2020/21

Annual Report

DEBUB GLOBAL BANK s.c.

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Debub Global Bank

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YOUR LADDER TO SUCCESS


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Welcome to our Bole Premium Branch


LET YOUR MONEY
DO THE WORK FOR YOU
BUY SHARES AND GROW WITH THE
FASTEST GROWING BANK
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YOUR LADDER TO SUCCESS

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BOARD OF DIRECTORS

Dr. Bikila Hurissa
Chairperson

Yonas Ayalew
Vice Chairperson

Biset Beyene
Board Director

Dereje Desalegn
Board Director

Desta Beyore
Board Director

Hailu Hurgi
Board Director

Tadesse Melaku
Board Director

Sileshi Tilahun
Board Director

Hana Wondemagegn
Board Director

EXECUTIVE MANAGEMENT

Dr. Tesfaye Boru
President

Desta Bekalo
Vice President, Corporate Services

Fekadu Shegute
Vice President, Operations

Dasa Gobe
Director, Human Resource Management Dep't

Belay Namaga
Director, Legal Service Dep't

Kassa Mikoro
Director, Property and Facility Administration Dep't

Endalish Woldemichael
Director, Marketing and Resource Mobilization Dep't

Tewodros Akalu
Director, Audit Department

Wubshet Zegeye
Director, Branch Banking Dep't

Sisay Ayele
Director, Information Technology Dep't

Wubshet Fola
Director, Risk Managment and Compliance Dep't

Tsegaye Tesfaye
Director, Finance and Accounts Dep't

Meaza Wendimu
Director, Business Development and Planning Dep't

Abiy Alemayehu
Director, Credit Management Dep't

Mekdes Bekele
Director, International Banking Dep't

Teketel Gebrehiwot
Advisor and Assistant to the President

Chairperson's **Statement**

On behalf of the Board of Directors and myself, it gives me great pleasure to present to you the annual performance report for the period ended June 30, 2021.

The FY 2020/21 witnessed another achievement that featured sound and strong performance in most key parameters. I extend my sincere gratitude to our customers who chose to bank with us particularly through the challenging time of the pandemic, devoted employees for your unwavering commitment and dedication, the forward-looking management team for your focus toward achieving desired goals and all the stakeholders who have been providing us with constant and unfaltering support over the years.

This commendable performance is not simply attained without any challenges, rather the multidimensional macro-level turbulences mainly occasioned by the spread of the virus, which have been felt across all aspects of the society was the major hurdle felt in the review period and further accentuated by the lingering political conflicts and war in the country. Nonetheless, the solid foundation already in place in the years before, the hard work and relentless commitment to deliver superior customer service, the resilience and flexibility of the management team to manage the market volatility, the unstinted effort made to mobilize resources and the commitment to diversify revenue sources are some of the major strengths that allowed the Bank to prevail over the challenges, drive high performance and maintain growth momentum.

Over the last year, customer attraction has been one of our strategic focus areas and this needs customer satisfaction to be at the heart of our operations. To this end, we remain committed to delivering quality customer services by designing different products/services that cater to the needs of different segments of society.

Furthermore, to establish sustainable relationship with customers and attract new ones, the Bank has also been executing several initiatives including but not limited to expansion of its accessibility via physical and alternative banking channels, augmenting service quality using process improvement and service standardization and deepening products/services across conventional and non-conventional operational lines. The Bank has also been taking great strides to leverage information technology to enhance operational excellence and bring a suite of innovative digital service offerings to its customers. In this regard, the Bank has already been providing card services using ATM and PoS machines and reached the final stage to commence Mobile, Internet and Agency Banking.

With respect to financial terms, despite the operating context remaining challenging across the market, we continue to register strong financial result in this year as well, exhibiting a total revenue of Birr 1.7 Billion. This is made possible through the superior execution of its diversification strategy to mobilize resources. Hence, deposit mobilization capacity of the Bank also grew in the year, manifesting a notable growth of 65% or Birr 3.4 billion over the previous year. This certainly contributed to significantly boosting the lending activities of the Bank by 85% in the year. On the other hand, efforts made to cushion the adverse impacts of the multidimensional effects of socio-economic disruptions coupled with the various tactics to mobilize foreign currency from alternative sources allowed the Bank to mobilize a commendable level of foreign currency in the period. In line with strengthening the Bank's total asset, up by 49%, the Bank made extensive efforts to expand its share capital base by registering a robust capital and funding profile, increased by 41%, which both led us to exhibit a healthy and a steady balance sheet.

Going forward, the future still appears to be precarious owing to short-term imperatives and challenges. However, we will, with ardent spirit, endeavor to overcome the challenges and ready ourselves to tap into potential opportunities to enhance our financial resilience. In doing so and pursuant to the fact that success of the Bank would not be achieved without customer satisfaction, service excellence will remain an integral part of our strategy and shall be embedded in our day-to-day activities. Hence, resources and capabilities shall be directed towards addressing our customers' value propositions and modernizing internal processes to create an agile work environment. Upskilling of staff's competence shall be given utmost attention and all efforts geared toward this in order to maintain the growth momentum, bring optimal operational efficiency, deliver quality customer service, and most importantly, to adapt to the constantly evolving environment.

Finally, I would like to express my gratitude for our honored customers and shareholders for their trust and belief in us, National Bank of Ethiopia, Financial Intelligence Center and other stakeholders for their supervision and support. Once again, I am grateful to my fellow Board of Directors, executive management members and employees for working tirelessly to realize the vision of Debub Global Bank.

Bikila Hurissa (PhD)
Chairperson, Board of Directors

President's **Statement**

It is an honor and privilege for me to present to you the annual performance report of our bank for the year ended June 30, 2021.

The fiscal year 2020/21 was marked by strong performance and high growth and I would like to give my heartfelt appreciation to all our partners that helped make this possible. And most importantly, to our employees for your commitment and dedication to manage the Bank through a difficult period of COVID-19 pandemic that has been threatening lives and livelihoods.

A sound business model, purpose-driven and forward-thinking management and customer-centric service delivery have notably underpinned the performance exhibited in the year. This performance, however, was not registered without challenges. During the past year, the economic activities of the country like the rest of the world have been heavily impacted by the pandemic. The heightened concerns over peace and security in the country have also posed serious threats to socio-economic activities of the nation.

Upholding our commitment to remain focused on delivering and serving the best interests of all our stakeholders we have successfully executed our strategic priorities of strong and sustainable financial performance, driving service excellence, enhancing digital capabilities and building human capital that possesses the right skillsets.

As a result, the Bank has been able to maintain the growth momentum and build its financial and operational resilience as exhibited by a total revenue of Birr 1.7 billion and an attractive earning per share. FY 2020/21 was also the year that the Bank made great strides in expansion of its resource base primarily by expanding its presence through physical and digital channels and attracting and retaining potential customers.

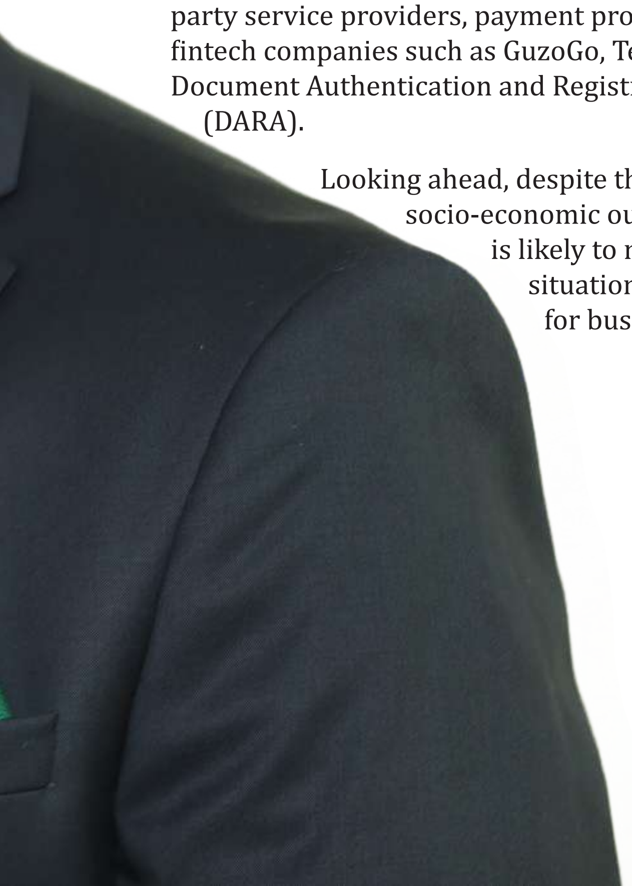
During the period, the Bank sold new shares worth Birr 404 million to increase the paid-up capital to Birr 1.4 billion, grew its deposit by 65% and boosted total outstanding loans by 85% over the previous year. The number of branches grew by 35% and its customer base also increased by 88% as compared with the previous year. Consequently, the number of staff that support this expansion also grew by 37%. Besides, guided by the strategic objective of providing effective and efficient services in what we offer to our customers, the Bank has been heavily engaged in human capital development to build operational and leadership competencies and boost employee motivation.

The Bank has been actively engaged in the implementation of its strategic pillar of leveraging information technology to streamline its business processes and increase its digital product and service offerings to customers. To this end, the Bank has rolled out Interest Free Banking services, increased the number of card holders by 64%, integrated the Bank's systems with third party service providers, payment processors and fintech companies such as GuzoGo, Telebirr, and Document Authentication and Registration Agency (DARA).

Looking ahead, despite the bleak socio-economic outlook that is likely to make the situations precarious for businesses, there is no doubt that DGB will remain competitive and maintain its momentum through excellent customer services, branch expansion and innovative digital product and service offerings.

Finally, I would like to extend my gratitude to our shareholders and customers for working with us, hard-working employees and management for delivering on your commitments and guiding DGB towards greater heights, the board of directors for your extraordinary inputs to take the Bank forward and the National Bank of Ethiopia for the support and guidance.

Tesfaye Boru (PhD)
President

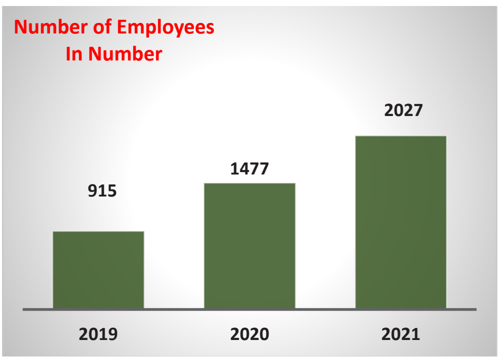


Directors' Report

The Board of Directors of Debub Global Bank is delighted to present this Annual Report to the shareholders, clients, partners, and other relevant stakeholders for the financial year ended June 30, 2021. Audited financial statement, the highlights of the major progresses registered in key banking operations, and other priority focus areas of the Bank are included in this report.

NURTURING HUMAN CAPITAL

Debub Global Bank has been endeavoring to augment the skills and competencies of its employees to create resilience toward effectively adapting to the fast-changing and increasingly competitive environment. As a strategy to keep existing employees and attract new ones, a favorable working environment with abundant opportunities for career advancement was created with 336 promotions during the reporting period. In attempt to further boost staff belonginess and loyalty to the Bank, employees rewarded Bank's shares as bonus in addition to availing other benefits. At end of the reporting period, the total staff count grew by 37% or 550 and reached 2,027 of which 99% are permanent employees and 21 (1%) are outsourced employees. This was mainly brought about by the drive to meet the growing needs of our customers by expanding our service outlets and operation in a move that is aligned to the Bank's strategic goal of growth and expansion.



The presence of qualified and well-trained staff is vital to remain competitive in the vibrant banking industry and keep the Bank on the growth trajectory. Cognizant of this fact, the Bank has focused its attention on the development of staff capacity to adapt to and predict the fast-changing environment and enable the delivery of exceptional customer services. To this end, the Bank earmarked a substantial amount of funds for training and development programs and a total of 2,426 employees attended different types of in-house, local, online and/or overseas trainings during the year.

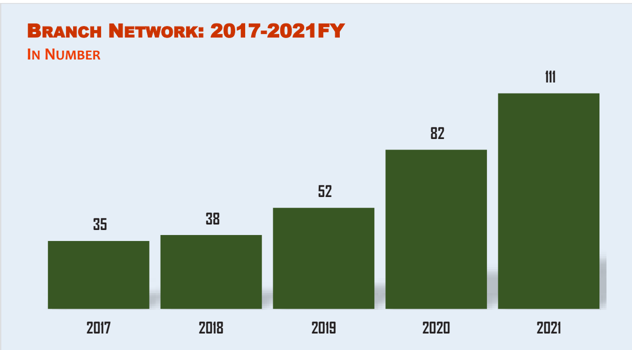
It is also worth highlighting that we have been giving priority to the health and safety of our employees, and preventing and mitigating the spread of COVID-19 remained our focus of attention during the year. To this end, COVID-19 prevention measures were strictly enforced, moreover, the Bank has strongly recommended staffs to be vaccinated and even facilitated vaccination programs at its Headquarters in collaboration with government health institutions.

CONNECTING WITH CUSTOMERS

Driven by the thorough understanding of the demand and requirements of our clients, we have been striving to provide increasingly simplified, fast and reliable services through the easiest, fastest, and safest delivery channels. These led us to embrace initiatives geared toward aggressively diversifying service delivery channels with a suite of products/services allowing us to satisfy the needs and wants of different segments of the society. Besides, as part of attracting new and retaining existing customers, superior service delivery has always been and will continue to be at the heart of our business/banking operations. Remained to become not only the center of our consideration but also is the sole means to thrive in the future, and this has always led us to provide the highest quality services. As a result, customers attraction endeavors have been outstanding during the year, significantly increasing by 88% over the previous year to reach 382,477.

BRANCH NETWORK

To underpin the execution of key initiatives, we have been pursuing a prudent expansion strategy. Hence, high priorities were given to expand customer touchpoints across the nation and the Bank notably enhanced its accessibility and customer base, which became the drivers for the commendable performance exhibited in deposit mobilization. In the year, the Bank operationalized a total of 29 branches across the width and breadth of the country, bringing the total number of branches in the Bank to 111 from 82 branches a year earlier. Among the new branches, 20 of them were opened in various parts of Addis Ababa, whereas the remaining 9 branches were opened in different outlying towns.



PREMIUM BRANCHES

As a key strategy for providing first-rated service to our customers and developing long-term partnerships with them, we have operationalized five premium branches in the capital city, namely Stadium, Lebu, Bole-Medhanialem, Churchill, and Bole. These branches are equipped with conference rooms, free Wi-Fi internet and refreshments that enhance customer experience. Buoyed by the positive feedbacks of customers and stakeholders, we have identified feasible sites to open additional premium branches in different strategic areas.

DIGITAL BANKING

In addition to actively promoting its accessibility via branch network, the Bank has been endeavoring to deepen multi-channel banking solutions to underpin the conduct of round-the-clock customer transactions, where its rapid adoption is highly favored especially during the speared of COVID-19 pandemic. Backed by the exigency of enriching our payment value proposition, we have been actively striving to promote our digital payment solutions to enable our customers to undertake their transactions in a smart, fast and simple manner.

Alongside deepening and broadening the services availed via our digital platforms, the Bank has also established a strategic partnership with institutions that possess payment platforms, like Tele Birr and GuzoGo, in an effort to be more inclusive and create flexibility for our customers.

CARD BANKING

As part of leveraging alternative channels and giving alternative access and convenience to our customers, due attention has been given to digital banking during the year. By issuing more than twenty-three thousand payment cards to its customers, the bank has been facilitating a significant number of payment transactions worth more than Birr 310 million. Moreover, in an effort to further promote digital solutions and facilitate payment services, the Bank successfully commenced payment service via Point of Sale (POS) terminals. In line with the Bank's objective of expanding its suite of Digital Banking product and service offerings and considering the positive results so far, the Bank will strive to further increase the number and enhance the presence and visibility of its digital banking products and services.

MOBILE, MOBILE WALLET AND INTERNET BANKING

The improvement in digital trends, the opportunities that could be reaped from leveraging innovative banking solutions and the opt to attract and satisfy the fast-growing young society and tech-savvy customers have all led us to make a meaningful improvement in E-banking services delivery channels such as Mobile, Mobile Wallet and Internet Banking. These services took center stage especially during the spread of the Corona virus pandemic that saw a significant jump in number of contactless transactions. In effect, during the period under consideration, extensive efforts were exerted and resources dedicated to launch Mobile, mobile wallet and Internet Banking and the prerequisite developments have already been completed and the operation will soon be commenced.

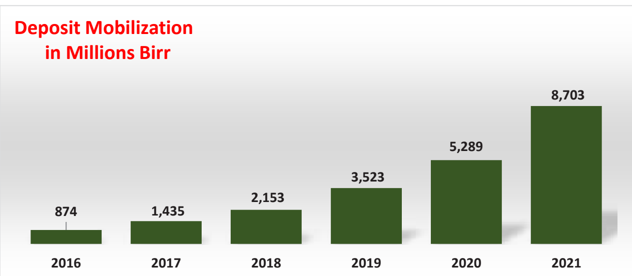
INTEREST FREE BANKING

Our Bank has been working relentlessly in an attempt to develop a banking service that adheres to the rules and regulations of Shariah for its valued clients. So far, it has commenced different Interest-Free Banking services with a dedicated window in more than a dozen branches of the Bank as well as full-fledged IFB branches during the year. Going forward, the bank intends to add to its suite of IFB products and services and expand the IFB service to more places across the nation.

BANKING OPERATION

DEPOSIT

In the year, the deposit mobilization capacity of the Bank grew significantly, expanding by 65% or mobilizing net deposit of Birr 3.4 billion to reach a total deposit of Birr 8.70 billion. Aggressive branch expansion, diversification of products and services, improved deposit mobilization tactics, enhanced services quality and unrelenting efforts to attract new customers mainly engendered the satisfactory achievement registered during the year.



Composition of deposit reveals that savings deposit constituted the lion's share of 49.6%, growing considerably by 54% over the previous year while time and demand deposits contributed the remaining proportions of 35.3% and 15.1%, respectively.

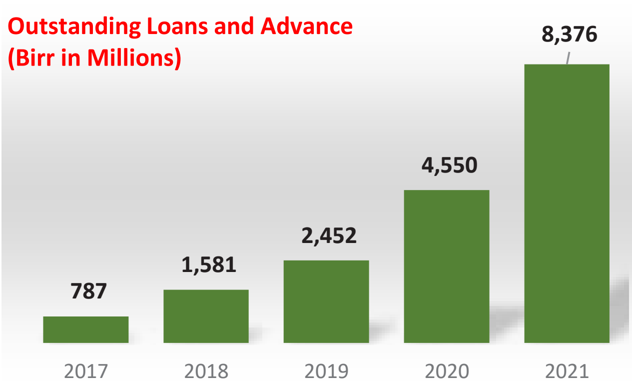
INTERNATIONAL BANKING

The international banking performance of the Bank was challenged by multi-faceted dimensional problems during the reporting period. Continued resurgence of virus spread and associated re-imposition of containment measures and the prolonged war, social and political instabilities across the nation and their impact on the social and economic activities have affected international trade and foreign currency generation capacity of the Bank. The overall impacts of these challenges wreaked havoc on export performance substantially, impacting the Bank's main source of FCY.

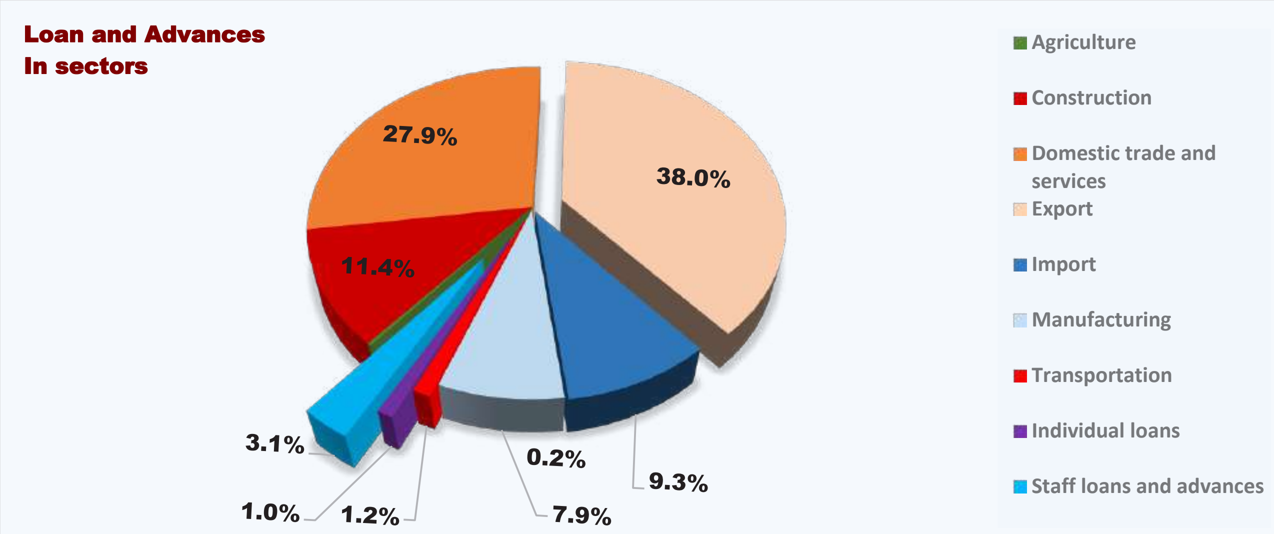
Nevertheless, by exerting unreserved efforts, DGB has managed to generate substantial FCY of USD 73.1 million. Composition-wise, 80% of the total FCY inflow was from export sector while cash purchase, international fund transfer, and inter-bank dealings took 15%, 4%, & 1% respectively. To facilitate international trade and connect our customers with the rest of the world, due attention has been given to strengthening relationships with internationally recognized banks and remittance companies during the period. So far, the Bank has established relationships with nine correspondent international banks, 66 Relationship Management Applications (RMA) and eight money transferring agents.

CREDIT MANAGEMENT

Following the satisfactory achievement manifested on deposit mobilization, there have been substantial lending activities in the year, that resulted in our loan portfolio, jumping to Birr 8.4 billion at the end of the year - registering 85% growth over the previous year.



Besides, mainly backed by a thorough credit analysis, strong ability to recognize forewarning signs, and exerting high bad debt recovery efforts, Bank's non-performing loans continue to remain below the regulatory limit of 5 percent.



RISK MANAGEMENT AND COMPLIANCE

The risk management process is of strategic importance to the Bank, mainly owing to the expansion of its business footprint as well as working in a market where its complexity is growing. In order to manage risk effectively and efficiently, the Bank developed and implemented a robust Risk Management Program (RMP) to identify, measure, monitor, and control potential risks, as well as to recommend mitigation techniques for risks that could potentially impede accomplishments of credit, liquidity, foreign exchange, interest rate, and operational objectives in accordance with all rules and directives issued by the National Bank of Ethiopia and internal policies and procedures. Moreover, in pursuing global and national endeavors against suspicious financial transactions, the Bank established a framework that considers the requirements of the Ethiopian Financial Intelligence Centre (EFIC) to combat money laundering and terrorist financing.

To ensure the proper management of the major risk areas, unrelenting efforts have been dedicated by the independent Risk and Compliance Management Department to implement an effective risk management system and develop a risk culture across the Bank, with the ultimate goal of creating a safer and more secure business environment. The Department also played a crucial role in ensuring the existence of strong Board and Senior Management oversight on the major risk of the Bank. Furthermore, in line with Bank's strategic orientation and to further embed risk and compliance culture across the Bank, the unit has been endeavoring to provide necessary risk insights to all stakeholders to influence Bank's decision-making and promote prudent and consistent adoption of appropriate risk practices.

INTERNAL AUDIT

With a view to ensuring the overall adequacy and effectiveness of the Bank's governance and the quality of performance, the Bank with its independent Audit Department, put in action audit and control system in order to provide an independent assessment and assurance on the effectiveness, adequacy and reliability of Bank's level of controls over its operations as well as the underlying framework and processes.

ORGANIZATIONAL DEVELOPMENT

Following the conclusion of the 1st 5-year strategic plan period, the bank has approved its second 5-year strategic plan. The new strategic plan is envisioned to take the bank one step ahead towards its vision of becoming the First-rated bank in East Africa by 2035 by having operational excellence at its core. In line with this, the Bank undertook strategic initiatives such as study of new organizational structure, cost management and resource mobilization strategies and revision of policy and procedures to align with the new direction.

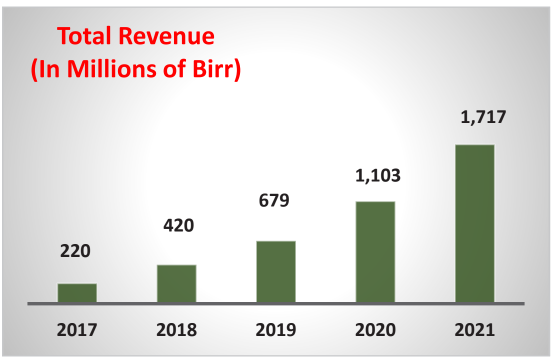
FINANCIAL POSITION

Supported by Bank's commitment to manage and mitigate pressures posed by social, political, and economic circumstances, the Bank registered a sound and resilient financial position during the period. Recording an increment of 8% in the year, the Bank generated gross profit of Birr 262.3 million.

As a follow-up to boosting our share capital by 41%, our bank registered earning per share of Birr 166 for the year, indicating a better position in the industry. While return on equity (ROE) of the Bank stood at 13.78%, which mainly shows the ability to generate a return on shareholders' equity.

REVENUE

Growing by 56% (Birr 613.5 million) from the last year's balance, the Bank's total income reached Birr 1.7 billion. Out of the total income, 64% (Birr 1.1 billion) was generated from interest earned on loans and advances, showing an increment of more than 111% from the corresponding last year's balance of Birr 579.3 million. On the other hand, income from service charge & commission income constituted 20% of the total income while the remaining 16% was from other income sources.

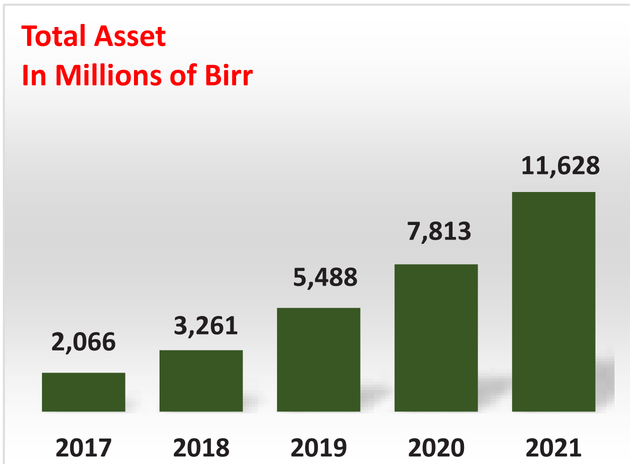


EXPENSE

During the period under consideration, the total expense of the Bank stood at Birr 1.45 billion up by Birr 594 million from last year same period balance. The aggressive expansion in branch network, a considerable growth in deposit mobilization and the commitment to modernize the Bank were mainly triggered the rise in cost of the Bank during the year, which all of are the foundation for its future sustainable growth.

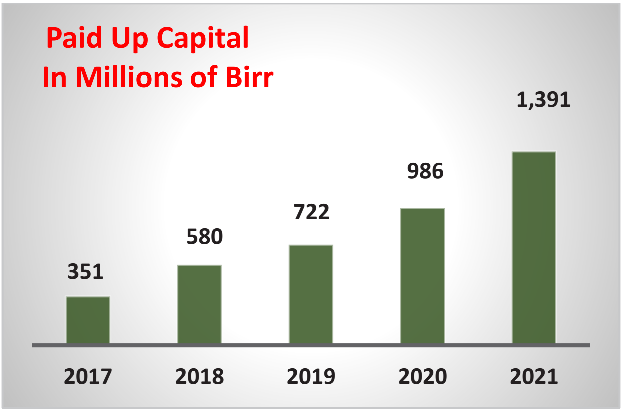
BALANCE SHEET

The total asset of the Bank continued to grow and reached Birr 11.6 billion at the end of the year, expanding by 49% (Birr 3.81 billion) over the beginning year's balance.



On the other hand, the Liability of the Bank went up by 52% (Birr 3.4 billion) from the balance of the previous year, to reach Birr 9.87 billion. The total deposit remains the major driver of the upsurge in liability.

Aside from leveraging its capital position in order to create value for its shareholders, the Bank has been giving utmost attention to bolster its capital buffer during the reporting period. Towards this end, all stakeholders were committed to selling shares to investors, and as a result, the Bank sold new shares worth Birr 404 million to increase its total paid-up capital to Birr 1.4 billion, 41% increment over the beginning year's balance.



Primarily attributable to the effort exerted to boost paid-up capital of the Bank, total capital also recorded substantial growth during the year to reach Birr 1.76 billion, growing by 34% from the previous year's balance.

CORPORATE SOCIAL RESPONSIBILITY

As part of building a reputable public image and contributing to the welfare of the society, diverse corporate social responsibility activities in areas of humanitarian, social, educational, environmental and health have been executed during the course of the year. To this end, a substantial amount of funds to the tune of more than Birr Seven million dedicated for various CRS activities in the year. Sheger Park, National Defense Forces, Ethio Care Epilepsy center, Nehema Autism center, Ethiopian Women Entrepreneurs Association, school feeding, and Ethiopia Heritage Trust Fund were among the beneficiaries. Moreover, the Bank has also facilitated for the Bank's staff to participate in different corporate social responsibility activities such as blood donation Green Legacy and heritage conservation.

WAY FORWARD

The banking business is faced with formidable challenges engendered by the COVID-19 pandemic and socio-economic and political disruptions, which are expected to have a significant bearing on our operations in the year ahead. In addition, we are also mindful that we will operate in a fast-changing environment where new and specialized banks continue to join the industry with strong capacity making the industry highly competitive and regulatory and compliance requirements are getting increasingly stringent, requiring additional commitments.

Against these backdrops and the opportunities available at the national and industry level, we remain fully committed to utilizing these opportunities, exploit untapped markets and maximize the advantages of digital banking to take the Bank to the next level where our shareholders' values could be sustainably secured and enhanced. Besides, mindful of the relevance of meeting our customers' wants and needs, the provision of superior customer service will remain at the heart of business.

To simplify and streamline the way we operate and function to more effectively meet the needs of our customers, the unstinted effort will be made to diversify our accessibility through branch expansion and leveraging modernized technologies. Furthermore, we will do all our best to ensure that the Bank is well run and managed, aided by sound capital and funding positions while continuously striving to enforce our organizational culture, embracing a clear vision and dedicated initiatives to instill a high-performance, enhancing the competence of our workforce and augmenting image of the Bank. Besides, as part of enhancing image of the Bank, collaborative efforts have been made to acquire land for our Headquarters along with scouting to purchase a building that will serve as a temporary Headquarters.

The Board of Directors

25th December 2021

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Debub Global Bank

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YOUR LADDER TO SUCCESS

DEBUB GLOBAL BANK s.c.

Annual Financial Statements

CORRESPONDENT BANKS

MONEY TRANSFER PARTNERS

DEBUB GLOBAL BANK SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

DIRECTORS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE

Bank license number	LBB/019/2017	
Issued on	April 20,2012	
Directors		
Bikila Hurissa Wolde (Dr.)	Chairman	*Appointed 09 June 2021*
Yonas Ayalew Tekle	Vice Chairman	*Appointed 09 June 2021*
Hailu Hurji Hayu	Member	*Appointed 09 June 2021*
Biset Beyene Molla	Member	*Appointed 09 June 2021*
Hana Wondimagegn Dessie	Member	*Appointed 09 June 2021*
Tadesse Melaku Addis	Member	*Appointed 09 June 2021*
Dereje Desalegn Anebo	Member	*Appointed 09 June 2021*
Desta Beyore Osebo	Member	*Appointed 21 Sept 2021*
Sileshi Tilahun Mengesha	Member	*Appointed 21 Sept 2021*

Executive management

Tesfaye Boru Lelissa (Dr.)	President	*Appointed 19 Dec. 2019*
Desta Bekalo Sapa	Vice President,Corporate Services	*Appointed 13 Jul. 2019*
Fekadu Shegute Nebi	Vice President-Operations	*Appointed 25 Jun. 2019*
Dasa Gobe Gossom	Director, HRM Department	*Appointed 19 Mar. 2012*
Tsegaye Tesfaye Woldegiorgis	Director, Accounts & Finance Department	*Appointed 20 Apr 2021*
Belay Namaga Keraga	Director, Legal Services Deparment	*Appointed 09 May 2012*
Mekides Bekele Lemma	Director, International Banking Department	*Appointed 20 Apr. 2021*
Abiy Alemayehu Kassa	Director, Credit Department	*Appointed 20 Apr. 2021*
Kassa Mikoro Mekengo	Director, Property & Facility Administration Dep't	*Appointed 01 Jul.2019*
Endalish W/Michael Taye	Director, Marketing & Resource Mobilization Dep't	*Appointed 27 Apr.2018*
Meaza Wondimu Tadesse	Director, Business Development & Planning Dep't	*Appointed 20 Apr. 2021*
Wubshet Fola Ganta	Director, Risk Management & Compliance Dep't	*Appointed 25 Jun. 2020*
Sisay Ayele Habtewold	Director, Information Technology Department	*Appointed 25 Mar 2020*
Tewodros Akalu Getahun	Director, Internal Audit Department	*Appointed 15May. 2019*
Wubshet Zegeye Edossa	Director, Branch Banking Department	*Appointed 20 Apr. 2021*

Independent auditor

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

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
BERHAN INTERNATIONAL BANK S.C.
COMMERCIAL BANK OF ETHIOPIA
BANK OF AFRICA MER ROUGE, DJIBOUTI
EBI SA GROUPE ECOBANK PARIS
CAC INTERNATIONAL BANK
KENYA COMMERCIAL BANK
BANK OF BEIRUT S.A.L
BANK OF BEIRUT(UK)LTD
AKTIFE YATIRIM BANKASI A.S
EXIM BANK (Djibouti) S.A
EAST AFRICA BANK
BANK OF BEIRUT(UK)LTD EUR

DEBUB GLOBAL BANK SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

REPORT OF THE DIRECTORS

The Board of directors submit their report together with the financial statements for the period ended 30 June 2021, 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 incompliance 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 2021 the paid-up capital increased to ETB 1.39 billion.

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 2021 are set out on page 7. The profit for the year has been transferred to retained earnings. The summarized results are presented below.

	30 June 2021 Birr'000	30 June 2020 Birr'000
Interest income	1,101,015	521,742
Profit before tax	262,324	242,885
Tax (charge) / credit	(67,414)	(43,831)
Profit for the year	194,910	199,054
Other comprehensive profit / (loss) net of taxes	(10,688)	10,746
Total comprehensive profit for the year	**184,222**	**209,800**

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

Bikila Hurissa Wolde (Dr.)
Chairman Board of Directors
Addis Ababa, Ethiopia

DEBUB GLOBAL BANK SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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:

Bikila Hurissa Wolde (Dr.)
Chairman Board of Directors
November 2021

Tesfaye Boru Lelissa (Dr.)
President
November 2021

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS OF DEBUB GLOBAL BANK SHARE COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS OF
DEBUB GLOBAL BANK SHARE COMPANY

Report on the Audit of the financial statement

Opinion

We have audited the financial statements of Debub Global Bank Share Company specified on page 21-93, which comprise the statement of financial position as at 30 June 2021, the statement profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

As described in notes 15, 16 and17 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.

Additionally, as noted on notes 12 and 23 commitments not settled on time to correspondent banks related to letter of credit are significantly affected by fluctuation in foreign exchange rates as required by IAS 21.

Tafesse, Shisema & Ayalew
TMS Plus
Certified Audit Partnership

INDEPENDENT AUDITOR'S REPORT
ON THE ACCOUNTS OF
DEBUB GLOBAL BANK SHARE COMPANY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT

Responsibilities of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Report on other Legal and Regulatory requirement

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

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Tafesse, Shisema & Ayalew TMS Plus Certified Audit Partnership

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

Addis Ababa
20 November 2021

DEBUB GLOBAL BANK SHARE COMPANY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	30 June 2021 Birr'000	30 June 2020 Birr'000
Interest income	5	1,101,015	521,742
Interest expense	6	(521,404)	(247,401)
Net interest income		579,611	274,341
Fee and commission income	7	339,515	340,003
Fee and commission expense	7	-	-
Net fees and commission income		339,515	340,003
Other operating income	8	276,267	241,572
Total operating income		1,195,393	855,916
Loan impairment charge or reversal	9	(39,489)	6,213
Impairment losses on other Financial assets	10	(6,597)	(1,428)
Net operating income		1,149,307	860,701
Personnel expenses	11	(382,145)	(225,158)
Amortization of intangible assets	18	(3,640)	(3,533)
Depreciation and impairment of property, plant and equipment	19	(26,763)	(15,894)
Depreciation of Right of use assets	20	(75,200)	(49,427)
Other operating expenses	12	(399,235)	(323,804)
Profit before tax		262,324	242,885
Income tax expense	13	(67,414)	(43,831)
Profit after tax		**194,910**	**199,054**
Other comprehensive income (OCI) net of income tax			
Items that will not be subsequently reclassified into profit or loss:			
Re-measurement gain/(loss) on retirement benefits obligations	24	(2,024)	(1,493)
Deferred tax (liability)/asset on re-measurement gain or loss	13	607	448
		(1,417)	(1,045)
Fair value through OCI on Financial assets -Unrealized gain/(Loss) arising from measurement at fair value	28	(9,271)	11,791
		(10,688)	10,746
Total comprehensive income for the period		**184,222**	**209,800**
Basic & diluted earnings per share (Birr)	26	**166**	**236**

The notes on pages 26 to 93 are an integral part of these financial statements.

DEBUB GLOBAL BANK SHARE COMPANY
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	30 June 2021 Birr'000	30-Jun-20 Birr'000
ASSETS			
Cash and bank balances	14	1,360,334	1,598,610
Loans and advances to customers	15	8,292,350	4,476,763
Investment securities:			
-Financial asset at Fair value through **OCI**	4.2, 16	40,551	47,687
-Financial asset at Amortized cost	16	1,068,187	1,068,248
Other assets	17	274,525	225,860
Right of Use Assets	20	317,732	242,675
Intangible assets	18	3,218	5,889
Property, plant and equipment	19	264,194	140,069
Deferred tax assets	13	7,359	6,777
Total assets		**11,628,451**	**7,812,578**
LIABILITIES			
Deposits from customers	21	8,703,494	5,289,293
Borrowings	22	206,832	27
Current tax liabilities	13	67,389	48,312
Lease liabilities	20	47,437	76,094
Other liabilities	23	826,675	1,072,435
Retirement benefit obligations	24	14,445	9,529
Deferred tax liabilities	13	-	-
Total liabilities		**9,866,272**	**6,495,690**
EQUITY			
Share capital	25	1,390,481	986,000
Other equity/Treasury shares/	27	(6,435)	(6,414)
Other Reserves	28	15,326	26,014
Retained earnings	29	113,769	136,593
Legal reserve	30	212,374	163,647
Risk Regulatory Reserve	31	36,665	11,048
Total equity		**1,762,179**	**1,316,888**
Total equity and liabilities		**11,628,451**	**7,812,578**

The notes on pages 26 to 93 are an integral part of these financial statements.

The financial statements on pages 21 to 93 were approved and authorized for issue by the board o directors on November 2021 and were signed on its behalf by:

Bikila Hurissa Wolde (Dr.)

Chairman________________

Tesfaye Boru Lelissa (Dr.)

President________________

DEBUB GLOBAL BANK SHARE COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Share capital Birr'000	Other equity Birr'000	Other reserves Birr'000	Risk Regulatory Reserve Birr'000	Retained earnings Birr'000	Legal reserve Birr'000	Total Birr'000
As at 1 July 2019		**721,860**	**(6,348)**	**15,268**	**-**	**149,587**	**113,884**	**994,251**
Total change for the year		**264,140**	**(66)**	**10,746**	**11,048**	**(12,995)**	**49,764**	**322,637**
As at 30 June 2020		**986,000**	**(6,414)**	**26,014**	**11,048**	**136,593**	**163,647**	**1,316,888**
As at 1 July 2020		**986,000**	**(6,414)**	**26,014**	**11,048**	**136,593**	**163,647**	**1,316,888**
Prior years tax adjustment	29					(5,147)		(5,147)
Profit for the period	29	-	-	-	-	194,910	-	194,910
Dividend paid		-	-	-	-	(136,593)	-	(136,593)
Directors allowances'		-	-	-	-	(1,650)	-	(1,650)
Transfer to legal reserve		-	-	-	-	(48,728)	-	(48,728)
Acquisition of treasury shares	25	404,481	(21)	-	-	-	-	404,460
Change between NBE provisions and IFRS Impairment		-	-	-	-	(25,617)	-	(25,617)
Other comprehensive income:								
Re-measurement gains on defined benefit plans (net of tax)	13	-	-	(1,417)	-	-	-	(1,417)
Transfer to legal reserve	30	-	-	-	-	-	48,728	48,728
Financial assets -Unrealized gain arising from measurement at fair value	27	-	-	(9,271)	-	-	-	(9,271)
Reserve	30	-	-	-	25,617	-	-	25,617
Total change for the year		**404,481**	**(21)**	**(10,688)**	**25,617**	**(22,824)**	**48,728**	**445,292**
As at 30 June 2021		**1,390,481**	**(6,435)**	**15,326**	**36,665**	**113,769**	**212,374**	**1,762,179**

The notes on pages 26 to 93 are an integral part of these financial statements.

DEBUB GLOBAL BANK SHARE COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	30 June 2021 Birr'000	30 June 2020 Birr'000
Cash flows from operating activities			
Cash generated from operations	32	(4,044,375)	(1,790,834)
Directors' allowance	29	(1,650)	(1,650)
Defined benefit paid	24	(799)	(141)
Income tax paid	13	(48,312)	(76,379)
Net cash (outflow)/inflow from operating activities		**(4,095,136)**	**(1,869,004)**
Cash flows from investing activities			
Purchase of investment securities	16	7,197	8,520
Purchase of intangible assets	18	(969)	(804)
Purchase of property, plant and equipment	19	(150,888)	(81,326)
Proceeds from sale of property, plant and equipment	32	-	-
Dividend received		-	-
Purchase of equity shares	27	(21)	(66)
Net cash (outflow)/inflow from investing activities		**(144,681)**	**(73,676)**
Cash flows from financing activities			
Proceeds of deposits from customers	21	3,414,201	1,765,853
Proceeds from borrowings	22	206,805	11
Proceeds from issues of shares	25	404,481	264,140
Lease Liability payment	20	(52,206)	(13,041)
Dividend paid	29	(136,593)	(149,587)
Prior years tax Adjusment	29	(5,147)	-
Net cash inflow from financing activities		3,831,542	1,867,376
Net increase in cash and cash equivalents		**(408,276)**	**(75,304)**
Cash and cash equivalents at the beginning of the year	14	1,338,440	1,413,744
Foreign exchange (losses)/ gains on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year	14	**930,164**	**1,338,440**

The notes on pages 26 to 93 are an integral part of these financial statements.

Debub Global Bank S.C. Board of Directors

Tafesse, Shisema & Ayalew TMS Plus Certified Audit Partnership


REACHING NEW HEIGHTS, TOGETHER.
ደቡብ ግሎባል ባንክ
Debub Global Bank
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YOUR LADDER TO SUCCESS

DEBUB GLOBAL BANK SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE 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 2021 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 presentation 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.

DEBUB GLOBAL BANK SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

2.3 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 recognized in profit or loss within other operating income.

2.4 Changes in accounting policies and disclosures

i) New standards, amendments and interpretations effective during the year

New standards, amendments and interpretations effective during the year

The Bank has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Revised Conceptual Framework for Financial Reporting

ii) New standards, amendments and interpretations issued not yet effective

The below new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Bank.

Title	Key requirements	Effective Date *
IFRS 17 Insurance Contracts	IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features	Originally 1January 2021,but extended to 1January 2023 by the IASB in March 2020

DEBUB GLOBAL BANK SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS

Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.They must be applied retrospectively in accordance with the normal requirements in IAS 8	1 January 2022 [deferred to 1 January 2023]
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	1-Jan-22
Reference to the Conceptual Framework – Amendments to IFRS 3	Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	1-Jan-22
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	1-Jan-22

DEBUB GLOBAL BANK SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures.The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. ** In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.	Not applicable **

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

IFRS 9 - Financial Instruments

2.5 Financial assets and financial liabilities

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 recognized 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.

DEBUB GLOBAL BANK SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS

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).

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 (see 1.8).

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.

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

Board of Directors Debub Global Bank S.C.

Tafesse, Shisema & Ayalew TMS Plus Certified Audit Partnership

DEBUB GLOBAL BANK SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS

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 recognized 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 recognized 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.

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 recognized 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 recognized 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.

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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 de-recognition 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 de-recognition 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 de-recognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of de-recognition 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.

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 recognized 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 recognized in the fair value reserve.

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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 Bank's 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.

d) **De-recognition**

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

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

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

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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 recognized 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 de-recognition.

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 de-recognition of the financial asset, then the Bank shall first recalculate the gross carrying amount of the financial asset using the 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 recognized at fair value. The difference between the carrying amount of the financial liability derecognized and consideration paid is recognized in profit or loss. Consideration paid 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 recognized in profit or loss. Any costs and fees incurred are recognized 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.

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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.

2.6 Net interest income

a) Effective interest rate and Amortized cost

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

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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.

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.

e) 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 recognized 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.

f) Dividend income

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

g) Foreign exchange revaluation gains or losses

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

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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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 recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognized in income statement as incurred.

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

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 recognized is derecognized upon disposal or when no future economic benefits are expected from its use disposal. Any gain or loss arising on de-recognition 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 derecognized.

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.

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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 amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in income statement in the period in which the expenditure is incurred .

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization 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 amortization period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortization expenses on intangible assets with finite lives is presented as a separate line item in the income statement.

Amortization 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 license 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 recognized 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 recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the income statement.

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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) Prepayment

Prepayments 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 amortized over the period in which the service is to be enjoyed.

(b) Other receivables

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

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 paid 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 organization 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 recognized 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 recognized 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, recognized in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements.

Past-service costs are recognized immediately in 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.

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(d) Profit-sharing and bonus plans

The Banks recognizes 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 recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.10 Provisions

Provisions are recognized 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 recognized 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 recognized 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 Risk Regulatory Reserve

It represents an amount set aside to cover additional provision for loan losses required to comply with the requirements of NBE guidelines. This amount is not available for distribution.

2.14 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.

2.15 Leases

At inception of a contract, the Bank assesses whether a contract is,or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition
of a lease in IFRS 16.

A) Definition of a lease

Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 July 2020.

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B) As a lessee

As a lessee, the Bank leases many assets including property, equipment and motor vehicles. The Bank previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Bank. Under IFRS 16, the Bank recognizes right-of-use assets and lease liabilities for most of these leases – i.e. on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

Practical expedients applied

Right-of-use assets are measured at their carrying value as if IFRS 16 had been applied since the commencement date, discounted using the incremental borrowing rate at the date of initial application.
The Bank used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Bank:

◊ did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application; and

◊ did not recognize right-of-use assets and liabilities for leases of low value assets.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straightline method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case, the right of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

◊ fixed payments, including in-substance fixed payments;

◊ variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

◊ amounts expected to be payable under a residual value guarantee; and

◊ the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

D) As a lesser

The Bank leases out its leasehold property and right-of-use assets. The Bank has classified these leases as operating leases.
The Bank is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lesser, except for a sub-lease. The Bank does not sub-lease its properties. Under IAS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to IFRS 16, the right-of-use assets recognized from the head leases are presented in property, plant and equipment, and measured at fair value at that date. The Bank assessed the classification of the sub-lease contracts with reference to the right of :-

◊ use asset rather than the underlying asset, and concluded that they are operating leases under IFRS 16

◊ The Bank has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component

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2.16 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 recognized 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 recognized 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 realized or the deferred tax liability is settled.

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

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 realize the asset and settle the liability simultaneously.

3 Significant accounting judgments, estimates and assumptions

The preparation of the Bank's financial statements requires management to make judgments, 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.

Debub Global Bank S.C. Board of Directors

Tafesse, Shisema & Ayalew TMS Plus Certified Audit Partnership

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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 Judgments

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

(a) Financial 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 recognized 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.

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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. 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 judgment 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 judgment 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 judgment is required in establishing fair values. Judgments 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 judgment. 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.

Board of Directors Debub Global Bank S.C.

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(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 recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, 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.

Board of Directors
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YOUR LADDER TO SUCCESS

ACCELERATE TOWARDS YOUR DREAMS WITH OUR NEWLY LAUNCHED SAVE FOR ASSET PRODUCT.

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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.

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 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.

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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 amortized 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 summarized in the table below:

30 June 2021	Notes	Financial asset at Fair value through OCI Birr'000	Loans and Financial assets at Amortized cost Birr'000	Total Birr'000
Cash and bank balances	14	-	1,360,334	1,360,334
Loans and advances to customers	15	-	8,292,350	8,292,350
Investment securities:				
Fair value through OCI	4.2, 16	40,551	-	40,551
- Financial asset at Amortized cost	16	-	1,068,187	1,068,187
Other assets	17	-	274,525	274,525
Total financial assets		**40,551**	**10,995,396**	**11,035,947**

30 June 2020	Notes	Financial asset at Fair value through OCI Birr'000	Loans and Financial assets at Amortized cost Birr'000	Total Birr'000
Cash and bank balances	14	-	1,598,610	1,598,610
Loans and advances to customers	15	-	4,476,763	4,476,763
Investment securities:				
Fair value through OCI	4.2, 16	47,687	-	47,687
- Financial asset at Amortized cost	16	-	1,068,248	1,068,248
Other assets	17	-	225,860	225,860
Total financial assets		**47,687**	**7,369,481**	**7,417,168**

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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 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 amortized cost, FVOCI debt investments (2021). 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)**

In Birr'000	**2021**				**2020**			
Loans and advances to customers at amortized cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Stage 1 – Pass	7,938,100	-	-	7,938,100	4,122,187	-	-	4,122,187
Stage 2 – Special mention	-	296,210	-	296,210	-	**157,583**	-	157,583
Stage 3 - Non performing	-	-	141,817	141,817	-	-	22,462	22,462
Total gross exposure	**7,938,100**	**296,210**	**141,817**	**8,376,127**	**4,122,187**	**157,583**	**22,462**	**4,302,232**
Loss allowance	(16,447)	(699)	(66,630)	(83,777)	(37,692)	(1,235)	(2,246)	(41,173)
Net carrying amount	**7,921,653**	**295,511**	**75,186**	**8,292,350**	**4,084,495**	**156,348**	**20,216**	**4,261,059**

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In Birr'000	**2021**				**2020**			
Off balance sheet items	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Stage 1 – Pass	407,661	-	-	407,661	600,311	-	-	600,311
Stage 2 – Special mention	-	-	-	-	-	-	-	-
Stage 3 - Non performing	-	-	-	-	-	-	-	-
Total gross exposure	**407,661**	**-**	**-**	407,661	**600,311**	**-**	**-**	**600,311**
Loss allowance	(44)	-	-	(44)	(3,137)	-	-	(3,137)
Net carrying amount	**407,705**	**-**	**-**	407,705	**597,174**	**-**	**-**	**597,174**

In Birr'000	**2021**			**2020**		
Other financial assets	**Gross exposure**	**Loss allowance**	**Net carrying amount**	**Gross exposure**	**Loss allowance**	**Net carrying amount**
Cash and balances with banks	1,022,104	(64)	1,022,040	1,219,810	(61)	1,219,749
Investment securities (debt instruments)	1,068,187	(54)	1,068,134	1,048,444	(52)	1,048,392
Other receivables and financial assets	21,347	(11,809)	9,538	15,813	(5,237)	10,576
Emergency staff loans	52,478	(3)	52,475	30,657	(2)	30,655
Totals	**2,164,116**	**(11,930)**	**2,152,186**	**2,314,724**	**(5,352)**	**2,309,372**

(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 2021 and 30 June 2020 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 June2021 Birr'000	**30 June 2020 Birr'000**
A-	-	-
BBB+	-	-
B	-	-
BB	-	-
Not rated	1,360,334	1,598,610
	1,360,334.00	**1,598,610.00**

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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.

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 2021 and 30 June 2020.

30 June 2021	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	1,360,334	-	-	-	-	-
Loans and advances to customers		-		-	-	
- Agriculture	20,717	18,780	6,261	82,628	109,448	217,117
- Construction	958,687	1,688,046	101,964	-	-	1,790,010
' - Domestic trade and services	2,334,426	3,690,934	-	217,517	371,215	4,279,666
- Export	3,179,395	2,688,788	-	4,875	55,091	2,748,754
- Import	782,833	1,443,172	-	85,119	79,040	1,607,331
- Manufacturing	659,223	1,298,681	-	150,049	9,179	1,457,909
- Transportation	96,404	64,710	3,750	41,951	3,630	114,041
- Individual loans	86,239	104,479	-	37,300	23,109	164,888
- Staff loans and advances	258,203	246,398	-	-	-	246,398
	8,376,127	11,243,988	111,975	619,439	650,712	12,626,114
Investment securities:						
- Loans and receivables	1,068,187					
	1,068,187	-	-	-	-	-
Other assets						
- Receivable from other banks	15,912	-	-	-		
- Export bills purchased	15,333	-	-	-		-
- Sundry receivables	56,648	-	-	-		-
	87,893	-	-	-		
Loan commitments	92,240					
Other commitments	3,040,741					
	14,025,522	11,243,988	111,975	619,439	650,712	12,626,114

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30 June 2020	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	1,598,610	-	-	-	-	-
Loans and advances to customers						
- Agriculture	15,931	15,993	31,261	-	-	47,254
- Construction	614,539	1,482,973	94,091	31,600	-	1,608,663
- Domestic trade and services	1,311,798	2,936,924	-	147,255	116,571	3,200,750
- Export	1,778,444	2,187,386	-	-	1,496,099	3,683,485
- Import	286,369	596,702	-	-	10,000	606,702
- Manufacturing	304,964	644,027	645,847	-	10,000	1,299,874
- Transportation	17,069	14,297	-	29,259	-	43,556
- Individual loans	29,190	37,957	-	-	-	37,957
- Staff loans and advances	162,748	163,018	-	23,560	35,226	221,805
	4,521,052	8,079,276	771,199	231,674	1,667,897	10,750,046
Investment securities:						
- Loans and receivables	1,068,248	-	-	-	-	-
	1,068,248	-	-	-	-	-
Other assets						
- Receivable from other banks	15,259	-	-	-	-	-
- Export bills purchased	81,303	-	-	-	-	-
- Sundry receivables	17,932	-	-	-	-	-
	114,494	-	-	-	-	-
Loan commitments	749,178	-	-	-	-	-
Other commitments	494,052	-	-	-	-	-
	8,545,634	**8,079,276**	**771,199**	**231,674**	**1,667,897**	**10,750,046**

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.

At 30 June 2021, the net carrying amount of credit-impaired loans and advances to corporate customers amounted to ETB 8.40 billion (2020: ETB 4.52 billion) and the value of identifiable collateral held against those loans and advances amounted to ETB 12.63 billion (2020: ETB 10.75 billion). For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

ii) Investment securities designated as at FVTPL

At 30 June 2021, the Bank had no exposure to credit risk of the investment securities designated as at FVTPL

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4.3.4 Loans and receivables at amortized cost

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

	30 June 2021 Birr'000	30 June 2020 Birr'000
Agriculture	20,717	15,931
Construction	958,687	614,539
Domestic trade and services	2,334,426	1,311,798
Export	3,179,395	1,778,444
Import	782,833	286,369
Manufacturing	659,223	304,964
Transportation	96,404	17,069
Individual loans	86,239	29,190
Staff loans and advances	258,203	162,748
	8,376,127	**4,521,052**

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

	30 June 2021 Birr'000	30 June 2020 Birr'000
Pass	7,938,100	4,314,253
Special mention	296,210	155,741
Substandard	58,918	22,069
Doubtful	67,060	10,950
Lost	15,839	18,039
	8,376,127	4,521,052

The above table presents 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).

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,

Debub Global Bank S.C. Board of Directors

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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 judgment. 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 behavior – e.g. utilization 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
◊ Utilization 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 analyzed by type of product and borrower as well as by credit risk grading. The Bank employs statistical models to analyze 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.
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 behavior to provide evidence that its credit risk has declined sufficiently.
When contractual terms of a loan have been modified, evidence that the criteria for recognizing lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

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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 realizing 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 capital 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.

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.

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

Sector/Product	Macroeconomic factors				
Agriculture, Personal loans and Staff loans	INFLATION: Consumer price index, 2010 = 100, ave	EXCHANGE RATE: ETB/USD, ave	EXPENDITURE: Exports of goods and	DEBT: Government domestic debt, ETBbn	CATION: Household Spending, ETBbn
Domestic Trade & Services	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 2020 included the following key indicators for Ethiopia for the years 2020 to 2022:

Macro-economic factor		2020	2021	2022
INFLATION: Consumer price index, 2010 = 100		397	470.4	517.4
GDP: GDP per capita, USD		783	889	1004
GDP EXPENDITURE: Exports of goods and services, USD per		64.4	72.1	80.3
GDP EXPENDITURE: Exports of goods and services, ETBbn		246.7	291.7	342.9
EXCHANGE RATE: ETB/USD		33.31	34.31	35.34
GDP EXPENDITURE: Imports of goods and services, USDbn		25.4	31.4	35.9
FISCAL: Current expenditure, USDbn		8.1	9.6	10.9
GDP EXPENDITURE: Imports of goods and services, ETBbn		845.7	1077.9	1270.6
INFLATION: Consumer price index, 2010 = 100		397	470.4	517.4
DEBT: Government domestic debt, ETBbn		752	872.3	1003.1
EXCHANGE RATE: Real effective exchange rate, index		126.32	124.12	122.16
GDP EXPENDITURE: Private final consumption, USDbn		68	81.9	95
STRATIFICATION: Household Spending, ETBbn		2095.7	2503.8	2991.5
FISCAL: Total revenue, USDbn		9.6	10.3	11.6
DEBT: Total government debt, USDbn		55.2	67.1	77

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

Scenario

As at June	2021			2020		
	Upside	Median/ Central	Downside	Upside	Median/ Central	Downside
Cluster 1	0%	50%	50%	0%	50%	50%
Cluster 2	0%	50%	50%	0%	50%	50%
Cluster 3	0%	50%	50%	0%	50%	50%
Cluster 4	0%	50%	50%	0%	50%	50%

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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 derecognized and the renegotiated loan recognized as a new loan at fair value in accordance with the accounting policy set out.

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

When modification results in derecognition, a new loan is recognized 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 maximize collection opportunities and minimize 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 behavioral 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 behavior 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, 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 amortization. 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 modeling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

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

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

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

Where modeling 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.

x) Loss allowance

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

Loans and advances to customers at amortized cost (on balance sheet exposures)	**2020**				**2019**			
In Birr'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 July	37,692	1,235	2,246	41,173	41,084	930	8,487	50,501
Transfer to 12 months ECL	1,484	(28)	(1,455)	-	1,484	(28)	(1,455)	-
Transfer to Lifetime ECL not credit impaired	(384)	384	-	-	(384)	384	-	-
Transfer to Lifetime ECL credit impaired	(54)	(2)	56	-	(54)	(2)	56	-
Net remeasurement of Loss allowance	(2,261)	(78)	(1,407)	(3,745)	(2,261)	(78)	(1,407)	(3,745)
Net financial assets originated or purchased	33,675	870	109	34,654	33,675	870	109	34,654
Financial assets derecognized	(32,981)	(816)	(3,543)	(37,341)	(32,981)	(816)	(3,543)	(37,341)
Balance at 30 June	**37,692**	**1,235**	**2,246**	**41,173**	**37,692**	**1,235**	**2,246**	**41,173**

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Loan commitments and financial guarantee contracts (off balance sheet	2020				2019			
In Birr'000	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 July	2,873	35	-	2,908	1,725	5	-	1,730
Transfer to 12 months ECL	-	-	-	-	-	-	-	-
Transfer to Lifetime ECL not credit impaired	-	-	-	-	-	-	-	-
Transfer to Lifetime ECL credit impaired	-	-	-	-	-	-	-	-
Net remeasurement of Loss allowance	55	-	-	55	(96)	-	-	(96)
Net financial assets originated or purchased	3,011	-	-	3,011	2,849	35	-	2,884
Financial assets derecognized	(2,802)	(35)	-	(2,836)	(1,605)	(5)	-	(1,610)
Balance at 30 June	**3,137**	**-**	**-**	**3,137**	**2,873**	**35**	**-**	**2,908**

Other financial assets	2020					2019			
In Birr'000	**Cash and balances with banks**	**Investment securities (debt instruments)**	**Emergency staff loans**	**Other receivables and financial assets**	**Total**	**Cash and balances with banks**	**Investment securities (debt instrument s)**	**Other receivables and financial assets**	**Total**
Balance as at 1 July	60	53	-	3,828	**3,942**	29	33	1,999	**2,061**
Net remeasurement of loss allowance	0	(1)	2	1,409	**1,410**	31	20	1,829	**1,880**
New financial assets originated or purchased	-	-	-	-	**-**	-	-	-	**-**
Balance as at 30 June	**60**	**52**	**2**	**5,237**	**5,351**	**60**	**53**	**3,828**	**3,941**

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

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Charge to statement of profit or loss and other comprehensive income.

	2020				2019			
In Birr'000	Loans and advances to customers at amortized	Investment securities (debt instruments)	Other financial assets	Total charge/(credit)	Loans and advances to customers at amortized cost	Investment securities (debt instruments)	Other financial assets	Total charge/(credit)
Net remeasurement of loss allowance	(3,745)	55	1,409	**(2,281)**	(1,341)	(96)	1,847	**409**
New financial assets originated or purchased	34,654	3,011	-	**37,665**	40,115	2,884	-	**42,999**
Financial assets derecognized	(37,341)	(2,836)	-	**(40,177)**	(22,424)	(1,610)	-	**(24,034)**
Amounts directly written off during the year	-	-	-	-	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-	-	-	-	-
Total	**(6,432)**	**229**	**1,409**	**(4,793)**	**16,350**	**1,178**	**1,847**	**19,375**

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 2021 and 30 June 2020 . The Bank concentrates all its financial assets in Ethiopia.

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30 June 2021	Public Enterprise Birr'000	Private Birr'000	Total Birr'000
Cash and bank Balances	994,716	365,618	1,360,334
Loans and Advances to Customers	-	-	-
Investment securities:			
- Available for sale	-	40,551	40,551
- Loans and receivables	1,068,187	-	1,068,187
Other assets	-	87,893	87,893
	2,062,903	494,062	2,556,965

30 June 2020	Public Enterprise Birr'000	Private Birr'000	Total Birr'000
Cash and bank Balances	819,942	778,668	1,598,610
Loans and Advances to Customers	-	-	-
Investment securities:			-
- Available for sale	-	47,687	47,687
- Loans and receivables	1,068,248	-	1,068,248
Other assets	-	114,494	114,494
	1,888,190	940,849	2,829,039

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 2021 Birr'000	30 June 2020 Birr'000
Letters of credit	92,240	749,178
Guarantees issued	3,040,741	494,052
Total maximum exposure	3,132,981	1,243,230

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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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 2021	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	792,924	255,184	554,799	1,053,300	6,047,287
Borrowings	29,857	-	-	26,975	150,000
Other liabilities	362,503	249,792	28,913	96,288	89,179
Total financial liabilities	**1,185,284**	**504,976**	**583,713**	**1,176,563**	**6,286,465**
Letters of credit	-	-	-	-	-
Guarantees issued	-	-	-	-	-
Total	-	-	-	-	-
Assets used to manage liquidity risk	**1,185,867**	**959,036**	**1,107,516**	**370,611**	**8,055,335**

30 June 2020	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	687,140	153,583	334,392	948,712	3,116,565
Borrowings	-	-	-	-	-
Other liabilities	415,027	402,055	28,066	35,939	139,013
Total financial liabilities	**1,102,167**	**555,638**	**362,459**	**984,651**	**3,255,578**
Letters of credit	-	-	-	-	-
Guarantees issued	-	-	-	-	-
Total	-	-	-	-	-
Assets used to manage liquidity risk	**1,604,792**	**438,865**	**558,852**	**476,471**	**4,656,867**

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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 optimizing 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.

30 June 2021	Fixed	interest bearing	Total
	Birr'000	Birr'000	Birr'000
Assets			
Cash and balances with banks	1,022,104	338,230	1,360,334
Loans and advances to customers	8,376,127	-	8,376,127
Investment securities	1,068,187	40,551	1,108,738
Other assets	31,245	44,721	75,966
Total	10,466,418	378,781	10,845,199
Liabilities			
Deposits from customers	8,703,494	-	8,703,494
Other liabilities	734,850	-	734,850
Borrowings	206,832	-	206,832
Total	9,645,176	-	9,645,176

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30 June 2020	Fixed	Non-interest	Total
	Birr'000	Birr'000	Birr'000
Assets			
Cash and balances with banks	1,216,394	382,216	1,598,610
Loans and advances to customers	4,521,052	-	4,521,052
Investment securities	1,068,248	47,687	1,115,935
Other assets	96,562	12,581	109,143
Total	6,805,694	429,903	7,235,597
Liabilities			
Deposits from customers	5,289,293	-	5,289,293
Other liabilities	1,016,300	-	1,016,300
Borrowings	27	-	27
Total	6,305,620	-	6,305,620

(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 summarizes 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 2021 was Birr 1.03 billion (30 June 2020: Birr 1.59 billion).

Foreign currency denominated balances

	30 June 2021	30 June 2020
	Birr'000	Birr'000
Cash and bank balances	14,803	479,886
Other assets	15,333	81,303
Deposits from customers	58,042	274,753
Other liabilities	945,727	62,820
	1,033,905	898,762

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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 2021 Birr'000	30 June 2020 Birr'000
USD	10%	90,560	89,196
USD	10%	(90,560)	(89,196)
EUR	10%	12,824	675
EUR	10%	(12,824)	(675)
GBP	10%	7	6
GBP	10%	(7)	(6)

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 2 Billion.

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 2021 Birr'000	30 June 2020 Birr'000
Capital and reserves		
Share capital	1,390,481	986,000
Other equity	(6,435)	(6,414)
Retained earnings	113,769	136,593
Legal reserve	212,374	163,647
	1,710,189	**1,279,826**
Risk weighted assets		
Risk weighted balance for on-balance sheet items	8,708,456	4,725,066
Credit equivalents for off-balance Sheet Items	626,596	248,646
	9,335,052	**4,973,712**
Risk-weighted Capital Adequacy Ratio (CAR)	**18%**	**26%**
Minimum required capital	8%	8%
Excess	**963,384**	**881,929**

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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 categorized 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 reflects market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions.

● 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 summarizes the carrying amounts of financial assets and liabilities at the reporting date. The amounts are based on the values recognized in the statement of financial position.

	30 June 2021 Carrying amount Birr'000	Fair value Birr'000	30 June 2020 Carrying amount Birr'000	Fair value Birr'000
Financial assets				
Cash and balances with banks	1,360,334	1,360,334	1,598,610	1,598,610
Loans and advances to customers	8,292,350	8,292,350	4,476,763	4,476,763
Investment securities:				
-Financial asset at Fair value through OCI	-	-	-	-
- Financial asset at Amortized cost	1,068,187	1,068,187	1,068,248	1,068,248
Other assets	87,893	87,893	114,494	114,494
Total	10,808,764	10,808,764	7,258,115	7,258,115

	30 June 2021 Carrying amount Birr'000	Fair value Birr'000	30 June 2020 Carrying amount Birr'000	Fair value Birr'000
Financial liabilities				
Deposits from customers	8,703,494	8,703,494	5,289,293	5,289,293
Borrowings	206,832	206,832	27	27
Other liabilities	734,850	734,850	1,016,300	1,016,300
Total	9,645,176	9,645,176	6,305,620	6,305,620

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4.7.3 Fair value methods and assumptions

(a) Loans and advances to customers

Loans and advances to customers are carried at amortized 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 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.

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		30 June 2021 Birr'000	30 June 2020 Birr'000
5	**Interest income**		
	Interest on Agriculture loans	4,473	617
	Interest on Construction loans	132,736	79,779
	Interest on Domestic trade and services	343,161	142,402
	Interest on Export term loans	267,743	96,649
	Interest on Import term loans	198,444	79,463
	Interest on Manufacturing loans	70,617	46,571
	Interest on Transportation loan	12,331	1,041
	Interest on Staff loans and advances loans	20,630	12,008
	Interest on Individual loans	6,049	1,804
	Interest on Investment securities	43,742	45,860
	Interest on fund placement	1,089	15,548
		1,101,015	**521,742**

Included within various line items under interest income for 30 June 2021 is a total of Birr 1,088,656 millions (30 June 2020: Birr 521,742 millions) relating to impaired financial assets.
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.

		30 June 2021 Birr'000	30 June 2020 Birr'000
6	**Interest expense**		
	Interest on Savings deposits	231,261	141,790
	Interest on Special saving deposits	7,654	6,227
	Interest on Fixed time deposits	276,622	90,059
	Interest on Short term borrowings	25	9,325
	Interest on Long term borrowings	5,842	-
		521,404	**247,401**

		30 June 2021 Birr'000	30 June 2020 Birr'000
7	**Fee and commission income**		
	Commission Income on CPO and FT	161	316
	Commission on letters of credit	47,974	77,881
	Commission on letter of guarantees issued	81,949	19,862
	Commission on other financial services	789	552
	Service charges	208,642	241,392
		339,515	**340,003**

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		30 June 2021 Birr'000	30 June 2020 Birr'000
8	**Other operating income**		
	Penalty charge income	26,403	17,258
	Dividend earned on investment	884	237
	Swift charge	1,142	1,477
	Estimation and inspection fees	1,014	495
	Gain on foreign exchange dealings and fluctuations	218,842	212,979
	Share subscription fee	14,940	6,884
	Other income	13,042	2,242
		276,267	**241,572**

		30 June 2021 Birr'000	30 June 2020 Birr'000
9	**Loan impairment charge**		
	Loans and advances - charge or reversal for the year (note 15a)	39,489	(6,213)
		39,489	**(6,213)**

		30 June 2021 Birr'000	30 June 2020 Birr'000
10	**Impairment losses on off and on Balance Sheet Accounts (IFRS9)**		
	IFRs Impairment on NBE Bills	1	(2)
	IFRs Impairment on Bank balance	3	-
	IFRs Impairment on LCs & Guarantees	22	21
	Other assets - charge for the year	6,571	1,409
		6,597	**1,428**

		30 June 2021 Birr'000	30 June 2020 Birr'000
11	**Personnel expenses**		
	Salaries and wages	231,595	142,185
	Staff allowances	41,082	28,774
	Pension costs – Defined contribution plan	24,603	15,103
	Pension costs - Defined benefit plans	2,892	1,852
	Other staff expenses	81,973	37,244
		382,145	**225,158**

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	30 June 2021 Birr'000	30 June 2020 Birr'000
12 Other operating expenses		
Fuel and lubricants	1,284	934
Audit fees	274	145
Directors fee	1,140	1,320
Repairs and maintenance	18,895	4,081
Internet, broadband and website	7,086	5,116
Stationary, printing and office supplies	8,984	6,435
Rental expenses	1,109	7,118
Donations and gift	7,336	8,330
Entertainment	425	946
Transport and travelling expenses	4,537	2,515
Annual reception fees	1,701	2,592
Advertisement and publicity	4,687	6,174
Insurance	1,481	1,113
Representation allowance	1,755	1,373
Swift charges	1,063	1,068
Legal and professional fees	2,000	5,343
Bank charges	245	255
Share commission fee	7,394	4,332
Security expenses	7	2,279
BOD Remuneration Fee	-	201
Wages for non-employees	1,087	615
Loss on foreign exchange dealings and fluctuations	307,149	247,242
Sundry expenses	19,596	14,277
	399,235	**323,804**

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	30 June 2021 Birr'000	30 June 2020 Birr'000
13 Current income tax and deferred tax		
13a Current income tax		
Company income tax	67,389	48,312
Prior year (over)/ under provision	-	-
Capital gains tax	-	-
Tax on foreign deposit interest	-	-
Deferred income tax/(credit) to profit or loss	25	(4,481)
Total charge to profit or loss	67,414	43,831
Tax (credit) on other comprehensive income	(607)	(448)
Total tax in statement of comprehensive income	66,807	43,383

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 2021 Birr'000	30 June 2020 Birr'000
Profit before tax	262,324	242,885
Add: Disallowable expenses		
Entertainment	425	946
Donation	30	30
Gift & Award	1,092	180
Penalty	1,312	830
Long service Award (gratuity pay)	-	-
Accrued Leave Expense for Budget year 2019/20 and 2020/21	2,240	-
Severance pay as per IFRS actuarial valuation estimate	2,892	1,852
Depreciation in the Right of use Asset and Interest expense on lease liability as per IFRS 16	82,346	55,872
Provision for loans and advances as per IFRS	39,488	-
Provision for other assets as per IFRS	6,597	1,428
Depreciation and amortization for accounting purpose	30,403	19,427
	166,825	**80,565**
Total Disallowable expenses		
Less: Allowable expenses		
Depreciation for tax purposes	(33,277)	(22,945)
Provision for loans and advances as per IFRS-reversal	-	(6,213)
Provision for loans and advances Allowable at 80%	(39,089)	(16,270)
Provision for other assets Allowable at 80%	(2,996)	(3,557)
Amortization of prepaid office rent	(81,005)	(51,781)
Dividend income taxed at source	(884)	(237)
Interest income taxed at source	(44,831)	**(61,408)**
Accrued Leave Actually paid for Budget year 2019/20 and 2020/21	(2,438)	
Sub total	(204,520)	**(162,411)**
Taxable profit	**224,629**	**161,039**
Taxable profit at 30%	67,389	48,312
Withholding tax paid	-	-
Current tax	**67,389**	**48,312**

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13c Current income tax liability (Contd)	30 June 2021 Birr'000	30 June 2020 Birr'000
Balance at the beginning of the year	48,312	76,379
Charge for the year:		
Education tax	-	-
Capital gains tax	-	-
Income tax expense	67,389	48,312
Prior year (over)/ under provision	-	-
WHT Notes utilized	-	-
Payment during the year	(48,312)	(76,379)
Balance at the end of the year	**67,389**	**48,312**

13d Deferred income tax

Deferred income tax assets/(liabilities) are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets/(liabilities) of Birr 7.36 million and 6.78 million for the Bank have not been recognized as at 30 June 2021 and 30 June 2020 respectively.

	30 June 2021 Birr'000	30 June 2020 Birr'000
The analysis of deferred tax assets/(liabilities) is as follows:		
To be recovered after more than 12 months	7,359	6,777
To be recovered within 12 months	-	-
	7,359	**6,777**

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 2020 Birr'000	Credit/ (charge) to P/L Birr'000	Credit/ (charge) to equity Birr'000	30 June 2021 Birr'000
Property, plant and equipment	5,512	(25)	-	5,487
Provisions	-	-	-	-
Unrealized exchange gain	-	-	-	-
Tax losses charged to profit or loss	-	-	-	-
Post employment benefit obligation	1,265	-	607	1,872
Total deferred tax assets/(liabilities)	**6,777**	**(25)**	**607**	**7,359**

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14 Cash and bank balances

	30 June 2021 Birr'000	30 June 2020 Birr'000
Cash in hand	338,230	382,216
Balance held with National Bank of Ethiopia	994,716	819,942
Deposits with local banks	25,686	59,929
Deposits with foreign banks	1,702	336,523
Gross amount	**1,360,334**	**1,598,610**

Maturity analysis	30 June 2021 Birr'000	30 June 2020 Birr'000
Current	930,164	1,338,440
Non-Current	430,170	260,170
	1,360,334	**1,598,610**

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 2021 Birr'000	30 June 2020 Birr'000
Balance as above	1,360,334	1,598,610
Cash reserve held with the National Bank of Ethiopia	(430,170)	(260,170)
	930,164	**1,338,440**

14b Impairment allowance on Bank balance (IFRS9)

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

	30 June 2021 Birr'000	30 June 2020 Birr'000
Bank Balance at the ending of the year	1,360,334	1,598,610
(Reversal)/charge for the year	(64)	(61)
Balance at the end of the year	**1,360,270**	**1,598,549**

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	30 June 2021 Birr'000	30 June 2020 Birr'000
15 Loans and advances to customers		
Agriculture	20,717	15,931
Construction	958,687	614,539
Domestic trade and services	2,334,426	1,311,798
Export	3,179,395	1,778,444
Import	782,833	286,369
Manufacturing	659,223	304,964
Transportation	96,404	17,069
Individual loans	86,239	29,190
Staff loans and advances	258,203	162,748
Gross amount	**8,376,127**	**4,521,052**
Less:		
IFRS Impairment allowance (note 15a and 15b)		
stage 1	(16,447)	(40,808)
stage 2	(699)	(1,235)
stage 3	(66,630)	(2,246)
	8,292,350	**4,476,763**

Maturity analysis	30 June 2021 Birr'000	30 June 2020 Birr'000
Current	3,318,711	2,762,831
Non-Current	5,057,416	1,713,932
	8,376,127	**4,476,763**

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:

	June 2019 Birr'000	Charge for the year Birr'000	As at 1 July 2020 Birr'000	Charge for the year Birr'000	As at 30 June 2021 Birr'000
IFRS Impairment					
stage 1	41,084	(276)	40,808	(24,361)	16,447
stage 2	930	305	1,235	(536)	699
stage 3	8,487	(6,241)	2,246	64,384	66,630
Total Impairment allowance	**50,501**	**(6,212)**	**44,289**	**39,488**	**83,777**

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	30 June 2021 Birr'000	30 June 2020 Birr'000
16 Investment securities:		
Financial asset at Fair value through OCI		
Equity Investments	40,551	47,687
	-	-
Financial asset at Amortized cost		
	-	-
Investment in National Bank of Ethiopia (NBE) bills	1,068,187	1,068,248
Gross amount		
	1,108,738	**1,115,935**

Maturity analysis	30 June 2021 Birr'000	30 June 2020 Birr'000
Current	12,519	12,519
Non-Current	1,096,219	1,103,416
	1,108,738	**1,115,935**

16a The Bank equity investment comprises

	30 June 2021 Carrying amount Birr'000	Fair value Birr'000	30 June 2020 Carrying amount Birr'000	Fair value Birr'000
Eth-Switch Solution Share co.	39,687	34,274	26,802	39,187
Lucy Insurance Company	6,572	4,988	6,728	6,188
ET Inclusive Finance Technology S.C.	2,312	39	2,366	2,312
Convention & Exhibition Center (Under formation)	1,250	1,250	-	-
Total	**49,822**	**40,551**	**35,896**	**47,687**

Summary on the Bank's equity Investment

Birr'000 Carrying amount	Birr'000 2020 Fair valuation	Unrealized Gain/(Loss) due to	Birr'000 Carrying amount	Birr'000 2021 Fair valuation	Unrealized Gain/(Loss) due to
35,896	**47,687**	**11,791**	**49,822**	**40,551**	**(9,271)**

The fair value of the unquoted equity securities carried at cost has been reliably estimated for the three equity Investments as at June 30, 2021.

The Bank hold equity investments in Eth-switch of 2.72% (30 June 2020: 5.13%), Lucy Insurance Share Company of 4.51% (30 June 2020: 4.51%) and AODAOE(ET) Inclusive Finance Technology S.C.4.48% (30 June 20120: 4.88 %), Addis Africa International convention & exhibition center of 0.12% (30 June 2020: 0.13%).

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16b Impairment allowance on NBE Bills (IFRS9)

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

	30 June 2021 Birr'000	30 June 2020 Birr'000
NBE Bill Balance at the beginning of the year	1,068,187	1,068,248
(Reversal)/charge for the year	(54)	(53)
Balance at the end of the year	**1,068,133**	**1,068,195**

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.

	30 June 2021 Birr'000	30 June 2020 Birr'000
17 Other assets		
Financial assets		
Receivable from other banks	15,912	15,259
Export bills purchased	15,333	81,303
Sundry receivables	56,648	17,932
Gross amount	87,893	114,494
Less: Impairment allowance (note 17a)-(i),14b,16b	(11,927)	(5,351)
	75,966	**109,143**
Non-financial assets		
Prepaid staff expense	65,948	29,036
Prepayments	121,367	77,562
Inventory	10,110	7,535
Assets waiting for resale	1,134	2,584
Gross amount	**198,559**	**116,717**
Gross amount	**274,525**	**225,860**

Maturity analysis	30 June 2021 Birr'000	30 June 2020 Birr'000
Current	77,100	111,727
Non-Current	197,425	114,133
	274,525	**225,860**

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17a Impairment allowance on other financial assets

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

	30 June 2021 Birr'000	30 June 2020 Birr'000
Balance at the beginning of the year	(5,237)	(3,829)
(Reversal)/charge for the year (note 10)	(6,572)	(1,408)
Balance at the end of the year	**(11,809)**	**(5,237)**

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

17b Inventory

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

	30 June 2021 Birr'000	30 June 2020 Birr'000
Cheque book	427	769
Other supplies	3,840	2,599
Stationary	5,843	4,167
	10,110	**7,535**

17c Impairment allowance on off balance sheet Accounts

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

	30 June 2021 Birr'000	30 June 2020 Birr'000
Balance at the beginning of the year	(22)	-
(Reversal)/charge for the year	(22)	(22)
Balance at the end of the year	**(44)**	**(22)**

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	Purchased software Birr'000	Developed software Birr'000	Software under development Birr'000	Total Birr'000
18 Intangible Assets				
Cost:				
As at 1 July 2020	**21,477**	**-**	**-**	**21,477**
Acquisitions	**969**	**-**	**-**	**969**
Internal development				
Transfer from property, plant and equipment				
As at 30 June 2021	**22,446**	**-**	**-**	**22,446**
Accumulated amortization and impairment losses				
As at 1 July 2020	**15,588**	**-**	**-**	**15,588**
Amortization for the year	**3,640**	**-**	**-**	**3,640**
Impairment losses				**-**
As at 30 June 2021	**19,228**	**-**	**-**	**19,228**
Net book value				
As at 30 June 2020	**5,889**	**-**	**-**	**5,889**
As at 30 June 2021	**3,218**	**-**	**-**	**3,218**

The Bank considers its software's (Flex Cube core banking solution, Cheque Point, and Kaspersky anti-virus) as part of intangible assets. The Bank did not have capitalized borrowing costs related to the internal development of software and software under development during the reporting years (30 June 2021 and 30 June 2020).

	Office and other equipment Birr'000	Motor vehicles Birr'000	Furniture and fittings Birr'000	Computer and accessories Birr'000	Premises Birr'000	Total Birr'000
19 Property, plant and equipment						
Cost:						
As at 1 July 2020	**30,103**	**69,402**	**35,786**	**56,623**	**-**	**191,914**
Additions	8,910	11,066	20,553	17,155	93,452	**151,136**
Disposals	(104)	-	(507)	(136)	-	**(747)**
Reclassification	-	-	-	-	-	**-**
PPE Loss due to fire Dama	-	-	-	-	-	**-**
As at 30 June 2021	**38,909**	**80,468**	**55,832**	**73,642**	**93,452**	**342,303**
Accumulated depreciation						
As at 1 July 2020	**9,290**	**18,453**	**7,556**	**16,546**	**-**	**51,845**
Charge for the year	5,368	7,185	4,707	9,045	458	**26,763**
Disposals	(88)	-	(305)	(106)	-	**(499)**
PPE Loss due to fire Dama	-	-	-	-	-	**-**
As at 30 June 2021	**14,570**	**25,638**	**11,958**	**25,485**	**458**	**78,109**
Net book value						
As at 30 June 2020	**20,813**	**50,949**	**28,230**	**40,077**	**-**	**140,069**
As at 30 June 2021	**24,339**	**54,830**	**43,874**	**48,157**	**92,994**	**264,194**

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20 Right of Use Assets and Financial Lease Obligation

The Bank Leases a number of assets including Buildings office use. Information regarding leases for which the Bank as a Lessee has been presented below:

i. Right of Use Assets:

Cost	**Building Birr'000**	**Total Birr'000**
Balance at 01 July 2020:	292,102	**292,102**
Additions during the period	150,257	**150,257**
Balance at 30 June 2021	**442,359**	**442,359**
Depreciation:		
Balance as at 01 July 2020	49,427	**49,427**
Additions during the period	75,200	**75,200**
Balance at 30 June 2021	**124,627**	**124,627**
Net Carrying Value as at 2020	**242,675**	**242,675**
Net Carrying Value as at 2021	**317,732**	**317,732**

ii. Finance Lease Obligation:

	Building Birr'000	**Total Birr'000**
Cost		
Balance at 01 July 2020:	69,649	69,649
Additions during the period	(35,803)	(35,803)
Balance at 30 June 2021	**33,846**	**33,846**
Interest		
Balance as at 01 July 2020	6,445	6,445
period	7,146	7,146
Balance at 30 June 2021	**13,591**	**13,591**
Net Carrying Value as at 2020	**76,094**	**76,094**
Net Carrying Value as at 2021	**47,437**	**47,437**

The Bank recognizes lease liability at the present value of the lease payments that are not paid at that date. Bank uses incremental borrowing rate that is based on the weighted average cost of deposits across the years. The rates to compute present values of buildings lease liabilities as at 30 June 2021 was 13.85%.

Bank leases for its office space and branches. The Building leases typically run for a period between 1 and 10 years with majorities of contracts running for 5 years.

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		30 June 2021 Birr'000	2020 Birr'000
21	**Deposits from customers**		
	Demand deposits	1,317,792	1,325,931
	Savings deposits	4,190,506	2,583,681
	Special savings deposits	123,131	223,200
	Fixed time deposits	3,072,065	1,156,481
		8,703,494	**5,289,293**

		30 June 2021 Birr'000	2020 Birr'000
22	**Borrowings**		
	Short term borrowings	2,048	27
	Long term borrowings	204,784	-
		206,832	**27**

22a Reconciliation of bank borrowings

A reconciliation of the changes in borrowings is as follows:

	30 June 2021 Birr'000	2020 Birr'000
Balance at the beginning of the year	27	16
Proceeds from borrowings	206,832	9,352
Repayment of borrowings	(27)	(9,341)
Balance at the end of the year	**206,832**	**27**

		30 June 2021 Birr'000	2020 Birr'000
23	**Other liabilities**		
	Financial liabilities		
	Account payable special	489,021	650,004
	C.P.O's and certified cheques issued	20,980	23,788
	Blocked account	9,450	1,223
	Margin on letters of credit	81,790	298,517
	Old drafts and payments out	2,060	1,936
	MTS And TTS Payable	15,522	9,794
	Exchange commission payable To NBE	4,486	13,128
	Audit fee	274	145
	Board of Directors fee	3,300	1,650
	Dividend payable	107,967	16,115
		734,850	**1,016,300**

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		30 June 2021 Birr'000	2020 Birr'000
23	**Other liabilities (Contd)**		
	Non-financial liabilities		
	Defined contribution liabilities	3,130	2,317
	Accrual for leave liability	7,837	8,838
	Provision for bonus payment	46,363	21,152
	Stamp duty charges	3,815	2,643
	Other tax payable	7,880	7,622
	Deferred revenue	22,534	13,386
	Withholding tax and Valued added tax payables	222	155
	Financial guarantee & LCs impairment-(Off Balance sheet)	44	22
		91,825	56,135
	Gross amount	**826,675**	**1,072,435**

Maturity analysis	30 June 2021 Birr'000	2020 Birr'000
Current	792,281	1,047,701
Non-Current	34,394	24,734
	826,675	**1,072,435**

		30 June 2021 Birr'000	2020 Birr'000
24	**Retirement benefit obligations**		
	Defined benefits liabilities:		
	– Employee benefit plan (note 24a)	14,445	9,529
	Liability in the statement of financial position	**14,445**	**9,529**
	Income statement charge included in personnel expenses:		
	– Employee benefit plan (note 24a)	3,691	1,993
	Total defined benefit expenses	**3,691**	**1,993**
	Remeasurements for:		
	– Employee benefit plan (note 24a)	(1,417)	(1,045)
		(1,417)	**(1,045)**

24a 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 2021 Birr'000	30 June 2020 Birr'000
Current	-	-
Non-Current	14,445	9,529
	14,445	9,529

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The employee benefit plan is made up of two (2) unfunded schemes which are severance benefits that are paid on voluntary withdrawal and retirement 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 statutory severance benefits in Ethiopia. The statutory severance benefits are set out in Labour Proclamation No. 1156/2019. This benefit is summarised below:

Clause 39 (1) (h) of the Labour Proclamation sets out that any worker who has completed their probation and who is not eligible for pension is entitled to a severance benefit:

h) Where he has given service to the employer for a minimum of five years' service and his contract of employment is terminated because of sickness or death or his contract of employment is terminated on his own initiative provided that he has no contractual obligation relating to training to render service to the employer

Clause 40 of the Labour Proclamation sets out the amount of the benefit, as follows:
The benefit applicable would be:
• thirty times the average daily wages of their last week of service for the first year of service, with part-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 Company closes or reduces its work force, an additional multiple of sixty times the average daily wages of their last week of service is payable.

Bank Paid Benefits

The bank valued severance benefits payable on death or resignation after a minimum of 5 years'service only for all employees, as it has been confirmed that this is applied by the Bank.
Furthermore, one months' salary is divided by 30 to get the daily salary applied in the severance benefit calculation.

(ii) Retirement gratuity scheme

Age 60 for all employees is the normal retirement age.

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 2021 Birr'000	2020 Birr'000
A Liability recognised in the financial position	**14,445**	**9,529**

B Amount recognised in the profit or loss	**30 June 2021 Birr'000**	**30 June 2020 Birr'000**
Current service cost	2,097	1,173
Interest cost	1,594	820
	3,691	**1,993**

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24a Retirement benefit obligations

C Amount recognised in other comprehensive income:

	30 June 2021 Birr'000	30 June 2020 Birr'000
Remeasurement (gains)/losses arising from changes in Economic assumptions	655	1,651
Remeasurement (gains)/losses arising from changes in the financial assumptions	(2,679)	(3,144)
	(2,024)	**(1,493)**
Deferred tax (liability)/asset on remeasurement gain or loss	607	448
	(1,417)	**(1,045)**

D Changes in the present value of the defined benefit obligation

	30 June 2021 Birr'000	2020 Birr'000
At the beginning of the year	9,529	6,184
Current service cost	2,097	1,173
Interest cost	1,594	820
Remeasurement (gains)/losses arising from changes in Economic assumptions	(655)	(1,651)
Remeasurement (gains)/losses arising from changes in the financial assumptions	2,679	3,144
Benefits paid	(799)	(141)
At the end of the year	**14,445**	**9,529**

24a Retirement benefit obligations (Contd)

E The principal assumptions used in determining defined benefit obligations

	30 June 2021 Birr'000	2020 Birr'000
Discount rate(p.a)	15.00%	14.20%
Inflation rate(p.a)	10.00%	10.00%
Long term salary increases(p.a)	12.00%	12.00%
Net pre-retirement rate	2.68%	1.96%

(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. There have been auctions of short-term treasury bills since 2019, although we note that the longest dated treasury bill is only 180 days. This is significantly shorter than the duration of the liabilities.

For previous valuations we have used the yields derived from the zero-coupon government bond yield curves in Kenya, as published by the Nairobi Stock Exchange. Since the previous valuation, Kenya's sovereign credit rating has been downgraded, meaning that theoretically there should be a country risk premium between instruments in Kenya and Ethiopia to compensate investors for the additional risk now present in Kenya.

QED Actuaries & Consultants (Pty) Ltd have obtained the country risk premia for Kenya and Ethiopia from Damodaran Online, which is a widely used source for relative risk premia. The relative country risk premia for Kenya and Ethiopia
(relative to the USA) are as follows:

Board of Directors Debub Global Bank S.C.

Tafesse, Shisema & Ayalew TMS Plus Certified Audit Partnership

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Ethiopia Country Risk Premium	Kenya Country Risk Premium	Difference
5.33%	5.33%	-

In addition to the sovereign rating differential between Kenya and Ethiopia, we would expect the yields on instruments in these countries to reflect the difference in expected inflation between these countries too.
The International Monetary Fund ("IMF") has published country reports for both countries in April 2021, to consider general economic conditions in each country, which include future projections of inflation (allowing for some impact of the current Covid-19 pandemic).
The actual and projected inflation rates from these reports are as follows:

Country	Description	2021	2022	2023	2024	2025
Ethiopia	CPI (period ave)	13.13	8.04	8.04	8.04	8.04
Ethiopia	CPI (period end)	8.39	8.00	8.00	8.00	8.00
Kenya	CPI (period ave)	5.00	5.00	5.01	5.01	5.00
Kenya	CPI (period end)	5.00	5.01	5.01	5.01	5.00
Differential	CPI (period ave)	8.13	3.04	3.03	3.03	3.04
Differential	CPI (period end)	3.39	2.99	2.99	2.99	3.00

From the table above it can be seen that the inflation differential between Kenya and Ethiopia is expected to be around 8.13% for 2021, but tending towards 3.04% in the longer term. The average over the projection period from 2022 to 2025 is 3.04%.

Combining the country risk premium, the future longer term inflation differential and the yields on Kenyan government bonds results in a set of discount rates which are based on Kenyan bonds but adjusted to allow for the relative differences in risk and inflation between the two countries.
The resulting discount rate was rounded to the nearest 0.1%.

(ii) Inflation rate

It is noted that inflation in Ethiopia has been volatile in recent years leading up to the valuation dates, ranging from 7% to 23% per annum. In addition, there are no index-linked government bonds or securities which could provide a market-based indication of future inflation.

In order to determine an estimate of long-term future inflation, we have considered historical inflation, projections made by the IMF and we consider a country risk premium approach to countries where market-determined projections are available.

Based on data provided by the IMF , inflation over the last 3 years has exceeded the 10% target cap of government,so although the latest IMF projections (updated in April 2021) still show medium term inflation trending to 8%, the 10% cap was maintained in the medium term long-term.

(iii) 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.

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(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.

No explicit additional assumptions on costs or mortality due to AIDS was made in the valuation. Theoretically, increased mortality rates would reduce the employer's liability.

	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 2.5% 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

The duration of the liabilities, on which the assumptions have been set, was calculated to be 7 years on the current valuation assumptions and data.

F Quantitative sensitivity analysis for significant assumption

The sensitivity of the main results to changes in the principal assumptions rate have been calculated. The changes in the 30 June 2021 Defined Benefit Obligation are reflected below

		30 June 2021	
Sensitivity	**% change**	**Base DBO ETB '000**	**DBO on changed assumptions ETB '000**
Discount rate + 1%	-5.6%	14,445	13629
Discount rate - 1%	6.0%	14,445	15317
1%	6.1%	14,445	15333
1%	-5.8%	14,445	13601

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 2020 Defined Benefit Obligation are reflected below:

		30 June 2020	
Sensitivity	**% change**	**Base DBO ETB '000**	**DBO on changed assumptions ETB '000**
Discount rate + 1%	-5.7%	9,529	8989
Discount rate - 1%	6.1%	9,529	10107
1%	6.1%	9,529	10113
1%	-5.8%	9,529	8974

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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 projected benefit payments for the next 5 years have been estimated as follows:

	30 June 2021 Birr'000	2020 Birr'000
Within the next 12 months (next annual reporting period)		1,256
Year ending 30 June 2022	1,542	1,202
Year ending 30 June 2023	1,871	1,535
Year ending 30 June 2024	2,368	1,919
Year ending 30 June 2025	3,480	2,860
Year ending 30 June 2026	4,659	-
Total projected benefit payments over 5 years	**13,920**	**8,772**

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.

25 Share capital

	30 June 2021 Birr'000	30 June 2020 Birr'000
Authorised:		
Ordinary shares of Birr 1,000 each	2,000,000	1,000,000
Issued and fully paid:		
Ordinary shares of Birr 1,000 each	**1,390,481**	**986,000**

The authorized share capital of the Bank is Birr 2 Billion comprising 2,000,000 ordinary shares at par value of Birr 1,000 each. The total subscribed shares at the balance sheet date is Birr 1,719,151,000 (June 2020: Birr 994,652,000) out of which Birr 1,390,480,916.53 (June 2020: Birr 985,999,651) is fully paid.

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26 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 2021 Birr'000	2020 Birr'000
Profit attributable to shareholders	194,910	199,054
Adjusted Profit attributable to shareholders	194,910	199,054
Weighted average number of ordinary shares in issue	1,172	844
Basic & diluted earnings per share (Birr)	**166**	**236**

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 2021:nil, 30 June 2020: nil), hence the basic and diluted loss per share have the same value.

27 Other equity/Treasury shares/

	30 June 2021 Birr'000	2020 Birr'000
At the beginning of the year	6,414	6,348
Acquisition of shares by the Bank	21	66
Resale of shares		
At the end of the year	**6,435**	**6,414**

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.

Board of Directors Debub Global Bank S.C.

Tafesse, Shisema & Ayalew TMS Plus Certified Audit Partnership

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28 Other reserves

Defined Benefit Plan	30 June 2021 Birr'000	2020 Birr'000
At the beginning of the year	(2,949)	(1,904)
Re-measurement gains on defined benefit plans (net of tax) - (Note 23)	(1,417)	(1,045)
At the end of the year	**(4,366)**	**(2,949)**

Fair value reserve	30 June 2021 Birr'000	2020 Birr'000
At the beginning of the year	28,963	17,172.00
FV through OCI Financial assets-Unrealized gain arising from measurement at fair value	-	-
FV through OCI Financial assets- Unrealized gains /loss from measurement at fair value	(9,271)	11,791
At the end of the year	**19,692**	**28,963**
Total Other Reserve	**15,326**	**26,014**

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.

29 Retained earnings

	30 June 2021 Birr'000	2020 Birr'000
At the beginning of the year	136,593	149,587
Prior years tax adjustment	(5,147)	-
Adjustment related to variation between NBE provisions and IFRS Impairment	(25,617)	(11,048)
Dividend paid	(136,593)	(149,587)
Transfer to legal reserve	(48,728)	(49,764)
Profit/ (loss) for the year	194,910	199,054
Directors Allowances'	(1,650)	(1,650)
At the end of the year	**113,769**	**136,593**

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		30 June 2021 Birr'000	2020 Birr'000
30	**Legal reserve**		
	At the beginning of the year	163,647	113,884
	Transfer from profit or loss	48,728	49,764
	At the end of the year	**212,374**	**163,647**

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.

31 Risk Regulatory Reserve

	30 June 2021 Birr'000	2020 Birr'000
At the beginning of the year	11,048	-
Transfer to Risk Regulatory Reserve	25,617	11,048
Total Risk Regulatory Reserve	**36,665**	**11,048**

		Notes	30 June 2021 Birr'000	2020 Birr'000
32	**Cash generated from operating activities**			
	Profit before tax		**262,324**	**242,885**
	Adjustments for non-cash items:			
	Depreciation of property, plant and equipment	19	26,763	15,894
	Amortisation of intangible assets	18	3,640	3,533
	Depreciation of Right of use assets	20(i)	75,200	49,427
	Interest expense on lease liability	20(ii)	7,146	6,445
	Gain/(Loss) on disposal of property, plant and equipment	19	-	131
	Impairment Loss(reversal) on loans and advance	9	39,489	(6,213)
	Impairment Loss on other Financial assets(On/ Off Balance sheet Account)	17	6,597	1,428
	Retirement benefit obligations	24	3,691	1,993
	Gain/(Loss) on equity investment at FV through OCI	30	(9,271)	11,791
	Changes in working capital:			
	-Decrease/ (Increase) in loans and advances	15	(3,855,075)	(2,069,382)
	-Decrease/ (Increase) in restricted deposits	14	(170,000)	(91,130)
	-Decrease/ (Increase) in Right of use assets	20(i)	(150,257)	(292,102)
	-Decrease/ (Increase) in other assets	17	(55,243)	66,601
	-Increase/ (Decrease) in lease liabilities	20(ii)	16,402	82,690
	-Increase/ (Decrease) in other liabilities	23	(245,782)	185,175
			(4,044,375)	**(1,790,834)**

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

	30 June 2021 Birr'000	2020 Birr'000
Proceeds on disposal	-	-
property, plant and equipment disposed (Note 19)	-	
Gain/(loss) on sale of property, plant and equipment	-	

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33 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.

33a *Transactions with related parties*

i) 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 2021 and 2020 is as follows:

	Relationship	30 June 2021 ETB'000	30 June 2020 ETB'000
	Key management personnel		
Loans and advances	Board of Directors	**418,005**	**136,587**
	Executive Management	**10,794**	**3,720**

ii) Breakdown of balance with Major shareholders & related parties which have Foreign exchange transactions as at 30 June 2021 and 2020 is as follows:

Name	30 June 2021 ETB'000	30 June 2020 ETB'000
Mullege PLC	139,541	82,585
G seven Trading & Industries	17,003	6,978
Tsehay Industries(Mathewos Assale Ergado)	10,270	3,822
ATL Trading Plc	40,833	-
Abebe Dinku Gudeta	58,775	-
Assefa Dukamo Krma(Daye Bensa Coffee Export Plc)	22,888	-
Adem Kedir (Horra Trading)	23,899	-
	313,208	93,384

33b *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 2021.

DEBUB GLOBAL BANK SHARE COMPANY
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NOTES TO THE FINANCIAL STATEMENTS

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 financial 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. During the year the Bank paid remuneration of Birr 150,000 to each director and a monthly allowance of Birr 10,000 to each director throughout the year. The total amount paid is as follows:

	30 June 2021 Birr'000	30 June 2020 Birr'000
Directors' remuneration:		
Total Monthly Allowances	1,140	1,320
Board of directors remuneration	1,650	1,650
	2,790	**2,970**

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

DEBUB GLOBAL BANK SHARE COMPANY
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NOTES TO THE FINANCIAL STATEMENTS

34 Directors and employees

i) Number of staff (excluding directors) of the Bank as at June 30, 2021 is as follows:

	30 June 2021 Number	30 June 2020 Number
Managerial	157	117
Clerical	680	502
Non-Clerical	1,169	841
	2,006	**1,460**

35 Contingent liabilities

35a Claims and litigation

As per the lawyer’s Internal Memo dated September 01, 2021; the Bank is a party to seventeen pending civil suits instituted by the Bank. The maximum exposure of the Bank to these legal cases as at 30 June 2021 is Birr 97.34 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.

35b 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 2021 Birr'000	30 June 2020 Birr'000
Letters of guarantee and performance bonds	3,040,741	494,052
Letters of credit	92,240	749,178
	3,132,981	**1,243,230**

DEBUB GLOBAL BANK SHARE COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE FINANCIAL STATEMENTS

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.

36 Commitments

36a Loan Commitments:
The Bank did not have approved but not disbursed loan commitments as at 30 June 2021 (30 June 2020: nil).

36b Other Commitments:
The Bank did not have other commitments as at 30 June 2021 (30 June 2020: nil).

37 Financial lease commitments - Bank as lessee

The Bank leases various properties under non-cancellable financial lease agreements. The lease terms are commonly five year, 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 financial leases are as follows:

	30 June 2021 Birr'000
No later than 1 year	8,320
Later than 1 year and no later than 2 years	28,209
Later than 2 years but not later than 5 years	368,996
Later than 5 years but not later than 10 years	36,813
Total	**442,359**

38 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 2021 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.

Debub Global Bank S.C. Board of Directors

Tafesse, Shisema & Ayalew TMS Plus Certified Audit Partnership

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ዓመታዊ ሪፖርት

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ደቡብ ግሎባል ባንክ
Debub Global Bank

የዕድገትዎ መሰላል
YOUR LADDER TO SUCCESS

የቦርድ ሰብሳቢ መልዕክት

የተከበራችሁ የባንካችን ባለአክሲዮኖች፣ የስራ አመራር አባላትና ሰራተኞች እ.ኤ.አ የ2020/2021 በጀት ዓመት የስራ አፈዓፀም ሪፖርት ሳቀርብ በዳዩሬክተሮች ቦርድ እና በራሴ ስም ላቅ ያለ ደስታና ኩራት ይሰማኛል፡፡

ያሳለፍነው በጀት ዓመት ከዋና ዋና መለኪያዎች አንፃር ጠንካራና ስኬታማ ተግባራት የተከናወኑበት መሆኑን ያሳየናል፡፡ በተለይም የባንኩ ገቢ በአስደናቂ መጠን ማደጉ፣ የባንኩ የደንበኞች ቁጥር ወደ እጥፍ በተጠጋ ቁጥር መጨመሩ፣ ለባንኩ እድገት አስተማማኝ የሆነው የካፒታል ሃብት በአመርቂ መጠን ማደጉ፣ባንኩ ያቀረበው የብድር መጠን በከፍተኛ መጠን መጨመሩና የቅርንጫፎቻችን ስርጭት ተጠናክሮ መቀጠሉ ባንኩ በተለያዩ መለኪያዎች በማያቋርጥ የእድገት ጉዞ መሆኑን አመላካች ነው፡፡ ዩህ ውጤት የተመዘገበው ደግሞ የባንክ ስራ ምህዳሩን በአንጻራዊነት ሊያጠዩሙ የሚችሉ ማህበራዊና ኢኮኖሚያዊ ተግዳሮቶች ባሉበት ወቅት መሆኑ ባንካችን በማህበረሰቡ ዘንድ እያገኘ ያለው ተቀባዩነት ከጊዜ ወደ ጊዜ እያደገ ለመሆኑ አመላካች ነው፡፡ ለዚህም ባንካችንን መርጠው አብረውን ለሰሩ ደንበኞቻችን፣ ስራቸውን በትጋትና በከፍተኛ ቁርጠኝነት ለሚያከናውኑት ሰራተኞቻችን፣ ባንኩ ያስቀመጣቸውን ግቦች ለማሳካት በትኩረት ለሚሰሩት የባንካችን የስራ አመራር አባላት እንዲሁም እስካሁን የማያቋርጥ ድጋፋቸውን እየሰጡን ለሚገኙት የባለድርሻ አካላት ከፍ ያለ ምስጋና ለማቅረብ እወዳለው፡፡

ማንኛውም ቢዝነስ ስኬታማ ሊሆን የሚችለው በፈተና ውስጥ አልፎ መሆኑ እሙን ነው፡፡ ባንካችንም በበጀት አመቱ ታዩተው የነበሩ ማህበራዊም ሆነ ኢኮኖሚያዊ ተግዳሮቶችን ወደ እድል በመቀየር መልካም የሚባል ስኬት ሊቀዳጅ ችሏል፡፡ ባንካችን በአንጻራዊነት ኢንዱስትሪውን በቅርብ ከተቀላቀሉ ባንኮች ውስጥ ቢመደብም በእነዚህ አመታት በገነባነው ጠንካራ መሰረት፣ ለደንበኞቻችን ከፍ ያለ አገልግሎት ለመስጠት የነበረን ጠንካራ ስራ እና ቁርጠኝነት፣ የገበያውን ተለዋዋጭነት በመረዳት በዛው መሰረት የሚንቀሳቀስ የስራ አመራር፣ ሀብት ለማሰባሰብ የነበረ ያላሰለሰ ጥረት እና የገቢ ምንጫችንን ለማስፋት የተሰሩ ስራዎች ባንካችን በችግር ወቅት ፀንቶ እንዲቆም፣ ከፍተኛ አፈዓፀም

እንዳያስመዘግብና እድገቱን ጠብቆ እንዳሄድ ካስቻሉት ዋነኞቹ ጥንካሬዎቻችን ውስጥ ይጠቀሳሉ።

ባሳለፍነው አመት ካስቀመጥናቸው የትኩረት አቅጣጫዎች ውስጥ አንዱ አዳዲስ ደንበኞችን ወደ ባንካችን መሳብ ሲሆን ይህ ተግባር እንዲሳካ ደንበኞቻችን በአገልግሎታችን ደስተኞች እንዲሆኑ ማድረግ ዋናውን ድርሻ እንዲይዝ ማድረግ ያስፈልጋል። ከዚህ አንፃር ለተለያዩ የማህበረሰባችን ክፍሎች እንደ ፍላጎታቸው ሲስተናገዱበት የሚችሉባቸውን አገልግሎቶች በማዘጋጀት ከፍ ያለ የደንበኞች አገልግሎት ለመስጠት የሚያስችሉ ስራዎችን በቁርጠኝነት እየሰራን እንገኛለን። ከዚህም በተጨማሪ ከደንበኞቻችን ጋር ቀጣይነት ያለው ግንኙነት እንዲኖረን እና አዳዲስ ደንበኞችን ለመሳብ የተለያዩ ስራዎችን እየሰራን ሲሆን ከነዚህም መካከል በቅርንጫፍ ደረጃ እና በአማራጭ የባንክ አገልግሎቶች ተደራሽ የመሆን፣ የአገልግሎት አሰጣጥ ጥራታችንን ከፍ የሚያደርጉ የተለያዩ ማሻሻያዎችን እና

የአገልግሎት መስጫ መስፈርቶችን ማዘጋጀት እንዲሁም አዳዲስ አገልግሎቶችን በመደበኛው እና ከወለድ ነፃ የባንክ አገልግሎቶች ላይ እየሰራ ይገኛል። ከዚህም ባሻገር ባንካችን ተቋማዊ ለውጡን ከፍ ለማድረግና ለደንበኞቹ ዘመናዊ አገልግሎት ለመስጠት እንዲያግዘው ኢንፎርሜሽን ቴክኖሎጂን በመጠቀም ረገድ ከፍተኛ እርምጃ እየወሰደ ይገኛል። ከዚህ አንፃር በአሁኑ ሰዓት የኤ.ቲ.ኤም እና የፖስ አገልግሎቶችን እየሰጠ ሲሆን በቀጣይም የሞባይል፣ የኢንተርኔትና የወኪል ባንኪንግ አገልግሎት ለመስጠት የመጨረሻው ምዕራፍ ላይ ይገኛል።

የስራ ከባቢያችን ችግሮች የነበሩበት በሆንም ባንካችን ጠንካራ የሚባል እድገት ማስመዝገቡን የቀጠለ ሲሆን በዓመቱ ብር 1.7 ቢሊየን ጠቅላላ ገቢ ማስመዝገብ ተችሏል። ይህ ውጤት ሊመዘገብ የቻለውም ዘርፈ ብዙ የሀብት ማሰባሰብ ስራዎችን ለመስራት በነደፍነው ስልት ነው።

ከዚህም በተጨማሪ በበጀት ዓመቱ የተቀማጭ ሂሳብ የማሰባሰብ ስራችን ከፍተኛ እድገት ያስመዘገበ ሲሆን ካለፈው አመት አፈዓፀም አንፃር የ65 በመቶ ወይም የብር 3.3 ቢሊዮን እድገት በማስመዝገብ የባንካችን የተቀማጭ መጠን ብር 8.7 ቢሊዮን ሊደርስ ችሏል፡ ፡ ይህ ውጤት የባንኩን የማበደር አቅም በ85 በመቶ ከፍ እንዲልም አስችሎታል። በሌላ በኩል ዘርፈ ብዙ የሆነ የማህበረ ኢኮኖሚያዊ አለመረጋጋት ሊያደርስ የሚችለውን ተጽእኖ ለመቀነስ እና የውጭ ምንዛሪ ግኝታችንን ለማስፋት የተለያዩ ስልቶችን ነድፈን በመንቀሳቀሳችን ከውጭ ምንዛሪ ግኝት አንፃር ጥሩ የሚባል ውጤት ማስመዝገብ ችለናል። ከዚህም በተጨማሪ የባንኩን ጠቅላላ ሀብት እና የአክሲዮን መጠን ከማሳደግ ጋር ተያይዞ የባንኩ ጠቅላላ ሀብት በ49በመቶ እንዲሁም የአክሲዮን መጠን በ41 በመቶ እድገት ያስመዘገቡ ሲሆን ይህም ጤናማ እና የተረጋጋ የሂሳብ መግለጫ እንዲኖረን አስችሏል።

ከገዢያዊ ፈተናዎች በመነጩ ከባቢያዊ ምክንያቶች ቀጣዩ ጊዜ አለመረጋጋት የነዛበበት ቢመስልም የወደፊቱን ስጋት ቀድሞ ቢተነብዩ የሚችል ስርአት እስከዘረጋንና በአንድ አላማ ስር እስከተሰባሰብን ድረስ ስኬታችንን ማስቀጠላችን አይቀሬ ነው ። በእዚህም መነሻነት ሊያጋጥሙ የሚችሉ ተግዳሮቶችን በጽኑ መንፈስ በመሻገር ያሉንን አማራጮች አሟጠን በመጠቀም የባንካችንን የፋይናንስ አቋም በጠንካራ መሰረት ላይ እንዲገነባ እንሰራለን። የባንኩ ስኬት ያለ ደንበኞቻችን እርካታ የማይታሰብ በመሆኑ የአገልግሎት ልህቀትን የስራችን ማዕከል በማድረግ በዕለት ተዕለት እንቅስቃሴያችን ቅድሚያ በመስጠት የምንተገብረው ይሆናል። በዚህም መሰረት አቅማችንን እና ሃብታችንን በመጠቀም አሰራራችንን በማዘመን የደንበኞቻችንን እርካታ የሚያረጋግጥ ስራ ላይ እናተኩራለን። የሰራተኞቻችንን አቅም ማሳደግ ከፍተኛ ትኩረት የምንሰጠው ጉዳዩ ሲሆን በዚህ ዙሪያ የምንሰራው ስራ የባንኩን እድገት የሚያስጠብቅ፣ ምቹና ቀልጣፋ የመፈፀም አቅም እንዲኖር የሚያስችል፣ ጥራት ያለው አገልግሎት ለመስጠት ብቁ የሚያደርግ እንዲሁም ከተለዋዋጭ ሁኔታዎች ጋር ራስን ለማላመድ የሚረዳ ይሆናል።

በመጨረሻም እምነታቸውን ለሰጡን ውድ ደንበኞቻችን እና ባለ አክሲዮኖቻችን፣ ለኢትዮጵያ ብሔራዊ ባንክ፣ ለፋይናንስ መረጃ ማእከል እና ሌሎች ባለድርሻ አካላቶች እንዲሁም ባንኩ የሰነቀውን ራዕይ ለማሳካት ሳይታክቱ ለሚሰሩት የባንኩ የቦርድ አባላት፣ የስራ አመራር አባላት እና ሰራተኞች ከፍ ያለ ምስጋናዬን ለማቅረብ እወዳለሁ።

Board of Directors
Debub Global Bank S.C.

በቀላ ሁሪሳ (ዶ/ር)

የዳሬክተሮች ቦርድ ሰብሳቢ

የፕሬዚደንት መልዕክት

የባንኩን እ.ኤ.አ የ2020/21 ዓመታዊ የስራ አፈዓፀም ሪፖርት ሳቀርብ ከፍ ያለ ደስታ ይሰማኛል፡፡

የእ.ኤ.አ 2020/21 በጀት ዓመት አበረታች አፈዓፀም እና ከፍተኛ እድገት ያስመዘገብንበት ዓመት ሲሆን ይህ እንዳሰካ ሳገዙን አጋሮቻችን እንዲሁም በኮቪድ ወረርሺኝ ምክንያት በተፈጠረው አስቸጋሪ ወቅት ህይወታችሁን ጭምር አደጋ ላይ በመጣል ባንካችን አስቸጋሪውን ጊዜ እንዲያልፍ ላሳያችሁት ቁርጠኝነት የባንኩን ውድ ሰራተኞች ከልብ ላመሰግን እወዳለሁ፡፡

በበጀት ዓመቱ ላሳየነው የተሳካ አፈዓፀም የተቀረጸው ውጤታማ እቅድ፣ የስራ አመራሩ ዓላማ መር እና እርቀ አሳቢ መሆን እንዲሁም የተገበርነው ደንበኛ ተኮር የአገልግሎት አሰጣጥ ከፍተኛ አስተዋጽኦ ነበራቸው፡፡ ዛሬ በምንወያዩበት የባንኩ ሪፖርት ላይ እንደምትመለከቱት ለአንድ የባንክ እድገት ወሳኝ በሚባሉ የተለያዩ መለኪያዎች ላይ ደቡብ ግሎባል ባንክ አመርቂ ውጤት አስመዝግቧል፡፡ የባንኩ የካፒታል መጠን ያገኘነውን እመኔታ በሚያሳዩ መልኩ ጨምሯል፤ የተቀማጭ መጠኑ እድገት ባለፉት አምስት አመታት ከተመዘገቡት እድገቶች ውስጥ የሚጠቀስ ሆኗል፤ የተቀማጭ ገንዘብ እድገቱም በተመሳሳዩ መልክ ጉልህ እድገት ላሳየው የብድር አገልግሎታችን ዋና ግብአት ሆኗል፡፡ ቀደም ብሎ የተጠቀሱትን ዋና ግብአቶች መሰረት በማድረግም የባንኩ ገቢ በሪከርድነት ከተመዘገቡት ውጤቶች አንዱ ሆኖ አልፏል፡፡ በተጨማሪም በቅርንጫች ስርጭትና በደንበኞች ብዛት የታየው እድገት ባንኩ ወደፊት ሊያሳካ በእቅድ ላስቀመጣቸው ስራዎች ዋና መደላድል እንደሚሆኑ መረዳት ይቻላል፡፡

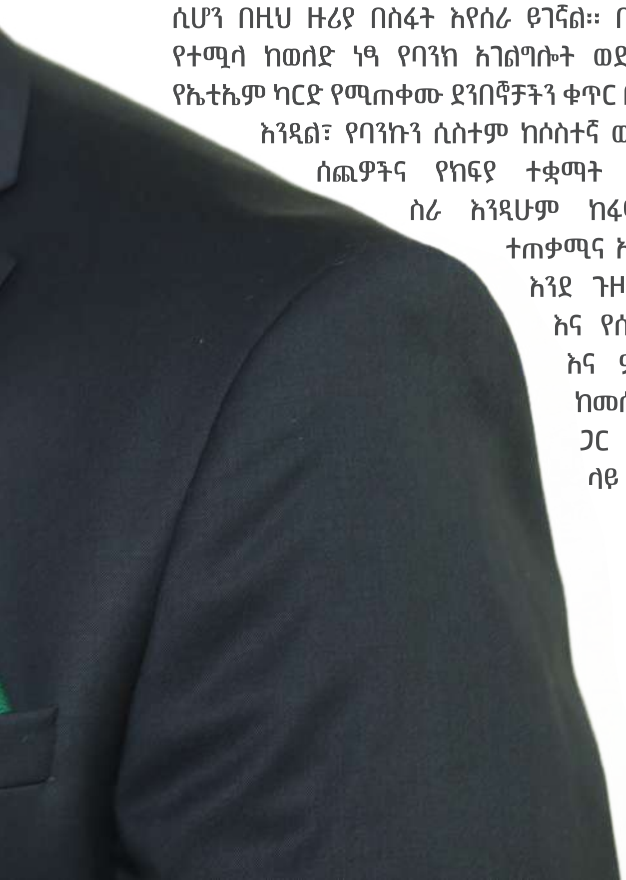
ለባለድርሻ አካሎቻችን አርኪ አገልግሎት ለመስጠት ያለንን ቁርጠኝነት በማስጠበቅ ረገድ በርካታ ስራዎችን በውጤታማነት የተገበርን ሲሆን ጠንካራ የፋይናንስ አቋማችንን በማስጠበቅ፣ የአገልግሎት ልህቀትን በማጎልበት፣ የዲጂታል አቅማችንን በማሳደግ እንዲሁም ተገቢውን ብቃትና ክህሎት ያካበተ የሰው ሃብት በመገንባት ረገድ ስኬታማ አፈጻጸም አስመዝግበናል፡፡

በዚህም መሰረት ባንካችን የእድገት ሚዛኑን በማስጠበቅ እና የፋይናንስና የአሰራር ጥንካሬውን በመገንባት ጠቅላላ ገቢውን ብር 1.7 ቢሊዮን ያደረሰ

ሲሆን ማራኪ የትርፍ ድርሻ ክፍፍልም አስገኝቷል። እ.ኤ.አ የ2020/21 በጀት ዓመት ባንኩ በቀርንጫፍ ተደራሽነትና በዲጂታል አማራጮች እንዲሁም አቅም ያላቸው ደንበኞችን በመሳብ እና ያሉትንም በማቆየት የገቢ ምንጩን ለማስፋት ከፍተኛ እንቅስቃሴ የወሰደበት ዓመት ነበር። በዚሁ ዓመት ባንካችን የብር 404 ሚሊዮን ተጨማሪ አክሲዮኖችን በመሸጥ የባንኩን የተከፈለ ካፒታል ወደ ብር1.4 ቢሊዮን ያሳደገ ሲሆን ተቀማጩን በ65 በመቶ እንዲሁም የብድር ስርጭቱን በ85 በመቶ ሊያሳድግ ችሏል።

ሀብት የማሰባሰብ አቅማችንን ከፍ ለማድረግ የባንክ አገልግሎት ለመስጠት ምቹ በሆኑ አካባቢዎች ላይ ቅርንጫፎችን በስፋት የመክፈት ስራ እየተሰራ ሲሆን ጎን ለጎንም ዲጂታል አገልግሎቶችን ማቅረብም ቀድሚያ የምንሰጠው ስራ ይሆናል። ከዚህ ጋር ተያይዞ ካለፈው በጀት ዓመት ጋር ሲነጻፀር የቀርንጫፍ ቁጥራችንን በ35 በመቶ እንዲሁም የደንበኛ ቁጥራችንን በ88 በመቶ ማሳደግ የተቻለ ሲሆን ይህ ውጤት እንዲመጣ ድጋፍ ያደረገው የሰው ሃይላችን በ37 በመቶ አድጓል። በዚህ ላይ በስትራቴጂክ አቅዳችን ላይ ባስቀመጥነው መሰረት ባንካችን ቀልጣፋና ውጤታማ አገልግሎት ለመስጠት እንዲያስችለው በሰው ሃብት ልማት፣ የአመራር ብቃትና በተነሳሽነት ዙሪያ በርካታ ስራዎች ተሰርተዋል።

ባንካችን አሰራርን ማዘመን እና በፈጠራ ቴክኖሎጂ የታገዘ አገልግሎትን ማሳደግ ከዋነኞቹ የትኩረት አቅጣጫዎቻችን አንዱ ሲሆን በዚህ ዙሪያ በስፋት እየሰራ ይገኛል። በዚህም መሰረት የተሟላ ከወለድ ነፃ የባንክ አገልግሎት ወደ ስራ እንዲገባ፣ የኤቲኤም ካርድ የሚጠቀሙ ደንበኞቻችን ቁጥር በ64 በመቶ ከፍ እንዲል፣ የባንኩን ሲስተም ከሶስተኛ ወገን የአገልግሎት ሰጪዎችና የክፍያ ተቋማት ጋር የማዋሃድ ስራ እንዲሁም ከፋይናስ ቴክኖሎጂ ተጠቃሚና አቅራቢ ድርጅቶች እንደ ጉዞ ጎ፣ ቴሌ ብር እና የሰነዶች ማረጋገጫ እና ምዝገባ ኤጀንሲ ከመሰሉ ድርጅቶች ጋር በጋራ በመስራት ላይ እንገኛለን።



በቀጣይም በየጊዜው አዩነታቸውን ለሚቀያየሩ የንግድ ስራ ውስጥ ሊያጋጥሙ ለሚችሉ ስጋቶች ቅድመ ዝግጅት በማድረግ ባንካችን በላቀ የደንበኞች አገልግሎት አሰጣጥ፣ በቀርንጫፍ ማስፋፋት እና በፈጠራ የታገዙ ዲጂታል አገልግሎቶችን በማቅረብ ተወዳዳሪ ሆኖ እና አድገቱን ጠብቆ የሚቆይ እንደሚሆን ጥርጥር የለኝም።

በመጨረሻም ባንካችንን መርጠው አብረውን እየሰሩ ለሚገኙ ደንበኞቻችን፣ የአቅማቸውን ሁሉ በመስጠት ባንኩ ከፍ ወዳለ ደረጃ እንዲሻገር ሳይደረጉ ለጠንካራ ሰራተኞቻችን እና የማኔጅመንት አባላት፣ ባንኩ ወደፊት እንዲራመድ ከፍ ያለ ድጋፍ ላደረጉና ከፍተኛ ግብዓት ለሆኑት የዳይሬክተሮች ቦርድ እንዲሁም የኢትዮጵያ ብሔራዊ ባንክ ላደረገልን ድጋፍ ምስጋና አቀርባለሁ።

ተስፋዬ ቦሩ (ዶ/ር)

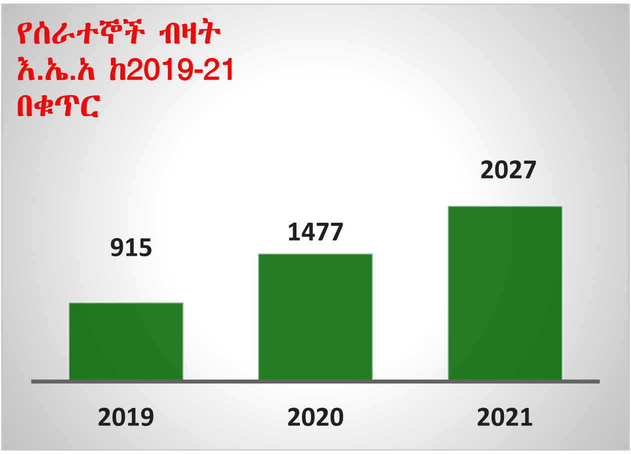
ፕሬዝደንት

የዲሬክተሮች ቦርድ ሪፖርት

የደቡብ ግሎባል ባንክ የዲሬክተሮች ቦርድ ይህን ዓመታዊ የዲሬክተሮች ሪፖርት ለባለአክሲዮኖቹ፣ ለደንበኞቹ፣ ለአጋሮቹ እና ለባለድርሻ አካላት ሁሉ ሲያቀርብ በደስታ ነው። እ.ኤ.አ ጁን 30 ቀን 2021 በተጠናቀቀው በጀት ዓመት የባንኩ ኦዲት የተደረገ የሂሳብ መግለጫ፣ አበዩት የስራ አፈጻጸም እና መጻኢ የትኩረት አቅጣጫዎች በዚህ ሪፖርት ተካተዋል።

የሰው ሃብት

ደቡብ ግሎባል ባንክ በፍጥነት ከሚለዋወጠው እና ከፍተኛ ውድድር በጎላበት ሁኔታ ውስጥ መስራት የሚችል ጠንካራ እና የዳበረ ክህሎት ያለው የሰው ሃብት ለመገንባት ሰፊ ስራ ሲሰራ ቆዩቷል። ምቹ የስራ አካባቢ እንዲፈጠር በርካታ እድሎች የተመቻቹ ሲሆን 336 ሰራተኞች እድገት አግኝተዋል። ይህ ሁኔታ ነባር ሰራተኞችን የሚያበረታታ እና አዳዲስ ሰራተኞችም ባንኩን እንዲቀላቀሉ መልካም ሁኔታን ፈጥሯል። ከዚህም በተጨማሪ የሰራተኞችን ተነሳሽነት ለማበረታታት፣ የስራ አፈጻጸምን ለማጎልበት እንዲሁም የሰራተኞችን ፍልሰት ለመቀነስ ገበያውን ያማከለ የደሞዝ እና የጥቅማ ጥቅም ማሻሻያ ተደርጓል። በአመቱ መጨረሻ የባንኩ ሰራተኞች ቁጥር በ37 በመቶ በማደግ 671 አዳዲስ ሰዎችን በመጨመር ብዛቱ 2027 የደረሰ ሲሆን ከተጠቀሰው የሰራተኛ ቁጥር 99 በመቶ የሚሆኑት ቋሚ ሰራተኞች ሲሆኑ ቀሪው አንድ በመቶ ደግሞ በሰራተኛ አገናኝ ኤጀንሲ በኩል የተቀጠሩ ናቸው። የባንኩ ሰራተኞች ቁጥር በዚህን ያህል ያደገበት ዋነኛ ምክንያት ባንኩ በቀረጸው የአገልግሎት ተደራሽነት እና የስራ ማስፋፊያ እቅድ መሰረት የደንበኞችን እርካታ የተሟላ ማድረግ እንዲቻል ነው።



በእውቀት የታነጹ፣ ከፍተኛ ክህሎት ያላቸውና መልካም ስነ-ምግባር የተጎናጸፉ ሰራተኞች በባንክ ኢንደስትሪ ውስጥ እድገትን ማስመዝገብ ለሚፈልግ የትኛውም ባንክ አስፈላጊዎች ናቸው። በዚህም መሰረት ባንኩ ከፍተኛ በጀት በመመደብ የስልጠና መርኃ ግብሮችን በመተግበር በድምሩ ለ2426 ሰራተኞች ልዩ ልዩ ስልጠናዎችን በባንኩ የውስጥ ኃይል፣ በአገር ውስጥና በዓለምአቀፍ አሰልጣኞች በኩል እንዲሰጡ አስችሏል።

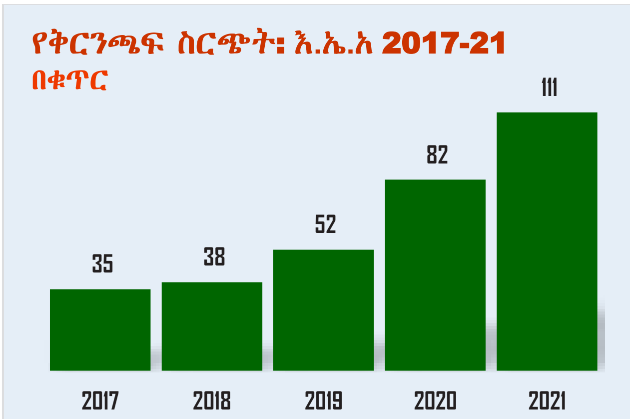
የኮቪድ-19 መከላከል እና ማረቅ ስራ ጋር በተያያዘ የሰራተኞችን ደህንነት ቅድሚያ በመስጠት የተለያዩ ተግባራት የተከናወኑ ሲሆን በዋነኝነትም ሰራተኞች የኮቪድ መከላከያ ክትባት እንዲከተቡ ተደርጓል።

የደንበኞች አገልግሎት

የደንበኞችን ፍላጎት በመረዳት ደቡብ ግሎባል ባንክ ፈጣንና አስተማማኝ የደንበኞች አገልግሎት ስርአት ለመዘርጋት ልዩ ትኩረት በመስጠት የተለያዩ ምቹ ፣ፈጣን እና ቀልጣፋ አገልግሎቶችን መስጠት የሚያስችሉ መንገዶችን ፈጥሯል። በዚህም የተለያዩ የህብረተሰብ ክፍሎችን ጥያቄዎችንና ፍላጎቶች ማርካት የሚያስችል ስራ ሰርቷል። ከዚህም በተጨማሪ የአገልግሎት ልህቀትን በማስጠበቅ ለነባር እና አዳዲስ ደንበኞች አስተማማኝ የባንክ አገልግሎት ማቅረብ የባንኩ ማዕከላዊ መርህ ነው። ላቅ ያለ የደንበኞች አገልግሎት ማቅረብ ብቸኛው የእድገት መንገድ መሆኑን በማመናችን የደንበኞቻችን ቁጥር በ88 በመቶ በማደግ 382,477 ሊደርስ ችሏል።

የቅርንጫፍ ማስፋፊያ

የባንኩ ቅርንጫፎች ከባንክ አገልግሎት ተጠቃሚ ሰፊው ሕብረተሰብ ጋር የሚያገናኙ መስመሮች እንደመሆናቸው ቅርንጫፎችን ለማስፋፋት የሚያስችል አቅጣጫ ተቀይሶ ሰፊ ስራ ተሰርቷል። የቅርንጫፍ ማስፋፊያ ስራው የደንበኞችን ቁጥር እያሳደገ ከፍተኛ የተቀማጭ ገንዘብ የማሰባሰብ አቅምን እንዲሁም የሃብት ማሰባሰብ ስራን ይጨምራል። በበጀት ዓመቱ 29 አዳዲስ ቅርንጫፎች በአገሪቱ አራቱም አቅጣጫዎች ተከፍተው ወደ አገልግሎት ገብተዋል። ከእነዚህ ቅርንጫፎች ውስጥ 20ዎቹ በአዲስ አበባ ዘጠኙ ደግሞ በክልሎች የተከፈቱ ሲሆን የጠቅላላ ቅርንጫፎች ቁጥርም ከነበረበት 82 ብዛት ወደ 111 ሊያድግ ችሏል።



ሁልጊዜም እንደምናደርገው እነዚህ ቅርንጫፎች ሲከፈቱ ለአገልግሎት ምቹና አዋጭ መሆናቸው በተረጋገጡ አካባቢዎች የተከፈቱ ከመሆናቸውም በላይ በማራኪ አደረጃጀት ስለተዋቀሩ ለደንበኞች እርካታን የሚሰጡ ናቸው፡፡

ፕሪሚየም ቅርንጫፎች

ለደንበኞቻችን የተለየ አገልግሎት ከምንሰጥባቸውና ዘላቂ አጋርነትን ከምናጎለብትባቸው ስራዎቻችን መካከል ፕሪሚየም ቅርንጫፎቻችን ተጠቃሽ ናቸው፡፡ ልዩ ድባብን ለመፍጠርና የማዝናናት መንፈስን እንዲያላብሱ ተደርገው የተደራጁት እነዚህ ቅርንጫፎች የነጻ ዋይፋይ አገልግሎት፣ የመሰብሰቢያ አዳራሽ እና ሻይ ቡና ለመገባበዝ የሚያስችሉ ሲሆኑ፣ በዚህ መልክ ተደራጅተው ስራ ከጀመሩት የቦሌ መድኃኒዓለም፣ ለቡ እና ስታዲየም ቅርንጫፎች በተጨማሪ የቦሌና የቸርቺል ቅርንጫፎቻችን በልዩ አደረጃጀት ተዋቅረው አገልግሎት በመስጠት ላይ ይገኛሉ፡፡

ዲጅታል ባንኪንግ

በቅርንጫፍ ከሚሰጠው አገልግሎት በተጨማሪ ለደንበኞች ምቶት የሚያጎናጽፉና የ24 ሰዓት አገልግሎት መስጠት የሚያስችሉ ዘመናዊ የባንክ አገልግሎቶችን ለማስጀመር ባንኩ ሰፊ ስራ ላይ ይገኛል፡፡ የዲጂታል ባንክ አገልግሎት ፍላጎት በከፍተኛ ሁኔታ እየጨመረ ከመምጣቱ እና የባንኩም ቀዳሚ ዕሴት ከመሆኑ ጋር ተያይዞ የተለያዩ የዲጂታል ክፍያ አሰራሮችን በመዘርጋት ደንበኞች በፍጥነትና በቅልጥፍና ክፍያዎችን እንዲፈጽሙ የሚያስችል ስራ በመስራት ላይ ይገኛል፡፡ ከዚህ ጋር ተያይዞ ባንኩ ከቴሌ ብር እና ጉዞ ጎ ጋር ጥምረት ፈጥሮ እየሰራ ይገኛል፡፡ ባንኩ ከሰነዶች ማረጋገጫ እና ምዝገባ ኤጀንሲ ጋርም የዲጂታል አገልግሎት መስጠት የሚያስችለውን ስምምነት ፈጽሟል፡፡

ካርድ ባንኪንግ

ባንኩ የካርድ ባንኪንግ አገልግሎት በመስጠት ላይ ተገቢውን ትኩረት ሰጥቶ በመስራት ላይ ሲሆን ለሣያ አራት ሺ ተጠቃሚዎች የክፍያ ካርዶችን በመስጠት ከብር 310 ሚሊዮን በላይ ክፍያዎች እንዲፈጸሙ አስችሏል፡፡ ከዚህም በተጨማሪ በፖስ ማሽኖች ልዩ ልዩ ክፍያዎችን መፈጸም እንዲቻሉ ሰፊ ስራ እየተሰራ ሲሆን የባንኩን ተደራሽነት ለመጨመር የሚደረገው ጥረት የሚቀጥል ይሆናል፡፡

ሞባይል፣ሞባይል ዋሌትናኢንተርኔት ባንኪንግ

ደቡብ ግሎባል የሞባይል፣ የሞባይል ዋሌት እና ኢንተርኔት ባንክ አገልግሎት ለመስጠት የሚያስችለውን ቅድመ ዝግጅት አጠናቆ በቅርቡ ወደ ስራ የሚገባበትን ሁኔታ አመቻችቷል፡፡ የእነዚህ አገልግሎቶች አስፈላጊነት በተለይ ከኮቪድ-19 መከሰት በኋላ በጣም አስፈላጊ ሆኖ በመገኘቱ ሞባይል ስልክና ኢንተርኔትን የመሳሰሉ ዲጅታል አሰራሮችን መጠቀም የሚያስችል ስራ በመፋጠን ላይ ይገኛል፡፡

የወለድ አልባ የባንክ አገልግሎት

ደቡብ ግሎባል ባንክ የሸሪአን ህግ እና ደንቦች መሰረት የደረገ ወለድ አልባ የባንክ አገልግሎት በመስጠት የደንበኞችን ፍላጎት ለማሟላት ዩቻል ዘንድ፣ ልዩ ልዩ ከወለድ ነጻ የባንክ አገልግሎቶችን ለዚሁ አገልግሎት በተመደቡ መስኮቶች ለማስጀመር ሙሉ ዝግጅቱን የጠናቀቀ ሲሆን የሸሪያ ቦርድ አማካሪዎችን መሰየም ጨምሮ በሮ የማደራጀትና ሰራተኛ የመመደብ ስራዎችን አጠናቆ ስራውን በልዩ መስኮቶችና ለዚሁ አላማ በተደራጁ ቅርንጫፎች ስራ ለመጀመርም አቅድ ይዞ በመስራት ላይ ይገኛል፡፡

የባንክ ኦፕሬሽን

ተቀማጭ ገንዘብ

የባንኩ ተቀማጭ ገንዘብ ከአምናው ተመሳሳይ ወቅት ጋር ሲነጻጸር የ65 በመቶ ጭማሪ በማስመዝገብ አበረታች ውጤት በማምጣት በአመቱ ብቻ ብር 3.4 ቢሊዮን በተቀማጭ ሂሳብ ሲሰበስብ አጠቃላዩ የብር 8.7 ቢሊየን ተቀማጭ ገንዘብ ተሰብስቧል፡፡

በቅርንጫፍ ማስፋፊያ፣ በተቀናጀ የተቀማጭ ገንዘብ ማሰባሰብ፣ በአገልግሎት አሰጣጥ፣ በአዳዲስ ደንበኞች ላይ የተሰሩት ስራዎች ለዚህ መልካም አፈጻጸም የጎላ ሚና ነበራቸው፡፡

ይህ ከፍ ያለ ተቀማጭ ገንዘብ 50 በመቶ የሚሆነው ከቁጠባ ሂሳብ ሲገኝ 34.2 በመቶ በጊዜ ገደብ ከሚቀመጥ ሂሳብ እና 15.4 በመቶ ከተንቀሳቃሽ ሂሳብ የተገኘ ነው፡፡

የዓለም አቀፍ የባንክ አገልግሎት

የደቡብ ግሎባል ባንክ ዓለም አቀፍ የባንክ አገልግሎት አፈጻጸም ባሳለፍነው ዓመት በተለያዩ ፈተናዎች ውስጥ አልፏል፡፡ በአገሪቱ ውስጥ ለዓመት የቆየው ግጭት፣ የኮቪድ ወረርሽኝ የተራዘመ የእንቅስቃሴ ዕቀባ እና ተያያዥ የሆኑ ማህበራዊና ኢኮኖሚያዊ ተጽዕኖዎች በባንኩ ዓለም አቀፍ ንግድና የውጭ ምንዛሬ ስራ ላይ ጫና ፈጥረዋል፡፡ በተለይም ባንኩ በወጪ ንግድ አማካኝነት የሚያገኘውን የውጭ ምንዛሬ በእነዚህ ተግዳሮቶች ምክንያት በተፈለገው ደረጃ እንዳይሰራ ሆኗል፡፡ በአገሪቱ ደንበሮች የተፈጠሩ የእንቅስቃሴ መቀዛቀዞች የውጭ ምንዛሬ ገቢ ላይ ተጨማሪ ጫና አሳርፈዋል፡፡

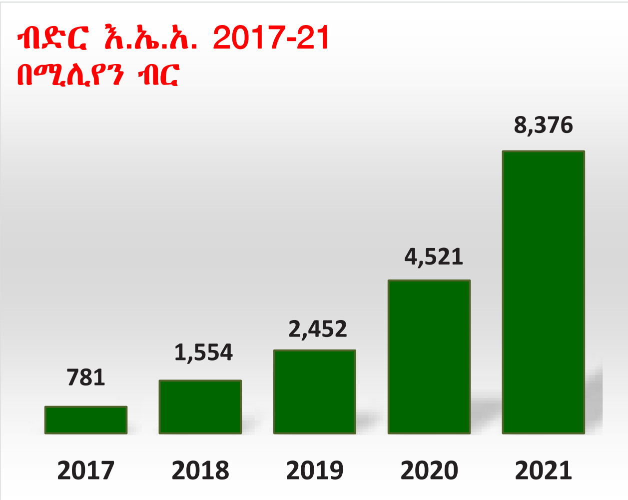
ይሁን እንጂ ደቡብ ግሎባል ባንክ እነዚህን ሁሉ ፈተናዎች ተቋቁሞ 73.1 ሚሊዮን የአሜሪካ ዶላር ገቢ ማግኘት ችሏል። ከዚህ ገቢ 80 በመቶ የሚሆነው የተገኘው ከወጪ ንግድ ሲሆን የተቀሩት የዶላር ግዢ (15 በመቶ)፣ ዓለም አቀፍ ዝውውር (4 በመቶ) እንዲሁም የባንክ ለባንክ ስምምነቶች (1 በመቶ) ይሸፍናሉ።

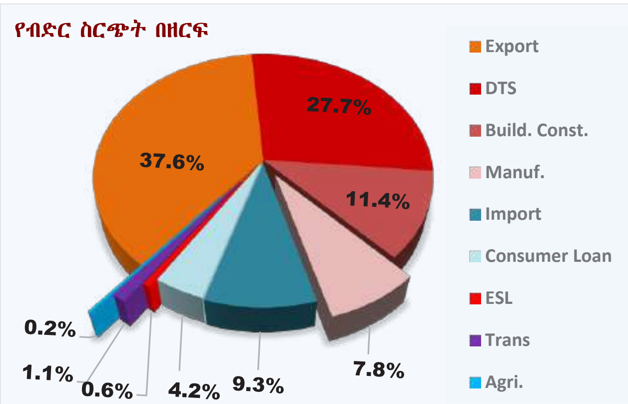
የባንካችን ዓለም አቀፍ የባንክ ግንኙነት እየሰፋ የመጣ ሲሆን 66 RMA፣ ከ9 ወኪል ባንኮች እና ከ8 የገንዘብ አስተላላፊዎች ጋር እየሰራ ይገኛል።

የብድር ስርጭት

ባሳለፍነው በጀት ዓመት ባንካችን ከተቀማጭ ገንዘብ አሰባሰቡ ከፍ ያለ አፈጻጸም በማሳየቱ በተመሳሳዩ የብድር አቅርቦቱም ከፍ ያለ ዕድገት ያሳየ ሲሆን በጠቅላላው ብር 8.4 ቢሊየን ብድር አሰራጭቷል። ይህም ካለፈው ዓመት ጋር ሲተያይ በ85 በመቶ እድገት አሳይቷል።

የባንኩ የብድር አሰጣጥ በጥንቃቄና በተገቢው አሰራር ላይ የተመሰረተ በመሆኑ የተበላሹ ብድሮች መጠን ከአምስት በመቶ በታች ነው።





የሪስክ አስተዳደር

ደቡብ ግሎባል 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 አጸድቀና የብሔራዊ ባንክ መመሪያዎችን በትክክል ስራ ላይ በማዋል የስጋት ነክ ጉዳዮችን ማለትም የብድር አሰጣጥ፣ የገንዘብ አየያዝ፣ የውጭ ምንዛሪ እና አጠቃላዩ 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።

ከላይ የተጠቀሱትን የስጋት አይነቶች ለመቆጣጠር እንዲቻል፣ የሪስክ አስተዳደር ስራ በመምሪያ ደረጃ ተዋቅሮ መምሪያውም የሚታዩ ክፍተቶችን በቀጥታ ለዳሬክተሮች ቦርድ ሪፖርት በማድረግ የዳሬክተሮች 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 በመርህ ላይ በመመስረት የባንኩን አሰራር ለማሻሻል ሰፊ ስራዎችን እየሰራ ይገኛል። ባንኩ በአጠቃላዩ የውስጥ ቁጥጥር እና የአስተዳደር ስርዓቱን ውጤታማነት የሚያረጋግጥ የውስጥ ኦዲት ስርአት በመዘርጋት አስፈላጊውን ተግባር በማከናወን ላይ ነው።

ድርጅታዊ አቅም ግንባታ

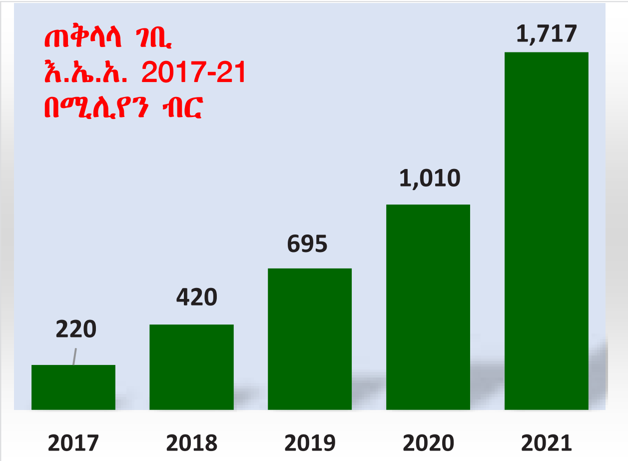
የባንኩ የመጀመሪያው አምስት ዓመት ፍኖተ ካርታ በመጠናቀቁ ባንኩ ሁለተኛውን የአምስት አመት እቅድ አዘጋጅቶ አጽድቋል። የአዲሱ ፍኖተ ካርታ ደቡብ ግሎባል ባንክን እ.ኤ.አ በ2035 በምስራቅ አፍሪካ ቀዳሚ ተመራጭ ባንክ የሚያደርግ ራዕይ ሰንቋል። ከዚህም ጋር በተያያዘ ልዩ ልዩ አቅጣጫ ቀያሪ እርምጃዎችን እየወሰደ ሲሆን አዲስ ድርጅታዊ መዋቅር ማጥናቱ፣ የወጪ አስተዳደር እና የሐብት ማሰባሰብ አቅጣጫዎች ማበጀቱ፣ ከአዲሱ ዕቅድ ጋር የሚስማማ የፖሊሲ እና የመመሪያ ክለሳ ማድረጉ ተጠቃሾች ናቸው።

የሂሳብ ነክ ክንውን

ባንኩ የጊዜውን ተግዳሮቶች ተቋቁሞ ጠንካራና አስተማማኝ አፈጻጸም አስመዝግቧል። ባንኩ በተጠናቀቀው አመት ብር 262.3 ሚሊዮን ሲያተርፍ የትርፍ እድገቱም ስምንት በመቶ ከፍ ብሏል። የባንኩን የ41 በመቶ የካፒታል እድገት ተከትሎ ባንኩ በአንድ አክሲዮን የብር 166 ገቢ ማግኘት አስችሎታል። ይህም የባንኩን የትርፍና የካፒታል ጥምርታ 13.78% እንዲደርስ አስችሏል።

ጠቅላላ ገቢ

የተመዘገበው ጠቅላላ ገቢ 56 በመቶ በማደግ ብር 1.7 ቢሊየን ደርሷል። ከዚህ ውስጥ 64 በመቶ የሚሆነው ከብድር ወለድ የተገኘ ገቢ ሲሆን ይህም ካለፈው ዓመት ጋር ሲነጻጸር የ117 በመቶ እድገት አሳይቷል። ወለድ ነክ ያልሆነ ገቢ ውስጥ 20 በመቶ ከኮሚሽን እና የአገልግሎት ክፍያ ፣16 በመቶ የሚሆነው ደግሞ ከሌሎች ገቢዎች የተገኘ ነው።

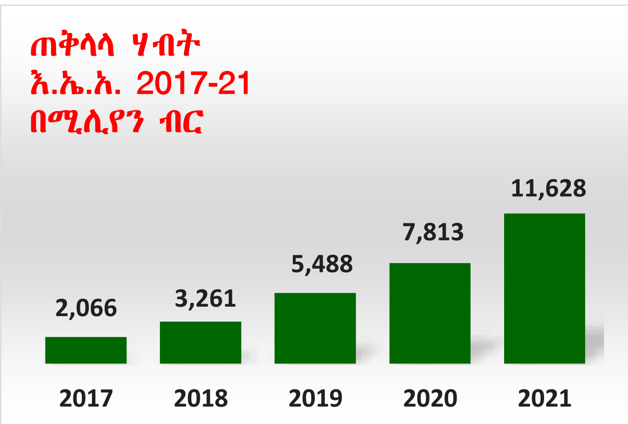


ጠቅላላ ወጪ

የባንኩ ጠቅላላ ወጪ ብር 1.45 ቢሊየን ሲሆን ይህ ወጪ ባለፈው አመት ከነበረው ወጪ ላይ ብር 594 ሚሊየን ጭማሪ አሳይቷል። የወጪ ጭማሪው ከቅርንጫፍ ስርጭት እና ተያይዘው ከሚመጡ እንደ ጠቅላላ እና የሰራተኛ ደሞዝ ወጪዎች ጋር የተያያዘ ሲሆን ከዚህ በተጨማሪ የተቀማጭ ገንዘብ ክፍያ መጨመርም ተጠቃሽ ነው።

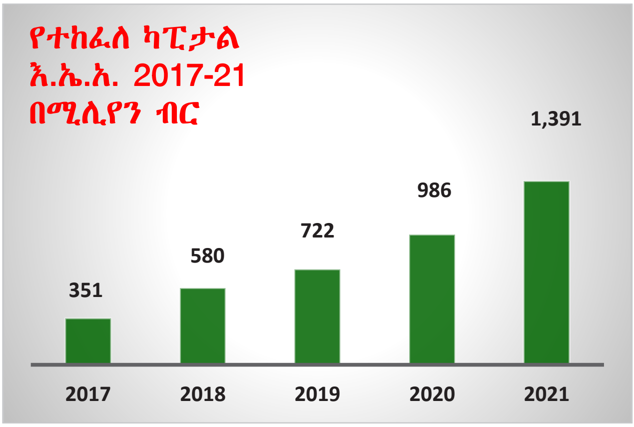
የፋይናንስ አቋም መግለጫዎች

በበጀት ዓመቱ የባንኩ ጠቅላላ ሐብት እድገት በማሳየት ብር 11.6 ቢሊየን የደረሰ ሲሆን ካለፈው ተመሳሳይ ወቀት ከተመዘገበው ጋር ሲነጻጸር የ49 በመቶ (ብር 3.81 ቢሊየን) እድገት አሳይቷል።



የባንኩ የዕዳ መጠን ብር 9.87 ቢሊየን ሆኖ የተመዘገበ ሲሆን ባለፈው አመት ከተመዘገበው አንጻር የ52 በመቶ (ብር 3.4 ቢሊዮን) ብልጫ አሳይቷል። ከዚህም እዳ ውስጥ የደንበኞች ተቀማጭ ከፍተኛውን ድርሻ ይዟል።

በተጓዳኝ የባንኩ አጠቃላዩ የተከፈለ ካፒታል ብር 1.4 ቢሊየን የደረሰ ሲሆን፣ ባለፈው አመት ከነበረው አኳያ ብር 404 ሚሊየን በመጨመር የ41 በመቶ ጭማሬ አስመዝግቧል። የባንኩን ካፒታል ለማሳደግ ሁሉም ባለድርሻ አካላት ከፍተኛ አስተዋጽዖ አበርክተዋል። የባንኩ ጠቅላላ ካፒታል ብር 1.76 ቢሊየን መድረስ የቻለ ሲሆን ይህም የ34 በመቶ እድገት ታዩቶበታል።



ማህበራዊ ኃላፊነትን መወጣት

ማህበራዊ ኃላፊነትን መወጣት ገጽታን በመገንባት ረገድ ከፍተኛ ሚናን ከመጫወቱም ባለፈ በማህበረሰብ ደህንነት ረገድ የበኩሉን አስተዋጽዖ ለማበርከት የሚረዳ ሲሆን ባንኩ በዚህ ረገድ በተጠናቀቀው በጀት ዓመት በትምህርት፣ በጤና፣ በአካባቢ ጥበቃ፣ በበጎ አድራጎትና መሰል ኃላፊነቶች አበረታች ስራ ሰርቷል።

በዚህ ረገድ ከተሰሩት ስራዎች መካከል ለሸገር ፓርክ፣ ለአገር መከላከያ ስራዊት፣ ለኢትዮጵያ ነጋዴ ሴቶች ማህበር፣ ለሳብ ቱ ኔሽን በጎ አድራጎት ድርጅት፣ ለተማሪዎች ምገባ፣ ለኢትዮጵያ ቀርስ ጥበቃ ባለደራ እና ለመሰል ማህበራት ባንኩ የበኩሉን አበርክቷል።

ከአካባቢ ጥበቃ ጋር በተያያዘ በአዲስ አበባ ከተማ ከኢትዮጵያ ቅርስ ባለደራ ጋር በመተባበርና ሰራተኞቹን በማስተባበር በችግኝ ተከላ መርሃግብር ተሳትፏል። ከዚህ በተጨማሪም የባንኩ ሰራተኞች ከኢትዮጵያ ቀይ መስቀል ጋር በመተባበር በተለየ ሁኔታ ውስጥ ሆነው ደም ለሚያስፈልጋቸው ወገኖች የደም ልገሳ አገልግሎት ሰጥተዋል።

የባንኩ የ2020/21 አቅጣጫዎች

የማህበረሰብ ጤና ቀውስ የፈጠረው ኮቪድ-19 ኢኮኖሚያዊ እንቅስቃሴውን እየተፈታተነ ባለበት ሁኔታ፣ ዓለም አቀፋዊና አገራዊ ኢኮኖሚያዊ ተለዋዋጭነት በሰፈነበት፣ ኢንደስትሪውን የሚቀላቀሉ ባንኮች ቁጥር እየጨመረ እና ውድድሩ እጅግ ፈታኝ እየሆነ መምጣቱ እነዚህ ሁሉ ተግዳሮቶች መጪውን የስራ ጊዜ አዳጋች እንደሚያደርገት

እሙን ነው። ለዚህም ቁርጠኝነት እና አስፈላጊውን ዝግጅት ማድረግ የሚያጠያይቅ አይደለም።

በእነዚህ ሁሉ ፈተናዎች ውስጥ ደግሞ መልካም አጋጣሚዎች መኖራቸው የግድ ነው። እያንዳንዱን መልካም አጋጣሚ ለመጠቀም፣ ያልተሰሩባቸውን የገበያ አማራጮች ለመዳሰስ፣ የዲጂታል ባንክ አገልግሎትን ለማጎልበት ዝግጁ ነን። በዚህም የባለአክሲዮኖቻችንን እሴት የምናሳድግ ሲሆን የደንበኞቻችንንም ፍላጎት በላቀ ሁኔታ የምናስተናግድበትን እድል እየፈጠርን የደንበኞችን አገልግሎት የስራችን ሁሉ ማዕከል በማድረግ ለዘላቂ እድገት እንሰራለን። በተጨማሪም ከዚህ በፊት የተጀመሩ ባንኩ የራሱን ህንጻ ለመገንባት ከመንግስት መሬት ለመረከብ ብዙርቀት የተጓዘበት እንቅስቃሴ ከዳር ለማድረስ እየሰራን የታሰበው ህንጻ እስኪጠናቀቅ ድረስ መሸጋገሪያ የሚሆን ህንጻ ለመግዛት ጥረት በማድረግ ላይ እንገኛለን። ዝግጅቶቹ የተጠናቀቁት የወለድ አልባ የባንክ አገልግሎትም በመስኮት ከሚሰጠው አገልግሎት በተጨማሪ ራሳቸውን በቻሉ ቅርንጫፎች ለመስጠት ሰፊ ሰራ ይከናወናል። በተጠናቀቀው የበጀት አመት በስኬት የጠከናወነው ቅርንጫፎችን የማስፋፋት ስራም ተጠናክሮ የሚቀጥል ሲሆን የባንኩን የውስጥ ስራ ለማቀላጠፍ ብሎም ለደንበኞች የተሻለ አገልግሎት ለማበርከት ከፍተኛ ሚና የሚኖረው የባንካችንን ኮር ባንኪንግ ስርአት የማሻሻልኛ የማዘመን ስራ ይከናወናል።

የባንኩ ገጽታ እና መልካም አፈጻጸም ወደ ተሻለ ከፍታ እንዲደርስ በሁሉም አቅጣጫ ያለንን አቅም በመጠቀም ለመስራት ዝግጁዎች ነን።

የዳሬክተሮች ቦርድ

ታህሳስ 2014

ደቡብ ግሎባል ባንክ
የገንዘብ ፍሰት መግለጫ
እ.ኤ.አ በሰኔ 30 ቀን 2021 ለተጠናቀቀው ዓመት

	ማስታወሻ	እ.ኤ.አ. በሰኔ 30 2021 ብር "000	እ.ኤ.አ. በሰኔ 30 2020 ብር "000
ከሥራ እንቅስቃሴዎች የታየ የጥሬ ገንዘብ ፍሰት			
ከሥራ እንቅስቃሴዎች የተገኘ ጥሬ ገንዘብ	32	(4,044,375)	(1,790,834)
የዳይሬክተሮች አበል	29	(1,650)	(1,650)
የተተመነ ክፍያ	24	(799)	(141)
የተከፈለ የገቢ ግብር	13	(48,312)	(76,379)
ከሥራ እንቅስቃሴዎች የተገኘ የተጣራ (ወጪ/ገቢ) የጥሬ ገንዘብ ፍሰት		(4,095,136)	(1,869,004)
ከመዋዕለ ንዋይ ፍሰት እንቅስቃሴዎች የተገኘ የጥሬ ገንዘብ ፍሰት			
ኢንቨስትመንት ሴኩሪቲስ ግዢ (Purchase of Investment Securities)	16	7,197	8,520
የማይዳሰሱ ሐብቶች ግዢ	18	(969)	(804)
የንብረት፣ የማምረቻ እና የመሳሪያዎች ግዢ	19	(150,888)	(81,326)
ከንብረት፣ ከማምረቻ እና ከመሳሪያዎች ሽያጭ ገቢ	32	-	-
ከትርፍ ክፍያ ተሰብሳቢ /Dividend Received/		-	-
የአክሲዮን ግዢዎች /Purchase of Equity Shares/	27	(21)	(66)
ከመዋዕለ ንዋይ ፍሰት እንቅስቃሴዎች የተገኘ የተጣራ የጥሬ ገንዘብ ፍሰት		(144,681)	(73,676)
ከገንዘብ ነክ እንቅስቃሴዎች የተገኘ የገንዘብ ፍሰት			
የደንበኞች ተቀማጭ ጭማሪ (ቅናሽ)	21	3,414,201	1,765,853
የሌሎች እዳዎች ጭማሪ (ቅናሽ)	22	206,805	11
የተሸጡ መደበኛ አክሲዮኖች	25	404,481	264,140
የሊዝ ዕዳ ክፍያ	20	(52,206)	(13,041)
ለትርፍ ክፍያ የሚከፈል	29	(136,593)	(149,587)
ላለፉት ዓመታት የግብር ማስተካከያ	29	(5,147)	-
ከገንዘብ ነክ እንቅስቃሴዎች የተገኘ የተጣራ የገንዘብ ፍሰት		3,831,542	1,867,376
በጥሬ ገንዘብ እና የጥሬ ገንዘብ እኩያዎች የታየ ልዩነት		**(408,276)**	**(75,304)**
በዓመቱ መጀመሪያ ላይ የነበረ ጥሬ ገንዘብ እና የጥሬ ገንዘብ እኩያ	14	1,338,440	1,413,744
የውጭ ምንዛሪ ትርፍ/ኪሳራ በጥሬ ገንዘብ እና በጥሬ ገንዘብ እኩያዎች		-	-
በዓመቱ ማብቂያ ላይ የታየ የጥሬ ገንዘብ ሚዛን	**14**	**930,164**	**1,338,440**

ደቡብ ግሎባል ባንክ
የትርፍ ወይም ኪሳራ እና ሌሎች ገቢዎች መግለጫ
እ.ኤ.አ በሰኔ 30 ቀን 2021 ለተጠናቀቀው ዓመት

	ማስታወሻ	ኢ.ኤ.አ. በሰኔ 30 2021 ብር "000	ኢ.ኤ.አ. በሰኔ 30 2020 ብር "000
የወለድ ገቢ	5	1,101,015	521,742
የወለድ ወጪ	6	(521,404)	(247,401)
የተጣራ የወለድ ገቢ		579,611	274,341
የክፍያ እና የኮሚሽን ገቢ	7	339,515	340,003
የክፍያና የኮሚሽን ወጪ	7	-	-
የተጣራ የክፍያ እና የኮሚሽን ገቢ		339,515	340,003
ከሌሎች የአገልግሎት ክፍያ የተገኙ ገቢዎች	8	276,267	241,572
ጠቅላላ የእንቅስቃሴ (አገልግሎት) ገቢ		1,195,393	855,916
ለደንበኞች የተሰጡ አጠራጣሪ ብድሮች መጠባበቂያ ክፍያ	9	(39,489)	6,213
በሌሎች እንቅስቃሴዎች የመጡ አጠራጣሪ ኪሳራዎች	10	(6,597)	(1,428)
የተጣራ የእንቅስቃሴ (የአገልግሎት) ገቢ		1,149,307	860,701
የሰራተኞች ደመወዝ እና ጥቅማ ጥቅም ክፍያዎች	11	(382,145)	(225,158)
የማይዳሰሱ ሀብቶች የእርጅና ቅንስናሽ	18	(3,640)	(3,533)
የንብረት፣የህንፃ እና የመሳሪያዎች የእርጅና ቅንስናሽ	19	(26,763)	(15,894)
የተጠቃሚነት መብት ቅንስናሽ (Depreciation of Right of Use Assets)	20	(75,200)	(49,427)
ሌሎች የእንቅስቃሴ (የአገልግሎት) ወጪዎች	12	(399,235)	(323,804)
ትርፍ ከግብር በፊት		262,324	242,885
የገቢ ግብር ወጪ	13	(67,414)	(43,831)
ትርፍ ከግብር በኃላ		**194,910**	**199,054**
ሌሎች የተጣመሩ ገቢዎች (Other Comprehensive Income) ከገቢ ግብር በኋላ			
በትርፍና ኪሳራ መዝገብ የማይካተቱ ገቢዎች ወይም ወጪዎች (Items that will not be subsequently reclassified into profit or loss)፡	24	(2,024)	(1,493)
በጡረታ ጊዜ ለሰራተኞች ሊከፈል የሚችል ጥቅማጥቅም (Remeasurement gain/(loss) on retirement benefits obligations)	13	607	448
ወደፊት ሊከፈል የሚችል የትርፍ ግብር (Deferred tax (liability)/asset on remeasurement gain or loss)		(1,417)	(1,045)
Fair value through OCI on Financial assets - Unrealized gain/(Loss) arising from measurement at fair value	28	(9,271)	11,791
		(10,688)	10,746
የአመቱ አጠቃላይ የተጣራ ገቢ (Total comprehensive income for the period)		**184,222**	**209,800**
(Basic & diluted earnings per share (Birr)) **የአንድ አክሲዮን የትርፍ ድርሻ** (EPS) (ብር)	26	**166**	**236**

ደቡብ ግሎባል ባንክ
የሀብትና ዕዳ መግለጫ
እ.ኤ.አ በሰኔ 30 ቀን 2021 ለተጠናቀቀው ዓመት

	ማስታወሻ	እ.ኤ.አ. በሰኔ 30 2021 ብር "000	እ.ኤ.አ. በሰኔ 30 2020 ብር "000
ሐብቶች			
በባንክና በእጅ የሚገኝ ጥሬ ገንዘብ	14	1,360,334	1,598,610
የደንበኞች ብድር እና ቅድመ ክፍያ	15	8,292,350	4,476,763
የአክስዮን ኢንቨስትመንት፡			
ለሽያጭ የተዘጋጀ አክሲዮን	4.2, 16	40,551	47,687
የብሔራዊ ባንክ ቢል ኢንቨስትመንት	16	1,068,187	1,068,248
ሌሎች ሀብቶች	17	274,525	225,860
የተጠቃሚነት መብት (Right of Use Assets)	20	317,732	242,675
የማይዳሰሱ ሐብቶች	18	3,218	5,889
ቋሚ ንብረት እና መሳሪያ	19	264,194	140,069
ወደፊት የሚታሰብ የትርፍ ግብር (Deferred tax Asset)	13	7,359	6,777
ጠቅላላ ሐብት		**11,628,451**	**7,812,578**
እዳዎች			
የደንበኞች ተቀማጭ ሂሳብ	21	8,703,494	5,289,293
ብድር	22	206,832	27
የዚህ አመት ተከፋይ የገቢ ግብር	13	67,389	48,312
ሊዝ	20	47,437	76,094
ሌሎች እዳዎች	23	826,675	1,072,435
ለሰራተኞች የአገልግሎት ጥቅም መጠባበቂያ (Retirement benefit obligations)	24	14,445	9,529
የተቀመጠ የግብር ኃላፊነት (Deferred tax Liabilities)	13	-	-
ጠቅላላ ኃላፊነት		9,866,272	6,495,690
የተጣራ ሐብት			
የተከፈለ አክሲዮን ካፒታል	25	1,390,481	986,000
ሌሎች ድርሻዎች /Treasury shares/	27	(6,435)	(6,414)
ሌሎች መጠባበቂያዎች	28	15,326	26,014
ያልተከፋፈለ ትርፍ	29	113,769	136,593
ህጋዊ መጠባበቂያ	30	212,374	163,647
የሪስክ መጠባበቂያ	31	36,665	11,048
ጠቅላላ የተጣራ ሐብት		**1,762,179**	**1,316,888**
ጠቅላላ የተጣራ ሐብት እና ኃላፊነት		**11,628,451**	**7,812,578**

9% ወለድ

የልጆች፣ የወጣቶች እና የወርቃማ ዘመን

ደቡብ ግሎባል ባንክ
Debub Global Bank

የዕድገትዎ
መሰላል
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DEBUB GLOBAL BANK

Addis Ababa Branches

No.	Branch	Telephone
1	Beklobet	0114 67 40 68
2	Saris	0114-43-14 -05
3	Shiromeda	0111-54-00-66/95
4	Sidamo-Tera	0112-73-42-32/23
5	Dubi-Tera	011-2-73-21-39/65
6	Atlas	0116-67-25-87
7	Messalemia	011-2-78-87-11
8	Kality	011-4-71-60-09
9	Stadium	011-5-58-12-98/73/31
10	Yerer	011-6-67-57-82/58-24
11	Jemo	011-4-71-39-34/35 88
12	Summit	011-667-89-86
13	Gofa	011-4-70-48-70/71
14	Bethel	011-3-69-67-55/56
15	Gerji	011-639-46-31/96
16	Kality Gebriel	0114-71-77-53/18
17	Senga Tera	0115-57-46-82/57 04
18	Hayahulet	011-668-40-33/42 78
19	Bole Michael	0116 39 27 76/34 67
20	Atikilt Tera	0111 26 69 00
21	Teklehaymanot	011-273-39-53/37 54
22	Bole Medhanialem	0116 68 64 52
23	Nifas Silk	0114 70 91 08/09
24	Lideta	0115 57 40 44/54 80
25	Meskel Flower	0114 70 23 66/18 72
26	Kolfe	0112 73 99 91/97 62
27	Lebu	0114 62 53 39/31
28	Addisu Gebeya	0111 26 54 44/43
29	Wessen	0116 68 09 61
30	Ayat	0116 39 10 03/18 23
31	Gulele	0112 73 73 71/79 89
32	Autobus Tera	0112 73 55 28
33	Adey Abeba Stadium	0116 35 83 96
34	Lafto	0114 71 18 77/78
35	Megenagna	0116 68 68 73/63 12
36	Shalla	0116 89 42 74/76
37	Military Tera	0112 73 35 30/31
38	Mekanisa	0113 69 19 38/39
39	Kazanchis	0115 57 95 46/47
40	Bole Bulbula	0114 71 44 83/42 99
41	Alem Bank	0113 69 39 58
42	Hana Mariam	0114 71 10 40/15 71
43	Firash Tera	0112 31 00 08/47
44	Kera-Sarbet	0116 69 19 67/68
45	CMC Michael	0116 67 15 26/28
46	Bisrate Gebriel	0113 69 26 46/0545
47	Gotera	0115 50 56 78/0115 51 57 77
48	Kebena	0111 54 47 20/21
49	Haya Arat	0116 59 37 46/47
50	Lamberet	0116 73 40 82/83
51	Ayer Tena	0113 69 37 41/42
52	Arat Kilo	0115 33 61 80/81
53	Jakros	0116 73 37 13/80
54	Akaki	0114 71 53 57/50 28
55	Bole	0116 68 62 27/65 99
56	Churchil	0115 33 62 70/61 58
57	Dejach Wube	0111 70 20 08/96
58	Ayat Beshale	0118 13 20 77
59	Kotebe	0116 73 43 54/22 39
60	Ferensay	0111 54 95 06/92 38
61	Tulu Dimtu	0114 71 56 74/67 19
62	Gelan Condominium	0118 13 42 34
63	CMC	0116 73 46 28/39 43
64	Sholla	0116 58 72 02/66 91
65	Goro	0116 66 15 58/68 37 53
66	Gurd Sholla	0116 73 36 55
67	Yohannes	0111 71 32 24
68	Wuhalimat	
69	Mehal Gurd Sholla	
70	Popolare	0115 58 42 90/27 04
71	Bilal (Bethel)	0113 69 71 62/72 45

DEBUB GLOBAL BANK

Regional Branches

No.	Branch	Telephone
1	Hawassa	046-2-20-46-73
2	Hossaena	046-555-08-00
3	Adama	022-1-11-84-71 / 72
4	Doyogena	046-2-44-03-39 /31
5	Dilla	046-3-31-00-19/12 / 01-54
6	Wolkite	011-3-30-02-25/24 / 011-3-30-02-28
7	Worabe	046-7-71-01-17/18 / 046-7-71-01-05
8	Yirgachefe	046-332-05-79 / 046-3-32-05-70
9	Wolayta	046-551-41-53 / 046-5-51-41-65
10	Shashemene	046-211-00-75/77 / 046-211-00-72
11	Durame	046-554-02-35/0334
12	Chuko	046-227-01-69/03 24 /046-227-04-09
13	Mekelle	034 -241-53-87/ 034-241-52-93
14	Aletawondo	046-224-15-44 /11 79
15	Arbaminch	0461 81 40 20
16	Yirgalem	046-225-20-39 / 046-225-20-29
17	Gondar	058-211-09-72/15 55 / 046-225-20-29
18	Dembela	022-1-12-07-33/ 022-2-11-65-25
19	Tabor (Hawassa)	046-212-25-21/57 55
20	Dire Dawa	025 4 11 55 36
21	Bahirdar	0583 20 66 15/64 19
22	Butajira	0461 45 35 93/77 83
23	Bishoftu	0114 30 12 81/82
24	Menaharia (Hosaena)	0461 78 01 19
25	Adi Haki	034 240 43 23/42 56
26	Furi	0113 67 96 34/94 79
27	Alem Gena	0113 67 94 19/92 91
28	Jimma	0472 11 10 93/94
29	Humera	0342 48 63 10/11
30	Jigjiga	0252 78 36 63/67 31
31	Harar	0254 66 40 59/64 29
32	Burayu	0112 62 51 97/ 55 42
33	Debrebirhan	0116 37 51 95/65 37
34	Woliso	0113 66 46 32/45 96
35	Tog Wuchale	0258 82 04 26
36	Hawassa Addisu Gebeya	0462 12 95 26/23 78
37	Mizan	0471 35 79 23/50 72
38	Hawassa Menaheria	0462 12 13 07/80 68
39	Modjo	0222 236 46 53/64 43
40	Daye	0463 37 06 57/07 07
41	Welete	0118 13 48 02
42	Ashewa Meda	0112 60 19 98
43	Dedecha Arara (Adama)	0222 11 99 47/82 27
44	Boset (Adama)	0222 12 38 86/85
45	Dessie	0333 12 52 38
46	Tarcha	0463 45 08 25/26
47	Metu	
48	Bonga	0473 31 23 89/24 37
49	Batu	0461 41 57 98
50	Halaba Kulito	
51	Gambella	0471 51 27 95/99
52	Shinshicho	0463 39 08 89
53	Naramo (Hossaena)	
54	Hossaena Arada	0118 12 82 68
55	Bule Hora	0464 43 16 07
56	Meki	0221 18 22 16
57	Fiche	0111 60 99 98/91 95
58	Agaro	0472 21 12 99/56 16
59	Areka	0465 52 14 48/15 47

ደቡብ ሐቂቅ
ከወለድ ነፃ
አገልግሎት
መስጠት
ጀምረናል

ደቡብ ግሎባል ባንክ
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የዕድገትዎ መሰላል
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