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Ethiopian Deposit Insurance Fund



ANNUAL REPORT 2024/25

Vision, Mission and Core Values



Vision

*To be a reliable and trusted
Deposit Insurance Fund.*



Mission

Contributing to financial system stability by protecting depositors through:

- Assessment and collection of premiums
- Investing and managing resources; and
- Reimbursing insured depositors



Values

- Integrity
- Competence
- Teamwork
- Accountability
- Transparency
- Confidentiality
- Dynamism and adaptability

STRATEGIC OBJECTIVES

Strategic Objectives of the Fund are:

- Improve depositors' confidence;
- Improve stakeholders' satisfaction;
- Enhance financial performance;
- Enhance operational efficiency and effectiveness;
- Increase public awareness;
- Improve automation of processes;
- Promote good corporate governance and controls; and
- Improve board and staff knowledge and skills.

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Welcome

Welcome to the 2024/25 Annual Report of the Ethiopian Deposit Insurance Fund (EDIF).

This report presents a comprehensive overview of our institutional performance, strategic achievements, and financial progress throughout the fiscal year. In alignment with our mandate to protect depositors and promote financial system stability, this year's report reflects both continuity and transformation.

We invite you to explore the insights and data shared within these pages, and we extend our sincere gratitude to all stakeholders who have supported EDIF's mission.

Together, we are strengthening confidence in Ethiopia's financial sector.



Statement From Board Chairman



On behalf of the Board of Directors and Management, I am pleased to present the Annual Report and Financial Statements of EDIF for the fiscal year 2024/25.

During the reporting period, Ethiopia's financial sector continued to evolve, with notable progress in the banking and microfinance industries. The National Bank of Ethiopia (NBE) introduced further reforms and strengthened its regulatory and supervisory frameworks to enhance the safety, soundness, and inclusiveness of the financial system. As of the end of the fiscal year, the number of commercial banks reached 31, while the number of microfinance institutions stood at 59.

Total deposits mobilized by commercial banks and microfinance institutions grew by 40.70% and 33.19%, respectively, reaching Birr 3,510.05 billion for commercial banks and Birr 41.78 billion for microfinance institutions. The total number of depositors increased from 161.08 million to 176.06 million, demonstrating continued public trust in the formal financial system. Both commercial banks and microfinance institutions remained safe and sound, in compliance with the regulatory standards set by the NBE.

Ensuring a safe and stable financial sector remains essential for sustaining the country's economic development. Effective financial sector safety nets, such as regulation and supervision, resolution mechanisms, lender-of-last-resort facilities, and deposit insurance, play a vital role in maintaining stability. While most of these functions fall under the mandate of the NBE, the deposit insurance system is fully operational and continues to strengthen its role in protecting depositors.

EDIF, established under Council of Ministers Regulation No. 482/2021, has continued to build on the progress made since the commencement of its operationalization in April 2023. During the year, the Fund benefited from the continued support of the Ministry of Finance (MoF), the NBE, and development partners such as the World Bank. These partnerships have enabled the Fund to enhance its institutional capacity, develop core policies and procedures, and strengthen its operational readiness.

As of 30 June 2025, the Fund's total assets reached Birr 15.57 billion, financed through government contributions, initial and annual premium payments from member institutions, and investment income generated by the Fund. In line with its liquidity and safety objectives, 89.30% of the Fund's assets were invested in treasury bills, while 8.15% were placed in other Sharia-compliant or approved investment instruments.

In the year under review, the Fund continued implementing its three-year strategic plan, aimed at fulfilling its mission of contributing to financial stability and enhancing public confidence through effective depositor protection. Similarly, in the years ahead, the Fund is expected to prioritize the following key focus areas to strengthen its effectiveness, readiness, and resilience:

- Strengthening the financial capacity and reserve levels of the Fund;
- Expanding public awareness of the deposit insurance system;
- Enhancing automation and improving the Fund’s operational infrastructure; and
- Building institutional knowledge, technical expertise, and implementation capacity.

With the support of NBE, the MoF, member institutions, and development partners, EDIF remains committed to evolving into a strong, effective, and trusted deposit insurer that plays a meaningful role in safeguarding the financial system.

Finally, I wish to express my heartfelt appreciation to my fellow Board Members for their commitment and guidance throughout the year. I also extend my sincere gratitude to the Chief Executive Officer, Management, and Staff of the Fund for their dedication to advancing our strategic objectives.

My appreciation also goes to our key stakeholders, including MoF, NBE and all member financial institutions, for their continued partnership and support. The contributions of our member institutions, both in initial and annual premiums, demonstrate their shared commitment to the mission and mandate of the Fund.

Solomon Desta
Board Chairman
Ethiopian Deposit Insurance Fund

EDIF Safeguards Depositors' Money Held in Banks and Microfinance Institutions!



Message from the Chief Executive Officer



It is my distinct honor to present the Annual Report and Financial Statements of EDIF for the fiscal year ending June 30, 2025. This period marked notable progress and institutional strengthening, during which the Fund successfully met its planned objectives and advanced key strategic priorities. Our performance reaffirms EDIF's central role in Ethiopia's financial safety net and our commitment to protecting depositors and promoting financial stability.

During 2024/25, the Fund demonstrated disciplined execution, achieving an annual plan implementation rate of 95.35%. Our work was guided by five strategic pillars: enhancing stakeholder satisfaction, improving financial performance, strengthening internal business processes, expanding public awareness, and building organizational capacity to ensure readiness for future challenges.

Financially, the Fund demonstrated strong growth and prudent management during the year, generating a surplus of Birr 8.24 billion. This surplus was primarily driven by annual premiums. Of the total premiums amounting to Birr 7.34 billion, Birr 6.48 billion was collected from conventional deposits, Birr 650.26 million from interest-free deposits, and Birr 212.32 million from initial premiums. This robust premium collection further strengthened the Fund's financial position and enhanced its capacity to meet future obligations.

The Fund's total investment portfolio reached Birr 15.17 billion, comprising Birr 13.9 billion in Government Treasury Bills and Birr 1.27 billion in the Commercial Bank of Ethiopia's Mudarabah Investment Account. Additionally, the release of Birr 90 million from MoF increased the cumulative initial capital to Birr 140 million. As a result, the reserve ratio improved to 1.77%, surpassing the fiscal target of 1.75% and demonstrating continued progress toward establishing a sustainable reserve base.

The Fund strengthened its stakeholder engagement, achieving a satisfaction rating of 78.95%, above the 75% target. EDIF also collaborated with NBE in the liquidation of One Microfinance Institution, demonstrating readiness in executing its core mandate. Stakeholder management remained a priority. The Fund strengthened premium follow-up, resolved member institutions' complaints, and convened a national workshop to deepen engagement and capacity building.

Significant operational improvements were achieved through the revision and development of major policy and procedural frameworks, including IFRS-based Accounting Policies and Procedures, and updated policies on procurement, investment, budgeting, reimbursement, complaint handling, and staff performance evaluation. The Budget Policy was approved by the Board, while other frameworks are awaiting approval. The Fund also drafted the Directive on Reporting of Insured and Uninsured Deposits and incorporated stakeholders' comments provided on the Directive.

Public awareness initiatives were implemented extensively across television, radio, newspapers,

digital platforms, and the EDIF website. Brochures in Amharic and English were produced to enhance public understanding of deposit insurance.

Building a resilient and future-ready institution remained central to our agenda. The Fund prepared Terms of Reference for the automation of an integrated deposit insurance system, internal business processes through ERP, and the Organization and Compensation Review. Human capital development was advanced through recruitment, staff evaluations, in-house and external training, including IFRS training for all staff—and participation in international knowledge-sharing events, such as the Uganda IADI-ARC Conference. A medical service arrangement was established with Bankers' Clinic to support staff health and well-being. Engagements with development partners, particularly the World Bank, provided technical assistance critical to our effectiveness.

While the Fund recorded substantial progress, key focus areas remain: strengthening the reserve position, expanding public awareness, enhancing internal processes, advancing automation, and building specialized technical capacity. In the coming fiscal year, the Fund will intensify efforts in these areas while deepening partnerships with financial safety-net institutions, NBE, international development partners, and other stakeholders.

These accomplishments were made possible through the leadership of our Board of Directors and the dedication and professionalism of EDIF's management and staff. I extend my sincere appreciation to the entire team for their unwavering commitment to delivering the Fund's mandate with excellence.

Together, we are building a strong, transparent, and trusted deposit insurance system that will remain a cornerstone of depositor protection and contribute to the stability and confidence of Ethiopia's financial sector for many years to come.

Desalegn Ambaw (Ph.D.)
Chief Executive Officer,

Our Key Stakeholders

House of Peoples' Representatives: The House of Peoples' Representatives, through its Plan, Budget, and Finance Affairs Standing Committee, serves as a key stakeholder by periodically reviewing the Fund's progress toward fulfilling its mandate. The Committee also provides essential feedback to ensure that the Fund effectively discharges its responsibilities.

Council of Ministers: The Council of Ministers serves as a key policy and legislative stakeholder, providing the legal framework for EDIF's establishment and operations through the approval of relevant regulations. The Government also oversees the Fund's performance to ensure its effectiveness and alignment with its mandate of safeguarding depositors and contributing to the stability of the financial system.

Ministry of Finance: MoF Promoting Economic Growth under stable macroeconomic environment and under stable financial system. MoF supports the EDIF by providing initial capital, backstop funding and other related supports to enable the Fund to achieve its mandate

National Bank of Ethiopia: NBE is a key partner of EDIF, serving as the regulatory and supervisory authority for banks and microfinance institutions and maintaining overall financial system stability. It supports EDIF by providing oversight and strategic guidance, sharing essential information and data, and fostering cooperation and collaboration across various areas. Through this partnership, EDIF is better positioned to effectively discharge its duties and responsibilities.

Members of the public: Members of the public are key stakeholders of EDIF, as the effectiveness of the deposit insurance system directly affects their confidence in the financial sector. To support financial system stability, EDIF must be capable of reimbursing depositors for their insured deposits within a reasonable timeframe in the event of a bank or a microfinance failure. Additionally, EDIF has a responsibility to provide timely and accurate information to the public to enhance awareness of the purpose, benefits, and limitations of the deposit insurance system. An informed public helps strengthen trust in the financial system and reinforces the Fund's mandate.

Employees: The employees of the Fund play a central role in advancing its vision, mission, values, and strategic objectives. Through their professional commitment, expertise, and adherence to institutional standards, they ensure that the Fund's mandate is effectively implemented and its organizational goals are achieved.

International Development partners: International Development partners such as World Bank, and others have interests in supporting EDIF to achieve its mandates through providing technical assistance and knowledge sharing.

Member Financial Institutions: Member Financial Institutions benefit from operating in a financial system which is trusted by the general public. The existence of stable financial system supports them to attract savings thus having access to a larger pool of funds for financial intermediation. The institutions contribute initial and annual premiums that will be used by the Fund to protect and compensate depositors in case of failure of a member financial institution.

Governance of EDIF

The governance framework of EDIF is structured to ensure operational independence, prudent management of resources, transparency, and accountability. While EDIF functions autonomously, it remains accountable to the National Bank of Ethiopia, given its role in supporting the Bank's mandate by safeguarding the deposits of bank and microfinance institution customers, and contributing to financial system stability.

The Fund's governance structure is established under Regulation No. 482/2021, which clearly defines the roles, duties, and responsibilities of the following governing bodies:

- **Board of Directors**
- **Chief Executive Officer (CEO)**
- **Deputy Chief Executive Officer**
- **Management and Staff**

Furthermore, the Fund's Internal Audit Unit reports functionally to the Board of Directors and administratively to the Chief Executive Officer. The Unit conducts periodic audits to provide assurance on the Fund's operational efficiency, the reliability and integrity of information, and compliance with internal policies, procedures, and applicable laws and regulations. In addition, risk management practices are embedded across all levels of the governances and operations, ensuring that decision-making and operations are guided by robust risk awareness, effective controls, and prudent oversight.

Current Composition of the Board of Directors

Currently, the Board of Directors comprises five members, ensuring representation from regulatory bodies and industry associations:

- **The Vice Governor for Financial Institutions Supervision, NBE**
- **The Director of the Banking Supervision Directorate of the NBE**
- **The Director of the Microfinance Institutions Supervision Directorate of the NBE**
- **Secretary General, Ethiopian Bankers Association**
- **Executive Director, Association of Ethiopian Microfinance Institutions**

Board of Directors



**Ato. Solomon Desta
(Chairman)**

Vice Governor, Financial Institutions
Supervision, NBE



**Ato. Frezer Ayalew
(Member)**

Director, Banking Supervision
Directorate of NBE



**Ato. Sintayehu Desalegn
(Member)**

Director, Microfinance Institutions
Supervision Directorate of NBE



**Ato. Demessew Kassa
(Member)**

Secretary General, Ethiopian Bankers
Association



**Ato. Teshome Kebede
(Member)**

Executive Director, Association of
Ethiopian Microfinance Institutions

Management Profile



**Desalegn Ambaw (Ph.D.),
Chief Executive Officer
EDIF**

Desalegn Ambaw (Ph.D.), Chief Executive Officer of Ethiopian Deposit Insurance Fund
Dr. Desalegn has served as a State Minister in various sectors of the country and has also served as Executive Director of the Institute of Foreign Affairs.



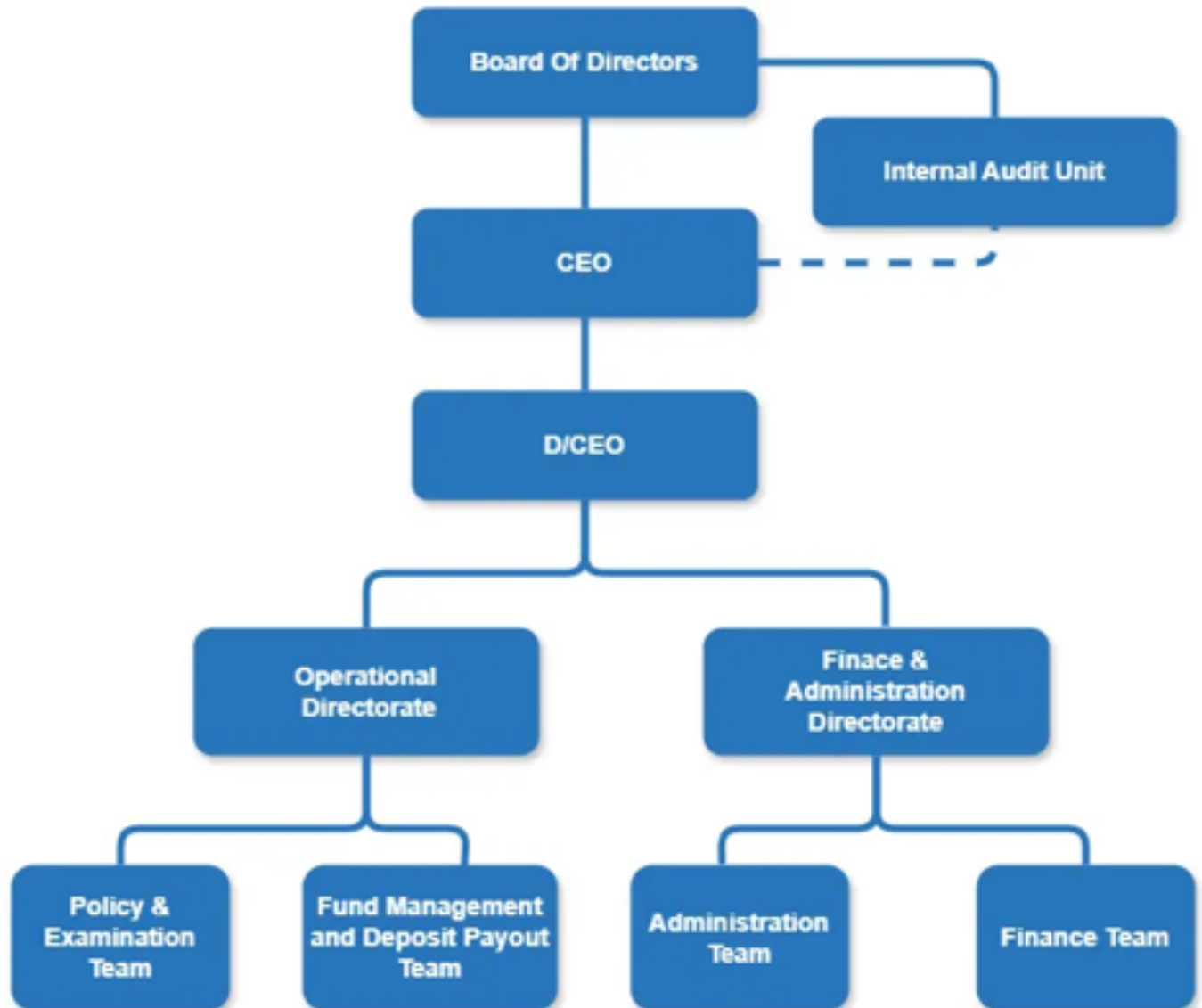
**Merga Wakweya
Director, Operations Directorate
EDIF**

Ato Merga has served at the National Bank of Ethiopia in several senior capacities, including Director of the Microfinance Institution Supervision Directorate, Advisor to the Vice Governor, and Principal Bank Examiner.



EDIF Staff

Fund's Organizational Structure



About EDIF

EDIF is an institution having its own juridical personality that is established based on Council of Ministers Regulation No. 482/2021; and it has officially commenced its operation in April 2023 by fulfilling necessary preconditions. The role of the Fund is to contribute to financial system stability by protecting depositors in the event of a deposit taking financial institutions (i.e., a commercial bank, or a microfinance institution) fails to discharge its obligation to its depositors.

1. Public Policy Objectives of EDIF

The public-policy objectives of EDIF are to:

- protect small deposit holders who have difficulty in getting and analyzing the financial condition of commercial banks and microfinance institutions;
- contribute to the stability of the financial system by preventing depositors panic and bank-run; and
- reduce government's financial obligation and protect tax-payers money in case of failure of a deposit taking financial institution.

2. Functions of EDIF

In order to fulfill its objectives, the EDIF has the following main functions.

- 1) Determine initial and annual premium to be contributed by member financial institutions (commercial banks and microfinance institutions);
- 2) Collect premiums from member financial institutions, and deposit in the account of the Fund;
- 3) Invest and manage resources of the Fund;
- 4) Assess compensation claim and make payment to eligible depositors to the extent of insured deposit;
- 5) Recover deposits paid-out from liquidation proceeds of the failed member financial institution;
- 6) Issue directives necessary for the operation of the Fund;
- 7) Raise public awareness about the Fund;
- 8) Collect information from member financial institutions and prepare periodic reports;
- 9) Collaborate with concerned local and international stakeholders;
- 10) Borrow money from Government and other sources if there is shortage of funds; and
- 11) Take legal action on parties at fault in a member financial institution's failure.

3. Member Financial Institutions of EDIF

All commercial banks and microfinance institutions licensed by NBE to accept deposit from the general public are required to be members of the Fund. That means membership is a compulsory as far a financial institution is licensed as a commercial bank and microfinance institution. Currently, the Fund's membership comprises 90 financial institutions, including 31

commercial banks and 59 microfinance institutions.

4. Financial Sources

EDIF has the following main financial sources:

- Initial capital contribution of Birr 200 million from the Government;
- Initial capital (initial premium) contribution from member financial intuition. Accordingly, the institutions are required to contribute initial capital of 0.04% of their March 2023 total deposits balance, and so far initial premium of over Birr 850 million has been contributed by member financial institutions.
- Annual premium contribution from member financial institutions. Accordingly, the intuitions are required to pay 0.3% of their total average deposits on annual basis;
- Income from investment activities;
- Assets recovery (deposits paid-out recovery); and
- Borrowings.

5. Uses of Financial Resources

EDIF's financial resources can be used for: -

- capital expedition and recurrent expenses;
- reimbursement of insured depositors of financial institutions;
- investment in Government securities, securities guaranteed by Government and any other securities as approved by board of directors of the Fund;
- servicing of loans borrowed by the Fund.

6. Insured Deposits

In line with Article 21 or Council of Ministers Regulation No. 482/2021, when the National Bank of Ethiopia announces the revocation of business license of a failed member financial institution, EDIF undertakes to pay insured deposits maintained at the member financial institution. Accordingly, EDIF gives deposit insurance coverage for the following types of deposits:

- Current or demand/checking accounts;
- Saving accounts;
- Time deposits;
- Joint accounts;
- Trust accounts;
- Foreign currency deposits (translated to local currency);
- Voluntary saving accounts; and
- Compulsory saving accounts.

7. Uninsured Deposits

However, the Fund/EDIF does not give insurance coverage for the following deposits in line with Article 22 of Council of Ministers Regulation No. 482/2021:

- Deposits of an insurance company;
- Deposits of a capital lease company;
- Deposits of a commercial bank maintained in another bank or microfinance institution;
- Deposits of a microfinance institution maintained in another bank or microfinance institution;
- Deposit money of the Federal Government or any agency of the Federal Government;
- Deposits of an external auditor of the failed member financial institution and his partner;
- Deposits frozen by the court decision;
- Deposits serving as a collateral of a loan;
- Deposits of Significant shareholder, a director, a chief executive officer, senior executive officer of a member financial institution; deposits of a person having first degree consanguinity and affinity relationship with such individuals; and deposits of a legal entity in which such individuals are having more than 10% voting right;
- Deposits of a person who the Fund believes profited from the failed financial institution; and
- Such other deposits as may be specified from time to time by the Fund.

8. Insurance for Interest-free Deposits

EDIF provides insurance coverage for interest-free deposits. Accordingly:

- The Fund has established or opened a separate Interest-free Deposit Premium Account at the NBE for collection of interest-free deposits premium.
- The collected premium is also invested in line with the requirements of Sharia Principles to generate profit.

9. Insurance Coverage Limit

The Fund provides insurance coverage limit up to Birr 100,000 per a depositor per a member financial institution by:

- Adding up all insurable deposits of a depositor maintained in different accounts of the member financial institution, including accrued interest;
- Converting a foreign currency denominated deposits into the equivalent amount in Birr at buying exchange rate; and

- Netting matured loans and deposits of the depositor held for collateral.

10. Deposit Payout Process

In line with Article 27 of Council of Ministers Regulation No. 482/2021, once NBE announces the revocation of a business license of a failed financial institution, the following process would be followed to reimburse insured depositors of the institution:

- A receiver is appointed by the National Bank of Ethiopia;
- The appointed receiver submits list or records of insured depositors with supporting documents to the Fund within 14 days after its appointment;
- The Fund announces the date when repayment to deposits will start, within 14 days after receipt of records of insured depositors from the appointed receiver;
- In line with the announcement, deposit payout or reimbursement is commenced through a pay agent bank. The Fund appoints and agrees with the pay agent bank ahead of time or before the occurrence of failure of a financial institution;
- Repayment of depositors shall end within 90 days after the day the National Bank of Ethiopia announces revocation of business license of the failed financial institution; and
- Depositors missing the 90 days deadline can claim refund of their insured deposits within five years by presenting justifiable reasons.
- However, the Fund is relieved of all respective deposit payout liabilities after the elapse of five years.

11. Deposits Paid-out Recovery (Assets Recovery)

As per Sub-article 6(5) of Council of Ministers Regulation No. 482/2021, EDIF is entitled to recover all the monies it has paid in the form of deposit payout. Accordingly:

- The Fund shall assume the depositors' place in priority schedule and recover all monies up to the amount it has paid to the depositors of the failed institution.
- The Fund recovers all the monies it has paid to insured depositors of a failed financial institution upon the liquidation of the institution.

Achievements

EDIF implemented a range of activities during the 2024/25 fiscal year in alignment with its strategic and annual plans. During the period, the Fund registered notable accomplishments that significantly advanced the fulfillment of its mandate. The key achievements recorded in financial performance, operational efficiency, institutional capacity building, and public awareness initiatives are summarized below.

Financial Growth

During the 2024/25 fiscal year, the Fund demonstrated strong financial performance, achieving a surplus of Birr 8.24 billion. This result was primarily driven by total annual premium collections of Birr 7.34 billion, comprising Birr 6.48 billion from conventional deposit premiums, and Birr 650.26 million from interest-free deposit premiums.

Additionally, the Fund further strengthened its investment portfolio, holding Birr 13.9 billion in Government Treasury Bills and Birr 1.27 billion in the Commercial Bank of Ethiopia's Mudarabah Investment Account, bringing total investment holdings to Birr 15.17 billion as of June 30, 2025. These investments generated a total income of Birr 1.14 billion, comprising Birr 1.09 billion from Government Treasury Bills and Birr 51.8 million from the Mudarabah Investment.

Furthermore, the Fund continued its engagement with MoF regarding the release of its initial capital. During the fiscal year, EDIF received Birr 90 million, bringing the total initial capital released by the government to Birr 140 million, while the remaining balance of Birr 60 million is expected to be disbursed in due course. The Fund also collected initial premium of Birr 212.32 million, which constitute part of the Fund's capital.

Operational Achievement

During the 2024/25 fiscal year, EDIF made notable progress in strengthening its operational and governance frameworks. The Fund prepared provisional financial statements and completed the external audit for FY 2023/24, while advancing key institutional policies, including IFRS-based accounting, procurement, investment, deposit insurance reimbursement, budgeting, and complaint-handling procedures. A major milestone of the year was securing profit tax exemption from the government, significantly supporting the long-term growth of the Fund.

EDIF enhanced its planning, monitoring, and reporting functions by preparing its annual plan and budget, issuing periodic progress reports, producing its annual publication, and revising its three-year strategic plan. The Fund also drafted two important regulatory directives, on reporting summarized insured and uninsured deposits, and detailed depositors' reporting. Continuous stakeholder engagement was supported through periodic review meetings and a stakeholder satisfaction survey.

The Fund's operational performance was further strengthened through active premium collection follow-up and timely corrective actions for non-compliant institutions. The Fund also handled member institutions' complaints, participated in the liquidation of one microfinance institution, and undertook preparatory work to reimburse insured depositors. Collectively, these efforts demonstrate EDIF's commitment to enhance deposit insurance system effectiveness.

Capacity Building

During the reporting period, the Fund made significant progress in strengthening its institutional capacity executing different activities. Key accomplishments included preparing draft Request for Proposal for an integrated deposit insurance automation system and developing Terms of Reference and bid documents for automating internal processes as well as for the Organization and Compensation Review. The Fund also advanced its internal control framework by preparing an audit charter, drafting an internal audit manual, and conducting internal audits across fund management, deposit payout, procurement, property management, and transport and fuel management.

Capacity-building efforts were further reinforced through strategic human resource and stakeholder engagement activities. The Fund recruited new staff, conducted employee evaluations, and facilitated training programs, including IFRS training for all staff and specialized courses for selected employees. Some staff of the Fund also participated in IADI-ARC Conference conducted in Uganda, and crisis preparedness training. Additional achievements included establishing medical service arrangements for staff, advancing efforts to secure land from Addis Ababa City Administration, and ensuring continued institutional development through follow-up with relevant national and international stakeholders.

Public Awareness

The Fund also enhanced its communication and stakeholder-engagement functions during the period. Public awareness initiatives were strengthened through press releases, media briefings, digital platforms, and outreach via television, radio, newspapers, and the EDIF website. Brochures on deposit insurance were prepared in both Amharic and English, printed, and distributed to key stakeholders. In addition, one stakeholder workshop was conducted, and the Fund also participated in the Financial Summit to support continuous engagement and information sharing with stakeholders. The Fund also prepared and disseminated its 2023/24 Annual Report to stakeholders. Selected public awareness activities of the Fund are illustrated in the accompanying pictures.



EDIF's Public Awareness Conference Conducted at Skylight Hotel



Desalegn Ambaw (Ph.D), CEO of EDIF, and Ato Merga Wakweya, the Fund's Operations Directorate Director, explaining the Fund's role in protecting depositors and promoting financial stability on EBC's Addis Gebeya Business Program



EDIF's CEO, Desalegn Ambaw (PhD) discussing the Fund's role in protecting depositors and promoting financial stability on NBC's weekly business program

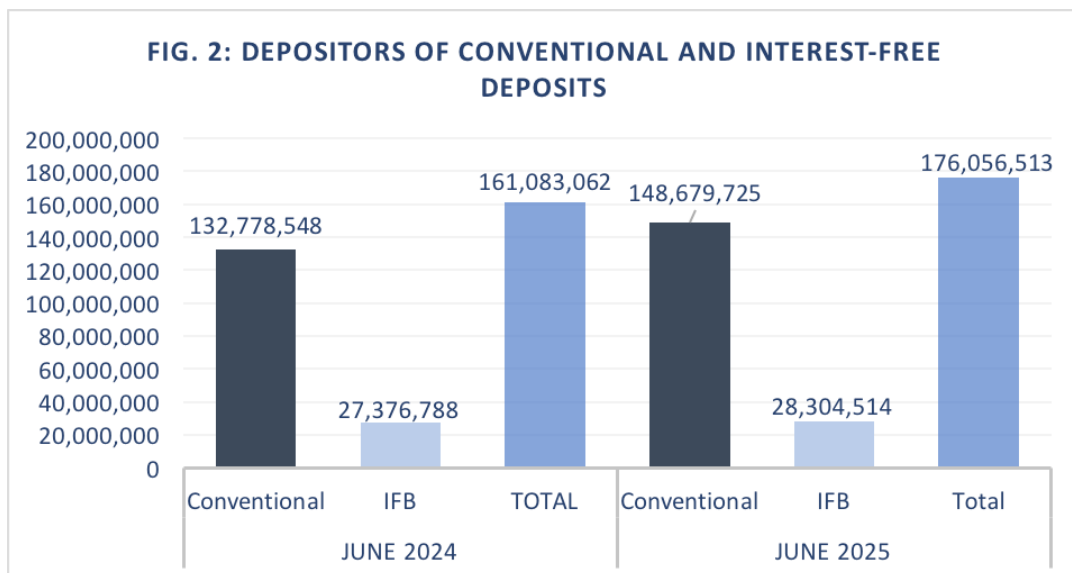
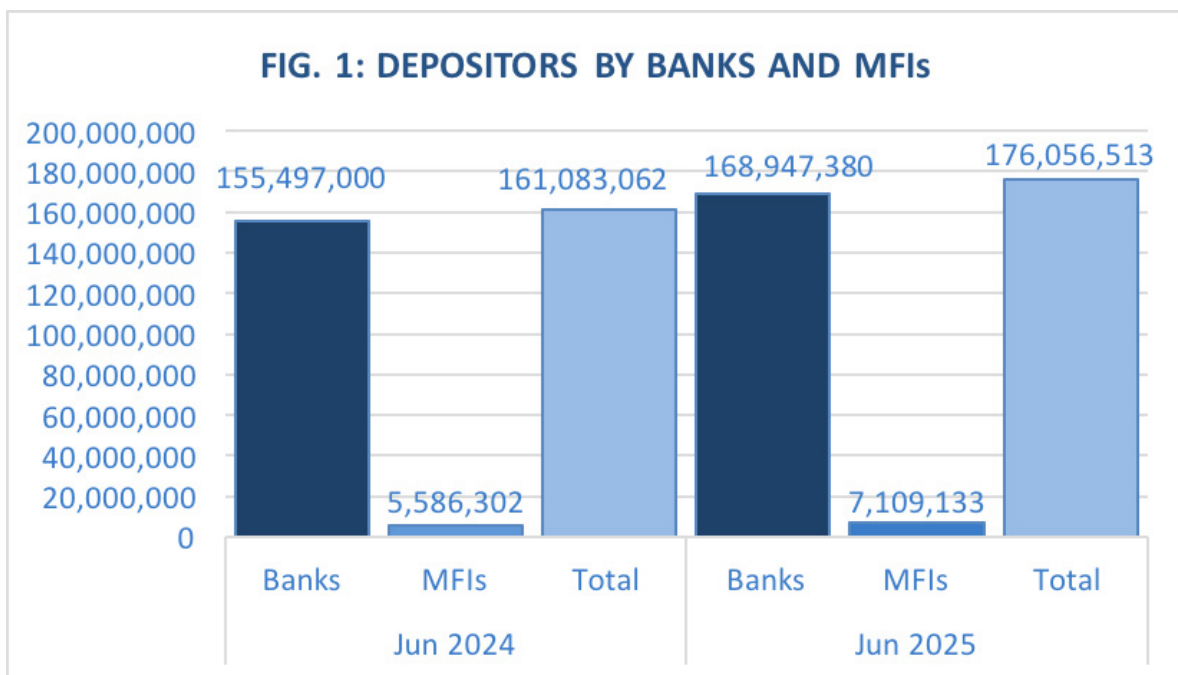


Ato Merga Wakweya, Operations Director, explaining the Fund's mandate, functions and achievements on EBS Television

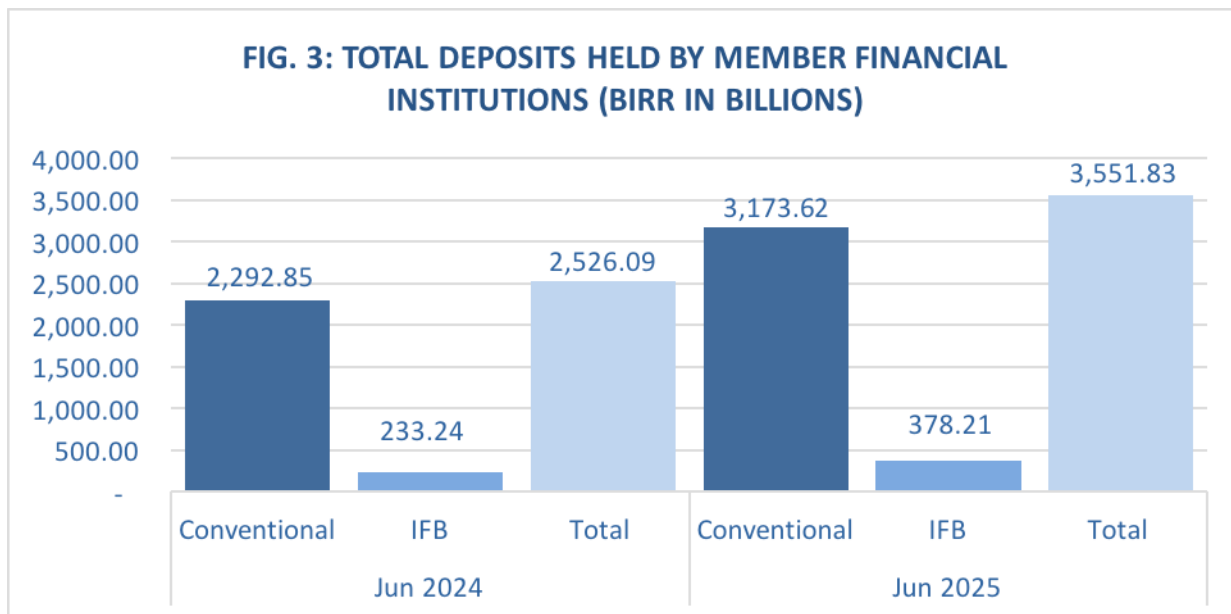
Statistics at a Glance

Deposits of Member Financial Institutions

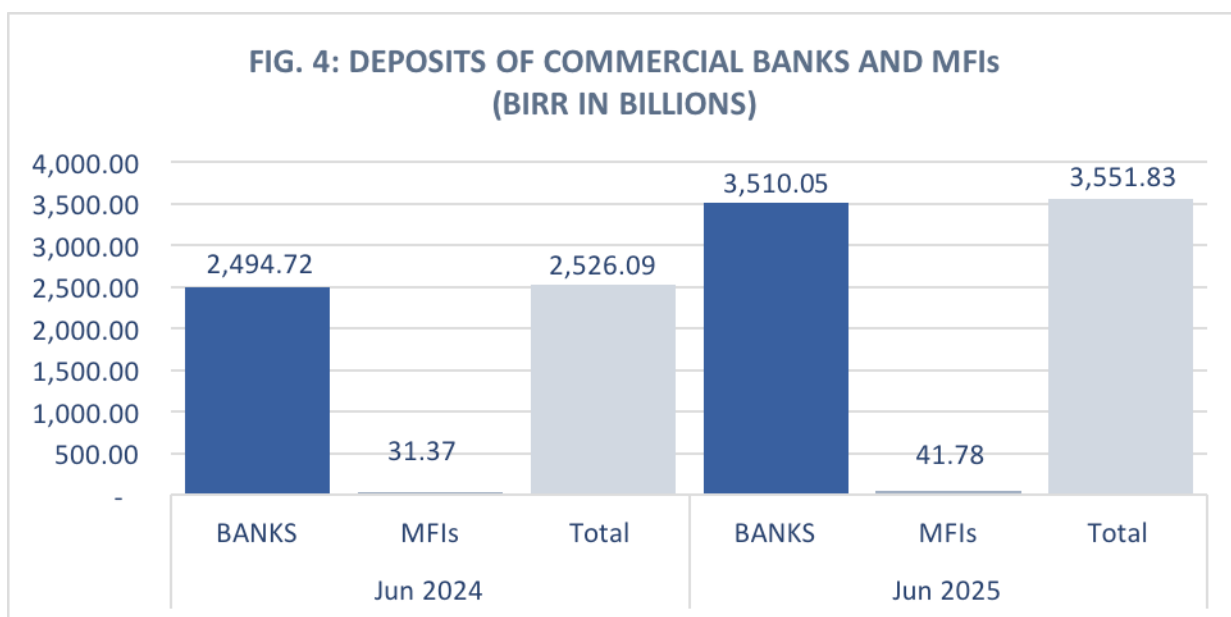
As of June 30, 2025, the total number of depositors at member financial institutions reached 176,056,513, marking an increase of 9.3% compared to 161,083,062 depositors in the same period last year. Of these depositors, a significant majority (84.45%) were conventional depositors, while the remaining 15.55% were interest-free depositors; in other terms, the majority (95.96%) of the depositors are served at commercial banks, while the rest (4.04%) are served at microfinance institutions (for further information please refer Figure 1 and 2 below).



In terms of value, as at June 30, 2025, total deposits held by member financial institutions reached Birr 3,551.83 billion, reflecting a 40.61% increase compared to Birr 2,526.09 billion in the same period last year. The breakdown of these deposits shows that conventional banking deposits stood at Birr 3,173.62 billion (89.37%), while interest-free banking deposits amounted to Birr 378.21 billion (10.63%), for further information please see Figure 3 below).



Further breakdown by type of institution indicates that Birr 3,510.05 billion (98.79%) of total deposits are held by commercial banks, while Birr 41.78 billion (1.21%) are held by microfinance institutions (for further information please see Figure 4 below).

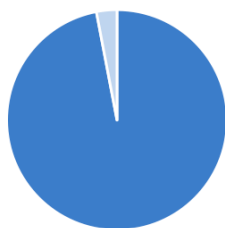


EDIF provides deposit insurance coverage of up to Birr 100,000 per depositor per member financial institution, thereby safeguarding small depositors across the financial system.

Accordingly, as at June 30, 2025, about 170,957,851 depositors at member financial institutions, representing 97% of total depositors, were fully covered within the EDIF coverage limit. In terms of value, out of the total Birr 3,551.83 billion in deposits held by these institutions, Birr 485.01 billion, or 13.65%, was insured under the deposit insurance scheme of EDIF (for further information please refer Figure 5 and 6).

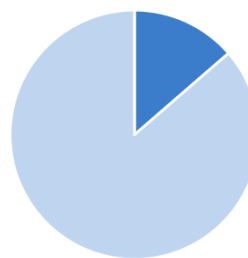
Under the International Association Deposit Insurers (IADI) Core Principles, deposit insurance systems should be designed to minimize moral hazard, maintain market discipline, and primarily protect small depositors, with coverage levels sufficient to sustain public confidence in the financial system. Consistent with this principle, EDIF limits deposit coverage to Birr 100,000 to encourage depositors with balances exceeding this threshold to monitor banks and microfinance institutions, thereby promoting market discipline. As a result, the Fund provides full coverage to approximately 97% of depositors, predominantly small and financially less sophisticated individuals, in line with international principle and its own mandate. Depositors with substantial balances, including large or institutional depositors, are not fully covered, as extending full protection to such depositors would weaken market discipline.

FIG. 5: FULLY INSURED AND UNINSURED DEPOSITORS



■ FULLY INSURED DEPOSITORS ■ FULLY UN-INSURED DEPOSITORS

FIG. 6: FULLY INSURED AND UNINSURED DEPOSITS



■ FULLY INSURED DEPOSITS ■ FULLY UN-INSURED DEPOSITS

Premium Collection from Member Financial Institutions

The primary source of income for the Fund is annual premium which is 0.3% of average total deposits of member financial institutions being collected on annual basis. From its member financial institutions, the Fund also collects initial premium which is considered and recorded as initial capital of the Fund. In another term, the Fund collects conventional and interest-free premium separately based on the size of conventional deposits and interest-free deposits held by the member financial institutions. These two premiums are separately recorded and separately managed.

In the last two fiscal years, the Fund has collected a total of Birr 13.85 billion in premiums, of which Birr 12.64 billion was conventional premium and Birr 1.21 Interest Free Banking. In the fiscal year 2024/25 alone, the Fund collected Birr 7.34 billion which comprises annual premium and initial premium. A segment-wise analysis reveals that conventional premiums accounted for 91% of the total premium collected, while interest-free premiums represented the remaining 9%. Private commercial banks contributed significantly to the premium pool 50%, followed by the public bank, the Commercial Bank of Ethiopia (49%), and microfinance institutions 1%. For further information, please refer to Figure 7, 8 and 9, below.

FIG.7: TOTAL PREMIUMS COLLECTED SINCE THE ESTABLISHMENT OF THE FUND (BIRR IN BILLIONS)

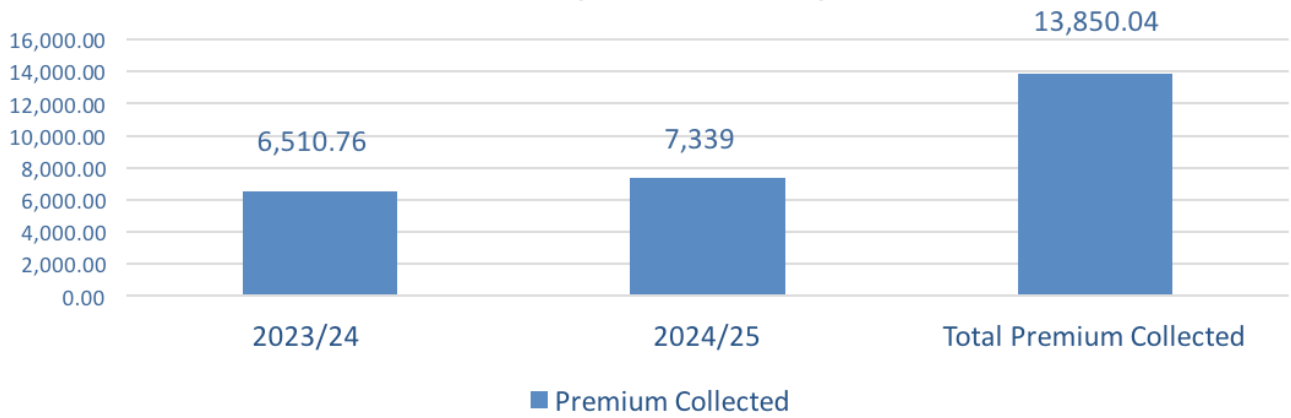


FIG. 8: PREMIUM BY SEGMENT

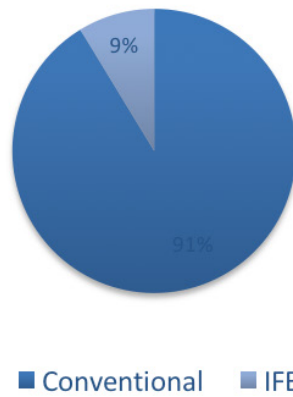
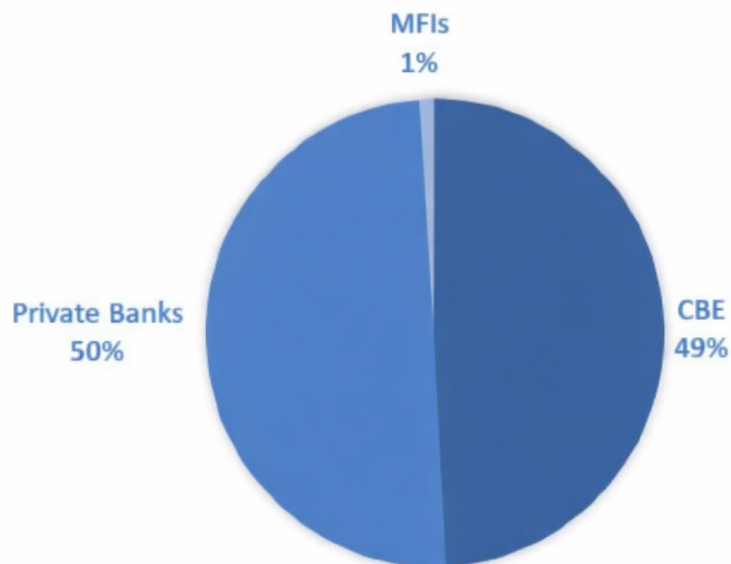


FIG. 9: PREMIUM BY FINANCIAL INSTITUTION CATEGORY



Investment Performance and Portfolio Growth

The Fund is investing the premiums that it collects from member financial institutions to generate more returns and preserve the value of its assets. In line with this mandate and its investment policy, the Fund invested its financial resources in Government Treasury Bills and placed interest-free deposit premiums in the Mudarabah Investment account of the Commercial Bank of Ethiopia. Accordingly, the Fund’s investment portfolio has reached Birr 15.17 billion as of June 30, 2025. For further information please refer Figure 10 and Figure 11 here below.

FIG. 10: INVESTMENT BY CATEGORY

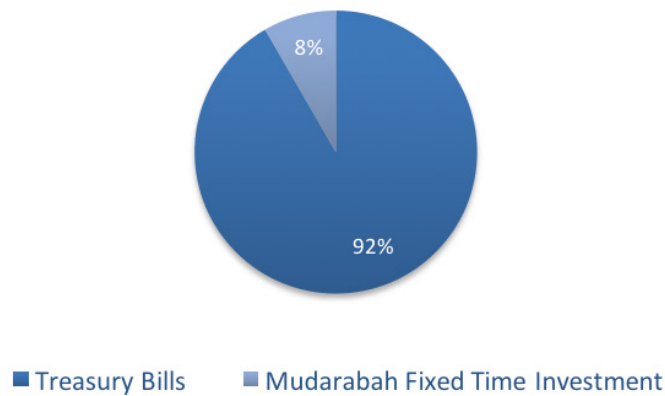
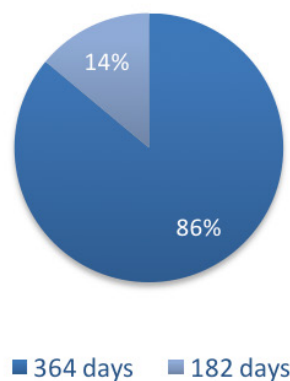


FIG. 11: T- BILLS INVESTMENT BY DURATION



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Ethiopian Deposit Insurance Fund



External Audit Financial statement



የሂሳብ ምርመራ አገልግሎት ኮርፖሬሽን
AUDIT SERVICE CORPORATION

INDEPENDENT AUDITOR'S REPORT
TO THE SUPERVISING AUTHORITY OF
ETHIOPIAN DEPOSIT INSURANCE FUND



Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ethiopian Deposit Insurance Fund (the Fund), which comprise the statement of financial position as at 30 June 2025, and the statement of profit or loss account, 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 the financial position of the Fund as at 30 June 2025 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

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INDEPENDENT AUDITOR'S REPORT
TO THE SUPERVISING AUTHORITY OF
ETHIOPIAN DEPOSIT INSURANCE FUND



Report on the Audit of the Financial Statements

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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Fund's internal control.

ASC

INDEPENDENT AUDITOR'S REPORT
TO THE SUPERVISING AUTHORITY OF
ETHIOPIAN DEPOSIT INSURANCE FUND



Report on the Audit of the Financial Statements

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

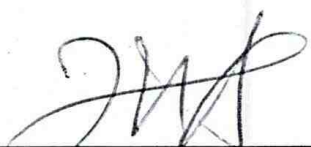
Audit Services Corporation

29 December 2025

ETHIOPIAN DEPOSIT INSURANCE FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	Birr	30 June 2024 Birr
REVENUE			
Annual Premium Contribution Income	(5)	7,127,344,870	56,084,879,570
Investment Income on Treasury Bills	(6)	1,088,731,288	185,842,712
Profit share from Investment	(7)	<u>51,792,258</u>	<u>8,576,128</u>
Total Revenue		8,267,868,416	6,279,298,410
Other Income	(8)	3,280,456	100,000
EXPENSE			
Compensation Cost- Conventional	(21)	1,418,963	-
Personnel Expenses	(9)	10,279,287	4,926,666
Board Fee Expenses		183,919	235,450
Amortization Expenses	(12)	7,881,694	4,868,859
Depreciation Expenses	(11)	4,884,279	1,469,580
Interest Expenses	(19)	2,376,173	1,686,254
Finance Cost on Lease	(19)	1,884,208	48,074
General and Administrative Expenses	(10)	<u>5,030,564</u>	<u>2,626,387</u>
TOTAL EXPENSE		<u>33,939,087</u>	<u>15,861,270</u>
SURPLUS OF THE CURRENT PERIOD		<u>8,237,209,785</u>	<u>6,263,537,140</u>

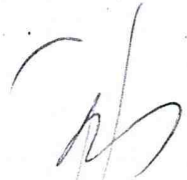

 Ato Solomon Desta
 Board Chairman

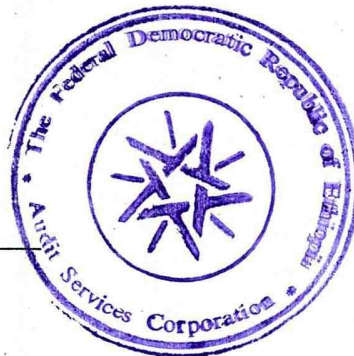

 Desalegn Ambaw (PhD)
 Chief Executive Officer

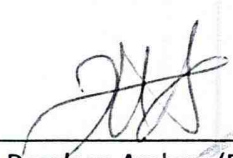


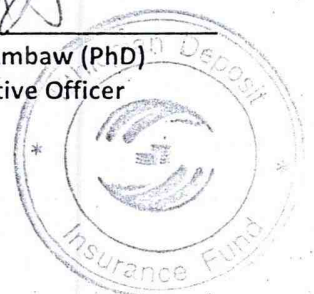
ETHIOPIAN DEPOSIT INSURANCE FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Notes	Birr	30 June 2024 Birr
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	(11)	<u>47,183,488</u>	<u>8,595,421</u>
TOTAL NON-CURRENT ASSETS		<u>47,183,488</u>	<u>8,595,421</u>
CURRENT-ASSETS			
Right of use Assets	(12)	10,894,528	9,737,717
Investments	(13)	15,171,007,257	6,673,864,265
Assessment Receivables	(14)	287,279,365	600,280,715
Other Assets	(15)	3,099,976	1,615,485
Cash and cash equivalents	(16)	<u>48,896,346</u>	<u>31,637,053</u>
TOTAL CURRENT-ASSETS		<u>15,521,177,472</u>	<u>7,317,135,235</u>
TOTAL ASSETS		<u>15,568,360,960</u>	<u>7,325,730,656</u>
RESERVES AND LIABILITIES			
RESERVES			
Capital	(17)	1,050,519,950	1,050,096,237
Accumulated surplus	(18)	<u>14,500,746,925</u>	<u>6,263,537,140</u>
TOTAL RESERVES		<u>15,551,266,875</u>	<u>7,313,633,377</u>
NON-CURRENT LIABILITIES			
Lease Liabilities		-	<u>6,002,207.00</u>
TOTAL NON-CURRENT LIABILITIES		-	<u>6,002,207.00</u>
CURRENT LIABILITIES			
Lease Liabilities	(19)	11,591,809	4,779,694
Provision for Compensation Cost-Conventional	(21)	1,418,963	-
Other Payables	(20)	<u>4,083,313</u>	<u>1,315,378</u>
TOTAL CURRENT LIABILITIES		<u>17,094,085</u>	<u>6,095,072</u>
TOTAL LIABILITIES		<u>17,094,085</u>	<u>12,097,279</u>
TOTAL RESERVES AND LIABILITIES		<u>15,568,360,960</u>	<u>7,325,730,656</u>


Ato Solomon Desta
Board Chairman




Desalegn Ambaw (PhD)
Chief Executive Officer



ETHIOPIAN DEPOSIT INSURANCE FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

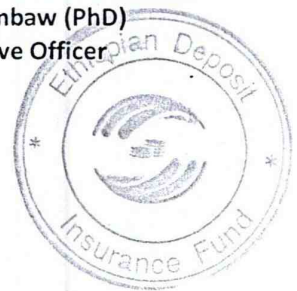
	<u>Capital</u>	<u>Accumulated Surplus</u>	<u>Total</u>
Balance as at the beginning of the Initial capital	1,050,096,237	-	1,050,519,950
Surplus of the year	-	<u>6,263,537,140</u>	<u>6,263,537,140</u>
Balance as at 30 June 2024	1,050,096,237	6,263,537,140	7,313,633,377
Additional capital contribution	423,713	-	423,713
Surplus of the year	-	<u>8,237,209,785</u>	<u>8,237,209,785</u>
Balance as at 30 June 2025	1,050,519,950	14,500,746,925	15,551,266,875



Ato Solomon Desta
Board Chairman

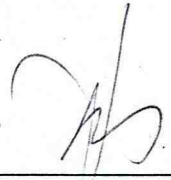


Desalegn Ambaw (PhD)
Chief Executive Officer

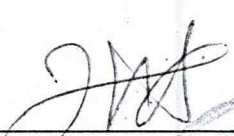


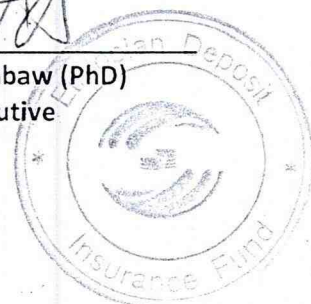
ETHIOPIAN DEPOSIT INSURANCE FUND
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2025

	<u>Notes</u>	Birr	30 June 2024 Birr
CASH FLOWS FROM OPERATING ACTIVITIES:			
Surplus of the Current Period	(17)	8,237,209,785	6,263,537,140
<i>Adjustment for:</i>			
Depreciation of PPE expenses	(11)	4,884,279	1,469,580
Amortization expenses	(12)	7,881,694	4,868,859
Exchange loss	(19)	2,376,173	1,686,254
Finance Cost on Lease	(19)	1,884,208	-
Interest Income from Treasury Bills	(6)	(1,088,731,288)	(185,842,712)
Profit Sharing from Mudarabah Investment	(7)	(51,792,258)	(7,807,748)
Non-cash donation (vehicle)	(24)	(2,500,000)	-
<i>Changes in working capital:</i>			
Annual Assessment Receivables	(14)	11,102,910	(25,906,410)
Other Assets	(15)	(1,484,491)	(1,615,485)
Provision for Compensation Cost-Conventional	(21)	1,418,963	-
Other Payables	(20)	<u>2,767,935</u>	<u>1,315,378</u>
Net cash generated from operating activities		7,125,017,910	6,051,704,856
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for Acquisition of Property and Equipment	(11)	(40,972,347)	(10,065,001)
Payment for Treasury Bills	(13.1)	(6,687,524,725)	(5,940,572,055)
Payment for Mudarabah Investment	(13.2)	<u>(669,094,721)</u>	<u>(539,641,750)</u>
Net cash generated from investing activities		(7,397,591,793)	(6,490,278,806)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash received from Initial capital contributions	(17)	301,898,440	475,721,932
Additional capital contribution	(17)	423,713	-
Settlement of Lease liability	(19)	<u>(12,488,978)</u>	<u>(5,510,929)</u>
Net cash (used in)/generated from financing activities		289,833,176	470,211,003
Net decrease/increase in cash and cash equivalents		17,259,293	31,637,053
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		31,637,053	-
CASH AND CASH EQUIVALENTS AT 30 JUNE 2025		48,896,346	31,637,053


 Ato Solomon Desta
 Board Chairman




 Desalegn Ambaw (PhD)
 Chief Executive



ETHIOPIAN DEPOSIT INSURANCE FUND NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

1. Establishment and Objective of the Fund

Ethiopian Deposit Insurance Fund (the Fund) was established in 2021 in accordance with Council of Ministers Regulation No. 482/2021, and it is domiciled in Addis Ababa, Ethiopia. The Fund officially commenced operation in April 2023 after securing Tax Identification Number of 0084234315 from Ethiopian Revenue and Customs Authority. The Fund is accountable to the National Bank of Ethiopia.

The main objective of the Fund is to provide insurance coverage to depositors of member financial institutions in case of their failure, and to contribute to financial system stability of the country. The Fund provides deposit insurance coverage of up to Birr 100,000 per deposit and per a member financial institution. To discharge its mandates, the Fund engages in three main functions which are collecting premiums from member financial institutions, investing the collected premiums and effecting prompt deposit payout in case of the failure of a member financial institution. In line with the Regulation, the Fund collects two premium types from its member financial institutions or from all commercial banks and microfinance institutions. The premiums are annual premium which is 0.3% of average total deposits of each member financial institution, and one-time initial premium at the rate of 0.04% of total deposits (based on March 2023 deposit balance) of each member financial institution.

All commercial banks and microfinance institutions licensed by the National Bank of Ethiopia who accepted deposits from the general public are required to be members of the Fund and contribute premiums. That means, membership is compulsory as far as the financial institution is licensed as a commercial bank or microfinance institution. Currently, there are 90 members financial institutions out of which 31 are commercial banks and the rest 59 are microfinance institutions.

2. Basis of Preparation

2.1 Going Concern

The management have no doubt that the Fund would remain in existence after 12 months.

2.2 Statement of Compliance

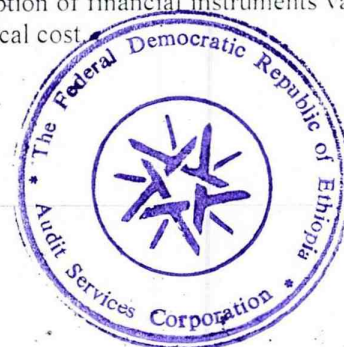
The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and in accordance with requirements of Ethiopian Deposit Insurance Fund Regulation No. 482/2021, and Accounting Policies and Procedures of the Fund.

2.3 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primarily economic environment in which the Fund operates (the Functional currency). The financial statements are presented in Ethiopia Birr (ETB), which is the Fund's functional currency.

2.4 Basis of Accounting

The Fund prepares its financial statements using the accrual method, which records the effects of transactions and other events in the accounting records and reports them in the financial statements of the relevant periods. This method recognizes the effects of transactions and other events as they happen rather than when cash or its equivalents are received or paid. With the exception of financial instruments valued at amortized cost, the financial statements were prepared using historical cost.



**ETHIOPIAN DEPOSIT INSURANCE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

2.5 Use of Judgment, Estimation and Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of income, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Although these estimates and judgments are based on management’s best knowledge of current events and actions, actual results may differ. The most significant uses of judgments and estimates are as follows:

2.5.1 Impairment of Financial Assets

The measurement of the expected credit loss (ECL) for financial assets measured at amortized cost is an area that requires the use of significant assumptions about future economic conditions and credit behavior (e.g., the likelihood of customers defaulting and the resulting losses).

2.5.2 Depreciation, Carrying Value of Property and Equipment

The estimate of the useful lives of assets is based on Management’s judgment. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

2.5.3 IFRS 16 Leases

The application of IFRS 16 requires the Fund to make judgments that affect the valuation of the lease liabilities and the valuation of right-of-use assets. These include, determining contracts in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows. Accordingly, the Fund determined lease term to be the non-cancellable period of lease contracts signed with the lessor. The present value of the lease payment is determined using the discount rate representing effective interest rate of the Fund, which 15%. The Fund recognizes rent expenses if the lease has low value or the lease term is 12 month or less (short term).

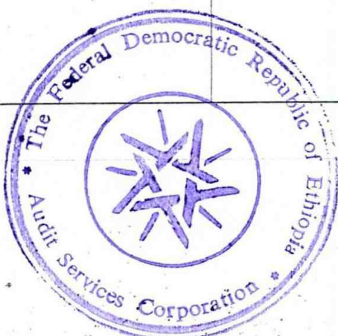
2.5.4 Impairment on Non-financial Assets and Trade Receivables

The Fund uses estimation to determine recoverable amounts and to determine impairment on non-financial assets and trade receivables.

2.6 New Standards and Amendments Issued but not yet Effective for the Reporting Period

The following new and amended IFRS Standards have been issued but are not yet effective for the Fund’s financial year ending 30 June 2025. The Fund has not early adopted these standards, and they are not expected to have a material effect unless otherwise indicated.

Standard/Amendment	Effective Date	The objective of the Standards	Assessment of Impact
IFRS 9 & IFRS 7 – Amendments on Classification and Measurement of Financial Instruments	1 Jan 2026	To clarify and enhance the rules for classifying and measuring financial instruments and to improve related disclosures for better transparency	The Fund has reviewed the amendments to IFRS 9 and IFRS 7 and determined that they are not expected to result in significant changes to the classification, measurement, or disclosure of its financial instruments
IFRS 18 – Presentation and Disclosure in Financial Statements	1 Jan 2027	To improve the structure, clarity, and comparability of financial statements by introducing enhanced presentation and disclosure requirements	The standard is expected to result in significant changes to the presentation and disclosure of financial statements of the Fund, particularly to provide relevant information about the Fund’s assets, liabilities, equity, income and expenses.



ETHIOPIAN DEPOSIT INSURANCE FUND NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

3. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

3.1 Revenue Recognition (Recognition of Income)

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. As per Ethiopian Deposit Insurance Fund Regulation No. 482/2021 and EDIF Directive No EDIF/01/2023, all member financial institutions (commercial banks and microfinance institutions) are required to contribute annual premium to the Fund. Currently, the rate of annual premium is 0.3% computed on average total deposits of the member financial institutions. This annual premium contribution is recorded on an accrual basis, or recognized as revenue when their payments are due. The Fund records this annual premium assessment as revenue in accordance with IFRS 15 or as time passes and the premium assessment becomes due and receivable to the Fund.

However, it should be noted that the business of a Deposit Insurance Fund is different from a commercial entity as the Fund typically collects premiums from member institutions based on the mandate and right provided to it by the Regulation so as to insure or protect depositors of member financial institutions. The Fund has no mandate to generate profit. Instead, its aim is to maintain sufficient reserves to cover potential failure of a financial institution. Revenues of the Fund include annual premium contribution from member financial institutions, and investment income (Investment Income on Treasury Bills and on Mudarabah).

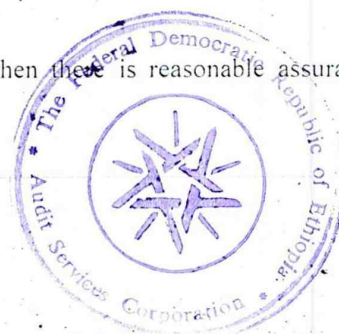
- **Annual premium contribution:** In accordance with Article 16(5) of the Ethiopian Deposit Insurance Fund Regulation No. 482/2021, the Fund is mandated to collect, from member financial institutions, an annual premium of 0.3% of average deposits, recognized as premium contribution income when the quarterly annual premium payments become due and are collectable. The Fund has conventional annual premium and interest-free annual premium which are separately accounted in the financial statement. These two premiums are recognized in the period when they are receivable, or recognized as revenue when their payments are due.
- **Investment Income on Treasury Bills:** Investment income is recognized and accrued on Treasury Bills in the period it is earned. For financial instruments measured at amortized cost, interest income is recorded using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument.
- **Investment Income on Mudarabah:** This investment profit refers to profit shared from Mudarabaha investment placed at Commercial Bank of Ethiopia, and it is recognized as it is earned which is also separately reported from investment income generated on Treasury Bills.

3.2 Other Income

In line with Ethiopian Deposit Insurance Regulation No. 482/2021 and EDIF Directive No. EDIF/01/2023, the Fund is allowed to penalize a member financial institution that fails to pay timely its premiums, and accordingly, the Fund has penalized late payers and recognized the penalty as other income. Other income is recognized in the period the it become receivable.

3.3 Donation Income

Donations are recognized as income when received and when there is reasonable assurance that no obligations or contingencies are attached.



ETHIOPIAN DEPOSIT INSURANCE FUND NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

3.4 Expenses Recognition

Generally, expenses are recognized in the statement of profit or loss and other comprehensive income when decrease in future economic benefits or an increase of a liability has arisen and can be measured reliably. These are expenses that arise in the course of the Fund's ordinary activities, or expenses that produce no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the balance sheet as an asset. Such expenses are recognized immediately in the income statement in the accounting period that the cost has been incurred. These include compensation cost, maintenance, public awareness expenses, electricity, telecommunication and postage, audit fees and others. In addition, administrative expenses include expenses whose economic benefits are expected to arise over several accounting periods and the association with benefit can only be broadly or indirectly determined. Such expenses are recognized in the income statement in the accounting period in which the economic benefits are consumed or have expired. They may include stationery and office supplies.

3.5 Financial Instruments

Financial instrument are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments held by the Fund include Treasury bills, Muderabaha investment, cash, and bank balances. Management determines the appropriate classification of its financial instruments at the time of purchase and re-evaluates its portfolio every reporting date to ensure that all financial instruments are appropriately classified.

3.5.1 Initial Recognition of Financial Instruments

Financial assets and liabilities of the Fund are initially recognized on the trade date, i.e., the date on which the Fund becomes a party to the contractual provisions of the instrument. Accordingly, the Fund recognizes Treasury bills and Muderabaha investment when it invests in the instruments (purchase treasury bills and place funds in the muderabaha investment). Recognized financial assets and financial liabilities are initially measured at fair value.

3.5.2 Classification of Financial Instruments

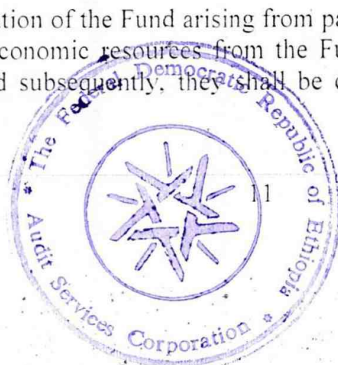
IFRS 9 classification is based on the business model within which the asset is held (the business model test) and the contractual cash flows of the asset which meet the solely payments of principal and interest (SPPL) Test. Under IFRS 9 there are three principal classifications categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

3.5.2.1 Financial Assets

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value on the basis of the Fund's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Accordingly, as per IFRS 9, debt instruments (treasury bills and muderabaha investment in the case of the Fund) which are held with a business model objective of collecting the contractual cash flows and have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost.

3.5.2.2 Financial Liabilities

A liability is a present obligation of the Fund arising from past events, the settlement of which is expected to result in an outflow of economic resources from the Fund. Financial liabilities (if any) are initially recognized at fair value and subsequently, they shall be carried at amortized cost using the effective interest rate methods.



ETHIOPIAN DEPOSIT INSURANCE FUND NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

3.5.3 Recognition and De-recognition of Financial Instruments

3.5.3.1 Financial Assets

The fund being invested in financial assets shall be recognized on the investment date, the date on which the Fund commits to purchase the assets. Financial assets are de-recognized when the rights to receive cash flows from the financial asset have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

3.5.3.2 Financial Liabilities

The Fund exist financial liabilities and other payable or borrowing if any shall be de-recognized when they are being redeemed or paid off by the entity.

3.6 Impairment of Financial Assets

The impairment of financial assets is based on expected credit losses. The Fund recognizes loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL.

- Cash and cash equivalents; and
- Debt instruments at amortized cost.

A loss allowance is always recognized for expected credit losses and is re-measured at each reporting date for changes in those expected credit losses. Determining whether an expected credit loss should be based on 12-month expected credit losses depends on whether there has been a significant increase in the credit risk of the financial asset since the initial recognition. For financial assets, the Fund apply Expected Credit Loss (ECL) model to estimate credit losses based on expected future events rather than waiting for a loss. The ECL model operates on a three-stage basis, which determines how credit losses are recognized and measured:

Stage 1: Financial assets that are performing. These are financial assets that have not experienced a significant increase in credit risk since their initial recognition. For these assets, the Fund recognize 12-month ECLs, which represent the expected credit losses that result from default events that are possible within the next 12 months. For these financial assets, interest income recognition will be based on the effective interest rate (EIR) multiplied by the gross carrying amount.

Stage 2: Financial assets that are under-performing. These are financial assets that have experienced a significant increase in credit risk since initial recognition but are not considered credit-impaired. For these assets, the Fund recognize lifetime ECLs, which represent the expected credit losses that result from all possible default events over the life of the asset. For these financial assets, interest income recognition will be based on the effective interest rate (EIR) multiplied by the gross carrying amount.

Stage 3. Non-performing financial assets or credit-impaired financial assets. These are financial assets that are considered credit-impaired. For these assets, the Fund continues to recognize lifetime ECLs, but interest revenue is calculated on the net carrying amount (i.e., the gross carrying amount less the loss allowance).



**ETHIOPIAN DEPOSIT INSURANCE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

3.7 Impairment of Financial Assets

However, the Fund’s treasury bills, Muderabaha investment, cash and cash equivalent, and receivables are determined to have low credit risk in the reporting period.

For trade receivables, the Fund determine expected credit loss (if any) based on a simplified approach where the Fund uses historical loss rates to estimate expected credit losses on the trade receivables. The carrying amount of the trade receivables are reviewed at every balance sheet date to determine if there is an indication of impairment in which case the recoverable amounts are estimated. Trade receivables are considered impaired when there is a significant risk that the customer will default on their payment obligations, resulting in a loss for the entity. An impairment loss is charged to a statement of profit or loss.

3.8 Property, Plant and Equipment (PPE)

Recognition

Property, plant, and equipment are initially recorded at their historical cost, including expenses directly related to the acquisition of the items. Subsequently, items of property, plant and equipment are measured at cost less accumulated depreciation and cumulative impairment losses (if any). Costs incurred for replacements or betterments of property, plant, and equipment are capitalized when they extend the life or increase the functionality of the asset in question; otherwise, they are expensed as incurred (e.g., repairs and maintenance) and charged to the income statement during the financial period in which costs are incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives on a straight-line basis. The residual values and expected useful lives are reassessed on an annual basis. PPE acquired during the year are depreciated from the date when they are available for use.

The estimated useful lives and residual values of significant items of property and equipment are as follows:

Assets Classification	Useful life	Depreciation rate	Residual Value
Motor Vehicles	5 Years	20%	25%
Office furniture and fixture	5 Years	20%	1%
Office Equipment	5 Years	20%	1%
Computers and Accessories	5 Years	20%	1%

Impairment of Non-financial Assets

The carrying amount of non-financial assets is reviewed at every balance sheet date to determine if there is an indication of impairment in which case the recoverable amount are estimated. An impairment loss is charged to a statement of profit or loss.



ETHIOPIAN DEPOSIT INSURANCE FUND NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

3.9 Lease

3.9.1 Long-term Lease

The Fund has rented office space from Zemen Bank S.C., which is situated in Addis Ababa, Ethiopia, on the 22nd floor of the bank's Head Office Building. Accordingly, the Fund recognizes a right-of-use asset and a lease liability for the leased office space. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment 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-to-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounting using the Fund's incremental borrowing rate as the discount rate. The lease liability is measured at amortized cost using the effective interest rate method.

After the commencement date, the Fund measures the right-to-use asset by applying a cost model (cost less any cumulative amortization or any cumulative impairment). In the case of the lease liability, the Fund measures it by increasing the carrying amount to reflect interest on the lease liability (unpaid portion), and reducing the carrying amount to reflect the lease payments.

3.9.2 Short-term Leases and Leases of Low-value Assets

The Fund has elected not to recognize the right of use assets and lease liabilities for the short-term lease of equipment or property that has a lease of 12 months or less, and a lease of low-value assets defined as below ETB 150,000. The Fund recognizes the lease payment associated with these leases as an expense on a straight-line basis over the lease term.

3.10 Inventories

The Fund holds office supplies, stationaries, and printing materials as inventory. The cost of inventories comprises purchase price and related costs attributable to the acquisition of the inventories. The Fund measure inventories at cost.

3.11 Cash and cash equivalents

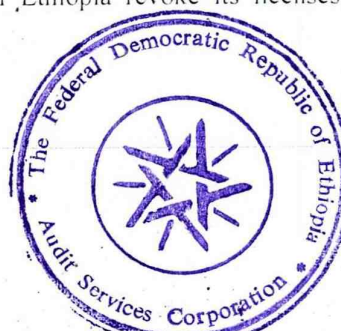
Cash comprises cash on hand and cash at banks in the current and deposit accounts. Cash equivalents are short term, highly liquid investments which are easily convertible into cash within three months following the date of the financial statements which are subject to an insignificant risk of changes in value.

3.12 Commitments

A commitment is a promise made by the Fund to an external party resulting from legal or contractual requirements. The Fund records commitments as a liability in the accounting period when they occur. However, currently, the Fund has no commitment during the reporting period.

3.13 Provisions

Provisions are recognized when the Fund has a present (legal or constructive) obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Accordingly, provisions for payments to protected depositors are recognized in the financial statements in the period a member financial institution is placed under liquidation or in the period the National Bank of Ethiopia revoke its licenses and put under liquidation.



ETHIOPIAN DEPOSIT INSURANCE FUND NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

3.14 Contingent Liabilities

The Fund has no legal case with any Organization or individual during the reporting period. Hence, there is no contingent liability to be disclosed in this financial statement.

3.15 Taxation

In line with the **Income Tax (Amendment) Proclamation No. 1395/2025**, premium contributions collected by the Ethiopian Deposit Insurance Fund (EDIF) are expressly exempt from income tax. As a result, the Fund is not liable for income tax on premiums collected from member financial institutions, and no income tax expense has been recognized in these financial statements in relation to such premium income.

3.16 Employee Benefits

3.16.1 Short-term Employee Benefits

The Fund shall estimate and recognize the un-discounted amount of all short-term employee benefits (salaries, allowances, medical benefits, bonuses, and other benefits) that are expected to be paid in exchange for the service already provided by employees as a liability (accrued expense). The Fund shall accrue compensated leaves only for two years as per the Fund's employee benefit policy.

3.16.2 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 Fund to terminate a contract of employment before legal retirement age or a decision by an employee to terminate his/her employment with the Fund. Termination benefits are expensed at the earlier of when the Fund can no longer withdraw the offer of those benefits. If the benefits are not expected to be wholly settled within 12 months of the reporting date, then they are discounted. Severance pay is a specific form of termination benefit that is typically provided to employees when an employee's employment is terminated. Currently, there are only few employees so we haven't incorporated this issue in our report.

3.16.3 Defined Contribution Plan

The Fund contributes to a statutory defined pension scheme to which the employer and employee make contributions of 11% and 7% of the employee's basic salary, respectively as per the Public Servant's Pension Proclamation No. 1267/2022. The Fund's contributions are charged to profit or loss in the year in which they accrue. Other than the regular contributions made in terms of the statutory public fund, the employer does not have any further liability to the fund.



ETHIOPIAN DEPOSIT INSURANCE FUND NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

4. Financial Risk Management

Introduction

Risk is inherent in the Fund's activities, but is managed through a process of ongoing identification, measurement and monitoring, and other controls. The Fund is exposed to credit risk, liquidity risk, currency risk, and interest rate risk. To manage the risks, the Board of Directors has overall responsibility for the establishment and oversight of the Fund's risk management framework. Accordingly, the Board of Directors approves the risk management policies of the Fund and ensures their implementation. On the other hand, the management of the Fund is responsible for implementing the policies in a manner that limits risks associated with each risk exposure. Internal audit also periodically assesses the adequacy of the risk management process of the Fund. The management of specific risk of the Fund is presented as follows:

4.1 Credit Risk

Credit risk is the risk of loss due to a counterparty failing to meet its financial obligations. Credit risk arising from premium collection is controlled through by enforcement of Council of Ministers Regulation No.482/2021 by penalizing in case of late payment. Moreover, proper follow-up is also conducted on member financial institutions so that they timely settle their period premium contributions. On the other hand, all investments of the Fund are either in government securities or placement at Commercial Bank of Ethiopia whose default risk very negligible.

4.2 Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations. It includes the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. In addition, liquidity risk can arise due to the inability of the Fund to fully pay out the insured depositors of member financial institutions due to the limited size of the Fund.

As the Fund's resources are invested in government Treasury Bills and Mudarabah investment, there is very minimum liquidity risk. Moreover, the Fund has also made an arrangement with National Bank of Ethiopia a discount window facility so as to timely liquidate the Bills when the need arises. On top of this, the Fund has entered into a tripartite agreement with Ministry of Finance and National Bank of Ethiopia to get back-up funding or emergency funding in case the Fund's reserve is insufficient to fulfill deposit payout.

4.3 Interest Rate Risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. However, the Fund has no financial assets or liabilities which are sensitive to interest rate change.

4.4 Currency Risk

Currency risk is the possibility of financial loss due to fluctuations in exchange rates. It's also known as foreign exchange (forex) risk or exchange rate risk. Foreign currency rate risk exists since the Fund's periodic office rent payment is pegged to US dollars (20 dollars per M2). The Fund will try to negotiate a reduced office rent rate in local currency with a relevant government agency in order to mitigate this risk.



**ETHIOPIAN DEPOSIT INSURANCE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

5. Annual Premium Contribution Income

Annual premium income, which is collected from participating financial institutions annually, is the Fund's primary source of funding. All member financial institutions must contribute 0.3% of their average total deposits, which goes toward the Fund's revenue. The premium is collected from conventional and interest-free deposits of the institutions, which are separately held and recorded.

	<u>30 June 2025</u>	<u>30 June 2024</u>
Premium contribution income from conventional deposits	6,477,088,270	5,583,600,350
Premium contribution income from interest-free deposits	650,256,600	501,279,220
Total Annual Premium Contribution Income	<u>7,127,344,870</u>	<u>6,084,879,570</u>

6. Investment Income on Treasury Bills

The Fund generates interest income from its investments in Treasury Bills. The interest income earned during the current period, along with the comparative amount from the previous year.

	<u>30 June 2025</u>	<u>30 June 2024</u>
Interest income on 182 Days Treasury Bills	128,541,046	33,538,251
Interest income on 364 Days Treasury Bills	959,077,617	152,304,461
Interest income on 28 Days Treasury Bills	1,112,625	-
Total	<u>1,088,731,288</u>	<u>185,842,712</u>

7. Profit share from Mudarabah Investment

The Fund is earning income from the Mudarabah Investment account placed in the Commercial Bank of Ethiopia. Accordingly, during the period and previous year under consideration, the Fund shared profit from the Mudarabah Investment as indicated in the table below.

	<u>30 June 2025</u>	<u>30 June 2024</u>
Investment Income on Mudarabah from Addis Ababa Branch	27,736,056	8,576,128
Investment Income on Mudarabah from Finfine Branch	24,056,202	-
Total	<u>51,792,258</u>	<u>8,576,128</u>

8. Other income

	<u>30 June 2025</u>	<u>30 June 2024</u>
Penalties Charge Income	778,000	100,000
Donation Income	2,500,000	-
Other income	2,456	-
Total	<u>3,280,456</u>	<u>100,000</u>



ETHIOPIAN DEPOSIT INSURANCE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025

9. Personnel Expenses

Personnel expenses refer to salaries and related employment benefits that the Fund provides as compensation to its employees.

	<u>30 June 2025</u>	<u>30 June 2024</u>
Salary Expense	4,791,714	2,274,913
Overtime Expense	9,380	-
Payroll Tax Expense	332,186	-
Pension Expense	522,094	226,514
Employee benefit and allowances	2,670,790	1,374,052
Medical Expenses	783,277	539,728
Bonus Expense	865,784	339,708
Employee Leave Expense	304,062	171,751
Total	<u>10,279,287</u>	<u>4,926,666</u>

10. General and Administrative Expenses

General and administrative expenses include costs incurred during the normal course of business operations, excluding financing and investing activities. These expenses are recognized on an accrual basis when incurred.

	<u>30 June 2025</u>	<u>30 June 2024</u>
Travel and Prediem Expense	13,750	-
Vacancy Announcement Expense	71,293	113,095
Utilities Expense	235,116	130,895
Postal Expenses	207,345	117,210
Repairs and Maintenance Expense	152,143	57,513
Printing and supplies	393,215	77,059
Miscellaneous expense	422,330	240,439
Insurance Expenses	305,866	75,570
Cleaning and Sanitation Expense	124,551	93,176
Audit Fees Expense	700,000	575,000
Training and Development Expense	81,758	-
Consultancy Expense	348,000	-
Rent Expense	1,365,683	-
Advertising and Promotion Expense	609,515	1,194,504
Total	<u>5,030,565</u>	<u>2,674,461</u>



**ETHIOPIAN DEPOSIT INSURANCE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

11. Property, Plant and Equipment

Property, Plant and Equipment are measured at cost less accumulated depreciation. A reconciliation of the opening and closing carrying amounts, including additions, disposals, depreciation charges, and accumulated depreciation, is presented in the table below.

	<u>Motor Vehicles</u>	<u>Equipment's & Computer Accessories</u>	<u>Furniture and Fixture</u>	<u>Total</u>
COST				
Balance on 30 June 2024	5,982,300	1,898,250	2,184,451	10,065,001
Addition during the year	41,563,807	1,453,600	454,939.98	43,472,347
Disposal during the year	-	-	-	-
Balance on 30 June 2025	<u>47,546,107</u>	<u>3,351,850</u>	<u>2,639,391</u>	<u>53,537,348</u>
ACCUMULATED DEPRECIATION:				
Balance on 30 June 2024	941,598	353,591	174,392	1,469,580
Addition during the year	<u>3,881,617</u>	<u>552,434</u>	<u>450,227</u>	<u>4,884,279</u>
Balance on 30 June 2025	<u>4,823,215</u>	<u>906,025</u>	<u>624,619</u>	<u>6,353,859</u>
Net Book Value as of June 30, 2025	<u>42,722,891</u>	<u>2,445,825</u>	<u>2,014,772</u>	<u>47,183,488</u>

12. Right-of-use lease assets

Quarterly amortization is applied to the right-of-use asset to calculate the periodic amortization expense, accumulated amortization, and carrying amount. The details are presented below.

	<u>Amount</u>
COST:	
Balance on June 30, 2024	14,606,576
Addition during the year (Re-assessment of Lease)	9,038,505
(Disposal during the year)	-
Balance on 30 June 2025	<u>23,645,081</u>
ACCUMULATED AMORTIZATION:	
Balance on June 30, 2024	4,868,859
Addition during the year	<u>7,881,694</u>
Balance on June 30, 2025	<u>12,750,552</u>
Net book value as of 30 June 2025	<u>10,894,528</u>



**ETHIOPIAN DEPOSIT INSURANCE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

13. Investments

13.1 Treasury Bills

As of June 30, 2025, the Fund holds an investment in Treasury Bills amounting to Birr 13,902,670,780 which increased by Birr 7,776,256,013 from its position of Birr 6,126,414,767 at June 30, 2024. Treasury Bill is short-term debt securities issued by the government to raise funds. These investments are considered low-risk, as they are backed by the government, and are typically held to maturity. The Fund's investment in Treasury Bills maturing in 182 and 364 days are indicated below.

	<u>Amount</u>
Balance on 30 June 2024	6,126,414,767
Additional Investment during the period:	
Additional investment	6,687,524,725
Accrued interest	<u>1,088,731,288</u>
Balance on 30 June 2025	<u>13,902,670,780</u>

13.2 Mudarabah Investment

The Fund also held investment in Mudarabah Investment Account, amounting to Birr 1,268,336,477 as of June 30, 2025. Mudarabah investments are Sharia-compliant investment contracts where the Fund acts as a capital provider, and the investment manager (the Commercial Bank of Ethiopia) manages the investments. The returns generated from these investments are shared between the parties according to the pre-agreed profit-sharing ratio. The details are presented as follows:

	<u>Amount</u>
Balance on 30 June 2024	547,449,498
Additional Investment during the period:	
Fixed Time Mudarabah Investment	669,094,721
Profit share from Mudarabah Investment	<u>51,792,258</u>
Total Mudarabah Investments	<u>1,268,336,477</u>
Grand Total Investments (Treasury Bills & Mudarabah)	<u>15,171,007,257</u>

14. Assessment Receivables

The balance represents amounts due from member financial institutions for annual contributions to the Fund. No impairment loss has been recognized against these receivables, as all amounts are considered fully collectible. Accordingly, assessment receivables of the Fund include items indicated in the following table:

	<u>30 June 2025</u>	<u>30 June 2024</u>
Initial capital receivable from Government	60,000,000	150,000,000
Initial premium receivable from member financial institutions	212,475,865	424,374,305
Annual premium receivable from member financial institutions	<u>14,803,500</u>	<u>25,906,410</u>
Total	<u>287,279,365</u>	<u>600,280,715</u>



**ETHIOPIAN DEPOSIT INSURANCE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

15. Other Assets

Other assets include supplies inventory, account receivable, fines receivable, staff emergency loan, prepaid insurance, security deposit; and other during the year and comparative figure of last year. Security deposits represents amounts paid to secure office space lease agreement obligation and are refundable upon meeting certain conditions as outlined in the respective agreements.

	<u>30 June 2025</u>	<u>30 June 2024</u>
Supplies Inventory	202,440	11,228
Fines Receivable	277,000	-
Staff Emergency Loans	1,003,485	-
Prepaid Insurance	42,333	55,589
Security Deposits	1,548,668	1,548,668
Other	26,050	-
Total	<u>3,099,976</u>	<u>1,615,485</u>

16. Cash and Cash Equivalents

Cash and cash equivalent balances are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The details of the balances are presented in the table below.

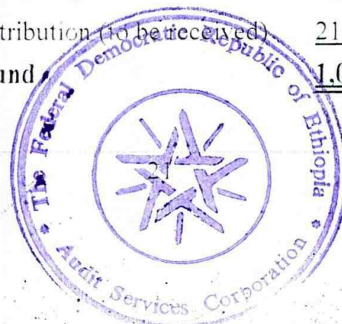
	<u>30 June 2025</u>	<u>30 June 2024</u>
Cash on hand	-	2,013
Cash at National Bank of Ethiopia (NBE)	604	5,349,467
Cash at Commercial Bank of Ethiopia (CBE)	<u>48,895,742</u>	<u>26,285,573</u>
Total	<u>48,896,346</u>	<u>31,637,053</u>

17. Capital

The Fund's capital is sourced from both the government and member financial institutions. In accordance with Council of Ministers Regulation No. 482/2024, the government committed to provide Birr 200 million as initial capital. Of this amount, Birr 50 million was released in 2024, a further Birr 90 million was received during the current period, and the remaining Birr 60 million is expected to be collected in the future.

Member financial institutions are also required to contribute fixed initial premiums (which are 0.04% of their total deposits reported as of March 31, 2023) which shall be considered as initial capital of the Fund. As per the Fund's Directive No. EDIF/1/2023, member financial institutions are required to pay the initial premium in three installments whereby 50% the required initial premium has been paid in the last year and 25% of the required initial premium has been paid during the year 2024/25. The remaining balance will be paid in the next one years: 25% of the total amount in July 2025/2026. The Current initial capital position of the Fund is presented below.

	<u>30 June 2025</u>	<u>30 June 2024</u>
Government contribution in cash	140,000,000	50,000,000
Member financial institutions contribution in cash	638,044,085	425,721,932
Government contribution (to be received)	60,000,000	150,000,000
Member financial institutions contribution (to be received)	<u>212,475,865</u>	<u>424,374,305</u>
The total initial capital of the Fund	<u>1,050,519,950</u>	<u>1,050,096,237</u>



**ETHIOPIAN DEPOSIT INSURANCE FUND
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2025**

18. Accumulated Surplus

The accumulated surplus represents the retained net funds of the Deposit Insurance Fund derived from annual premiums, investment income, and other revenue sources, net of deposit insurance compensation payments and administrative expenses.

19. Lease Liability

The Fund leased Office Building space for three years (running from 2024/25 to 2025/26) and recognized a lease liability under IFRS 16 (Leases) at the present value of the lease payments that were not paid at that date. The Fund uses an incremental borrowing rate of the Fund which is 14.25%, up to December 2024 to determine the lease liability and from January 01 2025 to June 30 2025 the Fund uses an incremental borrowing rate which is 15% by doing lease reassessment and re-measurement. The Fund is also periodically repaying its liability as depicted in the table;

	<u>30 June 2025</u>	<u>30 June 2024</u>
Balance on June 30, 2024	10,781,901	-
<i>Addition during the year</i>	9,038,505	14,606,576
Exchange loss	2,376,173	1,686,254
Finance Cost on Lease	1,884,208	(5,510,929)
Payment of lease liability	<u>(12,488,978)</u>	<u>(5,510,929)</u>
Balance on June 30, 2025	<u>11,591,809</u>	<u>10,781,901</u>

Maturity Analysis of Lease Liabilities:

Less than 1 year (current liability)	11,591,809	4,779,694
More than 1 year (non-current liability)	=	<u>6,002,207</u>
Total lease liability	<u>11,591,809</u>	<u>10,781,901</u>

20. Other Payables

Other payables represent accrued expenses and outstanding liabilities. A breakdown of these balances is provided in the table below.

	<u>30 June 2025</u>	<u>30 June 2024</u>
Account Payables	1,756,013	-
Accrued liability	2,041,597	1,086,459
tax Payables	282,979	-
Others	<u>2,725</u>	<u>228,919</u>
Total	<u>4,083,313</u>	<u>1,315,378</u>



ETHIOPIAN DEPOSIT INSURANCE FUND NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

21. Compensation Costs Paid for Failed Member Institutions

The Fund recognized a provision for compensation costs related to a failed member institution in accordance with the Council of Ministers Regulation No. 482/2021. On 17 March 2025, One Microfinance Institution was placed under receivership by the National Bank of Ethiopia due to insolvency and license revocation. In line with the Fund's statutory mandate, insured deposits up to the coverage limit of ETB 100,000 per depositor were approved for reimbursement. Accordingly, a provision of ETB 1,418,963.00 has been recorded and recognized as an expense in the Statement of Profit or Loss and Comprehensive Income. Payment of this compensation to depositors is pending as of the reporting date, and the amount remains classified as a liability in the Statement of Financial Position.

22. Related Party Disclosures

A related party is a person or an entity that is related to the reporting entity or the Fund. A person or a close member of that person's family is related to the Fund if that person has a control, joint control, or significant influence over the Fund or is a member of its key management personnel. Fund's key management personnel are Board of Directors, Chief Executive Officer, and Operation Directorate Director. There is no transaction with these personnel except the periodic compensation being paid to them. Accordingly, during the period total board fee of Birr 183,919.35 was paid to board members, and basic salary and benefits amounting to Birr 2,519,554 was paid to the Chief Executive Officer and Operation Directorate Director.

23. Events After the Reporting Period

After the reporting date, on July 17, 2025, the Income Tax (Amendment) Proclamation No. 1395/2025 was enacted, introducing revisions to Ethiopia's tax laws. The Fund is primarily affected by the following provisions:

- Employee Income Tax: Changes impacting the calculation, reporting, and payment of employee taxes.
- Withholding Tax: Adjustments to withholding tax rates (3%) applicable to payments made by the Fund, including service fees and other relevant transactions.
- Income Tax Exemption: The Fund is explicitly exempted from income tax under the amended proclamation.

These amendments became effective from July 1, 2025, and are disclosed as a non-adjusting event in accordance with IAS 10 - Events After the Reporting Period, as they do not affect the amounts recognized in the financial statements for the period ending July 30, 2025.

24. Non-cash Transaction

During the reporting period, the Fund entered into significant transactions that did not result in cash inflows or outflows and, therefore, have been excluded from the Statement of Cash Flows:

- Motor vehicle donation from a regulatory partner with a fair value of Birr 2,500,000 recognized as property, plant, and equipment with a corresponding credit to other income.
- The Fund recognized a non-cash addition to the right-of-use asset amounting to Birr 9,038,504.60, arising from the re-measurement of the lease liability. This transaction did not involve any cash outflow during the period.



ETHIOPIAN DEPOSIT INSURANCE FUND NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

25. Member Financial Institutions

The Fund has 90 (ninety) member financial institutions comprising 31 Banks and 59 Micro Finance Institutions which are currently active members.

26. Presentation changes of Comparative Figures

To enhance the clarity and consistency of financial statements, changes were made in the presentation and classification of certain figures. These changes reflect a more accurate classification of transactions and balances, aligned with the evolving interpretation of financial reporting requirements and best practices.

27. Date of Authorization

The chief Executive Officer of the Ethiopian Deposit Insurance Fund authorized the issue of these financial statements on 29 December 2025.



List of Member Banks

No.	Name of Institution	Telephone No.	No.	Name of Institution	Telephone No.
01	Commercial Bank of Ethiopia	0911502956	17	Global Bank Ethiopia S.C	0911446356
02	Awash Bank S.C	0912032466	18	ZamZam Bank S.C	0911255242
03	Dashen Bank S.C	0912122064	19	Hijra Bank S.C	091210566
04	Wegagen Bank S.C	0912557717	20	Goh Betoch Bank S.C	090985555
05	Hibret Bank S.C	091408584	21	Amhara Bank S.C	0911227814
06	Nib International Bank S.C	091690032	22	Ahadu Bank S.C	0911226277
07	Bank of Abyssinia S.C	091206877	23	Siinqee Bank S.C	0937511510
08	Zemen Bank S.C	091515806	24	Tsehay Bank S.C	0911207783
09	Lion International Bank S.C	091140384	25	Tsedey Bank S.C	0918240256
10	Cooperative Bank of Oromia	0911225721	26	Shabelle Bank S.C	0913884576
11	Oromia Bank S.C	0911609258	27	Sidama Bank S.C	0976570958
12	Berhan Bank S.C	0906442255	28	Gadaa Bank S.C	0912253229
13	Abay Bank S.C	0911208422	29	Omo Bank S.C	0915159008
14	Bunna Bank S.C	0911200961	30	Siket Bank S.C	0911360033
15	Addis Bank S.C	0911565434	31	Rammis Bank S.C	0911205233
16	Enat Bank S.C	0920106562			

List of Member Micro — Finance Institutions

No.	Name of Institution	Telephone No.
01	Dedebit Credit and Saving Institution S.C.	0988269371
02	Gasha Micro Financing S. Co.	0118952389 / 0917240457
03	Vision Fund Microfinance Institution S. Co.	0116463569 / 0911370880 / 0930234553
04	Africa Village Financial Services S. Co.	0113204732 / 0911657216 (GM)
05	Buusaa Gonofaa Micro Financing S. Co.	0114162621 / 0114162210 / 0912236679
06	Peace Micro Financing S. Co.	0116577272 / 23124 / 0912600816
07	Meklit Micro Finance Institution S. Co.	0113484152 / 0113482183 / 0912617731
08	ESHET Micro Finance Institution S.C.	0113206451 / 52 / 0902481762
09	Wasasa Micro Finance Institution S. Co.	0916738322 (GM) / 0113364133
10	Benishangul-Gumuz Micro Financing S. Co.	0913939415
11	Kendil Micro Finance Institution S. Co.	0913252247

List of Member Micro — Finance Institutions

No.	Name of Institution	Telephone No.
12	Metemamen Micro Financing Institution S. Co.	0113698246 / 0900084322
13	Dire Micro Finance Institution S. Co.	0915754951 (GM)
14	Aggar Micro Finance S. Co.	0115577133 / 0116183382 / 0911140067
15	Harbu Micro Financing Institution S. Co.	0116185510 / 0911306545 / 0917807168
16	Digaf Micro Credit Provider S. Co.	0112787390 / 0112782252 / 0919367856
17	Harar Micro Microfinance Institution S. Co.	0900209828
18	Lefayeda Credit and Saving S. Co.	0115581546 / 0930004446 / 0912287533
19	Tesfa Micro Finance Institution S. Co.	0913157521
20	Gambella Micro Financing S. Co.	0910460091
21	Dynamic Micro Finance S. Co.	0115156817 / 0115577285 / 0912468806
22	Liyu Microfinance Institution S.C.	0115576637 / 0916256576
23	Lideta Micro Finance Institution S.C.	0919032777 (GM) / 0914766154
24	Nisir Micro Finance Institution S. Co.	0115622225 / 0910597722
25	Adaday Micro Finance Institution S. Co.	0914749064
26	Rays Micro Finance Institution S. Co.	0114701834 / 0913386180
27	Afar Microfinance Institution S.C.	0919982378
28	Kershi Microfinance Institution S.C.	0118721106 / 02 / 0970546767
29	Debo Microfinance Institution S.C.	0116721518 / 0917823996
30	Sheger Microfinance Institution S.C.	0113698998 / 0115698894 / 0911918706
31	Yemsirach Microfinance Institution S.C.	0118312404 / 0913186256
32	Grand Microfinance Institution S.C.	0911333287 / 0948852760 / 0114705102
33	SAHAL Microfinance Institution S.C.	0915768505
34	KAAFI Microfinance Institution S.C.	0940877364 / 091832091
35	GOGIBA Microfinance Institution S.C.	0913536367
36	Yegna Microfinance Institution S.C.	0911387564 / 0960560010 / 0118210835
37	BINGET Microfinance Institution S.C.	0911817404
38	Tana Microfinance Institution S.C.	0911536087
39	ELSABI Microfinance Institution S.C.	0913397365 / 0902380008
40	Neo Microfinance Institution S.C.	0911805994 / 0902386738

List of Member Micro — Finance Institutions

No.	Name of Institution	Telephone No.
41	Akufada Microfinance S.C.	0911087186/ 0988999996 / 0988909997
42	Yeshewa Birhan Microfinance S.C.	0911645046
43	Amal Microfinance S.C.	0912048202 / 0920291257 / 0910518040
44	Awra Amba Microfinance S.C.	0916823282
45	Marchuwa Microfinance S.C.	0911763263
46	Semien Microfinance S.C.	0914107403
47	Torban Microfinance S.C.	0913626999 / 0913570239
48	Bilal Microfinance S.C.	0917353890
49	Rama Microfinance S.C.	0910915484
50	Kefeta Microfinance S.C.	0911381242 / 0937365403
51	Meftihe Microfinance S.C.	0972105744 / 0949017777
52	Success Microfinance S.C.	0915766908 / 0986435322
53	Aboll Bunna Microfinance S.C.	0922396976
54	Meba Microfinance S.C.	0928010203
55	Tirit Microfinance S.C.	0910462957 / 0916184437
56	Seed Microfinance S.C.	0906551148
57	Lewegen Microfinance Institution S.C.	0993518853
58	KebronHill Microfinance Institution S.C.	0911261007
59	Alliance Microfinance Institution S.C.	0923288846
60	Midre-Geez Microfinance Institution S.C.	0926930566
61	Choice Microfinance Institution S.C.	0911231238
62	Adwa Dil Microfinance Institution S.C.	0911173490

Member Financial Institutions Commercial Banks

 የኢትዮጵያ ንግድ ባንክ Commercial Bank of Ethiopia	 አዋሽ ባንክ AwashBank Banking with Tradition	 አናት ENAT BANK	 ጎ.ቤ.ቲ.ቲ.ባንክ GOH BETOCH BANK	 ፀሐይ ባንክ TSEHAY BANK ከሁኑ!	 ሲዳማ ባንክ Sidama Bank
 ከብረት ባንክ Hibret Bank	 ወጋገን ባንክ Wegagen Bank	 ንብ ኢንተርናሽናል ባንክ Nib International Bank	 Baankii Raammis ራሞስ ባንክ Rammis Bank Flow to the highest!	 Baankii Gadaa ገዳላ ባንክ Gadaa Bank	 COOP Bank of Oromia
 ፀደይ ባንክ TSEDEY BANK	 አዎ ባንክ OMO BANK	 Oromia Bank Baankii Oromiyaa ኦሮሚያ ባንክ	 አዳስ ባንክ ኤ.ማ. Addis Bank S.C.	 ቦና ባንክ BUNNA BANK	 አ.ቤ.አ.ባንክ Bank of Abyssinia
 ገብረ ገብረ Zemen BANK Beyond Financing!	 ዘመን ባንክ ZamZam BANK	 ሻቤሌ ባንክ Shabelle Bank	 ህይድ ባንክ HIJRA BANK بنك الهجرة		
 ዳብይ ባንክ Abyoy Bank	 ገሱባል ባንክ አተዳጳፅ Berhan Bank አንድነትን ብርካትት ማረጋገጥ	 ዳሽን ባንክ Dashen Bank	 SIKET BANK		
 Siingee BANK EMPOWERED. TOGETHER.					

Microfinance Institutions

Microfinance Institutions



የኢትዮጵያ የተቀማጭ ገንዘብ መድን ፈንድ
Ethiopian Deposit Insurance Fund

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