National Bank of Ethiopia

2018/19

Annual Report

National Bank of Ethiopia

Prepared by:
Domestic Economic Analysis and Publication
Directorate, National Bank of Ethiopia

Contact Address:
P.O. Box 5550
Tel. (00251) 115 51 74 30
Tel. (00251) 115 51 45 88
Email: nbe.excd@ethionet .et
Website: http//www.nbe.gov.et
Addis Ababa, Ethiopia

Telegraphic Address:
NATIONAL BANK, TELEX21020, CODES
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Please Contact:
National Bank of Ethiopia
DEAPD
P.O.Box 5550
Tel. (00251) 115 51 17 25
Addis Ababa, Ethiopia

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Currency and Time

Currency	Currency Unit: Birr (Br) Exchange Rate: Look at page 75
Time	Fiscal Year: July 8th to July 7th Coffee Year: October to September Calendar Year: September 11 to September 10

** There is a difference of about $7^{3/4}$ years between the Gergorian and the Ethiopian Calendar.

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Ethiopia: Macroeconomic and Social Indicators

Indicators	2009/10 (2002)	2010/11 (2003)	2011/12 (2004)	2012/13 (2005)	2013/14 (2006)	2014/15 (2007)	2015/16 (2008)	2016/17 (2009)	2017/18 (2010)	2018/19 (2011)
1. Country Profile										
Land Area (total, In Sq.Km)	1.14million	1.14 million	1.14 million	1.14 million	1.14 million	1.14 million	1.14 million	1.14 million	1.14 million	1.14 million
Arable Land (% of total area)	45.00	45.00	45.00	NA	NA	NA	NA	NA	15.20	15.2
Irrigated Land (% of total area)	NA	NA	NA	NA	NA	NA	NA	NA	2,900.00	3,100.00
Population Density (person per sq.km)*	107.40	110.14	112.94	115.76	118.61	121.50				
2. Social Indicators										
Population total, in millions (Mid-Year population)	78.80	80.70	82.7	84.8	87.0	89.1	91.2	93.4	95.5	97.6
(o/w Urban Poulation, in %)	16.30	16.10	16.3	18.6	19.0	19.5	19.9	20.3	20.8	21
Working Age Population (In Millions)										
Urban	8.92	9.43	10.0	10.5	11.1	11.6	12.2	12.8	7	10.1
Rural	33.89	34.83	35.8	36.8	37.7	38.7	39.7	40.8	49	49.8
Total	42.82	44.26	45.7	47.3	48.8	50.4	52.0	53.6	56	59.9
Age Dependency Ratio	93.00	93.00	93.0	75.0	75.0	75.0	75.0	75.0	69	69
Life Expectancy at Birth (Male - Female)	53.4-55.4	58.4-60.4	53.4-55.4	60.2-64.2	60.2-64.2	60.2-64.2	60.2-64.2	60.2-64.2	62.4-66.6	62.4-66.6
Crude Birth Rate	35.7:1000	33.6:1000	33.6:1000	30.3:1000	30.3:1000	30.3:1000	30.3:1000	30.3:1000	27:1000	27:1000
Crude Death Rate	NA	9.2:1,000	9.2:1,000	7.2:1000	7.2:1000	7.2:1000	7.2:1000	7.2:1000	6.30	6
Natural Rate of Population Increase (In %)	2.60	2.40	2.40	2.31	2.31	2.31	2.31	2.31	2.07	2.07
Total Fertility Rate	5 child:W	4.8child:W	4.8child:W	3.94chil:W	3.94chil:W	3.94chil:W	3.94chil:W	3.94chil:W	3.45chil:W	3.45chil:W
People : Hospital Beds	7815:1	NA	NA	2516:1	NA	NA	2850:1	2980:1	3617:1	3150:1
People : Physician[1]	56013:1	53642:1	28847:1	32132:1	20970:1	17160:1	14045:1	22766:1	26635:1	-
People : Nurse[1]	3012:1	2762:1	2299:1	1884:1	1995:1	1999:01:00	1999:1	1194:1	1780:1	1624:1
Infant Mortality Rate	77:1,000	73:1000	59:1000	62.2:1000	62.4:1000	62.4:1000	62.4:1000	62.4:100	53.3:1000	53.3:1000
Access to Safe Water (In %)										
Country Level	68.50	73.30	58.3	68.5	76.7	84.0	61.0	66.0	71.0	76
Urban Population	91.50	92.50	78.7	81.3	84.2	91.0	52.5	55.0	60.0	66
Rural Population	65.80	71.30	55.2	66.5	75.5	82.0	63.1	68.0	74.0	79
Student-Teacher Ratio										
Primary (1-8)	51:1	51:1	50:1	49:1	47:1	46:1	46:1	-		39
Secondary (9-12)	36:1	31:1	29:1	28.7:1	27.8:1	26.4:1	26.5:1	-		22.5
Technical & Vocational	NA	29:1	24.7:1	18.6:1	16.5:1	16.5:1	12.6:1	-		13.3
Student-School Ratio										
Primary (1-8)	573:1	590:1	576:1	571:1	571:1	744.9:1	573:1	-		628
Secondary (9-12)	1270:1	1160:1	1033:1	994:1	857:1	369:1	767.2:1	-		568
Technical & Vocational	788:1	735:1	654:1	544:1	545:1	383:1	523:1	-		246.8

Continued....

Indicators	2009/10 (2002)	2010/11 (2003)	2011/12 (2004)	2012/13 (2005)	2013/14 (2006)	2014/15 (2007)	2015/16 (2008)	2016/17 (2009)	2017/18 (2010)	2018/19 (2011)
3. Macroeconomic Indicators										
3.1: Real sector Development[2]										
GDP at Current Market Price (In Mn. Birr)	379,135.00	515,078.5	747,326.5	866,921.1	1,060,825.4	1,297,961.4	1,568,097.5	1,717,127.2	1,834,066.5	1987157.533
Nominal GDP Growth Rate (In %)	14.18	35.9	45.1	15.3	22.4	22.4	18.2	17.7	21.4	23.3
Average Marginal Exchange Rate (Birr per USD)	12.89	16.1	17.3	18.3	19.1	20.1	21.10	22.40	26.10	28.10
GDP at Current Market Price (IN Mn. USD)	29,413.11	31,957.1	43,314.2	47,424.6	55,628.0	64,575.2	74,297.0	81,760.0	84,356.0	96107.0
Nominal GDP per Capita (In USD)	373.26	396.1	523.5	559.1	639.6	725.0	815.0	876.0	883.0	985.0
Real GDP per Capita (In Birr)	5,776.60	5,895.00	6,947.5	7,299.1	7,625.2	8,571.2	8,864.0	18,257.5	19,204.9	20360.22063
Real GDP per Capita Growth Rate (In %)	9.69	9.00	6.1	5.1	4.5	12.4	3.4	8.0	5.2	6.015844217
GDP Deflator (% change)	1.70	20.08	33.5	4.9	11.0	10.8	9.5	6.7	12.5	20.08138958
Real GDP at constant basic price (In Mn. Birr)	418,946.95	475,647.50	517,026.5	568,432.3	626,977.4	692,221.7	1,449,397.5	1,596,481.6	1,719,491.3	1874689.297
Real GDP at constant market price (In Mn. Birr)	455,196.02	515,078.50	559,621.6	618,842.2	682,358.5	753,229.7	1,568,097.5	1,717,127.2	1,834,066.5	1987157.533
Real GDP Growth Rate (In %)	10.57	11.40	8.7	9.9	10.3	10.4	8.0	10.1	7.7	9.0
Agriculture & Allied Activties(In Billion Birr)	195.00	212.50	222.9	238.8	251.8	267.8	544.1	580.4	600.9	624
Industrial Sector (In Billion Birr)	41.99	49.80	59.6	73.9	86.5	103.7	343.9	413.8	464.4	526.2
Service Sector(In Billion Birr)	185.10	216.60	237.4	258.8	292.5	325.0	575.9	619.3	673.9	745.7
Agriculture & Allied Activties (% of GDP)	46.13	44.37	43.1	42.0	40.2	38.7	37.5	36.4	34.9	33.3
Industrial Sector (% of GDP)	10.17	10.40	11.5	13.0	13.8	15.0	23.7	25.9	27.0	28.1
Service Sector (% of GDP)	43.70	45.23	45.9	45.5	46.6	47.0	39.7	38.8	39.2	40
Private Consumption Expenditure	309,132.00	373,088.50	541,536.3	636,901.3	744,978.0	1,042,265.0	1,219,366.0	1,147,628.0	1,441,581.0	1884070
Government Consumption Expenditure	34,801.00	53,147.10	62,044.5	77,636.9	98,121.0	116,995.0	174,599.0	203,608.0	225,523.0	247362
Investment	102,403.00	165,380.00	277,243.7	295,456.4	402,922.0	511,618.0	585,665.0	704,596.0	751,626.0	948866
Exports	52,168.00	85,949.80	102,887.0	108,227.1	123,496.0	121,532.2	122,501.0	139,830.0	184,282.0	213437
Imports	126,319.00	162,486.80	236,384.7	251,300.6	308,691.3	393,189.0	424,750.0	430,233.0	502,113.0	561512
Resource Balance	(74,151.00)	(76,537.00)	(133,498.0)	(143,073.5)	(185,195.3)	(271,656.0)	(302,249.0)	(290,403.0)	(317,831.0)	-348075
Gross Private Consumption (% of GDP)	81.54	72.43	72.5	73.5	70.2	69.0	67.9	63.5	75.7	94.81231199
Gross Government Cosumption (% of GDP)	9.18	10.32	8.3	9.0	9.2	9.0	9.7	12.3	10.2	12.44803172
Gross Domestic Fixed Investment (% of GDP)	27.01	32.11	37.1	34.1	38.0	39.4	37.3	38.4	34.1	47.74991334
Resource Balance (% of GDP)	(19.56)	(14.86)	(17.9)	(16.5)	(17.5)	(20.9)	(19.3)	(15.9)	(14.4)	-17.51622578

Continued....

Indicators	2009/10 (2002)	2010/11 (2003)	2011/12 (2004)	2012/13 (2005)	2013/14 (2006)	2014/15 (2007)	2015/16 (2008)	2016/17 (2009)	2017/18 (2010)	2018/19 (2011)
3.2: Monetary Indictors										
Narrow Money Supply (M1) (In Mn. Birr)	52,434.6	76,171.00	94,849.88	114,745.69	134,063.78	154,706.34	178,609.66	216,794.60	281,154.70	308937.1
Broad Money Supply (M2) (In Mn. Birr)	104,432.4	145,376.97	189,398.78	235,313.59	297,746.59	371,328.91	445,266.25	573,408.60	740,572.50	886752.5
Net Foreign Assets (In Mn. Birr)	27,189.8	55,534.68	39,787.69	45,648.53	45,972.30	37,570.95	21,524.19	38,034.79	39,376.20	14505.2
Reserve Requirement (CBs)	14,368.0	20,495.20	18,080.56	11,708.82	14,479.39	18,250.35	21,745.43	28,280.80	36,385.80	44861.8
Interest Rate (In %)										
Minimum Deposit Rate	4.0	5.00	5.00	5.00	5.00	5.00	5.00	5.00	7.00	7
Lending Rate	12.25	11.88	11.88	11.88	11.88	11.88	12.75	12.75	13.50	13.5
Total Net Domestic Credit (in mn. Birr)	104,413.5	135,553.87	189,080.81	233,404.32	300,026.58	393,421.73	490,230.35	631,092.70	784,621.70	963699.9
Government	33,013.1	28,651.65	21,557.41	21,965.52	26,929.74	30,735.25	47,548.36	85,441.85	102,002.80	109799.2
Other Sectors	71,400.4	106,902.22	167,523.40	211,438.80	273,096.84	362,686.48	442,681.99	545,650.85	682,618.90	853900.7
3.3: Average annual inflation rate (CPI growth rate)[3]										
Country Level										
-General inflation	2.8	18.1	34.1	13.5	8.1	7.7	9.7	7.4	14.6	12.6
-Food inflation	-5.4	15.7	42.9	12.6	5.9	7.4	11.2	7.2	13.4	13.1
-Non-food inflation (core inflation)	18.2	21.8	22.7	14.6	10.6	8	8.1	7.5	15.8	11.9
Addis Ababa										
-General inflation	10.1	19.4	24.8	12.6	8.5	7.6	10.3	2.3	16.5	14.6
-Food inflation	4.1	14.8	30.6	13.1	4.6	12.2	16.6	1.2	8.7	15
-Non-Food inflation (core inflation)	16.0	23.5	21.1	11.9	11.4	4.4	5.8	3.2	22.6	14
3.4: External Trade(In Mn.USD)										
Export of goods & services	4,050.33	5,343.12	5,993.41	5,978.47	6,451.62	6,046.51	6,077.3	6,257.2	7,095.9	7,694.9
Import of goods & services	9,858.40	10,160.72	13,805.17	13,864.19	16,197.24	19,842.8	20,552.1	19,714.0	19,707.4	20,691.0
Net trade in goods & services	-5,808.4	-4,817.6	-7,811.8	-7,885.7	-9,745.6	-13,796.3	-14,474.7	-13,456.9	-12,611.4	-12,996.1
Current account balance including official transfers	-1,193.2	-201.9	-2,778.0	-2,780.3	-4,168.1	-7,406.8	-6,655.1	-6,543.2	-5,285.0	-4,534.1
Capital account balance	2,421.02	2,995.93	2,283.28	3,291.23	4,134.57	7,816.92	6,578.6	6,889.4	6,156.8	4,839.9
Overall balance of payments	316.68	1,384.20	(972.79)	-6.5	-96.9	-521.4	-830.9	658.6	-201.6	-941.6
3.5: Government Finance (In Mn .Birr)[4]										
Total Revenue (including grants)	66,237.44	85,611.00	115,658.50	137,192.00	158,076.52	199,639.11	243,671.56	269,105.94	287,562.14	344,936.50
Total Revenue (excluding grants)	53,861.34	69,120.00	102,863.65	124,077.00	146,172.77	186,618.69	230,657.28	256,629.04	269,648.19	311,317.43
o/w Tax-Revenue	43,315.36	58,981.00	85,739.86	107,010.30	133,118.26	165,312.47	189,717.18	210,135.85	235,229.48	268,457.41
Tax-Revenue as % of GDP	11.42	11.45	11.47	12.50	12.71	15.09	14.71	14.00	12.26	11.55
Total Expenditures	71,334.79	93,831.00	124,416.72	153,929.00	185,471.78	230,521.18	272,930.09	329,286.84	354,205.32	413,105.72
Current Expenditures	32,012.38	40,535.00	51,445.45	62,745.80	78,086.90	113,375.50	131,902.78	176,703.00	210,470.21	238,156.59
Capital Expenditures	39,322.41	53,297.00	72,971.26	91,182.90	107,384.88	117,145.68	141,027.31	152,583.83	143,735.10	174,949.13
Equity Contribution (Sinking Fund)										
Special Programs	0.0	-	-	-						
Total Expenditures as % of GDP	18.8	18.2	16.6	18.1	17.7	18.64	17.41	17.97	16.10	15.32
Current Surplus/Deficit	34,225.1	45,076.5	64,213.0	74,447.0	79,989.6	86,263.61	111,768.78	92,402.94	77,091.92	106,779.91
Overall Budget Deficit (including grants)	-5,097.4	(8,220.2)	(8,758.2)	(16,736.0)	(27,395.3)	(30,882.07)	(29,258.53)	(60,180.90)	(66,643.18)	(68,169.22)
Deficit as % of GDP	-1.3	-1.6	-1.2	-2.0	-2.6	(2.50)	(1.87)	(3.28)	(3.03)	(2.53)
Overall Budget Deficit (excluding grants)	-17473.5	(24,711.5)	(21,553.1)	(29,851.0)	(39,299.0)	(43,902.49)	(42,272.81)	(72,657.79)	(84,557.13)	(101,788.29)
Deficit as % of GDP	-4.6	-4.8	-2.9	-3.5	-3.8	(3.55)	(2.70)	(3.96)	(3.84)	(3.78)
3.6: Exchange Rate (Birr/ USD)										
Inter-Bank Forex Market Rate5										
* Period weighted Average	12.8909	16.1178	17.2536	18.1947	19.0748	20.0956	21.1059	22.4137	26.1082	28.0543
* End period	13.5321	16.9081	17.7305	18.6426	19.5771	20.5659	21.8004	23.1081	27.3761	28.9109

Continued....

Indicators	2009/10 (2002)	2010/11 (2003)	2011/12 (2004)	2012/13 (2005)	2013/14 (2006)	2014/15 (2007)	2015/16 (2008)	2016/17 (2009)	2017/18 (2010)	2018/19 (2011)
3.7: Treasury Bill Market (In Mn .Birr)										
T-Bills Demanded (Total)	51,258.02	55,760.03	77,194.80	109,184.60	113,527.98	136,536.80	161,575.24	225,321.24	323,991.24	422633.54
T-Bills Sold	41,736.42	52,316.03	74,694.80	109,184.60	95,314.98	110,593.30	161,475.24	225,321.24	323,991.24	422633.54
Average Weighted Yield (in %)	0.79	1.13	1.87	1.89	1.60	1.43	1.44	1.42	1.42	1.741
T-Bills Outstanding by holder	11,566.20	10,706.62	20,011.86	26,044.90	32,286.86	41,704.80	57,252.56	73,271.56	111,213.56	138054.355
Banks	4,400.00	900.00	2,383.50	3,436.00	-	-	-	-	-	605
Non-Banks	7,166.20	9,896.62	17,628.40	22,608.90	32,286.86	41,704.80	57,252.56	73,271.56	111,213.56	137404.36
3.8: Inter Bank Money Market Rate[5]		_	_	_	_	_	_	_	_	
3.9: Financial Institutions	14.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00
Number of Commercial Banks	12.00	14.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
(o/w Private banks)	681.00	970.00	1,289.00	1,724.00	2,208.00	2,693.00	3,301.00	4,257.00	4,757.00	5,564.00
Number of Bank Branches	115,712.2:1	83,195.9:1	64,158.3:1	49674.8:1	41,088	33,448.00	27,932.00	22,164.00	20,286.50	17,732.20
Population : Bank Branch	12.00	14.00	15.00	16.00	17.00	17.00	17.00	17.00	17.00	17.00
Number of Insurance Companies	11.00	13.00	14.00	15.00	16.00	16.00	16.00	16.00	16.00	16.00
(o/w Private Insurance Companies)	207.00	221.00	243.00	273.00	332.00	377	426	492.00	532.00	568.00
Number of Insurance Branches	383844:1	366063:1	340329:1	314428.9:1	264918.8:1	238,928.00	216,443.00	191,772.00	181,396.00	173,848.00
Population : Insurance Branch	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Number of Development Banks	32.00	32.00	32.00	32.00	32.00	32	110	110.00	107.00	107.00
Number of Development Bank Branches	30.00	31.00	31.00	31.00	31.00	35.00	35.00	35.00	38.00	38.00
Number of Micro-financial Institutions	31.00	35.00	35.00	35.00	38.00	38.00	41.00			

Source : Ministries of Agriculture, Revenue, Health, and Education; National Bank of Ethiopia; Centeral Statistical Authority, ... etc

Note:- *population is estimated using component method after 2006/2007

1. Excluding manpower out side the Ministry of Health.
2. The GDP data series is revised on basis of 2010/11=100 base year
3. Inflation data is calculated using the new base year (December 2016=100)
4. Figures for government finance are preliminary estimates from 1999/00 onwards.
5. Inter-bank money market was first introduced in Aug.1998 and Inter-bank forex market started as of September 1998, and the daily trasactions introduced beginning from october 24, 2001.

*Mid year population was obtained from MoFED

GOVERNOR'S NOTE

1. The Ethiopian economy has recorded 9 percent growth in 2018/19, faster than the 7.7 percent expansion in the previous year. This growth was attributed to 12.6 percent growth in industrial output, 11 percent increase in service sector and 3.3 percent expansion in agriculture. Consequently, the share of industry in GDP has increased to 28.1 percent in 2018/19 from 27 percent in 2017/1 8 while that of service sector rose slightly to 39.8 percent from 39.2 percent. In contrast, the share of agriculture to GDP dropped to 33.3 percent from about 35 percent during the same period. This gradual but steady shift in the structure of the economy reflects the government's policy direction of developing manufacturing sector and promoting export-led growth while continuing to give due attention to modernizing the agriculture sector which has dominated the country's economic base for years.

2. The robust and sustained economic growth recorded over the last 15 years has led to improvements in income inequality and poverty reduction. Accordingly, per capita income has continuously increased and reached USD 985 in 2018/19. Poverty has declined to 22 percent in 2018/1 9 from 38.7 percent in 2004/05. Investment to GDP ratio has increased to 35.2 percent while that of domestic savings stood at 22.3 percent.

3. The annual average headline inflation declined to 12.6 percent in 2018/1 9 from 14.6 percent a year earlier due to the rise in both food and non-food inflation. Similarly, annual headline inflation went down to 15.3 percent from 16.8 percent owing to 5.7 percentage point fall in food inflation against 9.7 percentage point increase in non-food inflation. This slow down in annual inflation was largely aided by tight monetary

and prudent fiscal policy stance.

4. Fiscal policy continued to focus on increasing tax revenue by strengthening tax administration and enforcement while covering a greater proportion of government expenditures from domestic resources. These government expenditures have largely been geared towards supporting capital expenditure and enhancing pro-poor social spending programs and safety nets. Thus, domestic revenue recorded a 15.5 percent annual growth while general government expenditure showed a 16.6 percent increment resulting in a budget deficit equivalent to 2.5 percent of GDP which was lower than the 3 percent of GDP target set in the GTPII plan.

5. The National Bank of Ethiopia (NBE), in line with its policy of maintaining inflation at low and single digit level, has kept the growth of reserve money within the target by closely monitoring movements in domestic credit, including direct advance to the government. The Bank has alsoensured the stability and predictability of the interest rate by setting the minimum deposit rate while allowing the lending rate to be determined by market forces. This policy has resulted in increased saving mobilization and investment activities throughout the fiscal year.

6. Ethiopia has maintained managed float exchange regime to ensure the competitiveness of its localcurrency. Accordingly, the Birr was allowed to depreciate by 7.5 percent in nominal terms against the US Dollar by end 2018/19. In contrast, the real effective exchange rate appreciated by 21.1 percent largely due to the strengthening of US Dollar against the country's trading partner currencies.

7. The Ethiopian financial sector has been broadly safe, sound, well capitalized and profitable. Commercial banks opened 807 new branches in 2018/1 9 alone which increased the total number of branches to 5,564 from 4,757 a year ago. The banks also increased their deposit mobilization by 23.2 percent, loan collection by 18.1 percent and loan disbursement by 42.5 percent. Their nonperforming loan was within the required ceiling of 5 percent. Similarly, insurance companies and microfinance institutions have scaled up their services by expanding their network and product diversification. Capital goods finance companies have also stepped up their operations showing visible signs of improvement.

8. Moreover, the implementation of financial inclusion strategy has resulted not only in increased financial intermediation and in enhancing the use of digital money and new financial products but also in further improving access to finance and financial inclusion for a wider population which is currently outside the reach of modern financial services. To mitigate potential risks associated with this process of

modernization, NBE has strengthened its monitoring and supervisory operations by using well tested international standard toolkits.

9. The 2018/19 has been a challenging year for the Ethiopian external sector particularly exports. Total merchandise exports showed a 6 percent contraction owing to lower earnings from export of coffee, oilseeds, leather & leather products, meat & meat products, fruit & vegetables, gold, live-animals and electricity. In the same way, total merchandize import slowed down by 0.9 percent due to lower imports of industrial and consumer goods. Hence, Ethiopia's external sector performance has exhibited declines in both current account deficit (including official transfers) and capital account surpluses, and recorded a deficit in the overall balance of payments. Thus, the country's gross international reserve was adequate to cover 2.4 months of prospective imports.

10. In a nut shell, despite headwinds, Ethiopia's economic performance remained robust in 2018/1 9 and the economic prospects for 2019/20 are envisaged to be positive despite some down side risks related to export commodity price shocks and temporary inflation pressure. The proper implementation of the recently launched "Home Grown Economic Reform Program" is expected to contribute towards developing a modern, vibrant, competitive and sound financial system, and enhanced access to finance and financial inclusion which will ultimately lead to poverty reduction, inclusive economic growth and development.

11. Finally, I would like to express my whole hearted appreciation to all members of the NBE management and staffs for their solid commitment in realizing the strategic objectives of the Bank and in contributing to the country's overall macroeconomic stability and growth. I am confident that they will continue to exert their concerted efforts to achieve more positive outcomes and robust progress during FY 2019/20 and beyond.

Yinager Dessie (PhD)
Governor

THE OVERALL ECONOMIC PERFORMANCE

I. THE OVERALL ECONOMIC PERFORMANCE

1.1. Economic Growth

The Ethiopian economy which had exhibited 9.1 percent average annual growth during 2014/15-2018/19, registered 9 percent expansion in 2018/19, showing improvement relative to the 7.7 percent growth of last year although it was 2 percentage point lower than the base case scenario of GTP II target set for the year. It was also significantly higher than the 3.1 percent average growth estimated for Sub - Saharan Africa (World Economic Outlook Update, October 2018).

The growth in real GDP was mainly attributed to 11 percent growth in services, 3.8 percent in agriculture and 12.6 percent in industrial sectors (Table 1.1).

Nominal GDP per capita rose to USD 985, depicting 11.6 percent improvement over the previous year.

The Ethiopian economy is projected to grow 10.8 percent in 2019/20 compared to 3.3 and 3.5 percent growth forecast for the world and Sub-Saharan Africa (SSA), respectively (WEO, April 2019).

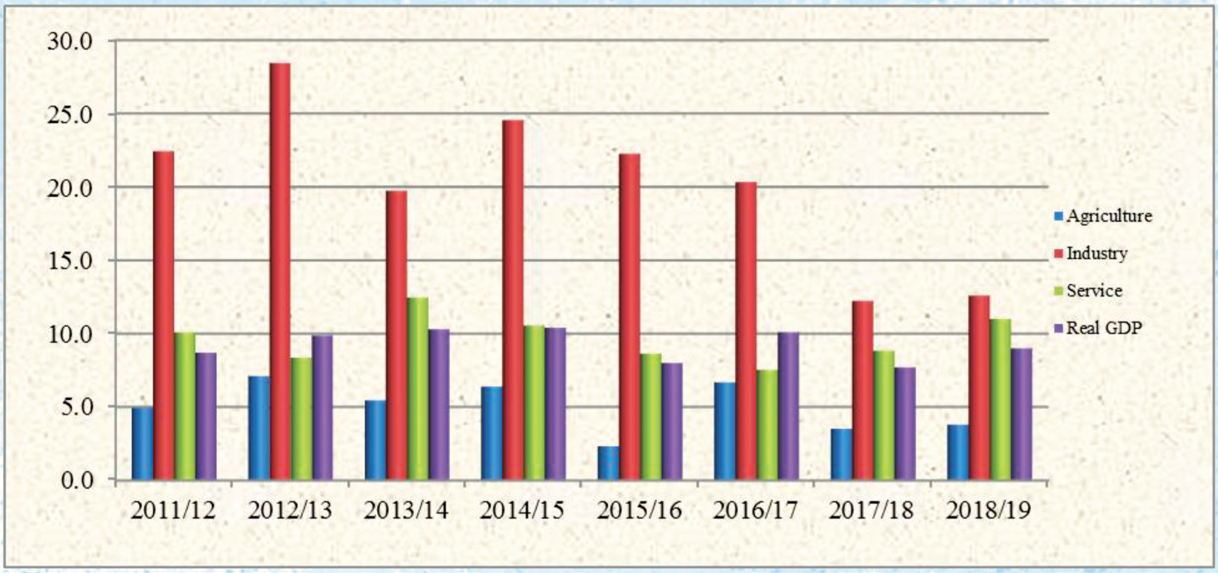
Table 1.1: Sectoral Contributions to GDP and GDP Growth

(In Billions of Birr)

Items		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Sector	Agriculture	499.8	531.7	544.1	580.4	600.9	623.8
	Industry	225.9	281.3	343.9	413.8	464.4	526.2
	Services	479.5	530.0	575.9	619.3	673.9	745.7
Total		1,205.1	1,343.1	1,463.9	1,613.5	1,739.3	1895.7
Less FISIM		10.5	12.4	14.5	17.0	19.8	21.0
Real GDP		1,216.0	1,342.6	1,449.4	1,596.5	1,719.5	1874.7
Growth in Real GDP		10.3	10.4	8.0	10.1	7.7	9.0
Per capita GDP (USD) (Nominal)		656.4	744.1	815.0	876.0	883.0	985.0
Growth rate in Per capita GDP		14.4	13.4	9.5	7.5	0.9	11.6
Mid-year population(in millions)		87.0	89.1	91.2	93.4	95.5	97.6
Share in GDP (in %)	Agriculture	41.1	39.6	37.5	36.3	34.9	33.3
	Industry	18.6	21.0	23.7	25.9	27.0	28.1
	Services	39.4	39.5	39.7	38.8	39.2	39.8
Agriculture	Absolute Growth	5.5	6.4	2.3	6.7	3.5	3.8
	Contribution to GDP growth	2.3	2.5	0.9	2.5	1.3	1.3
	Contribution in %	22.3	24.0	11.3	24.6	16.5	14.6
Industry	Absolute Growth	19.7	24.6	22.2	20.3	12.2	12.6
	Contribution to GDP growth	2.2	2.7	4.7	4.8	3.1	3.6
	Contribution in %	21.4	26.0	58.8	47.3	40.8	39.5
Services	Absolute Growth	12.5	10.6	8.7	7.5	8.8	11.0
	Contribution to GDP growth	4.9	4.2	3.4	3.0	3.4	4.1
	Contribution in %	47.6	40.4	42.5	29.4	44.0	45.8

Source: Planning and Development Commission

Fig.I.1: Real GDP Growth by Major Sectors



Source: Planning and Development Commission

During 2018/19, agricultural sector showed 3.8 percent growth which was marginally higher than the 3.5 percent expansion in 2017/18, but 4.1 percentage point lower than the 7.9 percent target set for the year.

The total grain production reached 315.6 million quintals of which, cereal production accounted for 88 percent, pulses 9.5 percent and oil seeds 2.5 percent. Cereal production increased by 3.7 percent over the preceding year owing to 1.2 percent expansion in cultivated land area and improvement in productivity. The production of pulses increased 1.1 percent in contrast to 8.2 percent reduction in the production of oilseeds due to 11.7 percent contraction in cultivated land area (Table1.2).

The total land area cultivated for crop production slightly (0.4 percent) increased to 12.7 million hectares of which cereal production covered 81.4 percent, pulses 12.7 percent and oil seeds 5.9 percent (Table 1.2).

Table1.2: Estimates of Agricultural Production and Cultivated Areas of Major Grain Crops for Private Peasant Holdings-Meher Season

[Area in thousands of Hectares and Production in thousands of quintals]

Agricultural Production	2015/16		2016/17		2017/18		2018/19	
	Cultivated Area	Total Production	Cultivated Area	Total Production	Cultivated Area	Total Production	Cultivated Area	Total Production
Cereals	9,974	231,288	10,219	253,847	10,232	267,789	10,358	277,638
(Annual % Change)	-1.7	-2.0	2.5	9.8	0.1	5.5	1.2	3.7
Pulses	1,653	27,693	1,550	28,146	1,598	29,785	1,620	30,113
(Annual % Change)	6.1	3.6	-6.2	1.6	3.1	5.8	1.4	1.1
Oilseeds	859.1	7,848.1	805	8,392	846	8,550	747	7,850
(Annual % Change)	0.4	3.3	-6.3	6.9	5.1	1.9	-11.7	-8.2
Total	12,486	266,829	12,574	290,386	12,676	306,124	12,727	315,602
(Annual % Change)	-0.6	-1.3	0.7	8.8	0.8	5.4	0.4	3.1

Source: Central Statistical Agency (CSA)

Meanwhile, in 2018/19, the share of agriculture in GDP shrunk to 33.3 percent from 34.9 percent a year ago, but slightly lower than GTP II target of 34.4 percent. The contribution of agriculture to GDP growth was 14.6 percent (Table 1.1). The lion's share of agricultural sector was crop production, accounting for 64.8 percent, followed by animal farming & hunting (26.2 percent) and forestry (8.8 percent). In terms of growth, crop production increased by 3 percent while animal farming & hunting and forestry expanded by 6 and 3.8 percent, respectively (Table 1.3).

Industrial sector showed 12.6 percent growth and constituted 28.1 percent of the total GDP and it contributed 39.5 percent to the overall economic expansion (Table1.1). Yet, its performance was far below the 19.1 percent target although its share was higher than the 20.9 percent target set in GTP II.

Manufacturing sector grew 7.7 percent and constituted 24.3 percent of the industrial output. Construction industry showed a 15 percent expansion and contributed 72.5 percent to the industrial output, signifying the leading role of the sector in roads, railways, dams and residential houses construction.

Electricity & water and mining & quarrying had 2.7 and 0.5 percent contribution to the industrial production, respectively (Table1.3).

Service sector continued dominating the economy as its share in GDP was about 39.8 percent and its contribution to GDP growth reached about 45.8 percent (Table 1.1). The 11 percent growth in service sector was largely attributed to the expansion of transport & communication (21 percent), wholesale & retail trade (11.7 percent), hotel & restaurant (9 percent), public administration & defense (9 percent), and real estate, renting & business activities (7.5 percent) (Table 1.3).

Table 1.3: Growth and Percentage Distribution of Major Agricultural, Industrial and Service Sub-sectors

	Sectors	2014/15	2015/16	2016/17	2017/18	2018/19
Growth rate	Crop	7.2	3.4	8.2	4.7	3.0
	Animal Farming and Hunting	4.7	-1.5	4.2	0.6	6.0
	Forestry	3.5	2.2	3.6	3.5	3.8
	Fishing	30.6	0.1	0.5	11.3	2.3
Share in Agriculture	Crop	63.0	63.6	64.5	65.3	64.8
	Animal Farming and Hunting	28.1	27.0	26.4	25.6	26.2
	Forestry	9.1	9.1	8.8	8.8	8.8
	Fishing	0.3	0.3	0.2	0.3	0.3
Growth rate	Mining and Quarrying	-25.6	-3.3	-29.8	-20.8	-21.9
	Manufacturing	18.2	18.4	24.7	5.5	7.7
	Electricity and Water	4.5	15.0	4.9	3.3	4.0
	Construction	31.6	25.0	20.7	15.7	15.0
Share in Industry	Mining and Quarrying	2.2	1.8	1.0	0.7	0.5
	Manufacturing	26.8	25.9	26.9	25.3	24.3
	Electricity and Water	3.4	3.2	2.8	2.6	2.7
	Construction	67.5	69.1	69.3	71.4	72.5
Growth rate	Whole Sale and Retail Trade	12.3	8.2	6.5	12.3	11.7
	Hotels and Restaurants	29.6	15.6	0.1	6.5	9.0
	Transport and Communications	13.3	13.7	15.1	6.4	21.0
	Real Estate, Renting and Business Activities	4.1	3.7	4.4	6.2	7.5
	Public Administration and Defense	6.0	7.4	13.2	8.9	9.0
	Others*	7.6	7.9	6.4	6.8	7.5
Share in Service	Whole Sale and Retail Trade	35.3	35.1	34.8	35.9	35.9
	Hotels and Restaurants	6.8	7.2	6.7	6.6	6.5
	Transport and Communications	11.7	12.2	13.1	12.8	14.0
	Real Estate, Renting and Business Activities	12.2	11.6	11.3	11.0	10.7
	Public Administration and Defense	10.9	10.8	11.4	11.4	11.2
	Others*	23.1	23.0	22.7	22.3	21.7

Source: Planning and Development Commission

* Includes: financial intermediation, education, health and social work, private households with employed persons and other community, social and personal services.

1.2. GDP by Expenditure Components

Total consumption expenditure (public and private) in percent of GDP rose to 77.7 percent in 2018/19 from 75.7 percent a year earlier wholly on account of 3.1 percentage point increase in private consumption expenditure in contrast to 1 percentage point contraction in public consumption expenditure.

As a result, gross domestic saving to GDP ratio declined to 22.3 percent from 24.3 percent during the review period. It was also lower than the 27.4 percent GTP II target set for the fiscal year (Table 1.4). Domestic savings showed 12.2 percent increment and total consumption expenditure 25.7 percent expansion.

During the year, gross capital formation to GDP ratio reached 35.2 percent, showing a 1.1 percentage point improvement over last year. Similarly, domestic absorption to GDP ratio rose to 112.9 percent from 109.8 percent a year ago.

Table: 1.4: Expenditure on GDP and Gross Domestic Savings

(Percentage of GDP)

Year	Domestic Absorption	Consumption Expenditure			Gross Capital Formation	Resource Balance	Exports of Goods & Services	Imports of Goods & Services	Gross Domestic Savings
		Total	Govt.	Pvt.					
2003/04	115.5	83.1	19.1	64.0	32.3	(16.1)	14.4	30.5	16.9
2004/05	116.8	87.9	18.1	69.7	29.0	(19.7)	14.6	34.3	12.1
2005/06	119.6	88.9	17.9	71.0	30.7	(22.0)	13.4	35.3	11.1
2006/07	111.3	84.3	15.4	69.0	27.0	(18.7)	12.3	31.0	15.7
2007/08	114.1	86.9	14.3	72.5	27.3	(18.8)	11.0	29.8	13.1
2008/09	113.6	85.9	13.0	72.9	27.7	(17.6)	10.2	27.8	14.1
2009/10	116.3	86.2	12.6	73.6	30.1	(18.7)	13.2	31.9	13.8
2010/11	113.8	82.7	11.8	70.9	31.1	(14.5)	16.3	30.7	17.3
2011/12	116.4	80.4	9.5	71.0	36.0	(17.4)	13.4	30.8	19.6
2012/13	115.2	82.2	10.2	71.9	33.0	(16.1)	12.2	28.2	17.8
2013/14	116.2	79.3	10.6	68.8	36.8	(17.0)	11.3	28.4	20.7
2014/15	116.1	77.9	10.3	67.6	38.2	(20.4)	9.1	29.5	22.1
2015/16	115.0	77.6	11.1	66.5	37.3	(19.3)	7.8	27.1	22.4
2016/17	116.1	77.6	11.1	66.5	38.4	(15.8)	7.6	23.5	22.4
2017/18	109.8	75.7	10.2	65.5	34.1	(14.4)	8.4	22.8	24.3
2018/19	112.9	77.7	9.2	68.5	35.2	(12.9)	7.9	20.8	22.3
Average 2014/15-2018/19	114.0	77.3	10.4	66.9	36.7	-16.6	8.2	24.7	22.7
Average 2009/10-2018/19	114.8	79.7	10.7	69.1	35.0	-16.7	10.7	27.4	20.3

Source: Planning and Development Commission

1.3. Micro and Small-Scale Enterprises

A total of 110,253 new micro and small scale enterprises (MSEs) were established during 2018/19. These enterprises employed about 882.1 thousand people and received more than Birr 7.3 billion in loans for their own operations.

Table 1.5: Numbers, Amount of Credit and Jobs Created through MSEs

(Credit in Millions of Birr)

Particulars	2016/17	2017/18	2018/19
No. of MSE's	157,768	144,107	110,253
Amount of Credit	7,075.8	8,633.7	7,311.8
No of Total Employment	1,172,678	187,945	882,098

Source: Federal Urban Job Creation and Food Security Agency (FeUJCFSA)

Table 1.6: Numbers, Amount of Credit and Jobs Created through MSEs by Region

(Credit in Millions of Birr)

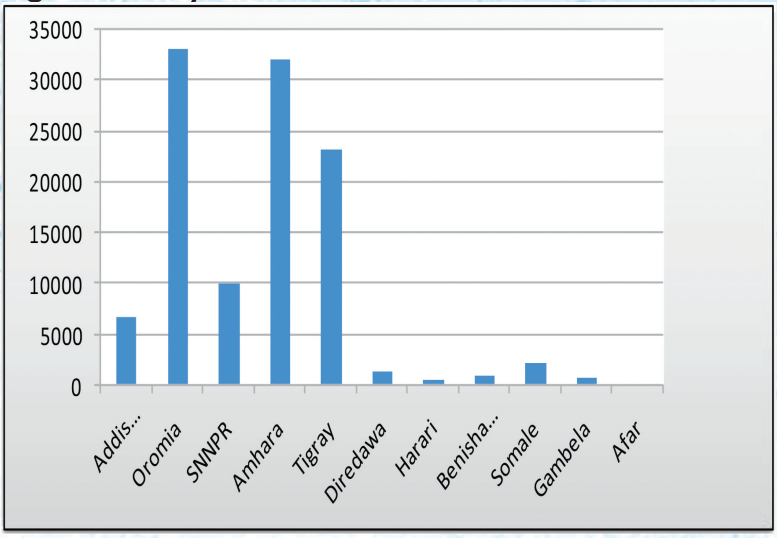
Particulars	Addis Ababa	Oromia	SNNPR	Amhara	Tigray	Dire Dawa	Harari	Benishangul	Somali	Gambela	Afar	Total
No. of MSEs	6,730	33,047	10,021	32,123	23,256	1,157	465	821	2,053	580	-	110,253
Amount of Credit	1,706.9	583.0	621.5	1,318.1	2,594.0	115.8	168.9	9.6	139.4	30.1	24.6	7,311.8
No. of Total Employment Created by MSEs	124,368	359,669	104,613	170,633	71,399	19,673	5,257	2,197	17,400	4,574	2,315	882,098
Regional Percentage Share												
No. of MSEs	6.1	30.0	9.1	29.1	21.1	1.0	0.4	0.7	1.9	0.5	-	100
Amount of Credit	23.3	8.0	8.5	18.0	35.5	1.6	2.3	0.1	1.9	0.4	0.3	100
No. of Total Employment Created by MSEs	14.1	40.8	11.9	19.3	8.1	2.2	0.6	0.2	2.0	0.5	0.3	100

Source: FeUJCFSA

Looking at the regional distribution, 30 percent of the newly established MSEs were located in Oromia, 29.1 percent in Amhara, 21.1 percent in Tigray, 9.1 percent in SNNPR, and 6.1 percent in Addis Ababa. In terms of total loans, SMEs in Tigray received 35.5 percent, Addis Ababa 23.3 percent, Amhara 18 percent, SNNPR 8.5 percent, Oromia 8 percent, Harar 2.3 and Somali 1.9 percent.

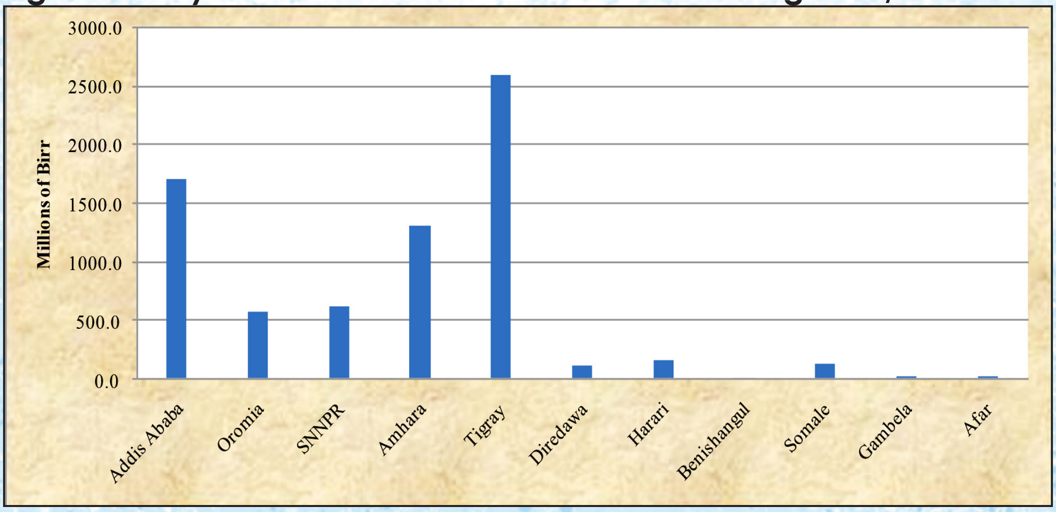
Of the total jobs created by these newly established SMEs, about 40.8 percent was in Oromia, 19.3 percent in Amhara, 14.1 percent in Addis Ababa, 11.9 percent in SNNPR, 8.1 percent in Tigray, 2.2 percent in Dire Dawa and 2 percent in Somali.

Fig.I.1: Yearly Distribution of Numbers of MSEs during 2018/19



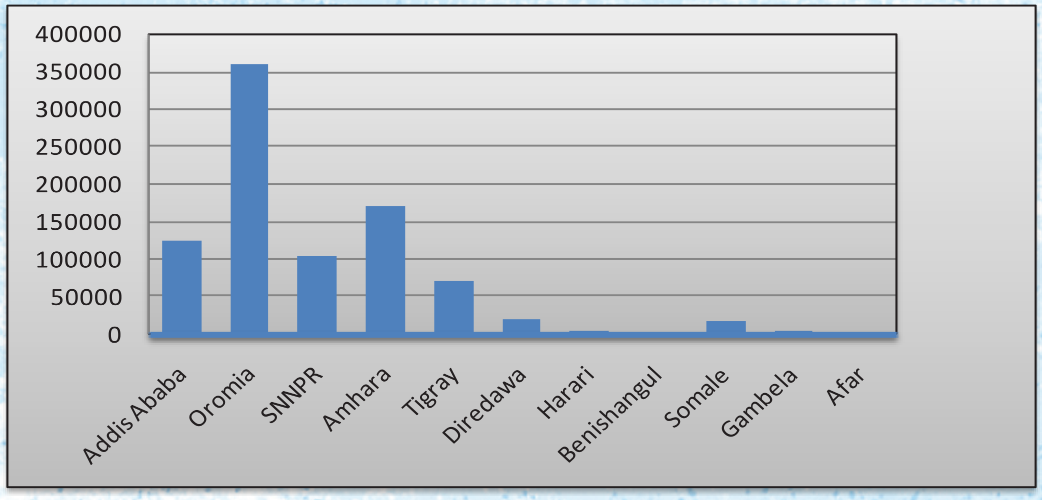
Source: FeUJCFSA

Fig.I.2: Yearly Distribution of Amount of Credit during 2018/19



Source: FeUJCFSA

Fig.I.3: Yearly Distribution of Employment Created during 2018/19



Source: FeUJCFSA

1.4. Access to Water Supply

During 2018/19, the proportion of people having access to potable water supply improved by 4.8 percentage point to 76 percent (79 percent rural and 66 percent urban population); from the 71 percent (74 percent rural and 60 percent urban people) coverage last year (Table 1.7). This indicates that the rural areas had a relatively better access than the urban areas.

However, the coverage of both urban and rural potable water supply showed 4 and 1 percentage point shortfall, respectively, from the GTP II target set for the year.

The GTP II has set the national potable water supply coverage at 77 percent for the year which was 1 percentage point higher than the actual performance.

In terms of regional states, Amhara registered 88 percent in accessibility to potable water followed by Addis Ababa (84 percent), Gambella and Harari each (70 percent), Tigray and Oromia each (66 percent), Benshangul Gumuz (62 percent) and Afar (60 percent). The accessibility to potable water improved in all regions relative to last year. No data was available for SNNPR and Somali regions.

In terms of access to potable water in urban areas, Dire Dawa had the leading share of 90 percent followed by Addis Ababa (84 percent), Amhara (75 percent), Harari (69 percent), Afar (66 percent), Oromia (63 percent), Tigray (62 percent), Gambella (52 percent) and Benshangul Gumuz (43 percent).

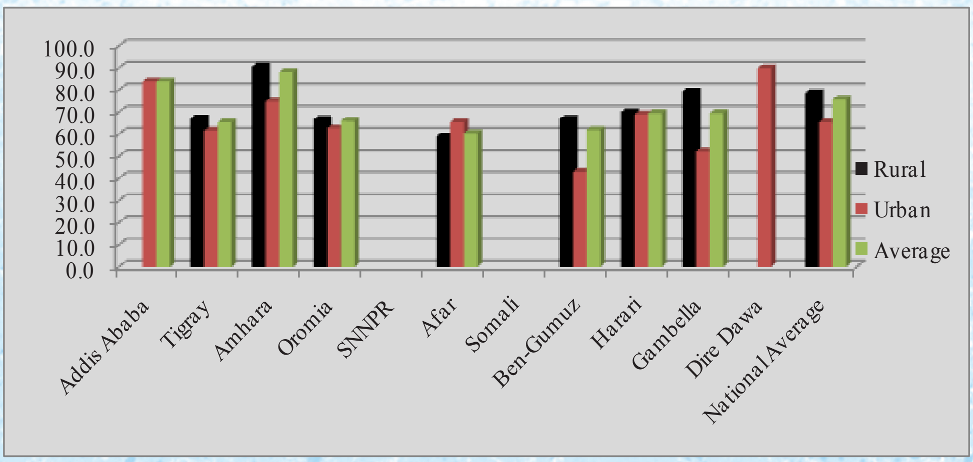
Access to portable water in rural areas was the highest in Amhara region (91 percent) followed by Gambella (79 percent), Harari (70 percent) and Oromia, Tigray and Benshangul Gumuz (67 percent each).

Table 1.7: Percentages of People with Access to Potable Water by Region

Regions	2017/18			2018/19			Change in percentage point		
	Rural	Urban	Total	Rural	Urban	Total			
	A	B	C	D	E	F	D-A	E-B	F-C
Tigray	60.6	54.1	58.9	67.2	61.7	65.6	6.6	7.6	6.7
Afar	53.5	54.1	54.0	59.1	65.6	60.4	5.6	11.5	6.4
Amhara	83.8	73.8	82.2	90.8	75.0	88.2	7.0	1.2	6.0
Oromia	64.0	62.2	63.8	66.7	62.7	66.1	2.7	0.5	2.3
SNNPR	54.6	80.1	57.6	NA	NA	NA	-	-	-
Somali	77.0	74.0	77.0	NA	NA	NA	-	-	-
Benishangul-Gumuz	66.4	42.2	61.2	67.0	43.0	62.0	0.6	0.8	0.8
Gambella	74.9	43.1	66.3	79.4	52.3	69.5	4.5	9.2	3.2
Harar	68.0	65.0	66.5	70.0	69.0	69.5	2.0	4.0	3.0
Dre-Dawa	84.4	-	0.0	-	90.0		-84.4	90.0	0.0
A.A.	0.0	61.0	61.0	-	84.0	84.0	0.0	23.0	23.0
Total	73.9	60.2	71.1	78.7	65.5	75.9	4.8	5.3	4.8

Source: Ministry of Water, Irrigation and Energy and NBE Staff Computation

Fig.I.5: Access to water supply by Region



Source: Ministry of Water, Irrigation & Energy and NBE Staff Computation

1.5. Road Sector Development

1.5.1. Road Network

During 2018/19, total road network reached 138,127 Km, depicting 9 percent annual growth. The country's total road network was consisted of 55,808 Km (40.4 percent) Woreda road, 30,924 Km (22.4 percent) rural road, 28,699 Km (20.8 percent) federal road and 22,697 Km (16.4 percent) urban road. The Federal road included 15,886 Km (55.4 percent) asphalt and 12,813 Km (44.6 percent) gravel.

Asphalt road network accounted for about 11.5 percent of the road network which was lower than 15 percent GTPII target set for the fiscal year.

During the review fiscal year, rural road network, administered by regional authorities, showed 14.1 percent annual decline and reached 30,924 Km while Woreda road stood at 55,808 Km (Table 1.8).

Table 1.8: Classification of Road Network

(Length in km)

Year	Federal Road				Rural road		Woreda road *		Urban Roads			Total**	
	Asphalt		Gravel						Paved	Cobel	Unpaved		
	Length	Growth rate	Length	Growth rate	Length	Growth rate	Length	Growth rate	Length	Length	Length	Length	Growth rate
2005/06	5,002	0.6	14,311	4.9	20,164	9.6	NA		NA	NA	NA	39,477	6.6
2006/07	5,452	9.0	14,628	2.2	22,349	10.8	57,764	-	NA	NA	NA	42,429	7.5
2007/08	6,066	11.3	14,363	(1.8)	23,930	7.1	70,038	21.2	NA	NA	NA	44,359	4.5
2008/09	6,938	14.4	14,234	(0.9)	25,640	7.1	85,767	22.5	NA	NA	NA	46,812	5.5
2009/10	7,476	7.8	14,373	1.0	26,944	5.1	100,385	17.0	NA	NA	NA	48,793	4.2
2010/11	8,295	11.0	14,136	(1.6)	30,712	14.0	854	(99.1)	NA	NA	NA	53,997	10.7
2011/12	9,875	19.0	14,675	3.8	31,550	2.7	6,983	717.7	NA	NA	NA	63,083	16.8
2012/13	11,301	14.4	14,455	(1.5)	32,582	3.3	27,628	295.6	NA	NA	NA	85,966	36.3
2013/14	12,640	11.8	14,217	(1.6)	33,609	3.2	39,056	41.4	NA	NA	NA	99,522	15.8
2014/15	13,551	7.2	14,055	(1.1)	30,641	(8.8)	46,810	19.9	1,693	850	2,814	110,414	10.9
2015/16	14,632	8.0	13,400	(4.7)	31,620	3.2	48,057	2.7	1,693	NA	3,664	13,066	2.4
2016/17	15,886	8.6	12,813	(4.4)	33,367	5.5	52,748	9.8	1,693	NA	3,664	120,171	6.3
2017/18	15,886	-	12,813	-	35,985	7.8	56,732	7.6	1,693	2,814	850	126,773	5.5
2018/19	15,886	-	12,813	-	30,924	(14)	55,808	(1.6)	1,914	5,199.6	15,583	138,127	9.0

Source: Ethiopian Roads Authority

* Includes community road, which was replaced by woreda road and registered as new road in 2010/11

** Total road length does not include community road length till 2010/11as it is non-engineered road; but it includes woreda road.

1.5.2. Road Density

At the end of 2018/19, road density per 1,000 square Km increased to 125.6 km from 115.2 km a year ago showing 9 percent improvement over the previous year.

Meanwhile, road density per 1,000 populations was 1.26 km which shows marginally down ward movement by 0.8 percent when compared with 1.27 km a year ago.

Table 1.9: Road Densities

Year	Road Density /1000 person	Road density /1000 sq. km
2005/06	0.53	35.90
2006/07	0.55	38.60
2007/08	0.56	40.30
2008/09	0.57	42.60
2009/10	0.60	44.40
2010/11	0.65	48.30
2011/12	0.75	57.30
2012/13	1.00	78.20
2013/14	1.10	90.50
2014/15	1.20	100.40
2015/16	1.23	102.80
2016/17	1.29	109.20
2017/18	1.27	115.20
2018/19	1.26	125.60
Growth rate	-0.8	9.0

Source: Ethiopian Roads Authority

1.5.3 Road Accessibility

In 2018/19, annual average distance from all-weather roads declined by 7 percent from 4.3 km in 2017/18 to 4 km. At the same time, the proportion of area more than 5km from all-weather roads dropped to 28.5 percent from 31.6 percent last year (Table 1.10).

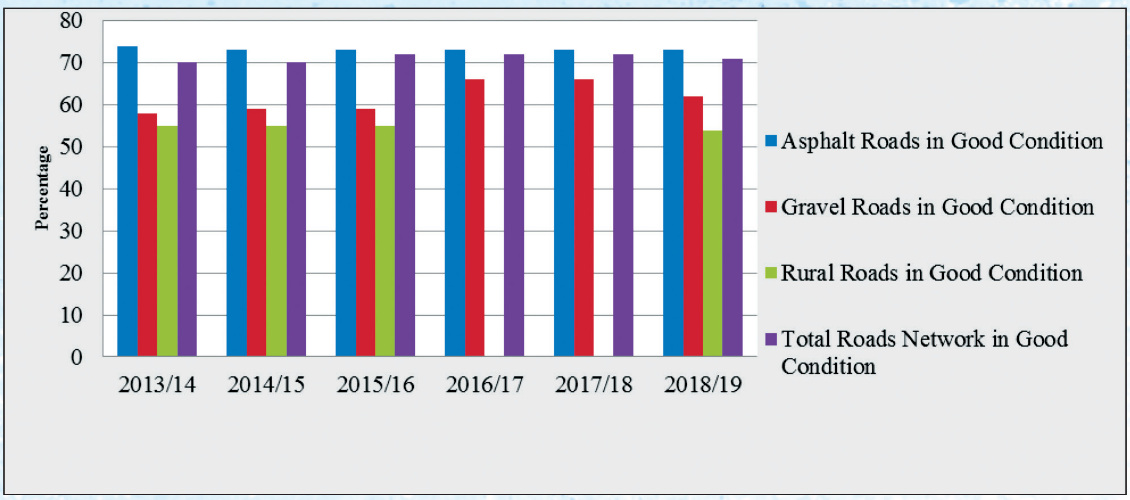
Exclusively 73 percent of the asphalt road and 62 percent of the gravel road were in good condition during 2018/19 (Figure I.6).

Table 1.10: Road Accessibility

Indicator	2017/18	2018/19	Percentage change
Proportion of area more than 5Km from all-weather road	31.6	28.5	-9.8
Average distance from all-weather roads	4.3	4.0	-7.0

Source: Ethiopian Roads Authority

Fig.I.6: Status of Road



Source: Ethiopian Roads Authority

1.5.4. Road Sector Financing

Construction and maintenance of roads remained one of the key investments for the Ethiopian government over the past decade.

In 2018/19, total investment in road construction and expansion (excluding urban road) rose by 12.6 percent to Birr 37.3 billion from Birr 33.1 billion a year ago (Table 1.11 and fig.I.7).

Investment in the Federal road construction and expansion accounted for 86.9 percent of the total road investment capital and reached at Birr 32.4 billion, while regional roads constituted 7.6 percent followed by Woreda road 5.4 percent. There was no investment in urban road construction and expansion during the review period (Table 1.11) and fig.1.7).

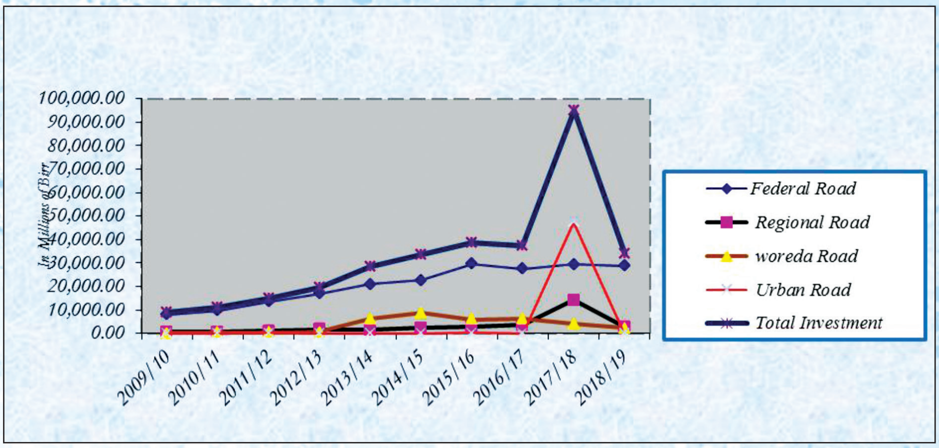
Table 1.11: Investments in the Road Sector

(In millions of Birr)

Road type	2017/18		2018/19		Percentage change
	A	Share (In %)	B	Share (In %)	
Federal roads	25,695.7	77.6	32,430.4	86.9	26.2
Regional road	3,794.6	11.5	2,851.5	7.6	(24.9)
Woreda road	3,638.7	11.0	2,021.8	5.4	(44.4)
Urban road*	NA	-	NA	-	-
Total	33,129.0	100	37,303.8	100	12.6

Source: Ethiopian Roads Authority
* All municipalities' maintenance

Fig.I.7: Investment in Road Construction and Expansion



Source: Ethiopian Roads Authority

1.6. Developments in Education Sector

The education sector has been improving in terms of coverage during the last few years whose objectives are producing efficient, effective and innovative citizens which can contribute to the realization of the country's vision to become a middle income country by 2025.

During 2018/19, primary education (1-8 grades) enrolments went down from 20.7 million in 2017/18 to 20 million in 2018/19; showing 3.4 percent decline compared to last year due to decline in gross enrolment ratio of grade (1-4) by 7.1 percent. During the review period, the number of primary schools reached 37,039 from 36,466 in the preceding year depicting the establishment of 573 new schools or 1.6 percent growth against the previous year. Of the total number of primary schools, 31,188 (84.2 percent) were located in rural areas and 5,799 (15.7 percent) in urban centers.

On the other hand, secondary education enrolment shows improvements by 5.8 percent relative to last year and reached to 2.8 million. By the end of 2018/19 the number of secondary schools reached 3,739 exhibiting 4 percent growth over the previous year.

During the review period, Technical & Vocational Education and Training (TVET) enrolment became 386,811; depicting 32.3 percent growth against the previous year. In 2018/19 there were 1,567 TVET institutions in the country under both government and non-government ownership.

Education share of the annual government expenditure was 24.9 percent which was slightly lower than the preceding year by 0.1 percentage point.

Table 1.12: Education Sector Data

Indicators	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	2005	2006	2007	2008	2009	2010	2011
Number of primary schools (urban, rural) & including others (in thousands)	30,534	32,048	33,373	34,867	35,887	36,466	37,039
i Urban	4,536	4,451	4,769	24,985	5,185	5,504	5,799
ii. Rural	25,998	27,597	28,604	29,856	30,654	30,933	31,188
Number of secondary schools(urban, rural) & including others (in thousands)	1,912	2,329	2,830	3,156	3,380	3,594	3,739
i. Urban	1,451	1,636	1,891	1,973	20,53	2,171	2,242
ii. Rural	461	693	939	1,178	1,321	1,418	1,490
No of TVET centers (public, private, mission)	437	437	919	919	919	919	1,567
Number of tertiary level institutions (public, private)	99	124	171	172	171	177	227
Universities	32	33	33	37	37	49	50
Participation of women in higher education institutions (%)	29.5	32	35	34.1	34.9	34.1	35.5
Primary enrolment (in millions)	17.5	18.3	18.7	20.0	20.8	20.7	20.0
Secondary enrolment (in thousands)	1,900	1,998	2,108	2,421	2,559	2,666	2,820
TVET enrolment	237,877	238,049	265,745	304,139	302,083	292,378	386,811
Girls' primary enrolment (%)	48	48	47.2	47.1	46.9	46.9	79.8
Grades (1-4) gross enrolment ratio (%)	124.5	136.9	140.3	144.74	140.8	137.2	127.5
a. Girls' gross enrolment ratio (%)	119.4	130.5	132.7	6136.6	132.7	129.4	120.4
b. Boys' gross enrolment ratio (%)	129.4	143	147.6	152.5	148.8	144.9	134.4
Grades (5-8) gross enrolment ratio (%)	62.8	64.1	66.3	71.11	74.4	80	79.8
a. Girls' gross enrolment ratio (%)	62.2	63.4	64.8	68.9	71.4	75.4	76.2
b. Boys' gross enrolment ratio (%)	63.4	64.7	67.8	73.3	77.3	82.7	83.2
Girls' gross primary enrolment ratio (%)	93	97.8	99.5	103.5	105.7	103.5	99.2
Boys' gross primary enrolment ratio (%)	97.9	104.8	108.5	113.7	117	115	109.9
Gross Primary Enrolment ratio (%)	95.5	101.3	104	108.7	111.4	109.3	104.6
Tigray	98.8	105.3	118.8	114.1	116.7	117.5	112.9
Afar	50.5	53.2	70.3	66.2	66.0	59.5	56.9
Amhara	100.7	106.7	110.3	111.6	112.1	107.7	102.5
Oromia	91.2	89.3	94.8	104.3	106.2	107.2	106.2
Somali	96.9	84.8	91.7	95.9	91.3	95.6	84.1
Ben.Gumuz	111.9	95.4	107.0	109.6	117.8	119.2	114.4
SNNPR	98.4	100.3	108.4	115.5	123.9	116.7	106.5
Gambella	126.6	136.4	151.4	154.4	150.3	145.7	148.3
Harari	87.1	98.1	101.8	107.9	110.7	110.8	121.3
A.A	99.2	163.6	150.6	146.3	138.8	134.9	135.0
Dire Dawa	84.9	91.4	67.5	70.2	108.6	105.8	110.4
Primary net enrolment rate (%)	85.9	89	94.3	100.3	99.9	100.0	94.7
No. of students registered in the first cycle primary schools(1-4) (in millions)	12.0	12.7	12.8	13.6	13.5	13.6	12.7
No. of students registered in the second cycle primary schools(5-8) (in millions)	5.5	5.6	5.9	6.4	7.3	7.2	7.3
Number of students registered in the first cycle secondary schools(9-10) (in millions)	1.5	1.6	1.7	1.9	2.0	2.1	2.2

Indicators	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	2005	2006	2007	2008	2009	2010	2011
Gross enrolment rate in (9-10 grades) %	38.4	39.3	39.8	44.8	47.1	47.6	48.5
Preparatory admission(in millions)	0.36	0.39	0.42	0.5	0.52	0.6	0.6
Completion rate of primary School (%)	52.8	46.7	51.3	54.3	54.1	57.7	62.1
Girls/boys ratio in primary schools (%)	94	91	89.8	89	88.4	88.1	88.1
Girls/boys ratio in secondary schools (%)	88	89	89.9	89.7	88.4	86.4	84.7
Girls/boys ratio in (9-10) (%)	90	90	92.9	91.1	89.7	89	86.8
Girls/boys ratio in (11-12) (%)	80	82	87.6	84.8	83.4	81	77.9
Girls/boys ratio in TVET (%)	105	105	109.7	108.1	105.4	103.4	81.8
Girls/boys ratio in higher education (%)	42	46	49.9	51.8	55.6	51.8	52.1
Grade 1-8(primary) repetition rates (%)	7.9	8.4	7.3	6.7	7.2	5.3	4.1
Primary school dropout rate (%)	15.7	7.9	9.9	10.1	11.7	11.1	17.5
1st grade dropout rate (%)	25	22.5	23.9	19	16.8	19.5	25
Pupil to teacher ratio							
i. Grade (1-8)	49.4	47	46	46	43	43	39
ii. Grade (9-12)	28.7	27.8	26.4	26.5	26	26	22.5
iii. TEVT	18.6	18.6	16.5	12.6	11A9	15A9	13.3
iv. In higher education	24.4	25.9	26.4	20.1	13.3	17	20.3
Pupil to Section Ratio							
i. Grade (1-8)	54	54	54	55	43	56	53
ii. Grade (9-12)	59.3	56.9	57	54	57	56	49.7
Number of class rooms in primary schools	324,587	321,468	3,41086	365,530	457,309	380,979	502,738
Pupil to Textbook Ratio							
i. Grade(1-8)	1	1	4.2	3.8	4.2	4.1	4
ii. Grade(9-12)	1	1	13	11.8	10.3	12	10.9
Pupil to School Ratio							
i. Grade(1-8)	571	571	560	573	580	567	628
ii. Grade(9-12)	994	857	744.9	767.2	754	741	568
iii. TEVT	544	545	383	331	329	318	246.8
Proportion of pupils starting grade 1 who reach grade 5(%)	50.2	55.5	55.75	56.5	53.5	53	53
Percentage of female enrolled in under graduate degree (%)	30	30.3	34.7	34.1	35.7	36	37
Percentage of female graduated in under-graduate degree (%)	28.7	25.6	28.5	33.4	31.3	33.2	35.8
Percentage of female enrolled in post-graduate degree	20.6	19.5	23.8	23.1	17.8	16.6	18.1
Percentage of female graduated in post-graduate degree	14.9	15	16.7	18.9	18.3	17.6	20
Annual education share of the national expenditure{%}	25.2	25	24.9	24.3	26.1	25	24.9

1.7. Telecommunication

Telecommunication is one of the prime support services needed for rapid socio-economic development and modernization of various sectors of the economy. Expansion of infrastructure development such as telecommunication would have significant impact on attracting investment, creating market opportunities, enhancing competitiveness and boosting regional economic integration.

Cognizant of this fact, the Ethiopian government has heavily invested for improving service quality, expanding service coverage and enhancing institutional capacity in the telecom sector. As a result, Ethio Telecom has set ambitious targets to enhance customer acquisition, customer satisfaction and provision of quality services to customers.

During 2018/19, total telecom subscribers reached 43.6 million depicting 5.6 percent growth over last year as the number of mobile voice subscribers rose by 5.3 percent while that of internet & data subscribers and fixed voice service subscribers surged by 26.4 and 8.4 percent, respectively.

Of the total subscribers, mobile voice constituted 42 million (96.1 percent) followed by fixed voice service (1 million or 2.8 percent) and internet & data (502 thousand or 1.2 percent)[1].

[1]Ethio Telecom has started reform in line with International Telecom Union (ITU) procedure. Hence, the reporting formats and values have been changed since 2017/18.

Table 1.13: Number of Subscribers

Service Type	2017/18	2018/19	Percentage Change
Total subscriber base	**41,326**	**43,635**	**5.6**
Mobile voice subscriber	39,806	41,916	5.3
Internet and data subscriber	397	502	26.4
Fixed voice service subscriber	1,123	1,217	8.4
Internet and data user	17,576	21,799	24.0
Mobile voice	39,805	41,916	5.3
Residential	39,483	41,498	5.1
Enterprises	322	418	29.8
Broad band & internet subscriber	164	216	31.7
Residential	80	112	40.0
Enterprises	84	104	23.8
Narrow band data & internet subscriber	233	286	22.7
Residential	1	2	100.0
Enterprises	232	284	22.4
Fixed voice	1,122	1,217	8.5
Residential	768	835	8.7
Enterprises	354	382	7.9
Broad band data & internet user	8,150	21,794	167.4
Broad band data Residential	8,030	21,657	169.7
Broad band data enterprise	120	137	14.2
Narrow data & internet user	9,425	4	(100.0)
Narrow band residential	9,406	1	(100.0)
Narrow band enterprise	19	3	(84.2)

Source: Ethio-Telecom

Note: Total subscriber base doesn't include internet and data user.

In 2018/19, the country's telecommunication penetration rate (telecom density) increased to 43.1 percent from 41 percent in 2017/18 due to advancement in mobile density to 41.9 percent compared to 39.8 percent in the previous year.

Likewise, internet and data density improved to 21.8 from 18.5 a year ago. On the other hand, fixed line density remained at 1.2 per 100 subscribers (Table 1.14).

Table 1.14: Telecom Density

Tele density/100 Subscribers*	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Fixed line	0.9	1	1	1.2	1.2	1.2
Mobile	27.6	33.3	43	61.6	39.8	41.9
Total	28.5	34.3	44	63.5	41.0	43.1
Internet and data	5.2	7.3	10	17.5	18.5	21.8

Source: Ethio-Telecom

*Tele-density is mobile plus fixed telephone subscribers per 100 inhabitants

During the review fiscal year, total voice traffic showed 16.7 percent improvement and reached 49.8 billion minutes compared to 42.7 billion minutes a year ago.

Similarly, Total SMS in Billion-count and Interconnect incoming voice traffic in million minutes depicted 24.6 and 146.7 percent increment, respectively (Table 1.15).

Table 1.15: Annual Traffic for Local and International Calls

Annual Traffic	2017/18	2018/19	Percentage Change
Total voice traffic(billion minute)	42.7	49.8	16.7
Total SMS(Billion-count)	3.5	4.4	24.6
Interconnect incoming voice traffic(Million minute)	19.3	47.7	146.7
Data traffic(TB)	19,343.0	47,710.0	146.7

Source: Ethio-Telecom

Note: TB = Terabyte (10 to 12th power)

Income of Ethio-Telecom rose 6.8 percent to Birr 36.3 billion in 2018/19 vis-à-vis Birr 34 billion in 2017/18 while its total expenses dropped strongly to Birr 20.5 billion, showing 17.1 percent reduction. As a result, its gross profit stood at Birr 15.7 billion in 2018/19 which was 69.7 percent higher than that of last year (Table 1.16).

Table 1.16: Financial Performance and Asset of Ethio - Telecom

(In Billion of Birr)

Finance and Asset	2016/17	2017/18	2018/19	Percentage Change	
	A	B	C	C/A	C/B
Income	30.2	34.0	36.3	20.3	6.8
Expense	16.6	24.7	20.5	23.6	-17.1
Gross Profit	13.6	9.3	15.7	15.6	69.7
Assets	NA	49.5	54.1	-	9.3
Fixed Gross	32.4	47.2	NA	-	-
Depreciation	2.4	4.3	4.7	95.8	9.3

Source: Ethio – Telecom

ENERGY PRODUCTION

II. ENERGY PRODUCTION

2.1. Electric Power Generation

According to the Ethiopian Electric Power (EEP), the country has an estimated hydro-power potential of 45,000 MW, geothermal 10,000 MW and wind farm 1.3 million MW. The country's generating capacity is largely based on hydropower reservoirs as nine of its major rivers are suitable for hydroelectric power generation.

Considering the increasing demand for power and the importance of having a better power generation mix, the country has been venturing to diversify its production of renewable energy to wind and geothermal sources.

Adama II wind farm has 153 MW generating capacity. Combined with Adama I (51 MW) and Ashegoda (120 MW), the total energy production from wind has reached 324 MW. In addition, the construction of Aysha 300 MW wind power project is under way.

Ethiopia is also identified as having a huge solar energy potential due to its geographical location near the equator. In its bid to become a major power exporter in East Africa and a green economy, the country is building several geothermal power plants.

The amount of electric power generated during 2018/19 was about 13.8 billion KWH, which was slightly lower than that of last year. Of the total electric power production, 95.5 percent was generated from hydropower, 4.2 percent from wind and 0.3 percent from biomass sources.

The production of energy generated from wind source has increased to 584.7 million KWH, showing 12.5 percent annual increment whereas energy production from hydro power has slightly (0.3 percent) declined (Table 2.1).

Table 2.1: Electric Power Generation in ICS and SCS

(I n '000 KWH)

Sources		2016/17		2017/18		2018/19		Percentage Change	
		[A]	Share (In %)	[B]	Share (In %)	[C]	Share (In %)	[C/A]	[C/B]
ICS	Hydro Power	11,752,824.4	93.7	13,253,841.6	95.2	13,211,643.8	95.5	12.4	-0.3
	Thermal Power	67.9	-	141,529.1	1.0	-	-	-	-
	Geothermal	-	-	-	-	-	-	-	-
	Wind	783,797.7	6.3	519,605.0	3.7	584,735.3	4.2	-25.4	12.5
	Biomass	-	-	-	-	43,254.5	0.3	-	-
Sub Total		12,536,690.0	100.0	13,914,975.8	100.0	13,839,633.7	100.0	10.4	-0.5
SCS	Hydro Power	-	-	-	-	-	-	-	-
	Thermal Power	2,837.8	-	2,819.0	-	-	-	-	-
Sub Total		2,837.8	-	2,819.0	-	-	-	-	-
Total	Hydro Power	11,752,824.4	93.7	13,253,841.6	95.2	13,211,643.8	95.5	12.4	-0.3
	Thermal Power	2,905.6	-	144,348.1	1.0	-	-	-	-
	Geothermal	-	-	-	-	-	-	-	-
	Wind	783,797.7	6.3	519,605.0	3.7	584,735.3	4.2	-25.4	12.5
	Biomass	-	-	-	-	43,254.5	0.3	-	-
Grand Total		12,539,527.8	100	13,917,794.7	100	13,839,633.7	100	10.4	-0.6

Source: Ethiopian Electric Power

2.2. Volume and Value of Petroleum Imports

During 2018/19, the Ethiopian Petroleum Enterprise has imported nearly 3.9 million metric tons of petroleum products worth Birr 70 billion. The total value of petroleum products imported showed 19.4 percent growth over last year owing to higher international oil price and a 3.2 percent increase in volume of petroleum imports. The volume of imported regular gasoline and jet fuel increased by 14.8 and 11.1 percent in contrast to the 20.6 and 0.4 percent reduction in that of fuel oil and gasoil, respectively.

Likewise, the value of jet fuel surged by 28.4 percent, that of regular gasoline 23.8 percent and gas oil 16.2 percent, while that of fuel oil dropped 4.4 percent (Table 2.2).

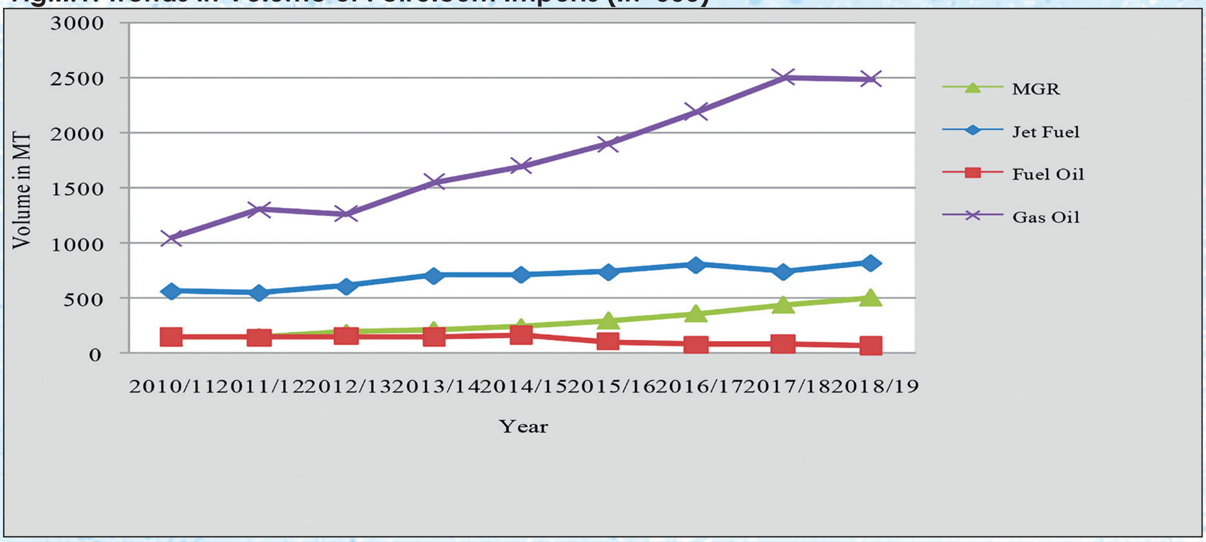
Table 2.2: Volume and Value of Petroleum Imports

(Volume in MT and Value in '000 Birr)

Petroleum Products	2017/18		2018/19		Percentage Change	
	Volume	Value	Volume	Value		
	A	B	C	D	C/A	D/B
Regular Gasoline (MGR)	441,542.3	7,602,496.3	506,739.2	9,409,641.9	14.8	23.8
Jet Fuel	738,105.6	12,026,911.4	819,998.6	15,445,870.0	11.1	28.4
Fuel Oil	83,268.52	1,017,928.6	66,148.8	972,771.9	-20.6	-4.4
Gas Oil (ADO)	2,507,672.5	37,966,651.2	2,496,721.8	44,131,939.7	-0.4	16.2
Total	3,770,588.9	58,613,987.4	3,889,608.3	69,960,223.5	3.2	19.4

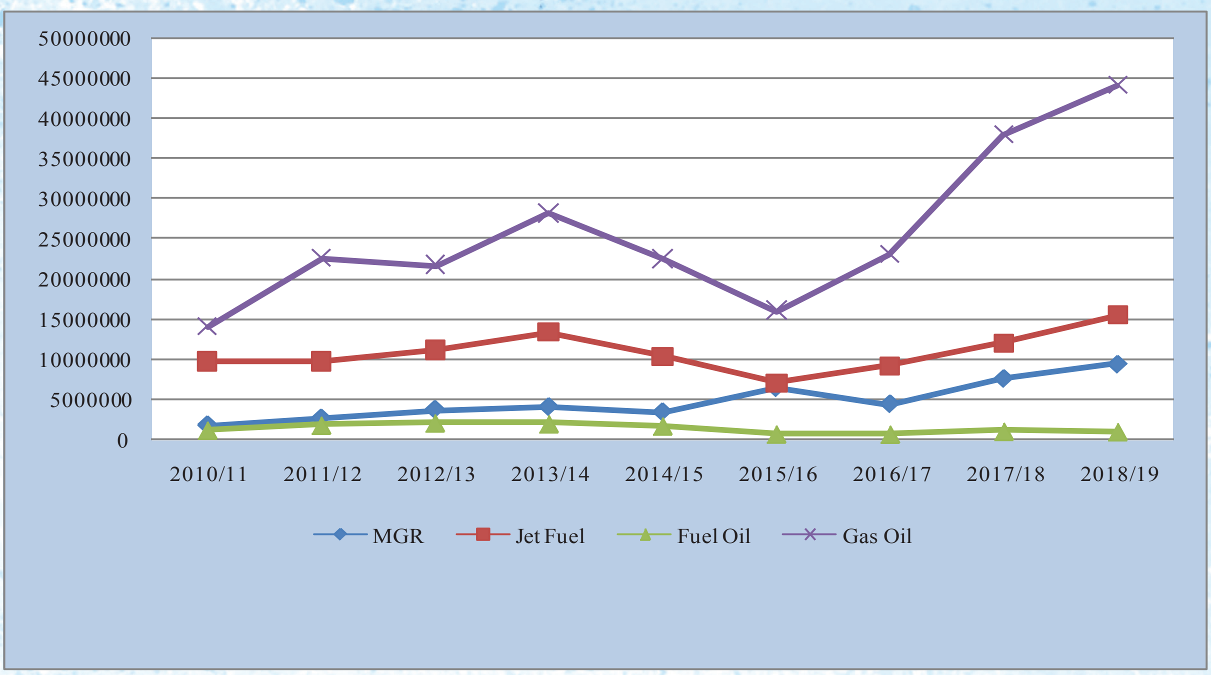
Source: Ethiopian Petroleum Enterprise

Fig.II.1: Trends in Volume of Petroleum Imports (In '000)



Source: Ethiopian Petroleum Enterprise

Fig.II.2: Trends in Value of Petroleum Imports (In '000)



Source: Ethiopian Petroleum Enterprise

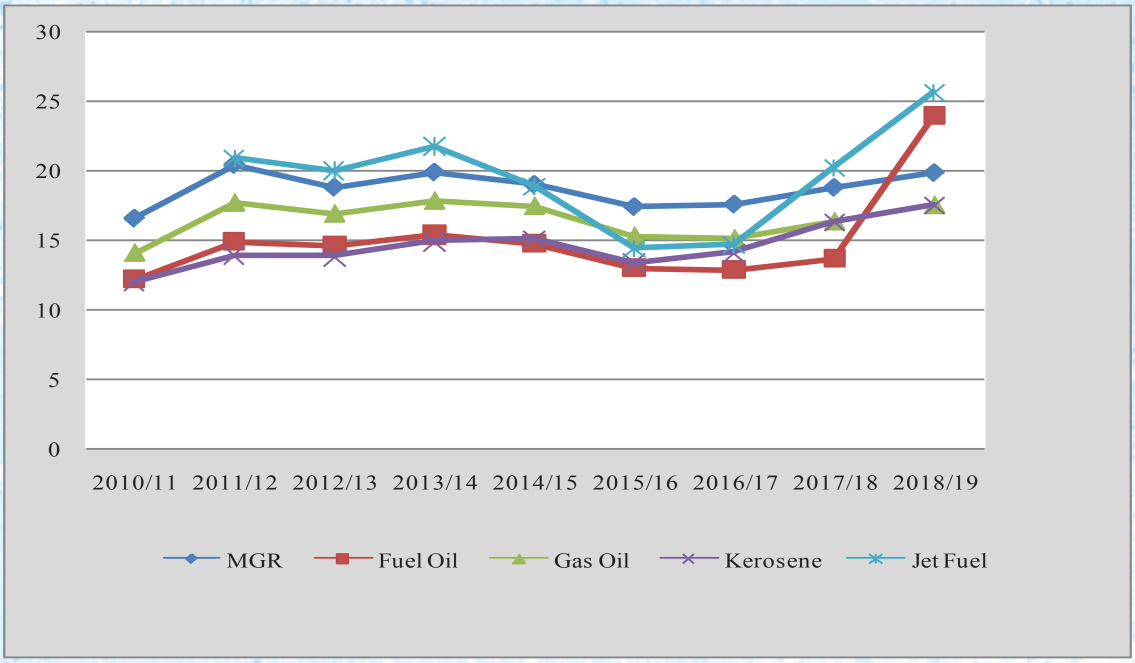
In line with the increase in international oil prices, domestic retail prices were adjusted up wards. Accordingly, the retail prices of fuel oil surged 75.2 percent, jet fuel 26.5 percent, gas oil & kerosene each 7.2 percent and regular gasoline 5.6 percent (Table 2.3).

Table 2.3: Annual Retail Prices of Petroleum Products in Addis Ababa (Birr/liter)

Year	Quarter	Regular Gasoline (MGR)	Fuel Oil	Gas Oil	Kerosene	Jet fuel
2016/17	Qtr.1	16.61	12.10	14.16	12.43	13.36
	Qtr.2	16.61	12.10	14.16	12.43	14.03
	Qtr.3	18.32	13.46	15.76	15.25	15.74
	Qtr.4	18.77	13.69	16.35	16.35	15.70
	Average	17.58	12.84	15.11	14.12	14.71
2017/18	Qtr.1	18.77	13.69	16.35	16.35	15.04
	Qtr.2	18.77	13.69	16.35	16.35	19.06
	Qtr.3	18.77	13.69	16.35	16.35	22.59
	Qtr.4	18.77	13.69	16.35	16.35	24.37
	Average	18.77	13.69	16.35	16.35	20.27
2018/19	Qtr.1	18.77	13.69	16.35	16.35	24.50
	Qtr.2	19.38	19.38	17.30	17.30	31.25
	Qtr.3	20.02	30.64	17.95	17.95	21.33
	Qtr.4	21.08	32.21	18.51	18.51	25.44
	Average	19.82	23.98	17.53	17.53	25.63
	Annual percentage change	5.6	75.2	7.2	7.2	26.5

Source: Ethiopian Petroleum Enterprise

Fig.II.3: Trends in Average Fuel Price in Addis Ababa



Source: Ethiopian Petroleum Enterprise

PRICE DEVELOPMENTS

III. PRICE DEVELOPMENTS

3.1. Developments in Consumer Price at National Level

Annual average national headline inflation at the end of the fiscal year 2018/19 was 12.6 percent, depicting 2.0 percentage points decrease over the previous year. This was largely attributed to 3.9 percent decline in non-food inflation from 15.8 percent to 11.9 percent and 0.3 percent drop in food & non-alcoholic beverages inflation from 13.4 to 13.1 percent (Table 3.1).

Annualized food & non-alcoholic beverages inflation slightly scaled down to 13.1 percent from 13.4 percent in 2018/19 due to a significant decline in prices of bread & cereals, fruits, food products not classified elsewhere and non-alcoholic beverage.

Meanwhile, annual average non-food inflation dropped by 3.9 percentage points to 11.9 percent on account of lower inflation of alcoholic beverage & tobacco, clothing & foot wear, housing, water, electricity, gas & other fuels, furnishings, household equipment & routine maintenance of the house, communication and recreation & culture (Table 3.1 and Fig 3.1).

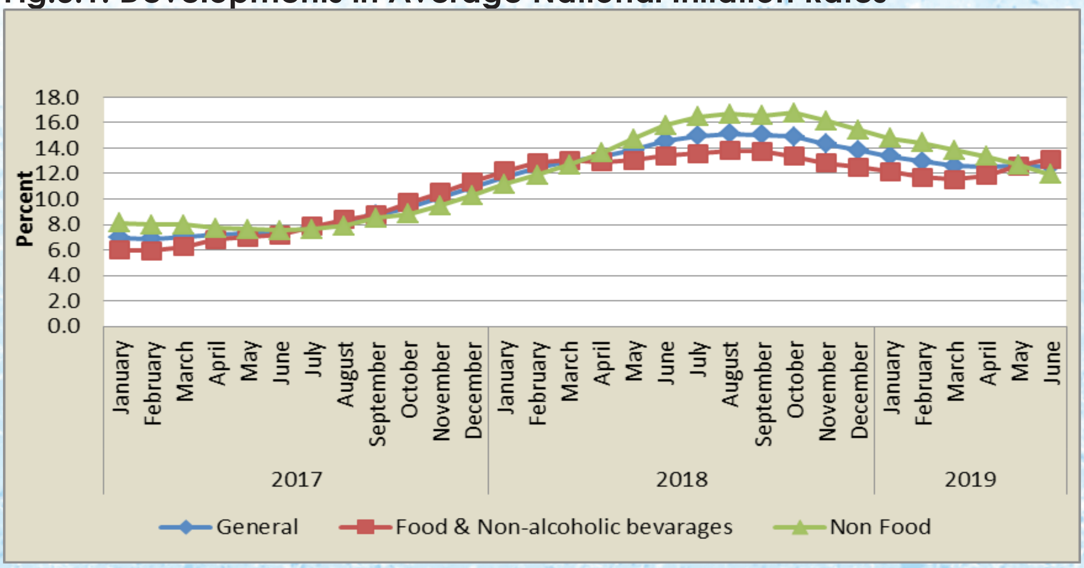
Similarly, year-on-year, headline inflation dropped to 15.3 percent from 16.8 percent a year ago as non-food inflation declined by 9.7 percentage points to 10.2 percent counterbalancing the 5.7 percentage increase in food & non-alcoholic beverages inflation to 19.8 percent (Table 3.2 and Fig.3.2).

Table 3.1: Annual Average Inflation Rates (in %)

Items	Weight	2017/18	2018/19	Change (in %age Points)	Contribution to Change in Headline Inflation (% age points)
		A	B	B-A	C
General	100	14.6	12.6	-2.0	-2.0
Food & Non-alcoholic beverages	54	13.4	13.1	-0.3	-0.2
Non-Food	46	15.8	11.9	-3.9	-1.8

Source: CSA and NBE Staff Computation

Fig.3.1: Developments in Average National Inflation Rates



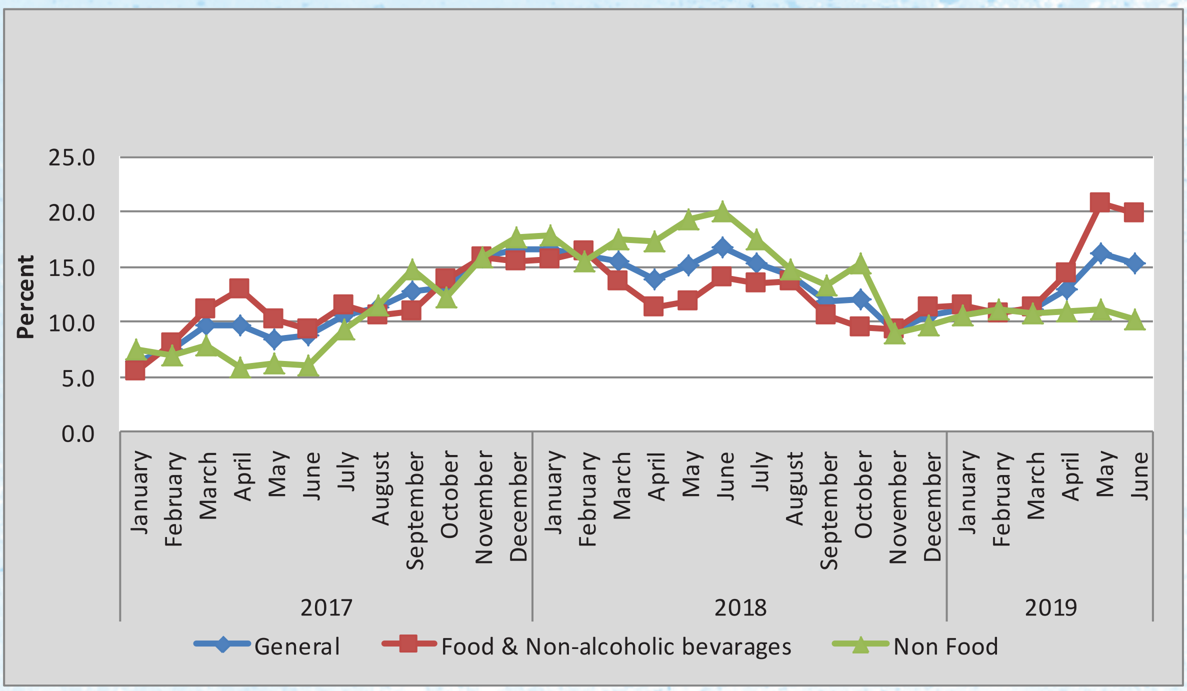
Source: CSA and NBE Staff Computation

Table 3.2: Annual Inflation Rates (in %)

Items	Weight	2017/18	2018/19	Change (in %age Points)	Contribution to Change in Headline Inflation (%age points)
		A	B	B-A	C
General	100	16.8	15.3	-1.4	-1.4
Food &Non-alcoholic beverages	54	14.1	19.8	5.7	3.1
Non-Food	46	20.0	10.2	-9.7	-4.5

Source: CSA and NBE Staff Computation

Fig.3.2: Development in Annual National Inflation Rate



Source: CSA and NBE Staff Computation

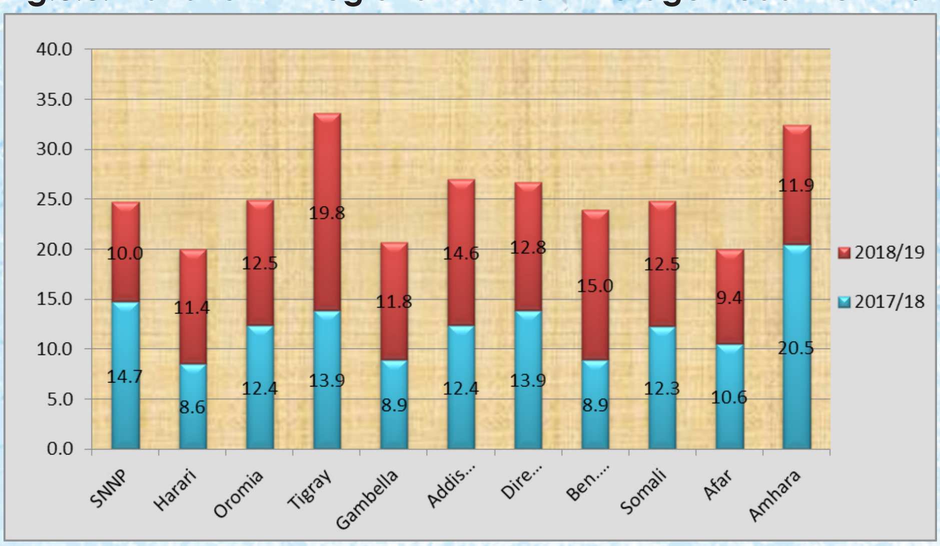
3.2 Consumer Price Developments in Regional States

In 2018/19, regional simple average general inflation slightly declined to 12.9 percent from 13 percent a year ago. Among the regional states, Tigray, Benshanlgul-Gomuz and Addis Ababa registered annual headline inflation rates greater than the regional average (Table 3.3). Tigray experienced the highest headline inflation (19.8 percent) while the lowest (9.4 percent) was seen in Afar, revealing 10.4 percentage point margin in the rates of inflation between regions (Table 3.3).

Table 3.3: Regional Average Annual Inflation (2018/19 FY)

Regions	2017/18			2018/19			Change		
	General	Food & Non-alcoholic beverages	Non-food	General	Food & Non-alcoholic beverages	Non-food	General	Food & Non-alcoholic beverages	Non-food
	A	B	C	D	E	F	G=D-A	H=E-B	I=F-C
SNNP	14.7	16.7	12.4	10.0	9.6	10.4	-4.8	-7.1	-2.0
Harari	8.6	9.0	9.1	11.4	14.4	9.3	2.9	5.4	0.2
Oromia	12.4	11.7	13.2	12.5	11.4	14.0	0.1	-0.3	0.7
Tigray	13.9	13.9	13.6	19.8	23.3	16.6	5.9	9.4	2.9
Gambela	8.9	10.4	7.5	11.8	14.9	7.9	2.8	4.6	0.4
Addis Ababa	16.5	8.7	22.6	14.6	15.0	14.3	-1.9	6.3	-8.2
Dire Dawa	10.3	11.5	9.3	12.8	20.5	6.8	2.4	9.0	-2.5
Ben. Gumuz	13.8	16.3	11.7	15.0	11.4	18.6	1.2	-4.9	6.9
Somali	12.3	13.1	11.1	12.5	16.5	7.8	0.2	3.4	-3.3
Afar	10.6	10.5	10.7	9.4	11.3	7.6	-1.2	0.8	-3.1
Amhara	20.5	16.4	25.2	11.9	13.3	10.4	-8.6	-3.1	-14.8
Regions Average	13.0	12.6	13.3	12.9	14.7	11.2			
Standard deviation	3.5	3.0	5.6	2.8	4.1	4.0			
Coefficient of variation	0.3	0.2	0.4	0.2	0.3	0.4			

Fig.3.3: Variation in Regional Annual Average Headline Inflation

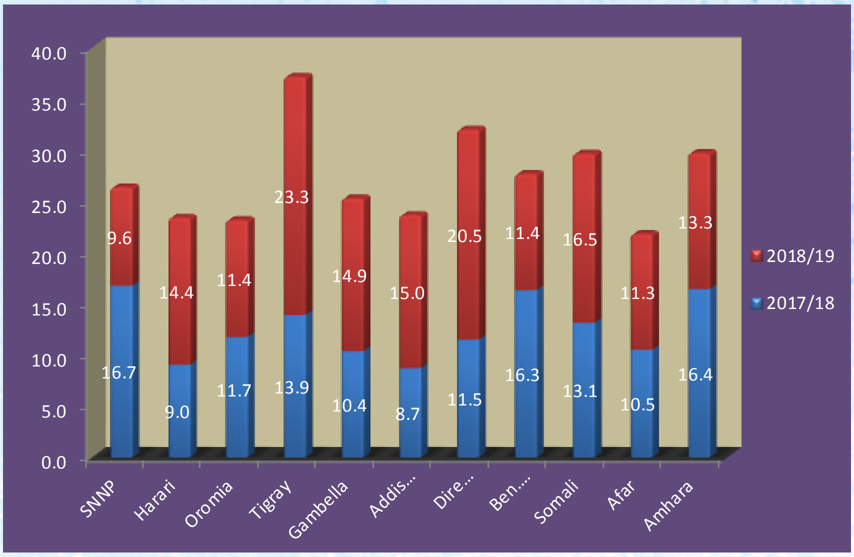


Sources: CSA and NBE's staff computation

The regional simple average food & non-alcoholic beverages inflation scaled up to 14.7 percent in 2018/19 from 12.6 percent recorded last year. Food & non-alcoholic beverages inflation in Tigray, Dire Dawa, Somali, Addis Ababa and Gambela was higher than the regional simple average.

The highest food & non-alcoholic beverages inflation was recorded in Tigray (23.3 percent) and the lowest in SNNP (9.6 percent), depicting a 13.7 percentage point margin (Table 3.3).

Fig.3.4: Variation in Regional Annual Average Food & Non-alcoholic Beverages Inflation

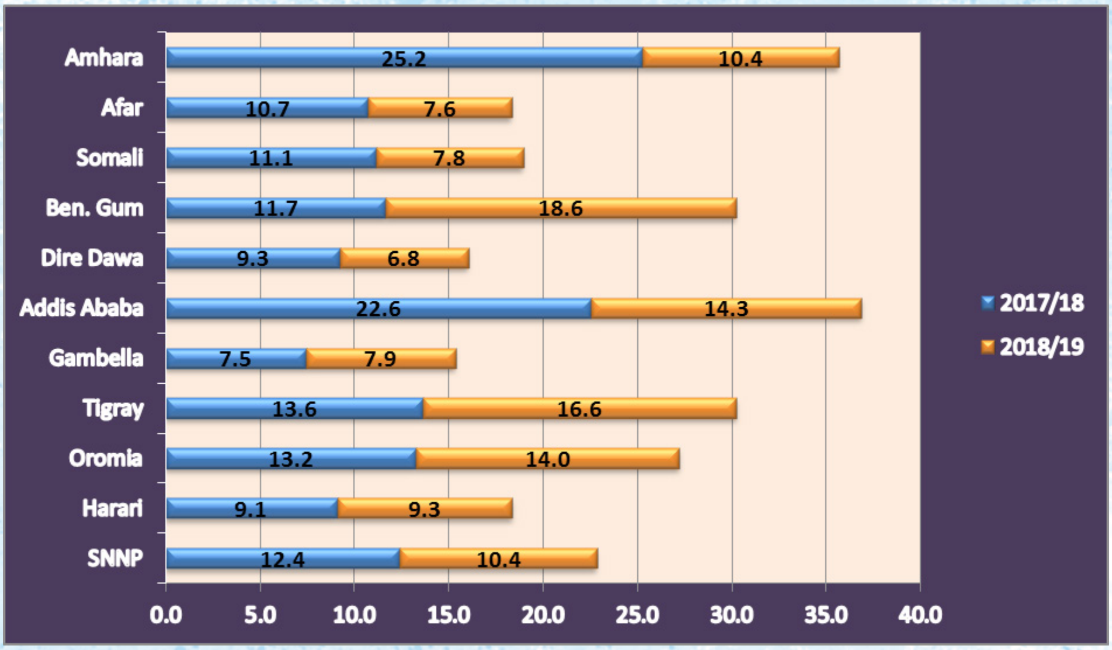


Sources: CSA and NBE's staff computation

In 2018/19, simple average regional non-food inflation decreased to 11.2 percent from 13.3 percent last year. Benshanlgul-Gomuz, Tigray, Addis Ababa, and Oromia saw non-food inflation higher than the regional average (Table 3.3).

The highest increase in non-food inflation was recorded in Benshanlgul-Gomuz (18.6 percentage), and the lowest (6.8 percentage) in Dire Dawa revealing a 11.8 percentage point margin (Table 3.3).

Fig.3.5: Variation in Regional Annual Average Non-food Inflation



Source: CSA and NBE Staff Computation

MONETARY AND FINANCIAL DEVELOPMENTS

IV. MONETARY AND FINANCIAL DEVELOPMENTS

4.1. Monetary Developments and Policy

During 2018/19, the National Bank of Ethiopia continued to pursue tight monetary policy to bring down inflation to single digit target. However, despite tight monetary and fiscal policy stances, inflation has remained off-target for the past twelve consecutive months.

4.1.1. Developments in Monetary Aggregates

At the end of 2018/19, domestic liquidity, as measured by broad money supply (M2), reached Birr 886.8 billion reflecting a 19.7 percent annual growth. This was mainly attributed to a 22.8 percent surge in domestic credit offsetting the 63.2 percent drop in NFA of the banking system. The high growth in domestic credit was ascribed to a 7.6 percent increase in credit to the central government and 25.1 percent rise in credit to the non-central government (Table 4.2).

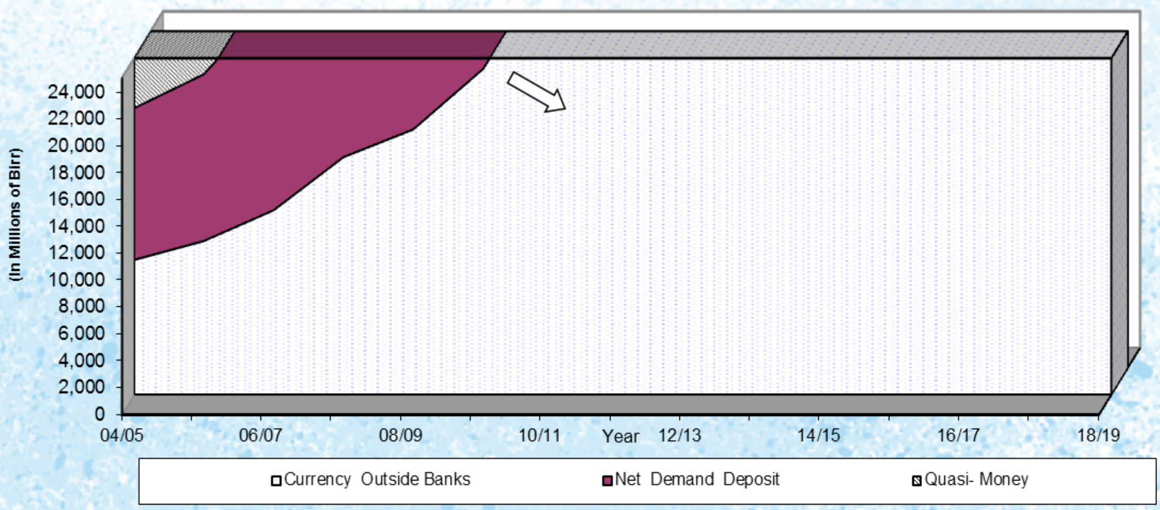
In 2018/19, all components of broad money have witnessed a surge. Narrow money rose by 9.9 percent driven by growth in both demand deposits and currency outside banks reflecting the growth in economic activities and improvements in money demand for transaction purposes. Similarly, quasi-money that comprises savings and time deposits hiked by 25.8 percent and reached Birr 577.8 billion owing to increased capacity of commercial banks in deposit mobilization by opening new branches (Table 4.1).

Table 4.1: Components of Broad Money

Particulars	Year Ended June 30 (In Millions of Birr)				Annual Percentage Change		
	2015/16	2016/17	2017/18	2018/19	2016/17	2017/18	2018/19
Narrow Money Supply	178,609.7	216,769.6	281,154.7	308,937.1	21.4	29.7	9.9
.Currency Outside Banks	66686.2	73917.7	86417.3	92017.0	10.8	16.9	6.5
. Demand Deposits(net)	111923.5	142851.9	194737.4	216920.2	27.6	36.3	11.4
Quasi-Money	266,656.6	356,614.4	459,418.2	577,815.4	33.7	28.8	25.8
. Savings Deposits	217,034.3	293,431.7	382,549.4	487,302.1	35.2	30.4	27.4
. Time Deposits	49,622.3	63,182.7	76,868.8	90,513.3	27.3	21.7	17.8
Broad Money Supply	445,266.3	573,384.1	740,572.9	886,752.5	28.8	29.2	19.7

Source: National Bank of Ethiopia (NBE)

Fig V.1: Major Components of Broad Money
(2004/05 - 2018/19)



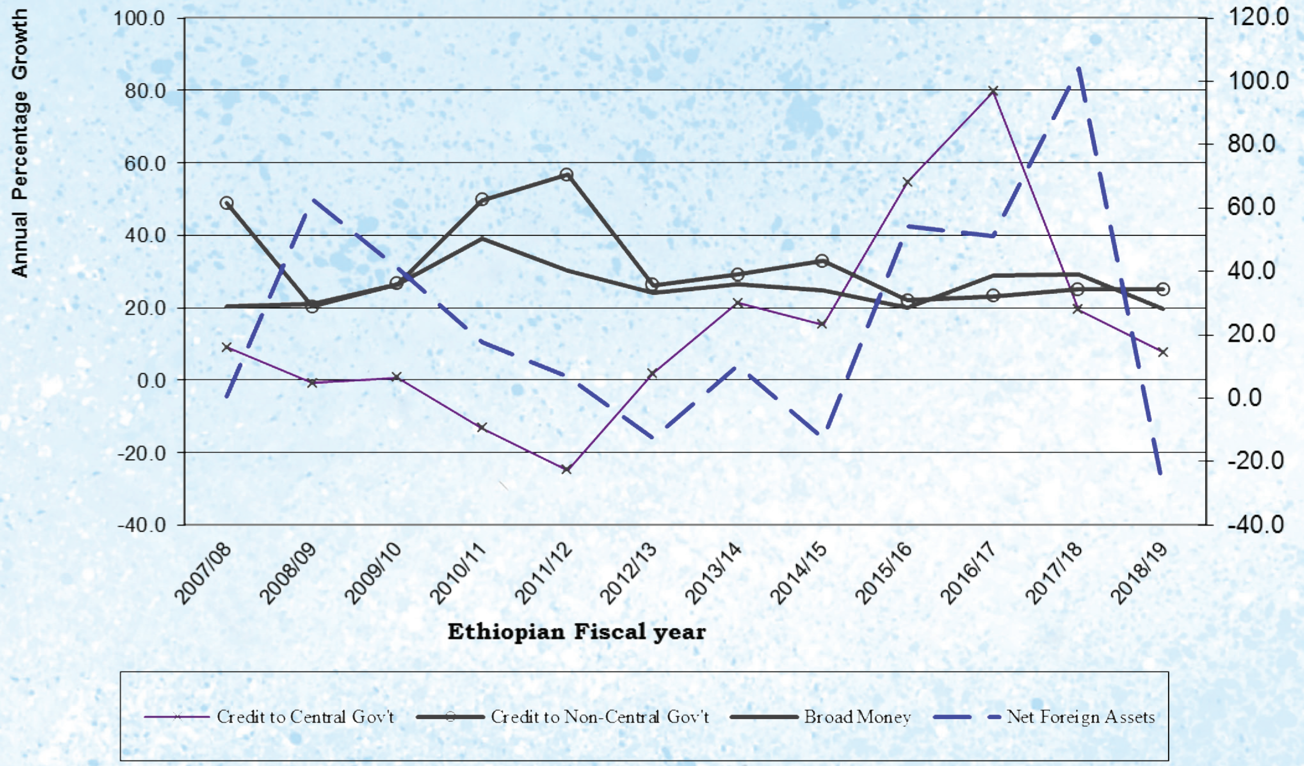
Source: NBE

Table 4.2: Factors Influencing Broad Money

Particulars	Year Ended June 30 (In Millions of Birr)				Annual Percentage Change		
	2015/16	2016/17	2017/18	2018/19	2016/17	2017/18	2018/19
External Assets (net)	21,524.2	38,034.8	39,376.2	14,505.2	76.7	3.5	-63.2
Domestic Credit	490,230.3	631,092.7	784,633.1	963,699.9	28.7	24.3	22.8
. Claims on Central Gov't (net)	47,548.4	85,441.8	102,002.8	109799.2	79.7	19.4	7.6
. Claims on Non-Central Gov't	442,682.0	545,650.9	682,630.3	853,900.7	23.3	25.1	25.1
Other Items (net)	66,488.3	100,721.6	83,436.4	91,452.6	51.5	-17.2	9.6
Broad Money (M2)	445,266.3	573,384.1	740,572.9	886,752.5	28.8	29.2	19.7

Source: NBE

Fig. V.2: Major Determinants of Monetary Growth



Source: NBE

4.1.2. Developments in Reserve Money and Monetary Ratios

During the fiscal year under review, reserve money or base money witnessed a 15.3 percent annual expansion and reached Birr 200.7 billion driven by 28.9 percent rise in deposits of banks at NBE and 7.9 percent increase in currency in circulation. The growth in reserve money was attributed to a 19.6 percent rise in NBE's net domestic credit outweighing the 86.2 percent drop in NBE's net foreign assets. Meanwhile excess reserves of commercial banks stood at Birr 43.9 billion.

The ratio of broad money (M2) to GDP[2], which is an indicator of financial deepening, was 0.34 point, unchanged compared to the previous year balance, partly indicating the neutrality of monetary policy.

Similarly, the money multiplier, defined as narrow money to reserve money, slowed down to 1.54 from 1.61 a year earlier. Likewise, the ratio of broad money to reserve money increased to 4.42 from 4.25 during the same period, reflecting improvements in deposit mobilization (Table 4.3).

[2] The 2018/19 GDP is estimated by assuming that 2017/18 GDP grew by an average GDP growth rates of 2015/16-2018/19.

Table 4.3: Reserve Money and Monetary Ratios

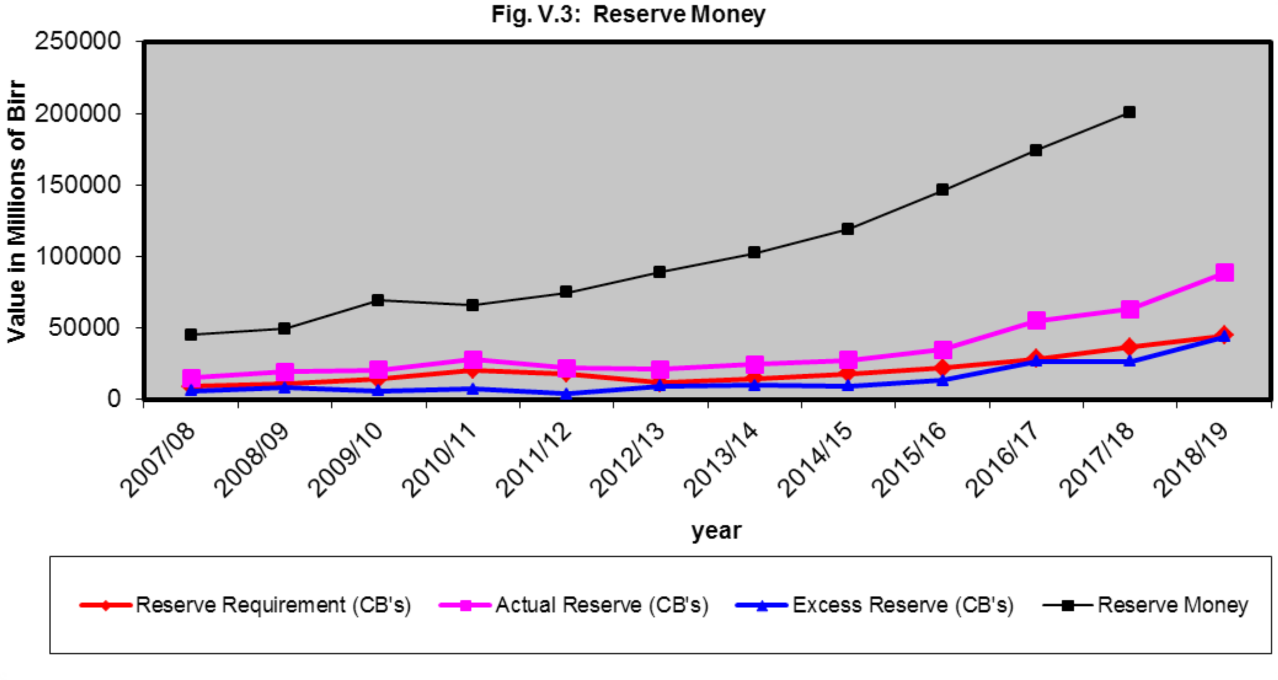
(In Millions of Birr, where applicable)

Particulars	Year Ended June 30				Annual Percentage Change		
	2015/16	2016/17	2017/18	2018/19	2016/17	2017/18	2018/19
Reserve Requirement (CB's)	21,745.4	28,280.8	36,385.8	44,861.8	30.1	28.7	23.3
Actual Reserve (CB's)	34,999.4	54,977.9	63,117.8	88,723.4	57.1	14.8	40.6
Excess Reserve (CB's)	13,253.9	26,697.1	26,732.0	43,861.7	101.4	0.1	64.1
Reserve Money	119,164.7	146,257.9	174,175.4	200,749.3	22.7	19.1	15.3
. Currency in Circulation	82,592.7	94,245.5	112,911.0	121,800.0	14.1	19.8	7.9
. Bank Deposits	36,572.0	52,012.4	61,264.5	78,949.2	42.2	17.8	28.9
Money Multiplier (Ratio):							
. Narrow Money to Reserve Money	1.50	1.48	1.61	1.54	-1.12	8.91	-4.66
. Broad Money to Reserve Money	3.74	3.92	4.25	4.42	4.92	8.46	3.89
Other Monetary Ratios (%):							
. Currency to Narrow Money	37.34	34.10	30.74	29.79	-8.67	-9.86	-3.10
. Currency to Broad Money	14.98	12.89	11.67	10.38	-13.92	-9.48	-11.07
. Narrow Money to Broad Money	40.11	37.81	37.96	34.84	-5.75	0.42	-8.23
. Quasi Money to Broad Money	59.89	62.19	62.04	65.16	3.85	-0.26	5.04
M2/GDP Ratio*	0.28	0.31	0.34	0.34	10.19	7.47	-0.37

Source: National Bank of Ethiopia (NBE)

* M2/GDP ratio was calculated on the basis of new GDP series.

Fig. V.3: Reserve Money



4.2. Developments in Interest Rate

The National Bank of Ethiopia has raised the minimum interest rate that financial institutions pay on saving and time deposit by 2.0 percentage points to 7.0 percent since October 2017. As a result, commercial banks have revised their interest rate structure. Consequently, average interest rate on savings deposit was set at 8.0 percent, which remained unchanged compared to previous year. Similarly, simple average lending interest rate reached 13.5 percent and remained the same vis-à-vis last year same period. In contrast, weighted annual average interest rates on time and demand deposits showed a slight change and reached 8.07 percent and 0.04 percent, respectively.

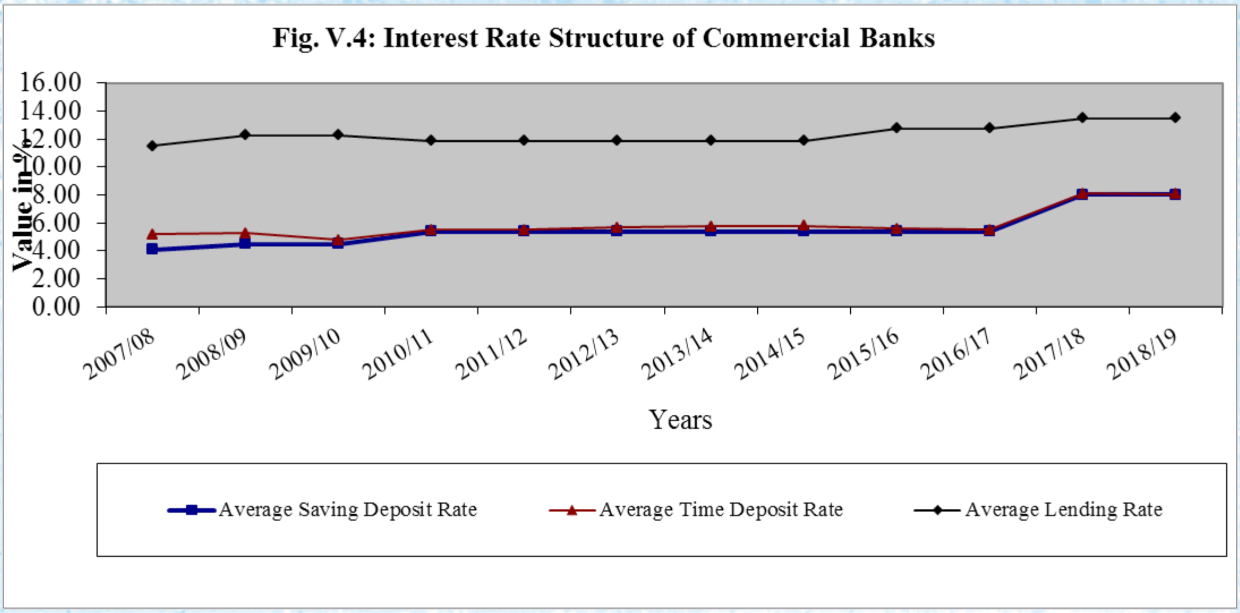
Given the high inflation rate, all real interest rates were negative. Annual headline inflation declined to 15.4 percent from 16.8 percent. Thus, average real interest rate stood at negative 7.4 percent for saving deposit, 7.33 percent for time deposit and negative 1.9 percent for lending interest rate (Table 4.4).

Table 4.4: Interest Rate Structure of Commercial Banks

(In percent per annum)

Rates	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
1. Deposit Rate							
1.1. Savings Deposit (Simple Average)	5.38	5.38	5.38	5.38	5.38	8.00	8.00
Minimum	5.00	5.00	5.00	5.00	5.00	7.00	7.00
Maximum	5.75	5.75	5.75	5.75	5.75	9.00	9.00
1.2. Time deposit (Weighted Average)	5.66	5.66	5.77	5.59	5.54	8.09	8.07
Up to 1 year	5.57	5.55	5.71	5.53	5.43	8.05	8.02
1 -2 years	5.68	5.68	5.78	5.60	5.57	8.10	8.07
Over 2 years	5.74	5.74	5.81	5.64	5.63	8.13	8.11
1.3. Demand Deposit (Weighted Average)	0.03	0.03	0.04	0.04	0.04	0.04	0.04
2. Lending Rate (Average)	11.88	11.88	11.88	12.75	12.75	13.50	13.50
Minimum	7.50	7.50	7.50	7.50	7.50	7.00	7.00
Maximum	16.25	16.25	16.25	18.00	18.00	20.00	20.00
3. T-bills (Nominal)	1.86	1.59	1.43	1.44	1.42	1.42	1.74
4. Headline Inflation (Year-on Year)	7.4	22.4	10.4	7.5	8.8	16.8	15.4
5. Real Rate of Interest on:							
5.1. Saving Deposit (1.1 - 4)	-2.03	-17.07	-5.03	-2.13	-3.43	-8.80	-7.40
5.2. Time Deposit (1.2 - 4)	-1.74	-16.79	-4.64	-1.91	-3.26	-8.71	-7.33
5.3. Lending (2 - 4)	4.47	-10.57	1.47	5.25	3.95	-3.30	-1.90

Source: NBE



Source: NBE

4.3. Developments in Financial Sector

Banks, insurance companies and micro-finance institutions were the major financial institutions operating in Ethiopia. Of the 18 banks, 16 were private and 2 state-owned. Similarly, the number of insurance companies stood at 17 and that of micro finance institutions 38.

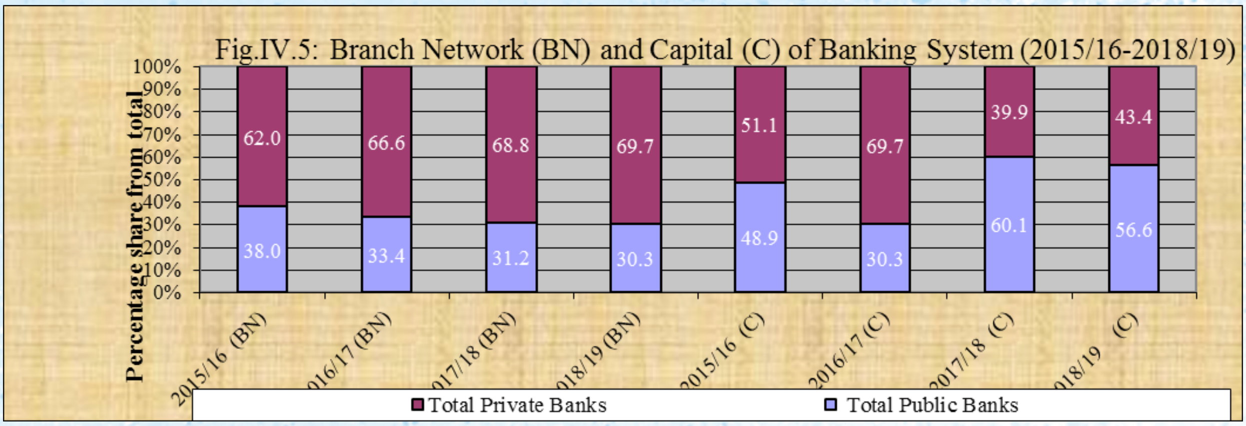
In 2018/19, banks opened 807 new branches thereby raising the total number of branches to 5564 from 4757 a year earlier. As a result, one bank branch serves about 17 thousand people. About 34.6 percent of bank branches were located in Addis Ababa.

Major branch expansion was undertaken by Commercial Bank of Ethiopia (203 branches), followed by Cooperative Bank of Oromia (73 branches), Abyssinia Bank (69 branches), Wegagen Bank (63 braches), United Bank (61 branches), Nib International Bank (52 branches), Berhan International Bank (49 branches), Awash Bank (41 branches), Dashen Bank (40 branches), Abay Bank (38 branches) and Lion International Bank (25 branches). The share of private banks in total branch network rose to 69.7 percent from 68.9 percent last year (Table 4.5).

Total capital of the banking industry increased by 18.4 percent and reached Birr 101.5 billion by the end of June 2019 (Table 4.5).

Although the number of insurance companies remained at 17, their branches rose to 568 following the opening of 36 new branches. About 53.7 percent of the branches were located in Addis Ababa and 84.5 percent of the total branches were private. Insurance companies increased their total capital by 49.5 percent to Birr 8.2 billion, of which, the share of private insurance companies was 68.3 percent and that of public insurance company was 31.7 percent (Table 4.6).

Fig.IV.5: Branch Network and Capital of Banking System (2015/16-2018/19)



Source: Commercial Banks including DBE & Staff Computation

Table 4.5: Branch Network and Capital of the Banking System at the Close of June 30, 2019

(Branch in Number and Capital in Millions of Birr)

Banks	Branch Network								Capital			
	2017/18				2018/19				2017/18		2018/19	
	Regions	Addis Ababa	Total	% Share	Regions	Addis Ababa	Total	% Share	Total Capital	% Share	Total Capital	% Share
1. Public Banks												
Commercial Bank of Ethiopia	1051	324	1375	28.9	1,235	343	1578	28.4	43,851.8	51.1	49,817.9	49.1
Development Bank of Ethiopia	103	4	107	2.2	103	4	107	1.9	7,676.5	9.0	7,676.5	7.6
Total Public Banks	1154	328	1482	31.2	1,338	347	1685	30.3	51,528.3	60.1	57,494.4	56.6
2. Private Banks												
Awash International Bank	213	169	382	8.0	245	178	423	7.6	4,210.0	4.9	6,024.1	5.9
Dashen Bank	238	143	381	8.0	265	156	421	7.6	3,725.6	4.3	5,210.2	5.1
Abyssinia Bank	144	140	284	6.0	195	158	353	6.3	3,265.8	3.8	3,647.4	3.6
Wegagen Bank	174	118	292	6.1	215	140	355	6.4	3,195.7	3.7	3,605.4	3.6
United Bank	116	117	233	4.9	151	143	294	5.3	2,579.9	3.0	3,241.0	3.2
Nib International Bank	101	127	228	4.8	132	148	280	5.0	2,991.4	3.5	3,782.9	3.7
Cooperative Bank of Oromiya	270	62	332	7.0	330	75	405	7.3	1,924.6	2.2	2,509.3	2.5
Lion International Bank	145	65	210	4.4	159	76	235	4.2	1,479.7	1.7	1,958.5	1.9
Oromia International Bank	171	89	260	5.5	180	97	277	5.0	1,890.0	2.2	2,851.0	2.8
Zemen Bank	12	13	25	0.5	20	24	44	0.8	1,391.8	1.6	1,793.1	1.8
Buna International Bank	96	80	176	3.7	106	103	209	3.8	1,667.7	1.9	2,042.0	2.0
Berhan International Bank	76	92	168	3.5	110	107	217	3.9	1,936.5	2.3	2,405.7	2.4
Abay Bank	109	53	162	3.4	126	74	200	3.6	1,514.7	1.8	1,902.5	1.9
Addis International Bank	24	35	59	1.2	27	41	68	1.2	789.6	0.9	938.4	0.9
Debub Global Bank	22	21	43	0.9	25	28	53	1.0	614.3	0.7	783.1	0.8
Enat Bank	15	25	40	0.8	16	29	45	0.8	1,045.4	1.2	1,309.8	1.3
Total Private Banks	1,926	1,349	3,275	68.8	2,302	1,577	3,879	69.7	34,222.8	39.9	44,004.2	43.4
3.Grand Total Banks	3,080	1677	4757	100	3,640	1,924	5564	100.0	85,751.2	100.0	101,498.6	100.0

Source: Commercial Banks

Table.4.6: Branch Network & Capital of Insurance Companies as at June 30, 2019

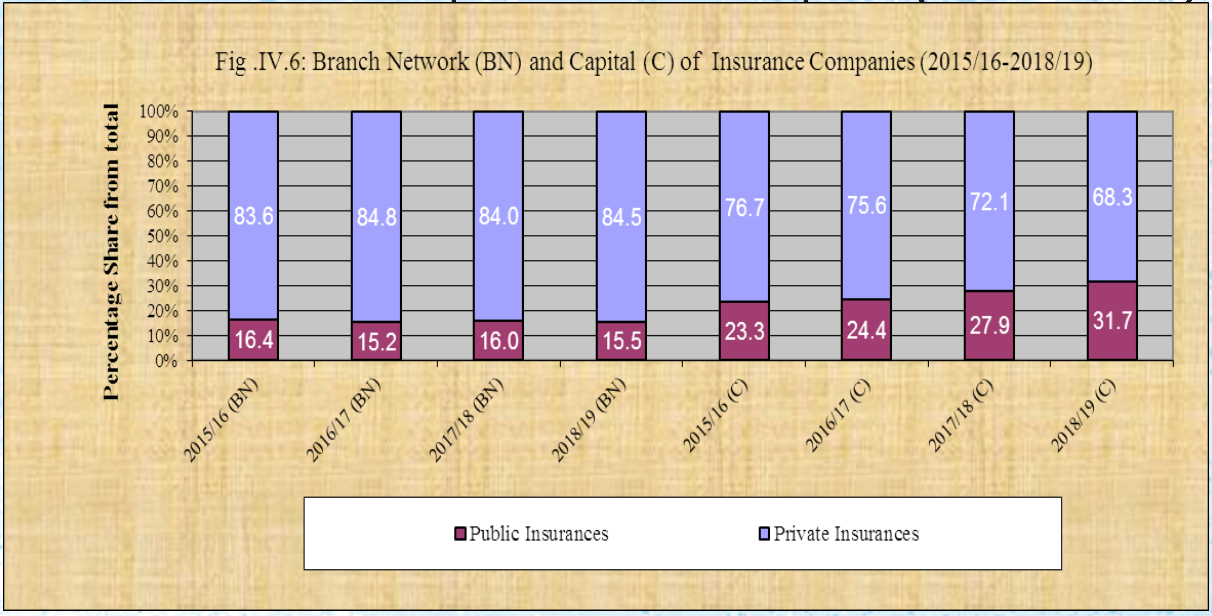
(Branch in Number and Capital in Millions of Birr)

No	Companies	Branch						Capital		
		2017/18			2018/19			2017/18	2018/19	% Change
		A.A	Regions	Total	A.A	Regions	Total	A	B	B/A
1	Ethiopian Ins. Cor.	25	60	85	25	63	88	1,530.0	2,596.0	69.7
2	Awash Ins.Com.S.C.	17	17	44	28	19	47	439.0	1,161.0	164.5
3	Africa Ins.Com S.C.	15	13	28	16	13	29	294.0	249.0	-15.3
4	National Ins. Co. of Eth.	19	15	34	22	17	39	166.0	157.0	-5.4
5	United Ins.Com. S.C	25	12	37	26	12	38	368.0	601.0	63.3
6	Global Ins. Com.S.C	8	8	16	11	8	19	148.0	165.0	11.5
7	Nile Ins.Com.S.C	20	20	40	20	21	41	436.0	490.0	12.4
8	Nyala Ins.Com.S.C	15	16	31	15	16	31	516.0	801.0	55.2
9	Nib Ins. Com.S.C	26	13	39	27	14	41	313.0	468.0	49.5
10	Lion Ins. Com.S.C	16	13	31	16	18	34	131.0	170.0	29.8
11	Ethio-Life Ins.Com.S.c	15	5	20	16	5	21	112.0	144.0	28.6
12	Oromia Ins.Com.S.c	18	20	38	20	20	40	295.0	363.0	23.1
13	Abay Insurance	13	12	25	13	13	26	260.0	266.0	2.3
14	Berhan insurance S.C	9	4	13	10	5	15	112.0	130.0	16.1
15	Tsehay Insurance S.C	12	7	19	15	8	23	119.0	154.0	29.4
16	Lucy	11	4	15	12	4	16	129.0	133.0	3.1
17	Bunna Insurance S.C.	11	6	17	13	7	20	108.0	140.0	29.6
	Total	**285**	**247**	**532**	**305**	**263**	**568**	**5,476**	**8,188**	**49.5**

Source: Insurance Companies

Note: A.A=Addis Ababa

Fig.IV.6: Branch Network and Capital of Insurance Companies (2015/16-2018/19)



Source: Insurance Companies& Staff Computation

By end 2018/19, the number of micro-finance institutions (MFIs) reached 38. Their overall performance was encouraging as their total capital and total asset increased significantly by 20.3 and 24.1 percent and reached Birr 16.6 billion and Birr 83.5 billion, respectively.

At the same time, their deposit mobilization and credit provision expanded remarkably. Compared to last year, their deposit surged by 26.1 percent and reached Birr 41.9 billion while their outstanding credit went up by 30.5 percent to Birr 58.7 billion (Table 4.7).

The five largest MFIs, namely Amhara, Dedebit, Oromia, Omo and Addis Credit and Savings institutions, accounted for 83.4 percent of the total capital, 91.4 percent of the savings, 87.7 percent of the credit and 88.1 percent of the total assets of MFIs at the end of 2018/19.

Table 4.7: Microfinance Institutions Performance as of June 30, 2019

(In Thousands of Birr)

Particulars	2017/18	2018/19	% Change
	A	B	B/A
Total Capital	13,772,435.9	16,567,933.7	20.3
Saving	33,213,124.6	41,897,179.6	26.1
Credit	44,987,229.9	58,722,261.1	30.5
Total Assets	67,261,994.6	83,475,519.0	24.1

Source:MFIs

4.3.1. Resource Mobilization

Total resources mobilized by the banking system in the form of deposit, borrowing and loan collection increased by 3.4 percent and reached Birr 308.3 billion at the end of 2018/19 (Table 4.8). Deposit liabilities of the banking system topped Birr 899.6 billion, reflecting 23.2 percent annual growth aided by remarkable branch expansion. Saving deposits grew by 27.4 percent followed by time deposits (25.6 percent) and demand deposits (16.5 percent). Of the total deposits, saving deposits accounted for 54.2 percent, demand deposits 35.1 percent and time deposit (10.8 percent) (Table 4.9).

The share of private banks in deposit mobilization increased to 29.1 percent due to opening of 604 new branches. CBE alone mobilized 60.3 percent of the total deposits due to its extensive branch network.

Raising funds through borrowing by the banking system remained insignificant source of resource mobilization in Ethiopia as most of the banks were sufficiently liquid due to increased deposit mobilization and collection of loans. Their total outstanding borrowing at the end of the fiscal year was Birr 72.2 billion up from Birr 65 billion a year earlier due to borrowing by Development Bank of Ethiopia. Of the total borrowing, domestic sources accounted for 87 percent and foreign sources 13 percent (Table 4.9).

On the other hand, banks' loan collection reached Birr 131.8 billion, showing a 18.1 percent annual increment, of which 61.5 percent was collected by private banks (Table 4.8).

Table 4.8: Annual Resource Mobilization & Disbursing Activities of Commercial Banks and DBE (Specialized Bank) as at June 30, 2019

(In Millions of Birr)

Particulars	2016/17			2017/18			2018/19			Percent Change	
	Public Banks	Private Banks	Total (A)	Public Banks	Private Banks	Total (B)	Public Banks	Private Banks	Total (C)	C/A	C/B
1. Deposits (net change)	**76,058.3**	**54,607.7**	**130,666.0**	**87,120.9**	**74,318.1**	**161,439.0**	**89,057.9**	**80,312.8**	**169,370.7**	**29.6**	**4.9**
Demand	27,103.6	13,959.0	41,062.6	39,481.4	19,106.5	58,587.9	26,635.9	18,046.6	44,682.5	8.8	(23.7)
Savings	44,423.5	31,979.6	76,403.1	42,937.9	46,194.7	89,132.6	48,599.6	56,379.1	104,978.7	37.4	17.8
Time	4,531.2	8,669.1	13,200.3	4,701.6	9,016.9	13,718.5	13,822.4	5,887.1	19,709.5	49.3	43.7
2. Borrowing (net change)	**5,751.5**		**5,751.5**	**25,167.5**		**25,167.5**	**7,181.8**		**7,181.8**	**24.9**	**(71.5)**
Local	5,656.1		5,656.1	23,140.7		23,140.7	4,639.3		4,639.3	(18.0)	(80.0)
Foreign	95.4		95.4	2,026.9		2,026.9	2,542.5		2,542.5	2,565.5	25.4
3. Collection of Loans	**42,899.1**	**54,270.0**	**97,169.1**	**45,965.7**	**65,648.9**	**111,614.5**	**50,773.8**	**81,016.5**	**131,790.2**	**35.6**	**18.1**
4. Total Resources Mobilized (1+2+3)	**124,708.9**	**108,877.7**	**233,586.6**	**158,254.1**	**139,967.0**	**298,221.1**	**147,013.5**	**161,329.3**	**308,342.7**	**32.0**	**3.4**
5. Disbursement	**48,386.6**	**60,624.6**	**109,011.2**	**48,230.1**	**67,168.0**	**115,398.1**	**64,509.3**	**99,984.6**	**164,493.8**	**50.9**	**42.5**
6. Change in Liquidity (4-5)	**76,322.3**	**48,253.1**	**124,575.5**	**110,024.0**	**72,799.0**	**182,823.0**	**82,504.2**	**61,344.7**	**143,848.9**	**15.5**	**(21.3)**
Memorandum Item:											
7. Outstanding Credit	**188,366.8**	**134,640.5**	**323,007.4**	**212,449.7**	**182,105.8**	**394,555.5**	**244,462.4**	**257,940.7**	**502,403.1**	**55.5**	**27.3**

Source: Commercial Banks & Staff Computation

Table 4.9: Deposits and Borrowings of Commercial Banks and Specialized Bank as at June 30, 2019

(In Millions of Birr)

	2016/17	2017/18	2018/19	S/R	T/S
	R	S	T		
A. Deposits					
-Demand	212,082.1	270,670.0	315,352.5	27.6	16.5
-Savings	293,450.9	382,583.5	487,562.2	30.4	27.4
-Time	63,285.8	77,004.3	96,713.8	21.7	25.6
Total	**568,818.7**	**730,257.7**	**899,628.4**	**28.4**	**23.2**
B. Borrowings					
-Local	34,984.4	58,125.1	62,764.4	66.1	8.0
-Foreign	4,822.2	6,849.1	9,391.5	42.0	37.1
Total	**39,806.6**	**64,974.2**	**72,156.0**	**63.2**	**11.1**

Source: Commercial Banks & Staff Computation

Table.4.10: Loans and Advances by Lenders 1/

(In Millions of Birr)

Lenders	2017/18			2018/19			Percentage Change		
	D	C	O/S*	D*	C*	O/S*			
	A	B	C	D	E	F	D/A	E/B	F/C
A. Public Banks									
1. Commercial Bank of Ethiopia	41,281.62	41,414.63	173,294.36	53,745.19	45,786.04	196,885.27	30.2	10.6	13.6
2. Development Bank of Ethiopia	6,948.47	4,551.06	39,155.35	10,764.09	4,987.72	47,577.14	54.9	9.6	21.5
Sub-Total	**48,230.1**	**45,965.7**	**212,449.7**	**64,509.3**	**50,773.8**	**244,462.4**	**33.8**	**10.5**	**15.1**
B. Private Banks									
3 Awash International Bank	4860.5	8333.5	31209.1	9126.3	9734.3	47135.3	87.8	16.8	51.0
4. Dashen Bank	9953.7	8392.3	23069.4	14267.4	11981.2	32626.7	43.3	42.8	41.4
5. Bank of Abyssinia	4681.4	3795.2	18023.5	6803.1	3923.2	23784.1	45.3	3.4	32.0
6. Wegagen Bank	6194.8	6021.5	15038.5	5613.7	6375.6	16504.3	-9.4	5.9	9.7
7. United Bank	4825.5	7230.3	14715.0	8387.2	7378.2	20869.1	73.8	2.0	41.8
8. Nib International Bank	6197.2	4926.9	13692.7	9175.6	5511.9	19448.9	48.1	11.9	42.0
9. Cooperative Bank of Oromia	8980.3	6587.9	15117.4	14556.4	9254.9	24390.6	62.1	40.5	61.3
10. Lion Interenational Bank	2998.0	3223.7	7560.3	3806.1	3460.3	11853.3	27.0	7.3	56.8
11. Oromia International Bank	2095.7	2158.8	5182.3	3565.0	3352.2	7777.8	70.1	55.3	50.1
12. Zemen Bank	5103.6	4535.3	11596.3	8720.7	6323.8	17381.5	70.9	39.4	49.9
13.Berhan International Bank	3550.1	3558.5	7144.3	5842.5	4530.7	10135.4	64.6	27.3	41.9
14.Bunna International Bank	2781.0	1811.9	6915.1	3096.6	2331.4	8248.9	11.3	28.7	19.3
15.Abay Bank	1827.9	2231.1	5854.7	2503.5	3017.6	7490.3	37.0	35.3	27.9
16. Addis International Bank	543.1	541.5	2053.6	602.4	667.4	2673.7	10.9	23.3	30.2
17. Debub Global Bank	1345.7	706.5	1584.2	2086.5	1557.7	2469.4	0.0	0.0	0.0
18. Enat Bank	1229.4	1594.0	3349.6	1831.4	1616.0	5151.6	0.0	0.0	0.0
Sub-Total	**67,168.0**	**65,648.9**	**182,105.8**	**99,984.6**	**81,016.5**	**257,940.7**	**48.9**	**23.4**	**41.6**
Grand Total	**115,398.1**	**111,614.5**	**394,555.5**	**164,493.8**	**131,790.2**	**502,403.1**	**42.5**	**18.1**	**27.3**

Source: Commercial Banks

1/ Outstanding Credit excludes central government borrowing

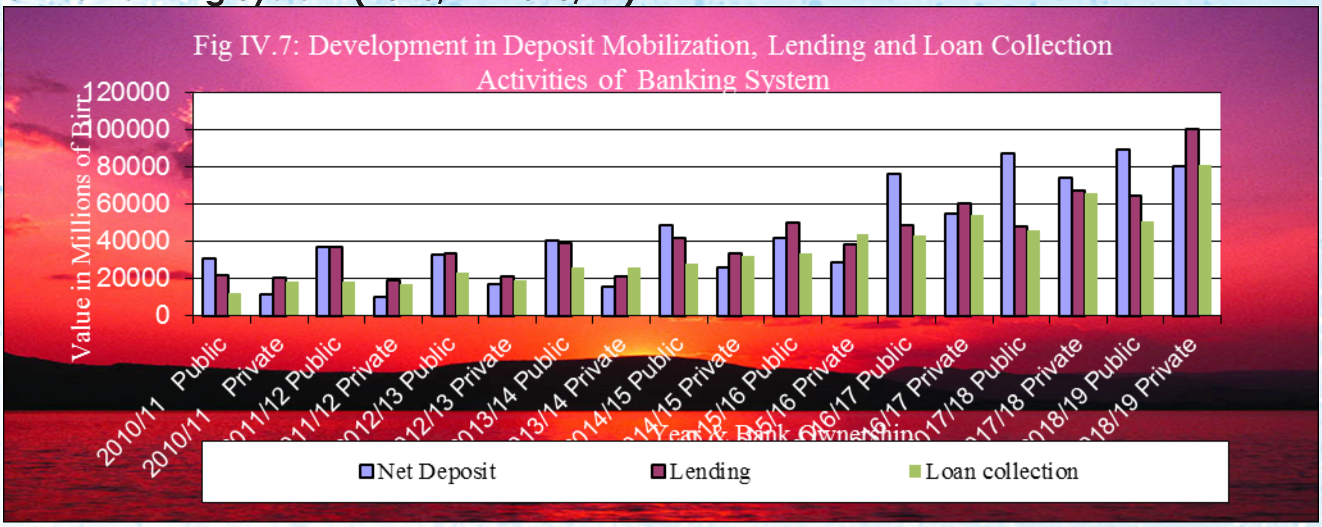
D*=Disbursement, C*=Collection, O/S*= Outstanding Credit

4.3.2. New Lending Activities

Commercial banks and Development Bank of Ethiopia (DBE) disbursed Birr 164.5 billion in fresh loans which was 42.5 percent higher than that of a year ago. Of the total new loans, about 60.8 percent was provided by private banks and 39.2 percent by the two state owned banks (Table 4.10).

Nearly, 25.3 percent of the loans went to finance industry sector followed by domestic trade (20 percent), international trade (16.8 percent), other sectors (10.5 percent), housing and construction (11.9 percent), and agriculture (10.9 percent). The remaining balance went to other economic sectors (Table 4.12).

Fig.IV.7: Development in Deposit Mobilization, Lending and Loan Collection Activities of the Banking System (2010/11-2018/19)



Source: Commercial Banks and DBE

Table 4.11: Percentage Share of Loans and Advances by Lenders

Lenders	2017/18			2018/19			Percentage Change		
	D	C	O/S*	D*	C*	O/S*			
	A	B	C	D	E	F	D/A	E/B	F/C
A. Public Banks									
1. Commercial Bank of Ethiopia	35.773	37.1	43.9	5.5	34.7	39.2	-8.7	-6.4	-10.8
2. Development Bank of Ethiopia	6.021	4.1	9.9	8.7	3.8	9.5	8.7	-7.2	-4.6
Sub-Total	**41.8**	**41.2**	**53.8**	**4.1**	**38.5**	**48.7**	**-6.2**	**-6.5**	**-9.6**
B. Private Banks									
3 Awash International Bank	4.2	7.5	7.9	5.5	7.4	9.4	31.7	-1.1	18.6
4. Dashen Bank	8.6	7.5	5.8	8.7	9.1	6.5	0.6	20.9	11.1
5. Bank of Abyssinia	4.1	3.4	4.6	4.1	3.0	4.7	1.9	-12.5	3.6
6. Wegagen Bank	5.4	5.4	3.8	3.4	4.8	3.3	-36.4	-10.3	-13.8
7. United Bank	4.2	6.5	3.7	5.1	5.6	4.2	21.9	-13.6	11.4
8. Nib International Bank	5.4	4.4	3.5	5.6	4.2	3.9	3.9	-5.3	11.5
9. Cooperative Bank of Oromia	7.8	5.9	3.8	8.8	7.0	4.9	13.7	19.0	26.7
10. Lion Interenational Bank	2.6	2.9	1.9	2.3	2.6	2.4	-10.9	-9.1	23.1
11. Oromia International Bank	1.8	1.9	1.3	2.2	2.5	1.5	19.3	31.5	17.9
12. Zemen Bank	4.4	4.1	2.9	5.3	4.8	3.5	19.9	18.1	17.7
13.Berhan International Bank	3.1	3.2	1.8	3.6	3.4	2.0	15.5	7.8	11.4
14.Bunna International Bank	2.4	1.6	1.8	1.9	1.8	1.6	-21.9	9.0	-6.3
15.Abay Bank	1.6	2.0	1.5	1.5	2.3	1.5	-3.9	14.5	0.5
16. Addis International Bank	0.5	0.5	0.5	0.4	0.5	0.5	-22.2	4.4	2.2
17. Debub Global Bank	1.2	0.6	0.4	1.3	1.2	0.5	0.0	0.0	0.0
18. Enat Bank	1.1	1.4	0.8	1.1	1.2	1.0	0.0	0.0	0.0
Sub-Total	**58.2**	**58.8**	**46.2**	**60.8**	**61.5**	**51.3**	**4.4**	**4.5**	**11.2**
Grand Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**0.0**	**0.0**	**0.0**

Source: Commercial Banks

D*=Disbursement, C*=Collection, O/S*= Outstanding Credit

4.3.3. Outstanding Loans

Total outstanding credit of the banking system (including to the central government) increased by 24 percent and reached Birr 556.6 billion at the end of June, 2019. Excluding central government, credit to industry accounted for 37.6 percent followed by international trade (20.3 percent), domestic trade (13 percent), housing and construction (10.2 percent), other sectors (1.2 percent) and agriculture (4.1 percent) (Table 4.12).

The share of private sector in outstanding credit was Birr 377.6 billion (or 75.2 percent) reflecting 32.8 percent year-on-year growth (Table 4.13).

Table 4.12: Loans & Advances by Economic Sectors

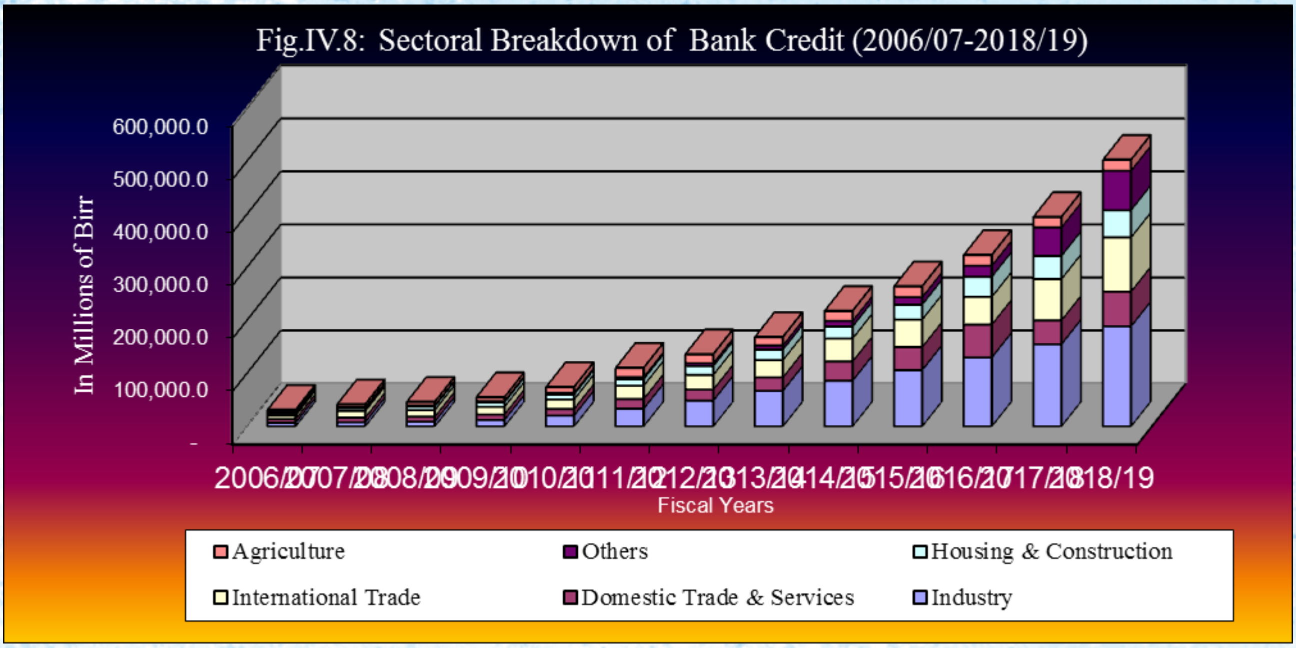
(In Millions of Birr)

Economic Sectors	2017/18			2018/19			Percentage Change		
	D	C	O/S*	D	C	O/S*	D	C	O/S*
	A	B	C	D	E	F	D/A	E/B	F/C
Government Deficit Financing	0	0	54,398.5	0	0	54,238.4	-	-	(0.3)
Agriculture	11,401.9	14,073.7	19,511.8	17,954.7	18,450.1	20,387.1	57.5	31.1	4.5
Industry	30,503.0	24,413.5	154,904.4	41,585.8	27,911.3	188,676.9	36.3	14.3	21.8
Domestic Trade	19,935.9	21,336.8	44,945.3	32,873.5	24,389.2	65,405.9	64.9	14.3	45.5
International Trade	18,606.2	23,135.2	77,976.5	27,673.1	26,495.4	102,235.2	48.7	14.5	31.1
Export	11,603.2	13,375.1	47,774.1	17,409.4	17,356.2	66,128.7	50.0	29.8	38.4
Import	7,003.0	9,760.1	30,202.5	10,263.7	9,139.2	36,106.5	46.6	(6.4)	19.5
Hotels and Tourism	2,197.9	2,629.0	9,856.6	4,937.1	4,270.3	13,740.5	124.6	62.4	39.4
Transport and Communication	4,525.6	5,644.1	13,826.9	2,654.6	6,512.3	12,355.0	(41.3)	15.4	(10.6)
Housing and Construction	12,281.4	12,434.2	43,572.6	19,635.0	12,174.9	51,308.7	59.9	(2.1)	17.8
Mines, Power and Water resource	319.5	142.1	221.9	848.3	446.1	1,632.3	165.5	214.0	635.7
Others	12,674.1	6,353.8	23,044.3	4,898.6	3,395.7	5,907.2	(61.3)	(46.6)	(74.4)
Personal	2,952.6	1,452.1	6,695.2	11,433.4	7,745.0	40,754.2	287.2	433.4	508.7
Total	**115,398.1**	**111,614.5**	**448,954.1**	**164,493.9**	**131,790.3**	**556,641.5**	**42.5**	**18.1**	**24.0**

Source: Commercial Banks & Staff Computation

D*=Disbursement, C*=Collection, O/S*= Outstanding Credit

Fig.IV.8: Sectoral Breakdown of Bank Credit (2006/07-2018/19)



Source: Commercial Banks including DBE & Staff Computation

Table 4.13: Loans and advance by Borrowers (in million of Birr)

Borrowing Sector	2015/16	2016/17	2017/18	2018/19			Percentage change	
	O/S*	O/S*	O/S*	D*	C*	O/S*		
	A	B	C	E	F	G	G/B	G/C
Central Government	16,471.6	42,593.8	54,398.5	-	0.0	54,238.4	27.3	-0.3
Public Enterprises	84,675.6	91,771.6	110,092.5	19,568.3	16,970.9	124,770.7	36.0	13.3
Cooperatives	13,704.4	13,477.1	16,724.6	18,790.7	15,288.0	18,532.1	37.5	10.8
Private & Individuals	165,467.4	217,758.7	267,738.5	126,134.8	99,531.3	359,100.3	64.9	34.1
Total	**280,319.0**	**365,601.2**	**448,954.0**	**164,493.8**	**131,790.2**	**556,641.5**	**52.3**	**24.0**

Source: Commercial Banks & Staff Computation

D*=Disbursement, C*=Collection, O/S*= Outstanding Credit

4.4. Financial Activities of NBE

As of June 2019, gross claims of NBE on the central government reached Birr 194.7 billion which was 21.6 percent higher than a year earlier. Of the total credit to the central government, direct advance accounted for 96.2 percent and bond 3.8 percent.

Similarly, NBE's outstanding claim on DBE was Birr 52.1 billion showing 10.3 percent increase over last year same period.

On the liability side, total deposits at NBE increased by 40.2 percent and stood at Birr 114.4 billion, as a result of 28.1 percent growth in deposits of financial institutions and 77.5 percent rise in government deposits (Table 4.14).

Table 4.14: Financial Activities of National Bank of Ethiopia at the Close of June 30, 2019

(In Millions of Birr)

Particulars	2016/17	2017/18	2018/19	% Change	
	A	B	C	B/A	C/B
Loans and Advances (1+2)	**162,247.8**	**207,421.6**	**246,828.0**	**27.8**	**19.0**
1.Claims on Central Gov't	**135,640.8**	**160,128.8**	**194,685.3**	**18.1**	**21.6**
1.1 Direct Advance	127,764.9	152,264.9	187,264.9	19.2	23.0
1.2 Bonds	7,875.9	7,863.9	7,420.4	-0.2	-5.6
2. Claims on DBE	**26,607.0**	**47,292.7**	**52,142.7**	**77.7**	**10.3**
3. Deposit Liabilities	**75,987.7**	**81,596.5**	**114,391.9**	**7.4**	**40.2**
3.1 Government	19,031.5	19,922.0	35,364.2	4.7	77.5
3.2 Financial Institutions	56,956.2	61,674.5	79,027.7	8.3	28.1

Source: NBE and Staff Computation

4.5. Developments in Financial Markets

Treasury bills and government bonds are the only securities issued in Ethiopia to finance government expenditures and/or to absorb excess liquidity in the banking system. Corporate bonds are also issued by a few institutional investors. No secondary market for securities trading exists in Ethiopia.

4.5.1. Treasury Bills Market

Treasury bills market saw four types of maturities of bills namely of 28 days, 91 days, 182 days and 364 days. The amount of Treasury-bills issued weekly auction registered a 38.9 percent annual surge and reached Birr 397.96 billion.

Yet, the amount of T-bills sold during the review period stood at Birr 422.6 billion, indicating the market was oversubscribed by Birr 24.6 billion (3.0 percent).

Meanwhile, total outstanding T-bills increased 24.1 percent and stood at Birr 138.1 billion.

Non-bank institutions accounted for the Birr 137.40 billion or 99.5 percent of the total outstanding T-bills while that of banks was Birr 650.0 million or 0.5 percent (Table 4.15).

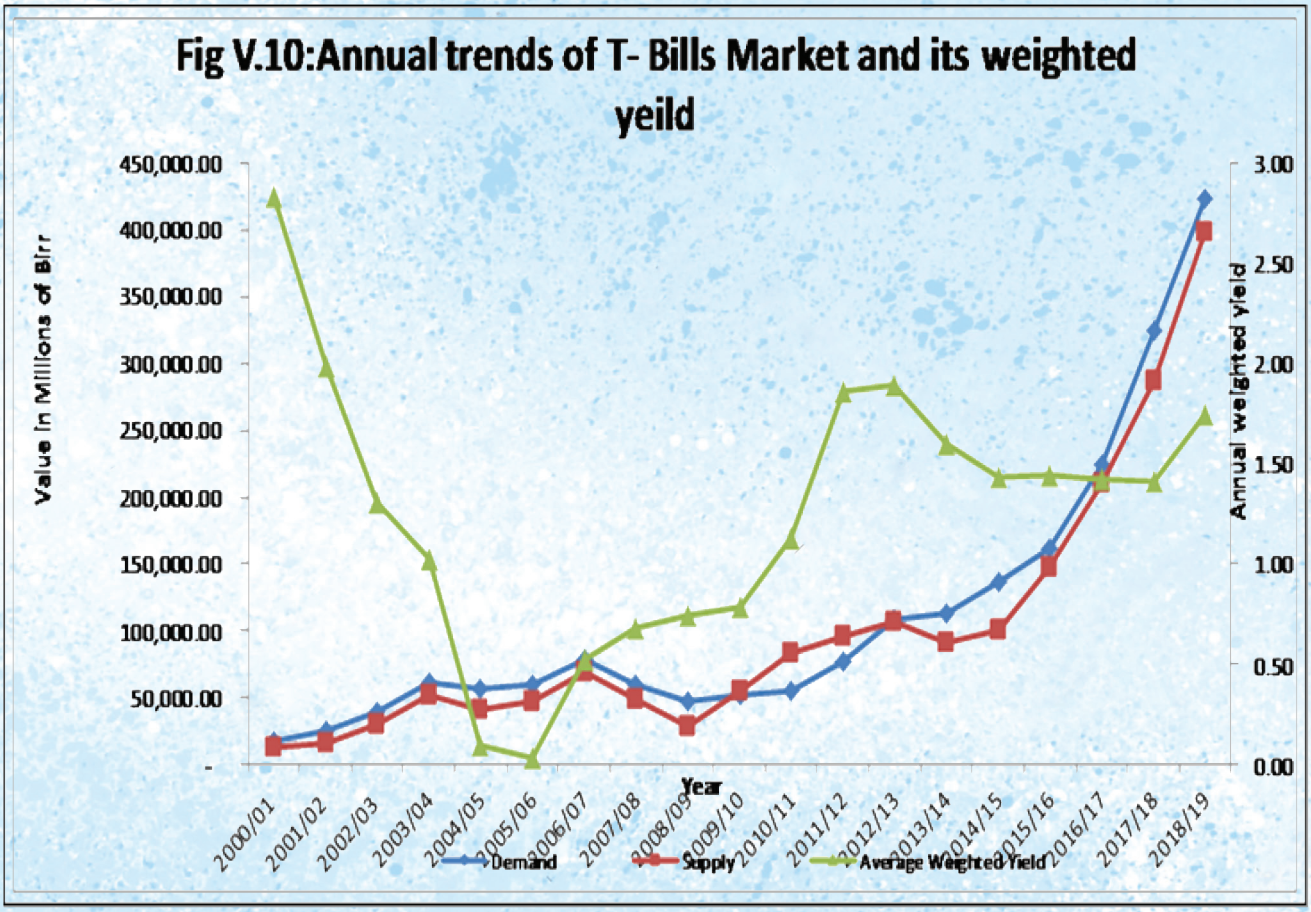
The average weighted yield of the T-bills increased to 1.741 from 1.416 percent (Table 4.15). The highest yield was offered for the 364-day T-bill while the lowest yield was for 28-day T-bill with respective rates of 4.325 and 0.798 percent.

Table 5.15: Results of Treasury Bills Auction (Annually)

Particulars	2016/17		2017/18		2018/19		Percentage Change	
	A		B		C		C/A	C/B
Number of Bidders	**200**		**192.00**		**192.00**		**-4.0**	**0.0**
Amount Demanded (Mn.Birr)	225,321.240		323,991.240		422,633.535		87.6	30.4
28-day bill	1,040.000		1,040.000		1,670.000		60.6	60.6
91-day bill	208,663.240		290,633.240		388,670.535		86.3	33.7
182-day bill	2,402.000		2,102.000		2,077.000		-13.5	-1.2
364-day bill	13,216.000		30,216.000		30,216.000		128.6	0.0
Amount Supplied (Mn.Birr)	**210,382.240**		**286,494.240**		**397,958.240**		**89.2**	**38.9**
28-day bill	1,060.0		1,060.0		1,040.0		-1.9	-1.9
91-day bill	193,204.2		269,791.2		364,184.2		88.5	35.0
182-day bill	2,902.0		2,427.0		2,022.0		-30.3	-16.7
364-day bill	13,216.0		13,216.0		30,712.0		132.4	132.4
Amount Sold (Mn.Birr)	**225,321.240**		**323,991.240**		**422,633.535**		**87.6**	**30.4**
Banks	0.0		0.0		650.0		0.0	-
Non-Banks	225,321.2		323,991.2		421,983.535		87.3	30.2
Average Weighted Price for	**99.100**		**99.106**		**98.797**		**-0.306**	**-0.312**
Successful bids(Birr)	99.937		99.936		99.939		0.002	0.003
28-day bill	99.701		99.701		99.701		0.000	0.000
91-day bill	99.666		99.691		99.682		0.016	-0.008
182-day bill	97.095		97.095		95.865		-1.266	-1.267
364-day bill								
Average Weighted Yields for Successful bids (%)	**1.424**		**1.416**		**1.741**		**9.121**	**22.979**
28-day bill	0.821		0.839		0.798		-2.837	-4.880
91-day bill	1.203		1.203		1.203		0.036	0.044
182-day bill	0.672		0.622		0.639		-4.873	2.743
364-day bill	3.000		3.000		4.32		44.157	44.158
Outstanding bills at the end of period(Mn.Br.)	**73,271.560**	**Share %**	**111,213.560**	**Share %**	**138,054.355**	**Share %**	**88.415**	**24.134**
Banks	0.00	0.00		0.00	**650.00**	0.47		
Non-Banks	**73,271.56**	100.00	**111,213.56**	100.00	**137,404.36**	99.53	87.528	23.550
Public Servants Social Security Agency	41,015.56	55.98	54,915.56	49.38	72,015.56	52.16	75.581	31.139
Development Bank of Ethiopia								
Private Organizations' Employees Social Security Agency	13,216.00	18.04	30,216.00	27.17	30,216.00	21.89	128.632	0.000
Other Public Non-Bank	16,604.00	22.66	23,346.00	20.99	31,841.80	23.06	91.72	36.391
Institutions	2,436.00	3.32	2,736.00	2.46	3,331.00	2.41	36.74	21.747

Source: NBE

Fig.IV.9: Treasury Bills Auction Result



Source: NBE

4.5.2. NBE Bill Market

NBE bill market was introduced on April 4, 2011 so as to mobilize financial resource from private banks for financing priority sectors identified as the driving forces of the economy. Following the introduction of the NBE Bill market, total NBE bill purchased by banks reached Birr 26.2 billion at the end of 2018/19.

4.5.3. Bonds Market

Corporate bond purchase of CBE during 2018/19 showed a 25.0 percent annual increase and reached to Birr 71.8 billion.

During the same period, the value of corporate bonds redeemed by the City administration of Addis Ababa, Railway Corporation, EEPCO and regional governments have reached Birr 24.6 billion (Table 4.16).

As a result, total outstanding bond holdings, grew 16.2 percent and stood at Birr 338.6 billion. The share of EEPCO in outstanding corporate bond was 77.95 percent followed by Railway Corporation (12.7 percent), City administration of Addis Ababa (9.2 percent) and Regional States (0.17 percent).

Table 13: Disbursement, Redemption and Outstanding of Coupon and Corporate Bond of CBE

(In Millions of Birr)

Particulars	Annual			Percentage Change
	2016/17	2017/18	2018/19	B/A
	Actual	A	B	
1. Corporate Bond Purchases by holders	47,951.1	57,448.9	71,800.0	25.0
EEPCO	32,100.0	37,100.00	47,800.00	-
Regional governments	-			-
Development Bank of Ethiopia	-	-	-	-
City Government of Addis Ababa	12,300.0	9,300.00	9,000.00	-
Railway Corporation	3,551.1	11,048.91	15,000.00	135.76
Private Sector	0.0	-	-	-
2. Redemption of Bonds by Clients	4,801.1	3,808.6	24,644.6	547.1
EEPCO	0.0	50.00	228.75	-
Regional governments	74.7	36.49	20.29	-44.4
Development Bank of Ethiopia	0.0			-
City Government of Addis Ababa	4,647.80	2,940.70	23,112.35	685.9
Railway Corporation	78.6	781.36	1,283.24	-
Private Sector	-	-	-	-
3. Outstanding Bonds by Clients	237,784.6	291,425.0	338,580.4	16.2
EEPCO	179,300.0	216,350.0	263,921.3	22.0
Regional governments	625.4	589.0	568.7	-3.4
Development Bank of Ethiopia	-	-	-	0.0
City Government of Addis Ababa	38,937.8	45,297.1	31,184.7	-31.2
Railway Corporation	18,921.4	29,189.0	42,905.7	47.0
Private Sector	-	-	-	-

Source: Commercial Bank of Ethiopia

4.5.4. Inter-bank Money Market

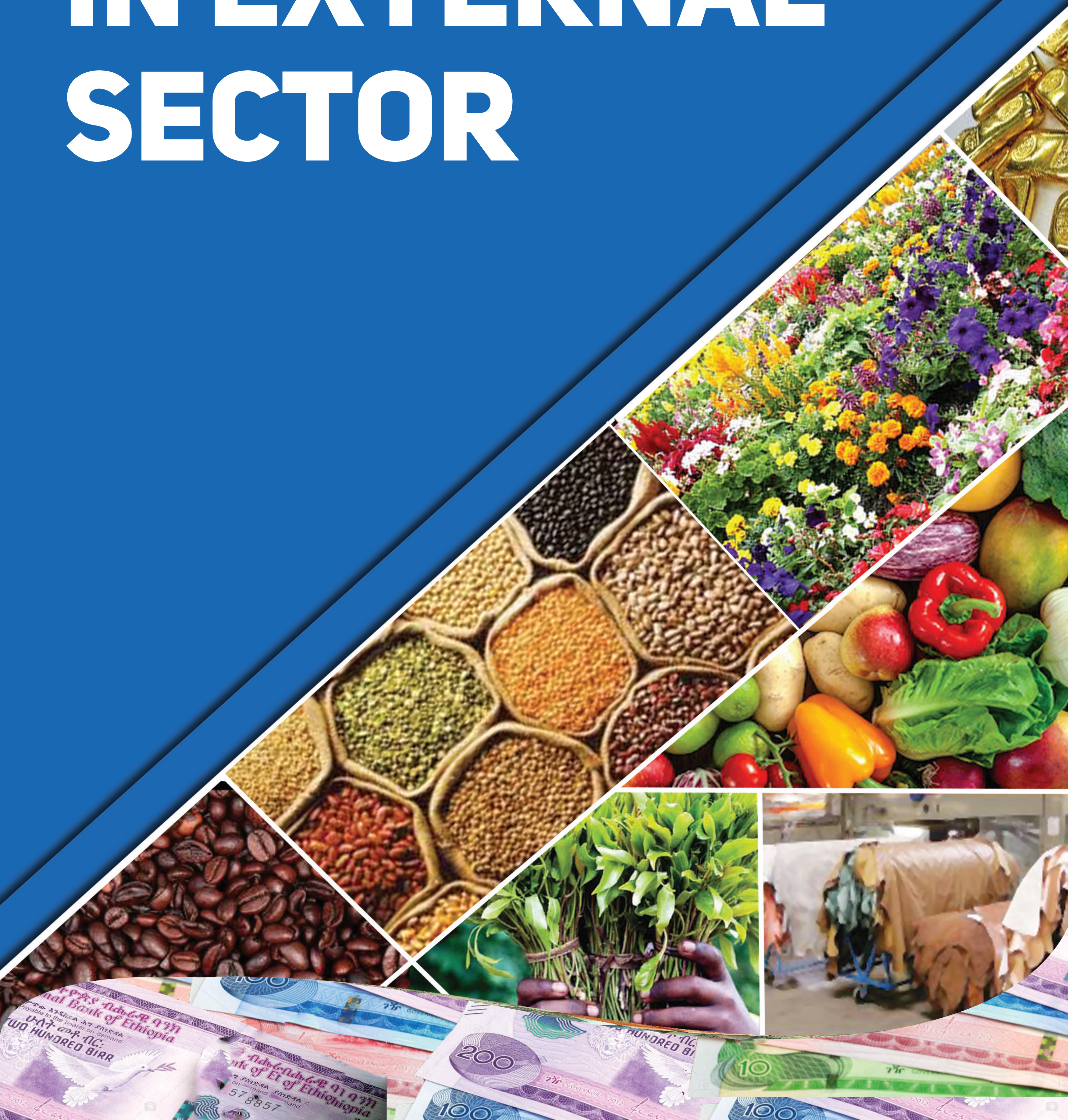
Interbank money market remained inactive since April 2008 in Ethiopia due to the existence of excess reserves in the banking system. Since its introduction in September 1998, merely twenty three transactions worth Birr 259.2 million were made with interest rates ranging between 7 to 11 percent per year. The maturity period of these loans widely spanned from overnight to 5 years (Table 4.17).

Table 4.17: Interbank Money Market Transactions up to June 30, 2012

Borrower	Lender	Amount Borrowed (In Thousand Birr)	Interest Rate %	Date of Transaction	Maturity Period
Nib International Bank	Awash International Bank	7,000.0	11	16/11/00	Overnight
Wegagen Bank	Commercial Bank of Ethiopia	10,000.0	8	3/1/2001	5 years
Nib International Bank	,,	10,000.0	8	3/31/2001	3 months
Wegagen Bank	,,	10,000.0	8	3/22/2001	1 year
Nib International Bank	,,	3,600.0	8	5/31/2001	6 months
Nib International Bank	,,	3,700.0	8	06/31/01	6 months
Nib International Bank	,,	778.0	8	30-11-2001	6 months
Nib International Bank	Bank of Abyssinia	28,999.8	7	31/12/02	3.5 months
Nib International Bank	Bank of Abyssinia	19,046.9	7	31/01/03	3.5 months
Nib International Bank	Bank of Abyssinia	20,310.0	7	28/02/03	3.5 months
Nib International Bank	Bank of Abyssinia	28,987.0	7	31/03/03	3.5 months
Nib International Bank	Commercial Bank of Ethiopia	25,000.0	7.5	7/7/2003	5.2 months
Nib International Bank	Bank of Abyssinia	50.1	7.5	26/03/2005	open
Nib International Bank	Bank of Abyssinia	50.5	7.5	26/03/2005	open
Wegagen Bank	Awash International Bank	19,744.6	7.5	December, 2006	21/05/07
Wegagen Bank	Awash International Bank	19,870.4	7.5	January, 2007	21/05/07
Wegagen Bank	Awash International Bank	10,937.2	7.5	February, 2007	21/05/07
Awash International Bank	Nib International Bank	30,000.0	7.5	February, 2007	18/08/07
Wegagen Bank	Awash International Bank	10,931.4	7.5	March, 2007	21/05/07
Nib International Bank	Awash International Bank	142.0	8.5	January, 2008	25/4/08
Nib International Bank	Awash International Bank	7.0	8.5	February, 2008	25/04/08
Nib International Bank	Awash International Bank	3.0	8.5	March, 2008	25/04/08
Nib International Bank	Awash International Bank	17.0	8.5	April,2008	25/04/08
Total/Average	-	259,174.8	7.87	-	-

Source: NBE

DEVELOPMENTS IN EXTERNAL SECTOR



V. DEVELOPMENTS IN EXTERNAL SECTOR

5.1 Overall Balance of Payments

The overall balance of payments registered USD 941.6 million deficit in 2018/19 compared to USD 201.6 million deficit a year earlier. This was attributed to fall in merchandise trade receipt, a deficit in net services as well as decrease in net private transfers receipt and surplus of net capital account.

Net services registered USD 550.7 million deficit compared to USD 192.2 million shortfall last year and merchandise trade deficit slightly widened by 0.2 percent. In contrast, net official transfers increased by 66.7 percent. As a result, current account deficit (including official transfers) narrowed to USD 4.9 billion from USD 5.3 billion a year ago and its ratio to GDP was estimated at 5.2 percent (Table 5.1).

Table 5.1: Balance of Payment[1]

S/N	Particulars	2016/17*	2017/18*	2018/19	Percentage Change	
		A	B	C	B/A	C/B
1	**Exports, f.o.b.**	**2,907.5**	**2,836.1**	**2,666.5**	**-2.5**	**-6.0**
	Coffee	883.2	839.0	764.1	-5.0	-8.9
	Other	2,024.3	1,997.1	1,902.4	-1.3	-4.7
2	**Imports**	**15,802.7**	**15,255.3**	**15,112.0**	**-3.5**	**-0.9**
	Fuel	1,823.7	2,319.3	2,600.7	27.2	12.1
	Cereals	554.1	771.7	598.7	39.3	-22.4
	Aircraft	150.3	282.3	870.3	87.8	208.2
	Imports excl. fuel, cereals, aircraft	13,274.5	11,882.1	11,042.3	-10.5	-7.1
3	**Trade Balance (1-2)**	**-12,895.3**	**-12,419.3**	**-12,445.5**	**-3.7**	**0.2**
4	**Services, net**	**-561.7**	**-192.2**	**-550.7**	**-65.8**	**186.6**
	Non-factor services, net	-61.3	237.1	38.9	-486.5	-83.6
	Exports of non-factor services	3,331.1	4,219.5	4,948.9	26.7	17.3
	Imports of non-factor services	3,392.5	3,982.5	4,910.0	17.4	23.3
	Income, net	-500.3	-429.2	-589.6	-14.2	37.4
	O/w Gross official int. payment	469.9	469.5	669.1	-0.1	42.5
	Dividend, net	-48.9	-0.1		-99.9	-100.0
5	**Private transfers, net**	**5,485.3**	**6,074.8**	**5,975.2**	**10.7**	**-1.6**
	o/w: Private Individuals	4,427.5	5,121.4	5,292.4	15.7	3.3
6	**Current account balance excluding off. Transfers (3+4+5)**	**-7,971.63**	**-6,536.7**	**-6,020.9**	**-18.0**	**7.4**
7	**Official transfers, net**	**1,428.3**	**1,251.7**	**2,086.7**	**-12.4**	**66.7**
8	**Current account balance including official transfers(6+7)**	**-6,543.3**	**-5,285.0**	**-4,934.2**	**-19.2**	**-6.6**
9	**Capital account**	**6,889.4**	**6,156.8**	**4,839.9**	**-10.6**	**-21.4**
	Off. Long-term Cap., net	1,420.6	1,650.7	1,340.6	16.2	-18.8
	Disbursements	1,537.1	1,816.0	1,528.6	18.1	-15.8
	Amortization	116.5	165.4	188.1	42.0	13.7
	Other pub. long-term cap.	665.1	677.3	73.6	1.8	-89.1
	Private sector, long term	502.8	250.7	264.2		5.4
	Foreign Direct Investment(net)	4,170.80	3,723.44	3,015.40	-10.73	-19.0
	Short-term Capital	130.0	-145.2	146.1	-211.7	-200.6
10	**Errors and Omissions [11-(9+8)]**	**312.5**	**-1,073.4**	**-847.3**		
11	**Overall balance (-13)**	**658.6**	**-201.6**	**-941.6**		
12	**Financing (13+16)**	**-658.6**	**201.6**	**941.6**		
13	**Reserves [Increase(-), Decrease (+)] (14+15)**	**-658.6**	**201.6**	**941.6**		
14	**Central Bank (NFA)**					
	Asset	-555.7	-17.3	916.7		
15	Liabilities	204.7	349.8	-567.8		
16	**Commercial banks (NFA)**	**-760.4**	**-367.1**	**1,484.5**		
	Debt Relief	**-103.0**	**218.9**	**25.0**		
	Principal					
	Interest					

Source: NBE Staff Compilation

[1] 2018/19 data are Preliminary and Private transfers is updated

*Some items are revised

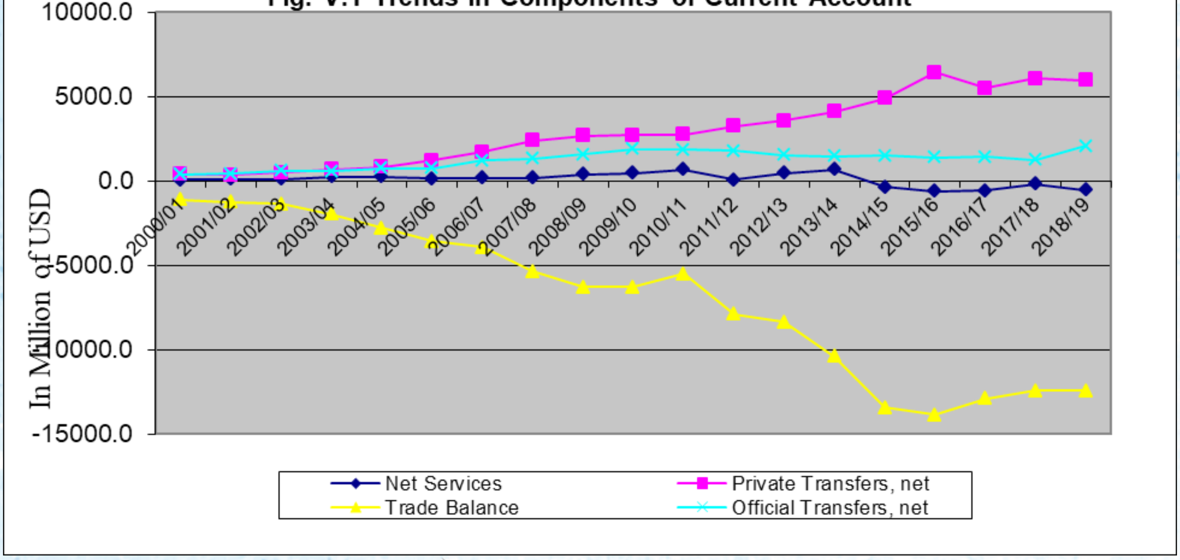
Table 5.2: Components of Current Account as Percentage of GDP

Particulars	2016/17	2017/18	2018/19	Percentage Change	
	A	B	C	B/A	C/B
Exports	3.6	3.4	2.8	-5.5	-17.1
Imports	19.3	18.1	15.8	-6.4	-12.6
Trade Balance	-15.8	-14.7	-13.0	-6.7	-11.6
Net Services	-0.7	-0.2	-0.6	-66.8	152.7
Net Private Transfers	6.7	7.2	6.7	7.3	-7.4
Current Account Deficit (excluding official transfers)	-9.8	-7.7	-7.3	-20.5	-5.8
Current Account Deficit (including official transfers)	-8.0	-6.3	-5.2	-21.7	-17.0

Source: NBE Staff Compilation

*GDP is a forecast

Fig. V.1 Trends in Components of Current Account



Source: NBE Staff Computations

5.2. Developments in Merchandise Trade

5.2.1 Balance of Trade

Merchandise trade deficit widened to USD 12.44 billion from USD 12.42 billion a year earlier mainly due to the slowdown in goods export earnings. Merchandise import bills have also declined. Hence, merchandise trade deficit as a ratio of GDP stood at 13.0 percent.

5.2.2 Merchandise Export

Total merchandise export earnings declined by 6.0 percent over last year same period due to lower export earnings from coffee (8.9 percent), oilseeds (8.4 percent), leather & leather products (11.4 percent), meat & meat products (12.8 percent), fruits & vegetables (0.9 percent), gold (72.1 percent), live-animals (25.0 percent) and electricity (30.8 percent). Hence, the ratio of merchandise export to GDP dropped to 2.8 percent from 3.4 percent a year ago.

Specifically, export earnings from coffee went down by 8.9 percent owing to 5.9 percent decline in price and 3.2 percent drop in volume. As a result, the share of coffee in total merchandise export was 28.7 percent which was slightly lower than 29.6 percent last year same period.

Merchandise import bills have also declined. Hence, merchandise trade deficit as a ratio of GDP stood at 13.0 percent.

Export earnings from oilseeds also decreased by 8.4 percent and reached USD 387.8 million due to a 25.4 percent fall in export volume despite a 22.7

percent growth in international price. As a result, the share of oilseeds in total merchandise export earnings slightly decreased to 14.5 percent from 14.9 percent a year earlier.

Likewise, gold generated USD 27.9 million which was 72.1 percent lower than last year same period. This was attributed to a 71.0 percent and 3.9 percent decline in volume and international price, respectively. The suspension of assertions of MIDROC Legadembi gold mine and the widespread illegal gold trade were the main reasons for the poor performance in gold exports. As a result, the share of gold in total merchandise export went down to 1.0 percent.

Export earnings from leather & leather products declined by 11.4 percent as export volume dropped 12.7 percent despite 1.5 percent increase in international price. As a result, its share in total merchandise export was 4.4 percent, compared with 4.7 percent a year ago.

Similarly, revenue from export of live-animals plummeted by 25.0 percent as a result of a 23.8 percent decrease in export volume and 1.7 percent drop in international price. Hence, the share of live-animals in total merchandise export receipts decreased to 1.7 percent from 2.2 percent a year earlier.

Receipts from meat & meat products dropped by 12.8 percent during the same period due to 11.2 percent and 1.8 percent decline in volume and unit price, respectively. As a result, the share of meat & meat products in total merchandise export earnings stood at 3.3 percent.

Export earnings from fruits and vegetables decreased by 0.9 percent owing to 7.1 percent fall in export volume despite 6.6 percent rise in price. Thus, the share of fruits and vegetables in total merchandise export earnings reached 2.3 percent during the review period.

Likewise, electricity export earnings went down by 30.8 percent over last year same period owing to 35.5 percent drop in export volume despite a 7.3 percent increase in unit price. As a result, the share of electricity in total merchandise export earnings decreased to 2.1 percent from 2.8 percent last year same period.

In contrast, proceeds from pulses export increased by 1.1 percent and reached USD 272.3 million because of a 5.7 percent rise in export volume despite 4.3 percent drop in international price. Hence, the share of pulses in total merchandise export increased to 10.2 percent from 9.5 percent a year ago.

In the same way, export revenue from flower grew by 12.3 percent as export volume increased by 15.5 percent, while international prices fell by 2.8 percent. Hence, the share of flower in total export earnings increased to 9.6 percent from 8.1 percent last year same period.

Receipts from chat went up by 15.4 percent due to 13.9 percent increase in volume and 1.3 percent rise in price. As a result, the share of chat in total merchandise export earnings increased to 11.4 percent from 9.3 percent a year earlier.

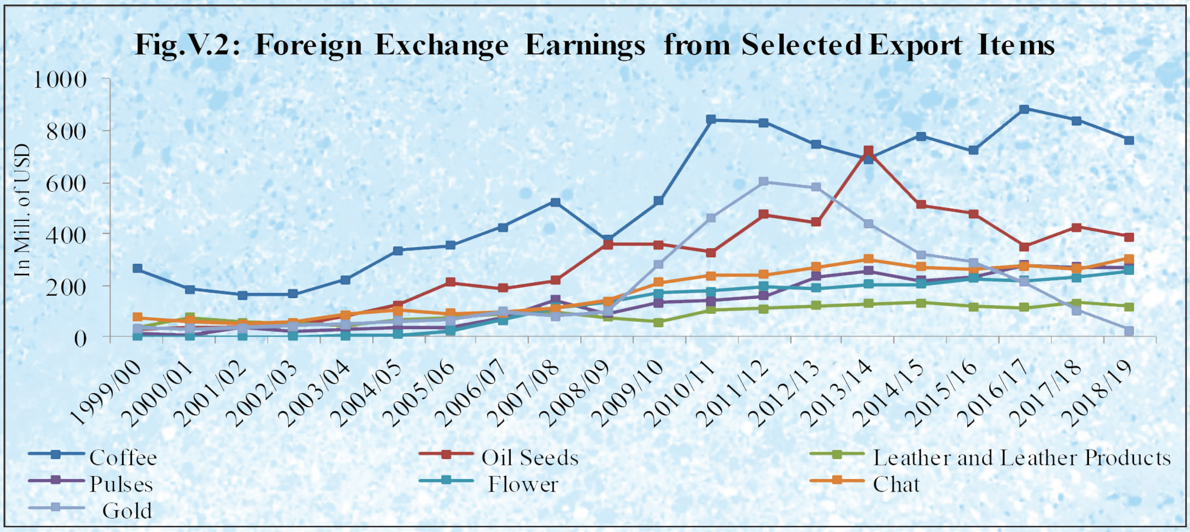
Similarly, earnings from other export items increased by 3.9 percent and reached USD 285.7 million.

Table 5.3: Values of Major Export Items

(In millions of USD)

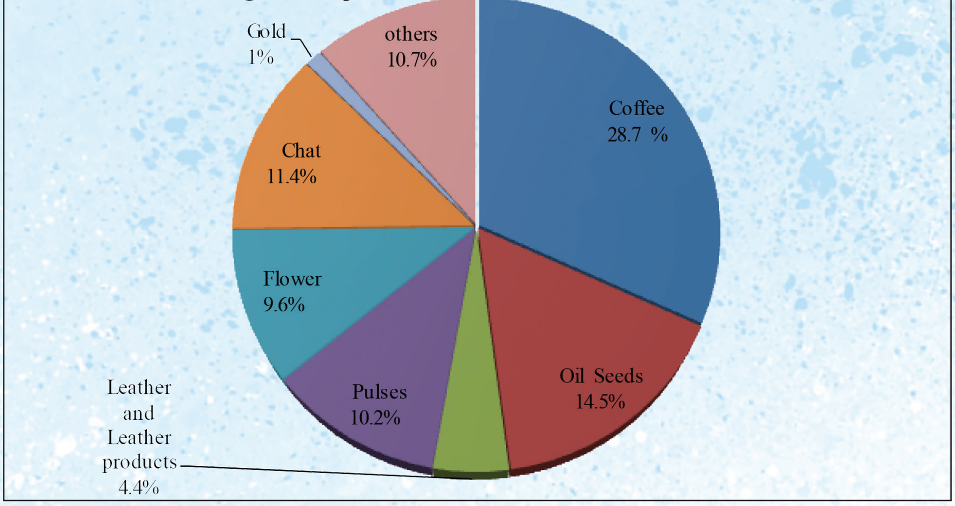
Particulars	2016/17		2017/18		2018/19		Percentage Change	
	A	% share	B	% share	C	% share	B/A	C/B
Coffee	883.2	30.4	839.0	29.6	764.1	28.7	-5.0	-8.9
Oilseeds	351.0	12.1	423.5	14.9	387.8	14.5	20.6	-8.4
Leather and Leather products	114.0	3.9	132.4	4.7	117.4	4.4	16.1	-11.4
Pulses	279.9	9.6	269.5	9.5	272.3	10.2	-3.7	1.1
Meat & Meat Products	98.7	3.4	101.7	3.6	88.6	3.3	3.1	-12.8
Fruits & Vegetables	56.1	1.9	61.4	2.2	60.9	2.3	9.5	-0.9
Live Animals	67.6	2.3	61.1	2.2	45.8	1.7	-9.6	-25.0
Chat	273.0	9.4	263.2	9.3	303.6	11.4	-3.6	15.4
Gold	208.8	7.2	100.2	3.5	27.9	1.0	-52.0	-72.1
Flower	218.5	7.5	228.6	8.1	256.6	9.6	4.6	12.3
Electricity	73.4	2.5	80.5	2.8	55.7	2.1	9.7	-30.8
Others	283.2	9.7	275.0	9.7	285.7	10.7	-2.9	3.9
Total Export	**2,907.5**	**100.0**	**2,836.1**	**100.0**	**2,666.5**	**100.0**	**-2.5**	**-6.0**
Total Export Excluding Electricity	**2834.1**		**2755.6**		**2610.8**		**-2.8**	**-5.3**

Source: Ethiopian Revenue and Customs Authority and Ethiopian Electric Power



Source: NBE Staff Computation

Fig.V.3: Export Share of Selected Commodities



Source: NBE Staff Computation

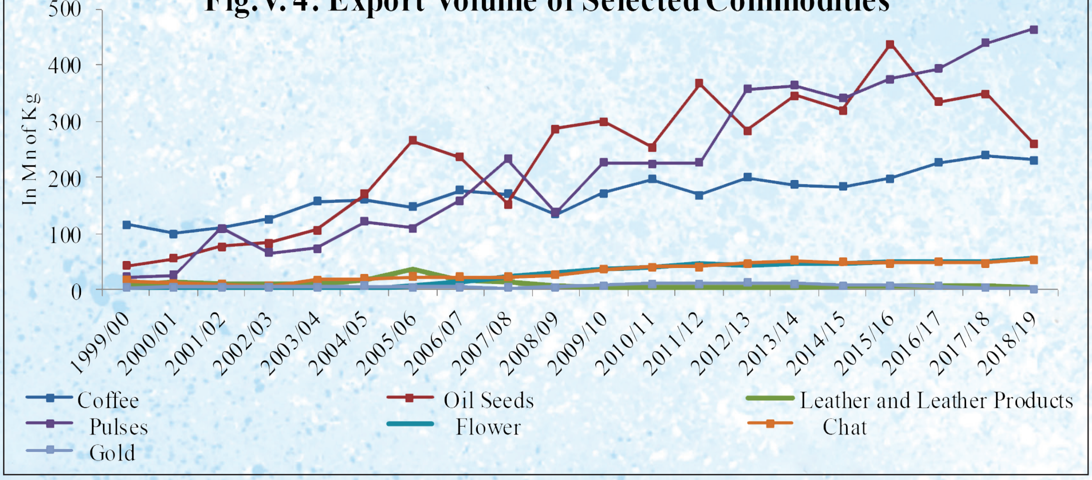
Table 5.4: Volume of Major Exports

(In millions of kg unless stated otherwise)

Particulars	2016/17	2017/18	2018/19	Percentage Change	
	A	B	C	B/A*100-100	C/B*100-100
Coffee	225.7	238.6	230.9	5.7	-3.2
Oilseeds	333.5	348.5	260.0	4.5	-25.4
Leather and Leather products	5.9	6.4	5.6	8.7	-12.7
Pulses	392.7	438.1	462.8	11.5	5.7
Meat & Meat Products	19.6	20.0	17.7	2.0	-11.2
Fruits & Vegetables	178.6	189.0	175.6	5.8	-7.1
Live Animals	36.1	31.9	24.3	-11.4	-23.8
Chat	48.8	47.0	53.6	-3.7	13.9
Gold(in mill of grams)	6.0	2.8	0.8	-52.8	-71.0
Flower	49.4	50.1	57.8	1.5	15.5
Electricity(in mill of kwh)	1305.5	1438.4	928.0	10.2	-35.5

Source: Ethiopian Revenue and Customs Authority and Ethiopian Electric Power

Fig.V. 4: Export Volume of Selected Commodities



Source: NBE Staff Computation

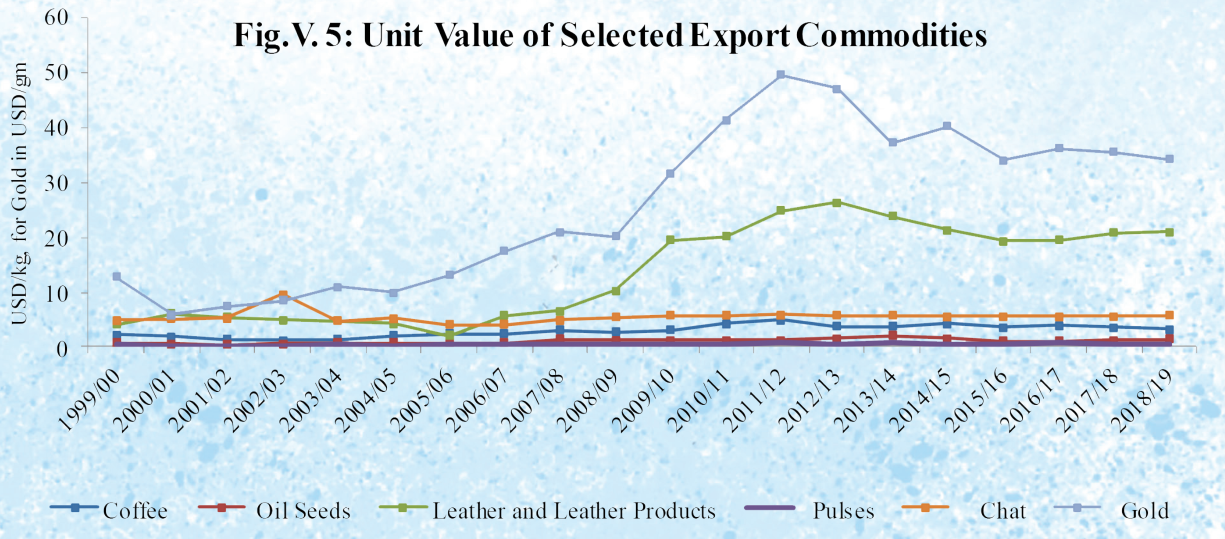
Table 5.5: Unit Value of Major Export Items

(In USD/kg unless stated otherwise)

Particulars	2016/17	2017/18	2018/19	Percentage Change	
	A	B	C	B/A*100-100	C/B*100-100
Coffee	3.9	3.5	3.3	-10.1	-5.9
Oilseeds	1.1	1.2	1.5	15.4	22.7
Leather and Leather products	19.4	20.7	21.0	6.9	1.5
Pulses	0.7	0.6	0.6	-13.7	-4.3
Meat & Meat Products	5.0	5.1	5.0	1.0	-1.8
Fruits & Vegetables	0.3	0.3	0.3	3.5	6.6
Live Animals	1.9	1.9	1.9	2.1	-1.7
Chat	5.6	5.6	5.7	0.1	1.3
Gold (USD/gm)	35.0	35.5	34.1	1.6	-3.9
Flower	4.4	4.6	4.4	3.1	-2.8
Electricity (USD/Kwh)	0.1	0.1	0.1	-0.4	7.3

Source: Ethiopian Revenue and Customs Authority

Fig.V. 5: Unit Value of Selected Export Commodities



Source: NBE Staff Computation

5.2.3. Import of Goods

Total merchandise import bill reached USD 15.1 billion depicting a 0.9 percent decline over last year same period mainly due to lower import bill of capital, consumer and miscellaneous goods. Payments for fuel, semi-finished goods and raw materials however, tended to annual increase. Hence, import to GDP ratio declined to 15.8 percent compared with 18.1 percent a year ago.

Capital goods import dropped 4.5 percent as the value of industrial capital goods declined 13.3 percent while transport and agricultural capital goods increased by 26.4 and 13.7 percent, respectively. Thus, the share of capital goods in total merchandise import slowed down to 33.3 percent from 34.5 percent.

Likewise, consumer goods import was USD 4.3 billion, about 9.2 percent lower than last year due to the slowdown in import of durable goods (11.2 percent) and non-durable goods (8.4 percent). Thus, the share of consumer goods in total merchandise import bill slipped to 28.3 percent from 30.9 percent last year.

On the other hand, semi-finished goods import was USD 2.8 billion, showed a 9.9 percent annual growth owing to 4.4 percent increase in fertilizer import. As a result, the share of semi-finished goods in total merchandise import rose to 18.4 percent from 16.6 percent last year.

Similarly, fuel import increased by 12.1 percent and reached USD 2.6 billion. This was attributed to 7.9 percent rise in international price and 4.0 percent increase in volume. Hence, the share of fuel in total merchandise import bill went up to 17.2 percent from 15.2 percent last year same period.

Import of raw materials also increased by 9.8 percent relative to the preceding year and accounted for 1.0 percent of total merchandise import bill of the review fiscal year.

Table 5.6: Value of Imports by End Use

(In Millions of USD)

Categories	2016/17		2017/18		2018/19		Percentage change	
	A	% share	B	% share	C	% share	B/A	C/B
Raw Materials	125.6	0.8	138.0	0.9	151.5	1.0	9.8	9.8
Semi-finished Goods	2,620.6	16.6	2,527.8	16.6	2,778.8	18.4	-3.5	9.9
Fertilizers	367.9	2.3	478.5	3.1	499.7	3.3	30.0	4.4
Fuel	1,823.7	11.5	2,319.3	15.2	2,600.7	17.2	27.2	12.1
Petroleum Products	1,743.7	11.0	2,227.2	14.6	2,493.4	16.5	27.7	11.9
Others	79.9	0.5	92.0	0.6	107.3	0.7	15.1	16.7
Capital Goods	6,032.1	38.2	5,269.1	34.5	5,030.6	33.3	-12.7	-4.5
Transport	1,429.7	9.0	1,130.9	7.4	1,429.2	9.5	-20.9	26.4
Agricultural	75.8	0.5	51.5	0.3	58.6	0.4	-32.1	13.7
Industrial	4,526.7	28.6	4,086.7	26.8	3,542.9	23.4	-9.7	-13.3
Consumer Goods	4,898.3	31.0	4,707.0	30.9	4,273.1	28.3	-3.9	-9.2
Durables	1,707.8	10.8	1,351.7	8.9	1,200.7	7.9	-20.9	-11.2
Non-durables	3,190.5	20.2	3,355.3	22.0	3,072.3	20.3	5.2	-8.4
Miscellaneous	302.3	1.9	294.2	1.9	277.2	1.8	-2.7	-5.8
Total Imports	15,802.7	100.0	15,255.3	100.0	15,112.0	100.0	-3.5	-0.9

Source: Ethiopian Revenue and Customs Authority and Ethiopian petroleum Enterprise

5.2.4 Direction of Trade

5.2.4.1 Export of Goods

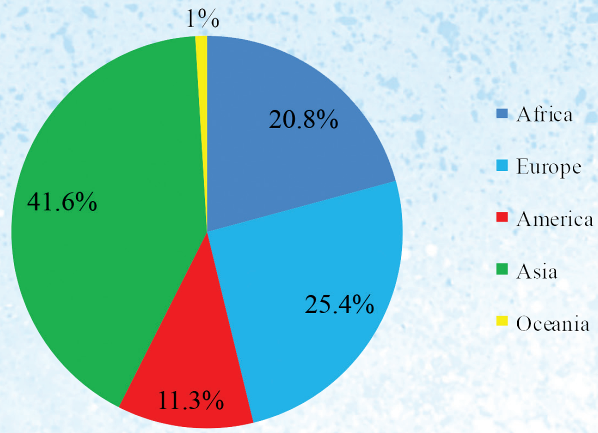
The major destinations for Ethiopian merchandise export were Asia, Europe and Africa. Asia accounted for 41.6 percent of Ethiopia's total exports. Saudi Arabia was the largest market for Ethiopia's export with a 16.5 percent share in total export earnings from Asia, followed by China (13.1 percent), United Arab Emirates (11.9 percent), Japan (11.0 percent), Israel (9.5 percent), India (7.8 percent), Yemen (5.0 percent), South Korea (4.2 percent), Indonesia (2.6 percent), Singapore (2.0 percent), Taiwan (1.4 percent) and Hong Kong (1.0 percent). These countries altogether accounted for 86.1 percent of Ethiopia's total export to Asia.

Europe had 25.4 percent share in Ethiopia's total export revenue, with the Netherlands taking a 31.1 percent portion, followed by Germany (16.6 percent), Belgium (9.0 percent), Italy (6.3 percent), United Kingdom (6.2 percent), Turkey (6.0 percent), Switzerland (4.3 percent), France (2.9 percent), Spain (2.6), Russia (1.8 percent), Greece (1.2 percent), Portugal (1.1 percent) and Norway (1.1 percent). These countries in total had a 90.3 percent share of Ethiopia's total exports to Europe.

About 20.8 percent of Ethiopia's export earnings originated from Africa, mainly Somalia (46.4 percent), Djibouti (23.2 percent), Sudan (12.2 percent), Egypt (4.6 percent), Kenya (3.7 percent), Nigeria (2.1 percent), and South Africa (1.5 percent) which altogether accounted for 93.7 percent of the total exports to Africa.

America accounted for 11.3 percent of Ethiopia's total export earning, of which 64.4 percent was from exports to the United States, 4.7 percent to Canada and 1.6 percent to Mexico. These countries together had a 70.7 percent share of Ethiopia's total exports to America.

Fig.V.6: Export by Destination



Source: NBE Staff Compilation

5.2.4.2 Import of Goods

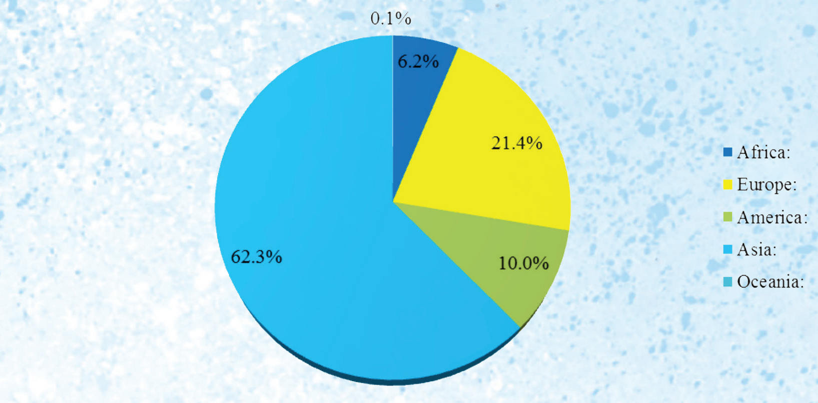
In 2018/19, Asia accounted for 62.3 percent of the total imports of Ethiopia. The major imports from Asia originated from China (41.7 percent), Kuwait (17.6 percent), India (13.1 percent), U.A.E (5.8 percent), Japan (4.0 percent), Malaysia (3.4 percent), Indonesia (3.0 percent), Saudi-Arabia (2.6 percent), Thailand (1.9 percent) and South Korea (1.9 percent), and their combined share stood at 95.1 percent.

The share of Ethiopia's imports from Europe was 21.4 percent with the major trading countries being Turkey (18.7 percent), Belgium (10.6 percent), Italy (10.6 percent), United Kingdom (10.1 percent), Germany (9.9 percent), the Netherlands (5.7 percent), Ukraine (5.5 percent), France (4.8 percent), Rumania (4.1 percent), Russia (3.8 percent), Spain (2.3 Percent), Switzerland (1.9 percent), Denmark (1.7 percent) and Ireland (1.4 percent). These countries jointly accounted for 91.2 percent of Ethiopia's total imports from Europe.

Imports from America accounted for 10.0 percent of the total import bill, of which the share of United States was 90.5 percent followed by Brazil (4.6 percent) and Canada (3.3 percent).

About 6.2 percent of Ethiopia's total merchandise import came from Morocco (33.4 percent), South Africa (26.0 percent), Egypt (23.9 percent), Sudan (8.7 percent), Kenya (4.3 percent) and Djibouti (1.0 percent), which altogether constituted 97.4 percent of the total imports from the continent.

Fig. V.7 Import by Origion



Source: NBE Staff Compilation

5.3 Services and Transfers

5.3.1 Services

In 2018/19, net services account recorded USD 550.7 million deficit, compared with USD 192.2 million deficit a year ago.

This was attributed to 18.9 percent decline in surplus of net travel, 37.4 percent increase in the deficit of investment income and 44.3 percent gap in other services.

Table 5.7: Services Accounts

(In Millions of USD)

No	Particulars	2016/17	2017/18	2018/19	Percentage Change	
		A	B	C	D=B/A* 100-100	E=C/B* 100-100
1	Investment Income (2+5)	-500.3	-429.2	-589.6	-14.2	37.4
2	Interest, net (3-4)	-451.4	-429.2	-589.6	-4.9	37.4
3	Credit	18.5	40.3	79.5	117.4	97.2
4	Debit	469.9	469.5	669.1	-0.1	42.5
5	Dividend, net	-48.9	-0.1		-99.9	-100.0
6	NON-FACTOR SERVICES, net (7-8)	-61.3	237.1	38.9	-486.5	-83.6
7	Exports of non-factor services	3,331.1	4,219.5	4,948.9	26.7	17.3
	Travel	340.4	749.0	868.1	120.0	15.9
	Transport [1]	2,304.0	2,919.6	3420.8	26.7	17.2
	Gov't [2]	460.3	295.3	354.6	-35.9	20.1
	Other [3]	226.4	255.6	305.4	12.9	19.5
8	Imports of non-factor services	3,392.5	3,982.5	4,910.0	17.4	23.3
	Travel	382.9	475.3	646.2	24.1	36.0
	Transport [1]	1921.7	2402.8	2775.9	25.0	15.5
	Gov't [2]	75.5	79.2	71.8	4.9	-9.3
	Other [3]	1012.4	1025.3	1416.1	1.3	38.1
9	Net Services (10+11+12+13+14)	-561.7	-192.2	-550.7	-65.8	186.6
10	Travel	-42.5	273.7	221.9	-744.7	-18.9
11	Transport	382.3	516.9	644.9	35.2	24.8
12	Gov't	384.8	216.1	282.8	-43.8	30.9
13	Other	-786.0	-769.6	-1110.7	-2.1	44.3
14	Investment Income	-500.3	-429.2	-589.6	-14.2	37.4

Source: MoF, Transport and Telecommunication Companies, NBE- FEMEMD and Staff Compilation.

1/ Includes Ethiopian Airlines receipts and payments

2/ Includes transactions with Embassies and international organizations such as UN-ECA, AU, EU, IMF and WB

3/ Includes communication, construction, insurance, financial, information, other business

5.3.2. Unrequited Transfers

Net transfers grew by 10 percent in 2018/19 due 66.7 percent surge in net official transfers though net private transfers decline by 1.6 percent.

Table 5.8 Unrequited Transfers

(In Millions of USD)

S/N	Particulars	2016/17		2017/18		2018/19		Percentage Change	
		A	% share	B	% share	C	% share	B/A	C/B
1	**Private Transfers, net**	**5,485.3**	**79.3**	**6,074.8**	**82.9**	**5,975.2**	**74.1**	**10.7**	**-1.6**
1.1	Receipts	5,544.8	79.1	6,150.9	82.8	5,993.4	73.7	10.9	-2.6
	NGO's	1,117.2	15.9	1,029.5	13.9	701.0	8.2	-7.9	-31.9
	Cash	922.4	13.2	775.5	10.4	561.7	6.6	-15.9	-27.6
	Food	194.8	2.8	254.0	3.4	139.3	1.6	30.4	-45.2
	Other								
1.2	**Private Individuals**	**4,427.5**	**63.1**	**5,121.4**	**69.0**	**5,292.4**	**65.0**	**15.7**	**3.3**
2	Payments	59.5	60.9	76.2	76.2	18.2	24.5	28.1	-76.1
2.1	**Official Transfers, net**	**1,428.3**	**20.7**	**1,251.7**	**17.1**	**2,086.7**	**24.7**	**-12.4**	**66.7**
	Receipts	1,466.5	20.9	1,275.5	17.2	2,142.6	25.1	-13.0	68.0
	Cash	920.0	13.1	1,185.4	16.0	2,133.5	25.0	28.8	80.0
	Food					3.2			
2.2	Other	546.5		90.1		6.0		-83.5	-93.3
	Payments	38.1	39.1	23.8	23.8	55.9	75.5	-37.6	135.1
3	**Total Receipts**	**7,011.2**	**100.0**	**7,426.4**	**100.0**	**8,136.0**	**100.0**	**5.9**	**9.6**
	Total Payments	**97.6**	**100.0**	**100.0**	**100.0**	**74.1**	**100.0**	**2.4**	**-25.8**
	Net Transfers	**6,913.6**	**100.0**	**7,326.4**	**100.0**	**8,061.9**	**100.0**	**6.0**	**10.0**

Source: National Disaster Risk Management Commission, MoF and NBE

5.4. Current Account

The deficit in the current account balance including official transfers narrowed to USD 4.9 billion in 2018/19 from USD 5.3 billion last year, due to higher net official transfers in contrast with decline in private transfers and an increase in deficit of merchandise trade balance and net services.

5.5 Capital Account

Capital account, however, showed USD 4.8 billion surplus, which was 21.4 percent lower than that of last year owing largely to 18.8 percent decline in net official long term capital, 89.1 percent drop in net other public sector long term capital and 19 percent slowdown in foreign direct investment. Private sector long term capital increased by 5.4 percent while net inflows of short term capital registered 1.5 billion during the same period.

5.6 Changes in Reserve Position

Net foreign assets of the banking system recorded reserve draw down. Net foreign assets of the National Bank of Ethiopia and that of commercial banks declined by USD 916.7 million and 25.0 million, respectively. Thus, gross international reserves were adequate to cover 2.4 months of prospective imports of goods and non-factor services.

5.7 External Debt

Ethiopia's external debt stock reached USD 27.0 billion in 2018/19, depicting 4.9 percent annual growth mainly due to higher debt owed to multilateral and commercial creditors. Hence, the country's external debt stock to GDP ratio stood at 28.3 percent while its ratio to total receipts from export of goods and non-factor services slightly decline to 3.6 percent. Commercial debt stock, reached USD 6.9 billion showing a 2.7 percent annual increase and accounting for 25.7 percent of the total debt stock. Of the total debt stock, 43.2 percent was owed to multilateral and 31.1 percent to bilateral creditors. The country's external debt burden, as measured by debt services to export of goods and non-factor services ratio, increased to 26.2 percent from 22.7 percent a year earlier.

Table 5.9: External Public Debt*

(In Millions of USD)

Particulars	2016/17	2017/18	2018/19	Percentage Change	
	A	B	C	D=B/A	E=C/B
Annual Debt	**2,930.6**	**3,505.1**	**2,804.4**	**19.6**	**-20.0**
Debt Stock	23,337.2	25,773.5	27,039.3	10.4	4.9
Multilateral	9,105.1	10,491.8	11,683.6	15.2	11.4
Bilateral	8,139.4	8,526.6	8,420.3	4.8	-1.2
Commercial	6,092.7	6,755.1	6,935.4	10.9	2.7
Debt Services	**1,288.1**	**1,602.6**	**1,995.7**	**24.4**	**24.5**
Principal repayments	855.2	1,156.7	1,375.3	35.3	18.9
Interest payments	432.9	445.9	620.3	3.0	39.1
Debt Stock to GDP Ratio (in %)1/	**28.5**	**30.6**	**28.3**	**7.0**	**-7.5**
Debt stock to export of goods and non-factor services	**3.7**	**3.7**	**3.6**	**-2.3**	**-2.8**
Receipt from Goods & Non-factor Services	**6,238.6**	**7,055.6**	**7,613.6**	**13.1**	**7.9**
Debt service ratio (In percent)2/	**20.6**	**22.7**	**26.2**	**10.0**	**15.4**
Arears					
Principal					
Interest					
Relief					
Principal					
Interest					

Source: MoF and NBE

1/ GDP is a forecast

2/ Ratio of debt service to receipts from export of goods and non-factor services

*2016/17and 2017/18 data are revised according to MoF statistics 2018/19 data are Preliminary

5.8. Developments in Foreign Exchange Markets

5.8.1. Developments in Nominal Exchange Rate

In 2018/19, weighted average exchange rate of Birr in the inter-bank foreign exchange market was Birr 28.0543/ USD, showing a 7.5 percent annual depreciation (Table 5.10).

In the retail foreign exchange market, the average buying and selling rates of the Birr in forex bureaus depreciated by 7.39 and 7.43 percent, respectively, with a spread margin of 1.95 percent.

Table 5.10: Inter-Bank Exchange Rates of Birr per USD

Period	Average Weighted Rate	Amount Traded in millions of USD		Number of Trades	
		Total	o/w Among CBs	Total	o/w Among CBs
2016/17	**22.4137**	**12.55**	**0.0**	**251.0**	**0.0**
Qtr. I	21.9262	3.10	0.0	62.0	0.0
Qtr. II	22.2228	3.25	0.0	65.0	0.0
Qtr. III	22.5832	3.15	0.0	63.0	0.0
Qtr. IV	22.9225	3.05	0.0	61.0	0.0
2017/18	**26.1082**	**12.50**	**0.0**	**250.0**	**0.0**
Qtr. I	23.2488	3.10	0.0	62.0	0.0
Qtr. II	26.7099	3.20	0.0	64.0	0.0
Qtr. III	27.2250	3.15	0.0	63.0	0.0
Qtr. IV	27.2493	3.05	0.0	61.0	0.0
2018/19	**28.0543**	**12.60**	**0.0**	**251**	**0**
Qtr. I	27.4295	3.10	0.0	62.0	0.0
Qtr. II	27.8137	3.30	0.0	65.0	0.0
Qtr. III	28.2700	3.15	0.0	63.0	0.0
Qtr. IV	28.7039	3.05	0.0	61.0	0.0

Source: NBE, Foreign Exchange Monitoring & Reserve Management Directorate and staff Compilation

Table 5.11: End Period Mid-Market Rates

(USD per Unit of Foreign Currency)

Currency	2016/17	2017/18	2018/19	Percentage Change	
	A	B	C	B/A	C/B
Pound Sterling	1.2965	1.3087	1.2701	0.94	-2.95
Swedish Kroner	0.1173	0.1112	0.1078	-5.22	-3.05
Djibouti Franc	0.0056	0.0056	0.0056	0.02	-0.03
Swiss Franc	1.0429	1.0018	1.0226	-3.94	2.08
Saudi Riyal	0.2666	0.2666	0.2666	0.00	0.00
UAE Dirham	0.2722	0.2722	0.2722	0.00	0.00
Canadian Dollar	0.8106	0.7521	0.7615	-7.22	1.25
Japanese Yen	0.0089	0.0091	0.0093	2.22	2.19
Euro	1.1405	1.1581	1.1371	1.54	-1.81
SDR	1.3876	1.4084	1.3896	1.50	-1.33

Source: Staff Compilation

Measured at end period mid-market exchange rate of the US dollar appreciated against Swedish Kroner (3.1 percent), Pound Sterling (3.0 percent), Euro (1.8 percent), SDR (1.3 percent) and Djibouti Franc (0.03 percent), whereas it lost ground against Japanese Yen (2.2 percent), Swiss Franc (2.1 percent) and Canadian Dollar (1.3 percent). On the other hand, US dollar rate against Saudi Riyal and UAE Dirhams remained unchanged (Table 5.11).

Table 5.12: End Period Mid-Market Rates (Birr per Unit of Foreign Currency)

Currency	2016/17	2017/18	2018/19	Percentage Change	
	A	B	C	B/A	C/B
USD	23.2237	27.3984	29.0555	17.98	6.05
Pound	30.1095	35.8563	36.9033	19.09	2.92
Swedish Kroner	2.7248	3.0469	3.1325	11.82	2.81
Djibouti Franc	0.1303	0.1538	0.1630	18.00	6.02
Swiss Franc	24.2191	27.4479	29.7121	13.33	8.25
Saudi Riyal	6.1923	7.3055	7.7471	17.98	6.04
UAE Dirhams	6.3222	7.4584	7.9095	17.97	6.05
Canadian Dollar	18.8260	20.6065	22.1257	9.46	7.37
Japanese Yen	0.2061	0.2486	0.2694	20.60	8.37
Euro	26.4866	31.7301	33.0390	19.80	4.12
SDR	32.2251	38.5879	40.3755	19.74	4.63

Source: Staff Compilation

Similarly, the Birr depreciated against all major international currencies, specifically, Japanese Yen (8.4 percent), Swiss Franc (8.3 percent), Canadian Dollar (7.4 percent), USD (6.1 percent), UAE Dirham (6.1 percent), Saudi Riyal (6.0 percent), Djibouti Franc (6.0 percent), SDR (4.6 percent), Euro (4.1 percent), Pound Sterling (2.9 percent) and Swedish Kroner (2.8 percent) (Table 5. 12).

5.8.2. Movements in Real Effective Exchange Rate

The real effective exchange rate (REER) of the Birr has been appreciating since 2010/11 as result of higher domestic inflation and strengthening of US dollar relative to that of its major trading partners. Accordingly, the REER appreciated by 21.1 percent in 2018/19 compared to 5.9 percent depreciation last year. This was largely attributed to the strengthening of US dollar against Sudanese Pound (154.1 percent), Turkish Lira (34.4 percent), Swedish Krona (9.0 percent), South Korean Won (8.0 percent) and Chinese Yuan (7.0 percent).

Likewise, the nominal effective exchange rate (NEER) of the Birr appreciated by 13.9 percent vis-a-vis 10.9 percent depreciation during the same period (Table 5.13).

Table 5.13: Trends in Real and Nominal Effective Exchange Rates

Fiscal Year	REERI	NEERI	Percentage Change	
				NEERI
2010/11	122.8	42.9	1.33	-23.5
2011/12	139.4	43.2	13.49	0.7
2012/13	140.2	42	0.59	-2.7
2013/14	140.8	40.7	0.44	-3.3
2014/15	157.6	42.3	11.93	4
2015/16	159.3	41.2	1.1	-2.7
2016/17	171.9	41.8	7.9	1.6
2017/18	161.8	37.2	-5.9	-10.9
2018/19	196.0	42.4	21.1	13.9

Source: NBE Staff Compilation

An increase in REERI and NEERI indicates appreciation and vice versa.

Where: REERI = Real Effective Exchange Rate Index

NEERI = Nominal Effective Exchange Rate Index

5.8.3. Foreign Exchange Transactions

In 2018/19, USD 12.6 million was traded in the inter-bank foreign exchange market which was 0.8 percent higher than that of last year. All the foreign exchange traded in the inter-bank foreign exchange market was supplied by the National Bank of Ethiopia (Table 5.10).

At the same time, forex bureaus of commercial banks purchased USD 620.7 million from customers, about 94.0 percent higher than a year ago. Their foreign exchange sales also surged by 51.4 percent to USD 409.1 million (Table 5.14).

Table 5.14: Foreign Exchange Transactions by Forex Bureaus of Commercial Banks

(In Millions of USD)

Name of Forex Bureau	2016/17		2017/18		2018/19		Percentage Change	
	A	B	C	D	E	F	E/C	F/D
	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales
Commercial Bank of Ethiopia	242.05	84.48	239.76	151.52	318.22	172.45	32.7	13.8
Bank of Abyssinia	6.32	11.32	2.89	14.69	16.27	29.36	462.9	99.8
Dashen Bank	12.97	20.59	14.12	20.77	26.19	29.89	85.5	43.9
Awash International Bank	4.85	16.70	5.44	16.31	27.99	45.89	414.5	181.4
Construction & Business Bank	0.00	0.00	0.00	0.00	-	-		
Wegagen Bank	4.16	5.61	11.44	8.30	27.21	15.04	137.8	81.2
United Bank	6.03	13.10	10.00	16.15	38.00	26.94	280.0	66.8
Development Bank	0.00	0.28	0.00	0.33	0.05	7.08		
Nib International Bank	1.35	7.60	2.29	4.83	10.23	7.49	346.8	55.1
Lion International Bank	25.59	5.61	8.32	3.73	65.83	5.34	691.2	43.2
Oromia International Bank	3.46	5.02	6.50	7.40	23.82	15.37	266.5	107.6
Zemen Bank	0.72	11.74	0.37	8.41	2.25	16.02	507.9	90.5
Cooperative Bank of Oromia	0.75	2.17	0.95	5.19	6.06	12.20	537.8	135.0
Buna International Bank	4.25	2.39	8.99	3.09	20.13	4.29	123.9	38.9
Birhan International Bank	0.68	2.38	0.98	4.34	4.14	9.96	322.5	129.4
Abay Bank	1.38	1.34	1.82	1.30	17.44	1.22	858.4	(6.3)
Addis International Bank	3.20	1.55	4.37	1.90	10.39	3.50	137.9	84.1
Debub Global Bank	0.07	0.29	0.17	0.24	1.49	1.91	778.5	697.6
Enat Bank	0.25	0.52	1.62	1.70	5.03	5.14	210.5	202.4
Total	318.09	192.67	320.0	270.2	620.74	409.10	94.0	51.4
Average Exchange Rate	22.4111	22.8506	26.1467	26.6462	28.0298	28.5755	7.4	7.4

Source: Staff Compilation

GENERAL GOVERNMENT FINANCE

VI. GENERAL GOVERNMENT FINANCE

6.1. General

Overall fiscal performance of the general government depicted wider overall fiscal deficit (excluding grants) which reached Birr 101.7 billion in 2018/19 compared to Birr 84.5 billion deficit last year. Yet, the ratio of primary deficit to GDP tended declined from 3.0 percent to 2.5 percent.

General government revenue (including grants) grew 20.0 percent and its ratio to GDP reached 11.5 percent, which was lower than that of last fiscal year. Similarly general government expenditure increased 16.6 percent. Its ratio to GDP was 15.3 percent (Table 7.1).

Table 6.1: Measuring Fiscal Sustainability (In percent)

Fiscal Year	PD/GDP	IP/RR	Debt/GDP	R(Debt)	R(GDP)	Exp/GDP	Rev/GDP	R(OR)
2004/05	-4.5	6.5	38.2	29.4	22.9	23.5	14.7	11.1
2005/06	-4.7	5.4	37.8	22.3	23.6	22.5	15.0	26.3
2006/07	-3.7	5.5	36.3	25.5	30.6	20.9	12.8	11.6
2007/08	-2.9	3.8	32.5	29.3	44.4	19.1	12.1	36.7
2008/09	-0.9	3.2	26.9	11.5	35.1	17.4	12.1	34.8
2009/10	-1.3	2.9	27.5	17.1	14.2	18.8	14.2	34.1
2010/11	-1.6	2.8	26.8	29.8	33.4	18.6	13.7	28.3
2011/12	-1.2	2.2	25.6	39.5	46.1	16.8	13.9	48.8
2012/13	-2.0	2.4	27.4	23.4	15.5	18.1	14.6	20.6
2013/14	-2.6	2.6	28.6	28.4	21.1	17.5	13.8	17.8
2014/15	-2.5	2.9	31.8	31.1	16.6	18.6	15.1	27.7
2015/16	-1.9	3.1	32.1	24.6	23.6	17.9	15.1	23.6
2016/17	-3.3	3.2	34.9	28.7	18.2	18.2	14.2	11.3
2017/18	-3.0	4.3	35.6	24.3	20.2	16.1	12.2	5.1
2018/19	-2.5	4.3	35.7	22.8	16.3	15.3	11.5	15.5

Source: Staff Computation
PD = Primary Deficit
IP/RR = Share of interest payments in Recurrent revenue
Debt/GDP = Ratio of Domestic Debt to GDP
R(Debt) = Growth rate of Domestic Debt
R(GDP) = Growth rate of GDP at current market price
Exp/GDP = Ratio of General Government Expenditure to GDP
Rev/GDP = Ratio of General Government Revenue to GDP
R(OR) = Growth rate of ordinary Revenue

6.2 Revenue and Grants

Total revenue (including grants), collected during 2018/19 amounted to Birr 344.9 billion which showed 20 percent annual growth. Total domestic revenue stood at Birr 311.3 billion, about 86.2 percent was generated through taxes, and 13.8 percent from non-taxes.

Tax revenue rose 14.1 percent owing to 18.7 percent growth in direct taxes, which constituted income tax, profit tax and urban and rural land use fees. Income and profit taxes alone accounted for 97.4 percent of the direct taxes while the remaining balance (2.6 percent), was collected from rural and urban land use fee. Revenue from indirect taxes was Birr 152.5 billion and its share in total tax revenue reached 56.8 percent. About 49.0 percent of the indirect tax revenue was generated through import duties which showed 6.3 percent annual increase.

Non-tax revenue stood at Birr 42.8 billion, about 24.5 percent higher than a year ago largely due to improvement in collection of income from government investment.

External grants surged by 87.7 percent and reached Birr 33.6 billion, during the review period.

All in all, total revenue performance rate was 92.9 percent of the annual target.

Table 6.2: Summary of General Government Revenue by Component

(In Millions of Birr)

Particulars	2017/18	2018/19		Percentage Change	Performance Rate
	[A]	[B]	C	[C/A]	[C/B]
	Pre. Act	Revised Budget	Pre. Act		
Total Revenue and Grants	287,562.1	371,475.0	344,936.5	20.0	92.9
Total Revenue 1/	269,648.2	335,333.7	311,317.4	15.5	92.8
Tax Revenue	235,229.5	289,521.3	268,457.4	14.1	92.7
1. Direct Tax Revenue	97,646.0	114,487.6	115,857.8	18.7	101.2
1.1 Income and Profit Taxes	94,837.3	109,067.1	112,798.6	18.9	103.4
Personal	34,810.6	36,708.6	41,202.5	18.4	112.2
Business	44,732.7	57,607.9	59,406.6	32.8	103.1
Others 2/	15,294.1	14,750.6	12,189.4	(20.3)	82.6
1.2 Rural Land Use Fee	376.3	2,300.4	356.0	(5.4)	15.5
1.3 Urban Land Use Fee	2,432.4	3,120.0	2,703.3	11.1	86.6
2. Indirect Taxes	137,583.5	175,033.8	152,599.6	10.9	87.2
2.1 Domestic Taxes	67,172.4	83,200.3	77,774.0	15.8	93.5
2.2 Foreign Trade Taxes	70,411.0	91,833.5	74,825.6	6.3	81.5
Import	70,411.0	91,833.5	74,825.6	6.3	81.5
Export					
3. Non-Tax Revenue	34,418.7	45,812.3	42,860.0	24.5	93.6
3.1 Charges and Fees	4,182.5	3,115.8	4,428.6	5.9	142.1
3.2 Govt. Invt. Income 3/	12,222.8	15,668.4	15,821.6	29.4	101.0
3.3 Reimb. and Property Sales	121.2	323.1	245.9	102.9	76.1
3.4 Sales of Goods & Services	5,282.4	6,580.9	6,872.8	30.1	104.4
3.5 Others 4/	12,609.8	20,124.2	15,491.0	22.8	77.0
4. Grants	17,913.9	36,141.4	33,619.1	87.7	93.0

Source: Ministry of Finance

1/ It does not include privatization proceeds

2/ Others include rental income tax, with holding income tax on imports, interest income tax, capital gains tax, agricultural income and other incomes

3/Gov. Investment income includes : Residual surplus, capital charge, interest payments and state dividend

4/ Other extra ordinary, miscellaneous, pension contribution and other revenue

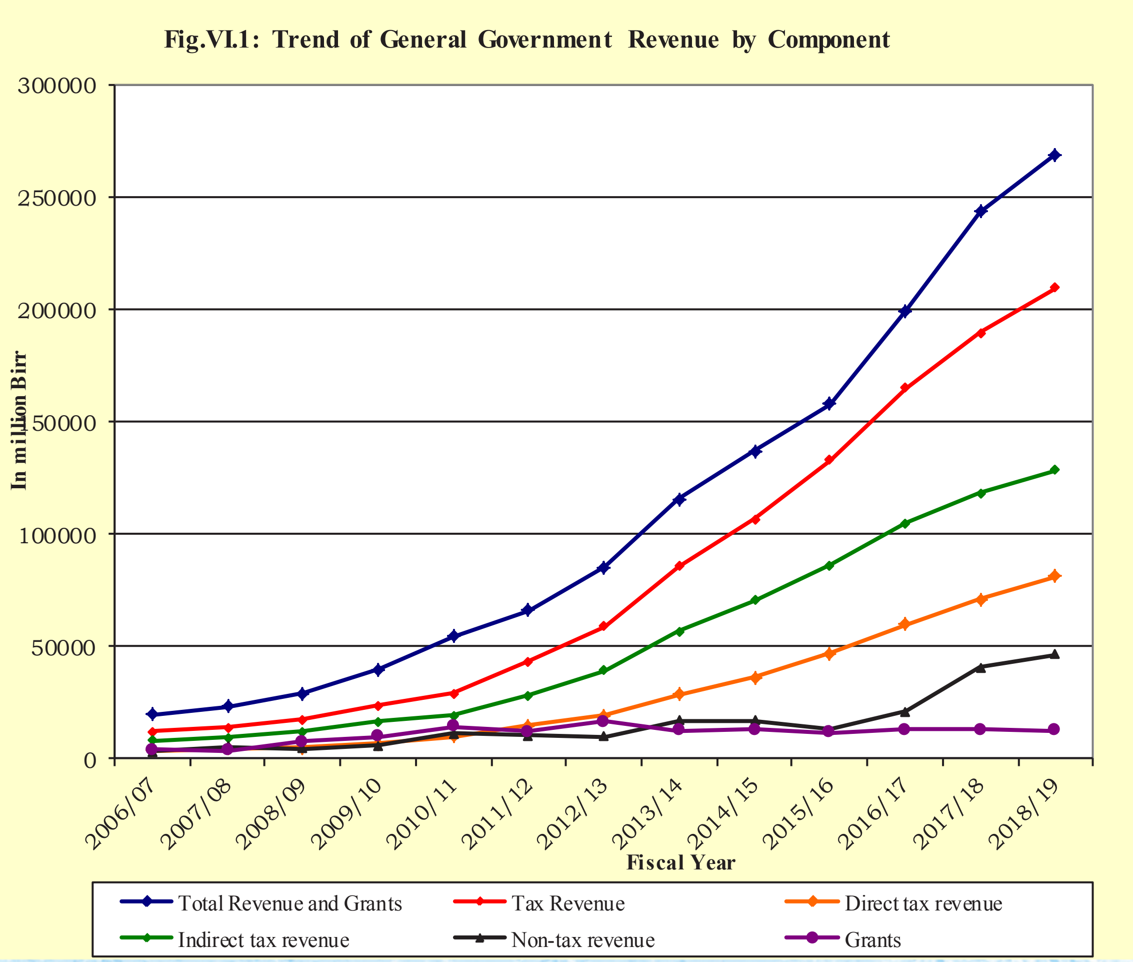


Fig.VI.1: Trend of General Government Revenue by Component
300000
250000
200000
150000
100000
50000
0
In million Birr
2006/07
2007/08
2008/09
2009/10
2010/11
2011/12
2012/13
2013/14
2014/15
2015/16
2016/17
2017/18
2018/19
Fiscal Year
Total Revenue and Grants
Tax Revenue
Direct tax revenue
Indirect tax revenue
Non-tax revenue
Grants

6.3. Expenditure

Total general government expenditure amounted to Birr 413.1 billion, depicting 16.6 percent annual growth.

Current expenditure, accounting for 57.7 percent of the total expenditure, increased 13.2 percent annually of which the lion's share (47.2 percent) went to finance social services.

Capital expenditure reached Birr 174.9 billion compared to Birr 143.7 billion a year ago. About 60.9 percent of the capital expenditure was on economic development.

In summary, expenditure performance rate was 87.7 percent of the annual budget.

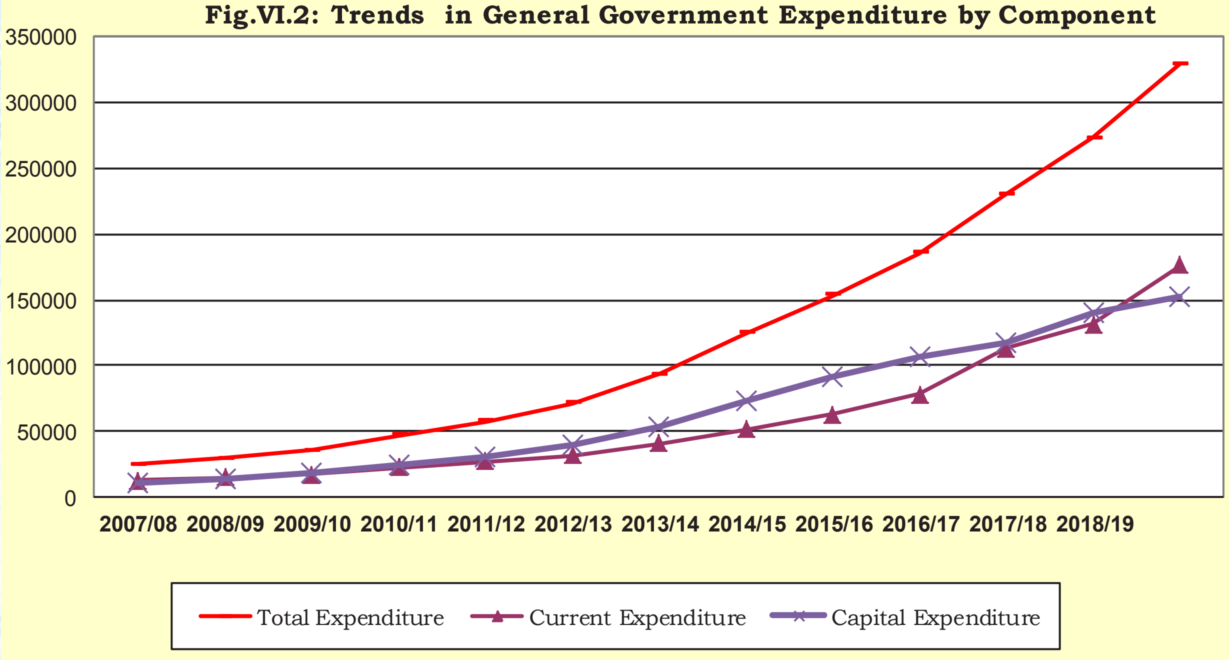
Table 6.3: Summary of General Government Expenditure

(In Millions of Birr)

Particulars	2017/18	2018/19		Percentage Change	Performance Rate
	[A]	[B]	[C]	[C/A]	
	Pre actual	Revised Budget	Pre actual		[C/B]
Total Expenditure	354,205.3	471,195.8	413,105.7	16.6	87.7
1. Current Expenditure	**210,470.2**	**273,441.9**	**238,156.6**	**13.2**	**87.1**
General Services	62,715.7	65,473.6	74,660.4	19.0	114.0
Economic Services	26,503.3	33,618.9	31,233.4	17.8	92.9
Social Services	97,845.8	103,494.0	112,516.0	15.0	108.7
Interest and Charges	11,570.7	15,221.9	13,525.8	16.9	88.9
Others (miscellaneous)	11,834.9	55,633.5	6,221.0	(47.4)	11.2
2. Capital Expenditure	**143,735.1**	**197,753.9**	**174,949.1**	**21.7**	**88.5**
Economic Development	89,717.1	120,475.1	106,518.0	18.7	88.4
Social Development	37,477.1	47,525.4	47,891.4	27.8	100.8
General Development	16,540.9	29,753.4	20,539.8	24.2	69.0
3. Special programs					

Source: Ministry of Finance

Fig.VI.2: Trends in General Government Expenditure by Component



6.4. Deficit Financing

General government budget operations resulted in Birr 68.1 billion deficit (including grants) which was 2.3 percent higher than a year earlier. The share of primary deficit in GDP was 2.5 percent. The deficit was financed by net external and domestic borrowings.

Table 6.4: Summary of General Government Finance

(In Millions of Birr)

Particulars	2017/18	2018/19		Percentage Change	performance rate
	[A]	[B]	[C]	[C/A]	[C/B]
	Pre. Act	Revised Budget	Pre. Act		
Revenue and Grants	**287,562.1**	**371,475.0**	**344,936.5**	**20.0**	**92.9**
Revenue	269,648.2	335,333.7	311,317.4	15.5	92.8
Grants	17,913.9	36,141.4	33,619.1	87.7	93.0
Total Expenditure	**354,205.3**	**471,195.8**	**413,105.7**	**16.6**	**87.7**
Current Expenditure	210,470.2	273,441.9	238,156.6	13.2	87.1
Capital Expenditure	143,735.1	197,753.9	174,949.1	21.7	88.5
Overall Surplus/ Deficit					
(Including Grants)	**(66,643.2)**	**(99,720.8)**	**(68,169.2)**	**2.3**	**68.4**
(Excluding Grants)	**(84,557.1)**	**(135,862.2)**	**(101,788.3)**	**20.4**	**74.9**
Total Financing	**66,643.2**	**99,720.8**	**68,169.2**	**2.3**	**68.4**
Net External Borrowings	**28,134.7**	**40,414.3**	**35,401.7**	**25.8**	**87.6**
Gross Borrowing	32,449.7	47,704.7	40,973.4	26.3	85.9
Amortization Paid	4,315.1	7,290.4	5,571.7	29.1	76.4
Net Domestic Borrowings	**14,871.2**	**59,306.5**	**36,324.3**	**144.3**	**61.2**
Banking System	(23,423.8)		10,188.5	(143.5)	
Non-Banking Systems	38,295.0		26,135.8	(31.8)	
Privatization Receipts	**9,349.1**				
Others and Residuals	**14,288.3**	**0**	**(3,556.8)**	**(124.9)**	

Source: Ministry of Finance

INVESTMENT

VII. INVESTMENT

In 2018/19, 976 investment projects become operational. All the investment projects were private owned whose investment capital stood at Birr 9 billion.

Of the total investment projects, 913 (93.5 percent) were domestic having investment capital of Birr 7.8 billion. The remaining 63 projects were foreign having Birr 1.2 billion capital.

The average capital investment for domestic projects was Birr 8.6 million while that of foreign projects Birr 17.7 million. This implies that foreign investment projects were more of capital intensive than domestic ones.

These investment projects created job opportunities for 22,631 permanent and 10,541 casual workers (Table 7.1).

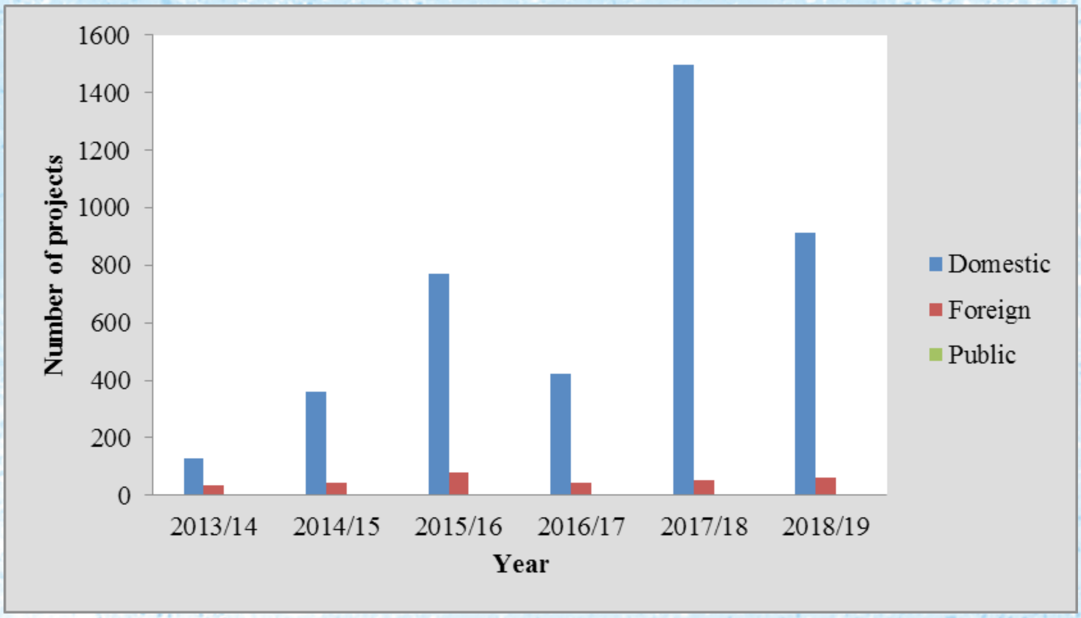
Table 7.1: Number of Projects, Capital and Jobs Created by Operational Investment

(Capital in millions of Birr)

Particulars		2016/17	2017/18	2018/19		Percentage change	
		A	B	C	Share	C/A	C/B
1. Total Investment	Number	468	1,550	976	100	108.5	-37.0
	Capital	8,896.9	25,876.3	8,951.7	100	0.6	-65.4
	Permanent Workers	20,712	332,003	22,631	100	9.3	-93.2
	Temporary Workers	9,775	36,214	10,541	100	7.8	-70.9
1.1. Total Private	Number	467	1,550	976	100	109.0	-37.0
	Capital	3,896.9	25,876.30	8,951.7	100	129.7	-65.4
	Permanent Workers	20,692	332,003	22,631	100	9.4	-93.2
	Temporary Workers	9,775	36,214	10,541	100	7.8	-70.9
1.1.1. Domestic	Number	424	1,496	913	93.5	115.3	-39.0
	Capital	3,295.0	20,698.2	7,836.4	87.5	137.8	-62.1
	Permanent Workers	17,810	233,115	12,692	56.1	-28.7	-94.6
	Temporary Workers	9,051	14,044	6,896	65.4	-23.8	-50.9
1.1.2. Foreign	Number	43	54	63	6.5	46.5	16.7
	Capital	602.0	5,178.1	1,115.3	12.5	85.3	-78.5
	Permanent Workers	2,882	98,888	9,939	43.9	244.9	-89.9
	Temporary Workers	724	22,170	3,645	34.6	403.5	-83.6
1.2. Public	Number	1	-	-	-	-	-
	Capital	5,000.0	-	-	-	-	-
	Permanent Workers	20	-	-	-	-	-
	Temporary Workers	-	-	-	-	-	-

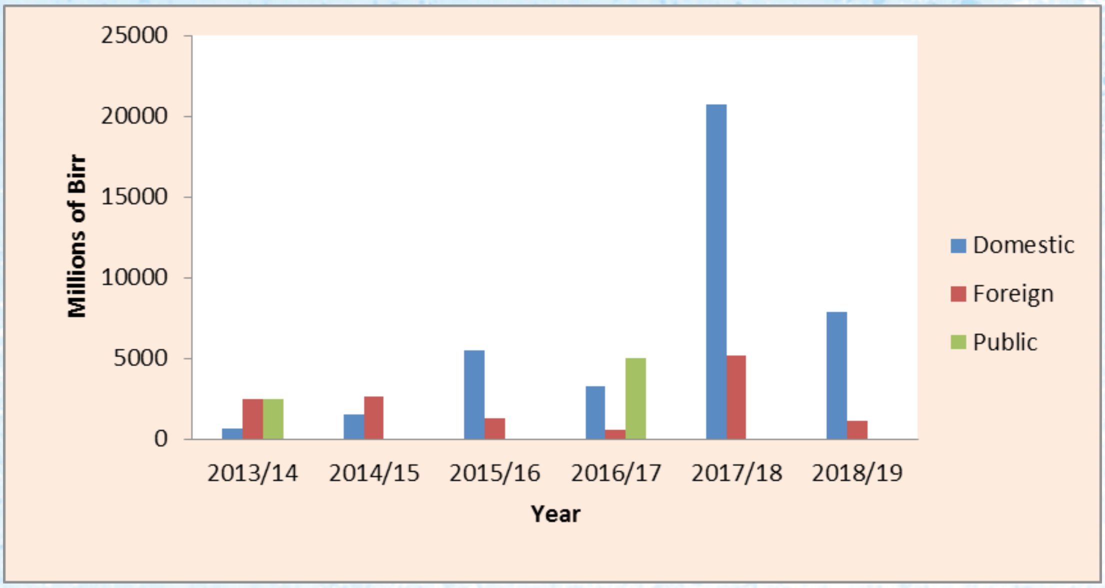
Source: Ethiopian Investment Commission

Fig.VII.1: Number of Operational Investment Projects by Type



Source: Ethiopian Investment Commission.

Fig.VII.2: Capital of Operational Investment Projects by Type



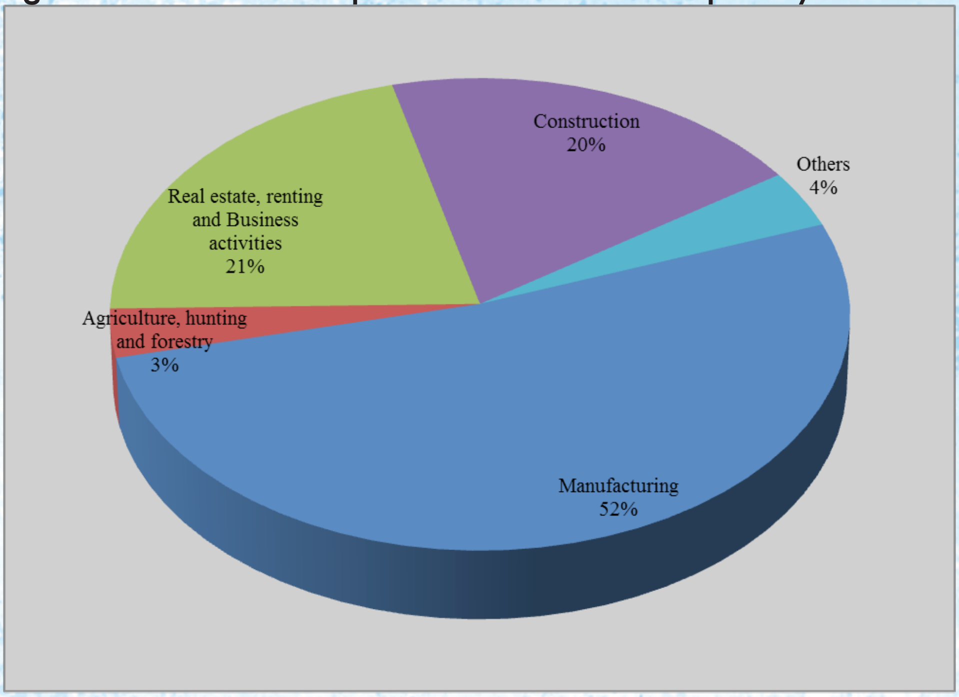
Source: Ethiopian Investment Commission

7.1. Investment by Sector

In terms of sectoral distribution, 41.4 percent of the total investment projects were in real estate, renting & business activities, 34.5 percent in manufacturing, 18 percent in construction, and 2.8 percent in agriculture, hunting & forestry. The rest of the sectors attracted just 3.3 percent of total investment projects.

Of the total capital investment, manufacturing accounted for 51.6 percent followed by real estate, renting & business activities (21.3 percent), construction (19.5 percent), agriculture, hunting & forestry (3.3 percent) and the remaining sectors 3.9 percent (Table 7.2).

Fig.VII.3: Distribution of Operational Investment capital by Sector in 2018/19



Source: Ethiopian Investment Commission.

Others*: hotel & restaurant, education, health & social work, tour operation, transport & communication, mining & quarrying, others and other community, social and personal service activities.

Table: 7.2: Numbers and Capital of Operational Investment Projects by Sector

(Capital in millions of Birr)

Sectors	2016/17		2017/18		2018/19		Percentage share	
	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital
Manufacturing	149	1,888.0	578	14,494.8	337	4,647.0	34.5	51.9
Agriculture, hunting and forestry	14	119.6	42	322.8	27	297.7	2.8	3.3
Real estate, renting and Business activities	81	5,737.4	496	7,204.8	404	1,909.3	41.4	21.3
Hotel and restaurants	2	9.5	5	57.8	7	39.5	0.7	0.4
Education	4	6.1	7	67.8	6	68	0.6	0.8
Health and social work	3	13.7	15	276.4	5	25	0.5	0.3
Construction	199	1,081.9	344	3,002.1	176	1,745.7	18.0	19.5
Tour operation, transport and communication	3	14.7	5	11.4	5	20.0	0.5	0.2
Whole sale, retail trade and repair service	-	-	1	2.0	-	-	-	-
Mining and quarrying	8	18.7	7	81.0	4	38	0.4	0.4
Electricity, gas, steam and water supply	-	-	1	100.0	-	-	-	-
Other community, social and personal service activities	4	5.2	46	245.8	2	82	0.2	0.9
Others	1	1.9	3	9.5	3	79	0.3	0.9
Grand Total	468	8,896.9	1,550	25,876.2	976	8,951.7	100	100

Source: Ethiopian Investment Commission

7.2. Distribution by Region

Of the 976 investment projects, 681 (69.8 percent) having about Birr 6.8 billion capital (76.4 percent) were located in Addis Ababa, 157 projects (16.1 percent) with Birr 560.4 million capital in Oromia, 49 projects (5 percent) with Birr 265.6 million capital in Tigray and 20 projects (2 percent) with Birr 152.5 million capital in Amhara region.

On the other hand, 69 projects (7.1 percent) with Birr 1.1 billion capital were multiregional. During the year, there were no investment projects in Afar, Somali, Benishangul-Gumuz, SNNPR, Gambella, Harari and Dire-Dawa (Table 7.3).

Table 7.3: Number and Capital of Operational Projects by Region

(Capital in millions of Birr)

Regions	2016/17		2017/18		2018/19		Percentage share	
	No. of projects	Investment Capital	No. of projects	Investment Capital	No. of projects	Investment Capital	No. of projects	Investment Capital
Tigray	21	65.9	66	395.3	49	265.6	5.0	3.0
Afar	-	-	46	380.0	-	-	-	-
Amhara	42	104.5	15	39.7	20	152.5	2.0	1.7
Oromia	19	335.6	-	-	157	560.4	16.1	6.3
Somali	-	-	-	-	-	-	-	-
Benishangul-Gumuz	-	-	1	2.0	-	-	-	-
SNNPR	10	83.5	1	2.5	-	-	-	-
Gambella	-	-	-	-	-	-	-	-
Harari	-	-	-	-	-	-	-	-
Addis Ababa	376	8,307.5	1,362	19,839.3	681	6,838.4	69.8	76.4
Dire Dawa	-	-	-	-	-	-	-	-
Multiregional Projects	-	-	59	5,217.5	69	1,135	7.1	12.7
Grand Total	**468**	**8,896.9**	**1,550**	**25,876.3**	**976**	**8,951.7**	**100**	**100**

Source: Ethiopian Investment Commission

INTERNATIONAL DEVELOPMENTS

VIII. INTERNATIONAL DEVELOPMENTS

8.1. International Economic Developments

8.1.1. Overview of the World Economy

Global technology supply chains were threatened by the prospect of US sanctions, Brexit-related uncertainty continued, and rising geopolitical tensions roiled energy prices. As a result, global growth is projected to remain modest in 2019, at 3.2 percent, before picking up to 3.5 percent in 2020. For advanced economies, growth is projected at 1.9 percent in 2019 and 1.7 percent in 2020. The emerging market and developing economy group is expected to grow at 4.1 percent in 2019, rising to 4.7 percent in 2020.

Growth is projected to continue in the United States supported by stronger-than-anticipated first quarter performance and the headline number was strong on the back of robust exports and inventory accumulation despite softer than expected domestic demand and weaker imports in part reflecting the effect of tariffs. As a result, the 2019 growth is expected to be 2.6 percent, moderating to 1.9 percent in 2020 as the fiscal stimulus unwinds.

Growth in the euro area is projected at 1.3 percent in 2019 and 1.6 percent in 2020. This is due to weaker-than-expected external demand, which also weighs on investment in Germany. Euro area growth is expected to pick up over the remainder of this year and into 2020, as external demand is projected to recover and temporary factors (including the dip in German car registrations and French street protests) continue to fade.

The United Kingdom GDP is set to expand at 1.3 percent in 2019 and 1.4 percent in 2020 as a result of a stronger-than-anticipated first quarter outturn boosted by pre-Brexit inventory accumulation and stockpiling. This is likely to be partially offset by payback over the remainder of the year. Monthly GDP for April recorded a sharp contraction, in part driven by major car manufacturers bringing forward regular annual shutdowns as part of Brexit contingency plans. The forecast assumes an orderly Brexit followed by a gradual transition to the new regime. However, as of mid-July, the ultimate form of Brexit remained highly uncertain.

In Japan, the economy is set to grow by 0.9 percent in 2019. The strong first quarter GDP release reflects inventory accumulation and a large contribution from net exports due to the sharp fall in imports, thus masking subdued underlying momentum. Growth is projected to decline to 0.4 percent in

2020, with fiscal measures expected to somewhat mitigate the volatility in growth from the forthcoming October 2019 increase in the consumption tax rate.

The emerging market and developing economy group is expected to grow at 4.1 percent in 2019, rising to 4.7 percent in 2020 although higher growth in Emerging and developing Asia. Growth in emerging and developing Asia is expected to grow at 6.2 percent in 2019/20, largely reflecting the impact of tariffs on trade and investment. In China, the negative effects of escalating tariffs and weakening external demand have added pressure to an economy already in the midst of a structural slowdown and needed regulatory strengthening to rein in high dependence on debt. With policy stimulus expected to support activity in the face of the adverse external shock, growth is forecasted at 6.2 percent in 2019 and 6.0 percent in 2020. India's economy is set to grow at 7.0 percent in 2019, picking up to 7.2 percent in 2020 which reflects a weaker-than-expected outlook for domestic demand.

Growth in the Middle East, North Africa, Afghanistan, and Pakistan region is expected to be 1.0 percent in 2019, rising to about 3.0 percent in 2020. The forecast for 2019 is owing to the crippling effect of tighter US sanctions on Iran. Civil strife across other economies, including Syria and Yemen, add to the difficult outlook for the region. Partially offsetting these developments are improved prospects for Saudi Arabia's economy—the non-oil sector is expected to strengthen in 2019 with higher government spending and improved confidence, and in 2020 with an increase in oil sector growth.

In Sub-Saharan Africa, growth is expected at 3.4 percent in 2019 and 3.6 percent in 2020, as strong growth in many non-resource-intensive countries partially offsets the lackluster performance of the region's largest economies. Higher, albeit volatile, oil prices have supported the outlook for Angola, Nigeria, and other oil-exporting countries in the region. But growth in South Africa is expected at a more subdued pace in following a larger-than-anticipated impact of strike activity and energy supply issues in mining and weak agricultural production.

Table 8.1: Overview of World Economic Outlook and Projection

(Annual Percentage Change)

Particulars	2017	2018	Projection	
			2019	2020
World Output	3.8	3.6	3.2	3.5
Advanced Economies	2.4	2.2	1.9	1.7
United States	2.2	2.9	2.6	1.9
Euro Area	2.4	1.9	1.3	1.6
Japan	1.9	0.8	0.9	0.4
United Kingdom	1.8	1.4	1.3	1.4
Emerging Market & Developing Economies	4.8	4.5	4.1	4.7
Middle East, North Africa, Afghanistan and Pakistan	2.1	1.6	1.0	3.0
Sub-Saharan Africa	2.9	3.1	3.4	3.6
Nigeria	0.8	1.9	2.3	2.6
South Africa	1.4	0.8	0.7	1.1
World Trade Volume (goods & services) *	5.4	3.8	3.4	3.9
Imports				
Advanced Economies	4.3	3.1	3.0	3.2
Emerging Market and Developing Economies	7.5	5.6	4.6	5.3
Exports				
Advanced Economies	4.4	3.1	2.7	3.1
Emerging Market and Developing Economies	7.2	4.3	4.0	4.8
Commodity Prices (US dollars)				
Oil	23.3	29.4	-4.1	-2.5
Non- fuel(average based on world commodity import weights)	6.4	1.6	-0.6	0.5
Consumer Prices*				
Advanced Economies	1.7	2.0	1.6	2.1
United States	2.1	2.4	2.0	2.7
Euro Area	1.5	1.8	1.3	1.6
United Kingdom	2.7	2.5	1.8	2.0
Japan	0.5	1.0	1.1	1.5
Emerging Market & Developing Economies	4.3	4.8	4.9	4.7
China	1.6	2.1	2.3	2.5
Mexico	6.0	4.9	3.8	3.1
Turkey	11.1	16.3	17.5	14.1
Brazil	3.4	3.7	3.6	4.1
Russia	3.7	2.9	5.0	4.5
Sub-Saharan Africa	11.0	8.5	8.1	7.4
Angola	29.8	19.6	17.5	11.1
Nigeria	16.5	12.1	11.7	11.7
Ghana	12.4	9.8	9.1	8.4

Source: IMF, World Economic Outlook, July, 2018

*IMF, World Economic Outlook, April, 2018

8.1.2. World Trade

Global volume of world trade growth in goods and services is estimated to grow by 3.4 percent in 2019. Furthermore, it is projected to expand by 3.9 percent in 2020. Imports of goods and services by advanced economies rise by 3.0 percent in 2019 and by 3.2 percent in 2020. Similarly, imports by emerging market and developing economies forecasted to grow by 4.6 percent and 5.3 percent in 2019 and 2020, respectively. Likewise, export of goods and services from advanced economies and emerging and developing economies is forecasted to expand by 2.7 percent and 4.0 percent in 2019, respectively.

8.1.3. Inflation and Commodity Prices

In advanced economies, inflation rate is forecasted to be 1.6 percent in 2019, down from 2.0 percent in 2018 but increases to 2.1 percent in 2020. However, inflation in emerging market and developing economies is projected to rise to 4.9 percent in 2019 from 4.8 percent in 2018. In 2020, inflation is expected to moderate to about 4.7 percent.

In the United States, consumer price inflation is expected to decrease from 2.4 percent in 2018 to 2.0 percent in 2019 before rising to 2.7 percent in 2020.

In Euro area inflation is expected to remain at about 1.3 percent in 2019 and it is expected to increase to 1.6 percent in 2020.

In the United Kingdom, inflation in 2019 is projected at 1.8 percent, lower than 2.5 percent of 2018, before rising to 2.0 percent in 2020.

While in Japan inflation is forecasted to be 1.1 percent in 2019 and 1.5 percent in 2020 from 1.0 percent in 2018.

In emerging market economies, inflation development is diverse. In China inflation is expected to pick up to 2.3 percent in 2019 and 2.5 percent in 2020 from 2.1 percent in 2018. Inflation rate in Brazil is projected to be 3.6 percent in 2019 and further increased to 4.1 percent in 2020. Inflation in Russia is expected to be 5 percent in 2019 and slightly declines to 4.5 percent in 2020. In Mexico, the inflation rate is projected to decline to 3.8 percent in 2019 from 4.9 percent in 2018.

In Sub-Saharan Africa, inflation is expected to be 8.1 percent and 7.4 percent in 2019 and 2020, respectively.

Since the beginning of 2019, oil prices have recovered somewhat thanks to production cuts by oil-exporting countries. However, its price is projected to decline by 4.1 percent in 2019 and 2.5 percent in 2020 despite it registered annual growth of 29.4 percent in 2018.

Metal prices are expected to increase 2.4 percent year over year in 2019 and decline by 2.2 percent in 2020.

Food prices are projected to decline 2.9 percent year over year in 2019 before increasing to 2.1 percent in 2020.

8.1.4. Exchange Rate

With regard to major currencies, as of late March, the US dollar was back to its September 2018 level: the late-2018 appreciation reversed following a shift in market expectations about the pace and extent of monetary policy tightening. The euro depreciated by about 3 percent over this period, on weaker-than-expected macroeconomic data and concerns about Italy. The yen appreciated modestly, and the pound strengthened by about 3 percent on shifting expectations of the outcome of Brexit negotiations. Emerging market currencies generally strengthened, helped by the pause in interest rate hikes by the Federal Reserve and by the truce in the US–China trade dispute. This includes currencies that had come under more severe pressure in previous months—primarily the Argentine peso and the Turkish lira, but also the Brazilian real and the South African rand—as well as the Indian rupee and the Russian ruble. Most other Asian currencies also appreciated, with the Chinese renminbi strengthening by about 2 percent.

8.2. Implications of International Economic Developments on the Ethiopia Economy

Global output growth was stable in the range between 3 percent and 4 percent in 2018 due to continued strong growth in emerging Asia. Growth of economic activity in both advanced economies and emerging & developing economies is forecasted to slowdown in 2019.

In 2018 oil price grew by 29.4 percent. The increase in oil price in 2018/19 has suppressing impact on Ethiopia's current account balance. However, in 2019 it will decrease by 4.1 percent which could have a positive impact on our current account.

On the other hand, food prices are projected to decline by 2.9 percent year over year in 2019. The decline in the price of food in the international market will reduce Ethiopia's export earnings from agricultural commodities which are the major export items of the country.

National Bank of Ethiopia

(Federal Democratic Republic of Ethiopia)

Financial Statements

For the year ended 30 June 2019

National Bank of Ethiopia
Financial Statements
For the year ended 30 June 2019

National Bank of Ethiopia
Annual Financial statements
For the year ended 30 June 2019

Statement of Director's Responsibility

The Directors are responsible for the preparation and fair presentation of the financial statements of National Bank of Ethiopia ("The Bank"), comprising the statement of financial position as at 30 June 2019, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards.

To enable the Directors to meet those responsibilities, the Board of Directors (the "Board") and management sets standards and management implements systems of internal control, accounting and information systems aimed at providing reasonable assurance that assets are safeguarded and the risk of error, fraud or loss is reduced in a cost effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

To their best knowledge and belief, based on the above, the Directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the year under review. The Directors have reviewed the performance and financial position of the Bank to the date of signing of these financial statements and its prospects based on prepared budgets, and are satisfied that the Bank is a going concern and, therefore, have adopted the going concern assumption in the preparation of these financial statements.

Approval of the annual financial statements

The financial statements on pages 5 to 96 were approved by the Governor on behalf of the Board of Directors on 13 December, 2021.

H.E. Dr Yinager Dessie. ____________________ Date: 13 December, 2021

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The Federal Democratic Republic of Ethiopia
Audit Services Corporation

INDEPENDENT AUDITOR'S REPORT TO THE SUPERVISING AUTHORITY OF NATIONAL BANK OF ETHIOPIA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National bank of Ethiopia (the Bank), which comprise thestatement of financial position as at 30 June 2019, 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 Bank as at 30 June 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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☎ 251-011-5515222
251-011-5535012
251-011-5535015
251-011-5535016
Fax 251-011-5513083
E-mail:asc@ascethiopia.com
website www.ascethiopia.com
✉ 5720

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NDEPENDENT AUDITOR'S REPORT
TO THE SUPERVISING AUTHORITY OF
NATIONAL BANK OF ETHIOPIA (continued)

A. Revenue and expenses

There are risks that interest income and expenses may not be properly calculated and recorded. We compared the current year's income and expenditure with the prior to analyse the variations. We enquired and documented the reasons for variations. We selected samples of recorded interest income and expense and checked their computation and examined supporting documentation to verify the correctness of the amounts recorded. Based on our assessment we found no concerns regarding revenue and expense recognition.

Responsibilities of Management and Those Charged with Governancefor the Financial Statements

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

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

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

Auditors' Responsibilitiesfor the Audit ofthe 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 scepticism 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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INDEPENDENT AUDITOR'S REPORT
TO THE SUPERVISING AUTHORITY OF
NATIONAL BANK OF ETHIOPIA (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank'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 Bank'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 Bank 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Woizero Azeb Teklesilassie.

Audit Services Corporation

13 December 2021

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National Bank of Ethiopia

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

(In Ethiopian Birr)

	Note	30 June 2019	30 June 2018
Interest income	4	11,105,111,996	8,583,209,279
Interest expense	4	(4,631,472,634)	(3,231,557,791)
Net interest income		**6,473,639,362**	**5,351,651,488**
Fee and commissions income	5	4,692,688,351	3,388,401,155
Revenue from sale of gold	6	843,172,151	769,010,364
Other income	7	2,442,461,796	1,343,969,104
Net non-interest income		**7,978,322,298**	**5,501,380,623**
Net operating income		**14,451,961,660**	**10,853,032,111**
Currency costs	8 (a)	(355,507,892)	(711,378,750)
General and administration costs	8 (b)	(233,586,438)	(227,129,862)
Salaries and related benefits	8 (c)	(179,515,925)	(143,905,101)
Gold purchase, refinery and other related costs	8 (d)	(760,220,832)	(774,578,601)
Impairment losses on financial assets	8(e),9,15	196,132,017	(77,565,415)
Operating surplus before (un)realised gains / (losses)		**13,119,262,590**	**8,918,474,382**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligation	24 (b)	67,108,834	71,666,951
Fair value gains/(losses) on monetary gold	11 (a)	(258,766)	(214,797)
Fair value gains / (losses) on financial assets	10 & 28	2,028,026,984	(1,853,142,356)
Other comprehensive income		**2,094,877,052**	(1,781,690,202)
Total comprehensive income		**15,214,139,642**	**7,136,784,180**

The notes on pages 9 to 96 are an integral part of these financial statements.

National Bank of Ethiopia

Statement of Financial Position

As at 30 June 2019

(In Ethiopian Birr)

	Note	30 June 2019	30 June 2018
Assets			
Balances due from foreign entities - Commercial banks	9 (c)	18,664,807,327	14,369,590,479
Balances due from foreign entities – Central banks	9 (d)	76,063,049,116	60,893,267,700
Cash - foreign currencies	9 (e)	2,024,910,730	642,412,034
Funds held with IMF	9 (f)	187,285,310	42,810,117
Monetary gold	11 (a)	324,860,900	273,107,481
Gold commodity	11 (b)	804,878,004	750,537,251
Loans to government banks	9 (b)	95,599,501,831	87,720,265,023
Investment securities	10	12,100,176,482	11,736,277,070
Property and equipment	13	1,341,692,923	1,409,541,864
Other assets	15	7,536,936,187	1,417,888,043
Intangible asset	14	12,448,568	21,769,337
Due from Government of Ethiopia	9 (a)	192,608,039,679	157,754,003,183
Right of use asset	16	2,299,854	2,453,178
Total assets		**407,270,886,911**	**337,033,922,760**
Liabilities			
Currency in circulation	20	121,800,019,124	112,910,966,031
Deposits due to local financial institutions, government and government institutions	17	188,784,350,335	174,570,678,122
Funds due to international financing institutions	18	18,055,745,550	19,010,310,428
Due to other institutions	19	60,213,242,241	20,755,648,478
Due to the Ministry of Finance	23	14,605,123,097	8,185,860,505
Deferred revenue	22 (d)	355,637	447,439
Lease liability	16	2,454,770	2,555,170
Provisions	21	13,876,392	10,292,665
Employee benefits	24	70,954,611	113,901,230
Other liabilities	25	616,439,318	459,813,907
Total Liabilities		**404,162,561,075**	**336,020,473,975**
Equity			
Capital	26(a)	500,000,000	500,000,000
General reserve	26(b)	500,000,000	500,000,000
Fair value reserve	26(e)	(3,568,006,982)	(5,595,775,199)
Defined benefit reserve	24 / 26(f)	133,291,869	66,183,035
International reserve valuation	26(c)	3,849,198,654	3,849,198,654
Other reserve	26(g)	1,693,842,295	1,693,842,295
Total equity		**3,108,325,837**	**1,013,448,785**
Total liabilities and equity		**407,270,886,911**	**337,033,922,760**

The notes on pages 9 to 96 are an integral part of these financial statements

National Bank of Ethiopia
Statement of Changes in Equity
For the year ended 30 June 2019
(In Ethiopian Birr)

	Note	Capital	General reserve	Other reserve	International reserve valuation	Retained earnings	Defined benefit reserve	Fair value reserve	Total Equity
Balance as of 1 July 2017		**500,000,000**	**500,000,000**	**961,228,430**	**3,849,198,654**	**-**	**(5,483,916)**	**(3,742,418,046)**	**2,062,525,122**
Total comprehensive income:									
Profit for the year	26 (d)	-	-	-	-	8,918,474,382		-	**8,918,474,382**
Other comprehensive income	26 (f)	-	-	-	-	-	71,666,951	(1,853,357,153)	**(1,781,690,202)**
Total comprehensive income		**-**	**-**	**-**	**-**	**8,918,474,382**	**71,666,951**	**(1,853,357,153)**	**7,136,784,180**
Transactions with owners of the Bank:									
Transfer to / (from) General reserve	26 (b)	-	-	732,613,865	-	(732,613,865)	-	-	**-**
Transfer to MOF	23/26 (d)	-	-	-	-	(8,185,860,517)	-	-	**(8,185,860,517)**
Total transactions with owners of the Bank		**-**	**-**	**732,613,865**	**-**	**(8,918,474,382)**	**-**	**-**	**(8,185,860,517)**
Balance as at 30 June 2018		**500,000,000**	**500,000,000**	**1,693,842,295**	**3,849,198,654**	**-**	**66,183,035**	**(5,595,775,199)**	**1,013,448,785**
Total comprehensive income:								-	**-**
Profit for the year	26 (d)	-	-	-	-	13,119,262,590	-	-	**13,119,262,590**
Other comprehensive income	26 (f)	-	-	-	-	-	67,108,834	2,027,768,217	**2,094,877,051**
						13,119,262,590	**67,108,834**	**2,027,768,217**	**15,214,139,641**
Transactions with owners of the Bank:									
Transfer to / (from) Other reserve	26 (b)	-	-	-	-	-	-	-	**-**
Transfer to/(from) MOF	23/26 (d)	-	-	-	-	(13,119,262,590)	-	-	**(13,119,262,590)**
Total transactions with owners of the Bank		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance as of 30 June 2019		**500,000,000**	**500,000,000**	**1,693,842,295**	**3,849,198,654**	**-**	**133,291,869**	**(3,568,006,982)**	**3,108,325,836**

The notes on pages 9 to 96 are an integral part of these financial statements.

National Bank of Ethiopia
Statement of Cash Flows
For the year ended 30 June 2019
(In Ethiopian Birr)

		For the year ended	
Cash flows from operating activities:	**Note**	**30 June 2019**	**30 June 2018**
Operating surplus for the year		13,119,262,590	8,918,474,382
Impairment of loans and advances	8(e),9, 15	(196,132,017)	77,565,412
Depreciation and amortization	13, 14	142,788,858	121,611,770
Interest paid on lease obligation	16	146,620	152,304
Fair value gains on financial assets		2,027,768,217	(1,853,357,153)
Loss/ (Gain) on sale of gold	10	258,766	214,797
		15,094,093,034	**7,264,661,512**
Changes in working capital:			
Loans to government banks and commercial banks	9 (b, c)	(7,808,577,687)	(20,401,848,690)
Deposits due from foreign entities – central banks (IBRD investment)	9 (h)	(3,008,938,172)	(187,861,500)
Other assets	15	(6,119,196,576)	257,479,427
Currency in circulation	20	8,889,053,093	18,665,451,497
Due to International financing institutions	18	(954,564,878)	2,345,023,571
Due to other institutions	19	39,457,593,763	(2,661,920,485)
Deposits due to local financial institutions, government and government institutions	17	14,213,672,213	31,708,349,672
Monetary gold	11	(52,012,184)	(43,191,443)
Gold commodity		(54,340,753)	(9,204,183)
Due from Government of Ethiopia	9 (a)	(34,728,415,168)	(24,240,266,801)
Provisions	21	3,583,727	1,078,977
Deferred revenue	22 (d)	(91,802)	447,439
Payments on finance lease obligations	16	(247,020)	(247,020)
Employee benefits	24	24,162,215	21,701,858
Other liabilities	25	156,625,411	(558,181,236)
Net cash provided by operating activities		**25,112,399,216**	**12,161,472,595**
Cash flows from investing activities:			
Increase in investment securities	10	(363,899,411)	(2,341,643,418)
Acquisition of properties and equipment	13	(65,465,824)	(19,639,762)
Acquisition of intangibles	14	-	(8,695,354)
Net cash used in investing activities		**(429,365,235)**	**(2,369,978,534)**
Cash flows from financing activities:			
Payments to MOF	23	(6,700,000,000)	(6,407,483,127)
Net cash from financing activities		**(6,700,000,000)**	**(6,407,483,127)**
Increase (decrease) in cash and cash equivalents		**17,983,033,981**	**3,384,010,934**
Cash and cash equivalents at beginning of period	9 (g)	74,715,152,330	71,331,141,396
Cash and cash equivalents at end of period	9 (g)	**92,698,186,311**	**74,715,152,330**

The notes on pages 9 to 96 are an integral part of these financial statements.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

1. Reporting entity

National Bank of Ethiopia ("the Bank") is the Central Bank of Ethiopia. It was established by Order No. 30/1963 as an autonomous institution. It is governed by the National Bank of Ethiopia Establishment (as Amended) Proclamation No. 591/2008 and is wholly owned by the Government of the Federal Democratic Republic of Ethiopia.

Its principal place of business is Addis Ababa.

It operates as the Central Bank of Ethiopia and acts as the banker, fiscal agent and financing advisor of the Government of Ethiopia and is domiciled in Ethiopia.

2. Basis of preparation

(a) Statement of compliance

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

On 13 December 2021, the Governor authorized the issuance of the accompanying financial statements.

(b) Basis of accounting

The financial statements have been prepared on the historical cost basis, except for the following significant items:

1. Financial instruments measured at amortised cost and at fair value;
2. Monetary gold measured at fair value; and
3. Measurement of defined benefits obligations: key actuarial assumptions.

(c) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates (the "Functional currency").

The financial statements are presented in Ethiopian Birr (ETB), which is the Bank's functional currency and all values are rounded to the nearest Birr, except when otherwise indicated.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

2. Basis of preparation (Continued)

(d) Use of judgments and estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgments

Information about judgement made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

Note 3 (b (ii)) - Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding;

Note 3 (b (viii)) - Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of Expected Credit Losses (ECL) and selection and approval of models used to measure ECL; and

Note 3 (d) - Leases; whether a contract contains a lease.

Estimates on uncertainties and assumptions

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively in the financial statements.

Information on assumptions and uncertainty of estimates posing a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the year ending 30 June 2019 is included in the following notes as set out below:

Note 3 (b (i; ii)) – identification and measurement of financial instruments;
Note 3 (c) and (d) – useful lives and salvage value of tangible and intangible assets;
Note 3 (k) – measurement of employee benefits liability: key actuarial assumptions;
Note 3 (b) (viii) - impairment of financial instruments: key assumptions used in estimating recoverable cash flows; and
Note 3 (j) and (t) – recognition and measurement of provisions and contingencies.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies

(a) Foreign currency transactions

Transactions in foreign currencies on a day to day basis are recorded at the respective buying and selling rate. The closing balance on these foreign currency accounts at the close of business are translated using the mid-exchange rate.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the mid-exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in the foreign currency translated at the mid-exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss.

(b) Financial instruments

(i) Recognition and initial measurement

The Bank initially recognizes cash, loans and advances, deposits and debt securities on the date on which they are originated. All other financial instruments (including assets designated at fair value through profit or loss) are initially recognized on the trade date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

a. Financial assets:

On initial recognition, financial assets are classified into one of the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL);
- Elected at fair value through other comprehensive income (equities only); or
- Designated at FVTPL

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

a. Financial assets (continued)

Financial assets include both debt and equity instruments. Financial assets are not reclassified subsequent to their initial recognition unless the Bank changes its Business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the Business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank 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 not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Debt instruments, including loans and debt securities, are classified into one of the following measurement categories:
- Amortised cost;
- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL); or
- Designated at FVTPL

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

(a.) Financial assets (continued)

Classification of debt instruments is determined based on:
(i) The business model under which the asset is held; and
(ii) The contractual cash flow characteristics of the instrument.

Business model assessment

Business model assessment involves determining how financial assets are managed in order to generate cash flows. The Bank's business model assessment is based on the following categories:

- *Held to collect:* The objective of the business model is to hold assets and collect contractual cash flows. Any sales of the asset are incidental to the objective of the model.
- *Held to collect and for sale:* Both collecting contractual cash flows and sales are integral to achieving the objectives of the business model.
- *Other business model:* The business model is neither held-to-collect nor held-to-collect and for sale.

The Bank 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 realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

a. Financial assets (continued):

Business model assessment (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Bank's continuing recognition of the assets.

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 whether contractual cash flows are solely payments of principal and interest

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (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 solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

a. Financial assets (continued):

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

Debt instruments measured at amortized cost

Debt instruments are measured at amortized cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost. Interest income on these instruments is recognized in interest income using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated by taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate.

Impairment on debt instruments measured at amortized cost is calculated using the expected credit loss approach. Loans and debt securities measured at amortized cost are presented net of the allowance for credit losses (ACL) in the statement of financial position.

Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive income (OCI). Upon derecognition, realized gains and losses are reclassified from OCI and recorded in Non-interest income in the Statement of Profit or Loss and Other Comprehensive Income on an average cost basis. Foreign exchange gains and losses that relate to the amortized cost of the debt instrument are recognized in the Statement of Profit or Loss and Other Comprehensive Income.

Premiums, discounts and related transaction costs are amortized over the expected life of the instrument to Interest income in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest rate method.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

a. Financial assets (continued):

Debt instruments measured at FVOCI (Continued)

Impairment on debt instruments measured at FVOCI is calculated using the expected credit loss approach. The allowance for credit losses (ACL) on debt instruments measured at FVOCI does not reduce the carrying amount of the asset in the Statement of Financial Position, which remains at its fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to provision for credit losses in the Statement of Profit or Loss and Other Comprehensive Income. The accumulated allowance recognised in OCI is recycled to the Statement of Profit or Loss and Other Comprehensive Income upon derecognition of the debt instrument.

Debt instruments measured at FVTPL

Debt instruments are measured at FVTPL if assets:
i) Are held for trading purposes;
ii) Are held as part of a portfolio managed on a fair value basis; or
iii) Whose cash flows do not represent payments that are solely payments of principal and interest.

These instruments are measured at fair value in the Statement of Financial Position, with transaction costs recognized immediately in the Statement of Profit or Loss and Other Comprehensive Income as part of Non-interest income. Realized and unrealized gains and losses are recognized as part of Non-interest income in the Statement of Profit or Loss and Other Comprehensive Income.

Debt instruments designated at FVTPL

Financial assets classified in this category are those that have been designated by the Bank upon initial recognition, and once designated, the designation is irrevocable. The FVTPL designation is available only for those financial assets for which a reliable estimate of fair value can be obtained.

Financial assets are designated at FVTPL if doing so eliminates or significantly reduces an accounting mismatch which would otherwise arise. The decision to designate relates to assets that otherwise meet requirements to be measured at amortised cost or as at FVOCI but are designated as at FVTPL to reduce account mismatch.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

a. Financial assets (continued):

Debt instruments designated at FVTPL (Continued)

Financial assets designated at FVTPL are recorded in the Statement of Financial Position at fair value. Changes in fair value are recognized in Non-interest income in the Statement of Profit or Loss and Other Comprehensive Income.

Equity instruments

Equity instruments are classified into one of the following measurement categories:

- Fair value through profit or loss (FVTPL); or
- Elected at fair value through other comprehensive income (FVOCI).

Equity instruments measured at FVTPL

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase, with transaction costs recognized immediately in the Statement of Income as part of Non-interest income. Subsequent to initial recognition the changes in fair value are recognized as part of Non-interest income in the Statement of Profit or Loss and Other Comprehensive Income.

Equity instruments measured at FVOCI

At initial recognition, there is an irrevocable option for the Bank to classify non-trading equity instruments at FVOCI. This election is used for certain equity investments for strategic or longer term investment purposes. This election is made on an instrument-by-instrument basis and is not available to equity instruments that are held for trading purposes.

Gains and losses on these instruments including when derecognized/sold are recorded in OCI and are not subsequently reclassified to the Statement of Profit or Loss and Other Comprehensive Income. As such, there is no specific impairment requirement.

Dividends received are recorded in Interest income in the Statement of Profit or Loss and Other Comprehensive Income. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the Statement of Profit or Loss and Other Comprehensive Income on sale of the security.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

a. Financial assets (continued):

Reclassifications

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

b. Financial liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost.

The financial instruments at NBE have been classified into one of the following categories and their measurement criteria defined as follows based on their nature and business purpose:

Financial assets	**Measurement criteria**
Due from Government of Ethiopia (*Note 9(a)*)	Amortised cost
Loans to government banks (*Note 9(b)*)	Amortised cost
Due from foreign institutions – commercial banks (*Note 9 (c)*)	Amortised cost
Due from foreign institutions – central banks (*Note 9(d)*)	Amortised cost
Cash - foreign currencies (*Note 9 (e)*)	Amortised cost
Funds held with IMF (*Note 9 (f)*)	Amortised cost
Loans to private commercial banks (*Note 9 (h)*)	Amortised cost
Loans to employees (*Note 15 (a)*)	Amortised cost
Investment securities (*Note 10*)	Fair value through OCI

Financial liabilities	**Measurement criteria**
Deposits from banks and government *(Note 17)*	Amortised cost
Due to international financing institutions *(Note 18)*	Amortised cost
Due to other institutions *(Note 19)*	Amortised cost
Currency in circulation *(Note 20)*	Fair value

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Derecognition

Financial assets

The Bank 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 Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been 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 assets that qualify for derecognition that is created or retained by the Bank is recognized as a separate asset or liability.

In transactions in which the Bank 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 Bank 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.

Financial liabilities:

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Bank also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(iv) Modifications of financial assets and financial liabilities

Financial assets:

If the terms of a financial asset are modified, the Bank 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.

If the terms of a financial asset were modified because of financial difficulties of the borrower and the asset was not derecognized, then impairment of the asset was measured using the pre-modification interest rate.

Financial liabilities:

The Bank derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

(v) Offsetting

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

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

(vi) Amortized cost measurement

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

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(vii) Fair value measurement

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

When available, the Bank 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 ongoing basis.

If there is no quoted price in an active market, then the Bank 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.

There is no active market or observable prices to measure the Bank's financial assets or financial liabilities at fair value. Fair value of financial assets and financial liabilities is determined at each reporting date for disclosure in the financial statements purposes only.

(viii) Impairment of financial assets

The Bank recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

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

No impairment loss is recognised on equity investments.

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

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (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.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(viii) Impairment of financial assets (continued)

At each reporting date, the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset is 'impaired' when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

The Bank considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL is the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Measurement of Expected Credit Losses (ECL)

Expected Credit Losses (ECL) is 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 Bank expects to receive);
- *financial assets that are credit-impaired at the reporting dat*e: 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 Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- *financial guarantee contracts*: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(viii) Impairment of financial assets (continued)

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

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

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

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

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 making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors:

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

(viii) Impairment of financial assets (continued)

Credit-impaired financial assets (continued)

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

There are also international support mechanisms in place to provide the necessary support to NBE as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of loss allowance in the statement of financial position

Loss allowances for Expected Credit Losses (ECL) are presented in the statement of financial position as follows:

- *financial assets measured at amortised 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 Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component:* the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- *debt instruments measured at FVOCI:* no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(c) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and cumulative impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

If significant parts of an item of property or equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within operating and administrative expenses in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the Bank and the cost of the item can be measured reliably. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Land is not depreciated.

The estimate useful lives of significant items of property and equipment are as follows:

Asset classification	Useful life	Depreciation rate
Buildings	20 years	5%
Furniture and fittings	5 years	20%
Office and other equipment	5 years	20%
Motor vehicles	5 years	20%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted prospectively, if appropriate.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(d) Intangible assets

(i) Software

Software acquired by the Bank is measured at cost less accumulated amortization and any accumulated impairment losses. Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. All other expenditure is expensed as incurred.

Software is amortized on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is 5 years and the same is depreciated at a rate of 20%. Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

(e) Leases

(i) Bank acting as a lessee

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Bank's incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in a rate.

After the commencement date, the Bank measures the right-of-use asset applying a cost model (cost less any cumulative depreciation and any cumulative impairment). In the case of the lease liability, the Bank measures it by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(e) Leases (continued)

(i) Bank acting as a lessee (continued)

Short-term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for short-term leases of equipment that have a lease of 12 months or less and leases of low-value assets defined as those below ETB 135,000 (equivalent to USD 5,000 at an exchange rate of USD1 to ETB27, the prevailing mid rate as at 2016). The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) Bank acting as a lessor – Finance leases

Where the Bank is the lessor, it determines at lease inception whether each of its leases is an operating or finance lease.

Finance lease

A lease agreement that transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, then the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognized and presented within receivable.

At the commencement date, the Bank recognizes assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease. After the initial measurement, the Bank recognize finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Operating lease

A lease agreement that does not transfer substantially all of the risks and rewards incidental to the ownership of the asset to the lease is classified as an operating lease.

The Bank recognizes lease payments from operating leases as income on either a straight-line basis or another systematic basis. The Bank applies another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(f) Taxes

The Bank is exempt from income tax as defined under article 23 of Proclamation No. 591/2008.

(g) Accounting for currency expenses

The cost relating to printing of bank notes and minting of coins are charged to profit or loss in the period in which the notes and coins are received by the bank from the printing company.

(h) Currency in circulation

Notes and coins in circulation are recorded at fair value. The fair value of notes and coins approximates their carrying value and represents the nominal value of all bank notes and coins held by the public and commercial banks.

(i) Inventories

The bank holds gold, office and other consumables as inventory. Included in the office and other consumables are spare parts, stationery ítems, fuel and lubricants, tyres and inner tubes and cleaning and sanitary ítems.

Gold inventory is initially measured at the lower of cost and net realisable value while office and other consumables are measured at cost.

Cost of inventories comprises of purchase price (after deducting trade discounts), and related tax and duty for imports, any costs directly attributable to the acquisition of the stock item such as transport costs, labour costs, unpacking, temporary warehousing fees and inspection costs and destination charges in case of imports.

Net realisable value is the price at which the inventory can be realised in the normal course of business after allowing for costs of realisation. The cost of inventories to the Bank is determined on a First in First Out (FIFO) basis.

(j) Provisions

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably as at the Statement of Financial Position date, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are not recognized for future operating losses. Provisions at NBE are recognized in respect of legal cases and bonus payments to employees as well as to board members who are not employees of the bank.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(k) Employee benefits

(i) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank accounts not only for its legal obligation but also for any constructive obligation that arise from the Bank's customary practices. A customary practice in place gives rise to a constructive obligation where the Bank has no realistic alternatives but to pay employee benefits.

The Bank's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and any unrecognized past service costs and the fair value of any plan assets is deducted.

The discount rate is the yield at the reporting date on governmental bonds that have maturity dates approximating the terms of the Bank's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. This method takes into account various parameters, specific to the Ethiopia market such as demographic assumptions, the probability that employees will leave before retirement age, salary inflation, a discount rate, general inflation rate as well as any other relevant financial assumptions. The net liability recognized with respect to post-employment benefit plans is the difference between the present value of the defined-benefit obligation and the fair value of any plan assets, if any.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss during which the services are rendered. The annual expenses recognized in the profit or loss statement under "Salaries and employee benefits" with respect to defined-benefit plans includes the current service cost (the rights vested by each employee during the period in return for service rendered), the net interests linked to the effect of discounting the net defined-benefit liability, the past service cost arising from plan amendments or curtailments, and the effect of any plan settlements.

Remeasurements of the net defined-benefit liability are recognized in other comprehensive income in the period they arise and are never reclassified to profit or loss. These include: all actuarial gains and losses arising from defined benefit plans.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(k) Employee benefits (continued)

(ii) Short-term benefits

Short-term benefit obligations consist of salaries, bonuses and any non-monetary benefits. They exclude the following benefits which are expected to be paid over periods exceeding 12 months: funeral expenses; medical expenses for pension employees; prize pay; severance pay and leave benefits. Short-term benefits are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonuses if the Bank has a present legal or constructive obligation to pay this amount as a result of past services provided by the employees, and the obligation can be estimated reliably.

(iii) Termination benefits

Termination benefits are employee benefits payable in exchange for the termination of an employee's contract as a result of either a decision by the Bank to terminate a contract of employment before legal retirement age, or a decision by an employee to accept voluntary redundancy in exchange for these benefits. Some of the termination benefits at NBE include severance payments.

Termination benefits are expensed at the earlier of when the Bank can no longer withdraw the offer of those benefits and when the Bank recognizes costs for a restructuring. If benefits are not expected to be wholly settled within 12 months of the reporting date, then they are discounted.

(iv) Long-term benefits

These are benefits, other than short-term benefits, post-employment benefits and termination benefits. These benefits relate to compensation deferred for more than 12 months, which is accrued in the financial statements for the period in which it is earned.

The actuarial techniques used are similar to those used for defined benefit post-employment benefits except that the revaluation items are recognized in the profit or loss and not in equity.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(l) General reserve

The General reserve is defined in the NBE proclamation No. 591/2008. The balance of this reserve fund is dependent on the Capital amount. The limit of the General reserve should equal the Capital account. The proclamation defines that 20% (twenty percent) of net profit shall be paid each financial year into the General reserve fund until such fund equals the paid-up capital of the National Bank. The remaining 80% (eighty percent) shall be credited to the account of the Ministry of Finance (MOF).

Where the General reserve fund equals the paid-up capital of the Bank, the total amount of the net profit shall be credited each financial year to the account of the Ministry of Finance (MOF). Net losses of the National Bank shall be debited to the General reserve fund. If at any time, as a result of net losses sustained by the Bank, the General reserve fund is less than the paid-up capital, the fund is replenished as per proclamation guidance until it equals the paid-up capital."

(m) Revenues

Revenue comprises of;
- Interest income (Note 3 (m))
- Revenue from gold (Note 3(n))
- Fee and commission (Note 3(n))

(n) Interest

Effective interest rate

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

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

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. For credit-impaired financial assets, a credit adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs, fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(n) Interest (continued)

Amortized cost and gross carrying amount

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

Calculation of interest income and expenses

In calculating interest income and expenses, 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.

Presentation of interest income and expenses

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

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
- interest on debt instruments measured at FVOCI calculated on an effective interest basis; and
- interest expense on lease liabilities.

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

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(o) Revenues from contracts with customers

Revenue from sale of gold, fee and commission income from contracts with customers is based on the consideration specified in a contract with a customer. The Bank recognizes revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant terms, and the related revenue recognition policies.

Type of product (good or service)	Nature and timing of satisfaction of performance obligations, including significant payment terms
Gold	NBE recognizes revenue from gold when the customer receives right and ownership of the gold. This occurs when a deal is struck between the Bank and the customer on pricing and the customer takes possession of the product. The Bank's performance obligation is satisfied at a point in time when the gold is delivered to the customer.
Fee and commission income	The Bank provides foreign currency transactions services to banks, government and government agencies in Ethiopia. It also provide services relating to selling gold, issuance of bonds and treasury bills on behalf of the government. Transaction based fees are charged to the customer when the transaction takes place. The Bank's performance obligations are satisfied at a point in time.

(p) Dividend income

Dividend income is recognized when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividends are presented in net trading income, net income from other financial instruments at fair value through profit or loss (FVPTL) or other revenue based on the underlying classification of the equity investment.

(q) Due from Government of Ethiopia

Balances due from the Government of Ethiopia arise from the following transactions:

- Direct advances bearing interest at 3% per annum, issued with no maturity date;
- Bonds bearing interest at the rate of 2% per annum which mature on 05 September 2020; and
- Non-interest bearing bond that is expected to mature in 2030.

Other than non interest bearing bonds which are measured at fair value by discounting them using a market related interest rate, all other balances due from the Government of Ethiopia are measured at amortized cost.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(r) Funds held at/due to International Monetary Fund (IMF)

Ethiopia has been a member of the International Monetary Fund (IMF) since 1966. The Bank is the designated depository for IMF's holdings of Ethiopia's currency. IMF currency holdings are held in form of either promissory notes which are payable on demand or in the No. 1 and No. 2 Accounts, which are deposit accounts of the IMF with the Bank.

Borrowings from and repayments to the IMF are denominated in Special Drawing Rights (SDRs). The SDR balances in the two IMF accounts (No. 1 and No. 2) are translated into Birr at the prevailing exchange rates as at 30 April of each year and any unrealized gains or losses resulting thereof are accounted for in accordance with accounting policy on foreign currencies and posted to either the currency valuation adjustment asset account where there is an exchange gain or the currency valuation adjustment – IMF financing liability account in the case of an exchange loss.

(s) Gold

NBE is mandated by the Government to buy gold deposits locally and sell the same in international markets. NBE works in conjuction with the Ministry of Mines and Ethiopian Geology survey to undertake gold purchase activities. The Ministry is responsible for verifying purity of gold purchased by the Bank. NBE recognizes three types of gold transactions which are: gold commodity; gold in transit and monetary gold.

Gold commodity comprises of raw gold or gold bullion which is sourced locally before it is refined and sold abroad. Gold commodity not sold at year end is considered as inventory and is measured at the lower of cost and net realizable value.

Gold in transit refers to gold that is held by the refineries or is in transit to refineries before it is processed to gold bullion. It is measured at the lower of cost and net realizable value.

Monetary gold refers to gold that is held in foreign financial institutions to enable the bank to build an international reserve. NBE invests a maximum of 8,000 ounces of gold in the form of time deposits at Commerz Bank. Monetary gold is measured at fair value with gains and losses being recognized in statement of other comprehensive income (OCI).

(t) Contingencies

The Bank, discloses by way of a note a contingent liability when a condition or circumstance at the end of the reporting period of which the eventual result, either beneficial or prejudicial, can only be confirmed upon the occurrence or non-occurrence of one or more uncertain future events which are beyond the control of the Bank.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(u) Comparatives

Where necessary, comparatives figures have been adjusted to conform to changes in presentation in the current year.

(v) New Standards, amendments and interpretations

(i) New standards, amendments and interpretations effective and adopted during the period ended 30 June 2019

While the following standards are effective on and after 1 July 2019, NBE had earlier adopted them in its IFRS first time adoption project. The nature and effects of the changes are explained below:

New standard or amendments	Effective for financial period beginning on or after
- Leases (IFRS 16)	1 July 2019
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)	1 July 2019

Leases (IFRS 16)

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Refer to Note 16 for the impact the adoption of this standard has had on the financials statements of the Bank.

Financial instruments (IFRS 9) and Prepayment Features with Negative Compensation (Amendments to IFRS 9)

IFRS 9 drives changes in the measurement bases of the Bank's financial assets to amortised cost, fair value through other comprehensive income of fair value through profit or loss. The standard also defines measurement of impairment from an "incurred loss" model under IAS 39 to an "expected credit loss" model. The amendments to IFRS 9 clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

The adoption of these changes has not affected the amounts and disclosures of the Bank's financial statements. Refer to Notes 9, 10 and 15 for the impact the adoption of this standard has had on the financial statements of the Bank.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(v) New Standards, amendments and interpretations (continued)

(ii) New and amended standards in issue but not yet effective during the period ended 30 June 2019

The following new standards and amendments are in issue but are not yet effective during the financial year ended 30 June 2019, including consequential amendments to other standards with the date of initial application by the Bank being 1 July 2019. The nature and effects of the changes are as explained here in. All standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the Bank).

New standard or amendments	Effective for annual periods beginning on or after
Amendments to references to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IAS 1 and IAS 8 Definition of Material	1 January 2020
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	1 January 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	1 January 2019
IFRIC 23 Income Tax Exposures	1 January 2019
Annual improvement cycle (2015 – 2017) – various standards	1 Januay 2019
IFRS 3 Definition of a Business	1 January 2020
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	To be determined

The following standards are not applicable to the business of the Bank and will therefore have no impact on future financial statements.

- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- IFRIC 23 Income Tax Exposures
- Annual improvement cycle (2015 – 2017) – various standards
- IFRS 3 Definition of a Business
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(v) New Standards, amendments and interpretations (continued)

(ii) New and amended standards in issue but not yet effective during the period ended 30 June 2019 (continued)

The management is of the opinion that the impact of the application of the remaining standards and interpretations will be as follows:

Plan Amendment, Curtailment or Settlement (Amendment to IAS 19)

The IASB's amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period.

The amendments clarify that:

— On amendment, curtailment or settlement of a defined benefit plan, it is now mandatory for entities to use the updated actuarial assumptions to determine the current service cost and net interest for the period; and

— The effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).

The Bank has considered the impact on its financial statements resulting from these amendments.

The amendments should be applied prospectively to plan amendments, curtailments or settlements that occur on or after 1 January 2019, with earlier application permitted.

Amendments to References to the Conceptual Framework in IFRS Standards

This amendment sets out amendments to IFRS Standards (Standards), their accompanying documents and IFRS practice statements to reflect the issue of the International Accounting Standards Board (IASB) revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework).

Some Standards, their accompanying documents and IFRS practice statements contain references to, or quotations from, the IASC's Framework for the Preparation and Presentation of Financial Statements adopted by the IASB in 2001 (Framework) or the Conceptual Framework for Financial Reporting issued in 2010.

Amendments to References to the Conceptual Framework in IFRS Standards updates some of those references and quotations so that they refer to the 2018 Conceptual Framework and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(v) New Standards, amendments and interpretations (continued)

(ii) New and amended standards in issue but not yet effective during the period ended 30 June 2019 (continued)

Amendments to References to the Conceptual Framework in IFRS Standards (continued)

These amendments are based on proposals in the Exposure Draft Updating References to the Conceptual Framework, published in 2015 and amend Standards, their accompanying documents and IFRS practice statements that will be effective for annual reporting periods beginning on or after 1 January 2020.

The adoption of these changes will not affect the amounts and disclosures of the Bank's financial statements.

IAS 1 and IAS 8 Definition of Material

The amendment refines the definition of Material to make it easier to understand and aligning the definition across IFRS Standards and the Conceptual Framework.

The amendment includes the concept of 'obscuring' to the definition, alongside the existing references to 'omitting' and 'misstating'. Additionally, the amendments also add the increased threshold of 'could influence' to 'could reasonably be expected to influence' as below.

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

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

The amendments are effective from 1 January 2020 but may be applied earlier.

This amendment provides additional guidance on assessing materiality.

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

4. Interest income and expense

Interest income and expense are analyzed as follows:

Interest income	For year ended 30 June 2019	For year ended 30 June 2018
Advance to Central Treasury	5,059,948,351	4,401,756,571
Priority sector loans	1,570,496,372	900,191,002
Foreign time deposits	540,354,204	324,229,036
Call and ordinary accounts	1,399,632,144	610,177,012
Foreign securities	99,408,359	55,860,939
Advance to domestic banks	2,262,907,398	2,110,777,919
Government bonds	172,365,168	180,216,800
Total interest income	**11,105,111,996**	**8,583,209,279**

Interest expense	For year ended 30 June 2019	For year ended 30 June 2018
NBE bills to domestic banks	2,529,219,126	1,884,351,397
Government deposits	659,821,969	579,579,577
International Monetary Fund	38,086,857	27,099,275
Correspondent banks	869,254	1,569,335
Interest on time deposits	1,403,475,428	738,958,207
Total interest expense	**4,631,472,634**	**3,231,557,791**

5. Fee and commission income

Exchange service commission

	For year ended 30 June 2019	For year ended 30 June 2018
Foreign exchange transfers	1,187,588,776	771,566,055
Local banks	1,895,159,047	1,604,488,086
Government and Government institutions	1,345,734,904	808,692,494
Exchange service commission	**4,428,482,727**	**3,184,746,635**
Service charge commission		
Treasury bills	264,151,897	203,494,526
Commission charged on local sale of gold	53,727	159,994
Service charge commission	**264,205,624**	**203,654,520**
Total fee and commission income	**4,692,688,351**	**3,388,401,155**

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

6. Revenue from sale of gold

	For year ended 30 June 2019	For year ended 30 June 2018
Local sales	10,695,348	27,998,896
Foreign sales	832,476,803	741,011,468
	843,172,151	**769,010,364**

7. Other income

	For year ended 30 June 2019	For year ended 30 June 2018
Dividend income	2,039,055	1,691,492
Postage, telephone and telex refunds	105,558	90,062
License fee*	15,833,729	5,756,158
Auction fee	74,923	124,249
Penalty on currency sorting	27,450	13,250
Stationery and printing	10,080	2,780
Sundries	20,920,151	8,471,326
Service charge on cheque books	11,924	12,480
Income from local currency notes	233,709	22,000
Gain on foreign exchange differences**	2,394,578,366	1,327,773,737
Amortisation of deferred revenue	91,802	11,570
Write back of provision	8,535,049	-
	2,442,461,796	**1,343,969,104**

***License fees:** These are earned from the issuance of new and renewal of business licenses to financial institutions giving them mandate to operate in Ethiopia. The financial institutions that are licensed include: banks, microfinance institutions as well as insurance businesses, insurance agencies, insurance actuaries, insurance surveyors and insurance brokers.

****Gain on foreign exchange differences:** This balance arises from the net impact/differences resulting from translating a given number of units of foreign currencies into the bank's reporting currency, that is, ETB at different exchange rates.

8. Operating expenses

a). Currency costs

	For year ended 30 June 2019	For year ended 30 June 2018
Printing of bank notes	355,507,892	600,377,584
Minting of coins	-	111,001,166
Total currency costs	**355,507,892**	**711,378,750**

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

8. Operating expenses (continued)

b). General and administration costs

	For year ended 30 June 2019	For year ended 30 June 2018
Depreciation and Amortisation	120,126,078	121,458,446
Depreciation – Right of use asset	153,324	153,324
Fuel and lubricants	2,276,700	1,811,946
Membership fees	228,820	869,823
Travelling and per diem	9,589,871	6,736,789
Stationery and printing	4,985,171	5,305,890
Notes destruction expenses	4,570,793	4,867,635
Repairs and maintenance costs	38,672,530	20,908,717
Advertisements	529,661	768,588
Communications	6,596,181	8,294,888
Utilities	2,487,275	1,496,383
Reuters' service	2,699,954	1,831,706
Insurance	3,558,359	3,468,509
Tuition fees	718,139	929,466
Subscriptions	1,151,408	926,925
Audit fees	517,500	736,000
Bankers' club	2,046,700	521,300
Uniforms	1,635,495	1,392,263
Entertainment	1,964,579	1,490,544
Uncollectible amounts written-off	2,729,192	26,428,866
Board fees	951,300	1,016,200
Legal expenses	2,005,588	-
Miscellaneous	23,391,820	15,715,654
Total general and administration expenses	**233,586,438**	**227,129,862**

c). Salaries and related benefits

	For year ended 30 June 2019	For year ended 30 June 2018
Staff salaries	79,839,940	71,781,498
Periodic employees' benefits costs	24,162,215	21,701,858
Overtime	5,295,290	4,245,381
Bonus	11,787,757	10,209,617
Medical	10,014,636	6,638,530
Representation allowance	10,796,436	7,623,407
Fuel allowance	13,347,968	8,703,391
Housing allowance	18,469,161	9,105,002
Transportation allowance	228,920	149,403
Salary outsourcing	5,358,329	3,254,718
Accumulated leave expenditure	215,274	492,296
Total salaries and related benefits	**179,515,925**	**143,905,101**

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

8. Operating expenses (continued)

d). Gold purchase, refinery and other related costs

	For year ended 30 June 2019	For year ended 30 June 2018
Gold purchase costs	758,614,610	765,937,324
Gold refinery costs	-	7,175,774
Gold transport and other costs	1,606,222	1,465,503
	760,220,832	**774,578,601**

e). Impairment losses on financial instruments

	For year ended 30 June 2019	For year ended 30 June 2018
Balance as at 1 July – Financial assets[1]	(428,359,441)	(350,445,345)
Balance as at 1 July – Other assets: Loans to employees[2]	(671,820)	(920,309)
Balance as at 1 July – Other assets: Staff advances[3]	(563,640)	(663,832)
Total balance as at 1 July	**(429,594,901)**	**(352,029,486)**
Charged to profit or loss – Financial assets[1]	(196,280,449)	77,914,095
Charged to profit or loss – Other assets: Loans to employees[2]	(226,697)	(248,489)
Charged to profit or loss – Other assets: Staff advances[3]	375,126	(100,191)
Total charged to profit or loss	**(196,132,019)**	**77,565,415**
Total cumulative impairment losses	**(223,462,882)**	**(429,594,901)**

[1]Financial assets relate to instruments held in favor of the bank or owed to the bank by other financial institutions. The bank holds the following financial assets: loans due from the Government of Ethiopia, loans to Government banks; as well as call, current and time deposits held with foreign commercial and central banks.

[2]The bank provides interest free loans to employees.

[3]The Bank also provides staff advances to employees. These advances are checked off against the staff payroll. However, in some cases employees may leave the Bank without settling their due advances in full. The Bank therefore assesses each of these cases and provides an impairment loss allowance against the outstanding staff advance balance.

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

9. Financial assets (continued)

The following balances represent financial assets disclosures after factoring in expected credit loss (ECL):

Financial assets	**30 June 2019**	**30 June 2018**
Due from Government of Ethiopia *(a)*	192,754,222,740	158,025,807,572
Loans to government banks *(b)*	95,680,711,092	87,874,666,731
Due from foreign institutions – commercial banks *(c)*	18,669,519,441	14,371,743,822
Due from foreign institutions – central banks* *(d)*	76,063,049,116	60,893,267,700
Cash - foreign currencies* *(e)*	2,024,910,730	642,412,035
Funds held with IMF**(f)*	187,285,310	42,810,117
Total Gross amounts	**385,379,698,429**	**321,850,707,977**

Allowance for credit losses	**30 June 2019**	**30 June 2018**
Due from Government of Ethiopia *(a)*	(146,183,061)	(271,804,389)
Loans to government banks *(b)*	(81,209,261)	(154,401,708)
Due from foreign institutions – commercial banks *(c)*	(4,686,669)	(2,153,343)
Total impairment	**(232,078,991)**	**(428,359,440)**
Financial assets net of allowance for credit losses	**385,147,619,438**	**321,422,348,537**

Allowance for credit losses movement	**30 June 2019**	**30 June 2018**
Balance as at 1 July	428,359,440	350,445,345
Charged to profit or loss	(196,280,449)	77,914,095
Balance as at 30 June	**(232,078,991)**	**428,359,440**

*These financial assets were not impaired.

For the rest of the financial assets that were impaired, the following disclosures denote the impairment of the same.

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

9. Financial assets (continued)

(a) Due from Government of Ethiopia

	30 June 2019	30 June 2018
Direct advance[1]	187,264,945,000	152,264,945,000
Non-interest bearing bond[2]	5,470,987,988	5,734,502,901
Interest bearing bonds[3]	18,289,752	26,359,671
Less: allowance for credit losses	(146,183,061)	(271,804,389)
	192,608,039,679	**157,754,003,183**

[1]NBE issues on a regular basis a perpetual direct advance to the government which bears interest at the rate of 3% per annum.
[2]NBE has issued a non-interest-bearing bond with a maturity date of 1 July 2034. The bond has been measured at the present value of all its future cash receipts discounted at an effective interest rate of 3%. The bank determined this to be the prevailing market rate of interest for similar bonds issued to the government.
[3]NBE has issued a 2% annual interest bonds which mature on 5 September 2020.

(b) Loans to government banks

	30 June 2019	30 June 2018
Development Bank of Ethiopia priority sector loans[1]	52,910,417,420	47,692,858,488
Commercial Bank of Ethiopia bonds[2]	27,507,452,054	27,751,561,643
Commercial Bank of Ethiopia certificates of deposit[3]	15,262,841,618	12,430,246,600
Less: allowance for credit losses	(81,209,261)	(154,401,708)
	95,599,501,831	**87,720,265,023**

[1]NBE issues loans to DBE for priority sector investment projects and charges interest at the rate of 3%. The interest rate was increased to 5% with effect from 1 september 2018. These loans have a loan tenure of 5 years.

[2]The Bank issues bonds to the Commercial Bank of Ethiopia that bears interest at the rate of 7% per annum. The bond has a maturity period of 5 years repayable in six (6) equal semi-annual instalments.

[3]NBE deposits money in Commercial Bank of Ethiopia (CBE) and in return receives certificates of deposits. These certificates of deposits are valid for six months and are subject to renewal and had been renewed in the financial period ended 30 June 2019. The certificates of deposits have been measured at the present value of all its future cash receipts discounted at a rate of 3%. The bank determined this to be the prevailing market rate of interest for similar certificates.

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

9. Financial assets (continued)

(c) Due from foreign institutions – commercial banks

	30 June 2019	30 June 2018
Due from foreign institutions – commercial banks	18,669,493,996	14,371,743,822
Less: Impairment	(4,686,669)	(2,153,343)
	18,664,807,327	**14,369,590,479**

The balance due from commercial banks by NBE represents call, current and time deposit accounts held with the following foreign institutions: CITIBANK New York (USD); JP Morgan Chase (USD); National Westminster - London (GBP); Nordea Bank (NOK); Commerz International bank (XAU / XAG); Commerz bank AG Luxemburg (USD and GBP); Commerz bank AG Frankfurt; Bank of Tokyo (YEN) and Standard Chartered Bank – London (GBP).

(d) Due from foreign institutions – central banks

The Bank maintains call, current and time deposits with several central banks domiciled in Europe, USA and Asia. These central banks include: Federal Reserve Bank of New York (USD); Bank for International Settlements (BIS); Bank of England (GBP); Deutsche Bundesbank (EURO); Banque Nati de Belgique (EURO); Banca D'Italia (EURO) and International Bank of Reconstruction and Development (IBRD).

(e) Cash - foreign currencies

This relate to cash held by NBE in foreign currency denominations.

The above foreign currency balances are translated to Ethiopian Birr (ETB) at each reporting date using the spot rate applicable on that date. As at 30 June 2019, NBE held foreign currency balances worth ETB. 2,024,910,730 (2018: ETB 642,412,034)

(f) Funds held with IMF

This is stock of IMF currency for NBE held by IMF. The account which is denominated in SDR is used to deposit funds to effect payments against IMF obligations such as loan repayments. The SDR currency is derived from a basket of 5 currencies (USD, EURO, GBP, JPY and Yuan).

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

9. Financial assets (continued)

(g) Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including foreign currencies on hand, balances held with foreign institutions – commercial and central banks and funds held with IMF.

Cash and cash equivalents comprise:	For year ended 30 June 2019	For year ended 30 June 2018
Balances due from foreign entities – Commercial banks	18,664,807,327	14,369,590,479
Balances due from foreign entities – Central banks	76,063,049,116	60,893,267,700
Cash - foreign currencies	2,024,910,730	642,412,034
Funds held with IMF	187,285,310	42,810,117
	96,940,052,483	**75,948,080,330**
Less: IBRD* investment with maturity period over three months	4,241,866,172	1,232,928,000
	92,698,186,311	**74,715,152,330**

* IBRD - The International Bank for Reconstruction and Development

For further details on cash and cash equivalents, refer to notes 9 (d, e, f and g) above.

10. Investment securities

The Bank holds the following investments in shares:

	30 June 2019	30 June 2018
International Monetary Fund quota	11,820,346,301	11,595,160,049
African Export-Import Bank	217,449,966	77,084,167
Africa Re-insurance	62,380,215	64,032,854
	12,100,176,482	**11,736,277,070**

The equity investments have been measured at fair value with gains and losses recognised in other comprehensive income. The changes in the fair values of the investment instruments were as follows:

	Amount ETB
Opening balances – 1 July 2018	**11,736,277,070**
Fair value adjustments – IMF	225,186,252
Fair value adjustments – other securities	138,713,160
Foreign exchange adjustments	-
Closing balances – 30 June 2019	**12,100,176,482**

IMF quota refers to NBE's share of membership to the IMF. The quota is determined upon admission to the IMF and is increased periodically under general quotas reviews. Its valuation is done on a quarterly basis by the IMF.

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

11. Gold

(a) Monetary gold

The Bank holds gold deposits at Commerz Bank to enable the bank to build an international reserve. The value of gold held as time deposits in Commerz bank is as follows:

	Amount ETB
Opening balances – 30 June 2017	**230,130,835**
Exchange rate adjustments	43,191,443
Fair value adjustments	(214,797)
Closing balances – 30 June 2018	**273,107,481**
Exchange rate adjustments	52,012,185
Fair value adjustments	(258,766)
Closing balances – 30 June 2019	**324,860,900**

(b) Gold commodity

Gold commodity comprises of raw gold or gold bullion which is sourced locally before it is refined and sold abroad. Gold commodity not sold at year end is considered as inventory and is measured at lower of cost and net realizable value.

The value of commodity gold is as follow;

	30 June 2019	30 June 2018
Opening balance	750,537,252	741,333,067
Purchases	897,519,499	778,748,245
Sales	(843,178,747)	(769,544,061)
Closing balance	**804,878,004**	**750,537,252**

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

12. Related parties

(a) Parent and ultimate controlling party

The National Bank of Ethiopia was established in 1963 under order No. 30/1963 and is fully owned by the government of Ethiopia through the Ministry of Finance (MOF).

In the normal course of its operations, the Bank enters into transactions with related parties who include the following:

i.) Key management personnel
ii.) Commercial Bank of Ethiopia (CBE)
iii.) Development Bank of Ethiopia (DBE)

(b) Key management personnel

The key management personnel of the National Bank of Ethiopia comprise of the following:

i.) The Board which includes the Governor and Vice governor in charge of monetary stability cluster
ii.) Vice-Governor – Financial Institution Supervision
iii.) Vice-Governor – Corporate Service

Key management members received the following remuneration during the years ended 30 June 2019 and 30 June 2018:

	30 June 2019	30 June 2018
Short-term employee benefits	2,458,038	3,153,237
Other long-term benefits	27,675	153,947
Post-employment benefits	293,344	310,173
	2,779,057	**3,617,357**

Compensation of the Bank's key management personnel includes all short- and long-term benefits as well as consideration of their post-employment benefits. Some of the key management personnel who are not part of NBE staff such as some of the Board members, are only entitled to monthly board fee and annual bonus. These amounts are also included within salaries and related benefits note (Note 8 (c)).

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

12. Related parties (continued)

(c) Loans to key management personnel

In accordance with the Bank's policy, NBE issues interest-free loans to key management personnel whose collateral is personal guarantees from NBE members of staff.

At the end of each reporting period, the Bank performs an impairment assessment on the outstanding balances and provides for expected credit losses. The impairment loss has been included in the sum total of impairment losses of all staff loan balances for the periods ended 30 June 2019 and 30 June 2018. The loans to key management for these periods were as follows:

	30 June 2019	30 June 2018
Loans to key management (governor and vice-governors)	143,102	272,004

(d) Other related parties transactions

The Bank entered into related party transactions whose terms were not equivalent to those that prevail in arm's length transactions. These transactions include loans, deposits and foreign currency transactions.

The volumes of the related party transactions, outstanding balances at the end of the year and the related expenses and incomes for the year are as follows:

i.) Transactions with Commercial Bank of Ethiopia:

	30 June 2019	30 June 2018
A/R CBE Certificate of deposit USD	1,168,031,100	1,101,415,680
A/R CBE Certificate of deposit USD	8,832,872,000	8,329,113,600
A/R CBE Certificate of deposits ETB	5,287,591,660	5,287,591,660
5% CBE Coupon bond	27,000,000,000	27,000,000,000
Commercial Bank of Ethiopia A/R (ETB)	6,300,000,000	-
	48,588,494,760	**41,718,120,940**

The interest earned on the CBE coupon bond was ETB 1,890,000,000 (**2018:** ETB 1,350,000,000).

CBE certificate of deposit has a coupon rate of 0%, however a market interest rate of 3% has been applied. The notional interest income recognized was ETB 372,907,398 (**2018: ETB** 362,046,018).

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

12. Related parties (continued)

(d) Other related parties transactions (continued)

ii.) Transactions with Development Bank of Ethiopia:

	30 June 2019	30 June 2018
DBE Priority loan	52,142,710,000	47,292,710,000
	52,142,710,000	**47,292,710,000**

The interest earned on the DBE priority loan was ETB 1,570,496,372 (**2018:** ETB 900,191,002).

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

13. Property and equipment

2019		Balance at 30 June 2018	Additions	Disposals	Reclassifications	Adjustments	Balance at 30 June 2019
Cost							
Buildings	ETB	1,325,897,709	-	-	-	-	1,325,897,709
Office and other equipment		333,009,523	23,923,929		(42,220)	(322,792)	356,568,440
Office furniture and fittings		16,049,703	3,088,644	-	42,220	326,459	19,507,026
Motor vehicles		65,610,408	-	-	-	-	65,610,408
Work in progress		22,213,972	38,453,251	-	(22,522,659)	-	38,144,564
		1,762,781,315	**65,465,824**	**-**	**(22,522,659)**	**3,667**	**1,805,728,147**
Depreciation							
Building		(99,442,328)	(49,721,164)	-	-	-	(149,163,492)
Office and other equipment		(223,822,983)	(49,476,609)	-	29,355	306,697	(272,963,540)
Office furniture and fittings		(12,217,316)	(1,765,977)	-	(29,355)	(297,159)	(14,309,807)
Motor vehicles		(17,756,824)	(9,841,561)	-	-	-	(27,598,385)
		(353,239,451)	**(110,805,311)**	**-**	**-**	**9,538**	**(464,034,224)**
Net carrying amount	**ETB**	**1,409,541,864**	**(45,339,487)**	**-**	**(22,522,659)**	**13,205**	**1,341,692,923**

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

13. Property and equipment (continued)

2018		**Balance at 30 June 2017**	**Additions**	**Disposals**	**Reclassifications**	**Balance at 30 June 2018**
Cost						
Building	**ETB**	1,325,897,709	-	-	-	1,325,897,709
Office and other equipment		322,545,576	10,463,947			333,009,523
Office furniture and fittings		15,744,903	304,800	-	-	16,049,703
Motor vehicles		58,056,295	7,554,113	-	-	65,610,408
Work in progress		20,897,070	1,316,902	-	-	22,213,972
		1,743,141,553	**19,639,762**	**-**	**-**	**1,762,781,315**
Depreciation						
Building		(49,721,164)	(49,721,164)	-	-	(99,442,328)
Office and other equipment		(178,277,988)	(45,544,995)	-	-	(223,822,983)
Office furniture and fittings		(10,768,947)	(1,448,369)	-	-	(12,217,316)
Motor vehicles		(8,708,444)	(9,048,380)	-	-	(17,756,824)
		(247,476,543)	**(105,762,908)**	**-**	**-**	**(353,239,451)**
Net carrying amount	**ETB**	**1,495,665,010**	**(86,123,146)**	**-**	**-**	**1,409,541,864**

There were no capitalized borrowing costs relating to the acquisition of property and equipment during the year (**2018:** Nil).

Capital work in progress relates to construction of NBE branches and other IT related projects.

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

14. Intangible assets

		Software
Cost		
Balance at 30 June 2018	ETB	90,488,498
Additions		-
Balance at 30 June 2019		**90488,498**
Amortization and impairment		
Balance at 30 June 2018		(68,719,161)
Additions		(9,320,769)
Balance at 30 June 2019		**(78,039,930)**
Net carrying amount	**ETB**	**12,448,568**

		Software
Cost		
Balance at 30 June 2017	ETB	81,793,144
Additions		8,695,354
Balance at 30 June 2018		**90,488,498**
Amortization and impairment		
Balance at 30 June 2017		(53,023,623)
Additions		(15,695,538)
Balance at 30 June 2018		**(68,719,161)**
Net carrying amount	**ETB**	**21,769,337**

Intangible assets relate to software that includes banking and other related softwares.

There were no idle assets as at 30 June 2019 and 30 June 2018.

15. Other assets

	30 June 2019	30 June 2018
CBE accounts receivables	7,345,966,154	1,191,661,582
Commemorative souvenirs in gold and silver	11,103,422	11,424,926
Loans to employees *(a)*	20,276,362	12,075,040
Staff advances *(b)*	2,089,040	3,076,642
Office and other consumables *(c)*	20,257,824	8,784,495
Uncleared effects	5,039,760	5,044,182
Sundry receivables	177,891,198	288,581,393
Miscellaneous*	(45,687,573)	(102,760,217)
	7,536,936,187	**1,417,888,043**

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

15. Other assets (continued)

* The balances under the Miscellaneous account relate to the following items: CMD cash shortage excess, CMD unadjusted notes in circulation and FEMRMD - Treasury suspense account. The CMD unadjusted notes in circulation is the biggest contributor to the negative debit balance as shown in periods 30 June 2019 and 30 June 2018.

(a) Loans to employees

The Bank extends interest free loans, which are therefore at a lower rate compared to the prevailing market rates and bear annual interest of 17.6%, to all its staff in accordance with the Bank's policy. The loans are repayable within three years and are secured by a guarantor. The bank previously performed a fair valuation of these loans in order to determine the recognition amounts, however during the reporting period ended 30 June 2019, the bank made a policy change and recognized the gross carrying amounts as a reasonable approximation of the fair valuation. This was because the tenure/duration of these loans is short-term in nature and the credit exposure to the bank is minimal.

The Bank performs an impairment test on a continuous basis and provides an allowance for impairment losses at the reporting date.
Loans to employees for the two periods were as follows:

	30 June 2019	30 June 2018
Gross Loans to employees	20,721,484	16,655,817
Write off uncollectible amounts	-	(50,537)
Fair value adjustment	-	(3,858,420)
Cumulative Impairment losses	(445,122)	(671,820)
Net Loans to employees	**20,276,362**	**12,075,040**

Movement of impairment losses for staff loan accounts	30 June 2019	30 June 2018
Balance as at 1 July	(671,820)	(920,309)
Charged to profit or loss	226,698	248,489
Balance as at 30 June	**445,122**	**(671,820)**

(b) Staff advances

The following table shows the staff advances breakdown:

	30 June 2019	30 June 2018
Gross staff advances	**3,076,642**	3,640,282
Cumulative Impairment losses	(938,770)	(563,641)
Net staff advances	**2,089,040**	**3,076,642**

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

15. Other assets (continued)

(b) Staff advances (continued)

Movement of impairment losses for staff advances	**30 June 2019**	**30 June 2018**
Balance as at 1 July	(563,640)	(663,832)
Charged to profit or loss	(375,130)	100,191
Balance as at 30 June	**(938,770)**	**(563,641)**

(c) Office and other consumables

The breakdown of office and other consumables items is as shown below:

Office and other consumables	**30 June 2019**	**30 June 2018**
Gross carrying amount	45,623,705	12,447,197
Office and other consumables – adjustments	(25,365,881)	(3,662,702)
Net carrying amount	**20,257,824**	**8,784,495**

The Bank's office and other consumables comprise of spare parts, stationary items, uniforms, stocks of facilities for office equipment, buildings, sorting and shredding machine, cleaning and sanitary materials, fuel and lubricant, tyres and inner tubes. These office and other consumables are not meant for resale and are therefore measured at cost.

16. Right of use assets

The Bank leases some buildings within Ethiopia. Information about leases for which the Bank is a lessee is presented below:

Right-of-use assets:

	30 June 2019	**30 June 2018**
Cost		
Balance at the beginning of the year	2,759,826	2,759,826
Balance as at 30 June	**2,759,826**	**2,759,826**
Depreciation		
Balance as at 1 July	(306,648)	(153,324)
Charge for the year	(153,324)	(153,324)
Balance at 30 June	(459,972)	(306,648)
Net carrying value	**2,299,854**	**2,453,178**

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

16. Right of use assets (continued)

Lease liabilities:

	30 June 2019	30 June 2018
Balance at beginning of the year	2,555,170	2,649,886
Interest expense	146,620	152,304
Payments made during the year	(247,020)	(247,020)
Net carrying value	**2,454,770**	**2,555,170**

Maturity analysis:

	30 June 2019	30 June 2018
Less than 1 year	226,435	226,435
1 – 2 years	247,020	247,020
3 – 5 years	761,645	761,645
More than 5 years	2,449,677	2,696,697
Total	**3,684,777**	**3,931,797**

NBE calculated lease related assets and liabilities per its accounting policy disclosed on Note 3 (d). As a lender of last resort, the Bank is not subject to conventional borrowing patterns of a commercial bank. In the event that the Bank had to borrow funds equivalent to the value of the right of use asset, the Bank would be financed by the Government through issuance of a bond. The Bank used an incremental borrowing rate that is equivalent to the Grand Renaissance bond issued by the government. The Grand Renaissance bond was issued at a rate of 6%. The Bank adopted this rate as its incremental borrowing rate for purposes of computing its lease liabilities.

17. Deposits due to local financial institutions, government and government institutions

Deposits due to financial institutions and the Government were as follows:

Domestic currency deposits	30 June 2019	30 June 2018
Deposits from banks	47,046,285,747	61,652,838,774
NBE bills payable to domestic banks[1]	90,583,693,215	72,122,986,284
Deposits from insurance companies[2]	25,118,072	21,645,403
Government and governmental agencies[3]	22,577,828,696	19,911,019,054
	160,232,925,730	**153,708,489,515**
Foreign currency deposits		
Government and governmental agencies	28,551,424,605	20,862,188,607
	28,551,424,605	**20,862,188,607**
Deposits from banks and government	**188,784,350,335**	**174,570,678,122**

[1]NBE requires that all private commercial banks purchase bills equivalent to 27% of their monthly loans to customers. NBE issues five-year bills at a rate of 3% in order to foster financial stability within the country and control inflation. The interest rate was increased to 5% with effect from 1 September 2018.

National Bank of Ethiopia

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17. Deposits due to local financial instiitutions, government and government institutions (continued)

[2]All insurance companies are required to deposit 5% of their annual net earned premium with NBE. The amounts of deposits with NBE are adjusted on an annual basis depending on the growth in an insurance company's net earned premium. These deposits do not earn any interest and neither does NBE reinvest this money.

[3]The Government and Government agencies deposit money with NBE. These deposits are denominated in both domestic and foreign currencies with domestic deposits earning interest at the rate of 3% pa. The obligation arising from NBE holding these deposits is measured at cost i.e. the actual value of the deposit. The finance cost is recognized as an expense in the statement of profit or loss over the period NBE holds the deposit. The interest payments to Ministry of Finance (MOF) are done monthly.

Deposits from banks is made up of the following:

	30 June 2019	30 June 2018
Payment and Settlement accounts	30,217,110,830	13,503,515,809
Reserve accounts	44,210,842,107	36,931,342,105
Issue accounts	(27,381,667,190)	11,217,980,860
	47,046,285,747	**61,652,838,774**

18. Due to International Financing institutions

Deposits due to international financing institutions were as follows:

	30 June 2019	30 June 2018
International Monetary Fund (IMF)	18,044,805,257	18,987,913,618
International Bank for Reconstruction and Development (IBRD)	10,078,443	21,534,960
International Development Association	705,068	705,068
Multilateral Investment Guarantee Agency	156,782	156,782
	18,055,745,550	**19,010,310,428**

NBE holds funds it has received from international financing institutions as either loans or direct bank deposits that it is obliged to repay back as per the membership agreements. The obligation is measured at amortized cost.

NBE has four types of obligations to IMF as follows:

International Monetary Fund	30 June 2019	30 June 2018
IMF deposits	5,960,162,850	5,736,378,654
IMF loans	1,106,631,892	2,502,213,082
SDR allocation	5,165,259,518	4,936,570,884
Promissory notes	5,812,750,997	5,812,750,998
	18,044,805,257	**18,987,913,618**

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

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19. Due to other institutions

	30 June 2019	30 June 2018
Deposits from foreign institutions		
Foreign currency deposits due to International institutions	138,627,875	133,215,278
Time deposits due to Saudi Arabia[1]	31,028,398,716	20,622,433,200
Time deposit due to Abu Dhabi[2]	29,046,215,650	-
	60,213,242,241	**20,755,648,478**

[1]Saudi Arabia deposited a time deposit worth USD 1billion with NBE in November 2015 for a period of 6 years at an interest rate of 3%. NBE received an additional time deposit of USD 500 Million in period ended 30 June 2019.The two parties agreed to a new repayment plan. NBE did not offer any collateral for the time deposit.
[2]NBE received a new time deposit of amount USD 1 billion from Abu Dhabi Fund in period ended 30 June 2019 at a fixed interest rate of 3% per annum payable semi annually.

20. Currency in circulation

	30 June 2019	30 June 2018
Notes	120,653,935,264	111,866,697,505
Coins	1,146,083,860	1,044,268,526
	121,800,019,124	**112,910,966,031**

NBE issues notes and coins on behalf of the government to the country to run the economy; monitor the inflation rates and maintain economic stability. These are non-interest-bearing liabilities and are due on demand.

21. Provisions

	Bonuses	Legal	Total
Balances at 30 June 2017	**9,213,688**	**-**	**9,213,688**
Increases (decrease) recorded in income	10,209,617	83,048	10,292,665
Paid during the year	(9,213,688)	-	(9,213,688)
Balances at 30 June 2018	**10,209,617**	**83,048**	**10,292,665**
Increases (decrease) recorded in income	11,787,757	2,005,587	13,793,344
Provisions used during the year	(10,209,617)	-	(10,209,617)
Balances at 30 June 2019	**11,787,757**	**2,088,635**	**13,876,392**

Bonus represent short-term benefits arising from past services provided by employees and are expected to be paid within the next 12 months. Legal provisions represent various claims that are pending outcome at the courts which the Bank's legal team has dermined that Bank is more than probable to be loose. The Bank has created a provision for this amount to ensure the Bank is covered when the legal claims are decided against the Bank. The Bank is currently involved in one labour case with one of its former employees and one civil case against Alem International Plc. The ruling on these two cases are yet to be determined as at 30 June 2019.

National Bank of Ethiopia

Notes to the Financial Statements

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(In Ethiopian Birr)

22. Government grants

(a) Land grant

NBE was awarded five (5) parcels of land by the Federal government on which the Bank constructed buildings for its own use. Below are the details of the land awarded by Federal government:

Location	Sub-city	Landholding certificate issue date	Size (metres squared)	Lease term
Addis Ababa	Akaki Kaliti	28 February 2000	165,067	Refer to comment [2] below
Addis Ababa	Lideta	17 July 2011	7,669	
Addis Ababa	Lideta	12 January 1999	5,862	
Addis Ababa	Lideta[1]	01 July 1978	-	
Addis Ababa	Kirkos	04 December 2018	4,869	

[1] The bank awaits a revised land holding certificate which will determine the correct size of the parcel of land

[2] At the time of award of these parcels of land, there were no lease terms defined as they were indicated as old possessions in the certificate of ownership. Further the bank has not been making any lease payments on these properties

The Bank was awarded additional six (6) parcels of land by the regional governments and chartered cities which were awarded free of charge. The Bank settled displacement cost and annual government land use rates related to the land awarded. The land was donated to NBE in order to enhance the Banks' ability to provide central banking services to institutions in various regions and cities. The right to use additional land in Kombolcha (Amhara region) commenced on 9 February 2016 and is still in progress. There are no unfulfilled conditions or contingencies attached to these government grants.

Below are the details of land awarded by the regional governments:

Regional government	Location	Landholding certificate issue date	Size (metres squared)	Lease term
Diredawa	Dire dawa	06 July 2017	12,000	99 years
Amhara	Bahir Dar City	20 October 2015	12,000	70 years
SNNP	Hawasa	05 August 2016	10,855	99 years
SNNP	Wolata Sodo[1]	29 October 2015	12,000	Refer to comment [1] below
Tigre	Mekele[1]	20 October 2015	8,807	
Amhara	Kombolcha[2]	09 February 2016	12,000	Refer to comment [2] below

[1] No lease term defined for these two (2) parcels of land. The certificates of ownership for these two parcels of land indicates these as old possessions.

[2] The bank has received a temporary documentation for this parcel of land and currently awaits the official land holding certificate that should define the lease term.

[3] The bank received all six (6) parcels of land free of any lease payments from the regional governments and is not expected to make any lease payments even on the parcels of land with a defined lease term.

National Bank of Ethiopia

Notes to the Financial Statements

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(In Ethiopian Birr)

22. Government grants (continued)

(a) Land grant

The Bank has incurred the following costs in fulfilling the land grant conditions and contingencies.

Regional government	Location	Displacement costs ETB
Diredawa	Dire dawa	2,822,639
SNNP	Wolata Sodo	8,059,041
SNNP	Hawasa	195,498
Amhara	Kombolcha	2,094,363

The above displacement costs have been recorded under capital work in progress (CWIP). The costs will be capitalized under buildings when the construction is finalised for the same.

(b) Monetary donation

Monetary grants refer to donations received in the form of money. The Bank received a monetary donation for the purchase of twenty laptops from Rural Financial Intermediation Programme II (RUFIP) on 14 May 2018.

The laptops were purchased for use by the Microfinance Supervision Directorate to enhance efficiency in provision of services to Microfinance institutions. The Bank adopted government grant accounting for asset-based grants and recognizes the laptops at cost under property and equipment.

The laptops have been classified under property and equipment.

(c) Non-monetary donation

Non-monetary grants refer to donations received in kind. The Bank received one motor vehicle from the European Union on 01 October 2003 and two motor vehicles (Toyota land cruiser station wagon) from RUFIP for the RUFIP project on 7 September 2005. The Bank also received donated hardware and software from World Bank for the CIC system project in the year 2011 and 2012.

The Bank recognised the motor vehicles at fair value using the gross method while the computer software and hardware were recognized at nominal value using the gross method.

There are no unfulfilled conditions or contingencies attached to these donations

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

22. Government grants (continued)

(d) Deferred revenue

		Deferred revenue
Cost		
Balance at 30 June 2018	ETB	661,903
Additions		-
Balance at 30 June 2019		**661,903**
Amortization		
Balance at 30 June 2018		(214,464)
Additions		(91,802)
Balance at 30 June 2019		**(306,266)**
Net balance	**ETB**	**355,637**

		Deferred revenue
Cost		
Balance at 30 June 2017	ETB	202,894
Additions		459,009
Balance at 30 June 2018		**661,903**
Amortization		
Balance at 30 June 2017		(202,894)
Additions		(11,570)
Balance at 30 June 2018		**(214,464)**
Net balance	**ETB**	**447,439**

23. Due to the Ministry of Finance

	30 June 2019	30 June 2018
Balance as at 30 June	8,185,860,505	6,407,483,115
Less: Dividends paid during the year	(6,700,000,000)	(6,407,483,115)
	1,485,860,505	-
Add: Operating surplus for the year	13,119,262,592	8,185,860,505
Balance as at 30 June	**14,605,123,097**	**8,185,860,505**

The Bank is owned by the Government through the Ministry of Finance. It is expected to remit all profits earned during the year as dividends to the Ministry subject to having fulfilled the required threshold for its General reserves (Note 26).

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

24. Employee benefits

(a) Movements in the present value of defined benefit obligations (DBO)

	30 June 2019	30 June 2018
Defined Benefit Obligations (DBO) at beginning of the year	113,901,230	163,866,323
Current service costs	8,198,770	14,375,516
Interest cost	8,935,613	9,715,674
Past service cost	18,828,226	-
Payments/Settlements in the year	(11,800,394)	(2,389,332)
Included in profit or loss	138,063,445	185,568,181
Actuarial gains (losses) recognized in other comprehensive income	(67,108,834)	(71,666,951)
Defined Benefit Obligations (DBO at the end of the year	**70,954,611**	**113,901,230**

This defined benefit plan exposes the Bank to actuarial risks, such as longevity risk, currency risk, interest risk and market risk.

(b) Actuarial losses/ (gains) recognized in other comprehensive income

	30 June 2019	30 June 2018
Cumulative amount at 1 July	66,183,035	(5,483,917)
Recognized during the year	67,108,834	71,666,951
Actuarial losses/(gains)	**133,291,869**	**66,183,035**

(c) Actuarial assumptions

The principal actuarial assumptions at the reporting date are detailed below:

	30 June 2019	30 June 2018
Discount rate	12,80%	8.00 %
Salary increase rate	14.00%	12.00 %
Long term inflation rate	8.70 %	8.70 %
Long term medical inflation rate	10.70 %	10.70 %

The assumed discount rates are derived from rates available on government bonds for which the timing and amounts of payments match the timing and the amounts of our projected post-employment benefits pay-outs.

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

24. Employee benefits (continued)

(c) Actuarial assumptions (continued)

Reasonably possible changes at the reporting date, in any of the actuarial assumptions and assuming that all the other variables remain constant, would have affected the defined benefit obligations as of 30 June 2019 by the amounts shown below:

Sensitivity analysis:

	30 June 2019		30 June 2018	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (0.50% movement)	(3,034,312)	3,328,747	(8,999,644)	10,310,928
Salary increase rate (1.00% movement)	2,476,854	(2,146,437)	1,789,556	(1,540,557)

The above sensitivity analysis has been determined based on reasonably possible changes on the actuarial assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

25. Other liabilities

Other liabilities as of the reporting dates are as follows:

	30 June 2019	30 June 2018
Letters of Credit	152,348,981	290,551,144
Accounts payable	422,590,875	128,634,666
Sundry creditors	41,499,462	40,628,097
	616,439,318	**459,813,907**

26. Capital and other reserves

(a) Capital

Capital is defined in the NBE proclamation No. 591/2008 and has been set at ETB 500 M (**2018:** ETB 500 M) as per parliamentary mandate. Any changes in the Capital are determined through review of economic policy issues and the need to manage macro-economic policy issues and maintain market stability.

Capital is meant to act as a risk management tool and covers the Bank against any risk and also prevents insolvency. The Bank is wholly owned by the Government of the Federal Democratic Republic of Ethiopia.

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

26. Capital and other reserves (continued)

(b) General reserve

The General Reserve is a statutory reserve and is defined in the NBE proclamation No. 591/2008. The Balance of this reserve is dependent on the Capital amount. The proclamation defines that 20% (twenty percent) of the net profit shall be paid each financial year into the General reserve fund until such fund equals the paid-up capital of the National Bank. The remaining 80% (eighty percent) shall be credited to the account of the Ministry of Finance (MOF).

Where the General reserve fund equals the paid-up capital of the Bank, the total amount of the net profit shall be credited each financial year to the account of the Ministry of Finance (MOF). Net losses of the National Bank shall be debited to the General reserve fund. If at any time, as a result of net losses sustained by the Bank, the General reserve fund is less than the paid-up capital, the fund is replenished as per proclamation guidance until it equals the paid-up capital.

The current limit of the General Reserve has been met since it equals the Capital account's current balance of ETB 500 M. No further transfers to this reserve are required for now.

(c) International reserve valuation

This reserve was set up to absorb foreign currency gains and losses during translation. The NBE proclamation and parliamentary directives have not set any limits or thresholds for this reserve.

The balance of this reserve account is not available for distribution since it relates to unrealized effects from foreign currency translations.

(d) Retained earnings

This reserve acts as a temporary reserve. The proclamation states that 20% of annual profits be transferred to the General reserve till it matches the Capital. After this limit has been reached, all profits earned during the year are transferred to the Ministry of Finance (MOF) as dividends.

(e) Fair value reserve

This reserve comprises the cumulative net change in the fair value changes on financial instruments (non-interest-bearing bond, CBE certificate of deposit), investment securities and monetary gold. All unrealized gains and losses are recognized in other comprehensive income and credited to the fair value reserve until the investment is derecognized or impaired. This reserve is not available for distribution.

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

26. Capital and other reserves (continued)

(f) Defined benefit reserve

This reserve represents the present value of the defined benefit obligation that the Bank has set aside to enable pay-out of employees' long-term and post-employment liabilities as they fall due. This reserve is not available for distribution.

(g) Other reserve

This reserve arises from the IFRS transition adjustments. This reserve is not available for distribution.

27. Financial risk review

The Bank is involved in policy-oriented activities including targeted inflationary monetary policy using monetary controlling instruments. With this regard, the Bank's risk management framework differs from the risk management frameworks for commercial banks because of the difference in their perspective objectives and the nature of assets and liabilities. The Bank's overall risk management programme focuses on the Bank's role of maintaining price and exchange rate stability and supporting sustainable economic growth.

The Bank is exposed to a wide array of risks such as foreign currency liquidity, credit, foreign exchange rate, interest rate and gold price movement risks. Financial risk management requires identifying sources of risks, measuring of risks, and designing and implementing appropriate risk management tools, techniques and structure.

The Financial risks have been measured using foreign exchange liquidity gap, interest sensitive asset-liability gap, single foreign currency asset-liability open positions, and credit risk exposure measurement techniques. The major sources of Bank's financial risks are mismatches of assets and liabilities, counter party failure to repay the balances, changes in foreign exchange and interest rate as well as movement in gold prices.

The responsibility for risk management is decentralized and is carried out by the different directorates with the Board of Directors providing oversight role. A Risk management team is responsible for advising the management on the monitoring and management of all risks that the Bank faces. The Internal Audit and Risk Management Directorate (IAMRD) is responsible for the development and regular update of the Risk Management Framework. The Directorate regularly reviews and monitors the implementation and effectiveness of the risk management process, including the development of an appropriate risk management culture across the Bank.

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

a.) Financial risks (continued)

The main financial risks to which the Bank is exposed include:

a.) Financial risks include:
- Credit risk
- Market risks including: Interest rate risk; Gold commodity price risk and Foreign exchange risk

b.) Liquidity risk

c.) Non-financial risks include:
- Operational risk
- Human resource risk
- Reputational risk
- Cyber security risk assessment

i.) Credit risk

Credit risk is the risk of loss arising from the failure of a borrower, issuer, counterparty or customer to meet its financial obligation to the Bank. Credit risk could result from complete or partial failure of the counterparties to fulfill their contractual financial obligations with the Bank in accordance with agreed terms or from change in credit quality.

Credit risk exposures arise from investment securities, balances due from banking institutions, funds held with IMF, loans and advances as well as other assets. The Bank has no significant concentrations of credit risk except for the securities relating to Government of Ethiopia.

Management of credit risk is through a choice of depository banks. The Bank's choice of depository banks is confined to top international banks that meet the set eligibility criteria of financial soundness on long-term credit rating (A), short-term credit rating (F1), composite rating and capital adequacy.

The amount that best represents the Bank's maximum exposure to credit risk is per the statement of financial position.

The Bank assesses the credit quality of these assets. None of the balances have had their terms renegotiated as a result of non-performance. Management monitors the credit exposure of staff on a continuous basis, taking into account their financial position, past experience and other factors.

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

a.) Financial risks (continued)

Credit quality analysis

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

	30 June 2019 Staging			
Financial assets	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balances due from foreign entities – commercial banks	18,669,493,996			18,669,493,996
Balances due from foreign entities – Central banks	76,063,049,116	-		76,063,049,116
Cash - foreign currencies	2,024,910,730	-	-	2,024,910,730
Funds held with IMF	187,285,310	-	-	187,285,310
Loans to government banks	95,680,711,092	-	-	95,680,711,092
Loans to private commercial banks	-	-		-
Other assets – Loans to employees	20,529,566		191,918	20,721,484
Other assets – Staff advances	1,976,828	171,123	912,277	3,060,228
Due from Government of Ethiopia	192,754,222,740	-	-	192,754,222,740
Total gross exposure	**385,402,179,378**	**171,123**	**1,104,195**	**385,403,454,696**
Loss allowance	(232,356,577)	(2,111)	(1,104,195)	(233,462,883)
Carrying amount	**385,169,822,801**	**169,012**	**-**	**385,169,991,813**

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

a.) Financial risks (continued)

Credit quality analysis

	30 June 2018 Staging			
Financial assets	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balances due from foreign entities – commercial banks	14,369,590,479	-	-	14,369,590,479
Balances due from foreign entities – Central banks	60,893,267,700	-		60,893,267,700
Cash - foreign currencies	642,412,034	-		642,412,034
Funds held with IMF	42,810,117	-		42,810,117
Loans to government banks	87,720,265,023	-		87,720,265,023
Loans to private commercial banks	-	-		-
Other assets – Loans to employees	11,737,619	-	337,421	12,075,040
Other assets – Staff advances	2,577,572	-	499,070	3,076,642
Due from Government of Ethiopia	157,754,003,183	-		157,754,003,183
Total gross exposure	**321,436,663,727**	**-**	**836,491**	**321,437,500,218**
Loss allowance	(428,758,408)		(836,491)	(429,594,899)
Carrying amount	**321,007,905,319**	**-**	**-**	**321,007,905,319**

Impairment of loans is recognised - on an individual or collective basis - in three stages under IFRS 9. Stage 1 refers to defualt events that are possible within the next 12 months from loan origination. Stage 2 refers to significant increase in credit risk since initial recognition. Stage 3 refers to an increase in a loan's credit risk to the point where it is considered credit impaired. Further explanations on the approaches to staging are included in Note 3 (a). None of NBE's financial assets have been classified under stage 2 during the two financial years.

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

a.) Financial risks (continued)

i.) Credit risk (continued)

Credit Risk Exposure
Credit Risk Exposure by Credit Rating

The table below shows the credit ratings by rating agencies for the different counterparties that the Bank engages with and denotes the credit quality of financial assets traded with these entities.

No	List of Correspondent Banks – Current Accounts Balances	Type of Institution	Credit Ratings as of 30 June 2019		
			Fitch	S&P	Moody's
1	Federal Reserve Bank	Central Bank	AAA	AAA	Aaa
2	BIS Basel	Central Bank	AAA	AAA	Aaa
3	Bank of England	Central Bank	AA-	AA	Aa3
4	Deutsche Bundesbank	Central Bank	AAA	AAA	AAA
5	Commerzbank	Commercial Bank	A-	A-	A3
6	Citibank New York	Commercial Bank	A-	A+	Aa3
7	Bank of Tokyo	Commercial Bank	A	A	A1
8	JP Morgan Chase Bank	Commercial Bank	AA-	A-	A2
9	National Westminster	Commercial Bank	A+	A+/-A-1	A3
10	Standard Chartered Bank, London	Commercial Bank	A	A	A2
11	Nordea Bank	Commercial Bank	AA-	A-	A2
12	Banca D'Italia	Central Bank	BBB	BBB	Baa2
13	Banque Nati De Belgique	Central Bank	AA-	A-	A2

a.) Amounts arising from ECL
Inputs, assumptions and techniques used for estimating impairment
Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information. The Bank assesses significant increase in credit risk at portfolio level, of which the definition varies based on the asset type and contractual obligation of the counterparty.

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

a.) Financial risks (continued)

i.) Credit risk (continued)

a.) Amounts arising from ECL (continued)
Inputs, assumptions and techniques used for estimating impairment (continued)

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

Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Bank determines a probation period during which the financial asset is required to demonstrate good behavior to provide evidence that its credit risk has declined sufficiently.

When contractual terms of a loan have been modified, evidence that the criteria for recognizing lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:
– The criteria are capable of identifying significant increases in credit risk before an exposure is in default;
– The average time between the identification of a significant increase in credit risk and default appears reasonable;
– there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

Definition of default
The Bank considers a financial asset to be in default when:
– The borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing security (if any is held);
– A counterparty goes into delinquency, liquidation or forbearance;
– For short – term loans, the borrower is in arrears beyond the contractual maturity date; or
– it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.
In assessing whether a borrower is in default, the Bank considers indicators that are:
– Qualitative: e.g. breaches of covenant and liquidation;
– Quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank due to credit distress; and
– based on data sourced 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.

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

a.) Financial risks (continued)

i.) Credit risk (continued)

a.) Amounts arising from ECL (continued)

Inputs, assumptions and techniques used for estimating impairment (Continued)

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of exposures has increased significantly since its initial recognition and the measurement of ECL. External information considered in forward - looking ECL estimates includes economic data and forecasts published by Fitch Solutions, an external and independent macroeconomic data body. This is in addition to historical sovereign local currency 12 - month default rates for B - rated entities. The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.
The key drivers for credit risk for each of the Bank's economic sectors is summarized below:

Financial year ended	**Macro economic factors**		
	GDP Expenditure	**Fiscal**	**Exchange rate**
30 June 2019	Nominal GDP; ETB bn	Total revenue; % of GDP	Real effective exchange rate; index
30 June 2018	Private final consumption; ETB bn	Total revenue; % of GDP	Real effective exchange rate; index

The macroeconomic projections used as at 30 June 2019 included the following key indicators for Ethiopia for the years 2019 and 2020:

Macro economic factor	**30 June 2019**	**30 June 2018**
GDP: Nomincal GDP; ETB bn	2,567.30	3,000.70
Exchange rate: Real effective exchange rate; index	126.71	126.32

Predicted relationships between the key macroeconomic indicators and 12 - month sovereign default rates have been developed based on analysing annual historical data over the past 7 years.

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing facility whose terms have been modified may be derecognised and the renegotiated loan recognised as a new facility at fair value in accordance with the accounting policy set out in Note 3 (a (iv)).

National Bank of Ethiopia

Notes to the Financial Statements

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(In Ethiopian Birr)

27. Financial risk review (continued)

a.) Financial risks (continued)

i.) Credit risk (continued)

a.) Amounts arising from ECL (continued)

Inputs, assumptions and techniques used for estimating impairment (Continued)

Measurement of ECL (Continued)

LGD is the magnitude of the likely loss if there is a default. The Bank primarily estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD is measured at segment level. For segments with no previous default experience, the Bank applies a minimum LGD approach, benchmarking against the Basel internal ratings – based measurement approach.

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

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

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that primarily include risk assessment of the Bank's counterparties.

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

For portfolios in respect of which the Bank has limited historical data, external benchmark information is used to supplement the internally available data. The portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows:

		External rating used	
Segment	**Exposure ETB**	**PD**	**LGD**
Government	192,754,222,740	S&P default studies	Basel
Government banks	95,680,711,092	S&P default studies	Basel
Foreign deposits	96,940,052,483	S&P default studies	Internal model
Local commercial banks	-	S&P default studies	Basel

No	List of Active Depository Banks	Type of Institution	Credit Ratings as of 30 June 2019		
			Fitch	**S&P**	**Moody's**
1	Commercial Bank of Ethiopia	Commercial Bank	NR	NR	NR

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

a.) Financial risks (continued)

ii.) Market risk

'Market risk' is the risk that changes in market prices – e.g. interest rates, equity prices, foreign exchange rates and credit spreads – will affect the Bank's income or the value of its holdings of financial instruments. The objective of the Bank's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Bank's solvency while optimizing the return on risk.

Market risks arise from open positions in interest rate, currency and equity prices, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices.

Equity price risk

Equity price risk refers to the potential loss in fair value resulting from adverse changes in the fair value of stocks that the Bank has invested in. Equity price risk is subject to regular monitoring but is not currently significant in relation to the Bank's overall results and financial position.

Interest rate risk

Interest rate risk is the exposure of the Bank's financial assets and liabilities to adverse movements in interest rates. If unexpected changes arise in interest rates, there is a possibility of loss due to sensitivity of the Bank's assets and liabilities to rate variability.

The main source of the Bank's interest rate risk is re-pricing risk. Bank's interest-bearing assets and liabilities may be re-priced at different times and rates. The Bank's foreign currency reserve may be exposed to foreign currency interest rate risk when the adjustment of the rates earned and paid on different instruments are re-priced. When interest rates change, these differences can change the cash flows and spread between foreign assets and foreign liabilities of similar maturities or re-pricing frequencies.

The Bank measures its interest rate exposure using a maturity/re-pricing schedule that distributes interest-sensitive assets and liabilities into 'time-bands' according to their maturity or time remaining to their next re-pricing. The size of the gap for a given time band (assets less liabilities that re-price or mature within that time band) gives an indication of the Bank's re-pricing risk exposure.

The Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for interest rate fluctuations. The Foreign Exchange Monitoring and Reserve Management (FEMRMD) Directorate is the monitoring body for compliance within these limits. These day-to-day activities include monitoring changes in the Bank's interest rate exposures, which include the impact of the Bank's outstanding or forecast debt obligations.

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

a.) Financial risks (continued)

ii.) Market risk (continued)

Interest rate risk

The following is a summary of the Bank's interest rate risk gap position on financial instruments. The interest rate repricing gap table analyses the full-term structure of interest rate mismatches within the Bank's balance sheet based on either (i) the next repricing date or the maturity date if floating rate or (ii) the maturity date if fixed rate.

30 June 2019	1 – 3 months ETB	3 – 12 months ETB	1 - 5 years ETB	Over 5 years ETB	Non-interest bearing bond ETB	Total ETB
Financial assets						
Due from Government of Ethiopia	-	2,289,752	186,871,247,026	-	5,734,502,901	192,608,039,679
Loans to government banks	-	1,275,159,474	81,894,095,758	-	12,430,246,600	95,599,501,832
Loans to private commercial banks	-		-	-	-	-
Due from foreign institutions - commercial Banks	-	18,664,807,327	-	-	-	18,664,807,327
Due from foreign institutions - central Banks	-	76,063,049,116	-	-	-	76,063,049,116
Funds held with IMF	-		-	-	-	-
Other assets - Loans to employees	-	20,276,362		-	-	20,276,362
Other assets - Staff advances	-	2,121,459	-	-	-	2,121,459
Total financial assets	**-**	**96,027,703,490**	**268,765,342,784**	**-**	**18,164,749,501**	**382,957,795,775**
Financial liabilities						
Deposits from banks and government	-	188,784,350,335	-	-	-	188,784,350,335
Funds due to international financing institutions	-	-	-	-	18,055,745,550	18,055,745,550
Due to other institutions	-	-	-	-	60,213,242,241	60,213,242,241
Ministry of Finance	-	-	-	-	-	-
Total financial liabilities	**-**	**188,784,350,335**	**-**	**-**	**78,268,987,791**	**267,053,338,126**
Interest rate risk sensitivity gap	**-**	**(92,756,646,845)**	**268,765,342,784**	**-**	**(60,104,238,290)**	**115,904,457,649**

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

a.) Financial risks (continued)

i.) Credit risk (continued)

a.) Amounts arising from ECL (Continued)

Inputs, assumptions and techniques used for estimating impairment (Continued)

Modified financial assets (Continued)

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:
– The rationale for modification; with
– The Bank's assessment of available and supportable information with regards to the counterparty's credit risk profile prior to and after modification.
When modification results in derecognition, a new facility is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).
The Bank may renegotiate loans to banks in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.
The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of covenants.
For financial assets modified as part of the Bank's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Bank's ability to collect interest and principal and the Bank's previous experience of similar forbearance action. As part of this process, the Bank evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.
Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 3 (a (viii)). A counterparty needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to Stage 1.

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'.

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

a.) Financial risks (continued)

ii.) Market risk (continued)

Interest rate risk

30 June 2018	1 – 3 months ETB	3 – 12 months ETB	1 - 5 years ETB	Over 5 years ETB	Non-interest bearing bond ETB	Total ETB
Financial assets						
Due from Government of Ethiopia	-	2,359,672	152,017,140,610	-	5,734,502,901	157,754,003,183
Loans to government Banks	-	1,151,710,131	74,138,308,292	-	12,430,246,600	87,720,265,023
Loans to private commercial Banks	-	-	-	-	-	-
Due from foreign institutions - commercial Banks	-	14,369,590,479	-	-	-	14,369,590,479
Due from foreign institutions - central Banks	-	60,893,267,700	-	-	-	60,893,267,700
Funds held with IMF	-	-	42,810,117	-	-	42,810,117
Other assets - Loans to employees	-	12,075,040	-	-	-	12,075,040
Other assets - Staff advances	-	3,076,642	-	-	-	3,076,642
Total financial assets	**-**	**76,432,079,664**	**226,198,259,019**	**-**	**18,164,749,501**	**320,795,088,184**
Financial liabilities						
Deposits from banks and government	-	174,570,678,122	-	-	-	174,570,678,122
Funds due to international financing institutions	-	-	-	-	19,010,310,428	19,010,310,428
Due to other institutions	-	-	-	-	20,755,648,478	20,755,648,478
Ministry of Finance	-	-	-	-	8,185,860,505	8,185,860,505
Total financial liabilities	**-**	**174,570,678,122**	**-**	**-**	**47,951,819,411**	**222,522,497,533**
Interest rate risk sensitivity gap	**-**	**(98,138,598,458)**	**226,198,259,019**	**-**	**(29,787,069,910)**	**98,272,590,651**

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)
a.) Financial risks (continued)
ii.) Market risk (continued)

Interest rate risk sensitivity analysis

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase or decrease as a result of such changes which may cause either an increase or decrease in profit or loss. The impact on financial assets and liabilities of an increase or decrease in interest rates by 0.5 percent would be as follows:

30 June 2019	**Effect on Profit/Loss**		**Effect on Equity**	
Financial Instruments	**0.5% increase**	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Financial assets				
Loans to employees	(118,909)	118,909	(118,909)	118,909
Due from Government of Ethiopia	(963,771,114)	963,771,114	(963,771,114)	963,771,114
Loans to government Banks	(478,403,555)	478,403,555	(478,403,555)	478,403,555
Due from foreign institutions - central Banks	(380,315,246)	380,315,246	(380,315,246)	380,315,246
Loans to private commercial Banks	-	-	-	-
Due from foreign institutions - commercial Banks	(93,347,597)	93,347,597	(93,347,597)	93,347,597
Total assets (ETB)	**(1,915,956,421)**	**1,915,956,421**	**(1,915,956,421)**	**1,915,956,421**
Financial liabilities				
Due to local financial institutions, Government and governmental agencies	(112,889,143)	112,889,143	(112,889,143)	112,889,143
Due to other institutions	(301,066,211)	301,066,211	(301,066,211)	301,066,211
Total liabilities (ETB)	**(413,955,355)**	**413,955,355**	**(413,955,355)**	**413,955,355**
Net interest (increase)/ decrease	**(1,502,001,066)**	**1,502,001,066**	**(1,502,001,066)**	**1,502,001,066**
Impact on profits	**(1,502,001,066)**	**1,502,001,066**	**(1,502,001,066)**	**1,502,001,066**

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

a.) Financial risks (continued)

ii.) Market risk (continued)

Interest rate risk sensitivity analysis (continued)

30 June 2018	**Effect on Profit/Loss**		**Effect on Equity**	
Financial Instruments	**0.5% increase**	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
Financial assets				
Loans to employees	(101,480)	101,480	(101,480)	101,480
Due from Government of Ethiopia	(790,117,240)	790,117,240	(790,117,240)	790,117,240
Loans to government Banks	(433,739,313)	433,739,313	(433,739,313)	433,739,313
Due from foreign institutions - central Banks	(304,466,338)	304,466,338	(304,466,338)	304,466,338
Loans to private commercial Banks	-	-	-	-
Due from foreign institutions - commercial Banks	(73,269,855)	73,269,855	(73,269,855)	73,269,855
Total assets (ETB)	**(1,601,694,226)**	**1,601,694,226**	**(1,601,694,226)**	**1,601,694,226**
Financial liabilities				
Due to local financial institutions, Government and governmental agencies	(99,555,095)	99,555,095	(99,555,095)	99,555,095
Due to other institutions	(103,112,166)	103,112,166	(103,112,166)	103,112,166
Total liabilities (ETB)	**(202,667,261)**	**202,667,261**	**(202,667,261)**	**202,667,261**
Net interest (increase)/ decrease	**(1,399,026,965)**	**1,399,026,965**	**(1,399,026,965)**	**1,399,026,965**
Impact on profits	**(1,399,026,965)**	**1,399,026,965**	**(1,399,026,965)**	**1,399,026,965**

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

a.) Financial risks (continued)

ii.) Market risk (continued)

Foreign Exchange rate risk

Foreign exchange rate fluctuation risk is the risk of adverse movements in exchange rates that will result in a decrease in value of foreign exchange assets or an increase in the value of foreign currency liabilities. Foreign exchange fluctuations expose the Bank to changes in the amounts of foreign assets and liabilities held by the Bank. The Bank measures its foreign exchange risk using a single foreign currency open position based on balance sheet amounts in spot markets. It is a risk of volatility due to a mismatch and adverse exchange rate movements during a period in which it has an open balance sheet position in an individual foreign currency.

The mid-exchange rates of major currencies against the Ethiopian Birr at each year end was as follows;

Currency	30 June 2019	30 June 2018
US dollar (USD)	29.06	27.40
Great Britain Pound (GBP)	36.90	35.86
EURO	33.04	31.73
Special drawing rights (SDR)	40.38	38.59
Ounce of Gold (XAU)	40,605.65	34,307.47
Norwegian Krone (NOK)	3.41	3.35
Japanese Yen (JPY)	0.27	0.25

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

a.) Financial risks (continued)

ii.) Market risk (continued)

Foreign Exchange risk (continued)

The table below summarises the Bank's exposure to foreign currency exchange rate risk as at 30 June 2019. Included in the table are the Bank's financial instruments categorized by currency:

	USD	GBP	EUR	SDR	XAU	NOK	JYP	Others	Total
	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB
At 30 June 2019									
Assets									
Due from foreign institutions - commercial Banks	17,584,811,738	670,506,654	382,167,247	-	324,860,900	2,039,526	29,967,076	94	18,994,353,235
Due from foreign institutions - central Banks	75,323,115,575	738,235,856	1,697,685	-	-	-	-	-	76,063,049,116
Funds held with IMF	-	-	-	187,285,303	-	-	-	-	187,285,303
Foreign currencies	1,963,105,284	11,682,106	39,205,563	-	-	173,627	-	10,744,149	2,024,910,729
Total financial assets	**94,871,032,597**	**1,420,424,616**	**423,070,495**	**187,285,303**	**324,860,900**	**2,213,153**	**29,967,076**	**10,744,243**	**97,269,598,383**
Liabilities									
Deposits from banks and government	(26,119,655,456)	(443,765,153)	(1,925,343,791)	-	-	(62,660,206)	-	-	(28,551,424,606)
Funds due to international financing institutions	-	-	-	(6,271,891,410)	-	-	-	-	(6,271,891,410)
Due to other institutions	(60,083,898,716)	-	(132,167,725)	-	-	-	-	(6,460,150)	(60,222,526,591)
Total financial liabilities	**(86,203,554,172)**	**(443,765,153)**	**(2,057,511,516)**	**(6,271,891,410)**	**-**	**(62,660,206)**	**-**	**(6,460,150)**	**(95,045,842,607)**
Net position	**8,667,478,425**	**976,659,463**	**(1,634,441,021)**	**(6,084,606,107)**	**324,860,900**	**(60,447,053)**	**29,967,076**	**4,284,093**	**2,223,755,776**

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

a.) Financial risks (continued)

ii.) Market risk (continued)

Foreign Exchange risk (continued)

	USD	GBP	EUR	SDR	XAU	NOK	JYP	Others	Total
	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB
At 30 June 2018									
Assets									
Due from foreign institutions - commercial banks	45,417,140,406	2,544,838,167	4,537,323	-	274,614,125	15,111,276	10,240,038	(425)	48,266,480,910
Due from foreign institutions - central Banks	27,282,561,234	-	-	-	-	-	-	-	27,282,561,234
Funds held with IMF	-	-	-	42,810,117	-	-	-	-	42,810,117
Foreign currencies	615,188,610	8,158,740	18,706,798	-	-	415,498	-	357,803	642,827,449
Total financial assets	**73,314,890,250**	**2,552,996,907**	**23,244,121**	**42,810,117**	**274,614,125**	**15,526,774**	**10,240,038**	**357,378**	**76,234,679,710**
Liabilities									
Deposits from banks and government	(19,338,081,787)	(13,278,250)	(1,453,182,903)	-	-	(57,645,661)	-	-	(20,862,188,601)
Funds due to international financing institutions	-	-	-	(7,447,000,680)	-	-	-	-	(7,447,000,680)
Due to other institutions	(20,622,433,200)	-	(126,931,635)	-	-	-	-	(6,283,642)	(20,755,648,477)
Total financial liabilities	**(39,960,514,987)**	**(13,278,250)**	**(1,580,114,538)**	**(7,447,000,680)**	**-**	**(57,645,661)**	**-**	**(6,283,642)**	**(49,064,837,758)**
Net position	**33,354,375,263**	**2,539,718,657**	**(1,556,870,417)**	**(7,404,190,563)**	**274,614,125**	**(42,118,887)**	**10,240,038**	**(5,926,264)**	**27,169,841,952**

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

a.) Financial risks (continued)

ii.) Market risk (continued)

The table below shows the effect of the ETB weakening/strengthening by 10% against all the major currencies with all other variables held constant:

Financial Instruments	Effect on Profit/Loss		Effect on Equity	
30 June 2019	**10% increase (Weakening)**	**10% decrease (Strengthening)**	**10% increase (Weakening)**	**10% decrease (Strengthening)**
Financial assets	(9,732,461,468)	9,732,461,468	(9,732,461,468)	9,732,461,468
Financial liabilities	(9,504,584,259)	9,504,584,259	(9,504,584,259)	9,504,584,259
Total (ETB)	**(19,237,045,727)**	**19,237,045,727**	**(19,237,045,727)**	**19,237,045,727**

Financial Instruments	Effect on Profit/Loss		Effect on Equity	
30 June 2018	**10% increase (Weakening)**	**10% decrease (Strengthening)**	**10% increase (Weakening)**	**10% decrease (Strengthening)**
Financial assets	(7,623,467,264)	7,623,467,263	(7,623,467,264)	7,623,467,263
Financial liabilities	(4,906,483,279)	4,906,483,278	(4,906,483,279)	4,906,483,278
Total (ETB)	**(12,529,950,543)**	**12,529,950,541**	**(12,529,950,543)**	**12,529,950,541**

Gold commodity price risk

Gold commodity price risk is the risk that gold commodity prices will change adversely. It refers to uncertainties of future market values and size of the future income, caused by fluctuations in the prices of gold commodities. The Bank as part of its operations, is responsible for purchase and sale of gold commodities. Gold by nature is subject to price fluctuation risk. The average gold per ounce for the last 1 year and the effect of a 10% change in the same on profit/loss and equity are shown below:

Period	Average price of gold/Ounce	Effect on Profit/Loss		Effect on Equity	
	ETB	**10% increase**	**10% decrease**	**10% increase**	**10% decrease**
30 June 2019	40,605.65	406	(406)	406	(406)
30 June 2018	34,136.78	341	(341)	341	(341)

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

b.) Liquidity risk (continued)

Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset in a timely manner at reasonable prices. Some liabilities in the Bank's books have no fixed maturity including Currency in circulation and Domestic currency deposits from banks, insurance companies and Government and governmental agencies.

Liquidity risk represents the potential loss to the Bank if it is unable to settle its financial obligations as they fall due and is represented through a maturity mismatch assessment between foreign exchange assets and liabilities.

This risk emanates from the nature of banking business, from the macro factors that are exogenous to the Bank, as well as from financing and operational policies that are internal to the Bank.

In Ethiopian Birr, there is no liquidity risk as the Bank is able to create Birr liquidity through its market operations.

For foreign currency, in addition to holding appropriate cash balances, the Bank manages liquidity through holding a portfolio of liquid foreign exchange reserves.

The Foreign Exchange Monitoring and Reserve Management Directorate (FEMRMD) monitors and reviews information on the Bank's liquidity developments and reports risk exposures and funding needs to the Executive Management on a regular basis. The FEMRMD mitigates its foreign currency liquidity risk by conducting detailed analysis of the maturities of foreign currency asset-liability gap size. The Bank sets limits, where appropriate, on liquidity metrics and employs monitoring and controlling of liquidity risk exposures for each maturity ladder.

The table below analyses the Bank's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

National Bank of Ethiopia

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For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

b.) Liquidity risk

	Upto 12 months ETB	1 - 5 years ETB	Over 5 years ETB	Total ETB
At 30 June 2019				
Assets				
Due from Government of Ethiopia	2,289,752	192,605,749,927	-	192,608,039,679
Loans to government Banks	1,275,159,474	94,324,342,358		95,599,501,832
Loans to private commercial Banks	-	-	-	-
Due from foreign institutions - commercial Banks	18,664,807,327			18,664,807,327
Due from foreign institutions - central Banks	76,063,049,116			76,063,049,116
Funds held with IMF	-	187,285,310		187,285,310
Other assets - Loans to employees	20,276,362			20,276,362
Other assets - Staff advances	2,121,459			2,121,459
Total financial assets	**96,027,703,490**	**287,117,377,595**	-	**383,145,081,085**
Liabilities				
Deposits from local financial institutions, government and government institutions	188,784,350,335	-	-	188,784,350,335
Funds due to international financing institutions	18,055,745,550	-	-	18,055,745,550
Due to other institutions	60,213,242,241	-	-	60,213,242,241
Due to the Ministry of Finance	-		-	-
Other liabilities	616,439,318	-	-	616,439,318
Total financial liabilities	**267,669,777,444**	**-**	**-**	**267,669,777,444**
Net maturity difference	**(171,642,073,954)**	**287,117,377,595**	**-**	**115,475,303,641**

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

b.) Liquidity risk (continued)

	Upto 12 months ETB	1 - 5 years ETB	Over 5 years ETB	Total ETB
At 30 June 2018				
Assets				
Due from Government of Ethiopia	2,359,672	157,751,643,511	-	157,754,003,183
Loans to government Banks	13,581,956,731	74,138,308,292	-	87,720,265,023
Loans to private commercial Banks	-	-	-	-
Due from foreign institutions - commercial Banks	14,369,590,479	-	-	14,369,590,479
Due from foreign institutions - central Banks	60,893,267,700	-	-	60,893,267,700
Funds held with IMF	-	42,810,117	-	42,810,117
Other assets - Loans to employees	12,075,040	-	-	12,075,040
Other assets - Staff advances	3,076,642	-	-	3,076,642
Total financial assets	**88,862,326,264**	**231,932,761,920**	**-**	**320,795,088,184**
Liabilities				
Deposits from local financial institutions, government and government institutions	174,570,678,122			174,570,678,122
Funds due to international financing institutions	19,010,310,428			19,010,310,428
Due to other institutions	20,755,648,478			20,755,648,478
Due to the Ministry of Finance	8,185,860,505			8,185,860,505
Other liabilities	459,813,907			459,813,907
Total financial liabilities	**222,982,311,440**			**222,982,311,440**
Net maturity difference	**(134,119,985,176)**	**231,932,761,920**	**-**	**97,812,776,744**

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

c.) Non-financial risks

i.) Strategic risk

Strategic risk might arise from the deviation of monetary policy target, which may adversely affect the economy and the effectiveness of financial institutions in following set policies and directives, its monetary policy operations and supervisory activities and governance of financial institutions that determine stability of the financial sector.

The Bank manages its strategic risk by undertaking effective monetary policy which include; monitoring the country's exchange rate policy, conducting periodic economic studies, forecasting the balance of payments, money supply, prices and other relevant statistical indicators of the Ethiopian economy. These measures are useful in the analysis, formulation and determination of its monetary, saving and exchange policies.

Further, the Bank undertakes prudential onsite and offsite inspection and monitoring of the financial sector on a continuous basis that is aimed at ensuring the soundness of the country's financial system.

ii.) Operational risk

Operational risk is the financial and non-financial risk to the Bank that could result in financial loss, reputational damage or inability to achieve business objectives. This could arise from human errors, failure of internal processes, people and systems or from external events. Operational risks to the Bank include: legal, security, business disruption, project management, human resource, IT systems and general business practices and fraud risks.

The Bank has made continuous efforts to minimize losses from operational risks by establishing effective internal control systems which prevent or detect all errors and situations which might cause losses through failure of people or processes. The work units of the Bank perform their activities based on their respective policies and procedures and take their own roles and responsibilities to manage operational risks emanating from their activities on their day to day business operations.

iii.) Cyber security risk

The Bank is exposed to cyber security risk. This is the inherent risk arising from technologies, processes and practices designed to protect the Bank's information assets, that is, computers, networks, programs and data from unauthorized access.

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

27. Financial risk review (continued)

c.) Non-financial risks (continued)

iii.) Cyber security risk (continued)

The Bank performs an assessment of this risk at two different levels of management to identify the potential risk and manage proactively to ensure the Bank's information security is safeguarded. At strategic management level, creating security policies dealing with people issues and evaluating threats and risks. Tactical management level deals with how the security systems are developed and implemented to meet policy requirements.

iv.) Reputational risk

This is the risk associated with the real or perceived loss of credibility and effectiveness as a result of negative publicity arising from a failure to comply with applicable laws or in managing risks, lack of fulfillment of roles and objectives or other external events.

It can be viewed as secondary since the reputational damage is usually caused by a loss or failure in the following areas: strategic; finance or operational risk.

The Bank has the responsibility to stabilize the value of money, the soundness and efficiency of the financial system and the issue of currency (Bank notes and coins). All of these matters have direct impact on all citizens; therefore, how the Bank communicates to the public is of critical importance to maintaining its credibility and in the successful fulfillment of its responsibilities.

In managing reputational risk, the Bank communicates to the public by crafting a consistent message regarding its role and policies and ensures that this message is effectively communicated to the public.

v.) Custodial risk on statutory deposits

The Bank is a custodian of government bonds and securities that are pledged by insurance companies as statutory deposits pursuant to the provisions of insurance business proclamation No. 746/2012. The Bank has a responsibility to keep the bond certificates safe to avoid any financial losses. As at 30 June 2019, the Bank held in its custody government bonds and securities worth ETB. 528,645,475. These securities are recorded as off-balance sheet ítems.

To mitigate the risk, the Bank records and keeps all copies of statutory deposits certificates in its custody in secure vaults.

National Bank of Ethiopia

Notes to the Financial Statements

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(In Ethiopian Birr)

28. Fair value of financial instrument

a. Valuation models

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- *Level 1:* Inputs that are quoted market prices (unadjusted) inactive markets for identical instruments.
- *Level 2:* Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices inactive markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- *Level 3:* Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The fair value of a liability reflects the effect of non-performance risk.

The following sets out the Bank's basis of establishing fair values of financial instruments:

Investment securities with observable market prices including equity securities are fair valued using that information. Investment securities that do not have observable market data are fair valued using discounted cash flow method or quoted market prices for securities with similar yield characteristics.

Loans and advances to government, government institutions and staff are net of allowance for impairment. The estimated fair value of the loans represents the discounted amount of future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value hence their fair values approximate their carrying amounts.

Estimated fair value of fixed interest-bearing deposits and bonds without quoted market prices is based on discounting cash flows using the prevailing market rates for debts with similar maturities and interest rates, hence their fair value approximates their carrying amounts.

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For the year ended 30 June 2019

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28. Fair value of financial instruments (continued)

b. Accounting classifications (continued)

The table below shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for cash and cash equivalents, receivables and payables, whose carrying amounts are a reasonable approximation of fair value, or for lease liabilities. The tables below include both instruments measured at fairvalue and those that are not.

30 June 2019	Carrying amounts				Fair value			Fair value
	Amortised cost	FV – OCI	FVTPL	Total carrying amounts	Level 1	Level 2	Level 3	
	ETB		ETB	ETB	ETB	ETB	ETB	ETB
Financial Instruments measured at fair value								
Financial assets								
Investment securities	-	12,100,176,482	-	12,100,176,482	-	12,100,176,482	-	12,100,176,482
Financial Instruments not measured at fair value								
Financial Assets:								
Due from Government of Ethiopia	192,608,039,679	-	-	192,608,039,679	-	-	192,608,039,679	192,608,039,679
Loans to government banks	95,599,501,832	-	-	95,599,501,832	-	-	95,599,501,832	95,599,501,832
Loans to private commercial banks	-	-	-	-	-	-	-	-
Due from foreign institutions - commercial banks	18,664,807,327	-	-	18,664,807,327	-	-	18,664,807,327	18,664,807,327
Due from foreign institutions - central Banks	76,063,049,116	-	-	76,063,049,116	-	-	76,063,049,116	76,063,049,116
Funds held with IMF	187,285,310	-	-	187,285,310	-	-	187,285,310	187,285,310
Other assets - Loans to employees	20,276,362	-	-	20,276,362	-	-	20,276,362	20,276,362
Other assets - Staff advances	2,121,459	-	-	2,121,459	-	-	2,121,459	2,121,459
Total financial assets	**383,145,081,085**	**12,100,176,482**	-	**395,245,257,567**	-	**12,100,176,482**	**383,145,081,085**	**395,245,257,567**
Liabilities								
Deposits from local financial institutions, govermnent and giovernment entities	188,784,350,335	-	-	188,784,350,335	-	-	188,784,350,335	188,784,350,335
Funds due to international financing institutions	18,055,745,550	-	-	18,055,745,550	-	-	18,055,745,550	18,055,745,550
Due to other institutions	60,213,242,241	-	-	60,213,242,241	-	-	60,213,242,241	60,213,242,241
Due to the Ministry of Finance	-	-	-	-	-	-	-	-
Total financial liabilities	**267,053,338,126**	-	-	**267,053,338,126**	-	-	**267,053,338,126**	**267,053,338,126**

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28. Fair value of financial instruments (continued)

b. Accounting classifications (continued)

30 June 2018	Carrying amounts				Fair value			Fair value
	Amortised cost	FV – OCI	FVTPL	Total carrying amounts	Level 1	Level 2	Level 3	
	ETB		ETB	ETB	ETB	ETB	ETB	ETB
Financial Instruments measured at fair value								
Financial assets								
Investment securities	-	11,736,277,070	-	11,736,277,070	-	11,736,277,070	-	11,736,277,070
Financial Instruments not measured at fair value								
Financial Assets:								
Due from Government of Ethiopia	157,754,003,183	-	-	157,754,003,183	-	-	157,754,003,183	157,754,003,183
Loans to government banks	87,720,265,023	-	-	87,720,265,023	-	-	87,720,265,023	87,720,265,023
Loans to private commercial banks	-	-	-	-	-	-	-	-
Due from foreign institutions - commercial banks	14,369,607,853	-	-	14,369,607,853	-	-	14,369,607,853	14,369,607,853
Due from foreign institutions - central Banks	60,893,267,700	-	-	60,893,267,700	-	-	60,893,267,700	60,893,267,700
Funds held with IMF	42,810,117	-	-	42,810,117	-	-	42,810,117	42,810,117
Other assets - Loans to employees	12,075,040	-	-	12,075,040	-	-	12,075,040	12,075,040
Other assets - Staff advances	3,076,642	-	-	3,076,642	-	-	3,076,642	3,076,642
Total financial assets	**320,795,105,558**	**11,736,277,070**	-	**332,531,382,628**	-	**11,736,277,070**	**320,795,105,558**	**332,531,382,628**
Liabilities								
Deposits from local financial institutions, govermnent and giovernment entities	174,570,678,108	-	-	174,570,678,108	-	-	174,570,678,108	174,570,678,108
Funds due to international financing institutions	19,011,531,891	-	-	19,011,531,891	-	-	19,011,531,891	19,011,531,891
Due to other institutions	20,755,648,478	-	-	20,755,648,478	-	-	20,755,648,478	20,755,648,478
Due to the Ministry of Finance	8,185,860,505	-	-	8,185,860,505	-	-	8,185,860,505	8,185,860,505
Total financial liabilities	**222,523,718,982**	-	-	**222,523,718,982**	-	-	**222,523,718,982**	**222,523,718,982**

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

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29. Commitments

A commitment is an enforceable, legally binding agreement to make a payment in the future for the purchase of goods or services. These amounts are not recorded in the statement of fincnaical position since the Bank has not yet received the goods or services from the suppliers. The amounts below are what the Bank has committed to pay as at 30 June 2019 based on current expected contract prices.

Commitments	**30 June 2019**	**30 June 2018**
Office and other equipment	28,645,334	-
Office furniture and fittings	2,346,430	-
Office and other consumables	3,358,996	-
Work in progress	36,856,864	32,080,878
Professional consultancy services	10,183,619	-
Total capital commitments	**81,391,243**	**32,080,878**

These capital commitments will be funded from internal resources.

30. Events after the Reporting Period

1. In November 2019, the bank repealed the NBE Bill purchase directive which mandated private commercial banks to buy an NBE Bill using 27 percent of the equivalent amount for every loan disbursement. The bank is expected to redeem all outstanding bills due to the banks.

2. As a result of the Covid-19 pandemic, the bank, in line with its macro-economic policies, extended credit facilities aimed at supporting borrowers from Hotel and Tourism sectors to cope with the Covid-19 pandemic. These credit facilities, which were extended to affected businesses through master loan agreements between the bank and two of the private banks, were provided under a one-year facility arrangement.

3. In January 2020, NBE converted bonds with a maturity period of 5 years, certificate of deposits and 6.3 billion accounts receivable due from the Commercial Bank of Ethiopia (CBE) to 7% coupon bonds with a maturity period of 10 years. This was done based on approval by the board.

4. In April 2020, the IMF approved financial assistance to Ethiopia under the rapid financing instrument (RFI) equivalent to US dollars 411 million. These funds are to be used to provide direct budget financing.

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Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

30. Events after the Reporting Period (continued)

5. Following decision by the Bank's board of directors in December 2019, the bank restructured the direct advance loan balance outstanding as at 30 June 2019 of ETB. 187,264,945,000 and ETB 5,000,000,000 being part of direct advance loan issued during the period ended 30 June 2020 to a 2% government bond which is payable in thirty equal semi annual instalments as from 03 April 2030.

6. In September 2020 the bank issued into circulation new currency notes and added an ETB 200 note as a new currency denomination. The change in the design and security features of the currency notes, was aimed at: curbing monetary crimes; reducing money laundering; facilitating financial inclusion and deposits mobilisation.

7. The bank has issued the following directives after the reporting period. A reliable estimate of their financial effect cannot be made as at the issuance of these financial statements.

(1) A directive cited as: Open Market Operations and Standing Facilities Directive No. MFAD/OMO&SFs/001/2021 was issued on 2 August 2021 establishing open market operations and standing facilities as instruments with an aim to effectively manage liquidity in the financial system for purposes of conducting monetary policy. This directive is applicable to financial transactions between the National Bank and Banks operating in Ethiopia that maintain reserve requirements with National Bank for the purpose of open market operations and standing facilities. It seeks to absorb or inject liquidity from and into the financial system and states that all transactions conducted using these Open Market Operations and Standing Facilities shall be in Ethiopian Birr. The directive allows the National Bank to conduct any of the following open market operations: main or standard operations, fine-tuning or non-standard operations; or structural operations. The National Bank may further use any of the following instruments for its open-market operations: repo or reserve repo transactions, granting collateralized loans, outright transactions, issuing NBE certificates or conducting deposit-taking operations. This directive serves to ensure the NBE through its powers and duties can regulate and determine the supply and availability of money and credit as well as the applicable interest rates for the purpose of maintaining price and financial stability that is conducive to the balanced growth of the Ethiopian economy.

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

30. Events after the Reporting Period (continued)

(2) A directive on Licensing and supervision of bankng business cited as the minimum capital requirements for banks (Amended) Directive No. SBB/78/2021 was issued on 12 April 2021. The directive applies to all existing banks, banks under formation, banks in the process of share subscription and microfinance institutions that desire to be licensed as a bank. It mandates all such institutions to have a minimum paid-up capital of ETB. 5 Billion which shall be paid fully in cash and deposited in a bank in the name and to the account of the bank. The regulation further lays down the procedure and timelines within which these institutions should meet the minimum capital requirements if not yet done so, as well as sanctions for not meeting the same. The aim of this directive is to ensure improvement of the financial resilience and soundness of banks and the banking system through raising minimum paid-up capital requirements. The indirect impact of this directive is that when banks have more capital they will operate more and will also have more transactions with the NBE through their payment and settlement, reserve and issue accounts held at NBE.

(3) A directive on Licensing and supervision of banking business cited as Reserve requirement - 7th replacement directive No. SBB/80/2021 was issued on 1 September 2021 mandating banks to open two separate Birr accounts with the National Bank of Ethiopia to be used as follows: a reserve account that is used exclusively to maintain the reserve balance amounting to 10% on average in every calendar month, of all Birr and foreign currency deposit liabilities held in the form of demand/current deposits, savings deposits and time deposits, and further the same banks shall maintain at all times a minimum of 5% of all Birr and foreign currency deposit liabilities held in the form of demand/current deposits, savings deposits and time deposits, the banks shall also not withdraw any money from its reserve account without prior approval of the Bank Supervision Directorate of the National Bank of Ethiopia and also the banks can request for transfer to Payment and Settlement account maintained with the National Bank if daily reserve ratio is above 5%, however these banks must ensure that average reserve ratio of a calendar month is 10% at minimum. Banks are also expected to maintain a payments and settlement account to be used to carry out all day-to-day transactions of the banks through the National Bank. This new directive has brought in changes on the minimum reserve balance that banks can hold as stipulated in the previous directive with a view to ensuring NBE exercises its mandate as vested in it to oversee monetary management, regulation and supervision of banks. The previous directive cited as Reserve Requirement – 6th Replacement directives No. SBB/55/2013 and issued on 1 March 2013 mandated banks operating in Ethiopia to open two separate Birr accounts with the National Bank of Ethiopia to be used as follows: a reserve account – to be used exclusively to maintain the reserve balance where 5 percent of all birr and foreign currency deposit liabilities are held in the form of demand (current) deposits, savings deposits and time deposits and a payments and settlement account which mandated that banks shall use a payments and settlement account to be used to carry out all day-to-day transactions of banks through the National Bank of Ethiopia.

National Bank of Ethiopia

Notes to the Financial Statements

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(In Ethiopian Birr)

30. Events after the Reporting Period (continued)

(4) A directive on licensing and supervision of banking business cited as: Investment on DBE bonds Directive No. SBB/81/2021 was issued on 1 September 2021. The directive is applicable to all commercial banks operating in Ethiopia and stipulates the following: commercial banks shall invest on an annual basis a minimum of 1% of its outstanding loans and advance in DBE Bond until the aggregated bond holding equals 10% of its total outstanding loans and advances; the audited total outstanding loans and advance position of a bank as of June 30 of each year shall be used as a basis to determine the required level of investment in the following year; the DBE bond shall have a maturity of 3 years starting from the issue date and shall pay a bond rate of at least 2 percentage points higher than the minimum interest rate paid on saving deposit at the time of issuance and interest on these DBE bonds shall be paid annually. The directive further states that the DBE bonds shall explicitly be guaranteed by the Federal Government of Ethiopia, fully and unconditionally. From an administration perspective, banks shall annually submit investment in DBE bond showing the amount of outstanding loans and advances and amounts of annual investment in DBE bonds within 3 days from their investment with the National Bank debiting Payment and Settlement Account of the bank based on the bank's report and at the same time credit Payment and Settlement Account of DBE for the same amount. DBE shall annually submit interest on each bank's investment in DBE Bond report to the National Bank within 3 days from June 30 of each year and shall debit Payment and Settlement Account of DBE based on its report and at the same time credit Payment and Settlement Account of each commercial bank with for the respective amount. The main purpose of this directive is to secure stable and long-term funding so as to sustainably finance development-oriented projects.

(5) A directive on licensing and supervision of banking business cited as: Management of Unclaimed liabilities of a Bank Directive No. SBB/75/2020 was issued on 24 August 2020. The directive requires banks to publish a notice of unclaimed liability within one year from the date it becomes unclaimed and transfer the same to NBE should the assets remain unclaimed 90 days after publication by the banks. This directive seeks to mandate any given bank to transfer any unclaimed liabilities of its customers or other legal claimants to the NBE for proper custody in a manner that maintains public confidence.

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Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

30. Events after the Reporting Period (continued)

(6) A directive on licensing and supervision of banking business directives cited as: Foreign Currency Intermediation by banks Directive No. SBB/77/2020 issued on 18 August 2020. The directive is applicable to all banks operating in Ethiopia and seeks to direct the banks to the following: that banks may engage in foreign currency intermediation; where banks engage in foreign currency intermediation, they will be exempted from acquiring a separate permission from the National Bank for transactions to be expressed in foreign currency; the banks shall be eligible to acquire external loans in foreign currency provided that the loans meet a grace period on principal payment of at least 3 years and the repayment period of at least 6 years (including the grace period), the all-in-cost of the loan shall not exceed 6 months respective currency LIBOR plus 5%. The directive further stipulates that foreign currency acquired through external borrowing shall be utilized only for extending credits in foreign currency to foreign currency generating activities in Ethiopia or depositing at the National Bank or at a foreign correspondent bank in foreign currency. Other aspects of the directive speak to the external borrowing not being subject to foreign surrender requirement; the governance through which banks can extend credit in foreign currency to foreign currency generating activities; the minimum required foreign currency deposit balance in the debt service reserve account and framework around which banks may buy debt service insurance in foreign currency against its external debt service obligations. This directive was issued to enable the NBE through its mandate to regulate the amount of external indebtness of banks and other financial institutions and further to grant permissions for transactions taking place in Ethiopia in currencies other than the Ethiopian legal tender currency and ensure NBE maintains overall responsibility of ensuring that banks are properly managing their foreign exchange and credit risks.

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2019

(In Ethiopian Birr)

30. Events after the Reporting Period (continued)

(7) A directive cited as Retention and Utilization of Export Earnings and Inward Remittances Directives No. FXD /73/2021 was issued on 01 September 2021. This directive guides banks on the opening of foreign exchange retention accounts for eligible exporters of goods, services and inward remittances. The directive further guides that banks are required to surrender 50% of the Foreign currency earnings from export of goods and services, private transfers (remittance) and NGO's transfers to the NBE. The directive further guides that banks can only credit funds in retention accounts only when the recipient (beneficiary) has given written authority and banks can credit funds in retention account for merchants and/or entities licensed by the NBE to collect credit card/debit card/prepaid card/payments for goods and service they sell. The directive guides that foreign currency held in a retention account shall be used for import of goods and services payment without restriction provided that the account holder has the required business license to do so and further that the retention account holder is free to sell all or part of the foreign currency held in the retention account at any time at freely negotiating rate not exceeding the selling exchange rate of the day to their respective client bank. The directive finally lays out penalties for violating the provisions and mandates banks operating foreign exchange retention accounts to send to NBE the aggregate balances of foreign exchange held under retention account on monthly basis. The aim of the directive is to incentivize eligible exporters of goods and services and recipients of inward remittances in line with the power and responsibility vested on the NBE.

(8) A directive on Foreign Exchange Surrender requirements of Banks (as Amended) directives No. FXD/72/2021 was issued on 01 September 2021. The directive mandates banks to surrender 50% of receipts only from export of goods, services, private transfers (remittance) and NGO's transfers to the NBE every month within the first five working days of the next month with the NBE in return crediting the payment and settlement of the bank with equivalent amount in Birr at the prevailing mid exchange rate. The directive further outlines the penalty for lack of surrender of the foreign currency. The aim of this directive is to enable the NBE undertake activities conforming to the achievement of safe and stable foreign exchange market in Ethiopia by setting foreign exchange exposure limits and foreign exchange surrender requirements on Banks.

STATISTICAL TABLES

Table 1: Estimates of Agricultural Production and Cultivated Areas of Major Grain Crops

For Private Peasant Holdings

Years/ Variables	2010/11		2011/12		2012/13		2013/14		2014/15		2015/16		2016/17		2017/18		2018/19	
	2003		2004		2005		2006		2007		2008		2009		2010		2011	
	Cultivated area[z]	Total production[y]	Cultivated area[z]	Total production[y]	Cultivated area[z]	Total production[y]	Cultivated area[z]	Total production[y]	Cultivated area[z]	Total production[y]	Cultivated area	Total pro-duction	Cultivated area	Total production	Cultivated area	Total production	Cultivated area	Total production
Cereals	**9,690.0**	**177,613.0**	**9,588.9**	**188,099.6**	**9,601.0**	**196,511.5**	**9,848.7**	**215,835.2**	**10152.0**	**236076.6**	**9974.3**	**231288.0**	**10,219.4**	**253,847.2**	**10,232.5**	**267,789.7**	**10,358.8**	**277,638.3**
Teff	2,761.0	34,835.0	2,731.0	34,976.9	2,730.3	37,652.4	3,016.5	44,186.4	3016.1	47506.6	2866.1	44713.8	3,017.9	50,204.4	3,023.3	52,834.0	3,076.5	54,034.7
Barley	1,047.0	17,034.0	948.0	15,852.9	1,018.8	17,816.5	1,019.5	19,082.6	993.9	19533.8	944.4	18567.0	959.3	20,249.2	951.9	20,529.9	811.7	17,675.1
Wheat	1,553.0	28,557.0	1,437.0	29,163.3	1,627.6	34,347.1	1,605.7	39,251.7	1663.8	42315.9	1664.6	42192.6	1,696.1	45,378.5	1,696.9	46,429.6	1,747.9	48,380.7
Maize	1,963.0	49,861.0	2,054.0	60,694.1	2,013.0	61,583.2	1,994.8	64,915.4	2114.9	72349.6	2111.5	71508.4	2,135.6	78,471.7	2,128.9	83,958.8	2,367.7	94,927.7
Sorghum	1,898.0	39,599.0	1,924.0	39,512.9	1,711.5	36,042.6	1,677.5	38,288.7	1834.7	43391.3	1854.7	43233.0	1,882.0	47,521.0	1,896.3	51,692.5	1,829.6	50,243.6
Millet	408.0	6,348.0	432.0	6,518.5	431.5	7,423.0	454.7	8,489.6	453.9	9153.1	465.5	9402.5	456.2	10,170.6	456.0	10,308.2	446.9	10,356.2
Oats	31.0	476.0	30.5	494.7	26.5	436.3	35.6	616.5	27.9	508.1	22.1	402.7	24.0	491.8	25.8	526.3	14.8	301.4
Rice	30.0	904.0	30.6	886.2	41.8	1,210.4	33.8	923.6	46.8	1318.2	45.5	1268.1	48.4	1,360.0	53.1	1,510.1	63.3	1,718.5
Pulses	**1,357.0**	**19,532.0**	**1,616.8**	**23,162.0**	**1,863.4**	**27,510.3**	**1,742.6**	**28,588.8**	**1558.4**	**26718.3**	**1652.8**	**27692.7**	**1,549.9**	**28,146.3**	**1,598.8**	**29,785.8**	**1,620.4**	**30,113.4**
Horse Beans	459.0	6,978.0	457.5	7,148.0	574.1	9,439.6	538.5	9,917.0	443.1	8389.4	444.0	8486.5	427.7	8,780.1	437.1	9,217.6	492.2	10,419.5
Chick Peas	208.0	3,228.0	231.3	4,002.0	239.5	4,097.3	229.7	4,238.0	239.8	4586.8	258.5	4726.1	225.6	4,441.5	242.7	4,994.2	2,397.0	4,591.7
Haricot Beans	237.0	3,402.0	331.7	3,878.0	366.9	4,630.1	326.5	4,574.1	323.3	5137.2	357.3	5402.4	290.2	4,839.2	306.1	5,209.7	288.6	4,883.1
Field Peas	204.0	2,570.0	212.8	2,632.0	256.0	3,273.8	275.4	3,798.1	230.7	3426.4	221.4	3233.9	212.5	3,481.4	220.5	3,685.1	216.7	3,608.1
Lentils	77.0	809.0	109.9	1,280.0	123.7	1,515.0	125.8	1,591.2	98.9	1373.5	100.7	1339.3	113.7	1,662.7	119.0	1,751.4	99.7	1,408.1
Soya beans	11.0	158.0	19.4	358.8	31.9	636.5	30.5	610.2	35.3	721.8	38.2	812.4	36.6	812.3	38.0	864.6	64.7	1,494.5
Grass peas	131.0	2,009.0	179.8	3,055.8	205.4	3,255.8	169.4	3,173.2	136.9	2514.4	159.1	2876.7	151.3	2,971.0	143.0	2,866.0	130.5	2,604.1
Gibto	14.0	196.0	34.2	443.7	33.2	368.8	22.4	230.4	15.5	176.9	16.8	187.2	19.9	274.1	17.8	246.2	17.5	239.5
Oil Seeds	**775.0**	**6,340.0**	**880.7**	**7,308.0**	**818.4**	**7,266.6**	**816.1**	**7,112.6**	**855.8**	**7601.0**	**859.1**	**7848.1**	**804.8**	**8,392.0**	**846.4**	**8,550.7**	**747.8**	**7,850.1**
Neug	248.0	1,448.0	309.0	1,863.0	303.6	2,124.2	285.3	2,202.1	252.6	2244.6	281.0	2563.3	281.2	3,024.3	290.4	3,233.4	257.9	2,963.2
Linseed/Flax	74.0	654.0	116.5	1,127.0	127.9	1,220.6	95.6	879.5	82.3	831.3	85.4	885.5	80.4	879.1	79.0	882.0	83.6	966.8
Rapeseed	13.0	193.0	45.1	746.7	45.8	731.1	44.0	624.5	30.1	537.0	30.0	550.4	23.7	434.0	18.0	328.6	20.6	382.1
Sunflower	6.0	51.0	8.2	88.7	11.4	132.8	11.5	83.5	5.6	63.3	7.4	67.3	6.7	79.5	7.9	95.7	6.4	80.3
Ground nuts	49.0	716.0	64.4	1,034.8	90.2	1,244.2	79.9	1120.9	64.6	1037.1	67.1	1039.4	74.9	1,296.4	80.8	1,451.7	84.2	1,440.9
Sesame	385.0	3,277.0	337.5	2,447.8	239.5	1,813.8	299.7	2,202.1	420.5	2887.7	388.2	2742.2	337.9	2,678.7	370.1	2,559.0	294.8	2,016.6
Total	**11,822.0**	**203,485.0**	**12,086.4**	**218,569.6**	**12,282.9**	**231,288.5**	**12,407.5**	**251,536.6**	**12566.2**	**270396.0**	**12486.3**	**266828.8**	**12,574.1**	**290,385.6**	**12,677.8**	**306,126.3**	**12,727.1**	**315,602.0**
Percentage change																		
Cereals	4.9	14.3	(1.0)	5.9	0.13	4.5	2.6	9.8	3.1	9.4	-1.8	-2.0	2.5	9.8	0.1	5.5	1.234302468	3.68
Pulses	(8.9)	3.3	19.1	18.6	15.3	18.8	(6.5)	3.9	(10.6)	(6.5)	6.1	3.6	(6.2)	1.6	3.2	5.8	1.4	1.1
Oil Seeds	(0.8)	(1.5)	13.6	15.3	(7.1)	(0.6)	(0.3)	(2.1)	4.9	6.9	0.4	3.3	-6.3	6.9	5.2	1.9	(11.6)	(8.2)
Total	2.8	12.6	2.2	7.4	1.6	5.8	1.0	8.8	1.3	7.5	-0.6	-1.3	0.7	8.8	0.8	5.4	0.4	3.1

Source: Central Statistical Authority (CSA).

NOTE:-

[z] In Thousands of Hectars.

[y] In Thousands of Quintals.

* Estimates are corrected and adjusted based on the previous survey of CSA and the 1993/94 MOA-CSA crop assessment result.

** Unreliable estimates but included in the total " Others ".

'Meher' Season refers to the period starting from the month of September to February.

Table 2: GDP By Economic Activity at Constant Prices

(In millions of Birr)

Sectors/Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12.	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Agriculture, Hunting and Forestry	313,975.7	337,502.8	358,944.5	386,339.2	421,172.8	441,832.9	473,132.2	498,733.6	530,341.5	542,700.2	579,022.9	599,331.4	622,220.3
Crop	187,053.1	201,996.9	215,075.1	233,879.2	258,009.7	270,881.6	293,063.1	312,338.7	334,768.6	346,293.6	374,649.8	392,291.8	404,049.6
Animal Farming and Hunting	96,111.9	103,150.3	110,419.1	117,249.1	126,016.6	132,843.6	139,692.4	142,601.9	149,246.8	146,959.5	153,170.4	154,038.0	163,279.5
Forestry	36,846.7	38,393.2	39,595.9	40,906.7	42,138.1	43,440.5	44,867.9	46,751.8	48,368.2	49,447.1	51,202.7	53,001.7	54,891.1
Fishing	301.9	404.5	511.9	520.3	551.2	668.4	797.8	1,057.4	1,381.1	1,381.9	1,389.4	1,546.7	1,581.8
Mining and Quarrying	2,355.4	2,859.8	3,225.2	4,649.7	7,333.7	8,265.7	8,784.6	8,506.2	6,328.5	6,116.8	4,296.9	3,402.8	2,658.9
Manufacturing	27,772.7	30,636.9	33,417.3	37,292.5	41,815.8	46,752.0	54,668.7	63,764.0	75,383.5	89,246.7	111,249.6	117,410.7	127,986.7
Large and Medium Scale Manufacturing	14,462.2	16,280.9	17,955.8	20,398.0	23,282.3	26,985.0	33,516.2	40,743.0	50,174.6	61,687.4	73,528.2	77,966.5	87,691.9
Small Scale and Cottage Industries	18,157.6	19,171.7	20,393.7	21,814.3	23,384.1	24,366.4	24,838.1	25,895.4	26,874.8	27,559.2	37,721.5	39,444.2	40,294.7
Electricity and Water	5,114.4	5,362.3	5,630.6	5,771.0	6,872.5	7,802.9	8,585.3	9,165.6	9,577.4	11,015.5	11,552.5	11,929.0	14,115.4
Construction	41,110.6	45,773.6	51,117.9	56,684.7	63,932.5	84,041.1	116,588.0	144,420.0	190,028.6	237,545.0	286,749.6	331,691.4	381,443.8
Whole Sale and Retail Trade	76,197.9	88,274.6	98,627.8	107,792.1	114,122.5	128,411.1	141,360.7	166,337.5	186,850.2	202,241.5	215,351.0	241,936.3	268,037.0
Hotels and Restaurants	7,068.2	8,716.5	10,795.9	13,417.9	16,723.1	18,403.7	21,925.0	27,758.6	35,971.8	41,601.3	41,625.2	44,335.3	48,143.8
Transport and Communications	76,197.9	88,274.6	98,627.8	107,792.1	114,122.5	128,411.1	141,360.7	166,337.5	186,850.2	202,241.5	215,351.0	241,936.3	104,436.2
Financial Intermediation	7,068.2	8,716.5	10,795.9	13,417.9	16,723.1	18,403.7	21,925.0	27,758.6	35,971.8	41,601.3	41,625.2	44,335.3	57,368.6
Real Estate, Renting and Business Activities	27,845.9	32,659.3	37,846.4	45,401.8	55,423.4	57,543.4	59,781.2	62,114.2	64,690.9	67,062.9	70,005.2	74,364.3	79,942.0
Public Administration and Defense	27,966.7	31,469.5	37,248.7	40,567.8	44,391.8	45,760.0	49,253.6	54,681.3	57,979.5	62,259.2	70,488.5	76,754.1	83,662.0
Education	19,105.0	21,925.3	24,773.6	28,976.1	30,247.9	31,596.6	34,781.5	35,679.7	38,963.0	42,385.6	41,031.0	42,520.8	44,221.6
Health and Social Work	5,067.3	5,854.2	7,049.6	8,038.8	8,540.0	9,341.3	10,489.0	12,510.3	14,137.2	15,669.4	16,767.9	18,153.4	20,747.2
Other Community , Social & Personal Services	9,244.9	10,326.0	10,981.8	11,867.6	12,443.7	13,986.4	16,560.4	17,193.4	17,828.7	18,371.3	19,198.4	20,178.0	21,454.2
Private Households with Employed Persons	9,358.5	9,851.6	10,224.1	10,714.0	11,256.4	13,069.3	14,136.1	14,758.3	15,401.2	16,063.8	16,633.3	17,276.0	17,707.4
Total	617,397.5	687,588.5	756,824.5	836,539.1	931,759.1	1,011,606.3	1,111,987.7	1,227,058.7	1,355,280.4	1,463,883.2	1,613,519.9	1,739,254.9	1,895,726.7
Less : FISIM	5,294.9	6,884.3	7,747.2	8,334.9	9,258.8	8,274.0	8,803.4	10,512.8	12,393.0	14,485.8	17,038.3	19,763.6	21,037.4
Gross Value Added at Constant Basic Prices	612,217.2	680,706.9	749,058.8	828,212.7	922,512.8	1,002,766.9	1,102,467.8	1,216,015.3	1,342,555.9	1,449,397.5	1,596,481.6	1,719,491.3	1,874,689.3
Taxes on Products	48,711.5	51,420.5	47,148.0	68,567.2	74,437.1	80,410.1	95,162.9	104,547.5	115,169.8	118,700.0	120,645.6	114,575.2	112,468.2
GDP at Constant Market Prices	660,936.6	732,242.1	796,697.6	896,687.5	996,921.8	1,083,133.7	1,197,753.9	1,320,688.1	1,457,857.6	1,568,097.5	1,717,127.2	1,834,066.5	1,987,157.5

Source:MoFED

Table 3: Growth Rate Of GDP By Economic Activity at Constant Prices

(In millions of Birr)

Agriculture, Hunting and Forestry	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12.	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Animal Farming and Hunting	17.0	13.5	10.9	9.4	7.5	6.4	7.6	9.0	4.9	7.1	5.4	6.3	2.3	6.7	3.5	3.8
Forestry	25.6	19.5	15.0	11.0	8.0	6.5	8.7	10.3	5.0	8.2	6.6	7.2	3.4	8.2	4.7	3
Fishing	8.0	5.9	4.9	7.9	7.3	7.0	6.2	7.5	5.4	5.2	2.1	4.7	-1.5	4.2	0.6	6
Mining and Quarrying	2.7	2.4	2.7	2.9	4.2	3.1	3.3	3.0	3.1	3.3	4.2	3.5	2.2	3.6	3.5	3.8
Manufacturing	-25.1	8.6	-8.2	7.7	34.0	26.5	1.7	5.9	21.3	19.4	32.5	30.6	0.1	0.5	11.3	2.3
Large and Medium Scale Manufacturing	2.0	4.1	7.2	-15.4	21.4	12.8	44.2	57.7	12.7	6.3	-3.2	-25.6	-3.3	-29.8	-20.8	-21.9
Small Scale and Cottage Industries	6.6	12.8	10.6	8.3	10.3	9.1	11.6	12.1	11.8	16.9	16.6	18.2	18.4	24.7	5.5	7.7
Electricity and Water	7.7	11.6	13.7	9.5	12.6	10.3	13.6	14.1	15.9	24.2	21.6	23.1	22.9	19.2	6.0	10
Construction	4.5	15.0	4.9	6.0	5.6	6.4	7.0	7.2	4.2	1.9	4.3	3.8	2.5	36.9	4.6	3
Whole Sale and Retail Trade	6.6	7.9	8.8	13.6	4.8	5.0	2.5	19.1	13.5	10.0	6.8	4.5	15.0	4.9	3.3	4
Hotels and Restaurants	19.5	7.5	10.5	10.9	11.3	11.7	10.9	12.8	31.5	38.7	23.9	31.6	25.0	20.7	15.7	15
Transport and Communications	5.1	13.1	17.5	16.8	15.8	11.7	9.3	5.9	12.5	10.1	17.7	12.3	8.2	6.5	12.3	11.7
Financial Intermediation	6.2	11.6	19.5	27.5	23.3	23.9	24.3	24.6	10.1	19.1	26.6	29.6	15.6	0.1	6.5	9
Real Estate, Renting and Business Activities	9.5	19.2	5.7	9.3	11.5	8.9	14.4	9.7	12.6	16.5	12.7	13.3	13.7	15.1	6.4	21
Public Administration and Defense	19.7	24.2	28.7	15.1	28.1	16.5	-0.3	23.7	23.6	-12.2	14.3	7.5	9.6	18.3	10.7	10.1
Education	4.5	7.4	14.5	15.2	17.3	15.9	20.0	22.1	3.8	3.9	3.9	4.1	3.7	4.4	6.2	7.5
Health and Social Work	0.2	11.6	6.4	11.8	12.5	18.4	8.9	9.4	3.1	7.6	11.0	6.0	7.4	13.2	8.9	9
Other Community , Social & Personal Services	11.5	12.6	8.6	21.2	14.8	13.0	17.0	4.4	4.5	10.1	2.6	9.2	8.8	-3.2	3.6	4
Private Households with Employed Persons	15.9	16.9	9.8	15.8	15.5	20.4	14.0	6.2	9.4	12.3	19.3	13.0	10.8	7.0	8.3	14.3
Total	4.8	8.0	9.2	8.5	11.7	6.4	8.1	4.9	12.4	18.4	3.8	3.7	3.0	4.5	5.1	6.3
Less : FISIM	1.6	3.2	6.6	4.0	5.3	3.8	4.8	5.1	16.1	8.2	4.4	4.4	4.3	3.5	3.9	2.5
Gross Value Added at Constant Basic Prices	11.8	12.7	11.8	11.8	11.4	10.1	10.5	11.4	8.6	9.9	10.3	10.4	8.0	10.2	7.8	8.9
Taxes on Products	18.5	16.5	40.3	13.5	30.0	12.5	7.6	11.1	-10.6	6.4	19.4	17.9	16.9	17.6	16.0	7
GDP at Constant Market Prices	11.7	12.6	11.5	11.8	11.2	10.0	10.6	11.4	8.7	9.9	10.3	10.4	8.0	10.1	7.7	9
Source:MoFED	37.6	3.1	2.7	7.2	5.6	-8.3	45.4	8.6	8.0	18.3	9.9	10.2	3.1	1.6	-5.0	-1.8
GDP at Constant Market Prices	13.6	11.8	10.8	11.5	10.8	8.8	12.6	11.2	8.6	10.6	10.3	10.4	7.6	9.5	6.8	8.3

Source:MoFED

Table 4: Value of Aggregate Output, Consumption, Investment and Savings at Current Prices

(In millions of Birr)

Description / Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	2005/06	2006/07	2007/08	2008 /09	2009 /10	2010 /11	2011 /12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Gross Value Added at Current Basic Prices	125,711.9	164,741.5	238,672.2	326,026.2	365,482.5	489,127.3	710,011.5	818,870.1	1,002,350.9	1,226,637.4	1,449,397.5	1,703,798.2	2,064,789.2	2,543,623.0
Taxes on Products, net	9,698.0	12,186.0	16,785.0	19,139.0	28,412.0	39,431.0	56,882.0	70,618.0	86,098.0	105,128.7	118,700.0	128,755.5	137,583.5	152,600.0
GDP at Current Market Prices	136,128.5	177,851.4	256,766.1	346,823.9	395,991.2	528,579.8	766,915.5	889,644.9	1,088,631.8	1,331,983.7	1,568,097.5	1,832,553.7	2,202,372.7	2,696,223.0
Incomes from ROW, net	(9.5)	263.8	316.1	(329.3)	(712.8)	(1,120.2)	(1,659.8)	(1,942.8)	(2,914.6)	(5,275.1)	(5,122.4)	(10,884.1)	(14,349.1)	(13,104.0)
Gross National Income at Current Basic Prices	125,702.3	165,005.3	238,988.4	325,696.9	364,769.7	488,007.1	708,351.7	816,927.4	999,436.3	1,221,362.3	1,444,275.0	1,692,914.1	2,050,440.2	2,530,519.0
Gross National Income at Current Market Prices	136,118.9	178,115.2	257,082.3	346,494.7	395,278.4	527,459.6	765,255.7	887,702.1	1,085,717.2	1,326,708.6	1,562,975.0	1,821,669.6	2,188,023.6	2,683,118.6
Current Transfers from ROW, net	18,162.9	25,444.4	34,193.9	44,191.0	59,484.8	74,261.2	86,849.9	93,355.1	106,357.3	128,400.8	155,964.2	154,959.4	188,527.3	240,392.0
Gross National Disposable Income	154,281.8	203,559.7	291,276.2	390,685.7	454,763.1	601,720.8	852,105.6	981,057.2	1,192,074.5	1,455,109.4	1,718,939.2	1,976,628.9	2,376,550.9	2,923,510.0
Government Final Consumption Expenditure	24,310.8	27,321.4	36,834.7	45,067.5	49,720.8	62,346.1	72,783.5	91,074.7	115,104.0	137,245.8	174,598.8	203,607.9	225,523.2	247,362.0
Private Final Consumption Expenditure	96,680.0	122,685.3	186,181.4	252,692.2	291,473.3	374,882.4	544,140.3	639,963.8	748,560.3	900,516.9	1,042,264.6	1,219,365.9	1,441,581.1	1,848,070.0
Gross Capital Formation (Investment)	41,836.6	47,975.7	70,003.5	96,074.6	119,166.6	164,525.7	275,811.3	293,930.7	400,841.2	508,975.9	585,665.0	704,596.0	751,626.2	948,866.0
Exports of Goods and Services	18,205.4	21,853.7	28,317.5	35,233.2	52,168.4	85,950.4	102,886.6	108,227.1	123,496.0	121,532.2	122,500.8	139,830.1	184,282.1	213,437.0
Imports of Goods and Services	48,092.4	55,087.8	76,564.3	96,285.3	126,319.4	162,487.1	236,383.9	251,300.6	308,691.3	393,188.5	424,749.9	430,233.2	502,112.9	561,512.0
Resource Balance	(29,887.0)	(33,234.1)	(48,246.8)	(61,052.1)	(74,151.0)	(76,536.7)	(133,497.3)	(143,073.5)	(185,195.3)	(271,656.3)	(302,249.2)	(290,403.1)	(317,830.8)	(348,075.0)
Gross Domestic Savings	15,137.6	27,844.7	33,750.0	49,064.2	54,797.0	91,351.3	149,991.7	158,606.3	224,967.5	294,221.0	351,234.0	409,579.8	535,268.5	600,791.0
Gross National Savings	33,291.0	53,553.0	68,260.1	92,926.0	113,568.9	164,492.3	235,181.8	250,018.7	328,410.1	417,346.8	502,075.8	553,655.1	709,446.7	828,078.0
Mid-year Population (In Million)	73.1	74.0	74.9	76.9	78.9	80.7	82.7	84.8	87.0	89.1	91.2	93.4	95.5	97.6
Per Capita Nominal GDP (In Birr)	1,862.3	2,404.1	3,428.1	4,510.5	5,016.2	6,551.5	9,268.6	10,486.5	12,520.2	14,953.4	17,192.4	19,630.4	23,061.5	27,625.0
Per Capita Real GDP (In Birr)	8,112.3	8,934.3	9,777.1	10,363.0	11,367.2	12,356.3	13,090.3	14,118.3	15,189.1	16,366.5	17,192.4	18,393.9	19,204.9	20,312.5
Average Exchange Rate (Birr/USD)	8.7	8.8	9.2	10.4	12.9	16.1	17.3	18.3	19.1	20.1	21.1	22.4	26.1	28.1
Real GDP (In USD)	68,310.4	75,155.1	79,219.4	76,474.6	69,615.8	61,852.2	62,777.3	65,528.4	69,237.3	72,546.1	74,296.6	76,610.6	70,249.0	70,666.9
Nominal GDP (In USD)(Million)	15,681.2	20,223.5	27,776.2	33,285.4	30,720.8	32,794.8	44,449.6	48,671.9	57,071.7	66,282.4	74,296.6	81,760.4	84,356.0	96,107.0
Per Capita Nominal GDP (In USD)	214.5	273.4	370.8	432.9	389.2	406.5	537.2	573.7	656.4	744.1	814.6	875.8	883.3	985.0
Per Capita Real GDP (In USD)	934.5	1,015.9	1,057.7	994.6	881.9	766.6	758.7	772.4	796.3	814.4	814.6	820.7	735.6	724.3
GDP Deflator	0.23	0.27	0.35	0.44	0.44	0.53	0.71	0.74	0.82	0.91	1.00	1.07	1.20	1.36

Source: Planning commission

Table 5: Growth Rates of Aggregate Output, Consumption, Investment and Savings

(Inpercent)

Description / Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
GDP at Current Basic Prices	16.1	23.8	24.4	31.0	44.9	36.6	12.1	33.8	45.2	15.3	22.4	22.4	18.2	17.6	21.2	23.3
Taxes on Products, net	43.0	13.3	14.5	25.7	37.7	14.0	48.5	38.8	44.3	24.1	21.9	22.1	12.9	8.5	6.9	10.9
GDP at Current Market Prices	18.0	22.9	23.6	30.6	44.4	35.1	14.2	33.5	45.1	16.0	22.4	22.4	17.7	16.9	20.2	22.5
Incomes from ROW, net	(44.9)	132.1	(108.9)	2,862.9	19.8	(204.1)	(116.5)	(57.1)	(48.2)	(17.0)	(50.0)	(81.0)	(2.9)	(112.5)	(31.8)	(33.0)
Gross National Income at Current Basic Price	16.0	24.4	24.3	31.3	44.8	36.3	12.0	33.8	45.2	15.3	22.3	22.2	18.3	17.2	21.1	23.3
Gross National Income at Current Market Price	17.9	23.4	23.5	30.9	44.3	34.8	14.1	33.4	45.1	16.0	22.3	22.2	17.8	16.6	20.1	22.5
Current Transfers from ROW, net	0.5	62.5	18.4	40.1	34.4	29.2	34.6	24.8	17.0	7.5	13.9	20.7	21.5	(0.6)	21.7	25.7
Gross National Disposable Income	16.0	27.2	22.9	31.9	43.1	34.1	16.4	32.3	41.6	15.1	21.5	22.1	18.1	15.0	20.2	22.8
Government Final Consumption Expenditure	14.9	16.7	21.8	12.4	34.8	22.4	10.3	25.4	16.7	25.1	26.4	19.2	27.2	16.6	10.8	9.7
Private Final Consumption Expenditure	7.2	33.8	25.9	26.9	51.8	35.7	15.3	28.6	45.1	17.6	17.0	20.3	15.7	17.0	18.2	27.9
Gross Capital Formation (Investment)	40.9	10.1	31.2	14.7	45.9	37.2	24.0	38.1	67.6	6.6	36.4	27.0	15.1	20.3	6.7	26.2
Exports of Goods and Services	32.0	24.5	13.2	20.0	29.6	24.4	48.1	64.8	19.7	5.2	14.1	(1.6)	0.8	14.1	31.8	15.9
Imports of Goods and Services	35.9	38.0	27.3	14.5	39.0	25.8	31.2	28.6	45.5	6.3	22.8	27.4	8.0	1.3	16.7	11.8
Resource Balance	(39.6)	(50.1)	(37.7)	(11.2)	(45.2)	(26.5)	(21.5)	(3.2)	(74.4)	(7.2)	(29.4)	(46.7)	(11.3)	3.9	(9.4)	(9.5)
Gross Domestic Savings	101.0	(11.7)	13.4	83.9	21.2	45.4	11.7	66.7	64.2	5.7	41.8	30.8	19.4	16.6	30.7	12.2
Gross National Savings	45.2	18.9	15.6	60.9	27.5	36.1	22.2	44.8	43.0	6.3	31.4	27.1	20.3	10.3	28.1	16.4
Mid-year Population (in Million)	2.6	2.3	2.3	1.2	1.2	2.7	2.7	2.2	2.6	2.5	2.5	2.4	2.4	2.4	2.3	2.2
Per Capita GDP (Birr) (Nominal)	15.0	20.1	20.9	29.1	42.6	31.6	11.2	30.6	41.5	13.1	19.4	19.4	15.0	14.2	17.5	19.8
Per Capita GDP (Birr) (Real)	10.7	9.3	8.3	10.1	9.4	6.0	9.7	8.7	5.9	7.9	7.6	7.8	5.0	7.0	4.4	5.8
Average Exchange Rate (Birr/USD)	0.6	0.3	0.3	1.3	5.1	12.7	23.7	25.0	7.0	5.9	4.4	5.4	5.0	6.2	16.5	7.6
Real GDP (USD)	12.9	11.5	10.5	10.0	5.4	(3.5)	(9.0)	(11.2)	1.5	4.4	5.7	4.8	2.4	3.1	(8.3)	0.6
GDP at Current Market Prices(USD)	17.3	22.6	23.2	29.0	37.3	19.8	(7.7)	6.8	35.5	9.5	17.3	16.1	12.1	10.0	3.2	13.9
Per Capita GDP (USD) (Nominal)	14.4	19.8	20.4	27.4	35.7	16.7	(10.1)	4.4	32.2	6.8	14.4	13.4	9.5	7.5	0.9	11.5
Per Capita GDP (USD) (Real)	10.1	9.0	8.0	8.7	4.1	(6.0)	(11.3)	(13.1)	(1.0)	1.8	3.1	2.3	0.0	0.7	(10.4)	(1.5)
Percentage Change in GDP Deflator	3.9	9.9	11.6	17.2	30.3	24.1	1.4	20.2	33.5	4.9	11.0	10.8	9.5	6.7	12.5	13.3

Source:Planning commission

Table 6: Summary of External Public Debt

(In Millions of Birr)

Components	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	,2013/14	,2014/15	,2015/16	,2016/17	,2017/18	,2018/19
	(1996)	(1997)	(1998)	(1999)	(2000)	(2001)	(2002)	(2003)	(2004)	(2005)	(2006)	(2007)	(2008)	(2009)	(2010)	(2011)
EXTERNAL DEBT																
Disbursed *	63,077.6	51,193.0	52,073.2	20,354.9	25,579.0	45,351.8	72,617.8	125,841.3	153,361.2	204,193.8	268,378.0	382,564.9	463,831.9	539,279.4	702,638.5	781,899.5
Undisbursed	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
DRAWINGS (gross)	4,401.3	4,932.2	2,828.1	2,528.9	3,487.4	8,141.8	14,413.7	33,527.6	28,475.3	49,247.2	60,151.4	119,075.7	73,829.6	65,684.2	91,506.0	78,318.5
REPAYMENTS (1)	-1054.0	-1125.9	-446.2	-155.4	-432.2	-231.4	-883.0	-2904.9	-5332.2	-7806.3	-9673.6	-13,967.5	-15,807.1	-18,934.6	-30,727.4	-38,645.8
DEBT SERVICING (2)	1,584.4	1,570.0	981.4	523.8	747.3	510.2	1,298.5	3,898.6	7,109.9	10,321.9	12,718.7	18,974.75	23,232.4	28,499.4	42,175.3	55,915.4
Principal	1,054.0	1,125.9	446.2	155.4	432.2	231.4	883.0	2,904.9	5,332.2	7,806.3	9,673.6	13,967.5	15,807.1	18,934.6	30,727.4	38,645.8
Interest (3)	530.4	444.1	535.2	368.4	315.1	278.7	415.5	993.7	1,777.6	2,515.6	3,045.1	5,007.2	7,425.3	9,564.8	11,447.9	17,269.7
DEBT SERVICE TO EXPORT OF GOODS RATIO	20.4	15.4	5.1	1.5	3.2	1.5	3.4	8.8	13.0	18.2	20.2	31.1	38.4	43.7	57.0	74.7
EXTERNAL DEBT TO TO GDP (%)**	81.0	53.1	43.4	13.0	11.2	14.6	19.0	24.4	20.5	23.6	25.6	29.5	30.1	29.4	31.9	29.1
EXPORT OF GOODS	5,175.0	7,329.7	8,683.5	10,422.3	13,549.5	15,088.1	25,822.1	44,277.5	54,771.8	56,690.5	62,947.9	61,064.4	60,526.4	65,167.1	74,044.8	74,807.7
GDP (Current Basic Price)	77,880.4	96,391.1	119,934.4	157,170.4	227,703.4	311,042.8	382,938.7	515,078.5	747,326.5	864,673.2	1,047,392.8	1,297,954.7	1,541,277.2	1,832,544.1	2,202,357.2	2,683,365.7

Source: Ministry of Finance
*Excludes State defence Credits and Ruble denominated debt.
(1)-on cash basis; includes repayments of Trust Fund Loans , and repurchases from IMF.
(2)-on accrual basis; includes repayments of Trust Fund Loans, and repurchases from IMF.
(3) - Includes IMF charges and interest.
**Revised based on rebased GDP series
NB:-USD to birr coversion is made by using annual average exchange rate.

Table 7: Balance of Payments

(In Millions of Birr)

Components	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	,2013/14	,2014/15	,2015/16	,2016/17	,2017/18	,2018/19
	(1996)	(1997)	(1998)	(1999)	(2000)	(2001)	(2002)	(2003)	(2004)	(2005)	(2006)	(2007)	(2008)	(2009)	(2010)	(2011)
TRADE BALANCE	-1,501.0	-1,207.6	-1,095.5	-1,514.0	-1,492.5	-2,669.8	-3,320.8	-3,711.1	-4,809.6	-4,609.6	-5,196.4	-8,064.8	-7,480.6	-8,447.3	-10,621.0	-11,787.3
Export(f.o.b)	773.6	902.8	736.8	616.4	318.4	949.0	1,419.5	2,835.2	2,607.3	3,901.7	4,141.6	3,637.3	3,957.8	3,866.6	3,864.3	4,142.4
Coffee	439.2	626.4	405.1	268.5	168.3	537.0	718.0	1,799.0	1,724.0	2,307.4	2,889.5	2,112.7	2,133.6	1,520.1	1,393.8	1,418.3
Other Exports	334.5	291.8	331.7	347.9	150.0	412.0	701.4	1,036.1	883.3	1,594.3	1,252.1	1,524.5	1,824.2	2,346.5	2,470.5	2,724.0
Imports (c.i.f.)	-2,274.6	-2,110.4	-1,832.3	-2,130.4	-1,810.9	-3,618.8	-4,740.3	-6,546.3	-7,416.9	-8,511.3	-9,338.0	-11,702.0	-11,438.4	-12,313.9	-14,485.3	-15,929.7
Fuel	-216.5	-212.9	-225.1	-210.4	-249.3	-820.8	-725.6	-993.3	-934.5	-1,568.5	-2,282.8	-1,329.9	-2,036.6	-2,180.7	-2,286.7	-2,468.3
Other Imports	-2,058.1	-1,897.5	-1,607.2	-1,920.0	-1,561.6	-2,798.0	-4,014.8	-5,552.9	-6,482.3	-6,942.8	-7,055.1	-10,372.2	-9,401.8	-10,133.2	-12,198.6	-13,461.4
Net Services	77.5	96.5	89.2	-62.0	27.4	-36.0	173.2	333.0	415.0	653.4	748.2	544.1	831.6	724.9	893.1	309.8
Travel	5.9	-4.2	-7.4	-10.1	-8.5	-5.8	-10.6	-15.4	-34.4	-65.7	22.6	-105.3	-47.7	-159.1	170.5	335.5
Other Transportation	127.4	176.2	186.9	135.6	200.9	420.1	634.3	793.3	749.7	685.1	560.4	358.7	231.3	461.7	658.5	358.7
Government(n.i.e.)	61.0	69.1	58.0	68.8	65.8	84.7	91.0	95.6	145.2	371.9	456.7	450.8	867.7	951.9	962.4	450.8
Investment Income	-134.4	-166.3	-156.2	-206.5	-178.7	-348.7	-351.4	-424.2	-460.7	-206.0	-196.5	-225.7	-390.3	-428.2	-429.7	-225.7
Other Services	17.6	21.7	7.9	-49.8	-52.1	-186.3	-190.1	-116.3	15.2	-131.9	-95.1	65.6	170.7	-101.4	-468.7	-609.5
Net Goods & Services	-1,423.5	-1,111.1	-1,006.3	-1,576.0	-1,465.1	-2,705.8	-3,147.6	-3,378.1	-4,394.6	-3,956.2	-4,448.2	-7,520.7	-6,648.9	-7,722.4	-9,727.9	-11,477.5
Private Transfers (net)	245.3	389.1	354.6	413.9	653.7	1,057.9	1,434.3	1,944.9	1,980.0	1,674.1	2,149.2	2,080.0	3,101.1	3,158.1	2,977.8	4,247.0
Current Account Balance	-1,178.2	-722.0	-651.7	-1,162.1	-811.4	-1,647.9	-1,713.3	-1,433.2	-2,414.6	-2,282.1	-2,299.0	-5,440.7	-3,547.8	-4,564.3	-6,750.1	-7,230.6
Public Transfers (net)	388.7	433.0	335.4	604.3	893.5	1,708.7	1,447.7	2,560.2	2,474.2	1,456.2	1,570.3	1,419.5	1,707.6	3,289.6	3,712.6	5,147.4
Non Monetary Capital (net)	549.7	463.3	237.6	330.2	-238.1	-45.4	1,233.2	186.6	-30.2	-1,175.4	1,060.8	883.3	627.6	2,117.4	4,325.8	2,471.4
Public long-term (net)*	647.1	574.2	374.4	301.7	-27.3	514.0	961.0	308.9	422.0	-1,113.6	639.6	818.7	-315.8	1,501.2	4,285.4	2,997.7
Short-term	-97.4	-110.9	-136.8	28.5	-210.8	-559.4	272.2	-122.3	-452.2	-61.8	421.2	64.6	943.4	184.0	40.4	-526.3
FDI	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	432.2	0.0	122.3
Net errors and Omissions	**-143.5**	**-197.3**	**-470.5**	**96.4**	**-269.8**	**-514.6**	**635.3**	**-275.3**	**-304.6**	**-552.1**	**-126.7**	**2,788.1**	**-1,333.6**	**-564.7**	**1,094.7**	**2,213.8**
Overall Balance	**-383.3**	**-23.0**	**-549.2**	**-131.2**	**-425.8**	**-499.2**	**1,602.9**	**1,038.3**	**-275.2**	**-2,553.3**	**205.4**	**-349.8**	**-2,546.2**	**278.0**	**2,383.1**	**2,602.0**
Financing :	383.3	23.0	549.2	131.2	425.8	499.2	-1,602.9	-1,038.3	275.2	2,553.3	-205.4	349.8	2,546.2	-278.0	-2,383.1	-2,602.0
Monetary Authorities (Reseves), net	383.3	23.0	151.3	-324.9	-136.3	-403.7	-2,900.7	-1,942.0	-526.5	1,777.8	-205.4	-256.9	1,317.3	-346.1	-2,964.8	-3,195.8
Arrears Change	0.0	0.0	390.8	456.1	562.1	-372.1	961.7	536.3	780.7	762.9	0.0	316.1	1,138.4	9.8	83.7	0.0
Debt Relief	0.0	0.0	7.1	0.0	0.0	1,275.0	336.1	367.4	21.0	12.5	0.0	290.6	90.5	58.3	498.0	593.8
Cancellation	0.0	0.0	7.1	0.0	0.0	368.1	81.6	148.8	21.0	12.5	0.0	71.9	22.6	0.0	326.3	0.0
Rescheduling	0.0	0.0	0.0	0.0	0.0	906.9	254.5	218.6	0.0	0.0	0.0	218.7	67.8	477.3	171.7	593.8

Sorce: NBE Staff Compilation

*Includes other public sector long-term loan and private loan

NB:-USD to birr coversion is made by using annual average exchange rate.

Table 8: Value of Major Exports

(In Thousands of Birr)

Commodity	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	(1996)	(1997)	(1998)	(1999)	(2000)	(2001)	(2002)	(2003)	(2004)	(2005)	(2006)	(2007)	(2008)	(2009)	(2010)	(2011)
Coffee	1,926,678.82	2,901,327.29	3,076,493.99	3,741,744.77	4,897,344.10	3,932,229.39	6,913,379.56	13,617,880.48	14,424,847.58	13,597,849.74	13,708,114.36	15,734,933.34	15,267,166.66	19,897,558.87	21,893,480.41	21,490,708.90
Oilseeds	712,737.99	1,082,215.25	1,835,270.13	1,654,707.49	2,037,089.95	3,819,428.63	4,670,848.56	5,282,979.34	8,174,105.27	8,096,548.09	12,477,209.28	10,269,297.66	10,076,702.84	7,891,362.52	11,188,854.01	10,921,323.83
Leather and Leather products	375,844.17	585,184.51	651,332.69	789,162.45	917,533.77	763,692.13	732,602.79	1,690,160.65	1,894,380.86	2,205,364.23	2,474,650.14	2,644,747.55	2,424,089.02	2,558,995.81	3,455,808.73	3,285,473.74
Pulses	194,678.54	306,609.32	320,969.14	619,559.70	1,333,631.14	946,826.06	1,677,731.48	2,232,691.58	2,762,646.37	4,251,495.82	4,790,442.64	4,409,211.94	4,886,962.93	6,276,562.90	7,124,264.40	7,659,551.18
Meat Products	66,675.88	126,151.99	160,842.08	135,517.72	193,943.55	273,517.90	440,952.18	1,024,706.39	1,358,079.34	1,350,633.52	1,424,013.49	1,865,868.21	2,026,532.53	2,214,721.73	2,661,968.01	2,484,948.68
Fruits & Vegetables	109,662.71	139,052.79	114,541.27	142,207.59	118,398.30	124,029.10	412,604.91	512,634.57	775,375.00	798,838.89	877,214.99	956,613.95	1,128,060.69	1,257,748.47	1,603,497.14	1,709,468.52
Sugar	88,632.48	5,277.14	-	-	17,879.50	178,586.52	124.42	-	-	0.30	-	-	-	115,431.69	133,582.49	106,710.48
Gold	419,858.09	513,364.45	562,141.00	863,856.01	735,122.13	1,034,497.58	3,709,811.71	7,540,511.64	10,417,359.48	10,536,982.85	8,722,190.84	6,399,026.36	6,113,142.10	4,683,990.78	2,605,757.16	775,705.67
Oil Cakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Live Animals	16,453.94	110,874.61	239,240.22	323,065.63	376,474.28	539,985.47	1,177,285.50	2,387,245.58	3,565,928.36	3,022,720.80	3,553,276.02	2,976,556.06	3,090,572.25	1,506,508.86	1,539,071.60	1,287,954.60
Chat	758,878.39	866,802.94	773,235.44	816,802.09	1,000,784.64	1,448,074.53	2,710,332.16	3,836,251.05	4,144,328.09	4,936,460.20	5,670,685.50	5,468,030.50	5,511,986.74	6,113,689.63	6,882,238.26	8,511,121.49
Petroleum Products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bee's Wax	8,280.41	9,587.91	12,551.48	16,089.81	17,091.37	16,436.57	20,605.35	29,126.93	37,332.63	47,777.74	52,045.93	95,726.95	51,326.14	60,566.70	81,311.38	67,657.79
Tantalem	34,471.60	43,429.89	37,721.04	54,487.65	56,562.54	72,109.19	153,608.41	462,480.70	288,206.27	92,237.84	86,421.89	202,646.07	151,563.52	137,861.43	246,007.55	274,291.76
Cotton	105,138.38	15,700.29	59,465.43	126,809.92	178,419.55	63,089.28	137,759.27	8,650.79	3,258.68	157,790.28	20,055.91	235.98	11.59	-	140,351.44	8,572.19
Text. & Text. Prdts	75,837.52	62,143.03	95,011.90	109,415.53	141,137.37	143,432.96	297,312.21	1,000,167.84	1,460,989.37	1,773,244.47	2,100,917.34	1,969,322.21	1,633,981.37	2,004,285.73	2,695,228.78	4,296,263.54
Cereals and Flour	102,553.01	75,313.29	123,838.76	15,908.78	18,987.12	3,274.23	74,756.25	528,437.63	106,556.21	70,232.37	213,114.60	319,557.06	185,207.82	645,101.25	156,779.58	81,940.48
Natural Gum	37,056.97	42,596.08	45,041.90	49,691.14	63,928.75	100,043.98	163,963.77	206,788.47	202,776.59	204,687.95	231,459.79	230,954.03	175,997.81	266,180.07	233,800.60	144,922.84
Civet	1,723.58	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hop	2,585.37	235.58	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Animal Fodder	2,585.37	24,086.67	3,896.37	20,431.93	26,130.41	248.40	61,654.31	429.57	74.61	217.19	-	250.92	-	-	-	-
Natural Honey	**258.54**	**457.65**	**685.87**	**10,407.78**	**5,962.62**	**5,564.45**	**24,663.03**	**26,794.47**	**55,997.56**	**52,866.13**	**47,226.62**	**46,140.13**	**41,928.33**	**31,343.94**	**23,694.76**	**13,468.37**
Marble	-	**61.71**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Flower	19,821.17	67,807.63	189,006.22	561,307.24	1,037,924.21	1,374,357.48	2,204,195.02	2,845,760.29	3,402,183.98	3,401,602.98	3,817,383.83	4,086,866.14	4,737,809.01	4,905,507.59	5,982,071.18	7,228,221.92
Beverage	3,447.16	3,720.26	2,686.81	5,389.69	-	12,636.29	22,095.53	33,876.92	76,520.85	92,156.78	59,894.91	79,901.17	109,780.86	90,513.17	108,799.36	114,745.83
Spices	59,980.58	92,983.38	89,247.44	97,459.03	114,717.26	117,028.47	242,479.62	567,237.67	620,121.26	546,642.49	561,151.95	647,849.48	566,214.94	554,729.09	441,282.28	381,907.86
Others	54,624.09	256,273.92	292,156.63	303,593.20	354,913.24	248,664.23	266,539.84	690,752.46	723,698.94	887,241.04	1,355,529.49	1,456,645.40	1,546,715.68	2,473,083.85	3,515,145.55	2,729,267.67
RE-exports	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	5,178,464.76	7,331,257.58	8,685,375.79	10,457,615.14	13,643,975.81	15,217,752.86	26,115,305.87	44,525,565.04	54,494,767.31	56,123,591.72	62,242,999.54	59,860,381.12	59,725,752.81	63,685,744.10	72,712,994.65	73,574,227.33

Sources: Ethiopian Ministry of Revenue

Table 9: Quantity of Major Exports

'Commodity	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2014/15	2016/17	2017/18	2018/19
	(1996)	(1997)	(1998)	(1999)	(2000)	(2001)	(2002)	(2003)	(2004)	(2005)	(2006)	(2007)	(2007)	(2009)	(2010)	(2011)
Coffee	156,408.56	161,060.55	147,724.98	176,438.02	170,741.18	133,997.69	172,217.23	172,217.23	169,408.06	199,127.77	189,669.31	183,870.70	198,658.11	225,747.01	238,572.83	230,931.42
Oilseeds	105,945.50	170,797.64	265,649.05	234,976.09	152,091.12	286,986.63	298,998.08	254,186.46	367,436.15	283,853.59	313,526.60	319,461.91	436,573.50	333,514.13	348,548.01	260,001.58
Leather and Leather products	9,401.48	15,644.15	15,396.47	15,773.77	12,298.76	7,292.95	2,906.04	5,167.39	4,435.66	4,614.91	5,573.06	6,174.96	5,983.46	5,890.12	6,400.79	5,590.40
Pulses	73,279.84	121,652.98	110,437.68	158,751.81	233,021.05	137,968.66	225,663.01	224,482.34	226,157.63	357,518.78	353,022.19	340,736.88	375,425.13	392,743.28	438,061.53	462,821.56
Meat Products	4,007.03	7,274.47	7,955.34	5,849.77	6,484.28	7,476.57	10,182.20	16,877.37	17,665.96	15,466.31	14,971.98	19,034.52	18,965.08	19,564.98	19,954.85	17,719.23
Fruits & Vegetables	36,844.37	37,906.33	34,797.25	40,920.50	39,918.24	38,477.85	66,336.56	91,587.26	123,538.30	135,184.35	145,436.23	150,148.72	167,076.37	178,569.19	188,976.92	175,619.64
Sugar	16,015.99	15,001.29	-	-	63,391.93	47,646.06	4.00	-	11.18	0.02	-	-	-	51,126.64	35,958.09	43,706.24
Gold	4.48	5.99	4.97	5.58	3.76	4.87	8.91	11.18	12.19	12.31	11.64	9.04	8.58	5.97	2.82	0.82
Oil Cakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Live Animals	3,141.42	21,225.97	33,294.12	43,665.07	39,968.83	36,728.82	67,930.48	112,802.55	144,885.27	100,888.37	105,827.48	77,860.31	77,779.01	36,066.48	31,936.99	24,346.65
Chat	18,515.46	19,389.92	22,258.79	22,666.78	22,405.69	25,399.82	36,087.68	40,971.74	41,052.87	47,163.67	51,689.76	49,204.18	47,000.13	48,818.10	47,023.94	53,565.91
Petroleum Products	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
Bee's Wax	433.03	382.54	334.86	414.76	239.39	341.49	363.39	362.51	367.09	411.93	334.70	520.38	267.65	302.34	358.70	283.18
Tantalem	100.00	-	-	-	-	-	258.37	331.17	294.58	75.72	87.91	147.79	185.90	229.30	2,860.36	386.20
Cotton	9,000.00	-	-	-	-	-	7,822.75	152.17	126.93	5,673.61	751.98	8.29	0.34	-	3,529.38	252.91
Text. & Text. Prdts	-	-	-	-	-	-	6,418.52	8,537.56	10,799.76	15,935.97	18,638.34	14,858.30	12,281.54	16,192.82	16,761.81	19,888.80
Cereals and Flour	25,000.00	-	-	-	-	-	14,147.53	122,344.23	12,265.32	6,819.15	19,968.19	39,171.91	11,403.59	71,737.19	11,805.28	3,579.95
Natural Gum	-	-	-	-	-	-	4,374.29	4,416.78	3,503.66	3,268.07	3,402.88	3,472.77	2,351.01	3,383.90	2,482.77	1,111.41
Civet	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hop	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Animal Fodder	-	-	-	-	-	-	26,462.37	286.61	48.93	40.01	-	-	-	-	-	-
Natural Honey	-	-	-	-	-	-	561.61	520.30	876.66	839.54	742.35	681.18	592.53	444.10	316.30	134.43
Marble	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Flower	-	-	6,257.85	13,601.24	22,402.58	29,166.11	35,958.90	41,562.61	46,797.66	42,438.23	44,720.52	46,330.67	50,629.10	49,356.08	50,100.88	57,849.31
Beverage	-	-	-	-	-	-	1,993.05	2,739.15	3,829.13	3,971.20	2,201.69	2,990.00	4,213.56	3,943.14	3,566.97	4,404.93
Spices	-	-	-	-	-	-	15,595.18	12,803.27	17,207.29	24,239.60	21,261.15	19,146.48	13,374.79	12,427.56	12,576.85	11,589.88

Ethiopian Ministry of Revenue

Table 10: Unit Value of Export Items (Birr/Kg)

‘Commodity	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2014/15	2016/17	2017/18	2018/19
	(1996)	(1997)	(1998)	(1999)	(2000)	(2001)	(2002)	(2003)	(2004)	(2005)	(2006)	(2007)	(2007)	(2009)	(2010)	(2011)
Coffee	12.32	18.01	20.83	21.21	28.68	29.35	40.14	79.07	85.15	68.29	72.27	85.58	76.85	88.14	91.77	93.06
Oilseeds	6.73	6.34	6.91	7.04	13.39	13.31	15.62	20.78	22.25	28.52	39.80	32.15	23.08	23.66	32.10	42.00
Hides & Skins	39.98	37.41	42.30	50.03	74.60	104.72	252.10	327.08	427.08	477.88	444.04	428.30	405.13	434.46	539.90	587.70
Pulses	2.66	2.52	2.91	3.90	5.72	6.86	7.43	9.95	12.22	11.89	13.57	12.94	13.02	15.98	16.26	16.55
Meat Products	16.64	17.34	20.22	23.17	29.91	36.58	43.31	60.71	76.88	87.33	95.11	98.03	106.86	113.20	133.40	140.24
Fruits & Vegetables	2.98	3.67	3.29	3.48	2.97	3.22	6.22	5.60	6.28	5.91	6.03	6.37	6.75	7.04	8.49	9.73
Sugar	5.53	0.35	-	-	0.28	3.75	31.11	-	-	12.31	-	-	-	2.26	3.71	2.44
Gold (Birr/kg)	93,670.66	85,698.86	112,997.71	154,842.87	195,766.75	212,353.76	416,272.78	674,351.38	854,697.83	856,074.12	749,397.85	708,167.65	712,719.12	784,603.30	923,962.14	948,817.70
Oil Cakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Live Animals	5.24	5.22	7.19	7.40	9.42	14.70	17.33	21.16	24.61	29.96	33.58	38.23	39.74	41.77	48.19	52.90
Chat	40.99	44.70	34.74	36.04	44.67	57.01	75.10	93.63	100.95	104.67	109.71	111.13	117.28	125.23	146.36	158.89
Petroleum Products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bee's Wax	19.12	25.06	37.48	38.79	71.40	48.13	56.70	80.35	101.70	115.99	155.50	183.96	191.77	200.33	226.68	238.92
Tantalem	344.72	-	-	-	-	-	594.53	1,396.52	978.36	1,218.19	983.12	1,371.18	815.30	601.23	86.01	710.24
Cotton	11.68	-	-	-	-	-	17.61	56.85	25.67	27.81	26.67	28.47	33.79	-	39.77	33.89
Text. & Text. Prdts		-	-	-	-	-	46.32	117.15	135.28	111.27	112.72	132.54	133.04	123.78	160.80	216.01
Cereals and Flour	4.10	-	-	-	-	-	5.28	4.32	8.69	10.30	10.67	8.16	16.24	8.99	13.28	22.89
Natural Gum	-	-	-	-	-	-	37.48	46.82	57.88	62.63	68.02	66.50	74.86	78.66	94.17	130.40
Civet	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hop	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Animal Fodder	-	-	-	-	-	-	2.33	1.50	1.52	5.43		-	-	-	-	-
Natural Honey	-	-	-	-	-	-	43.91	51.50	63.88	62.97	63.62	67.74	70.76	70.58	74.91	100.19
Marble	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Flower	-	-	30.20	41.27	46.33	47.12	61.30	68.47	72.70	80.15	85.36	88.21	93.58	99.39	119.40	124.95
Beverage	-	-	-	-	-	-	11.09	12.37	19.98	23.21	27.20	26.72	26.05	22.95	30.50	26.05
Spices	-	-	-	-	-	-	15.55	44.30	36.04	22.55	26.39	33.84	42.33	44.64	35.09	32.95

Ethiopian Ministry of Revenue

Table 11: Value of Major Imports

(in Thousands of Birr)

Period	Food & Live Animals	Beverages	Tobacco	Petroleum Crude	Petroleum Prod.****	Chemicals	Fertilizers	Medical & Pharm. Prod	Soap & Polish	Rubber Prod.	Paper & Paper Manfc.
1979/80	72,251	1,161	10,745	244,973	94,411	113,242	81,458	68,816	14,318	35,221	22,762
1980/81	88,901	2,470	15,860	287,469	57,853	85,478	3,963	40,901	18,941	38,531	33,352
1981/82	135,534	1,446	21,853	329,322	32,131	89,453	16,211	48,163	26,521	44,430	24,946
1982/83	174,476	1,663	17,017	360,414	36,578	136,636	28,969	38,918	24,246	35,719	16,886
1983/84	168,465	6,449	13,382	325,649	52,739	107,212	26,272	51,615	15,666	38,976	26,071
1984/85	345,020	1,805	12,827	281,751	36,174	76,716	36,103	41,980	6,174	41,477	11,762
1985/86	530,599	4,962	2,835	220,261	32,273	87,935	44,685	58,513	6,683	45,569	34,944
1986/87	320,380	6,157	6,261	163,341	62,483	115,166	29,929	68,638	10,572	60,018	23,909
1987/88	246,454	7,858	11,788	181,842	34,728	110,729	72,521	50,280	10,804	51,106	29,796
1988/89	294,652	21,877	560	175,339	37,512	142,131	69,846	58,440	9,079	46,798	28,094
1989/90	106,320	25,972	6,432	188,581	36,500	124,181	71,893	64,550	19,374	33,342	39,840
1990/91	263,350	16,163	3,564	185,376	25,050	85,072	79,548	36,305	26,013	41,867	27,775
1991/92	14,402	6,291	1,105	92,246	100,907	42,580	150	48,294	14,433	35,740	11,760
1992/93	497,536	20,867	4,845	444,282	376,808	135,269	13,106	131,578	37,490	73,278	30,565
1993/94	574,094	8,581	20,271	406,531	331,036	228,155	89,678	187,200	58,522	156,585	61,251
1994/95	906,743	13,305	10,580	522,564	471,350	179,614	343,947	193,305	30,818	184,843	53,780
1995/96	575,263	21,210	7,241	445,953	485,912	161,265	330,578	165,785	64,023	279,453	81,700
1996/97	37,222	8,590	93	76,900	1,427,200	47,021	173,813	77,317	55,593	188,170	78,351
1997/98	72,853	35,583	18,402	166,469	2,099,046	99,001	51,224	142,163	81,408	274,938	169,841
1998/99	558,422	37,405	26,393	2,281	1,306,707	142,008	377,582	315,940	100,718	345,274	199,440
1999/00	766,560	34,647	27,129	31	2,012,189	140,912	336,379	246,179	92,105	273,429	163,924
2000/01	641,597	34,628	28,561	0	2,151,326	153,782	126,860	293,784	140,236	408,838	217,050
2001/02	1,365,581	35,886	48,550	0	2,202,554	145,066	560,257	358,994	128,513	340,956	269,684
2002/03	1,697,566	33,509	35,614	0	2,463,917	165,902	462,662	352,193	145,207	376,787	218,152
2003/04	1,981,297	36,937	37,348	0	2,608,285	201,668	923,523	636,324	173,378	417,410	329,915
2004/05	1,566,093	52,090	52,034	0	5,736,666	250,951	1,055,294	671,524	240,863	536,827	434,417
2005/06	2,139,779	45,715	77,860	0	7,422,807	348,264	1,180,768	1,212,655	337,445	730,113	517,374
2006/07	1,799,700	68,204	74,841	0	7,524,664	399,852	933,867	1,410,844	328,116	838,145	565,483
2007/08	2,499,134	97,080	115,642	0	15,076,123	488,539	2,828,101	1,848,363	377,282	1,030,557	770,591
2008/09	7,251,053	89,171	104,398	0	17,219,182	677,521	3,008,355	2,771,689	552,503	1,422,155	819,639
2009/10	7,713,047	142,346	177,543	0	18,891,592	888,064	3,221,932	3,936,222	530,093	2,220,337	1,188,178
2010/11	3,966,149	167,354	230,682	0	22,299,884	1,118,884	5,665,269	5,054,381	685,949	2,515,039	1,137,791
2011/12	12,692,391	206,514	270,210	0	35,868,583	1,357,151	10,503,430	6,488,435	1,128,549	3,373,729	1,843,948
2012/13	11,635,650	261,691	193,101	0	26,565,255	2,092,402	5,332,244	7,169,253	907,442	4,030,338	2,064,095
2013/14	9,165,826	533,829	91,441	18	47,619,870	3,647,031	7,808,484	2,389,297	2,186,493	5,858,244	1,992,580
2014/15	13,155,398	570,045	94,776	200	39,822,539	3,751,995	8,641,772	2,568,987	2,186,737	5,979,668	2,062,833
2015/16	24,592,888	746,323	153,595	109	27,005,493	3,616,705	10,491,320	2,531,734	2,694,456	6,350,622	2,525,557
2016/17	14,830,981	699,400	122,286	3,729	39,143,280	3,323,962	12,279,084	2,091,492	3,090,001	6,708,574	2,457,186
2017/18	22,346,613	843,503	107,047	1,795	58,613,987	4,277,092	12,361,827	1,495,997	3,299,739	6,438,707	2,180,534
2018/19	19,283,197	547,466	107,233	885	69,942,603	5,355,212	17,709,856	2,431,705	3,923,383	7,698,856	2,964,510

* Included in "Food & Live Animals".
Sources: Ethiopian Ministry of Revenue

Table 11 continued:

(in Thousands of Birr)

Period	Textiles	Cloth-ings	Glass & Glass Ware	Metal & Metal Manfc.	Machin-ery & Aircraft	Road Motor Vehicles	Electri-cal Ma-terials	Grain*	Tele-comm. Appara.	Others	GRAND TOTAL
1979/80	57,367	6,832	5,559	104,162	202,231	135,789	44,976	40,179	13,346	103,238	1,432,858
1980/81	59,820	4,315	7,480	100,111	213,390	165,328	35,137	44,374	20,114	104,820	1,384,234
1981/82	71,538	6,077	3,464	76,848	227,599	259,372	43,613	76,919	29,186	153,954	1,641,661
1982/83	55,213	5,557	4,986	145,946	234,440	164,765	81,786	118,846	19,765	168,965	1,752,945
1983/84	58,643	3,810	6,563	162,901	519,770	210,621	97,873	114,595	23,204	149,124	2,065,005
1984/85	69,041	7,709	4,195	143,378	225,132	179,589	56,143	257,865	30,419	163,038	1,770,433
1985/86	79,186	3,476	3,690	166,878	274,699	287,134	76,691	382,447	45,754	194,498	2,201,265
1986/87	58,479	4,558	5,742	156,406	327,659	339,324	102,472	280,296	74,507	301,145	2,236,946
1987/88	69,510	2,673	4,563	174,624	465,211	369,944	81,220	177,566	88,323	210,677	2,274,651
1988/89	62,156	8,319	2,761	172,831	335,284	279,220	83,705	228,633	59,141	222,608	2,110,353
1989/90	55,404	2,742	6,937	212,696	304,650	189,288	101,802	72,882	49,759	183,856	1,824,119
1990/91	44,920	14,488	5,180	153,769	562,457	249,844	58,889	202,106	48,189	202,486	2,130,305
1991/92	73,571	14,705	3,517	49,487	189,544	177,203	42,756	1,019	32,882	859,324	1,810,897
1992/93	130,409	15,514	9,035	172,058	699,420	402,403	97,670	418,157	47,669	278,915	3,618,718
1993/94	186,946	34,117	14,809	496,052	367,949	825,890	192,150	483,624	25,562	474,589	4,739,967
1994/95	229,950	54,033	24,368	563,219	710,882	1,015,951	286,193	586,760	20,677	730,150	6,546,274
1995/96	308,065	76,391	32,944	709,985	854,155	1,393,422	328,577	506,124	51,400	1,334,922	7,708,246
1996/97	414,162	69,542	40,789	973,897	1,414,978	1,117,480	636,728	8,328	17,108	1,837,538	8,505,200
1997/98	396,757	114,866	41,452	969,100	1,099,417	795,978	776,492	18,160	14,950	1,918,519	9,338,459
1998/99	473,804	230,897	69,704	1,416,817	1,375,843	1,390,946	1,032,004	340,647	42,305	2,257,512	11,702,004
1999/00	433,134	279,885	58,403	919,528	1,351,512	1,548,459	938,299	646,316	32,656	1,783,302	11,438,661
2000/01	461,188	345,433	88,056	1,188,971	1,480,393	1,456,285	782,018	461,335	66,419	2,248,531	12,313,956
2001/02	471,499	467,110	72,787	1,359,231	1,667,774	1,435,245	893,039	1,246,119	101,456	3,364,964	14,485,289
2002/03	599,604	478,039	78,075	1,311,504	1,963,002	1,817,630	1,059,754	1,580,973	111,634	2,696,596	16,067,348
2003/04	606,295	601,949	104,362	2,012,945	2,397,183	2,124,501	2,447,540	1,573,618	502,494	4,152,333	22,295,690
2004/05	774,285	836,015	125,294	3,476,768	4,553,244	2,811,972	3,062,726	1,334,778	344,108	4,853,003	31,434,174
2005/06	1,065,381	1,291,287	145,048	4,157,675	5,305,516	4,183,804	2,978,793	1,621,232	365,874	6,366,919	39,873,075
2006/07	808,907	1,523,051	163,834	4,460,322	7,036,854	6,062,546	2,968,701	1,323,878	329,270	7,829,238	45,126,438
2007/08	986,145	1,198,037	243,667	7,051,109	7,118,469	4,279,547	4,404,967	1,902,765	243,818	12,489,774	63,146,946
2008/09	1,023,983	1,124,962	235,344	7,990,303	8,713,241	4,859,888	5,866,530	6,285,857	51,369	20,895,905	84,677,193
2009/10	1,476,236	2,433,694	267,320	11,618,002	12,278,627	8,503,493	7,728,010	6,190,933	102,036	25,639,499	108,956,272
2010/11	1,982,717	2,430,231	334,932	10,778,367	16,015,252	13,180,603	7,195,551	2,739,632	73,258	34,861,069	129,693,362
2011/12	2,892,344	4,218,310	522,024	19,678,247	20,529,023	17,831,730	8,696,845	10,436,910	80,038	43,405,637	191,587,139
2012/13	2,744,224	4,449,522	722,828	21,688,480	28,035,377	20,493,273	11,912,689	9,865,215	96,583	46,476,571	196,871,016
2013/14	4,622,749	5,442,436	1,942,407	29,939,445	36,774,861	23,820,186	22,735,293	5,603,599	349,551	54,917,318	261,837,358
2014/15	5,819,130	6,802,500	2,477,281	45,631,138	45,707,264	31,471,855	43,251,536	2,971,791	1,489,172	69,309,407	330,794,233
2015/16	5,669,241	7,990,759	2,731,966	46,750,241	58,130,972	33,759,296	37,416,225	3,617,393	1,212,163	78,644,190	353,013,856
2016/17	5,416,692	8,529,700	3,376,822	41,572,482	56,981,595	33,498,960	30,086,052	3,847,407	7,730,645	82,328,213	354,271,135
2017/18	5,039,340	9,639,953	3,159,828	37,072,741	65,746,027	27,957,776	28,222,631	5,975,107	428,242	107,882,087	397,115,468
2018/19	6,145,566	6,571,190	2,989,311	40,675,845	59,368,139	22,151,317	27,929,885	4,653,401	1,364,754	126,233,238	423,394,151

Table 12: Volume of Major Imports

(in metric tones)

Period	Food & Live Animals	Beverages	Tobacco	Petroleum Crude	Petroleum Prod.	Chemicals	Fertilizers	Medical & Pharm. Prod	Soap & Polish	Rubber Prod.
1979/80	128,453.0	389.0	896.0	671,245.0	94,652.0	33,264.0	125,845.0	1,580.0	9,753.0	6,871.0
1980/81	124,219.0	478.0	1,443.0	690,482.0	56,602.0	34,286.0	6,845.0	2,849.0	11,764.0	6,724.0
1981/82	178,264.0	661.0	1,033.0	713,236.0	18,409.0	3,572.0	29,393.0	2,887.0	17,283.0	8,567.0
1982/83	259,465.0	393.0	1,032.0	778,898.0	20,796.0	40,440.0	41,651.0	1,796.0	15,253.0	7,712.0
1983/84	289,533.0	1,035.0	1,104.0	785,158.0	55,168.0	47,274.0	36,078.0	2,829.0	8,378.0	9,170.0
1984/85	601,897.0	429.0	886.0	718,827.0	19,615.0	38,060.0	72,828.0	2,736.0	4,240.0	8,899.0
1985/86	846,775.0	1,077.0	117.0	727,531.0	16,176.0	43,618.0	108,079.0	3,925.0	5,314.0	15,244.0
1986/87	599,912.0	1,074.0	604.0	813,554.0	20,463.0	45,782.0	39,217.0	4,326.0	17,705.0	11,330.0
1987/88	565,624.0	920.0	2,389.0	73,226.0	19,007.0	41,520.0	152,777.0	3,784.0	13,093.0	10,325.0
1988/89	551,147.0	507.0	19.0	769,438.0	20,510.0	39,050.0	112,897.0	5,888.0	5,438.0	9,157.0
1989/90	128,060.0	2,058.0	1,167.0	776,307.0	34,604.0	46,591.0	131,988.0	5,352.0	16,685.0	5,725.0
1990/91	401,515.0	1,720.1	779.6	494,081.0	12,724.0	27,984.0	91,966.0	11,647.0	19,185.0	6,484.0
1991/92	12,828.0	388.3	76.3	302,583.0	146,439.0	8,782.0	125.0	1,946.0	14,713.0	4,367.0
1992/93	440,582.2	610.5	256.3	740,043.1	332,905.0	22,856.8	10,308.4	2,587.2	20,773.6	6,888.9
1993/94	411,187.6	312.4	1,145.8	688,343.9	276,575.7	34,665.9	100,566.2	2,760.2	18,365.7	8,047.4
1994/95	622,468.5	478.7	696.0	674,312.5	471,183.5	22,459.1	218,133.1	4,037.9	9,498.4	10,009.4
1995/96	322,279.3	1,589.7	489.6	417,100.0	333,631.8	33,876.5	115,377.2	2,109.7	17,644.6	14,374.7
1996/97	13,068.9	1,175.9	232.7	34,924.2	914,285.0	15,796.1	101,305.4	3,662.9	30,290.4	23,098.5
1997/98	30,835.0	1,666.7	350.6	159,816.5	1,857,647.0	16,769.7	36,225.9	2,167.7	18,148.7	14,799.5
1998/99	225,025.9	3,170.5	693.2	3,006.8	1,064,451.0	121,440.1	175,442.2	6,260.4	23,958.4	15,148.1
1999/00	391,278.7	2,618.3	933.1	-	1,094,883.2	34,236.7	233,847.8	3,125.8	18,317.2	53,466.7
2000/01	420,439.3	1,746.6	1,006.0	-	950,043.7	30,294.1	79,524.9	2,820.2	28,859.6	22,398.6
2001/02	738,091.7	1,079.4	1,784.2	-	944,921.6	18,907.8	302,409.4	4,136.9	25,648.9	17,583.4
2002/03	645,141.6	1,252.6	724.4	-	1,460,960.0	19,577.6	252,258.6	3,502.5	27,847.2	18,395.7
2003/04	691,588.7	1,433.2	738.4	-	1,033,738.3	23,114.6	382,673.3	8,119.1	33,670.2	21,253.7
2004/05	576,638.2	1,806.5	919.7	-	1,823,335.6	29,232.2	352,064.6	4,580.7	42,352.6	26,637.1
2005/06	819,011.5	1,306.9	2,045.4	-	1,229,077.8	46,714.6	396,794.8	6,993.8	59,404.1	72,211.5
2006/07	597,407.9	2,222.9	1,565.8	-	1,454,121.6	42,222.5	272,802.8	7,010.7	49,042.3	31,256.4
2007/08	506,952.6	2,608.9	2,749.1	-	1,619,430.5	47,665.6	479,485.9	7,959.6	43,334.9	32,450.0
2008/09	1,834,398.8	2,024.2	1,767.6	-	1,404,122.1	53,302.7	528,635.4	11,796.6	51,938.2	37,305.6
2009/10	1,781,546.2	2,415.7	2,659.8	-	2,365,707.0	73,106.4	615,917.4	9,746.8	38,977.5	49,583.9
2010/11	547,512.7	2,308.8	2,228.5	-	1,795,018.8	56,496.0	622,239.2	15,022.9	34,381.8	37,465.4
2011/12	1,818,239.2	3,380.2	2,114.6	-	2,160,455.6	65,088.8	907,129.9	15,442.9	52,956.6	38,732.2
2012/13	1,105,099.7	13,902.5	7,115.5	7,384.2	1,506,402.8	92,926.1	402,556.6	23,612.5	162,562.4	32,775.3
2013/14	1,098,316.9	15,727.9	1,258.8	0.3	2,623,450.8	183,439.5	11,765.6	924.0	43,511.0	84,386.5
2014/15	1,556,755.8	19,058.0	1,148.3	7.4	2,822,058.9	182,043.5	13,804.2	950.6	51,552.3	87,619.2
2015/16	3,162,932.8	22,234.2	1,719.1	1.3	3,043,561.0	185,477.7	14,155.6	1,280.9	66,325.2	242,399.6
2016/17	1,863,068.2	25,010.1	1,440.2	2.6	3,445,456.0	174,373.4	23,800.8	842.3	62,997.9	106,916.3
2017/18	2,217,510.2	26,551.5	1,202.6	50.9	3,770,588.9	183,265.1	15,421.0	1,105.1	84,336.7	124,577.2
2018/19	1,822,744.5	16,807.4	1,164.8	30.0	3,820,223.0	199,647.8	33,959.8	1,150.6	114,565.9	97,938.9

Table 12 continued:

(in metric tones)

Period	Paper & Paper Manfc.	Textiles	Clothings	Glass & Glass Ware	Metal & Metal Manfc.	Machinery & Aircraft	Road Motor Vehicles	Electrical Materials	Grain*	Tele-comm. Appara.
1979/80	12,246.0	18,044.0	366.0	3,500.0	57,045.0	21,934.0	14,287.0	5,391.0	106,331.0	372.0
1980/81	13,719.0	14,799.0	135.0	4,250.0	55,122.0	16,115.0	14,667.0	4,514.0	64,044.0	666.0
1981/82	12,935.0	22,466.0	270.0	1,191.0	38,674.0	19,094.0	19,497.0	4,625.0	154,477.0	541.0
1982/83	7,262.0	19,467.0	111.0	3,589.0	84,345.0	10,851.0	24,867.0	7,961.0	241,059.0	321.0
1983/84	13,761.0	25,754.0	126.0	6,979.0	81,360.0	22,894.0	23,201.0	13,146.0	264,712.0	741.0
1984/85	21,815.0	313,855.0	257.0	2,630.0	84,583.0	21,164.0	18,115.0	6,771.0	537,737.0	531.0
1985/86	19,406.0	20,797.0	143.0	2,428.0	72,348.0	33,926.0	31,983.0	9,367.0	704,059.0	466.0
1986/87	11,517.0	14,672.0	66.0	2,302.0	81,054.0	25,108.0	29,853.0	20,273.0	551,880.0	2,724.0
1987/88	13,186.0	20,299.0	145.0	1,876.0	77,731.0	24,219.0	48,171.0	10,759.0	448,158.0	1,128.0
1988/89	11,359.0	36,867.0	299.0	970.0	77,324.0	13,937.0	16,867.0	8,136.0	423,204.0	2,191.0
1989/90	13,865.0	10,332.0	90.0	2,822.0	82,229.0	15,469.0	11,490.0	12,983.0	118,560.0	1,547.0
1990/91	9,906.0	6,126.0	299.2	2,475.0	45,954.0	11,887.0	21,224.0	6,017.0	374,114.0	1,399.0
1991/92	3,924.0	7,854.0	424.0	472.0	17,175.0	2,951.0	15,188.0	3,685.0	1,947.9	449.0
1992/93	7,781.5	17,577.9	317.6	2,446.8	43,720.9	7,248.5	32,394.1	6,632.2	421,496.9	7,225.4
1993/94	10,062.4	12,709.9	1,073.4	2,110.6	113,445.5	8,542.6	32,362.4	9,448.6	382,632.5	310.2
1994/95	6,264.8	17,505.4	1,581.9	2,039.5	116,919.2	28,712.2	32,497.8	83,301.9	590,328.1	82.4
1995/96	7,835.1	16,501.0	4,808.1	5,878.8	119,762.0	42,304.6	41,188.0	12,487.6	313,282.0	96.4
1996/97	22,807.0	42,304.8	7,500.8	6,327.6	194,750.1	24,358.1	38,937.0	46,950.6	4,019.3	131.1
1997/98	20,312.6	26,681.1	4,685.1	6,170.6	163,616.8	24,115.4	20,482.3	20,525.1	22,928.5	104.6
1998/99	160,611.8	39,073.2	6,886.9	10,194.2	217,971.0	28,591.4	73,864.5	36,830.9	219,044.0	470.0
1999/00	413,422.2	71,001.9	10,177.6	10,486.0	198,761.7	28,817.5	80,219.1	21,369.7	360,118.1	1,232.4
2000/01	100,301.6	20,680.2	20,562.4	15,254.5	261,843.0	26,964.1	91,784.3	24,421.1	360,317.7	20,588.3
2001/02	32,216.0	26,630.1	19,361.3	11,900.4	273,464.6	23,962.2	47,917.1	25,206.4	693,514.9	329.9
2002/03	35,925.8	33,900.4	18,225.4	13,799.4	256,989.9	29,572.1	34,348.0	29,328.9	620,999.6	716.3
2003/04	46,047.8	40,618.7	30,837.4	20,092.7	293,701.2	38,653.1	41,688.9	54,920.2	628,811.6	3,327.3
2004/05	53,790.6	90,527.2	27,149.6	22,345.8	539,108.0	53,641.5	47,555.0	58,571.1	535,237.2	89,892.7
2005/06	66,235.9	53,927.3	36,103.9	27,558.3	578,956.7	77,915.9	1,130,445.5	83,658.3	715,902.1	6,065.5
2006/07	67,729.3	38,935.4	33,617.9	29,546.8	795,736.4	101,880.8	114,151.2	64,490.1	507,199.0	6,161.8
2007/08	78,419.8	41,135.5	30,473.6	38,345.1	732,819.0	103,879.9	73,545.7	64,580.6	433,009.5	4,251.1
2008/09	90,504.2	36,349.3	24,278.1	33,469.0	641,508.0	108,046.9	84,279.6	87,896.5	1,731,465.1	1,794.6
2009/10	238,737.5	37,964.1	33,454.5	28,208.1	836,745.9	141,184.6	204,618.5	194,059.8	1,567,321.8	1,428.2
2010/11	57,452.1	38,370.2	31,669.4	25,489.8	772,360.7	231,077.7	133,737.9	64,156.8	438,137.4	1,134.6
2011/12	89,205.8	46,129.4	37,796.9	45,244.9	904,607.4	151,778.3	241,940.5	76,974.4	1,679,919.7	917.4
2012/13	94,055.2	41,858.8	36,103.1	56,403.7	992,746.4	207,980.6	177,514.2	89,945.7	1,252,139.3	1,102.4
2013/14	113,120.3	66,313.0	41,513.8	188,603.6	1,392,828.4	367,372.0	186,099.4	173,869.1	735,463.4	533.9
2014/15	96,423.9	81,769.5	110,349.1	215,500.2	1,646,691.0	288,534.3	211,528.3	230,648.1	258,852.9	503.6
2015/16	120,939.2	535,911.0	511,001.1	1,450,218.2	11,290,987.4	2,226,215.5	1,435,282.4	1,341,928.8	3,281,134.3	3,618.7
2016/17	122,068.3	105,571.3	51,937.5	332,152.8	1,817,012.2	331,153.8	351,494.6	127,280.9	341,047.4	280.1
2017/18	89,634.4	88,081.1	50,756.5	232,072.1	1,381,381.2	255,910.3	204,680.5	119,953.9	640,192.1	264.5
2018/19	105,345.9	140,618.8	45,285.6	194,706.0	1,695,672.5	234,828.2	159,140.1	131,509.1	538,413.5	280.4

* Included in "Food & Live Animals".
Sources: Ethiopian Ministry of Revenue

Table 13: Value of Imports, by End Use:

‘Components	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	`2017/18	`2018/19
	(1996)	(1997)	(1998)	(1999)	(2000)	(2001)	(2002)	(2003)	(2004)	(2005)	(2006)	(2007)	(2008)	(2009)	(`2010)	(`2011)
RAW MATERIALS	223.90	424.92	670.51	1,310.85	2,384.59	3,645.27	2,699.27	2,997.30	3,439.17	2,644.61	3,182.93	3,426.40	3,147.26	2,809.23	3,617.87	4,233.32
SEMI-FINISHED GOODS	3,751.07	5,750.62	7,132.95	7,058.77	11,682.43	11,993.63	15,794.98	20,000.25	33,857.33	31,912.83	42,595.61	51,856.36	61,207.76	58,840.49	65,669.07	78,116.49
Chemicals	412.14	571.90	998.21	871.03	1,063.29	1,218.33	1,475.99	2,113.70	2,668.09	3,433.70	5,664.36	6,398.19	7,389.96	7,524.19	8,910.53	10,858.90
Fertilizers	919.11	1,055.14	1,180.42	1,245.77	2,827.87	3,008.22	3,221.86	5,664.73	10,502.73	5,331.49	7,643.53	10,163.58	9,167.59	8,354.88	13,001.60	14,219.85
Textile Materials	117.78	203.79	332.41	116.59	252.59	197.59	303.91	463.32	706.01	2,644.61	983.69	1,311.24	1,335.60	1,580.89	1,589.57	2,276.95
Others	2,302.03	3,919.80	4,621.91	4,825.37	7,538.69	7,569.49	10,793.23	11,758.50	19,980.50	22,468.87	28,304.02	33,983.34	43,314.60	41,380.52	42,167.37	50,760.78
FUEL	2,676.52	5,785.61	7,472.51	7,688.11	15,076.12	17,562.74	19,209.68	23,024.96	37,247.92	27,635.13	49,114.62	40,943.09	28,246.34	40,940.19	61,013.95	72,941.90
Crude Petroleum	-	-	-	-	-	0.17	0.09	0.35	0.25	0.21	321.46	0.20	0.11	3.73	1.80	0.88
Petroleum Products	2,673.77	5,773.86	7,438.12	7,663.95	12,457.03	17,463.59	19,110.03	22,854.05	36,449.26	2,644.61	47,619.87	39,822.54	27,005.49	39,143.28	58,613.99	69,942.60
Others	2.75	11.75	34.39	24.17	54.06	98.98	99.55	170.57	798.41	647.97	1,173.29	1,120.35	1,240.74	1,793.18	2,398.17	2,998.41
CAPITAL GOODS	7,555.68	10,376.31	12,614.13	16,453.26	16,415.81	24,594.75	37,152.72	44,656.79	50,600.88	64,987.53	92,665.43	138,421.22	143,943.46	135,285.20	136,684.08	140,570.41
Transport	2,571.37	3,214.88	3,732.51	5,574.08	3,519.20	3,999.54	6,601.10	11,124.06	13,977.45	16,444.78	20,793.33	34,176.24	32,362.86	32,005.58	29,339.13	39,817.70
Tyres for Heavy Vehicle	303.95	473.06	424.45	479.50	575.73	848.52	1,307.44	1,380.55	1,842.37	2,644.61	3,089.21	2,741.61	2,818.81	3,186.58	2,628.97	3,172.73
Heavy Road Motor Vehicle	1,166.93	1,509.38	2,712.14	4,290.62	2,744.09	3,009.66	5,237.84	9,289.92	11,269.70	13,787.48	15,448.45	19,986.57	20,520.03	22,400.17	18,666.44	11,441.56
Aircraft	1,087.30	1,207.20	585.51	333.28	113.43	32.41	10.81	411.73	721.86	140.70	673.64	3,826.27	3,462.96	3,362.78	7,529.52	24,229.19
Others	13.19	25.24	10.41	470.68	85.95	108.96	45.01	41.86	143.52	220.14	1,582.03	7,621.78	5,561.06	3,056.05	514.20	974.22
Agricultural	92.85	210.86	336.20	290.07	378.56	330.91	772.18	1,024.68	2,064.85	2,644.61	3,218.25	1,444.71	1,761.37	1,691.39	1,343.02	1,616.02
Industrial	4,891.45	6,950.57	8,545.41	10,589.11	12,518.05	20,264.30	29,779.43	32,508.04	34,558.58	46,188.42	68,653.85	102,800.27	109,819.23	101,588.23	106,001.93	99,136.69
CONSUMER GOODS	7,719.67	8,531.91	11,127.85	11,590.42	14,036.99	23,532.61	32,582.12	36,901.63	59,934.54	62,793.03	70,444.68	90,614.30	111,228.72	109,625.01	122,572.11	119,758.04
Consumer Durables	2,539.36	2,918.47	3,609.19	4,578.07	4,244.24	5,885.09	11,203.41	13,995.34	18,128.55	19,837.29	22,458.80	32,305.54	33,062.24	38,146.76	35,022.62	33,670.41
Radio & Television	636.41	508.81	491.27	494.48	321.88	133.92	162.17	268.89	265.48	2,644.61	1,617.33	3,008.95	3,069.50	9,556.66	2,836.57	3,417.15
Tyres, Cars & Other Veh.	63.73	110.46	131.34	169.29	210.03	283.98	522.68	563.67	785.66	847.37	1,426.90	1,258.24	1,211.53	1,435.07	1,624.56	1,511.83
Cars & Other Vehicles	841.44	1,024.11	1,231.77	1,530.85	1,284.44	1,643.81	2,808.55	3,510.63	4,659.06	4,861.04	7,267.45	7,305.98	9,342.33	9,917.73	12,001.85	9,999.35
Others	997.78	1,275.09	1,754.82	2,383.44	2,427.89	3,823.38	7,710.00	9,652.16	12,418.34	13,824.23	12,147.13	20,732.38	19,438.89	17,237.31	18,559.64	18,742.09
Consumer Non- Durables	5,180.32	5,613.44	7,518.66	7,012.35	9,792.75	17,647.51	21,378.72	22,906.29	41,806.00	2,644.61	47,985.88	58,308.75	78,166.48	71,478.24	87,549.49	86,087.63
Cereals	1,776.75	1,383.03	1,692.87	1,414.31	1,937.49	6,473.56	6,670.39	3,176.90	11,225.67	10,222.56	8,440.07	12,065.34	21,856.74	12,363.68	20,043.62	16,734.20
Other Food	542.17	755.24	1,194.32	862.44	1,435.79	2,013.68	2,750.02	3,973.27	6,602.99	6,608.10	7,230.47	8,988.00	13,252.27	13,007.05	16,254.14	15,642.11
Medical & Pharmaceutical	787.77	738.65	1,285.86	1,510.42	1,959.45	2,949.03	4,153.35	5,344.08	6,713.27	7,647.19	10,820.18	11,823.44	13,636.15	15,028.19	14,814.52	21,133.74
Textile Fabrics	1,198.28	1,415.04	1,775.78	1,679.85	1,920.04	2,010.20	2,966.25	3,791.31	5,994.13	2,644.61	8,957.03	11,523.90	13,056.13	12,979.33	14,797.76	11,089.57
Others	875.36	1,321.48	1,569.83	1,545.33	2,539.97	4,201.04	4,838.70	6,620.73	11,269.93	11,453.90	12,538.12	13,908.07	16,365.19	18,099.98	21,639.45	21,488.01
MISCELLANEOUS	368.85	564.78	855.13	1,025.04	3,551.00	3,348.23	1,517.56	2,112.43	6,507.29	6,897.89	3,834.08	5,532.88	5,240.32	6,771.02	7,558.39	7,773.99
TOTAL IMPORTS	22,295.69	31,434.16	39,873.07	45,126.44	63,146.95	84,677.23	108,956.34	129,693.36	191,587.14	196,871.02	261,837.36	330,794.23	353,013.86	354,271.13	397,115.5	423,394.15

Sources: Ethiopian Ministry of Revenue

Table 14: Value of Imports, by Country of Origin

(thousands Birr)

countries	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	`2017/18	`2018/19
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	`2010	`2011
Djibouti	490,147	468,910	726,236	489,067	248	745	613	1,464	4,194	14,656	6,060	13,765	25.5	54.6	7,505.5	269,451.0
Kenya	187,260	220,729	323,436	433,896	310,421	271,334	404,038	479,355	652,128	571,875	670,751	775,309	704,623.9	775,026.6	883,937.3	1,139,053.5
Sudan	81,067	433,620	225,298	440,442	1,316,789	865,409	1,280,691	2,379,923	1,899,249	175,036	3,372,556	2,782,296	885,021.3	2,697,548.6	2,500,770.0	2,303,862.7
U.A.E	1,496,001	1,902,736	2,551,785	2,366,158	6,185,088	4,590,216	5,410,863	8,814,413	4,072,607	6,225,994	13,411,898	9,493,860	9,676,619.7	8,283,685.2	14,283,917.6	15,436,918.6
France	527,871	654,753	776,264	805,939	830,261	1,274,036	1,047,157	2,140,545	2,572,641	3,382,183	2,476,004	3,416,216	4,176,288.1	4,505,121.3	4,756,805.0	4,355,547.8
Germany	836,194	1,043,711	1,497,594	1,656,840	2,074,085	1,769,858	2,486,242	2,958,633	3,130,180	3,635,738	6,647,651	6,916,081	7,849,773.2	5,711,671.2	7,256,006.1	9,018,930.8
Italy	1,132,998	1,334,427	2,198,689	3,474,463	3,255,577	4,828,243	5,237,869	5,782,030	6,782,256	8,869,965	9,435,122	10,188,233	13,340,823.0	15,518,259.6	13,370,601.9	9,585,488.8
Netherlands	533,744	461,105	620,995	619,844	400,232	696,441	943,605	1,471,114	1,585,694	1,712,577	3,608,203	5,311,881	4,140,318.9	4,540,832.5	6,172,113.2	5,203,113.3
U.K.	766,982	865,102	873,197	776,746	897,037	729,809	1,117,723	1,497,189	1,769,438	1,479,938	2,785,358	4,386,801	4,277,114.5	3,750,299.2	5,981,832.7	9,114,791.7
Russia	218,455	373,248	286,005	434,169	965,361	1,981,096	1,290,521	368,456	6,209,616	397,293	1,007,404	2,402,659	3,983,984.5	947,736.5	2,472,934.4	3,422,604.1
Yugoslavia	7	5,427	1,154	8,468	256	0	6,819	9,455	49	0	8	55	0.0	0.3	0.0	0.0
U.S.A.	2,619,019	3,317,965	3,181,562	1,698,913	2,756,286	3,510,082	6,728,159	4,394,329	7,831,544	7,082,276	13,436,708	15,043,777	26,691,945.0	22,894,078.3	31,244,388.2	38,161,945.4
China, P. Rep.	2,302,695	3,622,994	5,007,634	7,494,616	9,861,833	12,929,079	19,098,742	20,203,760	31,790,965	44,773,247	72,643,511	126,572,346	117,251,124.0	114,932,245.7	100,864,789.1	109,790,427.2
Japan	1,013,957	1,052,279	1,281,164	2,788,275	3,067,246	3,217,408	5,420,113	7,036,611	7,914,136	8,268,087	11,421,006	13,244,072	14,792,746.8	15,545,024.5	13,546,649.0	10,523,030.1
Saudi Arabia	1,876,410	5,348,311	7,335,352	6,829,549	8,320,018	12,778,050	13,834,142	11,630,212	26,664,514	20,459,836	21,229,838	16,717,802	7,964,804.7	10,728,630.6	9,089,126.5	6,854,464.4
Rest of the World	8,214,884	10,329,057	12,983,984	14,809,054	22,906,209	35,235,387	44,648,975	60,525,873	88,707,927	89,822,314	99,685,280	113,529,081	137,278,642.6	143,440,920.4	184,684,091.2	198,214,521.2
Total Import	22,297,690	31,434,374	39,870,350	45,126,438	63,146,946	84,677,193	108,956,272	129,693,362	191,587,139	196,871,016	261,837,358	330,794,233	353,013,855.7	354,271,134.9	397,115,467.6	423,394,150.7

Sources: Ethiopian Ministry of Revenue

Table 15: Values of Export by Countries of Destination*

(In Thousand of Birr)

countries	2003/04 (1996)	2004/05 (1997)	2005/06 (1998)	2006/07 (1999)	2007/08 (2000)	2008/09 (2001)	2009/10 (2002)	2010/11 (2003)	2011/12 (2004)	2012/13 (2005)	2013/14 (2006)	2014/15 (2007)	2015/16 (2008)	2016/17 (2009)	2017/18 (2010)	2018/19 (2011)
Djibouti	533,834	359,202	498,349	434,264	485,403	463,894	649,142	1,002,921	1,459,098	2,237,359	3,657,884	1,594,047	2,205,921	2,283,065	3,312,768	3,572,337
Kenya	2,360	17,923	21,123	32,806	28,805	31,735	57,321	127,738	176,617	190,938	383,110	586,440	618,827	1,186,102	1,057,669	566,102
Sudan	79,410	146,581	219,224	457,061	508,868	718,602	1,500,562	2,275,081	3,012,327	1,675,097	1,550,096	1,649,715	1,333,608	983,314	2,690,710	1,945,939
U.A.R	76,599	230,342	251,161	273,830	515,832	601,556	1,001,752	1,210,935	1,327,262	1,434,080	1,505,223	1,968,395	1,663,203	2,694,756	2,890,041	3,660,308
France	97,961	127,221	177,958	212,074	231,308	171,181	310,655	757,780	932,783	602,490	685,633	721,353	679,966	827,505	815,455	556,438
Germany	560,332	1,068,688	875,993	1,230,053	1,403,462	1,389,204	2,577,168	5,154,884	5,321,133	4,200,734	3,578,888	4,206,156	3,374,501	3,943,247	4,729,676	3,117,964
Italy	307,013	384,792	473,896	662,970	668,249	618,165	603,375	1,707,725	1,390,960	1,185,007	1,193,640	1,089,195	966,201	1,347,709	1,485,536	1,195,539
Netherlands	79,413	259,359	334,933	497,756	849,033	1,279,583	2,067,342	2,668,056	3,722,699	3,029,773	3,733,608	3,590,928	3,705,136	4,177,990	5,001,314	5,843,402
U.K.	182,969	219,673	238,064	295,283	314,553	623,890	565,172	921,147	980,160	859,631	1,034,641	701,778	807,237	1,290,346	1,158,598	1,158,806
Russia	9,510	17,913	14,396	30,831	46,340	41,278	98,095	125,733	212,833	215,319	382,323	305,929	332,653	386,109	471,865	344,778
Yugoslavia	0	0	0	0	287	874	0	-	-	0	0	0	45,940	0	0	0
U.S.A.	254,650	389,938	418,041	522,777	915,718	626,461	1,008,695	1,941,403	1,533,048	2,055,430	2,528,811	3,516,787	3,284,623	4,317,231	6,649,832	5,358,010
China, P.Rep.	109,600	363,121	1,166,677	526,539	583,046	1,966,171	2,838,166	4,024,701	5,669,068	4,660,202	7,588,195	7,378,001	6,430,788	5,111,010	6,301,807	4,035,157
Japan	554,408	554,687	676,177	640,340	861,305	67,358	311,632	628,239	796,091	1,617,076	1,304,904	1,965,575	1,212,783	2,233,317	2,377,677	3,385,579
Saudi Arabia	293,609	438,190	531,000	645,957	1,000,488	1,167,946	1,593,421	2,227,262	3,551,459	2,754,806	3,516,771	4,039,152	3,642,647	4,400,225	4,971,483	5,072,646
Rest of the World	2,034,976	2,753,627	2,788,385	3,995,074	5,218,877	5,450,022	10,932,808	19,751,961	24,409,230	29,405,617	29,599,272	26,546,929	29,421,718	28,503,818	28,798,566	33,761,221
Total Export	**5,176,644**	**7,331,258**	**8,685,376**	**10,457,615**	**13,631,575**	**15,217,920**	**26,115,306**	**44,525,565**	**54,494,767**	**56,123,558**	**62,242,999**	**59,860,381**	**59,725,753**	**63,685,744**	**72,712,995**	**73,574,227**

* Export value of Gold is not included in this table for the years before 2003/04
Sources: Ethiopian Customs Authority

Table 16: Trade Balance with Major Trading Partners

(In Thousands of Birr)

Trading Country	2004/05 '(1997)	2005/06 '(1998)	2006/07 '(1999)	2007/08 '(2000)	2008/09 '(2001)	2009/10 '(2002)	2010/11 '(2003)	2011/12 '(2004)	2012/13 (2005)	2013/14 (2006)	2014/15 (2007)	2015/16 (2008)	2016/17 (2009)	2017/18 (2010)	2018/19 (2011)
Djibouti	(109,708.40)	(227,886.98)	(54,802.98)	485,155.80	463,149.06	648,529.24	1,001,457.15	1,454,904.13	2,222,702.71	3,651,824.36	1,580,282.16	2,205,895.91	2,283,009.94	3,305,262.37	3,302,886.37
Kenya	(202,805.77)	(302,312.60)	(401,089.88)	(281,616.20)	(239,599.15)	(346,716.12)	(351,617.60)	(475,510.76)	(380,937.75)	(287,641.33)	(188,868.43)	(85,796.43)	411,075.40	173,731.42	(572,951.51)
Sudan	(287,039.55)	(6,074.50)	16,618.44	(807,920.94)	(146,807.40)	219,871.32	(104,841.61)	1,113,078.02	1,500,060.96	(1,822,459.92)	(1,132,580.04)	448,586.45	(1,714,234.10)	189,939.59	(357,923.38)
U.A.R	(1,672,394.38)	(2,300,624.91)	(2,092,327.71)	(5,669,255.49)	(3,988,660.17)	(4,409,111.82)	(7,603,477.98)	(2,745,344.93)	(4,791,914.45)	(11,906,674.53)	(7,525,465.25)	(8,013,416.29)	(5,588,929.30)	(11,393,876.20)	(11,776,610.13)
France	(527,531.44)	(598,306.35)	(593,865.25)	(598,953.08)	(1,102,854.82)	(736,501.88)	(1,382,765.13)	(1,639,858.10)	(2,779,693.14)	(1,790,370.93)	(2,694,863.31)	(3,496,322.40)	(3,677,616.68)	(3,941,350.04)	(3,799,109.79)
Germany	24,976.64	(621,601.18)	(426,786.80)	(670,623.02)	(380,653.97)	90,926.39	2,196,251.31	2,190,952.75	564,995.40	(3,068,763.28)	(2,709,924.55)	(4,475,272.13)	(1,768,424.37)	(2,526,330.43)	(5,900,966.85)
Italy	(949,634.60)	(1,724,793.44)	(2,811,492.76)	(2,587,327.50)	(4,210,077.33)	(4,634,493.66)	(4,074,305.46)	(5,391,295.81)	(7,684,957.61)	(8,241,481.74)	(9,099,038.57)	(12,374,622.20)	(14,170,550.33)	(11,885,066.35)	(8,389,949.56)
Netherlands	(201,745.96)	(286,061.76)	(122,087.45)	448,800.41	583,141.73	1,123,736.81	1,196,942.26	2,137,005.00	1,317,196.72	125,404.59	(1,720,952.73)	(435,183.35)	(362,842.14)	(1,170,799.45)	640,289.00
U.K.	(645,429.55)	(635,132.90)	(481,463.36)	(582,484.62)	(105,918.95)	(552,551.56)	(576,042.47)	(789,278.06)	(620,306.94)	(1,750,717.36)	(3,685,023.03)	(3,469,877.49)	(2,459,953.18)	(4,823,234.75)	(7,955,985.63)
Russia	(355,334.76)	(271,608.89)	(403,338.23)	(919,020.46)	(1,939,817.46)	(1,192,426.11)	(242,723.10)	(5,996,783.27)	(181,974.19)	(625,081.70)	(2,096,729.94)	(3,651,331.50)	(561,627.87)	(2,001,069.82)	(3,077,825.86)
Yugoslavia	(5,427.25)	(1,153.82)	(8,468.06)	30.72	873.76	(6,819.32)	(9,455.16)	(49.32)	0.00	(8.33)	(54.91)	45,939.89	(0.26)	(0.00)	0.00
U.S.A.	(2,928,026.67)	(2,763,521.46)	(1,176,135.92)	(1,840,567.46)	(2,883,621.12)	(5,719,464.51)	(2,452,925.40)	(6,298,496.38)	(5,026,845.96)	(10,907,897.53)	(11,526,989.74)	(23,407,322.41)	(18,576,846.83)	(24,594,555.74)	(32,803,935.54)
China, P.Rep.	(3,259,872.06)	(3,840,956.80)	(6,968,076.80)	(9,278,787.21)	(10,962,907.89)	(16,260,576.42)	(16,179,059.20)	(26,121,896.74)	(40,113,045.09)	(65,055,315.19)	(119,194,344.43)	(110,820,335.54)	(109,821,235.92)	(94,562,982.35)	(105,755,270.19)
Japan	(497,591.98)	(604,986.74)	(2,147,934.29)	(2,205,940.40)	(3,150,049.47)	(5,108,481.62)	(6,408,372.10)	(7,118,045.15)	(6,651,011.06)	(10,116,101.13)	(11,278,497.81)	(13,579,963.40)	(13,311,707.06)	(11,168,972.25)	(7,137,451.56)
Saudi Arabia	(4,910,121.48)	(6,804,352.22)	(6,183,591.34)	(7,319,529.38)	(11,610,104.68)	(12,240,720.34)	(9,402,950.19)	(23,113,054.98)	(17,705,030.25)	(17,713,067.00)	(12,678,649.53)	(4,322,157.28)	(6,328,405.58)	(4,117,643.77)	(1,781,818.42)
Rest of the World	(7,575,429.42)	(10,195,599.36)	(10,813,980.41)	(17,687,332.55)	(29,785,364.95)	(33,716,166.87)	(40,773,912.16)	(64,298,697.82)	(60,416,697.69)	(70,086,007.68)	(86,982,151.66)	(107,856,924.66)	(114,937,102.51)	(155,885,525.19)	(164,453,300.28)
Overall Trade Balance	**(24,103,116.61)**	**(31,184,973.91)**	**(34,668,822.80)**	**(49,515,371.38)**	**(69,459,272.82)**	**(82,840,966.47)**	**(85,167,796.83)**	**(137,092,371.41)**	**(140,747,458.32)**	**(199,594,358.71)**	**(270,933,851.78)**	**(293,288,102.85)**	**(290,585,390.79)**	**(324,402,472.98)**	**(349,819,923.32)**

Sources: Ethiopian Customs Authority

Table 17: Components of Broad Money

(In Millions of Birr)

End of period	Currency outside Banks	Net Demand Deposit	Money Supply	Quasi Money	Broad Money
	1	2	3=1+2	4	5=3+4
1979/80	1,062.8	435.8	1,498.6	610.2	2,108.8
1980/81	1,027.1	688.2	1,715.3	662.3	2,377.6
1981/82	1,129.8	762.4	1,892.2	751.5	2,643.7
1982/83	1,258.2	922.2	2,180.4	860.1	3,040.5
1983/84	1,282.9	1,096.4	2,379.3	1,004.4	3,383.7
1984/85	1,358.5	1,333.6	2,692.1	1,156.9	3,849.0
1985/86	1,591.9	1,587.7	3,179.6	1,268.6	4,448.2
1986/87	1,743.5	1,820.0	3,563.5	1,245.2	4,808.7
1987/88	1,908.3	2,002.5	3,910.8	1,327.9	5,238.7
1988/89	2,181.8	1,992.0	4,173.8	1,530.6	5,704.4
1989/90	2,736.3	2,253.7	4,990.0	1,718.2	6,708.2
1990/91	3,820.8	2,314.0	6,134.8	1,827.4	7,962.2
1991/92	4,315.8	2,529.5	6,845.3	2,165.6	9,010.9
1992/93	4,883.2	2,697.5	7,580.7	2,556.0	10,136.7
1993/94	5,158.9	3,214.3	8,373.2	3,225.5	11,598.7
1994/95	5,833.8	4,088.6	9,922.4	4,486.0	14,408.4
1995/96	5,656.9	4,260.5	9,917.4	5,737.5	15,654.9
1996/97	5,176.3	4,847.7	10,024.0	6,524.8	16,548.8
1997/98	4,716.8	6,377.2	11,094.0	7,549.3	18,643.3
1998/99	5,196.4	6,182.5	11,378.9	8,020.5	19,399.4
1999/00	5,914.3	7,136.0	13,050.3	9,127.5	22,177.8
2000/01	5,911.8	7,834.0	13,745.8	10,770.4	24,516.2
2001/02	5,461.9	8,690.6	14,152.5	12,139.5	26,292.1
2002/03	6,582.0	8,834.8	15,416.8	13,643.4	29,060.2
2003/04	7,843.9	10,192.1	18,036.0	15,590.0	33,626.0
2004/05	10,026.0	11,265.1	21,291.1	18,920.7	40,211.7
2005/06	11,422.9	12,389.0	23,811.9	22,565.5	46,377.4
2006/07	13,708.4	15,909.3	29,617.7	27,034.2	56,651.9
2007/08	17,654.1	17,696.3	35,350.4	32,831.8	68,182.1
2008/09	19,715.0	22,397.6	42,112.7	40,397.1	82,509.8
2009/10	24,206.8	28,227.8	52,434.6	51,997.8	104,432.4
2010/11	32,574.9	43,596.1	76,171.0	69,206.0	145,377.0
2011/12	38,537.1	56,312.7	94,849.9	94,548.9	189,398.8
2012/13	45,671.0	69,074.7	114,745.7	120,567.9	235,313.6
2013/14	53,161.4	80,887.8	134,063.8	163,682.8	297,746.6
2014/15	60,460.9	94,245.4	154,706.3	216,622.6	371,328.9
2015/16	66,686.2	111,923.5	178,609.7	266,656.6	445,266.3
2016/17	73,917.7	142,851.9	216,769.6	356,614.4	573,384.1
2017/18	86,417.3	194,737.4	281,154.7	459,418.2	740,572.9
2018/19	92,017.0	216,920.2	308,937.1	577,815.4	886,752.5

Source: National Bank of Ethiopia

Table 18: Domestic Credit by Sector

(In Millions of Birr)

End of Period	Claims on Central Gov't				Claims on Non-Central Gov't				
	Gross-GrandTotal	Total	National-Bank	Comm. Banks	Total	Loans &Ad-vances	Bills Disc.	Invest-ments	Priority sec. loan to DBE
	1=2+5	2=3+4	3	4	5 = 6 to 9	6*	7	8	9
1979/80	2,638.3	1,176.6	915.0	261.6	1,461.7	1,444.1	0.4	17.2	-
1980/81	2,908.7	1,388.1	1,125.8	262.3	1,520.6	1,519.5	0.1	1.0	-
1981/82	3,125.2	1,394.6	1,066.0	328.6	1,730.6	1,729.4	-	1.2	-
1982/83	3,891.7	2,322.2	1,408.1	914.1	1,569.5	1,568.3	-	1.2	-
1983/84	4,356.7	2,558.3	1,642.1	916.2	1,798.4	1,797.2	-	1.2	-
1984/85	4,816.9	2,961.2	1,501.0	1,460.2	1,855.7	1,854.5	-	1.2	-
1985/86	5,375.6	3,314.1	1,862.9	1,451.2	2,061.5	2,060.3	-	1.2	-
1986/87	6,063.1	3,716.7	2,265.1	1,451.6	2,346.4	2,345.2	-	1.2	-
1987/88	6,798.1	4,007.8	2,510.1	1,497.7	2,790.3	2,789.1	-	1.2	-
1988/89	7,354.8	4,452.7	2,584.1	1,868.6	2,902.1	2,900.9	-	1.2	-
1989/90	8,598.4	5,670.9	3,431.6	2,239.3	2,927.5	2,926.3	-	1.2	-
1990/91	10,149.5	6,917.8	4,288.1	2,629.7	3,231.7	3,230.5	-	1.2	-
1991/92	11,479.5	8,062.8	5,433.1	2,629.7	3,416.7	3,415.5	-	1.2	-
1992/93	12,907.1	10,401.5	7,784.1	2,617.4	2,505.6	2,504.5	-	1.1	-
1993/94	14,573.3	11,400.2	8,783.1	2,617.1	3,173.1	3,168.0	-	5.1	-
1994/95	16,840.8	11,324.0	8,703.1	2,620.9	5,516.8	5,512.7	-	4.1	-
1995/96	19,384.0	11,575.7	8,725.4	2,850.3	7,808.3	7,802.9	-	5.4	-
1996/97	19,803.4	10,975.8	8,838.9	2,136.9	8,827.6	8,822.5	-	5.1	-
1997/98	22,050.8	12,032.4	9,819.3	2,213.1	10,018.4	10,015.4	-	3.0	-
1998/99	23,942.7	13,053.8	10,562.2	2,491.6	10,888.9	10,883.2	-	5.7	-
1999/00	31,283.7	19,423.4	16,533.1	2,890.3	11,860.3	11,854.6	-	5.7	-
2000/01	34,035.1	21,357.4	14,342.5	7,014.9	12,677.7	12,670.0	-	7.7	-
2001/02	28,099.0	15,985.1	8,986.7	6,998.4	12,113.9	12,084.8	-	29.0	-
2002/03	28,689.4	17,229.8	9,387.6	7,842.2	11,459.7	11,419.5	-	40.2	-
2003/04	31,653.0	19,199.2	9,389.2	9,809.9	12,453.8	12,247.8	-	206.0	-
2004/05	40,873.5	21,673.8	19,540.0	2,133.9	19,199.7	15,929.6	-	3,270.1	-
2005/06	49,295.9	25,266.4	19,095.7	6,170.6	24,029.6	19,431.1	-	4,598.4	-
2006/07	61,844.2	30,337.6	24,855.6	5,482.1	31,506.6	23,493.8	-	8,012.8	-
2007/08	79,969.2	33,075.7	35,405.8	(2,330.1)	46,893.5	33,600.6	-	13,292.9	-
2008/09	89,203.0	32,786.5	37,827.2	(5,040.7)	56,416.5	38,802.0	-	17,614.5	-
2009/10	104,413.5	33,013.1	39,340.3	(6,327.2)	71,400.4	47,603.6	-	23,796.9	-
2010/11	135,553.9	28,651.7	45,323.71	(16,672.1)	106,902.2	61,871.3	-	38780.9	6250.0
2011/12	189,080.8	21,557.4	45,344.08	(23,786.7)	167,523.4	94,617.0	-	60404.4	12502.0
2012/13	233,404.3	21,963.5	55,377.34	(33,413.8)	211,440.8	114,384.6	-	80549.2	16507.0
2013/14	300,026.6	26,927.7	64,510.91	(37,583.2)	273,098.8	141,975.8	-	110866.0	20257.0
2014/15	393,421.7	30,717.3	77,076.80	(46,359.6)	362,704.5	185,501.9	-	153845.6	23357.0
2015/16	490,230.3	47,524.4	95,038.07	(47,513.7)	442,706.0	226,849.2	-	190249.7	25607.0
2016/17	631,092.7	85,441.8	120,891.04	(35,449.2)	545,650.9	283,835.2	-	234589.7	27226.0
2017/18	784,633.1	102,002.8	140,206.86	(38,204.0)	682,630.3	346,314.3	-	289023.3	47292.7
2018/19	963,699.9	109,799.2	172,171.40	(62,372.2)	853,900.7	443,362.2	-	358395.8	52142.7

Source: National Bank of Ethiopia

* Includes Claims on Other Financial Institutions

Table 19: Gold & Foreign Exchange Holdings of the National Bank of Ethiopia and Commercial Banks

(In Millions of Birr)

End of Fisical Year	Gross Gold and Foreign Exchange Holdings						Foreign Liabilities			Net Gold & Foreign Exchange		
	Gross Total	National Bank of Ethiopia International Reserves				CBs› Foreign Exchange						
		NBE Total	Gold	Foreign Exchange	Reserve Tranche		Total Liab.	Comm. Banks	NBE	Total	NBE	Comm. Banks
	1=2+6	2=3 to 5	3	4	5	6	7=8+9	8	9	10=11+12	11=2-9	12=6-8
1979/80	525.6	323.0	50.5	272.5	-	202.6	159.3	49.1	110.2	366.3	212.8	153.5
1980/81	476.7	284.8	48.2	236.6	-	191.9	246.6	57.1	189.5	230.1	95.3	134.8
1981/82	754.6	541.7	44.0	497.7	-	212.9	424.1	106.7	317.4	330.5	224.3	106.2
1982/83	615.7	439.0	44.0	395.0	-	176.7	391.6	137.7	253.9	224.1	185.1	39.0
1983/84	446.4	224.1	44.0	180.1	-	222.3	310.1	107.1	203.0	136.3	21.1	115.2
1984/85	479.9	310.7	44.0	266.7	-	169.2	247.8	97.2	150.6	232.1	160.1	72.0
1985/86	838.5	620.9	44.0	576.9	-	217.6	259.3	83.5	175.8	579.2	445.1	134.1
1986/87	752.5	556.0	42.0	514.0	-	196.5	216.1	69.7	146.4	536.4	409.6	126.8
1987/88	594.2	388.8	194.8	194.0	-	205.4	291.9	107.1	184.8	302.3	204.0	98.3
1988/89	421.4	169.0	44.0	125.0	-	252.4	218.4	102.9	115.5	203.0	53.5	149.5
1989/90	190.2	41.8	23.1	18.7	-	148.4	143.7	71.5	72.2	46.5	-30.4	76.9
1990/91	446.9	177.7	31.3	146.4	-	269.2	158.6	118.4	40.2	288.3	137.5	150.8
1991/92	729.9	346.7	44.0	302.7	-	383.2	326.8	88.6	238.2	403.1	108.5	294.6
1992/93	2,316.3	1,342.9	57.0	1,236.6	49.3	973.4	1,449.1	266.9	1,182.2	867.2	160.7	706.5
1993/94	5,286.9	3,193.4	64.5	3,071.7	57.2	2,093.5	1,519.5	469.2	1,050.3	3,767.4	2,143.1	1,624.3
1994/95	7,399.6	3,895.6	71.1	3,755.9	68.6	3,504.0	1,690.3	799.6	890.7	5,709.3	3,004.9	2,704.4
1995/96	8,107.6	5,718.2	23.1	5,630.7	64.4	2,389.4	1,871.8	1,055.0	816.8	6,235.8	4,901.4	1,334.4
1996/97	8,237.9	3,968.7	2.5	3,899.2	67.0	4,269.2	2,612.3	1,514.1	1,098.2	5,625.6	2,870.5	2,755.1
1997/98	8,843.6	3,105.7	2.5	3,036.8	66.4	5,737.9	3,012.6	2,072.5	940.1	5,831.0	2,165.6	3,665.4
1998/99	8,839.9	3,588.8	2.8	3,508.9	77.1	5,251.1	2,752.1	1,685.1	1,067.0	6,087.8	2,521.8	3,566.0
1999/00	7,814.5	2,921.7	2.8	2,840.5	78.4	4,892.8	3,043.9	2,089.5	954.4	4,770.6	1,967.3	2,803.3
2000/01	7,829.5	2,907.8	2.9	2,829.6	75.3	4,921.7	3,029.5	1,815.4	1,214.1	4,800.0	1,693.7	3,106.3
2001/02	11,470.7	5,743.6	2.9	5,660.0	80.7	5,727.1	3,648.3	1,703.3	1,945.0	7,822.4	3,798.6	4,023.8
2002/03	14,427.2	7,988.2	2.9	7,899.3	86.0	6,439.0	3,378.1	1,674.7	1,703.4	11,049.1	6,284.8	4,764.3
2003/04	17,449.8	11,307.3	2.5	11,213.3	91.6	6,142.5	4,452.0	1,889.5	2,562.4	12,997.8	8,744.9	4,253.0
2004/05	19,963.5	13,704.9	57.0	13,556.5	91.3	6,258.6	6,095.5	1,979.8	4,115.7	13,868.0	9,589.2	4,278.8
2005/06	16,759.0	10,071.7	89.2	9,889.6	92.8	6,687.3	4,649.5	1,735.8	2,913.6	12,109.6	7,158.0	4,951.5
2006/07	19,514.9	11,977.3	429.3	11,448.5	99.5	7,537.7	6,174.6	1,986.3	4,188.3	13,340.4	7,789.0	5,551.4
2007/08	16,735.5	8,708.7	5.5	8,589.2	114.0	8,026.8	5,069.9	2,301.9	2,768.0	11,665.6	5,940.7	5,725.0
2008/09	26,434.3	17,214.6	18.2	17,069.0	127.5	9,219.7	8,457.5	3,076.5	5,380.9	17,976.8	11,833.7	6,143.1
2009/10	42,350.1	27,289.3	443.3	26,700.3	145.7	15,060.8	15,160.3	3,254.3	11,906.0	27,189.8	15,383.3	11,806.5
2010/11	79,945.5	51,551.4	1,395.2	49,960.5	195.7	28,394.2	24,410.9	5,715.5	18,695.4	55,534.7	32,856.0	22,678.7
2011/12	64,119.0	40,101.4	2,038.1	37,868.1	195.3	24,017.6	26,738.5	5,484.2	21,254.3	37,380.5	18,847.1	18,533.4
2012/13	72,658.1	44,140.0	2,253.2	41,685.1	201.8	28,518.1	27,009.6	7,515.2	19,494.4	45,648.5	24,645.6	21,002.9
2013/14	77,878.0	50,624.5	1,217.6	49,188.5	218.4	27,253.5	31,905.7	7,995.1	23,910.6	45,972.3	26,713.9	19,258.4
2014/15	82,741.8	66,817.7	79.3	66,423.1	315.3	15,924.1	45,170.9	8,326.6	36,844.3	37,570.9	29,973.4	7,597.6
2015/16	95,055.0	74,156.7	1,113.9	72,711.3	331.5	20,898.3	73,530.8	9,880.5	63,650.3	21,524.2	10,506.4	11,017.8
2016/17	98,750.9	73,874.3	741.3	72,783.6	349.4	24,876.5	60,716.1	10,818.8	49,897.3	38,034.8	23,977.0	14,057.8
2017/18	102,738.9	77,617.4	750.5	76,448.4	418.4	25,121.6	63,362.7	14,504.8	48,858.0	39,376.2	28,759.4	10,616.8
2018/19	127,270.5	98,726.6	804.9	97,484.0	437.8	28,543.8	112,765.3	18,006.4	94,758.9	14,505.2	3,967.8	10,537.4

Source: National Bank of Ethiopia (NBE)

CBs› = Commercial Banks›

Table 20: Treasury Bills Auction Results

Period	Amount Offered	Number of Bidders			Amount Demanded in millions of Birr			Amount Sold in millions of Birr			Annual Weighted Yield
		Bank	Non-bank	Total	Bank	Non-bank	Total	Bank	Non-bank	Total	
1994/95	1,580.0	14.0	24.0	38.0	1,636.0	648.5	2,284.5	797.4	598.1	1,395.5	4.2
1995/96	4,526.0	22.0	60.0	82.0	4,552.5	2,117.4	6,669.9	2,623.4	1,902.6	4,526.0	4.8
1996/97	8,519.0	38.0	96.0	134.0	2,460.7	4,278.9	6,739.6	1,456.3	3,233.9	4,690.2	3.9
1997/98	5,086.0	98.0	116.0	214.0	2,386.7	3,705.3	6,092.0	1,521.6	3,033.9	4,555.5	3.7
1998/99	13,435.5	88.0	193.0	282.0	6,231.3	6,986.2	13,217.5	5,261.2	6,333.0	11,594.2	3.6
1999/00	16,147.0	110.0	162.0	272.0	10,772.3	7,550.5	18,322.8	7,954.4	5,356.8	13,311.2	3.3
2000/01	12,100.0	133.0	208.0	346.0	10,361.0	7,844.0	18,205.0	5,087.7	4,235.3	9,322.9	2.8
2001/02	16,625.0	152.0	166.0	326.0	18,632.6	6,216.0	26,089.1	12,176.4	3,996.8	16,453.2	2.0
2002/03	29,818.0	174.0	122.0	296.0	33,488.0	5,341.8	38,829.8	26,987.6	2,830.4	29,818.0	1.3
2003/04	51,645.0	152.0	120.0	272.0	56,481.0	4,960.0	61,441.0	47,921.8	3,710.2	51,632.0	1.0
2004/05	41,262.5	175.0	94.0	269.0	49,658.5	7,237.7	56,896.2	37,783.9	3,281.1	41,065.0	0.2
2005/06	47,793.5	142.0	45.0	187.0	56,687.5	3,916.0	60,603.5	44,465.6	3,327.9	47,793.5	0.0
2006/07	69,487.0	99.0	68.0	167.0	71,259.0	7,663.0	78,922.0	58,599.6	6,715.4	65,315.0	0.5
2007/08	48,889.0	92.0	88.0	180.0	46,761.0	13,127.5	59,888.5	35,613.0	12,103.5	47,716.5	0.7
2008/09	28,471.9	83.0	178.0	261.0	21,974.5	24,792.7	46,767.2	2,672.0	25,167.8	27,839.8	0.5
2009/10	55,203.3	82.0	198.0	280.0	23,386.9	27,871.2	51,258.1	13,902.0	27,834.5	41,736.5	0.7
2010/11	83,390.7	65.0	155.0	220.0	23,715.3	32,044.8	55,760.0	20,271.3	32,044.8	52,316.0	1.3
2011/12	96,511.9	202.0	204.0	406.0	26,712.7	50,482.1	77,194.8	24,212.7	50,482.1	74,694.8	1.9
2012/13	107,484.5	394.0	210.0	604.0	51,493.5	62,185.7	109,184.5	51,493.5	62,185.7	109,184.5	2.2
2013/14	88,074.9	226.0	240.0	466.0	31,226.0	81,608.6	112,834.6	16,989.0	76,933.5	94,233.3	1.5
2014/15	100,739.4	-	248.0	248.0	-	136,536.8	136,536.8	-	110,593.3	110,593.3	1.3
2015/16	145,877.4	-	217.0	217.0	-	161,575.2	161,575.2	-	199,200.0	199,200.0	1.3
2016/17	204,543.2	-	200.0	200.0	-	225,321.2	225,321.2	-	225,321.2	225,321.2	1.3
2017/18	286,494.2	-	192.0	192.0	-	323,991.2	323,991.2	-	323,991.2	323,991.2	1.3
2018/19	397,958.2	3.0	189.0	192.0	650.0	421,983.5	422,633.5	650.0	421,983.5	422,633.5	1.4

Table 21: Employment Created by Domestic & Foreign Investment Projects Which Have Commenced Operation, by Sector

Sector	2000(2007/2008)		2001(2008/2009)		2002(2009/10)		2003(2010/11)		2004(2011/12)		2005(2012/13)		2006(2013/14)		2007(2014/15)		2008(2015/16)		2009(2016/17)		2010(2017/18)		2011(2018/19)	
	Perm. Empl.	Temp. Emp	Perm. Empl.	Temp. Emp	Perm. Empl.	Temp. Emp	Perm. Empl.	Temp. Emp	Perm. Empl.	Temp. Emp	Perm. Empl.	Temp. Emp	Perm. Empl.	Temp. Emp	Perm. Empl.	Temp. Emp	Perm. Empl.	Temp. Emp	Perm. Empl.	Temp. Emp	Perm. Empl.	Temp. Emp	Perm. Empl.	Temp. Emp
Agriculture, hunting and forestry	686	3623	3,232	12093	1,186	16029	143	2,260	89	510	0	0	156	3,432	1,265	6,458	290	2,834	6,082	859	259	2428	536	1,862
Construction	1,039	1840	3,539	6590	270	2972	26	50	105	50	24	10	441	1148	508	1,154	1,073	2,412	3,346	5,232	1664	2738	3,368	1,788
Education	342	129	259	140	123	63	10	5			26	6	189	12	9	8	49	13	89	0	16	23	200	154
Electricity, gas, steam and water supply																					0	250		
Fishing																								
Health and social work	47	30	245	36	24	552			20	8	31	5	2	5	79	2			20	5	44	220	43	8
Hotels and restaurants	398	261	182	71	37	304	15				45	10	181	150	100	55	400	80	23	35	97	64	173	75
Manufacturing	3,441	1998	5,235	2094	584	1166	309	146	1,193	527	1357	704	2642	872	7,586	1,189	7,007	3,753	6,016	3,143	123,353	8,070	15,918	5,142
Mining and quarrying	25	0					40	30					10	30			85	203	74	299	96	414	35	92
Other community, social and personal service activities	44	2			40	15					128	340	21	268	13	3	25	26	37	8	125,002	109	19	12
Real estate, renting and business activities	763	3337	369	461	180	706	23	121	643	610	241	134	276	496	1,649	1,596	3,761	3,372	4,989	187	81,347	21,710	2,269	1,303
Transport, Storage and Communication	54	38	240	160	48	42	42	69	54	34	9	12	13	2	18	40	34	17	28	7	23	28	44	
Wholesale, retail trade & repair service	106	278	179	170	43	40	17	103	5	7			5	10							2	0		
Others*																			8		100	160	26	105
Grand Total	6,945	11,536	13,480	21,815	2,535	21,889	625	2,784	2,109	1,746	1,861	1,221	3,936	6,425	11,227	10,505	12,724	12,710	20,712	9,775	332,003	36,214	22,631	10,541

Table 22: Number and Investment Capital of Domestic & Foreign Investment Projects Which Have Commenced Operation by Sector

[in millions of Birr]

Sector	2006(2013/14)		2007(2014/15)		2008(2015/16)		2009(2016/17)		2010(2017/18)		2011(2018/19)	
	No. of Projects	Invest-ment Capital	No. of Projects	Invest-ment Capital	No. of Projects	Invest-ment Capital	No. of Projects	Invest-ment Capital	No. of Projects	Investment Capital	No. of Pro-jects	Investment Capital
Agriculture, hunting and forestry	13	70.1	107	521.7	35	66.0	14	119.6	42	322.8	27	297.7
Construction	58	2,811.2	50	132.8	75	506.7	199	1,081.9	344	3,002.1	176	1,745.7
Education	2	25.4	1	79.8	3	7.1	4	6.1	7	67.8	6	68
Electricity, gas, steam and water supply									1.0	100.0		
Fishing												
Health and social work	1	0.2	1	4.0			3	13.7	15	276.4	5	25
Hotels and restaurants	6	44.1	5	105.8	3	10.8	2	9.5	5	57.8	7	39.5
Manufacturing	38	516.8	39	2,707.2	85	2,539.5	149	1,888.0	578	14,494.8	337	4,647.0
Mining and quarrying	1	1.1			6	12.1	8	18.7	7	81.0	4	38
Other community, social and personal service activities	3	9.1	4	14.5	3	4.9	4	5.2	46	245.8	2	82
Real estate, renting and business activities	36	2,135.3	197	563	637	3,551	81	5,737.4	496	7,204.8	404	1909.305337
Transport, Storage and Communication	4	12.1	3	5.8	5	10.7	3	14.7	5	11.4	5	20.0
Wholesale, retail trade & repair service	1	10.9							1	2.0		
Others*							1	1.9	3	9.5	3	79
Grand Total	163.0	5636.2	407.0	4135.0	852	6,708.6	468	8,896.9	1,550	25,876.2	976	8952

Table 23: Number and Capitalof Domestic & Foreign Investment Projects Which Have Commenced Operation, by Region

Sector	2008(2015/16)	2009(2016/17)		2010(2017/18)		2011(2018/19)	
	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital
Addis Ababa	6,147.6	376	8307.5	1,362	19,839.3	681	6,838.4
Afar	16.0			46	380.0		
Amhara	13.6	42	104.5	15	39.7	20	152.5
B.Gumze				1	2.0		
Dire Dawa	68.8						
Gambella							
Harari							
Multiregional				59.0	5,217.5	69	1,135
Oromia	345.9	19	336			157	560.4
SNNPR	5	10	83.5	1	2.5		
Somali							
Tigray	111.5	21	65.9	66	395.3	49	265.6
Grand Total	6,709	468	8896.9	1,550	25,876.3	976	8,951.7

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