30th ANNUAL REPORT

for the year ended June 30,

2026

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Dashen Bank

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Dashen Bank

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ከምርጥ የአፍሪካ ባንኮች
አንዱ ሆኖ መገኘት።

TO BE BEST-IN-CLASS BANK
IN AFRICA.



እሴቶች | OUR VALUES

- ደንበኛን ያማከለ
- ብዝሃነት
- ሙያዊ ብቃት
- በህብረት መስራት
- ሀቀኝነት
- ማህበራዊ ሀላፊነት

- CUSTOMER CENTRICITY
- DIVERSITY
- PROFESSIONALISM
- TEAMWORK
- INTEGRITY
- SOCIAL RESPONSIBILITY

ተልዕኮ | OUR MISSION

የሙያ ብቃትና ተነሳሽነት ባላቸው
ባለሙያዎችና በዘመን አፈራሽ
ቴክኖሎጂ ጥምረት ቀልጣፋና
ደንበኛን ማዕከል ያደረገ የባንክ
አገልግሎት እየሰጡ ለባለድርሻ አካላት
ዘለቄታዊ እሴት መፍጠር።

TO PROVIDE EFFICIENT CUSTOMER-CENTRIC
BANKING SERVICE USING THE EXPERTISE OF INSPIRED
PROFESSIONALS AND CUTTING-EDGE TECHNOLOGY,
WHILE CREATING SUSTAINABLE VALUE FOR OUR STAKEHOLDERS.

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Dashen Bank

ሁልጊዜም አንድ እርምጃ ቀዳሚ !
Always One Step Ahead !

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Dashen Bank

Super App

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Dashen Bank

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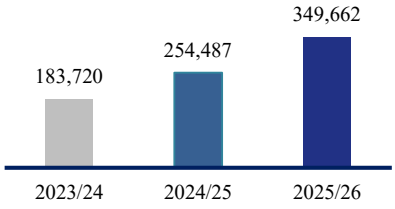
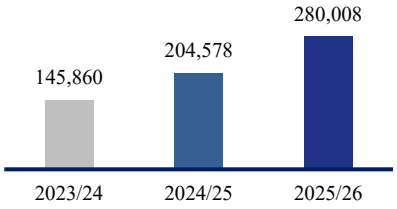
OUR SCORECARD

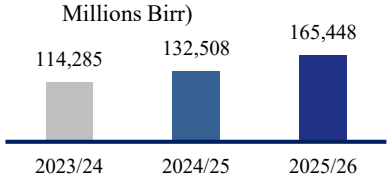
Total Asset (In Millions Birr)



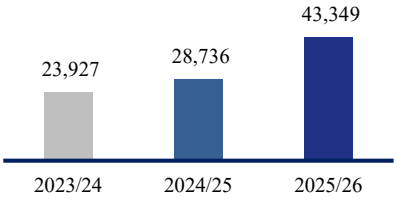
Deposit (in Millions Birr)



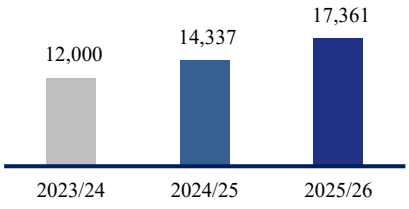
Outstanding Loans & IFB Financing Net Provision (In Millions Birr)



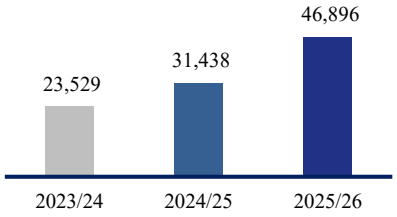
Total Capital (In Millions Birr)



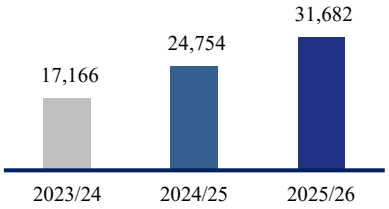
Paid-up Capital (In Millions Birr)



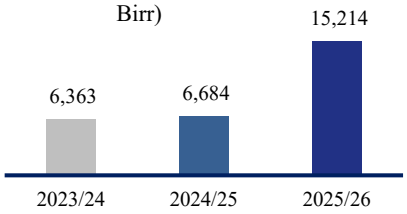
Revenue (In Millions Birr))



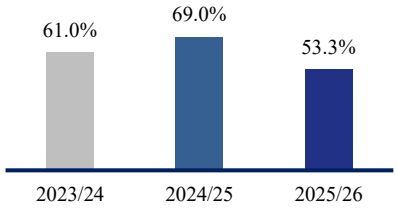
Expense (In Millions Birr))



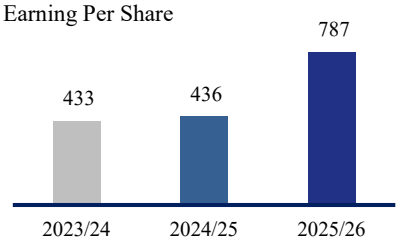
Profit Before Tax (In Millions Birr)



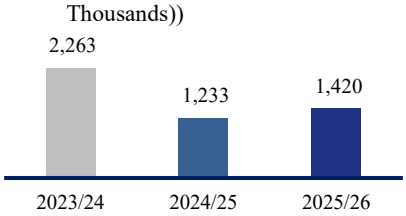
Cost-to-Income Ratio



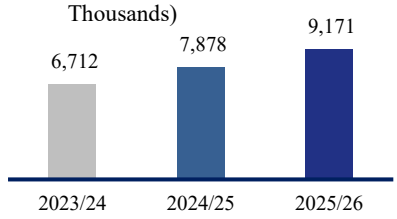
Earning Per Share



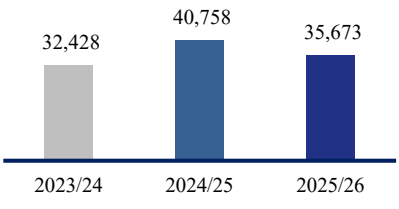
Number of Cardholders (In Thousands))



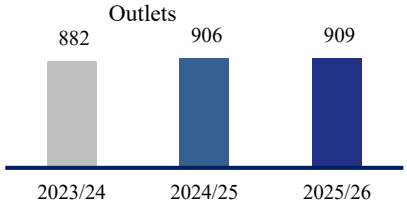
Number of Depositors (In Thousands)



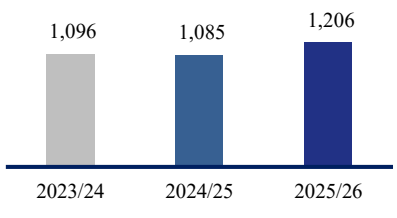
Number of Loanees



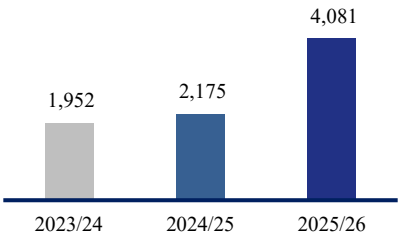
Number of Branches Including Outlets



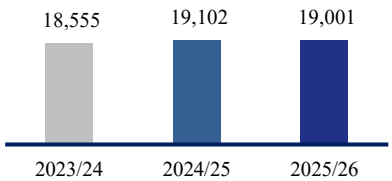
Number of ATMs



Number of POS Terminals



Number of Staff (Including Contract Employees)



BOARD OF DIRECTORS



Dulla Mekonnen
Board Chairman



Abebe Teklu
Director



Akalewold Admasu
Director



Esete Leulseged
Director



Eyerus Teni
Director



Million Assefa
Director



Negussie Demie
Director



Rahel Worede
Director



Saeed Ahmed
Director

SHARI'AH ADVISORY COMMITTEE



Sheikh Muhammed Yasin Ibrahim
Chairman



Ustaz Mahmoud Hassen Hussen
Vice Chairman



Sheikh Seid Kiyar Mussa
Member



Ustaz Mustaffa Hamid Yusuf
Member



Ustaz Remedan Ahmed Abdo
Member

EXECUTIVE MANAGEMENT



Asfaw Alemu
Chief Executive Officer



Aberra Bekele
Chief Legal Officer



Abiyot Weldeyesus
Chief Corporate Service Officer



Afework Gugsa
Chief Transformation Officer



Alemneh Abebe
Chief Financial Officer



Amdu Seman
Chief, IFB Officer



Andualem Belete
Chief, Retail and MSME Banking Officer



Asfaw Hailemariam
Chief Internal Auditor



Ayele Teshome
Chief Strategy Officer



Elias Hussien
Chief Corporate Banking Officer



Eyerusalem Wagaw
Chief Experience Officer



Getnet Dessie
Chief Risk and Compliance Officer



Hewate Kefelegn
Chief People Officer



Tibebu Solomon
Chief, Banking Operations Officer



Yohannes Million
Chief Digital and Information Officer



Dulla Mekonnen

Chairman, Board of Directors

Honorable Shareholders,

It is my great pleasure to present the Board of Directors' report for the financial year ended June 30, 2026.

The financial year under review was a year marked by far-reaching macroeconomic reforms, evolving regulatory expectations, increased competition, and rapid technological change. While these developments presented new challenges, they also had created opportunities to be with resilience, to review the strategic directions, to re-direct their involvement priorities and adopt to the new realities.

During the reporting period, the global economy grew at a modest pace of around 2.5-3%, constrained by persistent inflation, high interest rates, and geopolitical tensions. The US and India showed relative resilience, while the Eurozone and China faced slower growth due to structural challenges and weak demand. Supply chain disruptions from conflicts in Ukraine and the Middle East, along with rising protectionism, kept energy and food prices elevated. Central banks were cautiously easing policies, but fiscal tightening and debt burdens limited recovery. In the domestic front, the Ethiopian economy continued its growth trajectory despite persistent global and domestic pressures. Though significantly improved, inflation remained elevated throughout much of the year, driven primarily by food and transportation costs, while exchange rate adjustments reflected the ongoing macroeconomic reform agenda. Encouragingly, Ethiopia's external position improved considerably, supported by stronger export performance and structural reforms aimed at enhancing competitiveness and attracting investment.

The banking sector experienced one of its most transformative years in recent history. The National Bank of Ethiopia introduced a series of landmark regulatory reforms, including the implementation of risk-based capital requirements, higher reserve requirements, foreign exchange liberalization measures, repealed mandatory bond purchase obligations, modernization of securities markets, and enhanced prudential standards. Collectively, these reforms have laid the foundation for a more competitive, market-oriented and resilient financial system while simultaneously demanding stronger governance, capital planning, liquidity management, and risk discipline from all banks. Within this dynamic operating environment, Dashen Bank remained focused on executing its strategic priorities.

Against these backgrounds, I am pleased to report that Dashen Bank once again has demonstrated its strength, agility, and unwavering commitment to sustainable growth. The Bank has continued to reinforce its position as one of Ethiopia's leading financial institutions by delivering solid operational and financial performances while making significant progress in digital transformation, customer base expansion, resource mobilization, and strategic investments.

Accordingly the Bank has recorded a remarkable success in mobilizing financial resources. Total deposits reached Birr 280 billion, representing a historic incremental increase of Birr 75.4 billion, registering a 36.9 % year-on-year growth. This achievement reflects the continued confidence of our customers place in the Bank and has demonstrated the effectiveness of our customer-centric deposit mobilization strategy. The outstanding loans and advances and IFB financing grew to Birr 165.4 billion. The Bank generated Birr 46.9 billion in revenue, a remarkable 49.2% growth higher than the previous year, Consequently, pre-tax profit reached Birr 15.2 billion, increasing by a 128% compared to the previous year.

During the year, customer acquisition also remained one of the Bank's major strengths. The Bank has expanded its customer base both in Conventional and IFB to 9.17 million accounts, adding 1.35 million new accounts. Interest-Free Banking continued its strong momentum, reinforcing Dashen Bank's leadership in providing inclusive and diversified financial services.

Our distribution network continued to evolve in line with changing customer expectations. Although branch optimization remained an important strategic initiative, the Bank selectively expanded its physical presence by opening new branches in strategic locations while simultaneously investing heavily and digital infrastructure. By the end of the reporting period, Dashen Bank operated 909 service outlets, supported by 1,206 ATMs, 4,081 POS terminals, and an expanding nationwide merchant network.

Digital transformation remained one of the defining achievements of the year. The rapid adoption of the Dashen Super App represents a major milestone in the Bank's digital journey. Within 1.5 years, the platform attracted nearly 1.8 million subscribers, with more than half a million active users. More importantly, the platform processed over 29.4 million transactions valued at more than Birr 309 billion, demonstrating growing customer confidence in digital banking services. The Bank remains committed to supporting Ethiopia's transition toward a cash-lite economy through continuous investment in innovative payment solutions.

Throughout the year, prudent governance remained central to our success. The Board continued to provide strategic oversight while ensuring that the Bank maintained sound corporate governance, effective risk management, regulatory compliance, and disciplined capital allocation. As Ethiopia's financial sector moves toward a more risk-sensitive regulatory framework, these governance principles will remain fundamental to preserving the Bank's resilience and protecting shareholder value.

Looking ahead, we remain optimistic about the future. The Ethiopian financial sector is entering a new era characterized by increased competition, greater innovation, expanding financial inclusion, foreign exchange liberalization, and deeper digital integration. While these developments will undoubtedly intensify competition, they also create unprecedented opportunities for institutions capable of responding with agility, innovation, and operational excellence.

Dashen Bank is well positioned to capitalize on these opportunities. Our strategic priorities will continue to focus on strengthening our capital base, accelerating digital banking, deepening customer relationships, enhancing foreign currency generation, improving operational efficiency, strengthening risk management capabilities, and delivering sustainable value to all stakeholders. Our confidence in the future is anchored not only in the Bank's strong financial foundation but also in the unwavering commitment of our people. The dedication, professionalism, and resilience demonstrated by management and employees throughout the year continue to distinguish Dashen Bank as one of Ethiopia's most respected financial institutions.

Distinguished Shareholders,

The achievements of the year would not have been possible without the collective efforts and continued support of our valued stakeholders. On behalf of the Board of Directors, I extend my sincere appreciation to our customers for the trust and confidence they have in Dashen Bank. I am deeply grateful to our Shareholders for their unwavering commitment and continued investment in the Bank's long-term success. I would also like to express my heartfelt appreciation to fellow Board Directors for their wisdom, dedication, and steadfast stewardship throughout the year. My sincere thanks also go to the executive management team and all employees whose professionalism, innovation, and commitment have made these achievements possible. Finally, we acknowledge with gratitude the continued guidance and support of the National Bank of Ethiopia, both private, government partners, and all other stakeholders whose collaboration contributed to the continued success of Dashen Bank.

As we look toward the future, we remain committed to creating sustainable value for our shareholders, empowering our customers, supporting Ethiopia's economic transformation, and building a stronger, more innovative, and more resilient Dashen Bank for generations to come.



Thank you,
Dulla Mekonnen
Chairman of the Board of Directors

Asfaw Alemu
CEO



Honorable Shareholders,

It is my pleasure to present Dashen Bank's performance highlights for the fiscal year ended 30 June 2026, a year characterized by disciplined execution, institutional strengthening and strong business growth despite a rapidly evolving operating environment.

The year under review was marked by global uncertainty, technological disruption and significant economic and financial sector reforms in Ethiopia. Against this backdrop, Dashen Bank remained focused on its purpose of providing customer-centric banking services through inspired professionals and cutting-edge technology, while delivering sustainable returns to our stakeholders.

Our performance reflects the strength of our business, the trust of our customers, the commitment of our people and our ability to adapt and execute. Guided by our aspiration to remain "Always one step ahead!", we continued to strengthen our balance sheet, expand our customer base, deepen digital adoption and invest in the capabilities required for our next phase of growth.

Operating Environment

Ethiopia's growth momentum remained strong, supported by ongoing reforms and investment in productive sectors of the economy. The FY2025/26 unfolded against a backdrop of continued economic reforms in foreign-exchange management, monetary policy, investment, trade, a more evolving regulatory requirements and heightened competition across the banking sector. While these developments presented challenges for businesses, households and financial institutions, they also created opportunities associated with financial-sector modernization, increased private-sector participation, capital-market development and expanding digital adoption.

Operational and Financial Performance

Dashen Bank delivered another year of solid progress. Total Assets increased from Birr 254.5 billion to Birr 349.7 billion representing growth of 37.4%. Customer deposits reached Birr 280 billion, growing by 36.9%, while gross loans and advances and IFB financing increased to Birr 165.4 billion, representing growth of 24%. The financing portfolio continued to support key sectors of the economy, while strong growth in digital transactions, foreign-currency business and non-funded income reinforced the Bank's earnings capacity and overall resilience. Customer accounts exceeded 9 million and foreign-currency generation surpassed USD 1.4 billion.

Profit before tax reached Birr 15.2 billion and profit after tax stood at Birr 11.8 billion, representing growth of 127.6% and 100% respectively. The results achieved during the year reflect the confidence of our customers, the loyalty of our shareholders and the effectiveness of the Bank's strategic direction. They also demonstrate our capacity to grow sustainably while maintaining prudent risk-management practices and financial discipline.

Strategy Execution, Innovation and Institutional Capability

A defining feature of FY2025/26 was the continued execution of the Sixth Strategic Plan. Beyond delivering strong business results, we focused on strengthening the capabilities required to support long-term competitiveness and sustainable value creation.

Significant progress was made in digital banking, customer experience, technology modernization, operational resilience and innovation. We continued advancing major transformation initiatives in areas such as customer relationship management, enterprise data and analytics, digital onboarding and core banking modernization. These investments are improving operational effectiveness, strengthening customer experience and positioning the Bank to respond to changing market expectations.

Strategic partnerships also played an important role in our transformation journey. Collaborations with development-finance institutions and ecosystem partners supported trade finance, sustainability initiatives, MSME development and institutional capability building. During the year, we strengthened our innovation ecosystem through the establishment of the Innovation Hub, creating a platform for customer-centric innovation and future solution development.

Strengthening Customer Relationships

We continued to strengthen our corporate, Retail and MSME business both in the conventional and IFB lines by mobilizing local and foreign currency resources, expanding quality assets and deepening customer relationships.

We maintained a clear focus on MSMEs, women led businesses, agriculture and value chains, trade, healthcare, manufacturing and other productive sectors. These priorities support the real economy while creating opportunities for sustainable growth.

Digital Transformation and Innovation

Digital transformation remained a central strategic priority. Our Super App has achieved material operating scale. The daily transaction through this platform has now exceeded Birr 2.5 billion. We also have expanded digital self-onboarding, virtual cards, referral programs, gamification and ecosystem partnerships. We have officially launched our Innovation Hub and strategic partnerships are helping us develop solutions in digital finance, MSMEs, Women-led businesses and customer experience.

People and Organizational Development

Our people remain the foundation of our performance. We continued investing in our people, recognizing that long-term success depends on the capability, commitment and engagement of its workforce. Through leadership development, succession planning, workforce capability building and organizational strengthening initiatives, we enhanced the talent and capacity required to support the Bank's strategic priorities and future growth aspirations.

Sustainability, Inclusion and Responsible Banking

Sustainability and responsible banking remained integral to our approach throughout the year. We strengthened ESG governance, advanced climate-risk readiness, expanded inclusive and green financing and continued supporting communities through targeted social-impact initiatives.

We believe long-term value creation extends beyond financial performance and must contribute positively to customers, employees, communities and the broader economy. Our continued commitment to responsible finance, financial inclusion and sustainable development is helping position the Bank for long-term resilience and relevance.

Operational Excellence and Risk Management

Sustainable growth requires operational discipline. During the year, we continued to improve processes, strengthen governance, enhance service quality and increase productivity. The implementation and stabilization of our enterprise resource planning capabilities, together with our quality management initiatives, will improve management information, transparency, control and efficiency.

We also strengthened risk management frameworks covering asset quality, credit underwriting, portfolio diversification, liquidity, foreign exchange risk, capital adequacy, cybersecurity, business continuity and regulatory compliance.

Looking Ahead

We remain optimistic about the opportunities arising from Ethiopia's continuing economic transformation. Expanding private-sector participation, increasing digital adoption, capital-market development and sustainable-finance opportunities are creating new possibilities for growth and innovation.

While challenges remain, we are confident that Dashen Bank is well positioned to capture these opportunities through disciplined execution, strong governance, prudent risk management and continued investment in people, technology, innovation and customer experience.

Note of Thanks

On behalf of Management, I would like to express my sincere appreciation to our shareholders for their continued confidence and support, to our Board of Directors for its leadership, oversight and guidance, to our customers for their trust and loyalty, to our employees for their dedication and professionalism, and to our regulators for their guidance, to our development-finance partners and other stakeholders for their valuable collaboration throughout the year.

We shall enter the next phase with confidence, humility and resolve. Together, we will continue building a stronger, more innovative, more resilient and more inclusive institution capable of creating sustainable value for generations to come.

Thank You



Asfaw Alemu
Chief Executive Officer
Dashen Bank, SC
Addis Ababa, Ethiopia
October 29, 2026

BOARD OF DIRECTORS' REPORT

1. Review of the Operating Environment

1.1. Global and Regional Environment

The global economy remained resilient during FY2025/26 despite heightened geopolitical tensions, trade fragmentation, supply-chain disruptions and higher energy costs. In its July 2026 update, the IMF projected global growth at 3.0% in 2026, compared with an average of 3.5% during 2024 and 2025 (IMF, 2026a). Sub-Saharan Africa was projected to grow by 4.3%, with performance varying across countries according to their exposure to commodity prices, fiscal pressures and external shocks (IMF, 2026b).

International trade conditions became more challenging as higher energy prices, logistics disruptions and policy uncertainty affected global markets. At the same time, development-finance institutions continued to prioritize climate resilience, sustainable finance, financial inclusion, MSME development and agricultural value chains, creating opportunities for African financial institutions with strong partnership and sustainability agendas.

1.2. Ethiopian Economic and Banking Environment

Ethiopia continued implementing the Homegrown Economic Reform Agenda 2.0 during the year, focusing on macroeconomic stability, foreign-exchange reform, financial-sector modernization, debt sustainability and private-sector-led growth. Despite the external shock arising from the conflict in the Middle East, economic activity remained strong, with real GDP growth estimated at 9.2% for FY2025/26. Growth was supported by agriculture, mining, electricity generation, construction and manufacturing activity.

Inflation continued its downward trajectory for much of the year, averaging 11.7% compared with 16.0% in FY2024/25, although renewed price pressures pushed year-on-year inflation to 13.9% in June 2026 (ESS, 2026). Foreign-exchange reforms continued to enhance market functioning (IMF, 2026c), while the NBE indicative exchange rate stood at ETB 158.05 per US Dollar at fiscal year-end (NBE, 2026). Export performance was strong during the first half of FY2025/26, despite higher fuel-import costs and continued foreign-exchange pressures. Gross official reserves were projected at USD 5.9 billion by fiscal year-end, equivalent to approximately 2.1 months of import cover (IMF, 2026c).

The banking sector remained broadly stable. According to NBE data reported in the IMF's July 2026 staff report, industry capital adequacy stood at 17.7%, liquid assets represented 23.6% of total assets, and the reported non-performing loan ratio was 3.6% as at December 2025. Regulatory reforms continued in areas including risk-based capital requirements and foreign-exchange management (IMF, 2026c).

1.3. Sustainability and Climate Considerations

Climate resilience, sustainability and responsible finance continued to gain prominence globally and domestically. The increasing focus on climate risk, ESG integration and sustainability disclosure created both risks and opportunities for financial institutions. Ethiopia continued advancing climate-related policy reforms and sustainable-development initiatives with support from international development partners, while growing opportunities emerged in renewable energy, sustainable agriculture, green finance and inclusive economic development.

1.4. Implications for Dashen Bank

Against this backdrop, Dashen Bank maintained disciplined execution of its strategic priorities. The Bank strengthened its funding base despite intensified competition for deposits, expanded foreign-currency and trade-finance activities amid continuing market constraints, increased customer reach through physical and digital channels, and advanced strategic initiatives in innovation, data, sustainability and operational resilience.

The year reinforced the importance of prudent liquidity management, disciplined credit growth, effective foreign-currency risk management, operational resilience and strong customer relationships. At the same time, continuing economic reform, digital transformation, capital-market development, sustainability initiatives and private-sector expansion created important opportunities for future growth.

Accordingly, FY2025/26 was not only a year of business expansion and improved financial performance, but also a period in which the Bank strengthened its institutional capability, resilience and readiness to operate in an increasingly competitive and market-oriented environment.

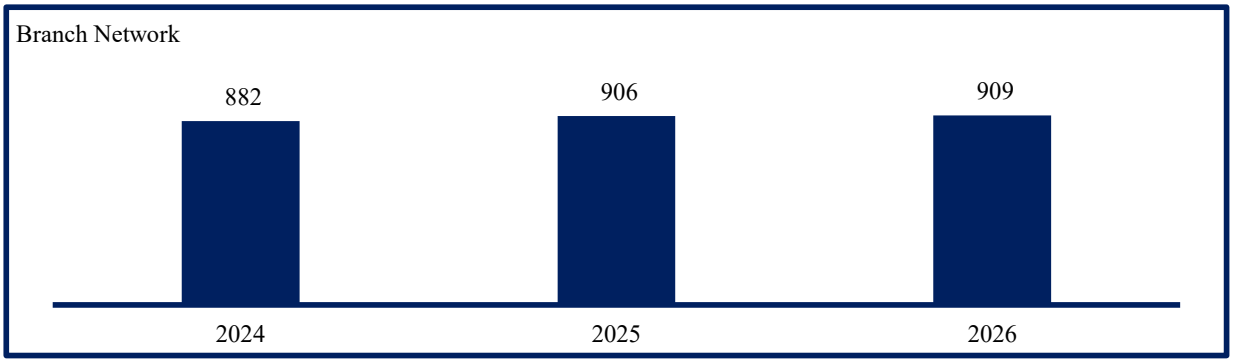
2. Operational Highlights

2.1. Channel Expansion and Network Optimization

During FY2025/26, the Bank continued implementing a disciplined channel optimization strategy aimed at balancing physical presence, customer accessibility, operational efficiency, and digital transformation objectives. Following a comprehensive assessment of branch relevance, business potential, service coverage, customer proximity, and operating efficiency, the Bank selectively expanded and rationalized its physical network.

As of 30 June 2026, the Bank operated 909 branches, including 93 full-fledged Interest-Free Banking (IFB) branches. During the year, nine branches were opened to capture strategic business opportunities, while six branches were consolidated or closed as part of the network optimization program, resulting in a net increase of three outlets. The optimization initiative enabled the Bank to strengthen service coverage in high-potential locations while improving the productivity and cost effectiveness of the branch network.

Figure 1: Branch Network

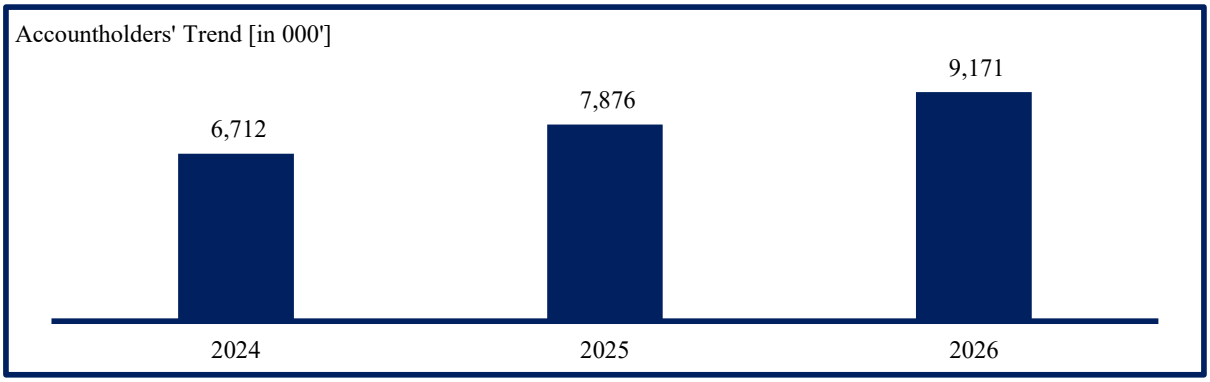


The Bank simultaneously strengthened its alternative delivery channels. ATM deployment increased to 1,206 units following the installation of 122 additional machines, including Cash Recycler Machines (CRMs), while POS terminals expanded significantly to 4,081 units, reinforcing the Bank's commitment to providing convenient and accessible banking services through both physical and digital touchpoints.

2.2. Customer Growth

Customer accounts increased to 9.17 million during FY2025/26, representing an addition of 1.3 million accounts over the preceding year.

Figure 2: Accountholders



The sustained growth in the customer base demonstrates the Bank's expanding market presence, enhanced accessibility of products and services, wider distribution reach, and increasing adoption of digital banking platforms. Growth was supported by continued investment in physical and digital channels, targeted customer acquisition initiatives, and the Bank's ability to deliver relevant value propositions across retail, SME, corporate and Interest-Free Banking segments.

Beyond strengthening the Bank's market position, the enlarged customer base provides a stronger platform for deposit mobilization, financing growth, transaction banking, foreign currency generation, digital adoption and cross-selling opportunities. As a result, customer growth continues to serve as an important driver of sustainable business expansion and long-term shareholder value creation.

2.3. Digital Banking and Payments

The Bank continued to advance its digital transformation agenda through sustained investment in customer-centric digital platforms, payment infrastructure and ecosystem partnerships.

By year-end, Dashen Super App subscribers reached 1.78 million. During FY2025/26, the Super App ecosystem processed 33.39 million transactions valued at Birr 332.9 billion. The Super App continued to evolve as a central component of the Bank's digital banking ecosystem, integrating payments, account management, lending, merchant services and value-added lifestyle offerings within a single platform.

Across the Bank's digital channels, transaction volume totaled 57.26 million during the year, while transactions through branches and RTGS totaled 40.26 million. Between July 2025 and June 2026, monthly digital transaction volume increased by 53.6%, while monthly branch and RTGS transaction volume declined by 9.4%. Over the same period, combined monthly transaction volume increased by 22.8%. Digital channels accounted for 64.0% of the combined transaction volume in June 2026, up from 51.2% in July 2025, demonstrating their growing role in customer transactions.

The Bank's cardholder base expanded to 1.42 million customers, while the agency banking network reached 9,298 registered agents. In parallel, digital onboarding initiatives leveraging Fayda-enabled identity verification enhanced customer acquisition, reduced onboarding turnaround time and strengthened accessibility to banking services.

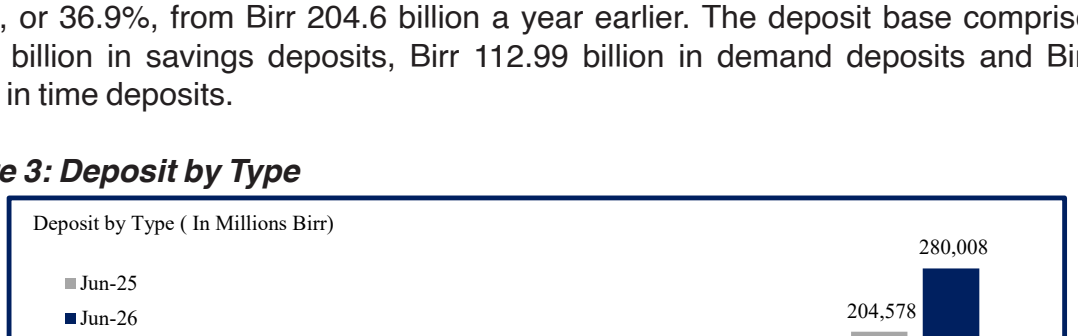
Building on this progress, management will focus during FY2026/27 on strengthening customer activation, increasing transaction frequency and deepening engagement across cards, agency banking and digital platforms. Further development of ecosystem partnerships will support these priorities and encourage broader use of the Bank's digital services.

3. Resource Mobilization and Deployment

3.1. Deposit Mobilization

Customer deposits reached Birr 280.0 billion as at 30 June 2026, an increase of Birr 75.4 billion, or 36.9%, from Birr 204.6 billion a year earlier. The deposit base comprised Birr 143.0 billion in savings deposits, Birr 112.99 billion in demand deposits and Birr 24.0 billion in time deposits.

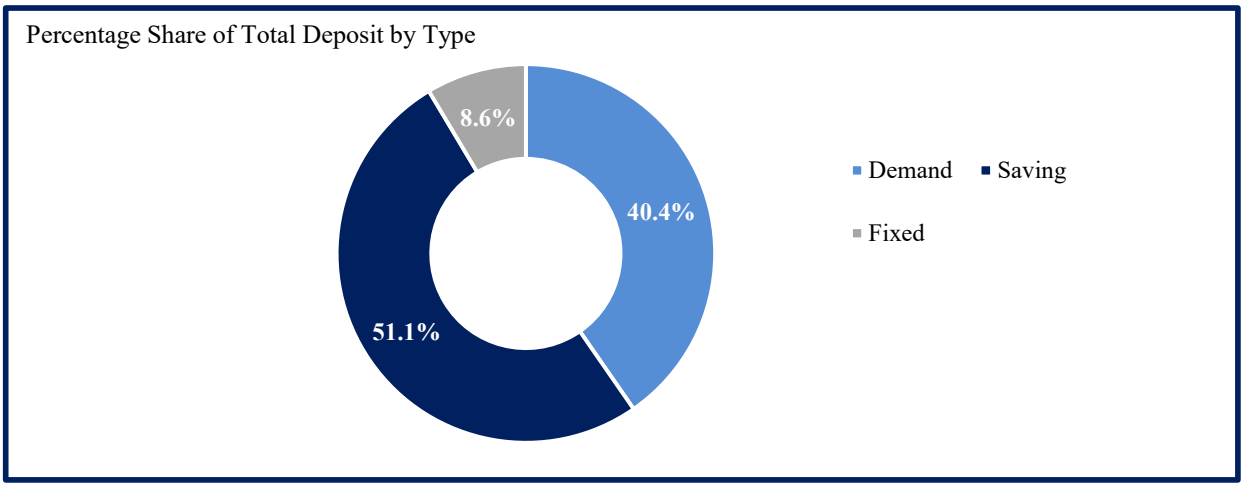
Figure 3: Deposit by Type



The strong growth in deposits reflected continued customer confidence in the Bank, the effectiveness of its customer-acquisition and relationship-management initiatives, and the strength of its physical and digital distribution network. In an environment characterized by heightened competition for liquidity and deposits across the banking industry, the Bank further strengthened its funding position and expanded its ability to support future asset growth.

The deposit mix remained concentrated in savings and demand deposits. Savings deposits accounted for 51.1% of total deposits, representing slightly more than half of the portfolio, while demand deposits contributed 40.4% and fixed deposits 8.6%. This composition reflects the Bank's broad funding base across savings and transactional deposits, while the relatively smaller share of fixed deposits helped limit reliance on higher-cost term funding.

Figure 4: Percentage Share of Deposit by Type



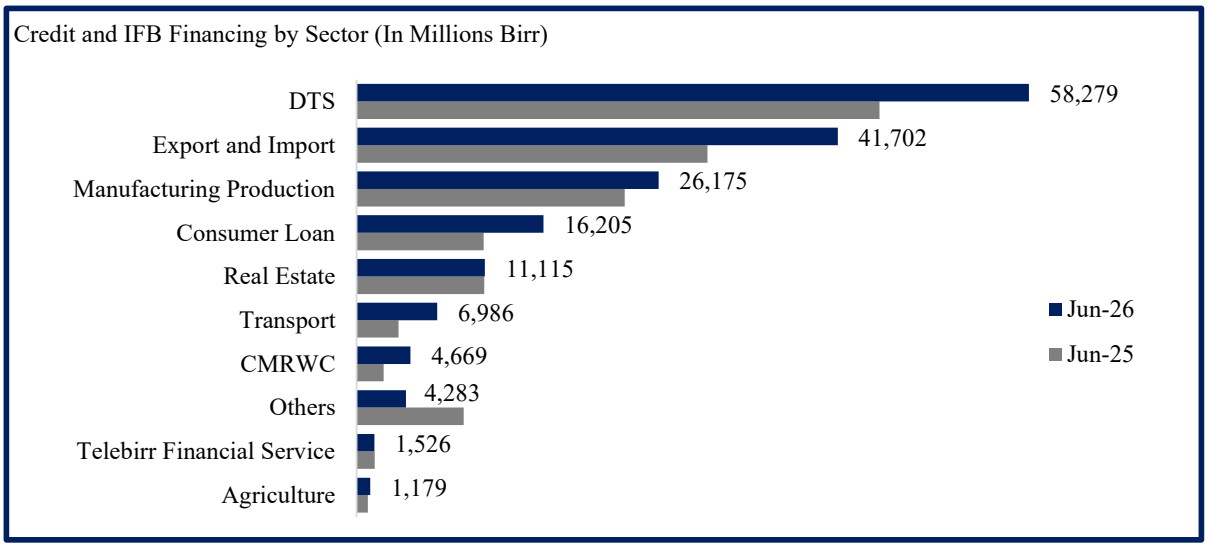
Beyond providing a strong source of funding, the expanded deposit base strengthened the Bank's capacity to finance productive sectors of the economy, support foreign-currency operations, invest in digital transformation initiatives, and pursue sustainable long-term growth while maintaining prudent liquidity levels.

3.2. Loans, Advances and IFB Financing

Conventional net loans and advances increased by Birr 26.8 billion, or 22.0%, from Birr 121.9 billion at 30 June 2025 to Birr 148.7 billion at 30 June 2026. Interest-Free Banking net financing rose from Birr 10.6 billion to Birr 16.8 billion over the same period, an increase of Birr 6.1 billion, or 57.4%. The Bank's total net financing portfolio consequently reached Birr 165.4 billion, up by Birr 32.9 billion, or 24.9%, from Birr 132.5 billion in the prior year.

The financing portfolio continued to support a broad range of productive economic sectors, reflecting the Bank's role in facilitating trade, investment, business expansion, income generation and economic development. Financing activities remained diversified across conventional and Interest-Free Banking operations, contributing to balanced portfolio growth and improved market reach.

Figure 5: Gross Loans, Advances and Financing by Major Economic Sector



Note

'DTS' refers to Domestic Trade and Services.
'CMRWC' represents Construction Machinery Rental and Working Capital.

Domestic Trade and Services, Export, Manufacturing, Personal Financing and Real Estate remained the largest sectors within the portfolio, demonstrating the Bank's continued support to key areas of the Ethiopian economy. The sectoral composition reflects a balance between business financing, trade facilitation, industrial development and consumer banking activities.

The Bank continued to pursue prudent portfolio-management practices through sector diversification, disciplined underwriting, risk-based monitoring and ongoing enhancement of collection and recovery processes. These measures helped balance growth objectives with asset-quality considerations and strengthened the long-term sustainability of the financing portfolio.

3.3. International Banking

The Bank generated USD 1.4 billion in foreign currency during FY2025/26, representing a 33.1% increase over the preceding year. Foreign-currency deployment reached USD 1.49 billion, reflecting the Bank's continued role in supporting international trade, import financing, manufacturing and broader economic development.

Export proceeds remained the largest source of foreign-currency generation, complemented by purchases through the National Bank of Ethiopia auction framework, cash purchases, remittance-related transactions and other eligible foreign-currency sources. Business-development efforts focused on strengthening trade-finance capability and relationships with exporters, importers, remittance partners and correspondent banks.

The year's performance demonstrated not only growth in foreign-currency volumes but also the effectiveness of the Bank's trade-finance and treasury activities. Foreign-currency mobilization and deployment supported customers engaged in international trade, facilitated access to essential imports and productive-sector financing, and contributed to increased business activity across key sectors of the economy.

International Banking remained an important contributor to revenue diversification and earnings resilience during FY2025/26. Growth in foreign-currency business, trade-finance activities and correspondent-banking services strengthened non-funded income and supported broader business expansion. The Bank also recorded a net foreign-exchange gain of Birr 2.98 billion, reflecting the positive contribution of foreign-currency mobilization, trade-finance activity and treasury operations to overall profitability.

Given evolving exchange-rate conditions and sustained demand for international trade financing, disciplined foreign-currency mobilization, deployment and risk management remained priorities throughout the year.

3.4. Interest-Free Banking Operational Highlights

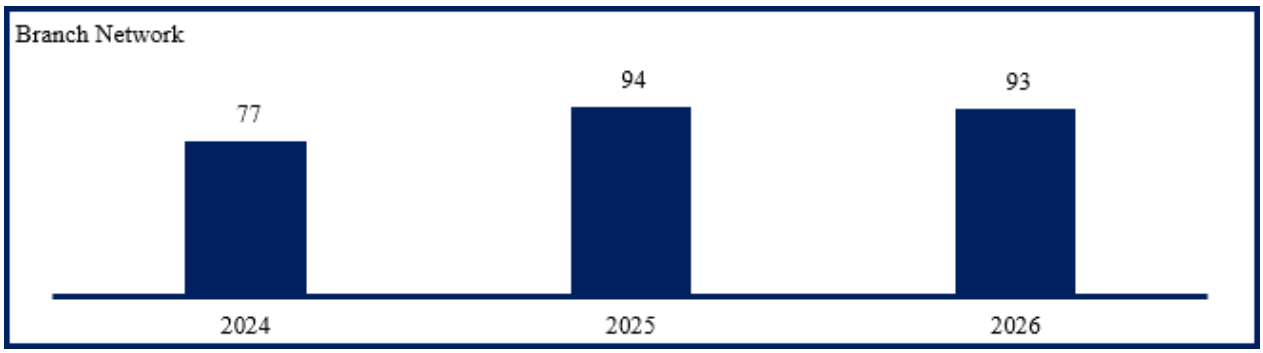
Interest-Free Banking (Sharrik) continued to strengthen its contribution to the Bank's growth, diversification, financial inclusion and customer acquisition objectives during FY2025/26. The business maintained strong momentum across customer growth, deposit mobilization, financing expansion and market reach, reinforcing its position as one of the Bank's key strategic growth platforms and an important driver of inclusive banking services.

3.4.1. IFB Channel Expansion

The Bank's dedicated Interest-Free Banking network comprised 93 full-fledged Sharrik branches as at 30 June 2026. During the year, one IFB branch was strategically converted into a conventional branch as part of the Bank's broader network optimization program.

The full-fledged Sharrik branches, together with extensive dedicated IFB service windows operating across the conventional branch network, continued to expand access to Shariah-compliant banking services and support the Bank's financial-inclusion agenda.

Figure 6: Interest Free Banking Branch Network

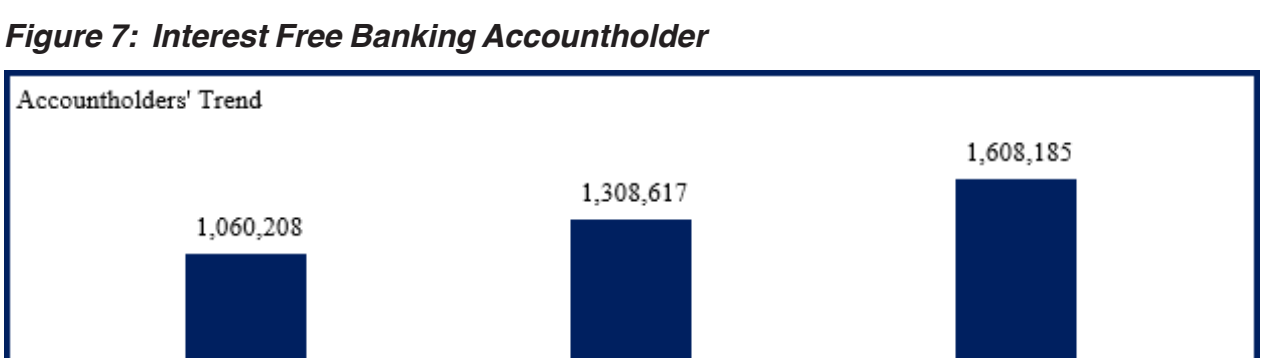


3.4.2. IFB Customer Growth

Interest-Free Banking customer growth remained strong during FY2025/26. Total IFB accountholders reached 1.61 million, representing year-on-year growth of 22.9%.

The continued expansion of the customer base reflects growing acceptance of the Bank's Shariah-compliant products, wider customer awareness, expanding service accessibility and the Bank's increasing ability to meet the needs of customers seeking alternative banking solutions. Beyond franchise growth, the expanding customer base provides a stronger platform for deposit mobilization, cross-selling opportunities and long-term relationship banking.

Figure 7: Interest Free Banking Accountholder

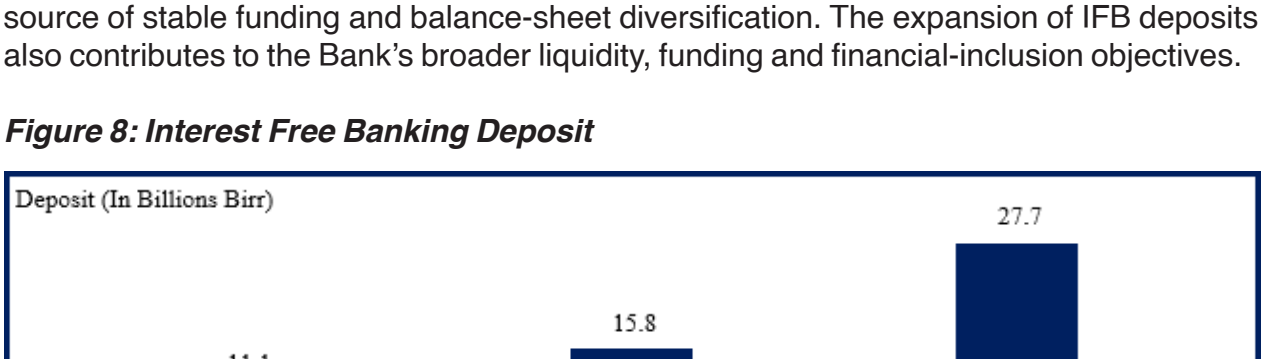


3.4.3. IFB Deposit Mobilization

Interest-Free Banking deposits continued to record strong growth during FY2025/26, reaching Birr 27.7 billion, an increase of 75.8% compared with the previous fiscal year.

The strong performance reflects increasing customer confidence in the Bank's Interest-Free Banking proposition and demonstrates the growing importance of Sharrik as a source of stable funding and balance-sheet diversification. The expansion of IFB deposits also contributes to the Bank's broader liquidity, funding and financial-inclusion objectives.

Figure 8: Interest Free Banking Deposit

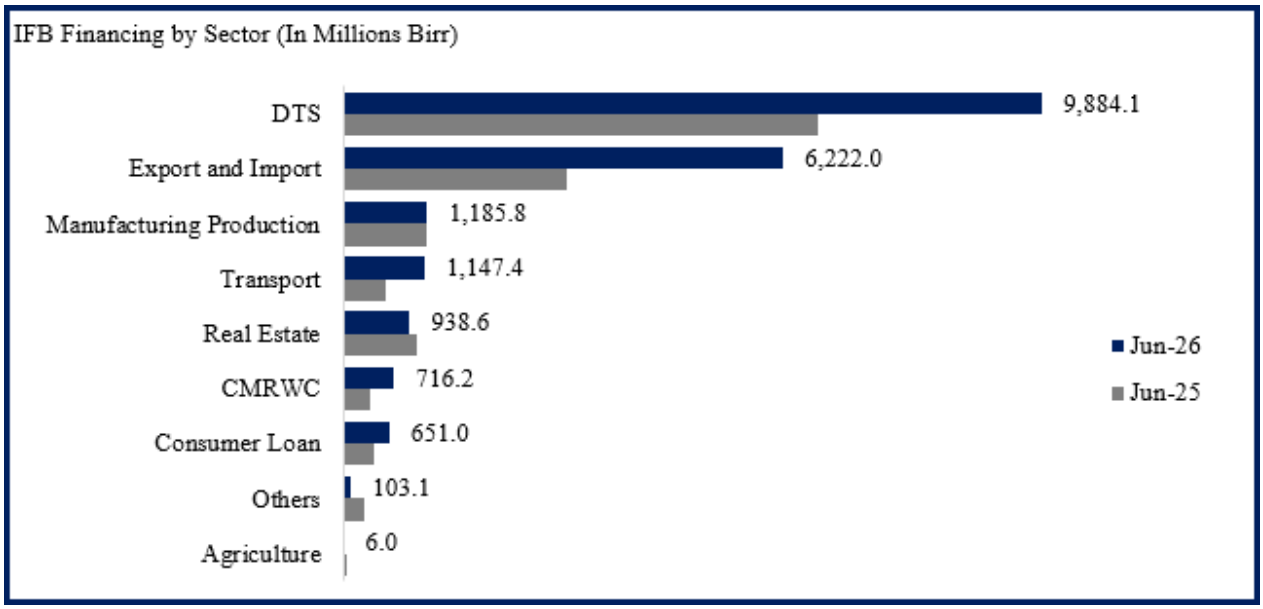


3.4.4. IFB Financing

Interest-Free Banking financing expanded significantly during the year, reaching Birr 16.8 billion as at 30 June 2026, reflecting sustained growth in customer demand and continued expansion of the Bank's Shariah-compliant financing portfolio.

The financing portfolio remained concentrated in Domestic Trade and Services, which accounted for the largest share of total IFB financing, followed by international trade-related activities, including export and import financing. These concentrations reflect the Bank's continued support to productive sectors of the economy and to businesses engaged in domestic and international commerce.

Figure 9: Gross Interest Free Banking Financing



Note
'DTS' refers to Domestic Trade and Services.
'CMRWC' represents Construction Machinery Rental and Working Capital.

Going forward, the Bank intends to further diversify its IFB financing portfolio while continuing to support sectors with strong growth potential, maintaining prudent risk-management practices and enhancing the contribution of IFB financing to sustainable economic development.

4. Financial Performance

4.1. Balance Sheet

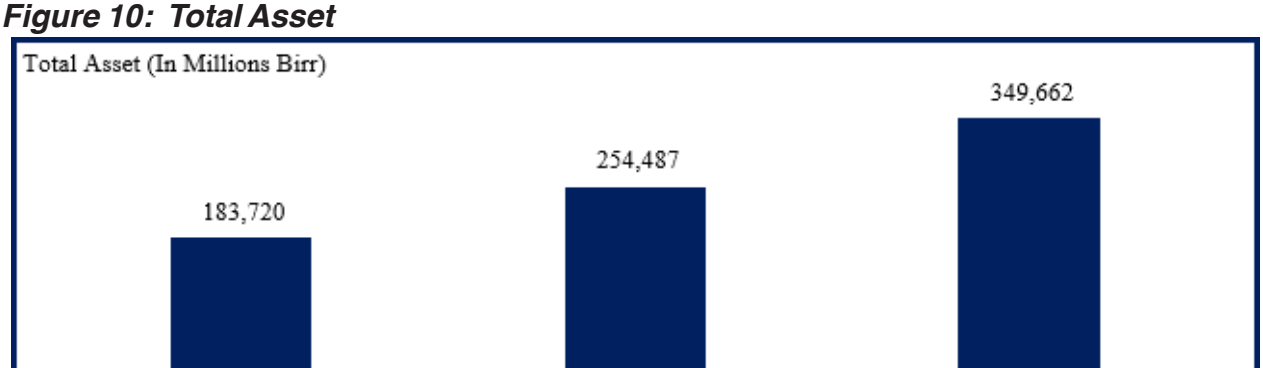
The Bank recorded strong financial performance during FY2025/26, supported by sustained business growth, expansion of the deposit base, increased foreign-currency business, enhanced income diversification and improved operating efficiency. Despite a challenging operating environment characterized by liquidity pressures, regulatory developments and exchange-rate adjustments, the Bank strengthened its balance sheet and substantially improved profitability.

4.1.1. Total Assets

The Bank's total assets increased to Birr 349.7 billion as at 30 June 2026 from Birr 254.5 billion in FY2024/25 and Birr 183.7 billion in FY2023/24, reflecting continued expansion across deposits, financing activities and other earning assets. The strong asset growth

demonstrates the Bank's increasing scale, expanding market presence and strengthened capacity to support customers and economic activity.

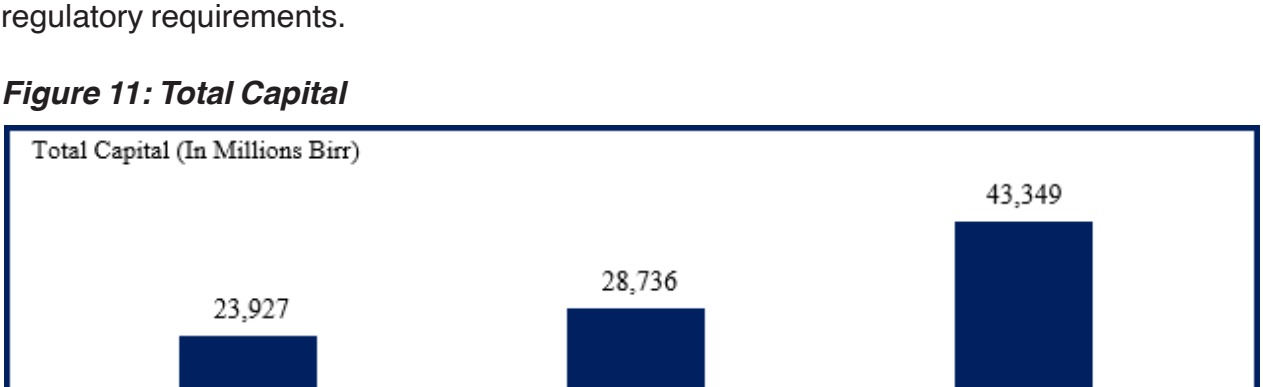
Figure 10: Total Asset



4.1.2. Total Equity

The Bank's total equity increased to Birr 43.3 billion at year-end, compared with Birr 28.7 billion in FY2024/25 and Birr 23.9 billion in FY2023/24. The improvement was supported by strong profitability, continued capital accumulation and shareholder support, strengthening the Bank's capacity to sustain growth, absorb risk and comply with evolving regulatory requirements.

Figure 11: Total Capital



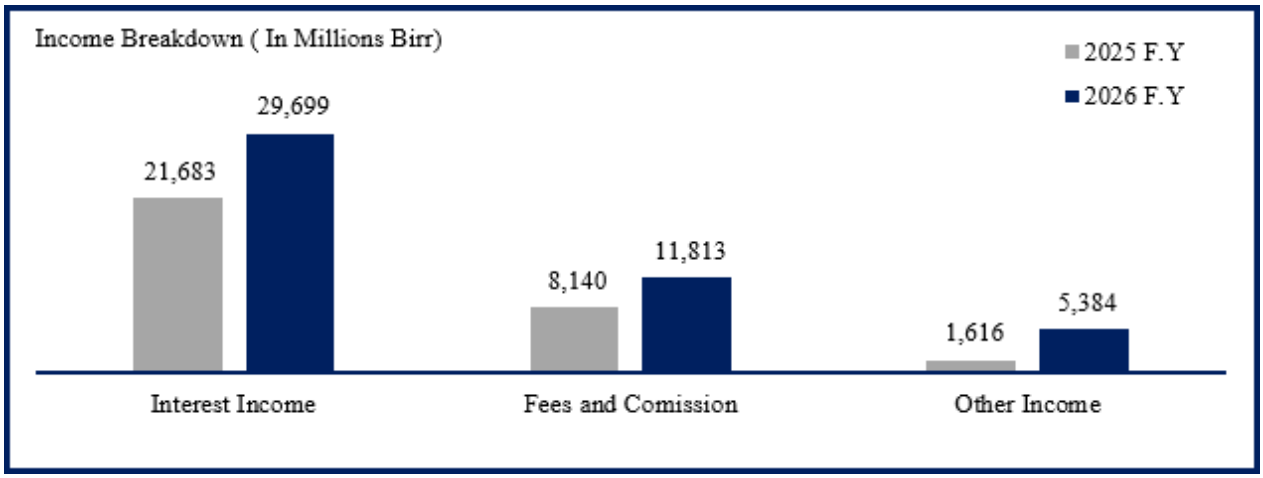
4.2. Statement of Profit or Loss and Other Comprehensive Income

4.2.1. Total Income

Total income increased to Birr 46.9 billion during FY2025/26, compared with Birr 31.4 billion in FY2024/25 and Birr 23.5 billion in FY2023/24. Growth was driven by the expansion of core banking activities, increased foreign-currency business, stronger trade-finance performance and growth in non-funded income streams.

Interest income remained the principal source of earnings, while foreign-trade commissions, foreign-currency transactions, investment income and other fee-based services continued to broaden revenue sources and strengthen earnings resilience.

Figure 12: Income Breakdown

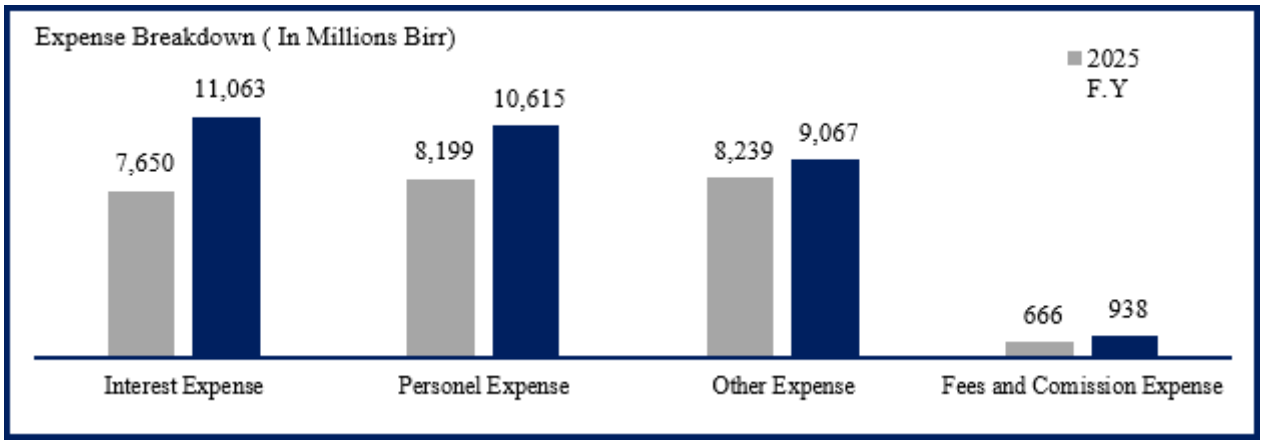


4.2.2. Total Expense

Total expense increased to Birr 31.7 billion during FY2025/26 from Birr 24.8 billion in FY2024/25 and Birr 17.2 billion in FY2023/24. The increase reflects business expansion, customer acquisition, network growth, technology investments and inflationary pressures experienced during the reporting period.

Despite the increase in absolute expenditure, expense growth remained below income growth, contributing to improved operating leverage and stronger profitability.

Figure 13: Expense Breakdown

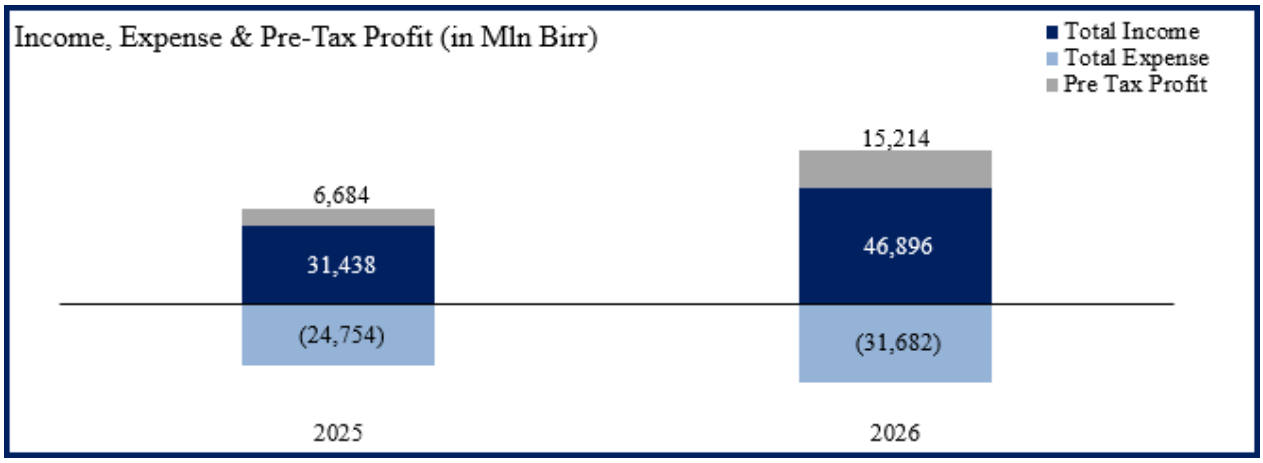


4.2.3. Profitability

Profit before tax increased significantly to Birr 15.2 billion during FY2025/26, compared with Birr 6.7 billion in FY2024/25 and Birr 6.4 billion in FY2023/24.

The strong improvement in profitability reflects growth in business volume, increased foreign-currency activities, expansion of non-funded income, stronger trade-finance performance and improved operating efficiency. Revenue diversification together with disciplined cost management enhanced earnings resilience and improved the Bank's overall financial performance.

Figure 14: Income, Expense & Pre - Tax Profit

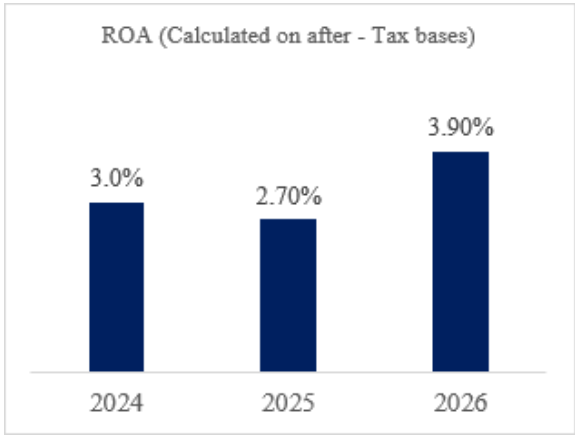


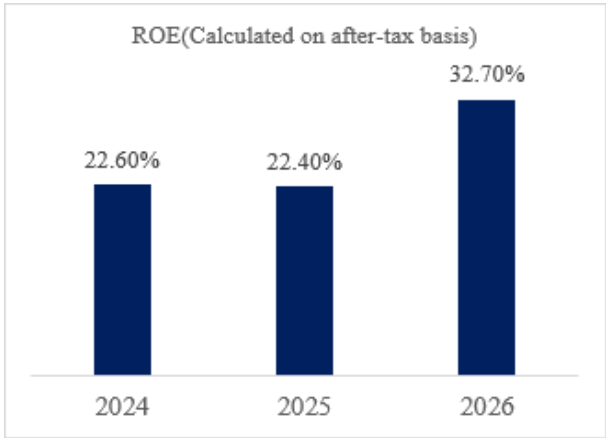
4.2.4. Return on Assets and Return on Equity

The Bank's profitability indicators improved considerably during the year. Return on Assets increased to 3.9%, compared with 2.7% in FY2024/25. Return on Equity rose to 32.7% from 22.0% in FY2024/25.

These results demonstrate improved utilization of the Bank's assets and shareholders' capital and reflect the positive impact of business growth, earnings expansion and improved operational efficiency.

Figure 15: ROA and ROE





4.2.5. Proposal on Dividend Pay Out

The Bank earned a net profit of Br 11,795,707,000 for the year ended 30 June 2026. After transfers of Br 2,948,927,000 to the legal reserve and Br 1,756,341,000 to the regulatory credit risk reserve, and after providing for directors' remuneration, the profit available for distribution is Br 7,105,715,000.

The Board of Directors recommends that the Annual General Meeting approve distributing this amount as follows:

- **Cash dividend:** ETB 3,552,857,000 (50%), subject to applicable taxes.
- **Bonus shares:** ETB 3,552,857,000 (50%), capitalized as fully paid ordinary shares.

Both are allocated in proportion to each shareholder's weighted average paid-up capital during the year. The capitalization will increase the Bank's paid-up capital from Br 17,360,515,800 (Seventeen billion three hundred sixty million five hundred fifteen thousand eight hundred) to Br 20,913,372,800 (Twenty billion nine hundred thirteen million three hundred seventy-two thousand eight hundred). It is subject to approval by the Ethiopian Capital Market Authority (ECMA) and to the other required regulatory formalities.

4.3. Asset Quality and Portfolio Resilience

The Bank maintained a disciplined approach to portfolio management throughout FY2025/26, balancing financing growth with prudent asset-quality management. Credit administration remained focused on sound underwriting, portfolio diversification and enhanced monitoring, supported by early-warning processes designed to identify emerging weaknesses and enable timely intervention.

Management continued to strengthen collection, recovery and remedial-action practices in response to changing market conditions and customer circumstances. Portfolio reviews and follow-up actions were used to address signs of deterioration, contain problem exposures and preserve the quality of the financing book while supporting viable customers through appropriate remedial measures.

These measures supported the resilience of the financing portfolio and reinforced the Bank's capacity to pursue growth without weakening credit discipline. Maintaining sound asset quality, effective recovery and prudent portfolio management remains central to protecting earnings, capital and long-term financial resilience.

Taken together, stronger profitability, capital accumulation, diversified income and disciplined balance-sheet and asset-quality management strengthened the Bank's overall financial resilience during the year. This provides a firmer foundation for sustainable growth and continued long-term value creation for shareholders.

5. Strategy and Business Development

5.1. Strategy Plan Execution

The Bank maintained disciplined implementation of the Sixth Strategic Plan during FY2025/26, with strategic focus on sustainable growth, market positioning, customer experience, operational efficiency, digital transformation and institutional strengthening. Strategic execution was supported through established governance and performance-management mechanisms that promoted accountability, coordination and timely implementation of key business initiatives.

During the year, progress continued across major strategic programs aimed at strengthening customer acquisition, deposit mobilization, financing growth, foreign-currency generation, digital capability, operational effectiveness and business resilience. Strategic execution contributed to strong business performance and supported the Bank's continued growth in customers, deposits, financing activities and profitability.

The Bank also advanced strategic enablers in customer relationship management, enterprise data, core banking modernisation and sustainability integration, supporting customer experience, operational effectiveness and long-term competitiveness.

Notably, the Bank achieved its FY2027/28 aspirations for Net Promoter Score (NPS) and Cost-to-Income Ratio (CIR) two years ahead of schedule, demonstrating the effectiveness of its strategic execution and ongoing commitment to customer-centricity and operational excellence.

Sustainability considerations also became increasingly integrated into strategy execution through the themes of Climate Action, Community Impact, Corporate Governance and Responsible Economic Growth, supporting the Bank's broader objectives of resilience, responsible growth and long-term stakeholder value creation.

5.2. Business Development and Strategic Partnerships

Strategic partnerships supported trade finance, MSME development, smallholder financing, financial inclusion, digital services, sustainability and institutional capacity building. Through the IFC Global Trade Finance Program, the Bank expanded trade-finance capacity and correspondent-bank access. Since first utilization, 182 transactions valued at USD 83.4 million have been processed.

The Lersha programme provided ETB 58.9 million in financing to 1,552 smallholder farmers. Other engagements included ADELE off-grid energy financing, MESMER micro and small-enterprise lending, EIB technical assistance on climate risk and green finance, development-finance support for project finance, remittance integrations, technology partnerships and ecosystem collaborations supporting the Dashen Super App.

The Bank developed its DFI engagement approach to mobilise concessional funding, risk-sharing capacity, technical assistance and sustainability-linked financing. Engagements with IFC, EIB, BII, FMO and other development-finance partners supported project finance, environmental and social standards, climate-risk capability and green-finance opportunities. Relevant financed projects remained subject to the Bank's environmental and social screening requirements.

5.3. Institutional Capability, Innovation and Operational Resilience

Beyond the growth achieved during FY2025/26, the Bank continued to strengthen the institutional capabilities required to support long-term competitiveness, operational resilience and sustainable value creation. Progress was made across technology modernisation, digital capability, customer-experience enhancement, data governance, risk-management infrastructure and innovation, strengthening the Bank's ability to respond to a rapidly evolving financial-services environment.

The year also saw continued progress in several strategic enablers, including branch-network optimisation, Customer Relationship Management (CRM) capability development, commencement of the Enterprise Data Warehouse and Analytics programme, Fayda-enabled onboarding, strengthened risk and compliance systems and core banking transformation initiatives. Collectively, these initiatives supported

improvements in customer experience, operational effectiveness, data capability and institutional readiness.

A significant milestone during the year was the establishment of the Bank's Innovation Hub, a dedicated innovation and experimentation platform designed to accelerate the development of customer-centric financial solutions and strengthen the Bank's digital-transformation agenda. Developed through collaboration with international innovation and financial-inclusion partners, the Hub provides a structured environment for rapid prototyping, data-driven innovation and cross-functional collaboration among business, technology and operational teams. The initiative is expected to support faster solution development and the design of relevant products and services for individuals, MSMEs and other priority customer segments.

Digital capability and operational resilience continued to advance alongside these institutional initiatives. Digital channels increasingly supported customer engagement and transaction processing, while management focused on deepening adoption, active usage and ecosystem participation. The Bank also continued investing in payment infrastructure, API and integration services, trade-finance processing platforms, treasury systems, cybersecurity, information-security management, disaster-recovery capability and data-governance frameworks. Achievement of PCI DSS Version 4.0.1 compliance further strengthened the security and reliability of the Bank's digital ecosystem. Together, these developments enhanced the Bank's capacity to execute strategy, support business growth and respond to evolving market, technology and regulatory requirements.

The Bank's progress also received external recognition during the year. Dashen Bank was named "Bank of the Year – Ethiopia 2025" by The Banker for the fifteenth time. The recognition complemented the progress made in strengthening the Bank's technology, innovation, operational-resilience and institutional capabilities during FY2025/26 and provides a stronger foundation for the next phase of strategy execution.

6. Our People

Our people remain a critical source of the Bank's competitive advantage and a key enabler of sustainable growth, customer service excellence, innovation and long-term value creation. During FY2025/26, the Bank continued to strengthen its human-capital capabilities through investment in talent development, leadership succession, workforce diversity and organisational effectiveness, supporting the successful execution of its strategic priorities.

As at 30 June 2026, the Bank employed 11,230 permanent employees and supported employment opportunities for a further 7,762 outsourced personnel and 9 temporary contractual employees, bringing the total workforce supported by the Bank to 19,001. Women accounted for 3,410 permanent employees, representing 30.4% of the permanent workforce, reflecting the Bank's continued commitment to fostering a diverse and inclusive workplace. During the year, 2,197 employees were promoted to higher positions, including 648 women, while 454 promotions were made to managerial positions, supporting leadership succession and the advancement of women into greater leadership and decision-making responsibilities.

Talent development remained a strategic priority. The Bank continued investing in leadership, digital, technical, risk-management, customer-experience and sustainability-related capabilities to prepare employees for evolving business needs and future industry demands. More than 94,500 training participations were recorded during the year, with over 81% delivered through digital learning platforms, reflecting the Bank's commitment to scalable, technology-enabled workforce development.

To strengthen institutional capability and align workforce skills with evolving industry requirements and global best practices, the Bank invested approximately Birr 641.8 million in employee learning and development. These investments supported leadership succession, digital transformation, operational excellence and customer-centric service delivery, while enhancing the organisational capabilities required to sustain growth, strengthen resilience and create long-term value for shareholders and other stakeholders.

7. Risk Management, Compliance and Prudence

The Bank continued to strengthen its enterprise risk-management and compliance framework during FY2025/26 in response to a rapidly changing operating environment characterized by exchange-rate adjustment, evolving regulatory requirements, foreign-currency market pressures, heightened competition, accelerating digitalization and growing sustainability expectations. Risk management remained an integral component of strategic decision-making, supporting the Bank's ability to pursue growth opportunities while maintaining financial resilience and prudent risk levels.

During the year, management focused on credit, liquidity, market and operational risks, alongside regulatory compliance and emerging sustainability-related risks. Enhanced monitoring and reporting helped management identify developing issues early and take timely corrective and mitigating actions.

7.1. Credit Risk

Maintaining portfolio quality remained a key priority throughout the year. Alongside portfolio growth, the Bank continued to strengthen credit-risk discipline through underwriting standards, portfolio diversification, early-warning monitoring and timely escalation of exposures showing signs of deterioration.

Collection, recovery and remedial-action processes formed an integral part of this approach. Management continued to monitor changing customer and sector conditions and undertake follow-up, remedial and recovery measures, as appropriate, to address deterioration and support the resilience of the financing portfolio.

7.2. Liquidity and Market Risk

FY2025/26 was characterised by heightened competition for funding, changing liquidity conditions and continued demand for foreign-currency resources. In response, the Bank pursued a disciplined approach to liquidity, funding and treasury management aimed at preserving financial stability, supporting customer needs and maintaining adequate capacity for future growth.

Management continued to monitor liquidity risk, including funding concentration risk, and market risk, including foreign-exchange exposure, through established governance and asset-liability management frameworks. Particular attention was given to foreign-exchange risk arising from exchange-rate adjustments and foreign-exchange market developments, alongside customer demand for trade-related financing.

The Bank maintained adequate liquidity buffers, diversified funding sources and prudent treasury-management practices throughout the year. These measures supported business continuity, enhanced resilience and strengthened the Bank's capacity to operate effectively under changing market and regulatory conditions.

7.3. Operational Risk

As digital banking expanded, the Bank continued to strengthen operational resilience through cybersecurity and payment-system controls, data-governance practices, business-continuity arrangements and disaster-recovery capabilities. These measures focused on protecting the availability, integrity and security of critical systems and customer services as transaction volumes and reliance on digital channels increased.

7.4. Compliance Risk

The Bank reinforced compliance controls through transaction screening, sanctions compliance, customer due diligence, fraud-prevention measures and regulatory reporting. Continued monitoring of regulatory developments and control effectiveness supported timely corrective action and strengthened the Bank's overall control environment.

7.5. ESG, Climate and Emerging-Risk Monitoring

ESG and climate-related risks were incorporated into the Bank's enterprise risk taxonomy, risk appetite and portfolio-monitoring arrangements. This positioned sustainability-related exposures within the Bank's broader risk-management framework.

The Bank also strengthened emerging-risk monitoring through regular assessment of regulatory, geopolitical, technology, market, environmental and social developments that could affect customers, operations or portfolio performance. These assessments supported earlier identification of external drivers, escalation of material issues and more informed management responses.

Together, these enhancements strengthened the Bank's ability to manage both traditional banking risks and emerging risks associated with technology, climate change, sustainability and market transition. The emphasis on integrated monitoring, timely escalation and control improvement provides a stronger platform for resilient growth and sound stewardship of stakeholder resources.

8. Advancing Sustainability and ESG Integration

During FY 2025/26, Dashen Bank strengthened the foundations for responsible growth while extending finance to women, small businesses and rural communities. The Bank also supported cleaner technologies, improved resource efficiency in its operations and invested in community welfare. These activities reflect the relationship between the

Bank's long-term performance, the resilience of its customers and the wellbeing of the communities it serves.

The year brought progress in governance and implementation. The Board approved the revised Environmental, Social and Governance policy on 21 May 2026, and the Bank continued environmental and social due diligence on financed projects. Sustainability measurement and disclosure capabilities are still developing, particularly in formal materiality assessment, climate-related targets and financed emissions.

Basis of disclosure, assurance and baseline year

The ESG and sustainability information presented in this section has been prepared by management from the Bank's internal reports and records. These disclosures have not been subject to independent external assurance.

The Bank is making these disclosures voluntarily as part of its progressive implementation of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. The Standards provide a reference for strengthening the Bank's sustainability governance, measurement and reporting capabilities. The Bank remains at an early stage of voluntary implementation and does not claim full compliance with IFRS S1 and IFRS S2 in this report.

FY 2025/26 has been designated as the baseline year for the ESG reporting framework presented in this section. Consistent prior-year comparative information has not yet been established within this framework. Accordingly, the current-year results provide the starting point for subsequent performance comparisons. For indicators without approved annual ESG targets, these results also provide a basis for future target setting. As the reporting framework develops, the Bank intends to progressively report comparable prior-year results and actual performance against approved targets.

8.1. Sustainability at a glance

Area	FY 2025/26 baseline
Women's access to finance	ETB 12.46 billion disbursed to 12,402 women borrowers
Micro and small enterprises	ETB 1.4 billion through MESMER to 13,880 borrowers
Green financing activities	203 electric vehicle loans amounting to ETB 917 million
Community and institutional support	ETB 198.88 million in CSR expenditure
Responsible financing	9 projects or loans worth ETB 18.2 billion subject to environmental and social screening and due diligence
Our people	11,230 permanent employees; women represented 30.4%

Operational emissions	Estimated Scope 1 emissions of 1,613.82 tCO_2e and Scope 2 emissions of 473 tCO_2e
Cleaner operations	54 electric or hybrid vehicles; more than 350 kW of installed solar capacity

Financing figures cover individual programmes, some of which serve overlapping customer groups. Operational emissions are estimates and exclude financed emissions, which have not yet been quantified.

8.2. Financing inclusive and sustainable growth

Access to finance enables households and businesses to invest, manage short-term needs and participate in economic activity. Dashen's contribution to sustainability therefore extends through its core banking services, alongside the environmental and social safeguards applied to its financing decisions.

8.2.1. Expanding finance for women and small businesses

The Bank disbursed ETB 12.46 billion to 12,402 women borrowers during the year. This comprised ETB 8.96 billion in business loans to 10,958 women and ETB 3.5 billion in personal and consumer loans to 1,444 women. The financing supported access to credit for women's business activities and household needs.

Through the Micro and Small Enterprise Resilience programme, MESMER, the Bank disbursed ETB 1.4 billion to 13,880 micro and small borrowers. Women accounted for 9,831 borrowers and ETB 1 billion of the financing. The Bank also supported an ETB 100 million Qard-Al-Hassan revolving financing initiative, providing interest-free access to finance for women in micro and small businesses.

8.2.2. Reaching rural customers and digital borrowers

Under the Lersha programme, the Bank extended ETB 58.9 million in financing to 1,552 smallholder farmers. The Bank also provided ETB 189.6 million in energy-efficiency financing through the Access to Distributed Energy for Livelihood Enhancement programme, ADELE, to five borrowers, benefiting more than 20,000 rural households.

Digital channels also broadened the reach of lending. The Bank disbursed ETB 21.2 billion through telebirr, with a borrower count of approximately 3.10 million. The scale of lending highlights the importance of responsible product design and customer protection as digital access expands.

8.2.3. Financing cleaner technologies

During the year, Dashen financed electric vehicles, solar equipment, energy-efficiency activities and waste recycling. These activities create opportunities to support customers' investment in cleaner technologies and more efficient resource use.

Financing activity	Loans	Amount in ETB million
Electric vehicles	203	917.0
Solar panels	1	58.2
Energy efficiency	5	189.6
Waste recycling	1	20.0

The Bank's green and sustainability-related financing covered electric vehicles, solar panels, energy efficiency through ADELE and waste recycling. Its Green Finance Strategy remains under development, supported by technical assistance to identify further climate-related financing opportunities.

8.3. Managing our environmental footprint

Dashen continued to introduce measures to improve energy efficiency, use renewable energy and reduce waste within its operations. Measuring the environmental footprint provides a starting point for assessing future progress and identifying where further improvements are needed.

8.3.1. Establishing an operational emissions baseline

For FY 2025/26, the Bank estimated direct emissions from fuel used in vehicles and generators, known as Scope 1 emissions, at 1,613.82 tonnes of carbon dioxide equivalent. Estimated emissions associated with purchased electricity, known as Scope 2 emissions, were 473 tonnes of carbon dioxide equivalent.

The Bank calculated these estimates using available expenditure data converted into fuel and electricity consumption. They establish an initial operational emissions baseline. Strengthening direct consumption records, calculation methods and reporting coverage will support more reliable measurement and comparison in future years.

Scope 3 emissions, including emissions associated with the activities the Bank finances, have not yet been quantified. The operational figures therefore do not represent the Bank's full emissions footprint.

8.3.2. Cleaner energy and more efficient operations

The Bank procured 54 electric and hybrid vehicles, representing approximately 15% of its fleet. Solar photovoltaic capacity of more than 350 kW had been installed across 100 locations, including Head Office. These investments support the Bank's efforts to diversify energy sources and reduce reliance on conventional fuels, although verified emissions savings are not yet available.

LED lighting replaced fluorescent lighting in Head Office and branches, with estimated annual energy-saving capacity of approximately 72,051 kWh. This is an estimated saving potential rather than a measured annual reduction in electricity consumption.

The Bank's expenditure on diesel for vehicles and generators was ETB 78.3 million, alongside ETB 5.1 million on petrol and ETB 47.4 million on purchased electricity. The

continuing cost of conventional energy reinforces the importance of improving resource efficiency and monitoring the performance of alternative energy investments.

8.3.3. Waste reduction and environmental engagement

Dashen procured 250 boxes of glass bottles to support reduced use of disposable plastic water bottles. The Bank also worked with women-owned associations that use recycled paper to produce other items, linking waste management with income-generating activity.

The Bank planted more than 5,873 indigenous seedlings during the year as part of its environmental engagement. Measuring seedling survival and longer-term environmental benefits remains an area for further development.

Workplace suitability assessments at Head Office identified improvements covering working conditions, ergonomics, occupational health and safety, energy and water efficiency, and waste management. Recommendations are being addressed through the Workplace Suitability Enhancement Programme.

8.4. Our people and communities

8.4.1. Employee wellbeing and ESG capability development

Details of the Bank's workforce composition, employee promotions and overall investment in learning and development are presented in Section 6. During FY2025/26, 86 women were promoted to managerial positions, representing approximately 19% of managerial promotions. The Bank strengthened its sustainability-related capabilities by providing ESG training for 4,519 employees and delivering tailored training on environmental and social risk management, climate-risk assessment and emissions calculation. The Bank also supported employee wellbeing through its nursery and gym facilities.

The Bank's nursery facility supports nursing mothers by providing supervised childcare close to their workplace. The facility operates at full capacity, with care, supervision and monitoring arrangements designed to give mothers confidence in their children's wellbeing while they attend to their work. Having their children cared for nearby also helps mothers balance their professional and childcare responsibilities.

The Bank also supports employee health and wellbeing through its gym facility, which operates at full capacity. The gym encourages regular physical activity and provides a shared space where colleagues can interact beyond their daily work. By bringing employees from different functions and grades together, it creates opportunities to build friendships, strengthen collegial relationships and reinforce a sense of belonging within Dashen.

8.4.2. Community support

Dashen invested ETB 198.88 million in CSR activities during FY 2025/26, covering food assistance, healthcare and disability-related support, urban development, charitable organizations and institutional contributions. These investments complemented the Bank's contribution through inclusive financing and employment.

Contribution category	ETB million
Food security and feeding centres	79.27
Healthcare and inclusion	40.02
Gondar urban development	53.00
Sharik anniversary charitable donations	16.90
Industry and other institutional and community support	9.69
Total CSR expenditure	198.88

Food-security support included ETB 48.64 million for four MIDROC feeding centres, ETB 30.32 million for the Lideta Sub-City feeding centre and ETB 315,000 for the Addis Ababa City Administration Feeding Agency. These contributions supported feeding operations serving vulnerable communities.

The Bank contributed ETB 30 million to the Deborah Foundation, supporting children with Down syndrome and intellectual disabilities, and ETB 10 million to the Lidiya Getaneh Foundation for healthcare and vulnerable youth welfare. It also provided ETB 53 million towards Gondar City Administration's corridor development activities.

To mark the eighth anniversary of Sharik Interest-Free Banking, Dashen donated ETB 16.9 million to 27 local charitable organisations. The Bank also contributed ETB 8.81 million towards the Ethiopian Bankers Association building project, supporting the banking industry's institutional infrastructure.

The Bank's community support addressed food insecurity, healthcare needs and the welfare of vulnerable groups. Further development of beneficiary and outcome tracking will help assess the lasting benefits of these investments.

8.5. Sustainability Governance and Risk Management

8.5.1. Oversight and accountability

The Board retains ultimate accountability for sustainability and climate-related governance. The Board Risk Management and Compliance Committee performs the Board ESG oversight role under the approved policy, reviewing integration, risk management and implementation progress.

An ESG Executive Management Steering Committee reports to the Chief Executive Officer. It is chaired by the Strategy Office, with the Finance Office as Deputy Chair. The dedicated ESG Department coordinates policy execution, environmental and social risk management, departmental integration and sustainability reporting with business and support functions.

8.5.2. Responsible financing and stakeholder safeguards

The Bank's Environmental and Social Management System supports the identification, assessment and monitoring of risks associated with financing. During the year, nine projects or loans amounting to ETB 18.2 billion underwent environmental and social screening, document review and on-site due diligence. These reviews support the identification of project risks and the follow-up of environmental and social safeguards.

The Bank monitors environmental and social action plans and reports implementation status to relevant development finance partners. Its financing exclusion list covers activities including forced and child labour, illegal activities, coal mining, coal-fired power plants and destruction of high conservation value areas.

The Risk Appetite Policy was revised to incorporate ESG-related statements and tolerance limits. ESG assessments covered 14 departments during the year, bringing the cumulative total to approximately 22. Departments prepared integration action plans, while policy and product reviews supported the incorporation of ESG considerations into working practices.

Approved stakeholder-engagement guidance, an external grievance mechanism and a labour management procedure provide safeguards for communities and workers affected by financed projects. Grievance channels include the Bank's website, email, telephone and designated contacts at branches, districts and Head Office. The mechanism is designed around accessibility, confidentiality, fairness and non-retaliation.

8.6. Disclosure readiness and future priorities

Dashen is preparing for more comprehensive sustainability disclosures informed by IFRS S1 and IFRS S2. Initial climate-risk analysis, training and high-level gap assessments have been undertaken with technical assistance. A formal documented materiality assessment remains under development, as do the Green Finance Strategy and climate transition planning.

Further work is needed to establish which sustainability and climate-related risks and opportunities could materially affect the Bank's prospects, strengthen data quality and develop meaningful metrics and targets. Priorities include measuring financed emissions, improving consumption data, deepening ESG integration into financing and operational decisions, and strengthening reporting on community outcomes.

9. Corporate Governance

9.1. Governance Framework and Board Oversight

The Board regards sound corporate governance as a fundamental enabler of sustainable growth, prudent risk management, stakeholder confidence and long-term shareholder value creation. During FY2025/26, the Board continued to provide strategic direction, oversee management performance and monitor the Bank's financial, operational, technological, risk, regulatory and sustainability environment.

The Board's oversight reflected the increasing scale and complexity of the Bank and Ethiopia's evolving financial and capital-market environment. Principal matters considered during the year included strategy execution, financial and balance-sheet performance, capital raising and capital-market readiness, liquidity and asset quality, digital transformation, major technology investments, regulatory compliance, Interest-Free Banking, organisational effectiveness and sustainability integration. In exercising its responsibilities, the Board maintained a clear distinction between oversight and management's responsibility for day-to-day operations.

The Board continued strengthening the Bank's governance arrangements in line with applicable regulatory requirements and evolving governance standards, with continued emphasis on Board effectiveness, diversity, stakeholder interests, sustainability-related risks and the integration of environmental and social considerations into strategic decision-making and risk governance. Sustainability-related oversight forms part of this broader governance framework, with Board-level oversight exercised through the Board Risk Management and Compliance Committee.

9.2. Board Committees

The Board was supported by five specialised Board Committees: the Board Audit Committee, the Board Risk Management and Compliance Committee, the Nomination and Remuneration Committee, the Board Strategic Committee and the Board Credit Committee. Committee reports were regularly presented to the Board, enabling focused oversight and informed decision-making.

The Board Audit Committee oversaw financial reporting, internal and external audit, and the overall internal-control environment. The Board Risk Management and Compliance Committee monitored principal financial and non-financial risks, regulatory compliance and sustainability-related risks. The Nomination and Remuneration Committee supported appointments, succession planning, organisational effectiveness, leadership development and remuneration governance. The Board Strategic Committee monitored implementation of the Bank's strategic priorities and major transformation initiatives, while the Board Credit Committee oversaw significant credit matters, portfolio concentration and related-party lending.

In addition, the Sharia Advisory Committee provided independent guidance and oversight regarding the Sharia compliance of the Bank's Interest-Free Banking products, services and operations.

9.3. Board Functioning, Evaluation and Development

During FY2025/26, the Board held 12 regular meetings and six extraordinary meetings, with average attendance of 100%. The meeting programme enabled the Board to maintain active oversight of strategy execution, financial performance, capital and liquidity, risk management, regulatory developments, major investments and institutional transformation.

The Board also completed its annual effectiveness evaluation covering the Board, its committees and individual directors. The assessment considered Board composition and skills, the quality and timeliness of information, meeting effectiveness, strategic and

risk oversight, Board-management relations and committee effectiveness. The results informed an improvement action plan.

Director development remained an important governance priority. Training and development areas included anti-money laundering and counter-financing of terrorism, anti-bribery and corruption, capital markets, governance, cybersecurity, sustainability and emerging financial-sector developments.

9.4. Board Statement on Internal Control

The Board of Directors is responsible for establishing and overseeing an effective system of internal control designed to support the achievement of the Bank's objectives, safeguard assets, promote reliable financial and non-financial reporting, manage material risks and support compliance with applicable legal and regulatory requirements.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can therefore provide reasonable, but not absolute, assurance against material misstatement, loss or non-compliance.

During FY2025/26, the Board, principally through the Board Audit Committee and the Board Risk Management and Compliance Committee, maintained oversight of the Bank's governance, risk-management and internal-control framework. This oversight was supported through management reporting, risk and compliance monitoring, Internal Audit assurance activities and the monitoring of actions taken in response to audit and control findings.

Based on the information and assurance available to the Board during the reporting period, the Board believes that the Bank maintained an appropriate framework of governance, risk management and internal control throughout FY2025/26. Control deficiencies and improvement opportunities identified through assurance activities continued to be monitored and addressed through established remediation processes.

The Board remains committed to continuously strengthening the Bank's control environment, governance practices and risk-management capabilities in support of sustainable growth, operational resilience and long-term stakeholder value creation.

9.5. Internal Control and Independent Assurance

The Internal Audit function operates independently under the oversight of the Board Audit Committee and provided objective assurance and advisory services on the adequacy and effectiveness of the Bank's governance, risk-management and internal-control framework. During FY2025/26, Internal Audit executed its approved risk-based audit plan across business operations, Head Office functions, district offices, branches, Interest-Free Banking operations and technology environments.

In addition to scheduled audit engagements, the function conducted continuous monitoring, thematic reviews and investigations in response to identified and emerging risks, enabling timely escalation of significant control, compliance and integrity-related matters to the appropriate levels of management and governance. These activities reinforced the Bank's ability to identify issues proactively and strengthen institutional

accountability.

Audit coverage extended across key risk and control areas, including credit-risk management, foreign-exchange and liquidity risk, operational risk, financial reporting and accounting processes, AML/CFT and customer due diligence, digital banking, information and cybersecurity, business continuity and disaster recovery, regulatory compliance, treasury operations, Interest-Free Banking activities, third-party arrangements, payment and settlement systems, customer and branch operations, and fraud reviews and investigations. Internal Audit findings, together with management reporting and compliance-monitoring activities, provided important inputs to the Board's oversight of the Bank's overall control environment.

The Internal Audit function also continued its transformation through the implementation of audit-management software, strengthening the digitalization, standardization and efficiency of the end-to-end internal audit process. These developments enhanced the effectiveness of assurance activities and further strengthened governance, transparency, operational discipline and continuous improvement across the Bank.

9.6. Governance Policies and Ethical Conduct

The Board reviewed and approved policies and governance instruments intended to reinforce accountability, transparency, risk management, customer due diligence, related-party governance, whistleblowing, fraud prevention, information security, disaster recovery and business continuity. The Bank maintained its commitment to ethical and responsible business conduct through compliance monitoring, anti-corruption measures, conflict-of-interest controls, employee awareness programmes and established reporting channels.

Directors' interests, conflicts of interest and related-party transactions are subject to established approval, monitoring and disclosure arrangements. Related-party disclosures are presented in accordance with applicable legal, regulatory and financial-reporting requirements.

9.7. Capital-Market and Disclosure Readiness

The Board maintained oversight of the Bank's capital-raising and capital-market programme, including prospectus preparation, share dematerialisation and registration, investor participation, capital requirements and planned participation in the Ethiopian Securities Exchange. During the year, the Bank continued strengthening governance, internal controls, disclosure practices and shareholder-protection arrangements in support of evolving capital-market requirements and regulatory expectations.

9.8. Governance Outlook

The Board will continue focusing on sustainable growth, disciplined strategy execution, effective capital management, digital transformation, cybersecurity, operational resilience, leadership succession, sustainability integration and transparent stakeholder communication. The Board remains committed to constructive challenge of management and to ensuring that growth is pursued with appropriate regard for risk, regulatory obligations and the long-term interests of the Bank and its shareholders.

10. Outlook and Priorities for FY2026/27

The Bank enters FY2026/27 from a position of strengthened financial performance, improved operational efficiency, deeper customer relationships and enhanced institutional capability. The progress achieved under the Sixth Strategic Plan, coupled with continued economic reform, increasing private-sector participation and expanding digital adoption, provides a favorable platform for future growth. At the same time, the Bank remains mindful of the risks associated with inflation, foreign-currency market developments, evolving regulation, geopolitical uncertainty and increasing industry competition.

Continued economic reform, private investment, export activity, financial-sector modernisation and capital-market development are expected to create opportunities for the banking industry, alongside ongoing inflation, foreign-currency, regulatory and competitive risks. Against this backdrop, the Bank will focus on strengthening its market position, customer relationships, foreign-currency and trade-finance activities, digital adoption, operating efficiency and balance-sheet resilience. Investment will continue in institutional capability, technology, data and analytics, customer experience, sustainability integration and financial inclusion, with particular attention to women, youth, MSMEs, rural communities and other underserved segments.

The Bank will further leverage strategic partnerships with development-finance institutions, correspondent banks, fintech partners and other ecosystem participants to strengthen funding capacity, innovation capability, sustainability initiatives and long-term competitiveness. These partnerships are expected to play an increasingly important role in enhancing the Bank's contribution to economic development while supporting profitable and responsible growth.

The Board remains confident that the Bank's strategic direction, strong governance, customer-centric approach and disciplined execution will enable it to navigate an evolving operating environment successfully and continue creating sustainable value for shareholders, customers, employees and the broader economy.

11. Vote of Thanks

On behalf of the Board of Directors, we extend our sincere appreciation to our shareholders for their continued confidence and support, to our customers for their trust and loyalty, and to our employees for their dedication, professionalism and commitment throughout the year.

We also express our gratitude to the National Bank of Ethiopia, other regulatory and government institutions, and our development, technology, correspondent banking, remittance and ecosystem partners for their valued collaboration and support.

As we look ahead, Dashen Bank remains committed to delivering sustainable growth, prudent risk management, operational excellence, financial inclusion and long-term value creation for all stakeholders.

PHOTO GALLERY





Dashen Bank's 32nd Ordinary and 28th Extraordinary General Meeting of Shareholders.









Dashen Bank's 30th Annual Managers' Conference





Dashen Bank's Seedling Plantation at Entoto Hills



Dashen Bank has received the Bank of the Year Award for Ethiopia from The Banker Magazine for the 15th time.



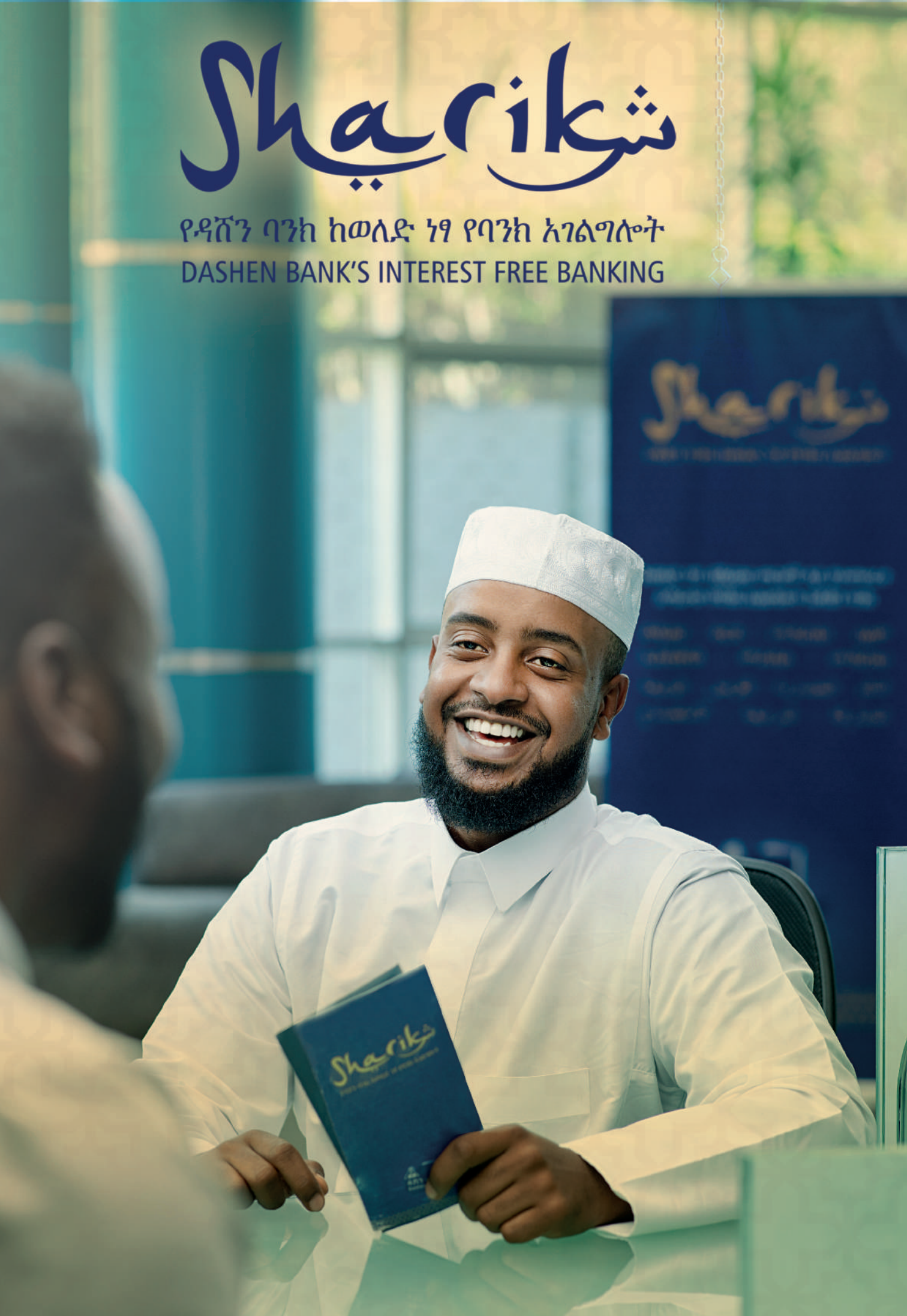




Dashen Bank Colorfully Celebrated its 30th Anniversary



Dashen Bank Donated 30 million Birr to Dibora Foundation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DASHEN BANK'S INTEREST FREE BANKING

Dashen Bank S.C
Report of the Shari'ah Advisory Committee
For the year ended 30 June, 2026

To the Shareholders, Customers and other Stakeholders of Dashen Bank S.C.

As part of the roles and responsibilities of the Shari'ah Advisory Committee ("the Committee") of Dashen Bank S.C. ("the Bank") stipulated under the Bank's Shari'ah Governance Framework and Charter of the Committee, we hereby submit its report for the financial year ended June 30, 2026:

The Committee dedicated its highest attention and time to oversee the Bank's Interest Free Banking ("IFB") window service at IFB Windows and dedicated IFB Branches. In the period under review, the Committee has held successive regular and extraordinary meetings to effectively fulfill its responsibilities. It has reviewed the Bank's IFB products, financing contracts, terms and conditions, etc. used at the Bank's IFB window service in order to determine that the relevant Shari'ah rules and principles are strictly applied. It has also issued *fatwas* (rulings) on all Shari'ah related matters referred to it by the Bank. The Committee has duly given feedbacks and directions to the Board of Directors, Management and Staff of the Bank on matters requiring their attention.

The committee has also regularly reviewed and deliberated on various reports and financial statements submitted to it by Executive Offices, Departments and Work Units of the Bank to determine whether the overall performance of the Bank's IFB window service is Shari'ah compliant and consistent with internationally accepted Islamic finance principles. The committee has accordingly given feedbacks and directions based on the reports and explanations given by the officials and experts of the Bank.

The Management of the Bank is responsible for ensuring that the Bank undertakes its IFB business in a manner consistent with Islamic law or Shari'ah principles as per the relevant directives of the National Bank of Ethiopia and best industry practices worldwide. It is our responsibility to form an independent opinion as to whether the Bank has complied with the Shari'ah rules, principles and with the specific *fatwas* or Shari'ah decisions made by us. Our opinion is primarily based on the reviews of regular reports and relevant documentations, the Bank's operations, audit reports and the explanations given by the Management.

Finally, the members of the Committee would like to appreciate the efforts and commitments of the Board of Directors, Management and Staff of the Bank towards strengthening Shari'ah Compliance in the Bank's IFB window service.

Addis Ababa, September 18, 2026

Sheikh Muhammed Yasin Ibrahim
(Chairman - SAC)

Ustaz Mahmoud Hassen Hussen
(D/Chairman - SAC)

Sheikh Seid Kiyar Mussa
(Member - SAC)

Ustaz Mustaffa Hamid Yussuf
(Member - SAC)

Ustaz Remedan Ahmed Abdo
(Member - SAC)

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Dashen Bank

AUDITOR'S REPORT
MSE AUDIT SERVICE LLP.
CHARTERED CERTIFIED ACCOUNTANTS

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Dashen Bank Share Company
Report and Financial Statements
For the year ended 30 June 2026

Company information

Principal registration number: KK/AA/3/0001272/2004
NBE registration number: LBB/002/95

Board of Directors (As of 30 June 2026)	Official Designation	Appointment Date to current position
Dulla Mekonnen Mosissa	Chairman	Mar-2021
Abebe Teklu G/Selassie	Member	Nov-2017
Saeed Ahmed Hassen	Member	Nov-2017
Rahel Werede Amdebirhan	Member	Mar-2021
Negussie Demie Buta	Member	Jan-2022
Akalewold Admasu G/Mariam	Member	Jan-2024
Eyerus Teni Bonger	Member	Jan-2024
Million Assefa Mersha	Member	Jan-2024
Esete Leulseged Teferi	Member	Apr-2024

Executive Management:

Asfaw Alemu Tessema	Chief Executive Officer	May-2015
Alemneh Abebe Kabtyemer	Chief Financial Officer	Jan-2019
Tibebu Solomon Tadesse	Chief Banking Operations Officer	Oct-2021
Asfaw Hailemariam Tadesse	Chief Internal Auditor	Apr-2022
Getinet Dessie Berhie	Chief Risk and Compliance Officer	Apr-2022
Yohannes Million Hussen	Chief Digital and Information Officer	Feb-2024
Eyerusalem Wagaw Dubale	Chief Experience Officer	Feb-2024
Aberra Bekele Gebreyohannes	Chief Legal Officer	Feb-2024
Abiyot Woldeyesus Teka	Chief Corporate Services Officer	Feb-2024
Afework Gugsa Mideksa	Chief Transformation Officer	Feb-2024
Hewate Kefelegn Sahle	Chief People Officer	Feb-2024
Elias Hussien Abegaz	Chief, Corporate Banking Officer	Aug-2025
Ayele Teshome Mulatu	Chief, Strategy Officer	Aug-2025
Andualem Belete Fenta	Chief, Retail & MSME Banking Officer	Aug-2025
Amdu Seman Awele	Chief, IFB Officer	Aug-2025

Sharia Advisory Committee:

Muhammed Yasin Ibrahim (Sheikh)	Chairman	Dec-2017
Mahmoud Hassen Hussen (Ustaz)	Vice Chairman	Dec-2017
Mustaffa Hamid Yussuf (Ustaz)	Member	Dec-2017
Remedan Ahmed Abdo (Ustaz)	Member	Dec-2017
Seid Kiyar Mussa (Sheikh)	Member	Sep-2023

Dashen Bank S.C, Headquarters Building, Sudan Street
P.O. Box 12752, Addis Ababa, Ethiopia, Telephone +251 115 183091, SWIFT Code: DASHETAA
www.dashenbanksc.com

AUDITOR'S REPORT 1

Dashen Bank Share Company
Report and Financial Statements
For the year ended 30 June 2026

Company information (Continued)

Corporate Registered Office

Dashen Bank S.C.
Headquarters Building
Sudan Street
Tel. +251-115-183091
info@dashenbanksc.com
www.dashenbanksc.com
P.O Box 12752
SWIFT Code: DASHETAA
Addis Ababa, Ethiopia

Company Secretary

Tamrat Tilahun Haile
Dashen Bank S.C.
P.O Box 12752, Tel.+251-115-180880
tamrat.tilahun@board.dashenbanksc.com
Addis Ababa, Ethiopia

Correspondent banks

Citibank NA, New York	388 Greenwich Street, New York, NY 10013, USA
Citibank NA , London	Citigroup Centre, Canary Wharf 33 Canada Square London, E14 5LB United Kingdom
Commerzbank AG	Kaiserstrasse 16, 60261 Frankfurt am Main, Germany
Standard Chartered Bank	3 Bryant Park,New York, NY 10036, USA
Banque pour le Commerce et l'Industrie – Mer Rouge (BC	Avenue Mahamoud Haid,Plateau du
Bank of Africa group – Mer Rouge	10 place Lagarde - BP 88 - Djibouti
Intesa Sanpaolo spa, (Head Office)	Via Monte di Pietà, 8,20121 Milano
Natixis(Formerly Natexis Bankque Populaire Paris)	7 Promenade Germaine Sablon, 75013 Paris, France
EBI SA (Ecobank International S.A.)	Les Collines de l'Arche– Immeuble Concorde F,76 Route De La Demi-Lune,92057,Paris-La Defense, Cedex, France
The Standard Bank of South Africa Limited	Standard Bank Centre, 9th Floor , 5 Simmonds Street Johannesburg 2001 South Africa
Commercial Bank of Dubai	Al Ittihad Street ,P.O.Box 2668 Dubai, Swift Code- CBDUAEAD
CAC International Bank S.A.	Avenue Gamal Abdel Nasser, P.O. Box
EAST Affrica Bank (EAB)	Rue de Athènes, P.O. Box 2022, Djibouti Citi, Republic of
Equity Bank(Kenya) Limited	Equity Centre, Hospital Road, Upper Hill. P.O.Box 75104-00200 Nairobi, Kenya
EXIM Bank Djibouti SA	Batiment Ougoul, P.O.Box 4455,Avenue Mohamed Farah Dirir,
SABA Africa Bank, Djibouti	SABA Tower, Avenue Hassan Gouled Aptidon, P.O. Box 1251,
Crown Agent Bank, Limited	Quadrant House, 4 Thomas More Square, London E1W 1YW,
First Rand Bank Limited	First Place, Bank City, Corner Simmonds Street & Pritchard Street, Johannesburg 2001, South Africa
Bank of Beirut (UK) Ltd.	1 Kingsway, London WC2B 6AN, United Kingdom
African Export-Import Bank (Afreximbank)	72 (B) El-Maahad El-Eshteraky Street, Heliopolis, Cairo 11341,
Deutsche Bank AG	Taunusanlage 12, 60325 Frankfurt am Main, Germany
Commercial International Bank (CIB)	5 Middle East (Road 90), 5th Settlement, New Cairo, Egypt
HDFC Bank Ltd.	HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai 400013, India
KCB Bank Kenya Limited	Kencom House, Moi Avenue, Nairobi, Kenya

Dashen Bank Share Company
Report and Financial Statements
For the year ended 30 June 2026

Company information (Continued)

Principal banker in Ethiopia

National Bank of Ethiopia — Sudan Avenue. P.O.Box: 5550, Addis Ababa, Ethiopia

Actuaries

Actuarial Services East Africa Limited.
6th Floor, Senteu Plaza, Galana / Lenana Road Junction, Kilimani, Nairobi, Kenya
Telephone: +254 708 710 028 / +254 785 710 028
Website: https://actserv-africa.com/
Email: info@actserv-africa.com
Nairobi
Kenya

Independent auditor

MSE Audit Service LLP
Grant Thornton Building, Guinea Conakry Street
Kazanchis district
Addis Ababa, Ethiopia
P.O. Box 1162, Addis Ababa, Ethiopia

Dashen Bank Share Company
Report and Financial Statements
For the year ended 30 June 2026

Directors' report

The Directors submit their report together with the financial statements for the year ended 30 June 2026 to the shareholders of Dashen Bank Share Company ("Dashen" or the "Bank"). This report discloses the financial performance and state of affairs of the Bank.

Incorporation and address

Dashen Bank Share Company was incorporated in Ethiopia in 1995 as a privately owned financial institution and is domiciled in Ethiopia.

Principal activities

The Bank is principally engaged in the provision of a diverse range of financial products and services to corporate, retail and SME clients based in the Ethiopian market.

Share capital

The Bank's paid-up capital as at the reporting date amounted to ETB 17,360,515,800 (2025: ETB 14,336,972,000).The number of ordinary shares issued was 16,147,248 (2025: 14,336,972). The par value per share is ETB 1000.

Operating Results

The Bank's results for the year ended 30 June 2026 are set out on page 11. The profit for the year has been transferred to retained earnings. The summarised results are presented below:

	2026 ETB'000	2025 ETB'000
Net interest income	18,636,676	14,033,711
Profit before tax	15,213,963	6,684,301
Income tax expense	(3,418,256)	(785,899)
Profit for the year	11,795,707	5,898,402
Other comprehensive income, net of taxes	317,314	(104,813)
Total comprehensive income for the year	12,113,021	5,793,589
Basic EPS	787	436

Directors

The Board of Directors who held office during the year and to the date of this report are set out on page 1.

Dulla Mekonnen Mosissa
Chairman, Board of Directors
28 September 2026

Dashen Bank Share Company
Report and Financial Statements
For the year ended 30 June 2026

Statement of Directors' responsibilities

The Commercial Code of Ethiopia of 2021 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Bank as at the end of the financial year and of the operating results of the Bank for that year. The Code also requires the Directors to ensure that the Bank keeps proper accounting records which disclose, with reasonable accuracy, at any time, the financial position of the Bank. They are also responsible for safeguarding the assets of the Bank.

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRSs), the requirements of the Commercial Code of Ethiopia of 2021, the Banking Business Proclamation No. 1360/2025, NBE Directives and the Accounting and Auditing Board of Ethiopia's requirements, and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors accept responsibility for these financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRSs, the requirements of the Commercial Code of Ethiopia of 2021, the Banking Business Proclamation No. 1360/2025, NBE Directives, NBE Circulars and the Accounting and Auditing Board of Ethiopia's requirements. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Directors also accept responsibility for:

i) Designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;

ii) Selecting suitable accounting policies and applying them consistently; and

iii) Making accounting estimates and judgements that are reasonable in the circumstances.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

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

The financial statements and related notes were approved and authorised for issue by the Board of Directors on 28 September 2026.
Signed on behalf of the Directors by:

Dulla Mekonnen Mosissa
Chairman, Board of Directors
28 September 2026

Asfaw Alemu Tessema
Chief Executive Officer

MSE Since 1981
Formerly A W Thomas
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CHARTERED CERTIFIED ACCOUNTANTS
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Independent Auditor's Report to the Shareholders of Dashen Bank Share Company

Report on the Financial Statements

Opinion

We have audited the financial statements of Dashen Bank Share Company ("the Bank") set out on pages 11 to 91, which comprise the statement of financial position as at 30 June 2026, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 30 June 2026 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Commercial Code of Ethiopia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Ethiopia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Ethiopia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of Dashen Bank S.C. for the year ended 30 June 2026. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Nature of Key Audit Matters

1. Impairment of loans and advances to customers (expected credit losses)

As at 30 June 2026, the Bank reported gross loans and advances to customers, including IFB financing aggregating to Birr 168,085,813,000, against which an impairment allowance of Birr 2,637,663,000 was recognised. The impairment charge for the year was Birr 950,325,000.

The Bank measures expected credit losses in accordance with IFRS 9 Financial Instruments. We considered this a key audit matter because the measurement involves significant management judgment and estimation uncertainty, in particular:

- The criteria used to determine a significant increase in credit risk (SICR) and the classification of exposures into Stages 1, 2 and 3;
- the assumptions used in the probability of default (PD), loss given default (LGD) and exposure at default (EAD) models, including the incorporation of forward-looking macroeconomic information and multiple scenarios;
- the valuation and recoverability of collateral, and the timing of its realisation, for credit-impaired exposures; and
- the effect of the prevailing economic conditions in Ethiopia, including foreign currency availability, inflation, sector concentration, and the Bank's exposure to these impacts

How the matter was addressed in our audit

Our audit procedures included, among others:

- Evaluating the design and implementation, and testing the operating effectiveness, of key controls over loan origination, credit monitoring, staging and days-past-due tracking, collateral valuation, and the governance and approval of ECL models and key assumptions.
- Assessing the Bank's ECL methodology and policies against the requirements of IFRS 9, including the SICR criteria and definition of default
- Testing the completeness and accuracy of data used in the ECL model, including the loan ageing and staging data extracted from the core banking system.
- Selecting a sample of loans and advances and independently assessing their staging, the timeliness of identifying credit deterioration, and, for individually assessed exposures, the reasonableness of the expected cash flows, collateral values and recovery timing
- Where external confirmations of loan balances were not received or were incomplete, performing alternative procedures, such as inspecting loan agreements, drawdown and repayment records, and subsequent receipts, to obtain sufficient appropriate audit evidence over the existence and accuracy of the balances.
- Reconciling the ECL computed under IFRS 9 with the regulatory provisions required by the National Bank of Ethiopia, and evaluating the accounting and disclosure of any difference.
- Assessing the adequacy of the related disclosures in the financial statements against the requirements of IFRS 7 and IFRS 9.

2. Reliance on information and communications technology (ICT) systems and applications for financial control and reporting

The Bank's financial control, accounting and reporting processes depend heavily on complex ICT systems and applications, including its core banking system and mobile banking channels, card and ATM switch platforms, and the interfaces between them. The Bank processes a high volume of transactions across its branches, and the calculation, recording and reporting of transactions and balances, including interest income and expense, fees and commissions, and foreign currency transactions, depend significantly on automated processes.

Our audit focused on the following areas of the Bank's ICT environment that are relevant to financial reporting:

- management of logical access to critical systems and applications, including privileged access;
- controls over program changes and the development and migration of systems;
- IT operations, including data backup, job scheduling and the management of interfaces and data transfers between systems; and
- automated application controls over transaction processing, accounting and financial reporting.

How the matter was addressed in our audit

Our audit procedures, included, among others:

- Obtaining an understanding of the Bank's ICT environment, and identifying and evaluating the design and implementation of, and testing the operating effectiveness of, controls over the integrity of the systems and applications relevant to financial accounting and reporting.
- Testing the management of logical access and security, including user access provisioning, modification and removal, periodic user access reviews, the restriction and monitoring of privileged and administrator access, and the segregation of duties within and across critical systems.
- Testing user access review reports for selected critical applications, including CMM, EPS/Base24, StarRECON and FLEXCUBE, and evaluating identified discrepancies relating to inactive, transferred, duplicate and otherwise inappropriate user access.
- Testing user access provisioning, modification and termination controls through sample-based testing of new hires, user access changes and terminated employees, including evaluation of the timeliness of access removal and the adequacy of supporting authorization documentation.
- Re-performing selected automated controls and calculations in the core banking system and other key applications to confirm that they operate as intended.
- Testing key system-generated reports used in financial reporting and in our audit procedures for completeness and accuracy.
- Where we identified deficiencies in the design or operating effectiveness of IT general controls or application controls, evaluating their effect on our audit approach and testing compensating controls, or expanding the nature, timing and extent of our substantive procedures to obtain sufficient appropriate audit evidence.
- Examining manual journal entries and other adjustments made to information produced by IT systems and applications, and evaluating their appropriateness and authorisation

Other Information

The Directors are responsible for the other information, which comprises the Directors' report in accordance with Article 315(6)(c) of the Commercial Code of Ethiopia of 2021. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the audit work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MSE Audit Service LLP
MSE
Chartered Certified Accountants

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

The management of the Bank is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Commercial Code of Ethiopia of 2021, the Banking Business Proclamation No. 1360/2025, NBE's Directives, NBE's Circulars and the Accounting and Auditing Board of Ethiopia's requirements and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.







Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

iv) Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty existed related to events or conditions that may have cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions were based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

As required by articles of the Commercial Code of Ethiopia 2021, based on our audit, we report as follows;

i) Pursuant to Article 349(1) of the Commercial Code of Ethiopia Proclamation No. 1243/2021, we have no comments to make on the report of the Board of Directors in so far as it relates to these financial statements.

ii) Pursuant to Article 349(2) of the Commercial Code of Ethiopia Proclamation No. 1243/2021, we recommend approval of these financial statements.

MSE Audit Service LLP
Chartered Certified Accountants

30 September 2026
Addis Ababa

Dashen Bank Share Company
Report and Financial Statements
For the year ended 30 June 2026

Statement of profit or loss and other comprehensive income

	Notes	2026 ETB'000	2025 ETB'000
Interest income	5	29,699,184	21,683,211
Interest expense	6	(11,062,508)	(7,649,500)
Net interest income		18,636,676	14,033,711
Fees and commission income	7	11,812,796	8,139,548
Fees and commission expense	7	(937,679)	(666,290)
Net fees and commission income		10,875,117	7,473,258
Other operating income	8	363,644	574,851
IFB financing income	9	2,037,776	1,040,753
Gain/ (Loss) on foreign exchange	10	2,982,676	(2,404,954)
Total operating income		**34,895,889**	**20,717,619**
Loans impairment (charge) /reversal	11	(920,493)	153,430
Impairment (charge) /reversal on IFB financing	11	(29,832)	482
Impairment(charge) /reversal on other exposures	12	(132,314)	(135,080)
Net operating income		**33,813,251**	**20,736,451**
Employee benefits expense	13	(10,614,763)	(8,198,895)
Depreciation and amortisation	14	(2,370,849)	(2,009,492)
Other operating expenses	15	(5,613,675)	(3,843,763)
Profit before income tax		**15,213,963**	**6,684,301**
Income tax expense	16(a)	(3,418,256)	(785,899)
Profit for the year		**11,795,707**	**5,898,402**
Other comprehensive income (OCI)			
Items that will not be subsequently reclassified to profit or loss:			
Remeasurement gain (loss) on retirement benefits obligations	29(c)	282,899	(233,075)
Remeasurement gain on financial assets at FVTOCI	19(a)	170,410	83,341
Deferred tax credit / (expense)	16(a)	(135,995)	44,921
		317,314	**(104,813)**
Total comprehensive income for the year		**12,113,021**	**5,793,589**
Earnings per share (EPS):			
Basic EPS	31	**787**	**436**
Diluted EPS	31	**787**	**436**

The notes on pages 16 to 91 are an integral part of these financial statements.

The financial statements on pages 11 to 15 were approved and authorised for issue by the Board of Directors on 28 September 2026 and were signed on its behalf by:

Dulla Mekonnen Mosissa
Chairman, Board of Directors

Asfaw Alemu Tessema
Chief Executive Officer

Dashen Bank Share Company
Report and Financial Statements
For the year ended 30 June 2026

Statement of financial position

	Notes	2026 ETB'000	2025 ETB'000
ASSETS			
Cash and balances with banks	17(a)	111,488,550	74,513,076
Loans and advances to customers	18(a)	148,694,248	121,861,762
IFB financing	18(b)	16,753,902	10,646,130
Investment security:			
Financial assets at fair value through OCI	19(a)	1,254,179	1,040,468
Debt securities at amortised cost	19(c)	23,398,472	17,658,583
Investment in Musharakah	20	1,423,367	-
Other assets	21	32,921,283	17,103,397
Investment properties	22	775,845	557,915
Intangible assets	23	2,079,244	1,569,015
Property and equipment	24	8,486,711	7,001,268
Right-of-use assets	25	2,385,918	2,535,101
Total assets		**349,661,719**	**254,486,716**
LIABILITIES AND EQUITY			
LIABILITIES			
Customer deposits	26	280,008,273	204,578,427
Current income tax	16(d)	3,109,156	623,437
Other liabilities	28	20,311,649	16,930,544
Deferred tax liability	16(e)	429,138	313,320
Borrowings	27	1,533,854	2,275,315
Defined benefits obligation	29(a)	920,797	1,030,126
Total liabilities		**306,312,867**	**225,751,169**
EQUITY			
Share capital	30(a)	17,360,516	14,336,972
Retained earnings	32	7,107,791	2,655,836
Reserve for IFRS	33	563,116	575,263
Legal reserve	34	10,062,456	7,113,529
Special reserve	35	100	100
Regulatory credit risk reserve	36	5,395,911	3,639,570
Share premium	30(b)	2,364,439	237,068
Other reserves	37	494,523	177,209
Total equity		**43,348,852**	**28,735,547**
Total liabilities and equity		**349,661,719**	**254,486,716**

The notes on pages 16 to 91 are an integral part of these financial statements.

The financial statements on pages 11 to 15 were approved and authorised for issue by the Board of Directors on 28 September 2026 and were signed on its behalf by:

Dulla Mekonnen Mosissa
Chairman, Board of Directors

Asfaw Alemu Tessema
Chief Executive Officer

Dashen Bank Share Company
Report and Financial Statements
For the year ended 30 June 2026

Dashen Bank Share Company
Report and Financial Statements
For the year ended 30 June 2026

Statement of changes in equity

	Notes	Share capital ETB'000	Share premium ETB'000	Retained earnings ETB'000	Legal reserve ETB'000	Reserve for IFRS ETB'000	Regulatory credit risk reserve ETB'000	Other reserve ETB'000	Special reserve ETB'000	Total ETB'000
As at 1 July 2024		**12,000,000**	**237,068**	**3,367,240**	**5,638,928**	**680,727**	**1,720,943**	**282,023**	**100**	**23,927,029**
Profit for the year	32	-	-	5,898,402	-	-	-	-	-	5,898,402
Remeasurement (loss) on retirement benefits obligations	37	-	-	-	-	-	-	(163,153)	-	(163,153)
Change in fair value of financial assets at fair value through OCI	37	-	-	-	-	-	-	58,339	-	58,339
		-	-	5,898,402	-	-	-	(104,814)	-	5,793,588
Transaction with owners in their capacity as owners and transfers within equity:										
Transfer to legal reserve	34	-	-	(1,474,601)	1,474,601	-	-	-	-	-
Transfer to share capital		2,336,972	-	(2,336,972)	-	-	-	-	-	-
Shares issued for cash	30	-	-	-	-	-	-	-	-	-
Transfer to regulatory credit risk reserve	36	-	-	(1,918,627)	-	-	1,918,627	-	-	-
Dividends paid	32	-	-	(1,028,781)	-	-	-	-	-	(1,028,781)
Transfer from reserve for IFRS	33	-	-	150,662		(150,662)		-	-	-
Transfer to reserve for IFRS	33	-	-	-		-		-	-	-
Transfer to deferred tax liability	33	-	-	-	-	45,198	-	-	-	45,198
Directors' remuneration	32	-	-	(1,487)	-			-	-	(1,487)
		2,336,972	-	(6,609,806)	1,474,601	(105,464)	1,918,627	-	-	(985,070)
As at 30 June 2025		**14,336,972**	**237,068**	**2,655,836**	**7,113,529**	**575,263**	**3,639,570**	**177,209**	**100**	**28,735,547**

The notes on pages 16 to 91 are an integral part of these financial statements.

Statement of changes in equity (Continued)

	Notes	Share capital ETB'000	Share premium ETB'000	Retained earnings ETB'000	Legal reserve ETB'000	Reserve for IFRS ETB'000	Regulatory credit risk reserve ETB'000	Other reserve ETB'000	Special reserve ETB'000	Total ETB'000
As at 1 July 2025		**14,336,972**	**237,068**	**2,655,836**	**7,113,529**	**575,263**	**3,639,570**	**177,209**	**100**	**28,735,547**
Profit for the year	32	-	-	11,795,707	-	-	-	-	-	11,795,707
Other comprehensive income:										
Remeasurement gain on retirement benefits obligations	37	-	-	-	-	-	-	198,029	-	198,029
Change in fair value of financial assets at fair value through OCI	37	-	-	-	-	-	-	119,285	-	119,285
		-	-	11,795,707	-	-	-	317,314	-	12,113,021
Transaction with owners in their capacity as owners and transfers within equity:										
Transfer to legal reserve	34	-	-	(2,948,927)	2,948,927	-	-	-	-	-
Transfer to share capital	32	1,851,830	-	(1,851,830)	-	-	-	-	-	-
Shares issued for cash	32	1,171,714	2,226,257	-	-	-	-	-	-	3,397,971
Share issue costs	32	-	(98,886)	-	-	-	-	-	-	(98,886)
Transfer to regulatory credit risk reserve	36	-	-	(1,756,341)	-	-	1,756,341	-	-	-
Dividends paid	32	-	-	(801,930)	-	-	-	-	-	(801,930)
Transfer from reserve for IFRS	33	-	-	17,353		(17,353)		-	-	-
Deferred tax credited to reserve for IFRS	33	-	-	-	-	5,206	-	-	-	5,206
Directors' remuneration	32	-	-	(2,077)	-	-	-	-	-	(2,077)
		3,023,544	2,127,371	(7,343,752)	2,948,927	(12,147)	1,756,341	-	-	2,500,284
As at 30 June 2026		**17,360,516**	**2,364,439**	**7,107,791**	**10,062,456**	**563,116**	**5,395,911**	**494,523**	**100**	**43,348,852**

The notes on pages 16 to 91 are an integral part of these financial statements.

Dashen Bank Share Company
Report and Financial Statements
For the year ended 30 June 2026

	Notes	2026 ETB'000	2025 ETB'000
Cash flows from operating activities			
Cash generated from operations	38	39,125,436	44,810,642
Income tax paid	16(d)	(947,508)	(1,586,225)
Interest paid on leases	42	(23,874)	(5,947)
Defined benefits paid	29(a)	(48,272)	(34,422)
Directors' remuneration paid	32	(2,077)	(1,487)
Net cash generated from operating activities		**38,103,705**	**43,182,561**
Cash flows from investing activities			
Net collection / (investment) of bills and bonds	19(c)	(5,739,889)	499,205
Purchase of shares	19(a)	(43,301)	(24,172)
Investment in Musharakah	20	(1,423,367)	-
Purchase of intangible assets	23	(1,036,148)	(1,398,027)
Purchase of property and equipment	24	(2,619,286)	(1,414,697)
Purchase of investment properties	22	(15,198)	-
Payment for right-of-use assets	25,42	(610,822)	(429,206)
Proceeds from sale of property and equipment and investment property	38	44,234	403,391
Net cash (used in) investing activities		**(11,443,777)**	**(2,363,506)**
Cash flows from financing activities			
Dividends paid	32	(801,930)	(1,028,781)
Proceeds from borrowings	27(b)	28,113,233	27,852,727
Settlements of borrowings	27(b)	(29,083,715)	(28,392,348)
Interest paid - borrowings	27(b)	(244,584)	(279,330)
Principal elements of lease payments	42	(210,101)	(88,379)
Proceeds from issued shares		3,299,085	-
Net cash generated from (used in) financing activities		**1,071,988**	**(1,936,111)**
Net increase in cash and cash equivalents		**27,731,916**	**38,882,944**
Cash and cash equivalents at 1 July		58,674,517	19,791,573
Cash and cash equivalents as at 30 June	17(b)	**86,406,433**	**58,674,517**

The notes on pages 16 to 91 are an integral part of these financial statements.

Dashen Bank Share Company
Report and Financial Statements
For the year ended 30 June 2026

Notes to the financial statements

1 General information

Dashen Bank Share Company ("Dashen" or the "Bank") is a private Commercial Bank domiciled in Ethiopia. The Bank was established on 20 September 1995 in accordance with the Commercial Code of Ethiopia of 1960 and the Licensing and Supervision of Banking Business Proclamation No. 84/1994. The Bank's registered office is:

Dashen Bank Share Company Headquarters Building
Sudan Street
Addis Ababa
Ethiopia

The Bank is principally engaged in the provision of a diverse range of financial products and services to corporate, retail and SME clients based in the Ethiopian market.

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

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

2.2 Basis of preparation

The financial statements for the year ended 30 June 2026 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). Additional information required by the national regulations is included where appropriate.

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

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

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

2.2.1 Going concern

The financial statements have been prepared on a going concern basis. The management has no doubt that the Bank will remain in existence for the next 12 months.

Dashen Bank Share Company
Report and Financial Statements
For the year ended 30 June 2026

Notes to the financial statements

2 Summary of significant accounting policies (Continued)

2.2.2 New Standards, Amendments and Interpretations to Existing Standards

The Bank has applied the following new and amended standards and interpretations that became effective for the first time during the year, and has assessed but not yet applied the standards and amendments that have been issued but are not yet effective, as set out below.

New Standard or Amendment	Effective for Annual Periods Beginning on or After	Impact on the Financial Statements
a. New standards and amendments issued, effective and adopted by the Bank		
Lack of Exchangeability (Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates)	01-Jan-25	The amendments provide guidance on determining when a currency is exchangeable into another currency, and how to estimate a spot exchange rate when it is not, together with related disclosure requirements. Given the foreign currency environment in Ethiopia, management has assessed the amendments and concluded that they do not have a material impact on the Bank's financial statements for the year, based on the Bank's assessment of the exchangeability of its functional currency and the foreign exchange rates used in accordance with applicable requirements.

Management is of the view that the adoption of these standards, amendments and interpretations will not have a significant effect on its financial statements for the year.

b. New standards and amendments issued but not yet effective (future effective date)		
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	01-Jan-26	The amendments clarify the classification of financial assets with contingent or ESG-linked features and contractual cash flow characteristics, and address derecognition of financial liabilities settled through electronic payment systems. Management is assessing the potential impact on the Bank's financial instruments, including loans and advances with contingent or similar contractual features. Based on the assessment performed to date, the amendments are not expected to have a significant impact on the overall classification of the Bank's financial instruments.

Annual Improvements to IFRS Accounting Standards – Volume 11 (Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)	01-Jan-26	These are narrow-scope, clarificatory amendments arising from the IASB's annual improvements process. Management does not expect the amendments to have a material impact on the Bank's financial statements.
IFRS 18 – Presentation and Disclosure in Financial Statements (replaces IAS 1 – Presentation of Financial Statements)	01-Jan-27	IFRS 18 introduces required categories and subtotals in the statement of profit or loss, including operating, investing and financing categories, together with enhanced requirements for aggregation and disaggregation and disclosure of management-defined performance measures. The Standard is expected to change the presentation of the Bank's statement of profit or loss and related notes and requires comparative information to be presented on the IFRS 18 basis. Management has commenced an assessment of the impact and will update the Bank's financial statement presentation, chart-of-accounts mapping and disclosure formats ahead of the effective date.

IFRS Sustainability Disclosure Standards – IFRS S1 and IFRS S2

The International Sustainability Standards Board (ISSB) issued IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. During the prior reporting period, the Bank disclosed that it was monitoring the development of the applicable Ethiopian implementation roadmap and had not yet determined the timing and manner of application pending the issuance of the roadmap.

During the current reporting period, the relevant Ethiopian IFRS Sustainability Disclosure Standards adoption roadmap has been issued. Management has reviewed the roadmap and assessed its applicability to the Bank. Based on this assessment, the Bank has commenced and progressed its implementation programme in line with the phased requirements and timetable applicable to the Bank.

The Bank is preparing for application of IFRS S1 and IFRS S2 in accordance with the applicable phase of the Ethiopian roadmap. Implementation activities include establishing appropriate governance and oversight arrangements, identifying and assessing material sustainability-related and climate-related risks and opportunities, aligning relevant matters with the Bank's strategy and risk management processes, and developing the data, systems, methodologies and internal controls required to support the disclosures.

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2 Summary of significant accounting policies (Continued)

2.3 Foreign currency translation

a) ***Functional and presentation currency***

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

b) ***Transactions and balances***

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

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

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

2.4 Recognition and measurement of income and expenses

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of taxes or duty.

Revenue is recognised at an amount that reflects the consideration to which the Bank expects to be entitled for performing its services for a customer. Income is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Bank recognises income when it has fulfilled its obligation and the right to receive the related sum as assured.

Revenue comprises the fair value of considerations received or receivable in the ordinary course of the Bank's activities. Income is recognised when it is probable that the economic benefits associated with a transaction will flow to the Bank and the amount of income, and associated costs incurred or to be incurred can be measured reliably.

The Bank earns income from interest on loans given to domestic trade and services, import, export, transport, real estate, building and construction, manufacturing, agriculture and personal loans, commission and service charges.

The Bank recognises income from Interest Free Banking (IFB) services at the fair value of considerations received or receivable.

Notes to the financial statements

2 Summary of significant accounting policies (Continued)

2.4 Recognition of income and expenses (Continued)

2.4.1 Interest and similar income and expense

For all government bills and bonds and interest bearing financial assets measured at amortised cost interest income or expense is recorded using the Effective Interest Rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the Effective Interest Rate (EIR), but not future credit losses.

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

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

2.4.2 Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on government bills and bonds are included in the measurement of the effective interest rate. Other fees and commission income (for example commission on purchase orders, Cash Payment Orders (CPOs), letters of guarantees etc) are recognised as the related services are performed.

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

2.4.3 Dividend income

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

2.4.4 Foreign exchange revaluation gains or losses

These are gains and losses arising on settlement and translation of monetary assets and liabilities denominated in foreign currencies at the functional currency's spot rate of exchange at the reporting date. The monetary assets and liabilities include financial assets within the external reserves, foreign currencies deposits received and held on behalf of third parties.

2.5 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Initial recognition and measurement

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

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

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2 Summary of significant accounting policies (Continued)

2.5 Financial instruments - initial recognition and subsequent measurement (Continued)

a) Initial recognition and measurement (Continued)

'Day 1' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Other operating income'.

If fair value is evidenced by a quoted price in an active market for an identical asset or liability based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e., day 1 profit or loss). In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e., day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the Bank recognises the price difference as gain or loss only to the extent that arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liabilitv.

b) Classification and subsequent measurement

(i) Financial assets

On initial recognition, a financial asset is classified either as measured at either amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

The Bank measures a financial asset at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

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

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

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

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

All other financial assets that do not meet the classification criteria at amortised cost or FVOCI above are classified as measured at FVTPL.

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

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Notes to the financial statements

2 Summary of significant accounting policies (Continued)

2.5 Financial instruments - initial recognition and subsequent measurement (Continued)

b) Classification and subsequent measurement (Continued)

(i) Financial assets (continued)

Business model assessment

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

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

  the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

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

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

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

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

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2 Summary of significant accounting policies (Continued)

2.5 Financial instruments - initial recognition and subsequent measurement (Continued)

b) Classification and subsequent measurement (Continued)

(ii) ***Financial liabilities***

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

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

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

c) Impairment

At each reporting date, the Bank assesses whether there is objective evidence that financial assets (except equity investments), other than those carried at FVTPL, are impaired.

The Bank recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments; and
- financial guarantee contracts issued.

No impairment loss is recognised on equity investments.

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

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.
- Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

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

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

(i) Measurement of ECL

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

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

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Notes to the financial statements

2 Summary of significant accounting policies (Continued)
2.5 Financial instruments - initial recognition and subsequent measurement (Continued)
c) Impairment (continued)

(ii) Restructured financial assets

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

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

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

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

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

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

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

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

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

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

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

Notes to the financial statements

2 Summary of significant accounting policies (Continued)

2.5 Financial instruments - initial recognition and subsequent measurement (Continued)

c) Impairment (Continued)

(v) Write-off

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

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

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

(vi) Non-integral financial guarantee contracts

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

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

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

d) Derecognition

(i) Financial assets

Financial asset are derecognised when:

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI are recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI are not recognised in profit or loss on derecognition of such securities.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

(ii) Financial liabilities

Financial liabilities are derecognised when the contractual obligations are discharged or cancelled, or expire.

Notes to the financial statements

e) Modifications of financial assets and financial liabilities

(i) Financial assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

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

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

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

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

Where the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank would first recalculate the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognise the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred and fees received as part of the modification to adjust the gross carrying amount of the modified financial asset is amortised over the remaining term of the modified financial asset.

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

(ii) Financial liabilities

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

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

f) Offsetting

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

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

Notes to the financial statements

g) Designation at fair value through profit or loss

(i) Financial assets

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

(ii) Financial liabilities

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

2.6 Net interest income

a) Effective interest rate and amortised cost

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

• the gross carrying amount of the financial asset; or
• the amortised cost of the financial liability.

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

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

b) Amortised cost gross carrying amount

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

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

c) Calculation of interest income and expense

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

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

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

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Notes to the financial statements

2 Summary of significant accounting policies (Continued)

2.6 Net interest income (Continued)

d) Presentation

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

• interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
• interest on debt instruments measured at FVOCI calculated on an effective interest basis;

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

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

2.7 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents exclude cash and restricted balances with National Bank of Ethiopia.

2.8 Property and equipment

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

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

Depreciation is calculated using the straight-line method to allocate costs less residual values over the estimated useful lives of property and equipment as follows:

Asset class	Depreciation rate (years)
Buildings	50 years
Elevator	15 years
Motor vehicles	10 years
Computers and related items	7 years
Medium-Life furniture and fittings	10
Long-Life furniture and fittings	20 years
Short-Life equipment	5 years
Long-Life equipment	10 years

The Bank commences depreciation when the asset is available for use. Freehold land is not depreciated.

Construction in progress is not depreciated as the assets are not yet available for use.

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Notes to the financial statements

2 Summary of significant accounting policies (Continued)

2.8 Property and equipment (Continued)

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

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

2.9 Intangible assets

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

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expenses on intangible assets with finite lives is presented as a separate line item in the profit or loss.

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

	Useful life
Intangibles	6 years
Intangibles-Contract based	contract period

2.10 Investment property

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

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

Investment properties are measured initially at cost, including transaction costs. The Bank has opted to subsequently carry investment property at cost and disclose fair value. Fair value is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Bank uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the reporting date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

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

Investment properties are derecognised when they are disposed. Gains or losses arising from disposal of investment property are determined as the difference of the net disposal proceeds and the carrying amount of the asset and recognised in profit or loss statement.

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Notes to the financial statements

2 Summary of significant accounting policies (Continued)

2.11 Impairment of non-financial assets

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

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

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

2.12 Other assets

Other assets are generally defined as claims held against other entities for the future receipt of money, goods or services and also includes stock of materials and supplies. Other assets in the Bank's financial statements include the following:

(a) Prepayments

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

(b) Other receivables

Other receivables are recognised on the occurrence of transactions and are de-recognised on settlements.

(c) Inventory

Materials and supplies are measured at the lower of cost or net realisable value. The Bank applies the weighted average cost method to determine the cost of materials and supplies. Materials and supplies are charged to profit or loss when consumed.

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2 Summary of significant accounting policies (Continued)

2.13 Fair value measurement

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

- Significant estimates and assumptions, disclosures for valuation methods (Note 3 and Note 4.6.1).
- Quantitative disclosures of fair value measurement hierarchy (Note 4.6.2).
- Financial instruments (including those carried at amortised cost).

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

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

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

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

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

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

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

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

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

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

2.14 Employee benefits

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

(a) Defined contribution plan

The Bank operates defined contribution plans;

A pension scheme in line with the provisions of the Ethiopian Pension of Private Organisation Employees Proclamation No. 715/2011. Funding under the scheme is 7% and 11% by employees and the Bank, respectively. In addition, 4% of salary is held as trust fund in the name of each employee.

Notes to the financial statements

(b) Profit-sharing and bonus plans

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

(c) Defined benefit obligations

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

This qualifies as a defined benefit plan. Typically defined benefit plans define an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

2.15 Provisions

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

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

2.16 Share capital

Ordinary shares are classified as equity. The incremental costs directly attributable to the issue of new shares are recognized as a deduction from equity, net of any related income tax effects. The Bank recognizes issued share capital at the fair value of the consideration received. Any amount received in excess of the nominal value of the shares is recognized as share premium within equity.

2.17 Leases

Lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. This definition is generally based on who controls the right-of-use asset.

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Notes to the financial statements

2.17 Leases (Continued)

(a) Bank as a lessee

The Bank implemented a single accounting model, requiring lessees to recognise assets and liabilities for all leases excluding exceptions listed in the standard. The Bank elected to apply exemptions for short term leases in relation to leases of low value assets.

Based on the accounting policy applied, the Bank recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified asset for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets are initially measured at cost, which comprises:
– the amount of the initial measurement of the lease liability,
– any lease payments made at or before the commencement date, less any lease incentives,
– any initial direct costs incurred by the lessee,
– an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located.

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. Depreciation is calculated using the straight-line method over the estimated useful lives (lease term). The Bank depreciates the right-of-use asset from the commencement date to the end of the useful life of the right-of-use asset.

A lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:
– fixed payments, less any lease incentives receivable;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease;

A lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:
– fixed payments, less any lease incentives receivable;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease;

Variable lease payments not included in the initial measurement of the lease liability are recognised directly in the profit or loss.

Lease payments are discounted using the Bank's incremental borrowing rate. The lease term determined by the Bank comprises:

– non-cancellable period of lease contracts,
– periods covered by an option to extend the lease if the Bank is reasonably certain to exercise that option,
– periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

After the commencement date the Bank measures the lease liability by:
– increasing the carrying amount to reflect interest on the lease liability
– reducing the carrying amount to reflect lease payments made, and
– re-measuring the carrying amount to reflect any reassessment or lease modifications.

Notes to the financial statements

(b) Bank as a lessor

The Bank assesses whether each lease is a finance lease or an operating lease at the commencement date of the lease.
A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee.

The lease term is for the major part of the economic life of the underlying asset, even if title is not transferred;:

at the inception date, the present value of the lease payments amounts to substantially all of the fair value of the underlying asset; or the underlying asset is of such a specialized nature that only the lessee can use it without major modifications.

2.18 Income tax

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

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

Notes to the financial statements

2.19 ***Earnings per Share (EPS)***

The Bank presents basic and diluted earnings per share ("EPS") for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for any bonus issues, share splits or similar transactions.

Diluted EPS is calculated by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares. Where there is a loss attributable to ordinary equity holders, diluted EPS is not adjusted for potentially dilutive ordinary shares if their inclusion would have an anti-dilutive effect.

Earnings per share is presented for all periods presented and is adjusted retrospectively for changes in the number of ordinary shares arising from bonus issues, share splits or similar transactions.

2.20 ***Segment Reporting***

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses and whose operating results are regularly reviewed by the Bank's senior management for the purpose of making decisions about resources to be allocated to the segment and assessing its performance.

Operating segments are reported in a manner consistent with the internal reporting provided to the senior management. The Bank has identified its reportable operating segments based on the nature of the products and services provided, the nature of the risks and returns associated with those activities, and the internal management structure.

The Bank presents segment information based on its operating segments and provides relevant information about revenues, results, assets and liabilities in accordance with the requirements of the applicable financial reporting framework.

2.21 ***Musharakah Investment***

Musharakah investments represent investments made by the Bank in arrangements whereby the Bank and the other Musharakah partners contribute capital to investment activity and share in the profits in accordance with the agreed profit-sharing ratio and bear losses in proportion to their respective capital contributions.

Profit or loss arising from Musharakah investments is recognised when the Bank's right to receive the profit is established and the amount can be reliably measured, in accordance with the terms of the Musharakah agreement. Losses are recognised in proportion to the Bank's capital contribution, subject to the terms of the agreement and applicable Shariah principles.

Musharakah investments are derecognised when the contractual rights to the investment's cash flows expire or when the investment is transferred and the transfer qualifies for derecognition under the applicable financial reporting framework.

2.22 **Comparatives**

Where necessary, comparative information has been adjusted to conform with changes with current year's presentation.

Notes to the financial statements

3 Significant accounting judgements, estimates and assumptions

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

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

- Capital management Note 4.5
- Financial risk management Note 4
- Sensitivity analyses disclosures Notes 4.4.2 (ii)

3.1 Judgements, Estimates and assumptions

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

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

Impairment losses on loans and advances

The estimation of potential credit losses is inherently uncertain and depends upon many factors, including general economic conditions, changes in individual customer's circumstances, structural changes within industries that alter competitive positions and other external factors such as legal and regulatory requirements.

Impairment is measured for all accounts that are identified as non-performing. All relevant considerations that have a bearing on the expected future cash flows are taken into account which include but are not limited to future business prospects for the customer, realisable values of securities, the Bank's position relative to other claimants and the existence of any court injunctions placed by the borrower. Subjective judgments are made in this process of cash flow determination both in value and timing and may vary from one person to another and team to team. Judgments may also change with time as new information becomes available.

The Bank reviews its loans and advances at each reporting date to assess whether an allowance for impairment should be recognised in profit or loss. In particular, judgment by the Directors is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on the assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 4.6 for further disclosures.

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Notes to the financial statements

3.1 Judgements, Estimates and assumptions (Continued)

Depreciation and carrying value of property and equipment

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

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Bank is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

IFRS 16 leases

The application of IFRS 16 requires the Bank to make judgments that affect the valuation of the lease liabilities and the valuation of right-of-use assets. These include: determining contracts in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows.

The lease term determined by the Bank generally comprises the non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Bank is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Bank is reasonably certain not to exercise that option.

The Bank will continue to monitor these assumptions in the future as a result of a review of the industry practice and the evolution of the accounting interpretations in relation to estimation of the lease terms.

The present value of the lease payment is determined using the discount rate representing the rate of nominal interest rate the Bank pays to depositors of savings accounts. The expenses relating to leases for which the Bank applied the practical expedient described in IFRS 16 (leases with the contract term of less than 12 months) are recognised in profit or loss.

Taxes

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

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

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Notes to the financial statements

4 Financial risk management

4.1 Introduction

Management recognises that the banking industry experiences significant and rapid changes, including increased competition from other non-bank financial services providers. The industry is also subject to liquidity requirement changes, reserve requirement changes, interest rate changes, changes in banking laws and regulations and foreign currency rate changes. Therefore, the management recognises that a comprehensive credit, liquidity, operational and market risk policy is essential to effectively manage the Bank's risks and to meet regulatory requirements. The Bank earnestly strives to apply best practices in identifying, evaluating, and cost-effective controlling of risks to ensure that any residual risks are at an acceptable level. Whilst it is not possible to eliminate risk absolutely, the Bank actively promotes and applies best practices at all levels and to all of its activities, including its business relationship with external partners. With this framework, the Bank ensures that:

a) The Bank's risk exposure is within the limits established by the Board of Directors (BoD)
b) Risk taking decisions are in line with the business strategy and objectives set by the BoD
c) The expected payoffs compensate the risks taken
d) Risk taking decisions are explicit and clear
e) Availability of sufficient capital for the prevailing risk exposure

In line with this, the Bank considers risk management as an integral part of its day-to-day core business activities.

4.1.1 Risk management structure

Philosophy

The Bank duly strives for the realisation of the following:

- Create awareness and embed risk management into the culture of the Bank through regular risk awareness activities, training, open communication lines among units, continuous interaction with senior management, and employing other feasible means
- Manage risks in accordance with best practices
- Be responsive to changing social, political, environmental and legislative requirements, whilst effectively managing the related risks and exploiting opportunities
- Prevent loss, interruptions, injury, damage and failure with a view to reducing unwarranted costs
- Make every employee to be a 'risk manager'
- Specific risk owners are responsible to manage the type of risks associated with their respective functions
- Make the Risk Management and Compliance Department independent from the risk taking functions in order to ensure the check and balance system and enable the department to oversee the level of risk taken independent of the risk taking activities.

Risk management committees

The Bank has the following management sub-committees with respect to different risk classifications:

- Credit Risk Management Committee
- Asset Liability Management Committee / (ALCO)
- Operation Risk Management Committee

Each committee has established its own terms of reference which specifies the activities and responsibilities of the respective committees. The roles in relation to risk management of each committee are indicated in the risk management procedures.

4.1.2 Risk measurement and reporting systems

Internal control and risk management

An effective internal control and risk management is the foundation of safe and sound banking. When risk management is properly designed and consistently enforced, it helps management to maximize profit, safeguard the Bank's resources, produce reliable financial reports, increase employee satisfaction, and comply with laws and regulations. It also reduces the possibility of significant errors and irregularities, as well as assist in their timely detection when they do occur.

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Notes to the financial statements (Continued)

4 Financial risk management (Continued)

4.1 Introduction (Continued)

4.1.2 Risk measurement and reporting systems (Continued)

Risk impact assessment matrix

The following risk impact level and consequences are used by the Bank in determining the risk exposures.

Risk impact level	Consequences	Remark
Very Low	Insignificant	Very minimal or minor impact on strong financial position, customer, satisfaction, efficient business process, and employee satisfaction. May be with very short term effect and can be very easily and quickly fixed.
Low	Minor	Minimal impact on strong financial position, customer, satisfaction, efficient business process, and employee satisfaction. May be with short term effect and can be easily fixed.
Moderate	Moderate	Minor impact on strong financial position, customer satisfaction, efficient business process and employee satisfaction. May be with more than short term effect that can be expensive to recover.
High	Major	Significant impact on strong financial position, customer satisfaction, efficient business process, and employee satisfaction. May be very difficult and possibly takes medium term to recover.
Very High	Extreme	Critical impact on strong financial position, customer satisfaction, efficient, business process and employee satisfaction. May be very difficult and possibly takes more than medium term time span to recover

Risk tolerance

The key risk management objective is to ensure that the bank maintains an appropriate balance between risk and reward. To achieve this overall strategic objective, risk appetite and tolerance limits are set considering the risk capacity that the Bank can assume given its available financial resources. The Management of the Bank desires to manage risks at a level that permits the Bank to grow and achieve its strategic business objectives, while conducting business in a safe and sound manner, complying with all applicable regulations, and provide a return to shareholder that meets or exceeds their expectations. The Board of Directors sets risk tolerance levels annually through several means. The overall risk environment of the Bank is considered annually in conjunction with the strategic planning process of Board of Directors and the Management. In this regard, the strategic plan includes a Risk Appetite Statement, specific level of risk tolerance within key business units, such as credit/lending, interest rate and liquidity, are set through the review, and if necessary, amendment of the Bank's business programs related to those areas. Specific risk tolerance limits and guidelines are included, as appropriate, in the risk procedures and risk management program.

4.1.3 Risk assessment

An effective internal control program cannot be structured without having effective risk assessment process. Risk management is defined as the ability of the Bank to identify measure, monitor, assess and control risks. The Bank, through the Board, the management and risk function assess the changing circumstances and address risks that might arise from changing business or economic condition, a decline in the effectiveness of internal controls, the initiation of new business activities or the offering of new products and services. The risk assessment begins with an evaluation on inherent risk.

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Notes to the financial statements (Continued)

4 Financial risk management (Continued)

4.1 Introduction (Continued)

4.1.3 Risk assessment (Continued)

Risks in the below four categories described are evaluated throughout the Bank including sub-risk in each categories.

i. Credit risk
ii. Liquidity risk
iii. Market risk and
iv. Operational risk

These risks are rated as very high, high, moderate, low and very low. Among factors considered in this assessment of risk are the inherent level of such risk in the specified risk, the trend of risk in that activity (e.g., increasing, decreasing, or stable), the adequacy of risk measurement and monitoring processes and tools, and the quality of risk management practices and controls in place to control such risks. The risk assessment is conducted by concerned risk work units. The assessment identifies the most significant, or key controls and includes an opinion about the effectiveness of the design of control in mitigating the related risk. As per the NBE risk management guideline, the Bank conducts the following under listed risk assessment in detail every quarter and briefly every month, submits, and reviews this assessment with the Board Risk Management Committee of the Bank. The results of the inherent risk assessment are also provided to other concerned organs.

4.2 Credit risk

Credit risk is the risk of loss arising from the failure of a borrower, issuer, or counterparty to meet their financial obligations to the Bank. The Bank manages this risk by applying a strict set of criteria in credit granting. It ensures the lending activities are based on strong underwriting standard, KYC (Know Your Customer) principles, confining its dealings to institutions and individuals of high creditworthiness and ensuring exposures to counterparties are appropriately secured. The Bank has high risk appetite for credit risk by taking into account expected returns, the external environment, and developments in the composition of the Bank's balance sheet.

The main credit risk identification methods used by the Bank are financial statements analysis risk identification method, stress testing risk identification method and audit approach risk identification method. In rare cases, the Bank applies incident investigation risk identification method to identify the level of credit risk exposure.

In measuring credit risk of loans and advances to various counterparties/borrowers, the Bank considers the character and capacity of the obligor to pay meet contractual obligations, current exposures to the counter party/obligor and its likely future developments, credit history of the counterparty/obligor; and the likely recovery ratio in case of default obligation value of collateral and other ways out. The Bank's credit exposure comprises corporate segment, micro, retail, small and medium enterprise segment which are developed to reflect the needs of its customers. The Bank's policy is to lend principally on the basis of its customers' repayment capacity through quantities and qualitative evaluation. However, the Bank ensures that its loans and advances are backed by collateral to mitigate the credit risk in case of default.

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Notes to the financial statements (Continued)

4 Financial risk management (Continued)

4.2 Credit risk (Continued)

4.2.1 Credit quality analysis

The table below sets out information about the credit quality of financial assets and debt instruments measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

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

	Stage 1 ETB'000	Stage 2 ETB'000	Stage 3 ETB'000	2026 Total ETB'000	2025 Total ETB'000
Loans and advances to customers at amortised cost					
Stage 1 – Pass	136,654,777	-	-	136,654,777	114,013,855
Stage 2 – Special mention	-	7,166,080	-	7,166,080	3,724,178
Stage 3 - Non performing	-	-	7,444,294	7,444,294	5,774,160
Total gross exposure	**136,654,777**	**7,166,080**	**7,444,294**	**151,265,151**	**123,512,193**
Loss allowance	(662,935)	(83,478)	(1,824,490)	(2,570,903)	(1,650,431)
Net carrying amount	**135,991,842**	**7,082,602**	**5,619,804**	**148,694,248**	**121,861,762**

	Stage 1 ETB'000	Stage 2 ETB'000	Stage 3 ETB'000	2026 Total ETB'000	2025 Total ETB'000
IFB financing					
Stage 1 – Pass	15,863,614	-	-	15,863,614	10,090,116
Stage 2 – Special mention	-	710,901	-	710,901	365,745
Stage 3 - Non performing	-	-	246,147	246,147	227,197
Total gross exposure	**15,863,614**	**710,901**	**246,147**	**16,820,662**	**10,683,058**
Loss allowance	(43,882)	(4,203)	(18,675)	(66,760)	(36,928)
Net carrying amount	**15,819,732**	**706,698**	**227,472**	**16,753,902**	**10,646,130**

Other financial assets (debt instruments)	Gross exposure	Loss allowance	2026 ETB'000 Net carrying amount
Cash, bank balances and reserve with NBE	111,493,292	(4,742)	111,488,550
Investment securities (debt instruments)	23,400,109	(1,637)	23,398,472
Other receivables and financial assets	25,708,841	(189,770)	25,519,071
	160,602,242	**(196,149)**	**160,406,093**

Other financial assets (debt instruments)	Gross exposure	Loss allowance	2025 ETB'000 Net carrying amount
Cash, bank balances and reserve with NBE	74,516,243	(3,167)	74,513,076
Investment securities (debt instruments)	17,659,790	(1,207)	17,658,583
Other receivables and financial assets	12,075,618	(115,564)	11,960,054
	104,251,651	**(119,938)**	**104,131,713**

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Notes to the financial statements (Continued)

4 Financial risk management (Continued)

4.2 Credit risk (Continued)

4.2.1 Credit quality analysis (Continued)

Credit quality analysis disclosures for off-balance sheet facilities are as follows:

Classification	12 months ECL ETB'000	Lifetime ECL credit not impaired ETB'000	Lifetime ECL credit impaired ETB'000	2026 Total ETB'000
Pass	102,993,101			102,993,101
Special mention	-	-	-	-
Non-performing	-	-	2,207	2,207
Total exposure	102,993,101	-	2,207	102,995,308
Loss allowance	(3,972)	-	(110)	(4,082)
Carrying amount	**102,989,130**	-	**2,096**	**102,991,226**

Classification	12 months ECL ETB'000	Lifetime ECL credit not impaired ETB'000	Lifetime ECL credit impaired ETB'000	2025 Total ETB'000
Pass	72,182,298			72,182,298
Special mention	-	-	-	-
Non-performing	-	-	-	-
Total exposure	72,182,298	-	-	72,182,298
Loss allowance	(1,998)	-	-	(1,998)
Carrying amount	**72,180,300**	-	-	**72,180,300**

4.2.2 Collateral held

The Bank holds collateral against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

Type of financial asset	Note	2026 ETB'000	2025 ETB'000	Principal type of collateral held
Loans and advances to customers and IFB financing	18 (a), 18 (b)	380,950,645	263,610,225	Cash and cash substitutes, share certificates, bank guarantees, Buildings, vehicles and machineries, negotiable bills of payment and deposits.

I Loans and advances to corporate customers

The general creditworthiness of a corporate customer tends to be the most relevant indicator of credit quality of a loan extended. However, collateral provides additional security and the Bank generally requests that corporate borrowers provide it. The Bank may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees.

Because of the Bank's focus on corporate customers' creditworthiness, the Bank does not routinely update the valuation of collateral held against all loans and advances to corporate customers. Valuation of collateral is updated when the loan is put on a watch list and the loan is monitored more closely. For credit-impaired loans, the Bank obtains appraisals of collateral because it provides inputs into determining the management credit risk actions.

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Notes to the financial statements (Continued)
4 Financial risk management (Continued)
4.2 Credit risk (Continued)
4.2.2 Collateral held (Continued)

I Loans and advances to corporate customers (Continued)

At 30 June 2026, the gross carrying amount of credit-impaired loans and advances to corporate customers amounted to ETB 3,456 million (2025: ETB 2,836.66 million) and the value of identifiable collateral held against those loans and advances amounted to ETB 6,725.77 million (2025: ETB 4,520.20 million).

II Investment securities designated at FVTPL

At 30 June 2026, the Bank had no exposure to credit risk on the investment securities designated at FVTPL.

4.2.3 Amounts arising from ECL

I Significant increase in credit risk

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

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

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

II Credit risk grades

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

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

a. Term loan exposures

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

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Notes to the financial statements (Continued)

4 Financial risk management (Continued)

4.2 Credit risk (Continued)

4.2.3 Amounts arising from ECL (Continued)

II Credit risk grades (Continued)

b. Overdraft exposures

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

III Generating the term structure of PD

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

IV Determining whether credit risk has increased significantly

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

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

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

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

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

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

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Notes to the financial statements (Continued)

4 Financial risk management (Continued)

4.2 Credit risk (Continued)

4.2.3 Amounts arising from ECL (Continued)

V Definition of default

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

• the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);

• the borrower is more than 90 days past due on any material credit obligation to the Bank.
• Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
• it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

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

• qualitative: e.g. breaches of covenant;
• quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and

• based on data developed internally and obtained from external sources.
• Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

To sum up, the definition of default largely aligns with that applied by the Bank for regulatory capital purposes.

VI Incorporation of forward-looking information

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

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

External information considered includes economic data and forecasts published by Fitch Solutions formerly known as Business Monitor International, an external and independent market intelligence and research institution. This is in addition to industry level, semi-annual NPL trends across statistically comparable sectors.

Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios by a panel of experts that advises the Bank's senior management. The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables and credit risk and credit losses.

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Notes to the financial statements (Continued)

4 Financial risk management (Continued)

4.2 Credit risk (Continued)

4.2.3 Amounts arising from ECL (Continued)

VI Incorporation of forward-looking information (Continued)

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

Sector (Product)	Macro economic factors
Cluster 1 Agriculture, Consumer Loans,and Interest Free Financing	Import cover months Current account bal, USD G&S bal, USD Nominal Effective Exchange Rate Index CPI inflation, 2010=100, eop Trade, goods bal, USD Goods imp, USD
Cluster 2 Domestic trade and services, Mining and Energy, Transport, Health, Merchandise, Services and Financial Services	CPI inflation, 2010=100, eop Import cover months Services exp, LCU Current account bal, USD Capex, LCU Total revenue, LCU
Cluster 3 Building and construction, Hotel and Tourism, manufacturing and production, Industry, Real Estate and Housing and Construction	Import cover months G&S imp, LCU Private final cons, LCU Budget bal, USD Services imp, USD Trade, goods bal, USD
Cluster 4 Export, import, Advance against Import Bills and International Trade	Nominal Effective Exchange Rate Index Use of IMF credit/cap, USD Total revenue, USD Capex, USD Total expend, USD LCU/USD, eop Total govt debt, LCU

Predicted relationships between the selected macroeconomic variables and cluster-level NPL ratios were developed using ten semi-annual historical observations covering December 2021 to June 2026.

As at 30 June 2026	Upside	Baseline	Downside
Cluster 1	0%	90%	10%
Cluster 2	10%	80%	10%
Cluster 3	10%	70%	20%
Cluster 4	10%	70%	20%

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Notes to the financial statements (Continued)

4 Financial risk management (Continued)

4.2 Credit risk (Continued)

4.2.3 Amounts arising from ECL (Continued)

VII Modified financial assets

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

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

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

The Bank renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Bank Credit Committee regularly reviews reports on forbearance activities.

For financial assets modified as part of the Bank's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Bank's ability to collect interest and principal and the Bank's previous experience of similar forbearance action. As part of this process, the Bank evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to Stage 1.

VIII Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

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

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures.

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Notes to the financial statements (Continued)
4 Financial risk management (Continued)
4.2 Credit risk (Continued)
4.2.3 Amounts arising from ECL (Continued)
VIII Measurement of ECL (Continued)

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

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

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

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

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

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

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

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

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Notes to the financial statements (Continued)
4 Financial risk management (Continued)
4.2 Credit risk (Continued)
4.2.3 Amounts arising from ECL (Continued)

IX Loss allowance

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

Loans and advances to customers and IFB financing at amortised cost(on balance sheet exposures)

2026
ETB'000

	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 July 2025	403,863	33,004	1,250,490	1,687,357
Transfer to stage 1 (12 months ECL)	16,147	(10,043)	(6,104)	-
Transfer to stage 2 (Lifetime ECL not credit impai	(68,103)	69,156	(1,053)	-
Transfer to stage 3 (Lifetime ECL credit impaired)	(367,184)	(96,243)	463,427	-
Net re-measurement of loss allowance	493,325	82,350	210,799	786,474
New financial assets originated or purchased	290,247	15,294	70,692	376,233
Financial assets derecognised	(61,485)	(5,827)	(145,089)	(212,401)
Balance as at 30 June 2026	**706,810**	**87,691**	**1,843,162**	**2,637,663**

Loans and advances to customers	2,570,903
IFB financing	66,760
	2,637,663

Loans and advances to customers and IFB financing at amortised cost (on balance sheet exposures)

2025
ETB'000

	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 July 2024	229,407	30,938	1,580,925	1,841,270
Transfer to stage 1 (12 months ECL)	13,435	(4,499)	(8,937)	-
Transfer to stage 2 (Lifetime ECL not credit	(14,471)	16,230	(1,759)	-
Transfer to stage 3 (Lifetime ECL credit	(388,823)	(10,376)	399,199	-
Net re-measurement of loss allowance	409,007	(866)	(568,675)	(160,534)
New financial assets originated or purchased	196,839	7,682	29,378	233,899
Financial assets derecognised	(41,530)	(6,105)	(179,641)	(227,276)
Balance as at 30 June 2025	**403,864**	**33,004**	**1,250,490**	**1,687,359**

Loans and advances to customers	1,650,431
IFB financing	36,928
	1,687,359

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Notes to the financial statements (Continued)

4 Financial risk management (Continued)

4.2 Credit risk (Continued)

4.2.3 Amounts arising from ECL (Continued)

IX Loss allowance (Continued)

	Cash, bank balances and reserve with NBE	Investment securities (debt instruments)	Other financial assets & off balance sheet exposures	2026 ETB'000 Total
Balance as at 1 July 2025	3,309	1,207	116,729	121,245
Net remeasurement of loss allowance	1,433	430	77,122	78,985
New financial assets originated or purchased	-	-	-	-
Reclassification	-	-	-	-
Financial assets derecognised	-	-	-	-
Balance as at 30 June 2026	**4,742**	**1,637**	**193,851**	**200,231**

	Cash, bank balances and reserve with NBE	Investment securities (debt instruments)	Other financial assets & off balance sheet exposures	2025 ETB'000 Total
Balance as at 1 July 2024	(63,565)	1,228	114,188	51,851
Net remeasurement of loss allowance	3,055	-	2,541	5,596
New financial assets originated or purchased	-	-	-	-
Reclassification	-	-	-	-
Financial assets derecognised	63,819	(21)	-	63,798
Balance as at 30 June 2025	**3,309**	**1,207**	**116,729**	**121,245**

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Notes to the financial statements (Continued)

4 Financial risk management (Continued)

4.2 Credit risk (Continued)

4.2.3 Amounts arising from ECL (Continued)

IX Loss allowance (Continued)

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

2026
ETB'000

	Loans and advances to customers and IFB financing	Investment securities (debt instruments)	Other financial assets and off balance sheet exposures	Total charge/ (credit)
Net remeasurement of loss allowance	786,474	430	77,866	864,770
New financial assets originated or purchased	376,231	-	-	376,231
Financial assets derecognised	(212,401)	-	-	(212,401)
Amounts directly written off during the year	21	-	54,018	54,039
	950,325	**430**	**131,884**	**1,082,639**

2025
ETB'000

	Loans and advances to customers at amortised cost	Investment securities (debt instruments)	Other financial assets and off balance sheet exposures	Total charge/ (credit)
Net remeasurement of loss allowance	(160,534)	21	69,371	(91,142)
New financial assets originated or purchased	233,899	-	-	233,899
Financial assets derecognised	(227,276)	-	-	(227,276)
	(153,911)	**21**	**135,058**	**(18,832)**

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Notes to the financial statements (Continued)

4 Financial risk management (Continued)

4.2 Credit risk (Continued)

4.2.4 Concentrations of credit risk

Gross loans and advances to customers and IFB financing per sector are analysed as follows:

a) Loans and advances	**2026**	**2025**
	ETB'000	**ETB'000**
Domestic trade and services	48,394,413	38,601,863
Manufacturing	24,989,745	22,075,317
Export	29,244,150	21,851,630
Real estate	10,176,672	10,012,709
Transport	5,838,401	3,037,932
Construction, machinery and working capital	3,953,057	1,936,505
Import	6,235,540	5,398,731
Personal	11,652,621	10,561,216
Staff housing loans	3,586,563	4,159,277
Loans and advances under litigation	1,481,635	1,334,261
Agriculture	1,172,454	926,747
Advances on letters of credit	1,291,866	309,285
Mining	6,004	11,022
DBE SME Finance Project and Mastercard Foundation loan facility	1,400,808	1,196,034
Dube Ale	314,763	524,734
Telebirr financial services	1,526,459	1,574,930
	151,265,151	**123,512,193**
b) IFB financing		
Domestic trade and services	9,884,130	6,711,009
Manufacturing	1,185,753	1,168,463
Real estate	938,567	1,057,182
Transport	1,147,421	601,738
Construction, machinery and working capital	716,232	392,715
Import	3,668,199	1,796,814
Export	2,553,789	1,366,649
Personal	542,212	440,863
Agriculture	6,047	47,267
Mining	14,555	43,471
Mastercard Foundation	88,563	53,543
Dube Ale	108,828	129,388
Deferred profit Murabaha	(4,033,634)	(3,126,044)
	16,820,662	**10,683,058**

4.2.5 Collateral held and its financial effect

The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended. However, collateral provides additional security and the Bank generally requests that corporate borrowers provide it. Staff loans other than staff housing loans are secured to the extent of the employees' continued employment in the Bank.

The Bank holds collateral against loans and receivables to customers in the form of bank guarantees, cash, residential, commercial and industrial property, such as vehicles, plant and machinery. The Bank does not sell or repledge the collateral in the absence of default by the owner of the collateral. In addition to the Bank's focus on creditworthiness, the Bank aligns with its credit policy guide to periodically update the validation of collaterals held against all loans to customers.

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

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Notes to the financial statements (Continued)

4 Financial risk management (Continued)

4.2 Credit risk (Continued)

4.2.5 Collateral held and its financial effect (Continued)

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

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

4.2.6 Credit related commitments risks

The Bank makes available to its customers guarantees which may require the Bank to make payments on their behalf and enters into commitments to extend lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control processes and policies.

4.2.7 Statement of prudential adjustments

During the year ended 30 June 2026, the Bank transferred ETB 1,756.34 million from retained earnings to credit risk reserve (2025: ETB 1,918.63 million transferred from retained earnings to credit risk reserve). This amount represented the difference between the provision for credit and other known losses as determined under the NBE Directives, NBE Circulars and the impairment reserve in compliance with IFRS 9.

	2026 ETB'000	2025 ETB'000
Suspended interest	1,350,079	956,036
Total impairment based on IFRSs	(2,831,355)	(1,804,778)
Total impairment based on NBE Directives	6,877,186	4,488,312
	5,395,911	**3,639,570**

4.2.8 Nature of security in respect of loans and advances

The Bank holds collateral against loans and advances to customers in the form of bank guarantees, cash, residential, commercial and industrial property; vehicles, plant and machinery.

4.3 Liquidity risk

Liquidity risk is the risk that the Bank cannot meet its maturing obligations when they become due at reasonable cost and in a timely manner. It arises from funding of long-term assets by short-term liabilities. Liquidity risk management is mainly determined by asset liability management committee which bears the overall responsibility for liquidity risk. The main objective of the Bank's liquidity risk management framework is to maintain sufficient liquidity in order to ensure that the Bank meets its maturing obligations timely. Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available to meet liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Bank's reputation.

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Notes to the financial statements (Continued)

4 Financial risk management (Continued)

4.3 Liquidity risk (Continued)

4.3.1 Maturity analysis of financial liabilities

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

	Days				
2026	**0 - 30 ETB'000**	**31 - 90 ETB'000**	**91 - 180 ETB'000**	**181 - 365 ETB'000**	**Over 1 year ETB'000**
Deposits from customers	8,011,726	15,168,393	17,686,597	45,063,495	194,078,063
Borrowings	12,200	866,690	93,800	93,800	467,364
Other financial liabilities	6,584,458	7,076,827	72,146	39,951	113,372
	14,608,384	**23,111,910**	**17,852,543**	**45,197,246**	**194,658,799**

2025	**0 - 30 ETB'000**	**31 - 90 ETB'000**	**91 - 180 ETB'000**	**181 - 365 ETB'000**	**Over 1 year ETB'000**
Deposits from customers	4,757,225	14,519,270	11,500,224	31,660,361	142,141,347
Borrowings	412,250	371,730	16,740	800,710	673,885
Other financial liabilities	10,778,966	3,252,830	133,813	1,487	188,588
	15,948,441	**18,143,831**	**11,650,776**	**32,462,558**	**143,003,820**

4.3.2 Financial assets pledged as collateral

Financial assets are pledged as collateral as part of securities for Issue holding branches and other obligations under terms that are usual and customary for such activities.

The total financial assets recognised in the statement of financial position that have been pledged as collateral for liabilities at 30 June 2026 are disclosed in the table below.

	Pledged as collateral ETB'000
Cash and balances with banks	1,676,494
Investment securities	6,723,458
	8,399,952

Assets pledged as collateral are not available for the Bank's operation.

4.4 Market risk

Market risk is the risk of loss resulting from changes in the value of assets and liabilities (including off-balance sheet assets and liabilities) due to fluctuations in risk factors such as interest rates, foreign exchange rates and stock prices and the risk of loss resulting from changes in earnings generated from assets and liabilities. Since, the Bank does not engage in trading activity as there is no active markets in Ethiopia, the market risk exposure of the Bank is limited to Interest rate and Foreign exchange rate risks.

4.4.1 Objective of market risk management

The main objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk is monitored by the Enterprise Risk and Compliance Management Department regularly to identify any adverse movement in the underlying variables.

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Notes to the financial statements (Continued)

4 Financial risk management (Continued)

4.4 Market risk (Continued)

4.4.2 Management of market risk

Market risk is monitored by the Risk Management and Compliance Department regularly, to identify any adverse movement in the underlying variables.

(i) Interest rate risk

The risk of loss resulting from changes in interest rates. As a result of a mismatch of interest rates on its assets and liabilities and/or timing differences in the maturity thereof, the Bank may suffer a loss or a decline in profit due to changes in interest rates.

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

30-Jun-26	Interest Bearing ETB'000	Non-interest bearing ETB'000	Total ETB'000
Assets			
Cash and balances with banks	60,340,008	51,148,542	111,488,550
Loans and advances to customers	148,694,248	-	148,694,248
IFB financing	-	16,753,902	16,753,902
Other financial assets	3,171,697	22,347,374	25,519,071
Debt securities at amortised cost	23,398,472	-	23,398,472
	235,604,425	**90,249,818**	**325,854,243**
Liabilities			
Deposits from customers	252,298,395	27,709,878	280,008,273
Borrowings	1,533,854	-	1,533,854
Other Financial liabilities	-	13,886,755	13,886,755
	253,832,249	**41,596,633**	**295,428,882**

30-Jun-25	Interest Bearing ETB'000	Non-interest bearing ETB'000	Total ETB'000
Assets			
Cash and balances with banks	44,313,057	30,200,019	74,513,076
Loans and advances to customers	121,861,762	-	121,861,762
IFB financing	-	10,646,130	10,646,130
Other financial assets	2,836,043	9,124,011	11,960,054
Debt securities at amortised cost	17,658,583	-	17,658,583
	186,669,445	**49,970,160**	**236,639,605**
Liabilities			
Deposits from customers	188,819,285	15,759,142	204,578,427
Borrowings	2,275,315	-	2,275,315
Other Financial liabilities	-	14,355,683	14,355,683
	191,094,600	**30,114,825**	**221,209,426**

(ii) Foreign exchange risk

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

Foreign currency denominated balances	2026 ETB'000	2025 ETB'000
Cash, balances with banks, ODBP and Foreign currency receivables	74,524,952	55,289,516
Liability	(69,113,792)	(31,414,500)
	5,411,160	**23,875,016**

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Notes to the financial statements (Continued)

4 Financial risk management (Continued)

Sensitivity analysis for foreign exchange risk

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date.

The sensitivity of the Bank's earnings to fluctuations in exchange rates is reflected by varying the exchange rates at 10% (2025: 10%) as shown below:

	2026 ETB'000		
Assets	**Currency Carrying Amount**	**10 % Depreciation**	**10 % Appreciation**
USD	69,316,867	(6,931,687)	6,931,687
GBP	1,446,321	(144,632)	144,632
Euro	3,077,167	(307,717)	307,717
Others	684,598	(68,460)	68,460
	74,524,952	(7,452,495)	7,452,495
Liabilities			
USD	64,664,995	6,466,500	(6,466,500)
GBP	1,222,304	122,230	(122,230)
Euro	3,218,050	321,805	(321,805)
Others	8,443	844	(844)
	69,113,792	6,911,379	(6,911,379)
Total increase/(decrease)	-	(541,116)	541,116
Tax charge at 30%	-	162,335	(162,335)
Effect on net profit	**-**	**(378,781)**	**378,781**

	2025 ETB'000		
Assets	**Currency Carrying Amount**	**10 % Depreciation**	**10% Appreciation**
USD	52,785,044	(5,278,504)	5,278,504
GBP	273,320	(27,332)	27,332
Euro	2,082,567	(208,257)	208,257
Others	148,585	(14,859)	14,859
	55,289,516	(5,528,952)	5,528,952
Liabilities			
USD	29,814,185	2,981,419	(2,981,419)
GBP	249,994	24,999	(24,999)
Euro	1,350,321	135,032	(135,032)
Others	-	-	-
	31,414,500	3,141,450	(3,141,450)
Total increase/(decrease)	-	(2,387,502)	2,387,502
Tax charge at 30%	-	716,250	(716,250)
Effect on net profit	**-**	**(1,671,252)**	**1,671,252**

4.5 Capital management

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

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Notes to the financial statements (Continued)

4 Financial risk management (Continued)

4.5.1 Capital adequacy ratio

According to the Licensing and Supervision of Banking Business Directive No SBB/78/2021 of the National Bank of Ethiopia, the Bank has to maintain capital to risk weighted assets ratio of 8% at all times, the risk weighted assets being calculated as per the provisions of Directive No SBB/9/95 issued on 18 August 1995.

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base.

Capital includes paid-up capital, retained earnings, legal reserve and other reserves approved by the NBE.

	2026 ETB'000	2025 ETB'000
Capital		
Share capital	17,360,516	14,336,972
Share Premium	2,364,439	237,068
Retained earnings	7,107,791	2,655,836
Reserve for IFRS	563,116	575,263
Legal reserve	10,062,456	7,113,529
Special reserve	100	100
Regulatory Credit Risk Reserve	5,395,911	3,639,570
Other reserves	494,523	177,209
	43,348,852	28,735,547
Risk weighted assets		
Risk weighted balance for on-balance sheet items	209,730,463	160,851,630
Credit equivalents for off-balance sheet items	33,348,966	27,455,160
Total risk weighted assets	243,079,429	188,306,790
Risk-weighted Capital Adequacy Ratio with primary capital	11%	11%
Risk-weighted Capital Adequacy Ratio with total capital excluding retained earning	15%	14%
Minimum required capital	8%	8%

The Bank's capital adequacy ratio as at the reporting date has been calculated in accordance with the capital adequacy requirements applicable during the reporting period, based on the existing regulatory framework.

The National Bank of Ethiopia has issued Directive No. SBB/95/2025 on Risk-Based Capital Adequacy Requirements for Banks, introducing a Basel III-aligned capital adequacy framework. Under the new framework, banks are required to maintain minimum CET1, Tier 1 and total capital ratios of 7%, 9% and 11%, respectively. Full compliance with the new requirements is required by 31 December 2026.

Accordingly, the capital adequacy ratio disclosed for the current reporting period has been determined using the existing regulatory methodology and is not directly comparable with capital ratios calculated under the new risk-based capital framework.

4.6 Fair value of financial assets and liabilities

IFRS 13 requires an entity to classify measured or disclosed fair values according to a hierarchy that reflects the significance of observable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, comprising of three levels described below based on the lowest level input significant to the fair value measurement as a whole.

Notes to the financial statements (Continued)

4 Financial risk management (Continued)

4.6.1 Valuation models

The Bank applies valuation techniques appropriate to the nature of the underlying unquoted equity investments. For investments where reliable financial information is available, the Bank uses the adjusted net asset value approach. For insurance investments, the market approach using price-to-book value (P/B) multiples of selected peer companies is applied, with size adjustments where relevant. For EthSwitch, the market approach using enterprise value-to-EBITDA (EV/EBITDA) multiples of selected peer companies is applied. The valuation date for the updated assessment is 30 June 2026.

The 2026 peer multiples and other valuation inputs are based on current market data included in the Bank's valuation workbook. The principal unobservable inputs are the selected P/B and EV/EBITDA multiples, size adjustments, and entity-specific financial information used in the adjusted net asset value calculations. Because these inputs are significant to the valuation, the related equity investments are classified within Level 3 of the fair value hierarchy.

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

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

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

4.6.2 Financial instruments measured at fair value - Fair value hierarchy

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

30-Jun-26	Carrying amount ETB'000	Level 1 ETB'000	Level 2 ETB'000	Level 3 ETB'000	Total ETB'000
Financial assets					
Financial assets at fair value through OCI	1,254,179	-	1,154,689	99,490	1,254,179
Total	**1,254,179**	**-**	**1,154,689**	**99,490**	**1,254,179**

30-Jun-25	Carrying amount ETB'000	Level 1 ETB'000	Level 2 ETB'000	Level 3 ETB'000	Total ETB'000
Financial assets					
Financial assets at fair value through OCI	1,040,468	-	951,873	88,595	1,040,468
Total	**1,040,468**	**-**	**951,873**	**88,595**	**1,040,468**

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Notes to the financial statements (Continued)

4 Financial risk management (Continued)

4.6.3 Valuation technique using significant unobservable inputs – Level 3

The Bank has financial assets measured at fair value using significant unobservable inputs. At 30 June 2026, the fair value of the unquoted equity investments included in the updated valuation assessment was ETB 99.5 million, all classified as Level 3.

4.6.4 Transfers between the fair value hierarchy categories

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

4.7 Offsetting financial assets and financial liabilities

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

(132,315)	(135,080)

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Notes to the financial statements (Continued)

		2026 ETB'000	2025 ETB'000
5	**Interest income**		
	Interest on loans and advances	23,871,840	18,111,423
	Interest income from treasury bills and government bonds	2,814,420	1,822,908
	Interest income from foreign deposits	1,886,695	1,020,581
	Interest income from local deposits	581,246	532,496
	Interest income from open market operations	333,119	108,493
	Interest income from interbank money market Income	211,864	87,310
		29,699,184	21,683,211

Included within various line items under interest income for the year ended 30 June 2026 is a total of ETB 394 million (30 June 2025: ETB 225 million) relating to impaired financial assets.

6	**Interest expense**		
	Interest on savings deposits	7,667,837	5,067,251
	Interest on demand deposits	197,067	16,511
	Interest on time deposits	2,950,627	2,233,991
	Finance charge on lease liability	18,745	20,582
	Interest on borrowings	228,232	311,165
		11,062,508	7,649,500
7	**Net fees and commission income**		
	Fees and commission income		
	Service charges	6,369,225	3,297,264
	Commission on CPOs and FTs	1,055,259	295,036
	Commission on letters of credit	309,905	1,760,861
	Transaction fees	3,268,459	2,096,451
	Commission on guarantees issued	797,155	680,773
	Credit related commissions	12,793	9,163
		11,812,796	8,139,548
	Fees and commission expense	(937,679)	(666,290)
	Net fees and commission income	10,875,117	7,473,258
8	**Other operating income**		
	Sundry income	171,472	374,997
	Rental income	92,384	106,412
	Investment income	99,788	93,442
		363,644	574,851
9	**Income from IFB financing**		
	Income from IFB financing	2,037,776	1,040,753
		2,037,776	1,040,753
10	**Gain/ (Loss) on foreign exchange**		
	Gain/ (Loss) on foreign exchange	982,676	(2,404,954)
11	**Loans and IFB financing impairment charge**		
	Loans impairment charge (note 21c)	(920,493)	153,430
	Impairment (charge)/reversal on IFB financing (note 21c)	(29,832)	482
		(950,325)	153,912
12	**Impairment losses/reversal on other financial assets**		
	Receivables - (charge)/reversal for the year (note 21c)	(128,224)	(131,986)
	Cash and bank balances - (charge)/reversal for the year (note 21c)	(1,575)	(2,467)
	Investment securities (debt instruments) - (charge)/reversal for the year (note 21c)	(430)	21
	LCs and financial guarantee contracts - (charge)/reversal for the year (note 21c)	(2,084)	(648)
		(132,314)	(135,080)

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Notes to the financial statements (Continued)

		2026 ETB'000	2025 ETB'000
13	**Employee benefits expenses**		
	Salaries and wages	5,791,483	4,780,442
	Staff allowances	2,544,074	1,881,124
	Other staff expenses	1,237,075	648,300
	Pension costs – Defined contribution plan	787,694	683,033
	Retirement benefits expense - defined benefit plan	221,842	178,981
	Life and GPA insurance	32,595	27,015
		10,614,763	8,198,895
14	**Depreciation and amortisation**		
	Depreciation property and equipment	891,113	688,085
	Amortisation of intangible assets	525,919	458,767
	Depreciation of investment property	18,567	16,960
	Depreciation of right-of-use-asset	935,250	845,680
		2,370,849	2,009,492
15	**Other operating expenses**		
	Rental expense	13,957	6,163
	Advertisement and promotions	831,091	559,595
	Donations and contributions	182,008	108,700
	Repairs and maintenance	177,665	126,053
	Printing and stationery	122,250	136,438
	Sundry expenses	299,276	100,798
	Representation allowances	69,609	66,458
	Transportation	133,379	100,708
	Utilities	109,607	88,870
	Insurance	582,907	429,838
	Per diems	87,434	49,036
	Entertainment	145,829	120,587
	Office expenses	19,748	16,277
	Outsourced service fees	750,733	719,638
	Hardware and software service fees	1,654,158	670,110
	Directors' related expenses	1,662	1,662
	Audit fees	4,773	3,093
	License and registration fees	2,906	2,551
	Legal and professional fees	233,998	334,444
	Postage and stamps	890	58
	Loss on disposal of fixed assets	17,408	1,389
	Penalty and Interest charges	1,972	35,085
	Gifts	36,179	74,114
	land lease expense	263	-
	Land and building taxes	20,412	20,455
	Fuel and lubricants	98,554	45,065
	Loading and unloading	15,007	12,417
	Impairment loss on non-financial assets	-	14,161
		5,613,675	**3,843,763**
16	**Company income and deferred tax**		
16(a)	**Income tax expense**		
	Current income tax (note 16b)	3,433,227	714,117
	Deferred tax expense - profit or loss (note 16e)	(14,971)	71,782
	Total charge to profit or loss	3,418,256	785,899
	Deferred tax (credit) / expense - OCI (note 16e)	135,995	(44,921)
	Deferred tax credit – equity (note 16(e))	(5,206)	(45,199)
	Total tax recognised in the period	3,549,045	695,779

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Notes to the financial statements (Continued)

		2026 ETB'000	2025 ETB'000
16	**Company income and deferred tax (Continued)**		
16(b)	**Taxation charge**		
	The tax on the Bank's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:		
	Profit before tax	15,213,963	6,684,301
	Non-deductible expenses		
	Depreciation and amortisation per IFRS	1,435,599	1,163,812
	Impairment charge on loans & advances as per IFRS	920,493	(153,430)
	Impairment of IFB financing	29,832	(482)
	Impairment charge on receivables and other exposures	132,314	135,080
	Impairment of non-financial assets	-	14,161
	Severance expense	221,842	178,981
	Entertainments	145,829	120,587
	Interest charges from late tax payments and Others	1,972	35,085
	Provision for legal cases	40,146	-
	Gifts	36,179	74,114
	Donations	9,737	5,563
	Unrealised/(realised) foreign exchange loss	(50,929)	50,929
	Provision for accrued leave expense	126,534	143,734
	Amortisation of prepaid staff benefits expense net of additional interest income recognised on discounted staff loans at market rate	(25,574)	(45,328)
	Interest computed on staff loans at market rate	-	136,597
	Interest charge on lease liability	18,745	20,582
	Depreciation expense of right-of-use-asset	935,250	845,680
	Property Tax	20,412	20,455
	Capital gain tax	34,978	23,318
	Less:		
	Interest income from NBE bills, treasury bills and government bonds	(2,814,420)	(1,822,908)
	Tax Depreciation	(1,791,791)	(1,430,864)
	Provision for loss on loans and advances, IFB financing, off-balance sheet items and receivables	(1,954,285)	(1,666,795)
	Rent expense and land operating lease amortisation expense	(913,109)	(826,774)
	Dividend income taxed at source	(99,788)	(93,442)
	Interest income on local deposits (taxed at source)	(53,406)	(532,496)
	Severance and farewell benefits paid	(48,272)	(34,422)
	Interest on foreign deposits (to be taxed at 10%)	(146,198)	(1,020,581)
	Leave payments made during the year	(14,564)	(18,333)
	Gain on disposal of investment property	-	(255,818)
	Reversal of impairment provision for non-financial assets	(14,988)	-
	Gain on disposal of property and equipment	(4,310)	(1,932)
	Taxable income	11,392,191	1,749,374
	Current tax expense (30%)	3,417,657	524,812
	Current tax expense - income on foreign deposits (10%)	14,620	102,058
	Income tax from disposal of investment property	-	7,377
	Tax assessments paid	950	79,870
	Total current tax expense	3,433,227	714,117
16(c)	**Reconciliation of effective tax to statutory tax**		
	The tax on the Bank's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:		
	Profit before tax	15,213,963	6,684,301
	Profit tax at the applicable rate of 30%	4,564,189	2,005,290
	Tax effect of income taxed at source and exempted	(828,284)	(734,654)
	Tax effect of disallowed expenses	(955,298)	581,832
	Tax effect of income on disposal of investment property	-	(76,745)
	Tax effect of income on foreign deposits (10%)	14,620	102,058
	Current Tax expense	3,433,227	714,117

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Notes to the financial statements (Continued)

		2026 ETB'000	2025 ETB'000
16(d)	**Current income tax liability**		
	Balance at the beginning of the year	623,437	1,495,545
	Charge for the year (note 16b)	3,433,227	714,117
	Withholding tax paid	(20,579)	(10,810)
	Profit tax advance paid	(302,542)	-
	Payment during the year	(624,387)	(1,575,415)
	Balance at the end of the year	3,109,156	623,437
16(e)	**Deferred tax (liabilities)**		
	The analysis of deferred tax assets is as follows:		
	To be recovered after more than 12 months	(429,138)	(313,320)
	To be recovered within 12 months	-	-
		(429,138)	(313,320)

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

Deferred income tax assets/(liabilities):	At 1 July 2025 ETB'000	Credit/ (charge) to P/L ETB'000	Credit/ (charge) to OCI ETB'000	Credit/ (charge) to equity ETB'000	At 30 June 2026 ETB'000
Property and equipment	(596,382)	(49,063)	-	5,206	(640,239)
Post employment benefits obligation	184,881	52,071	-	-	236,952
Unrealised fair value (gain) / loss on equity	(200,111)	-	(51,125)	-	(251,236)
Actuarial loss	124,157	-	(84,870)	-	39,287
Unrealised foreign exchange loss	15,279	(15,279)	-	-	-
Right-of-use-asset and lease liability	21,391	(6,350)	-	-	15,041
Provision for accrued leave	137,465	33,591	-	-	171,056
Total deferred tax assets/(liabilities)	(313,320)	14,971	(135,995)	5,206	(429,138)

Deferred income tax assets/(liabilities):	At 1 July 2024 ETB'000	Credit/ (charge) to P/L ETB'000	Credit/ (charge) to OCI ETB'000	Credit/ (charge) to equity ETB'000	At 30 June 2025 ETB'000
Property and equipment	(475,080)	(166,501)	-	45,199	(596,382)
Post employment benefits obligation	141,514	43,367	-	-	184,881
Unrealised fair value (gain) / loss on equity instruments	(175,109)		(25,002)	-	(200,111)
Actuarial loss	54,234	-	69,923	-	124,157
Unrealised foreign exchange loss	1,979	13,300	-	-	15,279
Right-of-use-asset and lease liability	20,962	429	-	-	21,391
Provision for accrued leave	99,842	37,623	-	-	137,465
Total deferred tax assets/(liabilities)	(331,658)	(71,782)	44,921	45,199	(313,320)

16(f) Deferred tax liability (asset) components

Property and equipment

Deferred tax liability arises on the temporary difference between carrying amount of property, plant and equipment and its tax base. The temporary difference arise as a result of the valuation of PPE performed during first time adoption of IFRS, the depreciation of the revaluaiton surplus is not acceptable for tax purpose) and the difference on the depreciation methods and rates used for tax and accounting.

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Notes to the financial statements (Continued)

	2026 ETB'000	2025 ETB'000

Change in depreciation method for tax purpose

The new income tax proclamation No.979/ 2016 has been issued in 2016 and become effective for the period ended June 30,2017. The new proclamation revokes the pooling system and permits entities to separately calculate depreciation on each individual asset by applying the rate specified under regulation No. 410/2017 article 39 using either declining balance method or straight line methods. Accordingly, the Enterprise has opted to use straight line method to determine depreciation for depreciable asset or business intangibles which are acquired on or after 1 July 2017.

Unrealised fair value (gain) / loss on equity instruments

Deferred tax has been recognized in respect of the temporary differences arising from the unrealized fair value movements of equity instruments measured at fair value. Where the fair value gain/(loss) relates to equity instruments designated as measured at fair value through other comprehenive income(FVOCI), the related deferred tax is recognized in other comprehensive income(OCI).

Right of use asset and Lease liability

The Bank recognizes right-of-use assets and lease liabilities for office premises, ATM locations and leased land in accordance with IFRS 16. The related deferred tax asset and liabilities are [illegible] temporary differences between the carrying amounts and tax bases of right-of-use assets and lease liabilities are recognized in accordance with IAS 12..

Defined benefit obligation

Deferred tax asset arises on the temporary difference between carrying amount of termination benefit obligation and its tax base. Under Ethiopian tax law, severance payment is deductible when the employee actually terminates and when the obligation is settled in cash where as IFRS requires recognition of termination benefit obligation as the employee becomes entitled for the benefit for the service he/she rendered during the period regardless of payment. This gives rise to deductible temporary difference between tax base (nil in this case) and carrying amount of employee benefit obligation at the reporting date.

Accrued leave days

The company recognizes accruals in relation to unpaid leave days. A deferred tax asset has been recognized on the timing differences arising from different timing of recognition of liabilities for tax purposes against timing of recognition in line with the requirements of IAS 37.

The details of liablities (assets) resulting in the deferred tax liability/(assets) are as follows:

Property and equipment ,Intangible asset and Investment property

Carrying amount	11,121,923	8,817,808
Less: Tax written-down value	(8,987,792)	(6,829,867)
Temporary difference	2,134,131	1,987,941
Deferred tax liability at 30%	(640,239)	(596,382)

Equity instruments

Carrying amount of Equity instruments at fair value	1,254,179	1,040,468
Less: Tax written-down value	(416,725)	(373,430)
Temporary difference	837,454	667,038
Deferred tax liability at 30%	(251,236)	(200,112)

Right of use asset net of lease liability

Carrying amount of right use of assets	2,018,375	2,333,414
Less: Tax written-down value	(2,068,513)	(2,404,716)
Temporary difference	(50,138)	(71,302)
Deferred tax asset at 30%	15,041	21,391

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		2026 ETB'000	2025 ETB'000
	Unrealized exchange loss carrying value		
	Carrying amount	-	50,929
	Less: Tax written-down value	-	-
	Temporary difference	-	50,929
	Deferred tax asset at 30%	-	15,279
	Defined benefit obligation		
	Carrying amount	789,840	616,270
	Less: Tax written-down value	-	-
	Temporary difference	789,840	616,270
	Deferred tax asset at 30%	236,952	184,881
	Actuarial Gain Loss		
	Carrying amount	130,957	413,856
	Less: Tax written-down value	-	-
	Temporary difference	130,957	413,856
	Deferred tax liability at 30%	39,287	124,157
	Accrued leave days		
	Carrying amount	570,188	458,218
	Less: Tax written-down value	-	-
	Temporary difference	570,188	458,218
	Deferred tax asset at 30%	171,056	137,465
17	**Cash balances with banks and reserve with National Bank of Ethiopia**		
17(a)	**Cash and balances with banks**		
	Cash in hand	7,349,808	4,797,176
	Balance held with National Bank of Ethiopia	13,337,371	704,066
	Reserve with National Bank of Ethiopia	25,083,367	15,839,379
	Deposits with local banks maturing in three months	50	51
	Deposits with foreign banks	56,375,842	46,726,179
	Treasury Bills maturing in three months	3,336,991	5,447,337
	Investment on open market operations	-	1,002,055
	Investment on interbank money market	6,009,863	-
		111,493,292	74,516,243
	Impairment allowance-bank balances	(4,742)	(3,167)
		111,488,550	74,513,076
17(b)	**Cash and Cash Equivalents**		
	The cash and bank balances reported in the Statement of Cash Flows agree with the corresponding balances reported in the Statement of Financial Position, except for the NBE reserve amounting to Birr [illegible] which is excluded from cash and cash equivalents.		
	Cash in hand	7,349,808	4,797,176
	Balance held with National Bank of Ethiopia	13,337,371	704,066
	Deposits with local banks maturing in three months	50	51
	Deposits with foreign banks	56,375,842	46,726,179
	Treasury Bills maturing in three months	3,336,991	5,447,337
	Investment On Open Market Operations	-	1,002,055
	Investment On Interbank Money Market	6,009,863	-
		86,409,925	58,676,864
	Impairment allowance-bank balances	(3,492)	(2,347)
		86,406,433	**58,674,517**

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Notes to the financial statements (Continued)

		2026 ETB'000	2025 ETB'000
18	**Loans and advances and IFB financing**		
18(a)	**Loans and advances to customers**		
	Domestic trade and services	48,394,413	38,601,863
	Manufacturing	24,989,745	22,075,317
	Export	29,244,150	21,851,630
	Real estate	10,176,672	10,012,709
	Transport	5,838,401	3,037,932
	Construction, machinery and working capital	3,953,057	1,936,505
	Import	6,235,540	5,398,731
	Personal	11,652,621	10,561,216
	Staff housing loans	3,586,563	4,159,277
	Loans and advances under litigation	1,481,635	1,334,261
	Agriculture	1,172,454	926,747
	Advances on letters of credit	1,291,866	309,285
	Mining	6,004	11,022
	DBE SME Finance Project and Mastercard Foundation loan facility	1,400,808	1,196,034
	Dube Ale	314,763	524,734
	Telebirr financial services	1,526,459	1,574,930
	Gross amount	151,265,151	123,512,193
	Less:		
	Impairment loss allowance (note 4.2.3)	(2,570,903)	(1,650,431)
		148,694,248	121,861,762
	Maturity analysis		
	Current	41,668,522	36,125,046
	Non-current	107,025,726	85,736,716
		148,694,248	121,861,762
18(b)	**IFB financing**		
	Domestic trade and services	9,884,130	6,711,009
	Manufacturing	1,185,753	1,168,463
	Real estate	938,567	1,057,182
	Transport	1,147,421	601,738
	Construction, machinery and working capital	716,232	392,715
	Import	3,668,199	1,796,814
	Export	2,553,789	1,366,649
	Personal	542,212	440,863
	Agriculture	6,047	47,267
	Mining	14,555	43,471
	Mastercard Foundation	88,563	53,543
	Dube Ale	108,828	129,388
	Deferred profit - Murabaha	(4,033,634)	(3,126,044)
	Gross amount	16,820,662	10,683,058
	Less:		
	Impairment loss allowance (note 4.2.3)	(66,760)	(36,928)
		16,753,902	10,646,130
	Maturity analysis		
	Current	5,879,930	2,910,349
	Non-current	10,873,972	7,735,781
		16,753,902	10,646,130

MSE Audit Service LLP
MSE
Chartered Certified Accountants
Accounting and auditing Board of Ethiopia
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Notes to the financial statements (Continued)

		2026 ETB'000	2025 ETB'000
19	**Investment security**		
19(a)	**Financial assets at fair value through OCI**		
	Balance at the beginning of the year	1,040,468	932,955
	Changes in the fair value of financial assets at FVTOCI	170,410	83,341
	Additional investments made during the year	43,301	24,172
	Balance at the end of the year	1,254,179	1,040,468

19(b) The Bank holds equity investments in Ethswitch S.C of 5.09% (2025:5.88%), Nyala Insurance S.C of 5% (2025: 5%), Ethiopian Reinsurance S.C of 2.64% (2025: 2.13%) and Society of Worldwide Interbank Financial Telecommunication (SWIFT) S.C of 0.005% (2025: 0.005%), Addis - International Conventional Centre of 0.44% (2025: 0.58%), Capital Financial Excellence Centre (CaFEC) S.C. of 3.78% (2025: 5.07%) and Ethiopian Securities Exchange of 2.68% (2025:2.43%).

19(c)	**Debt securities at amortised cost**		
	Treasury Bills	6,330,639	2,156,146
	Ethiopian Government bonds	17,069,470	15,503,644
	Gross amount	23,400,109	17,659,790
	Less:		
	Impairment allowance-Bills & Bonds	(1,637)	(1,207)
		23,398,472	17,658,583
	Maturity analysis		
	Current	6,330,639	2,156,146
	Non-current	17,067,833	15,502,437
		23,398,472	17,658,583
20	**Investment in Musharakah**		
	Investment in Musharakah	1,423,367	-
		1,423,367	-

The Bank and its customers contribute capital to an identified investment and share the resulting profit in accordance with the agreed contractual terms. Losses arising from the business are generally borne by the partners in proportion to their respective capital contributions.

The Bank's contractual capital contribution represents approximately 45% of the total Musharakah capital, with the customer's contribution representing approximately 55%.

In accordance with the Musharakah agreement, profits generated from the underlying business are shared between the Bank and the customer based on the contractual profit-sharing arrangement. The agreement specifies a 45% share for Dashen Bank and 55% share for the customer. Any normal business loss is to be allocated between the partners in proportion to their respective capital contributions.

The Musharakah arrangement has a contractual tenor of six months from the date of execution of the agreement. At the conclusion of the Musharakah, the Bank's investment is to be settled together with its share of the profit or loss arising from the underlying business, in accordance with the terms of the agreement and the final determination of the business results.

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Notes to the financial statements (Continued)

		2026 ETB'000	2025 ETB'000
21	**Other assets**		
21(a)	**Other financial assets**		
	Clearing account balances (Note 21.1 (a))	19,666,731	7,473,327
	Fixed term deposits with local banks	3,171,697	2,836,043
	Other receivables	2,482,793	1,564,069
	Trust fund with Ethio Telecom	387,620	171,689
	Sharia compliant DBE-bond	-	30,490
		25.708.841	12.075.618
	Impairment allowance for receivables	(189,770)	(115,564)
		25,519,071	11,960,054

21.1 (a) Included in the clearing account balance is an amount of ETB 15,723,090 relating to outward documentary bills purchase received from exporters. These balances represent documentary export transactions processed by the Bank where the related documents and settlement proceeds are in the process of being cleared through the relevant correspondent banks and banking channels. The balance is therefore maintained in the clearing account pending completion of the collection and settlement process.

21(b)	**Non-financial assets**		
	Staff advances	1,751,369	1,530,134
	Prepayments	4,073,034	2,598,743
	Prepaid staff benefits	1,229,869	708,126
	Acquired properties	17,968	4,277
	Inventory	329,917	302,007
	Other non-financial assets	55	55
		7,402,212	5,143,342
	Gross amount	32,921,283	17,103,397
	Maturity analysis		
	Current	31,343,529	16,088,987
	Non-current	1,577,754	1,014,410
		32,921,283	17,103,397

21(c) Movement of impairment loss allowance

Particulars	As at 1 July 2025 ETB'000	Written off ETB'000	Charge / (reversal) for year ETB'000	As at 30 June 2026 ETB'000
Loans and advances	1,650,431	(21)	920,493	2,570,903
IFB financing	36,928	-	29,832	66,760
LC and guarantees	1,998	-	2,084	4,082
Debt securities at amortised cost	1,207	-	430	1,637
Receivables	115,564	(54,018)	128,224	189,770
Bank balances	3,167	-	1,575	4,742
Total	**1,809,295**	**(54,039)**	**1,082,639**	**2,837,894**

Particulars	As at 1 July 2024 (ETB'000)	Adjustment (ETB'000)	Charge / (reversal) for year (ETB'000)	As at 30 June 2025 (ETB'000)
Loans and advances	1,804,551	-	(154,120)	1,650,431
IFB financing	37,410	-	(482)	36,928
LC and guarantees	1,349	-	648	1,997
Debt securities at amortised cost	1,228	-	(21)	1,207
Receivables	48,433	(65,545)	132,676	115,564
Bank balances	842	(142)	2,467	3,167
Total	**1,893,812**	**(65,687)**	**(18,832)**	**1,809,295**

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Notes to the financial statements (Continued)

22	**Investment properties**	2026 ETB'000	2025 ETB'000
	Cost:		
	At the beginning of the year	683,811	849,043
	Acquisitions	15,198	-
	Reclassification	221,299	(1,218)
	Disposal	-	(164,014)
	At the end of the year	920,308	683,811
	Accumulated depreciation:		
	At the beginning of the year	125,896	135,724
	Charge for the year	18,567	16,960
	Reclassification	-	(956)
	Disposal	-	(25,832)
	At the end of the year	144,463	125,896
	Net book values	775,845	557,915

22(a) Amounts recognised in profit or loss for investment properties and other properties classified under PE

Rental income from investment and other properties classified under PE	92,384	106,412
Depreciation of investment properties	18,567	16,960

22(b) Fair value measurement of the Bank's Investment properties

Investment properties include those held for rental purposes and those in which the Bank occupies an insignificant portion. These properties are held to earn rentals and for capital appreciation. There are currently no restrictions on the realisability of these properties.

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

The fair value of the Bank's investment property as at 30 June 2026 is ETB 3.4 billion (2025: ETB 3.4 billion).The valuations were performed using the cost, income and market approaches, depending on the nature of the property and the availability of reliable market information. For the building valuations, the bank uses the cost approach using the replacement cost method. The income approach considered rental income over a ten-year period and a residual value, together with assumptions regarding effective rental space and market escalation. The market approach, using the sales comparison method, was applied to the land use rights where relevant market information was available. The valuation report indicates that reliable transactional market data for the buildings were limited and, accordingly, the valuation incorporated significant assumptions and valuation inputs that are not directly observable in the market. These include assumptions relating to rental income, effective rental space, market escalation, the forecast income period, residual value and other property-specific adjustments used in the cost and income approaches. Although observable market information was used for certain components of the valuation, the significant unobservable inputs used in determining the overall fair value result in the measurement being classified within Level 3 of the IFRS 13 fair value hierarchy.

22(c) Fair value hierarchy

Details of the Bank's Investment properties and information about the fair value hierarchy at 30 June 2026 and 30 June 2025 are as follows:

2026	**Level 1** **ETB'000**	**Level 2** **ETB'000**	**Level 3** **ETB'000**
Investment properties	-	-	3,433,180
2025			
Investment properties	-	3,366,989	-

22(d) Investment properties include ETB 14m freehold land with indefinite economic life that is not depreciated.

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23 Intangible assets

	License ETB'000	Software ETB'000	Total ETB'000
Cost:			
As at 1 July 2024	462,550	884,322	1,346,872
Additions	1,189,453	208,574	1,398,027
Reclassification	-	-	-
As at 30 June 2025	1,652,003	1,092,896	2,744,899
As at 1 July 2025	1,652,003	1,092,896	2,744,899
Additions	330,284	705,865	1,036,148
Reclassification	-	-	-
Disposal	-	-	-
As at 30 June 2026	1,982,287	1,798,761	3,781,047
Accumulated amortisation and impairment losses			
As at 1 July 2024	(363,049)	(354,068)	(717,117)
Amortisation for the year	(316,319)	(142,448)	(458,767)
Reclassification	-	-	-
As at 30 June 2025	(679,368)	(496,516)	(1,175,884)
As at 1 July 2025	(679,368)	(496,516)	(1,175,884)
Amortisation for the year	(323,154)	(202,765)	(525,919)
Reclassification	-	-	-
As at 30 June 2026	(1,002,522)	(699,281)	(1,701,803)
Net book values			
As at 30 June 2025	**972,635**	**596,380**	**1,569,015**
As at 30 June 2026	**979,765**	**1,099,480**	**2,079,244**

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Notes to the financial statements (Continued)

24 Property and equipment (PE)

Cost:	Buildings ETB'000	Motor vehicles ETB'000	Office and other equipment ETB'000	Furniture and fittings ETB'000	Computer equipment ETB'000	Constructio n in progress ETB'000	Total ETB'000
As at 1 July 2024	2,355,890	712,986	854,587	2,223,285	2,144,195	140,352	8,431,295
Additions	19,091	82,195	317,962	554,837	270,575	170,037	1,414,697
Reclassification	-	-	(585)	585	-	-	-
Disposals	-	(4,633)	(10,841)	(9,710)	(12,624)	-	(37,808)
As at 30 June 2025	2,374,981	790,548	1,161,123	2,768,997	2,402,146	310,389	9,808,184
As at 1 July 2025	2,374,981	790,548	1,161,123	2,768,997	2,402,146	310,389	9,808,184
Additions	32,682	404,053	374,773	357,988	1,310,266	139,524	2,619,286
Reclassification	12,135	-	-	(3,399)	-	(230,035)	(221,299)
Disposals	-	(20,954)	(23,693)	(22,311)	(9,479)	-	(76,437)
As at 30 June 2026	2,419,798	1,173,647	1,512,203	3,101,275	3,702,933	219,878	12,129,734
Accumulated depreciation and impairment losses:							
As at 1 July 2024	(280,338)	(284,687)	(385,359)	(307,495)	(880,854)	-	(2,138,733)
Charge for the year	(46,597)	(62,421)	(128,435)	(186,030)	(264,588)	-	(688,071)
Impairment loss	-	(14,161)	602	1,551	743	-	(11,265)
Reclassification	-	-	82	(82)	-	-	-
Disposals	-	3,893	9,781	5,860	11,619	-	31,153
As at 30 June 2025	(326,935)	(357,376)	(503,329)	(486,196)	(1,133,080)	-	(2,806,916)
As at 1 July 2025	(326,935)	(357,376)	(503,329)	(486,196)	(1,133,080)	-	(2,806,916)
Charge for the year	(46,779)	(85,765)	(175,828)	(210,399)	(373,142)	-	(891,113)
Impairment loss	-	-	-	-	-	-	-
Reclassification	(252)	-	-	252	-	-	-
Disposals	-	19,305	18,476	8,730	8,495	-	55,006
As at 30 June 2026	(373,966)	(423,836)	(659,881)	(687,613)	(1,497,727)	-	(3,643,023)
Net book values							
As at 30 June 2025	**2,048,046**	**433,172**	**657,794**	**2,282,801**	**1,269,066**	**310,389**	**7,001,268**
As at 30 June 2026	**2,045,832**	**749,811**	**859,322**	**2,413,662**	**2,205,206**	**219,878**	**8,486,711**

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Notes to the financial statements (Continued)

24 Property and equipment (PE) (continued)

24.1 Construction in progress represents directly attributable costs related to construction Bonga Building, Grace store and warehouse, Smart Branch Construction project..

24.2 Upon impairment review, the net book values of property and equipment does not exceed its recoverable amounts as at the end of the reporting period. Thus, the management is of the opinion that additional allowance for impairment is not required during the reporting period.

24.3 Property and equipment include ETB 33m freehold land with indefinite economic life that is not depreciated.

25 Right-of-use assets

	Office rent ETB'000	Rent for ATM spaces ETB'000	Leasehold land ETB'000	Total ETB'000
Balance at 1 Julv 2024	2.657.133	15.100	45.160	2.717.393
Additions	465,719	15,056	104,673	585,448
Adjustments	77,953	777	(789)	77,941
Depreciation (charge for the year)	(829,591)	(14,285)	(1,804)	(845,680)
Balance at 30 June 2025	**2,371,215**	**16,648**	**147,240**	**2,535,102**
Balance at 1 July 2025	2,371,215	16,648	147,240	2,535,102
Additions	757,181	12,812	72,349	842,342
Termination	(54,547)	(1,728)	-	(56,275)
Depreciation (charge for the year)	(915,262)	(15,756)	(4,233)	(935,251)
Balance at 30 June 2026	**2,158,586**	**11,976**	**215,356**	**2,385,918**

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Notes to the financial statements (Continued)

		2026 ETB'000	2025 ETB'000
26	**Customer deposits**		
26(a)	**Deposits from conventional customers**		
	Demand deposits	100,770,815	79,701,814
	Savings deposits	127,588,513	92,152,143
	Time deposits	23,939,067	16,965,328
		252,298,395	188,819,285
26(b)	**Deposits from interest free banking customers**		
	Qard deposits	12,227,270	4,464,663
	Wadia savings deposits	14,057,289	10,780,520
	Mudaraba savings	1,360,852	430,867
	Unrestricted mudaraba (fixed time) deposits	64,467	83,092
		27,709,878	15,759,142
	Total Deposits	280,008,273	204,578,427
	Maturity analysis		
	Current	85,930,210	62,437,080
	Non-current	194,078,063	142,141,347
		280,008,273	204,578,427
27	**Borrowings**		
27(a)	**Borrowings by source of funds**		
	Borrowings - Local	711,461	215,954
	Borrowings - Foreign	822,393	2,059,361
		1,533,854	2,275,315
	Maturity analysis		
	Current	1,066,490	1,601,430
	Non-current	467,364	673,885
		1,533,854	2,275,315
27(b)	**Movement of borrowings**		
	Balance at 1 July	2,275,315	1,303,650
	Borrowings obtained	28,113,233	27,852,727
	Interest expense	228,232	311,165
	Remeasurement of foreign borrowings	245,372	1,479,451
	Settlements of borrowings	(29,083,715)	(28,392,348)
	Interest paid	(244,584)	(279,330)
	Balance at 30 June	1,533,854	2,275,315

i. Foreign borrowings

The Bank obtained borrowings of USD 10,000,000 from the British International Investment PLC (BII) and USD 10,000,000 from the Nederiandse Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO) on 18 December 2023 and 16 December 2023, respectively, to be settled by equal semi-annual instalments of USD 2,500,000 each. BII borrowing bear interest of "6 months term SOFR rate plus Margin (400 bps)" FMO borrowing bear interest of "SOFR rate equal to length of the interest rate plus margin (400 bps)". The borrowing of BII should be settled in full by 25 August 2026 and the borrowing of FMO should be settled in full by 10 July 2026.

ii. Local borrowings

The Bank has obtained borrowings totaling ETB 21 billion and ETB 6.5 billion from 7 days and overnight, respectively, loans from the Money Market Operation Scheme bearing interest ranging from 13% to 18% per annum. These borrowings were fully settled before 30 June 2026.

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Notes to the financial statements (Continued)

		2026	2025
27	**Borrowings (Continued)**		
27(b)	**Movement of borrowings (Continued)**	**ETB'000**	**ETB'000**
	ii. Local borrowings (Continued)		

The Bank obtained total borrowings of ETB 613,232,918 from the Development Bank of Ethiopia. ETB 463,889,649 on October 2025, November 2025, March 2026, June 2026 at an interest rate Ranging from 10% to 12% per annum and ETB 149,343,269 on June 2026 at an interest rate of 4.5% per annum. The Borrowings should be settled in full on or before 31 October 2030 by equal semi-annual instalments Ranging from 19 Million to 37 Million.

28 Other liabilities

28(a) Financial liabilities

Accruals	179,734	158,993
Banking instruments payables	1,736,053	8,971,065
Customers payables	34,814	34,781
Margins held on letters of credit	9,676,246	4,230,823
Hamish Jidia held accounts	533,282	358,178
Impairment allowance for LCs & guarantees	4,082	1,998
Other financial liabilities (note 28(c))	1,424,221	254,620
Lease liabilities (note 42 (a))	298,323	345,226
	13,886,755	14,355,683

28(b) Non-financial liabilities

Deferred income	215,774	204,740
Defined contribution liabilities	45,646	41,499
Sundry payables	4,565,341	1,220,288
Staff payables	1,008,829	658,445
Provision	45,923	5,777
Restoration cost	69,220	68,025
Taxes payable (note 28(d))	474,161	376,086
	6,424,894	2,574,860
Gross amount	20,311,649	16,930,544

Maturity analysis

Current	20,152,631	16,700,457
Non-current	159,018	230,087
	20,311,649	16,930,544

28(c) Other financial liabilities

Pool account - Etswitch settlement payable	218,131	38,155
Outbound Dashen Amex Pos settlement	1,206,090	216,465
	1,424,221	254,620

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Notes to the financial statements (Continued)

		2026	2025
		ETB'000	ETB'000
28(d)	**Tax payable**		
	Employment income tax	128,709	122,888
	Stamp duty charge	27,757	30,239
	Income tax on deposit interest	91,322	32,044
	Value Added Tax (VAT)	176,886	156,857
	Withholding tax	48,854	32,172
	Graduate tax	633	1,886
		474,161	376,086

29 Defined benefits obligation

Severance, retirement and gratuity benefits

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

The Bank also pays employees who retire with 15 years or more of service a reward gratuity of three (3) months salary calculated on the basis of the last salary of the employee.

29(a) Liability recognised in the financial position

Defined benefits obligation	920,797	1,030,126

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

At the beginning of the year	1,030,126	652,492
Current service cost (note 29b)	68,899	48,974
Interest cost (note 29b)	152,943	130,007
Remeasurement (gain)/ loss (note 29c)	(282,899)	233,075
Benefits paid	(48,272)	(34,422)
At the end of the year	920,797	1,030,126

29(b) Amount recognised in the profit or loss

Gross service cost	68,899	48,974
Interest cost	152,943	130,007
	221,842	178,981

29(c) Amount recognised in other comprehensive income:

Actuarial (gain)/ loss on economic assumptions	(84,889)	110,164
Actuarial (gain)/loss on experience and withdrawal assumptions	(198,010)	122,911
	(282,899)	233,075

29(d) The significant actuarial assumptions were as follows:

i) *Financial assumption long term average*

Discount rate per annum	16.00%	14.70%
Long term salary increases	14.00%	14.20%

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Notes to the financial statements (Continued)

		2026 ETB'000	2025 ETB'000
29	**Defined benefits obligation (Continued)**		
29(d)	**The significant actuarial assumptions were as follows: (Continued)**		

i) *Financial assumption long term average (Continued)*

Discount rate

IAS 19 requires the discount rate to be determined by reference to market yields on high quality corporate bonds, or, where there is no deep market in such bonds, government bonds of a currency and term consistent with the post-employment benefit obligations.

In the absence of a deep market in corporate or government bonds in Ethiopia, the actuarial valuation used the Kenyan Zero-Coupon Government Bond Yield Curve dated 30 June 2026, together with the country risk premium differential between Kenya and Ethiopia. The estimated duration of the liabilities was 6.21 years. The resulting discount rate was 16.00% p.a. for the IAS 19 disclosure (30 June 2025: 14.70%).

Long term salary increases

The actuarial valuation assumes future salaries will grow at 14.00% p.a. This is 2% below the discount rate and was considered mutually compatible with the discount rate and appropriate taking into account the likely future economic scenarios of the country (30 June 2025: 14.20%).

ii) *Mortality in service*

In determining an appropriate mortality table to use for the valuations, the Bank considered the mortality rates published in the Demographic and Health Survey ("DHS") 2016 report compiled by the Central Statistic Authority (CSA).

	2026		2025	
	Male	Female	Male	Female
Age	Mortality rate	Mortality rate	Mortality rate	Mortality rate
20	0.306%	0.223%	0.306%	0.223%
25	0.303%	0.228%	0.303%	0.228%
30	0.355%	0.314%	0.355%	0.314%
35	0.405%	0.279%	0.405%	0.279%
40	0.515%	0.319%	0.515%	0.319%
45	0.450%	0.428%	0.450%	0.428%
50	0.628%	0.628%	0.628%	0.628%
55	0.979%	0.979%	0.979%	0.979%
60	1.536%	1.536%	1.536%	1.536%

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Notes to the financial statements (Continued)

	2026	2025
	ETB'000	ETB'000

29(d) The significant actuarial assumptions were as follows: (Continued)

iii) **Withdrawal from service**

The 2026 valuation applied gradual withdrawal rates as follows: age 20 – 0.00%; age 25 – 8.48%; age 30 – 4.68%; age 35 – 5.33%; age 40 – 3.98%; age 45 – 3.91%; and age 50 – 4.36%.

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

	Scenario	Discount rate	Salary increases	Demographic assumption	% change
	Base	16.00%	14.00%	No Change	0.00%
	Scenario 2 – Discount rate increased by 1%	17.00%	14.00%	No Change	-5.42%
	Scenario 3 – Salary rate increased by 1%	16.00%	15.00%	No Change	5.48%
Discount rate	Scenario 4 – Discount rate decreased by 1%	15.00%	14.00%	No Change	6.05%
	Scenario 5 – Salary rate decreased by 1%	16.00%	13.00%	No Change	-4.96%
	Scenario 6 – Mortality increased by 10%	16.00%	14.00%	Increased by 10%	0.85%
	Scenario 7 – Mortality decreased by 10%	16.00%	14.00%	Decreased by 10%	-0.86%

iii) *Withdrawal from service (Continued)*

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

The duration of the liabilities, on which the assumptions have been set, was calculated to be 6.21 years in the current valuation (2025: 7.00 years).

30 Share capital and share premium

30(a) Share capital

Authorised	35,337,000	20,737,000
Paid-up	17,360,516	14,336,972

The par value of each share is ETB 1,000.

The holders of ordinary shares are entitled to receive dividends when declared and are entitled to one vote per share at the general meetings of the Bank.

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Notes to the financial statements (Continued)

	2026	2025
	ETB'000	ETB'000

Application of Proceeds from the Previous Public Offer of Securities

In accordance with the disclosures contained in the Prospectus, ETB 6,400,027,400 (Birr Six Billion Four Hundred Million Twenty-Seven Thousand Four Hundred) was the targeted amount to be raised through the Public Offer of Securities. Of this amount, ETB 5,249,800,400 (Birr Five Billion Two Hundred Forty-Nine Million Eight Hundred Thousand Four Hundred) had been raised through share sales and bonus issues as of June 30, 2026, and was primarily utilized to strengthen the Bank's financial position and support compliance with applicable regulatory requirements.
Consistent with the commitments set out in the Prospectus, the proceeds have not been utilized to finance business acquisitions or the acquisition of assets from affiliates or associates.

Information on the Bank's Capital Structure

Issued and Paid-Up Capital, Classes of Shares and Par Value

During the reporting period, the Bank issued 2,206,906 ordinary shares at an offer price of ETB 2,900 per share, representing a total offer value of ETB 6,400,027,400.
Of the total offer:
• ETB 3,397,970,600, representing 1,171,714 shares, were sold; and
• ETB 1,851,829,800, representing 638,562 shares, were capitalized through the issuance of bonus shares.
As a result, the Bank's total paid-up capital as of June 30, 2026, reached ETB 17,360,515,800.00.
The Bank has:
• One class of shares: Ordinary shares; and
• Par value per share: ETB 1,000.

Issuance of Shares and Share Buybacks During the Year

During the reporting fiscal year, the Bank completed a public offering and capital-raising exercise involving the issuance of 2,206,906 shares at an offer price of ETB 2,900 per share, with a total offer value of ETB 6,400,027,400.
of the shares offer:
• 351 existing shareholders acquired 954,764 shares, amounting to ETB 2,768,815,600.00; and
• 830 new entrant investors acquired 216,950 shares, amounting to ETB 629,155,000.00.
In addition, 638,562 bonus shares, valued at ETB 1,851,829,800, were allocated to 4,978 eligible existing shareholders.

The remaining 396,630 shares, representing ETB 1,150,227,000.00, were not subscribed and therefore remained unallotted as of June 30, 2026.
Subsequently, on August 1, 2026, a further subscription of 347,000 shares was completed through private placement, resulting in paid up capital of the bank to be ETB 17,707,515,800.00 and reduced the number of unallotted shares to 49,630.

The issuance was undertaken primarily to strengthen the Bank's capital base and support compliance with applicable regulatory capital and liquidity requirements.

The ETB 2,900 per share value for the bonus shares was set by ECMA's direction for all new share issues including bonus share. The bank held several discussions and engagements with ECMA on this matter, and ECMA has not changed its position; it recently reiterated the same guidance.

Summary of Unclaimed Dividends

As of June 30, 2026, dividends remained unclaimed by 502 shareholders, resulting in a cumulative unclaimed dividend balance of ETB 72,242,816.33.

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Notes to the financial statements (Continued)

	2026 ETB'000	2025 ETB'000

Information on Directors' Interest in the Issuer's Shares

In accordance with the applicable disclosure requirements of the Ethiopian Capital Market Authority, the Bank discloses the direct interests of members of the Board of Directors in the shares of the Bank as at 30 June 2026.

	Shareholding	% of Issued Shares
Board of Directors	1,680,511	10.4%
Key Management	280,924	1.7%
Total	**1,961,435**	**12%**

30(b) Share premium

Opening balance	237,068	237,068
Share premium arising from shares issued during the year	2,226,257	-
Share issue costs	(98,886)	-
	2,364,439	237,068

31 Earnings per share

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

Profit attributable to shareholders	11,795,707	5,898,402
Weighted average number of ordinary shares in issue	14,979	13,524
Basic and diluted earnings per share	787	436

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year.

During the year, the Bank issued bonus shares to its existing ordinary shareholders. In accordance with IAS 33 Earnings per Share, the number of ordinary shares outstanding before the bonus issue has been adjusted retrospectively for the effect of the bonus issue as if the bonus shares had been issued at the beginning of the earliest period presented.

Accordingly, the weighted average number of ordinary shares used in the calculation of earnings per share has been retrospectively adjusted for the bonus issue. The comparative earnings per share amounts have also been restated to reflect the bonus issue and ensure comparability between the current and comparative periods.

The bonus issue did not result in a corresponding change in the resources of the Bank and therefore did not affect profit attributable to ordinary equity holders. The effect of the bonus issue is reflected in the denominator used in earnings per share.

The weighted average number of ordinary shares and the corresponding earnings per share for the comparative period have been adjusted retrospectively in accordance with IAS 33 to reflect the bonus issue.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive shares at the reporting date (30 June 2025: nil), hence the basic and diluted earnings per share have the same value.

Notes to the financial statements (Continued)

		2026	2025
		ETB'000	ETB'000
32	**Retained earnings**		
	At the beginning of the year	2,655,836	3,367,240
	Profit for the year	11,795,707	5,898,402
	Directors' remuneration	(2,077)	(1,487)
	Transfer to legal reserve (note 34)	(2,948,927)	(1,474,601)
	Dividends paid	(801,930)	(1,028,781)
	Transfer to regulatory risk reserve (note 36)	(1,756,341)	(1,918,627)
	Transfer from reserve for IFRS (note 33)	17,353	150,662
	Transfer to share capital	(1,851,830)	(2,336,972)
	At the end of the year	7,107,791	2,655,836

Dividends Proposed but Not Formally Approved for Payment

To date, there are no dividends that have been proposed but remain formally unapproved for payment. All dividends proposed to date have been duly approved.

33	**Reserve for IFRS**		
	At the beginning of the year	821,804	972,466
	Transfer to retained earnings	(17,353)	(150,662)
	At the end of the year	804,451	821,804
	Deferred tax liability at 30%	(241,335)	(246,541)
	At the end of the year	563,116	575,263

The IFRS reserve represents the cumulative fair value gains recognized on own buildings at the date of transition to International Financial Reporting Standards (IFRS). In accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards, the Bank elected to use the fair value of own buildings at the transition date.

The reserve represents the difference between the carrying amounts of the affected buildings under the previous generally accepted accounting principles and their fair values determined at the date of transition to IFRS. Following the transition to IFRS, the Bank measures these buildings using the cost model under IAS 16 Property, Plant and Equipment. Accordingly, no subsequent revaluation gains or losses are recognized in this reserve.

The Bank transfers from the IFRS reserve to retained earnings, net of the related deferred tax effect, an amount representing depreciation arising from the fair value adjustment recognized at the transition date. Upon disposal or derecognition of a related building, any remaining balance in the IFRS reserve relating to that asset, net of the related deferred tax effect, is transferred directly to retained earnings. These transfers are recognized within equity and do not affect profit or loss.

The IFRS reserve forms part of the Bank's equity and is not available for distribution as dividends except as permitted under applicable laws and regulations.

MSE Audit Service LLP
MSE
Chartered Certified Accountants

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	2026 ETB'000	2025 ETB'000

34 Legal reserve

At the beginning of the year	7,113,529	5,638,928
Transfer from profit or loss	2,948,927	1,474,601
At the end of the year	10,062,456	7,113,529

The NBE Directive No. SBB/4/95 requires the Bank to transfer annually 25% of its annual net profit to its legal reserve account until such account equals its capital. When the legal reserve account equals the capital of the Bank, the amount to be transferred to the legal reserve account will be 10% (ten percent) of the annual net profit.

35 Special reserve

At the beginning of the year	100	100
At the end of the year	100	100

The Special Reserve is maintained in accordance with Article 21(7) of the Banking Business Proclamation No. 592/2008. The reserve is established to provide a designated financial resource for covering losses arising from the negligence or dishonesty of directors or employees of the Bank and losses resulting from other unexpected events or circumstances, as anticipated by the Proclamation.

The Special Reserve is maintained for the specific regulatory purpose prescribed under the Proclamation and is not available for distribution to shareholders. The reserve may be utilized only for purposes consistent with the applicable regulatory requirements and any applicable directives or instructions of the National Bank of Ethiopia.

36 Regulatory credit risk reserve

At the beginning of the year	3,639,570	1,720,943
Transfer from retained earnings	1,756,341	1,918,627
At the end of the year	5,395,911	3,639,570

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

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

Where the loan loss impairment determined using the NBE guidelines is less than the loan loss impairment determined using expected credit loss model under IFRS, the difference is transferred from regulatory risk reserve to retained earnings to the extent of the non-distributable reserve previously recognised.

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		2026 ETB'000	2025 ETB'000
37	**Other reserves**		
	At the beginning of the year	177,209	282,023
	Remeasurement (loss) on retirement benefits	198,029	(163,153)
	Changes in the fair value of financial assets at FVTOCI	119,285	58,339
	At the end of the year	494,523	177,209
	Other reserves are made up as follows:-		
	Fair value reserve	586,193	466,908
	Defined benefits obligations reserve	(91,670)	(289,699)
		494,523	177,209

The fair value reserve represents the surplus or losses arising on valuation of financial assets at FVTOCI and is non-distributable.

The defined benefit obligations reserve represents the remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions. They are recognised in the period in which they occur directly in other comprehensive income.

38	**Cash generated from operating activities**		
	Profit before tax	15,213,963	6,684,301
	Adjustments for non-cash items:		
	Depreciation of investment properties	18,567	16,960
	Depreciation of property and equipment	891,113	688,071
	Amortisation of intangible assets	525,919	458,767
	Depreciation expense on right-of-use assets	935,251	845,680
	Impairment of property and equipment	-	11,265
	Gain on termination of leases and adjustments	(6,919)	(385,130)
	Gain on disposal of property and equipment and investment properties	(22,803)	(258,292)
	Impairment charge on loans and advances	920,493	(153,430)
	Impairment charge/reversal on IFB financing	29,832	(482)
	Impairment charge/reversal on receivables and other exposures	132,314	135,080
	Interest expense on lease liabilities	18,746	20,584
	Interest expense on borrowings	228,232	311,165
	Foreign exchange loss relating to borrowings	245,372	1,479,451
	Defined benefit obligation expense	221,842	178,981
	Changes in operating assets and liabilities:		
	Changes in loans and advances	(27,752,979)	(15,076,481)
	Changes in IFB financing	(6,137,604)	(4,513,196)
	Change in other assets	(15,950,201)	(5,765,315)
	Changes in reserve with NBE	(9,243,558)	(5,379,518)
	Changes in customer deposits	75,429,846	56,378,192
	Changes in other liabilities	3,428,009	9,133,984
	Cash generated from operating activities	39,125,436	44,810,642

In the statement of cash flows, profit on sale of property and equipment (PE) and investment property comprises:

Proceeds on disposal	44,234	403,391
Net book values of property and equipment and investment property disposed	(21,431)	(145,099)
Gain on sale of property and equipment and investment property	22,803	258,292

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Notes to the financial statements (Continued)

	2026	2025
	ETB'000	ETB'000

39 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decisions, or one other party controls both.

In the normal course of business, a number of banking transactions are entered into with related parties including staff, Board of Directors, their associates and companies associated with Directors. These include loans, deposits and foreign currency transactions. Loans and advances to customers include loans and advances to Board Directors and to companies associated with Directors.

Contingent liabilities include guarantees and letters of credit for companies associated with Directors.

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

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Notes to the financial statements (Continued)

39 Related party transactions (Continued)

39(a) Directors and employees

i) The average number of staff employed by the Bank during the year was as follows:

	2026	2025
	Number	Number
Senior and middle management	1,447	1,379
Line management	1,587	1,474
Professional	7,362	7,513
Clerical	359	437
Non-clerical	460	482
Executive management	16	16
	11,231	11,301

ii) The table below shows the number of employees' emoluments in the year and were within the bands stated.

	2026	2025
Salary / month band	Number	Number
0 - 9,999	-	-
10,000 - 30,000	5,900	6,203
30,001 - 50,000	2,316	3,290
50,001 - 100,000	2,793	1,659
Above 100,000	222	149
	11,231	11,301

39(b) Loans and advances and off-balance sheet exposures

At 30 June 2026, total loans and advances and off-balance sheet exposures to related parties amounted to ETB 10,554 million (2025: ETB 6,466 million).

	Directors	Executive Management	Other Related Parties	30 June 2026 ETB'000	30 June 2025 ETB'000
Balance at 1 July 2025	12,484	162,742	6,291,201	6,466,427	5,247,973
Net movement during the period	17,507	(8,974)	4,078,761	4,087,293	1,218,454
Balance at 30 June 2026	**29,991**	**153,768**	**10,369,962**	**10,553,721**	**6,466,427**
Interest income earned	1,015	7,376	468,946	477,337	182,706
Impairment allowance held	16	154	9,446	9,616	17,110

39(c) Customer deposits

	Directors	Executive Management	Other Related Parties	30 June 2026 ETB'000	30 June 2025 ETB'000
Balance at 1 July 2025	27,892	20,868	5,363,591	5,412,350	2,234,456
Net movement during the period	11,584	(4,840)	3,753,708	3,760,452	3,177,894
Balance at 30 June 2026	**39,476**	**16,028**	**9,117,299**	**9,172,802**	**5,412,350**
Interest expense incurred	1,461	1,528	21,791	24,780	29,488

Other related parties comprise shareholders and entities over which such shareholders exercise significant influence or control. These parties are considered related parties due to their ability to exercise significant influence over the Bank's financial and operating policies, either directly or through their ownership interests in other entities.
The Bank considers the following categories as other related parties:

Influential shareholders – shareholders who, by virtue of their ownership interest, voting rights, or other arrangements, are able to exercise significant influence over the Bank; and

Companies and Public Limited Companies (PLCs) associated with influential shareholders – entities in which such shareholders have control, significant influence, or other substantial ownership interests.

Management has considered the nature of the relationships with these parties and has classified them as other related parties for financial reporting purposes.

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39(d) Key management compensation

Key management has been determined to be the members of the Board of Directors and the executive management of the Bank.

	2026 ETB'000	2025 ETB'000
Board of Directors fee and allowances	**3,738**	**3,738**
Short-term employee benefits (salaries, allowances, bonuses)	67,995	64,424
Post-employment benefits	8,862	8,346
Total	**76,857**	**72,770**

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

40 Contingent liabilities

40(a) Claims and litigation

The Bank is a party to a number of legal actions brought against it by different entities and individuals arising from its normal business operations. The maximum exposure of the Bank arising from these legal cases as at 30 June 2026 was ETB 869 million (2025: ETB 756 million). The significant portion of the legal cases of ETB 521 million (2025: ETB 523 million) arising from tax assessments, and ETB 180 million (2025: ETB 180 million), involved advance payment guarantee the Bank gave to the Ethiopian Roads Authority in respect of advance payments made to a Chinese contractor and ETB 168 million (2025: ETB 53 million) others.

The directors believe that, except for those legal cases for which provisions have been recognized in the financial statments, it is not probable that economic benefits would flow out of the Bank in respect of the remaining legal cases and tax assessments.

40(b) Off-balance sheet items

The Bank conducts business involving performance bonds and guarantees. These instruments are given as security to support the performance of customers to third parties. As the Bank will only be required to meet these obligations in the event of the customers' 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:

Loan commitments	2,949,329	603,673
Unutilised overdraft facilities	5,825,547	4,942,754
Guarantees	29,845,447	34,553,975
Letters of credit	70,200,532	37,024,650
Total	**108,820,855**	**77,125,052**

41 Lease amounts recognized in profit or loss

The Bank leases office premises, ATM space and Leasehold land to support its operations. Lease terms are negotiated on an individual basis.

The Bank recognizes right-of-use assets and corresponding lease liabilities for all leases, except for short-term leases (with a lease term of 12 months or less) , for which the recognition exemptions permitted by IFRS 16 have been applied. Payments associated with these leases are recognized as an expense on a straight-line basis over the lease term..

The amounts recognized in profit or loss in respect of leases during the year are as follows:

Depreciation expense on right-of-use assets	935,250	845,680
Interest expense on lease liabilities	18,745	20,582
Expense relating to short-term leases	13,957	6,163
Total	**967,952**	**872,425**

Dashen Bank Share Company
Report and Financial Statements
For the year ended 30 June 2026

Notes to the financial statements (Continued)

42 Lease liability and commitments

a) Lease liabilities (ETB '000)

	As at 1 July 2025	Additions	Termination	Paid during the year	Interest charge for the year	As at 30 June 2026
Office rent	(279,767)	(165,619)	61,439	113,245	(13,909)	(284,611)
ATM	(9,685)	(3,370)	1,755	2,614	(524)	(9,210)
Leasehold land	(55,774)	(62,530)	-	118,115	(4,313)	(4,502)
Total	(345,226)	(231,520)	63,194	233,975	(18,746)	(298,323)

	As at 1 July 2024	Additions	Adjustment and reclassification	Paid during the year	Interest charge for the year	As at 30 June 2025
Office rent	(341,232)	(44,520)	84,402	40,220	(18,637)	(279,767)
ATM	(9,787)	(7,049)	5,154	2,529	(532)	(9,685)
Leasehold land	(7,333)	(104,673)	6,070	51,577	(1,415)	(55,774)
Total	(358,352)	(156,242)	95,626	94,326	(20,584)	(345,226)

b) Lease commitments in (ETB'000)

	1 July 2026 up to 30 June 2027	1 July 2027 up to 30 June 2028	1 July 2028 up to 30 June 2029	1 July 2029 up to 30 June 2030	1 July 2030 up to 30 June 2031	Above 30 June 2031	2025 Total
ATM	6,375	1,665	1,126	472	150	-	9,046
Leasehold land	223	431	380	380	380	9,227	111,847
Office rent	122,090	87,648	56,279	29,364	21,114	-	313,254
Total	128,688	89,744	57,785	30,216	21,644	9,227	434,147

43 Lease commitments - the Bank as lessor

Rental income earned during the year was ETB 92.38 million (2025: ETB 106.40 million). At the end of the reporting year, the Bank had contracted with tenants for the following undiscounted lease payments receivable:

	2026 ETB'000	2025 ETB'000
No later than 1 year	65,151	69,309
Later than 1 year and no later than 5 years	97,778	106,280
Later than 5 years	2,029	2,182
Total	164,958	177,771

44 Events after reporting period

Other than the matter disclosed below, there were no other significant post balance sheet events which could have a material effect on the financial statements as at 30 June 2026.

Subsequent to the reporting date, on 1 August 2026, the Bank completed a further subscription of 347,000 ordinary shares through private placement, at the offer price of ETB 2,900 per share, raising gross proceeds of approximately ETB 1,006,300 thousand. This subscription related to shares that remained unalotted from the Bank's FY2026 public offer of securities (see Note 30(a)) and increased the Bank's paid-up share capital from ETB 17,360,516 thousand to ETB 17,707,516 thousand, reducing the number of unalotted shares under that offer from 396,630 to 49,630.

The subscription was undertaken to strengthen the Bank's capital base and support compliance with applicable regulatory capital and liquidity requirements, including the National Bank of Ethiopia's Risk-Based Capital Adequacy Requirements Directive No. SBB/95/2025. As this is a non-adjusting event under IAS 10 Events after the Reporting Period, no adjustment has been made to the amounts recognized in these financial statements as at 30 June 2026.

Dashen Bank Share Company
Report and Financial Statements
For the year ended 30 June 2026

Notes to the financial statements (Continued)

45 Segmental Information

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Bank; whose operating results are regularly reviewed by the Bank's Chief Operating Decision Maker (CODM) for the purposes of making decisions about resources to be allocated to the segment and assessing its performance; and for which discrete financial information is available.

The Bank's CODM has been identified as the Executive Management Committee (EMC). The EMC regularly reviews internal management reports covering the operating performance of the Bank's business segments and uses this information in making decisions regarding resource allocation and assessing segment performance.

The Bank's operating segments are determined based on the nature of the products and services provided, customer characteristics, the manner in which services are delivered and the financial information regularly reviewed by the CODM.

Based on the internal management reporting structure, the Bank has identified Corporate Banking, MSME Banking, Retail Banking and Interest-Free Banking ("IFB") as its principal operating segments. These segments are described as follows:

Corporate Banking comprises banking services provided to large corporate, medium corporate and institutional customers. The segment focuses on financing, trade finance, transaction banking, cash management, deposits and other banking requirements of established businesses and institutions. The principal customer categories comprise Big Corporates, Mid Corporates and Institutional customers.

MSME Banking comprises banking services provided to micro, small and medium enterprises. The segment provides financing, deposit, transaction and other banking solutions appropriate to the scale and requirements of the respective enterprises. The principal customer categories comprise Micro, Small and Medium Enterprises.

Retail Banking comprises banking services provided to individual customers across different income and relationship categories. The segment provides deposit products, personal credit, payments, cards, digital banking and other financial services. The principal customer categories comprise High Net Worth ("HNI"), Affluent, Mass Affluent, Upper Mass and Lower Mass customers.

Interest-Free Banking ("IFB") comprises the Bank's Shariah-compliant banking operations and provides interest-free deposit, financing, payment and other related banking services to customers across retail, MSME and corporate customer categories.

Transactions and balances that are not directly attributed to a reportable segment, including shareholders' equity, are presented as 'other.

Dashen Bank Share Company
Report and Financial Statements
For the year ended 30 June 2026

Notes to the financial statements (Continued)

Aggregation of Operating Segments

For financial reporting purposes, operating segments may be aggregated into reportable segments where such aggregation is consistent with the core principle of IFRS 8, the operating segments have similar economic characteristics and the segments are similar with respect to the nature of their products and services, customer characteristics, methods of service delivery and, where applicable, regulatory environment. In assessing whether operating segments may be aggregated, management considers relevant economic indicators and the nature of the products and services, customer profiles, distribution and service-delivery channels, risk characteristics and the longer-term financial performance of the respective operating segments.

Accordingly, the Big Corporate, Mid Corporate and Institutional customer categories within Corporate Banking, the Micro, Small and Medium Enterprise categories within MSME Banking, and the retail customer categories have been aggregated into their respective reportable segments where the requirements for aggregation under IFRS 8 are satisfied.
The Bank separately assesses Interest-Free Banking in determining its operating and reportable segment classification, taking into consideration its distinct product structures, customer arrangements, service delivery and applicable regulatory and Shariah

Reportable Segments

An operating segment is separately reported where it meets the quantitative thresholds specified in IFRS 8 or where management considers that separate disclosure would provide useful information to users of the financial statements.

The Bank's reportable segments are therefore determined based on the operating segments identified above, the aggregation criteria and the quantitative thresholds prescribed by IFRS 8.

Transactions, balances and activities that are not directly attributable to a reportable segment are presented as "Other". Reconciliations between the amounts reported for the reportable segments and the corresponding amounts in the Bank's financial statements are disclosed in the segment information.
Segment performance is primarily evaluated by the CODM based on revenue, expenses, profit or loss and other financial and operational measures regularly included in internal management reports.

The Bank operates exclusively in Ethiopia. Accordingly, all revenue from external customers and all non-current assets are located in Ethiopia. Therefore, no additional geographical information is required to be presented.

No single external customer accounted for 10% or more of the Bank's total revenue during the reporting period. Accordingly, the Bank does not have a major customer requiring separate disclosure in accordance with IFRS 8 Operating Segments.







Dashen Bank Share Company
Report and Financial Statements
For the year ended 30 June 2026

Notes to the financial statements (Continued)

45 Segmental Information(Continued)

Segmental Reporting
Statement of Profit or Loss
For the year ended 30 June 2026

	Corporate ETB'000	MSME ETB'000	Retail ETB'000	IFB ETB'000	Other ETB'000	Total ETB'000
Interest income	16,748,291	5,024,471	7,926,422	-	-	29,699,184
Inter-segment	(2,079,246)	(579,860)	6,821,090	-	(4,161,984)	-
Interest expense	(3,312,607)	(690,572)	(6,825,509)	-	(233,820)	(11,062,508)
Net interest income	**11,356,437**	**3,754,039**	**7,922,003**	**-**	**(4,395,804)**	**18,636,676**
Fee and commission income	4,940,000	1,028,491	1,294,306	1,359,830	3,190,168	11,812,796
Inter-segment	(1,540,370)	444,231	610	(454,914)	1,550,443	-
Fee and commission expense	(162,058)	(97,184)	(31,010)	(8,361)	(639,065)	(937,679)
Net fee and commission income	**3,237,571**	**1,375,538**	**1,263,907**	**896,555**	**4,101,546**	**10,875,117**
Financing and advances	-	-	-	2,037,776	-	2,037,776
Other operating income	2,684	11,136	100,977	10,799	238,048	363,644
Gain/(Loss) on foreign exchange	497,453	665,292	1,541,372	278,560	-	2,982,676
Total operating income	**15,094,145**	**5,806,006**	**10,828,259**	**3,223,690**	**(56,210)**	**34,895,890**
Impairment Charge	(427,166)	(176,622)	(316,705)	(176,474)	14,329	(1,082,638)
Net operating income	**14,666,979**	**5,629,384**	**10,511,554**	**3,047,215**	**(41,881)**	**33,813,251**
Employee benefits expense	(230,111)	(1,624,167)	(5,165,036)	(625,154)	(2,970,295)	(10,614,763)
Other operating expenses (including depreciation and amortization)	(265,445)	(705,892)	(2,203,445)	(396,623)	(4,413,119)	(7,984,524)
Profit before income tax	**14,171,423**	**3,299,324**	**3,143,074**	**2,025,439**	**(7,425,296)**	**15,213,963**
Income tax expense	(3,184,019)	(741,288)	(706,182)	(455,073)	1,668,307	(3,418,256)
Profit after income tax	**10,987,404**	**2,558,036**	**2,436,891**	**1,570,365**	**(5,756,989)**	**11,795,707**

Dashen Bank Share Company
Report and Financial Statements
For the year ended 30 June 2026

Notes to the financial statements (Continued)

45 Segmental Information(Continued)

Segmental Reporting
Statement of Profit or Loss
For the year ended 30 June 2025

	Corporate ETB'000	MSME ETB'000	Retail ETB'000	IFB ETB'000	Other ETB'000	Total ETB'000
Interest income	13,302,502	3,481,886	4,898,823	-	-	21,683,211
Inter-segment	(3,950,409)	192,631	7,432,300	-	(3,674,523)	-
Interest expense	(1,724,345)	(573,781)	(4,736,146)	-	(615,227)	(7,649,500)
Net interest income	**7,627,749**	**3,100,736**	**7,594,976**	**-**	**(4,289,750)**	**14,033,711**
						-
Fee and commission income	5,204,495	910,138	861,891	378,743	784,280	8,139,548
Inter-segment	(169,117)	105,018	165,574	-	(101,475)	-
Fee and commission expense	(92)	(127,872)	(412,297)	(11,634)	(114,395)	(666,290)
Net fee and commission income	**5,035,287**	**887,284**	**615,168**	**367,109**	**568,410**	**7,473,258**
Financing and advances	-	-	-	1,040,753	-	1,040,753
Other operating income	1,959	14,232	45,890	3,846	508,923	574,851
Gain/(Loss) on foreign exchange	(1,216,906)	(629,963)	(242,663)	(315,423)	-	(2,404,954)
Total operating income	**11,448,089**	**3,372,290**	**8,013,372**	**1,096,286**	**(3,212,417)**	**20,717,619**
						-
Impairment Charge	71,201	29,440	52,789	(9,197)	(125,402)	18,832
Net operating income	**11,519,290**	**3,401,730**	**8,066,161**	**1,087,089**	**(3,337,819)**	**20,736,451**
Employee benefits expense	(194,788)	(1,344,993)	(4,313,872)	(487,837)	(1,857,405)	(8,198,895)
Other operating expenses (including depreciation and amortization)	(302,354)	(529,916)	(1,666,738)	(248,943)	(3,105,303)	(5,853,255)
Profit before income tax	**11,022,148**	**1,526,820**	**2,085,551**	**350,309**	**(8,300,527)**	**6,684,301**
Income tax expense	(1,295,916)	(179,514)	(245,206)	(41,187)	975,925	(785,899)
Profit after income tax	**9,726,231**	**1,347,306**	**1,840,344**	**309,122**	**(7,324,602)**	**5,898,402**

Dashen Bank Share Company
Report and Financial Statements
For the year ended 30 June 2026

Notes to the financial statements (Continued)

45 Segmental Information(Continued)

Segmental Reporting
Statement of Financial Position
As at 30 June 2026

	Corporate ETB'000	MSME ETB'000	Retail ETB'000	IFB ETB'000	Other ETB'000	Total ETB'000
ASSETS						
Cash and balances with banks	45,346	1,993,758	6,257,679	1,671,405	101,520,362	111,488,549
Loans and advances to customers	100,969,122	31,586,360	16,138,766	-	-	148,694,248
IFB financing	-	-	-	16,753,902	-	16,753,902
Investment in Musharakah	-	-	-	1,423,367	-	1,423,367
Other Assets	661,671	2,456,047	8,183,455	9,255,082	50,745,398	71,301,653
Total Assets	101,676,138	36,036,166	30,579,899	29,103,756	152,265,760	349,661,719
LIABILITIES						
Customer deposits	108,481,768	34,749,778	109,066,849	27,709,878	-	280,008,273
Borrowed Funds	-	-	-	-	1,533,854	1,533,854
Other Liabilities	166,761	1,018,798	3,197,417	1,393,878	18,993,886	24,770,740
Equity	-	-	-	-	43,348,852	43,348,852
Total liabilities and equity	108,648,529	35,768,576	112,264,266	29,103,756	63,876,592	349,661,718

Segmental Reporting
Statement of Financial Position
As at 30 June 2025

	Corporate ETB'000	MSME ETB'000	Retail ETB'000	IFB ETB'000	Other ETB'000	Total ETB'000
ASSETS						
Cash and balances with banks	22,686	882,855	2,846,575	1,151,679	69,609,281	74,513,076
Loans and advances to customers	85,893,501	18,794,862	17,173,399	-	-	121,861,762
IFB financing	-	-	-	10,646,130	-	10,646,130
Other Assets	213,210	853,443	2,751,744	4,879,658	38,767,692	47,465,748
Total Assets	86,129,397	20,531,160	22,771,718	16,677,467	108,376,973	254,486,716
LIABILITIES						
Customer deposits	79,530,226	25,742,400	83,546,659	15,759,142	-	204,578,427
Borrowed Funds	-	-	-	-	2,275,315	2,275,315
Other Liabilities	5,385	165,828	534,678	918,325	17,273,210	18,897,427
Equity	-	-	-	-	28,735,547	28,735,547
Total liabilities and equity	79,535,611	25,908,228	84,081,337	16,677,467	48,284,072	254,486,716

MSE Audit Service LLP
MSE SINCE 1998
Chartered Certified Accountants

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