement by key international financial institutions, including the IMF. This program aims to alleviate the country's unsustainable debt burden and create a foundation for sustainable economic growth. The program's core objectives are to decrease the overall debt level, enhance the long-term sustainability of Ethiopia's debt profile, and redirect fiscal resources towards strategic investments. These investments will focus on key initiatives, such as infrastructure development, human capital development (education and healthcare), and agricultural modernisation. Simultaneously, the program requires the implementation of substantial economic reforms to improve fiscal discipline, strengthen revenue mobilisation, and optimise public expenditure.

These broader fiscal improvements and the enhanced investor confidence stemming from the debt restructuring programme have created a more stable and predictable operating environment, which has positively impacted the financial sector. Against this backdrop, the Company has demonstrated remarkable resilience and registered improved business performance. The increased economic stability and reduced sovereign risk, driven by the Government's reforms, have contributed to an improved asset quality and reduced credit risk for the Company. This is evidenced by the NPL Ratio decreasing at a CAGR of 9.3% from 3.5% as at 30 June 2023 to 2.9% in the year ended 30 June 2025.

Furthermore, the renewed confidence in the economy, fostered by the debt restructuring and the prospect of sustainable growth, has bolstered depositor trust. This is reflected in the Company's total deposits from Conventional Banking and IFB customers increasing by ETB 50,671 million from ETB 192,509 million as at 30 June 2024 to ETB 243,180 million as at 30 June 2025, highlighting the Company's successful deposit mobilisation strategy and the positive influence of the improving macro-economic conditions on customer confidence and financial stability.

This increased availability of funds, driven by deposit growth, coupled with an increase in market demand for loan products due to economic reforms and the overall macroeconomic environment, has enabled the Company to expand its lending activities. Consequently, the Company's loans and advances increased to ETB 193,379 million as at 30 June 2025 from ETB 163,923 million as at June 2024. This growth in the loan book further underscores the positive impact of the improving economic climate on the Company's operational expansion and its ability to support economic activity.

7.1.2.2. Amendments to government regulations and policies

NBE credit capitalisation

On 11 August 2023, the NBE implemented a 14.0% annual credit growth cap to curb inflation. This cap was raised to 18.0% on 1 January 2024 to help improve banks' ability to meet borrower demands and support economic stability especially given the challenging liquidity conditions. On 25 September 2025, the NBE's Monetary Policy Committee ("MPC") held its fourth quarter meeting. In line with its roles and responsibilities under Article 23 of the NBE Establishment Proclamation No. 1359/2025, the MPC resolved to increase the credit cap from 18.0% to 24.0%.

Subsequently, the NBE resolved to discontinue the administered interest rate regime and, pursuant to the Interest Rates (As Amended) Directive No. NBE/INT/13/2026, effective 9 January 2026, repealed all prior interest rate directives, thereby allowing banks to determine deposit and lending interest rates on a market-based and negotiable basis, subject to applicable regulatory oversight.

Despite the tighter lending environment, the Company increased its net loans, advances and financing to customers (net) by 18.0% from ETB 163,923 million as at 30 June 2024 to ETB 193,379 million as at 30 June 2025. This growth was achieved through strategic new disbursements, driven by the strong market demand for loan products and the availability of funds, while remaining below the revised NBE lending cap.

Complementing this growth, the Company also achieved a substantial increase in loan and advance collections, which rose from ETB 24,703 million to ETB 35,492 million over the same period. This improvement, attributable to enhanced collection processes, played a crucial role in strengthening the Company's liquidity position and improving the overall quality of its loan portfolio. These robust collection efforts directly contributed to a reduction of the NPL Ratio from 3.3% as at 30 June 2024 to 2.9% as at 30 June 2025, demonstrating effective risk management and supporting sustainable lending practices.

Reform to the forex regime

The NBE implemented a major currency reform in July 2024. This involved a 30.0% devaluation of the ETB against the US dollar and a shift to a managed, market-determined exchange rate system. Backed by the IMF and the World Bank, the reform aimed to reduce the gap between the official exchange rate and the parallel market rate, boost export competitiveness, and attract investment. As at 30 June 2025, the ETB had depreciated against the USD by 136.4% year-on-year, from ETB 57.3 as at 30 June 2024 to ETB 135.4 as at 30 June 2025. Despite the shift to a market-based exchange rate and broader liberalisation, the official rate has remained relatively stable due to concurrent tighter monetary policy and increased FCY inflows. However, underlying external imbalances and persistent foreign exchange demand continue to exert moderate depreciation pressure on the ETB.

The Company's financial position and its financial performance are exposed to FCY fluctuations. As a provider of foreign exchange services, including FCY accounts, foreign exchange transactions, remittance services, and international trade financing solutions, the Company plays a significant role in facilitating international trade and investment. The Company's financial performance for the year ended 30 June 2025 was significantly impacted by changes in FCY regulations, exchange rates, and liquidity conditions, affecting revenue streams, profitability, and the overall financial position. Specifically, total operational costs increased from ETB 14,452 in the year ended 30 June 2024 to ETB 18,647 in the year ended 30 June 2025, largely driven by the higher local currency equivalent of expenses and broader inflationary pressures. Concurrently, FCY earnings saw an increase from USD 424 million to USD 663 million over the same period, reflecting the Company's resilience in a volatile market and successful diversification of its forex services, despite broader international trade challenges. Furthermore, the NPL Ratio improved, decreasing from 3.3% to 2.9%, a positive shift suggesting effective risk management or a resilient segment of the loan book even amidst volatile economic conditions.

To mitigate these risks, the Company employed a comprehensive and proactive approach. Central to this was a robust matching strategy, which directly addressed the Company's FCY exposure by offsetting FCY-denominated assets against liabilities. This was instrumental in limiting revaluation losses on the balance sheet and safeguarding capital during the ETB's substantial depreciation. Furthermore, proactive liquidity management was essential to navigate potential funding pressures, and a rigorous reassessment of FCY exposures allowed the Company to adjust its risk appetite and hedging strategies in real-time. These prudent financial management measures were pivotal in containing the negative consequences of exchange rate volatility and governmental policy adjustments, as evidenced by the improved NPL Ratio, which demonstrates the Company's ability to maintain asset quality despite the challenging economic landscape.

Market-based interest rate regime

On 9 July 2024, the NBE introduced a market-based interest rate regime, marking a significant shift in the country's monetary policy framework. As part of this new framework, the NBE set a policy interest rate of 15.0%, which will serve as a benchmark for the financial system. This move aims to modernise Ethiopia's financial system, promote price stability, and ensure the safety and soundness of financial institutions. By adopting a market-based approach, the NBE will use auctions as a primary monetary policy instrument to influence interest rates in the interbank market, keeping them close to the NBE rate. This development is expected to enhance the efficiency of the financial system, support economic growth, and promote financial stability in Ethiopia.

Cap on foreign exchange transaction fees

Effective 26 May 2025, the NBE implemented a 4.0% cap on foreign exchange transaction fees charged by commercial banks. This regulatory change aims to improve market efficiency, reduce the gap between official and parallel exchange rates, and strengthen confidence in the formal financial sector. For the period between 27 May and 30 June 2025, the Company's foreign exchange transaction fee collections amounted to ETB 7.58 million under the new 4.0% cap. This represented a reduction of ETB 11.36 million compared had the previous rate remained in effect. However, despite this regulatory impact, which constituted only a minor portion of the Company's overall financial performance, the Company demonstrated strong overall growth for the year ended 30 June 2025. Total Revenue from Business Segments reached ETB 39,071 million, a substantial increase from ETB 27,748 million in the prior year.

Furthermore, the Company reported a record profit of ETB 7,299 million for the financial year, marking a significant 72.2% increase compared to the year ended 30 June 2024. On 25 September 2025, the MPC held its fourth quarter meeting. In line with its roles and responsibilities under Article 23 of the NBE Establishment Proclamation No. 1359/2025, the MPC resolved to increase the credit cap from 18.0% to 24.0%. This adjustment shall be applicable solely to future financial periods and shall not extend to periods covered by the HFI.

The evolving digital landscape

The Ethiopian banking sector is undergoing a significant digital transformation, driven by the Government's efforts to enhance financial inclusion, improve efficiency, and promote economic growth. The digital transformation has led to a surge in demand for digital banking services, requiring a strategic response from companies in the sector. In October 2022, the Company launched a comprehensive digital transformation, partnering with Temenos to implement digital banking services. This involved upgrading the Temenos core banking system and incorporating the latest digital and in-branch banking innovations, providing customers with remote access to financial services. This proactive approach has positioned the Company to capitalise on the growing demand for digital banking in Ethiopia.

As at 30 June 2025, the Company has undertaken a number of IT and digital banking projects and activities, including the implementation of an identity management solution (Apollo), supporting both self- and assisted onboarding. These initiatives improved customer service, increased automation and system availability, enhanced security, and strengthened the Company's competitive position. As a result, the number of virtual banking centers increased from 35 as at 30 June 2024 to 49 as at 30 June 2025, and the total customer accounts grew by 15.4% from 13 million as at 30 June 2024 to 15 million as at 30 June 2025.

This growth is attributable to new mobile banking subscribers, internet banking subscribers, and Apollo customers. These digital initiatives contributed to the Company's overall increased profitability, reflected in the ETB 3,061 million or 72.2% increase in profit after tax to ETB 7,299 million in the year ended 30 June 2025, compared to ETB 4,238 million in the year ended 30 June 2024. This success reflects the Company's proactive approach to digital transformation within the broader context of Ethiopia's evolving digital landscape.

Ethiopian competitive landscape

The Company operates in a dynamic and intensely competitive market environment. The potential entry of new competitors, including established international banks and innovative FinTech companies, presents a significant challenge to market share and talent acquisition. This competitive pressure necessitates ongoing adaptation in pricing and service offerings, impacting profitability. This competitive pressure creates vulnerabilities for the Company. International banks, with their vast capital, can deploy aggressive pricing strategies. FinTechs, leveraging rapid, tech-driven solutions and lower operational overheads, will challenge the Company's innovation pace, elevate customer experience expectations, and pressure its pricing flexibility.

Despite the potential entry of established international banks and innovative FinTech companies, the Company's Executive Management and Executive Officers intends to leverage its existing robust banking technology infrastructure, highly skilled personnel, and newly implemented strategic framework. This integrated approach is expected to redefine and refocus the Company's operational strategy, ensuring the effective fulfillment of customer expectations and a sustained competitive advantage.

Additionally, the Company has continued to expand its digital branch network, with 49 virtual banking centres, 1,741 ATMs, and 3,627 POS terminals as at 30 June 2025, enhancing customer access to banking services and convenience. These strategic initiatives have positioned the Company for continued growth and success in a competitive market, as evidenced by its record profit of ETB 7,299 million in the year ended 30 June 2025, as well as growth in customer numbers, deposits, and assets as at 30 June 2025. To maintain its competitive edge, the Company will proactively address emerging threats by fostering continuous innovation, enhancing digital customer journeys, and strategically reviewing pricing models.

7.1.3. Analysis of historical financial performance for the year ended 30 June 2025, 2024, and 2023

The table below sets out the Company's historical statements of comprehensive income for the years ended 30 June 2025, 2024, and 2023.

Statement of comprehensive income

Table 68: Statement of comprehensive income

	For the year ended 30 June		
	2025	**2024**	**2023**
ETB (millions)			
Interest income	32,719	24,603	20,965
Interest expense	(10,323)	(8,019)	(6,140)
Net interest income	**22,396**	**16,584**	**14,825**
Net Foreign exchange (loss)/income	(150)	99	(224)
Service charges	3,153	1,190	688
Commission earned	1,814	909	732
Net fees and commission income	**4,817**	**2,198**	**1,196**

	For the year ended 30 June		
	2025	2024	2023
ETB (millions)			
Dividend income	80	46	53
Other operating income	1,455	901	515
Total other income	**1,535**	**947**	**568**
Total operating income	**28,748**	**19,729**	**16,589**
Loan impairment charge	(2,123)	(1,100)	(961)
Impairment losses on financial assets	(508)	69	-
Net operating income	**26,117**	**18,698**	**15,627**
Personnel expenses	(9,776)	(9,112)	(7,434)
Amortisation of intangible assets	(129)	(84)	(64)
Depreciation and impairment of property, plant and equipment	(756)	(609)	(432)
Amortisation of right of use assets	(1,046)	(877)	(647)
Interest expense on lease liability	(13)	(14)	(17)
Other operating expenses	(4,296)	(2,725)	(1,803)
Profit before tax	**10,101**	**5,277**	**5,230**
Income tax expense	(2,802)	(1,040)	(1,357)
Profit after tax	**7,299**	**4,238**	**3,873**
Other comprehensive income ("OCI") net on income tax			
Items that will not be subsequently reclassified into profit or loss:			
Remeasurement gain/(loss) on retirement benefits obligations (net)	(60)	34	3
Income tax effect	18	(10)	(1)
	(42)	**24**	**2**
Net change in equity investment at Fair Value through OCI ("FVOCI") (Net)	273	42	(7)
Income tax effect	(82)	(13)	2
	191	**29**	**(5)**
Total other comprehensive income	**149**	**53**	**(3)**
Total comprehensive income for the period	**7,448**	**4,291**	**3,870**

Results of operations for the year ended 30 June 2025 compared to the year ended 30 June 2024

Interest income

Interest income increased by ETB 8,116 million or 33.0% to ETB 32,719 million in the year ended 30 June 2025, compared to ETB 24,603 million in the year ended 30 June 2024. A more detailed analysis of interest income by type is set out below.

Table 69: Interest income for the year ended 30 June 2025 and 30 June 2024

	For the year ended 30 June		
	2025	2024	% Variance
ETB (millions)			
Interest income on term loan	24,336	18,166	34.0%
Interest income on overdraft	3,763	2,572	46.3%
Interest income on advance sales contract	1,021	765	33.5%
Interest income from penalty	951	1,373	(30.7%)
Interest income on deposit from local bank	876	765	14.5%
Interest income on treasury bonds	747	437	70.9%
Interest income on foreign deposit	543	67	710.4%
Interest income earned on DBE bond	321	221	45.3%
Interest income on import and export bills	80	127	(37.0%)
Other interest income	81	110	(26.4%)
Total income from interest	**32,719**	**24,603**	**33.0%**

Interest income on term loan increased by ETB 6,170 million or 34.0% to ETB 24,336 million in the year ended 30 June 2025, compared to ETB 18,166 million in the year ended 30 June 2024. The increase was primarily driven by an ETB 32,578 million or 24.3% increase in the principal volume at amortised cost. Additionally, a smaller contributing factor was a rate increase that took place during the second half of the year ended 30 June 2025, increasing the average interest rate by 71 bps from 17.8% in the year ended 30 June 2024 to 18.5% in the year ended 30 June 2025.

Interest income on overdraft increased by ETB 1,191 million or 46.3% to ETB 3,763 million in the year ended 30 June 2025, compared to ETB 2,572 million in the year ended 30 June 2024. The increase was primarily driven by an ETB 1,317 million or 7.8% increase in the principal volume at amortised cost as well as an increase in the average interest rate by 147 bps to 19.1% in the year ended 30 June 2025 from 17.7% in the year ended 30 June 2024. It should also be noted that ETB 2.3 billion in overdraft balances (on which interest had accrued for 11 months) were transferred to term loans during the year.

Interest income on advance sales contract increased by ETB 256 million or 33.5% to ETB 1,021 million in the year ended 30 June 2025, compared to ETB 765 million in the year ended 30 June 2024. The increase was primarily driven by a 256 bps increase in the average interest rate to 10.7% in the year ended 30 June 2025 from 8.2% in the year ended 30 June 2024 despite an ETB 3,377 million or 29.2% decrease in the principal volume at amortised cost to ETB 8,198 million in the year ended 30 June 2025 from ETB 11,575 million in the year ended 30 June 2024. Additionally, ETB 1.99 billion was transferred to term loans as at 30 June 2025 on which interest had accrued for 12 months.

Interest income from penalty decreased by ETB 422 million or 30.7% to ETB 951 million in the year ended 30 June 2025, compared to ETB 1,373 million in the year ended 30 June 2024. The primary driver of this reduction was the Company's intensified efforts to recover past due loans. Although a 3.0% per annum interest charge is charged on past due payment amounts beginning the day after the missed payment, the ETB 422 million decline in penalty income is principally attributed to the successful resolution of 5,268 loan cases, totaling ETB 2.35 billion, which represented 49.0% of the total past due loan portfolio. The successful resolution of these substantial outstanding balances effectively eliminated a significant portion of the missed payment amounts from accruing further penalty interest, consequently contributing to the reported decline in penalty income for the period.

Interest income on deposit from local bank increased by ETB 111 million or 14.5% to ETB 876 million in the year ended 30 June 2025, compared to ETB 765 million in the year ended 30 June 2024. The increase was primarily driven by an increase in Certificate of Deposits (“CDs”) placed in local banks and increase in interest at rates within the range of 15% to 21%, the average being 19.7% in the year ended 30 June 2025. This positive income trend occurred despite the decrease in the overall deposits with local banks, which fell by ETB 1,003 million from ETB 5,726 million as at 30 June 2024 to ETB 4,723 million as at 30 June 2025, indicating the Company's ability to secure significantly higher interest rates on its remaining or strategically re-allocated funds, particularly through the use of CDs, thereby generating greater income from a smaller principal base.

Interest income on treasury bonds increased by ETB 310 million or 70.9% to ETB 747 million in the year ended 30 June 2025, compared to ETB 437 million in the year ended 30 June 2024. The increase was primarily driven by an ETB 4,191 million or 59.8% increase in the principal volume at amortised cost to ETB 11,202 million in the year ended 30 June 2025. The Company invests an amount equivalent to 20% of the monthly disbursed loans and advances. The remaining 10.9% of the increase is attributable to a higher effective interest rate earned on the treasury bonds.

Interest income on foreign deposit increased by ETB 476 million or 710.4% to ETB 543 million in the year ended 30 June 2025, compared to ETB 67 million in the year ended 30 June 2024. The increase was primarily driven by an ETB 16,830 million or 511.0% increase in the funds put aside in foreign deposits. Furthermore, the increase was attributed to the devaluation of the ETB against the USD by 136.4%.

Interest income earned on DBE bond increased by ETB 100 million or 45.3% to ETB 321 million in the year ended 30 June 2025, compared to ETB 221 million in the year ended 30 June 2024. The increase was primarily driven by an ETB 769 million or 23.3% increase in the principal volume at amortised cost to ETB 4,067 million in the year ended 30 June 2025, reflecting the NBE’s mandated regulatory requirement, stipulating the mandatory purchase of 1.0% of the Company’s outstanding loans and advances and an increase in the effective interest yield from 6.7% in the year ended 30 June 2024 to 7.9% in the year ended 30 June 2025.

Interest income earned on import and export bills decreased by ETB 47 million or 37.0% to ETB 80 million in the year ended 30 June 2025, compared to ETB 127 million in the year ended 30 June

2024. The decrease was primarily driven by a decrease in the principal volume at amortised cost by ETB 22.2 million since the Company shifted loans towards higher earning loan types.

Other interest income decreased by ETB 29 million or 26.4% to ETB 81 million in the year ended 30 June 2025, compared to ETB 110 million in the year ended 30 June 2024. Other interest income includes interest income on treasury bills, open market operations, digital loans, and inter-bank loans. The overall decline was primarily driven by an ETB 101 million or 93.1% decline in interest income on treasury bills to ETB 7 million in the year ended 30 June 2025 and was partially offset by the introduction of digital loans and open market operations which earned ETB 62 million and ETB 11 million in interest income in the year ended 30 June 2025, respectively. Interest income on open market operations earned ETB 1 million.

Interest expense

Interest expense increased by ETB 2,304 million or 28.7% to ETB 10,323 million in the year ended 30 June 2025, compared to ETB 8,019 million in the year ended 30 June 2024.

A more detailed analysis of interest expense by type is set out below.

Table 70: Interest expenses for the year ended 30 June 2025 and 30 June 2024

	For the year ended 30 June		
	2025	**2024**	**% Variance**
ETB (millions)			
Interest on saving account	7,623	6,339	20.3%
Interest on time deposit	2,476	1,403	76.5%
Interest on loans	224	277	(18.8%)
Total interest expense	**10,323**	**8,019**	**28.7%**

Interest on saving account increased by ETB 1,284 million or 20.3% to ETB 7,623 million in the year ended 30 June 2025, compared to ETB 6,339 million in the year ended 30 June 2024. The increase was primarily driven by an ETB 30,806 or 24.1% increase in customer deposits to ETB 158,641 million despite a 10 bps decrease in the weighted average interest rate paid on savings accounts to 5.2% in the year ended 30 June 2025, compared to 5.3% in the year ended 30 June 2024.

Interest on time deposit increased by ETB 1,073 million or 76.5% to ETB 2,476 million in the year ended 30 June 2025, compared to ETB 1,403 million in the year ended 30 June 2024. The increase was primarily driven by an ETB 4,922 million or 35.0% increase in fixed time deposits to ETB 18,975 million and a 60 bps increase in the average interest rate paid on time deposits to 14.4% in the year ended 30 June 2025, compared to 13.8% in the year ended 30 June 2024.

Interest on loans decreased by ETB 53 million or 18.8% to ETB 224 million in the year ended 30 June 2025, compared to ETB 277 million in the year ended 30 June 2024. The decrease was primarily driven by a decrease in the NBE borrowings in the year ended 30 June 2025.

Net foreign exchange (loss)/income shifted from a gain of ETB 99 million in the year ended 30 June 2024 to a loss of ETB 150 million in the year ended 30 June 2025. The net loss is primarily attributable to the depreciation of the ETB under the free-floating exchange regime. This deprecation impacted the timing and value of FCY transactions, resulting in the overall loss.

Service charges increased by ETB 1,963 million or 165.0% to ETB 3,153 million in the year ended 30 June 2025, compared to ETB 1,190 million in the year ended 30 June 2024. The increase was primarily driven by increased international banking services, particularly in LC and other trade finance modalities.

Commission earned increased by ETB 905 million or 99.6% to ETB 1,814 million in the year ended 30 June 2025, compared to ETB 909 million in the year ended 30 June 2024. A more detailed analysis of commission earned by type is set out below.

Table 71: Total commissions earned for the year ended 30 June 2025 and 30 June 2024

	For the year ended 30 June		
	2025	2024	% Variance
ETB (millions)			
LC and other import/export facilities	700	261	168.2%
Letters of guarantees	413	215	92.1%
Money and telegraphic transfer and direct debit charges	12	10	20.0%
Other commissions	689	423	62.9%
Total commission earned	**1,814**	**909**	**99.6%**

LC and other import/export facilities increased by ETB 439 million or 168.3% to ETB 700 million in the year ended 30 June 2025, compared to ETB 261 million in the year ended 30 June 2024. The increase was primarily driven by higher volumes of LC and outgoing transfers. The increase in volume was due to the Company's increased FCY generation and the phasing out of the NBE's surrender requirement which required banks to surrender 70% of FCY generated. FCY allocation to customers increased to USD 469 million in the year ended 30 June 2025 from USD 273 million in the year ended 30 June 2024.

Letters of guarantees increased by ETB 198 million or 92.1% to ETB 413 million in the year ended 30 June 2025, compared to ETB 215 million in the year ended 30 June 2024. The increase was primarily driven by existing customer volume growth and new customers. There were 379 letter of guarantees issued with a combined total value of ETB 4.81 billion in the year ended 30 June 2025, compared to 416 letters of guarantees with a combined total value of ETB 9.72 billion in 30 June 2024. Additionally, price adjustments were made from January 2025 onwards.

Other commissions increased by ETB 266 million or 62.9% to ETB 689 million in the year ended 30 June 2025, compared to ETB 423 million in the year ended 30 June 2024. The increase was primarily driven by an increase in card and digital transactions including ATMs, VISA, Mastercard, and mobile payments. Card and mobile transactions value increased to ETB 86 billion and ETB 1.2 trillion in the year ended 30 June 2025, respectively, compared to ETB 68 billion and ETB 392 billion in the year ended 30 June 2024.

Dividend income increased by ETB 34 million or 73.9% to ETB 80 million in the year ended 30 June 2025, compared to ETB 46 million in the year ended 30 June 2024. The increase was driven by an increase in the financial results of the companies that the Company has equity investments in.

Other operating income increased by ETB 554 million or 61.5% to ETB 1,455 million in the year ended 30 June 2025, compared to ETB 901 million in the year ended 30 June 2024. The primary component of other operating income is income from Murabaha financing, which increased by ETB 169 million or 30.4% to ETB 723 million in the year ended 30 June 2025, compared to ETB 554 million in the year ended 30 June 2024 and income from loan processing fees which increased by ETB 64 million to ETB 194 million in the year ended 30 June 2025, compared to ETB 130 million in the year ended 30 June 2024.

The increase in income from Murabaha financing was driven by an ETB 1,061 million increase in the financing amount to ETB 5,969 million in the year ended 30 June 2025 from ETB 4,908 million in the year ended 30 June 2024. The increase in income from loan processing fees was driven primarily by an increase in the number of loans processed which increased to 5,959 in the year ended 30 June 2025 from 2,053 in the year ended 30 June 2024. There was also an increase in the fee rate that was implemented in the year ended 30 June 2025.

Loan impairment charge increased by ETB 1,023 million or 93.0% to ETB 2,123 million in the year ended 30 June 2025, compared to ETB 1,100 million in the year ended 30 June 2024. The increase was primarily due to a more conservative approach to credit risk management in response to Ethiopia's current economic instability.

In the year ended 30 June 2025, the Company partially transitioned its IFRS-9 model from a sector-based probability of default assessment to a more granular, individual borrower-level assessment, aligning with international practices and providing a more accurate reflection of credit risk, resulting in a higher overall impairment charge. Moreover, the growth in the Company's loan portfolio has also required additional provision, which also contributed to the increase.

Impairment losses on other financial assets shifted from a reversal of ETB 69 million in the year ended 30 June 2024 to an impairment charge of ETB 508 million in the year ended 30 June 2025. This was primarily driven by material recalculations of the IFRS 9 model, with regard to probability of default, to ensure adequate provisioning for future losses, a measure implemented in response to align with international practices and external auditor comments.

Operating expenses increased by ETB 2,595 million or 19.3% to ETB 16,016 million in the year ended 30 June 2025, compared to ETB 13,421 million in the year ended 30 June 2024. A more detailed analysis of operating expenses by type is set out below.

Table 72: Total operating expenses for the year ended 30 June 2025 and 30 June 2024

	For the year ended 30 June		
	2025	**2024**	**% Variance**
ETB (millions)			
Personnel expenses	9,776	9,112	7.3%
Amortisation of intangible assets	129	84	53.6%

	For the year ended 30 June		
	2025	2024	% Variance
ETB (millions)			
Depreciation and impairment of property, plant and equipment	756	609	24.1%
Amortisation of right of use assets	1,046	877	19.3%
Interest expense on lease liability	13	14	(7.1%)
Other operating expenses	4,296	2,725	57.7%
Total operating expenses	**16,016**	**13,421**	**19.3%**

Personnel expenses increased by ETB 664 million or 7.3% to ETB 9,776 million in the year ended 30 June 2025, compared to ETB 9,112 million in the year ended 30 June 2024. The increase was primarily driven by non-clerical and contractual staff salaries, and bonus pay as well as benefits such as fuel allowances, training, and medical expenses which were driven up by inflation. Additionally, there was no increase in staff headcount, and annual salary increases.

Amortisation of intangible assets increased by ETB 45 million or 53.6% to ETB 129 million in the year ended 30 June 2025, compared to ETB 84 million in the year ended 30 June 2024. The increase is primarily attributable to acquisition of software licenses of ETB 244 million in the year ended 30 June 2025.

Depreciation and impairment of property, plant and equipment increased by ETB 147 million or 24.1% to ETB 756 million in the year ended 30 June 2025, compared to ETB 609 million in the year ended 30 June 2024. The increase is primarily attributable to additions to property and equipment of ETB 2,088 million in the year ended 30 June 2025.

Amortisation of right of use assets increased by ETB 169 million or 19.3% to ETB 1,046 million in the year ended 30 June 2025, compared to ETB 877 million in the year ended 30 June 2024. The increase was primarily driven by higher rental prices during the renewal of the lease.

Other operating expenses increased by ETB 1,571 million or 57.7% to ETB 4,296 million in the year ended 30 June 2025, compared to ETB 2,725 million in the year ended 30 June 2024. The increase was primarily driven by software license fees, insurance for deposits, Mastercard and VISA card membership and services, written off loans, customer incentive for FCY mobilisation, stationery and printing, repair and maintenance, other IFB expense, data and internet lines, fuel and lubricant, IT support and maintenance expense, insurance, advertising, and donations and contributions.

The increase in these expenses was mainly driven by higher IT and software costs (impacted by foreign exchange rate fluctuations) as part of the Company's expansion of IT and digital related initiatives including ATMs, ITMs, license fees, etc., along with inflationary pressures. Software license fees increased ETB 401 million or 136.4% to ETB 696 million in the year ended 30 June 2025.

Additionally, insurance for deposits expense, a new requirement introduced by the NBE's newly established deposit insurance authority in the year ended 30 June 2024, increased by ETB 85 million or 18.1% to ETB 558 million in the year ended 30 June 2025. Insurance for deposits increases as customer deposits increase. Average deposits in the year ended 30 June 2025 on which deposit insurance expense was computed was ETB 180.82 billion.

Profit before tax increased by ETB 4,824 million or 91.4% to ETB 10,101 million in the year ended 30 June 2025, compared to ETB 5,277 million in the year ended 30 June 2024. The increase was driven by an ETB 7,418 million increase in net operating income to ETB 26,117 million, partially offset by an ETB 2,596 million increase in total operating expenses to ETB 16,016 million in the year ended 30 June 2025.

Income tax expense increased by ETB 1,762 million or 169.4% to ETB 2,802 million in the year ended 30 June 2025, compared to ETB 1,040 million in the year ended 30 June 2024. The increase was primarily driven by the Company's overall profitability, which saw an increase of profit before tax of ETB 4,824 million or 91.4% to ETB 10,101 million in the year ended 30 June 2025, compared to ETB 5,277 million in the year ended 30 June 2024. There was no change to the 30% profit tax rate.

Results of operations for the year ended 30 June 2024 compared to the year ended 30 June 2023

Interest income increased by ETB 3,688 million or 17.4% to ETB 24,603 million in the year ended 30 June 2024, compared to ETB 20,965 million in the year ended 30 June 2023. A more detailed analysis of interest income by type is set out below.

Table 73: Interest income for the year ended 30 June 2024 and 30 June 2023

	For the year ended 30 June		
	2024	**2023**	**% Variance**
ETB (millions)			
Interest income on term loan	18,166	14,571	24.7%
Interest income on overdraft	2,572	2,097	22.7%
Interest income on advance sales contract	765	1,551	(50.7%)
Interest income from penalty	1,373	1,446	(5.0%)
Interest income on deposit from local bank	765	563	36.0%
Interest income on treasury bonds	437	100	337.0%
Interest income on foreign deposit	67	10	570.0%
Interest income earned on DBE bond	221	113	95.6%
Interest income on import and export bills	127	141	(9.9%)
Other interest income	110	373	(70.5%)
Total income from interest	**24,603**	**20,965**	**17.4%**

Interest income on term loan increased by ETB 3,595 million or 24.7% to ETB 18,166 million in the year ended 30 June 2024, compared to ETB 14,571 million in the year ended 30 June 2023. The increase was primarily driven by an ETB 17,250 million or 14.7% increase in the principal volume at amortised cost. Additionally, a smaller contributing factor was the increase in the average interest charged by 87 bps to 17.8% in the year ended 30 June 2024 from 16.9% in the year ended 30 June 2023.

Interest income on overdraft increased by ETB 475 million or 22.7% to ETB 2,572 million in the year ended 30 June 2024, compared to ETB 2,097 million in the year ended 30 June 2023. The increase was primarily driven by an ETB 3,468 million or 25.7% increase in the principal volume at amortised cost as well as an increase in the average interest rate by 87 bps to 17.7% in the year ended 30 June 2024 from 16.8% in the year ended 30 June 2023.

Interest income on advance sales contract decreased by ETB 786 million or 50.7% to ETB 765 million in the year ended 30 June 2024, compared to ETB 1,551 million in the year ended 30 June 2023. The decrease was primarily driven by a 289 bps decrease in the average interest rate to 8.2% in the year ended 30 June 2024 from 11.0% in the year ended 30 June 2023 and an ETB 1,323 million or 10.3% decrease in the principal volume at amortised cost to ETB 11,575 million in the year ended 30 June 2024 from ETB 12,899 million in the year ended 30 June 2023. The decrease in the principal is related to the Company converting the advance loans to term loans to gain a higher interest rate yield.

Interest income from penalty decreased by ETB 73 million or 5.0% to ETB 1,373 million in the year ended 30 June 2024, compared to ETB 1,446 million in the year ended 30 June 2023. The decrease was primarily driven by the Company's efforts to collect past due loans amicably. Interest penalty is driven by a 3.0% per annum interest charge on past due payment amounts beginning the day after the missed payment. Successfully resolved loan cases were 384, representing 55% of total past due loans. The successful resolution of these substantial outstanding balances effectively eliminated a significant portion of the missed payment amounts from accruing further penalty interest, consequently contributing to the reported decline in penalty income for the period.

Interest income on deposit from local bank increased by ETB 202 million or 36.0% to ETB 765 million in the year ended 30 June 2024, compared to ETB 563 million in the year ended 30 June 2023. The increase was primarily driven by an increase in CDs placed in local banks, earning interest at rates within the range of 17% to 17.5%, the average being 17.4% in the year ended 30 June 2024.

Interest income on treasury bonds increased by ETB 337 million or 337.0% to ETB 437 million in the year ended 30 June 2024, compared to ETB 100 million in the year ended 30 June 2023. The increase was primarily driven by an ETB 3,695 million or 111.4% increase in the principal volume at amortised cost to ETB 7,011 million in the year ended 30 June 2024. The Company invests on a monthly basis an amount equivalent to 20% of every loan and advance disbursement into treasury bonds.

Interest income on foreign deposit increased by ETB 57 million or 570.0% to ETB 67 million in the year ended 30 June 2024, compared to ETB 10 million in the year ended 30 June 2023. The increase was primarily driven by an ETB 1,427 million or 76.6% increase in the funds put aside in foreign deposits. Furthermore, the depreciation of the ETB against major foreign currencies has partly driven the growth in foreign deposits, subsequently leading to an increase in interest income.

Interest income earned on DBE bond increased by ETB 108 million or 95.6% to ETB 221 million in the year ended 30 June 2024, compared to ETB 113 million in the year ended 30 June 2023. The increase was primarily driven by an ETB 1,402 million or 74.0% increase in the principal volume at amortised cost to ETB 3,298 million in the year ended 30 June 2024. The Company invests an amount equivalent to 1% of its outstanding loans into DBE bonds as mandated by the NBE.

Interest income earned on import and export bills decreased by ETB 14 million or 9.9% to ETB 127 million in the year ended 30 June 2024, compared to ETB 141 million in the year ended 30 June 2023. The decrease was primarily driven by a decrease in the principal volume at amortised cost by ETB 247.8 million since the Company shifted loans towards higher earning loan types.

Other interest income decreased by ETB 263 million or 70.5% to ETB 110 million in the year ended 30 June 2024, compared to ETB 373 million in the year ended 30 June 2023. Other interest income includes only interest income on treasury bills. The decline in interest income on treasury bills was primarily driven by a decrease in the principal at amortised cost by ETB 2,752 million or 84.3% from ETB 3,264 million as at 30 June 2023 to ETB 513 million as at 30 June 2024.

Interest expense

Interest expense increased by ETB 1,879 million or 30.6% to ETB 8,019 million in the year ended 30 June 2024, compared to ETB 6,140 million in the year ended 30 June 2023. A more detailed analysis of interest expense by type is set out below.

Table 74: Interest expenses for the year ended 30 June 2024 and 30 June 2023

	For the year ended 30 June		
	2024	2023	% Variance
ETB (millions)			
Interest on saving account	6,339	5,063	25.2%
Interest on time deposit	1,403	793	76.9%
Interest on loans	277	284	(2.8)%
Total interest expense	**8,019**	**6,140**	**30.6%**

Interest on saving account increased by ETB 1,276 million or 25.2% to ETB 6,339 million in the year ended 30 June 2024, compared to ETB 5,063 million in the year ended 30 June 2023. The increase was primarily driven by an ETB 19,683 or 18.2% increase in customer deposits to ETB 127,835 million despite an 8 bps decrease in the average interest rate paid on savings accounts to 5.3% in the year ended 30 June 2024, compared to 5.4% in the year ended 30 June 2023.

Interest on time deposit increased by ETB 610 million or 76.9% to ETB 1,403 million in the year ended 30 June 2024, compared to ETB 793 million in the year ended 30 June 2023. The increase was primarily driven by an ETB 7,093 million or 101.9% increase in customer deposits to ETB 14,053 million in the year ended 30 June 2024, compared to ETB 6,960 million in the year ended 30 June 2023 despite a 178 bps decrease in the average interest rate paid on time deposits to 13.8% in the year ended 30 June 2024, compared to 15.6% in the year ended 30 June 2023.

Interest on loans decreased by ETB 7 million or 2.8% to ETB 277 million in the year ended 30 June 2024, compared to ETB 284 million in the year ended 30 June 2023. This was primarily driven by a decrease in the NBE borrowing in the year ended 30 June 2024.

Net foreign exchange income/loss shifted from a loss of ETB 224 million in the year ended 30 June 2023 to a gain of ETB 99 million in the year ended 30 June 2024. The net gain was primarily attributable to a higher foreign asset position against the FCY liability which reflected a lower loss on foreign exchange and a greater gain on foreign exchange in the year ended 30 June 2024 than in the year ended 30 June 2023.

Service charges increased by ETB 502 million or 73.0% to ETB 1,190 million in the year ended 30 June 2024, compared to ETB 688 million in the year ended 30 June 2023. The increase was primarily driven by increased LC and other trade finance modalities, alongside fee adjustments.

Commission earned increased by ETB 177 million or 24.2% to ETB 909 million in the year ended 30 June 2024, compared to ETB 732 million in the year ended 30 June 2023. A more detailed analysis of commission earned by type is set out below.

Table 75: Total commission earned for the year ended 30 June 2024 and 30 June 2023

	For the year ended 30 June		
ETB (millions)	**2024**	**2023**	**% Variance**
LC and other import/export facilities	261	195	33.8%
Letters of guarantees	215	132	62.9%
Money and telegraphic transfers and direct debit charges	10	9	11.1%
Other commissions	423	396	6.8%
Total commission earned	**909**	**732**	**24.2%**

LC and other import/export facilities increased by ETB 66 million or 33.8% to ETB 261 million in the year ended 30 June 2024, compared to ETB 195 million in the year ended 30 June 2023. The increase was primarily driven by higher volumes of LC and outgoing transfers. The increase in volume was due to the Company's increased FCY generation.

Letters of guarantees increased by ETB 83 million or 62.9% to ETB 215 million in the year ended 30 June 2024, compared to ETB 132 million in the year ended 30 June 2023. The increase was primarily driven by existing customer volume growth and new customers. There were 439 letter of guarantees issued with a combined total value of ETB 9.82 billion in the year ended 30 June 2024, compared to 120 letters of guarantees with a combined total value of ETB 3.05 billion in the year ended 30 June 2023. Additionally, price adjustments were made from February 2024 onwards.

Other commissions increased by ETB 27 million or 6.8% to ETB 423 million in the year ended 30 June 2024, compared to ETB 396 million in the year ended 30 June 2023. The increase was primarily driven by an increase in card and digital transactions including ATMs, VISA, Mastercard, and mobile payments. Card and mobile transactions value increased to ETB 68 billion and ETB 392 billion in the year ended 30 June 2024, respectively, compared to ETB 37 billion and ETB 184 billion in the year ended 30 June 2023, respectively.

Dividend income decreased by ETB 7 million or 13.2% to ETB 46 million in the year ended 30 June 2024, compared to ETB 53 million in the year ended 30 June 2023. This decline was primarily attributed to one of the Company's investments that was still in its formation stage during the 2024 financial year. As a result, the interest income derived from this particular investment was lower than anticipated, directly impacting the overall dividend income received. Additionally, the dividend amount in the year ended 30 June 2023 included a payout of six years' accumulated interest income as dividend for that year.

Other operating income increased by ETB 386 million or 75.0% to ETB 901 million in the year ended 30 June 2024, compared to ETB 515 million in the year ended 30 June 2023. The primary component of other operating income is income from Murabaha financing, which increased by ETB 273 million or 97.0% to ETB 554 million in the year ended 30 June 2024, compared to ETB 281 million in the year ended 30 June 2023 and income from loan processing fees which increased by ETB 47 million to ETB 130 million in the year ended 30 June 2024, compared to ETB 83 million in the year ended 30 June 2023.

The increase in income from Murabaha financing was driven by an ETB 1,831 million or 59.5% increase in the financing amount to ETB 4,908 million as at 30 June 2024 from ETB 3,077 million as at 30 June 2023.

Loan impairment charge increased by ETB 139 million or 14.3% to ETB 1,100 million in the year ended 30 June 2024, compared to ETB 961 million in the year ended 30 June 2023. The increase was primarily due to a more conservative approach to credit risk management in response to Ethiopia's economic instability and the Company's portfolio expansion.

Operating expenses increased by ETB 3,024 million or 29.1% to ETB 13,421 million in the year ended 30 June 2024, compared to ETB 10,397 million in the year ended 30 June 2023. A more detailed analysis of operating expenses by type is set out below.

Table 76: Total Operating expenses for the year ended 30 June 2024 and 30 June 2023

	For the year ended 30 June		
	2024	**2023**	**% Variance**
ETB (millions)			
Personnel expenses	9,112	7,434	22.6%
Amortisation of intangible assets	84	64	31.3%
Depreciation and impairment of property, plant and equipment	609	432	41.0%
Amortisation of right of use assets	877	647	35.5%
Interest expense on lease liability	14	17	(17.6) %
Other operating expenses	2,725	1,803	51.1%
Total operating expenses	**13,421**	**10,397**	**29.1%**

Personnel expenses increased by ETB 1,678 million or 22.6% to ETB 9,112 million in the year ended 30 June 2024, compared to ETB 7,434 million in the year ended 30 June 2023. The increase was primarily driven by clerical, non-clerical and contractual staff salaries and bonus pay as well as benefits such as fuel allowances, training and medical expenses which were driven up by inflation. Additionally, there was a step salary increase alongside an increase to benefits attached to those base salaries.

Amortisation of intangible assets increased by ETB 20 million or 31.3% to ETB 84 million in the year ended 30 June 2024, compared to ETB 64 million in the year ended 30 June 2023. The increase is attributable to the capitalisation of ETB 192 million in operational software licenses in the year ended 30 June 2024.

Depreciation and impairment of property, plant and equipment increased by ETB 177 million or 41.0% to ETB 609 million in the year ended 30 June 2024, compared to ETB 432 million in the year ended 30 June 2023. The increase is primarily attributable to additions to property and equipment of ETB 1,972 million in the year ended 30 June 2024.

Amortisation of right of use assets increased by ETB 230 million or 35.5% to ETB 877 million in the year ended 30 June 2024, compared to ETB 647 million in the year ended 30 June 2023. The increase was primarily driven by the opening of 67 branches and ITMs and increase rental prices for some existing branches and ITM centers in the year ended 30 June 2024.

Other operating expenses increased by ETB 922 million or 51.1% to ETB 2,725 million in the year ended 30 June 2024, compared to ETB 1,803 million in the year ended 30 June 2023. The increase was primarily driven by software license fee, insurance for deposits, Mastercard and VISA Card membership and services, stationery and printing, repair and maintenance, data and internet lines, fuel and lubricant, IT support and maintenance expense, insurance, advertising, and donations and contributions.

The increase in these expenses was mainly driven by a rise in market prices due to inflationary pressures as well as the newly instituted deposit insurance expense. Deposit insurance expense was ETB 472 million in the year ended 30 June 2024, which increases with increases in customer deposits. Average deposits in the year ended 30 June 2024 on which deposit insurance expense was computed was ETB 147.27 billion. Additionally, software license fees increased ETB 97 million or 49.1% to ETB 294 million in the year ended 30 June 2024.

Profit before tax increased by ETB 47 million or 0.9% to ETB 5,277 million in the year ended 30 June 2024, compared to ETB 5,230 million in the year ended 30 June 2023. The increase was driven by an ETB 3,071 million increase in net operating income to ETB 18,699 million, partially offset by an ETB 3,023 million increase in total operating expenses to ETB 13,421 million in the year ended 30 June 2024.

Income tax expense decreased by ETB 317 million or 23.4% to ETB 1,040 million in the year ended 30 June 2024, compared to ETB 1,357 million in the year ended 30 June 2023. The decrease was primarily driven by the Company's overall profitability, which saw a small increase of profit before tax of ETB 47 million or 0.9% to ETB 5,277 million in the year ended 30 June 2024, compared to ETB 5,230 million in the year ended 30 June 2023. The reasons for the decline in the tax expense during the year is primarily related to the taxable income being lower than the accounting profit, driven by the disallowed amount of overstated expenses under the tax laws. There was no change to the 30% profit tax rate.

7.1.4. Analysis of historical financial position as at 30 June 2025,2024, and 2023

The table below sets out the Company's historical statements of financial position as at 30 June 2025, 2024, and 2023 and has been extracted without material adjustment from the HFI of this Prospectus.

Table 77: Financial position as at 30 June 2025, 30 June 2024 and 30 June 2023

	As at 30 June		
	2025	2024	2023
ETB (millions)			
Assets			
Cash and balances with banks	50,290	27,944	21,148
Loans, advances and financing to customers (net)	193,379	163,923	143,796
Investment security	16,710	11,840	9,363

	As at 30 June		
	2025	2024	2023
ETB (millions)			
Other assets	12,896	8,141	6,597
Investment property	10	10	11
Intangible assets	1,080	591	522
Right of use leased assets	3,674	2,991	2,575
Property and equipment	8,188	6,863	5,500
Total assets	**286,227**	**222,303**	**189,512**
Liabilities and equity			
Deposits from customers	211,655	168,373	140,467
Interest free customers deposit	31,525	24,136	18,070
Other liabilities	10,489	4,815	6,087
Current tax liabilities	2,576	1,094	1,282
Lease Liabilities	331	267	343
Retirement benefits obligations	438	311	267
Deferred tax liabilities	371	112	154
Borrowing	-	-	3,366
Total liabilities	**257,385**	**199,108**	**170,036**
Share capital	15,000	14,206	11,898
Share premium	6	6	6
Retained earnings	4,973	2,577	2,878
Revaluation surplus account	421	425	429
Legal reserve	6,226	4,401	3,342
Regulatory risk reserve	1,796	1,309	704
Special reserve	26	26	26
Other reserve	394	245	193
Total equity	**28,842**	**23,195**	**19,476**
Total liabilities and equity	**286,227**	**222,303**	**189,512**

Assessment of the financial position as at 30 June 2025 compared to 30 June 2024

Cash and balances with banks

Cash and cash equivalents increased by ETB 22,346 million or 80.0% from ETB 27,944 million as at 30 June 2024 to ETB 50,290 million as at 30 June 2025. A more detailed analysis of cash and balances with banks is set out below:

Table 78: Cash and balances with banks as at 30 June 2025 and 30 June 2024

	As at 30 June		
	2025	**2024**	**% Variance**
ETB (millions)			
Cash in hand	8,234	5,170	59.3%
Balances with central banks	17,216	13,761	25.1%
Deposits with foreign banks	20,118	3,289	511.7%
Deposits with local banks	4,723	5,726	(17.5)%
Gross amount	**50,291**	**27,946**	**80.0%**
Impairment allowance	(1)	(2)	50.0%
Total cash and balances with banks	**50,290**	**27,944**	**80.0%**

Cash in hand increased by ETB 3,064 million or 59.3% from ETB 5,170 million as at 30 June 2024 to ETB 8,234 million as at 30 June 2025. The balance comprises cash in Ethiopian Birr and foreign currencies. The increase is primarily due to ETB 2,500 million or 48.9% increase in cash held in Ethiopian Birr, reaching ETB 7,614 million as at 30 June 2025. The growth is attributable to the successful execution of the deposit mobilisation strategy, which targeted both increasing the deposit value of existing customers and expanding the overall customer base. This resulted in a rise in the number of customers accounts from 13 million to 15 million between 30 June 2024 and 30 June 2025, and an additional ETB 23,709 million in new deposits from 1,507 thousand existing customers.

Additionally, FCY holdings increased by ETB 563 million, representing 1,024% year-on year growth. This increase was driven by enhanced FCY mobilisation efforts, where the Company actively attracted, facilitated, and retained FCY inflows. This led to an improved FCY liquidity and overall cash position.

Balances with central banks increased by ETB 3,455 million or 25.1% from ETB 13,761 million as at 30 June 2024 to ETB 17,216 million as at 30 June 2025. The increase is attributable to growth in the reserve account with NBE by ETB 3,545 million to ETB 17,030 as at 30 June 2025 compared to ETB 13,485 million as at 30 June 2024, attributable to the statutory reserve compliance requirements, mandating the Company holds a minimum of 7.0% of deposits with NBE.

Total deposits as at 30 June 2025 totaled ETB 243,180 million, requiring a reserve of ETB 17,023 million, resulting in the balances with the central bank meeting the minimum hold of 7.0% as at 30 June 2025. The overall increase was partially offset by a decrease of ETB 89 million in other accounts with the NBE, resulting in a balance of ETB 186 million as at 30 June 2025, down from ETB 276 million as at 30 June 2024.

Deposits with foreign banks increased by ETB 16,829 million or 511.7% from ETB 3,289 million as at 30 June 2024 to ETB 20,118 million as at 30 June 2025. The increase was primarily attributed to the devaluation of the ETB against the USD by 136.4%, as the bank's foreign cash denominated in USD increased by USD 89 million or 146.0%.

Deposits with local banks decreased by ETB 1,003 million or 17.5% from ETB 5,726 million as at 30 June 2024 to ETB 4,723 million as at 30 June 2025. This reduction is attributed to the impact of FCY devaluation on the financial sector's liquidity, which has led to stringent liquid asset (ETB) requirements for FCY customers seeking exchange and has also influenced the value of loan demand from customers.

The Company, which strategically invests its liquid assets across eight private Ethiopian commercial banks to capitalise on higher interest rates, proactively withdrew funds. Specifically, ETB 472 million was withdrawn from Lion International Bank, ETB 489 million from United Bank, and ETB 42 million from Nib International Bank.

These actions were part of the Company's liquidity management strategy to meet its evolving short-term capital requirements and optimise its cash position amidst heightened financial pressures and market volatility by the devaluation.

Net loans, advances and financing to customers

Net loans, advance and financing to customers increased by ETB 29,456 million from ETB 163,923 million as at 30 June 2024 to ETB 193,379 million as at 30 June 2025. A more detailed analysis of loans, advances and financing to customers is set out below:

Table 79: Net loans, advances and financing to customers (net) as at 30 June 2025 and 30 June 2024

	As at 30 June		
	2025	**2024**	**% Variance**
ETB (millions)			
Term loan	166,862	134,284	24.3%
Overdraft loans	18,287	16,970	7.8%
Advance loans	8,198	11,575	(29.2)%
Conventional Banking loans and advances	**193,347**	**162,829**	**18.7%**
Murabaha financing	8,336	6,849	21.7%
Unearned income	(2,367)	(1,941)	21.9%
Interest free financing and advances	**5,969**	**4,908**	**21.6%**
Total loan loss allowance	(5,937)	(3,814)	55.7%
Net carrying amount	**193,379**	**163,923**	**18.0%**

Conventional Banking loans and advances increased by ETB 30,518 million or 18.7% from ETB 162,829 million as at 30 June 2024 to ETB 193,347 million as at 30 June 2025. The increase is driven by growth in term loans of ETB 32,578 million from ETB 134,284 million as at 30 June 2024 to ETB 166,862 million as at 30 June 2025 and growth in overdraft loans by ETB 1,317 million from ETB 16,970 million as at 30 June 2024 to ETB 18,287 million as at 30 June 2025.

The growth is attributable to the Company's effective resource mobilisation strategy, capitalising on high market demand and limited supply. This resulted in the rise in the number of conventional banking customers from 12 million to 13 million between 30 June 2024 and 30 June 2025, contributing to the overall increase in lending activity.

Additionally, the Company's shift towards converting advance loans to term loans also contributed to the increase in term loans. This conversion was driven by a number of exporters' inability to settle advance loans in foreign exchange due to the currency devaluation. This resulted in the conversion of ETB 2,161 million worth of advance loans into term loans as at 30 June 2025. The increase was partially offset by a decrease in advance loans by ETB 3,377 million from ETB 11,575 million as at 30 June 2024 to ETB 8,198 million as at 30 June 2025, directly linked to the strategic conversion of these loans to term loans.

Interest free financing and advances increased by ETB 1,061 million or 21.6% from ETB 4,908 million as at 30 June 2024 to ETB 5,969 million as at 30 June 2025. The increase is driven by an increase in Murabaha financing by ETB 1,487 million or 21.7% to ETB 8,336 million as at 30 June 2025 compared to ETB 6,849 million as at 30 June 2024, this was partially offset an increase in unearned income of ETB 426 million to ETB 2,367 million as at 30 June 2025 compared to ETB 1,941 million as at 30 June 2024.

The increase was further supported by the incremental customer expansion in the IFB of 339 thousand or 21.4% increase in the number of customers accounts to 1,924 thousand as at 30 June 2025 compared to 1,585 thousand as at 30 June 2024.

Total loan loss allowance increased by ETB 2,123 million or 55.7% from ETB 3,814 million as at 30 June 2024 to ETB 5,937 million as at 30 June 2025. The increase is attributable to the adoption of new IFRS 9 provisioning requirements in the year ended 30 June 2025, transitioning from a standardised sector-based model to a borrower-specific ECL model, resulted in an increase in provisions.

Investment security

Investment security increased by ETB 4,870 million or 41.1% from ETB 11,840 million as at 30 June 2024 to ETB 16,710 million as at 30 June 2025. A more detailed analysis of investment securities split between financial assets at fair value through OCI and debt securities at amortised cost is set out below.

Financial assets at fair value through OCI increased by ETB 423 million or 41.5% from ETB 1,019 million as at 30 June 2024 to ETB 1,442 million as at 30 June 2025. This increase is primarily attributable to additional investments of ETB 125 million, specifically, ETB 45 million in Eth switch company, ETB 59 million in the Addis Africa international convention center, and ETB 46 million in other privately held companies and a net ETB 273 million positive fair value adjustment, primarily related to the remeasurement of existing equity investments.

Debt securities at amortised cost increased by ETB 4,447 million or 41.1% from ETB 10,821 million as at 30 June 2024 to ETB 15,268 million as at 30 June 2025. A more detailed analysis of debt securities at amortised cost is set out below:

Table 80: Net debt securities at amortised cost as at 30 June 2025 and 30 June 2024

	As at 30 June		
	2025	**2024**	**% Variance**
ETB (millions)			
Investment on DBE bond	4,067	3,298	23.3%
Investment in treasury bills and bonds	11,202	7,523	48.9%
Gross debt securities at amortised costs	**15,269**	**10,821**	**41.1%**
Impairment allowance	(1)	-	n/a
Net debt securities at amortised cost	**15,268**	**10,821**	**41.1%**

- **Investment on DBE bond** increased by ETB 769 million or 23.3% from ETB 3,298 million as at 30 June 2024 to ETB 4,067 million as at 30 June 2025. The increase was attributed to the purchase of DBE bonds equivalent to ETB 1,933 million to meet the NBE mandated regulatory requirement, stipulating the mandatory purchase of 1.0% of the Company's outstanding loans and advances. The increase was partially offset by the maturity and redemption of ETB 1,164 million in DBE bonds, including accrued interest.
- **Investment in treasury bills and bonds** increased by ETB 3,679 million or 48.9% from ETB 7,523 million as at 30 June 2024 to ETB 11,202 million as at 30 June 2025. The increase was primarily attributed to the purchase of treasury bonds of ETB 4,052 million, in compliance with NBE-mandated regulatory requirements stipulating that the Company purchase treasury bonds equivalent to 20.0% of total disbursed amounts during the year. As at 30 June 2025, the total disbursed amount totalled ETB 20,263 million. The increase was partially offset by the full maturity and redemption of ETB 513 million, including accrued interest in treasury bills and bonds.

Other assets increased by ETB 4,755 million or 58.4% from ETB 8,141 million as at 30 June 2024 to ETB 12,896 million as at 30 June 2025. A more detailed analysis of other assets is set out below:

Table 81: Other assets as at 30 June 2025 and 30 June 2024

	As at 30 June		
	2025	**2024**	**% Variance**
ETB (millions)			
Acquired collaterals	1,006	257	291.4%
Sundry receivables	7,569	4,815	57.2%
Items in course of collection from other banks	1,976	209	845.5%
Deposit and prepayment	450	188	139.4%
Prepaid staff asset	2,399	2,695	(11.0) %
Gross amount	**13,400**	**8,164**	**64.1%**
Impairment allowance on other assets	(504)	(23)	2091.3%
Net amount	**12,896**	**8,141**	**58.4%**

Acquired collaterals, predominantly commercial and residential buildings, represent assets seised by the Company against defaulted loans following lengthy and prolonged credit management and foreclosure process, often stemming from non-performing loans of previous years. These assets remain on the Company's accounts until sold and the associated loan amounts are settled. Acquired collaterals increased by ETB 749 million or 291.4% from ETB 257 million as at 30 June 2024 to ETB 1,006 million as at 30 June 2025. The increase is attributable to the acquisition of new collateral assets totaling ETB 859 million, offset by disposals of ETB 110 million as at 30 June 2025.

Sundry receivables increased by ETB 2,754 million or 57.2% from ETB 4,815 million as at 30 June 2024 to ETB 7,569 million as at 30 June 2025. The increase is attributable to the clearing account for import advances of ETB 2,296 million recognised as at 30 June 2025. Additionally, an increase of ETB 843 million in advance payments made for purchases and other receivables to ETB 2,086 million as at 30 June 2025 compared to ETB 1,242 million as at 30 June 2024.

Items in course of collection from other banks increased by ETB 1,767 million or 845.5% from ETB 209 million as at 30 June 2024 to ETB 1,976 million as at 30 June 2025.The increase is primarily attributable to increased transaction volume resulting in an increase of ETB 1,100 million or 65.0% in uncleared effects in foreign transactions, an increase of ETB 535 million or 30.0% in cash in transit and an increase of ETB 83 million or 5.0% for claims from head office and branches during the year ended 30 June 2025.

Deposit and prepayment increased by ETB 262 million or 139.4% from ETB 188 million as at 30 June 2024 to ETB 450 million as at 30 June 2025. The increase is primarily attributable to an increase of ETB 284 million to the prepaid annual software license fee. The increase was partially offset by a decrease of ETB 36 million in advance rent payments transferred to the right of use asset account.

Prepaid staff asset decreased by ETB 296 million or 11.0% from ETB 2,695 million as at 30 June 2024 to ETB 2,399 million as at 30 June 2025. Prepaid staff asset is related to the difference between the interest rate applied for the staff loans and the market interest rate. The market interest rate is determined based on consumers loans given by Ethiopian banks and prepared by the Ethiopian banker associations. The Company records these loans at their fair value based on the market interest rate.

The decrease is driven by higher market interest rates, which rose from 12.7% in the year ended 30 June 2024 to 13.6% in the year ended 30 June 2025. Consequently, staff took out lower-value loans due to the increased cost of borrowing.

Intangible assets increased by ETB 489 million from ETB 591 million as at 30 June 2024 to ETB 1,080 million as at 30 June 2025. The increase is attributable to the acquisition of software licenses of ETB 244 million and the capitalisation of annual software license fees of ETB 373 million to support the Company's digital transformation, offset by the amortisation charge of ETB 128 million. The table below represents a summary of the intangible assets for the year ended 30 June 2025.

Table 82: Intangible assets as at 30 June 2025 and 30 June 2024

	Total
ETB (millions)	
Opening net book amount 1 July 2024	**591**
Acquisitions	244
WIP	373
Amortisation for the year	(128)
Closing net book value	**1,080**

Right of use leased assets

The right-of-use leased assets primarily comprise of leases on the Company's branch properties. Right of use leased assets increased by ETB 683 million from ETB 2,991 million as at 30 June 2024 to ETB 3,674 million as at 30 June 2025. The increase was primarily due to a ETB 1,718 million rise in right-of-use lease payments resulting from higher rental prices negotiated during contract renewals. Additionally, the overall increased asset value is attributable to upfront payments made by the Company on specific new lease agreements, which served to establish predetermined pricing and secure more favorable terms. The increase was partially offset by the depreciation and amortisation charge of ETB 1,035 million in the year ended 30 June 2025. This growth in ROU asset value occured despite a net reduction of 2 branches during the year, indicating that the higher costs are concentrated on existing locations, reflecting the Company's strategic approach to digital transformation. The below table represents a summary of right of used leased assets for the year ended 30 June 2025.

Table 83: Right of use assets as at 30 June 2025 and 30 June 2024

	Land	Building	Total
ETB (millions)			
Opening net book value as at 1 July 2024	**229**	**2,762**	**2,991**
Adjustments	-	1,718	1,718
Charge for the year	(4)	(1,031)	(1,035)
Closing net book value as at 30 June 2025	**225**	**3,449**	**3,674**

Property, plant and equipment increased by ETB 1,325 million from ETB 6,863 million as at 30 June 2024 to ETB 8,188 million as at 30 June 2025. The increase is primarily due to additions of ETB 2,088 million relating to procurement of office and other equipment for digital transformation initiatives primarily for ATMs, POS machines and virtual banking centers, offset by the depreciation charge for the year of ETB 756 million.

The below table represents a summary of property, plant and equipment for the year ended 30 June 2025.

Table 84: Property, plant and equipment as at 30 June 2025 and 30 June 2024

	Buildings	Motor vehicles	Office and other equipment	Furni-ture and fittings	Computer equipment	Construction in progress	Total
Opening net book amount 1 July 2024	**1,963**	**918**	**1,317**	**1,491**	**712**	**462**	**6,863**
Additions	68	-	1,581	178	302	(41)	2,088
Depreciation charge	(44)	(117)	(266)	(160)	(169)	-	(756)
Other movements	197	-	(2)	(3)	(2)	(197)	(7)
Closing net book amount as at 30 June 2025	**2,184**	**801**	**2,630**	**1,506**	**843**	**224**	**8,188**

Conventional Banking deposits from customers

The Company prioritises savings deposits due to their inherent stability and security. A core component of its deposit mobilisation strategy involved offering competitive interest rates to attract new customers and stimulate growth, as such, as at 30 June 2025, saving deposit contribute 74.9% to the overall growth in deposits. Demand deposits accounted for 16.1%, while time deposits contributed 8.9%.

Total conventional banking deposits from customers increased by ETB 43,282 million or 25.7% from ETB 168,373 million as at 30 June 2024 to ETB 211,655 million as at 30 June 2025. The increase is attributable to the Company's effective deposit mobilisation strategy, resulting to a 1 million or 12.1% growth in the number of conventional customers, from 12 million to 13 million between 30 June 2024 and 30 June 2025 and a 13.6% increase on FCY movement affecting FCY denominated accounts.

Furthermore, the Company's digital transformation strategy has effectively integrated a proportion of the 13 million conventional customers into its digital banking. As at 30 June 2025, card subscribers increased by 178 thousand or 5.4% to 3,499 thousand, a 1,112 thousand or 54.8% increase in mobile banking subscribers to 5,384 thousand, and a 8.0 thousand or 8.6% increase in Internet banking subscribers to 101 thousand. A more detailed analysis of customer deposits Is set below:

Table 85: Total conventional banking deposits from customers as at 30 June 2025 and 30 June 2024

	As at 30 June		
	2025	**2024**	**% Variance**
ETB (millions)			
Saving deposits	158,641	127,835	24.1%
Demand deposits	34,039	26,484	28.5%
Fixed time deposits	18,975	14,054	35.0%
Total conventional banking deposits from customers	**211,655**	**168,373**	**25.7%**

Savings deposits increased by ETB 30,806 million or 24.1% from ETB 127,835 million as at 30 June 2024 to ETB 158,641 million as at 30 June 2025. The increase was primarily driven by deposit mobilisation from new and existing customers.

Demand deposits increased by ETB 7,555 million or 28.5% from ETB 26,484 million as at 30 June 2024 to ETB 34,039 million as at 30 June 2025. The increase was primarily attributed to an increase in deposit mobilisation from new and existing customers and the effective deposit mobilisation strategy.

Fixed time deposits increased by ETB 4,921 million or 35.0% from ETB 14,054 million as at 30 June 2024 to ETB 18,975 million as at 30 June 2025. The increase is mainly attributed to the Company offering an increased average interest rate on fixed time deposit of 14.4% as at 30 June 2025 up from 13.8% as at 30 June 2024, coupled with an increase in customer numbers.

Interest free customers deposit

Interest free customer deposit increased by ETB 7,379 million from ETB 24,136 million as at 30 June 2024 to ETB 31,525 million as at 30 June 2025. The increase was primarily driven by a growing demand for Shariah-compliant financial services. This growth was driven by an increase of ETB 797 million or 61.4% in Mudarabah savings, a ETB 4,884 million or 24.9% increase in Wadiah savings, a ETB 1,459 million or 48.2% increase in Wadiah current accounts, and a ETB 249 million or 130.5% increase in Mudarabah term deposits.

A more detailed analysis of IFB deposits Is set below:

Table 86: Total IFB deposits from customers as at 30 June 2025 and 30 June 2024

	As at 30 June		
	2025	**2024**	**% Variance**
ETB (millions)			
Mudarabah savings	2,096	1,299	61.4%
Wadiah savings	24,502	19,618	24.9%
Wadiah current	4,488	3,029	48.2%
Mudarabah term deposits	439	190	130.5%
Total IFB deposits	**31,525**	**24,136**	**30.6%**

Furthermore, the IFB customer accounts grew by 339 thousand, from 1,585 thousand to 1,924 thousand between 30 June 2024 and 30 June 2025. The Company's efforts to expand digital banking subscriptions resulted in a 43.7% increase in card banking subscribers, a 46.1% increase in mobile banking subscribers and a 14.4% increase in Internet banking subscribers as at 30 June 2025.

Other liabilities increased by ETB 5,674 million from ETB 4,815 million as at 30 June 2024 to ETB 10,489 million as at 30 June 2025. A more detailed analysis of other liabilities Is set below:

Table 87: Total other liabilities as at 30 June 2025 and 30 June 2024

	As at 30 June		
	2025	**2024**	**% Variance**
ETB (millions)			
Margins held on LC	4,080	951	329.0%
Other payables	2,965	1,771	67.4%
Other liabilities	3,444	2,093	64.5%
Total other liabilities	**10,489**	**4,815**	**117.8%**

Margins held on LC increased by ETB 3,129 million or 329.0% from ETB 951 million as at 30 June 2024 to ETB 4,080 million as at 30 June 2025. The increase was driven by increase in letter of credit by ETB 7,172 million to ETB 9,743 million as at 30 June 2025 compared to ETB 2,571 million as at 30 June 2024.

Other liabilities increased by ETB 1,351 million or 64.5% from ETB 2,093 million as at 30 June 2025 to ETB 3,444 million as at 30 June 2025. The increase is primarily due to the following factors:

- An increase in cash payment orders by ETB 507 million to ETB 960 million as at 30 June 2025 compared to ETB 453 million as at 30 June 2024;
- Dividend payables increased by ETB 368 million from ETB 132 million as at 30 June 2024 to ETB 500 million as at 30 June 2025. The increase is primarily attributable to dividends declared for the financial year ended 30 June 2024. As at 30 June 2025, these dividends remained uncapitalised. While shareholders have elected to reinvest these dividends in the Company through share capitalisation, this process cannot be finalised as the Company's capital increase remains subject to pending registration requirements imposed by the ECMA;

- Exchange and auction payables to the NBE increased by ETB 152 million, primarily due to an unpaid exchange fee of 2.5% withheld on a LC balance of ETB 11,300 million as of 30 June 2025. Furthermore, the increase is attributable to a 116.0% increase in the volume of LC, cash against documents and advance payments;
- Accrued leave payable increased by ETB 21 million, reflecting employees not utilising their full annual leave entitlements;
- Increase in bonus accrual by ETB 529 million to ETB 719 million as at 30 June 2025 compared to ETB 190 million compared to 30 June 2024; and
- Increase in unearned income by ETB 81 million to ETB 339 million as at 30 June 2025 compared to ETB 258 million compared to 30 June 2024;

Other payables increased by ETB 1,194 million from ETB 1,771 million as at 30 June 2024 to ETB 2,965 million as at 30 June 2025. The increase is primarily due to the following factors:

- Value Added Tax ("VAT") payable increased by ETB 121 million attributable to Ethiopia's new VAT proclamation on digital services, proclamation No. 1341/2024, which imposes 15% VAT on digital services.
- Mobile money liabilities increased by ETB 427 million. This comprises ETB 140 million for Et-Switch and ETB 286 million for Telebirr; and
- Miscellaneous FCY payables and prepaid travels which represents payables denominated in foreign currencies increased by ETB 646 million. This rise is mainly due to a devaluation of the Birr.

Current tax liabilities increased by ETB 1,482 million or 135.4% from ETB 1,094 million as at 30 June 2024 to ETB 2,576 million as at 30 June 2025. The increase is primarily attributable to an increase in taxable profit of ETB 4,861 million or 133.5% to ETB 8,504 million in the year ended 30 June 2025 compared to ETB 3,642 million in the year ended 30 June 2024, resulting from a substantial improvement in the Company's operating performance.

Lease Liabilities increased by ETB 64 million or 24.0% from ETB 267 million as at 30 June 2024 to ETB 331 million as at 30 June 2025. The increase was primarily driven by an increase of ETB 62 million in new lease agreements to ETB 94 million as at 30 June 2025 compared to ETB 32 million as at 30 June 2024, and an additional ETB 2 million resulting from lease term adjustments and renegotiated rental prices.

During the year ended 30 June 2025, upfront payments made on specific new lease agreements to secure favorable terms reduced the initial measurement of the corresponding lease liabilities. This resulted in a lower reported lease liability value compared to their associated ROU asset values, consequently influencing the overall growth rate of the lease liability relative to the ROU asset.

Deferred tax liabilities increased by ETB 259 million from ETB 112 million as at 30 June 2024 to ETB 371 million as at 30 June 2025. The increase is attributable to timing differences between tax reporting requirements and the Company's accounting policies under IFRS.

Share capital increased by ETB 794 million from ETB 14,206 million as at 30 June 2024 to ETB 15,000 million as at 30 June 2025. The increase is primarily due to the issuance of 794,417 additional ordinary shares with a par value of ETB 1,000 per share. Refer to Section 5.1 for details with regards to the share issue and the impact on the share capital of the Company.

Retained earnings increased by ETB 2,396 million from ETB 2,577 million as at 30 June 2024 to ETB 4,973 million as at 30 June 2025. The increase is a result of profit for the year of ETB 7,298 million offset by a dividend of ETB 2,577 million, the Company's statutory contribution to the legal reserve of ETB 1,824 million and the transfer from revaluation surplus of ETB 4 million, directors share in profit contributed ETB 1 million and ETB 503 million transferred to regulatory risk reserve related with the difference of the NBE loan and other asset provisions . The below table represents a summary of retained earnings for the year ended 30 June 2025.

Table 88: Retained earnings as at 30 June 2025 and 30 June 2024

	For the year ended 30 June		
	2025	2024	% Variance
ETB (millions)			
Opening balance as at 1 July	2,577	2,878	(10.5%)
Profit for the year	7,298	4,238	72.2%
Dividends declared	(2,577)	(2,878)	(10.5%)
Transfer to legal reserve	(1,825)	(1,059)	72.2%
Transfer from revaluation surplus	4	4	-
Other	(504)	(606)	(16.8%)
Closing balance as at 30 June	**4,973**	**2,577**	**93.0%**

Legal reserve increased by ETB 1,825 million from ETB 4,401 million as at 30 June 2024 to ETB 6,226 million as at 30 June 2025, primarily due to the regulatory requirement to transfer 25% of profit after tax to the legal reserve. The below table represents a summary of the legal reserve for the year ended 30 June 2025.

Table 89: Legal reserve as at 30 June 2025 and 30 June 2024

	For the year ended 30 June		
	2025	2024	% Variance
ETB (millions)			
Opening balance as at 1 July	4,401	3,342	31.7%
Transfer from profit or loss	1,824	1,059	72.2%
Closing balance as at 30 June	**6,226**	**4,401**	**41.5%**

Regulatory risk reserve increased by ETB 487 million from ETB 1,309 million as at 30 June 2024 to ETB 1,796 million as at 30 June 2025. The regulatory risk reserve is a non-distributable reserve required by the regulations of the NBE to be kept for impairment losses on loans and receivables more than the IFRS charge as derived using an ECL model. The increase is a result of the transfer from retained earnings of ETB 487 million as at 30 June 2025.

Assessment of the financial position as at 30 June 2024 compared to 30 June 2023

Cash and balances with banks

Cash and cash equivalents increased by ETB 6,795 million from ETB 21,148 million as at 30 June 2023 to ETB 27,944 million as at 30 June 2024. A more detailed analysis of cash and balances with banks is set out below:

Table 90: Cash and balances with banks as at 30 June 2024 and 30 June 2023

	As at 30 June		
	2024	2023	% Variance
ETB (millions)			
Cash in hand	5,170	3,996	29.4%
Balances with central banks	13,761	11,383	20.9%
Deposits with foreign banks	3,289	1,862	76.6%
Deposits with local banks	5,726	3,908	46.5%
Gross amount	**27,946**	**21,149**	**32.1%**
Impairment allowance	(2)	(1)	100%
Total cash and balances with banks	**27,944**	**21,148**	**32.1%**

Cash in hand increased by ETB 1,174 million or 29.4% from ETB 3,996 million as at 30 June 2023 to ETB 5,170 million as at 30 June 2024. The increase is due to the opening of 67 new branches during the year ended 30 June 2024, which collectively generated ETB 274 million in cash, and successful deposit mobilisation efforts. The successful marketing campaigns, enhanced collections from customer business premises, and a substantial increase in digital banking adoption resulted in a 381 thousand or 13.0% increase in debit card banking subscribers to 3,321 thousand as at 30 June 2024, a 1,512 thousand or 54.8% increase in mobile banking subscribers to 4,272 thousand as at 30 June 2024, and a 29 thousand or 45.3% increase in internet banking subscribers to 93 thousand as at 30 June 2024, contributing an additional ETB 900 million in cash. While the total number of customers accounts decreased by 466 thousand or 4.5% to 9.834 million due to the removal of inactive and low-value accounts, the focus on higher-value accounts and digital banking boosted overall deposit levels and cash in hand.

Balances with central banks increased by ETB 2,378 or 20.9% from ETB 11,383 million as at 30 June 2023 to ETB 13,761 million as at 30 June 2024. The increase is attributable to growth in the reserve account with NBE by ETB 2,400 million to ETB 13,485 as at 30 June 2024 compared to ETB 11,085 million as at 30 June 2023, attributable to the statutory reserve compliance requirements, mandating the Company holds a minimum of 7.0% of deposits with NBE. Total deposits as at 30 June 2024 totaled ETB 192,509 million, requiring a reserve of ETB 13,476 million, resulting in the balances with the NBE meeting the minimum hold of 7.0% as at 30 June 2024 The overall increase was partially offset by a decrease of ETB 21 million in other accounts with the NBE, resulting in a balance of ETB 297 million as at 30 June 2024, down from ETB 276 million as at 30 June 2023.

Deposits with foreign banks increased by ETB 1,427 million or 76.6% from ETB 1,862 million as at 30 June 2023 to ETB 3,289 million as at 30 June 2024. The increase aligns with the management strategy to strengthen foreign FCY assets, mitigating future exchange rate fluctuations and supporting customer needs in international banking. As at 30 June 2024, total FCY assets, which include these deposits and other FCY holdings, amounted to ETB 3,469 million.

Deposits with local banks increased by ETB 1,818 million or 46.5 % from ETB 3,908 million as at 30 June 2023 to ETB 5,726 million as at 30 June 2024. The growth is a direct result of a strategic investment of ETB 1,818 million in liquid assets held with three leading private Ethiopian commercial banks. This investment was implemented to mitigate potential currency fluctuations and secure short-term liquidity as well as leverage a favorable interest rate in the year ended 30 June 2024.

Net loans, advances and financing to customers increased by ETB 20,127 million from ETB 143,796 million as at 30 June 2023 to 163,923 ETB million as at 30 June 2024. A more detailed analysis of net loans, advances and financing to customers is set out below:

Table 91: Net loans, advances and financing to customers (net) as at 30 June 2024 and 30 June 2023

	As at 30 June		
	2024	**2023**	**% Variance**
ETB (millions)			
Term loan	134,284	117,034	14.7%
Overdraft loans	16,970	13,501	25.7%
Advance loans	11,575	12,899	(10.3)%
Conventional Banking loans and advances	**162,829**	**143,434**	**13.5%**
Murabaha financing	6,849	4,226	62.1%
Unearned income	(1,941)	(1,149)	68.9%
Interest free financing and advances	**4,908**	**3,077**	**59.5%**
Total loan loss allowance	(3,814)	(2,715)	40.5%
Total carrying amount	**163,923**	**143,796**	**14.0%**

Conventional Banking loans and advances increased by ETB 19,395 million or 13.5% from ETB 143,434 million as at 30 June 2023 to ETB 162,829 million as at 30 June 2024. The increase is driven by growth in term loans of ETB 17,250 million from ETB 117,034 million as at 30 June 2023 to ETB 134,284 million as at 30 June 2024 and growth in overdraft loans by ETB 3,468 million from ETB 13,501 million as at 30 June 2023 to ETB 16,970 million as at 30 June 2024. The growth is attributable to the Company's strategic shift towards converting advance loans to term loans also contributed to the increase in term loans. This conversion was driven by a number of exporters' inability to settle advance loans in foreign exchange due to the currency devaluation. This resulted in the conversion of ETB 423 million worth of advance loans into term loans as at 30 June 2024. This increase was partially offset by a decrease in advance loans by ETB 1,323 million from ETB 12,899 million as at 30 June 2023 to ETB 11,575 million as at 30 June 2024, directly linked to the strategic conversion of these loans to term loans and lower yield of 8.2%, compared to a yield of 17.8% for term loans and 17.7% for overdraft loans.

Interest free financing and advances increased by ETB 1,831 million or 59.5% from ETB 3,077 million as at 30 June 2023 to ETB 4,908 million as at 30 June 2024. The increase is driven by an increase in Murabaha financing of ETB 2,623 million or 62.1% to ETB 6,849 million as at 30 June 2024 compared to ETB 4,226 million as at 30 June 2023 attributable to the improvement in customer recruitment initiative and financing approval. As a result, IFB customers increased by 428 thousand or 37.0% to 1,585 thousand as at 30 June 2024 compared to 1,157 thousand as at 30 June 2023. The Increase was partially offset an increase in unearned income of ETB 792 million to ETB 1,941 million as at 30 June 2024 compared to ETB 1,149 million as at 30 June 2023 directly associated to the growth in Murabaha financing, representing unrealised markup.

Investment security increased by ETB 2,477 million or 26.5% from ETB 9,363 million as at 30 June 2023 to ETB 11,840 million as at 30 June 2024. A more detailed analysis of investment securities split between financial assets at fair value through OCI and debt securities at amortised cost is set out below.

Financial assets at fair value through OCI increased by ETB 132 million or 14.8% from ETB 887 million as at 30 June 2023 to ETB 1,019 million as at 30 June 2024. This increase is primarily attributable to additional investments of ETB 90 million, specifically, ETB 46 million in Eth switch company, ETB 19 million in Abay industry development S.C, and ETB 25 million in other specified companies and a net ETB 42 million positive fair value adjustment, primarily related to the remeasurement of existing equity investments.

Debt securities at amortised cost increased by ETB 2,346 million or 27.7% from ETB 8,475 million as at 30 June 2023 to ETB 10,821 million as at 30 June 2024. A more detailed analysis of debt securities at amortised cost is set out below:

Table 92: Net debt securities at amortised cost as at 30 June 2024 and 30 June 2023

	As at 30 June		
	2024	**2023**	**% Variance**
ETB (millions)			
Investment on DBE bond	3,298	1,896	73.9%
Investment in treasury bills and bonds	7,524	6,579	14.4%
Gross amount	**10,822**	**8,475**	**27.7%**
Impairment allowance	(1)	-	n/a
Net debt securities at amortised cost	**10,821**	**8,475**	**27.7%**

- **Investment on DBE bond** increased by ETB 1,402 million or 73.9% from ETB 1,896 million as at 30 June 2023 to ETB 3,298 million as at 30 June 2024. The increase was primarily attributed to the purchase of DBE bonds equivalent to ETB 1,639 million to meet the NBE mandated regulatory requirement, stipulating the mandatory purchase of 1.0% of the Company's outstanding loans and advances. The increase was partially offset by the maturity and redemption of ETB 237 million in DBE bonds, including accrued interest.
- **Investment in treasury bills and bonds** increased by ETB 945 million or 14.4% from ETB 6,579 million as at 30 June 2023 to ETB 7,524 million as at 30 June 2024. The increase was primarily attributed to the purchase of treasury bonds equivalent of ETB 3,884 million, in compliance with NBE-mandated regulatory requirements stipulating that the Company purchase treasury bonds equivalent to 20.0% of the total disbursed amount during the year. As at 30 June 2024, the total disbursed amount totalled ETB 19,422 million. The increase was partially offset by a ETB 2,752

million decrease in treasury bill investments to ETB 513 million as at 30 June 2024 due to bond redemptions at maturity.

Other assets increased by ETB 1,544 million or 23.4% from ETB 6,597 million as at 30 June 2023 to ETB 8,141 million as at 30 June 2024. A more detailed analysis of other assets is set out below:

Table 93: Other assets as at 30 June 2024 and 30 June 2023

	As at 30 June		
	2024	**2023**	**% Variance**
ETB (millions)			
Acquired collaterals	257	215	19.5%
Sundry receivables	4,815	3,874	24.3%
Items in course of collection from other banks	209	89	134.8%
Deposit and prepayment	188	63	198.4%
Prepaid staff asset	2,695	2,448	10.1%
Gross amount	**8,164**	**6,689**	**22.1%**
Impairment allowance on other assets	(23)	(92)	(75.0)%
Net amount	**8,141**	**6,597**	**23.4%**

Acquired collateral predominantly commercial and residential buildings represent assets seised by the Company against defaulted loans following a lengthy and prolonged credit management and foreclosure process, often stemming from non-performing loans of previous years. Acquired collaterals increased by ETB 42 million or 19.5% from ETB 215 million as at 30 June 2023 to ETB 257 million as at 30 June 2024. The increase is attributable to the acquisition of new collateral assets totaling ETB 106 million, offset by disposals of ETB 65 million in the year ended 30 June 2024.

Sundry receivables increased by ETB 941 million or 24.3% from ETB 3,874 million as at 30 June 2023 to ETB 4,815 million as at 30 June 2024. The increase is attributable to the increase in miscellaneous receivables by ETB 200 million to ETB 1,242 million as at 30 June 2024 compared to ETB 1,041 million as at 30 June 2023. Additionally, an increase of ETB 367 million in salary advances to ETB 1,579 million as at 30 June 2024 compared to ETB 1,212 million as at 30 June 2023.

Items in course of collection from other banks increased by ETB 120 million or 134.8% from ETB 89 million as at 30 June 2023 to ETB 209 million as at 30 June 2024. The increase is attributable to an increase of ETB 85 million in uncleared effects in foreign transactions due to increased transaction volume and processing delays, and an increase of ETB 34 million in cash in transit during the year ended 30 June 2024 attributable to the Company's expansion. Between 30 June 2023 and 30 June 2024, the expansion included increases in network branches from 863 to 931; ATMs from 1,277 to 1,429; POS terminals from 1,254 to 2,160; and virtual banking centers from 20 to 35. This resulted in higher transaction volumes and a consequently larger volume of items during collection.

Deposit and prepayment increased by ETB 125 million or 198.4% from ETB 63 million as at 30 June 2023 to ETB 188 million as at 30 June 2024. The increase is attributable to an advance rent payment of ETB 125 million and an annual software license fee payment of ETB 11 million during the year ended 30 June 2024, reflecting the Company's digital transformation strategy, focused on digital customer service and cost reduction. This is directly supported by the increase in in ATMs from 1,277 to 1,429, POS terminals from 1,254 to 2,160 and virtual banking centres 20 to 35 between 30 June 2023 and 30 June 2024.

Prepaid staff assets increased by ETB 247 million or 10.1% from ETB 2,448 million as at 30 June 2023 to ETB 2,695 million as at 30 June 2024. The Company records these loans at their fair value based on the market interest rate. The decrease is primarily driven by higher market interest rates, which rose from 11.4 % in the year ended 30 June 2023 to 12,7 % in the year ended 30 June 2024.

Intangible assets increased by ETB 69 million from ETB 522 million as at 30 June 2023 to ETB 591 million as at 30 June 2024. The increase is attributable to the capitalisation of ETB 192 million in operational software licenses, partially offset by amortisation charges of ETB 84 million and ETB 39 million in licenses under development carried over from the prior financial year. The below table represents a summary of the intangible assets for the year ended 30 June 2024.

Table 94: Intangible assets for the yeqr ended 30 June 2024

	Total
ETB (millions)	
Opening net book amount 1 July 2023	**522**
Acquisitions	192
WIP	(39)
Amortisation for the year	(84)
Closing net book value 30 June 2024	**591**

Right of use leased assets increased by ETB 416 million or 16.2% from ETB 2,575 million as at 30 June 2023 to ETB 2,991 million as at 30 June 2024. The increase was primarily due to a ETB 1,280 million increase in lease commitments resulting from the opening of 67 new branches and higher rental prices negotiated during contract renewals. Additionally, the overall increased asset value is attributable to upfront payments made by the Company on specific new lease agreements, which served to establish predetermined pricing and secure more favorable terms. The increase was partially offset by the depreciation and amortisation charge of ETB 864 million in the year ended 30 June 2024.

The below table represents a summary of right of used leased assets for the year ended 30 June 2024.

Table 95: Right of use assets for the year ended 30 June 2024

	Land	Building	Total
ETB (millions)			
Opening net book value as at 1 July 2024	**89**	**2,486**	**2,575**
Adjustments	144	1,136	1,280
Charge for the year	(4)	(860)	(864)
Closing net book value as at 30 June 2025	**229**	**2,762**	**2,991**

Property, plant and equipment increased by ETB 1,363 million from ETB 5,500 million as at 30 June 2023 to ETB 6,863 million as at 30 June 2024. This substantial increase can be largely attributed to investment in new assets. The Company acquired ETB 1,972 million worth of property, plant, and equipment during the year ended 30 June 2024. This investment was focused on supporting digital transformation initiatives. A significant portion of these additions involved the procurement of office equipment and technology. This included the acquisition of ATMs, POS terminals, and virtual banking centers. These technological upgrades are aimed at modernising the Company's operations and enhancing customer service.

Furthermore, the Company invested in new furniture and fittings. A key component of this investment was the purchase of large cash safes designed to enhance the security of the Company's cash holdings. The increase was offset by the depreciation charge for the year of ETB 609 million. The below table represents a summary of property, plant and equipment for the year ended 30 June 2024.

Table 96: Property, plant and equipment for the year ended 30 June 2024

	Buildings	Vehicles	Office and other equipment	Furniture and fittings	Computer equipment	Construction in progress	Total
Opening net book amount 1 July 2023	**1,553**	**695**	**956**	**1,017**	**545**	**734**	**5,500**
Additions	449	332	560	602	301	(272)	1,972
Depreciation Charge	(39)	(109)	(199)	(128)	(134)	-	(609)
Closing net book amount as at 30 June 2024	**1,963**	**918**	**1,317**	**1,491**	**712**	**462**	**6,863**

Conventional Banking deposits from customers

A core component of the Company’s deposit mobilisation strategy involved offering competitive interest rates to attract new customers and stimulate growth. As such, as at 30 June 2024, saving deposit contribute 75.9% to the overall growth in deposits. Demand deposits accounted for 15.7%, while time deposits contributed 8.3%.

Total Conventional Banking deposits from customers increased by ETB 27,906 million from ETB 140,467 million as at 30 June 2023 to ETB 168,373 million as at 30 June 2024. The increase is attributable to the Company's digital transformation strategy and improved deposit mobilisation efforts and efforts to expand digital banking subscriptions, which resulted in a 381 thousand or 13.0% increase in debit card banking subscribers to 3,321 thousand as at 30 June 2024, a 1,512 thousand or 54.8% increase in mobile banking subscribers to 4,272 thousand as at 30 June 2024, and a 29 thousand or 45.3% increase in internet banking subscribers to 93 thousand as at 30 June 2024.

A more detailed analysis of customer deposits is set below:

Table 97: Total Conventional Banking deposits from customers as at 30 June 2024 and 30 June 2023

	As at 30 June		
	2024	**2023**	**% Variance**
ETB (millions)			
Savings deposits	127,835	108,152	18.2%
Demand deposits	26,484	25,355	4.5%
Time deposits	14,054	6,960	101.9%
Total Conventional Banking deposits from customers	**168,373**	**140,467**	**19.9%**

Savings deposits increased by ETB 19,683 million or 18.2% from ETB 108,152 million as at 30 June 2023 to ETB 127,835 million as at 30 June 2024. The increase was primarily driven by deposit mobilisation from new and existing customers and the Company offering an increased average interest rate on saving deposit of 5.3% as at 30 June 2024 up from 5.1% as at 30 June 2023.

Demand deposits increased by ETB 1,129 million or 4.5% from ETB 25,355 million as at 30 June 2023 to ETB 26,484 million as at 30 June 2024. The increase was primarily attributed to an increase in deposit mobilisation from new and existing customers and the effective deposit mobilisation strategy.

Fixed time deposits increased by ETB 7,094 million or 101.9% from ETB 6,960 million as at 30 June 2023 to ETB 14,054 million as at 30 June 2024. The increase is mainly attributed to the Company's strategic efforts, including the introduction of highly competitive product offerings that attracted a broader depositor base, coupled with an increased customer base showing loyalty and confidence in the Company's stability and services, and effective mobilisation efforts.

Interest free customers deposit increased by ETB 6,066 million from ETB 18,070 million as at 30 June 2023 to ETB 24,136 million as at 30 June 2024. The increase was primarily driven by a growing demand for Shariah-compliant financial services which led to the Company’s mobilisation of an additional ETB 6,100 million or 34.0% in deposits, from ETB 17,941 million in the year ended 30 June 2023.

This growth was driven by an increase of ETB 1,124 million or 642.3% in Mudarabah savings, a ETB 4,033 million or 25.2% increase in Wadiah savings, a ETB 799 million or 35.8% increase in Wadiah current accounts, and a ETB 110 million or 137.5% increase in Mudarabah term deposits. This is supported by the 428 thousand growth in customers base, from 1,157 thousand to 1,585 thousand between 30 June 2023 and 30 June 2024.

Additionally, the Company's efforts to expand digital banking subscriptions resulted in a 11.6% increase in total card banking subscribers, a 26.0% increase in active mobile banking subscribers and a 8.6% increase in Internet banking subscribers as at 30 June 2024. A more detailed analysis of IFB deposits Is set below:

Table 98: Total IFB deposits from customers as at 30 June 2024 and 30 June 2023

	As at 30 June		
	2024	**2023**	**% Variance**
ETB (millions)			
Mudarabah savings	1,299	175	642.3%
Wadiah savings	19,618	15,585	25.2%
Wadiah current	3,029	2,230	35.8%
Mudarabah term deposits	190	80	137.5%
Total IFB deposits	**24,136**	**18,070**	**33.6%**

Other liabilities decreased by ETB 1,272 million from ETB 6,087 million as at 30 June 2023 to ETB 4,815 million as at 30 June 2024. A more detailed analysis of other liabilities Is set below:

Table 99: Total other liabilities as at 30 June 2024 and 30 June 2023

	As at 30 June		
	2024	**2023**	**% Variance**
ETB (millions)			
Margins held on LC	951	494	92.5%
Other payables	1,771	3,006	(41.1)%
Other liabilities	2,093	2,587	(19.1)%
Total other liabilities	**4,815**	**6,087**	**(20.9)%**

Margins held on LC increased by ETB 457 million or 92.5% from ETB 494 million as at 30 June 2023 to ETB 951 million as at 30 June 2024. The increase was primarily driven by a higher volume of LC, which grew by ETB 1,588 million to ETB 2,571 million for the year ended 30 June 2024, compared to ETB 983 million in the year ended 30 June 2023.

Other payables decreased by ETB 1,235 million or 41.1% from ETB 3,006 million as at 30 June 2023 to ETB 1,771 million as at 30 June 2024. The decrease primarily reflects the Company's payment of FCY commitments, reducing miscellaneous FCY payables by ETB 1,800 million. The reduction was partially offset by increases in mobile money liabilities, comprising of ETB 208 million for Et-switch and ETB 80 million for Telebirr and FCY prepaid travel by ETB 277 million, driven by increased demand.

Other liabilities decreased by ETB 494 million from ETB 2,587 million as at 30 June 2023 to ETB 2,093 million as at 30 June 2024. The reduction primarily reflects a ETB 416 million decrease in cashiers' payment orders due to reduced customer requests and liability reduction and a ETB 392 million decrease in bonus accrual resulting from changes in eligible employee numbers following the Company's restructuring and role reassignments. The decrease was partially offset by increases in exchange and auction payables to the NBE by ETB 13 million to ETB 131 million as at 30 June 2024; accrued leave payable by ETB 75 million to ETB 402 million 30 June 2024; unearned income by ETB 183 million to ETB 258 million as at 30 June 2024; and dividends payable by ETB 34 million to ETB 132 million as at 30 June 2024.

Current tax liabilities decreased by ETB 188 million from ETB 1,282 million as at 30 June 2023 to ETB 1,094 million as at 30 June 2024. The decrease is attributable to a decrease in the taxable profit of ETB 635 million or 14.8% to ETB 3,642 million in the year ended 30 June 2024 compared to ETB 4,278 million in the year ended 30 June 2023. The variance between profit before tax in the financial performance for the year ended 30 June 2024 and 30 June 2023 is primarily due to the taxable profit being adjusted for depreciation and amortisation, provisions for loans and advances as per the NBE, and interest income taxed at source for treasury bills.

Lease Liabilities decreased by ETB 76 million from ETB 343 million as at 30 June 2023 to ETB 267 million as at 30 June 2024. The decrease resulted from lease principal payments of ETB 122 million which directly reduced the outstanding obligation, offset partially by the recognition of ETB 14 million in interest expense and an addition of ETB 32 million from new lease agreements, predominately related to the 67 new branches during the year ended 30 June 2024.

Retirement benefits obligations increased by ETB 44 million from ETB 267 million as at 30 June 2023 to ETB 311 million as at 30 June 2024. The increase is primarily attributable to the increase in interest cost by ETB 7 million, current service costs by ETB 9 million, and an actuarial gain on economic assumptions of ETB 10 million in the year ended 30 June 2024.

Deferred tax liabilities decreased by ETB 42 million from ETB 154 million as at 30 June 2023 to ETB 112 million as at 30 June 2024. The decrease is attributable to timing differences between tax reporting requirements and the Company's accounting policies under IFRS.

Share capital increased by ETB 2,308 million from ETB 11,898 million as at 30 June 2023 to ETB 14,206 million as at 30 June 2024. The increase is primarily due to the issuance of 2,307,167 additional ordinary shares with a par value of ETB 1,000 per share. Refer to Section 5.1 for details with regards to the share issue and the impact on the share capital of the Company.

Retained earnings decreased by ETB 301 million from ETB 2,878 million as at 30 June 2023 to ETB 2,577 million as at 30 June 2024. The increase is a result of profit for the year of ETB 4,238 million offset by a dividend of ETB 2,878 million, the Company’s statutory contribution to the legal reserve of ETB 1,059 million and the profit transfer to regulatory risk reserve of ETB 602 million.

The below table represents a summary of retained earnings for the years ended 30 June 2024 and 2023.

Table 100: Retained earnings as at 30 June 2024 and 30 June 2023

	As at 30 June		
	2024	**2023**	**% Variance**
ETB (millions)			
Opening balance as at 1 July	2,878	2,140	34.5%
Profit for the year	4,238	3,873	9.4%
Dividends paid	(2,878)	(2,140)	34.5%
Transfer to legal reserve	(1,059)	(986)	7.4%
Other	(602)	(9)	6.588.9%
Closing balance as at 30 June	**2,577**	**2,878**	**(10.5)%**

Legal reserve increased by ETB 1,059 million from ETB 3,342 million as at 30 June 2023 to ETB 4,401 million as at 30 June 2024. The increase is attributable to the regulatory requirement to transfer 25% of profit after tax to the legal reserve. The below table represents a summary of the legal reserve for the years ended 30 June 2024 and 2023.

Table 101: Legal reserve as at 30 June 2024 and 30 June 2023

	As at 30 June		
	2024	2023	% Variance
ETB (millions)			
Opening balance as at 1 July 2023	**3,342**	**2,357**	**41.9%**
Transfer from profit or loss	1,059	985	7.5%
Closing balance as at 30 June 2024	**4,401**	**3,342**	**31.7%**

Regulatory risk reserve increased by ETB 605 million from ETB 704 million as at 30 June 2023 to ETB 1,309 million as at 30 June 2024. The increase is a result of the transfer from retained earnings of ETB 604 million as at 30 June 2024.

Other reserve increased by ETB 52 million from ETB 193 million as at 30 June 2023 to ETB 245 million as at 30 June 2024. The increase is attributable to the remeasurement gain from the defined benefit obligation of ETB 29 million arising from changes in actuarial assumptions and an increase in the fair value of equity investment of ETB 24 million.

7.1.5. Analysis of historical cash flows for the years ended 30 June 2025, 2024, and 2023

The tables below set out a summary of the Company's historical cash flow statements for the years ended 30 June 2025, 2024, and 2023 and have been extracted without material adjustment from the HFI of this Prospectus.

Table 102: Statement of cash flows

	For the year ended 30 June		
	2025	2024	2023
ETB (millions)			
Net cash inflow from operating activities	31,133	14,780	4,748
Net cash outflow from investing activities	(7,223)	(7,547)	(3,549)
Net cash outflow from financing activities	(1,415)	(536)	1,467
Net increase in cash and cash equivalents	**22,495**	**6,697**	**2,666**
Cash and cash equivalents at the beginning of the year	**27,944**	**21,148**	**18,475**
Foreign exchange (losses)/ gains on cash and cash equivalents	(149)	99	7
Cash and cash equivalents at the end of the year	**50,290**	**27,944**	**21,148**

7.1.5.1. Net cash inflow from operating activities

Net cash inflow from operating activities consists of changes in profits from operating activities before depreciation, amortisation, interest expense, interest income and after adjusting changes in working capital during the financial year.

In the year ended 30 June 2025, net cash inflow from operating activities significantly increased by ETB 16,353 million, reaching ETB 31,133 million, compared to ETB 14,780 million in the year ended 30 June 2024. This substantial increase was primarily driven by two key factors: enhanced profitability and changes in net working capital.

The first main driver for the increase in cash generated from operations was the Company's improved profitability. This is directly evidenced by the strong operational performance, which contributed to a 91.4% increase in profit before tax, rising from ETB 5,277 million in the year ended 30 June 2024 to ETB 10,101 million in the year ended 30 June 2025.

The second main driver was the favourable change in net working capital, ETB 18,193 million in the year ended 30 June 2025 compared to ETB 8,001 million in the year ended 30 June 2024. While loans and advances increased by 70% (ETB 13,615 million), indicating a significant expansion in lending activities, this was offset by an 80% (ETB 22,695 million) growth in deposits. This growth in deposits, which positively impacted cash generation, was attributable to the expansion of business offerings and was further amplified by the currency devaluation of the Birr. Overall, cash generated from operations increased by ETB 16,208 million to ETB 32,280 million as at 30 June 2025, compared to ETB 16,072 million as at 30 June 2024 and the Company paid ETB 1,148 million in income tax, capital gains, and withholding tax in the year ended 30 June 2025.

In the year ended 30 June 2024, net cash inflow from operating activities increased significantly by ETB 10,032 million, reaching ETB 14,780 million, compared to ETB 4,748 million in the year ended 30 June 2023.

This substantial growth was primarily driven by favourable changes in net working capital, with Company profitability remaining stable. Loans and advances decreased by 41.5% and other assets decreased by 47%, which collectively contributed positively to cash generation by ETB 15,101 million. However, this positive impact was partially offset by a decrease in customer deposits of ETB 8,585 million (23%).

7.1.5.2. Net cash outflow from investing activities

Net cash outflow from investing activities primarily consists of the purchase of treasury bills, bonds, and time deposits, the purchase of shares, intangible assets, property, plant and equipment, and investment properties, and proceeds from the sale of property and equipment. Net cash outflow from investing activities decreased by ETB 324 million to ETB 7,223 million in the year ended 30 June 2025, compared with ETB 7,547 million in the year ended 30 June 2024. The purchase of additional government securities was primarily offset by the maturing of existing government securities during the period, resulting in the decrease of net cash flow from investing activities. Specifically, treasury bonds decreased by ETB 2,820 million to ETB 4,191 million and DBE bonds decreased by ETB 634 million to ETB 769 million. The cash from redeemed treasury bills also decreased by ETB 2,239 million, resulting in a net inflow of ETB 513 million in the year ended 30 June 2025 compared to an inflow of ETB 2,752 million in the year ended 30 June 2024. This was partially offset by increased outflows totaling ETB 927 million related to equity investments of ETB 196 million, intangible assets of ETB 465 million, and lease payments ETB 267 million.

The net cash outflow from investing activities increased by ETB 3,998 million to ETB 7,547 million in the year ended 30 June 2024, compared to ETB 3,549 million in the year ended 30 June 2023. This increase is mainly due to significantly higher investments in government securities. Specifically, treasury bond purchases increased by ETB 3,695 million to ETB 7,011 million, while DBE bond purchases rose by ETB 282 million to ETB 1,402 million. While the inflow from maturing treasury bills decreased by ETB 1,068 million to ETB 2,752 million, this reduction in inflow contributed to the higher overall outflow. This was partially offset by reduced investment in other areas, such as equity investments, intangible assets, property, plant and equipment, and lease payments, resulting in a combined decrease of ETB 1,038 million. The increased investment in government securities is following NBE-mandated regulatory requirements, which stipulate that the Company purchase treasury bonds equivalent to 20.0% of loans and advances disbursed.

7.1.5.3. Net cash outflow from financing activities

Net cash outflow from financing activities consists primarily of dividends paid and proceeds from issued shares.

Net cash outflow from financing activities was ETB 1,415 million in the year ended 30 June 2025, compared to ETB 536 million in the year ended 30 June 2024. The increase in cash outflows was primarily attributed to an increase in the dividends paid out of ETB 1,807 million, partially offset by proceeds from issued shares of ETB 392 million in the year ended 30 June 2025.

Net cash outflow from financing activities was ETB 536 million in the year ended 30 June 2024, compared to a net cash inflow of ETB 1,467 million in the year ended 30 June 2023. The increase in cash outflows was primarily attributed to an increase in the dividends paid out in the year from ETB 208 million in the year ended 30 June 2023 to ETB 1,060 million in the year ended 30 June 2024, offset by a decrease from the proceeds received from issued shares to ETB 523 million in the year ended 30 June 2024 compared to ETB 1,674 in the year ended 30 June 2023.

7.1.6. Borrowings, commitments, contingencies, and off-balance sheet arrangements

Contingent liabilities

The Company is a party to numerous legal actions brought by different organisations and individuals arising from its normal business operations. Refer to Section 7.7 (legal and arbitration proceedings) for details with regards to the maximum exposure of the Company arising from these legal actions. No provision has been made in the financial statements as the Directors believe that it is not probable that economic benefits would flow out of the Company in respect of these legal actions.

Off-balance sheet items

The Company 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 Company 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

Table 103: Contingent liabilities / off-balance sheet arrangements

	As at 30 June		
	2025	2024	2023
ETB (millions)			
Financial guarantees	9,642	10,532	3,862
Loans and advances approved but not disbursed	3,833	4,933	4,822
Unutilised overdraft and other revolving facilities	7,423	3,344	678
LC	9,743	2,571	983
Total	**30,641**	**21,380**	**10,345**

7.2. Capital resources and liquidity

The Company secures capital through debt and equity financing. Debt financing primarily comprises customer deposits, which are managed to ensure liquidity, profitability, and overall stability. The Company is also exploring equity financing options to support strategic initiatives and acquisitions. As at the date of this Prospectus, the Company has no significant contractual cash commitments, that would materially impact liquidity or available resources.

The Company's resource utilisation is subject to several key regulatory requirements designed to maintain financial system stability: Credit cap: The NBE imposes a limit on aggregate credit exposure to mitigate inflationary pressures and maintain financial stability.

- Liquidity requirements: The Company must maintain sufficient liquid assets to meet short-term obligations and ensure it can meet depositor and creditor withdrawal demands.
- Reserve requirements: A specified percentage of deposits must be held in reserves (cash or deposits with the NBE) to maintain solvency and meet liabilities.

The national tax disclosure period, typically in October and November, often sees increased withdrawals as businesses meet their tax obligations. This temporarily reduces the Company's deposits, affecting sector-wide liquidity. The Company closely monitors these seasonal fluctuations to maintain a robust liquidity strategy.

7.3. Working capital statement

In the opinion of the Company, the Company has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

7.4. Capitalisation and indebtedness

The following table sets out the capitalisation of the Company as at 31 December 2025

Table 104: Statement of capitalisation

	31 Dec 2025 ETB (millions)
Statement of capitalisation	
Total current debt	**9,210**
Borrowings/inter bank loan	9,200
Lease liabilities	10
Total non-current debt	**305**
Borrowings	-
Lease liabilities	305
Shareholder's equity	
Share capital	15,000
Share premium	6
Retained earnings	8,287
Revaluation surplus account	421
Legal reserve	6,226
Special reserve	26
Regulatory risk reserve	1,796
Other reserves	394
Total capitalisation	**41,670**

*Retained earnings includes this year profit after tax but not audited

The statement of capitalisation has been extracted without material adjustment from the Company's management accounts reports as at 31 December 2025.

The following table sets out the Company's net indebtedness as at 31 December 2025

Table 105: Statement of indebtedness

	31 Dec 2025 ETB (millions)
Statement of indebtedness	
(A) Cash and balances with banks	62,836
(B) Liquidity	**62,836**
(C) Current financial liabilities	8,514
(D) Current debt	9,210
(E) Current financial indebtedness (C+D)	**17,724**
(F) Net current financial indebtedness (E-B)	**(45,112)**

	31 Dec 2025 ETB (millions)
(G) Non-current other liabilities	-
(H) Non-current debt	-
(I) Non-current financial indebtedness (G+H)	**-**
(J) Net financial indebtedness (F-I)	**(45,112)**

*Retained earnings includes this year profit after tax but not audited

The statement of indebtedness has been extracted without material adjustment from the Company's management accounts reports as at 31 December 2025.

7.5. Going concern

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

The Company's historical financial statements have been prepared on a going concern basis and the Directors confirm the Company will continue in operation in the foreseeable future. The External Auditor of the Company has satisfied its requirements of the Company's going concern basis and has issued an unqualified audit opinion on the historical financial statements for the years ended 30 June 2025, 2024, and 2023. Details of the External Auditor's assessment of the going concern basis can be found in Annex 1.

7.6. Description of non-IFRS measures

This Prospectus contains certain non-IFRS measures that are not defined or recognised under IFRS reporting for banks, including Total Revenue and Segment Revenue.

The Directors use the non-IFRS measures to measure operating performance and as a basis for strategic planning and forecasting. There are no generally accepted principles governing the calculations of these measures and the criteria upon which these measures are based can vary from company to company and therefore may not be comparable to other similarly titled measures used by other companies. These measures, by themselves, do not provide a sufficient basis to compare the Company's performance with that of other companies and have inherent limitations as analytical tools.

The Directors believe the following metrics to be the non-IFRS measures used by the Company to help evaluate growth trends, establish budgets, and assess operational performance and efficiencies. Non-IFRS measures have inherent limitations as analytical tools and should not be considered in isolation or as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

The Directors believe that these non-IFRS Measures, in addition to IFRS measures, provide an enhanced understanding of the Company's results and related trends, therefore increasing transparency and clarity into the core results of the business.

The Company defines Total Revenue as the sum of interest income, net foreign exchange income/loss, service charge and other operating income. Set out below is a reconciliation from the HFI to Total Revenue.

Table 106: Total Revenue (non-IFRS)

Total Revenue	For the year ended 30 June		
	2025	2024	2023
ETB (millions)			
Interest income	32,719	24,603	20,965
Net foreign exchange income/loss	(150)	99	(224)
Service charge	3,153	1,190	688
Commission earned	1,814	909	732
Other operating income	1,535	947	567
Total Revenue (non-IFRS)	**39,071**	**27,748**	**22,728**

The Company defines Segment Revenue as the Total Revenue split by Business Segment, being the sum of the respective Business Segment's interest income, net foreign exchange income/loss, service charge and other operating income. The total sum of the Segment Revenue reconciles to the HFI when summing, interest income, service charge, commission earned and other operating income. Set out below is a reconciliation from the HFI to Segment Revenue

Table 107: Segment Revenue (non-IFRS)

Segment Revenue (non-IFRS)	For the year ended 30 June		
	2025	2024	2023
Conventional	37,686	26,702	22,384
IFB	723	554	281
Total Segment Revenue	**38,409**	**27,256**	**22,665**
Other income	662	492	63
Total Revenue (non-IFRS)	**39,071**	**27,748**	**22,728**

7.7. Legal and arbitration proceedings

The Company is currently, and may occasionally become, involved in various legal proceedings, including inquiries or discussions with governmental authority's incidental to its operations. The Company confirms that it is not engaged in any government, legal, or arbitration proceedings (including any such proceedings that are pending or threatened, of which it is aware) that could have, or have had within the 12 months preceding the date of this Prospectus, or in the recent past, significant effects on the Company's financial position or profitability, except as detailed below:

7.7.1. The Company as a plaintiff

7.7.1.1. Herari Trading PLC and others

A case at the Federal High Court, Dire Dawa Division, to claim an outstanding loan of ETB 166,504,880 (including accrued interest up to 5 December 2024) against Herari Trading PLC and the joint and several guarantors, Mr Abdulwasa Mohammed Ismail, Mr Mohammed Nur Abdullahi and Mrs Istahil Gayir Abdullahi. The total outstanding loan balance arises from a revolving pre-shipment export credit facility of ETB 115,000,000, originally granted without collateral or registered security. Attachable assets – including six vehicles registered in the name of one of the guarantors and funds held with other banks – were only secured through a court-ordered injunction after filing the suit.

The defendants submitted their statement of defence and raised a preliminary objection, including an objection under Article 2024(f) of the Civil Code alleging expiry of the period for claiming interest, as well as defences based on alleged negligence of the Company, insolvency and a request to convert the facility into a term loan. After investigation, the court rejected the preliminary objection, upheld the validity of the Company's monetary claim and subsequently heard the whole suit and adjourned the case to the plaintiff's suit on 28 November 2025. The case has been postponed to 12 February 2026 to allow for further investigation.

Based on the Company's legal analysis and the merits of its position, and in light of the dismissal of the defendants' preliminary objections, the Directors believe that the Company has a high probability of obtaining a favourable judgment and recovering a substantial portion of the outstanding balance.

7.7.1.2. Mohammed Nur Abdulahi and others

This case is at the Federal High Court Dire Dawa Division for an outstanding loan of ETB 150,702,740, arising from a revolving pre-shipment export credit facility of ETB 115,000,000 disbursed to Mr Mohammed Nur Abdullahi without collateral or personal guarantees. The borrowers failed to repay the facility within the agreed period, forcing the Company to initiate legal action.

An injunction order was given, and the defendants submitted their statement of defence and raised a preliminary objection, similar in substance to the Harari Trading PLC case, including an objection under Article 2024(f) of the Civil Code, allegations of negligence by the Company and a request to convert the facility into a term loan. The case was adjourned for investigation. The Federal High Court has rejected the preliminary objection of the defendants, upheld the validity of the Company's monetary claim. The court has issued an injunction order on different properties of the defendants. The court has completed the hearing of the suit and has adjourned the proceedings for further investigation, scheduled on 12 February 2026.

The loan was originally unsecured; however, following institution of the suit, the Company obtained a court-ordered injunction/attachment over one residential building and funds held with different banks in the name of the defendants, with no competing third-party claims identified to date. These attachments significantly enhance the likelihood of effective monetary recovery upon execution. Based on the above, the Directors consider that the Company has a high probability of success.

7.7.1.3. B.Z.A Trading PLC and others

Initially, a case was instituted at the Federal High Court Lideta Bench against B.Z.A Trading PLC and others to claim payment of an outstanding loan of ETB 102,851,658 together with interest and loan-related expenses, arising from multiple facilities (term loan, overdraft and export loans) granted under loan agreements dated 27/03/2009 and 14/09/2009. The Federal High Court decided in favour of the

Company, with some reservations regarding the accountability of the manager, the acting manager and the court fee.

The Company then appealed to the Federal Supreme Court on these points, and the defendants (1st, 2nd and 3rd) also appealed, disputing their liability and alleging that the lower court had imposed obligations beyond the claimed amount without properly allocating the proceeds of collateral sales across the various loan facilities. After investigating the objections, the appellate court again decided in favour of the Company, ordering B.Z.A Trading PLC and others to pay ETB 102,851,658 and, until payment, interest at 17% per annum from 20/05/2013 E.C., as interpreted by the court, together with the expenses incurred by the Company.

Lastly, the Company has appealed to the Federal Supreme Court Cassation Bench, arguing that interest should be calculated on each component of the outstanding loan in accordance with the respective contractual interest rates (22%, 17% and 21% for the different term, overdraft and export facilities), rather than applying a uniform 17% rate to the entire balance. The case has been adjourned for investigation and hearing of the appeal on 3 February 2026 (corresponding to 26/05/2018 E.C.). Based on the legal analysis to date, the Directors do not expect any outcome that would reduce the applicable interest rate below 17%, and continues to monitor the case for potential impact on the recognised interest income.

In accordance with the Asset Classification and Provisioning Directive, the exposures to Harari Trading PLC and others, Mohammed Nur Abdullahi and others, and B.Z.A Trading PLC and others have been classified under the loss category. To mitigate the potential credit risk, the Company has recognised loan loss provisions of ETB 361,787,135 as at 30 June 2025, which was increased to ETB 366,654,762.84 as at 30 September 2025. There is no off–balance sheet exposure related to the defendants in these three (3) cases.

8. INFORMATION ON THE RIGHTS OFFER

8.1. Information concerning the securities being offered

8.1.1. Type and class of securities being offered

The Rights Offer comprises 3,125,000 new Ordinary Shares of the Company, being the Rights Offer Shares. The Rights Offer Shares shall be fully paid Ordinary Shares with a cumulative Rights Offer value of ETB 5,000,000,000 and Rights Offer Price of ETB 1,600 each. The Company has and, on the completion of the Rights Offer will have, one class of Ordinary Shares. The issuance of the Rights Offer Shares is duly authorised by a resolution of the shareholders dated 30 September 2025, in accordance with the Capital Market Proclamation, the Public Offer Directive, and the Company's MOA, which collectively provide the legal authority for the creation, offering, and allotment of such shares.

8.1.2. Registration of securities

The Existing Ordinary Shares and the Rights Offer Shares of the Company will be registered with the ECMA at the date of approval of the registration statement and this Prospectus. Refer to section 8.2.4 for the expected timetable of the Rights Offer.

8.1.3. The name and address of the persons in charge of keeping the records of the securities

The company secretary, Tewodros Tesfaye, in his role, has and will be the person in charge of keeping the records of the Ordinary Shares of the Company. The company secretary's address is the same as the Company's address.

8.1.4. Rights attached to the securities

The Company has, and on completion of the Rights Offer will have, only one class of shares, being the Ordinary Shares.

The rights attached to the Ordinary Shares will be uniform in all respects, and they will form a single class for all purposes. The rights attached to the Ordinary Shares are as set out below:

a. Every Ordinary Share shall confer a right to participate in the Company's annual net profits and to a proportionate share in the net proceeds on a winding-up;

b. The share in the profits and in the net proceeds on a winding-up due to a holder of Ordinary Shares shall be calculated in proportion to their holding in the paid-up capital of the Company;

c. Every Ordinary Share shall confer voting rights. The voting rights attached to a shareholder shall be in proportion to the amount of capital represented by their Ordinary Shares;

d. Every holder of Ordinary Shares has a preferred right, in proportion to their holding, to purchase Ordinary Shares issued on an increase of capital.

The Company will be subject to the ongoing obligations of the ECMA with regard to the issue of equity securities for cash. Additionally, the provisions of Article 448 of the Commercial Code, together with Article 10 of the Company's MOA (which collectively confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash), apply to the issue of shares in the capital of the Company.

8.1.5. Treatment of pre-emptive rights

In accordance with Article 448(1)–(2) of the Commercial Code and Article 9, 133 and 134 of the Public Offer Directive, Existing Shareholders of the Company have Preferred Rights to subscribe for the Rights Offer Shares offered under this Rights Offer, in proportion to their shareholding as at the Record Date, as set out in this Prospectus. The Record Date forms part of the timetable approved by the ECMA.

This Preferred Right is reaffirmed by the Company's MOA, which provides that Existing Shareholders shall have a proportional preferred right whenever additional capital is approved by the general meeting of shareholders.

The Company at the 29th AGM passed a resolution that the Rights Offer Shares offered under this Rights Offer are reserved exclusively for Existing Shareholders recorded on the official record maintained by the Company that shows which Existing Shareholders are entitled to receive rights to apply for Rights Offer Shares as at the Record Date (the "Rights Register"), and no new investor may participate in the Rights Offer. Consistent with Article 448(1) and (2) of the Commercial Code, such shareholders may sell or assign their Preferred Rights to other Existing Shareholders within the approved Rights Offer Period under the same conditions as the share itself. The Preferred Right is a statutory and constitutional protection against dilution.

8.1.6. Issue date of the Rights Offer Shares

The Company intends to issue the Ordinary Shares on 16 February 2026, following the successful approval of the Allotment Report by the ECMA. The timing of the issuance of the Rights Offer Shares is subject to change and predicated on the successful approval of the Allotment Report by the ECMA. Refer to section 8.2.4 for the expected timetable of the Rights Offer.

8.1.7. Information on the tax treatment of the securities

The taxation treatment of the securities will be governed according to the Federal Income Tax Proclamation No. 979/2016 and its amendment Income Tax (Amendment) Proclamation No. 1395/2025. According to this proclamation, the following taxes could be applicable to the holders of the securities on offer.

According to Article 57 of the Income Tax Proclamation (as amended), a resident of Ethiopia who derives an income from dividends shall be liable for income tax at the rate of 15.0% of the gross amount of the dividend. Furthermore, a non-resident who derives an Ethiopian source dividend that is attributable to a permanent establishment of the non-resident in Ethiopia shall be liable for income tax at the rate of 15.0% (15% on the gross amount of the dividend).

However, a dividend tax shall not apply to a body if a body distributes a dividend to a permanent establishment in Ethiopia or to a resident that is a member of a group of companies. "Group of companies" means a company that directly or indirectly has more than one company in which it owns more than 50.0% of the shares.

According to Article 59 of the Income Tax Proclamation (as amended), a person who derives a gain on the disposal of shares shall be liable to pay income tax at the rate of 15.0%. The amount of gain on disposal of shares by a person shall be the amount by which the consideration for the disposal of the asset exceeds the cost of the asset at the time of disposal, adjusted for inflation by 30.0%.

Under Article 64 of the Federal Income Tax Proclamation No. 979/2016, as amended by the Income Tax (Amendment) Proclamation No. 1395/2025, the Company may be subject to an additional income tax at the rate of fifteen percent (15%) on net profits remaining after income tax if such profits are neither distributed to shareholders nor reinvested within twelve (12) months following the end of the fiscal year. This tax applies to profits that are treated as “undistributed profits” under the law. Undistributed profits include net profits not so distributed or reinvested within the prescribed period. They also include profits attributable to a permanent establishment in Ethiopia that are not remitted to a foreign head office. The application of this tax is subject to directives to be issued by the Ministry of Finance. Pending the issuance of such directives, net profits applied to increase the Company’s capital or to increase the shareholdings of its shareholders are presumed to have been reinvested. Such profits are therefore not treated as undistributed profits for the purposes of this tax.

8.1.8. Restrictions on the transferability of the securities

Pursuant to the Rights Offer and the listing on the ESX, the Ordinary Shares will be freely transferable, and there will be no restrictions on transfer for the purposes of trading on the ESX.

8.1.9. Public takeover bids

The Company has not received any public takeover bids by third parties in the last financial year ended 30 June 2025 and to the period up to the date of this Prospectus.

8.2. Terms and Conditions of the Rights Offer

8.2.1. The total amount of the Rights Offer

The Rights Offer comprises 3,125,000 Rights Offer Shares at a Rights Offer Price of ETB 1,600 each. The estimated gross proceeds receivable by the Company from the Rights Offer is ETB 5,000,000,000.

8.2.2. Conditions

The Rights Offer is being made solely to Existing Shareholders. Any difference between the number of Rights Offer Shares acquired by Existing Shareholders during the Rights Offer Period and the total number of Rights Offer Shares will be cancelled.

8.2.3. Rights Offer statistics

Table 108: Rights Offer statistics

Fixed Rights Offer Price (per Ordinary Share)	**ETB 1,600**
Total number of Ordinary Shares in issue by the Company immediately preceding the Rights Offer	15,000,000
Total number of Rights Offer Shares	3,125,000
Total estimated number of Ordinary Shares in issue by the Company immediately following the Rights Offer	18,125,000
Estimated gross proceeds of the Rights Offer receivable by the Company	ETB 5,000,000,000
Estimated expenses of the Rights Offer	ETB 93,248,072
Estimated net proceeds of the Rights Offer receivable by the Company	ETB 4,906,751,928

8.2.4. Expected timetable and actions required to apply for the Rights Offer

Each of the times and dates in the table below is indicative only and may be subject to change without further notice.

Table 109: Expected timetable of events

Expected timetable of events	Time and Date
Record Date	29 January 2026
Date of approval of this Prospectus	29 January 2026
Publication of this Prospectus	30 January 2026
Commencement of the Rights Offer Period	09:00 on 30 January 2026
Cut-off Date and closure of the Rights Offer Period	15:00 on 03 March 2026
Completion of allotment and verification	06 March 2026
Announcement of the results of the allotment	09 March 2026
Legal issuance of the Rights Offer Shares pursuant to the Rights Offer	12 March 2026
Crediting of new Ordinary Shares to investors' accounts on CSD	12 March 2026
Admission to the official list of the main board of the ESX	17 April 2026

Unless otherwise stated, all above stated times are East Africa Time.

8.2.5. Participating in the Rights Offer

8.2.5.1. Tradable Rights

Participation in the Rights Offer is through the Tradeable Rights that convey to the holder their Preferred Right. Each Tradeable Right entitles the holder to purchase one Rights Offer Share at the Rights Offer Price. Every Existing Shareholder will be allocated the number of Tradeable Rights that corresponds to their Entitlement.

Following the approval of this Prospectus and the associated registration statement, the Company will upload the Existing Ordinary Shares and the Tradeable Rights onto the CSD. Following the upload, the CSD will review the information as provided by the Company and, if the information is provided in the prescribed format, will register the Existing Ordinary Shares and the Tradeable Rights. Following the successful registration at the CSD, the CSD will create a CSD Account for the Company. Existing Shareholders must open a brokerage account at a licensed broker. Through their broker, an Existing Shareholder can view the number of Existing Ordinary Shares that they own in the Company and the number of Tradeable Rights that are available to them.

Existing Shareholders have five participation options with regard to their Tradeable Rights. The options for participation in the Rights Offer in respect of each Tradeable Right are:

1. Choose to participate in the Rights Offer by instructing their broker to exercise the Tradeable Right, including making full payment;
2. Seek to sell the Tradeable Right in the market to another Existing Shareholder, for which they need to instruct their broker accordingly. The price paid for the Tradeable Right will be determined by

the market at the time of the trade, and there can be no guarantee there will be a willing buyer. In this case, they will lose the right to participate in the Rights Offer with respect of the sold Tradeable Rights, but will receive the compensation agreed between seller and buyer (through their brokers);

3. Through their broker an Existing Shareholder can assign their Tradeable Right to another Existing Shareholder, in which case they will lose the right to participate in the Rights Offer, will be diluted, and will not receive any compensation;
4. Through their broker renounce their Tradeable Right, in which case they will lose the right to participate in the Rights Offer, will be diluted, and will not receive any compensation;
5. Let the Tradeable Right lapse by taking none of the aforementioned actions before the end of the Rights Offer Period, in which case they will lose the right to participate in the Rights Offer, will be diluted, and will not receive any compensation.

Where an Existing Shareholder intends to exercise a Tradeable Right in accordance with option (1) above, they must make full payment (being the full Rights Offer Price in respect of each Tradeable Right) through their broker. The Tradeable Rights can only be exercised by making full payment before the end of the Rights Offer Period.

Where an Existing Shareholder seeks to purchase a Tradeable Right in the market in accordance with option (2) above, they must instruct their broker to acquire such Tradeable Rights in the market. The Existing Shareholder purchasing additional Tradeable Rights must fund the purchase price into their broker's receiving account, and any consideration agreed between the seller and the buyer (through their brokers) remains a private arrangement that is not set, received or guaranteed by the Company. Once a Tradeable Right has been so acquired, options available to the new holder of the Tradeable Right are the same five options as those set out above.

Where an Existing Shareholder assigns a Tradeable Right in accordance with option (3) above, options available to the new holder of the Tradeable Right are the same five options as those set out above.

Existing Shareholders who do not exercise, sell, assign or renounce a Tradeable Right (i.e. do not take any of options (1) to (4) above) within the Rights Offer Period shall forfeit their Entitlement upon closure of the Rights Offer Period, and all remaining Tradeable Rights shall lapse automatically without compensation, and the Existing Shareholder shall forfeit their Entitlement in respect of the relevant portion of the Rights Offer Shares.

8.2.5.2. Participation by Existing Shareholders in Surplus Rights Offer Shares

At the end of the Rights Offer Period, the Tradeable Rights will either be Exercised Tradeable Rights or Non-Exercised Tradeable Rights. The Surplus Rights Offer Shares related to Non-Exercised Tradeable Rights (i.e. those that have been renounced or lapsed) will not be issued in relation to those Tradeable Rights. Existing Shareholders are entitled, through their broker, to apply in advance for potential Surplus Rights Offer Shares. In this instance, the Existing Shareholder is able, through their broker, to make an application to acquire Surplus Rights Offer Shares and make payment in full. There can be no guarantee that an application to acquire Surplus Rights Offer Shares will be successful, and the results of this will only be determined during the allotment of the Rights Offer Shares after the end of the Rights Offer Period. In the event that an application is unsuccessful, the associated application monies will be refunded, without interest and net of bank charges.

8.2.5.3. Insufficient demand from Existing Shareholders

In the event that demand from Existing Shareholders is insufficient to cover the Surplus Rights Offer Shares (and therefore is also insufficient to cover the total Rights Offer Shares), the Company will cancel the Shortfall Rights Offer Shares.

8.2.5.4. Escrow accounts and settlement

Existing Shareholders' monies paid through their broker in respect of Exercised Tradeable Rights and any Surplus Rights Offer Shares, will be received in the CSD's settlement account, which is linked to the Company's escrow account. The Company has opened an escrow account solely for the purposes of the Rights Offer. Following the approval of the Allotment Report by the ECMA, and payment of the registration fee to the ECMA by the Company, the CSD will transfer the gross proceeds to the Company.

8.2.6. The Rights Offer period

The Rights Offer period will commence at 09:00 on 30 January 2026 and will end at 15:00 on 03 March 2026.

8.2.7. Minimum and maximum amount of application in the number of Rights Offer Shares

The Existing Shareholders are eligible to participate as per their Entitlement and any additional Tradeable Rights acquired, and as a result, there is no minimum or maximum number of applications that an Existing Shareholder can make.

The participation in the Rights Offer is subject to the NBE Ownership Cap, and KYC/AML verifications, and where participating in the Rights Offer would breach those limitations, the number of Rights Offer Shares available for acquiring will be reduced to the maximum permitted level, and any excess subscription monies will be returned without interest, net of applicable bank charges.

8.2.8. The allotment policy

The allotment of the Rights Offer Shares will be undertaken as set out below.

1. In respect of the Exercised Tradeable Rights, Existing Shareholders will be allotted one Rights Offer Share for each Exercised Tradeable Right.
2. In respect of any Surplus Rights Offer Shares, in the event that total demand is equal to or lower than the total number of Surplus Rights Offer Shares, Existing Shareholders will be allocated the number of shares applied for in full. In the event that total demand is higher than the total number of Surplus Rights Offer Shares, allocation will be made to the relevant Existing Shareholders on a pro-rata basis.
3. In respect of any Shortfall Rights Offer Shares, these will be cancelled by the Company.

For the avoidance of doubt, where an Existing Shareholder has sold, assigned, renounced or let lapse a Tradeable Right, they will receive no allotment in respect of that Tradeable Right.

The Company, following the closure of the Rights Offer Period, will consider the implications of the NBE Ownership Cap. In the event that the aforementioned allotment policy would result in a breach of the NBE Ownership Cap, the Company will reduce the allocation to said Existing Shareholder to avoid such a breach, and return the excess monies, without interest and net of bank charges.

Following the closure of the Rights Offer Period, the Company will submit an Allotment Report to the ECMA for their approval ahead of issuing the Rights Offer Shares.

8.3. Pricing

The Rights Offer Price is ETB 1,600. This price was set by the Board, considering the independent valuation report prepared by the Transaction Advisor and previous issuances made by the Company and the price offered in these previous issuances. As the Company's shares are not yet traded on a licensed securities exchange, there is no prevailing market price and no theoretical ex-rights price is presented.

The economic value of the Tradeable Right is therefore embedded entirely within the Rights Offer Price of ETB 1,600 per share. The Transaction Advisor prepared an independent valuation report for the Company's Board of Directors. The Transaction Advisor assessed an illustrative value of the Company using an income approach and a market approach. The Transaction Advisor triangulated the outputs of the approaches for the Company's consideration.

The methodology of the aforementioned approaches is set out below.

Income approach: a discounted cash flow method based on the projected free cash flows to the Company was applied taking into consideration certain value drivers including income growth, operating margins, required reinvestment in net working capital, capital expenditures, the discount rate and the terminal value of the Company.

Market approach: the market approach valuation for a bank using price/book (p/b) or price/earnings (p/e) multiples is typically applied when assessing the value of financial services companies. For the Company's valuation, the p/b multiple derived from the average adjusted p/b of the comparable banking companies (peer set) operating in East Africa was used. Adjustments for size, country risk, and control stake on the observed multiples were applied to conclude on an adjusted p/b multiple range, used to compute equity value on a controlling and marketable basis.

8.4. Reasons for the Rights Offer and use of proceeds

8.4.1. Minimum subscription

In the opinion of the Board of Directors, the minimum subscription amount that must be raised by this Rights Offer to achieve the primary objectives outlined below is ETB 3,200,000,000 or 2,000,000 Rights Offer Shares. This amount has been determined based on the Company's internal capital adequacy assessments and the Company's interpretation of the forthcoming Basel III requirements as set out in the NBEs Risk Based Capital Adequacy Requirement Directive, which enhances risk based capital adequacy requirements for banks.

8.4.2. Reasons for the Rights Offer

The primary reason for this Rights Offer is to strengthen the Company's capital base and enhance its liquidity position to ensure full compliance with the capital adequacy and liquidity requirements to be implemented by the NBE under the Basel III framework. The proceeds will enable the Company to meet higher regulatory capital requirements, including maintaining CET 1 of at least 7.0% of RWA, Tier 1 capital of at least 9.0% of RWA, and total capital of at least 11.0% of RWA, as required by the NBE. In addition, the Company will be better positioned to comply with leverage ratio requirements and liquidity coverage ratios, ensuring sufficient resources to meet short-term obligations under stressed conditions. This will support sustainable growth of the loan book, enhance resilience against credit, market, and operational risks, and ensure ongoing compliance with NBE regulations

The Directors confirms that the net proceeds from this Rights Offer will be applied exclusively for the purposes detailed in Section 8.4.3 of this Prospectus below. The net proceeds will not be used for any other purpose, including the financing of business acquisitions or the acquisition of assets from affiliates or associates of the Company.

8.4.3. Estimated net proceeds and use of funds

The gross proceeds from the Rights Offer are estimated to be ETB 5,000,000,000 assuming full subscription. After deducting estimated expenses related to the Rights Offer of approximately ETB 93,248,072 the estimated net proceeds will be ETB 4,906,751,928. The gross proceeds will be credited to the Company in full following the appropriate approval by the ECMA, and the estimated expenses related to the Rights Offer will be paid by the Company.

The Company intends to use the estimated net proceeds for the following principal purposes, presented in order of priority; (1) To increase the Company's CET1, AT1, and Tier 2 capital ratios to progress towards meeting and exceeding the minimum requirements under the NBE's Risk Based Capital Adequacy Requirement Directive, which became effective on 10 November 2025. This will enhance loss-absorption capacity; and (2) To improve the Company's LCR and Net Stable Funding Ratio (NSFR) by strengthening the Company's holdings of High-Quality Liquid Assets (HQLA) and optimising the Company's funding profile.

8.4.4. Sufficiency of proceeds

The Board of Directors is confident that the net proceeds from this Rights Offer, upon reaching the minimum subscription amount, will be sufficient to fund the primary objectives stated above, specifically regarding the progress toward achievement of the Basel III capital and liquidity requirements stipulated under the NBE Risk Based Capital Adequacy Requirement Directive. In the event that the net proceeds are insufficient to fund all of the proposed activities, including secondary general corporate purposes, the Company will utilise its existing capital reserves and internally generated funds from operations to cover any shortfall. Additionally, the Company intends to raise funds in subsequent capital raises, as well as adjust their dividend payouts as needed to meet the regulatory obligations as set out by the NBE.

8.5. Distribution and underwriting

The Rights Offer is not being underwritten. No such arrangements have been made by the Company.

8.6. Expenses of the Rights Offer

The table below is the itemised list of the major categories of estimated expenses incurred in connection with the issuance and distribution of the Rights Offer. The expenses of the Rights Offer are payable by the Company in full.

Table 110: Estimated expenses of the Rights Offer

	Amount ETB millions
Transaction Advisor	82.96
Legal Advisor	4.86
Advertising and marketing	0.13
Securities registration fee payment to ECMA	5.30
Total estimated expenses of the offer	**93.25**

8.7. Professional parties

Set out below is a summary of the professional parties and experts who have been engaged by the Company in connection with this Rights Offer.

Table 111: Professional parties

Professional party	Role	Interest in the Issuer	Material conflict of interest
Deloitte	Transaction Advisor	None	None
Tamrat Assefa Liban Law Office	Legal Advisor	None	None
Tewodros and Fikre Audit Service Partnership	External Auditor	None	None

The consent of each of the parties named above to act in their stated capacity has been obtained and has not been withdrawn prior to the publication of this Prospectus.

9. RISK FACTORS

Any investment in the Ordinary Shares offered under the Rights Offer is subject to a number of risks. Prior to investing in the Ordinary Shares, Existing Shareholders should carefully consider the risk factors associated with any investment in the Ordinary Shares, the Company's business and the industry in which it operates, together with all other information contained in this Prospectus as a whole, including, in particular, the risk factors described below.

The risk factors described below are not an exhaustive list or explanation of all risks which investors may face when making an investment in the Ordinary Shares. Additional risks and uncertainties relating to the Company that are not currently known to the Company, or that the Company currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Company's business, results of operations and financial condition and, if any such risk should occur, the price of the Ordinary Shares may decline and investors could lose all or part of their investment.

9.1. Industry-specific risks

9.1.1. Credit risk

The Company's credit risk exposure is materially influenced by institution-specific factors, including its portfolio composition, concentration profile, and credit risk management and governance practices. Country and macroeconomic risks affecting the banking sector generally are disclosed separately in Section 9.7.

Credit risk is an inherent and pervasive risk in the banking industry and is influenced by Ethiopia's macroeconomic and sectoral conditions; however, the extent of the Company's exposure depends on Company-specific factors, including its portfolio composition, concentration profile, and credit risk management practices. In addition to macroeconomic and sector-wide drivers, the Company's credit risk exposure is materially influenced by institution-specific factors. These include the effectiveness of credit underwriting standards, borrower risk assessment and approval processes, portfolio monitoring and early-warning systems, recovery and workout effectiveness, management of sectoral, geographic and single-name concentrations, and the strength of internal governance and risk oversight. Weaknesses or delays in any of these institution-specific areas could impair the timely identification and mitigation of emerging credit stress, resulting in higher non-performing loans, increased provisioning requirements, and pressure on earnings, liquidity and capital adequacy.

The Company's credit risk profile reflects both the breadth of its loan portfolio and the diversity of customer groups it serves, spanning large corporates, SMEs, and retail borrowers. Credit risk is the potential for financial loss arising when a borrower or counterparty fails to meet contractual obligations. Industry-wide macroeconomic or sectoral stress, together with Company-specific concentrations or weaknesses in borrower credit quality, could materially weaken the Company's earnings and capital adequacy.

For the Company, NPLs remain the clearest manifestation of credit risk, eroding profitability, liquidity, and shareholder value. As at 30 June 2025, the Company's overall NPLs stood at 2.9% of the loan portfolio, reflecting the aggregate performance of a diversified loan book. NPL levels may increase as a result of adverse macroeconomic conditions, sectoral stress, borrower concentration, or weaknesses in credit risk management, which could materially erode profitability, liquidity, and capital adequacy. The recent uptick in NPLs reflects primarily macroeconomic pressures, including high inflation, foreign-exchange shortages, and supply-chain disruptions—that have weakened borrower repayment capacity. While these macroeconomic factors have been the primary drivers of the recent increase in NPLs, the Company's borrower concentration profile increases its sensitivity to credit deterioration, such that stress affecting a limited number of large exposures could result in a disproportionate increase in impairment levels. In particular, liquidity pressures in the import and construction sectors and delays in public infrastructure payments have all contributed to rising defaults. Increased interest rates and constrained refinancing options have further compounded stress among leveraged borrowers. These dynamics mirror broader vulnerabilities highlighted by the IMF (2025), which notes that sustained inflation, FX shortages, and climate-related shocks are key constraints on Ethiopia's financial stability and borrower resilience (IMF, The Federal Democratic Republic of Ethiopia: Selected issues, country Report No. 2025/189).

Notwithstanding the portfolio-wide NPL ratio, sectoral, geographic and large-borrower concentrations represent material institution-specific credit risk drivers that may amplify losses during periods of macroeconomic stress and adversely affect the Company's earnings, capital and liquidity positions. Credit deterioration is particularly pronounced in certain sectors, with sector-specific NPL ratios of 9.7% in agriculture, 9.7% in import, 6.28% in industry, 6.03% in housing and construction, and 5.68% in export. These sectoral ratios are not inconsistent with the aggregate NPL ratio but reflect concentrations within specific segments of the portfolio, which may materially amplify impairment charges and capital pressure during periods of macroeconomic or sectoral stress, notwithstanding a lower overall NPL ratio. In a stressed scenario, elevated concentrations increase the risk that correlated defaults could lead to sharp increases in impairment charges, erosion of regulatory capital ratios, reduced lending capacity, and heightened liquidity pressure arising from lower cash inflows and higher funding costs. Geographic concentrations further amplify risk, with districts such as Dessie (13.45%), Jimma (13.38%), and Adama (11.54%) recording double-digit NPL ratios. In addition, the Company's top 20 borrowers account for 28% of total loans (ETB 55.4 billion), with the top 10 borrowers alone equivalent to 188.7% of capital, underscoring the sensitivity of its portfolio to large-borrower defaults. These concentrations increase reliance on effective portfolio monitoring, covenant enforcement, and recovery processes.

In addition to its traditional lending activities, the Company has expanded its use of digital channels as a strategic business decision as part of its long-term growth and financial inclusion strategy. These initiatives include Apollo, a fully digital banking and selective micro-lending platform, mobile banking and USSD services, and end-to-end paperless onboarding at selected branches.

Digital lending introduces institution-specific distinct and heightened credit risks compared to conventional lending, particularly due to reduced reliance on physical documentation, shorter customer interaction, and the use of alternative or simplified credit assessment models. These factors may increase exposure to borrower misrepresentation, limited credit history, weaker repayment discipline, and higher default frequency, especially among retail and first-time borrowers.

These initiatives also introduce new layers of risk, particularly operational, technological, and credit-related risks arising from digital verification, alternative assessment models, and serving higher-risk retail segments. The effectiveness of the Company's credit scoring models, data quality, fraud controls, and post-disbursement monitoring is therefore critical. Weaknesses in these institution-specific controls may result in elevated default rates, higher provisioning, and adverse impacts on earnings and capital. Notably, defaults under Apollo remain material, with over 13,000 retail defaulters recorded as at 30 March 2025.

Credit risk outcomes are also influenced by the Company's internal governance arrangements, including the clarity of risk appetite limits, escalation thresholds, and oversight by management and the Board. Inadequate governance or delayed decision-making may constrain the Company's ability to respond effectively to emerging portfolio stress, thereby increasing potential losses.

The NBE has signaled potential changes to prudential requirements for digital finance, including digital lending rules and NPL thresholds. While such changes would apply industry-wide, its expanding use of digital platforms could draw greater regulatory scrutiny. Any tightening of prudential rules, may increase industry-wide credit pressure and could further amplify the Company's credit risk profile, particularly in higher-risk segments.

9.1.2. Competition risk

Ethiopia's banking sector is undergoing rapid transformation, following the enactment of the Banking Business Proclamation and the issuance of the Requirements for Licensing and Renewal of Banking Business and Representative Office Directive No. SBB/94/2025 by the NBE. These measures have facilitated the opening of the market to foreign participation by permitting foreign banks to establish subsidiaries, branches, and representative offices, while also easing the entry of new domestic commercial banks.

While the liberalisation of the banking sector presents long-term opportunities for knowledge transfer, capital inflows, and technological innovation, it also introduces near- to medium-term competitive pressures. The resulting expansion in the number and type of market participants is intensifying competition, threatening to erode the Company's market share and revenue base, compress interest margins, and increase customer acquisition and retention costs. Foreign entrants, with stronger capital bases, advanced digital capabilities, and global risk management expertise, are expected to raise industry benchmarks and reshape customer expectations.

Aggressive pricing strategies accelerated branch expansion, and innovative product offerings by both new and established institutions are reshaping customer expectations. At the same time, the rapid growth of FinTechs and mobile money operators, supported by regulatory encouragement of digital finance, is diverting transaction volumes and loan demand away from traditional banks. These dynamics could materially weaken the Company's profitability, reduce capital generation, and impair its ability to sustain growth and market position.

9.2. Financial risks

9.2.1. Liquidity risk

Liquidity risk arises when the Company is unable to honour its financial commitments as they mature, without incurring undue losses or disrupting operations. This may result from sudden and significant withdrawals by depositors, unexpected funding shortfalls, or limited availability of liquidity in domestic or cross-border financial markets. If not effectively managed, such a shortfall could impede the Company's capacity to maintain uninterrupted service delivery and comply with liquidity standards set by the NBE.

Ethiopia's banking sector continues to face broad-based liquidity stress. Contributing factors include the structural misalignment between short-term deposit inflows and longer-term lending exposures, governance weaknesses in certain institutions, a rapidly expanding roster of commercial banks, and the widespread adoption of digital channels that has intensified real-time cash flow requirements. These systemic pressures have led to periodic restrictions on cash withdrawals, delayed fund transfers, and general liquidity tightness across the sector.

As at 30 June 2025, the Company reported a loan-to-deposit ratio of 74.9%, reflecting a moderation compared to previous periods when the ratio exceeded 90.0%. The Company remains exposed to volatility in deposit mobilisation and funding conditions, particularly under stressed market scenarios. The liquidity ratio stood at 0.22x. Liquidity conditions may deteriorate due to sudden depositor withdrawals, concentration of deposits, market-wide funding stress, or regulatory policy changes, potentially impairing the Company's ability to meet obligations as they fall due.

A significant proportion of deposits is demand-based and concentrated among large corporate and public-sector clients, exposing the Company to heightened withdrawal risk in the event of confidence shocks or sectoral funding stress. Seasonal cash flow fluctuations during major tax periods and large public spending cycles create further strain on short-term liquidity buffers. Any tightening of reserve requirements, constraints on funding channels, or sector-wide confidence shocks could exacerbate liquidity stress, impair the Company's ability to meet obligations as they fall due, disrupt operations, and adversely affect its financial condition and reputation.

9.2.2. Foreign exchange risk

The Company remains materially exposed to foreign exchange risk, primarily through its FCY-denominated liabilities and operational dependencies on external counterparties. Although it does not maintain a significant portfolio of FCY-denominated assets, the Company is nonetheless affected by systemic constraints in Ethiopia's foreign exchange market.

Despite the coming into force of the Foreign Exchange Directive No. FXD/01/2024, which introduces incremental reforms toward a more market-reflective exchange rate regime, the foreign exchange environment remains highly constrained. Persistent hard currency shortages (driven by entrenched trade deficits, weak export competitiveness, limited remittance growth, and volatile capital flows) continue to restrict access to foreign exchange through formal channels. These conditions may result in delays or shortfalls in accessing foreign exchange required to meet cross-border obligations, including correspondent banking settlements, trade finance payments, and payments to foreign service providers.

Foreign-exchange mismatches, timing differences between inflows and outflows, and the use of foreign currency for operating expenses expose the Company to valuation losses and income volatility. Inability to access foreign currency in a timely and predictable manner may lead to contractual breaches, liquidity stress, reputational damage, regulatory scrutiny, and disruption of critical services, regardless of existing controls or historical experience.

These conditions increase the likelihood of delays or shortfalls in securing the FCY necessary to meet the Company's cross-border financial obligations. Exposure includes payments to correspondent banks, settlement of international LC, licensing and service fees for foreign technology vendors, and other offshore commitments. Internally, these risks may also affect liquidity management, capital adequacy (through exchange-rate–driven balance-sheet adjustments), and income volatility from revaluation effects. Inability to access FCY in a timely and predictable manner may result in payment defaults, breach of contractual obligations, damage to the Company's reputation, and potential disruption of critical banking services reliant on foreign infrastructure.

9.2.3. Interest rate risk

The Company is exposed to interest rate risk arising from the sensitivity of its financial assets and liabilities to movements in market interest rates. Shifts in interest rates can materially impact the

Company's net interest income by altering the spread between interest-earning assets, such as loans and investments, and interest-bearing liabilities, particularly customer deposits. Additionally, changes in interest rates influence the fair valuation of fixed-income instruments and loan portfolios, potentially giving rise to structural mismatches in the timing or pricing of cash flows.

Following Ethiopia's ongoing transition toward a more market-oriented monetary policy regime, interest rate volatility has become a more pronounced and persistent feature of the operating environment. In July 2024, the NBE introduced a formal policy rate of 15.0% and launched open market operations as part of a broader liquidity management strategy. These measures have resulted in the emergence of positive real interest rates and a steeper yield curve.

As of early 2025, yields on 364-day treasury bills had risen substantially, with the most recent reported figures indicating a yield of approximately 17.7%.[1] The NBE's official auction data from the preceding quarters reflects annual weighted average yields for similar maturities ranging between 15.36% and 18.35%, signaling a tightening monetary environment.[2] However, where asset repricing lags liability repricing, net interest margins may deteriorate. Rising rates may also suppress credit demand and increase borrower default risk.

Higher funding costs can erode net interest margins, particularly where asset repricing lags liability repricing. Furthermore, extended periods of elevated interest rates could contribute to a deterioration in asset quality, as loan affordability declines and credit risk increases. The resulting impact on the Company's earnings, capital buffers, and portfolio health may be significant, especially in a macroeconomic environment already characterised by inflationary pressures and constrained liquidity.

9.2.4. Inflation risk

Ethiopia has endured extended periods of elevated inflation, which pose a substantial threat to the Company's financial health and operations. Inflation steadily erodes consumers' real income and diminishes demand for banking services while also raising the cost base of the organisation—from wages to general business expenses.

As at February 2025, the headline inflation rate stood at 15.0% year-on-year, while food inflation had declined to 14.6%, and non-food inflation registered at 15.6%. These levels remain persistently high and significantly diminish the real value of the Company's earnings and capital. A notable escalation in salary and benefit expenses during this inflationary period may contribute to a wage–price spiral, further increasing operating costs, compressing margins, and adversely affecting profitability.

Moreover, rising inflation impairs borrowers' ability to service loans, likely elevating the probability of defaults and undermining credit quality. Decreasing repayment capacity, especially among retail and small business clients, threatens the Company's asset quality and may result in increased provisioning or loan impairments.

Sustained inflation, therefore, presents a multifaceted risk: compressing profitability metrics such as Return on Assets ("ROA") and Return on Equity ("ROE"), inflating operational costs, and heightening credit risk—all of which could destabilise the Company's financial resilience.

1 NBE, *Open Market Operations Bulletin*, February 2025.
2 NBE, *Annual Weighted Average Treasury Bill Yields Report*, Q4 2024 – Q2 2025.

9.2.5. Capital adequacy risk

The NBE has issued the Risk Based Capital Adequacy Requirements Directive where commercial banks are mandated to maintain minimum capital ratios of CET1 of 7.0%, Tier 1 of 9.0%, and total capital of 11.0% of total RWA. Under this framework, total RWA is the sum of (i) credit-risk RWA, plus (ii) market-risk capital multiplied by nine-point-one, plus (iii) operational-risk capital multiplied by nine-point-one, which brings standardised market and operational risks explicitly into the denominator. The Risk Based Capital Adequacy Requirements Directive took effect on 10 November 2025. Banks are required to submit quarterly capital reports beginning with the quarter ending 31 March 2026 and must meet all minimums by 31 December 2026.

Under the Risk-Based Capital Adequacy Requirements Directive, future assessments will be made against higher and more risk-sensitive capital requirements, including a total capital ratio of 11.0%. The transition to this framework increases the Company's exposure to capital adequacy risk, particularly as additional market and operational risk components are incorporated into risk-weighted assets.

Rapid loan portfolio growth, particularly in unsecured and digital lending segments, may elevate risk-weighted assets and compress capital ratios. Macroeconomic pressures, including inflation and exchange-rate volatility, could increase borrower defaults and provisioning requirements, thereby eroding the capital base. Regulatory changes to risk classification or weighting methodologies may further constrain capital adequacy. Depreciation of the Ethiopian birr may also increase measured exposures and risk charges.

In adverse conditions, these factors could limit the Company's ability to maintain adequate capital buffers, constrain balance-sheet growth, restrict dividend distributions, or require the Company to raise additional capital, potentially on unfavourable terms. Dividend distribution and profit-retention policies therefore directly affect the Company's capacity to build capital organically and support long-term resilience.

Furthermore, under the Foreign Exchange Exposure Limits of Banks Directive, the Company's overall end-of-day net open foreign-currency position must not exceed ±18% of Tier 1 capital. Repeated breaches may attract supervisory sanctions, including prohibitions on declaring or paying dividends, which could indirectly constrain capital management and shareholder returns.

Failure to maintain adequate capital buffers could reduce the Company's ability to absorb losses, meet regulatory requirements, and support its long-term strategic objectives.

9.3. ESG - related risk

In addition to financial and operational risks, the Company is exposed to ESG risks that are material to its operations, asset quality, regulatory compliance, and reputation. These risks arise from the Company's lending activities, operational footprint, governance structures, and the regulatory and socio-economic environment in which it operates.

9.3.1. Environmental risks

The Company's lending portfolio is inherently exposed to climate-related risks given Ethiopia's reliance on agriculture and hydropower. Physical risks are material: recurrent droughts, floods, and other climate shocks can impair the repayment capacity of agricultural borrowers and reduce the value of collateral such as farmland and livestock. At the same time, the Company's dependence on digital channels and electronic payments makes it vulnerable to power supply disruptions arising from water shortages that reduce hydropower generation. Transition risks also exist. Ethiopia's

Climate-Resilient Green Economy strategy and the global move toward decarbonisation may weaken borrowers in carbon-intensive industries such as transport, construction, and cement. If these counterparties experience declining asset values or profitability, the Company may face increased defaults and collateral impairments.

9.3.2. Social risk

As one of Ethiopia's largest private financial institutions with a broad and expanding customer base, the Company faces social risks arising from heightened regulatory and societal expectations regarding financial inclusion, consumer protection, and data privacy. If the Company's products, services, or delivery channels do not adequately protect customers or meet inclusion objectives, it may be exposed to regulatory scrutiny, legal claims, reputational damage, and constraints on business growth.

The Company also faces heightened consumer-protection and data-governance obligations. The adoption of the Personal Data Protection Proclamation Number 1321/2024 and the FCP Directive increases the Company's exposure to compliance failures, particularly in relation to data handling, customer treatment, and oversight of third-party service providers. Deficiencies in data protection, privacy practices, or customer treatment could result in regulatory sanctions, legal claims, loss of customer trust, reputational damage, and adverse effects on customer retention and business growth.

9.3.3. Governance risk

The Company is subject to increasingly stringent governance and risk-management requirements, including expectations regarding board oversight, internal controls, and the integration of ESG considerations into risk assessment and decision-making. Insufficient governance structures, limited ESG expertise at board or management level, or weaknesses in internal controls may expose the Company to supervisory action, capital penalties, or restrictions on operations.

In addition, limited transparency or weaknesses in ESG-related reporting and oversight may adversely affect investor confidence and increase the Company's cost of capital, particularly as foreign banks and international investors apply higher governance and disclosure standards. Governance failures could therefore materially impair the Company's reputation, regulatory standing, and long-term competitiveness.

9.4. Operational and technology risks

9.4.1. Cybersecurity and information security risk

As digital channels become central to the delivery of financial services in Ethiopia, the Company is increasingly exposed to cyber risks such as system intrusions, phishing schemes, and data breaches. A major cyber incident could disrupt mobile and online banking platforms, compromise sensitive customer data, and result in significant financial losses, regulatory sanctions, and long-term reputational harm.

Ethiopian banks, including the Company, have previously faced attempts to exploit vulnerabilities in ATM networks, payment systems, and core banking infrastructure. The Company's expanding use of digital platforms to reach a wider customer base has widened its potential attack surface, increasing susceptibility to cybercrime. The increasing sophistication and frequency of cyber threats means that the Company remains exposed to the risk of system intrusions, data breaches, and service disruptions, which could compromise customer information, interrupt digital banking services, lead to regulatory sanctions, and cause reputational damage. Any prolonged or material cybersecurity failure could undermine customer confidence and adversely affect the Company's financial performance and competitive position.

9.4.2. IT system failures and technological infrastructure gap

The Company's operations depend on the continuous availability and reliability of its information technology systems. Failures arising from hardware malfunction, software defects, data corruption, cyber incidents, or data-centre outages may interrupt core banking operations, delay or prevent customer transactions, impair service delivery, and compromise regulatory reporting and compliance.

These risks are heightened by structural constraints in Ethiopia's technological infrastructure, including electricity interruptions, unstable internet connectivity, and limited telecommunications capacity in certain regions. As the Company's business model becomes increasingly dependent on digital platforms and electronic channels, even short-term system disruptions may result in operational disruption, customer dissatisfaction, liquidity management challenges, regulatory scrutiny, and reputational harm.

9.4.3. Digital lending platform risk

The Company's digital lending platforms, including Apollo, expose it to interconnected operational, technological, and control risks that differ in scale and nature from those associated with traditional branch-based banking.

From an operational perspective, digital lending increases reliance on automated processes for customer onboarding, identity verification, credit scoring, loan disbursement, and collections. Failures or weaknesses in these processes—whether due to system errors, inadequate controls, third-party service dependencies, or staff capability gaps—may result in incorrect lending decisions, delayed recoveries, fraud, or customer disputes.

From a technological perspective, the platforms depend on stable IT systems, data integrity, cybersecurity safeguards, and external connectivity. System outages, software defects, data breaches, or cyber-attacks could disrupt digital lending operations, expose sensitive customer information, impair transaction processing, and trigger regulatory or legal consequences.

From a credit-risk interaction perspective, the speed and scale at which digital loans can be originated may amplify losses if risk parameters, monitoring tools, or early-warning indicators fail to perform as expected. Rapid portfolio growth in digital segments could therefore magnify losses during periods of economic stress.

Given the Company's strategic reliance on digital channels to expand its retail and SME footprint, material failures in the design, control, or performance of its digital lending platforms could have a disproportionate impact on financial performance, reputation, regulatory standing, and customer confidence.

9.4.4. Fraud and AML risk

The Company is exposed to risks relating to fraud, money laundering, and the financing of terrorism, arising from the scale of its operations, the diversity of its customer base, and the growing use of digital financial services. Financial crime may take multiple forms, including internal fraud, counterfeit instruments, ATM and card-related fraud, and electronic payment schemes. The Company is exposed to the risk of fraud, money laundering, and terrorist financing, particularly given its broad customer base and expanding digital footprint. Failure to prevent, detect, or respond effectively to fraud or AML/CTF breaches may result in regulatory sanctions, monetary penalties, restrictions on business activities, civil or criminal liability, and reputational damage. The prevalence of cash-based transactions, informal economic activity, and limitations in national identification infrastructure further increase exposure to financial crime risks. As transaction volumes and digital services expand, deficiencies in systems, controls, or oversight could materially increase the Company's exposure to losses and enforcement action.

9.5. Strategic and competitive risk

9.5.1. Competitive landscape

The liberalisation of Ethiopia's banking sector is ushering in a new wave of competition, with the entry of foreign banks, subsidiaries of established regional banking groups, and technology-driven FinTech companies. For the Company, this transformation presents a material strategic risk, as intensified competition could diminish its market share, weaken pricing power, disrupt customer loyalty, and compress margins, thereby adversely affecting long-term profitability.

Historically, Ethiopia's financial sector has been largely insulated from foreign participation. The industry was dominated by state-owned institutions, with private domestic banks permitted to operate only in the last three decades. The enactment of the Banking Business Proclamation marks a historic turning point by authorising foreign banks to re-enter Ethiopia after nearly fifty years of exclusion. Liberalisation is expected to intensify competition substantially. Foreign banks are likely to introduce internationally recognised brands, advanced technology platforms, digital service delivery models, and access to low-cost international funding. Their ability to service large corporate clients and provide tailored cross-border financial products may place significant pressure on domestic institutions, including the Company.

Evidence from other African jurisdictions, such as Ghana and Nigeria, indicates that local banks can lose 30–60% of their corporate clients within a few years following liberalisation. Given Ethiopia's relatively nascent banking industry and limited technological maturity, a similar erosion of 30–50% of corporate banking relationships within three to five years is plausible. This risk is heightened by the fact that the Company currently derives a material proportion of its earnings from corporate and institutional banking services.

In addition to corporate lending, foreign banks are also expected to compete aggressively for deposits by offering higher interest rates and innovative products. Such competition may divert funding away from domestic banks, tightening liquidity, reducing loanable funds, and aggravating credit shortages—particularly for underserved sectors such as SMEs, smallholder agriculture, and rural borrowers. The diversion of funds towards foreign institutions could also raise systemic risks for domestic banks, including the Company, by increasing funding costs and constraining growth.

Furthermore, the parallel rise of FinTech companies and mobile money operators is creating new pressure points. These players are capturing retail transaction flows, remittances, and consumer lending segments traditionally dominated by banks. Their ability to scale rapidly, often outside the traditional regulatory perimeter, poses an additional competitive challenge. Unless the Company accelerates its digital transformation agenda, it risks losing relevance in the retail and SME segments, which are core to its long-term growth strategy.

9.5.2. Technological disruption

Ongoing technological progress and evolving customer expectations necessitate sustained innovation within the banking industry. For the Company, an inability to respond promptly to these developments could substantially impact its competitive position and long-term viability, particularly in dynamic fields such as digital banking, mobile financial services, and payments.

The accelerated rollout of digital platforms, alongside the entry of FinTech companies and mobile money operators, including Ethio Telecom's telebirr and Safaricom's M-PESA, has reshaped the financial services landscape. These platforms are redefining customer expectations by offering real-time transactions, lower transaction costs, greater convenience, and wide accessibility, including to unbanked and underbanked populations. These competitive dynamics place pressure on traditional banks to enhance their technology infrastructure and customer experience continuously.

For the Company, the risk lies in the possibility that its innovation and digital transformation efforts may not keep pace with market developments or the speed of competitor adoption. A slower adaptation trajectory could erode market share as retail and SME clients migrate to faster, more convenient FinTech-driven solutions. It could also reduce customer engagement, particularly as younger, tech-savvy demographics increasingly favour mobile and online channels over traditional branch networks. In addition, profitability may come under pressure as technology-enabled competitors operate with lower cost structures and scale rapidly without the need for comparable physical infrastructure.

Moreover, the rapid evolution of cyber risks, data privacy requirements, and digital regulatory frameworks adds complexity and cost to innovation. Without significant, ongoing investment in digital platforms, data analytics, cybersecurity, and customer experience, the Company risks losing relevance in segments that are central to its growth strategy, including SMEs, retail banking, and diaspora remittances.

9.5.3. Strategic execution and internal capability risk

The Company's capacity to deliver on its strategic initiatives (such as digital transformation, product diversification, and regional expansion) depends on its project execution capabilities, management depth, and operational efficiency. Any deficiencies in programme management, talent retention, or leadership alignment could delay key strategic projects and weaken overall performance.

Transitioning from a traditional, branch-centric business model to a digitally enabled, customer-centric organisation requires cultural and behavioural change across all levels. Resistance to change, insufficient communication, or lack of employee buy-in could slow adoption of new technologies, products, and processes.

The success of the Company's digital strategy depends on the seamless integration of new platforms with legacy systems. Implementation delays, cost overruns, vendor dependency, or system incompatibility could result in operational disruptions and financial losses.

Effective execution also requires sustained investment in infrastructure, cybersecurity, and talent development. Any constraints in capital allocation or prioritisation could limit the Company's ability to modernise its systems and scale new business lines, particularly under tightening liquidity conditions.

Weaknesses in strategic planning, performance monitoring, or governance oversight could undermine the timely and effective implementation of the business strategy. Ensuring alignment between strategic objectives, risk appetite, and operational execution remains critical to sustaining long-term competitiveness and resilience.

9.6. Legal, regulatory and governance risks

9.6.1. Regulatory compliance

The Company operates in a rapidly evolving regulatory environment under the supervision of the NB. Ongoing and proposed regulatory reforms—including enhanced prudential capital and liquidity requirements, expanded governance standards, risk-based supervision, stress testing, recovery and resolution planning, large exposure limits, and related-party lending rules—may materially increase the Company's compliance burden and operating costs.

These changes may require significant investment in systems, internal controls, data infrastructure, governance arrangements, and specialised personnel. Failure to implement regulatory requirements accurately or within prescribed timelines could expose the Company to supervisory actions, including monetary penalties, restrictions on business activities, limits on dividend distributions, increased capital requirements, or, in severe cases, suspension of certain operations. Such outcomes could adversely affect profitability, capital planning, liquidity management, and the Company's ability to pursue its growth strategy.

In addition, regulatory reforms may constrain the Company's strategic flexibility. For example, tighter capital, liquidity, or exposure limits may restrict balance-sheet growth, product expansion, or lending to certain sectors or large counterparties. Increased supervisory scrutiny and reporting obligations may also divert management attention and resources away from core business activities.

The NBE has also signalled potential changes to prudential and supervisory requirements applicable to digital finance, including digital lending standards and NPL thresholds. Any tightening of these requirements could increase compliance costs, restrict product design, or require adjustments to digital lending models, thereby further affecting the profitability and scalability of the Company's digital strategy.

Given the pace of regulatory change and the NBE's expanded supervisory and enforcement powers, there is a risk that future regulatory developments or differing supervisory interpretations could impose additional compliance costs or operational constraints beyond those currently anticipated. Failure to comply with the Banking Business Proclamation, any NBE directive and noncompliance with other applicable laws constitutes grounds for a breach of law and triggers sanctions including administrative penalties, monetary fines, and restrictions on business operations, suspension of activities, reputational damage, and license revocation. The evolving regulatory framework presents material legal and compliance risks that directly affect the Company's operations, capital strategy, financial performance, and future growth.

9.6.2. Tax dispute on dividends applied to unpaid subscribed capital

The Company is currently engaged in a dispute with the Ministry of Revenues, through its Federal Large Taxpayers Office ("FLTO"), regarding the proper tax treatment of dividends applied toward the settlement of unpaid subscribed capital. The FLTO asserts that such allocations are subject to a 10% withholding tax, on the basis that they represent shareholder liabilities under the Income Tax Proclamation No. 979/2016, which replaced Proclamation No. 286/2012 and contains analogous provisions regarding undistributed dividends classified as liabilities. This position is supported by the

FLTO's reasoning that the dividends are not reinvested and thus fall outside exemptions provided in the law.

The Company, together with other financial institutions through the Ethiopian Bankers' Association, disputes this interpretation. The Company's position is that such allocations are properly characterised as reinvested earnings and are therefore exempt from withholding tax. This approach has also been necessary in order to comply with the minimum paid-up capital requirements of the NBE.

The controversy is sector-wide and has reached the Tax Appeals Tribunal and, in some instances, the Federal Supreme Court's Cassation Bench. In this context, the Ministry's interpretation has been reinforced by the ruling in Tsehay Industries S.C. v. Ministry of Revenues (2024). That case did not involve the Company directly, but the Cassation Bench held that dividends applied to subscribed capital were taxable. The ruling has since been invoked by the Ministry of Revenues as a precedent in its dealings with financial institutions, including the Company.

The Income Tax Amendment Proclamation No. 1395/2025, includes provisions addressing the treatment of dividends applied to settle unpaid subscribed capital. However, the Company remains exposed to the risk of adverse assessments in respect of historical allocations and/or differences in interpretation or application by the Ministry of Revenues, the Tax Appeals Tribunal, or the courts, including with respect to evidentiary requirements and characterisation of past transactions. If the dispute is determined adversely to the Company, the Company could be required to pay additional withholding tax, penalties, and interest, and may incur significant costs associated with defending the matter. Any such outcomes could adversely affect the Company's financial condition, profitability, cash flows, capital position, and reputation.

9.6.3. Increased compliance obligations post-listing

Upon registration of the Ordinary Shares as of the date of this Prospectus, and subsequently becoming a publicly listed entity on ESX, the Company must comply with heightened obligations for reporting, governance, and transparency as set out in the Capital Markets Proclamation, the ESX Rulebook 2024, and ECMA directives. Compliance with these obligations will demand significant resources, require the establishment of specialised compliance functions, and lead to increased administrative and operational expenses.

Registering the Ordinary Shares with the ECMA and listing on the ESX introduces an additional layer of regulatory scrutiny and market discipline. The process entails the appointment of professional advisors—including legal counsel, auditors, and financial advisors—to prepare the necessary listing documentation and to ensure regulatory compliance. It also requires direct engagement with the ESX and the submission of applications for clearance by the ECMA. In addition, the Company must undergo extensive financial, tax, and legal due diligence to meet disclosure standards. As part of the listing process, corporate governance structures must be reformed to comply with the requirements of the ESX Rulebook, such as ensuring board independence, establishing audit committees, and implementing robust shareholder protections.

Once listed, the Company is bound by strict ongoing obligations, including periodic financial reporting, disclosure of price-sensitive information, compliance with corporate governance standards, insider trading restrictions, and shareholder engagement rules. These obligations require reinforced internal controls, expanded compliance and investor relations teams, and upgraded IT and reporting systems to ensure timely and accurate disclosures.

The financial impact is material. Direct costs include advisory fees, listing and annual regulatory fees, mandatory audit and publication expenses. Indirect costs include increased staffing, system upgrades, director training, and reputational management expenses. These obligations and associated costs will reduce profitability and increase the Company's exposure to enforcement action and sanctions in cases of non-compliance.

9.6.4. AML and KYC regulations

AML and KYC standards are evolving, requiring financial institutions to regularly update their processes. Non-compliance may lead to sanctions or restrictions. In Ethiopia, AML and KYC regulations have advanced to meet international norms, guided by the AML Proclamation and NBE's KYC directives. These rules require comprehensive customer identification, verification, and risk-based due diligence. The Financial Intelligence Centre coordinates compliance efforts.

Identity verification in Ethiopia presents practical challenges due to a lack of robust digital infrastructure and the diversity of identity documents, making a standardised and efficient system difficult. This complicates effective KYC and AML processes. A study assessing the Company's compliance found the overall establishment and implementation of its AML/CTF program to be at a moderate level. The study highlighted areas for improvement, particularly in the allocation of adequate resources to the compliance office, the designation of a dedicated compliance officer for AML/CTF training, and the implementation of automatic electronic customer/transaction screening. Challenges include a lack of public awareness regarding AML/CTF, the predominantly informal and cash-based nature of the Ethiopian economy, and the absence of a comprehensive list of PEPs.

9.7. Country and macroeconomic risks

9.7.1. Political and security risks

The Company's main operations are based in Ethiopia, a country that has faced intervals of political instability and regional conflict. These circumstances can disrupt banking activities, damage assets, and adversely influence both loan quality and general business performance.

Ethiopia also encounters significant political risks, including ethnic divisions, governance difficulties, and economic uncertainty, all of which may affect national stability and security.

Political instability and regional conflicts lead to lower investor and consumer confidence, disrupt trade, and undermine incentives to save, potentially causing economic stagnation and endangering entire economies. The pervasive nature of political and security risks in Ethiopia means that the Company remains vulnerable to disruptions that are beyond its direct control.

9.7.2. Macroeconomic event

Ethiopia's economy continues to encounter significant obstacles, including acute foreign-exchange shortages, high inflation, fiscal pressures, and regulatory uncertainty. These macroeconomic conditions diminish consumer purchasing power, reduce the value of collateral, and constrain investment, factors that have a direct impact on the Company's lending activities and asset quality.

Despite reforms such as liberalizing the foreign exchange regime and adopting a more flexible, market-based exchange rate, the country continues to grapple with severe external imbalances. By June 2024, foreign-exchange reserves remained below one month of import cover. At the same time, Ethiopia's total public debt had reached approximately USD 68.8 billion, of which USD 28.8 billion was external debt. These strains exacerbate erosion of borrowers' repayment capacity, impair collateral values, and depress investment activity.

The NBE has maintained a tight monetary policy, initially capping annual credit growth at 14.0% (effective August 2023), later raised to 18.0% by December 2024. On 25 September 2025, the MPC held its fourth quarter meeting. In line with its roles and responsibilities under Article 23 of the NBE Establishment Proclamation No. 1359/2025, the MPC resolved to increase the credit cap from 18.0% to 24.0%. These restrictions, combined with elevated emergency-lending rates, have constrained banks' lending capacity and compressed earnings, heightening vulnerabilities such as low profitability, high leverage, and interest rate volatility.

Collectively, these macroeconomic headwinds present a sustained threat to the Company's growth trajectory and financial stability.

9.8. Other risks

9.8.1. Insurance coverage limitations

The Company may not have comprehensive insurance coverage for all operational, political, or cyber risks. Limited insurance protection could result in financial losses that affect the Company's financial condition and profitability.

While the Company requires insurance certificates for certain trade finance transactions, such as import/export consignments, ensuring coverage of at least 110% of the consignment value, this pertains to specific transactional risks rather than comprehensive corporate insurance. The general nature of the Company's corporate insurance policy and the extent to which it covers a full spectrum of risks - including large-scale operational disruptions, losses from political instability, or significant cyber attacks is not detailed in the information provided.

The rapidly evolving threat landscape, particularly in cybersecurity and the unpredictable nature of geopolitical events in Ethiopia, means that traditional insurance policies may not adequately cover all potential exposures. If the Company's insurance coverage is insufficient for a major event, such as a large-scale cyber breach resulting in significant financial loss and reputational damage, or extensive asset damage due to civil unrest, the financial burden would fall directly on the Company. This could lead to material financial losses that are not fully mitigated by insurance, thereby impacting its capital and profitability.

9.8.2. Management and talent risk

The Company's continued success and strategic execution depend significantly on the expertise, leadership, and continuity of its Executive Management, Executive Officers, and key personnel. An inability to attract, develop, or retain highly qualified talent could impair the Company's strategic execution, operational efficiency, and overall competitiveness.

The ability to attract and retain top talent in a competitive market, particularly for specialised roles in digital banking, cybersecurity, and risk management, remains a challenge for any growing financial institution. A failure to continuously invest in employee development, streamline compensation and reward systems, or refine talent planning techniques could lead to a loss of critical skills and institutional knowledge. This could hinder the Company's ability to execute its strategic objectives, such as digital transformation and expansion into new markets, thereby impacting its long-term growth and stability.

9.8.3. Dependency on external technology providers

The Company's operations rely on external service providers, particularly national infrastructure operators such as Ethio Telecom, for network connectivity and related services. Disruptions, outages, or service degradation on these third-party systems can interrupt ATMs, POS terminals, internet banking, and other network-dependent services. Because these systems are outside the Company's direct control, operational resilience is partly contingent on the stability and quality of such external services. Prolonged or frequent disruptions could cause transaction delays, impair customer experience, trigger compliance issues, and damage the Company's reputation.

9.9. Rights Offer and Securities risks

Participation in the Rights Offer involves specific risks in addition to those associated with the Company's ongoing operations and the broader market environment. These include, but are not limited to, risks related to shareholder rights, pricing, market performance, and offer completion.

9.9.1. Shareholder rights and dilution risk

Existing Shareholders have a Preferred Right to subscribe for their Entitlement of Rights Offer Shares in accordance with the Commercial Code. The Rights Offer is being made solely to Existing Shareholders, and participation is through Tradeable Rights that convey the holder's Preferred Right. Each Tradeable Right entitles the holder to purchase one Rights Offer Share at the Rights Offer Price. Although Existing Shareholders have Preferred Rights, those rights may be tradeable separately from the underlying Rights Offer Shares during the Rights Offer Period. Existing Shareholders who do not exercise or trade their subscription rights may experience dilution of their ownership percentage and voting power.

9.9.2. Pricing risk

The Rights Offer Price of the Rights Offer Shares may not reflect the market value of the shares after listing or trading. The price of the Rights Offers Shares and the existing shares may fluctuate as a result of market conditions, investor sentiment, or Company performance. Investors may not be able to sell their shares at or above the Rights Offer Price, and the market price may differ significantly from the par value of the shares. Accordingly, there is a risk that the trading or market price of the shares may not correspond to their nominal value and may be volatile after the Rights Offer.

9.9.3. Minimum subscription and Rights Offer completion risk

If the Rights Offer fails to achieve the minimum subscription amount, it may not proceed or may be delayed. In such an event, subscribing Existing Shareholders will be entitled to a refund of the amounts paid for their subscribed shares, without interest, in accordance with the terms of the Rights Offer. In accordance with the terms of the Rights Offer, the Rights Offer is being made solely to Existing Shareholders, and any Rights Offer Shares not acquired by Existing Shareholders during the Rights Offer Period (including any shortfall) will be cancelled and will not be offered to new investors. The inability to complete the Rights Offer as planned could adversely affect the Company's capitalisation, growth strategy, and market perception.

9.9.4. Market liquidity and post Rights Offer trading risk

Following completion of the Rights Offer and admission of the Ordinary Shares to trading, there can be no assurance that an active or liquid trading market for the shares will develop or be sustained. Limited liquidity may result in price volatility, difficulty in buying or selling shares, or an inability for investors to realise returns from their investment within a particular time horizon.

9.9.5. Dependence on the Rights Offer for capital and strategic execution

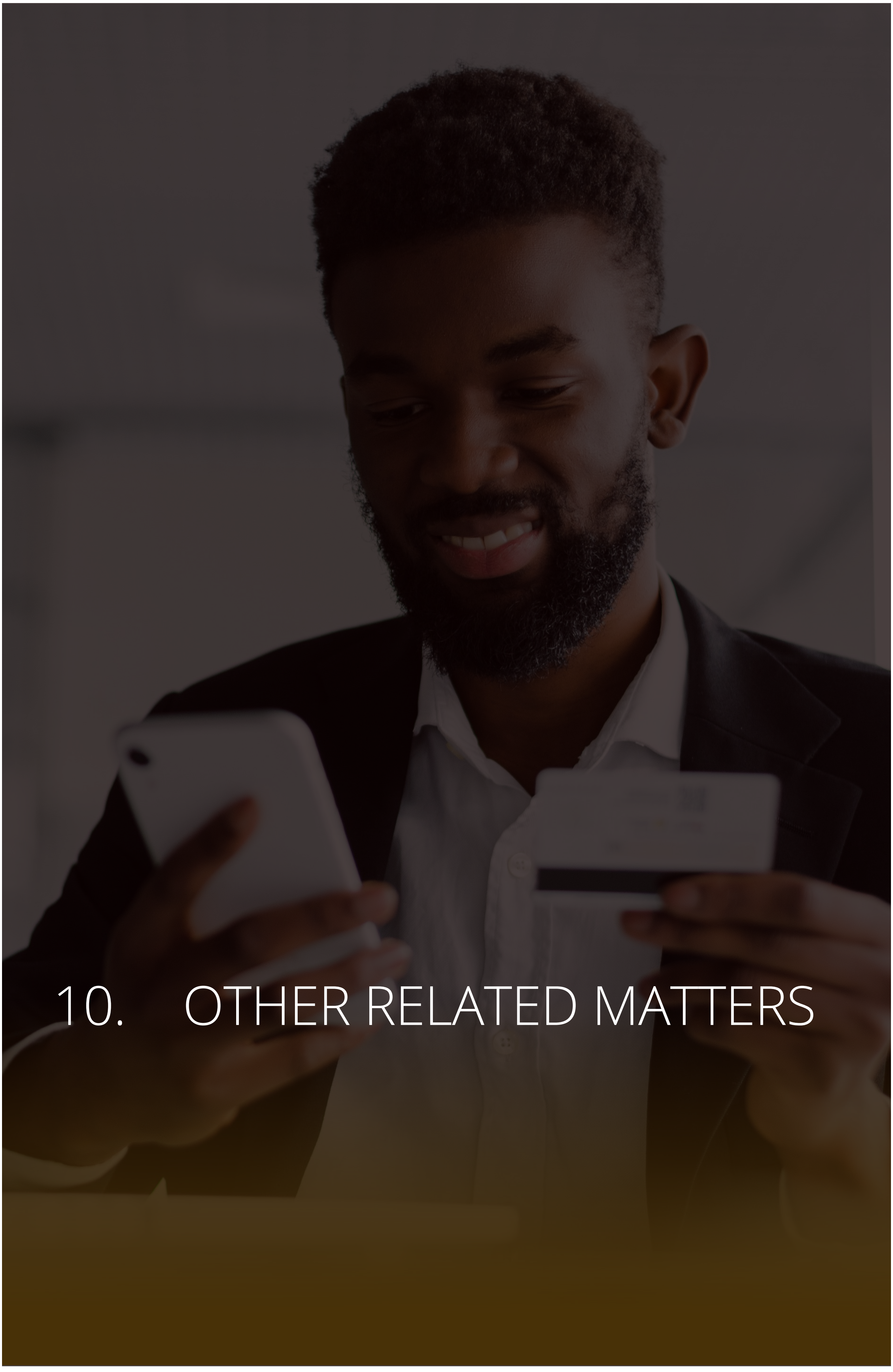
The Company's ability to fund its planned expansion, strengthen its capital base, and pursue key strategic initiatives depends materially on the success and timing of this offering. Delays in completion or a shortfall in proceeds could constrain the Company's capacity to meet regulatory capital requirements, finance technology investments, or support business growth objectives. Failure to raise the expected funds may also limit the Company's competitiveness in a liberalising market and affect its ability to implement its long-term strategy as planned.

9.9.6. Uncertainty of future dividend payments

Future dividends are not assured and will depend on the Company's profitability, capital position, liquidity needs, and compliance with applicable regulatory requirements. Dividend payments are subject to the approval of the Board of Directors and the NBE and may be restricted if profits are retained to support balance sheet growth or meet capital adequacy standards. As a result, investors may not receive dividends at the levels expected or at all in certain financial years.

9.9.7. Risk of shareholder dilution from future issuances

The Company may issue additional shares in the future to meet regulatory capital requirements, finance growth initiatives, or implement employee ownership or incentive schemes. Any such issuance could dilute existing shareholders' proportional ownership, EPS, and voting power. The extent of dilution will depend on the number and pricing of new shares issued, and there can be no assurance that existing shareholders will be able to maintain their percentage ownership in future capital raisings.



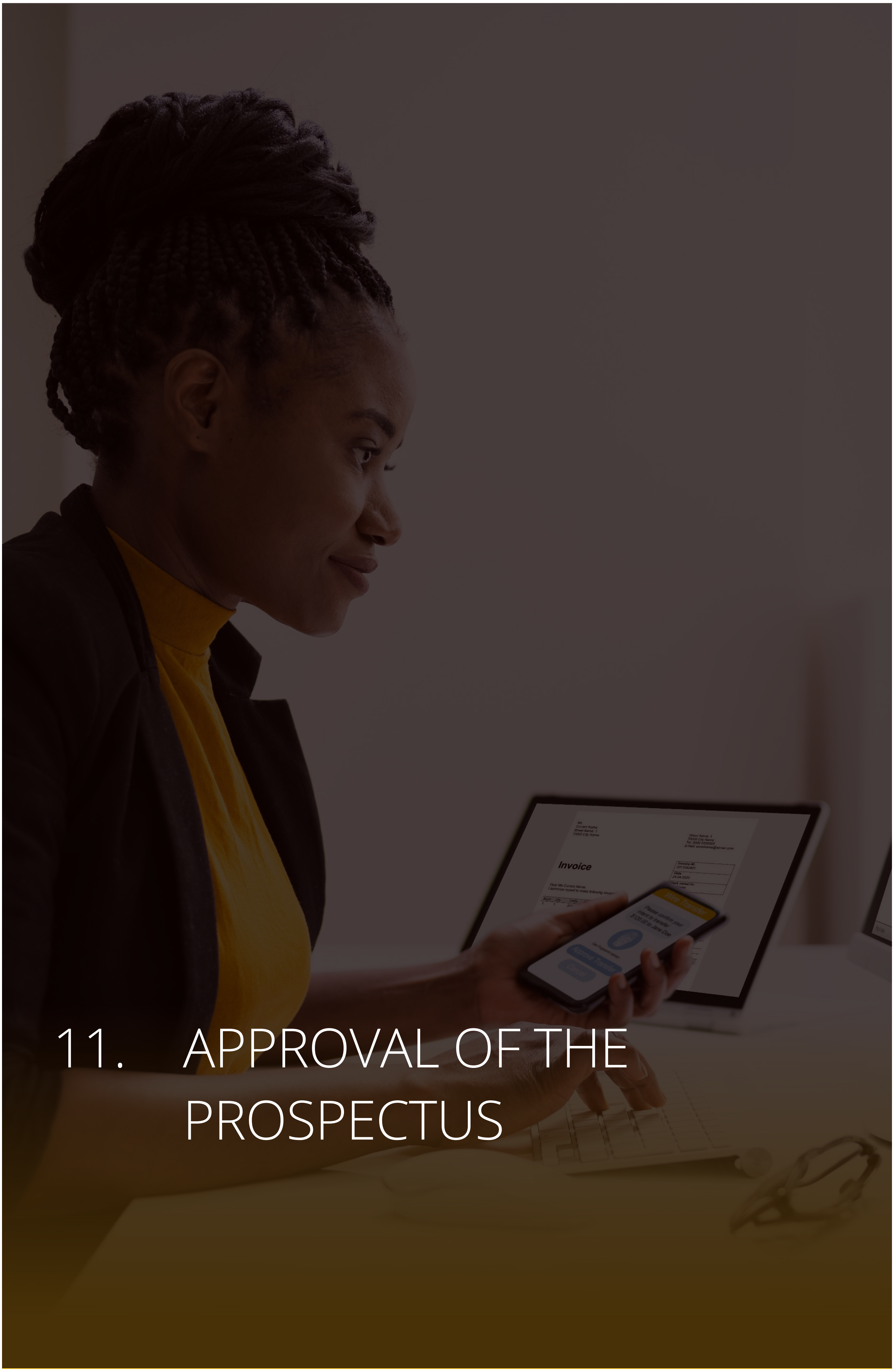
10. OTHER RELATED MATTERS

10.1. Trading arrangements

Upon receiving the requisite approval from the ECMA and the completion of the Rights Offer, the Company intends to list 100% of the Ordinary Shares of the Company, being the existing the 15 million Ordinary Shares and the 3,125,000 newly issued Rights Offer Shares on the ESX main board, as soon as practicable following the completion of the Rights Offer. The Company will fulfil all applicable requirements and procedures established by the ESX. Shareholders are permitted to trade their shares immediately upon completion of the listing on the ESX.

10.2. Documents made available to the public

The Company shall make this Prospectus, the Registration Statement and accompanying documentation accessible to the public through its website, under a dedicated section labelled “Investor Relations”. The documents can be found at www.bankofabyssinia.com/investor-relations/.



11. APPROVAL OF THE PROSPECTUS

Approval of the Prospectus by the members of the Board of Directors, and the CEO and CFO

Table 112: Signature of Directors and Executive Management

Signatories	
Name	Ato Mekonnen Manyazewal Meka – Board Chairperson
Date	29 January 2026
Name	Ato Aemero Belete Simegne – Deputy Board Chairperson
Date	29 January 2026
Name	W/ro Emebet Woldeher Yezengaw – Director
Date	29 January 2026
Name	Ato Kassahun Zewdie Mengesha – Director
Date	29 January 2026
Name	Ato Meseret Melese Tefera – Director
Date	29 January 2026
Name	Ato Molalign Melese Mengistu – Director
Date	29 January 2026
Name	Ato Solomon Alula Awlachew – Director
Date	29 January 2026
Name	Ato Yerom Gessesse Yeneneh – Director
Date	29 January 2026
Name	Dr Yihenew Zewdie Lemma – Director
Date	29 January 2026
Name	Ato Bekalu Zeleke Ewnetu – CEO
Date	29 January 2026
Name	Ato Abreham Gebeyehu G/Hanna – CFO
Date	29 January 2026