



National Bank of Ethiopia



2019/20
Annual Report

National Bank of Ethiopia

Prepared by:

Domestic Economic Analysis and publication
Directorate National Bank of Ethiopia

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Addis Ababa

2019/20
Annual Report

Currency and Time

Currency

Currency Unit: Birr(Br)

Exchange Rate: Look at 84

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 $7\frac{3}{4}$ Years between the Gregorian and the Ethiopian Calendar

NBE BOARD OF DIRECTORS



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(Director, Change Management,
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Mr. Gebreyesus Gunte
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(Governor & Chairman)



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(Vice Governor & Chief Economist,
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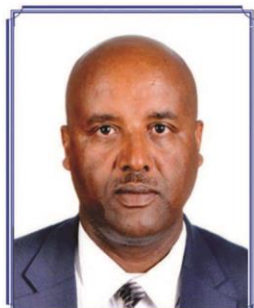
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Supervision Directorate)

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Technical Secretariat)



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Service Management Directorate)



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Ethiopia: Macroeconomic and Social Indicators

Indicators	1999/00	2000/01	2001/02	2002/03	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	2019/20	
	(1992)	(1993)	(1994)	-1995	(1996)	(1997)	(1998)	(1999)	(2000)	(2001)	(2002)	(2003)	(2004)	(2005)	(2006)	(2007)	(2008)	(2009)	(2010)	(2011)	(2012)	
1. Country Profile																						
Land Area (total, In Sq.Km)	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	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	1.14 million	1.14 million	1.14 million	
Arable Land (% of total area)	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	NA	NA	NA	NA	NA	NA	15.20	15.2	10
Irrigated Land (% of total area)	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	NA	NA	NA	NA	NA	NA	NA	2,900.00	3,100.00	5.00
Population Density (person per sq.km)*	85.6	88.1	90.7	93.2	95.8	99.7	101.2	99.6	102.1	104.7	107.4	110.14	112.94	115.76	118.61	121.50	-	-	-	-	-	-
2. Social Indicators																						
Population total, in millions (Mid-Year population)	60.0	61.6	63.2	64.8	66.50	68.30	70.00	72.40	74.90	76.8	78.80	80.70	82.7	84.8	87.0	89.1	91.2	93.4	95.5	97.6	99.75	
(o/w Urban Poulation, in %)	14.9	15.1	15.3	15.5	15.8	15.97	16.21	16.45	17	16.14	16.30	16.10	16.3	18.6	18.0	19.5	19.9	20.3	20.8	21	22.8	
Working Age Population (In Millions)																						
Urban	5.6	6.1	6.4	6.5	7	6.95	7.6	7.6	8.0	8.4	8.92	9.43	10.0	10.5	11.1	11.6	12.2	12.8	7	10.1	NA	
Rural	28.0	28.8	29.8	30.5	31.4	32.6	33.2	32.9	31.3	33.0	33.89	34.83	35.8	36.8	37.7	38.7	39.7	40.8	49	49.8	NA	
Total	33.8	34.9	36.2	37.0	38.4	39.6	40.7	40.6	39.3	41.4	42.82	44.26	45.7	47.3	48.8	50.4	52.0	53.6	56	59.9	NA	
Age Dependency Ratio	87.8	87.2	86.0	86.6	85.2	84.7	84.3	84.3	93	93	93.00	93.00	93.0	75.0	75.0	75.0	75.0	75.0	69	69	69	
Life Expectancy at Birth (Male - Female)	50.9-53.0	53.4-55.4	53.4-55.4	53.4-55.4	53-55	53.42-55.42	55.6-57.9	55.6-57.9	53.4-55.4	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	60.2-64.2	62.4-66.6	62.4-66.6	62.4-66.7	
Crude Birth Rate	44.2:1.000	39.9:1.000	39.9:1.000	39.9:1.000	39.9:1.000	35.7:1.000	36.9:1.000	36.9:1.000	35.7:1.000	35.7:1.000	35.7:1.000	33.6:1.000	33.6:1.000	30.3:1.000	30.3:1.000	30.3:1.000	30.3:1.000	30.3:1.000	27:1.000	27:1.000	27:1.001	
Crude Death Rate	15.1:0.000	12.6:1.000	12.6:1.000	12.6:1.000	12.6:1.000	12.6:1.000	10.8:1.000	10.8:1.000	10.8:1.000	NA	NA	9.2:1.000	9.2:1.000	7.2:1.000	7.2:1.000	7.2:1.000	7.2:1.000	7.2:1.000	6.30	6	6	
Natural Rate of Population Increase (In %)	2.9	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.6	2.40	2.40	2.31	2.31	2.31	2.31	2.31	2.07	2.07	2.07	
Total Fertility Rate	6.5child:W	5.8child:W	5.8child:W	5.8child:W	5.8child:W	5.4child:W	5.4child:W	5.4child:W	5.4child:W	5.4child:W	5.4child:W	5.4child:W	4.8child:W	4.8child:W	3.94child:W	3.94child:W	3.94child:W	3.94child:W	3.94child:W	3.45child:W	3.45child:W	3.5child:W
People : Hospital Beds	5.273:1	6.086:4:1	5740:4:1	6479:2:1	5721:4:1	5273:5:1	5028:1	5293:1	5698:1	5082:1	7815:1	NA	NA	2516:1	NA	NA	2850:1	2080:1	3617:1	3150:1	2750	
People : Physician ¹	50.273:2:1	47.836:0:1	35604:1	34005:1	36954:1	29777:1	35493:1	49888:1	36374:1	36175:1	56013:1	53642:1	28847:1	32132:1	20970:1	17160:1	14045:1	22766:1	26635:1	-	9977	
People : Nurse ¹	9,458:5:1	8,461:0:1	5236:0:1	4879:1	3956:8:1	4879:1	4206:1	4601:1	4524:1	3870:1	3012:1	2762:1	2299:1	1884:1	1999:0:100	1999:1	1194:1	1780:1	1624:1	1705		
Infant Mortality Rate	110:1.000	97:1.000	97:1.001	97:1.002	97:1.003	80:1.000	80:1.000	80:1.000	77:1.000	77:1.000	77:1.000	73:1.000	59:1.000	62:2.000	62:4.000	62:4.000	62:4.000	62:4.100	53.3:1.000	53.3:1.000	43.3:1.000	
Access to Safe Water (In %)																						
Country Level	30.0	27.9	28.4	NA	35.9	45.6	47.3	52.5	59.5	66.2	68.50	73.30	58.3	68.5	76.7	84.0	61.0	66.0	71.0	76	79	
Urban Population	72.0	91.7	75.7	NA	NA	82	NA	82.0	86.2	88.6	91.50	92.50	78.7	81.3	84.2	91.0	52.5	55.0	60.0	66	66.5	
Rural Population	24.0	17.1	19.9	NA	25.2	38.4	42.2	46.4	53.9	61.5	65.80	71.30	55.2	66.5	75.5	82.0	63.1	68.0	74.0	79	82.7	
Student-Teacher Ratio																						
Primary (1-8)	56:1	61:1	63:1	64:1	65:1	66:1	62:1	59:1	57:1	54:1	51:1	51:1	50:1	49:1	47:1	46:1	46:1	-	-	39	39	
Secondary (9-12)	43:1	52:1	54:1	45:1	48:1	51:1	57:1	48:1	43:1	41:1	36:1	31:1	29:1	28:7:1	27:8:1	26:4:1	26:5:1	-	-	22.5	24	
Technical & Vocational	7.6:1	9:1	17:1	25:1	22:1	21:1	20:1	27:1	25:1	34:1	NA	29:1	24:7:1	18.6:1	16.5:1	16.5:1	12.6:1	-	-	13.3	13.3	
Student-School Ratio																						
Primary (1-8)	563:1	617.5:1	674.0:1	701:1	724:1	690:1	654:1	677:1	657:1	619:1	573:1	590:1	576:1	571:1	571:1	744.9:1	573:1	-	-	628	528	
Secondary (9-12)	982:1	1,531.2:1	1,681.0:1	1,222:1	1,312:1	1,350:1	1,425:1	1,440:1	1,381:1	1,345:1	1,270:1	1,160:1	1,033:1	994:1	857:1	369:1	767.2:1	-	-	568	940	
Technical & Vocational	267:1	264.9:1	271.0:1	353:1	552:1	534:1	468:1	493:1	501:1	673:1	788:1	735:1	654:1	544:1	545:1	383:1	523:1	-	-	246.8	NA	
3. Macroeconomic Indicators																						
3.1: Real sector Development²																						
GDP at Current Market Price (In Mn. Birr)	65986.0	67351.0	65895.0	72703.0	85,800.0	105,415.0	130,334.0	170,281.0	245,836.0	332,060.0	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	1,987,157.5	3,374,349.0	
Nominal GDP Growth Rate (In %)	9.0	2.1	-2.2	10.3	18.0	22.9	23.6	30.6	44.4	35.1	14.18	35.9	45.1	15.3	22.4	22.4	18.2	17.7	21.4	23.3	25.5	
Average Marginal Exchange Rate (Birr per USD)	8.1	8.3	8.5	8.6	8,630.0	8,651.8	8,681.0	8,794.3	9,240.0	10,420.0	12,89	16.1	17.3	18.3	19.1	20.1	21.0	22.40	26.10	28.10	31.34	
GDP at Current Market Price (In Mn. USD)	8106.4	8085.4	7716.0	8473.5	9,942.1	12,184.2	15,013.7	19,362.7	26,605.6	31,867.6	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	96,107.0	107,660.0	
Nominal GDP per Capita (In USD)	135.1	131.3	122.1	130.8	149.5	178.4	214.5	267.4	355.2	415	373.26	396.1	523.5	559.1	639.6	725.0	815.0	876.0	883.0	985.0	1080.0	
Real GDP per Capita (In Birr)	3313.8	3495.7	3458.8	3300.5	3,652.6	3,976.7	4,300.5	4,634.2	4,962.8	5,266.1	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	20,360.2	21,144.1	
Real GDP per Capita Growth Rate (In %)	4.8	5.5	-1.1	-4.6	10.7	8.9	8.1	7.8	7.1	6.1	9.69	9.00	6.1	5.1	4.5	12.4	3.4	8.0	5.2	6.0	3.8	
GDP Deflator (% change)	6.9	-5.8	-3.6	12.8	3.9	9.9	11.6	17.2	30.3	24.2	1.70	20.08	33.5	4.9	11.0	10.8	9.5	6.7	12.5	20.1	18.2	
Real GDP at constant basic price (In Mn. Birr)	184625.4	198320.9	201561.3	197331.5	220,477.2	248,354.8	277,013.3	309,686.8	344,331.9	378,907.4	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	1,874,689.297	1,989,519,005	
Real GDP at constant market price (In Mn. Birr)	198827.1	215332.6	218594.3	213870.3	242,897.6	271,605.2	301,032.7	335,519.0	371,716.7	404,437.0	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	1,987,157.5	2,109,122.2	
Real GDP Growth Rate (In %)	3.4	7.4	1.6	-2.1	11.7	12.6	11.5	11.8	11.2	10.0	10.57	11.40	8.7	9.9	10.3	10.4	8.0	10.1	7.7	9.0	6.1	
Agriculture & Allied Activities(In Billion Birr)	102.1	111.9	109.8	98.3	115.0	130.5	144.8	158.5	170.3	181.2	195.00	212.50	222.9	238.8	251.8	267.8	544.1	580.4	600.9	624	650	
Industrial Sector (In Billion Birr)	17.7	18.6	20.2	21.4	23.7	25.9	28.4	30.6	33.9	37.3	41.99	49.80	59.6	73.9	86.5	103.7	343.9	413.8	464.4	526.2	576.9	
Service Sector(In Billion Birr)	69.4	72.9	75.3	79.4	84.2	94.6	107.6	124.1	144.1	163.9	185.10	216.60	237.4	258.8	292.5	325.0	575.9	619.3	673.9	745.7	786.8	

Continued....

Indicators	1999/00	2000/01	2001/02	2002/03	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	2019/20	
	(1992)	(1993)	(1994)	(1995)	(1996)	(1997)	(1998)	(1999)	(2000)	(2001)	(2002)	(2003)	(2004)	(2005)	(2006)	(2007)	(2008)	(2009)	(2010)	(2011)	(2012)	
3.2: Monetary Indicators																						
Narrow Money Supply (M1) (In Mn. Birr)	13050.2	13745.8	15182.4	16446.7	19,065.9	21,289.8	23,811.9	29,773.4	36,875.5	42,112.7	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	308,937.1	360,585.5	
Broad Money Supply (M2) (In Mn. Birr)	22177.8	24516.2	27322.0	30090.1	34,655.9	40,212.1	46,377.4	56,860.3	69,918.2	82,509.8	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	886,752.5	1,037,646.3	
Net Foreign Assets (In Mn. Birr)	4770.6	4800.0	7822.5	11049.2	11,766.9	13,868.0	12,109.6	13,927.3	12,140.6	17,976.8	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	14,505.2	(22,101.0)	
Reserve Requirement (CBs)	924.1	1081.8	1163.9	1320.3	1549.35	1,828.4	2,120.9	2,592.5	9,112.9	11,183.3	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	44,861.8	51,952.6	
Interest Rate (In %)																						
Minimum Deposit Rate	6.0	6.0	3.0	3.0	3	3	3	3	4	4	4.0	4.0	5.00	5.00	5.00	5.00	5.00	5.00	5.00	7.00	7.0	7.0
Lending Rate	10.5-13.5	10.5-15.0	8.0-10.5	8.0-10.5	8.0-10.5	7-14	7-14	7-14	8-15	8-16.5	12.25	11.88	11.88	11.88	11.88	11.88	12.75	12.75	13.50	13.5	14.3	
Total Net Domestic Credit (in mn. Birr)	26271.0	27551.6	27550.2	28202.3	31138.781	40305.8	49295.9	61585.0	80772.6	89,203.0	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	963,699.9	1,190,705.1	
Government	14775.7	15171.0	15985.1	17229.8	19199.154	21663.8	25266.4	30290.2	34169.2	32,786.5	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	109,799.2	150,861.6	
Other Sectors	11495.3	12380.6	11565.1	10972.6	11939.627	18642.0	24029.6	31294.8	46603.4	56,416.5	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	853,900.7	1,039,843.5	
3.3: Average annual inflation rate (CPI growth rate)³																						
Country Level																						
-General inflation	5.4	-0.3	-10.6	10.9	7.3	6.1	10.6	15.8	25.3	36.4	2.8	18.1	34.1	13.5	8.1	7.7	9.7	7.4	14.6	12.6	19.9	
-Food inflation	7.6	-1.7	-19.1	21.5	11.5	7.4	13.0	17.5	34.9	44.2	-5.4	15.7	42.9	12.6	5.9	7.4	11.2	7.2	13.4	13.1	23.3	
-Non-food inflation (core inflation)	2.5	1.4	0.3	0.2	2.2	4.4	7.1	13.5	12.5	23.5	18.2	21.8	22.7	14.6	10.6	8	8.1	7.5	15.8	11.9	15.8	
Addis Ababa																						
-General inflation	4.2	-1.4	-5.5	4.6	5.6	7.2	8.4	19.2	20.8	29.4	10.1	19.4	24.8	12.6	8.5	7.6	10.3	2.3	16.5	14.6	18.8	
-Food inflation	7.2	-7.8	-10.7	9.4	8.6	5.7	13.0	25.4	32.1	41.5	4.1	14.8	30.6	13.1	4.6	12.2	16.6	1.2	8.7	15.0	25.9	
-Non-Food inflation (core inflation)	0.6	5.6	-0.8	0.9	3.0	7.6	4.6	14.0	12.7	19.2	16.0	23.5	21.1	11.9	11.4	4.4	5.8	3.2	22.6	14.0	13.9	
3.4: External Trade(In Mn.USD)																						
Export of goods & services	984.0	979.1	982.7	1150.6	1520.6	1895.8	2149.5	2498.1	3127.9	3399.5	4,050.33	5,343.12	5,993.41	5,978.47	6,451.62	6,046.51	6,077.3	6,257.2	7,096.9	7,694.9	7,715.7	
Import of goods & services	1959.8	1936.4	2073.1	2408.7	3,259.8	4,439.6	5,602.7	6,254.2	8,326.9	9,292.3	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	18,822.8	
Net trade in goods & services	-975.8	-957.3	-1090.4	-1258.1	-1,739.3	-2,543.8	-3,453.2	-3,756.1	-5,199.0	-5,892.8	-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	-11,107.1	
Current account balance including official transfers	(334.8)	(242.4)	(361.0)	-93.8	-401.5	-771.3	-1,470.9	-991.3	-1,492.4	-1,634.7	-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	-4,396.4	
Capital account balance	151.7	258.6	509.0	368.6	386.7	491.9	614.3	760.4	1,031.5	1,648	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	4,147.3	
Overall balance of payments	(393.7)	(70.5)	300.2	1381.9	389,5463487	66,40934667	37	29.98	-251,6939401	18.7	316.68	1,384.20	(972.79)	-6.5	-96.9	-521.4	-830.9	658.6	-201.6	-941.6	-1,227.3	
3.5: Government Finance (In Mn. Birr⁴)																						
Total Revenue (including grants)	11222.0	12805.0	12833.0	15703.0	17,918.0	20,147.0	23,225.0	29,381.0	39,705.0	40,421.9	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	394,965.83	
Total Revenue (excluding grants)	9498.0	10177.0	10409.0	11149.0	13,917.0	15,582.0	19,493.0	21,797.0	29,794.0	31,924.0	53,861.34	69,120.00	102,863.65	124,077.00	146,172.77	186,618.69	230,657.28	256,629.04	289,848.19	311,317.43	354,312.80	
o/w Tax-Revenue	6782.0	7440.0	7926.0	8243.0	10,906.0	12,398.0	14,122.0	17,354.0	23,801.0	23,216.2	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	311,476.46	
Tax-Revenue as % of GDP	10.3	11.0	12.0	11.3	12.7	11.8	10.8	10.2	9.7	7.0	11.42	11.45	11.47	12.50	12.71	15.09	14.71	14.00	12.26	11.55	10.50	
Total Expenditures	17183.6	15786.4	17651.0	20517.0	20,520.0	24,803.0	29,325.0	35,607.0	46,915.0	43,875.2	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	480,143.19	
Current Expenditures	13741.6	10379.0	10530.0	13549.0	11,977.0	13,235.0	15,234.0	17,165.0	22,794.0	26,315.5	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	275,967.04	
Capital Expenditures	3442.0	5003.4	6130.0	6313.0	8,271.0	11,343.0	14,042.0	18,398.0	24,121.0	17,559.7	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	204,176.15	
Equity Contribution (Sinking Fund)																						
Special Programs	-	404.0	971.0	655.0	272	224.0	50.0	44.0	0.0	0.0	0.0	-	-	-								
Total Expenditures as % of GDP	26.0	23.4	26.8	28.2	23.9	23.5	22.5	20.9	19.1	13.2	18.8	18.2	16.6	18.1	17.7	18.64	17.41	17.97	16.10	15.32	14.23	
Current Surplus/Deficit	-4243.6	-202.0	-141.0	-2400.0	1,940.0	6,652.7	4,259.0	4,632.0	7,000.0	5,608.5	34,225.1	45,076.5	64,213.0	74,447.0	79,989.6	86,263.81	111,768.78	92,402.94	77,091.92	106,779.91	118,998.78	
Overall Budget Deficit (including grants)	-5961.6	-2981.4	-4818.0	4815.0	-2,602.0	-4,655.0	-6,100.0	-6,226.0	-7,210.0	-3,453.3	-5,097.4	(8,220.2)	(8,758.2)	(16,736.0)	(27,395.3)	(30,882.07)	(29,258.53)	(60,180.90)	(66,843.18)	(68,169.22)	(85,177.36)	
Deficit as % of GDP	-9.0	-4.4	-7.3	6.6	-3.0	-4.4	-4.7	-3.7	-2.9	-1.0	-1.3	-1.6	-1.2	-2.0	-2.6	(2.50)	(1.87)	(3.28)	(3.03)	(2.53)	(2.52)	
Overall Budget Deficit (excluding grants)	-7685.6	-5609.4	-7242.0	-9368.0	-6,603.0	-9,220.0	-9,832.0	-13,810.0	-17,121.0	-11,951.1	-17,473.5	(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)	(125,830.40)	
Deficit as % of GDP	-11.6	-8.3	-11.0	-12.9	-7.7	-8.7	-7.5	-8.1	-7.0	-3.6	-4.6	-4.8	-2.9	-3.5	-3.8	(3.55)	(2.70)	(3.96)	(3.84)	(3.78)	(3.73)	
3.6: Exchange Rate (Birr/ USD)																						
Inter-Bank Forex Market Rate ⁵																						
* Period weighted Average	8.200	8.420	8.543	8.581	8.635	8.652	8.681	8.794	9.244	10.4205	12.8909	16.1178	17.2536	18.1947	19.0748	20.0956	21.1059	22.4137	26.1082	28.0543	31.3427	
* End period	8.222	8.460	8.566	8.600	8.630	8.660	8.69	9.030	9.610	11.3009	13.5321	16.9081	17.7305	18.6426	19.5771	20.5659	21.8004	23.1081	27.2621	28.9109	34.9822	

Continued....

Indicators	1999/00	2000/01	2001/02	2002/03	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	2019/20
	(1992)	(1993)	(1994)	(1995)	(1996)	(1997)	(1998)	(1999)	(2000)	(2001)	(2002)	(2003)	(2004)	(2005)	(2006)	(2007)	(2008)	(2009)	(2010)	(2011)	(2012)
3.7: Treasury Bill Market (In Mn. Birr)																					
T-Bills Demanded (Total)	18,322.8	18,205.5	26,089.1	38,633.6	61,143.2	56,896.2	60,603.5	78,922.0	59,888.5	46,767.2	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	422,833.5	242,155.1
T-Bills Sold	13,311.2	9,322.9	16,453.2	29,668.0	51,645.0	41,065.0	47,793.5	63,315.0	47,716.5	27,839.8	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	422,833.54	242,155.1
Average Weighted Yield (in %)	3.3	2.8	2.0	1.3	0.5	0.095	0.038	0.530	0.677	0.743	0.79	1.13	1.87	1.89	1.60	1.43	1.44	1.42	1.42	1.74	4.81
T-Bills Outstanding by holder	1,951.5	3,372.5	4,478.2	9,100.0	12485	6595	11638.5	11546	8239.5	7783.1	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	138,054.36	23,724.00
<i>Banks</i>	804.7	1,924.0	3,425.5	8,094.3	11418	6295	10612.3	9135	2739	1672	4,400.00	900.00	2,383.50	3,436.00	-	-	-	-	-	650.00	5,604.00
<i>Non-Banks</i>	1,146.8	1,448.5	1,052.7	1,005.7	1067	300	1026.2	2411	5500.5	6111.1	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	137,404.36	18,120.00
3.8: Inter Bank Money Market Rate⁵																					
	11	8	7.5	7.5	7.5			7.5	8.5												-
3.9: Financial Institutions																					
Number of Commercial Banks	8	8	8	8	9	9	10	11	11	12.00	14.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00
<i>(a/w Private banks)</i>	7	7	7	7	7	7	8	9	9	10.00	12.00	14.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
Number of Bank Branches	267	283	295	339	358	389	421	487	562	636.00	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	5,584.00	6,511.00
Population : Bank Branch	224719:1	217668:1	214237:1	191150:1	185754.2:1	175778.4:1	166,270.8:1	148,665.3:1	133,274:1	120,754.7:1	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	15,702.00
Number of Insurance Companies	9	9	9	9	9	9	9	9	10	12.00	12.00	14.00	15.00	16.00	17.00	17.00	17.00	17.00	17.00	17.00	18.00
<i>(a/w Private Insurance Companies)</i>	8	8	8	8	8	8	8	8	9	11.00	11.00	13.00	14.00	15.00	16.00	16.00	16.00	16.00	16.00	16.00	17.00
Number of Insurance Branches	91	95	101	105	121	133	139	146	172	194.00	207.00	221.00	243.00	273.00	332.00	377	426	492.00	532.00	588.00	605.00
Population : Insurance Branch	65934:1	64842:1	625743:1	617143:1	549587:1	513534:1	503597:1	495890:1	435465:1	395876:1	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	168,983.00
Number of Development Banks	1	1	1	1	1	1	1	1	1	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Number of Development Bank Branches	32	32	32	32	32	32	32	32	32	32.00	32.00	32.00	32.00	32.00	32.00	32	110	110.00	107.00	107.00	93.00
Number of Micro-financial Institutions	16	19	21	22	22	26	27	28	28	30.00	30.00	31.00	31.00	31.00	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; Central 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 2011=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. Despite the challenging macroeconomic and social environment arising from the COVID-19 (coronavirus) pandemic, the Ethiopian economy achieves a remarkable growth compared to world and Sub-Saharan Africa. During 2019/20 fiscal year, real GDP grew by 6.1 percent compared to 2.9 and 3.1 percent average growth estimated for world and Sub-Saharan Africa, respectively. During the fiscal year, industry grew by 9.6 percent, service sector expanded by 5.3 percent and agriculture grew by 4.3 percent. Their contributions to the annual growth were 2.6 percent, 2.1 percent and 1.4 percent, respectively.
2. Rapid and sustainable economic growth over the last 15 years has led to improvements in income inequality and poverty reduction. Consequently the level of per capita income has reached USD 1,080 in 2019/20 compared to USD 985 last year. Investment to GDP ratio decreased to 30.8 percent while that of domestic savings stood at 20.9 percent.
3. Inflationary pressure persisted as annual average headline inflation increased to 19.9 percent in 2019/20 from 12.6 percent a year ago owing to the rise in both food and non-food inflation. Likewise, annual headline inflation went up to 21.5 percent from 15.3



percent due to 3.3 and 9.2 percentage point rise in food & non-alcoholic beverages and non-food inflation respectively.

4. Government expenditures have largely focused on growth enhancing capital expenditure and pro-poor social spending programs and safety nets. Accordingly, during the fiscal year, domestic revenue registered 13.8 percent annual growth while general government expenditure increased by 16.2 percent 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 GTP II plan.
5. In line with the National Bank of Ethiopia (NBE) policy of maintaining inflation at low and single digit level, the Bank has been implemented tight monetary policy stance pursued during 2019/20. However, inflation remained off the single digit target. The Bank has also ensured 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.
6. To ensure the competitiveness of the local currency, Ethiopia has continued managed float exchange regime. Accordingly, the Birr was allowed to depreciate by 11.7 percent in nominal terms against the US Dollar by end 2019/20. Likewise, the real effective exchange rate has depreciated by 9.7 percent. This was largely due to significant depreciation of the Birr against trading partner currencies while the US dollar has slightly strengthened.
7. The Ethiopian financial sector has remained strong and a significant role to play as a facilitator of growth through its intermediation function. In 2019/20, Commercial banks opened 947 new branches which increased the total number of branches to 6,511 from 5,564 a year ago. The banks also increased their deposit mobilization by 15.8 percent, loan collection by 17.2 percent and loan disbursement by 14.8 percent. Their non-performing loan was within the required ceiling of 5 percent. In the same way, insurance companies and microfinance institutions have scaled up their services by expanding their network and product diversification.

8. In order to improve the financial inclusion in Ethiopia, the National Bank of Ethiopia allowed new private banks to be opened and strengthened its monitoring and supervisory operations by using well tested international standard toolkits, enhancing the use of digital money and new financial products and further improving access to finance & financial inclusion for a wider population which is currently outside the reach of modern financial services.

9. Concerning export sector, the 2019/20 fiscal year witnessed significant performance in merchandise exports which increased by 12 percent over last year due to higher export earnings from coffee, flower, gold, live-animals, chat, textile & textile products and electricity. In contrary, total merchandize import slowed down by 8.1 percent due to lower import bill of fuel, capital 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.

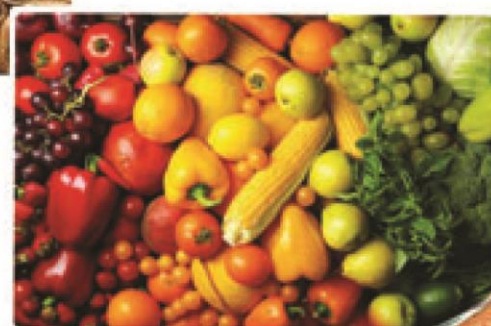
10. Overall, while COVID-19 pandemic brought on several challenges to our economy, Ethiopia’s economic performance showed notable growth in 2019/20 and the economic prospects for 2020/21 are foreseen to be positive despite some down side risks related to macroeconomic imbalances and temporary inflation 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 financial and financial inclusion which will ultimately lead to poverty reduction, inclusive economic growth and development.

11. Finally, I would like to thank all the management and staff of the National Bank of Ethiopia for their tireless support, diligence and commitment to realizing the strategic objectives of the Bank through the outgoing year. I also wish to stakeholders for their sustained support and cooperation during the year.

Dea
Yinager Dessie (PhD)
 Gouverneur



THE OVERALL ECONOMIC PERFORMANCE



I. Overall Economic Performance

1.1 Economic Growth

The Ethiopian economy continued to register a notable growth even when the world faces challenging macroeconomic and social conditions owing to the outbreak of COVID-19 pandemic. In 2019/20 fiscal year, real GDP grew by 6.1 percent compared to 3.5 percent average growth estimated for Sub - Saharan Africa (World Economic Outlook Update, June 2019).

This growth in real GDP was attributed to 9.6 percent growth in industry, 5.3 percent in service and 4.3 percent in agriculture sectors (Table 1.1). Thus, nominal GDP per capita rose to USD 1,080, showing a 9.6 percent year-on-year growth.

Generally, the Ethiopian economy recorded 8.2 percent average growth rate per annum during the GTP II period (2015/16-2019/20) which was 2.8 percentage point lower than the average growth target set for the plan period. The Ethiopian economy is projected to grow by 8.4 percent in 2020/21 in contrast to 5.4 and 3.4 percent growth forecast for the world and Sub Saharan Africa respectively (WEO, June 2020).

Table 1.1: Sectoral Contributions to GDP and GDP Growth

(In Billions of Birr)

Items		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Sector	Agriculture	531.7	544.1	580.4	600.9	623.8	650.3
	Industry	281.3	343.9	413.8	464.4	526.2	576.9
	Services	530.0	575.9	619.3	673.9	745.7	786.8
Total		1,343.1	1,463.9	1,613.5	1,739.3	1,895.7	2014.0
<i>Less FISIM</i>		12.4	14.5	17.0	19.8	21.0	24.5
Real GDP		1,342.6	1,449.4	1,596.5	1,719.5	1,874.7	1,990.0
Growth in Real GDP		10.4	8.0	10.1	7.7	9.0	6.1
Per capita GDP (USD) (Nominal)		744.1	815.0	876.0	883.0	985.0	1,080.0
Growth rate in Per capita GDP		13.4	9.5	7.5	0.9	11.6	9.6
Mid-year population(in millions)		89.1	91.5	93.4	95.5	97.6	99.7
Share in GDP (in %)	Agriculture	39.6	37.5	36.3	34.9	33.3	32.7
	Industry	21.0	23.7	25.9	27.0	28.1	29.0
	Services	39.5	39.7	38.8	39.2	39.8	39.5
Agriculture	Absolute Growth	6.4	2.3	6.7	3.5	3.8	4.3
	Contribution to GDP growth	2.5	0.9	2.5	1.3	1.3	1.4
	Contribution in %	24.0	11.3	24.6	16.5	14.6	22.9
Industry	Absolute Growth	24.6	22.2	20.3	12.2	12.6	9.6
	Contribution to GDP growth	2.7	4.7	4.8	3.1	3.6	2.6
	Contribution in %	26.0	58.8	47.3	40.8	39.5	42.6
Services	Absolute Growth	10.6	8.7	7.5	8.8	11.0	5.3
	Contribution to GDP growth	4.2	3.4	3.0	3.4	4.1	2.1
	Contribution in %	40.4	42.5	29.4	44.0	45.8	34.4

Source: Planning and Development Commission

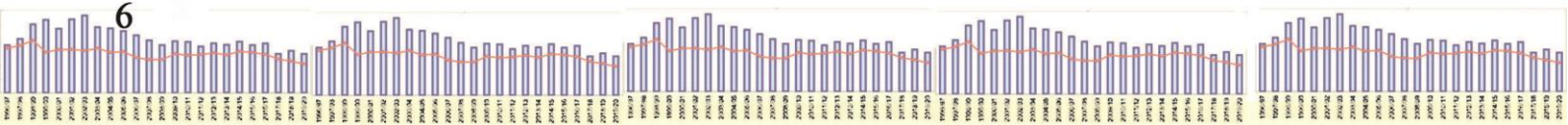


Fig.I.1: Real GDP Growth by Major Sectors



Source: Planning and Development Commission

During the review fiscal year, agricultural sector showed a 4.3 percent growth relative to 3.8 percent increase in 2018/19. This was attributed to 4.7 percent growth in crop production, 3.3 percent in animal farming & hunting and 3.9 percent in forestry (Table1.3).

Total grain production reached 335.2 million quintals, of which cereal production accounted for 88.5 percent, while pulses and oil seeds comprised 11.5 percent. Cereals and oilseeds production increased by 6.9 and 7.3 percent over the preceding year owing to 1.2 and 9.8 percent expansion in cultivated land area respectively. In contrast,

production of pulses marginally declined by 0.2 percent as a result of 3.5 percent contraction in cultivated land area (Table1.2).

Total land cultivated for crop production slightly increased by 1.1 percent to 12.9 million hectares, of which cereals production covered 81.5 percent pulses 12.2 percent and oilseeds 6.4 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	2016/17		2017/18		2018/19		2019/20	
	Cultivated Area	Total Production	Cultivated Area	Total Production	Cultivated Area	Total Production	Cultivated Area	Total Production
Cereals	10,219	253,847	10,232	267,789	10,358	277,638	10,478	296,726
(Annual % Change)	2.5	9.8	0.1	5.5	1.2	3.7	1.2	6.9
Pulses	1,550	28,146	1,598	29,785	1,620	30,113	1,563	30,051
(Annual % Change)	-6.2	1.6	3.1	5.8	1.4	1.1	-3.5	-0.2
Oilseeds	805	8,392	846	8,550	747	7,850	820	8,421
(Annual % Change)	-6.3	6.9	5.1	1.9	-11.7	-8.2	9.8	7.3
Total	12,574	290,386	12,676	306,124	12,727	315,602	12,862	335,199
(Annual % Change)	0.7	8.8	0.8	5.4	0.4	3.1	1.1	6.2

Source: Central Statistical Agency (CSA)

In 2019/20, the share of agriculture in GDP went down to 32.7 percent from 33.3 percent last year and 33.5 percent GTP target for the year. The contribution of agriculture to GDP growth was 22.9 percent (Table 1.1) of which crop production accounted for 65 percent, followed by animal farming & hunting (25.9 percent) and forestry (8.8 percent). In terms of growth, crop production expanded by 4.7 percent, animal farming & hunting by 3.3 and forestry 3.9 percent (Table 1.3).

Industry showed 9.6 percent annual growth and constituted 29 percent of the total GDP.

The sector contributed 42.6 percent to the overall economic growth during the fiscal year (Table1.1) and its performance was far below the 18.4 percent target set in the GTP II though its share was higher than the 22.3 percent target.

Manufacturing sector increased by 7.5 percent and constituted 23.9 percent of the industrial output. Construction industry, on the other hand, contributed more than half (72.6 percent) to industrial sector and it expanded by 9.9 percent signifying its leading role in roads, railways, dams and residential houses construction.



The mining and quarrying sector has reversed its downward trend of the past few years and registered 91.4 percent growth over the previous year. Policy improvements, especially in boarder areas as well as the closure of borders due to COVID-19, can be cited as the main reasons for the robust growth although its contribution to industry production was still minimal (0.9 percent). Electricity & water had 2.6 percent contribution to industrial production (Table 1.3).

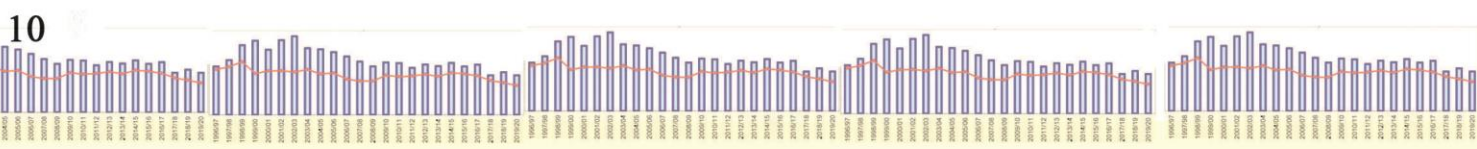
Service sector continued to dominate the economy as its share in GDP was about 39.5 percent and its contribution to GDP growth stood 34.4 percent (Table 1.1). The 5.3 percent annual growth in service sector was largely attributed to the increase in real estate, renting and business activities (9.5 percent), others (7.5 percent), whole sale and retail trade (6.4 percent) and public administration and defense (2.3 percent) (Table 1.3).

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

	Sectors	2015/16	2016/17	2017/18	2018/19	2019/20
Growth rate	Crop	3.4	8.2	4.7	3.0	4.7
	Animal Farming and Hunting	-1.5	4.2	0.6	6.0	3.3
	Forestry	2.2	3.6	3.5	3.8	3.9
	Fishing	0.1	0.5	11.3	2.3	2.0
Share in Agriculture	Crop	63.6	64.5	65.3	64.8	65.0
	Animal Farming and Hunting	27.0	26.4	25.6	26.2	25.9
	Forestry	9.1	8.8	8.8	8.8	8.8
	Fishing	0.3	0.2	0.3	0.3	0.2
Growth rate	Mining and Quarrying	(3.3)	-29.8	-20.8	-21.9	91.4
	Manufacturing	18.4	24.7	5.5	7.7	7.5
	Electricity and Water	15.0	4.9	3.3	4.0	7.2
	Construction	25.0	20.7	15.7	15.0	9.9
Share in Industry	Mining and Quarrying	1.8	1.0	0.7	0.5	0.9
	Manufacturing	25.9	26.9	25.3	24.3	23.9
	Electricity and Water	3.2	2.8	2.6	2.7	2.6
	Construction	69.1	69.3	71.4	72.5	72.6
Growth rate	Whole Sale and Retail Trade	8.2	6.5	12.3	11.7	6.4
	Hotels and Restaurants	15.6	0.1	6.5	9.0	2.2
	Transport and Communications	13.7	15.1	6.4	21.0	1.1
	Real Estate, Renting and Business Activities	3.7	4.4	6.2	7.5	9.5
	Public Administration and Defense	7.4	13.2	8.9	9.0	2.3
	Others*	7.5	6.4	6.8	7.5	7.5
Share in Service	Whole Sale and Retail Trade	35.1	34.8	35.9	35.9	36.3
	Hotels and Restaurants	7.2	6.7	6.6	6.5	6.3
	Transport and Communications	12.2	13.1	12.8	14.0	13.4
	Real Estate, Renting and Business Activities	11.6	11.3	11.0	10.7	11.1
	Public Administration and Defense	10.8	11.4	11.4	11.2	10.9
	Others*	23.0	22.7	22.3	21.7	22.1

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 public and private consumption expenditure as percent of GDP rose to 79.1 percent in 2019/20 from 77.7 percent a year earlier due to higher private consumption expenditure to GDP ratio (by 1.4 percentage point) despite 0.1 percentage point decline in public consumption expenditure.

As a result, gross domestic saving to GDP ratio declined to 20.9 percent from 22.3 percent last year (Table 1.4) and 29.6

percent GTP II target set for the fiscal year. Domestic saving depicted 17.5 percent growth, while total consumption expenditure exhibited 27.4 percent expansion.

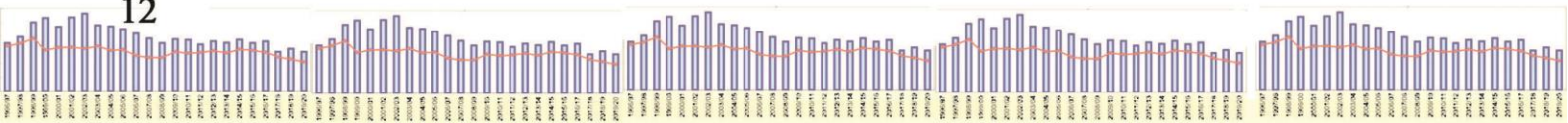
Gross capital formation to GDP ratio stood at 30.8 percent which was 4.4 percentage point lower than the previous year. Likewise, domestic absorption to GDP ratio went down to 109.8 percent from 112.9 percent a year ago.

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.					
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
2019/20	109.8	79.1	9.1	70.0	30.8	(9.8)	7.1	16.9	20.9
Average 2015/16 - 2019/20	112.7	77.6	10.2	67.4	35.2	-14.5	7.8	22.2	22.4
Average 2010/11 - 2019/20	114.1	79.0	10.3	68.7	35.1	-15.8	10.1	25.9	21.0

Source: Planning and Development Commission



1.3: Micro and Small-Scale Enterprises

Micro and small enterprises (MSEs) are considered as spring board for broad-based growth and hence aggregate productivity increase. Cognizant of this, the government of Ethiopia has emphasized the role of MSEs and provided all round support to this sector.

Accordingly, during 2019/20 alone, a total of 111,547 new micro and small scale enterprises (MSEs) employing about 1.6 million people were established. These enterprises received more than Birr 7.7 billion in loans during the review fiscal year.

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

(Credit in Millions of Birr)

Particulars	2017/18	2018/19	2019/20
No. of MSE's	144,107	110,253	111,547
Amount of Credit	8,633.7	7,311.8	7,670.7
No of Total Employment	187,945	882,098	1,569,163

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)

	Addis Ababa	Oromia	SNNPR	Amhara	Tigray	Dire Dawa	Harari	Benishan gul	Somali	Gambela	Afar	Total
No. of MSEs	13,680	30,897	6,967	37,234	18,541	374	304	636	2,246	448	220	111,547
Amount of Credit	2,508.6	1,023.2	424.9	1,171.5	2,100.0	123.4	12.3	15.4	271.4	20.0	-	7,670.7
No. of Total Employment Created by MSEs	306,239	473,895	299,955	320,089	65,391	11,789	6,241	14,225	33,368	6,410	31,561	1,569,163
Regional Percentage Share												
No. of MSEs	12.3	27.7	6.2	33.4	16.6	0.3	0.3	0.6	2.0	0.4	0.2	100
Amount of Credit	32.7	13.3	5.5	15.3	27.4	1.6	0.2	0.2	3.5	0.3	-	100
No. of Total Employment Created by MSEs	19.5	30.2	19.1	20.4	4.2	0.8	0.4	0.9	2.1	0.4	2.0	100

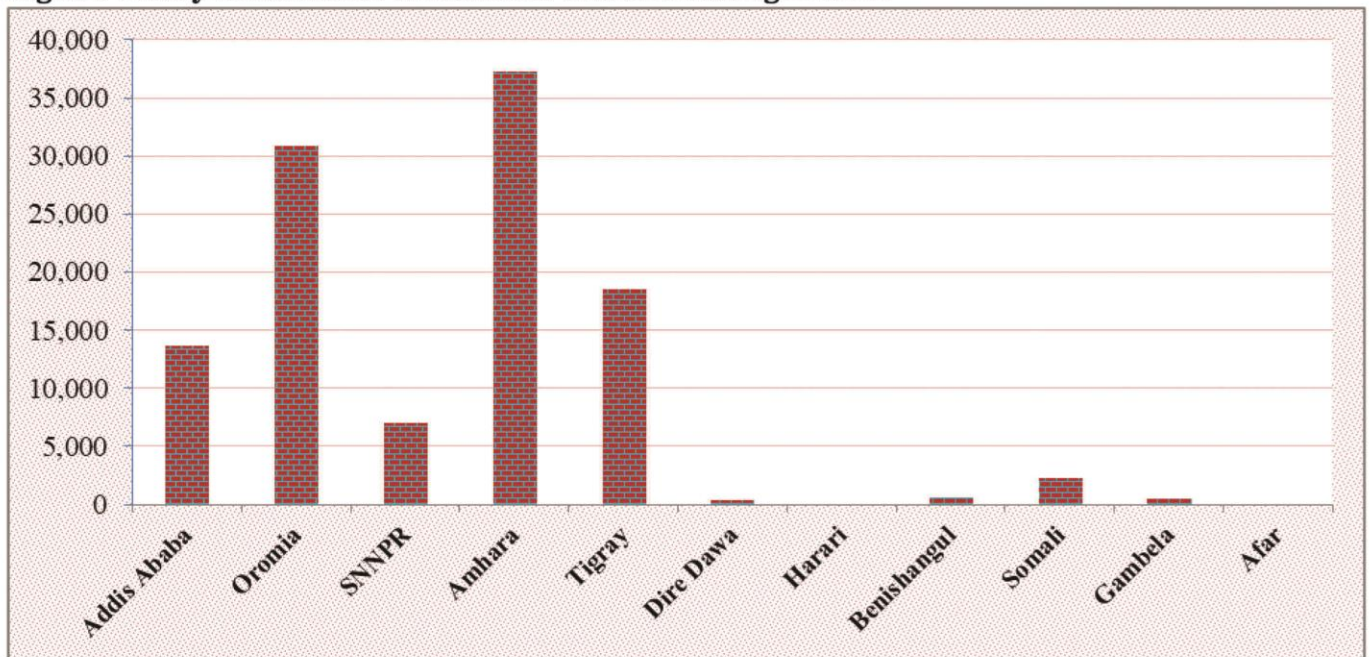
Source: FeUJCFSA

In terms of regional distribution, 33.4 percent of the newly established MSEs were located in Amhara followed by Oromia (27.7 percent), Tigray (16.6 percent), Addis Ababa (12.3 percent), SNNPR (6.2 percent), Somali (2 percent) and other regions (1.8 percent).

Of the total jobs created by these enterprises, about 30.2 percent was in Oromia, 20.4 percent in Amhara, 19.5 percent in Addis Ababa, 19.1 percent in SNNPR, 4.2 percent in Tigray, 2.1 percent in Somalia and 2 percent in Afar region.

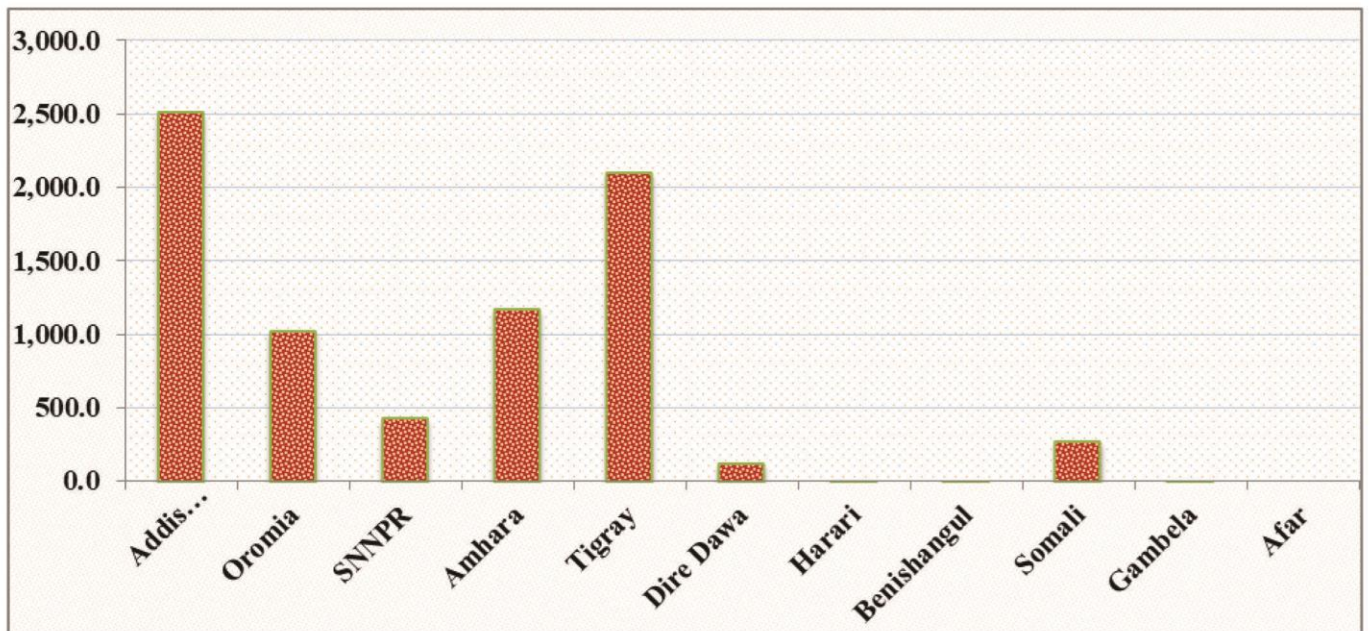


Fig.I.2: Yearly Distribution of Numbers of MSEs during 2019/20



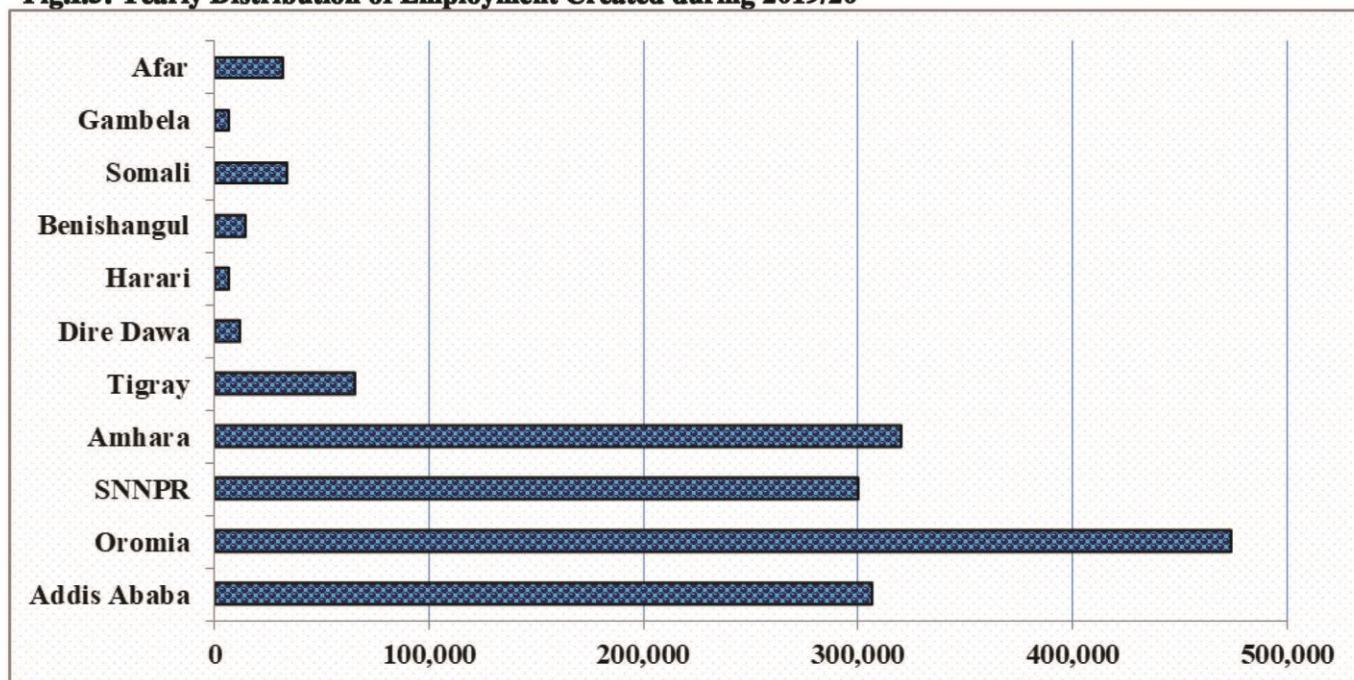
Source: FeUJCFSA

Fig.I.3: Yearly Distribution of Amount of Credit during 2019/20



Source: FeUJCFSA

Fig.I.3: Yearly Distribution of Employment Created during 2019/20



Source: FeUJCFSA

1.4. Access to Water Supply

During 2019/20, the proportion of people having access to potable water supply improved to 79.3 percent (82.7 percent rural and 66.5 percent urban population); relative to 75.9 percent (78.7 percent rural and 65.5 percent urban people) a year earlier (Table 1.7). In the other words, rural areas had relatively better access to water than urban areas.

The coverage of both urban and rural potable water supply showed 8.5 and 2.3 percentage point deficiency respectively

compared to the GTP II target set for the fiscal year.

The GTP II had set potable water supply coverage at national level at 83 percent for the year which was 3.7 percentage point higher than the actual performance.

In terms of regional states, Amhara registered 90.3 percent in people accessibility to potable water followed by Dire Dawa (84.8 percent), Somali (83.3 percent), Harari (73.9 percent), Gambella (73.7 percent), Oromia (71.2 percent), Afar (67.5 percent), Benshangul Gumuz (64 percent), Addis



Ababa (63.9 percent), SNNPR (63.6 percent) and Tigray (62.9 percent).

In terms of access to potable water in urban areas, Somalia had the leading share of 84.4 percent followed by Dire Dawa (83.5), SNNPR (81.5 percent), Amhara (70.8 percent), Tigray (69.7percent), Gambella (68.4 percent), Addis Ababa (63.9 percent), Oromia (63.8 percent), Harari (63.5 percent), Afar (57.2 percent), and Benshangul Gumuz (50.2 percent).

On the other hand, concerning people having access to potable water in rural

areas, Amhara region registered the highest performance of (94.8 percent) followed by Dire Dawa and Harari (87.2 percent each), Somali (83.1 percent), Gambella (76.7 percent), Oromia (72.6 percent), Afar (70.1 percent), Benshangul Gumuz (68.1 percent), Tigray (60.2 percent) and SNNPR (59.8 percent).

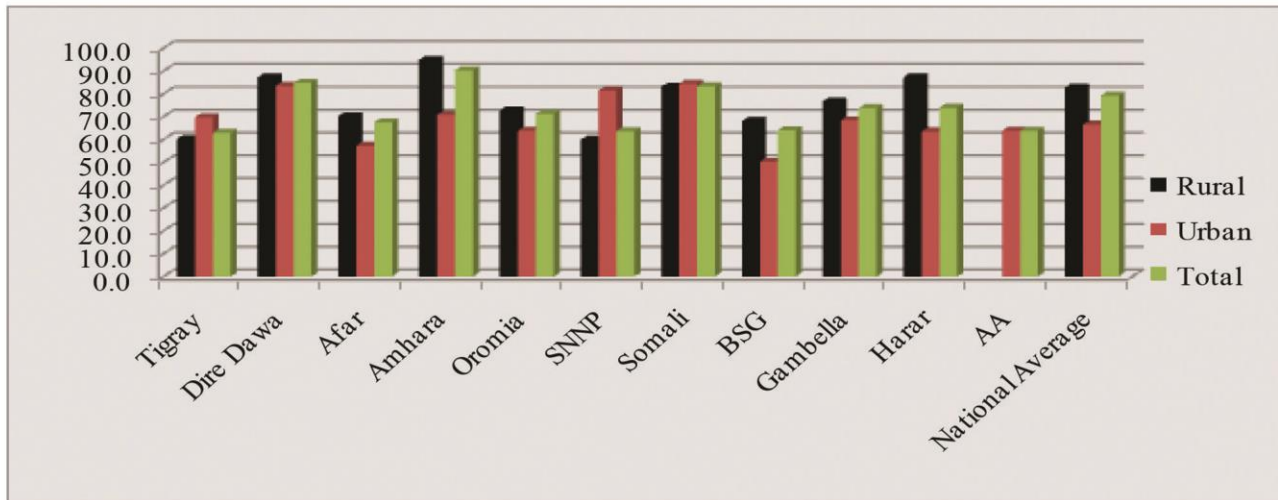
Table 1.7: Percentages of People with Access to Potable Water by Region

Regions	2018/19			2019/20			Change in percentage point		
	Rural	Urban	Total	Rural	Urban	Total	D-A	E-B	F-C
	A	B	C	D	E	F			
Tigray	60.5	60.0	60.4	60.2	69.7	62.9	-0.4	9.7	2.5
Afar	62.9	51.1	60.6	70.1	57.2	67.5	7.3	6.1	7.0
Amhara	90.1	71.1	86.7	94.8	70.8	90.3	4.7	-0.3	3.6
Oromia	66.5	64.6	66.2	72.6	63.8	71.2	6.1	-0.8	5.0
SNNPR	58.4	81.0	62.3	59.8	81.5	63.6	1.4	0.5	1.3
Somali	80.1	81.5	80.3	83.1	84.4	83.3	3.0	2.9	3.0
B.Gumuz	67.1	48.7	63.0	68.1	50.2	64.0	1.0	1.5	1.0
Gambella	75.6	61.2	70.6	76.7	68.4	73.7	1.0	7.2	3.1
Harar	85.2	64.1	73.4	87.2	63.5	73.9	2.0	-0.6	0.5
D. Dawa	82.7	86.2	84.9	87.2	83.5	84.8	4.4	-2.8	-0.1
AA	-	63.5	63.5	-	63.9	63.9	0.0	0.5	0.5
Total	78.7	65.5	75.9	82.7	66.5	79.3	4.0	1.0	3.4

Source: Ministry of Water, Irrigation and Energy and NBE Staff Computation¹

¹ This figure is calculated based on previous data and will be changed when the second round drinking water census results is completed.

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



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

1.5. Road Sector Development

1.5.1. Road Network

Total road network during 2019/20 reached 144,028 Km, showing marginally a 0.7 percent annual expansion. The country’s total road network was consisted of 55,808 Km (38.7 percent) Woreda road, 35,806 Km (24.9 percent) rural road, 28,699 Km (19.9 percent) federal road and 23,714 Km (16.5 percent) urban road. The Federal road included 15,886 Km (55.4 percent) asphalt and 12,813 Km (44.6 percent) gravel.

During the review year, rural road network reached 35,806 Km while that of Woreda road stood at 55,808 Km (Table 1.8).

Asphalt road network constituted for about 11 percent of the total road network which was lower than 16 percent target set for the year by GTP II.



Table 1.8: Classification of Road Network

(Length in km)

Year	Federal Road				Rural road		Woreda road *		Urban Roads			Total**	
	Asphalt		Gravel						Paved Length	Coble Length	Unpaved Length		
	Length	Growth rate	Length	Growth rate	Length	Growth rate	Length	Growth rate	Length	Growth rate	Length	Growth rate	
2006/07	5,452.0	9.0	14,628.0	2.2	22,349.0	10.8	57,763.7	-	NA	NA	NA	42,429.0	7.5
2007/08	6,066.0	11.3	14,363.0	-1.8	23,930.0	7.1	70,038.1	21.2	NA	NA	NA	44,359.0	4.5
2008/09	6,938.0	14.4	14,234.0	-0.9	25,640.0	7.1	85,767.0	22.5	NA	NA	NA	46,812.0	5.5
2009/10	7,476.0	7.8	14,373.0	1.0	26,944.0	5.1	100,384.9	17.0	NA	NA	NA	48,793.0	4.2
2010/11	8,295.0	11.0	14,136.0	-1.6	30,712.0	14.0	854.0	-99.1	NA	NA	NA	53,997.0	10.7
2011/12	9,875.0	19.0	14,675.0	3.8	31,550.0	2.7	6,983.0	717.7	NA	NA	NA	63,083.0	16.8
2012/13	11,301.0	14.4	14,455.0	-1.5	32,582.0	3.3	27,628.0	295.6	NA	NA	NA	85,966.0	36.3
2013/14	12,640.0	11.8	14,217.0	-1.6	33,609.0	3.2	39,056.0	41.4	NA	NA	NA	99,522.0	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	113,066	2.4
2016/17	15,886	8.6	12,813	-4.4	33,367	5.5	52,748	9.8	1,693	2,814	3,664	122,985	8.8
2017/18	15,886	0.0	12,813	0.0	35,985	7.8	56,732	7.6	1,693	2,814	850	126,773	3.1
2018/19	15,886	0.0	12,813	0.0	35,806	-0.5	55,808	-1.6	1,914	5,200	15,583	143,010	12.8
2019/20	15,886.0	-	12,813.0	-	35,806.4	0.0	55,808.0	-	1,734.4	5,797.9	16,182.1	144,028	0.7

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 2010/11 as it is non-engineered road; but it includes Woreda road.



1.5.2. Road Density

At the end of 2019/20, road density per 1,000 square Km increased to 131.3 km from 130.9 km a year ago depicting 0.3 percent expansion over the previous year.

Meanwhile, road density per 1,000 populations was 1.41 km which shows marginally down ward movement by 1.4 percent when compared with 1.43 km a year ago.

Table 1.9: Road Densities

Year	Road Density /1000 person	Road density /1000 sq. km
2006/07	0.55	38.6
2007/08	0.56	40.3
2008/09	0.57	42.6
2009/10	0.60	44.4
2010/11	0.65	48.3
2011/12	0.75	57.3
2012/13	1.00	78.2
2013/14	1.10	90.5
2014/15	1.20	100.4
2015/16	1.23	102.8
2016/17	1.30	109.2
2017/18	1.30	115.2
2018/19	1.43	130.9
2019/20	1.41	131.3
Growth rate	-1.4	0.3

Source: Ethiopian Roads Authority

1.5.3. Road Accessibility

In 2019/20, annual average distance from all-weather roads stood at 4.6 km which was similar with a year ago while, the proportion of area more than 5km from all-weather roads dropped to 33.4 percent from 33.5 percent of the last year (Table 1.10).

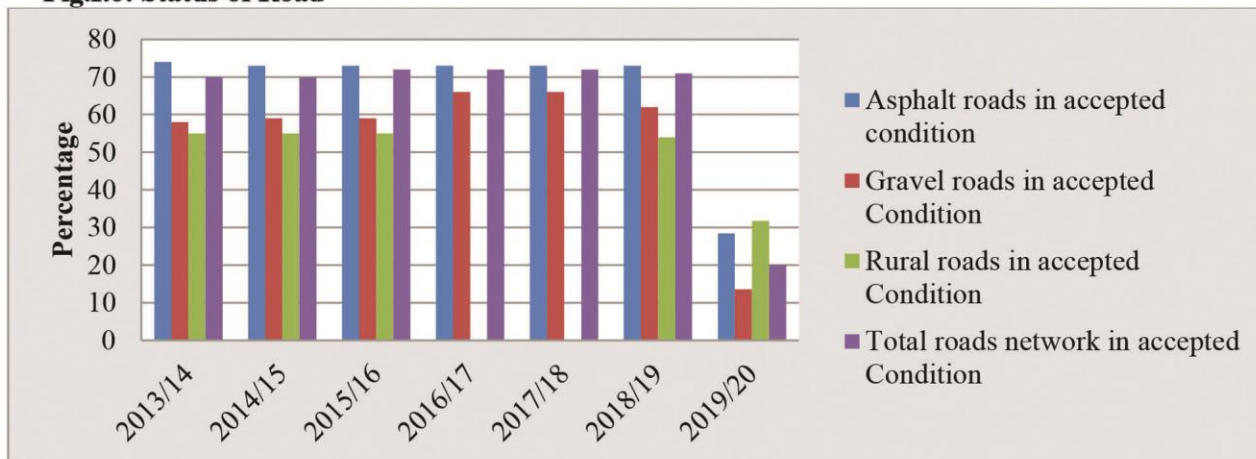
Exclusively 29 percent of the asphalt road and 14 percent of the gravel road were in acceptable condition during the review period (Figure I.6).

Table 1.10: Road Accessibility

Indicator	2018/19	2019/20	Percentage change
Proportion of area more than 5Km from all-weather road	33.5	33.4	-0.3
Average distance from all-weather roads	4.6	4.6	0.0

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.

During the review year, total investment in road construction and expansion increased by 11.7 percent to Birr 41.7 billion from Birr



37.3 billion a year ago (Table 1.11 and fig.I.7).

Investment in the federal road construction and expansion constituted for 80.6 percent of the total road investment capital and

reached at Birr 33.6 billion, while regional roads accounted 14.5 percent followed by Woreda road 4.9 percent (Table 1.11) and (Fig.1.7).

Table 1.11: Investments in the Road Sector

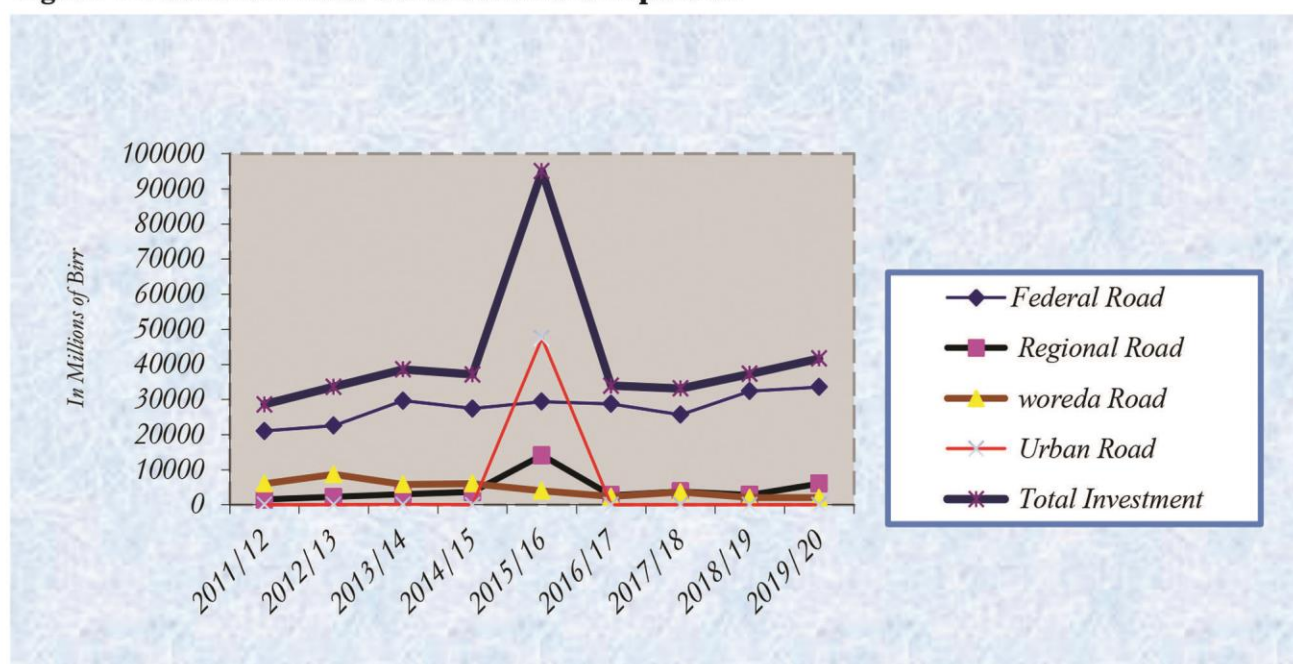
(In millions of Birr)

Road type	2018/19		2019/20		Percentage change
	A	Share (In %)	B	Share (In %)	
Federal roads	32,430.4	86.9	33,572.7	80.6	3.5
Regional road	2,851.5	7.6	6,034.4	14.5	111.6
Woreda road	2,021.8	5.4	2,058.9	4.9	1.8
Urban road*	-	-	-	-	-
Total	37,303.8	100	41,666.0	100	11.7

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.

Primary education (1-8 grades) enrolments during 2019/20 fiscal year went up to 20.4 million from 20 million in 2018/19 fiscal year which shows a 2 percent increase compared to last year due to increase in gross enrolment ratio of grade (5-8) by 2 percentage point. During the review period, the number of primary schools reached 37,742 from 37,039 in the preceding year showing the establishment of 703 new schools or 1.9 percent growth relative to the previous year. Of the total number of primary schools, 31,586 (83.7 percent) were located in rural areas and 5,305 (14.1 percent) in urban centers.

Similarly, secondary education enrolments surged by 22.9 percent compare to last year and reached 3.5 million. At the end of 2019/20 the number of secondary schools

stood at 3,687 demonstrating marginally a 1.4 percent decline over the previous year.

On the other hand, technical & vocational education and training (TVET) enrolment became 317,727; depicting 17.9 percent decrease relative to the previous year. In 2019/20 there were 1,568 TVET institutions in the country under both government and non-government ownership.

The share of total education expenditure from the annual government expenditure was 24.9 percent which was similar with the preceding year.

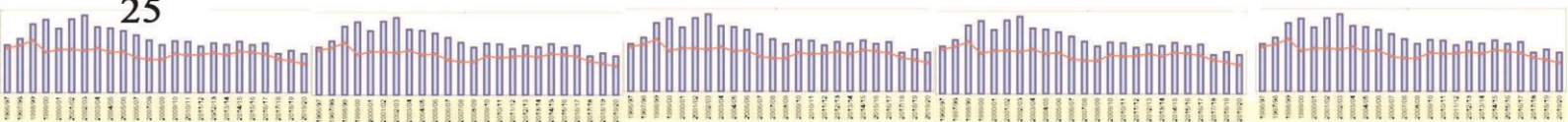


Table 1.12: Education Sector Data

Indicators	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	2006	2007	2008	2009	2010	2011	2012
Number of primary schools (urban, rural) & including others (in thousands)	32,048	33,373	34,867	35,887	36,466	37,039	37,742
i. Urban	4,451	4,769	24,985	5,185	5,504	5,799	5,305
ii. Rural	27,597	28,604	29,856	30,654	30,933	31,188	31,586
Number of secondary schools(urban, rural) & including others (in thousands)	2,329	2,830	3,156	3,380	3,594	3,739	3,687
i. Urban	1,636	1,891	1,973	20,53	2,171	2,242	1,938
ii. Rural	693	939	1,178	1,321	1,418	1,490	1,525
No of TVET centers (public, private, mission)	437	919	919	919	919	1,567	1,568
Number of tertiary level institutions (public, private)	124	171	172	171	177	227	329
Universities	33	33	37	37	49	50	55
Participation of women in higher education institutions (%)	32	35	34.1	34.9	34.1	35.5	NA
Primary enrolment (in millions)	18.3	18.7	20.0	20.8	20.7	20.0	20.4
Secondary enrolment (in thousands)	1,998	2,108	2,421	2,559	2,666	2,820	3,466
TVET enrolment	238,049	265,745	304,139	302,083	292,378	386,811	317,727
Girls' primary enrolment (%)	48	47.2	47.1	46.9	46.9	79.8	49
Grades (1-4) gross enrolment ratio (%)	136.9	140.3	144.74	140.8	137.2	127.5	126.2
a. Girls' gross enrolment ratio (%)	130.5	132.7	6136.6	132.7	129.4	120.4	119.3
b. Boys' gross enrolment ratio (%)	143	147.6	152.5	148.8	144.9	134.4	132.9
Grades (5-8) gross enrolment ratio (%)	64.1	66.3	71.11	74.4	80	79.8	81.8
a. Girls' gross enrolment ratio (%)	63.4	64.8	68.9	71.4	75.4	76.2	78.5
b. Boys' gross enrolment ratio (%)	64.7	67.8	73.3	77.3	82.7	83.2	84.9
Girls' gross primary enrolment ratio (%)	97.8	99.5	103.5	105.7	103.5	99.2	99.8
Boys' gross primary enrolment ratio (%)	104.8	108.5	113.7	117	115	109.9	109.9
Gross Primary Enrolment ratio (%)	101.3	104	108.7	111.4	109.3	104.6	104.9
Tigray	105.3	118.8	114.1	116.7	117.5	112.9	108.6
Afar	53.2	70.3	66.2	66.0	59.5	56.9	53.6
Amhar	106.7	110.3	111.6	112.1	107.7	102.5	96
Oromia	89.3	94.8	104.3	106.2	107.2	106.2	107.9
Somali	84.8	91.7	95.9	91.3	95.6	84.1	90.4
Ben.Gumuz	95.4	107.0	109.6	117.8	119.2	114.4	110.6
SNNPR	100.3	108.4	115.5	123.9	116.7	106.5	111.5
Gambella	136.4	151.4	154.4	150.3	145.7	148.3	156.6
Harari	98.1	101.8	107.9	110.7	110.8	121.3	130
A.A	163.6	150.6	146.3	138.8	134.9	135.0	132.7
Dire Dawa	91.4	67.5	70.2	108.6	105.8	110.4	110.5
Primary net enrolment rate (%)	89	94.3	100.3	99.9	100.0	94.7	95.3
No. of students registered in the first cycle primary schools(1-4) (in millions)	12.7	12.8	13.6	13.5	13.6	12.7	12.8
No. of students registered in the second cycle primary schools(5-8) (in millions)	5.6	5.9	6.4	7.3	7.2	7.3	7.6

Table 1.12: Continued

Indicators	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	2006	2007	2008	2009	2010	2011	2012
Number of students registered in the first cycle secondary schools(9-10) (in millions)	1.6	1.7	1.9	2.0	2.1	2.2	2.3
Gross enrolment rate in (9-10 grades) %	39.3	39.8	44.8	47.1	47.6	48.5	51.1
Preparatory admission(in millions)	0.39	0.42	0.5	0.52	0.6	0.6	0.7
Completion rate of primary School (%)	46.7	51.3	54.3	54.1	57.7	62.1	71
Girls/boys ratio in primary schools (%)	91	89.8	89	88.4	88.1	88.1	88.6
Girls/boys ratio in secondary schools (%)	89	89.9	89.7	88.4	86.4	84.7	85
Girls/boys ratio in (9-10) (%)	90	92.9	91.1	89.7	89	86.8	88.7
Girls/boys ratio in (11-12) (%)	82	87.6	84.8	83.4	81	77.9	77.7
Girls/boys ratio in TVET (%)	105	109.7	108.1	105.4	103.4	81.8	96
Girls/boys ratio in higher education (%)	46	49.9	51.8	55.6	51.8	52.1	53
Grade 1-8(primary) repetition rates (%)	8.4	7.3	6.7	7.2	5.3	4.1	5
Primary school dropout rate (%)	7.9	9.9	10.1	11.7	11.1	17.5	13.9
1 st grade dropout rate (%)	22.5	23.9	19	16.8	19.5	25	22
Pupil to teacher ratio							
i. Grade (1-8)	47	46	46	43	43	39	39
ii. Grade (9-12)	27.8	26.4	26.5	26	26	22.5	24
iii. TEVT	18.6	16.5	12.6	11	15	13.3	13.3
iv. In higher education	25.9	26.4	20.1	13.3	17	20.3	19
Pupil to Section Ratio							
i. Grade (1-8)	54	54	55	43	56	53	52.5
ii. Grade (9-12)	56.9	57	54	57	56	49.7	64.3
Number of class rooms in primary schools	321,468	3,41086	365,530	457,309	380,979	502,738	379,601
Pupil to Textbook Ratio							
i. Grade(1-8)	1	4.2	3.8	4.2	4.1	4	4
ii. Grade(9-12)	1	13	11.8	10.3	12	10.9	9
Pupil to School Ratio							
i. Grade(1-8)	571	560	573	580	567	628	528
ii. Grade(9-12)	857	744.9	767.2	754	741	568	940
iii. TEVT	545	383	331	329	318	246.8	NA
Proportion of pupils starting grade 1 who reach grade 5(%)	55.5	55.75	56.5	53.5	53	53	54
Percentage of female enrolled in under graduate degree (%)	30.3	34.7	34.1	35.7	36	37	37.8
Percentage of female graduated in under-graduate degree (%)	25.6	28.5	33.4	31.3	33.2	35.8	NA
Percentage of female enrolled in post-graduate degree	19.5	23.8	23.1	17.8	16.6	18.1	10
Percentage of female graduated in post-graduate degree	15	16.7	18.9	18.3	17.6	20	NA
Annual education share of the national expenditure{%)}	25	24.9	24.3	26.1	25	24.9	24.9



1.7. Telecommunication

Telecommunication is one of the prime support services needed for rapid growth 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, enhance competitiveness and boost regional economic integration.

Cognizant of this fact, the Ethiopian government has made major investment for improving service quality, expansion of 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 2019/20 fiscal year, total number of subscribers reached 46.2 million showed 5.8 percent growth relative to last year. This was attributed to 6.2 percent increase in mobile voice and 31.5 percent rise in internet & data subscribers despite 19.6 percent decrease in fixed voice service subscribers. Of the total subscribers, mobile voice constituted a

lion's share of 44.5 million or (96.4 percent) followed by fixed voice service 979 thousand or (2.1 percent) and internet & data 660 thousand or (1.4 percent) ²(Table 1.13).

²Ethio-telecom has started reform in line with international telecom union (ITU) procedure and hence the reporting formats and values have been changed since 2017/18.

Table 1.13: Number of Subscribers

Service Type	2018/19	2019/20	Percentage Change
Total subscriber base	43,635	46,154	5.8
Mobile voice subscriber	41,916	44,515	6.2
Internet and data subscriber	502	660	31.5
Fixed voice service subscriber	1,217	979	-19.6
Internet and data user	21,799	23,799	9.2
Mobile voice	41,916	44,515	6.2
Residential	41,498	44,034	6.1
Enterprises	418	480	14.8
Broad band & internet subscriber	216	212	-1.9
Residential	112	137	22.3
Enterprises	104	75	-27.9
Narrow band data & internet subscriber	286	266	-7.0
Residential	2	1	-50.0
Enterprises	284	265	-6.7
Fixed voice	1,217	979	-19.6
Residential	835	604	-27.7
Enterprises	382	375	-1.8
Broad band data & internet user	21,794	23,533	8.0
Broad band data Residential	21,657	23,259	7.4
Broad band data enterprise	137	274	100.0
Narrow data & internet user	6	266	4,333.3
Narrow band residential	3	1	-66.7
Narrow band enterprise	3	265	8,733.3

Source: Ethio-Telecom

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

The country's telecommunication penetration rate (telecom density) has increased from 43.1 percent in 2018/19 to 45.9 percent; in 2019/20 owing to the improvement in mobile density to 44.9 percent from 41.9 percent a year ago. At

the same time, internet and data density rose to 24 from 21.8 while fixed line density went down to 1 per 100 subscribers compared to 1.2 per 100 subscribers a year ago (Table 1.14).



Table 1.14: Telecom Density

Tele density/100 Subscribers*	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Fixed line	1	1	1.2	1.2	1.2	1.0
Mobile	33.3	43	61.6	39.8	41.9	44.9
Total	34.3	44	63.5	41.0	43.1	45.9
Internet and data	7.3	10	17.5	18.5	21.8	24.0

Source: Ethio-Telecom

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

Ethio-telecom's income increased by 31.4 percent to Birr 47.7 billion in 2019/20 vis-à-vis Birr 36.3 billion in 2018/19. Similarly, total expenses of the company rose by 12.3 percent and reached Birr 23 billion during

the review period. Hence, its gross profit stood at Birr 24.7 billion, about 57.1 percent higher than in the previous year (Table 1.15).

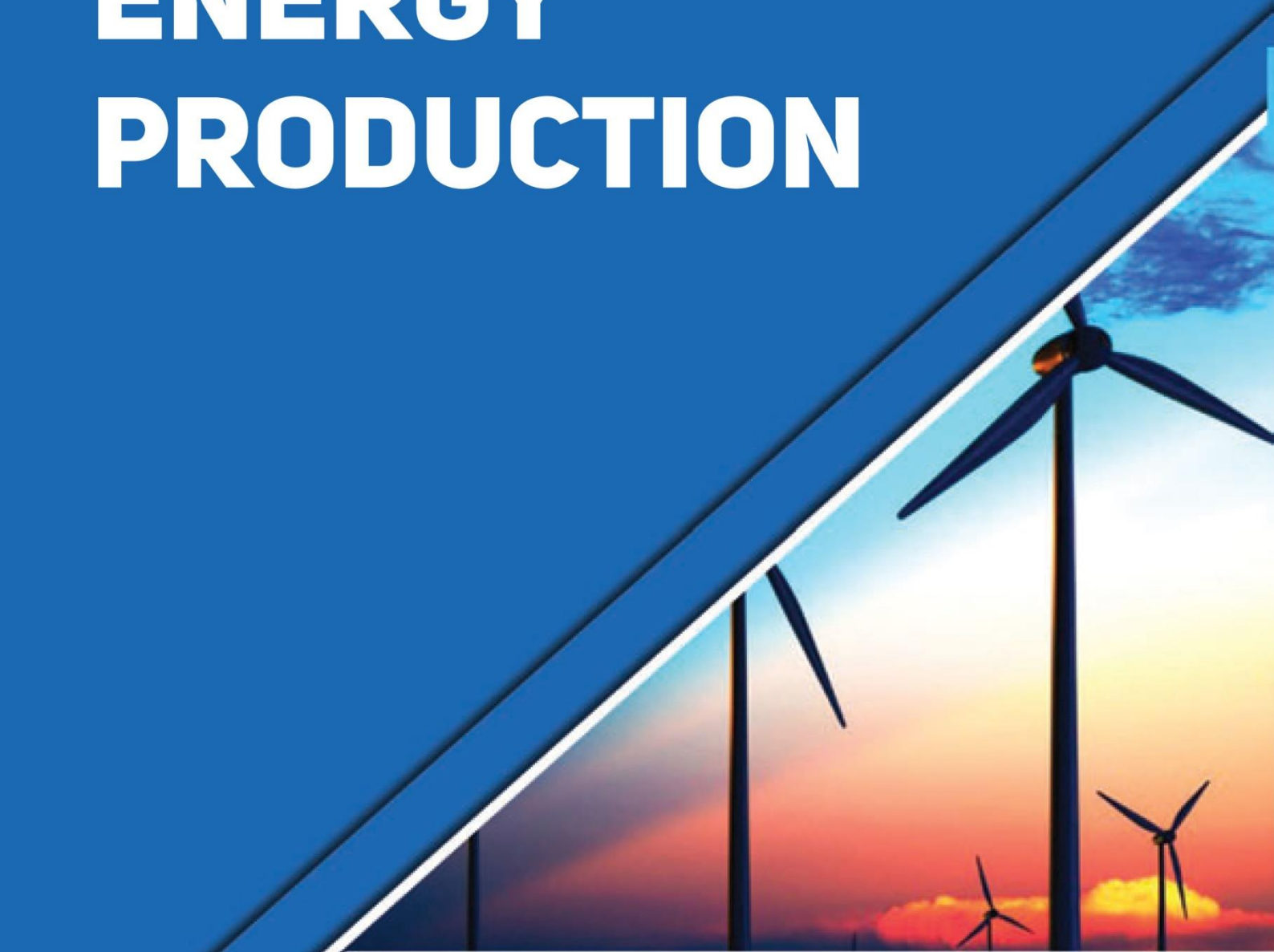
Table 1.15: Financial Performance and Asset of Ethio -Telecom

(In Billions of Birr)

Finance and Asset	2017/18	2018/19	2019/20	Percentage Change	
	A	B	C	C/A	C/B
Income	34.0	36.3	47.7	40.3	31.4
Expense	24.7	20.5	23.0	-6.9	12.3
Gross Profit	9.3	15.7	24.7	166.7	57.1
Assets	49.5	54.1	59.1	19.4	9.2
Fixed Gross	47.2	-	-	-	-
Depreciation	4.3	4.7	4.1	-4.7	-12.8

Source: Ethio – Telecom

ENERGY PRODUCTION



II. ENERGY PRODUCTION

2.1. Electric Power Generation

Ethiopia has immense potential for hydroelectric power, geothermal and wind energy generation. According to the Ethiopian Electric Power (EEP), the country has an estimated hydro-power potential of 45,000 MW, geothermal of 10,000 MW and 1.3 million MW from wind farm. Currently, 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, limited capacity of the system, and the need for having a better power generation mix, the country has ventured 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 to have a huge potential for solar energy in Africa because of its geographical location near the equator.

As part of Ethiopia’s plan to become a major power exporter in East Africa, the country is building several geothermal power plants which will serve as crucial inputs to economic growth to become a carbon-neutral middle income economy by 2025. The geothermal development will help Ethiopia achieve sustainable energy supply in line with the country’s green economy.

The total amount of electric power generated during 2019/20 was 15.2 billion KWH, showing 9.8 percent year-on-year growth. Of the total production 94.8 percent of the electric power was derived from hydropower, 4 percent from wind and 1.2 percent from biomass sources.

The hydro power energy production got momentum as the total electric energy generated increased to 14.4 billion KWH from 13.2 billion KWH depicting 9



percent annual expansion, while energy production from wind and biomass rose

by 4.2 and 314.7 percent respectively over last year (Table 2.1).

Table 2.1: Electric Power Generation in ICS and SCS

(In '000 KWH)

Source		2017/18		2018/19		2019/20		Percentage Change	
		[A]	Share (In %)	[B]	Share (In %)	[C]	Share (In %)	[C/A]	[C/B]
ICS	Hydro Power	13,253,841.6	95.2	13,211,643.8	95.5	14,403,774.7	94.8	8.7	9.0
	Thermal Power	141,529.1	1.0	-	-	-	-	-	-
	Geothermal	-	-	-	-	-	-	-	-
	Wind	519,605.0	3.7	584,735.3	4.2	609,026.6	4.0	17.2	4.2
	Biomass	-	-	43,254.5	0.3	179,372.6	1.2	-	314.7
Sub Total		-	-	13,839,633.7	100	15,192,173.8	100	-	9.8
SCS	Hydro Power		-	-	-	-	-	-	-
	Thermal Power	2,819.0	0.0	-	-	-	-	-	-
Sub Total		2,819.0	0.0	-	-	-	-	-	-
Total	Hydro Power	13,253,841.6	95.2	13,211,643.8	95.5	14,403,774.7	94.8	8.7	9.0
	Thermal Power	144,348.1	1.0	-	-	-	-	-	-
	Geothermal		-	-	-	-	-	-	-
	Wind	519,605.0	3.7	584,735.3	4.2	609,026.6	4.0	17.2	4.2
	Biomass	-	-	43,254.5	0.3	179,372.6	1.2	-	314.7
Grand Total		13,917,794.7	100	13,839,633.7	100	15,192,173.8	100	9.2	9.8

Source: Ethiopian Electric Power

2.2. Volume and Value of Petroleum Imports

During 2019/20, about 3.9 million metric tons of petroleum products worth Birr 62.1 billion were imported by the Ethiopian Petroleum Enterprise. As compared to previous year, total value of petroleum imports decreased by 11.4 percent owing to lower international oil price and the 0.6

percent marginal decrease in volume of petroleum imports. The volume of fuel oil import increased by 21.6 percent followed by regular gasoline (14 percent) and gas oil (2.9 percent), while jet fuel dropped by 21.8 percent.

On the other hand, the value of jet fuel went down by 28.1 percent, gas oil 8.6 percent and fuel oil 1.5 percent while that of regular

gasoline increased by 2.6 percent (Table 2.2).

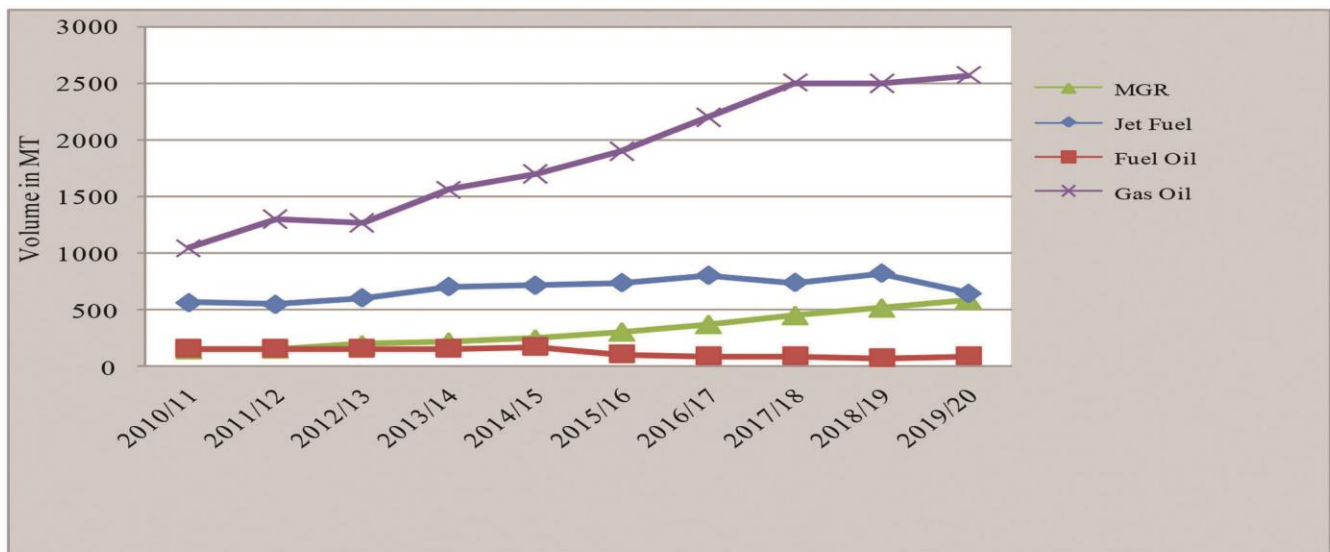
Table 2.2: Volume and Value of Petroleum Imports

(Volume in MT and Value in '000 Birr)

Petroleum Products	2018/19		2019/20		Percentage Change	
	Volume	Value	Volume	Value	C/A	D/B
	A	B	C	D		
Regular Gasoline (MGR)	506,739.2	9,409,641.9	577,442.0	9,650,401.7	14.0	2.6
Jet Fuel	819,998.6	15,445,870.0	641,131.1	11,102,669.9	(21.8)	(28.1)
Fuel Oil	66,148.8	972,771.9	80,447.4	958,067.6	21.6	(1.5)
Gas Oil (ADO)	2,496,721.8	44,131,939.7	2,568,176.1	40,345,726.1	2.9	(8.6)
Total	3,889,608.3	69,960,223.5	3,867,196.6	62,056,865.3	(0.6)	(11.3)

Source: Ethiopian Petroleum Enterprise

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



Source: Ethiopian Petroleum Enterprise

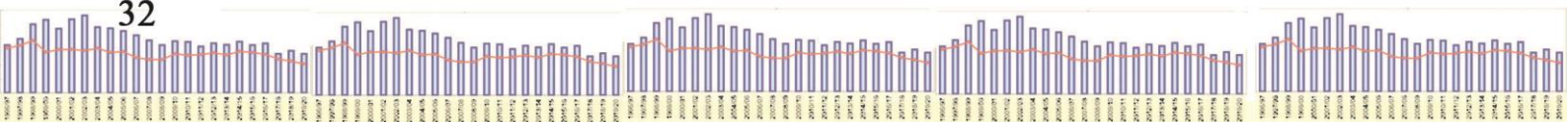
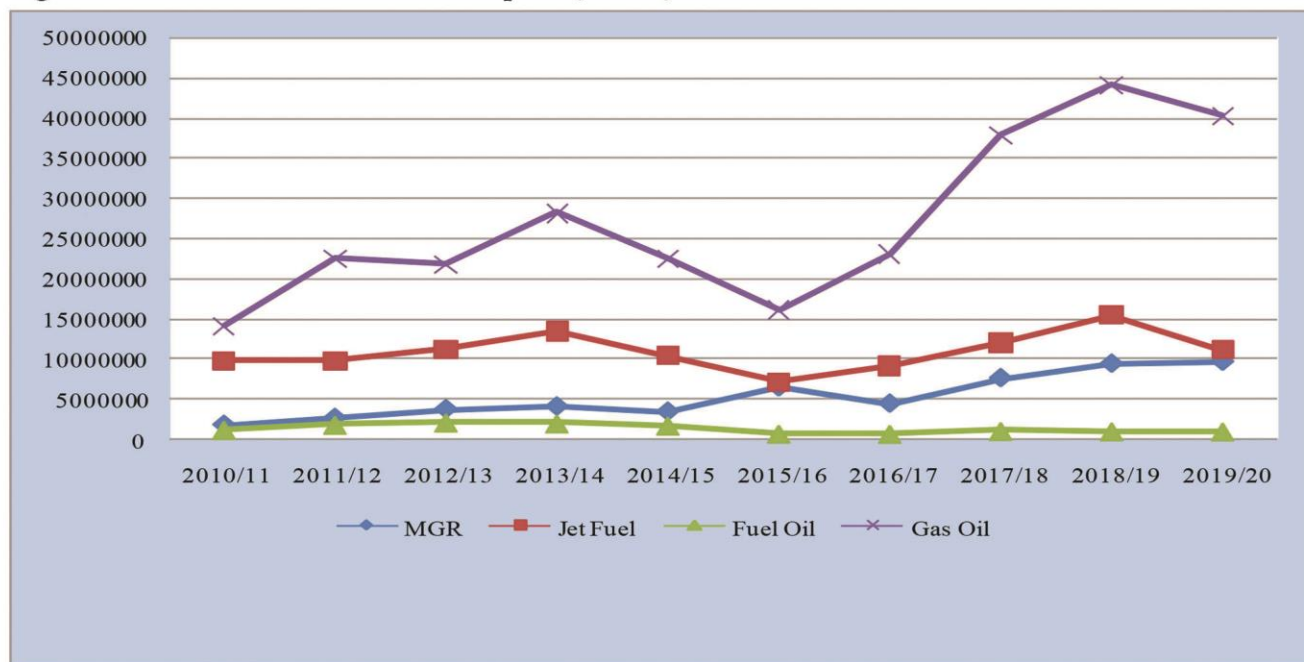


Fig.II.2: Trends in Value of Petroleum Imports (In ‘000)



Source: Ethiopian Petroleum Enterprise

In line with the movement in international oil prices, domestic retail prices were adjusted upwards. As a result, retail prices of fuel oil increased by 37.7 percent, regular

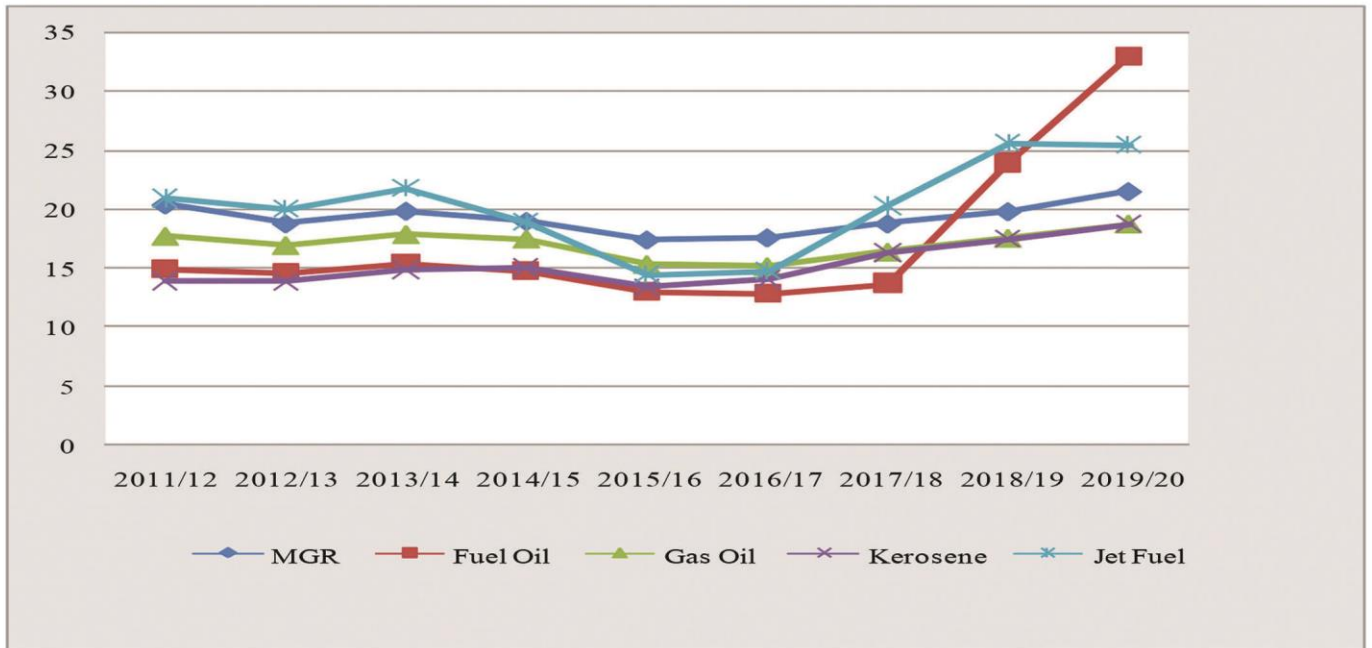
gasoline 8.7 percent, gas oil & kerosene by 7 percent each, while jet fuel price dropped by 1.1 percent (Table 2.3).

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

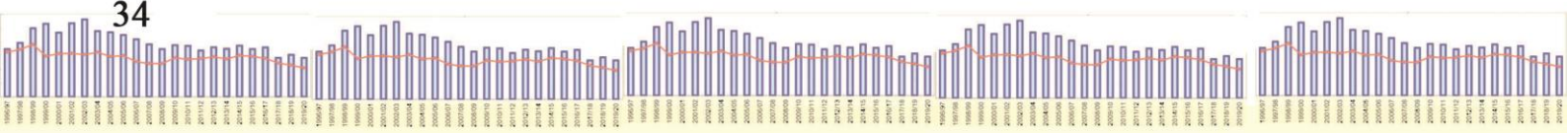
Year	Quarter	Regular Gasoline (MGR)	Fuel Oil	Gas Oil	Kerosene	Jet fuel
2017/18	Qtr.1	18.77	13.69	16.35	16.35	15.04
	Qtr.2	18.77	13.69	16.35	16.35	19.06
	Qtr.3	18.77	13.69	16.35	16.35	22.59
	Qtr.4	18.77	13.69	16.35	16.35	24.37
	Average	18.77	13.69	16.35	16.35	20.27
2018/19	Qtr.1	18.77	13.69	16.35	16.35	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
2019/20	Qtr.1	21.53	32.91	18.75	18.75	24.68
	Qtr.2	21.53	32.91	18.75	18.75	26.58
	Qtr.3	21.53	32.91	18.75	18.75	27.50
	Qtr.4	21.53	33.34	18.75	18.75	22.62
	Average	21.53	33.02	18.75	18.75	25.35
	Annual percentage change	8.7	37.7	7.0	7.0	-1.1

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

In 2019/20, the annual average headline inflation rose to 19.9 percent from 12.6 percent a year ago. This was largely owing to 10.2 percent rise in food & non-alcoholic beverages inflation from 13.1 percent to 23.3 percent and 3.9 percent increase in non-food inflation from 11.9 to 15.8 percent (Table 3.1).

Annual average food & non-alcoholic beverages inflation scaled up to 23.3 percent from 13.1 percent last year depicting a 10.2 percentage point annual increase, on account of higher price inflation of bread & cereals (14.1 percentage point), fruit (12.1 percentage point), food products not classified elsewhere, (10.8 percentage point), vegetables (10.7 percentage point), non-alcoholic beverage (10.6 percentage point), oils & fats (10.4 percentage point) and meat (5.7 percentage point) (Table 3.3 and Fig 3.1).

Likewise, annual average non-food inflation scaled up by 3.9 percent and reached 15.8 percent in 2019/20 due to higher inflation in alcoholic beverage & tobacco (11.9 percentage point), transport (11.0 percentage point), housing, water, electricity, gas & other fuels (9.6 percentage point), restaurant & hotel (4.3 percentage point), recreation & culture (2.8 percentage point), communication (1.5 percentage point), health (1.3 percentage point) and miscellaneous goods (0.8 percentage point) (Table 3.4 and Fig 3.1).

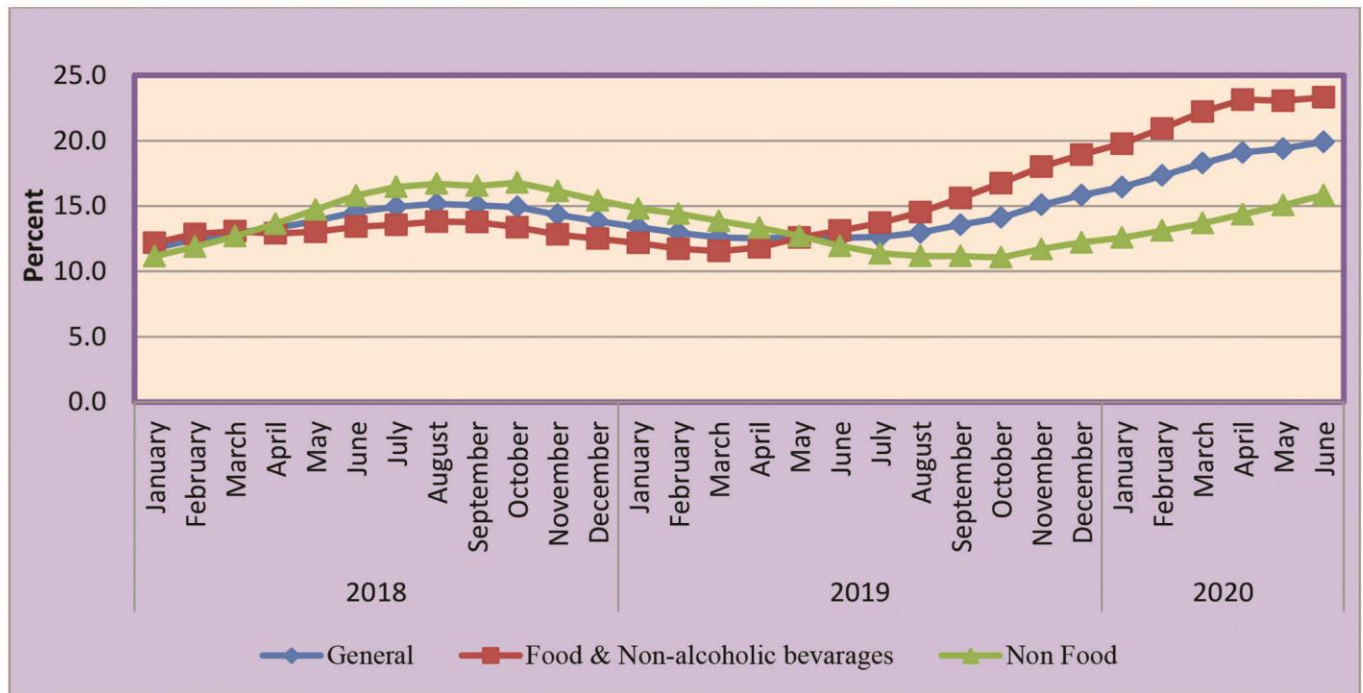
Similarly, headline inflation surged to 21.5 percent from 15.3 percent a year ago on the account of a 3.3 percentage point increase in food & non-alcoholic beverages inflation and 9.2 percentage points in non-food inflation (Table 3.2 and Fig.3.2).

Table 3.1: Annual Average Inflation Rates (in %)

Items	Weight	2018/19	2019/20	Change (in %age Points)	Contribution to Change in Headline Inflation (%age points)
		A	B	B-A	C
General	100	12.6	19.9	7.3	7.3
Food & Non-alcoholic beverages	54	13.1	23.3	10.2	5.5
Non-Food	46	11.9	15.8	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

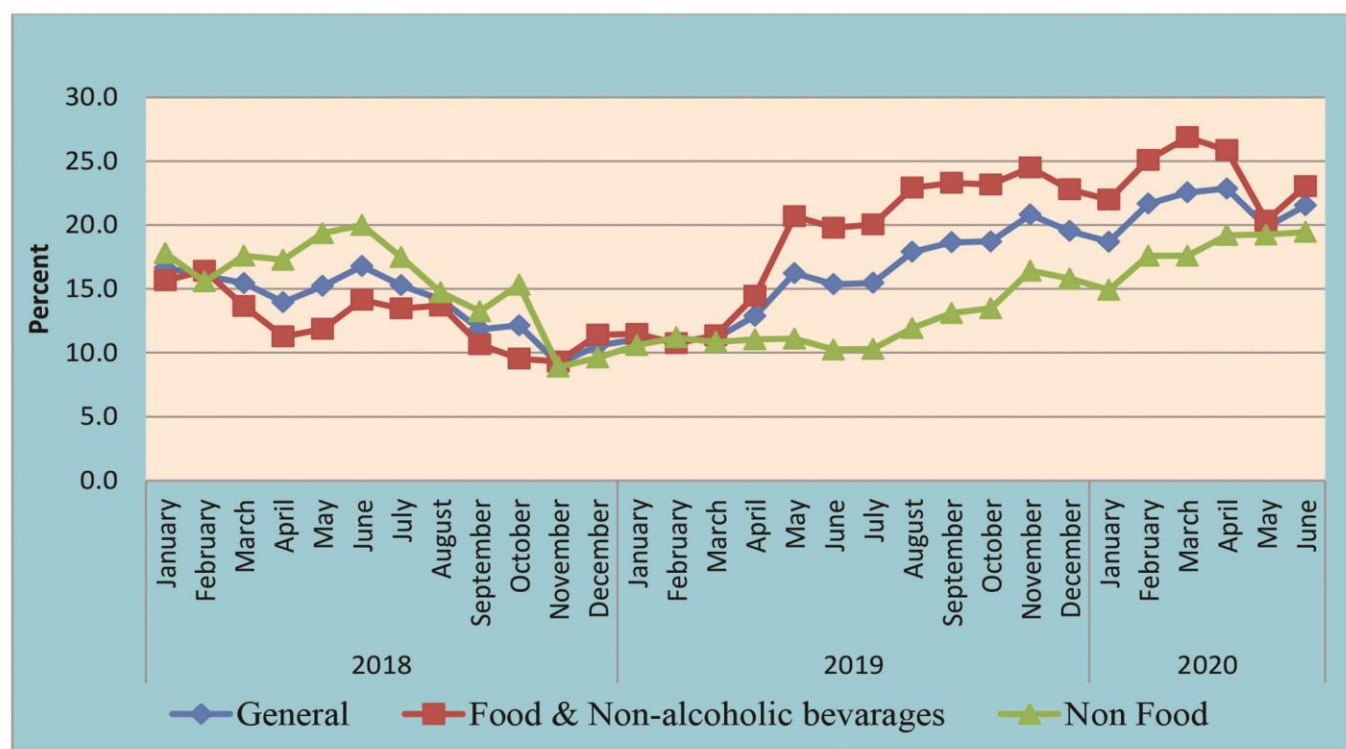


Table 3.2: Annual Inflation Rates (In percent)

Items	Weight	2018/19	2019/20	Change (in %age Points)	Contribution to Change in Headline Inflation(%age points)
		A	B	B-A	C
General	100	15.3	21.5	6.2	6.2
Food & Non-alcoholic beverages	54	19.8	23.0	3.3	1.8
Non-Food	46	10.2	19.4	9.2	4.2

Source: CSA and NBE Staff Computation

Fig.3.2: Development in Annual National Inflation Rate



Source: CSA and NBE Staff Computation

Table 3.3: Annual Average Food Inflation Rates (In percent)

(Dec2016=100)

Items	Weight	2018/19	2019/20	Change(in %age Points)	Contribution to Change in Food Inflation(%age points)
		A	B	B-A	C
Food & Non-alcoholic beverages Inflation	0.54	13.1	23.3	10.2	0.1
Bread & Cereals	0.17	14.2	28.3	14.1	0.0
Meat	0.04	18.6	24.3	5.7	0.0
Fish and sea food	0.00	9.1	8.4	-0.6	0.0
Milk, cheese & egg	0.03	17.2	13.5	-3.7	0.0
Oils & Fats	0.04	2.1	12.6	10.4	0.0
Fruit	0.00	12.7	24.8	12.1	0.0
Vegetables	0.12	17.2	27.9	10.7	0.0
Sugar jam, honey, chocolate	0.01	10.5	3.2	-7.3	0.0
Food products n.e.c	0.06	9.3	20.1	10.8	0.0
Non-alcoholic beverages	0.05	3.5	14.2	10.6	0.0

Source: CSA and NBE Staff Computation

Table 3.4: Annual Average Non- Food Inflation Rates (In percent)

(Dec2016=100)

Items	Weight	2018/19	2019/20	Change(in %age Points)	Contribution to Change in Non-Food Inflation(%age points)
		A	B	B-A	C
Non-Food Inflation	0.46	11.9	15.8	3.9	0.0
Alcoholic Beverages and tobacco	0.05	6.8	18.7	11.9	0.0
Clothing and Footwear	0.06	18.2	9.0	-9.2	0.0
Housing, Water, Electricity, Gas and other Fuel	0.17	9.7	19.4	9.6	0.0
Furnishings, Household Equipment and Routine maintenance of houses	0.05	17.0	9.4	-7.6	0.0
Health	0.01	14.7	16.0	1.3	0.0
Transport	0.02	12.9	23.8	11.0	0.0
Communication	0.02	-0.8	0.7	1.5	0.0
Recreation and culture	0.00	7.7	10.5	2.8	0.0
Education	0.00	15.3	7.5	-7.8	0.0
Restaurant & hotel	0.05	14.2	18.4	4.3	0.0
Miscellaneous Goods	0.03	14.7	15.4	0.8	0.0

Source: CSA and NBE Staff Computation



3.2 Consumer Price Developments in Regional States

In 2019/20, regional simple average headline inflation increased to 21.3 percent from 12.9 percent a year earlier. Tigray, Benshanlgul-Gomuz, Harari and SNNP registered annual headline inflation rates greater than the regional simple average headline inflation (Table 3.3). Tigray regional state experienced the highest headline inflation of 24.3

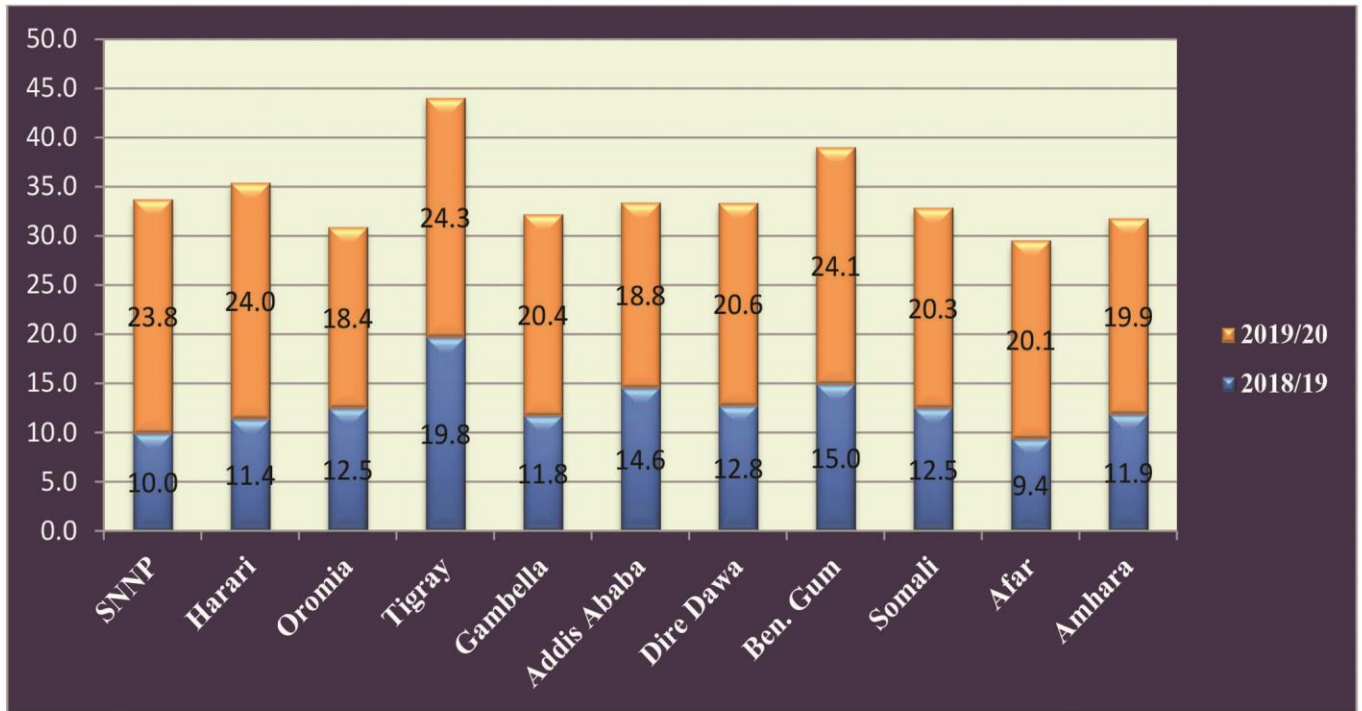
percent; while the lowest (18.4 percent) was recorded in Oromia, revealing 5.9 percentage point margin in the rates of inflation between regions with highest and lowest headline inflation (Table 3.5).

Table 3.5: Regional Average Annual Inflation (2019/20 FY)

Regions	2018/19			2019/20			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	10.0	9.6	10.4	23.8	24.5	22.8	13.8	14.9	12.4
Harari	11.4	14.4	9.3	24.0	26.2	22.2	12.5	11.8	12.9
Oromia	12.5	11.4	14.0	18.4	23.9	11.3	5.8	12.4	-2.6
Tigray	19.8	23.3	16.6	24.3	26.1	22.5	4.5	2.8	6.0
Gambela	11.8	14.9	7.9	20.4	22.8	17.4	8.7	7.9	9.5
Addis Ababa	14.6	15.0	14.3	18.8	25.9	13.9	4.2	11.0	-0.4
Dire Dawa	12.8	20.5	6.8	20.6	25.6	16.1	7.8	5.1	9.4
Ben. Gumuz	15.0	11.4	18.6	24.1	29.9	18.6	9.1	18.6	0.0
Somali	12.5	16.5	7.8	20.3	20.3	20.4	7.8	3.8	12.6
Afar	9.4	11.3	7.6	20.1	26.3	13.9	10.7	14.9	6.4
Amhara	11.9	13.3	10.4	19.9	23.7	15.6	8.0	10.5	5.2
Regions Average	12.9	14.7	11.2	21.3	25.0	17.7			
Standard deviation	2.8	4.1	4.0	2.2	2.4	3.9			
Coefficient of variation	0.2	0.3	0.4	0.1	0.1	0.2			

Sources: CSA and NBE's staff computation

Fig.3.3: Variation in Regional Annual Average Headline Inflation



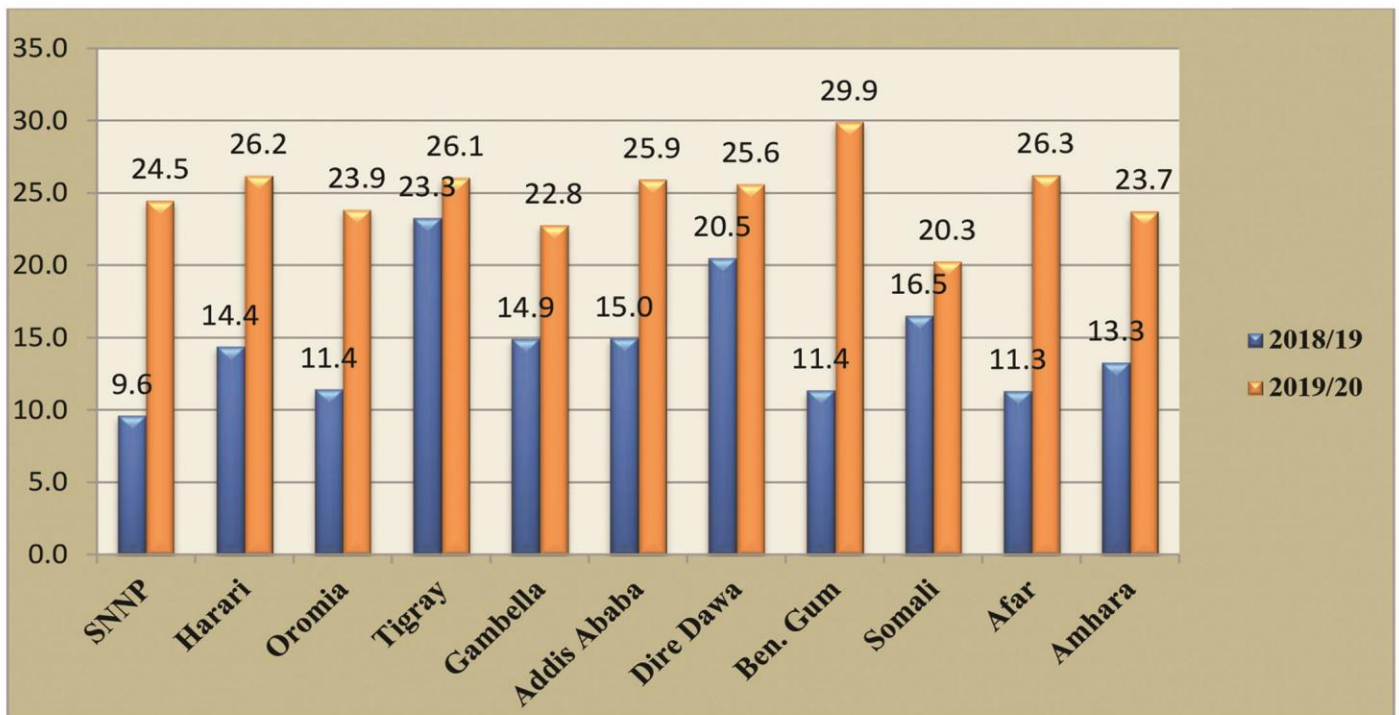
Sources: CSA and NBE’s staff computation

The regional simple average food & non-alcoholic beverages inflation scaled up to 25.0 percent in 2019/20 from 14.7 percent last year. Food & non-alcoholic beverages inflation in Benshanlgul-Gomuz, Afar, Harari, and Tigray regional states and Addis Ababa and Dire Dawa city administrations was higher than the regional simple average.

The highest food & non-alcoholic beverages inflation was registered in Benshanlgul-Gomuz (29.9 percent) while the lowest was in Somali (20.3 percent), depicting a 9.6 percentage point margin among the regions (Table 3.5).



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

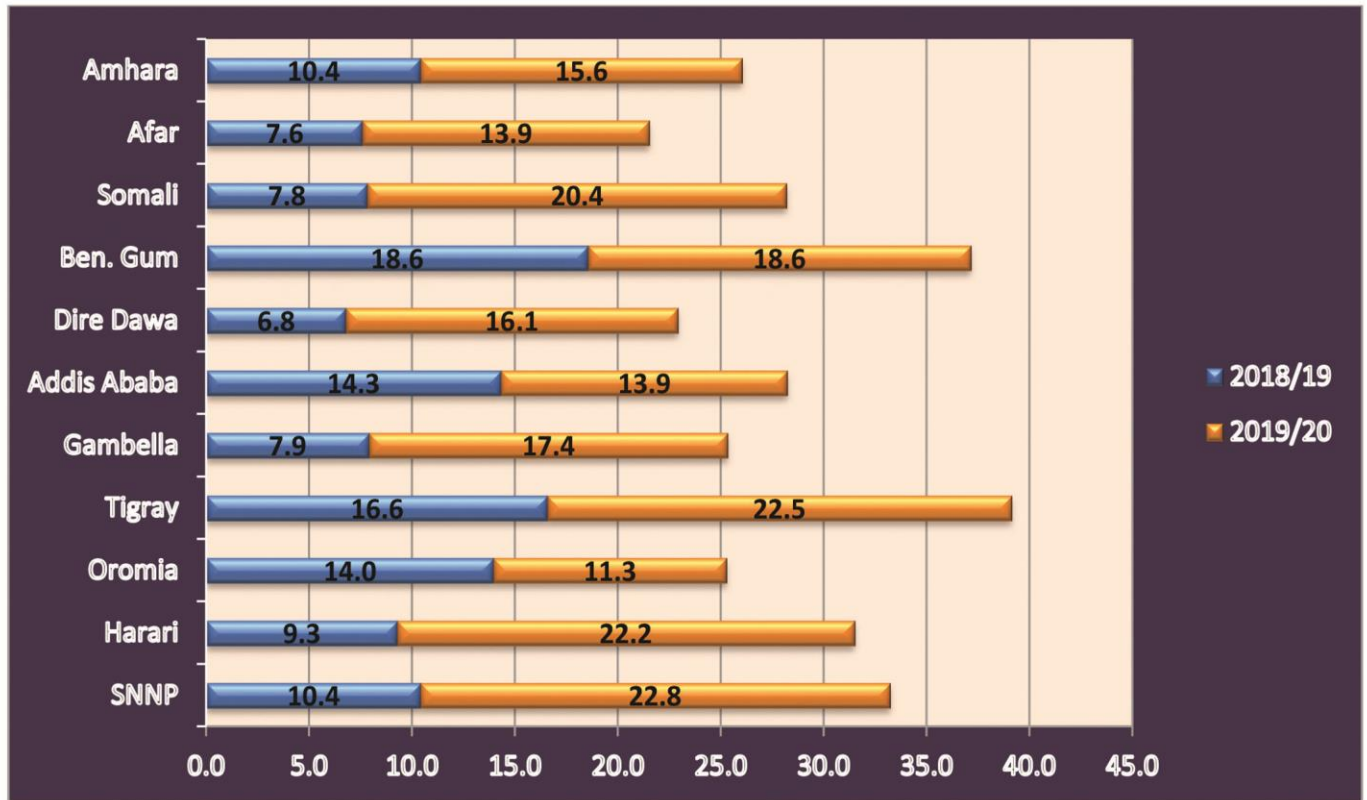


Sources: CSA and NBE's staff computation

During 2019/20, simple average regional non-food inflation rose to 17.7 percent from 11.2 percent in 2018/19. SNNP, Tigray, Harari, Somali and Benshanlgul-Gomuz regional states saw non-food inflation higher than the regional simple average (Table 3.5).

The highest non-food inflation was recorded in SNNP (22.8 percent) and the lowest (11.3 percent) in Oromia revealing 11.5 percentage point margin (Table 3.5).

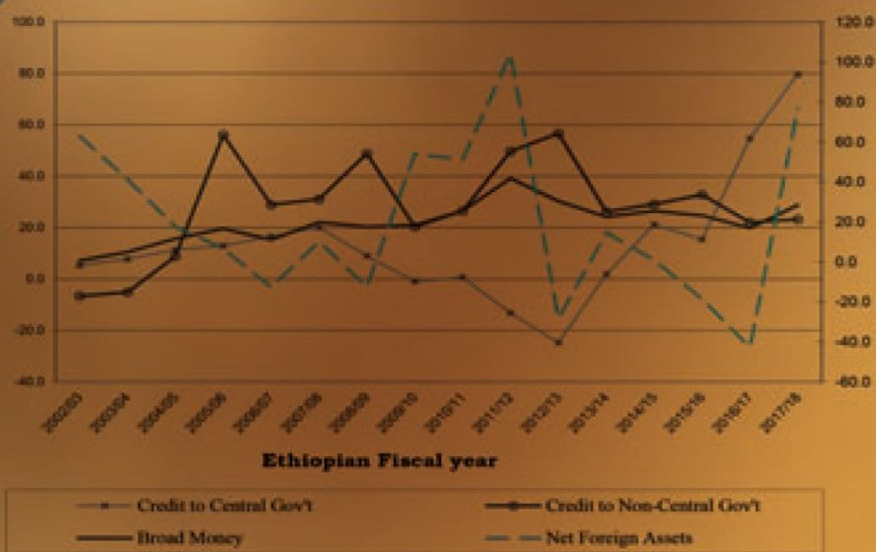
Fig.3.5: Variation in Regional Annual Average Non-food Inflation



Source: CSA and NBE Staff Computation



MONETARY AND FINANCIAL DEVELOPMENTS



IV. MONETARY AND FINANCIAL DEVELOPMENTS

4.1. Monetary Developments and Policy

Notwithstanding tight monetary policy stance pursued during 2019/20, inflation

has remained off the single digit target for the past twelve consecutive-months.

4.1.1 Developments in Monetary

Aggregate

At the end of 2019/20 domestic liquidity, as measured by broad money supply (M2), reached Birr 1.04 trillion reflecting a 17.0 percent annual growth mainly due to the 23.6 percent surge in domestic credit. The high growth in domestic credit was attributed to a 37.4 percent increase in central government and 21.8 percent rise in credit to non-central government (Table 4.2).

In fiscal year 2019/20 all components of broad money have witnessed a surge.

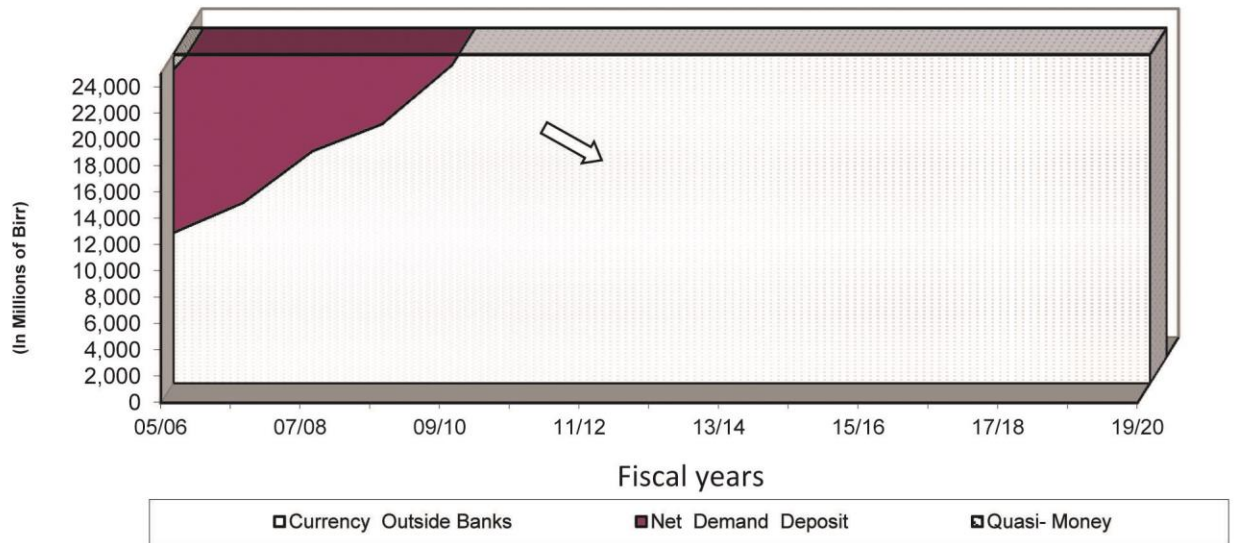
Narrow money rose by 16.7 percent due to growth in demand deposits and currency outside banks, reflecting growth in economic activities. Similarly, quasi-money, consisting of savings and time deposits, rose by 17.2 percent and reached Birr 677.1 billion at the end of the fiscal year as commercial banks increased their deposit mobilization by opening additional new branches (Table4.1).

Table 4.1: Components of Broad Money

Particulars	Year Ended June 30				Annual Percentage Change		
	2016/17	2017/18	2018/19	2019/20	2017/2018	2018/2019	2019/2020
	(In Millions of Birr)						
Narrow Money Supply	216,769.6	281,154.7	308,937.1	360,585.5	29.7	9.9	16.7
. Currency Outside Banks	73,917.7	86,417.3	92,017.0	109,071.8	16.9	6.5	18.5
. Demand Deposits (net)	142,851.9	194,737.4	216,920.2	251,513.7	36.3	11.4	15.9
Quasi-Money	356,614.4	459,418.2	577,815.4	677,060.8	28.8	25.8	17.2
. Savings Deposits	293,431.7	382,549.4	487,302.1	589,174.1	30.4	27.4	20.9
. Time Deposits	63,182.7	76,868.8	90,513.3	87,886.8	21.7	17.8	-2.9
Broad Money Supply	573,384.1	740,572.9	886,752.5	1,037,646.3	29.2	19.7	17.0

Source: National Bank of Ethiopia (NB)

Fig.IV.1: Major Components of Broad Money (2004/05 - 2019/20)



Source: NBE

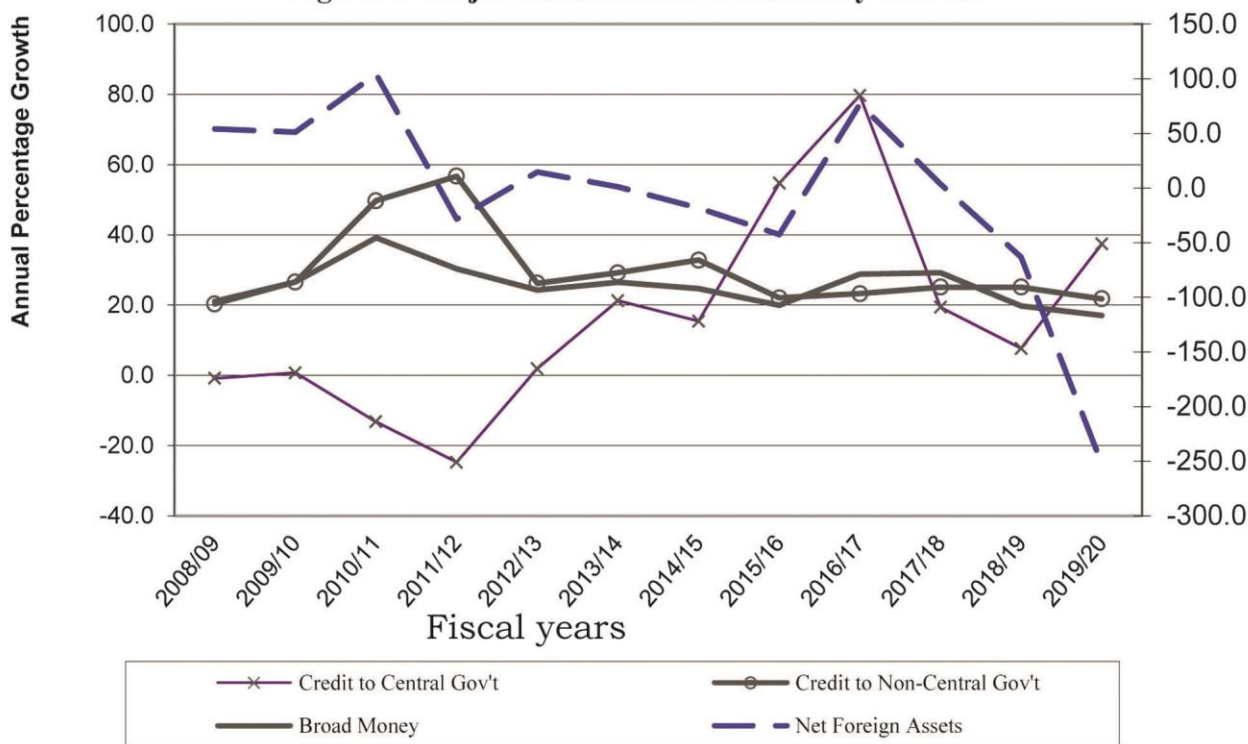
Table 4.2: Factors Influencing Broad Money

Particulars	Year Ended June 30				Annual Percentage Change		
	2016/17	2017/18	2018/19	2019/20	2017/2018	2018/2019	2019/2020
	(In Millions of Birr)						
External Assets (net)	38,034.8	39,376.2	14,505.2	-22,101.0	3.5	-63.2	-252.4
Domestic Credit	631,092.7	784,621.7	963,699.9	1,190,705.1	24.3	22.8	23.6
. Claims on Central Gov't (net)	85,441.8	102,002.8	109,799.2	150,861.6	19.4	7.6	37.4
. Claims on Non-Central Gov't	545,650.9	682,618.9	853,900.7	1,039,843.5	25.1	25.1	21.8
Other Items (net)	95,743.5	83,425.0	91,452.6	130,957.8	-12.9	9.6	43.2
Broad Money (M2)	573,384.1	740,572.9	886,752.5	1,037,646.3	29.2	19.7	17.0

Source: National Bank of Ethiopia (NBE)



Fig.IV.2: Major Determinants of Monetary Growth



Source: NBE

4.1.2. Developments in Reserve Money and Monetary Ratios

Reserve money or base money witnessed 22.8 percent annual expansion and reached Birr 246.5 billion at the end of the fiscal year. The growth was attributed to 34.3 percent rise in deposits of banks at NBE and 15.4 percent growth in currency in circulation (Table 4.3). The growth in reserve money was the result of the 19.3 percent rise in NBE net domestic credit which offset the decline of NBE net foreign assets. Meanwhile, excess reserves of commercial banks stood at Birr 53.3 billion at the end of June 2019/20.

The ratio of broad money (M_2) to GDP³, an indicator of financial deepening, showed a slight change to 0.43 from 0.45 last year. The money multipliers, defined as narrow money to reserve money, slightly decreased to 1.46 from 1.54 and the ratio of broad money to reserve money to 4.21 from 4.42 during the review period due to higher growth rate in reserve money (4.3).

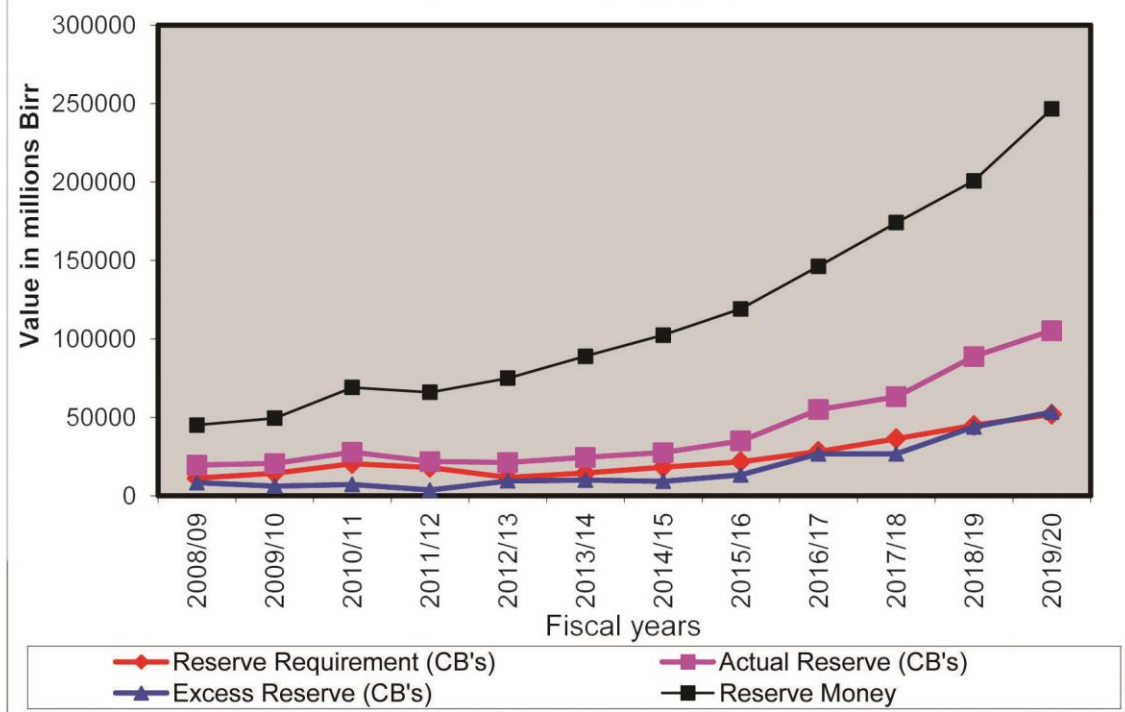
³The 2019/20 GDP estimation is taken from 2020/21 Macro framework.

Table 4.3: Reserve Money and Monetary Ratios

Particulars	Year Ended June 30				Annual Percentage Change		
	2016/17	2017/18	2018/19	2019/20	2017/2018	2018/2019	2019/2020
	(In Millions of Birr)						
Reserve Requirement (CB's)	28,278.9	36,385.8	44,861.8	51,952.6	28.7	23.3	15.8
Actual Reserve (CB's)	54,977.9	63,117.8	88,723.4	105,289.1	14.8	40.6	18.7
Excess Reserve (CB's)	26,699.0	26,732.0	43,861.7	53,336.5	0.1	64.1	21.6
Reserve Money	146,257.9	174,175.4	200,749.3	246,545.4	19.1	15.3	22.8
. Currency in Circulation	94,245.5	112,911.0	121,800.0	140,521.1	19.8	7.9	15.4
. Bank Deposits	52,012.4	61,264.5	78,949.2	106,024.2	17.8	28.9	34.3
Money Multiplier (Ratio):							
. Narrow Money to Reserve Money	1.48	1.61	1.54	1.46	8.91	-4.66	-4.96
. Broad Money to Reserve Money	3.92	4.25	4.42	4.21	8.46	3.89	-4.72
Other Monetary Ratios (%):							
. Currency to Narrow Money	34.10	30.74	29.79	30.25	-9.86	-3.10	1.56
. Currency to Broad Money	12.89	11.67	10.38	10.51	-9.48	-11.07	1.30
. Narrow Money to Broad Money	37.81	37.96	34.84	34.75	0.42	-8.23	-0.25
. Quasi Money to Broad Money	62.19	62.04	65.16	65.25	-0.26	5.04	0.14
M2/GDP Ratio*	0.33	0.40	0.45	0.43	20.92	10.51	-2.97

Source: NBE

Fig.IV.3: Monetary Aggregates



Source: NBE



4.2. Developments in Interest Rate

The minimum interest rate that financial institutions pay on saving and time deposits was raised to 7.0 percent since October 2017. Since then, commercial banks have revised their interest rate structure accordingly.

At the end of the fiscal year, weighted average saving and time deposit rates stood at 8.0 percent, while that of demand deposits remained the same at 0.04 percent.

Similarly, simple average lending interest rate went up to 14.25 percent from 13.5 percent.

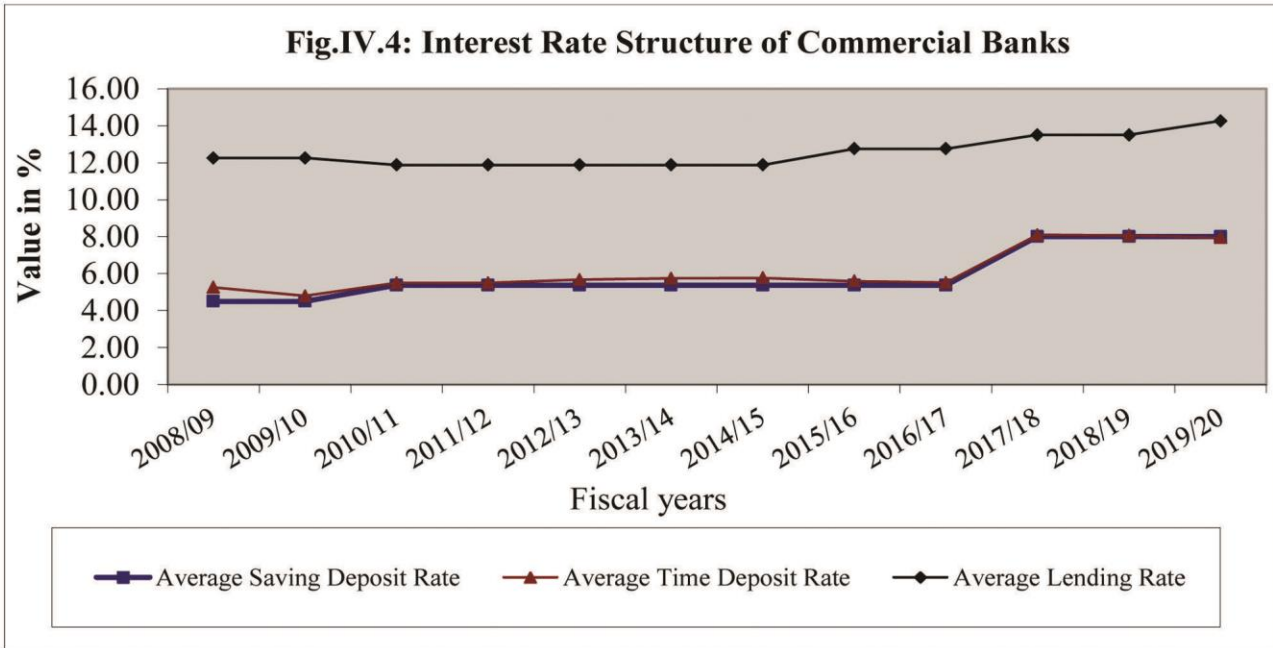
Given a 21.6 percent headline inflation rate, real rate of interest, both on deposit and lending interest rates, remained negative. Consequently, the average real interest rate for saving and time deposit was negative 13.6 percent and for lending interest rate, 7.3 percent (Table 4.4).

Table 4.4: Interest Rate Structure of Commercial Banks

(In percent per annum)

Rates	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
1. Deposit Rate						
1.1 Savings Deposit (Simple Average)	5.38	5.38	5.38	8.00	8.00	8.00
Minimum	5.00	5.00	5.00	7.00	7.00	7.00
Maximum	5.75	5.75	5.75	9.00	9.00	9.00
1.2 Time deposit (Weighted Average)	5.77	5.59	5.54	8.09	8.07	
Up to 1 year	5.71	5.53	5.43	8.05	8.02	7.88
1 -2 years	5.78	5.60	5.57	8.10	8.07	8.00
Over 2 years	5.81	5.64	5.63	8.13	8.11	8.12
1.3 Demand Deposit (Weighted Average)	0.04	0.04	0.04	0.04	0.04	0.04
2. Lending Rate (Average)	11.88	12.75	12.75	13.50	13.50	14.25
Minimum	7.50	7.50	7.50	7.00	7.00	7.00
Maximum	16.25	18.00	18.00	20.00	20.00	21.50
3. T-bills (Nominal)	1.43	1.44	1.42	1.39	1.39	1.39
4. Headline Inflation (Year-on Year)	10.4	7.5	8.8	14.7	15.3	21.6
5. Real Rate of Interest on:						
5.1 Saving Deposit (1.1 - 4)	-5.03	-2.13	-3.43	-6.70	-7.28	-13.55
5.2 Time Deposit (1.2 - 4)	-4.64	-1.91	-3.26	-6.61	-7.21	-13.55
5.3 Lending (2 - 4)	1.47	5.25	3.95	-1.20	-1.78	-7.30

Source: NBE



Source: NBE

4.3 Developments in Financial Sector

By the end of 2019/20, the number of banks reached 18(16 private and 2 public), insurance companies 18 (one public and 17 private) and microfinance institutions 41 (with 11 public, 13 private and 17 NGOs).

Banks opened 947 new branches in 2019/20; thereby raising the number of their branches to 6,511 from 5,564 a year ago. As a result, bank branch to population ratio stood at 1:15,702⁴ people. About 34.1 percent of the bank branches were located in Addis Ababa.

Major branch expansion was undertaken by Commercial Bank of Ethiopia which opened 247 branches, followed by Abyssinia Bank (226 branches), Awash Bank (58 branches),

United Bank (57 branches), Nib International Bank (47 branches), Wegagen Bank (44 braches), Berhan International Bank (39 branches), Oromia International Bank (37 branches) and Lion international Bank (37 branches). Thus, share of private banks in total branch network slightly increased to 70.5 percent from 69.7 percent last year (Table 4.5).

At the same time, total capital of the banking industry increased by 11.2 percent and reached Birr 112.9 billion by the end of June 2020 (Table 4.5).

The opening of one new insurance company raised the number of insurance companies to 18, and their branches network increased to 605 following the opening of 37new branches.

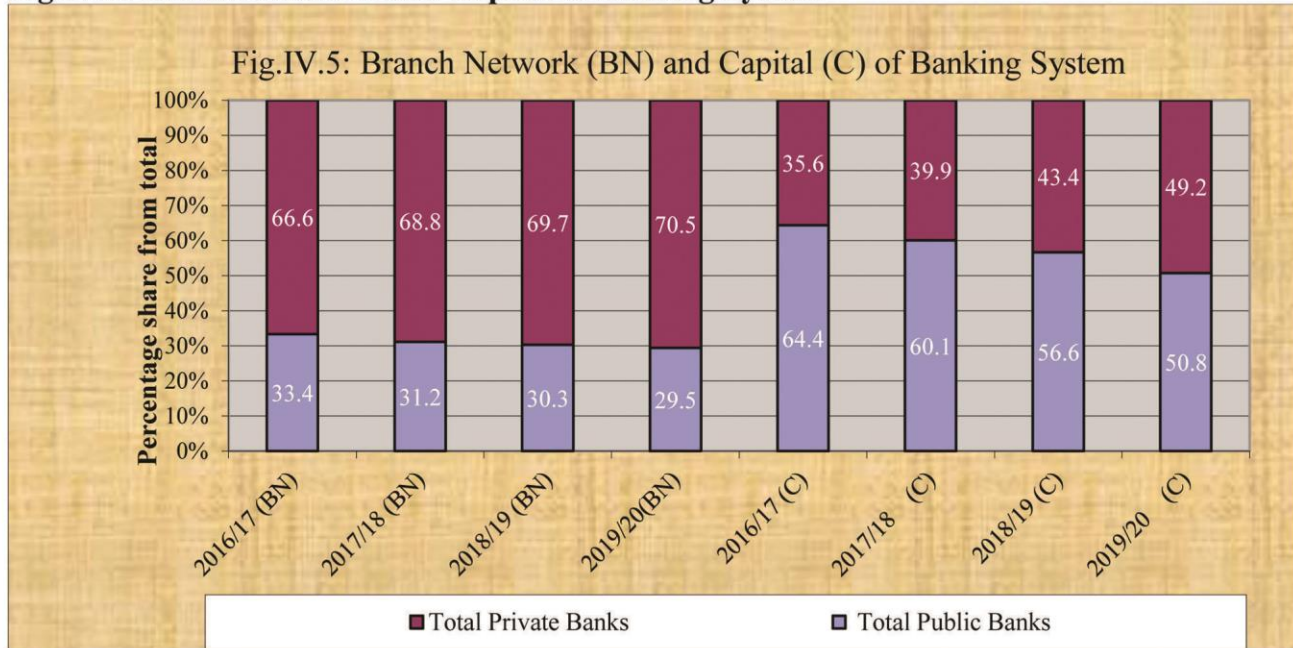
⁴CSA Population Projection for 2019/20 was 102,235,000.



About 54.4 percent of insurance branches were situated in Addis Ababa while 85.1 percent of the total branches were private. Insurance companies increased their total capital by 17.9

percent to Birr 9.7 billion of which the share of private insurance companies was 70.7 percent and that of public insurance company was 29.3 percent (Table 4.6& Fig IV.6).

Fig.IV.5: Branch Network and Capital of Banking System



Source: Commercial Banks

Table.4.5: Branch Network and Capital of the Banking System

(Branch in Number and Capital in Millions of Birr)

Banks	Branch Network								Capital			
	2018/19				2019/20				2018/19		2019/20	
	Regions	Addis Ababa	Total	% Share	Regions	Addis Ababa	Total	% Share	Total Capital	% Share	Total Capital	% Share
1. Public Banks												
Commercial Bank of Ethiopia	1,235	343	1,578	28	1,423	402	1,825	28.0	49,817.9	49.1	49,646.0	44.0
Development Bank of Ethiopia	103	4	107	2	88	5	93	1.4	7,676.5	7.6	7,676.5	6.8
Total Public Banks	1,338	347	1,685	30	1,511	407	1,918	29.5	57,494.4	56.6	57,322.5	50.8
2. Private Banks												
Awash International Bank	245	178	423	8	285	196	481	7.4	6,024.1	5.9	8,095.9	7.2
Dashen Bank	265	156	421	8	277	159	436	6.7	5,210.2	5.1	5,464.4	4.8
Abyssinia Bank	195	158	353	6	358	221	579	8.9	3,647.4	3.6	4,179.2	3.7
Wegagen Bank	215	140	355	6	254	145	399	6.1	3,605.4	3.6	4,137.1	3.7
United Bank	151	143	294	5	186	165	351	5.4	3,241.0	3.2	4,374.5	3.9
Nib International Bank	132	148	280	5	153	174	327	5.0	3,782.9	3.7	4,950.8	4.4
Cooperative Bank of Oromiya	330	75	405	7	348	82	430	6.6	2,509.3	2.5	3,906.3	3.5
Lion International Bank	159	76	235	4	186	86	272	4.2	1,958.5	1.9	2,767.1	2.5
Oromia International Bank	180	97	277	5	206	108	314	4.8	2,851.0	2.8	3,650.6	3.2
Zemen Bank	20	24	44	1	22	30	52	0.8	1,793.1	1.8	2,376.8	2.1
Buna International Bank	106	103	209	4	130	114	244	3.7	2,042.0	2.0	2,552.4	2.3
Berhan International Bank	110	107	217	4	135	121	256	3.9	2,405.7	2.4	2,742.5	2.4
Abay Bank	126	74	200	4	149	83	232	3.6	1,902.5	1.9	2,580.1	2.3
Addis International Bank	27	41	68	1	31	50	81	1.2	938.4	0.9	1,113.3	1.0
Debut Global Bank	25	28	53	1	36	46	82	1.3	783.1	0.8	1,099.9	1.0
Enat Bank	16	29	45	1	27	30	57	0.9	1,309.8	1.3	1,584.8	1.4
Total Private Banks	2,302	1,577	3,879	70	2,783	1,810	4,593	70.5	44,004.2	43.4	55,575.7	49.2
3. Grand Total Banks	3,640	1,924	5,564	100	4,294	2,217	6,511	100.0	101,498.6	100.0	112,898.2	100.0

Source: Commercial Banks

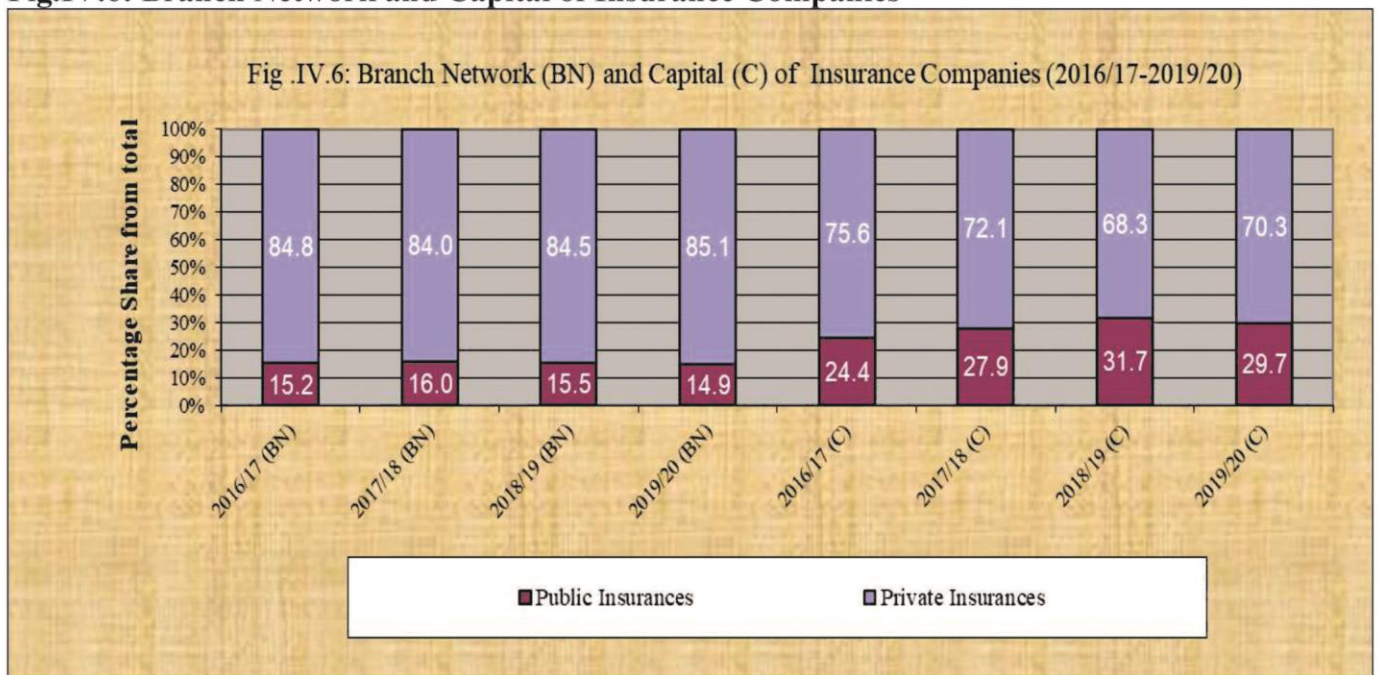
Table.4.6: Branch Network and Capital of Insurance Companies

(Branch in Number and Capital in Millions of Birr)

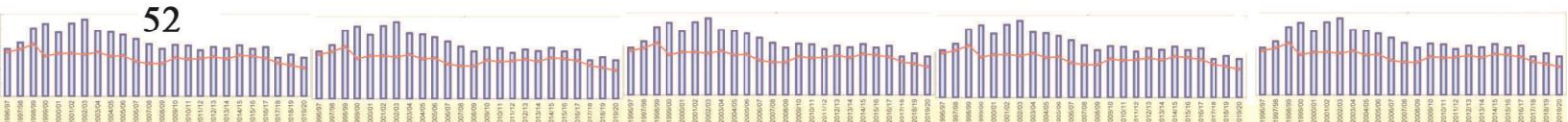
No.	Insurance Companies	Branch						Capital		
		2018/19			2019/20			2018/19	2019/20	% Change
		A.A	Regions	Total	A.A	Regions	Total	A	B	B/A
1	Ethiopian Insurance Corporation	25	63	88	25	65	90	2,596	2,828	8.9
2	Awash Insurance S.C.	28	19	47	28	20	48	1,161	1,311	12.9
3	Africa Insurance S.C.	16	13	29	18	14	32	249	283	13.7
4	National Insurance of Ethiopia S.C	22	17	39	22	17	39	157	175	11.5
5	United Insurance S.C	26	12	38	28	12	40	601	676	12.5
6	Global Insurance S.C	11	8	19	12	8	20	165	198	20.0
7	Nile Insurance S.C	20	21	41	26	22	48	490	627	28.0
8	Nyala Insurance S.C	15	16	31	16	17	33	801	891	11.2
9	Nib Insurance S.C	27	14	41	27	14	41	468	597	27.6
10	Lion Insurance S.C	16	18	34	16	19	35	170	221	30.0
11	Ethio-Life Insurance S.C	16	5	21	18	5	23	144	165	14.6
12	Oromia Ins.Com.S.C	20	20	40	22	20	42	363	548	51.0
13	Abay Insurance S.C	13	13	26	15	13	28	266	331	24.4
14	Berhan insurance S.C	10	5	15	12	7	19	130	162	24.6
15	Tsehay Insurance S.C	15	8	23	18	9	27	154	212	37.7
16	Lucy Insurance S.C	12	4	16	12	5	17	133	141	6.0
17	Bunna Insurance S.C.	13	7	20	14	9	23	140	169	20.7
18	Zemen Insurance S.C.	-	-	-	-	-	-	-	115	-
Total		305	263	568	329	276	605	8,188	9,650	17.9

Source: Insurance Companies

Fig.IV.6: Branch Network and Capital of Insurance Companies



Source: Insurance Companies



By end of 2019/20, the number of micro-finance institutions (MFIs) reached 41. Their total capital and total asset increased by 17.3 and 10.5 percent to reach Birr 19.4 billion and Birr 92.2 billion, respectively.

Similarly, their deposit mobilization went up by 6.7 percent to Birr 44.7 billion while their outstanding credit grew by 10.5 percent to Birr 64.9 billion (Table 4.7).

The five largest MFIs consisting of Amhara, Dede-bit, Oromiya, Omo and Addis Credit and Savings institutions, which accounted for 82.6 percent of the total capital, 90.1 percent of the savings, 85.9 percent of the credit and 86.3 percent of the total assets of MFIs by the end of 2019/20.

Table 4.7: Microfinance Institutions Performance

(In Thousands of Birr)

Particulars	2018/19	2019/20	% Change
	<i>A</i>	<i>B</i>	<i>B/A</i>
Total Capital	16,567,933.7	19,440,089.7	17.3
Saving	41,897,179.6	44,714,061.1	6.7
Credit	58,722,261.1	64,901,669.5	10.5
Total Assets	83,475,519.0	92,200,086.4	10.5

Source: MFIs

4.3.1 Resource Mobilization

Total resources mobilized by the banking system in the form of deposit, borrowing and loan collection slightly went up by 0.1 percent and reached Birr 333.4 billion by end of 2019/20 over last year (Table 4.8).

Aided by remarkable branch expansion, deposit liabilities of the banking system topped Birr 1.0trillion, reflecting 15.8 percent annual growth whereby saving deposits increased by 20.9 percent, and demand deposit by 13.0 percent while

time deposit declined by 1.1 percent. Of the total deposits, saving deposits accounted for 56.6 percent, demand deposits 34.2 percent and time deposit (9.2 percent) (Table4.9).

The share of private banks in total deposit mobilization increased to 42.6 percent from 39.6 percent last year due to the opening of 714 new branches. Commercial Bank of Ethiopia (CBE) alone mobilized 57.3 percent of the total deposits due to its extensive branch network.

Raising funds through borrowing by the banking system remained an insignificant source as most of the banks were sufficiently liquid due to increased deposit mobilization and collection of loans. Their total outstanding borrowing stood at Birr 80.4 billion up from Birr

72.2 billion a year earlier due to borrowing by Development Bank of Ethiopia (DBE). Of the total borrowing, domestic sources accounted for 85 percent and foreign sources 15 percent. The net borrowing in 2019/20 was Birr 8.3 billion of which (68.2 percent was from local and 31.8 percent from foreign sources (Table 4.8 & 4.9).

Moreover, banks collected Birr 183.3 billion in 2019/20, showing 17.2 percent annual increment. Private banks collected 50.7 percent of the loans disbursed (Table 4.8).

Table 4.8: Annual Resource Mobilization & Disbursing Activities of Commercial Banks and DBE

(In Millions of Birr)

Particulars	2017/18			2018/19			2019/20			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)	87,120.9	74,318.1	161,439.0	89,057.9	80,312.8	169,370.7	54,185.8	87,596.1	141,781.9	(12.2)	(16.3)
Demand	39,481.4	19,106.5	58,587.9	26,635.9	18,046.6	44,682.5	26,561.5	14,414.6	40,976.1	(30.1)	(8.3)
Savings	42,937.9	46,194.7	89,132.6	48,599.6	56,379.1	104,978.7	37,084.8	64,818.0	101,902.8	14.3	(2.9)
Time	4,701.6	9,016.9	13,718.5	13,822.4	5,887.1	19,709.5	(9,460.6)	8,363.5	(1,097.1)	(108.0)	(105.6)
2. Borrowing (net change)	25,167.5	-	25,167.5	7,181.8	-	7,181.8	8,286.9	-	8,286.9	(67.1)	15.4
Local	23,140.7	-	23,140.7	4,639.3	-	4,639.3	5,652.5	-	5,652.5	(75.6)	21.8
Foreign	2,026.9	-	2,026.9	2,542.5	-	2,542.5	2,634.4	-	2,634.4	30.0	3.6
3. Collection of Loans	49,774.2	65,648.9	115,423.1	75,418.4	81,016.5	156,434.9	90,378.0	92,947.5	183,325.5	58.8	17.2
4. Total Resources Mobilized (1+3)	162,062.6	139,967.0	302,029.6	171,658.1	161,329.3	332,987.4	152,850.7	180,543.5	333,394.2	10.4	0.1
5. Disbursement	105,679.0	67,168.0	172,847.0	136,309.3	99,984.6	236,293.8	149,925.9	121,240.1	271,166.0	56.9	14.8
6. Change in Liquidity (4-5)	56,383.6	72,799.0	129,182.7	35,348.8	61,344.7	96,693.5	2,924.8	59,303.5	62,228.3	(51.8)	(35.6)
Memorandum Item:											
7. Outstanding Credit	498,528.3	182,105.8	680,634.2	599,571.0	257,940.7	857,511.7	685,095.0	347,108.1	1,032,203.0	51.7	20.4

Source: Commercial Banks including DBE

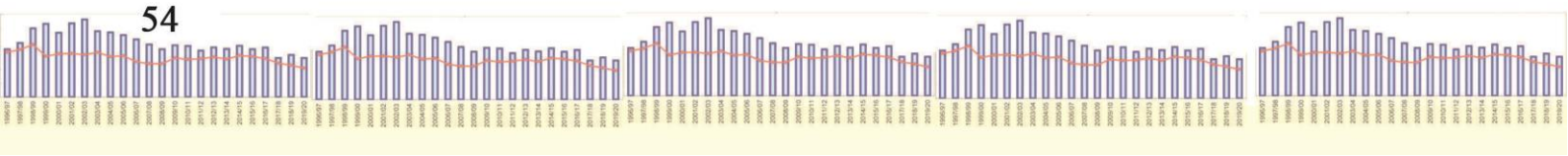


Table 4.9: Deposits and Borrowings of Commercial Banks and Specialized Bank as at June 30, 2020

(In Millions of Birr)

	2017/18	2018/19	2019/20	% Change	
	A	B	C	D=B/A	E=C/B
A. Deposits					
-Demand	270,670.00	315,352.50	356,328.60	16.5	13
-Savings	382,583.50	487,562.20	589,465.00	27.4	20.9
-Time	77,004.30	96,713.80	95,616.70	25.6	-1.1
T o t a l	730,257.70	899,628.40	1,041,410.30	23.2	15.8
B. Borrowings					
-Local	58,125.10	62,764.40	68,416.90	8	9
-Foreign	6,849.10	9,391.50	12,026.00	37.1	28.1
T o t a l	64,974.20	72,156.00	80,442.90	11.1	11.5

Source: Commercial Banks & Staff Computation

Table.4.10: Loans and Advances by Lenders 1/

(In Millions of Birr)

Lenders	2018/19			2019/20			Percentage Change		
	D*	C*	O/S*	D*	C*	O/S*	Change		
	A	B	C	D	E	F	D/A	E/B	F/C
A. Public Banks									
1. Commercial Bank of Ethiopia	125,545.19	70,431.04	551,993.27	141,415.24	82,692.53	633,991.45	12.6	17.4	14.9
2. Development Bank of Ethiopia	10,764.09	4,987.72	47,577.14	8,510.66	7,685.47	51,103.50	-20.9	54.1	7.4
Sub-Total	136,309.3	75,418.8	599,570.4	149,925.9	90,378.0	685,094.9	10.0	19.8	14.3
B. Private Banks									
3. Awash International Bank	9126.3	9734.3	47135.3	10151.3	12053.7	56870.0	11.2	23.8	20.7
4. Dashen Bank	14267.4	11981.2	32626.7	15279.9	12839.1	42454.0	7.1	7.2	30.1
5. Bank of Abyssinia	6803.1	3923.2	23784.1	9763.6	3900.9	37594.6	43.5	-0.6	58.1
6. Wegagen Bank	5613.7	6375.6	16504.3	13406.8	9440.1	23861.1	138.8	48.1	44.6
7. United Bank	8387.2	7378.2	20869.1	7633.7	7583.6	26288.1	-9.0	2.8	26.0
8. Nib International Bank	9175.6	5511.9	19448.9	10426.1	5956.7	25887.8	13.6	8.1	33.1
9. Cooperative Bank of Oromia	14556.4	9254.9	24390.6	17699.9	12207.3	34213.9	21.6	31.9	40.3
10. Lion Interenational Bank	3806.1	3460.3	11853.3	6810.8	3855.5	19559.7	78.9	11.4	65.0
11. Oromia International Bank	8720.7	6323.8	17381.5	7078.2	7102.1	20228.8	-18.8	12.3	16.4
12. Zemen Bank	3565.0	3352.2	7777.8	2657.7	3291.8	9920.6	-25.5	-1.8	27.6
13. Berhan International Bank	5842.5	4530.7	10135.4	4974.7	4614.5	12651.5	-14.9	1.9	24.8
14. Bunna International Bank	3096.6	2331.4	8248.9	4960.2	2464.4	11528.1	60.2	5.7	39.8
15. Abay Bank	2503.5	3017.6	7490.3	5543.4	3582.2	11467.3	121.4	18.7	53.1
16. Addis International Bank	602.4	667.4	2673.7	704.6	698.0	3487.0	17.0	4.6	30.4
17. Dehub Global Bank	2086.5	1557.7	2469.4	2864.1	1552.8	4549.5	0.0	0.0	0.0
18. Enat Bank	1831.4	1616.0	5151.6	1285.1	1804.8	6545.9	0.0	0.0	0.0
Sub-Total	99,984.6	81,016.5	257,940.7	121,240.0	92,947.5	347,108.1	21.3	14.7	34.6
Grand Total	236,293.8	156,435.2	857,511.1	271,165.9	183,325.5	1,032,203.0	14.8	17.2	20.4

Source: Commercial Banks

1/ Outstanding Credit excludes central government borrowing

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

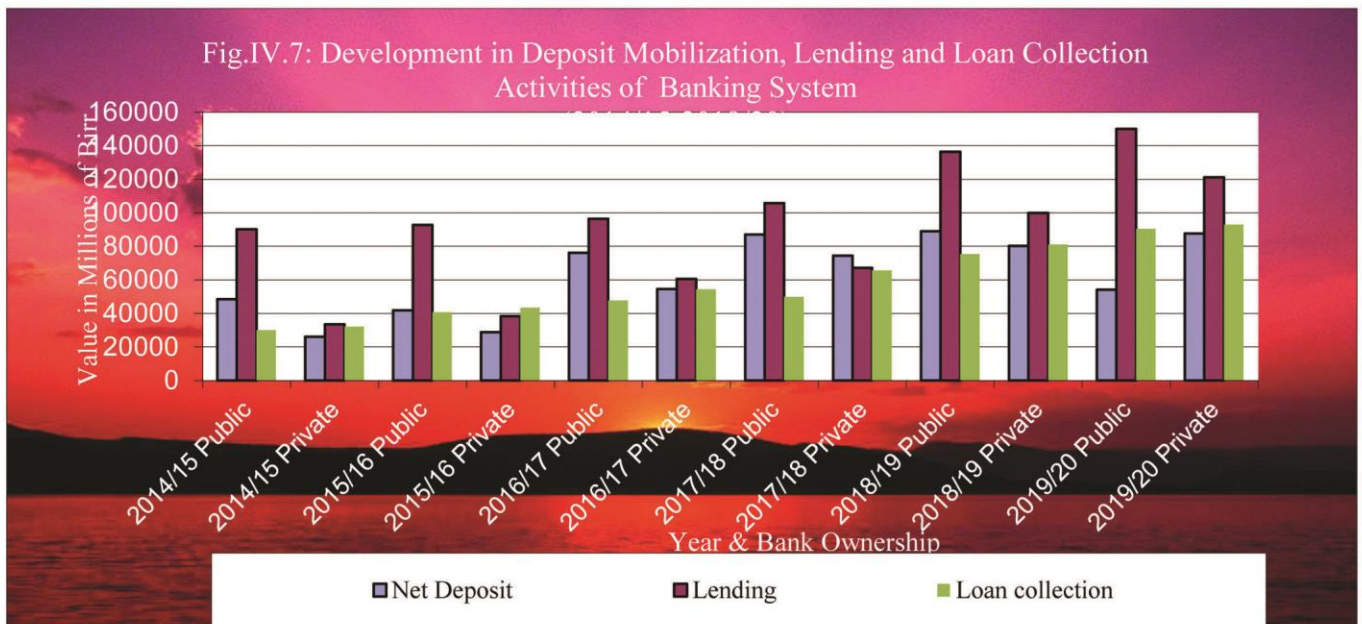
4.3.2 New Lending Activities

Commercial banks and Development Bank of Ethiopia (DBE) disbursed Birr 271.2 billion in fresh loans which was 14.8 percent higher than a year ago (Table 4.10). Of the total new loans, about 44.7 percent was provided by private banks and 55.3 percent by the two state owned banks (i.e. CBE and DBE) (Table 4.11).

About 17.9 percent of the loans went to ‘mines, power and water’ resources

followed by industry (15.9 percent), international trade (14.1 percent), domestic trade (13.4 percent), housing and construction (9.4 percent), agriculture (9.2 percent) and transport & communications (9.2 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



Source: Commercial Banks and DBE



Table 4.11: Percentage Share of Loans and Advances by Lenders

Lenders	2018/19			2019/20			Percentage change		
	D*	C*	O/S*	D*	C*	O/S*	D/A	E/B	F/C
	A	B	C	D	E	F			
A.Public Banks									
1.Commercial Bank of Ethiopia	46.3	45.0	64.4	52.2	45.1	61.4	12.6	0.2	-4.6
2.Development Bank of Ethiopia	4.0	3.2	5.5	3.1	4.2	5.0	-20.9	31.5	-10.8
Sub-Total	50.3	48.2	69.9	55.3	49.3	66.4	10.0	2.3	-5.1
B.Private Banks									
3 Awash International Bank	3.4	5.3	4.6	3.7	6.6	5.5	11.2	23.8	20.7
4. Dashen Bank	5.3	6.5	3.2	5.6	7.0	4.1	7.1	7.2	30.1
5. Bank of Abyssinia	2.5	2.1	2.3	3.6	2.1	3.6	43.5	-0.6	58.1
6. Wegagen Bank	2.1	3.5	1.6	4.9	5.1	2.3	138.8	48.1	44.6
7. United Bank	3.1	4.0	2.0	2.8	4.1	2.5	-9.0	2.8	26.0
8. Nib International Bank	3.4	3.0	1.9	3.8	3.2	2.5	13.6	8.1	33.1
9. Cooperative Bank of Oromia	5.4	5.0	2.4	6.5	6.7	3.3	21.6	31.9	40.3
10. Lion Interenational Bank	1.4	1.9	1.1	2.5	2.1	1.9	78.9	11.4	65.0
11. Oromia International Bank	3.2	3.4	1.7	2.6	3.9	2.0	-18.8	12.3	16.4
12. Zemen Bank	1.3	1.8	0.8	1.0	1.8	1.0	-25.5	-1.8	27.6
13.Berhan International Bank	2.2	2.5	1.0	1.8	2.5	1.2	-14.9	1.9	24.8
14.Bunna International Bank	1.1	1.3	0.8	1.8	1.3	1.1	60.2	5.7	39.8
15. Abay Bank	0.9	1.6	0.7	2.0	2.0	1.1	121.4	18.7	53.1
16. Addis International Bank	0.2	0.4	0.3	0.3	0.4	0.3	17.0	4.6	30.4
17. Debub Global Bank	0.8	0.8	0.2	1.1	0.8	0.4	0.0	0.0	0.0
18. Enat Bank	0.7	0.9	0.5	0.5	1.0	0.6	0.0	0.0	0.0
Sub-Total	36.9	44.2	25.0	44.7	50.7	33.6	21.3	14.7	34.6
Grand Total	87.1	92.4	94.9	100.0	100.0	100.0	14.8	8.2	5.4

Source: Commercial Banks

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

Source: Commercial Banks including DBE

4.3.3 Outstanding Loans

Outstanding credit of the banking system increased by 20.4 percent and passed Birr 1.0 trillion mark at the end of June, 2020. The lion's share (29.5 percent) of the outstanding loans went to mines, power and water sector followed by industry (21.5 percent), international trade (13 percent), housing and construction (11.2 percent), domestic trade (8.5 percent) and transport and communication (6.7 percent) and the others (9.6 percent) (Table 4.12).

The share of private sector in outstanding credit was Birr 484.6 billion (or 47 percent) reflecting a 28.3 percent annual growth. The remaining 53 percent share was taken up by public enterprises (Table 4.13).

Table 4.12: Loans & Advances by Economic Sectors

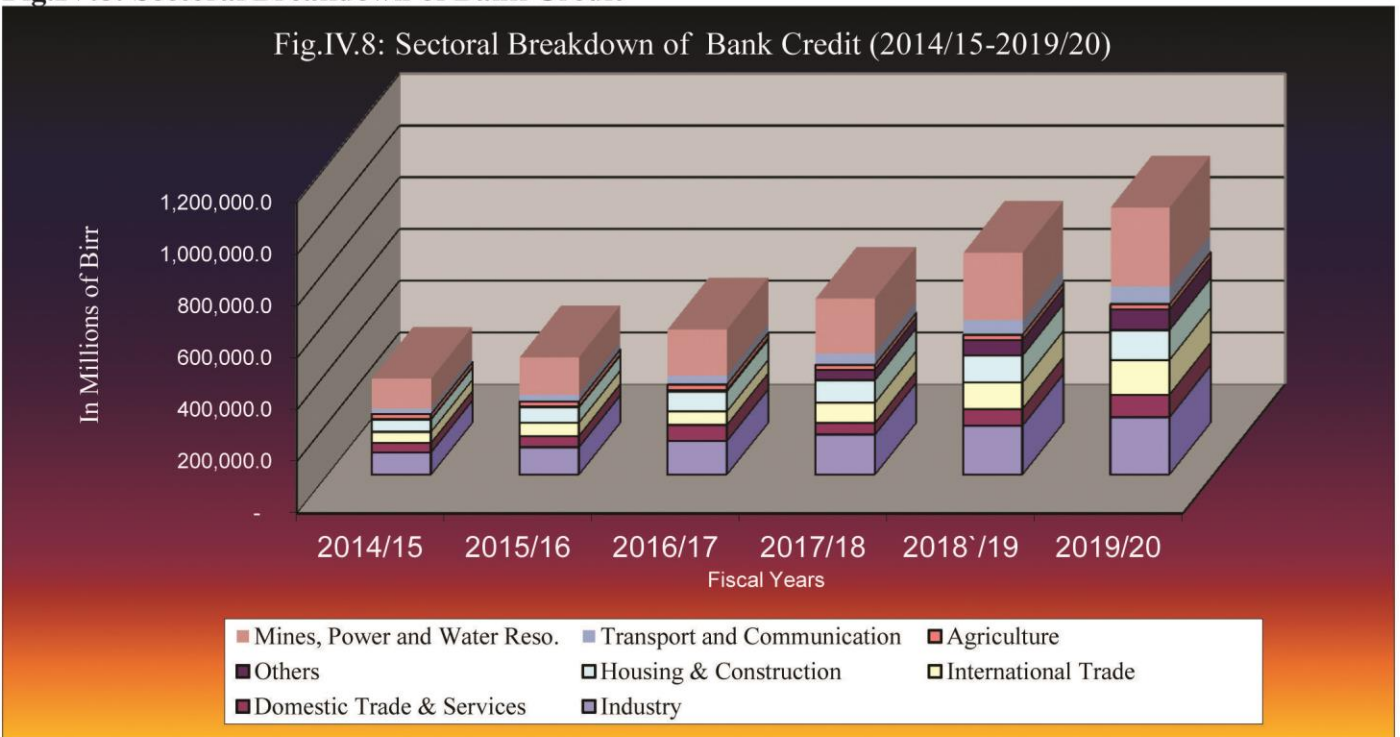
(In Millions of Birr)

Economic Sectors	2018/19			2019/20			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
Agriculture	17,954.7	18,450.1	20,387.1	24,902.4	26,393.9	21,087.3	38.7	43.1	3.4
Industry	41,585.8	27,911.3	188,676.9	43,074.1	33,626.5	221,731.9	3.6	20.5	17.5
Domestic Trade	32,873.5	24,389.2	65,405.9	36,400.9	29,373.1	87,819.1	10.7	20.4	34.3
International Trade	27,673.1	26,495.4	102,235.2	38,292.8	34,233.6	134,070.9	38.4	29.2	31.1
Export	17,409.4	17,356.2	66,128.7	28,017.8	22,771.0	89,219.4	60.9	31.2	34.9
Import	10,263.7	9,139.2	36,106.5	10,490.8	11,462.5	44,851.4	2.2	25.4	24.2
Hotels and Tourism	4,937.1	4,270.3	13,740.5	5,286.8	4,136.4	17,576.7	7.1	(3.1)	27.9
Transport and Communication	17,654.6	7,795.3	55,385.0	25,035.3	13,578.3	68,741.8	41.8	74.2	24.1
Housing and Construction	28,635.0	35,307.9	103,565.7	25,534.5	22,130.7	115,534.0	(10.8)	(37.3)	11.6
Mines, Power and Water resource	48,648.3	675.1	261,453.3	48,531.5	5,957.8	303,992.3	(0.2)	782.5	16.3
Others	4,898.6	3,395.7	5,907.2	4,583.0	3,762.9	11,436.4	(6.4)	10.8	93.6
Personal	11,433.4	7,745.0	40,754.2	19,308.7	10,132.3	50,212.7	68.9	30.8	23.2
Total	236,293.9	156,435.3	857,511.1	271,165.9	183,325.6	1,032,203.0	14.8	17.2	20.4

Source: Commercial Banks & Staff Computation

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

Fig.IV.8: Sectoral Breakdown of Bank Credit



Source: Commercial Banks including DBE



Table 4.13: Loans and Advances by Borrowers

(In Millions of Birr)

Borrowing Clients	2016/17	2017/18	2018/19	2019/20			Percentage change	
	O/S*	O/S*	O/S*	D*	C*	O/S*		
	A	B	C	E	F	G	G/B	G/C
Public Enterprises	329,556.20	401,517.50	479,878.70	96,142.10	39,240.30	547,616.60	36.4	14.1
Private Sectors	231,235.80	284,463.10	377,632.40	175,023.80	144,085.10	484,586.40	70.4	28.3
Total	560,792.00	685,980.50	857,511.10	271,165.90	183,325.50	1,032,203.00	50.5	20.4

4.4. Financial Activities of NBE

As of June 2020, gross claims of NBE on the central government reached Birr 230.2 billion which was 18.3 percent higher than last year. Of which government bonds accounted for 86.5 percent and direct advance 13.5 percent. In this year, since the growth of direct advance to central government dropped 83.4 percent in 2019/20 due to its conversion to bonds.

Similarly, NBE’s outstanding claims on DBE reached Birr 58.1 billion showing 11.5 percent annual increase.

On the liability side, government deposit and financial institutions’ reserve deposit at NBE increased by 38.5 percent and stood at Birr 142.6 billion, as a result of 36.8 percent growth in deposits of financial institutions and 53.4 percent surge in deposit of the central government (Table 4.14).

Table 4.14: Financial Activities of National Bank of Ethiopia(NBE)

(In Millions of Birr)

Particulars	2017/18	2018/19	2019/20	% Change	
	A	B	C	B/A	C/B
Loans and Advances (1+2)	207,421.6	246,828.0	288,380.4	19.0	16.8
1.Claims on Central Gov't	160,128.8	194,685.3	230,237.7	21.6	18.3
1.1 Direct Advance	152,264.9	187,264.9	31,000.0	23.0	-83.4
1.2 Bonds	7,863.9	7,420.4	199,237.7	-5.6	2585.0
2. Claims on DBE	47,292.7	52,142.7	58,142.7	10.3	11.5
3. Deposit Liabilities	81,574.8	101,516.5	142,566.2	24.4	40.4
3.1 Government	19,922.0	22,513.9	34,529.6	13.0	53.4
3.2 Financial Institutions	61,652.8	79,002.6	108,036.6	28.1	36.8

Source: National Bank of Ethiopia

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.

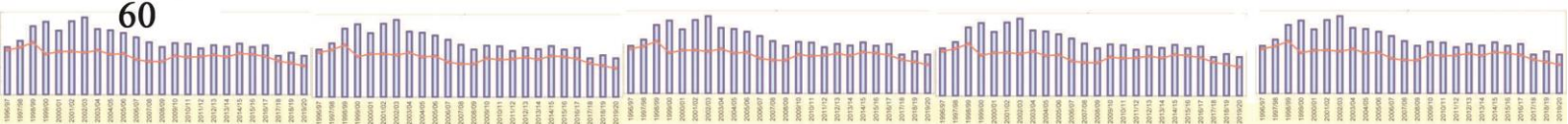
During 2019/20, the amount of Treasury-bills offered reached Birr 231.49 billion while the demanded amount was Birr 242.16 billion indicating a Birr 10.7 billion or 4.6 percent oversubscription. Thus, the

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

amount of T-bills sold during the year stood at Birr 234.84 billion.

Meanwhile, total outstanding T-bills stood at Birr 23.7 billion depicting a 82.8 percent drop down compared to last year due to policy change in the T-



bills market as the government started competitive market-based T-bills auctions in December 2019 and T-bills stocks were converted to 3 year bond. Hence, the outstanding amount at the end of the fiscal year indicates fresh amount of T-bills sales since December 2019.

Following the change to market determined interest rate T-bill auction, banks' participation in the T-bill market has showed significant improvement. The share of commercial banks in total

outstanding T-bills was Birr 5.60 billion or 23.6 percent while that of non-bank institutions was Birr 18.12 billion or 76.4 percent (Table 4.15).

Average weighted yield of the T-bill significantly increased from 1.741 percent to 4.808 percent which is 176.16 percent annual rise due to the shift in T-bills market to competitive bid market system (Table 4.15).

The highest yield 5.131 percent was recorded for the 28-day T-bill and the lowest yield (4.294 percent) was for 91-day T-bill.

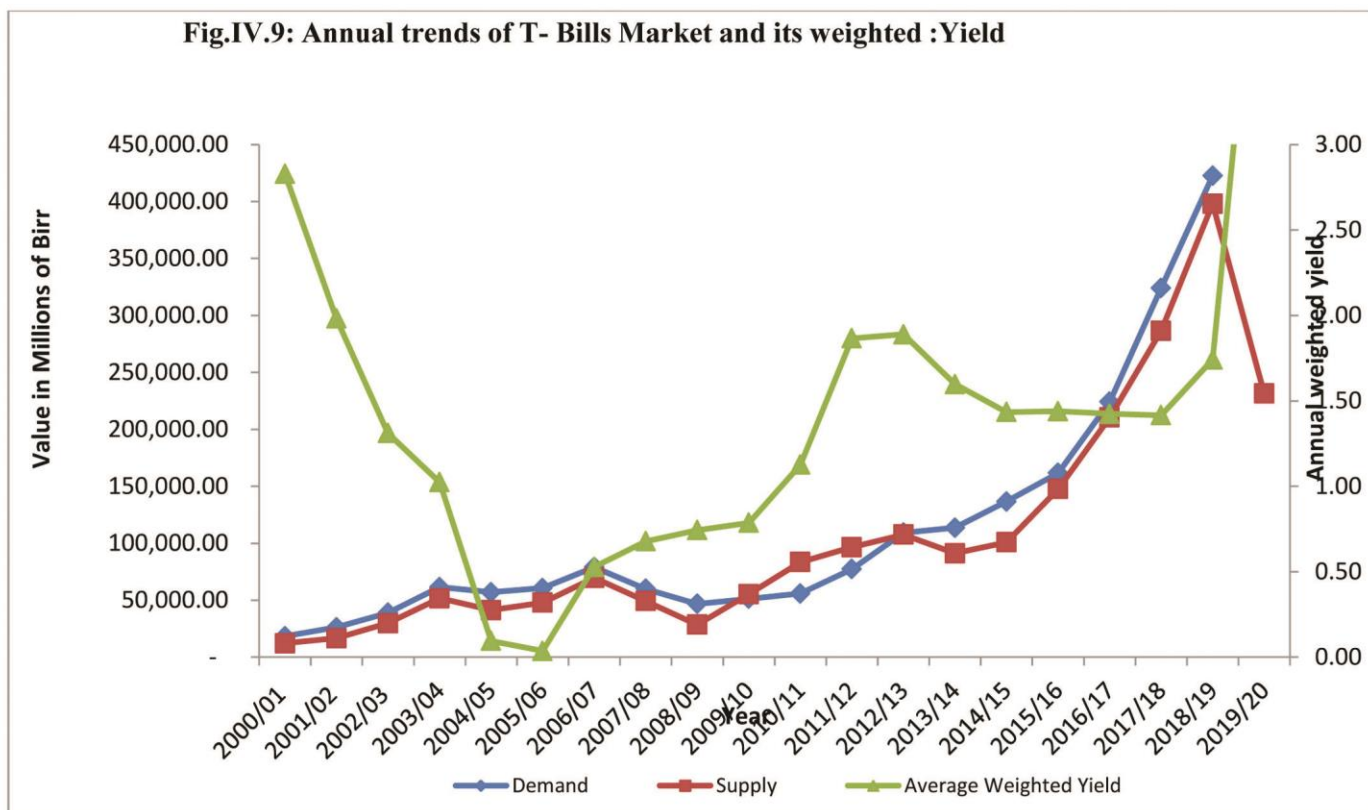
Table 4.15: Results of Treasury Bills Auction (Annually)

Particulars	2017/18		2018/19		2019/20		Percentage Change	
	A		B		C		C/A	C/B
Number of Bidders	192.00		192.00		163.00		-15.1	-15.1
Amount Demanded (Mn. Birr)	323,991.240		422,633.535		242,155.085		-25.3	-42.7
28-day bill	1,040.000		1,670.000		2,583.0		148.4	54.7
91-day bill	290,633.240		388,670.535		220,726.1		-24.1	-43.2
182-day bill	2,102.000		2,077.000		14,096.0		570.6	578.7
364-day bill	30,216.000		30,216.000		4,750.0		-84.3	-84.3
Amount Supplied (Mn. Birr)	286,494.240		397,958.240		231,486.880		-19.2	-41.83
28-day bill	1,060.0		1,040.0		3,106.0		193.0	198.7
91-day bill	269,791.2		364,184.2		203,649.9		-24.5	-44.1
182-day bill	2,427.0		2,022.0		19,981.0		723.3	888.2
364-day bill	13,216.0		30,712.0		4,750.0		-64.1	-84.5
Amount Sold (Mn. Birr)	323,991.240		422,633.535		234,839.085		-27.5	-44.4
Banks	0.0		650.0		5,980.0		0.0	820
Non-Banks	323,991.2		421,983.535		228,859.1		-29.4	-45.8
Average Weighted Price for Successful bids (Birr)	99.106		98.797		97.864		-1.252	-0.944
28-day bill	99.936		99.939		99.608		-0.328	-0.331
91-day bill	99.701		99.701		98.941		-0.763	-0.762
182-day bill	99.691		99.682		97.659		-2.039	-2.030
364-day bill	97.095		95.865		95.251		-1.900	-0.641
Average Weighted Yield for Successful bids (%)	1.416		1.741		4.808		377.162	176.156
28-day bill	0.839		0.798		5.131		511.726	543.109
91-day bill	1.203		1.203		4.294		257.058	256.902
182-day bill	0.622		0.639		4.808		673.198	652.554
364-day bill	3.000		4.325		5.000		66.665	15.613
Outstanding bills at the end of period(Mn.Br.)	111,213.56	Share %	138,054.355	Share %	23,724.00	Share %	-78.67	-82.82
Banks	0	0.00	650.00	0.47	5,604.00	23.62	-	762.15
Non-Banks	111,213.56	100.00	137,404.36	99.53	18,120.00	76.38	-83.71	-86.81
Public Servants Social Security Agency	54,915.56	49.38	72,015.56	52.16	11,690.00	49.27	-78.71	-83.77
Development Bank of Ethiopia	30,216.00	27.17	30,216.00	21.89	-	0.00	-100.00	-100.00
Private Organizations' Employees Social Security Agency	23,346.00	20.99	31,841.80	23.06	6,430.00	27.10	-72.46	-79.81
Other Public Non-Bank Institutions	2,736.00	2.46	3,331.00	2.41	-	0.00	-100.00	-100.00

Source: NBE



Fig.IV.9: Annual trends of T- Bills Market and its weighted :Yield



Source: NBE

4.5.2. Bonds Market

Corporate bond purchase of CBE in 2019/20 showed a 0.24 percent year-on-year increase and reached Birr 71.97 billion.

At the same time, corporate bond redeemed by City Government of Addis Ababa, Railway, Ethiopian Electric Power (EEP) and regional governments stood at Birr 21.8 billion reflecting 11.6 percent annual decrease (Table 4.16).

As a result, total outstanding bond holdings, during the period under review, registered an annual growth of 19.7 percent and reached Birr 405.24 billion. The share of EEP in outstanding corporate bond was 74.6 percent followed by Railway Corporation (14 percent), City Government of Addis Ababa 11.3 percent and regional governments 0.13 percent.

Table 4.16: Disbursement, Redemption and Outstanding of Coupon and Corporate Bond of CBE

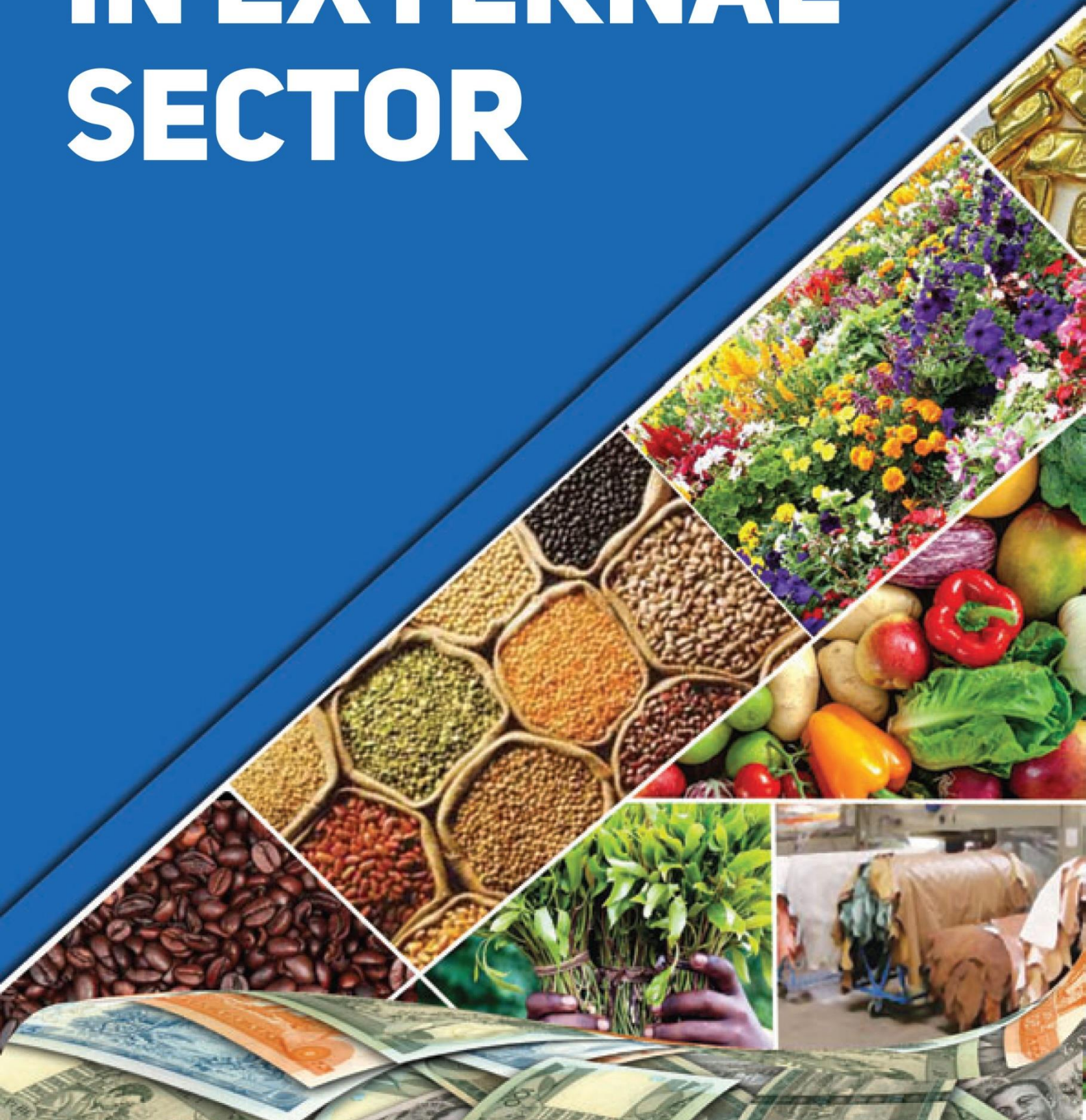
(In Millions of Birr)

Particulars	Annual	The first twelve Months of		Percentage Change
	2017/18	2018/19	2019/20	B/A
	Actual	A	B	
1. Corporate Bond Purchases by holders	57,448.9	71,800.00	71,971.84	0.24
(EEP) Ethiopian Electric Power	37,100.00	47,800.00	47,716.23	(0.18)
Regional governments			-	-
Development Bank of Ethiopia	-	0.00	-	-
City Government of Addis Ababa	9,300.00	9,000.00	2,700.00	-
Railway Corporation	11,048.91	15,000.00	21,555.61	43.70
Private Sector	-	-	-	-
2. Redemption of Bonds by Clients	3,808.6	24,644.62	21,796.64	-11.6
(EEP) Ethiopian Electric Power	50.00	228.75	5,156.04	-
Regional governments	36.49	20.29	52.65	159.5
Development Bank of Ethiopia				-
City Government of Addis Ababa	2,940.70	23,112.35	8,712.39	-62.3
Railway Corporation	781.36	1,283.24	7,875.56	-
Private Sector	-	-		-
3. Outstanding Bonds by Clients	291,425.0	338,580.36	405,235.41	19.7
(EEP) Ethiopian Electric Power	216,350.0	263,921.3	302,345.73	14.6
Regional governments	589.0	568.7	516.02	-9.3
Development Bank of Ethiopia	-	-	-	0.0
City Government of Addis Ababa	45,297.1	31,184.7	45,686.69	46.5
Railway Corporation	29,189.0	42,905.7	56,686.98	32.1
Private Sector	-	-	-	-

Source: Commercial Bank of Ethiopia



DEVELOPMENTS IN EXTERNAL SECTOR



V. DEVELOPMENTS IN EXTERNAL SECTOR

5.1 Overall Balance of Payments

The overall balance of payments worsened as it recorded a deficit of USD 1.2 billion in 2019/20 compared to USD 941.6 million deficit a year earlier as a result of a decline in net private transfers, official transfers and capital account balances despite improvements in deficits of both merchandise trade and net service payments.

Net services registered USD 213.5 million deficit compared to USD 550.7

million shortfall last year while merchandise trade deficit showed a 12.5 percent improvement. Net private transfers and net official transfers decreased by 13.2 percent and 26.9 percent, respectively as a result of which current account deficit (including official transfers) narrowed to USD 4.4 billion from USD 4.9 billion a year ago. The ratio of current account deficit to GDP was estimated at 4.1 percent (Table 5.1).

Table 5.1: Balance of Payments

(In Millions of USD)

S/N	Particulars	2017/18	2018/19 ^R	2019/20 ^P	Percentage Change	
		A	B	C	B/A	C/B
1	Exports, f.o.b.	2,836.1	2,666.5	2,987.7	-6.0	12.0
	Coffee	839.0	764.1	855.9	-8.9	12.0
	Other	1,997.1	1,902.4	2,131.8	-4.7	12.1
2	Imports	15,255.3	15,112.0	13,881.3	-0.9	-8.1
	Fuel	2,319.3	2,600.7	2,088.1	12.1	-19.7
	Cereals	771.7	598.7	843.2	-22.4	40.8
	Aircraft	282.3	870.3	65.9	208.2	-92.4
	Imports excl. fuel, cereals, aircraft	11,882.1	11,042.3	10,884.1	-7.1	-1.4
3	Trade Balance (1-2)	-12,419.3	-12,445.5	-10,893.6	0.2	-12.5
4	Services, net	-192.1	-550.7	-213.5	186.6	-61.2
	Non-factor services, net	237.1	38.9	393.7	-83.6	911.1
	Exports of non-factor services	4,219.5	4,948.9	4,686.4	17.3	-5.3
	Imports of non-factor services	3,982.5	4,910.0	4,292.7	23.3	-12.6
	Income, net	-429.2	-589.6	-607.2	37.4	3.0
	O/w Gross official int. payment	476.9	683.1	648.9	43.2	-5.0
	Dividend, net					
5	Private transfers, net	6,074.8	5,975.2	5,185.7	-1.6	-13.2
	o/w: Private Individuals	5,121.4	5,292.4	4,275.1	3.3	-19.2
6	Current account balance excluding off. Transfers (3+4+5)	-6,536.6	-7,020.9	-5,921.4	7.4	-15.7
7	Official transfers, net	1,251.7	2,086.7	1,525.0	66.7	-26.9
8	Current account balance including official transfers(6+7)	-5,285.0	-4,934.2	-4,396.4	-6.6	-10.9
9	Capital account	6,184.6	4,807.5	4,147.3	-22.3	-13.7
	Off. Long-term Cap., net	1,972.4	1,630.7	1,947.2	-17.3	19.4
	Disbursements	2,137.8	1,826.8	2,147.6	-14.5	17.6
	Amortization	165.4	196.1	200.4	18.6	2.2
	Other pub. long-term cap.	383.4	-249.0	-234.0	-164.9	-6.0
	Private sector, long term	250.7	264.2	164.3	5.4	-37.8
	Foreign Direct Investment(net)	3,723.4	3,015.4	2,419.2	-19.02	-19.8
	Short-term Capital	-145.2	146.1	-149.4	-200.6	-202.3
10	Errors and Omissions [11-(9+8)]	-1,101.3	-814.9	-978.2		
11	Overall balance (-13)	-201.6	-941.6	-1,227.3		
12	Financing (13+16)	201.6	941.6	1,227.3		
13	Reserves [Increase(-), Decrease (+)] (14+15)	201.6	941.6	1,227.3		
14	Central Bank (NFA)	-17.3	916.7	1,164.0		
	Asset	349.8	-567.8	304.5		
	Liabilities	-367.1	1,484.5	859.5		
15	Commercial banks (NFA)	218.9	25.0	63.3		
16	Debt Relief					
	Principal					
	Interest					

Source: NBE Staff Compilation

^P2019/20 data are Preliminary

^R2018/19 some items are revised

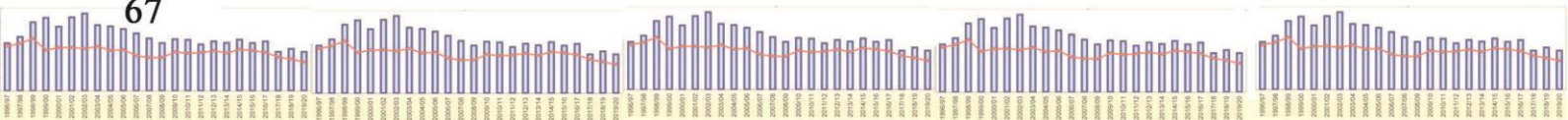
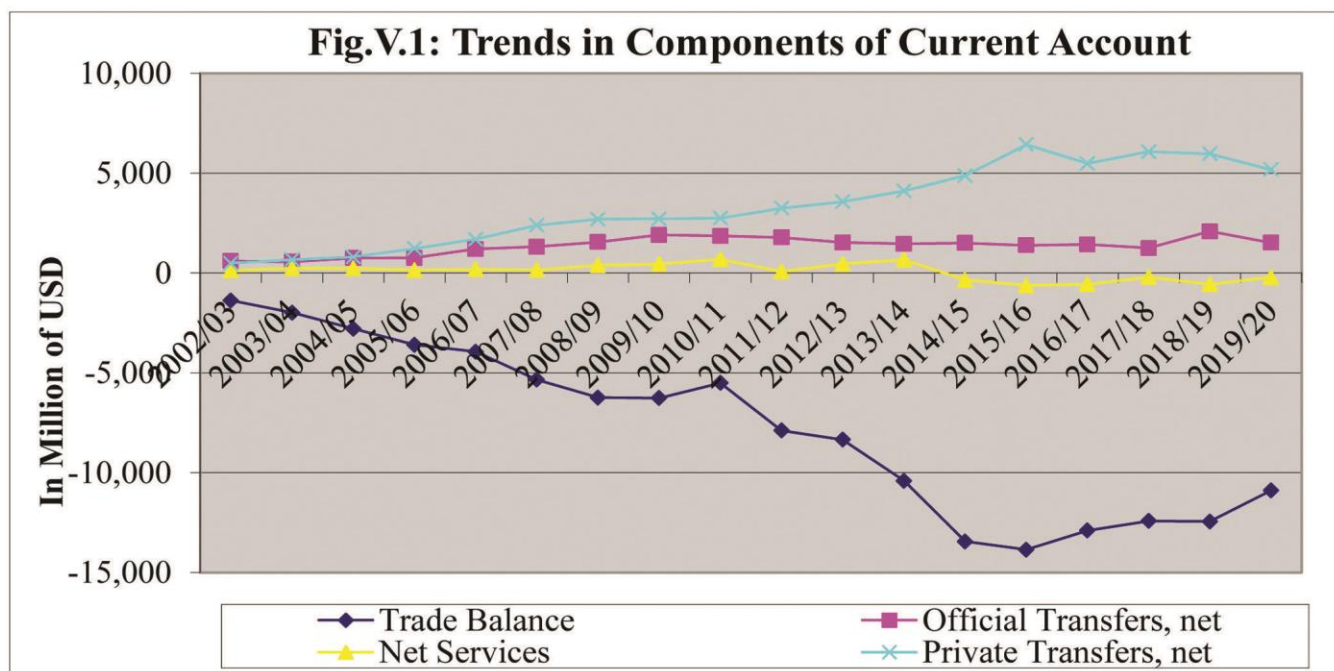


Table 5.2: Components of Current Account as Percentage of GDP*

Particulars	2017/18	2018/19	2019/20*	Change in Percentage point	
	A	B	C	B-A	C-B
Exports	3.4	2.8	2.8	-0.6	0.0
Imports	18.1	15.8	12.9	-2.3	-2.9
Trade Balance	-14.7	-13.0	-10.1	1.8	2.9
Net Services	-0.2	-0.6	-0.2	-0.4	0.4
Net Private Transfers	7.2	6.2	4.8	-1.0	-1.4
Current Account Deficit (excluding official transfers)	-7.8	-7.3	-5.5	0.5	1.8
Current Account Deficit (including official transfers)	-6.3	-5.2	-4.1	1.1	1.1

Source: NBE Staff Compilation

*GDP is Preliminary



Source: NBE Staff Computations

5.2. Developments in Merchandise Trade

5.2.1. Balance of Trade

Merchandise trade deficit narrowed to USD 10.9 billion from USD 12.4 billion a year earlier mainly due to higher revenue from goods export and a fall in

import bills. Hence, merchandise trade deficit as ratio of GDP stood at 10.1 percent.

5.2.2. Merchandise Export

Total merchandise export earnings increased year-on-year by 12.0 percent due to higher export earnings from coffee (12.0 percent), flower (64.6 percent), gold (604.5 percent), live-animals (18.1 percent), chat (6.9 percent), textile & textile products (10.5 percent) and electricity (19.3 percent).

up to 14.1 percent from 9.6 percent last year.

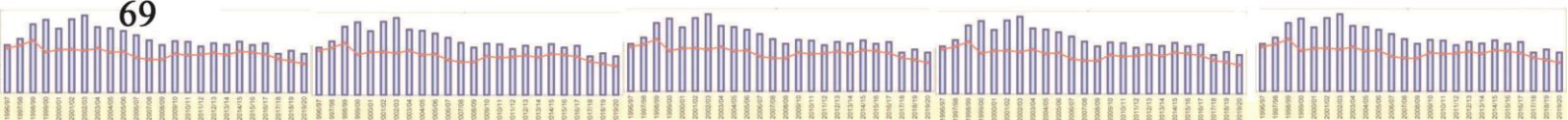
Specifically, export revenue from coffee rose 12.0 percent owing to 17.4 percent growth in export volume despite 4.6 percent drop in international price. The share of coffee in total merchandise export was 28.6 percent slightly lower than 28.7 percent last year.

Similarly, revenue from export of live-animals expanded by 18.1 percent as export volume rose 20.7 percent despite 2.2 percent decline in price. Hence, the share of live-animals in total merchandise export receipts slightly increased to 1.8 percent from 1.7 percent a year earlier.

Similarly, export revenue from flower surged 64.6 percent as both export volume and international prices increased by 63.2 percent and 0.9 percent, respectively. Hence, the share of flower in total export earnings went

Likewise, receipts from chat went up by 6.9 percent due to 6.7 percent rise in volume and 0.2 percent in price. Thus, the share of chat in total merchandise export earnings decreased to 10.9 percent from 11.4 percent a year earlier.

Export earnings from textile & textile products increased by 10.5 percent and reached USD 168.9 million due to a 14.6 percent growth in export volume despite



a 3.6 percent decline in price. As a result, the share of textile & textile products in total merchandise export earnings remained at 5.7 percent similar to a year earlier.

Likewise, gold generated USD 196.5 million which was 604.5 percent higher than last year same period. This was attributed to a 306.6 percent surge in volume and 73.3 percent in price. Therefore, the share of gold in total merchandise export went up to 6.6 percent compared with 1.0 percent a year ago.

Electricity export earnings hiked by 19.3 percent over last year owing to 18.3 percent and increase in volume and 0.8 percent rise in unit price. As a result, the share of electricity in total merchandise export earnings slightly increased to 2.2 percent from 2.1 percent last year same period.

Export earnings from oilseed decreased by 11.0 percent owing to 9.0 percent decline in export volume and 2.2 percent in price. Thus, the share of oilseeds in total merchandise export earnings stood at 11.5 percent.

Proceeds from pulses export went down by 13.8 percent and reached USD 234.8 million because of a 23.5 percent drop in volume despite 12.7 percent rise in price. Hence, the share of pulses in total merchandise exports decreased to 7.9 percent from 10.2 percent a year ago.

Similarly, export earnings from leather & leather products declined by 38.6 percent on account of 36.5 percent fall in volume and 3.4 percent in price. Consequently, their share in total merchandise export declined to 2.4 percent from 4.4 percent a year earlier.

Receipts from meat & meat products dropped by 23.9 percent due to 27.7 percent fall in volume despite 5.1 percent rise in unit price. As a result, the share of meat & meat products in total merchandise export earnings stood at 2.3 percent.

Export earnings from fruits & vegetables decreased by 3.4 percent owing to 11.2 percent decline in price despite 8.9 percent rise in export volume. Thus, the share of fruits & vegetables in total merchandise export earnings reached 2.0 percent during the review period.

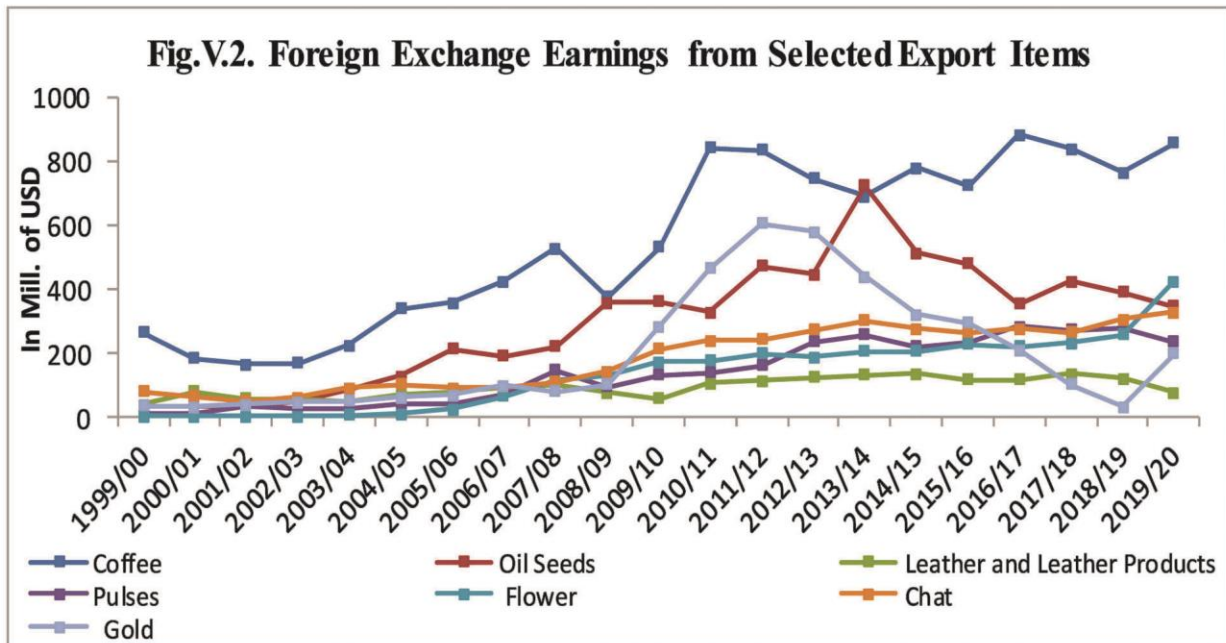
Similarly, earnings from other export items went down by 8.9 percent to USD 121.1 million.

Table 5.3: Values of Major Export Items

(In millions of USD)

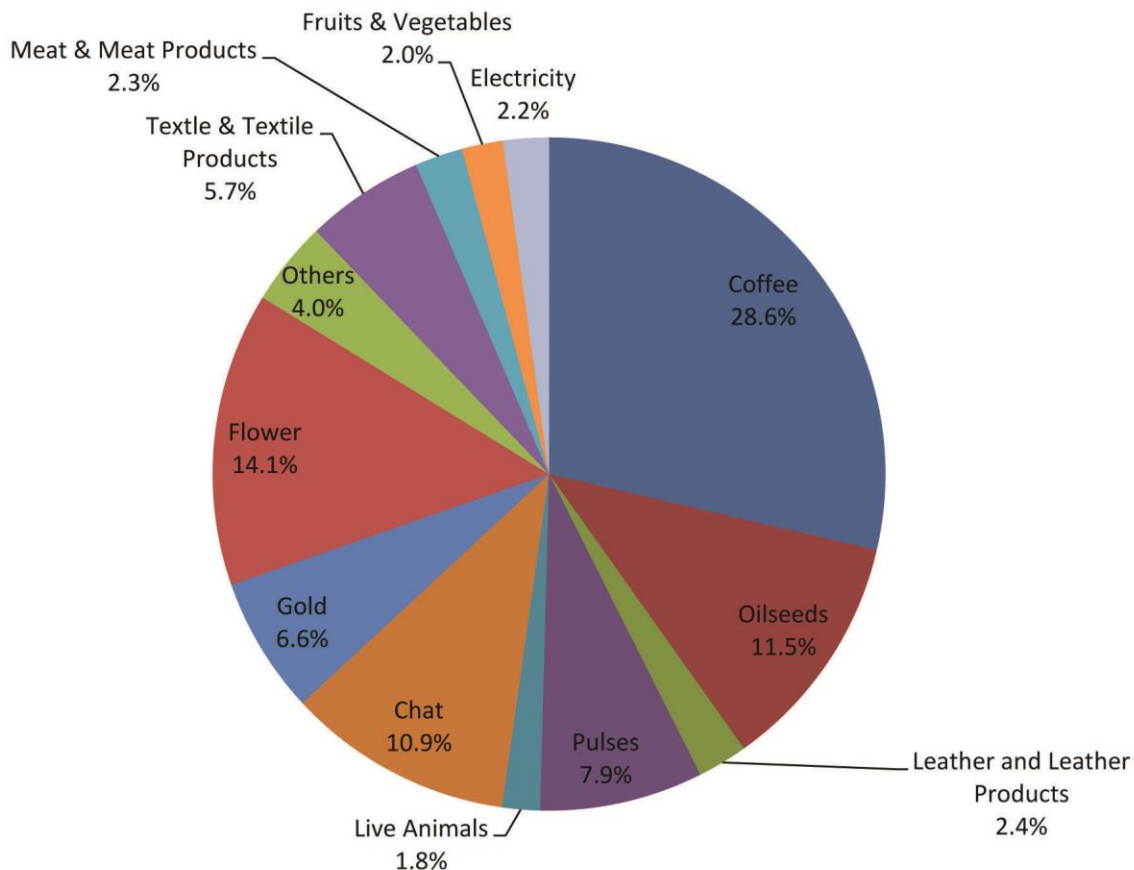
Particulars	2017/18		2018/19		2019/20		Percentage Change	
	A	%share	B	%share	C	%share	B/A	C/B
Coffee	839.0	29.6	764.1	28.7	855.9	28.6	2.0	12.0
Oilseeds	423.5	14.9	387.8	14.5	345.0	11.5	- 18.5	-11.0
Leather and Leather Products	132.4	4.7	117.4	4.4	72.0	2.4	-45.6	-38.6
Pulses	269.5	9.5	272.3	10.2	234.8	7.9	-12.8	-13.8
Meat & Meat Products	101.7	3.6	88.6	3.3	67.4	2.3	-33.7	- 23.9
Fruits & Vegetables	61.4	2.2	60.9	2.3	58.8	2.0	-4.2	-3.4
Textile & Textile Products	103.8	3.7	152.9	5.7	168.9	5.7	62.6	10.5
Live Animals	61.1	2.2	45.8	1.7	54.1	1.8	-11.5	18.1
Chat	263.2	9.3	303.6	11.4	324.4	10.9	23.3	6.9
Gold	100.2	3.5	27.9	1.0	196.5	6.6	96.2	604.5
Flower	228.6	8.1	256.6	9.6	422.3	14.1	84.7	64.6
Electricity	80.5	2.8	55.7	2.1	66.4	2.2	-17.4	19.3
Others	171.2	6.0	132.9	5.0	121.1	4.1	-29.3	-8.9
Total Export	2,836.1	100.0	2,666.5	100.0	2,987.7	100.0	5.3	12.0

Source: Ministry of Revenues and Ethiopian Electric Power



Source: NBE Staff Computation

Fig. V.3: Export Share of Selected Commodities



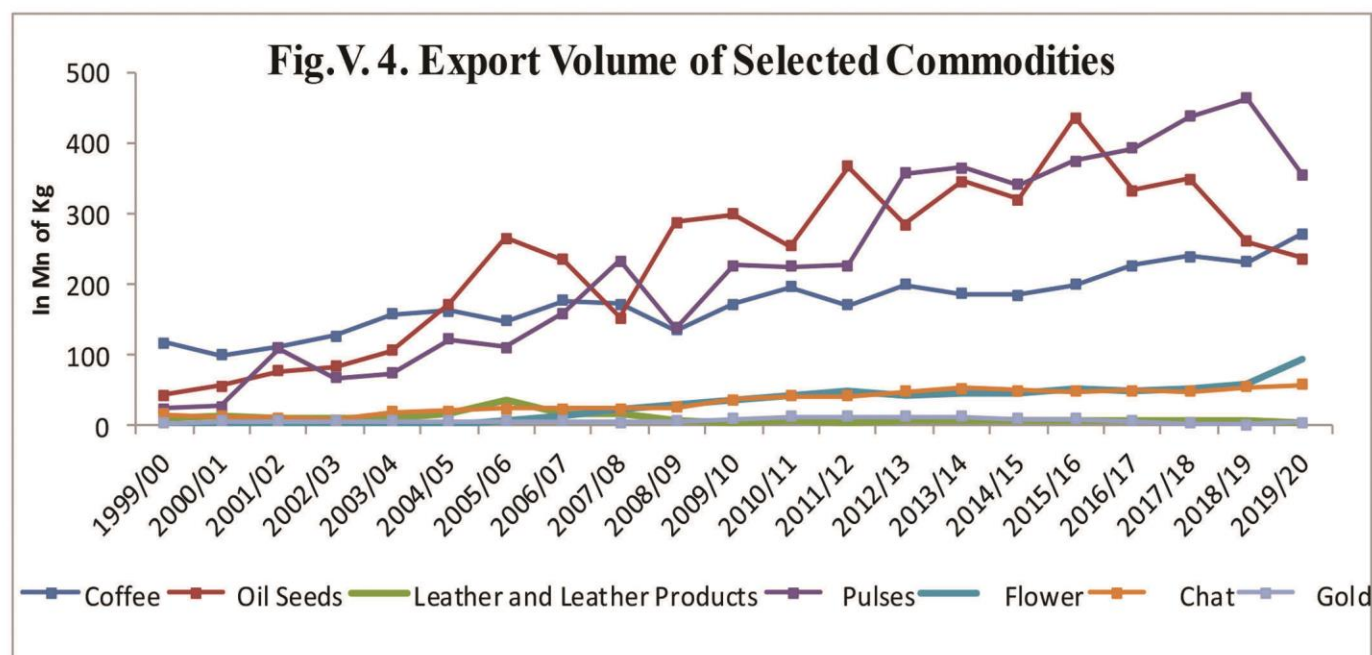
Source: NBE Staff Computation

Table 5.4: Volume of Major Exports

(In millions of kg unless stated otherwise)

Particulars	2017/18	2018/19	2019/20	Percentage Change	
	A	B	C	B/A*100-100	C/B*100-100
Coffee	238.57	230.93	271.11	13.64	17.40
Oilseeds	348.55	260.00	236.50	-32.15	-9.04
Leather and Leather Products	6.40	5.59	3.55	-44.52	-36.48
Pulses	438.06	462.82	354.01	-19.19	-23.51
Meat & Meat Products	19.95	17.72	12.82	-35.76	-27.65
Fruits & Vegetables	188.98	175.62	191.18	1.17	8.86
Textile & Textile Prod.	16.76	19.89	22.80	36.01	14.63
Live Animals	31.94	24.35	29.40	-7.96	20.74
Chat	47.02	53.57	57.14	21.50	6.67
Gold(In mn. of grams)	2.82	0.82	3.32	17.86	306.55
Flower	50.10	57.85	94.39	88.40	63.17
Electricity(In mn of kwh)	1,438.43	968.12	1,145.25	-20.38	18.30

Source: Ministry of Revenues and Ethiopian Electric Power



Source: NBE Staff Computation

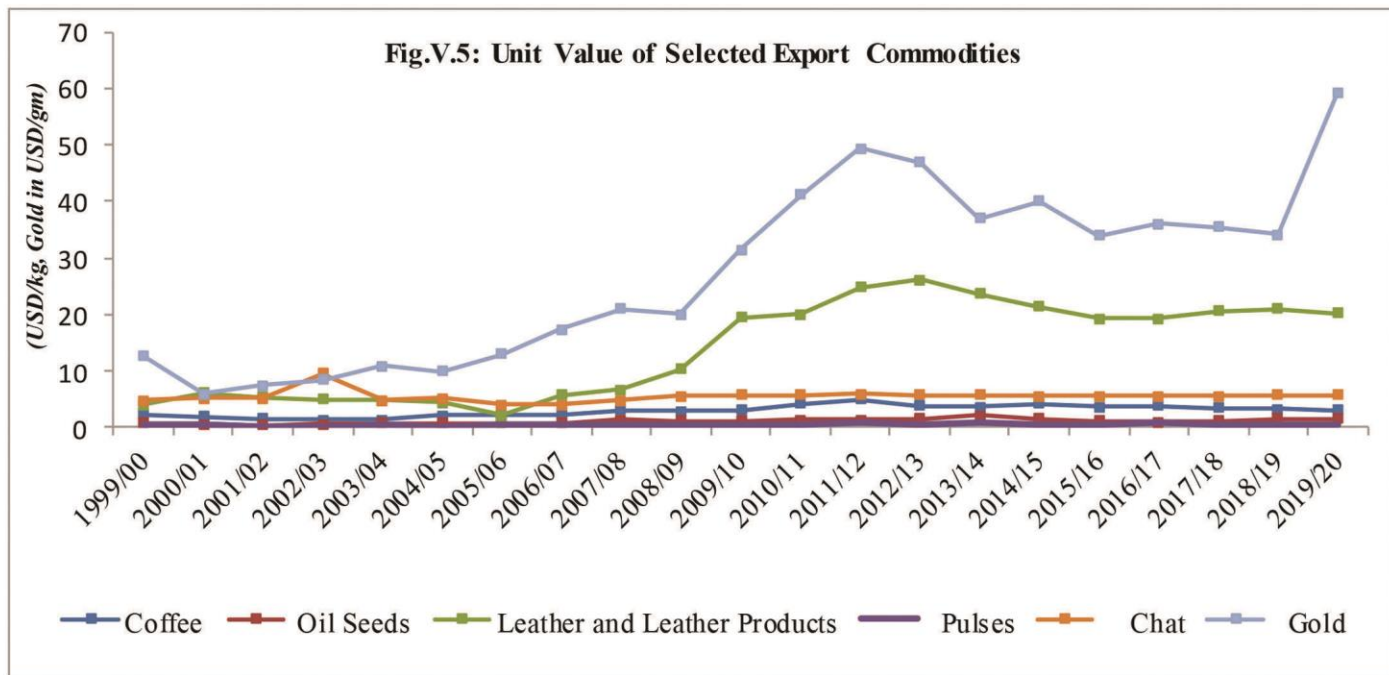
Table 5.5: Unit Value of Major Export Items

(In USD/kg unless stated otherwise)

Particulars	2017/18	2018/19	2019/20	Percentage Change	
	A	B	C	B/A*100-100	C/B*100-100
Coffee	3.52	3.31	3.16	-10.24	-4.59
Oilseeds	1.22	1.49	1.46	20.04	-2.20
Leather and Leather Products	20.69	20.99	20.28	-1.95	-3.40
Pulses	0.62	0.59	0.66	7.84	12.74
Meat & Meat Products	5.10	5.00	5.26	3.22	5.14
Fruits & Vegetables	0.33	0.35	0.31	-5.33	-11.22
Textile & Textile Prod.	6.19	7.69	7.41	19.58	-3.62
Live Animals	1.91	1.88	1.84	-3.81	-2.17
Chat	5.60	5.67	5.68	1.46	0.18
Gold (In USD/ grams)	35.51	34.12	59.12	66.48	73.28
Flower	4.56	4.44	4.47	-1.94	0.85
Electricity(In USD/ kwh)	0.06	0.06	0.06	3.72	0.81

Source: Ministry of Revenues and Ethiopian Electric Power





Source: NBE Staff Computation

5.2.3. Import of Goods

Total merchandise import bill reached USD 13.9 billion depicting 8.1 percent year-on-year decline mainly due to lower import bill of fuel, capital goods and consumer goods. Payments for semi-finished goods, raw materials and miscellaneous goods, however, registered annual increment. Hence, import to GDP ratio declined to 12.9 percent compared with 15.8 percent a year ago.

Capital goods import dropped by 18.1 percent as the value of transport capital goods declined by 72.2 percent while industrial and agricultural capital goods increased by 2.6 and 50.7 percent, respectively. Thus, the share of capital

goods in total merchandise import slowed down to 29.7 percent from 33.3 percent.

Likewise, fuel import decreased by 19.7 percent and reached USD 2.1 billion as a result of 17.3 percent fall in import price and 2.9 percent drop in volume. Hence, the share of fuel in total merchandise import bill went down to 15.0 percent from 17.2 percent last year.

Consumer goods import was USD 4.0 billion, about 6.1 percent lower than last year due to 23.3 percent slowdown in imports of durable goods despite marginal (0.6 percent) increase in imports of non-durable goods. Yet, the share of consumer goods in total merchandise

import bill at 28.9 percent was slightly higher than 28.3 percent of last year.

Semi-finished goods import at USD 3.1 billion, showed 11.9 percent annual growth as fertilizer import went up by 19.6 percent. As a result, the share of semi-finished goods in total merchandise import rose to 22.4 percent from 18.4 percent last year.

Import of raw materials also saw a 7.0 percent increase over last year and accounted for 1.2 percent of the total merchandise import bill of the review fiscal year.



Table 5.6: Value of Imports by End Use

(In Millions of USD)

Categories	2017/18		2018/19		2019/20		Percentage change	
	A	% share	B	% share	C	% share	B/A	C/B
Raw Materials	138.0	0.9	151.5	1.0	162.2	1.2	9.8	7.0
Semi-finished Goods	2,527.8	16.6	2,778.8	18.4	3,110.7	22.4	9.9	11.9
Fertilizers	478.5	3.1	499.7	3.3	597.8	4.3	4.4	19.6
Fuel	2,319.3	15.2	2,600.7	17.2	2,088.1	15.0	12.1	-19.7
Petroleum Products	2,227.2	14.6	2,493.4	16.5	2,003.7	14.4	11.9	-19.6
Others	92.0	0.6	107.3	0.7	84.3	0.6	16.7	-21.4
Capital Goods	5,269.1	34.5	5,030.6	33.3	4,122.0	29.7	-4.5	-18.1
Transport	1,130.9	7.4	1,429.2	9.5	397.6	2.9	26.4	-72.2
Agricultural	51.5	0.3	58.6	0.4	88.2	0.6	13.7	50.7
Industrial	4,086.7	26.8	3,542.9	23.4	3,636.2	26.2	-13.3	2.6
Consumer Goods	4,707.0	30.9	4,273.1	28.3	4,010.6	28.9	-9.2	-6.1
Durables	1,351.7	8.9	1,200.7	7.9	920.5	6.6	-11.2	-23.3
Non-durables	3,355.3	22.0	3,072.3	20.3	3,090.1	22.3	-8.4	0.6
Miscellaneous	294.2	1.9	277.2	1.8	387.8	2.8	-5.8	39.9
Total Imports	15,255.3	100.0	15,112.0	100.0	13,881.3	100.0	-0.9	-8.1

Source: Ministry of Revenues and Ethiopian Petroleum Enterprise

5.2.4 Direction of Trade

5.2.4.1. Export of Goods

Asia, Europe and Africa were the major destinations for Ethiopian merchandise export. Asia accounted for 36.4 percent of Ethiopia’s total exports. Saudi Arabia was the largest market for Ethiopia’s export with 19.0 percent share in total export earnings from Asia, followed by United Arab Emirates (11.5 percent), Japan (10.4 percent), Israel (9.4 percent), China (7.7 percent), South Korea (5.9 percent), India (5.2 percent), Singapore (3.6 percent), Yemen (3.5 percent), Indonesia (2.7 percent) and Taiwan (2.1 percent). These countries altogether accounted for 81.0 percent of Ethiopia’s total export revenue from Asia.

Europe had 33.6 percent share in Ethiopia’s total export revenue, with the Netherlands taking 30.8 percent share,

followed by Switzerland (19.8 percent), Germany (16.0 percent), Belgium (8.0 percent), Italy (4.4 percent), Turkey (3.4 percent), United Kingdom (3.3 percent) and France (2.8 percent). On the while, these countries had 88.6 percent share in Ethiopia’s total exports earnings from Europe.

About 18.9 percent of Ethiopia’s export proceeds originated from Africa, mainly Somalia (41.0 percent), Djibouti (21.0 percent), Sudan (12.1 percent), Kenya (2.6 percent), Nigeria (2.0 percent) and Egypt (0.9 percent) which altogether accounted for 80.6 percent of the total exports earnings from Africa.

America accounted for 10.6 percent of Ethiopia’s total export revenue, of which 67.4 percent was from exports to the United States, 4.6 percent to Canada and 0.7 percent to Mexico. These three countries had 72.7 percent share in Ethiopia’s total exports to America.

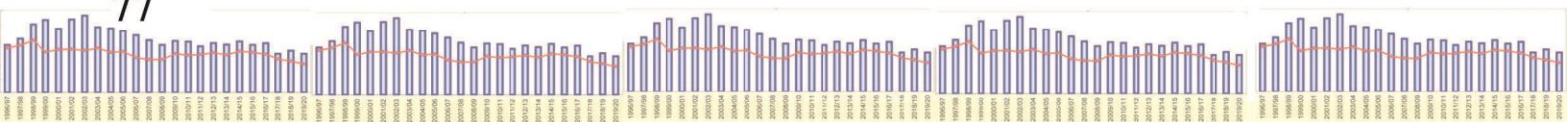
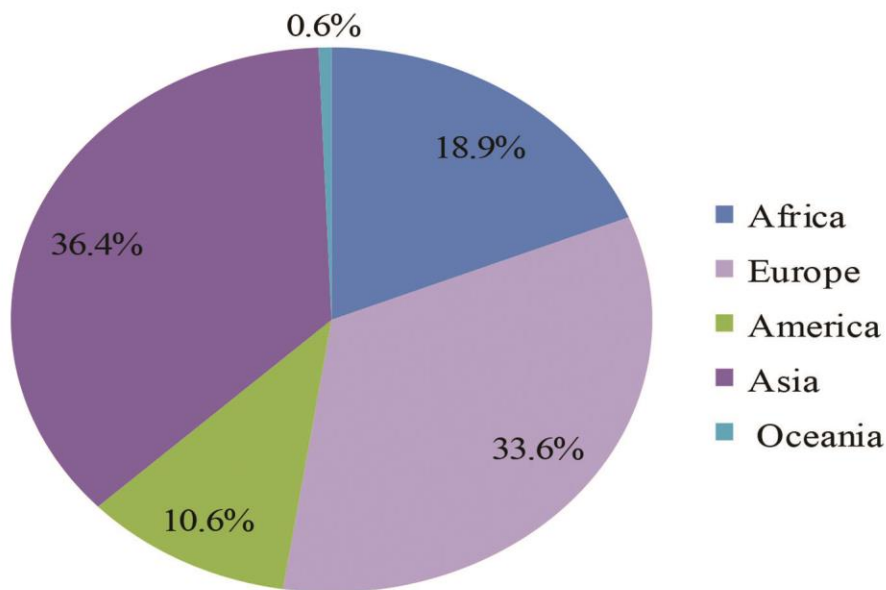


Fig.V.6: Export by Destination



Source: NBE Staff Compilation

5.2.4.2 Import of Goods

In 2019/20, Asia accounted for 60.6 percent of the total imports of Ethiopia. The major imports from Asia originated from China (42.9 percent), India (12.9 percent), Kuwait (12.9 percent), U.A.E (6.5 percent), Saudi-Arabia (5.4 percent), Indonesia (3.4 percent), Singapore (2.3 percent), South Korea (2.2 percent) and Japan (2.1 percent) whose combined share stood at 90.8 percent.

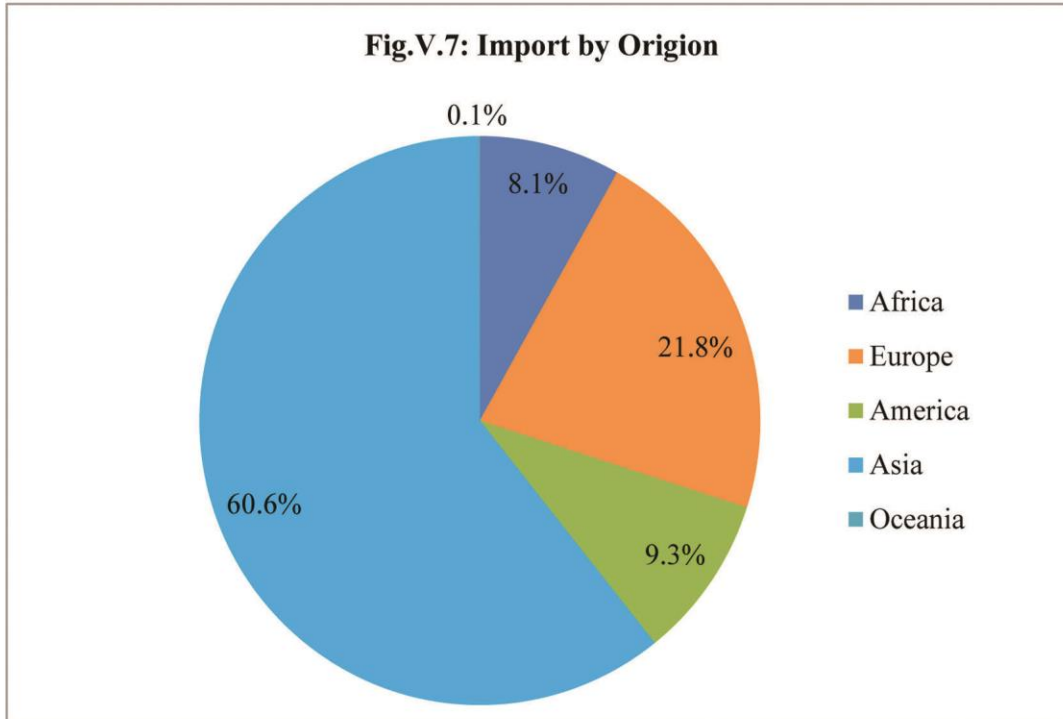
Europe accounted for 21.8 percent share of Ethiopia’s imports with the major trading partners being Turkey (20.2 percent), Ukraine (11.2 percent), Germany (9.8 percent), United Kingdom (9.8 percent), Italy

(8.7 percent), France (8.5 percent), Belgium (8.0 percent), the Netherlands (5.1 percent), Spain (2.7 percent), Switzerland (2.4 percent) and Russia (2.3 percent). These countries jointly constituted 88.7 percent of Ethiopia’s total imports from Europe.

About 9.3 percent of Ethiopia’s imports came from America, of which 82.7 percent was from the United States, 5.9 percent from Canada and 1.3 percent from Brazil.

Close to 8.1 percent of Ethiopia’s total merchandise import originated from Africa, mainly from Morocco (37.6 percent), Egypt (25.9 percent), South Africa (16.3 percent), Kenya (7.6 percent), Sudan (6.5 percent) and

Djibouti (3.4 percent), whose total share was 97.2 percent.



Source: NBE Staff Compilation

5.3 Services and Transfers

5.3.1 Services

During 2019/20, net services account recorded USD 213.5 million deficit, compared with USD 550.7 million deficit a year ago; showing 61.2 percent improvement. This was attributed to upsurge in surplus of travel service (50 percent) and transport services (38.4 percent) along with improvement in the deficit of net other service payment (19.7 percent); which outweighs the 78.8 percent reduction in net government

services and an increase in net investment income (3.0 percent) (Table 5.7).

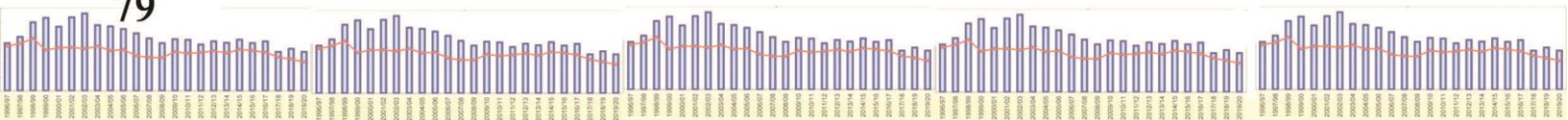


Table 5.7: Services Accounts

(In Millions of USD)

No	Particulars	2017/18	2018/19	2019/20	Percentage Change	
		A	B	C	D=B/A*10 0-100	E=C/B*10 0-100
1	Investment Income (2+5)	-429.2	-589.6	-607.2	37.4	3.0
2	Interest, net (3-4)	-429.2	-589.6	-607.2	37.4	3.0
3	Credit	40.3	79.5	41.7	97.2	-47.5
4	Debit	469.5	669.1	648.9	42.5	-3.0
5	Dividend, net					
6	NON-FACTOR SERVICES, net (7-8)	237.1	38.9	393.7	-83.6	911.1
7	Exports of non-factor services	4,219.5	4,948.9	4,686.4	17.3	-5.3
	Travel	749.0	868.1	853.8	15.9	-1.6
	Transport ¹	2,919.6	3,420.8	3,381.4	17.2	-1.1
	Gov't ²	295.3	354.6	131.0	20.1	-63.1
	Other ³	255.6	305.4	320.2	19.5	4.8
8	Imports of non-factor services	3,982.5	4,910.0	4,292.7	23.3	-12.6
	Travel	475.3	646.2	521.0	36.0	-19.4
	Transport ¹	2,402.8	2,775.9	2,489.0	15.5	-10.3
	Gov't ²	79.2	71.8	71.0	-9.3	-1.1
	Other ³	1,025.3	1,416.1	1,211.7	38.1	-14.4
9	Net Services (10+11+12+13+14)	-192.1	-550.7	-213.5	186.6	-61.2
10	Travel	273.7	221.9	332.8	-18.9	50.0
11	Transport	516.9	644.9	892.5	24.8	38.4
12	Gov't	216.1	282.8	59.9	30.9	-78.8
13	Other	-769.6	-1110.7	-891.5	44.3	-19.7
14	Investment Income	-429.2	-589.6	-607.2	37.4	3.0

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 dropped by 16.8 percent due to slow down in net private transfers (13.1 percent) and official transfers (26.9 percent). Net private transfers accounted for 77.3 percent of the total net transfers while net official transfers constituted 22.7 percent. Private transfer receipts contributed 76.2

percent of the total transfer receipts while official transfer payment accounted for 81.1 percent of total transfer payments (Table 5.8).

Table 5.8: Unrequited Transfers

(In Millions of USD)

S/N	Particulars	2017/18		2018/19		2019/20		Percentage Change	
		A	% share	B	% share	C	% share	B/A	C/B
1	Private Transfers, net	6,074.8	82.9	5,975.2	74.1	5,185.7	77.3	-1.6	-13.2
1.1	Receipts	6,150.9	82.8	5,993.4	73.7	5,210.4	76.2	-2.6	-13.1
	NGO's	1,029.5	13.9	701.0	8.6	935.3	13.7	-31.9	33.4
	Cash	775.5	10.4	561.7	6.9	532.7	7.8	-27.6	-5.2
	Food	254.0	3.4	139.3	1.7	402.6	5.9	-45.2	189.0
	Other								
	Private Individuals	5,121.4	69.0	5,292.4	65.0	4,275.1	62.5	3.3	-19.2
1.2	Payments	76.2	76.2	18.2	24.5	24.6	18.9	-76.1	35.5
2	Official Transfers, net	1,251.7	17.1	2,086.7	25.9	1,525.0	22.7	66.7	-26.9
2.1	Receipts	1,275.5	17.2	2,142.6	26.3	1,630.8	23.8	68.0	-23.9
	Cash	1,185.4	16.0	2,133.5	26.2	1,630.8	23.8	80.0	-23.6
	Food			3.2					
	Other	90.1		6.0				-93.3	-100.0
2.2	Payments	23.8	23.8	55.9	75.5	105.8	81.1	135.1	89.1
	Total Receipts	7,426.4	100.0	8,136.0	100.0	6,841.2	100.0	9.6	-15.9
	Total Payments	100.0	100.0	74.1	100.0	130.4	100.0	-25.8	76.0
3	Net Transfers	7,326.4	100.0	8,061.9	100.0	6,710.7	100.0	10.0	-16.8

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 4.4 billion from USD 4.9 billion last year, due to contraction in the net deficits of both merchandise and service trades.

5.5 Capital Account

Capital account showed USD 4.1 billion surplus, which was 13.7 percent lower than that of last year largely due to 19.8 percent decline in foreign direct investment, 37.8 percent drop in private sector long term capital and deficit in short-term capital. In contrast, official long term capital



improved by 46.9 percent, while other public sector long term capital recorded USD 234 million in deficit compared with USD 56.5 million surplus last year.

5.6 Changes in Reserve Position

Net foreign assets of the banking system saw reserve draw down whereby net foreign assets of the National Bank of Ethiopia and that of commercial banks declined by USD 1.2 billion and 63.3 million, respectively. Thus, gross international reserve was adequate to cover 2.5 months of imports of goods and services of next fiscal year.

5.7 External Debt

Ethiopia's external debt stock reached USD 28.7 billion in 2019/20, depicting 6.0

percent annual growth mainly due to higher debt owed to multilateral institutions while commercial debt stock showed 5.5 percent reduction. Hence, the country's external debt stock to GDP ratio stood at 26.6 percent while its ratio to total export receipts from goods and non-factor services slightly rose to 3.7 percent. Commercial debt stock, reached USD 6.6 billion showing a 5.5 percent year-on-year decline and accounted for 22.9 percent of the total debt stock. Of the total debt stock, 47.6 percent was owed to multilateral and 29.5 percent to bilateral creditors. The country's external debt burden, as measured by debt services to export of goods and non-factor services ratio, decreased to 25.9 percent from 26.7 percent a year earlier.

Table 5.9: External Public Debt

(In Millions of USD)

Particulars	2017/18	2018/19	2019/20	Percentage Change	
	A	B	C	D=B/A	E=C/B
Annual Debt	3,511.4	2,788.6	3,100.4	-20.6	11.2
Debt Stock	25,805.8	27,047.5	28,658.4	4.8	6.0
Multilateral	10,498.6	11,667.0	13,647.2	11.1	17.0
Bilateral	8,531.0	8,445.2	8,460.0	-1.0	0.2
Commercial	6,776.3	6,935.3	6,551.2	2.3	-5.5
Debt Services	1,601.6	2,036.4	1,987.7	27.1	-2.4
Principal repayments	1,155.7	1,406.8	1,387.2	21.7	-1.4
Interest payments	445.9	629.6	600.6	41.2	-4.6
Debt Stock to GDP Ratio (in %)	30.6	28.2	26.6	-7.9	-5.6
Debt stock to export of goods and non-factor services	3.7	3.6	3.7	-2.9	5.1
Receipt from Goods & Non-factor Services	7,055.6	7,615.4	7,674.0	7.9	0.8
Debt service ratio (In percent)1/	22.7	26.7	25.9	17.8	-3.1
Arrears					
Principal					
Interest					
Relief					
Principal					
Interest					

Source: MoF and NBE

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



5.8. Developments in Foreign Exchange Markets

5.8.1. Developments in Nominal Exchange Rate

During 2019/20, weighted average exchange rate of Birr in the inter-bank foreign exchange market was Birr 31.3427/USD, showing 11.7 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 11.7 and 11.5 percent, respectively, with a spread margin of 1.74 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
2017/18	26.1082	12.5	0	250	0
Qtr. I	23.2488	3.10	0	62	0
Qtr. II	26.7099	3.20	0	64	0
Qtr. III	27.2250	3.15	0	63	0
Qtr. IV	27.2493	3.05	0	61	0
2018/19	28.0543	12.60	0	251	0
Qtr. I	27.4295	3.10	0	62	0
Qtr. II	27.8137	3.30	0	65	0
Qtr. III	28.2700	3.15	0	63	0
Qtr. IV	28.7039	3.05	0	61	0
2019/20	31.3427	12.55	0	256	0
Qtr. I	29.0947	3.20	0	64	0
Qtr. II	30.2107	3.30	0	66	0
Qtr. III	32.2146	3.05	0	62	0
Qtr. IV	33.8507	3.00	0	64	0

Source: NBE, Foreign Exchange Monitoring & Reserve Managem

Table 5.11: End Period Mid-Market Rates

(USD per Unit of Foreign Currency)

Currency	2017/18	2018/19	2019/20	Percentage Change	
	A	B	C	B/A	C/B
Pound Sterling	1.3087	1.2701	1.2433	-2.95	-2.11
Swedish Kroner	0.1112	0.1078	0.1076	-3.06	-0.18
Djibouti Franc	0.0056	0.0056	0.0056	0.00	0.18
Swiss Franc	1.0018	1.0226	1.0547	2.08	3.14
Saudi Riyal	0.2666	0.2666	0.2665	0.00	-0.02
UAE Dirham	0.2722	0.2722	0.2722	0.00	0.01
Canadian Dollar	0.7521	0.7615	0.7322	1.25	-3.84
Japanese Yen	0.0091	0.0093	0.0094	2.20	0.56
Euro	1.1581	1.1371	1.1246	-1.81	-1.10
SDR	1.4084	1.3896	1.3801	-1.33	-0.68

Source: Staff Compilation

Measured at end period mid-market exchange rate, the US dollar appreciated against Canadian Dollar (3.8 percent), Pound Sterling (2.1 percent), Euro (1.1 percent), Swedish Kroner (0.2 percent), SDR (0.7 percent) and Saudi Riyal (0.02 percent) while it lost ground against Swiss Franc (3.1 percent), Japanese Yen (0.6 percent), Djibouti Franc (0.18 percent) and UAE Dirhams (0.01 percent) (Table 5.11).

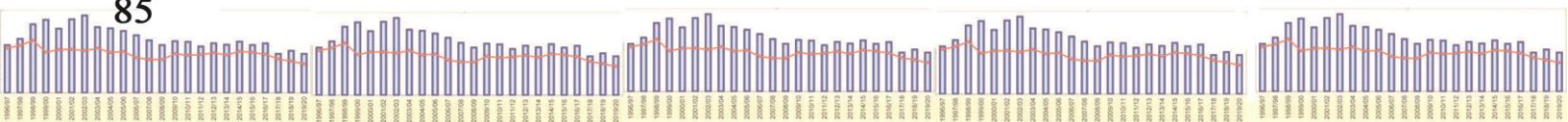


Table 5.12: End Period Mid-Market Rates (Birr per Unit of Foreign Currency)

Currency	2017/18	2018/19	2019/20	Percentage Change	
	A	B	C	B/A	C/B
USD	27.3984	29.0555	35.1571	6.05	21.00
Pound	35.8563	36.9033	43.3216	2.92	17.39
Swedish Kroner	3.0469	3.1325	3.7833	2.81	20.78
Djibouti Franc	0.1538	0.163	0.19725	5.98	21.01
Swiss Franc	27.4479	29.7121	37.2230	8.25	25.28
Saudi Riyal	7.3055	7.7471	9.37075	6.04	20.96
UAE Dirhams	7.4584	7.9095	9.5705	6.05	21.00
Canadian Dollar	20.6065	22.1257	25.7429	7.37	16.35
Japanese Yen	0.2486	0.2694	0.328	8.37	21.75
Euro	31.7301	33.0390	39.6713	4.13	20.07
SDR	38.5879	40.3755	48.4571	4.63	20.02

Source: Staff Compilation

Similarly, at mid-market exchange rate, the Birr depreciated against all major international currencies, specifically, Swiss Franc (25.3 percent), Japanese Yen (21.8 percent), Djibouti Franc (21.0 percent), USD (21.0 percent), UAE

Dirham (21.0 percent), Saudi Riyal (21.0 percent), Swedish Kroner (20.8 percent), Euro (20.1 percent), SDR (20.0 percent), Pound Sterling (17.4 percent) and Canadian Dollar (16.4 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 a result of higher domestic inflation and strengthening of the US dollar relative to that of its major trading partners. Conversely, during 2019/20, the REER has depreciated by 9.7 percent compared to 21.1 percent appreciation of last year. This was largely due to significant depreciation of the Bir

against trading partner currencies while the US dollar has slightly strengthened on average by 3.7 percent against all trading partner currencies.

Likewise, the Birr nominal effective exchange rate (NEER) depreciated by 8.9 percent during the review period vis-a-vis 13.9 percent appreciation last year (Table 5.13).

Table 5.13: Trends in Real and Nominal Effective Exchange Rates

Fiscal Year	REERI*	NEERI	Percentage Change	
			REERI	NEERI
2010/11	122.8	42.9	1.33	-23.47
2011/12	139.4	43.2	13.49	0.73
2012/13	140.2	42.0	0.59	-2.74
2013/14	140.8	40.7	0.44	-3.28
2014/15	157.6	42.3	11.89	4.03
2015/16	159.3	41.2	1.09	-2.69
2016/17	171.2	41.8	7.47	1.58
2017/18	164.0	37.2	-4.20	-10.90
2018/19	198.6	42.4	21.07	13.90
2019/20	179.4	38.6	-9.67	-8.92

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

* REERI index is revised due to CSA change of CPI base year

5.8.3. Foreign Exchange Transactions

In 2019/20, USD 12.6 million was traded in the inter-bank foreign exchange market which was 0.4 percent lower 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 484.0 million from customers, about 22.0 percent lower than a year ago. Their foreign exchange sales also dropped by 38.5 percent to USD 251.7 million (Table 5.14).

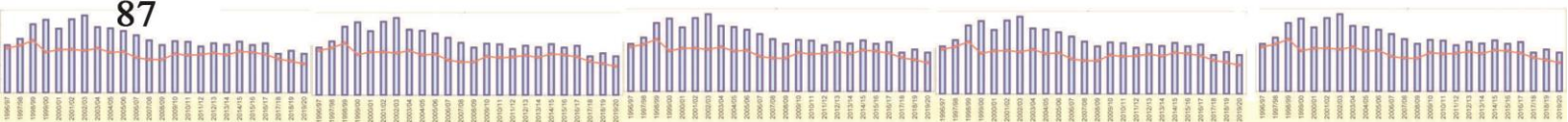


Table 5.14: Foreign Exchange Transactions by Forex Bureaus of Commercial Banks
(In Millions of USD)

Name of Forex Bureau	2017/18		2018/19		2019/20		Percentage Change	
	A	B	C	D	E	F	E/C	F/D
	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales
Commercial Bank of Ethiopia	239.8	151.5	318.2	172.5	226.5	90.4	-28.8	-47.6
Bank of Abyssinia	2.9	14.7	16.3	29.4	7.2	18.4	-55.5	-37.4
Dashen Bank	14.1	20.8	26.2	29.9	15.8	22.0	-39.6	-26.5
Awash International Bank	5.4	16.3	28.0	45.9	6.5	38.4	-76.8	-16.3
Construction & Business Bank	0.0	0.0	-	-	0.0	0.0		
Wegagen Bank	11.4	8.3	27.2	15.0	12.2	6.5	-55.0	-56.6
United Bank	10.0	16.2	38.0	26.9	110.6	15.7	191.0	-41.8
Development Bank	0.0	0.3	0.1	7.1	0.0	0.4	-95.0	-94.7
Nib International Bank	2.3	4.8	10.2	7.5	3.5	5.5	-66.0	-26.9
Lion International Bank	8.3	3.7	65.8	5.3	54.5	4.1	-17.2	-23.7
Oromia International Bank	6.5	7.4	23.8	15.4	18.9	12.3	-20.6	-20.2
Zemen Bank	0.4	8.4	2.3	16.0	0.3	13.5	-87.0	-15.8
Cooperative Bank of Oromia	1.0	5.2	6.1	12.2	0.6	9.8	-89.5	-19.7
Buna International Bank	9.0	3.1	20.1	4.3	7.2	1.9	-64.1	-55.7
Birhan International Bank	1.0	4.3	4.1	10.0	0.6	6.1	-86.1	-38.4
Abay Bank	1.8	1.3	17.4	1.2	1.7	0.9	-90.0	-28.8
Addis International Bank	4.4	1.9	10.4	3.5	5.5	2.1	-47.3	-40.6
Debub Global Bank	0.2	0.2	1.5	1.9	5.5	1.6	266.8	-13.8
Enat Bank	1.6	1.7	5.0	5.1	6.9	2.3	37.2	-54.6
Total	320.0	270.2	620.7	409.1	484.0	251.7	-22.0	-38.5
Average Exchange Rate	26.1467	26.6462	28.0298	28.5755	31.3088	31.8546	11.7	11.5

Source: Staff Compilation

GENERAL GOVERNMENT FINANCE



VI. GENERAL GOVERNMENT FINANCE

6.1. General

In 2019/20, overall fiscal operations of the general government resulted in a Birr 85.1 billion deficit, which compared with Birr 68.1 billion (including grants) deficit a year ago.

Total revenue (including grants) depicted a 14.5 percent year-on-year growth (Table 6.4). Thus, revenue to

GDP ratio decreased to 10.5 percent from 11.5 percent last year (Table 6.1).

During the review period, general government expenditure rose by 16.2 percent due to higher current and capital expenditures (Table 6.4).

Hence, the ratio of expenditure to GDP ratio reached 14.2 percent relative to 15.3 percent a year ago (Table 6.1).

Table 6.1 Measuring Fiscal Sustainability

Fiscal Year	PD/GDP	IP/RR	Ddebt/GDP	R(Debt)	R(GDP)	Exp/GDP	Rev/GDP	R(OR)
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	31.3	24.6	16.9	17.4	14.7	23.6
2016/17	-3.3	3.2	34.4	28.7	16.9	18.0	14.0	11.3
2017/18	-3.0	4.3	35.7	24.3	20.0	16.1	12.3	5.1
2018/19	-2.5	4.3	35.7	22.8	22.5	15.3	11.5	15.5
2019/20	-2.5	3.8	35.3	23.6	25.2	14.2	10.5	13.8

Source: Staff Computation

PD = Primary Deficit

IP/RR = Share of interest payments in Recurrent revenue

Ddebt/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

General government revenue, including grants, showed a 14.5 percent year-on-year growth and reached Birr 394.9 billion in 2019/20 (Table 6.2). In terms of ratio to GDP, however, general government revenue decreased to 10.5 percent from 11.5 percent in 2018/19.

About 87.9 percent of the total domestic revenue of Birr 311.5 billion was generated from tax sources and it expanded by 16 percent over last year owing to improved collection of direct taxes (14.5 percent) and indirect taxes (17.5 percent) whose respective contribution to tax revenue was 42.4 percent and 57.6 percent in 2019/20.

In the meantime, Birr 42.8 billion was collected from non-tax sources during 2019/20 fiscal year, which exhibited a marginal decline of 0.1 percent compared to last year despite improved collection from government investment income which went up by 10.5 percent (Table 6.2).

External grants at Birr 40.6 billion exhibited a 20.9 percent annual increase. All in all, the performance in total revenue collection, including grants, in 2019/20 fiscal year was about 82.5 percent of the annual revenue budget.

Fig.VI.1: Trend of General Government Revenue by Component

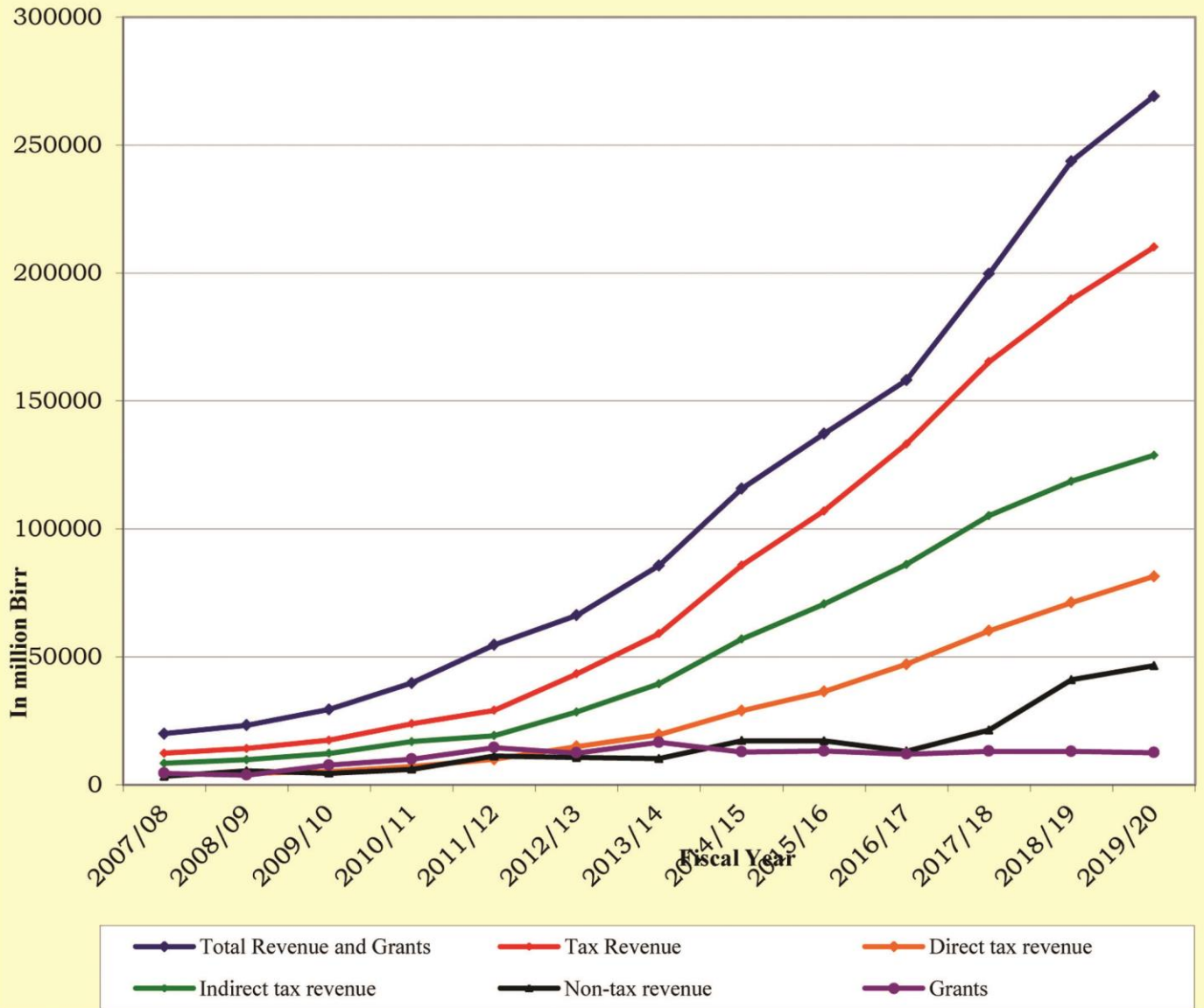


Table 6.2: Summary of General Government Revenue by Component

(In Millions of Birr)

Particulars	2018/19	2019/20		Percentage Change	Performance Rate
	[A]	[B]	C	[C/A]	[C/B]
	Pre. Act	Revised Budget	Pre. Act		
Total Revenue and Grants	344,936.5	478,456.9	394,965.8	14.5	82.5
Total Revenue 1/	311,317.4	385,180.1	354,312.8	13.8	92.0
Tax Revenue	268,457.4	331,044.0	311,476.5	16.0	94.1
1. Direct Tax Revenue	115,857.8	132,170.1	132,214.5	14.1	100.0
1.1 Income and Profit Taxes	112,798.6	129,143.4	129,479.3	14.8	100.3
Personal	41,202.5	45,396.5	49,869.6	21.0	109.9
Business	59,406.6	68,003.0	64,664.1	8.8	95.1
Others 2/	12,189.4	15,744.0	14,945.6	22.6	94.9
1.2 Rural Land Use Fee	356.0	560.7	358.0	0.6	63.8
1.3 Urban Land Use Fee	2,703.3	2,465.9	2,377.3	(12.1)	96.4
2. Indirect Taxes	152,599.6	198,873.9	179,261.9	17.5	90.1
2.1 Domestic Taxes	77,774.0	97,063.8	78,886.5	1.4	81.3
2.2 Foreign Trade Taxes	74,825.6	101,810.1	100,375.4	34.1	98.6
Import	74,825.6	101,810.1	100,375.4	34.1	98.6
Export	74,825.6	101,810.1	100,375.4	34.1	98.6
3. Non-Tax Revenue	42,860.0	54,136.2	42,836.3	(0.1)	79.1
3.1 Charges and Fees	4,428.6	3,492.5	4,095.2	(7.5)	117.3
3.2 Govt. Invt. Income 3/	15,821.6	19,454.4	17,488.9	10.5	89.9
3.3 Reimb. And Property Sales	245.9	543.4	203.4	(17.3)	37.4
3.4 Sales of Goods & Services	6,872.8	4,474.2	5,794.2	(15.7)	129.5
3.5 Others 4/	15,491.0	26,171.7	15,254.6	(1.5)	58.3
4. Grants	33,619.1	93,276.8	40,653.0	20.9	43.6

Source: Ministry of Finance

1/ It does not include privatization proceeds

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

3/ Government investment income includes: residual surplus, capital charge, interest payments and state dividend.

4/ Other extraordinary, miscellaneous and pension contribution

6.3. Expenditure

General government expenditure reached Birr 480.1 billion which was 16.2 percent higher than last year as both current and capital expenditures increased (Table 6.3).

Current expenditure stood at Birr 275.9 billion, showing a 15.9 percent growth over last fiscal year and its share in total expenditure was 57.4 percent and its

annual performance rate 83.7 percent. Meanwhile, capital expenditure at Birr 204.1 billion depicted 16.7 percent annual increase and accounted for 42.6 percent of the total expenditure. Its performance rate was 93.1 percent of the annual expenditure budget. In summary, general government expenditure performance rate was 97.9 percent.

Table 6.3: Summary of General Government Expenditure

(In Millions of Birr)

Particulars	2018/19	2019/20		Percentage Change	Performance Rate
	[A]	[B]	[C]	[C/A]	[C/B]
	Pre actual	Revised Budget	Pre actual		
Total Expenditure	413,105.7	548,784.8	480,143.2	16.2	87.5
1. Current Expenditure	238,156.6	329,513.4	275,967.0	15.9	83.7
General Services	74,660.4	77,008.6	89,920.2	20.4	116.8
Economic Services	31,233.4	37,281.8	36,323.1	16.3	97.4
Social Services	112,516.0	114,933	130,356.0	15.9	113.4
Interest and Charges	13,525.8	17,407.8	13,481.1	(0.3)	77.4
External Assistance ¹ *					
Social Safety Net					
Others (miscellaneous)	6,221.0	82,881.8	5,886.6	(5.4)	7.1
2. Capital Expenditure	174,949.1	219,271.5	204,176.1	16.7	93.1
Economic Development	106,518.0	145,030.4	132,629.1	24.5	91.4
Social Development	47,891.4	51,314.6	51,316.1	7.2	100.0
General Development	20,539.8	22,926.5	20,231.0	(1.5)	88.2
3. Special programs					

Source: Ministry of Finance

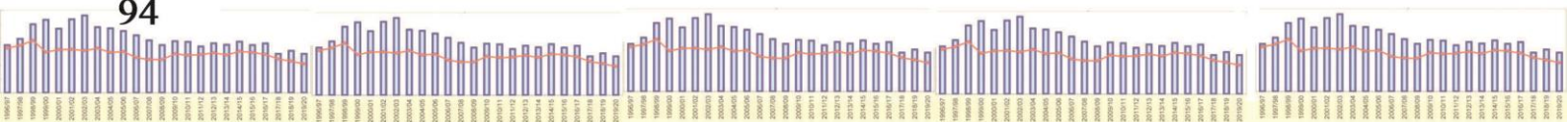


Fig.VI.2: Trends in General Government Expenditure by Component

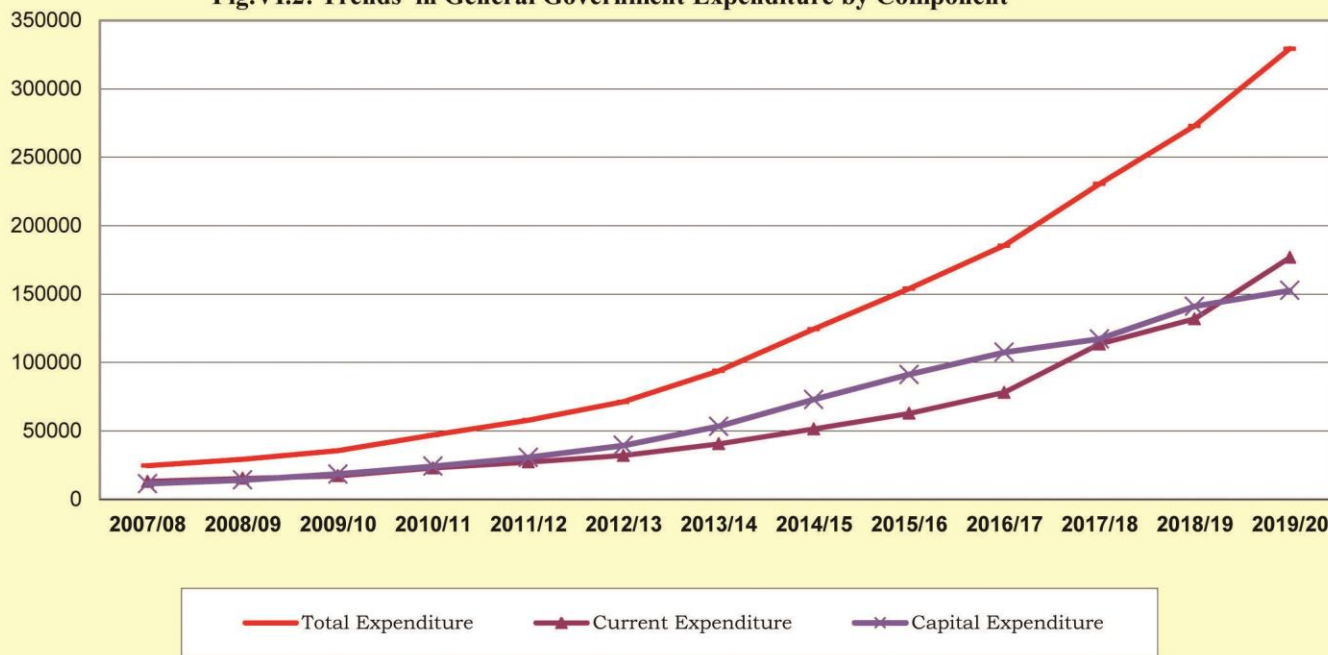
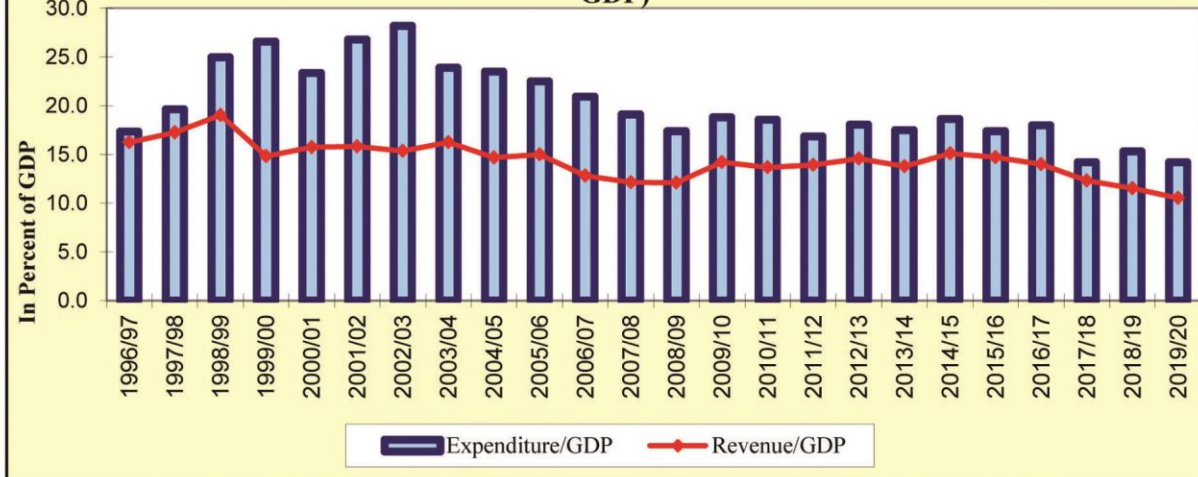


Fig.VI.3: Trends in General Government Expenditure and Revenue (% of GDP)



6.4 Deficit Financing

During the review period general government budgetary operations, including external grants, resulted in a deficit of Birr 85.1 billion which was , 24.9 percent higher than a year earlier.

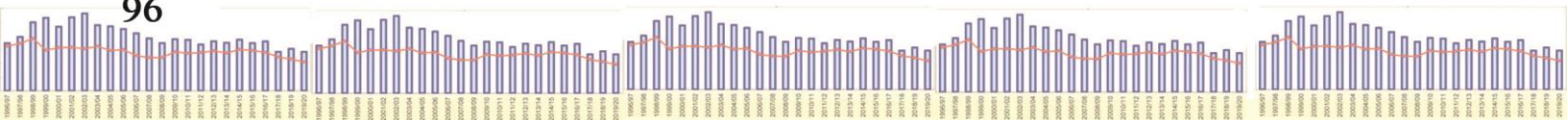
Primary deficit as percentage of GDP was 2.5 percent. The deficit was mainly financed by net domestic and external borrowing.

Table 6.4: Summary of General Government Finance

(In Millions of Birr)

Particulars	2018/19	2019/20		Percentage Change	performance rate
	[A]	[B]	[C]		
	Pre. Act	Revised Budget	Pre. Act	[C/A]	[C/B]
Revenue and Grants	344,936.5	478,456.9	394,965.8	14.5	82.5
Revenue	311,317.4	385,180.1	354,312.80	13.8	92.0
Grants	33,619.1	93,276.8	40,653.03	20.9	43.6
Total Expenditure	413,105.7	548,784.8	480,143.2	16.2	87.5
Current Expenditure	238,156.6	329,513.4	275,967.04	15.9	83.7
Capital Expenditure	174,949.1	219,271.5	204,176.15	16.7	93.1
Special Programs					
Overall Surplus/ Deficit					
(Including Grants)	(68,169.2)	(70,327.9)	(85,177.4)	24.9	121.1
(Excluding Grants)	(101,788)	(163,605)	(125,830)	23.6	76.9
Total Financing	68,169.2	70,327.9	85,177.4	24.9	121.1
Net External Borrowings	35,401.7	31,964.7	59,528.75	68.2	186.2
Gross Borrowing	40,973.4	39,313.6	66,127.27	61.4	168.2
o/w Special Programs					
Amortization Paid	5,571.7	7,349.0	6,598.52	18.4	89.8
Net Domestic Borrowings	36,324.3	38,363.3	42,104.00	15.9	109.8
Banking System	10,188.5		5,214.80	(48.8)	
Non-Banking Systems	26,135.8		36,889.20	41.1	
Privatization Receipts		-	-		
Others and Residuals	(3,556.8)	(0)	(16,455.39)	362.7	

Source: Ministry of Finance



INVESTMENT



VII. INVESTMENT

The Ethiopian Investment commission (EIC) and regional investment offices licensed a total of 84 projects during 2019/20, all of which were operational. The projects started operation with investment capital of Birr 1.3 billion.

All of the Private investment projects licensed were private. Of the total investment projects, 47 (56 percent) were domestic with investment capital of Birr 675.5 million; whereas 37 projects were

foreign owned with total capital of Birr 644.9 million capital.

Average capital per project for domestic investment projects was Birr 14.4 million while that of foreign investment projects was Birr 17.4 million, implying that the foreign investment projects were more of capital intensive than domestic investment projects.

Job opportunity created by these investment projects was estimated at 3,211 permanent and 1,634 casual (Table 7.1).

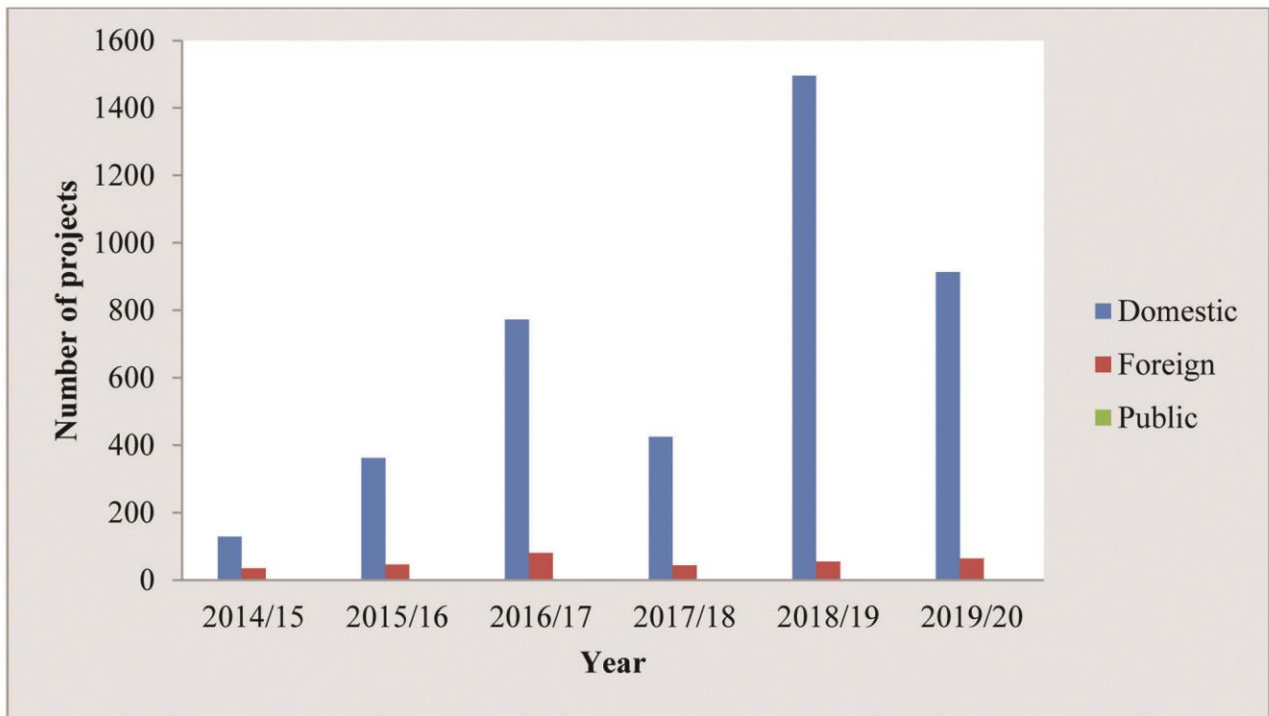
Table 7.1: Number of Projects, Capital and Jobs Created by Operational Investment
(Capital in millions of Birr)

		2017/18	2018/19	2019/20		Percentage change	
		A	B	C	Share	C/A	C/B
1. Total Investment	Number	1,550	976	84	100.0	-94.6	-91.4
	Capital	25,876.3	8,951.7	1,320.3	100.0	-94.9	-85.3
	Permanent Workers	332,003	22,631	3,211	100.0	-99.0	-85.8
	Temporary Workers	36,214	10,541	1,634	100.0	-95.5	-84.5
1.1. Total Private	Number	1,550	976	84	100.0	-94.6	-91.4
	Capital	25,876.3	8,951.7	1,320.3	100.0	-94.9	-85.3
	Permanent Workers	332,003	22,631	3,211	100.0	-99.0	-85.8
	Temporary Workers	36,214	10,541	1,634	100.0	-95.5	-84.5
1.1.1. Domestic	Number	1,496	913	47	56.0	-96.9	-94.9
	Capital	20,698.2	7,836.4	675.5	51.2	-96.7	-91.4
	Permanent Workers	233,115	12,692	110	3.4	-100.0	-99.1
	Temporary Workers	14,044	6,896	272	16.6	-98.1	-96.1
1.1.2. Foreign	Number	54	63	37	44.0	-31.5	-41.3
	Capital	5,178.1	1,115.3	644.9	48.8	-87.5	-42.2
	Permanent Workers	98,888	9,939	3,101	96.6	-96.9	-68.8
	Temporary Workers	22,170	3,645	1,362	83.4	-93.9	-62.6
1.2.Public	Number	-	-	-	-	-	-
	Capital	-	-	-	-	-	-
	Permanent Workers	-	-	-	-	-	-
	Temporary Workers	-	-	-	-	-	-

Source: Ethiopian Investment Commission

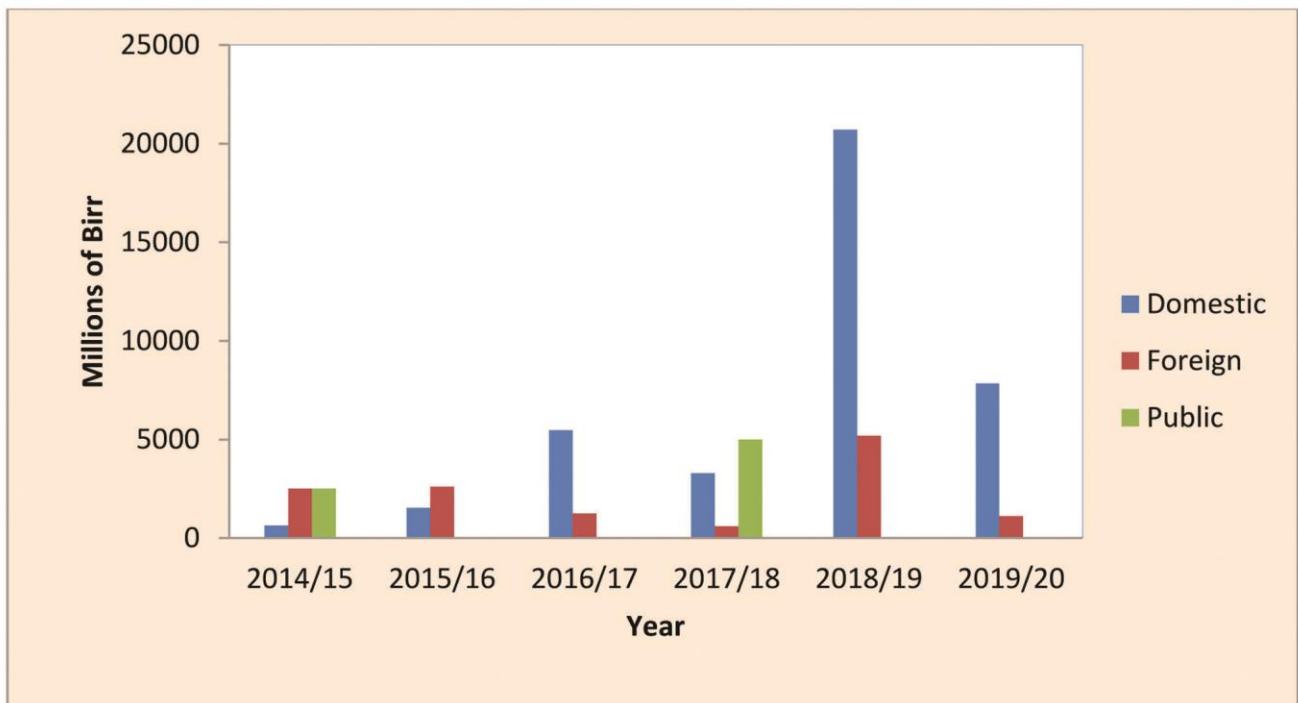


Fig.VII.1: Number of Operational Investment Projects by Type



Source: Ethiopian Investment Commission.

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



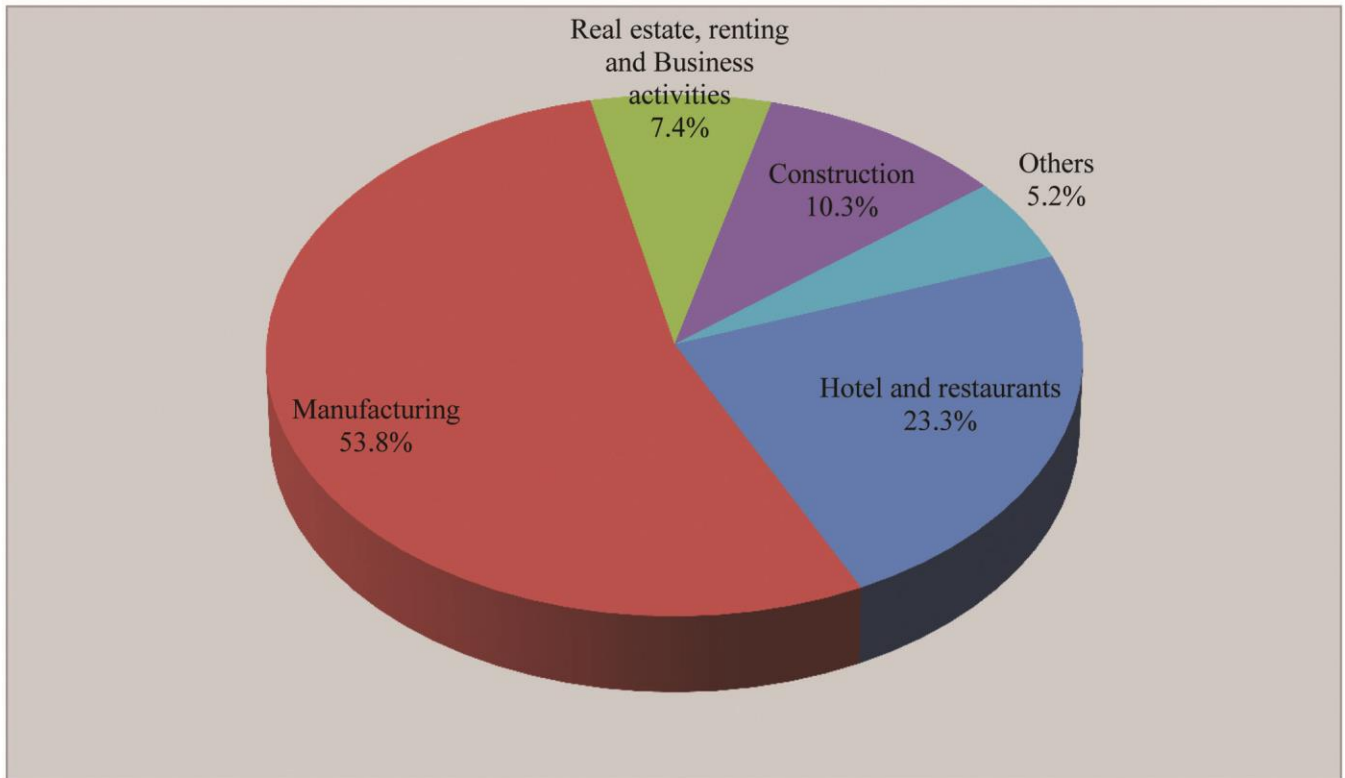
Source: Ethiopian Investment Commission

7.1. Investment by Sector

In terms of sectoral distribution, 50 percent of the total investment projects were in manufacturing, 17.9 percent each in real estate, renting & business activities and construction 3.6 percent each in hotels & restaurants and health & social work and 7.1 percent in others. Of the total investment

capital, manufacturing constituted 53.8 percent followed by hotels and restaurants (23.3 percent), construction (10.3 percent), real estate, renting & business activities (7.4 percent) and other sectors (5.2 percent) (Table 7.2).

Fig.VII.3: Distribution of Operational Investment capital by Sector in 2019/20



Source: Ethiopian Investment Commission.

Others*: Agriculture, hunting & forestry; education; health & social work; tour operation, transport & communication and others.



Table: 7.2: Numbers and Capital of Operational Investment Projects by Sector
(Capital in millions of Birr)

Sectors	2017/18		2018/19		2019/20		Percentage share	
	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital
Manufacturing	578	14,494.8	337	4,647.0	42	710.1	50.0	53.8
Agriculture, hunting and forestry	42	322.8	27	297.7	1	10.5	1.2	0.8
Real estate, renting and Business activities	496	7,204.8	404	1,909.3	15	98.3	17.9	7.4
Hotel and restaurants	5	57.8	7	39.5	3	307.9	3.6	23.3
Education	7	67.8	6	68.2	1	2.5	1.2	0.2
Health and social work	15	276.4	5	25.3	3	18.0	3.6	1.4
Construction	344	3,002.1	176	1,745.7	15	135.5	17.9	10.3
Tour operation, transport and communication	5	11.4	5	20.0	2	17.9	2.4	1.4
Whole sale, retail trade and repair service	1	2.0	-	-	-	-	-	-
Mining and quarrying	7	81.0	4	38.2	-	-	-	-
Electricity, gas, steam and water supply	1	100.0	-	-	-	-	-	-
Other community, social and personal service activities	46	245.8	2	82.0	-	-	-	-
Others	3	9.5	3	78.8	2	19.6	2.4	1.5
Grand Total	1,550	25,876.2	976	8,951.7	84	1,320.3	100	100

Source: Ethiopian Investment Commission.

7.2 Distribution by Region

Of the total 84 investment projects that went into operation in 2019/20, 40 projects (47.6 percent) with Birr 649.6 million capital (49.2 percent) were located in Addis Ababa, followed by 6 projects (7.1 percent) with Birr 10.9 million capital in Amhara and 1

project (1.2 percent) with Birr 15 million capital in Tigray while 37 projects (44 percent) with Birr 644.9 million capital went to multiregional projects (Table 7.3).

Table 7.3: Number and Capital of Operational Projects by Region

(Capital in millions of Birr)

Regions	2017/18		2018/19		2019/20		Percentage share	
	No. of projects	Investment Capital	No. of projects	Investment Capital	No. of projects	Investment Capital	No. of projects	Investment Capital
Tigray	66	395.3	49	265.6	1	15.0	1.2	1.1
Afar	46	380.0	-	-	-	-	-	-
Amhara	15	39.7	20	152.5	6	10.9	7.1	0.8
Oromia	-	-	157	560.4	-	-	-	-
Somali	-	-	-	-	-	-	-	-
Benishangu l-Gumuz	1	2.0	-	-	-	-	-	-
SNNPR	1	2.5	-	-	-	-	-	-
Gambella	-	-	-	-	-	-	-	-
Harari	-	-	-	-	-	-	-	-
Addis Ababa	1,362	19,839.3	681	6,838.4	40	649.6	47.6	49.2
Dire Dawa	-	-	-	-	-	-	-	-
Multiregion al Projects	59	5,217.5	69	1,134.7	37	644.9	44.0	48.8
Grand Total	1,550	25,876.3	976	8,951.7	84	1,320.3	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 growth was projected at -4.9 percent in 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6.5 percentage points lower than in the pre COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since the 1990s.

Growth in the advanced economy group was projected at -8.0 percent in 2020, 1.9 percentage points lower than in the April 2020 WEO. There appears to have been a deeper hit to activity in the first half of the year than anticipated, with signs of voluntary distancing even before lockdowns were imposed. This also suggests a more gradual recovery in the second half as fear of contagion is likely to continue.

Synchronized deep downturns are foreseen in the United States (-8.0 percent); Japan (-5.8 percent); the United Kingdom (-10.2 percent); Germany (-7.8 percent); France (-12.5 percent); Italy and Spain (-12.8 percent). In 2021 the advanced economy growth rate is projected to strengthen to 4.8 percent, leaving 2021 GDP for the group about 4 percent below its 2019 level.

Among emerging market and developing economies, the hit to activity from domestic disruptions is projected closer to the downside scenario envisaged in April, more than offsetting the improvement in financial market sentiment. The downgrade also reflects larger spillovers from weaker external demand. The downward revision to growth prospects for emerging market and developing economies over 2020–21 (2.8 percentage points) exceeds the revision for advanced economies (1.8 percentage points). Excluding China, the downward revision for emerging market and developing economies over 2020–21 is 3.6 percentage points. Overall, growth in the group of emerging market and developing economies is forecast at -3.0 percent in 2020, 2

percentage points below the April 2020 WEO forecast. Growth among low-income developing countries is projected at -1.0 percent in 2020, some 1.4 percentage points below the April 2020 WEO forecast, although with differences across individual countries. Excluding a few large frontier economies, the remaining group of low-income developing countries was projected to contract by -2.2 percent in 2020.

In 2021 the growth rate for emerging market and developing economies is projected to strengthen to 5.9 percent, largely reflecting the rebound forecast for China (8.2 percent). The growth rate for the group, excluding China, is expected to be -5.0 percent in 2020 and 4.7 percent in 2021, leaving 2021 GDP for this subset of emerging market and developing economies slightly below its 2019 level

Table 8.1: Overview of World Economic Outlook and Projection

(Annual Percentage Change)

Particulars	2018	2019	Projection	
			2020	2021
World Output	3.6	2.9	-4.9	5.4
Advanced Economies	2.2	1.7	-8.0	4.8
United States	2.9	2.3	-8.0	4.5
Euro Area	1.9	1.3	-10.2	6.0
Japan	0.3	0.7	-5.8	2.4
United Kingdom	1.3	1.4	-10.2	6.3
Emerging Market & Developing Economies	4.5	3.7	-3.0	5.9
Middle East, North Africa, Afghanistan and Pakistan	1.8	1.0	-4.7	3.3
Sub-Saharan Africa	3.2	3.1	-3.2	3.4
Nigeria	1.9	2.2	-5.4	2.6
South Africa	0.8	0.2	-8.0	3.5
World Trade Volume (goods & services)	3.8	0.9	-11.9	8.0
Advanced Economies	3.4	1.5	-13.4	7.2
Emerging Market and Developing Economies	4.5	0.1	-9.4	9.4
Commodity Prices (US dollars)				
Oil	29.4	-10.2	-41.1	3.8
Non-fuel(average based on world commodity import weights)	1.3	0.8	0.2	0.8
Consumer Prices*				
Advanced Economies	2.0	1.4	0.3	1.1
Emerging Market & Developing Economies	4.8	5.1	4.4	4.5
Sub-Saharan Africa	3.2	3.1	-3.2	3.4
Angola	-1.2	-0.9	-4.0	3.2
Nigeria	1.9	2.2	-5.4	2.6
Ghana	6.3	6.1	1.5	5.9

Source: IMF, World Economic Outlook, June, 2020

*IMF, Reginal Economic Outlook, June, 2020



8.1.2. World Trade

Global trade will suffer a deep contraction - 11.9 percent during 2020, reflecting considerably weaker demand for goods and services, including tourism. Consistent with the gradual pickup in domestic demand next year, trade growth is expected to increase to 8 percent. Global merchandise imports (excluding the euro area) fell sharply in

April 2020, following two consecutive quarters of contraction. The decline in world trade coincided with a peak in the severity of containment measures worldwide. While the global PMI for new export orders (excluding the euro area) improved in May and June, it continued to signal weakness in trade.

8.1.3. Inflation and Commodity Prices

Global inflation slowed further in May. Annual consumer price inflation in the countries of the Organization for Economic Co-operation and Development (OECD) declined to 0.7 percent in May, driven by a faster decline in energy prices, while food price inflation increased slightly. Meanwhile, inflation excluding food and energy remained stable at 1.6 percent. The slowdown in inflation was broad-based across most advanced economies and major non-OECD emerging market economies. Looking ahead, global inflationary pressures are expected to remain subdued as a result of both the fall in oil prices and weak demand.

Oil prices have increased by more than 10 percent since the last Governing Council meeting amid a rebound in economic activity and falling supply owing to cuts

agreed in early May. Oil prices have been supported by a stronger than expected pick-up in oil demand on the back of the easing of lockdown measures. Oil demand is expected to remain subdued in the second half of 2020 and into 2021, with consumption set to remain below the levels seen in 2019.

In advanced economies, average inflation in had dropped about 1.3 percentage points since the end of 2019, to 0.4 percent (year over year) as of April 2020, while in emerging market economies it had fallen 1.2 percentage points, to 4.2 percent. Downward price pressure from the decline in aggregate demand, together with the effects of lower fuel prices, seems to have more than offset any upward cost-push pressure from supply interruptions so far.

8.1.4. Exchange Rate

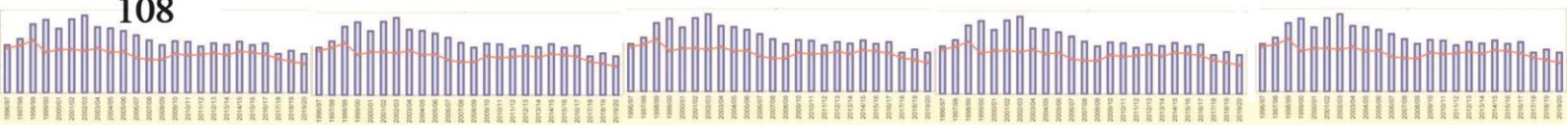
In foreign exchange markets, the euro broadly strengthened in trade-weighted terms. Over the review period, the nominal effective exchange rate of the euro, as measured against the currencies of 42 of the euro area’s most important trading partners, appreciated by 1.0 percent. This largely reflected a strengthening in particular against the currencies of countries that were more heavily affected by the economic and financial market impact of the COVID-19 pandemic. Specifically, the euro appreciated against a number of emerging market

currencies, notably the Brazilian real (by 6.9 percent), the Russian rouble (by 4.2 percent) and the Turkish lira (by 3.6 percent), as well as against both the US dollar (by 1.7 percent) and the pound sterling (by 1.0 percent). At the same time, the euro weakened only very slightly against the Japanese yen (by 0.2 percent) and the Chinese renminbi (by 0.1 percent) and remained virtually unchanged against the Swiss franc.

8.2. Implications of International Economic Developments on the Ethiopia Economy

During the 2019/20, global growth was projected at -4.9 percent in 2020, due to COVID-19 pandemic has had a more negative impact on activity, while global inflation slowed further in May. Annual consumer price inflation in the countries of the Organization for Economic Co-operation and Development (OECD) declined to 0.7 percent in May, driven by a faster decline in energy prices, while food price inflation increased slightly.

During the period, the fast depreciation of Birr outweighed the relative price differential between domestic and trading partners economy, which resulted in the REER to depreciate by 9.7 percent. Thus, it enhances international competitiveness of the country in global market. On the other, crude oil prices have declined helps the country to save additional payments caused by higher oil price and avoided further suppressing impact on current account balance.



NATIONAL BANK OF ETHIOPIA
INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
30 JUNE 2020

**National Bank Of Ethiopia
Annual Financial Statements
For the year ended 30 June 2020**

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 2020, statements of profit or loss and other comprehensive income, statement of changes in equity and statement of 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, 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.

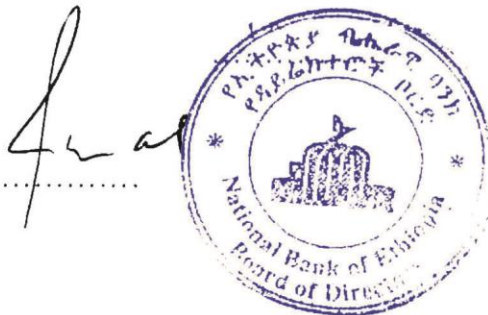
To their best knowledge and belief, based on the above, the Directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the year under review. The Directors have reviewed the performance and financial position of the Bank to 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

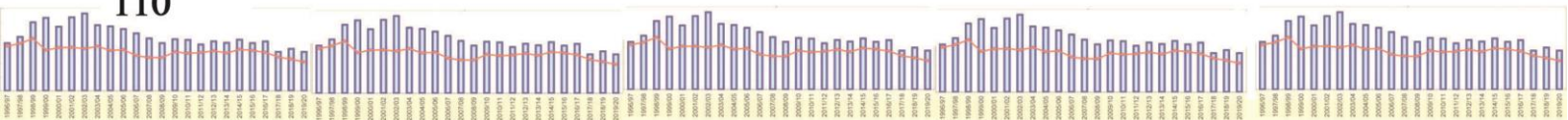
The financial statements on pages 5 to 109 were approved by the Governor on behalf of the Board of Directors on 27 October 2022.

Signed on behalf of the Directors

H.E. Dr. Yinager Dessie



Date: 27 October, 2022



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 the statement of financial position as at 30 June 2020, 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 2020 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 qualified 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.

Asc

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

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 Governance for 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 intends to liquidate the Bank 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’ Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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.

ASC

(continue)



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

27 October 2022

(continue)

National Bank of Ethiopia
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020
(In Ethiopian Birr)

	Note	30 June 2020	30 June 2019 Restated*
Interest income	4	11,231,830,101	11,118,178,496
Interest expense	4	(5,140,190,224)	(4,631,472,634)
Net interest income		6,091,639,877	6,486,705,862
Fee and commissions income	5	4,409,152,231	4,692,688,351
Revenue from sale of gold	6	1,042,029,013	843,172,151
Other income	7	451,864,278	2,442,461,796
Net non-interest income		5,903,045,522	7,978,322,298
Net operating income		11,994,685,399	14,465,028,160
Currency costs	8 (a)	(292,769,194)	(355,507,892)
General and administration costs	8 (b)	(2,212,269,456)	(233,586,438)
Salaries and related benefits	8 (c)	(260,472,516)	(179,515,925)
Gold purchase, refinery, and other related costs	8 (d)	(821,703,463)	(760,220,832)
Impairment losses on financial assets	8(e),9,15	(563,991,800)	196,540,936
Operating surplus before (un) realised gains / (losses)		7,843,478,970	13,132,738,009
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit obligation	24 (b)	(78,407,024)	67,108,834
Fair value gains/(losses) on monetary gold	11 (a)	(855,887)	(258,766)
Fair value gains / (losses) on financial assets	10 & 28	366,957,792	2,028,026,984
Other comprehensive income		1,287,694,881	2,094,877,052
Total comprehensive income		9,131,173,851	15,227,615,061

* The comparative information is restated on account of correction of errors. See Note 30
The notes on pages 10 to 109 are an integral part of these financial statements.



National Bank of Ethiopia
Statement of Financial Position
As at 30 June 2020
(In Ethiopian Birr)

	30 June 2020	30 June 2019 Restated*	30 June 2019 Reported
Assets			
Balances due from foreign entities - Commercial banks	20,653,052,148	18,664,807,327	18,664,807,327
Balances due from foreign entities - Central banks	81,958,441,772	76,063,049,116	76,063,049,116
Cash - foreign currencies	4,381,892,903	2,024,910,730	2,024,910,730
Funds held with IMF	567,343,715	187,285,310	187,285,310
Monetary gold	495,951,038	324,860,900	324,860,900
Gold commodity	3,280,634,229	804,878,004	804,878,004
Loans to government banks	169,258,817,952	95,599,501,831	95,599,501,831
Loans to private commercial banks	34,413,090	-	-
Investment securities	14,335,890,889	12,100,176,482	12,100,176,482
Property and equipment	1,375,915,699	1,341,692,923	1,341,692,923
Other assets	6,567,645,243	7,536,936,187	7,536,936,187
Intangible asset	11,009,804	12,448,568	12,448,568
Due from Government of Ethiopia	243,185,737,950	193,056,315,952	192,608,039,679
Right of use asset	2,146,530	2,299,854	2,299,854
Total assets	546,108,892,962	407,719,163,184	407,270,886,911
Liabilities			
Currency in circulation	140,521,127,309	121,800,019,124	121,800,019,124
Deposits due to local financial institutions, government, and government institutions	267,432,190,177	188,784,350,335	188,784,350,335
Funds due to international financial institutions	44,305,871,855	18,055,745,550	18,055,745,550
Due to other institutions	70,480,701,572	60,213,242,241	60,213,242,241
Due to the Ministry of Finance	15,695,777,487	14,618,598,516	14,605,123,097
Deferred revenue	1,324,645	355,637	355,637
Lease liability	2,348,737	2,454,770	2,454,770
Provisions	30,453,561	13,876,392	13,876,392
Employee benefits	154,882,403	70,954,611	70,954,611
Other liabilities	2,653,393,644	616,439,318	616,439,318
Total Liabilities	541,278,071,390	404,176,036,494	404,162,561,075
Equity			
Capital	500,000,000	500,000,000	500,000,000
General reserve	500,000,000	500,000,000	500,000,000
Retained earnings	-	-	-
Fair value reserve	270,364,223	(1,095,737,683)	(3,568,006,982)
Defined benefit reserve	54,884,845	133,291,869	133,291,869
International reserve valuation	3,849,198,654	3,849,198,654	3,849,198,654
Other reserve	(343,626,150)	(343,626,150)	(343,626,150)
Total equity	4,830,821,572	3,543,126,690	3,108,325,836
Total liabilities and equity	546,108,892,962	407,719,163,184	407,270,886,911

* The comparative information is restated on account of correction of errors. See Note 30
The notes on pages 10 to 109 are an integral part of these financial statements.

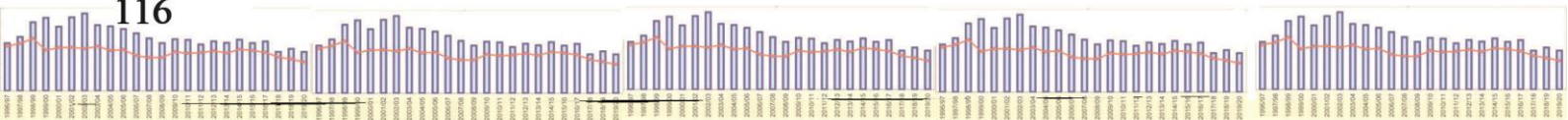
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National Bank of Ethiopia
Statement of Changes in Equity
For the year ended 30 June 2020
(In Ethiopian Birr)

	Capital	General reserve	Other Reserve	International reserve valuation	Retained earnings	Defined benefit reserve	Fair value reserve	Total Equity
Balance as of 1 July 2018 (Reported)	500,000,000	500,000,000	1,693,842,295	3,849,198,654	-	66,183,035	(5,595,775,199)	1,013,448,78
Correction of errors	-	-	(2,037,468,445)	-	-	-	2,472,269,298	434,800,85
Balance as of 1 July 2018 (Restated)	500,000,000	500,000,000	(343,626,150)	3,849,198,654	-	66,183,035	(3,123,505,901)	1,448,249,63
Total comprehensive income:								
Profit for the year	-	-	-	-	13,132,738,009	-	-	13,132,738,00
Other comprehensive income	-	-	-	-	-	67,108,834	2,027,768,218	2,694,877,05
Total comprehensive income	-	-	-	-	13,132,738,009	67,108,834	2,027,768,218	15,227,615,06
Transactions with owners of the Bank:								
Transfer to / (from) General reserve	-	-	-	-	-	-	-	-
Transfer to MOF	-	-	-	-	(13,132,738,009)	-	-	(13,132,738,00)
Total transactions with owners of the Bank	-	-	-	-	-	67,108,834	2,027,768,218	2,094,877,05
Balance as at 30 June 2019	500,000,000	500,000,000	(343,626,150)	3,849,198,654	-	133,291,869	(1,095,737,683)	3,543,126,69
Total comprehensive income:								
Profit for the year	-	-	-	-	7,843,478,970	-	-	7,843,478,97
Other comprehensive income	-	-	-	-	-	(78,407,024)	1,366,101,906	1,287,694,88
Total comprehensive income	-	-	-	-	7,843,478,970	(78,407,024)	1,366,101,906	9,131,173,85
Transactions with owners of the Bank:								
Transfer to / (from) Other reserve	-	-	-	-	-	-	-	-
Transfer to/(from) MOF	-	-	-	-	(7,843,478,970)	-	-	(7,843,478,97)
Total transactions with owners of the Bank	-	-	-	-	-	(78,407,024)	1,366,101,906	1,287,694,88
Balance as of 30 June 2020	500,000,000	500,000,000	(343,626,150)	3,849,198,654	-	54,884,845	270,364,223	4,830,821,57

The notes on pages 10 to 109 are an integral part of these financial statements.

(continue)



National Bank of Ethiopia
Statement of Cash Flows
For the year ended 30 June 2020
(In Ethiopian Birr)

	Note	30 June 2020	30 June 2019 Restated*
Cash flows from operating activities:			
Operating surplus for the year		7,843,478,970	13,132,738,009
Impairment of loans and advances	8(e),9, 15	564,001,912	(196,540,935)
Depreciation and amortization	13, 14	111,801,627	142,788,858
Net interest income	4	(6,091,639,877)	(6,486,705,862)
Dividend income	7	(2,242,598)	-
Interest paid on lease obligation	16	140,987	146,620
Fair value gains on financial assets	10	1,366,101,906	2,462,569,072
Loss/(Gain) on disposal of property, plant, and equipment	13	(2,262,600)	
Loss/(Gain) on sale of gold	8 (d)	258,766	258,766
		3,789,639,093	9,055,254,528
Changes in working capital:			
Loans to government banks and commercial banks	9 (b, c)	(74,438,439,224)	(6,967,403,965)
Other assets	15	969,237,237	(6,119,196,576)
Deposits due from foreign entities – central banks (IBRD investment)		(863,143,293)	(3,013,939,653)
Currency in circulation	20	18,721,108,185	8,889,053,093
Due to International financial institutions	18	26,249,438,264	(954,564,878)
Due to other institutions	19	10,267,459,331	39,309,948,147
Deposits due to local financial institutions, government, and government institutions	17	78,647,839,811	14,213,672,194
Monetary gold	11	(171,348,904)	(52,012,184)
Gold commodity		(2,475,756,225)	(54,340,753)
Due from Government of Ethiopia	9 (a)	(49,328,821,878)	(34,988,891,185)
Provisions	21	16,577,169	3,583,727
Deferred revenue	22 (d)	969,008	(91,801)
Employee benefits	24	5,520,768	24,162,215
Other liabilities	25	457,157,451	(1,255,160,373)
Interest income received		10,611,991,792	10,094,614,916
Interest expense paid		(3,559,705,278)	(3,072,041,215)
Net cash provided by operating activities		18,899,723,307	25,112,646,237

(continue)

National Bank of Ethiopia
Statement of Changes Flows
As at 30 June 2020
(In Ethiopian Birr)

Cash flows from investing activities:			
Disposal of property, plant and equipment		3,073,823	-
Dividends received		2,242,598	-
Increase in investment securities	10	(2,235,714,407)	(363,899,411)
Acquisition of properties and equipment	13	(141,209,188)	(65,455,825)
Acquisition of intangibles	14	(4,034,351)	-
Net cash used in investing activities		(2,375,641,525)	(429,355,236)
Cash flows from financing activities:			
Payments on finance lease obligations	16	(247,020)	(247,020)
Remittance of annual profits to the Ministry of Finance	23	(6,766,300,000)	(6,700,000,000)
Net cash from financing activities		(6,766,547,020)	(6,700,247,020)
Increase (decrease) in cash and cash equivalents		9,757,534,762	17,983,033,981
Cash and cash equivalents at beginning of period	9 (g)	92,698,186,311	74,715,152,330
Cash and cash equivalents at end of period	9 (g)	102,455,721,073	92,698,186,311

* The comparative information is restated on account of correction of errors. See Note 30

The notes on pages 10 to 109 are an integral part of these financial statements.

(continue)

National Bank of Ethiopia Notes to the Financial Statements For the year ended 30 June 2020

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 27 October 2022, 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.

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

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 (e) - 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 2020 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.

(continue)



National Bank of Ethiopia Notes to the Financial Statements For the year ended 30 June 2020

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

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

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.

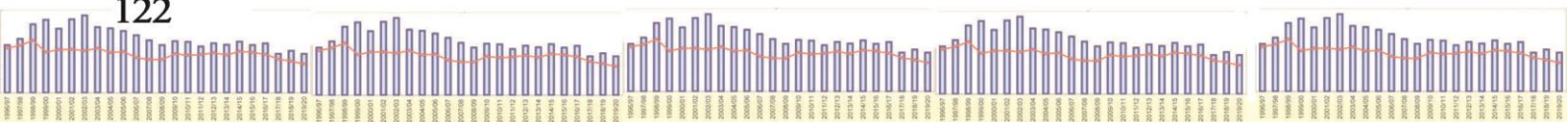
On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

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

(continue)



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

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.

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

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.

(continue)



National Bank of Ethiopia Notes to the Financial Statements For the year ended 30 June 2020

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.

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

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.

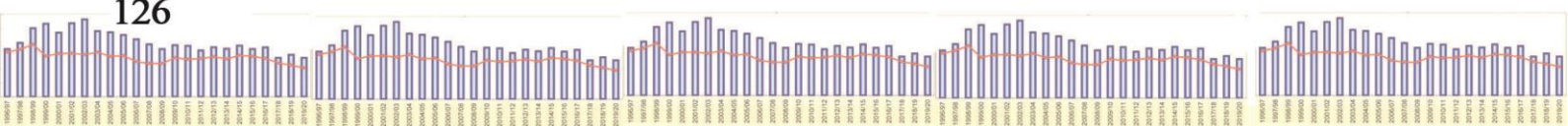
These instruments are measured at fair value in the Statement of Financial Position, with transaction costs recognized immediately in the Statement of Profit or Loss and Other Comprehensive Income as part of non-interest income. Realized and unrealized gains and losses are recognized as part of non-interest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

(continue)



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

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.

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

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 financial institutions (Note 18)	Amortised cost
Due to other institutions (Note 19)	Amortised cost
Currency in circulation (Note 20)	Fair value

(continue)



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

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.

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

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

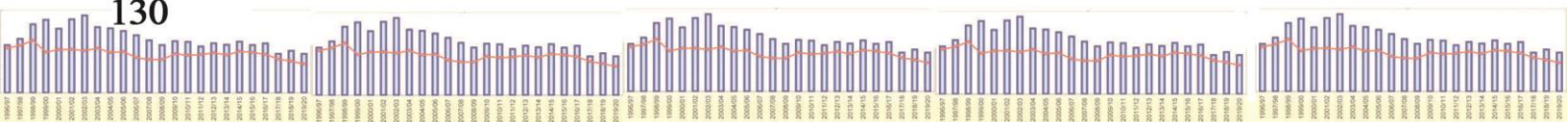
Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Bank has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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.

(continue)



National Bank of Ethiopia Notes to the Financial Statements For the year ended 30 June 2020

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.

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

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'.

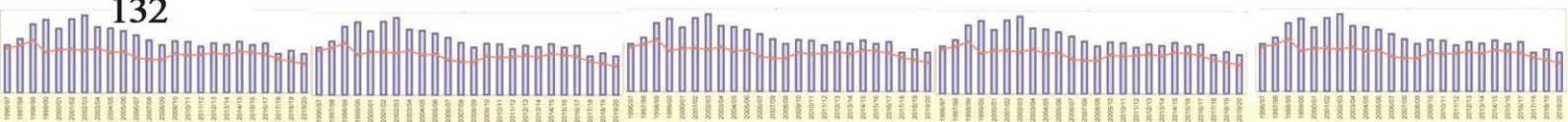
12-month ECL is the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

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 date:* as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *undrawn loan commitments:* as the present value of the difference between the contractual cash flows that are due to the 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.

(continue)



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

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:

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

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

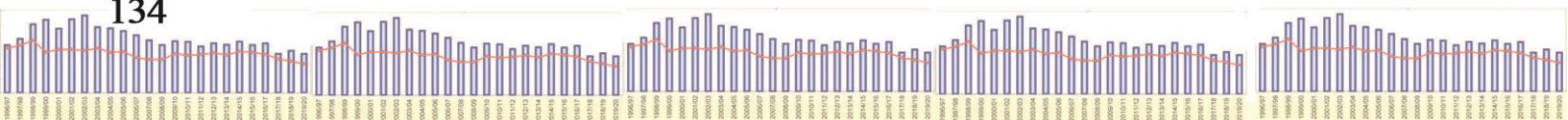
Loss allowances for Expected Credit Losses (ECL) are presented in the statement of financial position as follows:

- *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.

(continue)



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

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, cumulative impairment losses and residual value.

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 and residual values of significant items of property and equipment are as follows:

Asset classification	Useful life	Depreciation rate	Residual value
Buildings	20 years	5%	25%
Furniture and fittings	5 years	20%	1%
Office and other equipment	5 years	20%	1%
Motor vehicles	5 years	20%	25%

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

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

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 this is amortised at a rate of 20% less the residual value. The estimated residual value of software for the current period and comparative periods is nil. Amortization methods, useful lives and residual values 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

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National Bank of Ethiopia Notes to the Financial Statements For the year ended 30 June 2020

3. Significant accounting policies (continued)

(e) Leases (continued)

(i) Bank acting as a lessee (continued)

made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

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 receivables.

At the commencement date, the Bank recognizes assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. After the initial measurement, the Bank recognizes 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.

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

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 items, fuel and lubricants, tyres and inner tubes and cleaning and sanitary items. Refer to Note 15(c) for the qualitative disclosures.

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.

(continue)



National Bank of Ethiopia Notes to the Financial Statements For the year ended 30 June 2020

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.

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

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.

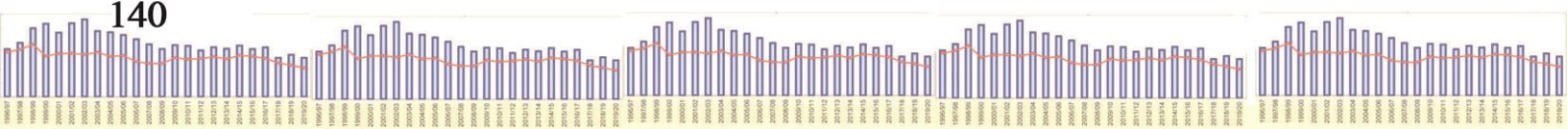
Termination benefits are expensed at the earlier of when the Bank can no longer withdraw the offer of those benefits and when the Bank recognizes costs for a restructuring. If benefits are not expected to be wholly settled within 12 months of the reporting date, then they are discounted.

(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.

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National Bank of Ethiopia Notes to the Financial Statements For the year ended 30 June 2020

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.

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

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.

(continue)



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

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.

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

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 conjunction 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.

In the absence of an accounting standard that specifically applies to accounting for transaction relating to monetary gold, NBE chose to apply IAS 8:10 and 11 (Accounting Policies, Changes in Accounting Estimates and Errors) and guidance issued by World Gold Council on how to account for gold by monetary authorities. This guidance was prepared with reference to the conceptual framework of current financial reporting standards and uses similar terminology as far as possible.

NBE measures monetary gold at fair value with gains and losses being recognized in statement of other comprehensive income (OCI).

(continue)



National Bank of Ethiopia Notes to the Financial Statements For the year ended 30 June 2020

3. Significant accounting policies (continued)

(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.

(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 and amended standards in issue but not yet effective during the period ended 30 June 2020

The following new standards and amendments are in issue but are not yet effective during the financial year ended 30 June 2020, including consequential amendments to other standards with the date of initial application by the Bank being 1 July 2020. 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
- Amendments to IFRS 9, IAS 39 and IFRS 7 1 July 2020 Interest Rate Benchmark Reform	1 January 2021
- Amendments to IFRS 16 COVID-19 Related Rent Concessions	1 June 2020
- Amendments to IAS 37 Onerous Contracts: Costs of Fulfilling a Contract	1 January 2022
- Annual Improvements to IFRS Standards 2018 – 2020	1 January 2022
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
- Amendments to IAS 1 Classification of liabilities as current or non-current	1 January 2023
- Amendments to IFRS 3 Reference to the Conceptual Framework	1 January 2022
- IFRS 3 Definition of a Business	1 January 2020
- IFRS 17 – Insurance Contracts and amendments to IFRS 17	1 January 2023
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	To be deferred indefinitely

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

3. Significant accounting policies (continued)

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

(ii) New and amended standards in issue but not yet effective and not applicable to the business of the Bank during the period ended 30 June 2020

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

- Amendments to IFRS 3 Reference to the Conceptual Framework
- IFRS 3 Definition of a Business
- IFRS 17 – Insurance Contracts and amendments to IFRS 17
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Amendments to IAS 37 Onerous Contracts: Cost of Fulfilling a Contract

(iii) New and amended standards in issue that are applicable to the business of the Bank but not yet effective during the period ended 30 June 2020

(a) 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).

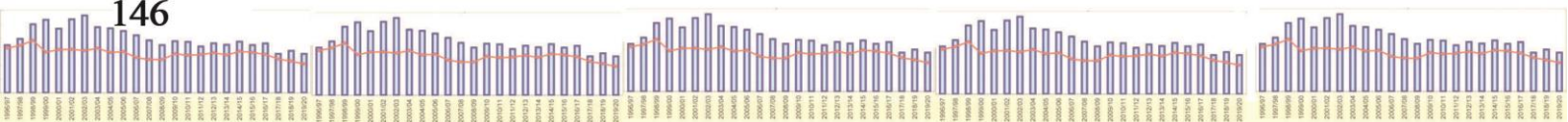
Some Standards, their accompanying documents and IFRS practice statements contain references to, or quotations from, the IASC's Framework for the Preparation and Presentation of Financial Statements adopted by the IASB in 2001 (Framework) or the Conceptual Framework for Financial Reporting issued in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

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.

(continue)



National Bank of Ethiopia Notes to the Financial Statements For the year ended 30 June 2020

3. Significant accounting policies (continued)

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

(iii) New and amended standards in issue that are applicable to the business of the Bank but not yet effective during the period ended 30 June 2020 (continued)

(b) 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 for the Bank.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform

Amendments to IFRS 9, IAS 39 and IFRS 7 have now been issued to address uncertainties related to the ongoing reform of interbank offered rates (IBOR). The amendments provided targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform.

The amendments address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform.

The amendments are effective from 1 January 2021. Early adoption is permitted.

The adoption of these changes is not expected to have a significant impact on the financial statements of the Bank.

(continue)

National Bank of Ethiopia
 Notes to the Financial Statements
 For the year ended 30 June 2020

3. Significant accounting policies (continued)

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

(iii) New and amended standards in issue that are applicable to the business of the Bank but not yet effective during the period ended 30 June 2020 (continued)

(d) Amendments to IFRS 16 COVID-19 Related Rent Concessions

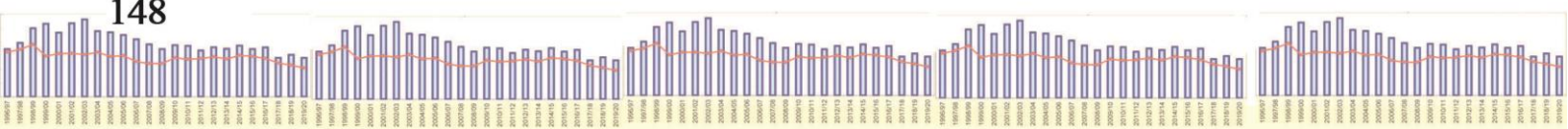
The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession.

The practical expedient will only apply if: the revised consideration is substantially the same or less than the original consideration; the reduction in lease payments relates to payments due on or before 30 June 2021; and no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose: that fact, if they applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. A lessee applies the amendments retrospectively and recognizes the cumulative effect of initially applying them in the opening retained earnings of the reporting period in which they are first applied. These amendments are not expected to have a significant impact on the financial statements of the Bank.

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National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

3. Significant accounting policies (continued)

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

(iii) New and amended standards in issue that are applicable to the business of the Bank but not yet effective during the period ended 30 June 2020 (continued)

(e) Annual Improvement Cycle (2018 – 2020) – Various Standards

Standards	Amendments
IFRS 1 First-time adoption of International Financial Reporting Standards	The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs.
IFRS 9 Financial Instruments	The amendment clarifies that for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.
IFRS 16 Leases	The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.
IAS 41 Agriculture	The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with an earlier application permitted.

(f) Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Proceeds from selling items before the related item of property, plant and equipment is available for use should be recognized in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between: the costs associated with producing and selling items before the item of property, plant and equipment is available for use; and costs associates with making the item of property, plant and equipment available for intended use.

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

3. Significant accounting policies (continued)

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

(iii) New and amended standards in issue that are applicable to the business of the Bank but not yet effective during the period ended 30 June 2020 (continued)

(f) Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (continued)

Making this allocation of costs may require significant estimation and judgement.

The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The adoption of these changes is not expected to have a significant impact on the financial statements of the Bank.

(g) Amendments to IAS 1 Classification of liabilities as current or non-current

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

The amendments are to be applied retrospectively from the effective date. The adoption of these changes is not expected to have a significant impact on the financial statements of the Bank.

(continue)



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

4. Interest income and expense

Interest income and expense are recognized in profit or loss using the effective interest method and are analyzed as follows:

	For year ended 30 June 2020	For year ended 30 June 2019
Interest income		
Advance to Central Treasury	1,794,485,329	5,059,948,351
Priority sector loans	1,890,045,684	1,570,496,372
Foreign time deposits	396,492,734	540,354,204
Call and ordinary accounts	721,907,531	1,399,632,144
Foreign securities	73,438,318	99,408,359
Advance to domestic banks	3,312,237,463	2,262,907,398
Government bonds	3,043,223,042	185,431,668
Total interest income	11,231,830,101	11,118,178,496
Interest expense		
NBE bills to domestic banks	3,345,115,729	2,529,219,126
Government deposits	874,506,706	659,821,969
International Monetary Fund	64,817,230	38,086,857
Correspondent banks	3,516,013	869,254
Interest on time deposits	778,429,978	1,403,475,428
General Resource Account (GRA) charge on Special Drawing Rights (SDR) Purchase ¹	73,804,568	-
Total interest expense	5,140,190,224	4,631,472,634

¹ Refer to Note 22 (b) for details on this disclosure item

5. Fee and commission income

Exchange service commission

	For year ended 30 June 2020	For year ended 30 June 2019
Foreign exchange transfers	1,104,103,949	1,187,588,776
Local banks	1,987,668,389	1,895,159,047
Government and Government institutions	1,170,087,936	1,345,734,904
Exchange service commission	4,261,860,274	4,428,482,727
<i>Service charge commission</i>		
Treasury bills	146,787,053	264,151,897
Commission charged on local sale of gold	504,904	53,727
Service charge commission	147,291,957	264,205,624
Total fee and commission income	4,409,152,231	4,692,688,351

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

6. Revenue from sale of gold

	For year ended 30 June 2020	For year ended 30 June 2019
Local sales	12,244,175	10,695,348
Foreign sales	1,029,784,838	832,476,803
	<u>1,042,029,013</u>	<u>843,172,151</u>

7. Other income

	For year ended 30 June 2020	For year ended 30 June 2019
Dividend income	2,242,598	2,039,055
Postage, telephone and telex refunds	100,456	105,558
License fee*	13,524,278	15,833,729
Auction fee	64,148	74,923
Penalty on currency sorting	650	27,450
Stationery and printing	53,100	10,080
Sundries	48,873,027	18,737,166
Service charge on cheque books	6,808	11,924
Income from local currency notes	67,540	233,709
Gain on foreign exchange differences**	-	2,394,578,366
Amortisation of deferred revenue	273,930	91,802
Write back income	409,979	10,718,034
Grant assistance under the Catastrophe Containment and Relief Trust ***	386,247,766	-
	<u>451,864,280</u>	<u>2,442,461,796</u>

***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.

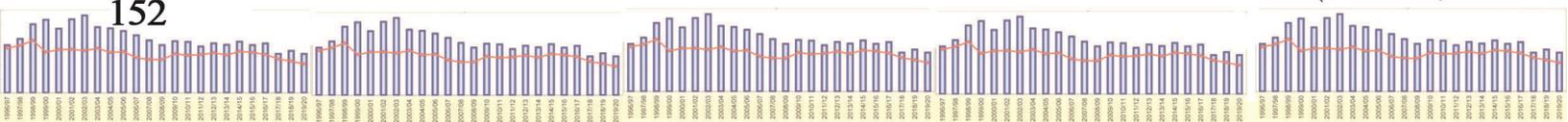
*****Refer to Note 22 (b) for details on this disclosure item**

8. Operating expenses

a). Currency costs

	For year ended 30 June 2020	For year ended 30 June 2019
Printing of bank notes	292,769,194	355,507,892
Total currency costs	<u>292,769,194</u>	<u>355,507,892</u>

(continue)



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

8. Operating expenses (continued)

b). General and administration costs

	For year ended 30 June 2020	For year ended 30 June 2019
Depreciation and Amortization	105,838,758	120,126,078
Depreciation – Right of use asset	153,324	153,324
Loss on foreign exchange differences*	1,992,787,714	-
Fuel and lubricants	1,943,974	2,276,700
Membership fees	1,003,232	228,820
Travelling and per diem	6,950,199	9,589,871
Stationery and printing	6,124,407	4,985,171
Notes destruction expenses	9,246,868	4,570,793
Repairs and maintenance costs	21,270,226	38,672,530
Advertisements	604,193	529,661
Communications	10,719,594	6,596,181
Utilities	4,787,454	2,487,275
Reuters' Service	3,308,719	2,699,954
Insurance	6,966,711	3,558,359
Tuition fees	1,376,069	718,139
Subscriptions	993,002	1,151,408
Audit fee	1,274,461	517,500
Bankers' Club	1,542,000	2,046,700
Uniforms	3,238,312	1,635,495
Entertainment	2,214,201	1,964,579
Uncollectible accounts written-off	-	2,729,192
Board fees	1,424,000	951,300
Legal expenses	834,930	2,005,588
Miscellaneous	27,667,108	23,391,820
Total general and administration expenses	2,212,269,456	233,586,438

*Loss on foreign exchange difference are as a result of normal business transactions.

c). Salaries and related benefits

	For year ended 30 June 2020	For year ended 30 June 2019
Staff salaries	132,210,652	79,839,940
Periodic employees' benefits costs	5,520,768	24,162,215
Overtime	7,926,080	5,295,290
Bonus	27,618,589	11,787,757
Medical expenses	12,961,827	10,014,636
Representation allowance	14,046,483	10,796,435
Fuel and transportation allowance	22,825,378	13,576,888
Housing allowance	28,060,917	18,469,161
Salary outsourcing	8,820,984	5,358,329
Accumulated leave expenditure	480,838	215,274
Total salaries and related benefits	260,472,516	179,515,925

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

8. Operating expenses (continued)

d). Gold purchase, refinery and other related costs

	For year ended 30 June 2020	For year ended 30 June 2019
Gold purchase costs	809,593,121	758,614,610
Gold transport and other costs	12,110,342	1,606,222
	821,703,463	760,220,832

e). Impairment losses on financial instruments

	For year ended 30 June 2020	For year ended 30 June 2019 Restated*
Balance as at 1 July – Financial assets ¹	(232,419,217)	(429,108,586)
Balance as at 1 July – Other assets:		
Loans to employees ²	(445,124)	(671,820)
Balance as at 1 July – Other assets: Staff advances ³	(938,769)	(563,640)
Total balance as at 1 July	(233,803,110)	(430,344,046)
Charged to profit or loss – Financial assets ¹	(563,938,093)	196,689,369
Charged to profit or loss – Other assets:		
Loans to employees ²	(23,149)	226,696
Charged to profit or loss – Other assets: Staff advances ³	(30,558)	(375,129)
Total charged to profit or loss	(563,991,800)	196,540,936
Total cumulative impairment losses	(797,794,910)	(233,803,110)

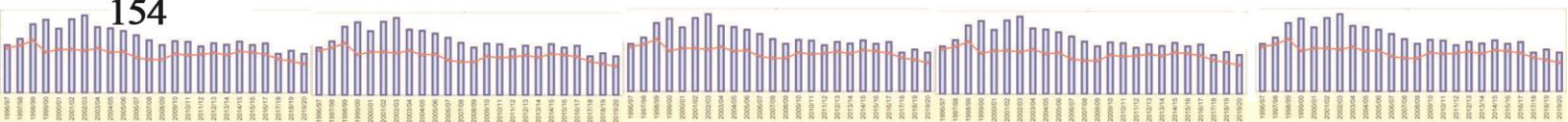
* The comparative information is restated on account of correction of errors. See Note 30.

¹Financial assets relate to instruments held in favour 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.

²The bank provides interest free loans to employees.

³The 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 the cases and provides an impairment loss allowance against the outstanding staff advance balance.

(continue)



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

9. Financial assets

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

	30 June 2020	30 June 2019 Restated*
Due from Government of Ethiopia (a)	243,652,143,972	193,202,839,240
Loans to government banks (b)	169,588,722,467	95,680,711,092
Due from foreign institutions – commercial banks (c)	20,658,381,883	18,669,493,996
Due from foreign institutions – central banks* (d)	81,958,441,772	76,063,049,116
Cash - foreign currencies** (e)	4,381,892,903	2,024,910,730
Funds held with IMF(f)	567,343,715	187,285,310
Loans to private commercial banks(h)	34,413,090	-
Total Gross amounts	520,841,339,802	385,828,289,484
Allowance for credit losses	30 June 2020	30 June 2019
Due from Government of Ethiopia (a)	(466,406,022)	(146,523,288)
Loans to government banks (b)	(324,631,666)	(81,209,261)
Due from foreign institutions – commercial banks (c)	(5,329,734)	(4,686,669)
Total impairment	(796,367,422)	(232,419,218)
Financial assets net of allowance for credit losses	520,044,972,380	385,595,870,266
Allowance for credit losses movement	30 June 2020	30 June 2019
Balance as at 1 July	(232,419,218)	(429,108,586)
Charged to profit or loss	(563,948,204)	196,689,368
Balance as at 30 June	(796,367,422)	(232,419,218)

* The comparative information is restated on account of correction of errors. See Note 30

**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.

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

9. Financial assets (continued)

(a) Due from Government of Ethiopia

	30 June 2020	30 June 2019 Restated*
Direct advance ¹	31,000,000,000	187,264,945,000
Non-interest-bearing bond ²	5,661,642,623	5,919,604,488
Interest bearing bonds ³	193,211,839,717	18,289,752
Loan to Ministry of finance	13,778,661,632	-
Less: allowance for credit losses	(466,406,022)	(146,523,288)
	243,185,737,950	193,056,315,952

* The comparative information is restated on account of correction of errors. See Note 30

¹NBE issues on a regular basis a perpetual direct advance to the government which bears interest at the rate of 3% per annum.

²NBE 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. NBE has reclassified day one fair value gains and losses of non-interest-bearing bond financial assets in order to eliminate any accounting mismatch which would otherwise arise.

³NBE has issued a 2% annual interest bonds which mature on 5 September 2020.

In period ended 30 June 2020, following the passing of a policy decision by the board of directors, 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 to a 2% government bond which is payable in thirty equal semi-instalments as from 03 April 2030.

NBE does not require collateral or guarantee to loan funds to the Government of Ethiopia.

(b) Loans to government banks

	30 June 2020	30 June 2019
Development Bank of Ethiopia priority sector loans ¹	58,919,548,927	52,910,417,420
Commercial Bank of Ethiopia bonds* ²	110,663,890,578	27,507,452,054
Commercial Bank of Ethiopia certificates of deposit ³	-	15,262,841,618
Less: allowance for credit losses	(324,621,553)	(81,209,261)
	169,258,817,952	95,599,501,831

¹NBE 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.

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National Bank of Ethiopia
Notes to the Financial Statements
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9. Financial assets (continued)

(b) Loans to government banks (continued)

²The Bank issues two types of bonds to the Commercial Bank of Ethiopia. The first are term bonds for amounts ETB 81.4 billion and ETB 9.0 billion. The principal amounts of these bonds shall become due within 10 years from the date of receipt by CBE. The interest on these bonds is paid semi-annually. The second type of bond is a coupon bond, these being numbers 055 – 058 with total amounts of ETB 16 billion due within one year from the date of receipt by CBE repayable in 4 equal semi-annual installments. Both types of bonds bear 7% interest.

*During the period ended 30 June 2020, following the passing of a policy decision by the board of directors, the bank consolidated all amounts receivable from the Commercial Bank of Ethiopia (CBE), these being a term bond principal amount of ETB 90,372,697,960 due within 10 years as explained in sub-note 2 above. There was also a newly issued coupon bond whose principal amount was ETB 16 billion as explained in sub-note 2 above.

³NBE 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. These certificates of deposit were converted to the term bonds during the period ended 30 June 2020.

NBE does not require collateral or guarantee to loan funds to government banks.

(c) Due from foreign institutions – commercial banks

	30 June 2020	30 June 2019
Due from foreign institutions – commercial banks	20,658,381,882	18,669,493,996
Less: Impairment	(5,329,734)	(4,686,669)
	20,653,052,148	18,664,807,327

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).

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
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9. Financial assets (continued)

(e) Cash - foreign currencies

This relates 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 2020, NBE held foreign currency balances worth ETB. 4,381,892,903 (2019: ETB 2,024,910,730).

(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).

(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.

	For year ended 30 June 2020	For year ended 30 June 2019
<i>Cash and cash equivalents comprise:</i>		
Balances due from foreign entities –		
Commercial banks	20,653,052,148	18,664,807,327
Balances due from foreign entities – Central banks	81,958,441,772	76,063,049,116
Cash - foreign currencies	4,381,892,903	2,024,910,730
Funds held with IMF	567,343,715	187,285,310
	107,560,730,538	96,940,052,483
Less: IBRD* investment with maturity period over three months	(5,105,009,465)	(4,241,866,172)
	102,455,721,073	92,698,186,311

* IBRD - The International Bank for Reconstruction and Development

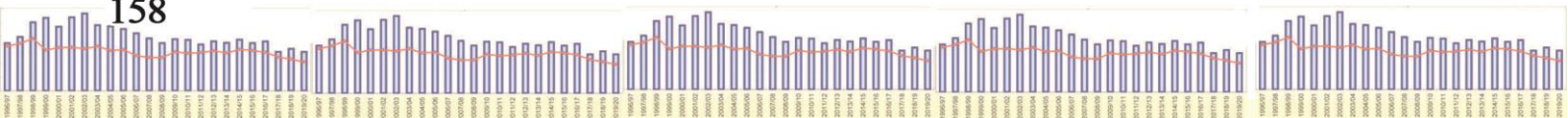
For further details on cash and cash equivalents, refer to notes 9 (c, d, e, f and g) above.

(h) Loans to private commercial banks

In the financial period ended 30 June 2020, NBE extended one-year credit facilities to two local commercial Banks worth ETB 242,430,000 in total of which ETB. 34,413,090 was outstanding as at 30 June 2020. The loans are aimed at promoting financial sector stability and temporarily support the hotel and tourism sectors cope with the COVID-19 pandemic and attract a 5% interest.

These loans are guaranteed by NBE bills and other government securities worth ETB. 91,009,000.

(continue)



National Bank of Ethiopia
Notes to the Financial Statements
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10. Investment securities

The Bank holds the following investments in shares:

	<u>30 June 2020</u>	<u>30 June 2019</u>
International Monetary Fund quota	13,997,559,043	11,820,346,301
African Export-Import Bank	264,342,196	217,449,966
Africa Re-insurance	73,989,650	62,380,215
	<u>14,335,890,889</u>	<u>12,100,176,482</u>

On initial recognition the bank made an irrevocable election to present in other comprehensive income the changes in the fair value of all its investments in shares not held for trading. The changes in the fair values of the investment instruments were as follows:

	<u>Amount ETB</u>
Opening balances – 1 July 2018	11,736,277,070
Fair value adjustments – IMF	225,186,252
Fair value adjustments – other securities	138,713,160
Closing balances – 30 June 2019	12,100,176,482
Fair value adjustments – IMF	2,177,212,742
Fair value adjustments – other securities	58,501,665
Closing balances – 30 June 2020	14,335,890,889

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.

Dividends received from investments in securities and also factored in the fair valuation of the investments during the two financial periods are as follows:

	<u>30 June 2020</u>	<u>30 June 2019</u>
African Export-Import Bank	183,226	-
Africa Re-insurance	-	220,800
Total	<u>183,226</u>	<u>220,800</u>

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

10. 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 2018	273,107,481
Exchange rate adjustments	52,012,185
Fair value adjustments	(258,766)
Closing balances – 30 June 2019	324,860,900
Exchange rate adjustments	171,946,025
Fair value adjustments	(855,887)
Closing balances – 30 June 2020	495,951,038

(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 2020	30 June 2019
Opening balance	804,878,004	750,537,252
Purchases	3,517,931,528	897,519,499
Sales	(1,042,175,303)	(843,178,747)
Closing balance	3,280,634,229	804,878,004

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:

(continue)



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

12. Related parties (continued)

No	Related party	Nature of relationship	Nature of transaction with related party
1	Key management personnel	Members of the management team at NBE	Normal business terms
2	Commercial Bank of Ethiopia (CBE)	Associate	Normal business terms
3	Development Bank of Ethiopia (DBE)	Associate	Normal business terms
4	Government of Ethiopia through The Ministry of Finance (MOF)	Owner	Normal business terms

(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 Institutions Supervision
- iii.) Vice-Governor – Corporate Services

Key management members received the following remuneration during the years ended 30 June 2020 and 30 June 2019:

	<u>30 June 2020</u>	<u>30 June 2019</u>
Short-term employee benefits	3,749,207	2,458,038
Other long-term benefits	179,693	27,675
Post-employment benefits	1,018,912	293,344
	<u>4,947,812</u>	<u>2,779,057</u>

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)).

(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.

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National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020

12. Related parties (continued)

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 of impairment losses of all staff loan balances for the periods ended 30 June 2020 and 30 June 2019. The loans to key management and the impairing arising thereof for these periods were as follows:

	30 June 2020	30 June 2019
Gross loans to key management (governor and vice-governors)	702,299	489,684
Impairment	(4,891)	(6,039)
Net loans to key management (governor and vice-governors)	697,408	483,645

(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:

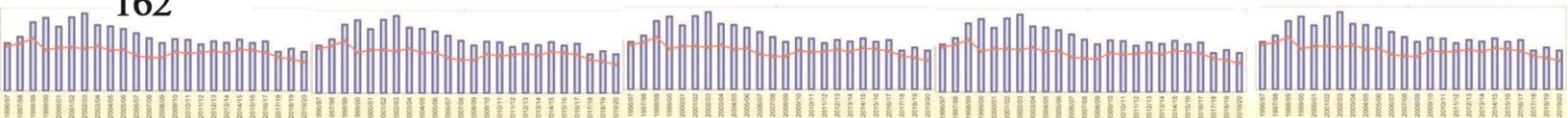
	30 June 2020	30 June 2019
5% CBE Term Bonds (2020) ¹	106,372,697,960	-
Certificates of deposit (2019) ²	-	27,000,000,000
A/R CBE Certificate of deposit USD ²	-	1,168,031,100
A/R CBE Certificate of deposit USD ²	-	8,832,872,000
A/R CBE Certificate of deposits ETB ²	-	5,287,591,660
Commercial Bank of Ethiopia A/R (ETB)	-	6,300,000,000
	106,372,697,960	48,588,494,760

The above amounts are the gross carrying amounts before impairment.

¹The interest earned on the CBE Term Bonds was ETB 3,656,137,825 (2019: ETB 1,890,000,000). The impairment loss on CBE Term bond was ETB 211,836,039 (2019: ETB 20,861,403).

²CBE certificate of deposits has a coupon rate of 0%, however a market interest rate of 3% has been applied. The notional interest income recognized was ETB 25,653,142 (2019: ETB 372,907,398). The impairment loss on CBE certificates of deposits was ETB 20,221,075 for period ended 30 June 2019.

(continue)



National Bank of Ethiopia
Notes to the Financial Statements
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11. Related parties (continued)

ii.) Transactions with Development Bank of Ethiopia:

	30 June 2020	30 June 2019
DBE Priority loan	58,142,710,000	52,142,710,000
	58,142,710,000	52,142,710,000

The above amounts are the gross carrying amounts before impairment.

The interest earned on the DBE priority loan was ETB 1,895,328,646 (**2019:** ETB 1,570,496,372). The impairment loss on DBE priority loan was ETB 112,795,627 (**2019:** ETB 40,126,783).

(continue)

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13. Property and equipment

2020	Balance at 30 June 2019	Additions	Disposals	Reclassifications	Adjustments	Balance at 30 June 2020
<i>Cost</i>						
Buildings	1,325,897,709	205,952	-	-	-	1,326,103,661
Office and other equipment	356,568,440	25,740,842	-	-	-	382,309,282
Office furniture and fittings	19,507,026	3,357,516	-	-	-	22,864,542
Motor vehicles	65,610,408	26,834,334	(1,725,833)	-	-	90,718,909
Work in progress*	38,144,564	85,070,544	-	(4,034,351)	(1,495,244)	117,685,513
	1,805,728,147	141,209,188	(1,725,833)	(4,034,351)	(1,495,244)	1,939,681,907
<i>Depreciation</i>						
Building	(149,163,492)	(49,724,655)	-	-	-	(198,888,147)
Office and other equipment	(272,963,540)	(37,832,920)	-	-	(279,950)	(311,076,410)
Office furniture and fittings	(14,309,807)	(2,232,744)	-	-	-	(16,542,551)
Motor vehicles	(27,598,385)	(10,575,323)	914,608	-	-	(37,259,100)
	(464,035,224)	(100,365,642)	914,608		(279,950)	(563,766,208)
Net carrying amount	ETB 1,341,692,923	40,843,546	(811,225)	(4,034,351)	(1,775,194)	1,375,915,699

*The reclassification on the work in progress class of assets relates to reclassification of intangible assets amounting to ETB. 4,304,350.

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
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(In Ethiopian Birr)

13. Property and equipment (continued)

2019	Balance at 30 June 2018	Additions	Disposals	Reclassifications	Adjustments	Balance at 30 June 2019
<i>Cost</i>						
Buildings	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
<i>Depreciation</i>						
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	(464,035,224)
Net carrying amount	1,409,541,864	(45,339,487)	-	(22,522,659)	13,205	1,341,692,923

* The reclassification on the work in progress class of assets to reclassification of purchase of items of property, plant and equipment on credit from work in progress to payables.

There were no capitalized borrowing costs relating to the acquisition of property and equipment during the year (2019: Nil).

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

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
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14. Intangible assets

		<u>Software</u>
<i>Cost</i>		
Balance at 30 June 2019	ETB	90,488,498
Additions / transfers from CWIP		4,034,351
Balance at 30 June 2020		<u>94,522,849</u>
<i>Amortization and impairment</i>		
Balance at 30 June 2019		(78,039,930)
Additions		(5,473,115)
Balance at 30 June 2020		<u>(83,513,045)</u>
Net carrying amount	ETB	<u>11,009,804</u>
		<u>Software</u>
<i>Cost</i>		
Balance at 30 June 2018	ETB	90,488,498
Additions		-
Balance at 30 June 2019		<u>90,488,498</u>
<i>Amortization and impairment</i>		
Balance at 30 June 2018		(68,719,161)
Additions		(9,320,769)
Balance at 30 June 2019		<u>(78,039,930)</u>
Net carrying amount	ETB	<u>12,448,568</u>

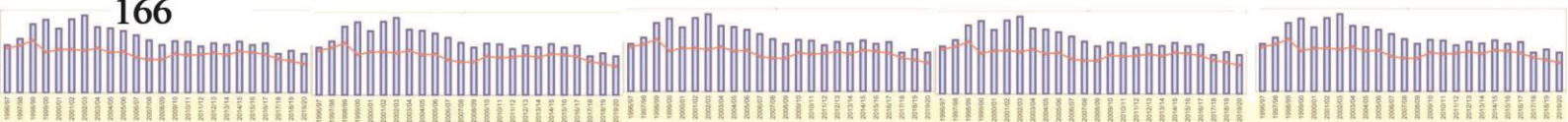
Intangible assets relate to software that includes banking and other related softwares.

In the financial period ended 30 June 2020, NBE acquired a new software for virtual machine creation for its servers by paying a one-off acquisition cost. The software, which is within the control of the bank, allows NBE derive economic benefits and is thereby capitalized into intangible assets having met the criteria for recognition. There were no idle assets and changes relating to the useful lives of intangible assets as at 30 June 2020 and 30 June 2019.

15. Other assets

	<u>30 June 2020</u>	<u>30 June 2019</u>
Advances to CBE for gold purchases	4,276,525,268	1,045,966,154
Sundry receivables from CBE	-	6,300,000,000
Commemorative souvenirs in gold and silver	10,392,425	11,103,422
Loans to employees (a)	46,076,289	20,276,362
Staff advances (b)	136,231	2,089,040
Office and other consumables (c)	22,386,664	20,257,824
Uncleared effects	5,196,172	5,039,760
Sundry receivables	2,239,677,041	177,891,198
Miscellaneous*	(32,744,847)	(45,687,573)
	<u>6,567,645,243</u>	<u>7,536,936,187</u>

(continue)



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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 2020 and 30 June 2019.

(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 does not perform a fair valuation of these loans since 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 2020	30 June 2019
Gross Loans to employees	46,544,560	20,721,484
Cumulative impairment losses	(468,271)	(445,122)
Net Loans to employees	46,076,289	20,276,362

Movement of impairment losses for staff loan accounts

	30 June 2020	30 June 2019
Balance as at 1 July	445,122	671,820
Charged to profit or loss	23,149	(226,698)
Balance as at 30 June	468,271	445,122

(b) Staff advances

The following table shows the staff advances breakdown:

	30 June 2020	30 June 2019
Gross staff advances	1,105,559	3,027,810
Cumulative Impairment losses	(969,328)	(938,770)
Net staff advances	136,231	2,089,040

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
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15. Other assets (continued)

(b) Staff advances (continued)

Movement of impairment losses for staff advances	30 June 2020	30 June 2019
Balance as at 1 July	(938,770)	(563,640)
Charged to profit or loss	(30,558)	(375,130)
Balance as at 30 June	(969,328)	(938,770)

(c) Office and other consumables

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

Office and other consumables	30 June 2020	30 June 2019
Gross carrying amount	48,146,664	45,623,705
Office and other consumables – adjustments	(25,760,000)	(25,365,881)
Net carrying amount	22,386,664	20,257,824

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 2020	30 June 2019
<i>Cost</i>		
Balance at the beginning of the year	2,759,826	2,759,826
Balance as at 30 June	2,759,826	2,759,826
<i>Depreciation</i>		
Balance as at 1 July	(459,972)	(306,648)
Charge for the year	(153,324)	(153,324)
Balance at 30 June	(613,296)	(459,972)
Net carrying value	2,146,530	2,299,854

(continue)



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16. Right of use assets (continued)

Lease liabilities:

	<u>30 June 2020</u>	<u>30 June 2019</u>
Balance at beginning of the year	2,454,770	2,555,170
Interest expense	140,987	146,620
Payments made during the year	<u>(247,020)</u>	<u>(247,020)</u>
Net carrying value	<u>2,348,737</u>	<u>2,454,770</u>

Maturity analysis:

	<u>30 June 2020</u>	<u>30 June 2019</u>
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	<u>2,202,657</u>	<u>2,449,677</u>
Total	<u>3,437,757</u>	<u>3,684,777</u>

NBE calculated lease related assets and liabilities per its accounting policy disclosed on Note 3(e). 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. The Bank had no short-term lease commitments in period ended 30 June 2020 therefore no lease expense was recognized in statement of profit or loss and other comprehensive income (2019: ETB 8,431,417).

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

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

	<u>30 June 2020</u>	<u>30 June 2019</u>
<i>Domestic currency deposits</i>		
Deposits from banks	108,028,031,138	47,046,285,747
NBE bills payable to domestic banks ¹	80,771,186,208	90,583,693,215
Deposits from insurance companies ²	8,557,454	25,118,072
Government and governmental agencies ³	<u>34,526,757,236</u>	<u>22,577,828,696</u>
	<u>223,334,532,036</u>	<u>160,232,925,730</u>
<i>Foreign currency deposits</i>		
Government and governmental agencies	44,097,658,141	28,551,424,605
	<u>44,097,658,141</u>	<u>28,551,424,605</u>
Deposits from banks and government	<u>267,432,190,177</u>	<u>188,784,350,335</u>

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
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17. Deposits due to local financial institutions, government, and government institutions
(continued)

¹NBE 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.

²All 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.

³The 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:

	<u>30 June 2020</u>	<u>30 June 2019</u>
Payment and Settlement accounts	48,275,478,383	30,217,110,830
Reserve accounts	52,761,372,107	44,210,842,107
Issue accounts	6,991,180,648	(27,381,667,190)
	<u>108,028,031,138</u>	<u>47,046,285,747</u>

18. Due to International Financial institutions

Deposits due to international financial institutions were as follows:

	<u>30 June 2020</u>	<u>30 June 2019</u>
International Monetary Fund (IMF)	44,252,602,818	18,044,805,257
International Bank for Reconstruction and Development (IBRD)	52,407,187	10,078,443
International Development Association	705,068	705,068
Multilateral Investment Guarantee Agency	156,782	156,782
	<u>44,305,871,855</u>	<u>18,055,745,550</u>

NBE holds funds it has received from international financial 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:

<i>International Monetary Fund</i>	<u>30 June 2020</u>	<u>30 June 2019</u>
IMF deposits	8,137,375,592	5,960,162,850
IMF loans	6,670,154,507	1,106,631,892
SDR allocation	6,232,237,452	5,165,259,518
Promissory notes	23,212,835,267	5,812,750,997
	<u>44,252,602,818</u>	<u>18,044,805,257</u>



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19. Due to other institutions

	<u>30 June 2020</u>	<u>30 June 2019</u>
<i>Deposits from foreign institutions</i>		
Foreign currency deposits due to International institutions	166,501,572	138,627,875
Time deposits due to Saudi Arabia ¹	35,157,100,000	31,028,398,716
Time deposit due to Abu Dhabi ²	35,157,100,000	29,046,215,650
	<u>70,480,701,572</u>	<u>60,213,242,241</u>

¹Saudi Arabia deposited a time deposit worth USD 1 billion 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.

²NBE 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

	<u>30 June 2020</u>	<u>30 June 2019</u>
Notes	139,342,751,657	120,653,935,264
Coins	1,178,375,652	1,146,083,860
	<u>140,521,127,309</u>	<u>121,800,019,124</u>

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

	<u>Bonuses</u>	<u>Legal</u>	<u>Total</u>
Balances at 30 June 2018	10,209,617	83,048	10,292,665
Increases (decrease) recorded in profit or loss	11,787,757	2,005,587	13,793,344
Paid during the year	(10,209,617)	-	(10,209,617)
Balances at 30 June 2019	11,787,757	2,088,635	13,876,392
Increases (decrease) recorded in profit or loss	27,618,589	746,337	28,364,926
Provisions used during the year	(11,787,757)	-	(11,787,757)
Balances at 30 June 2020	27,618,589	2,834,972	30,453,561

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 lose. 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 with an expected award amount of ETB. 804,478 and one civil case against Alem International Plc with an expected award of ETB. 2,005,587.

The rulings on these two cases are yet to be determined as at 30 June 2020.

(continue)

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21. Provisions (continued)

Legal advice indicates there is a greater than 51% chance of all pending legal cases being ruled in favour of NBE, and therefore a full provision was recognised for the period ended 30 June 2020. The bank won a labour case and was awarded ETB. 35,238 which has since been collected from the defendant. A provision of ETB. 83,048 has since been reversed.

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 below ²
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 sizes 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 this 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

(continue)



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22. Government grants (continued)

(a) Land grant

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.

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.

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.

On April 13, 2020, IMF executive board determined that Ethiopia was eligible and qualified for grant assistance for immediate debt service relief in accordance with the Catastrophe (COVID 19) Containment and Relief Trust (CCRT) instrument. The IMF executive board approved Ethiopia's request for grant assistance on April 30, 2020. The fund disbursed a grant assistance of XDR 8,022,000 (Equivalent ETB 372,529,647). NBE utilized the grant assistance to repay Ethiopia's Poverty Reduction and Growth Trust (PRGT) principal obligations falling due between April 14, 2020 and October 13, 2020.

On May 6, 2020 the IMF executive board approved a grant assistance for XDR 295,404 (Equivalent ETB 13,718,118.65) to Ethiopia CCRT umbrella account. The grant assistance was used to pay Ethiopia's eligible General Resource Account (GRA) charges falling due between April 14, 2020 and October 13, 2020 on GRA credit that was outstanding on April 14, 2020.

(continue)

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22. Government grants (continued)

(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.

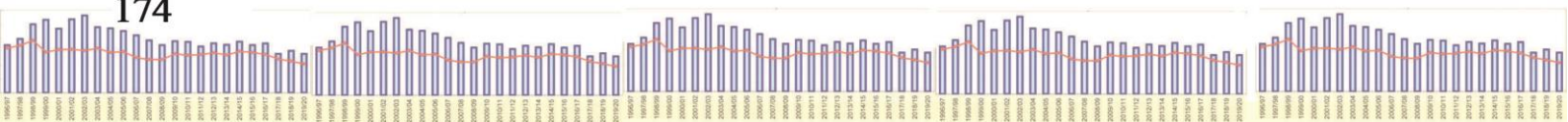
There are no unfulfilled conditions or contingencies attached to these donations

(d) Deferred revenue

		<u>Deferred revenue</u>
<i>Cost</i>		
Balance at 30 June 2019	ETB	661,903
Additions		1,242,938
Balance at 30 June 2020		<u>1,904,841</u>
<i>Amortization</i>		
Balance at 30 June 2019		(306,266)
Additions		(273,930)
Balance at 30 June 2020		<u>(580,196)</u>
Net balance	ETB	<u>1,324,645</u>
		<u>Deferred revenue</u>
<i>Cost</i>		
Balance at 30 June 2018	ETB	661,903
Additions		-
Balance at 30 June 2019		<u>661,903</u>
<i>Amortization</i>		
Balance at 30 June 2018		(214,464)
Additions		(91,802)
Balance at 30 June 2019		<u>(306,266)</u>
Net balance	ETB	<u>355,637</u>

NBE received as donations two VPN boxes from Swift Company and two servers locally from the RUFIP grant. The cost of these items, which include import duty and value added tax (VAT) that was settled by NBE, have been capitalized as property and equipment.

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23. Due to the Ministry of Finance

	30 June 2020	30 June 2019
Balance as at 30 June	14,618,598,516	8,185,860,505
Less: Dividends paid during the year	<u>(6,766,300,000)</u>	<u>(6,700,000,000)</u>
	7,852,298,516	1,485,860,505
Add: Operating surplus for the year	7,843,478,971	13,132,738,011
Balance as at 30 June	<u>15,695,777,487</u>	<u>14,618,598,516</u>

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).

24. Employee benefits

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

	30 June 2020	30 June 2019
Defined Benefit Obligations (DBO) at beginning of the year	70,954,611	113,901,230
Current service costs	7,939,743	8,198,770
Interest cost	9,082,190	8,935,613
Past service cost	-	18,828,226
Remeasurements generated during the period	6,112,414	-
Payments/Settlements in the year	<u>(17,613,579)</u>	<u>(11,800,394)</u>
Included in profit or loss	76,475,379	138,063,445
Actuarial losses/ (gains) recognized in other comprehensive income	<u>78,407,024</u>	<u>(67,108,834)</u>
Defined Benefit Obligations (DBO at the end of the year)	<u>154,882,403</u>	<u>70,954,611</u>

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 2020	30 June 2019
Cumulative amount at 1 July	133,291,869	66,183,035
Recognized during the year	<u>(78,407,024)</u>	<u>67,108,834</u>
Actuarial losses/(gains)	<u>54,884,845</u>	<u>133,291,869</u>

(continue)

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24. Employee benefits (continued)

(c) Actuarial assumptions

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

	<u>30 June 2020</u>	<u>30 June 2019</u>
Discount rate	12.20%	12.80%
Salary increase rate	14.00%	14.00%
Long term inflation rate	10.00%	8.70 %
Long term medical inflation rate	12.50%	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.

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 2020 by the amounts shown below:

Sensitivity analysis:

	<u>30 June 2020</u>		<u>30 June 2019</u>	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(7,555,433)	8,501,175	(3,034,312)	3,328,747
Salary increase rate (1.00% movement)	6,719,635	(5,766,827)	2,476,854	(2,146,437)

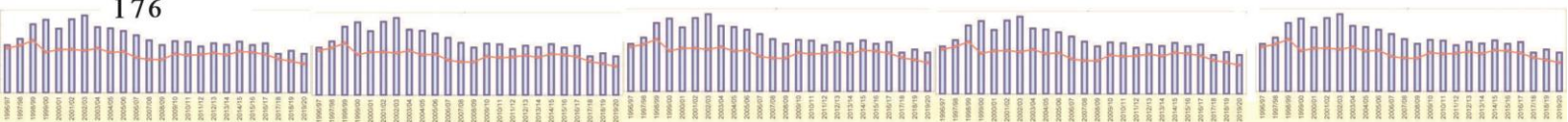
The above sensitivity analysis has been determined based on reasonably possible changes on the actuarial assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

25. Other liabilities

Other liabilities as of the reporting dates are as follows:

	<u>30 June 2020</u>	<u>30 June 2019</u>
Letters of Credit	2,223,051,354	152,348,981
Accounts payable	375,234,618	422,590,875
Sundry creditors	55,107,672	41,499,462
	<u>2,653,393,644</u>	<u>616,439,318</u>

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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 (2019: 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.

(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 the 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.

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National Bank of Ethiopia
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26. Capital and other reserves (continued)

(e) Fair value reserve

This reserve comprises the cumulative net change in the fair value changes 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.

(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.

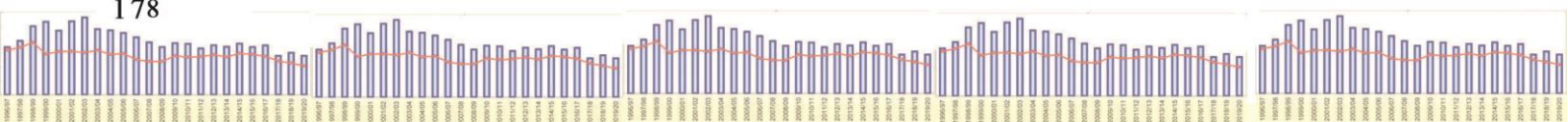
27. Financial risk review

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.

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27. Financial risk review (continued)

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.

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.

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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 2020			Total
	Stage 1	Stage 2	Stage 3	
Financial assets				
Balances due from foreign entities – commercial banks	20,658,381,883	-	-	20,658,381,883
Balances due from foreign entities – Central banks	81,958,441,772	-	-	81,958,441,772
Cash - foreign currencies	4,381,892,903	-	-	4,381,892,903
Funds held with IMF	567,343,714	-	-	567,343,714
Loans to government banks	169,583,439,505	-	-	169,583,439,505
Loans to private commercial banks	34,413,090	-	-	34,413,090
Other assets – Staff loans	46,399,427	-	145,133	46,544,560
Other assets – Staff advances	128,679	8,664	968,216	1,105,559
Due from Government of Ethiopia	243,652,143,972	-	-	243,652,143,972
Total gross exposure	520,882,584,945	8,664	1,113,349	520,883,706,958
Loss allowance	(796,681,500)	(60)	(1,113,349)	(797,794,909)
Carrying amount	520,085,903,445	8,604	-	520,085,912,049

(continue)

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27. Financial risk review (continued)

a.) Financial risks (continued)

Credit quality analysis

	30 June 2019			Total
	Stage 1	Stage 2	Stage 3	
Financial assets				
Balances due from foreign entities – commercial banks	18,669,519,441	-	-	18,669,519,441
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	1,976,829	171,123	912,277	3,060,229
Due from Government of Ethiopia	193,202,839,240	-	-	193,202,839,240
Total gross exposure	385,850,821,324	171,123	1,104,195	385,852,096,642
Loss allowance	(232,696,804)	(2,111)	(1,104,195)	(233,803,110)
Carrying amount	385,618,124,520	169,012	-	385,618,293,532

Impairment of loans is recognised - on an individual or collective basis - in three stages under IFRS 9. Stage 1 refers to default 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 (b).

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National Bank of Ethiopia
Notes to the Financial Statements
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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 2020		
			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	Banca D'Italia	Central Bank	BBB	BBB	Baa2
6	Banque Nati De Belgique	Central Bank	AA-	A-	A2
7	Commerzbank	Commercial Bank	A-	A-	A3
8	Citibank New York	Commercial Bank	A-	A+	Aa3
9	Bank of Tokyo	Commercial Bank	A	A	A1
10	JP Morgan Chase Bank	Commercial Bank	AA-	A-	A2
11	National Westminster	Commercial Bank	A+	A+/-A-1	A3
12	Standard Chartered Bank, London	Commercial Bank	A	A	A2
13	Nordea Bank	Commercial Bank	AA-	A-	A2

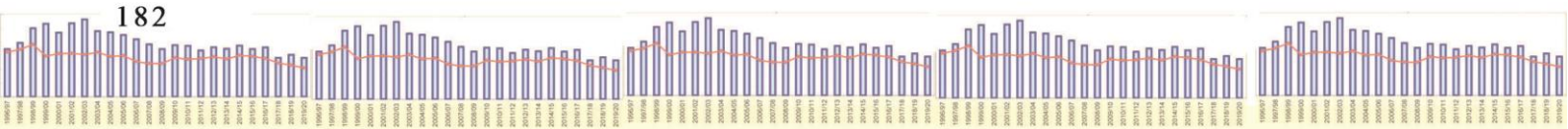
a.) Amounts arising from ECL

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.

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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.

(continue)

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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 and, has estimated relationships between macro-economic variables and credit risk and credit losses.

The Bank formulates three economic scenarios: a base case, which is the median scenario, and two less likely scenarios, one upside and one downside. The base case scenario is primarily aligned with the macroeconomic model’s information value output which is a measure of the predictive power of the model as well as base macroeconomic projections for identified macroeconomic variables. The upside and downside scenarios are based on a combination of a percentage error factor as well as simulated optimistic and pessimistic macroeconomic projections based on a measure of historical macroeconomic volatilities. The Bank also applies qualitative management adjustments to the scenario weighting based on economic outlook.

In line with the expected, as well as experienced, Expected Credit Loss forward - looking volatility arising from the economic impact of the COVID 19 global crisis, the Bank has analysed and applied additional scenario analysis as well as stress tests to the macroeconomic overlay model. This includes application of stress tests on the downside scenario macroeconomic projections as well as qualitative adjustments to the base, upside and downside scenario weights. The Bank continues to monitor the economic impact of COVID 19 on its credit risk profile as well as forward - looking Expected Credit Loss estimates and shall effect updates to it's IFRS 9 forward - looking estimates as and when significant changes in the overall macroeconomic environment are experienced.

(continue)



National Bank of Ethiopia
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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)

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

Financial year ended	Macro economic factors			
	GDP	Fiscal	Exchange rate	Money supply
30 June 2020	Nominal GDP; ETB bn Exports of goods and services, ETBbn	Total expenditure, USDbn	Real effective exchange rate; index	M2, ETBbn
30 June 2019	Nominal GDP; ETB bn	Total revenue; % of GDP	Real effective exchange rate; index	-

The macroeconomic projections used as at 30 June 2020 included the following key indicators for Ethiopia for the years 2020 to 2021:

Macro economic factor	30 June 2020	30 June 2021
GDP: Nominal GDP, ETBbn	3,000.7	3,596.8
GDP EXPENDITURE: Exports of goods and services, ETBbn	246.7	291.7
MONEY SUPPLY: M2, ETBbn	1,030.3	1,187.3
EXCHANGE RATE: Real effective exchange rate, index	126.32	124.12
FISCAL: Total expenditure, USDbn	12.3	14.1

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 8 years. The following are probability weightings applied in the forward - looking scenario analysis as at June 2020:

	Upside	Median (Central)	Downside
30 June 2020	10%	70%	20%

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)).

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National Bank of Ethiopia
Notes to the Financial Statements
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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.

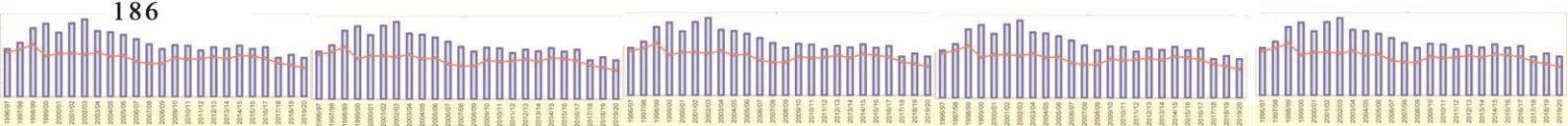
The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

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:

Segment	Exposure ETB	External rating used	
		PD	LGD
Government	243,652,143,972	S&P default studies	Basel
Government banks	169,588,722,467	S&P default studies	Basel
Foreign deposits	102,616,823,655	S&P default studies	Internal model
Local commercial banks	34,413,090	S&P default studies	Basel

No	List of Active Depository Banks	Type of Institution	Credit Ratings as of 30 June 2020		
			Fitch	S&P	Moody’s
1	Commercial Bank of Ethiopia	Commercial Bank	NR	NR	NR

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National Bank of Ethiopia
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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.

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National Bank of Ethiopia
Notes to the Financial Statements
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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'.

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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 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 2020	1 – 3 months		3 – 12 months		1 - 5 years		Over 5 years		Non-interest-bearing bond		Total	
	ETB		ETB		ETB		ETB		ETB		ETB	
Financial assets												
Due from Government of Ethiopia	-	942,894,717	-	59,925,708,672	-	176,582,631,660	-	5,734,502,901	-	243,185,737,950	-	
Loans to government banks	-	5,073,314,507	-	164,185,503,445	-	-	-	-	-	169,258,817,952	-	
Loans to private commercial banks	-	34,413,090	-	-	-	-	-	-	-	34,413,090	-	
Due from foreign institutions - commercial Banks	-	20,653,052,148	-	-	-	-	-	-	-	20,653,052,148	-	
Due from foreign institutions - central Banks	-	81,958,441,772	-	-	-	-	-	-	-	81,958,441,772	-	
Funds held with IMF	-	-	-	567,343,715	-	-	-	-	-	567,343,715	-	
Other assets – Uncleared effects	-	46,076,289	-	-	-	-	-	5,196,172	-	5,196,172	-	
Other assets - Loans to employees	-	158,600	-	-	-	-	-	-	-	46,076,289	-	
Other assets - Staff advances	-	-	-	-	-	-	-	-	-	158,600	-	
Total financial assets	-	108,708,351,123	-	224,678,555,832	-	176,582,631,660	-	5,739,699,073	-	515,709,237,688	-	
Financial liabilities												
Deposits from banks and government	-	-	-	-	-	-	-	267,440,328,956	-	267,440,328,956	-	
Funds due to international financial institutions	-	44,305,871,855	-	-	-	-	-	-	-	44,305,871,855	-	
Due to other institutions	-	-	-	-	-	-	-	70,480,701,572	-	70,480,701,572	-	
Total financial liabilities	-	44,305,871,855	-	-	-	-	-	337,921,030,528	-	382,226,902,383	-	
Interest rate risk sensitivity gap	-	64,402,479,268	-	224,678,555,832	-	176,582,631,660	-	(332,181,331,455)	-	133,482,335,305	-	

(continue)

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27. Financial risk review (continued)

a.) Financial risks (continued)

ii.) Market risk (continued)

Interest rate risk

30 June 2019	1 - 3 months		3 - 12 months		1 - 5 years		Over 5 years		Non-interest-bearing bond		Total	
	ETB		ETB		ETB		ETB		ETB		ETB	
Financial assets												
Due from Government of Ethiopia	-	2,289,752	182,769,473,387	4,550,049,912	5,734,502,901	193,056,315,952						
Loans to government banks	-	1,275,159,474	81,894,095,757	-	12,430,246,600	95,599,501,831						
Loans to private commercial banks	-	-	-	-	-	-						
Due from foreign institutions - commercial Banks	-	18,664,832,772	-	-	-	18,664,832,772						
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 - Uncleared effects	-	-	-	-	5,039,760	5,039,760						
Other assets - Loans to employees	-	20,276,362	-	-	-	20,276,362						
Other assets - Staff advances	-	2,121,459	-	-	-	2,121,459						
Total financial assets	-	96,027,728,935	264,850,854,454	4,550,049,912	18,169,789,261	383,598,422,562						
Financial liabilities												
Deposits from banks and government	-	-	-	-	188,784,350,335	188,784,350,335						
Funds due to international financial institutions	-	18,055,745,550	-	-	-	18,055,745,550						
Due to other institutions	-	-	-	-	60,213,242,241	60,213,242,241						
Total financial liabilities	-	18,055,745,550	264,850,854,454	4,550,049,912	(230,827,803,315)	116,545,084,436						
Interest rate risk sensitivity gap	-	77,971,983,385	264,850,854,454	4,550,049,912	248,997,592,576	267,053,338,126						

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National Bank of Ethiopia
Notes to the Financial Statements
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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 2020	Effect on Profit/Loss		Effect on Equity	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Financial Instruments				
Financial assets				
Loans to employees	(238,362)	238,362	(238,362)	238,362
Due from Government of Ethiopia	(1,155,903,199)	1,155,903,199	(1,155,903,199)	1,155,903,199
Loans to government institutions	(849,862,677)	849,862,677	(849,862,677)	849,862,677
Due from foreign institutions - central Banks	(438,997,089)	438,997,089	(438,997,089)	438,997,089
Loans to private commercial banks	(172,065)	172,065	(172,065)	172,065
Due from foreign institutions - commercial Banks	(105,783,729)	105,783,729	(105,783,729)	105,783,729
Total assets (ETB)	(2,550,957,121)	2,550,957,121	(2,550,957,121)	2,550,957,121
Financial liabilities				
Due to local financial institutions, Government and governmental agencies	(1,337,160,951)	1,337,160,951	(1,337,160,951)	1,337,160,951
Due to other institutions	(352,403,508)	352,403,508	(352,403,508)	352,403,508
Total liabilities (ETB)	(1,689,564,459)	1,689,564,459	(1,689,564,459)	1,689,564,459
Net interest (increase)/ decrease	(861,392,662)	861,392,662	(861,392,662)	861,392,662
Impact on profits	(861,392,662)	861,392,662	(861,392,662)	861,392,662

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27. Financial risk review (continued)

a.) Financial risks (continued)

ii.) Market risk (continued)

Interest rate risk sensitivity analysis (continued)

30 June 2019

Financial Instruments	Effect on Profit/Loss		Effect on Equity	
	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	(966,014,196)	966,014,196	(966,014,196)	966,014,196
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)	(1,920,768,228)	1,920,768,228	(1,920,768,228)	1,920,768,228
Financial liabilities				
Due to local financial institutions, Government and governmental agencies	(112,889,144)	112,889,144	(112,889,144)	112,889,144
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	(1,506,812,874)	1,506,812,874	(1,506,812,874)	1,506,812,874
Impact on profits	(1,506,812,874)	1,506,812,874	(1,506,812,874)	1,506,812,874

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National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020
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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 2020	30 June 2019
US dollar (USD)	35.16	29.06
Great Britain Pound (GBP)	43.31	36.90
EURO	39.67	33.04
Special drawing rights (SDR)	48.46	40.38
Ounce of Gold (XAU)	62,300.94	40,605.65
Norwegian Krone (NOK)	3.64	3.41
Japanese Yen (JPY)	0.33	0.27

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National Bank of Ethiopia
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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 2020. 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	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB	
At 30 June 2020																			
Assets																			
Due from foreign institutions - commercial Banks	18,400,406,283		1,723,208,595		22,704,162		-		498,431,727		146,663		13,484,338		114		20,658,381,882		
Due from foreign institutions - central Banks	81,089,904,975		866,139,255		2,397,542		-		-		-		-		-		81,958,441,772		
Funds held with IMF	-		-		-		567,343,714		-		-		-		-		567,343,714		
Foreign currencies	4,159,984,642		33,694,619		114,609,592		-		-		185,046		-		73,419,005		4,381,892,904		
Total financial assets	103,650,295,900		2,623,042,469		139,711,296		567,343,714		498,431,727		331,709		13,484,338		73,419,119		107,566,060,272		
Liabilities																			
Deposits from banks and government	(41,835,597,783)		(3,919,037)		(2,225,175,136)		-		-		(32,966,186)		-		-		(44,097,658,142)		
Funds due to international financial institutions	-		-		-		(12,912,710,150)		-		-		-		-		(12,912,710,150)		
Due to other institutions	(70,314,200,000)		-		(158,699,247)		-		-		-		-		(7,802,325)		(70,480,701,572)		
Total financial liabilities	(112,149,797,783)		(3,919,037)		(2,383,874,383)		(12,912,710,150)		-		(32,966,186)		-		(7,802,325)		(127,491,069,864)		
Net position	(8,499,501,883)		2,619,123,432		(2,244,163,087)		-12,345,366,436		498,431,727		(32,634,477)		13,484,338		65,616,794		(19,925,009,592)		

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National Bank of Ethiopia
Notes to the Financial Statements
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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 2019																			
Assets																			
Due from foreign institutions - commercial Banks	17,259,952,499		670,506,654		382,167,247		-		324,860,900		2,039,526		29,967,076		94		18,669,493,996		
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	94,546,173,358		1,420,424,616		423,070,495		187,285,303		324,860,900		2,213,153		29,967,076		10,744,243		96,944,739,144		
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 financial 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	8,342,619,186		976,659,463		(1,634,441,021)		(6,084,606,107)		324,860,900		(60,447,053)		29,967,076		4,284,093		1,898,896,537		

(continue)

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27. Financial risk review (continued)

a.) Financial risks (continued)

ii.) Market risk (continued)

The table below shows the result of a sensitivity analysis demonstrating the effect of the ETB weakening/strengthening by 10% against all the major currencies with all other variables held constant on the profit or loss and equity. A negative amount in the table reflects a potential net reduction in profit or loss and equity while a positive amount reflects a net potential increase. An equivalent decrease in each of the currencies below against the ETB would have resulted in an equivalent but opposite impact:

Financial Instruments	Effect on Profit/Loss		Effect on Equity	
	10% increase (Weakening)	10% decrease (Strengthening)	10% increase (Weakening)	10% decrease (Strengthening)
30 June 2020				
Financial assets	(10,811,944,109)	10,801,941,150	(10,811,944,109)	10,801,941,150
Financial liabilities	(12,748,362,492)	12,748,362,491	(12,748,362,492)	12,748,362,491
Total (ETB)	(23,560,306,601)	23,550,303,641	(23,560,306,601)	23,550,303,641

Financial Instruments	Effect on Profit/Loss		Effect on Equity	
	10% increase (Weakening)	10% decrease (Strengthening)	10% increase (Weakening)	10% decrease (Strengthening)
30 June 2019				
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

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	
		10% increase	10% decrease	10% increase	10% decrease
	ETB				
30 June 2020	61,990.94	620	(620)	620	(620)
30 June 2019	40,605.65	406	(406)	406	(406)

(continue)

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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.

(continue)

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27. Financial risk review (continued)

b.) Liquidity risk

At 30 June 2020	Upto 12 months	1 - 5 years	Over 5 years	Total
Assets				
Due from Government of Ethiopia	942,894,717	65,660,211,573	176,582,631,660	243,185,737,950
Loans to government Banks	5,073,314,507	164,185,503,445	-	169,258,817,952
Loans to private commercial Banks	34,413,090	-	-	34,413,090
Due from foreign institutions - commercial Banks	20,653,052,148	-	-	20,653,052,148
Due from foreign institutions - central Banks	81,958,441,772	-	-	81,958,441,772
Funds held with IMF	-	567,343,714	-	567,343,714
Other assets - Loans to employees	46,076,289	-	-	46,076,289
Other assets - Staff advances	158,600	-	-	158,600
Total financial assets	108,708,351,123	230,413,058,732	176,582,631,660	515,704,041,515
Liabilities				
Deposits from local financial institutions, government and government institutions	(267,432,190,177)	-	-	(267,432,190,177)
Funds due to international financial institutions	(44,305,871,855)	-	-	(44,305,871,855)
Due to other institutions	(70,480,701,572)	-	-	(70,480,701,572)
Due to the Ministry of Finance	(15,695,777,487)	-	-	(15,695,777,487)
Other liabilities	(2,653,393,644)	-	-	(2,653,393,644)
Total financial liabilities	(400,567,934,735)	-	-	(400,567,934,735)
Net maturity difference	(291,859,583,612)	230,413,058,732	176,582,631,660	115,136,106,780

(continue)

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27. Financial risk review (continued)

b.) Liquidity risk (continued)

At 30 June 2019	Upto 12 months	1 - 5 years	Over 5 years	Total
Assets				
Due from Government of Ethiopia	2,289,752	188,503,976,288	4,550,049,912	193,056,315,952
Loans to government Banks	1,275,159,474	94,324,342,357	-	95,599,501,831
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	283,015,603,955	4,550,049,912	383,593,357,357
Liabilities				
Deposits from local financial institutions, government and government institutions	(188,784,350,335)	-	-	(188,784,350,335)
Funds due to international financial 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	(14,618,598,516)	-	-	(14,618,598,516)
Other liabilities	(616,439,318)	-	-	(616,439,318)
Total financial liabilities	(282,288,375,960)	-	-	(282,288,375,960)
Net maturity difference	(186,260,672,470)	283,015,603,955	4,550,049,912	101,304,981,397

(continue)

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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 includes: 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.



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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 2020, the Bank held in its custody government bonds and securities worth ETB. 878,783,425. These securities are recorded as off-balance sheet items.

To mitigate the risk, the Bank records and keeps all copies of statutory deposits certificates in its custody in secure vaults.

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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.

(continue)



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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 2020	Carrying amounts				Fair value					
	Amortised cost	FV - OCI	FVTPL	Total carrying amounts	Level 1	Level 2	Level 3	Total	ETB	ETB
Financial Instruments measured at fair value										
Financial assets										
Investment securities	-	14,335,890,889	-	14,335,890,889	-	14,335,890,889	-	14,335,890,889	-	14,335,890,889
Financial Instruments not measured at fair value										
Financial Assets:										
Due from Government of Ethiopia	243,185,737,950	-	-	243,185,737,950	-	-	243,185,737,950	243,185,737,950	-	243,185,737,950
Loans to government banks	169,258,817,952	-	-	169,258,817,952	-	-	169,258,817,952	169,258,817,952	-	169,258,817,952
Loans to private commercial banks	34,413,090	-	-	34,413,090	-	-	34,413,090	34,413,090	-	34,413,090
Due from foreign institutions - commercial banks	20,653,052,148	-	-	20,653,052,148	-	-	20,653,052,148	20,653,052,148	-	20,653,052,148
Due from foreign institutions - central Banks	81,958,441,772	-	-	81,958,441,772	-	-	81,958,441,772	81,958,441,772	-	81,958,441,772
Funds held with IMF	567,343,715	-	-	567,343,715	-	-	567,343,715	567,343,715	-	567,343,715
Other assets - Loans to employees	46,076,289	-	-	46,076,289	-	-	46,076,289	46,076,289	-	46,076,289
Other assets - Staff advances	158,600	-	-	158,600	-	-	158,600	158,600	-	158,600
Total financial assets	515,704,041,516	14,335,890,889	-	530,039,932,405	-	14,335,890,889	515,704,041,516	530,039,932,405	-	530,039,932,405
Liabilities										
Deposits from local financial institutions, government and government entities	267,440,328,956	-	-	267,440,328,956	-	-	267,440,328,956	267,440,328,956	-	267,440,328,956
Funds due to international financial institutions	44,305,871,855	-	-	44,305,871,855	-	-	44,305,871,855	44,305,871,855	-	44,305,871,855
Due to other institutions	70,480,701,572	-	-	70,480,701,572	-	-	70,480,701,572	70,480,701,572	-	70,480,701,572
Due to the Ministry of Finance	15,695,777,487	-	-	15,695,777,487	-	-	15,695,777,487	15,695,777,487	-	15,695,777,487
Total financial liabilities	397,914,541,091	-	-	397,914,541,091	-	-	397,914,541,091	397,914,541,091	-	397,914,541,091

(continue)

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28. Fair value of financial instruments (continued)
b. Accounting classifications (continued)

	Carrying amounts				Fair value			
	Amortised cost	FV - OCI	FVTPL	Total carrying amounts	Level 1	Level 2	Level 3	Total
	ETB		ETB	ETB	ETB	ETB	ETB	ETB
30 June 2019								
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	193,056,315,952	-	-	193,056,315,952	-	-	193,056,315,952	193,056,315,952
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	383,593,357,357	12,100,176,482	-	395,693,533,839	-	12,100,176,482	383,593,357,357	395,693,533,839
Liabilities								
Deposits from local financial institutions, government and government entities	188,784,350,335	-	-	188,784,350,335	-	-	188,784,350,335	188,784,350,335
Funds due to international financial 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	14,618,598,516	-	-	14,618,598,516	-	-	14,618,598,516	14,618,598,516
Total financial liabilities	281,671,936,642	-	-	281,671,936,642	-	-	281,671,936,642	281,671,936,642

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28. Fair value of financial instruments (continued)
c. Level 3 reconciliation

The following table shows a reconciliation from the beginning balance to the ending balance for fair value measurements in level 3 of the fair value hierarchy

30 June 2020	Due from Government of Ethiopia	Loans to government banks	Loans to private commercial banks	Due from foreign institutions - commercial banks	Due from foreign institutions - central Banks	Funds held with IMF	Other assets - Loans to employees	Other assets - Staff advances	Total financial assets
	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB
Financial Assets									
Balance as 1 July 2019	193,056,315,952	95,594,228,983	-	18,664,807,327	76,063,049,116	187,285,310	20,276,362	2,121,459	383,588,084,509
Total gains and losses in P&L	2,886,556,837	5,226,834,804	549,806,733	614,787,022	77,877,233	2,915,510	(488,271)	969,328	9,359,279,196
in OCI	-	(1,308,456,127)	-	-	-	-	-	-	(1,308,456,127)
Amounts loaned out	13,778,661,632	4,159,212,605	(515,393,643)	10,912,435,310	25,622,432,085	377,142,895	26,268,198	-	54,360,759,082
Amounts repaid in advance	1,053,684,887 (M)	(13,934,164,416 (M))	-	(9,538,977,510)	(19,804,916,662)	-	-	(2,932,187)	(42,224,373,701)
Settlements	32,410,518,642	79,521,162,103	-	-	-	-	-	-	111,931,680,745
Conversions	-	-	-	-	-	-	-	-	-
Transfer into level 3	-	-	-	-	-	-	-	-	-
Balance as at 30th June 2020	243,185,737,950	169,258,817,952	34,413,090	20,653,052,149	81,958,441,772	567,343,715	46,076,289	158,600	515,706,973,704

30 June 2020	Deposits from local financial institutions, government and government entities	Funds due to international financial institutions	Due to other institutions	Due to the Ministry of Finance	Total financial liabilities
	ETB	ETB	ETB	ETB	ETB
Financial Liabilities					
Balance as 1 July 2019	188,784,350,335	18,055,745,550	60,213,242,241	14,605,123,096	281,658,461,222
Total gains and losses in P&L	4,227,761,214	142,137,810	778,429,980	-	5,148,329,004
in OCI	-	-	-	-	-
Amounts loaned out	84,211,146,253	26,107,988,495	9,489,029,351	7,836,640,113	127,682,804,212
Amounts repaid in advance	(9,820,928,846)	-	-	(14,143,932,618)	(23,964,861,464)
Settlements	-	-	-	-	-
Conversions	-	-	-	-	-
Transfer into level 3	-	-	-	-	-
Balance as at 30th June 2020	267,440,328,955	44,305,871,855	70,480,701,572	13,661,555,529	395,888,457,912

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28. Fair value of financial instruments (continued)
c. Level 3 reconciliation (continued)

30 June 2019	Due from Government of Ethiopia	Loans to government banks	Loans to private commercial banks	Due from foreign commercial banks	Due from foreign institutions - central Banks	Funds held with IMF	Other assets - Loans to employees	Other assets - Staff advances	Total financial assets
	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB
Financial Assets									
Balance as 1 July 2018	158,188,804,037	87,720,265,023	-	14,369,607,853	60,893,267,700	42,810,117	12,075,040	3,076,642	321,229,696,412
Total gains and losses in P&L	3,429,009,632	3,742,729,860	-	1,615,455,909	133,356,565	2,233,942	3,413,298	(938,770)	8,925,260,436
in OCI	-	-	-	-	-	-	-	-	-
Amounts loaned out	31,446,526,863	4,331,855,175	-	13,988,068,504	23,885,719,545	142,241,251	4,788,024	-	73,799,199,362
Amounts repaid in advance	-	-	-	-	-	-	-	-	-
Settlements	(8,024,580)	(195,348,226)	-	(11,308,324,940)	(8,849,294,694)	-	-	(16,413)	(20,361,698,853)
Conversions	-	-	-	-	-	-	-	-	-
Transfer into level 3	-	-	-	-	-	-	-	-	-
Balance as at 30th June 2019	193,056,315,952	95,599,501,832	-	18,664,807,326	76,063,049,116	187,285,310	20,276,362	2,121,459	383,593,357,357

30 June 2019	Deposits from local financial institutions, government and government entities	Funds due to international financial institutions	Due to other institutions	Due to the Ministry of Finance	Total financial liabilities
	ETB	ETB	ETB	ETB	ETB
Financial Liabilities					
Balance as 1 July 2018	174,570,678,108	19,011,531,891	20,755,648,478	8,185,860,505	222,523,718,982
Total gains and losses in P&L	3,189,041,095	37,734,648	1,403,475,428	-	4,630,251,171
in OCI	-	1,308,456,127	-	-	-
Amounts loaned out	25,631,184,145	9,438,177	38,054,118,335	-	63,694,740,657
Amounts repaid in advance	(14,606,553,013)	(1,002,959,166)	-	-	(9,190,249,588)
Settlements	-	-	-	6,432,738,011	-
Conversions	-	-	-	-	-
Transfer into level 3	-	-	-	-	-
Balance as at 30th June 2019	188,784,350,335	18,055,745,550	60,213,242,241	14,618,598,516	281,658,461,222

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28. Fair value of financial instruments (continued)
c. Level 3 reconciliation (continued)

Total gains or losses for the year in the above table are presented in the statement of profit or loss and the OCI as follows:

30 June 2020	Due from Government of Ethiopia	Loans to government banks	Loans to private commercial banks	Due from foreign institutions - commercial banks	Due from foreign institutions - central Banks	Funds held with IMF	Other assets - Loans to employees	Other assets - Staff advances	Total financial assets
	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB
Financial Assets									
Total gains and losses recognised in the P&L	2,886,556,837	5,226,834,804	549,806,733	614,787,022	77,877,233	2,915,510	(468,271)	(969,328)	9,357,340,540
Net trading income	-	-	-	-	-	-	-	-	-
Net trading income from other financial instruments carried at fair value	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	-
Total gains and losses recognised in the OCI	-	-	-	-	-	-	-	-	-
Fair Value reserve (debt instruments) - net change in fair value	-	(1,308,456,12)	-	-	-	-	-	-	(1,308,456,127)
Fair Value reserve (equity instruments) - net change in fair value	-	-	-	-	-	-	-	-	-
Profit or loss - attributable to the change in unrealised gains and losses relating to assets and liabilities held at the end of the year:									
Net trading income	4,660,120,236	5,940,562,361	549,806,733	1,118,400,265	70,647,237	2,791,081	-	-	12,342,327,912

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28. Fair value of financial instruments (continued)
c. Level 3 reconciliation (continued)

30 June 2020	Deposits from local financial institutions, government and government entities	Funds due to international financial institutions	Due to other institutions	Due to the Ministry of Finance	Total financial liabilities
	ETB	ETB	ETB	ETB	ETB
Financial Liabilities					
Total gains and losses recognised in the P&L	2,886,556,837	5,226,834,804	549,806,733	614,787,022	4,227,761,213
Net trading income	-	-	-	-	-
Net trading income from other financial instruments carried at fair value	-	-	-	-	-
Other revenue	-	-	-	-	-
Total gains and losses recognised in the OCI					
Fair Value reserve (debt instruments) - net change in fair value	-	-	-	-	-
Fair Value reserve (equity instruments) - net change in fair value	-	-	-	-	-
Profit or loss - attributable to the change in unrealised gains and losses relating to assets and liabilities held at the end of the year:					
Net trading income	4,227,761,213	142,137,810	778,429,980	-	5,148,329,003

(continue)



National Bank of Ethiopia
Notes to the Financial Statements
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28. Fair value of financial instruments (continued)
c. Level 3 reconciliation (continued)

30 June 2020	Due from Government of Ethiopia	Loans to government banks	Loans to private commercial banks	Due from foreign institutions - commercial banks	Due from foreign institutions - central Banks	Funds held with IMF	Other assets - Loans to employees	Other assets - Staff advances	Total financial assets
	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB
Financial Assets									
Total gains and losses recognised in the P&L	3,429,009,632	3,742,729,860	-	1,615,455,909	133,356,565	2,233,942	3,413,298	(938,770)	8,925,260,437
Net trading income	-	-	-	-	-	-	-	-	-
Net trading income from other financial instruments carried at fair value	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	-
Total gains and losses recognised in the OCI	-	-	-	-	-	-	-	-	-
Fair Value reserve (debt instruments) - net change in fair value	-	-	-	-	-	-	-	-	-
Fair Value reserve (equity instruments) - net change in fair value	-	-	-	-	-	-	-	-	-
Profit or loss - attributable to the change in unrealised gains and losses relating to assets and liabilities held at the end of the year:	-	-	-	-	-	-	-	-	-
Net trading income	5,060,278,432	3,849,592,262	-	1,944,987,828	97,235,384	2,172,975	-	-	10,954,266,882

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020
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28. Fair value of financial instruments (continued)
c. Level 3 reconciliation (continued)

30 June 2020	Deposits from local financial institutions, government and government entities	Funds due to international financial institutions		Due to other institutions		Due to the Ministry of Finance		Total financial liabilities	
		ETB		ETB		ETB		ETB	
Financial Liabilities									
Total gains and losses recognised in the P&L	3,189,041,095	37,734,648	1,403,475,428	-	-	-	-	4,630,251,171	
Net trading income	-	-	-	-	-	-	-	-	
Net trading income from other financial instruments carried at fair value	-	-	-	-	-	-	-	-	
Other revenue	-	-	-	-	-	-	-	-	
Total gains and losses recognised in the OCI	-	-	-	-	-	-	-	-	
Fair Value reserve (debt instruments) - net change in fair value	-	-	-	-	-	-	-	-	
Fair Value reserve (equity instruments) - net change in fair value	-	-	-	-	-	-	-	-	
Profit or loss - attributable to the change in unrealised gains and losses relating to assets and liabilities held at the end of the year:									
Net trading income	3,189,041,095	37,734,648	1,403,475,428	-	-	-	-	4,630,251,171	

(continue)

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Notes to the Financial Statements
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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 financial 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 2020 based on current expected contract prices.

<i>Commitments</i>	30 June 2020	30 June 2019
Office and other equipment	8,186,800	28,645,334
Office furniture and fittings	-	2,346,430
Office and other consumables	-	3,358,996
Work in progress	18,824,542	36,856,864
Professional consultancy services	12,820,628	10,183,619
Motor vehicles	5,761,000	-
Total capital commitments	45,592,970	81,391,243

These capital commitments will be funded from internal resources.

30. Correction of errors

During the transition period beginning 1 July 2016 the Bank had a non-interest-bearing bond which was classified as a financial asset measured at amortised cost. On initial recognition, the bond was measured at fair value by discounting the expected future cash flows using a market-related interest rate of 3%. The Day 1 fair value loss of ETB. 2,036,719,299 was recognised in other comprehensive income instead of statement of profit or loss.

In addition, the government missed an installment of ETB. 435,000,000 for period ended 30 June 2018 however the loan amortization schedule and impairment loss were not adjusted for the effect of this omission.

The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impacts on the financial statements.

(continue)



National Bank of Ethiopia
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30. Correction of errors

a. Statement of financial position

	As previously report	Adjustments	As restated
Assets			
Due from Government of Ethiopia	192,608,039,679	448,276,273	193,056,315,952
Others	214,662,847,232	-	214,662,847,232
Total assets	407,270,886,911	448,276,273	407,719,163,184
Total Liabilities			
Ministry of Finance	14,605,123,097	13,475,419	14,618,598,516
Others	389,557,437,978	-	389,557,437,978
	404,162,561,075	13,475,419	404,162,561,075
Equity			
Other reserve	1,693,842,295	(2,037,468,445)	(343,626,150)
Fair value reserve	(3,568,006,982)	2,472,269,299	(1,095,737,683)
Others equity accounts	4,982,490,523	-	4,982,490,523
Total equity	3,108,325,836	434,800,854	3,543,126,690
Total liabilities and equity	407,270,886,911	448,276,273	407,719,163,184

b. Statement of Profit or Loss and Other Comprehensive Income

	As previously report	Adjustments	As restated
Interest Income	11,105,111,996	13,066,500	11,118,178,496
Interest Expense	(4,631,472,634)	-	(4,631,472,634)
Net interest income	6,473,639,362	13,066,500	6,486,705,862
Net non-interest and other income	7,978,322,298	-	7,978,322,298
Net operating income	14,451,961,660	13,066,500	14,465,028,160
Impairment losses on financial instruments	196,132,017	408,919	196,540,936
Others	(1,528,831,087)	-	(1,528,831,087)
Operating surplus before unrealised gains/(losses)	13,119,262,590	13,475,419	13,132,738,009
Other comprehensive income	2,094,877,052	-	2,094,877,052
Total comprehensive income/(loss) for the year	15,214,139,642	13,475,419	15,227,615,061

(continue)

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020
(In Ethiopian Birr)

31. Events after the reporting period

1. 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; reduce money laundering, facilitating financial inclusion, and deposits mobilization.
2. In February 2021, rating agencies Standard and Poor’s (S&P) and Fitch Ratings downgraded Ethiopia’s sovereign rating to B – negative and CCC ratings respectively. This was mainly occasioned by the rising probability of the government’s inclusion of commercial creditors as part of its debt restructure strategy as well as application and approval of debt relief from the Paris club of lenders.

The credit downgrade will significantly increase the government’s probability of default for the financial year 2021. This is in turn expected to increase the expected credit loss (ECL) provisions for financial assets held by the government and affiliate institutions for the financial year. The Bank continues to monitor the country’s credit risk assessment by various external rating bodies and shall seek to align its sovereign credit risk appetite to the same.

3. The bank allowed commercial banks to redeem NBE Bills before their maturity for the following classes of NBE bills:
 - (1) Bills expected to mature between September 2021 and June 2022. This was done to relieve commercial banks from their temporary liquidity shortfalls.
 - (2) Bills expected to mature between July 2022 to August 2025 for the purpose of government treasury bills purchase.
4. To cope with the Covid-19 pandemic, the bank extended credit facilities aimed at supporting borrowers from Hotel and Tourism sectors under a one-year facility arrangement. The bank extended the term of these facilities by an additional 6 months from the financial period starting 1 July 2020. This decision to extend was made during the financial year ended 30 June 2020.

(continue)



National Bank of Ethiopia
Notes to the Financial Statements
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31. Events after the reporting period (continued)

5. 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.
- (2) A directive on Licensing and supervision of banking 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.

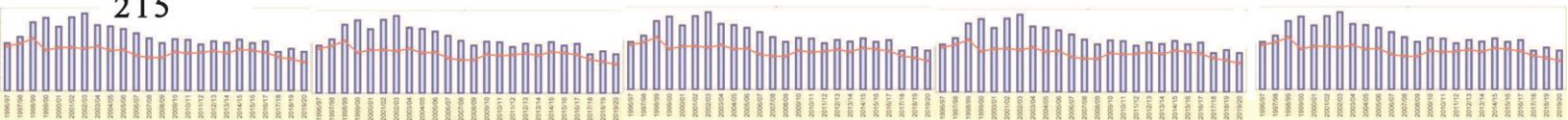
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National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2020
(In Ethiopian Birr)

31. Events after the reporting period (continued)

- (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. 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. In addition, the banks can request for transfer to Payment and Settlement accounts 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.
- (4) 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.

(continue)



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31. Events after the reporting period (continued)

- (5) 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 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 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.
- (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.

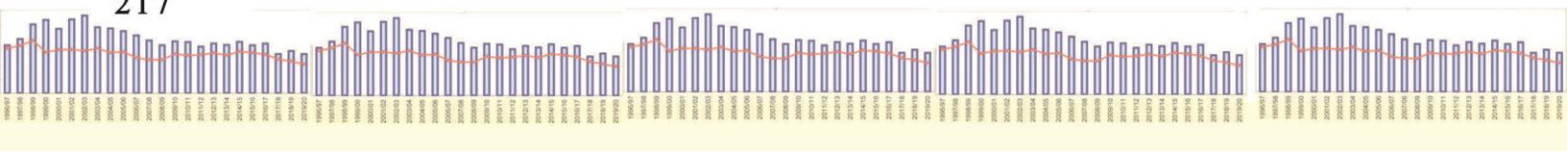
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National Bank of Ethiopia
Notes to the Financial Statements
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31. Events after the reporting period (continued)

This directive was issued to enable the NBE through its mandate to regulate the amount of external indebtedness 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.

- (7) Foreign Exchange Surrender Requirements for Banks Directive (as Amended) directive No. FXD/78/2022 was issued on 6 January 2022 mandating all banks to surrender seventy percent (70%) of receipts from export of goods, services, private transfers (remittance) and NGO's transfers to the National Bank of Ethiopia monthly within the first five working days of the following month. This directive aims at ensuring that the banking environment in Ethiopia is safe and stable. This directive repeals previous directive – cited as FXD/72/2021 which was issued on 01 September 2021. The previous directive mandated banks to surrender 50% of their 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. Both directives outlined the applicable penalties for failure to adhere to the foreign exchange surrender reporting requirement. Both directives set fines of USD 10,000 for each day of delayed surrender up to a maximum of five working days following the final day of surrender. The aim of the two directives is to safeguard and promote the achievement of safe and stable foreign exchange market in Ethiopia by setting foreign exchange exposure limits and foreign exchange surrender requirements on Banks.
- (8) Retention and Utilization of Export Earnings and Inward Remittances directive No. FXD/79/2022 was issued on 6 January 2022 mandating all banks to surrender seventy percent (70%) of foreign exchange earnings from export of goods, services, private transfers (remittance) and NGO's transfers to the National Bank of Ethiopia. The directive also confers rights to licensed exporters of goods and services and recipients of inward remittances to retain twenty percent (20%) of their export earnings in foreign currency indeterminately in a retention account and either use these funds for the importation of goods and payment of services or sell the foreign currency held at prescribed rates. The directive further instructs that the remaining ten percent (10%) be surrendered to the respective bank at the prevailing buying exchange rate immediately on the day of the receipt and the bank to effect the payment of the equivalent Birr to an eligible customer. This directive replaces the previous directive – cited as FXD /73/2021 and which was issued on 01 September 2021. The previous directive mandated banks on how to open foreign exchange retention accounts for eligible exporters of goods, services and inward remittances. The directive further guided that banks were 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 as well as only credit funds in retention accounts only when the recipient (beneficiary) has



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31. Events after the reporting period (continued)

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. Overall, the directive aimed at incentivizing eligible exporters of goods and services and recipients of inward remittances in line with the power and responsibility vested on the NBE.

6. The National Bank of Ethiopia is responsible for supply of bank notes and coins throughout the country. The bank does not have any branches and has delegated and discharged responsibility to commercial banks to act as its agent banks (issue branches). The commercial banks undertake currency distribution and collection services in cities and regions across the country on behalf of NBE. There are 8 issue branches located in areas which currently have security concerns. Six (6) of the branches are in Tigray and two (2) in Amhara region. These are listed below:

- (1) Mekelle issue branch (CBE)
- (2) Endassilasse issue branch (CBE)
- (3) Adwa issue branch (CBE)
- (4) Machew issue branch (CBE)
- (5) Mekele issue branch (Lion International Bank)
- (6) Castle issue branch (Wegagen Bank)
- (7) Dessie issue branch (CBE)
- (8) Dessie issue branch (Dashen Bank)

The bank had cash balances in the vaults of the above issue branches before war erupted in late 2020. The Bank expects a potential loss of Birr 3,336,025,697 from the notes and coins held at each of these branches due to the state of armed unrest in the areas mentioned above. The bank is currently not in a position to operate these accounts. Actual losses will be audited and reported as may be required when peace prevails and security is fully guaranteed.

STATISTICAL TABLES

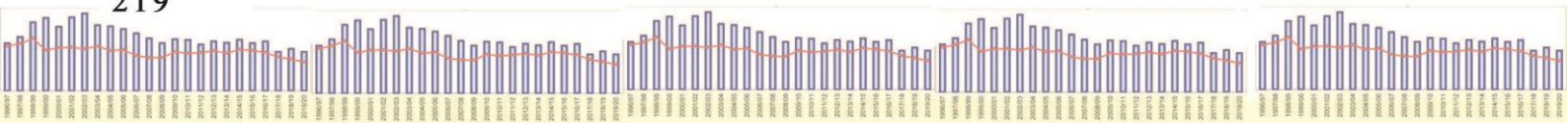


Table 1: Estimates of Agricultural Production and Cultivated Areas of Major Grain Crops

(For Private Peasant Holdings)

Years/ Variables	2012/13		2013/14		2014/15		2015/16		2016/17		2017/18		2018/19		2019/20	
	Cultivated area ^z	production y	Cultivated area ^z	production y	Cultivated area ^z	production y	Cultivated area ^z	production y	Cultivated area ^z	production y	Cultivated area ^z	production y	Cultivated area ^z	production y	Cultivated area ^z	production y
Cereals	9,601.0	196,511.5	9,848.7	215,835.2	10,152.0	236,076.6	9,974.3	231,288.0	10,219.4	253,847.2	10,232.5	267,789.7	10,358.8	277,638.3	10,478.2	296,726.5
Teff	2,730.3	37,652.4	3,016.5	44,186.4	3016.1	47,506.6	2866.1	44,713.8	3,017.9	50,204.4	3,023.3	52,834.0	3,076.5	54,034.7	3,101.2	57,357.1
Barley	1,018.8	17,816.5	1,019.5	19,082.6	993.9	19,533.8	944.4	18,567.0	959.3	20,249.2	951.9	20,529.9	811.7	17,675.1	950.7	23,780.1
Wheat	1,627.6	34,347.1	1,605.7	39,251.7	1,663.8	42,315.9	1,664.6	42,192.6	1,696.1	45,378.5	1,696.9	46,429.6	1,747.9	48,380.7	1,789.4	53,152.7
Maize	2,013.0	61,583.2	1,994.8	64,915.4	2,114.9	72,349.6	2,111.5	71,508.4	2,135.6	78,471.7	2,128.9	83,958.8	2,367.7	94,927.7	2,274.3	96,357.3
Sorghum	1,711.5	36,042.6	1,677.5	38,288.7	1,834.7	43,391.3	1,854.7	43,233.0	1,882.0	47,521.0	1,896.3	51,692.5	1,829.6	50,243.6	1,828.2	52,655.8
Millet	431.5	7,423.0	454.7	8,489.6	453.9	9,153.1	465.5	9,402.5	456.2	10,170.6	456.0	10,308.2	446.9	10,356.2	455.6	11,259.6
Oats	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	21.3	457.5
Rice	41.8	1,210.4	33.8	923.6	46.8	1,318.2	45.5	1,268.1	48.4	1,360.0	53.1	1,510.1	63.3	1,718.5	57.6	1,706.3
Pulses	1,863.4	27,510.3	1,742.6	28,588.8	1,558.4	26,718.3	1,652.8	27,692.7	1,549.9	28,146.3	1,598.8	29,785.8	1,620.4	30,113.4	1,563.8	30,052.0
Horse Beans	574.1	9,439.6	538.5	9,917.0	443.1	8,389.4	444.0	8,486.5	427.7	8,780.1	437.1	9,217.6	492.2	10,419.5	466.7	10,067.5
Chick Peas	239.5	4,097.3	229.7	4,238.0	239.8	4,586.8	238.5	4,726.1	225.6	4,441.5	242.7	4,994.2	239.7	4,591.7	208.9	4,351.9
Haricot Beans	366.9	4,630.1	326.5	4,574.1	323.3	5,137.2	357.3	5,402.4	290.2	4,839.2	306.1	5,209.7	288.6	4,883.1	281.1	4,855.4
Field Peas	256.0	3,273.8	275.4	3,798.1	230.7	3,426.4	221.4	3,233.9	212.5	3,481.4	220.5	3,685.1	216.7	3,608.1	223.7	3,905.6
Lentils	123.7	1,515.0	125.8	1,591.2	98.9	1,373.5	100.7	1,339.3	113.7	1,662.7	119.0	1,751.4	99.7	1,408.1	87.4	1,193.3
Soya beans	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	54.5	1,256.2
Grass peas	205.4	3,255.8	169.4	3,173.2	136.9	2,514.4	159.1	2,876.7	151.3	2,971.0	143.0	2,866.0	130.5	2,604.1	145.5	3,126.8
Gibto	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	19.2	360.5
Oil Seeds	818.4	7,266.6	816.1	7,112.6	855.8	7,601.0	859.1	7,848.1	804.8	8,392.0	846.4	8,550.7	747.8	7,850.1	820.8	8,421.4
Neug	303.6	2,124.2	285.3	2,202.1	252.6	2,244.6	281.0	2,563.3	281.2	3,024.3	290.4	3,233.4	257.9	2,963.2	258.0	2,916.4
Linseed/Flax	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	69.2	796.9
Rapeseed	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	23.0	420.5
Sunflower	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	7.6	95.7
Ground nuts	90.2	1,244.2	79.9	1,120.9	64.6	1,037.1	67.1	1,039.4	74.9	1,296.4	80.8	1,451.7	84.2	1,440.9	87.9	1,565.3
Sesame	239.5	1,813.8	299.7	2,202.1	420.5	2,887.7	388.2	2,742.2	337.9	2,678.7	370.1	2,559.0	294.8	2,016.6	375.1	2,626.5
Total	12,282.9	231,288.5	12,407.5	251,536.6	12,566.2	270,396.0	12,486.3	266,828.8	12,574.1	290,385.6	12,677.8	306,126.3	12,727.1	315,602.0	12,862.8	335,199.8
Percentage change																
Cereals	0.13	4.5	2.6	9.8	3.1	9.4	-1.8	-2.0	2.5	9.8	0.1	5.5	1.2	3.7	1.2	6.9
Pulses	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	(3.5)	(0.2)
Oil Seeds	(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)	9.8	7.3
Total	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	1.1	6.2

Source: Central Statistical Authority (CSA).

^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".

¹ 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	2012
	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	2019/20
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	648,711.8
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	334,788.6	346,293.6	374,649.8	392,291.8	404,049.6	422,966.5
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	168,722.4
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	57,022.9
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	1,614.0
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	5,089.3
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	137,601.5
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	96,268.6
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	41,332.9
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	15,136.4
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	419,078.0
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	285,293.1
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	49,220.4
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	268,037.0	285,293.1
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	48,143.8	49,220.4
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	87,510.2
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	85,612.2
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	44,784.1
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	23,414.2
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	21,995.5
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	18,115.5
Total	617,397.5	687,568.5	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	2,014,046.2
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	24,527.2
Gross Value Added at Constant Basic Prices	612,212.2	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	1,989,519.0
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	119,603.2
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	2,109,122.2

Source: MoF

Table 3: Growth Rate Of GDP By Economic Activity at Constant Prices

(In percent)

Industry/Year	1999 2006/07	2000 2007/08	2001 2008/09	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	2012 2019/20
Agriculture, Hunting and Forestry	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	4.3
Crop	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	4.7
Animal Farming and Hunting	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	3.3
Forestry	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	3.9
Fishing	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	2
Mining and Quarrying	-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	91.4
Manufacturing	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	7.5
Large and Medium Scale Manufacturing	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	9.8
Small Scale and Cottage Industries	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	2.6
Electricity and Water	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	7.2
Construction	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	9.9
Whole Sale and Retail Trade	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	6.4
Hotels and Restaurants	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	2.2
Transport and Communications	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	1.1
Financial Intermediation	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	10.2
Real Estate, Renting and Business Activities	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	9.5
Public Administration and Defense	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	2.3
Education	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	1.8
Health and Social Work	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	12.9
Other Community, Social & Personal Services	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	2.5
Private Households with Employed Persons	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	2.3
Total	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	6.2
Less : FISIM	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	14.3
Gross Value Added at Constant Basic Prices	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	6.1
Taxes on Products	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	6.3
GDP at Constant Market Prices	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	6.1

Source:MoFED

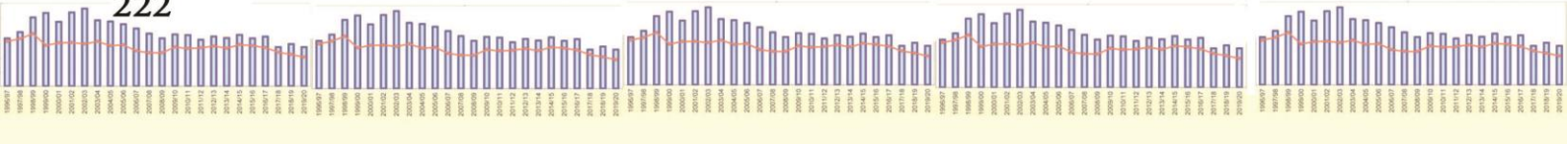


Table 4: Value of Aggregate Output, Consumption, Investment and Savings at Current Prices

Description / Year	(In Millions of Birr)													
	1999 2006/07	2000 2007/08	2001 2008 /09	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	2012 2019/20
Gross Value Added at Current Basic Prices	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	3,182,998.0
Taxes on Products, net	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	191,351.0
GDP at Current Market Prices	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	3,374,349.0
Incomes from ROW, net	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)	(18,270.0)
Gross National Income at Current Basic Prices	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	3,164,728.0
Gross National Income at Current Market Prices	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	3,356,079.5
Current Transfers from ROW, net	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	218,029.0
Gross National Disposable Income	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	3,574,109.0
Government Final Consumption Expenditure	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	307,769.0
Private Final Consumption Expenditure	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	2,360,896.0
Gross Capital Formation (Investment)	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	1,037,685.0
Exports of Goods and Services	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	239,229.0
Imports of Goods and Services	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	571,230.0
Resource Balance	(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)	(332,001.0)
Gross Domestic Savings	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	705,684.0
Gross National Savings	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	905,444.0
Mid-year Population (In Million)	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	99.7
Per Capita Nominal GDP (In Birr)	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	33,845.0
Per Capita Real GDP (In Birr)	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	21,153.1
Average Exchange Rate (Birr/USD)	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	31.3
Real GDP (In USD)	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	67,287.5
Nominal GDP (In USD)(Million)	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	107,660.0
Per Capita Nominal GDP (In USD)	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	1,080.0
Per Capita Real GDP (In USD)	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	675.0
GDP Deflator	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	1.60

Source: Planning commission

Table 5: Growth Rates of Aggregate Output, Consumption, Investment and Savings

(Inpercent)

Description / Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	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	2019/20
GDP at Current Basic Prices	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	25.4
Taxes on Products, net	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	25.4
GDP at Current Market Prices	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	25.4
Incomes from ROW, net	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)	(10.5)
Gross National Income at Current Basic Price	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	25.5
Gross National Income at Current Market Price	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	25.5
Current Transfers from ROW, net	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	(3.6)
Gross National Disposable Income	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	23.2
Government Final Consumption Expenditure	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	24.4
Private Final Consumption Expenditure	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	27.7
Gross Capital Formation (Investment)	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	9.4
Exports of Goods and Services	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	12.0
Imports of Goods and Services	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	1.7
Resource Balance	(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)	4.6
Gross Domestic Savings	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	17.5
Gross National Savings	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	12.5
Mid-year Population (in Million)	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	2.2
Per Capita GDP (Birr) (Nominal)	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	22.5
Per Capita GDP (Birr) (Real)	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	4.1
Average Exchange Rate (Birr/USD)	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	11.5
Real GDP (USD)	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	(4.8)
GDP at Current Market Prices(USD)	29.0	37.3	19.8	(7.7)	6.8	35.5	9.5	17.3	16.1	12.1	10.0	3.2	13.7	12.2
Per Capita GDP (USD) (Nominal)	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	9.6
Per Capita GDP (USD) (Real)	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)	(6.8)
Percentage Change in GDP Deflator	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	17.6

Source: Planning commission

Table 6: Summary of External Public Debt

(In Millions of Birr)

Particulars	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)	2019/20 (2012)
EXTERNAL DEBT															
Disbursed *	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	463,813.5	539,394.3	703,521.5	782,108.1	1,002,534.7
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
DRAWINGS (gross)	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	74,844.3	66,202.3	92,701.4	77,973.2	98,977.4
REPAYMENTS (1)	-446.2	-155.4	-432.2	-231.4	-883.0	-2904.9	-5332.2	-7806.3	-9673.6	-13,967.5	-16,560.4	-19,479.7	-30,533.4	-40,210.3	-44,308.7
DEBT SERVICING (2)	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	24,246.6	29,346.1	42,393.5	58,136.7	63,525.3
Principal	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	16,560.4	19,479.7	30,533.4	40,210.3	44,308.7
Interest (3)	535.2	368.4	315.1	278.7	415.5	993.7	1,777.6	2,515.6	3,045.1	5,007.2	7,686.2	9,865.4	11,860.1	17,926.4	19,216.6
DEBT SERVICE TO EXPORT OF GOODS RATIO (%)**	5.1	1.5	3.2	1.5	3.4	8.8	13.0	18.2	20.2	31.4	40.1	45.0	57.3	77.7	67.8
EXTERNAL DEBT TO GDP (%)**	43.4	13.0	11.2	14.6	19.0	24.4	20.5	23.6	25.6	29.5	30.1	29.4	32.0	29.0	29.6
EXPORT OF GOODS	8,683.5	10,422.3	13,549.5	15,088.1	25,822.1	44,277.5	54,771.8	56,680.5	62,947.9	60,443.8	60,526.4	65,167.1	74,044.8	74,807.7	93,641.5
GDP (Current Basic Price)	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	2,200,000.0	2,696,000.0	3,391,000.0

Source: Ministry of Finance and Economic Development

*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 conversion is made by using annual average exchange rate.

Table 7: Balance of Payments

(In Millions of Birr)

Particulars	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)	2019/20 (2012)
TRADE BALANCE	-31,186.6	-34,658.8	-49,410.0	-65,427.0	-80,771.4	-88,739.9	-136,073.2	-151,831.4	-198,611.2	-270,301.4	-292,474.9	-289,030.5	-324,244.9	-349,148.8	-341,435.8
Export(f.o.b)	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	60,443.8	60,526.4	65,167.1	74,044.8	74,807.7	93,641.5
Coffee	3,075.2	3,730.4	4,848.4	3,916.7	6,810.4	13,567.6	14,373.2	13,584.5	13,626.8	15,683.9	15,253.7	19,795.6	21,905.1	21,436.5	26,824.8
Other Exports	5,608.3	6,691.8	8,701.1	11,171.3	19,011.8	30,709.9	40,398.6	43,105.9	49,321.1	44,759.9	45,272.7	45,371.5	52,139.7	53,371.2	66,816.7
Imports (c.i.f)	-39,870.1	-45,081.1	-62,959.6	-80,515.0	-106,593.6	-133,017.4	-190,845.0	-208,521.9	-261,559.1	-330,745.2	-353,001.4	-354,197.6	-398,289.7	-423,956.5	-435,077.3
Fuel	-7,469.1	-7,695.8	-14,988.2	-13,095.4	-16,896.1	-26,744.3	-36,668.8	-39,571.5	-49,081.4	-41,013.5	-28,260.8	-40,876.9	-60,553.0	-72,961.5	-65,445.5
Other Imports	-32,401.0	-37,385.3	-47,971.4	-67,419.6	-89,697.5	-106,273.1	-154,166.2	-168,950.4	-212,477.7	-289,731.7	-324,740.5	-313,320.8	-337,736.7	-350,995.0	-369,631.8
Net Services	1,282.2	1,626.9	1,349.6	4,021.3	5,900.2	11,090.7	1,292.3	8,353.1	12,715.4	-6,943.6	-13,167.7	-12,725.9	-5,208.5	-15,840.6	-6,690.3
Travel	524.3	558.4	1,383.8	2,167.5	2,890.1	9,266.1	8,500.8	5,844.1	5,602.3	1,681.7	-1,386.5	-951.7	7,146.7	6,225.9	10,431.2
Other Transportation	375.0	709.7	1,195.3	2,323.8	3,111.9	5,198.0	5,781.7	10,321.9	13,658.8	8,242.8	11,209.2	8,569.4	13,494.3	18,091.2	27,972.4
Government(n.i.e.)	2,417.7	1,933.0	1,242.4	1,671.4	2,901.7	3,987.5	3,483.5	3,644.4	5,551.5	3,661.7	7,600.2	8,625.2	5,641.9	7,935.0	1,878.4
Investment Income	-14.8	267.3	190.4	-348.0	-712.9	-1,120.2	-1,659.8	-2,049.5	-2,914.6	-5,358.0	-7,989.7	-11,351.0	-11,397.5	-16,932.9	-19,030.5
Other Services	-2,020.1	-1,841.5	-2,662.3	-1,793.4	-2,290.7	-6,240.8	-14,813.9	-9,407.8	-9,182.6	-15,171.9	-22,601.0	-17,617.7	-20,094.0	-31,159.7	-27,942.0
Net Goods & Services	-29,904.4	-33,031.9	-48,060.4	-61,405.7	-74,871.3	-77,649.2	-134,760.9	-143,478.3	-185,895.8	-277,245.0	-305,642.6	-301,756.4	-329,453.3	-364,989.3	-348,126.2
Private Transfers (net)	10,645.9	13,768.7	22,131.1	28,205.0	34,928.9	44,404.5	56,001.5	65,054.5	78,477.7	98,099.1	135,680.5	122,945.6	158,601.1	167,629.9	162,534.3
Current Account Balance	-19,258.5	-19,263.2	-25,929.3	-33,200.7	-39,942.4	-33,244.7	-78,779.3	-78,423.8	-107,418.1	-179,145.9	-169,962.1	-178,810.8	-170,852.2	-197,359.4	-185,591.9
Public Transfers (net)	6,582.1	10,545.6	12,132.4	16,166.3	24,564.9	29,991.2	30,848.5	27,836.5	27,911.7	30,301.9	29,359.9	32,014.6	32,678.7	58,540.8	47,797.8
Non Monetary Capital (net)	2,324.6	6,687.5	9,535.3	17,173.0	31,209.1	48,287.8	39,394.8	59,883.0	78,866.1	157,085.6	138,330.8	154,319.6	161,469.5	134,870.5	129,986.4
Public long-term (net)*	2,543.5	2,372.4	2,831.5	7,526.7	18,879.0	30,785.2	22,982.5	39,141.3	50,373.7	112,141.5	67,020.2	57,922.8	68,049.3	46,175.8	58,846.2
Short-term	-218.9	-268.5	-826.4	333.5	-49.0	-2,523.7	-2,085.3	-1,667.4	510.3	690.1	2,322.0	2,913.8	97,212.3	84,595.7	75,823.1
FDI	3,169.4	4,583.6	7,530.2	9,312.8	12,379.1	20,026.4	18,497.6	22,409.0	27,982.1	44,254.0	68,988.6	93,483.1	-3,792.1	4,099.0	-4,682.9
Net errors and Omissions	8,888.7	2,455.2	1,946.7	5,211.7	-11,749.8	-22,724.0	-8,248.0	-9,414.3	-1,207.8	-18,719.8	-15,264.7	7,238.7	-28,559.2	-22,469.0	-30,658.5
Overall Balance	-1,483.0	425.1	-2,315.0	5,350.3	4,081.8	22,310.3	-16,784.1	-118.6	-1,848.1	-10,478.1	-17,536.1	14,762.1	-5,263.3	-26,417.1	-38,466.2
Financing :	1,483.0	-425.1	2,315.0	-5,350.3	-4,081.8	-22,310.3	16,784.1	118.6	1,848.1	10,478.1	17,536.1	-14,762.1	5,263.3	26,417.1	38,466.2
Monetary Authorities (Reserves), net	1,804.2	-161.5	2,587.6	-5,155.6	-3,927.6	-22,174.9	16,922.4	282.3	1,914.0	10,478.1	17,536.1	-14,762.1	5,263.3	26,417.1	38,466.2
Arrears Change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt Relief	-321.2	-263.7	-272.6	-194.7	-154.2	-135.4	-138.4	-163.8	-65.8	0.0	0.0	0.0	0.0	0.0	0.0
Cancellation	321.2	263.7	272.6	194.7	154.2	135.4	138.4	163.8	65.8	0.0	0.0	0.0	0.0	0.0	0.0
Rescheduling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: NBE Staff Compilation
 *Includes other public sector long-term loan and private loan
 NB:-USD to birr conversion is made by using annual average exchange rate.

Table 8: Value of Major Exports

(In Thousands of Birr)

Commodity	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)	2019/20 (2012)
Coffee	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	19,897,568.87	21,893,480.41	21,490,708.90	27,044,310.46
Oilseeds	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	10,289,297.66	10,076,702.84	7,891,362.52	11,188,854.01	10,921,323.83	11,012,982.91
Leather and Leather products	789,152.45	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	2,544,747.55	2,424,089.02	2,559,995.81	3,455,808.73	3,285,473.74	2,208,391.32
Pulses	619,559.70	1,333,631.14	946,826.06	1,677,731.48	2,232,891.58	2,762,646.37	4,251,495.82	4,790,442.64	4,408,211.94	4,886,962.93	6,276,582.90	7,124,264.40	7,659,551.18	7,422,895.72
Meat Products	135,517.72	193,943.55	273,517.90	440,952.18	1,024,706.39	1,368,079.34	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	2,107,034.01
Fruits & Vegetables	142,207.59	118,398.30	124,029.10	412,604.91	512,634.57	775,375.00	796,838.89	877,214.89	956,613.95	1,128,060.69	1,257,748.47	1,603,497.14	1,709,468.52	1,834,795.39
Sugar	-	17,879.50	178,586.52	124.42	-	-	0.30	-	-	-	115,431.69	133,582.49	106,710.48	45,089.46
Gold	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	4,883,990.78	2,605,757.16	775,705.67	6,572,639.35
Oil Cakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Live Animals	325,065.63	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	2,976,566.06	3,090,572.25	1,506,508.86	1,539,071.60	1,287,954.60	1,671,076.63
Chat	816,802.09	1,000,764.64	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	10,116,170.95
Petroleum Products	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bee's Wax	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	65,655.59
Tantalem	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	155,480.57
Cotton	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	8,218.73
Text. & Text. Prdts	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	5,235,335.98
Cereals and Flour	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	117,441.59
Natural Gum	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	157,838.70
Civet	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hop	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Animal Fodder	20,431.93	26,130.41	248.40	61,654.31	429.57	74.61	217.19	-	250.92	-	-	-	-	-
Natural Honey	10,407.78	5,962.62	5,564.45	24,663.03	26,794.47	55,987.56	52,866.13	47,226.62	46,140.13	41,928.33	31,343.94	23,694.76	13,468.37	16,439.28
Marble	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Flower	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	13,208,479.33
Beverage	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	111,398.47
Spices	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	432,708.01
Others	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	4,696,088.80
RE-exports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	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	59,960,381.12	59,725,752.81	63,685,744.10	72,712,994.65	73,574,227.33	94,240,481.24

Sources: Ministry of Revenue

Table 9: Quantity of Major Exports

(In Metric Tons)

Commodity	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	2019/20
	(1999)	(2000)	(2001)	(2002)	(2003)	(2004)	(2005)	(2006)	(2007)	(2007)	(2009)	(2010)	(2011)	(2012)
Coffee	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	271,111.52
Oilseeds	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	236,504.53
Leather and Leather products	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	3,551.27
Pulses	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	354,010.48
Meat Products	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	12,819.96
Fruits & Vegetables	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	191,183.11
Sugar	-	63,391.93	47,646.06	4.00	-	11.18	0.02	-	-	-	51,126.64	35,958.09	43,706.24	17,515.03
Gold	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	3.32
Oil Cakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Live Animals	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	29,395.64
Chat	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	57,136.13
Petroleum Products	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bee's Wax	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	258.01
Tantalem	-	-	-	258.37	331.17	294.58	75.72	87.91	147.79	185.90	229.30	2,860.36	386.20	76.08
Cotton	-	-	-	7,822.75	152.17	126.93	5,673.61	751.98	8.29	0.34	-	3,529.38	252.91	80.00
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	22,798.39
Cereals and Flour	-	-	-	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	4,670.14
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	1,384.59
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	152.14
Marble	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Flower	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	94,389.84
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	4,430.26
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	12,499.67

Ministry of Revenue



Table 10: 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.
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
2019/20	30,535,356	921,922	113,817	1,964	62,056,891	5,815,180	16,823,353	3,092,276	4,539,296	9,435,759	4,263,241

Table 10 continued:

Period	Textiles	Clothings	Glass & Glass Ware	Metal & Metal Manfc.	Machinery & Aircraft	Road Motor Vehicles	Electrical Materials	Grain*	Telecomm. Appara.	Others	Grand Total
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
2019/20	9,389,053	5,910,193	3,276,373	51,308,076	69,932,130	9,497,824	25,002,128	4,674,500	610,593	119,663,926	432,189,352

* Included in "Food & Live Animals".

Source: Ethiopian Ministry of Revenues

Table 11: 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.
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
2019/20	2,773,553.3	16,825.8	1,010.0	53.9	3,867,196.1	718,932.3	24,071.8	31,766.5	85,684.7	111,569.5

Annex 11 continued:

Period	Paper & Paper Manfc.	Textiles	Clothings	Glass & Glass Ware	Metal & Metal Manfc.	Machinery & Aircraft	Road Motor Vehicles	Electrical Materials	Grain*	Telecomm. Appara.
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
2019/20	138,210.5	120,255.0	27,295.3	161,693.5	1,743,124.7	223,926.9	83,162.6	122,689.1	738,036.9	430.6

* Included in "Food & Live Animals".

Source: Ethiopian Ministry of Revenues

Table 12: Value of Imports, by End Use

In Millions of Birr

Components	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)	2019/20 (2012)
RAW MATERIALS	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	5,070.88
SEMI-FINISHED GOODS	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	97,796.04
Chemicals	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	16,743.30
Fertilizers	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	19,517.00
Textile Materials	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	3,485.51
Others	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	58,050.24
FUEL	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	64,685.48
Crude Petroleum	0.17	0.09	0.35	0.25	0.21	321.46	0.20	0.11	3.73	1.80	0.88	1.96
Petroleum Products	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	62,056.89
Others	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	2,626.62
CAPITAL GOODS	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	#####	140,570.41	128,229.80
Transport	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	12,249.42
Tyres for Heavy Vehicle	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	4,191.33
Heavy Road Motor Vehicle	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	5,652.14
Aircraft	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	2,033.72
Others	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	372.22
Agricultural	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	2,745.65
Industrial	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	#####	99,136.69	113,234.74
CONSUMER GOODS	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	#####	119,758.04	124,714.69
Consumer Durables	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	28,525.81
Radio & Television	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	1,947.48
Tyres, Cars & Other Veh.	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	1,596.76
Cars & Other Vehicles	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	3,455.56
Others	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	21,526.01
Consumer Non- Durables	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	96,188.88
Cereals	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	26,055.01
Other Food	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	16,738.49
Medical & Pharmaceutical	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	21,356.68
Textile Fabrics	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	12,300.45
Others	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	19,738.25
MISCELLANEOUS	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	11,692.47
TOTAL IMPORTS	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	432,189.35

Sources: Ministry of Revenue

Table 13: Value of Imports, by Country of Origin:

In Thousands of Birr

countries	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Djibouti	248	745	613	1,464	4,194	14,656	6,060	13,765	25.5	54.6	7,505.5	269,451.0	1,226,326.3
Kenya	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	2,682,248.7
Sudan	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	2,295,903.2
U.A.E	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	17,282,832.8
France	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	8,257,770.3
Germany	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	9,208,171.1
Italy	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	8,191,165.0
Netherlands	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	4,678,959.5
U.K.	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	9,216,314.9
Russia	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	2,116,402.5
Yugoslavia	256	0	6,819	9,455	49	0	8	55	0.0	0.3	0.0	0.0	0.0
U.S.A.	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	33,114,719.7
China, P. Rep.	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	112,353,466.1
Japan	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	5,490,339.1
Saudi Arabia	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	14,250,180.6
Rest of the World	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	201,824,554.2
Total Import	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	422,394,150.7	432,189,352.0

Sources: Ethiopian Ministry of Revenue

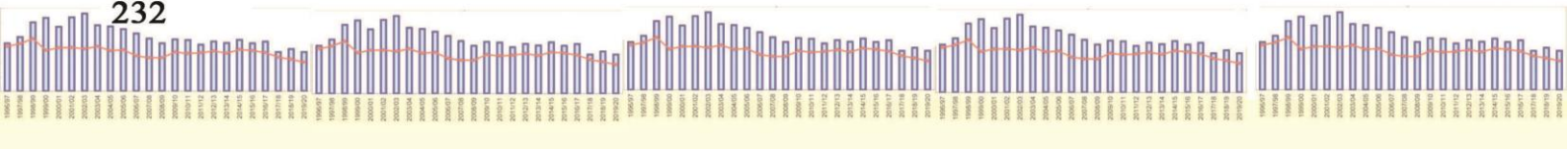


Table 14: Values of Export by Countries of Destination*

(In Thousand of Birr)

countries	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)	2019/20 (2012)
Djibouti	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	3,702,736
Kenya	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	439,609
Sudan	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	2,168,104
U.A.R	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	3,936,157
France	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	890,053
Germany	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	5,026,821
Italy	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	1,401,025
Netherlands	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	9,670,553
U.K.	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	1,052,198
Russia	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	369,995
Yugoslavia	0	287	874	0	-	-	0	0	0	45,940	0	0	0	0
U.S.A.	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	6,784,201
China, P.Rep.	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	2,635,421
Japan	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	3,566,011
Saudi Arabia	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	6,484,675
Rest of the World	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	46,112,922
Total Export	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	94,240,481

* Export value of Gold is not included in this table for the years before 2003/04

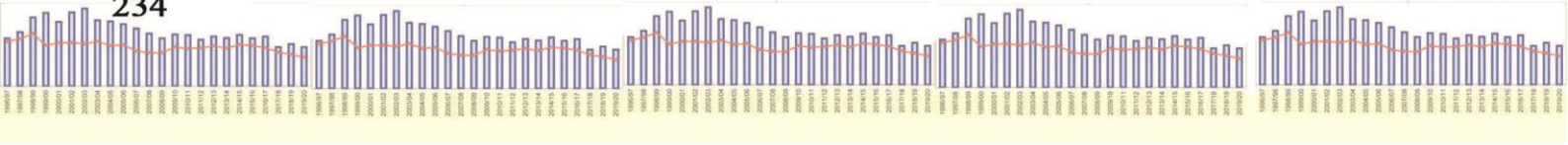
Sources: Ethiopian Customs Authority

Table 15: Trade Balance with Major Trading Partners

(In Thousands of Birr)

Trading Country	2011/12 (2004)	2012/13 (2005)	2013/14 (2006)	2014/15 (2007)	2015/16 (2008)	2016/17 (2009)	2017/18 (2010)	2018/19 (2011)	2019/20 (2012)
Djibouti	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	2,476,410.09
Kenya	(475,510.76)	(380,937.75)	(287,641.33)	(188,868.43)	(85,796.43)	411,075.40	173,731.42	(572,951.51)	(2,242,639.74)
Sudan	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)	(127,799.00)
U.A.R	(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)	(13,346,675.45)
France	(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)	(7,367,717.62)
Germany	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)	(4,181,349.91)
Italy	(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)	(6,790,138.34)
Netherlands	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	4,991,593.40
U.K.	(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)	(8,164,116.46)
Russia	(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)	(1,746,407.72)
Yugoslavia	(49.32)	0.00	(8.33)	(54.91)	45,939.89	(0.26)	(0.00)	0.00	0.00
U.S.A.	(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)	(26,330,519.21)
China, P.Rep.	(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)	(109,718,045.34)
Japan	(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)	(1,924,328.04)
Saudi Arabia	(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)	(7,765,505.18)
Rest of the World	(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)	(155,711,632.28)
Overall Trade Balance	(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)	(337,948,870.80)

Sources: Ethiopian Customs Authority



NATIONAL BANK OF ETHIOPIA

Table 16: 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
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
2019/20	109,071.8	251,513.7	360,585.5	677,060.8	1,037,646.3

Source: National Bank of Ethiopia

Table 17: Domestic Credit by Sector

(In Millions of Birr)

End of Period	Claims on Central Gov't				Claims on Non-Central Gov't				
	Gross Grand Total	Total	National Bank	Comm. Banks	Total	Loans & Advances	Bills Disc.	Investments	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	1,394.6	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	-	2.0	-
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
2019/20	1,190,705.3	150,861.6	209,489.7	(58,628.1)	1,039,843.8	571,812.0	-	409,889.1	58,142.7

Source: National Bank of Ethiopia

* Includes Claims on Other Financial Institutions

Table 18: Gold & Foreign Exchange Holdings of the National Bank of Ethiopia and Commercial Banks

End of Fiscal Year	Gross Gold and Foreign Exchange Holdings						Foreign Liabilities			Net Gold & Foreign Exchange			
	Gross Total	National Bank of Ethiopia					CBs' Foreign Exchange	Total Liab.	Comm. Banks	NBE	Total	NBE	Comm. Banks
		International Reserves											
		NBE Total	Gold	Foreign Exchange	Reserve Tranche								
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	
2019/20	147,202.9	112,086.4	3,280.634	108,280.4	525.4219	35,116.52	169,303.896	24,579.243	144,724.653	-22,100.967	-326,38.241	10,537.274	

Source: National Bank of Ethiopia (NBE)

CBs' = Commercial Banks'



NATIONAL BANK OF ETHIOPIA

Table 19: Treasury Bills Auction Results

In Millions of Birr

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
2019/20	231,486.88	35.00	128.00	163.00	11,143.00	232,012.09	243,155.09	5,980.00	228,859.09	234,839.09	4.53

Annex 20: Employment Created by Domestic & Foreign Investment Projects Which Have Commenced Operation, by Sector

Sector	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)		2012(2019/20)	
	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	143	2,260	89	510	0	0	156	3,432	1,265	6,458	290	2,834	6,082	859	259	2,428	536	1,862	3	5
Construction	26	50	105	50	24	10	441	1,148	508	####	####	####	3,346	5,232	1,664	2,738	3,368	1,788	100	168
Education	10	5			26	6	189	12	9	8	49	13	89	0	16	23	200	154	2	2
Electricity, gas, steam and water supply															0	250				
Fishing																				
Health and social work			20	8	31	5	2	5	79	2			20	5	44	220	43	8	6	6
Hotels and restaurants	15				45	10	181	150	100	55	400	80	23	35	97	64	173	75	35	20
Manufacturing	309	146	1,193	527	1,357	704	2,642	872	7,586	1,189	7,007	3,753	6,016	3,143	123,353	8,070	15,918	5,142	2,858	1,387
Mining and quarrying	40	30					10	30			85	203	74	299	96	414	35	92		
Other community, social and personal service activities					128	340	21	268	13	3	25	26	37	8	125,002	109	19	12		
Real estate, renting and business activities	23	121	643	610	241	134	276	496	####	####	####	####	4,989	187	81,347	21,710	2,269	1,303	52	41
Transport, Storage and Communication	42	69	54	34	9	12	13	2	18	40	34	17	28	7	23	28	44		121	0
Wholesale, retail trade & repair service	17	103	5	7			5	10							2	0				
Others*													8		100	160	26	105	34	5
Grand Total	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	3,211	1,634

Annex 21: Number and Investment Capital of Domestic & Foreign Investment Projects Which Have Commenced Operation by Sector

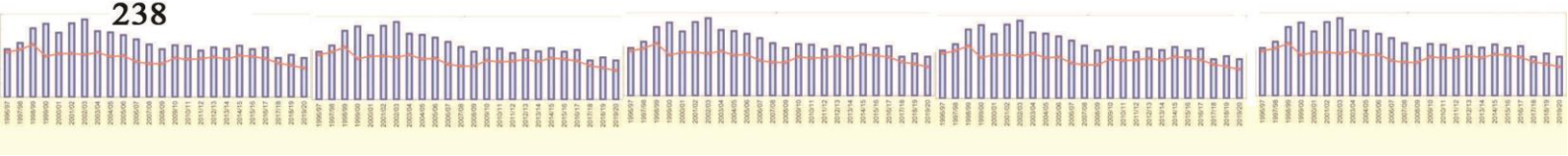
[in millions of Birr]

Sector	2005(2012/13)		2006(2013/14)		2007(2014/15)		2008(2015/16)		2009(2016/17)		2010(2017/18)		2011(2018/19)		2012(2019/20)	
	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital
Agriculture, hunting and forestry			13	70.1	107	521.7	35	66.0	14	119.6	42	322.8	27	297.7	1	10.5
Construction	3	22	58	2,811.2	50	132.8	75	506.7	199	1,081.9	344	3,002.1	176	1,745.7	15	135.5
Education	2	5	2	25.4	1	79.8	3	7.1	4	6.1	7	67.8	6	68	1	2.5
Electricity, gas, steam and water supply											1.0	100.0				
Fishing																
Health and social work	2	4	1	0.2	1	4.0			3	13.7	15	276.4	5	25	3	18.0
Hotels and restaurants	2	3	6	44.1	5	105.8	3	10.8	2	9.5	5	57.8	7	39.5	3	307.9
Manufacturing	24	1,371	38	516.8	39	2,707.2	85	2,539.5	149	1,888.0	578	14,494.8	337	4,647.0	42	710.1
Mining and quarrying			1	1.1			6	12.1	8	18.7	7	81.0	4	38		
Other community, social and personal service activities	2	14	3	9.1	4	14.5	3	4.9	4	5.2	46	245.8	2	82		
Real estate, renting and business activities	17	89	36	2,135.3	197	563	637	3,551	81	5,737.4	496	7,204.8	404	1909.3053	15	98.3
Transport, Storage and Communication	3	5	4	12.1	3	5.8	5	10.7	3	14.7	5	11.4	5	20.0	2	17.9
Wholesale, retail trade & repair service			1	10.9							1	2.0				
Others*									1	1.9	3	9.5	3	79	2	19.6
Grand Total	55.0	1511.7	163.0	5636.2	407.0	4135.0	852	6,708.6	468	8,896.9	1,550	25,876.2	976	8,952	84	1,320

Annex 22: Number and Capital of Domestic & Foreign Investment Projects Which Have Commenced Operation, by Region

[in millions of Birr]

Sector	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)		2012(2019/20)	
	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital
Addis Ababa	24	190	52	498	37	201	101	5,262.0	31	2,381.5	755	6,147.6	376	8307.5	1,362	19,839.3	681	6,838.4	40	650
Afar	2	11	7	56	1	1	12	21.1	15	97.5	6	16.0		46	380.0					
Amhara							31	112.7	4	10.0	7	13.6	42	104.5	15	39.7	20	152.5	6	11
B.Gumuz														1	2.0					
Dire Dawa			1	6							11	68.8								
Gambella																				
Harari									3.0	26.5										
Multiregional														59.0	5,217.5	69	1,135	37	645	
Oromia	2	10	6	85	16	1,308	7	139.3	304	1,398.4	26	345.9	19	336		157	560.4			
SNNPR							1	10.9	1	14	2	5	10	83.5	1	2.5				
Somali																				
Tigray	20	20	2	3	1	1	11	90.2	49	207.3	45	111.5	21	65.9	66	395.3	49	265.6	1	15
Grand Total	48	232	68	648	55	1,512	163	5,636.2	407	4,135	852	6,709	468	8,896.9	1,550	25,876.3	976	8,951.7	84	1,320





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