Annual Report

18/19

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Debub Global Bank

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መሰላል
YOUR LADDER TO SUCCESS

WELCOME TO OUR PREMIUM BRANCH!

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Debub Global Bank

የዕድገትዎ መሰላል

YOUR LADDER TO SUCCESS

YOU CAN NOW REACH US IN

BRANCHES

**WE PROMISED TO BE ACCESSIBLE AND
WE HAVE LEAPT FROM 40 TO 74 IN NO TIME.**

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Debub Global Bank

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YOUR LADDER TO SUCCESS

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DEBUB GLOBAL BANK

Board Directors


Nuredin Awol
Chairman, Board of Directors


Mathewos Assale
Deputy Board Chairman


Aklilu Kassa
Board Director


Firew Bekele
Board Director


Gizaw Woldesemayat
Board Director

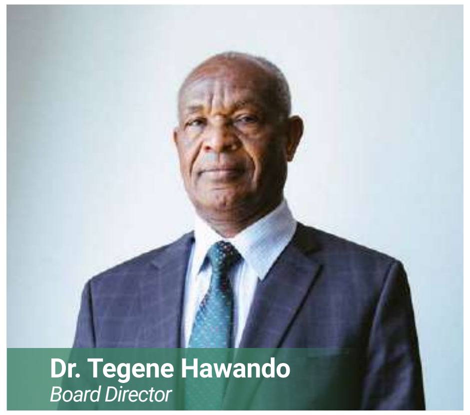

Habtamu Sila
Board Director


Haile Hamaro
Board Director


Melaku Bezu
Board Director


Tariku Birhanu
Board Director


Tariku Oljira
Board Director


Dr. Tegene Hawando
Board Director

DEBUB GLOBAL BANK

Executive Management


Dr. Tesfaye Boru
Acting President


Desta Bekalo
Vice President, Corporate Services


Fekadu Shegute
Acting Vice President, Operations


Atikilt Admasu
Director, Risk Management & Compliance Dep't


Betre Balcha
Executive Assistant to the President


Dasa Gobe
Director, Human Resource Management Dep't


Endalish W/Michael
Director, Business Development and Planning Dep't

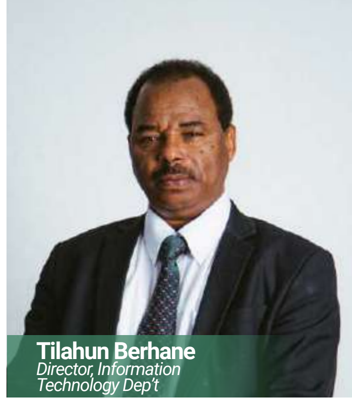

Wubshet Zegeye
Acting Director, Marketing and Resource Mobilization Dep't


Belay Namaga
Director, Legal Service Dep't


Kassa Mikoro
Director, Property and Facility Administration Dep't

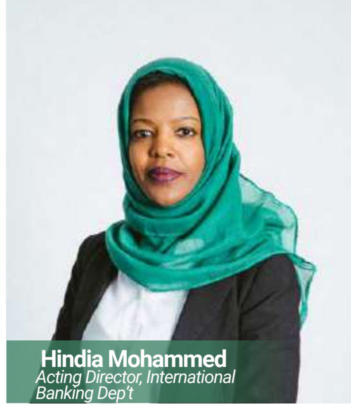

Abiy Alemayehu
Acting Director, Credit Management Dep't


Teketel Gebrehiwot
Acting Director, Branch Banking Dep't


Tilahun Berhane
Director, Information Technology Dep't


Tsegaye Tesfaye
Manager Project Management


Tsehaynesh Abbay
Director, Finance and Accounts Dep't


Hindia Mohammed
Acting Director, International Banking Dep't


Tewodros Akalu
Director, Internal Audit Dep't

The end of 2018/19 financial year is a good opportunity to express my deepest gratitude to each and every client for allowing us to serve you, to each shareholder for your unfailing support and to our team members for your hard work and commitment.

Looking back at the year, it was anything but easy for the country as well as the bank. Despite the many challenges, we have prevailed and accomplished a great deal, made excellent progress in many projects we have promised to deliver.

The financial year was shadowed by various factors such as chronic foreign exchange shortage and inflationary pressure. For us, the challenges unleashed our commitment to prevail over the circumstance and deliver delightful experience for our customers by creating greater value that aligned with their respective need.

While maintaining our ground in branch expansion in strategic locations, we have also turned our attention towards building digital platform. We have signed agreement with Belcash Technology Solutions Plc to launch agency banking; and we are finalizing the pre-launching stages of mobile and internet banking. With these three additional platforms, we intend to offer our customers a unique and compelling value proposition that they have yet experienced in any other domestic bank.

CHAIRPERSON'S STATEMENT

We focus on listening and understanding the need of our patrons in order to provide them the matching solutions, not products. Thus, we have designed lifestyle solutions and will soon start to offer to our clients.

Remaining true to our promise, we have been making progress to lease land from Addis Ababa City Administration and procure another premise that shall serve as a temporary headquarter until we erect the skyscraper.

As for the operational return, I am delighted to report to you that the Bank recorded a net profit after tax of Birr 210, recording 98 percent growth from the previous year. This outcome is attributed to our strategy to maintain the perfect balance between robust growth and continuity. In all three key banking operations, the Bank has also registered a strong and stable growth from the preceding year: 64 percent in deposit mobilization, 159 percent in foreign currency inflow and 55 percent in total balance of lending. We have also demonstrated our ability to navigate a complex environment through our exponential growth of the balance sheet.

In going forward, we shall continue to fortify our commitment in delivering value-added experience for our customers, increase our physical and virtual accessibility and continue to acquire and retain a new market we have yet to address.

Building the capital position of the Bank will continue to be top priority in order to remain resilient and relevant. Our shareholders can take comfort in knowing that the best is yet to come as we have set targets that would require us to stretch at every turn and we are committed to do so. We will remain true to our core value of enabling growth and progress and will continue to be true to our principles as we serve our clients. As we have shown in 2018/19 financial year, our targets are achievable and we are committed to continuing to make a strong and steady progress towards them throughout 2019/20.

We are, therefore, excited to seize the opportunities that lie ahead and turn it to our favors. Nonetheless, we also know there will be challenges, as there always are; but commitment, passion and ingenuity are at our side. With this we march into the new fiscal year confidently.

On this occasion, I would like to express my gratitude for National Bank of Ethiopia, Financial Intelligence Center and other stakeholders for their supervision and support. Once again my heartfelt appreciation for my fellow Board of Directors, management and employees for their tireless work to realize the vision of the Bank.

Thank you

Nuredin Awol
Chairperson,
Board of Directors, DGB

I am delighted to be introducing Debub Global Bank's Annual Report; my first as Acting President of the Bank, after two years of service as Vice President Operations.

The outlook for continued growth in the banking industry remains attractive but the sector was entering a period of significant change bringing both challenges and opportunities. High banking market concentration, heightened competition on corporate customer market and increasing cost of doing banking businesses are some of the challenges upfront. However, the untapped banking market, the growing awareness in banking services, regulatory protection and care are opportunities that overshadow the aforesaid challenges. The chronic macroeconomic challenges, sluggish in export performances and overall macroeconomic imbalances were also sustained during the fiscal year placing their impact on our performance records.

With such backdrop, the year 2018/ 19 was successfully completed and achieved our first top annual post-tax profit since establishment of the Bank, with Birr 225.8 Million of net income attributable to shareholders. We have delivered most of the targets on the strategies we defined creating a fast growing bank having a sustained capabilities.

PRESIDENT'S STATEMENT

The multifaceted performance is described in both balance sheet and income statements but the fiscal year exceptional record related to Earning Per share (EPS) of 32.3 % was remarkable doubling the EPS for the past fiscal year.

We have renewed our emphasis on outlet expansion, working with corporate customers and relying on our marketing activities so as to meet our ambition to drive a high-performance culture. Besides, we have set out three long-term priorities which everyone in the Bank is focused on: underpin the focus and culture of resource mobilization, reinforce the human resource capacity and competence and enhance innovation and technological framework, I believe these priorities enable us to focus on areas we can improve and allow us to respond more effectively to our operating environment. Most importantly, employees- the core of any organization- and their commitment are foundational for Debub Global Bank Success and longevity. We have made a number of other changes in our senior leadership through the year, promoting great internal talent and bringing in fresh expertise from outside the Bank. Additional Vice President post is filled and additional management teams are employed for the new fiscal year (2019/20) based on the extensive restructuring task done during the year 2018/19.

I have been clear that we need to strengthen and match our internal capabilities and core businesses and pipeline as this will ultimately drive sustainable, long-term growth for our esteemed bank. They will focus us on delivering improved performance and better returns for shareholders over both the short and long term.

Given the momentum we are seeing in our operating performance improvements, we are increasingly confident in our ability to deliver our 2020 outlook: increasing outreach, improving customer services, ensuring operational growth and efficiency. Our commitment to improving the performance of our Bank and being a responsible business will continue under my leadership.

Finally, I want to say thank you to Debub employees, Board of Directors, regulatory organ and customers for their support to the young Bank and especially for their support to me in my first year as Acting President. I very much look forward to working with them in 2019/20 and beyond to deliver our long-term priorities and improved performance for Debub Global Bank S.C.

Tesfaye Boru Lelissa(PhD)
Acting President, DGB

DIRECTORS' REPORT

The Board of Directors of Debub Global Bank is pleased in presenting its Annual Report to the shareholders, clients, partners and other relevant stakeholders for the financial year ended 30th June 2019. Together with audited financial statement of the Bank, the highlights of the major progresses noted in key banking operations and other priority focus areas are included.

NURTURING HUMAN CAPITAL

Debub Global Bank aims to attract, develop and retain the best people from across the country. To this end, and to prepare for the opportunities and challenges arising from the multifaceted environment, we have made structural changes during the year. While making the changes, has continued to foster an environment that brings the most out of its human capital.

As our success depends on our team, talent development has been the top priority of the bank. In the past year, the Bank has delivered 42 training programs covering almost 100% of our employees. Determined to upskill our people to embrace the contemporary context and remain relevant for the future, these short-term skills upgrading training were conducted in-house, locally and abroad. Debub Global Bank has also continued to provide Customer Service Officer Trainee program for new recruits joining the bank at clerical entry level.

Compatible to the existing structure and customer service of the bank, the permanent staff headcount has reached 730 from 551 of the prior year. This permanent staff size is 80% of the total workforce; while employees sourced from external agencies for support jobs make up the remaining 20%, which is 185.

DGB's people, empowered through knowledge, inspired owing to an inclusive workplace and motivated as the tasks requires to stretch high, will continue to ensure the success of the bank and be the force to continue chartering new horizons.

CONNECTING WITH CUSTOMERS

At Debub Global Bank, customer service is neither a department nor what you only get at the windows of our branches; rather it is an attitude, a way of life that starts long before our people arrive to work every day.
This is the belief that drives the Bank to stay connected with its customers and expand its market. We base our actions on creating convenience and relevance to our clients and partners via our physical and virtual presence.

BRANCH NETWORK

Our branches being key customer touchpoints with distinguished service that renders superior experience and convenience, we have increased their network by 14 until the end of the year.

To support the vision and endeavors of our partners, their families and communities, Debub opened these branches in locations that are more suitable for business network and daily transactions and in premises that are pleasant to be around. These are: Atikilt Tera, Bole Michael, Dire Dawa, Bole Medihanialem, Bahir Dar, Nifas Silk, Lideta, Butajira, Meskel Flower, Kolfe, Bishoftu, Lebu, Hosanna Menharia and Addisu Gebeya.

As branches continue to facilitate holistic solutions to the domestic customers, the Bank will continue to further expand its branches in at least 30 strategic locations in the new fiscal year. Some of these locations are: Wossen, Adi Haki, Ayat, Gulele, Autobus Tera, Furi, Alemgena, Bole Adey Abeba, Lafto, Megenagna, Shalla, Military Tera, Mekanisa, Kazanchis and Bole Bulbula.

Premium Branches:
Debub's, Bole Medihanialem, Lebu and Stadium, premium branches would give an exclusive experience to our business customers. Our meeting rooms, with Wi-Fi that keeps the clients connected and beverage service that refreshes, are open to serve the needs of our customers. The extraordinary arrangements and the luxurious service is the perfect way to put your best laid plan forward.

E-BANKING

Having invested in retail banking for the past couple of years, Debub is now broadening its accessibility by building a digital platform that shall provide unique and compelling value proposition.

Card Banking:
Collaborating with all domestic commercial banks via EthioPay, Debub Global has been providing ATM services to our and other banks customers. Thus far we have issued more than 8,900 Global cards to our customers. While increasing its total number of ATMs by 50%, the total annual transaction of the ATM has reached Birr 71.23 million rising by 131% from the prior year.

Debub is also working to close deal with the largest international card payment networks to open up itself for new customer segment and enable them to experience the flexible and distinctive service it has been providing.

Agency Banking:
Remaining true to its value of inclusivity, the Bank has signed agreement with Partners to provide agency banking to its patrons across the country. Once the Bank gets approval from the supervisory organ, it shall commercially launch the service in the new fiscal year.

By doing so, we now have brought banking to your neighborhood through the people you have grown up with.

Mobile & Internet Banking:
Responding to changing traditional business model, Debub has accelerated its digital transformation and is now ready to launch a platform that would give its tech-savvy customers the alternative of carrying out banking transactions without visiting branches.

Finalizing the pre-launching stage, the Bank shall launch both mobile and internet banking in the first few months of the new fiscal year.

BANKING OPERATIONS

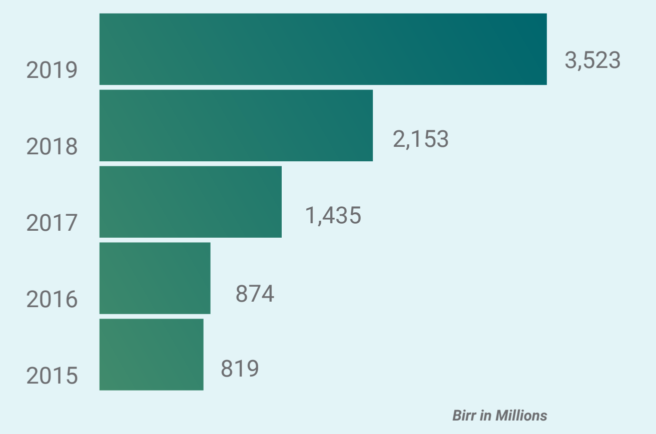
Building up on our client-centric business approach that forged customer intimacy to the corporate clients and operational excellence to the retail banking, the Bank has registered a notable growth in deposit mobilization, foreign currency inflow and lending.

DEPOSIT

Accelerating the deposit mobilization efforts through acquiring and retaining corporate clients and continuously engaging with our retail customers has clearly indicated that the banking is leaping onwards in this regard.

Up by 64 percent from the previous year with net increment that accounts 83% of the past four years net mobilization, the total deposit of the Bank has reached 3.5 billion. This all time high net increment is spearheaded by savings and demand deposits, which are 90% of the new collection. Simultaneously, the principal share of the total portfolio, 55 percent, is savings; followed by 32 percent of demand deposits.

TOTAL DEPOSIT TREND: 2015-19 FYS



Underneath the total deposit, the customer base of the Bank continued to widen. A 47 percent growth during the year raised the total number of depositors to more than 134,000. Matching the structure of the total deposit amount, 94 percent of these customers are saving account holders.

INTERNATIONAL BANKING

Shaped by global contexts and the focus of all domestic banks to make the most out of the available resource, international banking operations have continued to be a tough and competitive ground. Nevertheless, Debub has managed to secure a foreign currency inflow of 117 million U.S. dollars, a 159 percent growth from the preceding year performance.

The Bank sourced 95 percent of its foreign currency inflow from export sector despite the multifaceted external challenges that clouds this sector. While continuing to be fully engaged in getting the most out of the export sector, the Bank has also planned diversify its sources by launching new products for the Diaspora community and various institutions.

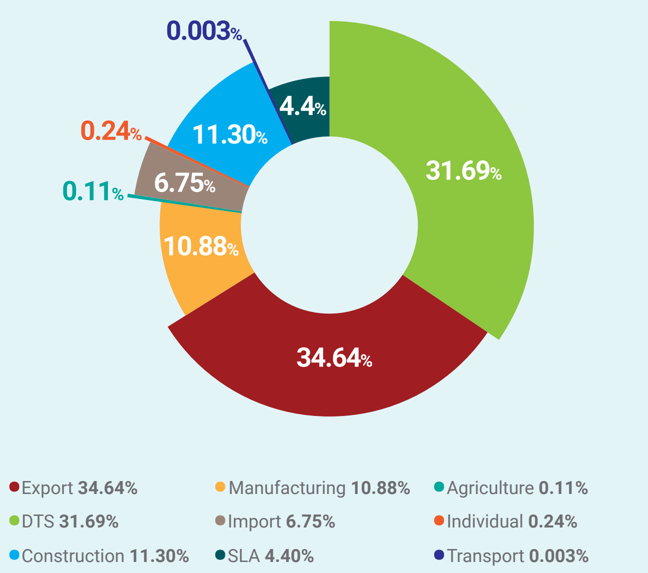
So far, Debub Global, has partnership with 11 correspondent banks, 62 Relationship Management Application (RMA) and 8 money transfer agents to smoothly connect our clients with the rest of the world.

CREDIT MANAGEMENT

Unprecedented growth in export, domestic trade & services, and construction loans, which together accounted 82 percent of the total increment, stimulated strong increase in the total lending by 55 percent from the prior year. Thus, the total loans and advances of the Bank have reached Birr 2.45 billion at the end of the year.

Attributed to its meticulous analysis, effective follow-up, ability to recognize forewarning signs, and dedication to help defaults recover, Debub Global has been able to maintain its non-preforming loans at 1.64 percent, lower than the regulatory limit of 5 percent.

LOAN DISTRIBUTION



RISK MANAGEMENT AND COMPLIANCE

Debub Global has adopted a risk management framework that is anchored in a process of identification, measurement, monitoring and control of inherent risks that pop-up in the course of doing its business. As debuting step for implementation, a comprehensive Risk Management Program (RMP) has been crafted and approved by the NBE covering major risks such as credit, liquidity, foreign exchange, interest rate and operational risks. In line with requirements of the Ethiopian Financial Intelligence Centre (EFIC), the Bank has also put in place a framework to manage risks emanating from Money Laundering and Financing of Terrorism. To champion all aforementioned initiatives, an independent Risk Management and Compliance function has been established with direct reporting relationship to the Board of Directors. The Department plays a crucial role to ensure existence of strong Board and Senior Management oversight on major risk of the Bank. The Department also spearheads Bank-wise efforts to embed a risk management and compliance culture with an ultimate aim of creating a safer and sound banking practice for sustainable growth of the Bank.

INTERNAL AUDIT

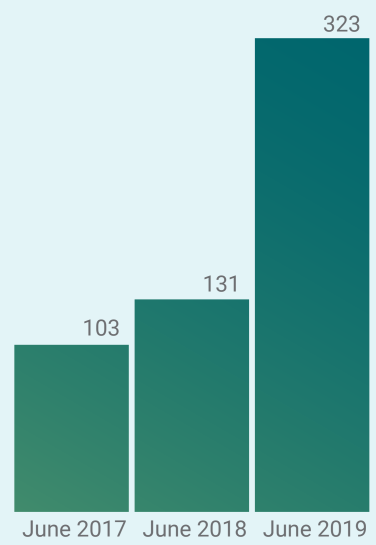
The Internal audit function of the Bank is organized at Department level by the Board of Directors to conduct independent objective assurance and consulting activity which is guided by a philosophy of adding value to improve operations of the Bank. It assists the Bank in accomplishing its objectives by bringing systematic and disciplined approach to evaluate and improve the effectiveness of the Bank's risk management, internal control and governance processes.

FINANCIAL POSITION

The cumulative effect of the changing business model and its matching strategies enabled the Bank to yield a business performance that exceeded the initial plan. The Birr 284 million of profit before tax the Bank earned was 100 percent higher than the 2017/18 performance.

On the same basis, Debub's earnings per share increased 147 percent to Birr 323 per ordinary share of Birr 1,000 each, driven by the net profit of Birr 210 million, which also has a growth rate of 98 percent.

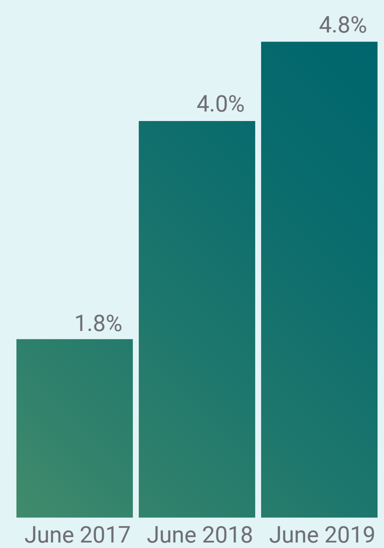
EARNING PER SHARE: THREE YEARS TREND



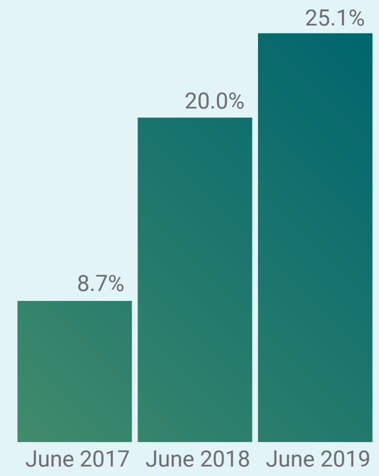
Perhaps most significantly, our Return on Asset and Return on Equity increased to 4.8 percent and 25.1 percent from the previous year return of 4 percent and 20 percent, respectively.

Debub Global achieved the above stated returns in spite of boosting its paid up capital by Birr 142 million, a growth rate of 25 percent; and brought the total standing to Birr 722 million.

RETURN ON ASSET: THREE YEARS TREND



RETURN ON EQUITY: THREE YEARS TREND



REVENUE

In an every growing complex context Debub has been operating, it has not only registered a 65 percent growth in total revenue from the previous year, stood at Birr 695 million; it also maintained the optimum revenue source grid.

The composition of the total revenue reflects effectively utilizing the available opportunity in the market as the earnings from interest income account 46 percent and 54 percent from non-interest income. Further revenue from the non-interest income is made of 40 percent of fee and commission income from the total portfolio and 14 percent other operating income.

EXPENSE

Notably pushing down its cost to income ratio from 66 percent in June 2018 to 59 percent in June 2019, Debub Global utilized a total expense of Birr 411 million. The 48 percent growth of the total expense from the prior year underlines the Bank's focus to balance between growth driven investment and profitability, which consistently has been enabling the income growth to outpace the cost escalation.

In the processes of building up a platform that would help the Bank to sprint, 35 percent of the total expense was invested on interest expense as 87 percent of the deposit depends on savings and demand deposits, followed by 34 percent on General Expenses; and finally 31 percent on Salaries and Benefits.

STATEMENT OF FINANCIAL POSITION

With 68 percent growth during the year, the total asset of the Bank raised from Birr 3.3 billion to Birr 5.5 billion. The outstanding balance of loans and advances accounts 44 percent of the total asset structure; while NBE bill is 20 percent of the total. The total outstanding balance of the Bank's NBE bills has reached Birr 1.1 billion from the previous year standing of Birr 686 million. The 40.95 percent liquid asset to current liability indicates that the bank has been better in converting the cash from various sources into return, and thus resilient enough to meet its obligations.

By the end of the year, the total liabilities of the Bank stood at Birr 4.5 billion, 74 percent growth from the previous year. The growth of liabilities, in which 72 percent of the total amount is resulted from customers' deposits, is the reflection of the notable efforts exerted in fund mobilization. Customers' deposits account 78 percent of the total liabilities.

The share capital covered 73 percent of the total capital & reserve, which is Birr 993 million. Legal reserve, retained earnings, other reserves made up the remaining amount. The capital adequacy ratio of the Bank stood at 35 percent, well above the minimum regulatory requirement of 8 percent, still reflecting the notable strength of the Bank in progressively taking up reasonable risks for matched returns.

CORPORATE SOCIAL RESPONSIBILITY

Our corporate social responsibility strategy provides the framework for managing the different ways of connecting with society. In the reporting year, the Bank has closely worked with various stakeholders in areas of education, environment, humanitarian and community activities. But most importantly it was engaging in green marketing and blood donation.

Debub positioned itself with greening our nation. This honorable initiation has started with the City of Addis Ababa, in partnership with Ethiopian Heritage Trust Association and other stakeholders. The work the Bank has been doing focuses on protecting historical site, tree planting and other heritage preservations.

Simultaneously, to save thousands and millions of lives, staff of Debub Global has been contributing their fair share though participation on national blood donation in collaboration with Ethiopian Red Cross Society.

OUTLOOK FOR 2019-20 AND BEYOND

As the Bank continues to execute the strategies it has set, it aims to strengthen the momentum in core businesses and further leap with a dynamic pace; while creating a value proposition that our customers could align with. As we shall revitalize Debub Global Bank as a company that matches the contemporary rhythm, we will deploy innovative digital channels that would give our customers the access to manage their accounts and investments without being present at any of our offices.

As part of our streamlining process, we will continue to diversity revenue streams by increasing our physical and virtual accessibility and offering products and services that shall address new market. With this we shall position Debub Global as a bank of customers' choice.

As we have become even more customer focused, we have dedicated the future to deliver simpler financial solutions, build premium branches network, stretch to upsurge the capital position of the Bank and acquire a premise that shall be the future headquarter of the Bank. In doing so, we will be able to build a more resilient bank that would continue to connect its customers to what is important for them.

We have full confidence to leap and materialize our strategic intents and outdo the expectations of the customers and continue to earn the confidence of the public. The unreserved support of our shareholders and customers shall continue to be the energy that forges our destiny to greatness.

THE BOARD DIRECTORS
12TH NOVEMBER 2019

DEBUB GLOBAL BANK SHARE COMPANY

Annual Financial Statements

Correspondent Banks

Money Transfer Partners

DEBUB GLOBAL BANK SHARE COMPANY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019
DIRECTORS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE

BANK LICENSE NUMBER LBB/019/2017 ISSUED ON APRIL 20,2012

DIRECTORS

Nuredin Awol Yisehak	Chairman	Appointed 13 April 2018
Mathewos Assale Ergardo	Vice Chairman	Appointed 13 April 2018
Haile Hamaro Hankamo	Member	Appointed 13 April 2018
Habtamu Sila Dae (Aleta Land Coffee PLC)	Member	Appointed 13 April 2018
Tariku Oljira Negewo	Member	Appointed 13 April 2018
Firew Bekele Worana (Furra Inst. Dev. Studies & Edu. SC)	Member	Appointed 13 April 2018
Tegene Hawando Jale(Dr.)	Member	Appointed 13 April 2018
Aklilu Kassa Chirsa	Member	Appointed 13 April 2018
Melaku Gezu Birche	Member	Appointed 13 April 2018
Gizaw Woldesemayat Hailemariam	Member	Appointed 13 April 2018
Tariku Birhanu Detamo	Member	Appointed 13 April 2018

EXECUTIVE MANAGEMENT

Tesfaye Boru Lelissa (PhD)	Acting President	Appointed 8 July 2019
Desta Bekalo Sapa	Vice President-Corporate Services	Appointed 13 July 2019
Fekadu Shegute Nebi	Acting Vice President-Operations	Appointed 29 August 2019
Atikilt Admasu Dessie	Director, Risk Mgt & Comp. Dep't	Appointed 1 March 2018
Belay Namaga Keraga	Director, Legal Service Dep't	Appointed 1 July 2019
Dasa Gobe Gossom	Director, Human Resource Management Dep't	Appointed 19 March 2012
Endalish W/Michael Taye	Director, Business Development and Planning Dep't	Appointed 27 April 2018
Wubshet Zegeye Edossa	Acting Director, Marketing & Resource Mobilization Dep't	Appointed 22 May 2019
Kassa Mikoro Mekengo	Director, Property and Facility Administration Dep't	Appointed 1 July 2019
Abiy Alemayehu Kassa	Acting Director, Credit Management Dep't	Appointed 1 July 2019
Teketel Gebrehiwot Lonsako	Acting Director, Branch Banking Department	Appointed 8 February 2019
Tilahun Berhane Abraham	Director, Information Technology	Appointed 15 May 2017
Tsegaye Tesfaye Woldegiorgis	Manager, Project Management	Appointed 3 April 2019
Tsehaynesh Abbay Beraki	Director, Finance & Accounts Department	Appointed 10 May 2012
Hindia Mohammed Seman	Acting Director, International Banking Dep't	Appointed 3 October 2019
Tewodros Akalu Getahun	Director, Internal Audit Department	Appointed 15 May 2019

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

CORPORATE OFFICE

National Tower
Behind Ethiopia Hotel
P.O Box 100743
Stadium
Addis Ababa, Ethiopia

COMPANY SECRETARY

National Tower
Behind Ethiopia Hotel
P.O Box 100743
Stadium
Addis Ababa, Ethiopia

PRINCIPAL BANKERS

National Bank Of Ethiopia
Bank Of Abyssinia
United Bank S.C.
Berhan International Bank S.C.
Ebi Sa (La Defense)
Cac International Bank
Bank Of Africa Mer Rouge,Djibouti
Banca Ubae, E.p.a, Italy
Kenya Commercial Bank,Nairobi
Bank Of Beirut
Aktif Yatirim Bankasi
Exim Bank (Djibouti)

The Board of directors submit their report together with the financial statements for the period ended 30 June 2019, to the members of Debub Global Bank Share Company ("Debub Global Bank or the Bank"). This report discloses the financial performance and state of affairs of the Bank.

INCORPORATION AND ADDRESS

Debub Global Bank Share Company was established in Addis Ababa in August 2009 and registered as a share company in accordance with the Commercial Code of Ethiopia of 1960, and is domiciled in Ethiopia.
The Bank obtained its business license on 20 April 2012 in compliance with Banking Business Proclamation no. 592/2008 with subscribed capital of Birr 266.9 Million and with a paid up capital of Birr 138.9 million. Moreover, as of 30 June 2019 the paid-up capital increased to ETB 721.9 million.

PRINCIPAL ACTIVITIES

The Bank's principal activity is providing commercial Banking services.

RESULTS AND DIVIDENDS

The Bank's results for the year ended 30 June 2019 are set out on page 17. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	30 June 2019 Birr'000	30 June 2018 Birr'000
Interest income	321,668	213,473
Profit before tax	283,947	141,972
Tax (charge) / credit	(73,232)	(35,338)
Profit for the year	210,715	106,634
Other comprehensive profit / (loss) net of taxes	15,081	(748)
Total comprehensive profit for the year	**225,796**	**105,886**

DIRECTORS

The directors who held office during the year and to the date of this report are set out on page 12.

NUREDIN AWOL
Chairman, Board of Directors
Addis Ababa, Ethiopia

In accordance with the Banking Business Proclamation No. 592/2008, the National Bank of Ethiopia (NBE) may direct the Bank to prepare financial statements, whether their designation changes or they are replaced, from time to time. Also, the Financial Reporting Proclamation No. 847/2014 requires the Bank to prepare its financial statements in accordance with the International Financial Reporting Standards (IFRS).

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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 National Bank 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 financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies and supported by reasonable and prudent judgments and estimates.

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.

The Bank's Directors are of the opinion that the financial statements present fairly in view of the state of the financial position of the Bank and of its financial performance.

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 Bank will not remain a going concern for at least twelve months from the date of this Statement

Signed on behalf of the Directors by:

NUREDIN AWOL
Chairman Board of Directors
12-Nov-19

TESFAYE BORU LELISSA (PHD)
Acting President
12-Nov-19

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DEBUB GLOBAL BANK SHARE COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Debub Global Bank S.C ("the Bank"), which comprise the statement of financial position as at 30 June 2019, the Statement of profit or loss and other comprehensive income, the statement of changes in equity and cash flows statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly (or give a true and fair view of), in all material respects, the financial position of the Bank as at 30 June 2019, and of 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 Bank in accordance with the in International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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.

As described in notes 9 and 10 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.

OUR AUDIT PROCEDURE INCLUDED

In assessing impairment losses, we have verified the appropriateness of assumptions used to calculate impairment and its compliance with IFRS 9 requirement.

RESPONSIBILITIES OF DIRECTORS FOR THE FINANCIAL STATEMENTS

Directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs 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.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We have no comment to make on the report of your directors so far as it related to these financial statements and pursuant to Article 375 of the commercial code of Ethiopia 1960, recommended approval of the above mentioned financial statements.

Tafesse, Shisema and Ayalew Certified Audit Partnership (TMS Plus).
Chartered Certified Accountants (UK) — Addis Ababa
Authorized Auditors (ETH) — 13 November 2019

	Notes	30 June 2019 Birr'000	30 June 2018 Birr'000
Interest income	5	321,668	213,473
Interest expense	6	**(144,099)**	**(80,275)**
Net interest income		**177,569**	**133,198**
Fee and commission income	7	275,840	136,588
Fee and commission expense	7	-	-
Net fees and commission income		**275,840**	**136,588**
Other operating income	8	**97,762**	**70,384**
Total operating income		**551,171**	**340,170**
Loan impairment charge	9	(16,350)	(10,406)
Impairment losses on other Financial assets	10	**(1,844)**	-
Net operating income		**532,977**	**329,764**
Personnel expenses	11	(125,686)	(84,497)
Amortisation of intangible assets	18	(3,418)	(3,402)
Depreciation and impairment of property, plant and equipment	19	(7,497)	(8,163)
Other operating expenses	12	**(112,429)**	**(91,730)**
Profit before tax		283,947	141,972
Income tax expense	13	**(73,232)**	**(35,338)**
Profit after tax		**210,715**	**106,634**
Other comprehensive income (OCI) net of income tax			
Items that will not be subsequently reclassified into profit or loss:			
Remeasurement gain/(loss) on retirement benefits obligations	23	(1,410)	(1,069)
Deferred tax (liability)/asset on remeasurement gain or loss	13	**423**	**321**
		(987)	(748)
Fair value throught OCI on Financial assets (2018-AFS)- Unrealized gain/(Loss) arising from measurement at fair value	27	16,068	-
		15,081	(748)
Total comprehensive income for the period		**225,796**	**105,886**
Basic & diluted earnings per share (Birr)	**25**	**323**	**131**

The notes on pages 22 to 95 are an integral part of these financial statements.

	Notes	30 June 2019 Birr'000	30 June 2018 Birr'000
ASSETS			
Cash and bank balances	14	1,582,784	824,901
Loans and advances to customers	15	2,401,169	1,553,712
Investment securities:			
-Financial asset at Fair value through **OCI** (2018- Available for sale)	4.2, 16	35,896	17,757
- Financial asset at Amortized cost (2018-Loans and receivables)	16	1,088,559	686,273
Other assets	17	293,867	124,812
Intangible assets	18	8,618	11,776
Property, plant and equipment	19	74,768	41,068
Deferred tax assets	13	**1,848**	**394**
Total assets		**5,487,509**	**3,260,693**
LIABILITIES			
Deposits from customers	20	3,523,440	2,153,322
Borrowings	21	16	25,000
Current tax liabilities	13	76,379	21,603
Other liabilities	22	887,239	372,902
Retirement benefit obligations	23	6,184	3,772
Deferred tax liabilities	13	-	**2,116**
Total liabilities		**4,493,258**	**2,578,715**
EQUITY			
Share capital	24	721,860	579,756
Other equity/Treasury shares/	26	(6,348)	(6,068)
Other Reserves	27	15,268	(917)
Retained earnings	28	149,587	48,002
Legal reserve	29	**113,884**	**61,205**
Total equity		**994,251**	**681,978**
Total equity and liabilities		**5,487,509**	**3,260,693**

The notes on pages 22 to 95 are an integral part of these financial statements.

The financial statements on pages 17 to 95 were approved and authorised for issue by the board of directors on 12 November 2019 and were signed on its behalf by:

Nuredin Awol
Chairman

Tesfaye Boru Lelissa (PhD)
A/President

	Notes	Share capital Birr'000	Other equity Birr'000	Other reserves Birr'000	Retained earnings Birr'000	Legal reserve Birr'000	Total Birr'000
As at 1 July 2017		351,223	(5,397)	(169)	5,220	34,546	385,423
Profit for the period	28	-	-	-	106,634	-	106,634
Dividend paid		-	-	-	(37,193)	-	(37,193)
Transfer to legal reserve		-	-	-	(26,659)	-	(26,659)
Acquisition of treasury shares	24	228,533	(671)	-	-	-	227,862
Other comprehensive income:							
Re-measurement gains on defined benefit plans (net of tax)	13	-	-	(748)	-	-	(748)
Transfer to legal reserve	29	**-**	**-**	**-**	**-**	**26,659**	**26,659**
Total change for the year		**228,533**	**(671)**	**(748)**	**42,782**	**26,659**	**296,555**
As at 30 June 2018		**579,756**	**(6,068)**	**(917)**	**48,002**	**61,205**	**681,978**
As at 1 July 2018		579,756	(6,068)	(917)	48,002	61,205	681,978
Adjustment on initial application of IFRS9		**-**	**-**	**1,104**	**(7,129)**	**-**	**(6,025)**
Restated balance as at 1 July 2018		**579,756**	**(6,068)**	**187**	**40,873**	**61,205**	**675,953**
Profit for the period	28	-	-	-	210,715	-	210,715
Dividend paid		-	-	-	(48,002)	-	(48,002)
Directors allowances'		-	-	-	(1,320)	-	(1,320)
Transfer to legal reserve		-	-	-	(52,679)	-	(52,679)
Acquisition of treasury shares	24	142,104	(280)	-	-	-	141,824
Other comprehensive income:							
Re-measurement gains on defined benefit plans (net of tax)	13	-	-	(987)	-	-	(987)
Transfer to legal reserve	29	-	-	-	-	52,679	52,679
change in FV through OCI Financial assets (2018-AFS)-Unrealized gain arising from measurement at fair value	27	**-**	**-**	**16,068**		**-**	**16,068**
Total change for the year		**142,104**	**(280)**	**15,081**	**108,714**	**52,679**	**318,298**
As at 30 June 2019		**721,860**	**(6,348)**	**15,268**	**149,587**	**113,884**	**994,251**

The notes on pages 22 to 95 are an integral part of these financial statements.

	Notes	30 June 2019 Birr'000	30 June 2018 Birr'000
Cash flows from operating activities			
Cash generated from operations	30	(258,573)	(544,201)
Directors' allowance	28	(1,320)	-
Defined benefit paid	23	(195)	(223)
Income tax paid	13	**(21,603)**	**(16,865)**
Net cash (outflow)/inflow from operating activities		**(281,691)**	**(561,289)**
Cash flows from investing activities			
Purchase of investment securities	16	(420,425)	(255,910)
Purchase of intangible assets	18	(260)	-
Purchase of property, plant and equipment	19	(41,197)	(11,318)
Proceeds from sale of property, plant and equipment	30	-	-
Dividend received		-	-
Purchase of equity shares	26	**(280)**	**(671)**
Net cash (outflow)/inflow from investing activities		**(462,162)**	**(267,899)**
Cash flows from financing activities			
Proceeds of deposits from customers	20	1,370,118	718,232
Proceeds from borrowings	21	(24,984)	24,980
Proceeds from issues of shares	24	142,104	228,533
Dividend paid	28	(48,002)	(37,193)
Net cash inflow from financing activities		1,439,236	934,552
Net increase in cash and cash equivalents		**695,383**	**105,364**
Cash and cash equivalents at the beginning of the year	14	718,361	612,997
Foreign exchange (losses)/ gains on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year	14	**1,413,744**	**718,361**

The notes on pages 22 to 95 are an integral part of these financial statements.

1 GENERAL INFORMATION

Debub Global Bank Share Company ("Debub Global Bank or the Bank") is a private commercial Bank domiciled in Ethiopia. The Bank was established in Addis Ababa in August 2009 and registered as a share company in accordance with the provisions of the Licensing and Supervision of Banking Business Proclamation no. 592/2008 and the Commercial Code of Ethiopia of 1960. The Bank registered office is at:

National Tower
Behind Ethiopia Hotel
P.O Box 100743
Stadium
Addis Ababa, Ethiopia

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 INTRODUCTION TO SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.2 BASIS OF PREPARATION

2.2.1 STATEMENT OF COMPLIANCE

The financial statements for the period ended 30 June 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by National regulations is included where appropriate.

For this Bank reporting purposes, 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.

2.2.2 BASIS OF MEASUREMENT

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept except for the following :

- Financial instruments at fair value through profit or loss are measured at fair value;and
- Financial assets at FVTOCI are measured at fair value.

All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Ethiopian Birr (Birr' 000) which serves as functional and pesenestion currency. 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.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Bank's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2.3 GOING CONCERN

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

2.2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New Standards, amendments, interpretations

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

- An increase in impairment losses recognised on financial assets (Note (37); and
- additional disclosures related to IFRS 9 (see Notes 2.4 and 37);

Except for the changes below, the Bank has consistently applied the accounting policies as set out in Note 2 to all periods presented in these financial statements.

IFRS 9 - Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The requirements of IFRS 9 represent a significant change from IAS 39. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

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

The key changes to the Bank's accounting policies resulting from its adoption of IFRS 9 are summarized below. The full impact of adopting the standard is set out in Note 37.

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

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

Transition from IAS 39 to IFRS 9

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Hedge accounting

IFRS 9 allows entities to continue with the hedge accounting under IAS 39 even when other elements of IFRS 9 become mandatory on 1 January 2018. The new hedging rules are, however, not expected to impact the Bank.

2.3 FOREIGN CURRENCY TRANSLATION

a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates ('the functional currency'). The functional currency and presentation currency of the Bank is the Ethiopian Birr (Birr'000).

b) Transactions and balances

Foreign currency transactions that are denominated, or that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Bank's functional currency are recognised in profit or loss within other operating income.

At the end of each reporting period, monetary items denominated in foreign currencies are translated at the mid rate prevailing at that date. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated to Birr on the initial date of transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized through profit or loss. Translation differences on non-monetary financial assets measure at fair value are included in other comprehensive income.

2.4 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

POLICY APPLICABLE FROM 1 JULY 2018 - THE POLICY DOCUMENTED BELOW IS AS PER IFRS 9

a) Recognition and initial measurement

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

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

b) Classification and subsequent measurement

i) Financial assets

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

All other financial assets that do not meet the classification criteria at Amortized cost or FVOCI, above, shall be classified as measured at FVTPL.

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

Business model assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile,matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Bank's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

ii) Financial liabilities

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

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

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

c) Impairment

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

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

- Financial assets that are debt instruments;
- Lease receivables;
- Financial guarantee contracts issued; and
- Loan commitments issued.

No impairment loss shall be recognised on equity investments.

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

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss allowances for lease receivables shall always be measured at an amount equal to lifetime ECL.
12-month ECL is the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

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

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

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

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

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

iii) Credit-impaired financial assets
At each reporting date, the Bank shall assess whether financial assets carried at amortized cost, debt financial assets carried at FVOCI, and finance lease receivables are credit impaired (referred to as 'Stage 3 financial assets').
A financial asset shall be considered 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:
- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

DEBUB GLOBAL BANK SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

iv) Presentation of allowance for ECL in the statement of financial position
Loss allowances for ECL shall be presented in the statement of financial position as follows:

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Derecognition

i) Financial assets

The Bank shall derecognize a financial asset when:

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

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 recognised in OCI shall be recognised in profit or loss.

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

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

ii) Financial liabilities

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

e) Modifications of financial assets and financial liabilities

i) Financial assets

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

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

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

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

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

Where the modification of a financial asset measured at Amortized cost or FVOCI does not result in derecognition of the financial asset, then the Bank shall first recalculate the gross carrying amount of the financial asset using the

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and shall be Amortized over the remaining term of the modified financial asset.

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

ii) Financial liabilities

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

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

f) Offsetting

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

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

g) Designation at fair value through profit or loss

i) Financial assets

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

ii) Financial liabilities

The Bank shall designate certain financial liabilities as at FVTPL in either of the following circumstances:

- The liabilities are managed, evaluated and reported internally on a fair value basis; or
- The designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New standards, amendments and interpretations issued but not adopted
IFRS 16 - Leases
This standard was issued in January 2016 (Effective 1 January 2019). It sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. it also substantially carries forward the lessor accounting requirements in IAS 17. The Bank is yet to assess the expected impact of this standard.

IAS 1 and IAS 8 Definition of Materiality
The amendment refines the definition of Materiality to make it easier to understand and aligning the definition across IFRS Standards and the Conceptual Framework. The amendment includes the concept of 'obscuring' to the definition, alongside the existing references to 'omitting' and 'misstating'. Additionally, the amendment also adds the increased threshold of 'could influence' to 'could reasonably be expected to influence' as below. "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

However, the amendment has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments are effective from 1 January 2020 but may be applied earlier. The Bank is assessing the potential impact on its financial statements resulting from the application of the refined definition of materiality.

IFRIC 23 Clarification on accounting for Income tax exposures
IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency.

IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority.

If an entity concludes that it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, it should determine its accounting for income taxes consistently with that tax treatment. If an entity concludes that it is not probable that the treatment will be accepted, it should reflect the effect of the uncertainty in its income tax accounting in the period in which that determination is made. Uncertainty is reflected in the overall measurement of tax and separate provision is not allowed. The entity is required to measure the impact of the uncertainty using the method that best predicts the resolution of the uncertainty (that is, the entity should use either the most likely amount method or the expected value method when measuring an uncertainty).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The entity will also need to provide disclosures, under existing disclosure requirements, about:
(a) Judgments made;
(b) Assumptions and other estimates used; and
(c) Potential impact of uncertainties not reflected.
The new Standard is effective for annual periods beginning on or after 1 January 2019.The Bank is assessing the potential impact on its financial statements resulting from the application of IFRIC 23.

2.5 NET INTEREST INCOME

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

- The gross carrying amount of the financial asset; or
- The Amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses. The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

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

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

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

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the 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.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Presentation

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

» Interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis;
» Interest on debt instruments measured at FVOCI calculated on an effective interest basis;
» The effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and
» The effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.

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

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

Note:-The Bank does not have loan processing fee and the inspection fee collected from customers are immaterial. Therefore, the contractual interest rate used by the bank is considered as effective interest rate.

POLICY APPLICABLE BEFORE 1 JULY 2018 - THE POLICY DOCUMENTED BELOW IS AS PER IAS 39,THIS ISAPPLICABLE TO THE COMPARATIVE FIGURE OF THE YEAR 30 JUNE 2018.

2.6 FINANCIAL INSTRUMENTS - INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

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

2.6.1 FINANCIAL ASSETS

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Bank commits to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified into two categories:
• Loans and receivables
• Available-for-sale financial investments

a) Loans and receivables

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

The Bank's loans and receivables comprise of loans and advances to customers, investment securities and other financial assets.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. A sale or reclassification of more than an insignificant amount of held to maturity investments would result in the reclassification of the entire category as available for sale and would prevent the Bank from classifying investment securities as held to maturity for the current and the following two financial years. Held to maturity investments includes treasury bills and bonds. They are subsequently measured at amortized cost using the effective interest rate method

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

AFS investments include equity securities. Equity investments classified as AFS are those which are neither classified as held–for–trading nor designated at fair value through profit or loss.
After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to income statement in impairment loss on financial investment. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost.

'Day 1' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Other operating income'. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the profit or loss when the inputs become observable, or when the instrument is derecognised.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Bank's statement of financial position) when:
• The rights to receive cash flows from the asset have expired, or
• The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either
(a) the Bank has transferred substantially all the risks and rewards of the asset, or
(b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Bank continues to recognise the transferred asset to the extent of the Bank's continuing involvement. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

The Bank assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter Bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) Financial assets carried at amortised cost

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

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

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Bank's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past–due status and other relevant factors. Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Bank.

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

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

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Where an available-for-sale asset, which has been remeasured to fair value directly through equity, is impaired, the impairment loss is recognised in profit or loss. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to profit or loss and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss. If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in equity.

Renegotiated loans

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. As per the Licensing & Supervision of Banking Business Directive No SBB/69/2018 of the National Bank of Ethiopia, renegotiated term loans are classified as default unless:

(a) Term loans

The equivalent of all past due interest is paid by the borrower in cash at the time of renegotiation and: in case of terms loans with monthly or quarterly installment repayments, at least three consecutive repayments are made on a consistent and timely basis; in the case of loans with semi-annual installment repayments, at least two consecutive repayments are made; and in the case of loans with annual installment repayments, at least one repayment is made.

(b) Overdraft facilities

The equivalent of all past due interest is paid by the borrower in cash at the time of renegotiation and the account shows at a minimum a nil balance at least once, or a turnover rate of once the approved limit.

As per the directive, rescheduling, restructuring or renegotiating short or medium term loan to a borrower cannot be done more than three iterations. In the case of second iteration, the Bank, in addition to full amount of interest in arrears, is required to collect 25% and in the case of third iteration, 50% of outstanding principal balance in cash. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur.

Collateral valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash via Bank guarantees and real estate. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Bank's reporting schedule. To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models.

Collateral repossessed

Repossessed collateral represents financial and non-financial assets acquired by the Bank in settlement of overdue loans. The Bank's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be used for internal operations are initially recognised at the lower of their repossessed value or the carrying value of the original secured asset and included in the relevant assets depending on the nature and the Bank's intention in respect of recovery of these assets, and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets. Assets that are determined better to be sold are immediately transferred to assets held for sale at their fair value at the repossession date in line with the Bank's policy.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6.2 FINANCIAL LIABILITIES

Initial recognition and measurement

The Bank recognizes deposits and debt securities on the date at which they originated. All other financial liabilities are initially recognized on the trade date at which the Bank becomes a party to the contractual provision of the instrument. All financial liabilities are recognised net of directly attributable transaction costs. The Bank's financial liabilities include accounts payables to head office, account payable special, interest payable on deposits, C.P.O's and certified cheques issued, blocked account, old drafts and payments out, MTS and TTS Payable, exchange commission payable to NBE, dividend payable and sundry payables. Interest expenditure is recognised in interest expense.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortised cost

Financial instruments issued by the Bank are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest rate (EIR). Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

The Bank's financial liabilities carried at amortised cost comprise account payable special, C.P.O's and certified cheques issued, blocked account, old drafts and payments out, MTS and TTS Payable, exchange commission payable to NBE, dividend payable and sundry payables.

Derecognition of financial liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Bank tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.6.3 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where The Bank has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Bank has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as Bankruptcy or the termination of a contract.

2.6.4 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- Disclosures for valuation methods, significant estimates and assumptions Notes 3 and Note 4.7.1
- Quantitative disclosures of fair value measurement hierarchy Note 4.7.2

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

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

The principal or the most advantageous market must be accessible to by the Bank.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

2.6.5 AMORTIZED COST MEASUREMENT

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6.6 INTEREST INCOME AND EXPENSE

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

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

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

Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Bank, earns income from interest on loans given for agriculture, construction, domestic trade and services, export term, import term, manufacturing, transportation and staff loans. Other incomes includes placements with other Banks and investments in government securities, and is recognized in the period in which it is earned.

Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income such as rental income, telephone and SWIFT are recognised as the related services are performed. Other fees and commission expenses relates mainly to transaction and service fees are expensed as the services are received.

Dividend income

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

Foreign exchange revaluation gains or losses

These are gains and losses arising on settlement and translation of monetary assets and liabilities denominated in foreign currencies at the functional currency's spot rate of exchange at the reporting date. This amount is recognised in the income statement and it is further broken down into realised and unrealised portion. The foreign denominated monetary assets and liabilities include financial assets within the cash and bank balances and foreign currencies deposits received.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 CASH AND BANK BALANCES

Cash and cash equivalents' include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the statement of financial position. For the purposes of the cash flow statement, cash and cash equivalents include cash and restricted balances with National Bank of Ethiopia.

2.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Bank recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in income statement as incurred. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

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

Asset class	Depreciation rate (years)
Buildings	50
Motor vehicles	10
Furniture and fittings:	
Medium-lived	10
Long lived	20
Computer and Accessories	7
Office equipment:	
Short-lived	5
Medium-lived	10

The Bank commences depreciation when the asset is available for use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

i) Intangible assets

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expenses on intangible assets with finite lives is presented as a separate line item in the income statement. Amortisation of computer software is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives which is six years or the licence duration for purchased computer software.

ii) Impairment of non-financial assets

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

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

The Bank bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Bank's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

iii) Other assets

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

(a) Pre-payment

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

(b) Other receivables

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Bank's other receivables are accounts receivables from head office, accounts receivables from branches, receivable from other banks, export bills purchased, sundry receivables.

2.9 EMPLOYEE BENEFITS

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

(a) Wages, salaries and annual leave

Wages, salaries, other allowances, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Bank. The Bank operates an accumulating leave policy; this can be encashed when the employee is leaving employment. The Bank measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of each reporting period.

(b) Defined contribution plan

The Bank operates two defined contribution plans;
i) Pension scheme in line with the provisions of Ethiopian pension of private organisation employees proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and the Bank respectively;

ii) Provident fund contribution, funding under this scheme is 7% and 11% by employees and the Bank respectively; Both schemes are based on the employees' salary. Employer's contributions to this scheme are charged to profit or loss in the period in which they relate.

(c) Defined benefits plan

The liability or asset recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. The current service cost of the defined benefit plan, recognised 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 recognised immediately in income.
Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

(d) Profit-sharing and bonus plans

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 PROVISIONS

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Bank expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as other operating expenses.

2.11 SHARE CAPITAL

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

2.12 LEGAL RESERVE

The legal reserve which is a statutory reserve to which no less than 25% of the net profits after taxation shall be transferred each year until such fund is equal to the capital. When the legal reserve equals the capital of the Bank, the amount to be transferred to the legal reserve account shall be 10% of the annual net profit.

2.13 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.

2.14 LEASES

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Bank as a lessee

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

Bank as a lessor

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 INCOME TAXATION

(a) Current income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted, Income Tax Proclamation 979/2016, or substantively enacted at the end of the reporting period in Ethiopia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

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

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3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Other disclosures relating to the Bank's exposure to risks and uncertainties includes:
- Capital management Note 4.6
- Financial risk management and policies Note 4.1
- Sensitivity analyses disclosures Note 4.5.2

3.1 JUDGEMENTS

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

(a) Operating lease commitments - Bank as lessee

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

(b) Going concern basis

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern, except that it has to make significant effort to reach the minimum capital requirement. However, the financial statements continue to be prepared on going concern basis.

3.2 ESTIMATES AND ASSUMPTIONS

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

(a) Impairment losses on loans and receivables

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

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio, when scheduling its future cash flows.

SUMMARY OF SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The use of historical loss experience is supplemented with significant management judgment to assess whether current economic and credit conditions are such that the actual level of inherent losses is likely to differ from that suggested by historical experience. In normal circumstances, historical experience provides objective and relevant information from which to assess inherent loss within each portfolio.

In other circumstances, historical loss experience provides less relevant information about the inherent loss in a given portfolio at the balance sheet date, for example, where there have been changes in economic conditions such that the most recent trends in risk factors are not fully reflected in the historical information. In these circumstances, such risk factors are taken into account when calculating the appropriate levels of impairment allowances, by adjusting the impairment loss derived solely from historical loss experience. The detailed methodologies, areas of estimation and judgement applied in the calculation of the Bank's impairment charge on financial assets are set out in the Financial risk management section.

The estimation of impairment losses is subject to uncertainty, which has increased in the current economic environment, and is highly sensitive to factors such as the level of economic activity, unemployment rates, property price trends, and interest rates. The assumptions underlying this judgement are highly subjective. The methodology and the assumptions used in calculating impairment losses are reviewed regularly in the light of differences between loss estimates and actual loss experience.

(b) Fair value measurement of financial instruments

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

(c) Depreciation and carrying value of property, plant and equipment

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

(d) Impairment of non-financial assets

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

SUMMARY OF SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

(e) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(f) Defined benefit plans

The cost of the defined benefit pension plan, long service awards, gratuity scheme and post-employment medical benefits and the present value of these defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4 FINANCIAL RISK MANAGEMENT

4.1 INTRODUCTION

Risk is inherent in the Bank's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to credit risk, liquidity risk and market risk. It is also subject to country risk and various operating risks. The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Bank's policy is to monitor those business risks through the Bank's strategic planning process.

4.1.1 RISK MANAGEMENT STRUCTURE

The Board Risk Sub-Committee, a subset of the Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. It also has the responsibility to monitor the overall risk process within the Bank. The Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Bank has established a comprehensive risk management system in line with internationally accepted risk management principles and best practices with the necessary adoption to suit its core business activity. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions, products and services offered.

FINANCIAL RISK MANAGEMENT (Continued)

4.1.2 STRESS TESTING

The Bank has a strong commitment to stress testing performance on a regular basis in order to assess the impact of a severe economic downturn on its risk profile and financial position. These exercises complement traditional risk measures and represent an integral part of the Bank's strategy and capital planning process. The stress testing framework comprises of regular Bank wide stress testing based on internally defined benchmark and more severe macroeconomic global downturn scenarios. All material risk types are included in the stress testing exercises. These methodologies undergo regular scrutiny from internal experts as well as regulators to review whether they correctly capture the impact of a given stress test scenario.

4.1.3 RISK IDENTIFICATION AND ASSESSMENT

The Bank's risk identification and assessment process leverages on intelligence across organizational levels and utilize existing information whenever possible. Operating process are in place across the organization to capture relevant measures and indicators. The core aim of all processes is to provide adequate transparency and understanding of the existing and emergency risk issues, and to ensure a holistic cross-risk perspective. The risk inventory is updated at least once a year or at other times if needed by running a risk identification and materiality assessment process in line with Value at risk (VAR).

4.1.4 RISK MEASUREMENT AND REPORTING SYSTEMS

The risk data systems support regulatory reporting and external disclosures, as well as internal management reporting for credit risk, liquidity risk and market risk. The risk infrastructure incorporates the relevant legal entities and business divisions and provides the basis for reporting on risk positions, capital adequacy and limit utilization to the relevant functions on a regular basis and ad-hoc basis. Established units within Finance department and Risk Management assume responsibility for measurement, analysis and reporting of risk while promoting sufficient quality and integrity of risk-based data. The risk management systems are reviewed by the internal Audit department following a risk-based audit approach.

4.1.5 RISK MITIGATION

In addition to determining counterparty credit quality and our risk appetite, the Bank uses various credit risk mitigation techniques to optimize credit exposure and reduce potential credit losses. The Bank regularly agrees on collateral to be received from or to be provided to customers in contracts that are subject to credit risk. Collateral is security in the form of an asset or third-party obligation that serves to mitigate the inherent risk of credit loss in an exposure, by either substituting the borrower default risk or improving recoveries in the event of a default. While collateral can be an alternative source of repayment, it generally does not replace the necessity of high quality underwriting standards.

FINANCIAL RISK MANAGEMENT (Continued)

4.2 FINANCIAL INSTRUMENTS BY CATEGORY

The Bank's financial assets are classified into the following measurement categories: available-for-sale and loans and receivables and the financial liabilities are classified into other liabilities at amortised cost. Financial instruments are classified in the statement of financial position in accordance with their legal form and substance. The Bank's classification of its financial assets is summarised in the table below:

30 June 2019	Notes	Financial asset at Fair value through OCI (2018-AFS) Birr'000	Loans and Financial assets at Amortized cost Birr'000	Total Birr'000
Cash and bank balances	14	-	1,582,784	1,582,784
Loans and advances to customers	15	-	2,401,169	2,401,169
Investment securities:			-	-
-Financial asset at Fair value through OCI (2018- Available for sale)	4.2, 16	35,896	-	35,896
- Financial asset at Amortized cost(2018- Loans and receivables)	16	-	1,088,559	1,088,559
Other assets	17	-	293,867	293,867
Total financial assets		**35,896**	**5,366,379**	**5,402,275**

30 June 2018	Notes	Available-For-Sale Birr'000	Loans and receivables Birr'000	Total Birr'000
Cash and bank balances	14	-	824,901	824,901
Loans and advances to customers	15	-	1,553,712	1,553,712
Investment securities:				-
-Financial asset at Fair value through OCI (2018- Available for sale)	4.2, 16	17,757	-	17,757
- Financial asset at Amortized cost(2018- Loans and receivables)	16	-	686,273	686,273
Other assets	17	-	124,812	124,812
Total financial assets		**17,757**	**3,189,698**	**3,207,455**

4.3 CREDIT RISK

Credit risk is the risk of financial loss to the Bank if a customer of counterpart to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other bank and investment securities.

Exposure to credit risk is managed through periodic analysis of the ability of borrowers and potential borrowers to determine their capacity to meet principal and interest thereon, and restructuring such limits as appropriate. Exposure to credit risk is also mitigated, in part, by obtaining collateral, commercial and personal guarantees. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to term of the financial instrument and economic sectors. The National Bank of Ethiopia (NBE) sets credit risk limit for a single borrower, one related party and all related parties to not exceed 25 %, 15 % and 35 % of Bank's total capital amount as of the reporting quarterly period respectively. Credit management is conducted as per the risk management policy and guideline approved by the board of directors

FINANCIAL RISK MANAGEMENT (Continued)

and the Risk Management Committees. Such policies are reviewed and modified periodically based on changes and expectations of the markets where the Bank operates, regulations, and other factors.

4.3.1 CREDIT QUALITY ANALYSIS

(a) Credit quality of loans and Receivables

The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt investments (2019) and available-for-sale debt assets (2018). Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

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

Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 2.4. (c)

		30 June 2019 Birr'000			30 June 2018 Birr'000
Loans and advances to customers at amortised cost	**Stage 1**	**Stage 2**	**stage 3**	**Total**	**Total**
Stage 1 – Pass	2,254,068	-	-	2,254,068	1,342,076
Stage 2 – Special mention	-	155,741	-	155,741	184,798
Stage 3 – Non performing	-	-	51,004	51,004	53,962
Total gross exposure	**2,254,068**	**155,741**	**51,004**	**2,460,813**	**1,580,836**
Loss allowance	(41,084)	(930)	(8,487)	(50,501)	(27,124)
Net carrying amount	**2,212,984**	**154,811**	**42,517**	**2,410,312**	**1,553,712**

		30 June 2019 Birr'000		
Other financial assets (debt instruments)		**Gross exposure**	**Loss allowance**	**Net carrying amount**
Cash and bank balances	12 Month ECL	1,582,784	(61)	1,582,723
Investment securities (debt instruments)	12 Month ECL	1,088,559	(55)	1,088,504
Other receivables and financial assets	Lifetime ECL	26,498	(1,829)	24,669
Total	-	**2,697,841**	**(1,945)**	**2,695,896**

	30 June 2018 Birr'000		
Other financial assets (debt instruments)	**Gross exposure**	**Loss allowance**	**Net carrying amount**
Cash and bank balances	824,901	-	824,901
Investment securities (debt instruments)	686,273	-	686,273
Other receivables and financial assets	38,753	(1,999)	36,754
Total	**1,549,927**	**(1,999)**	**1,547,928**

FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit quality of cash and bank balances

The credit quality of cash and bank balances and short-term investments that were neither past due nor impaired at as 30 June 2019 and 30 June 2018 are held in Ethiopian banks have been classified as non-rated as there are no credit rating agencies in Ethiopia. However, cash and bank balances that held in foreign banks can be assessed by reference to credit rating agency designation as shown in the table below;

	30 June 2019 Birr'000	30 June 2018 Birr'000
A-	-	-
BBB+	-	-
B	-	-
BB	-	-
Not rated	1,582,784	824,901
	1,582,784	**824,901**

DEFINITIONS OF RATINGS

A: High credit quality

This denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

BBB: Good credit quality

This indicates that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.

BB: Speculative

This indicates an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists that supports the servicing of financial commitments.

B: Highly speculative

This indicates that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

Not rated

This indicates financial institutions or other counterparties with no available ratings and cash in hand.

A "+ "(plus) or "-" (minus)

may be appended to a rating to indicate the relative position of a credit within the rating category. This is based on Fitch national long-term issuer default ratings.

FINANCIAL RISK MANAGEMENT (Continued)

4.3.2 CREDIT RELATED COMMITMENTS RISKS

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

4.3.3 MAXIMUM EXPOSURE TO CREDIT RISK BEFORE COLLATERAL HELD OR CREDIT ENHANCEMENTS

(a) Types of collateral or credit enhancement

The Bank holds collateral against certain of its credit exposures. The following table below sets out the principal types of collateral held against different types of financial assets as at 30 June 2019 and 30 June 2018.

30 June 2019	Maximum exposure to credit risk Birr'000	Secured against real estate Birr'000	Plant and Machinery Birr'000	Motor vehicles Birr'000	Others Birr'000	Total Birr'000
Cash and bank balances	1,582,784					
Loans and advances to customers						
- Agriculture	2,578	5,217	-	-	-	5,217
- Construction	277,647	520,281	108,208	7,960	-	636,449
- Domestic trade and services	777,088	2,079,953	4,487	12,290	1,000	2,097,729
- Export	848,687	540,489	-	11,744	-	552,233
- Import	165,486	322,643	-	2,000	811,037	1,135,681
- Manufacturing	266,551	474,521	-		-	474,521
- Transportation	79		-	8,500	-	8,500
- Individual loans	5,812	14,605	-	2,800	14	17,419
- Staff loans and advances	**107,742**	**100,342**	**-**	**10,393**	**145,712**	**256,446**
	2,451,670	4,058,049.37	112,694.53	55,686.81	957,763.58	5,184,194.28
Investment securities:						
- Loans and receivables	**1,088,559**					
	1,088,559	-	-	-	-	-
Other assets						
- Receivable from other banks	10,071	-	-	-	-	-
- Export bills purchased	102,632	-	-	-	-	-
- Sundry receivables	**33,461**	**-**	**-**	**-**	**-**	**-**
	146,164	-	-	-	-	-
Loan commitments	542,515					
Other commitments	1,072,195					
	6,883,887	**4,058,049.37**	**112,694.53**	**55,686.81**	**957,763.58**	**5,184,194.28**

FINANCIAL RISK MANAGEMENT (Continued)

30 June 2018	Maximum exposure to credit risk Birr'000	Secured against real estate Birr'000	Plant and Machinery Birr'000	Motor vehicles Birr'000	Others Birr'000	Total Birr'000
Cash and bank balances	824,901	-	-	-	-	-
Loans and advances to customers						
- Agriculture	668	2,473	-	-	-	2,473
- Construction	164,114	544,024	-	25,616	-	569,641
- Domestic trade and services	517,721	1,215,798	64,678	21,257	6,085	1,307,818
- Export	507,013	396,507	-	11,744	408,307	816,558
- Import	71,164	137,669	-	1,500	5,000	144,169
- Manufacturing	213,320	436,012	40,213	-	-	476,225
- Transportation	3,237	5,577	-	9,356	-	14,933
- Individual loans	7,465	11,539	-	2,800	-	14,339
- Staff loans and advances	**96,134**	**79,126**	**-**	**8,474**	**12,470**	**100,070**
	1,580,836	2,828,724	104,891	80,747	431,863	3,446,226
Investment securities:						
- Loans and receivables	686,273	-	-	-	-	-
	686,273	-	-	-	-	-
Other assets						
- Receivable from other banks	15,431	-	-	-	-	-
- Export bills purchased	16,120	-	-	-	-	-
- Sundry receivables	**7,202**	**-**	**-**	**-**	**-**	**-**
	38,753	-	-	-	-	-
Loan commitments	181,536	-	-	-	-	-
Other commitments	**1,308,853**	**-**	**-**	**-**	**-**	**-**
	4,621,152	**2,828,724**	**104,891**	**80,747**	**431,863**	**3,446,226**

Collateral held and their financial effect

i) Loans and advances to corporate customers

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

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

As at 30 June 2019, the net carrying amount of credit-impaired loans and advances to corporate customers amounted to Birr 2.45 billion (2018: Birr 1.58 billion) and the value of identifiable collateral held against those loans and advances amounted to Birr 5.18 billion (2018: Birr 3.45 billion). For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

FINANCIAL RISK MANAGEMENT (Continued)

ii) Investment securities designated as at FVTPL

At 30 June 2019, the Bank had no exposure to credit risk of the investment securities designated as at FVTPL

4.3.4 LOANS AND RECEIVABLES AT AMORTISED COST

(a) Gross loans and receivables to customers per sector is analysed as follows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
Agriculture	2,578	668
Construction	277,647	164,114
Domestic trade and services	777,088	517,721
Export	848,687	507,013
Import	165,486	71,164
Manufacturing	266,551	213,320
Transportation	79	3,237
Individual loans	5,812	7,465
Staff loans and advances	**107,742**	**96,134**
	2,451,670	**1,580,836**

(b) Gross loans and receivables to customers per National Bank of Ethiopia's impairment guidelines is analysed as follows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
Pass	2,244,871	1,342,076
Special mention	155,741	184,798
Substandard	22,069	10,059
Doubtful	10,950	28,696
Lost	**18,039**	**15,207**
	2,451,670	**1,580,836**

The above table represents a worse case scenario of credit risk exposure of the Bank as at the reporting dates without taking account of any collateral held or other credit enhancements attached.

The exposures are based on net carrying amounts as reported in the statement of financial position. Management is confident in its ability to continue to control and effectively manage the credit risk exposure in the Bank's loan and advances portfolio.

4.3.5 AMOUNTS ARISING FROM ECL

i) Inputs, assumptions and techniques used for estimating impairment:-

ii) Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information. The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

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

FINANCIAL RISK MANAGEMENT (Continued)

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

- Quantitative test based on movement in PD;
- Qualitative indicators; and
- A backstop of 30 days past due,

iii) Credit risk Grades

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

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

a) Term loan exposures

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

b) Overdraft exposures

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

iv) Generating the term structure of PD

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

v) Determining whether credit risk has increased significantly

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

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.

FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

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

vi) Definition of default

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

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

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

- Qualitative: e.g. breaches of covenant;
- Quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- Based on data developed internally and obtained from external sources.
- Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Bank for regulatory purposes.

vii) Incorporation of forward-looking information

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

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

FINANCIAL RISK MANAGEMENT (Continued)

External information considered includes economic data and forecasts published by Business Monitor International, an external and independent macroeconomic data body. This is in addition to industry – level, semi – annual NPL trends across statistically comparable sectors. Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios by a panel of experts that advises the Bank's senior management.

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

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

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

The economic scenarios used as at 30 June 2019 included the following key indicators for Ethiopia for the years 2019 to 2023:

Macro-economic factor	2019	2020	2021
INFLATION: Consumer price index, 2010 = 100	317.4	349.1	384
GDP: GDP per capita, USD	836	928	1019
GDP EXPENDITURE: Exports of goods and services, USD per capita	54.9	59.8	66.6
GDP EXPENDITURE: Exports of goods and services, ETBbn	179.8	213.8	260.3
EXCHANGE RATE: ETB/USD	29.23	31.1	33.15
GDP EXPENDITURE: Imports of goods and services, USDbn	16.6	16.9	17.1
FISCAL: Current expenditure, USDbn	7.8	8.3	8.9
GDP EXPENDITURE: Imports of goods and services, ETBbn	485.3	526.5	568.4
INFLATION: Consumer price index, 2010 = 100	296.3	326	358.6
DEBT: Government domestic debt, ETBbn	642.7	752	872.3
EXCHANGE RATE: Real effective exchange rate, index	123.13	121.01	117.74
GDP EXPENDITURE: Private final consumption, USDbn	58.9	66.2	73.5
STRATIFICATION: Household Spending, ETBbn	1707.6	1926.3	2149.3
FISCAL: Total revenue, USDbn	10.5	10.9	11.4
DEBT: Total government debt, USDbn	57	65.2	75.4

FINANCIAL RISK MANAGEMENT (Continued)

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

viii) Modified financial assets

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

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the assets credit risk has increased significantly reflects comparison of: its remaining lifetime PD at the reporting date based on the modified terms; with the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms. When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

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

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

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

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

ix) Measurement of ECL

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

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

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

The methodology of estimating PDs is discussed above under the heading 'Generating the term structure of PD'. LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure,

FINANCIAL RISK MANAGEMENT (Continued)

collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

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

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

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

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

- Instrument type;
- Credit risk grading;
- Collateral type;
- LTV ratio for retail mortgages;
- Date of initial recognition;
- Remaining term to maturity;
- Industry; and
- Geographic location of the borrower.

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

FINANCIAL RISK MANAGEMENT (Continued)

x) Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. Comparative amounts for 2018 represent the allowance account for credit losses and reflect the measurement basis under IAS 39.

	30 June 2019 Birr'000			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost (on balance sheet exposures)				
Balance as at 1 July 2018	14,286	3,893	8,945	27,124
Day one IFRS 9 transition adjustment	1,559	(2,223)	7,691	7,028
Adjusted balance at 1 July 2018	**15,845**	**1,670**	**16,636**	**34,152**
Transfer to stage 1 (12 months ECL)	1,377	(286)	(1,091)	-
Transfer to stage 2 (Lifetime ECL not credit impaired)	(116)	116	-	-
Transfer to stage 3 (Lifetime ECL credit impaired)	(139)	(4)	143	-
Net remeasurement of loss allowance	(3,881)	(114)	2,654	(1,341)
New financial assets originated or purchased	37,808	782	1,525	40,115
Financial assets derecognised	(9,810)	(1,234)	(11,380)	(22,424)
Balance as at 30 June 2019	**41,084**	**930**	**8,487**	**50,501**

	30 June 2019 Birr'000			
	Stage 1	Stage 2	Stage 3	Total
Loan commitments and financial guarantee contracts (off balance sheet exposures)				
Balance as at 1 July 2018	-	-	-	-
Day one IFRS 9 transition adjustment	5	-	-	5
Adjusted balance at 1 July 2018	**5**	**-**	**-**	**5**
Transfer to stage 1 (12 months ECL)	-	-	-	-
Transfer to stage 2 (Lifetime ECL not credit impaired)	-	-	-	-
Transfer to stage 3 (Lifetime ECL credit impaired)	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Financial assets derecognised	(3)	-	-	(3)
Balance as at 30 June 2019	**2**	**-**	**-**	**2**

	30 June 2019 Birr'000			
	Cash and balances with banks	Investment securities (debt instru-ments)	Other receivables and financial assets	Total
Other financial assets (debt instruments)				
Balance as at 1 July 2018	-	-	1,999	1,999
Day one IFRS 9 transition adjustment	29	33	33	96
Adjusted balance at 1 July 2018	29	33	2,032	2,095
Net remeasurement of loss allowance	31	20	1,796	1,847
Balance as at 30 June 2019	60	53	3,828	3,942

FINANCIAL RISK MANAGEMENT (Continued)

The following table provides a reconciliation for 2019 between amounts shown in the above tables reconciling opening and closing balances of loss allowance per class of financial instrument; and the 'impairment losses on financial instruments' line item in the consolidated statement of profit or loss and other comprehensive income.

	Birr'000			
	Loans and advances to customers at amortised cost	Loan com-mitments and financial guarantee contracts	Other financial assets	Total Charge/ (Credit)
Net remeasurement of loss allowance	(1,341)	-	1,847	506
New financial assets originated or purchased	40,115	-	-	40,115
Financial assets derecognised	(22,424)	(3)	-	(22,427)
Amounts directly written off during the year	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-
Total	16,350	(3)	1,847	18,194

4.3.6 IMPAIRED FINANCIAL ASSETS – COMPARATIVE INFORMATION UNDER IAS 39

Credit quality of loans and receivables

30 June 2018	Neither past due nor impaired Birr'000	Past due but not impaired Birr'000	Individually impaired Birr'000	Total Birr'000
Agriculture	668	-	-	668
Construction	148,117	10,347	5,651	164,114
Domestic trade and services	405,061	82,707	29,953	517,721
Export	429,419	64,168	13,426	507,013
Import	58,612	9,270	3,281	71,164
Manufacturing	199,811	13,509		213,320
Transportation	3,237			3,237
Staff loans and advances	**97,152**	**4,796**	**1,651**	**103,599**
	1,342,076	184,798	53,962	1,580,836
Gross				
Less: Impairment allowance (note 15b)	**(14,286)**	**(3,893)**	**(8,945)**	**(27,124)**
Net	**1,327,790**	**180,905**	**45,017**	**1,553,712**

(i) Loans and receivables - neither past due nor impaired

The credit quality of the portfolio of loans and receivables that were neither past due nor impaired can be assessed by reference to the customer's ability to pay based on loss experience. Loans in this category are loans past due for less than 90 (ninety) days.. These loans are not rated.

	30 June 2018 Birr'000
Neither past due nor impaired	1,342,076
Collective impairment	**(14,286)**

FINANCIAL RISK MANAGEMENT (Continued)

(ii) Loans and receivables - past due but not impaired

	30 June 2018 Birr'000
Past due up to 30 days	-
Past due up to 30 - 60 days	184,798
Past due by 60 - 90 days	-
Past due by 90 - 180 days	-
Past due by more than 180 days	-
	184,798
Collective impairment	(3,893)
Loan and receivables (net)	**180,905**

Loans and receivables that have been classified as neither past due nor impaired or past due but not impaired are assessed on a collective basis.

(c) Sensitivity analysis on impairment

The loan portfolio of the Bank has been adopted for this sensitivity test. This is based on the premise that the outcome of this stress test on the Bank is reflective of the entire portfolio of loans and advances to customers. The credit factors considered for this sensitivity are highlighted below:

Probability of Default (PD): This represents the probability that a currently performing account will decline in credit quality. The probability of default model is designed to provide a measurement of obligor quality by estimating the likelihood default over a short term horizon (usually 12 months). A low probability of default indicates a borrower with good credit quality while a high probability of default indicates a borrower with low credit quality and a high likelihood of default.

Loss Given Default (LGD): The LGD estimates the expected loss on a default account after all recoveries have being exhausted. In estimating the LGD for the credit portfolio, recoveries made on historic loan loss data by way of loan repayment, recovery efforts and/or sale of collateral was applied.

In performing the sensitivity analysis, two scenarios were considered as detailed below.

Scenario 1 The PDs of the performing book were flexed by 20% while LGD was held constant. This is based on the assumption that obligor quality will deteriorate and this will lead to an increase in default.

Scenario 2 The LGD of the performing book was flexed by 20% respectively while the PD was held constant. This is premised on deterioration in obligor quality, increase in rate of default as well as difficulty in realizing collaterals pledged.

Outcome of the sensitivity analysis is shown below as well as the impact on profit or loss

30 June 2018	Current year Birr'000	Scenario 1 Birr'000	Scenario 2 Birr'000
Agriculture	-	-	-
Construction	(920)	(562)	(561)
Domestic trade and services	4,493	5,533.39	5,533.72
Export	5,440	7,347.28	7,347.87
Import	1,161	1,391.77	1,391.85
Manufacturing	-	-	-
Transportation	-	-	-
Individual loans	-	-	-
Staff loans and advances	**232**	**331.28**	**331.31**
	10,406	**14,042**	**14,043**

FINANCIAL RISK MANAGEMENT (Continued)

Loans with renegotiated terms

Loans with renegotiated terms are defined as loans that have been restructured due to a deterioration in the borrower's financial position, for which the Bank has made concessions by agreeing to terms and conditions that are more favorable for the borrower than the Bank had provided initially and that it would not otherwise consider. A loan continues to be presented as part of loans with renegotiated terms until maturity, early repayment or write-off.

Loans that were past due but not impaired

Loans that were 'past due but not impaired' are those for which contractual interest or principal payments were past due but the Bank believed that impairment was not appropriate on the basis of the level of security or collateral available and/or the stage of collection of amounts owed to the Bank. The amounts disclosed exclude assets measured at FVTPL.

4.3.7 CREDIT CONCENTRATIONS

Credit concentration indicates the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location. Excessive concentration arises when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Bank monitors concentrations of credit risk by social sector. An analysis of concentrations of credit risk at 30 June 2019 and 30 June 2018 . The Bank concentrates all its financial assets in Ethiopia.

30 June 2019	Public Enterprise Birr'000	Private Birr'000	Total Birr'000
Cash and bank Balances	412,510	1,170,274	1,582,784
Loans and Advances to Customers	480,234	1,920,935	2,401,169
Investment securities:			
- Available for sale	-	35,896	35,896
- Loans and receivables	**1,088,559**	**-**	**1,088,559**
Other assets	-	146,164	146,164
	1,981,303	**3,273,269**	**5,254,572**

30 June 2018	Public Enterprise Birr'000	Private Birr'000	Total Birr'000
Cash and bank Balances	352,378	472,523	824,901
Loans and Advances to Customers	310,742	1,242,970	1,553,712
Investment securities:			-
- Available for sale	-	17,757	17,757
- Loans and receivables	686,273	-	686,273
Other assets	**-**	**38,753**	**38,753**
	1,349,393	**1,772,003**	**3,121,396**

4.3.8 COMMITMENTS AND GUARANTEES

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Bank could have to pay if the guarantee is called upon. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. The table below shows the Bank's maximum credit risk exposure for commitments and guarantees.

	30 June 2019 Birr'000	30 June 2018 Birr'000
Letters of credit	542,515	181,536
Guarantees issued	1,072,195	1,308,853
Total maximum exposure	**1,614,710**	**1,490,389**

4.4 LIQUIDITY RISK

Liquidity Risk is a risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities. 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.

4.4.1 MANAGEMENT OF LIQUIDITY RISK

Compliance with the regulatory framework is monitored consistently. The Licensing & Supervision of Banking Business Directive No SBB/44/08 of the National Bank of Ethiopia provides that any licensed Bank should maintain liquid assets of not less than 25% of its total current liabilities, which is the sum of demand deposits, saving deposits and time deposits and similar liabilities with less than one-month maturity period. Weekly liquidity position showing end of week balance is required by the National Bank.

The Asset and Liability Management Committee (ALCO) is responsible for managing funding mismatches and attaining the desired level of liquidity in the manner described in the risk management policy. The Bank' liquid assets are more than 15% of the total current liabilities as required by the National Bank of Ethiopia's directives. Moreover off-balance sheet commitments are within the internal limits set by the Bank.

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FINANCIAL RISK MANAGEMENT (Continued)

4.4.2 MATURITY ANALYSIS OF FINANCIAL LIABILITIES

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

30 June 2019	0 - 30 days Birr'000	31 - 90 days Birr'000	91 - 180 days Birr'000	181 - 365 days Birr'000	Over 1 year Birr'000
Deposits from customers	564,270	388,720	604,940	654,230	1,311,280
Borrowings	-	-	-	-	-
Other liabilities	261,977	399,834	55,706	82,563	135,139
Total financial liabilities	**826,247**	**788,554**	**660,646**	**736,793**	**1,446,419**
Letters of credit	-	-	-	-	-
Guarantees issued	-	-	-	-	-
Total commitments	-	-	-	-	-
Assets used to manage liquidity risk	1,332,370	1,073,550	335,920	219,860	2,547,580

30 June 2018	0 - 30 days Birr'000	31 - 90 days Birr'000	91 - 180 days Birr'000	181 - 365 days Birr'000	Over 1 year Birr'000
Deposits from customers	482,962	113,055	340,161	544,126	673,019
Borrowings	-	-	-	24,990	-
Other liabilities	157,275	129,826	68,230	7,970	-
Total financial liabilities	**640,237**	**242,881**	**408,390**	**577,086**	**673,019**
Letters of credit	-	-	-	-	-
Guarantees issued	-	-	-	-	-
Total commitments	-	-	-	-	-
Assets used to manage liquidity risk	916,521	94,579	89,715	199,487	1,967,538

4.5 MARKET RISK

Market risk is the risk that changes in the market prices, such as interest rate, equity prices, and foreign exchange rates will affect the future cash flows of the Bank's financial instruments. The objectives of market risk management are to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

4.5.1 MANAGEMENT OF MARKET RISK

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

(i) Interest rate risk

Interest rate risk is a risk resulting from changes in interest rates. It is the probability that the rising and falling of interest rates will adversely affect the Bank's interest margin or the value of its net worth. The Bank often revises its lending rate across segments of the credit portfolio based on the changes in the cost of funds, reserve requirements and the perceived risk in each credit portfolio segment to keep the overall profitability.

ALCO is responsible for managing rate sensitivity assets and liabilities and the effects of rate, volume and mix changes in order to preserve and optimize the interest return. The Bank's investment portfolio is comprised of National Bank of Ethiopia bills and cash deposits. The table below sets out information on the exposures to fixed and non-interest instruments.

FINANCIAL RISK MANAGEMENT (Continued)

30 June 2019	Fixed Birr'000	Non-interest bearing Birr'000	Total Birr'000
ASSETS			
Cash and balances with banks	1,186,175	396,609	1,582,784
Loans and advances to customers	2,451,670	-	2,451,670
Investment securities	1,088,559	35,896	1,124,455
Other assets	112,703	29,516	142,219
Total	**4,726,404**	**432,505**	**5,158,909**
LIABILITIES			
Deposits from customers	3,523,440	-	3,523,440
Other liabilities	839,759	-	839,759
Borrowings	16	-	16
Total	**4,363,215**	**-**	**4,363,215**

30 June 2018	Fixed Birr'000	Non-interest bearing Birr'000	Total Birr'000
Assets			
Cash and balances with banks	588,063	236,838	824,901
Loans and advances to customers	1,580,836	-	1,580,836
Investment securities	686,273	17,757	704,030
Other assets	31,551	5,203	36,754
Total	**2,855,172**	**254,595**	**3,109,767**
Liabilities			
Deposits from customers	2,153,322	-	2,153,322
Other liabilities	323,746	-	323,746
Borrowings	20	-	20
Total	**2,477,088**	**-**	**2,477,088**

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. Foreign exchange risks are controlled by maintaining balances in major currencies whose exchange rates against the reporting currency are expected to appreciate. The National Bank controls exchange rates due to which the rates are not fluctuating significantly. The Bank is exposed to exchange rate risks to the extent of balances and transactions denominated in a currency other than the Ethiopian Birr. The Bank's foreign currency bank accounts act as a natural hedge for these transactions. Management has set up a policy to manage the Bank's foreign exchange risk against its functional currency.

The table below summarises the impact of increases/decreases of 10% on equity and profit or loss arising from the Bank's foreign denominated borrowings and cash and bank balances. The total foreign currency denominated assets and liabilities exposed to risk as at 30 June 2019was Birr 881.54 million (30 June 2018: Birr 298.41 million).

Foreign currency denominated balances

	30 June 2019 Birr'000	30 June 2018 Birr'000
Cash and bank balances	439,232	163,408
Other assets	102,632	-
Deposits from customers	276,857	105,725
Other liabilities	**62,820**	**29,281**
	881,541	**298,414**

FINANCIAL RISK MANAGEMENT (Continued)

Sensitivity analysis for foreign exchange risk

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date. The sensitivity of the Bank's earnings to fluctuations in exchange rates is reflected by varying the exchange rates at 10% as shown below:

	Increase/ (decrease) in basis points	30 June 2019 Birr'000	30 June 2018 Birr'000
USD	10%	41,881	19,062
USD	10%	(41,881)	(19,062)
EUR	10%	46,269	3,257
EUR	10%	(46,269)	(3,257)
GBP	10%	4	7,523
GBP	10%	(4)	(7,523)

4.6 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 so that it can continue to provide returns for the shareholders and benefits for the other stakeholders, to maintain a strong capital base to support the current and future development needs of the business and to comply with the capital requirements set by the National Bank of Ethiopia (NBE).

Based on the National Bank of Ethiopia requirement, the Bank was required to raise its paid-up capital to Birr 500 million by the end of August 2017. Accordingly, the bank has fulfilled the minimum capital requirement set by NBE as shown in the statement of financial position.

4.6.1 CAPITAL ADEQUACY RATIO

According to the Licensing & Supervision of Banking Business Directive No SBB/50/2011 of the National Bank of Ethiopia, the Bank has to maintain capital to risk weighted assets ratio of 8% at all times, the risk weighted assets being calculated as per the provisions of Directive No SBB/9/95 issued on August 18, 1995.

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. Capital includes capital contribution, retained earnings, legal reserve and other reserves to be approved by the National Bank of Ethiopia.

	30 June 2019 Birr'000	30 June 2018 Birr'000
Capital and reserves		
Share capital	721,860	579,756
Other equity	(6,348)	(6,068)
Retained earnings	149,587	48,002
Legal reserve	113,884	61,205
	978,983	**682,895**
Risk weighted assets		
Risk weighted balance for on-balance sheet items	2,505,829	1,936,319
Credit equivalents for off-balance Sheet Items	298,078	322,942
	2,803,907	**2,259,261**
Risk-weighted Capital Adequacy Ratio (CAR)	35%	30%
Minimum required capital	8%	8%
Excess	**754,670**	**502,154**

FINANCIAL RISK MANAGEMENT (Continued)

4.7 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

IFRS 13 requires an entity to classify measured or disclosed fair values according to a hierarchy that reflects the significance of observable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, which comprises of three levels as described below, based on the lowest level input that is significant to the fair value measurement as a whole.

4.7.1 VALUATION MODELS

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) .This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation technique in which all significant inputs are directly or indirectly observable from market data.
  In conclusion, this category is for valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).
  This category includes all assets and liabilities for which the valuation technique includes inputs not based on observable date and the unobservable inputs have a significant effect on the asset or liability's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

4.7.2 FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

The following table summarises the carrying amounts of financial assets and liabilities at the reporting date. The amounts are based on the values recognised in the statement of financial position.

	30 June 2019		30 June 2018	
	Carrying amount Birr'000	Fair value Birr'000	Carrying amount Birr'000	Fair value Birr'000
FINANCIAL ASSETS				
Cash and balances with banks	1,582,784	1,582,784	824,901	824,901
Loans and advances to customers	2,401,169	2,401,169	1,553,712	1,553,712
Investment securities:				
-Financial asset at Fair value through OCI (2018- AFS)	-	-	17,757	17,757
- Financial asset at Amortized cost (2018-Loans and receivables)	1,088,559	1,088,559	686,273	686,273
Other assets	146,164	146,164	38,753	38,753
Total	5,218,676	5,218,676	3,121,396	3,121,396

FINANCIAL RISK MANAGEMENT (Continued)

Continued

	30 June 2019		30 June 2018	
	Carrying amount Birr'000	Fair value Birr'000	Carrying amount Birr'000	Fair value Birr'000
FINANCIAL LIABILITIES				
Deposits from customers	3,523,440	3,523,440	2,153,322	2,153,322
Borrowings	16	16	25,000	25,000
Other liabilities	**839,759**	**839,759**	**323,746**	**323,746**
Total	**4,363,215**	**4,363,215**	**2,502,068**	**2,502,068**

4.7.3 FAIR VALUE METHODS AND ASSUMPTIONS

(a) Loans and advances to customers

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

4.7.4 VALUATION TECHNIQUE USING SIGNIFICANT UNOBSERVABLE INPUTS – LEVEL 3

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

4.7.5 TRANSFERS BETWEEN THE FAIR VALUE HIERARCHY CATEGORIES

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

4.8 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

5 INTEREST INCOME

	30 June 2019 Birr'000	30 June 2018 Birr'000
Interest on Agriculture loans	207	153
Interest on Construction loans	37,603	26,901
Interest on Domestic trade and services	100,503	74,220
Interest on Export term loans	51,933	27,548
Interest on Import term loans	47,245	31,816
Interest on Manufacturing loans	35,392	24,328
Interest on Transportation loan	292	1,008
Interest on Staff loans and advances loans	8,218	6,760
Interest on Individual loans	1,404	955
Interest on Investment securities	28,609	17,562
Interest on fund placement	10,262	2,223
	321,668	**213,473**

Included within various line items under interest income for 30 June 2019 is a total of Birr 319,668 millions (30 June 2018: Birr 213,473 millions) relating to impaired financial assets.

The Bank does not have loan precessing fee and the inspection fee collected from customers are immaterial. Therefore, the contactual interest rate used by the bank is considered as effective interest rate.

6 INTEREST EXPENSE

	30 June 2019 Birr'000	30 June 2018 Birr'000
Interest on savings deposits	92,113	52,195
Interest on special saving deposits	4,952	1,175
Interest on fixed time deposits	45,471	23,470
Interest on short term borrowings	1,563	3,434
	144,099	**80,275**

7 FEE AND COMMISSION INCOME

	30 June 2019 Birr'000	30 June 2018 Birr'000
Commission Income on CPO and FT	401	396
Commission on letters of credit	59,605	14,618
Commission on letter of guarantees issued	29,997	52,800
Commission on other financial services	335	232
Service charges	185,502	68,542
	275,840	**136,588**

8 OTHER OPERATING INCOME

	30 June 2019 Birr'000	30 June 2018 Birr'000
Penalty charge income	9,962	5,973
Dividend earned on investment	1,654	657
Swift charge	1,222	858
Estimation and inspection fees	266	156
Gain on foreign exchange dealings and fluctuations	76,636	50,844
Share subscription fee	6,662	10,037
Other income	1,360	1,859
	97,762	**70,384**

9 LOAN IMPAIRMENT CHARGE

	30 June 2019 Birr'000	30 June 2018 Birr'000
Loans and advances - charge for the year (note 15a)	16,350	10,406
	16,350	**10,406**

10 IMPAIRMENT LOSSES ON OFF AND ON BALANCE SHEET ACCOUNTS (IFRS9)

	30 June 2019 Birr'000	30 June 2018 Birr'000
IFRs Impairment on NBE Bills(17)	20	-
IFRs Impairment on Bank balance(17)	31	-
IFRs Impairment on LCs & Guarantees(17)	(3)	-
Other assets - charge for the year (note 17)	1,796	-
	1,844	**-**

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11 PERSONNEL EXPENSES

	30 June 2019 Birr'000	30 June 2018 Birr'000
Salaries and wages	71,835	53,134
Staff allowances	12,843	10,090
Pension costs – Defined contribution plan	7,683	5,670
Pension costs - Defined benefit plans	1,002	600
Other staff expenses	32,323	15,002
	125,686	**84,497**

12 OTHER OPERATING EXPENSES

	30 June 2019 Birr'000	30 June 2018 Birr'000
Fuel and lubricants	705	439
Audit fees	145	145
Directors fee	1,056	1,227
Repairs and maintenance	2,140	4,966
Internet, broadband and website	3,362	4,288
Stationary, printing and office supplies	5,720	3,157
Rental expenses	36,278	26,405
Donations and contributions	6,186	135
Entertainment	452	312
Transport and travelling expenses	1,589	1,320
Annual reception fees	1,612	1,272
Advertisement and publicity	5,242	2,471
Insurance	777	324
Representation allowance	843	698
Swift charges	318	266
Legal and professional fees	3,186	971
Bank charges	178	251
Share commission fee	4,286	7,480
Security expenses	3,721	2,673
BOD Remuneration Fee	1,068	-
Wages for non-employees	277	427
Loss on foreign exchange dealings and fluctuations	30,634	30,558
Sundry expenses	2,654	1,945
	112,429	**91,730**

13 CURRENT INCOME TAX AND DEFERRED TAX

13A CURRENT INCOME TAX	30 June 2019 Birr'000	30 June 2018 Birr'000
Company income tax	76,379	36,548
Prior year (over)/ under provision	-	-
Capital gains tax	-	-
Tax on foreign deposit interest	-	-
Deferred income tax/(credit) to profit or loss	**(3,147)**	**(1,210)**
Total charge to profit or loss	**73,232**	**35,338**
Tax (credit) on other comprehensive income	**(423)**	**(321)**
Total tax in statement of comprehensive income	**72,809**	**35,017**

13B RECONCILIATION OF EFFECTIVE TAX TO STATUTORY TAX

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

	30 June 2019 Birr'000	30 June 2018 Birr'000
Profit before tax	283,947	141,972
Add: Disallowable expenses		
Entertainment	452	312
Donation	35	38
Gift	86	-
Penalty	70	240
Long service Award (Gratituty pay)	-	-
TAX Expense paid on interest income	-	-
Severance pay as per IFRS actuarial valuation estimate	1,002	600
Provision for loans and advances as per IFRS	16,350	10,406
Provision for on and off balance sheet as per IFRS9	1,844	-
Depreciation and amortization for accounting purpose	10,915	11,585
Total Disallowable expenses	**30,754**	**23,181**
Less:		
Depreciation for tax purposes	(11,726)	(9,191)
Provision for loans and advances taxed at 80%	(6,454)	(7,260)
provision for other assets taxed at 80%	(1,396)	-
Dividend income adjustment	(1,654)	(657)
Bonus payment of the previous phyical year	-	(6,302)
Estabilishment cost	-	(108)
Interest income taxed at source	**(38,875)**	**(19,808)**
Sub total	**(60,105)**	**(43,326)**
Taxable profit	**254,596**	**121,827**
Taxable profit at 30%	76,379	36,548
Income tax paid during the year	-	-
Withholding tax paid	-	-
Current tax	**76,379**	**36,548**

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13C CURRENT INCOME TAX LIABILITY (CONTD)	30 June 2019 Birr'000	30 June 2018 Birr'000
Balance at the beginning of the year	21,603	1,920
Charge for the year:		
Education tax	-	-
Capital gains tax	-	-
Income tax expense	76,379	36,548
Prior year (over)/ under provision	-	-
WHT Notes utilised	-	-
Payment during the year	**(21,603)**	**(16,865)**
Balance at the end of the year	**76,379**	**21,603**

13D DEFERRED INCOME TAX

Deferred income tax assets/(liabilities) are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets/(liabilities) of Birr 2.3 million and Birr 2 million for the Bank have not been recognised as at 30 June 2019 and 30 June 2018 respectively because it is not probable that future taxable profits will be available against which they can be utilised.

	30 June 2019 Birr'000	30 June 2018 Birr'000
The analysis of deferred tax assets/(liabilities) is as follows:		
To be recovered after more than 12 months	1,848	(1,722)
To be recovered within 12 months	-	-
	1,848	**(1,722)**

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

Deferred income tax assets/(liabilities):	At '30 June 2018 Birr'000	Credit/ (charge) to P/L Birr'000	Credit/ (charge) to equity Birr'000	30 June 2019 Birr'000
Property, plant and equipment	(2,116)	3,147	-	1,031
Provisions	-	-	-	-
Unrealised exchange gain	-	-	-	-
Tax losses charged to profit or loss	-	-	-	-
Post employment benefit obligation	394	-	423	817
Total deferred tax assets/(liabilities)	**(1,722)**	**3,147**	**423**	**1,848**

14 CASH AND BANK BALANCES

	30 June 2019 Birr'000	30 June 2018 Birr'000
Cash in hand	396,609	236,838
Balance held with National Bank of Ethiopia	412,510	352,378
Deposits with local banks	335,934	72,993
Deposits with foreign banks	437,731	162,692
Gross amount	**1,582,784**	**824,901**

Maturity analysis	30 June 2019 Birr'000	30 June 2018 Birr'000
Current	1,413,744	718,361
Non-Current	169,040	106,540
	1,582,784	**824,901**

Included in balance held with National Bank of Ethiopia(NBE) is the cash reserve requirement of the NBE. These balances are subject to regulatory restrictions and therefore are not available for day to day operations by the Bank and have been excluded for cash flow purposes.

14A CASH AND CASH EQUIVALENTS (CONTD)

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
Balance as above	1,582,784	824,901
Cash reserve held with the National Bank of Ethiopia	(169,040)	(106,540)
	1,413,744	**718,361**

14B IMPAIRMENT ALLOWANCE ON BANK BALANCE (IFRS9)

A reconciliation of the allowance for impairment losses for Bank Balance is as follows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
Bank Balance at the beginning of the year	1,582,784	824,901
(Reversal)/charge for the year	(61)	-
Balance at the end of the year	**1,582,723**	**824,901**

15 LOANS AND ADVANCES TO CUSTOMERS

	30 June 2019 Birr'000	30 June 2018 Birr'000
Agriculture	2,578	668
Construction	277,647	164,114
Domestic trade and services	777,088	517,721
Export	848,687	507,013
Import	165,486	71,164
Manufacturing	266,551	213,320
Transportation	79	3,237
Individual loans	5,812	7,465
Staff loans and advances	107,742	96,134
Gross amount	**2,451,670**	**1,580,836**
Less:		
IFRS Impairment allowance (note 15a and 15b)		
stage 1	(41,084)	(14,286)
stage 2	(930)	(3,893)
stage 3	(8,487)	(8,945)
	2,401,169	**1,553,712**

Maturity analysis	30 June 2019 Birr'000	30 June 2018 Birr'000
Current	1,077,917	898,430
Non-Current	1,323,252	655,282
	2,401,169	**1,553,712**

15A IMPAIRMENT ALLOWANCE ON LOANS AND ADVANCES TO CUSTOMERS AS PER IFRS 9 - SEE ACCOUNTING POLICY IN NOTE 2.4. (C)

A reconciliation of the allowance for impairment losses for loans and advances to customers by class, is as follows:

	As at 30 June 2018 Birr'000	Charge for the year Birr'000	As at 1 July 2018 Birr'000	Charge for the year Birr'000	As at 30 June 2019 Birr'000
IFRS Impairment					
stage 1	14,286	1,554	15,840	25,244	41,084
stage 2	3,893	(2,218)	1,675	(745)	930
stage 3	8,945	7,691	16,636	(8,149)	8,487
Total Impairment allowance	**27,124**	**7,027**	**34,151**	**16,350**	**50,501**

15B IMPAIRMENT ALLOWANCE ON LOANS AND ADVANCES TO CUSTOMERS AS PER IAS 39(CONTD)

A reconciliation of the allowance for impairment losses for loans and advances to customers by class, is as follows:

Collective allowance for impairment	As at 30 June 2018 Birr'000	Charge for the year Birr'000	As at 30 June 2019 Birr'000
Agriculture	-	-	-
Construction	1,791	1,791	-
Domestic trade and services	5,203	5,203	-
Export	9,537	9,537	-
Import	1,152	1,152	-
Manufacturing	-	-	-
Transportation	496	496	-
Individual loans	-	-	-
Staff loans and advances	-	-	-
	18,179	**18,179**	**-**

Speciifc allowance for impairment	As at 30 June 2018 Birr'000	Charge for the year Birr'000	As at 30 June 2019 Birr'000
Agriculture	-	-	-
Construction	1,120	1,120	-
Domestic trade and services	2,173	2,173	-
Export	2,933	2,933	-
Import	2,107	2,107	-
Manufacturing	-	-	-
Transportation	611	611	-
Individual loans	-	-	-
Staff loans and advances	**-**	**-**	**-**
	8,944	8,944	-
Total Impairment	**27,123**	**27,123**	**-**

16 INVESTMENT SECURITIES

	30 June 2019 Birr'000	30 June 2018 Birr'000
Financial asset at Fair value through OCI (2018-Available for sale):		
Equity Investments	35,896	17,757
	-	-
Financial asset at Amortized cost (2018-Loans and receivables):	-	-
Investment in National Bank of Ethiopia (NBE) bills	**1,088,559**	**686,273**
Gross amount		
	1,124,455	**704,030**

Maturity analysis	30 June 2019 Birr'000	30 June 2018 Birr'000
Current	396,258	211,209
Non-Current	728,197	492,821
	1,124,455	**704,030**

16A THE BANK EQUITY INVESTMENT COMPRISES

	30 June 2019 Carrying amount Birr'000	Fair value Birr'000	30 June 2018 Carrying amount Birr'000	Fair value Birr'000
Eth-Switch Solution Share co.	9,767	26,802	12,002	9,767
Lucy Insurance Company	6,728	6,728	4,755	6,728
ET Inclusive Finance Technology S.C.	2,366	2,366	1,000	2,366
Total	**18,861**	**35,896**	**17,757**	**18,861**

Summary on the Bank's equity Investment

	Birr'000		Unrealized Gain/ (Loss) due to measurement at Fair Value	Birr'000		Unrealized Gain/ (Loss) due to measurement at Fair Value
	Carrying amount	2018 Fair valuation		2019 Carrying amount	2019 Fair valuation	
	17,757	**18,861**	**1,104**	**18,861**	**35,896**	**17,035**

The fair value of the unquoted equity securities carried at cost has been reliably estimated for the three equity Investments as at June 30, 2018. However, the fair value of Lucy Insurance and ET inclusive finance technology S.C. cannot be reliably estimated because of unavailability of Audited financial statement as at June 30,2019.They have therefore been disclosed at previous year fair value estimate.

The Bank hold equity investments in Eth-switch of 5.55% (30 June 2018: 5.55%), Lucy Insurance Share Company of 4.64 % (30 June 2018: 4.56%) and AODAOE(ET) Inclusive Finance Technology S.C.5.28 % (30 June 2018: 6.99 %).

16B IMPAIRMENT ALLOWANCE ON NBE BILLS (IFRS9)

A reconciliation of the allowance for impairment losses for NBE Bill is as follows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
NBE Bill Balance at the beginning of the year	1,088,559	686,273
(Reversal)/charge for the year	(55)	-
Balance at the end of the year	**1,088,504**	**686,273**

National Bank of Ethiopia (NBE) bills are classified as financial asset at amortized cost because management's intention is to hold these investments to maturity and they are not held for trading. The reconciliation section present NBE Bill at cost less impairment.

17 OTHER ASSETS

	30 June 2019 Birr'000	30 June 2018 Birr'000
Financial assets		
Receivable from other banks	10,071	15,431
Export bills purchased	102,632	16,120
Sundry receivables	**33,461**	**7,202**
Gross amount	146,164	38,753
Less: Impairment allowance (note 17a)-(iii)	(3,945)	(1,999)
	142,219	**36,754**
Non-financial assets		
Prepaid staff expense	12,476	7
Prepayments	132,764	73,772
Inventory	4,192	4,477
Assets waiting for resale	2,216	9,802
Gross amount	151,648	88,058
Financial and Non-Financial Gross Amount	**293,867**	**124,812**

Maturity analysis	30 June 2019 Birr'000	30 June 2018 Birr'000
Current	144,435	46,556
Non-Current	149,432	78,256
	293,867	**124,812**

17A IMPAIRMENT ALLOWANCE ON OTHER FINANCIAL ASSETS

A reconciliation of the allowance for impairment losses for other assets is as follows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
Balance at the beginning of the year	(1,999)	(1,999)
(Reversal)/charge for the year (note 10)	(1,830)	-
Balance at the end of the year	**(3,829)**	**(1,999)**

For assessing impairment loss for other financial asset especially receivables, the bank used both historical ageings trend analysis and qualitative assessment.

17B INVENTORY

A breakdown of the items included within inventory is as follows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
Cheque book	283	531
Other supplies	1,065	1,444
Stationery	2,844	2,502
	4,192	**4,477**

17C IMPAIRMENT ALLOWANCE ON OFF BALANCE SHEET ACCOUNTS

A reconciliation of the allowance for impairment losses for LC & Financial Guarantees is as follows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
Balance at the beginning of the year	-	-
(Reversal)/charge for the year	(1)	-
Balance at the end of the year	**(1)**	**-**

18 INTANGIBLE ASSETS

	Purchased software Birr'000	Developed software Birr'000	Software under devel-opment Birr'000	Total Birr'000
Cost:				
As at 1 July 2018	20,413	-	-	20,413
Acquisitions	260	-	-	260
Internal development				
Transfer from property, plant and equipment				
As at 30 June 2019	**20,673**	**-**	**-**	**20,673**
Accumulated amortisation and impairment losses				
As at 1 July 2018	8,637	-	-	8,637
Amortisation for the year	3,418	-	-	3,418
Impairment losses				-
As at 30 June 2019	**12,055**	**-**	**-**	**12,055**
Net book value				
As at 30 June 2018	**11,776**	**-**	**-**	**11,776**
As at 30 June 2019	**8,618**	**-**	**-**	**8,618**

The Bank considers its softwares (Flex Cube core banking solution, Cheque Point, and Kaspersky anti-virus) as part of intangible assets. The Bank did not have capitalised borrowing costs related to the internal development of software and software under development during the reporting years (30 June 2019 and 30 June 2018).

DEBUB GLOBAL BANK SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

19 PROPERTY, PLANT AND EQUIPMENT

	Office and other equipment Birr'000	Motor vehicles Birr'000	Furniture and fittings Birr'000	Computer and accessories Birr'000	Total Birr'000
Cost:					
As at 1 July 2018	14,931	24,344	13,518	17,978	70,771
Additions	1,942	30,076	6,733	2,707	41,458
Disposals	(504)	-	(93)	(49)	(646)
Reclassification	-	-	-	-	-
As at 30 June 2019	**16,369**	**54,420**	**20,158**	**20,636**	**111,583**
Accumulated depreciation					
As at 1 July 2018	7,451	9,552	3,730	8,970	29,703
Charge for the year	221	3,236	1,484	2,556	7,497
Disposals	(309)	-	(47)	(29)	(385)
As at 30 June 2019	**7,363**	**12,788**	**5,167**	**11,497**	**36,815**
Net book value					
As at 30 June 2018	7,480	14,792	9,788	9,008	41,068
As at 30 June 2019	**9,006**	**41,632**	**14,991**	**9,139**	**74,768**

20 DEPOSITS FROM CUSTOMERS

	30 June 2019 Birr'000	30 June 2018 Birr'000
Demand deposits	1,135,170	584,141
Savings deposits	1,741,011	1,170,852
Special savings deposits	190,428	76,283
Fixed time deposits	456,831	322,047
	3,523,440	**2,153,322**

21 BORROWINGS

	30 June 2019 Birr'000	30 June 2018 Birr'000
Short term borrowings	16	25,000
	16	**25,000**

21A RECONCILIATION OF BANK BORROWINGS

A reconciliation of the changes in borrowings is as follows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
Balance at the beginning of the year	25,000	20
Proceeds from borrowings	1,579	28,434
Repayment of borrowings	(26,563)	(3,454)
Accretion of interest		
Balance at the end of the year	**16**	**25,000**

22 OTHER LIABILITIES

Financial liabilities

	30 June 2019 Birr'000	30 June 2018 Birr'000
Account payable special	486,565	189,614
C.P.O's and certified cheques issued	23,103	17,328
Blocked account	623	2,183
Margin on letters of credit	300,622	105,725
Old drafts and payments out	1,288	1,218
MTS And TTS Payable	3,445	3,655
Exchange commission payable To NBE	11,604	3,878
Audit fee	145	145
Board of Directors fee	1,320	-
Dividend payable	11,044	10,590
	839,759	**334,336**

	30 June 2019 Birr'000	30 June 2018 Birr'000
Non-financial liabilities		
Defined contribution liabilities	1,047	740
Accrual for leave liability	8,058	5,281
Provision for bonus payment	17,084	8,134
Stamp duty charges	586	34
Other tax payable	2,947	1,719
Deferred revenue	16,665	22,581
Withholding tax and Valued added tax payables	1,092	79
Financial guarantee & LCs imparment-(Off Balance sheet)	1	-
	47,480	**38,568**
Gross amount	**887,239**	**372,902**

Maturity analysis	30 June 2019 Birr'000	30 June 2018 Birr'000
Current	871,598	361,650
Non-Current	15,641	11,254
	887,239	**372,902**

23 RETIREMENT BENEFIT OBLIGATIONS

	30 June 2019 Birr'000	30 June 2018 Birr'000
Defined benefits liabilities:		
– Employee benefit plan (note 23a)	6,184	3,772
Liability in the statement of financial position	**6,184**	**3,772**
Income statement charge included in personnel expenses:		
– Employee benefit plan (note 23a)	1,197	823
Total defined benefit expenses	**1,197**	**823**
Remeasurements for:		
– Employee benefit plan (note 23a)	(987)	(748)
	(987)	**(748)**

23A RETIREMENT BENEFIT OBLIGATIONS

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

Maturity analysis	30 June 2019 Birr'000	30 June 2018 Birr'000
Current	-	-
Non-Current	**6,184**	**3,772**
	6,184	**3,772**

The employee benefit plan is made up of two (2) unfunded schemes which are severance benefits that are paid on voluntary withdrawal and retiremnet gratuity paid on retirement. These plans have been aggregated in determining the retirement benefit obligation as the inherent risks applicable to these plans have been assessed not to be materially different.

The key financial assumptions are the discount rate and the rate of salary increases. The provision for gratuity was based on an independent actuarial valuation performed by QED Actuaries & Consultants (Pty) Ltd using the projected unit credit method.

The Bank does not maintain any assets for the schemes but ensures that it has sufficient funds for the obligations as they crystallise.

(i) Severance gratuity benefit

The severance benefits are based on the statutory severance benefit as set out in Labour Proclamation No. 377/2003, as amended by the Labour (Amendment) Proclamation No. 494/2006. Employees are only entitled to the benefits under this scheme provided they have no entitlement to pension or provident fund benefits at retirement date. The benefit applicable is thirty times the average daily wages of their last week of service for the first year of service, with past-years pro-rata, plus ten times the average daily wages of their last week of service for each completed year of service after the first to a maximum of one years' wages payable to the member. Where the Bank closes or reduces its work force, an additional multiple of sixty times the average daily wages of their last week of service is payable.

23A RETIREMENT BENEFIT OBLIGATIONS (CONTD)

(ii) Retirement gratuity scheme

Under this scheme, employees who reach the retirement age are paid a fixed amount of Birr 10,000.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and other comprehensive income and in the statement of financial position for the respective plans:

		30 June 2019 Birr'000	30 June 2018 Birr'000
A	LIABILITY RECOGNISED IN THE FINANCIAL POSITION	6,184	3,772

		30 June 2019 Birr'000	30 June 2018 Birr'000
B	AMOUNT RECOGNISED IN THE PROFIT OR LOSS		
	Current service cost	657	472
	Interest cost	540	351
		1,197	823

	30 June 2019 Birr'000	30 June 2018 Birr'000
AMOUNT RECOGNISED IN OTHER COMPREHENSIVE INCOME:		
Remeasurement (gains)/losses arising from changes in demographic assumptions	(445)	(865)
Remeasurement (gains)/losses arising from changes in the financial assumptions	(965)	(204)
	(1,410)	(1,069)
Deferred tax (liability)/asset on remeasurement gain or loss	423	321
	(987)	(748)

D CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION

	30 June 2019 Birr'000	30 June 2018 Birr'000
At the beginning of the year	3,772	2,103
Current service cost	657	472
Interest cost	540	351
Remeasurement (gains)/losses arising from changes in demographic assumptions	445	865
Remeasurement (gains)/losses arising from changes in the financial assumptions	965	204
Benefits paid	(195)	(223)
At the end of the year	6,184	3,772

E THE PRINCIPAL ASSUMPTIONS USED IN DETERMINING DEFINED BENEFIT OBLIGATIONS

	30 June 2019 Birr'000	30 June 2018 Birr'000
Discount rate(p.a)	11.25%	12.46%
Inflation rate(p.a)	10.00%	10.00%
Long term salary increases(p.a)	12.00%	12.00%
Net pre-retirement rate	**(0.67%)**	**0.41%**

E THE PRINCIPAL ASSUMPTIONS USED IN DETERMINING DEFINED BENEFIT OBLIGATIONS (Continued)

(i) Discount rate

IAS19 requires that the discount rate be set based on the yields of appropriate term high quality corporate bonds. If no deep market in such bonds is available, accounting standards require that the yield on government bonds of appropriate term be applied in the setting of this assumption.

In Ethiopia, there is neither a deep market in corporate nor government bonds. Furthermore, the market for treasury bills in Ethiopia is inefficient and does not appear to be market determined. IAS19 does not provide guidance for setting the discount rate in a country with limited government bonds or instruments. The Bank therefore opted to use a discount rate of 12.46% for 30 June 2018: which the Commercial Bank of Ethiopia adopted. For 30 June 2019, the Bank have applied yield from the zero-coupon government bond yield curve in Kenya at the duration of the liabilities and rounded to the nearest 0.25% as per the discussions with the Ethiopian Bankers Association ("EBA")

(ii) Inflation rate

The inflation rate was used to determine a reasonable estimate of expected long-term future salary increases, which tend to be related to long-term future inflation.

Inflation in Ethiopia has been volatile over 5 years leading up to the valuation dates, ranging from 7% to 24% per annum. Past inflation is not necessarily a good indicator of long-term. Hence,as previously requested by the EBA, the Bank considered current actual year-on-year headline inflation, limited to the National Bank of Ethiopia's long-term maximum target of 10% p.a as at 30 June 2019 and 30 June 2018 . A single future expected inflation rate is proposed for all durations, this is not consistent with the duration-based approach on the discount rate but not unrealistic considering the maximum target rate.

(iii) Long Term Salary increases

Future salary increases are usually linked with a long-term future inflation assumption, plus a margin in respect of merit or promotional increases.In the long term, salary will increase by 2% higher than the assumed long-term inflation rate on average, as previously advised by the Bank.

(iv) Mortality rate

The mortality rates published in the Demographic and Health Survey ("DHS") 2016 report compiled by the CSA was applied to 5 year age bands between the ages of 15 and 49. For ages over 47, mortality rate was assumed to be in line with the SA85/90 ultimate standard South African mortality tables published by the Actuarial Society of South Africa ("ASSA"), since the rates in these tables are similar to the DHS female mortality rate at age 47.

	Males	Females
20	0.00306	0.00223
25	0.00303	0.00228
30	0.00355	0.00314
35	0.00405	0.00279
40	0.00515	0.00319
45	0.0045	0.00428
50	0.00628	0.00628
55	0.00979	0.00979
60	0.01536	0.01536

(v) Withdrawals from service

Generic resignation rates that assume that fewer employees resign as they get older has been applied. The resignation rates decrease by 0.5% for each age from 15% at age 20 (and below) to 0% at age 50. No specific allowance for retrenchments were made in the valuation assumptions as the Bank is not aware or specifically planning on such action in the near future.

(vi) Duration of the plan

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. The average duration of the retirement benefit obligation at the end of the reporting period is 8 years for 30 June 2019 and 30 June 2018.

F QUANTITATIVE SENSITIVITY ANALYSIS FOR SIGNIFICANT ASSUMPTION

The sensitivity of the main results to changes in the assumed salary escalation rates and the discount rate have been calculated based on the duration of the liabilities. The changes in the 30 June 2019 Defined Benefit Obligation and the Current Service Cost are reflected below:

		30 June 2019
Sensitivity	DBO impact ETB '000	Service cost impact ETB '000
Discount rate + 1%	5 ,772	1095
Discount rate - 1%	6 ,630	1257
Salary increase + 1%	6 ,623	1256
Salary increase - 1%	5 ,771	1094

		30 June 2018
Change in assumption	DBO impact Birr'000	Service cost impact ETB '000
Discount rate+0.5%	(124)	(22)
Discount rate -0.5%	128	22

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

The following payments are expected contributions to be made in for the next five (5) years out of the defined benefit plan obligation:

	30 June 2019 Birr'000	30 June 2018 Birr'000
Within the next 12 months (next annual reporting period)		287
Year ending 30 June 2020	518	442
Year ending 30 June 2021	688	598
Year ending 30 June 2022	961	835
Year ending 30 June 2023	1,219	1,053
Year ending 30 June 2024	1,484	-
	4,870	**3,215**

G RISK EXPOSURE

Through its post-employment benefit schemes, the Bank is exposed to a number of risks. The most significant of which are detailed below:

(i) Liquidity risk

The defined liabilities are unfunded and as a result, there is a risk of the Bank not having the required cash flow to fund future defined benefit obligations as they fall due.

(ii) Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

24 SHARE CAPITAL

	30 June 2019 Birr'000	30 June 2018 Birr'000
Authorised:		
Ordinary shares of Birr 1,000 each	**1,000,000**	**1,000,000**
Issued and fully paid:		
Ordinary shares of Birr 1,000 each	**721,860**	**579,756**

The authorised share capital of the Bank is Birr 1 Billion comprising 1,000,000 ordinary shares at par value of Birr 1,000 each. The total subscribed shares at the Statement of Financial Position date is Birr 871,203,000 (June 2018: Birr 698,337,000) out of which Birr 721,859,985 (June 2018: Birr 579,755,858) is fully paid.

25 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 2019 Birr'000	30 June 2018 Birr'000
Profit attributable to shareholders	**210,715**	**106,634**
Less: A- Income adjustment of 2017 budget year taxed and distributed as dividend as per GAAP but brough forward due to IFRS requirement		
Guarantee Income	-	(22,237)
LC Income	-	(10,891)
B- Bonus payment of the privious phyical year, payment made on the budget year ended 30 June 2018	**-**	**(6,302)**
Adjusted Profit attributable to shareholders	210,715	67,204
Weighted average number of ordinary shares in issue	653	515
Basic & diluted earnings per share (Birr)	**323**	**131**

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

26 OTHER EQUITY/TREASURY SHARES/

	30 June 2019 Birr'000	30 June 2018 Birr'000
At the beginning of the year	6,068	5,397
Acquisition of shares by the Bank	280	671
Resale of shares		
At the end of the year	**6,348**	**6,068**

Treasury shares are shares in Debub Global Bank that are held by foreign nationals of Ethiopian origin for which the National Bank of Ethiopia issued guideline No. FIS/01/2016 for the relinquishment of those shares. No gain or loss is recognised in equity for the sale or purchase of these shares.

27 OTHER RESERVES

Defined Benefit Plan	30 June 2019 Birr'000	30 June 2018 Birr'000
At the beginning of the year	(917)	(169)
Re-measurement gains on defined benefit plans (net of tax) - (Note 23)	(987)	(748)
At the end of the year	**(1,904)**	**(917)**

Fair value reserve	30 June 2019 Birr'000	30 June 2018 Birr'000
At the beginning of the year	-	-
FV through OCI Financial assets(2018-AFS)-Unrealized gain arising from measurement at fair value	1,104	-
FV through OCI Financial assets- Unrealized gains /loss from measurement at fair value	16,068	-
At the end of the year	**17,172**	**-**
Total Other Reserve	**15,268**	**(917)**

The fair value reserve arises from marking to market of investment securities classified under FVTOCI (2018-AFS) category. The reserves are recognized in income statement once the underlying asset has been derecognized. This amount is not available for distribution.

28 RETAINED EARNINGS

	30 June 2019 Birr'000	30 June 2018 Birr'000
At the beginning of the year	48,002	5,220
Adjustment of impairment allowance of 2018 as Per IFRS9	(7,129)	-
Dividend paid	(48,002)	(37,193)
Transfer to legal reserve	(52,679)	(26,659)
Profit/ (loss) for the year	210,715	106,634
Directors Allowances'	(1,320)	-
At the end of the year	**149,587**	**48,002**

29 LEGAL RESERVE

	30 June 2019 Birr'000	30 June 2018 Birr'000
At the beginning of the year	61,205	34,546
Transfer from profit or loss	52,679	26,659
At the end of the year	**113,884**	**61,205**

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

30 CASH GENERATED FROM OPERATING ACTIVITIES

	Notes	30 June 2019 Birr'000	30 June 2018 Birr'000
Profit before tax		**283,947**	**141,972**
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	19	7,497	8,163
Amortisation of intangible assets	18	3,418	3,402
Gain/(Loss) on disposal of property, plant and equipment	19		-
Impairment Loss on loans and advance	9	16,350	10,406
Impairment Loss on other Financial assets(On/Off Balance sheet Account)	17	1,844	-
Retirement benefit obligations	23	1,197	823
Gain/(Loss) on equity investment at FV through OCI	30	17,172	-
Changes in working capital:			
-Decrease/ (Increase) in loans and advances	15	(870,834)	(793,508)
-Decrease/ (Increase) in restricted deposits	14	(62,500)	(36,540)
-Decrease/ (Increase) in other assets	17	(171,001)	(14,000)
-Increase/ (Decrease) in other liabilities	22	514,337	135,081
At the end of the year		**(258,573)**	**(544,201)**

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

	30 June 2019 Birr'000	30 June 2018 Birr'000
Proceeds on disposal	-	-
Net book value of property, plant and equipment disposed (Note 19)	**-**	**-**
Gain/(loss) on sale of property, plant and equipment	-	-

31 RELATED PARTY TRANSACTIONS

The Licensing & Supervision of Banking Business Directive No SBB/53/2012 of the National Bank of Ethiopia defined a related party as a shareholder, a director, a chief executive officer, or a senior officer of a commercial Bank and/or their spouse or relation in the first degree of consanguinity or affinity; and a partnership, a common enterprise, a private limited company, a share company, a joint venture, a corporation, or any other business in which officers of the Bank and/or their spouse or relation in the first degree of consanguinity or affinity of the officers of the Bank has business interest as shareholder, director, chief executive officer, senior officer, owner or partner. The directive stipulates that the identification of related parties shall be the responsibility of the Bank.

31A TRANSACTIONS WITH RELATED PARTIES

The balance with related parties complies with the limitations on loans and advances stipulated in the directive. The aggregate sum of loans or advances extended to one related party at any one time should not exceed 15% of the total capital of the Bank. The breakdown of the outstanding loan balance to related parties as at 30 June 2019 is as follows:

	Relationship	30 June 2019 ETB'000	30 June 2018 ETB'000
	KEY MANAGEMENT PERSONNEL		
Loans and advances	Board of Directors	4,099	22,106
	Executive Management	10,909	13,372

31B KEY MANAGEMENT COMPENSATION

Key management has been determined to be the members of the Board of Directors and the Executive Management of the Bank. The compensation paid or payable to key management is shown. There were no sales or purchase of goods and services between the Bank and key management personnel as at 30 June 2019.

According to Licensing & Supervision of Banking Business Directive No SBB/67/2018 of the National Bank of Ethiopia, annual board compensation shall not exceed Birr 150,000 and monthly allowance shall not exceed Birr 10,000 effective August 29, 2018.This directive indicates that no Bank shall pay finanical or otherwise remuneration or benefits other than the stated.

Annual Board remuneration is determined and approved at the Annual General meeting of the shareholders of the Bank. The Bank records the remuneration only in the year in which it is decided and approved for payment by the General Meeting, rather than accruing it every year. During the year the Bank paid remuneration of Birr 120,000 to each director on account of year 2019; and a monthly allowance of Birr 8,000 to each director throughout the year. The total amount paid is as follows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
Directors' remuneration:		
Total Monthly Allowances	1,056	427
Board of directors remuneration	1,320	800
	2,376	**1,227**

Compensation of the Bank's key management personnel includes salaries, non-cash benefits and contributions to the post-employment defined benefits plans.

32 DIRECTORS AND EMPLOYEES

The average number of persons (excluding directors) employed by the Bank during the year was as follows:

	30 June 2019 Number	30 June 2018 Number
Managerial	76	57
Clerical	354	257
Non-Clerical	302	237
	732	**551**

33 CONTINGENT LIABILITIES

33A CLAIMS AND LITIGATION

As per the Bank's lawyers Internal Memo dated September 17, 2019; the Bank is a party to ten pending civil suits instituted by the Bank. The maximum exposure of the Bank to these legal cases as at 30 June 2019 is Birr10.8 million .(The probabilities of most cases outcome are favorable to the Bank) (30 June 2018: Birr 10.9 million). No provision has been made in the financial statements as the Directors believe that it is not probable that the economic benefits would flow out of the Bank in respect of these legal actions.

33B GUARANTEES AND LETTERS OF CREDIT

In the ordinary course of business, the Bank conducts business involving guarantees and acceptances, and performance bonds. These facilities are offset by corresponding obligations of third parties. At the year end, the contingencies were as follows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
Letters of guarantee and performance bonds	1,072,195	1,308,853
Letters of credit	542,515	181,536
	1,614,710	**1,490,389**

The table above discloses the nominal principal amounts of guarantees and other contingent liabilities. It also reflects the Bank's maximum exposure under a large number of individual guarantee undertakings. Nominal principal amounts represent the amounts at risk, should contracts be fully drawn upon and clients default.

Letters of guarantee are issued by the Bank, on behalf of customers, to guarantee payment or performance by customers to third parties. The Bank will only be required to meet these obligations in the event of default by the customers. The Bank holds collateral, letters of undertaking or other security in respect of the guarantee issued. As a significant portion of guarantees is expected to expire without being drawn upon, the total of these nominal principal amounts is not representative of future liquidity requirements.

Letters of credit commit the Bank to make payments to third parties, on production of documents, and the amounts are subsequently reimbursed by customers.

34 COMMITMENTS

34A LOAN COMMITMENTS:

The Bank did not have approved but not disbursed loan commitments as at 30 June 2019 (30 June 2018: 44.1 million).

34B OTHER COMMITMENTS:

The Bank did not have other commitments as at 30 June 2019 (30 June 2018: nil).

35 OPERATING LEASE COMMITMENTS - BANK AS LESSEE

The Bank leases various properties under non-cancellable operating lease agreements. The lease terms are commonly between two and five years, and majority of these lease agreements are renewable at the end of each lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2019 Birr'000	30 June 2018 Birr'000
No later than 1 year	3,809	1,035
Later than 1 year and no later than 2 years	19,539	20,739
Later than 2 years but not later than 5 years	103,180	28,786
Later than 5 years but not later than 10 years	-	8,082
Total	**126,528**	**58,642**

36 EVENTS AFTER REPORTING PERIOD

In the opinion of the Directors, there were no significant post balance sheet events which could have a material effect on the state of affairs of the Bank as at 30 June 2019 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

37 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table shows the original measurement categories and amounts in accordance with IAS 39 as at 30 June 2018 and the new measurement categories and amounts under IFRS 9 for the Bank's financial assets and financial liabilities as at 1 July 2018.

DEBUB GLOBAL BANK SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

37A RECONCILIATION OF STATEMENT OF THE BANK'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 1 JULY 2018.

				Original carrying amount under IAS 39			New carrying amount under IFRS 9
	Original classification under IAS 39	Newclassification under IFRS 9	notes	30 June 2018 Birr'000	Re-classification Birr'000	Re-measurement Birr'000	1 July 2018 Birr'000
Financial assets							
Cash and bank balances	Loans and receivables	Amortised cost	14	824,901	-	(29)	824,872
Loans and advances to customers	Loans and receivables	Amortised cost	15	1,553,712	-	(7,029)	1,546,683
Investment securities: Available for sale	Available for sale	FVOCI	16a	17,757	-	1,104	18,861
Investment securities: Loans and receivables	Loans and receivables /Held to maturity/	Amortised cost	16	686,273	-	(34)	686,239
Other financial assets at amortised cost	Loans and receivables	Amortised cost	17	36,754	-	(33)	36,721
Total Financial Assets				**3,119,397**	**-**	**(6,021)**	**3,113,376**
Financial liabilities							
Deposits from customers	Amortised cost	Amortised cost	20	2,153,322	-	-	2,153,322
Borrowings	Amortised cost	Amortised cost	21	25,000	-	-	25,000
Other financial liabilities (including ECL on loan commitments and guarantees)	Amortised cost	Amortised cost	22	334,336	-	5	334,341
Total Financial Assets				**2,512,658**	**-**	**5**	**2,512,663**

The Bank's accounting policies on the classification of financial instruments under IFRS 9 are set out in Note 2.4. The application of these policies resulted in there classifications set out in the table above and explained below.

- On the adoption of IFRS 9, certain financial assets such as cash and cash equivalents, loans and advances to customers – both interest bearing and interest free and treasury bills and bonds (NBE bills and government bonds) were reclassified out of the loans and receivable to amortized cost. The carrying amount of those assets was adjusted so that their amortised cost under IFRS 9 was as if those assets were accounted for at amortised cost from their inception.
- Further equity investment securities were reclassified out available-for-sale categories to FVOCI at their then fair values. The carrying amount of those assets was adjusted so that their amortised cost under IFRS 9 was as if those assets were accounted for at amortised cost from their inception.
- On the adoption of IFRS 9, other financial assets such accounts receivables, uncleared effects – both local and foreign and guarantee for overseas employment agencies were reclassified out of the loans and receivable to amortized cost. The carrying amount of those assets was adjusted so that their amortised cost under IFRS 9 was as if those assets were accounted for at amortised cost from their inception.

37B RECONCILIATION OF OPENING BALANCE OF THE FAIR VALUE RESERVE, REGULATORY RISK RESERVE AND RETAINED EARNINGS AS AT 1 JULY 2018

The following table summarises the impact of transition to IFRS 9 on the opening balance of the fair value reserve, regulatory risk reserve and retained earnings.

Fair value reserve	Notes	Impact of adopting IFRS 9 at 1 July 2018 Birr'000
Closing balance under IAS 39 (30 June 2018)		-
Reclassification of investment securities (equity) measured at cost from available-for-sale to FVOCI	16a	1,104
Related tax		-
Adjusted opening balance under IFRS 9 (1 July 2018)		**1,104**
Retained earnings		
Closing balance under IAS 39 (30 June 2018)	28	48,002
Recognition of expected credit losses under IFRS 9 on loans and advances to customers (on balance sheet)		(7,029)
Recognition of expected credit losses under IFRS 9 on loan commitments and financial guarantee contracts (off balance sheet)		(5)
Recognition of expected credit losses under IFRS 9 on other financial assets such as bank balances, receivables and investment securities		(96)
Related tax		-
Adjusted opening balance under IFRS 9 (1 July 2018)		**40,872**

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2011
ዓመታዊ ዓ.ም
ሪፖርት

ደቡብ ግሎባል ባንክ
Debub Global Bank

የዕድገትዎ
መሰላል
YOUR LADDER TO SUCCESS

የቦርድ ሰብሳቢ መልዕክት

የተከበራችሁ የባንካችን ባለአክሲዮኖች ፣ የቦርድአባላት ፣ የባንኩአመራር አባላትና ሰራተኞች የ 2011 ዓ.ም አመታዊ ሪፖርት የባንኩን የዳይሬክተሮች ቦርድ በመወከል ሳቀርብ ከፍ ያለ ደስታ ይሰማኛል፡፡

ባሳለፍነው አመት በሀገራችን የውጭ ምንዛሪ እጥረትና የዋጋ ግሽበት መጨመር ያጋጠመ ቢሆንም ደንበኞቻችንን ከፍ ባለ የስራ ትጋትና እሴትን በጨመረ መልኩ በማገልገል ለደንበኞቻችን ያለንን አጋርነት ያሳየንበት እንዲሁም ካለፉት አመታት በሁሉም መስኮች ለመፈፀም ቃል የገባናቸውን ስራዎች በከፍተኛ ትጋት የፈፀምንበት አመት ነበር፡፡

ከዚህም በተጨማሪ ያሳለፍነው አመት በተጠና መንገድ በሀገራችን እና በከተማችን ቁልፍ በሚባሉ አካባቢዎች ላይ በርካታ ቅርንጫፎችን የከፈትንበት እንዲሁም ለባንካችን አገልግሎት ወሳኝ የሆነውን የቴክኖሎጂ መሰረተ ልማታችንን ወደ አንድ ደረጃ ከፍ ያደረግንበት አመት ነበር፡፡ በዚህም መሰረት ከቤል ካሽ ቴክኖሎጂ ሶሉሽን ጋር የወኪል የባንክ አገልግሎት ለመስጠት የተፈራረምን ሲሆን የሞባይል እና የኢንተርኔት የባንክ አገልግሎት ለመጀመርም የቅድመ ዝግጅት ስራዎቻችንን በማጠናቀቅ ላይ እንገኛለን፡፡

የደንበኞቻችን ፍላጎት ላይ በመመስረት ተጨማሪ አገልግሎቶችን በማቅረብ የደንበኞቻችንን ፍላጎት ለማሟላት ያላሰለሰ ጥረት በማድረግ ላይ የምንገኝ ሲሆን በቀጣይም በአገልግሎት አሰጣጣችን ላይ ለደንበኞቻችን ተጨማሪ እሴት ሊፈጥሩ የሚችሉ አገልግሎቶችን በቅርቡ ይዘን የምንመጣ ይሆናል፡፡

ባንካችን የራሱ ዋና መ/ቤት እንዲኖረው ለማድረግ ቃል በገባነው መሰረት ለዋና መ/ቤት ግንባታ የሚሆን መሬት ከአዲስ አበባ ከተማ አስተዳደር ለመረከብ የመጨረሻ ምእራፍ ላይ የደረስን ሲሆን የግንባታ ስራችንን እስከምናጠናቅቅ ድረስ እንደመሸጋገሪያ የሚያገለግል ህንፃ ለመግዛትም በሂደት ላይ እንገኛለን፡፡

ባንካችን በገንዘብ ነክ መለኪያዎች አመርቂ ሊባል የሚችል ውጤት አስመዝግቧል፡፡ በዚህም መሰረት ባንካችን በአመቱ የሂሳብ መዝጊያ ላይ ከታክስ በኋላ ብር 210 ሚሊዮን የተጣራ ትርፍ ያስመዘገበ ሲሆን ይህም ካለፈው አመት ትርፍ ጋር ሲነፃፀር የ98 በመቶ እድገት አስመዝግቧል፡፡ ይህ አፈፃፀም ባንካችን የሚያስመዘግበው እድገት ቀጣይነት ያለው እንዲሆን ያስቀመጥነውን አቅጣጫ ውጤታማነት የሚያረጋግጥ ነው፡፡

በቀጣይም የምንሰጣቸው አገልግሎቶች ለደንበኞቻችን ተጨማሪ እሴት የሚፈጥር፣ በቴክኖሎጂና በቅርንጫፍ ደረጃ ወደ ደንበኞቻችን ይበልጥ የምንቀርብበት እንዲሁም ያሉንን ደንበኞች ከባንካችን ጋር ያላቸውን ግንኙነት በማጠናከርና አዳዲስ ደንበኞችን ለማፍራት በትጋትና በቁርጠኝነት የምንንቀሳቀስ ይሆናል፡፡

የባንካችንን የካፒታል አቅም ከፍ በማድረግ ባንካችን በኢንዱስትሪው ጠንካራ ሆኖ እንዲቀጥል የሚያስችል ስራ ተቀዳሚ ተግባር በመሆን የሚቀጥል ሲሆን ከከተማ አስተዳደሩ ጋር የተጀመረውን የዋና መ/ቤት የግንባታ ቦታ ለማስፈፀም በከፍተኛ ቁርጠኝነት የምንንቀሳቀስ ይሆናል፡፡

ያስቀመጥናቸው ኢላማዎች የሚጠይቁትን ሁሉ በማድረግ እና ለምንሰራቸው ተግባራት ሁሉ ቁርጠኛ በመሆን ወደፊት ባንካችን አሁን ካለበት ወደ ላቀ ደረጃ ሊሸጋገር እንደሚችል አያጠራጥርም፡፡ ለባንካችን እድገትና ከደንበኞች አገልግሎት አንፃር ላስቀመጥናቸው እሴቶች በመታመን የምንሰራ ሲሆን በቀጣይ በጀት አመት ከ2011 በጀት አመት ካስመዘገብነው የላቀ ውጤት ለማስመዝገብ በቁርጠኝነት እንሰራለን፡፡

በመሆኑም ወደ አዲሱ በጀት አመት ስንሸጋገር ከፊታችን የምናገኛቸውን መልካም አጋጣሚዎች እና ተግዳሮቶች በብልሐት፣ በቁርጠኝነትና በአንድነት መንፈስ ወደ ውጤት በመቀየር ይሆናል፡፡

በመጨረሻም ይህ አመርቂ ውጤት እውን እንዲሆን የባንኩ ባለ አክሲዮኖች፣ የቦርድ አባላት፣ የባንኩ አመራር አባላትና ሰራተኞች እንዲሁም የኢትዮጵያ ብሔራዊ ባንክ ላበረከታችሁት ከፍተኛ አስተዋጽኦ በራሴና በባንኩ የዲሬክተሮች ቦርድ ስም ምስጋናዬን አቀርባለሁ፡፡

አመሰግናለሁ

ኑረዲን አወል
የዳይሬክተሮች ቦርድ ሰብሳቢ

የፕሬዝደንት መልዕክት

የኦፕሬሽን ምክትል ፕሬዝደንት ሆኜ ለሁለት አመት ያህል ካገለገልኩ በኋላ ተጠባባቂ ፕሬዝደንት ሆኜ የመጀመሪያዬ የሆነውን የደቡብ ግሎባል ባንክ አመታዊ ሪፖርት ሳቀርብ በደስታ ነው።

የባንክ ዘርፍ ተጨባጭ የሆነ ለውጥ ውስጥ እየገባ መምጣቱ ፈታኝ እና መልካም አጋጣሚዎችን የፈጠረ ቢሆንም የዘርፉ እድገት ግን እንደተጠበቀ ይገኛል። ከፍተኛ የገበያ መጨናነቅ፣ ከፍተኛ ደንበኞች ላይ ያተኮረ የገበያ ፉክክር እና እየጨመረ ያለ ጠቅላላ ወጪ፣ እነዚህ በአሁኑ ጊዜ የተጋረጡብን ፈታኝ ሁኔታዎች ናቸው። ይሁን እንጂ ሰፊው የባንክ ገበያ፣ በባንክ ተገልጋዩ ዘንድ በማደግ ላይ ያለው ግንዘቤ፣ የቁጥጥር አካሉ ለዘርፉ ጤናማነት የሚያደርገው ጥበቃ እና ጥንቃቄ መልካም አጋጣሚዎች በመሆን ከላይ ለተቀመጡት ፈተናዎች መውጫ መንገዶችን ያመቻቻሉ። ከባድ የማክሮኢኮኖሚ ፈተናዎች፣ ቀዝቃዛ የውጭ ንግድ እና የማክሮኦኮኖሚ ሚዛን መዛነፍ ተደማምረው በስራ ዘመኑ አፈጻጸማችን ላይ ተጽዕኖ ፈጥረዋል።

በእነዚህና መሰል ችግሮች ውስጥ ብናልፍም ባንካችን የ 2018/19ን የስራ ዘመን በታሪኩ ካዝመዘገባቸው ትርፎች ሁሉ ከፍተኛ የሆነ አፈጻጸም በማስመዝገብ ከታክስ በኋላ የተጣራ ብር 225.8 ሚሊዮን ገቢ ለባለአክሲዮኖቹ አስገኝቷል። ይህ የባንኩ ትርፍ ለየት የሚያደርገው እድገቱ ካለፈው ዓመት በሶስት እጥፍ ያክል የበለጠ 32.3 በመቶ የሆነ የትርፍ ድርሻ እድገት ማስገኘቱ ነው።

ከፍተኛ የስራ አፈጻጸም ማስመዝገብ የሚያስችለንን ባህል ለመገንባት በቅርንጫፍ ማስፋፊያ ስራዎች፣ ከከፍኛ ደንበኞች ጋር አብሮ በመስራት እና በገበያ ስራዎቻችን ላይ አጽንዖት በመስጠት የትኩረት አቅጣጫ ቀይሰን እየሰራን ነው። ከዚህም በተጨማሪ ሶስት የረዥም ጊዜ እቅዶችን በመንደፍ ሁሉም የባንኩ ሰራተኞች የሚሳተፉባቸው ስራዎችን አስቀምጧል። እነዚህም ሃብት ማሰባሰብ፣ የሰው ሃብት ልማት እና ፈጠራ እና ቴክኖሎጂ ሲሆኑ እነዚህ አቅጣጫዎች ለስራችን ውጤታማነት ከፍተኛ አስተዋጽዖ እንደሚያበረክቱ በጽኑ አምናለሁ። በተለይም ለደቡብ ግሎባል ባንክ ስኬት እና ቀጣይነት የሰው ሃብት ልማት ላይ ያተኮረ ስራ እጅግ ወሳኝ ነው። በዚህ ረገድ በርካታ ስራዎችን ስናከናውን አዳዲስ ሰራተኞችን ከውጭ በማምጣት እና የውስጥ ሰራተኞቻችንን በማሳደግ የስራ አስፈጻሚውን አዳብረናል። በተጠናቀቀው በጀት ዓመት ባደረግነው ሰፊ መዋቅራዊ ለውጥ በምክትል ፕሬዝደንት ደረጃ ተጨማሪ ኃይል ሲሟላ አዳዲስ የስራ አመራር አባላትም ተቀጥረዋል።

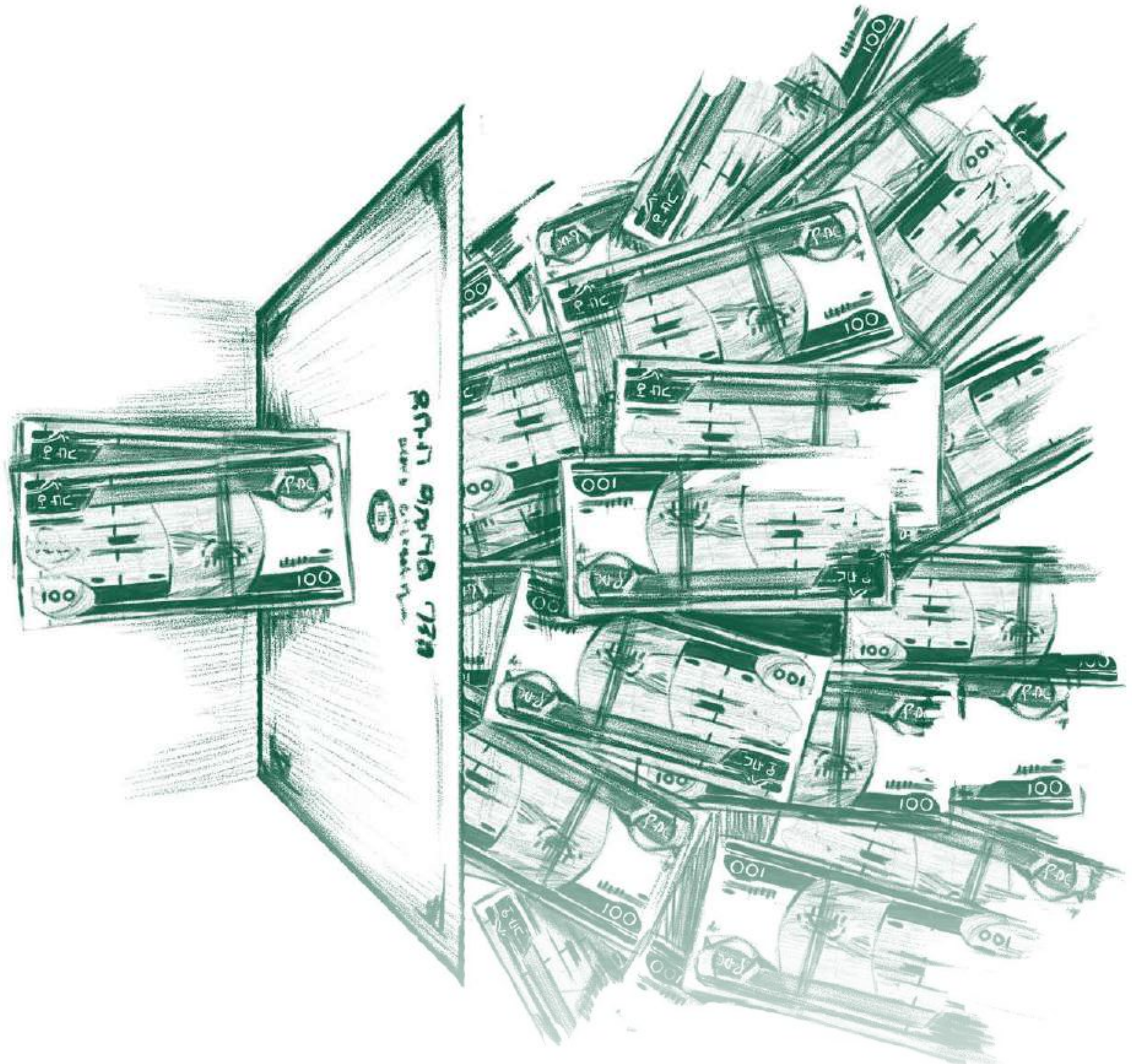
የተወደደው ባንካችንን እድገት ቀጣይነት ለማረጋገጥ የውስጥ አቅማችንን እና ዋነኛ ስራችንን ማጠናከር እንደሚያስፈልግ ግልጽ በሆነ ሁኔታ አስቀምጫለሁ። እነዚህ ጉዳዮች የተሻለ የስራ አፈጻጸም ማስመዝገብ እና ለባለአክሲዮኖች አጥጋቢ ትርፍ ማምጣት እንዲቻለን ያደርጋሉ።

የተጠናቀቀውን በጀት ዓመት ያስመዘገብነውን መልካም የስራ አፈጻጸም ተንተርሰን የመጪውን 2019/20 የስራ ዘመን አቅዶች ከግብ እንደምናደርስ እናምናለን ግቦቻችንም፤ ተደራሽነትን ማስፋፋት፣ የተሻሻለ የደንበኞች አገልግሎት፣ የኦፕሬሽን እድገትና ውጤታማነት ናቸው። የባንካችንን መልካም የስራ አፈጻጸም ማሻሻል እና ኃላፊነት የተሞላበትን አሰራርን በአመራር ዘመኔ ለማስቀጠል ያለኝን ቁርጠኝነት እገልጻለሁ።

በመጨረሻም የደቡብ ግሎባል ባንክ ሰራተኞችን፣ የቦርድ ዲሬክተሮችን፣ ብሔራዊ ባንክን እና ደንበኞቻችን ለታዳጊው ባንካችን ላሳዩት ከፍተኛ ድጋፍ ምስጋናዬን እያቀረብኩ በተለይም ለእኔ በግሌ በተጠባባቂ ፕሬዝደንትነት መስራት ከጀመርኩበት ጊዜ ጀምሮ ላሳዩኝ ድጋፍ ከፍ ያለ ምስጋና አቀርባለሁ። በመጪውም የ2019/20 ስራ ዘመን እና በመጪዎቹም ዘመናት የባንካችንን የስራ አፈጻጸም ለማሻሻልና ለማብቃት አብረን እንደምንሰራ ሙሉ እምነቴ ነው።

አመሰግናለሁ

ዶ/ር ተስፋዬ ቦሩ ለሊሳ
ተ/ፕሬዝደንት



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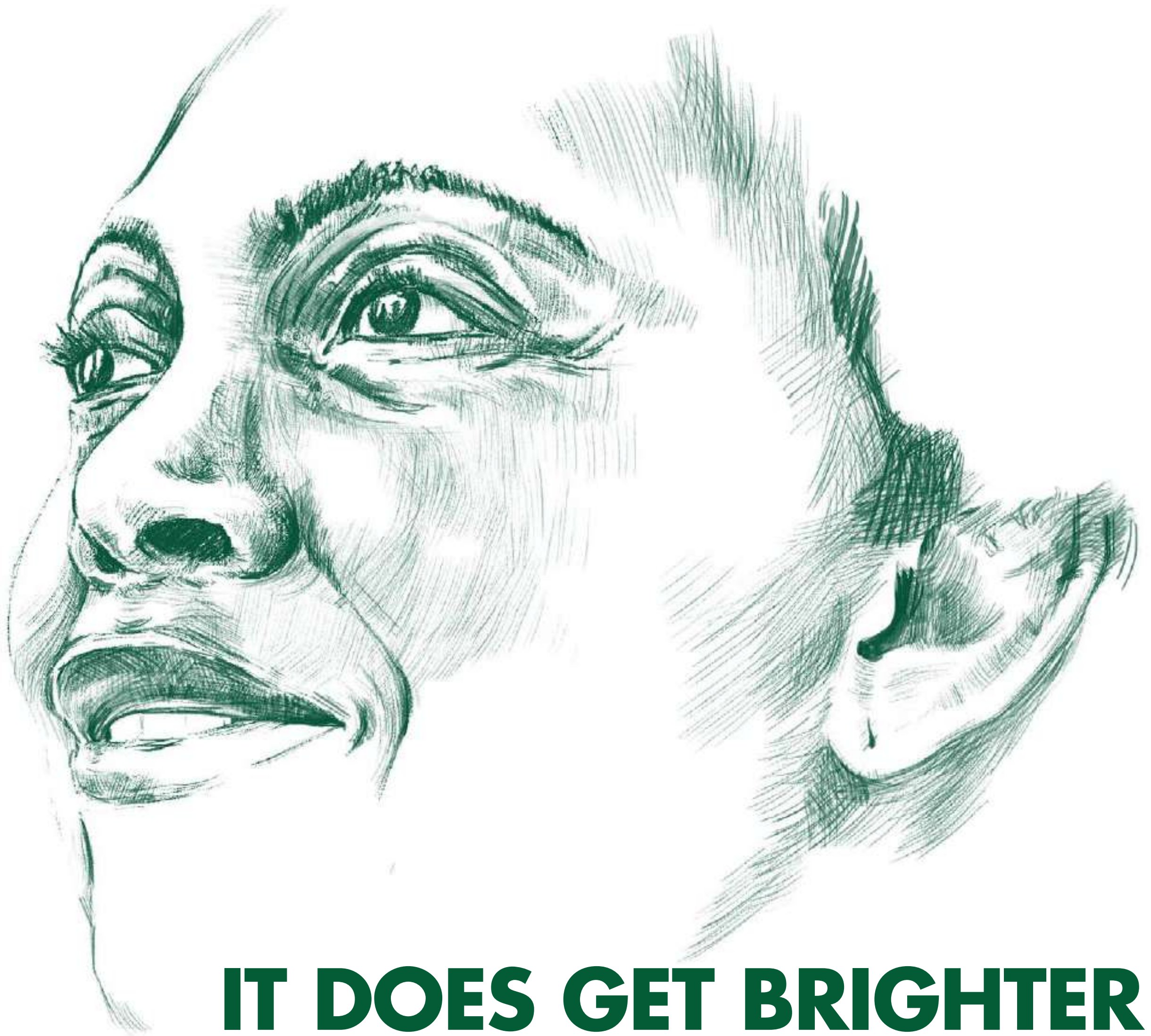

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YOUR LADDER TO SUCCESS

የዲሬክተሮች ቦርድ ሪፖርት

የደቡብ ግሎባል ባንክ የዲሬክተሮች ቦርድ ይህን ዓመታዊ የዲሬክተሮች ሪፖርት ለባለአክሲዮኖቹ፣ ለደንበኞቹ፣ ለአጋሮቹ እና ለባለድርሻ አካላት ሁሉ ሲያቀርብ በደስታ ነው። እኤአ ጁን 30 ቀን 2019 በተጠናቀቀው በጀት ዓመት የባንኩ ኦዲት የተደረገ የሂሳብ መግለጫ፣ አበይት የስራ ክንውኖች እና መጻኢ የትኩረት አቅጣጫዎች በዚህ ሪፖርት ተካተዋል።

የሰው ሃብት

ደቡብ ግሎባል ባንክ አዳዲስ የሰው ሃብት ማሰባሰብ፣ ማሳደግ እና በጥንቃቄ መያዝ ዋነኛ ዓላማው ሲሆን ከዚህ ጋር ተያይዞም ባሳለፍነው በጀት ዓመት መዋቅራዊ ለውጥ አድርጓል። ይህ ለውጥ ባንኩ ለሚገጥሙት ፈተናዎችና መልካም አጋጣሚዎች ቅድመ ዝግጅት እንዲያደርግ እና የሰራተኞቹን የተደራጀ እምቅ አቅም እንዲጠቀም የተመቻቸ ሁኔታን ይፈጥራል።

የባንኩ ስኬት በዋናነት ከሰራተኞቹ የሚመነጭ በመሆኑ በተጠናቀቀው የሒሳብ ዓመት በተለያዩ ዘርፎች በርካታ ሥልጠናዎችን ለማመቻቸት ተችሏል። በአኃዝ ሲቀመጥ 42 ዓይነት ስልጠናዎች ለሁሉም ሰራተኞች ተሰጥቷል። እነዚህ ስልጠናዎች በባንኩ የውስጥ ኃይል፣ በአገር ውስጥና አለምአቀፍ አሰልጣኞች በኩል ተሰጥተዋል።

የባንኩ ቋሚ ሰራተኞች ቁጥር ቀድሞ ከነበረው 551 ወደ 730 ሲያድግ በሰራተኛ አገናኝ ኤጀንሲ አማካይነት ደግሞ 185 የሚሆኑ ሰራተኞች ባንኩን ያገለግላሉ። እነዚህ ሁሉ ሰራተኞች የባንኩን ስኬት ለማረጋገጥ በልምድና በእውቀት የተነሳሱ እና የተዘጋጁ ናቸው።

የደንበኞች አገልግሎት

የደቡብ ግሎባል ባንክ የደንበኞች አገልግሎት የተለየ መሆኑን እንዲያውም የኑሮ ዘይቤ መሆኑን አጥብቆ ያምናል።

ባንካችን ለደንበኞቹ ተደራሽነቱን ለማረጋገጥና አርኪ አገልግሎት ለማጎናጸፍ የሚያስችለውን በርካታ እንቅስቃሴዎችን ያደረገ ሲሆን በተጠናቀቀው በጀት ዓመት ካከናወናቸው ተጠቃሽ የአገልግሎት ተደራሽነት ማስፋፊያ ስራዎች መካከል የቅርንጫፍ ማስፋፊያ እንዲሁም የኤሌክትሮኒክ ባንክ አገልግሎቶች ይገኙበታል።

የቅርንጫፍ ማስፋፊያ

የባንኩ ቅርንጫፎች ከባንክ አገልግሎት ተጠቃሚው ሰፊ ሕብረተሰብ ጋር የሚያገናኙ ድልድዮች ከመሆናቸው በላይ የባንኩን የአገልግሎት ጥራት ደረጃ ልኬት የሚወስኑ እንዲሁም የባንኩን ሁለንተናዊ ገጽታ የሚያንጸባርቁ መሆናቸው ታምኖበት ቅርንጫፎችን ለማስፋፋት የሚያስችል ልዩ አቅጣጫ ተቀይሶ ሰፊ ስራ ተይዟል። እስከ ጁን 30 2019 ዓ.ም. ድረስ 14 አዳዲስ ቅርንጫፎች ተከፍተው የተሟላ አገልግሎት እየሰጡ ይገኛሉ።

ቅርንጫፎቹ ለደንበኞች አገልግሎት ጥራት ተስማሚ በሆኑ አካባቢዎች የተከፈቱ ከመሆናቸውም በላይ በማራኪ አደረጃጀት ስለተዋቀሩ ለደንበኞች እርካታን የሚሰጡ ናቸው። እነዚህም ቅርንጫፎች አትክልት ተራ፣ ቦሌ ሚካኤል፣ ድሬደዋ፣ ቦሌ መድኃኒዓለም፣ ባሀር ዳር፣ ንፋስ ስልክ፣ ለደታ፣ ቡታጅራ፣ ሙስቀል ፍላወር፣ ኮልፌ፣ ቢሾፍቱ፣ ለቡ፣ ሆሳዕና መናኸሪያ እና አዲሱ ገበያ ናቸው።

ባንኩ የቅርንጫፍ ማስፋፊያ ስራን በሚመለከት ፍኖተ ካርታ አዘጋጅቶ በተያዘው በጀት ዓመት በተለያዩ የአገሪቱ አካባቢዎች ላይ 30 ቅርንጫፎችን ከፍቶ ተደራሽነቱን ለማስፋፋት ዝግጅቱን አጠናቋል። ከእነዚህ መካከል ወሰን፣ አያት፣ ጉለሌ፣ አውቶቢስ ተራ፣ አደይ አበባ ስታዲየም፣ ለፍቶ፣ መገናኛ፣ ሻላ፣ ሚኢተሪ ተራ፣ መካኒሳ፣ ካዛንቺስ፣ ቦሌ ቡልቡላ፣ ዓለም ባንክ እና ሃና ማሪያም ከአዲስ አበባ እንዲሁም ፋሬ፣ ዓለም ገና፣ ጅማ፣ ሐረር፣ ጅግጅጋ፣ ቶጎውጫሌ፣ ሁመራ እና ደብረብርሃን ከክልሎች ይጠቀሳሉ።

ፕሪሚየም ቅርንጫፎች

በቦሌ መድኃኒዓለም፣ ለቡ እና ስታዲየም የተከፈቱት የደቡብ ግሎባል ባንክ ፕሪሚየም ቅርንጫፎች ለደንበኞች የተለየ መስተንግዶ ከመስጠታቸው በተጨማሪ አደረጃጀታቸው የሚያዝናና ስሜትን ይፈጥራል። ደንበኞች በእነዚህ ቅርንጫፎች ሲስተናገዱ ነጻ ዋይፋይ እየተጠቀሙ በምቾት የመሰብሰቢያ አዳራሽ ሻይ ቡና እያሉ ከባንካችን ጋር መስራት ይችላሉ።

ኤሌክትሮኒክ ባንክ

በቅርንጫፍ ተወስኖ የሚሰጠውን አገልግሎት ለደንበኞቹ ምቾትና እርካታ በዘመናዊ የባንክ ቴክኖሎጂ በመታገዝ ደቡብ ግሎባል አመርቂ ስራ እየሰራ ይገኛል።

የግሎባል ካርድ

ባንኩ በአገር አቀፍ ደረጃ በኢትዮፔይ በኩል የካርድ ባንኪንግ አገልግሎት በመጠቀም በአገር ውስጥ በሚገኙ በሁሉም የሌሎች ባንኮች የATM ማሽኖች ላይ መጠቀም በሚያስችል አሰራር አገልግሎት መስጠቱን ቀጥሏል። በዚህ የክፍያ አሰራር ቴክኖሎጂ 8,900 ተጠቃሚዎችን ማፍራት ተችሏል። ይህ ቁጥር ካለፈው አመት አንጻር 50 በመቶ ጭማሪ ሲያሳይ በ ደቡብ ATM ካርድ የተደረገው አመታዊ የገንዘብ ዝውውር ብር 71.23 ሚሊየን ደርሷል።

ከዚሁ ጋር በተያያዘ ደቡብ ግሎባል ባንክ ከታዋቂ የዓለም አቀፍ የካርድ ክፍያ ተቋማት ጋር ስራ ለመጀመር በድርድር ላይ ይገኛል።

የወኪል ባንክ

ደቡብ ግሎባል ባንክ በመላው የአገሪቱ ክፍሎች በወኪሎቹ በኩል የባንክ አገልግሎት መስጠት የሚያስችለውን ስምምነት የፈጸመ ሲሆን ከብሔራዊ ባንክ ፈቃድ እንዳገኘ ስራ የሚጀምር ይሆናል። በዚህ የውክልና ባንክ አገልግሎት ደንበኞች ከመኖሪያ ቤታቸው ሳይርቁ በደጃቸው የባንክ አገልግሎት ማግኘት ይችላሉ።

ሞባይልና ኢንተርኔት ባንኪንግ

ደቡብ ግሎባል ባንክ የሞባይል እና ኢንተርኔት ባንክ አገልግሎት ለመስጠት የሚያስችለውን ቅድመ ዝግጅት አጠናቆ በቅርቡ ወደ ስራ የሚገባበትን ሁኔታ አመቻችቷል። እነዚህ የቴክኖሎጂ ውጤቶች ደንበኞች በአካል በባንኩ ቅርንጫፎች መገኘት ሳይጠበቅባቸው የሚፈልጉትን የባንክ አገልግሎት በቤታቸው፣ በስራ ቦታቸው ወይም በጉዞ ላይ ሆነው መጠቀም እንዲችሉ ያስችላሉ።

የባንክ ኦፕሬሽን

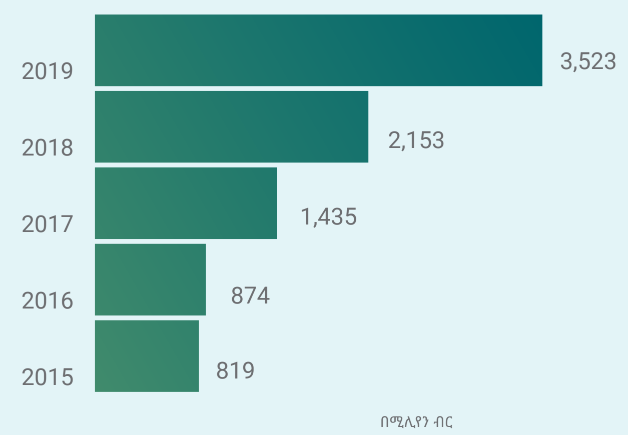
ባንኩ ደንበኛ ተኮር የአገልግሎት አቅጣጫ በመጠቀሙ በደንበኞቹ ዘንድ አመኔታን እና ተቀባይነትን በማትረፍ በተቀማጭ ገንዘብ አሰባሰብ፣ በውጭ ምንዛሪ እና በብድር ላቅ ያለ እድገት አስመዝግቧል።

ተቀማጭ ገንዘብ

የባንኩ ተቀማጭ ገንዘብ ከአምናው ተመሳሳይ ወቅት ጋር ሲነጻጸር የ64 በመቶ ጭማሪ በማስመዝገብ አበረታች ውጤት በማምጣት በአጠቃላይ የብር 3.5 ቢሊዮን ተቀማጭ ገንዘብ ተሰብስቧል። ይህ ከፍ ያለ ተቀማጭ ገንዘብ በዋነኛነት ከቁጠባ እና ከተንቀሳቃሽ ሂሳቦች የተሰበሰበ ሲሆን 55 በመቶ የሚሆነው ከቁጠባ ሂሳብ ሲገኝ 32 በመቶ ደግሞ ከተንቀሳቃሽ ሂሳብ ተገኝቷል።

በተመሳሳይ ሁኔታ የገንዘብ አስቀማጮች ብዛት ባለፈው ዓመት ከነበረው መጠን በ47 በመቶ ከፍ ብሎ 134,000 መድረስ የቻለ ሲሆን ከዚህም መካከል 94 በመቶ የሚሆነው ደንበኛ የቁጠባ ሂሳብ ተጠቃሚ ነው።

ተቀማጭ ገንዘብ እ.ኤ.አ ከ2015-2019



ዓለምአቀፍ የባንክ አገልግሎት

ዓለም አቀፍ የባንክ አገልግሎት ካለው የገበያ ሁኔታ አንጻር አዳጋች እና ከፍተኛ ፉክክር የሰፈነበት ሆኖ ቆይቷል። ይሁን እንጂ ደቡብ ግሎባል ባንክ ከፍተኛ ውጤት በማስመዝገብ በበጀት ዓመቱ 117 ሚሊዮን የአሜሪካ ዶላር ገቢ ማድረግ ችሏል፣ ፣ ይህም ውጤት ካለፈው ዓመት ጋር ሲነጻጸር የ159 በመቶ ከፍተኛ ብልጫ አሳይቷል። ከዚህ ገቢ 95 በመቶ የሚያህለው የተገኘው ከላኪዎች ሲሆን ይህንን ውጤት አስጠብቆ ለመቆየት በውጭ አገራት የሚኖሩ ትውልደ ኢትዮጵያውያንን እና የተለያዩ ተቋማትን የሚያበረታታ ልዩ ልዩ የባንክ አገልግሎቶችን በስራ ላይ ለማዋል አስፈላጊውን ቅድመ ዝግጅት አጠናቋል።

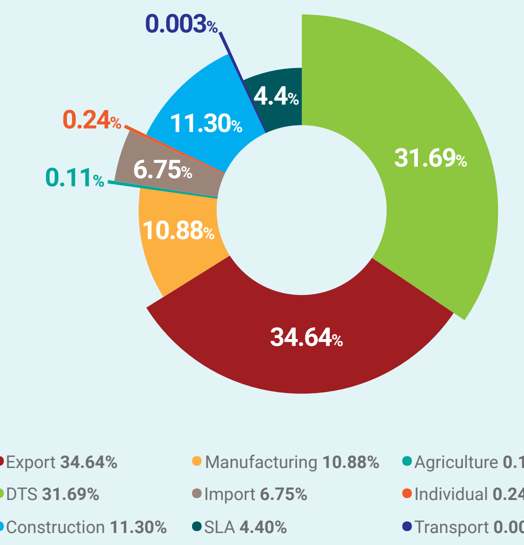
ከዚህ ስኬት ጋር ተያይዞ ሊጠቀስ የሚገባው የባንካችን አለም አቀፍ የባንክ ግንኙነት እየሰፋ የመጣ ሲሆን እስከ አሁን ከ11 ወኪል ባንኮች፣ ከ8 የገንዘብ አስተላላፊዎች እና 62 አር.ኤም.ኤ /RMA/ አማካይነት የሰመረ የገንዘብ ዝውውር ማድረግ ተችሏል።

የብድር ስርጭት

ባሳለፍነው በጀት ዓመት ባንካችን በተለያዩ የኢኮኖሚ ዘርፎች ለተሰማሩ ድርጅቶችና ግለሰቦች ካበደረው የብድር መጠን 55 በመቶ እድገት በማስመዝገብ በጠቅላላው ብር 2.45 ቢሊዮን ብድር ሰጥቷል።

ይህ ብድር ጥንቃቄ በተሞላውና መመሪያውን በተከተለ የብድር አሰጣጥ ስርዓት የተፈጸመ በመሆኑ የደቡብ ግሎባል ባንክ የተበላሸ ብድር የኢትዮጵያ ብሔራዊ ባንክ ካስቀመጠው መስፈርት እጅግ በጣም ዝቅ ባለ መጠን ተቀምጦ ይገኛል። ይህም ማለት የኢትዮጵያ ብሔራዊ ባንክ እስከ 5 በመቶ የተበላሸ ብድር ምጣኔ ጣሪያ እንደሆነ ሲያስቀምጥ በባንካችን ግን 1.64 በመቶ ብቻ የተበላሸ ብድር ተመዝግቧል።

የብድር ስርጭት



የሪስክ አስተዳደር

ደቡብ ግሎባል ባንክ በሪስክ አስተዳደር መርሃ ግብር መሰረት የሪስክ አስተዳደር ስርዓት ዘርግቶ ሪስክን የመለየት፣ የመከታተልና የመቆጣጠር ስራ ለረዥም ጊዜ ሲሰራ ቆይቷል። ባንኩ ሁሉን አቀፍ የሪስክ አስተዳደር ስርአት ቀርጾ በኢትዮጵያ ብሔራዊ ባንክ አጸድቆ ስራ ላይ በማዋል የስጋት ነክ ጉዳዮችን ማለትም የብድር አሰጣጥ፣ የገንዘብ አያያዝ፣ የውጭ ምንዛሪ እና አጠቃላይ ስራዎችን በማካተት እየሰራ ይገኛል። ከኢትዮጵያ የፋይናንስ ኢንተለጀንስ ማዕከል መስፈርት ጋር የሚጣጣም መቆጣጠሪያ በመጠቀም የገንዘብ ማጠብ /Money Laundry/ ስራን እና ለአሸባሪነት የሚውል የገንዘብ ድጋፍ /Financing of Terrorism/ እንዳይፈጠር ለመቆጣጠር እንዲቻል ተደርጓል።

ይህ የሪስክ አስተዳደር ስራ በመምሪያ ደረጃ ተዋቅሮ እና በቀጥታ ለዲሬክተሮች ቦርድ ሪፖርት በማድረግ የዲሬክተሮች ቦርድ አባላት እና የስራ አስፈጻሚ ማኔጅመንት ባንኩን ለጉዳት የሚዳርጉ ክፍተቶችን መቆጣጠር እንዲችሉ በማድረግ ወሳኝ ሚና እየተጫወተ ሲገኝ ባንኩ በአስተማማኝ ስነ-ምህዳር ላይ እንዲሆን በማስቻል ረገድ ኃላፊነቱን እየተወጣ ይገኛል።

የውስጥ ኦዲት

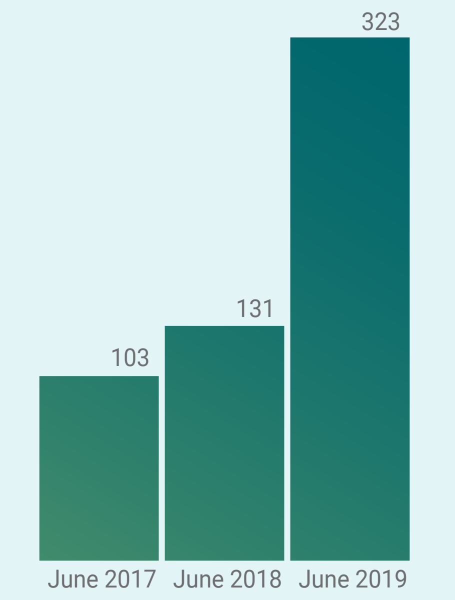
የባንኩ የውስጥ ኦዲት ራሱን ችሎ በመምሪያ ደረጃ በዲሬክተሮች ቦርድ የተዋቀረ ሲሆን በመርህ ላይ በመመስረት የባንኩን አሰራር ለማሻሻል ሰፊ ስራዎችን እየሰራ ይገኛል። መምሪያው በአጠቃላይ የባንኩን የሪስክ አስተዳደር፣ የውስጥ ቁጥጥር እና የአስተዳደር ስርዓት ውጤታማነት የሚያረጋግጥ ስርአት በመዘርጋት አስፈላጊውን ተግባር በማከናወን ላይ ነው።

የሂሳብ ነክ ክንውን

ደቡብ ግሎባል ባንክ ባዋቀረው እና በአግባቡ በተገበረው ውጤታማ ፍኖት የስራ አፈጻጸሙ ከእቅድ በላይ ሊሆን ችሏል፡፡

በጁን 30 2018 ዓ.ም በጀት ዓመት ከተመዘገበው ያልተጣራ ትርፍ 100 በመቶ በላይ ዕድገት በማስመዝገብ ባንኩ በጁን 30 2019 ከታክስ በፊት ብር 284 ሚሊየን በማትረፍ አስደሳች ውጤት ማስመዝገብ ችሏል፡፡ ከዚህም ጋር ተያይዞ የአክሲዮን ትርፍ ድርሻም በ147 በመቶ በማደግ በአንድ አክሲዮን ብር 323 ሲገኝ ከታክስ በኋላ የተጣራ ጠቅላላ ትርፍ ብር 210 ሚሊየን በመሆን የ98 በመቶ እድገት አስመዝግቧል፡፡

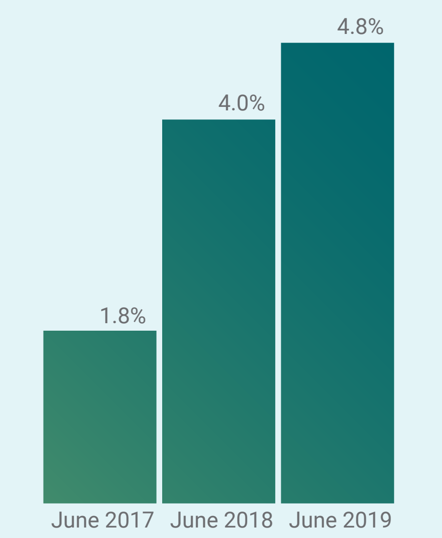
የሶስት ዓመት የአክሲዮን ትርፍ ድርሻ ንጽጽር (እኤአ)



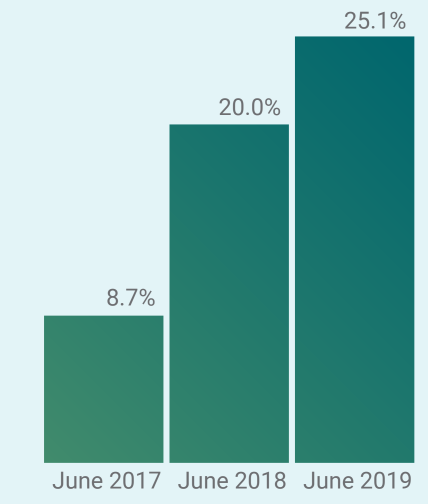
ባንኩ ከሐብት እና ከካፒታል (Equity) ያገኘው ገቢ ባለፈው ዓመት ተመሳሳይ ወቅት በቅደም ተከተል ከተገኘው 4 በመቶ እና 20 በመቶ በእያንዳንዳቸው ወደ 4.8 በመቶ እና 25.1 በመቶ እድገት አስመዝግቧል፡፡

ደቡብ ግሎባል ባንክ የተከፈለ ካፒታሉን በማሳደግ ረገድ ጥሩ አፈጻጸም ያስመዘገበ ሲሆን ካለፈው ዓመት ጋር ሲተያይ 25 በመቶ እድገት በማስመዝገብ በበጀት አመቱ መጨረሻ እ.ኤ.አ. ጁን 30 2019 ላይ ብር 722 ሚሊየን ለደርስ ችሏል፡፡

የሶስት ዓመት የሐብት ገቢ ንጽጽር (እኤአ)



የሶስት ዓመት የኢኩቲ ገቢ ንጽጽር (እ.ኤ.አ)



ጠቅላላ ገቢ

ደቡብ ግሎባል ባንክ በገቢ ረገድ ካለፈው ዓመት የ65 በመቶ እድገት በማስመዝገብ በጠቅላላው 695 ሚሊየን ብር ለመሰብሰብ ችሏል፡፡

ይህ ገቢ 46 በመቶ ከብድር ወለድ እና 54 በመቶው ከወለድ ውጪ ከሆኑ ገቢዎች የተሰበሰበ ሲሆን ከወለድ ውጪ ከተሰበሰበው ገቢ ውስጥ 40 በመቶው የተገኘው ከክፍያ እና ከኮሚሽን ሲሆን 14 ከመቶው ደግሞ ከኦፕሬሽን የተገኘ ነው፡፡

ጠቅላላ ወጪ

የደቡብ ግሎባል ባንክ የገቢ ወጪ ምጣኔ አበረታች በሚያስብል መልኩ የደቡብ ግሎባል ባንክ የገቢ ወጪ ምጣኔ አበረታች በሚያስብል መልኩ ተመጣጣኝ ደረጃ ላይ ሲሆን ባለፈው አመት 66 በመቶ የነበረ ሲሆን በዚህ በጀት አመት ግን ወደ 59 በመቶ ዝቅ ብሏል፡፡ የባንኩ ጠቅላላ ወጪ በቁጥር ሲቀመጥ ብር 411 ሚሊዮን ሲሆን ይህ ወጪ የ48 በመቶ ጭማሪ ያሳየ ቢሆንም ባንኩ በኢንቨስትመንት አማካይነት የሚገኘን ትርፋማነትን ለማረጋገጥ የሚያደርገውን ጥረት የሚያግዝ ሲሆን ገቢንም ከፍ በማድረግ የወጪን ንረት ይቀንሳል፡፡

የሀብት እዳ ምጣኔ

በበጀት ዓመቱ የባንኩ ጠቅላላ ሐብት ብር 5.5 ቢሊየን በመድረስ ካለፈው ተመሳሳይ ወቅት ከተመዘገበው ብር 3.3 ቢሊዮን ጋር ሲነጻጸር የ68 በመቶ እድገት አሳይቷል፡፡ ባንኩ በብሔራዊ ባንክ ቢል ብር 1.1 ቢሊዮን ያስመዘገበ ሲሆን ባለፈው ዓመት ብር 686 ሚሊዮን ነበር፡፡

የባንኩ ጥሬ ገንዘብ ክምችት ከአጭር ጊዜ ዕዳዎች ጋር ሲካፈል 40 በመቶ መሆኑ ባንኩ ከተለያዩ ምንጮች ያገኘውን ጥሬ ገንዘብ ወደ ትርፍ በመቀየር ሊወጣቸው የሚገቡ ኃላፊነቶቹን በአግባቡ ለማስተናገድ ጠንካራ አቋም ላይ መሆኑን የሚያሳይ ነው፡፡

የባንኩ የዕዳ መጠን ብር 4.5 ቢሊዮን ሲደርስ ካለፈው ዓመት ጋር ሲነፃፀር የ74 በመቶ ጭማሪ አሳይቷል፡፡ ከዚህም ውስጥ 72 በመቶ የሚሆነው ጭማሪ የተመዘገበው ከደንበኞች ተቀማጭ ሲሆን ይህም ባንኩ ተቀማጭ በማሰባሰብ ረገድ ያሳየውን ከፍተኛ ጥረት የሚያሳይ ነው፡፡

የባንኩ ጠቅላላ ካፒታል ብር 993 ሚሊየን ሲሆን ይህም የተከፈለ የካፒታል መጠን 73 በመቶ ይሸፍናል፤ የተቀረውን ደግሞ ህጋዊ ሪዘርቭና የሪቴንድ ገቢዎችን ያጠቃልላል፡፡

የባንኩ የካፒታል አቋም ተመን (Capital Adequacy Ratio) 20 በመቶ በመሆን ብሔራዊ ባንክ ካስቀመጠው የ8 በመቶ ወሰን ጋር ሲወዳደር ሰፊ ልዩነት ያሳያል፡፡ ይህም ልዩነት ትርፍ የሚያመጡ ሪስኮችን በመቀበል ባንኩ የደረሰበትን ጠንካራ ቁመና ያረጋግጣል፡፡

ማህበራዊ ኃላፊነትን መወጣት

ማህበራዊ ኃላፊነትን መወጣት ከማህበረሰቡ ጋር የሚያገናኝ ወሳኝ ኹነት ሲሆን ባንኩ በዚህ ረገድ በተጠናቀቀው በጀት ዓመት በትምህርት፣ በጤና፣ በአካባቢ ጥበቃ፣ በበጎ አድራጎትና መሰል ኃላፊነቶች አበረታች ስራ ሰርቷል፡፡

ለአብነት ያክል በአዲስ አበባ ከተማ ከኢትዮጵያ ቀርስ ባላደራ ጋር በመተባበር በችግኝ ተከላ መርሃግብር ተሳትፏል፡፡ ከዚህ ጋር ተያይዞም የጌርጌሴኖን የበጎ አድራጎት ማህበር በመጎብኘት በማህበሩ ውስጥ ለሚገኙ ወገኖች ድጋፍ አድርጓል፡፡

በአገሪቱ የተለያዩ አካባቢዎች ከቤት ንብረታቸው የተፈናቀሉ ዜጎችን በማሰብ በኢትዮጵያ የአደጋ ስጋት መከላከል ኮሚሽን በኩል የአንድ ሚሊየን ብር ድጋፍ አድርጓል፡፡ ከዚህ በተጨማሪም የባንኩ ሰራተኞች ከኢትዮጵያ ቀይ መስቀል ጋር በመተባበር በተለያየ ሁኔታ ውስጥ ሆነው ደም ለሚያስፈልጋቸው ወገኖች የደም ልገሳ አገልግሎት ሰጥተዋል፡፡

የባንኩ የ2019/20 አቅጣጫዎች

ደቡብ ግሎባል ባንክ በፍኖተ ካርታው የቀየሰውን አላማ ከግብ ለማድረስ በትጋት በመስራት ደንበኞቹ የሚፈልጉትን ደረጃውን የጠበቀ አገልግሎት ለመስጠት የሚያስችል ቁመና መፍጠር ቀዳሚ ተግባሩ ነው፡፡

ይህንንም ትልቅ ትልም ለማሳካት ባንኩ ዘመኑ የደረሰበትን ዲጂታል መንገዶች በመጠቀም ደንበኞች ባሉበት ሆነው የሒሳብ መዝገባቸውን ማስተዳደር የሚችሉበትን የአገልግሎት ዘዴ ይቀይሳል፡፡

ደቡብ ግሎባል ባንክ በደንበኞች ዘንድ ተመራጭ እንዲሆን የሚያደርጉ አሰራሮችን በመተግበር ደንበኞች በቀጥታ እንዲሁም በመረጃ መረብ ቴክኖሎጂ የባንኩን አገልግሎት የሚጠቀሙበትን፣ ለደንበኞች ልዩ ልዩ የባንክ ፍላጎቶች የሚስማሙ አገልግሎቶችን በስራ ላይ በማዋል ለደንበኞች ምቹ ሁኔታን ይፈጥራል፡፡

በመጪው የስራ ዘመን ደንበኞች በምቾትና በልዩነት የሚስተናገዱባቸውን ፕሪሚየም ቅርንጫፎች ማስፋፋት፣ ለአጠቃቀም ቀላል የሆኑ አገልግሎቶችን ማቅረብ፣ የካፒታል አቅም ማሳደግ እንዲሁም ከአዲስ አበባ ከተማ አስተዳደር ባገኘነው የግንባታ ቦታ ላይ ለዋና መስሪያቤት የሚሆን ሕንፃ መገንባት መጀመርና በጨረታ ሂደት ላይ ያለውን ሕንፃ አዋጭነቱን ገምግሞ ግዢ መፈፀም የባንኩ የትኩረት አቅጣጫዎች ናቸው፡፡

ለመጪው ጊዜ የደንበኞቻችንን ፍላጎት ከማሟላት ባሻገር ማርካት፣ የባንኩን አላማ ከግብ ማድረስ፣ በሰፊው ተጠቃሚ ዘንድ ተመራጭነትን ማትረፍ የሚቻል መሆኑን በልበ ሙሉነት መግለጽ ይቻላል፡፡ ባንኩን ወደ ታላቅነት ለማድረስ የባለአክሲዮኖችና የደንበኞች ድጋፍ እንደማይለየን እናምናለን፡፡

የዲሬክተሮች ቦርድ
ህዳር 02 ቀን 2012

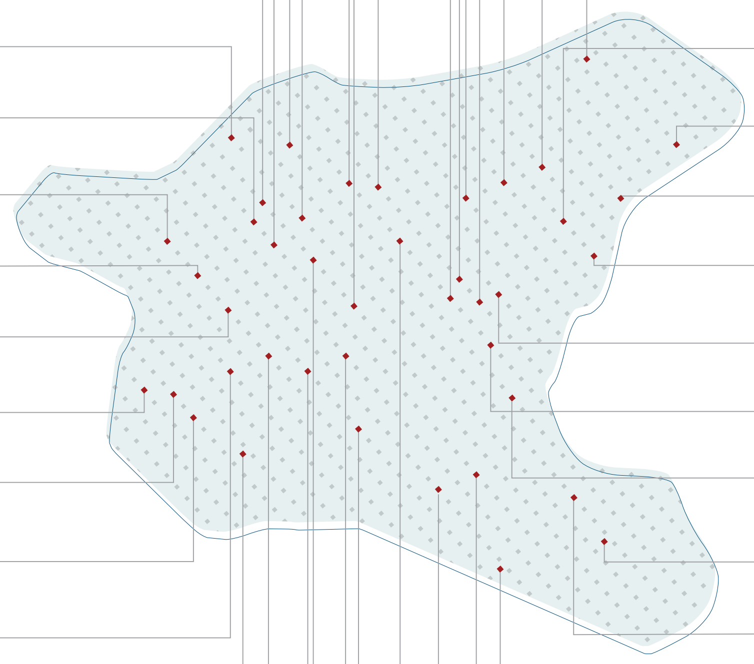
	ማስታወሻ	እ.ኤ.አ. በሰኔ 30 2019 ብር "000	እ.ኤ.አ. በሰኔ 30 2018 ብር "000
ከሥራ እንቅስቃሴዎች የታየ የጥሬ ገንዘብ ፍሰት			
ከሥራ እንቅስቃሴዎች የተገኘ ጥሬ ገንዘብ	30	(258,573)	(544,201)
የተተመነ ክፍያ	28	(1,320)	-
የተከፈለ የገቢ ግብር	23	(195)	(223)
ከሥራ እንቅስቃሴዎች የተገኘ የተጣራ (ወጪ/ገቢ) የጥሬ ገንዘብ ፍሰት	13	**(21,603)**	**(16,865)**
ከመዋዕለ ንዋይ ፍሰት እንቅስቃሴዎች የተገኘ የጥሬ ገንዘብ ፍሰት		**(281,691)**	**(561,289)**
ኢንቨስትመንት ሴኩሪቲስ ግዢ (Purchase of Investment Securities)	16	(420,425)	(255,910)
የማይዳሰሱ ሐብቶች ግዢ	18	(260)	-
የንብረት ፣ የማምረቻ እና የመሳሪያዎች ግዢ	19	(41,197)	(11,318)
ከንብረት ፣ ከማምረቻ እና ከመሳሪያዎች ሽያጭ ገቢ	30	-	-
ከትርፍ ክፍያ ተሰብሳቢ /Dividend Received/		-	-
የአክሲዮን ግዢዎች /Purchase of Equity Shares/	26	(280)	(671)
ከመዋዕለ ንዋይ ፍሰት እንቅስቃሴዎች የተገኘ የተጣራ የጥሬ ገንዘብ ፍሰት		**(462,162)**	**(267,899)**
ከገንዘብ ነክ እንቅስቃሴዎች የተገኘ የገንዘብ ፍሰት			
የደንበኞች ተቀማጭ ጭማሪ (ቅናሽ)	20	1,370,118	718,232
የሌሎች አዳዎች ጭማሪ (ቅናሽ)	21	(24,984)	24,980
የተሸጡ መደበኛ አክሲዮኖች	24	142,104	228,533
ለትርፍ ክፍያ የሚከፈል	28	(48,002)	(37,193)
ከገንዘብ ነክ እንቅስቃሴዎች የተገኘ የተጣራ የገንዘብ ፍሰት		**1,439,236**	**934,552**
በጥሬ ገንዘብ እና የጥሬ ገንዘብ አኩያዎች የታየ ልዩነት		695,383	105,364
በዓመቱ መጀመሪያ ላይ የነበረ ጥሬ ገንዘብ እና የጥሬ ገንዘብ አኩያ	14	718,361	612,997
የውጭ ምንዛሪ ትርፍ/ኪሳራ በጥሬ ገንዘብ እና በጥሬ ገንዘብ አኩያዎች		-	-
በዓመቱ ማብቂያ ላይ የታየ የጥሬ ገንዘብ ሚዛን	14	1,413,744	718,361

	ማስታወሻ	እ.ኤ.አ. በሰኔ 30 2019 ብር "000	እ.ኤ.አ. በሰኔ 30 2018 ብር "000
የወለድ ገቢ	5	321,668	213,473
የወለድ ወጪ	6	(144,099)	(80,275)
የተጣራ የወለድ ገቢ		177,569	133,198
የክፍያ እና የኮሚሽን ገቢ	7	275,840	136,588
የክፍያና የኮሚሽን ወጪ	7	-	-
የተጣራ የክፍያ እና የኮሚሽን ገቢ		275,840	136,588
ከሌሎች የአገልግሎት ክፍያ የተገኙ ገቢዎች	8	97,762	70,384
ጠቅላላ የእንቅስቃሴ (አገልግሎት) ገቢ		551,171	340,170
ለደንበኞች የተሰጡ አጠራጣሪ ብድሮች መጠባበቂያ ክፍያ	9	(16,350)	(10,406)
በሌሎች እንቅስቃሴዎች የመጡ አጠራጣሪ ኪሳራዎች	10	(1,844)	-
የተጣራ የእንቅስቃሴ (የአገልግሎት) ገቢ		532,977	329,764
የሰራተኞች ደመወዝ እና ጥቅማ ጥቅም ክፍያዎች	11	(125,686)	(84,497)
የማይዳሰሱ ሀብቶች የእርጅና ቅንስናሽ	18	(3,418)	(3,402)
የንብረት፣የህንፃ እና የመሳሪያዎች የእርጅና ቅንስናሽ	19	(7,497)	(8,163)
ሌሎች የእንቅስቃሴ (የአገልግሎት) ወጪዎች	12	(112,429)	(91,730)
ትርፍ ከግብር በፊት		283,947	141,972
የገቢ ግብር ወጪ	13	(73,232)	(35,338)
ትርፍ ከግብር በኋላ		**210,715**	**106,634**
ሌሎች የተጣመሩ ወጪዎች (Other Comprehensive Income) ከግብር በፊት			
በትርፍና ኪሳራ መዝገብ የማይካተቱ ገቢዎች ወይም ወጪዎች (Items that will not be subsequently reclassified into profit or loss)	23	(1,410)	(1,069)
በጡረታ ጊዜ ለሰራተኞች ሊከፈል የሚችል ጥቅማጥቅም (Remeasurement gain/(loss) on retirement benefits obligations)	13	423	321
ወደፊት ሊከፈል የሚችል የትርፍ ግብር (Deferred tax (liability)/asset on remeasurement gain or loss)		(987)	(748)
		16,068	
Fair value throught OCI on Financial assets (2018-AFS)- Unrealized gain/(Loss) arising from measurement at fair value	27	15,081	(748)
የአመቱ አጠቃላይ የተጣራ ገቢ (Total comprehensive income for the period)		**225,796**	**105,886**
(Basic & diluted earnings per share (Birr)) **የአንድ አክሲዮን የትርፍ ድርሻ** (EPS) (ብር)	25	323	131

	ማስታወሻ	እ.ኤ.አ. በሰኔ 30 2019 ብር "000	እ.ኤ.አ. በሰኔ 30 2018 ብር "000
ሐብቶች			
በባንክና በእጅ የሚገኝ ጥሬ ገንዘብ	14	1,582,784	824,901
የደንበኞች ብድር እና ቅድመ ክፍያ	15	2,401,169	1,553,712
የአክስዮን ኢንቨስትመንት			
ለሽያጭ የተዘጋጀ አክሲዮን	4.2, 16	35,896	17,757
የብሔራዊ ባንክ ቢል ኢንቨስትመንት	16	1,088,559	686,273
ሌሎች ሀብቶች	17	293,867	124,812
የማይዳሰሱ ሐብቶች	18	8,618	11,776
ቋሚ ንብረት እና መሳሪያ	19	74,768	41,068
ወደፊት የሚታሰብ የትርፍ ግብር (Deferred tax Asset)	13	1,848	394
ጠቅላላ ሐብት		**5,487,509**	**3,260,693**
እዳዎች			
የደንበኞች ተቀማጭ ሂሳብ	20	3,523,440	2,153,322
ብድር	21	16	25,000
የዚህ አመት ተከፋይ የገቢ ግብር	13	76,379	21,603
ሌሎች እዳዎች	22	887,239	372,902
ለሰራተኞች የአገልግሎት ጥቅም መጠባበቂያ (Retirement benefit obligations)	23	6,184	3,772
የተቀመጠ የግብር ኃላፊነት (Deferred tax Liabilities)	13		2,116
ጠቅላላ ኃላፊነት		**4,493,258**	**2,578,715**
የተጣራ ሐብት			
የተከፈለ አክሲዮን ካፒታል	24	721,860	579,756
ሌሎች ድርሻዎች Other equity /Treasury shares/	26	(6,348)	(6,068)
ሌሎች መጠባበቂያዎች	27	15,268	(917)
ያልተከፋፈለ ትርፍ	28	149,587	48,002
ህጋዊ መጠባበቂያ	29	113,884	61,205
ጠቅላላ የተጣራ ሐብት		994,251	681,978
ጠቅላላ የተጣራ ሐብት እና ኃላፊነት		**5,487,509**	**3,260,693**

DEBUB GLOBAL BANK

Addis Ababa Branches



Atikilt Tera Branch
0111-26-69-00

Stadium Branch
011-5-58-12-98/73/31

Teklehaymanot Branch
011-273-39-53/37-54

Military Tera Branch
0112-73-35-30/31

Shiromeda Branch
0111-54-00-66/95

Dubai-TeraBranch
011-2-73-21-39/65

Dir-Tera Branch
0112-73-42-32/23

Addisu Gebeya Branch
0111-26-54-44/43

Autobus Tera Branch
0112-73-55-28

Kolfe Branch
0112-73-99-91/97-62

Gulele Branch
0112-73-73-71/79-89

Lideta Branch
0115-57-40-44/54-80

Alem Bank Branch

Bethel Branch
011-3-69-67-55/56

Jemo Branch
011-4-71-39-34/3588

Mekanisa Branch
0113 69 19 38/39

Lebu Branch
0114-62-53-39/31

Gofa Branch
011-4-70-48-70/71

Beklobet Branch
0114-67-40-68

Mesalemya Branch
011-2-78-87-11

Meskel Flower Branch
0114-70-23-66/18-72

Atlas Branch
0116-67-25-87

Shalla Branch
0116-89-42-74/76

Kazanchis Branch
0115-57-95-46/47

Bole Medhaniyalem Branch
0116-68-64-52

hayahulet Branch
011-668-40-33/42 78

Megenagna Branch
0116-68-68-73/63 12

Wessen Branch
0116-68-09-61

Gerji Branch
011-639-46-31/96

Ayat Branch
0116-39-10-03/18-23

Summit Branch
011-667-89-86

Yerer Branch
011-6-67-57-82/58-24

Adey Abeba Stadium Branch
0116-35-83-96

Bole Michael Branch
0116-39-27-76/34-67

Bole Bulbula Branch

Kality Branch
011-4-71-60-09

Kality Gebriel Branch
0114-71-77-53/18

Hana MaryamBranch

Saris Branch
0114-43-14 -05

Lafto Branch
0114-71-18-77/78

Senga Tera Branch
0115-57-46-82/57-04

Nifas Silk Branch
0114-70-91-08/09

DEBUB GLOBAL BANK

Regional Branches

Dembela Branch
022-1-12-07-33/022-2-11-65-25

Hawassa Branch
046-2-20-05-97/46 73

Adama Branch
022-1-11-84-71 / 022-1-11-84-72

Bishoftu Branch
0114 30 12 81/82

Gondar Branch
058-211-09-72/15/55 / 046-225-20-29

Humera Branch

BahirDar Branch
0583 20 66 15/64 19

Alem Gena Branch
0113 67 94 19/92 91

Wolayta Branch
046-551-41-53 /046-5-51-41-65

Jimma Branch

Wolkite Branch
011-3-30-02-25/24 / 011-3-30-02-28

Furi Branch
0113 67 96 34/94 79

Doyogena Branch
046-244-0339 /046-2-44-03-31

Hossana Branch
0116-67-25-87

Butajira Branch
0461 45 35 93/77 83

Menaherya (Hossana) Branch
0461 45 35 93/77 83

Arba Minch Branch
0116-67-25-87

Mekele Branch
034 -241-53-87/ 034-241-52-93

Adi Haki Branch
034 240 43 23/42 56

Shashemene Branch
046-211-00-75/77 / 046-211-00-72

Tog Wuchale Branch

Dire Dewa Branch
025 4 11 55 36

Harar Branch

Jigjiga Branch

Chuko Branch
046-227-01-69/03 24 /046-227-04-09

AletaWondo Branch
046-224-12-88 /11 79

Yirgachefe Branch
046-332-05-79 /046-3-32-05-70

Dilla Branch
046-3-31-00-19/12 / 046-3-31-01-54

Yirgalem Branch
046-225-20-39 /046-225-20-29

Hawassa Tabor Branch
046-212-25-21/57 55

Worabe Branch
046-7-71-01-17/18 / 046-7-71-01-05

Durame Branch
046-554-02-35/0334

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