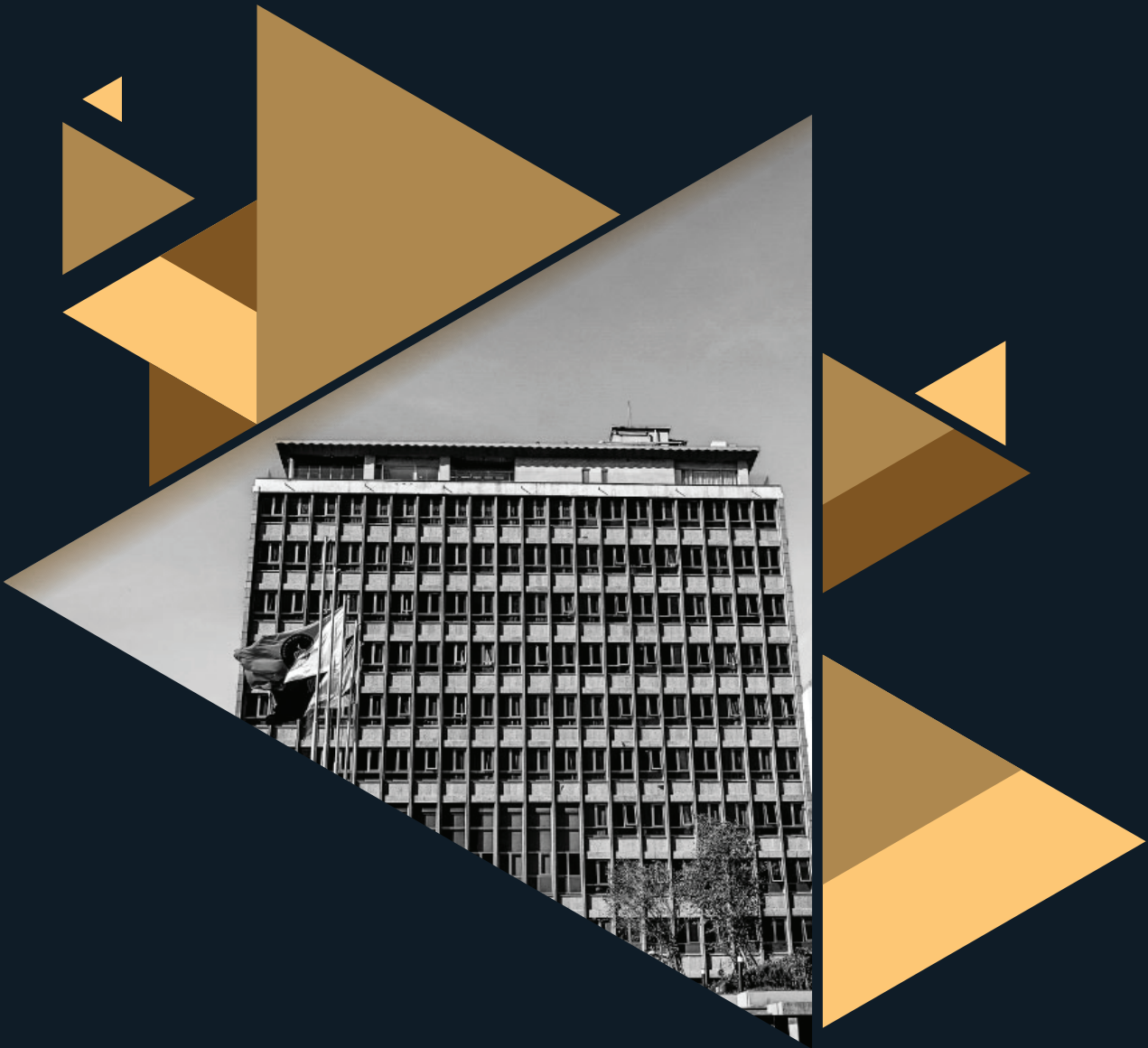




ANNUAL REPORT

2022 | 2023

nbe.gov.et



**የኢትዮጵያ
ብሔራዊ ባንክ**
NATIONAL BANK
OF ETHIOPIA

Prepared by

Domestic Economic Analysis and Publication Directorate
National Bank of Ethiopia

Designed by

NBE Communications

Address_Tel

+251 115 51 74 30

+251 115 51 45 88

P.O.Box

5550

nbeinfo@nbe.gov.et

nbe.gov.et

Addis Ababa, Ethiopia

This publication can be acquired by subscription or exchange

Please contact:

National Bank of Ethiopia

Domestic Economic Analysis and Publication Directorate

P.O.BOX 5550

Tel. +251 115 17 52 62/115 17 52 68

Addis Ababa, Ethiopia

NBE Annual Report

© 2025 National Bank of Ethiopia

Sudan Street, Addis Ababa, Ethiopia

www.nbe.gov.et

NBE's BOARD OF DIRECTORS



H.E. Ambassador Girma Birru
Chairperson



H.E. Mamo E. Mihretu
Member



H.E. Ahmed Shide
Member



H.E. Fikadu Digafie
Member



H.E. Dr. Eyob Tekalign
Member



Mr. Gebreyesus Gunte
Secretary

NBE's EXECUTIVE MANAGEMENT MEMBERS



H.E. Mamo E. Mihretu
Governor & Chairperson



H.E. Fikadu Digafie
Vice Governor
& Chief Economist,
Monetary Stability Cluster
Member



H.E. Eyob G/Eyesus
Vice Governor, Corporate
Service Cluster
Member



H.E. Solomon Desta
Vice Governor, Financial
Institution Supervision Cluster
Member



Mr. Abate Mitiku
Director, Change Management, Planning
and Communication Directorate
Member



Mr. Gebreyesus Gunte
Senior Advisor to the Governor
Member & Secretary

NBE's SENIOR MANAGEMENT MEMBERS



H.E. Mamo E. Mihretu
Governor & Chairperson



H.E. Fikadu Digafie
Vice Governor
& Chief Economist,
Monetary Stability Cluster
Member



H.E. Eyob G/Eyesus
Vice Governor, Corporate
Service Cluster
Member



H.E. Solomon Desta
Vice Governor, Financial
Institution Supervision Cluster
Member



Mr. Gebreyesus Gunte
Senior Advisor to the Governor
Member



Mrs. Martha H/Mariam
Advisor to Vice Governor,
Financial Institution
Supervision Cluster
Member



Mr. Mulualet Eshetu
Advisor to Vice Governor &
Chief Economist
Member

CONTINUED



Mr. Abate Mitiku

Director, Change Management, Planning and
Communication Directorate

Member



Mr. Wondimeneh Asrat

Director, Internal Audit and Risk Management
Directorate

Member



Mr. Fitsum Tsehay

Director, Domestic Economic Analysis and
Publication Directorate

Member



Mrs. Woyenshet Zeberga

Director, Monetary and Financial Analysis
Directorate

Member



Mr. Befekadu Gashaw

Director, Economic Modeling and Statistical
Analysis Directorate

Member



Mr. Habtamu Wokineh

Director, External Economic Analysis and
International Relations Directorate

Member



Mrs. Yenehassab Tadesse

Director, Foreign Exchange Monitoring and
Reserve Management Directorate

Member



Mr. Frezer Ayalew

Director, Bank Supervision Directorate

Member

CONTINUED



Mr. Belay Tulu

Director, Insurance Supervision Directorate

Member



Mr. Sintayehu Dessalegn

A-Director, Micro-Finance Institutions
Supervision Directorate

Member



Mr. Solomon Damtew

A-Director, Payment & Settlement System
Directorate

Member



Mr. Temesgen Zeleke

Head, Financial Inclusion Secretariat

Member



Mr. Temeliso Abebe

Director, Credit Reference and Movable
Collateral Registry Directorate

Member



Mr. Gebeyaw Takele

Director, Project Management Office

Member



Mr. Abebe Senbete

Director, Currency Management Directorate

Member



Mrs. Workabeba Bahiru

Director, Human Resource Management
Directorate

Member

CONTINUED



Mrs Merema Kamil
Director, Corporate Finance Directorate
Member



Mr Zelalem Abera
Director, Procurement and Service
Management Directorate
Member



Mr Eyasu Teshome
Director, Engineering , Property & Transport
Service Management Directorate
Member



Mr Wondewosen Tsegaw
Director, Information System Management
Directorate
Member



Mr Mesfin Getachew
Director, Legal Service Directorate
Member



Mr Kassahun Yohannes
Acting Director, Ethiopian Institute of Financial
Studies
Member



Mr. Girmaye Amare
Acting Deputy Director, Ethiopian Institute of
Financial Studies
Member



Mr. Gobena Worana
Deputy Director, Bank Supervision Directorate
Member

CONTINUED



Mr. Shambel Teshome

Acting Deputy Director, Foreign Exchange
Monitoring and Reserve Management Directorate

Member



Mr. Abebayew Dufera

Acting Deputy Director, Foreign Exchange
Monitoring and Reserve Management Directorate

Member



Mrs. Habtam Shumbeza

Construction Project Manager

Member



Mr. Dawit Tesfaye

Acting Manager - ICT and Consultancy
Projects

Member

CONTENTS

ETHIOPIA: MACROECONOMIC AND SOCIAL INDICATORS	I
GOVERNOR'S NOTE	1
I. OVERALL ECONOMIC PERFORMANCE	4
1.1 Economic Growth	4
1.2 GDP by Sector	6
1.3 GDP by Expenditure Components	9
1.4 Micro and Small-Scale Enterprises	10
1.5 Access to Water Supply	12
1.6 Road Sector Development	14
1.7 Telecommunication	18
II. ENERGY PRODUCTION	22
2.1 Electric Power Generation	22
2.2 Volume and Value of Petroleum Imports	23
III. PRICE DEVELOPMENTS	28
3.1 Developments in Consumer Price at National Level	28
3.2 Consumer Price Developments in Regional States	31
IV. MONETARY AND FINANCIAL DEVELOPMENTS	36
4.1 Monetary Developments and Policy	36
4.2 Developments in Interest Rate	40
4.3 Developments in Financial Sector	41
4.4 Financial Activities of NBE	54
4.5 Developments in Financial Markets	54
V. DEVELOPMENTS IN EXTERNAL SECTOR	59
5.1 Overall Balance of Payments	59
5.2 Developments in Merchandise Trade	62
5.3 Services and Transfers	70
5.4 Current Account	73
5.5 Capital Account	73
5.6 Changes in Reserve Position	73
5.7 External debt	73
5.8 Developments in Foreign Exchange Markets	74

VI.	GENERAL GOVERNMENT FINANCE	80
6.1.	General	80
6.2.	Revenue and Grants	81
6.3.	Expenditure	83
6.4.	Deficit Financing	85
VII.	INVESTMENT	89
7.1.	Investment by Sector	92
7.2.	Distribution by Region	94
VIII.	INTERNATIONAL DEVELOPMENTS	96
8.1.	International Economic Developments	96
8.2.	Implications of International Economic Developments on the Ethiopia Economy	99
	Audited Financial Statements for the Year Ended 30 June 2023	100
	Statistical Annexes	211



Ethiopia: Macroeconomic and Social Indicators

Indicators		2015/16 (2008)	2016/17 (2009)	2017/18 (2010)	2018/19 (2011)	2019/20 (2012)	2020/21 (2013)	2021/22 (2014)	2022/23 (2015)
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
	Arable Land (% of total area)	NA	12.00	13	14.2	14.32	14.41	16.2	16.2
	Agricultural Irrigated Land (% of totalAgricultural area)	NA	NA	4.0	4.0	4.7	5	6%	6.20%
	Population Density (person per sq.km)*	101.00	104.00	106	109	112	115	123	127
2. Social Indicators									
	Population total, in millions (Mid-Year population)	91.2	93.4	95.5	97.6	99.75	101.9	104.1	105.7
	(o/w Urban Poulation, in %)	19.9	20.3	21	22.8	22.8	22.8	22.8	28.2
	Working Age Population (In Millions)								
	Urban	12.2	12.8	12	13.13	14.03	15.01	16.04	31.1
	Rural	39.7	40.8	42	43.06	44.28	45.8	46.6	40.4
	Total	52.0	53.6	56	56.19	58.31	60.81	62.64	61.7
	Age Dependency Ratio	75.0	75	69	69	69	69	69	62
	Life Expectancy at Birth (Male - Female)	60.2-64.2	60.2-64.2	62.4-66.6	62.4-66.6	62.4-66.7	65.5	65.5	65.5
	Crude Birth Rate	30.3:1000	30.3:1000	27:1000	27:1000	27:1001	27:1002	27:1003	27:1000
	Crude Death Rate	7.2:1000	7.2:1000	6	6	6	6:03	6.00	6:30
	Natural Rate of Population Increase (In %)	2.31	2.31	2	2	2	2	2	2:07
	Total Fertility Rate	3.94chil:W	3.94chil:W	3.5chil:W	3.5chil:W	3.5chil:W	4.6chil:W	4.6chil:W	4.1
	People : Hospital Beds	2850:1	2980:1	3617:1	1,312	2750	2720	2900	3225: 1 bed
	People : Physician ¹	14045:1	22766:1	26635:1	10,521:1	9977:1	8448:1	7576	5737
	People : Nurse ¹	1999:1	1194:1	1780:1	1620:1	1705	1473	1415	983
	Infant Mortality Rate	62.4:1000	62.4:1000	53.3:1000	53.3:1000	43.3:1000	47:1001	47:1000	34:1000
	Access to Safe Water (In %)								
	Country Level	61.0	66.0	71	76	79.3	58.5	58.76	67.1
	Urban Population	52.5	55.0	60	66	66.5	62.95	71.97	75.7
	Rural Population	63.1	68.0	74	79	82.7	57.26	59.76	64.5
	Student-Teacher Ratio								
	Primary (1-8)	46:1	43.00	43	39	39	34.8	34.6	36.4
	Secondary (9-12)	26.5:1	43.00	43	22.5	24	27.4	27.7	26.6
	Technical & Vocational	12.6:1	11.00	26	13.3	13.3	1:11	1:11	1:18
	Student-School Ratio								
	Primary (1-8)	573:1	580.00	567	628	528	512.7	526.6	517.6
	Secondary (9-12)	767.2:1	754.00	741	568	940	1017	1063	1009.6
	Technical & Vocational	523:1	329.00	318	246.8:1	246.6:1	177	158	151.5

Continued....

Indicators		2015/16 (2008)	2016/17 (2009)	2017/18 (2010)	2018/19 (2011)	2019/20 (2012)	2020/21 (2013)	2021/22 (2014)	2022/23 (2015)
3. Macroeconomic Indicators									
3.1. Real sector Development²									
	GDP at Current Market Price (In Mn. Birr)	1568097.5	1832553.7	2202372.7	2696222.7	3374746.9	4341024.2	6157015.2	8723116.8
	Nominal GDP Growth Rate (In %)	17.7	16.9	20.2	22.4	25.2	28.6	41.8	41.7
	Average Marginal Exchange Rate (Birr per USD)	21.1	22.4	26.1	28.1	31.3	39.0	48.6	53.3
	GDP at Current Market Price (In Mn. USD)	74296.6	81760.4	84355.6	95951.0	107672.6	111261.9	126772.7	163712.9
	Nominal GDP per Capita (In USD)	814.6	875.8	883.3	983.1	1079.4	1091.7	1217.8	1548.7
	Real GDP per Capita (In Birr)	17192.4	18393.9	19204.9	20312.7	21144.7	21860.6	22543.2	23664.4
	Real GDP per Capita Growth Rate (In %)	5.0	7.0	4.4	5.8	4.1	3.4	3.1	5.0
	GDP Deflator (% change)	9.5	6.7	12.5	13.2	18.2	21.8	34.7	32.9
	Real GDP at constant basic price (In Mn. Birr)	1449397.5	1596481.6	1719491.3	1874689.3	1989587.7	2114238.3	2248662.8	2409921.4
	Real GDP at constant market price (In Mn. Birr)	1568097.5	1717127.2	1834066.5	1982516.7	2109180.1	2227894.7	2346748.0	2501498.3
	Real GDP Growth Rate (In %)	8.0	10.1	7.7	9.0	6.1	6.3	6.4	7.2
	Agriculture & Allied Activities(In Billion Birr)	544.1	580.4	600.9	623.8	650.3	686.4	728.4	774.0
	Industrial Sector (In Billion Birr)	343.9	413.8	464.4	526.2	576.9	618.8	649.2	694.2
	Service Sector(In Billion Birr)	575.9	619.3	673.9	745.7	786.8	836.2	899.8	971.3
	Agriculture & Allied Activities (% of GDP)	37.2	36.0	34.5	32.9	32.3	32.1	32.0	31.7
	Industrial Sector (% of GDP)	23.5	25.6	26.7	27.8	28.6	28.9	28.5	28.5
	Service Sector (% of GDP)	39.3	38.4	38.7	39.3	39.1	39.0	39.5	39.8
	Private Consumption Expenditure	1042264.6	1219365.9	1441581.1	1848070.0	2360896.0	3134993.8	4764429.0	6882737.9
	Government Consumption Expenditure	174598.8	203607.9	225523.2	247362.0	307769.0	383565.3	453263.0	551106.6
	Investment	585665.0	704596.0	751626.2	948866.0	1037685.0	1216584.9	1560325.0	1933863.0
	Exports	122500.8	139830.1	184282.1	213437.0	239229.0	329634.5	507692.0	575061.6
	Imports	424749.9	430233.2	502112.9	561512.0	571230.0	723391.3	1128171.0	1220461.4
	Resource Balance	-302249.0	-290403.0	-317831.0	-348075.0	-329096.0	-394236.0	-620479.0	-645399.8
	Gross Private Consumption (% of GDP)	66.5	66.5	65.5	68.5	70.0	72.2	77.4	78.9
	Gross Government Consumption (% of GDP)	11.1	11.1	10.2	9.2	9.1	8.8	7.4	6.3
	Gross Domestic Fixed Investment (% of GDP)	37.3	38.4	34.1	35.2	30.7	28.0	25.3	22.2
	Resource Balance (% of GDP)	(19.3)	(15.8)	(14.4)	(12.9)	(9.8)	-9.08	-10.1	-7.4
3.2. Monetary Indicators									
	Narrow Money Supply (M1) (In Mn. Birr)	178,609.66	216,769.62	281,154.66	308,937.13	360,585.50	437,391.97	588,015.82	706,142.20
	Broad Money Supply (M2) (In Mn. Birr)	445,266.25	573,384.05	740,572.88	886,752.53	1,037,646.33	1,348,266.15	1,715,310.03	2,170,848.37
	Net Foreign Assets (In Mn. Birr)	21,524.19	38,034.79	39,376.20	14,506.19	(8,321.31)	(812.32)	(111,427.54)	(160,097.68)
	Reserve Requirement (CBs)	21,745.43	28,278.91	36,385.76	44,861.74	51,952.51	67,732.40	119,022.60	147,931.40
	Interest Rate (In %)								
	Minimum Deposit Rate	5.00	5.00	7	7	7	7	7	7
	Lending Rate	12.75	12.75	13.5	13.5	14.25	14.25	14.25	14.25
	Total Net Domestic Credit (in mn. Birr)	490,230.35	631,092.73	784,621.73	963,699.91	1,176,926.45	1,481,844.43	1,930,621.80	2,444,435.50
	Government	47,524.36	85,441.85	102,002.83	109,799.21	137,082.91	214,275.16	422,864.02	573,675.72
	Other Sectors	442,705.99	545,650.89	682,618.90	853,900.70	1,039,843.53	1,267,569.27	1,507,757.78	1,870,759.78

Continued....

Indicators	2015/16 (2008)	2016/17 (2009)	2017/18 (2010)	2018/19 (2011)	2019/20 (2012)	2020/21 (2013)	2021/22 (2014)	2022/23 (2015)
3.3. Inflation (CPI growth rate)³								
Country Level								
-General inflation	9.7	7.4	14.60	12.60	19.90	20.20	33.80	32.50
-Food inflation	11.2	7.2	13.40	13.10	23.30	23.20	40.30	31.70
-Non-Food inflation (core inflation)	8.1	7.5	15.80	11.90	15.80	16.40	25.15	33.90
Addis Ababa								
-General inflation	10.3	2.3	16.5	14.6	18.8	19.5	29.8	37.3
-Food inflation	16.6	1.2	8.7	15	25.9	26.2	36.6	35.5
-Non-Food inflation (core inflation)	5.8	3.2	22.6	14	13.9	14.4	24.1	39.0
3.4. External Trade(In Mn.USD)								
Export of goods & services	6077.3	6257.2	7095.9	7694.9	7715.7	8498.9	10457.7	10855.8
Import of goods & services	20552.1	19714.0	19707.4	20704.8	18828.3	19177.0	23845.0	23430.0
Net trade in goods & services	-14474.7	-13456.9	-12611.4	-13009.9	-11112.6	-10678.0	-13387.3	-12574.2
Current account balance including official transfers	-6655.1	-6543.2	-5285.0	-4948.0	-4401.9	-3190.7	-5145.1	-4672.9
Capital account balance	6554.1	6885.3	6184.6	4822.4	4326.5	3785.8	2723.7	3547.3
Overall balance of payments	-830.9	658.6	-201.6	-941.6	-833.4	298.7	-2149.8	-752.0
3.5. Government Finance (In Mn. Birr⁴)								
Total Revenue (including grants)	244,819.4	270,214.1	287,562.1	344,936.5	394,965.8	478,888.1	566,753.6	717,586.7
Total Revenue (excluding grants)	231,805.2	257,737.2	269,648.2	311,317.4	354,312.8	444,582.6	540,060.5	685,459.1
o/w Tax-Revenue	190,519.7	210,172.5	235,229.5	268,457.4	311,476.5	388,763.5	477,770.3	593,232.1
Tax-Revenue as % of GDP	12.1	11.5	10.7	10.0	9.2	9.0	7.8	6.8
Total Expenditures	280,892.8	329,658.1	354,205.3	413,105.7	488,243.2	599,006.7	779,099.0	938,771.6
Current Expenditures	136,708.7	176,634.6	210,470.2	238,156.6	280,667.0	363,596.9	517,043.4	582,854.6
Capital Expenditures	144,184.1	153,023.5	143,735.1	174,949.1	207,576.1	235,409.7	262,055.7	355,917.0
Equity Contribution (Sinking Fund)	-	-	-	-	-	-	-	-
Special Programs	-	-	-	-	-	-	-	-
Total Expenditures as % of GDP	17.9	18.0	16.1	15.4	14.5	13.8	12.7	10.8
Current Surplus/Deficit	108,110.7	93,579.4	77,091.9	106,779.9	114,298.8	115,291.2	49,710.3	134,732.1
Overall Budget Deficit (including grants)	(36,073.4)	(59,444.0)	(66,643.2)	(68,169.2)	(93,277.4)	(120,118.5)	(212,345.4)	(221,184.9)
Deficit as % of GDP	(2.3)	(3.2)	(3.0)	(2.5)	(2.8)	(2.8)	(3.4)	(2.5)
Overall Budget Deficit (excluding grants)	(49,087.6)	(71,920.9)	(84,557.1)	(101,788.3)	(133,930.4)	(154,424.0)	(239,038.5)	(253,312.4)
Deficit as % of GDP	(3.1)	(3.9)	(3.8)	(3.8)	(4.0)	(3.6)	(3.9)	(2.9)
3.6. Exchange Rate (Birr/ USD)								
Inter-Bank Forex Market Rate ⁵								
* Period weighted Average	21.1059	22.4137	26.1082	28.0543	31.3427	39.0163	48.5673	53.2830
* End period	21.8004	23.1081	27.2621	28.9109	34.9822	43.6910	51.9938	54.5943

Continued.....

Indicators		2015/16 (2008)	2016/17 (2009)	2017/18 (2010)	2018/19 (2011)	2019/20 (2012)	2020/21 (2013)	2021/22 (2014)	2022/23 (2015)
3.7. Treasury Bill Market (In Mn. Birr)									
	T-Bills Demanded (Total)	161,575.24	225,321.24	323,991.24	422,633.54	242,155.09	284,783.55	599,478.63	595,231.34
	T-Bills Sold	161,475.24	225,321.24	323,991.24	422,633.54	242,155.09	238,799.55	582,268.63	576,081.34
	Average Weighted Yield (in %)	1.438	1.424	1.420	1.741	4.808	7.970	9.459	9.70
	T-Bills Outstanding by holder	57,252.56	73,271.56	111,213.56	138,054.36	23,724.00	116,559.95	317,169.59	341,869.53
	Banks	-	-	-	650.00	5,604.00	52,040.00	195,432.29	146,568.05
	Non-Banks	57,252.56	73,271.56	111,213.56	137,404.36	18,120.00	64,519.95	121,737.30	195,301.48
3.8. Inter Bank Money Market Rate⁵									
3.9. Financial Institutions									
	Number of Commercial Banks	17.00	17.00	17.00	17.00	17.00	18.00	30.00	31.00
	(o/w Private banks)	16.00	16.00	16.00	16.00	16.00	17.00	28.00	29.00
	Number of Bank Branches	3,301.00	4,257.00	4,757.00	5,564.00	6,511.00	7,344.00	8,944.00	11,281.00
	Population : Bank Branch	27,932.00	22,164.00	20,286.50	17,732.20	15,702.00	13,921.00	11,516.00	9,514.00
	Number of Insurance Companies	17.00	17.00	17.00	17.00	18.00	18.00	18.00	18.00
	(o/w Private Insurance Companies)	16.00	16.00	16.00	16.00	17.00	17.00	17.00	17.00
	Number of Insurance Branches	426	492.00	532.00	568.00	605.00	635.00	690.00	741.00
	Population : Insurance Branch	216,443.00	191,772.00	181,396.00	173,848.00	168,983.00	160,629.92	149,272.50	144,846.00
	Number of Development Banks	1.00	1.00	1	1	1	1	1	1
	Number of Development Bank Branches	110	110.00	107	107	93	82	83	83
	Number of Micro-financial Institutions	35.00	35.00	38	38	39	39	43	47

Source : Ministries of Agriculture, Finance, Health, and Education, National Bank of Ethiopia, Ethiopian Statistical Services, ... 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 2015/16 =100 base year

3. Inflation data is calculated using the new base year (December 2016=100)

4. Figures for government finance are preliminary estimates from 1999/00 onwards.

5. Inter-bank money market was first introduced in Aug. 1998 and Inter-bank forex market started as of September 1998, and the daily transactions introduced beginning from oct

*Mid year population was obtained from MoF

GOVERNOR'S NOTE



1. The Ethiopian economy registered real GDP growth of 7.2 percent in 2022/23, compared with the 6.4 percent expansion a year ago. It was also roughly doubled the average for Sub-Saharan Africa over the same period. This economic growth was attributed to 7.9 percent growth in service sector, 6.9 percent in industry and 6.3 percent in agriculture sector. The share of services in GDP rose to 40.3 percent while that of industry modestly declined to 28.8 percent and that of agriculture to 32.1 percent.
2. In the past decade and half, per capita income has steadily increased to USD 1,549 in 2022/23. Meanwhile, investment-to-GDP ratio stood at 22.2 percent which saw a slight drop in recent years due to slow down in public and private investment. Similarly, gross domestic savings-to-GDP ratio stood at 14.8 percent which was 0.5 percentage point lower than a year earlier.
3. Annual average headline inflation moderately subsided to 32.6 percent in 2022/23 from 33.8 percent in the previous year. Yet, inflation has remained above single digit mid-term target in the past five years due to the rise in both food and non-food inflation. Likewise, annual headline inflation dropped to 29.3 percent from 34.0 percent a year ago on account of a 10.1 percent decline in food and non-alcoholic beverages, despite a 3.0 percent increase in non-food inflation. Inflation has been a persistent challenge over the last five years and showed a significant volatility depending on various external and internal shocks which included instability in some parts of the country, the Russia — Ukraine war, mismatch in aggregate supply and demand, high commodity prices in the global market as well as expansionary monetary and fiscal policies. Against this backdrop, NBE has embarked on pursuing contractionary monetary policy to maintain price stability aided by prudent fiscal and other administrative measures.
4. Regarding fiscal operations, the government focused on revenue mobilization and fiscal consolidation measures in 2022/23 that led to an increase in tax revenue to cover a greater proportion of government expenditures from domestic sources. Meanwhile, government expenditures were largely geared towards supporting capital expenditure and enhancing pro-poor social spending programs and safety nets. Accordingly, domestic revenue registered a 26.6 percent annual growth in 2022/23 while general government expenditure showed a 20.5 percent increment resulting in a budget deficit of 2.5 percent of GDP which was lower than the 3 percent of GDP target.

5. In the external sector, merchandise trade deficit narrowed in 2022/23 due to the fall in merchandise import which outweighed the decline in merchandise export. Proceeds from merchandise export saw a 11.8 percent annual drop due to lower export receipts mainly from coffee, oil seeds, gold, and chat. Similarly, total merchandise imports slowed down by 5.4 percent as a result of a decline in imports of raw materials, semi-finished goods, and consumer goods. Improvement in net service surplus together with narrower merchandise trade deficit has led to improvements in the current account balance including official transfers. Capital account balance also saw an increase in surplus compared to the previous year.
6. NBE continued to apply managed float exchange rate regime in 2022/23. Hence, the Birr was allowed to depreciate by 9.7 percent in nominal terms against US Dollar while real effective exchange rate marginally appreciated by 2.6 percent due to higher domestic inflation and appreciation of the Birr against that of Ethiopia's major trading partner currencies.
7. In 2022/23 the safety and soundness of the financial sector has been duly ensured against all financial soundness indicators. The financial sector has continued to play its growing role of intermediation and broadly contributed to the country's growth performance. In 2022/23, with the opening of new bank branches, the number of bank branches rose to 11,281 from 8,944 a year ago. The banking sector also increased its deposit mobilization by 27 percent, loan collection (45 percent) and loan disbursement (28 percent). The sector's non- performing loan ratio was within the required limit of 5 percent. In addition, insurance companies, microfinance institutions and capital goods finance companies have expanded their outreach and increased their financial services. Accordingly, financial inclusion and access to finance has seen substantial growth momentum despite limitations.
8. Looking ahead, the economic prospects in 2023/24 is expected to continue its positive trajectory with relatively stable macroeconomic environment, and growing financial intermediation despite some risks emanating from internal and external factors. Hence, effective implementation of the Home Grown Economic Reform Program and proactive policy measures are expected to contribute towards developing a modern, vibrant, competitive and sound financial system and sustained economic growth and development. Furthermore, openings up the financial sector to foreign investment, operationalization of the Ethiopian Securities Exchange as well as implementation of the various reform initiatives on the pipeline are expected to stimulate savings, investment, employment, and enhance access to finance and financial inclusion.
9. In conclusion, I would like to thank all the management and staffs of the NBE for their dedication, diligence and commitment in realizing the strategic objectives of the Bank and in contributing to the country's overall macroeconomic stability and growth in 2022/23. I would also take this opportunity to call upon our development partners and the Ethiopian public to continue supporting Ethiopia's endeavors to bring about robust progress in socio- economic development and better living standards to all members of our society in the coming years.



Mammo Esmelealem Mihretu
Governor



OVERALL ECONOMIC PERFORMANCE

I. THE OVERALL ECONOMIC PERFORMANCE

1.1 Economic Growth

The Ethiopian economy continued to grow with real GDP average growth rate of 8.1 percent from 2013/14 to 2022/23. This average GDP growth was one of the highest in Africa and it reflected moderate improvement in the living standards of the population both in urban and rural areas. In 2022/23, real GDP showed a 7.2 percent annual expansion compared to 3.3 percent forecast for sub-Saharan African countries (WEO, October 2023). The growth was mainly contributed to the growth the services sector (43.8 percent), agricultural sector (28.2 percent) and industrial sector (27.9 percent). Nominal GDP per capita went up to USD 1,549 from USD 1,218 in the preceding year, registering a 27.1 percent year-on-year increase. Real per capita GDP, however, decreased by 4.3 percent to USD 444.1 during the same period.

The Ethiopian economy is projected to grow by 7.9 percent in 2023/24 (MoPD, 2023) compared with the 4 percent forecast for sub-Saharan African countries (WEO, October 2023).

Table 1.1: Sectorial Contributions to GDP and GDP Growth

(In Billions of Birr)

Items		Year							
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Sector	Agriculture	544.1	580.4	600.8	623.8	650.3	686.4	728.4	774.0
	Industry	343.9	414.7	467.5	526.2	576.9	618.8	649.2	694.2
	Services	575.9	619.3	671.8	747.3	786.9	836.2	899.8	971.3
Total		1,463.9	1,614.3	1,740.1	1,897.4	2,014.1	2,141.5	2,277.5	2,439.5
Less FISIM		14.5	17.0	19.8	21.0	24.5	27.2	28.8	29.6
Real GDP		1,449.4	1,596.5	1,719.5	1,874.7	1,989.6	2,114.2	2,248.7	2,409.9
Growth in Real GDP		8.0	10.1	7.7	9.0	6.1	6.3	6.4	7.2
Real GDP per capita		815	876	883	985	1,080	1,092	1,218	1,549
Growth in Real GDP per capita		9.5	7.5	0.9	11.6	9.6	1.1	11.6	27.1
Mid-year population (in millions)		91.2	93.4	95.5	97.6	99.7	101.9	104.1	105.7
Share in GDP (in %)	Agriculture	37.5	36.3	34.9	33.3	32.7	32.5	32.4	32.1
	Industry	23.7	25.9	27.0	28.1	29.0	29.3	28.9	28.8
	Services	39.7	38.8	39.2	39.8	39.5	39.6	40.0	40.3
Agriculture	Real Growth rate	2.3	6.7	3.5	3.8	4.3	5.6	6.1	6.3
	Contribution to real GDP growth	0.9	2.5	1.3	1.3	1.4	1.8	2.0	2.0
	Growth contribution in percent	11.3	24.6	16.4	14.7	22.8	29.0	31.2	28.2
	Real Growth rate	22.2	20.6	12.7	12.6	9.6	7.3	4.9	6.9
Industry	Contribution to real GDP growth	4.7	4.8	3.3	3.4	2.6	2.1	1.4	2.0
	Growth contribution in percent	58.8	47.3	42.5	37.5	42.4	33.6	22.6	27.9
	Real Growth rate	8.7	7.5	8.5	11.0	5.3	6.3	7.6	7.9
	Contribution to real GDP growth	3.4	3.0	3.3	4.3	2.1	2.4	3.0	3.1
Services	Growth contribution in percent	42.5	29.3	42.3	48.2	34.0	39.1	46.7	43.8

Source: Ministry of Planning and Development (MoPD)

1.2 GDP by Sector

The share of agriculture in Ethiopian economy during the F.Y 2022/23 was 32.1 percent with an annual growth rate of about 6.3 percent. The sector contributed about 28.2 percent to the overall GDP growth. The sector's growth was driven by a marginal increase in crop production (from 6.9 percent to 7.1 percent). Crop production sector contributed about 21.1 percent to the annual GDP growth.

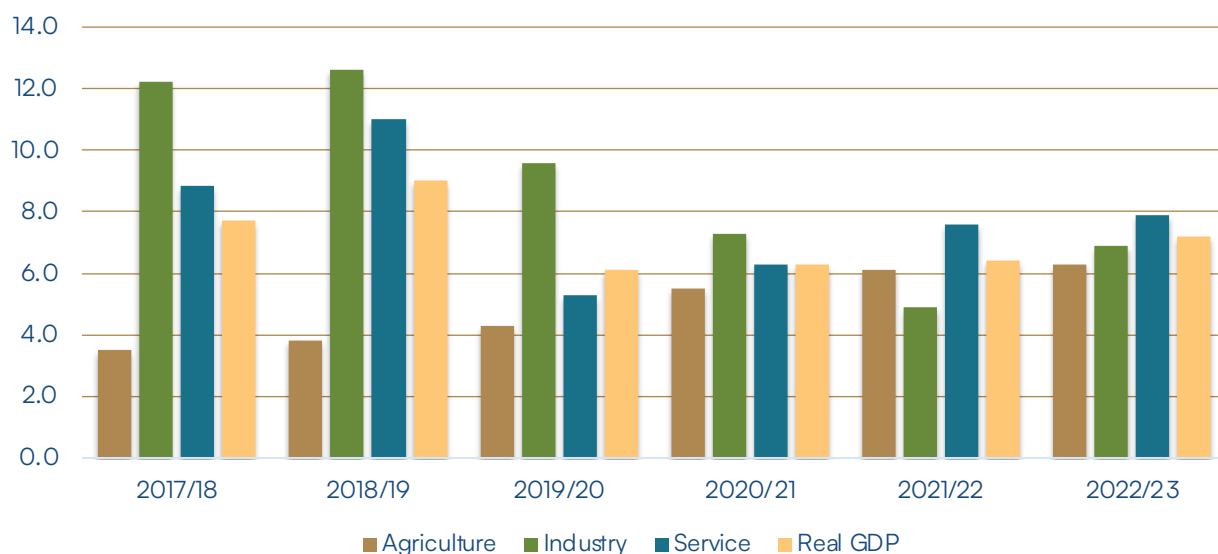
In 2022/23, total cultivated land area showed a 0.5 percent decline and reached 12.1 million hectares. As a result, the total agricultural crop production dropped by 0.9 percent to amount to 325 million quintals. Cereal production accounted for 88 percent of the total crop production during the review period. Production of pulses increased by 7.3 percent as cultivated land area increased by 7.4 percent. On the other hand, oil seeds production decreased by 4.8 percent, as cultivated land area shrunk by 6.4 percent.

Industry sector achieved a 6.9 percent annual growth and it contributed about 27.9 percent to the overall economic growth for the review fiscal year. The manufacturing sub sector also exhibited a 7 percent in expansion and contributed about 23.4 percent to the industrial sector annual growth and 6.5 percent to the overall real GDP growth.

Meanwhile, the construction sector contributed 20.5 percent to the GDP growth and 73.9 percent to industrial sector growth. Thus, currently, the sector is the leading sub sector in the industry due to expansion of roads, dams and housing infrastructures.

The service sector was relatively the dominant sector in the Ethiopian economy and it registered a 7.9 percent annual growth in 2022/23 and constituted about 40.3 percent of the overall economy. The major contributor in the service sector during the fiscal year whole sale and retail trade; constituted 14.6 percent of the whole economy followed by transport & communications (5.8 percent), real estates, renting & business activities comprising (4.7 percent), public administration & defense (4 percent), financial intermediation (3.6 percent) and hotels & restaurants (2.5 percent).

Fig.I.1: GDP Growth by Major Sectors



Source: Ministry of planning and development (MoPD)

Table 1.2: Estimates of Agricultural Production and Cultivated Areas of Major Crops for Private Peasant Holdings - Meher Season

(Area in thousands of hectares and production in thousands of quintals)

	2019/20		2020/21		2021/22		2022/23	
Agricultural Production	Cultivated Area	Total Production	Cultivated Area	Total Production	Cultivated Area	Total Production	Cultivated Area	Total Production
Cereals	10,478	296,726	9,759	283,191	9,998	290,808	9,844	285,831
Percentage Change	1.2	6.9	-6.9	-4.6	2.4	2.7	-1.5	-1.7
Pulses	1,563	30,051	1,628	31,298	1,677	31,680	1,801	34,005
Percentage Change	-3.5	-0.2	4.2	4.1	3.0	1.2	7.4	7.3
Oilseeds	820	8,421	647	6,813	522	5,415	488.5	5,153
Percentage Change	9.8	7.3	-21.1	-19.1	-19.2	-20.5	-6.4	-4.8
Total	12,862.0	335,199	12,034	321,302	12,197	327,904	12,133	324,989
Percentage Change	1.1	6.2	-6.4	-4.1	1.4	2.1	-0.5	-0.9

Source: Ethiopian Statistical Service (ESS)

Table 1.3: Estimates of Agricultural Production and Cultivated Areas of Major Crops for Private Peasant Holdings - Meher Season

	Sectors	2018/19	2019/20	2020/21	2021/22	2022/23
Growth rate	Crop	3.0	4.7	5.7	6.9	7.1
	Animal Farming and Hunting	6.0	3.3	5.8	4.6	4.4
	Forestry	3.8	3.9	4.0	4.3	4.0
	Fishing	2.3	2.8	1.7	21.9	38.6
Share in Agriculture	Crop	64.8	65.0	65.1	65.6	66.1
	Animal Farming and Hunting	26.2	25.9	26.0	25.6	25.2
	Forestry	8.8	8.8	8.6	8.5	8.3
	Fishing	0.3	0.3	0.2	0.3	0.4
Growth rate	Mining and Quarrying	-21.9	91.4	115.4	6.1	-7.1
	Manufacturing	7.7	7.5	5.1	4.8	7.0
	Electricity and Water	4.0	7.2	9.2	6.0	13.2
	Construction	15.0	9.9	6.6	4.9	7.1
Share in Industry	Mining and Quarrying	0.5	0.9	1.8	1.8	1.6
	Manufacturing	24.3	23.9	23.4	23.4	23.4
	Electricity and Water	2.7	2.6	2.7	2.7	2.9
	Construction	72.5	72.6	72.2	72.2	72.2
Growth rate	Whole Sale and Retail Trade	11.7	6.4	6.3	7.9	7.6
	Hotels and Restaurants	9.0	2.2	2.6	8.0	10.3
	Transport and Communications	21.0	1.2	7.0	9.8	12.0
	Real Estate, Renting and Business Activities	7.5	9.5	8.9	9.0	9.1
	Public Administration and Defense	9.0	2.3	4.9	4.5	4.0
	Others*	7.5	6.4	6.2	6.5	6.5
Share in Service	Whole Sale and Retail Trade	35.9	36.3	36.3	36.4	36.3
	Hotels and Restaurants	6.5	6.3	6.0	6.1	6.2
	Transport and Communications	14.0	13.4	13.5	13.8	14.3
	Real Estate, Renting and Business Activities	10.7	11.1	11.4	11.5	11.7
	Public Administration and Defense	11.2	10.9	10.7	10.4	10.0
	Others*	21.7	22.1	22.0	21.8	21.5

Source: Ministry of planning and development (MoPD)

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

1.3 GDP by Expenditure Components

The total consumption expenditure (public and private) as a percent of GDP increased to 85.2 percent in 2022/23 from 84.8 percent in the preceding year due to a 1.5 percentage point rise in private consumption expenditure which reduced domestic saving by 0.5 percentage points. Thus, gross domestic saving to GDP decreased to 14.8 percent from 15.2 percent recorded a year earlier.

Likewise, the ratios of gross capital formation to GDP and government consumption to GDP dropped by 3.1 and 1.1 percentage point, respectively. In the same way, domestic absorption to GDP ratio dropped by 2.7 percentage point vis-à-vis last fiscal year.

Table 1.4: Expenditure on GDP and Gross Domestic Savings (As 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.					
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	79.2	9.1	70.0	30.6	(9.8)	7.1	16.9	20.8
2020/21	109.1	81.1	8.8	72.2	28.0	(9.1)	7.6	16.7	18.9
2021/22	110.1	84.8	7.4	77.4	25.3	(10.1)	8.2	18.4	15.2
2022/23	107.4	85.2	6.3	78.9	22.2	(7.4)	6.6	14.0	14.8
Average 2018/19-2022/23	109.9	81.6	8.2	73.4	28.3	(9.2)	7.5	17.4	18.4
Average 2013/14-2022/23	113.0	79.3	9.8	69.5	33.7	(11.1)	8.7	23.2	20.7

Source: Ministry of Planning and Development (MoPD)

1.4 Micro and Small-Scale Enterprises

During 2022/23, a total of 208,667 new micro and small-scale enterprises (MSEs) were established, and they created employment opportunities for 4.5 million people. These enterprises acquired more than Birr 10.6 billion in loans from financial institutions to conduct their business operations.

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

(Credit in Millions of Birr)

Particulars	2020/21	2021/22	2022/23
No. of MSE's	115,200	160,099	208,667
Amount of credit	5,016.2	9,519.13	10,557.1
No of Total employment	585,119	2,009,140.0	4,467,023.0

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

Table 1.6: Numbers, Amount of Credit and Jobs Created during 2022/23 through MSEs by Region

(Credit in Millions of Birr)

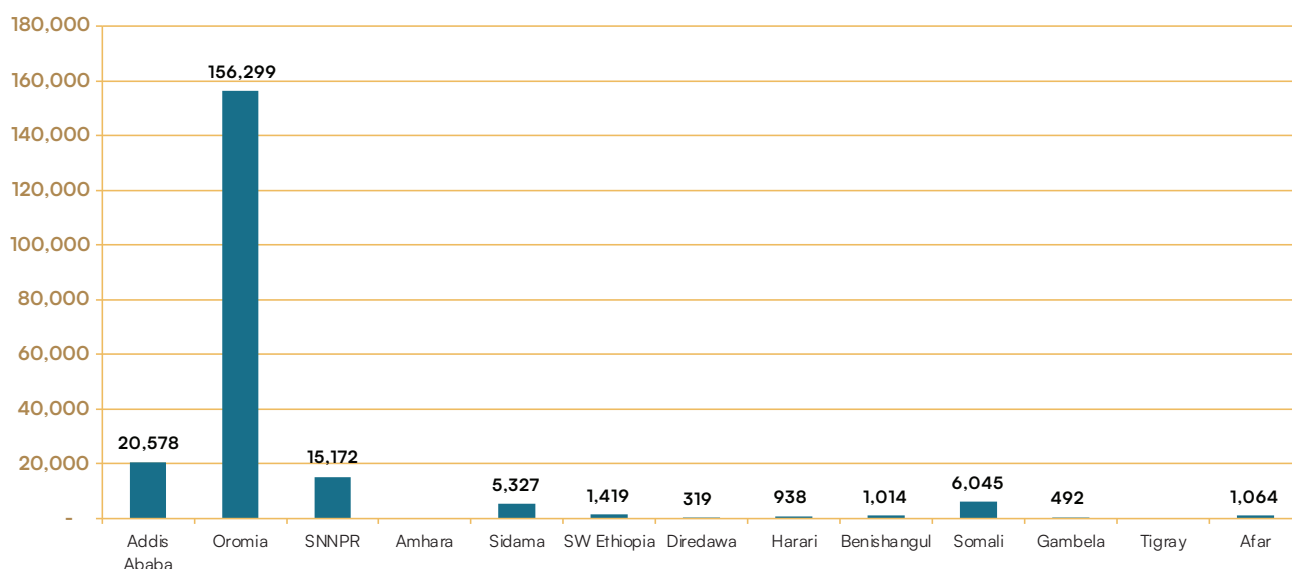
	Addis Ababa	Oromia	SNNPR	Amhara	Tigray	Dire Dawa	Sidama	SW Ethiopia	Harari	Benishangul	Somali	Gambela	Afar	Total
No. of MSEs	20,578	156,299	15,172	-	-	319	5,327	1,419	938	1,014	6,045	492	1,064	208,667
Amount of credit	2,627.2	5,303.0	863.5	-	-	391.2	177.6	106.4	26.9	17.2	1,039.0	4.9	-	10,557.0
Employment	377,887	3,530,254	215,384	-	-	12,182	58,498	23,654	8,459	27,768	142,104	14,091	56,742	4,467,023
Regional Percentage Share														
No. of MSEs	9.9	74.9	7.3	-	-	0.2	2.6	0.7	0.4	0.5	2.9	0.2	0.5	100
Amount of credit	24.9	50.2	8.2	-	-	3.7	1.7	1.0	0.3	0.2	9.8	0.0	-	100
No. of total Employment created by MSEs	8.5	79.0	4.8	-	-	0.3	1.3	0.5	0.2	0.6	3.2	0.3	1.3	100

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

In terms of regional distribution, 74.9 percent of the newly established MSEs were located in Oromia followed by Addis Ababa (9.9 percent), former SNNPR (7.3 percent), Somali (2.9 percent), Sidama (2.6 percent) and others (2.5 percent). With respect to total loans, MSEs in Oromia received 50.2 percent, followed by Addis Ababa (24.9 percent), Somali (9.8 percent), SNNPR (8.2 percent), Dire Dawa (3.7 percent), Sidama (1.7 percent) and in SW Ethiopia 1 percent.

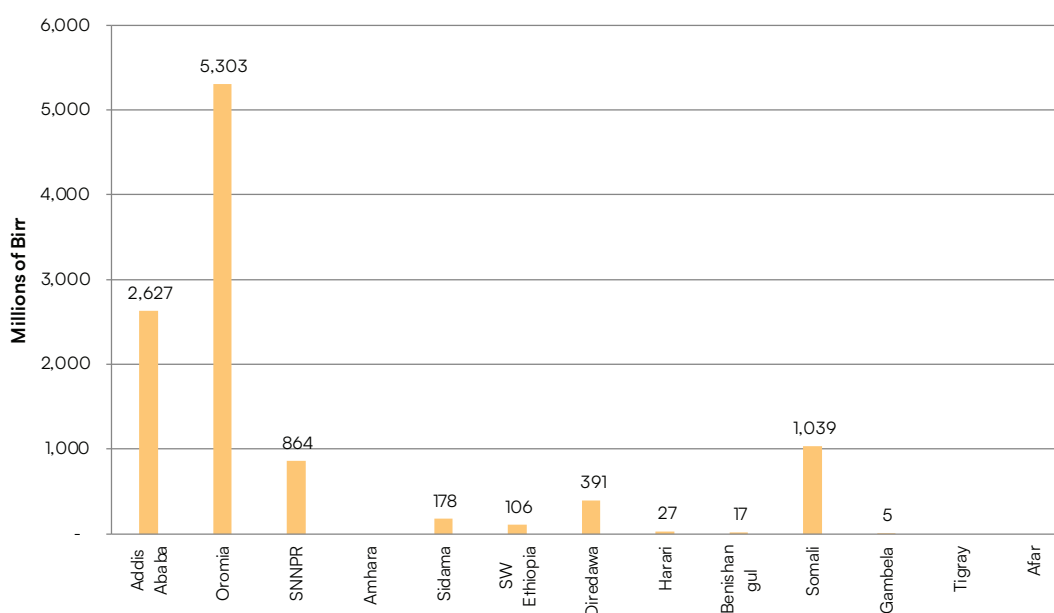
Of the total jobs created by these enterprises, about 79 percent was in Oromia, 8.5 percent in Addis Ababa, 4.8 percent in SNNPR, 3.2 percent in Somali, 1.3 percent in Sidama & Afar each and others 1.9 percent.

Fig.I.2: Annual Distribution of Numbers of MSEs during 2022/23

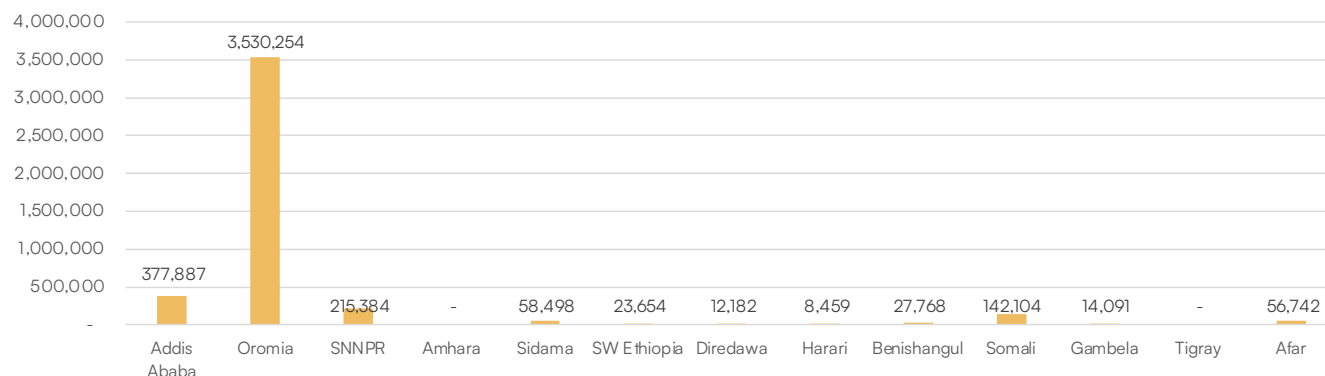


Source: Federal Urban Job Creation and Food Security Agency (FeUJCFSA)

Fig.I.3: Annual Distribution of Amount of Credit during 2022/23



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

Fig.I.4: Annual Distribution of Employment Created during 2022/23

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

1.5 Access to Water Supply

During 2022/23, the number of population having access to potable water supply improved by 4.6 percentage points over the preceding fiscal year and reached 67.1 percent¹ (i.e., 64.5 percent rural and 75.7 percent urban population). The result also indicates that urban areas had relatively better access to potable water than the rural areas (Table 1.7).

In terms of regional distribution, 86.7 percent of the population in Oromia had access to potable water followed by Dire Dawa (77 percent), Gambella (76.7 percent), Amhara (73.6 percent), Benshangul Gumuz (64.6 percent), Sidama (55.3 percent), Addis Ababa (55 percent), SNNPR and Afar (50.8 percent each), Harari (44 percent), Somali (43.4 percent) and SWE (39.8 percent).

In terms of access to potable water in urban areas, Oromia had 88.3 percent share followed by Amhara (72.2), Dire Dawa (68 percent), Gambella (63.2 percent), Benishangul Gumuz (62.9 percent), Afar (62.7 percent), Sidama (62.4 percent), SNNPR (61.5 percent), Addis Ababa (55 percent), Somali (47.9 percent), SWE (46 percent), and Harari (24 percent).

Similarly, Oromia region had 87.9 percent share in terms of access to potable water in rural areas followed by Dire Dawa (87 percent), Gambella (86.2 percent), Amhara (73.9 percent), Benishangul Gumuz (65.1 percent), Harari (63 percent), Sidama (54.3 percent), Afar (52.3 percent), SNNPR (50.4 percent), Somali (41.5 percent) and SWE (38.7 percent).

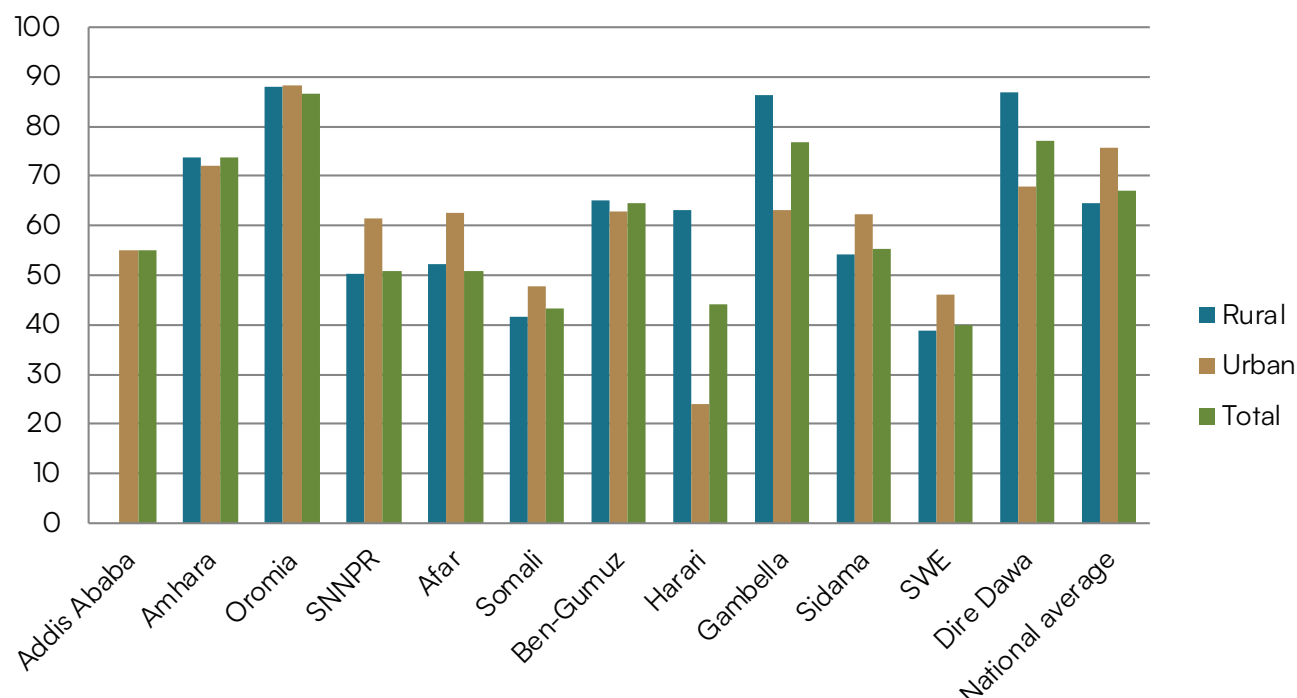
¹ Access to Potable Water data for Tigray region is not incorporated in the Table since the data is not available

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

Regions	2021/22			2022/23			Change in percentage point		
	Rural	Urban	Total	Rural	Urban	Total			
	A	B	C	D	E	F	D-A	E-B	F-C
Tigray ¹	NA	NA	NA	NA	NA	NA	-	-	-
Afar	64.0	74.2	70.3	52.3	62.7	50.8	-11.7	-11.5	-19.5
Amhara	72.2	69.2	71.8	73.9	72.2	73.6	1.6	2.9	1.9
Oromia	82.0	78.4	80.2	87.9	88.3	86.7	5.9	9.9	6.5
SNNPR	46.4	58.4	48.6	50.4	61.5	50.8	4.0	3.1	2.2
Somali	37.0	45.0	39.4	41.5	47.9	43.4	4.5	2.9	4.0
B.Gumuz	62.6	62.0	62.4	65.1	62.9	64.6	2.5	0.9	2.2
Gambella	85.2	61.9	75.1	86.2	63.2	76.7	1.0	1.3	1.6
Harari	62.0	23.0	42.5	63	24.0	44.0	1.0	1.0	1.5
D. Dawa	83.0	60.0	75.8	87.0	68.0	77.0	4.0	8.0	1.2
Sidama	49	60	51.6	54.3	62.4	55.3	5.3	2.4	3.7
SWE	-	-	-	38.7	46.0	39.8	-	-	-
AA	-	57.0	57.0	-	55.0	55.0	-	-2.0	-2.0
Total	59.8	71.9	62.5	64.5	75.7	67.1	4.7	3.8	4.6

Source: Ministry of Water, Irrigation and Energy and NBE Staff Computation²² This result has been computed based on 2nd water supply inventory

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



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

1.6 Road Sector Development

1.6.1 Road Network

Road transport is the dominant mode of transport in Ethiopia, and it accounts for about 95 percent of motorized inter-urban freight and passenger movements.

In 2022/23, the total stock of road network reached 171,368 km, depicting a 5.8 percent annual expansion. The country's total road network consisted of 65,855 Km (38.4 percent) Woreda road, 42,488 (24.8 percent) rural road, 30,534.9 Km (17.8 percent) Federal Road and 32,491 Km (19 percent) urban road.

With regard to the Federal roads, asphalt road constituted 18,218 Km (59.7 percent) and gravel roads 12,317 Km (40.3 percent). The share of asphalt road in total road network amounted to 10.6 percent, about 0.3 percentage point higher than the preceding year. Similarly, rural road grew by 6.6 percent constituted 24.8 percent of the total road network during the review period.

Table 1.8: Classification of Road Network

(Length in km)

Year	Federal Road				Rural road		Woreda road *		Urban Roads			Total**	
	Asphalt		Gravel		Length	Growth rate	Length	Growth rate	Paved	Coble	Unpaved	Length	Growth rate
	Length	Growth rate	Length	Growth rate					Length	Length	Length		
2008/09	6,938	14.4	14,234	(0.9)	25,640	7.1	85,767	22.5	NA	NA	NA	46,812	5.5
2009/10	7,476	7.8	14,373	1.0	26,944	5.1	100,385	17.0	NA	NA	NA	48,793	4.2
2010/11	8,295	11.0	14,136	(1.6)	30,712	14.0	854	(99.1)	NA	NA	NA	53,997	10.7
2011/12	9,875	19.0	14,675	3.8	31,550	2.7	6,983	717.7	NA	NA	NA	63,083	16.8
2012/13	11,301	14.4	14,455	(1.5)	32,582	3.3	27,628	295.6	NA	NA	NA	85,966	36.3
2013/14	12,640	11.8	14,217	(1.6)	33,609	3.2	39,056	41.4	NA	NA	NA	99,522	15.8
2014/15	13,551	7.2	14,055	(1.1)	30,641	(8.8)	46,810	19.9	1,693	850	2,814	110,414	10.9
2015/16	14,632	8.0	13,400	(4.7)	31,620	3.2	48,057	2.7	1,693	NA	3,664	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	-	12,813	-	35,985	7.8	56,732	7.6	1,693	2,814	850	126,773	3.1
2018/19	15,886	-	12,813	-	35,806	(0.5)	55,808	(1.6)	1,914	5,200	15,583	143,010	12.8
2019/20	15,886	-	12,813	-	35,806	0.0	55,808	-	1,734	5,798	16,182	144,028	0.7
2020/21	16,225	2.1	12,491	(2.5)	38,547	7.7	59,604	6.8	1,771	6,568	20,624	155,830	8.2
2021/22	16,760	3.3	12,231	(2.1)	39,840	3.4	62,430	4.7	1,824	7,046	21,903	162,034	4.0
2022/23	18,218	8.7	12,317	0.7	42,488	6.6	65,855	5.5	1,926	7,365	23,198	171,368	5.8

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.

1.6.2 Road Density

The proper level of road network is assessed by road density measured by road length per 1,000 persons or by road length per 1,000 km².

At the end of 2022/23, road density per 1,000 square Km expanded to 149.3 km from 141 km a year earlier showing a 5.9 percent annual growth while road density per 1,000 population decreased by 1.4 percent (Table 1.9).

Table 1.9: Road Densities

Year	Road Density /1000 person	Road density /1000 sq. km
2009/10	0.6	44.4
2010/11	0.65	48.3
2011/12	0.75	57.3
2012/13	1.0	78.2
2013/14	1.1	90.5
2014/15	1.2	100.4
2015/16	1.23	102.8
2016/17	1.3	109.2
2017/18	1.3	115.2
2018/19	1.43	130.9
2019/20	1.41	131.3
2020/21	1.42	135.8
2021/22	1.43	141.0
2022/23	1.41	149.3
Growth rate in 2022/23 against 2021/22	-1.4	5.9

Source: Ethiopian Roads Authority

1.6.3 Road Accessibility

In 2022/23, the annual average distance from all-weather roads reached 4.1 kilometers depicting a 4.7 percent annual decline. Likewise, the proportion of area with more than 5km from all-weather roads decreased to 29.8 percent from 32 percent a year ago (Table 1.10).

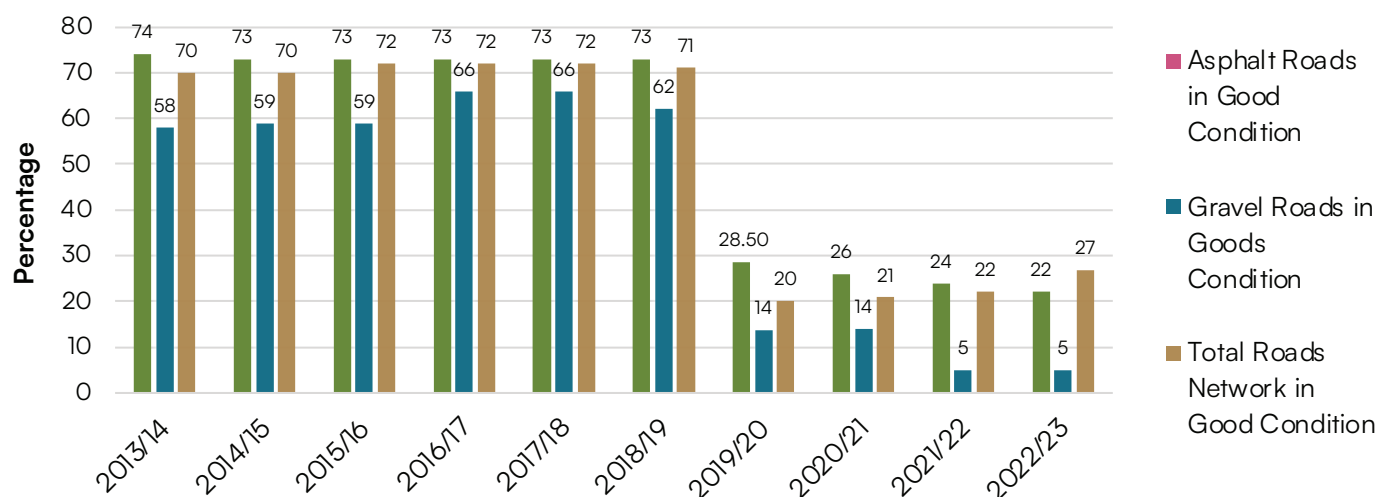
About 22 percent of the asphalt road and 5 percent of the gravel road were in good condition during the review period (Figure 1.6).

Table 1.10: Road Accessibility

Indicator	2021/22	2022/23	Percentage change
Proportion of area more than 5Km from all-weather road	32	29.8	-6.9
Average distance from all-weather roads	4.3	4.1	-4.7

Source: Ethiopian Roads Authority

Fig.I.6: Status of Road



Source: Ethiopian Roads Authority

1.6.4 Road Sector Financing

In 2022/23, total investment in road construction and expansion increased by 1.6 percent to Birr 58.5 billion from Birr 57.6 billion a year earlier (Table I.11 and fig.I.7).

Investment in Federal road construction and expansion constituted 90.4 percent of the total road investment capital and reached at Birr 52.9 billion, while regional roads accounted for 6.2 percent and Woreda road 3.3 percent (Table I.11) and (Fig.I.7).

Table 1.11: Investments in the Road Sector

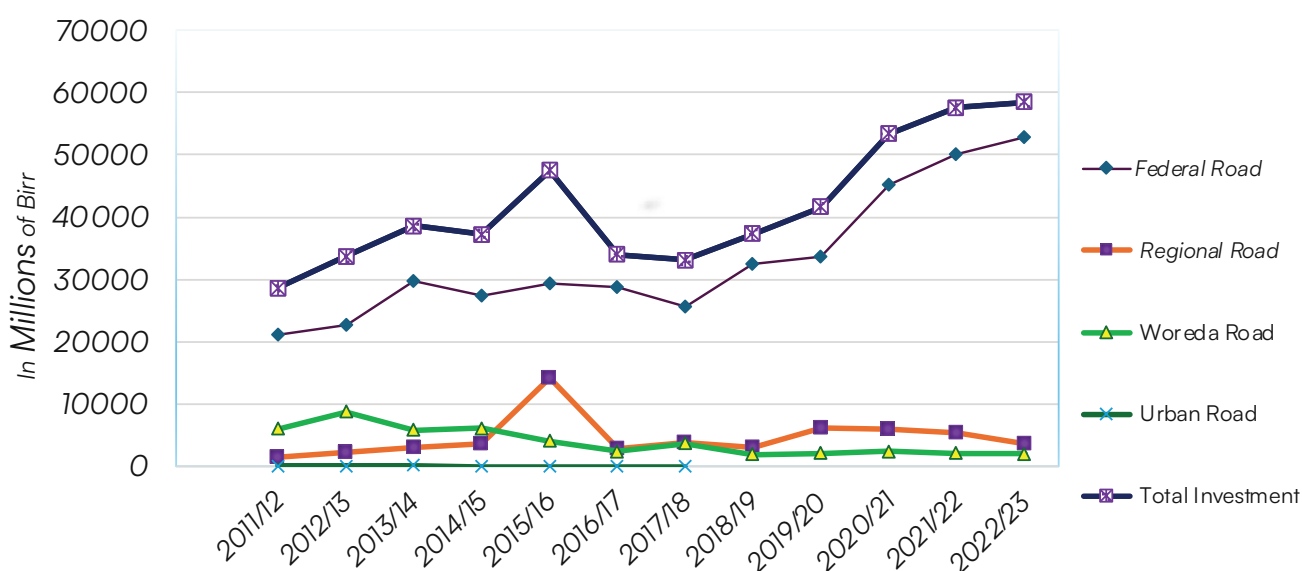
(In millions of Birr)

Road type	2021/22		2022/23		Percentage change
	A	Share (In %)	B	Share (In %)	
Federal roads	50,111.0	87.0	52,906.4	90.4	5.6
Regional roads	5,397.0	9.4	3,654.1	6.2	-32.3
Woreda roads	2,060.0	3.6	1,938.6	3.3	-5.9
Urban road*	-	-	-	-	0.0
Total	57,568.0	100	58,499.1	100	1.6

Source: Ethiopian Roads Authority

* All municipalities' maintenance.

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



Source: Ethiopian Roads Authority

1.7 Telecommunication

In today's digitized world telecommunication has become one of the prime support services required 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, enhancing competitiveness and boosting regional economic integration.

Cognizant of this fact, the Ethiopian government has made major investment to improve service quality, expansion of service coverage and enhancing institutional capacity in the telecom sector.

In 2022/23, the total number of subscribers reached 71.9 million depicting a 8 percent annual growth. This was attributed to 7.7 percent increase in mobile voice and 30.5 percent rise in internet & data subscribers despite the 3.5 percent drop in fixed voice service subscribers.

Of the total subscribers, mobile voice accounted for 69.5 million (96.6 percent) followed by internet & data (1.6 million or 2.2 percent) and fixed voice service (854 thousand or 1.2 percent) (Table 1.13).

Table 1.12: Number of Subscribers (In 000')

Service Type	2021/22	2022/23	Percentage Change
Total subscriber base	66,593	71,922	8.0
Mobile voice subscriber	64,506	69,500	7.7
Internet and data subscriber	1,202	1569	30.5
Fixed voice service subscriber	885	854	-3.5
Internet and data user	26,080	33,897	30.0
Mobile voice	64,506	69,500	7.7
Residential	63,604	68,478	7.7
Enterprises	902	1,020	13.1
Broad band & internet subscriber	845	1,222	44.6
Residential	616	926	50.3
Enterprises	229	296	29.3
Narrow band data & internet subscriber	357	347	-2.8
Residential	0	0.2	-50.0
Enterprises	357	347	-2.8
Fixed voice	885	854	-3.5
Residential	512	491	-4.1
Enterprises	373	363	-2.7
Broad band data & internet user	25,722	33,435	30.0
Broad band data Residential	25,159	32,197	28.0
Broad band data enterprise	563	1,239	120.1
Narrow data & internet user	358	461	28.8
Narrow band residential	1	0.4	-33.3
Narrow band enterprise	357	461	29.1

Source: Ethio-Telecom

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

At the same time, the country's telecommunication penetration rate (telecom density) increased from 62.8 percent in 2021/22 to 66.2 percent in 2022/23 due to improvement in mobile density (65.4 percent) compared to 62.8 percent a year ago. Similarly, internet and data density increased to 31.5 percent from 24.8 percent during the review period while fixed line density remained at 0.8 percent (Table 1.14).

Table 1.13: Telecom Density

Tele density/100 Inhabitants*	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Fixed line	1.2	1.2	1.0	0.9	0.8	0.8
Mobile	39.8	41.9	44.9	53.6	62.0	65.4
Total	41.0	43.1	45.9	54.5	62.8	66.2
Internet and data	18.5	21.8	24.0	24.3	24.8	31.5

Source: Ethio-Telecom

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

Ethio-telecom's income increased by 21.9 percent and reached Birr 75.8 billion in 2022/23 vis-à-vis Birr 62.2 billion income in the previous year. Likewise, total expenses of the company went up by 47.6 percent to Birr 47.1 billion during the review period. Thus, its gross profit stood at Birr 28.7 billion about 5.3 percent lower than a year earlier (Table 1.16).

Table 1.14: Financial Performance and Asset of Ethio-Telecom

(In Billions of Birr)

Finance and Asset	2019/20	2021/22	2022/23	Percentage Change	
	A	B	C	C/A	C/B
Income	55.8	62.2	75.8	35.8	21.9
Expense	25.9	31.9	47.1	81.9	47.6
Gross Profit	24.7	30.3	28.7	16.3	-5.3
Assets	39.1	40.2	51.3	31.2	27.6
Fixed Gross	-	-	-	-	-
Depreciation	5.4	6.4	6.2	15.0	-3.0

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 Ethiopian Electric Power Corporation (EEPCO) report, the country has an estimated hydro-power potential of 45,000 MW, a geothermal potential of 10,000 MW and 1.3 million MW potential for wind farm. Yet, the country's generating capacity is largely based on hydropower reservoirs as nine of its major rivers are suitable for hydroelectric power generation. In addition, the non-renewable fuels such as gasoline and charcoal are widely used as energy sources. Considering the increasing power demand and capacity shortfall in the system and to have a better generation mix, the country is looking to diversify its production of renewable power to wind and geothermal sources.

Wind energy has been identified as an immediate and clean energy solution since wind power is renewable with short construction period and significant immediate result. Thus, the Ethiopian Electric Power Corporation has implemented different wind power projects in several parts/sites of the country. Adama II wind farm is the latest and the third project completed and started operation with a generating capacity of 153 MW thereby raising the country's wind power by 324 MW (combined with Adama I (51MW) and Ashegoda (120 MW)). In addition, a process is underway to undertake the construction of Aysha 300 MW wind power project.

Ethiopia has also been identified as one of the countries with a great potential for solar energy because of its geographical location near to the equator. With the intent of becoming a major power exporter in East Africa, the country is also building several geothermal power plants.

The Ethiopian Electric Power Corporation is a public enterprise mandated with the task of generating, transmitting, distributing, and selling electricity. The Corporation generates electricity through two different power supply systems, namely, the Inter Connected System (ICS)³ and Self Contained System (SCS)⁴. The ICS constituted the major source of electric power generating system in Ethiopia.

The total amount of electric power generated in 2022/23 was about 17.7 billion KWH, showing a 14.2 percent annual increase. About 96.7 percent of the electric power was generated by hydropower and the remaining 3.3 percent by wind sources (Table 2.1).

³ Generates power by connecting to other systems

⁴ Generates power independently

Table 2.1: Electric Power Generation in ICS and SCS

(In '000 KWH)

Source		2020/21		2021/22		2022/23		Percentage Change	
		[A]	Share in %	[B]	Share in %	[C]	Share in %	[C/A]	[C/B]
ICS	Hydro Power	14,850,391.3	95.6	14,914,367.2	96.2	17,126,115.6	96.7	15.3	14.8
	Thermal Power		-		-		-	-	-
	Geothermal		-		-		-	-	-
	Wind	608,171.7	3.9	560,562.1	3.6	575,617.1	3.3	-5.4	2.7
	Biomass	73,491.9	0.5	29,149.8	0.2	6,575.0	0.0	-91.1	-77.4
Sub Total		15,532,055.0	100	15,504,079.1	100	17,708,307.7	100	14.0	14.2
SCS	Hydro Power	-	-	-	-	-	-	-	-
	Thermal Power	-	-	-	-	-	-	-	-
Sub Total		-	-	-	-	-	-	-	-
Total	Hydro Power	14,850,391.3	95.6	14,914,367.2	96.2	17,126,115.6	96.7	15.3	14.8
	Thermal Power		-		-		-	-	-
	Geothermal		-		-		-	-	-
	Wind	608,171.7	3.9	560,562.1	3.6	575,617.1	3.3	-5.4	2.7
	Biomass	73,491.9	0.5	29,149.8	0.2	6,575.0	0.0	-91.1	-77.4
Grand Total		15,532,055.0	100	15,504,079.1	100	17,708,307.7	100	14.0	14.2

Source: Ethiopian Electric Power Corporation

2.2 Volume and Value of Petroleum Imports

During the review period, about 3.9 million a total metric tons of petroleum products with a total value of Birr 203.8 billion were imported by the Ethiopian Petroleum Enterprise. As compared to previous year, total value of and volume of petroleum imports increased by 24 percent and 2.4 percent, respectively. Imported volume of jet fuel and regular gasoline showed annual increase of 25.2 and 4.9 percent while fuel oil and gas oil dropped by 19.7 and 1.9 percent, respectively. In terms of value, jet fuel increased by 55.8 percent followed by gas oil (21.5 percent) and regular gasoline (16.2 percent). The value of fuel oil however, dropped by 22.9 percent (Table 2.2) (Fig.II.1 & Fig.II.2).

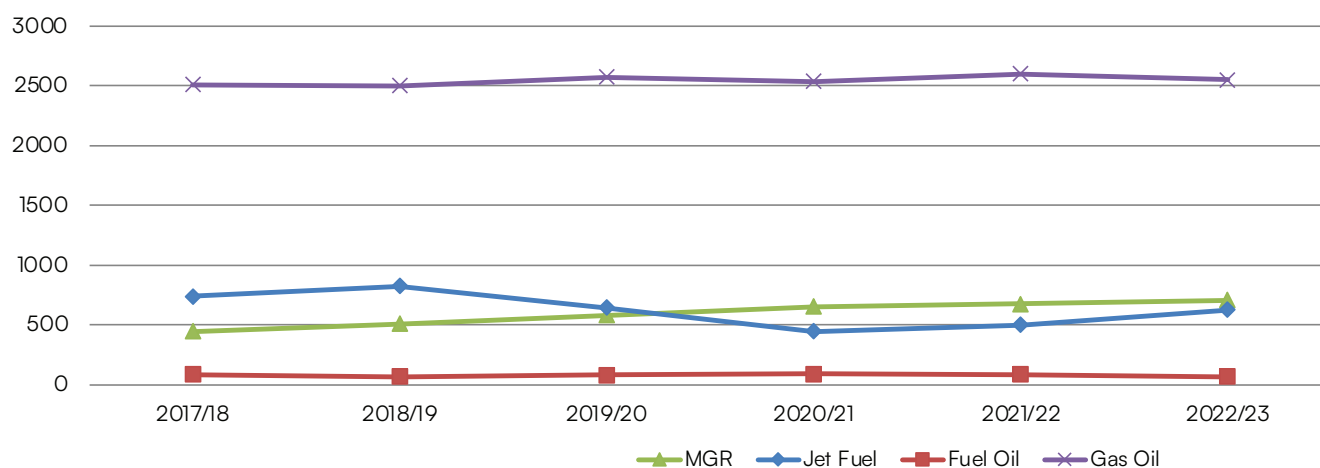
Table 2.2: Volume and Value of Petroleum Imports

(Volume in MT and Value in '000 Birr)

Petroleum Products	2021/22		2022/23		Percentage Change	
	Volume	Value	Volume	Value		
	A	B	C	D	C/A	D/B
Regular Gasoline (MGR)	673,719.1	32,617,390.0	706,499.4	37,906,113.5	4.9	16.2
Jet Fuel	496,706.6	20,352,168.4	621,715.4	31,711,252.4	25.2	55.8
Fuel Oil	81,539.4	2,434,822.3	65,442.0	1,876,056.4	(19.7)	(22.9)
Gas Oil (ADO)	2,597,202.5	108,886,608.3	2,546,849.9	132,302,935.2	(1.9)	21.5
Total	3,849,167.6	164,290,989.0	3,940,506.7	203,796,357.4	2.4	24.0

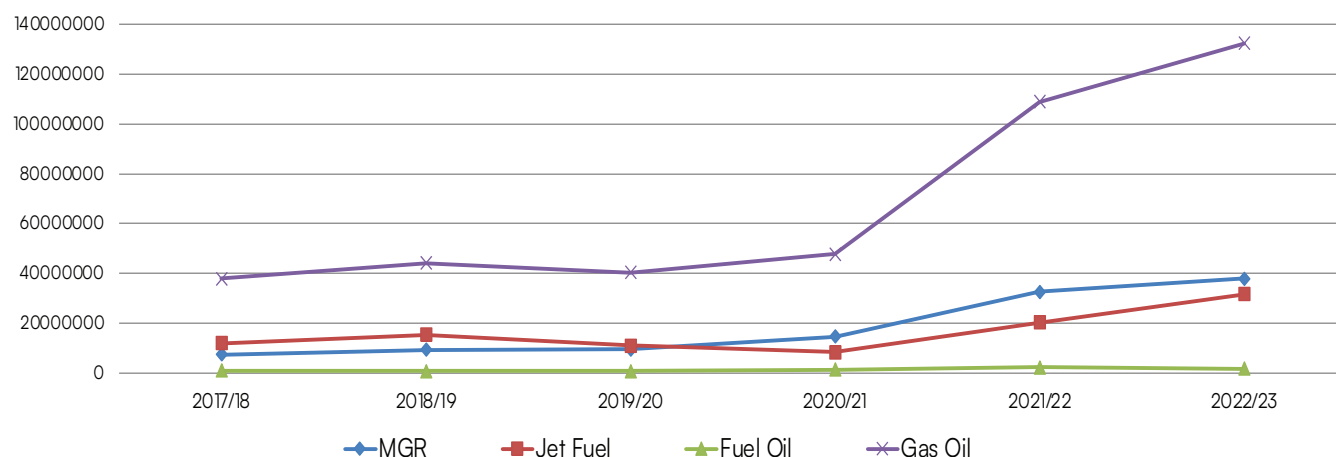
Source: Ethiopian Petroleum Enterprise

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

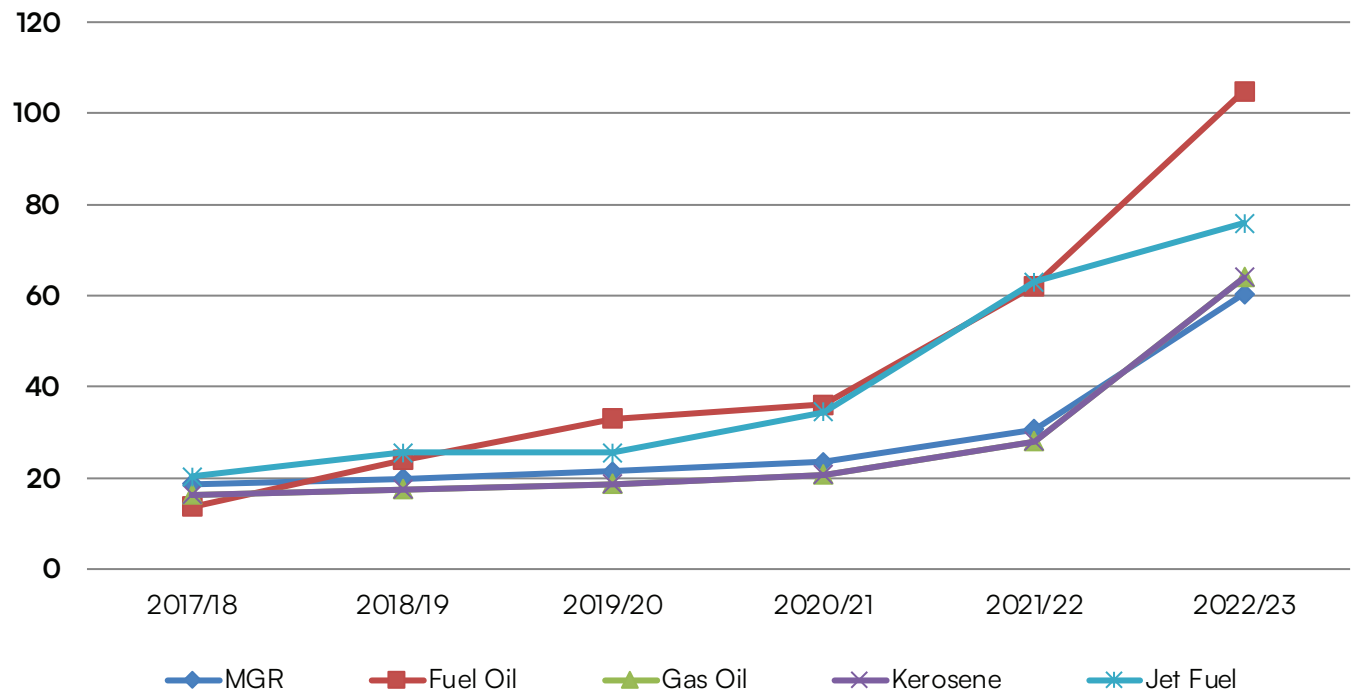
Domestic retail prices of petroleum products were adjusted in line with the global oil prices. As the international oil prices tended to increase during 2022/23 domestic retail prices were also adjusted upwards. Accordingly, retail prices of Regular Gasoline increased (97.2 percent), Fuel Oil (68.4 percent), Gas Oil and kerosene (127.7 percent each) and Jet Fuel (20.4 percent) in the review period (Table 2.3). As illustrated in Fig.II.3, the retail fuel prices in Addis Ababa have been rising for the last five consecutive years owing to the rise in international oil price.

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

Year	Quarter	MGR	Fuel Oil	Gas Oil	Kerosene	Jet fuel
2020/21	Qtr.1	21.53	32.91	18.75	18.75	25.87
	Qtr.2	21.87	33.27	18.98	18.98	24.74
	Qtr.3	25.12	37.96	22.42	22.42	35.51
	Qtr.4	25.86	40.05	23.18	23.18	51.76
	Average	23.59	36.05	20.83	20.83	34.47
2021/22	Qtr.1	25.86	40.05	23.18	23.18	47.76
	Qtr.2	29.78	44.70	27.02	27.02	56.43
	Qtr.3	31.74	68.33	28.94	28.94	68.29
	Qtr.4	35.16	95.81	33.27	33.27	79.46
	Average	30.64	62.22	28.10	28.10	62.99
2022/23	Qtr.1	50.90	105.47	52.65	52.65	94.03
	Qtr.2	59.88	100.74	64.83	64.83	73.41
	Qtr.3	61.29	98.37	67.30	67.30	70.60
	Qtr.4	69.52	114.60	71.15	71.15	65.35
	Average	60.40	104.79	63.98	63.98	75.85
2022/23	Annual percentage change	97.2	68.4	127.7	127.7	20.4

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 2022/23, annual average headline inflation reached 32.6 percent whereas food inflation contributed 19 percent and non-food inflation 13.6 percent. The headline inflation declined to 32.6 percent from 33.8 percent a year ago largely due to 8.6 percentage point slowdown in food & non alcoholic beverage inflation. In contrast, non-food inflation rose from 25.2 percent to 33.9 percent during the same period (Table 3.1).

The slowdown in annual average food & non-alcoholic beverage inflation was ascribed to decreased inflation of bread & cereals (11.5 percentage point), oils & fats (43.4 percentage points), food products (23.3 percentage points) and non-alcoholic beverages (27.3 percentage points).

Bread and cereals contributed the 11.6 percent to the 31.7 percent average food price rise in 2022/23 (Table 3.3).

Annual average non-food inflation increased by 8.7 percentage points and reached 33.9 percent in 2022/23 on account of higher inflation in transport (21.8 percentage points), clothing and foot wear (15.1 percentage points), restaurants & hotels (13.3 percentage points), furniture, furnishing household equipment & operations (7.5 percentage points), recreation & culture (6.7 percentage points), house rent, construction materials, water, fuel & power (4.7 percentage points) and miscellaneous goods & services (25.4 percentage points).

House rent, water, fuel and power had the biggest contribution (8.1 percent) to the 33.9 percent average non-food inflation recorded in 2022/23 (Table 3.4).

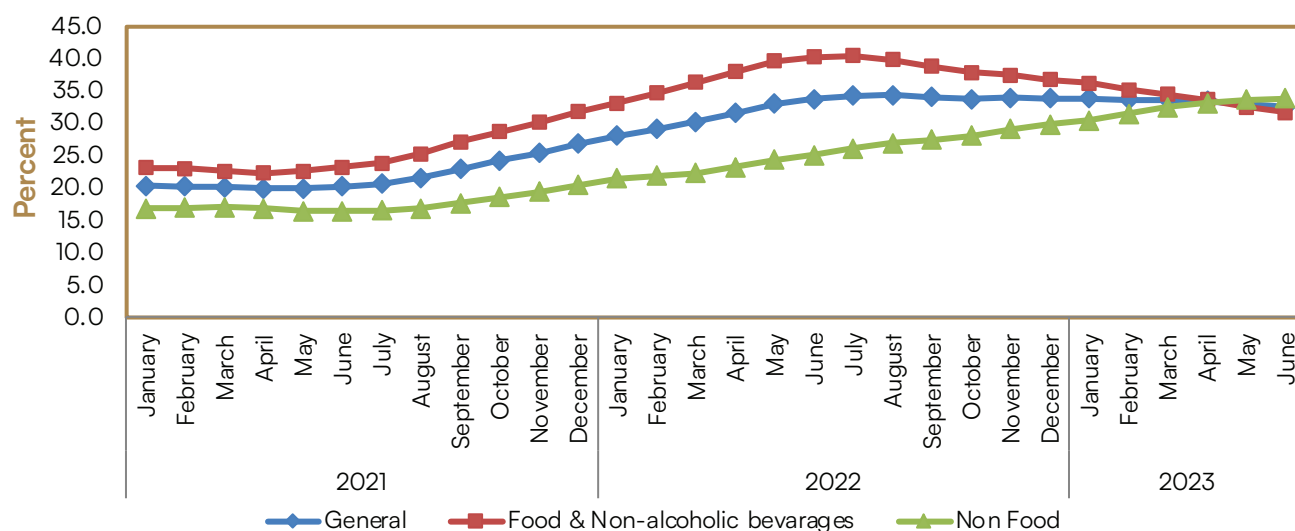
Moreover, annual headline inflation declined to 29.3 percent from 34.0 percent a year ago owing to 10.1 percentage points decrease in food & non-alcoholic beverages inflation. Food inflation had 12.5 percent absolute growth while non-food inflation accounted for 16.8 percent of the annualized inflation recorded in 2022/23 (Table 3.2).

Table 3.1: Annual Average Inflation Rates (in %)

Items	Weight (%)	2021/22 A	2022/23 B	Change (in %age Points) B-A	Absolute Contribution to Headline Inflation of 2022/23 (in %) C
General	100	33.8	32.6	-1.3	32.6
Food & Non-alcoholic beverages	54	40.3	31.7	-8.6	19.0
Non-Food	46	25.2	33.9	8.7	13.6

Source: Ethiopian Statistical Service (ESS)

Fig.III.1: Developments in Average National Inflation Rates



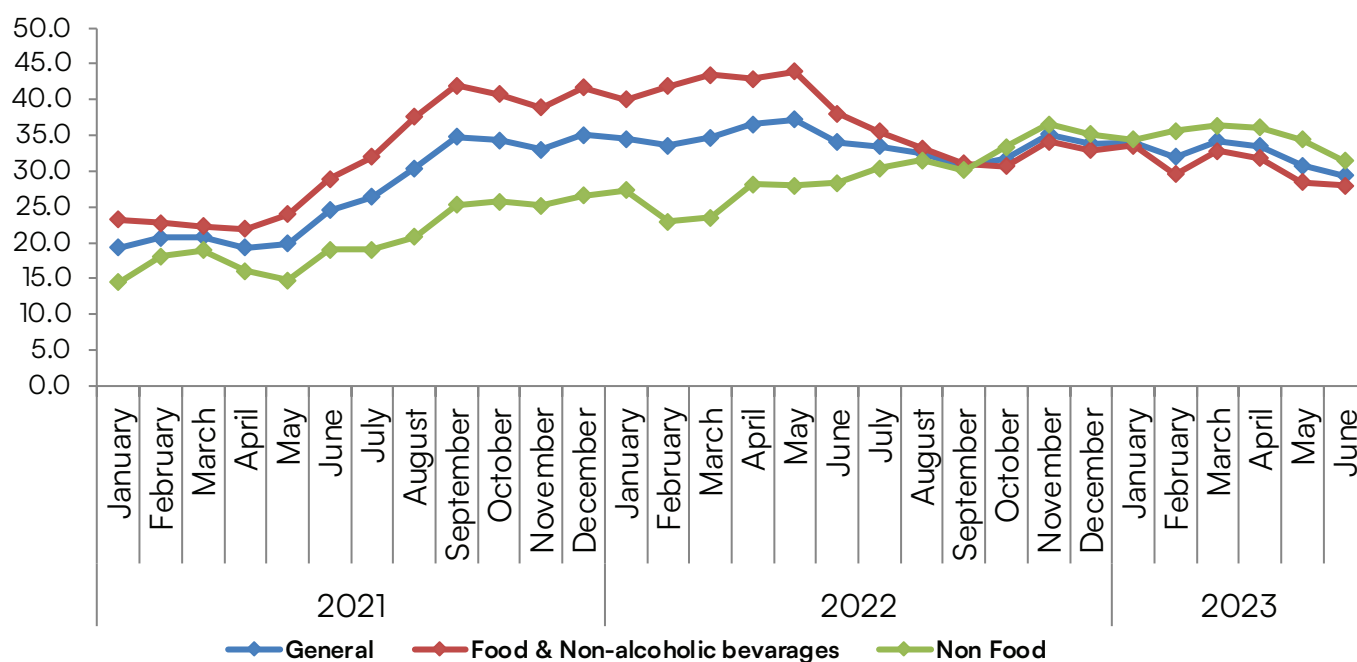
Source: Ethiopian Statistical Service (ESS)

Table 3.2: Annual Year-on Year Inflation Rates (in %)

Items	Weight (%)	2021/22 A	2022/23 B	Change (in %age Points) B-A	Absolute Contribution to Headline Inflation of 2022/23 (in %) C
General	100	34.0	29.3	-4.7	29.3
Food & Non-alcoholic beverages	54	38.1	28.0	-10.1	12.5
Non-Food	46	28.4	31.4	3.0	16.8

Source: Ethiopian Statistical Service (ESS)

Fig.III.2: Development in Annual Year-on-Year National Inflation Rate



Source: Ethiopian Statistical Service (ESS)

Table 3.3: Annual Average Food Inflation Rates (in %)

(Dec. 2016=100)

Items	Weight	2021/22	2022/23	Change(in %age Points)	Absolute Contribution to Food Inflation of 2022/23 (%)
		A	B	B-A	C
Food & Non-alcoholic beverages Inflation	0.54	40.3	31.7	-8.6	31.7
Bread & Cereals	0.17	42.3	30.8	-11.5	11.6
Meat	0.04	31.0	39.7	8.7	2.9
Fish and sea food	0.00	34.8	107.7	72.9	0.03
Milk, cheese & egg	0.03	35.3	41.5	6.2	2.1
Oils & Fats	0.04	86.9	43.5	-43.4	3.4
Fruit	0.00	31.0	45.2	14.2	0.2
Vegetables	0.12	26.0	30.1	4.1	6.2
Sugar jam, honey, chocolate	0.01	21.7	33.6	11.9	0.4
Food products n.e.c	0.06	37.4	14.1	-23.3	1.6
Non-alcoholic beverages	0.05	62.0	34.7	-27.3	3.0

Source: Ethiopian Statistical Service (ESS)

Table 3.4: Annual Average Non- Food Inflation Rates (in %)

(Dec. 2016=100)

Items	Weight	2021/22	2022/23	Change (in %age Points)	Absolute Contribution to Non- Food Inflation of 2022/23 (%)
		A	B	B-A	C
Non-Food Inflation	0.46	28.3	33.9	5.6	33.9
Alcoholic Beverages and tobacco	0.05	33.8	33.2	-0.6	3.6
Clothing and Footwear	0.06	24.6	39.7	15.1	5.8
Housing, Water, Electricity, Gas and other Fuel	0.17	19.3	23.9	4.6	8.1
Furnishings, Household Equipment and Routine maintenance of houses	0.05	43.4	51.0	7.6	6.5
Health	0.01	36.8	26.5	-10.3	0.6
Transport	0.02	7.5	29.3	21.8	1.7
Communication	0.02	9.5	5.3	-4.2	0.1
Recreation and culture	0.00	43.0	49.7	6.7	0.6
Education	0.00	27.3	20.1	-7.2	0.2
Restaurant & hotel	0.05	28.1	41.4	13.3	5.0
Miscellaneous Goods	0.03	29.0	54.3	25.4	2.9

Source: Ethiopian Statistical Service (ESS)

3.2 Consumer Price Developments in Regional States

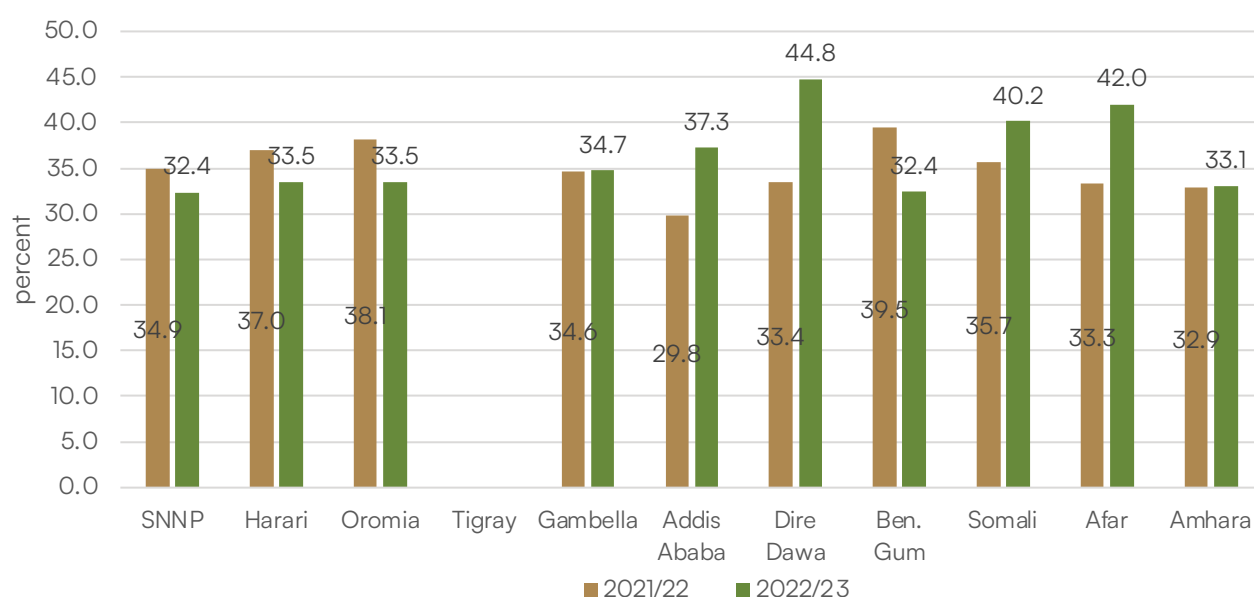
In 2022/23, the regional average headline inflation increased to 36.4 percent from 34.9 percent in the preceding year. Dire Dawa (44.8%), Afar (42.0%), Somali (40.2%) and Addis Ababa (37.3%) registered annual headline inflation rates greater than the regional average. Dire Dawa experienced the highest headline inflation of (44.8 percent) while the lowest (32.4 percent) was in Benshangul Gumuz and SNNP, revealing a 12.4 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 (2022/23 FY)

Regions	2021/22			2022/23			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	34.9	44.9	20.8	32.4	31.7	33.5	-2.6	-13.2	12.7
Harari	37.0	41.5	33.4	33.5	35.9	31.5	-3.4	-5.5	-1.9
Oromia	38.1	43.5	29.8	33.5	32.3	35.6	-4.6	-11.2	5.8
Tigray									
Gambela	34.6	41.5	24.5	34.7	35.4	33.6	0.2	-6.1	9.2
Addis Ababa	29.8	36.6	24.1	37.3	35.5	39.0	7.5	-1.1	14.9
Dire Dawa	33.4	37.3	29.4	44.8	40.9	49.1	11.3	3.7	19.7
Ben. Gumuz	39.5	44.8	55.1	32.4	32.6	13.8	-7.1	-12.2	-41.3
Somali	35.7	43.8	25.6	40.2	37.3	44.5	4.5	-6.5	18.9
Afar	33.3	41.3	23.7	42.0	41.0	43.5	8.7	-0.3	19.8
Amhara	32.9	35.9	29.2	33.1	26.1	49.5	0.2	-9.8	20.3
Regions Average	34.9	41.1	29.6	36.4	34.9	37.4			
Standard deviation	2.8	3.4	9.7	4.5	4.5	10.5			
Coefficient of variation	8.0	8.3	32.9	12.3	12.8	28.2			

Source: Ethiopian Statistical Service (ESS)

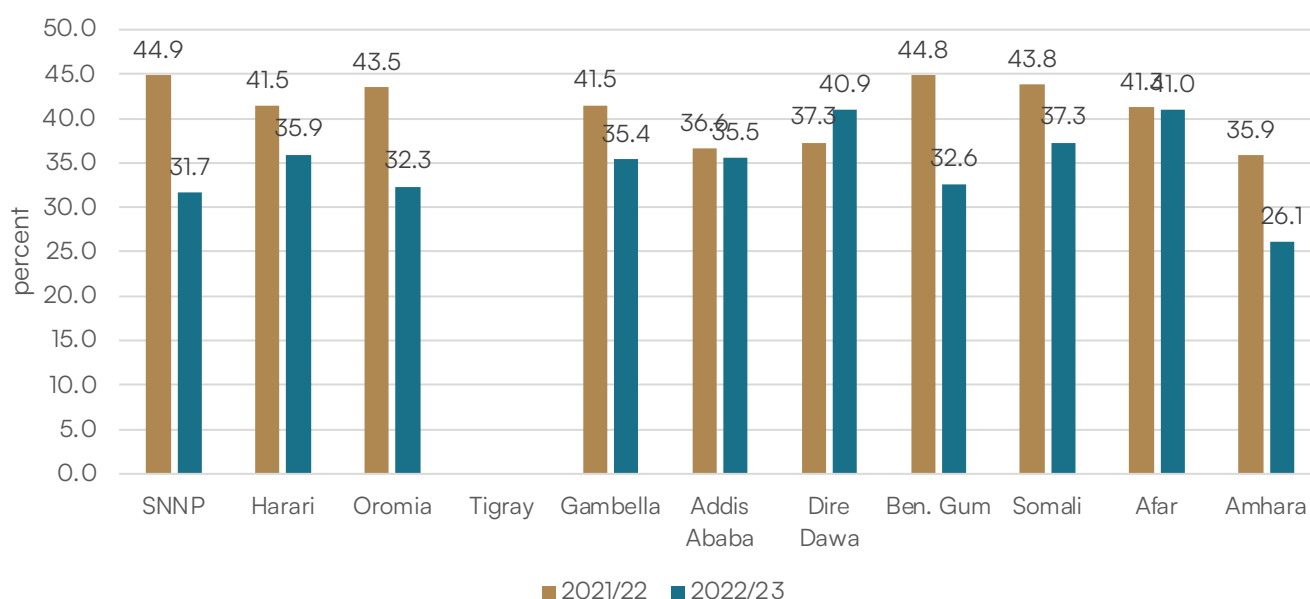
Fig.III.3: Variation in Regional Annual Average Headline Inflation



Source: Ethiopian Statistical Service (ESS)

The regional average food & non-alcoholic beverages inflation slowed down to 34.9 percent in 2022/23 from 41.1 percent last year. Food & non-alcoholic beverages inflation in Afar (41.0%), Dire Dawa(40.9%), Somali(37.3%), Harari(35.9%), Addis Ababa(35.5%) and Gambella(35.4%) was higher than the regional average. The highest food & non-alcoholic beverages inflation was registered in Afar and Dire Dawa (41.0%) while the lowest was in Amhara(26.1%), depicting a 14.9 percentage point margin among the regions (Table 3.5).

Fig.III.4: Variation in Regional Annual Average Food & Non-alcoholic Beverages Inflation

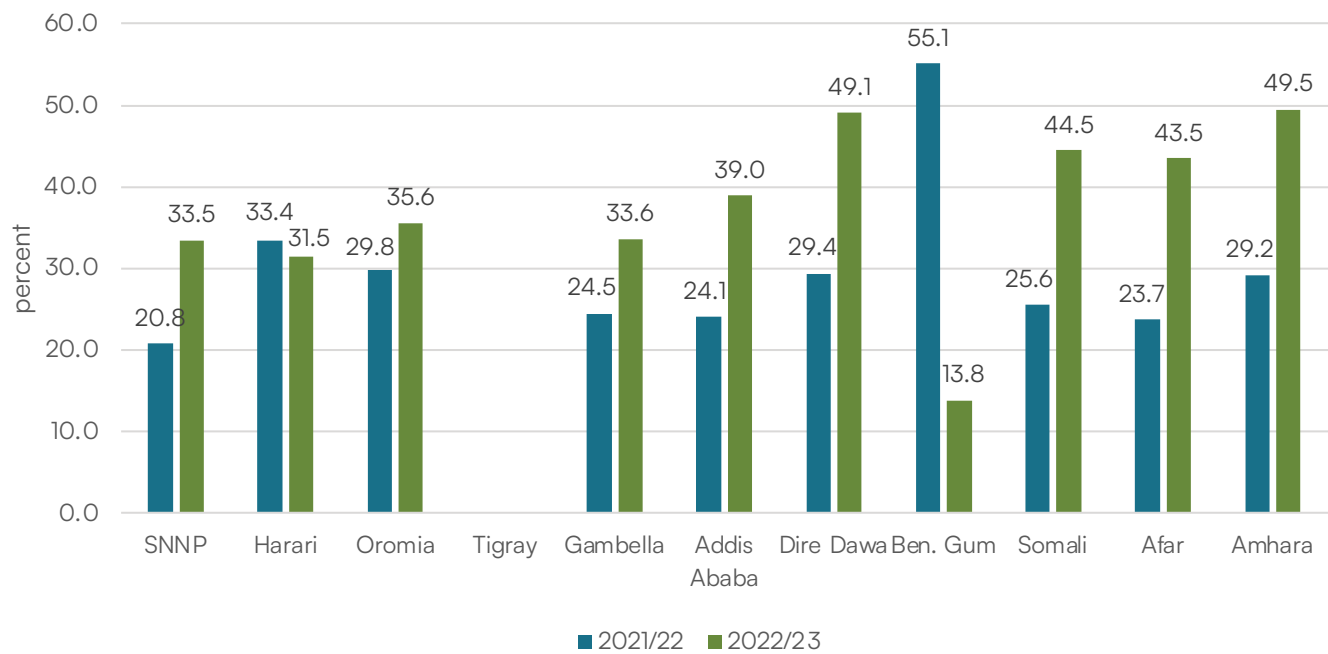


Source: Ethiopian Statistical Service (ESS)

During 2022/23, average regional non-food inflation increased to 37.4 percent from 29.6 percent in 2021/22. Amhara (49.5%), Dire Dawa(49.1%), Somali(44.5%), Addis Ababa (39.0%) and Afar (43.5%) recorded non-food inflation higher than the regional average.

The highest non-food inflation was recorded in Amhara (49.5%) and the lowest (13.8 %) in Benishangul Gumuz showing a 35.7 percentage point margin in the rate of non-food inflation among the regions (Table 3.5).

Fig.III.5: Variation in Regional Annual Average Non-food Inflation



Source: Ethiopian Statistical Service (ESS)



MONETARY AND FINANCIAL DEVELOPMENTS

IV. MONETARY AND FINANCIAL DEVELOPMENTS

4.1 Monetary Developments and Policy

Maintaining price stability remains one of the key objectives of the NBE. Accordingly, NBE has been taking various monetary policy actions to stem inflation. Yet, inflation has shown minimal improvement and remained off target due to several internal and external factors.

Currently, the NBE has approved a three year strategic plan during which it aims to evolve from the current system of targeting monetary aggregates (typically reserve money) towards a price-based monetary policy regime.

4.1.1 Developments in Monetary Aggregate

Domestic liquidity, as measured by broad money supply (M2), reached Birr 2.2 trillion at the end of 2022/23 reflecting a 26.6 percent annual growth. This was mainly due to the 26.6 percent expansion in domestic credit offsetting the decline in external asset (net). The high growth in domestic credit was attributed to a 38.4 percent and 23.3 percent increase in both credit to the central government and credit to the non-central government, respectively (Table 4.2).

As for broad money growth, all of its components witnessed significant expansion where narrow money rose by 20.1 percent due to an increase in demand deposits and currency outside banks, reflecting improvements in money demand for transaction purposes. Similarly, quasi-money, that comprises savings and time deposits, increased 29.9 percent and reached Birr 1.46 trillion reflecting increased capacity of banks in deposit mobilization (Table 4.1).

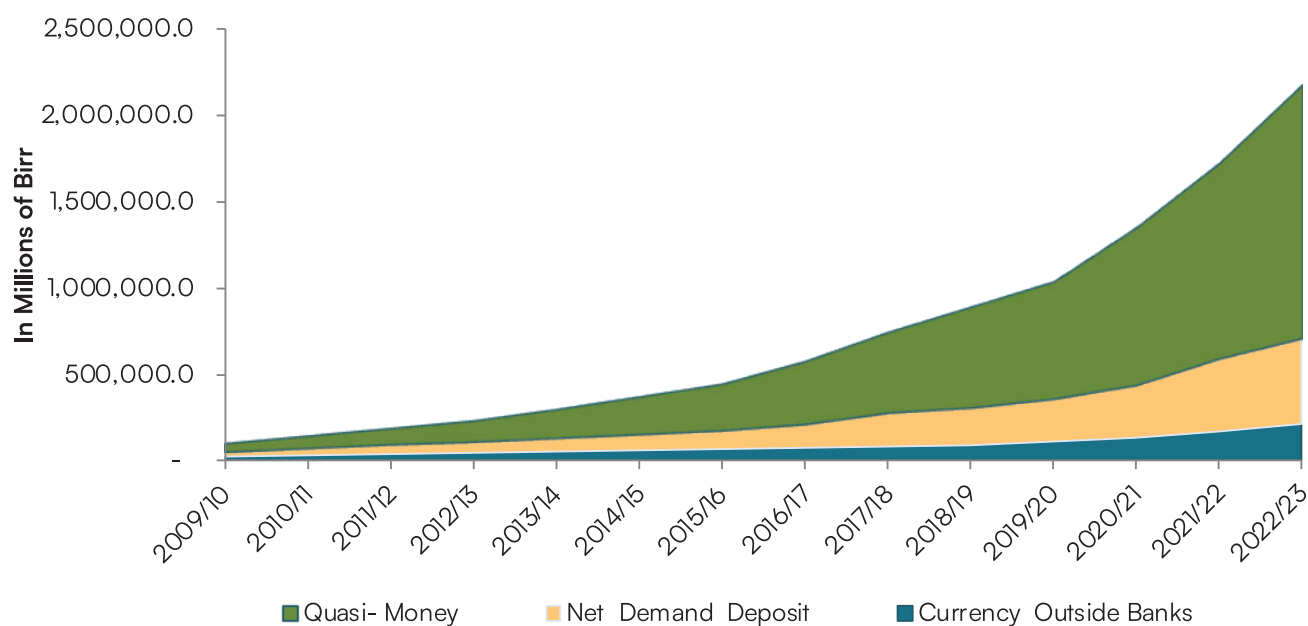
Table 4.1: Components of Broad Money

(Value in millions of birr)

Particulars	Year Ended June 30				Annual Percentage Change			
	2019/20	2020/21	2021/22	2022/23	2019/20	2020/21	2021/22	2022/23
Narrow Money Supply	360,585.5	437,392.0	588,015.8	706,142.2	16.7	21.3	34.4	20.1
Currency Outside Banks	109,071.8	133,621.3	173,382.8	211,636.8	18.5	22.5	29.8	22.1
Demand Deposits (net)	251,513.7	303,770.7	414,633.0	494,505.4	15.9	20.8	36.5	19.3
Quasi-Money	677,060.8	910,874.2	1,127,294.2	1,464,706.2	17.2	34.5	23.8	29.9
Savings Deposits	589,174.1	816,380.3	1,016,048.8	1,315,260.4	20.9	38.6	24.5	29.4
Time Deposits	87,886.8	94,493.8	111,245.4	149,445.8	-2.9	7.5	17.7	34.3
Broad Money Supply	1,037,646.3	1,348,266.1	1,715,310.0	2,170,848.4	17.0	29.9	27.2	26.6

Source: NBE

Fig.V.1: Major Components of Broad Money



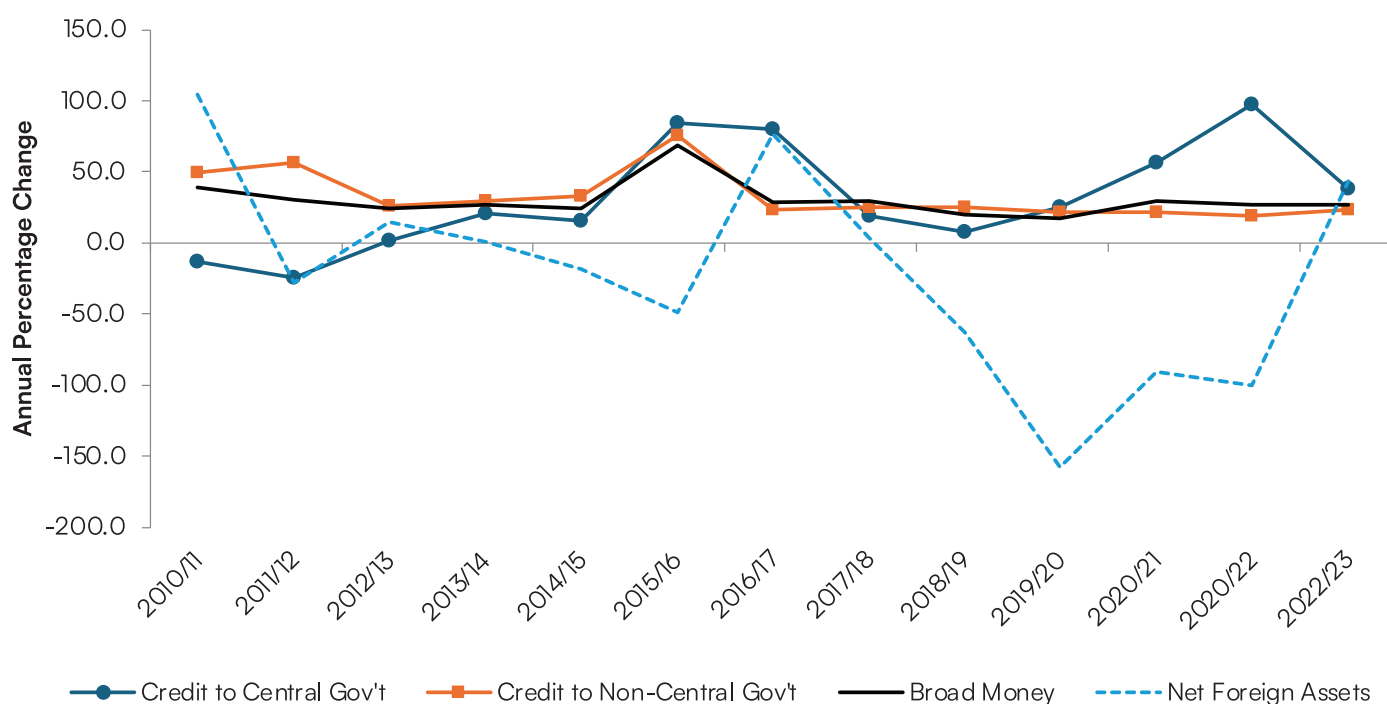
Source: NBE

Table 4.2: Factors Influencing Broad Money

Particulars	Year Ended June 30				Annual Percentage Change			
	2019/20	2020/21	2021/22	2022/23	2019/20	2020/21	2021/22	2022/23
External Assets (net)	-8,321.3	-812.3	-111,427.5	-160,097.7	-157.4	90.2	-	-43.7
Domestic Credit	1,176,926.4	1,481,844.4	1,930,621.8	2,444,435.5	22.1	25.9	30.3	26.6
Claims on Central Gov't (net)	137,082.9	214,269.2	421,213.7	585,441.9	24.8	56.3	96.6	38.4
Claims on Non-Central Gov't	1,039,843.5	1,267,575.3	1,509,408.1	1,858,993.6	21.8	21.9	19.1	23.3
Other Items (net)	130,957.8	132,766.0	103,884.2	113,489.4	43.2	1.4	-21.8	-9.2
Broad Money (M2)	1,037,646.3	1,348,266.1	1,715,310.0	2,170,848.4	17.0	29.9	27.2	26.6

Source: 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 also witnessed an annual expansion of 32.0 percent to reach Birr 478.5 billion during the review fiscal year. The reserve money growth was attributed to 45.3 percent surge in deposits of banks at NBE and 22.1 percent growth in currency in circulation. Excess reserves of commercial banks reached Birr 73.9 billion at the end of June 2022/23 compared with Birr 48.7 billion a year ago.

The ratio of broad money supply (M2) to GDP⁵, an indicator of financial deepening, was 0.25, a slight decline from 0.28 last year same period, reflecting marginal weakening of financial liquidity and depth. The money multiplier, defined as the ratio of broad money to reserve money, declined to 4.7 from 4.5 a year ago implying that money was relatively created by the NBE rather than by commercial banks (Table 4.3).

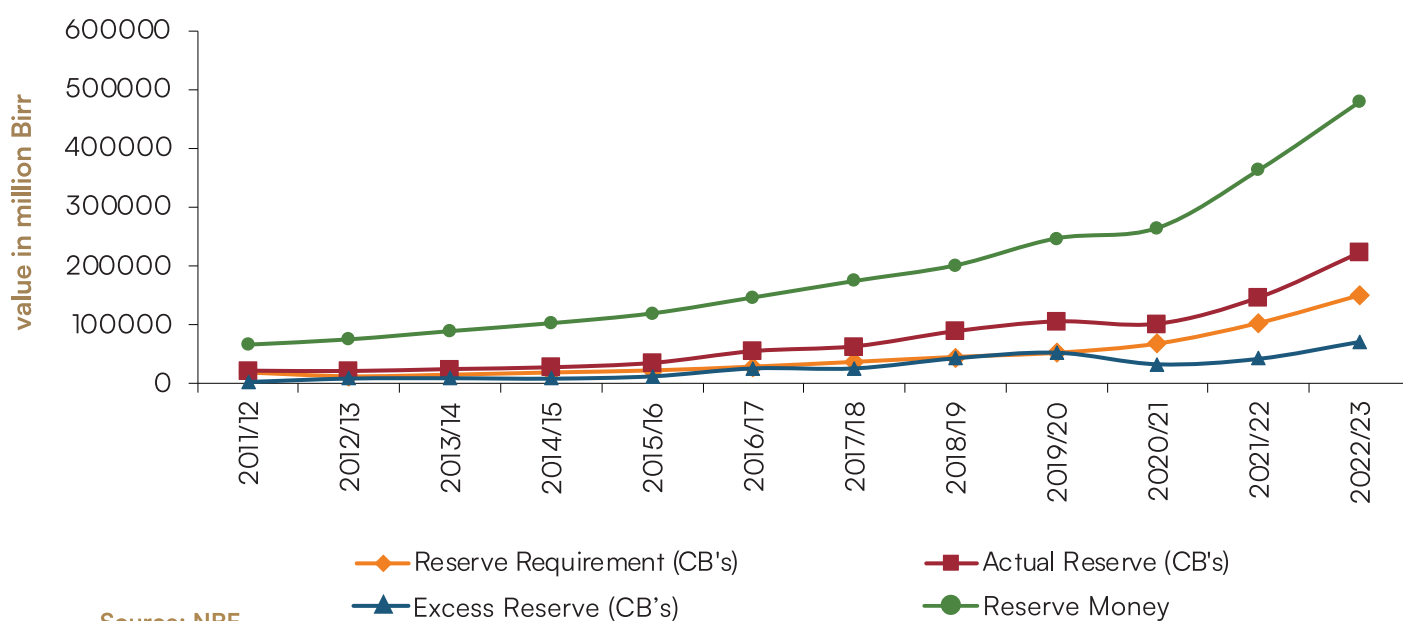
⁵ The 2022/23 GDP is measured at current market price obtained from NPC estimate.

Table 4.3: Reserve Money and Monetary Ratios

Particulars	Year Ended June 30				Annual Percentage Change	
	2019/20	2020/21	2021/22	2022/23	2021/22	2022/23
Reserve Requirement (CB's)	51,952.6	61,720.9	119,022.6	147,931.4	92.8	24.3
Actual Reserve (CB's)	105,289.1	101,384.0	145,877.3	221,837.7	43.9	52.1
Excess Reserve (CB's)	53,336.5	39,663.1	26,854.7	73,906.3	-32.3	175.2
Reserve Money	246,545.4	264,301.8	362,498.7	478,471.7	37.2	32.0
. Currency in Circulation	140,521.1	163,709.1	208,211.3	254,316.1	27.2	22.1
. Bank Deposits	106,024.2	100,592.8	154,287.4	224,155.7	53.4	45.3
Money Multiplier (Ratio):						
. Narrow Money to Reserve Money	1.46	1.65	1.62	1.48	-2.0	-9.0
. Broad Money to Reserve Money	4.21	5.10	4.73	4.54	-7.2	-4.1
Other Monetary Ratios (%):						
. Currency to Narrow Money	30.25	30.55	29.49	29.97	-3.5	1.6
. Currency to Broad Money	10.51	9.91	10.11	9.75	2.0	-3.6
. Narrow Money to Broad Money	34.75	32.44	34.28	32.53	5.7	-5.1
. Quasi Money to Broad Money	65.25	67.56	65.72	67.47	-2.7	2.7
M2/GDP Ratio	0.31	0.31	0.28	0.25	-10.3	-10.7

Source: NBE

Fig.IV.3: Reserve Money



Source: NBE

4.2 Developments in Interest Rate

In 2022/23, both the minimum and maximum saving deposit interest rates remained unchanged at 7.0 and 9.0 percent, respectively. Subsequently, the average saving deposit and weighted average demand deposit rate stood at their preceding year level of 8.0 and 0.05 percent, respectively. The weighted average time deposit rate, however, slightly declined to 7.61 percent from 7.70 percent a year earlier. The simple average lending interest rate was at 14.25 percent.

Accordingly, both the deposit and lending interest rates remained negative in real terms given 29.3 percent headline inflation during the review period (Table 4.4).

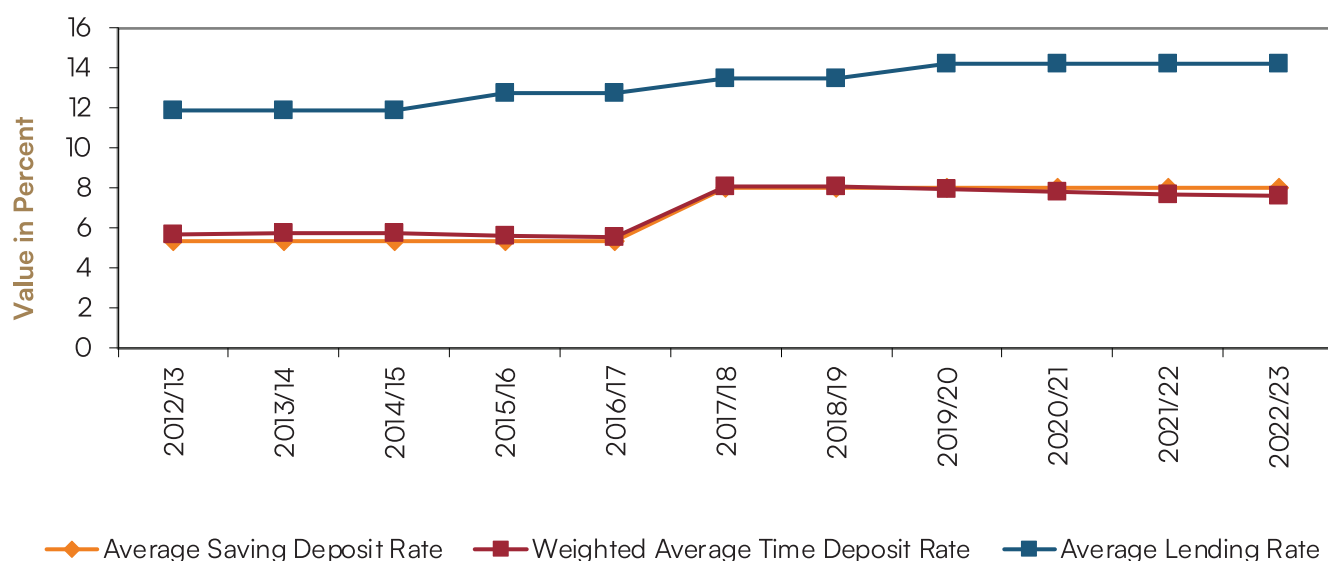
Table 4.4: Interest Rate Structure of Commercial

In percent per annum)

Rates	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
1. Deposit Rate							
1.1 Savings Deposit (Simple Average)	5.38	5.38	8.0	8.0	8.0	8.0	8.00
Minimum	5.0	7.0	7.0	7.0	7.0	7.00	7.00
Maximum	5.75	9.0	9.0	9.0	9.0	9.00	9.00
1.2 Time deposit (Weighted Average)	5.54	8.09	8.07	7.94	7.8	7.70	7.61
Up to 1 year	5.43	8.05	8.02	7.88	7.75	7.66	7.57
1 -2 years	5.57	8.1	8.07	7.94	7.81	7.71	7.61
Over 2 years	5.63	8.13	8.11	7.99	7.83	7.75	7.65
1.3 Demand Deposit (Weighted Average)	0.04	0.04	0.04	0.04	0.04	0.04	0.05
2. Lending Rate (Average)	12.75	13.5	13.5	14.25	14.25	14.25	14.25
Minimum	7.5	7.00	7.00	7.00	7.00	7.00	7.00
Maximum	18.0	20.0	20.0	21.5	21.5	21.50	21.50
3. T-bills (Nominal)	1.42	1.42	1.74	4.54	7.97	9.46	9.71
4. Headline Inflation (Year-on-Year)	8.8	14.7	15.3	21.6	24.6	34.0	29.3
5. Real Rate of Interest on:							
5.1 Saving Deposit (1.1 - 4)	-3.43	-6.7	-7.28	-13.55	-16.6	-26.04	-21.30
5.2 Time Deposit (1.2 - 4)	-3.26	-6.61	-7.21	-13.62	-16.8	-26.34	-21.69
5.3 Lending (2 - 4)	3.95	-1.2	-1.78	-7.3	-10.35	-19.79	-15.05

Source: NBE

Fig.IV.4: Interest Rate Structure of Commercial Banks



Source: NBE

4.3 Developments in Financial Sector

Banks, insurance and capital good finance companies and micro-finance institutions constituted the major financial institutions operating in Ethiopia. At the end of June 2022/23, the number of banks reached 31, insurance companies 18 micro finance institutions 47 and capital goods finance 6.

Banks opened 2,337 new branches in 2022/23, thereby raising the total number of branches to 11,281 from 8,944 a year ago. As a result, one bank branch serves about 9,514.3⁶ people. About 32.6 percent of the bank branches were located in Addis Ababa.

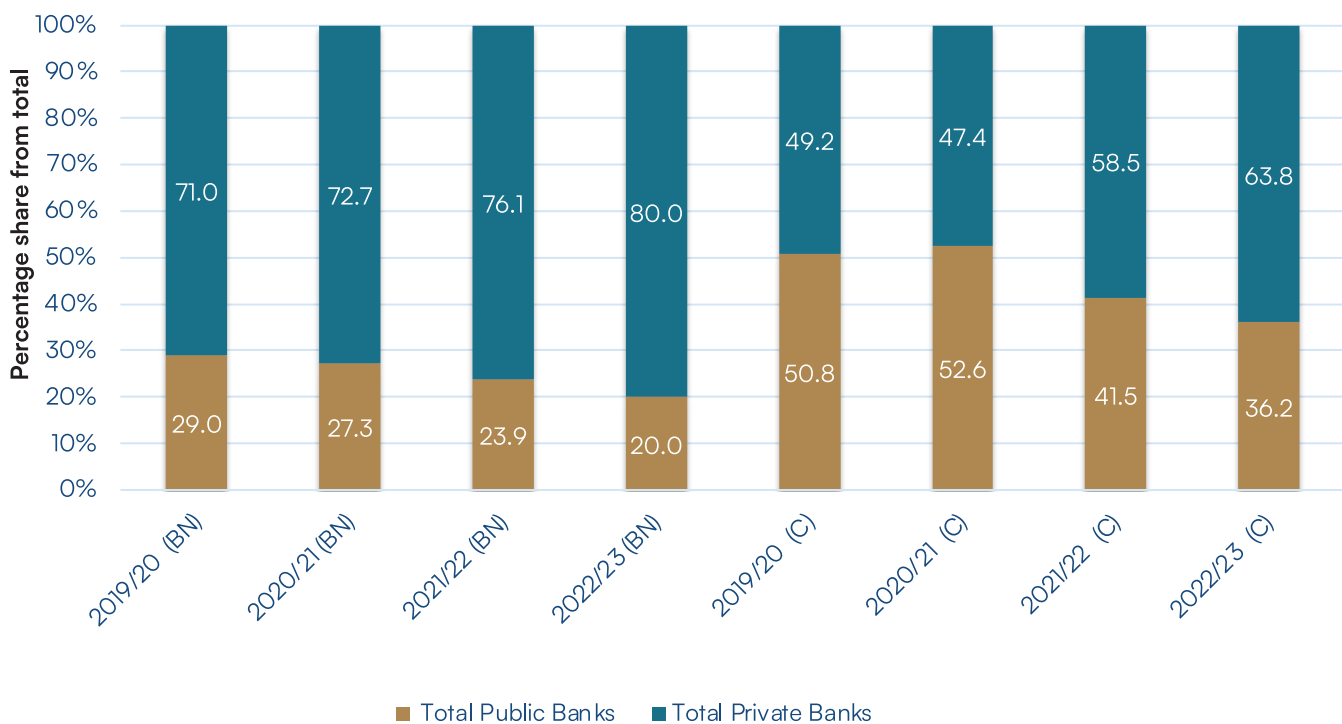
Major branch expansion was undertaken by Tseday Bank (364 branches), Siinqee Bank (222 branches), Amahara Bank (178 branches), Cooperative Bank of Oromia (154 branches), Awash Bank (143 branches), Dashen Bank (140 branches), Bank of Abyssinia (128 branches) and Oromia Bank (101 branches). The share of private banks in total branch network rose to 80.0 percent from 76.1 percent last year (Table 4.5).

At the same time, total capital of the banking industry showed a 24 percent annual growth to reach Birr 246.7 billion (Table 4.5).

⁶ Total population is 107,331,000 as CSA Estimation for 2023

The branches of insurance companies increased to 741 following the opening of 51 new branches. About 56.4 percent of insurance branches were in Addis Ababa and 87.7 percent of the total branches were private. Their total capital increased by 22.6 percent to Birr 16.4 billion, of which, the share of private insurance companies was 78.9 percent while that of the state-owned insurance company was 21.1 percent (Table 4.6).

Fig.IV.5: Branch Network and Capital of Banking System (2019/20-2022/23)



Source: Commercial Banks including DBE

Table.4.5: Branch Network and Capital of the Banking System at the Close of June 30, 2023

(Branch in Number and Capital in Millions of Birr)

Banks	Branch Network						Capital			
	2021/22			2022/23			2021/22		2022/23	
	Regions	Addis Ababa	Total	% Share	Regions	Addis Ababa	Total	% Share	Total Capital	% Share
1. State owned Banks										
Commercial Bank of Ethiopia	1597	460	2057	23.0	1696.0	477.0	2173.0	19.3	52,387.8	26.3
Development Bank of Ethiopia	77	6	83	0.9	77.0	6.0	83.0	0.7	30,115.9	15.1
Total State owned Banks	1674	466	2140	23.9	1773.0	483.0	2256.0	20.0	82,503.7	41.5
2. Private Banks										
Awash Bank	489.0	261.0	750.0	8.4	597.0	296.0	893.0	7.9	14,035.8	7.1
Dashen Bank	512.0	209.0	721.0	8.1	566.0	295.0	861.0	7.6	9,676.8	4.9
Bank of Abyssinia	530.0	273.0	803.0	9.0	602.0	329.0	931.0	8.3	9,898.6	5.0
Wegagen Bank	271.0	149.0	420.0	4.7	282.0	154.0	436.0	3.9	5,252.9	2.6
Hibret Bank	223.0	206.0	429.0	4.8	254.0	232.0	486.0	4.3	5,771.9	2.9
Nib International Bank	214.0	223.0	437.0	4.9	227.0	234.0	461.0	4.1	6,484.4	3.3
Cooperative Bank of Oromia	466.0	136.0	602.0	6.7	553.0	203.0	756.0	6.7	9,225.8	4.6
Lion International Bank	204.0	88.0	292.0	3.3	205.0	94.0	299.0	2.7	3,332.9	1.7
Oromia Bank	274.0	142.0	416.0	4.7	339.0	178.0	517.0	4.6	5,448.0	2.7
Zemen Bank	29.0	53.0	82.0	0.9	37.0	64.0	101.0	0.9	4,739.8	2.4
Buna Bank	215.0	159.0	374.0	4.2	301.0	171.0	472.0	4.2	3,969.1	2.0
Berhan Bank	195.0	154.0	349.0	3.9	227.0	171.0	398.0	3.5	3,844.4	1.9
Abay Bank	284.0	127.0	411.0	4.6	338.0	171.0	509.0	4.5	4,693.4	2.4
Addis International Bank	49.0	70.0	119.0	1.3	62.0	72.0	134.0	1.2	1,711.5	0.9
Debub Global Bank	62.0	73.0	135.0	1.5	70.0	84.0	154.0	1.4	1,840.4	0.9
Enat Bank	54.0	52.0	106.0	1.2	88.0	65.0	153.0	1.4	2,261.4	1.1
Hijira Bank	32.0	12.0	44.0	0.5	53.0	18.0	71.0	0.6	980.5	0.5
Zamzam Bank	22.0	23.0	45.0	0.5	41.0	37.0	78.0	0.7	1,461.6	0.7
Goh Betoch Bank	1.0	3.0	4.0	0.0	4.0	4.0	8.0	0.1	780.0	0.4
Siinqee Bank	132.0	2.0	134.0	1.5	292.0	64.0	356.0	3.2	7,124.6	3.6
Tseday Bank	10.0	20.0	30.0	0.3	357.0	37.0	394.0	3.5	7,949.6	4.0
Shebele Bank	0.0	0.0	0.0	0.0	19.0	4.0	23.0	0.2	525.9	0.3
Amahara Bank	73.0	28.0	101.0	1.1	166.0	113.0	279.0	2.5	5,526.0	2.8
Ahadu Bank	0.0	0.0	0.0	0.0	32.0	44.0	76.0	0.7	-	-
Tsehay Bank	0.0	0.0	0.0	0.0	49.0	37.0	86.0	0.8	-	-
Sidama Bank S.C	0.0	0.0	0.0	0.0	15.0	1.0	16.0	0.1	-	-
Omo Bank S.C	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Gadaa Bank	0.0	0.0	0.0	0.0	44.0	18.0	62.0	0.5	-	-
Ramis Bank S.C	0.0	0.0	0.0	0.0	13.0	2.0	15.0	0.1	-	-
Total Private Banks	4,341	2,463	6,804.0	76.1	5,833.0	3,192.0	9,025.0	80.0	116,535.2	58.5
3. Grand Total Banks	6,015.0	2,929.0	8,944.0	100.0	7,606.0	3,675.0	11,281.0	100.0	199,038.9	100.0
									157,446.2	63.8
									246,711.5	100.0

Source: Commercial Banks including DBE

Table 4.6: Branch Network & Capital of Insurance Companies as at June 30, 2023

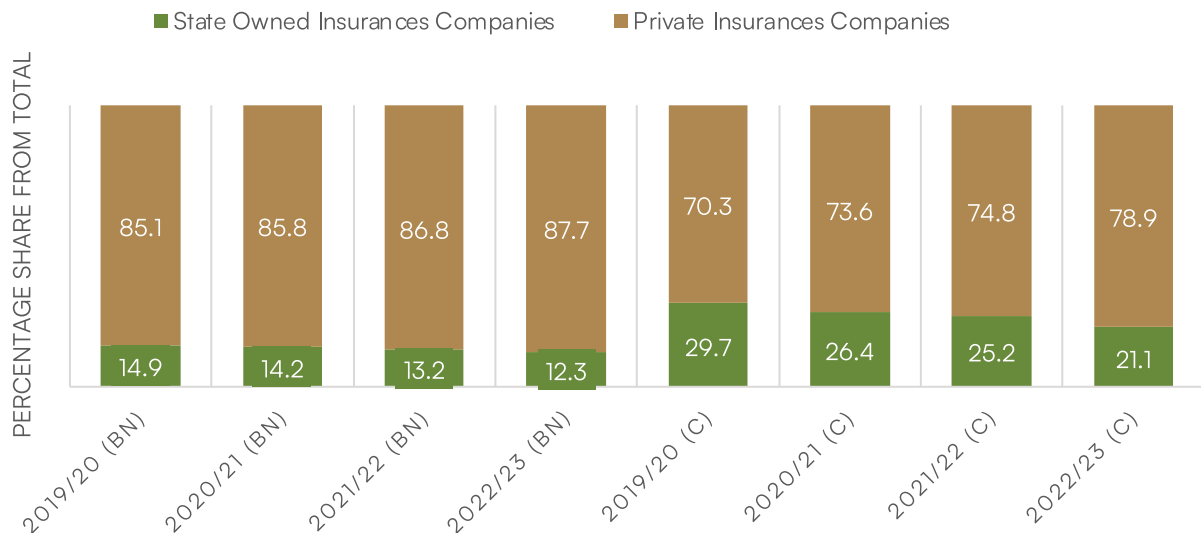
(Branch in Number and Capital in Millions of Birr)

No.	Insurance Companies	Branch						Capital		
		2021/22			2022/23			2021/2	2022/2	%
		A.A	Region	Total	A.A	Region	Total	A	B	B/A
1	Ethiopian Ins. Cor.	25	66	91	25	66	91	3,376	3,466	2.7
2	Awash Ins. Com. S.C.	30	26	56	32	27	59	1,898	2,553	34.5
3	Africa Ins.Com S.C.	18	14	32	20	15	35	410	435	6.1
4	National Ins. Co. of Eth.	22	17	39	25	17	42	296	359	21.3
5	United Ins.Com. S.C	30	13	43	34	16	50	797	1,363	71.0
6	Global Ins. Com. S.C	12	8	20	13	9	22	280	272	-2.9
7	Nile Ins. Com. S.C	33	24	57	35	24	59	940	1,242	32.1
8	Nyala Ins. Com. S.C	18	18	36	19	19	38	1,260	1,370	8.7
9	Nib Ins. Com. S.C	30	15	45	31	16	47	844	995	17.9
10	Lion Ins. Com. S.C	19	22	41	19	22	41	346	400	15.6
11	Ethio-Life Ins. Com. S.c	20	6	26	21	8	29	228	286	25.4
12	Oromia Ins. Com. S.c	25	25	50	27	28	55	972	1,350	38.9
13	Abay Insurance	16	15	31	21	16	37	516	675	30.8
14	Berhan insurance S.C	15	8	23	19	8	27	266	355	33.5
15	Tsehay Insurance S.C	22	10	32	24	10	34	378	489	29.4
16	Lucy Insurance	18	6	24	18	6	24	162	216	33.3
17	Bunna Insurance S.C.	17	12	29	19	13	32	255	374	46.7
18	Zemen Insurance S.C.	12	3	15	16	3	19	154	199	29.2
	Total	382	308	690	418	323	741	13,378.	16,399.	22.6

Source: Insurance Companies

Note: A.A=Addis Ababa

Fig.IV.6: Branch Network and Capital of Insurance Companies (2019/20-2022/23)



Source: Insurance Companies

By end of 2022/23, the number of micro-finance institutions (MFIs) reached 47. The total capital of microfinance institutions decreased by 20.5 percent due to the transformation of some of the micro-finance institutions into a bank while their total asset increased by 18 percent (Birr 54.4 billion).

At the same time, their deposit mobilization and credit facility also expanded remarkably. Compared to last year, their deposit went up by 28.8 percent and reached Birr 27.9 billion while their outstanding credit increased by 23.7 percent to Birr 39.2 billion indicating their expanded outreach (Table 4.7).

Table 4.7: Microfinance Institutions Performance as of June 30, 2023

(In thousands of birr)

Particulars	2021/22	2022/23	% Change
	A	B	C= B/A
Total Capital	12,079,853.6	9,597,910.0	-20.5
Saving	21,670,882.0	27,903,518.7	28.8
Credit	31,654,784.3	39,171,342.4	23.7
Total Assets	46,129,535.9	54,445,035.9	18.0

Source: MFIs

4.3.1 Resource Mobilization

Total resources mobilized by the banking system in the form of deposit, borrowing and loan collection increased by 41.1 percent and reached Birr 884.3 billion at the end of 2022/23 (Table 4.8).

Aided by remarkable branch expansion, deposit liabilities of the banking system topped Birr 2.2 trillion, reflecting 27 percent annual growth whereby saving deposits increased by 30.1 percent, demand deposit by 20.6 percent and time deposit by 30.8 percent. Of the total deposits, saving deposits accounted for 61.1 percent, demand deposits 31.7 percent and time deposit 7.2 percent (Table 4.9). The share of private banks in total deposit mobilization increased to 51.2 partly due to the opening of 2,337 new branches. CBE alone mobilized 48.7 percent of the total deposits due to its extensive branch network.

Raising funds through borrowing by the banking system remained insignificant as most of the banks were sufficiently liquid due to increased deposit mobilization and collection of loans. Their total outstanding borrowing stood at Birr 108.9 billion up from Birr 86.1 billion a year earlier due to borrowing by Development Bank of Ethiopia (DBE). Of the total borrowing, domestic sources accounted for 75.8 percent and foreign sources 24.2 percent. Its net borrowing was Birr 22.8 billion (Table 4.8 & 4.9).

Moreover, banks collected Birr 401.0 billion in 2022/23, showing a 45 percent annual increment. Private banks collected 64.6 percent of the loans during the review period (Table 4.8).

Table 4.8: Annual Resource Mobilization & Disbursing Activities of Commercial Banks and DBE (Specialized Bank) as at June 30, 2023

(In Millions of Birr)

Particulars	2020/21			2021/22			2022/23			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)	139,813.4	175,598.7	315,412.0	154,697.8	193,509.4	348,207.2	164,146.8	296,342.8	460,489.6	46.0	32.2
Demand	27,982.7	55,519.9	83,502.5	62,313.4	66,215.7	128,529.0	45,059.5	72,075.4	117,135.0	40.3	(8.9)
Savings	115,460.6	112,694.2	228,154.8	86,809.4	112,483.4	199,292.8	117,549.8	188,920.5	306,470.4	34.3	53.8
Time	(3,629.9)	7,384.6	3,754.7	5,575.0	14,810.4	20,385.4	1,537.4	35,346.9	36,884.3	882.4	80.9
2. Borrowing (net change)	3,739.4	-	3,739.4	1,890.8	-	1,890.8	22,788.9	-	22,788.9	509.4	1,105.3
Local	49.4	-	49.4	(2,010.0)	-	(2,010.0)	16,053.3	-	16,053.3	32,383.2	698.7
Foreign	3,690.0	-	3,690.0	3,900.8	-	3,900.8	6,735.5	-	6,735.5	82.5	72.7
3. Collection of Loans	63,548.9	122,451.5	186,000.4	72,697.6	203,782.5	276,480.1	142,098.0	258,905.5	401,003.4	115.6	45.0
4. Total Resources Mobilized	207,101.7	298,050.2	505,151.9	229,286.2	397,291.9	626,578.1	329,033.6	555,248.3	884,282.0	75.1	41.1
5. Disbursement	121,322.2	208,128.8	329,451.0	129,141.5	298,767.5	427,909.0	160,127.0	387,549.7	547,676.7	66.2	28.0
6. Change in Liquidity (4-5)	85,779.5	89,921.4	175,700.9	100,144.7	98,524.4	198,669.1	168,906.7	167,698.6	336,605.3	91.6	69.4
Memorandum Item:										-	
7. Outstanding Credit	763,657.4	519,626.4	1,283,283.8	700,732.7	889,630.3	1,590,362.9	948,485.2	1,002,084.6	1,950,569.8	52.0	22.6

Source: Commercial Banks & DBE

Table 4.9: Deposits and Borrowings of Commercial Banks and Specialized Bank as at June 30, 2023

(In Millions of Birr)

Particulars	2020/21	2021/22	2022/23	% Change	
	A	B	C	D=B/A	E=C/B
A. Deposits					
-Demand	439,831.1	568,360.2	685,495.1	29.2	20.6
-Savings	817,619.8	1,016,912.6	1,323,382.9	24.4	30.1
-Time	99,371.4	119,756.8	156,641.1	20.5	30.8
Total	1,356,822.3	1,705,029.5	2,165,519.2	25.7	27.0
B. Borrowings					
-Local	68,466.3	66,456.3	82,509.6	-2.9	24.2
-Foreign	15,716.0	19,616.8	26,352.3	24.8	34.3
Total	84,182.3	86,073.1	108,862.0	2.2	26.5

Source: Commercial Banks & DBE

Table.4.10: Loans and Advances by Lenders

(In Millions of Birr)

Lenders	2021/22			2022/23			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	175,386.38	112,382.64	789,481.07	140,823.73	128,616.86	876,079.80	-19.7	14.4	11.0
2.Development Bank of Ethiopia	10,505.01	10,851.38	58,174.17	19,303.24	13,481.10	72,405.38	83.8	24.2	24.5
Sub-Total	185,891.4	123,234.0	847,655.2	160,127.0	142,098.0	948,485.2	-13.9	15.3	11.9
B. Private Banks									
Awash Bank	47287.9	22243.9	129217.1	58915.0	36847.5	160987.1	24.6	65.7	24.6
Dashen Bank	25152.2	20048.5	76071.8	45781.2	39029.2	101964.6	82.0	94.7	34.0
Bank of Abyssinia	36148.3	15924.5	113942.8	39865.5	21631.1	147990.9	10.3	35.8	29.9
Wegagen Bank	5003.8	5944.8	30476.0	12661.8	9662.2	39661.5	153.0	62.5	30.1
United Bank	13391.5	12291.5	43881.3	19356.1	17767.0	60255.1	44.5	44.5	37.3
Nib International Bank	10929.2	8616.0	39406.3	21412.1	10778.2	54181.9	95.9	25.1	37.5
Cooperatives Bank of Oromia	37607.9	18781.7	84255.9	30994.9	28337.2	102048.3	-17.6	50.9	21.1
Lion International Bank	1068.7	1935.5	25195.6	2255.0	2824.0	28372.9	111.0	45.9	12.6
Zemen Bank	8061.2	5500.7	21412.5	13555.3	8004.1	31825.6	68.2	45.5	48.6
Oromia Bank	10170.0	8526.6	32183.1	14718.1	12834.2	42674.6	44.7	50.5	32.6
Berhan Bank	8152.1	6720.7	21829.8	12089.3	10660.4	28478.3	48.3	58.6	30.5
Buna International Bank	7045.6	5454.6	25069.0	11340.1	5216.8	34633.7	61.0	-4.4	38.2
Abay Bank	11136.1	5562.2	26296.3	13468.0	7140.6	35584.2	20.9	28.4	35.3
Addis International Bank	1149.9	1179.3	6143.0	1378.0	1641.5	7592.1	19.8	39.2	23.6
Debub Global Bank	2555.8	4711.3	9598.2	4508.9	3465.0	13998.1	76.4	-26.5	45.8
Enat Bank	1689.8	1905.2	11443.1	4400.2	4030.3	15368.2	160.4	111.5	34.3
ZemZem Bank	1431.0	15.3	691.6	7696.7	1744.5	3617.9	437.8	11282.6	423.1
Hijira Bank	654.1	4.9	374.6	7249.5	647.2	3013.7	1008.4	13097.1	704.6
Goh Betoch Bank	302.9	9.5	298.5	1050.4	188.7	1318.6	246.8	1878.3	341.7
Tseday Bank	9767.3	6813.0	26880.4	32760.1	24110.1	37174.9	235.4	253.9	38.3
Shebelle Bank	67.9	56.7	1939.6	387.4	396.9	1934.3	470.8	600.5	-0.3
Siinqee Bank	3244.6	999.7	16101.4	12342.4	7717.2	24019.4	280.4	672.0	49.2
Amhara Bank	0.0	0.0	0.0	13273.0	1146.1	15201.0	0.0	0.0	0.0
Sidama Bank	0.0	0.0	0.0	425.9	384.9	550.6	0.0	0.0	0.0
Omo Bank	0.0	0.0	0.0	2799.7	2630.0	6807.8	0.0	0.0	0.0
Tsehay Bank	0.0	0.0	0.0	1102.4	32.3	1063.9	0.0	0.0	0.0
Ahadu Bank	0.0	0.0	0.0	896.0	18.5	899.0	0.0	0.0	0.0
Gadaa Bank	0.0	0.0	0.0	867.1	19.6	866.3	0.0	0.0	0.0
Sub-Total	242,017.6	153,246.1	742,707.7	387,549.7	258,905.5	1,002,084.6	60.1	68.9	34.9
Grand Total	427,909.0	276,480.1	1,590,362.9	547,676.7	401,003.4	1,950,569.8	28.0	45.0	22.6

Source: Commercial Banks

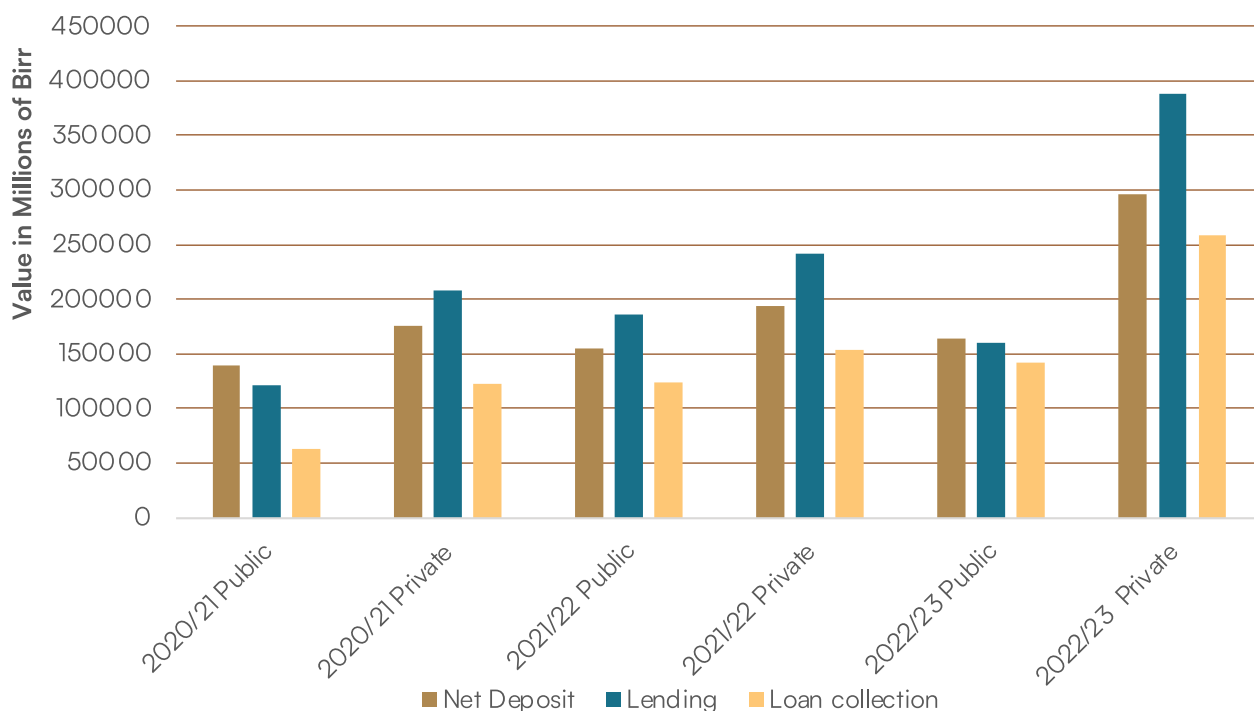
D*=Disbursement, C*=Collection, O/S*= Outstanding Credit

4.3.2 New Lending Activities

Commercial banks and Development Bank of Ethiopia (DBE) disbursed Birr 547 billion in fresh loans which was 28.0 percent higher than a year ago (Table 4.10). Of the total new loans, about 70.8 percent was provided by private banks and 29.2 percent by the two state owned banks (i.e. CBE and DBE) (Table 4.11).

Sector wise, the share of international trade in the new disbursed loan was (20.8 percent) followed by domestic trade (18.3 percent), agriculture (13.9 percent), consumer & staff loan (12.9 percent), manufacturing (12.1 percent), building & construction (8.2 percent), and the others.

Fig.IV.7: Development in Net Deposit, Lending and Loan Collection Activities of the Banking System (2020/21-2022/23)



Source: Commercial Banks and DBE

Table 4.11: Percentage Share of Loans and Advances by Lenders

Lenders	2021/22				2022/23				Percentage Change		
	D*	C*	O/S*	D*	C*	O/S*	F	D/A	E/B	F/C	
	A	B	C	D	E						
A.Public Banks											
1.Commercial Bank of Ethiopia	41.0	40.6	49.6	25.7	32.1	44.9		(37.3)	(21.1)	(9.5)	
2.Development Bank of Ethiopia	2.5	3.9	3.7	3.5	3.4	3.7		43.6	(14.3)	1.5	
Sub-Total	43.4	44.6	53.3	29.2	35.4	48.6		(32.7)	(20.5)	(8.8)	
B.Private Banks											
Awash Bank	11.1	8.0	8.1	10.8	9.2	8.3		(2.7)	14.2	1.6	
Dashen Bank	5.9	7.3	4.8	8.4	9.7	5.2		42.2	34.2	9.3	
Bank of Abyssinia	8.4	5.8	7.2	7.3	5.4	7.6		(13.8)	(6.3)	5.9	
Wegagen Bank	1.2	2.2	1.9	2.3	2.4	2.0		97.7	12.1	6.1	
United Bank	3.1	4.4	2.8	3.5	4.4	3.1		12.9	(0.3)	12.0	
Nib International Bank	2.6	3.1	2.5	3.9	2.7	2.8		53.1	(13.8)	12.1	
Cooperatives Bank of Oromia	8.8	6.8	5.3	5.7	7.1	5.2		(35.6)	4.0	(1.2)	
Lion International Bank	0.2	0.7	1.6	0.4	0.7	1.5		64.9	0.6	(8.2)	
Zemen Bank	1.9	2.0	1.3	2.5	2.0	1.6		31.4	0.3	21.2	
Oromia Bank	2.4	3.1	2.0	2.7	3.2	2.2		13.1	3.8	8.1	
Berhan Bank	1.9	2.4	1.4	2.2	2.7	1.5		15.9	9.4	6.4	
Buna International Bank	1.6	2.0	1.6	2.1	1.3	1.8		25.8	(34.1)	12.6	
Abay Bank	2.6	2.0	1.7	2.5	1.8	1.8		(5.5)	(11.5)	10.3	
Addis International Bank	0.3	0.4	0.4	0.3	0.4	0.4		(6.4)	(4.0)	0.8	
Debub Global Bank	0.6	1.7	0.6	0.8	0.9	0.7		37.8	(49.3)	18.9	
Enat Bank	0.4	0.7	0.7	0.8	1.0	0.8		103.5	45.9	9.5	
ZemZem Bank	0.3	0.0	0.0	1.4	0.4	0.2		320.2	7,747.9	326.5	
Hijira Bank	0.2	0.0	0.0	1.3	0.2	0.2		766.0	8,999.0	556.0	
Goh Betoeh Bank	0.1	0.0	0.0	0.2	0.0	0.1		171.0	1,264.0	260.2	
Tseday Bank	2.3	2.5	1.7	6.0	6.0	1.9		162.1	144.0	12.8	
Shebelle Bank	0.0	0.0	0.1	0.1	0.1	0.1		346.0	383.0	(18.7)	
Siinqee Bank	0.8	0.4	1.0	2.3	1.9	1.2		197.2	432.2	21.6	
Amhara Bank	-	-	-	2.4	0.3	0.8		-	-	-	
Sidama Bank	-	-	-	0.1	0.1	0.0		-	-	-	
Omo Bank	-	-	-	0.5	0.7	0.3		-	-	-	
Tsehay Bank	-	-	-	0.2	0.0	0.1		-	-	-	
Ahadu Bank	-	-	-	0.2	0.0	0.0		-	-	-	
Gadaa Bank	-	-	-	0.2	0.0	0.0		-	-	-	
Sub-Total	56.6	55.4	46.7	70.8	64.6	51.4		25.1	16.5	10.0	
Grand Total	100.0	100.0	100.0	100.0	100.0	100.0		-	-	-	

Source: Commercial Banks
D*=Disbursement, C*=Collection, O/S*= Outstanding Credit

4.3.3 Outstanding Loans

Outstanding credit of the banking system (including corporate bond) increased by 22.6 percent and reached Birr 1.95 trillion at the end of June, 2023. About 18.0 percent of the outstanding loan went to manufacturing, followed by international trade (15.6 percent), domestic trade (12.3 percent), mines, power and water resources (10.9 percent), building construction (9.1 percent), consumer and staff loan (7.1 percent), agriculture (4.8 percent) and others (Table 4.12).

The share of private sector in outstanding credit was Birr 1,203.3 billion (or 61.7 percent) reflecting a 22.6 percent year-on-year growth (Table 4.13).

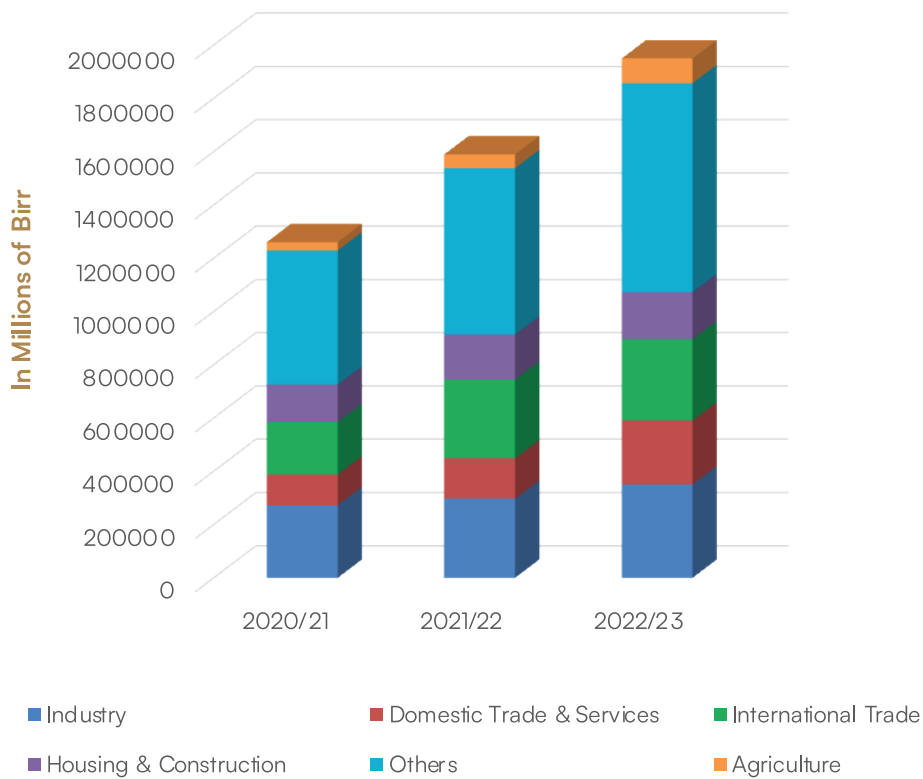
Table 4.12: Loans & Advances by Economic Sectors

Economic Sectors	2021/22				2022/23				Percentage Change			
	D*	C*	O/S*	D	D*	C*	O/S*	D/A	C*	E/B	O/S*	
	A	B	C		D	E	F					
Agriculture	21,374.6	25,087.5		52,002.7	75,885.3	77,174.5	93,402.0	255.0	207.6		79.6	
Manufacturing	52,097.8	61,864.1		297,560.2	66,382.8	49,664.2	351,511.4	27.4	(19.7)		18.1	
Domestic Trade	61,303.6	41,204.5		151,615.5	100,111.9	68,726.3	239,715.1	63.3	66.8		58.1	
International Trade	136,302.2	80,160.8		294,692.1	113,940.8	91,200.6	304,752.6	(16.4)	13.8		3.4	
Export	65,926.1	41,650.1		176,404.1	85,650.6	62,984.0	205,423.2	29.9	51.2		16.5	
Import	70,376.1	38,510.8		118,288.0	28,290.2	28,216.7	99,329.5	(59.8)	(26.7)		(16.0)	
Hotels and Tourism	4,569.8	5,891.3		29,814.9	10,963.0	8,145.7	37,883.9	139.9	38.3		27.1	
Building and Construction	33,597.5	22,277.5		170,072.4	44,987.3	40,819.1	176,836.0	33.9	83.2		4.0	
Mines, Power and Water resources	40,694.9	3,697.1		359,757.9	15,885.5	1,129.1	212,413.5	(61.0)	(69.5)		(41.0)	
Financial Institutions	5,136.4	1,920.2		8,820.4	7,186.0	5,112.2	12,917.1	39.9	166.2		46.4	
Transport and Communication	28,651.5	5,622.9		112,755.1	22,527.7	9,083.3	31,402.2	(21.4)	61.5		(72.2)	
Health and Education	1,041.8	449.1		2,781.7	2,153.0	1,064.0	4,292.4	106.7	136.9		54.3	
Consumer and Staff Loans	34,568.6	19,795.3		91,334.9	70,663.0	29,010.4	138,265.5	104.4	46.6		51.4	
Other Sectors	8,570.3	8,509.8		19,155.1	16,990.3	19,874.1	347,178.1	98.2	133.5		1,712.5	
Total	427,909.0	276,480.1		1,590,362.9	547,676.7	401,003.4	1,950,569.8	28.0	45.0		22.6	

Source: Commercial Banks & DBE

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

Fig.IV.8: Sectorial Breakdown of Bank Credit (2020/21-2022/23)



Source: Commercial Banks including DBE

Table 4.13: Loans and Advances by Borrowers

(In Millions of Birr)

Borrowing Sector	2019/20	2020/21	2021/22	2022/23			Percentage change	
	O/S*	O/S*	O/S*	D*	C*	O/S*		
	A	B	C	E	F	G	G/B	G/C
Corporate Bond	405,235.4	444,871.7	502,578.4	27,103.0	25,095.9	567,138.3	27.5	12.8
Public Enterprises	547,616.6	612,774.3	700,732.7	75,801.5	83,984.7	747,220.6	21.9	6.6
Cooperatives	19,891.0	29,129.8	21,398.8	9,751.2	8,475.0	21,148.1	-27.4	-1.2
Private & Individuals	464,695.4	641,379.7	868,231.5	462,124.0	308,543.7	1,182,201.1	84.3	36.2
Total	1,032,203.0	1,283,283.8	1,590,362.9	547,676.7	401,003.4	1,950,569.8	52.0	22.6

Source: Commercial Banks & DBE

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

4.4 Financial Activities of NBE

As of June 2023, gross claims of NBE on the central government reached Birr 564.0 billion which was 57.8 percent higher than a year earlier. Of the total credit to the central government, bond accounted for 77.0 percent and direct advance 23.0 percent.

Similarly, NBE's outstanding claim on DBE remained at Birr 44.8 billion.

On the liability side, total deposits at NBE surged by 43.8 percent and stood at Birr 266.9 billion due to the increase in 45.2 percent deposit by financial institutions (Table 4.14).

Table 4.14: Financial Activities of National Bank of Ethiopia

(In Millions of Birr)

Particulars	2020/21	2021/22	2022/23	% Change	
	A	B	C	B/A	C/B
Loans and Advances (1+2)	338,505.3	402,249.8	608,814.3	18.8	51.4
1.Claims on Central Gov't	281,862.6	357,427.1	563,991.5	26.8	57.8
1.1 Direct Advance	83,500.0	159,500.0	130,000.0	91.0	-18.5
1.2 Bonds	198,362.6	197,927.1	433,991.5	-0.2	119.3
2. Claims on DBE	56,642.7	44,822.7	44,822.7	-20.9	0.0
3. Deposit Liabilities	137,565.9	185,675.5	266,929.9	35.0	43.8
3.1 Government	36,843.5	31,210.8	42,691.6	-15.3	36.8
3.2 Financial Institutions	100,722.4	154,464.7	224,238.3	53.4	45.2

Source: NBE

4.5 Developments in Financial Markets

In the absence of secondary market in Ethiopia, government bonds were occasionally issued to finance government expenditures and/or to absorb excess liquidity in the banking system. Similarly, Treasury bills were auctioned regularly on bi-weekly basis. Banks also buy T-bonds based on their new monthly loan disbursements.

4.5.1 Treasury Bills Market

In 2022/23, T-bills supplied to the bi-weekly auction amounted to Birr 1.3 Billion reflecting a 48.9 percent annual increment. At the same time, the demand for T-bills decreased by 0.7 percent to Birr 595.2 billion indicating that the market was undersubscribed by Birr 682.8 billion (53.4 percent). Meanwhile, the amount of T-bills sold reached Birr 576.1 billion of which T-bills worth Birr 317.8 billion were bought by banks and Birr 236 billion by non-bank institutions.

Birr 22.3 billion (net of redemption) was mobilized for government financing from the T-bills sale during the fiscal year.

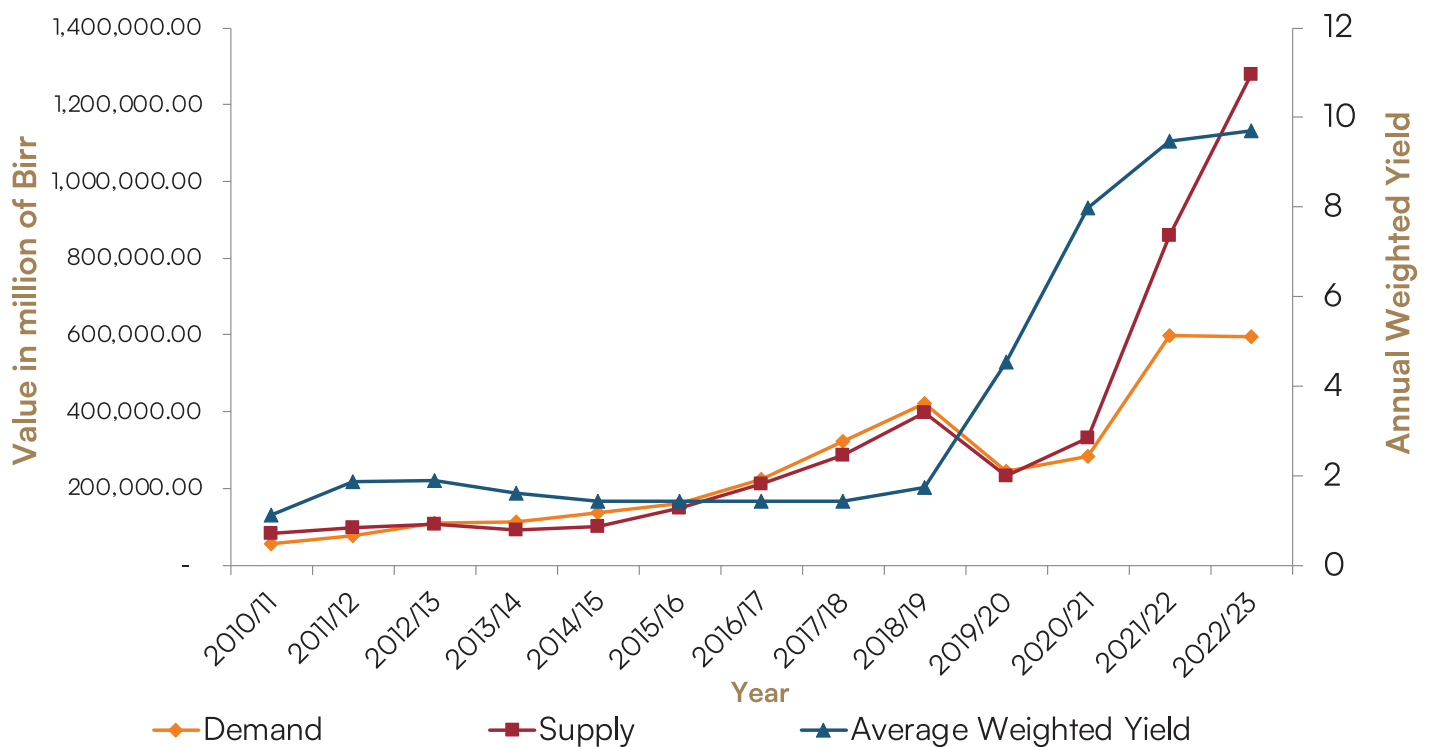
Thus, total outstanding T-bills rose 7.8 percent and stood at Birr 341.9 billion, of which, banks accounted for Birr 146.6 billion (42.9 %) and nonbank institutions Birr 195.3 billion (57.1%) (Table 4.15). The average weighted T-bills yield increased to 9.704 percent from 9.459 percent, depicting a 2.6 percent annual growth (Table 4.15). The highest yield (10.354 percent) was recorded for 91-day T-bills and the lowest (9.416 percent) for 364-day T-bills.

Table 4.15: Results of Annual Treasury Bills Auction

Particulars	2020/21		2021/22		2022/23		Percentage Change	
	A		B		C		C/A	C/B
Number of Bidders	403.00		586.00		634.00		57.32	8.19
Amount Demanded (Mn.Birr)	284,783.550		599,478.625		595,231.335		109.01	(0.71)
28-day bill	41,148.6		67,664.8		77,059.0		87.27	13.88
91-day bill	136,590.3		187,382.6		138,331.1		1.27	(26.18)
182-day bill	72,176.3		147,606.1		171,949.9		138.24	16.49
364-day bill	34,868.4		196,825.1		207,891.3		496.22	5.62
Amount Supplied (Mn.Birr)	330,673.000		858,468.750		1,278,068.290		286.51	48.88
28-day bill	30,230.0		72,805.0		171,030.0		465.76	134.92
91-day bill	108,117.0		224,773.8		355,267.6		228.60	58.06
182-day bill	132,476.0		248,645.6		383,427.1		189.43	54.21
364-day bill	59,850.0		312,244.4		368,343.6		515.44	17.97
Amount Sold (Mn.Birr)	238,799.550		582,268.625		576,081.340		141.24	(1.06)
Banks	97,130.4		384,032.3		268,255.1		176.18	(30.15)
Non-Banks	141,669.1		198,236.3		307,826.2		117.29	55.28
Redemption (Mn.Birr)	139,351.600		385,308.990		553,781.400		297.40	43.72
Banks	58,207.9		245,890.0		317,819.3		446.01	29.25
Non-Banks	81,143.7		139,419.0		235,962.1		190.80	69.25
Net Amount (Mn.Birr)	99,447.95		196,959.64		22,299.94		(77.58)	(88.68)
Banks	38,922.6		138,142.3		-49,564.2		(227.34)	(135.88)
Non-Banks	60,525.400		58,817.350		71,864.175		18.73	22.18
Average Weighted Price for Successful bids(Birr)	96.370		95.953		95.914		(0.47)	(0.04)
28-day bill	99.479		99.342		99.272		(0.21)	(0.07)
91-day bill	97.973		97.465		97.484		(0.50)	0.02
182-day bill	96.292		95.493		95.486		(0.84)	(0.01)
364-day bill	91.737		91.510		91.416		(0.35)	(0.10)
Average Weighted Yield for Successful bids (%)	7.970		9.459		9.704		21.76	2.59
28-day bill	6.826		8.634		9.565		40.11	10.78
91-day bill	8.297		10.433		10.354		24.80	(0.76)
182-day bill	7.723		9.466		9.480		22.76	0.16
364-day bill	9.032		9.303		9.416		4.24	1.21
Outstanding bills at the end of period (Mn.Birr.)	120,959.950	Share %	317,169.585	Share %	341,869.525	Share %	182.630	7.788
Banks	55,040.00	45.50	195,432.29	61.62	146,568.05	42.87		25.003
Non-Banks	65,919.95	54.50	121,737.30	38.38	195,301.48	57.13	196.271	60.429
Public Servants Social Security Agency	45,269.95	37.43	84,307.00	26.58	134,327.92	39.29	196.726	59.332
Development Bank of Ethiopia	-	0.00	-	0.00	-	0.00		
Private Organizations' Employees Social Security Agency	20,600.00	17.03	37,330.30	11.77	60,873.56	17.81	195.503	63.067
Other Non-Bank Institutions	50.00	0.04	100.00	0.03	100.00	0.03		-

Source: NBE

Fig.IV.9: Treasury Bills Auction Result



4.5.2 Corporate Bonds Market

Commercial Bank of Ethiopia (CBE) purchased corporate bonds to the tune of Birr 492.4 billion showing a 664.13 percent annual increase. During the same period, corporate bonds valued at Birr 15.6 billion were redeemed, of which Birr 15.6 billion was by Addis Ababa City Administration, Birr 192.2 billion by EEP, 31.4 billion by Railway Corporation and Birr 79.4 million by regional governments (Table 4.16).

Thus, in 2023, outstanding bond held by CBE showed a 12.8 percent annual increase to Birr 567.1 billion. The share of Liability & Asset Management Corporation in outstanding corporate bond was 50.6 percent followed by EEP (41.7 percent) and Addis Ababa City Administration (7.7 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
	2020/21	2021/22	2022/23	B/A
	Actual	A	B	
1. Corporate Bond Purchases by holders	43,768.87	64,444.24	492,436.77	664.13
EEP	19,856.55	40,306.18	250,042.81	520.36
Regional governments	0.00	-	-	-
Development Bank of Ethiopia	0.00	-	-	-
City Government of Addis Ababa	13,587.37	5,000.00	5,000.00	0.0
Railway Corporation	10,324.95	19,138.06	8,603.01	-55.05
Private Sector	-	-	-	-
Liability & Asset Management Corp.	-	-	228,790.95	-
2. Redemption of Bonds by Clients	8,496.49	6,737.54	428,386.57	6,258.2
EEP	1,316.56	3,250.00	192,240.98	5815.1
Regional governments	38.07	177.48	79.39	-55.3
Development Bank of Ethiopia	0.00	-	-	-
City Government of Addis Ababa	7,141.87	3,310.05	15,639.54	372.5
Railway Corporation	-	-	31,365.50	-
Private Sector	-	-	-	-
Liability & Asset Management Corp.	-	-	189,061.16	-
3. Outstanding Bonds by Clients	444,871.73	502,578.44	567,138.25	12.8
EEP	320,885.72	357,941.90	236,542.81	41.7
Regional governments	467.59	290.11	210.72	0.04
Development Bank of Ethiopia	0.00	-	-	-
City Government of Addis Ababa	52,132.19	53,822.14	43,692.22	7.7
Railway Corporation	71,386.23	90,524.29	-	-
Private Sector	-	-	-	-
Liability & Asset Management Corp.	-	-	286,692.50	50.6

Source: Commercial Bank of Ethiopia

4.5.3 Inter-bank Money Market

There has been no interbank money market transaction in 2022/23.



DEVELOPMENTS IN EXTERNAL SECTOR

V. DEVELOPMENTS IN EXTERNAL SECTOR

5.1 Overall Balance of Payments

The overall balance of payments registered USD 752 million in deficit in the 2022/23 compared to USD 2.1 billion deficit a year earlier. This was attributed to lower current account deficit and higher capital account surplus.

The current account deficit narrowed due to decline in merchandise trade deficit and a rise in net surplus of services trade despite decline in net official transfers and net private transfers. As a result, the ratio of current account deficit (including official transfers) to GDP stood at 2.8 percent during the review fiscal year.

On the other hand, capital account surplus increased by 28.7 mainly due to rise in net surplus of official long-term capital (10.6 percent), FDI (3.6 percent) and significant decline in net deficit of other public-sector long-term capital from USD 1 billion to USD 385.1 million (Table 5.1).

Table 5.1: Balance of Payments¹

(In Millions of USD)

S/N	Particulars	2020/21	2021/22 ^R	2022/23 ^P	Percentage Change	
		A	B	C	B/A	C/B
1	Exports, f.o.b.	3,596.6	4,101.5	3,618.5	14.0	-11.8
	Coffee	909.4	1,430.7	1,340.2	57.3	-6.3
	Other	2,687.3	2,670.8	2,278.3	-0.6	-14.7
2	Imports	14,287.9	18,128.0	17,148.5	26.9	-5.4
	Fuel	1,940.8	3,460.4	3,966.5	78.3	14.6
	Cereals	1,336.7	2,179.8	1,038.7	63.1	-52.3
	Aircraft	130.4	140.7	164.0	7.9	16.5
	Imports excl. fuel, cereals, aircraft	10,879.9	12,347.0	11,979.3	13.5	-3.0
3	Trade Balance (1-2)	-10,691.3	-14,026.5	-13,530.0	31.2	-3.5
4	Services, net	13.2	639.2	985.6	4,729.9	54.2
	Non-factor services, net	586.9	1,212.9	1,399.1	106.7	15.4
	Exports of non-factor services	4,894.6	6,349.6	7,174.1	29.7	13.0
	Imports of non-factor services	4,307.7	5,136.8	5,775.0	19.2	12.4
	Income, net	-573.6	-573.7	-413.4	0.0	-27.9
	O/w Gross official int. payment	581.3	579.5	469.3	-0.3	-19.0
	Dividend, net					
5	Private transfers, net	6,118.4	7,106.0	6,797.6	16.1	-4.3
	o/w: Private Individuals	4,931.3	5,251.5	4,647.4	6.5	-11.5
6	Current account balance excluding off. Transfers (3+4+5)	-4559.6	-6,281.3	-5,746.8	37.8	-8.5
7	Official transfers, net	1,368.9	1,136.3	1,093.3	-17.0	-3.8
8	Current account balance including official transfers (6+7)	-3,190.7	-5,145.1	-4,653.5	61.3	-9.6
9	Capital account	3,785.8	2,723.7	3,504.9	-28.1	28.7
	Off. Long-term Cap., net	898.2	450.8	498.8	-49.8	10.6
	Disbursements	1,022.4	793.5	927.3	-22.4	16.9
	Amortization	124.3	342.7	428.5	175.8	25.0
	Other pub. long-term cap.	-885.9	-1,005.9	-385.1	13.5	-61.7
	Private sector, long term	153.4	86.2	101.0	-43.8	17.2
	Foreign Direct Investment(net)	3,955.4	3,307.9	3,428.0	-16.4	3.6
	Short-term Capital	-335.3	-115.3	-137.7	-65.6	19.4
10	Errors and Omissions [11-(9+8)]	-296.4	271.6	396.5		
11	Overall balance (-13)	298.7	-2,149.8	-752.0		
12	Financing (13+16)	-298.7	2,149.8	752.0		
13	Reserves [Increase (-), Decrease (+)] (14+15)	-298.7	2149.8	752.0		
14	Central Bank (NFA)	386.4	1,601.8	887.5		
	Asset	244.0	1370.8	469.2		
	Liabilities	142.4	231.0	418.2		
15	Commercial banks (NFA)	-685.1	548.0	-135.4		
16	Debt Relief					
	Principal					
	Interest					

Source: NBE Staff Compilation

^P2022/23 data are Preliminary

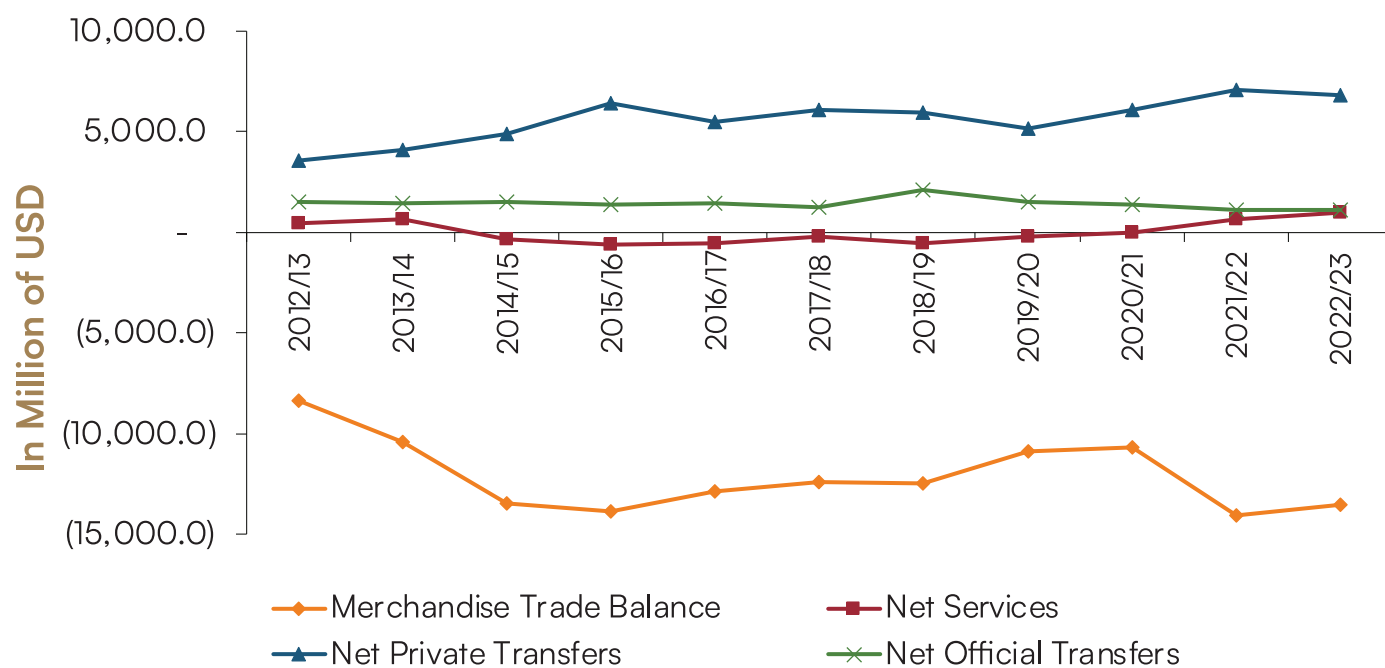
^RSome items are revised

Table 5.2: Components of Current Account as Percentage of GDP

Particulars	2020/21	2021/22	2022/23*	Percentage Change	
	A	B	C	B/A	C/B
Trade Balance	-9.6	-11.1	-8.3	15.1	-25.3
Net Services	0.0	0.5	0.6	-	19.4
Net Private Transfers	5.5	5.6	4.2	1.9	-25.9
Net Official Transfers	1.2	0.9	0.7	-27.1	-25.5
Current Account Deficit (excluding official transfers)	-4.1	-5.0	-3.5	20.9	-29.4
Current Account Deficit (including official transfers)	-2.9	-4.1	-2.8	41.5	-30.2

Source: NBE Staff Compilation
GDP is an estimate

Fig.V.1: Trends in Components of Current Account



Source: NBE Staff Computations

5.2 Developments in Merchandise Trade

5.2.1 Balance of Trade

Merchandise trade deficit narrowed to USD 13.5 billion from USD 14.0 billion a year earlier as the fall in merchandise import bills outweighed the decline in export receipts. Hence, merchandise trade deficit as a ratio of GDP stood at 8.3 percent.

5.2.2 Merchandise Export

Total merchandise export earnings amounted to USD 3.6 billion, showing a 11.8 percent annual decline due to lower receipts from coffee, oilseeds, gold, chat, textile & textile products, leather & leather products, meat & meat products and live-animals. Meanwhile, export receipts from flowers, pulses, fruit & vegetables, electricity and others tended to improve. Export earnings from coffee fell by 6.3 percent due to 20.3 percent decrease in export volume despite 17.5 percent rise in international price. Yet, the share of coffee in total merchandise export earnings went up to 37.0 percent from 34.9 percent a year ago.

Likewise, export revenue from oilseeds declined by 2.9 percent as export volume fell by 12.7 percent in spite of 11.2 percent increase in international price. Nevertheless, the share of oilseeds in total export earnings marginally increased to 7.1 percent from 6.5 percent a year earlier.

Export earnings from gold sharply dropped by 63.9 percent due to the 60.1 percent slowdown in volume and 9.6 percent in international price. Thus, the share of gold in total merchandise export earnings sank to 5.4 percent from 13.2 percent a year ago.

Export earnings from chat fell by 36.8 percent due to 44.4 percent decrease in export volume despite 13.7 percent rise in price. Consequently, the share of chat in total merchandise export stood at 6.8 percent compared with 9.5 percent a year earlier.

Similarly, export earnings from leather & leather products declined by 25.5 percent, owing to 24.3 percent drop in export volume and 1.6 percent in international price. As a result, their share in total merchandise export earnings slightly decreased to 0.7 percent from 0.8 percent.

Similarly, export receipts from meat & meat products went down 25.5 percent over the same period last year, owing to 39.4 percent decrease in export volume whereas international prices rose by 22.9 percent. Hence, the share of meat & meat products in total merchandise export earnings slightly fell to 2.3 percent from 2.7 percent.

Receipts from textiles & textile products were declined by 15.3 percent due to lower export volume (10.9 percent) and international price (4.9 percent). As a result, the share of textiles & textile products in total merchandise export earnings was 4.1 percent compared with 4.3 percent a year ago.

Export earnings from live-animals decreased by 40.1 percent on account of 54.4 percent drop in export volume despite 31.3 percent increase in international price. Thus, the share of live-animals in total merchandise export earnings stood at 0.5 percent.

Proceeds from pulses export increased (48.2 percent) and reached USD 324.5 million due to higher export volume (85.3 percent) despite 20 percent slowdown in price. Hence, the share of pulses in total merchandise export increased to 9.0 percent from 5.3 percent a year ago.

Similarly, flower export earnings went up by 4.8 percent year-on-year owing to a 6 percent rise in international price although export volume declined by 1.1 percent. Therefore, the share of flower in total merchandise export earnings improved to 15.7 percent from 13.2 percent in the same period last year.

Revenue from export of fruits & vegetables increased by 5.3 percent due to a 32.3 percent rise in international price despite the 20.4 percent drop in export volume. As a result, the share of fruit & vegetables in total merchandise export receipts stood at 2.6 percent.

Likewise, export earnings from electricity increased 3.2 percent and amounted to USD 96 million, as in export volume rose 5.1 percent while international price decreased by 1.8 percent. Hence, the share of electricity in total merchandise export earnings increased to 2.7 percent from 2.3 percent a year ago.

Similarly, earnings from other export items increased by 24.9 percent and reached USD 222 million.

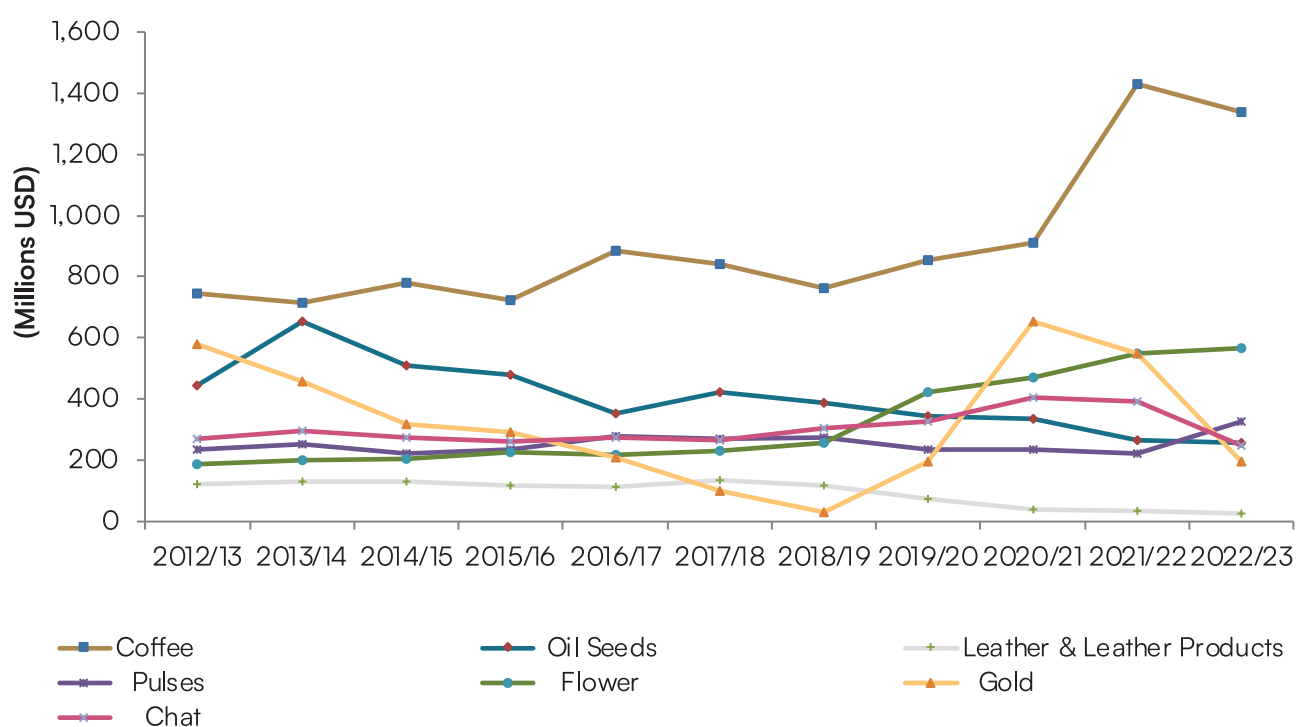
Table 5.3: Values of Major Export Items

(In millions of USD)

Particulars	2020/21		2021/22		2022/23		Percentage Change	
	A	%share	B	%share	C	%share	B/A	C/B
Coffee	909.4	25.3	1,430.7	34.9	1,340.2	37.0	57.3	(6.3)
Oilseeds	335.5	9.3	265.7	6.5	258.0	7.1	(20.8)	(2.9)
Leather and Leather Products	36.5	1.0	33.2	0.8	24.7	0.7	(9.1)	(25.5)
Pulses	233.8	6.5	218.9	5.3	324.5	9.0	(6.4)	48.2
Meat & Meat Products	75.3	2.1	109.6	2.7	81.7	2.3	45.5	(25.5)
Fruits & Vegetables	69.3	1.9	87.8	2.1	92.5	2.6	26.8	5.3
Textile & Textile Prod.	147.1	4.1	175.6	4.3	148.7	4.1	19.4	(15.3)
Live Animals	44.9	1.2	29.2	0.7	17.5	0.5	(35.1)	(40.1)
Chat	402.5	11.2	391.6	9.5	247.5	6.8	(2.7)	(36.8)
Gold	651.6	18.1	546.4	13.3	197.0	5.4	(16.1)	(63.9)
Flower	470.6	13.1	541.6	13.2	567.8	15.7	15.1	4.8
Electricity	90.5	2.5	93.5	2.3	96.0	2.7	3.3	3.2
Others	129.5	3.6	177.7	4.3	222.0	6.1	37.2	24.9
Total Export	3,596.6	100.0	4,101.5	100.0	3,618.5	100.0	14.0	(11.8)

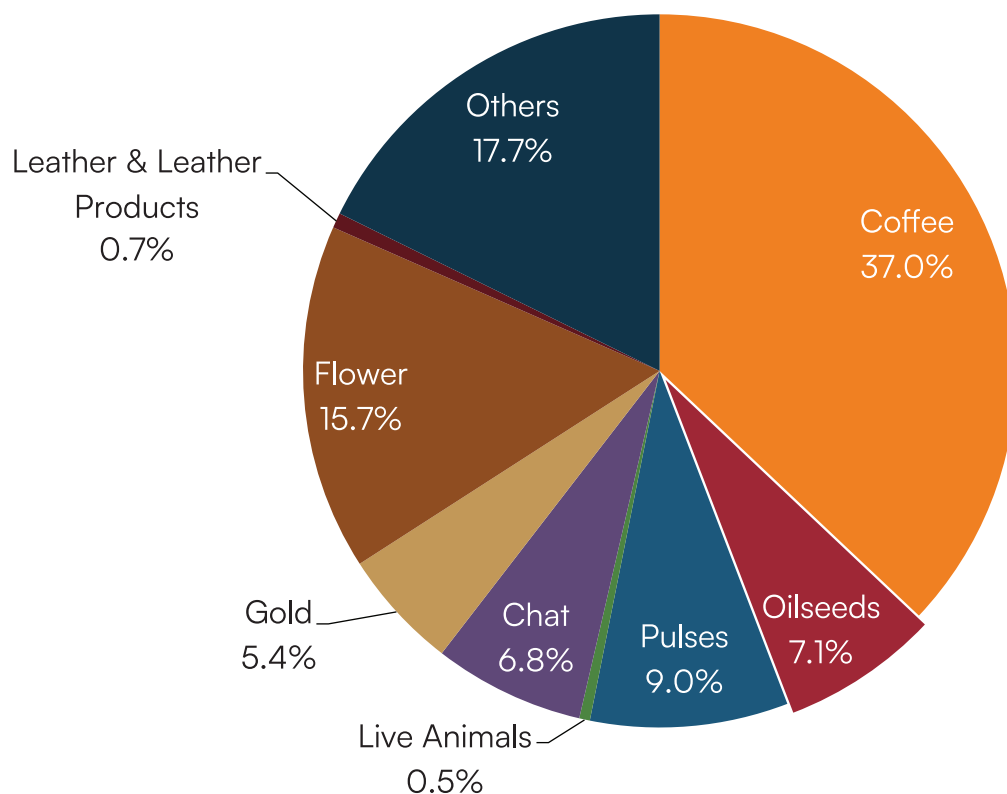
Source: Ethiopian Customs Commission and Ethiopian Electric Power

Fig.V.2: Foreign Exchange Earnings from Selected Export Items



Source: NBE Staff Computation

Fig.V.3: Export Share of Selected Commodities (2022/23)



Source: NBE Staff Computation

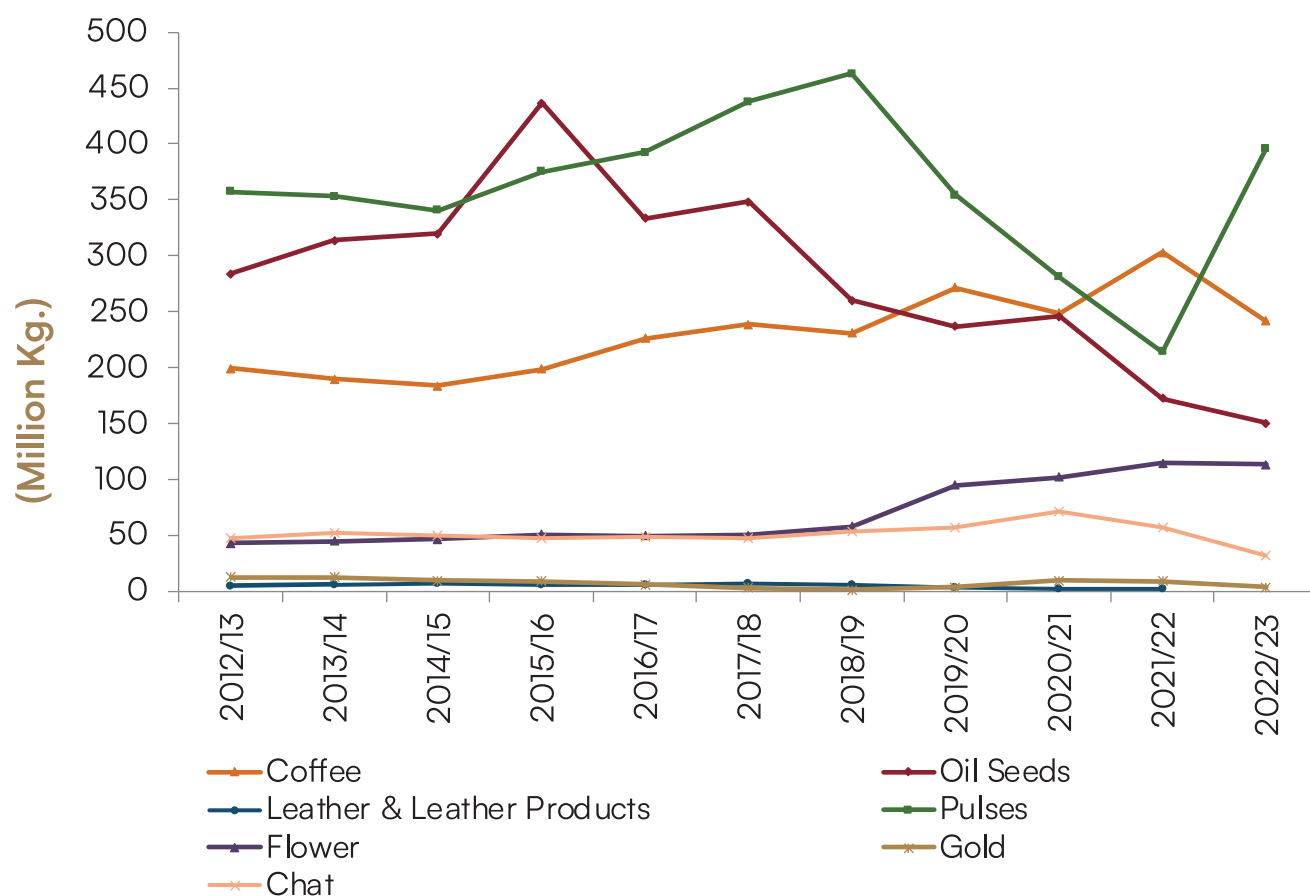
Table 5.4: Volume of Major Exports

(In millions of kg unless stated otherwise)

Particulars	2020/21	2021/22	2022/23	Percentage Change	
	A	B	C	B/A	C/B
Coffee	248.7	303.2	241.7	22.0	(20.3)
Oilseeds	245.5	172.1	150.3	(29.9)	(12.7)
Leather and Leather Products	2.3	2.2	1.7	(2.2)	(24.3)
Pulses	280.6	213.9	396.2	(23.8)	85.3
Meat & Meat Products	14.6	19.0	11.5	29.9	(39.4)
Fruits & Vegetables	221.7	222.7	177.2	0.4	(20.4)
Textile & Textile Prod.	24.0	35.2	31.4	46.5	(10.9)
Live Animals	26.3	17.3	7.9	(34.3)	(54.4)
Chat	71.2	56.3	31.3	(20.9)	(44.4)
Gold(In mn. of grams)	9.2	8.7	3.5	(5.5)	(60.1)
Flower	101.6	114.3	113.0	12.5	(1.1)
Electricity(In mn of kwh)	1,637.2	1,665.2	1,750.0	1.7	5.1

Source: Ethiopian Customs Commission and Ethiopian Electric Power

Fig.V.4: Export Volume of Selected Commodities



Source: NBE Staff Computation

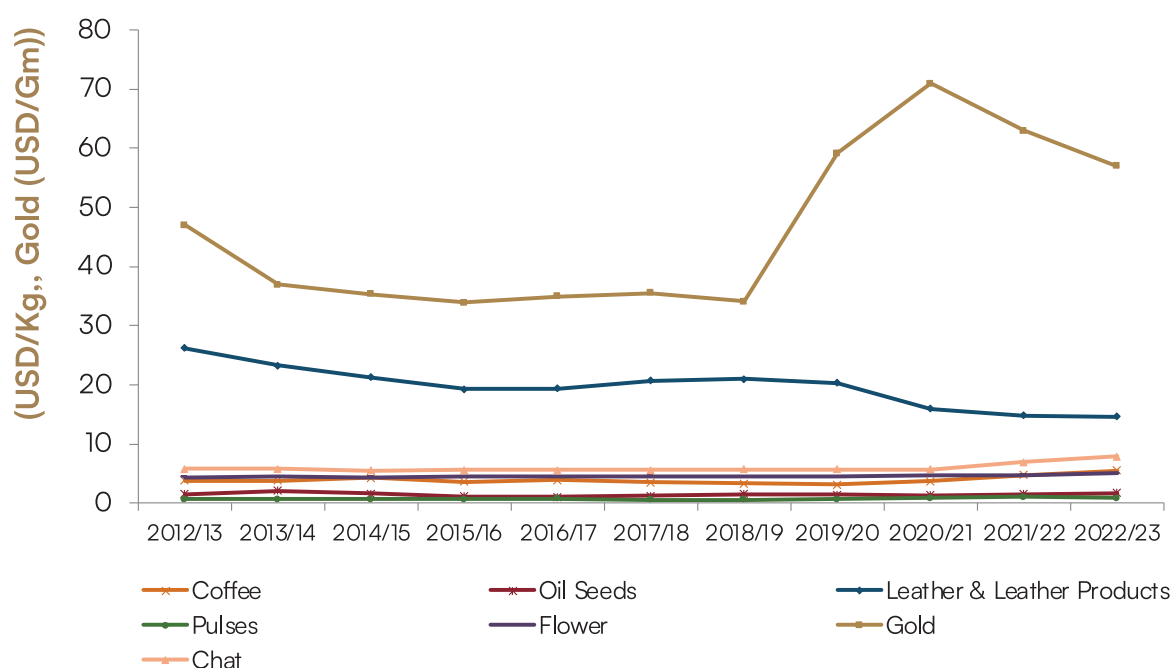
Table 5.5: Unit Value of Major Export Items

(In USD/kg unless stated otherwise)

Particulars	2020/21	2021/22	2022/23	Percentage Change	
	A	B	C	B/A	C/B
Coffee	3.7	4.7	5.5	29.0	17.5
Oilseeds	1.4	1.5	1.7	12.9	11.2
Leather and Leather Products	15.9	14.8	14.6	(7.0)	(1.6)
Pulses	0.8	1.0	0.8	22.8	(20.0)
Meat & Meat Products	5.1	5.8	7.1	12.0	22.9
Fruits & Vegetables	0.3	0.4	0.5	26.3	32.3
Textile & Textile Prod.	6.1	5.0	4.7	(18.5)	(4.9)
Live Animals	1.7	1.7	2.2	(1.3)	31.3
Chat	5.7	7.0	7.9	23.0	13.7
Gold (USD/grams)	70.9	63.0	56.9	(11.2)	(9.6)
Flower	4.6	4.7	5.0	2.3	6.0
Electricity (USD/kwh)	0.1	0.1	0.1	1.5	(1.8)

Source: Ethiopian Customs Commission and Ethiopian Electric Power

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



Source: NBE Staff Computation

5.2.3 Import of Goods

Total merchandise import bill reached USD 17.1 billion, depicting a 5.4 percent annual decline due to lower import bill for raw materials, semi-finished goods, consumer goods and miscellaneous goods, while payments for capital goods and fuel increased during the review period. Therefore, import-to-GDP ratio decreased to 10.5 percent from 14.3 percent a year ago.

Consumer goods import amounted to USD 5.9 billion, which was 22.5 percent lower than last year due to the 34.5 percent decline in imports of non-durable goods in despite durable goods in 77.5 percent. As a result, the share of consumer goods in total merchandise import bills fell to 34.4 percent from 42.0 percent last year.

Likewise, semi-finished goods import reached USD 3.3 billion, depicting a 13.1 percent annual drop as import of fertilizer slowed down by 33.5 percent. Hence, the share of semi-finished goods in total merchandise imports stood at 19.0 percent.

Similarly, import bills of raw materials declined by 5.8 percent relative to the preceding year and accounted for 0.6 percent of the total merchandise import bill during the review period.

In contrast, capital goods import grew 25.0 percent as the imports of transport, industrial and agricultural capital goods surged by 122.6 percent, 12.1 percent and 68.2 percent, respectively. Thus, the share of capital goods in total merchandise imports increased to 22.1 percent from 16.8 percent in the preceding year.

Likewise, fuel imports rose by 14.6 percent and reached USD 4.0 billion primarily due to higher (8 percent) international prices despite a 6.1 percent decrease in fuel import volume. Hence, the share of fuel in total merchandise imports increased to 23.1 percent from 19.1 percent a year before (Table 5.6).

Table 5.6: Value of Imports by End Use

(In Millions of USD)

Categories	2020/21		2021/22		2022/23		Percentage change	
	A	% share	B	% share	C	% share	B/A	C/B
Raw Materials	138.9	1.0	114.5	0.6	107.9	0.6	-17.6	-5.8
Semi-finished Goods	2,681.0	18.8	3,748.2	20.7	3,258.2	19.0	39.8	-13.1
Fertilizers	688.6	4.8	1,385.0	7.6	921.0	5.4	101.1	-33.5
Fuel	1,940.8	13.6	3,460.4	19.1	3,966.5	23.1	78.3	14.6
Petroleum Products	1,839.3	12.9	3,362.3	18.5	3,829.4	22.3	82.8	13.9
Others	101.5	0.7	98.1	0.5	137.1	0.8	-3.4	39.8
Capital Goods	3,879.7	27.2	3,038.1	16.8	3,798.0	22.1	-21.7	25.0
Transport	349.9	2.4	327.0	1.8	728.0	4.2	-6.5	122.6
Agricultural	89.5	0.6	55.6	0.3	93.4	0.5	-37.9	68.2
Industrial	3,440.3	24.1	2,655.5	14.6	2,976.6	17.4	-22.8	12.1
Consumer Goods	5,472.4	38.3	7,618.3	42.0	5,904.6	34.4	39.2	-22.5
Durables	803.1	5.6	815.5	4.5	1,447.3	8.4	1.5	77.5
Non-durables	4,669.3	32.7	6,802.8	37.5	4,457.3	26.0	45.7	-34.5
Miscellaneous	175.0	1.2	148.5	0.8	113.3	0.7	-15.2	-23.7
Total Import	14,287.9	100.0	18,128.0	100.0	17,148.5	100.0	26.9	-5.4

Source: Ethiopian Customs Commission and Ethiopian Petroleum Enterprise

5.2.4 Direction of Trade

5.2.4.1 Export of Goods

The major destinations⁷ for Ethiopian merchandise export were Asia, Europe, Africa and America. Asia accounted for 38.8 percent of Ethiopia's total exports. Saudi Arabia was the biggest market for Ethiopia's exports having a 23.1 percent share in total export earnings from Asia, followed by United Arab Emirates (14.2 percent), Israel (8.0 percent), Japan (7.9 percent), South Korea (7.8 percent), India (7.6 percent), China (7.6 percent), Singapore (5.0 percent), Taiwan (2.2 percent) and Indonesia (1.4 percent). These countries in total had a 84.8 percent share in Ethiopia's total exports to Asia.

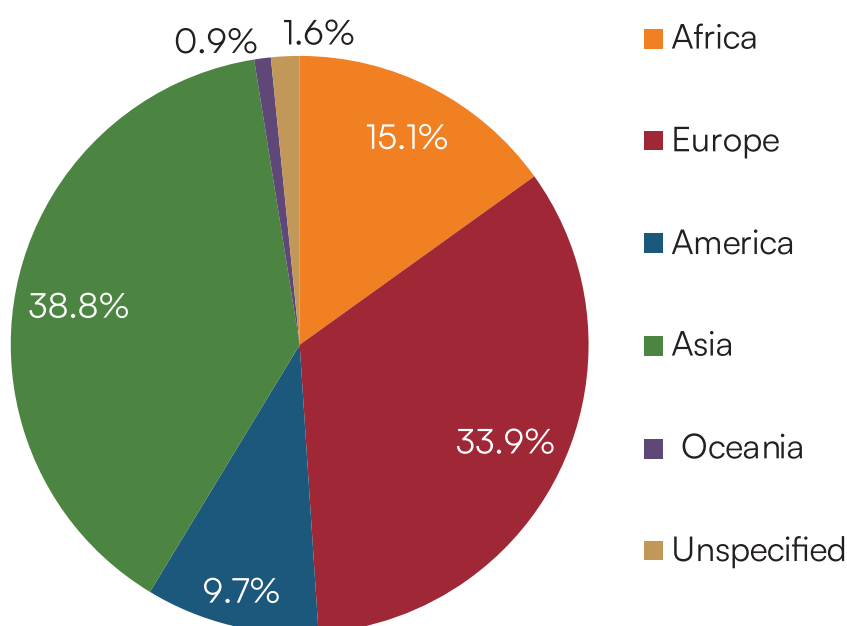
⁷ Wheat & Hilina's enriched foods sells to humanitarian organization operating in Ethiopia is included to export receipts and categorized under unspecified during the FY 2022/23.

About 33.9 percent of Ethiopia's total export revenue originated from Europe with the Netherlands taking a 32.5 percent, followed by Germany (16.6 percent), Switzerland (16.2 percent), Belgium (8.7 percent) and United Kingdom (5.8 percent), Italy (5.7 percent), Turkey (3.2 percent), France (2.9 percent) and Russia (1.4 percent). These countries jointly accounted for 92.9 percent of Ethiopia's total exports to Europe.

Close to 15.1 percent of Ethiopia's export earnings were from Africa, mainly Somalia (31.3 percent), Djibouti (27.7 percent), Sudan (13.8 percent), Kenya (11.3 percent) and South Africa (3.0 percent) which altogether accounted for 87.1 percent of the total exports to Africa.

America accounted for 9.7 percent of Ethiopia's total export earnings, of which 90.1 percent was from exports to the United States and 8.6 percent to Canada. These countries constituted 98.7 percent of Ethiopia's total exports to America.

Fig.V.6: Export by Destination



Source: NBE Staff Compilation

5.2.4.2 Import of Goods

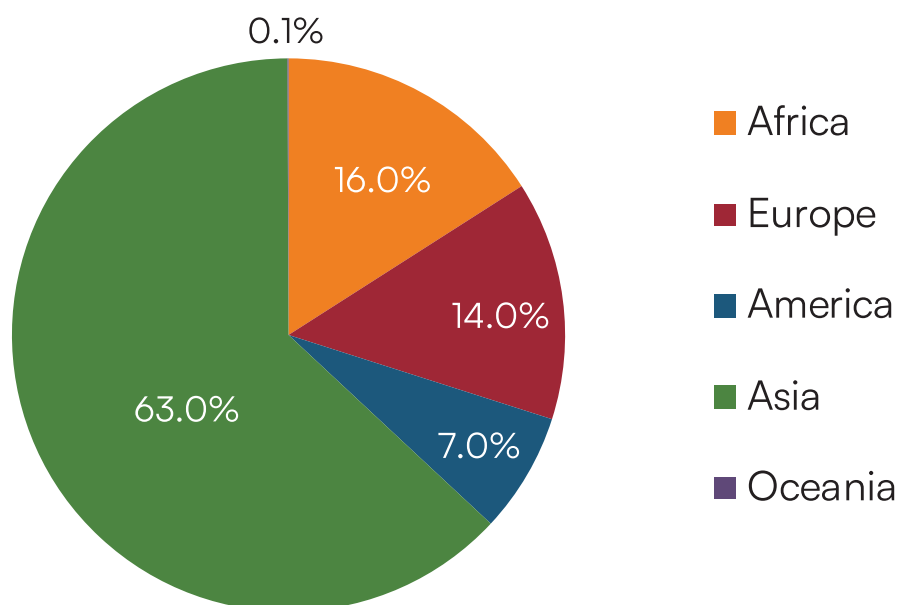
Asia accounted for 63.0 percent of the total imports of Ethiopia in 2022/23. The major imports from Asia included China (33.3 percent), India (17.9 percent), Saudi Arabia (13.5 percent), U.A.E. (13.3 percent), Kuwait (6.1 percent), Malaysia (5.1 percent), Indonesia (2.8 percent), Thailand (1.2 percent), South Korea (1.2 percent) and Japan (0.8 percent). Their combined share stood at 95.3 percent.

The share of Ethiopia's total merchandise imports from Africa was 16.0 percent. The major countries of origin were Egypt (33.7 percent), Morocco (30.1 percent), Djibouti (16.9 percent), South Africa (9.6 percent) and Kenya (4.1 percent), which in total constituted 94.4 percent of the total imports from the continent.

Ethiopia's import from Europe had a 14.0 percent share, with the major trading countries being Turkey (31.5 percent), Ukraine (9.6 percent), Italy (8.6 percent), United Kingdom (8.3 percent), France (7.0 percent), Germany (6.7 percent), Netherlands (4.3 percent), Belgium (4.0 percent), Switzerland (2.7 percent), Spain (2.4 percent) and Ireland (2.2 percent). These countries jointly accounted for 87.4 percent of Ethiopia's total imports from Europe.

Imports from America constituted 7.0 percent of the total import, of which the share of the United States was 88.0 percent, followed by Canada (3.4 percent) and Brazil (2.1 percent).

Fig.V.7: Import by Origin



Source: NBE Staff Compilation

5.3 Services and Transfers

5.3.1 Services

In 2022/23, net services account recorded USD 985.6 million in surplus compared with USD 639.2 million surplus a year ago.

This was attributed to 22.8 percent improvement in surplus of net transport services, net travel (13.3 percent) and government services (12.1 percent) coupled with contraction in deficits of net investment payment (27.9 percent). However, the deficit of net other services increased by 27.6 percent.

Table 5.7: Services Accounts

(In Millions of USD)

No	Particulars	2020/21	2021/22	2022/23	Percentage Change	
		A	B	C	D=B/A	E=C/B
1	Investment Income (2+5)	-573.6	-573.7	-413.4	0.0	-27.9
2	Interest, net (3-4)	-573.5	-573.0	-411.8	-0.1	-28.1
3	Credit	7.8	6.6	57.5	-15.0	771.0
4	Debit	581.3	579.5	469.3	-0.3	-19.0
5	Dividend, net	-0.1	-0.7	-1.6		
6	NON-FACTOR SERVICES, net (7-8)	586.9	1,212.9	1,399.1	106.7	15.4
7	Exports of non-factor services	4,894.6	6,349.6	7,174.1	29.7	13.0
	Travel	1,124.8	1,028.4	1,140.5	-8.6	10.9
	Transport ¹	3,233.9	4,751.2	5,479.2	46.9	15.3
	Gov't ²	184.9	192.4	208.9	4.1	8.6
	Other ³	351.0	377.7	345.4	7.6	-8.5
8	Imports of non-factor services	4,307.7	5,136.8	5,775.0	19.2	12.4
	Travel	437.9	563.5	614.0	28.7	9.0
	Transport ¹	2,497.2	3,648.1	4,124.9	46.1	13.1
	Gov't ²	23.0	6.7	0.8	-71.0	-88.0
	Other ³	1,349.6	918.5	1,035.3	-31.9	12.7
9	Net Services (10+11+12+13+14)	13.2	639.2	985.6	4,729.9	54.2
10	Travel	686.9	464.9	526.5	-32.3	13.3
11	Transport	736.7	1,103.1	1,354.3	49.7	22.8
12	Gov't	161.9	185.7	208.1	14.7	12.1
13	Other	-998.6	-540.8	-689.9	-45.8	27.6
14	Investment Income	-573.6	-573.7	-413.4	0.0	-27.9

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 declined by 4.3 percent and reached USD 7.9 billion in 2022/23 due to the fall in net private transfers (4.3 percent) and net official transfers (3.8 percent).

Receipts from private individual transfers, which comprised 83.8 percent of total transfers, amounted to USD 6.8 billion (declined by 3.9 percent annually). Likewise, net official transfers showed a 3.8 percent slowdown.

Table 5.8: Unrequited Transfers

(In Millions of USD)

S/ N	Particulars	2020/21		2021/22		2022/23		Percentage Change	
		A	% share	B	% share	C	% share	B/A	C/B
1	Private Transfers, net	6,118.4	81.7	7,106.0	86.2	6,797.6	86.1	16.1	-4.3
1.1	Receipts	6,140.0	80.3	7,119.8	83.6	6,839.6	83.8	16.0	-3.9
	NGO's	1,208.6	15.8	1,868.3	21.9	2,192.2	26.9	54.6	17.3
	Cash	715.6	9.4	698.6	8.2	780.3	9.6	-2.4	11.7
	Food	493.1	6.4	1,169.7	13.7	1,411.9	17.3	137.2	20.7
	Other	-		-		-			
	Private Individuals	4,931.3	64.5	5,251.5	61.7	4,647.4	57.0	6.5	-11.5
1.2	Payments	21.5	13.3	13.8	5.1	42.0	15.8	-36.1	204.9
2	Official Transfers, net	1,368.9	18.3	1,136.3	13.8	1,093.3	13.9	-17.0	-3.8
2.1	Receipts	1,509.6	19.7	1,394.5	16.4	1,317.9	16.2	-7.6	-5.5
	Cash	1,509.4	19.7	1,331.7	15.6	1,317.9	16.2	-11.8	-1.0
	Food	-		-		-			
	Other	0.1		62.8		-			
2.2	Payments	140.7	86.7	258.2	94.9	224.6	84.2	83.5	-13.0
	Total Receipts	7,649.6	100.0	8,514.3	100.0	8,157.5	100.0	11.3	-4.2
	Total Payments	162.3	100.0	272.0	100.0	266.5	100.0	67.6	-2.0
3	Net Transfers	7,487.3	100.0	8,242.3	100.0	7,890.9	100.0	10.1	-4.3

Source: National Disaster Risk Management Commission (NDRMC), MoF and NBE

5.4 Current Account

The deficit in the current account balance, including official transfers, narrowed to USD 4.7 billion in 2022/23 from USD 5.1 billion last year due to lower merchandise trade deficit (3.5 percent) and improved net services surplus (54.2 percent). In contrast, there was a decline in net private transfer (4.3 percent) and net official transfers (3.8 percent) (Table 5.1).

5.5 Capital Account

Net capital account, recorded USD 3.5 billion in surplus, which was 28.7 percent higher than that of last year on account of increased net official long term capital (10.6 percent), foreign direct investment (3.6 percent) and private long term capital (17.2 percent) yet net other public sector long term capital had a significant (61.7 percent) deficit. Short term capital outflow rose to USD 137.7 million from USD 115.3 million during the same period (Table 5.1).

5.6 Changes in Reserve Position

Net foreign assets of the banking system recorded a reserve drawdown of USD 752 million. Net foreign assets of the National Bank of Ethiopia depicted a USD 887.5 million decline while net foreign asset of commercial banks recorded a USD 135.4 million build up (Table 5.1).

5.7 External Debt

Ethiopia's external debt stock reached USD 28.1 billion in 2022/23, depicting 0.5 percent annual rise mainly due to an increase in multilateral creditors (3.7 percent) and a decline in bilateral (4.1 percent) and commercial creditors (1.4 percent). Hence, the country's external debt stock to GDP ratio stood at 17.2 percent. Commercial debt a stock reached USD 5.2 billion showing a 1.4 percent annual reduction and it accounted for 18.5 percent of the total debt stock. Of the total debt stock, 54.3 percent was owed to multilateral and the remaining 27.2 percent to bilateral creditors. The country's external debt burden, measured by debt services to export of goods and non-factor services ratio, decreased to 16.4 percent from 20.5 percent a year earlier (Table 5.9).

Table 5.9: External Public Debt

(In Millions of USD)

Particulars	2020/21	2021/22	2022/23	Percentage Change	
	A	B	C	D=B/A	E=C/B
Annual Debt	3,327.9	1,407.3	1,087.2	-57.7	-22.7
Debt Stock	29,521.8	27,957.4	28,099.5	-5.3	0.5
Multilateral	14,983.1	14,707.6	15,250.8	-1.8	3.7
Bilateral	8,509.7	7,982.4	7,657.1	-6.2	-4.1
Commercial	6,029.0	5,267.4	5,191.6	-12.6	-1.4
Debt Services	1,910.7	2,141.3	1,774.3	12.1	-17.1
Principal repayments	1,413.6	1,644.5	1,354.8	16.3	-17.6
Interest payments	497.1	496.8	419.4	-0.1	-15.6
Debt Stock to GDP Ratio (in %)	26.5	22.1	17.2	-16.9	-22.2
Debt stock to export of goods and non-factor services	3.5	2.7	2.6	-23.1	-2.7
Receipt from Goods & Non-factor Services	8,491.2	10,451.1	10,792.6	23.1	3.3
Debt service ratio (In percent)1/	22.5	20.5	16.4	-8.9	-19.8
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

In 2022/23, weighted average exchange rate of Birr in the inter-bank foreign exchange market reached Birr 53.2830/USD, depicting a 9.7 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 9.9 and 10.1 percent, respectively, with a spread margin of 2.1 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
2020/21	39.0163	12.4	0.0	248.0	0.0
Qtr. I	35.7771	3.1	0.0	62.0	0.0
Qtr. II	37.8663	3.3	0.0	65.0	0.0
Qtr. III	39.8933	3.1	0.0	61.0	0.0
Qtr. IV	42.5284	3.0	0.0	60.0	0.0
2021/22	48.5674	12.6	0.0	252.0	0.0
Qtr. I	44.9109	3.2	0.0	64.0	0.0
Qtr. II	47.6026	3.3	0.0	65.0	0.0
Qtr. III	50.2619	3.1	0.0	61.0	0.0
Qtr. IV	51.4941	3.1	0.0	62.0	0.0
2022/23	53.2830	12.7	0.0	253.0	0.0
Qtr. I	52.3035	3.3	0.0	65.0	0.0
Qtr. II	52.9654	3.3	0.0	65.0	0.0
Qtr. III	53.6179	3.2	0.0	63.0	0.0
Qtr. IV	54.2454	3.0	0.0	60.0	0.0

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

Table 5.11: End Period Mid-Market Rates

(USD per Unit of Foreign Currency)

Currency	2020/21	2021/22	2022/23	Percentage Change	
	A	B	C	B/A	C/B
Pound Sterling	1.3834	1.2161	1.2659	(12.1)	4.1
Swedish Kroner	0.1173	0.0984	0.0926	(16.1)	(5.9)
Djibouti Franc	0.0056	0.0056	0.0056	0.0	(0.2)
Swiss Franc	1.0855	1.0522	1.1176	(3.1)	6.2
Saudi Riyal	0.2666	0.2665	0.2666	(0.0)	0.0
UAE Dirham	0.2722	0.2722	0.2722	(0.0)	0.0
Canadian Dollar	0.8080	0.7775	0.7542	(3.8)	(3.0)
Japanese Yen	0.0090	0.0073	0.0069	(19.0)	(5.4)
Euro	1.1902	1.0527	1.0936	(11.6)	3.9
SDR	1.4286	1.3363	1.3363	(6.5)	0.0

Source: Staff Compilation

Measured at the end-period mid-market exchange rate, the US dollar appreciated against the Swedish Kroner (5.9 percent), Japanese Yen (5.4 percent), Canadian Dollar (3.0 percent) and Djibouti Franc (0.2 percent), whereas it depreciated against Swiss Franc (6.2 percent), Pound Sterling (4.1 percent) and Euro (3.9 percent). Yet, USD remained stable vis-à-vis the SDR, Saudi Riyal and UAE Dirhams (Table 5.11).

Table 5.12: End Period Mid-Market Rates

(Birr per Unit of Foreign Currency)

Currency	2020/21	2021/22	2022/23	Percentage Change	
	A	B	C	B/A	C/B
USD	43.9095	52.2538	54.8673	19.0	5.0
Pound	60.7444	63.5459	69.4565	4.6	9.3
Swedish Kroner	5.1500	5.1426	5.0805	(0.1)	(1.2)
Djibouti Franc	0.2464	0.2932	0.3104	19.0	5.8
Swiss Franc	47.6655	54.9809	61.3180	15.3	11.5
Saudi Riyal	11.7077	13.9258	14.6290	18.9	5.0
UAE Dirhams	11.9531	14.2245	14.9364	19.0	5.0
Canadian Dollar	35.4767	40.6265	41.3812	14.5	1.9
Japanese Yen	0.3971	0.3829	0.3804	(3.6)	(0.7)
Euro	52.2610	55.0076	60.0029	5.3	9.1
SDR	62.7291	69.8267	73.3192	11.3	5.0

Source: Staff Compilation

Likewise, the Birr depreciated against almost all major international currencies, including Swiss Franc (11.5%), Pound Sterling (9.3%), Euro (9.1%), Djibouti Franc (5.8 percent), Saudi Riyal (5.0 percent), SDR (5.0 percent), USD (5.0 percent), UAE Dirham (5.0 percent) and Canadian Dollar (1.9 percent). In contrast, it appreciated against Swedish Kroner (1.2 percent) and Japanese Yen (0.7 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 2012/13 due to higher domestic inflation and strengthening of US dollar. The Birr exchange rate, however, tended to depreciate in real terms during 2017/18, 2019/20 and 2021/22. Specifically, in 2022/23, the Birr showed a marginal appreciation in (2.6 percent) due to higher domestic inflation and appreciation of the Birr vis-à-vis its major trading partner currencies.

Likewise, the nominal effective exchange rate (NEER) of the Birr appreciated by 20.4 percent compared with 3.0 percent depreciation a year earlier (Table 5.13).

Table 5.13: Trends in Real and Nominal Effective Exchange Rates

Fiscal Year	REERI	NEERI	Percentage Change	
			REERI	NEERI
2012/13	140.2	42.0	0.6	-2.7
2013/14	140.8	40.7	0.4	-3.3
2014/15	157.6	42.3	11.9	4.0
2015/16	159.3	41.2	1.1	-2.7
2016/17	171.2	41.8	7.5	1.6
2017/18	164.0	37.2	-4.2	-10.9
2018/19	198.6	42.4	21.1	13.9
2019/20	179.0	38.6	-9.9	-8.9
2020/21	179.5	69.6	0.3	80.1
2021/22	114.1	67.5	-36.5	-3.0
2022/23	117.0	81.3	2.6	20.4

Source: NBE Staff Compilation

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

Where: REERI = Real Effective Exchange Rate Index

NEERI = Nominal Effective Exchange Rate Index

5.8.3 Foreign Exchange Transactions

USD 12.7 million was traded in the inter-bank foreign exchange market in 2022/23 which was 0.4 percent higher than that of last year. All the foreign exchange traded in the inter-bank foreign exchange market was supplied by the National Bank of Ethiopia (Table 5.10).

At the same time, forex bureaus of commercial banks purchased USD 184.0 million from customers which is 9.7 percent lower than a year earlier. However, their foreign exchange sales increased 77.3 percent and reached USD 222.5 million (Table 5.14).

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

(In Millions of USD)

Name of Forex Bureau	2020/21		2021/22		2022/23		Percentage Change	
	A	B	C	D	E	F	G=E/C	H=F/D
	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales
Commercial Bank of Ethiopia	127.2	22.7	136.3	39.0	142.7	127.3	4.7	226.3
Bank of Abyssinia	2.5	9.1	4.1	17.1	1.1	17.8	-72.8	3.8
Dashen Bank	15.0	12.7	14.2	14.8	13.9	17.3	-2.5	17.4
Awash International Bank	3.5	12.9	2.6	15.9	2.2	25.3	-14.7	59.1
Construction & Business Bank	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Wegagen Bank	4.4	2.7	6.7	4.0	1.3	4.9	-80.6	22.1
United Bank	18.9	5.1	4.6	8.0	1.8	3.3	-61.3	-58.5
Development Bank	0.0	0.1	0.0	0.1	0.0	0.1	314.7	-19.1
Nib International Bank	3.0	2.8	11.4	3.1	2.2	3.7	-80.4	19.0
Lion International Bank	4.1	0.3	0.4	0.3	0.7	0.4	68.3	15.4
Oromia International Bank	11.3	2.9	9.9	3.8	11.0	5.4	11.8	42.2
Zemen Bank	0.3	11.7	0.4	4.5	0.3	3.8	-22.7	-16.7
Cooperative Bank of Oromia	0.7	3.8	0.8	5.7	0.5	4.0	-36.9	-30.9
Buna International Bank	1.3	0.5	1.5	1.6	0.4	1.1	-75.5	-31.7
Birhan International Bank	1.3	2.2	2.7	3.1	0.5	3.2	-83.1	4.1
Abay Bank	0.8	0.5	2.1	1.0	0.8	0.9	-63.4	-9.0
Addis International Bank	3.5	0.8	3.6	1.3	2.1	1.2	-41.0	-11.0
Debub Global Bank	3.9	0.8	0.8	0.7	1.1	0.8	33.7	10.4
Enat Bank	0.3	0.8	1.7	1.1	1.0	0.9	-40.4	-18.0
Zamzam Bank	-	-	0.0	0.3	0.0	0.5	-88.0	50.4
Gohe Betoeh Bank	-	-	0.0	0.0	0.0	0.1	673.8	-
Hijra Bank	-	-	0.0	0.0	0.2	0.1	709.9	-
Amhara Bank	-	-	-	-	0.0	0.4	-	-
Tsehay Bank	-	-	-	-	0.0	0.1	-	-
Siinqee Bank	-	-	-	-	0.0	0.0	-	-
Geda Bank	-	-	-	-	0.0	0.0	-	-
Ahadu Bank	-	-	-	-	0.0	0.0	-	-
Tseday Bank	-	-	-	-	0.0	0.0	-	-
Total	202.0	92.4	203.8	125.5	184.0	222.5	-9.7	77.3
Average Exchange Rate	39.0406	39.8005	48.7250	49.6583	53.5595	54.6562	9.9	10.1

Source: Staff Compilation



GENERAL GOVERNMENT FINANCE

VI. GENERAL GOVERNMENT FINANCE

6.1 General

Overall fiscal performance of the general government exhibited a bigger expansion of overall fiscal deficit (including grants). The overall fiscal gap widened from Birr 212.3 billion in 2021/22 to Birr 221.1 billion in 2022/23 and its ratio to GDP was 2.5 percent which was lower than 3.4 percent in 2021/22. Total revenue (including grants) grew by 26.6 percent and its ratio to GDP was 7.9 percent (Table 6.1).

General government expenditure rose by 20.5 percent (Table 6.3). Its ratio to GDP was 10.8 percent (Table 6.1). Public debt to GDP ratio was 39.4 percent and was significantly lower than last year same period (Table 6.1).

Table 6.1: Measuring Fiscal Sustainability

(In Percent)

Fiscal Year	PD/GDP	IP/RR	Debt/GDP	PDebt/GDP	R(Debt)	R(GDP)	Exp/GDP	Rev/GDP	R(OR)
2013/14	-2.6	2.6	28.6	61.0	28.4	21.1	17.5	13.8	17.8
2014/15	-2.5	2.9	31.8	56.6	31.1	16.6	18.6	15.1	27.7
2015/16	-1.9	3.1	31.3	54.7	24.6	18.2	17.4	14.7	23.6
2016/17	-3.3	3.2	34.4	57.7	28.7	17.6	18.0	14.0	11.3
2017/18	-3.0	4.3	35.7	61.2	24.3	21.0	16.1	12.3	5.1
2018/19	-2.5	4.3	35.8	57.8	22.8	23.1	15.4	11.6	15.5
2019/20	-2.5	3.8	34.9	57.2	22.1	25.4	14.2	10.5	13.8
2020/21	-2.8	5.4	34.1	56.8	25.9	29.4	13.8	10.2	25.5
2021/22	-3.4	7.1	31.4	48.5	30.3	41.8	12.7	8.8	21.5
2022/23	-2.5	8.0	27.6	39.4	24.7	41.7	10.8	7.9	26.9

Source: NBE Staff Computation

Footnotes:

PD = Primary Deficit

IP/RR = Share of interest payments in Recurrent revenue

Debt/GDP = Ratio of Domestic Debt to GDP

R(Debt) = Growth rate of Domestic Debt

R(GDP) = Growth rate of GDP at current market price

Exp/GDP = Ratio of General Government Expenditure to GDP

Rev/GDP = Ratio of General Government Revenue to GDP

R(OR) = Growth rate of ordinary Revenue

PDebt/GDP = Ratio of public debt to GDP

6.2 Revenue and Grants

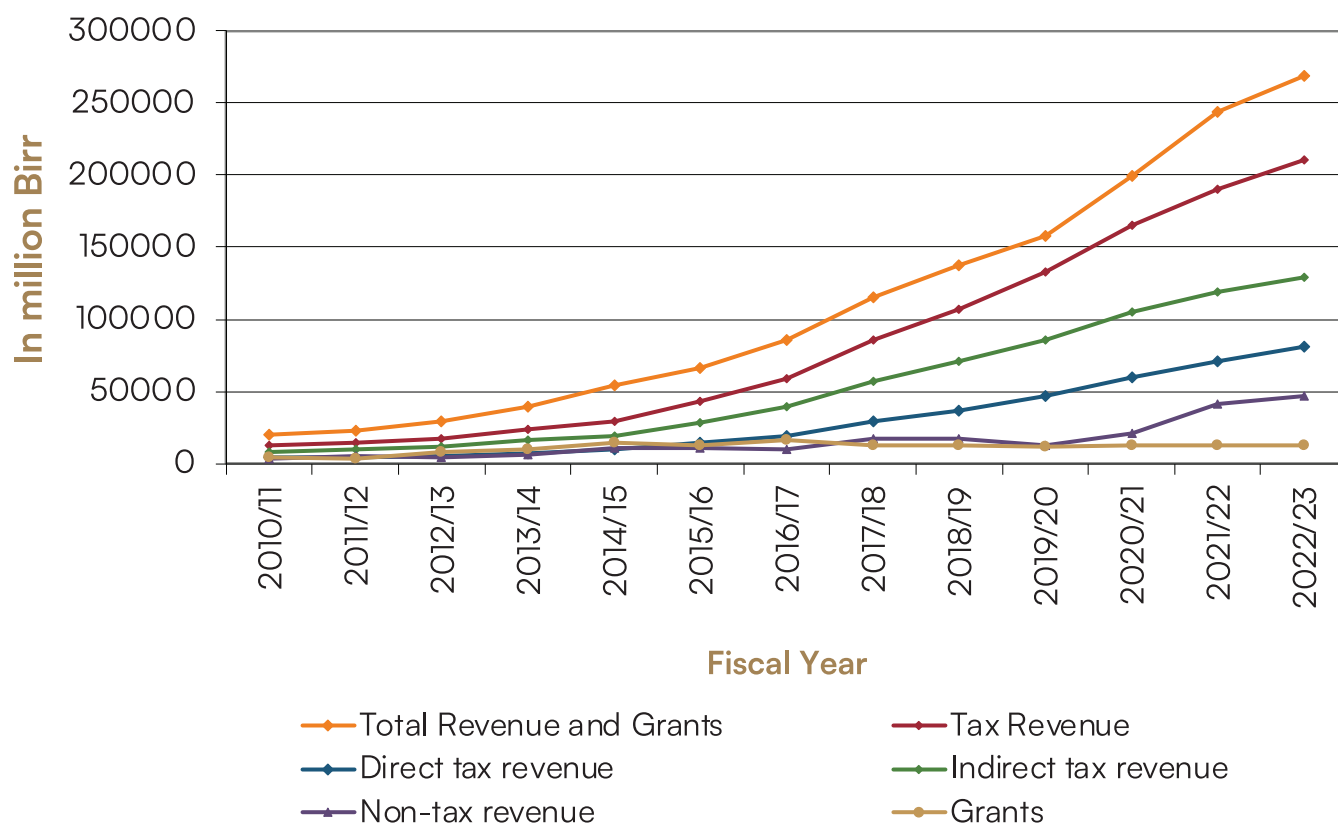
General government revenue (including grants) went up by 26.6 percent on annual basis and reached Birr 717.5 billion in the review year (Table 6.2). General government revenue constituted 7.9 percent of GDP which was lower than 8.8 percent recorded a year ago.

About 86.5 percent of the total domestic revenue was generated from taxes which increased 24.2 percent.

The rise in tax revenue was attributed to improved collection of taxes from direct (22.3 percent) and indirect taxes (25.7 percent). The contribution of direct and indirect taxes to tax revenue has reached 44.5 percent and 55.5 percent, respectively. Non-tax revenue was Birr 92.2 billion and which depicted a 48.1 percent annual increment mainly due to higher sales of goods & services (Table 6.2).

Likewise, grants stood at Birr 32.1 billion which was 20.4 percent higher than a year ago. All in all, total revenue performance (including grants) was 95.5 percent of the total annual budget.

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



Source: NBE Staff Computation

Table 6.2: Summary of General Government Revenue by Component

(In Millions of Birr)

Particulars	2021/22	2022/23		Percentage Change	Performance Rate
	[A]	[B]	[C]	[C/A]	[C/B]
	Pre. Act	Budget	Pre. Act		
Total Revenue and Grants	566,753.6	751,714.2	717,586.7	26.6	95.5
Total Revenue 1/	540,060.5	712,790.2	685,459.1	26.9	96.2
Tax Revenue	477,770.3	614,207.3	593,232.1	24.2	96.6
1. Direct Tax Revenue	215,805.4	267,470.3	263,958.6	22.3	98.7
1.1 Income and Profit Taxes	211,451.6	258,230.6	254,984.3	20.6	98.7
Personal	82,815.4	102,025.3	108,234.1	30.7	106.1
Business	106,806.8	121,930.8	123,422.3	15.6	101.2
Others 2/	21,829.5	34,274.4	23,327.9	6.9	68.1
1.2 Rural Land Use Fee	387.9	921.4	511.6	31.9	55.5
1.3 Urban Land Use Fee	3,965.9	8,318.3	8,462.7	113.4	101.7
2. Indirect Taxes	261,964.9	346,737.0	329,273.4	25.7	95.0
2.1 Domestic Taxes	130,654.9	174,632.1	160,720.8	23.0	92.0
2.2 Foreign Trade Taxes	131,310.0	172,104.9	168,552.6	28.4	97.9
Import	131,310.0	172,104.9	168,552.6	28.4	97.9
Export					
3. Non-Tax Revenue	62,290.2	98,582.9	92,227.1	48.1	93.6
3.1 Charges and Fees	7,166.2	7,334.3	7,148.0	(0.3)	97.5
3.2 Govt. Invt. Income 3/	13,347.2	23,436.4	16,679.0	25.0	71.2
3.3 Reimb. And Property Sales	4,325.6	2,047.3	1,477.5	(65.8)	72.2
3.4 Sales of Goods & Services	8,823.5	14,844.3	12,844.5	45.6	86.5
3.5 Others 4/	28,627.8	50,920.6	54,078.1	88.9	106.2
4. Grants	26,693.1	38,924.0	32,127.6	20.4	82.5

Source: Ministry of Finance and Economic Development

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

Total general government expenditure reached Birr 938.7 billion which exhibited a 20.5 percent annual growth due to higher recurrent and capital expenditures (Table 6.3).

Recurrent expenditure at Birr 582.8 billion showed a 12.7 percent year-on-year increase and its share in total expenditure stood at 62.0 percent with a 98.7 percent performance against the annual budget.

At the same time, capital expenditure stood at Birr 355.9 billion depicting a 35.8 percent annual growth. Its performance was 90.6 percent of annual budget.

In summary, total general government expenditure performance was 95.5 percent of the annual budget plan.

Table 6.3: Summary of General Government Expenditure

(In Millions of Birr)

Particulars	2021/22	2022/23		Percentage Change	Performance Rate
	[A]	[B]	[C]	[C/A]	[C/B]
	Pre. Act	Budget	Pre. Act		
Total Expenditure	779,099.0	983,116.0	938,771.6	20.5	95.5
1. Current Expenditure	517,043.4	590,289.9	582,854.6	12.7	98.7
General Services	214,473.6	201,880.4	215,850.3	0.6	106.9
Economic Services	50,711.1	60,413.7	55,863.0	10.2	92.5
Social Services	200,594.3	209,493.8	217,279.4	8.3	103.7
Interest and Charges	38,512.8	48,498.8	54,544.0	41.6	112.5
External Assistance ^{1/}					
Social Safety Net					
Others (miscellaneous)	12,751.6	70,003.2	39,317.9	208.3	56.2
2. Capital Expenditure	262,055.7	392,826.1	355,917.0	35.8	90.6
Economic Development	155,288.3	229,935.4	216,131.9	39.2	94.0
Social Development	65,626.6	79,486.0	74,773.2	13.9	94.1
General Development	41,140.7	83,404.7	65,011.8	58.0	77.9
3. Special programs	-			-	-

Source: Ministry of Finance and Economic Development

Note: 1/ Includes mapping, science and technology, public buildings, etc.

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

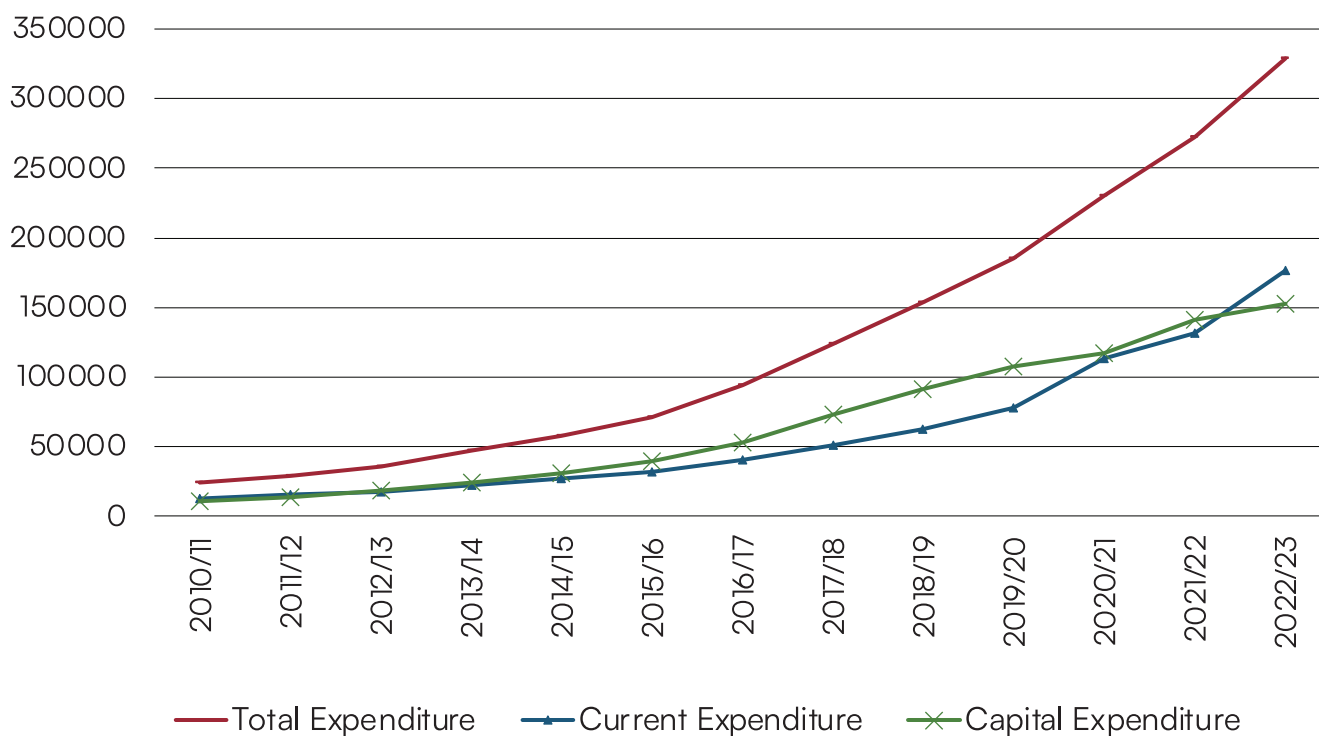
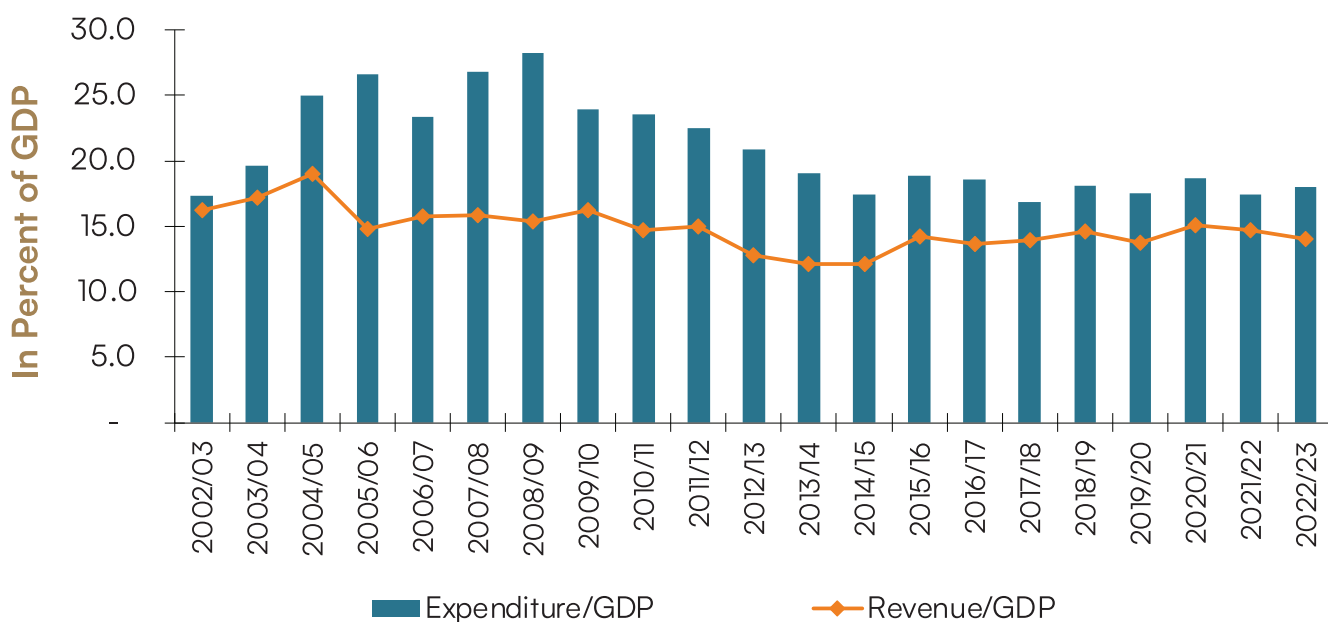


Fig.VI.3: Trends in General Government Expenditure and Revenue (% of GDP)



6.4 Deficit Financing

General government budgetary operations (including grants) resulted in Birr 221.1 billion deficit about 4.2 percent higher than a year earlier. Primary deficit as percentage of GDP was 2.5 percent. The deficit was financed by net domestic and external borrowing.

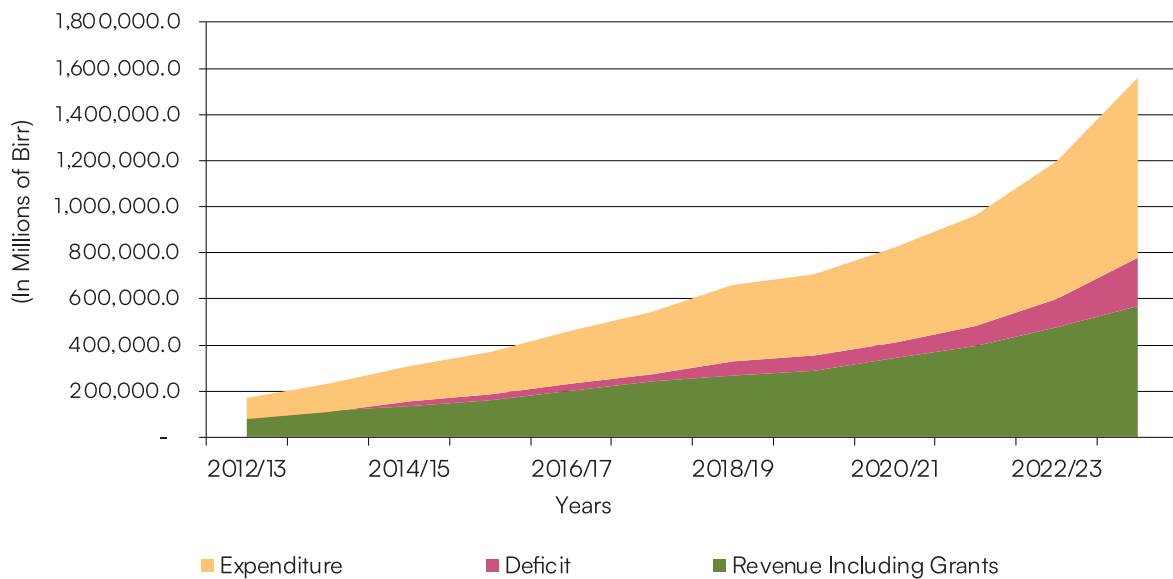
Table 6.4: Summary of General Government Finance

(In Millions of Birr)

Particulars	2021/22	2022/23		Percentage Change	Performance Rate
	[A]	[B]	[C]	[C/A]	[C/B]
	Pre. Act	Budget	Pre. Act		
Total Revenue and Grants	566,753.6	751,714.2	717,586.7	26.6	95.5
Revenue	540,060.5	712,790.2	685,459.1	26.9	96.2
Grants	26,693.1	38,924.0	32,127.6	20.4	82.5
Total Expenditure	779,099.0	983,116.0	938,771.6	20.5	95.5
Current Expenditure	517,043.4	590,289.9	582,854.6	12.7	98.7
Capital Expenditure	262,055.7	392,826.1	355,917.0	35.8	90.6
Special Programs					
Overall Surplus/ Deficit					
(Including Grants)	(212,345.4)	(231,401.8)	(221,184.9)	4.2	95.6
(Excluding Grants)	(239,038.5)	(270,325.8)	(253,312.4)	6.0	93.7
Total Financing	212,345.4	231,401.8	221,184.9	4.2	95.6
Net External Borrowings	3,295.5	6,875.9	28,641.6	769.1	416.5
Gross Borrowing	20,224.4	42,785.5	51,842.7	156.3	121.2
o/w Special Programs					
Amortization Paid	16,928.9	35,909.5	23,201.1	37.1	64.6
HIPC relief & MDRI					
Net Domestic Borrowings	262,431.0	224,525.9	214,243.1	(18.4)	95.4
Banking System	206,613.7		141,728.9	(31.4)	
Non-Banking Systems	55,817.3		72,514.2	29.9	
Privatization Receipts	-		-		
Others and Residuals	(53,381.1)		(21,699.9)	(59.3)	

Source: Ministry of Finance

Fig.VI.4: General Government Deficit Finance of F.Y 2022/23



6.5 General Government Public Debt

Total general government debt reached Birr 3439.2 billion and showed a 15.3 percent annual growth due to an increase in all of its components (Table 6.5). External public debt at Birr 1534.0 billion, increased 5.5 percent over last fiscal year.

Likewise, domestic public debt reached Birr 1909.1 billion depicting 24.5 percent annual increase.

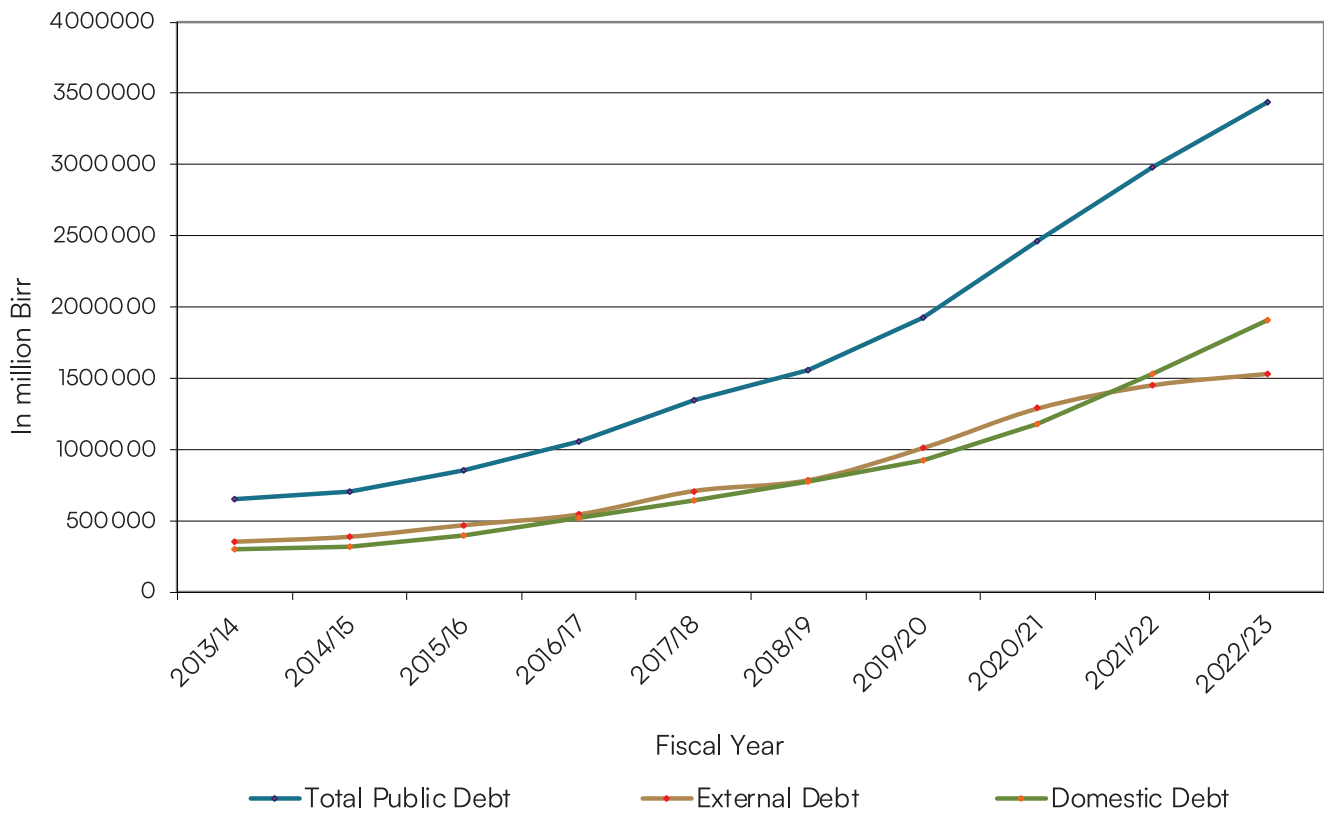
Public debt as percentage of GDP was 39.4 percent compared with 48.5 percent a year ago (Table 6.1).

Table 6.5: Summary of General public debt by components

(In millions of Birr)

Particulars	2021/22	2022/23	%age Change
	[A]	[C]	[C/A]
	Actual	Actual	
Total Public Debt	2,983,687.2	3,439,251.2	15.3
External Debt	1,453,608.9	1,534,072.8	5.5
Domestic Debt	1,530,078.3	1,905,178.4	24.5

Fig.VI.5: General Government Public Debt by Components





INVESTMENT

VII. INVESTMENT

The Ethiopian Investment Agency (EIA) and Regional Investment Offices licensed 104 investment projects worth Birr 62.5 Billion in 2022/23. Though the total investment capital showed a remarkable growth, the number of projects declined (7.1 percent) compared with last year. All the projects, which become operational, were under private ownership.

Of the total investment, 37 projects (35.6 percent) were domestic with an investment capital of Birr 5 billion. Meanwhile, foreign investments constituted 67 projects (64.4 percent) and they had Birr 57.5 billion in investment capital. Thus, a number of foreign investment projects during the review period were 48.9 percent higher than the preceding year. The average capital per project for domestic investment projects was Birr 135.8 million while that of foreign investment projects was Birr 857.7 million, signifying that foreign investment projects were relatively more capital intensive than domestic investment projects.

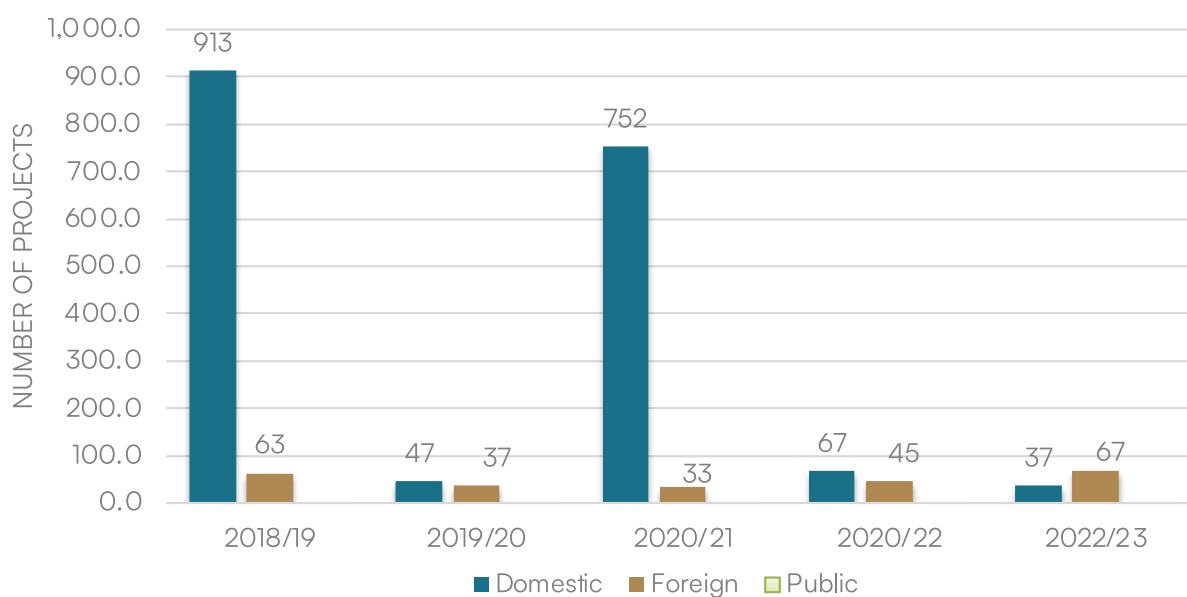
The investment projects approved during the review period are to create job opportunities for 6,849 permanent and 9,431 casual workers (Table 7.2).

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

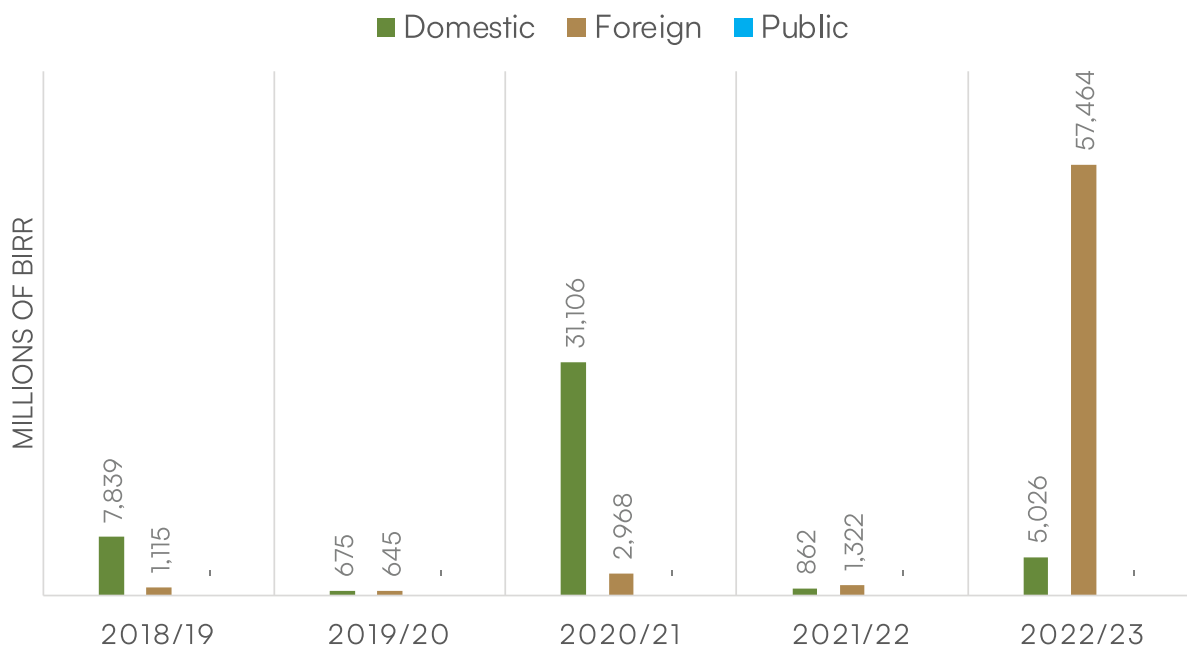
(Capital in Millions of Birr)

		2020/21	2021/22	2022/23		Percentage change	
		A	B	C	Share	C/A	C/B
1. Total Investment	Number	785	112	104	100.0	-86.8	-7.1
	Capital	34,073.4	2,183.8	62,490.0	100.0	83.4	2,761.5
	Permanent Workers	11,768	12,914	6,849	100.0	-41.8	-47.0
	Temporary Workers	6,132	3,452	9,431	100.0	53.8	173.2
1.1. Total Private	Number	785	112	104	100.0	-86.8	-7.1
	Capital	34,073.4	2,183.8	62,490.0	100.0	83.4	2,761.5
	Permanent Workers	11,768	12,914	6,849	100.0	-41.8	-47.0
	Temporary Workers	6,132	3,452	9,431	100.0	53.8	173.2
1.1.1. Domestic	Number	752	67	37	35.6	-95.1	-44.8
	Capital	31,105.6	862.1	5,026.2	8.0	-83.8	483.1
	Permanent Workers	8,578	1,973	915	13.4	-89.3	-53.6
	Temporary Workers	5,013	228	6,619	70.2	32.0	2,803.1
1.1.2. Foreign	Number	33	45	67	64.4	103.0	48.9
	Capital	2,967.7	1,321.8	57,463.7	92.0	1,836.3	4,247.5
	Permanent Workers	3,190	10,941	5,934	86.6	86.0	-45.8
	Temporary Workers	1,119	3,224	2,812	29.8	151.3	-12.8
1.2. Public	Number	-	-	-	-	-	-
	Capital	-	-	-	-	-	-
	Permanent Workers	-	-	-	-	-	-
	Temporary Workers	-	-	-	-	-	-

Source: Ethiopian Investment Agency

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

Source: Ethiopian Investment Agency

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

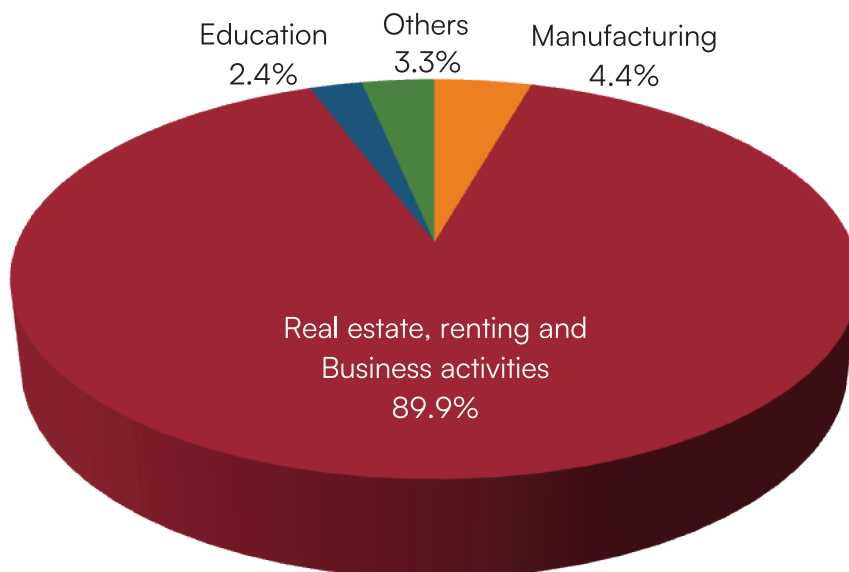
Source: Ethiopian Investment Agency

7.1 Investment by Sector

Of the total number of projects that become operational, about 56.7 percent were in manufacturing, 13.5 percent each in construction and real estate, renting & business activities, 5.7 percent in tour operation, transport and communication, 2.9 percent in health and social work, 1.9 percent in hotels and restaurants, 1 percent each in agriculture, hunting & forestry and education sector, and 3.8 percent in others.

In terms of investment capital, real estate, renting and business activities took the lion's share (89.9 percent) followed by manufacturing (4.4 percent), education (2.4 percent), tour operation, transport and communication (1.8 percent) and others (1.1 percent).

Fig.VII.3: Distribution of Operational Investment capital by Sector in 2022/23



Source: Ethiopian Investment Agency

Others*: Agriculture, hunting and forestry, Hotel and restaurants, Health and social work, Construction and Others

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

(Capital in Millions of Birr)

Sectors	2020/21		2021/22		2022/23		Percentage share	
	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital	No. of Projects	Investment Capital
Manufacturing	242	12,097.0	26	1,308.2	59	2,765.5	56.7	4.4
Agriculture, hunting and forestry	6	114.5	-	-	1	20.0	1.0	0.0
Real estate, renting and Business activities	238	10,426.5	23	130.7	14	56,150.9	13.5	89.9
Hotel and restaurants	18	5,887.4	1	105.4	2	30.4	1.9	0.0
Education	2	13.0	1	20.6	1	1,500.0	1.0	2.4
Health and social work	9	864.1	1	7.0	3	48.7	2.9	0.1
Construction	224	1,799.1	47	482.1	14	118.2	13.5	0.2
Tour operation, transport and communication	34	669.2	8	62.5	6	1,139.5	5.8	1.8
Wholesale, retail trade and repair service	3	381.5	1	1.7	-	-	-	-
Mining and quarrying	-	-	-	-	-	-	-	-
Electricity, gas, steam and water supply	-	-	-	-	-	-	-	-
Others and other community, social and personal service activities	-	-	-	-	-	-	-	-
Others	8	1,816.1	4	65.7	4	716.7	3.8	1.1
Grand Total	785	34,073.4	112	2,183.9	104	62,490.0	100	100

Source: Ethiopian Investment Agency

7.2 Distribution by Region

Recording spatial distribution, out of the 104 projects that went operational in 2022/23, about 35 projects (33.7 percent) having Birr 5 billion capital were located in Addis Ababa and 69 projects (66.3 percent) with Birr 57.5 billion in investment capital were multiregional projects (Table 7.4).

Table 7.4: Number and Capital of Approved Projects by Region

(Capital in Millions of Birr)

Regions	2020/21		2021/22		2022/23		Percentage share to total	
	No. of projects	Investment Capital	No. of projects	Investment Capital	No. of projects	Investment Capital	No. of projects	Investment Capital
Tigray	-	-	-	-	-	-	-	-
Afar	-	-	-	-	-	-	-	-
Amhara	41	285.2	1	1.7	-	-	-	-
Oromia	-	-	-	-	-	-	-	-
Somali	-	-	-	-	-	-	-	-
Benishangul-Gumuz	-	-	-	-	-	-	-	-
SNNPR	-	-	1	105.4	-	-	-	-
Gambella	-	-	-	-	-	-	-	-
Harari	-	-	-	-	-	-	-	-
Addis Ababa	711	30,820.4	64	750.0	35	5,010.3	33.7	8.0
Dire Dawa	-	-	-	-	-	-	-	-
Sidama	-	-	-	-	-	-	-	-
SW Ethiopia	-	-	-	-	-	-	-	-
Multiregional Projects	33	2,967.7	46	1,326.8	69	57,479.7	66.3	92.0
Grand Total	785	34,073.4	112	2,183.8	104	62,490.0	100	100

Source: Ethiopian Investment Agency



INTERNATIONAL DEVELOPMENTS

VIII. INTERNATIONAL DEVELOPMENTS

8.1 International Economic Developments

8.1.1 Overview of the World Economy

Global growth is projected to fall from 3.5 percent in 2022 to 3.0 percent in 2023 on an annual average basis.

For advanced economies, the growth slowdown projected for 2023 remains significant: from 2.7 percent in 2022 to 1.5 percent in 2023. About 93 percent of advanced economies are projected to have lower growth in 2023, and growth in 2024 among this group of economies is projected to remain at 1.4 percent.

On the other hand, in emerging market and developing economies, the growth outlook is broadly stable for 2022 and 2023.

In the United States, growth is projected to slow from 2.1 percent in 2022 to 1.8 percent in 2023, and then slow further to 1.0 percent in 2024.

Growth in the euro area is projected to fall from 3.5 percent in 2022 to 0.9 percent in 2023, before rising to 1.5 percent in 2024. Given stronger services and tourism, growth has been revised upward by 0.4 percentage Point for Italy and by 1.0 percentage point for Spain.

Growth in the United Kingdom is projected to decline from 4.1 percent in 2022 to 0.4 percent in 2023, then to rise to 1.0 percent in 2024, reflecting stronger than expected consumption and investment from the confidence effects of falling energy prices, lower post-Brexit uncertainty, and a resilient financial sector as the March global banking stress dissipates.

Growth in Japan is projected to rise from 1.0 percent in 2022 to 1.4 percent in 2023, reflecting a modest upward revision, buoyed by unexpressed demand and accommodative policies.

Growth in emerging and developing Asia was on track to rise by 4.5 percent in 2022, then to rise to 5.3 percent in 2023. The forecast for China is unchanged at 5.2 percent for 2023.

Growth in the Middle East and Central Asia is projected to decline from 5.4 percent in 2022 to 2.5 percent in 2023. In sub-Saharan Africa, growth is projected to decline to 3.5 percent in 2023. Growth in Nigeria in 2023 is projected to gradually slowdown, reflecting security issues in the oil sector. In South Africa, growth is expected to decline to 0.3 percent in 2023, with the decline reflecting power shortages.

Table 8.1: Overview of World Economic Outlook and Projection

Particulars	(Annual Percentage Change)			
	2021	2022	Projection	
			2023	2024
World Output	6.3	3.5	3.0	3.0
Advanced Economies	5.4	2.7	1.5	1.4
United States	5.9	2.1	1.8	1.0
Euro Area	5.3	3.5	0.9	1.5
Japan	2.2	1.0	1.4	1.0
United Kingdom	7.6	4.1	0.4	1.0
Emerging Market & Developing Economies	6.8	4.0	4.0	4.1
Middle East and Central Asia	4.4	5.4	2.5	3.2
Sub-Saharan Africa	4.7	3.9	3.5	4.1
Nigeria	3.6	3.3	3.2	3.0
South Africa	4.7	1.9	0.3	1.7
World Trade Volume (goods & services)	10.9	5.1	0.9	3.5
Import				
Advanced Economies	10.3	6.7	0.1	3.0
Emerging Market and Developing Economies	11.8	3.2	1.7	4.4
Export				
Advanced Economies	9.8	5.3	1.8	3.1
Emerging Market and Developing Economies	12.8	4.1	-0.1	4.2
Commodity Prices (US dollars)				
Oil	65.9	39.2	-24.1	-5.8
Non- fuel(average based on world commodity import weights)	26.3	7.4	-2.8	-1.0
World Consumer Price	4.7	8.7	6.9	5.8
Advanced Economies	3.1	7.3	4.6	3.0
United Stated	4.7	8.0	4.1	2.8
Euro Area	2.6	8.4	5.6	3.3
Japan	-0.2	2.5	3.2	2.9
Emerging Market & Developing Economies	5.9	9.8	8.5	7.8
China	0.9	1.9	0.7	1.7
Mexico	5.7	7.9	5.5	3.8
Turkey	19.6	72.3	51.2	62.5
Brazil	8.3	9.3	4.7	4.5
Russia	6.7	13.8	5.3	6.3
Sub-Sahara Africa	11.0	14.5	15.8	13.1
Angola	25.8	21.4	13.1	22.3
Nigeria	17.0	18.8	25.1	23.0
Ghana	10.0	31.9	42.2	23.2

Source: IMF, World Economic Outlook, October, 2023

8.1.2 World Trade

Global trade growth is expected to decline from 5.1 percent in 2022 to 0.9 percent in 2023. The decline in 2023 reflects not only the path of global demand, but also shifts in its composition toward domestic services, lagged effects of US dollar appreciation which slows trade owing to the widespread invoicing of products in US dollars and rising trade barriers.

8.1.3 Inflation and Commodity Prices

Global headline inflation is set to fall from 8.7 percent in 2022 to 6.9 percent in 2023 on the back of lower commodity prices, but underlying (core) inflation is likely to decline more slowly.

In the United States, headline consumer price inflation is expected to decrease from 8.0 percent in 2022 to 4.1 percent in 2023.

Likewise, in Euro area headline inflation is expected to decline to 5.6 percent in 2023 from 8.4 percent in 2022.

Headline inflation in Japan forecasted to rise by 3.2 percent in 2023 from 2.5 percent in 2022.

In China inflation is expected to rise by 1.9 in 2022 and increase by 0.7 percent in 2023.

Inflation is expected to rise in 2022 and 2023 in Sub-Saharan Africa, 14.5 percent and 15.8 percent, respectively.

Crude oil prices are projected to fall by about 24.1 percent in 2023 from rise in 2022 by 39.2 percent, while nonfuel commodity prices are expected to rise in 2022 by 7.4 percent and declined by 2.8 in 2023.

8.1.4 Exchange Rate

In foreign exchange markets prevailing on 14 June 2022/23, the euro appreciated in trade-weighted terms. During the review period the nominal effective exchange rate of the euro as measured against the currencies of 41 of the euro area's most important trading partners appreciated by 1.7 percent. In terms of bilateral exchange rate movements against major currencies, the euro appreciated against the US dollar (by 2.0 percent), despite a widening of interest rate differentials, as well as against the Chinese renminbi (by 5.9 percent) and the Japanese yen (by 7.9 percent), while it depreciated against the pound sterling (by 2.7 percent) and the Swiss franc (by 0.7 percent). It also strengthened against the currencies of most major emerging economies in Asia, as well as against the Turkish lira (by 26.7 percent), but weakened against the Brazilian real (by 6.3 percent) and against the currencies of most central and eastern European non-euro area EU Member States.

8.2 Implications of International Economic Developments on the Ethiopia Economy

Despite slowdown, the global economy is estimated to grow in 2022/23 while commodity prices, both oil and non-oil commodities, are expected to increase. These have both positive and negative impact on the economy.

Improvement in the global economy creates demand for Ethiopia's export commodities and increases forex in flows and employment.

Meanwhile, higher oil price increased import payments which in turn results in higher pressure in the country's trade balance.



National Bank of Ethiopia

(Federal Democratic Republic of Ethiopia)

Financial Statements

For the year ended 30 June 2023



National Bank of Ethiopia

Financial Statements

For the year ended 30 June 2023

Contents	Page
Statement of Director's Responsibility	1
Independent Auditor's Report	2 – 8
Statement of Profit or Loss and Other Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 – 108



National Bank of Ethiopia
Annual Financial Statements
For the year ended 30 June 2023

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 2023, 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 9 to 108 were approved by the Governor on behalf of the Board of Directors on 28 March 2025.

Signed on behalf of the Directors

Mamo Esmelealem Mihretu



Date: 28 March 2025

Mamo Esmelealem Mihretu
Governor



(continue)



የኢ.ዲ.ት አገልግሎት

AUDIT SERVICE LLP.

CHARTERED CERTIFIED ACCOUNTANTS

Member firm of Grant Thornton International Ltd

Guinea Conakry Street, Kazanchis District
Grant Thornton Building 4th Floor
P.O.Box 1162, Addis Ababa, Ethiopia
T +251 11 552 5575 /552 2632
F +251 11 552 4855 E info@et-mse.com

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF THE NATIONAL BANK OF ETHIOPIA

Report on the Audit of the Financial Statements

Audit Opinion

We have audited the financial statements of The National Bank of Ethiopia, which comprise the statement of financial position as at 30 June 2023, and the related 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 2023, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard (IFRSs) and the requirement of the Pronouncements on the application of International Accounting Standards (IAS 29), Financial reporting in Hyperinflationary Economies in Ethiopia by the Accounting and Auditing Board of Ethiopia.

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 requirements of the International Ethics Standards Board for Accountants (IESBA), International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Ethiopia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of financial statements in Ethiopia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matter to be communicated in our report.



Key audit matter	How the matter was addressed in the audit								
1. Impairment of financial assets As discussed under Note 9 of the financial statements, the National Bank of Ethiopia extends various loans to private commercial banks, government banks, and the Government of Ethiopia, summarized as follows: <table border="1" data-bbox="103 577 853 734"> <tr> <td>Loan to government banks</td><td>137,758,663,998</td></tr> <tr> <td>Loans to private commercial banks</td><td>15,054,294,232</td></tr> <tr> <td>Due from Government of Ethiopia</td><td>583,119,662,333</td></tr> <tr> <td></td><td>735,932,620,563</td></tr> </table> The Bank assessed these assets for impairment as of 30 June 2023 and 30 June 2022. Given the absence of credit ratings for both private commercial banks and government banks, along with the substantial amount due from the Government, we identified the assessment of impairments for these assets as a key audit matter due to the significant judgments applied by management. Key areas of significant judgment within the Expected Credit Loss (ECL) process included: - Assessing the expected cash flows associated with these instruments. - Evaluating whether an appropriate discount rate was used to calculate the ECL for these assets. - Determining if there was an increased credit risk associated with other issued instruments. The accounting policies, critical estimates and judgments, and impairment allowance are outlined in Notes 3(b), 9, and 28(a) of the financial statements. 	Loan to government banks	137,758,663,998	Loans to private commercial banks	15,054,294,232	Due from Government of Ethiopia	583,119,662,333		735,932,620,563	We conducted the following procedures on the Expected Credit Loss (ECL) for these financial instruments: - We assessed the design and tested the implementation of key controls related to the calculation of impairment losses. - In evaluating the control design, we examined its suitability considering the nature and significance of the risk, the competence and authority of the individuals executing the control, and the frequency and consistency of its application. - We verified the completeness of these financial assets by obtaining confirmations and reconciling the carrying amounts of each asset category to ensure that all related exposures were thoroughly evaluated for impairment. - We consulted with our internal specialist to scrutinize the appropriateness of the discount rate used for calculating the present value of cash flows for the assets, confirming that the rate was suitable. - We questioned management regarding the appropriate staging and the determination of suitable Loss Given Default (LGD) and Probability of Default (PD) for each investment category. We consider that the assumptions made by management are reasonable. - We also reviewed the disclosures to confirm that they complied with IFRS 9 requirements. Based on the procedures conducted, we concluded that the judgments made by the Bank are reasonable and that the related disclosures are appropriate.
Loan to government banks	137,758,663,998								
Loans to private commercial banks	15,054,294,232								
Due from Government of Ethiopia	583,119,662,333								
	735,932,620,563								

Key audit matter	How the matter was addressed in the audit
2. Going concern assessment and negative general reserve balance As disclosed in Note 2(a), the National Bank of Ethiopia reported a negative general reserve balance of Birr 0.986 billion (2022: Birr 2.797 billion deficit). This negative general reserve arose from losses of Birr 1.8 billion during 2022 and Birr 1.4 billion in 2021. The losses were primarily due to: Impairment losses on government and government bank-related securities and loans and advances, Write-downs of gold commodities to net realizable value (NRV) and depreciation of the local currency, leading to significant exchange losses. Despite recording a net operating surplus of Birr 9 billion for the current period and transferring 20% of this balance to the general reserve account, the reserve account still reflects a negative balance of Birr 0.986 billion. The going concern assessment of the bank and negative equity is considered a key audit matter due to the significant risks it poses, impacting: • The Bank's ability to meet its operational and debt obligations as they become due. • The Bank's capacity to fulfil its policy mandates, including maintaining stable rate of price and exchange, to foster a healthy financial system and to undertake such other related activities as are conducive to rapid economic development of Ethiopia. • The Bank's ability to continue operating as a going concern. This situation necessitates careful evaluation and monitoring to address the going concern issues and implications of the negative general reserve balance. 	The National Bank of Ethiopia operates to achieve its policy mandates, which include maintaining price and financial stability. Therefore, the effectiveness of its interventions should always be evaluated based on their success in meeting these mandates. To assess the impact of negative equity on the Bank's operations, we undertook the following procedures: • We engaged with management and those charged with governance regarding their assessment of going concern and their strategies to address the negative reserve position. • We reviewed various policy reforms and interventions initiated by the Board aimed at enhancing the Bank's operations and strengthening the equity position to mitigate loss exposures from these interventions. • We analysed the effects of various policy reforms implemented after the year-end, including the newly enacted proclamation which increases the bank capital and its implications for the Bank's equity and liquidity. • We assessed the impact of the Domestic Gold Purchase Program on the Bank's equity and reserve. • We further examined the associated disclosures. Based on the procedures performed, we determined that the judgments made, and the response strategies employed by the Bank to address the going concern issue and rectify the negative equity position are reasonable. The related disclosures were also found to be appropriate.

Key audit matter	How the matter was addressed in the audit
3. Foreign exchange risk and currency conversion losses As disclosed in Note 8(b), the National Bank of Ethiopia incurred a net foreign exchange losses amounting to ETB 12.2 billion for the year ended 30 June 2023, compared to ETB 12.3 billion in the prior year. These losses are primarily attributable to the on-going devaluation of the Ethiopian Birr and the Bank's high exposure to foreign currency-denominated assets and liabilities, including obligations to international financial institutions and foreign currency reserves. The Bank operates in a macroeconomic context characterized by significant exchange rate volatility, high inflation, and regulatory interventions affecting foreign currency accessibility. In addition, the Government has announced its intention to reform the foreign exchange regime starting in July 2024, which could introduce further volatility and affect the Bank's financial position and results. The accounting treatment of foreign currency transactions and balances is governed by IAS 21 – The Effects of Changes in Foreign Exchange Rates, which requires entities to apply appropriate spot rates at each reporting date and to recognize exchange differences in profit or loss. Given the magnitude of the losses, the sensitivity of the results to currency movements, and the complexity of the underlying exposures, we determined that the assessment of foreign exchange losses constituted a key audit matter. 	To address this matter, we designed and performed audit procedures to evaluate the accuracy, completeness, and compliance of the Bank's accounting for foreign currency transactions, including: Assessing the accounting policies adopted by the Bank for foreign currency translation and ensuring consistency with IAS 21 requirements. Recalculating the exchange differences for a sample of foreign currency balances (assets and liabilities) to test the mathematical accuracy and appropriateness of applied exchange rates. Reviewing year-end conversion rates to ensure they were based on observable and reliable sources, and that consistent methodologies were applied across all instruments. Testing internal controls over the foreign exchange management process, including approval mechanisms, and controls over the recognition of exchange gains or losses. Evaluating post-balance sheet events, including the policy decision on exchange rate reform announced by the Government in July 2024, and assessing the Bank's disclosure regarding the associated uncertainties and potential financial impact. We also reviewed the disclosures provided in the financial statements to ensure they were transparent, complete, and informative regarding the nature and sources of foreign exchange losses. Based on the procedures performed, we considered that the accounting treatment and related disclosures were appropriate, and that the Bank had adequately presented the impact of foreign exchange volatility.

Key audit matter	How the matter was addressed in the audit
4. Classification and valuation of financial instruments As presented in Notes 3(b), 9, 10, and 28 of the financial statements, the Bank holds a significant portfolio of financial instruments, including government securities, loans to commercial banks, investment placements, and deposits. These instruments are measured at amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL) in accordance with IFRS 9 – Financial Instruments. The classification of financial assets under IFRS 9 requires an evaluation of both the business model for managing the instruments and the results of the SPPI test (Solely Payments of Principal and Interest). These assessments involve significant management judgment, particularly for instruments with non-standard features or where the contractual terms are complex or perpetual in nature. In addition, the Bank applies IFRS 13 – Fair Value Measurement for the determination of fair values. For certain instruments, especially those falling into Level 2 (observable inputs other than quoted prices) or Level 3 (unobservable inputs) of the fair value hierarchy, the use of valuation techniques and assumptions becomes critical. These include discount rate selection, expected cash flow modelling, and adjustments for liquidity or credit risk. Due to the subjectivity, complexity, and materiality of these judgments, we considered the classification and valuation of financial instruments to be a key audit matter.	Our audit procedures addressed both the classification criteria and the fair value measurement approaches applied by the Bank: We reviewed the Bank's assessment of its business models, including internal documentation, reporting structures, and evidence supporting whether financial assets were held to collect, to sell, or both. We evaluated the SPPI test outcomes, ensuring that the contractual cash flows of selected instruments represented only principal and interest. For complex instruments (e.g., perpetual advances), we challenged management's assumptions and classifications. We tested the valuation techniques and assumptions used for instruments. This included evaluating the appropriateness of discount rates, cash flow forecasts, and liquidity adjustments. We reconciled fair value disclosures with supporting schedules and assessed compliance with IFRS 7 and IFRS 13, particularly in terms of fair value hierarchy classification and sensitivity disclosures. Based on our work, we found that the classification decisions were supported by documented evidence and that the valuation methodologies were applied consistently and aligned with IFRS requirements.



Other information

The Directors are responsible for the other information. The other information comprises the Report of the Directors and the Annual Report, which is expected to be made available to us after the audit report date. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

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 IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a bases 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.
- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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 Company'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 auditors' report. However, future events or conditions may cause the Company 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 statement represents 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, actions taken to eliminate threats or safeguards applied. 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 year 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 Seid Abdela



Addis Ababa
31 March 2025

National Bank of Ethiopia

Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2023 (In Ethiopian Birr)

		30 June 2023	30 June 2022
	Note		
Interest income	4	22,712,530,273	18,189,401,617
Interest expense	4	(5,342,833,233)	(6,602,487,476)
Net interest income		17,369,697,040	11,586,914,141
Fee and commissions income	5	12,109,205,742	9,437,413,463
Revenue from sale of gold	6	14,098,776,971	22,412,404,942
Other income	7	217,375,911	456,715,700
Net non-interest income		26,425,358,624	32,306,534,105
Net operating income		43,795,055,664	43,893,448,246
Currency costs	8 (a)	(3,816,098,288)	(2,456,268,620)
General and administration costs	8 (b)	(13,221,606,686)	(14,895,446,641)
Salaries and related benefits	8 (c)	(513,580,743)	(421,966,198)
Gold purchase, refinery, and other related costs	8 (d)	(15,522,836,443)	(26,921,025,765)
Impairment losses on financial assets	8(e),9,15	(1,663,471,402)	(1,054,226,975)
Operating surplus/Loss before (un) realised gains / (losses)		9,057,462,102	(1,855,485,953)
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit obligation	25 (b)	(172,418,020)	958,658
Fair value gains/(losses) on monetary gold		-	-
Fair value gains / (losses) on financial assets	10 & 18	1,309,320,567	38,259,168
Other comprehensive income		1,136,902,547	39,217,826
Total comprehensive profit/(loss)		10,194,364,649	(1,816,268,127)

The notes on pages 13 to 108 are an integral part of these financial statements.



National Bank of Ethiopia
Statement of Financial Position
As at 30 June 2023
(In Ethiopian Birr)

		<u>30 June 2023</u>	<u>30 June 2022</u>
Assets	Note		
Balances due from foreign entities - Commercial banks	9 (c)	26,546,453,204	34,377,378,326
Balances due from foreign entities – Central banks	9 (d)	27,228,439,137	41,188,035,227
Cash - foreign currencies	9 (e)	654,953,910	1,019,977,052
Funds held with IMF	9 (f), 18	106,243,555	322,687,964
IMF Quota Subscription	18	21,941,217,675	29,921,124,958
Gold commodity	11	95,104,815	3,019,331,864
Loans to government banks	9 (b)	137,758,663,898	158,362,399,494
Loans to private commercial banks	9 (g)	15,054,294,232	1,368,705,247
Equity Investment	10	913,787,046	388,607,382
Property and equipment	13	1,434,863,480	1,327,277,937
Other assets	15	18,884,556,376	20,585,719,791
Intangible asset	14	1,234,513	2,563,105
Due from Government of Ethiopia	9 (a)	583,119,662,333	370,965,586,883
Right of use asset	16	2,747,351	1,839,882
Total assets		<u>833,742,221,525</u>	<u>662,851,235,112</u>
Liabilities			
Currency in circulation	21	255,855,630,180	209,691,236,124
Deposits due to local financial institutions, government, and government institutions	17	359,930,191,365	252,869,157,723
Due to International Monetary Fund (IMF)	18	90,657,013,578	85,770,695,862
Funds due to international financial institutions	19	9,854,742	2,819,354
Due to other institutions	20	110,269,289,467	105,008,898,212
Due to the Ministry of Finance	24	11,120,875,954	5,374,906,270
Deferred revenue	23 (d)	8,878,846	12,039,039
Lease liability	16	3,090,450	2,116,398
Provisions	22	41,419,704	36,061,905
Employee benefits	25	394,772,324	196,314,922
Other liabilities	26	955,071,700	2,339,251,055
Total Liabilities		<u>829,246,088,310</u>	<u>661,303,496,864</u>
Equity			
Capital	27 (a)	500,000,000	500,000,000
General reserve	27 (b)	(985,668,162)	(2,797,160,582)
Retained earnings	27 (b)	-	-
Fair value reserve	27 (e)	1,595,611,321	286,290,754
Defined benefit reserve	25 / 27 (f)	(119,382,448)	53,035,572
International reserve valuation	27 (c)	3,849,198,654	3,849,198,654
Other reserve	27 (g)	(343,626,150)	(343,626,150)
Total equity		<u>4,496,133,215</u>	<u>1,547,738,248</u>
Total liabilities and equity		<u>833,742,221,525</u>	<u>662,851,235,112</u>

* In order to improve comparability, some of the comparative balances has been re-arranged.
The notes on pages 13 to 108 are an integral part of these financial statements.



National Bank of Ethiopia
Statement of Changes in Equity
For the year ended 30 June 2023
(In Ethiopian Birr)

	Note	Capital	General reserve	Other Reserve	International reserve valuation	Retained earnings	Defined benefit reserve	Fair value reserve	Total Equity
Balance as of 1 July 2021		500,000,000	(941,674,629)	(343,626,150)	3,849,198,654	-	52,076,914	248,031,586	3,364,006,375
Total comprehensive income:									
Profit/Loss for the year	27 (d)	-	-	-	-	(1,855,485,953)	-	-	(1,855,485,953)
Other comprehensive income	27 (f)	-	-	-	-	-	958,658	38,259,168	39,217,826
Total comprehensive income		-	-	-	-	(1,855,485,953)	958,658	38,259,168	(1,816,268,127)
Transactions with owners of the Bank:									
Transfer to / (from) General reserve	27 (b)	-	(1,855,485,953)	-	-	1,855,485,953	-	-	-
Transfer to MOF	24/27 (d)	-	-	-	-	-	-	-	-
Balance as at 30 June 2022		(500,000,000)	(2,797,160,582)	(343,626,150)	3,849,198,654	-	53,035,572	286,290,754	1,547,738,248
Total comprehensive income:									
Profit for the year	27 (d)	-	-	-	-	9,057,462,102	-	-	9,057,462,102
Other comprehensive income	27 (f)	-	-	-	-	-	(172,418,020)	1,309,320,567	1,136,902,547
Total comprehensive income		-	-	-	-	9,057,462,102	(172,418,020)	1,309,320,567	10,194,364,649
Transactions with owners of the Bank:									
Transfer to / (from) Other reserve	27 (b)	-	1,811,492,420	-	-	(1,811,492,420)	-	-	-
--Transfer to/(from) MOF	24/27 (d)	-	-	-	-	(7,245,969,682)	-	-	(7,245,969,682)
Balance as of 30 June 2023		500,000,000	(985,668,162)	(343,626,150)	3,849,198,654	-	(119,382,448)	1,595,611,321	4,496,133,215

The notes on pages 13 to 108 are an integral part of these financial statements.



National Bank of Ethiopia
Statement of Cash Flows
For the year ended 30 June 2023
(In Ethiopian Birr)

	Note	30 June 2023	30 June 2022
Cash flows from operating activities:			
Operating surplus/Loss for the year		9,057,462,102	(1,855,485,953)
Impairment of loans and advances	8(e), 9, 15	1,663,471,402	1,054,226,975
Depreciation and amortization	13, 14	94,918,477	96,737,619
Net interest income	4	(17,369,697,040)	(11,586,914,141)
Dividend income	7	(18,430,518)	(13,629,225)
Interest paid on lease obligation	16	140,956	127,467
Loss/ (Gain) on disposal of property, plant, and equipment	13	47,310	(19,615)
Loss on inventory write down	11	34,046,877	833,898,065
Losses on currency notes in custody	21	60,261,200	1,479,315,632
		(6,477,779,234)	(9,991,743,176)
Changes in working capital:			
Loans to government banks and commercial banks	9 (b, c, g)	2,734,708,450	12,358,195,628
Other assets	15	1,700,978,832	(2,904,525,314)
Deposits due from foreign entities – central banks and commercial banks	9(c,d)	3,922,562,205	(17,330,611,702)
Currency in circulation	21	46,104,132,856	44,502,228,760
Due to International Monetary Fund (IMF)	18	5,780,707,324	21,938,092,672
Due to International financial institutions	19	7,035,388	(4,040,773)
Due to other institutions	20	5,246,854,904	16,699,571,714
Deposits due to local financial institutions, government, and government institutions	17	107,061,033,672	(63,058,237,638)
Gold commodity	11	2,890,180,172	(221,639,390)
Due from Government of Ethiopia	9 (a)	(206,832,576,315)	(75,792,535,445)
Provisions	22	5,357,799	18,913,754
Deferred revenue	23 (d)	(3,160,193)	10,903,484
Employee benefits	25	26,039,382	22,640,717
Other liabilities	26	(1,384,179,355)	391,478,451
Interest income received		28,073,132,486	16,368,701,007
Interest expense paid		(5,242,313,670)	(7,814,950,242)
Net cash provided by operating activities		(16,387,285,297)	(64,807,557,493)
Cash flows from investing activities:			
Disposal of property, plant and equipment		-	1,081,230
Increase of ROU assets	16	(1,305,914)	-
Dividends received		18,430,518	13,629,225
Increase in equity investment & IMF quota*	10	(379,880,714)	(9,514,896)
Acquisition of properties and equipment	13	(200,824,293)	(99,901,460)
Net cash used in investing activities		(563,580,403)	(94,705,901)
Cash flows from financing activities:			
Payments on finance lease obligations	16	833,096	(247,020)
Remittance of annual profits to the Ministry of Finance	24	(1,500,000,000)	-
Net cash from financing activities		(1,499,166,904)	(247,020)
Increase (decrease) in cash and cash equivalents		(18,450,032,604)	(64,902,510,414)
Cash and cash equivalents at beginning of period	9 (f)	53,212,951,683	118,115,462,097
Cash and cash equivalents at end of period	9 (f)	34,762,919,079	53,212,951,683

*Fair value related adjustments of Equity investment and CVA of IMF quota subscription measured through OCI has been excluded from the cash flow statement (as per IAS-7 p.43). For detail refer (note 10).

The notes on pages 13 to 108 are an integral part of these financial statements.



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) Going concern

The National Bank of Ethiopia recorded a net operating loss in 2021 and 2022 F.Y, which resulted in a negative General Reserve balance of Birr 2.8 billion at the end of 30 June 2022. This was largely due to: (1) an impairment loss on government and government bank related securities plus loans and advances, 2) gold commodity inventory write down to the NRV and (3) a depreciation of the local currency which resulted in exchange losses.

In 2023, total net operating income of the Bank increased by 588% to birr 9 billion. This increase in operating income was driven to a large extent by interest earned on loans and advances and deposit investments held abroad, and fees and charges. The bank transfers 20% of its net profit to the general reserve as per the Proclamation No. 591/2008. As of June 30, 2023, the General Reserve account improved by 64.6%, to a negative balance of Birr 986 million.

In the view of the Board of Directors and Management, the Bank will continue to operate as a going concern. A central bank is considered policy solvent when it generates sufficient realized income to cover the costs associated with monetary policy operations. Given the expectation of more favorable macroeconomic conditions, driven by ongoing and wide-ranging policy reforms, the Directors believe there is minimal risk to the Bank’s ability to generate adequate income to sustain its monetary policy operations.

In addition to the anticipated positive impact of macroeconomic conditions on the Bank’s financial position, the Board is taking proactive steps to strengthen its equity position in line with the newly enacted NBE Proclamation No. 1329/2025. These steps include:

- Implementing a recapitalization plan in coordination with the Ministry of Finance and defining the distribution of net profits of the bank to enhance the NBE’s balance sheet, as per Article 8 of NBE Proclamation No. 1329/2025, which establishes the Bank’s total authorized capital to Birr 20 billion and subsequent transfer of the net profit to general reserve until such funds equal to 5% of bank’s monetary liabilities.
- Setting a limit on the financing of the Government of Ethiopia in accordance with Article 27 of Proclamation No. 1329/2025.

Based on the above, the Directors have a reasonable expectation that these measures will support the Bank’s continued operational efficiency and long-term sustainability.

Thus, the financial statements of the Bank have been prepared under the going-concern assumption.



2. Basis of preparation (Continued)

(b) 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”) and National Bank of Ethiopia Establishment (as Amended) Proclamation No. 591/2008.

Pronouncement on the Application of International Accounting standard (IAS 29), Financial Reporting in Hyperinflationary Economies, in Ethiopia by Accounting and Auditing Board of Ethiopia

The Accounting and Auditing Board of Ethiopia is a statutory body established under Ethiopia Council of Ministers Regulation No. **332/2014** basing the financial reporting proclamation **847/2014**, to regulate the accounting profession as well as for issuing a national professional accountancy qualification in Ethiopia. As part of its regulatory functions, it issued a Pronouncement on whether Ethiopia is a hyperinflationary economy for the year ended 30 June 2023. The statutory body concluded that, Ethiopia is not operating in a hyperinflationary economy. The requirements of IAS 29 are therefore deemed not applicable in the recognition, measurement, presentation, and disclosures in the financial statements for the financial year ended 30 June 2023.

Accounting standards are applied on the assumption that the value of money (the unit of measurement) is Constant over time. However, when the rate of inflation is no longer negligible, a number of issues arise impacting the true and fair nature of the accounts of entities that prepare their financial statement on historical cost basis. To address such concerns International Accounting Standards Board has issued IAS 29, Financial Reporting in Hyperinflationary Economies. However, IAS 29 does not establish an absolute inflation rate at which an economy is considered hyperinflationary. Instead, it considers a variety of non-exhaustive factors to determine the existence of hyperinflation. The indicators stated under paragraph 3 of the standard include, but are not limited to, the following:

- a. The general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power;
- b. The general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;
- c. Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
- d. Interest rates, wages, and prices are linked to a price index; and
- e. The cumulative inflation rate over three years is approaching, or exceeds, 100%.



2. Basis of preparation (Continued)

(b) Statement of compliance (continued)

Given most of the criteria (a-e) stated above and based on the assessments conducted to check whether Ethiopia is hyperinflationary economy or not, the Accounting and Auditing Board of Ethiopia has concluded that Ethiopia is not a hyperinflationary economy in the year ended 30 June 2022 and 2023. Therefore, the requirements of IAS 29 are not applicable for financial reporting for the year ended 30 June 2023.

On 28 March, 2025, the Governor authorized the issuance of the accompanying financial statements.

(c) 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.

(d) 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.

(e) 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;



2. Basis of preparation (Continued)

(e) Use of judgments and estimates (Continued)

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 2023 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.



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 balances 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



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



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.



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.

Assessments 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.
-



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.



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.



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 Other 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.



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(g))	Amortised cost
Loans to employees (Note 15(a))	Amortised cost
Equity Investment and IMF Quota Subscription (Note 10 & 18)	Fair value through OCI

Financial liabilities	Measurement criteria
Deposits from banks and government (Note 17)	Amortised cost
Due to International Monetary Fund (IMF) (Note 18)	Amortised cost
Due to international financial institutions (Note 19)	Amortised cost
Due to other institutions (Note 20)	Amortised cost
Currency in circulation (Note 21)	Fair value



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.



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.



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.



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.



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 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:



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.



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.



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 licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized 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 amortized 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 amortized 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



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.



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 realizable 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 realizable 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.



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.



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.



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.



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.



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 03 October 2044 and 08 October 2047; and
- Non-interest bearing bond that is expected to mature in 2034.

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.



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

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.

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).



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 and interpretations in issue but not yet effective during the period ended 30 June 2023*

A number of new standards, amendments to standard and interpretations are not yet effective for the period ended 30 June 2023 and have not been applied in preparing these financial statements. These are summarized as follows:

Standards / Interpretations	Effective for annual periods beginning on or after
- Insurance Contracts (IFRS 17)	1 July 2023
- Insurance Contracts (IFRS 17 amendments)	1 July 2023
- Classification of liabilities as current or non-current (IAS 1 amendment)	1 July 2023
- Definition of Accounting Estimates (IAS 8 amendment)	1 July 2023
- Disclosure Initiative: Accounting Policies (IAS 1 and IFRS Practice Statement 2 amendment)	1 July 2023
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (IAS 12 amendment)	1 July 2023
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (IFRS 10 and IAS 28 amendment)	Deferred indefinitely by amendments made in December 2015

IFRS 17 (Insurance Contracts) & IFRS 17 amendments (Insurance Contracts), Deferred Tax Related to Assets & Liabilities Arising from a Single Transaction (IAS 12 amendment), and Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (IFRS 10 and IAS 28 amendment) are not applicable to the bank and will therefore have no impact on future financial statements.



3. Significant accounting policies (continued)

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

(i) New and amended standards and interpretations in issue but not yet effective during the period ended 30 June 2023 (continued)

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

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 Bank will make an assessment of the impact of this adoption.

Definition of accounting estimates (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
- Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.



3. Significant accounting policies (continued)

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

(i) New and amended standards and interpretations in issue but not yet effective during the period ended 30 June 2022 (continued)

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 July 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Bank will make an assessment of the impact of this adoption.

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Making information in financial statements more relevant and less cluttered has been one of the key focus areas for the International Accounting Standards Board (the Board).

The Board has issued amendments to IAS 1 *Presentation of Financial Statements* and an update to IFRS Practice Statement 2 *Making Materiality Judgements* to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed;
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

The amendments are effective from 1 July 2023 but may be applied earlier.

The Bank will make an assessment of the impact of this adoption.



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

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 2023	For year ended 30 June 2022
<i>Interest income</i>		
Advance to Central Treasury	2,524,931,507	3,688,232,876
Priority sector loans	1,732,388,883	1,918,518,937
DBE Special bond	150,200,910	-
Foreign time deposits	1,576,532,772	233,608,065
Call and ordinary accounts	652,936,705	41,603,941
Foreign securities	178,060,371	22,227,993
Advance to domestic banks	8,451,943,217	8,291,099,148
Government bonds	7,445,535,908	3,994,110,657
Total interest income	22,712,530,273	18,189,401,617
<i>Interest expense</i>		
NBE bills to domestic banks ¹	-	950,413,107
Government deposits	970,345,491	1,260,545,139
International Monetary Fund	832,403,625	59,527,204
Correspondent banks	2,947,336	4,399,300
Interest on time deposits	3,292,282,140	4,234,488,695
General Resource Account (GRA) charge on Special Drawing Rights (SDR) Purchase ²	244,854,641	93,114,031
Total interest expense	5,342,833,233	6,602,487,476

¹ The nil balance of interest expense on NBE bills is due to the repeal of NBE Bills Purchase Directive by Directive No. MFA/NBEBILLS/004/2019 issued on November 20, 2019, and the policy direction given by the management to redeem the outstanding bills before maturity. Accordingly, bills that mature between July 2022 to August 2025 were redeemed up to December 2021.

² Refer to Note 18 for details on this disclosure item

5. Fee and commission income

Exchange service commission

	For year ended 30 June 2023	For year ended 30 June 2022
Foreign exchange transfers	2,220,569,449	1,076,674,342
Local banks	7,547,860,796	6,561,148,867
Government and Government institutions	1,488,044,159	1,157,004,244
Exchange service commission	11,256,474,404	8,794,827,453
<i>Service charge commission</i>		
Treasury bills	361,488,339	363,917,891
Other service charges	491,242,999	278,668,119
Service charge commission	852,731,338	642,586,010
Total fee and commission income	12,109,205,742	9,437,413,463



6. Revenue from sale of gold *

	For year ended 30 June 2023	For year ended 30 June 2022
Local sales	17,040,298	45,801,730
Foreign sales	14,081,736,673	22,366,603,212
	14,098,776,971	22,412,404,942

* Revenue from sale of gold was less than the gold purchase cost due to the increase on premium price which was paid to the suppliers of the gold on the world gold price.

7. Other income

	For year ended 30 June 2023	For year ended 30 June 2022
Dividend income	18,430,518	13,629,225
Postage, telephone and telex refunds	712,521	167,618
License fee*	35,922,676	255,447,683
Sundries	159,150,003	85,079,071
Amortisation of deferred revenue	3,160,193	3,090,613
Grant assistance under the Catastrophe Containment and Relief Trust **	-	48,520,682
Reimbursements From Ministry of Finance - IMF	-	50,780,807
	217,375,911	456,715,700

***License fees:** The Bank is mandated to issue business licenses to financial institutions operating in Ethiopia. The license fees 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.

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



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

8. Operating expenses**a). Currency costs**

	For year ended 30 June 2023	For year ended 30 June 2022
Printing of bank notes	3,684,696,781	1,751,834,143
Minting of coins	131,401,507	704,434,477
Total currency costs	3,816,098,288	2,456,268,620

b). General and administration costs

Depreciation and Amortization	94,122,131	92,215,420
Depreciation – Right of use asset	398,446	153,324
Loss on foreign exchange differences ¹	12,169,582,584	12,312,530,196
Loss on Inventory write down ²	34,046,877	833,898,065
Fuel and lubricants	5,189,185	2,227,997
Membership fees	2,496,244	2,255,176
Travelling and per diem	9,291,531	9,569,387
Stationery and printing	10,264,354	4,447,051
Transportation of currency	36,268,839	21,184,184
Repairs and maintenance costs	65,645,041	53,092,492
Advertisements	2,456,956	1,159,414
Communications	10,648,989	11,121,314
Utilities	5,423,340	3,274,330
Reuters' Service	5,749,878	5,172,634
Insurance	8,789,516	11,407,367
Tuition fees	980,370	1,282,778
Subscriptions	558,193	473,728
Audit fee	1,380,000	5,560,301
Bankers' Club	3,373,698	1,492,633
Uniforms	1,954,555	3,234,048
Entertainment	4,089,809	2,858,248
Board fees	1,458,000	1,404,000
Legal expenses	1,280,205	4,851
Miscellaneous	685,896,746	36,112,071
Losses on currency notes in custody ³	60,261,200	1,479,315,632
Total general and administration expenses	13,221,606,686	14,895,446,641

¹ **Loss 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. Included in the above balance is payment incurred by the bank amounting to Birr 2.3 billion, which represents reimbursement paid by the Bank to settle foreign exchange remittance related claim.

² Loss on Inventory write down arises due to gold purchase cost is less than the NRV as a result of the increase on premium price which was paid to the suppliers of the gold on the world gold price.

³ Losses on currency notes in custody were currency lost during the state of armed unrest in some areas of the country.



8. Operating expenses (continued)

c). Salaries and related benefits

	For year ended 30 June 2023	For year ended 30 June 2022
Staff salaries	264,032,786	225,560,860
Periodic employees' benefits costs	26,039,382	22,640,717
Overtime	7,580,355	19,004,507
Bonus	38,196,259	34,056,318
Medical expenses	27,995,113	22,516,315
Representation allowance	18,024,695	16,226,793
Fuel and transportation allowance	77,502,025	36,372,489
Housing allowance	30,349,700	27,958,427
Salary outsourcing	22,304,937	17,087,761
Accumulated leave expenditure	1,555,491	542,011
Total salaries and related benefits	513,580,743	421,966,198

d). Gold purchase, refinery and other related costs

	For year ended 30 June 2023	For year ended 30 June 2022
Gold purchase costs	15,509,844,931	26,863,393,364
Gold transport and other costs	12,991,512	57,632,401
	15,522,836,443	26,921,025,765

e). Impairment losses on financial instruments

	For year ended 30 June 2023	For year ended 30 June 2022
Balance as at 1 July – Financial assets ¹	(3,110,130,602)	(2,055,654,285)
Balance as at 1 July – Other assets:	(696,402)	(846,557)
Loans to employees ²		
Balance as at 1 July – Other assets: Staff advances ³	(744,516)	(843,703)
Total balance as at 1 July	(3,111,571,520)	(2,057,344,545)
Charged to profit or loss – Financial assets ¹	(1,663,286,819)	(1,054,476,317)
Charged to profit or loss – Other assets:		
Loans to employees ²	(116,955)	150,155
Charged to profit or loss – Other assets: Staff advances ³	(67,628)	99,187
Total charged to profit or loss	(1,663,471,402)	(1,054,226,975)
Total cumulative impairment losses	(4,775,042,922)	(3,111,571,520)



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

¹ Financial 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.

² The bank provides interest free loans to employees. These loans are checked off against the staff payroll. However, in some cases employees may leave the Bank without settling their due loans in full. The Bank therefore assesses each of the cases and provides an impairment loss allowance against the outstanding staff loan balance.

³ The Bank also provides staff advances to employees for field work purpose.

9. Financial assets

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

	30 June 2023	30 June 2022
Due from Government of Ethiopia (a)	586,975,969,831	373,141,034,268
Loans to government banks (b)	138,669,694,348	159,291,081,507
Due from foreign institutions – commercial banks (c)	26,551,779,926	34,383,311,094
Due from foreign institutions – central banks (d)	27,228,439,137	41,188,035,227
Cash - foreign currencies* (e)	654,953,910	1,019,977,052
Funds held with IMF (f)	106,243,555	322,687,964
Loans to private commercial banks (g)	15,055,046,984	1,368,773,686
Total Gross amounts	795,242,127,690	610,714,900,798

	30 June 2023	30 June 2022
Allowance for credit losses		
Due from Government of Ethiopia (a)	(3,856,307,497)	(2,175,447,384)
Loans to government banks (b)	(911,030,450)	(928,682,012)
Due from foreign institutions – commercial banks (c)	(5,326,722)	(5,932,768)
Loans to private commercial banks (g)	(752,752)	(68,438)
Total impairment	(4,773,417,421)	(3,110,130,602)
Financial assets net of allowance for credit losses	790,468,710,269	607,604,770,196

Allowance for credit losses movement		
Balance as at 1 July	(3,110,130,602)	(2,055,654,285)
Charged to profit or loss	(1,663,286,819)	(1,054,476,317)
Balance as at 30 June	(4,773,417,421)	(3,110,130,602)

*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.



9. Financial assets (continued)

(a) Due from Government of Ethiopia

	30 June 2023	30 June 2022
Direct advance ¹	130,000,000,000	159,500,000,000
Non-interest-bearing bond ²	4,378,313,269	4,673,653,659
Interest bearing bonds ³	430,478,888,156	195,130,482,810
IMF Loan to Ministry of finance ⁴	22,118,768,405	13,836,897,798
Less: allowance for credit losses	(3,856,307,497)	(2,175,447,384)
	583,119,662,333	370,965,586,883

¹NBE issues on a regular basis a perpetual direct advance to the government which bears interest at the rate of 2% per annum. Following decision by the Bank's board of directors in October 2022, the bank restructured the direct advance loan balance outstanding as at 07 October 2022 of Birr 236,500,000,000 to a 2% government bond which is payable in thirty equal semiannual installments as from 08 April 2033 which mature on 08 October 2047.

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 03 October 2044 and 2047.

⁴Refer to note 18 for details on RFI loan from IMF to the government.

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

(b) Loans to government banks

	30 June 2023	30 June 2022
Development Bank of Ethiopia priority sector loans ¹	15,233,673,680	45,516,559,475
Commercial Bank of Ethiopia bonds ²	93,163,109,757	113,677,106,538
Commercial Bank of Ethiopia short term loan ³	-	97,415,492
Development Bank of Ethiopia Special Bond ¹	30,272,910,911	-
Less: allowance for credit losses	(911,030,450)	(928,682,012)
	137,758,663,898	158,362,399,494

¹NBE issues loans to DBE for priority sector investment projects and charges interest at the rate of 5%. These loans have loan tenure of 5 years. Birr 30.3 billion which was converted to 12 years special bond on June 05, 2023 following NBE repealed a policy for a DBE priority sectors loan financing. The bond shall bear interest at the rate of 7% per annum which shall be paid semi-annually.



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

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.

³The bank extended one year credit facilities aimed at supporting borrowers from hotel and tourism sectors to cope with the COVID-19 pandemic and attract a 5% interest rate.

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

(c) Due from foreign institutions – commercial banks

	30 June 2023	30 June 2022
Due from foreign institutions – commercial banks	26,551,779,926	34,383,311,094
Less: Impairment	(5,326,722)	(5,932,768)
	26,546,453,204	34,377,378,326

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); Commerz bank AG Frankfurt (Euro & USD); Bank of Tokyo (YEN), Afreximbank(USD) , Eastern and Southern African Trade and Development Bank(USD) 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 & USD); Deutsche Bundesbank (EURO); International Bank of Reconstruction and Development (USD) and Central Bank of The United Arab Emirate (USD & AED).

Balances due from foreign entities – Central banks	27,228,439,137	41,188,035,227
Less: Impairment	-	-
	27,228,439,137	41,188,035,227



9. Financial assets (continued)

(e) Cash - foreign currencies

This relates to cash held by NBE in foreign currency denominations. The foreign currency balances are translated to Ethiopian Birr (ETB) at each reporting date using the mid- rate applicable on that date. As at 30 June 2023, NBE held foreign currency balances worth ETB 654,953,910 (2022: ETB 1,019,977,052).

(f) 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 2023	For year ended 30 June 2022
<i>Cash and cash equivalents comprise:</i>		
Balances due from foreign entities – Commercial banks	26,546,453,204	34,377,378,326
Balances due from foreign entities – Central banks	27,228,439,137	41,188,035,227
Cash - foreign currencies	654,953,910	1,019,977,052
Funds held with IMF	106,243,555	322,687,964
	54,536,089,806	76,908,078,569
Less: Time Deposit with maturity period over three months ¹		
IBRD*	(2,787,002,910)	(7,589,991,712)
Eastern and Southern African Trade and Development Bank (TDB)	(16,701,866,380)	15,842,420,268
Afreximbank	(284,301,437)	262,714,906
	34,762,919,079	53,212,951,683

* IBRD - The International Bank for Reconstruction and Development

¹ The tenure of time deposits with IBRD, Eastern and Southern African Trade & Development Bank, and Afreximbank is one year. The interest rate for IBRD is based on offer acceptance and changed on a quarterly basis and for Afreximbank and TDB it is based on negotiation in accordance with the terms of the deal and fixed annually. The tenure of other time deposits ranges between one to three months.

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

(g) Loans to private commercial banks

In the financial period ended 30 June 2023, NBE extended one-month credit facilities to 16 local commercial Banks worth ETB 86,624,000,000 in total of which ETB 15,055,046,984 was outstanding as at 30 June 2023. The loans are aimed at promoting financial sector stability and temporarily support for the liquidity assistance to banks and attract an 18% interest rate.

These loans are guaranteed by NBE bills and other government securities worth ETB 18,289,955,500



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

10. Equity Investment

The Bank holds the following investments in shares:

	30 June 2023	30 June 2022
African Export-Import Bank	782,539,660	247,399,821
Africa Re-insurance	131,246,386	141,207,561
Local Currency Investment-Ethswitch S.C	1,000	-
	913,787,046	388,607,382

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:

	Amount ETB
Opening balances – 1 July 2021	340,833,318
Fair value adjustments - African Export-Import Bank	(445,454)
Fair value adjustments - Africa Re-insurance	38,704,622
Additional share acquisition by dividend payment (70 shares of African Export-Import Bank)	9,514,896
Closing balances – 30 June 2022	388,607,382
Fair value adjustments - African Export-Import Bank	155,260,124
Fair value adjustments - Africa Re-insurance	(9,961,174)
Local Currency Investment-Ethswitch S.C	1,000
Additional investment (381 share of African Export-Import Bank)	379,879,715
Closing balances – 30 June 2023	913,787,046

The African Export-Import Bank (Afreximbank) is a supranational institution, established on 27 October 1993. The Bank holds an investment in the equity of Afreximbank. Afreximbank is a grouping of regional central banks and financial institutions designed to facilitate intra and extra African trade.

During the year, the Bank acquired 381 shares from Afreximbank (the acquisition of 368 additional shares at a concessional price of US\$18,510.53 per share following General Capital Increase offer by Afreximbank in December 2022 and 13 shares were bought using the 2021 dividend proceeds). The total holding in Afreximbank increased from 381 shares in 2022 to 762 shares in 2023, representing 0.35% of the total holdings.

The African Reinsurance Corporation (Africa Re) is the leading pan-African reinsurance company and the largest reinsurer in Africa in terms of net reinsurance written premiums.

As of 2023, the Bank's equity interest in African Reinsurance Corporation amounted to 9,200 shares with a nominal value of \$100 per share, representing 0.32% of the total holdings.



11. 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;

	<u>30 June 2023</u>	<u>30 June 2022</u>
Opening balance	3,019,331,864	3,631,590,539
Purchases	12,620,023,356	27,141,859,302
Sales	(15,510,203,528)	(26,920,219,912)
Inventory write down*	(34,046,877)	(833,898,065)
Closing balance	<u>95,104,815</u>	<u>3,019,331,864</u>

* Refer to Note 8 (b) for details on this disclosure item

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:

No	Related party	Nature of relationship	Terms of transaction
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



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

12. Related parties (continued)

Key management members received the following remuneration during the years ended 30 June 2023 and 30 June 2022:

	<u>30 June 2023</u>	<u>30 June 2022</u>
Short-term employee benefits	5,375,831	5,518,842
Other long-term benefits	256,958	304,480
Post-employment benefits	3,138,114	2,617,672
	<u>8,770,903</u>	<u>8,440,994</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.

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 2023 and 30 June 2022. The loans to key management and the impairing arising thereof for these periods were as follows:

	<u>30 June 2023</u>	<u>30 June 2022</u>
Gross loans to key management (governor and vice-governors)	474,656	246,750
Impairment	(2,159)	(1,089)
Net loans to key management (governor and vice-governors)	<u>472,497</u>	<u>245,661</u>

(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:



12. Related parties (continued)

(d) Other related parties transactions (continued)

i.) Transactions with Commercial Bank of Ethiopia:

	<u>30 June 2023</u>	<u>30 June 2022</u>
CBE Term Bonds ¹	93,163,109,757	113,677,106,538
Commercial Bank of Ethiopia A/R (ETB) ²	14,061,842,855	16,476,890,679
Commercial Bank of Ethiopia short term loan	-	97,415,493
	<u>107,224,952,612</u>	<u>130,251,412,710</u>

The above amounts are the gross carrying amounts before impairment.

¹The interest earned on the CBE Term Bonds & short term loan was ETB 6,978,143,654 (**2022:** ETB 7,461,172,798). The impairment loss on CBE Term bond & short term loan was ETB 612,061,851 (**2022:** ETB 663,316,182).

²The balance relates to advances provided to CBE for the settlement of Letter of Credit commitments in connection with the Government.

ii.) Transactions with Development Bank of Ethiopia:

	<u>30 June 2023</u>	<u>30 June 2022</u>
DBE Priority loan	15,233,673,680	45,516,559,475
DBE Special Bond	30,272,910,911	-
	<u>45,506,584,591</u>	<u>45,516,559,475</u>

The above amounts are the gross carrying amounts before impairment.

The interest earned on the DBE priority loan was ETB 1,882,589,794 (**2022:** ETB 1,918,518,937). The impairment loss on DBE priority loan was ETB 298,968,599 (**2022:** ETB 265,365,830).



National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2023

(In Ethiopian Birr)

13. Property and equipment

2023	ETB	Balance at 30 June 2022	Additions	Disposals	Reclassifications	Adjustments	Balance at 30 June 2023
<i>Cost</i>							
Buildings		1,328,433,978	-	-	-	-	1,328,433,978
Office and other equipment		442,310,950	30,763,097	(307,241)	-	-	472,766,806
Office furniture and fittings		33,415,841	632,211	(130,969)	-	-	33,917,082
Motor vehicles		141,376,648	45,164,490	-	-	-	186,541,139
Work in progress		143,677,661	124,264,495	-	-	(397,900)	267,544,256
		2,089,215,078	200,824,293	(438,210)	-	(397,900)	2,289,203,261
<i>Depreciation</i>							
Building		(298,498,908)	(49,816,274)	-	-	-	(348,315,182)
Office and other equipment		(372,809,933)	(26,313,006)	267,760	-	-	(398,855,179)
Office furniture and fittings		(21,843,651)	(3,474,081)	123,140	-	-	(25,194,591)
Motor vehicles		(68,784,650)	(13,190,179)	-	-	-	(81,974,829)
		(761,937,142)	(92,793,539)	390,900	-	-	(854,339,781)
Net carrying amount	ETB	1,327,277,936	108,030,754	(47,310)	-	(397,900)	1,434,863,480

- Property, Plant, and Equipment (PPE) with a total purchase price of Birr 394,580,276 are fully depreciated and have a residual value of Birr 17,484,954, yet they are still in use.

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

13. Property and equipment (continued)

	ETB	Balance at 30 June 2021	Additions	Disposals	Reclassifications	Adjustments	Balance at 30 June 2022
2022							
Cost							
Buildings		1,328,433,978	-	-	-	-	1,328,433,978
Office and other equipment		406,847,724	35,463,226	-	-	-	442,310,950
Office furniture and fittings		27,843,371	5,879,492	-	-	303,952	33,415,841
Motor vehicles		142,366,122	731,909	(1,721,383)	-	-	141,376,648
Work in progress*		90,216,632	57,826,833	-	-	-	143,677,661
		1,995,707,827	99,901,460	(1,721,383)	-	303,952	2,089,215,078
Depreciation							
Building		(248,682,634)	(49,816,274)	-	-	-	(298,498,908)
Office and other equipment		(348,652,891)	(24,157,042)	-	-	-	(372,809,933)
Office furniture and fittings		(19,406,058)	(2,741,545)	-	-	303,952	(21,843,651)
Motor vehicles		(56,489,799)	(12,954,619)	659,768	-	-	(68,784,650)
		(673,231,382)	(89,669,480)	659,768		303,952	(761,937,142)
Net carrying amount	ETB	1,322,476,445	10,231,980	(1,061,615)	-	(4,368,874)	1,327,277,936

The total value of Property, Plant, and Equipment (PPE) with a purchase price of Birr 355,965,162 is fully depreciated and has a residual value of Birr 17,157,992, yet these items remain in use. Additionally, motor vehicles with a purchase price of Birr 1,104,585 were derecognized due to insurance coverage for damages incurred, along with Birr 731,909 allocated for the replacement of components from older vehicles.

✕



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

14. Intangible assets

		<u>Software</u>
<i>Cost</i>		
Balance at 30 June 2022	ETB	94,522,849
Additions / transfers from CWIP		-
Balance at 30 June 2023*		<u>94,522,849</u>
<i>Amortization and impairment</i>		
Balance at 30 June 2022		(91,959,743)
Additions		(1,328,592)
Balance at 30 June 2023		<u>(93,288,336)</u>
Net carrying amount	ETB	<u>1,234,513</u>
		<u>Software</u>
<i>Cost</i>		
Balance at 30 June 2021	ETB	94,522,849
Additions / transfers from CWIP		-
Balance at 30 June 2022		<u>94,522,849</u>
<i>Amortization and impairment</i>		
Balance at 30 June 2021		(89,413,802)
Additions		(2,545,941)
Balance at 30 June 2022		<u>(91,959,744)</u>
Net carrying amount	ETB	<u>2,563,105</u>

Intangible assets relate to software that includes banking and other related software's. In the financial period ended 30 June 2023, NBE not acquired new software. There were no idle assets and changes relating to the useful life of intangible assets as at 30 June 2023 and 30 June 2022.

*Aggregate value of Intangible assets relate to software amounting Birr 90,488,498 are fully amortized were still in use.

15. Other assets

	<u>30 June 2023</u>	<u>30 June 2022</u>
Advances to CBE for gold purchases	1,779,638,723	2,446,448,737
Sundry receivables from CBE ¹	14,061,842,855	16,476,890,679
Commemorative souvenirs in gold and silver	8,793,036	9,552,533
Loans to employees (a)	78,517,846	66,142,517
Staff advances (b)	2,176,239	771,303
Office and other consumables (c)	21,456,810	17,414,429
Uncleared effects	6,753,807	5,548,520
Sundry receivables ²	2,942,640,940	1,593,830,770
Miscellaneous*	(17,263,880)	(30,879,697)
	<u>18,884,556,376</u>	<u>20,585,719,791</u>



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

160

15. Other assets (continued)

*The balances under the miscellaneous account relate to CMD unadjusted notes in circulation and outstanding Claim on Commercial Banks.

¹Refer to note 12(d) for details on this disclosure item.

² The balance under this disclosure item relates to advances paid to suppliers in connection with the Bank's various projects.

(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 its entire 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 2023	30 June 2022
Gross Loans to employees	79,331,202	66,838,918
Cumulative impairment losses	(813,356)	(696,401)
Net Loans to employees	78,517,846	66,142,517

Movement of impairment losses for staff loan accounts

	30 June 2023	30 June 2022
Balance as at 1 July	696,401	846,556
Charged to profit or loss	116,955	(150,155)
Balance as at 30 June	813,356	696,401

(b) Staff advances

The following table shows the staff advances breakdown:

	30 June 2023	30 June 2022
Gross staff advances	2,988,383	1,515,819
Cumulative Impairment losses	(812,144)	(744,516)
Net staff advances	2,176,239	771,303



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

15. Other assets (continued)

(b) Staff advances (continued)

Movement of impairment losses for staff advances	30 June 2023	30 June 2022
Balance as at 1 July	(744,516)	(843,703)
Charged to profit or loss	(67,628)	99,187
Balance as at 30 June	(812,144)	(744,516)

(c) Office and other consumables

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

<i>Office and other consumables</i>	30 June 2023	30 June 2022
Gross carrying amount	21,364,742	16,904,716
Office and other consumables – adjustments	92,068	509,713
Net carrying amount	21,456,810	17,414,429

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 2023	30 June 2022
Cost		
Balance at the beginning of the year	2,759,826	2,759,826
Additions	1,305,914	-
Balance as at 30 June	4,065,740	2,759,826
Depreciation		
Balance as at 1 July	(919,944)	(766,620)
Charge for the year	(398,446)	(153,324)
Balance at 30 June	(1,318,390)	(919,944)
Net carrying value	2,747,350	1,839,882



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

162

16. Right of use assets (continued)

Lease liabilities:

	30 June 2023	30 June 2022
Balance at beginning of the year	2,116,398	2,235,951
Additions	1,305,914	-
Interest expense	140,956	127,467
Payments made during the year	(472,818)	(247,020)
Net carrying value	3,090,450	2,116,398

Maturity analysis:

	30 June 2023	30 June 2022
Less than 1 year	799,112	226,435
1 – 2 years	771,005	247,020
3 – 5 years	741,060	761,645
More than 5 years	1,543,937	1,770,372
Total	3,855,114	3,005,472



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 2023 therefore no lease expense was recognized in statement of profit or loss and other comprehensive income.

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

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

<i>Domestic currency deposits</i>	30 June 2023	30 June 2022
Deposits from banks	224,233,889,027	154,443,963,887
Deposits from insurance companies ¹	4,409,903	19,444,377
Government and governmental agencies ²	42,277,388,265	31,205,661,920
	266,515,687,195	185,669,070,184
 <i>Foreign currency deposits</i>		
Government and governmental agencies	93,414,504,170	67,200,087,540
	93,414,504,170	67,200,087,540
Deposits from banks and government	359,930,191,365	252,869,157,723

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2023

(In Ethiopian Birr)

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

¹All 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.

²The 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.

A deposit from banks is made up of the following:

	30 June 2023	30 June 2022
Payment and Settlement accounts	78,903,764,410	31,740,883,956
Reserve accounts	128,631,413,807	108,137,244,398
Issue accounts	16,698,710,810	14,565,835,533
	224,233,889,027	154,443,963,887

18. Balance with /due to International Monetary Fund (IMF)

	30 June 2023 ETB	30 June 2022 ETB
(a) Assets:		
Holdings of Special drawing rights (SDR)	105,122,579	175,023,347
Accr. Int. Receivable - Special Drawing Rights	765,818	197,540
Remuneration Fee – IMF	355,158	58,305
Deposits - Commitment- IMF*	-	147,408,772
	106,243,555	322,687,964
IMF Quota Subscription	21,941,217,675	29,921,124,958
	22,047,461,230	30,243,812,922
(b) Liabilities:		
Local currency liability		
IMF No1 Account	25,403,582,185	24,055,871,967
IMF No2 Account	5,353,529	5,069,541
Securities Account-Promissory Notes Payable	24,513,315,025	23,212,835,267
	49,922,250,739	47,273,776,775
Foreign Currency Liabilities to IMF		
ECF-Loan Disbursement-IMF	9,798,364,524	9,331,640,188
Allocation of special drawing rights (SDR)- Principal	30,741,677,082	29,057,540,910
Accrued charges on SDR allocation	194,721,233	107,737,989
	40,734,762,839	38,496,919,087
	90,657,013,578	85,770,695,862

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

164

18. Balance with /due to International Monetary Fund (IMF) (continued)

The movements in IMF quota subscription during the year:

	30 June 2023	30 June 2022
Beginning balance	29,921,124,958	23,854,237,253
Current Fair Value adjustment	1,164,021,619	6,066,887,705
Reclassification adjustment*	(9,143,928,902)	-
Total	<u>21,941,217,675</u>	<u>29,921,124,958</u>

* The downward adjustment to the IMF quota Subscription is due to misclassification of the IMF currency holding valuation adjustment for proportion of loan received by government of Ethiopia/MoF to CVA account.

* The deposit commitment has expired and has been written off as an expense during the period, in accordance with the IMF Aide-Mémoire on Accounting for Fund Transactions.

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.

Holdings of Special drawing rights (SDR) which is deposit denominated in SDR is used to effect payments against IMF obligations such as loan repayments and charges. The SDR currency is derived from a basket of 5 currencies (USD, EURO, GBP, JPY and Yuan).

Ethiopia has been a member of the International Monetary Fund (IMF) since 1945. The Bank acts as the fiscal agent that conducts the financial transaction with the IMF and designated as the depository for IMF's currency holdings. The Ethiopia's quota in IMF stood at SDR 300.7 million (2022; SDR 300.7 million), which represents 4,459 votes' equivalent to 0.09% of voting rights. The quota is determined upon admission to the IMF and is increased periodically under general quotas reviews. The Ethiopia's quota in IMF is its membership subscription which is granted mainly by the issue of promissory notes in favor of the IMF and partly by foreign currency payments by the Government of Ethiopia. Being in line with strategic investment criteria, Ethiopia's quota in the IMF was designated as measured at FVOCI. The variation of the quota recorded during the reporting period represents the revaluation of the value of the quota in SDR at the exchange rate of Ethiopian Birr as determined by IMF at 30 April, 2023.

IMF currency holdings are held in the form of either promissory notes which are payable on demand and non-interest bearing & non-negotiable or in the No. 1 and No. 2 Accounts, which are deposit accounts of the IMF with the Bank. Its valuation is done on a quarterly basis with IMF requirements for these specific Accounts. The amounts included in the Local currency liability also include the loans received by the Bank from the IMF. The loans are denominated in Special Drawing Rights (SDR), while measured in the equivalent of Ethiopian Birr at the end of the reporting period.

Borrowings from and repayments to the IMF are denominated in Special Drawing Rights (SDRs).

As of 30 June 2023, the Bank's outstanding balance of loans due to IMF is as follows:

- EFF commitments - SDR 90.21 million (30, June 2022 - SDR 90.21 million)
- ECF commitment-SDR 133.6 million (30, June 2022 - SDR 133.6 million)
- SDR allocations - SDR 416.1 million (30, June 2022 - SDR 416.1 million)



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

18. Balance with /due to International Monetary Fund (IMF) (continued)

The Extended Fund Facility (EFF) represents the loans granted to the IMF members to finance the balance of payments deficit. IMF granted a loan under the EFF amounting to SDR 90.21 million on December 18, 2019, for a 10-year term, including a 4.5-year grace period. The interest rate on this loan is floating, determined on weekly basis and includes a margin set by the IMF.

The Extended Credit Facility (ECF, previously PRGF) represents the loans granted to the countries that meet the eligibility criteria approved by the IMF under concessional financing to support economic growth and poverty reduction. The IMF granted loan under ECF facility amounting to SDR 133.6 million on December 16, 2019 for a 10-year term and with a 5.5-year grace period. Based on the decision of the IMF Executive Board, the ECF loan bears no interest.

The Rapid Financing Instrument (RFI) represents the loans granted to the countries that meet the eligibility criteria approved by the IMF for Direct budget financing. The IMF granted RFI loans to Ethiopia amounting to SDR 300.7million on April 30, 2020 within for a 5-year term and with a 3.25-year grace period. The interest rate on this loan is market-determined Special Drawing Rights (SDR) interest rate-which has a minimum floor of 5 basis points and a margin (currently 100 basis points), together known as the basic rate of charge as set by the IMF.

To present the complete position of Ethiopia to the IMF, the amounts of financing funds received by the Ethiopia from the IMF are provided in the table below:

Loans and other financing from the IMF	Balance as 30 June 2022	Reimbursements	Receipts	Balance as 30 June 2023
	SDR' in millions	SDR' in millions	SDR' in millions	SDR' in millions
National Bank of Ethiopia	90.2	-	-	90.2
Ministry of Finance	-	-	-	-
EFF	90.2	-	-	90.2
National Bank of Ethiopia	133.6	-	-	133.6
Ministry of Finance	-	-	-	-
ECF	133.6	-	-	133.6
National Bank of Ethiopia	-	-	-	-
Ministry of Finance	300.7	-	-	300.7
RFI	300.7	-	-	300.7
National Bank of Ethiopia	416.1	-	-	416.1
Ministry of Finance	-	-	-	-
SDR allocations	416.1	-	-	416.1

SDR allocations represent the general reserve allocations in SDR made by the IMF in August 2009 and the special allocations distributed by the IMF in September 2009 under Amendment IV to the IMF Statute.

At the same time, on 2 August 2021, the Board of Governors of the IMF approved a resolution on a new procedure for allocating special drawing rights to member countries, in proportion to the size of Ethiopia's share in the IMF held at the date of the decision. On 23 August 2021, SDR 288.2 million

were allocated and transferred to Government of Ethiopia, the allocation rate being about 95.84% of the size of the Quota.



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

166

19. Due to International Financial institutions

Deposits due to international financial institutions were as follows:

	<u>30 June 2023</u>	<u>30 June 2022</u>
International Bank for Reconstruction and Development (IBRD)	7,057,660	1,957,503
International Development Association	2,640,301	705,069
Multilateral Investment Guarantee Agency	156,781	156,782
	<u>9,854,742</u>	<u>2,819,354</u>

20. Due to other institutions

	<u>30 June 2023</u>	<u>30 June 2022</u>
<i>Deposits from foreign institutions</i>		
Foreign currency deposits due to International institutions	250,510,001	230,655,097
Time deposits due to Saudi Arabia ¹	55,146,907,191	52,520,088,632
Time deposit due to Abu Dhabi ²	54,871,872,275	52,258,154,483
	<u>110,269,289,467</u>	<u>105,008,898,212</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 after repaid same amount from November 2017 - November 2019 as per the repayment contract. 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.

21. Currency in circulation

	<u>30 June 2023</u>	<u>30 June 2022</u>
Notes*	254,510,097,077	208,412,547,818
Coins	1,345,533,103	1,278,688,306
	<u>255,855,630,180</u>	<u>209,691,236,124</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.

* Currency in circulation includes incremental adjustment of Birr 60,261,200 that was currency lost during the state of armed unrest in some parts of the country.



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

22. Provisions

	Bonuses	Legal	Total
Balances at 30 June 2021	15,142,564	2,005,587	17,148,151
Increases (decrease) recorded in profit or loss	34,056,318	-	34,056,318
Paid during the year	(15,142,564)	-	(15,142,564)
Balances at 30 June 2022	34,056,318	2,005,587	36,061,905
Increases (decrease) recorded in profit or loss	38,196,259	1,217,859	39,414,118
Provisions used during the year	(34,056,318)	-	(34,056,318)
Balances at 30 June 2023	38,196,259	3,223,446	41,419,704

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 determined 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 cases with determined amount 1,217,859 therefore provision was recognized for the period ended 30 June 2023.

23. 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



23. Government grants (continued)

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
Tigray	Mekele ¹	20 October 2015	8,807	
Amhara	Kombolcha ²	09 February 2016	12,000	Refer to comment ² below

(a) Land grant

¹ No lease term defined for these two (2) parcels of land. The certificate 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 finalized for the same.



23. Government grants (continued)**(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 14 April 2020 and October 13, 2020 on GRA credit that was outstanding on April 14, 2020.

(c) Non-monetary donation

Non-monetary grants refer to donations received in kind. The Bank received as donations two 5 Server, 4 Cisco & 2 Rack from World Bank and 3 Swivel Chairs, 3 Mirror door shelves, 3 coat hangers, 3 tables & 2 water coolers from UNDP in the year 2022.

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

Cost	ETB	30 June 2023	30 June 2022
Balance as at 1 July		16,061,708	2,067,611
Additions		-	13,994,097
Balance at 30 June		16,061,708	16,061,708
<i>Amortization</i>	ETB		
Balance as at 1 July		(4,022,669)	(932,056)
Additions		(3,160,193)	(3,090,613)
Balance at 30 June		(7,182,862)	(4,022,669)
Net balance		8,878,846	12,039,039



24. Due to the Ministry of Finance

	30 June 2023	30 June 2022
Balance as at 30 June	5,374,906,270	5,374,906,270
Less: Dividends paid during the year	(1,500,000,000)	-
	3,874,906,270	5,374,906,270
Add: 80% of Operating surplus for the year	7,245,969,684	-
Balance as at 30 June	11,120,875,954	5,374,906,270

The Bank is owned by the Government through the Ministry of Finance. It is expected to remit 80% profits earned during the year as dividends to the Ministry subject to having fulfilled the required threshold for its General reserves (Note 26).

25. Employee benefits**(a) Movements in the present value of defined benefit obligations (DBO)**

	30 June 2023	30 June 2022
Defined Benefit Obligations (DBO) at beginning of the year	196,314,924	174,632,863
Current service costs	15,160,982	13,059,287
Interest cost	26,777,356	23,819,922
Past service cost	-	-
Remeasurements generated during the period	22,749,470	17,929,038
Payments/Settlements in the year	(38,648,427)	(32,167,530)
Included in profit or loss	222,354,304	197,273,580
Actuarial losses/ (gains) recognized in other comprehensive income	172,418,020	(958,658)
Defined Benefit Obligations (DBO at the end of the year)	394,772,324	196,314,922

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 2023	30 June 2022
Cumulative amount at 1 July	53,035,572	52,076,914
Recognized during the year	(172,418,020)	958,658
Actuarial losses/(gains)	(119,382,448)	53,035,572



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

25. Employee benefits (continued)

(c) Actuarial assumptions

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

	30 June 2023	30 June 2022
Discount rate	14.82%	13.64%
Salary increase rate	15.70%	15.70%
Long term inflation rate	12.80%	12.00%
Long term medical inflation rate	13.75%	12.50%

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 2023 by the amounts shown below:

Sensitivity analysis:

	30 June 2023		30 June 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(193,661,436.61)	(190,906,207.87)	8,658,186.00	14,447,712.00
Salary increase rate (1.00% movement)	11,016,193.97	(9,393,369.24)	14,229,559.71	(11,925,591.24)

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.

26. Other liabilities

Other liabilities as of the reporting dates are as follows:

	30 June 2023	30 June 2022
Letters of Credit	-	119,596,921
Accounts payable	810,962,366	312,141,502
Sundry creditors	144,109,334	1,907,512,632
	955,071,700	2,339,251,055



27. Capital and other reserves

(a) Capital

Capital is defined in the NBE proclamation No. 591/2008 and has been set at ETB 500 million (2022: 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 General Reserve has been below the current Capital account balance of ETB 500 Million. Therefore, further transfers to this reserve are required.

(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 match the Capital. After this limit has been reached, all profits earned during the year are transferred to the Ministry of Finance (MOF) as dividends.



27. 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.

28. 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.



28. 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:
 - i. Credit risk
 - ii. Market risks including: Interest rate risk; Gold commodity price risk and Foreign exchange risk
- b.) Liquidity risk
- c.) Non-financial risks include:
 - Operational risk
 - Human resource risk
 - Reputational risk
 - Cyber security risk assessment

i.) Credit risk

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

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

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

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

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



National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2023

(In Ethiopian Birr)

28. Financial risk review (continued)

a.) Financial risks (continued)

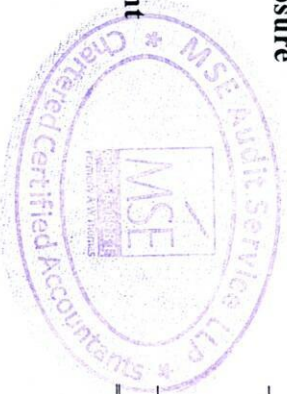
i.) Credit risk (continued)

Credit quality analysis

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

30 June 2023

	Staging			Total
	Stage 1	Stage 2	Stage 3	
Financial assets				
Balances due from foreign entities – commercial banks	26,551,779,926	-	-	26,551,779,926
Balances due from foreign entities – Central banks	27,228,439,137	-	-	27,228,439,137
Cash - foreign currencies	654,953,910	-	-	654,953,910
Funds held with IMF	106,243,555	-	-	106,243,555
Loans to government banks	138,669,694,348	-	-	138,669,694,348
Loans to private commercial banks	15,055,046,984	-	-	15,055,046,984
Other assets – Staff loans	78,876,575	-	454,627	79,331,202
Other assets – Staff advances	2,100,417	121,750	802,038	3,024,205
Due from Government of Ethiopia	586,975,969,831	-	-	586,975,969,831
Total gross exposure	795,323,104,683	121,750	1,256,664	795,324,483,097
Loss allowance	(4,773,785,703)	(554)	(1,256,664)	(4,775,042,921)
Carrying amount	790,549,318,980	121,196	-	790,549,440,176



National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2023

(In Ethiopian Birr)

28. Financial risk review (continued)

a.) Financial risks (continued)

i.) Credit risk (continued)

Credit quality analysis

30 June 2022

	Staging			Total
	Stage 1	Stage 2	Stage 3	
Financial assets				
Balances due from foreign entities – commercial banks	34,383,311,094	-	-	34,383,311,094
Balances due from foreign entities – Central banks	41,188,035,227	-	-	41,188,035,227
Cash - foreign currencies	1,019,977,052	-	-	1,019,977,052
Funds held with IMF	322,687,964	-	-	322,687,964
Loans to government banks	159,291,081,507	-	-	159,291,081,507
Loans to private commercial banks	1,368,773,686	-	-	1,368,773,686
Other assets – Staff loans	66,435,647	-	403,270	66,838,918
Other assets – Staff advances	750,243	68,780	740,902	1,559,925
Due from Government of Ethiopia	373,141,034,268	-	-	373,141,034,268
Total gross exposure	610,782,086,689	68,780	1,144,172	610,783,299,641
Loss allowance	(3,110,427,044)	(303)	(1,144,173)	(3,111,571,520)
Carrying amount	607,671,659,644	68,477	-	607,671,728,121

Impairment of loans is recognized - 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).



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

28. 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 2023		
			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	A-	BBB+	A3
5	Banca D'Italia	Central Bank	BBB	BBB	Baa2
6	Banque Nati De Belgique	Central Bank	AA-	A-	A2
7	Commerzbank	Commercial Bank	BBB	BBB+	Baa2
8	Citibank New York	Commercial Bank	AA-	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
12	Standard Chartered Bank, London	Commercial Bank	A	A	A
13	Nordea Bank	Commercial Bank	AA-	A-	A2
14	Central Bank of The United Arab Emirates	Central Bank	AA-	AA	Aa2
15	Eastern and Southern Africa Trade and Development Bank	Commercial Bank	BB+	BB+	Baa3
16	Afreximbank	Commercial Bank	BBB	BBB	Baa1

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.



28. Financial risk review (continued)

a.) Financial risks (continued)

i.) Credit risk (continued)

a.) Amounts arising from ECL (continued)

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

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

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

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

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

- The criteria are capable of identifying significant increases in credit risk before an exposure is In default;
- The average time between the identification of a significant increase in credit risk and default appears reasonable;
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

Definition of default

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

- The borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realizing security (if any is held);
- A counterparty goes into delinquency, liquidation or forbearance;
- For short – term loans, the borrower is in arrears beyond the contractual maturity date; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

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

- Qualitative: e.g. breaches of covenant and liquidation;
- Quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank due to credit distress; and
- based on data sourced internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

28. 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. Internal information considered in forward-looking ECL includes macro-economic data and forecasts by NBE's Economic Modeling and Statistical Analysis Directorate. This is in addition to default rate based on historical transactional data for local currency that the Bank has identified and documented as key drivers of credit risk and credit losses for each portfolio of financial instruments using an analysis of historical data.

To determine the ECL, the Bank formulates three economic scenarios: a base case which is the median scenario and two other scenarios, one upside and one downside scenario. The base case scenario provides a measure of the predictive power of the model and is based on the macroeconomic model's information value output. 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 three scenarios to obtain a weighted input based on economic outlook.

The Bank has analysed the volatility arising from the economic impact of the global challenges (COVID 19 effects), geopolitical & domestic Political instability 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 is continuously monitoring the economic impact of global challenges on its credit risk profile as well as the Forward - looking Expected credit loss estimates and will update its IFRS 9 Forward looking estimates as and when significant changes in the overall macroeconomic environment are experienced.



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

180

28. 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 are summarized below:

Financial year ended	Macro Economic Factors					
	GDP	Fiscal/Balance of payment	Exchange rate	Money supply	Debt	Inflation
30 June 2023	- EXPENDITURE: Imports of goods and services, ETBbn	-			-Government domestic debt, ETBbn	-Consumer price index, 2010 = 100, ave
30 June 2022	- EXPENDITURE: Imports of goods and services, ETBbn -Domestic Savings, USDbn	- Goods imports, USDbn	-ETB/USD, ave	-MONEY SUPPLY: M2, ETBbn	- Long-term external debt stock, USDbn	-Consumer price index, 2010 = 100, ave

The macroeconomic data used as at 30 June 2023 included the following key indicators for Ethiopia for the year 2023 to 2024:

Macro Economic Factor	30 June 2023	30 June 2024
GDP EXPENDITURE: Imports of goods and services, ETBbn	1,220.5	1,591.2
INFLATION: Consumer price index, 2010 = 100, ave	337.5	434.9
DEBT: Government domestic debt, ETBbn	1,175.6	1,364.47

Predicted relationships between the key macroeconomic indicators and historical transactional data of 12 – month default rates have been developed based on analyzing annual historical data over the past 12 years.

The following are probability weightings applied in the forward - looking scenario analysis as at June 2023

	Upside	Median (Central)	Downside
30 June 2023	10%	70%	20%



28. 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***

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 derecognized and the renegotiated loan recognized as a new facility at fair value in accordance with the accounting policy set out in Note 3 (a (IV)).

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 recognized 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 maximize collection opportunities and minimize the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of 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 behavioral indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 3 (a (viii))). A Counterparty needs to demonstrate consistently good payment behavior over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to Stage 1.



28. 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***

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).

Probability of Default (“PD”) –is an estimate of the likelihood of default over a given time horizon. Credit risk grades/ratings are a primary input into the determination of the term structure of PD for exposures. The Bank employs statistical models to analyze the data collected and assess performance and default of its credit risk exposures analyzed by counterparty as well as by credit risk grading/ratings.

The methodology for determining PDs for domestic private commercial banks has been assumed as a minimum PD floor as domestic banks are not rated by credit rating agencies.

For the assets denominated in foreign currency, the Bank uses 12-month PDs for sovereign and non-sovereign issuances, estimated based on the probability of default estimation of Standard and Poor’s (S&P) 12-month transition matrices which indicate a possibility of bankruptcy over 12 months for issuers per each respective rating category.

For exposures to the Ethiopian Government and Government-owned Banks in domestic currency, the estimated PD considers the historical default rate of transactional data and detailed assessments of the ability of the Government to fulfil its contractual cash flow obligations which considers also the macroeconomic indicators over the assessment period.

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.



National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2023

(In Ethiopian Birr)

28. 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)*

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.

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.

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 internal and external benchmark information represents a significant input into measurement of ECL are as follows:

Segment	Exposure ETB	PD	LGD
Government	586,975,969,831	Historical default rate of transactional data	Basel
Government banks	138,669,694,348	Historical default rate of transactional data	Basel
Foreign deposits	53,886,462,618	S&P default studies	Basel
Local commercial banks	15,055,046,984	Basel	Basel

No	List of Active Depository Banks	Type of Institution	Credit Ratings as of 30 June 2021		
			Fitch	S&P	Moody's
1	Commercial Bank of Ethiopia	Commercial Bank	NR	NR	NR



28. Financial risk review (continued)**a.) Financial risks (continued)****ii.) Market risk**

‘Market risk’ is the risk that changes in market prices – e.g. interest rates, equity prices, foreign exchange rates and credit spreads – will affect the Bank’s income or the value of its holdings of financial instruments. The objective of the Bank’s market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Bank’s solvency while optimizing the return on risk.

Market risks arise from open positions in interest rate, currency and equity prices, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices.

Equity price risk

Equity price risk refers to the potential loss in fair value resulting from adverse changes in the fair value of stocks that the Bank has invested in. Equity price risk is subject to regular monitoring but is not currently significant in relation to the Bank’s overall results and financial position.

Interest rate risk

Interest rate risk is the exposure of the Bank’s financial assets and liabilities to adverse movements in interest rates. If unexpected changes arise in interest rates, there is a possibility of loss due to sensitivity of the Bank’s assets and liabilities to rate variability.

The main source of the Bank’s interest rate risk is re-pricing risk. Bank’s interest-bearing assets and liabilities may be re-priced at different times and rates. The Bank’s foreign currency reserve may be exposed to foreign currency interest rate risk when the adjustment of the rates earned and paid on different instruments are re-priced. When interest rates change, these differences can change the cash flows and spread between foreign assets and foreign liabilities of similar maturities or re-pricing frequencies.

The Bank measures its interest rate exposure using a maturity/re-pricing schedule that distributes interest-sensitive assets and liabilities into “time-bands” according to their maturity or time remaining to their next re-pricing. The size of the gap for a given time band (assets less liabilities that re-price or mature within that time band) gives an indication of the Bank’s re-pricing risk exposure.

The Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for interest rate fluctuations. The Foreign Exchange Monitoring and Reserve Management (FEMRMD) Directorate is the monitoring body for compliance within these limits. These day-to-day activities include monitoring changes in the Bank’s interest rate exposures, which include the impact of the Bank’s outstanding or forecast debt obligations.



National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2023

(In Ethiopian Birr)



28. Financial risk review (continued)

a.) Financial risks (continued)

ii.) Market risk (continued)

Interest rate risk (continued)

The following is a summary of the Bank's interest rate risk gap position on financial instruments. The interest rate repricing gap table analyses the full-term structure of interest rate mismatches within the Bank's balance sheet based on either (i) the next repricing date or the maturity date if floating rate or (ii) the maturity date if fixed rate.

30 June 2023	1 – 3 months ETB	3 – 12 months ETB	1 - 5 years ETB	Over 5 years ETB	Non-interest- bearing ETB	Total ETB
Financial assets						
Due from Government of Ethiopia	-	1,713,943,156	145,499,189,949	431,528,215,960	4,378,313,269	583,119,662,333
Loans to government banks	-	6,974,286,388	10,288,969,550	120,495,407,960		137,758,663,888
Loans to private commercial banks	-	15,054,294,232				15,054,294,232
Due from foreign institutions - commercial Banks	9,565,168,730	16,981,284,474				26,546,453,204
Due from foreign institutions - central Banks	24,441,436,227	2,787,002,910				27,228,439,137
Funds held with IMF	-	-	106,243,555			106,243,555
Other assets – Uncleared effects	-				6,753,807	6,753,807
Other assets - Loans to employees	-	78,517,846				78,517,846
Other assets - Staff advances	-	2,212,061				2,212,061
Total financial assets	34,006,604,957	43,591,541,067	155,894,403,054	552,023,623,920	4,385,067,076	789,901,240,073
Financial liabilities						
Deposits from banks & government	-	42,277,388,265	-		317,652,803,100	359,930,191,365
Due to International Monetary Fund (IMF)		90,657,013,578				90,657,013,578
Funds due to international financial institutions	-	9,854,742				9,854,742
Due to other institutions	-	534,689,467	62,411,553,750	47,323,046,250		110,269,289,467
Total financial liabilities	-	133,478,946,052	62,411,553,750	47,323,046,250	317,652,803,100	560,866,349,152
Interest rate risk sensitivity gap	34,006,604,957	(89,887,404,985)	93,482,849,304	504,700,577,670	(313,267,736,024)	229,034,890,922

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)



28. Financial risk review (continued)

- a.) Financial risks (continued)
ii.) Market risk (continued)
Interest rate risk (continued)

30 June 2022	1 – 3 months ETB	3 – 12 months ETB	1 - 5 years ETB	Over 5 years ETB	Non-interest- bearing ETB	Total ETB
Financial assets						
Due from Government of Ethiopia	-	2,923,773,977	167,997,562,830	195,370,596,417	4,673,653,659	370,965,586,883
Loans to government banks	-	8,095,673,547	59,894,027,988	90,372,697,960		158,362,399,494
Loans to private commercial banks	-	1,368,705,247				1,368,705,247
Due from foreign institutions - commercial Banks	-	34,377,378,326				34,377,378,326
Due from foreign institutions - central Banks	-	41,188,035,227				41,188,035,227
Funds held with IMF	-	-	322,687,964			322,687,964
Other assets – Uncleared effects	-				5,548,520	5,548,520
Other assets - Loans to employees	-	66,142,517				66,142,517
Other assets - Staff advances	-	815,409				815,409
Total financial assets	-	88,020,524,250	228,214,278,782	285,743,294,377	4,679,202,179	606,657,299,588
Financial liabilities						
Deposits from banks and government	-	31,205,661,920	-		221,663,495,803	252,869,157,723
Due to International Monetary Fund (IMF)		85,770,695,862				85,770,695,862
Funds due to international financial institutions	-	2,819,354				2,819,354
Due to other institutions	-	501,298,212	47,681,592,500	56,826,007,500		105,008,898,212
Total financial liabilities	-	117,480,475,348	47,681,592,500	56,826,007,500	221,663,495,803	443,651,571,151
Interest rate risk sensitivity gap	-	(29,459,951,098)	180,532,686,282	228,917,286,877	(216,984,293,624)	163,005,728,437

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2023

(In Ethiopian Birr)



28. 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 2023	Effect on Profit/Loss		Effect on Equity	
Financial Instruments	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Financial assets				
Loans to employees	411,777	(411,777)	411,777	(411,777)
Due from Government of Ethiopia	2,828,527,441	(2,828,527,441)	2,828,527,441	(2,828,527,441)
Loans to government institutions	693,348,472	(693,348,472)	693,348,472	(693,348,472)
Due from foreign institutions - central Banks	136,673,413	(136,673,413)	136,673,413	(136,673,413)
Loans to private commercial banks	75,275,235	(75,275,235)	75,275,235	(75,275,235)
Due from foreign institutions - commercial Banks	132,758,900	(132,758,900)	132,758,900	(132,758,900)
Total assets (ETB)	3,866,995,238	(3,866,995,238)	3,866,995,238	(3,866,995,238)
Financial liabilities				
Due to local financial institutions, Government and governmental agencies	(211,386,941)	211,386,941	(211,386,941)	211,386,941
Due to other institutions	(551,346,447)	551,346,447	(551,346,447)	551,346,447
Total liabilities (ETB)	(762,733,388)	762,733,388	(762,733,388)	762,733,388
Net interest (increase)/ decrease	3,104,261,850	(3,104,261,850)	3,104,261,850	(3,104,261,850)
Impact on profits	3,104,261,850	(3,104,261,850)	3,104,261,850	(3,104,261,850)

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2023

(In Ethiopian Birr)



28. Financial risk review (continued)

a.) Financial risks (continued)

ii.) Market risk (continued)

Interest rate risk sensitivity analysis (continued)

30 June 2022	Effect on Profit/Loss		Effect on Equity	
Financial Instruments	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Financial assets				
Loans to employees	341,994	(341,994)	341,994	(341,994)
Due from Government of Ethiopia	1,801,463,164	(1,801,463,164)	1,801,463,164	(1,801,463,164)
Loans to government institutions	796,455,408	(796,455,408)	796,455,408	(796,455,408)
Due from foreign institutions - central Banks	207,553,616	(207,553,616)	207,553,616	(207,553,616)
Loans to private commercial banks	6,843,868	(6,843,868)	6,843,868	(6,843,868)
Due from foreign institutions - commercial Banks	171,916,555	(171,916,555)	171,916,555	(171,916,555)
Total assets (ETB)	2,984,574,605	(2,984,574,605)	2,984,574,605	(2,984,574,605)
Financial liabilities				
Due to local financial institutions, Government and governmental agencies	(156,028,310)	156,028,310	(156,028,310)	156,028,310
Due to other institutions	(525,044,491)	525,044,491	(525,044,491)	525,044,491
Total liabilities (ETB)	(681,072,801)	681,072,801	(681,072,801)	681,072,801
Net interest (increase)/ decrease	2,303,501,804	(2,303,501,804)	2,303,501,804	(2,303,501,804)
Impact on profits	2,303,501,804	(2,303,501,804)	2,303,501,804	(2,303,501,804)

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2023

(In Ethiopian Birr)



28. 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 rate of major currencies against the Ethiopian Birr at each year end was as follows;

Currency	30 June 2023	30 June 2022
US dollar (USD)	54.87	52.25
Great Britain Pound (GBP)	69.46	63.55
EURO	60.00	55.01
Special drawing rights (SDR)	73.32	69.83
Ounce of Gold (XAU)	104,828	95,373.58
Norwegian Krone (NOK)	5.10	5.33
Japanese Yen (JPY)	0.38	0.38

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)



28. Financial risk review (continued)

- a.) Financial risks (continued)
ii.) Market risk (continued)
Foreign Exchange risk (continued)

The table below summarizes the Bank's exposure to foreign currency exchange rate risk as at 30 June 2023. Included in the table are the Bank's financial instruments categorized by currency:

	USD	GBP	EUR	SDR	XAU	NOK	JYP	Others	Total
	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB	ETB
At 30 June 2023									
Assets									
Due from foreign institutions - commercial Banks	25,115,221,031	1,298,513,208	107,228,346	-	839	205,861	30,612,625	(1,938)	26,551,779,972
Due from foreign institutions - central Banks	25,825,466,753	1,390,715,892	4,435,735	-	-	-	-	7,820,757	27,228,439,137
Funds held with IMF	-	-	-	106,243,555	-	-	-	-	106,243,555
Foreign currencies	582,684,856	15,769,404	33,684,972	-	-	2,551,950	-	20,262,728	654,953,910
Total financial assets	51,523,372,640	2,704,998,504	145,349,053	106,243,555	839	2,757,811	30,612,625	28,081,547	54,541,416,574
Liabilities									
Deposits from banks and government	(87,210,292,692)	(7,335,300)	(6,185,482,169)	-	-	(11,175,877)	-	(198,132)	(93,414,504,170)
Due to International Monetary Fund (IMF)	-	-	-	(40,734,762,839)	-	-	-	-	(40,734,762,839)
Due to other institutions	(110,018,779,466)	-	(240,032,494)	-	-	-	-	(10,477,507)	(110,269,289,467)
Total financial liabilities	(197,229,072,158)	(7,355,300)	(6,425,514,663)	(40,734,762,839)	-	(11,175,877)	-	(10,675,639)	(244,418,556,476)
Net position	(145,705,699,518)	2,697,643,204	(6,280,165,610)	(40,628,519,284)	839	(8,418,066)	30,612,625	17,405,908	(189,877,139,902)

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2023

(In Ethiopian Birr)

28. Financial risk review (continued)

a.) Financial risks (continued)

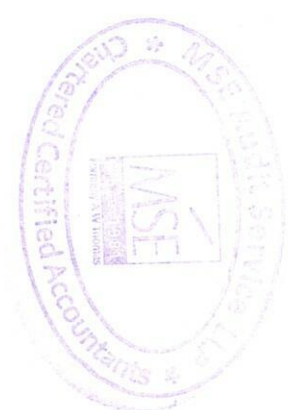
ii.) Market risk (continued)

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 2022									
Assets									
Due from foreign institutions - commercial Banks	32,871,903,061	1,466,674,941	13,524,391	-	763	214,940	30,994,691	(1,693)	34,383,311,094
Due from foreign institutions - central Banks	38,109,267,671	1,271,500,970	4,010,009	-	-	-	-	1,803,256,577	41,188,035,227
Funds held with IMF	-	-	-	322,687,964	-	-	-	-	322,687,964
Foreign currencies	917,958,808	24,026,349	36,031,013	-	-	-	3,829,000	38,131,882	1,019,977,052
Total financial assets	71,899,129,540	2,762,202,260	53,565,413	322,687,964	763	214,940	34,823,691	1,841,386,766	76,914,011,337
Liabilities									
Deposits from banks and government	(62,222,896,744)	(7,405,727)	(4,945,898,419)	-	-	(21,999,976)	-	(1,886,674)	(67,200,087,540)
Due to International Monetary Fund (IMF)	-	-	-	(38,496,919,088)	-	-	-	-	(38,496,919,088)
Due to other institutions	(104,778,243,115)	-	(220,049,522)	-	-	-	-	(10,605,575)	(105,008,898,212)
Total financial liabilities	(167,001,139,859)	(7,405,727)	(5,165,947,941)	(38,496,919,088)	-	(21,999,976)	-	(12,492,249)	(210,705,904,840)
Net position	(95,102,010,319)	2,754,796,533	(5,112,382,528)	(38,174,231,124)	763	(21,785,036)	34,823,691	1,828,894,517	(133,791,893,503)



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)



28. 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 2023				
Financial assets	5,454,141,652	(5,454,141,652)	5,454,141,652	(5,454,141,652)
Financial liabilities	(24,441,855,648)	24,441,855,648	(24,441,855,648)	24,441,855,648
Net Impact (ETB)	(18,987,713,996)	18,987,713,996	(18,987,713,996)	18,987,713,996

Financial Instruments	Effect on Profit/Loss		Effect on Equity	
	10% increase (Weakening)	10% decrease (Strengthening)	10% increase (Weakening)	10% decrease (Strengthening)
30 June 2022				
Financial assets	7,691,401,133	(7,691,401,133)	7,691,401,133	(7,691,401,133)
Financial liabilities	(21,070,590,484)	21,070,590,484	(21,070,590,484)	21,070,590,484
Net Impact (ETB)	(13,379,189,351)	13,379,189,351	(13,379,189,351)	13,379,189,351

Gold commodity price risk

Gold commodity price risk is the risk that gold commodity prices will change adversely. It refers to uncertainties of future market values and size of the future income, caused by fluctuations in the prices of gold commodities. The Bank as part of its operations, is responsible for purchase and sale of gold commodities. Gold by nature is subject to price fluctuation risk. The average gold per ounce for the last 1 year and the effect of a 10% change in the same on profit/loss and equity are shown below:

Period	Average price of gold/Ounce		Effect on Profit/Loss		Effect on Equity	
	ETB	10% increase	10% decrease	10% increase	10% decrease	
30 June 2023	104,307.32	10,431	(10,431)	10,431	(10,431)	
30 June 2022	94,899.08	9,490	(9,490)	9,490	(9,490)	

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

28. Financial risk review (continued)

b.) Liquidity risk

Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset in a timely manner at reasonable prices. Some liabilities in the Bank's books have no fixed maturity including Currency in circulation and Domestic currency deposits from banks, insurance companies and Government and governmental agencies.

Liquidity risk represents the potential loss to the Bank if it is unable to settle its financial obligations as they fall due and is represented through a maturity mismatch assessment between foreign exchange assets and liabilities.

This risk emanates from the nature of banking business, from the macro factors that are exogenous to the Bank, as well as from financing and operational policies that are internal to the Bank.

In Ethiopian Birr, there is no liquidity risk as the Bank is able to create Birr liquidity through its market operations.

For foreign currency, in addition to holding appropriate cash balances, the Bank manages liquidity through holding a portfolio of liquid foreign exchange reserves.

The Foreign Exchange Monitoring and Reserve Management Directorate (FEMRMD) monitors and reviews information on the Bank's liquidity developments and reports risk exposures and funding needs to the Executive Management on a regular basis. The FEMRMD mitigates its foreign currency liquidity risk by conducting detailed analysis of the maturities of foreign currency asset-liability gap size. The Bank sets limits, where appropriate, on liquidity metrics and employs monitoring and controlling of liquidity risk exposures for each maturity ladder.

The table below analyses the Bank's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)



28. Financial risk review (continued)

b.) Liquidity risk (continued)

At 30 June 2023	Upto 12 months	1 - 5 years	Over 5 years	Total
Assets				
Due from Government of Ethiopia	1,713,943,156	149,877,503,218	431,528,215,960	583,119,662,333
Loans to government Banks	6,974,286,388	10,288,969,550	120,495,407,960	137,758,663,898
Loans to private commercial Banks	15,054,294,232	-	-	15,054,294,232
Due from foreign institutions - commercial Banks	26,546,453,204			26,546,453,204
Due from foreign institutions - central Banks	27,228,439,137			27,228,439,137
Funds held with IMF	-	106,243,555		106,243,555
Other assets - Loans to employees	78,517,846			78,517,846
Other assets - Staff advances	2,212,061			2,212,061
Total financial assets	77,598,146,023	160,272,716,323	552,023,623,920	789,894,486,266
Liabilities				
Deposits from local financial institutions, government and government institutions	(359,930,191,365)			(359,930,191,365)
Due to International Monetary Fund (IMF)	(90,657,013,578)			(90,657,013,578)
Funds due to international financial institutions	(9,854,742)			(9,854,742)
Due to other institutions	(534,689,467)	(62,411,553,750)	(47,323,046,250)	(110,269,289,467)
Due to the Ministry of Finance	(11,120,875,954)			(11,120,875,954)
Other liabilities	(955,071,700)			(955,071,700)
Total financial liabilities	(463,207,696,806)	(62,411,553,750)	(47,323,046,250)	(572,942,296,806)
Net maturity difference	(385,609,550,783)	97,861,162,573	504,700,577,670	216,952,189,460

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2023

(In Ethiopian Birr)

28. Financial risk review (continued)

b.) Liquidity risk (continued)

At 30 June 2022	Upto 12 months	1 - 5 years	Over 5 years	Total
Assets				
Due from Government of Ethiopia	2,923,773,977	172,671,216,489	195,370,596,417	370,965,586,883
Loans to government Banks	8,095,673,547	59,894,027,988	90,372,697,960	158,362,399,494
Loans to private commercial Banks	1,368,705,247	-	-	1,368,705,247
Due from foreign institutions - commercial Banks	34,377,378,326			34,377,378,326
Due from foreign institutions - central Banks	41,188,035,227			41,188,035,227
Funds held with IMF	-	322,687,964		322,687,964
Other assets - Loans to employees	66,142,517			66,142,517
Other assets - Staff advances	815,409			815,409
Total financial assets	88,020,524,250	232,887,932,441	285,743,294,377	606,651,751,068
Liabilities				
Deposits from local financial institutions, government and government institutions	(252,869,157,723)			(252,869,157,723)
Due to International Monetary Fund (IMF)	(85,770,695,862)			(85,770,695,862)
Funds due to international financial institutions	(2,819,354)			(2,819,354)
Due to other institutions	(501,298,212)	(47,681,592,500)	(56,826,007,500)	(105,008,898,212)
Due to the Ministry of Finance	(5,374,906,270)			(5,374,906,270)
Other liabilities	(2,339,251,055)			(2,339,251,055)
Total financial liabilities	(346,858,128,476)	(47,681,592,500)	(56,826,007,500)	(451,365,728,476)
Net maturity difference	(258,837,604,226)	185,206,339,941	228,917,286,877	155,286,022,592

28. 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.



28. 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 2023, the Bank held in its custody government bonds and securities worth ETB 1,442,416,950. 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.



29. 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) in active 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 in active 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.



National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2023

(In Ethiopian Birr)

29. Fair value of financial instruments (continued)

b. Accounting classifications

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 fair value and those that are not.

30 June 2023	Carrying amounts				Fair value			
	Amortised cost	FV – OCI	FVTPL	Total carrying amounts	Level 1	Level 2	Level 3	Total
Financial Instruments measured at fair value	ETB		ETB	ETB	ETB	ETB	ETB	ETB
Financial assets								
Equity Investment and IMF quota	-	22,855,004,721	-	22,855,004,721	-	22,855,004,721	-	22,855,004,721
Financial Instruments not measured at fair value								
Financial Assets:								
Due from Government of Ethiopia	583,119,662,333	-	-	583,119,662,333	-	-	583,119,662,333	583,119,662,333
Loans to government banks	137,758,663,898	-	-	137,758,663,898	-	-	137,758,663,898	137,758,663,898
Loans to private commercial banks	15,054,294,232	-	-	15,054,294,232	-	-	15,054,294,232	15,054,294,232
Due from foreign institutions - commercial banks	26,546,453,204	-	-	26,546,453,204	-	-	26,546,453,204	26,546,453,204
Due from foreign institutions - central Banks	27,228,439,137	-	-	27,228,439,137	-	-	27,228,439,137	27,228,439,137
Funds held with IMF	106,243,555	-	-	106,243,555	-	-	106,243,555	106,243,555
Other assets - Loans to employees	78,517,846	-	-	78,517,846	-	-	78,517,846	78,517,846
Other assets - Staff advances	2,212,061	-	-	2,212,061	-	-	2,212,061	2,212,061
Total financial assets	789,894,486,266	22,855,004,721	-	812,749,490,987	-	22,855,004,721	789,894,486,266	812,749,490,987
Liabilities:								
Deposits from local financial institutions, government and government entities	359,930,191,365	-	-	359,930,191,365	-	-	359,930,191,365	359,930,191,365
Due to International Monetary Fund (IMF)	90,657,013,578			90,657,013,578			90,657,013,578	90,657,013,578
Funds due to international financial institutions	9,854,742	-	-	9,854,742	-	-	9,854,742	9,854,742
Due to other institutions	110,269,289,467	-	-	110,269,289,467	-	-	110,269,289,467	110,269,289,467
Due to the Ministry of Finance	11,120,875,954	-	-	11,120,875,954	-	-	11,120,875,954	11,120,875,954
Total financial liabilities	571,987,225,106	-	-	571,987,225,106	-	-	571,987,225,106	571,987,225,106

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)



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

30 June 2022	Carrying amounts					Fair value				
	Amortised cost	FV - OCI	FVTPL	Total carrying amounts		Level 1	Level 2	Level 3	Total	
Financial Instruments measured at fair value	ETB	ETB	ETB	ETB		ETB	ETB	ETB	ETB	
Financial assets										
Equity Investment and IMF quota	-	30,309,732,340	-	30,309,732,340		-	30,309,732,340	-	30,309,732,340	
Financial Instruments not measured at fair value										
Financial Assets:										
Due from Government of Ethiopia	370,965,586,883	-	-	370,965,586,883		-	-	370,965,586,883	370,965,586,883	
Loans to government banks	158,362,399,494	-	-	158,362,399,494		-	-	158,362,399,494	158,362,399,494	
Loans to private commercial banks	1,368,705,247	-	-	1,368,705,247		-	-	1,368,705,247	1,368,705,247	
Due from foreign institutions - commercial banks	34,377,378,326	-	-	34,377,378,326		-	-	34,377,378,326	34,377,378,326	
Due from foreign institutions - central Banks	41,188,035,227	-	-	41,188,035,227		-	-	41,188,035,227	41,188,035,227	
Funds held with IMF	322,687,964	-	-	322,687,964		-	-	322,687,964	322,687,964	
Other assets - Loans to employees	66,142,517	-	-	66,142,517		-	-	66,142,517	66,142,517	
Other assets - Staff advances	815,409	-	-	815,409		-	-	815,409	815,409	
Total financial assets	606,651,751,068	30,309,732,340	-	636,961,483,408		-	30,309,732,340	606,651,751,068	636,961,483,408	
Liabilities										
Deposits from local financial institutions, government and government entities	252,869,157,723	-	-	252,869,157,723		-	-	252,869,157,723	252,869,157,723	
Due to International Monetary Fund (IMF)	85,770,695,862			85,770,695,862				85,770,695,862	85,770,695,862	
Funds due to international financial institutions	2,819,354	-	-	2,819,354		-	-	2,819,354	2,819,354	
Due to other institutions	105,008,898,212	-	-	105,008,898,212		-	-	105,008,898,212	105,008,898,212	
Due to the Ministry of Finance	5,374,906,270	-	-	5,374,906,270		-	-	5,374,906,270	5,374,906,270	
Total financial liabilities	449,026,477,421	-	-	449,026,477,421		-	-	449,026,477,421	449,026,477,421	

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2023

(In Ethiopian Birr)



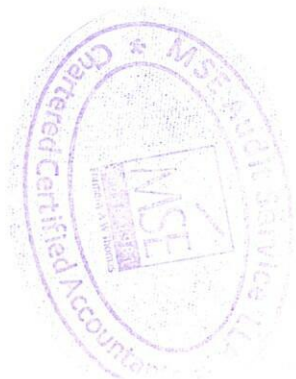
29. Fair value of financial instruments (continued)

c. Level 3 reconciliation

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

30 June 2023	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 2022	370,965,586,883	158,362,399,494	1,368,705,247	34,377,378,326	41,188,035,227	322,687,964	66,142,517	815,410	606,651,751,068
Total gains and losses in P&L	-	-	-	-	-	-	-	-	-
	8,289,607,301	8,879,228,766	1,472,271,494	1,351,193,699	1,050,811,448	6,130,748	(116,955)	(67,628)	21,049,058,873
in OCI									
Amounts loaned out	-	-	12,644,956,047	223,814,100	7,711,002,170		12,492,284	1,464,280	20,593,728,881
Amounts repaid in advance									
Settlements	(435,550,000)	(27,590,399,684)	(431,638,556)	(9,405,932,921)	(22,721,409,708)	(222,575,157)			(60,807,506,026)
Conversions	204,300,018,149	(1,892,564,678)							202,407,453,471
Transfer into level 3	-	-		-			-		-
Balance as at 30th June 2023	583,119,662,333	137,758,663,898	15,054,294,232	26,546,453,204	27,228,439,137	106,243,555	78,517,846	2,212,061	789,894,486,266
30 June 2023	Deposits from local financial institutions, government and government entities	Due to International Monetary Fund (IMF)	Funds due to international financial institutions	Due to other institutions	Due to the Ministry of Finance	Total financial liabilities			
	ETB	ETB	ETB	ETB	ETB	ETB			
Financial Liabilities									
Balance as 1 July 2022	252,869,157,723	85,770,695,862	2,819,354	105,008,898,212	5,374,906,270	449,026,477,421			
Total gains and losses in P&L	-	1,080,205,602	-	3,292,282,140	-	5,342,833,233			
in OCI	970,345,491								
Amounts loaned out	106,105,722,625	3,806,112,114	7,035,388	1,968,109,115	-	111,886,979,242			
Amounts repaid in advance									
Settlements	(15,034,474)				(1,500,000,000)	(1,515,034,474)			
Conversions									
Transfer into level 3	-		-		7,245,969,684	7,245,969,684			
Balance as at 30th June 2023	359,930,191,365	90,657,013,578	9,854,742	110,269,289,467	11,120,875,954	571,987,225,106			

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)



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

30 June 2022	Due from Government of Ethiopia ETB	Loans to government banks ETB	Loans to private commercial banks ETB	Due from foreign institutions - commercial banks ETB	Due from foreign institutions - central Banks ETB	Funds held with IMF ETB	Other assets - Loans to employees ETB	Other assets - Staff advances ETB	Total financial assets ETB
Financial Assets									
Balance as 1 July 2021	294,146,968,065	170,649,011,900	1,695,719,093	28,144,049,258	94,285,262,858	527,514,382	56,494,289	516,808	589,505,536,653
Total gains and losses	-	-	-	-	-	-	-	-	-
in P&L	4,369,588,051	8,435,966,878	844,941,851	269,279,238	20,856,507	1,371,486	(696,401)	(744,515)	13,940,563,095
in OCI									
Amounts loaned out	118,860,063	97,415,494		21,461,744,997	2,591,443,873	146,095,591	10,344,629	1,043,117	24,426,947,764
Amounts repaid in advance									
Settlements	723,583,025	(13,537,776,323)	(1,171,955,697)	(15,497,695,167)	(55,709,528,011)	(352,293,495)	-	-	(85,545,665,668)
Conversions	71,606,587,679	(7,282,218,455)							64,324,369,224
Transfer into level 3	-	-	-	-	-	-	-	-	-
Balance as at 30th June 2022	370,965,586,883	158,362,399,494	1,368,705,247	34,377,378,326	41,188,035,227	322,687,964	66,142,517	815,410	606,651,751,068

30 June 2022	Deposits from local financial institutions, government and government entities ETB	Due to International Monetary Fund (IMF) ETB	Funds due to international financial institutions ETB	Due to other institutions ETB	Due to the Ministry of Finance ETB	Total financial liabilities ETB
Financial Liabilities						
Balance as 1 July 2021	317,517,568,532	57,658,648,195	6,860,126	88,038,683,383	5,374,906,270	468,596,666,506
Total gains and losses	-	-	-	-	-	-
in P&L	2,210,958,246	157,040,536	-	4,234,488,695	-	6,602,487,477
in OCI						
Amounts loaned out	56,834,160,367	27,955,007,131	-	12,735,726,134	-	97,524,893,632
Amounts repaid in advance						
Settlements	(123,693,529,422)	-	(4,040,772)	-	-	(123,697,570,194)
Conversions						
Transfer into level 3	-	-	-	-	-	-
Balance as at 30th June 2022	252,869,157,723	85,770,695,862	2,819,354	105,008,898,212	5,374,906,270	449,026,477,421

National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)



29. 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 2023	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
Financial Assets									
Total gains and losses recognised in the P&L	8,289,607,301	8,879,228,766	1,472,271,494	1,351,193,699	1,050,811,448	6,130,748	(116,955)	(67,628)	21,049,058,873
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	9,830,257,804	8,861,577,203	1,472,955,807	1,350,587,653	1,050,811,448	6,130,748	-	-	22,572,320,663

National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2023

(In Ethiopian Birr)

29. Fair value of financial instruments (continued)

c. Level 3 reconciliation (continued)

30 June 2023	Deposits from local financial institutions, government and government entities	Due to International Monetary Fund (IMF)	Funds due to international financial institutions	Due to other institutions	Due to the Ministry of Finance	Total financial liabilities
	ETB	ETB	ETB	ETB	ETB	ETB
Financial Liabilities						
Total gains and losses recognised in the P&L	970,345,491	1,080,205,602	-	3,292,282,140	-	5,342,833,233
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	970,345,491	1,080,205,602	-	3,292,282,140	-	5,342,833,233



National Bank of Ethiopia

Notes to the Financial Statements

For the year ended 30 June 2023

(In Ethiopian Birr)

29. Fair value of financial instruments (continued)

c. Level 3 reconciliation (continued)

30 June 2022	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
Financial Assets									
Total gains and losses recognised in the P&L	4,369,588,051	8,435,966,878	844,941,851	269,279,238	20,856,507	1,371,486	(696,401)	(744,515)	13,940,563,095
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	7,533,531,776	9,364,648,891	845,010,290	275,212,006	20,856,507	1,371,486	-	-	18,040,630,956



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

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

30 June 2022	Deposits from local financial institutions, government and government entities	Due to International Monetary Fund (IMF)	Funds due to international financial institutions	Due to other institutions	Due to the Ministry of Finance	Total financial liabilities
	ETB	ETB	ETB	ETB	ETB	ETB
Total gains and losses recognised in the P&L	2,210,958,246	157,040,536	-	4,234,488,695	-	6,602,487,476
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	2,210,958,246	157,040,536	-	4,234,488,695	-	6,602,487,476



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

30. 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 2023 based on current expected contract prices.

<i>Commitments</i>	<u>30 June 2023</u>	<u>30 June 2022</u>
Office and other equipment	-	6,588,272
Office and other consumables	644,346	705,431
Work in progress	540,350,189	524,031,131
Professional consultancy services	16,181,592	18,379,370
Motor Vehicles	13,837,600	
Total capital commitments	<u>571,013,727</u>	<u>549,704,204</u>

These capital commitments will be funded from internal resources.

31. Events after the reporting period

- The bank announces the launch of a new monetary policy framework on 09 July 2024 to implement a directive cited as: Open Market Operations and Standing Facilities Directive No. MFAD/OMO&SFs/001/2021 which was issued on 2 August 2021 for this purposes. Under the new policy framework, NBE will use its policy interest rate to be known as the National Bank Rate or NBR(15%) as the primary means of signalling its policy stance and influencing broader monetary and credit conditions. The NBR will be raised or lowered depending on prevailing inflationary and monetary conditions. 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. The directive is applicable to financial transactions between the National Bank and Banks operating in Ethiopia that maintains 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. The new monetary policy framework aims 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.



31. Events after the reporting period (continued)

2. The Bank set forth a reform of the foreign exchange regime on 29 July 2024 following Ethiopia's economic reform program. The reform introduces a competitive, market-based determination of the exchange rate and addresses a long-standing distortion within the Ethiopian economy. The implementation of the reform will be guided by a new Foreign Exchange Directive (FXD/01/2024) issued on 29 July 2024.

All foreign exchange directives and circulars hitherto issued by the National Bank are hereby repealed and replaced by this Directive.

The foreign exchange reforms being announced involve significant new policy changes in the following areas:

- a) A shift to a market-based exchange regime, whereby banks are henceforth allowed to buy and sell foreign currencies from/to their clients and among themselves at freely negotiated rates, and with the NBE making only limited interventions to support the market in its early days and if justified by disorderly market conditions.
- b) The end of surrender requirements to the NBE, allowing foreign exchange to be retained by exporters and commercial banks and thus substantially boosting FX supplies to the private sector.
- c) The removal of import restrictions that previously prohibited 38 product categories and the broader liberalization of the foreign exchange market for the imports of goods and services, while capital account outflows remain restricted as before.
- d) The improvement of retention rules allowing exporters to retain 50% of their foreign exchange proceeds against 40% previously.
- e) The complete removal of rules governing banks' allocation of foreign exchange that was based on a waiting list system for different categories of imports.
- f) The introduction of non-bank foreign exchange bureaus that are henceforth free to engage in the buying and selling of foreign currency cash notes at market rates.
- g) The removal of restrictions on franco valuta imports, to be implemented shortly through an upcoming regulation.
- h) The simplification of rules governing foreign currency accounts, especially those currently held by foreign institutions, FDI companies, and the Diaspora.
- i) The allowance for residents to open foreign currency accounts, based on remittance inflows, transfers from abroad, FX-based salary or rental income, and for other specified cases, as well as the ability to use such foreign currency accounts for foreign service payments.
- j) The removal of interest rate ceilings that previously applied to private sector companies or banks when borrowing from abroad.
- k) The opening of Ethiopia's securities market to foreign investors, with the terms and conditions to be specified further in the near future.



National Bank of Ethiopia
Notes to the Financial Statements
For the year ended 30 June 2023
(In Ethiopian Birr)

31. Events after the reporting period(continued)

- l) The granting of special foreign exchange privileges to companies within Special Economic Zones, including the ability to retain 100% of their foreign exchange earnings.
- m) The relaxation of various rules on the amount of foreign currency cash notes travellers may carry when travelling into or out of Ethiopia.

A new reform of the foreign exchange regime is a more open and competitive foreign exchange market which can attract substantial foreign exchange inflows, ensure efficient resource allocation, and foster greater transparency in foreign exchange transaction activity. The reforms are consistent with longstanding Government intentions outlined in key policy documents, which recognized that Ethiopia should eventually move towards a market-based foreign exchange system as its economy grows in complexity and evolves over time.

3. The bank has also 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.

(3.1) A directive cited as: Interbank Money Market as amended No. MFAD/IBM/03/2024 was issued on 24 July 2024 with an aim to deepen interbank money market to enhance the intermediation process in the market through which commercial banks manage their funding and liquidity by borrowing and lending from and to each other and also supplement efficiency of price based monetary policy framework for the purpose of maintaining price and financial stability that is conducive to the balanced growth of the Ethiopian economy. The directive allows the National Bank to regulate Interbank Money market operations, fine for non-standard 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 supervise payment, clearing and settlement system. The directive is applicable to all commercial banks operating in Ethiopia. A Directive No. IBM/02/98 is hereby repealed and replaced by this directive.

(3.2) A directive cited as: Emergency Liquidity Assistance Directive No NBE/ELA/001/2024 was issued on 15 October 2024 to provide temporary liquidity to solvent banks facing liquidity strains in a strict manner of solvency, collateralization, and supervisory oversight to ensure transparency and accountability. The directive enables National Bank of Ethiopia to mitigate the risk of temporary illiquidity in one or more banks that could otherwise lead to broader banking business instability. The directive is applicable to all commercial banks operating in Ethiopia.



STATISTICAL ANNEXES

Table 1: GDP By Economic Activity at Constant Prices

(In millions of Birr)

Sectors/Year	2008	2009	2010	2011	2012	2013	2014	2015
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Agriculture, Hunting and Forestry	542,700.2	579,022.9	599,331.4	622,220.3	648,711.8	684,775.8	726,412.8	771,163.0
Crop	346,293.6	374,649.8	392,291.8	404,049.6	422,966.5	446,919.4	477,801.1	511,777.5
Animal Farming and Hunting	146,959.5	153,170.4	154,038.0	163,279.5	168,722.4	178,571.3	186,759.1	195,057.3
Forestry	49,447.1	51,202.7	53,001.7	54,891.1	57,022.9	59,285.2	61,852.6	64,328.3
Fishing	1,381.9	1,389.4	1,546.7	1,581.8	1,625.9	1,653.4	2,015.5	2,794.3
Mining and Quarrying	6,116.8	4,296.9	3,402.8	2,658.9	5,089.3	10,960.7	11,624.5	10,796.1
Manufacturing	89,246.7	111,249.6	117,410.7	127,986.7	137,601.5	144,618.9	151,583.9	162,125.7
Large and Medium Scale Manufacturing	61,687.4	73,528.2	77,966.5	87,691.9	96,268.6	102,266.2	108,223.9	117,266.1
Small Scale and Cottage Industries	27,559.2	37,721.5	39,444.2	40,294.7	41,332.9	42,352.7	43,360.1	44,859.6
Electricity and Water	11,015.5	11,552.5	11,929.0	14,115.4	15,136.4	16,522.3	17,593.6	19,826.3
Construction	237,545.0	286,749.6	331,691.4	381,443.8	419,078.0	446,721.7	468,435.8	501,490.4
Whole Sale and Retail Trade	202,241.5	215,351.0	241,936.3	268,037.0	285,293.1	303,204.7	327,260.0	352,241.8
Hotels and Restaurants	41,601.3	41,625.2	44,335.3	48,143.8	49,220.4	50,484.9	54,536.5	60,146.9
Transport and Communications	202,241.5	215,351.0	241,936.3	104,436.2	105,646.1	113,090.7	124,120.5	139,047.5
Financial Intermediation	41,601.3	41,625.2	44,335.3	57,368.6	65,274.3	71,158.1	78,636.2	86,092.9
Real Estate, Renting and Business Activities	67,062.9	70,005.2	74,364.3	79,942.0	87,510.2	95,299.7	103,829.9	113,274.2
Public Administration and Defense	62,259.2	70,488.5	76,754.1	83,662.0	85,612.2	89,770.1	93,768.3	97,515.9
Education	42,385.6	41,031.0	42,520.8	44,221.6	44,784.1	45,694.9	46,432.3	47,583.1
Health and Social Work	15,669.4	16,767.9	18,153.4	20,747.2	23,414.2	26,554.3	29,413.0	32,650.5
Other Community , Social & Personal Services	18,371.3	19,198.4	20,178.0	21,454.2	21,995.5	22,426.8	22,890.2	23,400.6
Private Households with Employed Persons	16,063.8	16,633.3	17,276.0	17,707.4	18,115.5	18,515.9	18,939.5	19,329.1
Total	1,463,883.2	1,613,519.9	1,739,254.9	1,895,726.7	2,014,108.6	2,141,452.8	2,277,492.4	2,439,478.1
Less : FISIM	14,485.8	17,038.3	19,763.6	21,037.4	24,520.9	27,214.5	28,829.5	29,556.7
Gross Value Added at Constant Basic Prices	1,449,397.5	1,596,481.6	1,719,491.3	1,874,689.3	1,989,587.7	2,114,238.3	2,248,662.8	2,409,921.4
Taxes on Products	118,700.0	120,645.6	114,575.2	112,468.2	119,592.3	113,931.8	98,085.2	91,585.7
GDP at Constant Market Prices	1,568,097.5	1,717,127.2	1,834,066.5	1,987,157.5	2,109,180.1	2,228,170.1	2,346,748.0	2,501,507.2

Source:MoPD

Table 2: Growth Rate of GDP By Economic Activity at Constant Prices

Industry/Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Agriculture, Hunting and Forestry	6.3	2.3	6.7	3.5	3.8	4.3	5.6	6.1	6.2
Crop	7.2	3.4	8.2	4.7	3	4.7	5.7	6.9	7.1
Animal Farming and Hunting	4.7	-1.5	4.2	0.6	6	3.3	5.8	4.6	4.4
Forestry	3.5	2.2	3.6	3.5	3.8	3.9	4.0	4.3	4.0
Fishing	30.6	0.1	0.5	11.3	2.3	2.8	1.7	21.9	38.6
Mining and Quarrying	-25.6	-3.3	-29.8	-20.8	-21.9	91.4	115.4	6.1	-7.1
Manufacturing	18.2	18.4	24.7	5.5	7.7	7.5	5.1	4.8	7.0
Large and Medium Scale Manufacturing	23.1	22.9	19.2	6.0	10	9.8	6.2	5.8	8.4
Small Scale and Cottage Industries	3.8	2.5	36.9	4.6	3	2.6	2.5	2.4	3.5
Electricity and Water	4.5	15.0	4.9	3.3	4	7.2	9.2	6.5	12.7
Construction	31.6	25.0	20.7	15.7	15	9.9	6.6	4.9	7.1
Whole Sale and Retail Trade	12.3	8.2	6.5	12.3	11.7	6.4	6.3	7.9	7.6
Hotels and Restaurants	29.6	15.6	0.1	6.5	9	2.2	2.6	8.0	10.3
Transport and Communications	13.3	13.7	15.1	6.4	21	1.2	7.0	9.8	12.0
Financial Intermediation	7.5	9.6	18.3	10.7	10.1	10.2	9.0	10.5	9.5
Real Estate, Renting and Business Activities	4.1	3.7	4.4	6.2	7.5	9.5	8.9	9.0	9.1
Public Administration and Defense	6.0	7.4	13.2	8.9	9	2.3	4.9	4.5	4.0
Education	9.2	8.8	-3.2	3.6	4	1.8	2.0	1.6	2.5
Health and Social Work	13.0	10.8	7.0	8.3	14.3	12.9	13.4	10.8	11.0
Other Community , Social & Personal Services	3.7	3.0	4.5	5.1	6.3	2.5	2.0	2.1	2.2
Private Households with Employed Persons	4.4	4.3	3.5	3.9	2.5	2.3	2.2	2.3	2.1
Total	10.4	8.0	10.2	7.8	8.9	6.2	6.3	6.4	7.1
Less : FISIM	17.9	16.9	17.6	16.0	7	14.2	11.0	5.9	2.5
Gross Value Added at Constant Basic Prices	10.4	8.0	10.1	7.7	9.0	6.1	6.3	6.4	7.2
Taxes on Products	10.2	3.1	1.6	-5.0	-1.8	6.3	-4.7	-13.9	-6.6
GDP at Constant Market Prices	10.4	7.6	9.5	6.8	8.3	6.1	5.6	5.3	6.6

Source:MoPD

Table 3: GDP by Economic Activity at Current Prices

Industry/Year	(In million Birr)					
	2010 2017/18	2011 2018/19	2012 2019/20	2013 2020/21	2014 2021/22	2015 2022/23
Agriculture, Hunting and Forestry	684,644	910,589.1	1,196,254.2	1,626,284.1	2,312,286.2	3,114,215.0
Crop	427,193	587,216.0	797,015.6	1,122,637.7	1,639,822.3	2,189,185.1
Animal Farming and Hunting	191,867	247,337.3	303,074.1	385,788.3	523,066.6	731,290.9
Forestry	65,584	76,035.8	96,164.4	117,858.2	149,397.2	193,738.9
Fishing	2,351	3,020.6	3,747.5	5,034.3	5,351.5	7,481.6
Mining and Quarrying	4,053	3,368.1	9,643.4	30,909.1	34,587.9	29,329.9
Manufacturing	128,200	150,530.5	178,972.3	199,934.1	261,122.9	390,709.0
Large and Medium Scale Manufacturing	84,791	104,723.1	125,757.6	141,915.1	185,656.5	285,203.1
Small Scale and Cottage Industries	43,410	45,807.5	53,214.7	58,019.0	75,466.4	105,505.9
Electricity and Water	15,026	18,726.4	23,826.9	30,434.9	34,860.6	53,134.9
Construction	452,978	495,283.1	567,201.4	687,236.9	1,068,150.2	1,662,566.4
Whole Sale and Retail Trade	275,513	360,656.3	444,506.1	554,457.8	801,596.4	1,129,865.3
Hotels and Restaurants	53,441	66,596.7	79,304.1	95,766.7	129,976.7	195,338.3
Transport and Communications	82,947	99,884.4	140,312.7	183,481.3	251,762.7	314,877.2
Financial Intermediation	69,359	85,044.1	102,994.4	122,893.7	180,666.7	238,373.1
Real Estate, Renting and Business Activities	79,553	106,157.2	154,804.2	228,594.8	404,030.6	715,651.7
Public Administration and Defense	94,614	103,262.3	120,235.7	159,154.9	188,988.2	260,507.3
Education	75,776	85,738.9	94,199.3	116,406.3	127,857.9	164,357.3
Health and Social Work	24,100	27,328.0	34,927.8	40,104.3	47,995.9	60,118.6
Other Community , Social & Personal Services	23,634	28,140.8	33,305.6	39,400.7	49,977.4	66,077.1
Private Households with Employed Persons	25,428	31,181.0	38,264.3	45,764.8	67,753.0	80,607.1
Total	2,091,618	2,575,507.5	3,222,499.9	4,165,858.8	5,966,964.9	8,483,209.8
Less : FISIM	26,829	31,884.3	39,104.0	46,801.9	67,289.5	79,436.0
Gross Value Added at Constant Basic Prices	2,064,789	2,543,623.2	3,183,395.8	4,119,057.0	5,899,675.3	8,403,773.7
Taxes on Products	137,583	152,599.6	191,351.1	221,967.3	257,339.9	319,343.1
GDP at Current Market Prices	2,202,373	2,696,222.7	3,374,746.9	4,341,024.2	6,157,015.2	8,723,116.8

Source: MoPD

Table 4: Growth Rates of GDP by Economic Activity at Current Prices (%)

Sectors/Year	2010	2011	2012	2013	2014	2015
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Agriculture, Hunting and Forestry	11.0	33.0	32.6	35.9	42.2	34.7
Crop	8.6	37.5	35.7	40.9	46.1	33.5
Animal Farming and Hunting	16.5	28.9	27.0	27.3	35.6	39.8
Forestry	11.6	16.2	26.5	22.6	26.8	29.7
Fishing	4.1	28.5	24.1	34.3	6.3	39.8
Mining and Quarrying	-16.3	-16.9	186.3	220.5	11.9	(15.2)
Manufacturing	13.1	17.4	18.9	11.7	30.6	49.6
Large and Medium Scale Manufacturing	13.4	20.2	20.1	12.8	30.8	53.6
Small Scale and Cottage Industries	12.4	3.0	16.2	9.0	30.1	39.8
Electricity and Water	9.6	20.7	27.2	27.7	14.5	52.4
Construction	50.9	9.3	14.5	21.2	55.4	55.6
Whole Sale and Retail Trade	22.4	32.4	23.2	24.7	44.6	41.0
Hotels and Restaurants	19.0	25.1	19.1	20.8	35.7	50.3
Transport and Communications	6.8	20.4	40.5	30.8	37.2	25.1
Financial Intermediation	33.9	22.6	12.2	19.3	47.0	31.9
Real Estate, Renting and Business Activities	12.4	33.4	45.8	47.7	76.7	77.1
Public Administration and Defense	17.1	9.1	16.4	32.4	18.7	37.8
Education	24.0	13.1	11.3	23.6	9.8	28.5
Health and Social Work	28.4	13.4	27.8	14.8	19.7	25.3
Other Community , Social & Personal Services	14.9	19.1	18.4	18.3	26.8	32.2
Private Households with Employed Persons	27.9	22.6	22.7	19.6	48.0	19.0
Total	21.4	23.3	25.3	29.3	43.2	42.2
Less : FISIM	42.2	22.0	13.8	19.7	43.8	18.1
Gross Value Added at Current Basic Prices	21.2	23.3	25.4	29.4	43.2	42.4
Taxes on Products	6.9	10.9	25.4	16.0	15.9	24.1
GDP at Current Market Prices	20.2	22.4	25.2	28.6	41.8	41.7

Source: MoPD

Table 5: Summary of External Public Debt

	(In Millions of Birr)								
	2014/15 (2007)	2015/16 (2008)	2016/17 (2009)	2017/18 (2010)	2018/19 (2011)	2019/20 (2012)	2020/21 (2013)	2021/22 (2014)	2022/23 (2015)
EXTERNAL DEBT									
Disbursed *	382,564.9	449,037.6	539,568.8	703,675.6	782,908.8	1,010,608.8	1,289,835.3	1,453,608.9	1,534,072.6
Undisbursed	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
DRAWINGS (gross)	119,075.7	73,812.2	66,379.3	92,796.0	79,206.1	106,681.7	56,108.5	55,519.7	78,725.5
REPAYMENTS (1)	-13,967.5	-16,306.7	-19,479.7	-30,619.4	-40,234.6	-44,679.7	-56,216.2	-81,284.9	-72,998.9
DEBT SERVICING (2)	18,974.75	23,872.4	29,345.3	42,480.4	58,214.7	64,124.9	75,973.7	105,770.6	95,611.9
Principal	13,967.5	16,306.7	19,479.7	30,619.4	40,234.6	44,679.7	56,216.2	81,284.9	72,998.9
Interest (3)	5,007.2	7,565.7	9,865.6	11,861.0	17,980.1	19,445.1	19,757.5	24,485.7	22,613.0
DEBT SERVICE TO EXPORT OF GOODS RATIO	31.1	39.4	45.0	57.4	77.8	68.5	54.1	53.1	49.6
EXTERNAL DEBT TO GDP (%)**	29.5	28.6	29.4	32.0	29.1	29.9	29.7	23.6	17.6
EXPORT OF GOODS	61,064.4	60,526.4	65,167.1	74,044.8	74,807.7	93,641.5	140,326.9	199,307.5	192,804.5
GDP (Current Current Price)	1,297,954.7	1,568,097.5	1,832,786.0	2,200,120.6	2,690,751.4	3,374,746.9	4,341,024.2	6,157,015.2	8,722,307.7

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 6: Balance of Payments

(In Millions of Birr)

G.C. EFY	2015/16 (2008)	2016/17 (2009)	2017/18 (2010)	2018/19 (2011)	2019/20 (2012)	2020/21 (2013)	2021/22 (2014)	2022/23 (2015)
TRADE BALANCE	-292,474.9	-289,030.5	-324,244.9	-349,149.7	-341,436.0	-417,133.0	-681,230.9	-720,920.9
Export(f.o.b)	60,526.4	65,167.1	74,044.8	74,806.8	93,641.5	140,326.9	199,197.1	192,804.3
Coffee	15,253.7	19,795.6	21,905.1	21,436.5	26,824.8	35,480.3	69,485.1	71,409.4
Other Exports	45,272.7	45,371.5	52,139.7	53,370.3	66,816.7	104,846.6	129,712.0	121,394.9
Imports (c.i.f.)	-353,001.4	-354,197.6	-398,289.7	-423,956.5	-435,077.5	-557,459.9	-880,428.0	-913,725.2
Fuel	-28,260.8	-40,876.9	-60,553.0	-72,961.5	-65,445.6	-75,723.5	-168,062.9	-211,347.1
Other Imports	-324,740.5	-313,320.8	-337,736.7	-350,995.0	-369,632.0	-481,736.4	-712,365.1	-702,378.1
Net Services	-13,027.4	-12,588.8	-5,221.1	-15,833.5	-6,862.8	516.4	31,043.3	52,518.3
Travel	-1,386.5	-951.7	7,146.7	6,225.9	10,431.2	26,800.9	22,577.5	28,054.5
Other Transportation	11,209.2	8,569.4	13,494.3	18,091.2	27,972.4	28,743.3	53,574.7	72,162.5
Government(n.i.e.)	7,600.2	8,625.2	5,641.9	7,935.0	1,878.4	6,314.9	9,019.8	11,089.2
Investment Income	-7,849.3	-11,214.0	-11,410.1	-16,925.9	-19,203.0	-22,380.5	-27,861.8	-22,028.7
Other Services	-22,601.0	-17,617.7	-20,094.0	-31,159.7	-27,942.0	-38,962.2	-26,266.8	-36,759.2
Net Goods & Services	-305,502.3	-301,619.3	-329,466.0	-364,983.2	-348,298.9	-416,616.7	-650,187.6	-668,402.6
Private Transfers (net)	135,680.5	122,945.6	158,601.1	167,629.9	162,534.4	238,717.8	345,119.4	362,459.0
Current Account Balance	-169,821.8	-178,673.7	-170,864.9	-197,353.3	-185,764.5	-177,898.8	-305,068.2	-305,943.6
Public Transfers (net)	29,359.9	32,014.6	32,678.7	58,540.8	47,797.8	53,408.5	55,185.2	58,256.0
Non Monetary Capital (net)	138,330.8	154,325.0	161,503.2	135,289.6	135,603.6	147,709.5	132,280.7	186,753.7
Public long-term (net)*	67,020.2	57,928.2	68,083.1	46,595.6	64,463.4	6,465.0	-22,774.0	11,437.8
Short-term	2,322.0	2,913.8	-3,792.1	4,099.0	-4,682.9	-13,081.3	-5,601.1	-7,339.7
FDI	68,988.6	93,483.1	97,212.3	84,595.0	75,823.1	154,325.7	160,655.8	182,655.5
Net errors and Omissions	-15,405.0	7,096.2	-28,580.3	-22,894.2	-23,758.0	-11,564.6	13,190.0	20,862
Overall Balance	-17,536.1	14,762.1	-5,263.3	-26,417.1	-26,121.1	11,654.6	-104,412.3	-40,071.4
Financing :	17,536.1	-14,762.1	5,263.3	26,417.1	26,121.1	-11,654.6	104,412.3	40,071.4
Monetary Authorities (Reserves), net	17,536.1	-14,762.1	5,263.3	26,417.1	26,121.1	-11,654.6	104,412.3	40,071.4
Arrears Change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt Relief	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cancellation	0.0	0.0	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

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 7: Value of Major Exports

(In Thousands of Birr)

Commodity	2015/16 (2008)	2016/17 (2009)	2017/18 (2010)	2018/19 (2011)	2019/20 (2012)	2020/21 (2013)	2021/22 (2014)	2022/23 (2015)
Coffee	15,267,166.7	19,897,568.9	21,893,480.4	21,490,708.9	27,044,310.5	36,367,828.0	70,175,272.0	71,425,122.0
Oilseeds	10,076,702.8	7,891,362.5	11,188,854.0	10,921,323.8	11,012,982.9	13,180,233.0	12,896,678.4	13,781,966.4
Leather and Leather products	2,424,089.0	2,558,995.8	3,455,808.7	3,285,473.7	2,208,391.3	1,425,336.1	1,609,850.6	1,315,467.5
Pulses	4,886,962.9	6,276,562.9	7,124,264.4	7,659,551.2	7,422,895.7	9,243,279.1	10,711,389.3	17,370,062.4
Meat Products	2,026,532.5	2,214,721.7	2,661,968.0	2,484,948.7	2,107,034.0	2,964,430.2	5,329,508.5	4,345,071.3
Fruits & Vegetables	1,128,060.7	1,257,748.5	1,603,497.1	1,709,468.5	1,834,795.4	2,730,982.1	4,272,817.6	4,921,869.7
Sugar	-	115,431.7	133,582.5	106,710.5	45,089.5	7,832.9	614.7	15,127.5
Gold	6,113,142.1	4,683,990.8	2,605,757.2	775,705.7	6,572,639.3	25,378,419.0	26,464,048.5	10,491,436.8
Oil Cakes	-	-	-	-	-	-	-	-
Live Animals	3,090,572.3	1,506,508.9	1,539,071.6	1,287,954.6	1,671,076.6	1,758,839.4	1,437,406.1	931,096.6
Chat	5,511,986.7	6,113,689.6	6,882,238.3	8,511,121.5	10,116,170.9	15,808,881.6	18,910,324.2	13,154,557.3
Petroleum Products	-	-	-	-	-	-	-	-
Bee's Wax	51,326.1	60,566.7	81,311.4	67,657.8	65,655.6	69,226.8	58,907.4	58,881.0
Tantaleum	151,563.5	137,861.4	246,007.6	274,291.8	155,490.6	179,801.6	464,712.4	902,447.4
Cotton	11.6	-	140,351.4	8,572.2	8,218.7	-	-	-
Text. & Text. Prdts	1,633,981.4	2,004,285.7	2,695,228.8	4,296,263.5	5,235,336.0	5,725,100.5	8,529,908.7	7,911,617.6
Cereals and Flour	185,207.8	645,101.2	156,779.6	81,940.5	117,441.6	758,212.7	1,642,831.6	1,738,883.7
Natural Gum	175,997.8	266,180.1	233,800.6	144,922.8	157,838.7	137,246.6	107,704.1	55,155.3
Civet	-	-	-	-	-	-	-	-
Hop	-	-	-	-	-	-	-	-
Animal Fodder	-	-	-	-	-	-	-	-
Natural Honey	41,928.3	31,343.9	23,694.8	13,468.4	16,439.3	3,036.6	10,592.0	11,932.7
Marble	-	-	-	-	-	-	-	-
Flower	4,737,809.0	4,905,507.6	5,982,071.2	7,228,221.9	13,208,479.3	18,461,631.4	26,445,082.3	30,210,536.2
Beverage	109,780.9	90,513.2	108,799.4	114,745.8	111,398.5	191,924.6	223,891.9	270,324.6
Spices	566,214.9	554,729.1	441,282.3	381,907.9	432,708.0	620,629.5	807,366.2	559,747.4
Others	1,759,529.8	2,473,083.9	5,013,633.7	4,087,463.4	4,820,745.8	6,688,537.9	9,896,132.5	11,686,027.9
Others	9,362,025.1	11,108,606.1	15,041,649.2	16,631,798.2	24,264,096.5	32,766,121.4	48,128,221.7	53,346,672.9
RE-exports	-	-	-	-	-	-	-	-
Total	59,938,566.96	63,685,744.10	74,211,482.8	74,932,423.0	94,365,138.3	141,701,409.6	199,995,039.0	191,157,331.5

Source: Ethiopian Customs Commission

Table 8: Quantity of Major Exports

Table 8: Quantity of Major Exports									
Commodity	2014/15 (2007)	2014/15 (2007)	2016/17 (2009)	2017/18 (2010)	2018/19 (2011)	2019/20 (2012)	2020/21 (2013)	2021/22 (2014)	2022/23 (2015)
	(In Metric Tons)								
Coffee	183,870.70	198,658.11	225,747.01	238,572.83	230,931.42	271,111.52	248,653.58	303,235.24	241,700.46
Oilseeds	319,461.91	436,573.50	333,514.13	348,548.01	260,001.58	236,504.53	245,479.33	172,139.72	150,286.63
Leather and Leather products	6,174.96	5,983.46	5,890.12	6,400.79	5,590.40	3,551.27	2,290.59	2,239.29	1,695.73
Pulses	340,736.88	375,425.13	392,743.28	438,061.53	462,821.56	354,010.48	280,603.44	213,873.61	396,224.76
Meat Products	19,034.52	18,965.08	19,564.98	19,954.85	17,719.23	12,819.96	14,631.78	19,012.08	11,527.96
Fruits & Vegetables	150,148.72	167,076.37	178,569.19	188,976.92	175,619.64	191,183.11	221,695.57	222,650.42	177,240.33
Sugar	-	-	51,126.64	35,958.09	43,706.24	17,515.03	2,511.84	10.00	19.99
Gold	9.04	8.58	5.97	2.82	0.82	3.32	9.56	8.68	3.46
Oil Cakes	-	-	-	-	-	-	-	-	-
Live Animals	77,860.31	77,779.01	36,066.48	31,936.99	24,346.65	29,395.64	26,262.97	17,266.04	7,873.21
Chat	49,204.18	47,000.13	48,818.10	47,023.94	53,565.91	57,136.13	71,209.90	56,331.21	31,310.12
Petroleum Products	-	-	-	-	-	-	-	-	-
Bee's Wax	520.38	267.65	302.34	358.70	283.18	258.01	229.00	158.02	139.22
Tantaleum	147.79	185.90	229.30	2,860.36	386.20	76.08	66.77	161.47	1,534.87
Cotton	8.29	0.34	-	3,529.38	252.91	80.00	-	-	-
Text. & Text: Prdts	14,858.30	12,281.54	16,192.82	16,761.81	19,888.80	22,798.39	24,045.62	35,234.52	31,382.08
Cereals and Flour	39,171.91	11,403.59	71,737.19	11,805.28	3,579.95	4,670.14	25,144.37	38,367.58	39,005.50
Natural Gum	3,472.77	2,351.01	3,383.90	2,482.77	1,111.41	1,384.59	769.68	472.71	308.66
Civet	-	-	-	-	-	-	-	-	-
Hop	-	-	-	-	-	-	-	-	-
Animal Fodder	-	-	-	-	-	-	-	-	-
Natural Honey	681.18	592.53	444.10	316.30	134.43	152.14	15.61	53.91	37.78
Marble	-	-	-	-	-	-	-	-	-
Flower	46,330.67	50,629.10	49,356.08	50,100.88	57,849.31	94,389.84	101,578.88	114,253.02	112,989.70
Beverage	2,990.00	4,213.56	3,943.14	3,566.97	4,404.93	4,430.26	5,310.98	5,439.07	4,502.34
Spices	19,146.48	13,374.79	12,427.56	12,576.85	11,589.88	12,499.67	12,823.23	8,667.63	6,429.37

Source: Ethiopian Customs Commission

Table 9: Value of Major Imports

(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.
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
2020/21	59,877,394	944,240	202,052	10,059	72,597,464	6,105,217	21,000,828	4,407,459	5,425,663	9,959,762	3,359,773
2021/22	115,668,627	2,097,436	417,870	6,971	165,014,806	9,140,163	24,263,829	10,813,389	7,324,338	13,968,242	5,473,448
2022/23	81,855,321	1,256,609	402,246	9,501	208,987,032	14,080,158	28,785,485	183,926	7,465,607	14,675,878	8,663,978

Table 9 Continued:

Period	Textiles	Clothings	Glass & Glass Ware	Metal & Metal Manfc.	Machinery & Aircraft	Road Motor Vehicles	Electrical Materials	Grain*	Telecomm. Appara.	Others	GRAND TOTAL
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	58,096,034	208,490,479
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	54,927,511	261,847,552
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	69,454,129	330,938,955
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	78,646,953	353,016,619
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
2020/21	10,385,932	7,877,484	3,026,514	53,117,272	78,005,719	4,859,279	32,953,170	19,960,579	809,586	184,416,278	559,341,145
2021/22	15,606,493	6,910,168	5,052,160	58,411,496	66,130,653	4,644,695	36,926,587	39,825,945	1,266,842	334,881,277	884,019,490
2022/23	20,253,949	8,720,790	5,403,817	63,694,153	88,070,178	6,777,732	41,298,064	19,397,703	3,335,125	309,064,138	912,983,688

* Included in "Food & Live Animals".

Source: Ethiopian Customs Commission

Table 10: Volume of Major Imports

Period	(in Metric Tones)									
	Food & Live Animals	Beverages	Tobacco	Petroleum Crude	Petroleum Prod.	Chemicals	Fertilizers	Medical & Pharm. Prod	Soap & Polish	Rubber Prod.
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
2020/21	4,153,337.6	16,308.9	1,303.0	147.0	3,719,623.1	176,366.0	22,352.1	808.8	83,410.9	92,909.1
2021/22	4,021,527.7	21,572.8	1,539.7	80.3	3,911,168.8	163,271.5	26,517.5	813.9	69,837.3	97,874.8
2022/23	2,128,163.5	11,313.6	2,517.2	94.7	3,940,881.7	203,320.2	28,503.6	168.8	56,243.5	93,526.7

Period	Paper & Paper Manfc.	Textiles	Clothings	Glass & Glass Ware	Metal & Metal Manfc.	Machinery & Aircraft	Road Motor Vehicles	Electrical Materials	Grain*	Telecomm. Appara.
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	836,746.9	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	161,778.3	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
2020/21	153,513.0	127,478.8	26,875.7	99,087.8	1,402,145.2	183,969.3	28,862.0	94,220.0	2,012,278.3	232.3
2021/22	82,589.9	122,823.2	20,255.8	100,373.4	983,740.9	157,420.5	15,175.1	64,307.6	1,474,052.7	268.6
2022/23	302,429.9	141,777.2	20,166.1	118,727.9	2,302,735.4	200,412.5	22,394.0	74,685.7	637,963.3	452.9

* Included in "Food & Live Animals".

Source: Ethiopian Customs Commission

Table 11: Value of Imports, By End Use

	2014/15 (2007)	2015/16 (2008)	2016/17 (2009)	2017/18 (2010)	2018/19 (2011)	2019/20 (2012)	2020/21 (2013)	2021/22 (2014)	2022/23 (2015)
RAW MATERIALS	3,426.40	3,147.26	2,809.23	3,617.87	4,233.32	5,070.88	5,400.91	5,577.02	5,752.90
SEMI-FINISHED GOODS	51,856.36	61,207.76	58,840.49	65,669.07	78,116.49	97,796.04	105,406.69	184,980.29	173,829.41
Chemicals	6,398.19	7,389.96	7,524.19	8,910.53	10,858.90	16,743.30	18,890.76	24,699.48	27,517.04
Fertilizers	10,163.68	9,167.59	8,354.88	13,001.60	14,219.85	19,517.00	28,031.17	70,195.28	49,289.35
Textile Materials	1,311.24	1,335.60	1,580.89	1,589.57	2,276.95	3,485.51	5,359.73	9,507.58	10,364.29
Others	33,983.34	43,314.60	41,380.52	42,167.37	50,760.78	58,050.24	53,125.03	80,577.94	86,658.73
FUEL	40,943.09	28,246.34	40,940.19	61,013.95	72,941.90	64,685.48	76,625.78	169,859.55	211,126.40
Crude Petroleum	0.20	0.11	3.73	1.80	0.88	1.96	10.32	7.18	7.64
Petroleum Products	39,822.54	27,005.49	39,143.28	58,613.99	69,942.60	62,056.89	72,597.46	165,014.81	203,796.30
Others	1,120.35	1,240.74	1,793.18	2,398.17	2,998.41	2,626.62	4,017.99	4,837.57	7,322.46
CAPITAL GOODS	138,421.22	143,943.46	135,285.20	136,684.08	140,570.41	128,229.80	151,669.63	148,132.94	202,143.52
Transport	34,176.24	32,362.86	32,005.58	29,339.13	39,817.70	12,249.42	13,690.16	15,688.20	38,728.67
Tyres for Heavy Vehicle	2,741.61	2,818.81	3,186.58	2,628.97	3,172.73	4,191.33	4,299.83	4,394.44	4,354.59
Heavy Road Motor Vehicle	19,986.57	20,520.03	22,400.17	18,666.44	11,441.56	5,652.14	2,954.13	4,175.33	25,107.09
Aircraft	3,826.27	3,462.96	3,362.78	7,529.52	24,229.19	2,033.72	5,328.32	6,624.19	8,685.05
Others	7,621.78	5,561.06	3,056.05	514.20	974.22	372.22	1,107.88	494.24	581.94
Agricultural	1,444.71	1,761.37	1,691.39	1,343.02	1,616.02	2,745.65	3,422.46	2,678.25	4,987.84
Industrial	102,800.27	109,819.23	101,588.23	104,001.93	99,136.69	113,234.74	134,557.01	129,766.49	158,427.01
CONSUMER GOODS	90,614.30	111,228.72	109,625.01	122,572.11	119,758.04	124,714.69	213,380.89	368,192.64	314,095.72
Consumer Durables	32,305.54	33,062.24	38,146.76	35,022.62	33,670.41	28,525.81	31,313.80	39,701.10	77,073.09
Radio & Television	3,008.95	3,069.50	9,556.66	2,836.57	3,417.15	1,947.48	2,061.47	2,348.43	6,094.82
Tyres, Cars & Other Veh.	1,258.24	1,211.53	1,435.07	1,624.56	1,511.83	1,596.76	1,477.42	2,202.90	2,321.72
Cars & Other Vehicles	7,305.98	9,342.33	9,917.73	12,001.85	9,999.35	3,455.56	812.32	852.77	34,113.23
Others	20,732.38	19,438.89	17,237.31	18,559.64	18,742.09	21,526.01	26,962.59	34,296.99	34,543.31
Consumer Non-Durables	58,308.75	78,166.48	71,478.24	87,549.49	86,087.63	96,188.88	182,067.09	328,491.55	237,022.64
Cereals	12,065.34	21,856.74	12,363.68	20,043.62	16,734.20	26,055.01	53,253.48	105,138.02	55,245.36
Other Food	8,988.00	13,252.27	13,007.05	16,254.14	15,642.11	16,738.49	32,012.30	68,806.45	56,686.47
Medical & Pharmaceutical	11,823.44	13,636.15	15,028.19	14,814.52	21,133.74	21,356.68	26,642.51	38,536.00	36,071.23
Textile Fabrics	11,523.90	13,056.13	12,979.33	14,797.76	11,089.57	12,300.45	18,599.28	16,603.16	22,416.79
Others	13,908.07	16,365.19	18,099.98	21,639.45	21,488.01	19,738.25	51,559.52	99,407.91	66,602.79
MISCELLANEOUS	5,677.60	5,243.09	6,771.02	7,558.39	7,773.99	11,692.47	6,857.24	7,277.05	6,035.74
TOTAL IMPORTS	330,938.95	353,016.62	354,271.13	397,115.47	423,394.15	432,189.35	559,341.15	884,019.49	912,983.69

Source: Ethiopian Customs Commission

Table 12: Value of Imports, By Country of Origin

Countries	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	2008	2009	2010	2011	2012	2013	2014	2015
Djibouti	25.5	54.6	7,505.5	269,451.0	1,226,326.3	5,657,336.4	20,613,926.2	24,598,623.6
Kenya	704,623.9	775,026.6	883,937.3	1,139,053.5	2,682,248.7	2,237,418.7	5,292,979.2	5,994,083.8
Sudan	885,021.3	2,697,548.6	2,500,770.0	2,303,862.7	2,295,903.2	1,107,245.5	176,219.6	220,345.5
U.A.E	9,676,619.7	8,283,685.2	14,283,917.6	15,436,918.6	17,282,832.8	36,910,293.4	60,220,789.4	76,635,417.1
France	4,176,288.1	4,505,121.3	4,756,805.0	4,355,547.8	8,257,770.3	7,481,685.2	6,609,334.3	8,948,029.7
Germany	7,849,773.2	5,711,671.2	7,256,006.1	9,018,930.8	9,208,171.1	8,345,258.5	8,779,107.1	8,611,306.9
Italy	13,340,823.0	15,518,259.6	13,370,601.9	9,585,488.8	8,191,163.0	13,317,722.6	9,137,982.9	10,925,653.4
Netherlands	4,140,318.9	4,540,832.5	6,172,113.2	5,203,113.3	4,678,959.5	3,780,241.5	7,141,614.2	5,542,764.6
U.K.	4,277,114.5	3,750,299.2	5,981,832.7	9,114,791.7	9,216,314.9	11,162,568.7	6,097,132.3	10,588,592.9
Russia	3,983,984.5	947,736.5	2,472,934.4	3,422,604.1	2,116,402.5	4,712,302.7	6,054,250.0	1,830,694.9
Yugoslavia	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0
U.S.A.	26,691,945.0	22,894,078.3	31,244,388.2	38,161,945.4	33,114,719.7	38,100,962.8	48,138,146.4	56,476,065.0
China, P. Rep.	117,251,124.0	114,932,245.7	100,864,789.1	109,790,427.2	112,353,466.1	126,418,108.2	162,302,544.7	191,663,400.4
Japan	14,792,746.8	15,545,024.5	13,546,649.0	10,623,030.1	5,490,339.1	4,139,127.9	3,480,925.1	4,825,674.9
Saudi Arabia	7,964,804.7	10,728,630.6	9,089,126.5	6,854,464.4	14,250,180.6	19,549,678.9	57,856,736.4	77,470,351.8
Rest of the World	137,281,406	143,440,920	184,684,091	198,214,521	201,824,554	276,431,194	482,117,802	428,652,684
Total Import	353,016,618.9	354,271,134.9	397,115,467.6	423,394,150.7	432,189,352.0	559,341,145.1	884,019,489.6	912,983,688.2

Source: Ethiopian Customs Commission

Table 13: Values of Export by Destination*

(In Thousand of Birr)

Countries	2012/13 (2005)	2013/14 (2006)	2014/15 (2007)	2015/16 (2008)	2016/17 (2009)	2017/18 (2010)	2018/19 (2011)	2019/20 (2012)	2020/21 (2013)	2021/22 (2014)	2022/23 (2015)
Djibouti	2,237,358.7	3,657,884.1	1,594,047.2	2,205,921.5	2,283,064.5	3,312,767.9	3,572,337.4	3,702,736.4	4,497,508.4	6,856,655.5	8,046,821.4
Kenya	190,937.6	383,109.9	586,440.4	618,827.4	1,186,102.0	1,057,668.8	566,102.0	439,609.0	1,616,543.8	814,696.3	3,292,880.6
Sudan	1,675,096.7	1,550,096.2	1,649,715.5	1,333,607.7	983,314.5	2,690,709.5	1,945,939.4	2,168,104.2	3,168,442.1	3,966,853.8	4,023,359.7
U.A.E	1,434,079.8	1,505,223.0	1,968,395.0	1,663,203.4	2,694,755.9	2,890,041.4	3,660,308.4	3,936,157.3	7,145,156.7	9,434,813.3	10,581,684.4
France	602,489.7	685,632.9	721,352.6	679,965.7	827,504.6	815,455.0	556,438.0	890,052.7	2,181,537.6	1,930,292.1	1,886,179.1
Germany	4,200,733.7	3,578,887.9	4,206,156.1	3,374,501.1	3,943,246.8	4,729,675.7	3,117,963.9	5,026,821.2	5,745,974.7	13,556,632.4	10,792,625.7
Italy	1,185,007.4	1,193,640.4	1,089,194.7	966,200.8	1,347,709.3	1,485,535.5	1,195,539.3	1,401,024.7	2,839,821.4	3,960,106.4	3,704,728.0
Netherlands	3,029,773.3	3,733,608.0	3,590,928.2	3,705,135.6	4,177,990.4	5,001,313.7	5,843,402.3	9,670,552.9	10,695,072.7	18,888,943.7	21,196,233.9
U.K.	859,631.5	1,034,640.7	701,778.1	807,237.0	1,290,346.0	1,158,597.9	1,158,806.1	1,052,198.4	2,357,712.9	2,726,446.9	3,758,186.7
Russia	215,319.3	382,322.7	305,928.6	332,653.0	386,108.6	471,864.5	344,778.3	369,994.7	1,891,810.4	729,040.5	889,009.7
Yugoslavia	0.0	0.0	0.0	45,939.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
U.S.A.	2,055,429.7	2,528,824.6	3,516,765.2	3,284,622.6	4,317,231.5	6,053,876.5	5,308,192.0	5,031,320.4	8,495,485.6	17,565,965.5	16,895,318.4
China, P.Rep.	4,660,201.6	7,588,195.4	7,378,001.3	6,643,602.4	5,111,009.8	6,301,806.7	3,985,339.1	2,500,656.6	3,731,565.0	5,219,670.4	5,677,015.0
Japan	1,617,076.4	1,304,904.4	1,965,574.6	1,212,783.4	2,233,317.5	2,377,676.8	3,335,760.7	3,431,247.0	3,495,238.4	7,440,192.5	5,950,701.4
Saudi Arabia	2,754,839.5	3,516,770.4	4,039,151.9	3,642,647.6	4,400,225.0	4,971,483.0	5,022,828.1	6,349,911.2	7,463,486.1	13,454,223.6	17,313,019.1
Rest of the World	29,405,616.7	29,599,272.5	26,546,929.3	29,421,718.0	28,503,817.8	#####	35,318,688.1	48,394,751.6	76,376,053.7	93,064,511.3	78,851,285.5
Total Export	56,123,591.7	62,243,013.1	59,860,358.7	59,938,567.0	63,685,744.1	74,211,482.8	74,932,423.0	94,365,138.3	141,701,409.6	199,609,044.4	192,859,048.4

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

Source: Ethiopian Customs Commission

Table 14: Trade Balance with Major Trading Partners

Trading Country	2015/16 (2008)	2016/17 (2009)	2017/18 (2010)	2018/19 (2011)	2019/20 (2012)	2020/21 (2013)	2021/22 (2014)	2022/23 (2015)
Djibouti	2,205,895.91	2,283,009.94	3,305,262.37	3,302,886.37	2,476,410.09	-	1,159,828.00	-
Kenya	- 85,796.43	411,075.40	173,731.42	- 572,951.51	- 2,242,639.74	-	620,874.88	-
Sudan	448,586.45	- 1,714,234.10	189,939.59	- 357,923.38	- 127,799.00	-	2,061,196.66	-
U.A.E	- 8,013,416.29	- 5,588,929.30	- 11,393,876.20	- 11,776,610.13	- 13,346,675.45	-	29,765,136.69	-
France	- 3,496,322.40	- 3,677,616.68	- 3,941,350.04	- 3,799,109.79	- 7,367,717.62	-	5,300,147.55	-
Germany	- 4,475,272.13	- 1,768,424.37	- 2,526,330.43	- 5,900,966.85	- 4,181,349.91	-	2,599,283.75	-
Italy	- 12,374,622.20	- 14,170,550.33	- 11,885,066.35	- 8,389,949.56	- 6,790,138.34	-	10,477,901.21	-
Netherlands	- 435,183.35	- 362,842.14	- 1,170,799.45	640,289.00	4,991,593.40	6,914,831.20	11,747,329.49	15,653,469.31
U.K.	- 3,469,877.49	- 2,459,953.18	- 4,823,234.75	- 7,955,985.63	- 8,164,116.46	-	8,794,855.85	-
Russia	- 3,651,331.50	- 561,627.87	- 2,001,069.82	- 3,077,825.86	- 1,746,407.72	-	2,820,492.31	-
Yugoslavia	45,939.89	- 0.26	- 0.00	-	-	-	-	-
U.S.A.	- 23,407,322.41	- 18,576,846.83	- 25,190,511.74	- 32,853,753.41	- 28,083,399.33	-	29,605,477.20	-
China, P.Rep.	- 110,607,521.54	- 109,821,235.92	- 94,562,982.35	- 105,805,088.06	- 109,852,809.46	-	122,686,543.20	-
Japan	- 13,579,963.40	- 13,311,707.06	- 11,168,972.25	- 7,187,269.43	- 2,059,092.16	-	643,889.53	1,125,026.50
Saudi Arabia	- 4,322,157.13	- 6,328,405.58	- 4,117,643.49	- 1,831,636.29	- 7,900,269.49	-	12,086,192.84	-
Rest of the World	- 107,859,687.90	- 114,937,102.51	- 153,791,081.32	- 162,895,833.11	- 153,429,802.60	-	200,055,140.29	-
Overall Trade Balance	- 293,078,051.94	- 290,585,390.79	- 322,903,984.82	- 348,461,727.63	- 337,824,213.76	-	417,639,735.45	-
							68,410,445.18	-
							720,124,639.83	-

Source: Ethiopian Customs Commission

Table 15: Components of Broad Money

(In Millions of Birr)

End of period	Currency outside Banks	Net Demand Deposit	Narrow Money	Quasi Money	Broad Money
	1	2	3=1+2	4	5=3+4
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	134,049.2	163,682.8	297,732.0
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
2020/21	133,621.3	303,770.7	437,392.0	910,874.2	1,348,266.1
2021/22	173,382.8	414,633.0	588,015.8	1,127,294.2	1,715,310.0
2022/23	211,636.8	494,505.4	706,142.2	1,464,706.2	2,170,848.4

Source: National Bank of Ethiopia

Table 16: Domestic Credit by Sector

End of Period	Claims on Central Gov't				(In Millions of Birr)				
	Gross Grand Total	Total	National Bank	Comm. Banks	Claims on Non-Central Gov't				
					Total	Loans & Advances	Bills Disc.	Invest-ments	Priority sec. loan to DBE
	1=2+5	2=3+4	3	4	5=6+9	6*	7	8	9
1996/97	19,803.4	10,975.8	8,838.9	2,136.9	8,827.6	8,822.5	-	5.1	-
1997/98	22,050.8	12,032.4	9,819.3	2,213.1	10,018.4	10,015.4	-	3.0	-
1998/99	23,942.7	13,053.8	10,562.2	2,491.6	10,888.9	10,883.2	-	5.7	-
1999/00	31,283.7	19,423.4	16,533.1	2,890.3	11,860.3	11,852.1	-	8.2	-
2000/01	34,035.1	21,357.4	14,342.5	7,014.9	12,677.7	12,667.6	-	10.1	-
2001/02	28,099.0	15,985.1	8,986.7	6,998.4	12,113.9	12,082.4	-	31.5	-
2002/03	28,689.4	17,229.8	9,387.6	7,842.2	11,459.7	11,417.1	-	42.6	-
2003/04	31,653.0	19,199.2	9,389.2	9,809.9	12,453.8	12,245.1	-	208.7	-
2004/05	40,873.5	21,673.8	19,540.0	2,133.9	19,199.7	15,927.0	-	3,272.7	-
2005/06	49,298.6	25,266.4	19,095.7	6,170.6	24,032.2	19,431.1	-	4,601.1	-
2006/07	61,846.9	30,337.6	24,855.6	5,482.1	31,509.2	23,493.8	-	8,015.5	-
2007/08	78,475.1	33,075.7	35,405.8	(2,330.1)	45,399.4	33,600.6	-	11,798.8	-
2008/09	89,205.9	32,786.5	37,827.2	(5,040.7)	56,419.4	38,802.0	-	17,617.4	-
2009/10	104,416.2	33,013.1	39,340.3	(6,327.2)	71,403.1	47,603.6	-	23,799.5	-
2010/11	135,558.6	28,651.7	45,323.7	(16,672.1)	106,906.9	61,871.3	-	38,785.6	6,250.0
2011/12	189,122.1	21,557.4	45,344.1	(23,786.7)	167,564.6	94,617.0	-	60,445.6	12,502.0
2012/13	233,406.4	21,965.5	55,377.3	(33,411.8)	211,440.8	114,384.6	-	80,549.2	16,507.0
2013/14	299,729.6	26,630.8	64,211.9	(37,581.2)	273,098.9	141,975.8	-	110,866.0	20,257.0
2014/15	393,439.8	30,735.3	77,076.8	(46,341.6)	362,704.5	185,501.9	-	153,845.6	23,357.0
2015/16	490,230.4	47,524.4	95,038.1	(47,513.7)	442,706.0	226,849.2	-	190,249.8	25,607.0
2016/17	631,092.8	85,441.8	120,891.0	(35,449.2)	545,650.9	283,835.2	-	234,589.8	27,226.0
2017/18	784,621.8	102,002.8	140,206.9	(38,204.0)	682,618.9	346,302.9	-	289,023.3	47,292.7
2018/19	963,699.9	109,799.2	172,171.4	(62,372.2)	853,900.7	443,362.2	-	358,395.8	52,142.7
2019/20	1,302,948.3	137,082.9	195,711.0	(58,628.1)	1,165,865.4	588,391.2	-	519,331.4	58,142.7
2020/21	1,659,218.4	214,275.2	245,019.2	(30,744.0)	1,444,943.3	778,613.2	-	609,687.4	56,642.7
2021/22	2,195,732.5	422,864.0	326,216.3	96,647.7	1,772,868.5	996,662.2	-	731,383.6	44,822.7
2022/23	2,711,304.0	573,675.7	521,300.0	52,375.7	2,137,628.3	1,293,479.3	-	799,326.4	44,822.7

* Includes Claims on Other Financial Institutions

Source: National Bank of Ethiopia

Table 17: 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 International Reserves						Total Liab.	Comm. Banks	NBE	Total	NBE	Comm. Banks
		NBE Total	Gold	Foreign Exchange	Reserve Tranche	Foreign Exchange	CBS*						
	1=2+6	2=3+5	3	4	5	6	7=8+9	8	9	10=11+12	11=2-9	12=6-8	
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	42.3	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	44.3	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	1,277.6	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	20,898.2	73,530.8	9,880.5	63,650.3	21,524.2	10,506.4	11,017.7	
2016/17	98,750.8	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	14,057.7	
2017/18	102,738.9	77,617.4	750.5	76,448.4	418.4	25,121.5	63,362.7	14,504.8	48,858.0	39,376.2	28,759.4	10,616.8	
2018/19	127,270.4	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	3,280.6	108,280.4	525.4	35,116.5	155,524.2	24,578.2	130,946.0	-8,321.3	-18,859.6	10,538.3	
2020/21	202,804.8	125,859.7	628.2	124,551.3	680.2	76,945.1	203,617.1	33,850.4	169,766.7	-812.3	-43,907.0	43,094.7	
2021/22	143,751.3	79,819.6	2,065.3	76,997.2	757.1	63,931.7	255,178.9	41,140.6	214,038.3	-111,427.5	-134,218.7	22,791.1	
2022/23	130,367.5	56,154.3	129.2	55,230.1	795.0	74,213.2	290,465.2	42,887.7	247,577.5	-160,097.7	-191,423.1	31,325.5	

Source: National Bank of Ethiopia (NBE)

Table 18: Treasury Bills Auction Results

Period	Amount Offered	Number of Bidders			Amount Demanded (in millions of Birr)			Amount Sold (in millions of Birr)			Annual Weighted Yield
		Bank	Non-bank	Total	Bank	Non-bank	Total	Bank	Non-bank	Total	
1997/98	5086.0	98.0	116.0	214.0	2386.7	3705.3	6092.0	1521.6	3033.9	4555.5	3.714
1998/99	13435.5	88.0	193.0	282.0	6231.3	6986.2	13217.5	5261.2	6333.0	11594.2	3.650
1999/00	16147.0	110.0	162.0	272.0	10772.3	7550.5	18322.8	7954.4	5356.8	13311.2	3.262
2000/01	12100.0	133.0	208.0	346.0	10361.0	7844.0	18205.0	5087.7	4235.3	9322.9	2.829
2001/02	16625.0	152.0	166.0	326.0	18632.6	6216.0	26089.1	12176.4	3996.8	16453.2	1.982
2002/03	29818.0	174.0	122.0	296.0	33488.0	5341.8	38829.8	26987.6	2830.4	29818.0	1.311
2003/04	51645.0	152.0	120.0	272.0	56481.0	4960.0	61441.0	47921.8	3710.2	51632.0	1.023
2004/05	41262.5	175.0	94.0	269.0	49658.5	7237.7	56896.2	37783.9	3281.1	41065.0	0.243
2005/06	47793.5	142.0	45.0	187.0	56687.5	3916.0	60603.5	44466.6	3327.9	47793.5	0.038
2006/07	69487.0	99.0	68.0	167.0	71259.0	7663.0	78922.0	58599.6	6715.4	65315.0	0.493
2007/08	48889.0	92.0	88.0	180.0	46761.0	13127.5	59888.5	35613.0	12103.5	47716.5	0.674
2008/09	28471.9	83.0	178.0	261.0	21974.5	24792.7	46767.2	2672.0	25167.8	27839.8	0.520
2009/10	55203.3	82	198	280	23386.9	27871.2	51258.1	13902.0	27834.5	41736.5	0.652
2010/11	83390.7	65	165	220	23715.3	32044.8	55760.0	20271.3	32044.8	52316.0	1.305
2011/12	96511.9	202	204	406	26712.7	50482.1	77194.8	24212.7	50482.1	74694.8	1.944
2012/13	107484.5	394	210	604	51493.5	62185.7	109184.5	51493.5	62185.7	109184.5	2.203
2013/14	88074.94	226	240	466	31226.00	81608.55	112834.55	16989.0	76933.5	94233.3	1.503
2014/15	100739.4	0.0	248.0	248.0	0.0	136536.8	136536.8	0.0	110693.3	110593.3	1.340
2015/16	145877.4	0.0	217.0	217.0	0.0	161575.2	161575.2	0.0	199200.0	199200.0	1.323
2016/17	204543.2	0.0	200.0	200.0	0.0	225321.2	225321.2	0.0	225321.2	225321.2	1.298
2017/18	286494.2	0.0	192.0	192.0	0.0	323991.2	323991.2	0.0	323991.2	323991.2	1.341
2018/19	397958.2	3.0	189.0	192.0	650.0	421983.5	422633.5	650.0	421983.5	422633.5	1.410
2019/20	231486.9	35.0	128.0	163.0	11143.0	232012.1	243155.1	5980.0	228859.1	234839.1	4.526
2020/21	330673.0	286.0	117.0	403.0	127679.0	157104.6	284783.6	109655.9	129143.7	238799.6	7.977
2021/22	858468.8	412.0	174.0	586.0	365432.3	234046.3	599478.6	357032.3	225236.3	582268.6	9.006
2022/23	1278068.3	414.0	235.0	649.0	287405.1	307826.2	595231.3	268255.1	307826.2	576081.3	9.381

Table 19: Employment Created by Domestic & Foreign Investment Projects Which Have Commenced Operation, by Sector

Sector	2009(2016/17)		2010(2017/18)		2011(2018/19)		2012(2019/20)		2013(2020/21)		2014(2021/22)		2015(2022/23)	
	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	6,082	859	259	2428	536	1,862	3	5	27	2	-	-	-	-
Construction	3,346	5,232	1664	2738	3,368	1,788	100	168.0	1,837	961	30	24	765	355
Education	89	0	16	23	200	154	2	2.0	-	-	17	-	120	40
Electricity, gas, steam and water supply	-	-	0	250	-	-	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and social work	20	5	44	220	43	8	6	6	74	23	20	-	66	127
Hotels and restaurants	23	35	97	64	173	75	35	20	391	192	60	80	107	5
Manufacturing	6,016	3,143	123,353	8,070	15,918	5,142	2,858	1,387	6,657	2,116	8,747	1,566	5031	4445
Mining and quarrying	74	299	96	414	35	92	-	-	-	-	-	-	-	-
Other community, social and personal service activities	37	8	125,002	109	19	12	-	-	-	-	-	-	-	-
Real estate, renting and business activities	4,989	187	81,347	21,710	2,269	1,303	52	41	1868	2362	1,109	426	625	4,375
Transport, Storage and Communication	28	7	23	28	44	-	121	0	807	388	3	2	65	32
Wholesale, retail trade & repair service	-	-	2	0	-	-	-	-	23	66	3	30	-	-
Others*	8	-	100	160	26	105	34	5	84	22	2,925	1,324	70	52
Grand Total	20,712	9,775	332,003	36,214	22,631	10,541	3,211	1,634	11,768	6,132	12,914	3,452	6,849	9,431

Table 20: Number and Investment Capital of Domestic & Foreign Investment Projects Which Have Commenced Operation by Sector

Sector	2010(2017/18)		2011(2018/19)		2012(2019/20)		2013(2020/21)		2014(2021/22)		2015(2022/23)	
	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	42	322.8	27	297.7	1	10.5	6	114.5	-	-	1	20.0
Construction	344	3,002.1	176	1,745.7	15	135.5	224	1,799.1	47	482.1	14	118.2
Education	7	67.8	6	68	1	2.5	2	13.0	1	20.6	1	1500
Electricity, gas, steam and water supply	1.0	100.0	-	-	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-	-	-	-	-
Health and social work	15	276.4	5	25	3	18.0	9	864.1	1	7.0	3	49
Hotels and restaurants	5	57.8	7	39.5	3	307.9	18	5,887.4	1	105.4	2	30
Manufacturing	578	14,494.8	337	4,647.0	42	710.1	242	12,097.0	26	1308.2	59	2766
Mining and quarrying	7	81.0	4	38	-	-	-	-	-	-	-	-
Other community, social and personal service activities	46	245.8	2	82	-	-	1	5.0	-	-	-	-
Real estate, renting and business activities	496	7,204.8	404	1909,305	15	98.3	238	10,426.5	23	130.7	14	56150.9
Transport, Storage and Communication	5	11.4	5	20.0	2	17.9	34	669.2	8	62.5	6	1139.5
Wholesale, retail trade & repair service	1	2.0	-	-	-	-	3	381.5	1	1.7	-	-
Others*	3	9.5	3	79	2	19.6	8	1,816.1	4	65.7	4	716.7
Grand Total	1,550	25,876.2	976	8,952	84	1,320	785	34,073	112	2,184	104	62490

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

Sector	2010(2017/18)		2011(2018/19)		2012(2019/20)		2013(2020/21)		2014(2021/22)		2015(2022/23)	
	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	1,362	19,839.3	681	6,838.4	40	650	711	30,820	64	750.0	35	5010.3
Afar	46	380.0	-	-	-	-	-	-	-	-	-	-
Anhara	15	39.7	20	152.5	6	11	41	285.2	1	1.7	-	-
B. Gumze	1	2.0	-	-	-	-	-	-	-	-	-	-
Dire Dawa	-	-	-	-	-	-	-	-	-	-	-	-
Gambella	-	-	-	-	-	-	-	-	-	-	-	-
Harari	-	-	-	-	-	-	-	-	-	-	-	-
Multiregional	59.0	5,217.5	69	1,135	37	645	33	2,967.7	46	1,327	69	57479.7
Oromia	-	-	157	560.4	-	-	-	-	-	-	-	-
SNNPR	1	2.5	-	-	-	-	-	-	1	105.4	-	-
Somali	-	-	-	-	-	-	-	-	-	-	-	-
Tigray	66	395.3	49	265.6	1	15	-	-	-	-	-	-
Grand Total	1,550	25,876.3	976	8,951.7	84	1,320	785	34,073	112	2,184	104	62490.0

(In Millions of Birr)





የኢትዮጵያ ብሔራዊ ባንክ
NATIONAL BANK OF ETHIOPIA

nbe.gov.et