

Annual Report

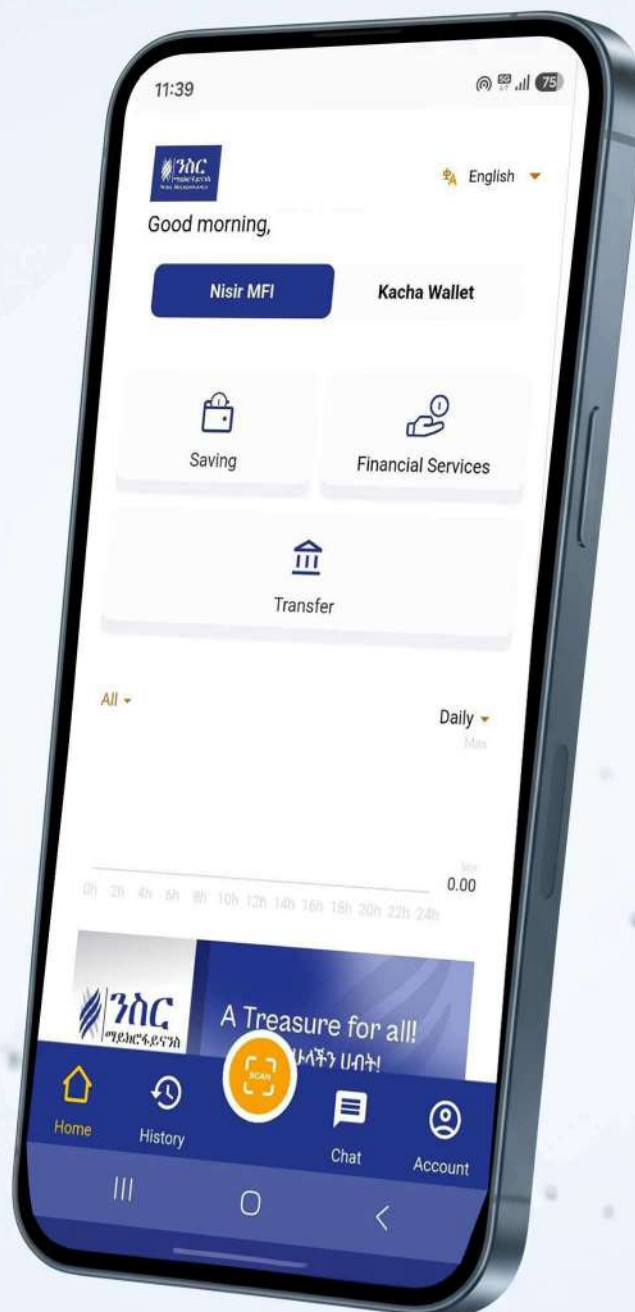
Financial Year
2025/26



የሁላችን ሃብት!
A Treasure For All!



SCAN FOR
DIGITAL





Vision

To be beacon of swift and seamless financial solutions for the underserved individuals and SMEs.



Mission

We are committed to provide trusted, win-win and need-based financial solutions to customers and sustainable value to stakeholders through people centered & intelligent system.



Core Values

We live our promises to customers.
We are a member of the one 'Nisir' family.
We continuously learn, evolve, and adapt.
We are committed to responsible finance
We finance sustainable progress.

ማውጫ

የዳይሬክተሮች ቦርድ ሰብሳቢ መልዕክት	4
የዋና ሥራ አስፈጻሚ መልዕክት.....	11
የዳይሬክተሮች ቦርድ ሪፖርት.....	15
የአዲት ሪፖርት.....	34

Contents

Board chairpersons message	7
CEO's message.....	13
Report of the Board of Directors.....	21
Auditors Report.....	34

የዳይሬክተሮች ቦርድ አባላት

BOARD OF DIRECTORS



ሚካኤል አዲሱ
የቦርድ ሰብሳቢ
Michael Addisu
Board Chairperson



ነጻነት ጸጋው
የቦርድ አባል
Netsanet Tsegaw
Board Member



ዮዲት ካሳ
የቦርድ ም/ሰብሳቢ
Yodit Kassa
Board D/Chairperson



በርሃኑ ሞላ
የቦርድ አባል
Berhanu Molla
Board Member



ፍጹም ዘውዱ
የቦርድ አባል
Fitsum Zewdu
Board Member



መና ሰላሙ
የቦርድ አባል
Menna Selamu
Board Member



ብስራት ተሾመ
የቦርድ አባል
Bisrat Tesome
Board Member

የሥራ አስፈጻሚና ሲንየር ማኔጅመንት Executive & Senior Management



ሙሉጌታ እምቤላለ
ዋና ሥራ አስፈጻሚ
Mulugeta Embiale
CEO



ቃለወልድ ተገኘ
ሥራ አስፈጻሚ ሪሶርስ እና ቻናል
Kalewold Tegegne
Executive Officer Resource
& Channel



ተፈራ ደረጀ
ኤክስኪትቭ ዳይሬክተር አይ.ቲ
Tefera Dereje
Executive Director IT



ኢሳያስ ገ/መድህን
ዳይሬክተር ሪስክ እና ኮምፕሊያንስ
Esayas G/Medihin
Director Risk & Compliance



ቤተልሄም መኮንን
ዳይሬክተር የሰው ሃይል አስተዳደር
Bethelhem Mekonnen
Director HR



አርቶዶክስ ተዋህዶ
ቻናል ማናጀመንት እና ክስተመር ኤክስፒሬዎንስ
Orthodox Tewahedo
Director Channel & CX



አንዱአለም አማረ
ዳይሬክተር ብድር አፕሬሽን
Andualem Amare
Credit Operation Director

የሥራ አስፈጻሚና ሲንየር ማኔጅመንት Executive & Senior Management



መስፍን በየነ
ዳይሬክተር ፋይናንስ እና ኢንቨስትመንት
Mesfin Beyene
Director Finance & Investment



ህሊና ተስፋዬ
ዳይሬክተር ሪሶርስ እና ፓርትነርሺፕ
Hilina Tesfaye
Director Resource & Partnership



ሞቲ አበልቲ
ዳይሬክተር ስትራቴጂ እና ብራንድ
Moti Abelti
Director Strategy and Brand



ታደሌ ቤዛ
ዳይሬክተር የህግ እና ብድር ማስመለስ
Tadele Beza
Director Legal & Loan Recovery



ሚካኤል አዲሱ
የዳይሬክተሮች ቦርድ ሰብሳቢ

የዳይሬክተሮች ቦርድ ሰብሳቢ መልዕክት

የተከበራችሁ የንስር ማይክሮፋይናንስ ኢንስቲትዩሽን አማካኝነት ባለአክሲዮኖች ከቡራን እና ከቡራት

በዳይሬክተሮች ቦርድ እና በራሴ ስም እንኳን ወደ 13ኛው መደበኛ ጠቅላላ ጉባዔ እና 5ተኛው አስቸኳይ ጠቅላላ ጉባዔ በደህና መጣችሁ እያልኩ ለባለአክሲዮኖች፣ ደንበኞች፣የቦርድ አባላት፣ ማኔጅመንት እና ሠራተኞች ለሰጣችሁን ያልተቋረጠ እምነት እና ድጋፍ ከልብ አመሰግናለሁ።

የ2018 ሂሳብ ዓመት የንስርን የሥራ ክንውን ከፍተኛ ማይክሮ ኢኮኖሚ እና ፋይናንሻል ለውጦች፣እየጨመረ ባለፈው ውድድር እና የኢትዮጵያ ፋይናንሻል ሥርዓት ቀጣይ ሽግግር የታየበት ሲሆን ተቋማችን በጠንካራ የአሰራር ብቃት የላቀ ውጤት ለማስመገብ ተችሏል።

የማይክሮ ኢኮኖሚ እና ቁጥጥር ሁኔታ

ሂሳብ ዓመቱ የማይክሮ ኢኮኖሚ መረጋጋት፣ ገበያን መር ያደረገ የገንዘብ ፖሊሲ፣ የውጭ ምንዛሪ ለውጥ እና የፋይናንሻል ዘርፍ እድገት አሳይቷል፡፡ የዋጋ ግሽበትም በታህሳስ 2018 ዓ.ም ወደ 9.7% የቀነሰ ሲሆን በግንቦት 2018 ዓ.ም ደግሞ ወደ 13.4% መጨመሩ ጥንቃቄ የሚያስፈልገው ተቋማዊ አስተዳደር እንደሚያስፈልግ አሳይቷል፡፡

ገበያን መሰረት ያደረገ የውጭ ምንዛሪ አቅርቦት፣የዲጂታል ፋይናንሺያል አገልግሎት መስፋፋት እና የፋይናንሺያል-ገበያ መሰረተ ልማት መልካም አጋጣሚዎችን እና ችግሮችን ፈጥሯል። እንደ ኢትዮጵያ ብሔራዊ ባንክ ሪፖርት (3rd Financial stability report on March 2026) የማይክሮፋይናንስ ኢንዱስትሪው ችግሮችን በመቋቋም የካፒታል፣ የጥሬ ገንዘብ እና የሃብት ንብረት-ጥራት መለኪያዎች ላይ መሻሻል አሳይቷል። በኢትዮጵያ ካፒታል ገበያ ባለስልጣን ስር የኢትዮጵያ ሙዓላ ንዋዮች ገበያ ሥራ መጀመሩ ለካፒታል አቅርቦት ኢንቨስትመንት፣ ካፒታል አስተዳደር እና ለፋይናንስ ስብጥር መልካም አጋጣሚዎችን ፈጥሯል።

የስራ አፈጻጸም

ንስር በሂሳብ ዓመቱ እጅግ ከፍተኛ ውጤቶችን አስመዝግቧል። ለአብነትም፡-

- ጠቅላላ ሃብት፡- በ 2017 ዓ.ም ከነበረው 5.53 ቢሊየን ብር በ70.21% አድጎ ወደ ብር 9.42 ቢሊየን ከፍ ብሏል።
- የሰው ሃይል፡- በ 2017 ዓ.ም ከነበረው 216 ሰራተኞች ወደ 280 ሰራተኞች ደርሷል።
- ተቀማጭ ገንዘብ፡- በሂሳብ ዓመቱ በብር 2.37 ቢሊየን በመጨመር ከባለፈው ዓመት በ63.6% አድጎ ብር 6.10 ቢሊየን ደርሷል፡፡

- ብድሮች፡- ካለፈው ዓመት አኳያ በ76.2% አድጎ ወደ ብር 6.69 ቢሊየን ደርሷል። ተመላሽ ያልተደረጉ ብድሮች ምጣኔም በኢትዮጵያ ብሄራዊ ባንክ መመሪያ መሰረት ከተቀመጠው ጣሪያ ቢታች 2.87% ሆኗል።
- ጠቅላላ ገቢ፡- ከባለፈው ዓመት ከነበረው ብር 966.6 ሚሊየን በ88.89% ጨምሮ ወደ ብር 1.83 ቢሊየን በከፍተኛ ሁኔታ ከፍ ማድረግ ተችሏል።
- ትርፍ፡- ከታከሰ በፊት ያለ ትርፍ ከባለፈው ዓመት በ215.2% ጨምሮ ብር 522.7 ሚሊየን ሆኗል። ይህም ከታከሰ በኋላ ያለውን ትርፍ በ207.6% በማሳደግ ወደ ብር 384.9 ሚሊየን አድርሶታል።
- የአክሲዮን ትርፍ ድርሻ፡- ከባለፈው ዓመት አኳያ በ151% ያደገ ሲሆን ይህም ለአንድ የ 1000 ብር የአክሲዮን ድርሻ የሚከፈለው ትርፍ ብር 625 ሲሆን ይህም 62.5% ማለት ነው።

ስትራቴጂያዊ እድገት

ባሳለፍነው የሂሳብ ዓመት ንስር የዲጂታል ፋይናንሺያል ስትራቴጂዎች ከሀገር ውስጥ ከፍተኛ ሲስተም አፕራቲዎች እና ፊንቴክ አጋሮች ጋር በመተባበር ያበለጸገ ሲሆን በዲጂታል ማበደር፣ ቁጠባ፣ ክፍያዎች እና የተሻለ አገልግሎቶችን መስጠት ችሏል ።

ሂሳብ ዓመቱ ሲጠናቀቅ ተቋማችን ከ 2019-2021 ዓ.ም የሚቆይ የ3 ዓመት ስትራቴጂክ እቅድ አጽድቆ በዋና ስትራቴጂክ ምሰሶዎች እና “የት እና እንዴት ማሸነፍ ይቻላል” በሚል አውታር በመመራት በቀጣይ የጠቅላላ ሃብት እድገት፣ ወደ ገበያ ዘልቆ መግባት፣ የአሰራር ልህቀት እና የረጅም ጊዜ እሴት ፈጠራ አላማ አድርጓል። በተጨማሪም ለካፒታል ገበያ ዝግጅት በማድረግ የአመራር፣ የመረጃ ግልጽነት፣ ዝግጅት እና ተቋማዊ መዋቅሮችን አጠናክሯል።

መዋቅራዊና የአሰራር ለውጥ

ዓመቱ ለንስር ከፍተኛ የተቋማዊ ሽግግር የተደረገበት ነበር። ተቋሙ እያደገ ሲሄድና ከሚለዋወጠው የፋይናንስ አገልግሎት ዘርፍ ጋር እራሱን እያጣጣመ ሲመጣ፣ ጎን ለጎን የተቋሙን መሰረቶች፣ የማኔጅመንት አቅምን እና የአሰራር ስርዓቶችን ማጠናከር ነበረበት። አዲሱ የተቋም መዋቅር የመጀመሪያው ሙሉ የትግበራ ዓመት ላይ አዳዲስ ሚናዎችንና ኃላፊነቶችን በየክፍሎቹ እንዲተገብር አድርጓል። ዋና ሥራ አስፈጻሚውን እና ዋና ዋና የሥራ ክፍሎችን ያካተተው የኤክስኬቱቭ ማኔጅመንት (የሥራ አመራር) መዋቅር መመስረትና ወደ ሥራ መግባት፣

አመራርነትን፣ ተጠያቂነትን እና ውሳኔ አሰጣጥን በማጠናከር ረገድ ትልቅ እርምጃ ነበር። ይህንን ሽግግር ቀጣይነት ካለው የሥራ መስፋፋት ጋር አጣጥሞ መምራት በተቋሙ ውስጥ ቅንጅትን እና ውህደትን ለመፍጠር አነሳስቷል።

ከዕድገቱ ፍጥነት በተጨማሪም ጥራት ያለው የብድር ፖርትፎሊዮ አስተዳደርን፣ የሥራ ቅልጥፍናን፣ የሠራተኞች አቅምን እና የሥራ አፈጻጸም ተጠያቂነትን በበለጠ ሁኔታ እንዲጠበቁ ተደርጓል። የብድር ፖርትፎሊዮው እየሰፋ ሲሄድ የሃብት ጥራትን ጠብቆ ማቆየት፣ የማስመለስና የክትትል ስርዓቶችን ማጠናከር፣

እንዲሁም ዕድገቱ በተገቢው የስጋት ቁጥጥር የተደገፈ መሆኑን ማረጋገጥ ዋና ዋና ቅድመ-ሁኔታዎች ነበሩ። በአንድ በኩል ደግሞ የሰራተኞች ቁጥጥር መጨመር እና የተዋቀረ የሰራተኞች ስራ አፈጻጸም ምዘና ስርዓት (Performance Management System) መተግበር በሰው ኃይል፣ በአቅም ግንባታ እና በግል፣ በክፍል እንዲሁም በተቋማዊ ግቦች መካከል ውህደት እንዲኖር ቀጣይነት ያለው ኢንቨስትመንት ጠይቋል። ንስር እየተቀየሩ ካሉ የደንበኞች ፍላጎቶች እና የበለጠ ተወዳዳሪ ከሆነው የፋይናንስ አገልግሎት ጋር ለመጣጣም እራሱን ሲያዘጋጅ፣ እነዚህ ጥረቶች በዲጂታል ትራንስፎርሜሽን እና በአገልግሎት አሰጣጥ ረገድ በተደረጉ ቀጣይነት ያላቸው ለውጦች ተደግፈዋል።

እነዚህ ሥራዎች ለተቋማዊ ዕድገት እና ጥንካሬ ጠቃሚ ዕድሎችን ሰጥተዋል። አዲስ የተቋም መዋቅርን እየተገበሩ፣ የማኔጅመንት አቅምን እየጠናከሩ፣ የሥራ አፈጻጸም ስርዓትን እያሻሻሉ፣ እንዲሁም ስልታዊ እና ዲጂታል ጥረቶችን ወደፊት እያስቀጠሉ ዕድገትን የመምራት ልምድ የንስርን ተቋማዊ ዝግጅት የበለጠ አጎልብቶታል። በዚህ ወቅት በዳይሬክተሮች ቦርድ፣ በማኔጅመንት እና በሰራተኞች የተካሄደው ጽናትና ቁርጠኝነት ለቀጣዩ የዕድገት ምዕራፍ እና የ2026-2029 ስትራቴጂክ ዕቅድን (Strategic Plan) ውጤታማ በሆነ መንገድ ለመተግበር ጠንካራ መሰረት ይሰጣል።

የቀጣይ ዓመት የትኩረት አቅጣጫ፤

በ2019 ዓ.ም ንስር ማይክሮፋይናንስ የጸደቀውን የሶስት ዓመት ስትራቴጂ ማስፈጸም፣ ዲጂታል ሽግግር ማፋጠን፣ ወጪን በማመጣጠን እና ካፒታል በማጠናከር፣ የጠቅላላ ሃብት ጥራትን ማስጠበቅ እና የተጠናከረ

የስጋት አመራር ስራዎችን እንዲሁም የሠራተኞችን እና የተቋሙን አቅም ማሳደግ ላይ በትኩረት ይሰራል ።

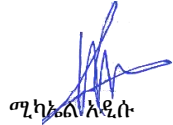
በተጨማሪም በአዲስ አበባ ከተማ አስተዳደር በ አራዳ ክ/ከተማ በሊዝ የተረከብነውን ቦታ ለማልማት የተለያዩ አማራጮችን ስንገመግም ቆይታን ሙሉ ለሙሉ በራሳችን አቅም የተቋሙን የወደፊት ዘመናዊ ዋና መስሪያቤት ለመገንባት የሚያስችሉ የመሰረት-ልማት፤ የመሬት ቁፍሮ ማካሄድ እና ሌሎች የሲቪል ሥራዎች የሚጀመሩ ይሆናል ።

ምስጋና

ወደ ባለአክሲዮኖች ቀጣይነት ላለውና ላልተቋረጠ እምነታቸው እና ኢንቨስትመንታቸው፤ የዳይሬክተሮች ቦርድ ላደረጋችሁት አመራር እና ከትትል ፣ለተቋማችን ማጎጅመንት እና ለሁሉም ሠራተኞች ላሳያችሁት ቁርጠኝነት እና ትጋት እንዲሁም ለተቋሙ እሴት ለሆኑት ደንበኞቻችን ንስርን ስለመረጣችሁ ከፍተኛ ምስጋናዬን ከልብ አቅርባለሁ።

አዲሱን የ3 ዓመት ስትራቴጅ እቅድ ለማስፈጸም ስንጀምር ንስር መልካም አጋጣሚዎችን ቀጣይነት ላለው እድገት በመጠቀም የንስር እሴቶችን ለረጅም ጊዜ በማሳካት ተቋማችንን በከፍተኛ ሁኔታ እንደምናሳድግ በመተማመን ነው ።

አመሰግናለሁ



ሚካኤል አዲሱ
የዳይሬክተሮች ቦርድ ሰብሳቢ

Board Chairperson's Message

**Respected Shareholders of Nisir
 Microfinance Institution S.C.,
 Ladies and Gentlemen,**

On behalf of the Board of Directors and on my own behalf, I am pleased to welcome you to the 13th Regular General Assembly and 5th Extraordinary General Assembly of Nisir Microfinance Institution S.C. I sincerely appreciate the continued trust and support of our shareholders, customers, Board members, management, and employees.

I am pleased to present Nisir's performance for the 2018 Ethiopian Fiscal Year (2025/26 G.C.), a year marked by significant macroeconomic and financial-sector reforms, increased competition, and continued transformation of Ethiopia's financial system. Despite these challenges, Nisir demonstrated strong resilience, operational agility, and financial discipline, delivering record results and advancing key strategic initiatives.

Macroeconomic and Regulatory Context

The fiscal year was characterized by macroeconomic stabilization, fiscal consolidation, market-based monetary policy,



Michael Addisu

Chairperson. Board of Directors

Foreign-exchange reform, and financial-sector development. Headline inflation declined to 9.7% by December 2025, before rising to 13.4% in May 2026, reinforcing the need for prudent financial management.

The market-based foreign-exchange regime, expansion of digital financial services, and development of financial-market infrastructure created both opportunities and challenges. The microfinance sector

Remained resilient, with the NBE Third Financial Stability Report (March 2026) indicating Adequate capital and liquidity and improving asset-quality indicators.

The commencement of trading on the Ethiopian Securities Exchange (ESX) under the Ethiopian Capital Market Authority (ECMA) marked another major milestone, creating opportunities for capital mobilization, investment, liquidity management, and financing diversification.

Performance

Nisir Delivered Its Strongest-Ever Performance in the Fiscal Year, some of the key achievements include:

- **Total Assets:** Increased by 70.2% to ETB 9.42 billion, from ETB 5.53 billion in 2025.
- **Human Capital:** Our workforce has grown from 216 employees last fiscal year to 280 employees this year.
- **Customer Deposits:** Increased by 63.6% to ETB 6.10 billion, an increase of approximately ETB 2.37 billion.
- **Loans:** Increased by 76.2% from last year to ETB 6.69 billion. NPLs remained at

2.87%, within the regulatory threshold of National Bank of Ethiopia.

- **Total Income:** Increased by 88.9% to ETB 1.83 billion, from ETB 966.6 million in 2025.
- **Profit:** Increased by 215.2% to ETB 522.7 million and profit after tax Increased by 207.6% to ETB 384.9 million.
- **Earnings per Share (EPS):** Reached 62.5%, equivalent to ETB 625 per ETB 1,000 par-value share, a 151% year-on-year increase.

Strategic Progress

During the year, Nisir advanced its Digital Finance Strategy through collaboration with domestic payment-system operators and fintech partners, strengthening the foundation for digital lending, savings, payments, and improved services.

At the close of the fiscal year in June 2026, Nisir launched its Three-Year Strategic Plan (2026–2029), based on core strategic pillars and the “Where to Play / How to Win” framework, targeting sustainable asset growth, market penetration, operational excellence, and long-term value creation. Nisir also initiated preparations for capital-market readiness,

Strengthening governance, disclosure, and institutional structures.

Structural and Operational Changes

The year was also one of significant institutional transition for Nisir. As the Institution continued to grow and respond to a changing financial-services landscape, it had to simultaneously strengthen its organizational foundations, management capacity and operating systems. The first full year of implementation of the new organizational structure required the Institution to embed new roles, responsibilities and coordination mechanisms across functions. The formation and operationalization of the Executive Management structure, comprising the CEO and key functional areas, marked an important step in strengthening leadership, accountability and decision-making. Managing this transition alongside continued business expansion required close coordination and adaptability across the Institution.

The pace of growth also brought greater demands for disciplined portfolio management, operational efficiency, and workforce capability and performance accountability. Sustaining asset quality as the loan portfolio expanded, strengthening recovery and follow-up

mechanisms, and ensuring that growth was supported by appropriate risk controls remained important priorities.

At the same time, the expansion of the workforce and implementation of a structured Performance Management System required continued investment in people, capabilities and alignment between individual, functional and institutional objectives. These efforts were complemented by continued progress in digital transformation and service delivery, as Nisir positioned itself to respond to evolving customer expectations and a more competitive financial-services environment.

Those organizational & operational changes have provided valuable opportunities for institutional growth, learning and strengthening. The experience of managing growth while implementing a new organizational structure, strengthening management capacity, improving performance discipline and advancing strategic and digital initiatives has further enhanced Nisir's institutional readiness. The resilience and commitment demonstrated by the Board, Management and employees throughout this

period provide a strong foundation for the next phase of growth and for the effective execution of the 2026–2029 Strategic Plan.

Looking Ahead

In the 2019 Ethiopian Fiscal Year (July 2026–June 2027), Nisir will focus on executing the 2026–2029 Strategic Plan, accelerating digital transformation, optimizing funding and strengthening capital, maintaining asset quality and risk governance, and developing people and institutional capability.

Furthermore, after evaluating various options for developing the land we acquired on a lease basis from the Addis Ababa City Administration, located in Arada Sub-City, we have decided to proceed using the institution's own capacity. Accordingly, excavation and civil work for the foundation and infrastructure of the institution's future modern headquarters will commence.

A Word of Gratitude

I extend my sincere appreciation to our shareholders for their continued trust and investment; to the Board for its leadership and oversight; to Management and all Nisir employees for their dedication; and to our valued customers for choosing Nisir as their financial partner.

As we commence execution of the new Three-Year Strategic Plan in FY 2026/27, I am confident that Nisir is well positioned to convert opportunities into sustainable growth and long-term value.

Thank you.



Michael Addisu

Chairperson, Board of Directors



**ሙሉጌታ እምቢአለ
ዋና ሥራ አስፈጻሚ**

**የዋና ሥራ አስፈጻሚ መልእክት፡
ለተከበራችሁ ባለአክሲዮኖቻችን፣ ደንበኞቻችን፣
የተቋማችን አመራሮችና ሠራተኞች፤**

ክቡራትና ክቡራን!!!

የንስር የማይክሮ ፋይናንስ ኢንስቲትዩሽን አ.ማ በ2018 ዓ.ም (የ2025/2026) ሂሳብ ዓመት አመታዊ ሥራ አፈጻጸም ሪፖርት ሳቀርብ ታላቅ ክብር ይሰጣል፡፡ በርካታ የቁጥጥርና ተለዋዋጭ ኢኮኖሚ ባለበት እና በኢትዮጵያ ፋይናንሻል ዘርፍ እየሰፋ ያለ የገበያ መልካም አጋጣሚዎች ውስጥ ንስር የአፕሬሽን ስራ ብቃት፣ የላቀ አፈጻጸም እና በአካታች ፋይናንሻል እድገት ከፍተኛ ውጤትን አሳይቷል፡፡

በሂሳብ ዓመቱ የተገኘው አመርቂ ገቢ ብቻ ሳይሆን የተከናወነ መሠረት ያለው መዋቅራዊ የኢንቨስትመንት ስራዎች ንስርን ዘመናዊና ባለራእይ ተቋም አድርጎታል፡፡

የሥራ አፈጻጸምና ፋይናንሻል ሪፖርት

ተገቢውን የፋይናንስ አገልግሎት ላላገኙ የማይክሮ፣ አነስተኛና መካከለኛ ገቢ ላላቸው ግለሰቦችና ድርጅቶች ማብቃት በሚለው ዋነኛ መርሃችን በመመራት ደንበኞች የተቋማችንን አገልግሎት እንዲያገኙ በማድረግ ንስር አመታዊ እቅዱን ተገቢውን ሥራ በጥራት ሠርቶ አሳክቷል፡፡

ጠንካራ በመሆኑ የካፒታል አስተዳደር፣ ብቁ በሆነ ስጋት አስተዳደር እና ደንበኛ ተኮር የአገልግሎት አስጣጥና አቅርቦት ንስር እጅግ ከፍተኛ ውጤቶችን አስመዝግቧል፡፡ ከነዚህም መካከል፡-

- ጠቅላላ ሀብት፡ የተቋማችን ጠቅላላ ሀብት ከባፌው ሂሳብ ዓመት ከነበረበት ብር 5.53 ቢሊዮን በ70.21% አድጎ ብር 9.42 ቢሊዮን ደርሷል፡፡
- ጠቅላላ ተቋማጭ፡- ደንበኞች ለንስር ያላቸው እምነት በከፍተኛ ደረጃ የጨመረበትና በርካታ ደንበኞች ተቋማጭ ገንዘባቸውን በከፍተኛ ብዛትና መጠን ወደተቋማችን ያመጡበት ሲሆን ጠቅላላ የተቋማችን ተቋማጭ በ63.6% አድጎ ብር 6.10 ቢሊዮን ደርሷል፡፡
- የብርድ አቅርቦት እና ስብጥር ጥራት፡ በተቋማችን የተሰጠ ብድር በ76.2% ጨምሮ ብር 6.69 ቢሊዮን የደረሰ ሲሆን የተበላሹ ብድሮች ከተሰጡ ብድሮች አኳያ ያለው ምጣኔ የኢትዮጵያ ብሔራዊ ባንክ ካስቀመጠው ቦታች 2.87% ሆኗል፡፡
- የተገኘው ገቢና የባለአክሲዮኖች የአክሲዮን ድርሻ፡ የባለአክሲዮኖች የአክሲዮን ድርሻ መጨመርን በተመለከተ ተቋማችን በሂሳብ ዓመቱ ያገኘው ገቢ በ88.9% አድጎ 1.83 ቢሊዮን የደረሰ ሲሆን በዚህም ከታከሰ በፊት የተገኘው ትርፍ ብር 522.7 ሚሊዮን (+215.2% እድገት) እና ከታከሰ በኋላ የተገኘው ትርፍ ወደ ብር 384.9 ሚሊዮን

(+207.6%) ሆኗል። ይህም በአክሲዮን የሚያስገኘው ትርፍ 62.5% እንዲሆን አስችሎታል።

የወደፊት ጉዞ (2018-2021 ዓ.ም)

የ2018 ዓ.ም(2025/2026) ሂሳብ ዓመት ስንዘጋ ንስር በአዲስ የእድገት ደረጃ ላይ ይገኛል። በሂሳብ ዓመቱ መጨረሻ ላይ የተቋማችንን የሶስት አመት ስትራቴጂክ እቅድ (2018-2021 ዓ.ም) ያስጀመርን ሲሆን ይህ ዕቅድ በቀጣይነት የተሻለና ከፍተኛ አፈጻጸም እንድናስመዘግብ እንደ ዋና አቅጣጫ ያገለግላል።

በ2018/2019 የተቋማችን ቁልፍ ተቀዳሚዎች ዒላማዎች

1. የቅርንጫፍ ተደራሽነትን ማስፋት፡- ተጨማሪ 10 ቅርንጫፎች መክፈት እና የቅርንጫፎቻችንን ብዛት 30 ማድረስ።
2. የሰው ካፒታል እና ተቋማዊ ለውጥ፡ ወደ ብቃት-ተኮር የሰው ሀብት አስተዳደር የሚደረግ ሽግግር፤ የተሻሻለውን ድርጅታዊ መዋቅርን በማስፈጸም፤ የላቀ ሥራ አፈጻጸም ምዘና ሥርዓትን በማጠናከር እና ውጤታማ መዋቅራዊ ያለው የሰው ሀብት የችሎታ አግባቦችን መፍጠር
3. የመሰረተ ልማት ኢንቨስትመንት፡ የተቋማችን የወደፊት ዋና የመስሪያ ቤት ህንጻን ግንባታን ማስጀመር።

4. የዲጅታል እድገት፡ ሙሉ የሞባይል መተግበሪያ አገልግሎቶችን በማስጀመር የዲጂታል አሠራራችንን ማጠናከር።

ምስጋና

የዘንድሮው አፈጻጸማችን የመላው የንስር ቤተሰብ የጋራ ጥረትና ትጋት ውጤት ነው። ለኢትዮጵያ ብሔራዊ ባንክ ላደረገልን የማያቋርጥ መመሪያና ድጋፍ፤ ለተከበራችሁ ደንበኞቻችን ለሰጣችሁን እምነት፤ ለቦርድ ዳይሬክተሮቻችን ላሳዩት ራዕይ ያለው አመራር፤ ለሰራተኞቻችን ላሳዩት ቁርጠኝነትና ትጋት፤ እንዲሁም ለከቡራን ባለአክሲዮኖቻችን ላሳያችሁት እምነትና ድጋፍ ከልብ ምስጋናዬን አቀርባለሁ።

አዲሱን ስትራቴጂክ እቅዳችንን ስናስፈጸም ንስር በአስቸጋሪ ሁኔታዎች ውስጥ በጽናት በመቆም ውጤት ማምጣትን፤ ዲጅታል-ተኮር እና ውጤት መር ማይክሮፋይናንስ ተቋም ለማድረግ እና ለሁሉም ባለድርሻዎች ቀጣይነት ያለው እሴት የሚፈጥር ተቋምነቱን በይበልጥ አጠናክሮ ለማስቀጠል ያለንን ቁርጠኝነት እናረጋግጣለን።

አመሰግናለሁ



ሙሉጌታ እምቢአለ
ዋና ሥራ አስፈጻሚ

CEO's Message:

To Our Valued Shareholders, Esteemed Customers, Partners, and Colleagues,

It is with great privilege that I present to you Nisir Microfinance Institution's annual performance report for the 2025/26 (2018 E.C.) financial year. In a dynamic economic environment marked by regulatory shifts and expanding market opportunities across Ethiopia's financial sector, Nisir has demonstrated operational agility, disciplined execution, and an unwavering commitment to inclusive financial growth.

The past year was a landmark period defined not only by exceptional financial returns but also by foundational structural investments that position Nisir as a modern, forward-thinking financial institution.

Operational & Financial Report Highlights

Guided by our core purpose to empower micro, small, and medium enterprises (MSMEs) and underserved individuals, Nisir executed its annual plan with precision. Through strong liquidity management, proactive risk oversight, and customer-centric product and service delivery, Nisir delivered record-breaking results:

- **Assets:** Total Assets grew by 70.21% to reach ETB 9.42 Billion, up from ETB 5.53 Billion in the previous year.
- **Deposit Mobilization:** Public trust in Nisir deepened significantly, driving Total Deposits up by 63.6% to ETB 6.10 Billion.



Mulugeta Embiale

Chief Executive Officer

- **Credit Provision & Portfolio Quality:** Net Loans and Advances expanded by 76.2% to ETB 6.69 Billion, while maintaining the non-performing loan (NPL) ratio, 2.87%, below the National Bank of Ethiopia's threshold.
- **Earnings & Shareholder Value:** Total Income grew by 88.9% to ETB 1.83 Billion, pushing Profit Before Tax to ETB 522.7 Million (+215.2%) and Profit After Tax to ETB 384.9 Million (+207.6%), resulting in an Earnings Per Share (EPS) of 62.5%.

The Road Ahead (2026–2029)

As we close FY 2025/26, Nisir stands at the threshold of a new growth phase. At the end of this fiscal year, we finalized and launched our Three-Year Strategic Plan (2026/27–2028/29), which will be used to consistently deliver greater performances.

Looking into FY 2026/27, our key priorities include:

1. **Network Expansion:** Opening 10 additional branches to expand our reach to 30 physical locations.
2. **Human Capital & Organizational Transformation:** Transition to a competency-based human resource management framework, roll out the revised organizational design, strengthen the standardized Performance Management System (PMS), and establish structured talent pipelines.
3. **Infrastructure Investment:** Breaking ground on our future Headquarters building

4. **Digital Scale:** Strengthening the digital operation by launching full-suite mobile app services.

Words of Appreciation

Our performance this year reflects the collective effort of the entire Nisir family. I extend my gratitude to the National Bank of Ethiopia for their unwavering guidance, to our valued Customers for their trust, to our Board of Directors for their visionary leadership, to our Employees for their dedication and to our Esteemed Shareholders for your confidence and support.

As we embark on executing our 2026/27–2028/29 Strategic Plan, Nisir remains committed to building a resilient, digital enabled, and impact-driven microfinance institution that creates enduring value for all stakeholders.

Respectfully,



Mulugeta Embiale

Chief Executive Officer

የዳይሬክተሮች ቦርድ ሪፖርት

ከሁሉ አስቀድሞ በዳይሬክተሮች ቦርድና በራሱ ስም የተቋማችንን 2018 ሂሳብ ዓመት አፈጻጸም ሪፖርትን ሳቀርብ ከፍተኛ ደስታ ይሰማኛል። የተቋማችን የሂሳብ ዓመት ፋይናንሻል መግለጫዎች በዓለም አቀፍ የፋይናንሻል ሪፖርት ደረጃዎች (IFRS) መሠረት ተዘጋጅተው ብቃት ባለው የውጪ አዲተር ተረጋግጠዋል።

የ2018 ሂሳብ ዓመት በተቋማችን ታሪክ እጅግ ከፍተኛ አፈጻጸም የታየበት ዓመት ነው። በእያንዳንዱ ቁልፍ መመዘኛዎች ተጨባጭ እድገት እና ከሶስት እጥፍ በላይ ትርፋማነት ተመዝግቧል። ከዚህ በታች የተመለከተው ሠንጠረዥ ከባለፈው ዓመት ጋር በማነጻጸር የተቋማችንን ቁልፍ ውጤቶችን ጠቅለል አድርጎ ያሳያል።

አመላካች (ብር በ '000')	23/10/2018 ዓ.ም	23/10/2017 ዓ.ም	እድገት
ጠቅላላ ሀብት	9,421,202	5,534,84	+70.2%
የተቋማቱ መጠን	6,104,879	3,732,784	+63.6%
ጠቅላላ የብድር መጠን (የተጣራ)	6,685,555	3,793,902	+76.2%
ጠቅላላ ካፒታል	1,169,335	710,264	+64.6%
የተከፈለ ካፒታል	678,342	521,537	+30.1%
የተገኘ ገቢ	1,826,051	966,586	+88.9%
ትርፍ (ከታከሰ በፊት)	522,687	165,830	+215.2%
የተጣራ ትርፍ (ከታከሰ በኋላ)	384,867	125,124	+207.6%
የአክሲዮን ድርሻ ትርፍ (%)	62.5%	24.9%	+151.0%

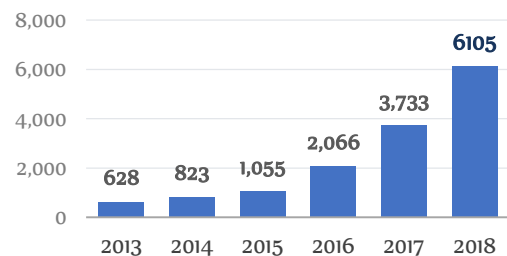
ሰንጠረዥ 1 ዋና ዋና የፋይናንስ ውጤት አመላካቾች

ዓመቱ ከፍተኛ የሆነ ማክሮ-ምጣኔ ሀብት ለውጥ የተስተናገደበት ነበር ለማለት ይቻላል። የኢትዮጵያ ብሔራዊ ባንክ በገበያ-የሚወሰን የውጭ ምንዛሬ ተመን እንዲካሄድ በመወሰኑና ተያያዥ ገንዘብ ነክ ለውጦች በመደረጋቸው የዋጋ ግሽበት እና የተቋማቱ ሂሳብ ወለድ መጠን ወጪ ከፍ እንዲል አድርጓል። ሆኖም ተቋሙ እነዚህን ተግዳሮቶች በመቋቋም በተቋማቱ ገንዘብ፣ በተሰጡ ብድሮች፣ በጠቅላላ ሀብትና ንብረቶች እንዲሁም በተገኘ ትርፍ ከዚህ በፊት ያልተመዘገበ እድገት በማስመዝገብ ጥሩ የሀብት ጥራት እና አስተማማኝ የካፒታል አቋም ላይ ሊገኝ ችሏል። እነዚህ ውጤቶች የተቋማችን የሥራ አመራር፣

ሠራተኞች፣ ደንበኞች እና የባለአክሲዮኖች የጋራ ቁርጠኝነት ማረጋገጫዎች ናቸው።

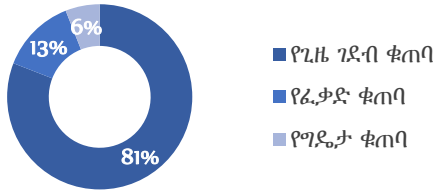
የተቋማቱ ገንዘብ እድገት፤

የደንበኞች ጠቅላላ ተቋማቱ በ2018 ሂሳብ ዓመት በ63.6% አድጎ ካለፈው ዓመት ብር 3.73 ቢሊዮን ወደ ብር 6.10 ቢሊዮን ያደገ ሲሆን፤ ይህም የብር 2.37 ቢሊዮን ጭማሪ አሳይቷል። ተቋማቱ ገንዘብን ማሰባሰብ የተቋማችን ዋና የትኩረት ማዕከል እንደመሆኑ የነበረው ዕድገት ደንበኞቻችን ተቋማችንን መርጠው ገንዘባቸውን እያስቀመጡና ተቋማችንም ተገቢውን አገልግሎት በፍጥነትና በጥራት ሰጥቷል፤ በመስጠት ላይም ይገኛል። የተቋማቱ ገንዘብ ስብጥርን ስንመለከት የጊዜ ገደብ ተቋማቱ 81%፣ የበጎ ፍቃድ ቁጠባ 13% እና የግዴታ ቁጠባ 6% ናቸው።



ምስል 1፡ ጠቅላላ የተቋማቱ ገንዘብ እድገት፣ በሚሊዮን ብር (2013-2018 ዓ.ም)

የጊዜ ገደብ ተቋማቱ መጠን ከሌሎች የገንዘብ ተቋማቱ ዓይነቶች አኳያ ሲታይ ከፍተኛ መጠን ያለው ሆኖ የቀጠለ ሲሆን፤ የተጠራቀመ ወለድን ሳያካትት የጊዜ ገደብ ተቋማቱ ብር 4.87 ቢሊዮን (80.9% ተቋማቱ) ደርሷል። ይህን ተከትሎ የፍላጎት ቁጠባ ብር 789.0 ሚሊዮን (13.1%) እና የግዴታ ቁጠባ ብር 360.7 ሚሊዮን (6.0%) ደርሷል። ከተቋሙ የቁጠባ አሰባሰብ ስትራቴጂ ጋር በሚጣጣም መልኩ፣ አመራሩ የመደበኛ ገንዘብ ቁጠባ አይነቶችን ቀስ በቀስ ለማብዛት እንዲሁም ከፍተኛ ወጪ የሚጠይቁ የጊዜ ገደብ ተቋማቱ ገንዘቦች (time deposits) ያላቸውን ከፍተኛ ድርሻ ለመቀነስ የሚያስችሉ ሥራዎችን እያከናወነ ይገኛል።

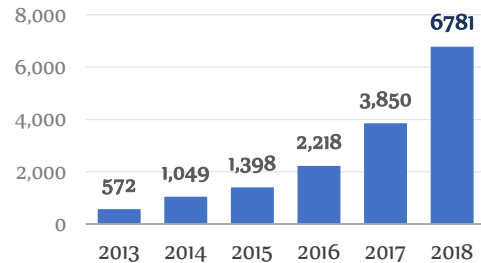


ምስል 2: የተቀማጭ ገንዘብ ስብጥር (ሰኔ 23 ቀን 2018 ዓ.ም)

የገንዘብ ተቀማጭ ዓይነት (ብር በ 000)	23/10/2018 ዓ.ም	23/10/2017 ዓ.ም	እድገት
የጊዜ ገደብ ተቀማጭ	4,873,176	3,053,341	+59.6%
የፈቃድ ቁጠባ	789,032	409,497	+92.7%
የማዴታ ቁጠባ	360,667	247,481	+45.7%
የተጠራቀመ ወለድ	82,003	22,465	+265.0%
ጠቅላላ ተቀማጭ	6,104,879	3,732,784	+63.6%

ብድር

በሂሳብ ዓመቱ በተቋማችን የተሰጠ ጠቅላላ የብድር መጠን 76.2% ዕድገት በማሳየት በ2017 ዓ.ም (2024/2025) ከነበረው ብር 3.85 ቢሊዮን ወደ ብር 6.78 ቢሊዮን የደረሰ ሲሆን፤ የተጣራ ብድራችን ብር 6.69 ቢሊዮን ደርሷል፡፡ ብድር መስጠት በአያንዳንዱ ተብዳሪ መልሶ የመክፈል አቅም እና ተገቢ ማስያዣ ማቅረብ ላይ በጥብቅ በመመስረት የብድር ማስያዣ ምጣኔው 2.92 እጥፍ ሆኗል፡፡

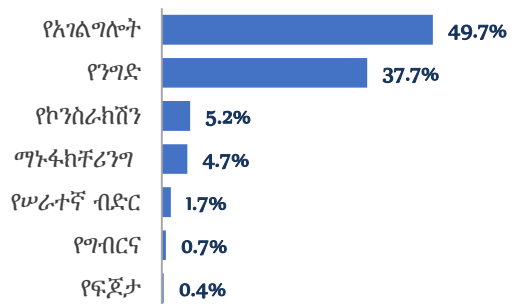


ምስል 3: ጠቅላላ የብድር ፖርትፎሊዮ እድገት፣ በሚሊዮን ብር (2013-2018 ዓ.ም)

የብድር ፖርትፎሊዮ ጥራት በተገቢ ገደቦች ውስጥ እንዲጠበቅ ተደርጓል፡፡ ያልተከፈሉ ብድሮች ምጣኔ 2.87 ሲሆን በ2017 2.9% ነበር፡፡ ይህም የኢትዮጵያ ብሔራዊ ባንክ ካስቀመጠው ያልተከፈሉ ብድሮች ምጣኔ ገደብ በእጅጉ ያነሰ ነው፡፡ ላልተከፈሉ ብድሮች መጠባበቂያ ወደ ብር 95.8 ሚሊዮን ከፍተኛ ሲሆን በዓመቱ ረጅም ጊዜ የቆየና አስፈላጊው ሁሉ ጥረት ተደርጎ ሊከፈል ያልቻሉ በድምሩ ብር 15.4 ሚሊዮን የሆኑ ብድሮች ከተቋማችን የብድር መዝገብ ላይ እንዲሰረዙ ተደርጓል፡፡

ከኢኮኖሚ ዘርፎች አንጻር ያለውን ስብጥር ስንመለከት የአገልግሎት ዘርፉ 49.7%፣ ንግድ 37.6%፣ ኮንስትራክሽን 5.2% እና ማኑፋክቸሪንግ 4.7% ከፍተኛ ድርሻዎችን ይይዛሉ፡፡

የዳይሬክተሮች ቦርድም ብድር አሰጣጡ ምርታማ ወደ ሆኑ ዘርፎች ማሰባጠን በማበረታታት የዘርፍ ስጋቶችን የሚቀንስ ስራዎችን እያከናወነ ሲሆን ይህንንም አሰራር አጠናክሮ የሚቀጥል ይሆናል፡፡

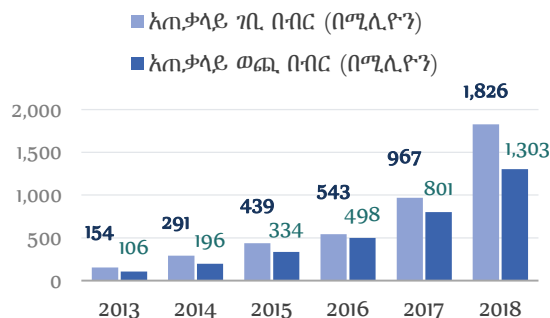


ምስል 4: የብድር ፖርትፎሊዮ ስርዓት በምጣኔ ሀብት ዘርፍ (ሰኔ 23 ቀን 2018 ዓ.ም)

ዘርፍ (በ '000')	23/10/2018	% ድርሻ	23/10/2017 ዓ.ም	%ድርሻ
አገልግሎት	3,379,782	49.73%	1,803,998	48.5%
ንግድ	2,560,072	37.66%	1,412,000	38.0%
ኮንስትራክሽን	354,079	5.21%	215,397	5.8%
ማንፋክቸሪንግ	316,639	4.66%	190,218	5.1%
የሠራተኛ ብድር	112,413	1.65%	70,903	1.9%
ግብርና	49,881	0.73%	22,788	0.6%
ፍጆታ	24,362	0.36%	3,728	0.1%
ጠቅላላ የብድር መጠን	6,797,228	100.00%	3,719,032	100.0%

የፋይናንስ አፈጻጸም፤

በሂሳብ ዓመቱ የተገኘው ጠቅላላ ገቢ በ2017 ዓ.ም (2024/2025) ከነበረው ጠቅላላ ገቢ ብር 966.6 ሚሊዮን በ88.9% አድጎ ብር 1.83 ቢሊዮን ደርሷል። ከዚህ ውስጥ ከብድር የተገኘ የወለድ ገቢ ብር 1.68 ቢሊዮን፤ ከልዩ ልዩ ክፍያዎችና ኮሚሽን የተገኘ ገቢ ብር 80.1 ሚሊዮን እንዲሁም ከሌሎች ሥራዎች ብር 69.1 ሚሊዮን ገቢ ተገኝቷል። የጠቅላላ ወጪ ድምር መጠነኛ ጭማሪ በማሳየት ወደ ብር 1.30 ቢሊዮን ያደገ ሲሆን ይህም ለተቀማጭ ገንዘብ እና ለባንክ ብድሮች ክፍያ የሚውል የወለድ ወጪ እድገት የላቀውን ድርሻ ይይዛል።



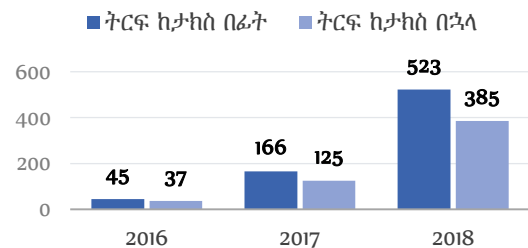
ምስል 5፡ ጠቅላላ ገቢ ከጠቅላላ ወጪ ጋር ሲነጻጸር፣ በሚሊዮን ብር (2013-2018 ዓ.ም)

ንስር ገቢ እና ወጪው በአንድነት እያደገ ሲሆን ከወጪ ጋር ሲነጻጸር የገቢ እድገት ፈጣን መሻሻል አሳይቷል።

የገቢ ምንጭ በብር (000)	2018 ዓ.ም ሂሳብ ዓመት	2017 ዓ.ም ሂሳብ ዓመት	እድገት
የወለድ ገቢ	1,676,903	884,237	+89.6%
የአገልግሎት ክፍያዎችና ኮሚሽን ገቢ	80,093	40,546	+97.5%
ሌሎች የሥራ ገቢዎች	69,054	41,803	+65.2%
ጠቅላላ ገቢ	1,826,051	966,586	+88.9%
የወለድ ወጪ	865,822	508,238	+70.4%
የብድር መጠባበቂያ	55,557	38,473	+44.4%
የሥራ ማስኬጃ ወጪ	381,985	254,045	+50.4%
ጠቅላላ ወጪ	1,303,364	800,756	+62.8%

ትርፍ እና ኪሳራ

ተቋማችን በ2018 ሂሳብ ዓመት ከታከሰ በፊት ብር 522.7 ሚሊዮን ትርፍ ያስመዘገበ ሲሆን ካለፈው የ2017 ሂሳብ አመት ትርፍ ብር 165.8 ሚሊዮን አንጻር ሲታይ ከሶስት እጥፍ በላይ እድገት አሳይቷል። ከታከሰ በኋላ የተገኘውን የትርፍ መጠንን ስንመለከት ባለፈው ዓመት ከነበረበት ብር 125.1 ሚሊዮን ወደ ብር 384.9 ሚሊዮን በመድረስ 207.6% ጭማሪን አሳይቷል።

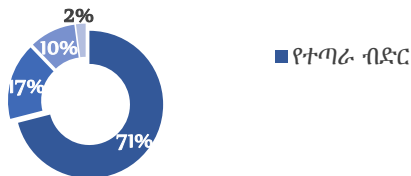


ምስል 6፡ ትርፍ ከታከሰ በፊት እና በኋላ፣ በሚሊዮን ብር (2016-2018 ዓ.ም)

የሀብትና እዳ መግለጫ

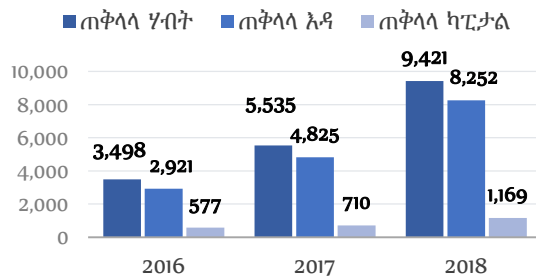
የተቋማችን አጠቃላይ ሀብትና ንብረቶች በ2017 ዓ.ም ከነበረበት ብር 5.53 ቢሊዮን በ70.22% ጨምሮ ወደ ብር 9.42 ቢሊዮን አድጓል።

ብድር ከተቋማችን ጠቅላላ ሀብት ውስጥ ትልቁን ድርሻ 71% ይይዛል ፡
፡ በመቀጠል ጥሬ ገንዘብ እና የባንክ ቀሪ ሂሳብ 16.8% ምጣኔን ይይዛል፡፡ የተቋሙ የካፒታል አቋም በከፍተኛ ደረጃ ተጠናክሮ ጥሬ ገንዘብ እና የጥሬ ገንዘብ ተመጣጣኞች በአጥፍ አድጎ ወደ ብር 1.59 ቢሊዮን ደርሷል፡፡



ምስል 7: የጠቅላላ ሀብትና ንብረት ስብጥር (ሰኔ 23 ቀን 2018 ዓ.ም)

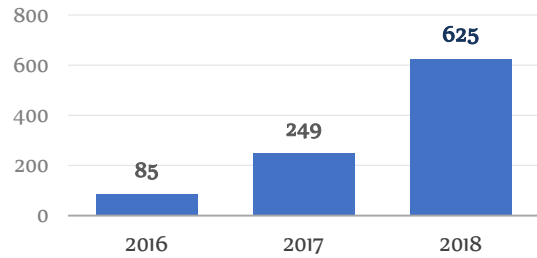
ተቋማችን ከተለያዩ የፋይናንስ ተቋማት አዳዲስ ብድሮችን በመውሰዱ ጠቅላላ የብድር እዳ ከምችት ብር 1.58 ቢሊዮን ሆኗል፡፡ ይህም በ2017 ሂሳብ ዓመት ከነበረበት ብር 815.7 ሚሊዮን አድጎት አሳይቷል፡፡ ጠቅላላ የካፒታል ጭማሪ በ 64.6% አድጎ ወደ ብር 1.17 ቢሊዮን የደረሰ ሲሆን የተከፈለ ካፒታል ብር 678,342,065 ደርሷል፡፡



ምስል 8: የሀብት፣ እዳ እና ካፒታል ሚዛን፣ በሚሊዮን ብር (2016–2018 ዓ.ም)

የአክሲዮን ድርሻ ገቢ

የአክሲዮን ድርሻ ገቢ በ2017 ሂሳብ ዓመት ከነበረበት ብር 249 ወደ ብር 625 አድጓል፡፡ በዓመቱ የነበረው አማካይ የተከፈለ ካፒታል (average weighted capital) የአንዱ አክሲዮን ዋጋ ገቢ 62.5% በመሆን ካለፈው ዓመት ሲነጻጸር የ151% ጭማሪ አስገኝቷል፡፡ ይህ እድገትም ተቋሙ ካስመዘገበው የአክሲዮን ድርሻ ገቢ እድገት ከፍተኛው ነው፡፡



ምስል 9: የአክሲዮን ትርፍ ድርሻ በብር (2016–2018 ዓ.ም)

የሰው ሃይል

የተቋሙ ሰራተኞች ለተገኘው እጅግ ከፍተኛ አፈጻጸም ቁልፍ አስተዋጽኦ አድርገዋል፡፡ ተቋማችን በሂሳብ ዓመቱ በዋና መስሪያ ቤት እና በቅርንጫፎች ውስጥ ያለውን የሰው ኃይል እና የአስተዳደር አቅሙን ማጠናከሩን ቀጥሏል፡፡ በሠራተኞች ስልጠና እና ልማት ላይ ኢንቨስት አድርጓል፡፡ እንዲሁም የሰራተኞችን ዓላማዎችን ከተቋማዊ ግቦች ጋር ለማጣጣም የአፈጻጸም-አስተዳደር ስርዓቱን አሻሽሏል፡፡ በሂሳብ ዓመቱ የተቋሙ አዲስ የድርጅታዊ መዋቅር ተግባራዊ ከተደረገበት ጊዜ ጀምሮ በአመራር አቅም እና በድርጅታዊ ቅንጅት ላይ ጉልህ ማሻሻያዎችን አምጥቷል፡፡

በአዲሱ መዋቅር ስር የተቋሙ ዋና ሥራ አስፈጻሚ፣ የሀብት እና ቻናል ሥራ አስፈጻሚ (EORC) እና የተቋሙን ቁልፍ የተግባር ዘርፎች የሚወክሉ ቁልፍ ዳይሬክተሮችን ያቀፈው የሥራ አስፈጻሚ አስተዳደር ቡድን (Executive Management) መመስረት እና ተግባራዊ ማድረግ ተችሏል፡፡ ይህ የተጠናከረ የአስተዳደር መዋቅር የተቋሙን ተግባራት የማስተባበር፣ የአሠራር እና የስትራቴጂክ ጉዳዮችን የመፍታት፣ ወቅታዊ ውሳኔ የመስጠት እና የድጋፍ ተግባራት ላይ ግልጽ ተጠያቂነትን የማቅረብ አቅምን አሳድሯል፡፡

ተቋሙ በተዋቀረ የአፈጻጸም አስተዳደር ስርዓት (Performance Management System-PMS) የተደገፈ ቀጣይነት ያለው የአፈጻጸም ክትትል እና ግምገማ በማድረግ የሰው ኃይል አቅምን ማሳልብቱን ቀጥሏል፡፡ ስርዓቱ የግለሰብ እና የክፍል ደረጃ ግቦችን ከተቋማዊ አቅዶች ጋር ለማጣጣም፣ ከግቦች ጋር አፈጻጸምን ለመከታተል፣ የአፈጻጸም ክፍሎችን ለመለየት እና ወቅታዊ የአስተዳደር ጣልቃ-ገብነቶችን እና የሰራተኞችን ልማት ለመደገፍ የሚያስችል ማዕቀፍ ያቀርባል፡፡

ለዓመቱ አጠቃላይ የሰራተኞች ወጪ 192.9 ሚሊዮን ብር ነበር። በ2018 ዓ.ም. የተቋሙ አጠቃላይ የሰው ኃይል ብዛት 280 ደርሷል፤ ይህም ካለፈው ዓመት ከነበረው 216 በ30% ጭማሪ ያሳያል። የሰው ኃይል ዕድገት፣ ከተጠናከረ የአስተዳደር መዋቅር እና የአፈጻጸም ልምዶች ጋር ተዳምሮ፣ ተቋሙ እየሰፋ የመጣውን ስራ እና ስትራቴጂካዊ አላማዎችን ለመደገፍ የሚያስፈልገውን የድርጅታዊ አቅም ለመገንባት ያለውን ቀጣይ ኢንቨስትመንት ያንጸባርቃል

ለዳይሬክተሮች ቦርድ አባላት እና ለዋና ስራ አስፈጻሚ የተከፈለ የድካም ዋጋ

በ2018 ሂሳብ ዓመት ለተቋማችን የዳይሬክተሮች ቦርድ እና ለዋና ሥራ አስፈጻሚ የተከፈለው ጠቅላላ የድካም ዋጋ የክፍያ መጠን በቅደም ተከተል ብር 640,000 እና ብር 5,619,882.20 ነበር። በተጨማሪም፣ ለዋና ሥራ አስፈጻሚው የተሰጠው የብድር መጠን ብር 6,681,276.00 ሲሆን፣ ለአንድ የዳይሬክተሮች ቦርድ አባል የተሰጠው የብድር መጠን ደግሞ ብር 2,500,000 ነበር።

የመረጃ ቴክኖሎጂ እና ዲጂታል ፋይናንስ

ንስር ማይክሮፋይናንስ ኢንስቲትዩሽን አ.ማ ያለውን የዲጅታል ፋይናንስ አገልግሎት አቅሞች ከፍተኛ እድገት በማምጣት በሂሳብ ዓመቱ የቴክኖሎጂ መሰረተ-ልማቱን አጠናክሯል። በዘርፉ ከታዩ ቁልፍ ስኬቶች መካከል በቴሌብር ገንዘብ መቀበልና መላክ መቻል እና ደንበኞች ምቹ የዲጅታል ፋይናንስ አገልግሎት እንዲያገኙ ማድረግ ተችሏል። በተጨማሪም ንስር በቴሌ ብር ገበያ የዲጂታል ፋይናንስ አገልግሎትን ለማስተዋወቅ አስፈላጊ ዝግጅቶች እና ቅድመ ሁኔታዎችን አጠናቅቆ ወደተግባር ከመግባቱ በፊት ከኢትዮጵያ ብሔራዊ ባንክ ፈቃድን እየተጠባበቅን እንገኛለን።

ከዚህ ጋር በተያያዘ ንስር ከካታ ጋር አጋርነት በመፍጠር የዲጂታል ፋይናንስ አገልግሎትን ለማጠናከርና ለማስፋት በርካታ ሥራዎች ተሰርተዋል። የዲጅታል ደንበኛ መለያ እና የደንበኛህን-እውቅ ሂደትን ለማጠናከር ላለው ቁርጠኝነት ተቋማችን ብሄራዊ መታወቂያ ሥርዓትን ከደንበኞች መለያ እና ደንበኛህን-እውቅ ተግባራት (Know Your Customer, KYC) በማቀናጀት እየሰራ መገኘቱ ተቋማችንን ከማይክሮ ፋይናንስ ተቋማት ቀዳሚው ያደርገዋል። በተጨማሪም ተቋማችን በውስጥ አቅም የሚበለጽጉ አውቶሜሽን ውጥኖችን በመጀመርና በመተግበር የአሰራር ቅልጥፍን በማሻሻል ዋና ሲስተሞች፣ የሥራ ሂደቶችን እና ዲጅታል ቻናሎች ከፍተኛ ቅንጅት መሰረት ሆኗል።

የስጋት አስተዳደር፣ ተገዥነት እና የውስጥ ቁጥጥር፤

ተቋሙ በዳይሬክተሮች ቦርድ ቁጥጥር የሚደረግበት ገለልተኛ የስጋት አስተዳደር እና የተገዥነት ተግባርን ያከናውናል። ይህም ቁልፍ አደጋዎችን ለመለየት፣ ለመገምገም፣ ለመከታተል እና ለመቀነስ የተቀናጀ ማዕቀፍ ያቀርባል። በሂሳብ ዓመቱ ተቋሙ የብድር፣ የገንዘብ ፍሰት፣ የገበያ እና የአሠራር አደጋዎችን አስተዳደር ማጠናከሩን ቀጥሏል። በተጨማሪም የሕገ-ወጥ ገንዘብ ማዘዋወር (Anti-money Laundry, AML) እና የደንበኛዎን እውቅ (Know Your Customer, KYC) ማዕቀፎችን የበለጠ አሻሽሏል። የውስጥ ቁጥጥር አካባቢ እና የውስጥ አዲት ተግባር የቁጥጥር በቂነት እና ውጤታማነት ላይ ማረጋገጫ መስጠት፣ የተቋሙን ንብረቶች መጠበቅ እና ከሚመለከታቸው ህጎች፣ ደንቦች እና የውስጥ ፖሊሲዎች ጋር መጣጣምን የማረጋገጥ ስራ አጠናክሮ ቀጥሏል። የቅርብ ጊዜ ማክሮ-ኢኮኖሚ ማሻሻያዎችን ተከትሎ ተቋሙ፣ የሀብት ጥራትን በተበዳሪዎች ላይ ካለው የዋጋ ግሽበት ጫና ለመጠበቅ የተሻሻሉ የፖርትፎሊዮ ክትትል እና ቅድመ-ጥንቃቄ ስልቶችን ተግባራዊ አድርጓል።

ማክሮ ኢኮኖሚ ለዉጥ ምክንያት እና በተበዳሪዎች፣ በተለይም በአነስተኛ እና መካከለኛ ኢንተርፕራይዞች ላይ በተፈጠረው ጫና፣ አስተዳደሩ የፖርትፎሊዮ ክትትልን አጠናክሮ እና ንቁ የብድር ስጋት አስተዳደር እርምጃዎችን ወስዷል። በተለይ ትኩረት የተሰጠው የፖርትፎሊዮ ስጋቶችን በወቅቱ በመለየት፣ የተበላሹ ሂሳቦችን በመከታተል፣ የብድር ማስከፊያ ጥረቶች እና የንብረት ጥራትን ለመጠበቅ ተገቢ የሆነ ብድር የማስተካከያ እርምጃዎች ላይ ነው።

በሂሳብ ዓመቱ ተቋሙ በወቅቱ ያልተከፈሉ ብድሮችን (NPLs) ለመቀነስ እና አጠቃላይ የፖርትፎሊዮ ጥራትን ለማጠናከር በርካታ ትኩረት የተሰጣቸው ተነሳሽነቶችን ተግባራዊ አድርጓል። በተዛማጅ የድጋፍ ተግባራት በተቀናጀ ጥረት ተጋላጭነቶችን ቀጣይነት ባለዉ ክትትል እና በወቅቱ ያልተከፈሉ ብድሮችን ለማስከፈል ግብረ ኃይሎች ተቋቁመዋል። እነዚህ እርምጃዎች የተጠናከረ የተጠያቂነት እና የአስተዳደር ቁጥጥርን ጨምሮ በንብረት ጥራት ላይ ጉልህ መሻሻል አስተዋጽኦ አድርገዋል።

በእነዚህ የተቀናጁ ጥረቶች ምክንያት ተቋሙ በሂሳብ ዓመቱ መጨረሻ የተበላሸ ብድር መጠን 2.87% በማድረግ በተቋሙ ከተቀመጠው የውስጥ ገደብ እንዲሁም ከኢትዮጵያ ብሔራዊ ባንክ ገደብ በታች ለማድረስ ተችሏል። ይህ መሻሻል የተቋሙን የተጠናከረ የብድር ስጋት አስተዳደር ልምዶችን፣ የተጠናከረ የብድር ማስመለስ እና የክትትል

ጥረቶችን እና የአስተዳደሩን ጤናማ እና ጠንካራ የብድር ፖርትፎሊዮ ለመጠበቅ ያለውን ዘላቂ ቁርጠኝነትን ያንፀባርቃል።

የቀጣይ ዓመት ስትራቴጂያዊ የትኩረት አቅጣጫዎች

ተቋማችን ከ2018-2021 ዓ.ም የቀረጸውን ስትራቴጂክ አቅድ ትግበራ በአምስት የስትራቴጂ ምሰሶዎች እና አምስት ወሳኝ የትኩረት ዘርፎች በመከፋፈል አደራጅቶ ይተገብራል። የዳይሬክተሮች ቦርድም የ2018/2019 ዓ.ም ሂሳብ ዓመት ቀዳሚ የትኩረት አቅጣጫዎችን አጽድቆ ወደ ሥራ ተገብቷል። በዚህም፡-

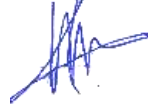
- ጠቅላላ የብድር መጠንን ማሳደግ እና ያልተከፈሉ ብድሮች ምጣኔን በአግባቡ መቆጣጠርና በተቆጣጣሪ አካሉ በኩል በተቀመጡ ቅድመ ሁኔታዎች መሠረት ሆኖ እንዲቀጥሉ ማድረግ፤
- ተጨማሪ ቅርንጫፎችን በመክፈት የብድር ስርጭትን እና የተቀማጭ ገንዘብ አሰባሰብን ማጠናከር እና የወለድ ክፍያ ወጪዎችን መቀነስ እንዲሁም የጊዜ ገደብ ተቀማጭ መጠንን በሂደት መቀነስ፤
- ከብድር አቅርቦት ጎን ለጎን ዝቅተኛ ወጪ የሚጠይቁ እና ደንበኞች ቆጥበው የሚበደሩበትን አሰራር በመዘርጋት የቁጠባ ወለድ ወጪዎችን መቀነስ እንዲሁም የደንበኞችን ቁጥር ማሳደግ፤
- ዲጅታል ፋይናንስ አገልግሎቶች እና የቴክኖሎጂ ቻናሎችን በማጠናከር የፋይናንስ አቅርቦትን

በማስፋት የአገልግሎት መስጫ ወጪዎችን መቀነስ፤

- ተቋማዊ አቅምን በማሳደግ (የሰው ኃይል፣ የአሰራር ሥርዓቶች እና መረጃ) የተጠናከረ የደንበኞች እርካታ ማረጋገጥ፤
- በካፒታል ገበያ አዋጅ ቁጥር 1248/2013 መሠረት የተቋማችንን ምዝገባን በኢትዮጵያ ካፒታል ገበያ ባለስልጣን ማጠናቀቅ፤

በመጨረሻም፤ በዳይሬክተሮች ቦርድ ስም ባለአክሲዮኖቻችን ለሰጡን ያልተቋረጠ ድጋፍ፣ ደንበኞቻችን ላሳዩት ታማኝነት፣ እንዲሁም ለኢትዮጵያ ብሔራዊ ባንክ እና ሌሎች ተቆጣጣሪዎች ላደረጉት አመራር እና እነዚህን አስደናቂ ውጤቶችን ለማምጣት ላሳዩት ቁርጠኝነት እና ትጋት ለተቋማችን ሥራ አመራሮችና ሠራተኞች ላከናወኑት ውጤታማ ሥራ ከልብ የመነጨ ምስጋናዬን አቀርባለሁ። መጪው የሂሳብ ዓመት የተሻለ ውጤትና የላቀ አፈጻጸም የምናስመዘግብበት እንደሚሆን ሙሉ እምነቴን እገልጻለሁ።

አመሰግናለሁ!!!



ሚካኤል አዲሱ

የዳይሬክተሮች ቦርድ ሰብሳቢ

REPORT OF THE BOARD OF DIRECTORS

On behalf of the Board of Directors, it is my privilege to present the annual report of Nisir Microfinance Institution S.C. (“Nisir” or “the Institution”) together with the audited financial statements for the year ended 30 June 2026. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and audited by an Authorized Audit Firm, who have expressed an unqualified opinion.

The 2025/26 financial year (2018 E.C.) was the strongest in the Institution's history. Every core indicator recorded material growth, and profitability more than tripled. The table below summarizes the Institution's key results relative to the prior year

Indicator (ETB '000)	30 June 2026	30 June 2025	Growth
Total assets	9,421,202	5,534,845	+70.2%
Total deposits	6,104,879	3,732,784	+63.6%
Net loans & advances	6,685,555	3,793,902	+76.2%
Total capital (equity)	1,169,335	710,264	+64.6%
Paid-up capital	678,342	521,537	+30.1%
Total income	1,826,051	966,586	+88.9%
Profit before tax	522,687	165,830	+215.2%
Profit after tax	384,867	125,124	+207.6%
Earnings per share (%)	62.5%	24.9%	+151.0%

Table 1 Major financial KPIs

The year was conducted against a backdrop of far-reaching macro-economic reform. Following the National Bank of Ethiopia's move to a market-determined floating exchange-rate

Regime and the associated monetary reforms, the operating environment was marked by elevated inflation and rising cost of funds. Notwithstanding these pressures, the Institution delivered record growth in deposits, loans, assets and profit, while maintaining sound asset quality and a comfortable capital position. These results are a testament to the commitment of our management, staff, customers and shareholders.

Deposit mobilization

Total deposits grew by **63.6%** to reach **ETB 6.10 billion** at 30 June 2026, up from ETB 3.73 billion a year earlier — an absolute increase of ETB 2.37 billion. Deposit mobilization remained the Institution's primary source of funding, and its sustained expansion underpins the growth of the loan book.

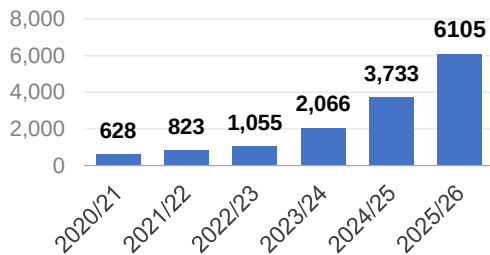


Figure 10: Total deposits, ETB millions (2020/21–2025/26)

Time deposits continued to dominate the deposit base, accounting for ETB 4.87 billion

(80.9% of deposits excluding accrued interest), followed by voluntary savings of ETB 789.0 million (13.1%) and compulsory savings of ETB 360.7 million (6.0%). In line with the Institution's funding strategy, management continues to work toward gradually diversifying the deposit mix and reducing the concentration of higher-cost time deposits over the medium term.

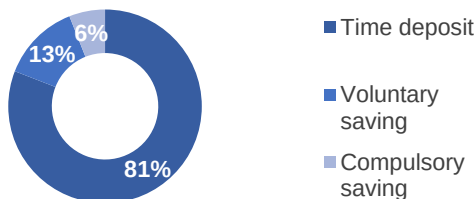


Figure 11: Composition of deposits, 30 June 2026

Deposit product (ETB '000)	30 June 2026	30 June 2025	Growth
Time deposit	4,873,176	3,053,341	+59.6%
Voluntary saving	789,032	409,497	+92.7%
Compulsory saving	360,667	247,481	+45.7%
Accrued interest on deposits	82,003	22,465	+265.0%
Total deposits	6,104,879	3,732,784	+63.6%

Loans and Advances

The Institution's gross loan portfolio expanded by **76.2%** to **ETB 6.78 billion** (2025: ETB 3.85 billion), while net loans and advances after impairment reached ETB 6.69 billion. Lending remained firmly grounded in each borrower's repayment capacity, supported by robust collateralization: the portfolio's collateral coverage ratio stood at a healthy 2.92 times.

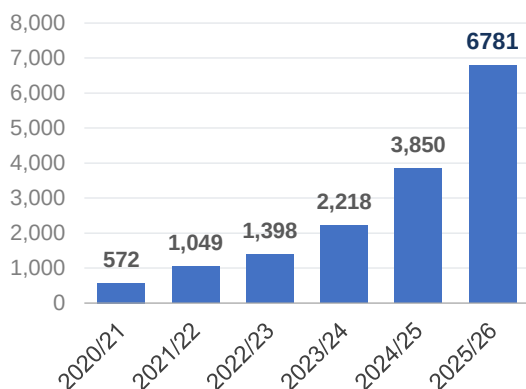


Figure 12: Gross loan portfolio growth, ETB millions (2020/21–2025/26)

Portfolio quality was maintained within prudent limits. Non-performing loans represented approximately 2.87% of the gross portfolio (2025: 2.9%), which remains within

The National Bank of Ethiopia's threshold. The loan provision amount rose to ETB 95.8 million in line with portfolio growth, and ETB 15.4 million of long-outstanding balances were written off during the year.

By economic sector, the portfolio remained concentrated in Service (49.7%) and Trade (37.6%), followed by Construction (5.2%) and Manufacturing (4.7%). The Board continues to encourage diversification toward the productive sectors while managing sectoral concentration risk.

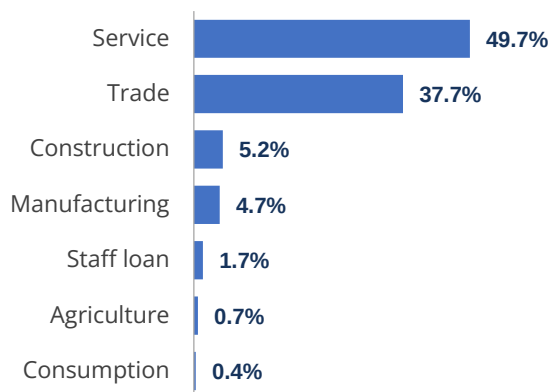


Figure 13: Loan portfolio distribution by economic sector, 30 June 2026

Sector (ETB '000)	30 June 2026	% share	30 June 2025	% share
Service	3,379,782	49.72%	1,803,998	48.5%
Trade	2,560,072	37.66%	1,412,000	38.0%
Construction	354,079	5.21%	215,397	5.8%
Manufacturing	316,639	4.66%	190,218	5.1%
Staff loan	112,413	1.65%	70,903	1.9%
Agriculture	49,881	0.73%	22,788	0.6%
Consumption	24,362	0.36%	3,728	0.1%
Gross loans to customers	6,797,228	100.00%	3,719,032	100.0%

Financial Performance

Total income rose by 88.9% to ETB 1.83 billion (2025: ETB 966.6 million), driven principally by interest income on the expanding loan book of ETB 1.68 billion, complemented by fees and

Commission income of ETB 80.1 million and other operating income of ETB 69.1 million. Total expenses grew more slowly, by 62.8%, to ETB 1.30 billion, reflecting higher interest expense on deposits and borrowings alongside disciplined cost management.

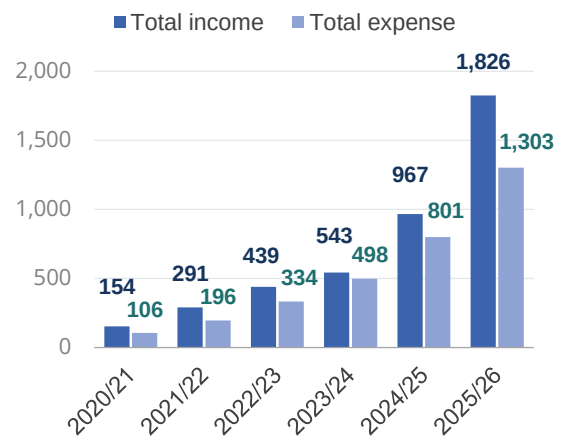
The faster growth of income relative to expense drove a marked improvement in operating efficiency.

Item (ETB '000)	FY 2025/26	FY 2024/25	Growth
Interest income	1,676,903	884,237	+89.6%
Fees and commission income	80,093	40,546	+97.5%
Other operating income	69,054	41,803	+65.2%
Total income	1,826,051	966,586	+88.9%
Interest expense	865,822	508,238	+70.4%
Loan impairment charge	55,557	38,473	+44.4%
Operating expenses	381,985	254,045	+50.4%
Total expense	1,303,364	800,756	+62.8%

Figure 14: Total income vs. total expense, ETB millions (2020/21–2025/26)

Profit

The Institution recorded a profit before tax of



ETB 522.7 million, more than three times the prior year (2025: ETB 165.8 million). After a tax charge of ETB 137.8 million, profit after tax reached ETB 384.9 million, a 207.6% increase

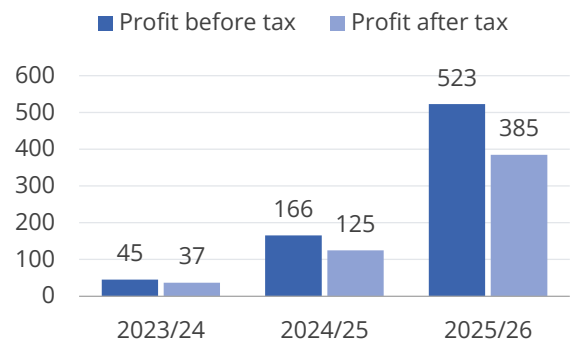


Figure 15: Profit before and after tax, ETB millions (2023/24–2025/26)

Financial Positions

Total assets grew by 70.2% to ETB 9.42 billion (2025: ETB 5.53 billion). Net loans and advances constituted the largest asset class at 71.0% of

the balance sheet, followed by cash and bank balances at 16.8%. The Institution's liquidity position strengthened considerably, with cash and cash equivalents almost doubling to ETB 1.59 billion.

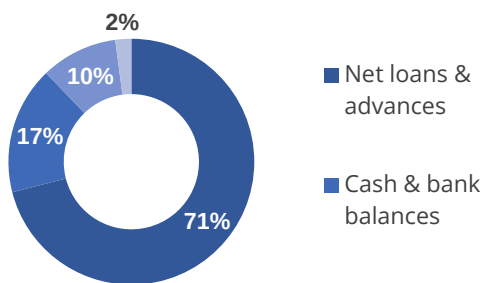


Figure 16: Composition of total assets, 30 June 2026

Borrowings rose to ETB 1.58 billion (2025: ETB 815.7 million) following new facilities obtained to support loan growth. Total capital increased by 64.6% to ETB 1.17 billion and paid-up capital reached ETB 678,342,065.

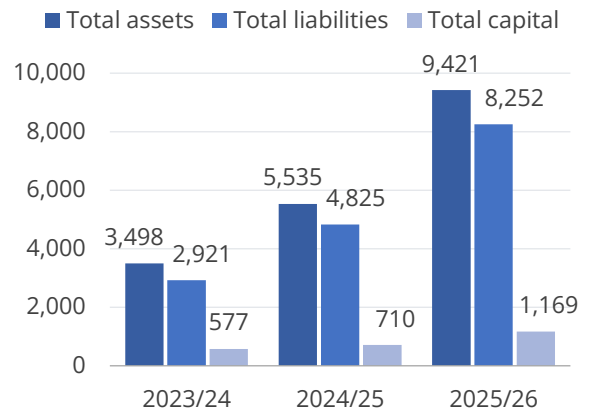


Figure 17: Balance-sheet structure, ETB millions (2023/24–2025/26)

Earnings Per Share

Basic earnings per share rose to ETB 625 (2025: ETB 249), equivalent to a return of 62.5% on the weighted-average paid-up capital of ETB 1,000 par value — a 151% increase in absolute earnings per share and the highest level the Institution has achieved.

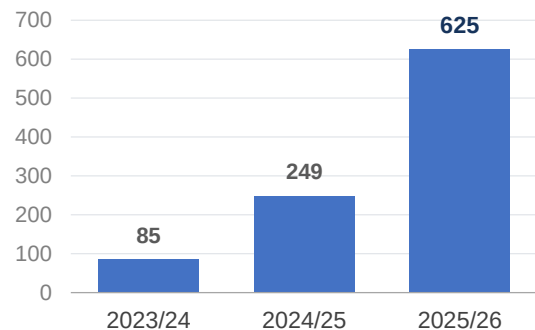


Figure 18: Basic earnings per share, ETB (2023/24–2025/26)

Human Resources

The Institution's people remain central to its performance. During the year, Nisir continued to strengthen its workforce and management capabilities across its branch network of 20 offices, invested in staff training and development, and refined its performance-management system to align individual objectives with institutional targets. The year also marked the completion of one year since the implementation of the Institution's new organizational structure, which brought notable improvements in management capacity and organizational coordination.

A key development under the new structure was the establishment and operationalization of the Executive Management team, comprising the Chief Executive Officer (CEO), Executive Officer for Resource and Operations/Channel (EORC), and key Directors representing key functional areas of the Institution. This strengthened management structure has enhanced the Institution's capacity to coordinate functions, address operational and strategic issues, facilitate timely decision-making, and provide clearer accountability across business and support functions.

The Institution also continued to enhance workforce capabilities through continuous performance monitoring and evaluation supported by a structured Performance Management System (PMS). The system provides a framework for aligning individual and unit-level objectives with institutional priorities, monitoring performance against agreed targets, identifying performance gaps, and supporting timely management interventions and staff development.

Total staff costs for the year were ETB 192.9 million. During the 2026 closing, the Institution's total headcount reached 280, representing a 30% increase from 216 in the previous year. The growth in human resources, together with the strengthened management structure and performance-management practices, reflects the Institution's continued investment in building the organizational capacity required to support its expanding operations and strategic objectives.

Board of Directors and Chief Executive Officer Remuneration

In the 2025/26 financial year, the total amount of remuneration paid to our institution's Board of Directors and Chief Executive Officer (CEO) were ETB 640,000 and ETB 5,619,882.20,

respectively. Additionally, the loan amount granted to the CEO was ETB 6,681,276.00. In addition, ETB 2,500,000 loan was granted to a Board of Director.

Information Technology and Digital Finance

Nisir Microfinance Institution S.C. has strengthened its technology infrastructure during the financial year by bringing significant growth to its digital finance service capabilities. Among the key achievements in this sector were enabling money transfers and payments via Telebirr and providing customers with convenient digital finance services. Additionally, Nisir has completed the necessary preparations and prerequisites to introduce digital finance services on the Telebirr Market, and we are currently awaiting approval from the National Bank of Ethiopia before going operational. In connection with this, Nisir has partnered with Kacha and undertaken extensive work to strengthen and expand digital financial services. As part of its commitment to strengthening digital customer identification and Know Your Customer processes, our institution's ongoing integration of the National ID system with customer identification and Know Your Customer (KYC) operations makes us a leader

among microfinance institutions. Furthermore, by initiating and implementing in-house developed automation initiatives, our institution has improved operational efficiency, creating a solid foundation for seamless integration among core systems, business processes, and digital channels.

Risk Management, Compliance and Internal Control

The Institution maintains an independent risk management and compliance function overseen by the Board, providing an integrated framework for identifying, assessing, monitoring and mitigating key risks. During the fiscal year, the Institution continued to strengthen its management of credit, liquidity, market and operational risks, while further enhancing its anti-money laundering (AML) and know-your-customer (KYC) frameworks. The internal control environment and internal audit function continued to provide assurance on the adequacy and effectiveness of controls, safeguarding the Institution's assets and supporting compliance with applicable laws, regulations and internal policies.

In response to the evolving macroeconomic environment and the associated pressures on borrowers, particularly MSMEs, management

intensified portfolio monitoring and strengthened proactive credit-risk management measures. Particular emphasis was placed on the timely identification of emerging portfolio risks, structured follow-up of delinquent accounts, recovery efforts, and appropriate restructuring and remedial actions to preserve asset quality.

During the fiscal year, the Institution implemented a number of focused initiatives to reduce non-performing loans (NPLs) and strengthen overall portfolio quality. Dedicated taskforces were established to undertake continuous monitoring, follow-up and recovery of non-performing exposures, supported by coordinated efforts across relevant business and support functions. These measures, together with strengthened accountability and management oversight, contributed to a significant improvement in asset quality.

As a result of these concerted efforts, the Institution succeeded in reducing its NPL ratio to 2.87% by the end of the fiscal year, achieving a level below the internal threshold established by the institution and National Bank of Ethiopia. This improvement reflects the Institution's strengthened credit-risk management practices, intensified recovery and follow-up

efforts, and management's sustained commitment to maintaining a sound and resilient loan portfolio.

Strategic Priorities for fiscal year 2026/27

The coming year is the first full year of implementation of the Institution's 2026–2029 Strategic Plan, built around five strategic pillars and a five-segment “Where to Play / How to Win” framework. The Board has approved the following priorities for FY 2026/27:

- Grow the outstanding loan book while maintaining non-performing loans within prudential limits.
- Accelerate deposit mobilization across additional branch networks, and manage the cost of funds – including a gradual reduction of the time-deposit concentration.
- Deepen the Save-to-Borrow linkage to build low-cost, sticky deposits alongside credit growth and increase customer base.
 - Expand digital financial services and technology-enabled channels to widen access and lower service-delivery costs.
- Strengthen institutional capacity – people, systems and data – including the

Enterprise Data Archive initiative and structured customer-satisfaction surveys.

- Complete registration of the Institution (listing) with the Ethiopian Capital Market Authority (ECMA), pursuant to Capital Market Proclamation No. 1248/2021.

Acknowledgement

On behalf of the Board of Directors, I extend my sincere gratitude to our esteemed shareholders for their continued trust, to our customers for their loyalty, to the National Bank of Ethiopia and other regulators for their guidance, and to the management and staff of Nisir for their dedication and hard work in delivering these outstanding results. We look to the year ahead with confidence.



Ato Michael Addisu

Chairperson, Board of Directors

የስራ አፈፃፀም ግምገማ Performance Review



የ3 ዓመት ስትራቴጂክ እቅድ ማስጀመሪያ 3 Years Strategic Plan Launch



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MOU Signing with Documents Authentication and Registration Service



የ AEMFI ኮንፍረንስ እና ኤግዚቢሽን የጥላቲኒየም ደረጃ ስፖንሰር
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INDEPENDENT AUDITORS' REPORT & AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026



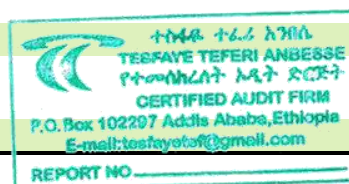
Contents

1. ORGANIZATION INFORMATION.....	36
2. STATEMENT OF DIRECTORS' RESPONSIBILITY	37
3. INDEPENDENT AUDITORS' REPORT	38
4. STATEMENT OF FINANCIAL POSITION.....	40
5. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	41
6. STATEMENT OF CHANGES IN EQUITY	42
7. STATEMENT OF CASH FLOW	43
8. NOTES TO THE FINANCIAL STATEMENTS.....	44



1. ORGANIZATION INFORMATION

NISIR MICROFINANCE INSTITUTION S.C.		Registered Office			
Microfinance Business License No:	MFI/037/2014	Addis Ababa	Website: https://nisirmfi.com/		
Trade License No:	06/2/06393/96	Ethiopia	E-mail: info@nisirmfi.com		
Organization TIN Number:	0042013423	P.O.Box 35/1250			
Board of Directors:					
Name	Position	Name	Position		
1 Ato Michael Addisu	Chairperson	5. Ato Netsanet Tsegaw	Director		
2 W/ro Yodit Kassa	D/Chairperson	6. Ato Fitsum Zewdu	Director		
3 W/ro Menna Selamu	Director	7. Ato Bisrat Teshome	Director		
4 Ato Berhanu Molla	Director	8. W/t Kalkidan Tsegaye	Company Secretary		
Senior Management					
No	Name	Position	No	Name	Position
1	Mulugeta Embiale	Chief Executive Officer	7	Mesfin Beyene	Director, Finance & Investment
2	Kalewold Tegegne	Executive Officer, Resource & Channel	8	Tefera Dereje	E/Director, Information Technology
3	Helina Tesfaye	Director, Resource and Partnership Customer	9	Bethlehem Mekonnen	Director, Human Resource Management
			10	Tadele Beza	Director, Legal &Loan recovery
			11	Moti Abelti	Director, Strategy & Brand
4	Andualem Amare	Director, Credit Operation	12	Nahom Tesfaye	Manager, Digital Finance & Technology Project
5	Orthodox Tewahido	Director, Channal and Customer Experience	13	Bereket Shiferaw	Manager, Finance & Investment
6	Esayas G/medhin	Director, Risk Mgmt & Compliance	14	Yeshewafire Adela	Manager, Human Resource Operation Management
Independent Auditor					
Tesfaye Teferi Anbesse, Authorized Audit Firm, Chartered Certified Accountants P O Box 102297, Email: tefayetefer@gmail.com Address: Tibebeu Building infront of Dreamliner Hotel, Meskel Flower, Addis Ababa Ethiopia Website: https://ethiopiaauditconsult.com					
Principal Bankers					
Awash Bank S.C Commercial Bank of Ethiopia Abyssinia Bank SC					
Lawyer					
Ato Tadele Beza Addis Ababa, Ethiopia					



2. STATEMENT OF DIRECTORS' RESPONSIBILITY

In accordance with the Financial Reporting Proclamation No.847/2014, the management of NISIR Micro Finance Institution Share Company is responsible for the preparation of financial statements in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Commercial Code of Ethiopia Proclamation No 1243/2021. This responsibility includes:

- ✓ **Fair Presentation:** Ensuring the financial statements fairly present the financial position, financial performance, and cash flows of the Company.
- ✓ **Accounting Policies:** Selecting and applying appropriate accounting policies consistently.
- ✓ **Judgments and Estimates:** Making accounting estimates that are reasonable and prudent in the circumstances.
- ✓ **Internal Controls:** Designing, implementing, & maintaining internal controls relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- ✓ **Safeguarding Assets:** Maintenance of adequate accounting records and an effective system of risk management to protect the Company's assets and prevent fraud.
- ✓ **Going Concern:** Assessing the Company's ability to continue as a going concern, with no intention to liquidate the Company or cease operations in the foreseeable future.

The Directors confirm that the financial statements have been prepared in accordance with IFRS, are prepared on the basis of appropriate accounting policies consistent with the previous year, supported by reasonable judgments, and that all accounting records have been properly maintained.

The Directors believe that the financial statements give a true and fair view of the state of the financial affairs of the institution and of its profit or loss.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

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

The financial statements were approved by the Board of Directors on August 12, 2026 and signed on their behalf by:

Michael Addisu
Board Chairperson



Mulugeta Embiale
Chief Executive Officer



3. **INDEPENDENT AUDITORS' REPORT** **TO THE SHAREHOLDERS OF NISIR MICROFINANCE INSTITUTION S.C.**

Opinion

We have audited the financial statements of Nisir Microfinance Institution S.C. (the " Institution "), which comprise the statement of financial position as of June 30, 2026 and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institution as of June 30, 2026 and its financial performance and 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 Institution in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institution'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 management either intends to liquidate the Institution or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



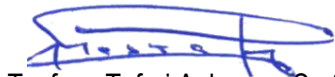
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institution's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institution to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

We have no comments to make on the report of the Board of Directors relating to financial matters, and pursuant to Article 375 of the Commercial Code of Ethiopia, Proclamation No 1243/2021. We recommend that the accompanying financial statement be approved.



Tesfaye Teferi Anbesse, Certified Public Audit Firm
Chartered Certified Accountants

Addis Ababa
August 12, 2026

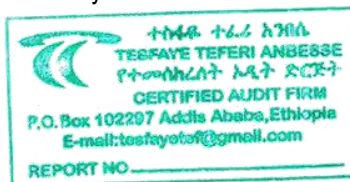


NISIR MICROFINANCE INSTITUTION S.C
4. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

		30 June 2026	30 June 2025
	Notes	ETB	ETB
Assets			
Cash and cash equivalents	8.5	1,586,240,603	806,832,972
Loans and advances to customers (Net)	8.6	6,685,554,743	3,793,901,808
Other assets and prepayments	8.7	139,222,774	87,136,326
Investment in securities	8.8	61,393,189	10,290,000
Right-of-use asset	8.9	62,980,690	38,208,922
Property, plant and equipment	8.10	884,705,128	796,017,981
Intangible asset	8.11	1,104,716	2,457,022
Total assets		9,421,201,843	5,534,845,031
Liabilities			
Current liabilities			
Deposits from customers	8.12	5,494,391,027	3,359,505,631
Borrowing	8.13	316,132,986	163,149,084
Current tax liability	8.15 (b, d)	138,090,287	33,820,017
Other liabilities	8.16	370,769,909	209,584,673
		6,319,384,209	3,766,059,405
Non-current liabilities			
Deposits from customers	8.12	610,487,892	373,278,403
Borrowing	8.13	1,264,531,942	652,596,336
Lease liability	8.14	30,777,766	20,739,326
Other liabilities	8.16	13,026,944	5,385,946
Deferred tax liabilities	8.15 (c, d)	13,657,706	6,521,925
		1,932,482,250	1,058,521,936
Total liabilities		8,251,866,459	4,824,581,341
Equity			
Share capital	8.17	678,342,065	521,537,000
Legal reserve	8.18	39,498,098	20,173,266
Retained earnings	8.19	376,695,444	116,097,988
Regulatory risk reserve	8.20	32,092,546	43,245,436
Other reserve	8.21	33,497,232	-
Share premium	8.22	9,210,000	9,210,000
Total equity		1,169,335,385	710,263,690
Total liabilities and equity		9,421,201,843	5,534,845,031

The financial statements and the notes on pages were approved and authorized for issue by the Board of Directors on August 12/ 2026 and were signed on its behalf by:

Michael Addisu
Board Chairperson



Mulugeta Embiale
Chief Executive Officer

NISIR MICROFINANCE INSTITUTION S.C
5. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

		30 June 2026	30 June 2025
	Notes	ETB	ETB
Interest income calculated using effective interest method	8.24	1,676,902,968	884,236,884
Interest expense	8.25	(865,821,979)	(508,238,245)
Net interest income before impairment		811,080,989	375,998,639
Loan impairment loss	8.7 (b)	(55,557,125)	(38,473,207)
Net interest income		755,523,864	337,525,432
Fees and commission income	8.26	80,093,331	40,545,582
Other operating income	8.27	69,054,331	41,803,333
Net operating income		904,671,526	419,874,347
Salaries and other employee benefits	8.28	192,888,572	112,599,010
General and administrative expenses	8.29	142,518,832	101,261,296
Depreciation on property, plant and equipment	8.10	21,299,800	18,444,242
Amortization of intangible asset	8.11	1,352,305	1,352,305
Amortization of right-of-use assets	8.9	23,371,349	20,349,879
Impairment on other assets	8.30	553,648	37,926
		381,984,506	254,044,658
Profit before tax		522,687,021	165,829,689
Tax expense	8.15.(a)	(137,819,635)	(40,705,248)
Profit for the year after tax		384,867,386	125,124,441
Other comprehensive income			
Change in equity investment at FVOCI		47,853,189	-
Deferred tax		(14,355,957)	-
		33,497,232	
Total comprehensive income for the year		418,364,618	125,124,441
Earnings per share			
Basic earnings (loss) per share	8.17.1	625	249

Michael Addisu
Board Chairperson



Mulugeta Embiale
Chief Executive Officer

6. STATEMENT OF CHANGES IN EQUITY
NISIR MICROFINANCE INSTITUTION S.C
FOR THE YEAR ENDED 30 JUNE 2026

	Share Capital ETB	Legal Reserve ETB	Retained Earnings ETB	Regulatory Risk Reserve ETB	Other reserve	Share Premium ETB	Total ETB
Balance 30 June 2024	482,101,526	14,677,935	31,072,029	39,714,316		9,210,000	576,775,806
Profit for the year	-	-	125,124,441	-	-	-	125,124,441
Transfer from deferred tax liability	-	-	8,100,890	-	-	-	8,100,890
Increase of the share capital	39,435,474	-	(39,172,920)	-	-	-	262,554
Transfer to legal reserve	-	5,495,331	(5,495,331)	-	-	-	-
Transfer to IFRS Adjustment Reserve	-	-	(3,531,121)	3,531,121	-	-	-
Balance 30 June 2025	521,537,000	20,173,266	116,097,988	43,245,436		9,210,000	710,263,690
Profit for the year	-	-	384,867,386	-	-	-	384,867,386
Transfer from tax liability	-	-	40,705,250	-	-	-	40,705,250
Increase of the share capital	156,805,065	-	(156,803,238)	-	-	-	1,827
Transfer to legal reserve	-	19,324,832	(19,324,832)	-	-	-	-
Transfer to regulatory risk reserve	-	-	11,152,890	(11,152,890)	-	-	-
Other reserve	-	-	-	-	47,853,189	-	47,853,189
Differed tax liability					(14,355,957)		(14,355,957)
Balance 30 June 2026	678,342,065	39,498,098	376,695,444	32,092,546	33,497,232	9,210,000	1,169,335,385



7. STATEMENT OF CASH FLOW
NISIR MICROFINANCE INSTITUTION S.C
FOR THE YEAR ENDED 30 JUNE 2026

		30 June 2026	30 June 2025
	Notes	ETB	ETB
Cash flows from operating activities	8.23	178,601,343	306,400,133
Taxation			
Income tax paid		-	-
Withholding tax paid	8.15 (c)	(483,922)	(363,307)
		(483,922)	(363,307)
Cash flows from investing activities			
Purchase of property, plant and equipment	8.10	(111,087,578)	(15,357,162)
Acquisition of land		-	-
Purchase of right-of-use assets	8.9	(49,293,548)	(15,893,565)
Net cash (outflow)/inflow from investing activities		(160,381,126)	(31,250,727)
Cash flows from financing activities			
Proceeds (settlement) from borrowings	8.13	764,919,509	122,163,467
Proceeds from issues of shares	6	1,827	262,554
Investment (Eth Switch)	8.8	(3,250,000)	(6,930,000)
Net cash (outflow)/inflow from financing activities		761,671,336	115,496,021
Net increase/(decrease) in cash and cash equivalents		779,407,631	390,282,120
Cash and cash equivalents at the beginning of the year		806,832,972	416,550,853
Cash and cash equivalents at the end of the year		1,586,240,603	806,832,973



8. NOTES TO THE FINANCIAL STATEMENTS

8.1. General Information

Nisir Microfinance Institution S.C. ("the Institution or Nisir MFI") was established on 24 April 2014 in accordance with the provisions of the Commercial Code of Ethiopia, Proclamation No 1243/2021 and the Micro-Financing Business Proclamation No. 626/2009.

The Institution conducts its business under the Law on Microfinance activity and is regulated by the National Bank of Ethiopia ("NBE"). The address of the Institution is as follows:

Nisir Building, Bole Rwanda
www.nisirmfi.com ; info@nisirmfi.com
P.O.BOX 35/1250
Addis Ababa, Ethiopia

Nisir MFI provides a range of innovative financial products and services to micro, small and medium enterprises (MSMEs) and individuals in Ethiopia.

8.2. Basis of Preparation

a. Statement of Compliance

The Institution has prepared a full set of financial statements for the year ended June 30, 2026 in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

b. Basis of Measurement

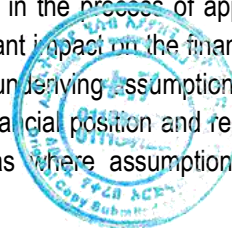
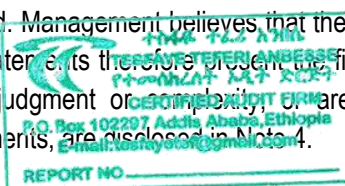
The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below. Modified valuation is applied for certain financial instrument classifications that shall be measured at fair value.

c. Functional and Presentation Currency

ETB is the functional currency of the Institute. The financial statements are presented in Ethiopian Birr (ETB).

d. Use of Estimates and Judgements

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 Institution'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 Institution'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 4.



e. Going Concern

The financial statements have been prepared on a going concern basis. Management believes that the Institution will continue to operate and remain in existence for at least the next 12 months.

8.3. 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.

8.3.1. Recognition of Income and Expenses

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

Nisir MFI earns income from interest on loans given to customers, interest income from deposits with local banks, fees collected from loan clients, rental income, and others.

i) Interest Income and Expense

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

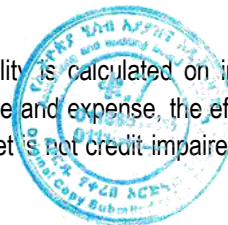
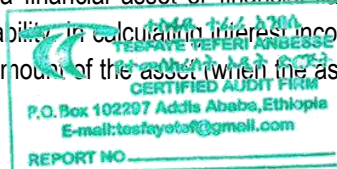
- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the institution estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

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.

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

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the 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.

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

- interest on financial assets measured at amortized cost;
- interest on financial liabilities measured at amortized cost

ii) Dividend Income

Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the financial statements are authorized for issue are disclosed in the subsequent events note.

iii) Fees and Commission Income

Fees and commissions are generally recognized on an accrual basis when the service has been provided. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognized on a straight-line basis over the commitment period. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of bonds, shares or other securities are recognized on completion of the underlying transaction. Service fees are recognized based on the applicable service contracts, usually on a time-apportionate basis. Performance-linked fees or fee components are recognized when the performance criteria are fulfilled.

8.3.2. Financial Assets and Liabilities

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

i) Recognition and Initial Measurement

Financial liabilities

The Institution's holding in financial liabilities represents mainly deposits from customers, long-term liabilities and other liabilities. Such financial liabilities are initially recognized at fair value and subsequently measured at amortized cost.



ii) Classification

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI or Fair Value through Profit or Loss (FVTPL). A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as 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 SPPI
- ✓ A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as 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 of an equity investment that is not held for trading, the Institution may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

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

Business Model Assessment

The Institution makes 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 Institution'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;

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



Assessment of Whether Contractual Cash Flows are Solely Payments of Principal and Interest (SPPI)

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

In assessing whether the contractual cash flows are SPPI, the Institution 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 Institution considers:

- ✓ contingent events that would change the amount and timing of cash flows;
- ✓ leverage features;
- ✓ prepayment and extension terms;
- ✓ terms that limit the Institution'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).

The Institution holds a portfolio of long-term fixed-rate loans for which the Institution has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Institution has determined that the contractual cash flows of these loans are (SPPI) because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks, and costs associated with the principal amount outstanding.

Non-Recourse Loans

In some cases, loans made by the Institution that are secured by collateral of the borrower limit the Institution's claim to cash flows of the underlying collateral (non-recourse loans). The Institution applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Institution typically considers the following information when making this judgement:

- ✓ whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- ✓ the fair value of the collateral relative to the amount of the secured financial asset;
- ✓ the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- ✓ whether the borrower is an individual or a substantive operating entity or is a special purpose entity;
- ✓ the Institution's risk of loss on the asset relative to a full-recourse loan;
- ✓ the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- ✓ whether the Institution will benefit from any upside from the underlying assets.



Contractually Linked Instruments

The Institution has some investments in securitizations that are considered contractually linked instruments. Contractually linked instruments each have a specified subordination ranking that determines the order in which any cash flows generated by the pool of underlying investments are allocated to the instruments. Such an instrument meets the SPPI criterion only if all of the following conditions are met:

- ✓ the contractual terms of the instrument itself give rise to cash flows that are SPPI without looking through to the underlying pool of financial instruments;
- ✓ the underlying pool of financial instruments (i) contains one or more instruments that give rise to cash flows that are SPPI; and (ii) may also contain instruments, such as derivatives, that reduce the cash flow variability of the instruments under (i) and the combined cash flows (of the instruments under (i) and (ii)) give rise to cash flows that are SPPI; or align the cash flows of the contractually linked instruments with the cash flows of the pool of underlying instruments under (i) arising as a result of differences in whether interest rates are fixed or floating or the currency or timing of cash flows; and
- ✓ the exposure to credit risk inherent in the contractually linked instruments is equal to or less than the exposure to credit risk of the underlying pool of financial instruments.

Reclassifications

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

Financial Liabilities

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

iii) Derecognition

Financial Assets

The Institution derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Institution neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities. Any interest in transferred financial asset that qualify for derecognition that is created or retained by the Institution is recognized as a separate asset or liability.



The Institution enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognized. Examples of such transactions are securities lending and sale—and—repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale and repurchase transactions, because the Institution retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Institution neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Institution continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Institution retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. An asset or liability is recognized for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial Liabilities

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

iv) Modifications of Financial Assets and Financial Liabilities

Financial Assets

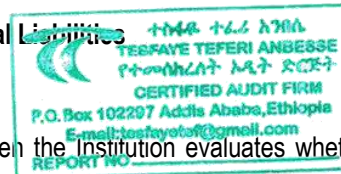
If the terms of a financial asset are modified, then the Institution evaluates whether the cash flows of the modified asset are substantially different.

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

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

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Institution plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place.

This approach impacts the result of the quantitative evaluation and means that the de-recognition criteria are not usually met in such cases.



If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Institution first recalculates 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. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

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

Financial Liabilities

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

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. 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.

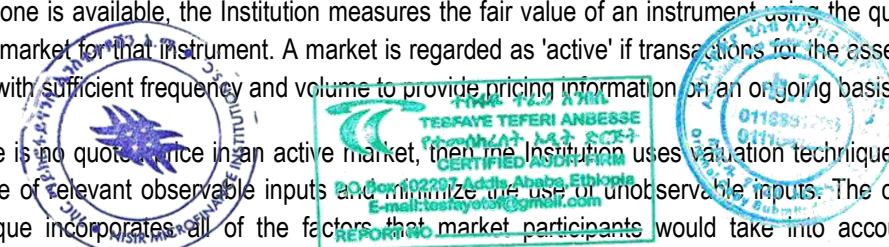
Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Institution has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Institution measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis.

If there is no quoted price in an active market, then the Institution uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price- i.e., the fair value of the consideration given or received. If the Institution determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted



price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Institution measures assets and long positions at a bid price and liabilities and short positions at an ask price.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Institution measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Institution based on the net exposure to either market or credit risk are measured based on a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure.

Portfolio level adjustments, e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure, are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Institution recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

v) **Impairment Policy**

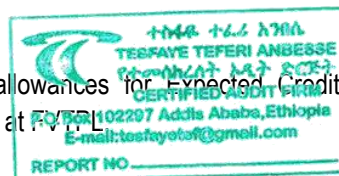
The Company recognizes loss allowances for Expected Credit Loss (ECL) on the following financial instruments that are not measured at FVTPL:

- ✓ financial assets that are debt instruments;
- ✓ lease receivables; and
- ✓ loan commitments issued.

No impairment loss is recognized on equity investments.

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

- ✓ debt investment securities that are determined to have low credit risk at the reporting date; and



- ✓ other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Company's allowance for credit losses calculations are outputs of models with several underlying assumptions regarding the choice of variable inputs and their interdependencies.

The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception.

The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The Institution adopts a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.

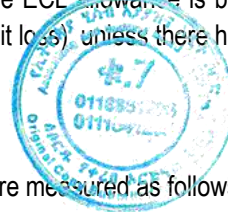
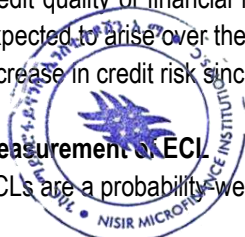
- ✓ **Stage 1** - Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to the remaining term to maturity is used.
- ✓ **Stage 2** - When a financial instrument experiences a SICR after origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- ✓ **Stage 3** - Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The guiding principle for the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance is based on credit losses expected to arise over the life of the asset (lifetime expected credit loss) unless there has been no significant increase in credit risk since origination.

Measurement of ECL

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

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



Credit-Impaired Financial Assets

At each reporting date, the institution assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI, and finance lease receivables, are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- ✓ Significant financial difficulty of the borrower or issuer;
- ✓ a breach of contract such as a default or past due event;
- ✓ the restructuring of a loan or advance by the Institution on terms that the Institution would not consider
- ✓ Otherwise; it is becoming probable that the borrower will enter Institution-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 is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Presentation of Allowance for ECL in the Statement of Financial Position

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

- ✓ financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- ✓ loan commitments and financial guarantee contracts: generally, as a provision;
- ✓ where a financial instrument includes both a drawn and an undrawn component, and the Institution cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Institution 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
- ✓ 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 is disclosed and is recognized in the fair value reserve.



Write-Off

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

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

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

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

8.3.3. Cash and Cash Equivalents

Cash and cash equivalents comprise cash at Institutions and on hand, demand deposits with Institutions and other financial institutions, demand deposits with third party merchants, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Institution overdrafts that are repayable on demand and form an integral part of the institution's cash management are also included as a component of cash and cash equivalents for the consolidated statement of cash flows.

8.3.4. Property, Plant and Equipment

i) Cost

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets, including for self-constructed assets, the cost of materials, direct labor, the initial estimate, where appropriate, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

Construction in progress is transferred to other property, plant and equipment when it is ready for its intended use.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Asset with one-year lifetime and those costing less than Birr 2,000 each are expensed at the time of Purchase.



ii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment and investment property, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Asset Class	Useful Life (Years)
Building	50
Motor Vehicle - Motorcycle	10
Motor Vehicle	15
Furniture and Fittings	10 - 20
Office Equipment	5 - 20
Computer Equipment and Accessories	10

8.3.5. 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 the 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 are presented as a separate line item in the income statement.

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

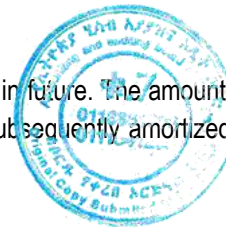
Asset Class	Useful Life (Years)
Software	6

8.3.6. Other Assets

Other assets are generally defined as claims held against other entities for the future receipt of money. The other assets in the Institution'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 an event or transaction as they arise and cancelled when payment is received. The Institution's other receivables are receivables from debtors.

8.3.7. Leased Assets

Most of the institution's leases are operating leases which do not transfer all the risks and rewards of ownership substantially to the institution.

Payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covering the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

8.3.8. Employee Benefits

Salaries, bonus payments, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred, and the effect would be material, these amounts are stated at their present values.

8.3.9. Share Capital

Share capital is the total of the institution's shares that are held by shareholders. Ordinary shares are classified as share capital in equity. Any premium received over and above the par value of the shares is classified as share premium.

8.3.10. Government Grant

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

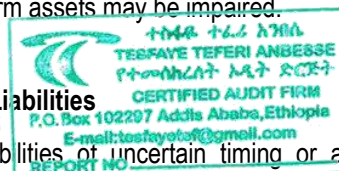
When the Institution receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to the income statement over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

8.3.11. Impairment of Non-Financial Assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that non-financial assets, including property, plant and equipment, long-term leasehold prepayments, intangible assets and other long-term assets may be impaired.

8.3.12. Provisions and Contingent Liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the institution has a legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits



will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be reliably estimated, disclosure is made of the contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Provisions are recognized for liabilities of uncertain timing or amount when the institution has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

8.3.13. New and Amended Standards

New and Amended Standards Adopted by the Institute

The Institute has applied the following amendments for the first time for its annual reporting period commencing July 1, 2025:

Amendments to IAS 21: Lack of Exchangeability

These amendments clarify when a currency is exchangeable into another currency and how an Institute should estimate the spot exchange rate when exchangeability is lacking. Prior to these amendments, IAS 21 did not provide explicit guidance on what to do when a currency cannot be converted. The new rules establish a specific framework to assess exchangeability and require the use of an objective, estimation process to determine a representative rate, alongside expanded disclosures regarding the economic impacts of the restriction. Because the NBE's macro-economic reforms legally permitted commercial banks and foreign exchange bureaus to buy and sell foreign currency at market-clearing rates, management has determined that the ETB possesses valid, observable legal exchangeability. Therefore, no complex proxy estimation models were required to value foreign currency transactions during this fiscal year.

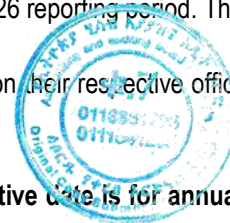
The Institute has evaluated its foreign currency transactions and cash holdings. Because the Institute does not operate in jurisdictions with severe foreign exchange controls or non-convertible currencies, the adoption of these amendments did not have a material impact on the Institute's financial position, financial performance, or cash flows.

New Standards and Interpretations Issued but not yet effective

Certain new accounting standards, amendments, and interpretations have been published by the International Accounting Standards Board (IASB) that are not mandatory for the June 30, 2026 reporting period. The Institute

has elected not to early adopt these requirements and intends to adopt them on their respective official effective dates.

IFRS 18: Presentation and Disclosure in Financial Statements. The effective date is for annual reporting periods beginning on or after January 1, 2027.



IFRS 18 completely replaces IAS 1 Presentation of Financial Statements. The standard introduces structural shifts designed to improve comparability and transparency in financial reporting, including:

It dictates the classification of all income and expenses into three distinct categories: operating, investing, and financing. Crucially, it requires the presentation of two new defined subtotals: "operating profit" and "profit before financing and income tax."

- ✓ Entities will be required to disclose non-GAAP or adjusted profit metrics in a single, dedicated note. This note must provide a reconciliation to the most directly comparable IFRS subtotal, explain why the metric provides useful information, and detail how it is calculated.
- ✓ The standard provides strict new guidance on whether information should be presented in the primary financial statements or disaggregated within the notes, explicitly discouraging the concealing of material items.
- ✓ It amends IAS 7 by requiring the "operating profit" subtotal to be the consistent starting point for reconciling operating cash flows under the indirect method.

While IFRS 18 alters classification and presentation rather than the recognition or measurement of assets and liabilities, its impact on the Institute's financial statement layout will be pervasive. The Institute will map its current chart of accounts to the new structured categories.

Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments - effective date is for annual reporting periods beginning on or after January 1, 2026.

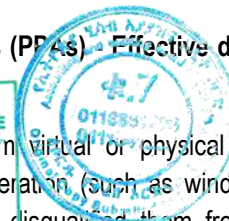
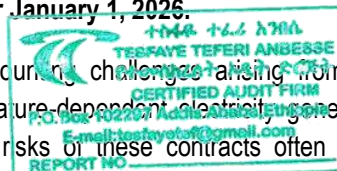
This amendment addresses specific complexities identified during post-implementation reviews:

- ✓ It clarifies the timing for derecognizing a financial liability settled via electronic cash transfers, allowing an Institute to deem the liability settled before the actual settlement date if specific criteria are met.
- ✓ It refines how contractual cash flows are evaluated for financial instruments containing contingent features. This includes modern sustainability-linked features where interest rates fluctuate based on achieving specific environmental, social, or governance (ESG) targets.

The Institute has reviewed its existing financial assets and liabilities. Since the Institute's current debt arrangements do not feature complex contingent triggers that violate the basic lending criteria, the application of this amendment is not expected to result in any reclassifications or adjustments to the measurement of its financial instruments.

Amendments to IFRS 9 and IFRS 7: Power Purchase Arrangements (PPAs) - Effective date is for annual reporting periods beginning on or after January 1, 2026.

This targeted amendment resolves accounting challenges arising from virtual or physical corporate Power Purchase Agreements (PPAs) tied to nature-dependent electricity generation (such as wind or solar). Under legacy rules, the volatility and volume risks of these contracts often disqualified them from the "own-use" exemption, forcing companies to recognize them as derivatives at fair value through profit or loss. The



amendment introduces custom criteria to allow these contracts to qualify for own-use treatment or to apply modified hedge accounting rules that better reflect the purpose of the transaction.

The Institute has no commercial utility contracts involving renewable energy supply arrangements, the application of this amendment is not expected to result in application of the modified framework.

8.4. Accounting Judgements and Estimates

a. Accounting Judgments

i. Revenue Recognition

To determine the satisfaction of performance obligations, the institution applies the following judgments:

- ✓ Where revenue is recognized over time, the institution primarily uses the output method to measure progress; in limited business units, the input method is adopted when the institution is unable to reasonably measure the outcome of a performance obligation. Judgements applied when using the output method include assessing progress and milestones achieved and determining if that represents the value of goods and/ or services delivered to the customer to date. Judgements applied when using the input method include determining if consumption of the resources relative to the total expected amount faithfully depicts the transfer of control of goods and/or services promised to the customer.
- ✓ Where revenue is recognized at a point in time, the institution assesses the transfer of control by reference to the contractual terms and the circumstances of the arrangements, including a consideration of past business practice. These include having a legal right to payment, title has passed, the customer has the risks and rewards of ownership, or the customer is using the asset to generate value for themselves.

b. Estimates

Key sources of estimation uncertainty are as follows:

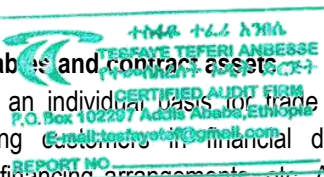
i) Revenue Recognition

To determine the transaction price and the amounts allocated to performance obligations, the institution applies the following estimation:

- ✓ Variable consideration is estimated using the most likely amount or expected value based on the nature of the specific consideration and the analysis of relevant contract terms, taking into consideration historical, current and expected information.
- ✓ Obligations for returns and refunds are judged based on estimates made from historical information associated with similar products and anticipated rates of claims for the products.
- ✓ The collectability of a consideration is estimated at contract inception, based on the institution's assessment of the customer's ability and intention to pay when due. The above estimation is inherent in revenue recognition, and revenue may materially change if management's estimation were to change or to be found inaccurate.

ii) Impairment of trade receivables and contract assets

Impairment is assessed on an individual basis for trade receivables and contract assets meeting pre-determined criteria, including customers in financial difficulties, and contracts with risk mitigation arrangements or significant financing arrangements, etc. Apart from receivables and contract assets that have been assessed and provided for individually, allowances are estimated using provision matrices by



management with reference to the customers' credit risk ratings and aging analysis of the remaining trade receivable and contract asset balances.

Different provision matrices have been developed by the institution based on different customer groups which indicate different risk characteristics. If the financial condition of customers were to deteriorate or improve, or actual future economic performance is different from the institution's estimates, additional allowances or reversals may be required in future periods.

iii) Net Realizable Value of Inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market condition and the historical experience of distributing and selling products of similar nature. They could change significantly as a result of competitor actions in response to severe industry cycles or other changes in market condition. Management will reassess the estimations at the end of each reporting period.

iv) Depreciation and Amortization

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. Intangible assets with finite useful lives are amortized on a straight-line basis over the estimated useful lives. Both the period and method of depreciation and amortization are reviewed annually. The depreciation and amortization expense for future periods is adjusted if there are significant changes, such as operational efficiency or changes in technologies, from previous estimates.

8.5. Cash and cash equivalents

a) Major classification of cash and cash equivalent is as follows:

	30 June 2026	30 June 2025
	ETB	ETB
Time deposits saving with other banks	1,032,000,000	646,000,000
Deposit account with other banks	548,053,984	160,831,821
Interbank tele birr settlement account	5,315,031	-
Interbank ETH-Switch account	875,221	-
Cash on Hand	35,021	1,151
	1,586,279,257	806,832,972
Less: Impairment allowance	(38,654)	-
	<u>1,586,240,603</u>	<u>806,832,972</u>

b) The above cash balances are kept with banks and financial institutions counterparties. The institution considers that its cash and cash equivalent balances have low credit risk. The major balance is deposited with four reputable domestic banks as time deposit, the major one being in Awash and United Banks. These banks are good performing banks, although there is no official credit rating of banks in Ethiopia. An impairment of 5%, Birr 38,654, of the bank balance is taken as adequate impairment provision.



8.6. Loans to customers

	30 June 2026	30 June 2025
	ETB	ETB
Service	3,379,782,205	1,871,330,448
Trade	2,560,072,297	1,467,315,141
Construction	354,078,857	227,459,173
Manufacturing	316,638,852	194,273,588
Agriculture	49,881,018	22,828,472
Consumption	24,361,715	4,375,853
Staff Loan	96,549,386	61,961,933
Gross Loans to Customers	6,781,364,330	3,849,544,608
<u>Less: Allowance for Impairment Losses (note a below)</u>	<u>(95,809,587)</u>	<u>(55,642,800)</u>
Net Loans to Customers	<u>6,685,554,743</u>	<u>3,793,901,808</u>

The following tables provides information on the credit quality of the loan portfolio:

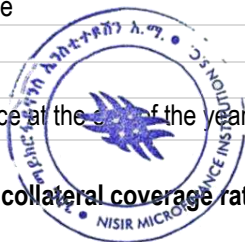
a-Originated loans to customers according to the agreement

	30-Jun-26	30-Jun-25
	ETB	ETB
Current and less than 90 days overdue	6,480,652,846	3,708,547,650
90 to 180 days overdue	171,207,366	35,098,105
181 to 365 days overdue	85,057,132	37,216,777
above 365 days overdue	<u>44,446,986</u>	<u>68,682,076</u>
Balance at the end of the year	6,781,364,330	3,849,544,608
<u>Less: Allowance for impairment losses</u>	<u>(95,809,587)</u>	<u>(55,642,800)</u>
Net loans to customers	<u>6,685,554,743</u>	<u>3,793,901,808</u>

b-Loans to customers are collateralized by:

	30-Jun-26	30-Jun-25
	ETB	ETB
Building	7,296,690,500	4,660,620,000
Vehicle	12,079,234,819	7,441,046,000
Share	41,367,415	47,171,125
Cash	895,113,203	286,833,808
Balance at the end of the year	<u>19,612,405,337</u>	<u>12,435,670,933</u>

The collateral coverage ratio is 2.92 which is good collateral value.



c-Reconciliations of loans to customers according to the agreement and interest rate:

	30-Jun-26	30-Jun-25
	ETB	ETB
Originated loans to customers according to the agreement	6,420,615,781	3,651,267,077
Accrued interest according to the agreement	360,748,539	198,277,531
Gross loans to customers according to the agreement	6,781,364,320	3,849,544,608
Less: allowance for impairment losses	(95,809,587)	(55,642,800)
Net loans to customers	<u>6,685,554,743</u>	<u>3,793,901,808</u>

d-Breakdown of current and noncurrent portions can be presented

	30-Jun-26	30-Jun-25
	ETB	ETB
Current portion	2,080,372,939	1,135,567,090
Non-current portion	4,605,181,804	2,658,334,718
	<u>6,685,554,743</u>	<u>3,793,901,808</u>

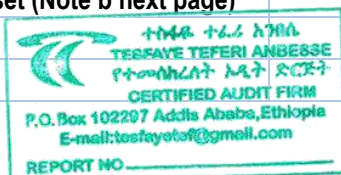
e-Movements of the loan impairment allowance are as follows:

	30-Jun-26	30-Jun-25
	ETB	ETB
Balance At the Beginning of The Year	55,642,801	17,169,594
Write off of balances (see note below)	(15,390,339)	-
Loan Impairment Charge of current year	55,557,125	38,473,207
Balance At the End of The Year	<u>95,809,587</u>	<u>55,642,801</u>

This amount represents 100 long outstanding balances with ending balance of less than a million Birr, which were written off as per the proposal of the management and approval of the Chief Executive Director.

8.7. Other assets and prepayments

	30 June 2026	30 June 2025
	ETB	ETB
Non-Financial Assets		
Other receivables	124,597,147	68,172,641
Prepayments	-	9,202,339
Prepaid asset - staff loan	15,863,857	10,484,584
	140,461,004	87,859,564
Impairment allowance - other asset (Note b next page)	(1,238,230)	(723,238)
	<u>139,222,774</u>	<u>87,136,326</u>



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a. Breakdown of current and noncurrent portions can be presented

	30 June 2026	30 June 2025
	ETB	ETB
Current portion	111,378,220	69,636,401
Noncurrent portion	27,844,554	17,499,927
	<u>139,222,774</u>	<u>87,136,328</u>

b. Impairment allowance on other assets

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

	30 June 2026	30 June 2025
	ETB	ETB
Balance at the beginning of the year	723,238	685,312
(Reversal)/charge for the year	See c - below <u>514,992</u>	<u>37,926</u>
Balance at the end of the year	<u>1,238,230</u>	<u>723,238</u>

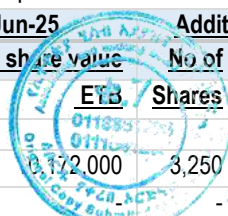
c. Impairment allowance charge for the current year can be presented as follows:

	30 June 2026	30 June 2025
	ETB	ETB
Specific impairment - bank deposit	-	19,525
Specific impairment - other asset	<u>514,993</u>	<u>18,401</u>
Total specific impairment - other asset	<u>514,993</u>	<u>37,926</u>

8.8. Investment securities

a) The institute has invested in the following companies

	Par	30-Jun-25		Additional shares		30-Jun-26	
	Value	No of	share value	No of	share value	No of	share value
Investment in	ETB	Shares	ETB	Shares	ETB	Shares	ETB
Eth-Switch S.C.	1,000	10,172	112,000	3,250	3,250,000	13,422	13,422,000
Fair value adjustment		-		-	-		47,853,189
Equity investment at FVOCI							<u>61,275,189</u>
ET-Inclusive Financial Technology S.C	1,000	118	118,000	8	8,000	118	118,000
			<u>10,290,000</u>	<u>3,258</u>	<u>3,258,000</u>	<u>118</u>	<u>61,393,189</u>



- b) The institute revalued the shares with Eth-Switch S.C, and has recognized the resulting unrealized gain as Other Comprehensive Income (FVOCI). The valuation was made with reference to the valuation of similar unquoted equity investments held by member banks of the Ethiopia Bankers' Association (EBA) made by Price Waterhouse Coopers(PwC). The Enterprise Value to Earnings before Income Tax, Depreciation, and Amortization (EV/EBITDA) multiple methodology was applied referencing a peer group of comparable electronic payment and transactions switching companies operating in emerging markets. Accordingly, an EV/EBITDA multiple of 7.31x was used to adjust the EBITDA of Eth-switch SC as at 30 June 2026. The Institute then took the portion of the total unrealized gain of Eth-switch as per the share of its investment in the total capital of Et-switch, which is ETB 47,853,189.

8.9. Right-of-use assets

		30 June 2026	30 June 2025
		ETB	ETB
Cost			
As at 1 July 2025		65,550,646	52,755,642
Less: Accumulated Amortization of ROU		(15,778,253)	(2,289,659)
Less: Adjustments on lease liability		-	(675,402)
Less: Adjustments on depreciation charge lease		-	(133,500)
Additions		49,293,548	15,893,565
As at 30 June 2026		<u>99,065,941</u>	<u>65,550,646</u>
Accumulated amortization			
As at 1 July 2025		27,341,724	10,201,604.50
Less: -Acc. depn. ROA		(14,627,822)	(530,159.19)
Less: -Acc. depn. ROA		-	(1,759,500.00)
Less: -Adjustment on lease liability		-	(786,600.00)
Less: -Depreciation charge - lease		-	(133,499.68)
Addition		25,371,349	20,349,878.65
As at 30 June 2026		<u>36,085,252</u>	<u>27,341,724</u>
Net book value		<u>62,980,690</u>	<u>38,208,922</u>



8.10. Property, plant and equipment

	Buildings	Motor Vehicles	Computer & Equipment	Office Equipment	Furniture & Fittings	Land (Leasehold)	Total
	ETB	ETB	ETB	ETB	ETB	ETB	ETB
Cost							
As at 01 July 2024	596,841,343	13,916,198	16,025,141	10,763,011	23,290,629	175,354,428	836,190,751
Additions	-	-	7,256,345	4,629,140	3,471,678	-	15,357,162
Disposal							
As at 30 June 2025	596,841,343	13,916,198	23,281,486	15,392,151	26,762,307	175,354,428	851,547,913
Additions		73,132,282	26,227,260	7,729,869	3,998,167	-	111,087,578
Disposal		(1,734,936)					(1,734,936)
As at 30 June 2026	596,841,343	85,313,544	49,508,746	23,122,020	30,760,474	175,354,428	960,900,555
Accumulated depreciation							
As at 01 July 2024	24,634,742	2,667,641	2,679,154	3,071,002	4,033,150	-	37,085,690
Additions	11,339,986	881,800	2,183,138	1,454,809	2,584,510	-	18,444,243
Disposal							
As at 30 June 2025	35,974,728	3,549,441	4,862,292	4,525,811	6,617,660	-	55,529,933
Additions	11,339,986	2,818,955	2,823,749	1,667,389	2,649,721	-	21,299,800
Disposal		(634,305)					(634,305)
As at 30 June 2026	47,314,714	5,734,091	7,686,041	6,193,200	9,267,381	-	76,195,428
Net book value							
As at 30 June 2025	<u>560,866,614</u>	<u>10,366,757</u>	<u>18,419,193</u>	<u>10,866,341</u>	<u>20,144,647</u>	<u>175,354,428</u>	<u>796,017,980</u>
As at 30 June 2026	<u>549,526,629</u>	<u>79,579,453</u>	<u>41,822,704</u>	<u>16,928,821</u>	<u>21,493,093</u>	<u>175,354,428</u>	<u>884,705,128</u>



8.11. Intangible assets

			<u>30 June 2026</u>	<u>30 June 2025</u>
		<u>ETB</u>	<u>ETB</u>	<u>ETB</u>
<u>Cost</u>				
As at 01 July 2025			8,113,828	8,113,828
<u>Accumulated amortization</u>				
As at 01 July 2025	(5,656,806)			(4,304,501)
Additions	(1,352,305)			(1,352,305)
			(7,009,111)	(5,656,806)
Written-down value as at 30 June 2026			<u>1,104,717</u>	<u>2,457,022</u>

8.12. Deposits from customers

a) Deposits from customers as at 30 June 2026 and 30 June 2025 comprise the following:

		<u>30 June 2026</u>	<u>30 June 2025</u>
		<u>ETB</u>	<u>ETB</u>
Time deposit		4,873,176,497	3,053,340,837
Voluntary saving		789,032,215	409,496,538
Compulsory saving		360,667,390	247,481,337
Accrued interest on deposit		<u>82,002,817</u>	<u>22,465,322</u>
		<u>6,104,878,919</u>	<u>3,732,784,034</u>



b) Breakdown of deposits from customers by current and non-current portions can be presented

		<u>30 June 2026</u>	<u>30 June 2025</u>
		<u>ETB</u>	<u>ETB</u>
Current portion		5,494,391,027	3,359,505,631
Non-current portion		<u>610,487,892</u>	<u>373,278,403</u>
		<u>6,104,878,919</u>	<u>3,732,784,034</u>

8.13. Borrowings

a) The balance constitutes loans from commercial banks represented as follows:

Bank	Note	Balance as at 30 June 2025 ETB	Additional Loan Received ETB	Settlements ETB	Balance as at 30 June 2026 ETB
AWASH BANK S.C.	c below	132,052,734		(58,270,514)	73,782,220
AWASH BANK S.C.	d below	102,281,759		(52,106,416)	50,175,343
AWASH BANK S.C.	e below	236,672,170		(18,209,847)	218,462,323
AWASH BANK S.C.	f below	291,890,719		(47,522,926)	244,367,794
ABYSSINIA BANK S.C.	g below	36,786,645		(23,743,907)	13,042,738
AWASH BANK S.C.	h below	New	250,000,000	(27,579,411)	222,420,589
AWASH BANK S.C.	i below	New	250,000,000	(17,909,526)	232,090,474
SIKET BANK S.C	j below	New	300,000,000	-	300,000,000
HIBRET BANK S.C	k below	New	<u>200,000,000</u>	-	<u>200,000,000</u>
		799,684,027	<u>1,000,000,000</u>	<u>(245,342,546)</u>	1,554,341,481
Accrued interest as on June 30		<u>16,061,393</u>			<u>26,323,447</u>
		<u>815,745,420</u>			<u>1,580,664,928</u>



b) Breakdown of borrowings by current and noncurrent portions can be presented

		30-Jun-26	30-Jun-25
		<u>ETB</u>	<u>ETB</u>
Current portion		316,132,986	163,149,084
Non-current portion		<u>1,264,531,942</u>	<u>652,596,336</u>
		<u>1,580,664,928</u>	<u>815,745,420</u>

c) Loan from Awash Bank S.C.

The Institution has entered a loan agreement for Birr 300,000,0000 with Awash Bank S.C. on 09 Megabit 2014; the loan was established for the purpose of lending to cooperatives, unions, and others engaged in small and medium business enterprises as well as the agricultural sectors. That is calculated on daily balances. Repayable quarterly starting on 09 Sene 2014. The due date of the loan is before or on 09 Megabit 2019. (5years).

		30-Jun-26	30-Jun-25
		<u>ETB</u>	<u>ETB</u>
Balance at beginning of year		132,052,734	190,617,581
Settlement made during the year		<u>(58,270,514)</u>	<u>(58,564,847)</u>
		<u>73,782,220</u>	<u>132,052,734</u>
Accrued interest		<u>-</u>	<u>2,593,564</u>



d) Loan from Awash Bank S.C.

The Institution has entered a loan agreement for Birr 200,000,000 with Awash Bank S.C. on 17 Genbot 2014, for the purpose of lending to agricultural sector cooperatives, unions, and others who are engaged in small and medium business enterprises. The due date of the loan is before or on 17 Genbot 2019. (Five years).

	30-Jun-26	30-Jun-25
	ETB	ETB
Balance at beginning of year	102,281,759	142,499,838
Settlement made during the year	(52,106,416)	(40,218,079)
	<u>50,157,343</u>	<u>102,281,759</u>
Accrued interest	<u>625,474</u>	<u>3,470,250</u>

e) Loan from Awash Bank S.C.

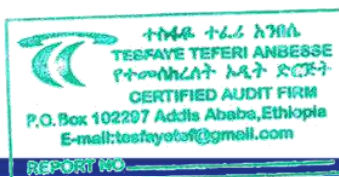
The Institution has entered a loan agreement for Birr 276,441,307 with Awash Bank S.C. on 17 Genbot 2014, for the purpose of buying a building. The due date of the loan is before or on 17 Genbot 2024. (Ten years).

	30-Jun-26	30-Jun-25
	ETB	ETB
Balance at beginning of year	236,672,170	251,797,387
Settlement made during the year	(18,209,847)	(15,125,217)
	<u>218,462,323</u>	<u>236,672,170</u>
Accrued interest	<u>3,409,470</u>	<u>1,697,190</u>

f) Loan from Awash Bank S.C.

The Institution has entered a loan agreement for Birr 300,000,000 with Awash Bank S.C. on 06 Tir 2017, for the purpose of lending to agricultural sector cooperatives, unions, and other small and medium businesses that are engaged in the selling and distribution of fertilizer and agriculture. The due date of the loan is before or on 06 Tir Genbot 2022. (Five years).

	30-Jun-26	30-Jun-25
	ETB	ETB
Balance at beginning of year	291,890,719	47,118,200
Additional loan received during the year	-	300,000,000
Settlement made during the year	(47,522,926)	(55,227,481)
	<u>244,367,794</u>	<u>291,890,719</u>
Accrued interest	<u>6,836,500</u>	<u>5,915,809</u>



g) Loan from Abyssinia Bank S.C.

The Institution has entered a loan agreement for Birr 100,000,000 with Abyssinia Bank S.C. on 22 Sene 2013, for the purpose of working capital. The due date on or before 21 Sene 2018. (Five years)

	30-Jun-26	30-Jun-25
	<u>ETB</u>	<u>ETB</u>
Balance at beginning of year	36,786,645	47,574,053
Settlement made during the year	(23,743,907)	(10,787,408)
	<u>13,042,738</u>	<u>36,786,645</u>
Accrued interest	<u>706,095</u>	<u>2,384,581</u>

h) Loan from Awash Bank S.C.

The Institution entered into a loan agreement for Birr 250,000,000 with Awash Bank S.C. on 21 Hidar 2018 to be used as per the “operationalization of the movable collateral registry directive No-MCR/01/2022 “. The due date on or before 21 Nehassie,2022. (Four years)

	30-Jun-26
	<u>ETB</u>
Additional loan received	250,000,000
Settlement made during the year	(27,579,411)
	<u>222,420,589</u>
Accrued interest	<u>2,915,843</u>

i) Loan from Awash Bank S.C.

The Institution entered into a loan agreement for Birr 250,000,000 with Awash Bank S.C. on 21 Nehassie 2018 to be used as per the “operationalization of the movable collateral registry directive No-MCR/01/2022 “.The due date on or before 21 Nehassie,2022. (Four years)

	30-Jun-26
	<u>ETB</u>
Additional loan during the year	250,000,000
Settlement made during the year	(17,909,526)
	<u>232,090,474</u>
Accrued interest	<u>4,965,040</u>



j) Loan from Siket Bank S.C.

The Institution has entered a loan agreement for Birr 300,000,000 with Siket Bank S.C. on 23 Sene 2018, for the purpose of working capital. The due date on or before 22 Sene 2023. (Five years)

			30-Jun-26
			ETB
Additional loan during the year			300,000,000
Settlement made during the year			-
			<u>300,000,000</u>
Accrued interest			-

k) Loan from Hibret Bank S.C.

The Institution has entered a loan agreement for Birr 200,000,000 with Hibret Bank S.C. on Miyazia 09,2018, for the purpose of working capital. The due date on or before Miyazia 08, 2023. (Five years)

			30-Jun-26
			ETB
Additional loan during the year			200,000,000
Settlement made during the year			-
			<u>200,000,000</u>
Accrued interest			<u>6,865,027</u>

8.14. Lease liability

		ETB
As at 1 July 2025		20,739,326
Additions		<u>11,313,408</u>
		32,052,734
Adjustments on lease liability		<u>(2,284,432)</u>
		29,768,302
Interest expense -lease		<u>1,009,464</u>
As at 30 June 2026		<u>30,777,766</u>



As of 01 July 2019, the Institution adopted IFRS 16 for the first time, which implied that the right-of-use asset and related lease liability were recognized with the exception of low-value and short-term leases. The Institution has rented 20 branch offices in different locations. The right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid accrued lease payments relating to the lease recognized in the statement of financial position immediately before the date of initial application. Discount rate of 10% is used to discount future lease payments.

8.15. Taxation

Reconciliation of effective tax to statutory tax:

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

	<u>30-Jun-26</u>	<u>30-Jun-25</u>
	<u>ETB</u>	<u>ETB</u>
Profit before tax	<u>522,687,021</u>	<u>165,829,689</u>
Add: -		
Provision for loan as per IFRS	55,557,125	38,473,207
Amortization of right-of-use asset	23,371,349	20,349,880
Depreciation per accounting	21,299,800	18,444,242
Accrued severance pay	5,072,619	286,642
Entertainment expense	3,341,321	2,048,888
Accrued annual leave	2,568,379	(681,114)
Amortization of intangible asset	1,352,305	1,352,304
Property tax	1,341,070	1,301,199
Interest expense on lease liability	1,009,463	479,201
Impairment allowance - other asset	553,648	37,926
Penalty	-	124,422
Gain on disposal tax (paid up front)	571,322	-
Dividend tax assessment & interest for the years from 2010 to 2015 E.C	-	<u>35,624,536</u>
	<u>116,038,401</u>	<u>117,841,333</u>
Less: -		
Provision for loan as per NBE (80%)	30,870,724	25,074,078
Amortization of intangible asset	1,325,570	1,622,766
Depreciation per tax law	46,057,216	41,920,773
Interest income (taxed at source)	68,541,950	69,244,572
Interest on NPL not allowable by NBE	5,815,830	10,661,730
Rent expense	<u>24,387,845</u>	<u>21,202,695</u>
	<u>176,999,136</u>	<u>169,726,614</u>
Taxable profit/(Loss)	<u>462,019,216</u>	<u>113,944,409</u>



	<u>30-Jun-26</u>	<u>30-Jun-25</u>
	<u>ETB</u>	<u>ETB</u>
a- Current income tax		
Current income tax	138,517,886	34,183,323
Deferred income tax/(credit) to profit or loss	<u>(698,251)</u>	<u>6,521,926</u>
Total charge to profit or loss	<u>137,819,635</u>	<u>40,705,249</u>

b- Current income tax liabilities

	<u>30-Jun-26</u>	<u>30-Jun-25</u>
	<u>ETB</u>	<u>ETB</u>
Balance at the beginning of the year	-	-
Current year provision	138,517,886	34,183,323
Withholding tax receivable	(427,599)	(363,307)
Less: Capitalized tax liability (see note d below)	-	-
	<u>138,090,287</u>	<u>33,820,016</u>

c- Deferred income tax assets/(liabilities):

	<u>30-Jun-26</u>	<u>30-Jun-25</u>
	<u>ETB</u>	<u>ETB</u>
Balance as at July 1 2025	6,521,926	8,100,890
Transferred to retained earnings (see note d below)	<u>(6,521,926)</u>	<u>(8,100,890)</u>
Credit / (Charge) to PL	<u>13,657,706</u>	<u>6,521,926</u>
Balance as at June 30 2026	<u>13,657,706</u>	<u>6,521,926</u>

d- Tax exemption

Article 23 of the Micro-Financing Business Proclamation No. 626 /2009 provided that any micro-financing institution that makes profit from its business and (1) distributes to shareholders shall pay profit tax as any business entity; or (2) fully ploughs back shall not pay profit tax. The Institution has taken the benefit given under Article 23 (2) of the proclamation, and has been fully capitalizing profit tax of the previous years based on the decision of the shareholders every year. As the tax liability is written back to retained earnings and then

capitalized following the decision of the shareholders, the management is of the opinion that the related deferred tax was also not necessary as long as there was no tax liability. The balance of deferred tax of the previous years was therefore fully written back to retained earnings and capitalized. Deferred tax is, however, calculated and reflected in the statements of financial position of the current year until the shareholders' decision is obtained to fully capitalize the profit of the year.

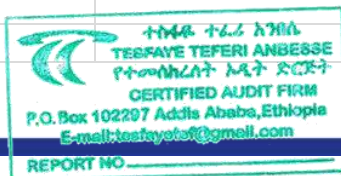
8.16. Other liabilities

a) Other liabilities as at 30 June 2026 and 30 June 2025 comprise the following:

		<u>30-Jun-26</u>	<u>30-Jun-25</u>
	<u>Note</u>	<u>ETB</u>	<u>ETB</u>
Deferred service charge income		189,743,336	114,303,102
Accounts payable		111,423,171	69,109,261
Unrealized interest income		29,156,267	14,951,199
Payable to individuals		25,476,612	8,590,586
Tax payable		14,066,861	2,350,176
Provision for leave pay	Note c	7,163,832	4,595,453
Other liabilities		564,059	280,349
Accrued severance pay	Note d	<u>7,607,926</u>	<u>790,493</u>
Total other liabilities		<u>385,202,064</u>	<u>214,970,620</u>

b) This liability is broken down into current & non-current as follows:

		<u>30-Jun-26</u>	<u>30-Jun-25</u>
		<u>ETB</u>	<u>ETB</u>
Current			
Deferred service charge income		189,743,336	114,303,102
Accounts payable		111,428,045	69,109,261
Unrealized interest income		29,156,267	14,951,199
Payable to individuals		25,733,719	8,590,586
Tax payable		14,144,483	2,350,176
Other liabilities		<u>564,059</u>	<u>280,349</u>
		<u>370,769,909</u>	<u>209,584,673</u>
Non-current			
Accrued leave pay		7,163,832	4,595,453
Accrued severance pay		<u>5,863,112</u>	<u>790,493</u>
		<u>13,026,944</u>	<u>5,385,946</u>
Total other liabilities		<u>383,796,853</u>	<u>214,970,620</u>



c) Provision for leave pay

		<u>ETB</u>
Balance at the beginning of the year		4595,453
Add: provision for the year – charge to profit or loss		<u>3,822,034</u>
		8,417,487
Payment made to staff		<u>(1,253,655)</u>
		<u>7,163,832</u>

d) Provision for severance pay

		<u>ETB</u>
Balance at the beginning of the year		790,493
Add: provision for the year – charge to profit or loss		<u>6,795,270</u>
		7,585,763
Payment made to staff		<u>(1,722,451)</u>
		<u>5,863,312</u>

8.17. Share capital

		<u>30-Jun-26</u>	<u>30-Jun-25</u>
		<u>ETB</u>	<u>ETB</u>
<u>Authorized:</u>			
5,000,000 Ordinary shares of 1,000 ETB each		<u>5,000,000,000</u>	<u>5,000,000,000</u>
<u>Issued and fully paid:</u>			
678,342 Ordinary shares of 1,000 ETB each (521,537 as of 30 June 2025)		<u>678,342,065</u>	<u>521,537,000</u>



8.17.1. Earnings per share

	30-Jun-26	30-Jun-25
	ETB	ETB
Profit for the year	<u>384,867,386</u>	<u>125,124,441</u>
Weighted average share value (616,072)	<u>616,072,634</u>	<u>501,536,638</u>
Earnings per share ETB	<u>625</u>	<u>249</u>
Earnings per share	<u>62%</u>	<u>25%</u>

8.18. Legal reserve

Total legal reserve as at 30 June 2026 and 30 June 2025 is as follows:

	30 June 2026	30 June 2025
	ETB	ETB
At the beginning of the year	20,173,266	14,677,935
Transfer from profit or loss	<u>19,324,832</u>	<u>5,495,331</u>
At the end of the year	<u>39,498,098</u>	<u>20,173,266</u>

8.19. Retained earnings

Total retained earnings as at 30 June 2026 and 30 June 2025 are as follows:

	30 June 2026	30 June 2025
	ETB	ETB
At the beginning of the year	116,097,989	31,072,029
Transfer from deferred tax liability – tax exemption due to 100% plough back	40,705,249	8,100,890
Transfer to share capital including deferred tax liability	(156,803,238)	(39,172,920)
Profit for the year	384,867,386	125,124,441
Transfer to legal reserve	(19,324,832)	(5,495,331)
Transfer to regulatory risk reserve	<u>11,152,890</u>	<u>(3,531,121)</u>
At the end of the year	<u>376,695,444</u>	<u>116,097,988</u>



8.20. Regulatory risk reserve

		<u>30 June 2026</u>	<u>30 June 2025</u>
		<u>ETB</u>	<u>ETB</u>
At the beginning of the year		43,245,436	39,714,315
Suspended interest reinstated		5,815,830	10,661,731
Excess loan loss provision as per (IFRS)/NBE		<u>(16,968,720)</u>	<u>(7,130,610)</u>
At the end of the year		<u>32,092,546</u>	<u>43,245,436</u>

Regulatory risk reserve represents the amount transferred from retained earnings to comply with the National Bank of Ethiopia requirement regarding interest computed on non-performing loans and provisions in excess of the International Financial Reporting Standard (IFRS) requirement.

8.21. Other reserves

		<u>ETB</u>
Remeasurement of investment in Et-Switch SC		47,853,189
Remeasurement of retirement benefit		<u>(14,355,957)</u>
		<u>33,497,232</u>

8.22. Share premium

The institute has sold its shares at a premium at various times. The premium collected has been recorded separately from the par value of paid-up share capital.

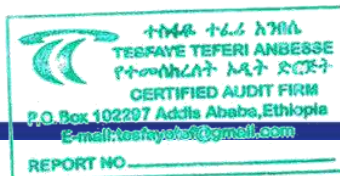


8.23. Notes to the statement of cash flow

	<u>30 June 2026</u>	<u>30 June 2025</u>
	<u>ETB</u>	<u>ETB</u>
a) Cash used in operations		
Reconciliation of profit before income tax to cash from operations		
Profit before tax	522,687,021	165,829,689
Adjustments for non-cash items:		
Depreciation of property and equipment	21,299,800	18,444,243
Amortization of intangible assets	1,352,305	1,352,305
Amortization of right-of-use asset	23,371,349	20,349,880
Lease liability expense	10,038,440	(2,601,705)
Loan impairment charge	40,166,788	38,473,206
Impairment loss on other assets	553,648	37,925
Loss on disposal of fixed asset	1,100,631	-
Prior period adjustment & other differences	1,016,412	
Changes in operating assets and liabilities:		
Decrease/ (Increase) in loans and advances	(2,931,819,722)	(1,632,008,322)
Decrease/ (Increase) in other assets	(52,086,448)	(55,151,475)
Increase/ (Decrease) in customers' deposits	2,372,094,886	1,667,207,782
Increase/ (Decrease) in other liabilities	<u>168,826,233</u>	<u>84,466,605</u>
	<u>178,601,343</u>	<u>306,400,133</u>

8.24. Interest income calculated using effective interest method

	<u>30 June 2026</u>	<u>30 June 2025</u>
	<u>ETB</u>	<u>ETB</u>
Interest income from loan	1,533,364,264	800,223,837
Interest income from deposit	139,325,084	69,244,572
Interest income from staff loan	<u>4,213,620</u>	<u>14,768,475</u>
Total interest income	<u>1,676,902,968</u>	<u>884,236,884</u>



8.25. Interest expense

		<u>30 June 2026</u>	<u>30 June 2025</u>
		<u>ETB</u>	<u>ETB</u>
Interest expense on customer deposit		698,276,171	406,852,134
Interest expense on bank loan		<u>167,545,808</u>	<u>101,386,111</u>
Total interest income		<u>865,821,979</u>	<u>508,238,245</u>

8.26. Fees and commission income

ETB 80,093,331 represents service charge of 3% & 4% on loan disbursement.

8.27. Other operating income

		<u>30 June 2026</u>	<u>30 June 2025</u>
		<u>ETB</u>	<u>ETB</u>
Premium on credit life insurance		43,828,669	22,579,263
Other income		3,346,890	1,808,455
Rental		<u>21,878,772</u>	<u>17,415,614</u>
		<u>69,054,331</u>	<u>41,803,333</u>

8.28. Salaries and other employee benefits

		<u>30 June 2026</u>	<u>30 June 2025</u>
		<u>ETB</u>	<u>ETB</u>
Salary expense		91,562,390	58,865,037
Staff allowance		47,242,975	30,141,890
Pension cost-defined contribution plan		10,055,814	6,457,110
Interest expense on staff loan		-	14,718,227
Leave expense		3,822,035	(180,761)
Medical expense		4,915,784	1,409,812
Other staff expenses		303,660	-
Bonus		27,569,138	-
Travel & Per diem expense		621,706	154,000
Accrued Severance expense		<u>6,795,070</u>	<u>1,033,696</u>
		<u>192,888,572</u>	<u>112,599,010</u>



8.29. General and administrative expense

		30 June 2026	30 June 2025
		ETB	ETB
Marketing and promotion expense		6,946,524	7,013,163
Maintenance & repair expense		45,459,705	14,800,671
Stationery and printing expense		12,168,135	8,540,716
Fines		-	124,422
Communication expense		5,652,388	1,379,842
Miscellaneous expense		3,780,565	1,430,143
Bank service charge		5,443,621	769,975
Insurance expense		9,888,740	5,029,189
Audit fee		540,500	345,000
Training expense		6,672,563	581,358
Transportation expense		3,092,134	6,712,272
Entertainment expense		3,341,321	2,048,888
Wage expense		4,422,698	3,160,916
Board allowance		640,000	820,000
License fee		56,203	891,841
Utilities expense		1,408,629	868,619
Fuel & lubricants expense		1,693,952	1,691,545
Subscription and periodicals		469,474	262,579
Professional fee		13,523,219	5,016,782
Legal		558,290	264,863
Interest expense -lease		1,009,463	479,202
Other operating expense		13,868,028	37,418,333
Membership fee		30,000	230,000
Other financial expense		111,610	79,779
Donation & contribution		400,000	-
Property tax		<u>1,341,070</u>	<u>1,301,199</u>
		<u>142,518,832</u>	<u>101,261,297</u>



8.30. Impairment on other assets

Impairment on other assets for the years ended 30 June 2026 and 30 June 2025 can be presented as follows:

		30-Jun-26	30-Jun-25
		ETB	ETB
Impairment charge – on other asset		514,994	18,401
Impairment allowance - bank deposit		<u>38,654</u>	<u>19,525</u>
		<u>553,648</u>	<u>37,926</u>



8.31. Transactions with related parties

Related parties or transactions with related parties as defined by IAS “Related Party Disclosures” could be one or more of the following:

- Parties that directly or indirectly through one or more intermediaries: control or are controlled by or are under common control with the company; this includes parents, subsidiaries and fellow subsidiaries; have an interest in The Institution that gives them significant influence over The Institution; and that have joint control over the company;
- Members of key management personnel of the company or its parent;
- Close members of the family of any individuals referred to in a or b;
- Parties that are entities controlled jointly, controlled or significantly influenced by or for which significant voting power in such entity resides with directly or indirectly any individual referred to in c or b;

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form details of transactions between The Institution and other related parties are disclosed below:

Related party balances and transactions as and for the year ended 30 June 2026

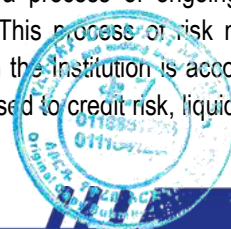
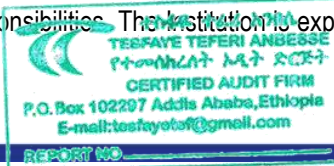
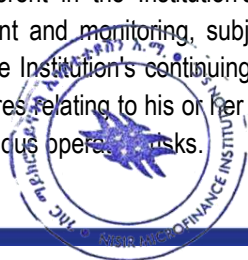
	2026		2025	
	Board of Directors	Key Management Personnel	Board of Directors	Key Management Personnel
Borrowing	2,500,000	29,632,066	4,402,603	29,448,795
Interest expense	-	-	-	-
Transport allowance	640,000	2,152,053	820,000	1,919,310
Salaries and other employee benefits	-	22,365,861	-	19,052,168

8.32. Financial risk management

Introduction

As a financial institution, the Institution is exposed to risks that arise from its use of financial instruments. This note describes the Institution's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements' financial assets and financial liabilities that are liquid or have a short-term maturity; it is assumed that the carrying amounts approximate to their fair value.

Risk is inherent in the Institution'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 Institution's continuing profitability and each individual within the Institution is accountable for the risk exposures relating to his or her responsibilities. The Institution is exposed to credit risk, liquidity risk, market risk and various operational risks.



Risk management structure

Risk management is one component of all core processes of the Institution. In its day-to-day activities, the Institution is exposed to various types of financial risks, the most important of which are credit risk, liquidity risk, interest rate risk and operational risk.

The Institution's risk management and control is based on the following key principles:

- The board of directors approves the risk management policies of the Institution and ensures their implementation.
- The management is responsible for implementing the policies in a manner that limits risks associated with each risk exposure.
- Appropriate and effective internal control exists to safeguard assets and to ensure compliance with relevant laws, regulations and institutional policies.
- The risk management and monitoring are supported by a management information system that supplies timely and consolidated reports on the financial conditions, operating performance and risk exposure of the Institution.

The independent risk management and compliance function is established to review compliance with the approved risk management policies, and various risk-related committees are established which are responsible for the implementation of the risk management policies.

The management has overall responsibility for the determination of the Institution's risk management objectives and policies, and whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Institution's finance function.

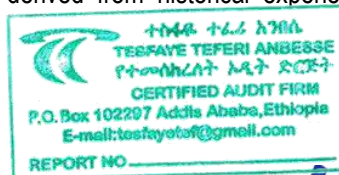
The overall objective of the management is to set policies that seek to reduce risks as far as possible without unduly affecting the Institution's competitiveness and flexibility. Further details regarding these policies are set out below through its operations. The Institution is exposed to the following financial risks:

- Credit Risk
- Liquidity Risk
- Market Risk
- Interest Rate Risk



Risk measurement and reporting systems

The Institution's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment.



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

Risk Mitigation

Risk controls and mitigants, identified and approved for the Institution, are documented for existing and new processes and systems. The Institution uses risk tolerance limits as a risk limit control. This risk tolerance limit is composed of risk limits by economic sector, by credit product, and by maturity. There are also limitations imposed by the regulatory organ that all Microfinance Institutions should comply.

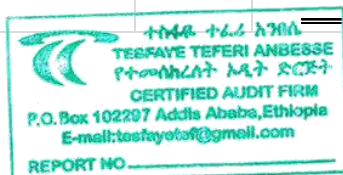
As part of the credit risk mitigation, which is the main identified financial risk of the Institution, an appropriate risk environment, credit policies and procedures are established. In addition, there is portfolio management, appropriate credit administration and monitoring, and a loan review function.

The other credit risk mitigation measure is obtaining sufficient collateral securities and guarantees for certain loan products as a second line of defense in case of default.

The Institution'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. These are reflected as follows:

30 June 2026				
	Notes	FVOCI	Amortized Cost	Total
Cash and cash equivalents	8.5	-	1,586,240,603	1,586,240,603
Loans and advances to customers (Net)	8.7	-	6,685,554,743	6,685,554,743
Other assets and prepayments	8.6	-	139,222,773	139,222,773
Financial assets	8.8	<u>47,853,189</u>	<u>13,540,000</u>	<u>61,393,189</u>
Total financial asset				
30 June 2025				
	Notes	FVOCI	Amortized Cost	Total
Cash and cash equivalents	8.5	-	806,832,972	806,832,972
Loans and advances to customers (Net)	8.7	-	3,793,901,808	3,793,901,808
Other assets and prepayments	8.6	-	87,499,633	87,499,633
Financial assets	8.8	-	<u>10,290,000</u>	<u>10,290,000</u>
Total Financial assets			<u>4,698,524,413</u>	<u>4,698,524,413</u>



8.32.1. Credit risk

Credit risk is the probability that a counterparty of the Institution will not meet its obligations in accordance with agreed terms and conditions, which may lead to financial loss. The Institution is exposed to credit risk due to activities such as loans and advances and loan commitments arising from lending activities.

Management of credit risk

In measuring credit risk of loans and receivables to various counterparties, the Institution considers the character and capacity of the obligor to pay or meet contractual obligations, current exposures to the counter party/obligor and its likely future developments, credit history of the counterparty/obligor; and the likely recovery ratio in case of default obligations-value of collateral, and other ways out. The Institution's policy is to lend principally on the basis of the customer's repayment capacity through various evaluations. However, as much as possible, the Institution ensures that the loans are backed by collateral to reflect the risk of the obligors and the nature of the facility.

In the estimation of credit risk, the Institution estimates the following parameters:

a) Probability of default

This is the probability that an obligor or counterparty will default over a given period, usually one year. This can be calculated on a portfolio-by-portfolio basis or collectively depending on availability of historical data.

b) Loss given default

Loss given default (LGD) is defined as the portion of the loan determined to be irrecoverable at the time of loan default (1 – recovery rate). Our methods for estimating LGD include both quantitative and qualitative factors.

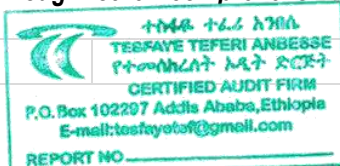
c) Exposure at default

This represents the amount that is outstanding at the point of default. Its estimation includes the drawn amount and expected utilization of the undrawn commitment at default.

Maximum exposure to credit risk before collateral held or credit enhancements

The Institution's maximum exposure to credit risk at 30 June 2026 and 30 June 2025 is represented by the net carrying amounts in the statement of financial position.

	30-Jun-26	30-Jun-25
	ETB	ETB
Cash and cash equivalents	1,586,240,603	806,832,972
Loans and advances to customers (Net)	6,685,554,743	3,793,901,808
Other assets and prepayments	139,222,773	87,499,633
Financial assets at fair value through other comprehensive income (FVOCI)	61,393,189	10,290,000



Total financial asset		8,472,411,308	4,698,524,414
Credit risk exposures relating to off-balance sheet are as follows:			
Loan commitment		-	-
Total off-balance sheet exposure		-	-
Total maximum exposure		8,472,411,308	4,698,524,414

Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortized cost-FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

Credit Risk Exposure	Stage 1	Stage 2	Stage 3	Total 30 June 2026)	30 June 2025
	12 Month ECL	Life Time ECL	Life Time ECL		ETB
Stage 1 - Pass	4,300,396,029	-	-	4,300,396,029	2,624,511,951
Stage 2 - Special mention	-	2,196,120,673	-	2,196,120,673	1,094,520,282
Stage 3 - Non-performing	-	-	300,711,484	300,711,484	140,996,958
Total gross exposure	4,300,396,029	2,196,120,673	300,711,484	6,797,228,186	3,860,029,192
Loss allowance	(31,432,745)	(14,333,496)	(50,043,346)	(95,809,587)	(55,642,800)
Net carrying amount	<u>4,268,963,284</u>	<u>2,181,787,177</u>	<u>250,668,138</u>	<u>6,701,418,599</u>	<u>3,804,386,392</u>

Amounts arising from Expected Credit Loss (ECL)

i) Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Institution 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 Institution'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 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 Institution uses three criteria for determining whether there has been a significant increase in credit risk:
 - ✓ Quantitative test based on movement in PD;
 - ✓ Qualitative indicators; and
 - ✓ A backstop of 30 days past due.



ii) 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 Institution collects performance and default information about its credit risk exposures analyzed by the type of product and borrower. The Institution employs statistical models to analyze the data collected, and generates estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

iii) Determining whether credit risk has increased significantly

The Institution 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 Institution'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.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Institution'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 Institution 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.

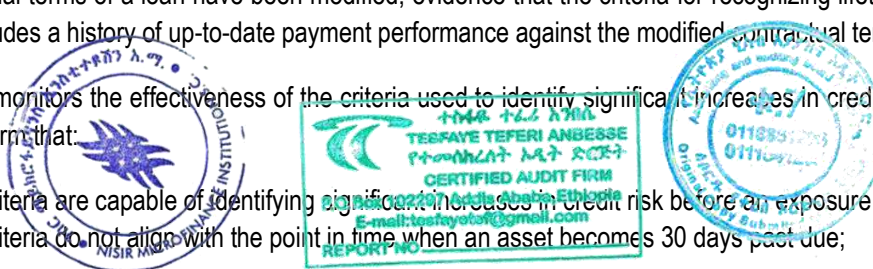
If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument return to being measured as 12-month ECL.

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 Institution 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.

The Institution 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).

iv) Definition of default

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

- ✓ The borrower is unlikely to pay its credit obligations to the Institution in full, without recourse by the Institution 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 Institution.
- ✓ 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 Institution 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 Institution; 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.

v) Incorporation of forward-looking information

The Institution 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.

External information, which includes economic data and forecasts, an external and independent macroeconomic data body will be considered in the forward-looking information assessment. This is in addition to industry-level, semiannual NPL trends across statically comparable sectors.

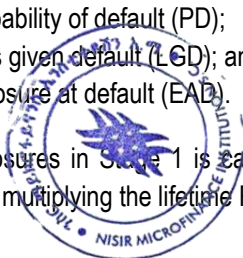
The Institution has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables and credit risk and credit losses.

vi) 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 Institution 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 Institution 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 EAD is 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.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Institution 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 Institution considers a longer period.

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;
- ✓ Date of initial recognition;
- ✓ Remaining term to maturity;
- ✓ Industry; and
- ✓ Geographic location of the borrower.

vii) Loss allowance

Statement of Prudential adjustments

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

The proclamation ‘Financial Reporting Proclamation No.847/2014 stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted.

However, the Institution would be required to comply with the following:



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

- Prudential provisions are greater than IFRS provisions; the excess provision resulting should be transferred from the general reserve (retained earnings) account to a “regulatory risk reserve”.
- Prudential provisions are less than IFRS provisions; the IFRS-determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve (retained earnings) account.

(b) The non-distributable reserve should be classified under Tier 1 as part of the core capital.

	<u>30 June 2026</u>	<u>30 June 2025</u>
	<u>ETB</u>	<u>ETB</u>
Total impairment based on IFRS	95,809,587	55,642,800
Total impairment based on NBE directives	96,569,846	73,371,778
	(760,258)	(17,728,978)

Credit Concentration

The Institution monitors concentrations of credit risk by economic sector. An analysis of concentration of credit risk is shown in the following tables:

	<u>30 June 2026</u>		<u>30 June 2025</u>	
	<u>ETB</u>	<u>% age</u>	<u>ETB</u>	<u>% age</u>
Agriculture	49,881,018	0.73%	22,788,323	0.61%
Construction	354,078,857	5.21%	215,396,787	5.79%
Consumption	24,361,715	0.36%	3,728,024	0.10%
Manufacturing	316,638,852	4.66%	190,217,515	5.11%
Service	3,379,782,205	49.73%	1,803,998,482	48.51%
Trade	2,560,072,297	37.66%	1,411,999,722	37.97%
Staff loan	112,413,242	1.65%	70,903,380	1.91%
	<u>6,797,228,186</u>	<u>100.00%</u>	<u>3,719,032,233</u>	<u>100.00%</u>



Nature of security in respect of loans and advances to customers

30 Jun 2026	Building	Vehicle	Share	Cash	Total
Agriculture	90,000,000	75,800,000		2,137,581	167,937,581
Construction	450,150,000	522,600,000		18,351,163	991,101,163
Consumption	62,900,000	10,416,559	1,179,000	7,070,740	81,566,299
Manufacturing	372,000,000	501,250,000	2,574,200	17,770,792	893,594,992
Service	2,879,100,000	6,560,218,260	14,286,115	177,574,233	9,631,178,608
Trade	3,442,540,500	4,408,950,000	23,328,100	133,475,929	8,008,294,529
Staff loan	-	-	-	38,732,765	38,732,765
	7,296,690,500	12,079,234,819	41,367,415	395,113,203	19,812,405,937
30 June 2025	Building	Vehicle	Share	Cash	Total
Agriculture	42,000,000	42,350,000	-	650,411	85,000,411
Construction	322,450,000	420,500,000	-	11,735,121	754,685,121
Consumption	5,900,000	8,915,000	1,337,000	8,618,731	24,770,731
Manufacturing	222,800,000	355,450,000	-	18,466,759	596,716,759
Service	1,785,700,000	3,966,266,000	12,694,500	117,209,621	5,881,870,121
Trade	2,281,770,000	2,647,565,000	33,139,625	96,784,003	5,059,258,628
Staff loan	-	-	-	33,369,163	33,369,163
	4,660,620,000	7,441,046,000	47,171,125	286,833,809	12,435,670,934

8.32.2. Market risk

Market risk is the risk that the fair value of a financial instrument will decrease because of changes in market factors. Market risk arises from the Institution's use of interest-bearing and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates currency risk and interest rate risk.

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

8.32.3. Interest rate risk

Interest rate risk arises from potential changes in market interest rates that can adversely affect the fair values of the financial assets and liabilities of the Institution. This risk can arise from maturity mismatches of assets and liabilities as well as from the repricing characteristics of such assets and liabilities.

The table below summarizes the Institution's exposure to interest rate risks. The table presents the aggregated amounts of the Institution's interest-bearing financial assets and interest-bearing financial liabilities at carrying amounts as at the reporting date.

	Interest Variable	30 June 2026 ETB	30 June 2025 ETB
Asset			
Cash and balances with banks	Fixed	1,586,240,603	806,832,972
Loans and advances to customers	Fixed	6,685,554,743	3,793,901,808
Total interest-bearing financial assets		8,271,795,346	4,600,734,780
Liabilities			

Deposits from customers	Fixed	6,104,878,919	3,732,784,034
Borrowings	Fixed	<u>1,580,664,928</u>	<u>815,745,420</u>
Total interest-bearing financial liabilities		<u>7,685,543,847</u>	<u>4,548,529,454</u>

The information about maturities of interest-bearing financial assets and interest-bearing financial liabilities is given in liquidity risk quantitative disclosures.

The Institution's all interest-bearing assets and liabilities are at fixed interest rates; therefore, market interest rate fluctuations do not affect the Institution's income or expenses.

8.32.4. Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet loan repayments and other financial commitments associated with financial instruments as they actually fall due.

To manage liquidity risk, the Institution performs regular monitoring of future expected cash flows, which is a part of the assets and liabilities management process. An analysis of the liquidity and interest rate risks is presented in the following tables. The presentation below is based upon the information provided by key management personnel of the Institution.

Maturity of financial liabilities					
30 June 2026	Up to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Customers deposit	1,327,638,714	1,114,140,403	3,052,611,910	510,487,892	6,104,878,919
Borrowings	81,272,766	98,791,558	136,068,662	1,264,531,943	1,580,664,929
Total interest-bearing financial liabilities	1,408,911,480	1,212,931,961	3,188,680,572	1,775,019,835	7,685,543,848
Other liabilities	72,824,274	146,562,310	3,881,712	160,528,556	383,796,852
Total financial liabilities as at 30 June 2026	1,481,735,754	1,359,494,271	3,192,562,284	2,035,548,391	8,069,340,700
30 June 2025	Up to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Total
Customers deposit	778,373,331	681,233,086	1,769,251,772	503,925,845	3,732,784,034
Borrowings	102,361,813	153,936,355	244,723,626	314,723,626	815,745,420
Total interest-bearing financial liabilities	880,735,144	835,169,441	2,013,975,398	818,649,471	4,548,529,453
Other liabilities	22,625,960	59,151,152	60,676,344	72,517,164	214,970,620
Total financial liabilities as at 30 June 2025	903,361,104	894,320,593	2,074,651,741	891,166,635	4,763,500,073



8.33. Contingencies and Commitments

The Company recognizes a provision only when a present legal or constructive obligation exists from a past event, an economic outflow is probable, and the amount can be reliably estimated.

In the ordinary course of business, Institutions are usually subject to legal actions and complaints. Following the Institution's customers' failure to meet loan repayment obligations, the Institution is involved in legal disputes against such customers. The highest possible outcome from such legal disputes is the amount of loans receivable from such customers (including accrued interest and other charges).

As it is not certain that all the customers will meet the repayment obligations, the Organization recognizes a provision for impairment for such loans.

The institute has no enforceable, legally binding agreements to make future payments for goods, services, or capital assets which needs to be disclosed here to show future cash flow obligations.

8.34. Subsequent events

There were no material adjusting subsequent events after June 30, 2026, that require modification to the carrying amounts of assets and liabilities or the reported income and expenses.

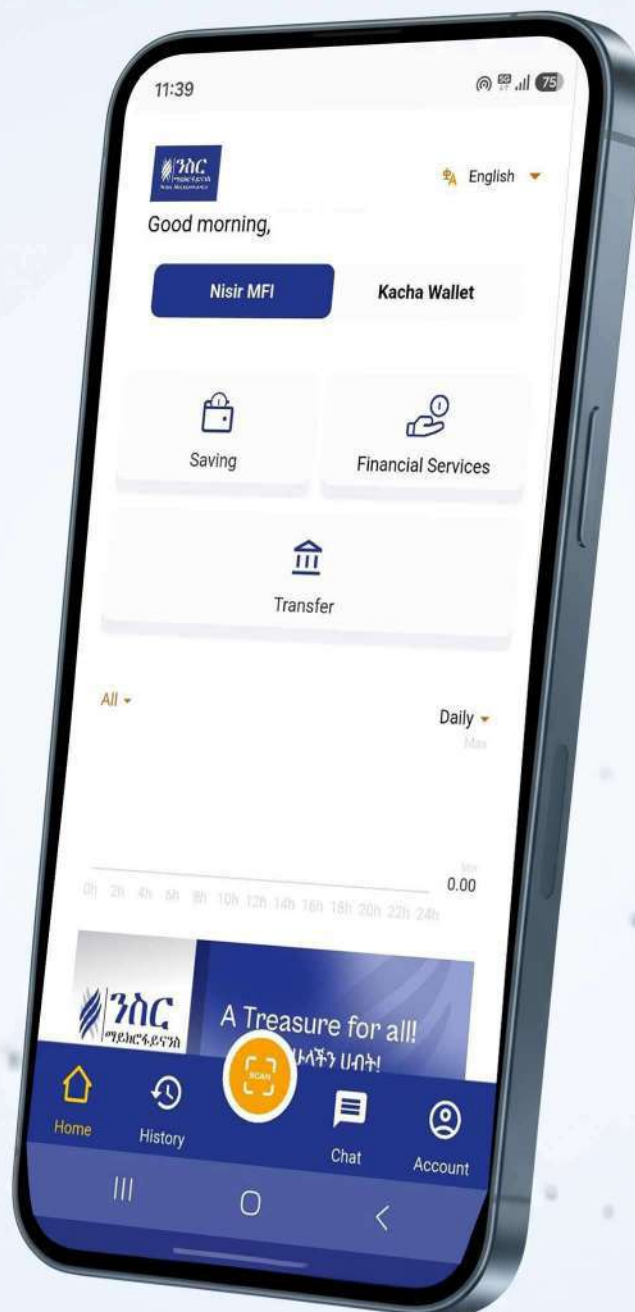
Following the recent macroeconomic reform program implemented by the Federal Government and the National Bank of Ethiopia, the Ethiopian Birr (ETB) transitioned to a market-determined floating exchange rate scheme system. This has resulted in a depreciation of the ETB against major foreign currencies.

While the institute does not hold direct foreign currency-denominated liabilities or loans, management expects indirect impacts on the loan portfolio's asset quality. Specifically, inflationary pressures on micro-enterprise operating costs may impact the repayment capacity of borrowers. Enhanced monitoring and proactive portfolio restructuring strategies have been deployed.

Pursuant to the Capital Market Proclamation No. 1248/2021 and the Directive on Public Offering and Trading of Securities, all publicly held share companies in Ethiopia—including licensed Microfinance Institutions—are required to formally register their existing and newly authorized shares with the Ethiopian Capital Market Authority (ECMA).

Subsequent to the June 30 reporting date, the institute initiated the formal process to register its paid-up and authorized shares with Ethiopian Capital Market Authority (ECMA).







OUR BRANCHES

NO.	BRANCHES	TELEPHONE NO.	LOCATION
1	PREMIUM	+251 116 663 492 / +251 116 662 369	Nisir Bldg., European Union Street
2	MAIN	+251 115 500 700 / +251 115 500 701	Dembel City Center
3	MEGENAGNA	+251 116 674 666	Zefmesh Mall, 1 st Floor
4	BEKLOBET	+251 114 705 473	Lancha Mikwor Plaza Bdg. Ground Flr.
5	PIASSA	+251 111 265 516 / +251 111 265 908	Dejach Wube Sefer; In front of Addis Ababa restaurant; 1 st floor
6	SENGATERA	+251 112 732 759 / +251 112 733 422	Sagatera 40/60 Condominium Block 1; 2 nd Floor
7	LEBU	+251 114 625 989 / +251 114 625 515	Lebu mebrat; infont of Zemen Gas Station; 1st floor of Tigust and Aikel Building
8	GIRAR	+251 113 694 173 / +251 113 693 615	Ayer Tena Deblo building , 2 nd Floor
9	SUMMIT	+251 116 701 693 / +251 116 704 876	Around Fiyel bet GN Building 1 st floor
10	AYAT	+251 116 700 576 / +251 116 701 185	Ayat infront of All Mart Supermarket
11	PASTER	+251 112 740 298 / +251 112 740 694	Tsehai Bridge, next to Adarge School; Ayelech Building, 1 st floor
12	KARL	+251 113 837 039 / +251 113 837 391	Sarbet; Bisrat Gabriel Road; Next to Queens Supermarket ; Boren Building 2 nd Floor
13	BULBULA	+251 114 432 225/ +251 114 423 960	Red soil;Before Jamboro Real Estate,
14	KALITY	+251 114 552 490/ +251 114 629 066	Next to Kality Total Gas Station 1 st Flr.
15	KOTEBE	+251 116 734 513/ +251 116 734 731	Kotebe 02 Next to Yerer Building 1 st Flr.
16	GERJI	+251 116 394 694/ +251 116 394 682	Gerji Roba infront of Sunshine Bld.
17	JEMO	+251 114 379 196	Jamo 1, 67 Mazoriya Densher Bld. 1 st Flr.
18	TAFO	+251 116 702 240/ +251 116 702 355	Next to EthioTelecom CCD Homes.
19	GOFA	+251 114 700 150/ +251 114 706 961	In front of Gofa Gebrieal police Station.
20	GORO		Goro to Industry Mender Road 1 st Floor
21	ADDISU GEBEYA	+251 111 250 915/	In front of Shegar Park Rasan Guest House Bldg
22	SARIS		Adey Ababa Beside the Bridge
23	BUTAJIRA		Butajira; Infront of Ethio telecom; Admas Bogale Building
24	HOSAENA	+251 461 780 717	Hosanna Main Street, Ambcho Road, in front of Saleme Café



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