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GOH BETOCH BANK

ANNUAL REPORT 2023/24

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Bank of the Generation

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GOH MOBILE BANKING

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GOH BETOCH BANK

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Bank of the Generation

Mission

Our mission is to avail mortgage loans and enable Ethiopians enjoy the dignity and pride of home ownership with the aim of creating sustainable value to stakeholders.

Vision

To be the leading Mortgage Bank in East Africa

Values

Integrity

We regard confidentiality as a priority and always remain loyal to our customers.

Collaboration

We work together with stakeholders and partners for the promotion of shared interests, maintenance of utmost mutual respect, and building of strong relationships. We put our best effort in shaping our industry by creating an ecosystem beneficial to all parties involved.

Innovation

We are open to new ideas and change, enthusiastic to learn in scaling up best practices and coping-up with dynamism. We ensure service excellence by offering customer centric services with the right mix of the state of art technology, optimal business processes, and highly competent and motivated work force.

Corporate Social Responsibility

We work for better quality of life of our society and sustainability of our environment by conducting our business in an ethical and eco-friendly manner. We shall always work to earn and maintain public trust and promote creation of shared value.

Accountability

We take full ownership of our work and strive to deliver results with prudent risk management. We honour, individually or collectively, our commitments and promises to our customers, partners, and stakeholders.

TABLE OF CONTENT

Board Of Directors


Ato Belachew Hurrissa
Chairperson


W/ro Fasika Kebede
V/Chairperson


Ato Shimeles G/Giorgis
(Representing ELiG S.C.)
Member


Dr. Eng. Wubishet Jekale
Member


Ato Semere Assefa
Member


Ato Zemete Seyoum
Member


Ato Samson Tesfaye
Member

Executive Management

Ato Girum Tsegaye
Chief Executive Officer

Ato Eskinder Dibekulu
Chief
Operations Officer

Ato Moges Abayneh
Chief
Corporate Services Officer

Middle Management

Ato Ayalkibet Amdemariyam
Director – Human Capital Management

Ato Bethel Wossene
Director – Finance and Treasury

Ato Biniyam Kebede
Director – Office of Strategy Management

W/ro Kalkidan Wubshet
Director – Supply Chain Management

Ato Mesfin Solomon
Director – Internal Audit

Ato Fikadu Lemma
Director – International Banking

W/ro Helen Asamnew
Director – Information Systems

Ato Safework Mulugeta
Director – Credit Management

Ato Esayas Desalegn
Director – Engineering Services

Ato Berhanu Assefa
Director – Legal Services

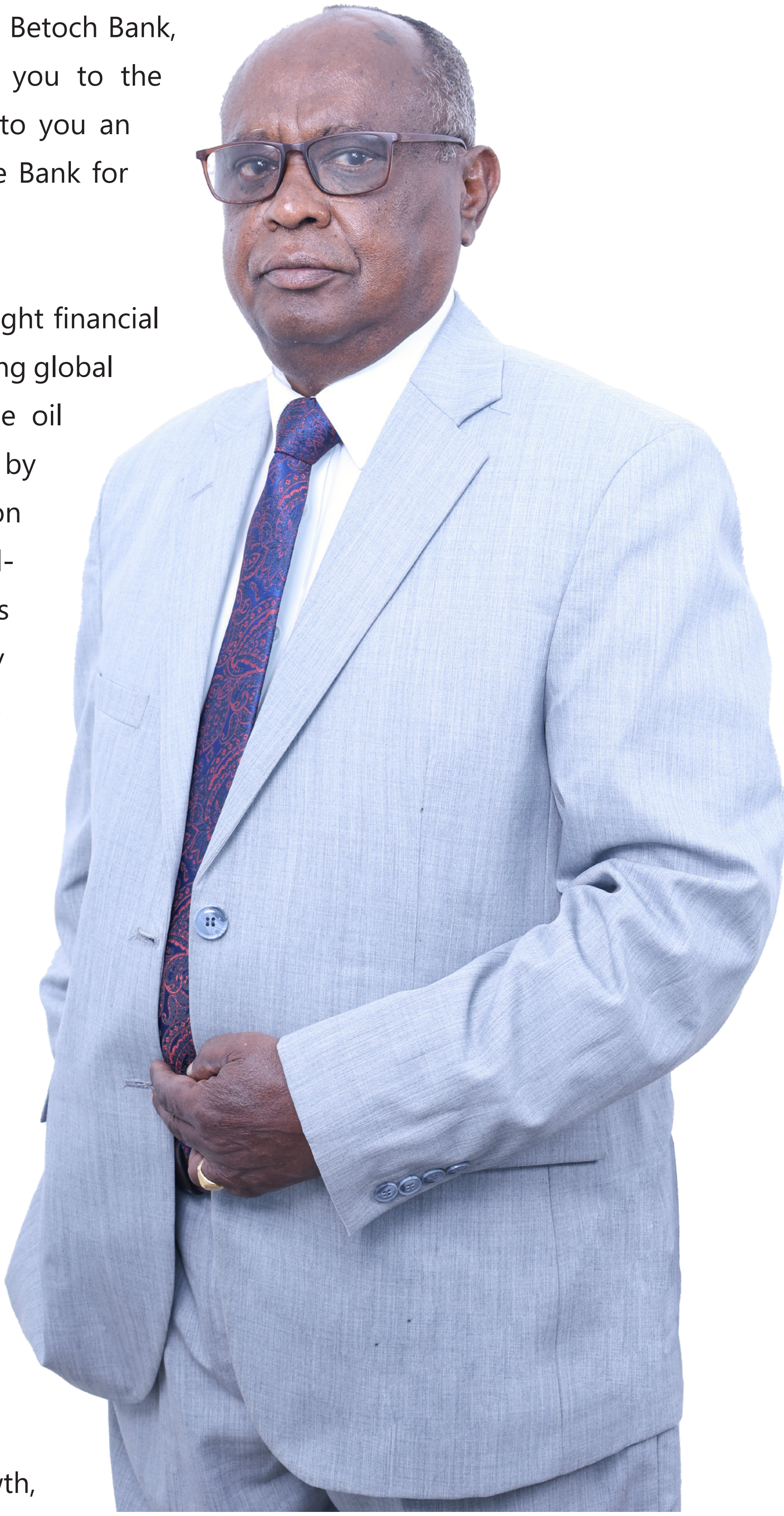
Ato Dereje Mulat
Director – Risk & Compliance Management

W/ro Meskerem Melesse
Director, Company Secretary and Executive Assistant to the CEO

Chairperson's Statement to Shareholders

Dear Distinguished Shareholders,

On behalf of the Board of Directors of Goh Betoch Bank, it is with great pleasure that I welcome you to the 3rd Annual General Meeting and present to you an overview of the Annual Performance of the Bank for the period ended June 30, 2024.



The concluded financial year experienced tight financial conditions that affected the already struggling global economy. An ever-rising inflation rate, the oil price hike, the increase in interest rates by major central banks, and the intensification of the Russia-Ukraine war along with Israel-Gaza conflict were the major occurrences that have affected the global economy during the year under report. Meanwhile, the Ethiopian economy struggled through a number of challenges. The high inflation rate, the chronic foreign currency shortage, the gradual lifting of fuel subsidies by the government and the prolonged internal unrest have been major challenges that have continued to weigh on the economy. Furthermore, the credit cap, lack of mortgage enabling environment and absence of long-term fund for the mortgage business has affected Goh Betoch Bank's performance specifically.

It was a year filled with immense pain and uncertainty but also courage as we performed well and showed a notable growth, in all performance indicators.

During the concluded fiscal year, to ensuring overarching result, Goh Betoch Bank amassed a total income of Birr 414.1 million and resulted to generate gross profit before tax of Birr 83.4 million, which grew by more than twelve-fold compared with the same period last year. In the determination to comply with the regulatory body's minimum capital requirement, the Bank was able to raise an additional Birr 90.6 million in paid-up capital over the course of the year under review and the Bank's overall paid-up capital reached Birr 1.41 billion. The Bank's deposit stood at Birr 1.02 billion and grew by Birr 112.6 million compared with last year's balance. Its outstanding loans grew by Birr 233.3 million to stand at Birr 1.55 billion.

Going forward, expecting that the year 2024/25 to be very challenging, with the hard work coupled with wise guidance of the Board of Directors, the prudent and coordinated quality leadership of Management Members as well as the unreserved dedication of the entire employees, much more works will be delivered to sustain the growth of the Bank and enhance financial and non-financial resilience of the Bank.

In conclusion, on behalf of the Board, I would like to thank you all, shareholders, and my fellow board colleagues. I also acknowledge and thank all the Management Team for the quality leadership and our employees for their dedication and enthusiasm that has continued to deliver impressive results for the Bank. I would like to extend my heartfelt thanks to the National Bank of Ethiopia and various stakeholders for the transformative collaboration we have had that has led to the various successes our Bank has achieved during the fiscal year.

Belachew Hurrissa
Chairperson, Board of Directors

Chief Executive Officer's Statement

On behalf of the Management Team and myself, I feel particularly privileged today to present the Bank's Annual Performance Report for the 2023/24 Fiscal Year.

Goh Betoch Bank demonstrated great resilience and managed to realize sustainable results in operational and financial arena in the fiscal year 2023/24. The results for the year are set out in the financial statements. The Bank incredibly managed to turn a profit before tax of Birr 83.4 million, displaying a commendable increase of more than twelve-fold profit against last year's profit of Birr 6.4 million. Its total asset stood at Birr 2.86 billion growing by Birr 234.1 million or 8.9% from last year's position and the total paid-up capital reached Birr 1.41 billion with an annual increment of Birr 90.6 million or 6.9% growth. The aggregate deposit of the Bank has reached Birr 1.02 billion collected from the Bank's 30,530 customers; and its outstanding balance of loans and advances reached Birr 1.55 billion.

Visualizing the current and forthcoming challenges in the broader landscape surrounding the sector, both the Board of Directors and Management are resolute and enthusiastic to build resilience and bring sustainable growth in the year ahead.

To this effect, much more focus will be given to resource mobilization by enhancing superior customer service experience and by expanding our customer touch points including both physical branches and digital channels. In addition, launching Interest-Free Banking services with a variety of IFB products and service options will be the other focus area.

Finally, I would like to extend my deepest gratitude to our valued customers for their loyalty and continued support, to the Board of Directors for their relentless endeavor in providing strong leadership and guidance, and to the Management and employees for their commitment and passion that led to the remarkable performance registered during the year. My sincere appreciation also goes to our shareholders and other stakeholders for their contribution towards the successful results of our Bank.

Girum Tsegaye
Chief Executive Officer

GOH DEBIT CARD

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GOH BETOCH BANK

Card Banking

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Bank of the Generation

Board of Directors' Report

Review of Major Macroeconomic Situations

Global Economic Outlook

The global economic outlook continued to remain fragile amidst concern over a slowdown in global economic growth due to the impact of monetary policy tightening by global central banks; continued war between Russia and Ukraine along with Israel-Gaza conflict; trade tensions and continued high inflation levels despite moderation from historic highs of last financial year. In its latest World Economic Outlook (July 2024), IMF has projected global growth to fall from an estimated 3.3% in 2023 to 3.2% in 2024 and slight rise to 3.3% in 2025.

Global activity and world trade firmed up at the turn of the year, with trade stimulated by strong exports from Asia, particularly in the technology sector. World trade growth is expected to rise from 0.8% in 2023 to 3.1% in 2024 before rising to 3.4% in 2025.

Ethiopian Economic Outlook

In addition to the pressure from the global macroeconomic environment, the domestic economy continued to be challenged by various issues. The nation experienced high price of consumable and non-consumable goods, owing to the spillover effect of Russia-Ukraine as well as Israel-Gaza war. Besides, internal political instability, low productivity, supply chain bottlenecks, forex shortage, unemployment and economic sabotage have contributed to a moderation in growth. Despite all issues, the economy grew at 5.8% in 2023, and it is projected to register 6.5% in 2024 and 7.2% in 2025 (IMF WEO April 2024).

Banking Industry

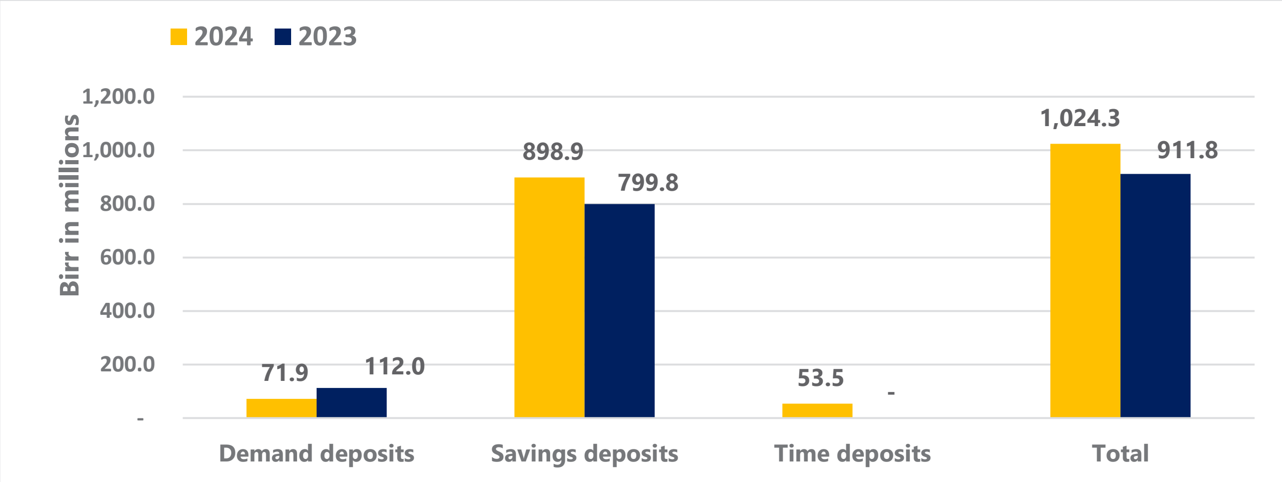
The market was operating in a rapidly changing environment marked by a variety of macroeconomic and industry-level issues. Political instability and uncertainty, a spike in commodity prices and a depreciation of the local currency, all of which had spillover effects on the day-to-day banking activities. Aside from that, various industry-level obstructions were present, such as shifting regulatory frameworks regarding cash transactions, surrender rules, and credit capping, as well as many new entrants, and the increasingly intensifying competition between banks, fintech firms and telecom companies.

1. Operational Performance Highlight

1.1. Deposits

Despite the prevalence of unfavorable macroeconomic environment and stiff competition in the industry, the Bank's total deposit reached Birr 1.02 billion exhibiting Birr 112.6 million (12.3%) increment from the balance of the previous year of Birr 911.8 million. The number of deposit accounts increased by 8,598 (39.2%) and reached 30,530 from the balance of 21,932 last year.

Figure 1: Deposit Portfolio of the Bank

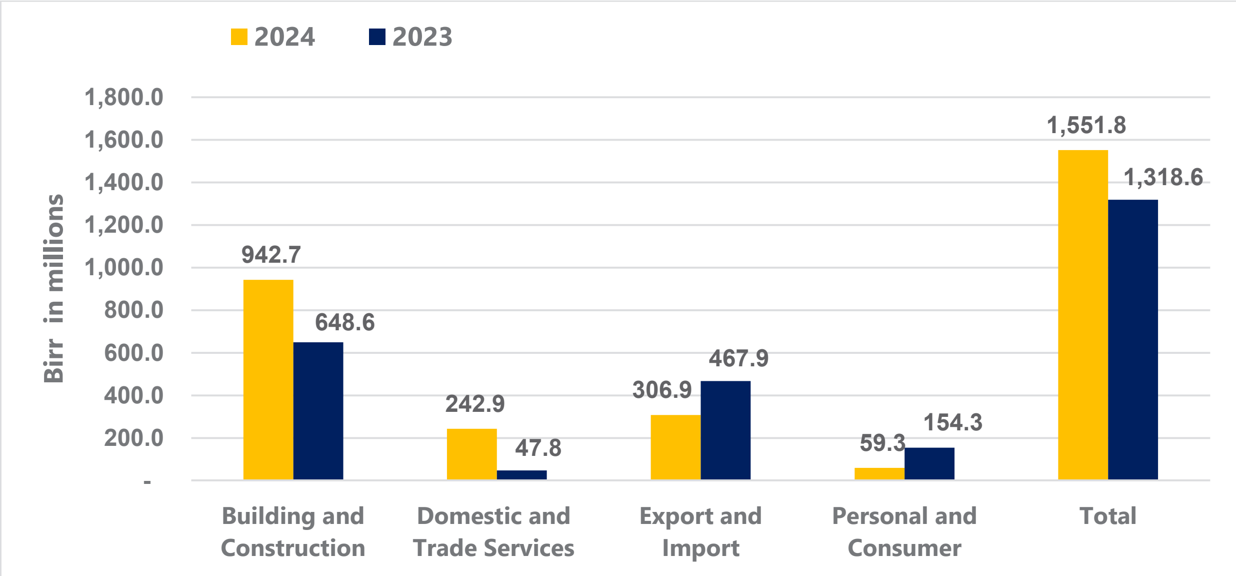


1.2. Loans and Advances

The Bank's total outstanding loans and advances at the end of 2023/24 fiscal year stood at Birr 1.55 billion, representing an increase of Birr 233.3 million from the previous year's balance of Birr 1.32 billion.

The Bank's outstanding loan portfolio shows that Building and Construction loan constituted 60.7% of the total, followed by Export and Import (19.8%), Domestic Trade and Services (15.7%), while Personal and Consumer loan took (3.8%).

Figure 2: Outstanding Loan by Sector



1.3. International Banking

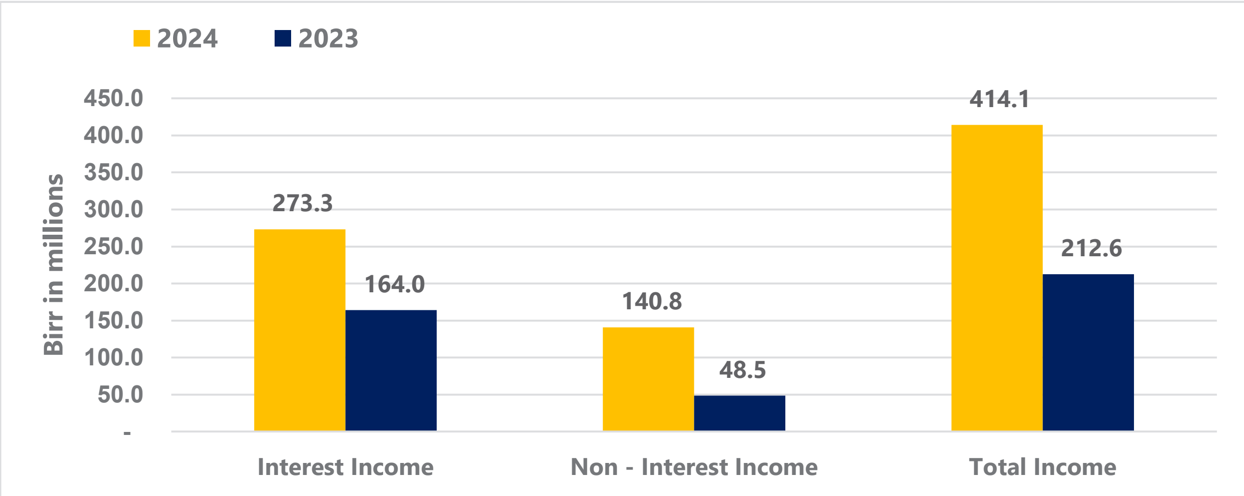
During the year under review, the Bank mobilized a total foreign currency of USD 2.3 million. Correspondent banks that are working with the Bank reached six at the end of the reporting period.

2. Financial Statements and Position

2.1. Income

The Bank generated a total income of Birr 414.1 million during the financial year 2023/24, exhibiting Birr 201.5 million (94.8%) increment from that of previous year's balance of Birr 212.6 million. Of the total income, interest income and non-interest income constituted 66.0% (Birr 273.3 million) and 34.0% (Birr 140.8 million), respectively.

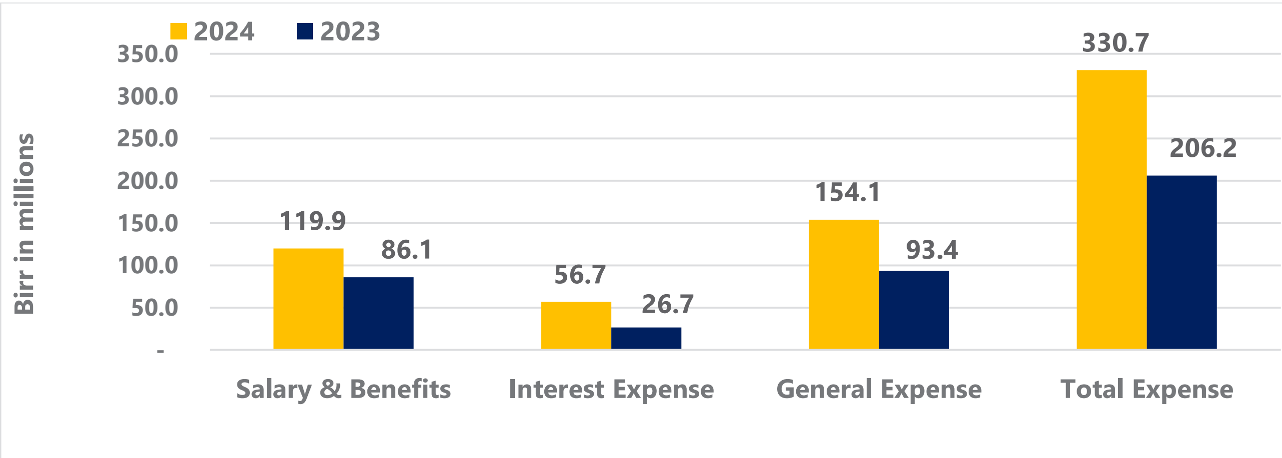
Figure 3: Income by Category



2.2. Expense

The total expense of the Bank stood at Birr 330.7 million, showing an increase of Birr 124.5 million (60.4%) against last year's balance of Birr 206.2 million. Looking at its breakdown, General Expense including depreciation and provision accounted 46.6%, followed by Salary and Benefits (36.3%), and Interest Expense (17.1%).

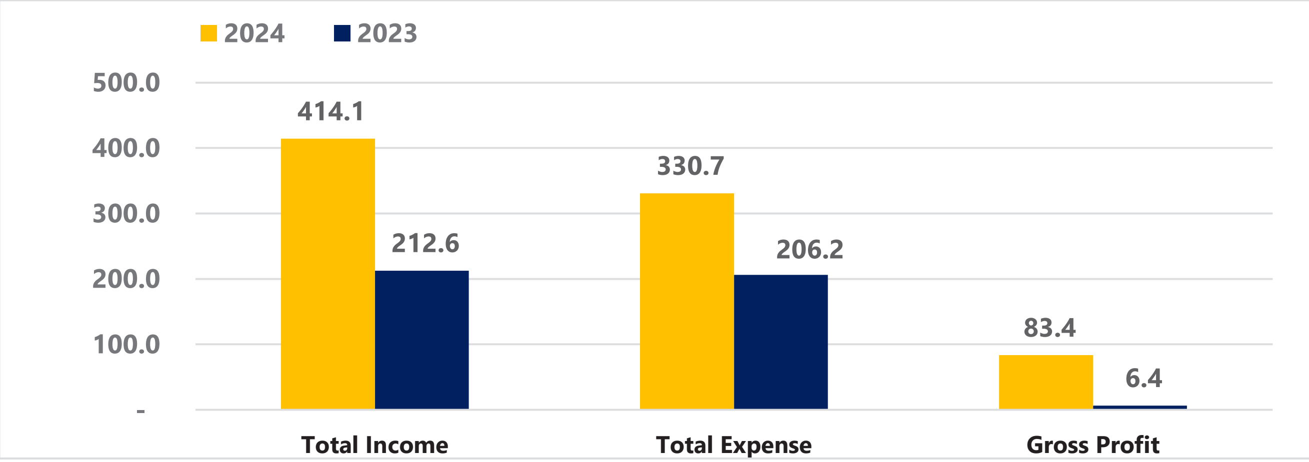
Figure 4: Expense by Category



2.3. Profitability

The Bank earned a gross profit before tax of Birr 83.4 million in the year, an increment of Birr 77.0 million (more than twelve-fold) compared to last year's profit of Birr 6.4 million.

Figure 5: Gross Profit Before Tax



2.4. Balance Sheet

The Bank's Total Assets reached Birr 2.86 billion at the end of June 30, 2024, reflecting an increment of Birr 234.1 million (8.9%) from the balance of Birr 2.63 billion reported last year.

The total liability of the Bank stood at Birr 1.18 billion with the major share being customer deposits, which is 87.0% of the total liability. The Bank's total equity reached Birr 1.68 billion, showing an increase of Birr 137.4 million (8.9%) from the previous year's balance of Birr 1.55 billion.

2.5. Dividend to Shareholders Proposal

Based on the foregoing results, the Board of Directors recommends a dividend amount of Birr 22.9 million to be distributed to shareholders proportionate to their respective paid-up shares. Shareholders are expected to plough-back their dividend to help increasing the capital of the Bank.

3. Non-Financial Developments

3.1. Branch Expansion

The Bank's total branch stood at nine, five in the capital city (Bole, Arat Kilo, CMC, Lebu, and Megenagna) and four in major outlying cities (Adama, Hawassa, Dire-Dawa, and Bahir-Dar).

3.2. Human Capital and Talent Management

The Bank's total number of employees stood at 181 at the end of fiscal year 2023/24 with a 16% increment over the previous year's position of 156 employees. Looking at the workforce composition by gender, 125 (69.1%) are male while the remaining 56 (30.9%) are female employees.

Human Capital Development is one of the Bank's key activities. The Bank firmly believes that well-trained, competent and motivated staff is critical for the sustainable growth and profitability of the Bank. To this end, the Bank continued to invest in enhancing its staff capacity through continuous trainings and development programs provided to 1,117 participants engaging internal and external training providers during the FY 2023/24.

3.3. Information Technology

During the concluded fiscal year, the bank has established its disaster recovery site in collaboration with Ethio-telecom and integrated its core banking system with GuzoGo and Tele-birr. Card banking and USSD mobile banking services will be finalized at the onset of the next 2024/25 fiscal year.

Furthermore, the Bank ensures continuous monitoring of its information technology systems and infrastructure to prevent, detect, address and mitigate the risk of threats to our data, systems and networks, including malware and computer virus attacks, unauthorized access, misuse, system failures and disruptions.

4. Risk Management

Risk management process remained one of the Bank's primary focus areas during the year, with the goal of effectively managing inherent risks triggered throughout the various business processes and activities. In alignment with all internal policies and procedures and rules and directives issued by NBE, the Bank has embarked on a comprehensive Risk Management Program to identify, measure, monitor, and control potential risks and recommend mitigation techniques for risks that could potentially impede accomplishments of credit, liquidity, foreign exchange, interest rate, and other operational objectives of the Bank.

Moreover, to help and comply with global and national attempts to counter suspicious financial transactions, the Bank has been working on the established framework of the Ethiopian Financial Intelligence Centre (EFIC) to combat money laundering and terrorist financing in the period under review.

5. Corporate Social Responsibility

The Bank continued to engage itself in various community/societal endeavors as part of its social responsibilities as a corporate citizen. The Bank established notable interactions with its stakeholders in a variety of activities across the country in social, environmental, and humanitarian activities in order to discharge its Corporate Social Responsibility and build a reputation in the public.

Accordingly, the Bank donated funds to the Ethiopian Women Entrepreneurs Association; to Addis Ababa City Administration for the support of green legacy; to Ethiopian Red Cross Society to save lives; and made financial support for an organization working on children in the year under review.

6. Corporate Governance

The corporate governance structure of the Bank is designed to ensure effective supervision, by the Board, in running the Bank's business and enhancing long-term shareholders' values.

There are three standing sub-committees of the Board: Loan Review, Risk Management and Compliance Committee; Audit Committee; and HR and Business Affairs Committee that deal with the various business affairs of the Bank. The Bank remains committed to observing and adhering to the highest standards of corporate governance and business ethics.

7. Future Prospect

Looking ahead, the changing financial landscape driven by the rapid developments in financial technology and the advent of a capital market makes it imperative for the Bank to revisit its strategy and modify its operating model and product offerings to capture the opportunities that these changes offer. Regulatory and compliance requirements will likely become increasingly stringent necessitating additional commitments.

We encourage all our shareholders to closely work with the Bank and raise additional equity capital to meet the capital requirement. We will continue to be open and transparent in our engagement with all stakeholders and in communicating the strategic direction of the Bank. In the 2024/25 FY, we will continue to pursue our resilience and build on our strengths and foundations to overcome the challenges the year will present. Top priorities of the Bank mainly include resource mobilization; fulfillment of the minimum capital requirement of NBE; and building enhanced customer experience across both physical and digital touch points.

Although we have no control over the external environment, we will apply our knowledge, network and experiences to achieve our goal of delivering consistent and sustainable returns to our shareholders. Looking at our Management Team, we are strategically positioned to capture the opportunities identified, within our risk appetite limits, and deliver better results.

Events and Memories

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Correspondent Banks And Finance Partners

CAC بنك كاك الدولي International Bank

بنك بيروت Bank of Beirut

EAST AFRICA BANK

EXIM BANK
Innovation is life

aktif bank

KCB

MONEY TRANSFER Agent

Dahabshiil


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GOH BETOCH BANK
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Bank of the Generation!

Goh Betoch Bank Share Company
Annual Financial Report
For the year ended 30 June 2024
Directors and statutory information

Board of directors	Title	Appointment date
Ato Belachew Hurrissa	Board Chairperson	November 25, 2023
Woy. Fasika Kebede	Board Vice chairperson	November 25, 2023
Dr. Eng. Wubishet Jekale	Board Director	November 25, 2023
Ato Shimeles G/Giorgis (Representing Ethio-Life and General Insurance SC)	Board Director	November 25, 2023
Ato Semere Assefa	Board Director	November 25, 2023
Ato Zemete Siyoum	Board Director	November 25, 2023
Ato Samson Tesfaye	Board Director	November 25, 2023
Executive management		
Ato Girum Tsegaye	Chief Executive Officer	February 1, 2024
Ato Eskinder Dibekulu	Chief Operations Officer	October 27, 2021
Ato Moges Abayneh	Chief Corporate Services Officer	April 6, 2023
Company secretary		
Woy. Meskerem Melesse	Director Company Secretary	September 13, 2021

Independent auditor

Tafesse, Shisema and Ayalew Certified Audit Partnership (TMS Plus)
Chartered Certified Accountants (UK)
Authorized Auditors (ETH)
P.O. Box 110690
Addis Ababa, Ethiopia

Consultants

Consultant engaged for IAS 19 compliance

QED Actuaries & Consultants
38 Wierda Road West, Sandton, South Africa

Consultant engaged for IFRS 9 Macroeconomic Overlay Model, and
Fair value estimation for equity investment

PricewaterhouseCoopers Limited
PwC Tower, Waiyaki Way/Chiromo Road,
Westlands Nairobi, Kenya

Principal bankers

Local banks

Bank of Abyssinia SC
Commercial Bank of Ethiopia
Oromia Bank SC

Foreign banks

Aktif Yatrim Bankasi A.S Istanbul,Turkey
Bank of Beirut, UK Ltd, London
CAC International Bank Djibouti, Djibouti
East Africa Bank Djibouti, Djibouti
Exim Bank S.C Djibouti, Djibouti
Kenya Commercial Bank, Kenya

SWIFT CODE: GOBTETAA

Goh Betoch Bank Share Company
Annual Financial Report
For the year ended 30 June 2024
Report of the Directors

The directors submit the report together with the audited financial statements for the year ended 30 June 2024, to the shareholders of Goh Betoch Bank (the Bank). This report discloses the financial performance and state of affairs of the Bank in accordance with IFRS and in the manner required by Accounting and Auditing Board of Ethiopia.

Incorporation and address

Goh Betoch Bank was incorporated October 8, 2020 and registered as a public share holding company in accordance with the banking business proclamation No. 592/2008. The Bank obtained its license from the National Bank of Ethiopia on July 28, 2021 and started its operation on October 25, 2021. The Bank is domiciled in Ethiopia. The Bank's registered office is:

Bole Sub city Woreda 2
Zimbabwe Street
P.O.Box 1704 code 1250
Addis Ababa, Ethiopia

Principal activities

The Bank's principal activity is commercial banking, and provision of mortgage loans with the aim of creating sustainable value to shareholders.

Results

The Bank's profit for the year ended 30 June 2024 has been transferred to retained earnings. The summarised results are presented below.

	30 June 2024 Birr'000	30 June 2023 Birr'000
Total operating income	352,386	182,943
Profit / (loss) before tax	83,411	6,380
Tax (charge) / credit	(3,318)	(1,319)
Profit / (loss) for the year	80,093	5,061
Other comprehensive income / (loss) net of taxes	(33,720)	214,394
Total comprehensive income/ (loss) for the year	**46,374**	**219,455**
Earnings per share of Birr 1000 par value	**76.05**	**5.87**

Directors

The directors who held office during the year and to the date of this report are set out on page 2.

Goh Betoch Bank Share Company
Annual Financial Report
For the year ended 30 June 2024
Statement of Directors' Responsibilities

The Bank's Directors are responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards and in the manner required by the Commercial Code of Ethiopia of 1243/2021, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank is required to keep such records as are necessary to:

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

b) explain its transactions and financial position; and

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

The Bank's Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, Banking Business Proclamation, Commercial Code of Ethiopia 1243/2021 and the relevant Directives issued by the National Bank of Ethiopia.

The Directors have given their opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss.

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

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

Signed on behalf of the Directors by:

Belachew Hurrissa Chairperson of Board of Directors	Girum Tsegaye Chief Executive Officer

TMS Plus

Tafesse,Shisema and Ayalew Certified Audit Partnership
Chartered Certified Accountants (UK) and Authorised Auditors (Ethiopia)

Tel. 251-011-8961752 /011 6180638 Mob. 0911 229425 /0930 034356/0930 034357 Fax: 251-011 662 12 70/60
E-mail:- tafessef@gmail.com / tafessef@hotmail.com P.O.Box 110690 Addis Ababa - Ethiopia

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS OF GOH BETOCH BANK SHARE COMPANY

Report on the Audit of the financial statement

Opinion

We have audited the financial statements of Goh Betoch Bank Share Company specified on page 6-64, which comprise the statement of financial position as at 30 June 2024, the statement profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

1. As described in **note 19** to the financial statements, the impairment losses have been determined in accordance with IFRS 9 Financial Instruments. This was considered a key audit matter as IFRS 9 is a complex accounting standard which requires significant judgment to determine the impairment losses.
2. **IFRS 13** requires entities to measure fair value using observable inputs whenever possible, and unobservable inputs only when observable inputs are not available. In the case of the Bank's investment in other entities, the Bank has determined that there are no observable inputs available to measure fair value. Therefore, the Bank has used a valuation model that incorporates unobservable inputs, such as the discount rate and future cash flows.

The use of unobservable inputs in the valuation model poses a risk of material misstatement, as the Bank's judgment in determining these inputs could be biased or inaccurate. We have identified this as a key audit matter because of the following factors:

- The Bank's investment in other entities is significant, is material to the financial statements.
- The valuation of the investment is complex and requires the use of a number of unobservable inputs.

To address this key audit matter, we have performed the following audit procedures:

- We assessed the Bank's valuation methodology and evaluated the reasonableness of the key assumptions used in the valuation model.
- We compared the Bank's valuation results to those of independent market participants.

Based on our audit procedures, we believe that the Bank's valuation of its investment in other entities is reasonable and in accordance with IFRS 13. However, we recommend that the Bank consider the following actions to mitigate the risk of material misstatement in the future:

- Consider using a valuation methodology that incorporates more observable inputs.
- Regularly monitor the performance of the investment and update the valuation model as needed.

Responsibilities of Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Report on other Legal and Regulatory requirement

We have no comment to make on the report of your Board of Directors so far as it relates to these financial statements in accordance with the Commercial Code of Ethiopia of 2021 (Proclamation No-1243/2021), recommend approval of the financial statements. In addition we recommend the approval of the profit distribution proposed by the Board of Directors.

Tafesse Shisema and Ayalew Certified Audit Partnership
Chartered Certified Accountants (UK)
Authorized Auditors (ETH)

Addis Ababa
06 October 2024

Goh Betoch Bank Share Company
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2024

	Notes	30 June 2024 Birr'000	30 June 2023 Birr'000
Interest income	7	273,266	164,042
Interest expense	8	(56,648)	(26,664)
Net interest income		**216,618**	**137,378**
Fee and commission income	9	37,591	41,007
Fee and commission expense	10	(5,055)	(2,982)
Net Fee and commission income		**32,536**	**38,025**
Net gain on foreign exchange valuation	11	4,841	6,468
Other operating income	12	98,391	1,072
		103,232	**7,540**
Total operating income		**352,386**	**182,943**
Loan impairment charge	13	(8,431)	(6,936)
Other assets impairment charge	14	(2,471)	18
Impairment on financial Guarantees	14	(1)	
Net operating income		**341,483**	**176,025**
Personnel expenses	15	(119,928)	(86,088)
Depreciation & Amortization Intangible assets	24-25	(29,775)	(10,984)
Interest expense on lease Liability	29	(1,443)	(3,516)
Other operating expenses	16	(106,926)	(69,057)
Profit before tax		**83,411**	**6,380**
Income tax expense	17	(3,318)	(1,319)
Profit after tax		**80,093**	**5,061**
Other comprehensive income (OCI)			
Items that will not be subsequently reclassified into profit or loss:			
Re-measurement gain/(loss) on retirement benefits obligations	31(c)	1,889	(3,039)
Deferred tax liability/(asset) on re-measurement benefit obligation	17(c)	(567)	912
Fair value gain(loss) on equity investment	20	7,055	216,521
Deferred tax liability/(asset) on re-measurement gain/(loss) on equity investment	17(c)	(42,097)	
Total other comprehensive income for the period		(33,720)	214,394
Total comprehensive income for the period		**46,374**	**219,455**
Earnings per share of Birr 1000 par value	33	**76.05**	**5.87**

Goh Betoch Bank Share Company

Statement of Financial Position

As at 30 June 2024

	Notes	30 June 2024 Birr'000	30 June 2023 Birr'000
ASSETS			
Cash and bank balance	18	190,398	364,866
Loans and advances to customers	19	1,536,454	1,311,642
Investment Securities:			
Equity Investments at fair value-OCI	20	306,830	274,149
Financial Assets at amortized cost (Bonds)	20	167,265	69,517
Other assets	21	345,741	119,159
Right of use assets	23	48,065	187,452
Property, plant and equipment	24	175,906	156,438
Intangible Assets-Software	25	63,501	33,076
Construction in progress	26	24,607	109,536
Non current asset held for sale	27		
Deferred tax asset	17(c)	1,183	
Total assets		**2,859,950**	**2,625,834**
LIABILITIES			
Deposits from customers	28	1,024,353	911,802
Current tax liabilities	17	-	-
Lease Liability	29	35,584	122,731
Other liabilities	30	64,135	40,109
Defined benefits obligation	31	4,844	4,169
Deferred tax liabilities	17(d)	48,377	1,779
Total liabilities		**1,177,293**	**1,080,590**
EQUITY			
Share Capital	32	1,411,240	1,320,680
Retained Earning/(Loss)	34	22,976	880
Legal Reserve	35	23,272	3,249
Regulatory Risk Reserve	36	43,098	6,003
General Reserve	37	1,741	949
Other Reserve-OCI	38	180,330	213,483
		1,682,657	**1,545,244**
Total equity and liabilities		**2,859,950**	**2,625,834**

The financial statements were approved and authorized for issue by the Board of Directors on October 6, 2024 and were signed on its behalf by:

Belachew Nurissa
Chairperson of Board of Directors

Girum Tsegaye
Chief Executive Officer

Goh Betoch Bank Share Company
Statement of Changes in Equity
For the year ended 30 June 2024

	Notes	Share Capital Birr'000	Retained Earning/(Loss) Birr'000	Legal Reserve Birr'000	Regulatory Risk Reserve Birr'000	General Reserve Birr'001	Other Reserve-OCI Birr'000	TOTAL Birr'000
As at 1 July 2022		**780,023**	**2,405**	**1,984**	**3,087**			**787,499**
Issues of ordinary shares	32	540,657						540,657
Profit after tax	34		5,061					5,061
Board remunerations	34		(1,350)					(1,350)
Prior period adjustment	34							
Re-measurement on equity & benefit plan	38						213,483	213,483
Transfer to legal reserve	35		(1,265)	1,265				
Regulatory Risk Reserve	36		(2,916)		2,916			
Transfer to general reserve (net)	37		(1,055)			949		(106)
As at 30 June 2023		**1,320,680**	**880**	**3,249**	**6,003**	**949**	**213,483**	**1,545,244**
As at 1 July 2023		**1,320,680**	**880**	**3,249**	**6,003**	**949**	**213,483**	**1,545,244**
Issues of ordinary shares	32	90,560						90,560
Profit after tax	34		80,093					80,093
Prior period adjustment	34							
Re-measurement on equity & benefit plan	38						(33,153)	(33,153)
Transfer to legal reserve	35		(20,023)	20,023				
Regulatory Risk Reserve	36		(37,095)		37,095			
Transfer to general reserve (Net 10%)	37		(880)			792		(88)
As at 30 June 2024		**1,411,240**	**22,976**	**23,272**	**43,098**	**1,741**	**180,330**	**1,682,657**

Goh Betoch Bank Share Company
Statement of Cash Flow
For the year ended 30 June 2024

	Notes	30 June 2024 Birr'000	30 June 2023 Birr'000
Cash flows from operating activities			
Cash generated from operations	39	**(137,208)**	**(383,149)**
Income tax paid			
Net cash (outflow)/inflow from operating activities		**(137,208)**	**(383,149)**
Cash flows from investing activities			
Purchase of investment securities	21	(90,507)	(64,117)
Purchase of equity investment	20	(32,867)	(47,627)
Construction in progress	26	84,929	(84,929)
Purchase of property, plant and equipment	24	(37,579)	(106,945)
Purchase of intangible assets	25	(42,076)	(31,104)
Lease liability	29	(85,075)	
Proceeds from disposal of property, plant and equipment	39	75,443	
Net cash (outflow)/inflow from investing activities		**(127,732)**	**(334,722)**
Cash flows from financing activities			
Issuance of shares	32	90,560	540,657
Dividend paid	34		
Transfer to reserves	37	(88)	
Net cash (outflow)/inflow from financing activities		**90,472**	**540,657**
Net increase/(decrease) in Cash and bank balances		**(174,468)**	**(177,214)**
Cash and Bank balances at the beginning of the year	18	364,866	542,080
Cash and bank balances at the end of the year	18	**190,398**	**364,866**

Goh Betoch Bank Share Company
Note to the Financial Statements
For the year ended 30 June 2024

1 General information

Goh Betoch Bank or "the Bank" is a share company domiciled in Ethiopia. The Bank was established on October 8, 2020 in accordance with the provision of the commercial code of Ethiopia, and the banking business proclamation. The Bank's registered office is:

Bole Sub city Woreda 2,
Zimbabwe Street,
P.O.Box 1704 code 1250
Addis Ababa, Ethiopia.

The Bank is principally engaged in the provision of diverse range of banking services.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

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

2.2 Changes in accounting policies and disclosures

The Bank has consistently applied the accounting policies to all periods presented in these consolidated and separate financial statements. There may be new IFRSs or amendments to existing ones that are expected to be applicable in the subsequent periods. The summary of these standards, and their impacts are stated here:

2.2.1 New standards, amendments and interpretations

Pronouncement and Effective date

Starting January 1, 2024, several new IFRS standards and amendments have come into effect, impacting the preparation and presentation of these annual financial reports. Key changes include the amendments to IAS 1 regarding the classification of liabilities as current or non-current, which aim to enhance clarity and consistency in financial statements. Additionally, IFRS 16 has been amended to address lease liabilities in sale and leaseback transactions, providing more detailed guidance on how to account for such arrangements.

Another significant update is the introduction of IFRS S1 and IFRS S2, which focus on environmental and claimate related risk financial disclosures. IFRS S1 sets out general requirements for the disclosure of environmental and claimate related risk financial information, while IFRS S2 specifically addresses climate-related disclosures. These standards are designed to improve transparency and comparability of climate related information, helping stakeholders make more informed decisions. Furthermore, amendments to IAS 7 and IFRS 7 will require additional disclosures related to finance arrangements to suppliers, enhancing the understanding of an entity's liquidity and financial risk management.

2.2.2 Impact on Bank's financial statements

The Bank shall implements the amendments upon their effective dates, and these modifications are anticipated to have no material impact on the financial statements.

2.3 Basis of measurement

The financial statements have been prepared under the historical cost convention with the exception of the following:
(i) Financial assets and liabilities measured at amortized cost;
(ii) Derivative financial instruments which are measured at fair value; and
(iii) Non-derivative financial instruments (with fixed or determinable payments that are not quoted in an active market) carried at fair value through profit or loss, or fair values through OCI measured at fair value.

Goh Betoch Bank Share Company
Note to the Financial Statements
For the year ended 30 June 2024

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Notes.

2.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (functional currency). All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Ethiopian Birr (Birr' 000).

2.5 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated to the functional currency using the exchange rate at the transaction date, and those measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined and are recognized in the profit or loss. When a gain or loss on non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss shall be recognized in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange of that gain or loss shall be recognized in profit or loss.

2.6 Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents comprise balances with original maturities of three (3) months or less than three months from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. They include cash and non-restricted balances with central banks, treasury bills and other eligible bills, amounts due from other banks and short-term government securities.

2.7 Going concern

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

2.8 Financial instruments

2.8.1 Financial assets

(a) Initial recognition and measurement:- Financial instruments are recognized initially when the Bank becomes a party to the contractual provisions of the instruments. Financial instruments carried at fair value through profit or loss are initially recognized at fair value with transaction costs, which are directly attributable to the acquisition or issue of the financial instruments, being recognized immediately through profit or loss.

Financial instruments that are not carried at fair value through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments. Financial instruments are recognized or de-recognized on the date the Bank settles the purchase or sale of the instruments (settlement date accounting).

Goh Betoch Bank Share Company
Note to the Financial Statements
For the year ended 30 June 2024

(b) Subsequent measurement:- Subsequent to initial measurement, financial instruments are measured either at amortized cost or fair value depending on their classification category.

(c) Classification of financial assets

Subsequent to initial recognition, all financial assets within the Bank are measured at:
(i) amortized cost;
(ii) fair value through other comprehensive income (FVOCI); or
(iii) fair value through profit or loss (FVTPL).

The Bank's financial assets are subsequently measured at amortized cost if they meet both criteria ('(i) Hold to collect and sell' business model and '(ii) 'SPPI' contractual cash flow characteristics) are not designated at FVTPL.

(d) Debt instruments:- contractual obligations of the issuer to repay the lender in accordance with a specified maturity and under the contractual terms) are measured at amortized cost by the Bank if they meet both of the following criteria and are not designated at FVTPL:

(i) Hold to collect and sell' business model test: The asset is held within a business model whose objective is achieved by both holding the financial asset in order to collect contractual cash flows and selling the financial asset; and

(ii) 'SPPI' contractual cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

All other financial assets including equity investments are measured at fair value.

A financial asset is classified and measured at fair value through profit or loss (FVTPL) by the Bank if the financial asset is:

1. A debt instrument that does not qualify to be measured at amortized cost or FVOCI;

2. An equity investment which the Bank has not irrevocably elected to classify as FVOCI and present subsequent changes in fair value in OCI;

(i) 'Hold to collect' business model - The asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and associated with the principal amount outstanding during a particular period of time.

(ii) SPPI contractual cash flow characteristics - The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding on a specified date. Interest in this context is the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time.

2.8.2 Financial liabilities

Financial liabilities are either classified as:
(i) Financial liabilities at amortized cost; or
(ii) Financial liabilities at fair value through profit or loss (FVTPL).

Financial liabilities are measured at amortized cost unless either:

(i) The financial liability is held for trading and is therefore required to be measured at FVTPL, or

(ii) The Bank elects to measure the financial liability at FVTPL (using the fair value option).

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Note to the Financial Statements
For the year ended 30 June 2024

2.8.3 Financial guarantees contracts and loan commitments

A financial guarantee contract is a contract that requires the Bank (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitments are commitments to provide credit under pre-specified terms and conditions. Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of IFRS-15.

The Bank has issued no loan commitments that are measured at FVTPL. Liabilities arising from financial guarantees and loan commitments are included within provisions. The Bank conducts business involving commitments to customers.

The majority of these facilities are set-off by corresponding obligations of third parties. Contingent liabilities and commitments comprise usance lines and letters of credit. Usance and letters of credit are agreements to lend to a customer in the future subject to certain conditions. An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer.

Letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the Customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Contingent liabilities and commitments are initially recognized at fair value. The carrying amount of contingent liabilities are subsequently measured at the higher of the present value of any expected payment when a payment under the contingent liability has become probable.

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

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

The Bank holds a portfolio of long-term fixed-rate loans for which the Bank has the option to revise the interest rate. These reset rights are limited to the market rate at the time of revision. But the Bank has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

2.8.5 Reclassifications

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

2.8.6 Derecognition of Financial assets

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire (see also Modifications of financial assets and financial liabilities), or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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Note to the Financial Statements
For the year ended 30 June 2024

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

2.8.7 Derecognition of Financial liabilities

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

2.8.8 Modifications of financial assets

A financial asset is derecognized by the Bank when its terms are modified and the cash flows are significantly different. In such cases, the original rights to cash flows are considered expired, leading to the derecognition of the original asset and the recognition of a new financial asset at fair value, plus any applicable transaction costs. Fees associated with the modification are handled as follows:

-Fees that affect the fair value of the new asset or reimburse eligible transaction costs are included in the asset's initial measurement.

-Other fees are recognized in profit or loss as part of the gain or loss on derecognition.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then, any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

2.8.9 Modifications of financial liabilities

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

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss.

2.8.10 Offsetting

Financial assets and liabilities are offset and shown as a net amount in the statement of financial position only if the Bank has a legally enforceable right to set off the amounts and intends to either settle them on a net basis or realize the asset and settle the liability at the same time. Income and expenses are presented on a net basis only when allowed under IFRS or for gains and losses from similar transactions by the Bank.

2.9 Amortized cost measurement

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

2.10 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk which is the risk that a liability won't be settled as expected.

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Note to the Financial Statements
For the year ended 30 June 2024

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, then the difference is recognized in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognized in profit or loss immediately but is recognized over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

2.11 Assets pledged as collateral

Financial assets transferred to external parties and which do not qualify for de-recognition are reclassified in the statement of financial position from treasury bills and investment securities to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms. Assets pledged as collateral are initially recognized at fair value, and are subsequently measured at amortized cost or fair value as appropriate. These transactions are performed in accordance with the usual terms of securities lending and borrowing.

2.12 Impairment

The Bank recognizes loss allowances for ECL on the following financial instruments that are not measured at FVTPL:
- Financial assets that are debt instruments;
- Lease receivables;
- Financial guarantee contracts issued; and
- Loan commitments issued.

No impairment loss is recognized on equity investments. The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:
- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instrument for which a 12-month ECL is recognized are referred to as 'stage 1 financial instruments'. Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognized but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Financial instruments for which lifetime ECL is recognized which are credit impaired are referred to as 'Stage 3 financial instruments". Loss allowances for other assets and lease receivables are always measured at an amount equal to lifetime ECL. The Bank considers debt investment securities to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' or its is a sovereign debt instruments issued in the local currency.

2.13 Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

(i) Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);

(ii) Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

Goh Betoch Bank Share Company
Note to the Financial Statements
For the year ended 30 June 2024

(iii) Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and

(iv) Financial guarantee contracts: the expected payments to reimburse the holder less any amount that the Bank expects to recover.

2.14 Reversal of Impairment and Backward Transfer Criteria

When the Bank has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that criteria for recognizing the lifetime ECL is no longer met i.e. cured, the Bank measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

IFRS 9 states that when a financial asset moves from Stage 3 (credit-impaired) to Stage 2 (not credit-impaired), a reversal of impairment should occur. The reversal amount is recognized in profit or loss.

For backward transfers, a financial instrument can move from Stage 2 to Stage 1 when there is significant improvement in credit risk, typically assessed over a period where evidence supports that the risk has stabilized. The reversal of ECL would then reflect only the 12-month ECL going forward.

2.15 Credit-impaired financial assets

At reporting date, the Bank assesses whether financial assets carried at amortized cost are credit-impaired referred to as 'Stage 3 financial instruments. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

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

2.16 Presentation of allowance for ECL in the statement of financial position

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

- **Financial assets measured at amortized cost:** as a deduction from the gross carrying amount of the assets;
- **Loan commitments and financial guarantee contracts:** generally, as a provision.

2.17 Collateral

The Bank secures collateral from customers as needed to manage credit risk exposure. This collateral typically consists of a lien on the customer's assets, providing the Bank a claim on those assets if the customer defaults.

2.18 Property, and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Where significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Goh Betoch Bank Share Company
Note to the Financial Statements
For the year ended 30 June 2024

All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred. Property and equipment are depreciated on the straight line basis to their residual values over the estimated useful lives of the assets. Depreciation is included in profit or loss. Depreciation is calculated on a straight line basis to write down the cost of property and equipment to their residual values over their estimated useful lives as follows:

Asset class	Useful life (Years)	Residual Value
Buildings	50	10%
Motor vehicles	10	10%
Furniture and fittings-medium lived	10	1%
Furniture and fittings-long lived	20	1%
Office equipment-short lived	5	1%
Office equipment-long lived	10	1%
Computer and accessories	7	1%
Intangible assets	6	0%
Right of use assets	Lease term	

2.19 Construction/work in progress

Construction/work in progress consists of items of property and equipment that are not yet available for use. Work in progress is carried at cost less any required impairment. Depreciation starts when assets are available for use. An impairment loss is recognized if the asset's recoverable amount is less than cost. The asset is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Once the items are available for use, they are transferred to relevant classes of property and equipment as appropriate.

2.20 De-recognition of property and equipment

Property and equipment are derecognized on disposal, or when no future economic benefits are expected from their use or disposal. Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss. Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

2.21 Intangible assets

Computer software:- Software that is not integral to the related hardware acquired by the Bank is stated at cost less accumulated amortization and accumulated impairment losses. Costs associated with maintaining computer software programs are recognized expenses as they are incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank, are recognized as intangible assets when the following criteria are met:

(i) it is technically feasible to complete the software product so that it will be available for use; (ii) management intends to complete the software product and use or sell it; (iii) there is an ability to use or sell the software product; (iv) it can be demonstrated how the software product will generate probable future economic benefits (v) adequate technical, financial and other resources to complete the development and to use/sell the software product are available (vi) the expenditure attributable to the software product during its development can be reliably measured.

2.22 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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2.23 Leases

It is an on-balance sheet accounting model for leases. As a result, the Bank, as a lessee has recognized the right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. The major lease transaction wherein the Bank is a lessee relates to the lease of Bank's branches.

The interest expense part of the lease payment is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

The Bank does not apply the standard to leases with a remaining term of 12 months. Additionally, leases with maximum lease term of less than 12 months and amount less than equivalent to $5,000.00 at buying rate are exempted. Average borrowing interest rate of 6% was applied. The borrowing rate was based on the industry average cost of fund.

2.24 Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingent liabilities are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the Bank's control. Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to the financial statements.

2.25 Employee benefits

2.25.1 Post-employment benefits

(a) Defined contribution plan:- A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligations to pay further contributions. For defined contribution plans, the Bank makes contributions on behalf of qualifying employees to a mandatory scheme under the provisions of the Ethiopian Private Organization Employees Social Security Agency. The contributions are recognized as employee benefit expense when they are due. The contribution by employees and the Bank are 7% and 11% respectively of the employees' basic salary.

(b) Defined benefit plan

The liability or asset recorded on the balance sheet for defined benefit obligation plans represents the present value of the defined benefit obligation at the end of the reporting period, minus the fair value of plan assets. This obligation is calculated annually by independent actuaries using the projected unit credit method.

The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. Past-service costs are recognized immediately in profit(loss).

Actuarial gains and losses resulting from experience adjustments and changes in actuarial assumptions are recognized in equity as other comprehensive income in the period they occur.

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2.25.2 Short-term benefits

Short-term benefits consist of salaries, accumulated leave allowances, bonuses and other benefits. Short-term employee benefits are measured on an undiscounted basis and are expensed as the related services are provided. They are included in salary expenses in the profit or loss. A liability is recognized for the amount expected to be paid under short-term cash benefits such as accumulated leave and leave allowances if the Bank has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be measured reliably.

2.25.3 Termination benefits

The Bank recognizes termination benefits as an expense excluding dismissals whose employment is terminated by the bank before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits, and the Bank settles termination benefits within twelve months and are accounted for as short-term benefits.

2.26 Share capital and reserves

(i) Share issue costs:- Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(ii) Share premium:- Premiums from the issue of shares are reported in share premium.

(iii) Dividends on ordinary shares:- are recognized in equity in the period in which they are approved by the Bank's shareholders. Dividends for the period that are declared after the end of the reporting period are dealt with in the subsequent events note.

(iv) Earnings per share:- The Bank presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of shares outstanding during the period.

(v) Legal reserve:- The Ethiopian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by National Bank of Ethiopia directives No. SBB/4/95, of the Bank's an appropriation of 25% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 10% of profit after tax if the statutory reserve is greater than the paid-up share capital.

(vi) Retained earnings:- comprise the undistributed profits from previous periods which have not been reclassified to any specified reserves.

(vii) Fair value reserve:- comprises fair value movements on equity instruments carried at FVOCI.

2.27 Recognition of interest income and expense

2.27.1 Interest income and expense

Interest income and expense are recognized in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument at a constant rate to: (i) the gross carrying amount of the financial asset; or (ii) the amortized cost of the financial liability.

2.27.2 Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the constant effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortized cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

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

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2.28 Fee and commission income and expense

Fee and commission income and expense are integral to a financial asset or financial liability. The calculation includes transaction costs and fees either paid or received. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Loan processing and collateral estimation fees are recognized as income over the period of the loan. Fees collected upfront are initially recorded as deferred income and amortized over the loan term.

2.29 Foreign exchange revaluation gains or losses

These are gains and losses arising on settlement and translation of monetary assets and liabilities denominated in foreign currencies at the functional currency's spot rate of exchange at the reporting date. This amount is recognized in the income statement and it is further broken down into realized and unrealized portion.

2.30 Operating expense

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Expenses are recognized on an accrual basis regardless of the time of spending cash. Expenses are recognized in the income statement when a decrease in future economic benefit related to a decrease in an assets or an increase of a liability has arisen that can be measured reliably. Expenses are measured at historical cost.

Only the portion of cost of a previous period that is related to the income earned during the reporting period is recognized as an expense. Expenses that are not related to the income earned during the reporting period, but expected to generate future economic benefits, are recorded in the financial statement as assets. The portion of assets which is intended for earning income in the future periods shall be recognized as an expense when the associated income is earned.

Expenses are recognized in the same reporting period when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting period and when they are not expected to generate any income during the coming years.

2.31 Current and deferred tax

(i) Current tax:- comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows: - Company income tax is computed on taxable profits based on the tax regulation.

(ii) Deferred tax:-is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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Deferred tax assets and liabilities are only offset when there is a legally enforceable right to offset current tax liabilities against current tax assets and the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

3 Financial risk management

The Bank is exposed to various types of financial risks, the most important of which are credit risk, liquidity risk and market risk. The Bank's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Bank's financial performance.

3.1 Risk management structure

The Board of Directors has the overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board of Directors has established various committees, which are responsible for monitoring the Bank's risk in their specified areas. The senior management has the responsibility to develop and implement risk management policies and procedures. The risk and compliance department is responsible for monitoring compliance with the Bank's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank and reports to the Board regarding risk management issues. Asset Liability Committee (ALCO) is responsible for managing the Bank's financial assets and financial liabilities and the overall financial performance.

3.2 Risk measurement and reporting systems

The Bank's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Bank also runs worst-case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept. In addition, the Bank's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

3.3 Risk mitigation

The Bank uses various mitigating techniques to reduce its risk to the level acceptable. It uses Board approved risk tolerance limit as a risk limit control. This risk tolerance limit is composed of risk limit by sector, by credit product, by maturity, by geography and risk grade. The Bank also apply the limits imposed by National Bank of Ethiopia such as single borrower limit, related party limit, liquidity requirement, and capital adequacy.

In addition, the Bank has established an appropriate risk management environment, sound credit, liquidity and capital management policies and strategies.

3.4 Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Bank. The Bank's main income generating activity is lending to customers and therefore credit risk is the principal risk. Exposure to credit risk is managed through periodic analysis of the ability of borrowers and potential borrowers to determine their capacity to meet principal and interest thereon and restructuring such limits as appropriate. Exposure to credit risk is also mitigated, in part, by obtaining collateral, commercial and personal guarantees.

3.5 Management of credit risk

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

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3.6 Credit quality analysis

An analysis of the Bank's credit risk exposure per class of financial assets without taking into account the effects of any collateral or other credit enhancements is provided on the following table:

3.6.1 Loans and advances to customers

	Stage 1	Stage 2	Stage 3	30 June 2024 Birr'000 Total	30 June 2023 Birr'000 Total
Stage 1	1,433,531			1,433,531	1,318,593
Stage 2		118,305		118,305	
Stage 3					
Total gross exposure	**1,433,531**	**118,305**		**1,551,836**	**1,318,593**
Loss allowance	(13,933)	(1,449)		(15,382)	(6,951)
Net carrying amount	**1,419,598**	**116,856**		**1,536,454**	**1,311,642**

3.6.2 Off balance sheet items

	Stage 1	Stage 2	Stage 3	30 June 2024 Birr'000 Total	30 June 2023 Birr'000 Total
Stage 1	520,509			520,509	225,100
Stage 2				-	
Stage 3				-	
Total gross exposure	**520,509**			**520,509**	**225,100**
Loss allowance	(10,363)			**(10,363)**	
Net carrying amount	**510,146**			**510,146**	**225,100**

The off balance sheet items include Loan commitments includes unutilized revolving credit facilities, letter of credits, and all types of guarantees.

3.6.3 Credit concentrations by sector

The Bank monitors credit risk by sectorial distribution against its own risk concentration limit. An analysis of concentrations of credit risk at 30 June 2024 is give below.

Sectors	30 June 2024 Birr'000	30 June 2023 Birr'000
Building and construction	942,661	648,576
Domestic Trade and Services	242,963	47,772
Export and Import	306,941	467,896
Hotel and Tourism		
Manufacturing and Industry		
Personal and consumer	59,271	154,349
Transport and Communication		
Total gross exposure	1,551,836	1,318,593
- Less impairment	(15,382)	(6,951)
Net Amount	**1,536,454**	**1,311,642**

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3.6.4 Expected credit loss concentrations by sector

The table below details the expected credit loss distribution for loans and advances, categorized by product type, for both the current and previous years.

Sectors	30 June 2024 Birr'000	30 June 2023 Birr'000
Building and construction	7,723	3,481
Domestic Trade Services	1,581	358
Export and Import	1,486	1,880
Hotel and Tourism		
Manufacturing and Industry		
Personal and consumer	4,592	1,232
Transport and Communication		
Total	**15,382**	**6,951**

3.6.5 Loan and advance by products

The table below provides a summary of the outstanding loans and advances, categorized into three stages by product type, for both the current and previous years.

Product	Stage 1	Stage 2	Stage 3	30 June 2024 Birr'000	30 June 2023 Birr'000
Building and construction	928,541	14,120		942,661	648,576
Domestic Trade Services	138,778	104,185		242,963	47,772
Export and Import	306,940			306,941	467,896
Hotel and Tourism					
Manufacturing and Industry					
Personal and consumer	59,271			59,271	154,349
Transport and Communication					
Total	**1,433,530**	**118,305**		**1,551,836**	**1,318,593**

3.6.6 Expected credit loss by products

The table below provides a summary of the expected credit loss on loans and advances, categorized into three stages by product type, for both the current and previous years.

Product	Stage 1	Stage 2	Stage 3	30 June 2024 Birr'000	30 June 2023 Birr'000
Building and construction	7,407	316		7,723	3,481
Domestic Trade Services	448	1,133		1,581	358
Export and Import	1,486			1,486	1,880
Hotel and Tourism					
Manufacturing and Industry					
Personal and consumer	4,592			4,592	1,232
Transport and Communication					
Total	**13,933**	**1,449**		**15,382**	**6,950**

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3.6.7 Collateral on loans and advances

The Bank holds collateral against loans and advances in the form of building, machinery, Vehicles and other registered securities. The value collaterals in respect of loans and receivables are given below:

Collateral Concentration by sector

					30 June 2024 Birr'000	30 June 2023 Birr'000
Sector	**Building**	**Machinery**	**Vehicles**	**Others**	**Total Collaterals**	**Total Collaterals**
Building and construction	1,508,272				1,508,272	1,131,773
Domestic Trade and Services	117,501		4,500	192,093	314,094	92,204
Export and Import	227,724			51,188	278,912	666,554
Hotel and Tourism						
Manufacturing and Industry						
Personal and consumer	55,806		15,080	7,296	78,182	183,822
Transport and Communication						
Total	**1,909,303**		**19,580**	**250,577**	**2,179,460**	**2,074,353**
Less: Loan Impairment					(15,382)	(6,951)
Net					**2,164,078**	**2,067,402**

Management remains confident in its ability to maintain control and effectively manage the credit risk exposure within the Bank’s loan and advances portfolio. The Others’ category includes shares issued by other banks.

3.7 Amount arising from expected credit loss

3.7.1 Inputs, assumptions and techniques used for estimating impairement

Please refer to the accounting policy detailed in note 2.12.

3.7.2 Significant increase in credit risk

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

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

- the remaining lifetime probablity of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations),

The Bank uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in PD;
- qualitative indicators; and
- a backstop of 30 days past due,

3.7.3 Credit risk grading

As a new entrant in the banking industry, we are in the process of establishing an internal credit risk grading framework. We are dedicated to developing a comprehensive system that leverages borrower data and other internal and external information to enhance transparency and risk evaluation. Meanwhile, we utilize the National Bank of Ethiopia’s loan classification for risk assessment and adhere to a risk grading system based on IFRS requirements, incorporating forward-looking information (FLI).

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

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a) Term loan exposures

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

- Internally collected data on customer behaviour – e.g. utilisation of credit card facilities Affordability metrics.

b) Overdraft exposures

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

3.7.4 Generating the term structure of PD

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

3.7.5 Determining whether credit risk has increased significantly

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

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

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

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist.

In these cases, the Bank determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

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

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

3.7.6 Definition of default

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

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

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

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- based on DATA developed internally and obtained from external sources that largely aligns with that applied by the Bank for regulatory capital purposes.

3.8 Incorporation of forward-looking information

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

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

External information considered includes economic data and forecasts generated by credible sources, an external and independent macroeconomic data body. This is in addition to industry – level, semi – annual NPL trends across statistically comparable sectors.

Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios by a panel of experts that advises the Bank's senior management.

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

3.8.1 Sector clustering and historical industry NPL

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

Sector Combination	Macroeconomic factor				
Cluster 1 Agriculture, Consumer Loans, Overdraft, and Interest Free Financing	Goods exports, USD	Goods imports, USD			
Cluster 2 Domestic Trade Services, Mining and Energy, Transport, Health, Merchandise and Financial services	*Real GDP, LCU (2010 prices)	Goods imports, USD			
Cluster 3 Building and Construction, Hotel and Tourism, Manufacturing, Industry, and real estate	Real GDP, LCU (2010 prices)	Goods imports, USD			
Cluster 4 Export, Import, Advance against import Bills, and International trade	**Consumer price index inflation, 2010=100,eop	Goods imports, USD	Current account balance,USD	Import cover months	Real GDP, USD (2010 prices)

*Real GDP (LCU, 2010 prices) refers to the Gross Domestic Product (GDP) of a country, adjusted for inflation, and expressed in the local currency units (LCU) of the base year 2010. This measure helps to compare the economic output of different years by removing the effects of price changes over time.

**The Consumer Price Index (CPI) inflation, 2010=100, eop refers to the measure of the average change in prices over time that consumers pay for a basket of goods and services, with the base year set to 2010 (index = 100). "EOP" stands for "end of period," indicating that the index value is measured at the end of a specific period, such as a month or year.

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3.8.2 Statistical Analysis of Macroeconomic Data

The macroeconomic data set obtained from the sources were subjected to statistical analysis and normalization that involved:
a) Elimination of incomplete historical and forecasted data;
b) Estimation of semi-annual macroeconomic values; and
c) Qualitative elimination of statistically insignificant factors.

3.8.3 Macroeconomic historical and forecasted data

The below steps were considered in quantifying the impact of macro-economic scenarios and subsequently determining the FLI analysis:

Step 1: Regress historical NPL's (the target variable) on a list of candidate macro-economic indicators. Lag the indicators as required to obtain the best fit – through analysing the correlation between each indicator and the target variable

Step 2: Consider the variables that were selected in the regression model (the most predictive indicators) – the relationships between the indicators and the target variable should be logical and the indicators should not be highly correlated with one another.

Step 3: Produce base case, best case (optimistic) and worst case (downturn) forecasts of the selected macro-economic indicators, based on trends in the indicators and macro-economic commentaries.

Step 4: Apply the regression formula obtained in Step 1 and 2 to the forecasted macro-economic indicators in step 3 in order to predict the target variable.

Step 5: Calculate base case, best case and worst case scalars of predicted target variables

3.8.4 Sector clustering and historical industry NPL

For the purpose of incorporating forward looking information into the ECL estimation, the NPL information of 17 member Banks, and their segmented exposures into homogeneous pools based on the Macroeconomic variables that affect the specific product type of the Bank.

3.8.5 Macroeconomic historical and forecasted data

1. Macroeconomic variables / indicators were identified as a result of statistical analysis of the macroeconomic data set received from the credit rating agencies (S&P and Fitch) and the international organisation, the IMF.
2. A statistically significant threshold of 50% was set in order to meet the highly correlated definition
3. The scenario weighting performed in step 3 applied a 95% confidence level .
4. At 95% confidence level, the number of standard deviation above or below the mean (Z-Score) was 1.96

Micro-economic factor	Jun-24	Jun-25	Jun-26
Consumer price index inflation, 2010=100, ave	935	1,070	1,191
Exports of goods and services, USD	10,689	11,818	13,114
Government domestic debt, LCU	1,831,600	2,059,995	2,296,310
LCU/USD, ave	57	59	62
Nominal GDP, LCU	8,013,282	9,616,084	11,294,612
Private final consumption, LCU	5,637,460	6,537,715	7,570,738
Total domestic demand, LCU	7,774,860	9,014,880	10,448,060
Savings, LCU	1,333,876	1,571,134	1,854,156
Population	125,261,131	128,250,164	131,257,491
Consumer price index inflation, 2010=100, eop	893	999	1,115
M1, LCU	584,105	660,745	747,570
M2, LCU	1,932,335	2,247,120	2,613,620
Current expenditure, LCU	596,728	716,557	858,692
Goods imports, USD	16,433	17,419	18,464
Goods exports, USD	4,393	4,740	5,095
Current account balance, USD	(4,748)	(4,996)	(5,274)

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Micro-economic factor	Jun-24	Jun-25	Jun-26
Import cover months	2	2	2
Total household spending, LCU	6,584,552	7,636,051	8,842,622
Nominal GDP, USD	130,089	144,653	160,775
Real GDP, LCU (2010 prices) in '000	1,097,146,000	1,172,494,000	1,251,758,000
Real GDP, USD (2010 prices) in '000	76,139,934	81,368,948	86,869,725
Real GDP per capita, USD (2010 prices)	589	614	641
Nominal GDP, USD (PPP) in '000	394,406,827	428,362,843	465,482,842
Private final consumption, USD	99,434	109,823	121,122
Private final consumption per capita, USD	0	0	0
Government final consumption, LCU	566,298	646,227	737,811
Government final consumption, USD	9,990	10,858	11,805
Exports of goods and services, LCU	605,981	703,534	819,736
Exports of goods and services per capita, USD	0	0	0
Imports of goods and services, LCU	1,004,879	1,106,430	1,217,649
Imports of goods and services, USD	17,735	18,598	19,493
Total domestic demand, USD	137,135	151,433	167,154
Total domestic demand per capita, USD	0	0	0
Unemployment, % of labour force, ave	3	3	3
Real effective exchange rate index	10	8	8
LCU/USD, eop	58	61	64
Total revenue, LCU	648,397	886,025	1,149,790
Total revenue, USD	11,412	14,856	18,377
Total expenditure, LCU	857,966	1,104,728	1,386,353
Total expenditure, USD	15,114	18,534	22,163
Current expenditure, USD	10,522	12,031	13,733
Budget balance, LCU	(209,569)	(218,704)	(236,563)
Budget balance, USD	(3,702)	(3,678)	(3,787)
Services imports, USD	6,697	7,183	7,740
Services exports, USD	5,898	6,246	6,653
Total reserves ex gold, USD	3,649	4,137	4,590
Total external debt stock, USD	44,667	49,384	54,655
Long-term external debt stock, USD	42,836	47,517	52,749
Public external debt stock, USD	42,836	47,517	52,749
Total government debt, USD	80,340	87,275	94,795
Total debt service, USD	2,884	3,181	3,471

Predicted relationships between the key indicators and default rates on various portfolios of financial assets have been developed based on analysing semi – annual historical data over the past 5 years.

The industry NPL data is arrived at by excluding outliers in the NPL information as exclusion of all NPL outlier information above 20% for all four-clusters and the weighted average of the historical data has then been computed to arrive at the final NPL data set used for the correlation analysis.

3.8.6 Summary of Scenario probability weightings

	Cluster 1	Cluster 2	Cluster 3	Cluster 4
As at June 2024				
Base	100.00%	100.00%	92.00%	100.00%
Downturn	0.00%	0.00%	8.00%	0.00%
Optimistic	0.00%	0.00%	0.00%	0.00%
As at June 2023				
Base	91.00%	100.00%	52.00%	91.00%
Downturn	0.00%	0.00%	0.00%	0.00%
Optimistic	90.00%	0.00%	48.00%	9.00%

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3.9 Restructured Financial Assets

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

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

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time). The Bank renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

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

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

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

3.10 Measurement of ECL

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

(i) probability of default (PD);

(ii) loss given default (LGD); and

(iii) exposure at default (EAD).

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

The methodology for estimating Probability of Default (PD) involves analyzing historical default data, selecting and calibrating a suitable model, and applying macroeconomic adjustments to transform Through-The-Cycle (TTC) PDs into Point-In-Time (PIT) PDs. This process ensures accurate PD predictions over different time horizons.

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

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default.

For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

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As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for overdrafts that include both a loan and an undrawn commitment component, the Bank measures ECL over a period longer than the maximum contractual period if the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis.

The Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include: instrument type, credit risk grading; - collateral type, LTV ratio for retail mortgages, date of initial recognition, remaining term to maturity, industry, and geographic location of the borrower.

The groupings undergo regular review to ensure that exposures within each group remain appropriately homogeneous.

3.10.1 Loans and advances to customers

				30 June 2024 Birr'000	30 June 2023 Birr'000
	Stage 1	Stage 2	Stage 3	Total	Total
Balance at 1 July	1,311,642			1,311,642	
Transfer to 12 months ECL	121,889	118,305		240,194	1,311,642
Transfer to Lifetime ECL not credit impaired					
Transfer to Lifetime ECL credit impaired					
Net remeasurement of Loss allowance					
Net financial assets originated or purchased					
Financial assets derecognized					
Balance at 30 June 2024	**1,433,531**	**118,305**		**1,551,836**	**1,311,642**
Financial guarantee contracts	2,500			2,500	225,100
Off balance sheet exposures in total	**2,500**			**2,500**	**225,100**

3.10.2 Loans and Advances by Region

				30 June 2024 Birr'000	30 June 2023 Birr'000
Regions	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Total**
Addis Ababa Region	1,258,522	110,155		1,368,677	1,033,826
Afar Region					
Amhara Region	21,975	8,150		30,125	99,315
Benishangul-Gumuz Region					
Central Ethiopia Regional State					
Dire Dawa Region	117,507			117,507	114,890
Gambela Region					
Harari Region					
Oromia Region	5,352			5,352	
Sidama Region	30,175			30,175	70,563
Somalia Region					
South Ethiopia Regional State					
South West Ethiopia Region					
Tigray Region					
Total	**1,433,531**	**118,305**		**1,551,836**	**1,318,594**

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3.10.3 Expected Credit Loss by Region

				30 June 2024	30 June 2023
				Birr'000	Birr'000
Regions	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Total**
Addis Ababa Region	11,388	1,282		12,670	5,780
Afar Region					
Amhara Region	469	166		635	238
Benishangul-Gumuz Region					
Central Ethiopia Regional State					
Dire Dawa Region	993			993	598
Gambela Region					
Harari Region					
Oromia Region	802			802	
Sidama Region	282			282	335
Somalia Region					
South Ethiopia Regional State					
South West Ethiopia Region					
Tigray Region					
Total	**13,934**	**1,448**		**15,382**	**6,951**

3.11 Credit quality of cash and cash equivalents

The credit quality of cash and cash equivalents and short-term investements that were neither past due nor impared as at 30 June 2024 held in Ethiopian Banks have been classified as non-rated as there are no credit rating agencies in Ethiopia.

For foreign currency ratings agencies use a scale where BBB is considered investment grade, indicating good credit quality but with some susceptibility to adverse economic conditions.

However, cash and cash equivalents that held in foreign banks can be assessed by reference to credit rating agency designation as shown in the table below:

	30 June 2024	30 June 2023
	Birr'000	Birr'000
AAA+		
AA		
BBB	32,715	54,170
Not rated	157,683	310,696
Total	**190,398**	**364,866**

3.12 Statement of prudential adjustments

Provisions under prudential guidelines are determined using the time based provisioning prescribed by the National Bank of Ethiopia (NBE) directives. This is at variance with the expected credit loss model required by IFRS under IFRS 9. As a result of the differences in the methodology/provision, there will be variances in the impairments allowances required under the two methodologies.

The proclamation 'Financial Reporting Proclamation No. 847/2014 stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Banks would be required to comply with the following:

- Provisions for loans recognised in the income statement should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under the NBE Directives and the expected impact/changes in other reserves should be treated as follows:

• Prudential provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the general reserve (retained earnings) account to a Regulatory risk reserve account.

• Prudential provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve account is thereafter reversed to the general reserve account.

The non-distributable reserve should be classified under Tier 1 as part of the core capital. During the year ended 30 June 2024, the transferred amount to/from the regulatory risk reserve also disclosed in note 36.

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3.12.1 Non-distributable reserve

	30 June 2024 Birr'000	30 June 2023 Birr'000
On loans and advances		
(i) **Expected credit loss on loans- IFRS 9**		
Beginning	**6,951**	
Current year ending balance	15,381	6,951
Net (increase)/decrease	**(8,430)**	**(6,951)**
(ii) **Expected credit loss - NBE directives**		
Beginning	**12,770**	
Current year ending balance	16,752	12,770
Net (increase)/decrease	**(3,982)**	**(12,770)**
Non-distributable reserve net (increase)/decrease	**(4,448)**	**5,819**
On other receivables		
(i) **Expected credit loss on receivables - IFRS 9**		
Beginning	**5**	
Current year ending balance	2,479	5
Net (increase)/decrease based on IFRS standard	**(2,474)**	**(5)**
(ii) **Expected credit loss on receivables- NBE directives**		
Beginning	189	
Current year ending balance	33,844	189
Net (increase)/decrease	**(33,655)**	**(189)**
Non-distributable reserve net (increase)/decrease	**31,182**	**184**
Total transfer to regulatory risk reserve	**26,733**	**6,003**

The Balance represents the difference between the provisions for credit and other known losses as determined under the NBE Directives, and the impairment reserve as determined in line with IFRS 9.

In addition, as per the requirements of IFRS , banks should recognize interest income on the written down amount of the loan after the impairment loss, on an accrual basis, using the EIR. However, As per the requirement of National Bank of Ethiopia, banks should derecognize interest income on impaired exposures, special attention should be paid to impaired exposures with a higher number of days past due (e.g. more than 90 days past due).

To comply with the directive of the NBE, the Bank shall reverse the suspended interest on impaired loans from retained earning account and transferred to Regulatory Risk reserve account as the amount is non- distributable to the shareholders.

3.13 Suspended interest

	30 June 2024 Birr'000	30 June 2023 Birr'000
Write back suspended interest net of tax		
	-	-

3.14 Liquidity risk

Liquidity risk is the risk that the Bank, though solvent either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due or can secure them only at excessive costs.

The bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

The daily liquidity position of the Bank is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions to ensure that sufficient liquidity is maintained.

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to net current liabilities. Details of the reported Bank' s ratio of net liquid assets to net current liabilities at the reporting date and during the reporting year were as follows:

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Ratio of net liquid assets to deposits

	30 June 2024 Birr'000	30 June 2023 Birr'000
At close of the year	19%	40%
Average for the year	27%	75%
Maximum for the year	36%	183%
Minimum for the year	19%	37%

3.15 Maturity groupings

The table below summarizes the Bank's liquidity risk as at 30 June 2024, categorized into relevant maturity groupings based on contractual maturity date.

30 June 2024	Below 1 year Birr'000	1-3 years Birr'000	over 3 years Birr'000	Non Maturing Birr'000	30 June 2024 Birr'000 TO	30 June 2023 Birr' TC
Financial Assets						
Cash and bank balances	190,398				190,398	364,866
Loans & advances to customers		390,000	1,146,454		1,536,454	1,311,642
Equity investments				306,830	306,830	274,149
Other Assets	345,741		167,265		513,006	188,676
Total Financial Assets (a)	**536,139**	**390,000**	**1,313,719**	**306,830**	**2,546,688**	**2,139,333**
Financial Liability						
Deposits from customers	312,553	313,500	398,300		1,024,353	911,802
Deposits from other banks						
Other liabilities	64,135				64,135	40,109
Total financial liabilities (b)	**376,688**	**313,500**	**398,300**		**1,088,488**	**951,911**
Net mismatch (a - b)	**159,451**	**76,500**	**915,419**	**306,830**	**1,458,200**	**1,187,422**
Cumulative Mismatch	**159,451**	**235,951**	**1,151,370**	**1,458,200**	**2,916,400**	**2,054,430**

The cash flows presented in the table above are the undiscounted amounts to be settled in the future. The analysis shows that the Bank will not be exposed to liquidity risk in the future.

3.16 Market risk

Market risk is defined as the risk of loss risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market risk factors such as interest rates, foreign exchange rates, equity prices, credit spreads and their volatilities. Market risk can arise in conjunction with trading and non-trading activities of a financial institution.

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

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

The Bank does not ordinarily engage in trading activities as there are no active markets in Ethiopia.

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3.17 Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to the changes in foreign exchange rates. The Bank is exposed to exchange rate risks to the extent of balances and transactions denominated in currencies other than Ethiopian Birr. Management has set limits to manage the Bank's foreign exchange risk against its functional currency.

The total foreign currency denominated assets exposed to risk at 30 June 2024 was Birr 32.72 million.

Foreign currency denominated balances

Cash and bank balances	30 June 2024 Birr'000	30 June 2023 Birr'000
USD	31,954	53,543
GBP	760	614
Euro		13
Total	**32,715**	**54,170**

3.18 Sensitivity analysis for foreign exchange risk

Sensitivity analysis of foreign exchange risk measures the impact of currency rate fluctuation on profitability of the Bank with all other variables held constant. The following table summarizes the sensitivity to profit due to increase or decrease in foreign currency rate by 10% on foreign currency denominated monetary assets:

			30 June 2024 Birr'000	30 June 2023 Birr'000
Assets	**Carrying Amount**	10% **Appreciation**	10% **Depreciation**	10% **Depreciation**
USD	31,954	3,195	(3,195)	(5,354)
GBP	760	76	(76)	(61)
EURO				(1)
Total		**3,271**	**(3,271)**	**(5,417)**

			30 June 2024 Birr'000	30 June 2023 Birr'000
Liabilities	**Carrying Amount**	10% **Appreciation**	10% **Depreciation**	10% **Depreciation**
USD	4,459	446	(446)	(2,137)
GBP	1,076	108	(108)	(2)
EURO	1,307	131	(131)	(1,016)
Total		**684**	**(684)**	**(3,154)**
Increase/(decrease)		**2,587**	**(2,587)**	**(2,263)**
Tax charge at 30%		(776)	776	679
Effect on net profit		**3,363**	**(3,363)**	**(2,942)**
As a percentage of net profit		**4.20%**	**-4.20%**	**-58.14%**

On 30 June 2024 if the Birr had weakened/strengthened by 10% against the major trading currencies, with all other variables held constant, net profit would have been lower/higher by 3.36 million respectively, which poses minimum risk compared to the amount of profit.

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3.19 Interest rate risk

Interest rate is the risk that the future cash flows of financial instruments will fluctuate because of changes in the market interest rates. Interest margin may decrease as a result of such changes may increase losses in the event that unexpected movement arises.

The Bank closely monitors interest rate movements and seeks to limit its exposure by managing the interest rate and maturity structure of financial assets and liabilities carried on the statement of financial position.

Interest rate risk	Carrying amount Birr'000	Fixed Birr'000	Floating Birr'000	Non interest Birr'000	30 June 2024 Birr'000 TO	30 June 2023 Birr' TC
Financial Assets						
Cash and bank balances	190,398	57,467	18,531	114,400	190,398	364,866
Loans & advances to customers	1,536,454		1,536,454		1,536,454	1,311,642
Other Investment securities	167,265	167,265			167,265	69,517
Total Financial Assets (a)	**1,894,117**	**224,732**	**1,554,985**	**114,400**	**1,894,117**	**1,746,025**
Financial Liability					-	
Deposits from customers	1,024,353	1,024,353			1,024,353	911,802
Other liabilities	27,056			27,056	27,056	33,373
Total financial liabilities (b)	**1,051,409**	**1,024,353**	**-**	**27,056**	**1,051,409**	**951,911**

3.20 Sensitivity analysis for interest rate risk

Sensitivity analysis of interest rate risk measures the impact of interest rate fluctuation on profitability of the Bank with all other variables held constant. The following table summarizes the sensitivity to profit due to increase or decrease in interest rate by 10% on interest bearing financial assets and liabilities. The sensitivity is measured based on the assumption that there is parallel shift in the yield curve.

Interest rate risk	30 June 2024 Carrying Amount	10% Increase	10% Decrease
Interest Bearing assets			
DBE Bond	150,724	15,072	(15,072)
NBE Treasury Bond	16,550	1,655	(1,655)
Loans and Advance to Customers at amortized cost	1,536,454	153,645	(153,645)
Fixed Time deposit	-	-	-
Total Interest Bearing assets	**1,703,728**	**170,373**	**(170,373)**
Interest Bearing liabilities			
Deposits from banks			
Deposits from customers	970,820	97,082	(97,082)
Fixed Time deposit	53,533	5,353	(5,353)
Total Interest Bearing Liabilities	**1,024,353**	**102,435**	**(102,435)**
Net interest income increase/decrease	**679,375**	**67,938**	**(67,938)**

The sensitivity of the income statement is effect of assumed changes in interest rates on the profit or loss for the year, based on the floating rate non-trading financial assets and financial liabilities held at end of the year.

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3.21 Operational risks

a) Requirements for appropriate segregation of duties, including the independent authorization of transactions
b) Requirements for the reconciliation and monitoring of transactions,
c) Compliance with regulatory and other legal requirements ,
d) Documentation of controls and procedures ,
e) Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified,
f) Requirements for the reporting of operational losses and proposed remedial action,
g) Development of contingency plans,
h) Training and professional development,
i) Ethical and business standards,
j) Risk mitigation, including insurance where this is effective.

Compliance with Bank standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the bank.

4 Capital management

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

Capital adequacy ratio

According to the NBE Directive No SBB/50/2011, the Bank has to maintain capital to risk weighted assets ratio of 8% at all times, the risk weighted assets being calculated as per the NBE Directive No SBB/9/95 issued on August 18, 1995.
The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base.

	30 June 2024 Birr'000	30 June 2023 Birr'000
Capital		
Share capital	1,411,240	1,320,680
Legal reserve	23,272	3,249
General Reserves	1,741	949
Total regulatory capital	**1,436,253**	**1,324,878**

Risk weighted balance for on-balance sheet items	**Weight(%)**	**Amount**	**30 June 2024 Birr'000**	**30 June 2023 Birr'000**
Claims on other banks maturing within 12 months	20	106,710	21,342	53,640
Loans and advances to customers (net)				
-Residential Mortgage Loans (net)	50	736,827	368,414	220,116
-Others (net)	100	799,627	799,627	871,410
Investments	100	83,254	83,254	274,149
Property Plant and Equipment (net)	100	175,906	175,906	156,438
Intangible Assets (net)	100	63,501	63,501	33,076
Other Assets	100	810,428	810,428	582,331
Credit equivalents for off-balance sheet items				
Loans Commitments	50	55,251	27,626	34,690
Guarantees (bid bonds,Performance bonds, etc.)	50	481,304	240,652	102,802
Commercial letter of credit	20			3,899
Total RWBSA		3,312,808	2,590,749	2,332,551
Risk-weighted Capital Adequacy Ratio (CAR)			**55.44%**	**56.80%**
Tier 1 CAR minimum required capital			8.00%	8.00%
Excess			**47.44%**	**48.80%**

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5 Valuation models

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions.

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

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

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

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

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

Valuation technique using significant unobservable inputs is Level 3. The Bank has no financial assets measured at fair value upon subsequent recognition, nor are there any transfers between the fair value hierarchy categories. During the reporting periods covered by these annual financial statements, there were no movements between levels due to significant inputs in the fair valuation process becoming observable or unobservable.

The tables below show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair value hierarchy

	Carrying amount Birr'000	Level 1 Birr'000	Level 2 Birr'000	Level 3 Birr'000	30 June 2024 Birr'000 TOTAL	30 June 2023 Birr'000 TOTAL
Financial Assets						
Cash and bank balances	190,398	171,867	18,531		190,398	364,866
Loans & advances to customers	1,536,454			1,536,454	1,536,454	1,311,642
Equity Investments at fair value-OCI	306,830		306,830		306,830	274,149
Other Investment securities	167,265			167,265	167,265	69,517
Total Financial Assets (a)	**2,200,947**	**171,867**	**325,361**	**1,703,719**	**2,200,947**	**2,020,174**
Financial Liability						
Deposits from customers	1,024,353			1,024,353	1,024,353	911,802
Deposits from other banks						
Other liabilities	27,056			27,056	27,056	33,373
Total financial liabilities (b)	**1,051,409**			**1,051,409**	**1,051,409**	**951,911**

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6 Effective interest rate (EIR)

The Effective Interest Rate (EIR) method is a way of calculating the amortized cost of a financial asset or liability and of allocating the interest income or expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability.

IFRS 9 Guidance

Paragraph 5.7.10 of IFRS 9: This paragraph states that interest revenue calculated using the effective interest method is recognized in profit or loss. This means that the interest income from financial assets measured at amortized cost or at fair value through other comprehensive income (FVOCI) is recognized in the income statement using the EIR method.

Paragraph B5.7.1 of IFRS 9: This paragraph explains that the effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest revenue or interest expense over the relevant period. The EIR method spreads the interest income or expense over the life of the financial instrument, ensuring that the interest recognized in each period reflects the time value of money and the effective yield on the financial instrument.

The determination of the effective interest rate (EIR) involves significant judgment, particularly in estimating the expected loan period and the timing of cash flows. The EIR is also applied to the amortized cost of the loan to recognize the processing fees over the loan term. Changes in these estimates can affect the amount of income recognized.

(i) **Loans and Advances**

Loans and advances are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method. Interest revenue is recognized in profit or loss using the effective interest method, as per IFRS 9.

Loans & advances	**30 June 2024 Birr'000**	**30 June 2023 Birr'000**
Interest income using amortized cost	250,625	140,688
Net interest income increment on loans using EIR	826	
Previous period		1,496
Total Interest income using effective interest rate	**251,451**	**142,184**

(ii) **Fees associated with financial instruments**

The Bank earns fees from various sources, including processing fees and collateral estimation fees, which are recognized as income when earned. These fees are considered in the cash flow calculation of the Effective Interest Rate (EIR) on the loan.

Processing fees:

Processing fees are charged to customers for the provision of various services, including loan origination, loan servicing, and other related activities. These fees are recognized as income when the services are rendered and are included in the EIR calculation distributed over the loan period.

Collateral estimation fees:

Collateral estimation fees are charged to customers for the estimation of collateral values. These fees are recognized as income when the estimation services are rendered and are included in the EIR calculation distributed over the loan period.

Assumptions:

The Bank assumes that the fees earned, including processing fees and collateral estimation fees, are representative of the fees that will be earned over the life of the loan based on IFRS 9 in "Determining the effective interest rate".

The determination of the effective interest rate (EIR) involves significant judgment, particularly in estimating the expected loan period and the timing of cash flows. The EIR is applied to the amortized cost of the loan to recognize the processing fees over the loan term. Changes in these estimates can affect the amount of income recognized. The EIR is determined using an internal rate of return (IRR) method, where cash flows include all contractual payments, such as principal and interest, as well as processing, collateral estimation, and followup fees directly attributable to the acquisition of the loan.

The amortization of loan processing fees has been recognized as income in the income statement. The unearned portion of the processing fees is recorded as a liability under "Deferred loan processing and collateral estimation fees" in the statement of financial position.

Impact on Financial Statements	**30 June 2024 Birr'000**	**30 June 2023 Birr'000**
Recognized as income in Profit/(loss) statement	143	1,266
Recognized as liability	1,298	1,567
	1,441	**2,833**

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		30 June 2024 Birr'000	30 June 2023 Birr'000
7	**Interest income**		
	Loans and advances to customers	250,625	140,688
	NBE Treasury Bond	10,645	1,590
	DBE Bond	850	155
	Deposits in other Banks	11,146	21,609
	Time deposit		
		273,266	**164,042**

		30 June 2024 Birr'000	30 June 2023 Birr'000
8	**Interest expense**		
	Deposits from customers	56,648	26,664
	Deposits from cooperatives and other Banks		
	Deposits from public agencies		
	Borrowings		
		56,648	**26,664**

		30 June 2024 Birr'000	30 June 2023 Birr'000
9	**Fee and commission income**		
	Commission income Local	16,835	16,796
	Commission income Foreign	5,234	3,382
	Service charges Local	1,845	11,283
	Service charges Foreign	13,677	9,546
		37,591	**41,007**

		30 June 2024 Birr'000	30 June 2023 Birr'000
10	**Fee and commission expense**		
	Other operating fees	2,511	564
	Subscription & Publication fee	7	
	Fund transfer fees and expenses	2,537	2,418
		5,055	**2,982**

		30 June 2024 Birr'000	30 June 2023 Birr'000
11	**Net gain on foreign exchange valuation**		
	Gain on Foreign Exchange Valuation	4,841	6,468
	Loss on Foreign Exchange Valuation		
		4,841	**6,468**

		30 June 2024 Birr'000	30 June 2023 Birr'000
12	**Other operating income**		
	Rental income		
	Gain on disposal of properties	81,961	
	Dividend earned	15,320	551
	Other income	1,110	521
		98,391	**1,072**

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		30 June 2024 Birr'000	30 June 2023 Birr'000
13	**Loan impairment charge**		
	Loan impairment charge	8,431	6,936
		8,431	**6,936**

		30 June 2024 Birr'000	30 June 2023 Birr'000
14	**Impairment losses on other assets/liabilities**		
	Impairment losses on other assets	2,473	10
	Impairment losses on Cash & bank Balance	(8)	8
	Impairment losses on Bonds	6	-
	Impairment on financial Guarantees	1	
		2,472	**18**

		30 June 2024 Birr'000	30 June 2023 Birr'000
15	**Personnel expenses**		
	Staff Salaries	72,432	60,310
	Staff allowances	18,473	12,755
	Pension costs – Defined Employee Benefit	7,857	6,461
	Defined Employee Benefit	2,564	1,130
	Other staff benefits	18,603	5,432
		119,928	**86,088**

		30 June 2024 Birr'000	30 June 2023 Birr'000
16	**Other operating expenses**		
	Advertisement & publicity	14,382	11,389
	Amortization Establishment Cost	-	-
	Audit fees	673	322
	Consultancy fee	1,179	1,187
	Deposit Insurance Fund Expense	3,210	
	Board of Directors' Fees	1,880	1,080
	Provision for annual BoDs' fee	1,350	
	Donations	53	5,056
	Entertainment	234	186
	Event organization expense	-	867
	Fuel and lubricants	713	381
	General Assembly	2,317	3,193
	Insurance	1,418	890
	IT support	32,349	4,242
	Loss on Disposal of Assets	-	-
	Meeting and Accommodation	120	473
	Office supplies	2,030	3,059
	Other operating expense	209	157
	Perdiem administration	104	159
	Prepaid Expense on Staff Loans	2,956	1,121
	Rental expenses	32,495	28,344
	Repairs and maintenance	1,094	486
	Security, Messengers & Janitors expenses	5,972	4,249
	Stamp Duty	15	17
	Sundries	43	96
	Telephone, broad band and Internet	1,190	
	Transportation	853	2,058
	Utilities	47	6
	Wages for non-permanent employees	40	39
		106,926	**69,057**

Goh Betoch Bank Share Company
Note to the Financial Statements
For the year ended 30 June 2024

17 Taxation

(a) Company income and deferred tax

Reconciliation of effective tax to statutory tax

The tax on the Bank's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

Component of tax expenses	**30 June 2024 Birr'000**	**30 June 2023 Birr'000**
Current tax expense		
Deferred tax asset(c)	1,183	
Deferred tax credit(c)	(4,501)	(1,779)
	(3,318)	**(1,779)**

	30 June 2024 Birr'000	**30 June 2023 Birr'000**
IFRS accounting profit before tax	**83,411**	**6,380**
Add : Disallowed expenses		
Entertainment	234	186
Donation	53	3,659
Penalty	80	9
IFRS Depreciation and Amortization	29,762	10,984
IFRS Loan Impairment	8,431	6,936
IFRS Other assets impairment	2,473	(10)
IFRS impairement on financial Guarantees	1	
IFRS Defined benefit expense	2,564	1,130
IFRS interest income using EIR on fees	2,865	
20% of NBE Impairment on loans	796	1,966
Interest discounted on Lease Payment	1,443	3,516
Guarantee commission	4,302	
Startup-cost		
Staff Loan Prepaid Expense	2,969	1,121
Other Adjustments		3,482
Accrued leave expense	2,773	92
Sub total	**58,746**	**33,071**
Less: Tax exempted income		
Depreciation for tax purpose	41,786	18,215
Provision for loans and advances for tax NBE 80%	3,186	7,866
Interest income taxed at source-local deposit	11,146	21,609
Startup cost 25%	6,527	6,527
IFRS interest income using EIR on loans	826	
Interest taxed at source-DBE Bond	850	155
Interest taxed at source-Treasury Bond	10,645	1,590
Interest Income taxed at source-foreign		
Dividend income taxed at source	15,319	551
Gain on Disposal of Assets	75,443	
Sub total	**165,728**	**56,513**
Taxable profit	(23,571)	(17,062)
Current profit tax at 30%		
Add: 5% of interest on foreign deposit		
	-	-

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Note to the Financial Statements
For the year ended 30 June 2024

	30 June 2024	30 June 2023
(b) Current income tax liability	**Birr'000**	**Birr'000**
Balance at the beginning of the year		
Prior year over /under paid		
Income tax expense		
Payment during the year		
	-	-

During the reporting period, the Bank recognized deferred tax assets and liabilities to account for temporary differences between the accounting and tax treatment of certain items. Specifically, a deferred tax asset was recognized for leave payments, while deferred tax liabilities were recognized for property and employee obligations, respectively. These adjustments reflect the future tax benefits and obligations associated with these items and have been appropriately recorded in the financial statements. Deferred income tax assets and liabilities, deferred income tax charge/(credit) in profit or loss (P/L), in equity and other comprehensive income are attributable to the following items:

(c) Deferred income tax assets/(liabilities):	Credit/ (charge) to P/L	Credit/ (charge) to Equity	30 June 2024	30 June 2023
	Birr'000	**Birr'000**	**Birr'000**	**Birr'000**
Balance at the beginning of the year			**(1,779)**	
Property, plant and equipment	(3,934)		(3,934)	(2,691)
Post-employment benefit obligation	(567)		(567)	912
Fair value (gain)/loss on equity investment		(42,097)	(42,097)	
Total deferred tax liabilities	**(4,501)**	**(42,097)**	**(48,377)**	**(1,779)**
Accrued Leave	1,183		1,183	
Total deferred tax assets	**1,183**		**1,183**	

	Credit/ (charge) to P/L	Credit/ (charge) to OCI	30 June 2023	30 June 2022
	Birr'000	**Birr'000**	**Birr'000**	**Birr'000**
Balance at the beginning of the year			**(460)**	
Property, plant and equipment	(2,231)		(2,231)	(460)
Post-employment benefit obligation	912		912	
Accrued Leave				
Fair value gain(loss) on equity investment				
Total deferred tax assets/(liabilities)	**(1,319)**		**(1,779)**	**(460)**

(d) Deferred tax liabilities	30 June 2024 Birr'000	30 June 2023 Birr'000
Property, plant, equipment & intangible assets		
Property, plant, equipment & intangible assets - carrying amount (IFRS)	226,426	189,514
Property, plant, equipment & intangible assets - tax base	204,344	180,544
Property, plant, equipment & intangible assets - temporary difference	**22,082**	**8,970**
Deferred tax assets/(liabilities) at 30%	(6,625)	(2,691)
Defined benefit obligation		
Defined benefit obligation - carrying amount	(1,150)	(3,039)
Defined benefit obligation - tax base		-
Defined benefit obligation - temporary difference	**(1,150)**	**(3,039)**
Deferred tax assets/(liabilities) at 30%	345	912
Fair value on Equity investment		
Fair value on Equity investment - carrying amount (IFRS)	223,576	216,521
Fair value on Equity investment - tax base	83,253	
Fair value on Equity investment - temporary difference	**140,323**	**216,521**
Deferred tax assets/(liabilities) at 30%	(42,097)	
Total Deferred tax liabilities	**(48,378)**	**(1,779)**

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Deferred tax asset	**30 June 2024 Birr'000**	**30 June 2023 Birr'000**
Annual Leave		
Accrued leave - carrying amount (IFRS)	3,944	
Accrued leave - tax base		
Accrued leave - temporary difference	**3,944**	
Deferred tax assets/(liabilities) at 30%	1,183	
Total Deferred tax assets	**1,183**	

18 Cash and bank balance

	30 June 2024 Birr'000	**30 June 2023 Birr'000**
Cash on hand	10,859	9,485
Deposits with local banks	148,855	303,832
Deposits with foreign banks	30,694	51,567
Less: Bank balance impairment	(10)	(18)
	190,398	**364,866**
Maturity analysis		
Current	190,398	364,866
	190,398	**364,866**

Expected credit loss on Cash and bank balance	**30 June 2024 Birr'000**	**30 June 2023 Birr'000**
Cash on hand	(1)	
Deposit with other local banks	(7)	(15)
Deposit with foreign banks	(2)	(3)
Total Bank balance impairment	**(10)**	**(18)**

19 Loans and advances to customers

	30 June 2024 Birr'000	**30 June 2023 Birr'000**
Building and construction	942,661	648,576
Domestic Trade Services	242,963	47,772
Export and Import	306,941	467,896
Hotel and Tourism		
Manufacturing and Industry		
Personal and consumer	59,271	154,349
Transport and Communication		
Total gross exposure	1,551,835	1,318,593
- Less impairment	(15,381)	(6,951)
	1,536,454	**1,311,642**
Maturity analysis		
Current	415,497	515,668
Non Current	1,120,957	795,974
	1,536,454	**1,311,642**

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20 Investment securities

Assumptions

Liquidity discounts are applied to valuations due to the marketability of assets, reflecting their liquid or illiquid nature. Investors generally prefer equity investments that can be easily converted into cash through a liquid secondary market. Marketability refers to the ease and speed with which an instrument can be sold when desired. Equity interests lacking these marketability characteristics typically sell at a discount to compensate investors for the lack of liquidity.

Based on valuation experience, research, and independent surveys, an appropriate liquidity discount for the mentioned investments is considered to be 15.9%. This discount reflects the reduced marketability and the associated risks that investors face when dealing with less liquid assets.

A company specific discount is dependent on the comparability of the companies on which the valuation is based. Some of the more significant attributes used include; Profitability, geographic area of operation, size of company (e.g. revenue, assets, etc), type of product/service, market positioning, company growth, liquidity etc. These typical range 5% -30% depending on specific considerations.

The EV/EBITDA helps determine the true earning potential of the business. EV/EBITDA works better in case of service companies (Banks) and where the gestation is too long and net debt can be high. EV/EBITDA can also be a better measure where the leverage and net profits are more vulnerable to business cycles and financial solvency.

On the other hand, the primary valuation techniques adopted by the Bank in undertaking the valuation of investee companies is the market approach. Thus, the equity investment is measured at fair value and the fair value gain/loss is reported as fair value through other comprehensive income. The Bank has elected to recognize changes in the fair value of investments in equity securities in OCI.

These changes are accumulated within the other reserve or fair value reserve within equity. The Bank transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognized. The fair value estimates for Goh Property Development & Marketing SC is reported at cost due to not operate actively.

PricewaterhouseCoopers (PwC) estimates the fair value of the Bank's equity investments using the market approach, leveraging market data of comparable companies and adjusting for specific factors. PwC applies level II inputs and uses valuation by multiples based on actual market prices, requiring judgment to select appropriate multiples considering qualitative and quantitative factors.

Equity Investments at fair value-OCI	Cost Birr'000	Fair value Gain/(Loss) Birr'000	30 June 2024 Birr'000	30 June 2023 Birr'000
Ethio Life & General Insurance SC	16,125	1,748	17,873	19,769
Eth switch SC	54,628	220,695	275,323	247,629
Capital Financial Excellence Center SC	1,000	1,133	2,133	1,000
Goh Property Development & marketing SC	11,500	-	11,500	5,750
	83,253	**223,576**	**306,830**	**274,149**

Equity Investments at fair value-OCI	Cost Birr'000	Fair value Gain/(Loss) Birr'000	30 June 2023 Birr'000	30 June 2022 Birr'000
Ethio Life & General Insurance SC	10,000	9,769	19,769	10,000
Eth switch SC	40,877	206,752	247,629	
Capital Financial Excellence Center SC	1,000		1,000	
Goh Property Development & marketing SC	5,750		5,750	
	57,627	**216,521**	**274,149**	**10,000**

Financial Assets at amortized cost (Bonds)	30 June 2024 Birr'000	30 June 2023 Birr'000
NBE Treasury Bond	150,724	66,430
DBE Bond	16,550	3,090
Time Deposit		
Less: impairment allowance on NBE/DBE Bond	(9)	(3)
	167,265	**69,517**
Expected credit loss on Bonds		
NBE Treasury Bond	(8)	(3)
DBE Bond	(1)	
Total Bank balance impairment	**(9)**	**(3)**

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21 Other Assets

	30 June 2024 Birr'000	30 June 2023 Birr'000
Financial assets		
Advance Payments	269,205	93,057
Uncleared Effect-Local		
Uncleared Effect-Foreign		6,669
Other receivables	16,789	36
Less: impairment allowance	(2,479)	(5)
Total Financial Assets	**283,515**	**99,757**

The total advance payment include payments for Saris Building Birr 223 million, Birr 27 million for Core Banking System, staff, and other advances Birr 19 million.

Maturity analysis		
Current	283,515	99,757
Non Current		
	283,515	**99,757**

22 Non-financial assets

	30 June 2024 Birr'000	30 June 2023 Birr'000
Prepaid insurance	1,081	862
Prepaid employee benefit-fair value	12,155	4,564
Prepaid for office rent	24,465	
Other prepayments	16,415	7,468
Inventory in stock	8,110	6,508
Total Non Financial Assets	**62,226**	**19,402**
Total Other Assets	**345,741**	**119,159**

23 Right of use assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets below USD 5,000 and short term leases maturing less than 12-months. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Bank assesses the right of use asset for impairment when such indicators exist.

At the commencement date, the Bank measures the lease liability at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease if available, or the Bank's incremental borrowing rate, assumed to be 6% based on the industry average cost of funds. The right-of-use assets listed below are related to office rent prepayments.

Right of use assets	30 June 2024 Birr'000	30 June 2023 Birr'000
Opening Balance	187,452	108,148
Additions		77,428
Reclassification	(140,695)	30,220
Amortization	1,308	(28,344)
Total Right Use of Asset	**48,065**	**187,452**

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24 Property, plant and equipment

Cost:

Description	Buildings Birr'000	Office Equipment Birr'000	Furniture & Fittings Birr'000	Motor Vehicles Birr'000	Computer & Accessories Birr'000	Total Birr'000
As at 1 July 2022		**6,123**	**16,521**	**26,721**	**12,742**	**62,107**
Additions		2,573	41,518	21,651	28,663	94,405
Disposals						
Reclassification		2,428	3,214		6,898	12,540
As at 30 June 2023		**11,124**	**61,253**	**48,372**	**48,303**	**169,052**
As at 1 July 2023		**11,124**	**61,253**	**48,372**	**48,303**	**169,052**
Additions		2,608	4,377	26,092	2,069	35,146
Disposals		-	-	-	-	-
Reclassification		(262)	778	2,590	(674)	2,432
As at 30 June 2024		**13,470**	**66,408**	**77,054**	**49,698**	**206,630**

Accumulated depreciation:

Description	Buildings Birr'000	Office Equipment Birr'000	Furniture & Fittings Birr'000	Motor Vehicles Birr'000	Computer & Accessories Birr'000	Total Birr'000
As at 1 July 2022		**664**	**922**	**1,397**	**971**	**3,954**
Charge for the year		1,042	2,961	3,968	973	8,944
Disposals						-
Reclassification		(45)	(155)	-	(84)	(284)
As at 30 June 2023		**1,661**	**3,728**	**5,365**	**1,860**	**12,614**
As at 1 July 2023		**1,661**	**3,728**	**5,365**	**1,860**	**12,614**
Charge for the year	-	1,790	3,857	5,251	5,918	16,816
Disposals	-	-	-	-	-	-
Reclassification	-	139	227	86	843	1,295
As at 30 June 2024	**-**	**3,590**	**7,812**	**10,702**	**8,621**	**30,725**
Net book value:						
As at 30 June 2023		**9,463**	**57,525**	**43,007**	**46,443**	**156,438**
As at 30 June 2024		**9,880**	**58,596**	**66,352**	**41,077**	**175,906**

25 Intangible Assets

Description	30 June 2024 Birr'000	30 June 2023 Birr'000
Cost:		
As at 1 July 2023	**35,568**	**4,464**
Additions	42,076	31,104
Disposals		
Reclassification		
As at 30 June 2024	**77,644**	**35,568**
Accumulated amortization		
As at 1 July 2023	**2,492**	**453**
Charge for the year	11,651	2,039
Disposal		
As at 30 June 2024	**14,143**	**2,492**
Net book value:		
30 June 2024	**63,501**	**33,076**
		-

The Bank has recognized an intangible asset, “Temenos and related softwares,” which is utilized in the Core Banking system.

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26 Construction in progress	30 June 2024 Birr'000	30 June 2023 Birr'000
Beginning	109,536	24,607
Additions for the year		84,929
Disposal	(84,929)	
As at 30 June 2024		
	24,607	**109,536**

27 Non current asset held for sale

	30 June 2024 Birr'000	30 June 2023 Birr'000
Cost		
Opening		
Additions/deduction		
Balance at the end of the year	-	

The Bank's policy is to pursue the realization of collateral in a timely manner to mitigate credit risk. The Bank ensures that all legal conditions required for declaring the default of the counterparty and liquidating the collateral are observed, allowing for prompt liquidation. The Bank has not held any collateral for default loans.

28 Deposits from customers	30 June 2024 Birr'000	30 June 2023 Birr'000
Demand deposits	71,910	111,960
Savings deposits	898,910	799,842
Time deposits	53,533	-
	1,024,353	**911,802**
Maturity analysis		
Current	1,024,353	911,802
Non Current		
	1,024,353	**911,802**

29 Lease liabilities	30 June 2024 Birr'000	30 June 2023 Birr'000
Opening Balance	122,731	88,996
Addition		30,220
Reclassification	(88,590)	
Interest on Lease Discounts	1,443	3,515
	35,584	**122,731**

30 Other liabilities 30.1 Financial liabilities	30 June 2024 Birr'000	30 June 2023 Birr'000
Audit fee payables	673	288
Cash payment order payable	1,779	1,359
Customers payables	16,049	23,198
Deferred Guarantee Commission	4,302	
Deferred income on Loan processing and estimation fee	2,865	
Exchange commission payable	37	51
Foreign transfers payables		
Impairment on Financial Guarantee	1	
Impairment on L/C		1
Margin Held Accounts		8,476
Provision Directors' share of profit payable	1,350	
Refund payable		
	27,056	**33,373**

Goh Betoch Bank Share Company
Note to the Financial Statements
For the year ended 30 June 2024

30.2 Non-financial liabilities

	30 June 2024 Birr'000	30 June 2023 Birr'000
Cost Sharing Payable	11	13
Dividend payables		
Employee Income Tax Payable	2,549	2,165
Interest Tax Payable	233	191
Pension Payable	1,037	965
Stamp Duty Charges	208	530
Value Added Tax Payable		
Withholding Tax Payable	65	254
Reverse Tax Payable	113	
Staff leave payables	3,943	1,171
Provision for bonus	6,252	
Sundry payables	22,668	1,447
	37,079	**6,736**
Total financial and non financial liabilities	**64,135**	**40,109**

Maturity analysis	30 June 2024 Birr'000	30 June 2023 Birr'000
Current	64,135	40,109
Non Current	35,584	122,731
	99,719	**162,840**

31 Severance benefits

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

(i) Purpose of the valuation

The purpose of the valuation is to update the Bank's liabilities since the previous valuation in respect of benefits provided to employees on leaving the Bank. In particular, this will:

- Estimate the defined benefit obligation of the Bank in respect of the benefits;
- Provide information on the evolution of the liabilities over the period for the Bank disclosures;
- Broadly analyse the factors that have caused a change in the liabilities over the period; and,
- Analyse the expected changes in the liabilities over the next period.

(ii) Valuation Method

(a) Liabilities :

The defined benefit obligation was calculated using the projected unit credit method. This is the required method in terms of IAS19. The past service liability (the liability which has accrued in respect of service to the valuation date for the current employees) for the active members is calculated by projecting all expected future cash flows based on service to the valuation date and discounting these at the assumed discount rate allowing for possible reasons of exit from the Bank, such as retirement and death. Under the Projected Unit Credit method, the present value of benefits that will accrue to employees in respect of the next year of service after the valuation date is calculated and this is called the Current Service Cost.

(b) Assets:

There are no separate assets held which are creditor remote and are held in the name of a separate legal entity to the Bank set aside to fund the Benefits. We have therefore not included any assets in the valuation.

Goh Betoch Bank Share Company
Note to the Financial Statements
For the year ended 30 June 2024

(iii) Valuation Assumptions

Valuation assumptions can be split into two broad groups, namely financial and demographic assumptions. Financial assumptions are those that affect the amount of the benefit payments (e.g. increases in salary and the discount rate) while demographic assumptions are those that affect the expected timing of the benefit payments (e.g. resignation or mortality rates). In an actuarial valuation of a defined benefit liability, it is the relationship between these financial assumptions that is critically important, not the absolute value of any particular assumption. Since the benefits are long-term obligations, the assumptions are made with a long-term outlook in mind. The actual experience in the short term will differ from these assumptions.

(iv) Valuation Results

(a) Net (Asset)/Liability recognized in the statement of financial position:

	30 June 2024 Birr'000	30 June 2023 Birr'000
Defined benefits obligation	4,844	4,169
Total defined benefit obligation	**4,844**	**4,169**

(b) Expense/(income) recognised in Profit & Loss:

Amount recognized in the profit or loss	30 June 2024 Birr'000	30 June 2023 Birr'000
Current service cost	1,400	494
Interest cost	1,164	636
Past service cost		
Total expense recognized in profit/(loss)	**2,564**	**1,130**

(c) Expense/(income) recognized in other comprehensive income:

The movements recognized under other comprehensive income (OCI) for the year ended 30 June 2024 are disclosed as follows:

	30 June 2024 Birr'000	30 June 2023 Birr'000
At the beginning of the year		
Actuarial (Gains)/Losses on economic assumptions	(407)	502
Actuarial (Gains)/Losses on experience	(1,482)	455
Expense/(Income) recognized in OCI	**(1,889)**	**957**

(d) Reconciliation of Defined Benefit Obligation:

The table below sets out the reconciliation of the liability to be recognised in the financial statements:

	30 June 2024	30 June 2023
At the beginning of the year	4,169	
Current service cost	1,400	494
Interest cost	1,164	636
Total expense for the period	**6,733**	**1,130**
Remeasurement (gains)/ losses	(1,889)	957
Benefits paid		
Past service cost recognized in OCI		2,082
At the end of the year	**4,844**	**4,169**

(e) Sensitivity of the Results

The sensitivity of the main results to changes in the principal assumptions rate have been calculated. The changes in the Defined Benefit Obligation are reflected below:

Sensitivity		DBO Base	DBO on changed Assumptions	30 June 2024 Birr'000 % Change	30 June 2023 Birr'000 % Change
Discount rate	+ 1%	4,844	4,347	-10.26%	-10.40%
Discount rate	- 1%	4,844	5,403	11.54%	11.70%
Salary increase	+ 1%	4,844	5,420	11.89%	12.00%
Salary increase	- 1%	4,844	4,325	-10.71%	-10.87%

Goh Betoch Bank Share Company
Note to the Financial Statements
For the year ended 30 June 2024

(f) Analysis of Actuarial (Gain)/Loss on the liabilities

The table below sets out the sources of gains and losses on the DBO. It should be noted that the figures shown below have been estimated and represent an indication of the comparative relative effect of the item on the DBO. If the experience is more favourable than the assumptions made, the DBO would reduce and vice versa. These relative impacts are calculated to allow the Bank to assess comparative impacts of the various reasons for the change in the defined
benefit obligation.

	30 June 2024 Birr'000	30 June 2023 Birr'000
Change in economic assumptions	(407)	502
Salary increases	(542)	
New employees	603	455
Exit experience	(1,376)	
Other miscellaneous items	(167)	
Total Actuarial(gain)/Loss on defined benefit obligation	**(1,889)**	**957**

(g) Financial Assumption Long term Average

	30 June 2024 Birr'000	30 June 2023 Birr'000
Discount Rate	18.70%	20.90%
Inflation Rate	14.30%	15.10%
Salary increase Rate	14.30%	17.10%
Net pre-retirement Rate	**2.06%**	**3.25%**

(h) Mortality in service

In determining an appropriate mortality table to use for the valuations, we have used the mortality rates published in Demographic and Health Survey ("DHS") report compiled by the CSA. The DHS report provides male and female mortality rates for 5-year age bands from age 15 to age 49. Since the rates are provided in 5-year bands, we have used the rates provided per band as the mortality rate for the age in the middle of each band and interpolated linearly for rates in between these ages.

Sample mortality rates are shown in the table below:

	Mortality Rate	
Age	**Males**	**Females**
20	0.31%	0.22%
25	0.30%	0.23%
30	0.36%	0.31%
35	0.41%	0.28%
40	0.52%	0.32%
45	0.45%	0.43%
50	0.63%	0.63%
55	0.98%	0.98%
60	1.54%	1.54%

32 Share capital

	30 June 2024 Birr'000	30 June 2023 Birr'000
(a) Authorized:		
Ordinary shares of Ordinary shares of Birr 1000 each	**3,056,210**	**3,056,210**
(b) Issued and fully paid:		
Ordinary shares of Birr 1000 each	1,411,240	1,320,680
Share premium		
	1,411,240	**1,320,680**

The Bank shares are owned by individuals and companies.

Goh Betoch Bank Share Company
Note to the Financial Statements
For the year ended 30 June 2024

33 Earnings per share

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

	30 June 2024 Birr'000	30 June 2023 Birr'000
Profit attributable to shareholders	80,093	5,061
Weighted average number of ordinary shares in issue	1,053	862
Basic earnings per share (Birr 1000)	**76.05**	**5.87**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive shares at the reporting date.

34 Retained earnings

	30 June 2024 Birr'000	30 June 2023 Birr'000
At the beginning of the year	880	2,405
Board remuneration (Last year)		(1,350)
Transfer to General Reserve	(880)	(1,055)
Dividend paid		
Carried forward		
Profit/ (Loss) for the year	80,093	5,061
Board remuneration (current year)		
Prior period adjustment		
	80,093	**5,061**
Legal reserve	(20,023)	(1,265)
Transfer to Regulatory risk reserve	(37,095)	(2,916)
At the end of the year	**22,976**	**880**

35 Legal reserve

	30 June 2024 Birr'000	30 June 2023 Birr'000
At the beginning of the year	3,249	1,984
Transfer from profit or loss	20,023	1,265
Prior period adjustment		
At the end of the year	**23,272**	**3,249**

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

36 Regulatory risk reserve

	30 June 2024 Birr'000	30 June 2023 Birr'000
Beginning of the year	**6,003**	**3,087**
Transfer from/(to) loan impairment	(4,449)	2,897
Transfer from/(to) other assets	31,182	19
Transfer from/(to) Guarantees & undisbursed loans	10,362	
Regulatory risk reserve Ending balance	**43,098**	**6,003**

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The Regulatory risk reserve is a non-distributable reserve required by the National Bank of Ethiopia Directives No. SBB/90/2024 to be kept for impairment losses on loans and other receivables in excess of IFRS 9 Expected credit and other receivable loss.

When the loan loss impairment determined using the NBE guidelines is higher than loss impairment determined under IFRS 9 model, the difference is transferred to regulatory risk reserve and it is non-distributable to the owners of the bank.

Where the loss impairment determined using the NBE guidelines is less than the loan loss impairment determined using under IFRS 9 model, the difference is transferred from regulatory risk reserve to the retained earnings to the extent of non-distributable reserve previously recognized.

37 General Reserve

	30 June 2024 Birr'000	30 June 2023 Birr'000
At the beginning of the year	949	
Transfer to General Reserve less 10% tax	792	949
General Reserve	**1,741**	**949**

38 Other Reserve-Other Comprehensive Income (OCI)

	30 June 2024 Birr'000	30 June 2023 Birr'000
Beginning	213,482	
Remeasurement gain/loss on retirement benefit obligation	1,889	(3,039)
Fair value on Equity Investment (net)	(35,041)	216,521
Other Reserve-Other Comprehensive Income (OCI)	**180,330**	**213,482**

39 Cash generated from operating activities

	Notes	30 June 2024 Birr'000	30 June 2023 Birr'000
Profit before tax		**83,411**	**6,380**
Adjustments for non-cash items:			
Depreciation on property, plant and equipment	24	18,111	8,945
Amortization on intangible assets	25	11,651	2,039
Impairment on loans and advances	13	8,431	6,936
Impairment on other receivables	21	2,471	(18)
Impairment on financial Guarantees	42	1	
Employee Benefit Obligation	31	2,564	(551)
Interest on lease discount	29	(2,072)	
(Gain)/Loss on disposal of property, plant and equipment		(75,443)	
Changes in working capital:			
Cash flows from operating activities			
Decrease/(increase) in other assets	21	(229,054)	(39,269)
Decrease/(increase) in right use of assets	23	139,388	
Decrease/(increase) in Loans and advances	19	(233,243)	(1,020,035)
Increase/ (Decrease) in deposits from other Banks	28	112,551	655,191
Increase/ (Decrease) in other liabilities	30.2	24,025	(2,767)
Increase/ (Decrease) in deferred tax liabilities			
Net cash (outflow)/inflow from operating activities		**(137,208)**	**(383,149)**

Goh Betoch Bank Share Company
Note to the Financial Statements
For the year ended 30 June 2024

In the statement of cash flows, profit on sale of property, plant and equipment (PPE) comprise:

	30 June 2024 Birr'000	30 June 2023 Birr'000
Proceeds on disposal	178,207	
Net book value of property, plant and equipment disposed	(102,764)	
Gain/(loss) on sale of property, plant and equipment	**75,443**	

40 Key management compensation

Number of Employees	30 June 2024 Number	30 June 2023 Number
Senior Executive	3	3
Directors	12	14
Managers	29	24
Non Managerial	137	115
	181	**156**

Key management at the Bank consists of the Board of Directors and the Executive Management Committee. Their compensation includes salaries and benefits, termination benefits, and the maximum sitting allowance per meeting for each Board member. All payments adhere to the limits set by NBE directive SBB 63/2016. The number of employees and the compensation paid to key management are detailed.

Compensation of the Bank's key management personnel	30 June 2024 Birr'000	30 June 2023 Birr'000
Salaries and other short-term employee benefits	8,848	8,123
Housing and Representation Allowance	968	730
Monthly Board of directors fee	1,880	1,080
Provision for annual BoDs' fee	1,350	
	13,045	**9,933**

41 Related party transactions

In the normal course of business, a number of banking transactions are entered into with related parties. A “Related Party” under Directive No. SBB/88/2024 includes the bank’s majorly owned subsidiaries and any party that the bank controls or is controlled by.

The following table provides a summary of influential shareholders, board members, the chief executive officer, and senior executive officers, extending up to the ultimate beneficial owner. Additionally, it includes the spouse or first-degree relatives of these individuals, as well as entities where these influential figures hold a 10% or more interest or serve in executive roles.

Transactions with related parties

	30 June 2024 Birr'000	30 June 2023 Birr'000
Loans to key management personnel	42,002	34,502
Estimated value of collateral	40,814	40,759

Goh Betcoh Bank SC has established a sister company, Goh Property Development and Marketing SC, with an investment of 11,500 shares at a par value of Birr 1,000 each, totaling Birr 11.5 million. This initiative arises from regulatory limitations that prevent the Bank from directly engaging in construction activities. Currently, Goh Property Development and Marketing SC is in the process of starting its business operations.

42 Contingent liabilities

This section outlines contingent liabilities, which represent potential obligations that may arise based on the outcome of uncertain future events. As of the reporting date, the bank has identified several contingent liabilities associated with ongoing legal proceedings, regulatory reviews, and potential claims. While these matters are not anticipated to have a significant financial impact, they are disclosed to ensure stakeholders are fully informed of potential risks. The bank continues to monitor these situations diligently and will provide updates as necessary.

Goh Betoch Bank Share Company
Note to the Financial Statements
For the year ended 30 June 2024

(i) Claims and litigation

As of the reporting date, the Bank has no ongoing claims or litigation matters, nor does it anticipate any such issues arising. This disclosure reflects our strong compliance with regulatory requirements and our proactive risk management practices. The Bank continues to monitor its operations closely to ensure that any potential legal or regulatory issues are identified and addressed promptly.

(a) Guarantees and letters of credit

The Bank engages in operations that include performance bonds, bid bonds, and performance bond guarantees. These instruments serve as a security measure, bolstering the performance of a customer towards third parties. The Bank is only obligated to fulfill these commitments if the customer defaults. Therefore, the cash requirements for these instruments are anticipated to be significantly less than their face values.

The Bank has set aside provisions for all items not included in the Statement of Financial Position, in accordance with the NBE-Business Assets Classification and Provisioning Directive No. SBB/90/2024. This has been done without taking into account any cash or other collateral. The following table provides a summary of contingent liabilities with the corresponding provisions based on NBE directive:

Guarantees	**30 June 2024 Birr'000**	**30 June 2023 Birr'000**
Financial guarantees	2,500	
Less: Impairment on financial guarantees	(1)	
Advance payment	159,263	14,460
Bid bond	783	-
Performance bond	329,121	191,144
Less: Impairments on guarantees	(10,362)	
	481,304	**205,604**
Letters of credit	-	19,496
	481,304	**225,100**

(b) Deferred Guarantee Commission

Deferred Guarantee Commission refers to the commission income received in advance for providing guarantees or services over a future period. This commission is initially recorded as a liability on the balance sheet, reflecting the Bank's obligation to deliver the promised services or guarantees. Over the coverage period, as the services or guarantees are provided, the deferred commission is gradually recognized as revenue. This method ensures that the revenue is matched with the period in which the related services are rendered, adhering to the revenue recognition principle.

Reconciliation for the Deferred Guarantee Commission (Liability):

Deferred Guarantee Commission-liability	**30 June 2024 Birr'000**	**30 June 2023 Birr'000**
At the beginning of the year		1,267
During the period	4,302	(1,267)
Prior period adjustment		
At the end of the year	**4,302**	

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Note to the Financial Statements
For the year ended 30 June 2024

(ii) Loan Commitments

	30 June 2024 Birr'000	30 June 2023 Birr'000
Loans and advances approved but not disbursed	26,411	41,740
Less: Impairments on Loan commitments	(1)	
	26,410	**41,740**
Unutilized overdraft facilities	2,431	27,640
	28,841	**69,380**

43 Events after reporting period

There were no significant events after the reporting date that could affect the reported amount of assets and liabilities as of the reporting date 30 June 2024 and on the profit for the period ended on that date.

However, on 29 July 2024, the National Bank of Ethiopia announced a major revision of the country's foreign exchange (FX) system. This reform introduces a competitive, market-based determination of the exchange rate, addressing a long-standing distortion within the Ethiopian economy. The implementation of this reform will be guided by the new Foreign Exchange Directive (FXD/01/2024), which was released on the same day.

One of the major changes is the shift to market-based exchange rates, allowing banks to buy and sell foreign currencies at freely negotiated rates instead of the previous fixed exchange rate system. This move is expected to increase the availability of foreign exchange in the market, as banks and exporters are no longer required to surrender foreign exchange to the central bank. Additionally, the introduction of non-bank foreign exchange bureaus is set to increase competition in the FX market, potentially affecting banks' market share.

Another important change is the simplification of rules governing foreign currency accounts. Residents can now open foreign currency accounts based on various sources of foreign income, making it easier for individuals and businesses to manage their foreign exchange needs. These reforms aim to create a more competitive and efficient FX market, which could lead to greater stability and growth in the banking sector. Overall, these changes are expected to enhance the flexibility and responsiveness of the Ethiopian financial system to global economic conditions.

It's worth mentioning that this announcement does not impact our financial statements for the fiscal year ending June 30, 2024. We have no outstanding Letters of Credit or other net payable commitments, including off-balance sheet items. The changes were implemented after the reporting period.

44 Environmental and Climate-Related Risks

In the context of Ethiopia, climate change disclosures in IFRS reports would typically include information on how climate-related risks and opportunities affect the financial statements and the overall financial performance of entities within the country. As per the International Sustainability Standards Board (ISSB), the IFRS S2 Climate-related Disclosures standard requires entities to disclose information about their climate-related risks and opportunities that could reasonably be expected to affect their cash flows, access to finance, or cost of capital over the short, medium, or long term.

We are dedicated to sustainable operations and responsible lending. We continuously evaluate and address our climate-related risks and opportunities, implementing processes to improve our climate risk management. Additionally, through our environmental and social due diligence, we assist our customers in adopting measures to mitigate any negative environmental impacts.

Frequent droughts, floods, and locust infestations are some of the manifestations of extreme climate events in Ethiopia. Over the past four decades, the average annual temperature in the country has risen by approximately 0.37 degrees Celsius per decade. This Initiative, directly linked to Goal 13 of the SDGs, complements Ethiopia's efforts to reduce its vulnerability to climate change.

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Expected Impact of Ethiopia's Green Legacy Initiative

Ethiopia's Green Legacy Initiative aligns with multiple targets of the 2030 Agenda, including food security. In 2022 alone, over 500 million seedlings including high-value crops like avocados, mangoes, apples, and papayas were planted. This effort supports the drive towards food self-sufficiency by promoting sustainable agriculture, as outlined in Sustainable Development Goal 2. The Initiative is a major flagship project aimed at achieving the adaptation of goals set in the National Adaptation Plan. Ethiopia, being one of the vulnerable countries to climate change, stands to benefit significantly from this initiative.The approach includes ecosystem restoration, biodiversity conservation, renewable energy promotion, and building a green economy.

Promoting and funding green legacy activities

Our Bank plays a role in supporting initiatives like Ethiopia's Green Legacy. By providing funding or sponsoring this initiatives can help drive the implementation of environmental conservation, reforestation, and sustainable agriculture. Additionally, the Bank offer financial products and services that incentivize green practices, support research and development in sustainable technologies, and facilitate access to capital for small and medium-sized enterprises (SMEs) engaged in eco-friendly activities. This support is essential for achieving long-term environmental and economic sustainability.

Our bank is dedicated to financing and providing loans that do not harm the environment. We prioritize sustainable practices and ensure our financial support aligns with environmental protection standards. Through rigorous environmental and social due diligence, we collaborate with our customers to promote eco-friendly initiatives and mitigate potential adverse effects on the environment. Additionally, we continue to support and fund environmental conservation and reforestation activities. By actively participating in these initiatives, we help create a world free from natural disasters. This set of disclosures reflects work-in-progress, and we recognize that much more work remains to be done in the years ahead.

ጎሕ ቤቶች ባንክ አክስዮን ማህበር
የትርፍ ወይም ኪሳራ እና ሌሎች አጠቃላይ ገቢዎች መግለጫ
እ.ኤ.አ በሰኔ 30 ቀን 2024 ለተጠናቀቀው የሂሳብ ዓመት

	ማብራሪያ	እ.ኤ.አ. ሰኔ 30 2024 ብር'000	እ.ኤ.አ. ሰኔ 30 2023 ብር'000
የወለድ ገቢ	7	273,266	164,042
የወለድ ወጪ	8	(56,648)	(26,664)
የተጣራ የወለድ ገቢ		**216,618**	**137,378**
ኮሚሽንና የአገልግሎት ገቢዎች	9	37,591	41,007
ኮሚሽንና የአገልግሎት ወጭዎች	10	(5,055)	(2,982)
የተጣራ ኮሚሽንና የአገልግሎት ገቢ		**32,536**	**38,025**
ከዉጭ ምንዛሪ ግብይት የተገኘ የተጣራ ገቢ	11	4,841	6,468
ሌሎች የመደበኛ ሥራ ገቢዎች	12	98,391	1,072
		103,232	**7,540**
አጠቃላይ የመደበኛ ሥራ ገቢዎች		**352,386**	**182,943**
ለአጠራጣሪ ብድሮች የተያዘ መጠባበቂያ	13	(8,431)	(6,936)
ለሌሎች አጠራጣሪ ተሰበሰሳቢዎች የተያዘ መጠባበቂያ	14	(2,471)	18
ለፋይናንሺያል ዋስትና የተያዘ መጠባበቂያ	14	(1)	
የተጣራ የመደበኛ ሥራ ገቢዎች		**341,483**	**176,025**
የሰራተኛ ወጭዎች	15	(119,928)	(86,088)
የእርጅና ተቀናሽ	24-25	(29,775)	(10,984)
የሊዝ ዕዳ ወለድ	29	(1,443)	(3,516)
ሌሎች የመደበኛ ሥራ ወጭዎች	16	(106,926)	(69,057)
ከትርፍ ግብር በፊት የተገኘ ትርፍ		**83,411**	**6,380**
የትርፍ ግብር	17	(3,318)	(1,319)
ከትርፍ ግብር በኋላ የተገኘ ትርፍ		**80,093**	**5,061**
የሚከፋፈል ትርፍ ውስጥ የማይካተቱ:			
ከሰራተኞች የአገልግሎት ጥቅም መጠባበቂያ ዳግም ልኬት	31(c)	1,889	(3,039)
ከሠራተኛ ጋር ያሉ ግዴታዎች ወቅታዊ ግምት ስሌት ማስተካከያ	17(c)	(567)	912
የአክስዮን ኢንቨስትመንት ወቅታዊ ግምት	16	7,055	216,521
የአክስዮን ኢንቨስትመንት ወቅታዊ ግምት ስሌት ማስተካከያ	17(c)	(42,097)	
የሚከፋፈል ትርፍ ውስጥ የማይካተቱ ድምር		(33,720)	214,394
ከታክስ በኋላ ያሉ የተጣሩ ሌሎች አጠቃላይ የዓመቱ የስሌት ገቢዎች		**46,374**	**219,455**
በአክሲዮን ያስገኙት ትርፍ (የአንዱ ዋጋ ብር 1000)	33	**76.05**	**5.87**

ጎሕ ቤቶች ባንክ አክስዮን ማህበር
የሃብትና የዕዳ ሂሳብ መግለጫ
እ.ኤ.አ በሰኔ 30 ቀን 2024

	ማብራሪያ	እ.ኤ.አ. ሰኔ 30 2024 ብር ('000)	እ.ኤ.አ. ሰኔ 30 2023 ብር ('000)
ሀብት			
በእጅና በባንክ የሚገኝ ጥሬ ገንዘብ	18	190,398	364,866
ለደንበኞች የተሰጠ ብድርና ቅድሚያ ክፍያ(የተጣራ)	19	1,536,454	1,311,642
ኢንቨስትመንት:			
-የአክስዮን ኢንቨስትመንት	20	306,830	274,149
-ቦንድ/ሰነድ ግዥ	20	167,265	69,517
ሌሎች ሃብቶች	21	345,741	119,159
የሊዝ መጠቀም መብት	23	48,065	187,452
ቋሚ ንብረት	24	175,906	156,438
ግዙፋዊ ህልዎት የሌላቸው ሃብቶች	25	63,501	33,076
ህንፃ ግንባታ ሥራ በሂደት ላይ	26	24,607	109,536
ሊሸጡ በመያዣ የተያዙ ንብረቶች	27	-	-
ወደፊት የሚሰበሰብ የትርፍ ግብር	17(c)	1,183	
ጠቅላላ ሀብት		**2,859,950**	**2,625,834**
ዕዳዎች			
የደንበኞች ተቀማጭ ገንዘብ	28	1,024,353	911,802
ዓመታዊ የግብር ዕዳዎች	17	-	-
የሊዝ ግዴታ	29	35,584	122,731
ሌሎች ዕዳዎች	30	64,135	40,109
ከሠራተኛ ጋር ያሉ ግዴታዎች	31	4,844	4,169
ወደፊት የሚከፈል የትርፍ ግብር	17(d)	48,377	1,779
ጠቅላላ ዕዳዎች		**1,177,293**	**1,080,590**
ካፒታልና መጠባበቂያ ሂሣቦች			
የተከፈለ ካፒታል	32	1,411,240	1,320,680
ያልተከፋፈለ ትርፍ	34	22,976	880
ሕጋዊ የመጠባበቂያ ሂሳብ	35	23,272	3,249
በብሔራዊ ባንክ መመሪያ መሰረት ለብድርና ተሰብሳቢዎች ተጨማሪ መጠባበቂያ	36	43,098	6,003
ሌሎች የመጠባበቂያ ሂሳብ	37	1,741	949
ሌሎች የተጣመሩ ወቅታዊ የግምት ገቢዎች/(ወጪዎች)	38	180,330	213,483
ጠቅላላ ካፒታልና መጠባበቂያ ሂሣቦች		**1,682,657**	**1,545,244**
የዕዳዎችና ፣ የባለአክሲዮኖች ገንዘብ ድምር		**2,859,950**	**2,625,834**

የኩባንያው አስተዳዳሪዎች ያሉት የሂሳብ መግለጫዎች በቀረቡበት መልኩ እንዲወጡ እ.ኤ.አ. ኦክቶበር 6 ቀን 2024 ፈቅደው አፅድቀዋል።

በላቸዉ ሁሪሳ
የዳይሬክተሮች ቦርድ ሊቀመንበር

ግሩም ፀጋዬ
ዋና ሥራ አስፈጻሚ

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አለም አቀፍ
የባንክ አገልግሎቶች

ለአስመጪ እና ላኪዎች ከግልፅ አሰራር እና ቀልጣፋ አገልግሎትጋር!

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ቀን.................................
ማስታወሻ / Note

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ማስታወሻ / Note

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ቀን................................

ማስታወሻ / Note

ጎሕ ቤቶች ባንክ
GOH BETOCH BANK

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