ዳሸን ባንክ
Dashen Bank

Always One Step Ahead!

From Purpose to Performance
SEIZING THE NOW

Dashen Bank Share Company

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

24 December 2025

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

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

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

The Company, the directors of the Company (the "Directors"), and the Chief Executive Officer and Chief Financial Officer (the "Executive Management") of the Company, whose names appear in Section 11 of this Prospectus, accept full responsibility for the information contained in this Prospectus. To the best of their knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information or make the expression of such information or opinion misleading or untrue.

Investing in this Rights Offer involves risks. Therefore, this Prospectus should be read in its entirety and, in particular, Section 9 of this Prospectus (Risk Factors), for a discussion of certain risk factors which should be considered by the existing holders of the Ordinary Shares of the Company (the "Existing Shareholders, ") and institutional investors and high-net-worth individuals ("Qualified Investors") and any other person other than a Qualified Investor who invests for their own account ("Retail Investors") (together the "Prospective Investors") in connection with any investment in the offer.

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

Dashen Bank Share Company

(Incorporated and registered in Ethiopia with principal registration number LD/AA/3/0005296/2012)

This Prospectus relates to (i) the registration of 14,336,972 existing Ordinary Shares; (ii) the Rights Offer of 2,206,906 Ordinary Shares at ETB 2,900 per share and registration of those new Ordinary Shares; and (iii) subsequent listing of all of the Ordinary Shares of the Company on the Main Board of the ESX. This Rights Offer is being made available to Existing Shareholders only, save for in the event the Rights Offer is not taken up in full by Existing Shareholders, in which case the surplus will be made available to Qualified Investors and Retail Investors.

Transaction Advisor	**Legal advisor**
D and T ETHIOPIA MANAGEMENT CONSULTING PLC	**Tamrat Assefa Liban Law Office**
("Deloitte")	**("Legal Advisor")**

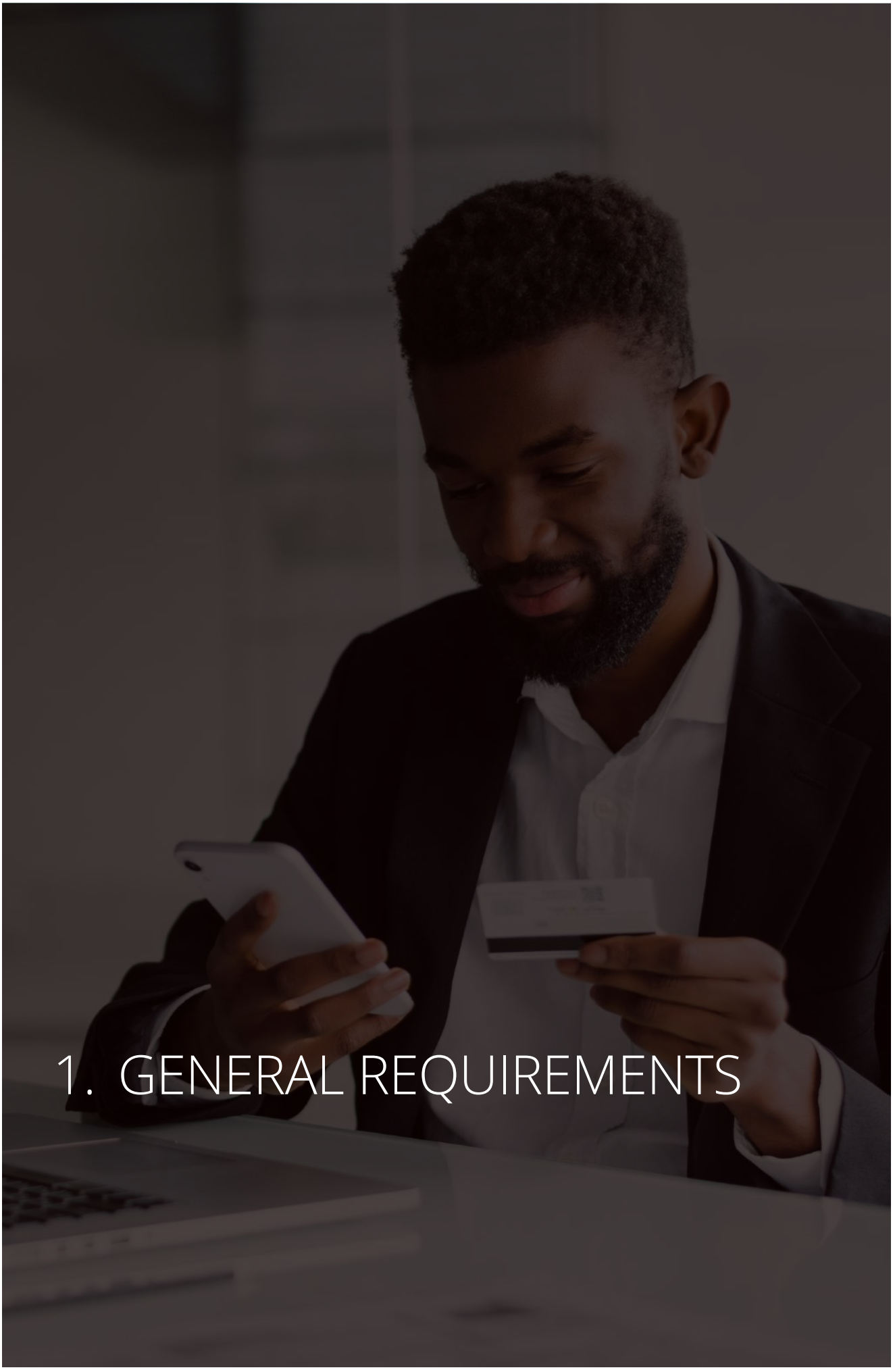
IMPORTANT NOTICE

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

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

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

Contents



1. GENERAL REQUIREMENTS

1.1. Definitions and Abbreviations

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

Table 1: Defined terms and abbreviations

"AABE"	Accounting and Auditing Board of Ethiopia
"AABE Directive"	Accounting and Auditing Board of Ethiopia Directive No.985/2024
"AAICEC"	Addis Africa International Convention and Exhibition Centre
"AfCFTA"	African Continental Free Trade Area
"AfDB"	African Development Bank
"AFRIEXIM"	African Export–Import Bank
"AGM"	Annual General Meeting
"AI"	Artificial Intelligence
"Allotment Report"	A report on the results of the Rights Offer provided to, and approved by, the ECMA, including: (1) a summary of the results of the Rights Offer; (2) A list of Prospective Investors acquiring 5% or more of the total Rights Offer Shares; and (3) A list of all Prospective Investors, including the number of Tradeable Rights exercised and the proposed allotment of Rights Offer Shares.
"AML"	Anti-Money Laundering
"AML Proclamation"	Prevention and Suppression of Money Laundering and Financing of Terrorism Proclamation No. 780/2013, as amended by Proclamation No. 1387/2025
"AOA"	Articles of Association
"AT1"	The result obtained by dividing a) Tier 1 Capital by b) risk weighted assets
"ATM"	Automated Teller Machine
"Banking Business Proclamation"	Banking Business Proclamation No. 1360/2025
"BII"	British International Investment
"BNPL"	Buy Now Pay Later
"Board"; "Board of Directors"	The collective of the elected Directors of the Company
"Business Segments"	The four business segments of the Company, namely Retail, Corporate, MSME, and IFB
"CaFEC"	Capital Financial Excellence Center
"CAR"	Capital Adequacy Ratio: The result obtained by dividing: (a) Total Capital, by (b) Risk Weighted Assets.
"CAGR"	Compound Annual Growth Rate

"Capital Market Proclamation"	Capital Market Proclamation No. 1248/2021
"Capital Market Service Providers Directive"	Capital Market Service Providers Licensing and Supervision Directive No. 980/2024
"CBE"	Commercial Bank of Ethiopia
"CEO"	Chief Executive Officer
"CET1"	Common Equity Tier 1
"CFO"	Chief Financial Officer
"CFT"	Combating the Financing of Terrorism
"Commercial Code"	The Commercial Code of Ethiopia Proclamation No. 1243/2021
"Company"	Dashen Bank Share Company
"Corporate Governance Directive"	The NBE's Bank Corporate Governance Directive No. SBB/93/2024
"CPO"	Cash Payment Orders
"CSD"	Central Securities Depository
"CSD Account"	A dematerialised account created on the CSD
"CTF"	Counter Terrorism Financing
"Cut-off Date"	The last date at which Existing Shareholders can participate in the Rights Offer
"Dashen SuperApp"	Mobile and/or web-based platform embedding core financial services along with mini-apps and other programs
"DBE"	Development Bank of Ethiopia
"Deloitte"	D and T Ethiopia Management Consulting PLC
"DFI"	Development Finance Institution
"Directors"	Members of the Board of Directors
"DPS"	Dividend Per Share
"EagleLion"	EagleLion System Technology PLC
"ECMA"	Ethiopian Capital Markets Authority
"EIB"	European Investment Bank
"EIU"	Economist Intelligence Unit
"EIPS"	Ethiopian Instant Payment System
"Entitlement"	An Existing Shareholder's proportional entitlement of the 2,206,907 Rights Offer Shares
"ERP"	Enterprise Resource Planning
"ERA"	Ethiopian Roads Administration

“ESG”	Environmental, Social, and Governance
"ESOP"	Employee Stock Ownership Plan
"ESX"	Ethiopian Securities Exchange
"ETB" or "Ethiopian Birr"	The lawful currency of the Democratic Republic of Ethiopia
"Executive Management"	The Chief Executive Officer and the Chief Financial Officer
"Executive Officers"	Being the executive management of the Company, excluding the CEO and CFO
"Exercised Tradeable Rights"	Tradeable Rights that have been exercised by an Existing Shareholder at the end of the Rights Offer Period
"Existing Ordinary Shares"	The existing Ordinary Shares of the Company as at the Record Date
"Existing Shareholders"	The existing holders of the Ordinary Shares of the Company as at the Record Date
"External Auditor"	A.A. Bromhead Certified Audit Firm
"FCP Directive"	Financial Consumer Protection Directive No. FCP/01/2020
"FIS"	Financial Intelligence Service
"FinTech"	Financial Technology
"FMO"	Dutch Entrepreneurial Development Bank
"FT"	Foreign Transaction
"FTAC"	Federal Tax Appeal Commission
"FVOCI"	Fair Value through Other Comprehensive Income
"FY"	Fiscal Year
"FX"	Foreign Currency Exchange
"GAAP"	Generally Accepted Accounting Principles
"GBP"	Great British Pound
"GDP"	Gross Domestic Product
"Government"	Government of the Federal Democratic Republic of Ethiopia
"GPA"	Group Personal Accident
"GSMA"	Global System for Mobile communications Association
"HFI"	Historical Financial Information
"IFB"	Interest Free Banking
"IFRS"	International Financial Reporting Standards
"IMF"	International Monetary Fund

"Interested Person"	Any individual or entity with a significant stake in, or may derive material benefit from, and whose interest may potentially influence the Company.
"IT"	Information Technology
"KPIs"	Key Performance Indicators
"KYC"	Know Your Customer
"Legal Advisor"	Tamrat Assefa Liban Law Office
"Legal Opinion"	Legal opinion issued by the Legal Advisor
"MOA"	Memorandum of Association
"MoTRI"	Ministry of Trade and Regional Integration
"MPC"	Monetary Policy Committee
"M-PESA"	The mobile money platform offered by Safaricom Telecommunications Ethiopia PLC
"MSME"	Micro, Small, and Medium Enterprises
"NBE"	National Bank of Ethiopia
"NBE Ownership Cap"	NBE imposed cap on ownership for individuals and corporate entities
"NBE Proclamation"	National Bank of Ethiopia Proclamation No 1359/2025
"Non-Exercised Tradeable Rights"	Tradeable Rights that have been renounced or left to lapse at the end of the Rights Offer Period
"NPF", "Non Performing Financing"	The aggregate of all financing facilities, acquired investment assets, leases (ijarah), and other Shariah-compliant credit arrangements provided by a bank where one or more payment obligations (such as principal, profit, rental, or other scheduled payments) are overdue by 90 (ninety) days or more.
"NPF ratio", "Non Performing Financing ratio"	The result obtained by dividing the total principal balance of Interest Free Banking (IFB) customers' (a) Non-Performing Financing, by (b) its total financing
"NPL", "Non-Performing Loans"	The aggregate of all loans, acquired investment securities, leases, and other credit facilities provided by the Borrower where one or more repayment instalments are overdue by 90 (ninety) days or more.
"NPL ratio", "Non-Performing Loans ratio"	The result obtained by dividing the total principal balance of the Borrower's (a) Non-Performing Loans, by (b) its total loans and advances
"NPS"	Net Promoter Score
"OBP"	Outward Bills Purchased
"ODBP"	Outward Documentary Bills Purchased
"OCI"	Other Comprehensive Income
"Ordinary Shares"	The ordinary shares of the Company
"PEP"	Politically Exposed Persons

"PCI DSS"	Payment Card Industry Data Security Standard
"POS"	Point-of-Sale
"Preferred Right"	The preferred (pre-emptive) right that Existing Shareholders have to subscribe for the Rights Offer Shares
"Prospective Investors"	The Existing Shareholders as well as Qualified Investors and Retail Investors
"Prospectus"	This document
"Public Offer Directive"	Public Offer and Trading of Securities Directive Number 1030/2024
"Qualified Investors"	Institutional investors and high-net-worth individuals
"QR"	Quick Response
"Record Date"	The date at which shareholders are entitled to the statutory pre-emptive right provided under Article 448 of the Commercial Code and Article 9 of the Public Offer Directive .
"Related Party"	The related parties include the employees, Directors, Directors' associates, companies associated with the Directors, and Executive Management
"Retail Investor"	Any other person other than a Qualified Investor who invests for their own account
"Rights Offer"	The rights offer that is the subject of this Prospectus
"Rights Offer Period"	The period during which Existing Shareholders (and other potential investors in respect of Shortfall Rights Offer Shares) can participate in the Rights Offer
"Rights Offer Price"	ETB 2,900 per Rights Offer Share
"Rights Offer Shares"	The Ordinary Shares being offered pursuant to the Rights Offer
"Rights Register"	The official record maintained by the Company that shows which Existing Shareholders are entitled to receive rights to apply for Rights Offer Shares as at the Record Date.
"Risk Based Capital Adequacy Requirement Directive"	Risk Based Capital Adequacy Requirement for Banks Directive No. SBB/ 95 /2025
"RWAs"	Risk-Weighted Assets
"Segment Revenue"	Has the meaning set out in section 7.11
"Shortfall Rights Offer Shares"	The residual Surplus Rights Offer Shares that are not allocated to Existing Shareholders.
"SME"	Small and Medium Enterprises
"Surplus Rights Offer Shares"	The Rights Offer Shares related to Non-Exercised Tradeable Rights

"T-bills"	Treasury bills
"TCCP Proclamation"	Trade Competition and Consumer Protection Proclamation No.813/2013
"Total Revenue"	Has the meaning set out in section 7.11
"Tradeable Rights"	Tradeable rights instruments that convey to Existing Shareholders their Preferred Right, as set out in Section 8.2.5.
"Transaction Advisor"	Deloitte
"USD"	United States Dollar
"USSD"	Unstructured Supplementary Service Data
"VAT"	Value Added Tax

1.2. Corporate directory

The registered corporate address of the Company is given as:

Addis Ababa, Sub city Lideta woreda 09
Dashen headquarters, Sudan street
P.O. Box 12752, Addis Ababa, Ethiopia
Hotline 6333
Tel: +251 115183091
Fax: +251 1578428
Email: info@dashenbanksc.com
Website: www.dashenbanksc.com

As at the date of this Prospectus, the Company maintains 906 branches located throughout Ethiopia, managed through its 14 districts, across all 12 regions of the country and two chartered city administrations. The contact information, including addresses and telephone numbers for the aforementioned branches and district offices, is provided in Annex 2 of the Prospectus.

The Company's registrar is the Ministry of Trade and Regional Integration ("MoTRI"), and their address is:

Bole Sub City
Addis Ababa
Ethiopia
Phone number: +251 1111 51536
Website: https://motri.gov.et

1.3. Person responsible for the information disclosed

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

- Ato Dulla Mekonnen Mossisa – Chairperson of the Board and member of the nomination & remuneration committee and strategic management committee
- Ato Abebe Teklu Gebreselassie – Director of the Board; member of the audit committee and strategic management committee; and chairperson of risk & compliance committee
- Ato Akalewold Admasu Gebremariam - Director of the Board and chairperson of the audit committee
- W/ro Esete Lulseged Teferi - Director of the Board; member of the risk & compliance committee and credit committee; and chairperson of strategic management committee
- W/ro Eyerus Teni Bonger – Director of the Board; member of the strategic management committee; and chairperson of the nomination & remuneration committee

- Ato Million Assefa Mersha – Director of the Board and chairperson of the credit committee
- Ato Negussie Demie Buta – Director of the Board and member of the risk & compliance committee and credit committee
- W/ro Rahel Worede Amdebirehan – Director of the Board and member of the nomination & remuneration committee and credit committee
- Ato Saeed Ahmed Hassan – Director of the Board and member of the nomination & remuneration committee and audit committee
- Ato Asfaw Alemu Tessema – Chief Executive Officer ("CEO")
- Ato Alemneh Abebe Kabtyemer – Chief Financial Officer ("CFO")

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

1.3.1. Transaction Advisor responsibility statement

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

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

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

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

this Prospectus, and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not in the past or future.

1.3.2. The External Auditor's responsibility statement

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

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

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

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

1.3.3. The Legal Advisor responsibility statement

Tamrat Assefa Liban Law Office have acted as independent legal advisor to the Company in connection with the Rights Offer described in this Prospectus together with any related Rights Offer documents.

The Legal Advisor has provided its legal opinion dated 09 November 2025 (the "Legal Opinion") and has authorised its inclusion as an accompanying document to the registration statement. The Legal Advisor has also authorised the inclusion of its name in this Prospectus.

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

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

The Legal Advisor's responsibility is limited to matters expressly addressed in the Legal Opinion and to the specific statements in this Prospectus that are expressly attributed to it or stated to be based on the Legal Opinion. The Legal Advisor does not assume responsibility for, and has not independently

verified, any other information contained in this Prospectus, for which responsibility rests with the Company, its Board and the other persons identified in Article 38(2)(a)-(e) of the Public Offer Directive.

1.4. Third-party information

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

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

1.5. External Auditor

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

A.A. Bromhead Certified Audit Firm
Jomo Kenyata Street, EECMY Building, 4th Floor
P.O. Box 709, Addis Ababa, Ethiopia

A.A. Bromhead Certified Audit Firm is authorised to undertake audits in Ethiopia and is licensed by the AABE, in line with the Council of Ministers Regulation No. 332/2014 and is independent from the Company. Details of the External Auditors AABE license is set out below:

Registration certificate No: ADF00005
Issue date: 13/5/2025
Expiry date: 7/2/2026

The External Auditor acted as the Company's external auditors for the financial statement audits of 30 June 2025, 2024, and 2023. Following the conclusion of the 30 June 2025 financial statement audit, the External Auditor has served in this capacity for 6 financial years. The Company is required to rotate external auditors after a maximum of 6 years, and following the conclusion of the 30 June 2025 financial statement audit, the Company is seeking to appoint a new external auditor. The new external auditor will be appointed at the Company's AGM scheduled for 25 December 2025.

The External Auditor has no interest in the Company.

1.6. Summary of the Prospectus

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

1.6.1. Key information about the Company

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

The Company is named after Ethiopia's highest mountain, Ras Dashen, and was founded on 20 September 1995 by eleven shareholders. It emerged directly from Ethiopia's pivotal shift to a market-oriented economy in November 1991, officially commencing commercial banking operations in 1996 with a network of eleven branches across Ethiopia.

The Company operates as a commercial bank. It serves customers through four distinct business segments, namely: (i) Corporate; (ii) Retail; (iii) Micro, Small, and Medium Enterprises ("MSME"); and (iv) Interest Free Banking ("IFB"), the ("Business Segments"). The Company has a track record of profitability, organically growing its loans and advances to customers, and generating returns for shareholders. Set out below is a summary of the Company's select HFI and Key Performance Indicators ("KPIs") for the years ended 30 June 2025, 2024, and 2023.

Table 2: Select HFI and KPIs

Select HFI and KPIs	**For the years ended 30 June**		
	2025	**2024**	**2023**
Select HFI (ETB millions)			
Statement of profit or loss and Other Comprehensive Income ("OCI")			
Interest income	21,683	17,442	13,408
Interest expense	(7,650)	(5,278)	(4,061)
Net interest income	**14,033**	**12,164**	**9,347**
Fees and commission income	8,140	5,098	3,873
Fees and commission expenses	(666)	(351)	(207)
Net fees and commission income	**7,474**	**4,747**	**3,666**
Other operating income	1,616	859	643
(Loss)/gain on foreign exchange	(2,405)	130	(343)
Impairment reversals / (charges)	19	(703)	(603)
Net operating income	**20,737**	**17,197**	**12,710**
Employee benefits expenses	(8,199)	(6,526)	(4,737)
Other operating expenses	(5,853)	(4,308)	(2,956)
Profit before income tax	**6,685**	**6,363**	**5,017**
Profit for the year	**5,899**	**4,886**	**3,561**
Earnings per share	456	433	442
Statement of financial position			
Loans and advances to customers (net of provision)	123,297	108,067	95,046

Select HFI and KPIs	For the years ended 30 June		
	2025	2024	2023
Select HFI (ETB millions)			
IFB financing (net of provision)	10,732	6,218	5,152
Investment security	18,699	19,091	10,912
Total assets	254,487	183,721	144,764
Customer deposits	202,238	145,860	114,968
Total liabilities	225,751	159,794	125,445
Share capital	14,337	12,000	9,345
Total equity	28,736	23,927	19,319
KPIs			
Cost-to-income ratio (%)	69.3%	61.0%	58.0%
Loan-to-deposit ratio	66.3%	78.4%	87.2%
Total number of cardholders ('000)	1,233	2,263	1,888
Active number of cardholders ('000)	148	94	-
Total number of customers ('000)	7,877	6,712	5,270
Active number of customers ('000)	4,123	3,263	3,563
Total number of Dashen SuperApp subscribers ('000)	702	-	-
Active number of Dashen SuperApp subscribers ('000)	636	-	-
Total number of Dashen Mobile Plus subscribers ('000)	2,630	5,570	4,069
Active number of Dashen Mobile Plus subscribers ('000)	161	156	59
Number of loanees	40,758	32,428	28,436
Number of branches	906	882	835
Number of Automated Teller Machines ("ATM")	1,085	1,096	388
Number of Point-of-Sale ("POS") terminals	2,175	1,952	1,388
Number of staff (including outsourced employees)	19,102	18,556	17,571
Capital Adequacy Ratio ("CAR")*	14.0%	13.9%	12.5%
Non-Performing Loans ("NPL") ratio*	4.6%	7.4%	5.1%
Non-Performing Financing ("NPF") ratio*	2.1%	2.7%	1.8%
Liquidity ratio*	42.0%	31.3%	20.9%

*The Company, as part of its regular reporting obligations with the NBE is required to report various KPIs and other financial metrics. Please refer to section 7.12 for further details.

As at 30 June 2025, the Company's number of loanees increased to 40,758, up from 32,428 as at 30 June 2024, reflecting an expansion in the Company's lending reach. Over the same period, the CAR rose to 14.0%, compared to 13.9% as at 30 June 2024. This improvement places the Company

above the NBE's minimum requirement of 8.0% of Risk-Weighted Assets ("RWAs"). Additionally, the Company expanded its network of branches and POS terminals, reaching 906 branches and 2,175 POS terminals as at 30 June 2025, up from 882 branches and 1,952 POS terminals as at 30 June 2024, respectively.

The Company's cost-to-income ratio increased to 69.3% in the year ended 30 June 2025, from 61.0% in the year ended 30 June 2024, primarily due to strategic investments in branch expansion, digital infrastructure, and risk management, coupled with inflationary pressures on operating costs.

Additionally, the number of ATMs decreased from 1,096 as at 30 June 2024 to 1,085 as at 30 June 2025, due to the removal of inactive and outdated machines. Moreover, the Company's number of cardholders decreased after the Company made the strategic decision to remove uncollected customer cards. The impact of this decision saw the number of cardholders decrease from 2,263 thousand as at 30 June 2024, to 1,233 thousand as at 30 June 2025. Despite the reduction in ATM numbers and the number of cardholders, the ATM transaction value reached ETB 19,762 million for the year ended 30 June 2025, an increase of 50.6% from ETB 13,122 million for the year ended 30 June 2024.

Dashen Mobile Plus subscribers decreased from 5,570 thousand as at 30 June 2024, to 2,630 thousand as at 30 June 2025. This decrease is due to the deactivation of accounts that did not meet the complete Know Your Customer ("KYC") requirements.

1.6.2. Principal activities of the Company

The Company offers a range of financial solutions through its Retail, Corporate, MSME, and IFB Business Segments across Ethiopia. Its principal activities include providing loan products, deposit solutions, trade finance services, safe deposit box services, and digital banking innovations.

The Company's Total Revenue, Segment Revenue and other income are set out in the table below.

Table 3: Total Revenue and Segment Revenue

Total Revenue and Segment Revenue	For the year ended 30 June		
	2025	2024	2023
ETB (millions)			
Retail	2,446	1,810	1,376
Corporate	18,509	14,449	11,763
MSMEs	4,121	3,140	2,487
IFB	1,423	768	538
Total Segment Revenue*	**26,499**	**20,167**	**16,164**
Other income	4,939	3,233	1,760
Total Revenue*	**31,438**	**23,400**	**17,924**

* Total Revenue and Segment Revenue are non- Generally Accepted Accounting Principles ("GAAP") measures and comprise income from interest income, fees and commission income, and other operating income, as set out in Section 7.11.

In the year ended 30 June 2025, the Company generated ETB 31,438 million in Total Revenue, an increase of ETB 8,038 million or 34.4% from ETB 23,400 million in the year ended 30 June 2024. Retail Segment Revenue increased by 35.1% from ETB 1,810 million in the year ended 30 June 2024,

reaching ETB 2,446 million in the year ended 30 June 2025, mainly due to increased consumer loan disbursements at an increased interest rate. Corporate Segment Revenue increased by ETB 4,060 or 28.1% to ETB 18,509 million in the year ended 30 June 2025 from ETB 14,449 million in the year ended 30 June 2024, with the increase mainly attributed to increased loan disbursements, with higher interest rates, as well as higher fees and commissions from Foreign Currency Exchange ("FX") services. MSME Segment Revenue increased by ETB 981 million or 31.2% from ETB 3,140 million in the year ended 30 June 2024, to ETB 4,121 million in the year ended 30 June 2025 as a result of increased loan disbursement to MSMEs at higher interest rates. IFB Segment Revenue reached ETB 1,423 million in the year ended 30 June 2025, an ETB 655 million or 85.3% increase from ETB 768 million in the year ended 30 June 2024, as a result of increased loan disbursement to domestic trade & service, import, export, and manufacturing sectors.

The Company provides a variety of loan products designed to meet the specific needs of its diverse client base. These include term loans for long-term financing, retail loans for personal investments, microfinance loans for low-income individuals, and interest-free financing adhering to Shariah principles.

As at 30 June 2025, the Company disbursed a total of ETB 135,717 million in loans across the different Business Segments. Details of the total loans by Business Segment are set out below.

Table 4: Total loans disbursed without provision per Business Segment

Total loans disbursed (without provision)	**As at 30 June**		
	2025	**2024**	**2023**
ETB (millions)			
Retail	19,228	16,070	13,325
Corporate	86,623	76,652	67,260
MSMEs	19,097	17,149	15,510
IFB	10,769	6,256	5,204
Total loan disbursed (without provision)	**135,717**	**116,127**	**101,299**

Complementing its loan offerings, the Company offers a suite of deposit products tailored to savings and transactional needs. These include current and savings accounts, term deposits, and Shariah-compliant IFB deposits, catering to both conventional and Islamic banking preferences.

As at 30 June 2025, the Company's total deposit base stood at ETB 202,238 million, up from ETB 145,860 million as at 30 June 2024. Details of the total deposits by Business Segment are set out below.

Table 5: Total deposits per Business Segment

Total deposits	**As at 30 June**		
	2025	**2024**	**2023**
ETB (millions)			
Retail	83,383	63,112	52,426
Corporate	77,305	53,136	40,101

Total deposits	As at 30 June		
	2025	2024	2023
ETB (millions)			
MSMEs	25,790	18,484	14,331
IFB	15,760	11,128	8,110
Total deposits	**202,238**	**145,860**	**114,968**

Additionally, to support trade activities, the Company provides trade finance services, such as letters of credit, pre-shipment finance, and FX conversion. These services facilitate secure domestic and international trade transactions, mitigating financial risks for corporate clients. In the year ended 30 June 2025, the Company's trade finance services, mainly as foreign currency mobilised, were USD 1,117 million, as compared to USD 967 million in the year ended 30 June 2024.

Furthermore, through its digital banking products, the Company offers innovative solutions, including the Dashen SuperApp, Ethiopia's first banking super app, which provides features such as fund transfers, virtual cards, Quick Response ("QR") payments, digital onboarding, instant payment system, gamification feature, Unstructured Supplementary Service Data ("USSD") feature and integration with third-party services. The Company additionally issues premium debit cards in partnership with American Express and offers international prepaid cards in partnership with Mastercard for global transactions. Strategically, the Company also collaborates with Ethio Telecom to enhance financial inclusion through digital services such as microloans and savings via the telebirr platform. This initiative aims to expand financial access to underserved populations.

As set out in the table below, the Company has identified KPIs to monitor increasing digital adoption, transaction volume, and the overall impact of its digital banking services. For the year ended 30 June 2025, the Company has processed 31.7 million transactions, with a value of ETB 180,889 million, through ATMs, POS, Dashen SuperApp, and Dashen Mobile Plus.

Table 6: Digital banking KPIs

Digital banking KPIs	For the year ended 30 June		
	2025	2024	2023
Number of ATMs	1,085	1,096	388
ATM transaction value (ETB 'million)	19,762	13,122	6,851
ATM transaction volume ('000)	14,592	9,442	5,136
Number of POS terminals	2,175	1,952	1,388
POS terminal transaction value (ETB 'million)	8,737	4,884	2,053
POS terminal transaction volume ('000)	1,663	1,298	717
Dashen Bank SuperApp total subscribers ('000)	702	-	-
Dashen Bank SuperApp transaction value (ETB 'million)	48,000	-	-
Dashen Bank SuperApp transaction volume ('000)	4,930	-	-
Dashen Mobile Plus total subscribers ('000)	2,630	5,570	4,069

Digital banking KPIs	For the year ended 30 June		
	2025	2024	2023
Dashen Mobile Plus transaction value (ETB 'million)	104,390	78,381	33,308
Dashen Mobile Plus transaction volume ('000)	11,006	7,373	2,798
American Express gold and green debit card transaction value (ETB 'million)	2,535	2,052	2,229
USSD Mobile banking value (ETB 'million)	12,831	4,239	795
Prepaid international Mastercard value (USD'000)	12,402	19,799	2,666
American Express gold and green debit card transaction volume ('000)	1,686	1,301	1,444
USSD Mobile banking volume ('000)	2,939	733	169
Prepaid international Mastercard volume ('000)	102	156	21
Total number of cardholders ('000)	1,233	2,263	1,888

The Company ensures broad accessibility of these services through its nationwide network of branches, ATMs, and POS terminals. As a principal member of global payment brands such as American Express, VISA, Mastercard, and Unionpay, it provides both physical and digital access points, ensuring convenience and security for all customers.

The Company is committed to providing innovative products to previously unreached customers through strategic partnerships and collaborations with regional and international partners. Recent strategic initiatives include:

- A partnership between the Company and Ethio Telecom, in August 2022, to provide micro-loans (telebirr Mela), overdraft services (telebirr Endekise), and micro-savings (telebirr Sanduq), via telebirr, Ethio Telecom's mobile money platform, to expand financial services to Ethiopia's underserved population.
- Securing a USD 40 million loan from British International Investment ("BII") and Dutch Entrepreneurial Development Bank ("FMO"), specifically targeting agricultural exports, aiming to boost agricultural productivity.
- Securing a USD 40 million trade finance guarantee facility from the AfDB in May 2025 to provide trade finance guarantees to local importers and exporters.
- A partnership with Lersha, an agri-finance platform, in June 2025, to provide collateral-free loans to smallholder farmers for essential inputs.
- A collaboration with Accion and Mastercard in February 2025 to establish an innovation hub for digital financial services tailored to women-owned MSMEs.
- A partnership with the mobile money platform offered by Safaricom Telecommunications Ethiopia PLC ("M-PESA") and CashGo in February 2025 to optimise international remittances, enabling direct transfers to mobile wallets.

- The Company also maintains long-standing strategic partnerships with major global card networks, namely Mastercard, VISA, and UnionPay. Furthermore, as at the date of this Prospectus, the Company is the sole issuer and acquirer of American Express card services in Ethiopia.
- A collaboration announced in July 2025, with Ethio Telecom and ETTA Solutions, a local Financial Technology ("FinTech") company, has introduced "Zoorya" a business automation system that combines cash register, POS, and Enterprise Resource Planning ("ERP") functions, enhancing operational efficiency and streamlining processes for businesses.
- The European Investment Bank ("EIB") partnership for climate risk and greening financial systems technical assistance program.
- In May 2022, the Company entered a USD 100 million trade facilitation programme with African Export–Import Bank ("AFRIEXIM"), providing trade finance guarantee services.

Furthermore, the Company actively participates in strategic equity investments across key sectors of the Ethiopian financial ecosystem and supporting infrastructure, reflecting its commitment to diversification and industry development. These investments span critical areas, including insurance services (Nyala Insurance S.C.), national payment and switching services (EthSwitch S.C.), and reinsurance (Ethiopian Reinsurance S.C.), all aimed at strengthening the broader financial landscape. The Company also holds stakes in institutions vital for market development, including the ESX, Addis Africa international Convention and Exhibition Centre ("AAICEC") (a center which seeks to provide state-of-the-art convention and exhibition service), and Capital Financial Excellence Center ("CaFEC") (a company focused on providing training and professional development programs in the financial sector, including leadership, banking, and insurance sector-related trainings, HR, and marketing). Furthermore, it has invested in Society for Worldwide Interbank Financial Telecommunication ("SWIFT"), a global cooperative that provides secure financial messaging services enabling cross-border payments and other international financial transactions.

1.6.3. Corporate governance of the Company

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

1. Ato Dulla Mekonnen Mossisa – Chairperson of the Board and member of the nomination & remuneration committee, and strategic management committee
2. Ato Abebe Teklu Gebreselassie – Director of the Board; member of the audit committee and strategic management committee; and chairperson of the risk & compliance committee
3. Ato Akalewold Admasu Gebremariam – Director of the Board and chairperson of the audit committee
4. W/ro Esete Leulseged Teferi – Director of the Board; member of the risk & compliance committee and credit committee; and chairperson of the strategic management committee
5. W/ro Eyerus Teni Bonger – Director of the Board; member of the strategic management committee; and chairperson of the nomination & remuneration committee
6. Ato Million Assefa Mersha – Director of the Board and member of the risk & compliance committee and credit committee
7. Ato Negussie Demie Buta – Director of the Board and member of the risk & compliance committee

8. W/ro Rahel Worede Amdebirehan – Director of the Board and member of the nomination & remuneration committee and credit committee

9. Ato Saeed Ahmed Hassen – Director of the Board and member of the nomination & remuneration committee and audit committee

The Company's Board of Directors is supported by an experienced Executive Management team comprising the CEO, Ato Asfaw Alemu Tessema, and the CFO, Ato Alemneh Abebe Kabtyemer. All members of the Board of Directors and Executive Management are Ethiopian nationals.

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

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

1.6.4. Summary of key HFI

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

1.6.4.1. Summary statement of comprehensive income

Table 7: Summary statement of comprehensive income

	For the year ended 30 June		
	2025	**2024**	**2023**
ETB (millions)			
Interest income	21,683	17,442	13,408
Interest expense	(7,650)	(5,278)	(4,061)
Net interest income	**14,033**	**12,164**	**9,347**
Fees and commission income	8,140	5,098	3,873
Fees and commission expenses	(666)	(351)	(207)
Net fees and commission income	**7,474**	**4,747**	**3,666**
Other operating income	1,616	859	643
(Loss)/gain on foreign exchange	(2,405)	130	(343)
Total operating income	**20,718**	**17,900**	**13,313**
Impairment reversals / (charges)	19	(703)	(603)
Net operating income	**20,737**	**17,197**	**12,710**
Employee benefits expenses	(8,199)	(6,526)	(4,737)

	For the year ended 30 June		
	2025	2024	2023
ETB (millions)			
Other operating expenses	(5,853)	(4,308)	(2,956)
Profit before income tax	**6,685**	**6,363**	**5,017**
Income tax expense	(786)	(1,477)	(1,456)
Profit for the year	**5,899**	**4,886**	**3,561**

1.6.4.2. Summary statement of financial position

Table 8: Summary statement of financial position

	As at 30 June		
	2025	2024	2023
ETB (millions)			
Assets			
Cash and balances with banks	58,675	19,792	11,957
Reserve with NBE	15,839	10,459	8,300
Loans and advances to customers	123,297	108,067	95,046
IFB financing	10,732	6,218	5,152
Investment security	18,699	19,091	10,912
Other assets	15,371	9,741	5,091
Investment properties	557	713	730
Intangible assets	1,569	630	651
Property and equipment	9,748	9,010	6,837
Deferred tax assets	-	-	88
Total assets	**254,487**	**183,721**	**144,764**
Liabilities and Equity			
Liabilities			
Customer deposits	202,238	145,860	114,968
Current income tax	623	1,496	1,440
Other liabilities	21,546	11,454	8,552
Deferred tax liability	314	332	-
Defined benefits obligation	1,030	652	485
Total liabilities	**225,751**	**159,794**	**125,445**
Equity			

	As at 30 June		
	2025	2024	2023
ETB (millions)			
Share capital	14,337	12,000	9,345
Retained earnings	2,656	3,367	3,000
Reserve for IFRS	575	681	894
Legal reserve	7,114	5,639	4,417
Regulatory credit risk reserve	3,640	1,721	1,503
Share premium	237	237	128
Other reserves	177	282	32
Total equity	**28,736**	**23,927**	**19,319**
Total liabilities and equity	**254,487**	**183,721**	**144,764**

1.6.4.3. Summary statement of cash flows

Table 9: Summary statement of cash flows

	For the year ended 30 June		
	2025	2024	2023
ETB (millions)			
Net cash inflow from oper-ating activities	43,189	17,714	1,693
Net cash outflow from in-vesting activities	(2,364)	(10,733)	(1,468)
Net cash outflow from fi-nancing activities	(1,942)	854	1,329
Net increase in cash and cash equivalents	38,883	7,835	1,554
Cash and cash equivalents at the beginning of the year	19,792	11,957	10,403
Cash and cash equivalents at the end of the year	**58,675**	**19,792**	**11,957**

1.6.5. Key Information on the Rights Offer being undertaken

The Rights Offer comprises 2,206,906 new Ordinary Shares of the Company, being the Rights Offer Shares, offered at a Rights Offer Price of ETB 2,900 each. The Rights Offer Shares shall be fully paid Ordinary Shares with a cumulative nominal value of ETB 6,400,027,400. The Rights Offer Period will commence at 09:00 on 25 December 2025 and will end on 11 February 2026. The issuance of the Rights Offer Shares is duly authorised by a resolution of the shareholders dated 24 July 2025, in accordance with the Capital Market Proclamation, the Public Offer Directive, and the Company's Memorandum of Association ("MOA"), which collectively provide the legal authority for the creation, offering, and allotment of such Ordinary Shares. No expenses will be charged by the Company to any Prospective Investor.

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

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

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

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

d. Every holder of Ordinary Shares has a preferred right, in proportion to his holding, to purchase cash shares issued on an increase of capital.

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

1.6.6. Registration of securities

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

1.6.7. Participating in the Rights Offer

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

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

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

1. Choose to participate in the Rights Offer by instructing their broker to exercise the Tradeable Right, including making full payment;

2. Seek to sell the Tradeable Right in the market to another Existing Shareholder, for which they need to instruct their broker accordingly. The price paid for the Tradeable Right will be determined by the market at the time of the trade, and there can be no guarantee there will be a willing buyer. In this case, they will lose the right to participate in the Rights Offer is respect of the sold Tradeable Rights, but will receive the compensation agreed between seller and buyer (through their brokers);

3. Through their broker, an Existing Shareholder can assign their Tradeable Right to another Existing Shareholder, in which case they will lose the right to participate in the Rights Offer, will be diluted, and will not receive any compensation;
4. Through their broker, renounce their Tradeable Right, in which case they will lose the right to participate in the Rights Offer, will be diluted, and will not receive any compensation;
5. Let the Tradeable Right lapse by taking none of the aforementioned actions before the end of the Rights Offer Period, in which case they will lose the right to participate in the Rights Offer, will be diluted, and will not receive any compensation.

Where an Existing Shareholder intends to exercise a Tradeable Right in accordance with option (1) above, they must make full payment (being the full Rights Offer Price in respect of each Tradeable Right) through their broker. The Tradeable Rights can only be exercised by making full payment before the end of the Rights Offer Period.

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

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

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

1.6.7.1. Participation by Existing Shareholders in Surplus Rights Offer Shares

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

1.6.7.2. Insufficient demand from Existing Shareholders

In the event that demand from Existing Shareholders is insufficient to cover the Surplus Rights Offer Shares (and therefore is also insufficient to cover the total Rights Offer Shares), the Company will seek to allocate the residual Surplus Rights Offer Shares (the "Shortfall Rights Offer Shares") to Qualified

Investors and Retail Investors. The Company will allocate the Shortfall Rights Offer Shares to Qualified Investors and Retail Investors at the Rights Offer Price.

1.6.7.3. Escrow accounts and settlement

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

1.6.7.4. Trading arrangements

Upon receiving the requisite approval from the ECMA and the completion of the Rights Offer, the Company intends to list 100% of the Ordinary Shares of the Company, being the existing 14,336,972 Ordinary Shares and 2,206,906 newly issued Rights Offer Shares, on the ESX. Following admission to the ESX, the shareholders of the Company will be able to trade their shares freely through a licensed broker.

1.6.7.5. Expected timetable

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

Table 10: Expected timetable

Expected timetable of events	Time and Date
Record Date	24 December 2025
Date of approval of this Prospectus	24 December 2025
Publication of this Prospectus	24 December 2025
Commencement of the Rights Offer Period	09:00 on 25 December 2025
Cut-off Date and Closure of the Rights Offer Period	15:00 on 11 February 2026
Completion of allotment and verification	13 February 2026
Announcement of the results of the allotment	16 February 2026
Legal issuance of the new Ordinary Shares pursuant to the Rights Offer	16 February 2026
Crediting of new Ordinary Shares to investors' accounts on CSD	16 February 2026
Admission to the official list of the main board of the ESX	23 February 2026

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

1.6.8. Summary of key risks

Any investment in the Rights Offer Shares involves numerous risks and uncertainties related to the Company. The Company believes the following risks are the key risks related to the Company, based on the probability of their occurrence and the expected magnitude of their negative impact. The occurrence of one or more of these risks, alone or in combination with other events or circumstances,

may materially adversely affect the Company's business, financial condition, and operating results. In such an event, the value of the Company's securities could decline, and investors could lose all or part of their investment.

1.6.8.1. Industry-specific and financial risks

- The Company is exposed to the risk of borrowers failing to meet their repayment obligations.
- The Company is exposed to the risk of liquidity shortfalls resulting from unexpected large-scale depositor withdrawals or limited access to funding sources, including capital markets.
- Limited access to hard currency and exchange rate volatility could hinder the settlement of foreign obligations and damage counterparties' confidence.
- Fluctuations in market interest rates could adversely affect the Company's profitability by altering the net interest margin, the spread between interest earned on assets and interest paid on liabilities.
- Persistently high inflation in Ethiopia poses a risk to the Company's financial performance by eroding consumer purchasing power, increasing operational costs, and weakening borrowers' repayment capacity.
- The Company is exposed to the risk that unexpected losses or a decline in asset quality could erode its capital buffers.
- Climate, social, governance, and regulatory pressures could increase credit and operational risks, raise compliance costs, and harm reputation and access to capital.

1.6.8.2. Operational and technology risks

- The Company's growing reliance on digital platforms and technologies increases its exposure to cyber threats, including data breaches, ransomware attacks, and system intrusions.
- Dependence on internal Information Technology ("IT") systems and Ethiopia's evolving technological infrastructure, especially in rural areas, increases the risk of service interruptions, customer dissatisfaction, unplanned costs, and reputational harm.
- Potential declines in asset quality could weaken capital buffers and limit the Company's ability to respond effectively to operational disruptions.

1.6.8.3. Strategic and competitive risks

- The liberalisation of the banking sector could lead to increased competition from international entrants.
- The Company's failure to adapt to evolving technologies or to innovate in digital banking services may reduce its competitiveness, limit customer acquisition and retention, and adversely affect its market position.

1.6.8.4. Legal, regulatory, and governance risks

- Failure to comply with applicable directives, guidelines, or reporting obligations may result in administrative sanctions, including fines, licensing or operational restrictions, and reputational damage.

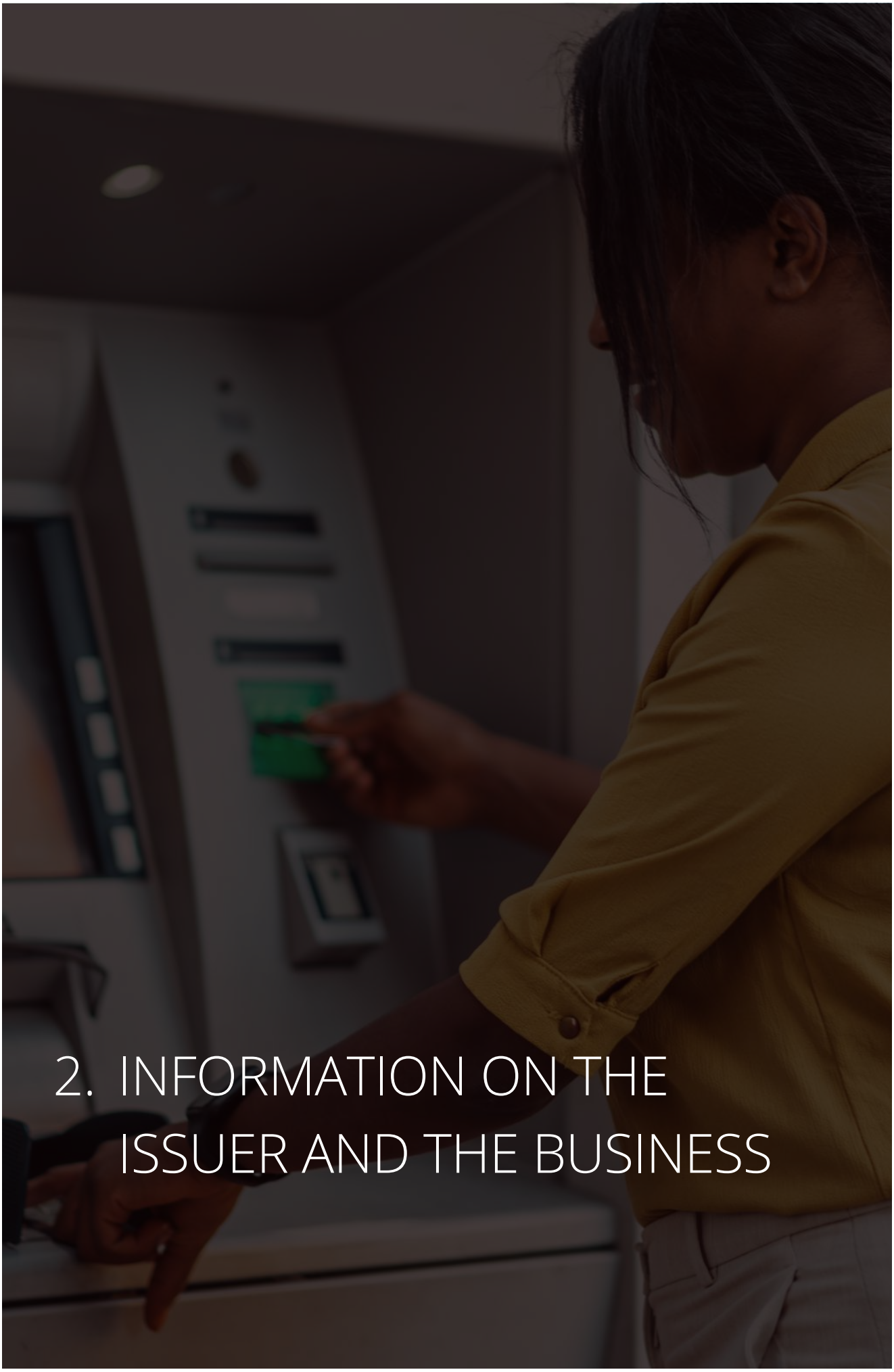
- As a listed entity, the Company will face enhanced reporting, governance, and transparency obligations. Compliance with these new requirements may necessitate significant resource allocation and could lead to increased operational costs.
- The Company faces risks in complying with AML, Counter Terrorism Financing ("CTF"), and KYC obligations due to challenges in verifying customer identity in areas with limited identification systems and evolving regulatory expectations, with any breach potentially resulting in regulatory sanctions, reputational damage, and operational restrictions.

1.6.8.5. Country and macroeconomic risks

- The Company's operations are concentrated in Ethiopia, a nation that has experienced periods of political instability and regional conflict, which may negatively impact the Company's operations.
- Adverse macroeconomic conditions in Ethiopia, including persistent foreign exchange shortages, high inflation, fiscal pressures, and regulatory unpredictability, may negatively impact the Company's operations.
- Reliance on third-party infrastructure such as Ethio Telecom, exposes the Company to service disruptions that could impair operations, customer service, and compliance.

1.6.8.6. Rights Offer-Specific risks

- The Rights Offer Shares may not be fully subscribed, reducing the capital raised and affecting the intended use of proceeds.
- Issuance of new shares will dilute existing shareholders' ownership if they do not fully participate.
- The fixed Rights Offer Price of ETB 2,900 may not reflect market value, and shares could trade below this level subsequent to completion of the Rights Offer.
- No assurance exists that an active secondary market will develop; limited liquidity may lead to price volatility.
- As a listed entity, failure to meet new disclosure and governance obligations may negatively impact the Company and its share price.
- Operational issues or delays in account deductions or escrow arrangements could disrupt the settlement of Rights Offer Shares.
- Investors participating in the Rights Offer face increased risks of operational errors, delays, and disruptions in applications, allocations, refunds, and share registration, given that Ethiopia's capital market infrastructure is still evolving. These issues could result in loss or inconvenience for which the Company may not be able to compensate.
- Economic conditions (including liquidity shortages, inflation, and FX constraints) may limit investor appetite for bank shares, which could adversely affect the success of the Rights Offer and the aftermarket performance of the Rights Offer Shares.



2. INFORMATION ON THE ISSUER AND THE BUSINESS

2.1. Information on the issuer and the business

2.1.1. The name and domicile of the Company

The legal name of the Company is Dashen Bank Share Company, and the Company operates under the commercial name of Dashen Bank. The Company is regulated by the NBE, pursuant to the Banking Business Proclamation No. 1360/2025 (the "Banking Business Proclamation"). The Company operates under license number LBB/002/95.

The registered address of the Company is:

Addis Ababa, Sub city Lideta, Woreda 09
Dashen headquarters, Sudan street
P.O. Box 12752, Addis Ababa, Ethiopia
Hotline 6333
Tel: +251 115183091
Fax: +251 1578428
Email: info@dashenbanksc.com
Website: www.dashenbanksc.com

The Company is incorporated and domiciled in Ethiopia. The Company was incorporated and registered on 20 September 1995 in accordance with the 1960 Commercial Code of Ethiopia. The Company is registered in Ethiopia with principal registration number LD/AA/3/0005296/2012.

2.1.2. History and development of the Company

The Company was founded on 20 September 1995 by eleven shareholders, emerging directly from the new economic policy introduced in November 1991, which marked a pivotal shift from a command economy to a market-oriented economy in Ethiopia. The name "Dashen Bank" was inspired by "Ras Dashen", Ethiopia's highest mountain, renowned for its unique characteristics, including being a habitat for rare wild animals such as the Walia Ibex and Gelada Baboon.

The Company officially commenced operations on 1 January 1996, launching with an initial network of eleven branches across Ethiopia with the business purpose of rendering commercial banking activities, including loan products and deposit product.

Over the years, the Company has significantly expanded its product and service offerings, particularly embracing digital and interest-free banking. In 2006, the Company pioneered payment card services in Ethiopia, partnering with major international brands such as American Express, VISA, Mastercard, and UnionPay. It later issued its own Dashen-branded debit card, the Dashen Mastercard (both plastic and virtual), as well as an American Express-branded debit card. This strategic move was undertaken to leverage the established infrastructure and global reach of internationally recognised payment networks, thereby facilitating seamless cross-border transactions. Simultaneously, it aimed to enhance security and fraud prevention by incorporating the robust protocols and mechanisms of these established brands. The partnership also served to build customer trust and confidence through the association with reputable global brands, ultimately expanding income generation opportunities and access to new customer segments.

Building on this digital foundation, the Company launched its first mobile banking service, Modbirr, in September 2010. This digital evolution continued with the introduction of Amole digital wallet, which

later evolved into Dashen Mobile Plus, an omnichannel platform providing a comprehensive suite of mobile and internet banking services.

The Company further diversified its portfolio in 2018 by launching Shariah-compliant IFB services under the brand 'Sharik'. This began with dedicated windows in conventional branches and has since expanded to numerous full-fledged IFB branches. This initiative was undertaken to capitalise on the significant market opportunity presented by the growing demand for Shariah-compliant financial services. By offering Sharia-compliant IFB services, the Company aimed to attract a new customer segment, diversify its income streams beyond traditional interest-based banking, and enhance its brand reputation as a socially responsible and inclusive financial institution. 'Sharik' offers a range of services, including Qard Current Accounts, Wadia Saving Accounts, Mudarabah Fixed Time Deposit Accounts, and Murabaha financing facilities for various needs such as mortgages, car purchases, personal loans, and investments, alongside Qard Pre-shipment Export Financing. The Company also provides ATM cards branded with SharikCard and An-Nissa Card for IFB account holders.

Recent innovations highlight the Company's commitment to cutting-edge financial solutions. In August 2023, the Company partnered with Mastercard to introduce the Dashen Mastercard multi-currency international prepaid card (both plastic and virtual) and the Mastercard Payment Gateway System, for Ethiopian merchants to accept international online payments. Building on the "Buy Now, Pay Later" model, the Company launched DubeAle conventional banking in January 2023 and followed up with the DubeAle-IFB service in August 2024, enabling customers to purchase goods and services on credit, with the IFB version adhering to Shariah principles. Further enhancing customer convenience, in December 2023, the Company collaborated with Ethiopian Airlines to introduce the 'Fly Now Pay Later' service, allowing customers to book flights and pay over 6 or 12 months.

Most notably, in January 2025, the Company unveiled the "Dashen Bank SuperApp", a banking super app. This all-in-one solution offers extensive features, including instant interbank and intrabank fund transfers, Artificial Intelligence ("AI") powered self-onboarding, integrated credit services, IFB options, a "Budget" spending tracker, a "Three Click Shopping" Merchant App, virtual cards, QR payments, and integration with third-party apps for services such as flight booking and streaming. The novel "Chat Banking" feature also allows money transfers via text messages through social media platforms. Future phases of the SuperApp are planned to include microloans and a dedicated savings feature.

Beyond the Company's pioneering digital and IFB services, the Company continues to offer a suite of conventional and IFB banking products. These include various types of savings, current/demand and fixed-time deposits, a range of consumer and business loans and financing, extensive international trade and services (import, export, and remittance facilitation), and both local and international guarantees. Specialised accounts such as the Shoppers Club Account, offering discounts and access to Buy Now Pay Later ("BNPL") schemes, as well as investment and Equb Savings Accounts with progressive interest rates. These services are designed to empower individuals and businesses with the financial tools they need to manage their finances effectively and achieve their financial goals. Additionally, the Company facilitates remittances through partnerships with major operators such as Western Union and MoneyGram, and operates an international e-commerce gateway that supports American Express, VISA, and Mastercard.

Furthermore, in its commitment to innovation and expanded reach, the Company has also forged key strategic partnerships. These include securing a USD 40 million loan from BII and FMO. This funding specifically targets agricultural export businesses, aiming to increase agricultural exports

and strengthen exporters' financial capacity. In addition, a USD 40 million trade finance guarantee facility with the AfDB was entered into in May 2025 to boost import/export sectors. A collaboration with Accion and Mastercard was entered in February 2025 to establish an innovation hub for digital financial services tailored to women-owned MSMEs, promoting financial inclusion, entrepreneurship, and sustainable economic growth and job creation. Furthermore, the Company partnered with M-PESA Safaricom Ethiopia and CashGo in February 2025 to optimise international remittances, enabling direct transfers to mobile wallets, as well as with Lersha, an agri-finance platform, in June 2025, to provide collateral-free loans to smallholder farmers for essential inputs.

Its digital transformation efforts are also enhanced by collaborations with IBM for cloud integration architecture, CR2, a global digital banking and payments company within the FinTech sector that provides banks with digital banking, digital wallet & payment hub solutions, and Thunes for instant cross-border payments. The Company also maintains long-standing strategic partnerships with major global card networks, Mastercard, and UnionPay. Furthermore, as at the date of this Prospectus, the Company is the sole provider of American Express card services in Ethiopia.

In July 2025, the Company announced a collaboration with Ethio Telecom and ETTA Solutions, a local FinTech company, introducing "Zoorya", a business automation system that combines cash register, POS, and ERP functions, enhancing operational efficiency and streamlining processes for businesses.

As part of its long-term vision, the Company has also embedded sustainability into its core strategy. It established Ethiopia's first dedicated sustainability department, focusing on integrating Environmental, Social, and Governance ("ESG") principles across its operations. Additionally, the Company has prioritised capacity building by providing sustainability training for its employees, ensuring that its workforce is well-equipped to drive its ESG objectives forward. In line with this, in September 2025 the Company entered a technical assistance agreement with the EIB development arm, EIB Global, to receive technical support in strengthening the ability to identify, assess, and manage climate-related risks.

These developments reflect the Company's strategic trajectory towards becoming a full-service, innovation-driven financial institution. Through the continuous expansion of its product portfolio, high-impact partnerships, and the integration of sustainability across its operations, the Company has positioned itself as a key player in Ethiopia's evolving financial landscape.

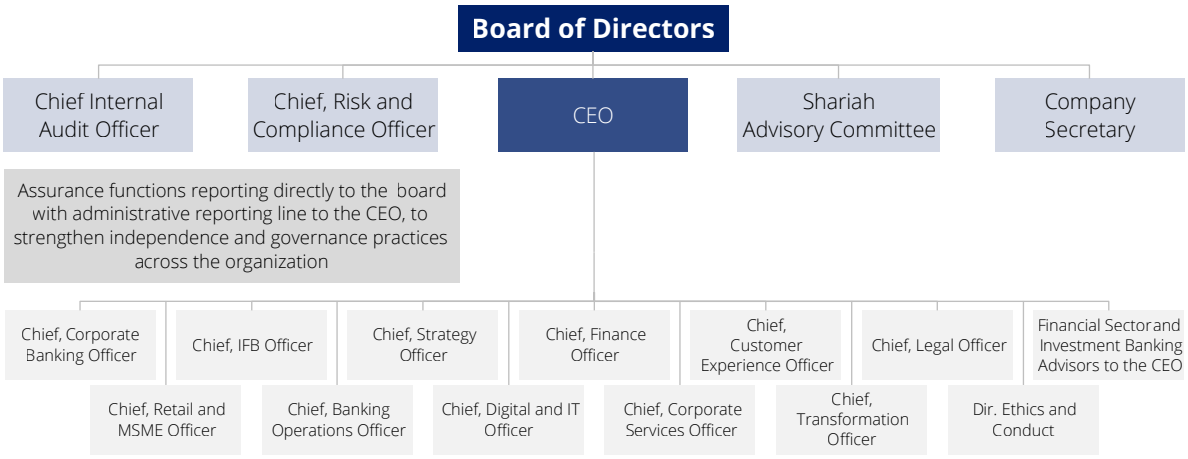
2.1.3. Recent events materially relevant to the Company's solvency

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

2.1.4. Organisation structure

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

Figure 1: Organisation structure



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

2.2. Business overview

The Company is a financial institution in Ethiopia regulated by the NBE. The Company serves a range of customers through four Business Segments: Retail, Corporate, MSME, and IFB, as a commercial bank.

The Company's primary activities encompass loan products, deposit products, trade finance services, and digital banking services. It offers an array of financing and loan services tailored to meet the financial needs of its customers. These services are available in both Shariah-compliant and conventional formats, catering to corporations, MSMEs, as well as retail segments. In addition to loan and IFB financing offerings, the Company provides a range of deposit products, including standard current and savings accounts as well as Shariah-compliant interest-free deposits, addressing varied saving and transactional needs. Furthermore, the Company provides trade finance services, enabling businesses to manage their international trade operations efficiently and effectively.

The Company also provides digital banking services, including the Dashen SuperApp, its flagship all-in-one banking application. Other digital offerings include Dashen Mobile Plus, which offers Cash-in and Cash-out services for digital wallet transactions, American Express-branded Gold and Green Debit cards, a Prepaid International Mastercard, and USSD Mobile Banking (*996#) for convenient transactions without internet access. The Company also leverages an extensive network of ATMs and POS terminals nationwide to facilitate digital payments and withdrawals.

In the year ended 30 June 2025, the Company reported interest income of ETB 21,683 million, representing a 24.3% increase from ETB 17,442 million in the year ended 30 June 2024. Additionally,

the Company's fees and commissions income reached ETB 8,140 million, an increase of 59.7% from ETB 5,098 million in the year ended 30 June 2024.

Earnings per share increased from ETB 433 in the year ended 30 June 2024 per share to ETB 456 per share in the year ended 30 June 2025, while profit after tax increased from ETB 4,886 million in the year ended 30 June 2024 to ETB 5,899 million in the year ended 30 June 2025, the increase was offset by a larger proportional increase in the weighted average number of ordinary shares outstanding, rising from 11,296 thousand as at 30 June 2024 to 12,948 thousand as at 30 June 2025. However, the Company's cost-to-income ratio increased to 69.3% in the year ended 30 June 2025, from 61.0% in the year ended 30 June 2024, primarily due to investments in branch expansion, digital infrastructure, and risk management, coupled with inflationary pressures on operating costs. While the Company has scaled up its digital products and other technology systems, cost reductions have not yet fully materialised as transactions continue to be processed through branches, and initial technology investments have been front-loaded.

A summary of the selected financial performance and KPIs of the Company is set out below.

Table 11: Select HFI and KPIs

Select HFI and KPIs	For the years ended 30 June		
	2025	2024	2023
Select HFI (ETB millions)			
Statement of profit or loss and OCI			
Interest income	21,683	17,442	13,408
Interest expense	(7,650)	(5,278)	(4,061)
Net interest income	**14,033**	**12,164**	**9,347**
Fees and commission income	8,140	5,098	3,873
Fees and commission expense	(666)	(351)	(207)
Net fees and commission income	**7,474**	**4,747**	**3,666**
Other operating income	1,616	859	643
(Loss)/gain on foreign exchange	(2,405)	130	(343)
Impairment reversals / (charges)	19	(703)	(603)
Net operating income	**20,737**	**17,197**	**12,710**
Employee benefits expenses	(8,199)	(6,526)	(4,737)
Other operating expenses	(5,853)	(4,308)	(2,956)
Profit before income tax	**6,685**	**6,363**	**5,017**
Profit for the year	**5,899**	**4,886**	**3,561**
Earnings per share	456	433	442
Statement of financial position			
Loans and advances to customers (net of provision)	123,297	108,067	95,046
IFB financing (net of provision)	10,732	6,218	5,152

Select HFI and KPIs	For the years ended 30 June		
	2025	2024	2023
Select HFI (ETB millions)			
Investment security	18,699	19,091	10,912
Total assets	254,487	183,721	144,764
Customer deposits	202,238	145,860	114,968
Total liabilities	225,751	159,794	125,445
Share capital	14,337	12,000	9,345
Total equity	28,736	23,927	19,319
KPIs			
Cost-to-income ratio (%)	69.3%	61.0%	58.0%
Loan to deposit ratio	66.3%	78.4%	87.2%
Total number of cardholders ('000)	1,233	2,263	1,888
Active number of cardholders ('000)	148	94	-
Total number of customers ('000)	7,877	6,712	5,270
Active number of customers	4,123	3,263	3,563
Total number of Dashen SuperApp subscribers ('000)	702	-	-
Active number of Dashen SuperApp subscribers ('000)	636	-	-
Total number of Dashen Mobile Plus subscribers ('000)	2,630	5,570	4,069
Active number of Dashen Mobile Plus Subscribers ('000)	161	156	59
Number of loanees	40,758	32,428	28,436
Number of branches	906	882	835
Number of ATMs	1,085	1,096	388
Number of POS terminals	2,175	1,952	1,388
Number of staff (including outsourced employees)	19,102	18,556	17,571
CAR*	14.0%	13.9%	12.5%
NPL ratio*	4.6%	7.4%	5.1%
NPF ratio*	2.1%	2.7%	1.8%
Liquidity ratio*	42.0%	31.3%	20.9%

*The Company, as part of its regular reporting obligations with the NBE, is required to report various KPIs and other financial metrics. In some instances, these NBE-reported KPIs and other financial metrics may differ from those included within the Company's HFI and those included within the Prospectus as a result of certain allowances provided to the financial institutions regulated by the NBE. Set out in Section 7.12 (KPIs reported to the NBE) are those KPIs reported to the NBE and further detail as relates to the allowances.

The Company's branch network is widely distributed across Ethiopia with branches across all 12 country regions and two chartered city administrations (Addis Ababa and Dire Dawa). Addis Ababa leads in the number of branches, with 298 branches, followed by Oromia, with 211 branches,

Amhara, with 155 branches, Tigray, with 43 branches, Central Ethiopia, with 43 branches, and the remaining regions and Dire Dawa city administration, comprising collectively 156 branches. The Company operates a total of 906 branches, of which 94 are full-fledged IFB branches. Additionally, the Company's 1,085 ATM and 2,175 POS are distributed across the country.

Through these channels, the Company offers a range of financial solutions through its Retail, Corporate, MSME, and IFB Business Segments across Ethiopia. The Company's Total Revenue and Segment Revenue are set out in the table below:

Table 12: Total Revenue and Segment Revenue

Total Revenue and Segment Revenue	For the year ended 30 June		
	2025	2024	2023
ETB (millions)			
Retail	2,446	1,810	1,376
Corporate	18,509	14,449	11,763
MSMEs	4,121	3,140	2,487
IFB	1,423	768	538
Total Segment Revenue*	**26,499**	**20,167**	**16,164**
Other income	4,939	3,233	1,760
Total Revenue*	**31,438**	**23,400**	**17,924**

* Total Revenue and Segment Revenue are non-GAAP measures and comprise income from interest income, fees and commission income, and other operating income, as set out in Section 7.11.

Retail

The Retail segment includes individual customers through savings, current accounts, personal loans, mortgages, and digital banking services. The Company generated Retail Segment Revenue of ETB 2,446 million in the year ended 30 June 2025, an increase of 35.1% from ETB 1,810 million in the year ended 30 June 2024. This growth was primarily driven by higher consumer loan disbursements at increased interest rates, with personal loans, staff loans, and emergency salary advance loans representing the top contributing products.

Corporate

The Corporate segment provides large corporations, share companies, institutions, and multinational companies that have investment and trade licenses with banking services, including current accounts, credit facilities, and international banking services. The Company generated Corporate Segment Revenue of ETB 18,509 million in the year ended 30 June 2025, an increase of 28.1% from ETB 14,449 million in the year ended 30 June 2024. Key contributing sectors in this segment included domestic trade and services, manufacturing, and export businesses, with higher interest rates as well as higher fees and commissions from FX deployment.

MSMEs

The Company, under its MSEME segment, offers micro, small, and medium-sized enterprises customised credit facilities, advisory services, and other banking initiatives addressing the financing

gap of MSMEs. The Company generated MSME Segment Revenue of ETB 4,121 million in the year ended 30 June 2025, an increase of 31.2% from ETB 3,140 million in the year ended 30 June 2024. The increase was primarily due to higher loan disbursements at improved interest rates, with the leading contributions coming from enterprises engaged in domestic trade and services, transport, and export sectors.

IFB

The Company is a player in the Shariah-compliant IFB sector, with dedicated IFB windows and 94 full-fledged IFB branches across the country. The Company generated IFB Segment Revenue of ETB 1,423 million in the year ended 30 June 2025, an increase of 85.3% from ETB 768 million in the year ended 30 June 2024, driven by increased disbursements in domestic trade & service and import sectors under Murabaha financing structures.

Overall

As at 30 June 2025, the Company has a network of 906 branches and 2,175 POS terminals, up from 882 branches and 1,952 POS terminals as at 30 June 2024, respectively. Despite closing two branches due to corridor development, the Company opened 26 new branches in different districts across the country, including Adama, Dessie, and Mekelle, for a net expansion of 24 branches. Additionally, through its POS terminals, as at 30 June 2025, the Company processed 1.7 million transactions, totaling ETB 8.7 billion. However, the Company's number of ATMs decreased from 1,096 to 1,085 during the same period. This decrease was primarily due to the removal of 11 ATMs that were attributed to their outdated technology and functionality. Despite the reduction in ATM numbers, the ATM transaction value reached ETB 19,762 million for the year ended 30 June 2025, an increase of 50.6% from ETB 13,122 million for the year ended 30 June 2024.

The Company also actively participates in equity investments across different sectors of the Ethiopian financial ecosystem, reflecting its commitment to diversification and industry development. The Company had an independent valuation report done by a third-party for its unquoted equity investments as at 30 June 2025. The valuation was done using the market and net asset approach in valuing the investee companies. The methodology of the aforementioned approaches is set out below.

- The market approach, which indicates the value of the shares of a company based on a comparison of the company to comparable firms in similar lines of business that are publicly traded or are part of a public or private transaction
- The net assets approach, which indicates the market value of the ordinary shares of a business by adjusting the asset and liability balances on the subject company's balance sheet to their market value equivalents.

Based on this information, the table below sets out the Company's strategic equity investments as at 30 June 2025.

Table 13: Equity investments

Entity	Nature of business	Ownership percentage	Voting rights	Date of investment	Cost	Fair value for the year ended 30 June 2025
ETB ('000)						
AAICEC	Innovation Exchange Center	0.6%	0.6%	30-Dec-17	54,097	57,539
CaFEC	Excellence Centre	5.1%	5.1%	27-Jul-22	2,000	2,540
ESX	Securities Exchange Center	2.4%	2.4%	29-Mar-24	25,000	22,079
Ethiopian Re-insurance S.C.	Re Insurance	2.1%	2.1%	04-Feb-16	50,180	63,750
EthSwitch S.C.	Switching Service	5.9%	5.9%	14-Jul-11	150,876	792,504
Nyala Insurance S.C.	Insurance	5.0%	5.0%	01-Mar-10	66,727	95,618
SWIFT	Interbank communication network	0.01%	0.01%	20-Jun-13	378	6,436

2.2.1. Business strategy and objectives

The Company, during the year ended 30 June 2025, launched a 5-year strategic plan to drive sustainable growth and strengthen its position in the Ethiopian banking market. To achieve this, its vision is set: "To be a best-in-class bank in Africa." This ambitious vision is strategically anchored in three pillars.

- Increase market share through various growth initiatives;
- Decrease the Company's cost-to-income ratio through operational efficiency and digital transformation; and
- Enhance customer satisfaction to achieve a positive Net Promoter Score ("NPS").

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

2.2.1.1. Increase market share through various growth initiatives

The Company aims to increase its market share in total assets and loans by strategically focusing on key sectors and Business Segments. Within the Corporate segment, efforts will be concentrated on manufacturing, domestic trade and services, and tourism, with plans to expand into international trade and mining. Additionally, the Company plans to enhance specific business portfolios within its Corporate segment. In the Retail segment, the Company's growth plans will be driven by targeting different Retail segments to increase market penetration.

Further expanding its reach, the MSME portfolio will prioritise growth in manufacturing, domestic trade and services, agriculture, and international trade. Notably, the Company also intends to substantially increase both its retail and Small and Medium Enterprises ("SME") portfolios within its IFB services. Underpinning all these strategic initiatives is a commitment to drastically uplift sales and service performance across every operational channel, thereby supporting the overall objective of achieving the targeted market share.

2.2.1.2. Decrease the Company's cost-to-income ratio through operational efficiency and digital transformation

The Company aims to decrease its cost-to-income ratio through a comprehensive strategy centered on operational efficiency and digital transformation. This involves adopting a scalable and efficient operating model, heavily supported by advancements in digital technology. Key initiatives under this model include optimising the branch network by integrating alternative formats such as mobile branches, mini-branches, and kiosks, alongside expanding the agency banking network. Furthermore, the Company plans to significantly scale its digitisation efforts to both increase and monetise its digitally active customer base, while concurrently automating core processes to streamline operations and enhance overall efficiency.

However, for the year ended 30 June 2025, the Company's cost-to-income ratio increased to 69.3% in the year ended 30 June 2025, from 61.0% ended 30 June 2024, primarily due to strategic investments in branch expansion, digital infrastructure, and risk management, coupled with inflationary pressures on operating costs. While the Company has scaled up its digital products and other technology systems, cost reductions have not yet fully materialised as transactions continue to be processed through branches, and initial technology investments were front-loaded.

2.2.1.3. Enhance customer satisfaction to increase the Company's NPS

One of the Company's strategic objectives is to enhance customer satisfaction to increase the Company's NPS. This will be accomplished by ensuring the Company's pervasive presence at critical points of customer interaction and through the delivery of a superior, best-in-class experience. The strategy encompasses a comprehensive understanding of segment and product value propositions and processes to optimise performance in areas most impactful to customers. Furthermore, the Company is committed to reducing channel-related turnaround times across all core processes. This is complemented by providing ubiquitous access to banking services through diverse channel interaction modes, while concurrently integrating these channels across customer journeys to ensure a cohesive and seamless omnichannel experience.

2.2.2. Future prospects and challenges

2.2.2.1. Future prospects

The Company's future growth strategy is shaped by a comprehensive understanding of evolving market dynamics, and the opportunities present within the Ethiopian financial sector. The Company plans to drive expansion through strategic initiatives focused on increasing financial inclusion, advancing digital services, and addressing the specific financial needs of key economic sectors and demographics. Some of the prospects the Company has identified for its strategic direction are detailed below.

Financial inclusion and the unbanked population

According to the NBE's 2021-2025 national financial inclusion strategy, approximately 30.0% of Ethiopian adults are projected to remain outside the formal financial system by 2025. The Company identifies this as a significant market opportunity to address and engage this underserved segment. This underserved demographic represents a key growth area for the Company, which is strategically positioned to expand its digital banking services, including branchless banking, mobile banking, and agency banking networks. The Company aims to enhance financial inclusion by developing tailored products specifically designed for rural communities, informal workers, and low-income groups, thereby addressing their unique needs and extending banking services to previously unreached segments of the population.

Digital and mobile banking expansion

Ethiopia is experiencing a notable expansion in digital connectivity, presenting a clear strategic opportunity. According to the GSMA, as of January 2025, the nation had 85.4 million active cellular mobile connections, representing 63.8% of the total population, and 28.6 million internet users, equating to a 21.3% penetration rate. Additionally, on 25 July 2025, Ethio Telecom announced that telebirr had reached 54.8 million mobile money users, while Safaricom Ethiopia in March 2025 reported that M-PESA had registered 4.5 million users. This expanding digital landscape is generating a robust demand for digital financial services, as highlighted by the NBE, which reported more than 128.5 million registered mobile money accounts by December 2024.

This initiative follows the launch of 'Digital Ethiopia 2025 Strategy' by the Ethiopian Government ("Government") in 2020, to develop digital infrastructure and ensure access to digital services for all Ethiopians, laying the foundation for a digital economy.

Recognising this trend, the Company is strategically positioned to capitalise on the increasing demand for digital wallets, mobile applications, and internet banking services by leveraging its digital banking service offering. This includes its recently launched all-in-one banking super app, called Dashen SuperApp, and its active engagement in digital lending through innovative initiatives such as DubeAle, its BNPL platform. Furthermore, the Company's strategic partnership with Ethio Telecom's telebirr for microcredit services exemplifies its collaborative approach to expanding digital financial inclusion. Through these advanced digital channels and strategic alliances, the Company aims to significantly extend its market reach and enhance its service capabilities, catering to the evolving demands of a digitally connected population.

SME and agribusiness financing

Ethiopia's SMEs and agribusiness sectors present compelling growth opportunities, despite current challenges to financial access. According to a 2025 report from the World Bank, in Ethiopia, only 15.8% of MSMEs have access to bank loans or lines of credit, leaving many enterprises struggling to access the funds they need to grow.

Concurrently, Ethiopia's agribusiness sector offers substantial opportunities for sustained growth and increased financial sector engagement. According to the World Bank, this sector employed nearly 70.0% of the workforce in 2025, highlighting its significance in the nation's economy. Despite its economic importance, NBE's national agricultural finance implementation roadmap (2025-2030)

indicates that only 2.0% of the total potential demand for agricultural finance was met in the year ended 30 June 2024, revealing a financing gap that needs to be addressed to fully capitalise on the sector's potential.

Recognising these underserved segments as a strategic growth area, the Company has proactively engaged in key initiatives. This includes a USD 40 million Trade Finance Facility signed with the AfDB in May 2025, specifically designed to bolster support for SMEs and local corporates in overcoming persistent challenges in securing international credit lines, ultimately supporting the importation of essential goods such as fertilisers, pharmaceuticals, solar panels, and agricultural machinery. Furthermore, in August 2023, the Company secured a USD 40 million loan from BII and FMO, specifically targeting agricultural exports, with the aim of boosting farmer productivity. By designing targeted credit products, offering advisory services, and implementing value chain financing solutions that address access barriers, the Company aims to bridge these financial gaps and capitalise on projected growth in agribusiness, particularly commercial farming, fostering both financial inclusion and economic development.

Enhancing diaspora engagement and remittances

Ethiopia benefits from substantial annual remittances, presenting a compelling opportunity for financial institutions to deepen their engagement with the diaspora. The Ethiopian Diaspora Service, through the Ethiopian News Agency, announced that remittance inflows to Ethiopia exceeded USD 6 billion in the year ended 30 June 2024. This figure represents a 50.0% increase compared to the previous budget year.

The Company has demonstrated its commitment by entering strategic partnerships for remittance services, including a collaboration with M-PESA Safaricom and CashGo in February 2025 to streamline international money transfers. Furthermore, the Company proactively offers a range of specialised diaspora accounts, including fixed-time deposits, demand/current accounts, and Qard current accounts, providing secure channels for foreign currency deposits and investments. By designing targeted products and services, such as specialised diaspora bonds, remittance-linked savings accounts, tailored housing finance solutions, and investment accounts, the Company can further cater to the specific financial needs and investment aspirations of the diaspora. This approach aims to enhance capital mobilisation, support national development initiatives, and strengthen the Company's asset base.

Advancing green and sustainable finance

Ethiopia's increasing focus on climate resilience, renewable energy, and sustainable agriculture presents a strategic opportunity for the financial sector to engage. Ethiopia has committed to a green development path, notably through its Climate Resilient Green Economy strategy, which aims to achieve middle-income status by 2025 (original target) while limiting net carbon emissions. This commitment is further supported by the nation's active pursuit to mobilise USD 2 billion in green financing by 2030, utilising mechanisms such as green bonds and carbon credits.

In response to this national imperative and the growing demand for green finance, the Company established Ethiopia's first dedicated sustainability department in November 2024, focusing on integrating ESG principles across its operations. This positions the Company to introduce specialised financial products, with potential offerings including green loans for renewable energy projects,

financing mechanisms for carbon credit initiatives, and climate-smart investment funds that support sustainable agriculture and climate adaptation technologies. The Company's commitment is further solidified through strategic collaborations, such as its recent partnership with the EIB on climate risk and greening financial systems technical assistance program aimed at enhancing its capacity for green lending. By developing such products and leveraging these partnerships, the Company seeks to support national climate goals, foster sustainable economic development, and attract environmentally conscious investors.

Growing Islamic banking and interest-free products

Ethiopia's National Financial Inclusion Strategy II aims to increase Shariah-compliant account ownership from 12.0% in 2021 to 18.0% by 2025. In response to this growing market priority and supporting environment, the Company, operating under its "Sharik" brand, offers a comprehensive suite of Shariah-compliant products, including Mudarabah Saving Accounts, specialised Hadji and An-Nissa Wadia saving accounts, and various Murabaha financing options for investment and export. The Company recently launched "IFB DubeAle," an interest-free credit platform, offering credit facilities for up to ETB 700,000. These initiatives position the Company to capitalise on the rising demand for Sharia-compliant financial products. The opportunity extends to expanding interest-free windows, potentially establishing fully-fledged Islamic banking units, and developing innovative Shariah-compliant products for mortgages, trade finance, and digital platforms. By leveraging its established presence and product offerings, the Company aims to serve this growing segment of the population, diversify its income streams, and reinforce its commitment to financial inclusion.

Liberalisation of the financial sector and increased foreign partnerships

Ethiopia's financial sector is undergoing a significant transformation, with a strategic shift towards gradual liberalisation and increased foreign participation. This marks a departure from decades of a closed financial system. NBE took a pivotal step in March 2024 by issuing the Banking Business Proclamation, which allowed foreign banks, not of Ethiopian origin, to invest in Ethiopian financial institutions.

This gradual opening presents a strategic opportunity for financial institutions to form new international partnerships and tap into global expertise and capital. Opportunities are emerging for joint ventures, enhanced correspondent banking relationships, and direct foreign equity investments. Recognising this evolving landscape, the Company, with its track record of partnering with international Development Finance Institutions ('DFIs"), is well positioned to leverage these new avenues for growth. The Company will also actively explore strategic alliances, introduce the latest financial technologies, and attract foreign capital to expand its operations further and enhance its service offerings.

Underserved youth and women demographic

Ethiopia's demographic profile is characterised by a large and dynamic young population with approximately 41.2% of its total population estimated to be between 15 and 39 years of age in 2025, according to the United Nations Population Fund. This youthfulness is further underscored by a median age of 19.1 years as reported by Worldometer, making Ethiopia one of the youngest populations globally. This highlights a vast segment with evolving financial needs for education, entrepreneurship, and savings.

Additionally, according to the IFC, women operate approximately one-third of all SMEs in developing countries. Despite their immense contributions, according to the IFC, women entrepreneurs in Ethiopia often face distinct challenges in accessing formal financial services, including stringent collateral requirements, limited financial literacy, and socio-cultural barriers that can hinder their business growth.

Recognising the strategic importance of financial inclusion for these demographics, the Company has proactively engaged in relevant initiatives. Notably, in February 2025, the Company partnered with Accion, a global non-profit organisation committed to financial inclusion, and the Mastercard Center for Inclusive Growth, Mastercard's philanthropic hub, to establish an innovation hub focused on expanding digital financial services for women-owned MSMEs. Furthermore, under its "Sharik" Interest-Free Banking brand, the Company offers specific products such as the "An-Nissa Wadia saving account" tailored for Muslim women, demonstrating its commitment to serving diverse customer segments. By actively developing and promoting these specialised products, the Company aims to support economic empowerment, foster entrepreneurship, and contribute to a more inclusive national development.

Government and donor-funded projects

Ethiopia's significant reliance on development programs funded by both the Government of Ethiopia and international partners creates a substantial opportunity for financial intermediation. This aligns with the continued strong commitment from international donors; for instance, the World Bank Group's current portfolio in Ethiopia exceeds USD 15 billion across various sectors as of October 2024. These programs, which aim to drive socio-economic development, critically depend on robust financial channels to ensure effective implementation and achieve their desired impact.

The Company's strong track record in partnering with international DFIs and non-governmental organisations directly position it as a key conduit for development finance. This is evident in the Company’s partnership with Accion and Mastercard Center for Inclusive Growth, which highlights its proactive approach to intermediating funds for women-owned MSMEs. Building on these successful engagements, the Company plans to strategically expand its role by actively seeking new partnerships with governmental entities and international donors, enhancing its capabilities in program management, and diversifying its involvement in disbursing and monitoring funds for critical national development initiatives.

2.2.2.2. Future challenges

There are several challenges facing financial institutions in Ethiopia, including the Company. The Company has identified the following key challenges, as outlined below.

Dependence on corporate and trade finance business

In the year ended 30 June 2025, 69.8% of the Company’s revenue was derived from the Corporate segment. Additionally, the Company is dependent on trade-related operations for its FX services. This concentration exposes the Company to volatility in foreign currency availability and policy shifts, which impacts non-interest revenue and creates credit concentration risk. To mitigate this, the Company is actively working to diversify its income sources by expanding its retail lending, SME banking, and digital channels, including its Dashen Mobile Plus and card businesses. The Company is also introducing tailored credit risk frameworks for SMEs to manage new exposures.

As at 30 June 2025, the Company operates 906 branch networks in Ethiopia, up from 882 as at 30 June 2024, which, while extending its reach, inflates operating costs due to factors such as inflation and security risks. This has led to operating expenses that compress net profits and reduce the Company's return on equity. In response, the Company plans to accelerate the migration of customers to digital platforms, such as its Dashen Mobile Plus and SuperApp. It also aims to optimise the performance of underperforming branches and adopt hybrid service models to reduce the cost per transaction.

Talent retention and staff cost

The Company faces staff costs and a risk of talent poaching by competitors, including foreign banks and FinTech companies. This dynamic places pressure on the profitability of the Company and risks the loss of professionals, which could affect service quality and the pace of innovation. To counter these challenges, the Company plans to strengthen its talent management by implementing performance-based incentives, leadership development programs, and digital upskilling initiatives. It also intends to automate routine functions to reduce headcount pressure and manage costs.

Digital platform scalability and competition

The Company faces competition from new FinTech entrants and other banks. The potential for rivals to capture market share in digital transactions could erode the Company’s non-interest revenue growth and reduce customer loyalty. To mitigate this risk, the Company aims to strengthen its digital offering ecosystem through strategic partnerships with utilities and e-commerce companies, invest in an improved user experience, and enhance its offerings to include cross-border remittance and digital lending services.

Macroeconomic volatility

The Company constantly contends with the challenges of a volatile macroeconomic environment. Persistent high inflation erodes the value of assets and impacts consumer purchasing power, while unpredictable interest rates complicate lending and investment strategies. Furthermore, slower-than-anticipated Gross Domestic Product ("GDP") growth, a challenging investment climate, and instability in exchange rates, coupled with balance of payments pressures, directly constrain the Company's ability to grow its loan book and manage foreign currency risks. High unemployment and fluctuating consumption trends also pose risks to loan quality and overall economic activity. To address this, the Company is diversifying its loan portfolio toward defensive sectors, implementing dynamic risk-based pricing, and institutionalising regular stress testing to evaluate its credit and liquidity positions under various scenarios.

Government policy and regulatory shifts

The Company operates under the continuous challenge of adapting to evolving government policies and regulations. Sudden changes in fiscal policy, including taxation, subsidies, or public spending priorities, can directly impact the Company's profitability and the demand for its services. Similarly, shifts in investment and trade policies can create significant hurdles for key sectors that the Company finances. As the Company continues to operate in this environment, it has established a dedicated policy intelligence unit for regulatory scanning and impact analysis, ensuring it remains proactive in response to regulatory changes. Additionally, the Company maintains continuous dialogue with the NBE and the Ministry of Finance, providing an opportunity to prepare for new regulations and offer

input on any proposed regulations that may affect its operation. Furthermore, the Company aims to reduce over-exposure to highly subsidised or government-sensitive sectors by diversifying its loan portfolio and designing business strategies with built-in flexibility to accommodate policy-related shocks or delays.

Capital and liquidity constraints

The Company faces challenges related to its capital and liquidity strength, a situation significantly impacted by the NBE's evolving and increasingly stringent regulatory landscape. The NBE's recent directives aim to bolster the financial sector's resilience, resulting in increased minimum capital requirements and the adoption of more rigorous, risk-based capital adequacy frameworks aligned with international standards. Concurrently, the NBE is tightening liquidity management rules, revisiting reserve requirements, and imposing stricter prudential oversight for specific banking operations. Rising minimum capital thresholds and stricter liquidity management rules put pressure on the Company's capital-raising efforts, constrain lending growth, and narrow profit margins. To address these challenges, the Company plans to further invest in risk systems to support capital adequacy and liquidity monitoring. Additionally, the Company is developing a multi-year capital plan, including utilising the proceeds from the capital raise to strengthen its capital base and expand into digital banking. Furthermore, the Company plans to expand its low-cost, stable deposit sources while improving asset-liability management practices.

Increasing competitive landscape

The Company operates within a fiercely competitive market. The potential for new entrants, including foreign banks and agile FinTech firms, threatens to intensify competition for market share and talent. This environment drives constant service and pricing competition, putting sustained pressure on the Company's margins and requiring continuous innovation to differentiate its offerings and defend its market share. To remain competitive in the market, the Company plans to leverage data analytics for customer-centric differentiation, offering tailored products and quality service while forming strategic partnerships with FinTechs to embed financial services. The Company also aims to accelerate innovation by leveraging data analytics for customer-centric differentiation, offering tailored products and high-quality service, forming strategic partnerships with FinTechs to embed financial services, and utilising its product innovation hubs to develop new offerings, including digital loans and SME solutions.

Security concerns

The Company operates within an environment where periods of internal instability and security concerns represent a significant and direct challenge. Such conditions can severely disrupt broader economic activity, erode both domestic and international investor confidence, and directly impact the Company's day-to-day operations, including branch accessibility, staff safety, and asset quality. To address these challenges, the Company conducts branch risk profiling for contingency planning, expands digital banking to reduce reliance on physical branches in high-risk areas, and regularly updates its business continuity plans to address threats such as disasters and cyberattacks. Additionally, the Company intends to secure political risk insurance and property damage cover for critical assets and branches..

Rapid technological disruption

The accelerating pace of FinTech innovation and digital disruption poses an ongoing challenge to traditional banking models, requiring continuous adaptation and significant investment to remain competitive. A critical and ever-present operational challenge is the escalating threat of cybersecurity breaches, demanding robust and evolving defense mechanisms. In response to the accelerating pace of FinTech innovation and digital disruption, the Company is implementing a digital transformation strategy to ensure continuous adaptation and market competitiveness. This includes initiatives such as upgrading its banking systems, enhancing its cybersecurity, and collaborating with technology partners while upskilling its staff in digital competencies and educating its customers on digital banking and fraud prevention to remain competitive and secure.

2.2.3. Important events and developments

From the early stages, the Company consistently developed its infrastructure and service offerings. A significant step in customer service was taken in August 2003 with the introduction of a centralised encashment service for VISA and Mastercard, facilitated by a partnership with Barclays. A foundational upgrade followed this in February 2004, as the Company transitioned to a centralised database system. Further strengthening its technological core, a BASE24 license from ACI Worldwide was secured in June 2005. These preparations enabled the pivotal launch of the Company's ATM services in May 2006, swiftly followed by the commencement of VISA card issuance in June 2006, marking key expansions in transactional accessibility.

The Company's reach continued to expand with the introduction of POS services in December 2007. Recognising the growing need for international connectivity, the Company broadened its payment network through card acquiring agreements, first with Mastercard in January 2008, and subsequently with UnionPay in January 2011. Digital access for customers became a concurrent focus, marked by the launch of its online banking platform, Modbirr, in July 2008. A collaborative milestone occurred in August 2011 when, alongside Zemen Bank, the Company introduced Q-Link, pioneering ATM interoperability within the country.

Continuing its drive for wider accessibility and diversified offerings, the Company launched an agency banking service, Endebank, in January 2014. Digital service channels were further enhanced with an internet banking service utilising mFino, a FinTech, which began in December 2014. International card options were expanded through a partnership with American Express established in November 2014, resulting in the issuance of American Express Gold and Green local debit cards by May 2016. Furthermore, broad ATM interoperability with other banks was achieved through EthSwitch in August 2016, streamlining customer access across the banking network.

The Company’s service portfolio continued to evolve, notably with the introduction of Shariah interest-free Islamic Banking in March 2018. Innovation in card products included the launch of its own branded local debit cards in June 2020. Building on its interoperability efforts, POS interoperability with other banks via EthSwitch commenced in September 2020, further enhancing payment convenience. New consumer-oriented products emerged, such as contactless gift cards, launched in October 2020.

Subsequent periods saw the integration of advanced digital payment solutions. The cyber source payment gateway, which supports VISA and Moneta Technologies, was launched in April 2021. A digital remittance service, developed in partnership with iTunes and Flutterwave, was introduced in

July 2021. Interoperability for online banking with other institutions began in October 2021, and an American Express card was made available in November 2021.

Operational integrity and infrastructure remained key areas of focus. The Company received Payment Card Industry Data Security Standard ("PCI DSS") Level-1 Compliance certification from Control Case in April 2022, affirming its data security standards. A significant infrastructure upgrade was marked by the inauguration of a Tier III data center in July 2022. Collaboration with IBM in August 2022 resulted in the modernisation of its cloud integration architecture via Enterprise Service Bus. In parallel, a microcredit service on a wallet, in partnership with Ethio Telecom's telebirr, was launched in August 2022, expanding financial inclusion. Product innovation persisted with the launch of the first virtual prepaid card, in partnership with Q-club Mastercard, in January 2023. Furthermore, in August 2023, the Company introduced DubePay, incorporating the 'Buy Now Pay Later' service with Eagleton Systems Technology. Additionally, in December 2023, the Company collaborated with Ethiopian Airlines to launch the 'Fly Now Pay Later' service, enabling customers to book flights and pay over 6 or 12 months.

In recent developments, the Company introduced the Shoppers and Travellers' Club Card in August 2024, adding specialised offerings for specific customer segments. A BNPL service specifically for its interest-free customers was also inaugurated in August 2024. Furthermore, in September 2024, the Company, alongside Eagle-Lion System Technology and Mastercard, launched "GetFee - Pay By Link," an online payment service. This solution allows secure payments using Mastercard, Visa, and American Express cards, benefiting businesses by streamlining operations, reducing technological investments, and eliminating commission fees. The service enables direct foreign exchange payments, with customers receiving payment links via email or WhatsApp to complete transactions securely.

Additionally, in January 2025, the Company unveiled the "Dashen Bank SuperApp", its flagship first banking super app. This all-in-one solution offers extensive features, including instant interbank and intrabank fund transfers, AI-powered self-onboarding, integrated credit services, IFB options, a "Budget" spending tracker, a "Three Click Shopping" Merchant App, virtual cards, QR payments, and integration with third-party apps for services such as flight booking and streaming. The novel "Chat Banking" feature also allows money transfers via text messages through social media platforms. Future phases of the SuperApp are planned to include microloans and a dedicated savings feature.

Furthermore, a collaboration was announced in July 2025, with the Company, Ethio Telecom, and ETTA Solutions, introducing "Zoorya," a business automation system that combines cash register, point-of-sale, and ERP functions, enhancing operational efficiency and streamlining processes for businesses.

The Company has increased its focus on integrating ESG into its core strategy. In September 2025, the Company signed a technical assistance agreement with EIB Global to receive technical support in strengthening its ability to identify, assess, and manage climate-related risks.

As at 30 June 2025, the Company provides a suite of conventional, Shariah-compliant IFB, digital, and diaspora banking services. These operations are supported by a nationwide network of 906 branches, 1,085 ATMs, and 2,175 POS terminals.

2.3. Operations and principal activities

The Company offers a range of financial solutions through its Retail, Corporate, MSME, and IFB Business Segments across Ethiopia. The Company offers various products across these Business Segments, including loan products, deposit products, trade finance services, and digital banking services. Descriptions of each product group are set out below.

2.3.1. Products and services

2.3.1.1. Loan Products

The Company offers a diverse range of loan products, structured to meet the specific financial needs of corporate entities, MSMEs, IFB, and individual retail clients. These offerings aim to support various business operations, project financing, and personal financial needs.

Table 14: Loan products

Product Category	Product subcategory	Loan and financing product name	Loan and financing product description
Conventional banking loan products	Term loan	Consumer mortgage loan	A term loan for consumers to finance the purchase or construction of residential houses.
		Consumer car loan	A term loan for consumers to finance the purchase of automobiles for personal use.
		Personal loan	A personal loan for individual (non-business) customers to finance the purchase of household equipment and home supplies.
		Short-term loan	A one-time business term loan for customers used to finance their temporary working capital needs and/ or meet other short-term financial constraints of the business.
		Medium-term loan	A business term loan for financing working capital needs in industrial, agricultural, commercial, real estate, construction, and development projects.
		Long-term loan	A business term loan granted for five to twenty years for real estate development and project finance.
		Vehicle financing used for taxi service	A medium-term financing specifically designed for MSMEs to purchase vehicles for taxi service.
		FX-denominated term loan	Foreign currency-denominated short and medium-term loans for foreign currency-generating enterprises to finance the purchase and import of capital goods and other critical inputs for the production of export commodities.

Product Category	Product subcategory	Loan and financing product name	Loan and financing product description
		Overdraft facility	An open credit facility allowing withdrawals beyond the current account balance up to a prescribed limit.
		Temporary overdraft	A credit facility for temporary cash shortages caused by delayed collectables or for immediate business opportunities.
		Supply chain financing revolving facility	A revolving credit facility for wholesalers/ distributors to cover advance payments to suppliers.
	BNPL schemes	DubeAle (BNPL) and Fly Now Pay Later	BNPL credit guarantee facility providing a pre-agreed spending limit for deferred and installment purchases from registered merchants. Additionally, Fly Now Pay Later is a revolving overdraft facility enabling travellers to buy air tickets on credit or installments.
	Trade and commodity financing	Advance on letter of credit	A short-term credit instrument facilitating importation against valid import documents.
		Merchandise loan	A short-term credit facility which alleviates cash flow issues from merchandise purchased for resale or production inputs.
		Warehouse receipt financing	A facility for commodity traders to meet working capital needs based on warehouse receipt expiry.
		Account receivable financing	A short-term working capital loan extended against business account receivables.
		Export pre-shipment loan – facilities based on sales contract or letter of credit	A credit facility for exporters to finance goods for overseas markets based on sales contracts or a letter of credit.
		Export pre-shipment loan - facilities against export credit guarantee of the Development Bank of Ethiopia ("DBE")	A pre-shipment credit line extended for non-coffee exporters based on eligibility criteria or requirements against the guarantee of DBE.
		Advances against export bills	A post-shipment export credit facility granted for a short period.
	Letters of credit and guarantees	Letter of guarantee	A letter of commitment issued by the Company in favor of a beneficiary, ensuring obligations are met under a contract.
		Supplier's credit (quarterly deposit arrangement and credit arrangement)	A letter of credit in which the Company commits payment upon fulfillment of the terms and conditions.

Product Category	Product subcategory	Loan and financing product name	Loan and financing product description
IFB financing products	Murabaha financing	Murabaha working capital financing	A Shariah-compliant sale where the Company purchases an asset and sells it to the customer at a disclosed cost-plus profit, supporting business asset acquisition.
		Murabaha consumer financing for taxi service	A medium-term Murabaha financing for MSMEs to purchase automobiles for taxi service (either Code 1 or Code 3), adhering to Shariah principles.
		Murabaha project/ investment financing	A medium- to long-term funding for new or ongoing investments, based on projected profitability and sponsor support, financing up to 70.0% of project costs.
		Murabaha consumer financing (for customers & staff of the bank)	A Shariah-compliant financing product for individuals to acquire private property such as homes or automobiles, supporting personal asset acquisition.
		Murabaha plus financing	A hybrid financing product combining profit-generating Murabaha with interest-free Qard, offering financial benefits aligned with Shariah principles.
		Murabaha short-term Smart-POS financing	An asset-backed financing for corporate and MSME customers to purchase Smart-POS machines, enhancing business operations.
	Other IFB products	Free-cost financing (Qard Al Hassen)	An interest-free financing for small producers, entrepreneurs, and farmers who cannot access other financing, supporting economic growth without profit charges.
		Sharik warehouse receipt finance	A shariah-compliant financing using warehouse receipts for commodities, supporting agricultural transactions and market price optimization.
		Tijarah working capital finance	A short-term financing for customers selling locally manufactured goods, based on sales and agency, supporting business liquidity.
		Letter of guarantee facility / Kafalah	A written commitment by the Company to pay a specified sum if the customer fails to fulfill contractual obligations, supporting business credibility.
		IFB Dube Ale	A personal financing guarantee providing pre-agreed spending limits for Shariah-compliant purchases on a deferred and installment basis from registered merchants.

As at 30 June 2025, the Company has disbursed a total of ETB 135,717 million in loans across its Business Segments. Details of the total loan by segment are set out below.

Table 15: Total loans disbursed/IFB financing (without provision)

Total loans disbursed/IFB financing (without provision)	As at 30 June		
	2025	2024	2023
ETB (millions)			
Retail	19,228	16,070	13,325
Corporate	86,623	76,652	67,260
MSMEs	19,097	17,149	15,510
IFB	10,769	6,256	5,204
Total loan disbursed	**135,717**	**116,127**	**101,299**

The Company offers these loan products with different interest rates tailored to its customer segments. For corporate and MSME clients, conventional loan rates vary based on the loan type, sector risk (e.g., manufacturing, trade), tenure, and collateral, generally starting from a base of 10.0% and extending up to 19.0% for non-export overdrafts, or up to 21.0% for overdraws on current accounts. Retail customers access competitive, market-driven rates for specific consumer loans, including housing and car financing, which are determined by individual creditworthiness and loan terms. For its IFB "Al Waha" segment, the Company adheres to Shariah principles, where financing is facilitated through Shariah-compliant modes such as profit-sharing (Mudarabah), mark-up (Murabaha), or leasing (Ijara) arrangements.

The Company provides various loans and financing products to its customers through conventional loans and advances and IFB financing. As at 30 June 2025, the Company's total conventional loans and advances outstanding amounted to ETB 124,948 million, an increase from ETB 109,871 million as at 30 June 2024, of which term loans accounted 77.6% followed by overdraft facility and revolving credit line with 11.8% and 10.6%, respectively.

Details of the Company's loan and financing products are set out below.

Table 16: Loans and advances products

Loans and advances	As at 30 June		
	2025	2024	2023
ETB (millions)			
Term	96,925	84,454	72,060
Overdraft	14,775	13,730	13,402
Revolving	13,248	11,687	10,633
Gross loans and advances	**124,948**	**109,871**	**96,095**

Table 17: IFB financing products

IFB financing	As at 30 June		
	2025	2024	2023
ETB (millions)			
Term	10,769	6,256	5,204
Gross IFB financing	**10,769**	**6,256**	**5,204**

The Company, through its Corporate and MSME segments, provides loans to all major sectors of the Ethiopian economy. In line with this, as at 30 June 2025, the Company's lending portfolio was primarily directed towards domestic trade & services, manufacturing, and export. These sectors increased by 14.9%, 3.1%, and 16.6%, respectively, compared to 30 June 2024.

The Company's outstanding conventional loans and advances by major sectors are set out below.

Table 18: Loans and advances by major sector

Loans and advances to major sectors*	As at 30 June		
	2025	2024	2023
ETB (millions)			
Domestic trade and services	38,602	33,595	27,109
Manufacturing	22,075	21,416	19,758
Export	21,852	18,748	17,617
Real estate	10,013	9,708	8,658
Transport	3,038	1,589	1,520
Construction	1,937	1,797	1,656
Import	5,399	3,969	3,600
Personal	10,561	9,615	8,789
Staff housing loans	4,159	4,146	3,775
Agriculture	927	624	510
Emergency staff loans	1,436	979	723
Gross loan amount	**119,999**	**106,186**	**93,715**

*The figures presented in table reflect the gross loans and advances by major sector for the purposes of calculating NPL as reported to the NBE, the totals may differ from those presented in Table 16 and the total balance as per the HFI. Refer to section 7.12(KPIs reported to the NBE) for further detail on the KPIs reported to the NBE.

As at 30 June 2025, the Company's conventional NPL ratio by major sectors was concentrated in construction, import, and domestic trade services. The table below indicates the Company's NPL ratios, by sector, as at 30 June 2025, 2024, and 2023:

Table 19: NPL ratio by major sectors

NPL ratio by major sectors	As at 30 June		
	2025	2024	2023
Domestic trade services	6.30%	5.70%	7.00%
Manufacturing	3.70%	1.10%	0.70%
Export	2.10%	2.60%	1.70%
Real estate	0.50%	0.10%	0.10%
Transport	3.20%	5.70%	8.70%
Construction	10.60%	23.00%	18.80%
Import	6.40%	18.40%	3.10%
Personal	2.20%	1.20%	2.50%
Staff housing loans	1.40%	0.30%	0.20%
Agriculture	0.70%	1.70%	2.00%
Emergency staff loans	0.10%	0.10%	0.10%

The Company's loan products further extend to its IFB segment. This portfolio, which operates on Shariah-compliant principles rather than conventional interest, also experienced growth. The gross amount for IFB financing to major sectors as at 30 June 2025 stood at ETB 10,543 million, an increase of 71.4% compared to ETB 6,150 million disbursed as at 30 June 2024. The primary recipients of this Shariah-compliant financing as at 30 June 2025 were domestic trade & services, as well as import, export, manufacturing, and real estate, demonstrating a broad reach across key economic activities.

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

Table 20: IFB financing to major sectors

IFB financing to major sectors*	As at 30 June		
	2025	2024	2023
ETB (millions)			
Domestic trade and services	6,711	3,831	3,274
Manufacturing	1,168	650	514
Real estate	1,057	1,190	1,195
Transport	602	160	130
Construction	393	96	4
Import	1,797	676	394
Export	1,367	830	682
Personal	441	375	325
Emergency staff loan	86	47	35

IFB financing to major sectors*	As at 30 June		
	2025	2024	2023
ETB (millions)			
Agriculture	47	4	5
Deferred profit - Murabaha	(3,126)	(1,709)	(1,435)
Gross amount	**10,543**	**6,150**	**5,123**

*The figures presented in table reflect the gross IFB financing to major sector for the purposes of calculating NPF as reported to the NBE, the totals may differ from those presented in Table 17 and the total balance as per the HFI. Refer to section 7.12(KPIs reported to the NBE) for further details on the KPIs reported to the NBE.

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

Table 21: NPF ratio by major sectors

NPL ratio by major sectors	As at 30 June		
	2025	2024	2023
Domestic trade services	3.40%	5.20%	2.80%
Manufacturing	-	-	6.10%
Real estate	-	-	-
Transport	0.30%	2.30%	10.00%
Construction	-	-	-
Import	-	-	-
Export	4.80%	1.00%	0.80%
Personal	0.50%	-	0.40%
Emergency staff loan	-	-	-
Agriculture	-	-	-

The Company processed these loans, advances, and IFB financing through its 13 districts across the country and four corporate centers under the head office located in Addis Ababa as at 30 June 2025. Through its corporate center, the Company processes all Corporate segment loans, accounting for 69.8% of outstanding loans in the year ended 30 June 2025. As at the date of this Prospectus, the Company added an additional district, Southwest Ethiopia, bringing the total to 14 districts. A summary of the Company's outstanding loans across the country as at 30 June 2025 is set out below.

Table 22: Total loan outstanding and IFB financing

Outstanding loan, advances, and IFB financing	As at 30 June		
	2025	2024	2023
ETB (millions)			
Adama	3,569	3,470	2,836
Bahir Dar	3,572	3,277	2,960
Dessie	1,573	1,254	1,023
Dire Dawa	1,191	939	721
East Addis	4,064	3,399	4,495
Hawassa	2,385	3,008	2,218
Jimma	1,835	2,284	1,596
Mekelle	3,468	2,697	2,296
Nekemte	455	-	-
North Addis	1,924	1,957	2,214
South Addis	4,261	3,815	4,049
West Addis	2,293	1,938	1,705
Wolaita	2,263	2,033	1,410
Other (IFB, corporate center, and telebirr)	102,864	86,056	73,776
Total outstanding loan, advances, and IFB financing	**135,717**	**116,127**	**101,299**

2.3.1.2. Deposit products

The Company offers a comprehensive suite of deposit products, designed to meet the savings and transactional requirements of its client base across the Corporate, MSMEs, Retail, and IFB segments.

As at 30 June 2025, the Company's total deposit base stood at ETB 202,238 million, up from ETB 145,860 million as at 30 June 2024. Set out below is a summary of the deposits by Business Segment for the years ended 30 June 2025, 2024, and 2023.

Table 23: Deposit by Business Segments

Deposit	As at 30 June		
	2025	2024	2023
ETB (millions)			
Retail	83,383	63,112	52,426
Corporate	77,305	53,136	40,101
MSMEs	25,790	18,484	14,331
IFB	15,760	11,128	8,110
Total deposit	**202,238**	**145,860**	**114,968**

As at 30 June 2025, the deposit base from the Retail Business Segment reached ETB 83,383 million, up from ETB 63,112 million as at 20 June 2024. In addition, the customer base reached 6,380 thousand as at 30 June 2025, up from 5,716 thousand as at 30 June 2024, resulting in a customer-to-deposit ratio of 7.7%. Despite the customer base decreasing from 7 thousand as at 30 June 2024 to 5 thousand as at 30 June 2025, deposits from the Corporate segment reached ETB 77,305 million as at 30 June 2025 from ETB 53,136 million, resulting in a customer-to-deposit ratio of 0.01%. As at 30 June 2025, the customer-to-deposit ratio from MSMEs and IFB Business Segment stood at 0.7% and 8.3%, respectively, reflecting the increase in customer base for both Business Segments.

The table below details the total deposit products offered to different Business Segments.

Table 24: Deposit products

Product Category	Product subcategory	Deposit product name	Deposit product description
Conventional banking deposit products	Saving deposit products	Savings account	A regular savings account that allows deposits and withdrawals anytime, with monthly interest earnings.
		Special youth saving account	A savings account designed for minors, offering bonus interest and rates higher than standard savings accounts.
		Student account	A special-purpose interest-bearing savings account for students to save for their undergraduate and graduate studies through planned savings.
		Hawala savings account	A hard currency-linked account maintained in ETB for remittance senders and receivers.
		Saving plus account	An account offering consumer loans up to 40.0% of the deposit amount, alongside regular interest rates.
		Interest plus bonus account	An account that provides an additional 2.0% bonus on interest income earned from savings.
		Women saving account	An account that offers higher-than-regular rates (up to 8.0%), based on deposit balance, catering to women.

Product Category	Product subcategory	Deposit product name	Deposit product description
		Premium savings account	A savings account offering higher than regular rates (up to 8.0%), exceeding regular rates for deposits over ETB 100,000.
		Equb saving account	A savings account that offers higher-than-regular rates (up to 9.0%), and is operated by Equb Administrator(s) only.
		Goal saving account	A purpose-driven savings account designed for individuals to save towards a set goal over a period of time.
		Hybrid deposit account	An interest-bearing account with cheque facilities, suitable for frequent deposits but infrequent withdrawals.
		Tiret deposit account	An interest-bearing savings account targeting undocumented but economically active Ethiopians who are excluded from financial services due to a lack of formal ID. It aims to include them in the banking system.
		Investment savings account	A savings deposit account designed to meet the financial management and investment needs of for-profit and non-profit organisations.
		Travelers club deposit account	A savings account that enhances customers' travel experience by providing predictable foreign currency access and discounts on domestic transactions.
		Shoppers Club deposit account	An account for retail customers with frequent shopping habits, offering convenience, savings, and access to financing for purchases.
		Foreign currency savings account	An interest-bearing savings account maintained in USD, Great British Pound ("GBP"), or Euro, catering to residents of Ethiopia, non-residents, and the Ethiopian diaspora.
		Diaspora non-repatriable savings account	A 14.0% interest-bearing savings account maintained in ETB, where Ethiopian diasporas can open and credit with approved foreign currency from abroad.
	Demand/ current deposit products	Non-resident non-transferable	A non-resident current account opened and operated by expats living in Ethiopia, credited in foreign currency but maintained in local currency.
		Non-resident transferable	A non-interest-bearing account available for eligible non-residents to facilitate payments in both local and foreign currencies.

Product Category	Product subcategory	Deposit product name	Deposit product description
		Demand/current/ checking account	A non-interest-bearing deposit account that allows customers to make business transactions and payments through a cheque. It is ideal for frequent transactions.
		Current account protection scheme	A transaction account scheme for high-value business customers intended to avoid cheque payment bouncing due to insufficient balance by directing payments to a pre-arranged savings account.
		Diaspora demand/ current account	A non-interest-bearing foreign currency deposit account where withdrawals can be made upon demand by writing a cheque.
		Foreign exchange retention account	A foreign currency account maintained by eligible exporters and regular recipients of inward remittances, allowing them to retain 50.0% of their foreign currency earnings indefinitely.
		Non-resident foreign currency account	A current account maintained in foreign currency, allowing funds to be transferred abroad without needing a foreign exchange permit.
	Term deposit products	Fixed time deposit/ certificate of deposit	A term deposit offering different tiers of interest rates depending on the amount and maturity period. It provides a secure investment option with fixed returns.
		Diaspora fixed time deposit	A high-interest-earning, time-blocked foreign currency savings account with an agreed maturity date, specifically for the Ethiopian diaspora.
IFB deposit products	IFB saving deposits	Wadiah saving deposits	A Shariah-compliant deposit account based on the Wadiah Yad Dhamanah contract (safe custody with guarantee), where the Company acts as a custodian of funds and guarantees full repayment on demand. Hibah may be offered as a gift.
		Youth Wadi'ah savings account	A type of Wadiah saving account opened by a guardian for a minor, following Shariah principles.
		Al-Nissa Wadi'ah saving account	A Wadiah savings account tailored to meet the financial needs of women, helping them achieve savings goals and financial independence and earn the benefits attached to this product including conditional gift/Hiba yearly.
		Hajj Wadi'ah savings account	A special Wadiah saving account designed to help customers save for Hajj in a structured, Shariah-compliant manner.

Product Category	Product subcategory	Deposit product name	Deposit product description
		Wadiah FCY savings account	A savings account accepted on Wadiah principles, maintained in USD, GBP, or Euro, catering to residents and diaspora.
		Tiret Wadiah savings account	An interest-free Wadiah custody saving account for undocumented Ethiopians excluded from financial services due to a lack of formal ID.
		Ekub Wadiah savings account	A Wadiah savings account with optional cheque withdrawal, operated by Equb administrators, supporting consumer and small business financing.
		Wadiah hawala saving	A Wadiah savings account for individuals involved in remittances, maintained in ETB.
		Mudarabah saving account	A Shariah-compliant savings product based on the Mudarabah concept, where profits are shared between the customer and the Company based on a pre-agreed ratio.
		Diaspora Mudarabah saving account	A non-repatriable ETB -denominated account for local payments, requiring a minimum balance, based on Mudarabah principles. Requires a minimum opening balance of USD 100 or equivalent.
	IFB term deposits	Sharik Wakala deposit product	A Shariah-compliant deposit where the Company invests customer funds as an agent, with an expected profit rate agreed upfront.
		Unrestricted Mudarabah fixed deposit	A Shariah-compliant investment account where the customer (Rab al-Mal) entrusts funds to the Company (Mudarib) for investment in Shariah-compliant activities at the bank's discretion. Profits are shared based on a pre-agreed ratio, while any losses are borne by the customer, unless they are due to the bank's misconduct. A minimum deposit is required, and an investment certificate is issued. Upon maturity, the deposit may be automatically renewed at the prevailing profit-sharing ratio unless otherwise instructed.
		Restricted Mudarabah	A Shariah-compliant account where customers specify sectors for investment activities.
		Diaspora Mudarabah fixed (time) deposit account	A foreign currency deposit account based on Mudarabah principles, requiring a minimum deposit of USD 5,000 or equivalent. Profits are calculated for the tenure and are not paid if withdrawn before maturity unless renewed.

Product Category	Product subcategory	Deposit product name	Deposit product description
	IFB current/ demand products	Qard current account	A Shariah-compliant deposit account based on the Qard concept, where customers lend money to the Company, which is obliged to return the exact amount on demand.
		Diaspora Qard current account	A foreign currency account for diaspora, based on the Qard concept, with hibah payable in ETB. Requires a minimum opening balance of USD 100 or equivalent.
		Mudarabah hybrid account	A Shariah-compliant account combining features of Mudarabah Saving and Qard Current accounts, offering investment opportunities and operational flexibility.
		Foreign exchange retention account	A foreign currency account (USD, GBP, or EUR) for exporters and remittance recipients, allowing retention of foreign currency earnings.

As at 30 June 2025, conventional customer deposits increased by ETB 51,746 million to ETB 186,478 million, as compared with ETB 134,732 million as at 30 June 2024. Set out below is a summary of deposits of conventional customers

Table 25: Deposits from conventional customers

Deposit	As at 30 June		
	2025	2024	2023
ETB (millions)			
Demand deposits	77,361	51,780	39,028
Savings deposits	92,152	71,740	60,820
Time deposits	16,965	11,212	7,010
Total deposits from conventional customers	**186,478**	**134,732**	**106,858**

These total conventional deposit accounts are operational in different regions of the country in the year ended 30 June 2025, with the corporate center branches, which were established in 2024 in Addis Ababa and exclusively serve corporate clients leading with ETB 82,783 million deposits, followed by South Addis and East Addis district offices, with ETB 18,564 million and ETB 18,209 million deposits, respectively. Set out below is a breakdown of conventional deposits across the district offices as at 30 June 2025, 2024, and 2023.

Table 26: Deposit from conventional customers by district

Conventional deposits by district office and corporate center	As at 30 June		
	2025	2024	2023
ETB (millions)			
Adama	7,196	5,214	4,618
Bahir Dar	8,470	6,845	7,281
Dessie	4,229	3,487	3,226
Dire Dawa	3,295	2,754	2,154
East Addis	18,286	14,488	20,440
Hawassa	5,936	4,212	3,757
Jimma	1,713	2,365	2,652
Mekelle	3,738	3,192	2,404
Nekemte	1,269	789	0
North Addis	12,908	9,401	24,691
South Addis	18,629	12,868	22,733
West Addis	10,171	8,341	8,401
Wolaita	6,166	3,430	2,687
Corporate center	83,717	56,595	87
Other*	755	751	1,727
Total deposit from conventional customers	**186,478**	**134,732**	**106,858**

* Other refers to deposit made on Dashen Mobile Plus and telebirr.

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

Table 27: Deposit from IFB customers

Deposits	As at 30 June		
	2025	2024	2023
ETB (millions)			
Qard deposits	4,465	2,936	2,209
Wadia savings deposits	10,781	8,149	5,897
Mudarabah savings	431	10	4
Unrestricted Mudarabah (fixed time) deposits	83	33	-
Total deposit from IFB customers	**15,760**	**11,128**	**8,110**

As at 30 June 2025, IFB deposits reached ETB 15,760 million, an increase of ETB 4,632 million from ETB 11,128 million as at 30 June 2024. Set out below is a breakdown of IFB deposits across the district offices as at 30 June 2025, 2024, and 2023.

Table 28: IFB deposit by customers

IFB Deposits by district office	As at 30 June		
	2025	2024	2023
ETB (millions)			
Adama	1,042	715	526
Bahir Dar	384	387	327
Dessie	1,260	896	837
Dire Dawa	1,554	1,065	942
East Addis	1,198	1,000	650
Hawassa	1,007	645	546
Jimma	663	435	470
Mekelle	175	121	72
Nekemte	151	82	-
North Addis	973	791	821
South Addis	1,797	1,150	808
West Addis	3,579	2671	1,615
Wolaita	1,226	695	496
Corporate Center	751	475	-
Total IFB deposit	**15,760**	**11,128**	**8,110**

In the year ended 30 June 2025, the composition of deposits by sector was led by the private sector, mainly Corporate segment clients, primarily operating in the oil, technology, and transport sectors accounted for 78.7% of these top deposits. Furthermore, in terms of deposit product type, in the year ended 30 June 2025, demand deposits were predominant, accounting for 83.4% of total deposits. Within this category, private companies held a large share at 87.8%, while government organisations, non-government organisations, and foreign currency retention accounts accounted for 6.9%, 3.5%, and 1.8% respectively.

2.3.1.3. Trade finance services

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

Table 29: Trade finance products

Product/Service	Description/Meaning
Letters of credit	These are financial instruments issued by the Com-pany guaranteeing payment to a seller on behalf of a buyer, ensuring secure international trade transac-tions by mitigating payment risks for its corporate clients.
Pre-shipment finance	This is financing provided to exporters (Corporate clients) before goods are shipped, covering various costs such as raw materials, manufacturing, and packaging, to ensure timely production and delivery. This includes Qard pre-shipment export financing.
FX conversion	The Company provides essential currency exchange services, allowing for the conversion of various currencies to meet foreign exchange demands arising from international transactions.

For the year ended 30 June 2025, the leading three sectors for trade finance services were export, import, and manufacturing, with the majority of the clients headquartered in Addis Ababa. Set out below is the revenue generated from trade finance services as at 30 June 2025, 2024, and 2023.

Table 30: Local currency generated from trade finance services

Local currency generated from trade finance services	As at 30 June		
	2025	2024	2023
ETB (millions)			
Letter of credit opening	3,314	1,774	1,389
Cash against documents	853	575	562
Letter of guarantee	516	472	213
Letter of credit settlement	365	242	191
Export	20	7	5
Telegraphic transfer	101	65	19
Total	**5,169**	**3,135**	**2,379**

For the year ended 30 June 2025, the Company's trade finance services generated ETB 5,169 million for the year ended 30 June 2025 as compared to ETB 3,135 million for the year ended 30 June 2024. The majority of this income was generated through letters of credit services, which accounted for 57.0% of the foreign currency in the year ended 30 June 2025, followed by cash against document and letter of guarantee opening services, which generated 18.0% and 15.0% of the Company's foreign currency, respectively, for the year ended 30 June 2025. As at the date of this Prospectus, the Company does not have a hedging mechanism to manage the exchange rate volatility. The Company offers competitive exchange rates to attract FX inflows, which helps maintain its foreign currency reserve to support its trade finance operations.

The Company's capacity to issue letters of credit and other trade finance instruments is bolstered by a USD 40 million trade finance transaction guarantee facility from the AfDB, which provides up to 100% guarantee cover against non-payment risks. Furthermore, in May 2022, the Company entered

a USD 100 million trade facilitation programme with AFRIEXIM, providing trade finance guarantee services. The Company strategically relies on these partnerships to increase its ability to attract FX inflows, mitigate its risk of non-payment, and broaden its scope of trade finance services.

Additionally, the Company has been an issuing bank in Ethiopia under IFC's Global Trade Finance Program, where the Company has a credit line agreement. The Company was recognised as an outstanding Global Trade Finance Program issuing bank in May 2024.

2.3.1.4. Digital banking services

The Company is a pioneer in Ethiopia's digital banking landscape, offering a wide array of innovative digital solutions and card services that enhance customer convenience, accessibility, and security.

Table 31: Digital banking services

Product/Service	Description/Meaning
Dashen SuperApp	The Company's flagship all-in-one banking Super-App, launched on January 14, 2025, offers compre-hensive features such as multi-account access, in-stant fund transfers within and between banks, AI-powered onboarding, budget management, a "Three Click Shopping" merchant app, virtual cards, QR Code technology for payments and transfers, and integration with diverse third-party applications for services including flight booking and entertainment subscriptions. It also features "Chat Banking" for quick money transfers via social media.
Dashen mobile plus	This digital wallet enables users to deposit and with-draw cash, facilitating frictionless transactions. This is particularly beneficial for small business owners.
American Express branded Gold and Green debit cards	These are premium debit cards issued by the Company in partnership with American Express Global Payment Company.
Prepaid international Mastercard	This is a prepaid card offered by the Company, also referred to as Dashen Mastercard, designed for for-eign currency account holders. It enables interna-tional transactions, cash withdrawals from abroad at ATMs, and payments at POS machines, eliminating the need for physical cash.
USSD mobile banking	The Company's USSD service, accessible by dialling *996#, allows customers (all segments) to perform various transactions conveniently from anywhere, including fund transfers, mobile payments, bill pay-ments, and airtime top-ups, without requiring inter-net access.

Additionally, the Company actively pursues strategic initiatives and partnerships to expand its service offerings, enhance financial inclusion, and contribute to national development goals. An example of this initiative includes a collaboration with Ethio Telecom, aimed at leveraging the extensive reach of Ethio Telecom to provide innovative small-value loans and savings solutions digitally. Through this partnership, the Company offers services such as telebirr Mela (micro credit), enabling customers to borrow money for transactions or withdrawals; telebirr Endekise (overdraft service), lending users for emergency transactions; and telebirr Sanduq (micro saving), facilitating savings for customers. These services are accessible via the telebirr app and by dialling *127#. As at 30 June 2025, the Company has granted digital loans to 3.1 million customers via telebirr, facilitating a total of ETB 32,501 million in micro-loans and overdraft services. This includes ETB 13,168 million in credit services under the telebirr Mela and telebirr Endekise services, as well as ETB 19,333 million in savings facilitated

through the telebirr Sanduq service. This initiative seeks to expand financial access to underserved populations, particularly those who benefit from mobile network penetration.

As detailed in the table below, the Company has identified KPIs to monitor increasing digital adoption, transaction volume, and the overall impact of its digital banking services. For the year ended 30 June 2025, the Company processed 31.7 million transactions, with a value of ETB 180,889 million through its digital banking services.

Table 32: Digital banking KPIs

Digital banking KPIs	For the year ended 30 June		
	2025	2024	2023
Number of ATMs	1,085	1,096	388
ATM transaction value (ETB 'million)	19,762	13,122	6,851
ATM transaction volume ('000)	14,592	9,442	5,136
Number of POS terminals	2,175	1,952	1,388
POS terminal transaction value (ETB 'million)	8,737	4,884	2,053
POS terminal transaction volume ('000)	1,663	1,298	717
Dashen Bank SuperApp total subscribers ('000)	702	-	-
Dashen Bank SuperApp transaction value (ETB 'million)	48,000	-	-
Dashen Bank SuperApp transaction volume (million)	4,930	-	-
Dashen Mobile Plus total subscribers ('000)	2,630	5,570	4,069
Dashen Mobile Plus transaction value (ETB 'million)	104,390	78,381	33,308
Dashen Mobile Plus transaction volume ('000)	11,006	7,373	2,798
American Express gold and green debit card transaction value (ETB 'million)	2,535	2,052	2,229
USSD Mobile banking value (ETB 'million)	12,831	4,239	795
Prepaid international Mastercard value (USD'000)	12,402	19,799	2,666
American Express gold and green debit card transaction volume ('000)	1,686	1,301	1,444
USSD Mobile banking volume ('000)	2,939	733	169
Prepaid international Mastercard volume ('000)	102	156	21
Total number of cardholders ('000)	1,233	2,263	1,888

As at 30 June 2025, the Company has a network of 1,085 ATMs, a decrease of 11 ATMs from 30 June 2024. This decrease was primarily due to the removal of 11 ATMs, which were deemed outdated in terms of technology and functionality. However, ATM transaction value reached ETB 19,762 million in the year ended 30 June 2025, an increase of 50.6% from ETB 13,122 million in the year ended 30 June 2024, with transaction volume at 14,592 million in the year ended 30 June 2025, up 35.0% from 9,442 million in the year ended 30 June 2024. Additionally, since its launch in January 2025, the Dashen Bank

SuperApp had 702 thousand subscribers as at 30 June 2025, facilitating transactions totalling ETB 48,000 million in the year ended 30 June 2025.

Furthermore, as at 30 June 2025, the Company expanded its network of POS terminals by 223 units, bringing the total to 2,175, up from 1,952 POS terminals as at 30 June 2024. Through these terminals, in the year ended 30 June 2025, the Company processed 1,663 million transactions amounting to ETB 8,737 million, marking an increase of 28.0% in the number of transactions and 78.0% in transaction value compared to the 1,297 million transactions and ETB 4,884 million processed in the year ended 30 June 2024.

2.3.1.5. Physical network and accessibility

The Company maintains a physical network and accessibility points to ensure a broad reach and convenient service for its customers nationwide. These are services offered by the Company, providing customers with extensive physical and digital access points. As at 30 June 2025, the Company operates a network of 906 branches, including 4 corporate centers located in Addis Ababa that exclusively service corporate clients from Addis Ababa and other regions. Additionally, as at 30 June 2025, the Company operates 1,085 ATMs and 2,175 POS with a leading total in Addis Ababa of 497 ATMs and 1,607 POS terminals, followed by Adama district, which manages 102 POS terminals and 80 ATMs under its district, and Dessie district, which manages 83 POS terminals and 72 ATMs under its district. The Company was the first financial institution in Ethiopia to provide a full-fledged payment card service, operating as a principal plus member of leading global brands, including American Express, VISA, Mastercard, and, as at the date of this Prospectus, the Company is the sole issuer and provider of American Express card services in Ethiopia. The Company's ATMs and POS terminals also accept VISA, Mastercard, American Express, and UnionPay. Below is a summary of the Company's access points as at 30 June 2025, 2024, and 2023.

Table 33: Access points

Access Point	For the year ended 30 June		
	2025	2024	2023
Branches	906	882	836
Agent Banking	9,527	6,251	3,272
ATM	1,085	1,096	388
POS	2,175	1,952	1,388

The Company has branches across all 12 regions of Ethiopia and the two chartered city administrations (Addis Ababa and Dire Dawa). Addis Ababa leads with 298 branches, followed by Oromia, Amhara, Tigray, and Central Ethiopia with 211, 155, 43, and 43 branches, respectively. The remaining 8 regions and Dire Dawa city administration collectively comprise 156 branches. The Company operates a total of 906 branches, of which 94 are full-fledged IFB branches. The Company also extended its services through its agent banking, with its agents distributed across the country.

2.3.2. Business interruptions

The Company has had no significant business interruptions in the preceding 12 months that have had a considerable effect on the Company's financial performance or position, save for those set out below:

Regional security challenges: Ongoing security challenges and periods of internal instability in specific regions have led to periodic and at times prolonged closures of the Company's branch network in affected areas. Such disruptions have directly impaired service delivery to customers, hindered deposit mobilisation efforts, impeded loan collection activities, and overall, adversely impacted the Company's operational continuity and resource allocation in the affected geographies.

Floating of foreign exchange: Significant reforms by the NBE towards a more market-determined exchange rate, initiated in July 2024, have led to an ongoing systematic depreciation of the ETB (devaluation). The impacts of this reform on the Company were primarily evident in the first quarter of Fiscal Year ("FY") 2025 and included difficulties in facilitating international transactions, managing foreign exchange positions, and fulfilling client demands for foreign currency.

2.3.3. Recent product and service initiatives

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

SuperApp launch: Launched on 14 January 2025, The Company's all-in-one banking SuperApp offers comprehensive features including multi-account access, instant fund transfers within and between banks, AI-powered onboarding, budget management, a "Three Click Shopping" merchant app, virtual cards, QR Code technology for payments and transfers, and integration with diverse third-party applications for services such as flight booking and entertainment subscriptions. It also features "Chat Banking" for quick money transfers via social media.

MSME innovation hub: Announced on 18 February 2025, the Company established a strategic partnership with Accion, a global nonprofit, and the Mastercard Center for Inclusive Growth, Mastercard's philanthropic hub, aimed at significantly expanding the provision of digital financial services to MSMEs. This initiative specifically targets women-owned businesses, seeking to address a substantial estimated financing gap of USD 4.2 billion within the MSME sector. A key innovation of this collaboration involves leveraging advanced technology for credit scoring, designed to facilitate more efficient and inclusive access to finance. In support of the operational build-out for this initiative, a construction tender has been issued.

AfDB trade finance facility: Announced on 30 April 2025, the Company successfully agreed a USD 40 million trade finance guarantee facility with the AfDB. This landmark agreement is particularly significant as it represents the first such facility extended to a private Ethiopian bank, underscoring the Company's pioneering role in the nation's financial sector. The facility is strategically designed to bolster the Company's import and export finance capacity, enabling greater trade volumes, while also supporting the trade of essential goods to contribute to national economic stability and supply chain resilience. Furthermore, it significantly aids the Company in securing crucial international credit lines, thereby enhancing its ability to support foreign trade and mitigate associated risks for its clients.

Establishment of an investment bank: In June 2025, the Company commenced the process of establishing an investment bank, a strategic move designed to capitalise on the ongoing expansion and liberalisation of Ethiopia's financial sector. This new entity will broaden the Company's service offerings into specialised financial advisory, capital markets, and corporate finance activities.

The establishment of this investment bank is contingent upon obtaining the necessary license from the ECMA. The Company has initiated the licensing application process and aims to secure the license during the year ended 30 June 2026. This timely approval will enable the Company to manage its capital market activities internally, ensuring a streamlined and cost-effective process.

Launch of business automation solution: In July 2025, the Company announced a collaboration with Ethio Telecom and ETTA Solutions, a local FinTech company, introducing "Zoorya", a business automation system that combines cash register, POS, and ERP functions, enhancing operational efficiency and streamlining processes for businesses. This homegrown solution is built to facilitate quick business transactions, ensure transparent operations, and enable secure and contactless business transactions, contributing to the creation of a cashless society. Furthermore, the business solution is capable of accepting all domestic and international cards and provides a fiscal accounting service certified by the Ethiopian Ministry of Revenue. It also enables merchants to easily manage their resources and obtain a single, consolidated receipt containing all payment information.

2.3.4. Key dependencies

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

2.3.4.1. Core technological & security system

The Company’s extensive technological capabilities and robust system security are built upon several key dependencies stemming from investments in IT infrastructure. The Company's core banking system is Oracle Flexcube. The Company's secure card transactions rely on its certification and continuous adherence to the PCI DSS compliance. Its ability to seamlessly connect with third parties for payment processing is dependent on the IBM-enabled enterprise service bus and application programming interface gateway it has established. Furthermore, the Company's improved efficiency and decision-making are contingent on its implementation of an SAP enterprise resource planning system, while its IT governance and service delivery are guided by Control Objectives for Information and Related Technologies 2019. The security and safety of transactions in the Company are critically dependent on the NetGuardians Fraud Management System. At the core of its infrastructure, the Company has deployed a new generation Huawei FusionModule2000 Tier III-ready data center, encompassing Network & Security Operations Centres, a deployment that is notably new to the domestic financial sector of Ethiopia and forms a vital dependency for its high availability and secure operations. In an effort to maintain a high level of security, the Company’s information security management system was assessed and achieved compliance with ISO/IEC 27001:2022 on 23 February 2024. Based on this certification, the Company’s effective management of security and integrity across its banking operations, cybersecurity, IT infrastructure, and digital channels, is dependent on compliance with this standard.

2.3.4.2. Development finance institutions & trade finance partners

The Company's capacity to facilitate international trade and provide foreign currency-denominated financing, particularly for critical sectors such as SMEs and agriculture, is significantly enhanced by and thus dependent on strategic partnerships with major international development finance institutions.

For example, its USD 40 million trade finance transaction guarantee facility with AfDB provides crucial risk mitigation for its trade finance operations. Similarly, long-term foreign funding commitments from institutions such as BII and FMO are instrumental in enabling the Company to extend much-needed USD-denominated loans that might otherwise be unavailable through conventional channels.

2.3.4.3. National payment switch: EthSwitch S.C.

The Company's 1,085 ATM network, 2,175 POS terminals, and its ability to process interbank transactions are fundamentally reliant on EthSwitch S.C., Ethiopia's national payment system. This switch is essential for the seamless routing and settlement of electronic transactions across the country's financial ecosystem.

2.3.4.4. Correspondent banks for trade finance & foreign exchange

The Company's involvement in trade finance (import/export loans) and foreign exchange dealings means it is dependent on its network of international correspondent banks. These relationships are essential for facilitating international payments, managing foreign currency flows, and accessing trade finance instruments, including letters of credit, as well as specific facilities such as the AfDB's transaction guarantee facility to support trade finance confirmations. Furthermore, the Company's partnership with Ecobank enables Ethiopians in the diaspora, particularly in Europe, to send money instantly to the Company's accounts and other local bank accounts or mobile wallets via the Rapid Transfer app.

2.3.4.5. International remittance & mobile money partners

The Company has established strategic partnerships to enhance its international remittance services. It leverages partners such as M-PESA, Safaricom Ethiopia, and CashGo to enable direct transfers into M-PESA mobile wallets, ensuring seamless and secure money transfers from abroad.

2.3.4.6. International card scheme associations

The Company has a strong dependency on global card scheme associations for its payment card services. It was the first bank in Ethiopia to provide full-fledged payment card services as a principal plus member of American Express, Visa, Mastercard, and UnionPay. The Company is also the exclusive acquirer and issuer of American Express cards in Ethiopia. These partnerships are critical for enabling international transactions, supporting its international e-commerce gateway (the first of its kind in Ethiopia), and facilitating global financial connectivity for its customers.

2.3.4.7. Dependency on employees

As at 30 June 2025, the Company employed 11,301 permanent and 7,801 outsourced employees. The majority of outsourced employees are security and cleaning services personnel provided through agencies. However, the Company does not believe that its operations are dependent on the continued service of any single individual or a small number of specific personnel, as it has implemented organisational structures to ensure business continuity and mitigate the risks associated with the departure of any key employee.

2.4. Principal markets and competition

2.4.1. African macroeconomic overview

According to the EIU estimate, Africa's aggregated real GDP growth is expected to increase from an estimated 3.3% in 2024 to 3.7% in 2025 and 4.3% in 2026. According to the estimate, this growth will be supported by firming consumer and business sentiment, market reform efforts, strong external competitiveness, and reasonably strong world commodity prices. However, inflation remains an issue, primarily driven by currency depreciation, high import prices, and supply disruptions, leading African nations to adopt tighter monetary policies. Additionally, fiscal pressures are evident across most African countries due to high debt levels, with the AfDB reporting that as of September 2024, nine African countries were in debt distress, and eleven others were at high risk of debt distress. External financing also remains constrained by weak currencies and high interest rates. Furthermore, political instability, climate volatility, and security challenges continue to affect investor confidence in African countries.

That said, efforts on the continent are focused on domestic resource mobilisation, structural reforms, and leveraging initiatives such as African Continental Free Trade Area ("AfCFTA") to foster inclusive and sustainable growth. For example, with the AfCFTA, there has been an increase in cross-border expansion and regional integration, which creates opportunities for pan-African banking networks. Nevertheless, challenges persist, including limited access to long-term capital, currency volatility, and the lack of harmonisation of regulatory policies, which has discouraged stability and inclusivity of the banking sector across the continent. However, with a large and youthful population increasingly demanding digital-first services, the continued focus on innovation, strategic partnerships, and robust regulatory frameworks plays a significant role in the growth of the banking sector.

2.4.2. African banking industry review

The African banking industry is undergoing a significant transformation, mainly characterised by rapid digital innovation, regulatory reforms, and shifting macroeconomic conditions. While traditional banking remains central, the banking sector has seen a rapid growth in mobile money usage and digital payments. The digital shift is influencing how banking services are marketed and delivered, expanding their financial inclusivity to millions of clients, and fostering intense competition amongst traditional institutions, regional players, and emerging FinTechs. African banks are prioritising substantial investments in digital transformation aimed at improving customer experience, streamlining operations, and leveraging advanced technologies for personalised services and customer care. Furthermore, banks continue to invest heavily in cybersecurity, core banking systems, and data analytics to enhance operational efficiency and security.

According to the EIB, banks in major African markets have shown resilience despite global headwinds, such as inflation, currency depreciation, and tight monetary conditions. Overall, banks' profitability has generally improved mainly due to rising interest rates. However, credit risk remains a concern as inflation and slow economic recovery continue to strain individual and business loan repayments. This has led to an increase in non-performing loans in several countries.

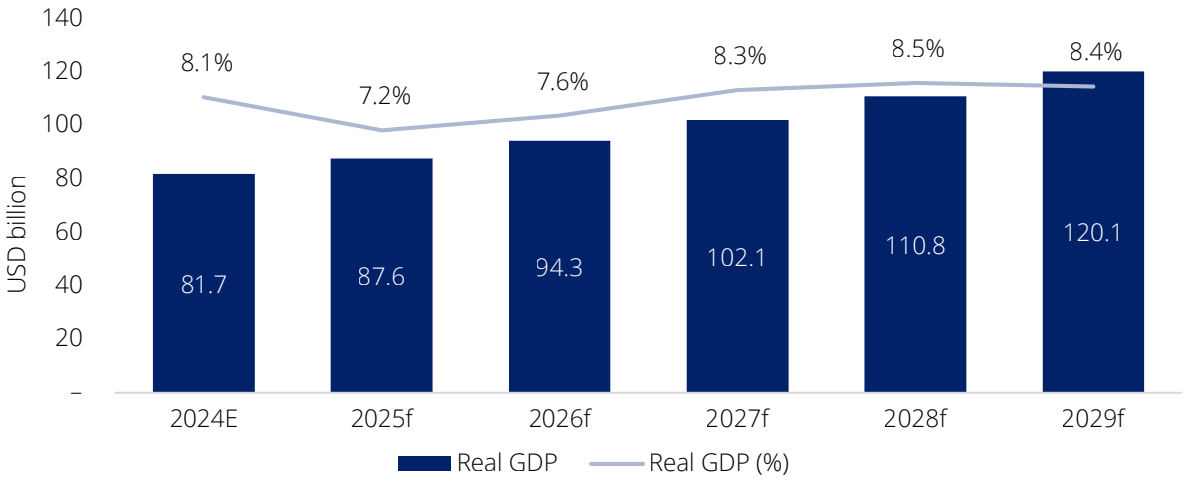
2.4.3. Ethiopia macroeconomic overview

According to the EIU, Ethiopia's GDP is projected to grow by 7.2% in 2025. This growth is expected to surpass the global and African averages, which, according to EIU, are forecast at 1.9% and 3.9% for 2025, respectively. Expected drivers of this growth include the expansion of Ethiopian Airlines'

fleet, a boost in agricultural output, notably wheat production, and a rise in electricity generation and exports, as the Government plans to add at least 2,500 MW to the power grid. The projected launch of the Tulu Kapi gold and copper mine in Oromia in 2025 is also anticipated to contribute to this growth, in addition to the easing of inflation in the second half of 2025. Additionally, the EIU projects private consumption to rise from 5.6% in 2027 to 9.0% in 2028 and reach 8.5% by 2029. The EIU also forecasts that the exports of goods and services to increase gradually throughout the forecast period.

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

Real GDP growth (%), 2024-2029f



Source: EIU

Following the Government's decision to float the ETB on July 29, 2024, the ETB experienced significant depreciation. The exchange rate weakened from ETB 57.7 per USD in July 2024 to ETB 153.0 per USD by 30 November 2025. This adjustment resulted in the official rate becoming broadly aligned with the parallel market rate and has largely curbed black-market currency trading. The ETB is expected to continue its depreciation trend, primarily due to a persistent current-account deficit, high public debt, and inflation rates that remain higher than those of Ethiopia's trading partners.

Furthermore, the US government announced a 10.0% baseline tariff on imports from Ethiopia, effective April 5, 2025. Despite this measure, Ethiopia's economy is expected to experience minimal impact, primarily due to its relatively low overall tariff rates and limited reliance on US exports, a position reinforced by stable coffee demand and high prices. Concurrently, the ongoing progression of Ethiopia's debt restructuring, which encompasses an IMF program and an agreement with official creditors, is expected to provide substantial debt-service relief. This relief will ease external pressure and free up funds for public investments, contributing to overall economic growth.

2.4.4. Ethiopia banking industry review

Ethiopia's banking industry is at a pivotal stage of transitioning from a historically largely closed sector to a more liberalised financial landscape, shaped by the ongoing economic reforms, financial sector liberalisation, and digital transformation. This shift is evident in the performance of private banks, which collectively increased their deposit market share from 38.0% in July 2020 to 50.7% in January 2025, and their total asset market share from 38.0% in July 2020 to 49.6% in January 2025.

The Commercial Bank of Ethiopia ("CBE"), Ethiopia's largest and state-owned bank reported to hold 49.3% of the country's deposit market share and 50.4% in total asset market share as of January 2025.

This evolving landscape follows recent reforms, including the enactment of the Banking Business Proclamation in March 2025, which has opened the door for foreign banks to operate through subsidiaries, branches, or by acquiring stakes in existing domestic banks, with foreign ownership capped at 49.0%. The NBE is actively implementing reforms to modernise the financial sector, including initiatives for capital market development and interest rate liberalisation.

Amongst ongoing reforms, Ethiopian banks are now required to comply with ESG principles. The NBE, in collaboration with the IFC and the Ethiopian Bankers' Association, launched a sustainability initiative on 17 November 2024, integrating ESG into banks' business planning, risk management, and lending practices. Guidelines will define ESG disclosure requirements, aligning with the Corporate Governance Directive, which mandates the integration of sustainability in risk frameworks and board competencies.

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

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

Additionally, Ethiopia's banking sector is rapidly adopting digital banking, fueled by FinTech and the expansion of EthSwitch. Banks are increasingly adopting digital services for efficiency, while the NBE promotes financial inclusion initiatives through its National Financial Inclusion Strategy. However, challenges persist in digital literacy, tech-legal integration, and managing operational risks, such as fraud. This modernisation is part of broader financial sector liberalisation and reforms aimed at enhancing competition, attracting foreign direct investment, and further modernising the industry. While the sector has experienced robust growth in assets, deposits, and loans over the past decade, driven by economic reforms and a favorable macroeconomic environment, it faces significant challenges, including limited foreign exchange access, high inflation, and credit risk (which has notably risen due to inflationary pressures and political instability). To bolster banks' resilience, the NBE has increased minimum capital requirements. Despite these hurdles, ongoing liberalisation, improved oversight, and macroeconomic stability are poised to drive continued expansion of the financial sector.

2.4.5. Competitive environment

The Ethiopian banking sector is undergoing transformation characterised by increased liberalisation, growing demand for financial services, evolving consumer expectations, and increased innovation in banking products. As at 30 June 2024, Ethiopia has 32 banks, comprising state-owned and private banks. The Company is set to face increased competition with recent liberalisation initiatives for foreign banks. As set out in the Banking Business Proclamation issued by NBE in March 2025, foreign banks are now permitted to enter the Ethiopian market, with market expectations for foreign banks to enter either through acquiring interests in local Ethiopian banks or through establishing local Ethiopian divisions of their banks. According to the NBE, the total assets in the banking sector exceeded ETB 3 trillion as at 30 June 2024, with Financial Sector Deepening Africa estimating that only 45.0% of adults have access to formal banking.

i. State-owned banks

CBE is the largest bank in Ethiopia measured by assets, deposits, number of bank branches, and total banking workforce. Its extensive branch network and historical presence gives it a significant competitive advantage, especially in reaching underserved populations and managing large-scale state-led initiatives.

CBE continued to exhibit growth in its performance, with total assets of ETB 2.3 trillion as at 30 June 2025, up from ETB 1.4 trillion as at 30 June 2024, and its total deposit reaching ETB 1.6 trillion as at 30 June 2025, a 37.0% increase from ETB 1.2 trillion as at 30 June 2024 as per the Company's annual report.

The other Government-owned bank is the DBE, a specialised, state-owned financial institution that primarily provides medium and long-term financing for strategic sectors such as commercial agriculture, manufacturing, and increasingly, innovative start-ups.

ii. Private Banks

According to the NBE, as at 30 June 2024, there were 30 private commercial banks operating in Ethiopia. A summary of key financial information for these leading private bank competitors is provided below. Based on publicly disclosed information, the Company ranks as the third largest private bank in terms of total assets, deposits, as well as loans and advances.

Table 34: Competitive analysis

Major Metrics	Description	30 June 2024 ETB (millions)	30 June 2023 ETB (millions)	30 June 2022 ETB (millions)	CAGR %
Total deposits	Industry total*	1,280,003	1,047,728	800,884	26.4%
	Growth %	*22.2%*	*30.8%*	*n/a*	
	Industry peers**	1,134,143	932,760	709,648	26.4%
	Growth %	*21.6%*	*31.4%*	*n/a*	
	Company	145,860	114,968	91,236	26.4%
	Growth %	*26.9%*	*26.0%*	*n/a*	
	Company's market share	**11.4%**	**11.0%**	**11.4%**	

Major Metrics	Description	30 June 2024 ETB (millions)	30 June 2023 ETB (millions)	30 June 2022 ETB (millions)	CAGR %
Outstanding loans and advances	Industry total	1,104,816	941,614	710,468	24.7%
	Growth %	*17.3%*	*32.5%*	*n/a*	
	Industry peers	988,689	840,315	631,881	25.1%
	Growth %	*17.7%*	*33.0%*	*n/a*	
	Company	116,127	101,299	78,587	21.6%
	Growth %	*14.6%*	*28.9%*	*n/a*	
	Company's market share	**10.5%**	**10.8%**	**11.1%**	
Total assets	Industry total	1,664,734	1,337,987	1,029,457	27.2%
	Growth %	*24.4%*	*30.0%*	*n/a*	
	Industry peers	1,481,014	1,193,223	913,420	27.3%
	Growth %	*24.1%*	*30.6%*	*n/a*	
	Company	183,721	144,764	116,037	25.8%
	Growth %	*26.9%*	*24.8%*	*n/a*	
	Company's market share	**11.0%**	**10.8%**	**11.3%**	
Total capital	Industry total	233,926	191,795	151,170	24.4%
	Growth %	*22.0%*	*26.9%*	*n/a*	
	Industry peers	209,999	172,476	136,790	23.9%
	Growth %	*21.8%*	*26.1%*	*n/a*	
	Company	23,927	19,319	14,380	29.0%
	Growth %	*23.9%*	*34.3%*	*n/a*	
	Company's market share	**10.2%**	**10.1%**	**9.5%**	
Paid up capital	Industry total	151,760	124,647	97,301	24.9%
	Growth %	*21.8%*	*28.1%*	*n/a*	
	Industry peers	139,760	115,302	90,438	24.3%
	Growth %	*21.2%*	*27.5%*	*n/a*	
	Company	12,000	9,345	6,863	32.2%
	Growth %	*28.4%*	*36.2%*	*n/a*	
	Company's market share	**7.9%**	**7.5%**	**7.1%**	
Profit before tax	Industry total	43,479	40,886	32,921	14.9%
	Growth %	*6.3%*	*24.2%*	*n/a*	
	Industry peers	37,116	35,869	29,118	12.9%
	Growth %	*3.5%*	*23.2%*	*n/a*	
	Company	6,363	5,017	3,804	29.3%
	Growth %	*26.8%*	*31.9%*	*n/a*	
	Company's market share	**14.6%**	**12.3%**	**11.6%**	

Major Metrics	Description	30 June 2024 ETB (millions)	30 June 2023 ETB (millions)	30 June 2022 ETB (millions)	CAGR %
Number of branches	Industry total	9,973	9,032	7,184	17.8%
	Growth %	*10.4%*	*25.7%*	*n/a*	
	Industry peers	9,091	8,197	6,602	17.3%
	Growth %	*10.9%*	*24.2%*	*n/a*	
	Company	882	835	582	23.1%
	Growth %	*5.6%*	*43.5%*	*n/a*	
	Company's market share	**8.8%**	**9.2%**	**8.1%**	

*The term "Industry Total" refers to the 28 private banks operating in Ethiopia. This includes Dashen Bank, but excludes Omo Bank, Siket Bank, and the two state-owned banks: CBE and DBE. Omo Bank and Siket Bank are excluded from this analysis due to a lack of publicly available information. This assessment is based on the annual reports published by the banks, which are publicly available.

**The term "Industry peers" refers to 27 private banks operating in Ethiopia, excluding Dashen Bank, Omo Bank, and Siket Bank, and the two state-owned banks: CBE and DBE. The analysis does not include Omo Bank and Siket Bank due to insufficient publicly available information. This assessment is based on the annual reports published by the banks which are publicly available.

The Ethiopian banking industry has experienced steady growth across its major financial categories over the last three FYs. Through this sector development, the Company consistently achieved growth across key financial metrics from 2022 to 2024, as measured by the 2022 to 2024 Compound Annual Growth Rate ("CAGR").

Total deposits increased by a CAGR of 26.4% in line with the industry peers, reaching ETB 145,860 million as at 30 June 2024, compared to ETB 91,236 million as at 30 June 2022. The Company's total assets grew 26.9% year-over-year as at 30 June 2024, compared to the industry peer average of 24.1%. The Company's total capital grew at a CAGR of 29.0%, compared to the industry peer average of 23.9%. Additionally, the Company's paid-up capital increased by a CAGR of 32.2%, outpacing the industry peer average of 24.3%, and profit before tax grew at a CAGR of 29.3%, compared to the industry peer average of 12.9%. The Company's branch network also expanded at a 23.1% CAGR, compared to the industry peer average of 17.3%. These figures collectively underscore the Company's strong competitive stance.

Reflecting this strong growth and performance, the Company maintained and enhanced its market position through consistent gains in market share from 2023 to 2024. Market share in total deposits increased to 11.4% as at 30 June 2024, compared to 11.0% as at 30 June 2023. Gains were also evident in total assets with market share rising to 11.0% as at 30 June 2024, compared to 10.8% as at 30 June 2023. The Company's total capital market share also grew to 10.2% as at 30 June 2024, compared to 10.1% as at 30 June 2023. Total paid-up capital market share grew to 7.9% as at 30 June 2024, compared to 7.5% as at 30 June 2023, and market share of profit before tax rose to 14.6% as at 30 June 2024, compared to 12.3% as at 30 June 2023. Moreover, the branch market share decreased to 8.8% as at 30 June 2024, compared to 9.2% as at 30 June 2023, reflecting the Company's work towards decreasing physical expansion and increasing digital initiatives.

iii. Digital Finance Service Providers

The rapid growth of digital solutions, particularly mobile money platforms, such as Ethio Telecom's telebirr, poses a significant competitive challenge to traditional banks in the digital payment scene. Leveraging its vast subscriber base, which stood at 83.5 million mobile users as at 30 June 2025, Ethio Telecom has rapidly amassed a dominant market share in mobile money through its mobile money product, telebirr, reaching over 54.8 million users and facilitating over ETB 2.3 trillion of transactions in the year ended 30 June 2025.

iv. Impact of foreign bank entry

Following the enactment of the Banking Business Proclamation in March 2025, the NBE aims to issue several licenses to foreign banks in Ethiopia. This move is expected to increase competition and efficiency, attract foreign direct investment, enhance financial inclusion, and foster capital market development.

2.5. Regulatory environment

The Company operates in the highly regulated banking and mobile financial services sectors in Ethiopia. This section outlines the material regulations and regulatory framework applicable to these two sectors.

2.5.1. Regulatory framework for the banking sector

The primary legislation governing the banking sector in Ethiopia is the new Banking Business Proclamation and the directives made thereunder.

The Banking Business Proclamation represents a historic milestone, formally permitting foreign banks to re-enter the Ethiopian market after a 50-year absence, thereby repealing and replacing the previous Banking Business Proclamation No. 592/2008, as amended. This profound policy shift opens the sector to private investors, including both domestic and foreign entities, by expanding the definition of "Bank" to explicitly include foreign banks, their subsidiaries, and branches. This move is strategically designed to enhance competitiveness and efficiency, attract direct foreign investment, and ultimately improve financial inclusion nationwide. The directives made under the Banking Business Proclamation, along with other relevant NBE regulations, govern various aspects of the services provided by companies involved in the Ethiopian banking sector. These aspects include, but are not limited to, licensing, capital requirements, ongoing compliance, AML and KYC requirements, customer protection, investment requirements, profit repatriation, and employment of foreign nationals. Other relevant proclamations that impact the services provided by companies involved in the Ethiopian banking sector include Computer Crime Proclamation No. 958/2016, the Electronic Signature Proclamation No.1072/2018, and the Electronic Transaction Proclamation No.1205/2020.

The Banking Business Proclamation outlines specific modalities for foreign banks to enter the Ethiopian market. These include the establishment of partially or fully owned subsidiaries, allowing foreign banks to operate as independent entities while complying with Ethiopian banking regulations. Foreign banks may also open branches or representative offices. However, they are prohibited from operating both deposit-taking and non-deposit-taking branches concurrently. The acquisition of shares in existing domestic banks is another permitted entry modality. As of the date of this Prospectus, the Government, through the NBE, has commenced the phased liberalisation of the banking sector to allow the entry of foreign banks, pursuant to the Banking Business Proclamation

and related directives. In this context, Kenya Commercial Bank Group has officially entered into negotiations with the NBE regarding its proposed entry into the Ethiopian market. In addition, several other foreign banks, including South Africa's Standard Bank, Kenyan banks, and banks from the United Arab Emirates, have publicly expressed interest in establishing a presence in Ethiopia. However, as of the date of this Prospectus, no formal license applications or binding agreements have been publicly confirmed by these institutions. The liberalisation process is expected to gradually increase competition and foreign participation in the banking sector, in line with Ethiopia's broader financial sector reform agenda.

The domestic banking sector currently consists of 32 banks, with the state-owned CBE holding a significant share of assets and deposits. Mobile financial services are also provided by telecommunications companies, namely, Ethio Telecom's telebirr and Safaricom's M-PESA.

The NBE is designated to play a pivotal role in regulating the operations of these foreign banks, ensuring that their activities align with Ethiopia's economic goals and its overarching regulatory framework. The framework established by the Banking Business Proclamation also addresses key provisions related to investment requirements, profit repatriation, property ownership, and the employment of foreign nationals. Notably, foreign employees are typically permitted to serve for a maximum of five years, with the expectation that their tenure will facilitate the transfer of critical knowledge and skills to local employees. This approach signifies a strategy of controlled liberalisation, where the Government aims to harness the benefits of foreign investment, such as capital and expertise, while simultaneously safeguarding domestic interests, ensuring knowledge transfer, and maintaining robust regulatory oversight to prevent potential market distortions or capital flight.

2.5.1.1. Salient features of the Banking Business Proclamation

The Banking Business Proclamation, together with the regulations and directives issued under it, constitutes the principal legal framework governing the banking sector in Ethiopia. It was enacted following the Government's decision to liberalise the banking market by permitting the entry of multiple operators into the sector. This policy shift aims to enhance competition, broaden financial inclusion, and support the economic and social development of the country.

2.5.1.2. Industry regulator

The NBE, established under the National Bank of Ethiopia Proclamation No 1359/2025 (the "NBE Proclamation"), is the principal regulatory authority for the banking sector in Ethiopia. Pursuant to its mandate under both the NBE Proclamation and the Banking Business Proclamation, the NBE is tasked with promoting a sound, stable, efficient, and inclusive banking system. Its overarching objectives include safeguarding the stability and integrity of the financial system, ensuring effective supervision of banks, and protecting the interests of depositors and the public.

The NBE's regulatory powers and responsibilities include licensing banks, setting prudential standards, supervising and inspecting financial institutions, and enforcing compliance. It also approves major corporate actions such as mergers, acquisitions, and ownership changes, and plays a central role in resolving banking sector disputes and risks, among other functions.

2.5.1.3. Market competition regulation

Market competition in the Ethiopian banking sector is primarily governed by the Trade Competition and Consumer Protection Proclamation No. 813/2013 (as amended) (the "TCCP Proclamation,"), the

Banking Business Proclamation, and the Financial Consumer Protection Directive No. FCP/01/2020 (the "FCP Directive"), as administered by the MoTRI and NBE, respectively.

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

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

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

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

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

2.5.1.4. Consumer protection

Consumer protection in the Ethiopian banking sector is primarily governed by the Banking Business Proclamation, complemented by the FCP Directive, as well as the TCCP Proclamation.

Under this framework, banks are required to ensure fair treatment of customers, provide transparency in the disclosure of terms and conditions, and establish accessible mechanisms for handling consumer complaints. The NBE oversees these obligations and has the authority to issue directives and monitor compliance by licensed banks.

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

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

2.5.1.5. Quality of services

The NBE, as the central bank and primary regulator of the Ethiopian financial sector, has established a comprehensive regulatory framework to ensure the safety, soundness, and integrity of financial

institutions. This framework emphasises financial consumer protection, institutional self-reliance in risk management, and robust digital infrastructure. Key directives governing customer service standards, operational reliability, and complaint handling mechanisms include:

- The FCP Directive is foundational for establishing fair, responsible, and transparent financial transactions, aiming to build trust and confidence among financial consumers. Financial service providers are mandated to:
  - treat all consumers equitably, respectfully, honestly, and fairly, prohibiting discrimination and unfair contractual terms;
  - provide accurate, simple, clearly expressed, and timely information about financial products, including a "Key Facts Statement", to enable informed choices;
  - keep consumer data confidential and secure, using and disclosing it only for legitimate, agreed-upon, or legally permitted purposes;
  - offer a transparent, effective, prompt, and free internal complaints process;
  - set up internal complaint-handling units, receive complaints in multiple languages, provide tracking numbers, and conclude investigations within ten working days; and
  - inform consumers of available external dispute resolution mechanisms, including those provided by the NBE and courts of law. The NBE's Financial Consumer Protection and Education Directorate serves as a dedicated body for handling financial consumer complaints, with a clear three-step process for escalation if internal resolution is not achieved within 10 business days.
- The Banking Recovery Plan Directive No. SBB/93/2025, effective 13 May 2025, mandates that all banks develop and implement robust recovery plans to restore financial health during severe stress without relying on central bank or government intervention. It requires detailed scenario analyses, stress tests, early warning systems, and places significant accountability on bank boards for crisis preparedness.
- Requirements for Information Technology Management of Banks Directive No. SBB/83/2022 enhances efficiency and competitiveness by mandating comprehensive automation of core business processes (e.g., customer due diligence, loan processing, money transfers) and management information systems. It requires robust IT risk management programs, adherence to cybersecurity guidelines (including those from the Information Network Security Agency), stringent data security practices, and mandates that customer data be stored and processed exclusively within Ethiopia's borders. Banks must also establish disaster recovery sites and comprehensive business continuity plans to ensure continuous operations during disruptions.
- Payment Instrument Issuers Directive No. ONPS/10/2025, which came into force on 12 May 2025, modernises Ethiopia's digital payment landscape. It mandates "wallet-to-wallet interoperability" for mobile money operators and requires all financial institutions offering digital payments to integrate into the Ethiopian Instant Payment System ("EIPS") for real-time transfers. To bolster security, transactions exceeding ETB 5,000 require two-factor authentication, and institutions must implement real-time KYC processes and risk-based transaction monitoring to prevent fraud. Payment instrument issuers are also required to conduct security audits every six months.

These directives collectively aim to foster a transparent, resilient, and customer-centric financial ecosystem in Ethiopia, contributing to overall financial stability and public confidence.

As part of its supervisory role, the NBE may investigate service quality issues and take regulatory action, including the issuance of directives or imposition of penalties, where necessary to protect consumers and ensure system integrity.

2.5.1.6. AML proclamation and regulations

The primary legislation governing AML in Ethiopia is the Prevention and Suppression of Money Laundering and Financing of Terrorism Proclamation No. 780/2013, as amended by Proclamation No. 1387/2025 (the "AML Proclamation"). The 2025 amendment significantly strengthens the existing AML/ Combating the Financing of Terrorism ("CFT") framework. It introduces enhanced customer due diligence requirements, expanding their scope to a wider range of transactions and relationships, and mandating more detailed identification and ongoing monitoring, particularly for higher-risk customers. The current AML Proclamation also broadens reporting obligations to the Financial Intelligence Service ("FIS"), including new provisions for threshold, suspicious cross-border, and beneficial ownership reporting. Furthermore, it clarifies the roles and responsibilities of various reporting entities, including banks, financial institutions, and designated non-financial businesses and professions. These changes aim to align Ethiopia's AML/CFT framework more closely with international standards set by organisations such as the Financial Action Task Force, enhancing transparency and strengthening penalties and enforcement mechanisms. The AML Proclamation mandates that legal entities established in Ethiopia maintain adequate, accurate, up-to-date, and comprehensive information on their beneficial ownership and control structures and implement these strengthened risk-based customer due diligence and reporting mechanisms.

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

The powers and responsibilities of the NBE, including its role in administering foreign exchange controls, are governed by the NBE Proclamation. Under this framework, only banks and other authorised dealers licensed by the NBE can conduct foreign exchange transactions. The NBE is also authorised to issue directives regulating cross-border transactions, currency holdings, and exchange reporting obligations.

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

2.5.1.7. Data protection laws

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

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

2.5.2. Licensing framework for the banking sector

2.5.2.1. License requirement

The Banking Business Proclamation governs the licensing and regulation of banking activities in Ethiopia. Under the Banking Business Proclamation, the NBE is empowered to issue banking licenses, subject to such terms and conditions as it may determine from time to time, and the provisions of the Commercial Registration and Licensing Proclamation No.980/2016.

The Banking Business Proclamation prohibits any person or entity from conducting banking activities in Ethiopia without obtaining a valid license from the NBE. Banking activities include the acceptance of deposits, provision of loans, and other financial services as defined by the Banking Business Proclamation.

This section outlines the Company's licensing status and its compliance with the requirements of the Banking Business Proclamation and directives issued thereunder.

2.5.2.2. The Company's license

The Company received its license from the NBE on 20 September 1995. The initial subscribed capital was ETB 50 million, and the initial paid-up capital was ETB 14.9 million. The Company operates as a commercial bank, with Ato Asfaw Alemu serving as its Chief Executive Officer. The Company is permitted to conduct banking activities throughout Ethiopia.

The license requires annual renewal. As of the renewal date for 2024/2025, the paid-up capital stood at ETB 14,337 million. The license restricts the Company from engaging in any business other than those authorised.

Under the Banking Business Proclamation and its accompanying directives, the NBE serves as the primary regulatory authority responsible for licensing and supervising commercial banks operating in Ethiopia.

Banks licensed by the NBE are authorised to carry out a broad range of banking activities throughout the country. These include accepting deposits, granting loans, making investments, trading in foreign exchange and precious metals, transferring funds, discounting negotiable instruments, and offering services such as interest-free banking, agent banking, and digital financial products.

To maintain their license, banks must comply with various regulatory requirements set by the NBE. These include adherence to financial inclusion targets, customer service standards, data security obligations (including the requirement that customer data be stored and processed within Ethiopia), and environmental and social risk management standards.

Additionally, all banks are required to gradually increase their paid-up capital to a minimum of ETB 5 billion by the end of June 2026.

Banks are further required to meet transparency and reporting obligations. They must submit audited financial reports to the NBE within prescribed deadlines and publicly disclose key financial information, including their most recent audited balance sheet and profit and loss account, at all places of business, in a widely circulated newspaper, and on their official website.

Commercial banking licenses must be renewed annually between July 1 and September 30. While banks are not required to undergo the initial licensing process again for renewal, they must submit updated financial statements, evidence of capital compliance, confirmation of legal reserves, and the original business license.

The NBE is empowered to suspend or revoke a banking license under specified conditions. A license may be revoked if a bank violates applicable directives, fails to comply with license conditions, discontinues operations for more than six months, submits false information to the regulator, enters bankruptcy or liquidation, fails to commence operations within twelve months of licensing, engages in conduct contrary to public interest, or transfers its license without prior approval. The license may also be revoked at the Company's own request or in cases of insolvency or practices that pose a threat to financial stability.

Where revocation is proposed, the NBE will issue a notice and allow the Company 45 working days to respond before rendering a final decision. However, in cases of urgency or where the public interest is at risk, the NBE may revoke a license without prior notice. Following revocation, the Company must immediately cease operations, and a liquidator is appointed to oversee its closure. The revocation is then publicly disclosed.

In less severe cases, the NBE may suspend a license, in full or in part, for a period not exceeding six months. Suspension may be imposed where revocation grounds exist but require correction within a specified timeframe. In such cases, the Company is given 30 working days to respond to the suspension notice before the NBE issues a final decision.

This framework establishes a structured regulatory regime for the operation, renewal, and potential cancellation of banking licenses in Ethiopia, ensuring prudential oversight and financial sector stability.

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

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

2.5.2.4. Changes in shareholding and control

Under the Ethiopian banking law, any person or entity—whether domestic or foreign—that intends to acquire significant shares or voting rights in a bank must obtain prior written approval from the NBE. The acquisition of shares in a bank is subject to specific limitations:

- A natural person cannot directly hold more than seven percent (7.0%) of a bank's total subscribed shares.
- A juridical person cannot directly hold more than ten percent (10.0%) of a bank's total subscribed shares.

These limitations apply unless explicitly provided otherwise in the Banking Business Proclamation, with an exception for the Federal Democratic Republic of Ethiopia.

Notwithstanding these provisions, the maximum shareholding that may be held by regional governments and their enterprises in a bank transformed from a micro-finance institution is determined by the NBE Directive.

Additionally, banks are required to notify the NBE of any share transfer or change in beneficial ownership, even where the transfer does not meet the threshold requiring prior approval. The NBE retains discretion to object to any transfer if the acquirer is deemed unfit or if the transaction is considered contrary to the soundness of the banking system. These provisions apply equally to foreign investors, who are permitted to invest in Ethiopian banks subject to applicable laws, investment thresholds, and foreign exchange regulations. Foreign investors must also demonstrate regulatory approval from their home country and satisfy the NBE's "fit and proper" standards.

2.5.2.5. Appointment and removal of Directors and executive management

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

2.5.2.6. Risk management and governance standards

The NBE has issued new directives to strengthen the prudential regulatory framework governing risk management and governance standards in the banking sector. Three such directives of particular relevance are outlined below:

- The Exposure to Related Parties Directive places a cap on a bank's total exposure to any single related party - whether directly or indirectly—to a maximum of 15% of the bank's total capital at any given time. The objective is to mitigate concentration risk and reduce the potential for conflicts of interest or undue influence by related parties. The directive promotes prudent risk management and safeguards the financial stability of licensed banks.
- Requirements for Persons with Significant Influence in a Bank Directive introduces enhanced fit-and-proper requirements for individuals who are deemed to exercise significant influence over a bank, including shareholders, board members, and executive management. The directive outlines standards related to integrity, competence, financial soundness, and experience, and is aimed at ensuring strong corporate governance, regulatory compliance, and ethical leadership within banks.
- The Risk Based Capital Adequacy Requirement requires the Board to maintain a rolling 1-3 year capital strategy and ensure systems and automation for continual measurement of regulatory capital and credit, market and operational RWA.

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

2.5.2.7. Consequences of non-compliance

Failure to comply with the NBE's notification and approval requirements may result in:

- ETB 450,000 fine; ETB 100,000 for wrong capital/RWA computation; ETB 50,000 for late reports; and ETB 10,000 for other breaches, without prejudice to further measures (under the Risk Based Capital Adequacy Requirement, effective 31 December 2026)
- For repeated non-compliance with the Foreign Exchange Exposure Limits of Banks Directive No. SBB/96/2025, NBE prohibits the declaration or payment of dividends, restricts FX activities, block branch expansion, suspend standing-facility access, among other measures, in addition to monetary fines.
- Nullification of unauthorised share transfers or appointments;
- Monetary penalties and administrative sanctions;
- Ineligibility for future licenses or approvals;
- In serious cases, suspension or revocation of the Bank's operating license.

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

2.5.2.8. Key industry regulatory issues

This section sets out key regulatory issues that impact participants in the banking sector in Ethiopia, including the Company. These issues arise primarily from the Banking Business Proclamation, the NBE Proclamation, and accompanying directives issued by the NBE.

2.5.2.8.1. Licensing and regulatory oversight

The Company operates under a commercial banking license issued by the NBE in accordance with the Banking Business Proclamation. The NBE has broad regulatory and supervisory powers, including authority over the issuance, renewal, suspension, and revocation of banking licenses, as well as the setting of prudential requirements. Licensed banks are required to comply with directives related to capital adequacy, governance, risk management, liquidity, and operational resilience.

2.5.2.8.2. Capital requirements and financial soundness

The NBE is responsible for ensuring the soundness and stability of the banking sector. This includes setting and enforcing prudential regulations, such as capital adequacy requirements, CAR, and limits on risk exposures. The Banking Business Proclamation and applicable NBE directives require banks to maintain capital commensurate with their risk profile in order to absorb potential losses and safeguard depositors' funds. All existing commercial banks are required to increase their paid-up capital to ETB 5 billion by 30 June 2026. The Minimum Capital Requirement for Banks (Amended) Directive No. SBB/78/2021 aims to strengthen the financial resilience of the banking system and ensure that banks are adequately capitalised to absorb shocks and support economic growth. Under the Risk

Based Capital Adequacy Requirement, standardised capital charges apply to market risk (interest-rate, equity, FX, commodities) and operational risk. The required capital for each is converted to RWA by multiplying by 9.1. Failure to meet capital requirements may result in supervisory action, including restrictions on dividend distributions, branch expansion, or, in severe cases, license suspension. The NBE continuously monitors banks' financial health, compliance with these requirements, and their overall risk management frameworks to protect the financial system.

2.5.2.8.3. Interoperability and payment systems

The Banking Business Proclamation and directives, such as the National Payment System Proclamation and its accompanying directives, establish the framework for interoperability within Ethiopia's financial infrastructure. This framework is further strengthened by specific initiatives such as the NBE's Interoperable QR Code Payment Standard, mandated by the Licensing and Authorisation of Payment Instrument Issuer Directive No. ONPS/10/2025). This standard ensures that person-to-merchant payments using QR codes are interoperable across different financial institutions. The Company has both the right and obligation to interconnect its banking systems, including its digital banking platforms and data communication networks, with the networks of other licensed banking operators in Ethiopia. This ensures seamless transactions, such as ATM withdrawals, point-of-sale services, interbank fund transfers, and standardised QR code payments. The NBE may review interconnection agreements to ensure conformity with applicable laws and may intervene, either on its own initiative or at the request of a party, to resolve disputes or ensure fair terms and conditions of interoperability.

2.5.2.8.4. Technological standards and data security

Based on the relevant provisions of the Banking Business Proclamation, banking operators in Ethiopia are required to comply with certain technical standards regarding their IT systems, digital platforms, and data security infrastructure. The NBE may specify requirements for banking equipment, software, and systems to ensure their reliability, security, and interoperability within the financial ecosystem. This includes strict regulations on data privacy, cybersecurity measures, and the resilience of banking technology to protect customer information and maintain operational continuity.

2.5.2.8.5. Consumer protection and transparency

The NBE has issued various directives aimed at ensuring the fair treatment of customers, including regulations on the disclosure of fees, charges, interest rates, and complaint resolution mechanisms. Banks must publish their terms and conditions in a transparent and accessible manner and provide customers with clear, accurate, and timely information about their rights and obligations. The NBE monitors compliance and may impose penalties for deceptive or unfair practices.

2.5.2.8.6. Financial inclusion and universal banking access

Promoting financial inclusion is a core regulatory priority. Banks are required to expand access to banking services, particularly in underserved rural areas. The NBE encourages the use of agent banking, digital financial services, and interest-free banking as tools for financial inclusion. In line with national policy, the Company is expected to contribute to increasing the penetration of formal financial services and to participate in initiatives aimed at reaching unbanked populations.

2.5.2.8.7. AML and CTF

The Company is subject to the AML Proclamation and the relevant directives issued by FIS and the NBE. Obligations include customer due diligence, reporting of suspicious transactions, record-keeping, and providing employee training. Non-compliance may attract administrative sanctions or criminal liability.

2.5.2.8.8. Foreign exchange and prudential controls

The NBE regulates banks' foreign exchange operations, including limits on foreign currency holdings, repatriation procedures, and external borrowing. Prudential controls are imposed to mitigate exchange rate risks and maintain macroeconomic stability. Pursuant to the NBE's Foreign Exchange Directive No. FXD 01/2024, banks are permitted to negotiate exchange rates and allocate foreign currency based on market conditions and customer demand, subject to documentary requirements and regulatory oversight. The previous framework, which prioritised the allocation of foreign currency to designated sectors, has been repealed. Under the current regime, there are no prescribed "priority sectors," and banks are required to manage their foreign exchange activities within prudential limits established by the NBE. Under the Foreign Exchange Exposure Limits of Banks Directive No. SBB/96/2025, a bank's overall net open foreign-currency position at close of each business day must not exceed ±18% of Tier 1 capital, measured on a consolidated basis (including forex bureaus and subsidiaries) using the shorthand method. Banks must monitor intra-day exposures, square any excess by the next business day, and report the end of day open-position to NBE by 12:00 noon the next business day (Friday/Saturday per directive). Banks must maintain daily records, have internal audit reviews at least quarterly, and automate management information systems supporting computation, limits and reporting.

2.5.2.8.9. Regulatory exposure and risk management limits

The Large Exposures to Counterparty or Group of Connected Counterparties Directive imposes a prudential limit on a bank's concentration of credit exposure to any single counterparty or group of connected counterparties. The aggregate sum of all exposures, whether direct or indirect, held by a bank to a counterparty or a group of connected counterparties, is capped at 25.0% of the bank's total capital at any given time. The Large Exposures to Counterparty or Group of Connected Counterparties Directive aims to mitigate concentration risk and enhance financial stability by preventing excessive reliance on a few large exposures. While exposures to the Government and the NBE are exempted, compliance requires banks to diligently monitor and manage their credit portfolios to avoid breaching these limits. Any breaches must be immediately communicated to the NBE and promptly rectified.

2.5.2.8.10. Asset quality and provisioning standard

The Asset Classification and Provisioning Directive No. SBB/90/2024 provides a comprehensive framework for classifying bank assets and the corresponding provisioning requirements. It aligns Ethiopia's credit risk practices with international standards such as IFRS and Basel Core Principles. The directive requires banks to classify assets, including loans and off-balance-sheet exposures - based on both payment performance and credit quality. A key change under the directive is that non-performing loans must be placed on non-accrual status regardless of collateral value. It additionally introduces an "unlikely to pay" classification, enhancing the granularity of risk recognition. The Asset Classification and Provisioning Directive limits the restructuring of loans to three instances for short- and medium-term loans and four instances for long-term loans, after which the loan must be treated

as non-performing. Banks must submit quarterly reports to the NBE, detailing asset classification and provisioning levels.

2.5.2.8.11. Investment restrictions on non-banking activities

The Limitations on Investments by Banks Directive No. SBB/92/2024 regulates banks' non-core investment activities to reduce concentration risk and ensure capital is directed toward core banking functions. Key investment limits imposed by the directive include: up to 5.0% of total capital in an insurance company; up to 10.0% of total capital in real estate development without prior NBE approval; and up to 100% of total capital in capital market service providers (excluding credit rating agencies), subject to prior NBE approval.

The Limitations on Investments by Banks Directive additionally caps a bank's aggregate investment in non-banking business activities at 15.0% of its total capital. Certain investments, such as in payment system operators and financial infrastructure entities, are excluded from this limit.

Banks are required to report all qualifying equity investments to the NBE within 30 business days of acquisition.

2.5.3. Regulatory framework for the mobile and agent banking services

2.5.3.1. Legislation and policy

The provision of mobile and agent banking services in Ethiopia, including those offered by the Company, operates within a comprehensive regulatory framework established and overseen by NBE. This framework is designed to ensure stability, integrity, and broader accessibility of digital financial services.

The primary legal instruments include:

2.5.3.1.1. National Payment System Proclamation No. 718/2011

This foundational law, as amended by the National Payment System (Amendment) Proclamation No. 1282/2023, which entered into force on 03 February 2023, grants the NBE the authority to regulate and oversee the national payment system. The amendment to Proclamation No. 718/2011 notably liberalised the digital payment sector by allowing foreign investment and clarified definitions for financial institutions, payment instrument issuers, and operators. It additionally broadened the NBE's powers to license and authorise these entities and imposed AML and CTF obligations on both operators and issuers.

2.5.3.1.2. Regulation of Mobile and Agent Banking Services Directives No. FIS/01/2012

This directive specifically outlines the regulatory requirements for financial institutions engaging in mobile and agent banking services. It covers aspects such as the scope of services, permissible modes of business conduct, responsibilities of financial institutions for their agents' actions, real-time transaction requirements, and initial limits on mobile account balances and daily transactions. It emphasises the NBE's role in setting minimum standards for risk management and customer protection.

2.5.3.1.3. Use of Agents Directive No. FIS/02/2020

This directive focuses on the operational aspects of utilising agents for banking services. It defines agents and agency business, outlines the application and approval process for financial institutions to use agents, and sets out specific responsibilities for both the financial institution and its agents. It additionally addresses the use of third-party service providers for outsourcing activities, such as agent recruitment and management.

2.5.3.1.4. Licensing and Authorisation of Payment Instrument Issuers Directives No. ONPS/09/2023, as amended by Directive No. ONPS/10/2025

These directives provide detailed requirements for licensing and authorisation of entities (including banks) that issue payment instruments.

- Payment Instrument Issuer (Amendment): Directive No. ONPS/09/2023 sets a minimum paid-up capital of ETB 50 million for payment instrument issuers and requires entities other than government-owned enterprises to establish a separate subsidiary for this business. It additionally outlined requirements for comprehensive documentation and potentially pilot testing.
- Licensing and Authorisation of Payment Instrument Issuer (Amendment): Directive No. ONPS/10/2025 (a recent amendment) further increased the minimum paid-up capital to ETB 100 million for new applicants, mandated wallet-to-wallet interoperability through the National Switch and required integration into the EIPS. It additionally updated transaction and balance limits for electronic money accounts, introduced stronger consumer protection measures (like two-factor authentication for transactions above ETB 5,000), and clarified governance and ownership requirements, including limits on individual and entity shareholdings.

2.5.3.2. Industry regulator

Ethiopia's mobile money sector, including the mobile and agent banking services provided by the Company, is regulated by the NBE. The NBE holds the exclusive power to authorise financial institutions and other entities to issue payment instruments and exercises comprehensive oversight over these issuers, their payment systems, their networks of agents, and any third-party outsourcing partners.

The NBE's oversight of payment instrument issuers like the Company is extensive, covering various critical areas. This includes the initial licensing process, ensuring ongoing compliance with regulatory standards, scrutinising management practices, enforcing strict AML and KYC requirements, and safeguarding customer protection. The NBE additionally monitors the management of electronic money float and trust accounts to ensure the security of customer funds.

2.5.3.3. Continuing compliance requirements

As a financial institution offering mobile and agent banking services, such as those provided by the Company, compliance with ongoing regulatory obligations is paramount. These requirements are primarily stipulated by the NBE through its Licensing and Authoriation of Payment Instrument Issuers Directive No. ONPS/09/2023, which remains largely in effect regarding these specific reporting and compliance duties, as it has not been directly superseded or amended in these aspects by subsequent directives such as the Licensing and Authorisation of Payment Instrument Issuer (Amendment) Directive No. ONPS/10/2025. Payment instrument issuers, including the Company in its capacity as

a provider of these digital services, are required to maintain detailed records and submit specific information to the NBE on a recurring basis. This information includes:

2.5.3.3.1. Quarterly reporting

Within seven calendar days after the end of every quarter, payment instrument issuers must submit comprehensive reports to the NBE, covering:

- Account type, level, and balance of users, categorised by group (e.g., individual, merchant, agent), region, and gender.
- The number of accounts opened and closed during the reporting month, broken down by region and user category (individual, including gender, merchants, agents).
- The number of active and inactive accounts held, categorised by type, region, age, and gender.
- Total value and volume of all processed transactions, specifying each transaction type, such as cash-in, cash-out, over-the-counter transactions, local money transfers, domestic payments, and international inward remittances.
- The outstanding amount of electronic money held by the issuer.
- Balances in float accounts.
- Details of any system interruptions, including their number, duration, reason, and the measures taken to resolve them.
- The number of reported customer complaints, categorized by product/service type and agent location, along with their resolution status (solved, not solved, or in progress).
- Any cybersecurity breaches and data loss incidents.
- All actual and attempted frauds, including the amounts involved.
- A detailed description of each incident, providing information on dates, suspected fraudsters, the occurrence, involved parties, agent location, and subsequent measures taken. This description must answer critical questions such as how, why, what, and when the incident occurred.

2.5.3.3.2. Immediate fraud and security reporting

Any cybersecurity breach, data loss, or actual/attempted fraud with amounts involved must be reported to the NBE immediately upon discovery.

2.5.3.3.3. NBE access and oversight

Payment instrument issuers are obligated to provide the NBE with access to their payment instrument issuance system. This access facilitates remote monitoring of electronic money issuance and operational compliance.

Furthermore, any bank holding a trust account for a licensed payment instrument issuer is additionally required, under Article 13(4) of the Payment Instrument Issuers Directive, to provide the NBE with access to the statements and balance of such trust accounts.

2.5.3.3.4. Financial reporting and audit

Issuers must prepare their financial statements in accordance with IFRS.

Their books of accounts must be audited annually by authorised independent external auditors, with the audit report submitted to the NBE within 90 calendar days after the end of the FY.

If the issuer is a government-owned enterprise licensed to issue payment instruments, it is required to maintain a separate book of accounts specifically for its payment instrument issuance-related business, distinct from its other operations, and must prepare and submit separate financial statements for this business to the NBE.

These ongoing compliance requirements ensure that the Company's mobile and agent banking operations remain transparent, secure, and aligned with the NBE's regulatory objectives for a robust and consumer-protective digital financial ecosystem.

2.5.4. Licensing framework for mobile and agent banking services

For any institution offering mobile and agent banking services in Ethiopia, the overarching authority for licensing and oversight is the NBE. The NBE plays a crucial role in ensuring that these digital financial services are delivered securely, reliably, and efficiently nationwide.

To begin offering mobile and agent banking services, a financial institution like the Company must first secure explicit written approval from the NBE. This requirement stems from specific directives such as the Use of Agents Directive No. FIS/02/2020 and the Regulation of Mobile and Agent Banking Services Directive No. FIS/01/2012. These directives establish that only financial institutions already licensed by the NBE are eligible to participate in mobile banking.

When applying for this authorisation, a bank must submit a detailed business plan to the NBE. This plan is critical as it must demonstrate the operational feasibility and financial soundness of the proposed mobile and agent banking services.

Furthermore, because mobile banking often involves the issuance of "payment instruments" (like digital money in a mobile wallet), the Company must additionally be licensed by the NBE as a.payment instrument issuer. The NBE's Licensing and Authorisation of Payment Instrument Issuer (Amendment) Directive No. ONPS/10/2025 clearly defines the specific requirements for this license. For instance, new applicants are now required to meet a minimum paid-up capital of ETB 100 million. A significant aspect of these directives is the mandate for "interoperability," which means that mobile money wallets must be designed to allow users to seamlessly transfer funds to and from different mobile money platforms within the country.

Beyond just obtaining the license, the NBE additionally sets clear operational standards for how these services must be delivered. These include requirements for transactions to be processed in real-time, thorough background checks and ongoing monitoring of agents, robust customer protection measures, and comprehensive risk management practices to safeguard both the Company and its customers. Additionally, it is stipulated that mobile and agent banking services can only be conducted within Ethiopia's borders and exclusively using the Ethiopian Birr currency.

The NBE's involvement does not end with licensing. It actively supervises these services, often reviewing pilot program reports, conducting on-site examinations, and continuously monitoring operations to ensure that all licensed entities consistently comply with its directives. This proactive oversight ensures that services like those offered by the Company contribute positively to Ethiopia's financial system while protecting consumers.

2.5.4.1. The Company's authorisation for mobile and agent banking services

Under NBE's letter dated 5 August 2015, NBE granted the Company's request for full authorisation to begin operating its mobile and agent banking business services. This authorisation empowers the Company to deploy digital channels and agent networks to deliver banking products and services beyond its traditional branch network, thereby facilitating wider access to deposits, transfers, payments, and other financial services.

The authorisation was, however, granted subject to the prompt rectification of certain shortcomings identified during the review process. At that time, the NBE noted gaps in the dissemination of key operational documents, including risk management and customer due diligence manuals, and limited training provided to staff and agents, particularly in relation to AML and counter-terrorist financing requirements. Deficiencies were additionally observed in IT risk management frameworks, agent due diligence processes, and ongoing monitoring of agents. Furthermore, the NBE highlighted weaknesses in consumer protection, including the absence of a customer complaints register, inconsistent issuance of receipts by agents, and a failure to publish or circulate up-to-date lists of agents, products, services, and fee structures as required under NBE directives.

While the Company has since taken steps to strengthen its mobile and agent banking framework, these historical shortcomings highlight the regulatory scrutiny associated with such services and the ongoing compliance obligations.

2.5.5. Application of the Commercial Code

The Company was established as a share company in Ethiopia pursuant to the provisions of the Ethiopian Commercial Code (Proclamation No. 166/1960, as amended, and now largely superseded by the new Commercial Code of Ethiopia Proclamation No.1243/2021). As a private commercial bank licensed by the NBE, the Company is also governed by the Banking Business Proclamation and the various directives issued by the NBE. These include provisions on licensing, corporate governance, capital adequacy, fit-and-proper criteria for directors and managers, internal controls, and risk management frameworks.

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

2.5.5.1. Salient features of the Company

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

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

While the Commercial Code sets the minimum capital requirement for share companies at Fifty Thousand Ethiopian Birr (ETB 50,000), the Company is subject to enhanced minimum paid-up capital requirements under the Requirements for Licensing and Renewal of Banking Business and Representative Office SBB No/94/2025. The Company has complied with the applicable minimum

paid-up capital requirement, currently set at Five Billion Ethiopian Birr (ETB 5,000 million) for commercial banks.

2.5.5.2. Corporate governance

The governance framework of the Company is established in accordance with the Commercial Code, Banking Business Proclamation, and specifically Corporate Governance Directive. The Board shall consist of a minimum of nine directors, the majority of whom must be non-executive directors. No director may serve on the board of more than two financial institutions at the same time. Executive directors may not constitute more than one-third of the board. The Board is required to include at least one independent director. Furthermore, the Chairperson of the Board must be a non-executive director and must not hold significant shareholding or influence in the Company. While the Commercial Code generally stipulates a range of three to thirteen directors for share companies, these general provisions are superseded by the more specific and stringent corporate governance standards imposed by the Banking Business Proclamation and the Corporate Governance Directive for licensed financial institutions, reflecting the unique nature and systemic importance of banking operations.

Directors are appointed by the general meeting of shareholders in accordance with the Company's MOA and the relevant provisions of the Commercial Code.

All appointments of directors, including re-appointments, are subject to prior written approval by the NBE. To be eligible for appointment, each director nominee must meet the comprehensive "fit and proper" criteria issued by the NBE, specifically outlined in the Requirements for Persons with Significant Influence in a Bank Directive No. SBB/89/2024. These criteria include, but are not limited to:

- A minimum age of 30 years.
- Possession of at least a first degree (bachelor's level).
- A minimum of five years' relevant professional experience in areas such as banking, law, finance, or management.
- Good moral character, integrity, and sound judgment.
- Absence of any disqualifying criminal record or prior regulatory sanction.

A director may serve an initial term of up to three years and may be reappointed for one additional consecutive term, provided such reappointment also receives NBE approval. To promote fresh perspectives and prevent entrenchment, directors may not serve for more than six consecutive years on the Board of the same bank, unless a specific exemption is granted by the NBE under exceptional circumstances. Following the completion of the maximum consecutive service, a cooling-off period of two years must elapse before a former director becomes eligible for re-election to the same Board.

The Board of Directors bears ultimate responsibility for setting the strategic direction of the Company, ensuring prudent oversight, and promoting sound corporate governance in line with its fiduciary duties. Key responsibilities, as articulated by the Corporate Governance Directive, include:

- Approving the Company's strategy, annual business plans, budgets, and defining its risk appetite.

- Approving the risk appetite statement and overseeing the effectiveness and integrity of the Company's risk management, internal control, and compliance frameworks.
- Ensuring timely, accurate, and transparent financial reporting in accordance with IFRS and NBE directives; and proposing external auditors and their service fees to the general meeting of shareholders.
- Selecting, appointing, and overseeing the performance of the CEO; appointing senior executive officers and ratifying the appointment of chief internal audit, chief risk officer, and chief compliance officer; and setting and overseeing remuneration structures for the CEO and senior executive officers to ensure alignment with sound corporate governance and prudent risk-taking.
- Ensuring the operation of the Company is run prudently and in compliance with relevant laws, regulations, NBE Directives, and the bank's corporate values and policies, including preventing illegal or unethical actions like money laundering, fraud, bribery, or corruption.
- Ensuring the capital and liquidity adequacy of the Company on an ongoing basis.
- Preventing and managing conflicts of interest and ensuring proper use of position, bank information, and assets.
- Reviewing and approving a code of conduct for the board and senior management, ensuring a code of conduct for employees, and promoting honesty, integrity, fairness, and confidentiality.
- Developing succession plans for senior management; establishing and ensuring the effective functioning of various board committees; and annually assessing the effectiveness of the board, its committees, and individual directors.
- Establishing clear policies for shareholder relations, monitoring management performance, and monitoring stakeholder engagement processes.
- Approving equity investment decisions, agreements related to the acquisition and disposal of material fixed assets and technology, and material related party transactions.

Directors owe strict fiduciary duties of care, loyalty, and diligence to the Company and all its shareholders, as mandated by the Commercial Code and reinforced by the Corporate Governance Directive. This includes the imperative to:

- Act at all times in the best interests of the Company and all shareholders, without personal gain or prejudice.
- Exercise independent judgment in all Board deliberations and decisions.
- Actively avoid and promptly disclose any actual or potential conflict of interest and abstain from voting in matters where they have a direct or indirect personal interest.
- Maintain strict confidentiality of all bank affairs and proprietary information.
- Abstain from voting in matters where they have a direct or indirect personal interest

The Directors' remuneration is subject to shareholder approval and must comply with the limits set out under the Commercial Code. The NBE additionally oversees the remuneration structure to ensure its alignment with sound corporate governance, prudent risk-taking, and the long-term financial soundness of the Company, as per the Corporate Governance Directive.

In compliance with the Corporate Governance Directive, the Board is required to establish the following essential committees to enhance oversight and efficiency:

- Audit committee: Composed entirely of non-executive directors and chaired by an independent director, this committee is responsible for overseeing the integrity of the Company's financial statements, the effectiveness of the external and internal audit functions, and the adequacy of internal controls.
- Risk management committee: This committee is tasked with overseeing all major risk areas impacting the Company, including credit risk, operational risk, market risk, liquidity risk, and reputational risk, and ensuring the development and implementation of robust risk management policies.
- Nomination and remuneration committee: Responsible for formulating and overseeing policies on director and executive compensation, ensuring that remuneration practices are fair, transparent, and aligned with prudent risk-taking and the Company's long-term objectives. This committee is responsible for Board evaluations, succession planning for the Executive Management and Executive Officers, and recommending qualified nominees for directorship based on the fit-and-proper criteria.
- Strategic management committee: Objective is to oversee and give guidance on the formulation and implementation of the Company's short-term, long-term and transformational plans.
- Credit committee: The primary objective of the committee is to assist the Board of Directors in reviewing and overseeing the overall lending of the Company.

The specific powers, responsibilities, and detailed composition of each committee are set out in the Company's internal governance charter, which has been approved by the Board and is aligned with NBE requirements.

A director may be removed from office by a resolution of the General Meeting of Shareholders at any time before the expiry of their term, in accordance with the Commercial Code. The NBE possesses the authority under the Requirements for Persons with Significant Influence in a Bank Directive to order the removal of a director at any time if it determines that the director no longer meets the fit-and-proper criteria, has violated applicable laws or directives, or has acted in a manner prejudicial to the safety and soundness of the Company. Directors who are removed by the NBE for cause may be barred from holding a directorship or any senior management position in any financial institution in Ethiopia for a period of up to three years, unless subsequently cleared by the NBE.

Directors are jointly and severally liable to the Company and its shareholders for any loss or damage caused by their failure to discharge their duties diligently and in accordance with applicable laws, directives, and the Company's constitutive documents. They bear the burden of proof in demonstrating that their actions were carried out with due care and in good faith.

Pursuant to the provisions of the Commercial Code and the Corporate Governance Directive, every bank is required to appoint a Company Secretary. The Company Secretary plays a central role in supporting the Board of Directors, promoting sound corporate governance, and ensuring compliance with applicable legal and regulatory requirements. In accordance with Article 12 of the Corporate Governance Directive:

- The Company is required to appoint a Company Secretary whose appointment and removal shall be subject to the approval of the Board of Directors.
- The Company Secretary is accountable to the CEO and operates within a governance framework that supports Board effectiveness and regulatory compliance

The Company secretary shall perform the following functions, as mandated by law and the Company's MOA and Articles of Association ("AOA"):

- Monitor the Company's corporate governance framework, including compliance with laws, regulations, and internal policies;
- Ensure timely and accurate dissemination of information to Board members, shareholders, and regulatory authorities, as appropriate;
- Prepare and maintain the calendar of Board and committee meetings, and facilitate the organization and scheduling of such meetings;
- Develop and update the Board charter and governance policies, including defining the roles, responsibilities, and expectations of the Board and the Company Secretary;
- Maintain accurate corporate records, including minutes of meetings, Board resolutions, registers of conflicts of interest, and statutory registers;
- Organise and facilitate general meetings of shareholders and meetings of the Board of Directors;
- Record, prepare, and retain minutes of meetings in accordance with the Commercial Code and the Company's internal rules;
- Coordinate training and capacity-building programs for Board members to enhance governance effectiveness;
- Perform any additional duties assigned by the CEO or as provided for in the Company's MOA

The Company is required to uphold high standards of ethics, integrity, and professionalism in the function of the Company Secretary. The Company Secretary must act in the best interests of the Company and its stakeholders and shall exercise independent judgment in fulfilling their responsibilities. Where possible, the Company shall support the Company Secretary in obtaining professional training and certification, including from recognised national or international bodies, to enhance capacity and ensure alignment with international best practices.

Notwithstanding any agreement to the contrary, the Company Secretary shall be personally liable to the Company, its shareholders, or third parties for any breach of duty arising under the Commercial Code or the Company's MOA.

2.5.5.3. Shareholder rights and information disclosure

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

Pursuant to Article 19 of the Corporate Governance Directive, the Company is required to ensure that shareholders are afforded the following rights:

- Shareholders must be provided with secure and verifiable means to register and evidence their ownership of shares;
- Shareholders must be allowed to convey or transfer their shares in accordance with applicable laws and internal procedures;
- Shareholders have the right to share in the Company's profits through dividend distributions, subject to compliance with regulatory requirements;
- Shareholders must receive timely and regular disclosure of all material information relevant to the Company's performance, governance, and decision-making;
- Shareholders are entitled to participate in and vote at general meetings of shareholders;
- Shareholders have the right to elect members of the Board of Directors;
- Shareholders have the right to appoint or approve the appointment of the Company's external auditor

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

In compliance with Article 19(5) of the Corporate Governance Directive, the Company is prohibited from implementing anti-takeover devices intended to insulate the Board or management from shareholder accountability. The Company is additionally required to protect shareholders—particularly minority shareholders—from abusive actions by controlling shareholders, and to ensure access to effective remedies.

Under the Commercial Code, shareholders are legally entitled to inspect and obtain copies of key corporate documents, including:

- The Company's audited financial statements;
- Minutes and resolutions of shareholder meetings;
- Reports of the Board of Directors and external auditor; and
- The register of shareholders.

Furthermore, the Banking Business Proclamation, read together with the Commercial Code, requires the Company to maintain a publicly accessible website on which the following documents must be published:

- The MOA and AOA;
- Annual audited financial statements;
- Disclosures of material conflicts of interest;

2.5.5.4. Notices, agendas, resolutions of annual general meetings, and financial reporting

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

Pursuant to the Manner of Reporting Financial Information Directive No. SBB/21/96, the Company must submit financial information, excluding reserve and liquidity reports governed by other specific directives, to the NBE's supervision department within 20 days after the end of each reporting period. Such submissions must conform to the standardised formats, forms, and tables prescribed by the NBE.

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

In addition to financial reporting obligations, the Company must comply with the following disclosure requirements:

- The audited annual financial statements must be made publicly available in a manner prescribed by the NBE, typically through publication in widely circulated newspapers and on the Company's website.
- A copy of the audited financial statements must be presented to shareholders at the AGM and filed with the MoTRI and the NBE.
- The Company is required to provide detailed disclosures on risk exposures, capital adequacy, related party transactions, provisioning, and other material items as may be specified by the NBE through directives and circulars.

The Company is required under the Banking Business Proclamation to allocate at least twenty-five percent (25.0%) of its net profit to a legal reserve fund at the end of each financial year. Notwithstanding this, when the legal reserve equals the capital of the bank, the amount to be retained as a legal reserve from the net profit each year shall be determined by a Directive to be issued by NBE. Furthermore, the NBE may, by Directive, specify the circumstances under which the legal reserve account may be reduced, in accordance, and impose additional provisioning or reserve requirements beyond those stipulated in the Banking Business Proclamation. These provisions supersede the requirements of the Commercial Code for banks on these specific matters.

2.5.5.5. Dividends

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

Pursuant to NBE minimum capital requirement for banks, which establishes the current minimum paid-up capital requirements for banks, dividends may only be declared from retained earnings after the Company has met the minimum capital of ETB 5 billion (fully paid in cash) within the timeline

stipulated by the NBE. In line with NBE supervisory expectations, banks that have not yet achieved the required minimum capital are generally expected to retain profits to strengthen their capital base, and dividend distributions may be restricted.

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

Under the Banking Business Proclamation, dividends may only be declared from net profits after all mandatory transfers and provisions have been made. This includes the allocation of at least 25.0% of the annual net profit to a legal reserve, until such reserve equals the Company's paid-up capital. The Company must additionally fully provision for loan losses and other prudential adjustments before determining distributable profits. Any accumulated losses from prior years must be fully offset before a dividend may be declared.

For repeated non-compliance with the Foreign Exchange Exposure Limits of Banks Directive No. SBB/96/2025, NBE may prohibit declaring or paying dividends.

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

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

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

2.5.5.6. Minority protection and regulatory oversight

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

The NBE may:

- Conduct on-site and off-site inspections;
- Appoint administrators or take corrective action;
- Require the Company to submit periodic financial and risk reports; and
- Take enforcement action in the event of violations

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

2.5.5.7. Shareholder meetings

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

2.5.6. Application of the Capital Market Proclamation

The Company's registration with the ECMA as a Share Company with publicly owned shares, including the Rights Offer Shares issued pursuant to this Prospectus, will subject the Company to a distinct set of laws and operational requirements as summarised below.

2.5.6.1. Regulatory compliance and oversight by the ECMA

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

The powers and duties of the ECMA include (amongst others):

i. Take administrative measures for breaches of the Capital Market Proclamation or the regulations or directives made thereunder, including: levying or financial penalties, publishing administrative findings of malfeasance by any person, suspending or cancelling licenses or authorisations, or other administrative measures;

ii. Conduct off-site surveillance activities and on-site inspections with or without prior notice;

iii. Inquire into the affairs of, or give directions to, any person to which the ECMA has granted a license, and any public bank, the securities of which are publicly offered or traded on an approved securities exchange or on an over-the-counter market;

iv. Regulate and oversee the issue, and subsequent trading, both in primary and secondary markets, of securi-ties;

v. Supervise the listing and delisting of securities; and

vi. Prescribe notices or guidelines on corporate governance of a bank whose securities have been issued to the public or a section of the public.

Therefore, the Company will be subject to the regulatory oversight of the ECMA subsequent to the approval of this Prospectus and the associated registration statement.

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

The Company's regulatory function is organised under the compliance management department, a core unit within the chief risk and compliance management office. This department reports to the Board risk and compliance management committee through the chief risk and compliance management office, ensuring strategic alignment and independent oversight at the highest governance level.

The department consists of 51 professionals, organised into three teams: enterprise compliance management, which handles regulatory and consumer protection frameworks; AML/CFT & KYC compliance, which manages AML and customer due diligence and reports to the FIS; and the loan

review function, which reviews loan portfolios, monitors classifications, and ensures compliance with prudential directives on credit exposure.

The core responsibilities of the compliance management department include ensuring compliance with all applicable laws, regulations, and internal policies, advising senior management on new regulatory developments, monitoring obligations and reporting deadlines, and managing relationships with regulatory bodies. The department additionally conducts compliance reviews, including for AML/CFT and credit portfolios, while developing policies, strategic plans, and training programs to identify and mitigate regulatory and credit-related risks.

To support its work, the department uses a compiled regulatory universe to track all applicable laws and regulations, a policy inventory system to monitor internal procedures, an Oracle financial services analytical application, an enterprise fraud management system for AML/CFT and fraud detection, case tracking, and resolution, respectively.

Compliance is monitored under a risk-based annual plan, approved by the Board of Directors, and implemented through ongoing surveillance of high-risk areas, periodic reviews (quarterly, semi-annual, or annual), and coordination with internal audit for independent assurance and issue escalation.

The company provides monthly, quarterly, and annual compliance reports to senior management on regulatory metrics (e.g., NPLs, FX positions, liquidity, reserves), AML/CFT data (e.g., STRs, CTRs, correspondent banking), and financial crime trends and fraud investigations.

These reports inform strategic decision-making, highlight corrective actions, and ensure proactive management of compliance risks. Critical issues are escalated to the executive committees as necessary.

2.5.6.2. Public offering and trading of securities

The Capital Market Proclamation and the Public Offer Directive together establish the regulatory framework governing the issuance and public trading of securities in Ethiopia. Under these instruments, any security intended for public trading must first be registered with the ECMA. An issuer is required to obtain prior approval of its prospectus from the ECMA before issuing, placing, or advertising securities to the public. To this end, the issuer must file a formal statement of registration in the prescribed form and pay the applicable fees as determined by the ECMA.

The Capital Market Proclamation and Public Offer Directive are designed to ensure that securities offered to the public are subject to rigorous regulatory scrutiny, thereby safeguarding investors and promoting transparency, accountability, and fair dealing in the capital market. The ECMA has the authority to review a prospectus to confirm that it contains all material information necessary for investors to make informed decisions, including details on the issuer's financial position, risk factors, governance arrangements, and other material contracts or commitments.

For the Company, compliance with these requirements means that the prospectus must be prepared strictly in line with the standards prescribed by the Public Offer Directive, including the disclosure of the regulatory environment, business activities, and key risks affecting its operations and strategy. The Company is additionally required to obtain ECMA approval for any advertisement or public communication relating to the offering. These obligations have a direct impact on the timing, content, and structure of the Company's capital-raising activities.

Additionally, the registration and approval process formalises the Company's ongoing regulatory relationship with the ECMA in respect of its securities. Once approval is granted, the Company will be subject to continuous oversight regarding disclosures, reporting obligations, and the conduct of any further offerings. The Company has already commenced preparatory work to align its offering documents with the requirements of the Public Offer Directive and continues to engage closely with the ECMA to ensure full compliance throughout the offering process.

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

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

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

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

2.5.7. Dematerialisation of Securities

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

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

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

2.5.8. Ongoing disclosure obligations

Article 77 (1) of the Capital Market Proclamation requires an issuer of securities (such as the Company) that are the subject of a public offer, or which are publicly held, to inform the ECMA, shareholders of the issuer, and other holders of its securities as soon as reasonably practicable of any information. This includes any information about the Company and its subsidiaries that is necessary for the public to properly assess its financial position. The Company must also disclose any information that could prevent a false market from forming for its securities or that might significantly impact its market price.

Further, Article 77(5) of the Capital Market Proclamation requires an issuer to keep the public informed of all matters that affect the value of the securities, immediately upon their becoming known to the directors of the issuer, by placing an advertisement in a newspaper of general circulation and by reports to the ECMA and to any securities exchange on which they are listed. The ECMA is also empowered, under Article 77(6) of the Capital Market Proclamation, to issue additional requirements regarding the disclosure of material information in a directive.

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

2.6. Employees

As at 30 June 2025, the Company employed 11,301 permanent and 7,801 outsourced employees. The table below sets out the total staff of the Company as at 30 June 2025, 2024, and 2023.

Table 35: Employees

Employee	As at 30 June		
	2025	2024	2023
Senior and middle management	1,379	1,312	1,125
Line management	1,474	1,321	1,275
Professional	7,513	7,319	6,871
Clerical	437	436	405
Non-clerical	482	526	580
Executive management	16	16	13
Number of permanent employees	**11,301**	**10,930**	**10,269**
Number of outsourced employees*	7,801	7,626	7,302
Number of total employees	**19,102**	**18,556**	**17,571**

*The majority of the outsourced employees listed above are security and cleaning personnel that the Company contracts through agencies. The Company's outsourced employees additionally include contract employees contracted on a needs basis.

The Company's permanent employees are distributed across Ethiopia in three categories being head office, district, and branch. Below is a summary of the permanent employees by employee segment.

Table 36: Employee breakdown

Location	As at 30 June		
	2025	2024	2023
Head office	2,756	2,319	2,020
District	433	403	378
Branch	8,112	8,208	7,871
Total	**11,301**	**10,930**	**10,269**

Employee compensation benefits

The Company offers comprehensive employee compensation benefits to all its employees, including reward and incentive programs. The key compensation benefits available to employees include an annual salary, a discretionary annual performance bonus, pension contributions, trust fund contributions, comprehensive medical and insurance coverage, a housing allowance, and a transport allowance. The Company performs an annual review of each employee's performance to determine discretionary annual salary increases and the annual performance bonus. The bonus is discretionary and is based both on the individual's performance and the Company's performance. The Company had no Employee Stock Ownership Plan ("ESOP") plan in any of the years ended 30 June 2025, 2024, and 2023, or in the period from 1 July 2025 to the date of this Prospectus. The Company continues to assess its employee reward and incentive programmes to ensure it is able to retain and attract the required talent and may introduce an ESOP in the future if it is deemed appropriate.

Additionally, while it is not part of the Company's incentive programmes, the Board approves the purchase of shares for employees in managerial positions, contingent upon their performance and the availability of shares in issue.

Furthermore, the Company's employees are unionised, and the Company's relationship with this union is governed by a collective bargaining agreement with the Company implementing various policies and strategies such as compensation and benefits, promotions, transfers, delegations, loans, training and education opportunities, insurance, leaves and more.

2.7. Debt position

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

Table 37: Debt position

	As at 30 June		
	2025	2024	2023
ETB (millions)			
Borrowings (local and foreign)	2,275	1,304	96
Customer deposits	202,238	145,860	114,968
Lease liabilities	345	358	320
Other liabilities	18,926	9,792	8,136
Total	**223,784**	**157,314**	**123,520**
Of which current	81,857	54,245	15,967
Of which non-current	141,927	103,069	107,553

The principal source of the Company's borrowings as at 30 June 2025 are the financing agreements with various partners for the Company. The terms of the financing agreements as at 30 June 2025 are as follows:

Table 38: The Company's borrowings

	Currency	Maximum credit ('000)	Maturity	Balance as at 30 June 2025 ('000)
BII	USD	10,000	10 July 2026	7,500
FMO	USD	10,000	10 July 2026	7,500
DBE	ETB	326,103	03 November 2026, 23 April 2028, and 26 September 2028	208,497

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

Table 39: Maturity analysis

As at 30 June 2025	Less than 1 year	Between 1 and 5 years	Over 5 years	Total	Carrying amount
ETB (millions)					
Customer deposits	61,852	140,386	-	202,238	202,238
Lease liabilities	345	-	-	345	345
Borrowing (local and foreign)	1,601	674	-	2,275	2,275
Other Liabilities	18,059	867	-	18,926	18,926

Customer deposits

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

Lease liabilities

The lease liabilities relate to contractual payments due to lessors for office space, leasehold land, and ATMs that are on lease to the Company. The lease agreements typically have a tenure of 2 to 5 years, with the majority of these lease agreements renewable at the end of each lease period at the market rate.

Other liabilities

Other liabilities include various accounts that do not fall under the major and specific liability categories.

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

Covenants

The Company's financing agreements with BII, FMO, and DBE include reporting covenants requiring regular monitoring and compliance. The terms of these covenants for each financing agreement are presented below:

- **BII Financing agreement**

  Under the financing agreement between the Company and BII, the Company shall prudently manage its financial position in accordance with sound banking and financial practices, applicable laws, and prudential standards of the NBE. The Company is required to always maintain:

Table 40: Financing terms of BII debt

Ratio	Minimum requirement
CAR	10.0%
Liquidity ratio	17.0%
Economic group exposure ratio	40.0% (by 31 December 2023); 35% (thereafter)
NPL Ratio	5.0%
Related Party ratio	35.0%
Single client group exposure ratio	20.0%
Net open position ratio	50.0% (by 30 September 2023); 25.0% (by 31 December 2023); 15.0% (from 30 June 2024)

Provided that, to the extent that the banking regulations impose financial requirements or ratios that are more stringent than the ones set out by the CAR and net open position, the Company shall observe and comply with those more stringent requirements or ratios.

The BII facility contains customary events of default, including (but not limited to) in respect to breach of financial covenants, qualification of financial statements, non-payment of any amount under the finance documents, insolvency and analogous proceedings, cross-default, misrepresentation, ownership of the obligors, the qualification of accounts, expropriation, repudiation and effectiveness, litigation, and material adverse change.

- **FMO financing agreement**

  Under the financing agreements between the Company and FMO, the Company is required to comply with the following terms at all times:

Table 41: Financing terms of FMO debt

Ratio	Minimum requirement
CAR	Greater of 10.0% or the Central Bank's regulatory threshold
Single client group exposure ratio	20.0%
Individual unhedged open foreign currency ratio	75.0% (from agreement date); 50.0% (from 30 Septem-ber 2023); 25.0% (from 31 December 2023); 15.0% (from 30 June 2024)
Net open position ratio	5.0%
Restructured loans ratio	10.0% (from agreement date); 5.0% (from 31 December 2023)
Economic group exposure ratio	40% (from the agreement date); 35% (from 31 December 2023)

The FMO facility contains customary events of default including (but not limited to) in respect to breach of financial covenants, non-payment of any amount under the finance documents, insolvency and analogous proceedings, cross-default, misrepresentation, material adverse change, foreign exchange and currency control restrictions, Governmental intervention and foreign exchange and currency control restrictions.

As at 30 June 2025, the Company breached the net open position ratio for the FMO financing agreement. This breach resulted from the significant reforms by the NBE towards a more market-determined exchange rate, which were initiated during the year ended 30 June 2024. These reforms have led to an ongoing systematic depreciation of the ETB. No negative implications have arisen regarding the original agreement terms, including interest rates, credit limits, or penalties. Consequently, the Company has submitted a waiver request to the FMO, which is currently under consideration.

There are no conditions or requirements under the financing agreements between the Company and DBE. Additionally, as at the date of the Prospectus no credit rating has been assigned to the Company. The Company's borrowing and funding structure has remained materially unchanged since 30 June 2025. A detailed analysis of the Company's borrowings and their impact on its financial position is set out in Section 7 (Management Discussion and Analysis of HFI).

2.8. Investment activities

The Company does not currently operate any subsidiary entities. However, the Company actively participates in strategic equity investments across key sectors of the Ethiopian financial ecosystem and supporting infrastructure. Refer to Section 2.2 (business overview) for the Company's strategic equity investments and a description of the Company's material investments made since the date of the last published financial statements as at 30 June 2025.

The Company's primary planned capital expenditure is the construction of a new headquarters building on a recently acquired site in Addis Ababa. An estimate of the cost of the new headquarters is not yet available. The Company intends for funding to be sourced through internal reserves. As at the date of this Prospectus, the Company has commenced the process of establishing an investment bank, a strategic move designed to capitalise on the ongoing expansion and liberalisation of Ethiopia's financial sector. This new entity will broaden the Company's service offerings into specialised financial advisory, capital markets, and corporate finance activities. The establishment of this investment bank is contingent upon obtaining the necessary license from the ECMA. The Company has initiated the licensing application process and aims to secure the license in early 2026.

2.9. Property, land and fixed assets

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

Table 42: The Company's property, plant and fixed assets

Propert, plant and fixed assets	As at 30 June		
	2025	2024	2023
ETB (millions)			
Buildings	2,048	2,076	2,074
Vehicles	433	428	384
Office and other equipment	658	469	417
Furniture and fittings	2,282	1,916	851
Computer equipment	1,269	1,263	725
Construction in progress	311	140	102
Total net book value	**7,001**	**6,292**	**4,553**

The table below sets out the 44 owned properties across major regions, categorised by type and location and the current estimated fair value as at 10 August 2025. The Company holds the investment property at cost in the HFI in accordance with IFRS.

The fair value measurement of the Company's properties has been undertaken by Tekeba and Friends Property Valuation and Management Pvt. Ltd. Co., an independent valuer duly certified by the Ethiopian Construction Authority under Certificate of Competency No. 00234 as a certified asset

valuation consultancy company. The valuation was performed by a team of qualified valuers who meet the professional competence requirements of the International Valuation Standards 2025 and IFRS 13 – Fair Value Measurement. The valuers possess current knowledge of the relevant property markets, and have the expertise, skills, and experience necessary to undertake the valuation assignment competently.

The valuation has been prepared in accordance with the International Valuation Standards 2025 and IFRS 13 – Fair Value Measurement.

IFRS 13 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

In determining fair value, consideration has been given to a market participant's ability to generate economic benefits by using the property in its highest and best use. The highest and best use analysis reflects uses that are physically possible, legally permissible, financially feasible, and that maximize value to market participants.

Under International Valuation Standards 2025 and IFRS 13, the cost approach, income approach, and sales comparison (market) approach are recognised valuation techniques, each grounded in the economic principles of price equilibrium, anticipation of benefits, and substitution. IFRS 13 further requires the use of valuation techniques that are appropriate to the circumstances and for which sufficient data are available, maximizing relevant observable inputs and minimizing unobservable inputs. Accordingly, the valuers adopted the cost or income approach for each property as deemed most suitable:

- The cost approach is based on the assumption that the value of the property tends to reflect the value of the site, plus the current cost to produce the improvements, less any existing depreciation.
- The income approach converts the anticipated flow of future income benefits from highest and best use of a property to a present value estimate through a capitalization and or a discounting process.

The Company's property portfolio comprises 44 owned properties across major regions, categorized by type and location, as depicted in the table below.

Table 43: Fair value of the Company's property

Property	Region	City	Type	Fair value as at 30 June 2025
ETB (millions)				
Arabsa Gabriel	Addis Ababa	Addis Ababa	Commercial & Office	23
Adama building	Oromia	Adama	Commercial & Office	237
Arbaminch building	South Ethiopia	Arbaminch	Commercial & Office	127
Arat kilo building	Addis Ababa	Addis Ababa	Commercial & Office	1,366
Asko Addis Sefer 40/60	Addis Ababa	Addis Ababa	Commercial & Office	10
Ayat 49	Addis Ababa	Addis Ababa	Commercial & Office	18

Property	Region	City	Type	Fair value as at 30 June 2025
Bahirdar building	Amhara	Bahirdar	Commercial & Office	684
Bedelle building	Oromia Buno Bedelle Zone	Bedelle	Office	51
Bethel Condominium	Addis Ababa	Addis Ababa	Office	8
Bole Arabsa condomin-ium	Addis Ababa	Addis Ababa	Office	23
Bonga building	Southwest Ethiopia Kefa Zone	Bonga	Commercial & Office	125
Crown condominium	Addis Ababa	Addis Ababa	Office	10
Debire Birhan building	Amhara	D/Birhan	Commercial & Office	91
Desse building	Amhara South Wollo	Desse	Commercial & Office	158
Dilla building	South Ethiopia	Dilla	Commercial & Office	49
Dire Dawa building	Dire Dawa	Dire Dawa	Commercial & Office	308
Dire Dawa residence	Dire Dawa	Dire Dawa	Residence	99
Dukem 1 - building	Oromia	Bishoftu	Warehouse	13
Dukem 2 building	Oromia	Bishoftu	Warehouse	12
Garage Property at Dej. Wube	Addis Ababa	Addis Ababa	Garage	49
Gondar building	Amhara	Gondar	Commercial & Office	101
Gondar residence	Amhara	Gondar	Residence	26
Gotera warehouse building	Amhara	Gondar	Residence	26
Hawassa building	Sidama	Hawassa	Commercial & Office	140
Headquarter building	Addis Ababa	Addis Ababa	Commercial & Office	7,240
Headquarter building new land	Addis Ababa	Addis Ababa	Commercial & Office	47
Jimma building	Oromia	Jimma	Commercial & Office	121
Kera building	Addis Ababa	Addis Ababa	Office	81
Kombolcha building	Amhara	Kombolcha	Commercial & Office	63
Koye Feche 16 B109/03*	Oromia	Shager	Commercial & Office	7
Koye Feche 16 B109/04*				
Lideta I building	Addis Ababa	Addis Ababa	Commercial & Office	1,749
Lideta II building	Addis Ababa	Addis Ababa	Commercial & Office	1,208
Mekelle Ketema	Tigray	Mekelle	Residence	112

Property	Region	City	Type	Fair value as at 30 June 2025
Menen building	Addis Ababa	Addis Ababa	Commercial & Office	46
Mere Loke condomini-um	Addis Ababa	Addis Ababa	Commercial & Office	8
Nifasilk building	Addis Ababa	Addis Ababa	Commercial & Office	313
Piassa	Addis Ababa	Addis Ababa	Commercial & Office	95
Shewaber building	Harare	Harrer	Commercial & Office	377
Uder Denkaka Hotel	Oromia	East Shewa	Hotel	62
Wolaita building	South Ethiopia	Wolaita	Commercial & Office	128
Wolaita residence	South Ethiopia	Wolaita	Residence	37
Woldia building	Amhara	Woldia	Commercial & Office	21
Woldia residence	Amhara	Woldia	Commercial & Office	47
Total fair value				**15,618**

*The fair valuations for the Koye Feche 16 B109/03 and Koye Feche 16 B109/04 properties combined reflect a fair value valuation of ETB 7 million.

2.10. Material contracts

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

2.10.1. Facilities agreement between the Company and BII

The facilities agreement, signed on 25 August 2023, is a contract between the Company and BII.

The core of this agreement involves the establishment of two loan facilities: a committed term loan, referred to as facility tranche 1, and an uncommitted term loan, known as facility tranche 2. The overall facility size is USD 20,000,000, split between facility tranche 1 at USD 10,000,000 and facility tranche 2 at USD 10,000,000. These facilities are specifically designed to provide financing for "agricultural exporter sub-loans." These sub-loans are intended for foreign currency-earning companies primarily engaged in primary or secondary agricultural export activities.

Under the terms of the facilities agreement, the Company is subject to the following ongoing financial covenants: (i) CAR, and (ii) Tier 1 CAR.

These ratios are to be tested on the initial testing date and quarterly thereafter, based on the Company's unaudited quarterly financial statements. The Company is required to maintain the ratios at or above the minimum thresholds prescribed by the NBE. Failure to maintain the financial covenants constitutes an event of default under the agreement. In the event of default, and following notice to the Company, BII may take the following actions: (i) all undrawn commitments may be cancelled, terminating further access to funds, and (ii) all or part of the outstanding loans, accrued interest, and other payable amounts may be declared immediately due and payable.

Regarding the duration of these arrangements, for facility tranche 1, both the availability period (the period during which funds can be drawn) and the deployment period (the period for using drawn funds) for facility tranche 1 are set for six months commencing from the date of the facilities agreement. For facility tranche 2, the availability period begins once it becomes committed and remains available for utilisation by the Company for a period of six months from the date of the facility tranche 2 commitment offer. Its deployment period also extends for six months from the date of the facility tranche 2 commitment offer.

As for the expiry of the facilities, the facilities agreement distinguishes between the "availability period" and the "termination date." The availability period for facility tranche 1 was six months from the agreement date (25 August 2023), meaning it ended on 25 February 2024. However, the ultimate expiry date of the facility is the termination date, which for facility tranche 1 is three years from the date of the agreement, making it 25 August 2026. However, the agreement also states that the termination date for facility tranche 2 is to be determined in its specific commitment offer.

Financially, the facilities agreement outlines several key terms. An arrangement fee of USD 50,000, which accounts for 0.5% of the total facility tranche 1 commitments, is payable to BII on the agreement date, less USD 25,000 in appraisal fees. A separate arrangement fee for facility tranche 2 will be determined in its respective commitment offer. Additionally, a monitoring fee of USD 2,500 is payable annually in arrears to BII. Should any amount be prepaid or cancelled, a premium of 1.0% of that amount will be applied. Interest rates for each loan are calculated based on the applicable margin and reference rate, with accrued interest due at the end of each interest period. Overdue amounts will incur a higher default interest rate, being 2.0% per annum above the standard rate.

Beyond the financial terms, the agreement also details contractual arrangements that govern relationships with any individual or entity that has a significant stake in, or may otherwise derive material benefit from, and whose interest may potentially influence the Company and other shareholders. BII maintains a public disclosure policy, publishing details about the agreement on its website, including the Company's name, geographic focus, the Company's domicile, total BII original commitment, and outstanding drawn amounts. BII mandates that investee companies uphold high standards of governance and business integrity, requiring them to submit annual reports on their risk management frameworks and any incidents of misconduct. The Company is prohibited from appointing individuals who are, or were within three years prior to the agreement date, a Politically Exposed Person ("PEP") to its Board. The Company also consents to BII publicising certain employment and impact data to demonstrate its development impact, in line with BII's disclosure policy.

2.10.2. Financing agreement between the Company and FMO

The financing agreement, signed on 25 August 2023, is a contract between the Company, as the borrower, and FMO, a Dutch entity serving as the lender.

The core of this agreement involves a USD 20 million term facility, which is divided into a USD 10 million committed tranche and a USD 10 million uncommitted tranche. The primary purpose of these funds is for the Company to on-lend them exclusively to USD-earning exporter clients that are not on an excluded list, otherwise known as eligible exporter clients. The agreement will remain in effect as long as any amount is outstanding or any portion of the facility remains available. The uncommitted tranche can only be activated after the committed tranche has been fully disbursed, and its approval is at FMO's sole discretion, with FMO retaining the right to cancel it at any time prior to approval. Loans under this agreement must be a minimum of USD 5 million per loan per tranche.

Financially, the agreement outlines several key terms. The interest rate on each loan is a floating rate, calculated as a 4.0% per annum margin plus the term secured overnight financing rate for the relevant interest period. Any overdue amounts will incur a higher default interest rate, 2.0% per annum above the standard rate. Various fees apply: a front-end fee of USD 20,000 for the committed tranche (less appraisal fees) and 0.5% for the uncommitted tranche; a commitment fee of 0.5% per annum on the available facility; and a monitoring fee of USD 2,500 per annum. Additionally, a waiver fee of at least USD 10,000 may be applied for approvals, waivers, or amendments, and a prepayment/cancellation fee of 1.0% of the principal amount is charged on any prepaid or cancelled amounts.

Repayment for the committed tranche is scheduled in instalments on specific dates (i.e.., 10 July 2025, 10 January 2026, 10 July 2026), while payment dates for the uncommitted tranche are set upon its activation.

Voluntary prepayments are permitted on an interest payment date, provided a 10 business day's notice is given and they meet a minimum of USD 1 million and are integral multiples thereof, subject to central bank approval. The Company can also cancel the available facility with 10 business days' notice. Undrawn amounts remaining at the end of the availability period are automatically cancelled and incur a 1.0% cancellation fee. Initial loan disbursements are contingent upon no existing default, all representations being true, and FMO receiving all required documents as specified in the agreement. The entire agreement is governed by English law, and disputes will be resolved through arbitration in accordance with the London Court of International Arbitration rules.

Beyond financial terms, the agreement details contractual arrangements concerning Interested Persons and shareholders. The Company must promptly notify FMO of any change of control, defined as any person or group gaining direct or indirect ownership of at least 2.0% of voting shares, the power to control votes, appoint/remove a majority of directors, or give policy directions.

The Company also has ongoing information obligations, including promptly informing FMO of changes to its Board of Directors, supervisory board, ultimate beneficial owners, and any shareholder structure changes involving a transfer of 2.0% or more of the share capital, aligning with NBE's definition of an "influential shareholder".

The agreement strictly prohibits the Company from engaging in any "objectionable practices" itself or through its affiliates, and mandates prompt reporting of any suspected incidents. Facility proceeds cannot be used for such practices. The agreement defines "excluded exporters" as those who are related parties to the Company or its "influential shareholders," or who have a PEP in their ownership.

2.10.3. Strategic alliance agreement between the Company and EagleLion System Technology PLC

The strategic alliance agreement, signed in June 2024, establishes a partnership between EagleLion System Technology PLC ("EagleLion") and the Company. The primary goal of this alliance is for EagleLion to provide the Company with technological and FinTech services. This collaboration aims to leverage technology for improved banking operations, enhance customer experience, drive digital transformation, develop new digital products, and expand access to financial services.

This agreement became effective upon the signature of both parties and is set to remain in force for an indefinite period unless terminated. This arrangement has been supplemented by Addendum No. 001/24 (executed on 17 December 2024) and Addendum No. 002/25 (executed on 7 March 2025)

to govern the design, licensing, implementation, enhancement, and expansion of the "Dashen Bank Super App" and related platforms.

Under Addendum No. 001/24, EagleLion is responsible for developing, updating, upgrading, customising, and enhancing the Super App under a white-label model, integrating mini-apps, merchant solutions, and other technology provider products. The Company is licensed to use and operate the Super App indefinitely, owns the "Dashen Bank Super App" brand name, and retains exclusive rights to any use cases or products developed at its initiation.

Addendum No. 002/25 expands the scope to include additional systems, platforms, and services outside the original implementation, notably the ownership-based "Dashen Gebeya" e-commerce platform, USSD integration, and multiple custom systems (including payment, utility, and financial inclusion mini-apps). These additional developments are subject to separate fees and implementation plans.

Regarding its key terms and conditions, under Addendum No. 001/24, the agreed monetary terms include an annual base licence fee of USD 805,000 payable in Ethiopian Birr equivalent, an implementation fee of USD 100,000 payable upon completion of phase 1, and an annual maintenance fee equal to 15.0% of the licence fee, waived for the first year, with first-year licence payments structured as 75.0% after phase 1 deployment and 25.0% after phase 2 deployment on a prorated basis, and subsequent annual licence fees payable after full delivery of both phases. Under Addendum No. 002/25, the one-time implementation fees total USD 1,059,840, covering the Dashen Bale Edil platform, USSD integration, the ownership model for the Dashen Gebeya 3-click platform, and various other custom systems and mini-apps, with recurring annual licence and support fees of USD 632,500 for these additional platforms, together with an outstanding balance of USD 201,250 representing the final 25% of the first-year licence fee under Addendum No. 001/24. All USD amounts are payable in ETB equivalent at the Company's published buying rate on the invoice date, with payments being Value Added Tax ("VAT") inclusive unless otherwise stated.

Both addenda contain financial covenants and consequences for breach, including performance penalties of 0.1% of the total licence fee per day of delay attributable to EagleLion, capped at 10%, after which the delay constitutes a material breach, delivery deadlines requiring completion of all remaining deliverables under both addend by 31 August 2025 with penalties applying to the next licence payment if missed, termination rights for material breach, persistent non-performance, failure to meet specifications, breach of confidentiality, or convenience on one month's notice, and a right to prorated refunds of prepaid fees except in the case of termination for convenience under Article 9.4 of Addendum No. 001/24. Intellectual property in EagleLion's systems remains with EagleLion, while the Company owns all branding and any use cases or products developed at its initiation, and both parties are bound by strict confidentiality obligations under Ethiopian law.

EagleLion is responsible for delivering various technological and FinTech services, including providing necessary system access, software, and intellectual property. The agreement clearly defines the roles and responsibilities for both EagleLion and the Company, as well as common tasks shared between them. Both parties provide warranties as part of the agreement. A crucial aspect is confidentiality: both parties are obligated to keep confidential information received from the other party private. However, disclosure is permitted if legally required, provided the disclosing party notifies the other party in advance. Intellectual property rights related to EagleLion's systems, documentation, and any

work performed under this agreement (including future updates or modifications) are exclusively reserved for EagleLion, and the Company acknowledges this ownership.

The agreement outlines several termination conditions. Either party can terminate the agreement by providing the other party with a 30-day written notice if the other party commits a material breach. The agreement is governed by the laws of Ethiopia. Any disputes that arise will first be attempted to be resolved amicably; if this fails, they will be referred to a federal court in Ethiopia having jurisdiction.

Concerning contractual arrangements governing the relationship between an interested person and the Company and other shareholders, this strategic alliance agreement primarily focuses on the direct operational and technological partnership between EagleLion and the Company. The provided content does not include specific clauses that govern the relationship between a shareholder of the Company as an interested person and other shareholders of the Company, nor does it define interested person in that shareholder context within the scope of this Agreement. The confidentiality provisions, for example, apply directly to EagleLion and the Company as the entities party to the contract.

2.10.4. Addendum No. 2 to the mutually beneficial strategic collaboration agreement between the Company and Ethio Telecom

The Addendum No. 2 to the mutually beneficial strategic collaboration agreement, signed in January 2025, with an effective date of 3 February 2025, formalises a partnership between Ethio Telecom and the Company. This Addendum builds upon a principal agreement dated 30 July 2021 and addendum no. 1 from 13 November 2024. While the earlier agreements covered "telebirr service" (money transfers between bank and mobile money accounts) and "settlement enhancement", this specific addendum focuses on providing airtime top-up services. Its core purpose is to allow Ethio Telecom mobile subscribers to directly recharge their mobile airtime using their bank accounts.

This addendum will remain in effect for an indefinite period unless terminated earlier. Key terms of the agreement include the integration of Ethio Telecom's telebirr platform with the Company's system to facilitate these mobile top-up transactions. Ethio Telecom is responsible for providing the necessary technical support and application programming interface documentation for this secure integration. Ethio Telecom also commits to sending real-time notifications to prepaid users, informing them of the recharge amount and validity period. Both parties are encouraged to promote the airtime recharge service and work collaboratively to increase its usage and sales volume.

Regarding financial arrangements and conditions, the Company purchases airtime from Ethio Telecom by making full advance payments and is required to purchase a minimum amount of airtime on a monthly basis. Airtime transfers are only processed once the Company deposits the amount into Ethio Telecom's account and provides the deposit slip along with a commission receipt. The Company is entitled to a 2.3% commission on its airtime purchases, which is provided in the form of airtime itself, immediately upon stock purchase. This commission is calculated on each purchase based on Ethio Telecom's sales invoice. While Ethio Telecom has the exclusive right to set the selling prices and tariffs for airtime, and the Company must strictly adhere to them, Ethio Telecom also retains the unilateral right to adjust the commission paid to the Company, with changes becoming effective upon notice. Prices quoted by Ethio Telecom include VAT), which Ethio Telecom is responsible for withholding and transferring to the tax authority. Any customer complaints related to airtime recharge will be handled by the Company's contact centre.

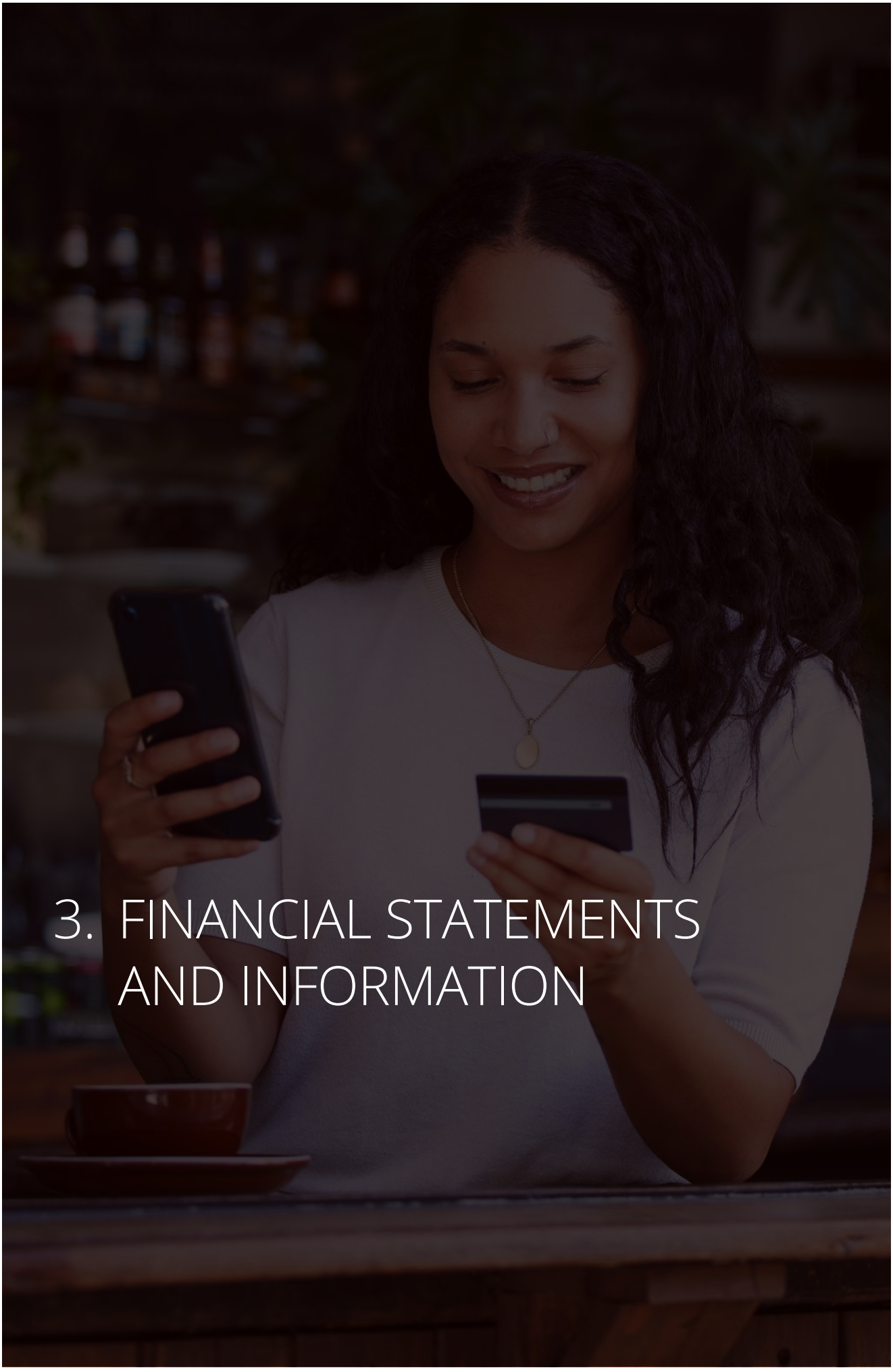
The document is an operational agreement between two corporate entities and does not contain specific clauses governing the relationship between an interested person and the Company itself or its other shareholders.

2.10.5. Outsourcing agreement for digital financial services between the Company and Ethio Telecom

This agreement, signed on 15 October 2024, is an outsourcing arrangement between the Company and Ethio Telecom. It supersedes a previous agreement and focuses on providing digital financial services, including micro-credit, micro-saving, and overdraft services to telebirr customers.

The agreement is effective indefinitely unless terminated. Net revenue from micro-credit services is shared, with Ethio Telecom receiving 60.0% and the Company receiving 40.0%, a ratio that also applies to the collection of non-performing loans. Additionally, a 10.0% provision for each loan disbursement is maintained in advance, with an extra 90.0% of overdue amounts held in a separate provisioning fund.

The Company is responsible for providing the necessary funds, ensuring compliance with the NBE, and approving business rules. Ethio Telecom, on the other hand, manages the credit scoring systems, provides customer service, and owns the technology platform for these services. The agreement can be terminated by either party with 180 days' written notice.



3. FINANCIAL STATEMENTS AND INFORMATION

3.1. Financial information

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

As this is a verbatim reproduction:

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

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

3.2. Profit forecast

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

3.3. Significant change in the Company's financial position

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

There have been no material investments made by the Company since 30 June 2025, whether in progress or for which firm commitments have already been made.

3.4. Pro forma financial information

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

4. GOVERNANCE AND MANAGEMENT

4.1. Corporate Governance

The Company is governed by the Corporate Governance Directive and the Commercial Code. The corporate governance framework of the Company is incorporated in the Board of Directors' charter. The Board of Directors' charter outlines the roles and responsibilities of the Board, the Board's powers, the roles of the Company's Board committees, the separation of roles between the Board and management, and a code of conduct to ensure all parties discharge their duties appropriately.

The Company's Board of Directors is comprised of nine directors and is supported by an experienced Executive Management team comprising the CEO and the CFO. The Board holds ultimate responsibility for the Company's strategic direction, financial health, key personnel decisions, organisational structure, governance practices, risk management, and compliance. While the Board may delegate certain functions to committees, it retains overall accountability.

The Board's responsibilities include approving strategy, business plans, budgets, and policies; overseeing risk management and internal controls, including setting risk appetite; appointing and overseeing key executives; ratifying appointments of audit, risk, and compliance officers; establishing remuneration structures; ensuring prudent operations and legal compliance; approving significant investments and transactions; developing succession plans; overseeing Board committees; assessing Board and committee effectiveness; ensuring capital and liquidity adequacy; managing conflicts of interest; maintaining shareholder relations; monitoring management performance; developing Board nomination procedures; establishing a risk governance framework and lines of responsibility; approving codes of conduct; implementing induction programs; overseeing code of conduct implementation; overseeing sustainability-related risks and opportunities; ensuring an effective internal audit system and management information system; monitoring stakeholder engagement; and adopting a clear governance framework. As at the date of this Prospectus, the Company is in compliance with the provisions of the Corporate Governance Directive.

The Board adheres to a code of conduct and ethics as outlined in the Board of Directors' Charter. The code of conduct and ethics mandates that Directors act with utmost integrity, honesty, and ethical behaviour, always prioritising the best interests of the Company, and fulfilling their fiduciary obligations. The code of conduct further emphasises due care, diligence, and independent judgment in all board matters.

An established internal audit function provides independent and objective consulting services to the Board of Directors and management on the efficiency and effectiveness of governance, risk management, and control processes

Furthermore, regular training programs are conducted to enhance the expertise of the Board of Directors and Executive Management, prioritising annual training in financial analysis, corporate governance, relevant laws and regulations, risk management, and internal controls. The Company submits training certificates to the NBE to demonstrate compliance.

The Company has an established environmental, social, and risk management policy for managing environmental and social risks, aiming to prevent and mitigate negative impacts on the natural environment and communities. The policy sets strategic environmental and social objectives, integrates risk considerations into all financing activities, and includes a comprehensive exclusion list that prohibits activities such as forced labour, unsustainable fishing, and the destruction of high conservation value areas. It mandates regular reporting on ESG matters to the Board of Directors, incorporates international best practices, and establishes a grievance mechanism for

affected communities. The policy's comprehensive approach ensures that environmental and social considerations are integral to the Company's decision-making processes, promoting sustainable and responsible business practices.

The potential material impacts on corporate governance, including future changes in the board size and committees' composition, will take place during the next board election in alignment with the Corporate Governance Directive requirements.

4.2. Management and Board of Directors

4.2.1. Profiles of the Board of Directors

The Board of Directors is the highest decision-making organ in the Company's structure, appointed by the general assembly of the shareholders based on the MOA and AOA of the Company. The Board is entrusted with the overall governance, strategic direction, and oversight of the Company's operations, ensuring compliance with relevant laws, regulations set forth by the NBE, and the Company's AOA. Board members are elected for a 3-year term, after which they may be eligible for re-election for another 3-year term, or new appointments are made to maintain the Board's composition and continuity in leadership.

The Board of Directors has nine members as follows:

Table 44: Profiles of the Directors

Name	Role	Date of appoint-ment	Confirmed term expiration	Educational background	Primary occupation	Committee memberships
Ato Dulla Mekonnen Mossisa	Board Chairperson	31 January 2024	31 January 2027	Master of business administration, B.Sc. in electrical engineering, diploma in electrical engineering, diploma in agricultural engineering	Deputy CEO of the mining cluster at MIDROC Investment Group	Nomination & remuneration committee, strategic management committee
Ato Abebe Teklu Gebre-selassie	Member	31 January 2024	31 January 2027	Master of business administration, B.A. in accounting	General manager at Ethio-Leather Industry PLC	Audit committee, risk committee, strategic management committee

Name	Role	Date of appoint-ment	Confirmed term expiration	Educational background	Primary occupation	Committee memberships
Ato Akalewold Admassu Gebre-mariam	Member	31 January 2024	31 January 2027	B.Sc. in business education, B.A. in accounting and master of business in leadership	Deputy CEO of the manufac-turing cluster at MIDROC Investment Group	Audit committee
W/ro Esete Lulseged Teferi	Member	19 April 2024	31 January 2027	Master of business administration, B.A. in business management degree	Senior manager at Zoscales Partners	Risk committee, credit committee, strategic management committee
W/ro Eyerus Teni Bonger	Member	31 January 2024	31 January 2027	LLB, Bachelor of Laws	Legal service manager at Ethio Agri-Ceft PLC	Nomination & remuneration committee, strategic management committee
Ato Million Assefa Mersha	Member	31 January 2024	31 January 2027	LLB (Bachelor of Laws), diploma in geography	Attorney and consultant at Mersha Law Firm	Credit committee
Ato Negussie Demie Buta	Member	31 January 2024	31 January 2027	Master of business administration, B.A. in accounting,	Board member of the Company	Risk committee, credit committee
W/ro Rahel Worede Amde-birehan	Member	31 January 2024	31 January 2027	B.A. in accounting	Personal business	Nomination & remuneration committee, Credit committee
Ato Saeed Ahmed Hassen	Member	31 January 2024	31 January 2027	B.A. in management and public administration	General manager, Star Soap and Detergent Industries PLC	Audit committee, nomination & remuneration committee

4.2.2. Profiles of the Executive Management and Executive Officers

The Company's Board of Directors is supported by a team of 17 executive officers who manage the Company's daily functions. The profiles of the Executive Management and Senior Management team are as follows:

Table 45: Profiles of the Executive Management and Executive Officers team

Name	Position	Date of Appointment	Educational Background	Experience
Executive Management				
Ato Asfaw Alemu Tessema	CEO	01 May 2015	M.A. in economic policy management, B.A. degree in economics, certified manager	35+ years of experience in banking, corporate planning & development, credit and risk management, banking operation management, executive management
Ato Alemneh Abebe Kabtyemer	CFO	01 January 2019	Executive master of business administration B.A. degree in accounting, certified internal auditor, ACCA (membership certificate)	25+ years of experience in finance, internal audit, fund control, trade and international banking services & finance
Executive Officers				
Ato Aberra Bekele Gebreyohannes	Chief Legal Officer	12 March 2024	LL.M. in Law (Business Law), LL.B. in Law	23+ years of experience in legal services, credit recovery Ato Aberra also has previous experience with CBE
Ato Abiyot WeldeYesus Teka	Chief, Corporate Services Officer	12 March 2024	M.A. in accounting & finance, B.A. in accounting, B.A. in sociology and social administration, ACCA diploma in international financial reporting	25+ years of experience in customer accounts and currency management, treasury management, finance & accounts, corporate services
Ato Afework Gugsa Mideksa	Chief Transformation Officer	03 December 2024	Executive master of business administration (EMBA), B.A. in accounting Certified international project manager (CIPM)	20+ years of experience in modernisation & change management, program management, district management, retail and MSME banking, transformation

Name	Position	Date of Appointment	Educational Background	Experience
Ato Amdu Seman Awele	Chief IFB Officer	12 August 2025	MBA, B.A in accounting	18+ years of experience in auditing, IFB accounts and operations, retail and MSME IFB as well as the agency banking department
Ato Asfaw Hailemariam Tadesse	Chief Internal Auditor	20 April 2022	B.A. in accounting certificate from ACCA (membership), ACCA diploma in international financial reporting	19+ years of experience in internal audit
Ato Ayele Teshome Mulatu	Chief Strategy Officer	12 August 2025	M.A. in human resource management, B.A. in political science & international relations, BA in economics	34+ years of experience in human resources, logistics, processing and customer accounts, and corporate banking
Ato Elias Hussien Abegaz	Chief Corporate Banking Officer	12 August 2025	B.A. in accounting	25+ years of experience in branch banking and PMO, enterprise program management, district management & strategy management
W/ro Eyerusalem Wagaw Dubale	Chief Experience Officer	17 November 2021	M.A. in human resource & organisational development in education, B.A. in management	22+ years of experience in human resources, organisation structure
Ato Getnet Dessie Berhie	Chief Risk and Compliance Management Officer	20 April 2022	Executive master of business administration (EMBA), B.A. in accounting, certificate from ACCA (membership certificate)	26+ years of experience in resources and facilities management, enterprise risk and compliance management Ato Getnet also has previous experience with the NBE
W/ro Hewate Kefelegn Sahle	Chief People Officer	12 March 2024	M.A. in human resource & organisational development in education, B.A. in information systems, B.A. in management	19+ years of experience in talent management, people management

Name	Position	Date of Appointment	Educational Background	Experience
Ato Mulugeta Alebachew Chifraw	Financial Sector Advisor to the CEO	17 November 2021	M.A. in marketing management, B.A. in management	21+ years of experience in marketing, corporate planning and development, strategy, and advisory roles.
Ato Tibebu Solomon Tadesse	Chief Banking Operations Officer	16 October 2019	B.A. in accounting, certificate of completion in ACCA fundamental levels	21+ years of experience in audit, retail and MSME banking, and banking operations
Ato Andualem Belete Fenta	Chief Retail and MSME Banking Officer	12 August 2025	B.A. in accounting	29+ years of experience in credit, fund management, treasury management, and strategy
Ato Yohannes Million Hussein	Chief Digital and Information Officer	17 November 2021	M.B.A. in business administration, B.A. in accounting, B.A. in philosophy	20+ years of experience in digital banking, cooperative banking, and customer service
Ato Yihnalem Aknaw Meshesha	Investment Bank Advisor to the CEO	01 January 2019	Executive master of business administration (EMBA), B.Sc information systems, BA. in accounting, Member of the ACCA	22+ years of experience in retail and branch banking, credit management, strategy management, transformation and customer experience, retail, MSME & branch banking

As at the date of this Prospectus, Ato Amdu Seman Awele is serving in a temporary capacity as Chief IFB Officer. The Board of Directors is engaged in a comprehensive search process to identify and appoint a permanent Chief IFB Officer.

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

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

There were no interests of directors in transactions that are or were unusual in their nature or conditions or significant to the business of the Company, and that were affected by the Company during the current or immediately preceding financial year, or an earlier financial year, and remain in any respect outstanding or unperformed. The Company has developed a corporate governance framework compliant with the Corporate Governance Directive and the Commercial Code. In line with this, the Company has established several Board committees to effectively manage its governance responsibilities. These include the audit committee, risk & compliance management committee, nomination & remuneration committee, credit committee, and strategic management committee.

4.3. Board committees and practices

Detailed descriptions of each board committee's duties and responsibilities, and the terms of reference follow:

4.3.1. Audit committee

In accordance with the Corporate Governance Directive, the audit committee is composed entirely of non-executive directors. However, currently, none of these directors is considered to be independent as per the Corporate Governance Directive definition, as the members have business, professional and commercial relationships with the Company. As the Company's Board of Directors were elected under previous corporate governance directives that did not require the need for independent members, the NBE has permitted the Company to defer implementation of the new directives until the completion of the current board's term, which will end in October 2026.

The members of the audit committee are as follows:

Table 46: Audit committee membership

Name	Role	Date of appointment
Ato Akalewold Admassu Gebremariam	Chairperson	25 July 2024
Ato Abebe Teklu Gebreselassie	Member	25 July 2024
Ato Saeed Ahmed Hassen	Member	25 July 2024

Duties and responsibilities of the audit committee:

Oversight of the financial reporting:

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

Oversight of the external audit process:

- Recommend, for Board approval, the appointment, remuneration, and dismissal of external auditors;
- Review and approve audit scope and frequency;

- Receive key audit reports and ensure Executive Management takes timely corrective actions to address weaknesses, non-compliance with policies, laws, and regulations, and other problems identified by auditors or control functions;
- Overseeing adequate functioning, independence, and effective cooperation of internal and external audits; and
- Review any non-audit services provided by the external auditor, seeking to maintain the objectivity of the external auditor and avoid conflicts of interest.

Oversight of non-financial reporting and assurance:

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

Oversight of the internal audit function:

- Oversee the functions of the internal audit unit;
- Approve the annual internal audit plan;
- Ensure complete coverage of the Company's activities through internal controls and internal or external audits;
- Ensure that all the Company's activities are audited by the internal audit within a cycle not exceeding three years, adjusting as needed based on the risk profile; and
- Assess the adequacy of human, IT, and other resources allocated to the internal control function.

4.3.2. Risk & compliance management committee

In accordance with the Corporate Governance Directive, the risk & compliance management committee is composed entirely of non-executive directors. However, currently, none of these directors is considered to be independent as per the Corporate Governance Directive definition, as the members have business, professional and commercial relationships with the Company. As the Company's Board of Directors were elected under previous corporate governance directives that did not require the need for independent members, the NBE has permitted the Company to defer implementation of the new directives until the completion of the current board's term, which will end in October 2026.

Members of the risk & compliance management committee are:

Table 47: Risk & compliance management committee membership

Name	Role	Date of appointment
Ato Abebe Teklu Gebreselassie	Chairperson	13 February 2024
W/ro Esete Lulseged Teferi	Member	16 May 2024
Ato Negussie Demie Buta	Member	13 February 2024

Duties and responsibilities of the risk & compliance management committee:

- Oversight of the strategies for capital and liquidity management, as well as for all relevant risks of the Company, such as credit, market, operational, and reputational risks, and others to be specified in the applicable NBE directives to ensure they are consistent with the stated risk appetite;
- Hold regular meetings, at least once every month and shall report regularly to the full Board;
- Reviewing and recommending risk management strategies, policies, risk appetite statements, and risk tolerance limits for the Board's approval;
- Reviewing and assessing the adequacy of risk management policies and frameworks in identifying, measuring, monitoring, and controlling risk, as well as the extent to which these are operating effectively;
- Ensuring infrastructure, resources, and systems are in place for risk management;
- Ensuring the staff responsible for implementing risk management systems perform those duties independently of the Company's risk-taking activities;
- Reviewing management's periodic reports on risk exposure, risk portfolio composition, and risk management activities;
- Periodically review the effectiveness of internal controls and risk management processes;
- Assessing the quality of the internal control system, in particular, the consistency of the risk measurement, monitoring, and control systems, and propose, where appropriate, reinforcement actions in this regard;
- Checking compliance with the policies and rules of the Company and with relevant proclamations, regulations, directives, and guidelines of the NBE and other relevant laws;
- Review the on-site examination reports issued by the regulatory body, pertinent reports issued by the internal audit of the Company, and external auditors and review periodic risk reports issued by the risk and compliance management office to determine whether the different potential and actual risks arising from multiple sources are adequately identified, assessed and timely addressed by management;
- Provides assistance and advice to the Board concerning risk and compliance management as required. Review the Company's enterprise risk management framework, including the Board risk management and compliance committee charter 2025 processes, technology, and personnel that support the identification, measurement, monitoring, and reporting of the Company's material strategic, credit, market, liquidity, operational, reputational, and regulatory compliance risks;
- Promote and enforce a risk and compliance culture and oversee the Company's risk and compliance management system;
- Oversee the effective and timely implementation of corrective actions to address any material risk-management deficiencies or "breaches" in risk appetite limits;
- Receive regular reporting and communication from the chief risk & compliance office and other relevant functions about the Company's current risk profile, current state of risk culture, utilisation against the established risk appetite limits, limit breaches, and mitigation plans; and
- Oversee management's efforts to ensure a strong risk management and compliance culture at the Company.

4.3.3. Nomination & remuneration committee

Members of the nomination & remuneration committee are:

Table 48: Nomination & remuneration committee membership

Name	Role	Date of appointment
W/ro Eyerus Teni Bonger	Chairperson	13 February 2024
Ato Dulla Mekonnen Mossisa	Member	13 February 2024
W/ro Rahel Worede Amdebirehan	Member	25 July 2024
Ato Saeed Ahmed Hassen	Member	13 February 2024

Duties and responsibilities of the nomination & remuneration committee:

- Review the composition of the Board, including diversity, skills, experience, and independence, to recommend candidates;
- Oversee the development of a succession plan for the Executive Management and Executive Officers positions;
- Identify and recommend individuals qualified to become independent directors, consistent with approved criteria;
- Facilitate orientation and training programs for new directors;
- Lead the Board in the evaluation of its performance and that of its members;
- Review and recommend to the Board the compensation package for the CEO and other chief officers;
- Set annual performance objectives for executive remuneration linked to KPIs i.e. pay philosophy;
- Oversee remuneration is appropriate and consistent with the Company's culture and values for long-term business success and sustainability;
- Monitor the Company's compensation and benefits practices, and periodically review against benchmarked peer institutions, in cooperation with the Company's human resources, for the Board's decision; and
- Periodically review other human resource policies of the Company, as requested by the Board of Directors.

4.3.4. Credit committee

In accordance with the Corporate Governance Directive, the credit committee is composed entirely of non-executive directors. However, currently, none of these directors is considered to be independent as per the Corporate Governance Directive definition, as the members have business, professional and commercial relationships with the Company. As the Company’s Board of Directors were elected under previous corporate governance directives that did not require the need for independent members, the NBE has permitted the Company to defer implementation of the new directives until the completion of the current board's term, which will end in October 2026. Members of the credit committee are:

Table 49: Members of the credit committee

Name	Role	Date of appointment
Ato Million Assefa Mersha	Chairperson	25 July 2024
W/ro Esete Lulseged Teferi	Member	25 July 2024
W/ro Rahel Worede Amdebirehan	Member	25 July 2024
Ato Negussie Demie Buta	Member	25 July 2024

Duties and responsibilities of the credit committee:

- Deliberate and decide on loan/financing applications beyond the discretionary limits of the Company's credit/financing risk management committee, ensuring proper due diligence has been conducted;
- Approve Related Party transactions to be extended to related parties in accordance with legal and regulatory requirements, the Company's conflict of interest policies, and the Board charter;
- Review lending by the credit/financing risk management committee;
- Delegate and review lending limits to the sanctioning arms of the Company;
- Oversee the Company's credit/financing risk management policies, strategies, and frameworks, ensuring alignment with regulatory requirements and best practices;
- Oversee the Company's overall credit/financing risk management framework, including the risk identification, measurement, and mitigation techniques, ensuring that it is robust and effective;
- Conduct loan/financing review independent of any person or committee responsible for sanctioning credit/financing;
- Ensure the credit/financing policy and risk lending/financing limits are reviewed at least on an annual basis and as and when the environment so dictates;
- Ensure there are effective and adequate procedures and resources to identify and manage irregular problem credits/financings, minimise credit/financing loss and maximise recoveries;
- Direct, monitor, review, and consider all issues that may materially impact the present and future quality of the Company's credit/financing risk management;
- Assist the Board with discharging its responsibility to review the quality of the Company's loan/financing portfolio and ensuring adequate provisions for bad and doubtful debts in compliance with prudential requirements; and
- Oversee the adequacy of provisions for loan/financing losses, ensuring that they are sufficient to cover potential credit/financing losses, in line with industry best practices and regulatory standards.

4.3.5. Strategic management committee

Members of the strategic management committee are:

Table 50: Members of the strategic management committee

Name	Role	Date of appointment
W/ro Esete Lulseged Teferi	Chairperson	13 February 2024
Ato Dulla Mekonnen Mossisa	Member	13 February 2024
Ato Abebe Teklu Gebresilassie	Member	13 February 2024
W/ro Eyerus Teni Bonger	Member	13 February 2024

Duties and responsibilities of the strategic management committee:

- Reviews the proposals to be submitted by the CEO for developing the vision, mission, objectives, and goals of the Company;
- Review the proposal to be submitted by the CEO for revision of the mid-term and long-term development strategy of the Company;
- Oversee that annual plans are prepared in the context of the existing strategic plans of the Company;
- Encourages the development and employment of an appropriate strategy to increase the liquidity of the Company through raising the paid-up capital and customers' deposits;
- Monitors the progress of the implementation of the Company's 5-year strategic plan.
- Reviews the proposal of the CEO on potential and viable investment outlets for the Company's future investment and diversification of portfolio, and submits its recommendations to the Board;
- Review the periodic report of the Company on the implementation of the strategic plan and give directions;
- Review the possibilities for developing the competitive edge of the Company and propose actions to be taken by the management;
- Review quarterly reports from the CEO on the strategic plan implementation review and give direction;
- Oversees, the implementation of proposals and recommendations of the committee by the Executive Management of the Company; and
- Keeps the Board informed of its activities and the progress registered through the quarterly report.

4.4. Remuneration

The remuneration of the Board of Directors is determined by the Corporate Governance Directive and is subject to approval at the shareholders' AGM. In the year ended 30 June 2025, the aggregate remuneration, which includes the monthly allowance and annual compensation to the Directors who served the Company, was ETB 2,430,000.

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

Table 51: Remuneration of the Board of Directors

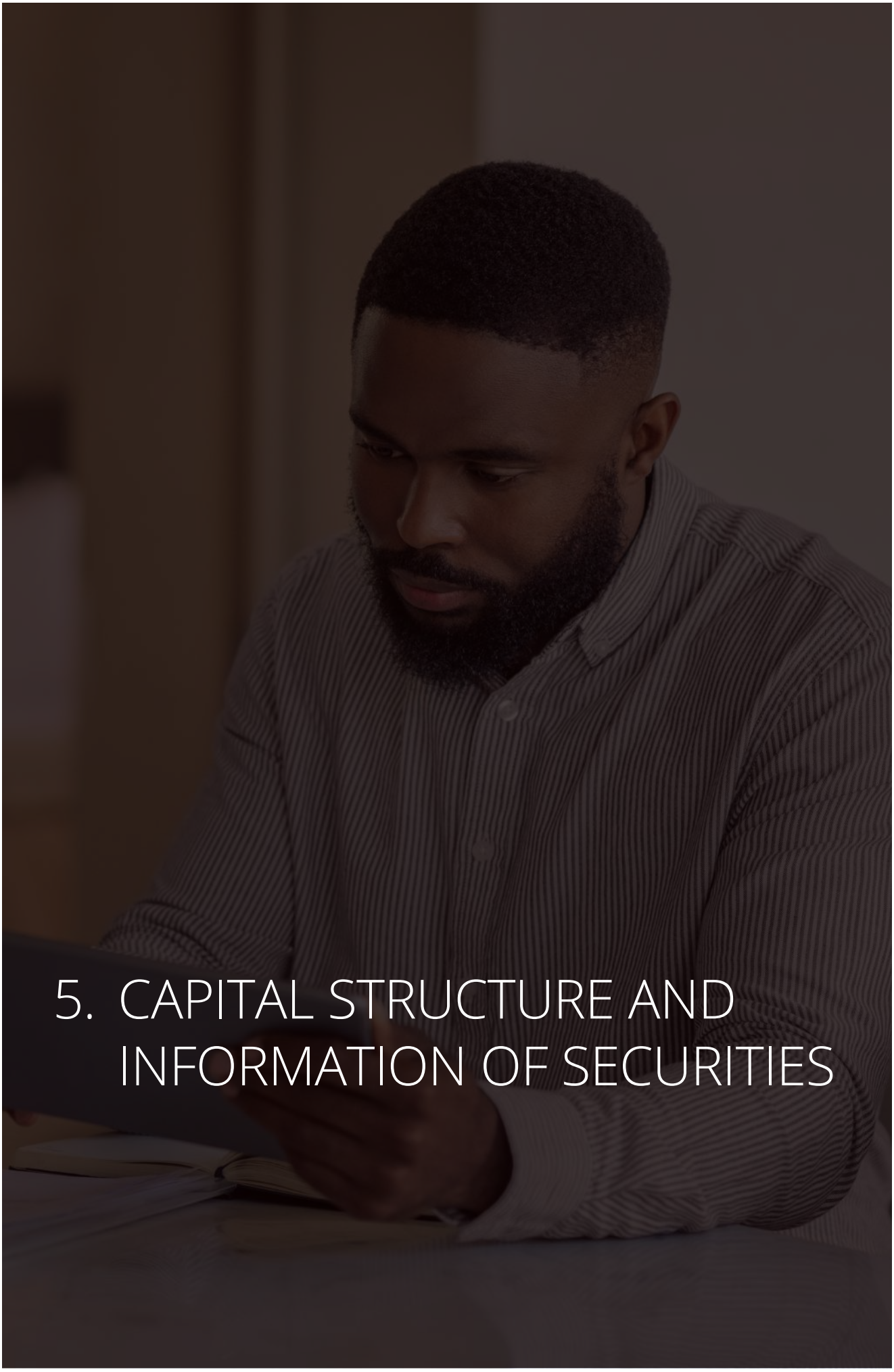
	As at 30 June		
	2025	2024	2023
ETB'000			
Ato Dulla Mekonnen Mossisa	270	270	270
Ato Abebe Teklu Gebreselassie	270	270	270
Ato Akalewold Admassu Gebremariam	270	50	-
W/ro Esete Lulseged Teferi	270	20	-
W/ro Eyerus Teni Bonger	270	50	-
Ato Million Assefa Mersha	270	50	-
Ato Negussie Demie Buta	270	270	190
W/ro Rahel Worede Amdebirehan	270	270	270
Ato Abdulmutalib Biyan Hamza	-	220	270
Ato Haile Assegide Haile	-	220	270
Ato Mekete Dagnew Anteneh	-	220	270
Ato Getaw Yalew Endashaw	-	220	270
Ato Saeed Ahmed Hassen	270	270	270
Total	**2,430**	**2,400**	**2,350**

The Directors are entitled to a fixed monthly allowance and are eligible for an annual compensation based on the audited Company results. NBE Directive No. SBB/67/2018 limits the annual compensation payable to Directors of the Company to ETB 150,000 and monthly allowances to a maximum of ETB 10,000.

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

Table 52: Estimated remuneration of the Board of Directors

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



5. CAPITAL STRUCTURE AND INFORMATION OF SECURITIES

5.1. Share capital

The Company, as at the date of this Prospectus, has one class of Ordinary Shares. As at the date of this Prospectus, the Company's authorised share capital consists solely of 14,336,972 Ordinary Shares. None of the Ordinary Shares were or have ever been publicly traded on a licensed securities exchange.

As at 1 July 2022, the first day being covered by the Company's financial statements in Annex 1, the issued and fully paid share capital of the Company comprised 6,863,215 Ordinary Shares.

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

- Between 1 July 2022 and 30 June 2023, the Company issued 2,481,344 Ordinary Shares at ETB 1,067 per share. Between 1 July 2023 and 30 June 2024, the Company issued 2,655,441 Ordinary Shares at ETB 1,059 per share, resulting in a share capital of ETB 12 billion as at 30 June 2024. The issuance of additional shares was undertaken to support the Company's ongoing growth and expansion plans.
- Between 1 July 2024 and 30 June 2025, following a Board of Directors' recommendation at the 26th AGM held in November 2024, and in line with the dividend policy, a portion of the annual net profit was capitalised through a mandatory dividend capitalisation. This resulted in the issuance of an additional 2,336,972 Ordinary Shares at ETB 1,000 per share

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

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

Table 53: Details of share capital of the Company

	As at 30 June		
	2025	2024	2023
Authorised share capital (ETB thousands)	14,336,972	12,000,000	12,000,000
Paid-up share capital at the beginning of the year (ETB thousands)	12,000,000	9,344,559	6,863,215
Shares issued during the year	2,336,972	2,655,441	2,481,344
Proceeds from shares issued during the year (ETB thousands)	2,336,972	2,655,441	2,481,344
Paid-up share capital at the end of the year (ETB thousands)	14,336,972	12,000,000	9,344,559
Total number of issued shares	14,336,972	12,000,000	9,344,559
Number of shareholders	4,937	4,930	2,368
Par value per share (ETB)	1,000	1,000	1,000

The Rights Offer comprises the issuance of 2,206,906 new Ordinary Shares at a Rights Offer Price of ETB 2,900. The Company estimates that the Rights Offer will raise gross proceeds of ETB

6,400,027,400. Set out below is the estimated position of the share capital immediately following the Rights Offer, on the basis that the Rights Offer is fully subscribed.

Table 54: Details of share capital of the Company following the Rights Offer

Share capital immediately following the Rights Offer	
Subscribed and paid-up share capital (ETB thousands)	20,737,000
Number of new Ordinary Shares	2,206,906
Rights Offer Price (ETB)	2,900

5.2. Dividend Policy

The Company has a dividend payout and earnings retention policy that provides a framework for decisions regarding dividend distribution to shareholders and earnings retention. The policy is developed according to the Commercial Code, NBE Proclamation, Tax on undistributed profit Directive 7/2011, and the MOA and AOA of the Company. The Company's dividend distributions are made annually from net profits, subsequent to the allocation of required legal reserves. The Board of Directors proposes a dividend amount, subject to the final approval of the AGM of shareholders. The Company's Board of Directors recommends the dividend amount to the AGM after the FY closing by taking into account various relevant factors, including the Company's financial condition, operating results, current and anticipated cash needs, expansion plans, and debt covenants. Shareholders are paid in Ethiopian Birr within 60 working days, and unclaimed amounts are held in a designated account.

Decisions regarding dividend distribution and earnings retention are made with careful consideration of several key factors. These include, but are not limited to, the need to increase the single borrower limit and to meet the demand for loans from the Company's customers while considering the capital adequacy of the Company. Following a recommendation from the Board of Directors, the AGM will determine whether to retain all or a portion of the annual net profit for capitalisation. Such retention may be achieved through two primary mechanisms:

- Mandatory dividend plow-back: A company policy under which a portion of the annual net profit is retained rather than being paid out in cash. This retained profit is then distributed to shareholders in the form of stock dividends, which represent a payment of additional shares of the Company's own stock instead of a cash payment. This approach enables the Company to conserve cash resources while rewarding shareholders with additional equity; or
- Optional recapitalisation through a rights issue. Existing shareholders are granted the right to purchase additional shares in proportion to their current holdings at a predetermined price. This optional recapitalisation allows shareholders to increase their stake in the Company, while providing the Company with additional capital to support its strategic objectives.

Restrictions on dividend payments include a prohibition on distribution until the Company meets its minimum capital requirements. However, the NBE may grant an exception to this restriction or extend the period for the Company to achieve its minimum capital requirements. Furthermore, no dividends are paid if the Company's annual net profit does not fully cover operating and accumulated losses, or if the NBE instructs against dividend distribution as per the Banking Business Proclamation. Additional restrictions apply to specific share types i.e. unpaid shares, representing shares for which the full payment has not been received from the shareholder, and on which dividends are neither allocated

or paid, shares repurchased by the Company and are subject to legal and regulatory stipulations. Dividends earned by foreign nationals of Ethiopian origin are payable in Ethiopian Birr and cannot be repatriated, though they can be used to purchase newly issued shares in the Company.

The Company withholds taxes on dividends payable to shareholders. Tax calculations, deductions, and payments are made in accordance with the Federal Income Tax Proclamation No. 979/2016 and its amendment Income Tax (Amendment) Proclamation No. 1395/2025 timeframe and procedures, which require withholding 15.0% tax from the gross amount of dividends and paying the withheld tax to the Ministry of Revenue within 30 days after the month-end in which the dividend was paid. Shareholders receive dividends net of all applicable taxes and mandatory charges, such as the 15.0% withheld tax. A change in tax laws before dividend payment will trigger a recalculation of the tax liability, using the laws in effect at the time of payment.

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

Table 55: Summary of the dividend declared

	For the year ended 30 June		
	2025	**2024**	**2023**
ETB			
Profit for the year (millions)	5,899	4,886	3,561
Dividend declared*(millions)	n/a	3,336	2,997
Number of shares outstanding ('000)	14,337	12,000	9,344
Dividend Per Share ("DPS")* (ETB per share)	**n/a**	**278**	**321**
Adjusted DPS	**n/a**	**n/a**	**n/a**
Dividend pay-out ratio*	**n/a**	**69.0%**	**84.0%**

* The Company has not declared a dividend for the year ended 30 June 2025, the dividend will be declared at the AGM scheduled for 25 December 2025.

6. INTEREST AND RELATED PARTY TRANSACTIONS

6.1. Board of Directors' interest

The Directors and Executive Management of the Company hold a direct interest in the Ordinary Shares, representing 10.1% of the total paid-up share capital as at 30 June 2025.

The Company provides loans to members of the Board of Directors for business purposes, as permitted by the Commercial Code. As of 30 June 2025, the total outstanding amount of these loans was ETB 12 million.

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

Loans to Members of the Board of Directors

Table 56: Loans to Directors

	As at 30 June		
	2025	2024	2023
ETB (million)			
Loans to Board of Directors	12	15	3

6.2. Major shareholder/Interested Persons

As at the date of this Prospectus, no individual or entity, directly or indirectly, holds 5.0% or more of the Company's capital or voting rights. The Company has no formal agreements governing the relationship between shareholders, other interested parties, and the Company itself.

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

The Company has no agreements in place that govern the relationship between shareholders, other Interested Persons, and the Company.

6.3. Related party transactions

Details of Related Party transactions entered by the Company during the period covered by the HFI are set out in Annex 1. The related parties for the Company in accordance with IFRS include the Directors, Directors' associates, companies associated with the Directors, Executive Management, and Executive Officers (the "Related Parties"). The Company, in the ordinary course of business, provides banking services and banking transactions that are entered into with the Related Parties; these services include providing loans, deposit accounts, and facilitating foreign currency transactions. The services provided to the Related Parties are at arm's length and are provided in the ordinary course of business. The Company, in addition to providing the aforementioned banking services, pays the Board of Directors and the Executive Management compensation. The Company's required Related Party disclosures that are presented in its annual financial statements are in adherence to the Commercial Code and IFRS. The Company is compliant with the NBE's Related Party Directive No. SBB/88/2024. All Related Party transactions are conducted on an arm's-length basis, with exposures remaining within the mandated prudential limits.

The tables below summarises the loans and advances given by the Company to the Board of Directors, Executive Management, and companies associated with these individuals for the years ended 30 June 2025, 30 June 2024, and 30 June 2023.

6.3.1. Loans and advances to Related Parties

The total loans and advances to Related Parties as at 30 June 2025, 2024, and 2023 stood at ETB 6,466 million, ETB 5,248 million, and ETB 4,559 million, respectively. Details of the specific loans and advances to related parties are set out in the HFI included in Annex 1 of the Prospectus.

Table 57: Related Party transactions

	As at 30 June		
	2025	**2024**	**2023**
ETB (millions)			
AHFA PLC	327	330	551
Bebeka Coffee	-	478	503
Dereje Yesuwork Neway	-	488	407
Equatorial Business Group S.C	122	222	204
Ethio-Leather Industry PLC	386	434	418
Ethio Meat and Vegetable PLC	56	36	30
Horizon plantation PLC	1,175	1,189	1,196
Horra Food Complexes	75	85	88
Moha Soft Drinks Industries PLC	811	631	281
Queen`s Supermarket PLC	241	206	149
Wanza Furnishings Industry PLC	-	157	120
Amdehun General Trading PLC	414	-	78
Ethio Agri-Ceft PLC	247	19	-
Hawassa Agri- Manufacturing PLC	63	82	-
Horizon- Addis Tyre Manufacturing PLC	55	3	-
Midroc Con.Eth PLC	42	16	-
Midroc Gold Mine PLC	1,332	590	-
Orb Trading PLC	45	-	-
Ranu Real Estate PLC	626	-	-
Others	274	118	433
	6,291	**5,084**	**4,458**
Loans to Board of Directors, Executive Management and Executive Officers	175	164	101
Total loans and advances to related parties	**6,466**	**5,248**	**4,559**

6.3.2. Customer deposits for Directors, Executive Management, and Executive Officers

The Company also holds deposits for its Directors, Executive Management, and Executive Officers. The total deposits stood at ETB 850 million, ETB 122 million, and ETB 32 million as at 30 June 2025, 30 June 2024, and 30 June 2023, respectively.

6.3.3. Key compensation information

The table below sets out the compensation of the Company's Board of Directors, as well as the CEO and the other senior management, including the CFO, which includes salaries and contributions to post-employment defined benefits plans:

Table 58: Key compensation information

	For the year ended 30 June		
	2025	**2024**	**2023**
ETB ('000)			
Board of Directors' fee and allowances	2,430	2,400	2,350
Salary, other short-term and post-employment benefits			
CEO	10,346	8,328	7,638
Other executive officers (In total)	62,424	59,560	36,237
Total	**75,200**	**70,288**	**46,225**

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

7. MANAGEMENT DISCUSSION AND ANALYSIS OF HFI

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

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

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

7.1. Overview

The Company offers a range of financial solutions through its Retail, Corporate, MSME, and IFB Business Segments across Ethiopia. Its principal activities include providing loan products, deposit solutions, trade finance services, safe deposit box services, and digital banking innovations.

During the year ended 30 June 2025, the Company recorded ETB 20,737 million in net operating income, compared to ETB 17,197 million in the year ended 30 June 2024. The increase was offset by employee benefits expenses, which increased by ETB 1,673 million, or 25.6%, to ETB 8,199 million in the year ended 30 June 2025, and other operating expenses, which increased by ETB 1,545 million, or 35.9%, to ETB 5,853 million in the year ended 30 June 2025. The Company's financial position improved with net asset value increasing 20.1% from ETB 23,927 million as at 30 June 2024 to ETB 28,736 million as at 30 June 2025. The Company's total liabilities increased from ETB 159,794 million as at 30 June 2024 to ETB 225,751 million as at 30 June 2025. Additionally, the Company's loan-to-deposit ratio, calculated as the ratio of net loans and advances to customers plus net IFB financing to total customer deposits, decreased from 78.4% as at 30 June 2024 to 66.3% as at 30 June 2025, representing an improvement in the Company's liquidity profile. Earnings per share increased from ETB 433 per share in the year ended 30 June 2024 to ETB 456 per share in the year ended 30 June 2025. The increase is attributable to the increase in profit after tax from ETB 4,886 million in the year ended 30 June 2024 to ETB 5,899 million in the year ended 30 June 2025. Furthermore, the weighted average number of ordinary shares outstanding increased from 11,296 thousand as at 30 June 2024 to 12,948 thousand as at 30 June 2025. Set out below is a summary of the Company's select HFI and KPIs for the years ended 30 June 2025, 30 June 2024, and 30 June 2023.

Table 59: Select HFI and KPIs

Select HFI and KPIs	For the year ended 30 June		
	2025	2024	2023
Select HFI (ETB millions)			
Statement of profit or loss and OCI			
Interest income	21,683	17,442	13,408
Interest expense	(7,650)	(5,278)	(4,061)
Net interest income	**14,033**	**12,164**	**9,347**

Select HFI and KPIs	For the year ended 30 June		
	2025	2024	2023
Select HFI (ETB millions)			
Fees and commission income	8,140	5,098	3,873
Fees and commission expense	(666)	(351)	(207)
Net fees and commission income	**7,474**	**4,747**	**3,666**
Other operating income	1,616	859	643
(Loss)/gain on foreign exchange	(2,405)	130	(343)
Impairment reversals / (charges)	19	(703)	(603)
Net operating income	**20,737**	**17,197**	**12,710**
Employee benefits expenses	(8,199)	(6,526)	(4,737)
Other operating expenses	(5,853)	(4,308)	(2,956)
Profit before income tax	**6,685**	**6,363**	**5,017**
Profit for the year	**5,899**	**4,886**	**3,561**
Earnings per share	456	433	442
Statement of financial position			
Loans and advances to customers (net of provision)	123,297	108,067	95,046
IFB financing (net of provision)	10,732	6,218	5,152
Investment security	18,699	19,091	10,912
Total assets	254,487	183,721	144,764
Customer deposits	202,238	145,860	114,968
Total liabilities	225,751	159,794	125,445
Share capital	14,337	12,000	9,345
Total equity	28,736	23,927	19,319
KPIs			
Cost-to-income ratio (%)	69.3%	61.0%	58.0%
Loan-to-deposit ratio	66.3%	78.4%	87.2%
Total number of cardholders ('000)	1,233	2,263	1,888
Active number of cardholders ('000)	148	94	-
Total number of customers ('000)	7,877	6,712	5,270
Active number of customers ('000)	4,123	3,263	3,563
Total number of Dashen SuperApp subscribers ('000)	702	-	-
Active number of Dashen SuperApp subscribers ('000)	636	-	-
Total number of Dashen Mobile Plus subscribers ('000)	2,630	5,570	4,069

Select HFI and KPIs	For the year ended 30 June		
	2025	2024	2023
Select HFI (ETB millions)			
Active number of Dashen Mobile Plus subscribers ('000)	161	156	59
Number of loanees	40,758	32,428	28,436
Number of branches	906	882	835
Number of ATMs	1,085	1,096	388
Number of POS terminals	2,175	1,952	1,388
Number of staff (including outsourced employees)	19,102	18,556	17,571
CAR*	14.0%	13.9%	12.5%
NPL ratio*	4.6%	7.4%	5.1%
NPF ratio*	2.1%	2.7%	1.8%
Liquidity ratio*	42.0%	31.3%	20.9%

*The Company, as part of its regular reporting obligations with the NBE, is required to report various KPIs and other financial metrics. Please refer to section 7.12 for further detail.

The Company operates in four Business Segments, namely retail, corporate, MSMEs, and IFB, as a commercial bank. The Company's Total Revenue and Segment Revenue are set out in the table below

Table 60: Total Revenue and Segment Revenue

Total Revenue and Segment Revenue	For the year ended 30 June		
	2025	2024	2023
ETB (millions)			
Retail	2,446	1,810	1,376
Corporate	18,509	14,449	11,763
MSMEs	4,121	3,140	2,487
IFB	1,423	768	538
Total Segment Revenue*	**26,499**	**20,167**	**16,164**
Other income	4,939	3,233	1,760
Total Revenue*	**31,438**	**23,400**	**17,924**

* Total Revenue and Segment Revenue are non-GAAP measures and comprise income from interest income, fees and commission income, and other operating income, as set out in Section 7.11.

In the year ended 30 June 2025, the Company generated ETB 31,438 million in Total Revenue, an increase of 34.4% from ETB 23,400 million in the year ended 30 June 2024. The Company has seen strong performance across all four of its Business Segments, namely corporate, retail, MSMEs, and IFB. Set out below is a detail of the performance of each Business Segment.

Retail

The retail segment represents individual clients that are served through the Company's branch network and digital channels. For this segment, the Company offers personalised banking and financial management solutions, bundled services, and mobile and internet banking options, as well as lending services. The Company generated retail Segment Revenue of ETB 2,466 million in the year ended 30 June 2025, an increase of ETB 636 million or 35.1% from ETB 1,810 million in the year ended 30 June 2024, mainly due to increased consumer loan disbursements at an increased interest rate. The Company generated foreign currency of USD 142 million in the year ended 30 June 2025, compared to USD 75 million in the year ended 30 June 2024, the increase primarily attributed to increased remittances, exports, and foreign currency purchases. Loans without provision increased by ETB 3,158 million or 19.7% to ETB 19,228 million as at 30 June 2025, compared to ETB 16,070 million as at 30 June 2024, as a result of growth in total deposits by ETB 20,271 million or 32.1% to ETB 83,383 million compared to ETB 63,112 million as at 30 June 2024, providing additional lending capacity, and supporting strategic lending initiatives across various sectors. This growth is further attributable to an increase in the number of customers, which increased by 873 thousand or 15.9% to 6,380 thousand as at 30 June 2025, compared to 5,507 thousand as at 30 June 2024.This was driven by customer acquisition initiatives, facilitated by targeted marketing campaigns, branch expansion, and the adoption of digital platforms. The table below sets out the retail Business Segment KPIs.

Table 61: Retail Business Segment KPIs

	As at 30 June					
	2025	2024	2023	% CAGR FY23-FY25	% variance FY24-FY25	% variance FY23-FY24
ETB (millions)						
Loans by segment (without provision)	19,228	16,070	13,325	20.1%	19.7%	20.6%
Deposits	83,383	63,112	52,426	26.1%	32.1%	20.4%
Number of customers ('000)	6,380	5,507	4,363	20.9%	15.9%	26.2%
Foreign currency generation (USD millions)	142	75	254	(25.2%)	89.3%	(70.5%)

Corporate

This segment represents non-individual customers, including large corporations, share companies, institutions, and multinational companies that hold investment and trade licenses. These clients are supported by dedicated relationship managers at corporate branches and specialised sector-specific departments. The Company generated corporate Segment Revenue of ETB 18,509 million in the year ended 30 June 2025, an increase of ETB 4,060 million or 28.1% from ETB 14,449 million in the year ended 30 June 2024. The increase is mainly attributed to increased loan disbursements, with higher interest rates as well as higher fees and commissions from FX services. This generated foreign currency of USD 576 million in the year ended 30 June 2025, compared to USD 527 million in the year ended 30 June 2024, driven by growth in trade finance services such as letters of credit, pre-shipment finance, and FX conversion. Loans by segment without provision increased by ETB 9,971 million or 13.0% to ETB 86,623 million as at 30 June 2025 compared to ETB 76,652 million as at 30 June 2024 and total deposits increased by ETB 24,169 million or 45.5% to ETB 77,305 million as at 30 June 2025

compared to ETB 53,136 million as at 30 June 2024. This growth is attributable to an increase in the number of customers, which increased by 1 thousand to 5 thousand as at 30 June 2025, compared to 4 thousand as at 30 June 2024, driven by the aforementioned customer acquisition initiatives. The table below sets out the corporate Business Segment KPIs.

Table 62: Corporate Business Segment KPIs

	As at 30 June					
	2025	2024	2023	% CAGR FY23-FY25	% variance FY24-FY25	% variance FY23-FY24
ETB (millions)						
Loans by segment (without provision)	86,623	76,652	67,260	13.5%	13.0%	14.0%
Deposits	77,305	53,136	40,101	38.8%	45.5%	32.5%
Number of customers ('000)	5	4	3	29.1%	25.0%	33.3%
Foreign currency generation (USD millions)	576	527	478	9.8%	9.3%	10.3%

MSMEs

The Company offers MSMEs customised credit facilities, advisory services, and other banking initiatives that address the financing gap of SMEs and MSMEs. The Company employs a branch-based service model, offering medium-sized businesses personalised services, sales, and advisory support through dedicated relationship managers, while small businesses benefit from a pool of dedicated relationship managers. The Company generated MSME Segment Revenue of ETB 4,121 million in the year ended 30 June 2025, an increase of ETB 981 million or 31.2% from ETB 3,140 million in the year ended 30 June 2024 as a result of increased loan disbursement to MSMEs at higher interest rates. The Company generated foreign currency of ETB 183 million in the year ended 30 June 2025, compared to ETB 125 million in the year ended 30 June 2024. The increase was primarily due to higher disbursements of foreign currency denominated loans specifically enabling foreign trade activities to MSMEs. Loans without provision increased by ETB 1,948 or 11.4% to ETB 19,097 million as at 30 June 2025, compared to ETB 17,149 million as at 30 June 2024, and total deposits increased by ETB 7,306 million or 39.5% to ETB 25,790 million as at 30 June 2025, compared to ETB 18,484 million as at 30 June 2024. This growth is attributable to an increase in the number of customers, which increased by 43 thousand to 183 thousand as at 30 June 2025, compared to 140 thousand as at 30 June 2024 driven by the aforementioned customer acquisition initiatives. The table below sets out the MSMEs Business Segment KPIs.

Table 63: MSMEs Business Segment KPIs

	As at 30 June					
	2025	2024	2023	% CAGR FY23-FY25	% variance FY24-FY25	% variance FY23-FY24
ETB (millions)						
Loans by segment (without provision)	19,097	17,149	15,510	11.0%	11.4%	10.6%
Deposit	25,790	18,484	14,331	34.1%	39.5%	29.0%
Number of customers ('000)	183	140	175	2.3%	30.7%	(20.0%)
Foreign currency generation (USD millions)	183	125	193	(2.6%)	46.4%	(35.2%)

IFB

The IFB Business Segment offers Shariah-compliant services, which are further categorised into IFB corporate, IFB MSME, and IFB retail. The IFB segment is supported by relationship managers, dedicated windows in branches, and specialised branches. The Company generated IFB Segment Revenue of ETB 1,423 million in the year ended 30 June 2025, an increase of 85.3% from ETB 768 million in the year ended 30 June 2024. Additionally, the Company generated foreign currency of USD 67 million in the year ended 30 June 2025, compared to USD 22 million in the year ended 30 June 2024, with the increase primarily attributed to increased remittances, exports, and foreign currency purchases. Furthermore, financing without provision increased by ETB 4,513 million or 72.1% to ETB 10,769 million as at 30 June 2025, compared to ETB 6,256 million as at 30 June 2024, and total deposits increased by ETB 4,632 million or 41.6% to ETB 15,760 million as at 30 June 2025, compared to ETB 11,128 million as at 30 June 2024. This growth is attributable to an increase in the number of customers, which increased by 248 thousand or 23.4% to 1,309 thousand as at 30 June 2025 compared to 1,061 thousand as at 30 June 2024 driven by growing demand for sharia-compliant financial services. The table below sets out the IFB Business Segment KPIs.

Table 64: IFB Business Segment KPIs

	As at 30 June					
	2025	2024	2023	% CAGR FY23-FY25	% variance FY24-FY25	% variance FY23-FY24
ETB (millions)						
Financing (without provision)	10,769	6,256	5,204	43.9%	72.1%	20.2%
Deposits	15,760	11,128	8,110	39.4%	41.6%	37.2%
Number of customers ('000)	1,309	1,061	729	34.0%	23.4%	45.5%
Foreign currency generation (USD millions)	67	22	92	(14.7%)	204.5%	(76.1%)

Other income

Other income consists of income generated from treasury bills ("T-bills") and rental income from investment properties. The Company generated ETB 4,939 million from other income in the year ended 30 June 2025, an increase of 52.8% from ETB 3,233 million in the year ended 30 June 2024. The growth is primarily attributable to an increase in rental Income from investment properties of ETB 3,918 million, resulting from changes in occupancy and rental rates, together with an increase in interest income generated from government bonds and T-bills of ETB 344 million.

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

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

7.2.1. Macro-economic factors

The Company constantly contends with the challenges of a volatile macroeconomic environment in Ethiopia. Persistent high inflation erodes the value of assets and impacts consumer purchasing power, while unpredictable interest rates complicate lending and investment strategies. Furthermore, slower-than-anticipated GDP growth, a challenging investment climate, and instability in exchange rates, coupled with balance of payments pressures, are expected to directly constrain the Company's ability to grow its loan book and manage foreign currency.

The following section details the specific political, social, and economic factors that influenced the Company's performance, and the tables below summarise the Ethiopian macroeconomic indicators for 2023-2025.

Table 65: Ethiopian macroeconomic economic indicators

	As at 30 June				
	2025	2024	2023	% CAGR FY23-FY25	% variance FY24-FY25
Economic growth (%)	7.2	8.1	7.2	-	(11.1%)
Inflation (%)	16.9	20.8	30.3	(25.3%)	(18.8%)
Interest rate (%)	16.9	16.9	17.0	(1.5%)	(2.4%)
Exchange rate (ETB /USD)	138.0	82.6	54.9	58.6%	67.1%
Population (millions)	109.1	107.4	105.7	1.6%	1.7%

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

7.2.1.1. Socio-political environment

Political stability is critical for any business to generate sufficient income to cover expenses, fund capital expenditures, and fulfill ongoing obligations. In Ethiopia, periods of political instability, such as civil unrest, uprisings, or regional conflicts, negatively impact the Company's operations and financial performance. Current conflicts in parts of the Amhara and Oromia regional states have led to temporary closures of certain branches, affecting normal business operations. Consequently, in

the year ending 30 June 2026, the Company believes its business, financial condition, and outlook will continue to heavily depend on Ethiopia's overall political environment, with potential disruptions likely to affect branch operations, customer activity, and credit performance.

7.2.1.2. Economic factors

GDP

Ethiopia's GDP increased steadily from ETB 2.11 trillion in 2021 to an estimated ETB 2.78 trillion in 2025. This consistent upward trend reflects sustained economic expansion over the five years. This presented significant opportunities for local banks through increased lending potential, higher deposit mobilisation, and expansion of financial services. However, this growth also introduced challenges such as inflationary pressures, heightened competition, potential regulatory changes, and infrastructure limitations, requiring banks to adopt proactive risk management and strategic planning to capitalise on the market opportunities.

The Company has been able to maintain consistent and reliable profitability and has been successful in its ability to pass on inflationary costs to its subscribers by adjusting pricing strategies and implementing cost-cutting measures. The Company maintained a strong risk-weighted CAR between 12.5% and 14.0% from 30 June 2023 to 30 June 2025, exceeding the regulatory minimum of 8.0%, which demonstrates a robust capital position. Profit for the year ended 30 June 2025 reached ETB 5,899 million, representing a 20.7% increase from ETB 4,886 million in the year ended 30 June 2024. The Company, for the year ending 30 June 2026, expects GDP growth, while positive, may face short-term headwinds due to inflationary pressures and external uncertainties, which could moderate credit demand and lending activity

Currency

As outlined in Section 2.3.2 (Business interruptions) on 29 July 2024, the government launched a change in currency regime from managed to floating. The Company is exposed to foreign exchange risk arising from various currency exposures, primarily related to the USD. The exact impact of the currency regime change resulted in increased flexibility in managing foreign exchange transactions. The Company has seen an increase of 29.0% in foreign currency reserves and 161.0% NBE reserves. The Company's financial position and its financial performance are exposed to foreign currency fluctuations. The financial statement line items from its statement of financial position that are materially exposed to foreign currency are cash, balances with banks, debt instruments such as Outward Documentary Bills Purchased ("ODBP"), and liabilities. As a result, in the event the ETB materially depreciates or appreciates against the USD, the Company's financial performance will be impacted by a foreign exchange loss or gain. The table below sets out the portion of the financial statement line items in USD for the years ended 30 June 2025, 2024, and 2023.

Table 66: The Company's line items in USD

	2025	2024	2023
Foreign currency	**USD'000**	**USD'000**	**USD'000**
Cash, balances with banks, ODBP, and foreign currency receivables	55,290	8,255	5,795
Liabilities	(31,415)	(12,186)	(9,721)

The financial statement line items from its statement of profit and loss that are materially exposed to foreign currency are net interest income and net fees and commission income. The Company's financial performance is significantly impacted by foreign currency fluctuations, primarily due to its reliance on international funding sources. The Company's access to additional funding from international banks, denominated in USD, exposes it to exchange rate risk between the ETB and the USD. An appreciating ETB reduces the cost of servicing this debt, while a depreciating ETB increases it. This fluctuation directly impacted the Company's profitability and lending capacity to customers. For the year ending 30 June 2026, the Company expects the ongoing exchange rate volatility with a continued depreciation of the ETB, potentially increasing the cost of service for the Company's USD-denominated debt, posing a challenge to future profitability. The Company is actively monitoring and managing this foreign exchange risk to ensure the stability of its operations and its ability to continue serving its customer base.

7.2.1.3. Ethiopia's debt restructuring and IMF Program

The Ethiopian government is actively engaged in a comprehensive debt restructuring program aimed at addressing the country's unsustainable debt burden and creating a foundation for sustainable economic growth. This programme, which encompasses a USD 3,400 million financing agreement, involves negotiations with a diverse range of creditors, including bilateral and multilateral official creditors, as well as commercial lenders. The process benefits from the collaborative support of key international financial institutions such as the IMF.

The program's core objectives are to reduce the overall level of debt, improve the long-term sustainability of Ethiopia's debt profile, and free up fiscal resources for strategic investments in critical sectors. These sectors include, but are not limited to, infrastructure development, human capital development (including education and healthcare), and agricultural modernisation. Simultaneously, the program necessitates the implementation of significant economic reforms aimed at enhancing fiscal discipline, improving revenue collection, and optimising public expenditure.

As at 30 June 2025, the Company has demonstrated resilience and growth amidst this economic landscape. Total customer deposits have increased by 38.7%, reaching ETB 202,238 million as at 30 June 2025, from ETB 145,860 million as at 30 June 2024, reflecting heightened confidence in the Company, driven by improved economic stability and government reforms. Furthermore, the Company has secured USD 40 million in loans from FMO and BII to support lending to export-oriented agribusinesses, showcasing its ability to attract foreign investment. These strategic developments, coupled with the digital banking initiatives, have contributed to an increase in profits after tax of ETB 5,899 million as at 30 June 2025, compared to ETB 4,886 million as at 30 June 2024, representing a 20.7% increase and underscoring the Company's positive performance. In the year ending 30 June 2026, the Company notes that uncertainties around the timing and progress of the IMF-supported reform programme may influence liquidity conditions, credit demand, and foreign-currency availability, requiring proactive risk management.

7.2.2. Government regulations and policies

NBE credit capitalisation

The NBE imposed a 14.0% annual credit growth cap on 11 August 2023 to address high inflation driven by excessive loan expansion. From 1 January 2025, the cap increased to 18.0% due to declining inflation, tight monetary conditions, and improved supply-side factors, creating a challenging environment for loan growth. In response, the Company prioritised and significantly improved its

loan collection processes. This resulted in a 92% increase in collections, rising from ETB 6.5 billion in the year ended 30 June 2023, to ETB 12.7 billion in the year ended 30 June 2025. This success not only ensured compliance with the cap but also generated additional funds for re-lending and improved asset quality by reducing NPLs. Despite the tighter lending environment, the Company increased its total outstanding loans and advances by 14.1% from ETB 108,067 million as at 30 June 2024, to ETB 123,297 million as at 30 June 2025, remaining below the revised cap. On September 25, 2025, the NBE's Monetary Policy Committee ("MPC") held its fourth quarter meeting. In line with its roles and responsibilities under Article 23 of the NBE Establishment Proclamation No. 1359/2025, the MPC resolved to increase the credit cap from 18.0% to 24.0%. This adjustment shall be applicable solely to future financial periods and shall not extend to periods covered by the HFI.

Foreign exchange devaluation

In July 2024, the NBE implemented a significant policy shift, devaluing the ETB by 30% against the USD and transitioning to a managed, market-based exchange rate system. This reform, supported by the IMF and World Bank, aimed to reduce the gap between the official exchange rate and the parallel market rate, boost export competitiveness, and attract investment. The impact on the Company, in the year ended 30 June 2025, included difficulties in facilitating international transactions and managing foreign exchange positions, resulting in challenges fulfilling client demands for foreign currency. The Company has taken steps to mitigate the impact, including securing a USD 40.0 million trade finance guarantee from the AFDB, entered into on 1 May 2025, to provide trade finance guarantees to local importers and exporters. This guarantee is expected to expand access to hard currency and revive trade finance capacity, helping the Company to better facilitate international transactions and meet client demands.

Fee and commission cap

Effective from 26 May 2025, the NBE announced a regulatory cap on foreign exchange fees imposed by banks, limiting all commercial banks to a maximum charge of 4.0% per transaction. These changes aimed to address chronic market inefficiencies, narrow the divergence between official and parallel market exchange rates, and rebuild confidence in the formal financial system. In the year ended 30 June 2025, the Company showed growth despite the new regulatory environment, reporting a profit of ETB 5,899 million. This represented a 20.7% increase compared to the year ended 30 June 2024. Furthermore, customer deposits increased by 38.7% to ETB 202,238 million as at 30 June 2025, compared to ETB 145,860 million as at 30 June 2024.

The Company aims to continue closely monitoring regulatory changes and adapting its lending, collection, and liquidity strategies, as it expects future adjustments to the credit-growth cap and FX-related directives, which could materially influence loan-book expansion, fee income, and liquidity management, in the year ending 30 June 2026.

7.2.3. Digital transformation

On 14 January 2025, the Company launched its all-in-one banking super app. The app offers comprehensive features, including multi-account access, instant fund transfers within and between banks, AI-powered onboarding, budget management, a "Three-Click Shopping" merchant app, virtual cards, QR code technology for payments and transfers, and integration with diverse third-party applications for services such as flight booking and entertainment subscriptions. It also features "Chat Banking" for quick money transfers via social media. As at 30 June 2025, the Company registered a total of 702 thousand Dashen SuperApp members, with 636 thousand of them having linked their

bank accounts, resulting in an activation rate of 90.6%. Dashen SuperApp processed 4.9 million transactions, totaling ETB 48.0 million, in the year ended 30 June 2025.

As the Company continues to expand its digital products and services, it expects rising digital adoption, increased cyber-risk, and intensifying FinTech competition will be key factors influencing digital revenue and technology investment needs in the year ending 30 June 2026, with investments in app functionality, security, and customer experience expected to remain a priority.

7.2.4. Favourable demographic factors

According to a 2023 World Bank estimate, Ethiopia ranks as the second most populous country in Africa, with a large working-age population, growing urbanisation, and improved social indicators, which have created opportunities for the Company to expand its banking services and mobilise deposits. With a population of over 120 million people, the Company has been able to capitalise on the growing demand for financial services, driven by an increasing middle-class and a more financially literate population. As a result, the Company has reported a profit of ETB 5,899 million in the year ended 30 June 2025 and a 38.7% increase in customer deposits to ETB 202,238 million as at 30 June 2025. The Company's strategic initiatives, including the expansion of its branch network and digital banking services, have enabled it to reach a broader customer base and provide convenient financial services, positioning it for continued growth and success in the Ethiopian banking sector. The Company further diversified its portfolio in 2018 by launching Shariah-compliant IFB services under the brand 'Sharik'. By offering Shariah-compliant IFB services, as at 30 June 2025, the Company attracted 1,309 thousand IFB customers, diversifying its income streams beyond traditional interest-based banking and enhancing its brand reputation as a socially responsible and inclusive financial institution.

For the year ending 30 June 2026, the Company aims to expand its targeted product development and deeper digital outreach, as short-term economic pressures may affect savings behaviour and retail credit demand, requiring tailored products.

7.2.5. Increased competition

Competition among established banks, particularly for resource mobilisation, is intensifying and continues to be a challenge. The threat of substitute products and services offered by microfinance institutions, savings and credit unions, and FinTech companies has been growing. While these developments heighten competitive pressures, they also present opportunities for collaboration. The anticipated entrance of foreign banks into the market is expected to increase competition in the year ending 30 June 2026 and beyond, as it intensifies pricing pressure and increases resource mobilisation challenges.

Nevertheless, there may also be prospects for partnerships with these new entrants. To navigate this heightened competition, the Company has embarked on strategic initiatives, including the expansion of its digital banking services through partnerships with Ethio Telecom, which has enabled it to provide micro-credit services to its conventional and IFB customers and collect micro-savings of ETB 474 million in the year ended 30 June 2025. Additionally, the Company has secured foreign debt as outlined in section 7.4 above to support SMEs. Furthermore, the Company has continued to expand its branch network, with 906 branches, 1,085 ATMs, and 2,175 POS terminals as at 30 June 2025, enhancing customer access to banking services and convenience. These strategic initiatives have positioned the Company for continued growth and success in a competitive market, as evidenced by its increased profit of ETB 5,899 million in the year ended 30 June 2025 up by 20.7% from ETB 4,887

million in the year ended 30 June 2024 as well as growth in total outstanding loans and advances by 14.1% from ETB 108,067 million as at 30 June 2024, to ETB 123,297 million as at 30 June 2025,as a result of an increase in the Company's customer deposits by 38.7% to ETB 202,238 million as at 30 June 2025, compared to ETB 145,860 million as at 30 June 2024, consequently increasing the funds available for loan disbursement

7.2.6. Growth in outstanding loans and advances

As outlined in Section 2.10 (Material Contracts), the Company entered into facility agreements with BII and FMO on 25 August 2023. These facility agreements increased outstanding loans and advances, directly impacting income from credit services. The Company's total outstanding loans and advances increased over the past two years to ETB 123,297 million as at 30 June 2025, compared to ETB 95,046 million as at 30 June 2023. Additionally, the growth was further driven by an increase in the total number of customers by 1,165 thousand or 17.4%, to 7,877 thousand as at 30 June 2025, compared to 6,712 thousand as at 30 June 2024. This expansion correlates directly with the increase in interest income and guarantee commissions, reinforcing the Company's profitability. For the year ending 30 June 2026, the Company anticipates loan-book growth to be moderated by increased provisioning requirements and stronger competition for credit-worthy borrowers, with the Company continuing to prioritise credit quality, risk-based pricing, and strategic lending to sectors with higher growth potential.

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

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

Statement of comprehensive income

Table 67: Statement of comprehensive income

	For the year ended 30 June		
	2025	**2024**	**2023**
ETB (millions)			
Interest income	21,683	17,442	13,408
Interest expense	(7,650)	(5,278)	(4,061)
Net interest income	**14,033**	**12,164**	**9,347**
Fees and commission income	8,140	5,098	3,873
Fees and commission expenses	(666)	(351)	(207)
Net fees and commission income	**7,474**	**4,747**	**3,666**
Other operating income	1,616	859	643
(Loss)/gain on foreign exchange	(2,405)	130	(343)
Total operating income	**20,718**	**17,900**	**13,313**
Net Impairment reversal / (charge)	19	(703)	(603)
Net operating income	**20,737**	**17,197**	**12,710**

	For the year ended 30 June		
	2025	2024	2023
ETB (millions)			
Employee benefits expenses	(8,199)	(6,526)	(4,737)
Other operating expenses	(5,853)	(4,308)	(2,956)
Profit before income tax	**6,685**	**6,363**	**5,017**
Income tax expense	(786)	(1,477)	(1,456)
Profit for the year	**5,899**	**4,886**	**3,561**
OCI			
Net items that will not be subsequently reclassified to profit or loss	(105)	250	50
Total comprehensive income for the year	**5,794**	**5,136**	**3,611**

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

Interest income

Interest income increased by ETB 4,241 million to ETB 21,683 million in the year ended 30 June 2025, compared to ETB 17,442 million in the year ended 30 June 2024. A detailed analysis of interest income by type is set out below.

Table 68: Interest income by type

	For the year ended 30 June		
	2025	2024	% Variance
ETB (millions)			
Interest on loans and advances	18,111	15,393	17.7%
Interest income from NBE bills, T-bills, and government bonds	1,823	1,473	23.8%
Interest income from foreign deposits	1,021	135	656.3%
Interest income from local deposits	532	441	20.6%
Other	196	-	-
Total income from interest	**21,683**	**17,442**	**24.3%**

Interest on loans and advances increased by ETB 2,718 million or 17.7% to ETB 18,111 million in the year ended 30 June 2025, compared to ETB 15,393 million in the year ended 30 June 2024. The overall increase was primarily due to an ETB 15,230 million increase in outstanding loans and advances to ETB 123,297 million as at 30 June 2025, compared to ETB 108,067 million as at 30 June 2024. The increase in lending capacity was facilitated by a growth in customer deposits, from ETB 145,860 million to ETB 202,238 million as at 30 June 2025, enabling the Company to increase loan disbursements from ETB 116,127 million to ETB 135,717 million. However, the annual credit growth cap set by the NBE increased from 14.0% as at 30 June 2024 to 18.0% as at 30 June 2025 partially

offset this positive trend, limiting the Company's lending capacity and impacting its overall interest income.

Interest income from NBE bills, T-bills, and government bonds increased by ETB 350 million or 23.8% to ETB 1,823 million in the year ended 30 June 2025, compared to ETB 1,473 million in the year ended 30 June 2024. The increase was primarily driven by an investment of ETB 6,364 million in treasury government bonds during the year ended 30 June 2025.

Interest income from foreign deposits increased by ETB 886 million or 656.3% to ETB 1,021 million in the year ended 30 June 2025, compared to ETB 135 million in the year ended 30 June 2024. The increase was primarily due to an increase of ETB 40,226 million in foreign deposits with banks to ETB 46,726 million as at 30 June 2025 from ETB 6,500 million as at 30 June 2024, reflecting the Company's expanding trade finance and foreign exchange operations, leveraging its network of international correspondent banks. Furthermore, the devaluation of the ETB against the USD contributed to the increase in the ETB value of interest earned on USD-denominated deposits.

Interest income from local deposits increased by ETB 91 million or 20.6% to ETB 532 million in the year ended 30 June 2025, compared to ETB 441 million in the year ended 30 June 2024. The increase is directly attributable to the Company's effective strategy of placing fixed deposits with local commercial banks that offered attractive interest rates.

Interest expense Interest expense Increased by ETB 2,372 million to ETB 7,650 million in the year ended 30 June 2025, compared to ETB 5,278 million in the year ended 30 June 2024. A more detailed analysis of interest expense by type is set out below:

Table 69: Interest expenses by type

	For the year ended 30 June		
	2025	**2024**	**% Variance**
ETB (millions)			
Interest on savings deposits	5,067	3,954	28.1%
Interest on time deposits	2,234	1,208	84.9%
Interest on borrowings	311	78	298.7%
Other	38	38	-
Total expense from interest	**7,650**	**5,278**	**44.9%**

Interest on savings deposits increased by ETB 1,113 million or 28.1 % to ETB 5,067 million in the year ended 30 June 2025, compared to ETB 3,954 million in the year ended 30 June 2024. The increase was primarily due to an increase in outstanding savings deposits of ETB 20,412 million to ETB 92,152 million as at 30 June 2025, compared to ETB 71,740 million as at 30 June 2024. The increase in deposits correlates with the increase in the total number of customers by 1,165 thousand or 17.4%, to 7,877 thousand as at 30 June 2025, compared to 6,712 thousand as at 30 June 2024.

Interest on time deposits increased by ETB 1,026 million or 84.9% to ETB 2,234 million in the year ended 30 June 2025, compared to ETB 1,208 million in the year ended 30 June 2024. This overall increase was primarily due to an increase in time deposits of ETB 5,753 million from ETB 11,212 million as at 30 June 2024, to ETB 16,965 million as at 30 June 2025, and an increase in the average

interest rates offered on time deposits, particularly for longer-term deposits from 14.3% in the year ended 30 June 2024 to 17.2% in the year ended 30 June 2025.

Interest on borrowings increased by ETB 233 million or 298.7% to ETB 311 million in the year ended 30 June 2025, compared to ETB 78 million in the year ended 30 June 2024. The increase was primarily due to an increase of ETB 971 million in borrowings to ETB 2,275 million as at 30 June 2025, compared to ETB 1,304 million as at 30 June 2024, attributable to the free-floating exchange rate regime implemented by the Government from 29 July 2024.

Fees and commission income increased by ETB 3,042 million to ETB 8,140 million in the year ended 30 June 2025, compared to ETB 5,098 million in the year ended 30 June 2024. The increase was primarily due to high transaction volume on service charges and commissions. A more detailed analysis of interest expense by fees and commission income and expenses is set out below:

Table 70: Fees and commission income

	For the year ended 30 June		
	2025	2024	% Variance
ETB (millions)			
Service charges	3,297	2,284	44.4%
Commission on Cash Payment Orders ("CPOs") and Foreign Transactions ("FTs")	295	123	139.8%
Commission on letters of credit	1,761	841	109.4%
Transaction fees	2,097	1,284	63.3%
Commission on guarantees issued	681	562	21.2%
Credit related commissions	9	4	125.0%
Fees and commission income	**8,140**	**5,098**	**59.7%**

Service charges increased by ETB 1,013 million or 44.4% to ETB 3,297 million in the year ended 30 June 2025, compared to ETB 2,284 million in the year ended 30 June 2024. The increase was primarily due to higher ATM transaction volumes of 14,592 thousand in the year ended 30 June 2025 compared to 9,442 thousand in the year ended 30 June 2024, together with increases of ETB 462 million in credit service charges and penalties, an increase of ETB 383 million in service charge-foreign and an increase of ETB 47 million from income collected for the telebirr financial service maintenance fee..

Commission on CPOs and FTs increased by ETB 172 million or 139.8% to ETB 295 million in the year ended 30 June 2025, compared to ETB 123 million in the year ended 30 June 2024. This overall increase was primarily due to an increase in foreign commission income of ETB 893 million to ETB 2,179 million in the year ended 30 June 2025 compared to ETB 1,286 million in the year 30 June 2024 and an increase in local commission income of ETB 22 million to ETB 31 million in the year ended 30 June 2025 compared to ETB 7 million in the year ended 30 June 2024.

Commission on letters of credit increased by ETB 920 million or 109.4% to ETB 1,761 million in the year ended 30 June 2025, compared to ETB 841 million in the year ended 30 June 2024. This overall increase was primarily due to an increase in Income from confirmation facilitation commission of ETB 707 million to ETB 850 million in the year ended 30 June 2025 compared to ETB 143 million in the year

ended 30 June 2024 and an increase in letter of credit opening charges by ETB 212 million to ETB 910 million for the year ended 30 June 2025 compared to ETB 698 million for the year ended 30 June 2024.

Transaction fees increased by ETB 813 million or 63.3% to ETB 2,097 million in the year ended 30 June 2025, compared to ETB 1,284 million in the year ended 30 June 2024. This overall increase was primarily due to an increase in foreign commission income of ETB 893 million to ETB 2,179 million in the year ended 30 June 2025 compared to ETB 1,286 million in the year ended 30 June 2024.

Commission on guarantees issued increased by ETB 119 million or 21.2% to ETB 681 million in the year ended 30 June 2025, compared to ETB 562 million in the year ended 30 June 2024. The increase was primarily due to an increase from foreign letter of guarantees services, reflecting higher demand for bank guarantees as compared to the year ended 30 June 2024.

Fees and commission expenses increased by ETB 315 million or 89.2% to ETB 666 million in the year ended 30 June 2025, compared to ETB 351 million in the year ended 30 June 2024. The increase is primarily attributable to an Increase in card charges by ETB 188 million to ETB 309 million for the year ended 30 June 2025 compared to ETB 121 million for the year ended 30 June 2024, an increase in visa charges by ETB 60 million to ETB 90 million for the year ended 30 June 2025 compared to ETB 30 million for the year ended 30 June 2024, and an increase in broadband service fees by ETB 30 million to ETB 85 million for the year ended 30 June 2025 compared to ETB 54 million for the year ended 30 June 2024.

Other operating income

Other operating income increased by ETB 757 million to ETB 1,616 million in the year ended 30 June 2025, compared to ETB 859 million in the year ended 30 June 2024. The primary component of other operating income is income from IFB financing, which increased by ETB 441 million or 73.5% to ETB 1,041 million in the year ended 30 June 2025, compared to ETB 600 million in the year ended 30 June 2024. This overall increase was primarily due to an increase in IFB financing of ETB 4,514 million to ETB 10,732 as at 30 June 2025, compared to ETB 6,218 as at 30 June 2024.

Gain/(loss) on foreign exchange shifted to a loss of ETB 2,405 million in the year ended 30 June 2025, compared to a gain of ETB 130 million in the year ended 30 June 2024. The loss is primarily attributable to the revaluation of the foreign currency borrowing due to the depreciation of the ETB under the free-floating exchange regime. This deprecation impacted the timing and value of foreign currency transactions, resulting in the overall loss.

The net impairment reversal / (charge) was a reversal of ETB 19 million for the year ended 30 June 2025, as compared to a charge of ETB 703 million for the year ended 30 June 2024. The movement is primarily attributable to the loans impairment charge, which was a reversal of ETB 153 million in the year ended 30 June 2025, compared to a charge of ETB 755 million in the year ended 30 June 2024. The reversal of impairment charges was primarily attributable to the NBE's lifting of the provision requirements and reclassification of the status of loans and advances related to the Tigray region.

Employee benefits expenses

Employee benefits expenses increased by ETB 1,673 million to ETB 8,199 million in the year ended 30 June 2025, compared to ETB 6,526 million in the year ended 30 June 2024. A more detailed analysis of the employee benefits expenses by type is set out below:

Table 71: Employee benefits expenses

	For the year ended 30 June		
	2025	2024	% Variance
ETB (millions)			
Salaries and wages	4,780	3,672	30.2%
Staff allowances	1,882	1,389	35.5%
Other staff expenses	648	765	(15.3%)
Pension costs – defined contribution plan	683	490	39.4%
Retirement benefits expense - defined benefit plan	179	186	(3.8%)
Life and Group Personal Accident ("GPA") insurance	27	24	12.5%
Total employee benefits expenses	**8,199**	**6,526**	**25.6%**

Salaries and wages increased by ETB 1,108 million or 30.2% to ETB 4,780 million in the year ended 30 June 2025, compared to ETB 3,672 million in the year ended 30 June 2024. The increase is principally due to salary and wage inflation, together with an increase in total headcount by 371 to 11,301 in the year ended 30 June 2025, compared to 10,930 in the year ended 30 June 2024.

Staff allowances increased by ETB 493 million or 35.5% to ETB 1,882 million in the year ended 30 June 2025, compared to ETB 1,389 million in the year ended 30 June 2024. The increase is due to the aforementioned salary and wage inflation and the increase in headcount.

Other staff expenses decreased by ETB 117 million or 15.3% to ETB 648 million in the year ended 30 June 2025, compared to ETB 765 million in the year ended 30 June 2024. The decrease is primarily due to a change in accounting treatment for prepaid staff benefits. In the year ended 30 June 2025, interest income earned on these prepaid benefits was netted against the expense, resulting in a lower reported expense, whereas in the year 30 June 2024, the full expense was recognised without netting the interest income.

Pension costs – defined contribution plan increased by ETB 193 million or 39.4% to ETB 683 million in the year ended 30 June 2025, compared to ETB 490 million in the year ended 30 June 2024. The increase is due to the aforementioned salary and wage inflation and the increase in headcount.

Retirement benefits expense - defined benefit plan decreased by ETB 7 million or 3.8% to ETB 179 million in the year ended 30 June 2025, compared to ETB 186 million in the year ended 30 June 2024. The decrease is attributable to a reduction in gross service costs of ETB 32 million to ETB 49 million in the year ended 30 June 2025, due to a decrease in the number of employees participating in the plan. This reduction was partially offset by a ETB 25 million increase in interest costs to ETB 130 million in the year ended 30 June 2025, resulting from fluctuations in market interest rates.

Other operating expenses

Other operating expenses increased by ETB 1,545 million to ETB 5,853 million in the year ended 30 June 2025, compared to ETB 4,308 million in the year ended 30 June 2024. A more detailed analysis of the other operating expenses by type is set out below:

Table 72: Other operating expenses

	For the year ended 30 June		
	2025	2024	% Variance
ETB (millions)			
Depreciation of property and equipment	688	540	27.4%
Depreciation of right-of-use-asset	846	705	20.0%
Amortisation of intangible assets	459	241	90.5%
Other	3,860	2,822	36.8%
Total other operating expenses	**5,853**	**4,308**	**35.9%**

Depreciation of property and equipment increased by ETB 148 million or 27.4% to ETB 688 million in the year ended 30 June 2025, compared to ETB 540 million in the year ended 30 June 2024. The increase is primarily attributable to additions to property and equipment of ETB 1,415 million in the year ended 30 June 2025.

Depreciation of right-of-use-asset increased by ETB 141 million or 20.0% to ETB 846 million in the year ended 30 June 2025, compared to ETB 705 million in the year ended 30 June 2024. The increase was primarily attributable to new lease agreements and changes in lease terms.

Amortisation of intangible assets increased by ETB 218 million or 90.5% to ETB 459 million in the year ended 30 June 2025, compared to ETB 241 million in the year ended 30 June 2024. The increase is primarily attributable to the acquisition of an Oracle license during the year ended 30 June 2025, which increased intangible assets from ETB 630 million as at 30 June 2024 to ETB 1,569 million as at 30 June 2025.

Other increased by ETB 1,038 million or 36.8% to ETB 3,860 million in the year ended 30 June 2025, compared to ETB 2,189 million in the year ended 30 June 2024. The increase is on account of general expansion of the Company, inflationary pressures and the impact of BIRR/USD depreciation on fuel prices.

Profit before income tax

Profit before income tax increased by ETB 322 million or 5.1% to ETB 6,685 million in the year ended 30 June 2025, compared to ETB 6,363 million in the year ended 30 June 2024. The increase was driven by the increase in net operating income of ETB 3,540 million, offset by the increase in employee benefits of ETB 1,673 million and an increase in other operating expenses of ETB 1,545 million in the year ended 30 June 2025.

Income tax expense

Income tax expenses decreased by ETB 691 million or 46.8% to ETB 786 million in the year ended 30 June 2025, compared to ETB 1,477 million in the year ended 30 June 2024. This decrease is primarily due to a lower taxable profit, resulting from a provision for off-balance sheet items (as per tax law), interest on foreign deposits, and differences between depreciation expense calculated under tax law and IFRS.

Profit for the year

Profit for the year increased by ETB 1,013 million or 20.7% to ETB 5,899 million for the year ended 30 June 2025 from ETB 4,886 million for the year ended 30 June 2024. The increase was driven by the increase in profit before income tax and decrease in income tax expense set out above.

Results of operations for the year ended 30 June 2024 compared to the year ended 30 June 2023

Interest income

Interest income increased by ETB 4,034 million to ETB 17,442 million in the year ended 30 June 2024, compared to ETB 13,408 million in the year ended 30 June 2023. A detailed analysis of interest income is set out below:

Table 73: Interest income by type

	For the year ended 30 June		
	2024	2023	% Variance
ETB (millions)			
Interest on loans and advances	15,393	12,088	27.3%
Interest income from NBE bills, T-bills and government bonds	1,473	1,184	24.4%
Interest income from foreign deposits	135	4	3,275.0%
Interest income from local deposits	441	132	234.1%
Total income from interest	**17,442**	**13,408**	**30.1%**

Interest on loans and advances increased by ETB 3,305 million or 27.3% to ETB 15,393 million in the year ended 30 June 2024, compared to ETB 12,088 million in the year ended 30 June 2023. This overall increase was primarily due to a ETB 13,021 million increase in outstanding loans and advances to ETB 108,067 million as at 30 June 2024 compared to ETB 95,046 million as at 30 June 2023. The increase in loans and advances was primarily driven by an increase in the Company's customer deposits from ETB 114,968 million as at 30 June 2023 to ETB 145,860 million as at 30 June 2024, due to increased deposit mobilisation which enabled the Company to increase loan disbursements. This expansion was driven by the Company's customer acquisition initiatives, supported by targeted marketing campaigns and branch expansion, resulting in customer growth from 5,270 thousand to 6,712 thousand and an increase in branches from 835 to 882 between 30 June 2023 and 30 June 2024. Additionally, the Company benefited from a favorable increase in the market interest rate.

Interest income from NBE bills, T-bills and government bonds increased by ETB 289 million or 24.4% to ETB 1,473 million in the year ended 30 June 2024, compared to ETB 1,184 million in the year ended 30 June 2023. The increase was primarily due to an increase in investment bonds and securities by ETB 6,951 million to ETB 18,158 million as at 30 June 2024 from ETB 11,207 million as at 30 June 2023, and in compliance with the regulatory requirement for the Company to purchase treasury bonds worth the equivalent of 20.0% of the Company's disbursements in each month.

Interest income from foreign deposits increased by ETB 131 million to ETB 135 million in the year ended 30 June 2024, compared to ETB 4 million in the year ended 30 June 2023. The increase was

attributable to the Company's strategy to attract foreign investments which led to an increase of ETB 1,739 million in foreign deposits to ETB 6,500 million as at 30 June 2024 from ETB 4,761 million as at 30 June 2023. Furthermore, a rise in the market interest rates and the devaluation of the ETB against the USD also contributed to the increase in interest earned, particularly on USD-denominated deposits.

Interest income from local deposits increased by ETB 309 million or 234.1% to ETB 441 million in the year ended 30 June 2024, compared to ETB 132 million in the year ended 30 June 2023. The increase was primarily due to an increase of ETB 3,193 million in fixed term deposits with local banks to ETB 3,910 million as at 30 June 2024 from ETB 717 million as at 30 June 2023.

Interest expense

Interest expense increased by ETB 1,217 million or 30.0% to ETB 5,278 million in the year ended 30 June 2024, compared to ETB 4,061 million in the year ended 30 June 2023. The increase is primarily attributable to ETB 15,122 million in customer savings and time deposits to ETB 82,952 million as at 30 June 2024 from ETB 67,830 million as at 30 June 2023. A more detailed analysis of interest expense is set out below:

Table 74: Interest expenses by type

	For the year ended 30 June		
	2024	**2023**	**% Variance**
ETB (millions)			
Interest on savings deposits	3,954	3,264	21.1%
Interest on time deposits	1,208	750	61.1%
Interest on borrowings	78	11	609.1%
Other	38	36	5.6%
Total expense from interest	**5,278**	**4,061**	**30.0%**

Interest on savings deposits increased by ETB 690 million or 21.1% to ETB 3,954 million in the year ended 30 June 2024, compared to ETB 3,264 million in the year ended 30 June 2023. The increase was primarily due to an increase in outstanding savings of ETB 10,920 million to ETB 71,740 million as at 30 June 2024 compared to ETB 60,820 million as at 30 June 2023.

Interest on time deposits increased by ETB 458 million or 61.1% to ETB 1,208 million in the year ended 30 June 2024, compared to ETB 750 million in the year ended 30 June 2023. The increase was primarily due to growth of outstanding time deposits of ETB 4,202 million to ETB 11,212 million as at 30 June 2024 compared to ETB 7,010 million as at 30 June 2023. This was driven by customer acquisition initiatives, facilitated by targeted marketing campaigns, branch expansion, and the adoption of digital platforms. This resulted in a rise in the number of customers from 5,270 thousand to 6,712 thousand between 30 June 2023 and 30 June 2024. Additionally, an increase in the weighted average cost of fund on time deposits to 14.3% in the year ended 30 June 2024, compared to 13.3% in the year ended 30 June 2023.

Interest on borrowings Increased by ETB 67 million to ETB 78 million in the year ended 30 June 2024, compared to ETB 11 million in the year ended 30 June 2023. The increase was primarily due to an increase of ETB 1,208 million in local borrowings to ETB 1,304 million as at 30 June 2024, compared to ETB 96 million as at 30 June 2023.

Net Fees and commission income

Fees and commission income increased by ETB 1,225 million or 31.6% to ETB 5,098 million in the year ended 30 June 2024, compared to ETB 3,873 million in the year ended 30 June 2023. The increase is primarily attributable to higher transaction volumes on service charges and commissions in the year ended 30 June 2024 compared to the year ended 30 June 2023, as well as an increase in service charges, foreign transactions, letter of credits opening charges and new service offerings such as telebirr financial service maintenance fee. A more detailed analysis of net fees and commission income is set out below:

Table 75: Fees and commission income

	For the year ended 30 June		
	2024	2023	% Variance
ETB (millions)			
Service charges	2,284	1,667	37.0%
Commission on CPO and FTs	123	59	108.5%
Commission on letters of credit	841	757	11.1%
Transaction fees	1,284	1,045	22.9%
Commission on guarantees issued	562	343	63.8%
Credit related commissions	4	2	100.0%
Fees and commission income	**5,098**	**3,873**	**31.6%**

Service charges increased by ETB 617 million or 37.0% to ETB 2,284 million in the year ended 30 June 2024, compared to ETB 1,667 million in the year ended 30 June 2023. The increase was primarily due to higher ATM transaction volumes of 9,442 million in the year ended 30 June 2024 compared to 5,136 million in the year ended 30 June 2023, increases of ETB 254 million in credit service charges and penalties, an increase of ETB 128 million in service charge-foreign and an increase of ETB 160 million from income collected for the telebirr financial service maintenance fee.

Commission on CPO and FTs increased by ETB 64 million or 108.5% to ETB 123 million in the year ended 30 June 2024, compared to ETB 59 million in the year ended 30 June 2023. The increase was primarily due to an 116.0% increase in commission earned from foreign transactions and 7.0% increase in commission from local transactions.

Commission on letters of credit increased by ETB 86 million or 11.1% to ETB 841 million in the year ended 30 June 2024, compared to ETB 757 million in the year ended 30 June 2023. The increase was attributable to an increase of ETB 3,671 million in letter of credits issued to ETB 24,087 million in the year ended 30 June 2024 compared to ETB 20,416 million in the year ended 30 June 2023 and an increase in tariff rates and the foreign exchange rate between 30 June 2023 and 30 June 2024.

Transaction fees increased by ETB 239 million or 22.9% to ETB 1,284 million in the year ended 30 June 2024, compared to ETB 1,045 million in the year ended 30 June 2023. The increase was primarily due to higher transaction volumes on withdrawals and transfer payments, growth in digital and mobile banking, and an ETB 180 million increase in foreign commission income resulting from increased ATM and foreign transaction usage.

Commission on guarantees issued increased by ETB 219 million or 63.8% to ETB 562 million in the year ended 30 June 2024, compared to ETB 343 million in the year ended 30 June 2023. The increase was primarily due to a ETB 210 million increase in income from foreign letter of guarantee services, reflecting higher demand for bank guarantees than in the previous year.

Fees and commission expense

Fees and commission expense increased by ETB 144 million or 70.0% to ETB 351 million in the year ended 30 June 2024, compared to ETB 207 million in the year ended 30 June 2023. The increase is primarily attributable to:

- Increase in card charges by ETB 50 million driven by the increase in number of card holders by 375 million to 2,263 million in the year ended 30 June 2024 compared to 1,888 million in the year 30 June 2023;
- Increase in membership fees by ETB 22 million to ETB 26 million in the year ended 30 June 2024 compared to ETB 4 million in the year ended 30 June 2023, driven by an increase in number of new members in the year ended 30 June 2024; and
- Increase in broadband service fees by ETB 15 million to ETB 55 million in the year ended 30 June 2024, compared to ETB 40 million in the year ended 30 June 2023.

Other operating income

Other operating income increased by ETB 216 million to ETB 859 million in the year ended 30 June 2024, compared to ETB 643 million in the year ended 30 June 2023. The main component of other operating income is income from IFB financing, which increased by ETB 160 million or 36.2% to ETB 600 million in the year ended 30 June 2024, compared to ETB 441 million in the year ended 30 June 2023. The increase was primarily attributable to customer expansion in the IFB segment of 332 thousand or 45.5% increase in the number of customers to 1,061 thousand as at 30 June 2024 compared to 729 thousand as at 30 June 2023 contributing to the overall IFB financing income.

Gain/(loss) on foreign exchange

Gain/(loss) on foreign exchange was a gain of ETB 130 million in the year ended 30 June 2024, compared to a loss of ETB 343 million in the year ended 30 June 2023. The increase is primarily due to higher foreign currency trading volumes and favorable currency movements.

The net impairment reversal / (charge) was a charge of ETB 703 million for the year ended 30 June 2024, as compared to a charge of ETB 603 million for the year ended 30 June 2023. The movement is primarily attributable to the loans impairment charge which increased by ETB 257 million to ETB 755 million in the year ended 30 June 2024, compared to ETB 498 million in the year ended 30 June 2023.

Employee benefits expenses

Employee benefits expenses increased by ETB 1,789 million to ETB 6,526 million in the year ended 30 June 2024, compared to ETB 4,737 million in the year ended 30 June 2023. A more detailed analysis of employee benefits expenses is set out below:

Table 76: Employee benefits expenses

	For the year ended 30 June		
	2024	2023	% Variance
ETB (millions)			
Salaries and wages	3,672	2,870	27.9%
Staff allowances	1,389	961	44.8%
Other staff expenses	765	379	101.8%
Pension costs – defined contribution plan	490	384	27.6%
Retirement benefits expense - defined benefit plan	186	125	48.8%
Life and GPA insurance	24	18	33.3%
Total employee benefits expenses	**6,526**	**4,737**	**37.8%**

Salaries and wages increased by ETB 802 million or 27.9% to ETB 3,672 million in the year ended 30 June 2024, compared to ETB 2,870 million in the year ended 30 June 2024. The increase was attributable to two factors primary factors:

- Increase in salary and wage inflation; and
- Increase in total head count on account of operational expansion, by 661 to 10,930 as at 30 June 2024, compared to 10,269 as at 30 June 2023.

Staff allowances increased by ETB 428 million or 44.5% to ETB 1,389 million in the year ended 30 June 2024, compared to ETB 961 million in the year ended 30 June 2023. The increase was primarily attributable to three factors: transport allowances increased by ETB 343 million; promotions and role changes resulted in higher allowances for employees in more senior positions; and the aforementioned inflation and head count increases.

Other staff expenses increased by ETB 386 million or 101.8% to ETB 765 million in the year ended 30 June 2024, compared to ETB 379 million in the year ended 30 June 2023. The increase was primarily attributable to an increase in medical, training and education expenses and the aforementioned inflation and head count increases.

Pension costs – defined contribution plan iincreased by ETB 106 million or 27.6% to ETB 490 million in the year ended 30 June 2024, compared to ETB 384 million in the year ended 30 June 2023. The increase was a result of the aforementioned salary and wages inflation, and the increase in total headcount..

Retirement benefits expense - defined benefit plan increased by ETB 61 million or 48.8% to ETB 186 million in the year ended 30 June 2024, compared to ETB 125 million in the year ended 30 June 2023. The increase was a result of the aforementioned salary and wages inflation, the increase in total headcount, and changes in actuarial assumptions. Specifically, the discount rate decreased from 20.5% to 19.0% per annum. This effect was partially offset by decreases resulting from changes in inflation and salary increase assumptions, ultimately leading to an increased present value of future pension obligations.

Other operating expenses

Other operating expenses increased by ETB 1,352 million to ETB 4,308 million in the year ended 30 June 2024, compared to ETB 2,956 million in the year ended 30 June 2023. A more detailed analysis of the other operating expenses by type is set out below:

Table 77: Other operating expenses

	For the year ended 30 June		
	2024	2023	% Variance
ETB (millions)			
Depreciation property and equipment	540	332	62.7%
Depreciation of right-of-use-asset	705	533	32.3%
Amortisation of intangible assets	241	170	41.8%
Other	2,822	1,921	46.9%
Total other operating expenses	**4,308**	**2,956**	**45.7%**

Depreciation of property and equipment increased by ETB 208 million or 62.7% to ETB 540 million in the year ended 30 June 2024, compared to ETB 332 million in the year ended 30 June 2023. The increase was primarily attributable to the expansion of 47 branches and an increase of ETB 47 million in property, plant, and equipment.

Depreciation of right-of-use-asset increased by ETB 172 million or 32.3% to ETB 705 million in the year ended 30 June 2024, compared to ETB 533 million in the year ended 30 June 2023. The increase was primarily attributable new lease agreements and changes in lease terms.

Amortisation of intangible assets increased by ETB 71 million or 41.8% to ETB 241 million in the year ended 30 June 2024, compared to ETB 170 million in the year ended 30 June 2023. The increase was primarily attributable to the acquisition of software and licenses to support core banking activities of ETB 219 million.

Other increased by ETB 901 million or 46.9% to ETB 2,822 million in the year ended 30 June 2024, compared to ETB 1,921 million in the year ended 30 June 2023. The increase is on account of general expansion of the Company, inflationary pressures and the impact of BIRR/USD depreciation on fuel prices.

Profit before income tax

Profit before income tax increased by ETB 1,346 million to ETB 6,363 million in the year ended 30 June 2024, compared to ETB 5,017 million in the year ended 30 June 2023. The increase was primarily driven by the increase in net interest income of ETB 2,817 million, the increase in net fees and commission income of ETB 1,081 million, and the increase in other operating income of ETB 216 million, offset by an increase in employee benefits of ETB 1,789 million and an increase in other operating expenses of ETB 1,352 million.

Income tax expense

Income tax expenses increased by ETB 21 million to ETB 1,477 million in the year ended 30 June 2024, compared to ETB 1,456 million in the year ended 30 June 2023. This increase is primarily due to:

- Increased tax allowances due to the provision for losses on loans and advances, IFB financing, and receivables, increased by over ETB 599 million. This increase, while impacting the pre-tax income, ultimately reduced the net tax liability; and
- Interest income on local deposits, subject to withholding tax, increased by ETB 309 million.

Profit for the year

Profit for the year ended 30 June 2024 increased by ETB 1,325 million or 37.2% from ETB 3,561 million in the year ended 30 June 2023 to ETB 4,886 million in the year ended 30 June 2024. The increase was driven by an increase in profit before income tax, less the increase in income tax expense set out above.

7.4. Analysis of historical financial position as at 30 June 2025, 2024, and 2023

The table below sets out the Company's historical statements of financial position as at 30 June 2025, 2024, and 2023, and has been extracted without material adjustment from the HFI of this Prospectus.

Table 78: Statement of financial position

	As at 30 June		
	2025	2024	2023
ETB (millions)			
Assets			
Cash and balances with banks	58,675	19,792	11,957
Reserve with NBE	15,839	10,459	8,300
Loans and advances to customers	123,297	108,067	95,046
IFB financing	10,732	6,218	5,152
Investment security	18,699	19,091	10,912
Other assets	15,371	9,741	5,091
Investment properties	557	713	730
Intangible assets	1,569	630	651
Property and equipment	9,748	9,010	6,837
Deferred tax assets	-	-	88
Total assets	**254,487**	**183,721**	**144,764**
Liabilities and equity			
Liabilities			
Customer deposits	202,238	145,860	114,968
Current income tax	623	1,496	1,440

	As at 30 June		
	2025	2024	2023
ETB (millions)			
Other liabilities	21,546	11,454	8,552
Deferred tax liability	314	332	-
Defined benefits obligation	1,030	652	485
Total liabilities	**225,751**	**159,794**	**125,445**
Equity			
Share capital	14,337	12,000	9,345
Retained earnings	2,656	3,367	3,000
Reserve for IFRS	575	681	894
Legal reserve	7,114	5,639	4,417
Regulatory credit risk reserve	3,640	1,721	1,503
Share premium	237	237	128
Other reserves	177	282	32
Total equity	**28,736**	**23,927**	**19,319**
Total liabilities and equity	**254,487**	**183,721**	**144,764**

Assessment of the financial position as at 30 June 2025 compared to 30 June 2024

Cash and balances with banks

Cash and cash equivalents increased by ETB 38,883 million from ETB 19,792 million as at 30 June 2024 to ETB 58,675 million as at 30 June 2025. A more detailed analysis of cash and balances with banks is set out below:

Table 79: Cash and balances with banks

	As at 30 June		
	2025	2024	% Variance
ETB (millions)			
Cash in hand	4,797	4,772	0.5%
Balance held with NBE	704	2,171	(67.6%)
Deposits with foreign banks	46,726	6,500	618.9%
T-bills maturing in three months	5,448	6,349	(14.2%)
Investment on open market operations	1,002	-	100%
	58,677	**19,792**	**196.5%**
Impairment allowance-bank balances	(2)	-	100%
Total cash and balances with banks	**58,675**	**19,792**	**196.5%**

Cash in hand increased by ETB 25 million or 0.5% from ETB 4,772 million as at 30 June 2024 to ETB 4,797 million as at 30 June 2025. The increase is primarily attributable to improved physical cash collection efficiency, which was supported by an increase in the Company's operations and a growth in the branch network from 882 to 906 during the year ended 30 June 2025.

Balance held with NBE decreased by ETB 1,467 million or 67.6% from ETB 2,171 million as at 30 June 2024 to ETB 704 million as at 30 June 2025. The decrease is primarily attributable to an outflow of funds, resulting from interbank transfers and internal reallocation of funds within the Company's bank accounts for operational purposes.

Deposits with foreign banks increased by ETB 40,226 million, or 618.9%, from ETB 6,500 million as at 30 June 2024, to ETB 47,726 million as at 30 June 2025. The increase was primarily attributed to the devaluation of the ETB against the USD. In addition to this currency devaluation, improved deposit mobilisation efforts, including targeted marketing campaigns and on-site collections, contributed to the overall growth as at 30 June 2025.

T-bills maturing in three months decreased by ETB 901 million or 14.2% from ETB 6,349 million as at 30 June 2024 to ETB 5,448 million as at 30 June 2025. This decrease was attributed to a shift in the investment strategy to focus on other higher-yielding investments, aligning with its objective to optimise earnings while managing liquidity.

Investment on open market operations – The Company invested ETB 1,002 million on open market operations as at 30 June 2025. The investment is attributable to the need to manage liquidity and mitigate potential risks associated with fluctuations in market interest rates.

Reserve with NBE increased by ETB 5,380 million or 51.4% from ETB 10,459 million as at 30 June 2024 to ETB 15,839 million as at 30 June 2025. The increase is attributable to the statutory reserve compliance requirements, mandating the Company holds a minimum of 7.0% of deposits with NBE. Customer deposit increased by ETB 56,378 million from ETB 145,860 million as at 30 June 2024 to ETB 202,238 million as at 30 June 2025, requiring a reserve of ETB 14,157 million, resulting in the balances with the central bank meeting the minimum hold of 7.0% as at 30 June 2025.

Loans and advances to customers

A more detailed analysis of conventional loans and advances to customers is set out below:

Table 80: Loans and advances by sector

Loans and advances by sector	As at 30 June		
	2025	2024	% Variance
ETB (millions)			
Domestic trade and services	38,602	33,595	14.9%
Manufacturing	22,075	21,416	3.1%
Export	21,852	18,748	16.6%
Real estate	10,013	9,708	3.1%
Personal	10,561	9,615	9.8%
Other	21,845	16,789	30.1%

Loans and advances by sector	As at 30 June		
	2025	2024	% Variance
ETB (millions)			
Gross loan amount	**124,948**	**109,871**	**13.7%**
Impairment loss allowance	(1,651)	(1,804)	(8.5%)
Net loan	**123,297**	**108,067**	**14.1%**

Loans and advances to customers increased by ETB 15,230 million, or 14.1%, from ETB 108,067 million as at 30 June 2024, to ETB 123,297 million as at 30 June 2025. This increase is attributable to an increase in the number of loan recipients, which grew from 32,428 in the year ended 30 June 2024 to 40,758 in the year ended 30 June 2025. Furthermore, total loan disbursements increased by ETB 19,590 million to ETB 135,717 million as of 30 June 2025, compared to ETB 116,127 million as of 30 June 2024. The conventional customer deposits increased by ETB 51,746 million to ETB 186,478 million as at 30 June 2025, compared to ETB 134,732 million, providing additional lending capacity, meeting increased credit demand, and supporting strategic lending initiatives across various sectors.

Impairment loss allowance decreased by ETB 153 million from ETB 1,804 million as at 30 June 2024 to ETB 1,651 million as at 30 June 2025. The decrease was mainly attributable to the NBE's lifting of the provision requirements and the reclassification of the status of loans and advances related to the Tigray region.

IFB financing

The table below represents a summary of the IFB financing for the year ended 30 June 2025:

Table 81: IFB financing by sector

	As at 30 June		
	2025	2024	% Variance
ETB (millions)			
Domestic trade and services	6,711	3,831	75.2%
Manufacturing	1,168	650	79.7%
Real estate	1,057	1,190	(11.2%)
Import	1,797	676	165.8%
Export	1,367	830	64.7%
Other	1,795	788	127.8%
Deferred profit - Murabaha	(3,126)	(1,709)	82.9%
Gross amount	**10,769**	**6,256**	**72.1%**
Impairment loss allowance	(37)	(38)	(2.6%)
Net IFB financing	**10,732**	**6,218**	**72.6%**

IFB financing increased by ETB 4,514 million from ETB 6,218 million as at 30 June 2024 to ETB 10,732 million as at 30 June 2025. The increase is primarily driven by the growth in deposit mobilisation,

regulatory compliance, customer base expansion, and a strategic focus on Shariah-compliant products.

Investment security

Investment security decreased by ETB 392 million or 2.1% from ETB 19,091 million as at 30 June 2024 to ETB 18,699 million as at 30 June 2025. A more detailed analysis of investment securities split between financial assets at Fair Value through Other Comprehensive Income ("FVOCI") and debt securities at amortised cost is set out below::

Financial assets at FVOCI increased by ETB 107 million from ETB 933 million as at 30 June 2024 to ETB 1,040 million as at 30 June 2025. The increase is primarily due to an ETB 20 million Investment in Nyala Insurance company, and a net ETB 87 million positive fair value adjustment, primarily related to the remeasurement of existing equity investments.

Debt securities at amortised cost decreased by ETB 499 million or 62.0% from ETB 18,159 million as at 30 June 2024 to ETB 17,660 million as at 30 June 2024. A more detailed analysis of debt securities at amortised cost is set out below:

Table 82: Debt securities at amortised cost

	As at 30 June		
	2025	2024	% Variance
ETB (millions)			
T-bills	2,156	9,019	(76.1%)
Ethiopian Government bonds	15,504	9,140	69.6%
Net debt securities at amortised cost	**17,660**	**18,159**	**62.0%**

T-bills decreased by ETB 6,863 million or 76.1% from ETB 9,019 million as at 30 June 2024 to ETB 2,156 million as at 30 June 2025. The decrease was mainly due the reallocation of funds to short-term government securities as a result of central bank-imposed credit cap policy during the year.

Ethiopian government bonds increased by ETB 6,364 million from ETB 9,140 million as at 30 June 2024 to ETB 15,504 million as at 30 June 2025. The increase was primarily driven a net investment of ETB 6,364 million in government bonds in the year ended 30 June 2025.

Other assets

Other assets increased by ETB 5,630 million from ETB 9,741 million as at 30 June 2024 to ETB 15,371 million as at 30 June 2025. This increase is primarily attributable to the increase in clearing account balances by ETB 4,616 million or 161.5% to ETB 7,473 million as at 30 June 2025 from ETB 2,857 million as at 30 June 2024, reflecting higher transaction volumes and settlement timing differences. A more detailed analysis of other assets is set below:

Table 83: Other financial and non-financial assets

Other financial assets at amortised cost	As at 30 June		
	2025	2024	% Variance
ETB (millions)			
Clearing account balances	7,473	2,857	161.6%
Fixed-term deposits with local banks	2,836	3,910	(27.5%)
Other	1,767	1,251	41.2%
Gross amount	**12,076**	**8,018**	**50.6%**
Impairment allowance for receivables	(115)	(49)	134.7%
Net other financial assets	**11,961**	**7,969**	**50.1%**
Other non-financial assets			
Prepayments	2,387	830	187.6%
Prepaid staff benefits	708	643	10.1%
Inventory	302	222	36.0%
Other	13	77	(83.1%)
Total other non-financial assets	**3,410**	**1,772**	**92.4%**
Total other assets	**15,371**	**9,741**	**57.8%**

Clearing account balances increased by ETB 4,616 million or 161.6% from ETB 2,857 million as at 30 June 2024 to ETB 7,473 million as at 30 June 2025. The increase is primarily driven by an increase of ETB 4,700 million in ODBP and Outward Bills Purchased ("OBP") balance from ETB 2,285 million as at 30 June 2024 to ETB 6,985 million as at 30 June 2025.

Fixed-term deposits with local banks decreased by ETB 1,074 million from ETB 3,910 million as at 30 June 2024 to ETB 2,836 million as at 30 June 2025. This decrease is attributed to the reallocation of funds towards increased lending. This is evidenced by a rise in loans and advances to customers from ETB 108,067 million as at 30 June 2024 to ETB 123,297 million as at 30 June 2025, driven by an increase in the number of loan recipients from 32,428 to 40,758 during the year ended 30 June 2025. This expansion of the loan portfolio consequently reduced funds available for new fixed-term deposits.

Prepayments increased by ETB 1,557 million or 187.6% from ETB 830 million as at 30 June 2024 to ETB 2,387 million as at 30 June 2025. The increase is driven by the Company's strategic investments in technology upgrades and new branch infrastructure to support digital transformation and expansion into new markets. Additionally, management proactively mitigated supply chain risks through bulk procurement of prepaid IT services, including software licenses, during the year ended 30 June 2025.

Prepaid staff benefits increased by ETB 65 million or 10.1% from ETB 643 million as at 30 June 2024 to ETB 708 million as at 30 June 2025. The increase is due to the salary and wage inflation and the overall increase in headcount.

Inventory increased by ETB 80 million or 36.0% from ETB 222 million as at 30 June 2024 to ETB 302 million as at 30 June 2025. The increase was primarily driven by strategic stockpiling initiatives

implemented to mitigate risks associated with supply chain disruptions, inflationary pressures, and foreign currency fluctuations. Furthermore, the expansion of the branch network from 882 as at 30 June 2024 to 906 as at 30 June 2025 contributed to higher inventory levels, specifically through increased demand for office supplies and branded materials.

Investment properties decreased by ETB 156 million from ETB 713 million as at 30 June 2024 to ETB 557 million as at 30 June 2025. The decrease was primarily driven by a depreciation charge of ETB 17 million and investment property disposal of ETB 138 million, during the year ended 30 June 2025.

Intangible assets increased by ETB 939 million from ETB 630 million as at 30 June 2024 to ETB 1,569 million as at 30 June 2025. The increase was primarily driven by the acquisition of the software for the core banking system and oracle licenses of ETB 1,398 million, offset by an amortisation charge of ETB 459 million. The table below represents a summary of the intangible assets for the year ended 30 June 2025.

Table 84: Intangible assets

	License	Software	Total
ETB (millions)			
Opening net book value as at 1 July 2024	**100**	**530**	**630**
Additions	1,205	192	1,398
Amortisation charge	(316)	(142)	(459)
Closing net book value as at 30 June 2025	**989**	**580**	**1,569**

Property and equipment

Property and equipment increased by ETB 738 million or 8.2% from ETB 9,010 million as at 30 June 2024 to ETB 9,748 million as at 30 June 2025. The balance comprises of right of use assets and property and equipment.

- Right of use assets increased by ETB 30 million from ETB 2,717 million as at 30 June 2024 to ETB 2,747 million as at 30 June 2025. The increase is attributable to additions of ETB 585 million and adjustments on right of use assets of ETB 290 million, offset by the depreciation charge of ETB 846 million in the year ended 30 June 2025.

- Property and equipment increased by ETB 709 million from ETB 6,292 million as at 30 June 2024 to ETB 7,001 million as at 30 June 2025. The increase was primarily driven by the acquisition of property and equipment of ETB 1,415 million. This increase was partially offset by depreciation charges of ETB 688 million and other adjustments, including impairment charges and disposals, totalling ETB 18 million. The below table represents a summary of the property and equipment for the year ended 30 June 2025.

Table 85: Property and equipment

	Buildings	Vehicles	Office and other equipment	Furni-ture and fittings	Computer equipment	Construction in progress	Total
Opening net book amount 1 July 2024	**2,076**	**428**	**469**	**1,916**	**1,263**	**140**	**6,292**
Additions	19	82	318	555	270	171	1,415
Depreciation charge	(47)	(62)	(128)	(186)	(265)	-	(688)
Other movements	-	(15)	(1)	(2)	-	-	(18)
Closing net book amount as at 30 June 2025	**2,048**	**433**	**658**	**2,283**	**1,268**	**311**	**7,001**

Customer deposits

Customer deposits increased by ETB 56,378 million from ETB 145,860 million as at 30 June 2024 to ETB 202,238 million as at 30 June 2025. The increase is attributable to growth in customers across all Business Segments by 1,165 thousand to 7,877 thousand as at 30 June 2025, compared to 6,712 thousand as at 30 June 2024. The increase was supported by the opening of 26 new branches in different districts across the country, including Adama, Dessie, and Mekelle, despite a closure of two branches due to corridor development, for a net expansion of 24 branches, totaling 906 in the year 30 June 2025, compared to 882 in the year 30 June 2024. Furthermore, through its digital banking products, for the year ended 30 June 2025, the Company has processed 31.7 million transactions, with a value of ETB 180,889 million.

A more detailed analysis of customer deposits Is set below:

Table 86: Total deposits from customers

	As at 30 June		
	2025	2024	% Variance
ETB (millions)			
Deposits from conventional customer			
Demand deposits	77,361	51,780	49.4%
Savings deposits	92,152	71,740	28.5%
Time deposits	16,965	11,212	51.3%
	186,478	**134,732**	**38.4%**
Deposits from interest free banking customers			

	As at 30 June		
	2025	2024	% Variance
ETB (millions)			
Qard deposits	4,465	2,936	52.1%
Wadia savings deposits	10,781	8,149	32.3%
Mudarabah savings	431	10	4,210.0%
Unrestricted Mudarabah (fixed time) deposits	83	33	151.5%
	15,760	**11,128**	**41.6%**
Total deposits from customers	**202,238**	**145,860**	**38.7%**

Demand deposits increased by ETB 25,581 million or 49.4% from ETB 51,780 million as at 30 June 2024 to ETB 77,361 million as at 30 June 2025. The increase in demand deposits is largely attributed to the overall increase in the number of total customers from 6,712 thousand to 7,877 thousand between 30 June 2024 and 30 June 2025.

Savings deposits increased by ETB 20,412 million or 28.5% from ETB 71,740 million as at 30 June 2024 to ETB 92,152 million as at 30 June 2025. The increase is attributable to increased customer confidence and the attractiveness of the new savings account. The growth is further supported by an increase in the customer base across all Business Segments, from 6,712 thousand as at 30 June 2024 to 7,877 thousand as at 30 June 2025.

Time deposits increased by ETB 5,753 million or 51.3% from ETB 11,212 million as at 30 June 2024 to ETB 16,965 million as at 30 June 2025. The increase in time deposits is largely attributed to the increase in the average cost of fund on fixed time deposits from 14.3% in the year ended 30 June 2024 to 17.2% in the year ended 30 June 2025.

Deposits - IFB customers increased by ETB 4,632 million or 41.6% from ETB 11,128 million as at 30 June 2024 to ETB 15,760 million as at 30 June 2024. The increase was primarily driven by growing demand for Shariah-compliant financial services, leading to a ETB 1,529 million or 52.1% increase in Gard deposits; a ETB 2,632 million or 32.3% increase in Wadia savings deposits; a ETB 421 million or 4,210.0% increase in Mudarabah savings; and a ETB 50 million or 151.5% increase in unrestricted Mudarabah (fixed-time) deposits. Furthermore, the IFB customer base grew by 248 thousand or 23.4% to 1,309 thousand as at 30 June 2025 compared to 1,061 thousand as at 30 June 2024.

Current income tax decreased by ETB 873 million from ETB 1,496 million as at 30 June 2024 to ETB 623 million as at 30 June 2025. This decrease is primarily due to a lower tax allowance due to the provision for losses on loans and advances, IFB financing, and receivables.

Other liabilities

Other liabilities increased by ETB 10,092 million or 88.1% from ETB 11,454 million as at 30 June 2024 to ETB 21,546 million as at 30 June 2025. A more detailed analysis of other liabilities Is set below:

Table 87: Other financial and non-financial liabilities

	As at 30 June		
	2025	2024	% Variance
ETB (millions)			
Financial liabilities			
Borrowing-local and foreign	2,275	1,304	74.5%
Banking instruments payables	8,971	1,667	438.2%
Margins held on letters of credit	4,231	3,061	38.2%
Lease liabilities	345	358	(3.6%)
Other	3,874	4,097	(5.4%)
	19,696	**10,487**	**87.8%**
Non-financial liabilities			
Deferred income	205	169	21.3%
Sundry payables	1,220	606	101.3%
Other	425	192	122.5%
	1,850	**967**	**91.3%**
Total other liabilities	**21,546**	**11,454**	**88.1%**

Borrowing local and foreign increased by ETB 971 million from ETB 1,304 million as at 30 June 2024 to ETB 2,275 million as at 30 June 2025. The increase is primarily driven by an ETB 883 million increase in foreign borrowings (USD), used to promote export sectors, and an ETB 88 million increase in local borrowings to manage liquidity.

Banking instruments payables increased by ETB 7,304 million or 438.2% from ETB 1,667 million as at 30 June 2024 to ETB 8,971 million as at 30 June 2025. The increase is attributable to both increased trade finance activity resulting in deferred settlements of letters of credit, international bank charges, and telegraphic transfers, and delays observed in the clearing of domestic payment instruments.

Margins held on letters of credit increased by ETB 1,170 million or 38.2% from ETB 3,061 million as at 30 June 2024 to ETB 4,231 million as at 30 June 2025. The increase was primarily driven by an increase in letter of credit opening charges by ETB 212 million to ETB 910 million for the year ended 30 June 2025, compared to ETB 698 million for the year ended 30 June 2024.

Lease liabilities decreased by ETB 13 million or 3.6% from ETB 358 million as at 30 June 2024 to ETB 345 million as at 30 June 2025. This decrease was primarily attributable to lease payments made during the year.

Deferred income increased by ETB 36 million or 21.3% from ETB 169 million as at 30 June 2024 to ETB 205 million as at 30 June 2025. The increase is attributable to the upfront collection of rent and fees. This comprises advance rental payments, upfront payments for foreign outgoing guarantees, all of which are recognised as revenue on a time-proportionate basis as services are rendered.

Sundry payables increased by ETB 614 million or 101.3% from ETB 606 million as at 30 June 2024 to ETB 1,220 million as at 30 June 2025. The increase is attributed to an increase in operational expenses and volume, alongside costs associated with branch network expansion in the year ended 30 June 2025.

Deferred tax liability

Deferred tax liabilities decreased by ETB 19 million or 5.5% from ETB 332 million as at 30 June 2024 to ETB 313 million as at 30 June 2025. The decrease is attributable to timing differences between tax reporting requirements and the Company's accounting policies under IFRS.

Defined benefits obligation

Defined benefits obligation increased by ETB 378 million from ETB 652 million as at 30 June 2024 to ETB 1,030 million as at 30 June 2025. The increase was primarily driven by, an increase in interest accrued by ETB 24 million to ETB 130 million, compared to ETB 106 million in the year ended 30 June 2024; and retirement losses of ETB 233 million in the year ended 30 June 2025, compared to ETB 5 million in the year ended 30 June 2024, driven by changes to actuarial assumptions such as the discount rate, which changed to 14.7% in the year ended 30 June 2025, compared to 19.0% in the year ended 30 June 2024. The table below represents a summary of defined benefits obligation for the year ended 30 June 2025.

Table 88: Defined benefits obligation

	As at 30 June		
	2025	2024	% Variance
ETB (millions)			
Opening balance as at 1 July 2024	652	486	34.2%
Current service cost	49	80	(38.8%)
Interest cost	130	105	23.8%
Remeasurement losses	233	5	4,560.0%
Benefits paid	(34)	(24)	41.7%
Closing balance as at 30 June 2025	**1,030**	**652**	**58.0%**

Share capital

Share capital increased by ETB 2,337 million from ETB 12,000 million as at 30 June 2024 to ETB 14,337 million as at 30 June 2025. Following the Board of Directors' recommendation at the 26th AGM held in November 2024, and in line with the dividend policy, a portion of the annual net profit was capitalised through mandatory dividend plow-back. This resulted in the issuance of an additional 2,336,972 Ordinary Shares at ETB 1,000 per share.

Retained earnings

Retained earnings decreased by ETB 711 million from ETB 3,367 million as at 30 June 2024 to ETB 2,656 million as at 30 June 2025. This decrease is attributable to the net effect of a profit for the year of ETB 5,899 million, offset by transfers to reserves totalling ETB 3,393 million, transfer to share

capital of ETB 2,337 million and dividends paid of ETB 1,028 million. The table below represents a summary of retained earnings for the year ended 30 June 2025.

Table 89: Retained earnings

	As at 30 June		
	2025	2024	% Variance
ETB (millions)			
Opening balance as at 1 July 2024	3,367	3,000	12.2%
Profit for the year	5,899	4,886	20.7%
Directors' remuneration	(1)	(3)	(66.7%)
Transfer to legal reserve	(1,475)	(1,222)	20.7%
Dividends paid	(1,028)	(2,997)	(65.7%)
Transfer from / (to) regulatory risk reserve	(1,919)	(218)	780.3%
Transfer from reserve for IFRS	151	20	655.0%
Transfer to reserve for IFRS	-	(99)	(100)%
Transfer to share capital	(2,337)	-	-
Closing balance as at 30 June 2025	**2,656**	**3,367**	**(21.1%)**

Reserve for IFRS

Reserve for IFRS decreased by ETB 106 million from ETB 681 million as at 30 June 2024 to ETB 575 million as at 30 June 2025. The decrease is primarily due to the transfer of ETB 151 million to retained earnings in respect of the remeasurement adjustments in accordance with the Accounting and Auditing Board of Ethiopia Directive No.985/2024 ("AABE Directive") and the transfer to deferred liability of ETB 247 million.

Legal reserve

Legal reserve increased by ETB 1,475 million from ETB 5,639 million as at 30 June 2024 to ETB 7,114 million as at 30 June 2025, primarily due to the regulatory requirement to transfer 25.0% of profit after tax to the legal reserve.

Regulatory credit risk reserve

Regulatory credit risk reserve increased by ETB 1,919 million from ETB 1,721 million as at 30 June 2024 to ETB 3,640 million as at 30 June 2025. The regulatory risk reserve is a non-distributable reserve required by the regulations of the NBE to be kept for impairment losses on loans and receivables in excess of the IFRS charge as derived using an expected credit loss model. The increase is a result of the transfer from retained earnings.

Other reserves

Other reserves decreased by ETB 105 million from ETB 282 million as at 30 June 2024 to ETB 177 million as at 30 June 2025. The decrease is due to remeasurement losses from the defined benefit obligation of ETB 163 million, arising from changes in actuarial assumptions, partially offset by

a negative fair value of financial assets at FVTOCI of ETB 58 million. The table below represents a summary of other reserves for the year ended 30 June 2025.

Table 90: Other reserves

	As at 30 June		
	2025	2024	% Variance
ETB (millions)			
Other reserves are made up as follows:			
Fair value reserve	467	409	14.2%
Defined benefits obligations reserve	(290)	(127)	128.3%
	177	**282**	**(37.2%)**

Assessment of the financial position as at 30 June 2024 compared to 30 June 2023

Cash and balances with banks

Cash and balances with banks increased by ETB 7,835 million from ETB 11,957 million as at 30 June 2023 to ETB 19,792 million as at 30 June 2024. A more detailed analysis of cash and balances with banks is set out below:

Table 91: Cash and balances with banks

	As at 30 June		
	2024	2023	% Variance
ETB (millions)			
Cash in hand	4,772	3,918	21.8%
Balance held with NBE	2,171	1,697	27.9%
Deposits with foreign banks	6,500	4,761	36.5%
T-bills maturing in three months	6,349	1,581	301.6%
Total cash and balances with banks	**19,792**	**11,957**	**65.5%**

Cash in hand increased by ETB 854 million or 21.8% from ETB 3,918 million as at 30 June 2023 to ETB 4,772 million as at 30 June 2024. The increase is primarily attributable to the maturity of ETB 965 million in government T-bills. In addition, improved collection efficiency of physical cash collections, largely driven by an increase in the Company's operations during the year ended 30 June 2024. The enhanced collections from customers and a substantial increase in operations, resulted in a growth in the branch network from 835 to 882 during the year ended 30 June 2024.

Balance held with NBE increased by ETB 474 million or 27.9% from ETB 1,697 million as at 30 June 2023 to ETB 2,171 million as at 30 June 2024. The increase is primarily attributable to an inflow of funds, resulting from interbank transfers and internal reallocation of funds within the Company's bank accounts for operational purposes.

Deposits with foreign banks increased by ETB 1,739 million or 36.5% from ETB 4,761 million as at 30 June 2023 to ETB 6,500 million as at 30 June 2024. The increase is primarily attributed to increased remittances, exports, and foreign currency purchases.

T-bills maturing in three months increased by ETB 4,768 million or 301.6% from ETB 1,581 million as at 30 June 2023 to ETB 6,349 million as at 30 June 2025. The increase was mainly due the Company's strategic decision to invest in T-bills primarily for the purpose of managing its liquidity and enhancing its earnings.

Reserve with NBE increased by ETB 2,159 million or 26.0% from ETB 8,300 million as at 30 June 2023 to ETB 10,459 million as at 30 June 2024. The increase is attributable to the statutory reserve compliance requirements, mandating the Company to hold a minimum of 7.0% of deposits with NBE. Customer deposits increased by ETB 30,892 million from ETB 114,968 million as at 30 June 2023 to ETB 145,860 million as at 30 June 2024, requiring a reserve of ETB 10,210 million, resulting in the balances with the central bank meeting the minimum hold of 7.0% as at 30 June 2025..

Loans and advances to customers

The table below represents a summary of the loans and advances to customers for the year ended 30 June 2024.

Table 92: Loans and advances by sector

	As at 30 June		
	2024	**2023**	**% Variance**
ETB (millions)			
Domestic trade and services	33,595	27,109	23.8%
Manufacturing	21,416	19,758	8.4%
Export	18,748	17,617	6.4%
Real estate	9,708	8,658	12.1%
Personal	9,615	8,789	9.4%
Other	16,789	14,164	18.5%
Gross amount	**109,871**	**96,095**	**14.3%**
Impairment loss allowance	(1,804)	(1,049)	72.0%
Total loans and advances to customers	**108,067**	**95,046**	**13.7%**

Loans and advances to customers increased by ETB 13,021 million or 13.7% from ETB 95,046 million as at 30 June 2023 to ETB 108,067 million as at 30 June 2024. The increase is primarily driven by an increase in conventional customer deposits from ETB 106,858 million as at 30 June 2023 to ETB 134,732 million as at 30 June 2024, which provided additional lending capacity, meeting increased credit demand and supporting strategic lending initiatives across various sectors. The increase was further supported by customer expansion across Retail, Corporate, and MSMEs segments. Specifically, the retail segment saw a 26.2% increase in the number of customers, contributing ETB 16,070 million to the overall loan portfolio, while the corporate segment saw a 33.3% increase in customers, contributing ETB 76,652 million. However, the Company's lending

growth was partially constrained by the NBE's regulatory lending cap, which stood at 14% as at 30 June 2024.

Impairment allowance increased by ETB 755 million from ETB 1,049 million as at 30 June 2023 to ETB 1,804 million as at 30 June 2024. The increase was primarily driven by the prevailing economic climate and its impact on the credit risk profile of the loan portfolio, which required a recalculation of expected credit losses, leading to the increased impairment allowance.

IFB financing

The table below represents a summary of the IFB financing for the year ended 30 June 2024:

Table 93: IFB financing by sector

	As at 30 June		
	2024	**2023**	**% Variance**
ETB (millions)			
Domestic trade and services	3,831	3,274	17.0%
Manufacturing	650	514	26.5%
Real estate	1,190	1,195	(0.4%)
Import	676	394	71.6%
Export	830	682	21.7%
Other	788	580	35.9%
Deferred profit - Murabaha	(1,709)	(1,435)	19.1%
Gross amount	**6,256**	**5,204**	**20.2%**
Impairment loss allowance	(38)	(52)	(26.9%)
Net IFB financing	**6,218**	**5,152**	**20.7%**

IFB financing increased by ETB 1,066 million or 20.7% from ETB 5,152 million as at 30 June 2023 to ETB 6,218 million as at 30 June 2024. The increase is primarily driven by an increase in deposits from IFB customers from ETB 8,110 million as at 30 June 2023 to ETB 11,128 million as at 30 June 2024, which provided additional lending capacity, meeting increased credit demand and supporting strategic lending initiatives across various sectors. The increase was further supported by customer expansion in the IFB segment of 332 thousand or 45.5% increase in the number of customers to 1,061 thousand as at 30 June 2024, compared to 729 thousand as at 30 June 2023.

Impairment allowance decreased by ETB 14 million from ETB 52 million as at 30 June 2024 to ETB 38 million as at 30 June 2025. The decrease was primarily driven by the increase in collateral held against loans and advances to customers and IFB finance from ETB 192 million as at 30 June 2023 to ETB 256 million as at 30 June 2024.

Investment security increased by ETB 8,179 million from ETB 10,912 million as at 30 June 2023 to ETB 19,091 million as at 30 June 2024. A more detailed analysis of investment securities split between financial assets at FVOCI and debt securities at amortised cost is set out below::

Financial assets at FVOCI increased by ETB 510 million from ETB 423 million as at 30 June 2023 to ETB 933 million as at 30 June 2024. The increase is as a result of additional investments in ESX, Nyala insurance, and Ethswitch of ETB 25 million, ETB 20 million, and ETB 98 million, respectively. Furthermore changes in the fair value of financial assets of ETB 361 million during the year attributable to an increase in EthSwitch fair value, driven by its positive financial performance.

Debt securities at amortised cost increased by ETB 7,668 million from ETB 10,490 million as at 30 June 2023 to ETB 18,158 million as at 30 June 2024. The increase is primarily driven by an increase in T-bills of ETB 2,207 million or 32.4% from ETB 6,812 million as at 30 June 2023 to ETB 9,019 million as at 30 June 2024, and an increase in Ethiopian government bonds by ETB 5,462 million or 148.5% from ETB 3,678 million as at 30 June 2023 to ETB 9,140 million as at 30 June 2024. A more detailed analysis of debt securities at amortised cost is set out below:

Table 94: Debt securities at amortised cost

	As at 30 June		
	2024	**2023**	**% Variance**
ETB (millions)			
T-bills	9,019	6,812	32.4%
Ethiopian government bonds	9,140	3,678	148.5%
Gross debt securities at amortised cost	**18,159**	**10,490**	**73.1%**
Impairment allowance-Bills & Bonds	(1)	-	-
Net debt securities at amortised cost	**18,158**	**10,490**	**62.0%**

T-bills increased by ETB 2,207 million or 32.4% from ETB 6,812 million as at 30 June 2023 to ETB 9,019 million as at 30 June 2024. This increase primarily reflects the Company's strategic decision to invest in short-term government securities to manage its liquidity position and enhance earnings influenced by the central bank-imposed credit cap policy during the year.

Ethiopian government bonds increased by ETB 5,462 million or 148.5% from ETB 3,678 million as at 30 June 2023 to ETB 9,140 million as at 30 June 2024. The increase was primarily due to a reallocation of funds into short-term government securities. This reallocation resulted from the central Company's credit cap policy and mandatory investment requirements from the NBE. These requirements stipulated that 1% of the year-end outstanding loan balance be invested in bonds and 20% of monthly loan disbursements be invested in T-bonds.

Other assets

increased by ETB 4,650 million from ETB 5,091 million as at 30 June 2023 to ETB 9,741 million as at 30 June 2024. This increase is primarily attributable to an ETB 3,193 million, or 445.3% rise, in fixed-term deposits with local banks and an ETB 1,181 million, or 70.5% increase, in clearing account balances, reflecting higher transaction volumes and settlement timing differences. A more detailed analysis of other assets is set out in the table below:

Table 95: Other financial and non-financial assets

Other Financial assets at amortised cost	As at 30 June		
	2024	2023	% Variance
ETB (millions)			
Clearing account balances	2,857	1,676	70.5%
Fixed-term deposits with local banks	3,910	717	445.3%
Other	1,251	906	38.1%
Gross amount	**8,018**	**3,299**	**143.0%**
Impairment allowance for receivables	(49)	(24)	(44.9)%
Net other financial assets	**7,969**	**3,210**	**148.3%**
Other non-financial assets			
Prepayments	830	999	(16.6%)
Prepaid staff benefits	643	658	(2.3%)
Inventory	222	139	59.7%
Other	77	85	(9.4%)
Total other non-financial assets	**1,772**	**1,881**	**(5.3%)**
Total other assets	**9,741**	**5,091**	**91.3%**

Clearing account balances increased by ETB 1,181 million or 70.5% from ETB 1,676 million as at 30 June 2023 to ETB 2,857 million as at 30 June 2024. The increase is primarily driven by an increase of ETB 606 million in the ODBP balance and an increase of ETB 576 million in the telebirr receivable account for cash-out during the year.

Fixed term deposits with local banks increased by ETB 3,193 million or 445.3% from ETB 717 million as at 30 June 2023 to ETB 3,910 million as at 30 June 2024. The increase is attributable to a change in classification from debt securities measured at amortized cost as at 30 June 2023, to other assets as at 30 June 2024.

Prepayments decreased by ETB 169 million or 16.6% from ETB 999 million as at 30 June 2023 to ETB 830 million as at 30 June 2024. The decrease is attributable to the Company's strategic initiative to optimise operational expenses. This involved a review of prepayment commitments, leading to a more efficient allocation of resources.

Inventory increased by ETB 83 million or 59.7% from ETB 139 million as at 30 June 2023 to ETB 222 million as at 30 June 2024. The increase was primarily driven by the expansion of the branch network from 835 as at 30 June 2023 to 885 as at 30 June 2024, which contributed to higher inventory levels, specifically through increased demand for office supplies and branded materials.

Investment properties decreased by ETB 17 million from ETB 730 million as at 30 June 2023 to ETB 713 million as at 30 June 2024. The decrease is attributed to the annual depreciation charges of ETB 17 million during the year.

Intangible assets decreased by ETB 21 million from ETB 651 million as at 30 June 2023 to ETB 630 million as at 30 June 2024. The decrease is primarily driven by investments of ETB 219 million in licenses and software, offset by ETB 241 million in amortisation expense. The table below represents a summary of the intangible assets for the year ended 30 June 2024.

Table 96: Intangible assets

	License	Software	Total
ETB (millions)			
Opening net book amount as at 1 July 2023	**72**	**579**	**651**
Additions	138	81	219
Amortisation charge	(110)	(130)	(241)
Closing net book amount as at 30 June 2024	**100**	**530**	**630**

Property and equipment

Property and equipment increased by ETB 2,173 million or 31.8% from ETB 6,387 million as at 30 June 2023 to ETB 9,010 million as at 30 June 2024. The balance comprises of right of use assets and property and equipment.

- Right of use assets increased by ETB 433 million from ETB 2,284 million as at 30 June 2023 to ETB 2,717 million as at 30 June 2024. The increase is attributable to additions of ETB 496 million and adjustments on right of use assets of ETB 643 million, partially offset by the depreciation charge of ETB 705 million in the year ended 30 June 2024.
- Property and equipment increased by ETB 1,740 million from ETB 4,553 million as at 30 June 2023 to ETB 6,292 million as at 30 June 2024. The increase is primarily due to additions of ETB 2,276 million relating to branch expansion, less the depreciation charge for the year of ETB 539 million. The table below represents a summary of the property and equipment for the year ended 30 June 2024.

Table 97: Property and equipment

	Buildings	Vehicles	Office and other equipment	Furni-ture and fittings	Computer equipment	Construction in progress	Total
Opening net book amount 1 July 2023	**2,074**	**384**	**417**	**851**	**725**	**102**	**4,553**
Additions	47	103	154	1,185	748	39	2,276
Depreciation Charge	(45)	(58)	(103)	(121)	(212)	-	(539)
Other movements	-	(1)	1	1	2	(1)	2
Closing net book amount as at 30 June 2024	**2,076**	**428**	**469**	**1,916**	**1,263**	**140**	**6,292**

Deferred tax assets

Deferred tax assets decreased by ETB 88 million to ETB nil million as at 30 June 2024, compared to ETB 88 million as at 30 June 2023. The decrease resulted from the recognition of deferred tax liabilities arising from the depreciation of previously revalued assets and IFRS remeasurement adjustments. In accordance with the AABE Directive, ETB 99 million was transferred from retained earnings to the reserve for IFRS.

Customer deposits

Customer deposits increased by ETB 30,892 million or 26.9% from ETB 114,968 million as at 30 June 2023 to ETB 145,860 million as at 30 June 2024. The increase is attributable to growth in the customer base across all Business Segments by 1,442 thousand to 6,712 thousand as at 30 June 2024, compared to 5,270 thousand as at 30 June 2023. The increase was supported by the opening of 47 new branches, totalling 882 as at 30 June 2024, compared to 835 as at 30 June 2023, alongside effective deposit mobilization initiatives and a diversified product and service offering. Furthermore, through its digital banking products, in the year ended 30 June 2024, the Company processed 18,113 thousand transactions, with a value of ETB 96,387 million. A more detailed analysis of customer deposits is set below:

Table 98: Total deposits

	As at 30 June		
	2024	**2023**	**% Variance**
ETB (millions)			
Deposits from conventional customer			
Demand deposits	51,780	39,028	32.7%
Savings deposits	71,740	60,820	18.0%
Time deposits	11,212	7,010	59.9%
	134,732	**106,858**	**26.1%**
Deposits from interest free banking customers			
Qard deposits	2,936	2,209	32.9%
Wadia savings deposits	8,149	5,897	38.2%
Mudarabah savings	10	4	150.0%
Unrestricted Mudarabah (fixed time) deposits	33	-	n/a
	11,128	**8,110**	**37.2%**
Total deposits from customers	**145,860**	**114,968**	**26.9%**

Demand deposits increased by ETB 12,752 million or 32.7% from ETB 39,028 million as at 30 June 2023 to ETB 51,780 million as at 30 June 2024. The increase in demand deposits is largely attributed to the overall increase in the number of total customers from 5,570 thousand to 6,712 thousand between 30 June 2023 and 30 June 2024.

Savings deposits increased by ETB 10,920 million or 18.0% from ETB 60,820 million as at 30 June 2023 to ETB 71,740 million as at 30 June 2024. The increase is attributable to increased customer confidence and the attractiveness of the new savings account.

Time deposits increased by ETB 4,202 million or 59.9% from ETB 7,010 million as at 30 June 2023 to ETB 11,212 million as at 30 June 2024. The increase in time deposits is largely attributed to the increase in the average cost of fund on fixed time deposits from 13.3% in the year ended 30 June 2023 to 14.3% in the year ended 30 June 2024..

Deposits from IFB customers increased by ETB 3,018 million or 37.2% from ETB 8,110 million as at 30 June 2023 to ETB 11,128 million as at 30 June 2024. The increase was primarily driven by growing demand for Shariah-compliant financial services, leading to a ETB 727 million or 32.9% increase in Qard deposits; a ETB 2,252 million or 38.2% increase in Wadia savings deposits; a ETB 6 million or 150.0% increase in Mudarabah savings; and a ETB 33 million increase in unrestricted Mudarabah (fixed-time) deposits. Furthermore, the IFB customer base grew by 332 thousand or 45.5% to 1,061 thousand as at 30 June 2024 compared to 729 thousand as at 30 June 2023.

Current income tax

Current income tax increased by ETB 56 million from ETB 1,440 million as at 30 June 2023 to ETB 1,496 million as at 30 June 2024. This increase is primarily due to Increased tax allowances due to the provision for losses on loans and advances, IFB financing, and receivables, increased by over ETB 599 million.

Other liabilities

Other liabilities increased by ETB 2,902 million or 33.9% from ETB 8,552 million as at 30 June 2023 to ETB 11,454 million as at 30 June 2024. This increase is primarily attributable to an ETB 1,600 million increase in import clearance deposits and an ETB 1,100 million increase in foreign borrowings. A more detailed analysis of other liabilities is set below:

Table 99: Other financial and non-financial assets

	As at 30 June		
	2024	**2023**	**% Variance**
ETB (millions)			
Financial liabilities			
Borrowing-local	1,304	96	1,258.1%
Banking instruments payables	1,667	2,677	(37.7%)
Customers payables	2,373	769	208.7%
Margins held on letters of credit	3,061	2,907	5.3%
Lease liabilities	358	320	12.1%
Other	1,724	558	208.9%
	10,487	**7,327**	**43.1%**
Non-financial liabilities			
Deferred income	169	177	(4.4%)
Sundry payables	606	719	(15.7%)

	As at 30 June		
	2024	2023	% Variance
ETB (millions)			
Other	192	329	(41.9%)
	967	**1,225**	**(26.7%)**
Total other liabilities	**11,454**	**8,552**	**33.9%**

Borrowing-local increased by ETB 1,208 million from ETB 96 million as at 30 June 2023 to ETB 1,304 million as at 30 June 2024. The increase was primarily driven by to the undertaking of £1,147 million in foreign currency borrowings, a strategic initiative to facilitate growth in export-focused operations. Additionally, local borrowing increased by ETB 30 million from ETB 93 million as at 30 June 2023 to ETB 123 million as at 30 June 2024 in local borrowings to manage the Company's liquidity.

Banking instruments payables decreased by ETB 1,010 million or 37.7% from ETB 2,667 million as at 30 June 2023 to ETB 1,667 million as at 30 June 2024. The decrease primarily reflects a payment of ETB 881 million to commercial banks, decreasing the amount owed to them from ETB 2,108 million to ETB 1,227 million. Additionally, the settlement of ETB 121 million related to CPO and certified cheques further reduced the outstanding balance from ETB 384 million to ETB 263 million.

Customers payables increased by ETB 1,604 million or 208.7% from ETB 769 million as at 30 June 2023 to ETB 2,373 million as at 30 June 2024. The increase primarily reflects an ETB 1,600 million increase in import clearance costs attributable to a significant increase in loan disbursements during the period, reflecting strong demand for credit and the Company's proactive lending strategy.

Margins held on letters of credit increased by ETB 154 million or 5.3% from ETB 2,907 million as at 30 June 2023 to ETB 3,061 million as at 30 June 2024. The increase is primarily driven by an increase of ETB 3,672 million to ETB 24,087 million as at 30 June 2024 compared to ETB 20,415 million as at 30 June 2023 in letters of credit opened.

Lease liabilities increased by ETB 38 million or 12.1% from ETB 320 million as at 30 June 2023 to ETB 358 million as at 30 June 2024. This increase was primarily attributable to new lease agreements on offices and ATMs of ETB 62 million, less repayments made in the year.

Deferred income decreased by ETB 8 million or 4.4% from ETB 177 million as at 30 June 2023 to ETB 169 million as at 30 June 2024. The decrease in deferred income is partially attributable to lower prevailing interest rates, impacting the deferral of interest income on certain financial instruments.

Sundry payables decreased by ETB 113 million or 15.7% from ETB 719 million as at 30 June 2024 to ETB 606 million as at 30 June 2025. The decrease is attributable to improved physical cash collection efficiency, which enhanced the company's liquidity and facilitated timely settlement of its miscellaneous obligations.

Deferred tax liability

Deferred tax liability was ETB 332 million as at 30 June 2024 compared to ETB nil million as at 30 June 2023. The AABE Directive provides guidance on how to account for changes from asset revaluation and adjustments. The increase is primarily due to the recognition of ETB 292 million in deferred tax liabilities against reserve for IFRS in respect of depreciation of the revalued assets and transferred ETB

99 million from retained earnings to reserve for IFRS in respect of the remeasurement adjustments in accordance with the AABE Directive.

Defined benefits obligation

Defined benefits obligation increased by ETB 167 million from ETB 485 million as at 30 June 2023 to ETB 652 million as at 30 June 2024. The increase was primarily driven by an increase in current service costs by ETB 50 million to ETB 81 million in the year ended 30 June 2024, compared to ETB 31 million in the year ended 30 June 2023.

- An increase in interest accrued by ETB 11 million to ETB 106 million, compared to ETB 95 million in the year ended 30 June 2023; and
- Retirement losses of ETB 5 million in the year ended 30 June 2024, driven by changes to actuarial assumptions such as the discount rate, which changed from 19.0% in the year ended 30 June 2024, compared to 20.5% in the year ended 30 June 2023. The table below represents a summary of defined benefits obligation for the year ended 30 June 2024

Table 100: Other financial and non-financial assets

	As at 30 June		
	2024	2023	% Variance
ETB (millions)			
Opening balance as at 1 July 2023	**486**	**397**	**22.4%**
Current service cost	80	31	158.0%
Interest cost	105	95	10.5%
Remeasurement losses	5	-	-
Benefits paid	(24)	(37)	(33.3%)
Closing balance as at 30 June 2024	**652**	**486**	**34.3%**

Share capital

Share capital increased by ETB 2,655 million from ETB 9,345 million as at 30 June 2023 to ETB 12,000 million as at 30 June 2024. The increase is primarily due to the issuance of 2,655,000 additional ordinary shares with a par value of ETB 1,000 per share. Refer to Section 5 (Capital structure and information of securities) for details regarding the share capital of the Company.

Retained earnings

Retained earnings increased by ETB 367 million or 12.3% from ETB 3,000 million as at 30 June 2023 to ETB 3,367 million as at 30 June 2024. The table below represents a summary of retained earnings for the year ended 30 June 2024.

Table 101: Retained earnings

	As at 30 June		
	2024	2023	% Variance
ETB (millions)			
Opening balance as at 1 July 2023	**3,000**	**1,270**	**136.2%**
Profit for the year	4,886	3,561	37.2%
Directors' remuneration	(3)	(2)	50.0%
Transfer to legal reserve	(1,222)	(890)	37.3%
Dividends paid	(2,997)	(573)	423.0%
Transfer from / (to) regulatory risk reserve	(218)	321	(167.8%)
Transfer (to)/from reserve for IFRS	(79)	7	(1,228.6%)
Transfer to share capital	-	(696)	(100.0%)
Closing balance as at 30 June 2024	**3,367**	**3,000**	**12.3%**

Reserve for IFRS

Reserve for IFRS decreased by ETB 213 million or 23.8% from ETB 894 million as at 30 June 2023 to ETB 681 million as at 30 June 2024. The decrease is due to the recognition of ETB 292 million in deferred tax liabilities against reverse for IFRS in respect of depreciation of the revalued assets and transfer of ETB 99 million from retained earnings to reserve for IFRS in respect of the remeasurement adjustments in accordance with the AABE Directive.

Legal reserve

Legal reserve increased by ETB 1,222 million or 27.7% from ETB 4,417 million as at 30 June 2023 to ETB 5,639 million as at 30 June 2024, primarily due to the regulatory requirement to transfer 25.0% of profit after tax to the legal reserve.

Regulatory credit risk reserve

Regulatory credit risk reserve increased by ETB 218 million or 14.5% from ETB 1,503 million as at 30 June 2023 to ETB 1,721 million as at 30 June 2024. The increase is a result of the transfer from retained earnings.

Share premium

Share premium increased by ETB 109 million from ETB 128 million as at 30 June 2023 to ETB 237 million as at 30 June 2024. The increase is primarily due to the premium on the aforementioned issuance of 2,655,000 additional ordinary shares.

Other reserves

Other reserves increased by ETB 250 million or 781.3% from ETB 32 million as at 30 June 2023 to ETB 282 million as at 30 June 2024. The increase is due to the remeasurement losses from the defined benefit obligation of ETB 3 million arising from changes in actuarial assumptions and changes in the

fair value of financial assets at FVTOCI of ETB 253 million in the year ended 30 June 2024. The table below represents a summary of other reserves as at 30 June 2024.

Table 102: Other reserve

	As at 30 June		
	2024	2023	% Variance
ETB (millions)			
Other reserves are made up as follows: -			
Fair value reserve	409	155	163.9%
Defined benefits obligations reserve	(127)	(123)	3.3%
Total	**282**	**32**	**781.3%**

7.5. Analysis of historical cash flows for the years ended 30 June 2025, 2024, and 2023

The tables below set out a summary of the Company's historical cash flow statements for the years ended 30 June 2025, 2024, and 2023 and have been extracted without material adjustment from the HFI of this Prospectus.

Table 103: Statement of cash flows

	Year ended 30 June		
	2025	2024	2023
ETB (millions)			
Net cash inflow from operating activities	43,189	17,714	1,693
Net cash outflow from investing activities	(2,364)	(10,733)	(1,468)
Net cash outflow from financing activities	(1,942)	854	1,329
Net increase in cash and cash equivalents	38,883	7,835	1,554
Cash and cash equivalents at the beginning of the year	19,792	11,957	10,403
Cash and cash equivalents at the end of the year	**58,675**	**19,792**	**11,957**

7.5.1. Net cash inflow from operating activities

Net cash inflow from operating activities consists of changes in cash generated from operations, income tax paid, defined benefits paid, and Directors' remuneration paid during the financial year.

Net cash inflow from operating activities increased by ETB 25,475 million to ETB 43,189 million in the year ended 30 June 2025, compared to ETB 17,741 million in the year ended 30 June 2024. The increase is due to an increase of ETB 322 million in profit before tax to ETB 6,685 million as at 30 June 2025 compared to ETB 6,363 million as at 30 June 2024 and changes in operating assets and liabilities as detailed below:

- An increase in gross loans and advances to customers by ETB 15,076 million from ETB 109,871 million as at 30 June 2024 to ETB 124,948 million as at 30 June 2025,

- An increase in gross IFB financing by ETB 4,513 million from ETB 6,256 million as at 30 June 2024 to ETB 10,769 million as at 30 June 2025,
- An increase in other assets by ETB 5,630 million from ETB 9,741 million as at 30 June 2024 to ETB 15,371 million as at 30 June 2025,
- An increase in customer deposits by ETB 56,346 million from ETB 145,860 million as at 30 June 2024 to ETB 202,238 million as at 30 June 2025, and
- Increase in other liabilities by ETB 10,092 million from ETB 11,454 million as at 30 June 2024 to ETB 21,546 million as at 30 June 2025. In the year ended 30 June 2025, the Company paid ETB 1,586 million in income tax, ETB 34 million in contributions to defined benefit plans, and ETB 2 million in Directors' remuneration.

The net cash inflow from operating activities increased by ETB 16,021 million to ETB 17,714 million in the year ended 30 June 2024 compared to ETB 1,693 million in the year ended 30 June 2023. The increase is due to an increase of ETB 1,325 million in profit before tax to ETB 6,363 million as at 30 June 2024 compared to ETB 5,017 million as at 30 June 2023 and changes in operating assets and liabilities as detailed below:

- An increase in gross loans and advances to customers by ETB 13,776 million from ETB 96,095 million as at 30 June 2023 to ETB 109,871 million as at 30 June 2024,
- An increase in gross IFB financing by ETB 1,052 million from ETB 5,204 million as at 30 June 2023 to ETB 6,256 million as at 30 June 2024,
- An increase in other assets by ETB 4,650 million from ETB 5,091 million as at 30 June 2023 to ETB 9,741 million as at 30 June 2024,
- An increase in customer deposits by ETB 30,892 million from ETB 114,968 million as at 30 June 2023 to ETB 145,860 million as at 30 June 2025, and
- An increase in other liabilities by ETB 2,902 million from ETB 8,552 million as at 30 June 2023 to ETB 11,454 million as at 30 June 2024.

In the year ended 30 June 2024, the company paid ETB 1,447 million in income tax, ETB 24 million in contributions to defined benefit plans, and ETB 3 million in Directors' remuneration.

7.5.2. Net cash outflow from investing activities

Net cash outflow from investing activities primarily consists of the purchase of T-bills, bonds, and time deposits, the purchase of shares, intangible assets, property, plant and equipment, and investment properties, and proceeds from the sale of property and equipment.

Net cash outflow from investing activities was ETB 2,364 million for the year ended 30 June 2025 compared to ETB 10,733 million in the year ended 30 June 2024. The decrease is due to the receipt of funds from the maturity of T-bills totaling ETB 499 million as at 30 June 2025, compared to the purchase of ETB 7,668 million in T-bills, bonds and time deposits during the prior year. This positive impact was partially offset by capital investments of ETB 2,839 million during the year ended 30 June 2025.

Net cash outflow from investing activities increased by ETB 9,265 million to ETB 10,733 million in the year ended 30 June 2024 compared to ETB 1,468 million in the year ended 30 June 2023. The increase is primarily due to increase in investments, most notably a shift from a net inflow of ETB

1,682 million in the year ended 30 June 2023 from the collection of bills, bonds, and time deposits to a net outflow of ETB 7,668 million in the year ended 30 June 2024, largely attributable to the purchase of Ethiopian government bonds. Additionally, there was an increased investment in property, plant, and equipment, with an outflow rising by ETB 649 million to ETB 2,276 million, driven by the expansion of the branch network with 47 new branches and the purchase of shares which increased by ETB 89 million to ETB 148 million in the year ended 30 June 2024. These increases in investment outflows were partially offset by a decrease in cash outflow for the purchase of intangible assets and payments for right-of-use assets.

7.5.3. Net cash outflow from financing activities

Net cash outflow from financing activities consists primarily of dividends paid and proceeds from issued shares.

Net cash outflow from financing activities was ETB 1,942 million in the year ended 30 June 2025, compared to net cash inflow from financing activities of ETB 854 million in the year ended 30 June 2024. This shift was primarily attributable to the absence in the year ended 30 June 2025 of ETB 2,764 million in proceeds from issued shares, which had been received in the year ended 30 June 2024. Additionally, while ETB 27,853 million was received from borrowings in the year ended 30 June 2025, this was exceeded by ETB 28,392 million in settlement of borrowings, resulting in a net outflow from borrowing activities. In the year ended 30 June 2025 the Company paid a dividend of ETB 1,028 million compared to ETB 2,997 million in the year ended 30 June 2024. This positive impact on cash outflow was partially offset by increased outflows for interest paid on borrowings, rising from ETB 47 million in the year ended 30 June 2024 to ETB 279 million in the year ended 30 June 2025, and the settlement of lease liabilities, which increased from ETB 13 million to ETB 94 million over the same period.

Net cash inflow from financing activities was ETB 854 million in the year ended 30 June 2024, compared to a net cash inflow of ETB 1,329 million in the year ended 30 June 2023. The increase in cash outflows was primarily attributed to an increase in the dividends paid out in the year from ETB 573 million in the year ended 30 June 2023 to ETB 2,997 million in the year ended 30 June 2024, offset by an increase from the proceeds received from issued shares to ETB 2,764 million as at 30 June 2024 compared to ETB 1,901 as at 30 June 2023. Additionally, in the year ended 30 June 2024 the Company introduced new financing activities, including ETB 1,181 million in proceeds from borrowings, offset by ETB 33 million for the settlement of borrowings, ETB 47 million for interest paid on borrowings, and ETB 13 million for the settlement of lease liabilities. Despite the positive contributions from increased share issuance and new borrowing activities, the substantial increase in dividend payments and the new outflows ultimately led to the overall decline in net cash inflow from financing activities.

7.6. Contingent liabilities, Guarantees and letters of credit and off–balance sheet arrangements

Contingent liabilities

The Company 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 Company arising from legal cases was ETB 756 million as at 30 June 2025. The significant portion of the legal cases, ETB 180 million, is related to a guarantee the Company provided to Ethiopian Roads Administration ("ERA"), in respect of two advance payments made to a Chinese contractor for which the Company is summoned as a third-party respondent to submit its defence against the plaintiff's

claim for the cessation of payment. Refer to Section 7.12 (legal and arbitration proceedings) for details with regards to the maximum exposure of the Company arising from these legal cases.

Guarantees and letters of credit

The Company conducts business involving performance bonds and guarantees. These instruments are given as security to support the performance of customers to third parties. As the Company 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.

Off-balance sheet arrangements

The table below sets out the material off-balance sheet arrangements as at 30 June 2025, 2024, and 2023.

Table 104: Off balance sheet arrangement

	As at 30 June		
	2025	2024	2023
ETB (millions)			
Guarantees	34,554	33,309	38,419
Letters of credit	37,025	15,352	13,653
Loan commitments	604	1,329	2,355
Unutilised overdraft facilities	4,943	3,327	2,847
Total	**77,126**	**53,317**	**57,274**

7.7. Capital Resources and Liquidity

The Company secures capital through debt and equity financing. Debt financing primarily comprises customer deposits, which are managed to ensure liquidity, profitability, and overall stability. The Company is also exploring equity financing options to support strategic initiatives and acquisitions.

The Company's resource utilisation is subject to several key regulatory requirements designed to maintain financial system stability:

- Credit cap: The NBE imposes a limit on aggregate credit exposure to mitigate inflationary pressures and maintain financial stability.
- Liquidity requirements: The Company must maintain sufficient liquid assets to meet short-term obligations and ensure it can meet depositor and creditor withdrawal demands.
- Reserve requirements: A specified percentage of deposits must be held in reserves (cash or deposits with the NBE) to maintain solvency and meet liabilities.
- The national tax disclosure period, typically in October and November, often sees increased withdrawals as businesses meet their tax obligations. This temporarily reduces the Company's deposits, affecting sector-wide liquidity. The Company closely monitors these seasonal fluctuations to maintain a robust liquidity strategy.

7.8. Working capital statement

In the opinion of the Company, the Company has sufficient working capital for its present requirements, that is for at least the next twelve months following the date of this Prospectus.

7.9. Capitalisation and Indebtedness

The following table sets out the capitalisation of the Company as at 30 November 2025

Table 105: Statement of capitalisation

	30 November 2025 ETB (millions)
Statement of capitalisation	
Total current debt (including current portion of long-term debt	
Unguaranteed/unsecured borrowings - local	2,178
Unguaranteed/unsecured borrowings - foreign	1,564
Lease liabilities	207
Total non-current debt (including current portion of long-term debt	
Unguaranteed/unsecured borrowings - local	144
Unguaranteed/unsecured borrowings - foreign	-
Lease liabilities	-
Shareholders' equity	
Share capital	14,337
Retained earnings	7,390
Reserve for IFRS	575
Legal reserve	7,114
Special reserve	-
Regulatory credit risk reserve	3,640
Share premium	237
Other reserves	177
Total capitalisation	**37,563**

The statement of capitalisation has been extracted without material adjustment from the Company's unaudited management accounts as at 30 November 2025.

The following table sets out the Company's net indebtedness as at 30 November 2025.

Table 106: Statement of indebtedness

	30 November 2025 ETB (millions)
Statement of indebtedness	
(A) Cash and balances with banks	57,088
(B) Liquidity	**57,088**
(C) Current borrowing	3,742
(D) Current lease liability	207
(E) Current financial indebtedness (C+D)	3,949
(F) Net current financial indebtedness (E-B)	**(53,139)**
(G) Non-current borrowing	144
(H) Non-current lease liabilities	-
(I) Non-Current financial indebtedness (G+H)	**144**
(J) Net financial indebtedness (F-I)	**(52,995)**

The statement of indebtedness has been extracted without material adjustment from the Company's unaudited management accounts as at 30 November 2025.

The Company had no indirect or contingent indebtedness as at 30 November 2025.

There have been no other material loans made by third parties to the Company where such loans are material to the Company. Details of all outstanding loans of the Company, where such loans are material to the Company as of the last practicable date prior to the finalisation of this Prospectus have been included in Section 2.7 (Debt position).

There have been no material changes to the Company's capitalisation and indebtedness since 30 November 2025

7.10. Going concern

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

7.10.1. Basis for the going concern assumption

The Company's historical financial statements have been prepared on a going concern basis and the Directors confirm the Company will continue in operation in the foreseeable future. The Directors take into account all factors likely to affect the future performance and financial position, including the Company's cash flows, solvency and liquidity positions, borrowing facilities and all the risks and uncertainties relating to business activities. The External Auditor of the Company has satisfied its requirements of the Company's going concern basis and have issued an unqualified audit opinion on the historical financial statements for the years ended 30 June 2025, 2024 and 2023. Details of the External Auditor's assessment of the going concern basis can be found in Annex 1 (Historical Financial Information).

7.11. Description of non-GAAP measures

This Prospectus contains certain non-GAAP measures that are not defined or recognised under IFRS reporting for banks, including Total Revenue and Segment Revenue.

The Directors use the non-GAAP measures to measure operating performance and as a basis for strategic planning and forecasting. There are no generally accepted principles governing the calculations of these measures, and the criteria upon which these measures are based can vary from company to company and therefore, may not be comparable to other similarly titled measures used by other companies. These measures, by themselves, do not provide a sufficient basis to compare the Company's performance with that of other companies and have inherent limitations as analytical tools.

The Directors believe the following metrics to be the non-GAAP measures used by the Company to help evaluate growth trends, establish budgets, and assess operational performance and efficiencies. Non-GAAP measures have inherent limitations as analytical tools and should not be considered in isolation or as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

The Directors believe that these non-GAAP measures, in addition to IFRS measures, provide an enhanced understanding of the Company's results and related trends, therefore increasing transparency and clarity into the core results of the business.

The inputs of the calculation of the non-GAAP measures have been obtained from the HFI set out in section 3.1 of this Prospectus, for the respective financial years and are consistent with the basis of preparation.

The Company defines Total Revenue as the sum of Interest income, fees and commission and other operating income. Set out below is a reconciliation from the HFI to Total Revenue.

Table 107: Total Revenue

Total Revenue	Year ended 30 June		
	2025	2024	2023
ETB (millions)			
Interest income	21,683	17,442	13,408
Fees and commission income	8,140	5,098	3,873
Other operating income	1,616	859	643
Total Revenue	**31,438**	**23,400**	**17,924**

The Company defines Segment Revenue as the Total Revenue split by Business Segment, being the sum of the respective Business Segment's interest income, fees and commission and other operating income. The Segment Revenue is unaudited. The total sum of the Segment Revenue reconciles to the HFI when summing interest income, fees and commission and other operating income. Set out below is a reconciliation from the HFI to Segment Revenue.

Table 108: Total Revenue and Total Segment Revenue

Segment Revenue	Year ended 30 June		
	2025	2024	2023
ETB (millions)			
Interest income	21,683	17,442	13,408
Fees and commission income	8,140	5,098	3,873
Other operating income	1,616	859	643
Total Revenue	**31,438**	**23,400**	**17,924**
Segment Revenue			
Retail	2,446	1,810	1,376
Corporate	18,509	14,449	11,763
MSMEs	4,121	3,140	2,487
IFB	1,423	768	538
Total Segment Revenue	**26,499**	**20,167**	**16,164**
Other income	4,939	3,233	1,760
Total Revenue	**31,438**	**23,400**	**17,924**

7.12. KPIs reported to the NBE

The Company, as part of its regular reporting obligations with the NBE is required to report various KPIs and other financial metrics. The NBE issued a circular providing certain allowances, primarily in relation to the impacts of the conflict in Tigray and the northern regions of Ethiopia, which the Company may apply in calculating NPL and NPF for the aforementioned regulatory reporting purposes. As a result, the NPL and NPF figures reported to the NBE may differ from those disclosed in the HFI. The Company took advantage of the allowances set out in NBE Circular No. BSD/22/2023 when preparing its regulatory submissions. In addition to this circular, the Company prepares and reports its NPL and NPF metrics in compliance with NBE Directive No. SBB/1013/2024. The table below details the KPIs reported to the NBE.

Table 109: KPIs reported to the NBE

KPIs reported to the NBE	As at 30 June		
	2025	2024	2023
ETB (millions)			
CAR	14.0%	13.9%	12.5%
NPL	4.0%	4.0%	3.4%
NPF	2.1%	2.5%	1.6%
Liquidity ratio	**42.0%**	**31.3%**	**20.9%**

7.13. Legal and arbitration proceedings

The Company is currently, and may occasionally become, involved in various legal proceedings, including inquiries or discussions with governmental authorities incidental to its operations. For the purposes of this Prospectus, the Company considers litigation to be material if the amount in dispute exceeds USD 500,000 (ETB 70 million) or 5% of total assets (whichever is lower), if it could have a significant adverse impact on the Company's financial position or operations, or if it could materially affect its ability to meet its obligations or maintain regulatory compliance. In accordance with these disclosure criteria, the Company provides the following information:.

7.13.1. ERA vs. the Company

The ERA has instituted legal proceedings against the Company for the payment of ETB 180 million, together with interest and litigation costs. The claim arises from an advance payment guarantee issued by the Company.

The guarantee in question is of an unconditional nature, obligating the Company to make payment upon demand, irrespective of the status of the underlying contractual relationship. Consequently, the likelihood of an unfavourable outcome for the Company is considered high.

The Company retains the right to seek reimbursement from the counter-guarantor bank in China, though this is contingent on the outcome of the ongoing litigation at the High People's Court of Shandong Province between the Company and China National Chemical Communication Construction Group Company.

7.13.2. The Company vs. Ministry of Revenues

The Ministry of Revenues issued tax assessments against the Company in respect of alleged unpaid dividend income tax for the years ended 30 June 2019, 2020, 2021 and 2022 together with associated interest and penalties. The total assessments amounted to ETB 458 million. This assessment originated from the decision of the Ministry of Revenue and the Ministry's Appeals Review Directorate upheld this decision. Dissatisfied with that outcome, on 22 June 2024 the Company appealed the Directorate's decision to the Federal Tax Appeal Commission ("FTAC"), the second-tier appellate body empowered to review such administrative tax disputes.

In accordance with applicable procedures, the Company paid ETB 182 million, which represents approximately 40.0% of the total assessed amount (including interest and penalties), and approximately 75.0% of the principal tax amount only (excluding interest and penalties).

Following submission of the notice of appeal and related hearings, the FTAC rendered a decision partially in favour of the Company, reducing the tax assessed by the Ministry of Revenues by ETB 124 million. This reduction lowered the overall assessed amount from ETB 458 million to ETB 334 million.

The FTAC reversed the Ministry's assessment for the year ended 30 June 2021, which is now considered closed as the 60-day period for lodging a further appeal has elapsed, and maintained the assessments for the years ended 30 June 2019, 2020, and 2022.

Currently, the case concerning the assessment for the year ended 30 June 2022, is pending at the Federal High Court and adjourned to 27 October 2025 for decision, while the case concerning the assessments for the years ended 30 June 2019 and 30 June 2020 is pending at the Federal Supreme Court and adjourned to 27 October 2025 for hearing. The outcome remains uncertain, and the

timing of final resolution is difficult to predict, as it depends on the courts' schedule, workload, and procedural efficiency.

The Company believes that it has strong and defensible legal grounds and estimates the probability of success to be greater than 70.0%. If the Company prevails, the ETB 182 million already paid will be refunded in full. In the event of an adverse ruling, however, the remaining maximum amount payable to the tax authority would be ETB 152 million, the residual exposure after deducting the ETB 182 million payment already made and factoring in the ETB 124 million reduction ordered by the FTAC from the original assessed figure of ETB 458 million.

The dispute concerns dividend income tax, which under applicable Ethiopian tax laws is ultimately the responsibility of existing shareholders. The Company has disclosed this position to the relevant authorities. While the principal dividend tax, if upheld, would be borne by the existing shareholders, there remains uncertainty as to whether the associated interest and penalties may also be pursued against the shareholders or enforced against the Company directly. In the event of an adverse ruling, the Company may need to recover such amounts from the existing shareholders. The timing and feasibility of collection, including potential enforcement actions, may prolong recovery efforts.

7.13.3. The Company vs Ministry of Revenues

The Ministry of Revenues issued a tax assessment against the Company in respect of VAT liabilities, including associated interest and penalties, with a total claim of ETB 278 million.

In accordance with applicable procedures, the Company paid ETB 151 million, equivalent to 75.0% of the principal disputed amount, excluding interest and penalties, in order to initiate a formal appeal before the FTAC.

Following review, the Commission issued a decision partially in the Company's favour, relieving the Company of liability for a principal amount of ETB 90 million together with the associated interest and penalties attributable to that amount, ETB 34 million. The Company has now lodged its appeal to the Federal High Court against the remaining liabilities, and no hearing has been scheduled yet. Based on the Company's legal analysis and the merits of its position, the Company believes it has 70.0% probability of winning this case. If the Company loses the case at appellate court, the remaining maximum amount that it will be liable to pay is ETB 2.5 million.

7.13.4. Potential litigation matter

As of the date of this Prospectus, no material legal proceedings have been formally initiated against the Company other than those disclosed in Sections 7.12.1 to 7.12.3. However, the Company may become involved in litigation in connection with an advance payment guarantee issued in favour of the ERA.

The ERA has formally demanded the Company to honour the guarantee and make payment of ETB 93 million and USD 502 thousand. This guarantee was issued by the Company on the basis of a counter-guarantee provided by the Bank of China (Beijing Branch). Following receipt of ERA's payment demand, the Company submitted a reimbursement request to Bank of China in accordance with the terms of the counter-guarantee.

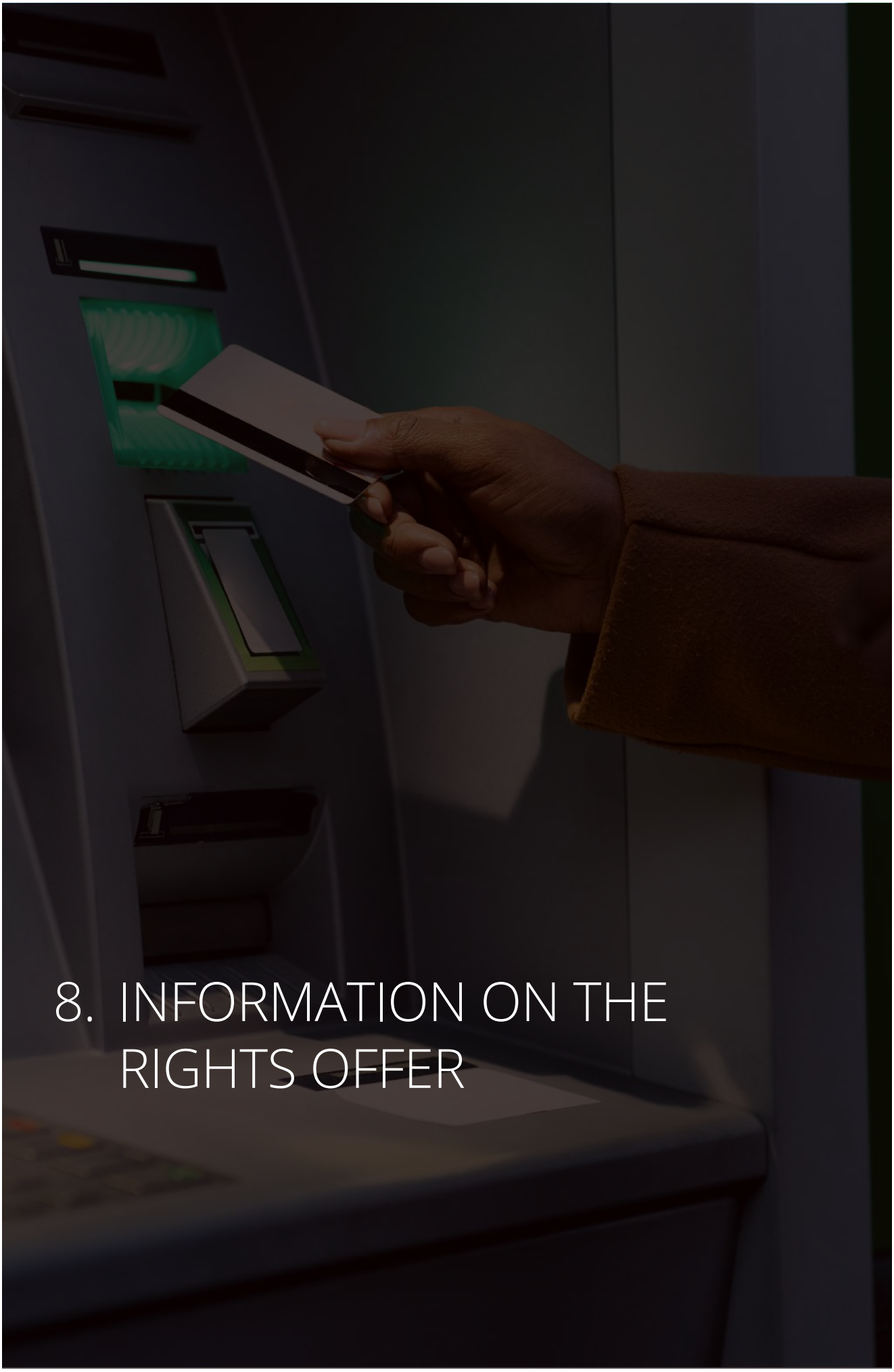
Subsequently, the Dongcheng District People's Court in Beijing, People's Republic of China, has issued an injunction order temporarily restraining payment under the counter-guarantee, following an application by the contractor.

If the ERA does not withdraw its demand for payment under the guarantee, the Company intend to initiate appropriate legal action to challenge the injunction and enforce its rights under the counter-guarantee, in order to protect its financial and legal interests.

The Company considers litigation or potential litigation to be material given its connection with the ERA matter under Section 7.12.1 and the potential financial impact it could have on the Company.

Except for the matters disclosed above, the Company confirms that it is not engaged in any government, legal, or arbitration proceedings (including any such proceedings that are pending or threatened, of which it is aware) that could have, or have had within the 12 months preceding the date of this Prospectus, or in the recent past, significant effects on the Company's financial position or profitability.

The Company has assessed the proceedings disclosed above and considered their potential effects on its financial position and profitability. In particular, the three litigations involving material amounts have been carefully evaluated, and their potential financial impact is reflected in the Company's financial statement.



8. INFORMATION ON THE RIGHTS OFFER

8.1. Information concerning the securities being offered

8.1.1. Type and class of securities being offered

The Rights Offer comprises 2,206,906 new Ordinary Shares of the Company, being the Rights Offer Shares. The Rights Offer Shares shall be fully paid Ordinary Shares with a cumulative nominal value of ETB 6,400,027,400 and Rights Offer Price of ETB 2,900 each. The Company has, and on the completion of the Rights Offer will have, one class of Ordinary Shares. The issuance of the Rights Offer Shares is duly authorised by a resolution of the shareholders dated 24 July 2025, in accordance with the Capital Market Proclamation, the Public Offer Directive, and the Company's MOA, which collectively provide the legal authority for the creation, offering, and allotment of such shares.

The ETB 600 difference from the EGM-approved ceiling of ETB 6,400,028,000 reflects an administrative adjustment to avoid issuing fractional shares as mandated by Article 270(1) of the Commercial Code.

8.1.2. Registration of securities

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

8.1.3. The name and address of the persons in charge of keeping the records of the securities

The Company Secretary, Tamirat Tilahun, in his role, has and will be the person in charge of keeping the records of the Ordinary Shares of the Company. The Company Secretary's address is the same as the Company's address.

8.1.4. Rights attached to the securities

The Company has, and, on completion of the Rights Offer will have, only one class of shares, being the Ordinary Shares.

The rights attached to the Ordinary Shares will be uniform in all respects, and they will form a single class for all purposes. The rights attached to the Ordinary Shares are as set out below:

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

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

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

d. Every holder of Ordinary Shares has a preferred right, in proportion to their holding, to purchase Ordinary Shares issued on an increase of capital.

The Company will be subject to the continuing obligations of the ECMA with regard to the issue of equity securities for cash. Additionally, the provisions of Article 448 of the Commercial Code, together with Article 4 of the AOA of the Company (which collectively confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to the issue of shares in the capital of the Company.

8.1.5. Treatment of pre-emptive rights

In accordance with Article 448(1)–(2) of the Commercial Code and Article 9, 133 and 134 of the Public Offer Directive, Existing Shareholders of the Company have Preferred Rights to subscribe for the Rights Offer Shares offered under this Rights Offer, in proportion to their shareholding as at the Record Date, as set out in this Prospectus. The Record Date forms part of the timetable approved by the ECMA.

This Preferred Right is reaffirmed by the Company's MOA, which provides that Existing Shareholders shall have a proportional preferred right whenever additional capital is approved by the General Meeting of Shareholders.

The Company at the 27th EGM passed a resolution that the Rights Offer Shares offered under this Rights Offer are reserved exclusively for Existing Shareholders recorded on the official record maintained by the Company that shows which Existing Shareholders are entitled to receive rights to apply for Rights Offer Shares as at the Record Date (the "Rights Register"), and no new investor may participate in the Rights Offer except in the event that demand from Existing Shareholders is insufficient to cover all of the Rights Offer Shares (as set out in Section 8.2.5.3 below). Consistent with Article 448(1) and (2) of the Commercial Code, such shareholders may sell or assign their Preferred Rights to other Existing Shareholders within the approved Rights Offer Period under the same conditions as the share itself. The Preferred Right is a statutory and constitutional protection against dilution.

8.1.6. Issue date of the Rights Offer Shares

The Company intends to issue the Rights Offer Shares on 16 February 2026, following the successful approval of the Allotment Report by the ECMA. The timing of the issuance of the Rights Offer Shares is subject to change and predicated on the successful approval of the Allotment Report by the ECMA. Refer to section 8.2.4 for the expected timetable of the Rights Offer.

8.1.7. Information on the tax treatment of the securities

The taxation treatment of the securities will be governed according to the Federal Income Tax Proclamation No. 979/2016 and its amendment Income Tax (Amendment) Proclamation No. 1395/2025. According to this proclamation, the following taxes could be applicable to the holders of the securities on offer.

According to Article 57 of the Income Tax Proclamation (as amended), a resident of Ethiopia who derives income from dividends shall be liable for income tax at a rate of 15.0% of the gross amount of the dividend. Furthermore, a non-resident who derives an Ethiopian source dividend that is attributable to a permanent establishment of the non-resident in Ethiopia shall be liable for income tax at a rate of 15.0% (15% on the gross amount of the dividend).

However, a dividend tax shall not apply to a body if a body distributes a dividend to a permanent establishment in Ethiopia or to a resident that is a member of a group of companies. "Group of companies" means a company that directly or indirectly has more than one company in which it owns more than 50.0% of the shares.

According to Article 59 of the Income Tax Proclamation (as amended), a person who derives a gain on the disposal of shares shall be liable to pay income tax at the rate of 15.0%. The amount of gain on disposal of a share by a person shall be the amount by which the consideration for the disposal of the asset exceeds the cost of the asset at the time of disposal, adjusted for inflation by 30.0%.

8.1.8. Restrictions on the transferability of the securities

Pursuant to the Rights Offer and the listing on the ESX, the Ordinary Shares will be freely transferable, and there will be no restrictions on transfer for the purposes of trading on the ESX.

8.1.9. Public takeover bids

The Company has not received any public takeover bids by third parties in the last financial year ended 30 June 2025, and to the period up to the date of this Prospectus.

8.2. Terms and Conditions of the Rights Offer

8.2.1. The total amount of the Rights Offer

The Rights Offer comprises 2,206,906 Rights Offer Shares at a Rights Offer Price of ETB 2,900 each. The estimated gross proceeds receivable by the Company from the Rights Offer is ETB 6,400,027,400.

8.2.2. Conditions

The Rights Offer is being made solely to Existing Shareholders, save for in the event that demand from Existing Shareholders is insufficient to cover all of the Rights Offer Shares (as set out in section 8.2.5.3 below).

8.2.3. Rights Offer statistics

Table 110: Rights Offer statistics

Fixed Rights Offer Price (per Ordinary Share)	ETB 2,900
Total number of Ordinary Shares in issue by the Company immediately preceding the Rights Offer	14,336,972
Total number of Rights Offer Shares	2,206,906
Total estimated number of Ordinary Shares in issue by the Company immediately following the Rights Offer	16,543,878
Estimated gross proceeds of the Rights Offer receivable by the Company	ETB 6,400,027,400
Estimated expenses of the Rights Offer	ETB 102,800,000
Estimated net proceeds of the Rights Offer receivable by the Company	ETB 6,297,227,400

8.2.4. Expected timetable and actions required to apply for the Rights Offer

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

Table 111: Expected timetable of events

Expected timetable of events	Time and Date
Record Date	24 December 2025
Date of approval of this Prospectus	24 December 2025
Publication of this Prospectus	24 December 2025
Commencement of the Rights Offer Period	09:00 on 25 December 2025
Cut-off Date and Closure of the Rights Offer Period	15:00 on 11 February 2026
Completion of allotment and verification	13 February 2026
Announcement of the results of the allotment	16 February 2026
Legal issuance of the Rights Offer Shares pursuant to the Rights Offer	16 February 2026
Crediting of new Ordinary Shares to investors' accounts on CSD	16 February 2026
Admission to the official list of the main board of the ESX	23 February 2026

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

8.2.5. Participating in the Rights Offer

8.2.5.1. Tradeable Rights

Participation in the Rights Offer is through the Tradeable Rights that convey to the holder their Preferred Right. Each Tradeable Right entitles the holder to purchase one Rights Offer Share at the Rights Offer Price. Every Existing Shareholder will be allocated the number of Tradeable Rights that corresponds to their Entitlement.

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

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

1. Choose to participate in the Rights Offer by instructing their broker to exercise the Tradeable Right, including making full payment;
2. Seek to sell the Tradeable Right in the market to another Existing Shareholder, for which they need to instruct their broker accordingly. The price paid for the Tradeable Right will be determined by the market at the time of the trade, and there can be no guarantee there will be a willing buyer. In this case, they will lose the right to participate in the Rights Offer with respect of the sold Tradeable Rights, but will receive the compensation agreed between seller and buyer (through their brokers);

3. Through their broker an Existing Shareholder can assign their Tradeable Right to another Existing Shareholder, in which case they will lose the right to participate in the Rights Offer, will be diluted, and will not receive any compensation;
4. Through their broker renounce their Tradeable Right, in which case they will lose the right to participate in the Rights Offer, will be diluted, and will not receive any compensation;
5. Let the Tradeable Right lapse by taking none of the aforementioned actions before the end of the Rights Offer Period, in which case they will lose the right to participate in the Rights Offer, will be diluted, and will not receive any compensation.

Where an Existing Shareholder intends to exercise a Tradeable Right in accordance with option (1) above, they must make full payment (being the full Rights Offer Price in respect of each Tradeable Right) through their broker. The Tradeable Rights can only be exercised by making full payment before the end of the Rights Offer Period.

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

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

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

8.2.5.2. Participation by Existing Shareholders in Surplus Rights Offer Shares

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

8.2.5.3. Insufficient demand from Existing Shareholders

In the event that demand from Existing Shareholders is insufficient to cover the Surplus Rights Offer Shares (and therefore is also insufficient to cover the total Rights Offer Shares), the Company will seek to allocate the residual Surplus Rights Offer Shares (being the Shortfall Rights Offer Shares) to Qualified Investors and Retail Investors. In accordance with: (1) the Capital Markets Proclamation; (2) the Public Offer Directive; (3) ECMA approvals; and (4) the terms of this Rights Offer, the Company will allocate the Shortfall Rights Offer Shares to Qualified Investors and Retail Investors at the Rights Offer Price.

8.2.5.4. Escrow accounts and settlement

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

8.2.6. The Rights Offer Period

The Rights Offer Period will commence at 09:00 on 25 December 2025 and will end on 11 February 2026.

8.2.7. Minimum and maximum amount of application in the number of Rights Offer Shares

The Existing Shareholders are eligible to participate as per their Entitlement and any additional Tradeable Rights acquired, and as a result, there is no minimum or maximum number of applications that an Existing Shareholder can make.

The participation in the Rights Offer is subject to the NBE Ownership Cap, and KYC/AML verifications, and where participating in the Rights Offer would breach those limitations, the number of Rights Offer Shares available for acquiring will be reduced to the maximum permitted level, and any excess subscription monies will be returned without interest, net of applicable bank charges.

8.2.8. The allotment policy

The allotment of the Rights Offer Shares will be undertaken as set out below.

1. In respect of the Exercised Tradeable Rights, Existing Shareholders will be allotted one Rights Offer Share for each Exercised Tradeable Right.
2. In respect of any Surplus Rights Offer Shares, in the event that total demand is equal to or lower than the total number of Surplus Rights Offer Shares, Existing Shareholders will be allocated the number of shares applied for in full. In the event that total demand is higher than the total number of Surplus Rights Offer Shares, allocation will be made to the relevant Existing Shareholders on a pro-rata basis.
3. In respect of any Shortfall Rights Offer Shares, these will be allocated to Qualified Investors and Retail Investors at the discretion of the Company, to the extent there is adequate demand.

For the avoidance of doubt, where an Existing Shareholder has sold, assigned, renounced or let lapse a Tradeable Right, they will receive no allotment in respect of that Tradeable Right.

The Company, following the closure of the Rights Offer Period, will consider the implications of the NBE Ownership Cap. In the event that the aforementioned allotment policy would result in a breach of the NBE Ownership Cap, the Company will reduce the allocation to said Existing Shareholder to avoid such a breach, and return the excess monies, without interest and net of bank charges.

Following the closure of the Rights Offer Period, the Company will submit an Allotment Report to the ECMA for their approval ahead of issuing the Rights Offer Shares.

8.3. Pricing

The Rights Offer Price is ETB 2,900. This price was set by the Board, considering the independent valuation report prepared by the Transaction Advisor and previous issuances made by the Company and the price offered in these previous issuances. As the Company's shares are not yet traded on a licensed securities exchange, there is no prevailing market price and no theoretical ex-rights price is presented.

The economic value of the Tradeable Right is therefore embedded entirely within the Rights Offer Price of ETB 2,900 per share. The Transaction Advisor prepared an independent valuation report for the Company's Board of Directors. The Transaction Advisor assessed an illustrative value of the Company using an income approach and a market approach. The Transaction Advisor triangulated the outputs of the approaches for the Company's consideration.

The methodology of the aforementioned approaches is set out below.

Income approach: a discounted cash flow method based on the projected free cash flows to the Company was applied taking into consideration certain value drivers including income growth, operating margins, required reinvestment in net working capital, capital expenditures, the discount rate and the terminal value of the Company.

Market approach: The market approach valuation for a bank using Price/Book (P/B) or Price/Earnings (P/E) multiples is typically applied when assessing the value of financial services companies. For the Company's valuation, the P/B multiple derived from the average adjusted P/B of the comparable banking companies (peer set) operating in East Africa was used. Adjustments for size, country risk, and control stake on the observed multiples were applied to conclude on an adjusted P/B multiple range, used to compute equity value on a controlling and marketable basis.

8.4. Reasons for the Rights Offer and use of proceeds

8.4.1. Minimum subscription

In the opinion of the Board of Directors, the minimum subscription amount that must be raised by this Rights Offer to achieve the primary objectives outlined below is ETB 3,000,000,700 or 1,034,483 Rights Offer Shares. This amount has been determined based on the Company's internal capital adequacy assessments and the Company's interpretation of the forthcoming Basel III requirements as set out in the NBEs Risk-Based Capital Adequacy Requirement Directive, which enhances risk-based capital adequacy requirements for banks.

8.4.2. Reasons for the Rights Offer

The primary reason for this Rights Offer is to strengthen the Company's capital base and enhance its liquidity position to ensure full compliance with the new capital adequacy and liquidity requirements implemented by the NBE under the Basel III framework. The proceeds will enable the Company to meet higher regulatory capital requirements, including maintaining Common Equity Tier 1 of at least 7.0% of RWA, Tier 1 capital of at least 9.0% of RWA, and total capital of at least 11.0% of RWA, as required by the NBE. In addition, the Company will be better positioned to comply with leverage ratio requirements and liquidity coverage ratios, ensuring sufficient resources to meet short-term obligations under stressed conditions. This will support sustainable growth of the loan book, enhance resilience against credit, market, and operational risks, and ensure ongoing compliance with NBE regulations. The Directors confirm that the net proceeds from this Rights Offer will be applied exclusively for the purposes detailed in Section 8.4.3 of this Prospectus below. The net proceeds will not be used for any other purpose, including the financing of business acquisitions or the acquisition of assets from affiliates or associates of the Company.

8.4.3. Estimated net proceeds and use of funds

The gross proceeds from the Rights Offer are estimated to be ETB 6,400,027,400, assuming full subscription. After deducting estimated expenses related to the Rights Offer of approximately ETB 102,800,000, the estimated net proceeds will be ETB 6,297,227,400.

The Company intends to use the estimated net proceeds for the following principal purposes, presented in order of priority; (1) To increase the Company's CET1, AT1, and Tier 2 capital ratios to progress towards meeting and exceeding the minimum requirements under the NBE's Risk Based Capital Adequacy Requirement Directive, which became effective on 10 November 2025. This will enhance loss-absorption capacity; and (2) To improve the Company's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) by strengthening the Company's holdings of High-Quality Liquid Assets (HQLA) and optimising the Company's funding profile.

8.4.4. Sufficiency of proceeds

The Board of Directors is confident that the net proceeds from this Rights Offer, upon reaching the minimum subscription amount, will be sufficient to fund the primary objectives stated above, specifically regarding the progress toward achievement of the Basel III capital and liquidity requirements stipulated under the NBE Risk Based Capital Adequacy Requirement Directive. In the event that the net proceeds are insufficient to fund all of the proposed activities, including secondary general corporate purposes, the Company will utilise its existing capital reserves and internally generated funds from operations to cover any shortfall. Additionally, the Company intends to raise funds in subsequent capital raises, as well as adjust their dividend payouts as needed to meet the regulatory obligations as set out by the NBE.

8.5. Distribution and underwriting

The Rights Offer is not being underwritten. No such arrangements have been made by the Company.

8.6. Expenses of the Rights Offer

The table below is the itemised list of the major categories of estimated expenses incurred in connection with the issuance and distribution of the Rights Offer. The expenses of the Rights Offer are payable by the Company in full.

Table 112: Estimated expenses of the Rights Offer

	Amount ETB millions
Transaction Advisor	88.6
Legal Adviser	5.1
Asset Valuator	2.3
Advertising and marketing	0.1
Securities registration fee payment to ECMA	6.7
Total estimated expenses of the Rights Offer	**102.8**

8.7. Professional parties

Set out below is a summary of the professional parties and experts who have been engaged by the Company in connection with this Rights Offer.

Table 113: Professional parties

Professional party	Role	Interest in the Issuer	Material conflict of interest
Deloitte	Transaction Advisor	None	None
Tamrat Assefa Liban Law Office	Legal Advisor	None	None
A.A. Bromhead Certified Audit Firm	External Auditor	None	None
Tekeba & Friends Valuers & Property Consultants	Asset valuator	None	None

The consent of each of the parties named above to act in their stated capacity has been obtained and has not been withdrawn prior to the publication of this Prospectus.

9. RISK FACTORS

Any investment in the Rights Offer Shares is subject to a number of risks. Prior to investing in the Rights Offer Shares, Prospective Investors should carefully consider the risk factors associated with any investment in the Rights Offer Shares, the Company's business and the industry in which it operates, together with all other information contained in this Prospectus as a whole, including, in particular, the risk factors described below.

The risk factors described below are not an exhaustive list or explanation of all risks which investors may face when making an investment in the Rights Offer Shares. Additional risks and uncertainties relating to the Company that are not currently known to the Company, or that the Company currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Company's business, results of operations and financial condition and, if any such risk should occur, the price of the Rights Offer Shares may decline and investors could lose all or part of their investment.

9.1. Industry-specific and financial risks

9.1.1. Credit risk

The Company is inherently exposed to credit risk, defined as the potential for financial loss arising from a borrower's or counterparty's failure to meet their contractual obligations. Credit risk is primarily associated with loans, advances, and financing activities, and is influenced by borrower credit quality, sectoral exposure, and broader economic conditions.

NPL are a primary manifestation of credit risk, directly eroding the Company's earnings, capital base, and liquidity. As at 30 June 2025, loans and advances totalled ETB 123.3 billion, and IFB financing amounted to ETB 10.7 billion, together representing a year-on-year portfolio growth of approximately 17.3%. Deterioration in borrower credit quality, excessive concentration of exposures, or systemic default could materially affect profitability and capital adequacy.

NPLs remain the primary manifestation of credit risk, directly affecting earnings, capital, and liquidity. As at 30 June 2025, the Company's NPLs in conventional loans and advances stood at ETB 5.77 billion, representing a ratio of 4.6%, which is below the NBE's maximum threshold of 5.0%. NPF totalled ETB 227 million, representing a NPF ratio of 2.1%. While both remain below the NBE's regulatory ceiling of 5.0%, the overall trajectory indicates rising pressure on asset quality. Credit losses are predominantly concentrated in stage 3 exposures within the corporate and MSME Business Segments, particularly in trade, manufacturing and export-oriented borrowers, whereas retail and IFB household exposures currently contribute a smaller share of NPLs and impairment charges.

The sectoral distribution of NPLs broadly mirrors the Company's lending exposure profile. The domestic trade and services sector, which represents the largest share of the Company's loan book, accounted for 56.1% of total NPLs in loans and advances. Manufacturing and export sectors contributed a further 30.0%, consistent with their combined portfolio exposure. For IFB financing, the domestic trade and services sector similarly accounted for 75.0% of total IFB NPFs, followed by the export sector at 23.0%, largely reflecting the underlying composition of IFB financing rather than an emerging concentration risk. Taken together, these sectoral patterns indicate that credit concentration and credit loss exposure are most pronounced in corporate and MSME customers engaged in domestic trade, manufacturing and export-related activities, with limited loss concentration in purely retail and public-sector portfolios.

While the financial statements do not provide a quantitative split of exposures by customer segment, the composition of the loan book including personal, staff, SME-linked and corporate-type facilities—

illustrates the presence of distinct customer groups with different risk profiles, repayment behaviours and sensitivities to macroeconomic conditions.

Geographically, credit risk is highest in conflict-affected and structurally weaker regions, with elevated NPL ratios and slower cure rates compared to the Company's core franchise in Addis Ababa and other economically diversified urban centres. The bulk of new NPL formation and credit losses in the year is attributable to borrowers operating in northern and border regions, whereas the central corridor (Addis Ababa and surrounding areas) continues to exhibit comparatively better repayment performance despite macroeconomic pressures.

Credit risk is also influenced by the mix of products and tenors. Conventional loans include a combination of term loans, working-capital and trade-related facilities (such as advances on letters of credit and import-related loans), as well as personal and staff housing loans. As of 30 June 2025, the current loans and advances total ETB 36.2 billion, while non-current exposures amount to ETB 87.1 billion, indicating a sizeable medium- to long-term credit book with associated refinancing and cash-flow risks. The Company's credit quality along with that of the broader banking industry has been negatively impacted by loans disbursed in conflict-affected regions, particularly northern Ethiopia. Repayment performance remains subdued as a result of displacement, asset destruction, and business interruptions. These exposures continue to affect overall portfolio quality and have contributed to impairment provisions for the year.

The Company reported a net reversal of ETB 153 million in loan impairment provisions as at 30 June 2025, compared to a charge of ETB 755 million in 2024, driven by exceptional recoveries and modelling adjustments. Despite this favourable outcome, underlying credit stress persists, particularly among SMEs and FX-dependent businesses. Credit loss experience for the year was therefore uneven across segments: strong recoveries and upgrades in large corporate portfolios offset elevated defaults among smaller traders, manufacturers relying on imported inputs, and borrowers in conflict-affected geographies.

Until mid-2024, Ethiopian importers operated under tight FX allocation controls and import restrictions imposed by the government's import-management regime. These constraints significantly affected liquidity and heightened default risk for businesses reliant on imported inputs. The NBE's Foreign Exchange Directive No. FXD 01/2024 and the 2025 trade liberalisation directive (Directive 1082/2025) marked a major policy shift, removing most import restrictions and opening trade activities to broader market participation, including foreign investors.

However, transitional effects of these reforms (such as persistent FX shortages, supply chain disruptions, and uneven sectoral adjustment) continue to pressure business cash flows and repayment capacity. Despite formal liberalisation, the manufacturing, export, and trade sectors remain exposed to volatility in input costs and exchange-rate fluctuations, which amplifies credit risk and could lead to future impairment charges.

The expansion of digital lending through Ethio Telecom's telebirr platform, totalling more than ETB 14 billion in disbursements, has added new layers of credit exposure to retail, MSME, and unbanked borrowers. Early delinquency rates within telebirr's microloan portfolio have trended upward in the year ended 30 June 2025, reflecting the heightened vulnerability of small borrowers to income instability and inflationary pressure. The Company's proprietary "SuperApp" launched during the year ended 30 June 2025, and currently has no direct lending exposure but is expected to play a growing role in future credit origination, potentially amplifying portfolio volatility as digital credit channels

expand. Digital credit risk is therefore primarily concentrated in short-tenor, unsecured micro and nano-loans to retail and MSME customers, where loss-given-default is relatively high and borrower affordability is sensitive to shocks in food, transport and housing costs.

The NBE has indicated that it could revise its prudential rules governing digital finance, potentially adjusting the maximum allowable NPL ratio for institutions involved in digital lending initiatives, which introduces additional uncertainty to reported asset-quality metrics. Any tightening of these standards could raise reported NPL ratios, while any relaxation could obscure emerging credit stress. The Company's exposure to digital lending and SME borrowers makes it sensitive to such regulatory shifts. The Company's credit risk profile is sensitive to concentrations by customer group (corporate, retail and MSME), product type (term loans, overdrafts, trade finance, IFB financing and digital microloans) and geography (core urban markets versus conflict-affected and frontier regions), such that any failure to adequately identify and respond to emerging pockets of stress in these segments could result in a material increase in NPLs and credit losses.

9.1.2. Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due without incurring unacceptable losses. This risk can materialise from various sources, including a sudden loss of depositor confidence, unexpected large cash outflows, or restricted access to interbank or external funding markets. Such events could lead to severe adverse consequences for the Company's daily operations and its ability to comply with regulatory requirements.

The broader Ethiopian banking industry is currently grappling with a severe liquidity crunch, which has manifested in delayed transfers and restricted cash withdrawals for both individuals and businesses. This systemic challenge is attributed to a confluence of factors, including poor governance practices within the banking sector, asset-liability mismatches where short-term deposits are invested in long-term assets, the increasing number of commercial banks, and the rapid expansion of digital financial services.

As at 30 June 2025, the Company's liquidity position, comprising cash, bank balances, and the current portion of short-term T-bills, increased substantially from ETB 28.81 billion as at 30 June 2024 to ETB 60.83 billion as at 30 June 2025, representing an increase of approximately 52.6% over the period. Over the same period, the Company's total loan-to-deposit ratio (calculated using net loans and advances to customers plus net IFB financing against total customer deposits) showed a decline. The ratio decreased from 78.4% as at 30 June 2024 to 66.3% as at 30 June 2025. This decline indicates a shift in the balance between loan growth and deposit mobilization, reflecting stronger deposit inflows relative to lending activities. The Company's liquidity management is subject to NBE directives, which prescribe minimum liquidity and capital adequacy thresholds. While the Company maintains liquidity buffers to meet its financial obligations as they mature, any future revisions to NBE regulatory requirements could materially impact the Company's liquidity position and its ability to satisfy short-term funding needs.

While the asset and liability management committee actively manage liquidity, delays or inefficiencies in decision-making could affect the Company's responsiveness during stressful events.

9.1.3. Foreign Exchange Risk

The Company is exposed to foreign exchange risk through its foreign currency-denominated obligations and the broader macroeconomic environment. Although the Company strives to maintain

adequate foreign currency–denominated assets, it remains exposed to foreign exchange risk through its foreign currency–denominated obligations and the structural imbalances in the foreign exchange market. Persistent foreign currency shortages in Ethiopia, driven by structural trade deficits, limited export earnings, and foreign direct investment inflows, continue to constrain access to hard currency. This environment is compounded by exchange rate volatility arising from periodic adjustments to the official exchange rate and the gap between official and parallel market rates, as well as transition to a more market-driven exchange rate regime.

In addition to customer foreign currency deposits and obligations to correspondent banks and other international counterparties, the Company has significant foreign currency - denominated loan obligations obtained from international DFIs. These include long-term borrowings from BII and FMO, each with an original principal amount of USD 10 million, bearing floating secured overnight financing rate -linked interest and repayable through semi-annual USD instalments up to 2026. These donor-funded facilities are denominated in foreign currency while a substantial portion of the underlying on-lent exposures are in Birr, creating translation and refinancing risk where the local currency depreciates faster than assumed in the original pricing and capital planning.

Such conditions could impair the Company's ability to source the foreign currency required to settle obligations to international counterparties, including correspondent banks, technology service providers, and other cross-border payment commitments. Any delays or inability to secure foreign currency could result in contractual breaches, higher funding costs, remeasurement losses on foreign borrowings, reputational harm, and a loss of counterparties' confidence.

While the NBE allows limited natural hedging, such as offsetting FX inflows and outflows and maintaining export retention accounts, formal derivative instruments (forwards, swaps, options) are not yet available in the domestic market. As a result, the Company's ability to hedge its donor-funded foreign currency borrowings and other FX exposures is constrained, leaving it exposed to both exchange rate volatility and FX liquidity pressure. A sharp or sustained depreciation of the Birr relative to the US dollar and other major currencies would increase the Birr cost of servicing these donor-funded obligations and could adversely affect earnings, capital ratios and the Company's overall market-risk profile.

9.1.4. Interest rate risk

Changes in market interest rates can significantly affect the Company's net interest margin, which represents the difference between the interest earned on its assets (e.g., loans) and the interest paid on its liabilities (e.g., deposits). Fluctuations in interest rates can also impact the fair value of interest-sensitive assets and liabilities, potentially creating asset-liability mismatches. Regulatory interventions or shifts in monetary policy by the NBE may create unexpected mismatches that could adversely affect the Company's profitability.

Ethiopia has transitioned to a more market-driven interest rate-based monetary policy, with the NBE introducing a monetary policy rate of 15.0% in July 2024 and implementing open market operations for liquidity management. This shift means that banks operate in an environment where interest rate volatility is a more pronounced risk. Short-term market interest rates in Ethiopia have continued to turn positive in real terms. As at 30 June 2025, 364-day T-bills were yielding approximately 18.1%, based on the NBE's reported auction results and weighted averages for Q2 2025, which ranged between 17.8% and 18.3%. In response to these market dynamics, major Ethiopian banks, including the Company, have recently increased their lending rates, with some reaching as high as 22.0%.

While higher interest rates may temporarily support margins, they can weaken the credit channel, discourage investment, and increase repayment risks, creating cyclical challenges for the banking sector. For the Company, this dynamic is reflected in its negative gap between interest-sensitive assets (ETB 185.3 billion) and liabilities (ETB 188.8 billion) as at 30 June 2025, which makes earnings vulnerable if funding costs rise faster than returns.

9.1.5. Inflation risk

Ethiopia has experienced persistently elevated inflation in recent years, presenting a significant risk to the Company's operations, financial performance and financial stability. High inflation erodes consumer purchasing power, directly increases the Company's operational costs, including staff wages and general expenses, and may reduce the affordability of loan repayments for borrowers. This, in turn, affects credit quality and the overall demand for banking services.

Inflation has a significant negative effect on bank profitability metrics such as return on assets and return on equity. The persistent high inflation rate means that the real value of the Company's profits and capital is being eroded. The substantial increase in the Company's wages and benefits in an inflationary environment suggests a potential wage-price spiral, where rising living costs lead to higher compensation demands, which in turn increase the Company's operating expenses. This dynamic place continuous pressure on the Company's operational efficiency and overall profitability.

9.1.6. Capital adequacy risk

The Company is required to maintain sufficient capital to absorb losses and meet stringent regulatory requirements set by the NBE. Capital adequacy risk arises from the potential for a deterioration in asset quality, unanticipated losses, or failure to comply with evolving prudential norms, which could deplete capital buffers, impairing the Company's ability to expand operations, absorb shocks, or distribute dividends.

As at 30 June 2025, the Company's CAR was reported at 14.0%, compared to 13.9% as at 30 June 2024, well above the current regulatory minimum of 8.0%. On 10 November 2025, the NBE issued the Risk-Based Capital Adequacy Requirements for Banks Directive No. SBB/95/2025, aligning definitions with Basel III and setting minimum CET1 7%, Tier 1 9%, and Total Capital 11%. Banks must comply with all provisions, including these prudential minima, from 31 December 2026, with quarterly reporting commencing for the quarter ending 31 March 2026. Accordingly, while the Company's CAR remained above the prevailing 8.0% threshold as of 30 June 2025, future assessment will be against the 11% Total Capital requirement under the Risk-Based Capital Adequacy Requirements for Banks Directive No. SBB/95/2025 from 31 December 2026.

The Company's paid-up capital increased by 19.7% to ETB 14.3 billion as at 30 June 2025, up from ETB 12.0 billion as at 30 June 2024, strengthening its capital position. Under the current legal framework, the thresholds are CET1 (7.0%), Tier 1 (9.0%), and Total Capital (11.0%), with transitional timing as noted above.

Although the Company remains well capitalised, maintaining adequate capital ratios may become more challenging due to:

- Rapid loan portfolio growth, which increases RWA and can outpace internal capital generation;
- Rising non-performing exposures, comprising conventional loans and IFB financing classified as stage 3 (credit-impaired), which though declined to ETB 6.00 billion as at 30 June 2025 from

ETB 8.27 billion as at 30 June 2024 reflecting improved asset quality, continue to require close monitoring;

- Exchange-rate volatility and new FX open-position prudential limits (overall ±18% of Tier 1 capital at day-end) that may constrain balance-sheet positioning and, if breached, trigger daily fines and potential prudential sanctions (including dividend restrictions); and
- Evolving prudential standards, as the NBE strengthens Basel-aligned capital buffers across the sector including standardised capital charges for market (e.g. FX, interest rate, equity, commodity) and operational risks that feed into total RWA under the Risk Based Capital Adequacy Requirement Directive.

Dividend distributions are subject to approval by the AGM in accordance with the Commercial Code, while remaining subject to NBE prudential restrictions on capital adequacy and the ECMA's requirement for a formal dividend policy. Although this framework formalizes payout practices, it may also limit the Company's flexibility to retain earnings, thereby constraining internal capital generation amid rising regulatory capital expectations, and for FX risk breaches, potential supervisory measures such as prohibition on declaring or paying dividends under the Foreign Exchange Exposure Limits of Banks Directive No. SBB/96/2025.

9.1.7. ESG related risk

The Company is exposed to ESG related risks arising from Ethiopia's climate vulnerability, evolving regulatory requirements, and growing investor expectations. These risks have the potential to impact the Company's asset quality, operational continuity, compliance costs, and access to funding.

9.1.7.1. Environmental risk

As at 30 June 2025, the Company's loan book shows limited direct exposure to agriculture (about 0.7%) and transport (about 2.4%). However, ESG related credit risks may transmit indirectly through manufacturing and trade supply chains, including energy, and emissions-intensive manufacturing subsectors. Borrowers within these interconnected sectors remain vulnerable to physical climate events, notably droughts and floods, that can impair repayment capacity, thereby heightening credit and collateral risk. While the Company's collateral mainly comprises urban real estate, vehicles, machinery, guarantees, and deposits, rather than farmland or livestock, climate shocks could still affect collateral values through secondary economic channels, such as damage to logistics assets or supply-chain disruptions.

Ethiopia's transition toward a lower-carbon economy creates transition risks for borrowers in carbon-intensive and energy-intensive industries. Policy shifts, market adjustments, and potential carbon pricing measures could reduce asset valuations and increase credit losses for affected exposures. The Company also remains subject to sector-wide climate risk obligations, including participation in the EIB Ethio Negari Climate Risk Partnership, alongside other local banks, which require enhanced climate risk identification, disclosure, and portfolio stress testing. Failure to maintain compliance with such frameworks could expose the Company to supervisory pressure and reputational scrutiny.

9.1.7.2. Social risk

The Company faces social risks linked to data protection, consumer treatment, and evolving regulatory expectations. Under the Personal Data Protection Proclamation No.1321/2024 and the Financial Consumer Protection Directive No. FCP/01/2020, failure to maintain adequate oversight

of customer data, third-party service providers, or complaint handling mechanisms could result in regulatory sanctions, legal exposure, and reputational damage. Limited or inconsistent stakeholder engagement (such as insufficient communication with customers, regulators, employees, investors, or community groups) may reduce transparency and accountability and weaken the Company's ability to anticipate and manage social-related risks. Broader expectations around ethical conduct and fair treatment within digital finance services heighten the potential for regulatory intervention if deficiencies in oversight of compliance emerge.

9.1.7.3. Governance risk

Governance related risks stem from heightened supervisory and disclosure requirements. The Corporate Governance Directive imposes stricter standards for board composition, risk oversight, and internal control effectiveness, exposing the Company to regulatory action or capital penalties if compliance gaps are identified. The NBE has also expanded its risk management guidelines to require the integration of ESG factors into credit analysis and stress testing; inadequate incorporation of these factors could lead to understated portfolio risks and insufficient provisioning.

While the Company was among the first in Ethiopia to implement ESG standards and has secured ESG-linked financing from BII and FMO, these partnerships increase ongoing disclosure and performance obligations. Any lapse in meeting the stringent ESG reporting, governance, or performance benchmarks set by such financiers and the NBE could lead to funding constraints, reputational damage, and/or reduced investor confidence.

9.2. Operational and technology risks

The Company is exposed to operational and technological risks arising from the increasing digitalisation of its services, expansion of its branch and digital network, and reliance on both internal systems and external service providers. These risks, if realized, could lead to financial losses, regulatory penalties, service disruptions, and reputational damage.

9.2.1. Cybersecurity and information security risk

With increasing digitalisation across the banking industry, the Company is exposed to a growing array of cyber threats, including hacking, phishing attacks, malware, social engineering, denial-of-service attacks and data breaches. A successful cyberattack could result in significant service disruption, substantial financial losses, severe regulatory penalties, and irreparable damage to reputation.

While various industry-wide cyber incidents (such as social engineering, denial-of-service, phishing, malware, and other network-related attacks) have been reported in Ethiopia, there is no publicly confirmed incident specifically affecting the Company. Nonetheless, the inherent and evolving nature of cyber threats means that despite existing defences, a successful attack regardless of existing defences, could still result in significant financial and reputational harm to the Company.

9.2.2. IT system failures and technological infrastructure gaps

The Company's operational continuity relies on the integrity, security, and availability of its IT systems and the robustness of its technological infrastructure across its key markets. Hardware breakdowns, software malfunctions, data breaches, cyberattacks, or data centre failures, could disrupt banking operations, delay transactions, impair customer service, or undermine compliance and reporting processes.

These risks are compounded by broader technological infrastructure constraints in Ethiopia, particularly in rural and remote areas, where reliable electricity, stable internet connectivity, and adequate physical access points such as ATMs and POS terminals are limited. Although digital transactions have grown significantly in recent years, access points remain concentrated in urban centres like Addis Ababa, leaving large portions of the population reliant on basic mobile banking, or without access altogether.

The combination of internal system failures and external infrastructure deficiencies could result in prolonged service interruptions, reduced customer satisfaction, unplanned capital expenditure to bridge infrastructure gaps, reputational damage, and heightened operational risk.

9.2.3. Fraud and AML/CFT Risk

The Company is exposed to the persistent risks of fraud, money laundering, and the financing of terrorism. Regulatory breaches in these areas can lead to severe sanctions, substantial fines, significant reputational damage, and restrictions on business activities.

The Ethiopian banking sector has experienced a sharp rise in financial crimes. During the 2023/24 FY, 28 out of 32 banks in Ethiopia reported losses totaling ETB 1.3 billion due to various forms of fraud, including counterfeit banknotes, stolen ATM machines, and forged checks. This indicates a systemic vulnerability across the industry.

Although there are no instances of the Company being directly impacted by major cyberattacks, fraud, or money-laundering incidents, the Company remains inherently exposed to these risks given the significant losses reported across the Ethiopian banking sector. The Company's AML/CFT framework is assessed as moderately effective based on internal compliance testing and independent control reviews conducted as at 30 June 2025, consistent with supervisory standards issued by the NBE. These reviews identified areas for enhancements in transaction monitoring, risk-based customer due diligence, and resource allocation within the compliance function.

Despite ongoing efforts to strengthen cybersecurity, including vulnerability testing, deployment of advanced security tools, and progress toward ISO 27001 certification, the evolving nature of cyber threats and financial crime means the risk of future incidents remains material.

9.2.4. Third party risk

As part of its digital transformation and innovation strategy, the Company has established partnerships with various third parties, including technology service providers, to enhance service efficiency and develop differentiated products. While these partnerships provide strategic benefits, they also introduce third-party risks, which are among the most significant emerging threats for financial institutions.

Weaknesses in third parties' risk management capabilities, cybersecurity posture, or system security controls could create vulnerabilities leading to operational disruptions, financial losses, threats to the confidentiality, integrity, and availability of Company data and systems, regulatory sanctions, and reputational damage.

Although the Company has not yet experienced material incidents arising from third-party relationships, it remains exposed to such risks given the uncertain nature of operational risk and the growing reliance on external service providers.

9.3. Strategic and competitive risks

9.3.1. Competitive landscape

The ongoing liberalisation of the Ethiopian banking industry has introduced new market entrants, including foreign banks and FinTech companies. This increased competition poses a significant strategic risk, as it may affect the Company's market share, pricing power, customer retention, and overall profitability.

Historically, Ethiopia's financial sector has been largely closed, dominated by state-owned banks, with private domestic banks only allowed to operate since 1994. However, the recent Banking Business Proclamation marks a historic shift by allowing foreign banks to re-enter the Ethiopian market after a 50-year absence. This liberalisation is expected to intensify competition significantly. Foreign banks typically bring strong brands, advanced technology, and access to lower-cost international capital, giving them a competitive edge, particularly with large corporate clients.

Experience from peer Sub-Sharan African markets, including Ghana, Kenya, and Nigeria, indicates that liberalisation often leads to heightened competition and market-share erosion for domestic banks. The AfDB's 2017 working paper, "Regional Financial Integration and Economic Activity in Africa," found that foreign bank entry in liberalising economies tends to reallocate corporate banking relationships toward international institutions, driven by technology, product sophistication, and access to foreign currency liquidity. Similarly, the IMF's 2018 study, "Financial Inclusion and Bank Competition in Sub-Saharan Africa," highlights that liberalisation increases competitive pressure and compresses profit margins in local banking sectors that lack comparable digital or funding capabilities.

Although Ethiopia's market dynamics differ, comparable pressures could emerge as foreign banks operationalise under the new framework. These entrants may also compete aggressively for deposits and high-value clients by offering higher interest rates and cross-border transaction services, potentially tightening liquidity conditions and constraining domestic credit growth, especially for SMEs and rural borrowers.

Furthermore, foreign banks may compete for deposits by offering higher interest rates, which could reduce local banks' loanable funds and worsen credit shortages for underserved segments like SMEs and rural borrowers.

9.3.2. Technological adaption

Rapid technological advancements and evolving customer expectations require continuous innovation within the banking industry. Failure to adapt quickly to these changes may erode the Company's competitiveness and relevance, particularly in critical areas such as digital banking and mobile financial services.

The pace of technological change and the entry of FinTech companies, including mobile money platforms like telebirr and M-PESA, continue to redefine customer expectations and intensify competition. The risk lies in the possibility that the Company's innovation efforts may not keep pace with market demands or competitor advancements. A slower adaptation could lead to a decline in market share and customer engagement, particularly as a growing percentage of customers now prefer digital channels over physical branches.

9.4. Regulatory and compliance risks

9.4.1. Regulatory compliance

The Company operates under the regulatory oversight of the NBE, which imposes prudential, capital adequacy, and governance standards. Ongoing financial sector reforms, particularly under the Banking Business Proclamation, have broadened the NBE's directive-making authority, including over minimum capital, foreign bank entry, and Basel-aligned capital and liquidity requirements.

Recent regulatory developments, including the Recovery Plan of Banks Directive No. SBB/93/2025, effective 13 May 2025, and the Risk-Based Capital Adequacy Requirement effective 10 November 2025, have introduced more stringent compliance requirements. Once fully implemented, failure to meet these obligations could expose the Company to penalties, including fines, operational restrictions, reputational damage, or license revocation.

The evolving regulatory landscape introduces material legal and compliance risks that could affect the Company's operations, capital allocation strategy, financial performance and future growth

9.4.2. AML/CFT/KYC regulations

Evolving AML and KYC standards require ongoing updates to processes and systems within financial institutions. Non-compliance with these stringent regulations could result in severe sanctions and operational restrictions.

Ethiopia's AML and KYC regulatory framework has been advancing to align with international standards, primarily driven by the AML Proclamation and Financial Consumer Protection Directive No. FCP-01-2020 issued by the NBE. These regulations mandate thorough customer identification, verification, and ongoing customer due diligence processes, with financial institutions required to adapt procedures based on the risk profile of each client. The Financial Intelligence Centre was established to oversee and coordinate compliance activities.

Identity verification in Ethiopia presents practical challenges due to a lack of robust digital infrastructure and the diversity of identity documents, making a standardised and efficient system difficult. This complicates effective KYC and AML processes. A study assessing the Company's compliance found the overall establishment and implementation of its AML/CTF program to be at a moderate level. The study highlighted areas for improvement, particularly in the allocation of adequate resources to the compliance office, the designation of a dedicated compliance officer for AML/CTF training, and the implementation of automatic electronic customer/transaction screening. Challenges include a lack of public awareness regarding AML/CTF, the predominantly informal and cash-based nature of the Ethiopian economy, and the absence of a comprehensive list of PEPs.

9.4.3. Legal and tax disputes

The Company has faced sector-wide legal and regulatory risk concerning the tax treatment of dividends applied toward the settlement of unpaid subscribed capital. This risk stemmed from divergent interpretations between the tax authorities and financial institutions on whether such allocations constituted taxable distributions or capital reinvestments.

In April 2023, the Federal Supreme Court of Ethiopia (File No. 45632/2015) held that undistributed dividends may be subject to income tax unless it could be clearly demonstrated that the funds were reinvested in the Company rather than used to discharge pre-existing shareholder obligations. Following this decision, the Federal Large Taxpayers Office took the position that dividends allocated

to cover unpaid subscribed capital were taxable at the applicable withholding tax rate, asserting that such allocations represented a shareholder benefit.

In the absence of a binding directive, this position led to objections before tax appellate bodies, ongoing audits, and potential exposure to retroactive tax assessments for several financial institutions, including the Company.

The enactment of the Income Tax Amendment Proclamation No. 1395/2025, particularly Article 61, now expressly provides that dividends reinvested to settle unpaid subscribed capital do not constitute taxable distributions. While this clarification aims to resolve the issue going forward, residual risk remains in several respects:

- The treatment of recapitalised dividends allocated before the amendment's entry into force may still be challenged by the tax authorities, particularly in respect of years already under audit or dispute.
- The Company must be able to substantiate that the relevant allocations meet the statutory definition of reinvestment and were applied strictly to settle unpaid subscribed capital. Inadequate documentation could expose the Company to adverse determinations.
- Differences in interpretation between the Company and the tax authorities regarding the scope of "reinvestment" under Article 61 may lead to further disputes.

Accordingly, although the legislative amendment reduces the uncertainty for future allocations, a risk of adverse tax assessments, interest, and penalties remains related to historical recapitalised dividend transactions.

9.4.4. Increased compliance obligations post-listing

As a listed entity, the Company will be subject to enhanced requirements under the Capital Markets Proclamation and directives issued by the ECMA. These include obligations related to periodic financial reporting, disclosure of material information, corporate governance, and prohibitions on insider trading.

Listing on a securities exchange, such as the ESX, introduces a new layer of regulatory scrutiny and compliance requirements. The Public Offer Directive mandates detailed disclosures of financial, operational, and risk information. Following the listing, the Company will be subject to ongoing reporting and compliance obligations.

These enhanced obligations require internal controls, dedicated compliance teams, and potentially new IT systems to manage and report data accurately and transparently. The associated costs, both direct (e.g., advisory fees, listing fees) and indirect (e.g., increased internal staffing, system upgrades), may materially increase operational costs. Failure to comply with ECMA or ESX requirements could result in penalties, reputational harm, or restrictions on trading activities. Additionally, the higher transparency expectations may also expose the Company to greater market and public relations risks.

9.5. Country and macroeconomic risks

9.5.1. Political and security risks

The Company's operations are concentrated in Ethiopia, a nation that has experienced periods of political instability and regional conflict. Such unrest may disrupt banking services, damage assets, and adversely impact loan performance and overall operations.

Ethiopia faces significant political risks that threaten its stability and security, including ethnic tensions, governance challenges, and economic instability.

Political instability and regional conflicts lead to lower investor and consumer confidence, disrupt trade, and undermine incentives to save, potentially causing economic stagnation and endangering entire economies. The pervasive nature of political and security risks in Ethiopia means that the Company remains vulnerable to disruptions that are beyond its direct control.

9.5.2. Macroeconomic event

Ethiopia's economy faces persistent challenges, including foreign exchange shortages, high inflation, fiscal pressure, and regulatory unpredictability. These factors have reduced customer purchasing power, weakened collateral values, and constrained investment, directly impacting the Company's lending activity, foreign exchange position, and overall profitability.

As at 30 June 2025, foreign currency shortages continued to pressure the Company's operations, particularly in meeting import-related and correspondent banking obligations. The Company experienced reduced foreign currency inflows and modest declines in FX denominated deposits, reflecting tighter liquidity across the banking industry. The gap between the official and parallel exchange rate further elevated the cost of sourcing hard currency, limiting the Company's ability to finance trade-related activities and increasing exposure to foreign exchange losses.

The NBE's monetary tightening measures have also affected the Company's growth trajectory. The 18.0% credit growth cap in the year ended 30 June 2025, constrained the expansion of the Company's loan portfolio, which grew by only 7.8% compared with 16.2% in the year ended 30 June 2024, particularly in the trade and manufacturing sectors. The NBE has since announced that the credit growth ceiling will be revised upward to 24.0% for the year ended 30 June 2026, a move intended to ease liquidity pressures. However, the persistence of foreign exchange shortages and high inflation may continue to weigh on credit demand and asset quality.

Inflation, which remained above 16.9% in the year ended 30 June 2025, eroded borrowers' repayment capacity and increased the real cost of funding. The ETB's depreciation of approximately 18.0% against the USD further raised the local currency cost of foreign obligations and contributed to higher operating expenses related to cross-border payments.

Overall, these macroeconomic conditions have heightened credit, liquidity, and FX risks, constrained the Company's growth momentum, and may continue to challenge profitability and capital adequacy, despite policy adjustments for the year ended 30 June 2026.

9.6. Reputational risk

Reputational risk refers to the potential loss arising from damage to the Company's public image, stakeholder confidence, or market perception due to actual or perceived failures in governance, compliance, ethical standards, customer service, or financial performance. As a systemically

important institution and publicly listed entity, the Company's reputation represents a critical asset underpinning customer trust, market confidence, and investor sentiment.

Loss of reputation can result in customer attrition, reduced deposit mobilization, withdrawal of investor support, and volatility in the Company's share price. Negative publicity or adverse stakeholder reactions (whether arising from regulatory sanctions, governance lapses, data breaches, or litigation outcomes) can amplify financial and operational stress, potentially impairing capital access and long-term franchise value. Reputational risk is closely linked to other material risk exposures, including regulatory and compliance risk, where breaches of NBE or ECMA requirements may trigger public or supervisory censure; operational and cybersecurity risk, where system failures or data breaches could erode confidence in the Company's reliability; legal risk, where unresolved disputes or adverse judgments could undermine credibility; and ESG and conduct risk, where perceptions of weak governance, ethics, or sustainability practices could adversely affect stakeholder relations. Reputation therefore constitutes a systemic and pervasive risk, capable of amplifying the impact of other risk categories and directly influencing the Company's capacity to maintain funding, investor confidence, and competitive positioning.

9.7. Other risks

9.7.1. Insurance coverage limitations

Banks operating in Ethiopia, including the Company, face operational, political, and cyber risks that may not be fully covered by available insurance products. The domestic insurance market offers limited coverage, breadth and depth, particularly for risks associated with geopolitical instability, cyber incidents, and large-scale operational disruptions. As a result, banks may carry partial or no protection against losses from events such as system failures, political unrest, or major cyberattacks.

In particular, the Company maintains insurance protection for operational and asset-related risks and ensures that trade finance transactions (including import and export consignments) are supported by appropriate insurance documentation in line with regulatory and internal policy requirements. These transactional and asset-based policies form part of the Company's broader insurance framework, which, while adequate for standard exposures, may not fully mitigate systemic risks such as geopolitical instability or large-scale cyber incidents.

Given the evolving threat landscape, particularly in cybersecurity, and the recurrence of political and civil unrest in some regions of Ethiopia, existing insurance products may prove insufficient in the event of large-scale losses. If a major incident, such as a prolonged systems outage, a widespread cyber breach, or asset damage during unrest, were to occur, the resulting financial impact would fall largely on the Company's own resources, potentially leading to material losses and erosion of capital or profitability.

9.7.2. Management and talent risk

The Company's continued success and strategic execution depend significantly on the expertise, leadership, and continuity of its senior management and key personnel. An inability to attract, develop, or retain highly qualified talent could impair the Company's strategic execution, operational efficiency, and overall competitiveness.

The ability to attract and retain top talent in a competitive market, particularly for specialised roles in digital banking, cybersecurity, and risk management, remains a challenge for any growing financial institution. A failure to continuously invest in employee development, streamline compensation

and reward systems, or refine talent planning techniques could lead to a loss of critical skills and institutional knowledge. This could hinder the Company's ability to execute its strategic objectives, such as digital transformation and expansion into new markets, thereby impacting its long-term growth and stability.

9.7.3. Dependency on external technology providers

The Company's operations rely on external service providers, particularly national infrastructure operators such as Ethio Telecom, for network connectivity and related services. Disruptions, outages, or service degradation on these third-party systems can interrupt ATMs, POS terminals, online banking, and other network-dependent services. Because these systems are outside the Company's direct control, operational resilience is partly contingent on the stability and quality of such external services. Prolonged or frequent disruptions could cause transaction delays, impair customer experience, trigger compliance issues, and damage the Company's reputation.

9.8. Rights Offer-specific risks

9.8.1. Under-subscription risk

There is a risk that the Rights Offer may not be fully subscribed. While the Company intends to allocate unsubscribed shares to Qualified Investors and Retail Investors, failure to attract sufficient demand may reduce the capital raised and impact the Company's intended use of proceeds.

9.8.2. Dilution of existing shareholders

The issuance of 2,206,906 new Rights Offer Shares may dilute the ownership and voting rights of existing shareholders. Shareholders who do not participate fully in the Rights Offer will experience a reduction in their percentage interest in the Company.

9.8.3. Pricing risk

The Rights Offer Shares are being issued at a fixed price of ETB 2,900 per share. There is no guarantee that the market will value the shares at this level once trading commences. If the trading price falls below the Rights Offer Price, investors may incur losses.

9.8.4. Liquidity and aftermarket risk

Following the Rights Offer and subsequent listing, there can be no assurance that an active and liquid market for the Company's shares will develop or be sustained. Limited liquidity may result in significant share price volatility and difficulties for investors wishing to sell their shares

9.8.5. Regulatory and compliance risk post-listing

As a newly listed entity, the Company will be subject to enhanced disclosure, governance, and compliance obligations. Failure to comply fully with these obligations could result in sanctions, reputational harm, or adverse movements in the share price

9.8.6. Operational and payment mechanics risk

The Rights Offer requires participating shareholders to authorise deductions from their bank accounts or to route payments through a separate escrow arrangement. Any operational errors, delays, or disputes related to these mechanisms could disrupt subscription and settlement of the Rights Offer Shares.

9.8.7. Market development and investor process risk

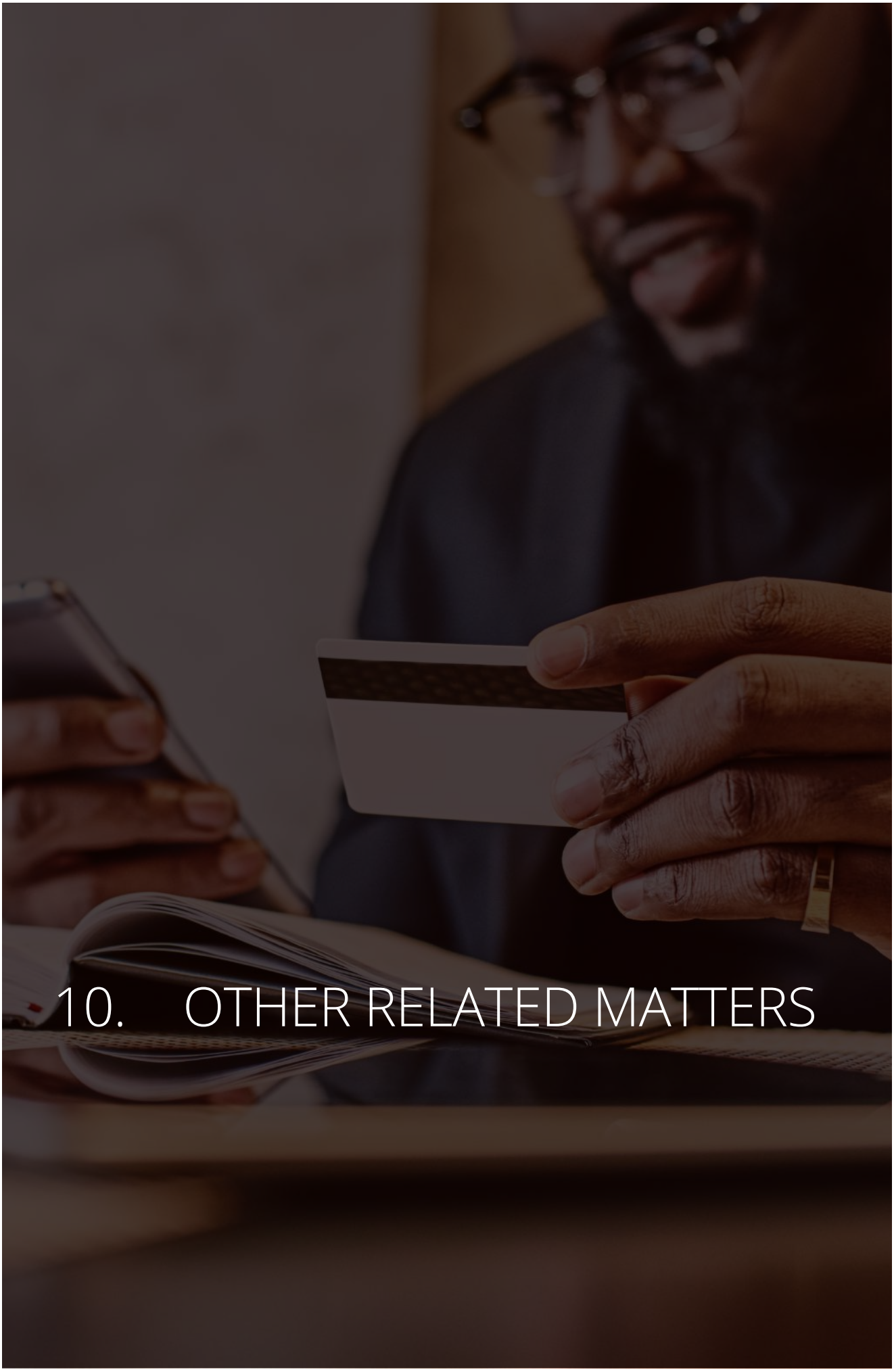
Ethiopia's capital market is in its formative stages. The regulatory framework, market infrastructure and operational systems supporting primary offerings, investor onboarding, share registration and post-offer activities are still developing. As a result, investors participating in the Rights Offer may be exposed to a higher level of operational and market-related risk than in more mature capital markets.

Applications for Rights Offer Shares, allocation of shares and registration of investors will be handled directly through the Company and/or its appointed share registrar and receiving agents. In a developing market environment, there is an increased risk of operational errors, delays, system outages, miscommunication, or other disruptions in the processing of applications, allocation of shares, and settlement of trades. Any such issues could result in unsuccessful or incomplete applications, incorrect allocations, delayed refunds, or failed settlement of the Rights Offer Shares. In these circumstances, investors may suffer loss or inconvenience, and the Company may not be in a position to compensate them.

Additionally, the broker may provide other financial services to the Company or its shareholders, possibly creating conflicts of interest, as their commercial interests might not always align with those of investors

9.8.8. Macroeconomic and market risk

The Rights Offer is being conducted in a broader economic environment characterized by liquidity challenges, inflation, and foreign exchange shortages. Investor appetite for new share issuances in the banking sector may therefore be constrained, which could affect the success of the Rights Offer and the post-listing performance of the Company's shares.



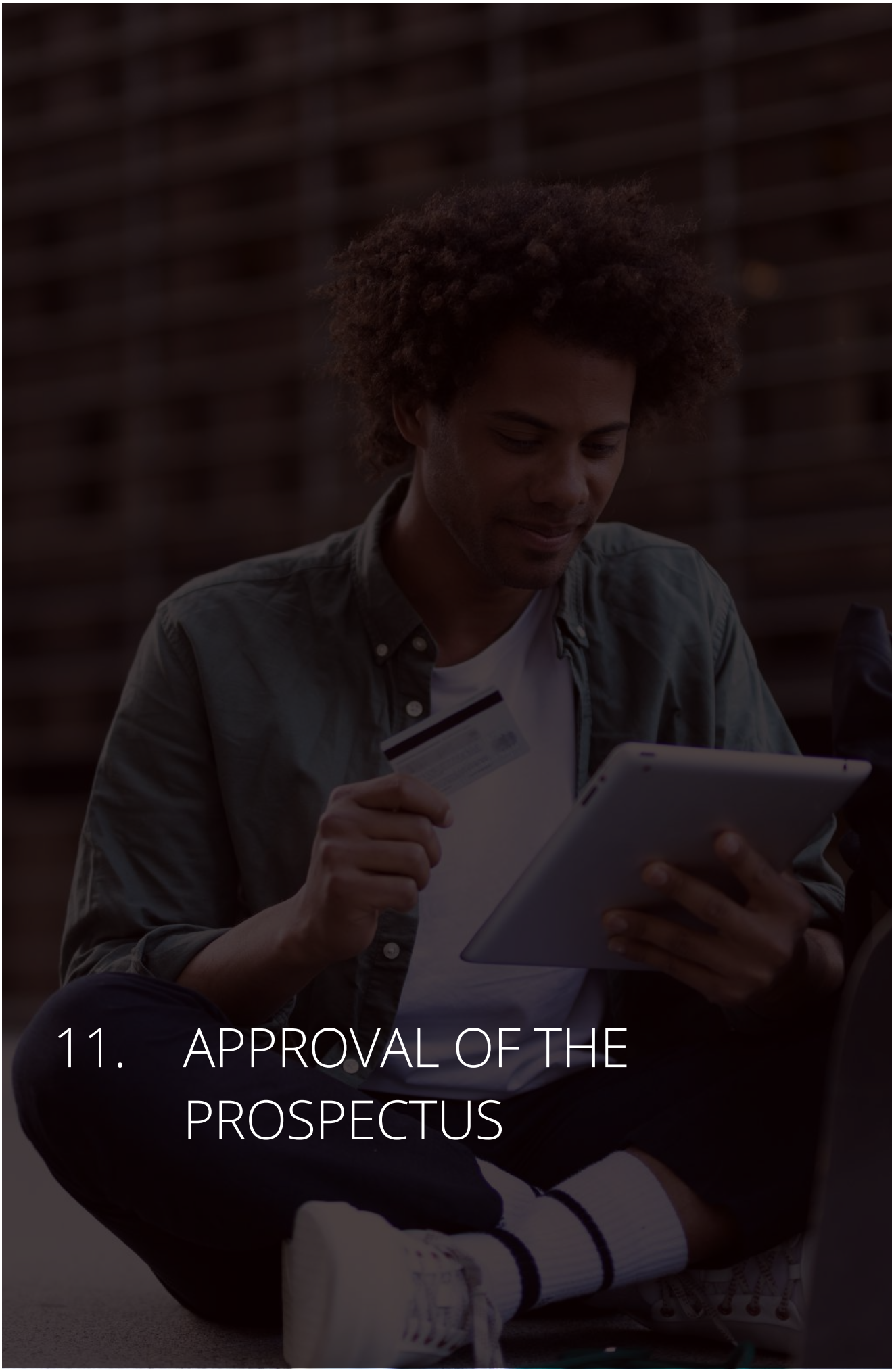
10. OTHER RELATED MATTERS

10.1. Trading Arrangements

Upon receiving the requisite approval from the ECMA and the completion of the Rights Offer, the Company intends to list 100% of the Ordinary Shares of the Company, being the existing 14,336,972 Ordinary Shares and the 2,206,906 newly issued Ordinary Shares pursuant to the Rights Offer on the ESX main board. The Company will fulfil all applicable requirements and procedures established by the ESX. Shareholders are permitted to trade their shares immediately upon listing.

10.2. Documents Made Available to the Public

The Company shall make this Prospectus and the accompanying documentation accessible to the general public through its website, under a dedicated section labeled "Investor Relations". The documents can be found at https://dashenbanksc.com/investor-relations/



11. APPROVAL OF THE PROSPECTUS

Approval of the Prospectus by the members of the Board of Directors, and the Chief Executive Officer and Chief Financial Officer

Table 114: Approval of the Prospectus

Signatories	
Name	Ato Dulla Mekonnen Mossisa – Board Chairperson
Date	24 December 2025
Name	Ato Abebe Teklu Gebreselassie – Director
Date	24 December 2025
Name	Ato Akalewold Admasu Gebremariam – Director
Date	24 December 2025
Name	W/ro Eyerus Teni Bonger – Director
Date	24 December 2025
Name	W/ro. Esete Lulseged Teferi – Director
Date	24 December 2025
Name	Ato Million Assefa Mersha – Director
Date	24 December 2025
Name	Ato Negussie Demie Buta – Director
Date	24 December 2025
Name	W/ro Rahel Werede Amdebirhan – Director
Date	24 December 2025
Name	Ato Saeed Ahmed Hassen - Director
Date	24 December 2025
Name	Ato Asfaw Alemu Tessema – CEO
Date	24 December 2025
Name	Ato Alemneh Abebe Kabtyemer – CFO
Date	24 December 2025